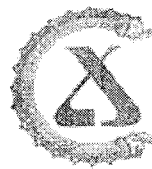


**21<sup>st</sup>**

**Annual Report**

**2005-2006**



**Continental Chemicals Ltd**

**DIRECTORS**

Mr. Naresh K Chibba  
Dr. Vishwanath  
Ms. Sunaina Chibba

Managing Director  
Director  
Director

**Audit Committee**

Mr. Naresh K Chibba  
Dr. Vishwanath  
Ms. Sunaina Chibba

Managing Director  
Director  
Director

**AUDITORS**

**M/s. Kansal & Associates**  
**Chartered Accountant**  
**New Delhi**

**BANKERS**

**INDIAN OVERSEAS BANK**  
**ICICI BANK**  
**CANARA BANK**

**REGISTERED OFFICE**

**A-7, Sector-7, Noida**  
**Dist. Gautam Buddh Nagar,**  
**U.P, INDIA**  
**Pin – 201 301,**

## NOTICE TO THE SHAREHOLDERS

Notice is hereby given that the 21<sup>st</sup> Annual General Meeting of the Company will be held on Wednesday, the 28th February 2007 at 9.30 A.M at the Registered Office of the company at A-7, Sector-VII, NOIDA, Gautam Buddh Nagar, Pin. 201 301 (U.P) to transact the following business:

### ORDINARY BUSINESS

1. To receive, consider and adopt the audited Balance Sheet as at 31st August 2006, and profit & Loss Account for the Year ended on the date the Report of Directors' and Auditors' there on.
2. To appoint a Director in place of Ms. Sunaina Chibba who retires by rotation and being eligible offers herself for re-appointment.
3. To appoint Auditors to hold office from the conclusion of this Annual General Meeting until the conclusion of the next Annual General Meeting and to fix their remuneration.

### SPECIAL BUSINESS

4. To consider and if thought fit to pass, with or without modification(s) , the following resolution as ordinary resolution:

"RESOLVED THAT pursuant to the applicable of the Securities and Exchange Board of India (Delisting of Securities) Guidelines,2003 (hereinafter referred to as the "Delisting Guidelines" and subject to the provisions of the Companies Act, 1956 [including any statutory modification(s) or re-enactments thereof for the time being in force] , the securities Contracts (Regulation) Act, 1956 and the Rules framed there under, Listing Agreements and all other applicable rules, regulations and guidelines and subject to the approval(s), consent(s), permission(s) or sanction(s) of the Securities and Exchange Board of India, Stock Exchanges where the shares of the Company are listed and other appropriate authorities, institutions or regulators as may be necessary and subject to such conditions and modifications, as may be prescribed or imposed by any authority while granting such approval(s), permission(s) and sanction(s), which may be agreed to by the Board of Directors of the Company (hereinafter referred to as 'the Board, which term shall be deemed to include any committee thereof constituted by the Board ) the consent of the Company be and is hereby accorded to the Board to delist the equity shares of the Company from the Stock exchange at New Delhi and Kanpur

**By Order of the Board of Directors**

**SD/-  
Dr. Vishwanath  
Director**

**SD/-  
NARESH K CHIBBA  
Managing Director**

**PLACE : NOIDA**  
**DATE : 8<sup>th</sup> January 2007**

### NOTES:

1. A member entitled to attend and vote is entitled to appoint a proxy to attend and vote instead of himself/herself and the proxy need not be a member. Proxy in order to be effective must be received by the Company at its registered office not less than 48 hours before the meeting. A blank form is enclosed.
2. Members are requested to bring their copies of the Annual Report with them at the meeting.
3. Members/Proxies are further requested to fill in the enclosed attendance slip and deposit the same at the registration table at the time of attending the meeting.
4. Members having any queries relating to the Annual Report are requested to send their questions to the Directors at the registered office of the Company at least 7 days before the date of Annual General Meeting.

5. Members holding shares under more than one folio are requested to send their Shares Certificate to the Registered Office of the Company for consolidation under one folio.
6. The Share Transfer Books, Members Register of the company shall remain closed from 26.02.2007 to 28.02.2007 ( Both days inclusive).

### EXPLANATORY STATEMENT

#### ITEM NO.4

The SEBI has issued the SEBI (Delisting of Securities) Guidelines,2003 (hereinafter to as Delisting Guidelines) incorporating, among others, provisions for delisting of Securities of a Body Corporate voluntary by promoter or an acquirer or any person from the Stock Exchanges.

Presently, the Company's equity shares are listed on the following three Stock Exchanges:

1. The stock Exchange, Mumbai
2. The U.P. Stock Exchange Association Ltd.
3. The Delhi Stock Exchange Association Limited

With the extensive net working of the Stock Exchange, Mumbai (BSE) and the extension of BSE terminals to other cities as well, investors have access to online dealings in the Company's equity shares across the country. The bulk of trading in the Company's equity shares in any case takes place on the BSE and the depth & liquidity of the trading in the Company's equity shares on all other Stock Exchanges are lower.

The Company's equity shares are one of the scrips which the SEBI has specified for settlement only in dematerialized form by all investors. It is also observed that listing fee paid to Stock Exchanges other than BSE is disproportionately high compared to the almost nil trading volumes of the Company's securities on those Stock Exchanges. The Company has proposed this resolution which will enable it to delist its equity shares at any time in future from all or any of the following Stock Exchanges:

1. The U.P. Stock Exchange Association Limited
2. The Delhi Stock Exchange Association Limited

The Company's Equity Shares will continue to be listed on the Stock Exchange, Mumbai after the proposed delisting.

Your Directors recommend the Special Resolution for members approval.

None of the Directors of the company is in any way concerned or interested in this resolution

SD/-  
Dr. Vishwanath  
Director

**By Order of the Board of Directors**  
SD/-  
**NARESH K CHIBBA**  
Managing Director

PLACE : NOIDA  
DATE : 8th January 2007

## DIRECTORS REPORT

Dear Shareholders,

Your Directors have pleasure in presenting the 21<sup>st</sup> Annual Report along with Audited Accounts of the Company for the year ended August 31,2006.

### 1. FINANCIAL RESULTS

<b>Particulars</b>	<b>31.8.2006</b>	<b>31.8.2005</b>
i. Income from Operations	34936714	738926
ii. Gross Profit/ (Loss)	33544599	(1419875)
iii. Financial Charges	18113	4434
iv. Depreciation	425593	536300
v. Net Profit/(Loss)	33119006	(1956175)

### 2. OPERATIONS

During the period under review the total income was Rs 34856714/- generated from other sources.

After providing for expenditure Rs.1392115/- & depreciation Rs. 425593/- the Company has incurred net Profit of Rs.8161094/-.

### 3. FUTURE PROSPECTS

The company has during the year continued its further development and marketing on its various products and the company hopes to do reasonably well in the year .

### 4. FIXED DEPOSITS

The Company has not accepted any deposit under section 58 A of the Companies Act. 1956.

### 5. INDUSTRIAL RELATIONS

The employee-employer relations remained cordial throughout the year.

### 6. DIRECTORS

(a) In accordance with the article of association of the Company at the forthcoming Annual General Meeting of the company Ms. Sunaina Chibba retires by rotation and being eligible offers herself for reappointment.

(b) All the Director of the company are member of the Audit committee of the Board of the company

### 7. RESPONSIBILITY STATEMENT

As required under section 217(2AA) of the companies Act 1956, your Directors confirm that in the preparation of the Annual accounts :-

- i) the applicable accounting standards have been followed along with proper explanation relating to material departures.
- ii) such accounting policies have been selected and applied consistently and reasonable and prudent judgements and estimates made , so as to give a true and fair view of the state of affairs of the company at the end of Financial Year and the Profit/Loss of the Company for that period.
- iii) Proper and sufficient care has been taken 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 frauds and other irregularities.
- iv) The annual accounts have been prepared as a going concern basis.

### 8. LISTING

The shares of the company are listed at Kanpur, New Delhi and Mumbai Stock Exchange . The Company has paid Listing fee to the stock exchanges till 2005-06. However as per resolution

passed at 19<sup>th</sup> AGM held on 28<sup>th</sup> February 2005 , delisting from UP stock exchange and Delhi Stock exchange is in under process and Share from Bombay Stock Exchange is suspended due to Demat process and the revocation of suspension is in due process.

**9. AUDITORS**

M/s. Kansal & Associates, Chartered Accountants, Auditors of the Company hold office until conclusion of the forthcoming annual General Meeting and are recommended for re-appointment.

**10. AUDITORS REPORT**

The observation made by the auditors in their report are explained in the respective notes to be accounts which are self-explanatory and do not call for further explanation.

**11. PERSONNEL**

Your Directors also place on record their appreciation of the all round co-operation & contributions made by the employees at all levels. The statement of Employees u/s 217 (2A) of the Companies Act, 1956 is not annexed since none of the employees falls in this category.

**12. CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION AND FOREIGN EXCHANGE EARNINGS AND OUTGO**

Information as per section 217(1)(e) read with companies ( disclosure of particular in the Report of Board of Directors ) Rules ,1988 in not being given since the company has suspended its manufacturing activities.

Particulars relating to Technology absorption is nil. Information relating to foreign exchange earnings or outgo during the year under review is provided in additional information.

**13. SECRETRIAL COMPLIANCE CERTIFICATE**

A copy of the compliance certificate obtained from a company secretary in practice , as required under section 383 A of the Companies Act 1956, is attached with this report.

**14. ACKNOWLEDGEMENTS**

Your directors also thank & acknowledge the co-operation, assistance and support extended by the Central Government, the State Government, the financial institutions, the Company's Bankers, the Shareholders and Staff of the Company.

**For and on behalf of Board of Director**

**Sd/  
Dr. Vishwanath  
Director**

**Sd/  
Naresh K Chibba  
Managing Director**

**Place: Noida**

**Date : 8<sup>th</sup> January 2007**

**ANNEXURE TO THE DIRECTOR'S REPORT**  
**COMPLIANCE CERTIFICATE**

To,  
 The Members,  
 Continental Chemicals Ltd.  
 A-7, Sector VII  
 Noida, 201301  
Gautam Buddh Nagar U.P.

I have examined the registers, records, books and papers of Continental Chemicals Ltd. (the Company) as required to be maintained under the Companies Act, 1956 (the Act) and the rules made thereunder and also provisions contained in the Memorandum and Articles of Association of the Company for the financial year ended on 31<sup>st</sup> August, 2006. In my opinion and to the best of my information and according to the examinations carried out by me and explanations furnished to me by the company, its officers and agents, I certify that in respect of the aforesaid financial year:-

1. The company has kept and maintained all registers as stated under, as per the provisions and the rules made there under and all entries therein have been duly recorded –

- i) Investment Register u/s 49/372/372A;
- ii) Register of Members u/s 150 & 151;
- iii) Register of Share Transfer u/s 108(1-A);
- iv) Books of Accounts u/s 209;
- v) Register of Contracts in which Directors are interested u/s 301;
- vi) Register of Directors, Managers, Secretaries & Treasures u/s 303;
- vii) Register of Directors Attendance under Regulation 71.
- viii) Register of Directors Share Holding U/s 307

2. The company has duly filed the forms and returns as stated under, with the Registrar of Companies within the time prescribed under the Act and the rules made thereunder –

- i) Annual Return u/s 159;
- ii) Annual Accounts U/s 220;
- iii) Secretarial Compliance Certificate
- iv) Form No. 32
- v) Form No. 29

3. The Board of Directors of the Company duly met on following dates

**Date of Meetings of Board**

31.08.2005	30.12.2005	31.01.06
30.04.06	31.08.06	30.11.06
30.12.06		

4. The Company has closed its Register of Members from 26.02.2006 to 28.02.2006 (both days inclusive) in accordance with Section 154 of the Act .
5. The Annual General Meeting for the financial year ended on 31.8.2005 was held in time on 28.2.2006 and due notice was given and resolutions passed thereat duly recorded in the Minutes Book.
6. No extraordinary meeting was held during the financial year.
7. The Company has not advanced any loan to its directors and/or persons or firms or companies referred in Section 295 of the Act.
8. The Company has entered into contracts covered under the provisions of Section 297 of the Act for which due action have been taken.
9. The Company has complied with the requirements of Section 301 of the Act.
10. The Company has timely transferred / transmitted it shares received during the year.

11. No change has taken place in the composition of Board of Directors during the year.
12. There is no appointment of any Managing Director / Whole-time Director/Manager during the year.
13. The Company has not issued shares/debentures/other securities during the financial year.
14. The Company has not taken deposits under the provisions of Section 58A and 58AA of Companies Act.
15. The loans taken by the company is within limits prescribed under Section 293(1) (d) of the companies Act , 1956 during the Financial Year
16. No alteration has been made in the Memorandum and Articles of Association during the year.
17. No show cause notice has been received from the Registrar of Companies during the year.
18. No amount has been received as security from its employees during the year,
19. Provident Fund is applicable to the company and the deduction and deposits have generally been made in time.

**Place: Noida**  
Date: 8th January 2007

**Sd/-**

**B.S. Goyal**  
**C.P. No.2915**



## AUDITORS' REPORT

### To the Members of Continental Chemicals Limited

We have audited the attached Balance Sheet of CONTINENTAL CHEMICALS LIMITED ("the Company") as at August 31<sup>st</sup>, 2006 and the relative profit & loss account of the Company for the year ended on that date annexed thereto. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in India. These standards require 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 a test basis, evidence supporting the amounts and disclosures in the financial statements. 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.

As required by the Companies (Auditor's Report) Order, 2003 issued by the Central Government in terms of sub-section (4A) of section 227 of the Companies Act, 1956 ("the Act") we give in the Annexure, a statement on the matters specified in paragraphs 4 and 5 of the said Order.

Further to our comments in the Annexure referred to above, we report that:

- (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) In our opinion, proper books of account as required by law have been kept by the Company so far as appears from our examination of the books;
- (c) The balance sheet and profit and loss account dealt with by this report are in agreement with the books of account;
- (d) In our opinion, for preparation of accounts of the Company for the year ended August 31<sup>st</sup> 2006 the Accounting Standards referred to in sub-Section (3C) of Section 211 of the Companies Act, 1956 have been complied with;
- (e) On the basis of the written declarations received from the directors and taken on record by the board of directors, we report that none of the directors was disqualified as at August 31<sup>st</sup> 2006 from being appointed as a director in terms of clause(g) of sub - section (1) of section 274 of the Act;
- (f) In our opinion, and to the best of our information and according to the explanations given to us, the said accounts read with the notes thereon, give the information required by the Act, in the manner so required and give a true and fair view;
  - (i) in the case of Balance sheet, of the Company' state of affairs as at August 31<sup>st</sup> 2006; and
  - (ii) in the case of the profit & loss account, of the profit for the year ended on that date.

**for Kansal & Associates**  
**Chartered Accountants**

**(CA. Deepak Kansal)**  
**Partner**  
**M.No. 095898**  
 Place: Delhi  
 Date: 8<sup>th</sup> January 2007

**ANNEXURE TO THE AUDITORS' REPORT**

**Statement referred to in paragraph 3 of our report of even date to the members of Continental Chemicals Limited on the accounts for the year ended August 31, 2006. We Report that:**

- (i) (a) The company has maintained proper records showing full particulars including quantitative details and situations of the fixed assets.
- (b) The Company has a phased programme of physical verification of its fixed assets which in our opinion, is reasonable having regard to the size of the Company and nature of its assets. In accordance with such programme, the management during the year has physically verified all the fixed assets and no material discrepancies were noticed on such verification.
- (c) During this year, the company has disposed of a land & Building. Based on the information and explanation given by the management and on the basis of audit procedures performed by us, we are of the opinion that the sale of the said part of land and building has not affected the going concern.
- (ii) (a) As the company has not purchased/sold goods during the year nor is there any opening stocks, requirement of reporting on physical verification of stocks or maintenance of inventory records, in our opinion, does not arise.
- iii) The Company has not granted or taken loan from Companies covered in the register maintained under section 301 of the Companies Act, 1956.
- iv) In our opinion, and according to the information and explanations given to us, there are adequate internal control procedures commensurate with the size of the Company and nature of its business for purchase of fixed assets, inventory and with regard to the sale of goods. During the course of our Audit, we have not observed any continuing failure to correct major weakness in internal controls.
- v) (a) According to the information and explanations given to us, we are of the opinion that the transactions that need to be entered in to the register maintained under section 301 of the Companies Act, 1956 have been so entered.
- (b) In our opinion and according to the information and explanation given to us, the transactions made in pursuance of contracts or arrangements entered in to the register maintained under section 301 of the Companies Act, 1956 and exceeding the value of Rs. Five lacs have been made at the prices which are reasonable having regard to prevailing market prices at the relevant time.
- vi) Based on our scrutiny of the company's records and according to the information and explanations provided by the management, in our opinion, the company has not accepted any loans or deposits which are 'deposits' within the meaning of Rule 2(b) of the Companies (Acceptance of Deposit's) Rules, 1975.
- vii) The company has Internal Audit System commensurate with its size and nature of its business.
- viii) In terms of clause (d) of subsection (1) of the section 209 of the Companies Act, 1956 the Central Government has not prescribed maintenance of cost records by the company.
- ix) (a) According to the information and explanations given to us, and to the best of our knowledge the Company has been regular in depositing with appropriate authorities undisputed statutory dues including Income-tax, Wealth Tax, Sales Tax, Custom Duty and Excise Duty and any other statutory dues applicable to it.
- (b) According to the information and explanations given to us, and to the best of our knowledge the Company has no undisputed amounts payable in respect of Income-tax, Wealth Tax, Sales Tax, Custom Duty and Excise Duty which have remained outstanding as at 31st August, 2006, for a period exceeding six months from the date they become payable.

- (c) According to the information and explanations given to us, there are no dues of sales tax, income tax, Custom Duty, wealth tax, cess and Excise Duty, which have not been deposited on account of any dispute.
- x) The accumulated losses of the company are not more than fifty percent of its net worth. The company has not incurred any cash losses during the financial year covered by our audit and the company has incurred cash losses during the immediately preceding financial year.
- xi) In our opinion and according to the information and explanation given to us, The Company has not defaulted in repayment of dues to a financial institution, bank or debenture holders.
- xii) The Company has not granted any loans and advances on the basis of security by way of pledge of shares, debentures and other securities.
- xiii) The special statutes applicable to Chit Fund, Nidhi or Mutual Benefit Society are not applicable to the Company.
- xiv) The Company has not dealt in or traded in shares, securities, debentures or other investments. The Company in its own name holds the Shares and debentures acquired by the Company by way of investment.
- xv) According to the records of the company and the information and explanations provided by the management, the company has not given any guarantee for loans taken by others from Bank or Financial Institutions.
- xvi) According to the records of the company, the company has not obtained any term loans. Hence, comments under the clause are not called for.
- xvii) According to the information and explanations given to us and on overall examination of the Balance Sheet of the Company, we report that the no funds raised on short – term basis have been used for long term investment. No long-term funds have been used to finance short term assets except permanent working capital.
- xviii) The Company has not made any preferential allotment of shares to the parties and the Companies covered under section 301 of the Companies Act.
- xix) The Company has not issued debentures during the year.
- xx) The company has not raised any money by public issues during the year.
- xxi) According to the information and explanations given to us, no fraud on or by the Company has been noticed or reported during the year.

**for Kansal & Associates**  
**Chartered Accountants**

**(CA. Deepak Kansal)**  
**Partner**  
**M.No. 095898**

**Place: Delhi**  
**Dated: 8th January 2007**

**BALANCE SHEET AS ON 31ST AUGUST 2006**

<b>SOURCE OF FUNDS</b>	<b>Schedule</b>	<b>Y.E. 31/8/2006</b>	<b>Y.E. 31/8/2005</b>
(1) SHARE HOLDER'S FUNDS			
(a) Share Capital	I	9945500	9945500
(b) Reserve & Surplus	II	8559412	398318
		<b>18504912</b>	<b>10343818</b>
<b>TOTAL FUNDS EMPLOYED</b>			
<b>APPLICATION OF FUNDS</b>			
<b>Fixed Assets</b>	III		
Gross Block		11020808	13572434
Less :Accuml. Depreciation		7098409	7684376
<b>NET BLOCK</b>		<b>3922399</b>	<b>5888058</b>
<b>Current Assets, Loans &amp; Advances</b>	IV		
(a) Sundry Debtors		80000	0
(b) Cash and Bank Bal.		25571790	143011
(c) Loans & Advances		2157945	25000
(d) Other Current Assets		1323563	1221180
		<b>29133298</b>	<b>1389191</b>
		<b>33055697</b>	<b>7277249</b>
Less : Current Liabilities & Provisions	V	<b>15824786</b>	<b>17559737</b>
<b>NET ASSETS</b>		<b>17230911</b>	<b>(10282488)</b>
<b>MISC. EXPENDITURE</b>			
Profit & Loss A/c		0	19227177
Differed Tax Assets	VI	1274001	1399129
<b>TOTAL FUNDS UTILISED</b>		<b>18504912</b>	<b>10343818</b>

Additional information

Notes to Accounts

AS PER REPORT OF EVEN DATE ATTACHED

FOR KANSAL & ASSOCIATES  
CHARTERED ACCOUNTANTSSd/-  
**CA. DEEPAK KANSAL**  
PARTNERSd/-  
**NARESH K. CHIBBA**  
DIRECTORSd/-  
**DR. VISHWANATH**  
DIRECTOR

For and on behalf of the Board

Sd/-  
**S. L. DAS**  
CONTROLLER OF ACCOUNTS

PLACE : NOIDA

**DATE : 8th** January 2007

**PROFIT & LOSS A/C FOR THE YEAR ENDED 31<sup>ST</sup> AUGUST 2006**

<b>INCOME</b>	<b>Schedule</b>	<b>Y.E. 31.8.2006</b>	<b>Y.E. 31.8.2005</b>
Sales (Software)		80000	---
Other Income	VII	34856714	738926
		<b>34936714</b>	<b>738926</b>
<b>EXPENDITURE</b>			
Software Development expenses	VIII	3569	15923
Employee Cost	IX	190602	183692
Administrative Expenses	X	1157236	1850398
Selling & Distribution Expenses	XI	22595	104354
Finance		18113	4434
		<b>1392115</b>	<b>2158801</b>
Profit / (Loss) before Depreciation		33544599	(1419875)
Depreciation		425593	536300
Profit/(Loss) Before Taxation		33119006	(1956175)
Profit / (Loss) brought forward		(19227177)	(17140731)
Deferred Tax Assets		(125128)	(130271)
Provision for Income tax (Capital Gain)		5605607	--
Profit / ( Loss) Carried forward to the Balance Sheet		<b>8161094</b>	<b>(19227177)</b>
Additional Information	XIII		
Notes to Accounts	XIV		

AS PER REPORT OF EVEN DATE ATTACHED

FOR **KANSAL & ASSOCIATES**  
CHARTERED ACCOUNTANTS

Sd/-  
**NARESH K. CHIBBA**  
DIRECTOR

For and on behalf of the Board  
Sd/-  
**S. L. DAS**  
CONTROLLER OF ACCOUNTS

Sd/-  
**DEEPAK KANSAL**  
PARTNER

Sd/-  
**DR. VISHWANATH**  
DIRECTOR

PLACE : NOIDA  
**DATE : 8<sup>th</sup> January 2007**

**(SCHEDULE TO ANNUAL ACCOUNTS FOR 2005-2006)**

<b>SCHEDULE TO BALANCE SHEET</b>			<b>As at,31.8.2006</b>	<b>As at 31.8.2005</b>
<b>1. SHARE CAPITAL</b>				
AUTHORISED	30,00,000	Equity Shares of Rs.10/- each	30000000	30000000
ISSUED	9,99,000	Equity Shares of Rs.10/- each	9990000	9990000
Subscribed	9,99,000	Equity Shares of Rs.10/- each	9990000	9990000
Less : Calls in Arrears	4450		44500	44500
			<b>9945500</b>	<b>9945500</b>
<b>II. RESERVE &amp; SURPLUS</b>				
Invest allowance reserve B/F			398318	398318
Debit Balance of P&L Account			(19227177)	(17140731)
Profit for the year			27388271	
			<b>8559412</b>	<b>398318</b>

## III. FIXED ASSETS

S. No.	PARTICULARS	GROSS BLOCK			DEPRECIATION			NET BLOCK			
		AS ON 1.9.2005	ADDITIONS DURING THE YEARS	ADJUST DURING THE YEARS	TOTAL COST AS ON 31.8.2006	AS ON 1.9.2005	FOR THE YEAR	ADJUST DURING THE YEARS	AS ON 31.8.2006	AS ON 31.8.2006	AS ON 31.8.2005
1	LEASE HOLD LAND	2362771	-	1006504	1356267	--	--	0	1356267	2362771	
2	BUILDING	4434739	48878	1594000	2889617	2329755	96513	1011560	1414708	1474909	2104984
3	PLANT & MACHINERY	3406068	--	--	3406068	2504710	161788	--	2666498	739570	901358
4	FURNITURE & FIXTURE	283545	--	--	283545	186857	17664	--	204521	79024	96688
5	VEHICLES	689633	--	--	689633	552922	65515	--	618437	71196	136711
6	OFFICE EQUIPMENTS	731997	--	--	731997	496469	51752	--	548221	183776	235528
7	ELECTRICAL FITTING & EQUIPMENTS	457716	--	--	457716	407698	32361	--	440059	17657	50018
8	LABORATORY EQUIPMENTS	108467	--	--	108467	108467	0	--	108467	0	0
9	COMPUTER	1097498	-	--	1097498	1097498	0	--	1097498	0	0
TOTAL		13572434	48878	2600504	11020808	7684376	425593	1011560	7098409	3922399	5888058
PREVIOUS YEAR		13572434	0	0	13572434	7148076	536300		77684376	5888058	6424358

NOTE : Depreciation during the year has been calculated at the rates prescribed under schedule XIV of Companies Act, 1956 on straight line method.

**IV . CURRENT ASSETS LOANS & ADVANCES**

	<u>As at 31.8.2006</u>	<u>As at 31.8.2005</u>
<b>CURRENT ASSETS</b>		
Sundry Debtors:	80000	0
	<b>80000</b>	<b>0</b>
<b>Cash &amp; Bank Balances :</b>		
Cash - in - Hand	14844	116507
Balance with scheduled banks in C.A.	556946	26504
Fixed Deposits	25000000	0
	<b>25571790</b>	<b>143011</b>
<b>Loans &amp; Advances :</b>		
Advances recoverable in cash or in Kind or for value to be received	<b>2157945</b>	<b>25000</b>
<b>Other Current Assets :</b>		
Security deposits	159043	159043
Refund due from Excise Authorities	1062137	1062137
TDS refund on FDR interest	102383	0
	<b>1323563</b>	<b>1221180</b>
	<b>29133298</b>	<b>1389191</b>

**V . CURRENT LIABILITIES & PROVISIONS**

<b>A)</b>		
Sundry Creditors	7290261	8643905
Advances & Deposits from Customers	7604450	7604450
Other Liabilities	673420	656650
Advance for security	200000	0
<b>B) Provision for Expenses</b>		
Provision for FBT	30837	10000
	<b>15824786</b>	<b>17559737</b>

**VI . DEFERRED TAX ASSETS**

Opening Balance	1399129	1529400
<b>Add/(Less)</b>		
Net Deferred Tax Assets created for Timing Differences during the year	(125128)	(130271)
	<b>1274001</b>	<b>1399129</b>

**VII . OTHER INCOME**

<b>Other Income</b>		
Sundry Balance W/ Off	150477	13750
Bad Debts recovered	0	493312
Excise Duty Refund	0	94195
Misc. Income	35878	137669
Income from Sale of Land and Building	34211056	0
Interest on FDR	459303	0
	<b>34856714</b>	<b>738926</b>



	<u>As at 31.8.2006</u>	<u>As at 31.8.2005</u>
<b>VIII. MANUFACTURING /SOFTWARE DEVELOPMENT CHARGES</b>		
Electrical R & M	0	2145
Generator R/M	3569	13778
	<u>3569</u>	<u>15923</u>

**IX . EMPLOYEE EXPENSES**

Salaries	114200	118255
PF & FPF Contribution	11308	12051
ESI Contribution	1710	1837
H. R. A.	45600	25342
Others		
PF - Link Insurance	492	501
Adm. Charges A/C 2	1080	1101
Adm. Charges A/C 22	<u>24</u>	<u>26</u>
	1596	1628
Bonus	2200	7048
Gas Electricity & water Expenses	0	10406
Leave Encasement	1060	--
Gratuity	12928	7125
	<u>190602</u>	<u>183692</u>

**X. ADMINISTRATIVE EXPENSES**

	Year ended 31.8.2006 (Rs.)	Year ended 31.8.2005 (Rs.)
Bank Charges	6045	18419
News paper, Books & Periodicals	0	129
Travelling & Conveyance	313213	865311
Directors Sitting Fees	13500	13500
Electrical Expenses	112558	110288
Insurance Charges	0	22758
Security Expenses	86138	82534
Legal Charges, Professional & Consultancy Charges	99511	56825
Vehicle Expenses R&M	7428	9665
Office & General R & M	57767	9161
Printing & Stationary	719	5218
Postage ,Telegram & Telephone	26926	214789
Rent	0	4800
Audit Fees	42775	24020
Miscellaneous Expenses	246786	179924
Communication Charges	17685	68602
Office expenses	11333	15097
Water Charge	3175	13001
Rate & Tax	0	8304
AGM Expenses	41100	37600
Listing Fee	37000	10000
Computer R & M	12700	70453
Fringe Benefit Tax	20837	10000
	<b>1157236</b>	<b>1850398</b>

**XI SELLING & DISTRIBUTION EXPENSES**

Advertisement & Publicity	22595	43713
Business Promotion	0	60641
	<b>22595</b>	<b>104354</b>

**XII. FINANCE & INTEREST CHARGES**

Interest	11129	4434
Financial Charges	6984	
	<b>18113</b>	<b>4434</b>

Year ending 31st August, 2006

**XIII. ADDITIONAL INFORMATION PURSUANT TO SCHEDULE VI OF COMPANIES ACT 1956**

A)	CAPACITY:		
	LICENSED :	THE PRODUCTS OF THE COMPANY BEING NON SCHEDULED ITEM NO INDUSTRIAL LICENCE IS APPLICABLE : * INCLUDES TEXTILE AUXILIARIES	
	INSTALLED :	DETERGENT POWDER	16000 MT.
		DETERGENT CAKE	20000 MT.
		SOAP	7000 MT.
B)	Earning in Foreign Currency	--	---
C)	Expenditure in Foreign Currency	---	421626
D)	Managing Director's Remuneration		
	Salary	90000	90000
	House Rent Allowance	36000	36000
	Other Benefits	9000	9000
		<u>135000</u>	<u>135000</u>
E)	Payments to Statuary Auditors		
	Audit Fee	14000	11020
	For out of Pocket expenses	2275	2980
		<u>16275</u>	<u>14000</u>

AS PER REPORT OF EVEN DATE ATTACHED

FOR KANSAL & ASSOCIATES  
CHARTERED ACCOUNTANTSSd/-  
**NARESH K. CHIBBA**  
DIRECTORFor and on behalf of the Board  
Sd/-  
**S. L. DAS**  
CONTROLLER OF ACCOUNTSSd/-  
**CA. DEEPAK KANSAL**  
PARTNERSd/-  
**DR. VISHWANATH**  
DIRECTORPLACE : NOIDA  
DATE : 8th January 2007

**SCHEDULE -XIV****NOTES TO ACCOUNTS**

(Forms integral part of the Balance Sheet and Profit & Loss Account for the year ended 31/08/2006)

The company is engaged in the business of development of computer software and other related services. The production and sale of such software is not capable of being expressed in any generic unit and hence it is not possible to give the quantitative details of sales and the information as required under paragraphs 3,4C and 4D of Part II of Schedule VI of the Companies Act, 1956.

**A) BASIS OF PREPARATION**

The Financial statements are prepared under the historical cost convention on the accruals basis of accounting and comply with the mandatory accounting standards and statements issued by the Institute of Chartered Accountants of India.

B) The Managing Director's remuneration has been provided only at the minimum remuneration as per the Companies Act. 1956.

C) The current year figures in the Balance Sheet and Profit & Loss Account include figures of the Branch Office Assets and Liabilities income and expenses and then charged at the then prevailing rate of Foreign Exchange and merged into the respective heads in the Balance Sheet.

Sales made to clients outside India and realizations deposited into foreign currency bank accounts are accounted for on the basis of the exchange rate as on the date of the transaction. Adjustments are made for any variations in the sale proceeds on conversion into Indian currency upon actual receipt. Expenditure in foreign currency is accounted at the exchange rate prevalent when such expenditure is incurred. Disbursements made out of foreign currency bank account are reported at a rate that approximates the actual monthly rate. Fixed assets purchased at overseas offices are accounted for on the basis of the actual cost incurred at the exchange rate prevalent at the time of purchase. Depreciation is charged as per company policy. Exchange differences arising on foreign currency transactions are recognized as income or expense in the year in which they arise.

Current assets and current liabilities denominated in foreign currency are translated at the exchange rate prevalent at the date of the balance sheet. The resulting difference is accounted for in the profit and loss account.

D) The Company's refund claims for refund due under The Excise Act amounting to Rs. 1062137/- (Previous years Rs. 1062137/- are pending with excise authorities at various levels. The said amount has been included in other current assets.

E) Claims against the company not acknowledge as debt are as under:-

i) In respect of electricity charges Rs. 1210595.90 (Previous year Rs. 1210595.90)

**F) EARNING PER SHARE**

(i) Earning per share of the company has been calculated considering the Profit (Loss) after Taxation of Rs. 273882716/- (Previous year Rs. (1956175/-) are the numerator,

(ii) The weighted average number of equity shares used as denominator is 994550

(iii) The nominal value of share is Rs. 9945500/- .The basic and diluted EPS for the year on the above mentioned basis comes to Rs.27.54 Previous year (Rs. 1.96)

G) Electricity charges paid Rs.67097/- was under protest and the matter of refund of the said amount is still pending with the court.

H) Balance confirmation from sundry debtors, Loans & Advances, Sundry Creditors, Advances and Deposits from Customers have not been obtained.

I) Provision has been made on account of Rs. 125307/- (previous year -129705/-) in respect of gratuity for the amount due to employees who have completed service for Five years.

J) Research & Development Expenses charged to Profit & Loss Account during the year 2005-2006 is Nil and Previous year nil.

K) **DEFERRED TAXATION**

(i) Based on Accounting standard on accounting for Taxes on income (AS- 22) with effect from 1.4.2001 the commutative deferred tax assets of Rs.1399129/- as at 31.8.2005 has been recognised by the company . Also the deferred tax assets of Rs. (125128/-) for the year ended 31.8.2006 has been adjusted .

(ii) In the opinion of the management , there is sufficient certainty regarding the future utilization of deferred tax Assets. The deferred tax benefit on other unutilised tax losses has not been recognised in view of the attached uncertainties.

L) **SEGMENTAL INFORMATION (GEOGRAPHICAL SEGMENTS)**

Particulars	Within India	Outside India	Total Revenue
(i) Segment Revenue	34936714/-		34936714/-
(ii) Segment Assets	18488016/-	16896/-	18504912/-

M) Pursuant to AS-18 on Related Party Disclosure issued by I C A I , the relevant disclosure is part of the Balance Sheet as at 31/08/2006.

S.No	Particulars	Description of Relationship	Nature of Transactions				
			Intt. Exp	Intt. Income	Value of Services Rendered	Value of Services Received	Net outstanding payable
1.	Interads Adv. P. Ltd	Share Holder	Nil	nil	nil	18033	487186

N) Previous year figures have been regrouped and rearranged wherever necessary.

AS PER REPORT OF EVEN DATE ATTACHED

For and on behalf of the Board

**FOR KANSAL & ASSOCIATES  
CHARTERED ACCOUNTANTS**

**Sd/  
NARESH K CHIBBA  
DIRECTOR**

**Sd/  
CA. DEEPAK KANSAL  
PARTNER**

**Sd/  
DR. VISHWANATH  
DIRECTOR**

**Sd/  
S.L.DAS  
CONTROLLER OF ACCOUNTS**

**PLACE : NOIDA**

**DATE : 8th January 2007**

**CASH FLOW STATEMENT FOR THE PERIOD ENDING 31.08.2006**

<b>A</b>	<b>Cash Flow from Operating Activities</b>	<b>Year Ended 31/08/2006</b>	<b>Year Ended 31/08/2005</b>
	Net Profit/(Loss) Before Tax	33119006	(1956175)
	Adjustment for :-		
	Income from Sale of Land & Building	(34211056)	536300
	Interest on FDR	(459303)	
	Depreciation	(425593)	--
	Interest Paid	11129	4434
		<u>(1114631)</u>	<u>(1415441)</u>
	<b>Operating Profit before working capital Charges</b>		
	Adjustment for :-		
	Changes in Sundry Debtors	(80000)	81250
	Changes in Loans & advances	(2132945)	--
	Changes in Other Current Assets	(102383)	7432
	Changes in current Liability & Provisions	(1734951)	1349891
	<b>Net cash flow from operating activities</b>	<u>(5164910)</u>	<u>23132</u>
<b>B</b>	<b>Cash Flow from Investing Activities</b>		
	Purchase of Fixed Assets	(48878)	---
	Proceeds from sale of fixed assets	35800000	--
	Interest on FDR	459303	--
	Income tax Paid (Capital Gain)	(5605607)	--
	<b>Net Cash from investing activities</b>	<u>30604818</u>	<u>---</u>
<b>C</b>	<b>Cash Flow from Financing Activities</b>		
	Interest Paid	(11129)	(4434)
	Payment of Unsecured Loan	---	(236957)
		<u>(11129)</u>	<u>(241391)</u>
	<b>Net Increase/(Decrease) in cash and Cash Equivalent</b>	25428779	(218259)
	Opening cash and Cash Equivalent	143011	361270
	Closing Cash & Cash Equivalent	25571790	143011

**AUDITORS CERTIFICATE**

We have examined the above Cash Flow Statements of CONTINENTAL CHEMICALS LTD. for the year ended 31<sup>st</sup> Aug., 2006. The Statements has been prepared by the Company in accordance with requirements of clause 32 of Listing Agreements with Stock Exchange and is based on and in agreements with the corresponding profit & loss Account and Balance Sheet of the Company.

AS PER REPORT OF EVEN DATE ATTACHED

For and on behalf of the Board

FOR KANSAL & ASSOCIATES  
CHARTERED ACCOUNTANTS

Sd/-  
**NARESH K. CHIBBA**  
DIRECTOR

Sd/-  
**S. L. DAS**  
CONTROLLER OF ACCOUNTS

Sd/-  
**CA. DEEPAK KANSAL**  
PARTNER

Sd/-  
**DR. VISHWANATH**  
DIRECTOR

PLACE : NOIDA  
DATE : 8<sup>th</sup> January 2007

**BALANCE SHEET ABSTRACT AND COMPANY'S GENERAL BUSINESS PROFILE**  
(Part IV of Schedule VI of the Companies Act, 1956 )

## I. REGISTRATION DETAILS

REGISTRATION NO. 20-14111/330 STATE CODE (1)

BALANCE SHEET DATE DATE (31) MONTH 8 YEAR 2007

## II. CAPITAL RAISED DURING THE YEAR (Amount in Rs. Thousand)

Public Issue

NIL

Bonus issue

NIL

Right Issue

NIL

Private Placement

NIL

## III. Position of Mobilisation &amp; Development of Funds (Amt. In Rs. Thousand )

Total Liabilities

15824

Total Assets

29133

## Source of Funds

Paid up capital

9945

Secured Loans

-

Reserve &amp; Surplus

8559

Unsecured Loans

0

## Application of Funds

Net Assets

17230

Misc. Expenditure

1392

## IV. Performance of Company (Amount in Rs. Thousand )

Turnover

34937

+ - Profit / Loss Before Tax

(+) 33119

Profit per Share In Rs.

27.54

Total Expenditure

1818

+ - Profit / Loss After Tax

(+) 27388

Divined Rate %

NIL

## V. Generic Names of Three Principal Product /Services of Company

Item Code No. (ITC Code ) 3401.20, 3401.10, 3402.90, 3405.20,85.24

Product description SOAP, DETERGENTS &amp; ALLIED PRODUCT &amp; SOFTWARE

FOR AND ON BEHALF OF THE BOARD

FOR KANSAL & ASSOCIATES  
CHARTERED ACCOUNTANTS

Sd/-

NARESH K. CHIBBA

DIRECTOR

Sd/-

S. L. DAS

CONTROLLER OF ACCOUNTS

Sd/-

CA. DEEPAK KANSAL

PARTNER

Sd/-

DR. VISHWANATH

DIRECTOR

PLACE : NOIDA

DATE : 8<sup>th</sup> January 2007

**Continental Chemicals Ltd.**  
**A-7 , Sector - VII, NOIDA**  
**Pin -201301**  
**Distt. : Gautam Buddha Nagar**  
**U.P**

REGD. FOLIO NO. : .....

**ATTENDANCE SLIP**

NAME & ADDRESS OF THE SHARE HOLDERS :  
 ( IN BLOCK LETTERS )

NO. OF SHARE HELD :

NAME OF PROXY :  
 (If applicable )

I hereby record my presence at the TWENTY FIRST ANNUAL GENERAL MEETING of the company held on Tuesday on the 28th February 2007 at 9.30 A M at the registered office of the Company at above mentioned address.

Signature of Shareholder/ Proxy

**Continental Chemicals Ltd.**  
**A-7 , Sector - VII, NOIDA**  
**Pin -201301**  
**Distt. : Gautam Buddha Nagar**  
**U.P.**

**PROXY FORM**

Date..... 2007

I/ We \_\_\_\_\_ of \_\_\_\_\_  
 appoint \_\_\_\_\_ of \_\_\_\_\_ to  
 vote for me/us, and on my/ our behalf at the Twenty First Annual General Meeting of the company to be held on Wednesday the 28th February , 2007 and any adjournment thereof.

As WITNESS my/our hand this \_\_\_\_\_ day \_\_\_\_\_ 2007  
 Signed by the Said

Folio No.

100 Paisa  
 Revenue  
 Stamp

Note:- This proxy must be deposited at the Registered Office of the Company at A-7 , Sector -VII, NOIDA, U.P not less than 48 hours before the time of holding the meeting.



**BOOK - POST**

If undelivered , please return to :

**Continental Chemicals Ltd.**

**A-7 , Sector - VII, NOIDA**

**Pin -201301**

**Distt. : Gautam Buddha Nagar**

**U.P**