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CONTINENTAL CONTROLS LIMITED

13th

ANNUAL REPORT

2007-2008

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

AUDITORS

D. Kothary & Co.
Chartered Accountants
Mumbai.

COMPANY SECRETARY

Sanjay Doshi

ADVOCATE

A.B. Shah & Co.
Mumbai.

BANKERS

Bank of India
HDFC Bank Ltd

REGISTERED OFFICE

Siddharth Industrial Estate, No. 2
Gala No. 1 Shailesh Udhyog 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,
38,printing House,
Behind Old Handloom House, Fort,
Mumbai 400 001.

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CONTINENTAL CONTROLS LIMITED**NOTICE**

THIRTEENTH ANNUAL GENERAL MEETING OF THE MEMBERS OF CONTINENTAL CONTROLS LIMITED WILL BE HELD AT 1.00 P.M. ON TUESDAY, 30TH SEPTEMBER, 2008, AT KRISHNA GARDENS, MALJIPADA OPP. CROWN PETROL PUMP, AHMEDABAD HIGHWAY, TALUKA VASAI DIST. THANE TO TRANSACT THE FOLLOWING BUSINESS :-

ORDINARY BUSINESS:

1. To receive, consider and adopt the Audited Balance Sheet as at 31st March, 2008, 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. Kannaiyalal S. Thakkar 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.

For and on behalf of the Board
Sd/-

Navin G. Thakkar
Chairman & Managing Director

Registered Office:

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

Place: Mumbai.

Date: September 01, 2008

NOTES :

1. The Register of Members and Share Transfer Book of the Company shall remain closed from **Friday, September 26, 2008 to Tuesday, September 30, 2008** (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.

For and on behalf of the Board of Directors
Sd/-

Navin G. Thakkar
Chairman & Managing Director

Place: Mumbai.

Date : September, 01 2008

CONTINENTAL CONTROLS LIMITED**DIRECTORS' REPORT**

The Members,

Your directors have pleasure in placing before you the 13th Annual Report of the Company along with the Audited Accounts for the year ended 31st March 2008:

FINANCIAL HIGHLIGHTS

	Rs. (in Lakhs)	Rs. (in Lakhs)
ACCOUNTING YEAR	2007-2008	2006-2007
Sales	205.96	280.09
Other Income	9.85	7.33
Profit before interest, depreciation and taxation	(19.3)	54.52
Interest	10.57	10.46
Depreciation	72.57	60.34
Provision for taxation (net)	5.54	10.64
Profit after tax	(107.00)	(26.93)
Profit and Loss Account balance B/f	28.74	57.66
Balance carried to the Balance Sheet	(78.25)	28.74

DIVIDEND

Since the Company has incurred loss during the Financial Year under review, your directors express their inability to recommend any dividend for the year.

OPERATIONS

During the year under review the Company's turnover has decreased from Rs. 28,009,209 /- to Rs. 20,596,019 . The Net loss Before tax is Rs.10,700,287/- against the last year loss of Rs. 2,693,588/-.

DEMERGER OF SOFTWARE SERVICES DIVISION

Your Company is demerging the loss-making Software Services Division into Quest Softech (India) Limited (QSIL), vide a Scheme of Arrangement which has been approved by the shareholders unanimously in the Court-convened meeting. The Petition for the approval of the Scheme is pending before the High Court and is expected to be cleared shortly. With effect from April 01, 2008, the business of Software Services would be conducted by the Quest Softech (India) Limited. After the necessary approvals, the holding of each of the shareholder in the Company would be reduced by half and equal number of shares would be allotted QSIL. Your directors believe that the demerger of the Software Services business in QSIL would turn the division into a profitable, the benefits of which can be enjoyed by the shareholders.

CURRENT OUTLOOK

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. Kannaiyalal S. Thakkar retire by rotation at the forthcoming Annual General Meeting and being eligible have offered themselves for re-appointment

LISTING ON THE STOCK EXCHANGES

The Company's shares are listed with The Bombay Stock Exchange Ltd. and the Company has paid the necessary listing fees for the Financial Year 2008-09.

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 elsewhere in this Annual Report.

CORPORATE GOVERNANCE

A separate report on Corporate Governance together with Certificate from Practising Company Secretary 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. 24,00,000/- per annum during the year under review, if employed for full year or more than Rs. 2,00,000/- 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 2008 :-

- 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, 2008.
- 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.
- 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

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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.150.45/- Lacs and utilized foreign exchange worth Rs.71.41/- Lacs.

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 our 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.

For and on behalf of the Board

Navin G.Thakkar
Chairman & Managing Director

Place : Mumbai.

Date : September, 1 2008

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.21.58 million as against the corresponding figure of Rs. 28.74 million.

The Company also maintained its export sales to Rs. 15.04 million as compared to the last year figures of Rs. 12.25 Million and the loss after tax has increases from RS.(2.69) million to RS. (10.70) million. The sales of the software has shown an downward trend and the same has fallen to Rs. 0.104 million as against last year figure of Rs. 1.70 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 2007-08.

Company's Philosophy on Code of Corporate Governance.

The Company believes that Corporate Governance envisages attainment of high level of transparency, accountability, fair .

CONTINENTAL CONTROLS LIMITED

and equal treatment of all shareholders, compliance with regulations, and sustainable value creation for all shareholders, ethical practices and integrity thereby assisting the top management of the Company in efficient conduct of its business.

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.

I. 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 highly 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 a Non-Executive Director, the Board comprises of the requisite number of Independent Directors to maintain the independence of the Board and to separate the functions of governance and management.

(B) No. of Board Meetings

The Board of Directors met 7 Times during the year under review. The meetings of the Board of Directors were held on various dates as follows:

April 30, 2007, July 30, 2007, August 28, 2007, October 12, 2007, October 31, 2007, January 31, 2008 and March 14, 2008. Detailed agenda notes and the information required the Company. The Directors Including Non-executive Directors actively participated in the Board Meetings.

Name of the Director	Designation	Category	No. of Board Meetings held during The year	No. of - Board Meetings attended during the Year	Attendance at last AGM Held on September 29, 2007
Shri Navin G. Thakkar	Managing Director	Promoter Executive Director	7	7	Yes
Shri Samir N. Thakkar	Whole Time Director	Promoter Executive Director	7	7	Yes
Shri Amit N. Thakkar	Whole Time Director	Promoter Executive Director	7	7	Yes
Shri Pradeep C. Gaglani	Director	Independent Non-Executive Director	7	7	Yes
Shri Harish S. Thakkar	Director	Independent Non-Executive Director	7	7	Yes
Shri Kannaiyalal S. Thakkar	Director	Independent Non-Executive Director	7	7	Yes

(C) Information to be made available to the Board:

Among others includes:

- Review of Annual operating plans of business, capital budgets, updates.
- Quarterly results of the Company and its operating divisions or business segments.
- Minutes of meeting of Audit Committee and other Committees.
- Information on recruitment and remuneration of senior Officers just below the Board level including appointment or removal of Chief Financial officer and the Company Secretary.
- Fatal or Serious accidents or dangerous occurrences.
- Any materially relevant default in financial obligations to and by the Company or substantial non-payment for goods sold by the Company.
- Details of any joint venture or Collaboration Agreement.
- Transactions that involve substantial payment towards goodwill, brand equity or intellectual property.
- Significant labour problems and their proposed solutions.

D) Secretarial Standards relating to the Meetings:

The Institute of Company Secretaries of India (ICSI) has established Secretarial Standards relating to the Meetings of the Board and Committees thereof and Annual General Meetings. At this stage, these are only recommendatory and are likely to become mandatory in due course. It is the intention of the Company to generally comply with these Standards.

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.

(E) DIRECTORS PROFILE

Brief resume of all the Directors, nature of their expertise in specific functional area and name of companies in which they hold directorship and membership/chairmanship of Board Committees are provided below:

Mr. Kannaiyalal S. Thakkar

Mr. Kannaiyalal S. Thakkar, age 59 expertise in specific functional areas. He has wide experience in control of production and administration. His qualification is S.S.C

Name of Director	Sitting Fees	Salary & Perquisites
	(Rs.)	(Rs.)
Shri Navin G. Thakkar	Nil	10,000/- p.m
Shri Samir N. Thakkar	Nil	-
Shri Amit N. Thakkar	Nil	15,000/- p.m
Shri Pradeep C. Gaglani	Nil	-
Shri Harish S. Thakkar	Nil	-
Shri Kannaiyalal S. Thakkar	Nil	-

II. AUDIT COMMITTEE

CONTINENTAL CONTROLS LIMITED

The Audit Committee comprises of 3 directors viz. Shri Harish S. Thakkar, Shri. Kanaiyalal S. Thakkar independent Non-Executive Directors and Shri Pradeep C. Gaglani elected as a Chairman of the Committee.

The Audit Committee met 5 times during the year under review. The meetings of the Board of Directors were held on various dates as follows:

April 30, 2007, July 30, 2007, August 28, 2007, October 31, 2007 and January 31, 2008. Detailed agenda notes and the information required to be given in terms of Business on the agenda were circulated in advance to all the members of the Audit Committee.

The role of the Audit Committee shall include the following:

- a. Oversight of the Company's financial reporting process and the disclosure of its financial information to ensure that the financial statement is correct, sufficient and credible.
- b. Recommending the appointment and removal of statutory auditor, fixation of audit fee and also approval for payment for any other services.
- c. Reviewing with management the annual financial statements before submission to the board, focusing primarily on:
 - Ø Any changes in accounting policies and practices.
 - Ø Major accounting entries based on exercise of judgment by management.
 - Ø Significant adjustments arising out of audit.
 - Ø The going concern assumption.
 - Ø Compliance with stock exchange and legal requirements concerning financial statements.
 - Ø Any related party transactions i.e. transactions of the company of material nature with promoters or the management, their subsidiaries or relatives etc. that may have potential conflict with the interests of company at large.
- d. Reviewing with the management, external and internal auditors, the adequacy of internal control systems.
- e. Reviewing the adequacy of internal audit function, including the structure of the internal audit department, staffing and seniority of the official heading the department, reporting structure coverage and frequency of internal audit.
- f. Discussion with internal auditors any significant findings and follow up thereon.
- g. Reviewing the findings of any internal investigations by the internal auditors into matters where there is suspected fraud or irregularity or a failure of internal control systems of a material nature and reporting the matter to the board.
- h. Discussion with external auditors' before the audit commences about nature and scope of audit as well as post-audit discussion to ascertain any area of concern.
- i. Reviewing the company's financial and risk

management policies.

- j. To look into the reasons for substantial defaults in the payment to the depositors, debenture holders, shareholders (in case of non-payment of declared dividends) and creditors.

III. SHARE TRANSFER CUM INVESTORS GRIEVANCE COMMITTEE

The Share transfer cum Investors Grievance Committee consists of 3 Directors. Shri Harish S. Thakkar, Shri. Kanaiyalal S. Thakkar and Shri Navin G Thakkar, Executive Director, is the Chairman of the Committee. No transfers were pending as on March 31, 2008. The Company received 7 (seven) complaints during the year under review and the same were resolved satisfactorily. No complaint was pending as on March 31, 2008.

The details of the last three Annual General Meetings held are as follows:

Year	Venue	Date	Time
2004-05	Krishna Garden, Maljipada Opp. Crown Petrol Pump, Ahemdabad Highway, Taluka Vasai (East) Distt. Thane	30.09.2005	2.30 p.m.
2005-06	Krishna Garden, Maljipada Opp. Crown Petrol Pump, Ahemdabad Highway, Taluka Vasai (East) Distt. Thane	30.09.2006	2.00 p.m.
2006-07	Krishna Garden, Maljipada Opp. Crown Petrol Pump, Ahemdabad Highway, Taluka Vasai (East) Distt. Thane	29.09.2007	2.30 p.m.

DISCLOSURES

- Disclosures on materially significant related party transactions i.e. transactions of the Company of material nature, with its Promoters, the Directors or the Management, their subsidiaries or relatives etc. that may have potential conflict with the interests of the Company at large. Details are given elsewhere in the Annual Report at para. 11 of the Notes to Accounts. (Schedule – 16)
- Details of non-compliance by the company, penalties, and strictures imposed on the Company by the Stock Exchanges or SEBI or any statutory authority, on any matter related to capital markets, during the last three years - NIL.
- Company has complied with all mandatory requirements of clause 49 of the listing Agreement in respect of Corporate Governance. The Company has not adopted a whistle blower policy, which is not a mandatory requirement as per the Listing Agreement.

MEANS OF COMMUNICATION

The quarterly / half-yearly/annual financial results are normally published in English and Marathi Newspapers viz. in Free Press Journal and Navshakti respectively. A Report on

CONTINENTAL CONTROLS LIMITED

Management Discussion and Analysis forms part of the Annual Report.

GENERAL SHAREHOLDER INFORMATION

A. Annual General Meeting

Day : Tuesday

Date : 30th September, 2008

Time : 1.00 P.M

Venue : Krishna Gardens, Maljipada Opp. Crown Petrol Pump Ahemdabad Highway, Taluka Vasai, Dist. Thane

B. Financial Calendar

Quarter	Period	Publications of Results
First	Apr-Jun	31st July, 2007
Second	Jul-Sep.	1st November, 2007
Third	Oct-Dec	1st February, 2008
Fourth	Jan-Mar	11th April, 2008

C. Dates of Book Closure : Friday 26th September, 2008 to Tuesday, 30th September, 2008 (Both days inclusive).

D. Dividend Payment Date : Not Applicable

E. Listing on Stock Exchanges : The Company's Equity Shares are listed on The Bombay Stock Exchange, Mumbai.

F. Stock Code : 531460 on the Stock Exchange, Mumbai.

G. ISIN Number for NSDL & CDSL : INE545 B 01014

H. Market Price Data : High & Low during each month in the last financial year (given below).

Month	High (Rs.)	Low (Rs.)	Volume (in lacs)
April 2007	2.65	2.26	1.07
May 2007	2.52	2.01	1.52
June 2007	2.56	1.97	1.43
July 2007	3.14	2.03	2.65
August 2007	4.33	2.27	3.80
September 2007	3.58	2.90	1.98
October 2007	3.45	2.73	1.69
November 2007	3.31	2.57	2.08
December 2007	5.40	2.80	5.79
January 2008	7.18	3.62	7.45
February 2008	4.16	2.98	0.77
March 2008	4.29	2.34	1.59

I. Registrars & Transfer Agent : Purva Share Registry (I) Private Limited 28-D, Police Court Lane, 33, Printing House, Behind Old Handloom House, Fort, Mumbai-400001 Phone No : 23010771 / 23018261

J. Share Transfer : All transfers received are processed by the Share Transfer Agents and Share Transfer Register is sent to the Company for approval. The Share

Transfer cum Investors / Shareholders' Grievance Committee comprising Directors considers and approves the same. Thereafter, the Share Transfer Agents carry out necessary endorsements on the share certificates and dispatch the same to the transferees.

Category	No. of Sh.holders	% of total Sh.holders	No. of Sh.held	% of Sh.holding
upto 5000	4096	67.09	10,438,460	11.80
5001 - 10000	1069	17.51	95,08,000	10.75
10001 - 20000	418	6.85	69,42,780	7.85
20001 - 30000	153	2.51	40,74,590	4.61
30001 - 40000	77	1.26	28,35,270	3.21
40001 - 50000	96	1.57	46,29,400	5.24
50001 - 100000	114	1.87	85,96,540	9.72
100001 & above	82	1.34	41,400,080	46.82
Total	6105	100.00	88,425,120	100.00