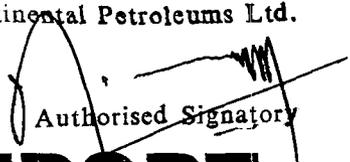




**CONTINENTAL PETROLEUMS
LIMITED**

22nd

For Continental Petroleum Ltd.



Authorised Signatory

ANNUAL REPORT

2007-2008



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

CONTENTS

Sl. No.	Topics	Page No.
1.	Notice	1
2.	Director's Report	3
3.	Auditor's Report	5
4.	Balance Sheet	8
5.	Profit & Loss Account	9
6.	General Business Profile	10
7.	Schedules	11
8.	Cash Flow Statement	19

NOTICE OF THE 22nd ANNUAL GENERAL MEETING :

Notice is hereby given that 22nd Annual General Meeting of Continental Petroleum 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.

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

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. Khandeival, 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.

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
Unit per Ltr. of Diesel Oil		110065
Cost/Unit	Rs.	0.237
		6.81
ii) Fuel Oil(Diesel/LDO)		
Quantity	Ltr	26819
Total Amount	Rs.	891751
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

Auditor's Report**To The Share Holders :**

We have audited the attached Balance-Sheet of M/s. Continental Petroleums 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

ANNEXURE TO THE AUDITOR'S REPORT

Referred to in paragraph 1 above of even date :

1. The Company has maintained proper records showing full particulars including quantitative details and situation of Fixed Assets. The fixed assets have been physically verified by the management during the year and we are informed that no material discrepancies were noticed on such verification.
2. The company has not disposed off substantial part of the fixed assets which affects the going concern of the company.
3. a) The inventory have been physically verified by the management at reasonable intervals during the year.
b) In our opinion, the procedures of physical verification of stocks followed by the management are reasonable and adequate in relations to the size of the company and nature of its business.
c) The Company has maintained proper record of inventory and no material discrepancy were noticed on the physical verification of inventory as compared to book records except minor discrepancies and the same has been dealt with in the books of accounts.
4. On the basis of our examination of stocks we are satisfied that the valuation of stocks of finished goods, spare parts and raw material is fair and proper in accordance with the normally accepted accounting principles and is generally on the same basis as in the previous year.
5. The Company has taken unsecured loans, (interest free) from companies, firms and other parties listed in the register maintained under section 301 of the Companies Act., 1956. As explained, there is no company under the same management as the company within the meaning of Section 370 (1-B) of the companies Act., 1956. which is not prejudicial to the interest of the company.
6. The Company has not given any loans and advance in the nature of loans to the employees except the temporary loans given to staff as per contractual obligation and the same are being recovered as per stipulation except minor delays.
7. In our opinion and explanation given to us, internal control procedures for the purchase of stores, raw materials including components, plant & machinery, equipments and other assets, and for the sale of goods are commensurate with the size of the company and nature of its business.
8. There are no transaction of purchase of goods and material and sale of goods, materials and services aggregation to Rs. 5.00 lacs or more in respect of each party in pursuance of contracts for arrangements that need entered in the register maintained under section 301 of the Companies Act, 1956.
9. The company has not accepted any deposit from public under section 58A and 58AA of the Act, except unsecured loan of Rs 4704729/- taken from body corporate, promoters & Directors of the company.
10. In our opinion the Company's internal audit system commensurate with its size and nature its activities, however it require further strengthen.
11. We are informed that the Central Govt. has not prescribed the maintenance of cost records under section 209 (1) (d) of the Companies Act. 1956.
12. As verified by us, the company has once & twice irregular in depositing Employees's State insurance and Provident fund dues with appropriate authorities, but at the end of the year it became regular in payments of PF & ESI before the appropriate authorities.
13. (a) As verified by us, there are no un-disputed amount payable in respect of income-tax, Wealth-tax, custom duty, sales-tax and excise duty, outstanding for a period of more than 6 months from the date they become payable.
(b) In respect of disputed demand for UP sales tax of Rs. 61,000/- and sales tax demand of Rs. 7,89,699/- of sales tax department, Rajasthan, jaipur, the Company has filed an appeal before the Rajasthan Tax Board, Ajmer against the demand raised by Asst. Commissioner,

Jaipur for the assessment year 2001-02 for Rs. 21,21,408 and for the assessment year 2002-03 for Rs. 6,94,412. However the Company has filed and appeal before Dy Commissioner (appeal) Jaipur

14. The company have accumulated losses at the end of the financial year Rs 9305332/- which is less than 50% of its net worth, and also the company has not incurred any cash losses in the current year as well as in the immediately preceeding the financial year.
15. In our opinion and to the best of the information and explanation given to us the company has not secured any loan from any of the financial institutions except working capital loan from bank.
16. The company has not granted any loan and advances on the basis of pledge of shares, debentures and other securities. Accordingly clause 4 (xiii) of the order is not applicable.
17. In our opinion and to the knowledge and explanation given to us the company is not a chit fund/ nidhi/mutual benefit fund/society. Accordingly clause 4 (xiii) is not applicable.
18. According to the information and explanation given to us, the company is not dealing or trading in shares securities, debenture and other investment, Accordingly, clause 4 (xiii) of the order is not applicable.
19. In our opinion and according to the information and explanations given to us, the Company has not given any guarantees for loan taken by others from bank or financial institutions.
20. According to the information and explanation given to us and on the basis of our examination of the books of account, the term loans obtained by the company in the past were applied for the purpose for which such loans were obtained.
21. According to the information and explanation given to us and on the basis of our examination of the Balance Sheet of the company, we are of the opinion that no fund raised on short-term basis have been used for long term investment. Further funds generation from regular activity, incineration and other activities are Rs. 8250729. The company has repaid the Unsecured loan of Rs. 1109155/-.
22. The company has not made any preferential allotment of shares to parties and companies covered in the register maintained under section 301 of the company Act, 1956. Accordingly, clause 4 (xviii) of the order is not applicable.
23. The company has not issued any debenture. Accordingly, clause 4 (xix) of the order is not applicable.
24. The company has not made any public issue, therefore, the clause of disclosure the end use of money raised by public issues, is not applicable this year.
25. We have been informed that no employee of the company has misappropriated fund of the company.

For R.P. Khandelwal & Associates
Chartered Accountants

Place : JAIPUR
Date : 30.06.2008

R.P. Khandelwal
Partner

BALANCE SHEET AS ON 31ST MARCH' 2008

Particulars	Schedule	Current Year Amount in Rs.	Previous Year Amount in Rs.
SOURCES OF FUNDS :			
Shareholders Fund :			
Share Capital	1	24653120	24653120
Reserves & Surplus	2	7497271	7497271
Loan Fund :			
Unsecured Loan	3	4704729	5813884
Secured Loan		3938620	3782556
Deferred Tax Liability		(506209)	251696
	Total	40287531	41998527
APPLICATION OF FUNDS:			
Fixed Assets			
Gross Block	4	43781565	43463422
Less : Depreciation		35643765	33534818
Net Block		8137800	9928604
Current Assets, Loans & Advances			
Inventory	5	21627350	17054875
Cash & Bank Balance		607768	337794
Sundry Debtors		13413332	11243352
Loans & Advances		4518282	1452831
		40166732	30088852
Less: Current Liabilities & Provisions	6	17322333	11001027
Net Current Assets		22844399	19087825
Profit & Loss A/c		9305332	12982098
Notes on Accounts & Accounting Policy	10		
	Total	40287531	41998527

As per our Audit Report of even
date Annexed

for R.P. KHANDELWAL & ASSOCIATES,
Chartered Accountants

R.P. Khandelwal
Partner

Place : Jaipur
Dated : 30.06.2008

For and on behalf of Board

M.L. Khandelwal (Managing Director)
G.D.Sethi (Director)
R.N.Karol (Director)
Mrs. Bhagwati Khandelwal (Director)

PROFIT & LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH, 2008

Particulars	Schedule	Current Year Amount in Rs.	Previous Year Amount in Rs.
INCOME			
Sales		50456856	40604106
Other Income		8250729	7418455
Increase/ (Decrease) in Closing Stock		(902235)	1005728
	(A)	57805350	49028289
EXPENDITURE:			
Material Consumed	7	45071357	38333182
Excise Duty		1255192	471518
Payment to and Provision for Employees	8	1572475	1360564
Operational & Other Expenses	9	3866690	4082704
Interest		618748	437255
	(B)	52384462	44685223
Profit/(Loss) before depreciation	(A-B)	5420888	4343066
Less : Depreciation		2108947	2050113
Profit/(Loss) after depreciation/ adjustment but before Tax		3311941	2292953
Provision for Tax		393080	388662
Provision for Deferred Tax (Excess)/Short Profit after Tax		(757905)	(788662)
Balance Brought Forward Losses from last year		3676766	2692953
		(12982098)	(15675051)
Balance Carried Forward To Balance Sheet		(9305332)	(12982098)
Number of Shares Issued		2465312	2465312
Basic EPS (Rupees)		1.49	1.09

Notes on Accounts and accounting policy

10

As per our Audit Report of even
date Annexed

For and on behalf of Board

for R.P. KHANDELWAL & ASSOCIATES,
Chartered AccountantsR.P. Khandelwal
PartnerM.L. Khandelwal (Managing Director)
G.D. Sethi (Director)
R.N. Karol (Director)
Mrs. Bhagwati Khandelwal (Director)Place : Jaipur
Dated : 30.06.2008

BALANCE SHEET ABSTRACT AND COMPANY'S GENERAL BUSINESS PROFILE**I. Registration Details**

Registration No. : 3704 State Code 17
 Balance Sheet Date: 31-03-2008

II. Capital Raised during the year (Amount in Rs.)

Public Issue : Nil
 Rights Issue : Nil
 Bonus Issue : Nil
 Private Placement : Nil

III. Position of Mobilisation and Development of Funds

(Amount in Rs.)

Total Liabilities	: 58116073	Total Assets	: 58116073
Source of Funds Paid Up Capital	: 24653120		
Reserves & Surplus	: 7497271		
Secured Loans	: 3938620	Unsecured Loans	: 4704729
Application of Funds			
Net Fixed Assets	: 8137800	Investments	: Nil
Net Current Assets	: 22844399	Misc. Expenditure	: Nil
Accumulated Losses	: 9305332		

IV. Performance of Company (Amount in Rs.)

Turnover : 50456856	Misc.Income : 8250729	Deferred Tax	: 757905
Income Tax Provision	: 393080	Total Expenditure	: 54493409
Profit Before Tax	: 3311941	Profit After Tax	: 3676766
Earning Per Share in Rs.	: 1.49	Dividend	: Nil

V. Generic Names of Four Principal Products/Services of Company (As per monetary terms)

1. Item Code No. (ITC Code)	: 304012009
Product Description	: LUBRICATING OILS
2. Item Code No. (ITC Code)	: 304010006
Product Description	: GREASES
3. Item Code No. (ITC Code)	: 304001007
Product Description	: Transformer Oils
4. Item Code No. (ITC Code)	: 304007005
Product Description	: Furnance Oils

For and on behalf of Board

M.L. Khandelwal (Managing Director)

G.D.Sethi (Director)

R.N.Karol (Director)

Mrs. Bhagwati Khandelwal (Director)

Place : Jaipur
 Dated : 30.06.2008

SCHEDULES

(Schedules forming part of the Balance Sheet as at 31st March' 2008)

SCHEDULE-1 : SHARE CAPITAL :

Authorised :

30,00,000 (Previous Year 30,00,000)

Equity Shares of Rs. 10/- each.

Issued, Subscribed and paid-up:

24,65,312 (Previous Year 24,65,312)

Equity Shares of Rs. 10/- each

fully paid-up in cash

	Current Year Rs.	Previous Year Rs.
	3,00,00,000	3,00,00,000
	2,46,53,120	2,46,53,120
	2,46,53,120	2,46,53,120
Capital Reserve	35,200	35,200
General Reserve	74,62,071	74,62,071
	74,97,271	74,97,271
1. Unsecured Loan : From Body Corporate and Promoters	47,04,729	58,13,884
	47,04,729	58,13,884
2. Secured Loan : THE Bank Of Rajasthan Ltd.	39,38,620	37,82,556
	39,38,620	37,82,556

SCHEDULE - 3 : LOAN FUND :1. Unsecured Loan : From Body Corporate
and Promoters

2. Secured Loan : THE Bank Of Rajasthan Ltd.

Note : Loan from The Bank of Rajasthan Ltd is secured by First charge on Immovable property & movable properties & Book Debts of the Company.

SCHEDULE - 4 : FIXED ASSETS

Particulars	Gross Block			Depreication			Net Block	
	Balance as on 1.4.07	Addition during the year	Total as on 31.3.2008	Upto 31.3.07	Provided during the year	Total as at 31.3.2008	As at 31.3.2008	As at 31.3.2007
Land	844528	-	844528	-	-	-	844528	844528
Building under Const	424832	(424832)	-	-	-	-	-	424832
Building	7076264	424832	7501096	3584361	249353	3833714	3667382	3491903
Computer	133790	31620	165410	38961	25565	64526	100884	94829
Plant & Machinery	33785200	277723	34062923	28834766	1775678	30610444	3452479	4950434
Furniture & Fixtures	506009	-	506009	425377	32031	457408	48601	80632
Office Equipments	168741	8800	177541	141702	11914	153616	23925	27039
Vehicles	524058	-	524058	509651	14406	524057	1	14407
Total	43463422	318143	43781565	33534818	2108947	35643765	8137800	9928604
Previous year figures	42646727	816695	43463422	31484705	2050113	33534818	9928604	11162022

SCHEDULE - 5 : CURRENT ASSETS, LOANS & ADVANCES :

	Current Year Rs.	Previous Year Rs.
INVENTORY (At Cost)		
Rawmaterial, Chemical & Stores	1,52,84,042	1,10,00,187
Finished Goods	27,79,018	31,55,047
Goods in Process	15,84,750	20,95,500
Empties Drums	19,250	96,720
Packing Material	18,87,365	6,96,510
Fuel	72,925	10,911
	2,16,27,350	1,70,54,875
CASH & BANK BALANCE		
Cash in hand	1,05,875	1,21,160
Balance with Scheduled Bank- In Current Account	3,01,341	1,81,634
In Fixed Deposit Account	2,00,552	35,000
	6,07,768	3,37,794
SUNDRY DEBTORS (Unsecured Considered Good)		
Debts Outstanding Exceeding 6 months	20,68,742	
Less: Provision for Doubtful Debts	<u>8,02,353</u>	
	12,66,389	31,45,066
Other Debts	1,21,46,943	80,98,286
	1,34,13,332	1,12,43,352
LOANS & ADVANCES : (Unsecured Considered Good)		
Advances recoverable in cash or in kind or for value to be received in cash)	45,18,282	14,52,831
	45,18,282	14,52,831

SCHEDULE-6 : CURRENT LIABILITIES & PROVISIONS :

For Goods	1,03,97,648	50,60,311
For Other Liabilities	69,24,685	59,40,716
	1,73,22,333	1,10,01,027

SCHEDULE-7 : MATERIAL CONSUMED :

	Current Year Rs.	Previous Year Rs.
Opening Stock	1,16,96,697	50,86,575
Add: Purchases	5,05,46,067	4,49,43,304
	6,22,42,764	5,00,29,879
Less: Closing Stock	1,71,71,407	1,16,96,697
	4,50,71,357	3,83,33,182

SCHEDULE-8 : PAYMENT TO AND PROVISION FOR EMPLOYEES

Wages, Salaries & Benefits	15,69,920	13,46,217
Staff Welfare Expenses	2,555	14,347
	15,72,475	13,60,564

SCHEDULE-9 : OPERATIONAL AND OTHER EXPENSES

Power and Fuel Consumed	8,91,751	7,68,232
Travelling & Conveyance Expenses	2,19,099	2,11,373
Repair, Running & Maintenance Expenses.	2,07,038	2,90,950
Postage, Telephone & Telegram Expenses.	1,55,840	2,10,435
Insurance Charges	32,783	15,516
Electricity & Water Expenses	2,73,712	
Legal & Professional Charges	34,826	69,586
Managing Directors' Remuneration	3,60,000	3,12,000
Rent, Rates & Taxes	3,55,913	4,78,459
Printing & Stationary	37,934	36,380
Selling & Distribution Expenses	9,65,590	13,22,019
Payment to Auditors :		
Audit Fee 15,000		
Tax Audit Fee <u>3,000</u>	18,000	18,000
Other Expenses	3,14,204	3,49,754
	38,66,690	40,82,704

SCHEDULE-10 : NOTES ON ACCOUNTS :

1. Contingent Liabilities not provided for :
 - I) In respect of disputed demand for UP Sales Tax of Rs. 61000/- (previous year Rs.61000/-).
 - II) In respect of disputed demand of sales tax of Rs.789699/- for the assessment year 1994-95 raised by Antivision Commercial Taxes Department, Jaipur, however the appeal before Commissioner has been decided in favour of the company but the department has filed an appeal before Rajasthan Tax Board, Ajmer against the company. The appeal is pending for hearing.
 - iii) In respect of Rajasthan Sales Tax Demand raised by Asst. Commissioner, Jaipur for the Assessment Year 2001-02 for Rs. 21,21,408/-. However, the company has filed Appeal before Dy. commissioner (Appeals), Jaipur.
 - IV) In respect of Rajasthan Sales Tax Demand raised by Asst. Commissioner, Jaipur for the Assessment year 2002-03 for Rs. 694412/-. However, the company has filed appeal before Dy. commissioner (Appeals), Jaipur.
2. Other income includes interalia Rs. 7840323/- (previous year Rs.6596286/-) received as Incineration Charges for disposal of Hazardous Waste.
3. Depreciation has been provided on SLM basis at the rates prescribed in Schedule XIV of the Companies Act as amended by Notification No. GSR 756 (E) dated 16.12.1993 and where there is additions, the same has been provided on pro-rata basis.
4. Travelling Expenses includes Director's Travelling Expenses of Rs.27959/- (Previous year 38969/-).
5. Provision for liabilities of Gratuity payable has not been made, as the same shall be accounted for as and when it will be paid.
6. Payment of Managing Director's Remuneration of Rs.3,60,000/- is as per sanction of shareholders at the Annual General meeting of Company held on 29th September 2003.
7. Particulars of employees who were in receipt of remuneration not less than Rs.24,00,000/- per year, if employed throughout the year and Rs.2,00,000/- per month, if employed for a part of the year. (Previous year Rs.2400000/- per annum or Rs.200000/- per month).

No. of Employees	Employed Full Year Nil (Previous Year-Nil)	Employed for part of the year Nil (Previous Year-Nil)
------------------	--	---
8. Information pursuant to Para 3,4c and 4-d of the part II of Schedule-VI of the Companies Act, 1956.
Lubricating for Rs . 19.52 Lacs was imported during the year. Earning in foreign currency during the year was NIL.
9. Information related to licenced and installed capacity, production etc.

CLASS OF GOODS MANUFACTURED

	Unit	Current Year	Previous Year
a. Licenced/Installed Capacity (P.A.)			
- Lubricating Oil	KL	9,000	9,000
b. Actual Production/Purchases			
- Lubricating Oil/ Grease	KL	1034.137	613.759

	CURRENT YEAR		PREVIOUS YEAR	
	QTY.KL	Value (Rs in lacs)	QTY.KL	Value (Rs in lacs)
c. Opening Stock				
- Lube Oil/Grease	76.95	31.55	119.593	36.91
d. Sales				
- Lube Oil/Grease	1066.191	504.57	656.400	406.04
e. Closing stock				
- Lube Oil/Grease	44.896	27.79	76.95	31.55

10. Previous year figures have been regrouped or re-arranged where considered necessary.

11. Consumption of Rawmaterials :

	CURRENT YEAR		PREVIOUS YEAR	
	QTY.KL	Value (Rs in lacs)	QTY.KL	Value (Rs in lacs)
a. Details of Consumption/Purchases :				
Used oil/ Base oil	1653.89	439.60	1457.75	379.16
Chemicals & Stores	-	25.27	-	29.63
Packing Materials	-	40.59	-	30.20
	-	505.46	-	438.99
b. Aggregate Consumption/ Purchases of Rawmaterials	Value (Rs in lacs)	Percentage	Value (Rs in lacs)	Percentage
Imported rawmaterial (At Factory Delivered Cost)	19.52	3.86%	49.92	11.38%
Indigenous	485.94	96.14%	388.57	88.62%
	505.46	100%	438.49	100%

12. Segment Reporting : Company is engaged in sole activity of manufacturing and marketing of Lubricants and Greases. There is nothing to disclose with respect to accounting standard dealing with "Segement Reporting" (As-17), issued by the institute of Chartered Accountants of India.

13. Following disclosure has been made as per the requirements of accounting standard 18 on "Related Party Disclosures" (As 18), issued by the Institute of Chartered Accountants of India -

Related Parties	Nature of Relationship	Transactions	Amount (Rs.) 2007-2008	Balance outstanding on 31.3.08	Amount (Rs.) 2006-2007	Balance outstanding on 31.3.07
Mr. M.L.Khandelwal	Key Management personnel	Remuneration & Rent	4,08,000	91,258	2,88,000	25,387
Mr.Navneet Khandelwal	Relative of key Management Personnel	Salary	2,18,500	22,317	2,18,500	36,988
Smt. Bhagwati Khandelwal	Relative key Management Personnel	Rent for company Leased Office	24,000	-	24,000	8,938
Central Steel & General Industries	Relating Firm key Management Personnel	Rent for company Leased Godown	89,100	-	89,100	4,02,750
Smt. Anubha Khandelwal	Company Relating key Management Personnel	Salary	2,500	-	-	-
Mr.Vikrant Khandelwal	Relative key Management Personnel	Salary	1,39,200	38,924	-	-

- a) There are no other entities where the control exists as defined in As-18.
b) No amount has been written off against any related party.

14. SIGNIFICANT ACCOUNTING POLICIES

1. General :

- These accounts have been prepared on the historical cost basis and on the principles of going concern.
- Accounting policies unless specifically stated to be otherwise, are consistent and are in consonance with generally accepted accounting principles.

2. Revenue Recognition :

All expenses and income to the extent considered payable and receivable respectively, unless specifically stated to be otherwise, are accounted for on mercantile basis.

3. Sales :

Sales excludes Rebates, Discounts, Claims etc.

4. Fixed Assets :

- Fixed Assets are stated at cost.
- Depreciation

Depreciation is provided on straight line method at single shift basis as per Schedule XIV of the Companies Act, 1956 as amended by Notification No. GSR 756 (E) dt. 16th Dec. 1993 and where, there is additions, the same is provided on pro-rata basis.

5. Deferred Tax :

Deferred Tax Provision made as per Accounting Standard.

6. Exchange Fluctuations :

All exchange fluctuation in foreign currency liabilities and assets not covered by forward contracts are reinstated at the rate prevailing at the end of the year. Any material exchange loss arising on such transactions (except those relating to acquisition of fixed assets which are adjusted to the cost of the asset) are charged to Profit and Loss Account under the respective heads of account.

7. Inventories :

- i) Raw Material, Stores & Spares and Empties are valued at cost which includes expenses incidental to procurement of the same.
- ii) Semifinished goods are valued at cost and finished goods are valued at lower of cost on net realisable value. Cost in this case represents direct cost and includes appropriate portion of Factory Overheads.

8. Contingent Liabilities :

Contingent Liabilities are disclosed by way of Notes to the Accounts and no provision for the same is made in accounts.

As per our Audit Report of even
date Annexed

For and on behalf of Board

for R.P. KHANDELWAL & ASSOCIATES,
Chartered Accountants

R.P. Khandelwal
Partner

M.L. Khandelwal (Managing Director)
G.D.Sethi (Director)
R.N.Karol (Director)
Mrs. Bhagwati Khandelwal (Director)

Place : Jaipur
Dated : 30.06.2008

CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH'2008

	Current Year (Rs. lacs)	Previous Year (Rs. lacs)
A. Cash Flow from Operating Activities		
Net profit/(Loss) tax and before extraordinary items	36.77	26.93
Adjustments for :		
Depreciation	21.09	20.50
Prior Year's Adjustments	-	-
Interest/Dividend Income	-	-
Interest Charged	6.19	4.37
Deffered tax	-	-
Income Tax	3.93	3.88
Operating Profit before Working Capital Changes	67.98	55.68
Adjustments for :		
Trade & Other Receivables	(21.69)	(27.11)
Inventories	(45.73)	(76.16)
Trade Payables & Other Liabilities	63.21	13.28
Advances	(30.65)	22.42
Cash Generated from Operations	33.12	(11.89)
Income Tax Paid	(3.93)	(3.88)
Increase in differed provision Exp.	(7.58)	(7.88)
Interest Paid - Gross	(6.19)	(4.37)
Net Cash from Operating Activities (A)	15.42	(28.02)
B. Cash Flow from Investing Activities		
Purchased of Fixed Assets - net of interest capitalised	(3.18)	(8.17)
Interest Received	-	-
Net Cash used in Investing Activities (B)	(3.18)	(8.17)
C. Cash Flow from Financing Activities		
Repayment of Borrowings	1.56	37.83
	(11.09)	(0.20)

Net Cash used in Financing Activities (C)
 Net (Decrease)/Increase in Cash & Cash
 Equivalents (A+B+C)
 Cash & Cash equivalents at start of the year
 Cash & Cash equivalents at close of the year

(9.53)	37.63
2.71	1.44
3.37	1.93
6.08	3.37

As per our Audit report of even date Annexed

For and on behalf of Board

M.L. KHANDELWAL
 (Managing Director)

Mrs. BHAGWATI KHANDELWAL
 (Director)

G.D. Sethi (Director)
 R.N. KAROL (Director)

Place : Jaipur
 Dated : 30.06.2008

AUDITOR'S CERTIFICATE

We have examined the attached Cash Flow Statement of Continental Petroleums Limited for the year ended 31st March, 2008. The Statement has been prepared by the Company in accordance with the requirements of Listing Agreement Clause 32 with Stock Exchanges and is based on and in agreement with the corresponding Profit and Loss Account and Balance Sheet of the Company covered by our report of 30th June, 2008 to the Members of the Company.

For **R.P. KHANDELWAL & ASSOCIATES**
 Chartered Accountants

R.P. KHANDELWAL
 Partner

Place : Jaipur
 Dated : 30.06.2008

CONTINENTAL PETROLEUMS LIMITED

Registered Office : A-2, Opp. Udyog Bhawan, Tilak Marg, C-Scheme, JAIPUR - 302 005

PROXY FORM

Folio No.

I/We
ofin the district of
being a member/members of M/s Continental Petroleums Limited
appoint hereby him/her of
or failing him/herat the 22nd Annual General Meeting of
the Company to be held on Saturday, the 24th September, 2008 at 1.00 P.M. and at any adjournment thereof.

Signed this day of 2008.

Revenue
Stamp

If it is intended to appoint a proxy, the form of proxy should be completed and deposited at the Registered/ Corporate Office of the Company at least 48 hours before the meeting.

CONTINENTAL PETROLEUMS LIMITED

Registered Office : A-2, Opp. Udyog Bhawan, Tilak Marg, C-Scheme, JAIPUR - 302 005

22nd ANNUAL GENERAL MEETING

Date : 24th September, 2008 Time : 1.00 P.M.
Place : A-2, Opp. Udyog Bhawan, Tilak Marg,
C-Scheme, JAIPUR - 302 005

ATTENDANCE SLIP

Member's Folio No. :
Name of Member/Proxy holder :
No. of Shares held by the Member :
Member's / Proxy's Signature :

1. Members/Proxy-holders are requested to produce the attendance slip duly signed for admission to the meeting hall .
2. Member are requested to bring their copy of Annual Report.
3. No. Gifts/Coupons will be distributed at the meeting.

Book Post

If undelivered please return to :

CONTINENTAL PETROLEUMS LIMITED

A-2, Opp. Udyog Bhawan,

Tilak Marg, C-Scheme,

Jaipur - 302 005