CONTINENTAL CONTROLS LIMITED

16TH ANNUAL - REPORT

2010 - 2011

CONTINENTAL CONTROLS LTD.

NOTICE

NOTICE IS HEREBY GIVEN THAT SIXTEENTH ANNUAL GENERAL MEETING OF THE MEMBERS OF CONTINENTAL CONTROLS LIMITED WILL BE HELD ON FRIDAY, 30TH SEPTEMBER, 2011, AT 3.00 P. M AT POUSH KRISHNA GARDENS, MALJIPADA, OPP. CROWN PETROL PUMP, AHEMDABAD HIGHWAY, TALUKA VASAI (EAST) DIST. THANE TO TRANSACT THE FOLLOWING BUSINESS :-

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ORDINARY BUSINESS:

1. To receive, consider and adopt the Audited Balance Sheet as at 31st March, 2011, and the Profit & Loss Account for the year ended on that date and the Reports of the Directors, 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 the auditors of the company and to fix their remuneration.

SPECIAL BUSINESS:

4. To consider and, if thought fit, to pass, with or without modification, as Special Resolution, the following :

   "**RESOLVED THAT** pursuant to provisions of Section 314 of the Companies Act 1956, and subject to the approval of members, the consent of the Board be and is hereby accorded to pay the remuneration to Mr. Navin G. Thakkar - Managing Director up to Rs. 50,000/- per month as remuneration plus other usual allowances and benefits as per the rules of the Company with effect from April 1, 2011.

   RESOLVED FURTHER THAT the Board of Directors be and are hereby authorised to take necessary steps in this regard."

5. To consider and, if thought fit, to pass, with or without modification, as Special Resolution, the following :

   "**RESOLVED THAT** pursuant to provisions of Section 314 of the Companies Act 1956, and subject to the approval of members, the consent of the Board be and is hereby accorded to pay the remuneration to Mr. Samir N. Thakkar - Director up to Rs. 50,000/- per month as remuneration plus other usual allowances and benefits as per the rules of the Company with effect from April 1, 2011.

   RESOLVED FURTHER THAT the Board of Directors be and are hereby authorised to take necessary steps in this regard."

6. To consider and, if thought fit, to pass, with or without modification, as Special Resolution, the following :

   "**RESOLVED THAT** pursuant to provisions of Section 314 of the Companies Act 1956, and subject to the approval of members, the consent of the Board be and is hereby accorded to pay the remuneration to Mr. Amit N. Thakkar - Director up to Rs. 50,000/- per month as remuneration plus other usual allowances and benefits as per the rules of the Company with effect from April 1, 2011.

RESOLVED FURTHER THAT the Board of Directors be and are hereby authorised to take necessary steps in this regard."

For and on behalf of the Board of Directors

Navin G. Thakkar
Chairman & Managing Director

Registered Office:
Gala No. 202, Krishna House, Shailesh Udhyog Nagar,
Opp. Nicholas Garage Sativali Road, Waliv, Vasai (East)
Dist. Thane – 401208

Place: Mumbai.
Date: 29th August; 2011

NOTES:

1 The Register of Members and Share Transfer Book of the Company shall remain closed from 24th September 2011 to 30th September, 2011 (both days inclusive)

2. A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTITLED TO APPOINT ONE OR MORE PROXIES TO ATTEND AND, ON A POLL, TO VOTE INSTEAD OF HIMSELF. A PROXY NEED NOT BE A MEMBER. PROXIES IN ORDER TO BE EFFECTIVE MUST BE RECEIVED BY THE COMPANY NOT LESS THAN 48 HOURS BEFORE THE COMMENCEMENT OF THE MEETING.

3. Members desirous of asking any questions at the Annual General Meeting are requested to send in their questions so as to reach the Company at least 7 days before the Annual General Meeting so that the same can be suitably replied.

4. Members are requested to notify change in address, if any, immediately to the Company at its Registered Office, quoting their Folio Numbers.

5. As per General Circular No: 17/2011 dated 21.04.2011 of Ministry of Corporate Affairs, the Company's can send their respective Annual Report's to the members via email to their respective email addresses. The members who want to get the soft copy of the Annual report via Email are requested to submit their respective Email ID to the Company, 15 days before the annual general meeting

EXPLANATORY STATEMENT UNDER SECTION 173 (2) OF THE COMPANIES ACT, 1956.

Item No. 4

Mr. Navin G. Thakkar – Managing Director of the Company, In the Board Meeting of the company held on 27th August; 2011 the Board had approved his remuneration up to Rs. 50,000/- per month as remuneration plus other usual allowances and benefits as per the rules of the Company with effect from April 1, 2011.

As per provisions of Section 314 of the Companies Act 1956, such remuneration is required to be approved by the members in a General Meeting through a Special Resolution.

The Board recommends the passing of the Special Resolution as set out at Item No. 4 of the accompanying Notice. Mr. Samir N. Thakkar and Mr. Amit N. Thakkar are interested or concerned in the said Special Resolution.

Item No. 5

Mr. Samir N. Thakkar –Director of the Company, In the Board Meeting of the company held on 27th August; 2011 the Board had approved his remuneration up to Rs. 50,000/- per month as remuneration plus other usual allowances and benefits as per the rules of the Company with effect from April 1, 2011.

As per provisions of Section 314 of the Companies Act 1956, such remuneration is required to be approved by the members in a General Meeting through a Special Resolution.

The Board recommends the passing of the Special Resolution as set out at Item No. 5 of the accompanying Notice.

Mr. Navin G. Thakkar and Mr. Amit N. Thakkar are interested or concerned in the said Special Resolution.

Item No. 6

Mr. Amit N. Thakkar – Director of the Company, In the Board Meeting of the company held on 27th August; 2011 the Board had approved his remuneration up to Rs. 50,000/- per month as remuneration plus other usual allowances and benefits as per the rules of the Company with effect from April 1, 2011.

As per provisions of Section 314 of the Companies Act 1956, such remuneration is required to be approved by the members in a General Meeting through a Special Resolution.

The Board recommends the passing of the Special Resolution as set out at Item No. 6 of the accompanying Notice.

Mr. Navin G. Thakkar and Mr. Samir N. Thakkar are interested or concerned in the said Special Resolution.

For and on behalf of the Board of Directors

Place: Mumbai.
Date: 29th August; 2011

Sd/-

Navin G. Thakkar
Chairman & Managing Director

DIRECTORS' REPORT

To,
The Members,

Your directors have pleasure in placing before you the 16th Annual Report of the Company along with the Audited Accounts for the year ended 31st March, 2011:

FINANCIAL HIGHLIGHTS

ACCOUNTING YEAR	Rs. (In Lakhs) 2010-2011	Rs. (In Lakhs) 2009-2010
Sales	330.31	333.56
Other Income	17.25	18.28
Profit before interest, depreciation and taxation	55.55	58.91
Interest	12.32	15.15
Depreciation	27.69	28.09
Provision for taxation (net)	3.41	(5.30)
Profit after tax	18.96	10.38
Profit & Loss Account Balance B/f	(43.74)	(54.25)
Excess provision of income tax & FBT	-	0.14
Balance carried to the Balance Sheet	(24.78)	(43.74)

DIVIDEND

In view of the requirement of working capital for the Companies activities, the directors have not recommended any distribution of dividend.

OPERATIONS

During the year under review the Company's turnover has decreased from Rs. 333.56 Lacs to Rs. 330.31 Lacs. The Net Profit Before tax is Rs. 15.54 Lacs against the last year profit of Rs. 15.68 lacs.

CURRENT OUTLOOK & BUSINESS ACTIVITIES

Since the new plant is already commissioned, the Directors expect better capacity utilization and consequently good growth in export as well as local sales turnover. The demand for company's products continues to be good.

DIRECTORS

Mr. Pradeep C. Gaglani retires by rotation at the forthcoming Annual General Meeting and being eligible, offers himself for re-appointment.

LISTING ON THE STOCK EXCHANGES

The Company's shares are listed with Bombay Stock Exchange Ltd. and the Company has paid the necessary listing fees for the Financial Year 2011-12.

MANAGEMENT'S DISCUSSION AND ANALYSIS REPORT

Management's Discussion and Analysis Report for the year under review, as stipulated under Clause 49 of the Listing Agreement with Stock Exchange, Mumbai, is included in this Annual Report.

CORPORATE GOVERNANCE

A separate report on Corporate Governance together with Certificate from Practicing Chartered Accountant on its compliance is included elsewhere in this Annual Report.

FIXED DEPOSITS

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

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 drawing remuneration of more than Rs.60,00,000/- per annum during the year under review, if employed for full year or more than Rs. 5,00,000/- per month, if employed for part of the year.

DIRECTOR'S RESPONSIBILITY STATEMENT

The Directors confirm that in the preparation of the annual accounts for the year ended 31st March 2011 –

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, 2011.

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.

CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION, FOREIGN EXCHANGE EARNINGS AND OUTGO [Section 217 (1) (e)]

A. Conservation of Energy:

Your Company operation 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. 102.33 /- Lacs and utilized foreign exchange worth Rs. 99.50 /- Lacs.

SECRETARIAL COMPLIANCE REPORT

According to the provisions of section 383A of the Companies Act, 1956, our Company has obtained the Secretarial Compliance Report from a Company Secretary in whole time practice and attached with this report.

RESUBMSSION OF DIRECTORS ON AUDITOR'S QULIFICATION:

The observations made in the Auditors' Report are self explanatory and the management is taking effective steps for the rectification.

AUDITORS

M/s. D. Kothary & Co., Chartered Accountants, the Statutory Auditors of the Company retire at this Annual General Meeting and are eligible for the reappointment as Auditors of the Company to hold the office from the date of this Annual General Meeting until the conclusion of the next Annual General Meeting. The Directors recommend reappointing M/s. D. Kothary & Co., as auditors of the Company. 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 (1B) of the Companies Act, 1956.

ACKNOWLEDGEMENT

Your directors would like to express their sincere appreciation for the assistance and cooperation received from bankers, employees, auditors and consultants during the period under review. The Directors sincerely appreciate the high degree of professionalism, commitment and dedication displayed by employees at all levels. The Directors also place on record their gratitude to the Members for their continued support and confidence.

By Order of the Board

Sd/-

Navin G.Thakkar
Chairman & Managing Director

Place : Mumbai.
Date : 27th August; 2011

Registered Office:
Gala No. 202, Shailesh Udhyog Nagar,
Opp. Nicholas Garage, Sativali Road,
Waliv, Vasai (East)
Dist. Thane- 401208

MANAGEMENT DISCUSSION AND ANALYSIS REPORT

Continental Controls Limited is one amongst the few companies into the manufacturing of Thermal Overload Protectors have carried out a niche for themselves in this particular of the engineering industry. 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 are being managed by a team of experienced and qualified professionals.

The company always strives to achieve optimum performance at all levels by adhering to corporate governance practices which rests upon the four pillars of: transparency, disclosure, independent monitoring and fairness to all.

Continental Controls Limited always strived to promote good governance practices, which ensures that:

- A Competent management team is at the helm of affairs.
- The Board is strong with an optimum combination of Executive and Non-Executive directors, who represent the interest of all stakeholders.
- The Board effectively takes all key corporate decisions and is effectively in control of the company affairs.
- The management and employees have a stable environment.

The total revenue of the Company has been Rs. 34.76 million as against the corresponding figure of Rs. 35.20 million for the last year.

The Company also maintained its export sales to Rs. 10.23 million as compared to the last year figures of Rs.19.72 Million and the Profit/ loss after tax has increased from Rs.1.04 million to Rs. 1.90 million. The sales of the software have shown a downward trend and the same has fallen to Rs. 33.03 million as against last year's figure of Rs. 33.36 million.

With the positive economic environment, the company is positioning itself to reach greater heights with increase in production of all its product groups. Continuous R & D initiatives have shown improvement in quality and in the introduction of new products. However, with the un-organized players in the Indian Market, more particularly in the small-scale sector, prices have been under constant pressure resulting in lower realization. This threat is being effectively met by constant product up gradation, cost reduction, avoidance of waste and going for high value component.

CORPORATE GOVERNANCE REPORT

Pursuant to Clause 49 of the Listing Agreement following is the report on Corporate Governance for the financial year 2010-2011.

I. Company's Philosophy on Code of Corporate Governance:

The Company believes that Corporate Governance envisages attainment of high level of transparency, accountability, fair and equal treatment of all shareholders, compliance with regulations, and sustainable value creation for all shareholders, ethical practices and uprightness thereby assisting the top management of the Company in efficient conduct of its business by developing Trust and Integrity which plays an essential role in building over all value of business and future success.

The Company believes that its systems and actions must be integrated for enhancement of corporate performance resulting in maximization of shareholders' value in the long run, protection of the interest of its shareholders and employees and maintenance of cordial relationship with its customers and bankers. The Company places due emphasis on regulatory compliances.

II. Board of Directors

(A) Composition of Board and changes since the date of last Annual General Meeting

The present Board of Directors of the Company comprises of 6 Directors, of which 3 are Executive Directors, and remaining 3 are Non Executive Independent Directors and are professionally competent and vastly experienced in their respective fields.

The Company has an optimum combination of Executive and Non-executive Directors of the Company with not less than fifty percent of the Directors comprising of non-executive directors.

Since the Chairman of the Company is an Executive Director, the Board comprises of the requisite number of Independent Directors to maintain the independence of the Board and to segregate the functions of governance and management.

At the end of the year, none of the Directors is a member of more than ten Board-level Committees or a Chairman of more than five such Committees, as required under Clause 49 of the Listing Agreement.

(B) No. of Board Meetings