

4/2/11

CPEC

CPEC LIMITED
68th Annual Report
2010 - 2011

BOARD OF DIRECTORS

Ryaz Shamji

Chairman

Alim Shamji

Director

Akbar Shamji

Director

Mrs. S. H. Master

Alternate Director to Alim Shamji

Banker

Union Bank of India

Auditors

Vedula, Vijay & Ramanathan

Chartered Accountants

Registered office

505, Sai Samarth Business Park

Deonar Road, Deonar,

Mumbai - 400 088.

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NOTICE

NOTICE is hereby given that the Annual General Meeting of the Members of CPEC Limited, will be held on Friday, 23rd September, 2011, at 10.00 a. m., at the Registered Office of the Company at, 505, Sai Samarth Business Park, Deonar, Mumbai 400 088, to transact the following business:

ORDINARY BUSINESS

1. To receive, consider and adopt the audited Balance Sheet as at 31st March 2011, Profit and Loss Account for the year ended on that date and the Reports of Directors' and Auditors' thereon.
2. To appoint a Director in place of Mr Alim Shamji, who retires by rotation and being eligible, offers herself for re-appointment.
3. To appoint M/s. Vedula Vijay & Ramanathan, Chartered Accountants, as the Auditors of the Company, to hold office from the conclusion of this meeting until the conclusion of the next Annual General Meeting and to fix their remuneration.

SPECIAL BUSINESS

4. To consider and if thought fit, to pass, with or without modification(s), the following resolution as an Ordinary Resolution:
"RESOLVED THAT pursuant to the provisions of sections 198, 269, 309, Schedule XIII and all other applicable provisions, if any, of the Companies Act, 1956 (including any statutory modifications or enactment thereof, for the time being in force) and subject to such other approvals as may be required, including that of the Central Government, consent of the members be and is hereby accorded to the appointment of Mr. Akbar Shamji, as a Managing Director of the Company on the following terms and conditions for a period of three years effective 1st April, 2011:

OVERALL REMUNERATION

Subject to the provisions of Sections 198, 269, 309, 310 and 311 and Schedule XIII and other applicable provisions of the Companies Act, 1956, if any, the remuneration payable to Mr. Akbar Shamji, Managing Director, in any financial year, shall not exceed 5% (five percent) of the net profits of the Company.

MINIMUM REMUNERATION

Where in any financial year during the currency of tenure of Mr. Akbar Shamji, Managing Director, the Company has no profits or its profits are inadequate, the remuneration payable to Mr. Akbar Shamji, will be according to the applicable provisions of Schedule XIII of the Act.

REMUNERATION

There shall be paid by the Company to Mr. Shamji remuneration not exceeding Rs. 1000000.00 (Rupees Ten lakhs only) p. m. as a Managing Director.

PERQUISITES

Reimbursement of actual expenses incurred by the Managing Director, for business purpose.

Rent free fully furnished accommodation to be provided to the Managing Director in the Mumbai city.

Other Terms and Conditions:

The Managing Director of the Company shall devote his whole time and attention to the day to day operations of the Company.

Subject to the provisions of the Companies Act, 1956, the Managing Director, shall ipso facto and immediately cease to be the Managing Director, if he ceases to hold office of a Director due to any cause.

The agreement may be terminated by the Managing Director or the Company by giving, not less than two calendar months notice in writing to the either party. The Company shall be entitled to terminate the employment agreement forthwith at any time by paying him two months' salary in lieu of such notice.

The Managing Director will not be entitled to sitting fees for meetings of the Board / Committee of the Board attended by him.

RESOLVED FURTHER THAT the Board of Directors be and is hereby authorised to alter and vary any or all of the terms and conditions as approved vide this resolution as may be deemed fit from time to time and for the purpose of giving effect to this resolution, the Board be and is hereby authorised to do all such acts, deeds, matters and things as it may in its absolute discretion deem necessary, expedient or proper in the best interest of the Company."

RESOLVED FURTHER THAT the Board of Directors be and is hereby authorised to alter and vary any or all of the terms and conditions as approved vide this resolution as may be deemed fit from time to time and for the purpose of giving effect to this resolution, the Board be and is hereby authorised to do all such acts, deeds, matters and things as it may in its absolute discretion deem necessary, expedient or proper in the best interest of the Company."

5. To consider and if thought fit, to pass, with or without modification(s), the following resolution as an Ordinary Resolution:

"RESOLVED THAT in supersession of the earlier resolutions passed by the Members at their General Meeting and pursuant to the provisions of Section 293(1)(d) and other enabling provisions, if any, of the Companies Act, 1956, consent of the Company be and is hereby accorded to the Board of Directors of the Company for borrowing any sum or sums of moneys for and on behalf of the Company, from time to time from any one or more persons, firms, bodies corporate, bankers, financial institutions, or from others by way of advances, deposits, loans or otherwise and whether unsecured or secured by mortgage, hypothecation, charge, or lien or pledge of the Company's assets and properties, whether movable or immovable or stock - in process and debts, advances notwithstanding that the sum or sums of moneys so borrowed together with moneys, if any, already borrowed by the Company (apart from the temporary loans obtained from the Company's bankers in the ordinary course of business) will or may exceed the aggregate of the paid up capital of the Company and its free reserves which have not been set apart for any specific purpose, provided that the total amount upto which the moneys may be borrowed shall not exceed Rs. 100.00 crores (Rupees one hundred crores only) at any point of time on account of the principal.

6. To consider and if thought fit, to pass, with or without modification(s), the following resolution as an Ordinary Resolution:

"RESOLVED THAT in supersession of all the earlier resolutions passed by the shareholders and pursuant to section 293(1)(a) and applicable provisions, if any, of the Companies Act, 1956, the consent of the Company be and is hereby accorded to the Board of Directors of the Company to mortgage and or charge all immovable and movable properties of the Company, wherever situate, both present and future, or the whole or substantially the whole of the undertaking or undertakings of the Company for securing the financial assistance of the Company for the purpose of the business by way of Rupee term loans/ foreign currency loans not exceeding 100.00 crores (Rupees one hundred Crores Only) obtained or to be obtained from any Financial Institutions / Banks / Mutual Funds / Other Institutions / Bodies Corporate / Individuals or any other person together with interests, costs, charges, expenses, premium on redemption and any the mortgage / charge so created on such terms and conditions as may be determined by the Board of Directors of the Company.

RESOLVED FURTHER THAT the securities to be created by the Company as aforesaid may rank pari passu with the mortgages and / or charges already created or to be created in future by the company or in such other manner and ranking as may be thought expedient by the Board of Directors as may be agreed to between the concerned parties.

RESOLVED FURTHER THAT the Board of Directors be and is hereby authorised to finalise and execute any and all agreements and documents, necessary for creating mortgages and / or charges as aforesaid and to do all such acts, deeds, matters and things as may be considered necessary, desirable or expedient for implementing this resolution and to resolve any question or doubt relating thereto, or otherwise considered by the Board of Directors to be in the best interests of the Company."

7. To consider and if thought fit, to pass with or without modification (s), the following Resolution as a Special Resolution:

"RESOLVED THAT pursuant to the provisions of Section 372A and other applicable provisions, if any of the

Companies Act, 1956, consent of the Company be and is hereby accorded to the Board of Directors of the Company, to make investments from time to time, in any Corporate Body(ies), whether under the same management or not, on such terms and conditions as the Board of Directors may deem fit, provided that the aggregate of the investments already made by the Company and investments to be made in future, shall exceed the limits set by Section 372A of the Companies Act, 1956.

NOTES:

1. A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE INSTEAD OF HIMSELF AND THE PROXY NEED BE A MEMBER OF THE COMPANY. THE INSTRUMENT APPOINTING PROXY SHOULD BE DEPOSITED AT THE REGISTERED OFFICE OF THE COMPANY NOT LESS THAN 48 HOURS BEFORE THE COMMENCEMENT OF THE MEETING.
2. The Explanatory Statement pursuant to Section 173 (2) of the Companies Act, 1956 in respect of Special Business set out above is annexed hereto.
3. The Corporate Members are requested to send to the Company, a duly certified copy of the Board Resolution / Power of Attorney, authorising their representatives to attend and vote at the meeting.
4. Register of Members and Share Transfer Books of the Company will remain closed, from Tuesday, 20th September, 2011 to Friday, 23rd September, 2011 (both days inclusive).
5. Members are requested to carry their copy of Annual Report along with them to the Annual General Meeting.
6. Members are requested to send their queries on the financial results of the Company, at least ten days before the Meeting, so that information can be made available at the Meeting.

LISTING FEES

The Company's equity shares are listed on The Stock Exchange, Mumbai. The Company has paid Listing fees to The Stock Exchange, Mumbai for the year 2011-12.

By Order of the Board
Mr. Akbar Shamji
Director

Place: Mumbai
Date: 30th July, 2011

EXPLANATORY STATEMENT

As required by Section 173(2) of the Companies Act, 1956

ITEM NO. 4

The Board appointed Mr. Akbar Shamji, as a Managing Director of the Company at its Meeting held on 1st April, 2011. Mr. Shamji is associated with the Company for many years as a Director and his services be availed by appointing him as a Managing Director and would be responsible for the overall operations of the factories of the Company.

Looking at the experience and knowledge possessed by Mr. Shamji, he was appointed as a Managing Director of the Company for a period of three years w. e. f. 1st April, 2011. He could be compensated by paying remuneration and perquisites and as per other terms and conditions, more specifically stipulated in the text of resolution accompanying the Notice.

The payment of remuneration and other terms and conditions of his appointment would be governed by the provisions of the Companies Act, 1956, read with Schedule XIII of the Act.

The above may also be treated as an abstract of the terms and conditions of the appointment of Mr. Shamji as required under Section 302 of the Companies Act, 1956.

None of the other Directors of the Company is in any way concerned or interested in this resolution other than Mr. Akbar Shamji himself and Mr. Alim Shamji and Mr. Ryaz Shamji, being relatives of Mr. Akbar Shamji.

The Board recommends the resolution set out at Item No. 4 for your approval.

ITEM NO.5

Section 293(1) (d) of the Companies Act, 1956, requires consent of the Members in General Meeting for borrowing any sums of monies from time to time for the business of the Company, if the monies to be borrowed together with the monies already borrowed by the Company will exceed the aggregate of the Paid up Share Capital and its free reserves, that is to say, reserves not set apart for any specific purpose.

Your Company has diversified into the field of renewable energy. The company's business plan is to be a solar developer and also get into manufacturing of hybrid systems either individually, subsidiaries, Joint ventures etc. For this purpose the company may require term loan and working capital for day to day working.

The Company would require substantial amount of funds for the operation of the business, it is proposed to borrow the necessary funds. For borrowing funds in excess of the aforesaid limit, Members approval is required under Section 293(1) (d) of the Companies Act, 1956.

Your Directors recommend the adoption of the Resolution at item No. 5. None of the Directors of the company is in any way concerned or interested in the said Resolution.

ITEM NO.6

For the purpose of borrowings, the Company may have to hypothecate and / or mortgage the land / moveable / immoveable property / other fixed and current assets to the lenders on such terms and conditions and in such manner as the Board may in its absolute discretion deem fit to be in the interest of the Company.

Under Section 293(1) (a) of the Companies Act, 1956, consent of the Members is required to authorise the Board of Directors to sell, transfer, lease or otherwise dispose of, as a going concern or otherwise the whole, substantially the whole or any part of the Company's undertaking.

Your Directors recommend the adoption of the Resolution at item No. 6. None of the Directors of the company is in any way concerned or interested in the said Resolution.

ITEM NO.7

The Company plans to invest money in subsidiaries/Joint ventures in order to achieve its business plans in solar energy and hybrid systems manufacturing

Further, the company may like to park surplus funds from time to time either for short term or long term, to maximize returns. Section 372A of the Companies Act, 1956, authorises the Company to make investments, in any Corporate Body(ies), whether under the same management or not, exceeding in aggregate 60 % of paid up capital and free reserves or 100 % of its free reserves, whichever is higher with previous authorisation by the Members through a Special Resolution.

The management is of the opinion such investments will exceed the limits set by Section 372A of the Companies Act, 1956.

The Board of Directors of the Company commends the Special Resolution for the approval of the Members.

None of the Directors are interested in the said Resolution.

By Order of the Board
Mr. Akbar Shamji
Director

Place: Mumbai
Date : 30 July, 2011

DIRECTORS' REPORT

TO THE MEMBERS

Your Directors present Sixty-Eighth Annual Report and the Audited Statement of Final Accounts for the year ended 31st March 2011

FINANCIAL RESULTS

	2010-2011 Rupees	2009-2010 Rupees
The Gross Operating Profit / (Loss) for the year	(1,10,36,877)	(61,04,887)
Deduction therefrom / Addition thereto :		
Interest	7,14,934	98,46,776
Depreciation	21,340	4,75,716
Operating Profit	(1,17,73,151)	(1,64,29,779)
Profit on sale of asset	22,29,23,924	18,34,847
Net Profit Before Tax	(21,11,50,773)	(1,82,64,626)
Provision for taxation	-	-
Income Tax	3,64,37,830	-
Deferred Tax	-	-
Fringe Benefit Tax	-	-
	(3,64,37,830)	-
Profit after Tax	(17,47,12,943)	(1,82,64,626)
Add : Income Tax Adjustments for prior years	-	-
Add : (Less) amount written off.	-	-
	(17,47,12,943)	(1,82,64,626)
Balance in Profit & Loss Account brought forward	(87,99,326)	94,65,300
	(16,59,13,617)	(87,99,326)
APPROPRIATIONS		
General Reserves	-	-
Leaving a balance to be carried forward	16,59,13,617	(87,99,326)
	16,59,13,617	(87,99,326)

DIVIDEND

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

OPERATIONS AND FUTURE PROSPECTS

During the year under reference, the company has taken steps for business restructuring. The company sold off its total investment in loss making subsidiaries Cardcorm(I) Pvt. Ltd and CPEC Engineering Ltd. The Company also sold its leasehold property at Lalbaug and cleared all the liabilities. In view of the property sale, the company has made a profit after tax of Rs.17,47,12,943

SOLAR POWER

The Company has diversified into the renewable energy sector, particularly the solar power sector. The company plans are to be a established player in this sector in the next few years. Towards this endeavor, the company is implementing two 5 MW's solar power projects under PPA from the state of Gujarat in the special purpose companies S J Green Park Energy Pvt. Ltd. and the Euro Solar Power Pvt. Ltd. CPEC will initially hold 49% in these companies which will be increased further as per PPA regulation.

DIRECTORS

In accordance with the provisions of the Companies Act, 1956 and Articles of Association of the Company, Mr. Alim 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. Moulik Impex Pvt.Ltd., and S.J. Green Park Energy Pvt. Ltd., the audited statements together with particulars required under section 212 of the Companies Act, 1956 are annexed herewith. In case of S.J. Green Park Energy Pvt. Ltd., the company is implementing 5MW Solar Power Project in the State of Gujarat. In case of Moulik Impex Pvt.Ltd.the company is not engaged in any business activity.

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 Bankers, Consultants and Shareholders for the continues support and patronage to the company.

On behalf of the Board of Directors

Mr. Akbar Shaml
Director

Mumbai, 30th May, 2011 .

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 2011 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 information 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 2010, 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 2010, 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, 2011
 - * 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

Firm Regd. 106742w

Place : Mumbai
Date : 30th May, 2011

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

- (i) The company had only one fixed asset being Leasehold Property at Lalbaug, Mumbai which has been sold during the year and hence this clause is not applicable.
- (ii) There is no opening and closing inventory hence this clause is not applicable.
- (iii) (a) As informed to us, the company has granted advances in the nature of Loans to Subsidiaries companies and Associates in which Directors are interested as listed in register maintained under section 301 of the Companies Act, 1956. The maximum amount outstanding is Rs.829.02 lakhs and closing outstanding balance is Rs.807.70 lakhs.

- (b) As informed to us, the company has not taken any advances in the nature of Loans from a company in which Directors are interested as listed in register maintained under section 301 of the Companies Act, 1956.
- (c) 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
- (d) The payment of principal amount is on demand.
- (e) 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, there are adequate internal procedures commensurate with the size of the company and the nature of its business. During the course of our audit, no major weakness has been observed in the internal controls.
- (v) (a) based on the audit procedures applied by us and according to the information and explanations provided by the management, we are of opinion that all transactions that need to be entered in to the registers in pursuance of section 301 of the Act have been so entered.
- (b) In our opinion and according to the information and explanation given to us there are no transactions which need to be 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.
- (vi) 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.
- (vii) In our opinion, the company has an adequate internal audit system commensurate with size and nature of its business.
- (viii) 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.
- (ix) (a) The company is regular in depositing undisputed statutory dues including Provident Fund, Employees State Insurance, Income - tax, Sales - tax, Custom Duty, Excise Duty, cess and any other statutory dues with the appropriate authorities during the year except Payment of S.A Income Tax dues for A. Y.2011-12 provided but unpaid of Rs.3.64 Cr.
- (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.
- (x) The company has no accumulated losses at the end of the financial year and it has not incurred cash losses in such financial year and has cash loss in the financial year immediately preceding such financial year.
- (xi) According to the information and explanations given to us, the company has not defaulted in repayment of dues to a financial institution or bank.
- (xii) 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.
- (xiii) 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.
- (xiv) 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.
- (xv) In our opinion, the terms and conditions on which the company has given guarantee for loan taken by others from bank, are prima facie, not prejudicial to the interest of the company.
- (xvii) 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. Infact the company does not have bank borrowings.
- (xviii) 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.
- (xix) The company has not issued any debentures.
- (xx) The company has not raised any money through a public issue during the year.
- (xxi) 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 May, 2011

S.Vedula
M'Sh.NO.38150
Firm Regd. 106472w