

CONTINENTAL PETROLEUMS LIMITED

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22nd

For Continental Petroleum Ltd.


Authorised Signatory

ANNUAL REPORT

2007-2008

CONTINENTAL PETROLEUMS LIMITED**22nd Annual Report****BOARD OF DIRECTORS**

Managing Director	: Shri M.L. Khandelwal
Director	: Shri G.D. Sethi Shri Ram Nath Karol Smt. Bhagwati Khandelwal
Banker	: The Bank Of Rajasthan Ltd.
Auditors	: M/s R.P. Khandelwal & Associates Chartered Accountants, Jaipur
Registered Office	: A-2, Opposite Udyog Bhawan Tilak Marg, C-Scheme, JAIPUR - 302 005 Phone : 0141-2222232 Fax : 0141-2221961 E-mail : conpetco@sancharnet.in conpetco@gmail.com
Factory Premises	: Plot No. A-166 & F-162-165, RIICO Indl. Area Behror - 302701, Rajasthan (India) Phone : 01494-220018
Registrar & Share Transfer Agent	: M/s Beetal Financial & Computer Services (P) Ltd. Beetal House, 3rd Floor, 99, Madangir, Behind Local Shopping Complex, Nr. Dada Harsukhdas Mandir New Delhi-110062 Ph. : 011-29961281 Fax : 011-29961284 Email : beetal@rediffmail.com

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CONTINENTAL PETROLEUMS LIMITED**22nd Annual Report****NOTICE OF THE 22nd ANNUAL GENERAL MEETING :**

Notice is hereby given that 22nd Annual General Meeting of Continental Petroleums Ltd. will be held on Wednesday, 24th September, 2008, at 1.00 P.M. at Registered Office of the Company, at A-2, Opposite Udyog Bhawan, Tilak Marg, C-Scheme, Jaipur to transact the following business :-

ORDINARY BUSINESS :

1. To receive, consider and adopt the Profit & Loss Account for the year ended 31st March, 2008 and the Balance Sheet as at that date together with the Report of Directors and Auditors thereon.
2. To appoint Director in place of Shri Ram Nath Karol, who retires by rotation and being eligible offers himself for re-appointment.
3. To appoint Auditors and fix their remuneration.

SPECIAL BUSINESS :

4. To consider and, if thought fit, to pass with or without modification, the following as Special Resolution:
"RESOLVED THAT pursuant to the provisions of section 269, 309 and 198 read with Schedule xiii and other applicable provisions, if any, of the Companies Act., 1956 the reappointment of Shri Madan Lal Khandelwal as Managing Director of the Company for a period of three years w.e.f. 1st may, 2008 be and is hereby approved on the terms and conditions setout in the explanatory statement annexed hereto which shall be deemed to form a part thereof, and in the event of inadequacy or absence of profit in any financial year, the remuneration comprising salary, perquisites, benefits and allowances as approved herein be paid as minimum remuneration to the said Managing Director."
5. To consider and, if thought fit, to pass with or without modification, the following as Special Resolution:
"Resolved that pursuant to the provisions of Section 314 of the Companies Act., 1956 and other provisions of Companies Act. 1956 if any, applicable read with Directors Relative (office of Place of profit) Rules, 2003 consent of Company is hereby accorded for payment of monthly remuneration not exceeding Rs.30000/- per month inclusive of all benefits, perks or allowances to Shri Vikrant Khandelwal, Dy. Chief Executive Officer Administration & Purchase of the Company."

Registered Office
A-2, Opp. Udyog Bhawan
Tilak Marg, C-Scheme, Jaipur

By order of Board

M.L. Khandelwal
Managing Director

Dated 30th June, 2008

NOTES :

1. A member entitled to attend and vote at the meeting is also entitled to appoint a proxy to attend and vote at the meeting and proxy need not be a member.
2. Proxy form be deposited at the Registered office of the company not later than 48 hours before the time fixed for the meeting.

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3. Explanatory statement pursuant to Section 173 (2) of the Companies Act, 1956 is annexed hereto for item number 4 & 5 of the notice.
4. Members are requested to intimate about any changes in their mailing address, dematerialisation of Share & physical transfer requests to registrar and Share Transfer agent of the Company, M/s Beetal Finance & Computer Services (P) Ltd. Beetal House, 3rd Floor, 99, Madangir, Behind Local Shopping Complex, Near Dada Harsukhdas Mandir, New Delhi-110 062.
5. The register of members and share transfer books of the company shall remain closed from 17th September, 2008 to 24th September, 2008 (both days) inclusive.

EXPLANATORY STATEMENT PURSUENT TO PROVISIONS OF SECTION 173(2) OF THE COMPANIES ACT, 1956

ITEM NO.4. Shri M.L. Khandelwal was appointed as Managing Director of the Company for five years. His tenure of appointment expire on 30th April, 2008. Reappointment of Shri M.L. Khandelwal has been already recommended by remuneration committee in its meeting held on 28th May, 2008. Shri M.L. Khandelwal is a technocrat having a post graduate degree in engineering from IIT, New Delhi. He has more than 35 years experience in the petroleum industry.

None of the Directors is interested except Smt. Bhagwati Khandelwal who is relative of Shri M. L. Khandelwal. His reappointment is proposed on the following terms and conditions :

1. Tenure of appointment : Three years w.e.f. 1st may 2008.
2. Salary : 40000/- per month.
3. Leave encashment : encashment of leave at the end of the tenure.
4. Gratuity : at a rate not exceeding half a month salary for each completed year of service. Shri M.L. Khandelwal is presently drawing a salary of Rs. 20000/- and other admissible perquisites.

ITEM NO. 5.

Shri Vikrant Khandelwal has been appointed as Dy. Chief Executive Officer Admn. and Purchase in the company by Board of Directors w.e.f. 1st July 2008. Shri Vikrant Khandelwal is graduate with post Graduate Diploma in Computer Science and also have a rich experience of about seven years in the industry. Board has considered that his services may be in the benefit of the company. It is proposed that he may be paid a salary not exceeding Rs. 30000/- per Month. This requires shareholders permission as per provisions of 314 of the companies Act, 1956 read with Director Relative (office place of profit) Rules 2003.

None of the Directors are interested in this Resolution except Shri M.L. Khandelwal, & Smt. Bhagwati Khandelwal, who are relatives of Shri Vikrant Khandelwal.

Regd. Office :

A-2, Opp.Udyog Bhawan

Tilak Marg, C-Scheme

JAIPUR-302 005

Dated : 30.06.2008

By Order of Board of Directors

M. L. Khandelwal

Managing Director

CONTINENTAL PETROLEUMS LIMITED**22nd Annual Report****DIRECTORS' REPORT**

Your Directors are pleased to present 22nd Annual Report together with Audited Statement of Accounts for the year ended 31st March' 2008.

FINANCIAL RESULTS

The Financial Results for the year under review are as follows :-

	(Rs. in lacs)	
	2007-2008	2006-2007
Sales	504.57	406.04
Other Income	82.51	74.19
Gross Profit Before Interest, Depreciation & Adjustments	60.40	47.80
Interest	6.19	4.37
Depreciation	21.09	20.50
Net Profit/ (Loss) before tax	33.12	22.93
Net Profit/ (Loss) after tax	36.77	26.93
Add : Balance of Profit / (Loss) Brought- forward from last year	(129.82)	(156.75)
	(93.05)	(129.82)

Balance carried forward to Balance Sheet

DIVIDEND

Your Directors have decided not to pay dividend for the year 2007-2008 due to heavy losses incurred in past years.

OPERATIONS

It is heartening to note that the company has achieved a higher turnover of Rs.504.57 lacs as against Rs. 406.04 lacs in the previous year, recording 24% increase. The income from hazardous waste disposal management activities has increased from Rs. 74.19 lacs to Rs. 82.51 as compared to previous year. The net profit was Rs. 36.77 lacs as compared to net profit of Rs. 26.93 lacs in the previous year. Both production and sales/income have registered a significant growth. Your Directors are confident that substantial amount of accumulated losses will be wiped out in the next financial year.

PROSPECTS

In view of the increased awareness and stringent pollution regulation towards environment protection our industries in India are adopting improved technologies and measures to reduce pollution. Therefore, your Directors have decided to concentrate more efforts towards growing business on hazardous waste management within the parameters of prevailing laws. The company expects attractive growth by the above business. The growth in sales of lubricating oils is also expected to continue. However, the abnormal rise in prices of base lubricating oils will be cause of concern in future.

DIRECTORS

Shri Ram Nath Karol retire by rotation and being eligible offers himself for re-appointment at forth coming Annual General Meeting. The term of appointment of Shri M.L. Khandeewal, Managing Director of the company expires on 30th April, 2008 and his re-appointment is recommended.

DIRECTOR's RESPONSIBILITY STATEMENT

Your Directors confirm :

1. That in the preparation of Annual Accounts applicable accounting standards have been followed.
2. That the Directors have selected such accounting policies and applied them consistently & made judgements 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 31st March'2008.

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3. That the Directors have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of Companies Act, 1956 for safeguarding the assets of the Company and for preventing and detecting fraud & other irregularities.
4. That the Directors have prepared the Annual Accounts on a going concern basis.

CONSERVATION

The Company takes appropriate measures from time to time for conservation of energy in the operation of the plant.

POWER & FUEL CONSUMPTION

	Unit	2007-2008	2006-2007
i) Electricity own generation by D.G. Set			
Unit	KWH	112922	110065
Unit per Ltr. of Diesel			
Oil		0.237	0.202
Cost/Unit	Rs.	7.89	6.81
ii) Fuel Oil(Diesel/LDO)			
Quantity	Ltr	26819	25188
Total Amount	Rs.	891751	768232
Average Rate/Unit	Rs.	33.25	30.50
iii) Consumption per Unit of production (Lubricating Oils)			
Fuel Oil	Ltr.	0.026	0.238

TECHNOLOGY ABSORPTION

The R & D Department of the Company is dedicated to develop enviro-friendly processes and introducing new formulations for lubricants from time to time.

FOREIGN EXCHANGE

During the year under review the income in foreign exchange as well as the expenditure was Rs.Nil

AUDITORS

M/S R.P. Khandelwal & Associates, Jaipur, Auditors of the Company retires at the ensuing Annual General Meeting, being eligible, offer themselves for re-appointment. The Directors have recommended their re-appointment.

EMPLOYEES

Information under Section 217(2A) of Companies Act, 1956 read with Companies (particulars of employees) Rule, 1975 as amended :—

None of the employees was in receipt of remuneration beyond the limits prescribed as per aforesaid rules.

ACKNOWLEDGMENT

Your Directors take this opportunity to place on record their grateful thanks for the support and assistance received by the Company from Central and State Government Authorities and Bankers. The Directors also place on record their appreciation to all employees of the Company for their good work.

Place : Jaipur
Dated : 30.06.2008

For and on behalf of the Board of
Directors

(Mrs. BHAGWATI KHANDELWAL)
Director

(M.L. KHANDELWAL)
Managing Director

CONTINENTAL PETROLEUMS LIMITED

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Auditor's Report

To The Share Holders :

We have audited the attached Balance-Sheet of M/s. Continental Petroleum Limited, Jaipur as at 31st March, 2008 and the Profit & Loss Account for the year ended on that date annexed and report that : -

"We conducted our Audit in accordance with Auditing Standards generally accepted in India. Those standard required that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining on test basis, evidence supporting the amount and disclosures in the financial statement. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion."

1. As required by the companies (Auditor's Report) order, 2003, dated 12th June, 2003 issued by the Central Government in terms of sub-section (4A) of section 227 of the Companies Act, 1956. We enclosed in the annexure a statement on the matter specified in paragraph 4 and 5 of the said order.
2. Further to our comments in the Annexure referred to in a paragraph 1 above :
 - a. 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.
 - b. Proper books of account as required by law have been kept by the company so far as it appears from our examination of the books.
 - c. The Balance Sheet and Profit & Loss Account referred to in this report are in agreement with the books of account.
 - d. During the course of audit we have not observed any adverse effect on the working of the company.
 - e. None of the Directors of the Company are disqualified for the appointment as Director under clause (g) of sub-section 1 of section 274(1) of the Companies Act., 1956.
 - f. In our opinion and to the best of our information and according to the explanation given to us the said account read with the notes thereon given the information required by the Companies Act., 1956 in the manner, so required and give a true and fair view :
 - (i) In the case of the Profit & Loss Account of the Profit for the year ended on that date.
 - (ii) In the case of the Balance Sheet of the state of affairs of the company as at 31st March, 2008.

For R.P. Khandelwal & Associates
Chartered Accountants

Place : Jaipur
Date : 30.06.2008

R. P. Khandelwal
Partner