

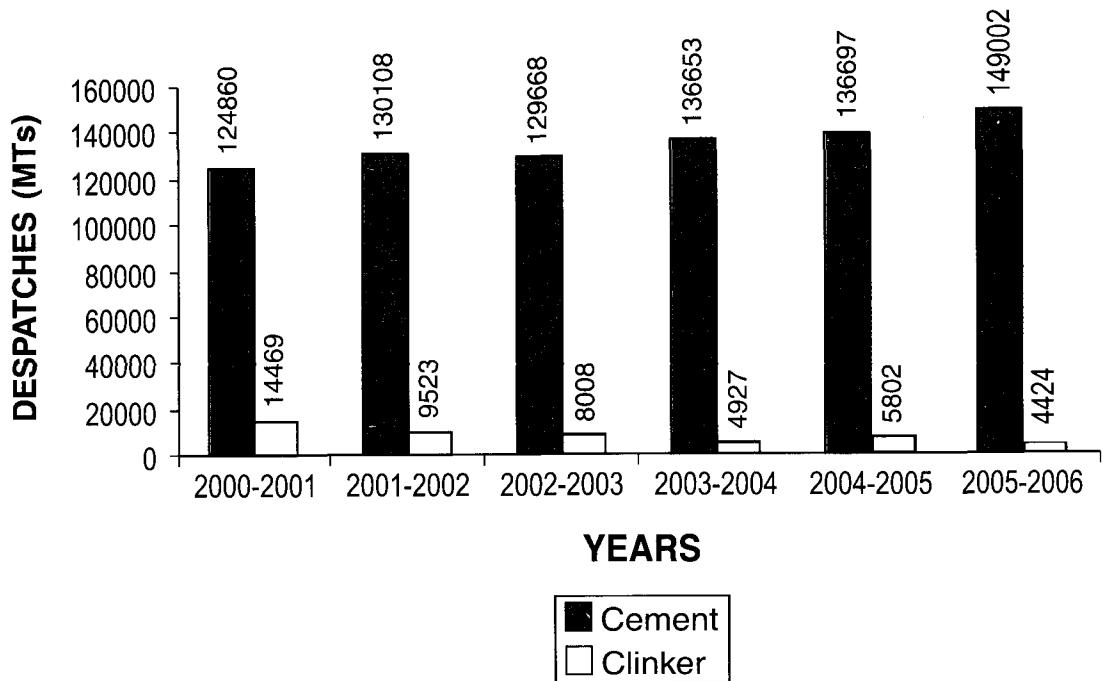
# **CKORAMAANDEL CEMENTS LTD**

**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 27<sup>th</sup> Annual General Meeting of the Company will be held on Friday the 29<sup>th</sup> 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 13<sup>th</sup> 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 25<sup>th</sup> September 2006 to 29<sup>th</sup> 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 31<sup>st</sup> 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 31<sup>st</sup> 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**

Sd/-

**K.A.N. SUBBA RAO**  
Company Secretary

Place: Hyderabad  
Date: 31-08-06



## 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 12<sup>th</sup> 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

**ANNEXURE TO DIRECTORS' REPORT****ANNEXURE – I**

Disclosure of particulars with respect to conservation of Energy, Technology absorption and Foreign Exchange earnings and outgo as required under Companies (Disclosure of particulars in the Board of Directors' Report) Rules, 1988.

**A. Conservation of Energy****a. Energy Conservation Methods adopted :**

Conservation of energy continues to be accorded with priority. Efforts are being made in monitoring, on a continuous basis, for energy conservation.

**b. Additional Investments and proposals, if any, being implemented for reduction of consumption of energy.**

The Company has identified the following areas where there is ample scope for energy conservation.

1. Limestone screening arrangement with Crusher before Raw Mill with an estimated cost of Rs.25.00Lakhs
2. ESP in place of Heat Exchanger and Dust Collector in Kiln section with an estimated cost of Rs.1Crore and above.

**c. By implementing the above mentioned two measures the Company is confident of achieving considerable savings in Energy consumptions.****d. The total energy consumption and energy consumption per unit of production.**

The above information is given in the prescribed Form – A annexed.

**B. Technology Absorption**

Particulars are given in Form "B" annexed:

**C. Foreign Exchange savings and outgo****a. Activities relating to exports, initiatives taken to increase export, development of new export market for production & services and export plans.**

The company presently is not envisaging any export market for production & services and export plans.

**b. Total foreign exchange used and earned : NIL**



**FORM – A**  
(See Rule – 2)  
**FORM OF DISCLOSURE OF PARTICULARS WITH RESPECT TO  
CONSERVATION OF ENERGY**

	For the Year ended 31.03.2006	For the Year ended 31.03.2005
<b>A. POWER AND FUEL CONSUMPTION</b>		
1. Electricity:		
a. Purchased		
Units (Nos.)	1,39,11,623	1,33,63,490
Amount (Rs.)	5,06,35,104	4,93,75,952
Rate/Unit (Rs.)	3.64	3.69
b. Own Generation		
i) Through Diesel Generator (Unit/Nos.)	47,656	53,440
Units per Ltr. of Diesel Oil	3.44	3.36
Cost/Unit (Rs.)	8.80	7.38
ii) Through Steam Turbine Generator Unit per Ltr. of Fuel Oil / Gas Cost/Unit (Rs.)	—	—
2. Fuel :		
Coal used in Kiln:		
Quantity (M.T.)	25,190	26,105
Total Cost (Rs.)	5,24,90,112	5,04,13,321
Average Rate(Rs.)	2083.76	1931.17
3. Furnace Oil	—	—
4. Others/Internal Generation	—	—
<b>B. CONSUMPTION PER UNIT OF PRODUCTION</b>		
Standard Production (with details)	<b>OPC</b>	<b>OPC</b>
Electricity (Units/Ton of Cement)	<b>95.22</b>	<b>93.08</b>
Coal (% on Clinker)	<b>18.01</b>	<b>18.11</b>

**FORM – B**  
(See Rule-2)  
**FORM OF DISCLOSURE OF PARTICULARS WITH  
RESPECT TO TECHNOLOGY ABSORPTION**

**RESEARCH AND DEVELOPMENT (R&D) : NIL**

**TECHNOLOGY ABSORPTION, ADAPTATION AND INNOVATION :**

The company has made several efforts to bring down Power and Coal Consumptions.



## REPORT ON CORPORATE GOVERNANCE

### 1. Company's Philosophy on Corporate Governance

The Company philosophy on the code of Corporate Governance is:

- (i) To ensure that adequate control system exists to enable the board to effectively discharge its responsibility to all the shareholders of the company.
- (ii) To ensure that the decision making process is fair and transparent.
- (iii) To ensure that the fullest commitment of the Management and the board to the maximization of shareholders value.
- (iv) To ensure that the employees of the company subscribe to the corporate values and apply them in their conduct and to ensure that the company follows globally recognized Corporate Governance practices.

### 2. Board of Directors:

- (i) Composition : the details of composition and categories of Directors are:

Name	Category	Designation	No. of meetings held	No. of meetings attend	Whether attended last Annual General Meeting (Y/N)	No. of Directorship in other Boards	No. of Membership in other Committees
Sri S.Chandra Mohan	Executive Director	Chairman	8	8	Yes	Nil	Nil
Sri S.R.B. Ramesh Chandra	Executive Director	Managing Director	8	8	Yes	Nil	Nil
Sri S.Kishore Chandra	Executive Director	Whole time Director	8	7	Yes	Nil	Nil
Capt J. Rama Rao	Independent Director	Non Executive Director	8	7	No	Nil	Nil
Sri S.V.Reddy	Independent Director	Additional Director (from 31-12-2005)	1	1	N.A.	Nil	Nil
Sri K.R.Chari	Independent Director	Additional Director (from 31-12-2005)	1	1	N.A.	Nil	Nil
Smt S. Saraswathi Devi	Non Executive Director	Director (Upto 29-12-05)	6	5	Yes	Nil	Nil



### Meeting of Board of Directors

During the Financial year 2005-06 the Board of Directors met on the following dates: 30<sup>th</sup> April 05, 29<sup>th</sup> July 05, 26<sup>th</sup> August 05, 15<sup>th</sup> October 05, 25<sup>th</sup> Oct 05, 6<sup>th</sup> November 05, 31<sup>st</sup> December 05 & 31<sup>st</sup> January 06

3. **Audit committee:** As a measure of good Corporate Governance and to provide assistance to the Board of Directors in fulfilling the Board's oversight responsibilities, an Audit Committee has been constituted consisting of two Independent Directors and one Executive Director as Sub-Committee to the Board and considers the terms of reference as stipulated under Clause 49 of the Listing Agreement :

**Composition and other details :** The Audit Committee of the Company was constituted with two Independent Directors and one Executive Director viz.,

Chairman	- Sri. K.R.Chari (from 31-12-05)	- Independent Director
Member	- Sri S.V.Reddy (from 31-12-05)	- Independent Director
Member	- Capt. J. Rama Rao ( Up to 31-12-05)	- Independent Director
Member	- Sri S.Chandra Mohan	- Executive Director

During the year the Audit Committee met 5 times on the following Dates:.

28<sup>th</sup> April, 05  
 29<sup>th</sup> July,05  
 26<sup>th</sup> August,05  
 25<sup>th</sup> Oct,05  
 30<sup>th</sup> Jan,05

Attendance of the Directors in the Audit Committee Meeting:

Name of the Director	No. of Meetings held	No. of Meetings attended
Sri K.R.Chari	1	1
Sri S.V.Reddy	1	1
Capt J. Rama Rao	4	4
Sri S.Chandra Mohan	5	5

### 4. Share Holders / Investors Grievance Committee

- a. **Constitution:** The share holders grievance committee was constituted by the Board of Directors in accordance with the requirement of clause 49 of the listing agreement.
- b. **Composition :** The composition of the Committee is as follows:  
 Chariman - Sri S.R.B.Ramesh Chandra - Managing Director (From 31-12-2005)  
 Member - Sri S.Chandra Mohan - Executive Chairman  
 Member - Sri S.Kishore Chandra - Whole Time Director  
 Chairman - Capt. J.Rama Rao - Director (Up to 31.12.2005)
- c. **Functions :** The functions of the committee are as follows: oversees  
 (i) Share Transfer with in stipulated time.  
 (ii) Non-receipt of Dividends, if any.  
 (iii) To consider Replacement of lost/ stolen/ mutilated share certificates.  
 (iv) Non-receipt of rights/ bonus / share certificates.  
 (v) Other related issues.

Investor Grievances received during the year 2005-06 - NIL



## 5. GENERAL BODY MEETINGS

a. Details of Location and Time of holding the last three Annual General Meetings.

Date	Venue	Time	No. of Special resolutions
September 24, 2003	Hotel Palace Heights, Abids, Hyderabad.	9.30 AM	--
September 23, 2004	Hotel Palace Heights, Abids, Hyderabad.	10.00 AM	5
September 28, 2005	Hotel NKM's Grand	9.45 AM	2

## 6. DISCLOSURES

- (a) **RELATED PARTY TRANSACTIONS:** The Company has no related party transactions during the year 2005-2006.
- (b) **COMPLIANCE BY THE COMPANY:** The Company has complied with the requirements of the Stock Exchange, Securities Exchange Board of India (SEBI) and other Statutory authorities on all matters related to capital markets during the last three years; no penalties, strictures have been imposed on the company by the Stock Exchange or Securities Exchange Board of India (SEBI) or any other Statutory authorities relating to the above.

## 7. MEANS OF COMMUNICATION :

- a. In compliance with the requirements of Listing Agreement, the Company regularly intimates Un-audited as well as Audited financial results to the Stock Exchange immediately after they are taken on record by the Board. These financial results are normally published in the Indian Express (English) and Andhra Prabha (Telugu) Newspaper.
- b. The Management Discussion and Analysis Report is part of this Annual Report

## 8. GENERAL SHAREHOLDERS INFORMATION:

### (a) Annual General Meeting :

Date & Time : 29<sup>th</sup> September, 2006 at 10.00 A.M  
 Venue : Conference Hall, Hotel NKM's Grand, Erramanzil, Somajiguda, Hyderabad

(b) Tentative calendar of events for the Financial Year 2006-07 (April- March) is given below:

#### (i) Un-audited Financial Results :

For the Quarter ending 30 <sup>th</sup> June 2006	-	July 2006
For the Quarter ending 30 <sup>th</sup> Sept. 2006	-	October 2006
For the Quarter ending 31 <sup>st</sup> Dec. 2006	-	January 2007
For the Quarter ending 31 <sup>st</sup> March 2007	-	April 2007

(ii) Financial year - April to March



- (c) Date of Book Closure : 25<sup>th</sup> September, 2006 to 29<sup>th</sup> September, 2006 (both days inclusive)
- (d) Listing on Stock Exchange : The Equity Shares of the company are listed on the following Stock Exchange :
- (i) The Hyderabad Stock Exchange Limited,  
3-6-275, Himayathnagar, Hyderabad- 29.
  - (ii) The Bombay Stock Exchange, Mumbai,  
Phiroze Jeejeebhoy Towers,  
Dalal Street, Mumbai- 400 001.
- (e) STOCK CODES:  
HSE CODE ON HOST : CMDLCEM  
B.S.E CODE NO : 518017  
ID ON HOST : 1480
- (f) ISIN Number for NSDL & CDSL : INE333H01012
- (g) Registrars & Transfer Agents : Share Transfers & Communication regarding Share Certificates and Change of address etc.  
  
M/s BIGSHARE SERVICES PRIVATE LIMITED, G-10,  
Left Wing, Amrutha Ville, Opp: Yashoda Hospital,  
Somajiguda, Rajbhavan Raod, Hyderabad – 500 082  
Phone: +91-40-23374967, Fax: +91-40-23370295  
E-mail ID: [hyd2\\_bigshare@yahoo.com](mailto:hyd2_bigshare@yahoo.com)
- (h) The listing fee for the year 2006-07 has been paid to all the Stock Exchanges where the Company's shares are listed.
- (i) Outstanding GDRs/ADRs/Warrants or any Convertible instruments conversion date & likely impact on equity:  
  
The Company has not issued any of these instruments till date.
- (j) Pursuant to the Guide lines issued by the Securities and Exchange Board of India vide Circular no.D&CC/FITTC/CIR-15/2002 dated 27<sup>th</sup> December, 2002 regarding 'Appointment of Common Agency' for share registry work, the Board of Directors have appointed M/s BIGSHARE SERVICES PRIVATE LIMITED, as Share Transfer Agents.





## (k) Distribution of Shareholding as on 31st March 2006

Share holding of Nominal value (Rs.)	Number of Shareholders	%	Number of shares	%
Upto 5000	882	85.80	1,52,082	2.98
5001-10000	34	3.30	31,300	0.61
10001-20000	16	1.56	31,200	0.61
20001-30000	7	0.68	18,500	0.36
30001-40000	1	0.10	3,500	0.07
40001-50000	9	0.88	44,400	0.87
50001-100000	7	0.68	65,000	1.27
100001 & above	72	7.00	47,57,228	93.22
<b>Total</b>	<b>1028</b>	<b>100.00</b>	<b>51,03,210</b>	<b>100.00</b>

## (l) Shareholding Pattern as on 31st March 2006

## SHAREHOLDING PATTERN AS ON 31st MARCH 2006

Sl.No	Category	No of shares	%
1.	Promoters	26,71,628	52.35
	Financial Institutions & banks	—	—
3.	Foreign Institutional Investors	—	—
4.	Non-Resident Indian	—	—
5.	Corporate Bodies	—	—
6.	Mutual Funds & UTI	—	—
7.	Others	24,31,582	47.65
	<b>Total</b>	<b>51,03,210</b>	<b>100.00</b>

## (m) Plant Location of the Company :

Ramapuram Village,  
Mellachervu Mandal, Nalgonda District- 508 246



**(n) Address for Correspondence :**

- For suggestions / Grievances/ Queries to:

K.A.N. Subba Rao,  
Company Secretary cum  
Manager Administration  
Ckoramaandel Cements Limited,  
Regd. Office: 6-3-652/C/A, Flat 5A,  
Kautilya, Amrutha Estates,  
Somajiguda, HYDERABAD – 500 082

- For Share Transfer / Dematerialization / Consolidation / Split of Shares, Issue of Duplicate Share Certificates and Change of Address of members:

M/s BIGSHARE SERVICES PRIVATE LIMITED  
G-10, Left Wing, Amrutha Ville, Opp: Yashoda Hospital,  
Somajiguda, Rajbhavan Raod, Hyderabad – 500 082  
Phone: +91-40-23374967, Fax: +91-40-23370295  
E-mail ID: [hyd2\\_bigshare@yahoo.com](mailto:hyd2_bigshare@yahoo.com)

**(o) Depository Services:**

For guidance on Depository Services, Shareholders may write to the Company or to the respective Depositories:

<p>National Securities Depository Limited Trade World, 4<sup>th</sup> Floor, Kamala Mills Compound, Senapati Bapat Marg, Lower parcel, Mumbai – 400 013 Tel: +91-22-24972964 to 70 Fax: +91-22-24972993 / 24976351 Email: <a href="mailto:info@nsdl.co.in">info@nsdl.co.in</a></p>	<p>Central Depository Services (India) Limited Phiroze Jeebhoi Towers, 28<sup>th</sup> Floor, Dalal Street, Mumbai – 400 023 Tel: +91-22-22723333 Fax: +91-22-22723199 Email: <a href="mailto:investors@cdslindia.com">investors@cdslindia.com</a></p>
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- (p) Shareholders Right :** The half yearly declaration of financial performance including summary of the significant events in last Six months should be known to the shareholders.

As the Company's Half yearly results are published in English Newspaper and in Telugu Newspaper (Vernacular language) having wide circulation, the Half yearly financial information is brought to the knowledge of the shareholders.

There are no Second Half yearly results as the audited results for the full year as approved by the Board are sent to the Shareholders through the Annual Report.



## MANAGEMENT'S DISCUSSION AND ANALYSIS REPORT

Management Discussion and Analysis Report on the Business of the Company as applicable and to the extent relevant is given below:

### Overview & Operations of the Company:

CKoramaandel Cements Ltd is in the business of manufacturing Ordinary Portland Cement. The Company has established its brand and reputation over the past twenty years of operations. The Company has a loyal and professional work force enabling stability and uninterrupted growth. The Company's products are well received in the market and the Company is relentlessly pursuing to maintain the high standards already set.

The overall performance of the Company during the year under review was on a positive note.

### Business Environment:

The mismatch in demand supply situation has narrowed considerably, allowing your Company to post a decent profit. During the years 2006-07, 2007-08 the Company expects a further growth in demand and better price realizations. The Company is endeavoring strenuous and continuous efforts to improve the efficiency of its working in all spheres.

### Opportunities & Threats

The cement industry is on the upward swing as far as the demand is concerned. The firming up of price realizations has already set in.

The growth in infrastructure and construction activity coupled with the thrust on irrigation projects by the Governments offers scope for the Cement Industry to grow.

Changes in the Govt. policies in terms of Taxes, Duties and other Levies may affect the profitability of the company.

### Outlook for the Company

The Company foresees a bright future for the Cement Industry in the State of Andhra Pradesh, with so many Irrigation and Infrastructure projects under implementation and many more on the anvil. The Company also envisages a healthy price for its product with demand outstripping supply. The Company is exploring opportunities to modernize and thereby economize on the scale of operations with a view on the future outlook of the cement industry. The Government of Andhra Pradesh vide its Industrial Policy for the period 2005-10 provides various incentives towards the above endeavour of your Company.

### Risks and concerns

Any Governmental policy to intervene in the pricing of Cement, raise in the input costs such as Coal, Human Resources, drop in demand due to unforeseen adverse market conditions are issues of concern and may put pressure on the performance of the Company



### **Internal control systems and their adequacy**

The Company has adequate Internal Control Procedures commensurate to the size of the Company.

### **Cautionary statement**

Statement in this "Management Discussion & Analysis" may be considered to be "forward looking statements" within the meaning of applicable securities laws or regulations. Actual results could differ materially from those expressed or implied. Important factors that could make a difference to the Company's operations including global and Indian demand supply conditions, increased installed capacity, finished goods prices, raw materials availability and prices, cyclical demand and pricing in the Company's markets, changes in Government regulations, tax regimes, besides other factors such as litigations and labour negotiations.



## AUDITORS' CERTIFICATE ON CORPORATE GOVERNANCE

To

The Members of Ckoramaandel Cements Limited

We have examined the compliance of conditions of Corporate Governance by Ckoramaandel Cements Limited, for the year ended 31st March, 2006 as stipulated in Clause 49 of the Listing Agreement of the said Company with Stock Exchanges.

The compliance of conditions of Corporate Governance is the responsibility of the management. Our explanations has been limited to a review of the procedures and implementation thereof, adopted by the Company for ensuring the compliance with the conditions of the certificate of Corporate Governance as stipulated in the said Clause. It is neither an audit nor an expression of opinion on the financial statements of the Company.

In our opinion and to the best of our information and according to the explanations given to us the representations made by the Directors and the Management, We certify that the Company has complied with the conditions of Corporate Governance as stipulated in Clause 49 of the above mentioned Listing Agreement.

We state that in respect of investor grevances received during the year ended 31st March, 2006 no investor grievances are pending against the company as per the records maintained by the Company and presented to the Shareholders'/investors' Grievances Committee.

We further state that such compliance is neither an assurance as to the future viability of the Company nor the efficiency of effectiveness with which the management has conducted the affairs of the Company.

For **A.RAMACHANDRA RAO & CO.,**  
Chartered Accountants

Place: Hyderabad

Date: 11-07-2006

**(A. RAMACHANDRA RAO)**

Partner

Membership No. 9750



## AUDITORS' REPORT

To  
The Members of  
**CKORAMAANDEL CEMENTS LIMITED**

We have audited the attached Balance Sheet of **M/s. CKORAMAANDEL CEMENTS LIMITED** as at 31<sup>st</sup> March, 2006 and also the Profit and Loss Account and the Cash Flow Statement for the year ended on that date annexed thereto. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in India. Those Standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

01. As required by the Companies (Auditors' Report) Order, 2003, and amendments thereto made from time to time, issued by the Central Government of India in terms of sub-section (4A) of section 227 of the Companies Act, 1956, we enclose in the Annexure a Statement on the matters specified in paragraphs 4 and 5 of the said Order.
02. Further to our comments in the Annexure referred to above, we report that:
  - a) We have obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the purpose of our audit;
  - b) In our opinion, proper books of account as required by law have been kept by the Company so far as appears from our examination of those books;
  - c) The Balance Sheet, Profit and Loss Account and Cash Flow Statement dealt with by this report are in agreement with the books of accounts.
  - d) In our opinion, the Balance Sheet, Profit and Loss Account and Cash Flow Statement dealt with by this report comply with the mandatory Accounting Standards referred to in Sub-section 3C of Section 211 of the Companies Act, 1956.
  - e) On the basis of the written representations received from the directors, as on 31<sup>st</sup> March, 2006, and taken on record by the Board of directors, we report that none of the directors is disqualified as on 31<sup>st</sup> March, 2006 from being appointed as a director in terms of clause (g) of sub-section (1) of section 274 of the Companies Act, 1956;



- f) In our opinion and to the best of our information and according to the explanations given to us, the said accounts, read together with the significant Accounting Policies and other notes thereon give the information required by the Companies Act, 1956, in the manner so required and give a true and fair view, in conformity with the accounting principles generally accepted in India;
- i) In the case of the Balance Sheet, of the state of affairs of the Company as at 31<sup>st</sup> March, 2006; and
- ii) In the case of the Profit and Loss Account, of the Profit for the year ended on that date.
- iii) In the case of the Cash Flow Statement, of the cash flows for the year ended on that date.

For A.RAMACHANDRA RAO & CO.,  
Chartered Accountants

(A. RAMACHANDRA RAO)  
Partner  
Membership No. 9750

Place: Hyderabad  
Date: 11.07.2006



**ANNEXURE TO THE AUDITOR'S REPORT**  
(Of even date referred to in Para 1 of our Report)

1.
  - a) The Company has maintained proper records showing full particulars including quantitative details and situation of fixed assets;
  - b) All the fixed assets have not been physically verified by the Management during the year but there is a regular program of verification which, in our opinion, is reasonable having regard to the size and nature of its assets and to the best of our knowledge no material discrepancies have been noticed on such verification;
  - c) In our opinion, the Company has not disposed off substantial part of fixed assets during the year and the going concern status of the Company is not affected;
2.
  - a) As explained to us, inventories have been physically verified by the Management at regular intervals during the year.
  - b) The procedure of physical verification of stocks followed by the Management are reasonable and adequate in relation to the size of the Company and the nature of its business.
  - c) The Company has maintained proper records of inventories. As explained to us, there were no material discrepancies noticed on physical verification of inventory as compared to the book records.
3.
  - a) Based on the information and explanations provided to us, the company has not granted or taken any loans, secured or unsecured, to companies, firms, or other parties covered in the register maintained u/s.301 of the Act during the year. Accordingly the sub-clauses (b), (c) (d) (e) and (f) of clause 4(iii) are not applicable for the year;
4. In our opinion and according to the information and explanations given to us, there are adequate internal control procedures commensurate with the size of the Company and the nature of its business for the purchase of inventory, fixed assets and for the sale of goods and services to the extent applicable. During the course of our audit, we have not observed any continuing failure to correct major weaknesses in internal control system.
5. In our opinion, and according to the information and explanations given to us, the company has not entered into any transactions referred to in section 301 of the Act and hence clause 4(v) is not applicable to the company;
6. Based on the information provided to us, the Company has not accepted any Deposits from the public during the year and hence, in our opinion, the Clause 4(vi) is not applicable to the company for the year;





7. In our opinion, the company has an adequate internal audit system commensurate with its size and nature of its business.
8. We are of the opinion, based on the information provided to us, that the accounts and records, as prescribed by the Central Government under section 209(1)(d) of the Act in respect of maintenance of cost records, have been made and maintained.
9. (a) According to the records of the company, the company is regular in depositing the undisputed statutory dues including Provident Fund, Employees State Insurance, Income-tax, Sales tax, Service Tax, Customs duty, Excise duty and Cess, with the appropriate authorities. We have been informed that the provisions of Investor Education and Protection Fund and Wealth Tax are not applicable to the company.  
(b) According to the information and explanations given to us, there are no dues of income tax/ sales tax/ customs duty/excise duty/service tax /Cess to be deposited on account of any dispute;
10. The Company has no accumulated losses and has not incurred any cash losses during the financial year covered by our Audit or in the immediately preceding financial year.
11. Based on the information provided and explanation given to us, we are of the opinion that the Company has not defaulted in repayment of dues to Banks.
12. In our opinion and according to the information and explanation given to us, no loans and advances have been granted by the Company on the basis of security by way of pledge of shares, debentures and other securities.
13. In our opinion, the Company is not a Chit fund or Nidhi / Mutual Benefit Fund / Society and hence clause 4(xiii) is not applicable to the Company.
14. Based on the information given to us, the Company has not dealt or traded in shares, securities, debentures or other investments during the year.
15. Based on the information provided to us, the Company has not given guarantee for loans taken by others from Banks or Financial Institutions;
16. The term loans were applied for the purpose for which the loans were obtained.
17. According to the information and explanations given to us, and on an overall examination of the Balance Sheet of the Company, we are of the opinion that the funds raised on short term basis have not been used for long term investment;
18. In our opinion and based on the information provided and explanations offered, the Company has not made any preferential allotment of shares to the parties covered in the



register maintained under Sec. 301 of the Act and hence clause 4(xviii) is not applicable to the Company;

19. The Company has not issued debentures and not created any securities or charges.
20. In our opinion and based on the explanation given to us the Company has not raised any money by way of Public Issue during the year.
21. In our opinion and according to the information provided and explanations offered to us, no fraud on or by the Company has been noticed or reported during the year.

for A. RAMACHANDRA RAO & CO.,  
Chartered Accountants

Place: Hyderabad  
Date: 11.07.2006

(A. RAMACHANDRA RAO)  
Partner  
Membership No. 9750

**BALANCE SHEET AS AT 31st MARCH 2006**

	Schedule	As at 31-03-2006 (Rs.)	As at 31-03-2005 (Rs.)
<b>LIABILITIES</b>			
Share Capital	A	5,10,32,100	5,10,32,100
Share Application Money	B	6,24,84,850	4,13,59,850
Reserves & Surplus	C	2,84,45,140	1,93,84,156
Secured Loans	D	9,22,34,734	8,55,70,165
Unsecured Loans	E	2,98,18,520	93,20,841
Current Liabilities and Provisions	F	6,11,42,044	5,67,47,087
<b>TOTAL</b>		<b>32,51,57,388</b>	<b>26,34,14,199</b>
<b>ASSETS</b>			
Fixed assets	G	24,52,87,586	20,92,77,686
Less: Depreciation		10,65,36,414	9,86,36,627
Net Block		13,87,51,172	11,06,41,059
<b>CURRENT ASSETS, LOANS AND ADVANCES</b>			
Current Assets	H		
Inventories		6,26,71,171	5,92,72,103
Sundry Debtors		6,78,96,864	4,53,43,522
Cash & Bank Balance		66,07,027	39,90,519
Other Current Assets		9,802	2,22,573
		<b>13,71,84,864</b>	
Loans & Advances	I	4,92,21,352	4,39,44,423
<b>TOTAL</b>		<b>32,51,57,388</b>	<b>26,34,14,199</b>
Accounting policies	P		
Notes to Accounts	Q		

As per our Report Attached  
for **A.RAMACHANDRA RAO & CO.**,  
Chartered Accountants

for and on behalf of the Board  
**S.CHANDRA MOHAN**  
Chairman

**A.RAMACHANDRA RAO**  
Partner

**S.R.B. RAMESH CHANDRA**  
Managing Director

Place : Hyderabad  
Date : 11-07-2006

**K.A.N. SUBBA RAO**  
Company Secretary


**PROFIT & LOSS ACCOUNT FOR THE YEAR ENDED 31st MARCH, 2006**

	Schedule	For the Year ended 31-03-2006 (Rs.)	For the Year ended 31-03-2005 (Rs.)
<b>INCOME</b>			
Sales (Including Sale of Clinker and Packing Material)		<b>32,35,37,807</b>	29,11,85,695
Stock Adjustment	J	<b>(1,04,01,851)</b>	84,99,561
Other Income		<b>2,80,376</b>	2,99,730
		<b>31,34,16,332</b>	<b>29,99,84,986</b>
<b>EXPENDITURE</b>			
Consumption of Raw Materials		<b>2,35,36,389</b>	2,79,49,911
Consumables	K	<b>6,06,89,543</b>	5,84,39,669
Packing Materials		<b>1,92,32,174</b>	1,50,01,886
Manufacturing Expenses	L	<b>5,56,56,813</b>	5,37,97,921
Taxes & Duties	M	<b>8,33,31,918</b>	7,96,03,894
Employees Cost	N	<b>1,80,12,839</b>	1,83,23,695
Administrative & Sales Expenses	O	<b>2,18,95,263</b>	2,16,97,066
Depreciation		<b>78,99,787</b>	70,22,058
<b>INTEREST</b>			
On Working Capital		<b>56,36,928</b>	44,29,552
On Term Loan		<b>32,22,439</b>	22,83,031
On Others		<b>34,04,854</b>	30,07,427
		<b>1,22,64,221</b>	<b>29,15,56,110</b>
Profit before Tax		<b>1,08,97,385</b>	84,28,876
Provision for Taxation		<b>9,18,200</b>	—
Fringe Benefit Tax		<b>9,18,200</b>	6,65,110
Net Profit after Tax		<b>90,60,985</b>	77,63,766
Net Surplus brought forward from the previous year		<b>1,68,09,156</b>	90,45,390
<b>Surplus transferred to Balance Sheet</b>		<b>2,58,70,140</b>	<b>1,68,09,156</b>
Accounting Policies	P		
Notes to Accounts	Q		

As per our Report Attached  
for **A.RAMACHANDRA RAO & CO.,**  
Chartered Accountants

for and on behalf of the Board  
**S.CHANDRA MOHAN**  
Chairman

**A.RAMACHANDRA RAO**  
Partner

**S.R.B. RAMESH CHANDRA**  
Managing Director

Place : Hyderabad  
Date : 11-07-2006

**K.A.N. SUBBA RAO**  
Company Secretary



	As at 31-03-2006 (Rs.)	As at 31-03-2005 (Rs.)
<b>SCHEDULE "A" SHARE CAPITAL</b>		
<b>AUTHORISED</b>		
1,50,00,000 Equity Shares of Rs. 10/ each (Previous Year 1,10,00,000 Equity Shares of Rs 10/- each)	<b>15,00,00,000</b>	11,00,00,000
4,50,000 Preference Shares of Rs. 100/- each (Previous year 4,50,000 Preference shares of Rs. 100/- each)	<b>4,50,00,000</b>	4,50,00,000
	<u><b>19,50,00,000</b></u>	<u>15,50,00,000</u>
<b>ISSUED, SUBSCRIBED AND PAID UP</b>		
51,03,210 Equity Shares of Rs. 10/- each (Previous Year 51,03,210)	<b>5,10,32,100</b>	5,10,32,100
	<u><b>5,10,32,100</b></u>	<u>5,10,32,100</u>
<b>SCHEDULE "B" SHARE APPLICATION MONEY</b>		
Equity Shares Advance from Promoters	<b>3,26,84,850</b>	1,15,59,850
Share Application Money (Preference Shares)	<b>2,98,00,000</b>	2,98,00,000
	<u><b>6,24,84,850</b></u>	<u>4,13,59,850</u>
<b>SCHEDULE "C" RESERVES &amp; SURPLUS</b>		
Central Subsidy	<b>15,00,000</b>	15,00,000
Housing Subsidy	<b>10,75,000</b>	10,75,000
Profit & Loss Account	<b>2,58,70,140</b>	1,68,09,156
	<u><b>2,84,45,140</b></u>	<u>1,93,84,156</u>
<b>SCHEDULE "D" SECURED LOANS</b>		
<b>TERM LOANS</b>		
State Bank of India	<b>40,62,360</b>	88,01,860
State Bank of Hyderabad	<b>1,31,62,500</b>	88,06,250
Lord Krishna Bank	<b>2,00,00,000</b>	3,00,00,000
<b>WORKING CAPITAL</b>		
State Bank of India	<b>2,70,21,097</b>	1,77,58,722
State Bank of Hyderabad	<b>2,79,88,777</b>	2,02,03,333
	<u><b>9,22,34,734</b></u>	<u>8,55,70,165</u>



	As at 31-03-2006 (Rs.)	As at 31-03-2005 (Rs.)
<b>SCHEDULE "E" UNSECURED LOANS</b>		
From Promoters & Associates	45,09,959	45,09,959
Security Deposits from Dealers, Contractors & others	2,53,08,561	48,10,882
	<u>2,98,18,520</u>	<u>93,20,841</u>
<b>SCHEDULE "F" CURRENT LIABILITIES AND PROVISIONS</b>		
<b>A. CURRENT LIABILITIES</b>		
1. Sundry Creditors		
a. For Materials	1,30,67,526	1,25,38,981
b. For Expenses	2,46,31,538	1,34,17,791
c. For other Liabilities	2,25,45,820	2,31,03,374
	<u>6,02,44,884</u>	
2. Advances received against Sales	8,97,160	76,86,841
	<u>6,11,42,044</u>	<u>5,67,47,087</u>

SCHEDULE "G" : FIXED ASSETS

(Rupees)

PARTICULARS	GROSS BLOCK (At Cost)				DEPRECIATION			NET BLOCK		
	As at 01.04.2005	Additions During the year ended 31.03.2006	Sales Adj during the year ended 31.03.2006	As at 31.03.2006	As at 01.04.2005	For the year ended 31.03.2006	Adjustment during the year 31.03.2006	As at 31.03.2006	As at 31.03.2006	As at 31-03-2005
1 LAND	76,20,413	10,78,280	—	86,98,693	—	—	—	—	86,98,693	76,20,413
2 BUILDINGS	3,44,31,372	29,99,211	—	3,74,30,583	1,20,18,828	8,49,628	—	1,28,68,456	2,45,62,127	2,24,12,544
3 PLANT & MACHINERY	11,46,39,367	3,91,28,048	—	15,37,67,415	6,46,10,697	49,28,791	—	6,95,39,488	8,42,27,928	5,00,28,670
4 ELECTRICAL INSTALLATIONS	2,90,86,129	—	—	2,90,86,129	1,55,47,419	10,57,714	—	1,66,05,133	1,24,80,996	1,35,38,710
5 FURNITURE & FIXTURES	70,84,139	3,01,450	—	73,85,589	46,21,005	4,44,622	—	50,65,627	23,19,962	24,63,134
6 LABORATORY EQUIPMENT	7,36,483	10,350	—	7,46,833	3,97,812	29,344	—	4,27,156	3,19,677	3,38,671
7 VEHICLES	64,73,030	2,140	—	64,75,170	14,40,866	5,89,688	—	20,30,554	44,44,616	50,32,164
	<b>20,00,70,933</b>	<b>4,35,19,479</b>	—	<b>24,35,90,412</b>	<b>9,86,36,627</b>	<b>78,99,787</b>	—	<b>10,65,36,414</b>	<b>13,70,53,998</b>	<b>10,14,34,306</b>
Capital work in progress	92,06,753	4,30,04,934	5,05,14,513	16,97,174	—	—	—	—	16,97,174	92,06,753
	<b>20,92,77,686</b>	<b>8,65,24,413</b>	<b>5,05,14,513</b>	<b>24,52,87,586</b>	<b>9,86,36,627</b>	<b>78,99,787</b>	—	<b>10,65,36,414</b>	<b>13,87,51,172</b>	<b>11,06,41,059</b>
Previous Year	19,78,77,269	1,20,50,459	6,50,042	20,92,77,686	9,16,31,006	70,22,058	-16,437	9,86,36,627	11,06,41,059	

29





	As at 31-03-2006 (Rs.)	As at 31-03-2005 (Rs.)
<b>SCHEDULE "H" CURRENT ASSETS</b>		
<b>1. INVENTORIES</b> (Valued and Certified by Management)		
a) Stores & Spares (at Cost)	4,82,09,226	3,47,02,070
b) Raw Materials (at cost)	16,78,362	13,84,599
c) Work-in-Process (at Cost)	1,10,70,646	2,27,09,724
d) Finished Goods (at Cost or realisable value Whichever is less)	17,12,937	4,75,710
	<b>6,26,71,171</b>	
<b>2. SUNDRY DEBTORS (UNSECURED &amp; CONSIDERED GOOD)</b>		
Out standing for over six months	15,60,650	14,20,829
Others	6,63,36,214	4,39,22,693
	<b>6,78,96,864</b>	
3. Cash Balance on Hand	<b>23,02,029</b>	7,83,152
4. Balance With Scheduled Banks		
i) In Current Accounts	15,93,804	13,08,055
ii) In Margin Money	27,11,194	18,99,312
	<b>43,04,998</b>	
5. Interest Receivable	<b>9,802</b>	2,22,573
	<b>13,71,84,864</b>	<b>10,88,28,717</b>
<b>SCHEDULE "I" LOANS AND ADVANCES</b>		
<b>LOANS AND ADVANCES</b> (Unsecured, Considered good) (Advances recoverable in cash or kind value to be received)		
a) Advances for Materials etc.,	1,51,52,751	1,58,26,313
b) Earnest Money Deposit	10,01,084	8,13,583
c) Advances for others	2,07,47,631	1,85,94,056
	<b>3,69,01,466</b>	
Claims Receivable	<b>0</b>	1,28,475
Balance with Central Excise Deposits	<b>11,27,315</b>	4,79,425
	<b>1,11,92,571</b>	81,02,571
	<b>4,92,21,352</b>	<b>4,39,44,423</b>





	For the Year ended 31-03-2006 (Rs.)	For the Year ended 31-03-2005 (Rs.)
<b>SCHEDULE "J" STOCK ADJUSTMENT</b>		
(a) Work in Process :		
Opening Stock	2,27,09,724	1,22,38,161
Closing Stock	1,10,70,646	2,27,09,724
	<u>(1,16,39,078)</u>	<u>1,04,71,563</u>
b) Finished Goods :		
Opening Stock	4,75,710	24,47,712
Closing Stock	17,12,937	4,75,710
	<u>12,37,227</u>	<u>(19,72,002)</u>
	<u>(1,04,01,851)</u>	<u>84,99,561</u>
<b>SCHEDULE "K" CONSUMPTION OF STORES &amp; SPARES</b>		
Stores & Spares	81,99,431	80,26,347
Coal	5,24,90,112	5,04,13,322
	<u>6,06,89,543</u>	<u>5,84,39,669</u>
<b>SCHEDULE "L" MANUFACTURING EXPENSES</b>		
Power	5,10,54,884	4,97,70,247
Repairs & Maintenance :		
Machinery	29,15,366	19,21,457
Buildings	3,11,653	4,74,546
Other Fixed Assets	13,74,910	16,31,671
	<u>46,01,929</u>	<u>16,31,671</u>
	<u>5,56,56,813</u>	<u>5,37,97,921</u>
<b>SCHEDULE "M" TAXES AND DUTIES</b>		
Central Excise Duty	4,73,69,626	4,17,08,022
Sales Tax	3,59,62,292	3,78,95,872
	<u>8,33,31,918</u>	<u>7,96,03,894</u>



	For the Year ended 31-03-2006 (Rs.)	For the Year ended 31-03-2005 (Rs.)
<b>SCHEDULE "N" EMPLOYEES' COST</b>		
Salaries, Wages & Bonus	1,43,78,182	1,39,54,101
Contribution To Provident Fund	12,86,135	11,54,714
Contribution To ESI	40,949	30,799
Contribution to Group Gratuity Scheme	3,84,794	3,37,923
Workmen & Staff Welfare Expenses	19,22,779	28,46,158
	<u>1,80,12,839</u>	<u>1,83,23,695</u>

**SCHEDULE "O" ADMINISTRATIVE AND SALES EXPENSES**

**ADMINISTRATIVE EXPENSES**

Rent	9,37,497	7,07,924
Rates & Taxes	6,10,179	4,25,482
Insurance	12,18,218	11,02,810
Printing & Stationery	10,02,616	11,83,513
Postage, Telegrams & Telephones	13,89,739	16,01,179
Travelling & Conveyance	20,69,289	22,31,009
Bank Charges	26,54,031	14,24,020
Miscellaneous Expenses	60,48,126	66,94,668
Loss on sale of Fixed Assets	-	3,103
Directors Sitting Fees	20,000	32,000
Managerial Remuneration	34,20,000	27,16,872
Cost Audit Fee	25,000	25,000
Auditor's Remuneration :		
Statutory Audit Fee	67,500	67,500
Tax Audit Fee	22,500	22,500
Other Services	10,000	10,000
	<u>1,00,000</u>	

**SALES EXPENSES**

Advertisement & Publicity	2,00,851	1,49,945
Transport Charges & Others	14,41,532	27,36,595
Handling and Delivery Charges	7,58,184	5,62,946
	<u>24,00,567</u>	
	<u>2,18,95,263</u>	<u>2,16,97,066</u>



## SCHEDULE 'P'

### SIGNIFICANT ACCOUNTING POLICIES

1. **Accounting Convention:** The financial statements are prepared under the historical cost convention in accordance with applicable accounting standards.

2. **Fixed Assets:** Fixed Assets are stated at acquisition cost (net of Modvat) less depreciation cost includes installation and expenditure during construction period including interest on borrowings till the date of capitalisation.

Depreciation on fixed assets has been calculated using the straight line method at the rates arrived on the basis of useful lives of the assets as estimated by the Management. Assets costing less than Rs. 5,000 are depreciated fully in the year of acquisition.

Management estimates the useful life of various assets as follows:

Factory Buildings Owned	28 years
Non factory Buildings	58 Years
Plant & Machinery, Electrical Equipment	26 years
Furniture, Fixtures and Office Equipment	15 years
Vehicles	10 years
Computer Equipment	6 years

3. **Inventories:** Inventories are valued as under: Stores & Spares, Raw Materials and Work-in-process are valued at cost, finished goods are valued at lower of cost or net realizable value. The Cost is arrived on FIFO basis.
4. **Liability for retirement benefits:** The Company contributes to the funds administered by the Regional Provident Fund Commissioner towards Provident Fund and has also taken a group gratuity policy with the LIC of India covering its gratuity liability. The contribution and premium paid are charged to the Revenue Account.
5. **Foreign Exchange Transactions:** There are no Foreign Exchange Transactions either on Capital or Revenue Account.
6. **Revenue Recognition:** All income and expenditure are accounted on accrual basis, except other wise stated.
7. Internal Consumption of the Company's end product, which are otherwise marketable, is accounted for at transfer price and is included under sales.
8. **Provisions and Contingencies:** A provision is made in the books of accounts when there is a present obligation as a result of past event that probably required an outflow of resources and a reasonable estimate can be made of the obligation. A disclosure for a contingent liability is made when there is a possible obligation or present obligation that arises from past events and the outflow of resources embedding economic benefit is not probable. A contingent liability or a provision at the Balance Sheet date is not disclosed or recognized unless the possibility of any outflow in settlement is remote;



9. **Deferred Income Taxes:** Deferred Tax charge or credit reflects that tax effects of timing differences between accounting income and taxable income for the period. The deferred tax charge or credit and the corresponding deferred tax liability or asset are recognized using the tax rates that have been enacted or substantial enacted by the Balance Sheet date. Deferred Tax assets recognized only to that extent there is reasonable certainty that the assets can be realized in future, however, where there is unabsorbed depreciation or carry forward losses, deferred tax assets are recognized only if there is ritual certainty of realization of such assets. Deferred tax assets are reviewed at each balance sheet date and written down or written up to reflect the amount that is reasonable/virtual certainty (as the case may be) to be realised

**SCHEDULE "Q"****NOTES TO ACCOUNTS**

1. Contingent Liabilities not provided for:
  - (a) Bank guarantees given for Rs. **41,06,823** (Previous Year Rs. 57,00,000)
2. Claims against the Company not acknowledged as debts: Rs **31,41,000** (previous Year Rs. 31,41,000)
3. **Secured Loans:**
  - a) All the Term loans are secured by a joint equitable mortgage by deposit of title deeds with State Bank of India in favour of participating Banks as first charge on immovable properties and hypothecation of all movable assets (except book debts) both present and future, subject to prior charge on movable assets in favour of Company's Bankers for Working Capital and also Guaranteed by Promoter Directors, in their individual capacities.
  - b) The Term Loans from State Bank of India & State Bank of Hyderabad and Lord Krishna Bank rank pari-passu among themselves.
  - c) Cash Credit from the State Bank of India and State Bank of Hyderabad is secured by hypothecation of Raw Materials, Consumable Stores, Work-in-Process, Finished Goods and Book Debts etc. and is guaranteed by Promoters in their personal capacity and is further secured by way of second charge on fixed assets.
  - d) Other liabilities includes the assets acquired under Hire purchase system are Secured by Hypothecation of those assets.
4. In the opinion of the management there is no indication that any of the assets of the company has been impaired. Accordingly no loss on account of impairment has been recognised during the year in terms of Accounting Standard 28- Impairment of Assets
5. (a) There are no reportable segments for the company in terms of Accounting Standard 17 "Segment Reporting" issued by the Institute of Chartered Accountants of India, as there are no varying risks and returns for the products of the company and geographical areas in which the company operates.
  - (b) The Company has no related parties other than the key management personnel and relatives of such personnel in terms of Accounting Standard 18, in respect of the related party disclosure. The company paid remuneration to the Chairman, Managing Director, and Whole time Director among the key management personnel. The particulars of such remuneration are furnished in the note no. 8(d) hereunder. The company has no related party transactions with the relatives of key management personnel. In addition the Company has paid Rs. 20,000/- as Directors Sitting fee to all the Directors.
  - (c) In terms of the provisions of Accounting Standard 22- "Accounting for taxes on income"., The company has not recognised deferred tax asset/liability in view of the company's



brought forward business losses and unabsorbed depreciation and in view of lack of future taxable income against which the Deferred tax asset can be realised.

(d) Earnings Per Share

The Computation of Earnings Per Share is set out below:

	2005-06	2004-05
(a) Earnings	90,60,985	77,63,766
(b) Shares Weighted average No. of Equity Shares outstanding During the year	51,03,210	51,03,210
(c) Earnings per Share of face value of Rs10/- each (a/b)	1.78	1.52

6. During the year the Company has received an amount of Rs. **2,11,25,000** (Previous Year Rs.90,59,850) as a Share Application money from the Promoters and their Associates. The allotment of shares against such Share Application money, which is pending as on the date of the Balance Sheet, is subject to approval of Shareholders and relevant statutory compliances.

7. **Housing Subsidy:** The Company has received a sum of Rs. **10,75,000** from Government of India during earlier years for the purpose of constructing 50 tenements for housing to its personnel in its Limestone Mines. The Company has entered into an agreement with Government of India for a period of 20 years.

8. There are no outstanding dues to SSI units for more than 30 days as at 31st March 2006.

9. **Current Assets & Loans and Advances:**

The Board is of the opinion that the Current Assets & Loans and Advances have a value on realization in the Ordinary Course of Business at least to the amount at which they are stated.

10. **Profit & Loss Account:**

a) The provision for Income Tax has been made in terms of the provisions of Sec. 115 JB of Income Tax Act 1961. The company is not liable to Income Tax under regular provisions of the Act in view of brought forward losses and allowances.

b) Consumption of Raw Materials and value of Inventories includes Royalty and other levies paid to Government to the extent of Rs. **90,35,992** (previous year Rs. 84,22,000).



- c) Particulars of Remuneration paid/provided to the,Chairman, Managing Director and Whole Time Director :

	<b>S. Chandra Mohan Chairman</b>	<b>S.R.B.Ramesh Chandra Managing Director</b>	<b>S.Kishore Chandra Wholetime Director</b>
	<b>Current Year (Rupees)</b>	<b>Current Year (Rupees)</b>	<b>Current Year (Rupees)</b>
Remuneration	<b>12,00,000</b> (8,60,645)	<b>11,40,000</b> (8,00,645)	<b>10,80,000</b> (7,83,065)
Rent Free			
Accommodation	<b>1,20,000</b> (86,065)	<b>1,14,000</b> (80,065)	<b>1,08,000</b> (78,307)
Provident Fund	<b>9,360</b> (9,360)	<b>9,360</b> (9,360)	<b>9,360</b> (9,360)
<b>Total</b>	<b>13,29,360</b> (9,56,070)	<b>12,63,360</b> (8,90,070)	<b>11,97,360</b> (8,70,732)

( ) Figures indicated in brackets relates to Previous year.

11. The information required as per Clause 4 (c) and 4(d) and notes thereon part II of Schedule VI of the Companies Act, 1956 (as certified by the Management).

**a. Annual Capacities**

- i) Class of goods manufactured : Ordinary Portland Cement  
 ii) Licensed Capacity : 66,000 MTs  
 iii) Installed Capacity : 66,000 MTs  
 iv) Actual Production : 1,49,716MTs  
 (Previous year 1,35,445 MTs)

**b. Turnover**

	2005-2006		2004-2005	
	Qty MTs	Value Rs.	Qty MTs	Value Rs.
Sale of Cement *	<b>1,49,002</b>	<b>31,56,18,093</b>	1,36,697	28,23,11,271
Sale of Clinker	<b>4,424</b>	<b>69,63,642</b>	5,802	88,74,424
Sale of Raw Meal	<b>2,537</b>	<b>9,56,072</b>	-	-
		<b>32,35,37,807</b>		29,11,85,695

\* Includes **49.150** Internal Consumption (Previous Year 179.175 MTs)



## c. Raw Materials Consumed during the year

	2005-2006		2004-2005	
	Qty MTs	Value Rs.	Qty MTs	Value Rs.
1. Lime Stone	1,94,348	1,86,99,298	1,89,276	1,88,42,827
2. Gypsum	4,288	29,40,912	4,136	27,88,753
3. Others	—	18,96,179	—	63,18,331
<b>Total</b>		<b>2,35,36,389</b>		<b>2,79,49,911</b>

## d. Stocks

	2005-2006		2004-2005	
	Qty MTs	Value Rs.	Qty MTs	Value Rs.
Opening Stock	302	4,75,710	1,555	24,47,712
Production	1,49,716	—	1,35,445	—
Closing Stock	1,017	17,12,917	302	4,75,710

	2005-2006	2004-2005
e) Foreign Exchange transactions	NIL	NIL
f) Value of imported and indigenous Raw Materials Consumption and percentage of each in total consumption.		

	2005-2006		2004-2005	
	Value Rs.	% of Consumption	Value Rs.	% of Consumption
1. Raw materials				
a) Imported	—	—	—	—
b) Indigenous	2,35,36,389	100%	2,79,49,911	100%
2. Consumables				
Stores & Spares				
a) Imported	—	—	—	—
b) Indigenous	81,99,431	100%	80,26,347	100%
Coal				
a) Imported	—	—	—	—
b) Indigenous	5,24,90,112	100%	5,04,13,322	100%





12. Previous year figures have been regrouped wherever necessary to confirm to the classification adopted in the current year.

13. The amounts have been rounded off to the nearest rupee.

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As per our Report Attached

for and on behalf of the Board

for **A.RAMACHANDRA RAO & CO.,**

**S.CHANDRA MOHAN**

Chartered Accountants

Chairman

**A.RAMACHANDRA RAO**

**S.R.B. RAMESH CHANDRA**

Partner

Managing Director

**K.A.N. SUBBA RAO**

Company Secretary

Place : Hyderabad

Date : 11-07-2006



Additional Information as required under Part IV of Schedule VI to the Companies Act, 1956

ANNEXURE "A" Forming part of Schedule N

**BALANCE SHEET ABSTRACT AND COMPANY'S  
GENERAL BUSINESS PROFILE AS AT 31.03.2006**

1. Registration Details

Registration No. : 2315 State code : 01

2. Capital Raised during the year (Rs. In Thousands) : Nil

3. Position of Mobilisation and Deployment of Funds (Rs. In Thousands)

**Total Liabilities : 325157.39 Total Assets 325157.39**

**Sources of Funds**

Paid-up Capital : 51032.10 Share Application Money 62484.85

Reserves & Surplus : 28445.14 Secured Loans : 92234.73

Unsecured Loan : 29818.52 Current Liabilities : 61142.05

**Application of funds**

Net Fixed Assets 138751.17 Net Current Assets : 186406.22

Profit & Loss : — Misc. Expenditure : —

4. Performance of Company (Rs. In thousands)

Turnover : 323537.81 Total Expenditure : 312640.42

Profit/(Loss)Before Tax : 10897.39 Profit/(Loss) after Tax : 9060.99

Earnings per Share(Rs) : 1.78 Dividend Rate % : —

5. Generic names of two Principal Products / Services of Company (as per monetary terms):

a) Item Code No. : 252300

(ITC CODE)

Product Description : CEMENT

b) Item Code No. : 252310

(ITC CODE)

Product Description : CLINKER


**CASH FLOW STATEMENT FROM 01-04-2005 TO 31-03-2006**

	For the Year ended 31.03.2006 Rs.	For the Year ended 31.03.2005 Rs.
<b>A. CASH FLOW FROM OPERATING ACTIVITIES</b>		
Net Profit Before Tax and Extraordinary items		
Adjusted for:	<b>1,08,97,385</b>	84,28,876
Interest	<b>1,22,64,220</b>	97,20,010
Depreciation	<b>78,99,787</b>	70,22,058
(Profit) / Loss on sale of Fixed Assets	—	3,103
<b>Operating Profit before Working Capital changes</b>	<b>3,10,61,392</b>	2,51,74,047
Adjusted for:		
(Increase) / Dec. in Inventories	<b>(33,99,068)</b>	(2,00,19,862)
(Increase) / Dec. in Debtors	<b>(2,25,53,342)</b>	24,20,324
(Increase) / Dec. in Other Current Assets	<b>2,21,771</b>	(68,186)
(Increase) / Dec. in Loans and Advances	<b>(52,76,929)</b>	(1,38,60,355)
Increase / (Dec.) in Current Liabilities	<b>43,94,957</b>	(49,62,508)
<b>Cash Generated from Operations</b>	<b>44,39,781</b>	(1,13,16,540)
less : Interest on Working Capital, Term Loan & others	<b>1,22,64,220</b>	97,20,010
less : Provision for Taxation	<b>18,36,400</b>	6,65,110
<b>Total (A) Net Cash Flow from Operating Activities</b>	<b>96,60,839</b>	(2,17,01,660)
<b>B. CASH FLOW FROM INVESTING ACTIVITIES</b>		
Purchase of Fixed Assets	<b>(3,60,09,900)</b>	(1,14,26,457)
Sale of Fixed Assets	—	6,500
<b>Net Cash Flow from Investing Activities</b>	<b>(3,60,09,900)</b>	(1,14,19,957)
<b>C. CASH FLOW FROM FINANCING ACTIVITIES</b>		
Proceeds from Equity Deposit / Share Capital	<b>2,11,25,000</b>	3,88,59,850
Inc. / (Dec.) in Long Term Borrowings	<b>(1,03,83,250)</b>	2,98,48,860
Inc. / (Dec.) in Unsecured loans	<b>2,04,97,679</b>	(2,98,23,465)
Inc. / (Dec.) in Cash Credit	<b>1,70,47,818</b>	(46,49,376)
<b>Net Cash Flow from Financing Activities</b>	<b>4,82,87,247</b>	3,42,35,869



	For the Year ended 31.03.2006 Rs.	For the Year ended 31.03.2005 Rs.
<b>D. NET INCREASE IN CASH AND CASH EQUIVALENTS</b>	<b>26,16,508</b>	11,14,252
Cash and Cash Equivalents as at the Commencement of the year	<b>39,90,519</b>	28,76,267
Cash and Cash Equivalents as at the close of the year	<b>66,07,027</b>	39,90,519

We have verified the above cash flow of **M/s. CKORAMAANDEL CEMENTS LTD** derived from Audited Financial Statements for the year ended 31st March, 2006 and found the same in accordance therewith and also with the requirements of clause 32 of the listing agreement with Stock Exchanges.

As per our Report Attached

for and on behalf of the Board

for **A.RAMACHANDRA RAO & CO.,**  
Chartered Accountants

**S.CHANDRA MOHAN**  
Chairman

**A.RAMACHANDRA RAO**  
Partner

**S.R.B. RAMESH CHANDRA**  
Managing Director

**K.A.N. SUBBA RAO**  
Company Secretary

Place : Hyderabad  
Date : 11-07-2006



**CKORAMAANDEL CEMENTS LIMITED**

Regd. Office : 6-3-652/C/A, Flat 5A, 'Kautilya' Amrutha Estates,  
Somajiguda, Hyderabad - 500 082.

**Admission Slip**

Folio No. \_\_\_\_\_  
No. of Shares Hold \_\_\_\_\_  
(To be filled in by the Shareholder)

I declare that I am Registered Share Holder of the Company \_\_\_\_\_  
(Signature of the Shareholder)

I hereby record my presence at the 27th Annual General Meeting of the Company being held at the Conference Hall, Hotel NKM's Grand, 6-3-563/31/1, Taraporewala Lane, Erramanzil, Somajiguda, Hyderabad – 500 082 on Friday the 29<sup>th</sup> day of September, 2006 at 10.00 A.M. as a member / as a Proxy appointed by \_\_\_\_\_

- NOTE :
1. A member / Proxy attending the meeting must complete this admission slip and hand it over at the entrance.
  2. Member intending to appoint a Proxy, should complete the Proxy form below and deposit at the Company's Registered Office not later than 48 hours before the commencement of the meeting.

**CKORAMAANDEL CEMENTS LIMITED**

Regd. Office : 6-3-652/C/A, Flat 5A, 'Kautilya' Amrutha Estates,  
Somajiguda, Hyderabad - 500 082.

**Proxy Form**

Folio No. \_\_\_\_\_  
No. of Shares Hold \_\_\_\_\_  
(To be filled in by the Shareholder)

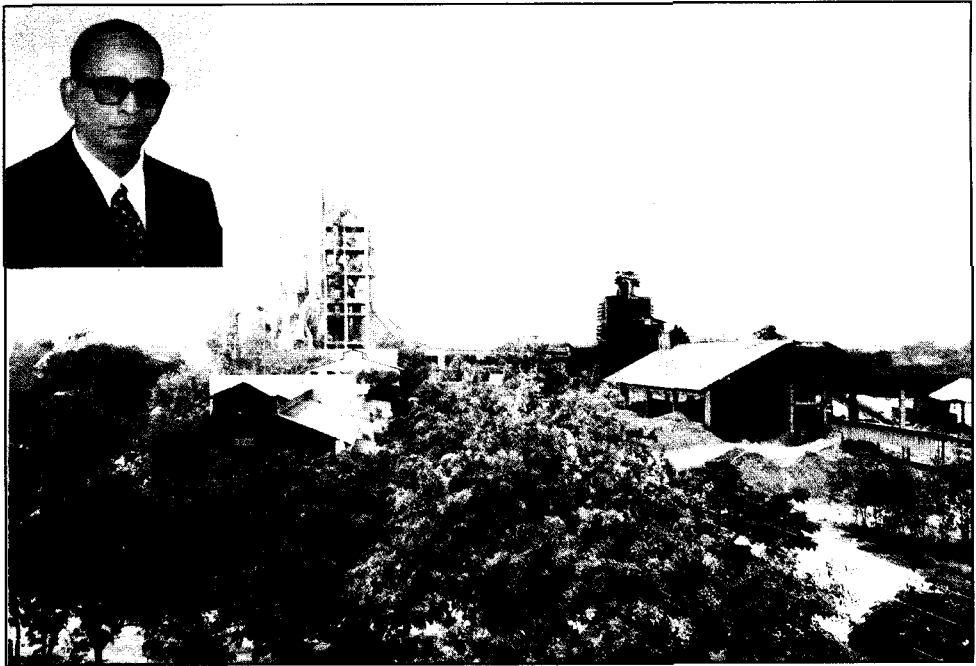
I / We \_\_\_\_\_ being a Member / Members of Ckoramaandel Cements Limited, hereby appoint \_\_\_\_\_ in the District of \_\_\_\_\_ as my / our Proxy to vote for me / us on my / our behalf at the 27th Annual General Meeting of the Company to be held on 29th September, 2006.

Signed this \_\_\_\_\_ of September 2006  
Name \_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_



Signature of the Shareholder

N.B. The Proxy Form should be deposited at the Registered Office of the Company not later than 48 Hours before commencement of the Meeting.



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No.6-3-652/C/A, Flat 5A, "KAUTILYA" Amrutha Estates,  
Beside Medinova, Somajiguda, HYDERABAD - 082.

E-mail : [info@bheemacements.co.in](mailto:info@bheemacements.co.in)