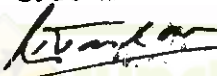


CPEC

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For CPEC LIMITED


Managing Director

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CPEC LIMITED
57th Annual Report
1999-2000

BOARD OF DIRECTORS

Ryaz Shamji	Chairman
A. J. Shamji	Director
Alim Shamji	Director
Akbar Shamji	Director
Ramesh K. Taskar	Managing Director
Ramesh Makhija	Director
Mrs. S. H. Master	Alternate Director to Alim Shamji
D. H. Karmarkar	Alternate Director to Akbar Shamji

Bankers

Indian Bank

Auditors

Vedula, Vijay & Ramanathan
(Formerly Modi & Vijay)
Chartered Accountants

Registered Office

1, Industrial Estate,
Lalbaug, Muambai - 400 012.

Works

1, Industrial Estate,
Lalbaug, Mumbai - 400 012.

C-26, M.I.D.C. Industrial Area,
Taloja, Dist. Raigad.

FIFTY-SEVENTH ANNUAL REPORT 1999-2000

CPEC LIMITED

NOTICE

NOTICE is hereby given that the Fifty-seventh Annual General Meeting of the Shareholders of CPEC LIMITED will be held at M. C. Ghia Hall, Association of Merchants & Manufacturers of Textile Stores & Machinery (India), Bhogilal Hargovindas Building, 18/20, Kaikhushru Dubash Marg, (behind Prince of Wales Museum), Mumbai 400 001, on Thursday, the 22nd June, 2000 at 10.30 A.M. to transact the following business :

1. To adopt the Balance Sheet as at 31st March, 2000 and the Profit and Loss Account for the year ended on that date.
2. To appoint a Director in place of Mr. Ryaz Shamji, who retires by rotation and being eligible, offers himself for re-appointment.
3. To appoint a Director in place of Mr. Ramesh Makhija, who retires by rotation and being eligible, offers himself for reappointment.
4. To appoint retiring Auditors M/s. Vedula, Vijay and Ramanathan (formerly M/s. Modi & Vijay), Chartered Accountants and to fix their remuneration.
5. To consider and pass the following resolution as a Special resolution :-
"RESOLVED, pursuant to the provisions of Section 81(1-A) of the Companies Act, 1956, that consent be and is hereby accorded to the Board of Directors of the Company to offer 20,00,000 Share warrants convertible into 20,00,000 equity shares of Rs. 10/- each within a period of eighteen months from the date of issue of the warrants.

FURTHER RESOLVED that such offer of convertible warrants be made to any person, whether or not those persons include the persons who on the date of the offer are holders of the equity shares of the Company, and the offer will carry a right to apply for conversion of the warrants into equity shares at par."

FURTHER RESOLVED that the application for such conversion shall be made to the Company from time to time within the time-limit of eighteen months and can be made also by Non-Residents/Overseas Corporate Bodies/Foreign Institutional Investors, subject to the prescribed ceilings on their holdings and the requisite approvals/permission from Reserve Bank of India.

FURTHER RESOLVED that the Board of Directors of the Company shall have an absolute power to reject the application for such conversion on any ground whatsoever and its decision in this regard will be final.

FURTHER RESOLVED that the applications for conversion shall be accompanied by a payment of atleast ten percent of the value of the shares comprised in the warrants and balance amount payable shall be paid on the dates specified in the intimation of the allotment upon conversion."

NOTES :

- (a) A MEMBER ENTITLED TO ATTEND AND VOTE IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE INSTEAD OF HIMSELF/HERSELF AND A PROXY NEED NOT BE A MEMBER. THE INSTRUMENT OF PROXY SHOULD, HOWEVER, BE DEPOSITED AT THE REGISTERED OFFICE OF THE COMPANY NOT LESS THAN FORTY EIGHT HOURS BEFORE THE COMMENCEMENT OF THE MEETING.
- (b) The Register of Members and Share Transfer Books of the Company shall remain closed from Saturday, the 17th June, 2000 to Thursday, the 22nd June, 2000.
- (c) An Explanatory Statement in respect of the items of special business accompanies.

On behalf of the Board of Directors

Registered Office :

1, Industrial Estate,
Lalbaug, Mumbai 400 012.
Mumbai, 16th May, 2000.

R. K. TASKAR
Managing Director

EXPLANATORY STATEMENT - ANNEXURE TO THE NOTICE.

RESOLUTION No.5.

The Company requires further finance for expansion and it proposes to raise such capital by way of issue of equity share warrants as a preferential issue. The terms and conditions of this preferential issue shall be in accordance with S E B I Preferential Issue regulations and such other regulations and law provisions as are applicable. The warrants which are proposed to be issued, in terms of this Special resolution will be converted at par into equity shares from time to time in one or more lots within eighteen months from the date of issue of the warrants.

Requests for conversion of these warrants into equity shares shall always be accompanied by the necessary payment by cheque/demand drafts. Application without payment will be rejected.

The newly issued shares shall be also listed with the Stock Exchange, Mumbai and the necessary application therefor will be made to it.

After the allotment, certificates for the number of shares allotted will be forwarded to the respective allottees within three months from the date of allotment. The Special Resolution in this regard passed at the Extraordinary Meeting held on the 5th June, 1999 had lapsed, as the Company could not implement within the prescribed three-month period; hence the need to pass it again.

The Directors of the Company are interested to the extent of their Shareholding in the Company.

On behalf of the Board of Directors

Mumbai, 16th May, 2000.

R. K. TASKAR
Managing Director

CPEC LIMITED

DIRECTORS' REPORT

TO THE MEMBERS

Your Directors present Fifty-seventh Annual Report and the Audited Statement of Final Accounts for the year ended 31st March, 2000.

FINANCIAL RESULTS	1999- 2000	1998-99
	Rupees	Rupees
The Gross Operating Profit/(Loss) for the year	39,06,315	37,32,158
Deduction therefrom/Addition thereto:		
Interest	8,62,231	6,23,004
Depreciation	<u>18,54,311</u>	<u>18,02,863</u>
Operating Profit	11,89,773	13,06,291
Profit on Sale of Thane Plant	<u>--</u>	<u>64,41,790</u>
	11,89,773	77,48,081
Provision for taxation	<u>7,00,000</u>	<u>14,50,000</u>
	4,89,773	62,98,081
Add: Income Tax Adjustments for prior years	1,54,661	(2,56,448)
Add: Excess provision for earlier years written back	<u>20,856</u>	<u>15,101</u>
	6,65,290	60,56,734
Balance in Profit & Loss Account brought forward	<u>1,42,07,182</u>	<u>86,50,448</u>
	1,48,72,472	<u>1,47,07,182</u>
APPROPRIATIONS		
General Reserves	1,00,000	5,00,000
Leaving a balance to be carried forward	<u>1,47,72,472</u>	<u>1,42,07,182</u>
	1,48,72,472	<u>1,47,07,182</u>

DIVIDEND

In order to conserve funds for long term working capital and expansion, the Directors do not recommend payment of dividend.

OPERATION AND FUTURE PROSPECTS

During the year under review, your Company has been able to keep up the tempo in production to meet with the increased sales targets, inspite of the general recessionary trend prevailing in the country during the year. The Sales were higher by 13% compared to previous year. This was achieved through better marketing, and introduction of new products, however, prices were under pressure due to increased competition. Your Directors are making efforts to increase sales and barring unforeseen circumstances, your Directors are confident of achieving sales turnover of around 6 crores during the present financial year.

FIFTY-SEVENTH ANNUAL REPORT 1999-2000

DIRECTORS

In accordance with the provisions of the Companies Act, 1956 and Articles of Association of the Company, Mr. Ryaz Shamji and Mr. Ramesh Makhija, Directors of the Company retire by rotation and being eligible, offers themselves for reappointment.

PARTICULARS OF EMPLOYEES

There is no employee who was in receipt of a remuneration of Rs. 50,000/- per month or Rs. 6,00,000/- per annum during the year.

SECTION 217 (1)(e) OF THE COMPANIES ACT

As required under Section 217(1)(e) of the Companies Act, 1956 read with the Companies (Disclosure of Particulars in the Report of the Board of Directors) Rules, 1988, the relevant information is given below :

A. Conservation of Energy

The Company's operations involve low energy consumption, wherever possible energy conservation measures have already been implemented. The Company is making all efforts to optimise the use of energy through improved operational methods.

B. Research & Development.

The Company has been gearing up its Product Development activities to meet competition and during the year number of application - specific designs were developed. Emphasis is also being laid on value engineering and TQM.

C. Foreign Exchange Earnings/Outgoings

Our foreign exchange earnings and outgoings during the year were nil.

AUDITORS

M/s. Vedula, Vijay & Ramanathan, (formerly M/s Modi & Vijay), Chartered Accountants, the present Auditors of the Company retire at this Annual General Meeting and being eligible offer themselves for reappointment.

ACKNOWLEDGEMENT

Your Directors would like to thank the customers for their continued support to your Company's quality products. The Directors also thank the employees at all levels for their wholehearted support, co-operation and devotion to duty, as well as to the Bankers, Suppliers and Dealers for their continued patronage.

On behalf of the Board of Directors

Mumbai, 16th May, 2000.

R. K. TASKAR
Managing Director