

Annual Report 2005-2006



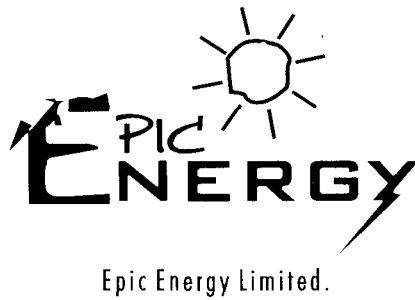
Environment

Power

Innovation

Conservation

EPIC ENERGY LIMITED

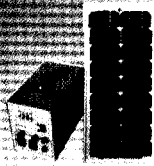


"The practice of conservation must spring from a conviction of what is ethically and aesthetically right, as well as what is economically expedient."

A thing is right only when it tends to preserve the integrity, stability, and beauty of the community, and the community includes the soil, waters, fauna and flora, as well as people."

Environment Power Innovation Conservation

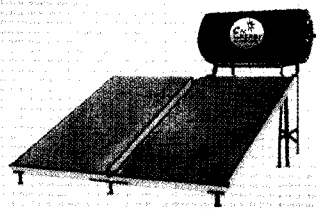
EPIC - SOLAR SOLUTIONS



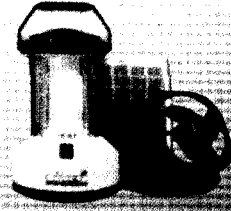
Solar Inverter



Solar cool cap



Solar Water Heating system



Solar Lantern cum Fan



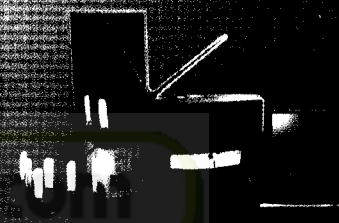
Compact Solar Inverter



Solar Fan



Solar Street Light



Solar Home Generator



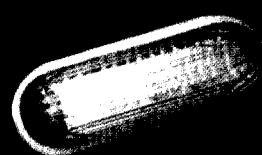
Solar Lantern



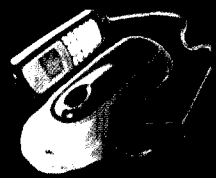
Solar Radio + Torch



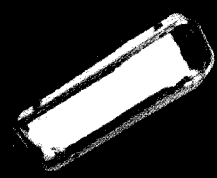
Solar Radio + 2 Torch



LED - Ceiling Light



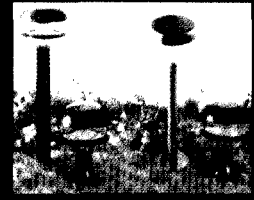
Solar Mobile Charger



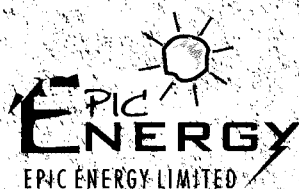
CFL - Street Light



LED - Street Light



Solar Garden Light



Environment
Power
Innovation
Conservation

EPIC POWER SAVER

Model No. 1090

Epic Power Saver (EPS) is used to save power for various types of lighting systems, High intensity discharge lamps (HID), SCADA systems, Air conditioners etc.

SALIENT FEATURES :

- EPS keeps up the input voltage waveform and does not make sound or harmonics.
- Diminish Electricity bills by 15-50%.
- Advanced Microprocessor based technology.
- Automatic power factor correction, Stabilize voltage.
- Automatic Bypass Phase to Phase
- Allows downloading & processing on PC of voltage, current, power & power factor with the help of Data logger.
- RS232 interface for connection in PC & modem for data logging.
- Available in various types of models as per requirements.
- Completely maintenance free & consistent



CONFIGURATION :

- Voltage : 170V-270V
- Automatic Power Factor Correction
- Data Logger
- Buck & Boost Voltage
- phase Wise Solution For Energy
- Autotransformer (VARIAC)
- SMPS
- PCB's
- RTC

WE EMPOWER YOU TO SAVE POWER

2015-2016

BOARD OF DIRECTORS

NIKHIL MORSAWALA
ZUBIN PATEL
SANJAY GUGALE
VISPI DAMANIA
VEENA MORSAWALA

Non-Executive Chairman
Independent Non-Executive Director
Independent Non-Executive Director
Independent Non-Executive Director
Non-Executive Director

KEY MANAGEMENT PERSONNEL

NARHARI PATIL
HEMANT AGGARWAL
KALPESH DHURI

Head - Operations
Head - Marketing
Administrative Officer

OUR ENGINEERING TEAM

Sachin Sawant
Baljeet Vohra
Sajeesh T. A.
Haresh Mankame

Srinath Nair
Subodh Pohokar
Mazhar Lateef
Mangesh Bahutale

Girish Bhandare
Deenanath Sahani
Swapnil Pitale
Satish Mahajan

Report Junction.com

AUDITORS

PARIMAL BHOGALE

REGISTRARS AND SHARE TRANSFER AGENTS

ADROIT CAPITAL SERVICES PVT. LTD.

BANKERS

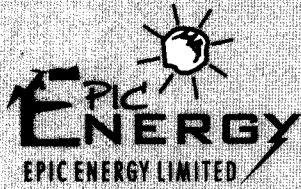
INDIAN BANK
UTI BANK

REGISTERED OFFICE

Block No.1, Office No.2, New W.L. Camp,
Sasmira Marg, Worli, Mumbai 400 030,
INDIA.
Tel.:(091-22) 24922774 Telefax: (091-22)
24964118
E-mail :- info@epicenergy.biz

WORKS

Balshet Apts. Gala no. 2 & 3,
Plot No104/B Sector 23/B,
Nerul Darave, Navi Mumbai - 400706
Tel No.091-22-27723473
Telefax 091-22-27723294
E-mail:- info@epicenergy.biz



Environment
Power
Innovation
Conservation



One of our Energy Saver Installed
in Navi Mumbai

MANAGEMENT DISCUSSION AND ANALYSIS

A. INDUSTRY STRUCTURE AND DEVELOPMENTS

Energy plays a crucial role in fuelling and supporting economic growth in any country. Availability of reliable and quality power is a key requirement of all users, industrial and residential. The Indian domestic power scene is dominated by huge capacity shortages, high level of transmission, distribution and commercial losses, ageing networks, and lack of commercial orientation. Accordingly, the programs of the Government of India are primarily focused on the following :

- a. Access to electricity - to be made available for all households in the next 5 years
- b. Availability of power by demand to be fully met by year 2012
- c. Energy shortage and the peak requirement to be overcome with higher power generation capacity
- d. Per capita consumption of electricity to rise to over 1,000 Kwh in the next 10 years (from the existing level of about 600 Kwh)

In a comprehensive initiative, the Central Government has enacted the Electricity Act, 2003 ("the Electricity Act"). The Act seeks to create liberal framework of development for the power sector by allowing the private sector to play a larger role.

The Central Government has notified a comprehensive policy namely "National Electricity Policy". The policy aims at laying guidelines for accelerated development of the power sector, providing supply of electricity to all areas and protecting interests of consumers and other stakeholders keeping in view availability of energy resources, technology available to exploit these resources, economics of generation using different resources, and energy security issues.

The strategy developed to make power available to all by 2012 includes promotion of energy efficiency and its conservation in the country, which is found to be the least cost option to augment the gap between demand and supply. Nearly 25,000 MW of capacity creation through energy efficiency in the electricity sector alone has been estimated in India. Energy conservation potential for the economy as a whole has been assessed as 23% with maximum potential in industrial and agricultural sectors

Considering the vast potential of energy savings and benefits of energy efficiency, the Government of India enacted the Energy Conservation Act, 2001 (52 of 2001). The Act provides for the legal framework, institutional arrangement and a regulatory mechanism at the Central and State level to embark upon energy efficiency drive in the country.

SHORT TERM MEASURES

1. Energy Conservation : Bureau of Energy Efficiency operationalized.
2. Energy audit of government buildings
3. Capacity building amongst departments to take up energy efficiency programmes: BEE to train core group members to implement energy efficiency in buildings.

LONG TERM MEASURES

Potential of 23,700 MW assessed by end of XIth Plan

The Thrust Areas :

1. Industry specific Task Forces.
2. Notifying more industries as designated consumers.
3. Conduct of energy audit amongst notified designated consumers.

4. Recording and publication of best practices (sector wise).
5. Development of energy consumption norms.
6. Monitoring of compliance with mandated provision by designated consumers.

ENERGY EFFICIENCY IN BUILDINGS AND ESTABLISHMENTS

Energy audit studies conducted in several office buildings, hotels and hospitals indicate energy saving potential of 20-30%. The potential is largely untapped, partly due to lack of an effective delivery mechanism for energy efficiency. Government buildings by themselves, constitute a very large target market.

ENERGY CONSERVATION BUILDING CODES

The new buildings are required to be designed and built with energy efficiency consideration right from the initial stages itself. The development of energy conservation building codes is necessary for this purpose.

PROFESSIONAL CERTIFICATION AND ACCREDITATION

Designated Consumer under the EC Act, 2001 is required to appoint or designate energy manager with prescribed qualifications and also to get energy audit done from accredited energy auditor. It has been decided that prescribed qualification for energy manager will be the passing of certification examination to be arranged by the Bureau. Also, regular accreditation is proposed to be given to energy audit firms having a pool of certified energy auditors.

DELIVERY MECHANISMS FOR ENERGY EFFICIENCY SERVICES

Although the benefits of energy efficiency are well known and recognized, investments in energy efficiency have not taken place due to variety of barriers faced by energy users, such as risk averseness and lack of motivation for making energy efficiency investments, and low credibility of energy auditors and their services, lack of confidence in the ability of energy efficiency equipment to deliver energy savings as expected, etc. An innovative way of overcoming such barriers is the approach of using performance contracting through energy service companies (ESCOs).

B. COMPANY STRATEGY AND BUSINESS FOCUS

Your company has clearly defined Energy Conservation as its main business focus. Over the last one year, it has developed core competencies in the Technology Development, technology assimilation and commercial exploitation of Energy Saving Equipment. Your company presently has Energy Saving Equipment installed and operational of 3000 KVA, mainly in the Navi Mumbai region. These equipments have been installed on a Build, Own, Operate basis, and the company's revenues are dependent on the Energy Savings actually achieved by its installed equipments. The savings rate of the equipment already installed has been consistently above thirty percent, which is considered to be very satisfactory. Pictorial depictions and technical specifications have been given elsewhere in this report.

Your company has also launched Solar Products for home use in the local markets. The potential for these products is tremendous, especially in power deficient areas which have plenty of sunlight and cannot depend on wind energy due to absence of required windy conditions. Details of these products have been given elsewhere in this report.

C. Financial Condition

1. Share Capital

At present we have only one class of Shares - equity shares of par value Rs. 10/- each. Our authorized capital is Rs. five crores divided into fifty lac shares of Rs. 10/- each.

During the year under report, we issued 3,00,000 shares on preferential allotment basis at a premium of Rs.8/- per share. We also issued 30,00,000 warrants entitling the warrant holder to subscribe to an aggregate of 30,00,000 shares of the face value of Rs. 10/- each at a premium of Rs.8/- per share.

2. Reserves and Surplus

a. Share Premium Account

The addition of Rs. 24,00,000 to the Share Premium Account is due to the issue of 3,00,000 shares at a premium of Rs. 8/- per share on preferential allotment basis.

b. Warrant Application Money

The company has received Rs.54,00,000 as non-refundable application money from warrant holders of 30,00,000 warrants.

c. Profit and Loss Account

The deficit in the Profit and Loss Account reduced by Rs. 11,19,711, being the Profit After Tax for the year. The deficit remaining is now Rs.87,92,365.

The book value per share as on 31st March, 2006, was Rs.8.33 compared to Rs.7.18 as of the previous year end.

3. Fixed Assets

Your company has advanced Rs. 94,00,000 as security deposit to a company which owns Energy Saving Equipment of 2500 KVA. Whilst ownership of the equipment is at present with the owner company, all benefits of the equipment are accruing to your company. This equipment's ownership will pass to your company in the current financial year.

Your company has advanced Rs. 16,00,000 to equipment manufacturers who will supply equipment of 400 KVA during the current year.

4. Inventories

The inventories of finished goods comprise Solar Products purchased by the company. The inventories of Work-In-Progress comprise Energy Saving Equipment which were in the process of being installed and commissioned at the year end. The inventories of spare parts are the maintenance spares which the company keeps to ensure uninterrupted functioning of its equipment.

5. Sundry Debtors

Sundry Debtors are the receivables arising mainly from the Energy Saving Business of the company.

D. Results of Operations

1. Income

Your company's main income is from the sharing of the Energy Saved for its clients arising from the installation and commissioning of its Energy Saving Equipment. The income from this segment comprised Rs. 33,52,000. The sales of Solar Products amounted to Rs. 2,63,000.

2. Expenditure

Purchases represent the cost of inputs for assembling Energy Saving Equipment. Maintenance Costs represent cost of spares consumed to keep the equipment in running condition. Employee Costs consist of Salaries paid to employees in India.

Annual Report 2005-2006

3. Net Profit

The company reported a Net Profit after tax of Rs.11,19,711

4. Provision for Tax

The company has substantial carried forward losses from earlier years. The provision for tax of Rs. 1,00,000 represents the Minimum Alternate Tax payable by your company under the existing Tax laws.

E.OPPORTUNITIES AND THREATS

1. We have identified Energy Saving on the Demand Side as the focus area of our business. The potential for Energy Saving on the Demand Side is a massive 25,000 MW in India alone. Your company has a pioneering "early bird" advantage.
2. Solar Products are also expected to play a major role in providing power to energy deficient areas where sunshine is plentiful. Your company is focused on the Home Products Market and has a range of products for Home Use.
3. Energy Saving Companies (ESCOs) are still at a nascent stage and the Delivery Models are being fine tuned. Your company lays great stress on post implementation maintenance and has a twenty four hour help line for all its customers.
4. Availability and Prices of Photo Voltaic Solar Panels largely depend on the supply and price of Silicon. Shortage of Silicon affects the cost and availability of Solar Panels.
5. The technology used in Energy Saving Equipment is continually evolving. Obsolescence is a major threat. Your company is constantly researching and studying various technologies around the world to protect its business interests.
6. Competition is limited to the few players who have the technology to assemble, test and maintain the type of products dealt with by your company.

F.INTERNAL CONTROLS AND THEIR ADEQUACY

Your company has in place adequate systems of internal control procedures covering all financial and operating functions. The Audit Committee periodically reviews the adequacy of these procedures. Your company is in the process of receiving ISO Certification, which will further improve the internal control systems.

G.RISK CONCERNS AND RISK MANAGEMENT

1. The Risk Management Function is overseen by the Audit Committee. Risk Management Policies are designed after discussions with various constituents and experts. The following Risk Concerns have been identified and are being dealt with as explained against each concern:
 - a. **Technology Risk:**
The Technology used in Energy Saving Devices is constantly evolving. The introduction of newer and better techniques could render our products obsolete. To address this risk, your company is constantly researching and studying various technologies across the world and has a separate team of people upgrading the technologies that we use.
 - b. **Concentration Risk:**
Your company is presently operating only in the Navi Mumbai area and has customers who exclusively deal with