

18th

Annual Report

2002-2003

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Continental Chemicals Ltd.

DIRECTORS

Mr. Naresh K Chibba
Dr. Vishwanath
Ms. Sunaina Chibba

Managing Director
Director
Director

Audit Committee

Mr. Naresh K Chibba
Dr. Vishwanath
Ms. Sunaina Chibba

Managing Director
Director
Director

AUDITORS

M/s. Kansal & Associates
Chartered Accountant
New Delhi

BANKERS

INDIAN OVERSEAS BANK
STANDARD CHARTERED BANK
ICICI BANK
CANARA BANK
BANK OF AMERICA-USA

REGISTERED OFFICE

**A-7, Sector-7, Noida
Gautam Buddh Nagar,
U.P
Pin – 201 301,
India**

NOTICE TO THE SHAREHOLDERS

Notice is hereby given that the 18th Annual General Meeting of the Company will be held on Saturday the 28th February 2004 at 9.30 A.M at the Registered Office of the company at A-7, Sector-VII, NOIDA, Gautam Buddh Nagar, Pin. 201 301 (U.P) to transact the following business:

ORDINARY BUSINESS

1. To receive, consider and adopt the audited Balance Sheet as at 31st August 2003, and profit & Loss Account for the Year ended on the date the Report of Directors' and Auditors' there on.
2. To appoint a Director in place of Dr. Vishwanath 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 an ordinary resolution:-

"Resolved that Ms. Sunaina Chibba be and is hereby appointed as a Director of the Company "

By Order of the Board of Directors

SD/-
Dr. Vishwanath
Director

SD/-
NARESH K CHIBBA
Managing Director

PLACE : NOIDA

DATE : 15th January 2004

NOTES:

1. The Explanatory Statement pursuant to Section 173 (2) of the Companies Act, 1956 in respect of the Special Business is annexed hereto.
2. 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.
3. Members are requested to bring their copies of the Annual Report with them at the meeting.
4. 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.
5. Members having any queries relating to the Annual Report are requested to send their questions to the Directors at the registered office of the Company at least 7 days before the date of Annual General Meeting.
6. Members holding shares under more than one folio are requested to send their Shares Certificate to the Registered Office of the Company for consolidation under one folio.
7. The Share Transfer Books, Members Register of the company shall remain closed from 26.02.2004 to 28.02.2004 (Both days inclusive).

EXPLANATORY STATEMENT**ITEM NO. 4**

Ms. Sunaina Chibba was appointed as additional Director of the company on 23rd July 2003 and pursuant to section 260 of the companies Act 1956 holds office upto the date of forthcoming Annual General Meeting only.

The Company has received a notice in writing under section 257 (1) of the companies Act 1956 proposing the name of Ms. Sunaina Chibba to the office of a Director of the Company. The Board considers that her appointment as director will contribute materially to the company to maintain its growth.

Your directors recommends passing of the resolution. All the director of the company are interested in the resolution.

SD/-
Dr. Vishwanath
Director

By Order of the Board of Directors
SD/-
NARESH K CHIBBA
Managing Director

PLACE : NOIDA

DATE : 15th January 2004

DIRECTORS REPORT

Dear Shareholders,

Your Directors have pleasure in presenting the 18th Annual Report along with Audited Accounts of the Company for the year ended August 31,2003.

1. FINANCIAL RESULTS

| Particulars | 31.8.2003 | 31.8.2002 |
|---------------------------|------------------|------------------|
| i. Income from Operations | 3782289 | 6380629 |
| ii. Gross Profit/ (Loss) | (2063422) | (595009) |
| iii. Financial Charges | 55221 | 241368 |
| iv. Depreciation | 710621 | 690271 |
| v. Net Profit/(Loss) | (2829264) | (1526648) |

2. OPERATIONS

During the period under review the total income was Rs 3782289/- which includes, Rs. 1339200/- branch office sales & Rs.1352420/- from service provided and Rs. 1090669/- income generated from other sources.

After providing for expenditure Rs.5900932/- & depreciation Rs.710621/- the Company has incurred net Loss of Rs. 2829264/-.

3. FUTURE PROSPECTS

The company has during the year continued its further development and marketing on its various products and the initial launches has shown that there is a great potential for the company's products not only in India but in UK, USA and Europe as well.

The company hopes to do reasonably well in the year.

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

- In accordance with the article of association of the Company at the forthcoming Annual General Meeting of the company DR. VISHWANATH retires by rotation and being eligible offers himself for reappointment.
- Mr. Anil Sharma resigned from the directorship during the year due to his pre occupation. The Board placed on record its sincere appreciation of the services enjoyed by the company during their association with the company.
- All the Director of the company are member of the Audit committee of the Board of the company

7. RESPONSIBILITY STATEMENT

As required under section 217(2AA) of the companies Act 1956, your Directors confirm that in the preparation of the Annual accounts :-

- i) the applicable accounting standards have been followed along with proper explanation relating to material departures.
- ii) such accounting policies have been selected and applied consistently and reasonable and prudent judgements and estimates made , so as to give a true and fair view of the state of affairs of the company at the end of Financial Year and the Profit/Loss of the Company for that period.
- iii) Proper and sufficient care has been taken for the maintenance of adequate accounting records in accordance with the provisions of this Act for safeguarding the assets of the company and for preventing and detecting frauds and other irregularities.
- iv) The annual accounts have been prepared on a going concern basis.

8. LISTING

The shares of the company are listed at Kanpur, New Delhi and Mumbai Stock Exchange . The Company has paid Listing fee to the stock exchanges till 2002-03

9. AUDITORS

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

10. AUDITORS REPORT

The observation 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.

11. PERSONNEL

Your Directors also place on record their appreciation of the all round co-operation & contributions made by the employees at all levels. The statement of Employees u/s 217 (2A) of the Companies Act, 1956 is not annexed since none of the employees falls in this category.

12. CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION AND FOREIGN EXCHANGE EARNINGS AND OUTGO

Information as per section 217(1)(e) read with companies (disclosure of particular in the Report of Board of Directors) Rules ,1988 in not being given since the company has suspended its manufacturing activities.

Particulars relating to Technology absorption is nil. Information relating to foreign exchange earnings or outgo during the year under review is provided in additional information.

13. SECRETARIAL COMPLIANCE CERTIFICATE

A copy of the compliance certificate obtained from a company secretary in practice , as required under section 383 A of the Companies Act 1956, is attached with this report.

14. ACKNOWLEDGEMENTS

Your directors also thank & acknowledge the co-operation, assistance and support extended by the Central Government, the State Government, the financial institutions, the Company's Bankers, the Shareholders and Staff of the Company.

For and on behalf of Board of Director

Sd/
Dr. Vishwanath
Director

Sd/
Naresh K Chibba
Managing Director

Place: Noida

Date : 15th January 2004

ANNEXURE TO THE DIRECTOR'S REPORT
COMPLIANCE CERTIFICATE

To,
The Members,
Continental Chemicals Ltd.
A-7 ,Sector VII
Noida, 201301
Gautam Buddh Nagar U.P.

I have examined the registers, records, books and papers of Continental Chemicals Ltd. (the Company) as required to be maintained under the Companies Act, 1956 (the Act) and the rules made thereunder and also provisions contained in the Memorandum and Articles of Association of the Company for the financial year ended on 31st August , 2003. In my opinion and to the best of my information and according to the examinations carried out by me and explanations furnished to me by the company, its officers and agents, I certify that in respect of the aforesaid financial year:-

1. The company has kept and maintained all registers as stated under, as per the provisions and the rules made there under and all entries therein have been duly recorded –

- i) Investment Register u/s 49/372/372A;
- ii) Register of Members u/s 150 & 151;
- iii) Register of Share Transfer u/s 108(1-A);
- iv) Books of Accounts u/s 209;
- v) Register of Contracts in which Directors are interested u/s 301;
- vi) Register of Directors, Managers, Secretaries & Treasures u/s 303;
- vii) Register of Directors Attendance under Regulation 71.
- viii) Register of Directors Share Holding U/s 307

2. The company has duly filed the forms and returns as stated under, with the Registrar of Companies within the time prescribed under the Act and the rules made thereunder –

- i) Annual Return u/s 159;
- ii) Annual Accounts U/s 220;
- iii) Secretarial Compliance Certificate
- iv) Form No. 32
- v) Form No. 29

3. The Board of Directors of the Company duly met on following dates

Date of Meetings of Board

| | | |
|------------|-----------|-----------|
| 5.9.2002 | 30.9.2002 | 3.10.2002 |
| 30.12.2002 | 3.1.2003 | 28.2.2003 |
| 12.3.2003 | 14.3.2003 | 29.3.2003 |
| 30.4.2003 | 30.6.2003 | 15.7.2003 |
| 23.7.2003 | | |

4. The Company has closed its Register of Members from 26.02.2003 to 28.02.2003 (both days inclusive) in accordance with Section 154 of the Act .
5. The Annual General Meeting for the financial year ended on 31.8.2002 was held in time on 28.2.2003 and due notice was given and resolutions passed thereat duly recorded in the Minutes Book.
6. No extraordinary meeting was held during the financial year.
7. The Company has not advanced any loan to its directors and/or persons or firms or companies referred in Section 295 of the Act.

8. The Company has entered into contracts covered under the provisions of Section 297 of the Act for which due action have been taken.
9. The Company has complied with the requirements of Section 301 of the Act.
10. The Company has timely transferred / transmitted its shares received during the year.
11. The change has taken place in the composition of the Board of Directors during the year.
12. There is no appointment of any Managing Director/Whole-time Director/Manager during the year.
13. The Company has not issued shares/debentures/other securities during the financial year.
14. The Company has not taken deposits under the provisions of Section 58A and 58AA of Companies Act.
15. No amount has been borrowed by the Company during the year from directors, members, public financial institutions, banks and others during the financial year.
16. No alteration has been made in the Memorandum and Articles of Association during the year.
17. No show cause notice has been received from the Registrar of Companies during the year.
18. No amount has been received as security from its employees during the year,
19. Provident Fund is applicable to the company and the deduction and deposits have generally been made in time.

Place: Delhi

Date: 15th January 2004

Sd/-

B.S. Goyal

C.P. No.2915

CORPORATE GOVERNANCE REPORT

COMPANY'S PHILOSOPHY ON CORPORATE GOVERNANCE

At Continental Chemicals Limited, Corporate Governance is an integral part of the Company's value, ethics, business practices and norms. Towards this, the Company consistently evaluates and defines its management practices aimed at enhancing its commitment and delivery of the basic tenets of the Corporate Governance.

BOARD OF DIRECTORS

Composition of Board of Directors and other details as on 31st August, 2003 is as under:-

| Name of the Director | Executive/ independent | No. of Meeting Attended (+) | Attendance at AGM 28.02.2003 | No. of outside Directorship held(*) | No. of Member /chairmanship in other Board committee |
|----------------------|------------------------|-----------------------------|------------------------------|-------------------------------------|--|
| Mr. Naresh K. Chibba | Executive | 13 | Present | --- | --- |
| Dr. Vishwanath | Non -Executive | 13 | Present | --- | --- |
| Ms. Sunaina Chibba | Non-Executive | 1 | Not present | --- | --- |
| Mr. Anil Sharma | Independent | 12 | Present | --- | --- |

(+) Attendance at Board Meetings relevant to the period when appointed as Director of the Company

(*) Director ship in companies registered under the companies act, 1956 excluding Directorship in private Limited companies under section 25 of the Companies Act.