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1996-97



CONTINENTAL CONSTRUCTION LIMITED



CONTINENTAL CONSTRUCTION LIMITED

BOARD OF DIRECTORS

C. L. VERMA	CHAIRMAN & MANAGING DIRECTOR
CHANDER VERMA	MANAGING DIRECTOR
M K VERMA	EXECUTIVE DIRECTOR
M S BASI	DIRECTOR
V K VERMA	DIRECTOR
K S BASI	DIRECTOR
D S BASI	DIRECTOR
O P CHADHA	DIRECTOR

VICE PRESIDENT (FINANCE)

K S SOHARU

SECRETARY

B SINGH

MAIN BANKERS

- 1.STATE BANK OF INDIA
- 2.UCO BANK
- 3.STATE BANK OF SAURASHTRA
- 4.ORIENTAL BANK OF COMMERCE
- 5.PUNJAB & SIND BANK
- 6.STATE BANK OF TRAVANCORE

AUDITORS

V SANKAR AIYAR & CO,
NEW DELHI

REGISTERED OFFICE

"CONTINENTAL HOUSE"
28, NEHRU PLACE
NEW DELHI-110 019



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NOTICE OF THE ANNUAL GENERAL MEETING

Notice is hereby given that the 34th Annual General Meeting of the Members of Continental Construction Limited, will be held at Air Force Auditorium, Subroto Park, New Delhi -110 010 on Friday, the 26th day of September, 1997 at 10.00 A.M. to transact the following business:-

Ordinary Business:-

- 1) To consider and adopt the Accounts of the Company for the financial year ended 31st March, 1997, the Balance Sheet as at that date and the Reports of the Directors and Auditors thereon.
- 2) To appoint a Director in place of Sh V.K. Verma, who retires by rotation and is eligible for re-appointment.
- 3) To appoint a Director in place of Sh. M.K. Verma, who retires by rotation and is eligible for re-appointment.
- 4) To appoint Auditors to hold office from the conclusion of this meeting until the conclusion of the next Annual General Meeting and to authorise the Board of Directors to fix their remuneration.

Special Business:-

- 5) To consider and if thought fit to pass, with or without modification the following resolution as an Ordinary Resolution:-
 "Resolved that Pursuant to the provisions of Sections 198, 269 and 309 read with Schedule XIII and other applicable provisions, if any, of the Companies Act, 1956, the consent of the company, be and is hereby accorded to the re-appointment of Sh. C.L. Verma as Managing Director designated as Chairman & Managing Director of the company for a period of 5 years w.e.f. 1st October, 1997 on such remuneration and terms and conditions as are set out in the Explanatory Statement attached to the Notice convening this 34th Annual General Meeting."
- 6) To Consider and if thought fit to pass, with or without modification the following resolution as an Ordinary Resolution:-
 "Resolved that pursuant to the provisions of Sections 198, 269 and 309 read with Schedule XIII and other applicable provisions, if any, of the Companies Act, 1956, the consent of the company, be and is hereby accorded to the re-appointment of Sh. Chander Verma as Managing Director of the company for a period of 5 years w.e.f. 1st April 1997 on such remuneration and terms and conditions as are set out in the Explanatory Statement attached to the Notice convening this 34th Annual General Meeting".

By Order of the Board

Place : New Delhi
 Dated : 28th August, 1997

B. Singh
 Secretary



CONTINENTAL CONSTRUCTION LIMITED

NOTES :

1. A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTITLED TO APPOINT A PROXY TO ATTEND AND ON A POLL TO VOTE INSTEAD OF HIMSELF. THE PROXY NEED NOT BE A MEMBER OF THE COMPANY. A BLANK FORM OF PROXY IS ENCLOSED AND IF INTENDED TO BE USED, IT SHOULD BE DEPOSITED, DULY COMPLETED, AT THE REGISTERED OFFICE OF THE COMPANY NOT LESS THAN 48 HOURS BEFORE THE SCHEDULED TIME OF THE MEETING.
2. Explanatory Statement in respect of the items of Special Business is annexed herewith.
3. Only Registered Members carrying the attendance slips and the holders of the valid proxies registered with the Company will be permitted to attend the meeting. Xerox copy or torn Attendance Slip will not be accepted at the entrance of Meeting Hall.
4. The Register of Members and Share Transfer Books of the Company will remain closed from Tuesday, the 2nd September, 1997 to Friday, the 26th September, 1997 (both days inclusive).
5. Members are requested to notify to the Company immediately any change in their address quoting ledger folio number, specifying full address in BLOCK CAPITALS with Pin Code Number of the Post Office.
6. Members requiring further information or having any query on the Accounts, are requested to send their queries to the Company Secretary atleast 10 days before the date of the meeting so that the information can be made available at the meeting.
7. Pursuant to Section 205 A (5) of the Companies Act, 1956, all dividends which remained unpaid or unclaimed for the accounting years 1986, 1987, 1988-89, 1990-91, 1991-92 and 1992-93 have already been transferred to the General Revenue Account of the Central Government.

Shareholders concerned are requested to claim the amount from the Registrar of Companies, N.C.T. Delhi & Haryana, Paryavaran Bhawan, C.G.O. Complex, B-Block, 2nd Floor, Lodi Road, New Delhi-110 003 by submitting application in form-II. In case any assistance is required, please write to the Company at its Registered Office.

The unclaimed dividend for the financial year 1993-94 will be transferred to the General Revenue Account of the Central Government shortly. The members, who have not yet claimed their dividend for the said year, may claim it now before the same is transferred.

8. Persons attending the Annual General Meeting are requested to bring their copies of Annual Report as the practice of distribution of copies of the Annual Report at the meeting has been discontinued.

Duplicate attendance slips will not be issued at the Annual General Meeting venue. The same shall be issued at the Registered Office of the Company upto a day preceding the day of the Annual General Meeting.
9. Members holding more than one Share certificate in the same name under different ledger folios, are requested to apply for consolidation of such folios and send relevant Share Certificates to the Company's Registered Office for consolidation of entire holding in one account. The Certificates after consolidation will be returned by Registered Post.



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ANNEXURE TO THE NOTICE **EXPLANATORY STATEMENT PURSUANT TO SECTION 173(2) OF THE COMPANIES ACT, 1956**

Item No. 5

The Board of Directors of your company at its meeting held on Thursday, the 28th August, 1997 re-appointed Sh. C.L. Verma, as Managing Director designated as Chairman & Managing Director of your Company, not liable to retire by rotation, for a period not exceeding five years w.e.f. 1st October, 1997, on the expiry of his present period of appointment, at a remuneration as stated below, subject to your approval.

Your approval is now sought to the appointment of and remuneration payable to Shri C.L. Verma in pursuance of Sections 198, 269 and 309 of the Companies Act, 1956:-

- 1) **Salary:**
Rs.50,000/- per Month.
- 2) **Commission:**
In addition to salary and perquisites, commission may also be paid, the amount of which, based on the net profit of the company in a particular year, shall be subject to the overall ceiling laid down in Section 198 and Section 309 of the Companies Act, 1956.
- 3) **Perquisites:**
Shall be restricted to an amount equivalent to the annual salary or Rs.4,50,000/-, whichever is less. These perquisites shall be classified as follows:-

CATEGORY 'A'

- i) **Housing-I** - The expenditure by the company on hiring furnished accommodation for the Chairman & Managing Director will be subject to the following ceiling:-

Sixty per cent of the salary, over and above ten per cent payable by the Chairman & Managing Director.

Housing-II - In case the accommodation is owned by the company, ten percent of the salary of the Chairman & Managing Director shall be deducted by the company.

Housing-III - In case no accommodation is provided by the company, the Chairman & Managing Director shall be entitled to house rent allowance subject to the ceiling laid down in Housing-I.

Explanation - The expenditure incurred by the company on gas, electricity, water and furnishings shall be valued as per the Income-tax Rules, 1962. This shall, however, be subject to a ceiling of ten per cent of the salary of the Chairman & Managing Director.

- ii) **Medical reimbursement** - Expenses incurred for the Chairman & Managing Director and his family subject to a ceiling of one month's salary in a year or three months' salary over a period of three years.
- iii) **Leave Travel Concession** - for Chairman & Managing Director and his family, once in a year incurred in accordance with any rules specified by the company.
- iv) **Club Fees** - Fees of clubs subject to maximum of two clubs. This will not include admission and life membership fee.
- v) **Personal Accident Insurance** - Premium not to exceed Rs.4,000/- per annum.



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CATEGORY 'B'

- i) Contribution to Provident Fund, Superannuation Fund or Annuity Fund will not be included in the computation of the ceiling on perquisites to the extent these either singly or put together are not taxable under the Income-tax Act. Gratuity shall not exceed half a month's salary for each completed year of service.
- ii) Encashment of leave at the end of the tenure will not be included in the computation of the ceiling on perquisites.

CATEGORY 'C'

Provision of car for use on company's business and telephone at residence will not be considered as perquisites. Personal long distance calls on telephone and use of car for private purpose shall be billed by the company to the Chairman & Managing Director concerned.

Minimum Remuneration - Notwithstanding anything hereinabove stated, where in any financial year, during the currency of tenure of the Chairman & Managing Director, the company has no profits or its profits are inadequate, it may pay him remuneration by way of salary and perquisites not exceeding the limits specified above.

The Board of Directors of your company solicit your approval to this resolution.

In addition to Sh. C.L. Verma, Sarvashri Chander Verma, V.K. Verma and M.K. Verma, being his sons are interested in this resolution.

This should be considered also as an abstract of terms of appointment of Sh. C.L. Verma pursuant to Section 302 of the Companies Act, 1956.

Item No. 6

The Board of Directors of your company at its meeting held on Thursday, the 19th December, 1996 re-appointed Sh. Chander Verma, as Managing Director of your Company, not liable to retire by rotation, for a period not exceeding five years w.e.f. 1st April, 1997, on the expiry of his previous period of appointment, at a remuneration as stated below, subject to your approval.

Your approval is now sought to the appointment of and remuneration payable to Sh. Chander Verma in pursuance of Sections 198, 269 and 309 of the Companies Act, 1956:-

- 1) **Salary:**
Rs.50,000/- per Month.
- 2) **Commission:**
In addition to salary and perquisites, commission may also be paid, the amount of which, based on the net profit of the company in a particular year, shall be subject to the overall ceiling laid down in Section 198 and Section 309 of the Companies Act, 1956.
- 3) **Perquisites:**
Shall be restricted to an amount equivalent to the annual salary or Rs.4,50,000/-, whichever is less. These perquisites shall be classified as follows:-

CATEGORY 'A'

- i) **Housing-I** - The expenditure by the company on hiring furnished accommodation for the Managing Director will be subject to the following ceiling:-



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Sixty per cent of the salary, over and above ten per cent payable by the Managing Director.

Housing-II - In case the accommodation is owned by the company, ten percent of the salary of the Managing Director shall be deducted by the company.

Housing-III - In case no accommodation is provided by the company, the Managing Director shall be entitled to house rent allowance subject to the ceiling laid down in Housing-I.

Explanation - The expenditure incurred by the company on gas, electricity, water and furnishings shall be valued as per the Income-tax Rules, 1962. This shall, however, be subject to a ceiling of ten per cent of the salary of the Managing Director.

- ii) *Medical reimbursement* - Expenses incurred for the Managing Director and his family subject to a ceiling of one month's salary in a year or three months' salary over a period of three years.
- iii) *Leave Travel Concession* - for Managing Director and his family, once in a year incurred in accordance with any rules specified by the company.
- iv) *Club Fees* - Fees of clubs subject to maximum of two clubs. This will not include admission and life membership fee.
- v) *Personal Accident Insurance* - Premium not to exceed Rs.4,000/- per annum.

CATEGORY 'B'

- i) Contribution to Provident Fund, Superannuation Fund or Annuity Fund will not be included in the computation of the ceiling on perquisites to the extent these either singly or put together are not taxable under the Income-tax Act. Gratuity shall not exceed half a month's salary for each completed year of service.
- ii) Encashment of leave at the end of the tenure will not be included in the computation of the ceiling on perquisites.

CATEGORY 'C'

Provision of car for use on company's business and telephone at residence will not be considered as perquisites. Personal long distance calls on telephone and use of car for private purpose shall be billed by the company to the Managing Director concerned.

Minimum Remuneration - Notwithstanding anything hereinabove stated, where in any financial year, during the currency of tenure of the Managing Director, the company has no profits or its profits are inadequate, it may pay him remuneration by way of salary and perquisites not exceeding the limits specified above.

The Board of Directors of your company solicit your approval to this resolution.

In addition to Sh. Chander Verma, Sh. C.L. Verma, being his father and Sarvashri V.K. Verma and M.K. Verma, being his brothers, are interested in this resolution.

This should be considered also as an abstract of terms of appointment of Sh. Chander Verma pursuant to Section 302 of the Companies Act, 1956.

By Order of the Board

Place : New Delhi
Dated : 28th August, 1997

B. Singh
Secretary



CONTINENTAL CONSTRUCTION LIMITED

DIRECTORS' REPORT

The Members
Continental Construction Limited
New Delhi.

Dear Members,

Your Directors take pleasure in presenting to you the 34th Annual Report of your Company together with the audited Statements of Accounts for the year ended 31st March, 1997.

Your Directors have pleasure to report that despite the continued cash crunch faced by the Company because of the hold-up of its large dues with the various Clients in India, Iraq and Libya, the Management has been able to carry on the business of the Company satisfactorily. The operational results of the Company during the year under review, as briefly summarized below, have been satisfactory :-

	Rupees in Millions
1. Gross Income	478.85
Add: Increase in the Work-in-Progress	19.79
	<u>498.64</u>
2. Less: Total expenditure (before provision for Depreciation)	452.33
3. Net Profit before provision for Depreciation and Tax	46.31
Less: Depreciation	24.89
4. Net Profit before provision for tax	21.42
Less: Provision for Taxation	2.80
5. Profit after provision for taxation	18.62
Add: Balance brought forward from previous year	60.40
6. Surplus carried over to next year's Accounts	<u>79.02</u>

There is no change in the status of realization of the Company's large outstanding dues from Iraq and Libya except that the United Nations Compensation Commission (UNCC) have taken up for scrutiny the Company's Claim for recovery of its outstanding dues from Iraq. The Company has prepared its replies to the long questionnaire received from the UNCC with the help of their Counsels from USA for submission to the UNCC before the due date of 3rd September, 1997. The hold-up in the large receivable continues to affect the cash liquidity of the Company.

The continuing funds constraints faced by the Company and in order to conserve the resources, your Directors are compelled not to recommend the payment of Dividend for this year to the Shareholders. The Members will, no doubt, appreciate the compelling circumstances under which your Directors have to take such an unpleasant decision.

The Management is continuing with its efforts for the realization of its outstanding dues and the UNCC taking up the Company's Claim for scrutiny have raised hopes of tiding over the present financial crunch within a year's time.

The Company's Claim U/s 80-O of the Income Tax Act, 1961, for the Assessment Year 1983-84 is still sub-judice. Writ Petition under Article 32 of the Constitution of India filed by the Company and a Special Leave Petition against the Judgement of the Delhi High Court inter-alia challenging the validity of Section 80-HHB(5) of the Income Tax



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Act, 1961 have been admitted by the Hon'ble Supreme Court. The matter has, however, not yet come for final hearing.

Your Directors take pleasure in informing you that the Works at Narmada Main Canal Project have finally been taken over by the Clients, after completion of the maintenance period.

The works at Indira Sarovar Project have also been completed to the entire satisfaction of the Clients and handed over to them.

The Works at Mahi Aqueduct Project, Kodasalli Project and Naval Drydock Project at Bombay, are progressing satisfactorily. The Work at Maneri Bhali continues to remain suspended because of non-provision of funds by the Government of U.P. The offers received by the Government of U.P. for privatization of this Project have not yet been finalised and consequently our long outstanding dues continue to remain un-settled.

The stalemate in respect of the road Contracts for Haryana Highway Project (HHP) and Ahmedabad-Vadodara Expressway Project (AVEW) is still continuing. The Hon'ble High Court of Punjab & Haryana have granted the absolute stay against the invocation of the Bank Guarantees and operation of Clients' Notice under Clause 63 of the Contract till the decision of the Arbitral Board, to whom the matter has been referred for Arbitration, with the mutual consent of the parties concerned. There is no change in the status of the AVEW Unit and the stalemate continues as before.

Your Directors also take pleasure in informing you that the works at Nathpa Jhakri Hydroelectric Project in Himachal Pradesh undertaken by the Company in Joint Venture with The Foundation Company of Canada Ltd., are progressing satisfactorily.

The Libyan Road Work could not commence till now as the Clients have not paid the Mobilisation Advance in terms of the Contract. The Company is taking steps to withdraw from the Contract.

The Working Results of the Subsidiary Companies for the year under review have been dealt with in their respective Reports annexed hereto except that of Punjab Ceramics Ltd., which has since gone into liquidation as per the decision of the BIFR.

The details of earnings and expenditure in Foreign Currency are given in Note Nos.20(a) and (b) of the Schedule "L" to the Statement of Accounts.

There is no specific information to report in respect of the disclosures of particulars of conservation of energy and technology absorption as the Company is not covered by the Rules prescribed in this behalf.

Your Directors take pleasure in expressing their sincere gratitude and thanks to the Clients, the Central and the State Governments, Semi Government Organizations, the Financial Institutions and the Company's Bankers and all other Agencies and Business Associates for their continued cooperation, guidance and support extended to the Company.

Your Directors are also pleased to place on record their appreciation for rendering sincere and dedicated professional services by all officers and workers of the Company in carrying out the business in these difficult circumstances.

Shri V K Verma and Shri M K Verma, Directors of the Company, retire by rotation, and being eligible, offer themselves for re-appointment. Your Directors are pleased to recommend their re-appointment.

M/s V Sankar Aiyar & Co., Chartered Accountants, New Delhi, the retiring Auditors, being eligible, offer themselves for re-appointment and it is proposed to re-appoint them.

Particulars of the employees under section 217(2A) of the Companies Act, 1956, are given in the Annexure forming part of this Report.

for and on behalf of the Board

Place : New Delhi
Dated : 28th August 1997

C. L. VERMA
CHAIRMAN & MANAGING DIRECTOR



CONTINENTAL CONSTRUCTION LIMITED

INFORMATION PURSUANT TO SUB-SECTION 2A OF SECTION 217 OF THE COMPANIES ACT, 1956

S. No.	Name of the Employee	Designation	Nature of Employment whether Contractual or otherwise	Other terms and conditions	Qualifications	Experience Years	Date of Commencement of service	Remuneration received	Age	Last Employment held & designation
Sarvshri										
1	C.L. Verma	Chairman & Managing Director	Contractual	As per Agreement	F.A.	51	13.12.62	1,110,000.00	76	Nil
2	Chander Verma	Managing Director	Contractual	As per Agreement	B.E. (Civil), MEA, (Construction Management)	17	01.01.80	801,475.00	40	Nil
3	M.K. Verma	Executive Director	Contractual	As per Agreement	B.Sc. (Civil Engg.)	11	01.01.86	1,020,000.00	35	Nil
4	K.S. Soharu	Vice President	Otherwise	Regulations & Rules of the Company's	B.A. (Hons.)	36	01.06.64	341,175.00	54	Nil
5	S. Venkataraman	Vice President	Otherwise		B.E., F.I.E., M.I.R.T. I.R.S.E.	44	15.10.81	304,322.00	65	Chief Engineer, N.Rly., New Delhi
6	K.D. Kapoor	Vice President	Otherwise		B.Sc. Engg. (Civil)	48	27.07.82	345,232.00	73	Consultancy Engineer REW International Engg. Services New Delhi
7	T B S Rao	Vice President	Otherwise		A.M.I.E. Post Graduate (Civil)	41	19.09.81	330,621.00	60	Continental Construction Ltd., KWS Project.
8	N.K. Bahri	Vice President	Otherwise		F.I.S., F.I.V.	32	26.11.90	319,597.00	66	Construction Maintenance A.A. BIN HIND, BAHRAIN
9	P.A. Kapur	Vice President	Otherwise		B.Sc., Engg.	42	29.05.92	335,697.00	65	Member-Irrigation Bhakra Beas Management Board
10	S S Macker	Vice President	Otherwise		B.E. (Civil), M. Tech.	33	18.12.1987	310,599.00	61	Nil
EMPLOYED FOR PART OF THE YEAR										
1	Gian Singh	Sr. Vice President	Otherwise	As per Company's	DCE	58	01.01.63	208,113.00	75	Project Manager Bahri & Company (p) Ltd.
2	S.K. Aggarwala	Sr. Vice President	Otherwise		B.A. B.Sc. Engg. (Civil) Hons.	45	21.12.82	398,507.00	67	Secretary, Sardar Sarover Const. Adv. Committee, Ministry of Irrigation, Government of India.
3	G.B. Singh	Sr. Vice President	Otherwise		FIE (India)	48	21.10.64	515,924.00	69	Executive Engineer CWPC, Govt. of India
4	P Y Khoche	Vice President	Otherwise		B.E. (Civil)	38	19.05.87	73,724.00	63	Chief Engineer Mahalingam Shetty & Co. (P) Ltd.,
5	J N Lamba	Vice President	Otherwise		B.E. (Civil)	39	10.01.94	168,803.00	60	General Manager (Construction) N.F. Railways.