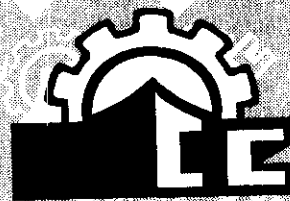


THIRTY SIXTH
ANNUAL REPORT
1998-99



Continental Construction Ltd.



CONTINENTAL CONSTRUCTION LIMITED

BOARD OF DIRECTORS	C. L. VERMA	CHAIRMAN & MANAGING DIRECTOR
	CHANDER VERMA	MANAGING DIRECTOR
	M. K. VERMA	EXECUTIVE DIRECTOR
	K. S. SOHARU	DIRECTOR (FINANCE)
	M. S. BASI	DIRECTOR
	V. K. VERMA	DIRECTOR
	K. S. BASI	DIRECTOR
	D. S. BASI	DIRECTOR
	O. P. CHADHA	DIRECTOR
	GIAN SINGH	DIRECTOR

SECRETARY B. SINGH

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



NOTICE OF THE ANNUAL GENERAL MEETING

Notice is hereby given that the 36th Annual General Meeting of Members of **Continental Construction Limited** will be held at Air Force Auditorium, Subroto Park, New Delhi-110 010, on Saturday, the 25th day of September, 1999, 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, 1999, 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. O. P. Chadha, who retires by rotation and is eligible for re-appointment.
3. To appoint a Director in place of Sh. D. S. Basi, 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(s) the following resolution as an Ordinary Resolution :
"RESOLVED THAT Sh. K. S. Soharu be and is hereby appointed as a Director of the Company."
6. 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 Sections 198, 269 and 309 of the Companies Act, 1956 read with Schedule XIII to the said Act, approval be and is hereby accorded to the appointment of Sh. K. S. Soharu as a Whole-time Director of the Company, designated as Director (Finance) for a period of 5 years w.e.f. 1st August, 1999 on the terms and conditions as are set out in the Explanatory Statement, forming part of the Notice."
7. To consider and, if thought fit, to pass, with or without modification(s) the following resolution as an Ordinary Resolution :
"RESOLVED THAT Sh. Gian Singh, be and is hereby appointed as a Director of the Company."

By Order of the Board

Place : New Delhi
Dated : 23rd August, 1999

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 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. An Explanatory Statement as required under Section 173 (2) of the Companies Act, 1956 is annexed.
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 Wednesday, the 1st September, 1999 to Saturday, the 25th September, 1999 (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 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 year 1986, 1987, 1988-89, 1990-91, 1991-92, 1992-93 and 1993-94 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.
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.
10. The Company's Equity Shares are listed with following Stock Exchanges :—
 - 1) The Delhi Stock Exchange Association Ltd.
West Plaza, I. G. Stadium
Indraprastha Estate
NEW DELHI-110 002
 - 2) The Stock Exchange
Phiroze Jeejeebhoy Towers
Dalal Street, Fort
MUMBAI-400 001
11. The Company has paid the Annual Listing Fees for the period 1999-2000 in respect of above Stock Exchanges.

**EXPLANATORY STATEMENT**

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

ITEM NO. 5

Sh. K. S. Soharu was appointed as an Additional Director w.e.f. 1st August, 1999 at the Board Meeting held on 27th July, 1999.

Under Section 260 of the Companies Act, 1956 and Article 109 of the Articles of Association of the Company, Sh. K. S. Soharu would hold the office only upto the date of this Annual General Meeting.

The Company has received a Notice under Section 257 of the Companies Act, 1956 from a Member together with the requisite fee informing his intention to propose the appointment of Sh. K. S. Soharu as a Director of the Company.

None of the Directors is interested in this resolution except Sh. K. S. Soharu.

ITEM NO. 6

The Board of Directors at its meeting held on 27th July, 1999 resolved to appoint Sh. K. S. Soharu as a Whole-time Director of the Company, designated as Director (Finance) for a period of 5 years w.e.f. 1st August, 1999 on the following terms and conditions applicable to him, subject to overall ceiling as to remuneration as laid down under Sections 198 and 309 of the Companies Act, 1956, read with Schedule XIII to the said Act :—

i) Nature of Duties

The Director (Finance) shall carry out such duties as may be entrusted to him by the Managing Director subject to the supervision and control of the Board of Directors.

ii) Salary

Rs. 25,000/- (Twenty Five Thousand only) per month.

iii) Perquisites**Category 'A'**

Shall be restricted to an amount equivalent to the annual salary or Rs.3,00,000/- which ever is less. These perquisites shall be classified as follows :—

a) Housing :

Sixty percent of the salary, over and above ten percent payable by the Director (Finance).

b) Medical Reimbursement :

Expenses incurred for the Director (Finance) 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.

c) Leave Travel Concession :

For Director (Finance) and his family, once in a year incurred in accordance with any rules specified by the Company.

d) Club Fees :

Fees of clubs subject to maximum of two clubs. This will not include admission and life membership fee.

e) Personal Accident Insurance :

Premium not to exceed Rs.4,000/- per annum.

Category 'B'

a) 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.

b) Encashment of leave at the end of the tenure will not be included in the computation of the ceiling on perquisites.

**CONTINENTAL CONSTRUCTION LIMITED****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 Director (Finance).

Minimum Remuneration :

Notwithstanding anything hereinabove stated, where in any financial year, during the currency of tenure of the Director (Finance), 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.

Pursuant to the Provisions of Sections 269 and 309 of the Companies Act, 1956, read with Schedule XIII to the said Act, the aforementioned appointment of Sh. K. S. Soharu and terms as to remuneration require the approval of the Members in General Meeting. Hence, this resolution and the Board recommends its adoption.

Sh. K. S. Soharu has rendered 35 years distinguished, dedicated and useful service to the Company and has been Vice President (Finance) of the Company for the last 9 years.

The above may also be treated as an abstract under Section 302 of the Companies Act, 1956.

None of the Directors is interested in this resolution except Sh. K. S. Soharu.

ITEM NO. 7

Sh. Gian Singh was appointed as an Additional Director w.e.f. 1st August, 1999 at the Board Meeting held on 27th July, 1999.

Under Section 260 of the Companies Act, 1956 and Article 109 of the Articles of Association of the Company, Sh. Gian Singh would hold the office only upto the date of this Annual General Meeting.

The Company has received a Notice under Section 257 of the Companies Act, 1956 from a Member together with the requisite fee informing his intention to propose the appointment of Sh. Gian Singh as a Director of the Company.

Sh. Gian Singh has been in the Company from its inception, joining the Company as a Civil Engineer and rising to the post of Senior Vice President. He retired last year.

The Board of Directors considers that in view of background and experience of Sh. Gian Singh, it would be in the interest of the Company to appoint him as a Director of the Company.

None of the Directors is interested in this resolution except Sh. Gian Singh.

By Order of the Board

Place : New Delhi

Dated : 23rd August, 1999

B. Singh
Secretary



DIRECTORS' REPORT

The Members,
Continental Construction Limited
New Delhi

Dear Members,

Your Directors take pleasure in presenting the 36th Annual Report of your Company together with the audited statements of Accounts for the year ended 31st March, 1999.

Your Directors are pleased to report that inspite of the hold-up of large dues of the Company with various Indian and Overseas Clients and the continued Cash Crunch, the Management has been able to carry on its business and achieve satisfactory results.

The operations of the Company during the year under review are briefly summarised below :—

	<u>Rupees in Millions</u>	
1. Contract Receipts	669.89	
Less : Decrease in the Work-in-Progress	61.66	608.23
2. Other Receipts		112.86
3. Gross Income		721.09
Less : Total expenditure (Before provision for depreciation)		646.82
4. Profit before Depreciation and tax		74.27
Less : Provisions for —		
i) Depreciation	24.90	
ii) Taxation	6.00	30.90
5. Net profit after provision for tax		43.37
Add : Balance brought forward from previous year		141.29
6. Surplus carried over to next year's Accounts		184.66

Provision for Income tax for the current year has been made keeping in view the provisions of Section 115 JA of the Income Tax Act, 1961.

Your Directors take pleasure in informing the Members that as a result of their concerted efforts, the Government of Iraq has released US\$ 25.17 Million, being 75% of the amount awarded to the Company in the Arbitration Claim relating to Karkh Project and the Central Bank of Iraq, Baghdad, has credited the same to the Exim Bank, Bombay, to the credit of your Company's account with them, under the Deferred Payment Agreements. The management is still continuing with its efforts for realisation of its large outstanding receivables due from its Indian and Overseas Clients including the amount awarded by the UNCC in partial acceptance of the Company's claim relating to receivables of Iraq. Similarly, your Directors, after prolonged parleys in recent meetings held at Tripoli, have been successful in negotiating a settlement where the Libyan Authorities have finally agreed to make the remittance of about US\$ 6 Million against Company's dues by the end of October, 1999.

None of these amounts have so far been remitted by the Exim Bank, UNCC and Libyan Government to the Company. When all these amounts are received, the cash flow of the Company will improve.

In view of the funds constraints faced by the Company and with a view to conserve the resources, your Directors are unable to recommend the payment of dividend to the Shareholders for this year also. The Members will kindly appreciate the compulsions of the Directors behind taking such an unpleasant decision.

**CONTINENTAL CONSTRUCTION LIMITED**

There is no change in the status of the Company's Claim U/s 80-O of the Income Tax Act, 1961, for the Assessment Year 1983-84 which is still subjudice in the Hon'ble Supreme Court except that the SLP granted on 13.11.1995 and the Writ Petition under Article 32 of the Constitution of India, filed before it, have been included in the cause list for final hearing.

As reported last year, though Exim Bank and State Bank of India have filed suits for recovery of the outstandings relating to the Iraqi Projects, the Management have made representations to the Government and hope to resolve the matter amicably.

Your Directors take pleasure in informing you that the Company has successfully completed the Construction of Bhatan Twin Tube Tunnel Project of Mumbai-Pune Expressway, awarded to it last year by Konkan Railway Corporation Ltd., on time, to the entire satisfaction and appreciation of the Client. Being pleased with the Company's performance, the Client has allotted additional work valuing about Rs.15 Millions which we have already taken in hand for execution and the work is progressing satisfactorily.

The works at Mahi Aqueduct Project, Kodalalli Dam Project and Naval Drydock Project are progressing satisfactorily.

The work at Maneri Bhali Project continues to remain suspended by the Government of Uttar Pradesh because of non-provision of the funds and construction materials by them. The negotiations on our offer submitted to the Clients for resuming the works, at revised rates, are continuing and their decision is awaited.

There is no change in the status of Haryana Highway Project (HHP) and Ahmedabad Vadodara Expressway Project (AVEW). The Arbitration proceedings to adjudicate the disputes are continuing. Similarly, there is no change in the status in respect of Libyan Road Contract.

Your Director also take pleasure in informing you that the works of Nathpa Jhakri Hydroelectric Project in H. P., undertaken by the Company in Joint Venture with The Foundation Company of Canada Ltd., are progressing satisfactorily as per the extended schedules.

The working results of the subsidiary Companies for the year under review, have been dealt with in their respective reports annexed hereto.

Your Directors are pleased to inform you that during the year under review, your Company has been awarded the Contract for Jammu-Udhampur Rail-Link Project by the Northern Railway, Jammu Tawi, amounting to Rs.145 Million. The work has already commenced.

The details of earnings and expenditure in foreign currency are given in Note No. 17(a) & (b) of Schedule "L" to the Statement of Accounts.

There is no specific information to report with regard to disclosure of particulars of conservation of energy and technology absorption as the Company is not covered by the rules prescribed in this behalf.

Your Directors are pleased to inform you that the hardware/software being used in the Company has already been made Y2K compliant except for two of the project site offices where the system requires certain modification which will be completed by October, 1999. It has no significant financial effect.

Sarvashri Gian Singh and K. S. Soharu were appointed as Additional Directors of the Company with effect from 1st August, 1999. They hold the office of the Director upto the ensuing Annual general meeting. The Company has received notices in writing under Section 257 of the Companies Act, 1956, from Members of the Company proposing Sarvashri Gian Singh and K. S. Soharu as candidates for the office of Directors. Your Directors recommend their appointment. The necessary resolutions are being placed before the Members for their approval.

Shri O. P. Chadha and Shri D. S. Basi, Directors of the Company, retire by rotation and being eligible offer themselves for re-appointment. Your Directors 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.

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

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

For and on behalf of the Board

Place : New Delhi

Dated : 23rd August, 1999

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 Employees	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.	53	13.12.62	1,122,000/-	78	—
2.	Chander Verma	Managing Director	Contractual	As per Agreement	B. E. (Civil), MEA, (Construction Management)	19	01.01.80	843,863/-	42	—
3.	M. K. Verma	Executive Director	Contractual	As per Agreement	B. Sc. (Civil Engineering)	13	01.01.86	1,032,800/-	37	—

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