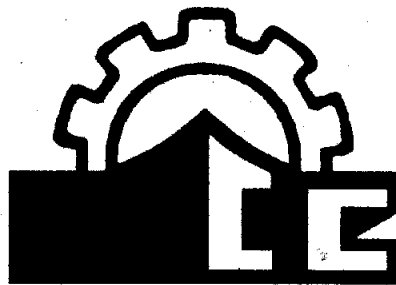


**38<sup>Th</sup>**

**ANNUAL REPORT  
2000-2001**

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**CONTINENTAL CONSTRUCTION LTD.**

**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

R.C. KEHAR

DIRECTOR

P.S. RAGHUPATHI

DIRECTOR (UCO BANK NOMINEE)

**SECRETARY**

GANESH GULATI

**MAIN BANKERS**

1. STATE BANK OF INDIA

2. UCO BANK

3. STATE BANK OF SAURASHTRA

4. ORIENTAL BANK OF COMMERCE

5. PUNJAB &amp; SIND BANK

6. STATE BANK OF TRAVANCORE

**AUDITORS**

V. SANKAR AIYAR &amp; CO.

NEW DELHI

**REGISTERED OFFICE**

"CONTINENTAL HOUSE"

28, NEHRU PLACE

NEW DELHI - 110019.

**NOTICE OF THE ANNUAL GENERAL MEETING**

Notice is hereby given that the 38th Annual General Meeting of the members of **Continental Construction Ltd.**, will be held at Air Force Auditorium, Subroto Park, New Delhi-110 010, on Friday, the 28th day of September, 2001, 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, 2001, the Balance Sheet as at that date and the reports of the Directors and Auditors there on.
2. To appoint a director in place of Sh M S Basi, who retires by rotation and is eligible for re-appointment.
3. To appoint a director in place of Sh O P Chadha, who retires by rotation and is eligible for re-appointment.
4. To appoint a director in place of Sh D 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 Sh R C Kehar, be and is hereby appointed as a director of the company"

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 M K Verma as a whole-time Director of the Company designated as an Executive Director for a period of 5 years w.e.f. 1st January, 2001 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 : 24th August, 2001

**Ganesh Gulati**

*Company Secretary*

**NOTE**

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 IT 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 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 Saturday, the 1st September, 2001 to Friday, the 28th September, 2001 (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 at least 10 days before the date of the meeting so that the information can be made available at the meeting.
7. Pursuant to section 205A(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, Lodi Road, New Delhi - 110003, 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 the following stock exchanges:
  - 1) The Delhi Stock Exchange Association Ltd.  
'DSE' House  
3/1, Asaf Ali Road  
New Delhi - 110002.
  - 2) The Stock Exchange Mumbai  
Phiroze Jeejeebhoy Towers  
Dalal Street, Fort  
Mumbai - 400001.
11. The company has paid the annual listing fees for the period 2001-2002 in respect of above stock exchanges.



## EXPLANATORY STATEMENT

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

### ITEM NO. 6

Sh R C Kehar was appointed as an additional director w.e.f. 3rd July, 2001 at the board meeting held on 3rd July, 2001.

Under section 260 of the companies Act, 1956 and article 109 of the Articles of Association of the company, Sh R C Kehar 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 R C Kehar as a director of the company.

The board of the directors considers that in view of background and experience of Sh R C Kehar, 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 R C Kehar.

### ITEM NO. 7

The board of directors at its meeting held on 27th October, 2000 resolved to appoint Sh M K Verma as a whole-time director of the company, designated as executive director for a period of 5 years w.e.f. 1st January, 2001 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 percent of the salary, over and above ten percent payable by the executive director.

**Housing-II** - In case the accommodation is owned by the company, ten percent 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 percent 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 month's 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 call 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 executing 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 198, 269 and 309 of the Companies Act, 1956, read with schedule XIII to the said Act, the above mentioned appointment of Sh M 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.

Sh M K Verma, was appointed a director of the company on 01-09-1980 and as a wholtime director on 01-01-1986. He is a qualified Civil Engineer with a business background and having experience in financial management, engineering, tendering/ costing, procurement and administration. Over 10 yearss

**CONTINENTAL CONSTRUCTION LIMITED**

experience in handling of commercial, technical and administrative matters. He is familiar with the latest methods of concrete placement, heavy earthmoving works, quality control and foundation treatment, with special emphasis on marine construction. Has travelled extensively all over the world and participated in numerous equipment exhibitions and technical deliberations.

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

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

By Order of the Board

**Place: New Delhi**

**Date : 24th August, 2001**

**Ganesh Gulati**

*Company Secretary*

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## DIRECTORS' REPORT

The Members,  
Continental Construction Limited  
New Delhi.

Dear Members,

Your Directors have the pleasure in presenting to you the 38th Annual Report of your Company together with the audited Statements of Accounts for the year ended 31st March, 2001.

The position of the summarized operational results of the Company during the year under review is given below :-

<u>Rupees in Millions</u>			
1. Contract Receipts	413.87		
<b>Add:</b> Increase in the Work-in-Progress	<u>40.45</u>		454.32
2. Compensation from UNCC (Net)			59.96
3. Other Receipts			<u>177.34</u>
4. Gross Income			691.62
5. <b>Less:</b> Total expenditure (before provision for depreciation)			<u>619.05</u>
6. Net Profit before provision for depreciation and tax			72.57
7. <b>Less:</b> Provision for –			
i) Depreciation	28.42		
ii) Taxation	<u>5.00</u>		<u>33.42</u>
8. Net Profit after provision for depreciation and tax			39.15
9. <b>Add:</b>			
(i) Balance brought forward from previous year.	222.60		
<b>Less:</b> Income Tax provision for earlier years.	<u>27.00</u>	195.60	
(ii) Transferred from Foreign Reserve		<u>850.00</u>	<u>1045.60</u>
			1084.75
10. <b>Less:</b> Transferred to General Reserve			<u>850.00</u>
11. Surplus carried over to next year's Accounts			<u>234.75</u>





The provision for Income Tax for the current year has been made keeping in view the provisions of Section 115 JB of the Income Tax Act, 1961.

Your Directors are pleased to report that in spite of the continuing cash crunch faced by the Company, the working results of the Company during the year under review have been satisfactory. There is no change in the status of realisation of overdue payments of the Company from Iraq and Libya and the same continue to be held up with various Clients in India and Overseas causing cash crunch.

Your Directors are pleased to inform the Members that during the year under review, a sum of USD 5 Million (Rs.233.22 Million) has been received from the United Nations Compensation Commission (UNCC) in part payment of the Award of USD 16.01 Million given in favour of the Company against its claim towards balance of Retention Money, Work Bills, Property and Equipment taken over by the Government of Iraq. The utilisation of this amount net of the legal fees is restrained by the Mumbai High Court and is held in a Bank Deposit Account.

Your Directors regret their inability to recommend the payment of dividend to the Shareholders for this year also because of the cash crunch faced by the Company and also to conserve the resources for development of the business of the Company. The Members will appreciate the compelling circumstances under which your Directors have to take such an unpleasant decision.

There is no change in the status of the Company's Claim u/s 80-O of the Income Tax Act which is subjudice in the Supreme Court by way of a SLP and Writ under Article 32 of the Constitution of India.

Your Directors are pleased to inform that upon completion of the maintenance period, both the completed contracts for Mahi Aqueduct Project and Bhatan Twin Tube Tunnel Project of Mumbai-Pune Expressway have finally been taken over by the respective Clients. Though the maintenance period for Kodalalli Dam Project in Karnataka has also expired, the same has not yet been finally taken over by the Clients and Company is pursuing with the Clients for issuance of the Final Acceptance Certificate.

The works at Jammu-Udhampur Rail-Link Project and Larji Hydroelectric Project are progressing satisfactorily.

Your Directors are pleased to inform the Members that during the year under review, the Company secured the Contract amounting to Rs.9.33 crores for Rehabilitation to Kakrapar Left Bank Main Canal in Gujarat State and have completed the same in the stipulated record time of 75 days to the entire satisfaction of the Clients.

There is no change in the status of Maneri Bhali Hydroelectric Project (U.P.), Haryana Highway Project (Haryana) and Ahmedabad-Vadodara Expressway Project (Gujarat) and the Stalemate continues as before. Similarly, there is no change in the status of Libyan Road Contract also.

Your Directors regret to inform that, as reported last year, a serious accident had occurred in June, 2000 at Naval Dockyard Project at Mumbai, resulting in suspension of part of the project by the Clients. The investigations carried out by independent expert agencies confirm that the cause of accident is inadequacy of design which is beyond the purview of the Company's contractual responsibility. This is further supported by the fact that the Client had advertised inviting proposals for improving the design or preparing a fresh design for the project. The Clients have issued a notice on 08.03.2001 for termination of the Contract. The matter is being contested by us and is at present sub-judice in the Mumbai High Court.



Your Directors further regret to report that because of the non-availability of funds and other resources, the Libyan Clients also terminated the Contract for Abu-Aisha Project in Libya w.e.f. 30.06.2001. The Company has demobilized the employees and is maintaining a skeleton staff for pursuing and following-up final Bills and claims.

Your Directors have the pleasure in informing the Members that after restoration of normalcy, the works at Nathpa Jhakri Hydroelectric Project in HP have been recommenced and are progressing satisfactorily.

The working results of the subsidiary Company for the year have been dealt with in its report annexed to the Annual Report. During the year, Continental Shipping Corporation Ltd., has ceased to be a subsidiary on sale of its shares held by the Company as investment.

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.

Shri R C Kehar was appointed as Additional Director of the Company with effect from 3rd July, 2001. He holds the office of the Director upto the ensuing Annual General Meeting. The Company has received notice in writing under Section 257 of the Companies Act, 1956, from a Member of the Company proposing Shri R C Kehar as candidate for the office of the Director. Your Directors recommend his appointment. The necessary resolution is being placed before the Members for their approval.

Shri M K Verma was re-appointed as whole-time Director designated as Executive Director w.e.f. 01.01.2001 for a period of five years subject to approval of the Members. The necessary resolution is being placed before the Members for their approval.

Shri M S Basi, 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.

Your Directors are pleased to inform you that in pursuant to the Listing Agreement and Section 292A of the Companies Act, an Audit Committee has been constituted by the Company comprising three members; Shri O P Chadha, Shri R C Kehar and Shri Vijay Verma. Two members of the Committee viz. Shri O P Chadha and Shri R C Kehar are independent and non-executive Directors.

As regards the observations of the Statutory Auditors, in their Report, the same have been explained fully in the Notes on Accounts and, therefore, no separate information and explanations are required.

As no employee was in receipt of remuneration exceeding Rupees twelve lacs per annum or Rupees one lac per month, during the year, particulars required under section 217(2A) of the Companies Act, 1956, are not applicable.

Pursuant to the requirement u/s 217 (2AA) of the Companies Act, 1956, with respect to the Directors responsibility statement, it is hereby confirmed :-