



# NEPC TEXTILES LIMITED

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**9<sup>TH</sup>**

**ANNUAL  
REPORT**

**2001-2002**



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<b>BOARD OF DIRECTORS</b>	Shri Ravi Prakash Khemka ( <i>Chairman</i> ) Shri Raj Kumar Shri Tirupathi Kumar Shri. K. Narasimhan Shri. Ramesh Kumar Agarwal
<b>COMPANY SECRETARY</b>	Mr. N.Padmanabhan
<b>AUDITORS</b>	M/s Swamy & Ravi Chartered Accountants, 537, 1st Floor, N.S.R. Road, Saibaba Colony, Coimbatore - 641011
<b>REGISTERED OFFICE &amp; FACTORY</b>	SF 256, Kannampalayam Village Palladam Taluk, Coimbatore 641042
<b>CORPORATE OFFICE</b>	36, Wallajah Road, Chennai - 600 002 Tamilnadu
<b>BANKERS</b>	The Vysya Bank Ltd.
<b>AUDIT COMMITTEE</b>	Shri. Raj Kumar Shri. Tirupathi kumar Shri. K. Narasimhan Shri. Ramesh Kumar Agarwal
<b>LISTING OF SHARES</b>	The Company's Equity Shares are listed in the Stock Exchanges at Coimbatore, Chennai, Mumbai (NSE and BSE), Delhi, Kolkata and Ahmedabad.



## NOTICE TO THE SHAREHOLDERS

NOTICE is hereby given that the Ninth Annual General Meeting of the members of the Company will be held on Thursday, the 30<sup>th</sup> day of January 2003 at 10.00 A.M. 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> July, 2002 and the Profit and Loss Account for the year ended on that date and Reports of the Directors and Auditors thereon.
2. To appoint a Director in the place of Mr. Raj Kumar who retires by rotation, and being eligible, offers himself for re-appointment.
3. 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. Swamy & Ravi., Chartered Accountants, Coimbatore 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. 40000/- (Rupees Forty thousand only) exclusive of fees for taxation matters, certification work & other service charges and out of pocket expenses in connection with the Company's Audit."

### SPECIAL BUSINESS

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

To approve appointment of Mr. Ravi Prakash Khemka as Wholetime Director, and in this connection, to consider and if thought fit, to pass with or without modification(s), the following resolution as an Ordinary Resolution:

**"RESOLVED THAT** subject to the provisions of Sections 198, 269, 309, 310 & 311, Schedule XIII, and other applicable provisions, if any, of the Companies Act, 1956, and subject to such other approvals as may be required, Mr. Ravi Prakash Khemka be and is hereby appointed as a Wholetime Director with effect from 01-02-2003 for a period of five years upto 31-01-2008, on the following terms and conditions:

#### REMUNERATION

##### A. SALARY:

Rs. 50,000 (Rupees fifty thousand) per month, in the grade of Rs. 50,000 - Rs. 75,000. The annual increments will be effective 1<sup>st</sup> April every year. Salary will be subject to deduction of Indian Income-tax at the applicable rates.

**B. PERQUISITES**

In addition to the above salary, Mr. Ravi Prakash Khemka shall also be entitled to perquisites like free furnished accommodation or house rent allowance including furnishing gas, electricity and water, medical reimbursement for self and family, leave travel concessions for self and family, club fees, medical insurance, personal accident insurance, etc. as per Company Policy, subject to the condition that the value of these perquisites shall be restricted to an amount equal to the annual salary. All the perquisites provided to Mr. Ravi Prakash Khemka shall be subject to Income tax evaluated as per the applicable rules in respect of each perquisite.

**C. BENEFITS AND FACILITIES**

- a) Leave: Mr. Ravi Prakash Khemka shall be entitled to leave as per the rules of the Company. Encashment of unutilised leave shall not be considered as a perquisite for purpose of ceiling on remuneration prescribed in the Companies Act, 1956.
- b) Provident Fund, Superannuation and Group Insurance Schemes: Mr. Ravi Prakash Khemka shall be eligible for the benefits under the Company's Provident Fund, Superannuation and Group Insurance Schemes in accordance with the Company's practices and rules in force from time to time.
- c) Gratuity: Mr. Ravi Prakash Khemka shall be eligible for the benefit of gratuity equivalent to one month's salary for each year of service.
- d) Car and Telephone: The Company shall provide Mr. Ravi Prakash Khemka with a car and telephone at his residence for use on Company's business which will not be considered as perquisites. Use of car for private purposes, however, will be treated as perquisite and valued as per Income-tax rules and shall be subject to deduction of income-tax at source. Personal long distance calls on telephone shall be billed by the Company to Mr. Ravi Prakash Khemka.
- e). Ex-gratia payment, if any, made to Mr. Ravi Prakash Khemka shall also be treated as salary for purpose of contribution to Provident Fund / Superannuation schemes of the Company and for payment of gratuity, if any.

**D. ENTERTAINMENT EXPENSES:**

The Company shall reimburse entertainment expenses actually and properly incurred by Mr. Ravi Prakash Khemka in the course of the business of the Company subject to such annual limits as may be fixed by the Board of Directors of the Company.

**"RESOLVED FURTHER THAT** in the event of loss or inadequacy of profits in any of the financial years during the tenure of Mr. Ravi Prakash Khemka as Wholetime Director of the Company, he shall be entitled to receive and be paid the substantive remuneration mentioned as above, not being less than the remuneration prescribed under Schedule XIII of the Companies Act, 1956 from time to time, as minimum remuneration".

(By Order of the Board)  
For NEPC TEXTILES LIMITED

Ravi Prakash Khemka  
Chairman

PLACE : Chennai  
DATE : 16.12.2002



## 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 27.01.2003 to 30.01.2003 (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 27.11.2000. 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. The Explanatory Statement pursuant to Section 173 (2) of the Companies Act, 1956, setting out all material facts in respect of Item 4 of the Notice, attached.
9. 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.
10. At this Annual General Meeting Mr. Raj Kumar retires by rotation and being eligible, offers himself for re-appointment.

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

Mr. Raj Kumar, aged about 36 years, has been associated with the Company as Director from 1998. He is well experienced in Business and Commerce.

Details of other Directorships held by him:

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

(By Order of the Board)

For NEPC TEXTILES LIMITED

Ravi Prakash Khemka  
Chairman

PLACE : Chennai  
DATE : 16.12.2002

**EXPLANATORY STATEMENT**

(Pursuant to Section 173(2) of the Companies Act, 1956)

**Item No.4**

The Board of Directors of the Company, at its meeting held on 16th December, 2002 have proposed appointment of Mr. Ravi Prakash Khemka as Wholetime Director for a period of five years, subject to approval of the members at the forthcoming Annual General meeting, on the terms and conditions of remuneration, benefits and perquisites as contained in the Resolution.

Approval of the members is, therefore, sought to the appointment of Mr. Ravi Prakash Khemka as a Wholetime Director of the Company for a period of five years with effect from 01-02-2003. The terms of appointment and remuneration proposed for Mr. Ravi Prakash Khemka are fully set out in the resolution. The same constitutes the abstract of the terms of appointment of Mr. Ravi Prakash Khemka as Wholetime Director as per requirements of the Companies Act, 1956.

Details of Directorships held by him:

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

Shri Raj Kumar, Shri Ravi Prakash Khemka and Shri Tirupathi Kumar are concerned or interested in the Resolution.

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(By Order of the Board)

For NEPC TEXTILES LIMITED

Ravi Prakash Khemka  
Chairman

PLACE : Chennai  
DATE : 16.12.2002



## DIRECTORS' REPORT

To the Members of NEPC TEXTILES LIMITED

Your Directors have pleasure in presenting the Ninth Annual Report and Audited Accounts of your Company for the financial year ended 31<sup>st</sup> July, 2002.

### FINANCIAL HIGHLIGHTS

	Rs. in lakhs.	
	Year ended 31-07-2002	Year ended 31-07-2001
Gross Income	1297.52	2463.50
Profit before Depreciation	21.56	(1.27)
Depreciation	143.51	123.20
Profit after Depreciation	(121.95)	(124.47)
Provision for taxation	-	-
Profit / (Loss) after taxation	(121.95)	(124.47)
Balance Profit / (Loss) Account B/F	(1849.20)	(1724.73)
Add: Transfer from Dividend Payable A/c	-	-
Add: B/F of balance General Reserve	-	-
	(1971.15)	(1849.20)
Appropriations:		
General Reserve	-	-
Capital Work in Progress written off-	-	-
Balance Profit carried to Balance Sheet	(1971.15)	(1849.20)

### OPERATING RESULTS

Your Company's activities were at marginal level during the year under consideration. The trend of high cotton prices and lower yarn realisation continued during this year. Inspite of this the operations yielded better results compared to earlier years due to considerable improvement in operating efficiency.

### DIVIDEND

The Directors do not recommend Dividend for the year ending 31<sup>st</sup> July 2002, in view of the loss incurred by the Company.

### DIRECTORATE

Mr. Raj Kumar retires by rotation at the forthcoming Annual General Meeting and being eligible, offers himself 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. Swamy & Ravi, Chartered Accountants, Coimbatore, 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 Auditor of your Company, if appointed.

### Auditor's Qualifications:

With regard to para 3(e) of Auditor's report and note no. 6 in Schedule 18, the Company is already in the process of making necessary arrangement for retirement benefits. Considering the experience of employees in the Company, the quantum of provision required is expected to be marginal and will not vitiate the financial statements.

With regard to para 3(f)(a) of Auditor's report and note no. 3 in Schedule 18, the Company has counter claim on creditors as well as additional claims reliable due to delay in payments, and such claims are under active consideration and reconciliation which is in an advanced stage. Hence, the confirmation of balances have not been obtained. However, it may be noted that after due reconciliation is over, the assets and liabilities of your Company will not have any material change nor will it have a bearing on the financials of your Company.

With regard to para 3(f)(b) of Auditor's report and note no. 5 in Schedule 18, the Company is in active discussions with the banks/loan parties for one-time settlement, involving substantial waiver of interest and payment of principal over a period of time. The Company is hopeful that the proposals submitted to banks/loan parties are practical and acceptable to them. Hence, interest has not been provided for.

## 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 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 success.

(By Order of the Board)  
For **NEPC TEXTILES LIMITED**

Ravi Prakash Khemka  
Chairman

PLACE : Chennai  
DATE : 16.12.2002