

CPEC



CPEC LIMITED
63rd Annual Report
2005-2006

BOARD OF DIRECTORS

Ryaz Shamji	Chairman
A. J. Shamji	Director
Alim Shamji	Director
Akbar Shamji	Director
D. D. Deshpande	Alternate Director to Ryaz Shamji
Mrs. S. H. Master	Alternate Director to Alim Shamji

Banker

Bombay Mercantile Co-operative Bank Ltd.

Auditors

VEDULA, VIJAY & RAMANATHAN

Chartered Accountants



Registered Office

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

Works

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

CPEC LIMITED

NOTICE

NOTICE is hereby given that the Sixty-Third Annual General Meeting of the Shareholders of **CPEC LIMITED** will be held at the Registered Office of the Company, 1, Industrial Estate, Lalbaug, Mumbai - 400 012, on Saturday, the 23rd September, 2006 at 10.30 A.M. to transact the following business :

1. To receive, consider and adopt the Balance Sheet as at 31st March, 2006 and the Profit and Loss Account for the year ended on that date as well as the Report of Directors and Auditors thereon.
2. To appoint a Director in place of Mr. Ryaz Shamji who retires by rotation and being eligible, offers himself for reappointment.
3. To appoint retiring Auditors M/s. Vedula, Vijay & Ramanathan, Chartered Accountants to hold office from the conclusion of this Annual General Meeting until the next Annual General Meeting.
4. To pass the following ordinary resolution :

“Resolved that consent be and is hereby accorded to the Board of Directors of the Company to borrow Rs.10,00,00,000/- (Rupees Ten Crores Only) outstanding at anyone time for the purposes of the business of the Company.”

On behalf of the Board of Directors
D. D. Deshpande
Director

Mumbai, 28th June, 2006

NOTES

- (a) **A MEMBER ENTITLED TO ATTEND AND VOTE IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE INSTEAD OF HIMSELF / HERSELF OF 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 Tuesday, the 19th September, 2006 to Saturday, the 23rd September, 2006 (both days inclusive).
- (c) An Explanatory Statement, pursuant to Section 173 of the Companies Act, 1956, accompanies.

EXPLANATORY STATEMENT ANNEXURE TO THE NOTICE :

The Company's requirement of funds for its business continues to increase, as the cost of raw materials, administrative expenses etc. are always going up. This make the Company's need for finance also go up.

A higher limit is proposed to be given to the Board for the purpose, in times of Section 293(1)(d) of the Companies Act, 1956.

DIRECTORS' REPORT**TO THE MEMBERS**

Your Directors present Sixty-Third Annual Report and the Audited Statement of Final Accounts for the year ended 31st March, 2006.

FINANCIAL RESULTS

	2005-2006	2004-2005
	Rupees	Rupees
The Gross Operating Profit / (Loss) for the year	48,17,590	59,41,365
Deduction therefrom / Addition thereto :		
Interest	18,78,755	7,14,091
Depreciation	13,94,820	9,44,061
Operating Profit	15,44,015	42,83,213
Profit on sale of asset	3,275	66,168
Net Profit Before Tax	15,47,290	43,49,381
Provision for taxation	8,50,000	13,55,000
Deferred Tax Provision	58,764	(2,89,290)
Fringe Benefit Tax	2,69,000	—
Profit After Tax	3,69,526	27,05,091
Add : Income Tax Adjustments for prior years	2,26,932	—
	5,96,458	27,05,091
Balance in Profit & Loss Account brought forward	1,74,10,402	1,47,05,311
	1,80,06,860	1,74,10,402
APPROPRIATIONS		
General Reserves		—
Leaving a balance to be carried forward	1,80,06,860	1,74,10,402
	1,80,06,860	1,74,10,402

DIVIDEND

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

OPERATION AND FUTURE PROSPECTS

During the year under review, the production and sales in quantitative terms were higher by around 18% as compared to previous year. Inspite of higher sales, the profits have been lower due to increase in raw material and other costs which could not be passed on to our customers due to intense competition.

Your Directors are confident of achieving good results during the forthcoming financial year.

During the year, Company has exported their products to Kenya, Thailand, Saudi Arabia, Dubai and U.K. Export sales during the financial year 2005-2006 was Rs. 30,68,826/- During forthcoming year, your Directors are expecting good number of orders from Overseas Buyers.

DIRECTORS

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

PARTICULARS OF EMPLOYEES

There is no employee who was in receipt of a remuneration of 24 lakhs per annum during the year.

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 Products 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/Outgo

Our foreign exchange earnings during the year were Rs. 16,16,592/- outgo Rs.26,100/-.

D. Directors' Responsibility Statement :

You Directors state :

- (i) that in the preparation of the annual accounts, the applicable accounting standards had been followed along with proper explanation relating to material departures;
- (ii) that the Directors had selected such accounting policies and applied them consistently and 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 and of the profit or loss of the company for that period;
- (iii) that the Directors had taken proper and sufficient care 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 fraud and other irregularities;
- (iv) that the Directors had prepared the annual accounts on a going concern basis.

AUDITORS

M/s. Vedula, Vijay & Ramanathan, Chartered Accountants, the present Auditors of the Company retire at this Annual General Meeting and being eligible offer themselves for re-appointment.

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
D. D. Deshpande
Director

Mumbai, 28th June, 2006