

CPEC



CPEC LIMITED
66th Annual Report
2008-2009

BOARD OF DIRECTORS

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

Banker

Bombay Mercantile Co-operative Bank Ltd.

Auditors

Vedula, Vijay & Ramanathan

Chartered Accountants

Registered office

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

Works

Plot No. D-207, TTC Ind. Area,
MIDC, Turbhe, Navi Mumbai - 400705

CPEC LIMITED

NOTICE

NOTICE is hereby given that the Sixty-Sixth 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 Wednesday, the 30th September, 2009, at 10.30 A.M. to transact the following business.

- 1 To receive consider and adopt the Balance Sheet as at 31st March, 2009 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. Abdul J. 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.

On behalf of the Board of Directors

MRS. S. H. MASTER

Director

Mumbai, 30th June, 2009

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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 Thursday, the 24th September, 2009 to Wednesday, the 30th September, 2009. (both days inclusive).



DIRECTORS' REPORT TO THE MEMBERS

Your Directors present Sixty-Sixth Annual Report and the Audited Statement of Final Accounts for the year ended 31st March 2009

| FINANCIAL RESULTS | 2008-2009 | 2007-2008 |
|--|--------------------|------------------|
| | Rupees | Rupees |
| The Gross Operating Profit / (Loss) for the year | (6,212,552) | 5,204,724 |
| Deduction therefrom / Addition thereto : | | |
| Interest | 1,528,710 | 4,487,706 |
| Depreciation | 745,380 | 765,890 |
| Operating Profit | (8,486,642) | (48,872) |
| Profit on sale of asset | - | - |
| Net Profit Before Tax | (8,486,642) | (48,872) |
| Provision for taxation | - | - |
| Income Tax | - | - |
| Deferred Tax | 78,133 | 100,865 |
| Fringe Benefit Tax | 65,031 | 115,177 |
| | (143,164) | 216,042 |
| Profit after Tax | (8,629,806) | (264,914) |
| Add : Income Tax Adjustments for prior years | 32,709 | - |
| Add : (Less) amount written off. | - | - |
| | (8,662,515) | (264,914) |
| Balance in Profit & Loss Account brought forward | 18,127,815 | 18,392,729 |
| | 94,65,300 | 18,127,815 |
| APPROPRIATIONS | | |
| General Reserves | - | - |
| Leaving a balance to be carried forward | 94,65,300 | 18,127,815 |
| | 94,65,300 | 18,127,815 |

OPERATIONS AND FUTURE PROSPECTS

During the year, the production & sales in quantitative revenue terms were lower by around 45% as compared to previous year. There were no Exports.

Your Directors have to inform you that, pursuant to a resolution passed at the Annual General Meeting of the Company held on the 21st September, 2007 the whole of the fixed assets of the Company, such as plant and machinery, had been rented, to another company, CPEC Engineering Limited. All the manufacturing activities of the Company has been stopped from the 1st January, 2009 and all the employees and workers have been paid off. The Company does not now have any business.

The land and building at Lalbaug Industrial Estate alone remains and this also will have to be sold. The process of Valuation of this property is on and world recession may affect this landed property also. Redevelopment also is being considered.

You will be informed in due course about this.

DIRECTORS

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

PARTICULARS OF EMPLOYERS

There is no employee who was in receipt of a remuneration of Rs. 2,00,000/- per month or Rs. 24,00,000/- 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 consumptions, 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/Outgoings

Our foreign exchange earnings during the year were Rs.0/- and outgoings Rs. 0/-

D. Directors' Responsibility Statement :

Your 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 and 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.

SUBSIDIARIES

In respect companies subsidiaries, i.e. Cardcom (I) Pvt. Ltd. and Moulik Impex Pvt. Ltd., and CPEC Engineering Ltd. the audited statements together with particulars required under section 212 of the Companies Act, 1956 are annexed herewith. In case of Cardcom (I) Pvt. Ltd. the company is engaged in manufacturing of plastic cards. The turnover during the year was Rs.8.84 lakhs as against Rs.33.31 lakhs of the previous year and the loss increased to Rs.39.34 lakhs to Rs.36.79 Lacs. In case of Moulik Impex Pvt. Ltd. the Company is not engaged in any business activity. The loss of CPEC Engineering was Rs. 43.91 lakhs and the turnover recorded was 1.15 crores.

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

**Mrs. S.H. Master
Director**

Mumbai, 30th June, 2009 .

CPEC LIMITED

AUDITORS' REPORT

To,
The Shareholders of
CPECLIMITED,
MUMBAI.

1. We have audited the attached Balance Sheet of **CPEC LIMITED**, as at 31st March 2009 and also the Profit and Loss account and the Cash-Flow statement for the year ended on that date annexed thereto. These financial statements are the responsibility of the company's management. Our responsibility is to express an opinion on these financial statements based on our audit.
2. We have conducted our audit in accordance with auditing standards generally accepted in India. These standards require that we plan and perform the audit to obtain reasonable assurance about whether financial statements are free of material statements. An audit includes, examining on test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the financial statements. We believe that our audit provides a reasonable basis for our opinion.
3. As required by the Companies (Auditor's Report) Order, 2003 issued by the Central Government of India in terms of sub section (4A) of section 227 of the Companies Act, 1956, we enclose in the Annexure a Statement on the matters specified in paragraph 4 and 5 of the said order.
4. Further to comments in the Annexure referred to above, we report that:
 - a. We have obtained all the informations and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit.
 - b. In our opinion, proper books of accounts as required by law have been kept by the company so far as it appears from our examination of the books of accounts.
 - c. The Balance Sheet and the Profit & Loss Account dealt with by this Report are in agreement with the Books of Accounts.
 - d. In our opinion, the Balance Sheet, the Profit & Loss Account and Cash-Flow statement dealt with by this report comply with the Accounting Standards referred to in sub-section (3C) of Section 211 of the Companies Act, 1956.
 - e. On the basis of written representations received from the directors, as on 31st March 2009, and taken on record by the Board of Directors, we report that none of the directors of the Company is disqualified as on 31st March 2009, from being appointed as a Director in terms of 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 explanations given to us, the said accounts read with the notes thereon, give the information required by the Companies Act, 1956 in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India :
 - * In the case of the Balance Sheet of the state of affair of the company as at 31st March, 2009;
 - * In the case of Profit & Loss account of the loss for the year ended on that date, and
 - * In the case of cash flow statement of the cash flow for the year ended on that date.

FOR VEDULA VIJAY AND RAMANATHAN
Chartered Accountants

(S.VEDULA)

Partner

M'Sh.NO.38150

Place : Mumbai

Date : 30th June, 2009

ANNEXURE REFERRED TO IN PARAGRAPH 3 OF OUR REPORT OF EVEN DATE

- (i) (a) The company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.
- (b) The fixed assets have been physically verified by the management as per a phased programme of verification. In our opinion, the frequency of verification is reasonable having regard to the size of the company and the nature of its assets. No material discrepancies were noticed on such verification.
- (c) The company has sold part of the fixed assets and given on rent machineries excluding Leasehold factory building at Lalbaug and vehicles to its subsidiary company CPEC Engineering Ltd. which is carrying on the manufacturing activity. On sale/rent of the assets and transfer of business to subsidiary, the company is not carrying out any business activity.

- (ii) (a) The inventory has been physically verified during the year by the management at reasonable intervals. In our opinion the frequency of the verification is reasonable.
- (b) In our opinion the procedures of physical verification of inventory follow by the management were reasonable and adequate in relation to the size of the Company and the nature of its business.
- (c) In our opinion the company has maintained proper records of its inventory and no material discrepancies were noticed on physical verification.
- (iii) (a) As informed to us, the company has granted advances in the nature of Loans to companies in which Directors are interested as listed in register maintained under section 301 of the Companies Act, 1956.
The company has not taken loans, secured or unsecured from companies, firms or other parties covered in the register maintained under Section 301 of the act.
- (b) There is no stipulation for payment of interest. The other terms and conditions of such loans are in our opinion, prima facie not prejudicial to the interest of the company.
- (c) The payment of principal amount is on demand.
- (d) There is no stipulation of principal repayment. Hence there is no overdue amount.
- (iv) In our opinion and according to the information and explanation given to us, the transactions made in pursuance of such contractors or arrangement entered in the register maintained under section 301 of the Companies Act, 1956 and exceeding the value of 5 Lacs in respect of such parties during the year have been made at prices which are reasonable having regard to prevailing market prices at the relevant time.
- (v) In our opinion and according to the information and explanation given to us, the Company has not accepted any public deposits with in the meaning of sections 58 and 58AA of the Companies Act, 1956 and the rules framed there under.
- (vi) In our opinion, the Company has an adequate internal audit system commensurate with the size and the nature of its business.
- (vii) As informed to us, the maintenance of cost records has not been prescribed by the Central Government under clause (d) of sub – section (1) of section 209 of the Act.
- (viii) (a) The company is regular in depositing undisputed statutory dues including, Income – tax, Sales – tax, Custom Duty, Excise Duty, cess and any other statutory dues with the appropriate authorities during the year.
- (b) According to the information and explanations given to us, there are no dues payable on account of disputes with regards to sales tax, income tax, custom tax, wealth tax, excise duty, cess.
- (ix) The company has no accumulated losses at the end of the financial year but it has incurred cash losses in such financial year and not in the financial year immediately preceding such financial year.
- (x) According to the information and explanations given to us the company has not defaulted in repayment of dues to a financial institution or bank.
- (xi) According to the information and explanations given to us the company has not granted any loans and advances on the basis of security by way of pledge of shares, debentures and other securities.
- (xii) The company is not Chit fund or a Nidhi or Mutual benefit fund or society. Therefore the provisions of any special statutes are not applicable to the company.
- (xiii) According to the information and explanations given to us the company does not deal or trade in shares, securities, debentures and other investments and hence this clause is not applicable.
- (xiv) On the basis of records examined by us, we have to state that the company's working capital loan was converted to term loan at the year end.
- (xv) In our opinion and overall examination of the Balance Sheet of the company, we report that no funds raised on Short term basis have been used for long term investment.
- (xvi) The company has not made any preferential allotment of shares during the year to parties and companies covered in the Register maintained under section 301 of the Act .
- (xvii) The company has not issued any debentures.
- (xviii) The company has not raised any money through a public issue during the year.
- (xix) Based on the audit procedures applied and information and explanations given to us, we report that no fraud on or by the company has been noticed or reported during the course of our audit.

For VEDULA VIJAY AND RAMANATHAN
Chartered Accountants

Place : Mumbai
Date : 30th June, 2009

S.Vedula
Partner



BALANCE SHEET AS AT 31ST MARCH, 2009.

| | Schedules | Rupees | 2008-2009 Rupees | 2007-2008 Rupees |
|---|-----------|-------------------|--------------------------|--------------------------|
| SOURCES OF FUNDS | | | | |
| 1 SHAREHOLDER'S FUNDS | | | | |
| Share Capital | 1 | | 15,000,000 | 15,000,000 |
| Reserves and Surplus | 2 | | 19,054,300 | 27,716,815 |
| | | | <u>34,054,300</u> | <u>42,716,815</u> |
| 2 LOAN FUNDS | 3 | | <u>34,283,275</u> | <u>48,793,754</u> |
| Secured | | | | |
| 3 TOTAL | | | <u><u>68,337,575</u></u> | <u><u>91,510,569</u></u> |
| APPLICATION OF FUNDS | | | | |
| 1 FIXED ASSETS | | | | |
| Gross Block | 4 | 38,156,930 | | 37,633,968 |
| Less: Depreciation | | <u>29,695,213</u> | | <u>28,949,833</u> |
| | | | 8,461,717 | 8,684,135 |
| Capital W.I.P | | | 50,446,947 | 56,385,918 |
| 2 INVESTMENTS | 5 | | 15,994,940 | 15,895,540 |
| (Investments in Shares) | | | | |
| 3 DEFERRED TAX ASSET | | | 498,848 | 576,981 |
| 4 CURRENT ASSETS, LOANS AND ADVANCES | | | | |
| Inventories | 6 | 14,609,262 | | 20,710,397 |
| Sundry Debtors | 7 | 13,214,738 | | 19,777,230 |
| Cash and Bank Balances | 8 | 144,164 | | 398,578 |
| Loans and Advances | 9 | <u>42,524,287</u> | | <u>24,913,529</u> |
| | | <u>70,492,451</u> | | <u>65,799,734</u> |
| 5 LESS - CURRENT LIABILITIES AND PROVISIONS | | | | |
| Current Liabilities and Provisions | 10 | 77,648,804 | (7,156,353) | 55,954,544 |
| 6 NET CURRENT ASSETS | | | | 9,845,190 |
| 7 MISCELLANEOUS EXPENDITURE | | | | |
| Preliminary Expenses | | | - | 31,330 |
| Deferred Expenses | | | 91,476 | 91,476 |
| (To the extent not written off/adjusted) | | | | |
| 8 TOTAL | | | <u><u>68,337,575</u></u> | <u><u>91,510,569</u></u> |
| 9 NOTES ON ACCOUNTS | 18 | | | |
| (including significant accounting policies) | | | | |
| The schedules referred to above form an integral part of the balance sheet. | | | | |

As per our Report attached
For **VEDULA VIJAY & RAMANATHAN**
Chartered Accountants

Directors

S. H. Master

D. D. Despande

S. VEDULA
Partner.

Mumbai -30th June, 2009

Mumbai -30th June, 2009

PROFIT AND LOSS ACCOUNT FOR THE PERIOD ENDED 31ST MARCH, 2009

| | Schedules | Rupees | 2008-2009 Rupees | 2007-2008 Rupees |
|---|-----------|----------------|---------------------|---------------------|
| INCOME | | | | |
| Sale of Products and | | | | |
| Other Income (Net) | 11 | | 26,341,897 | 47,341,109 |
| Sale of Trading Export | 12 | | - | 9,351,903 |
| | | | <u>26,341,897</u> | <u>56,693,12</u> |
| EXPENDITURE | | | | |
| Material, Manufacturing and | | | | |
| Other Operating Expenses | 13 | 19,023,775 | | 19,641,553 |
| Cost of Purchases Trading Exports | | | | 9,320,695 |
| Personnel Expenses | 14 | 7,157,036 | | 13,992,800 |
| Sales and Administration Expenses | 15 | 4,017,026 | | 7,039,225 |
| Interest | 16 | 1,528,710 | | 4,487,706 |
| Depreciation | | <u>745,380</u> | | <u>765,890</u> |
| | | | 32,471,928 | 55,247,819 |
| Add/(Less):Decrease/(Increase) in | | | | |
| Work-in-Progress and Finished Goods | 17 | | 2,356,661 | 1,494,065 |
| | | | <u>34,828,539</u> | <u>56,741,884</u> |
| PROFIT ON OPERATION | | | (8,486,642) | (48,872) |
| Extra-ordinary Income/expenses | | | - | - |
| NET PROFIT BEFORE TAX | | | <u>(8,486,642)</u> | <u>(48,872)</u> |
| PROVISION FOR TAXATION | | | - | - |
| INCOME TAX | | | - | - |
| DEFERRED TAX | | | 78,133 | 100,865 |
| FRINGE BENEFIT TAX | | | 65,031 | 115,177 |
| PROFIT AFTER TAX | | | <u>(8,629,806)</u> | <u>(264,914)</u> |
| ADD/(LESS)/INCOME TAX ASSESSED YEARS | | | 32,709 | - |
| | | | - | - |
| | | | <u>(8,662,515)</u> | <u>(264,914)</u> |
| BALANCE BROUGHT FORWARD | | | 18,127,815 | 18,392,729 |
| PROFIT AVAILABLE FOR APPROPRIATIONS | | | <u>9,465,300</u> | <u>18,127,815</u> |
| APPROPRIATIONS | | | | |
| General Reserve | | | - | - |
| Profit and Loss Account Carried forward | | | 9,465,300 | 18,127,815 |
| | | | <u>9,465,300</u> | <u>18,127,815</u> |
| EARNING PERSHARE | | | | |
| Before Extra-ordinary income | | | - 5.63 | (0) |
| After Extra-ordinary income | | | - 5.78 | (0) |

Notes of Accounts

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(including significant accounting policies)

The schedules referred to above form an integral part of the balance sheet.

As per our Report attached
For **VEDULA VIJAY & RAMANATHAN**
Chartered Accountants

Directors

S. H. Master**D. D. Deshpande**

S. VEDULA
Partner.

Mumbai -30th June, 2009

Mumbai -30th June, 2009

SCHEDULES FORMING PART OF THE BALANCE SHEET

| | Rupees | 2008-2009 Rupees | 2007-2008 Rupees |
|--|--------|---------------------|---------------------|
| SCHEDULE 1 | | | |
| SHARE CAPITAL | | | |
| Authorised Capital: | | | |
| 35,00,000 Equity Shares of Rs. 10/- each | | <u>35,000,000</u> | <u>35,000,000</u> |
| Issued and Subscribed Capital: | | | |
| 15,00,000 Equity Shares of Rs. 10/- each | | <u>15,000,000</u> | <u>15,000,000</u> |
| Paid-up Capital: | | | |
| 15,00,000 Equity Shares of Rs. 10/- each fully paid-up | | <u>15,000,000</u> | <u>15,000,000</u> |
| SCHEDULE 2 | | | |
| RESERVES AND SURPLUS | | | |
| Share Premium Account: | | | |
| Balance as per last Balance Sheet | | 1,150,000 | 1,150,000 |
| General Reserve: | | | |
| Balance as per last Balance Sheet | | 8,439,000 | 8,439,000 |
| Balance in Profit and Loss Account | | 9,465,300 | 18,127,815 |
| | | <u>19,054,300</u> | <u>27,716,815</u> |
| SCHEDULE 3 | | | |
| SECURED LOANS | | | |
| Cash Credit from Scheduled Bank (Secured by hypothecation of stocks of Raw Materials, Work-in-Progress and Finished Goods and Consumable Spares and Book Debts) | | | 10,491,391 |
| Term Loan from Co operative Bank (Secured by hypothecation of Lalbaug Property, Mumbai.) | | 34,000,000 | |
| Bombay Mercantile Co-op Bank Ltd. (Overdraft Balance) | | 283,275 | - |
| Corporate Loan from BMC (Secured by hypothecation of Factory Land & Building situated at Lalbaug, Mumbai) | | - | 38,302,363 |
| TOTAL | | <u>34,283,275</u> | <u>48,793,754</u> |