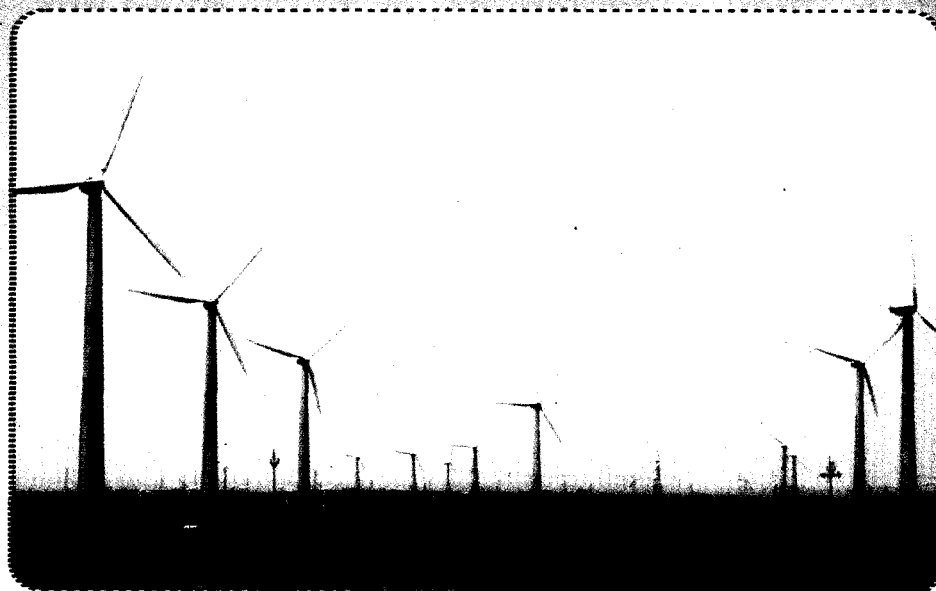


# 16<sup>th</sup> ANNUAL REPORT 2004-2005



**NEPC INDIA LIMITED**

**BOARD OF DIRECTORS**

Shri Ravi Prakash Khemka, Chairman  
 Shri Raj Kumar, Vice Chairman  
 Shri. Tirupathi Kumar, Managing Director  
 Shri. K. Narasimhan  
 Shri. K. Ramesh Jain  
 Shri Venkatesh Dahima  
 Shri V. Vasudevan

**AUDITORS**

M/s. SMNP & Co., Chartered Accountants  
 304, Chartered House, 297/299, Dr. C.H. Street  
 Near Marine-lines Church, Mumbai - 400 002.

**REGISTERED OFFICE**

1678, Trichy Road, Ramanathapuram  
 Coimbatore 641 045.

**CORPORATE OFFICE**

35, Wallajah Road  
 Chennai - 600 002

**WORKS**

Plot No. 34/20 (NP), Industrial Estate,  
 Ambattur, Chennai - 600 098.

Rs No. 86/1, Thethampakkam Road  
 Suthukeni village, Mannadipet Commune,  
 Pondicherry - 605 502

No. 2, First Cross, Navasakthi Nagar  
 Vazhuthavoor Road, Pondicherry - 605 009

**BANKERS**

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

**AUDIT COMMITTEE**

Shri. Rajkumar  
 Shri. Venkatesh Dahima  
 Shri. K. Ramesh Jain  
 Shri V. Vasudevan

**LISTING OF EQUITY SHARES**

At NSE and BSE (Listing Fees paid)

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## NOTICE TO THE SHAREHOLDERS

Notice is hereby given that the Sixteenth Annual General Meeting of the members of the Company will be held on Friday, the 23<sup>rd</sup> day of September 2005, at 4 P.M. at the Company's Registered Office at 1678, Trichy Road, Ramanathapuram, Coimbatore - 641 045 to transact the following business:

### ORDINARY BUSINESS

1. To receive consider and adopt the audited Balance Sheet of the Company as at 31<sup>st</sup> March 2005 and the profit and loss account for the year ended on that date and the Reports of the Directors and Auditors thereon.
2. To appoint a Director in the place of Mr. Rajkumar who retires by rotation, and being eligible, offers himself for re-appointment.
3. To appoint a Director in the place of Mr. Tirupathi Kumar who retires by rotation, and being eligible, offers himself for re-appointment.
4. To appoint Auditors and to fix their remuneration and for this purpose to consider and, if thought fit, to pass, with or without modification(s), the following resolution as an ordinary resolution:

" RESOLVED THAT the retiring Auditors M/s SMNP & Co., Chartered Accountants, Mumbai be and are hereby appointed as Auditors of the Company to hold office from the conclusion of this meeting until the conclusion of the next Annual general meeting of the Company, on a remuneration of Rs. 210000/- (Rupees Two Lakhs and ten thousand only) exclusive of fees for taxation matters, certification work and other service charges and out of pocket expenses in connection with Company's Audit".

### SPECIAL BUSINESS

5. 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 Section 293(1)(e) of the Companies Act 1956 and other applicable provisions, if any, the Board of Directors of the Company be and are hereby authorized to contribute, from time to time, in any financial year to any charitable and other funds or general charities or other purposes not directly relating to the business of the Company or the welfare of its employees up to a total amount of Rs. 50,00,000/- (Rupees Fifty lakhs only) in a financial year.

By order of the Board  
for NEPC INDIA LIMITED

Place: Chennai  
Date: 29.06.2005

Ravi Prakash Khemka  
Chairman



## NOTES

1. A member entitled to attend and vote at the meeting is entitled to appoint a Proxy to attend and vote in his stead and the 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 the Share Transfer Books of the Company will remain closed from 19-09-2005 to 23-09-2005 (both days inclusive)
3. Members are requested to notify immediately any change in their address to the Company.
4. Members/Proxies should bring the Attendance Slip duly filled in for attending the meeting.
5. Members are requested to bring their copies of Annual Report to the Meeting.
6. Members are already informed that Securities and Exchange Board of India (SEBI) have made it compulsory for all investors to trade the Company's securities in dematerialisation form, effective 28.08.2000. Members are, therefore, requested to avail of dematerialisation facility.
7. Members with identical order of names who are holding in multiple Folios are requested to write to the Company to consolidate their holdings into one Folio.
8. Members who hold share in the physical form can nominate a person in respect of all the share held by them singly or jointly. Members who holds share in single name are advised, in their own interest, to avail of nomination facility by filling Form 2B. Members who holds share in the dematerialised form may contact their Depository Participant for recording nomination in respect of their shares.
9. The Explanatory Statement pursuant to Sec. 173(2) of the Companies Act, 1956, setting out all material facts in respect of item 5 of the Notice is attached.
10. At this Annual General Meeting, Mr. Rajkumar and Mr. Tirupathi Kumar, Directors of the Company retire by rotation and being eligible, offers themselves for re-appointment.

The brief background and the functional expertise of the Directors proposed for re-appointment is furnished below along with details of companies in which he is a Director.

- a) Mr. Rajkumar, aged about 40 years, has been associated with the company as Director since inception. He is well experienced in Business and Commerce.

Details of other Directorships held by him:-

Director in the Boards of NEPC Textiles Limited, NEPC Agro Foods Limited, Skyline NEPC Limited, National Wind Power Corporation Limited and Sai Televisions Limited.



- b) Mr. Tirupathi Kumar, aged about 37 years, has been associated with the company as Director since 1995. He is well experienced in Business and Commerce.

Details of other Directorships held by him:-

Director in the Boards of NEPC Textiles Limited, NEPC Agro Foods Limited, Skyline NEPC Limited, National Wind Power Corporation Limited and Sai Televisions Limited.

(By Order of the Board)  
for NEPC INDIA LIMITED

PLACE : Chennai  
DATE : 29.06.2005

Ravi Prakash Khemka  
Chairman

## EXPLANATORY STATEMENT

Pursuant to Articles of Association of the Company read with Section 173 (2) of the Companies Act, 1956.

### Item No. 5

The Board of Directors of your Company is of the view that contribution of funds to any charitable and other funds or general charities will improve the reputation of the Company. As per section 293(1)(e), contribution of funds to charitable and other funds not directly relating to the business of the Company or the welfare of its employees, exceeding Rs. 50000/- or 5% of its average net profits whichever is greater, will require approval of shareholders. The Board is of the opinion that the existing limit of Rs. 10,00,000, for this purpose as approved by the members, needs to be enhanced to Rs. 50,00,000. The Board recommends passing of the resolution set out at item no. 5 of the Notice. None of the directors of the Company are, in anyway, concerned/interested in the said resolution.

By Order of the Board  
for NEPC INDIA LIMITED

Place : Chennai  
Dated : 29.06.2005

Ravi Prakash Khemka  
Chairman



## DIRECTORS' REPORT

To the Members of NEPC INDIA LIMITED

Your Directors have pleasure in presenting the Sixteenth Annual Report and Audited Accounts of your Company for the accounting year ended 31<sup>st</sup> March, 2005.

## FINANCIAL HIGHLIGHTS

The Financial Results and the performance of the Company during the year under review are as follows:

Particulars	(Rs. in Lakhs)	
	Year ended 31.03.2005	Year Ended 31.03.2004
Income from Operation	29968.09	15918.62
Other Income	67.96	2.36
Operating Expenses	28863.90	15663.46
Operating Profit before Depreciation	1172.15	257.52
Depreciation	114.03	126.27
Profit before write-off & extra-ord. items	1058.12	131.25
Doubtful balances written off (Bad debts)	8356.70	-
Profit/(Loss) before extra-ordinary items	(7298.58)	131.25
Extra-ordinary items	700.00	(14962.49)
Provision for Taxation (Deferred Tax Asset)	-	6455.85
Profit/(Loss) after taxation	(7998.58)	(8375.39)
Balance Profit/(Loss) Brought Forward	17825.90	(9450.51)
Net Profit/(Loss) carried to Balance Sheet	25824.48	(17825.90)

## DIVIDEND

The Directors do not recommend Dividend for the year ending 31<sup>st</sup> March 2005.

## WIND ENERGY

During the year, the Company improved its delivery mechanism enabling the company to double its sales volume. There is, however, severe competition in the industry and this to a large extent has a bearing on the margin. In spite of this, the company has posted higher operating margin during the year under review.

The company is taking steps to economise on the total cost so that the ultimate value enjoyed by the customer is maximised and has plans to increase its EBDIT levels to 10% which will be more than the industry average.

We look forward to far better performance in the coming year.



## DIRECTORATE

Mr. Rajkumar and Mr. Tirupathi Kumar retire by rotation at the forthcoming annual general meeting and being eligible, offers themselves for re-appointment to the Board.

## PERSONNEL

The Directors express their appreciation for the support and contribution by the employees at all levels for the successful operation of the Company during the year under review.

## PARTICULARS OF EMPLOYEES

No employee of the Company was paid remuneration in excess of limits prescribed under Section 217 (2A) of the Companies Act, 1956, read with the relevant Rules as amended.

## AUDITORS

M/s SMNP & Co., Chartered Accountants, Auditors of the Company retire at the conclusion of the forthcoming 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.

## REMARKS ON AUDITOR'S QUALIFICATIONS

With regard to para 3 (vi)(a) of Auditor's report and Note II.3 & 11 in Schedule 20, the process of confirmation and reconciliations in respect of secured and unsecured loans, certain sundry debtors, loans and advances, certain bank balances, deposits and current liabilities is on. As the company has counter claim on creditors as well as additional claims realisable due to delay in payments, this process is taking time. However, it may be noted that after due reconciliation is over, the assets and liabilities of your Company will not have any material change.

With regard to para 3 (vi)(b) of Auditor's report and Note II.4.2 in Schedule 20, the Company has given proposals to financial institutions and banks for one-time settlement involving substantial waiver over a period of time, and the Company has reason to believe based on the progress made so far that such proposals will be either acceptable or will be called for further negotiations, and in any case the company is hopeful of a solution acceptable to all. Hence, interest has not been provided for.

With regard to para 3 (vi)(c) and Note II.7 regarding project in progress, this refers to Secured loan referred above and the company is hopeful of getting some waivers, which can offset the erosion, if any, in the value of work-in-progress and hence the impact thereof may not be material and hence not provided for.

With regard to para 3 (vi)(d) and Note II.9.1 in Schedule 20, the Company is in the process of ascertaining the effect of such deterioration/erosion of inventory due to efflux of time/obsolescence, and hence not provided for.



With regard to para 3 (vi)(e) and Note II.15.1 in Schedule 20 regarding AS 19 - Accounting for Leases, the same has been suitably explained in the Notes on Accounts which is self-explanatory as the company has taken a conscious decision to capitalise the amount on payment of the last instalment.

With regard to para 3 (vi)(f) of Auditor's report and Note II. 16 in Schedule 20 regarding AS 28, the company is in the process of ascertaining the losses on account of impairment of asset, if any, relating to the Airline division and it is also considering the possibility of realising some claim arising out of these assets. Pending this ascertainment, the loss has not been recognised in the current year.

With regard to para 3 (vi)(g) of Auditor's report and Note II.20 in Schedule 20 regarding non-provision of retirement benefits, since the number of employees becoming eligible is low, the quantum of provision required is expected to be marginal and will not vitiate the financial statements.

With regard to para 3 (vi)( h) of Auditor's report and Note II.21.2 in Schedule 20 regarding non provision of Deferred Tax assets as stipulated in AS 22 - Taxes on Income, the same has been suitably explained in the Notes on Accounts which is self explanatory, as the company has taken a conscious decision keeping in view the concept of prudence.

## **DIRECTORS RESPONSIBILITY**

In compliance with Section 217 (2AA) of the Companies Act, 1956, the Directors confirm that :

- . in the preparation of annual accounts the applicable Accounting Standards have been followed;
- . the Accounting Policies selected and applied on a consistent basis, give a true and fair view of the affairs of the Company and of the loss for the financial year;
- . proper and sufficient care has been taken for the maintenance of adequate accounting records in accordance with the provisions of the aforesaid Act for safeguarding the assets of the Company; and for prevention and detection of fraud and other irregularities;
- . the Annual Accounts have been prepared on a going concern basis.

## **CORPORATE GOVERNANCE**

A detailed report on this subject forms part of this Report.

## **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 Companies (Disclosure of Particulars in the Report of the Board of Directors) Rules 1988 is given in the annexure forming part of this Report.



## INDUSTRIAL RELATIONS

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

## 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 Company is grateful for the co-operation and continued support extended by the Central Government, State Governments, Financial Institutions, Banks, Tamil Nadu Electricity Board, and other State Electricity Boards, MNES, IREDA etc.

(By Order of the Board)  
For NEPC INDIA LIMITED

PLACE : Chennai  
DATE : 29.06.2005

Ravi Prakash Khemka  
Chairman





## ANNEXURE TO THE DIRECTORS' REPORT

## FORM - A

(See Rule 2)

DISCLOSURE OF PARTICULARS WITH RESPECT TO  
CONSERVATION OF ENERGY

	<u>2005</u>	<u>2004</u>
<b>A. Power and Fuel Consumption</b>		
1. Electricity		
a) Purchased Unit (Nos)	598126	570791
Total amount (Rs.)	2942845	3314354
Rate/Unit (Rs.)	4.92	5.80
b) Own Generation		
i) Through Diesel Generator Unit (Nos)	468825	2115
Units per Ltr. of diesel oil (Nos)		
Cost/unit (Rs)	9.33	6.02
ii) Through Wind turbine/generator		
Units (Nos)	Nil	Nil
Cost/unit (Rs)	Nil	Nil
Amount (Rs)	Nil	Nil
2. Coal (Specify quality and where used)		
Quantity (tonnes)	Nil	Nil
Total cost (Rs.in thousands)	Nil	Nil
Average rate		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>B. Consumption per unit of production</b>		
Products (with details) unit		
Electricity	3235	10527
Furnace Oil	Nil	Nil
Coal (Specify quality)	Not applicable	Not applicable
Others (Specify)		