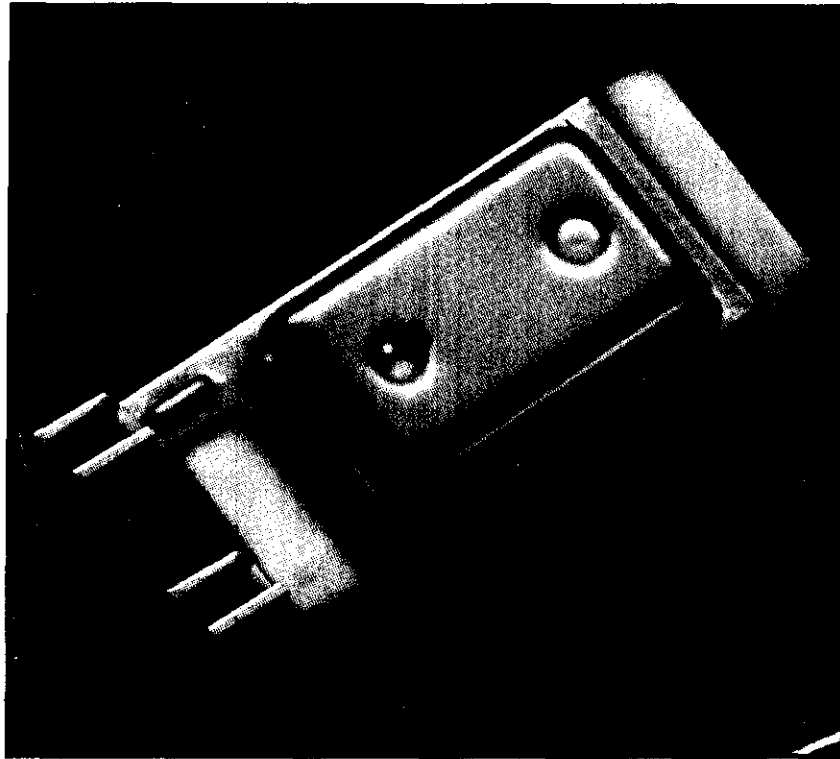


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CONTINENTAL CONTROLS LIMITED

7th

ANNUAL REPORT

2001 - 2002

Continental Controls Limited

BOARD OF DIRECTORS

Shri Navin G. Thakkar	- Chairman & Mg. Director
Shri Sameer N. Thakkar	- Director
Shri Amit N. Thakkar	- Director
Shri Pradeep C. Gaglani	- Director
Shri Harish S. Thakkar	- Director
Shri Kanaiyalal S. Thakkar	- Director

BANKERS

Bank of India
Co-op Bank of Ahmedabad Ltd.
HDFC Bank Ltd.

AUDITORS

D. Kothary & Co.
Mumbai.

ADVOCATE

A. B. Shah & Co.
Mumbai

REGISTERED OFFICE

40, Akshar Niwas,
Balasinar Society
Opp. Fire Brigade Station,
S. V. Road,
Kandivali (West),
Mumbai 400 067.

PLANT SITE

5, Govt. Industrial Estate,
Masat,
Silvassa 396 230,
Dadra & Nagar Haveli
(U.T.)

REGISTRAR AND TRANSFER AGENT

Purva Sharegistry (I) Pvt. Ltd.
28-D, Police Court Lane,
33, Printing House,
Behind Old Handloom House, Fort,
Mumbai 400 001.

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NOTICE:

NOTICE IS HEREBY GIVEN THAT THE 7TH ANNUAL GENERAL MEETING OF THE SHAREHOLDERS OF CONTINENTAL CONTROLS LIMITED WILL BE HELD AT ROHAN'S PARTY HALL, SUMMER NAGAR, BUILDING NO.1, NEAR FLY OVER, S.V. ROAD, BORIVALI WEST, MUMBAI 400 092 ON FRIDAY, THE 9TH AUGUST, 2002 AT 3.30 P.M. TO TRANSACT WITH OR WITHOUT MODIFICATIONS AS MAY BE PERMISSIBLE, THE FOLLOWING BUSINESS:

ORDINARY BUSINESS:

1. To receive, consider and adopt the Directors' Report and Audited Balance Sheet and Profit and Loss Account for the year ended 31st March 2002.
2. To appoint a Director in place of Mr. P.C. Gaglani who retires from Office by rotation, but being eligible offers himself for re-appointment.
3. To appoint Shri Harish S. Thakkar (who was appointed as an Additional Director by the Board of Directors under Article 104 of the Articles of Association of Company and who holds office under the said Article and Section 260 of the Companies Act, 1956, only up to the date of this meeting and in respect of whom, the Company has received notice in writing from a member signifying his intention to propose him as a candidate for the office of Director) as a Director of the Company and to consider and, if thought fit, to pass the following resolution which will be proposed as an Ordinary Resolution.

"RESOLVED that pursuant to the relevant provisions of the Companies Act, 1956, including Section 257, Shri Harish S. Thakkar be and is hereby elected and appointed a director of the Company liable to retire by rotation"
4. To appoint Shri Kanaiyalal S. Thakkar (who was appointed as an Additional Director by the Board of Directors under Article 104 of the Articles of Association of Company and who holds office under the said Article and Section 260 of the Companies Act, 1956, only up to the date of this meeting and in respect of whom, the Company has received notice in writing from a member signifying his intention to propose him as a candidate for the office of Director) as a Director of the Company and to consider and, if thought fit, to pass the following resolution which will be proposed as an Ordinary Resolution.

"RESOLVED that pursuant to the relevant provisions of the Companies Act, 1956, including Section 257, Shri Kanaiyalal S. Thakkar be and is hereby elected and appointed a director of the Company liable to retire by rotation"
5. To consider and if thought fit to pass with or without modification, the following resolution as an Ordinary Resolution :

'RESOLVED that M/s. D Kothary & Company, Chartered Accounts, Mumbai be and are hereby reappointed as Auditors of the Company from the conclusion of this meeting until the conclusion of the next Annual General Meeting on a remuneration to be decided by the Board of Directors at a later date in consultation with Auditors apart from reimbursement of actual out of pocket expenses incurred by them'.

NOTES:

1. A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE INSTEAD OF HIMSELF AND A PROXY NEED NOT BE A MEMBER OF THE COMPANY.
2. Proxies, in order to be effective, must be received at the Registered Office of the Company not less than 48 hours before the commencement of the meeting.
3. The Share Transfer Book and the Register of Members of the Company will remain closed from Wednesday, the 31st July 2002 to Friday, the 9th August, 2002 (both days inclusive).
4. Members are requested to:
 - i) Immediately intimate change of address, if any, either to the Company or to the Share Transfer Agent quoting reference of their Registered Folio Number.
 - ii) Write to the Company for any information about accounts at least 10 days in advance of the Annual General Meeting.
5. Members/Proxies are requested to bring the copy of their Annual Report along with them and to produce the attendance slip at the entrance of the Meeting Hall.
6. The equity shares of the Company are listed at Mumbai and Ahmedabad Stock Exchanges.

By Order of the Board,
For CONTINENTAL CONTROLS LTD.,

NAVIN G. THAKKAR
CHAIRMAN AND
MANAGING DIRECTOR

Place : Mumbai
Date : 28th June 2002

*Continental Controls Limited***DIRECTORS' REPORT**

To,

The Members,

Your directors have pleasure in placing before you the 7th Annual Report of the Company along with the Accounts for the year ended 31st March 2002:

1. Financial Results:

Year ending 31st March 2002 (Rs. In lacs)

	2001-2002	2000-2001
GROSS REVENUE	577.09	675.23
TOTAL EXPENDITURE	529.32	561.83
OPERATING PROFIT (PBIDT)	47.77	113.40
INTEREST	1.23	5.07
DEPRECIATION	19.48	18.14
PROFIT BEFORE TAX	27.06	90.19
PROVISION FOR TAX		
a) Current Tax	2.62	1.50
b) Deferred Tax	6.08	—
Prior Period Tax Written off	0.28	—
PROFIT AFTER TAX (PAT)	18.08	88.69

2. Amount transferred to any Reserves:

An amount of Rs.18.08 lacs has been transferred to the General Reserve for the financial year ended 31.3.2002.

3. Dividend

As already informed to the members during the 6th Annual General Meeting, the company has already installed the required machineries for commencing the production of Thermal cut off and Thermal fuse. The commercial production shall commence from the year 2002.2003. As huge amount of capital and working capital funds need to be poured in for the Product Line Extension, your directors do not recommend any dividend for the year under review.

4. Results of Operations:

The slowdown of the Indian economy continued through out the year 2001-2002, both in terms of GDP as well as Index of Industrial Production growth declined significantly during the year. Beside, due to the influx of various items from abroad it has become imperative for the company to lower its product's price in order to remain competitive in the market. Nowadays, these imported items could be procured at a comparatively lower cost but amidst this competition the company had sustained its market share by reorienting its "Product Pricing Strategy" to cope up with the prevailing market scenario. This is the one of the reasons for low profitability.

In the software division because of the intense competition amongst software suppliers, the Company has got affected in an unforeseen manner. However, software being a

promising sector, the management wishes to continue its efforts to regain a foothold therein.

5. Directors:

For the effective control and able guidance Shri Harishkumar Shantilal Thakkar and Shri Kanaiyalal Shantilal Thakkar had been appointed as additional directors on 1st February 2002, they retire at this AGM and have offered themselves for reappointment are to be reappointed as directors of the company.

Shri Pradeep C. Gaglani shall retire from the Board under the Articles of Association and he is eligible for reappointment.

6. Listing on the Stock Exchanges:

The company's shares are listed on the following Stock Exchanges:

1. The Stock Exchange, Mumbai.
Phiroze Jeejeebhoy Towers,
Dalal Street, Fort, Mumbai 400 001.
2. The Stock Exchange, Ahmedabad,
Kamdhenu Complex, Opp. Sahjanand College,
Panjarapole, Ahmedabad 380 015

The Company has been complying with the listing agreement stipulations from time to time. The company is in process of complying with the Corporate Governance under Clause 49 of the Listing Agreement by the year 2002-2003.

7. Audit Committee:

As per Section 292A of the Companies Amendment Act, 2000 an Audit Committee under the Chairmanship of Mr. Pradeep Gaglani was set up on the 5th February 2002 consisting of 3 independent directors including the Chairman. The Audit Committee met 2 times during the financial year and one meeting was held before the approval of accounts by the Board of Directors. The recommendations of the audit committee were considered and adopted by the Board of Directors.

8. Fixed Deposits:

The company has not accepted or renewed any Fixed Deposits within the meaning of Section 58-A of the Companies Act, 1956.

9. Particulars of employees:

Particulars of employees as required u/s 217 (2A) of the Companies Act 1956 are not annexed since there are no employees covered under this section.

10. Directors' Responsibility statement u/s 217 (2AA) of the Companies Act, 1956.

The Directors confirm that in the preparation of the annual accounts for the year ended 31st March 2002 -

- i) The applicable accounting standards have been followed along with proper explanations relating to material departures, if any.

- ii) That the directors had selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the company at the end of the financial year and of the profit or loss of the Company for the period ended 31st March, 2002.
- iii) That the directors had taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of this Act for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities.
- iv) That the directors had prepared the annual accounts on a going concern basis.

Auditors:

M/s. D. Kothary and Company, Chartered Accountants retire at the Annual General Meeting and are eligible for reappointment as Auditors of the company to hold the office from the date of this Annual General Meeting until conclusion of the next Annual General Meeting. The members have recommended reappointing M/s D. Kothary & Co. as auditors and to fix their remuneration. A certificate has been received from the Auditors to the effect that their reappointment, if made, would be within the prescribed limits u/s 224 (1)k of the Companies Act, 1956.

Conservation of Energy, Technology Absorption, Foreign Exchange Earnings and Outgo:

A. Conservation of Energy:

Operations of the Company involved low energy consumption hence adequate measures have been taken to reduce energy completions wherever possible.

B. Technology Absorption:

- a) Particulars of Research and Developments:

Your directors are constantly in touch with the latest developments in the field of electric/electronics and

accordingly updating in plant and machinery is regularly being reviewed.

- b) Particulars of Technology Absorption, Adoption and Innovation:

- i) The company gets information on latest technology on equipment/process, marketing etc. and this has been continuously absorbed and adopted to suit to company's operations.
- ii) Benefits derived as a result of the efforts, availability of product of latest design and technology, improved product equality and productivity.

- c) Details of Technology - Not Applicable.

C. Foreign Exchange Earning and Outflow:

- a. Foreign Exchange Earning - Rs.319092/-
- b. Foreign Exchange Outflow - Rs.6274187/- for import of raw materials.

Acknowledgements:

Your directors would like to express their grateful appreciation for the assistance and cooperation received from bankers during the period under review. Yours directors also wishes to place on record deep sense of appreciation for devoted service of the staff and workers of the company.

By Order of the Board,

NAVIN G. THAKKAR
Chairman &
Managing Director

Place : Mumbai.
Date : 28th June, 2002.

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*Continental Controls Limited***AUDITORS' REPORT**

To,

The Members,

Continental Controls Limited.

We have audited the attached Balance Sheet and Profit & Loss Account of Continental Controls Limited as at 31st March 2002 and report as under:

1. We have obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the purpose of our audit.
2. In our opinion, proper books of accounts as required by law are maintained by the company so far as appears from our examination of the books of the company.
3. The Balance Sheet and Profit & Loss Account dealt with by this report are in agreement with the books of accounts.
4. In our opinion, the Balance Sheet and Profit & Loss Account comply with the Accounting Standards referred to in Section 211(3C) of the Companies Act, 1956.
5. Based on the representations made by the Directors of the Company and according to the information and explanations given to us, none of the directors of the Company are disqualified from being appointed as directors of the company in terms of Clause (g) of sub-section (1) of section 274 of the Companies Act, 1956.
6. In our opinion and to the best of our information and according to the explanations given to us, the said accounts read with significant accounting policies and read with other notes thereon, gives the information required by the Companies Act, 1956, in the manner so required and subject to Note No.1f(iii) regarding goods lost by fire, give a true and fair view:
 - (i) in the case of Balance Sheet, of the state of affairs of the Company as at 31st March 2002.
 - (ii) In case of the Profit & Loss Account, of the profit for the year ended on that date.

For D. Kothary & Co.
Chartered Accountants.

Vipul Chauhan
Partner

Place: Mumbai

Date: 28th June, 2002.

ANNEXURES TO THE AUDITORS' REPORT

As required by the Manufacturing and other Companies (Auditors' Report) Order, 1988, issued by the Company Law Board in terms of Section 227 (4A) of the Companies Act, 1956 and on the basis of such checks as we considered appropriate and according to the information and explanations given to us, we further report that:

- i) The Company has maintained proper records showing full particulars including quantitative details and situation of Fixed Assets. We are informed by the management that during the financial year fixed assets had been physically verified and no discrepancies were noticed on such verification by the management.
- ii) None of the fixed assets have been revalued during the year.
- iii) As per the information and explanations given to us, the management has carried out physical verification at reasonable interval in respect of stores, spares parts and raw materials.
- iv) The procedure explained to us, which are followed by the management for physical verification of the above referred stock are in our opinion reasonable and adequate in relation to the size of the company.
- v) As per the information and explanations given to us, no significant discrepancies have been noticed on physical verification of stock as compared to the book records.
- vi) In our opinion, the valuation of stock is fair and proper in accordance with the generally accepted accounting principles and is on a consistent basis with the previous year.
- vii) In our opinion, the terms and conditions of interest free loan secured or unsecured taken by the Company during the year from companies, firms and other parties listed in the register maintained u/s 301 of the Companies Act, 1956 are prima facie not prejudicial to the interest of the Company.
- viii) The company has given interest free loans to companies / firms and other parties listed in the register maintained u/s 301 of the Companies Act, 1956. In our opinion and according to the information and explanations given to us the terms and conditions of such loans are prima-facie not prejudicial to the interest of the company.
- ix) The parties to whom interest free loans or advances in the nature of loans have been given by the company are repaying principal amount as stipulated.