

CONTINENTAL PETROLEUMS LIMITED

37TH ANNUAL REPORT

2022-2023

***Contol*TM**

Lubricants-Accelerating Performance

Automotive Oils | Industrial Oils | Greases | Speciality Oils

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CORPORATE INFORMATION

BOARD OF DIRECTORS

Mr. Madan Lal Khandelwal

(Chairman and Managing Director)

Mr. Ram Nath Karol

(Non-Executive Independent Director)

Mr. Vikrant Khandelwal

(Chief Financial officer and Executive director)

Mrs. Radhika Khandelwal

(Non-Executive Non-Independent Director)

Mr. Goverdhan Dass Sethi

(Non-Executive Independent Director)

Mr. Navneet Khandelwal

(Chief Executive Officer and Executive director)

Mrs. Rekha Sharma

(Non-Executive Independent Director)

Mr. Govind Sharan Khandelwal

(Non-Executive Independent Director)

Ms. Shefali Bidawatka

(Company Secretary and Compliance officer)

STATUTORY AUDITORS

R.P Khandelwal & Associates,
103,1st Floor Navjeevan Complex,
Station Road Jaipur-302001,

SECRETARIAL AUDITORS

CS Trishla Gupta, Practicing Company Secretary
5/1, Khandelwal Towers, Vidyadhar Nagar,
Sector-1, Jaipur, Rajasthan-302039

REGISTERED OFFICE

A-2, Tilak Marg, Opp Udyog Bhawan, C-Scheme, Jaipur, Rajasthan -302005

FACTORY PREMISES

Plot No. A-166 & F-162-165,
RIICO Indl. Area, Behror-
Rajasthan 301707

REGISTRAR & TRANSFER AGENT

Beetal Financial & Computer Services Pvt.
Ltd. Beetal House, 3rd Floor,
99, Madangir, Near Dada
Harsukhdas Mandir,
New Delhi, Delhi-110062
T:011-29961281/29961282

BANKERS

HDFC Bank Limited



CHAIRMAN'S WORDS

Dear Shareholders,

Greetings!!

I hope you & your loved ones are safe & healthy. It is a great pleasure to connect with you at the end of another eventful financial year 2022-23.

We are pleased to reflect upon the Company's performance in the challenging business environment during the last financial year. The volatile crude oil prices, unstable international supply chains, high currency fluctuations, various disruptions in the world order leading to inflationary trends, increase in competition were the obstacles faced. Despite these hurdle's your Company adopted various austerity measure & saved cost & drove cash flow to deliver healthy balance sheet.

As you are all aware that there is a transformation taking place in the Automotive Industry, the Four-wheeler&Two-wheeler vehicle segment are slowly moving to EV from the fossil fuels adversely impacting consumption. The Company was able to increase the bottom line with a higher PBT, OPM%. The Company registered improved profit margin by enhancing productivity levels, optimizing costs & improving product mix.

Your Company has also chalked out a plan to de-risk the business by reducing the reliance on a single sector i.e., Automotive & Industrial Sector by entering new segments such as import substitute solvents & chemicals, turn key projects etc. While trading is an opportunistic business with its own complexities, it helps in cost management through procurement efficiencies.

Your Company has secured LOI for its Turnkey Projects business, the Project is for Supply, Erection, Installation, Testing & Commissioning of material / equipment for the various activities of Development of Distribution Infrastructure at Dausa Circle of Jaipur DISCOM of Rajasthan state under RDSS (Revamped-based & Results-linked Distribution Sector Scheme) on turnkey against RFP JVVNL/RDSS/DAU/TN-531 for a total contract price amounting to Rs.180,79,23,047.00(Rs. One hundred eighty crores seventy-nine lacs twenty-three thousand forty-seven only).

The Company reported a resilient financial performance for the FY 2022-23.Despite a drop in the topline of your company the Net Profit Margin and Operating Margin has risen satisfactorily. EPS (Basic) for the FY 2022-23 is 7.09 (on a Face Value per/share Rs.5.00- Split Date 28th September 2020). We have expanded our customer base in the bulk sales, manufacturing segment through Industrial Lubricants which include Metalworking, Rubber Process Oils &specialty lubricants through a value selling approach.

Common Treatment Disposal /Incineration Facility (CTDF)has substantially contributed to the bottom line of Company. The "Clean and Green Policy" forms an integral part of the Company's culture & operations.

Through all these efforts we are committed to prepare your Company for the future and deliver sustainable value for our various stakeholders & shareholders. We extend our gratitude to B2B customers, distribution partners, suppliers, bankers and our supportive fraternity of shareholders for their continuous trust and support. We continue to rely on your whole - hearted support as we pledge to drive your company to a future with high performance and success.

I look forward to your continued trust confidence & support. I welcome you all to this virtual AGM.
With my best wishes.

Sd/-

Madan Lal Khandelwal

Chairman & Managing Director

DIN: 00414717

CORPORATE OVERVIEW

Vision

- **Performance Driven:** -To strive to deliver superior products in the most efficient & effective manner.
- **Simplicity & Humility:** -To maintain a friendly attitude with all stakeholders & follow the belief of building business by Trust, Reliability & Values on a long-term vision.

To be a leading Domestic & Global player in the field of Petroleum Specialty & Performance Products business grow by implementation of meaningful customer value proposition combined with innovative product development & technical solution. Enhancing our manufacturing infrastructure, marketing & sales research.

A. General Information about the Company

| QUESTION | FORMATION / REFERENCE SECTION |
|--|--|
| Corporate Identity Number(CIN) of the Company | L23201RJ1986PLC003704 |
| Name of the Company | Continental Petroleums Limited |
| Registered address | A-2, Opp. Udyog Bhawan, Tilak Marg, C-Scheme, Jaipur Rajasthan 302005 India |
| Website | www.contol.in |
| E-mail id | cs.conpetco@gmail.com |
| Financial Year reported | 1st April, 2022 to 31st March, 2023 |
| Sector(s) that the Company is engaged in | Production of Lubricating Oils, Greases, Specialty Oils, SBP-Solvents, Transformer Oils, Fuels & Other products from Petroleum or bitumen Minerals. Common Treatment & Disposal/Incineration Facility (CTDF) services. Project Services Rural Electrification. |
| List three key products/services that the Company manufactures/ provides (as in balance sheet) | Production of Lubricating Oils, Greases, Specialty Oils, SBP-Solvents, Transformer Oils, Fuels & Other products from Petroleum or bitumen Minerals. Common Treatment & Disposal/Incineration Facility (CTDF) services. Project Services Rural Electrification. |
| Markets served by the Company Local/State/National/International | National & International |

B. Financial Details of the Company

| QUESTION | INFORMATION/ REFERENCE SECTION (Rs. In Lacs) |
|--------------------------|--|
| Paid up Capital | 278.03 |
| Total Turnover | 9,835.53 |
| Total profit after taxes | 394.29 |

C. Other Details

| QUESTION | INFORMATION |
|--|-------------|
| Does the Company have any Subsidiary Company/Companies? | No |
| Do the Subsidiary Company/Companies participate in the BR Initiatives of the parent company? If yes, then indicate the number of such subsidiary company(s) | No |
| Do any other entity/entities(e.g., suppliers, distributors etc.) that the Company does business with, participate in the BR initiatives of the Company? If yes, then indicate the percentage of such entity/entities? [Less than 30%, 30-60%, More than 60%] | No |

D. Directors Information

| QUESTION | INFORMATION |
|---|---|
| <ul style="list-style-type: none"> Details of Directors of the Company | <ul style="list-style-type: none"> DIN Number–00414717 Name-Mr. Madan Lal Khandelwal Designation–Chairman and Managing Director |
| | <ul style="list-style-type: none"> DIN Number–00414678 Name-Mrs. Radhika Khandelwal Designation–Non-Executive Non-Independent Director |
| | <ul style="list-style-type: none"> DIN Number–00414741 Name-Mr. Ram Nath Karol Designation–Non-Executive Independent Director |
| | <ul style="list-style-type: none"> DIN Number–01216222 Name-Mr. Goverdhan Dass Sethi Designation– Non-Executive Independent Director |
| | <ul style="list-style-type: none"> DIN Number– 00414636 Name-Mr. Navneet Khandelwal Designation–Chief Executive Officer and Executive director |
| | <ul style="list-style-type: none"> DIN Number– 01914756 Name-Mr. Vikrant Khandelwal Designation–Chief Financial officer and Executive director |
| | <ul style="list-style-type: none"> DIN Number– 09260368 Name-Mrs. Rekha Sharma Designation– Non-Executive Independent Director |
| | <ul style="list-style-type: none"> DIN Number– 09519474 Name-Mr. Govind Sharan Khandelwal Designation– Non-Executive Independent Director |

E. Financial Summary

(Rs. Lac)

| Particulars | March | March | March | March | March |
|---------------|----------|-----------|----------|----------|----------|
| | 2023 | 2022 | 2021 | 2020 | 2019 |
| Revenue | 9835.10 | 12121.46 | 9967.13 | 4228.61 | 4933.05 |
| Other Income | 13.01 | 40.65 | 35.52 | 32.60 | 56.17 |
| Total Income | 9848.54 | 12162.12 | 10002.65 | 4261.21 | 4989.22 |
| Expenditure | -9097.70 | -11522.13 | -9580.80 | -3926.17 | -4645.28 |
| Interest | -129.01 | -116.18 | -80.23 | -114.50 | -204.18 |
| PBDT | 621.83 | 523.81 | 341.62 | 220.54 | 139.76 |
| Depreciation | -73.53 | -45.04 | -26.65 | -29.69 | -33.87 |
| PBT | 548.30 | 478.77 | 314.97 | 190.85 | 105.89 |
| Tax | -154.01 | -71.53 | -92.11 | -55.79 | -34.34 |
| Net Profit | 394.29 | 407.24 | 222.86 | 135.06 | 71.55 |
| Equity Shares | 55.60 | 55.60 | 55.60 | 27.80 | 27.80 |
| EPS | 7.09 | 7.32 | 4.01 | 4.86 | 2.57 |
| CEPS | 8.41 | 8.13 | 4.49 | 5.93 | 3.79 |
| OPM % | 7.62% | 4.31% | 3.42% | 5.18% | 2.80% |
| NPM % | 4.01% | 3.35% | 2.23% | 3.17% | 1.43% |

1. INDUSTRY STRUCTURE & DEVELOPMENT:

Continental Petroleums Limited (CPL) is one of the leading manufacturers of industrial lubricants in India and manufacturing wide range of premium quality lubricants for Automotive & Industrial Application, specialties and process oils etc. under the registered brand name of "CONTOL". This industry has much growth potential and is growing globally. The company is also engaged in Common Treatment Disposal / Incineration of hazardous waste viz. solid, Liquid and Aqueous received from various industries.

2. OVERVIEW:

The financial statements have been prepared in compliance with the requirements of the Companies Act, 2013 and made on a prudent and reasonable basis in order that the financial statements reflect a true and fair manner the form and substance of transactions and reasonably present our state of affairs and profit for the year.

3. OPPORTUNITIES AND THREATS:

The management believes that Government of India's efforts to improve economic growth in the Country by providing opportunities for start-ups and infrastructure development is giving hopes to entrepreneurs for exploring new opportunities. The Company is also looking to tap such opportunity at the right moment.

Any growing economy offers a host of opportunities. The challenge comes from the fact that competition also keeps increasing alongside and this is becoming all the more prominent with the continuous arrival of newer entrepreneurs in the market. While this is good for the larger population and the economy, it does put pressure on profitability of business. Not only newer entrepreneurs, technological advancement and the onset of on-line services have made it much easier to conduct businesses without too much need for supporting brick and mortar infrastructure. Not to mention that there is support from conducive government policies to anybody wanting to start a new business.

4. SEGMENT REPORTINGS

The Company is exclusively engaged in manufacturing of Lubricants and Greases and revenues are mainly derived from this activity. Accounting Standard 17 regarding Segment-wise Reporting issued by the Institute of Chartered Accountants of India and notified under the Companies (Accounting Standards) Rules, 2006 does not apply to your Company since revenues are derived from only one segment.

5. FINANCIAL PERFORMANCE WITH RESPECT TO OPERATIONAL PERFORMANCE

The overview of financial performance with respect to operational performance of the Company can be obtained from the various following ratio analysis:

- Debtor Turnover Ratio is 4.78 times
- Inventory Turnover Ratio is 11.29 times
- Interest Coverage Ratio is 5.25 times
- Current Ratio is 1.55 times
- Debt to Equity Ratio is 1.23 times

- Operating Profit Margin Ratio is 7.62 percentage
- Net Profit Margin Ratio is 4.01 percentage

6. RISKS AND CONCERNS:

Your Company is exposed to internal and external risks. The internal risks relate to the risks within the Company due to change in management, personnel and policies, lapses / inadequacy in existing infrastructure facilities, delinquencies on the part of employees, staff attrition, misfeasance etc. The external risks can be associated to those factors which are not within the control of the Company like change in interest rates, government regulations, competition from others operating in similar business etc.

7. INTERNAL CONTROL SYSTEM AND THEIR ADEQUACY:

Company has always focused on maintain a strong internal control system which is commensurate with our size and nature of business. The Company's internal controls are structure in a manner that ensure reasonable assurance with regard to maintaining of proper accounting controls, monitoring of operations, protecting assets from unauthorized use or losses, executing transactions with proper authorization and ensuring compliance of corporate policies, laws, accounting standards for ensuring reliability of financial reporting.

Company has documented procedures covering all financial and operating functions. Company has robust internal audit program, where the Internal Auditors, an independent firm of chartered accountants, conduct a risk-based audit with a view to not only test adherence to laid down policies and procedures but also to suggest improvements in processes and systems. Internal audit observations and recommendations are reported to the Audit Committee, which monitors the implementation of such recommendations. Suggestions for improvements are considered and the Audit Committee follows up on implementation of corrective actions. The Company also meets the Company's Statutory Auditors to ascertain, inter alia, their views on the adequacy of internal control systems and keeps the Board of Directors posted with its observations.

8. RISKMANAGEMENT:

Comprehensive risk management practices form an integral part of the operations of Company. With ups and downs, volatility and fluctuations in the business in which Company operates, is exposed to a slew of complex, variable risks and uncertainties in the normal course of business. Since such variations can cause deviations in the results from operations and affect our financial state, the focus on risk management is high. The rapid and continuous changes in the business environment have ensured that the organization becomes increasingly risk focused to achieve its strategic objectives. Company policies ensure timely identification, management and mitigation of relevant risks, such as credit risk, liquidity risk, interest rate risk, operational risk, reputational and regulatory risks etc., which help the Company move forward with vigor.

9. HUMAN RESOURCE:

The Company enjoys the services of human resources highly committed towards the growth of the Company. The Company ensures the health & safety requirements of all concerned at its sites as well as offices. There is a unity of purpose among all the employees of the Company.

10. HEALTH SAFETY AND ENVIRONMENT:

The management is aware of all the Health Safety and Environment issues that are relevant to the conduct of oil and gas operations. Hence enforces complete regard to the Health Safety and Environment and ensures all its personnel, contractors and others associated with the operations adhere to the Company's HSE policies and norms to ensure safe and environmentally friendly operations. Due to this, the Company has thus far been successful in conducting its operations safely.

11. CAUTIONARY STATEMENT:

Statements in this report on Management Discussion and Analysis describing the Company's objectives, projections, estimates, expectations or predictions may be "forward looking statements" within the meaning of applicable laws or regulations. These statements are based on certain assumptions and expectations of future events. Actual results could differ materially from those expressed or implied. Important factors that could make a difference to the Company's operations include economic conditions affecting global and domestic demand– supply, finished goods price in the domestic and overseas markets in which the Company operates, raw-materials cost and availability, changes in Government regulations, tax regimes, economic developments within or outside India and other factors such as litigation and industrial relations. The Company assumes no responsibility to publicly amend, modify or revise any forward-looking statements, on the basis of any subsequent developments, information or events.

For & on Behalf of Board of Directors
CONTINENTALPETROLEUMSLIMITED

Sd/-

Madan Lal Khandelwal
Chairman & Managing Director
DIN: 00414717

Date: 02/09/2023
Place: Jaipur