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CONTINENTAL CONTROLS LIMITED

9th

ANNUAL REPORT

2003 - 2004

*Continental Controls Limited***BOARD OF DIRECTORS**

Shri Navin G. Thakkar - Chairman & Mg. Director
 Shri Samir 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
 HDFC Bank Ltd.

AUDITORS

D. Kothary & Co.
 Chartered Accountants
 Mumbai.

COMPANY SECRETARY

Puneet Juneja

ADVOCATE

A. B. Shah & Co.
 Mumbai

REGISTERED OFFICE

Siddharth Industrial Estate, No. 2,
 Gala No. 1, Shailesh Udhog Nagar,
 Sativali Road, Waliv, Vasai (East)
 Distt. Thane - 401208.

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 NINTH ANNUAL GENERAL MEETING OF CONTINENTAL CONTROLS LIMITED WILL BE HELD ON THURSDAY, THE 30TH DAY OF SEPTEMBER 2004 AT KRISHNA GARDENS, MALJIPADA, OPP. CROWN PETROL PUMP, AHMEDABAD HIGHWAY, TALUKA VASAI, DISTT. THANE AT 1.30 P.M TO TRANSACT THE FOLLOWING BUSINESS :

ORDINARY BUSINESS:

1. To receive, consider and adopt the Balance Sheet as at 31st March, 2004, and the Profit & Loss Account for the year ended on that date and the Reports of the Directors and Auditors.
2. To appoint a Director in place of **Mr. Pradeep C. Gaglani**, who retires by rotation and being eligible, offers himself for re-appointment.
3. To appoint a Director in place of **Mr. Harish S. Thakkar** who retires by rotation and being eligible, offers himself for re-appointment.
4. To consider and if thought fit to pass with or without modification, the following resolution as an Ordinary Resolution :

"RESOLVED that pursuant to the provisions of Section 224 and other applicable provisions if any, of the Companies Act, 1956, M/s. D. Kothary & Co. Chartered Accountants, Mumbai, the retiring Auditors be and are hereby re-appointed as Auditors of the company to hold the office from the conclusion of this meeting until conclusion of the next Annual General Meeting of the company on 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"

For and on behalf of the Board of Directors

(Navin G. Thakkar)

(CHAIRMAN AND MANAGING DIRECTOR)

Place : Vasai, Thane.

Date : 27th August 2004

Registered Office :-

Siddharth Industrial Estate No.2,
Gala No. 1, Shailesh Udyog Nagar,
Sativali Road, Waliv,
Vasai (East), Distt. Thane – 401 208

NOTES FOR MEMBERS' ATTENTION:

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 THE PROXY NEED NOT BE A MEMBER OF THE COMPANY. Proxies in order to be effective must be received at the registered office of the company not less than 48 (forty eight) hours before the commencement of the meeting.
2. Members desirous of asking any questions are requested to write to the company at least 7 days before the date of the meeting, as to enable the management to keep the information ready.
3. The Share Transfer Books and the Register of Members of the Company will remain closed from **20th September, 2004 to 30th September, 2004** (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) Send their queries if any, regarding accounts at least 10 (Ten) days before the Annual General Meeting at the Registered Office of the Company.
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.

By Order of the Board

Puneet Juneja
(Company Secretary)

Place : Vasai, Thane

Date : 27th August 2004

Details of Directors seeking re- appointment at the forthcoming Annual General Meeting of the Company

Pursuant to Clause 49 of the Listing Agreement with the Stock Exchanges)

NAME OF DIRECTOR	Harish S. Thakkar	Pradeep C Gaglani
Date of Birth	23.03.1956	19.08.1959
Date of Appointment	09.08.2002	02.03.1995
Expertise in specific functional areas	Wide experience in policy making and control of production	Accounts & Taxation
Qualifications	S.S.C	C.A
List of Companies in which outside Directorships held as on 31.03.2004	Nil	Nil
Chairman/Member of the *Committees of other Companies on which he is a Director as on 31.03.2004	Nil	Nil

* The Committee includes the Audit Committee, the Remuneration/ Compensation Committee and Shareholders/Investors Grievance Committee.

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

To,

The Members,

Your directors have pleasure in placing before you the 9th Annual Report of the Company along with the Audited Accounts for the year ended 31st March 2004:

1. Financial Results:

Financial Results for the Year ending 31st March 2004
(Rs. In lacs)

	2003-2004	2002-2003
SALES / SERVICES RENDERED (Less of Returns & Excise Duty)	359.34	448.07
OPERATING PROFIT (PBITD)	49.7	48.11
INTEREST	5.17	5.35
DEPRECIATION	39.89	21.46
PROFIT BEFORE TAX	4.64	21.3
PROVISION FOR TAX		
a) Current Tax	-	1.68
b) Deferred Tax	1.66	7.02
PROFIT AFTER TAX (PAT)	2.98	12.6

2. Dividend:

In view of the requirement of funds for the companies activities, the directors have not recommended any distribution of dividend.

3. Operational Review:

The Indian economy has been gathering pace and is now one of the fastest growing economies in the world. Performance of the corporate sector has improved. Despite the sharp price erosion and stiff competition the company has been able to increase its export earning to Rs. 104.33 lacs as compared to last year Rs.11.19 lacs.

Sales of software showed rise of 36% as compared to last year, due to amalgamation of Continental Softech Limited with the Company.

Total sales and other operating income has been Rs.359.34 Lacs as compared to Rs.448.07 Lacs in last financial year, showing reduction of 19.80%.

The Operating Profit Before interest, depreciation and taxes is Rs.49.71 Lacs as compared to Rs.48.11 Lacs in last financial year, rise in profit due to increase in export turnover.

4. Directors:

Shri Harish Thakkar and Shri Pradeep Gaglani shall retire from the Board under the Articles of Association and they are eligible for reappointment.

5. Listing on the Stock Exchanges:

The Company's shares are listed on the following Stock Exchange:

The Stock Exchange, Mumbai

Phiroze Jeejobhoy Towers

Dalal Street, Fort, Mumbai - 400 001

The Company has been complying with the listing agreement stipulations from time to time. The Company has made the payment of Annual Listing Fees for F.Y. 2004-05 to Mumbai Stock Exchange.

6. Delisting from the Stock Exchanges:

The Company's shares are delisted from the Stock Exchange, Ahmedabad w.e.f 31.03.2004 and Jaipur Stock Exchange w.e.f 15.05.2004

7. Amalgamation with Continental Softech Limited :

The Continental Softech Limited has been amalgamated with Continental Controls Limited pursuant to High Court order dated 8th January 2004. This will help the company to diversify into Software Business.

8. Corporate Governance:

Your Company follows principles of effective Corporate Governance. The endeavour of your company is not only to comply with regulatory requirements but also to practice Corporate Governance principles that lay a strong emphasis on integrity, transparency and overall accountability.

The report of the Directors on the practices of Corporate Governance is given as a separate section titled 'Corporate Governance', which forms part of this Annual Report.

9. Audit Committee:

As per Section 292A of the Companies Amendment Act, 2000 and in accordance with Clause 49 of the Listing Agreement, an Audit Committee under the Chairmanship of Mr. Pradeep Gaglani was set up constituting of 3 independent directors including the Chairman. The Audit Committee met 5 times during the financial year of which 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.

10. Fixed Deposits:

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

11. Particulars of employees:

Employees whose particulars are required to be disclosed under Section 217 (2A) of the Companies Act, 1956:

There were no employees in the company drawing salary more than Rs.2,00,000/- p.m. during the financial year ended 31st March, 2004.

12. 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 2004 -

- The applicable accounting standards have been followed along with proper explanations relating to material departures, if any.
- 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, 2004.

- 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.

13. Conservation of Energy, Technology Absorption, Foreign Exchange Earnings and Outgo: (Section 217 (1)):

A. Conservation of Energy:

Your Company operations does not involve intensive energy consumption. Despite not a heavy energy user, the company acknowledges its importance and hence adequate measures have been taken to reduce energy consumptions wherever possible.

B. Research & Development Technology Absorption:

a) Particulars of Research and Developments:

As business and technologies are changing constantly, continuous investments in research and development are of paramount importance. As a result of research efforts, your company has been able to develop processes and methodologies that have resulted in constant improvement in quality and productivity.

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 above efforts e.g. product improvement, cost reduction, product development, import substitution etc.

c) Details of Technology – Not Applicable.

C. Foreign Exchange Earning and Outflow:

During the year under review, your company earned a foreign exchange of Rs 1,04,32,544/- and utilized foreign exchange worth Rs 52,67,262/-.

14. Auditors:

M/s. D. Kothary and Co., Chartered Accountants, retire at the end of 9th Annual General meeting and being Eligible, offer themselves for re-appointment.

15. Acknowledgements:

The Board wishes to place on record its appreciation to the contribution made by the employees of the company. The Directors also acknowledges the cooperation and assistance received from our bankers, auditors, shareholders and employees during the period under review.

By Order of the Board

(Navin G. Thakkar)

Chairman and Managing Director

Place : Vasai, Thane

Date :27th AUGUST 2004

CORPORATE GOVERNANCE REPORT

1. Company's Philosophy on Code of Governance :

1. Continental Controls Limited is committed to good Corporate Governance. It believes that best board practices, transparent disclosures and empowerment of shareholders are necessary for creating shareholders value. We firmly believe that good corporate governance is critical in sustaining corporate development, increasing productivity and competitiveness. The governance process should ensure that the available resources are utilized in a manner that meets aspirations of all its stakeholders. The Company's essential charter is shaped by the objectives of transparency, professionalism and accountability. The Company continuously endeavors to improve on these aspects on an ongoing basis.

2. Board of Directors :

a) Composition of Board of Directors and details of other directorships held

Name of the Director	Executive Non Executive/ Independent Director	No of outside Directorship held in Public Limited Companies *	Membership held in Committee of Directorship #	Chairmanship held in Committee of Directors
Mr. Navin G. Thakkar	Executive	NIL	NIL	NIL
Mr. Samir N. Thakkar	Executive	NIL	NIL	NIL
Mr. Amit N. Thakkar	Executive	NIL	NIL	NIL
Mr. Pradeep C. Gaglani	Non Executive & Independent	NIL	NIL	NIL
Mr. Harish S. Thakkar	Non Executive & Independent	NIL	NIL	NIL
Mr. Kanaiyalal S. Thakkar	Non Executive & Independent	NIL	NIL	NIL

* This excludes directorship held in Private Companies, Foreign Companies, Companies formed under section 25 of the Companies Act, 1956 and directorship held as an alternate director.

Committee of Director includes Audit Committee, Shareholders/Investors Grievance Committee and Remuneration Committee of Directors only.

This does not include Membership/Chairmanship in Committee of Directors of Continental Controls Limited.

b) Board Meetings:

The Board meets at least once a quarter to review the quarterly results and other items on agenda. The Board Meetings are generally held at the registered office of the company.

During the year 2003-2004, 10 Board Meetings were held on 30th April, 2003, 15th July, 2003, 26th July, 2003, 31st July, 2003, 31st October, 2003, 11th December, 2003, 15th December, 2003, 31st January, 2004, 15th February, 2004 and 22nd February, 2004. The last Annual General Meeting of the company was held on 30th September, 2003.

*Continental Controls Limited***Attendance of each Director at Board Meetings for the year 2003-2004 and last Annual General Meeting:**

Name of the Director	No of Meetings held	No of Meetings attended	Attendance at Last Annual General Meeting
Mr. Navin G. Thakkar	10	10	Present
Mr. Samir N. Thakkar	10	10	Present
Mr. Amit N. Thakkar	10	10	Present
Mr. Pradeep C. Gaglani	10	10	Present
Mr. Harish S. Thakkar	10	10	Present
Mr. Kanaiyalal S. Thakkar	10	10	Present

3. Board Committees :**A. Audit Committee :**

The Audit Committee of the Company, inter-alia, provides assurance to the Board on the adequacy of the internal control systems and financial disclosures. The terms of reference are in accordance with paragraphs C and D of Clause 49 (1) of the Listing Agreement and as specified by the Board of Directors of the Company and inter-alia and includes :

- To review financial statements and pre publication announcements before submission to the Board.
- To ensure compliance of internal control systems and action taken on internal audit reports.
- To appraise the Board on the impact of accounting policies, accounting standards and legislation.
- To hold periodical discussions with statutory auditors on the scope and content of the audit.
- To review the Company's financial and risk management policies.

The audit committee while reviewing the Annual Financial Statements also reviewed the applicability of various Accounting Standards (AS) issued by the Institute of Chartered Accountants of India during the year. Compliance of the AS as applicable to the company has been ensured in the financial statements for the year ended 31st March, 2004.

Composition:

- The Audit Committee comprises of the following non executive independent members of the Board:
 - Mr. Pradeep C. Gaglani – Chairman
 - Mr. Harish S. Thakkar
 - Mr. Kanaiyalal S. Thakkar
- During the year 2003-04 the audit Committee met five times on the following dates:

22nd April, 2003	26th July, 2003
31st July, 2003	31st October, 2003
20th January, 2004	
- Attendance of the Directors in the Audit Committee Meeting.

Name of the Director	No. of Meeting Attended
Mr. Pradeep C. Gaglani	5 out of 5
Mr. Harish S. Thakkar	5 out of 5
Mr. Kanaiyalal S. Thakkar	5 out of 5

(Overall Attendance 100%)

B. Remuneration Committee:

The Board of Directors had constituted a Remuneration Committee comprising of Non Executive, Independent Directors viz. Mr. Pradeep C. Gaglani, Mr. Harish S. Thakkar, and Mr. Kanaiyalal S. Thakkar. Mr. Harish S. Thakkar is the Chairman of the Committee. The committee will ensure appropriate disclosure on the remuneration of Directors and will deal with remuneration Package of Directors, service contract, notice period, severance fee and stock option, if any. Detail of Directors Remuneration paid for the year ended 31.03.2004 is as below;

Name of Director	Remuneration Paid/(Rs.)	Sitting Fees. (Rs.)	Total (Rs.)
Mr. Navin G. Thakkar	10,000/- p.m.	NIL	10,000/- p.m.
Mr. Samir N. Thakkar	NIL	NIL	NIL
Mr. Amit N. Thakkar	15,000/- p.m.	NIL	15,000/- p.m.
Mr. Pradeep C. Gaglani	NIL	NIL	NIL
Mr. Harish S. Thakkar	NIL	NIL	NIL
Mr. Kanaiyalal S. Thakkar	NIL	NIL	NIL

C. Shareholders'/Investors' Grievance Committee:

The Board of Directors had constituted, Shareholders'/Investors' Grievance Committee which functions with the objective of looking into redressal of Shareholders'/Investors' grievances relating to non receipt of balance sheet, etc. The Committee consists of :-

Chairman	Mr. Navin G. Thakkar
Members	Mr. Harish S. Thakkar Mr. Kanaiyalal S. Thakkar

Two meetings were held on 27th July, 2003 and 12th February, 2004.

4. Management Analysis and Review Report :

Continental Controls Limited is amongst the few companies in India that is into the manufacturing of Thermal Overload Protectors. The Management of the company vests in the Board comprising of personnel with more than over a decade of hands-on industry experience. The day-to-day affairs of the company are managed by a team of experienced and qualified professionals.

The company has effective Internal Controls System to ensure that its assets and interests are protected. Well-documented processes have been implemented to ensure that the company policies are promoted and adhered to. There are clear demarcation of roles and responsibilities at various levels of operations. The Audit Committee reviews adherence to Internal Controls Systems and financial disclosures.

The Hon'ble High Court, Mumbai by its order dated 8th January 2004 sanctioned the scheme of Amalgamation between the company and Continental Softech Limited. The Assets and Liabilities of Continental Softech Limited have been incorporated in the books of Company with effect from 1 April, 2003 and consequently the paid up share-capital of the company has been increased by 8,36,812 Equity Shares of Rs.10/-each. As a result of Amalgamation the company's sales of Software/services grew to 9.5 Lacs, an increase of 36% over the last year.

The Indian economy has been gathering pace and is now one of the fastest growing economies in the world. Performance of the corporate sector has improved. Despite the sharp price erosion and stiff competition the company has been able to increase its export earnings ten times and is aiming to make it many folds in the near future. With the growth in economy there seems to be sufficient scope in Electronic products.

There being no trading operations during the year hence the management has decided to close its trading division. The financial performance of the company has been given separately in the Directors' Report.

5) General Body Meetings

FINANCIAL YEAR	DATE	LOCATION	TIME
2000-2001	2 nd August, 2001	ROHAN'S PARTY HALL, SUMMER NAGAR, BUILDING NO.1, NEAR FLYOVER, S.V. ROAD, BORIVALI WEST, MUMBAI - 400 092	3.30 P.M.
2001-2002	9 th August, 2002	ROHAN'S PARTY HALL, SUMMER NAGAR, BUILDING NO.1, NEAR FLYOVER, S.V. ROAD, BORIVALI WEST, MUMBAI - 400 092	3.30 P.M.
2002-2003	30 th September, 2003	ROHAN'S PARTY HALL, SUMMER NAGAR, BUILDING NO.1, NEAR FLYOVER, S.V. ROAD, BORIVALI WEST, MUMBAI - 400 092	3.00 P.M.

The procedure of Postal Ballot was carried for the Special Resolution relating to the shifting of the registered office of the company from 40, Akshar Niwas, Balasinar Society, Opp. Fire Brigade Station, S.V. Road, Kandivali (W), Mumbai-67 to Siddharth Industrial Estate No.2, Gala No.1, Shailesh Udyog Nagar, Opp. Nicholas Garage, Sativali Road, Waliv, Vasai (E), Distt. Thane 401208. Notice was sent to the shareholders with the last date for receiving the postal ballot form by the Scrutinizer as 20th January, 2004. According to the Scrutinizer Report, 31 Equity Shareholders (including 4 invalid forms), representing 15,45,530 cast their votes. 30 equity shareholders holding 15,45,030 equity shares had voted in favour of the Resolution and 1 equity shares holding 500 equity shares had voted against the resolution. The result of the Postal Ballot will be announced at the 9th Annual General Meeting of the company to be held on 30th September, 2004.

No resolutions were proposed to be voted on through Postal Ballot this year.

6) Disclosures

- There were no transactions of a material nature undertaken by your Company with its promoters, directors or the management, their subsidiaries or relatives that may have a potential conflict with the interests of the Company.
- There are no instances of non-compliance by your Company, penalties, strictures imposed by Stock Exchange or SEBI or any statutory authority, on any matter related to capital markets, during the last three years.

7. Means of Communication:

- Quarterly results are taken on record by the Board of Directors and submitted to the Stock Exchanges in

terms of the requirements of Clause 41 of the Listing Agreement.

- Quarterly results are normally published in the Free Press Journal and Navshakti
- The Company presently does not have any website, As and when the website is set up, the Company will display the quarterly results as well as any official news releases thereon.

8. General Shareholder Information:

- Annual General Meeting: Date, time and venue –
On 30th September, 2004 at 1.30 P.M. at
KRISHNA GARDENS,
MALJIPADA, OPP. CROWN PETROL PUMP
AHMEDABAD HIGHWAY, TALUKA VASAI
DISTT. THANE - 401208.
- Financial Calendar :
1st April, 2003 to 31st March, 2004
- Date of Book Closure : 20th September 2004 to
30th September, 2004 (both days inclusive)
- Dividend payment Date : Not Applicable
- Your Company's shares are listed on the following
Stock Exchange, Mumbai. Phiroze Jeejobhoy Towers,
Dalal Street, Fort, Mumbai-400001.
- Market Price Data: The price of the Company's Share-
High, Low during each month in the last financial
year on the Stock Exchange, Mumbai:

Month	High (Rs.)	Low (Rs.)
April, 2003	1.55	0.65
May, 2003	1.60	0.85
June, 2003	2.49	1.10
July, 2003	2.25	1.50
August, 2003	3.19	1.37
September, 2003	2.49	1.10
October, 2003	1.78	0.91
November, 2003	1.75	0.70
December, 2003	3.17	1.11
January, 2004	3.84	1.39
February, 2004	2.05	1.16
March, 2004	2.43	1.15

* **Source :** The aforesaid information has been downloaded from the website of The Stock Exchange, Mumbai.

g) Registrar and Share Transfer Agent:

PURVA SHARE GISTRY (I) PVT. LTD,
28-D, Police Court Lane,
33, Printing House, Behind Old Handloom House,
Fort, Mumbai - 400 001.

Demat Connectivity Agent;

The Company has connectivity with NSDL and CDSL through M/s PURVA SHARE GISTRY (INDIA) PRIVATE LIMITED