

CONTINENTAL PETROLEUMS LIMITED

**24th
Annual Report
2009-2010**

BOARD OF DIRECTORS

Chairman and Managing Director	:	Shri M.L. Khandelwal
Directors	:	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@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, Near Dada Harsukhdas Mandir, New Delhi-110062 Ph. : 011-29961281 Fax : 011-29961284 Mr. Punit Mittal, Gen. Manager (M : +98102 76579) 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:

Notice is hereby given that 24th Annual General Meeting of Continental Petroleum Ltd. will be held on Tuesday, the 28th September 2010 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 2010 and the Balance Sheet as at that date together with the Report of Directors and Auditors thereon.
2. To appoint Director in place of Smt. Bhagwati Khandelwal who retires by rotation and being eligible offer herself for re-appointment.
3. To appoint Auditors and fix their remuneration.

SPECIAL BUSINESS:-

4. To consider and, if thought fit, to pass the following Resolution with or without modification as a Special Resolution:-

"Resolved that pursuant to the provisions of Section 314 of the Companies Act, 1956 read with Directors relative (office or Place of profit) Rules, 2003 the salary payable to Mr. Navneet Khandelwal - Chief Executive Officer of the Company be and is hereby increased from Rs.35,000/- to Rs.50,000/- Per month inclusive of all perks, facilities and benefits w.e.f. from 1st August 2010."

5. To consider and, if thought fit to pass the following Resolution with or without modification as Special resolution:-

"Resolved that pursuant to the provision of section 314 of the Companies Act, 1956 read with Directors relative (office or Place of profit) Rules, 2003, the salary payable to Mr. Vikrant Khandelwal - Dy. Chief Executive Officer (Administration & Purchase) of the Company be and is hereby increased from Rs.30,000/- to Rs.40,000/- Per Month inclusive of all perks, facilities and benefits, w.e.f. from 1st August 2010."

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 a proxy need not be a member. Proxy form be deposited at the Registered Office of the Company not later than 48 hours before the time fixed for the meeting.
2. Corporate members are requested to send duly certified copy of Board resolution authorising their representative to attend and vote at the meeting.
3. Stock Codes on Bombay Stock Exchange :

BSE : 523232

ISIN : INE 369D01015

The Company has appointed M/S Beetal Financial & Computer Service Private Ltd. as registrar & share transfer Agent to handle the physical share Transfer related work and for electronic connectivity, as detailed below:-

M/S Beetal Financial & Computer Services Pvt. Ltd., "Beetal House", 3rd Floor, 99, Madangir, Behind Local Shopping Complex, Near Dada Harsukhdas Mandir, New Delhi – 110 062.

4. The Company's shares are compulsorily traded in dematerialised form and available for trading on both the depositories in India viz. National Securities Depository Limited (NSDL) and Central Depository Securities (India) Limited (CDSL). The company's shares are regularly traded on Bombay Stock Exchange Limited in electronic form.
5. The register of members and share transfer books of the company shall remain closed from 21st September 2010 to 28th September 2010 (both days inclusive).
6. Explanatory statement pursuant to section 173(2) of the Companies Act, 1956 in respect of special business set out in the notice is annexed here to.

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

ITEM NO.4. Section 314 of the Companies Act, 1956 read with Director's Relative (office or place of profit) Rules, 2003 which requires prior approval of members in General meeting by way of special Resolution for holding office or place of profit by relatives of the Directors of the Company.

Shri Navneet Khandelwal is Chief Executive Officer of the Company, and it is proposed to increase salary of Shri Navneet Khandelwal from Rs.35,000/- to Rs.50,000/- per month w.e.f. 1st August 2010. This salary is inclusive of all benefits, perks & allowances. He is son of Shri Madan Lal Khandelwal, Chairman and Managing Director of the Company. Shri Navneet Khandelwal is Chemical Engineer besides having rich experience in administration of Company Affairs.

Shri M.L.Khandelwal Chairman and Managing Director & Smt. Bhagwati Khandelwal, Director of Company are relatives of Shri Navneet Khandelwal and interested in this proposed Resolution.

ITEM NO.5 Section 314 of the Companies Act 1956 read with Directors Relative (office or place of profit) Rules, 2003 requires Prior approval of members in General meeting by way of special resolution for holding office or place of profit by relative of the Director of the Company.

Shri Vikrant Khandelwal is Dy. Chief Executive Officer (Administration & Purchase) of the Company and it is proposed to increase is salary from Rs 30,000/- to Rs.40,000/- Per Month w.e.f. 1st August 2010. This salary is inclusive of all benefits, perks & allowances. He is son of Shri Madan Lal Khandelwal, Chairman and Managing Director of the Company, Shri Vikrant Khandelwal is Graduate with Post Graduate Diploma in Computer Science besides having rich experience in administration of Company affairs.

Shri M.L.Khandelwal, Chairman and Managing Director & Smt. Bhagwati Khandelwal, Director of Company are relatives of Shri Vikrant Khandelwal and interested in this proposed Resolution.

Registered office
A-2 Opposite Udyog Bhawan,
Tilak Marg, C-Scheme, Jaipur

Dated 29th May 2010

By order of Board of Directors

M.L.Khandelwal
Chairman and Managing Director

DIRECTORS' REPORT

Your Directors are pleased to present 24th Annual Report together with Audited Statement of Accounts for the year ended 31st March 2010.

FINANCIAL RESULTS

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

(Rs. in Lacs)

	2009-2010	2008-2009
Sales	841.13	757.92
Other Income	256.03	233.32
Gross Profit before Interest, Depreciation & Adjustments	92.49	78.27
Interest	7.40	6.82
Depreciation	6.54	22.07
Net Profit/ (Loss) before tax	78.55	49.38
Net Profit/(Loss) after tax	50.84	35.06
Add: Balance of Profit/(Loss) Brought - forward from last year	(57.99)	(93.05)
Balance carried forward to Balance Sheet	(7.15)	(57.99)

DIVIDEND

Your Directors have decided not to pay dividend for the year 2009 - 2010 due to heavy losses incurred in past years.

OPERATIONS

It is heartening to note that the company has achieved a higher turnover of Rs.841.13 Lacs as against Rs.757.92 Lacs in the previous year, recording 10.98% increase. The income from Hazardous Waste Management activities etc. has increased from Rs.233.32 Lacs to Rs.256.03 Lacs as compared to previous year. The Net Profit was Rs.50.84 Lacs as compared to net profit of Rs.35.06 Lacs in the previous year. The accumulated losses of the company are almost wiped out.

PROSPECTS

In view of the increased awareness and stringent pollution regulation towards environment protection our industries in India is 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 provisions of HW (MH&TM) Rules as amended. The company expects attractive growth by the above business. The growth in sales of lubricating oils is also expected to continue. The Company has already completed the installation of underground tanks & blending tanks for production of Petroleum products of A, B & C class for which statutory permissions are shortly expected. With commissioning of this plant, the Company expects good business and related performance growth in marketing of Industrial solvents, Lacquers, Rubber chemicals, thinners etc.

DIRECTORS

Smt. Bhagwati Khandelwal retires by rotation and being eligible offers herself for re-appointment at forthcoming Annual General Meeting. Shri Madan Lal Khandelwal, Managing Director of the Company has also been appointed Chairman of the Company.

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 judgments and estimates that are reasonable and prudent, so as to give a true and fair view of the State of affairs of the Company at the end of the financial year 31st March 2010.

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 for the financial year ended 31st March 2010 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

- i) Electricity own generation
by D.G. Set Units
Unit per Ltr. of Diesel Oil
Cost/Unit

- ii) Fuel Oil(Diesel/LDO/FO/GO)
Quantity
Total Amount
Average Rate/Unit

- iii) Consumption per Unit of
production (Lubricating
Oils)
Fuel Oil

Unit	2009-2010	2008-2009
KWH	42000	146700
KWH	0.388	0.250
Rs.	9.75	8.05
Ltr.	275195	285300
Rs.	8393450	5257737
Rs.	30.50	28.94
Ltr.	0.030	0.028

TECHNOLOGY ABSORPTION

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

FOREIGN EXCHANGE

During the year under review the income in foreign exchange was NIL & The expenditure in foreign exchange was Rs.7,79,544/-.

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) Rules, 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 & Banks. The Directors also place on record their appreciation to all employees of the Company for their good work.

Registered office
A-2 Opposite Udyog Bhawan,
Tilak Marg, C-Scheme, Jaipur

Dated 29th May 2010

By order of Board of Directors

M.L.Khandelwal
Chairman and 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 2010 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 standards 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 Accounts 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 our audit we have not observed any adverse effect on the working of the Company.
 - (e) None of the Director of the Company are disqualified from the appointment as Director under clause (g) of Sub - Section (1) of Section 274 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 accounts 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 Balance Sheet of the state of affairs of the Company as at 31st March, 2010.

For R.P. Khandelwal & Associates
Chartered Accountants

Place: Jaipur
Date: 29th May 2010

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 has 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 discrepancies were noticed on the physical verification of inventory as compared to book records except minor discrepancies and the same have 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 explanations 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 & 58AA of the Act, except unsecured loan of Rs.8,58,567/- 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 is regularly depositing Employees' State Insurance and Provident fund dues with 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 became payable.
 - (b) In respect of following disputed demand, the Company has filed appeals to various appropriate courts/ Appeallet Authorities to seek justice and the same are under process of finalization.
 - (i) Rajasthan Sales Tax demand of Rs.7,89,699/- (Assessment Year 1994-95)
 - (ii) Rajasthan Sales Tax demand of Rs 21,21,408/- (Assessment Year 2001-2002)
 - (iii) Rajasthan Sales Tax demand of Rs.6,94,412/- (Assessment Year 2002-2003)

14. The Company have accumulated losses at the end of the financial year Rs 7,14,714/- 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 preceding the financial year.
15. In our opinion and to the best of the information and explanation given to us the company has not taken any secured 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 an 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 Hazardous Waste Management operation was Rs.2,51,70, 530/-. The company has repaid the Unsecured loan of Rs.15,46,276/-.
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 companies Act, 1956. Accordingly, clause 4(xviii) of the order is not applicable.
23. The Company has not issued any debenture. Accordingly, cause 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: 29th May 2010

R.P. Khandelwal
Partner

CONTINENTAL PETROLEUMS LIMITED

BALANCE SHEET AS ON 31ST MARCH 2010

Particulars

SOURCES OF FUNDS :

Shareholders Fund:
Share Capital
Reserves & Surplus

Loan Fund:
Unsecured Loan
Secured loan
Deferred Tax Liability/(Assets)

Schedule	Current Year Amount in Rs.	Previous Year Amount in Rs.
1	2,46,53,120	2,46,53,120
2	74,97,271	74,97,271
3	8,58,567 39,24,532 (54,811)	24,04,843 37,58,229 (6,27,152)
Total	3,68,78,679	3,76,86,311
4	5,28,43,389 3,85,04,927 1,43,38,462	4,65,75,155 3,78,50,856 87,24,299
5	2,17,34,113 3,16,594 2,62,26,930 71,02,886	1,74,27,555 4,16,384 1,56,67,856 26,11,996
	5,53,80,523	3,61,23,791
6	3,35,55,020	1,29,61,003
	2,18,25,503	2,31,62,788
	7,14,714	57,99,224
10		
Total	3,68,78,679	3,76,86,311

APPLICATION OF FUNDS:

Fixed Assets

Gross Block
Less: Depreciation

Current Assets, Loans & Advances

Inventory
Cash & Bank Balance
Sundry Debtors
Loans & Advances

Less: Current Liabilities
& Provisions

Net Current Assets

Profit & Loss A/c
Notes on Accounts & Accounting
Policy

As per our Audit Report of even date Annexed

For R.P. KHANDELWAL & ASSOCIATES,
Chartered Accountants

R.P. Khandelwal
Partner

Place: Jaipur
Date: 29th May 2010

For and on behalf of Board

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

PROFIT & LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH 2010

Particulars	Schedule	Current Year Amount in Rs.	Previous Year Amount in Rs.
INCOME			
Sales		8,41,13,351	7,57,92,109
Other Income		2,56,03,352	2,33,31,898
Increase/ (Decrease)- in Closing Stock		(9,88,884)	(5,36,312)
	(A)	10,87,27,819	9,85,87,695
EXPENDITURE:			
Material Consumed	7	7,70,90,357	6,92,38,340
Excise Duty		14,34,887	17,73,640
Payment to and Provision for Employees	8	37,76,356	34,37,707
Operational & Other Expenses	9	1,71,76,540	1,63,10,861
Interest		7,40,256	6,82,553
	(B)	10,02,18,396	9,14,43,101
Profit/(Loss) before depreciation	(A-B)	85,09,423	71,44,594
Less : Depreciation		6,54,071	22,07,091
Profit/(Loss) after depreciation		78,55,352	49,37,503
Provision of Tax		21,98,501	15,52,338
Provision for Deferred Tax		5,72,341	(1,20,943)
Profit after Tax		50,84,510	35,06,108
Balance Brought Forward losses from last year		(57,99,224)	(93,05,332)
Balance Carried Forward To Balance Sheet		(7,14,714)	(57,99,224)
Number of share issued		2465312	2465312
Basic EPS (Rupees)		2.06	1.42
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
PartnerG.D.Sethi (Director)
R.N.Karol (Director)
Mrs.Bhagwati Khandelwal (Director)
M.L.Khandelwal
(Chairman & Managing Director)Place: Jaipur
Date: 29th May 2010

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

Registration No. : 3704

State Code : 17

Balance Sheet Date : 31-03-2010

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

Public Issue

Rights Issue

Nil

Nil

Bonus Issue

Private Placement

Nil

Nil

III. Position of Mobilization and Development of Funds

(Amount in Rs.)

Total Liabilities : 7,04,33,699

Total Assets : 7,04,33,699

Source of funds Paid up capital : 2,46,53,120/-

Reserves & surplus : 74,97,271/-

Secured Loans : 39,24,532

Unsecured Loans : 8,58,567

Application of Funds

Net Fixed Assets : 1,43,38,462

Investments : Nil

Net Current Assets : 2,18,25,503

Misc. Expenditure : Nil

Accumulated Losses : 7,14,714

IV. Performance of Company (Amount in Rs.)

Turnover

Misc. Income

Deferred Tax

Income Tax

8,41,13,351

2,56,03,352

5,72,341

21,98,501

Total Expenditure

Profit Before Tax

Profit After Tax

10,08,72,467

78,55,352

50,84,510

Earning Per Share in Rs. : 2.06

Dividend : Nil

V. Generic Names of Three Principal Products/Services of Company

(As per monetary terms)

- | | |
|------------------------|------------------|
| 1) Item Code (ITC) No. | 304012009 |
| Product description | LUBRICATING OILS |
| 2) Item Code(ITC) No. | 304010006 |
| Product description | GREASES |
| 3) Item Code (ITC) | 304001007 |
| Product description | TRANSFORMER OILS |
| 4) Item Code (ITC) NO | 304007005 |
| Product description | FURNACE OILS |

For and on behalf of Board

G.D.Sethi (Director)

R.N.Karol (Director)
 Mrs.Bhagwati Khandelwal (Director)
 M.L.Khandelwal
 (Chairman & Managing Director)

Place : Jaipur

Date : 29th May 2010

SCHEDULES(Schedules forming part of the Balance Sheet as at 31st March 2010)**SCHEDULE-1: SHARE CAPITAL:**

Authorized:

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 (Amount in Rs.)	Previous Year (Amount in 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
35,200	35,200
74,62,071	74,62,071
74,97,271	74,97,271
8,58,567	24,04,843
8,58,567	24,04,843
39,24,532	37,58,229
39,24,532	37,58,229

SCHEDULE-2: RESERVES & SURPLUS:

Capital Reserve

General Reserve

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

(Amount in Rs.)

Particulars	Gross Block			Depreciation			Net Block	
	Balance as on 01.04.2009	Addition (Deletion) in year	Total as on 31.3.2010	Upto 31.3.2009	Provided during the year	Total as at 31.3.2010	As at 31.3.2010	As at 31.3.2009
Land	8,44,528	-	8,44,528	-	-	-	8,44,528	8,44,528
Building under Construction	5,22,310	(5,22,310)	-	-	-	-	-	5,22,310
New Plant & Machinery	-	26,79,204	26,79,204	-	-	-	26,79,204	-
Under installation Building	75,01,096	10,43,847	85,44,943	40,84,250	2,50,536	43,34,786	42,10,157	34,16,845
Computer	1,71,010	1,38,799	3,09,809	91,339	33,646	1,24,985	1,84,824	79,671
Plant & Machinery	3,47,34,012	23,96,171	3,71,30,183	3,24,03,756	1,73,535	3,25,77,291	45,52,893	23,30,256
Furniture & Fixtures	5,07,834	86,285	5,94,119	4,89,501	4,977	4,94,478	99,641	18,333
Office Equipments	1,77,541	39,550	2,17,091	1,66,089	1,505	1,67,594	49,497	11,452
Vehicles	21,16,824	4,06,687	25,23,511	6,15,921	1,89,872	8,05,793	17,17,718	15,00,904
Total	4,65,75,155	62,68,233	5,28,43,388	3,78,50,856	6,54,071	3,85,04,927	1,43,38,462	87,24,299
Previous year figures	4,37,81,565	27,93,590	4,65,75,155	3,56,43,765	22,07,091	3,78,50,856	87,24,299	81,37,800

SCHEDULE - 5 : CURRENT ASSETS, LOANS & ADVANCES :

	Current Year (Amount in Rs.)	Previous Year (Amount in Rs.)
INVENTORY (At Cost)		
Raw material, Chemical & Stores	1,88,03,366	1,35,07,924
Finished Goods	27,38,434	34,20,131
Goods in Process	1,92,313	4,99,500
	2,17,34,113	1,74,27,555
CASH & BANK BALANCE		
Cash in hand	38,094	78,667
Balance with Scheduled Bank- In Current Account & In Fixed Deposit Account	2,23,500 55,000	1,14,926 2,22,791
	3,16,594	4,16,384
SUNDRY DEBTORS (Unsecured Considered Good)		
Debts Outstanding Exceeding 6 months	24,74,810	
Less: Provision for Doubtful Debts	8,02,353	
Other Debts		
	16,72,457 2,45,54,473	14,99,719 1,41,68,137
	2,62,26,930	1,56,67,856
LOANS & ADVANCES: (Unsecured Considered Good)		
Advances recoverable in cash or in kind or for value to be received in cash)	71,02,886	26,11,996
	71,02,886	26,11,996

SCHEDULE-6: CURRENT LIABILITIES & PROVISIONS :

For Goods	2,90,57,601	95,10,733
For Other Liabilities	44,97,419	34,50,270
	3,35,55,020	1,29,61,003

SCHEDULE-7: MATERIAL CONSUMED :

	Current Year (Amount in Rs.)	Previous Year (Amount in Rs.)
Opening Stock	1,35,07,924	1,71,71,407
Add: Purchases	8,23,85,799	6,55,74,857
	9,58,93,723	8,27,46,264
Less: Closing Stock	1,88,03,366	1,35,07,924
	7,70,90,357	6,92,38,340

SCHEDULE-8: PAYMENT TO AND PROVISION FOR EMPLOYEES:

Wages, Salaries & Benefits	37,24,205	33,91,595
Staff Welfare Expenses	52,151	46,112
	37,76,356	34,37,707

SCHEDULE-9: OPERATIONAL AND OTHER EXPENSES

Power and Fuel Consumed	83,93,450	86,62,833
Travelling & Conveyance Expenses	6,22,448	5,59,644
Repair, Running & Maintenance Expenses	10,37,890	7,28,834
Postage, Telephone & Telegram Expenses	1,53,152	1,34,751
Insurance Charges	1,00,081	47,557
Electricity & Water Expenses	57,666	39,390
Legal & Professional Charges	1,97,808	1,18,496
Managing Directors' Remuneration	4,80,000	4,20,000
Rent, Rates & Taxes	4,99,508	5,53,089
Printing & Stationary	41,204	46,265
Selling & Distribution Expenses	12,88,896	15,42,223
Payment to Auditors:		
Audit Fee 20,000		
Tax Audit Fee <u>5,000</u>	25,000	18,000
Other Expenses	42,79,436	34,39,779
	1,71,76,539	1,63,10,861

SCHEDULE-10: NOTES ON ACCOUNTS:

1. Contingent Liabilities not provided for:

(i) Disputed demand of Rajasthan Sales Tax of amount to Rs.7,89,699/- raised by Anti-vision Commercial Taxes Department, Jaipur, for the assessment year 1994-95. Against above order the Company had filed appeal before Dy. Commissioner (Appeals) Jaipur which has been decided in favour of the company. Thereafter the department filed an appeal before Rajasthan Tax Board, Ajmer against above Dy. Commissioner's order.

(ii) (a) Disputed demand of Rs.21,21,408/- raised by Asst. Commissioner, Rajasthan Sales Tax Jaipur pertaining to the assessment year 2001-02

(b) Disputed demand of Rs.6,94,412/-raised by Asst. Commissioner, Rajasthan Sales Tax Jaipur pertaining to the year 2002-2003.

The Company had filed appeals against both the above demands (a) & (b) before Dy. Commissioner (Appeals), and the same were decided on 27.01.2009 against the Company. Thereafter, the Company filed appeals before Rajasthan Tax Board, Ajmer against the above Dy. Commissioner's orders and the same are under process of hearing.

2. Other income includes interalia Rs.2,51,70,530/- (Previous year Rs.2,28,52,476/-) received from operations carried out by the company on Hazardous Waste Management.

3. Depreciation has been provided on SLM basis at the rates prescribed in Schedule XIV of the Companies Act 1956 as amended by Notification No. GSR 756 (E) dated 16.12.1993 and where there is an addition, the same has been provided on pro-rata basis.

4. Travelling Expenses includes Director's Travelling Expenses of Rs.6,22,448/-. (Previous Year Rs.1,10,259/-).

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.4,80,000/- is as per sanction of Shareholders at the Annual General Meeting of Company held on 24th September 2008.

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.24,00,000/- per annum or Rs.2,00,000/- per month).

No. of Employees	Employed Full Year	Employed for part of the year
	Nil (Previous Year - Nil)	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. Lubricants for Rs.7,79,544/- were imported during the year. Earning in foreign currency during the year was NIL

9. Information related to licensed and installed capacity, production etc.

CLASS OF GOODS MANUFACTURED

- a. Licensed/Installed Capacity
(R.M Feed Rate Per Annum)
- Lubricating Oil/Fuel Oil
- b. Actual Production/Purchases
- Lubricating Oil/ Grease

Unit	Current Year	Previous Year
KL	18,000.000	18,000.000
KL	1,633.131	1,439.420

	CURRENT YEAR		PREVIOUS YEAR	
	QTY.KL	Value (Rs. In Lacs)	QTY.KL	Value (Rs in Lacs)
c. Opening Stock				
- Lube oil/Grease	99.506	34.20	44.896	27.79
d. Sales				
- Lube Oil/Grease	1,657.663	841.13	1,384.810	757.92
e. Closing stock				
- Lube Oil/Grease	74.974	27.38	99.506	34.20

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

11. Consumption of Raw Materials:

	CURRENT YEAR		PREVIOUS YEAR	
	QTY.KL	Value (Rs. In Lacs)	QTY.KL	Value (Rs in Lacs)
(a) Details of Consumption/ Purchase				
Used oil/ Base oil	2197.90	646.53	2,101.20	617.13
Chemicals & Stores		26.08		27.20
Packing Materials		98.29		48.05
		770.90		692.38
(b) Aggregate Consumption/ Purchases of Raw Material				
	Value	Percentage	Value	Percentage
	Rs in Lacs		Rs in Lacs	
Imported raw material	7.79	1.01%	33.15	4.79%
(At Factory Delivered Cost)				
Indigenous	763.11	98.99%	659.23	95.21%
	770.90	100%	692.38	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 "Segment 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.) 2009-2010	Balance outstanding on 31.03.10	Amount (Rs.) 2008-2009	Balance outstanding on 31.03.09
Mr. M.L.Khandelwal	Key Management personnel	Remuneration. Leave encashment & Rent	4,20,000 2,40,000 60,000	-	3,60,000 48,000	17,088
Mr.Navneet Khandelwal	Relative of key Management Personnel	Salary	4,27,500	-	3,03,000	10,903
Smt. Bhagwati Khandelwal	Relative of key Management Personnel	Rent for company Leased Office	48,000	-	24,000	-
Central Steel & General Industries	Relating Firm of key Management Personnel	Rent for company Leased Godown	2,28,000	-	1,58,550	-
Mr.Vikrant Khandelwal	Relative of key Management Personnel	Salary	3,07,500	-	1,47,000	(50,761)

- (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 exclude 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) dated 16th Dec. 1993 and where, there is an addition, 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) Semi-finished goods are valued at cost and finished goods are valued at lower of cost on net realizable 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 R.P. KHANDELWAL & ASSOCIATES,
Chartered Accountants

R.P. Khandelwal
Partner

Place: Jaipur
Date: 29th May 2010

For and on behalf of Board

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

CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH 2010 (Rs. In Lacs)

	Current Year (Rs. in lacs)	Previous Year (Rs. in lacs)
A. Cash Flow from Operating Activities		
Net profit/(Loss) after tax and before extraordinary items	50.84	35.06
Adjustments for:		
Depreciation	6.54	22.07
Interest/Dividend Income	-	-
Interest Charged	7.40	6.83
Deferred tax	-	-
Income tax	21.98	15.52
Operating Profit before Working Capital Changes	86.76	79.48
Adjustments for :		
Trade & Other Receivables	(105.60)	(22.55)
Inventories	(43.07)	42.00
Trade Payables & Other Liabilities	205.94	(43.61)
Advances	(44.90)	19.06
Cash Generated from Operations	99.13	74.38
Income Tax Paid	(21.98)	(15.52)
Increase in deferred tax provision	5.72	(1.20)
Interest Paid-Gross	(7.40)	(6.83)
Net Cash from Operating Activities (A)	75.47	50.83
B. Cash Flow from Investing Activities		
Purchased of Fixed Assets - net of Interest capitalized	(62.68)	(27.95)
Interest Received		
Net Cash used in Investing Activities (B)	(62.68)	(27.95)
C. Cash Flow from Financing Activity		
Repayment of Borrowings	1.67 (15.46)	(1.81) (22.99)
Net Cash used in Financing Activities (C)	(13.79)	(24.80)
Net (Decrease)/Increase in Cash & Cash equivalents (A+B+C)	(1.00)	(1.92)
Cash & Cash equivalents at start of the year	4.16	6.08
Cash & Cash equivalents at close of the of the year	3.16	4.16

As per our Audit report of even date Annexed.

For and on behalf of Board

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

Place : Jaipur
Date : 29th May 2010

AUDITOR'S CERTIFICATE

We have examined the attached Cash Flow Statement of Continental Petroleums Limited for the year ended 31st March 2010. 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 however the figures have been regroup or rearranged covered by our report of 29th May 2010 to the Members of the Company.

As per our Audit Report of even date Annexed

For R.P. KHANDELWAL & ASSOCIATES
Chartered Accountants

R.P. KHANDELWAL
Partner

Place : Jaipur
Date : 29th May 2010

CONTINENTAL PETROLEUMS LIMITED

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

PROXY FORM

Folio No.

I/We
 of in the district of
 being a member/members of M/s Continental Petroleums Limited appoint hereby him/her of
 or failing him/her at the 24th Annual
 General Meeting of the Company to be held on Tuesday, the 28th September, 2010 at 1.00 P.M. and at any adjournment thereof.

Signed this day of 2010.

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

24th ANNUAL GENERAL MEETING

Date : 28th September, 2010 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. Shareholdes are requested to bring their copy of the Annual Report with them to the Annual General Meeting.
3. No. Gifts or Coupons would be given to the shareholders for attending the Annual General Meeting.

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Jaipur - 302 005 (Rajasthan)