

12th

MD	✓		BKC	✓
CS	1/8		DFY	1/1
RO	✓		INT	1/6
TRA	1/8		AC	✓
AGM	1	1/1	DEI	✓
YE	1	1/1		

Annual Report

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1996-97



Certified True Copy
For Continental Chemicals Ltd.

[Signature]
Director

Continental Chemicals Ltd

Continental Chemicals Ltd.**DIRECTORS**

Mr. Naresh K. Chibba

Mr. R.S. Yadav

Mr. Anil K. Sharma

Managing Director

Director

Director

AUDITORS

M/s Kansal & Associates

Chartered Accountants

New Delhi.

BANKERS

STANDARD CHARTERED BANK

PUNJAB NATIONAL BANK

CANARA BANK

INDIAN OVERSEAS BANK

REGISTERED OFFICE:

A-7, Sector-7, Noida

Distt. Gautam Budh Nagar

U.P.

Pin-201301

India

NOTICE TO THE SHAREHOLDERS

Notice is hereby given that the 12th Annual General Meeting of the Company will be held on Saturday, the 28th February, 1998 at the Registered Office of the Company at A-7, Sector-VII, NOIDA, Distt. Gautam Budh Nagar, Pin-201301 (U.P.) at 9.30 A.M. to transact the following business:

ORDINARY BUSINESS

1. To receive, consider and adopt the audited Balance Sheet as at 31st August, 1997, and profit & Loss Account for the Year ended on that date and the Report of Directors' and Auditors' thereon.
2. To appoint a Director in place of Mr. Anil Kr. Sharma who retires by rotation and being eligible offers himself for re-appointment.
3. To appoint Auditors to hold office from the conclusion of this Annual General Meeting until the Conclusion of the Next Annual General Meeting and to fix their remuneration.

SPECIAL BUSINESS

4. To consider and if thought fit, to pass with or without modification(s), the following resolution as a Special Resolution:-

Resolved that pursuant to the provision 81 (1A) and other applicable provisions, if any, of the Companies Act, 1956, and in accordance with the provisions of Articles of Association of the Company and subject to the necessary approvals, permissions and/or sanction of the Securities and Exchange Board of India (SEBI) or any other authority as may be necessary and subject also to such terms, conditions and modifications as may be stipulated in granting such approvals and agreed by the Board of Directors of the Company (herein after called the Board which term shall be deemed to include any constituted committee of the Board of Directors), consent of the Company be and is hereby given/accorded to the Board to issue, offer and allot such number of equity shares as may be deemed fit by the Board of Directors not exceeding 10,00,000 Equity Shares of Rs.10/- each to a select group of persons, individuals(s), Company (ies)/body (ies) corporate, Financial Institution(s), Mutual Fund(s), Investment Banking Organisation(s) be an Indian or a Foreign Co./Organisation or any other Body, Society entitled to allotment of shares as per Laws of the Land on a preferential basis as the Board may in its absolute discretion decide and in such manner and with in such period and at such time or times and upon such-terms and conditions as the Board in its absolute discretion may deem fit and on such premium and such terms as may be permitted in accordance with any other prevailing rules/guide lines formed and issued in this regard by the Securities and Exchange Board of India or any other regularity authority or authorities and in absence of such rules guidelines at a price not less than the higher of following:-

The Average of the weekly high and low of the closing prices of the related shares quoted on the Stock Exchange during the six months prior to the date of Board Meeting considering the issue.

FURTHER RESOLVED THAT the Board be and is hereby authorised to accept any modification in the issue of Equity Shares as aforesaid as may be required by anyone or more of the authorities involved in such issue.

FURTHER RESOLVED THAT the Board, be and is hereby authorised to issue and allot upto 10,00,000 equity shares of Rs.10/- each referred above and all such Equity Shares shall be subject to Memorandum and Articles of Association of the Company and shall rank pari-passu with existing Shares of the company except that with regard to any dividend in respect of the Company's financial year in which such new Equity Shares are allotted they shall be eligible for prorata dividend.

FURTHER RESOLVED THAT for the purpose of giving effect to issue and allotment of Equity Shares as aforesaid the Board be and is hereby authorised to do all such acts, deeds, matters and things as, it may, in its absolute discretion, deem necessary or desirable or to settle any question difficulty or doubt that may arise in regard to the offering, issue, allotment and utilisations of the issue proceeds as it may, in its absolute discretion, deem necessary or desirable."

Continental Chemicals Ltd.**5. ALTERATION IN OBJECTS CLAUSE**

To consider and, if thought fit, to pass with or without modification(s), the following resolution as a Special Resolution:-

RESOLVED THAT PURSUANT to section 17 and other applicable provisions of the Companies Act, 1956, and in accordance with the provisions of Memorandum and Articles of Association of the company and subject to the approval of statutory authority (ies), if any, the object clause of the Company's Memorandum of Association be and is hereby amended as under:-

The following sub-clause be added after sub-clause No. (3) of the object clause III-A of the Memorandum of Association of the Company as sub-clause No. (4):

To engage in and conduct the business of research and development in the field of Software, Hardware for the purpose of applications and uses in Computers, Electronics, Electricals and/or any other kind of the Machine, Manual Machines, Appliances, Devices etc. etc. and to carry on investigations and experiments of all kinds to originate, develop and improve discoveries, inventions, process, system, language, formula etc. and to manufacture, purchase or otherwise acquire, own, hold, sell or otherwise transfer, lease, license the use of, distribute, trade or otherwise dispose off and generally to deal in any kind of property/items in respect of the above.

6. COMMENCEMENT OF NEW BUSINESS

To consider and, if thought fit, to pass with or without modification(s) the following resolution as a Special Resolution:-

RESOLVED THAT in accordance with the provision of Section 149 (2A) of the Companies Act, 1956, approval be and is hereby accorded to the commencement of business covered by sub clause 10 and 38 of the object clause III (c) of the Memorandum of Association of the Company by the Board of Directors' as and when they think fit.

7. APPROVAL OF ACTIVITIES

To consider and, if thought fit, to pass with or without modification(s) the following resolution as a Special Resolution:-

"Resolved that all acts done by the Board of Directors of the Company so far in respect of diversifying the activities of the company into the new areas in respect of which as per resolutions passed by the shareholders earlier in this meeting in order to see the feasibility of the activities, be and are hereby approved, confirmed and ratified."

8. CHANGE OF NAME

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

RESOLVED THAT subject to the approval of the Central Govt. under section 21 of the Companies Act, 1956, the name of the Company be changed to any one of the following as the Board may in its absolute discretion may decide and as may be made available by the Registrar of Companies.

- a) Continental Industries Ltd.
- b) Continental India Ltd.
- c) C.C.L. Ltd.

RESOLVED FURTHER THAT Board is hereby authorised to do all such acts deeds and things as may be required to give effect to the above resolution.

RESOLVED FURTHER THAT, necessary changes in the Memorandum and Articles of Association be made accordingly.

9. SALES OF ASSETS

To consider and, if thought fit, to pass with or without modification(s), the following resolution as an Ordinary Resolution:-

RESOLVED THAT, pursuant to the provisions of section 293 (1) (a) of the Companies Act, 1956 consent be and is hereby accorded to the Board of Directors' to sell, lease or otherwise dispose off the whole or parts thereof, as the Board may decide, Company's unit(s)/undertaking(s) situated at A-7 & A-8, Sector-7, Noida, and all other movable and immovable properties of the Company which the Board in its absolute discretion decides to sell at a price and on terms and conditions as the Board may in its absolute discretion thinks fit and proper to any person/ persons or group of persons or Company (ies)/ corporate bodies be an Indian National or a Foreign National or Non-Resident Indian subject to necessary approval(s) as may be required.

RESOLVED FURTHER THAT the Board of Directors be and are hereby authorised to do such acts, deeds and things which may be necessary for giving effect to the above resolutions.

By Order of the Board of Directors

Sd/-

NARESH K. CHIBBA

Managing Director

NOTES

1. A member entitled to attend and vote is entitled to appoint a proxy to attend and vote instead of himself/herself and the proxy need not be a member. Proxy in order to be effective must be received by the Company at its registered office not less than 48 hours before the meeting. A blank form is enclosed.
2. Members are requested to bring their copies of the Annual Report with them at the meeting.
3. Members/Proxies are further requested to fill in the enclosed attendance slip and deposit the same at the registration table at the time of attending the meeting.
4. Members having any queries relating to the Annual Report are requested to send their questions at the registered office of the Company at least 7 days before the date of Annual General Meeting.
5. Members holding shares under more than one folio are requested to send their Share Certificate to the Registered Office of the Company for consolidation under one folio.
6. The Share Transfer Books, Members' Register of the Company shall remain closed from 27.02.1998 to 28.02.1998 (Both days inclusive).

PLACE: NOIDA

DATE : 19th Jan., '98.

Continental Chemicals Ltd.**EXPLANATORY STATEMENT AS REQUIRED UNDER SECTION 173 OF THE COMPANIES ACT, 1956.****Item No.4.**

The existing line of business has not remained lucrative. Your Company is planning to enter in new areas by diversifying its activities into software development activities, project consultancy, holding of exhibitions etc. To meet its financial requirements it proposes to issue further shares. As at present the Capital Market is depressed, the management has identified a select group who are interested in investing funds. It is therefore proposed that the Board be authorised to issue and allot equity shares not exceeding the limit of 10,00,000 Equity Share of Rs.10/- each. These Shares will be issued as per SEBI guidelines in this regard. In order to make such a preferential offer the Board requires sanction of the Company in general meeting by passing a Special Resolution under section 81 (1A) of the Companies Act, 1956, and accordingly recommends the passing of this resolution.

The Directors of the Company may be deemed to be considered or interested in the resolution to the extent that one or more of them may be Director/Member/Relative/Partner etc. of the Companies/Persons of the select group to receive the allotment.

Item No.5 and 6

In tune with the liberalised industrial policy of the Government, the activities of the Company are proposed to be diversified in order to broad base and strengthen the Company and to augment its resources. To enable the Company to undertake any one or more of the business as and when the opportunity arises it is considered necessary to enlarge the object clause of the Memorandum of Association of the Company. Your Directors are of the opinion that it would be beneficial for the Company and the members that the Company should undertake such activities and avail of best opportunities. Your Directors' are of the view that the proposed activities can advantageously be carried with the existing business of the Company. Hence, these resolution pursuant to the provisions of section 17 and section 149 (2A) of the Companies Act, 1956, where share holders approval by way of a special resolution is required.

Your Directors' recommend the resolutions.

None of the Directors of the Company is deemed to be concerned or interested in the proposed resolutions.

Item No.7.

Your company while conducting market surveys met a few customers who have given assurances to buy products from the Company. Your company has got certain specimen softwares prepared so that demonstration can be given. Similarly your company has also tried to check the viability of the exhibition and project consultancy business etc. before giving it a commercial run. Your directors desires that members should approve the actions taken by them, hence recommends the passing of the resolution. None of the Directors are in any way concerned or interested in the resolution.

Item No.8.

Your Company is presently engaged in the business of chemicals etc. In view of change in the market conditions, the Company proposes to diversity in the new fields to carry on the business of Computer Software and allied Areas holding of exhibitions, project consultancy etc. Therefore, the change in the name is proposed. The said change will be subject to the approval of Central Govt. for which action will be taken after seeking approval of the share holders.

Your Directors recommends passing of the resolution.

None of the director is concerned or interested in the resolution.

Item No. 9

As discussed in the previous resolutions, your Company intends to diversify its activities in the more lucrative areas. The present business has become too competitive with the arrival of many Multinational in India. Besides creating a very stiff competition it also affecting the market conditions and profitability. It is therefore, considered prudent by your Directors to dispose of the existing unit and other movable and immovable properties which have become surplus. Hence, the resolution, your Directors recommends the passing of the resolutions.

None of the Director is in any way is concerned or interested in the resolution except to the extent that any of his promoted 'Companies or relative(s) etc. may acquire the unit or part of movable or / and immovable property of the Company.

By order of the Board

Sd/-

NARESH K. CHIBBA

Managing Director

Place: Noida

Date: 19.1.1998

DIRECTOR'S REPORT

Dear Shareholders,

Your Directors have pleasure in presenting the 12th Annual Report alongwith Audited Accounts of the Company for the year ended August 31, 1997.

1. FINANCIAL RESULTS

Particulars	31.8.97	31.8.96
i. Income from Operations	5,18,25,468/-	38,72,332/-
ii. Gross Profit/(Loss)	(30,32,982/-)	(22,37,828/-)
iii. Financial Charges	95,272/-	2,75,062/-
iv. Depreciation	5,99,725/-	5,17,608/-
v. Net Profit/(Loss)	(36,32,707/-)	(27,55,436/-)

2. OPERATIONS

During the period under review the total income was Rs. 51825468/- which include Rs. 1115498/- income generated from other sources.

After providing for expenditure Rs. 5,48,58,450/- & depreciation Rs. 599725/- the Company has incurred a loss of Rs. 3632707/-.

3. FUTURE PROSPECTS

The Company hopes to do reasonably well during the coming year as your Company is planning to enter the new lucrative areas such as Development & Exports of Computer Software, Project relative consultancy services etc. With this the Company hopes to grow by leaps & bounds.

4. FIXED DEPOSITS

The Company has not accepted any deposit under section 58 A of the Companies Act. 1956.

5. INDUSTRIAL RELATIONS.

The employee-employer relations remained cordial throughout the year.

6. DIRECTORS

At the forthcoming Annual General Meeting of your Company Mr. Anil K. Sharma retires by rotation and being eligible offer himself for re-appointment. During the year Mr. Rajesh K. Chibba resigned due to personal reasons and Mr. Vipin Malik ceased to be on the Board as representative of U.P.F.C. The Board would like to place on record its appreciation for the valuable guidance provided by them.

7. AUDITORS

M/s Kansal & Associates Chartered Accountants, Auditors of the Company hold office until the conclusion of the forthcoming Annual General Meeting and are recommended for re-appointment.

8. AUDITORS REPORT

The observations made by the auditors in their report are explained in the respective notes to the accounts which are self explanatory and do not call for further explanation.

9. PERSONNEL

Your Directors also place on record their appreciation of the all round co-operation & contribu-