



NEPC INDIA LIMITED

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ANNUAL REPORT 1998-99

BOARD OF DIRECTORS

Shri Ravi Prakash Khemka
(Chairman & Whole-time Director)
Shri Raj Kumar (Whole time Director)
Shri Tirupathi Kumar
Shri R Natarajan I.A.S. (Retd)
Shri V Sankara Subbiayan I.A.S. (Retd)
Shri Sam Burjorji Jijina
Shri K Narasimhan
Shri S C Kumar
(IFCI Nominee)

COMPANY SECRETARY

Shri V. Jayanarayanan

AUDITORS

M/s. T.G. Ramanathan & Co.
Chartered Accountants
No.847, Anna Salai
Chennai - 600 002.

REGISTERED OFFICE

1678, Trichy Road
Ramanathapuram
Coimbatore 641 045.

CORPORATE OFFICE

36, Wallajah Road
Chennai - 600 002

BANKERS

Bank of Maharashtra
State Bank of Patiala
The Karnataka Bank Ltd.

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NOTICE TO SHAREHOLDERS

NOTICE is hereby given that the Tenth Annual General Meeting of the Company will be held on Tuesday, the 28th day of September 1999 at 11 A.M at Registered Office of the Company at 1678, Trichy Road, Ramanathapuram, Coimbatore - 641 045, to transact the following business :

ORDINARY BUSINESS

1. To Consider and adopt the Audited Balance Sheet of the Company as at 31st March 1999 and Profit and Loss Account for the year ended as on that date and Report of the Directors and Auditors thereon.
2. To appoint a Director in the place of Mr. Tirupathi Kumar, who retires by rotation, and being eligible offers himself for re-appointment.
3. To appoint a Director in the place of Mr. V. Sankara Subbiayan, I.A.S. (Retd.), who retires by rotation, and being eligible, offers himself for re-appointment.
4. To appoint Auditors and to fix their remuneration.

(By order of the Board)
For **NEPC INDIA LIMITED**

PLACE : Chennai
DATE: 30-08-1999

Ravi Prakash Khemka
Chairman & Whole-time Director

NOTES :

1. **A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE AT THE MEETING IN HIS STEAD AND SUCH PROXY NEED NOT BE A MEMBER OF THE COMPANY. THE INSTRUMENT OF PROXY SHOULD, HOWEVER, BE DEPOSITED AT THE REGISTERED OFFICE OF THE COMPANY NOT LESS THAN 48 HOURS BEFORE THE COMMENCEMENT OF THE MEETING.**
2. The Register of Members and Share Transfer Books of the Company will remain closed from 23rd September 1999 to 27th September 1999 (both days inclusive)
3. Members are requested to notify immediately and change in their address to the Company.
4. Members are requested to bring their copies of Annual report to the meeting.

(By order of the Board)
For **NEPC INDIA LIMITED**

PLACE : Chennai
DATE: 30-08-1999

Ravi Prakash Khemka
Chairman & Whole-time Director

DIRECTORS' REPORT

To the Members of NEPC INDIA LIMITED

Your Directors have pleasure in presenting the Tenth Annual Report with Audited Accounts of your Company for the financial year ended 31st March 1999.

OPERATING RESULTS :

Your Company's activities were at lower level during the year under consideration, due to sluggish market conditions throughout the year. The working results for the year under review are as under :

	31.03.1999	Rs. in lakhs 31.03.1998
Income from operation	2,342.25	12,862.00
Other Income	—	—
Operating Expenses	3,192.74	8,614.63
Interest	3,548.83	2,166.10
Depreciation	1,867.37	2,067.37
Profit/(Loss) before Taxation	(6,266.69)	13.90
Provision for Taxation	—	2.01
Profit/(Loss) after Taxation	(6,266.69)	11.89
Balance Profit/(Loss) Account B/F	4,390.76	4,378.87
Net Profit/(Loss)	(1,875.93)	4,390.76
Add :		
B/F of General Reserve	8,950.00	—
	<u>7,074.07</u>	<u>4,390.76</u>
Appropriations :		
Balance of General Reserve C/F to Balance Sheet	7,074.00	—
Balance Profit carried to Balance Sheet	—	4,390.76
	<u>7,074.07</u>	<u>4,390.76</u>

DIVIDEND

The Directors do not recommend Dividend for the year ending 31st March 1999, in view of the loss incurred by the Company.

Y2K COMPLIANCE

The Company is undertaking all necessary measures for year 2000 compliance in all its Computer Systems.

WIND ENERGY

Your company has already indigenised the product and stands to gain significantly due to this, as it is insulated from foreign exchange fluctuation and duties. This advantage is getting translated in your company's product becoming very competitive. With the industries looking up and with signs of Recession receding, your company is poised for a considerable growth in coming years and is well placed to take the full advantage.

AIRLINES

The Company has stopped its scheduled airline business and is now focusing on its core business activity i.e. Wind Power Generation by WTG.

SUBSIDIARIES

The results of the subsidiaries for the financial year ended 31st March 1999 are attached to this Report along with the statement specified in Section 212(1)(e) of the Companies Act, 1956.

DIRECTORS

Shri. Tirupathi Kumar and Shri. V. Sankara Subbaiyan I.A.S. (Retd.), retire by rotation and being eligible offer themselves for re-appointment.

PARTICULARS OF EMPLOYEES

No employee of the Company was paid remuneration in excess of the limits prescribed under section 217(2A) of the Companies Act, 1956.

CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION AND FOREIGN EXCHANGE EARNINGS AND OUTGO

The statement pursuant to 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, is given in the annexures forming part of this Report.

AUDITORS

M/s T.G. Ramanathan & Co., Chartered Accountants, Auditors of the Company retire at the conclusion of the Annual General Meeting. However, they are eligible for re-appointment and have given their consent to act as the auditors of your Company, if appointed.

INDUSTRIAL RELATIONS

Your Company continues to maintain harmonious and cordial relations with its workers in all Divisions.

ACKNOWLEDGEMENT

Your Directors would like to place on record their deep appreciation and gratitude to the Company's members for their continued support and confidence.

Your Directors wish to thank and deeply acknowledge the co-operation and assistance extended by the Bankers, Government authorities and other business associates. The Board would also take this opportunity to commend the employees of the Company at all levels for their contribution to the Company's growth plans.

For and on behalf of the Board
For NEPC INDIA LIMITED

RAVI PRAKASH KHEMKA
Chairman & Whole-time Director

Place : Chennai
Chennai 30.08.99

ANNEXURE TO THE DIRECTORS' REPORT

FORM - A

(Rule 2)

FORM FOR DISCLOSURE OF PARTICULARS WITH RESPECT TO
CONSERVATION OF ENERGY

	31.03.99	31.03.98
A. Power and Fuel Consumption		
1. Electricity		
a) Purchased Unit (Nos)	274311	288616
Total amount (Rs.)	1759716.00	865848.00
Rate/Unit (Rs.)	6.41	3.00
b) Own Generation		
i) Through Diesel Generator Unit (Nos)	Nil	Nil
Units per Ltr. of diesel oil (Nos)	Nil	Nil
Cost/unit (Rs)	Nil	Nil
ii) Through Wind turbine/generator		
Units (Nos)	Nil	22049
Cost/unit (Rs)	Nil	0.26
Amount (Rs)	Nil	5733.00
2. Coal (Specify quality and where used)		
Quantity (tonnes)	Nil	Nil
Total cost (Rs.in thousands)	Nil	Nil
Average rate	Nil	Nil
3. Furnace Oil		
Quantity (K.ltrs)	Nil	Nil
Total amount	Nil	Nil
average rate	Nil	Nil
4. Others/internal generation (please give details)		
Quantity	Nil	Nil
Total cost	Nil	Nil
B. Consumption per unit of production		
Products (with details) unit		
Electricity	3624.71	3788.59
Furnace Oil	Nil	Nil
Coal (Specify quality)	Not applicable	Not applicable
Others (Specify)		

FORM - B

(Rule 2)

FORM FOR DISCLOSURE OF PARTICULARS WITH RESPECT TO
TECHNOLOGY ABSORPTION

(1) RESEARCH AND DEVELOPMENT (R & D)

- A. During the year the Company has worked on the possibilities of adding control circuits to facilitate existing induction machines to run as synchronized generators at low wind speeds and to switch over to induction motor circuit at high wind speeds. This will increase Plant Load factor further.
- B. During the year your company has also worked on providing extenders of larger length, again to improve the Plant Load Factor further.
- C. The Company is also working on 1:36 gear box ratio instead of 1:40 ratio to increase output in 37.5 to 41 RPM, which will generate higher output.
- D. Possibilities of increasing the swept area of blades is also being worked.

2. FUTURE PLAN OF ACTION

A. Technology Absorption, Adaptation and Innovation

Your company's continues effort to improve the product has resulted in increase in Plant Load Factor and this has a direct bearing in increasing the competitiveness of the product.

- B. The Benefits of the development work will be seen in future with better market share.

C. Foreign Exchange Earnings & Outgo

The Company earned Foreign Exchange Income of Rs. Nil. The Company expended Foreign Exchange of Rs. 36.66 Lakhs during the financial year 1998-99

3. EXPENDITURE ON RESEARCH AND DEVELOPMENT

a)	Capital	Nil
b)	Recurring	Rs. 11.71 Lacs
c)	Total	Rs. 11.71 Lacs
d)	Total Research & Development expenditure as a percentage of total turnover	0.5%

For and on behalf of the Board

Place : Chennai
Chennai 30.08.99

RAVI PRAKASH KHEMKA
Chairman & Whole-time Director

AUDITORS REPORT**TO THE SHAREHOLDERS OF NEPC INDIA LIMITED**

We have audited the attached Balance Sheet of NEPC INDIA LIMITED as at 31st March 1999 and Profit and Loss Account for the year ended on that date:

1. As required by the Manufacturing and Other Companies (Auditors Report) Order 1988 issued by the Company Law Board in terms of Section 227 (4A) of the Companies Act, 1956, and on the basis of such checks as we considered appropriate, we enclose in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the said Order.
2. Further to our comments in the Annexure referred to in paragraph (1) above:
 - (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 account as required by law have been kept by the Company, so far as appears from our examination of such books.
 - (c) The attached Balance Sheet and the Profit and Loss Account referred to in this Report are in agreement with the books of account;
 - (d) In our opinion and to the best of our information and according to the explanations given to us, the said accounts give the information required by the Companies Act, 1956, in the manner so required and give a true and fair view :
 - a) in the case of Balance Sheet, of the state of affairs of the Company as at 31st March 1999, and
 - b) in the case of Profit and Loss Account, of the profit of the Company for the year ended on that date.

for T.G. RAMANATHAN & CO.,
Chartered Accountants

Place : Chennai
Date : 30.08.99

T.G. RAMANATHAN
Proprietor

ANNEXURE TO THE REPORT

Referred to in paragraph (1) of the Auditor's Report of even date.

- (i) The Company has maintained proper records showing full particulars including quantitative details and the situation of Fixed Assets. All the Fixed Assets have been physically verified by the Management during the year. We are informed that no significant discrepancies have been noticed on such verification.
- (ii) There has been no revaluation of Fixed Assets during the year.
- (iii) The Stocks of Finished Goods, Stores, Spare Parts and Raw Material including components have been physically verified, during the year by the Management.
- (iv) The procedure of physical verification of stock followed by the Management are in our opinion, reasonable and adequate in relation to the size of the Company and the nature of its business.
- (v) The discrepancies noticed on such verification were not significant as compared to books records and the same have been properly dealt with in the books of accounts.
- (vi) The valuation of stocks is fair and proper and in accordance with normally accepted accounting principles, and is on the same basis as in earlier years.
- (vii) In our opinion and according to the information and explanations given to us the rate of interest and other terms and conditions on which the company has taken loans from companies, firms or other parties required to be listed in the register maintained under section 301 of the Companies Act, 1956 from companies under the same management as defined under sub-section (1-B) of section 370 of the Companies Act, 1956, are prima facie not prejudicial to the interests of the Company.
- (viii) In our opinion and according to the information and explanations given to us the rate of interest and other terms and conditions on which the company has given loans to companies, firms and other parties required to be listed in the register to be maintained under Section 301 of Companies Act, 1956 to Companies under the same management as defined under sub-section (1B) of section 370 of the Companies Act, 1956, are prima facie not prejudicial to the interest of the Company.
- (ix) In respect of loans and advances in nature of loans given to employees and others, the principal amounts and interest thereon, wherever applicable have been repaid as stipulated.
- (x) In our opinion and according to the information and explanations given to us, there is an adequate internal control procedure commensurate with the size of the Company and the nature of its business, for purchase of stores, raw materials including components, plant and machinery, equipment and other assets and for sale of goods.
- (xi) In our opinion, the transactions of purchase of goods and raw materials and sale of goods and materials and services made in pursuance of contracts or arrangements entered with the parties listed in the Registers maintained under Section 301 of the Companies Act, 1956 and aggregating

during the year to Rs. 50,000/- or more in respect of each party has been made at prices which are reasonable having regard to prevailing market price for such goods, materials or the services or the prices at which transactions for similar goods or services have been made with other parties.

- (xii) As explained to us, the Company has regular procedure for determining unserviceable or damaged stores and adequate provision for loss has been made in accounts.
- (xiii) The Company has not accepted any Fixed Deposits from the Public during the year.
- (xiv) In our opinion, the company has maintained reasonable records for the sale and disposal of scraps. The Company has no by-products.
- (xv) The Company has an Internal Audit System commensurate with the size and nature of the business of the Company.
- (xvi) The Central Government has not prescribed the maintenance of any cost records under section 209(1)(d) of the Companies Act, 1956.
- (xvii) According to the records of the Company, Provident Fund, and Employee's State Insurance dues have been regularly deposited during the year with the appropriate authorities, except for certain instances of delay.
- (xviii) According to the information and explanations given to us, no undisputed amount payable in respect of Income Tax, Wealth tax, Sales tax, Custom Duties and Excise duties wherever applicable were outstanding as on 31.03.99 for a period of more than six months from the date it is payable.
- (xix) According to the information given to us, no personal expenses of employees or Directors have been charged to revenue account, other than those payable under contractual obligations or in accordance with generally accepted business practice.
- (xx) The Company is not a Sick Industrial company within the meaning of clause (O) of Sub-section 3 of the Sick Industrial Companies (Special Provisions) Act 1985.
- (xxi) In respect of goods traded in by the company, as explained to us, damaged goods have been determined and adequate provision has been made therefor.
- (xxii) With regard to investments held by the Company, the Company has not granted loans/advances on the basis of security by way of pledge of shares, debentures or other securities.

for T.G. RAMANATHAN & CO.,
Chartered Accountants

Place : Chennai
Date : 30.08.99

T.G. RAMANATHAN
Proprietor