

37<sup>th</sup>

**ANNUAL  
REPORT  
1999-2000**

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**Continental Construction Ltd.**

**37TH ANNUAL REPORT 1999-2000****BOARD OF DIRECTORS**

M. S. BASI	CHAIRMAN
CHANDER VERMA	MANAGING DIRECTOR
V. K. VERMA	EXECUTIVE DIRECTOR
M. K. VERMA	EXECUTIVE DIRECTOR
K. S. SOHARU	DIRECTOR (FINANCE)
P. A. KAPUR	DIRECTOR (PROJECTS)
K. S. BASI	DIRECTOR
D. S. BASI	DIRECTOR
O. P. CHADHA	DIRECTOR
GIAN SINGH	DIRECTOR
P. S. RAGHUPATHI	DIRECTOR (UCO BANK NOMINEE)

**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

**CONTINENTAL CONSTRUCTION LIMITED****NOTICE OF THE ANNUAL GENERAL MEETING**

Notice is hereby given that the 37th Annual General Meeting of the Members of **Continental Construction Ltd.**, will be held at Air Force Auditorium, Subroto Park, New Delhi-110 010, on Monday, the 11th day of September, 2000, 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, 2000, 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 a Director in place of Sh. K. S. Basi, who retires by rotation and is eligible for re-appointment.
5. 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**

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. M. S. Basi as a Whole-time Director of the Company designated as Chairman for a period of 5 years w.e.f. 1st May, 2000 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 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. V. K. Verma as a Whole-time Director of the Company designated as an Executive Director for a period of 5 years w.e.f. 10th July, 2000 on the terms and conditions as are set out in the Explanatory Statement, forming part of the Notice."

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

"RESOLVED THAT Sh. P. A. Kapur, be and is hereby appointed as a Director of the Company."

9. 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. P. A. Kapur as a Whole-time Director of the Company, designated as Director (Projects) for a period of 5 years w.e.f. 27th April, 2000 on the terms and conditions as are set out in the Explanatory Statement, forming part of the Notice."

By Order of the Board

Place : New Delhi  
Dated : 7th August, 2000

**Chander Verma**  
Managing Director



## EXPLANATORY STATEMENT

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

### ITEM NO. 6

The Board of Directors at its meeting held on 27th April, 2000 resolved to appoint Sh. M. S. Basi as a Whole-time Director of the Company, designated as Chairman for a period of 5 years w.e.f. 1st May, 2000 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 :—

#### 1) Nature of Duties

The Chairman shall carry out such duties as may be entrusted to him by the Board of Directors.

#### 2) Salary

Rs. 50,000/- per Month.

#### 3) 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.

#### 4) 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 will be subject to the following ceiling :—

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

##### Housing — II:

In case the accommodation is owned by the Company, ten per cent of the salary of the Chairman shall be deducted by the Company.

##### Housing — III:

In case no accommodation is provided by the Company, the Chairman 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.

##### ii) Medical Reimbursement :

Expenses incurred for the Chairman 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 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.



## CONTINENTAL CONSTRUCTION LIMITED

**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 concerned.

**Minimum Remuneration :**

Notwithstanding anything hereinabove stated, where in any financial year, during the currency of tenure of the Chairman, 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. M. S. Basi and terms as to remuneration require the approval of the Members in General Meeting. Hence, the resolution and the Board recommends its adoption.

Sh. M. S. Basi, being an NRI, his appointment is subject to the approval of the Central Government, which the Company has already obtained vide letter No. 1/160/2000-CL VII dated 17th July, 2000.

Sh. M. S. Basi is a qualified Engineer having undergone specialisation in Civil Engineering in the University of Ohio, USA. He has been Whole-time Director of the Company since the year 1975 and the Joint Managing Director since 1982 upto 06.06.1989, when he ceased to be a Whole-time Director but continued to be a Non-Executive Director.

In view of the education and technical qualification and the experience of Sh. M. S. Basi in the field of construction industry, the Board of Directors consider it appropriate to appoint him as a Whole-time Director of the Company to accelerate further growth of the Company.

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

In addition to Sh. M. S. Basi, S/Sh K. S. Basi & D. S. Basi being his nephews are interested in this Resolution.

**ITEM NO. 7**

The Board of Directors at its meeting held on 27th April, 2000 resolved to appoint Sh. V. K. Verma as a Whole-time Director of the Company, designated as Executive Director for a period of 5 years w.e.f. 10th July, 2000 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 :—

**1) Nature of Duties**

The Executive Director 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.

**2) Salary**

Rs. 50,000/- per Month.

**3) 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.

**4) 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 Executive Director will be subject to the following ceiling :—

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

**Housing — II:**

In case the accommodation is owned by the Company, ten per cent of the salary of the Executive Director shall be deducted by the Company.

**Housing — III:**

In case no accommodation is provided by the Company, the Executive 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 Executive Director.

**ii) Medical Reimbursement :**

Expenses incurred for the Executive 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 Executive 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 Executive Director concerned.

**Minimum Remuneration :**

Notwithstanding anything hereinabove stated, where in any financial year, during the currency of tenure of the Executive 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.

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. V. K. Verma and terms as to remuneration require the approval of the Members in General Meeting. Hence, the resolution and the Board recommends its adoption.

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Sh. V. K. Verma, was appointed a Director of the Company on 01.09.1980 and as a Whole-time Director on 01.09.1981. He had over all charge of mechanical, electrical, stores procurement and administration of the prestigious Karkh Water Supply Project of Baghdad in Iraq during the year 1982-83. He ceased to be a Whole-time Director on 09.07.1985, consequent to his appointment as Managing Director of Continental Shipping Corpn. Ltd., a subsidiary of the Company. He is a B.E. (Mechanical) from Bangalore University and holds a Master of Engineering Administration Degree from George Washington University, USA. The appointment of Sh. V. K. Verma as a Whole-time Director is in the interest of the Company and his association shall fulfil the corporate objective.

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

In addition to Sh. V. K. Verma, S/Sh Chander Verma & M. K. Verma being his brothers are interested in this Resolution.

**ITEM NO. 8**

Sh. P. A. Kapur was appointed as an Additional Director w.e.f. 27th April, 2000 at the Board Meeting held on 27th April, 2000.

Under Section 260 of the Companies Act, 1956 and Article 109 of the Articles of Association of the Company, Sh. P. A. Kapur 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. P. A. Kapur as a Director of the Company.

None of the Directors is interested in this resolution except Sh. P. A. Kapur.

**ITEM NO. 9**

The Board of Directors at its meeting held on 27th April, 2000 resolved to appoint Sh. P. A. Kapur as a Whole-time Director of the Company, designated as Director (Projects) for a period of 5 years w.e.f. 27th April, 2000 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 :—

**1) Nature of Duties**

The Director (Projects) 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.

**2) Salary**

Rs. 25,000/- per Month.

**3) Perquisites**

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

**Category 'A'****i) Housing:**

Sixty per cent of the salary, over and above ten per cent payable by the Director (Projects).

**ii) Medical Reimbursement :**

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

**iii) Leave Travel Concession :**

For Director (Projects) 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 Director (Projects).

**Minimum Remuneration :**

Notwithstanding anything hereinabove stated, where in any financial year, during the currency of tenure of the Director (Projects), 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. P. A. Kapur and terms as to remuneration require the approval of the Members in General Meeting. Hence, the resolution and the Board recommends its adoption.

Sh. P. A. Kapur, has been in the service of the Company as a Sr. Vice President for the last 8 years and has rendered distinguished, dedicated and useful service to the Company. He is a qualified Engineer having a Degree of B. Sc. (Engg.) and has been Member Irrigation (in the rank of Engineer-in-Chief), Bhakra Beas Management Board, Chandigarh. He has more than 45 years experience in construction planning, equipment planning, construction, operation & maintenance of major multipurpose projects like Bhakra Dam and Beas Dam.

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. P. A. Kapur.

By Order of the Board

Place : New Delhi  
Dated : 7th August, 2000

Chander Verma  
Managing Director





## 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 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 Friday, the 1st September, 2000 to Monday, the 11th September, 2000 (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, 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.  
D.S.E. House  
3/1, Asaf Ali Road  
NEW DELHI-110 002
  - 2) The Stock Exchange, Mumbai  
Phiroze Jeejeebhoy Towers  
Dalal Street, Fort  
MUMBAI-400 001
11. The Company has paid the Annual Listing Fees for the period 2000-2001 in respect of above Stock Exchanges.



## DIRECTORS' REPORT

The Members,  
Continental Construction Limited  
New Delhi

Dear Members, .

Your Directors present, herewith, the 37th Annual Report of your Company together with the audited Statements of Accounts for the year ended 31st March, 2000.

Your Directors regret to inform the Members, with a deep sense of grief, of the sad demise on 18th January, 2000, of the Company's Chairman & Managing Director, Shri C. L. Verma. He was one of the founder Directors of the Company who very ably guided the destiny of the Company ever since its inception to the last day of his life. The Company will always miss his wise counsel and your Directors place on record their gratitude of the highest order for the invaluable services rendered by Shri Verma in furthering the business of the Company.

Your Directors take pleasure in reporting that the working results of the activities of the Company during the year, under review, have been satisfactory despite the continued cash crunch faced by the Company on account of hold-up of its large dues with the various Indian and Overseas Clients and also the huge funds held-up in local currency in the Bank Accounts in Iraq.

The position of the operational results of the Company during the year under review is briefly as under:—

	<u>Rupees in Millions</u>	
1. Contract Receipts	697.20	
Less : Decrease in the Work-in-Progress	19.94	677.26
2. Less : Total expenditure (Before provision for depreciation)		608.41
3. Net Profit before provision for Depreciation and Tax		68.85
4. Less : Provision for —		
i) Depreciation	24.91	
ii) Taxation	6.00	30.91
5. Net profit after provision for Depreciation and Tax		37.94
Add : Balance brought forward from previous year		184.66
6. Surplus carried over to next year's Accounts		222.60

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.

There is no change in the status of realisation of the Company's outstanding dues from Iraq and Libya in spite of the continued concerted efforts made by the Management. The hold-up of the Company's large receivables continues to have adverse affect on the business and cash liquidity of the Company.

As a follow up of the settlement arrived at last year with the Libyan authorities for the remittance of our old outstanding dues, your Directors again have visited Libya recently for expediting the remittance. As per the assurances given, we expect the remittance by end of this year. The present cash flow problem of the Company will improve upon physical receipt of the dues held up with the various Clients.

In view of these compelling circumstances caused by the continuing cash liquidity problem faced by the Company and in order to conserve the resources, your Directors are forced not to recommend the