

39th Annual Report 2001-2002

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Continental Construction Limited
(ISO 9001 : 2000)

**CONTINENTAL CONSTRUCTION LIMITED**

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)
	P S RAGHUPATHI	(NOMINEE OF UCO BANK-
	P K DUTTA	NOMINATION RECALLED)
	R K JOSHI	(NOMINEE OF UCO BANK)
	K S BASI	DIRECTOR
	O P CHADHA	DIRECTOR
	R C KEHAR	DIRECTOR
	S K AGGARWALA	DIRECTOR
	GOKARN SINGH	DIRECTOR
	S S GUPTA	DIRECTOR
	D S BASI	DIRECTOR
		ALTERNATE-SHRI R. K. KALRA
	GIAN SINGH	DIRECTOR
		ALTERNATE-SHRI S. SWAMINATHAN

SECRETARY GANESH GULATI

MAIN BANKERS

UCO BANK
STATE BANK OF SAURASHTRA
ORIENTAL BANK OF COMMERCE
PUNJAB & SIND BANK
STATE BANK OF INDIA
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 39th Annual General Meeting of the Members of Continental Construction Limited will be held at Air Force Auditorium, Subroto Park, New Delhi - 110 010 on Thursday, 19th day of September, 2002 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, 2002, 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 Gian Singh, who retires by rotation and is eligible for re-appointment.
4. To appoint a director in place of Sh P A Kapur, who retires by rotation and is eligible for re-appointment.
5. To consider the retirement of Sh K S Soharu, who retires by rotation and desires not to seek re-appointment.
6. To consider and, if thought fit, to pass with or without modification, the following resolution as an Ordinary Resolution:-
"RESOLVED THAT the vacancy caused by the retirement of Sh K S Soharu who does not seek re-appointment at this meeting be not filled up."
7. 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

8. 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 read with Schedule XIII of the Companies Act, 1956 and subject to the approval of the Central Government, approval be and is hereby accorded to the re-appointment and payment of remuneration of Sh Chander Verma as a Whole-time Director of the Company designated as Managing Director for a period of 5 years w.e.f. 1st April, 2002 on the terms and conditions as are set out in the Explanatory Statement, forming part of the Notice."
9. To consider and, if thought fit, to pass, with or without modification(s), the following resolution as an Ordinary Resolution:
"RESOLVED THAT Sh S K Aggarwala, be and is hereby appointed as a director of the company."
10. To consider and, if thought fit, to pass, with or without modification(s), the following resolution as an Ordinary Resolution:
"RESOLVED THAT Sh Gokarn Singh, be and is hereby appointed as a director of the company."
11. To consider and, if thought fit, to pass, with or without modification(s), the following resolution as an Ordinary Resolution:
"RESOLVED THAT Sh S S Gupta, be and is hereby appointed as a director of the company."
12. To consider and, if thought fit, to pass, with or without modification(s) the following resolution, subject to approval of the Central Government, as a Special Resolution.
"RESOLVED THAT pursuant to Sections 258, 259 and other applicable provisions, if any, of the Companies Act, 1956 and subject to the approval of the Central Government, the number of directors of the company for the time being in office be increased from 12 to 15".

By Order of the Board

Place : New Delhi
Dated : 05-08-2002

Ganesh Gulati
Company 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. 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 12th September, 2002 to 19th September, 2002 (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, 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 2002-2003 in respect of above Stock Exchanges.



EXPLANATORY STATEMENT

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

ITEM NO. 5 & 6

Sh K S Soharu, a director of the company who retires by rotation, does not wish to seek re-appointment at the forthcoming annual general meeting. Sh. Soharu joined the company over 38 years ago and the company and its promoter considering his contribution and personal qualities elevated him to the board. The directors place on record their appreciation of the services rendered by him to the organisation during his tenure. Sh Soharu has indicated his desire not to seek re-appointment at this meeting. The directors acceding to his request have proposed that the vacancy on the board so caused be not filled up at this meeting.

ITEM NO. 8

The board of directors at its meeting held on 8th February, 2002 resolved to re-appoint Sh Chander Verma as a Whole-time Director of the Company, designated as Managing Director for a period of 5 years w.e.f. 1st April, 2002, subject to the approval of the Central Government on the following terms and conditions applicable to him and subject to overall ceiling as to remuneration as laid down under Sections 198, 269 and 309 of the Companies Act, 1956, read with Schedule XIII to the said Act:-

1) Nature of duties

The Managing Director shall carry out such duties as may be entrusted to him by the board of directors.

2) Salary

Rs. 70,000/- 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. 6,60,000/- 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:-

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 per cent 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'

The Managing Director shall also be eligible to the following perquisites which shall not be included in the computation of the ceiling on remuneration specified above:-

a) contribution to provident fund, superannuation fund or annuity fund to the extent these either singly or put together are not taxable under the Income-tax Act, 1961;

b) gratuity payable at a rate not exceeding half a month's salary for each completed year of service; and

c) encashment of leave at the end of the tenure.



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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.

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.

Sh Chander Verma is a highly qualified Civil Engineer with a business background having vast experience in financial management and control, engineering, tendering, administration, procurement, management and execution of various types/sizes of construction projects worldwide. He is widely travelled all over the world and has vast experience in using all types of heavy construction plants and equipment.

He has been Director of the company since January, 1977.

He has been Resident Director of Wadi Ghan Project in Libya from February, 1980 to March, 1982, managing the construction of the highest rock fill dam in Libya (85 meter high) and its appurtenant works including 74 meter high concrete intake tower and 9.5 meter diameter concrete lined diversion tunnel leading to an anchored concrete stilling basin. The works also included construction of a 14 kms. approach road to international standards and extensive silica gel and cement grouting.

He has been Joint Managing Director of the company from March, 1982 to March, 1989.

October, 1982 to March, 1983

Deputed to work with Soletanche, Paris for study aof advanced techniques of soil stabilization and applications of soil mechanics in piling, cut off walls, diaphragm walls, grouting, ground anchors etc.

April, 1983 to May, 1984

Prospecting for overseas works. Also looking after winding up of Wadi Ghan Dam Project and completion of all additional works in Libya.

June, 1984 to June, 1985

Headed CCL's London office, handling banking, insurance, procurement of equipment and spare parts for overseas units, prospecting for works abroad and negotiating with prospective clients, supplies and subcontractors.

July, 1985 to March, 1989

Holding overall charge in the Head Office at New Delhi of Finance and Accounts, Administration, Legal matters, tendering, engineering, procurement, stores and monitoring the execution of all Indian and overseas projects.

He was made the Managing Director of the company holding over all charge of the company w.e.f 1st April, 1989.

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

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

ITEM NO. 9

Sh S K Aggarwala was appointed as an additional director w.e.f. 18th December, 2001 at the Board Meeting held on 18th December, 2001.

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 S K Aggarwala as a director of the company.

The board of directors considers that in view of background and experience of Sh S K Aggarwala, 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 S K Aggarwala.

ITEM NO. 10

Sh Gokarn Singh was appointed as an additional director w.e.f. 11th March, 2002 at the Board Meeting held on 11th March, 2002.

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 Gokarn Singh as a director of the company.

The board of directors considers that in view of background and experience of Sh Gokarn 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 Gokarn Singh.

**ITEM NO. 11**

Sh. S. S. Gupta was appointed as an additional director w.e.f. 27th March, 2002 at the Board Meeting held on 27th March, 2002.

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 S S Gupta as a director of the company.

The board of directors considers that in view of background and experience of Sh S S Gupta, 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 S S Gupta.

ITEM NO. 12

Sh S K Aggarwala, Sh Gokarn Singh and Sh S S Gupta are appointed as additional directors pursuant to Section 260 of the Companies Act, 1956 read with article 88 of the Articles of Association of the company to have better corporate governance. The company has received notices under Section 257 of the Companies Act, 1956 from members for appointment of Sh S K Aggarwala, Sh Gokarn Singh and Sh S S Gupta as directors of the company and on their appointment, the number of directors in office for the time being would increase from 12 to 15. It is, therefore, considered necessary to pass a resolution under Section 258 of the Act for increasing the number of directors in the office for the time being from 12 to 15. The approval of the Central Government is also required under Section 259 of the Companies Act, 1956 since the increase in the number of directors is beyond 12. This increase is however within the permissible maximum of 15 as laid down in the article 88 of the Articles of Association of the company.

By Order of the Board

Place : New Delhi
Dated : 05-08-2002

Ganesh Gulati
Company Secretary

Brief resume of directors on their appointment/re-appointment is given as under pursuant to para-VI of Clause-49 of the listing agreement with the stock exchange.

Agenda Item No. 2

Name:	Sh V K Verma
Age:	44 years
Qualifications	B.E. (Mechanical)
Expertise	Mr. V K Verma is a mechanical engineer having experience of over 21 years in the fields of construction, shipping and Paper and other industries.

Director of the Company since 1st September, 1980.

Other Directorships

Name of the Company	Position held
1) M/s Transglobal Trading and Investment Ltd.	Director
2) M/s Chauhan Agricultural Farm Pvt. Ltd.	Director
3) M/s Akhit Estates & Investment Pvt. Ltd.	Director
4) M/s Aneer Leasing & Finance Pvt. Ltd.	Director

Agenda Item No. 3

Name	Sh Gian Singh
Age	82 years
Qualifications	D.C.E.
Expertise	Mr. Gian Singh served in the company from its inception, joining the company as a Civil Engineer and rising to the post of Senior Vice President and retired in the year 1998.

Director of the company since 1st August, 1999.

Other Directorships

NIL



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Agenda Item No. 4

Name	Sh P A Kapur
Age:	70 years
Qualifications	B.Sc. Engg.
Expertise	Mr. P A Kapur is an eminent engineer and having experience of over 47 years in the field of construction planning, equipment planning, construction, operation and maintenance of multipurpose projects.

Director of the Company since 27th April, 2000.

Other Directorships

Name of the Company	Position held
1) M/s Global Risk Management Services Pvt. Ltd.	Director
2) M/s MCM Worldwide Pvt. Ltd.	Director
3) M/s MCM Services Pvt. Ltd.	Director

Agenda Item No. 9

Name	Sh S K Aggarwala
Age	72 years
Qualifications	B.Sc (Civil) Hons.
Expertise	Mr. S. K. Aggarwala is an eminent civil engineer having over 50 years experience in the multipurpose hydroelectric projects & their planning. He is also an eminent advisor on construction & quality control & an arbitrator.

Director of the company since 18th December, 2001.

Other Directorships/ Committee Membership

Name of the Company	Position held
1) M/s Continental Construction Ltd.	Chairman – Remuneration Committee
2) M/s Continental Construction Ltd	Member – Audit Committee

Agenda Item No. 10

Name	Sh Gokarn Singh
Age	60 years
Qualifications	B.Sc, B.E. (Civil), L.L.B., M.A. (Economics)
Expertise	Mr. Gokarn Singh is an eminent civil engineer having over 40 years experience in the fields of road and bridge construction with specialisation in concrete roads.

Director of the company since 11th March, 2002

Other Directorships/ Committee Membership

Name of the Company	Position held
M/s Continental Construction Ltd.	Member – Remuneration Committee

Agenda Item No. 11

Name	Sh S S Gupta
Age	61 years
Qualifications	B.E.(Electrical), F.I.E. (INDIA)
Expertise	Mr. S. S. Gupta is an eminent electrical engineer having vast experience in construction, maintenance, up-keep of power-houses and transmission lines.

Director of the company since 27th March, 2002.

Other Directorships NIL



DIRECTORS' REPORT

The Members,
Continental Construction Limited
New Delhi

Dear Members,

Your directors take pleasure in presenting, the 39th Annual Report of your company together with the audited financial statements for the year ended 31st March 2002.

Financial Highlights

	2001-02	(Rs. in Millions) 2000-01
Gross Receipts	1,170.17	651.17
Profit Before Tax & Depreciation	343.49	72.57
Depreciation	(23.40)	(28.42)
Provision for diminution in value of investment of a subsidiary and doubtful debts	(133.72)	—
Provisions for Tax	(30.96)	(5.00)
Net profit after tax	155.41	39.15
Appropriations		
Transfer from Foreign Project Reserve	6.00	850.00
Transfer from General Reserve	300.00	—
Transfer to General Reserve	—	(850.00)
Balance brought forward from previous year	234.75	222.60
Provision for Income tax of earlier years	(582.96)	(27.00)
Deferred Tax Liability on initial adoption	(16.44)	—
Surplus Carried to Balance Sheet	96.76	234.75

State of Affairs

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 realization of overdue payments from Iraq deferred under the Indo-Iraqi Deferred Payment Agreements (DPA). However, with the concerted efforts of the management, major portion of the long outstanding dues in respect of the Wadi Ghan Dam (Libya) have been received as per MOU dated 24.6.99 of EURO 4.77 million (Rs 197.36 million), which has substantially improved the working capital position of the company. Further, during the year under review, a sum of US\$ 11.01 million (Rs. 528.61 million) has been received from the UNCC as balance payment of the award of US\$ 16.01 million 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 utilization of this amount net of the legal fees is restrained by the High Court/Debts Recovery Tribunal, Mumbai, and is thus held in bank deposit accounts as security.

ISO Certification

The management is pleased to inform that in recognition of work excellence and maintaining international standards, your company has been certified as ISO 9001:2000 by Det Norske Veritas (DNV) with effect from April 2002.

Dividend

Despite having large book profits, your directors regret their inability to recommend the payment of dividend to the shareholders for this year also mainly to conserve the resources for further development of the business of the company. The members will appreciate the reasons and compulsions of your directors for having to take such an unpleasant decision.



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Status of Current Projects

(i) **Kakrapara Left Bank Canal Project**

Upon completion of the maintenance period, the client has finally taken over the completed project for the rehabilitation of Kakrapara Left Bank Canal in Gujarat state. However, due to paucity of funds with the Gujarat government, part payment of our final dues/claims are still held up.

(ii) **Kodasalli Dam**

Consequent to the project being taken over by the client with effect from July 2000, the maintenance period for Kodasalli Dam Project in Karnataka has since been completed in January 2002.

(iii) **Jammu-Udhampur Rail Link Project**

The contract for Jammu-Udhampur Rail Link Project has been executed and the project has been handed over to the client.

(iv) **Larji Hydro-electric Project and Ambavane Dam Project**

The works of Larji Hydroelectric Project in Himachal Pradesh and Ambavane Dam Project at Lonavala, Maharashtra, are progressing satisfactorily.

(v) **Others**

There is no change in the status of Haryana Highway Project (Haryana), Ahmedabad-Vadodara Expressway Project (Gujarat) and Naval Dockyard Project in Mumbai, and the stalemate continues as before. Similarly, there is no change in the status of Libyan Road Contract also.

New Projects Awarded

S. No.	Name of the Project	LOA/ Agreement Date	Value (Rs. in million)
1.	Maneri Bhali Hydroelectric Project (304 MW) – Stage-II Construction of Barrage, Intake Structure, Sedimentation Chamber, Flushing Conduits, Fore Bay, Tunnel Control Structure, Cut and Cover Portion of Head Race Tunnel and Head Race Tunnel (upto 4.5 Kms from Intake and Portal) and the Appurtenants thereof in Uttranchal	09.07.02	1372.1
2.	Kol dam Hydroelectric Power Project (800 MW) Construction of two nos. diversion tunnels in Himachal Pradesh	29.06.02	1666.4
3.	Larji Hydroelectric Project – (126 MW) Construction of Highway Tunnel at Larji hydroelectric project in Himachal Pradesh	21.06.02	193.6
4.	Jammu-Udhampur Rail-Link Project Laying of ballastless track in tunnels	30.05.02	58.0
5.	Hospital Building – Phase-I Construction of 500 bed hospital for Vivekanand Medical Trust at Palampur, Himachal Pradesh	08.01.02	68.6

Subsidiary Companies

(i) **Continental Papers Limited (CPL)**

Working results of CPL for the year have been separately annexed to this Annual Report. As the paper mill is not in operation for quite some time and there is little possibility of recovery of the outstanding investments & loans, provision of Rs.100 million has been made thereagainst.

(ii) **Punjab Ceramics Ltd., (PCL)**

PCL is under liquidation and there is least possible chance to realize the investments and recovery of outstanding loans and advances of the Company. Hence it is decided to write off this amount.

Joint Ventures

The works at Nathpa Jhakri Hydro Electric Project in H.P. being executed in Joint Venture with a Canadian Company