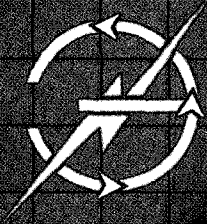


EPIC ENERGY LIMITED  
An ISO 9001:2000 Company



Conservation

Innovation

Power

Environment

Annual Report 2006-2007

100



# **EPIC ENERGY LIMITED**

An ISO 9001:2000 Company

**"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"**



## **EPIC ENERGY LIMITED**

214, Standard Plaza, 2nd Floor, Off. Link Road, Opp. City Mall, Next to Hotel Orritel, Andheri (W), Mumbai - 400 053.

### **NOTICE**

Notice is hereby given that the Annual General Meeting of the Members of the Company will be held on 25th September, 2007 at 10.30 A.M. at the Registered Office : 214, Standard Plaza, 2nd Floor, Off. Link Road, Opp. City Mall, Next to Hotel Orritel, Andheri (W), Mumbai - 400 053. to transact the following business.

#### **Ordinary Business**

- 1) To receive, consider and adopt the audited Balance Sheet as at 31st March, 2007, Profit and Loss Account for the year ended on that date together with the Reports of the Board of Directors and Auditors thereon.
- 2) To appoint a Director in place of Mr. Vispi Damania who retires by rotation and being eligible, offers himself for re-appointment.
- 3) To appoint a Director in place of Mr. Nikhil Morsawala who retires by rotation and being eligible, offers himself for re-appointment.
- 4) To appoint M/s Parimal Bhogale , Chartered Accountants, as Auditors of the Company and to fix their remuneration.

#### **Notes:-**

1. A MEMBER, ENTITLED TO ATTEND AND VOTE AT THE MEETING, IS ENTITLED TO APPOINT PROXY TO ATTAND AND VOTE AT THE MEETING INSTEAD OF HIM/ HER SELF AND THE PROXY NEED NOT BE A MEMBER OF THE COMPANY. Proxies in order to be effective must be lodged with company not less than 48 hours before the commencement of the meeting.
2. Register of Members and share Transfer books will be closed from 18-09-2007 to 25-09-2007 ( both days inclusive)
3. The Chairman of the Audit Committee of Directors shall be present at the Annual General Meeting to answer queries of shareholders arising on the Accounts of the Company.
4. All correspondence regarding shares of the company should be addressed to the company's Registrar and Transfer Agents (RTA) , Adroit Corporate Services Limited at 19, Jaferbhoy Industrial Estate, 1st floor , Makwana Road, Marol Naka, Mumbai-400 059. Members who hold shares in the physical form and wish to make /change a nomination in respect of their shareholding in the company, as permitted under section 109A of the companies Act, 1956, may submit the prescribed Form 2B to Adroit Corporate Services Limited.

5. Members, who wish to obtain any information on the company as regards the accounts for the financial year ended 31st March 2007, are requested to write to the company at least 10 days before the Annual General Meeting.
6. Members / Proxies should bring the Attendance Slip duly filled in for attending the meeting. Corporate Members intending to send their authorized representatives to attend the meeting are requested to send a certified copy of the Board Resolution authorizing their representative to attend and vote on their behalf at the Meeting.
7. The company has been registered with both National Securities Depositories Limited (NSDL) and Central Depositories Services Limited (CDSL). The members can avail of the depository services of CDSL and NSDL. The ISIN of the Company is INE932FO1015.
8. In case of joint holders attending the meeting, only such joint holder who is higher in the order of names will be entitled to vote.
9. Members / Beneficial Owners are requested to quote their full name as per company's record, Folio No./ DP and Client ID Nos. as the case may be, in all correspondences with the company.
10. Members are requested to give their valuable suggestions for improvement of investor's services and are also advised to quote their E-mail Ids, telephone / facsimile no. for prompt reply to their communications.
11. Members, who hold shares in dematerialized form, are requested to bring their depository account number for identification.
12. Members are requested to bring their copies of the annual report to the meeting.

**BY ORDER OF THE BOARD OF DIRECTORS**

**Sd/-**

**NIKHIL MORSAWALA  
CHAIRMAN**

**Date: - 27th August, 2007**

**Place: - Mumbai**



**EPIC ENERGY LIMITED**

214, Standard Plaza, 2nd Floor, Off. Link Road, Opp. City Mall, Next to Hotel Orritel, Andheri (W), Mumbai - 400 053.

**ENTRANCE PASS**

**( to be presented at the entrance )**

Client ID \_\_\_\_\_

DP ID \_\_\_\_\_

Leder Folio No. \_\_\_\_\_

Annual General Meeting of the Company held on Tuesday, 25th September 2007 at 10.30 a.m. at the Registered Office of the Company at Office 214, Standard Plaza, 2nd Floor, Off. Link Road, Opp. City Mall, Next to Hotel Orritel, Andheri (W), Mumbai - 400 053.

Name \_\_\_\_\_

No. of shares held \_\_\_\_\_

Only Members / Proxies are allowed to attend the meeting.

Signature \_\_\_\_\_

----- Tear Here -----



**EPIC ENERGY LIMITED**

214, Standard Plaza, 2nd Floor, Off. Link Road, Opp. City Mall, Next to Hotel Orritel, Andheri (W), Mumbai - 400 053.

**PROXY FORM**

Client ID \_\_\_\_\_

DP ID \_\_\_\_\_

Leder Folio No. \_\_\_\_\_

I/We \_\_\_\_\_ of \_\_\_\_\_ being a member(s) of

the above named Company, hereby appoint Shri. / Smt. \_\_\_\_\_ of

\_\_\_\_\_ or failing him Shri. / Smt. \_\_\_\_\_ of

\_\_\_\_\_ as my/our proxy to attend and vote for me/us on my/our behalf at the ANNUAL GENERAL MEETING of the Company to be held on, Tuesday, 25th September 2007 at 10.30 a.m. at the Registered Office of the Company at Office 214, Standard Plaza, 2nd Floor, Off. Link Road, Opp. City Mall, Next to Hotel Orritel, Andheri (W), Mumbai - 400 053.

Signed this \_\_\_\_\_ day of \_\_\_\_\_ 2007 Signature \_\_\_\_\_

Affix  
Re. 1/-  
Revenue  
Stamp

Notes : The form duly completed and signed must be deposited at registered office of the Company not less than 48 hours before the time for holding the said meeting.

OUR MISSION

TO BE A KEY PLAYER IN THE  
INTERNATIONAL MISSION OF  
REDUCING THE IMPACT OF  
GLOBAL WARMING BY.....



.....EMPOWERING

EVERY CITIZEN OF THE WORLD

WITH THE KNOWLEDGE & ABILITY

TO USE PRODUCTS THAT SAVE POWER



.....USING RENEWABLE ENERGY PRODUCTS

IN DAY TO DAY LIFE

BECAUSE.....

" I AM MYSELF

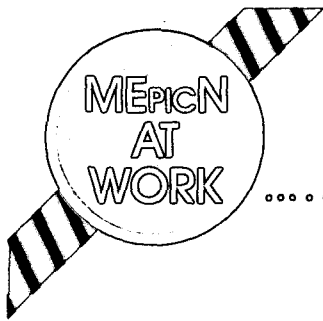


WHAT IS AROUND ME,

AND IF I DO NOT SAVE IT,

IT SHALL NOT SAVE ME ".





EPIC..... BLAZING NEW TRAILS

..... towards a better tomorrow

*“.....A journey of a thousand miles begins but with a small step.....”*

*Epic Energy Limited embarked on its journey of Energy Efficiency and Renewable Energy very recently. Reports of the effect of Global Warming from all over the Globe have reinforced our resolve to be a major player in reducing carbon emissions (the main reason for Global Warming) by helping users to optimize the consumption of energy generated from conventional sources and also empowering them to use Renewable Energy devices in day-to-day activities. This will also help Energy deficient countries like India to reduce the Energy Demand Supply gap and reduce Power Outages.*

*One of the major Energy Efficiency products of the company that has met with considerable success is the Epic Power Saver 1090. Currently installed and operating in Maharashtra,*

*“...Energy Efficiency is the ‘fifth fuel’ after coal, gas, renewables and nuclear. Today, it is the lowest-cost alternative and is emissions-free. It should be our first choice in meeting our growing demand for electricity, as well as in solving the climate challenge...”*

*Tamil Nadu, Chhatisgarh, Karnataka, Andhra Pradesh, Gujarat and Kerala, the EPS 1090 has consistently shown a reduction in electricity consumption in excess of thirty percent in Street Light Installations and a reduction in excess of fifteen percent in Inductive Load installations. The Government Sector largely uses this product for Street Lights and Government Buildings. In the Private Sector, the EPS 1090 has been*

*installed in hotels, hospitals and Retail and Commercial Establishments. In the manufacturing sector, the EPS 1090 has worked successfully in Rice Mills, Steel Mills and other similar factories.*

*The EPS 1090 is available in various sizes ranging from 1 kVA to 150 1 kVA. Though Epic Energy Limited has not yet tapped the household sector, the EPS 1090 in the 1 kVA to 3 kVA range has been successfully tested in households and the company plans to launch the Home Use version of the EPS*

*“...Universal access to electricity was a 20th Century idea. Now it has to be universal access to energy efficiency...”*

*1090 shortly through its “S-Urja” Power Retail Chain of stores. The Home Use version of the EPS 1090 has shown capabilities of reducing power consumption (and thereby reducing Electricity bills) by about fifteen percent.*

**Breaking new ground.....introducing Power Retail.....to EmPower the citizen**

*A major obstacle in making the use of Renewable Energy devices and Energy Efficiency devices more popular and widespread among citizens is the lack of a credible "last mile" distribution channel which can cater to the needs of retail consumers. Towards this end, Epic Energy Limited plans to launch a nation wide chain of Power Retail stores under the brand "S-Urja : The Power Boutique". The first shop has already been launched in Rabale, Navi Mumbai. The objective of launching this Power Retail initiative is to make available to citizens the entire range of Solar, Wind and Energy Efficiency Products for Home Use through a credible network, manned by trained personnel with the ability to understand the needs of the consumers and address these needs in an optimum manner.*

**Bio-Fuels....preparing for the future**

*The emergence of the use of Bio Fuels as an adjunct to Fossil Fuels has opened a whole new area for research and development of new products. Still at a nascent stage, the initial success of the various bio-fuel products has spurred Renewable Energy Companies to spend more on researching the various ways in which to make these products machine compatible and available on a large scale at affordable prices.*

*At Epic, discussions are being conducted with various leading foreign players from Europe and Israel to jointly undertake new research and apply existing technologies for the cultivation of Jatropha to be converted to bio-fuels. The collaborative efforts should be finalized by March, 2008, after which the detailed plans will be worked out and then implemented.*

**Corporate Social Responsibility.....not just another phrase...integrating CSR with business objectives**

*The company plans to augment the "S-Urja" chain by offering this as a dependable means of livelihood to the vast number of educated youth in semi-urban and rural areas under its Entrepreneurship Development Program. Selected youth from these areas will be trained in the use and maintenance of the products being marketed. They will then be supplied with the products for onward distribution to the final consumer. The company hopes that this will help in providing a means of livelihood to these youth and will reduce unemployment and also reduce migration to urban areas.*

**A legacy for our future generations ....Mother Nature in her full glory or Apocalypse?**

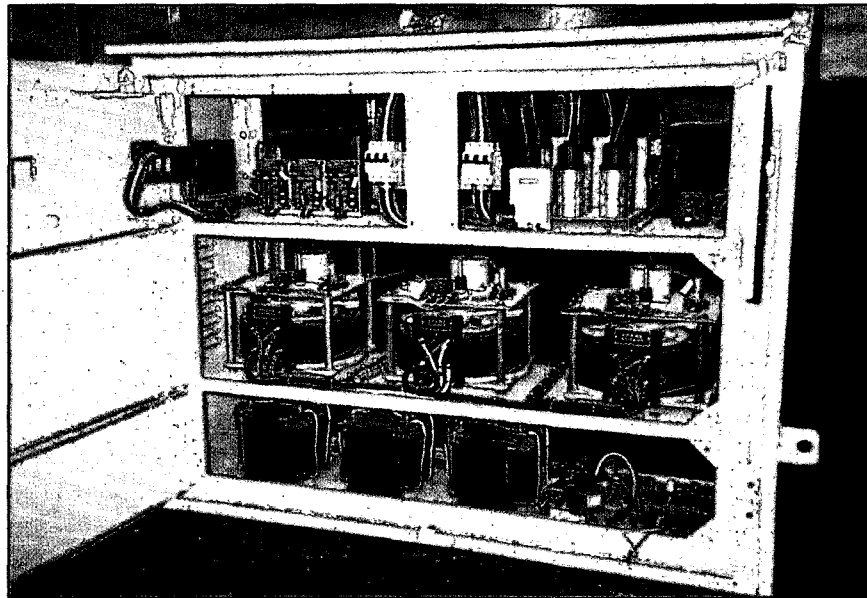
*And finally, as empowered citizens of India and of the world, we all want to leave behind a legacy for our future generations. As we embark on our "journey of a thousand miles" let us all pledge to contribute, in our own individual small way, to the Global Movement to reduce Global Warming, Let us use energy efficiently and optimally. Let us all propagate the use of Renewable Energy Devices wherever feasible. And let us all then wake up every morning and see Mother Nature in her full glory.*

**Nikhil Morsawala**  
Chairman





## EPIC POWER SAVER (EPS 1090)



### Technical Specifications

Technical specification for the Three Phase EPS 1090 Energy Saving Devices with

- 240V (SPN) - Single Phase and 415V (TPN) -3 Phase
- 240V, 50 HZ single phase system ranging from 1 KVA.
- 415V, 50 HZ three phase system ranging from 4.5 KVA to more than 1000 KVA ( 3 phase 4 wire system)
- Data Logging System.
- Robust Construction With High Quality Powder Coated Finish.
- Phase Indication Lamps.
- Advanced Microprocessor Based Technology.

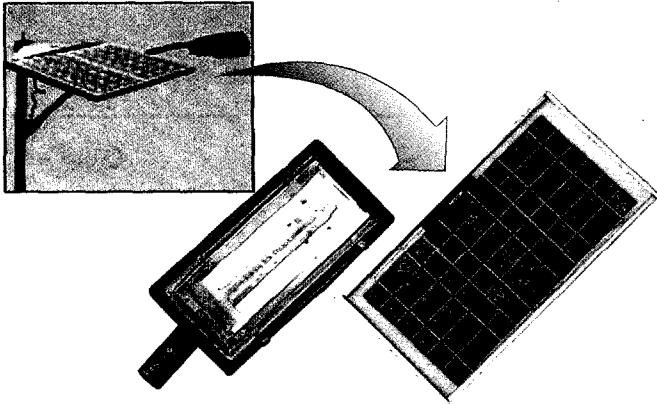
### We Can Offer A Number of Options to Enhance Our EPS 1090 Energy Saver

- Remote By-Pass Switching Override.
- Remote Switching Of EPS 1090 Energy Saver.
- Option of MCCB Protection Instead Of Fused Isolator.
- Outgoing Protected Ways.
- Time Clock with Automatic Switching.
- Special Look Enclosure (And Paint Specification) Design.
- Sectionalized Contactor Switching Of Load.
- Various Auxiliary Controls: Timers, etc.,



### EPIC SOLAR PRODUCTS

#### SOLAR STREET LIGHTS



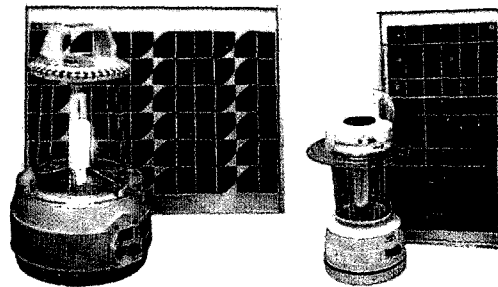
##### TECHNICAL SPECIFICATION

- Lamp : 11 watt CFL
- Light output : 900 Lumen
- Module : 2 Nos. of 37Wp
- Operating Time : 12 hours
- Battery Backup : 3 days
- Battery Bank : 12V-80Ah

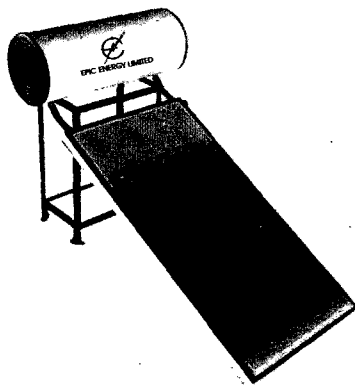
#### SOLAR LANTERNS

##### TECHNICAL SPECIFICATION

- Lamp : 3Watt/5Watt/7Watt CFL Lamp
- Modules : 3 Watt/5 Watt/10Watt Solar Modules
- Battery Bank : 6Volt 4.5 Ah Battery
- Operating Time : 3-4 hrs Lights on sunny days.



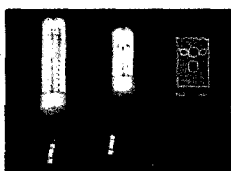
#### SOLAR WATER HEATERS



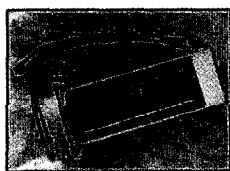
##### TECHNICAL SPECIFICATIONS

- Absorber : Copper Black Chrome Selective Coating (Nalsun)
- Fin Welding : Ultrasonic
- Collector Box : Powder Coated Black
- Collector Area : 2.2 Sq. Mtrs.
- Top Cover / Glazing : Toughened Glass 4mm thick
- Thermal Insulation : LRB Density 100 Kg/m3
- Inner / Outer Tank : 55304 Grade
- Inner Tank Welding : Tie Welding to prevent Corrosion

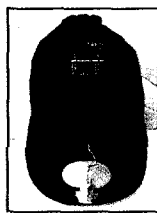
#### OTHER SOLAR PRODUCTS



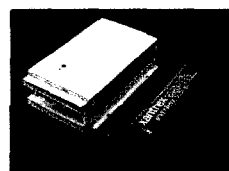
Home Lights



Torch



Cool Cap




Invertor



Radio + Torch

7000260007




	<b>नवी मुंबई महानगरपालिका</b> चौक नगर, डारवा, वरु, नवी मुंबई-४००७०६. तारीख : २००७ फोन नं. : २७५३३३३३ वेब : २७५३३३३३	<b>Navi Mumbai Municipal Corporation</b> 1ST FLOOR, BELAPUR BHAYAN C.B.D., NAVI MUMBAI - 400 814 TEL. No. : 2757 70 70 2757 37 80 FAX : 2757 37 85
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No:-NMMC/EE/EY 90 /2007  
Date:- 17 /3/2007

**To Whome So Ever It May Concern**

This is to certify that M/s Hydrogen Infrastructures Private Limited (Balsheet Apt. Sector 23/B Plot No.104/B, Flat No 302 'A' wing Seawoods, Darava, Nerul, Navi Mumbai-400706) has installed & maintaining 32 Nos. Energy Savers units since from 1<sup>st</sup> April 2004 for Street Lights in NMMC jurisdiction on BOT basis for the period of 3 year. Energy Saving achieved through Energy Saver is upto 30% . This Certificate is issued on specific request from M/s Hydrogen Infrastructures Private Limited.



  
 Executive Engineer (Electrical)  
 Navi Mumbai Municipal Corporation

**NAVI MUMBAI WORKS**



**VADODARA FACTORY**




	
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*Certificate of Registration*

This certificate has been awarded to  
**EPIC ENERGY LIMITED**  
 BALSHEET APTS. 302-A, PLOT NO. 104/B, SECTOR-23/B,  
 NERUL DARAVE, NAVI MUMBAI-400 706, INDIA

in recognition of the  
 organization's Quality System which complies with  
**ISO 9001:2000**

The scope of activities covered by this certificate are defined below  
 "MANUFACTURE, INSTALLATION & MAINTENANCE OF ENERGY  
 SAVER AND POWER CONDITIONERS."

Certificate Number : 18897  
 Date of Issue : 13-12-06 ISSUE NO.: 1  
 Expiry Date : 12-12-09  
 Issued By :   
On behalf of the  
 Issuing Authority

URS is a member of Equinox of Standards (Equinox Limited) a UK registered company.



ENERGY... THE FUTURE IMPACT

FRIDAY 17 AUGUST 2007

MUMBAI

Carbon credit market up 41% in 6 months to €15 bn

NEWSWIRE 18 Mumbai, 16 August

Global greenhouse gas emission trade in the first six months of 2007 totalled €15.8 billion (Rs 90,700 crore), up 41 per cent from the year-ago period. Point Carbon, a leading carbon market information provider said today.

In terms of volume, a total 1.2 billion tonnes of carbon dioxide equivalents were traded during the period, up 45 per cent from a year ago.

UN's clean development mechanism scheme, which generates carbon credits, witnessed a



UN's clean development mechanism scheme, which generates carbon credits, witnessed a trade volume of 372 million tonnes in carbon dioxide.

house gas emission during the period 2006-12 by at least 5 per cent of the level in 1990.

at €1.3 billion (Rs 7,500 crore), compared with €971 million (Rs 3,300 crore) during the year-ago period, the report from Point Carbon said.

The European Union's emissions trading scheme accounted for two-thirds of the traded volume in the first-half of 2007, with 775 million tonne carbon dioxide equivalents changing hands worth €11.5 billion (Rs 66,000 crore).

The EU's scheme covers over 10,000 power stations and other stationary sources of greenhouse gas emission in 27 member countries. European Union's ETS, the world's first emissions trading scheme, market

cover story The next growth wave is here. Wind, solar and other renewables are transforming India's energy horizon. By Vatsala Kamat with P Hari in San Francisco

Powering the FUTURE



Energy efficiency can counter oil prices



Dr. P. Hari

MACROVIEW

LAST MONDAY the price of US crude shot up to over \$65 a barrel, apparently because of interruptions to supplies from Algeria, the eighth largest supplier, following an oil

period and may even blow up from the fourth largest supplier and can use oil as a counterweight power. As such, the price of oil over time is more likely to rise than to fall.

While actually cutting down on the use of oil to energy as the most energy efficient country. We are energy inefficient. Brazil, Thailand or South Korea make much better use of energy.

At the national level also energy use has grown a little less. The scope for economy however is much larger and has to be tapped urgently because it is most cost effective.

not passed on to the consumer but is partly borne by the Government in the form of subsidy. In the current year this subsidy would amount to Rs 28,200 crore at current oil prices.

Green EFFECT

cover story The biofuels revolution has just begun in India. To develop beyond its present confines, the fledgling sector needs a helping hand from the policy makers. By P Hari and Vatsala Kamat



SHINE THE NEW PLAYERS IN SOLAR POWER GENERATE GOLDEN RETURNS (REALLY)

THE NEW PLAYERS IN SOLAR POWER GENERATE GOLDEN RETURNS (REALLY)

BEST BIZ SCHOOLS PARTY ON! DARTMOUTH'S STILL #1

Global power cos look at ways to cut emissions

A New Cholesterol Superdrug Will China Save Chrysler? 6 Turnaround Stocks

POWER DRIVE



Save-a-watt

If universal access to electricity was a 20th century idea, universal access to energy efficiency is an idea whose time has come

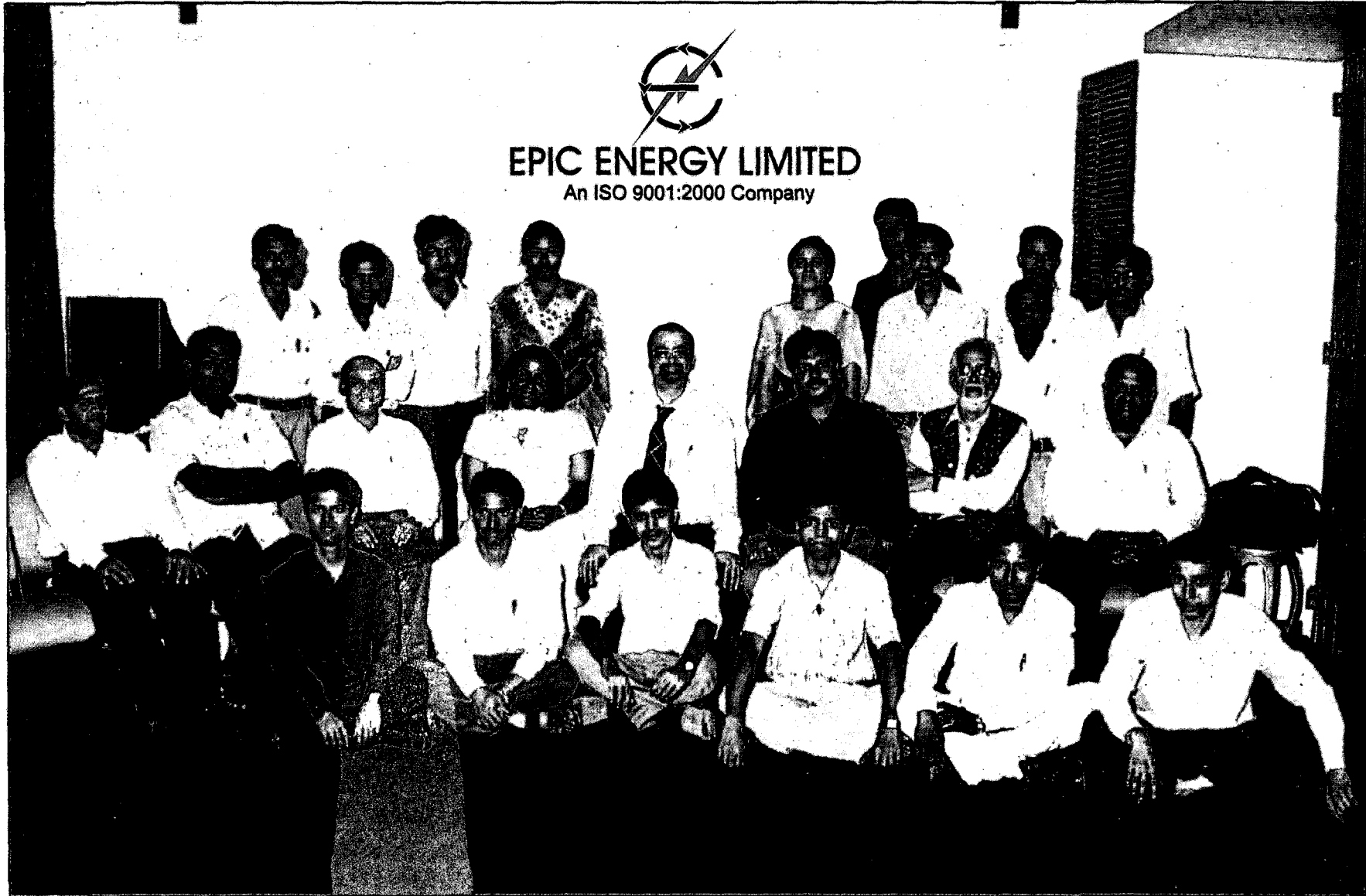


THOMAS L. FRIEDMAN

HAVE your eyes recently popped out of your head when you opened your electric bill? If so, you need to listen to a proposal being aired by Jim Rogers, the chairman and chief executive of Duke Energy, and recently filed with the North Carolina Utilities Commission.

ergy efficiency rather than rewarding them for the kilowatts they sell customers by building more power plants. Rogers' proposal is based on three principles. The first is that the cheapest way to generate clean, emissions-free power is by improving energy efficiency.

# EPIC'S NAVI MUMBAI FAMILY





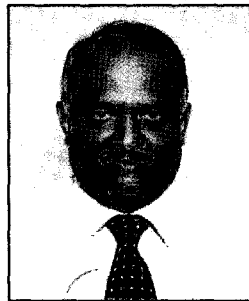
## EPIC TEAM



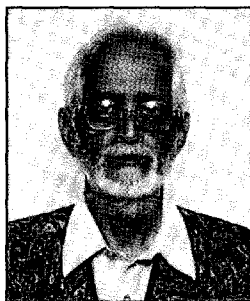
**Nikhil Morsawala**  
Chairman



**Narhari Patil**  
Head - Operations



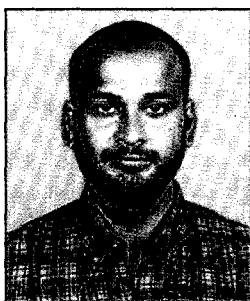
**V Chandrasekhar**  
General Manager - Marketing



**M K Pandey**  
President - Project



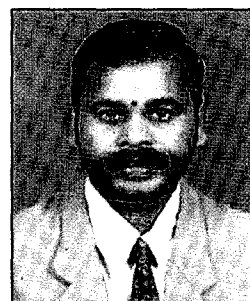
**Divyang Shah**  
General Manager - Works



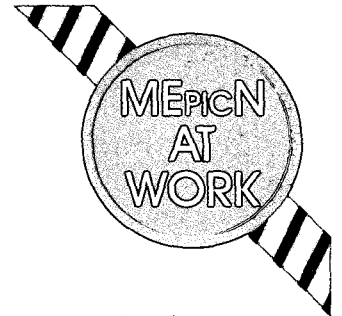
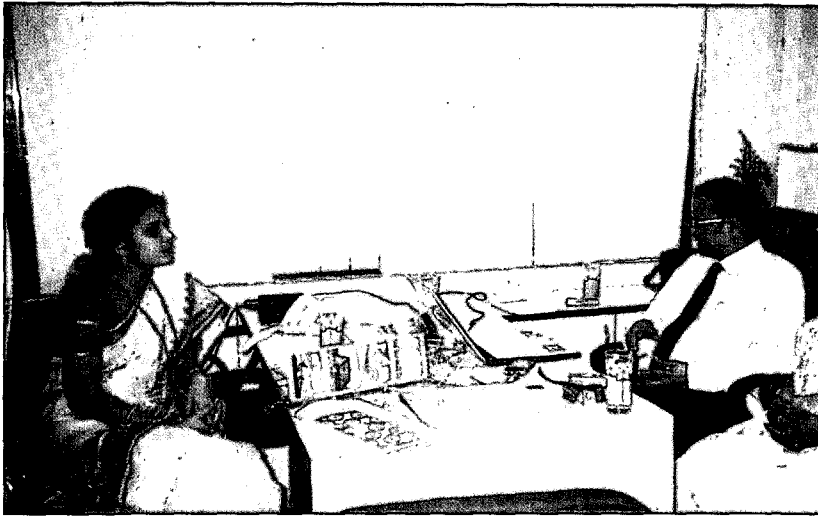
**R. S. Senthil Kumar**  
Head - Operations (South India)



**P Sampath Kumar**  
Head - R & D

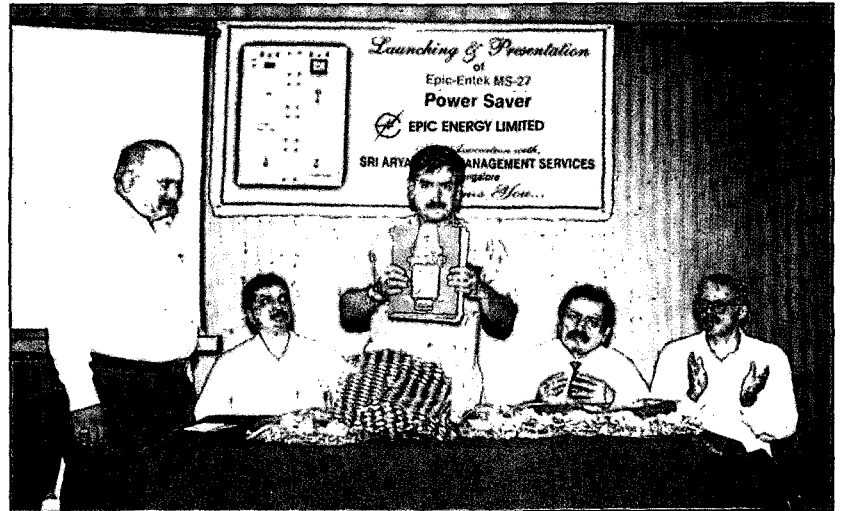


**A. Ramasamy**  
Head - HR



▶ **Mrs. Manisha Bhoir, Hon. Mayor of Navi Mumbai** visited the Company's offices on the occasion of the inauguration of our First "S Urja" shop at Rabale, Navi Mumbai

▶ **Mr. M. Jayasuriya, Executive Engineer (Elect.) MESCOM (Mysore Electric Supply Co.)** launching the products of the company in Udupi, Karnataka

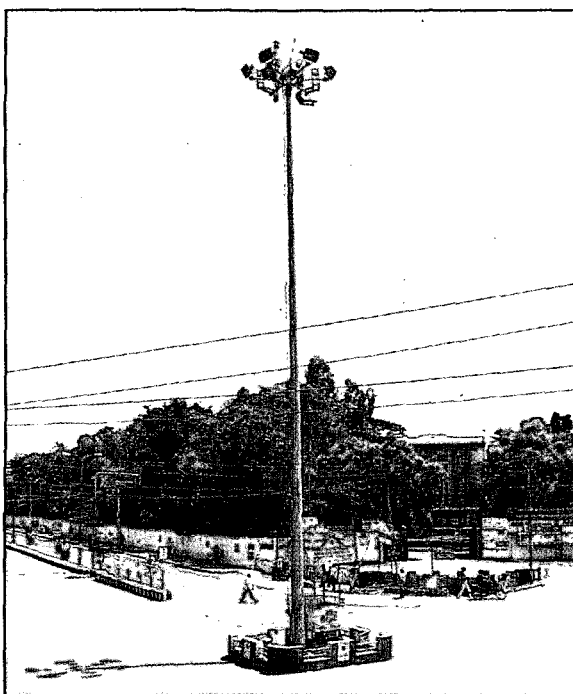


▶ **Mr. Ajit Kumar Hegde, Joint Commissioner, Mangalore City Corporation,** lighting the lamp on the occasion of the launch of the Company's Products in Mangalore, Karnataka and is flanked by **Mr. B. R. Bhatt, General Manger, Corporation Bank**



Mr. Nikhil Morsawala,  
Chairman addressing the  
Seminar on "Energy  
Conservation & Energy Audit"  
organized by 'Academy of  
Resource Management'  
at World Trade Centre,  
Mumbai between 31st May,  
2007 to 1st June, 2007

EPIC's Power Saver installed in  
"High Mast Tower Street Lightning"  
Coimbatore, Tamilnadu



Visitors at EPIC's Stall at the  
"Energy Conservation &  
Energy Audit Seminar"  
organized by  
'Academy of Resource  
Management' at  
World Trade Centre,  
Mumbai between  
31st May, 2007 to  
1st June, 2007

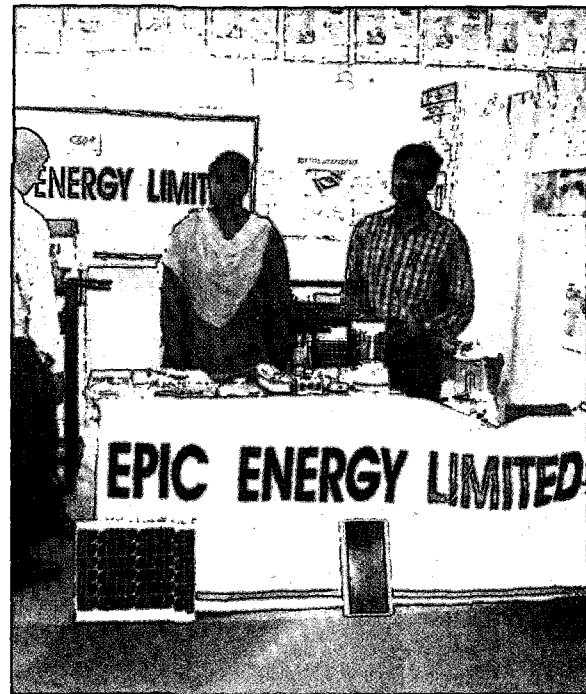




MEPICN  
AT  
WORK

Mr. Nikhil Morsawala,  
Chairman &  
Mr. V. Chandrasekhar  
addressing the press at the  
Mangalore Press Club on the  
occasion of the launch of  
EPIC Products in  
Mangalore, Karnataka

The EPIC stall at  
'Kutch Vyapar Mela'  
held at MMRDA Grounds,  
Bandra Kurla Complex,  
Mumbai, between  
24th to 31st January, 2007



Mr. V Chandrasekhar  
addressing the  
EPIC team at the  
Annual Day function of  
the Company

**BOARD OF DIRECTORS**

NIKHIL MORSAWALA  
Chairman

ZUBIN PATEL Independent Non-Executive Director	SANJAY GUGALE Independent Non-Executive Director
VISPI DAMANIA Independent Non-Executive Director	VEENA MORSAWALA Non-Executive Director

**COMPANY SECRETARY**

ANUJA SHRIVASTAVA

**KEY MANAGEMENT PERSONNEL**

NARHARI PATIL Head Operations	V CHANDRASEKHAR General Manager - Marketing
M K PANDEY President Projects	DIVYANG SHAH General Manager - Works
P SENTHIL KUMAR Head - Operations (South India)	P SAMPATH KUMAR Head R & D
A RAMASAMY Head - HR	KALPESH DHURI Accountant

**OUR ENGINEERING TEAM**

Deenanath Sahani	Pandit Rathod
Haresh Mankame	Bhagwan Muthe
Rajesh Kadam	Satish Mahajan
Kalpana Sarangi	Mangesh Bahutule
Shraddha Shewalkar	Zaheer Ansari
Amulya Kumar Sahu	Prakash Pawar
Ganesh Dumbre	Manoj Mistry
Vijay Raorane	

**AUDITORS**

PARIMAL BHOGALE

**REGISTRARS AND SHARE TRANSFER AGENTS**

ADROIT CAPITAL SERVICES PVT. LTD.

**BANKERS**

AXIS BANK (Formerly UTI Bank)  
BANK OF INDIA

**REGISTERED OFFICE:**

214, Stanford Plaza, 2nd Floor, Off Link Road, Opp. City Mall, Next to Hotel Orritel,  
Andheri (W), Mumbai 400 053

Tel: +91 22 2673 1860 • Email: info@epicenergy.biz

**VADODARA FACTORY**

103, Por Ramangamadi G.I.D.C.,  
Por, Dist Vadodara 391 243, Gujarat  
Tel: +92 265 6455845  
Email: info@epicenergy.biz

**NAVI MUMBAI WORKS**

119, Patil Wadi, At Rabale, Post Ghansoli,  
Opp. Hotel Mallika, Navi Mumbai 400 701  
Tel: +91 22 2769 2611  
Telefax: +91 22 2772 3294

Offices at Hyderabad, Coimbatore, Raipur, Goa, Mangalore, Kerala



## 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 on 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 reduce 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.

The Ministry of Power has recently announced the Energy Conservation Building Code (ECBC), the implementation of which is voluntary for the current year and will be made compulsory from the next financial year. The code makes the issue of occupancy and completion certificates to new buildings conditional on the buildings adopting measures to be energy efficient. The implementation of the ECBC opens up a vast and challenging frontier for Energy Saving Companies like yours.

### DELIVERY MECHANISMS FOR ENERGY EFFICIENCY SERVICES

Although the benefits of energy efficiency are well known and recognised, 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) like yours. Your company has already successfully implemented various projects under the BOOT Model to promote Energy Saving.

## B. COMPANY STRATEGY AND BUSINESS FOCUS

### Energy Efficiency

Your company has clearly defined Energy Efficiency 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 7000 KVA, in Maharashtra, Tamil Nadu, Andhra Pradesh, Karnataka and Chhattisgarh. A lot of these equipments have been installed on a Build, Own, Operate basis, and the company's revenues are driven by 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 constantly strives to improve its technological edge over its competition by offering advanced features on its equipment. This year, your company will be introducing equipment with GSM and GPRS capabilities which will make Remote Energy Management simple and effective to use. This GSM and GPRS capability will give a cutting edge to the Energy Efficiency efforts of your company's customers.

### Power Retail

Your company has during the year under review launched its unique Power Retail initiative under the brand "*S-Urja : The Power Boutique*". The first "*S-Urja*" outlet has been opened at Rabale, Navi Mumbai, Your company plans to expand the "*S-Urja*" network to at least ten shops during this year. The "*S-Urja*" shops sell Renewable Energy and Energy Efficiency products for Home Use. Details of these products have been given elsewhere in this report.

### Bio-Fuels

Your Directors are of the opinion that there exists tremendous potential in India for the use of Bio-Diesel to reduce dependence on Oil and other fossil fuels, and to reduce Green house gas emissions. Towards this end, a detailed study of growth and use of *Jatropha* has been undertaken by your company with a view to enter this area of Renewable Energy. Acquisition of Land for this purpose is also being looked at actively.

## C. ACQUISITIONS

During the year under review, your company has acquired manufacturing facilities at Por GIDC, Vadodara, Gujarat. Spread over 12,000 square feet, the factory is strategically located and will greatly enhance your company's capabilities.

Your company also acquired the entire business of Hydragen Infrastructures Private Limited, (HIPL) an Energy Saving Company operating in Navi Mumbai. The HIPL has about 1050 kVA Of Energy Saving Equipment in Navi Mumbai and a team of experienced Engineers. This acquisition has made your company the largest supplier of Energy Saving Equipment in Navi Mumbai.

In June, 2007, your company also acquired the business of SRS Engineers, a niche player in Energy Saving and related accessories in Coimbatore, Tamil Nadu. SRS has installations in Coimbatore, Cudalore, Erode, Karur, Ramanathapuram, Nagapattinam, Pudukottai, Thanjavur, Thiruvallar, Virudhunagar & Theni Districts



and has a very experienced team of highly qualified engineers with expert knowledge of Energy Efficiency Solutions. This acquisition has given your company an immediate footprint in Tamil Nadu and a window to the Southern territory of India. The acquisition also adds greatly to the human resource wealth of your company. Projects under way include Madurai, Coimbatore and Tiripur.

## D. 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. ten crores divided into one crore shares of Rs. 10/- each.

During the year under report, we issued 29,00,000 shares of Rs. 10/- each on exercise of warrants, issued on preferential allotment basis, at a premium of Rs. 8/- per share.

### 2. Reserves and Surplus

#### a. Share Premium Account

The addition of Rs. 2,32,00,000 to the Share Premium Account is due to the issue of 29,00,000 shares at a premium of Rs. 8/- per share on preferential allotment basis.

#### b. Warrant Application Money

The company had received Rs. 54,00,000 as non-refundable application money from warrant holders of 30,00,000 warrants. Of this, Rs. 52,20,000 was adjusted towards exercise of 29,00,000 warrants and Rs. 1,80,000 was forfeited on the lapsing of 1,00,000 warrants.

#### c. Profit and Loss Account

The company reported satisfying results during the year under review. Profit After Tax was Rs. 1,10,15,338, which completely wiped out the deficit in the Profit and Loss Account.

The book value per share as on 31st March, 2007, was Rs. 14.17 compared to Rs. 8.33 as of the previous year end.

### 3. Fixed Assets

Your company has added capital assets of Rs. 152.70 lacs which mainly comprised of Energy Saving Devices installed on BOOT basis.

Your company has advanced Rs. 65.00 lacs to equipment manufacturers who will supply equipment of 1,000 KVA during the current year.

### 4. Inventories

The inventories of finished goods comprise of Epic Power Saver 1090 and Solar Products assembled/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.

## E. RESULTS OF OPERATIONS

### 1. Income

Your company's main income is from the sales of Energy Saving Equipment and 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. 2,25,40,000. The sales of Solar Products amounted to Rs. 12,15,000.

## 2. Expenditure

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

## 3. Net Profit

The company reported a Net Profit after tax of Rs. 1,10,15,338

## 4. Provision for Tax

The company has substantial depreciation and some carried forward losses from earlier years. The provision for tax of Rs. 8,48,000 represents the Minimum Alternate Tax payable by your company under the existing Tax laws.

## F. OPPORTUNITIES AND THREATS

1. We have identified Energy Efficiency 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. Technological Evolution which gives the cutting edge advantage to your company's equipment has been a key factor of your company's R & D efforts. The company plans to introduce equipment with GSM and GPRS capabilities during the current year.
3. 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 Solar products for Home Use.
4. Your company has identified Power Retail as a business segment with tremendous potential. A network of outlets under the brand "*S-Urja : The Power Boutique*", has been launched to distribute Renewable Energy and Energy Saving products for Home Use.
5. 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 helpline for all its customers.
6. 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.
7. The technology used in Energy Saving Equipment is continually evolving. Obsolescence is a major threat. Your company is constantly researching and studying the application of various technologies around the world to protect its business interests.
8. 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.

## G. 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 obtained the ISO 9001:2000 certification during the year and is committed to maintaining the highest standards of quality control at all levels of operations.



## H. RISK CONCERNS AND RISK MANAGEMENT

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 the application of various technologies across the world and has a separate team of people upgrading the technologies that we use. Technological Evolution which gives the cutting edge advantage to your company's equipment has been a key factor of your company's R & D efforts. The company plans to introduce equipment with GSM and GPRS capabilities during the current year.

**b. Concentration Risk:**

Your company was till last year operating only in the Navi Mumbai area and had customers who exclusively deal with Government Institutions. To reduce this concentration, your company acquired manufacturing facilities in Vadodara and an Energy Solutions company in Coimbatore, Tamil Nadu. This has given your company a diversified footprint across India. Your company has also made major inroads into the Private Sector especially in the Hospitality, HealthCare, Retail and Manufacturing Sectors.

**c. Human Resources:**

Your company depends to a large extent on trained engineers, both electronic and electrical. Whilst availability of manpower is not a concern, training and retention is a challenge. Your company has instituted various Employee Training and Retention schemes to mitigate this Risk. An ESOP scheme is also under consideration, for which approval will be sought from you shortly.

**d. General Risk**

Your company has adequate insurance policies in place for its equipment and inventories. Medical and Accident Insurance Policies for its employees have also been taken where required.

## CAUTIONARY STATEMENT

Statements in the Management Discussion and Analysis describing the Company's objectives, projections, estimates, expectations may be "forward looking" statements within the meaning of applicable securities laws and regulations. Actual results could differ materially from those expressed or implied. Important factors that could make a difference to the Company's operations include, among others, economic conditions, affecting demand, supply and price conditions in the markets in which the company operates, changes in the Government regulations, tax laws and other statutes and incidental factors.



## CORPORATE GOVERNANCE REPORT

The Company is listed on the Bombay Stock Exchange Limited and is a part of Group S on the Exchange. Report on Corporate Governance as per Clause 49 of the Listing Agreement is given hereunder:

### 1) Company's Philosophy on Corporate Governance

Company's Philosophy on Corporate Governance as adopted by its Board of Directors are as under:

- To maintain the highest standards of transparency in all aspects of our interactions and dealings.
- To ensure the core values of the company are protected.
- To ensure timely dissemination of all price sensitive information and matters of interest to our stakeholders.
- To ensure that the Board exercises its fiduciary responsibilities towards shareholders and creditors.
- To comply with all the laws and regulations as applicable to the Company.
- To promote the interest of all stakeholders including of customers, shareholders, employees, lenders, vendors and the Community.

### 2) Composition of Board of Directors

S No.	Name of Director	ED/ NED/ ID*	Attendance in Board Meetings Held	Attended	Attendance in Last AGM	Other Board		
						Directorship **	Committee Chairmanship ***	Committee Membership
1	Nikhil Morsawala	NED	7	7	Present	1	1	3
2	Zubin Patel	ID& NED	7	4#	Present	0	0	0
3	Sanjay Gugale	ID& NED	7	4#	Present	0	0	0
4	Vispi Damania	ID& NED	7	1#	Absent	0	0	0
5	Veena Morsawala	NED	7	7	Present	0	0	0

\* ED- Executive Director, NED- Non Executive Director, ID- Independent Director

\*\* In India Public Limited Companies as on 31.03.2007

\*\*\* In Audit, Remuneration and shareholders Grievances Committee of Indian Public Limited Companies as on 31st March, 2007.

# Leave of absence has been granted to the directors for the Board meetings not attended by them.

### Details of Directors seeking Re-appointment in the Annual General Meeting.

Particulars	Mr. Vispi Damania	Mr. Nikhil Morsawala
Date of Birth & Age	11th December, 1962 44 Yrs.	7th October, 1959 47 Yrs.
Appointed on	28th February, 1998	28th August, 1991
Qualification	B. E. (Production)	Chartered Accountant
Expertise in Specific functional areas	Production Engineering	Finance
Directorship held in other Public companies (excluding foreign companies)	NIL	Core Projects & Technologies Ltd.
Chairman / Member of the committees of the Board of Directors of other Companies in which he is a Director	NIL	Chairman - 1 Committee Member - 3 Committees
Shareholding in the Company	NIL	607,000 Equity Shares 9.04%





### 3. Audit Committee

The company has an Audit Committee consisting of three independent Directors. During the Financial Year the company has held four Audit Committee Meeting. The Minutes of meeting of the Audit Committee are in accordance with all the items listed in Clause 49 (II) (D) and (E) of the listing Agreement as follows:

1. Oversight of the company's financial reporting process and the disclosure of its financial information to ensure that the financial statement is correct, sufficient and credible.
2. Recommending to the Board, the appointment, re-appointment and, if required, the replacement or removal of the statutory auditor and the fixation of audit fees.
3. Approval of payment to statutory auditors for any other services rendered by the statutory auditors.
4. Reviewing, with the management, the Annual financial statements before submission to the board for approval, with particular reference to:
  - a) Matters required to be included in the Director's Responsibility Statement to be included in the Board's report in terms of clause (2AA) of section 217 of the Companies Act, 1956.
  - b) Changes, if any, in accounting policies and practices and reasons for the same.
  - c) Major accounting entries involving estimates based on the exercise of judgment by management.
  - d) Significant adjustments made in the financial statements arising out of audit findings.
  - e) Compliance with listing and other legal requirements relating to financial statements.
  - f) Disclosure of any related party transactions.
  - g) Qualifications in the draft audit report.
5. Reviewing, with the management, the quarterly financial statements before submission to the board for approval.
6. Reviewing, with the management, performance of statutory and internal auditors, and adequacy of the internal control systems.
7. Reviewing the adequacy of internal audit function, if any, including the structure of the internal audit department, staffing and seniority of the official heading the department, reporting structure coverage and frequency of internal audit.
8. Discussion with internal auditors any significant findings and follow up thereon.
9. Reviewing the findings of any internal investigations by the internal auditors into matters where there is suspected fraud or irregularity or a failure of internal control systems of a material nature and reporting the matter to the board.
10. Discussion with statutory auditors before the audit commences, about the nature and scope of audit as well as post-audit discussion to ascertain any area of concern.
11. To look into the reasons for substantial defaults in the payment to the depositors, debenture holders, shareholders (in case of non payment of declared dividends) and creditors.
12. To review the functioning of the Whistle Blower mechanism, in case the same is existing.
13. Carrying out any other function as is mentioned in the terms of reference of the Audit Committee.
14. Review the following information,
  1. Management discussion and analysis of financial condition and results of operations;
  2. Statement of significant related party transactions (as defined by the audit committee), submitted by management.
  3. Management letters/ letters of internal control weaknesses issued by the statutory auditors;
  4. Internal audit reports relating to internal control weaknesses; and
  5. The appointment, removal and terms of remuneration of the Chief Internal Auditor shall be subject to review by the Audit Committee.

**The Audit Committee has the following Powers:**

1. To investigate any activity within its terms of reference.
2. To seek information from any employee.
3. To obtain outside legal or other professional advice.
4. To secure attendance of outsiders with relevant expertise, if it considers necessary.

**Composition of Committee and Attendance of Members**

S.No	Name of Director and Position	Meetings /Attendance.
1.	Mr. Zubin Patel, Chairman	4/4
2.	Mr. Sanjay Gugale, Member	4/4
3.	Mr. Nikhil Morsawala, Member	4/4

**4. CEO/CFO Certification**

As required by the revised clause 49 of the Listing agreement, the Certificate from the CEO & CFO was placed before the Board of Directors at their meeting dated 27th August 2007.

**5. Code of Conduct**

The company is in the process of reconstituting its Code of Conduct to align it with the growth in business of the company.

**6. Remuneration Committee**

The Remuneration Committee consists of two Independent Directors and one Non- Executive Director. During the Financial year the company has not held any meetings of this Committee.

Remuneration Committee consists of Mr. Nikhil Morsawala, Mr. Vispi Damania and Zubin Patel and is chaired by Mr. Vispi Damania.

**Detail of Remuneration of all the Director's**

The company has not paid any remuneration to any Director of the company.

**Notes:**

- 1) The company has not entered in to any pecuniary relationship or transaction with the Non- executive directors.
- 2) The Company has not so far issued any stock options to executive directors.

**7. Shareholder's Grievances Committees**

Name of members : Mr. Sanjay Gugale, Mrs. Veena Morsawala & Mr. Vispi Damania

Name of Independent Non Executive Director heading the Committee : Mr. Sanjay Gugale

Name and Designation of Compliance Officer : Mr. Atul Mishra, Accounts officer upto 30th June 2007, w.e.f. 1st July 2007, Ms. Anuja Shrivastava Company Secretary.

Number of shareholder's Complaints Received During the year : 4

Number of Complaints not solved to the satisfaction Of Shareholders : NIL

Number of Pending Share Transfers : NIL

**8. General Meetings**

A) Location and time of three most recent AGM's

YEAR	2003-04	2004-05	2005-06
Date	30.09.2004	17.09.2005	28.09.2006
Venue	Registered Office	Hotel Kohinoor Park, Prabhadevi, Mumbai - 400 025	Hotel Kohinoor Park, Prabhadevi, Mumbai - 400 025

**9) Disclosures**

- a) The company has not entered into related party transactions.
- b) The company has complied with the requirements of regulatory authorities on Capital Markets and no Penalties / Strictures have been imposed against it, in the last 3 years on any matter related to Capital Markets.

**10) Means of Communication**

## Quarterly Results

The unaudited quarterly results along with notes were published in the newspaper as follows.

Newspapers	Date of Publication of results for the quarter ended			
	30.06.2006	30.09.2006	31.12.2006	31.03.2007
Free Press Journal	30.07.2006		01.02.2007	21.04.2007
Nav Shakti	30.07.2006		01.02.2007	21.04.2007
Economics Times		02.11.2006		
Navbharat Times		02.11.2006		

The Company's Annual Report also contains a detailed management discussion and analysis report on the Company's financial performance and operations.

**INFORMATION TO SHAREHOLDERS**

- a. Date, Time & Venue of AGM : 10.30 am. Tuesday 25th September, 2007  
at Registered Office, Mumbai
- b. Dates of Book Closure : 18/09/2007 to 25/09/2007.
- c. Financial Calendar : First quarterly Results on or before July, 31 2007  
For FY 2007-08 : Second quarterly Results on or before October, 31 2007  
Third quarterly Results on or before January, 31 2008  
Fourth quarterly Results on or before April, 30 2008
- d. Listing on Stock Exchange : Mumbai Stock Exchange Limited (BSE)
- e. Listing Fee for 2007-08 : Paid to BSE
- f. Registered Office : upto 16th June 2007:  
Block 1, Office 2, New W.L.Camp, Sasmira Marg,  
Worli, Mumbai - 400 030.  
w.e.f. 16th June 2007 :  
214, Stanford plaza, Opposite CITI MALL,  
off Link Road, Andheri(West), Mumbai-400053
- g. Share Transfer Agent : Adroit Corporate Services Private Limited  
19, Jaferbhoy Industrial Estate, Makwana Road,  
Marol Naka, Andheri (E), Mumbai- 400 059.



## 1. Investor Services Complaints & Other Correspondence

	Opening Balance	Received	Resolved	Closing Balance
Complaints	Nil	4	4	Nil

## 2. Stock Market Data

Monthly high and low of closing quotations and volume of shares traded on Mumbai Stock Exchange Limited (BSE) are given hereunder

Month	High (Rs.)	Low (Rs.)	Volume
April 06	8.26	6.03	31,832
May 06	14.13	7.70	194,954
Jun 06	12.51	8.50	128,260
July 06	12.37	10.28	84,394
August 06	10.99	8.51	74,597
September 06	11.90	8.05	156,760
October 06	18.55	10.11	569,169
November 06	22.20	16.00	813,127
December 06	51.15	21.60	648,151
January 07	60.95	36.05	822,033
February 07	83.00	57.05	556,840
March 07	92.00	80.20	330,103



### 3. Legal Proceedings:

There are no proceedings pending against the companies that are material to effect adversely the profit or financial position of the company.

### 4. Distributions of Share Holding as on March, 31 2007

Distribution of Shares by Shareholders category

S. No	Shareholders Category	No. of Shareholders	Shares Held	Voting Strength
1	Promoters, Directors and their relatives	5	16,88,065	25.15%
2	Bodies Corporate (Domestic)	89	5,36,927	8.00%
3	Banks	0	0	0%
4	Mutual Funds	0	0	0%
5	Financial Institutions	0	0	0%
6	Foreign Institutional Investors	0	0	0%
7	Non Resident Individuals (NRIs) / Foreign Corporate Bodies / Overseas Corporate Bodies (OCBs)	9	9,88,575	14.73%
8	Resident Individuals	1598	34,93,367	52.05%
9	In Transit	13	4,566	0.07%
	<b>Total</b>	<b>1714</b>	<b>67,11,500</b>	<b>100.00%</b>

### 5. Dematerialisation of Shares and Liquidity

The shares of the Company are tradable both in dematerialized (electronic) as well as physical form and available for trading under both the depository systems in India- NSDL & CDSL. 25,69,700 shares of the company's share capital is held in electronic form on March 31, 2007.

### 6. Compliance Officer

Mr Atul Mishra , Accounts Officer, was the Compliance officer under the Clause 47 of the Listing Agreement with the Stock Exchanges upto 30th June , 2007. With effect from 1st July , 2007 Ms. Anuja Shrivastava, Company Secretary of the Company is the Compliance Officer.



## 7. Investor correspondence

All shareholders Complaints/ Queries in respect of their shareholding may be addressed to the company's Registered office.

Contact Person : Anuja Shrivastava  
Registered Office : upto 16th June 2007:  
Block 1, Office 2, New W.L.Camp, Sasmira Marg, Worli, Mumbai - 400 030.  
w.e.f. 16th June 2007 :  
214, Stanford plaza, Opposite CITI MALL,  
off Link Road, Andheri(West), Mumbai-400053  
Telefax : 2226731860 ( Present Office )  
Website: : www.epicenergy.biz

## 8. Stock Exchange Codes

Stock Exchange / New Agency	Stock Code
Mumbai Stock Exchange Limited (BSE)	530407
Equity ISIN	INE 932F01015

## 9. Statutory Compliance

During the year the company has complied with the applicable provisions, filed all returns/forms and furnished all relevant particulars as required under the Companies Act, 1956 and allied Acts and Rules, The Securities Exchange Board of India (SEBI) Regulations and the Listing Agreements with the Stock Exchange.

## 10. Changes to Equity Share Capital during FY 2006-2007

Date	Particulars	No. of shares	Issue Price		Increase in Share Capital
			Face Value (Rs.)	Premium (Rs.)	
March 31, 2007	Allotment of Equity Share	29,00,000	10	8	2,90,00,000
<b>Total</b>		<b>29,00,000</b>			<b>2,90,00,000</b>

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**PARIMAL BHOGALE,**  
Chartered Accountants

## AUDITOR'S CERTIFICATE

To,  
The Members of,  
EPIC ENERGY LIMITED

We have examined the compliance of conditions of corporate governance by Epic Energy Limited for the year ended on 31st March, 2007, as stipulated in Clause 49 of the Listing Agreement of the said company with stock exchanges.

The compliance of conditions of corporate governance is the responsibility of the management. Our examination was limited to procedures and implementation thereof, adopted by the company for ensuring the compliance of the conditions of corporate governance. It is neither an audit nor an expression of opinion on the financial statements of the company.

In our opinion and to the best of our information and according to the explanations given to us, we certify that the company has complied with the conditions of corporate governance as stipulated in the above mentioned Listing Agreement.

As required by the Guidance Note issued by the Institute of Chartered Accountants of India, we have to state that no investor grievance is pending for a period exceeding one month against the company as per the records maintained by the Board of Directors.

We further state that such compliance is neither an assurance as to the future viability of the company nor the efficiency or effectiveness with which the management has conducted the affairs of the company.

**PARIMAL BHOGALE**  
Chartered Accountants

**PARIMAL BHOGALE**  
Proprietor

Place: Mumbai  
Date: 27th August, 2007



## DIRECTORS' REPORT

The Members  
**Epic Energy Limited**

Your Directors take pleasure in presenting to you the annual accounts and audit report for the year ended on 31st March, 2007.

### FINANCIAL PERFORMANCE

	31st March 2007 Rupees	31st March 2006 Rupees
Gross Revenues	2,37,55,000	36,15,000
Gross Profit	1,35,88,338	12,19,711
Depreciation	17,25,000	-
Net Profit before Tax	1,18,63,338	12,19,711
Provision for Tax	8,48,000	1,00,000
Net Profit/(Loss) after Tax	1,10,15,338	11,19,711

### PERFORMANCE REVIEW

The company earned a Profit After Tax of Rs. 1,10,15,388 on a Gross Turnover of Rs. 2,37,55,000. As at the year end, your company had 7,000 KVA of Energy Saving Equipment supplied and installed. During the current year, your company has successfully set up its own Research and Development facilities and has also successfully assembled, tested and installed its own Energy Saving Equipment.

Solar Products for Home use have also been soft launched in the markets and met with a good response. Your company's plans to retail its solar products took shape in the form of "S-Urja : The Power Boutique", a Power Retail chain. The "S-Urja : The Power Boutique", will sell Renewable Energy and Energy Efficiency Products.

### FUTURE OUTLOOK

The company has established itself as a significant player in the Energy Efficiency and Renewable Energy industry. The company plans to employ accredited Energy Auditors and consolidate its position in the Energy Efficiency business segment. Customers in the private sector are already being serviced. Expected build up of capacity during the current year is 15,000 KVA. The Company is launching Energy Saving Equipment with GSM and GPRF Capabilities during the current year.

### SHARE CAPITAL

During the year under review, your company issued 29,00,000 equity shares of Rs. 10/- each on exercise of warrants issued on preferential basis at a premium of Rs. 8/- per share.

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## **DIRECTORS**

Mr. Nikhil Morsawala and Mr. Vispi Damania, Directors of the Company retire by rotation and being eligible offers themselves for re-appointment. Your Directors recommend their re-appointment.

## **AUDITORS**

Members are requested to appoint Auditors for the current year.

## **PARTICULARS REGARDING CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION AND FOREIGN EXCHANGE EARNINGS AND EXPENDITURE**

The Company had no Foreign Exchange inflows or outflows during the year. Since the company did not own & operate any significant manufacturing facility during the year under report, the other particulars relating to conservation of energy and technology absorption stipulated in the Companies (Disclosure of Particulars in the Report of the Board of Directors) Rules, 1988 are not applicable.

## **DIRECTORS' RESPONSIBILITY STATEMENT**

In accordance with the provisions of Section 217 (2AA) of the Companies Act, 1956, your Directors state that:

1. In the preparation of the accounts, the applicable accounting standards have been followed.
2. Accounting policies selected were applied consistently. Reasonable and prudent judgements and estimates were made, so as to give a true and fair view of the state of affairs of the company as on 31st March, 2007, and for the profit of the company for the year ended on that date.
3. Proper and sufficient care has been taken for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956, for safeguarding the assets of the company and for preventing and detecting frauds and other irregularities.
4. The annual accounts of the company have been provided on a going concern basis.

## **MANAGEMENT DISCUSSION AND ANALYSIS REPORT**

In accordance with the listing agreement, the Management Discussion and Analysis Report forms a part of this report.

## **ACKNOWLEDGEMENTS**

Your Directors wish to thank all its employees, bankers and customers who have played a key role in helping the company progress on its chosen path. And last but not the least the Directors wish to thank all the members who have been a constant source of encouragement & support.

## **FOR EPIC ENERGY LIMITED**

**NIKHIL MORSAWALA**  
**CHAIRMAN**

Place: Mumbai

Date: 27th AUGUST, 2007



**PARIMAL BHOGALE,**  
Chartered Accountants

## AUDITOR'S REPORT

To,  
**The Members,**  
**Epic Energy Limited**  
**Mumbai.**

We have audited the attached Balance Sheet of Epic Energy Limited, as at March 31, 2007 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.

We conducted our audit in accordance with auditing standards generally accepted in India. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a 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 financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

As required by the Companies (Auditor's Report) Order, 2003, ("the Order") 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 paragraphs 4 and 5 of the said Order.

Further to our comments in the Annexure referred to above, we report that:

- i. We have obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the purposes of our audit;
- ii. 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 those books;
- iii. The Balance Sheet, Profit and Loss Account and Cash Flow Statement dealt with by this report are in agreement with the books of accounts;
- iv. In our opinion, the Balance Sheet, Profit and 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;
- v. On the basis of written representations received from the directors as on March 31, 2007, and taken on record by the Board of Directors, we report that none of the directors was disqualified as on March 31, 2007, from being appointed as a director in terms of Clause (g) of sub-section (1) of Section 274 of the Companies Act, 1956;
- vi. In our opinion and to the best of our information and according to the explanations given to us, the said accounts read together 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:
  - (a) In the case of the Balance Sheet, of the state of affairs of the Company as at 31st March, 2007;
  - (b) In the case of Profit and Loss Account, of the Profit for the year ended on that date; and
  - (c) In the case of Cash Flow Statement, of the cash flows for the year ended on that date.

For **PARIMAL BHOGALE**  
**Chartered Accountants**

**PARIMAL BHOGALE**  
Proprietor

Place : Mumbai  
Date : 27th August, 2007

ANNUAL REPORT 2006-2007



**PARIMAL BHOGALE,**  
Chartered Accountants

**Annexure to the Auditor's report of even date to the Members of  
EPIC ENERGY LIMITED**

- (i) (a) The Company has maintained proper records showing full particulars, including quantitative details and the situation of its fixed assets ;  
(b) The company has verified the fixed assets twice during the year. No discrepancies were noticed during this verification.
- (ii) (a) As explained to us, inventories have been physically verified by management at reasonable intervals during the year. In our opinion the frequency of such verification is reasonable.  
(b) As per the information given to us, the procedures of physical verification of inventory followed by management are, in our opinion, reasonable and adequate in relation to the size of the Company and the nature of its business.  
(c) The Company is maintaining proper records of inventory. The discrepancies noticed on verification between the physical stocks and the book records were not material.
- (iii) (a) During the year, the Company has not granted loans to any Company listed in the register maintained under Section 301 of the Companies Act, 1956.  
(b) The Company has not taken loans from Companies covered in the register maintained under Section 301 of the Companies Act, 1956.
- (iv) In our opinion and according to the information and explanations provided to us, there are adequate internal control procedures commensurate with the size of the Company and the nature of its business with regard to purchase of inventory, and fixed assets and for sale of goods and services.
- (v) (a) Based on the audit procedures applied by us and according to the information and explanations given to us, we are of the opinion that the transactions that need to be entered into the register maintained under Section 301 of the Companies Act, 1956 have been so entered.  
(b) In our opinion and according to the information and explanations given to us, there were no transactions required to be entered in the register maintained under Section 301 and exceeding the value of rupees five lakhs in respect of any party during the year.
- vi) The Company has not accepted any deposits from the public.
- vii) The Company has an internal audit system which is commensurate with the size and nature of its business.
- viii) According to the information and explanations given to us, the requirement for maintenance of cost records u/s 209 (1)(d) of the Companies Act, 1956 is not applicable to the Company.
- ix) (a) Based on test-verification of records and information and explanations given to us, the Company is generally regular in depositing with appropriate authorities undisputed amount of statutory dues including income- tax and sales-tax.  
(b) According to the information and explanations given to us, no undisputed amounts payable in respect of income tax and sales tax was outstanding as at 31st March, 2007 for a period of more than six months from the date they became payable.



- (c) According to the information and explanations given to us, the Investor Education and Protection Fund, Employees State Insurance, Wealth-Tax, Customs Duty and Excise Duty are not applicable to the Company.
- (d) According to the information and explanations given to us, there are no dues of sales tax, income tax, provident fund and profession tax, which have not been deposited, on account of any dispute, except for and amount of Rs. 29.93 lakhs in respect of an income tax demand raised in respect of assessment year 1995-96, and which is under appeal.
- (x) In our opinion, the accumulated losses of the Company are not more than fifty percent of its net worth. The company has not incurred cash losses during the financial year covered by our audit and in the immediately preceding financial year.
- (xi) Based on our audit procedures and on the information and explanations given by the management, the Company has not availed any credit facility from any financial institution or bank and has not issued any debentures.
- (xii) Based on our examination of records and according to the information and explanations given to us, the Company has not granted loans and advances on the basis of security by way of pledge of shares, debentures and other securities.
- (xiii) The Company is not a chit/nidhi/mutual benefit fund/society and therefore provisions of clause 4 (xiii) of the Order are not applicable to the Company.
- (xiv) The Company is not dealing or trading in shares, securities, debentures and other investments.
- (xv) According to the information and explanations given to us, the Company has not given any guarantee for loans taken by others from bank or financial institutions.
- (xvi) In our opinion and according to the information and explanations given to us, the Company has not obtained any term loan during the year.
- (xvii) According to the information and explanation given to us and on 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.
- (xviii) During the year, the Company has not made any preferential allotment of shares to parties and companies covered in the Register maintained under Section 301 of the Act.
- (xix) The Company did not have any outstanding debentures at the year-end.
- (xx) The Company has not raised any money by public issues during the year.
- (xxi) According to the information and explanations given to us, no fraud on or by the Company has been noticed or reported during the course of our audit.

For **PARIMAL BHOGALE**  
**Chartered Accountants**

**PARIMAL BHOGALE**  
Proprietor

Place: Mumbai  
Date : 27th August, 2007

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**BALANCE SHEET AS AT 31ST MARCH, 2007**

	SCHEDULE	AS AT 31.3.2007 RUPEES	AS AT 31.3.2006 RUPEES
<b>SOURCES OF FUNDS</b>			
<b>SHARE HOLDERS FUNDS</b>			
<b>SHARE CAPITAL</b>	<b>A</b>	67,115,000	38,115,000
<b>RESERVES AND SURPLUS</b>	<b>B</b>	28,019,523	7,816,550
	<b>TOTAL</b>	<b>95,134,523</b>	<b>45,931,550</b>
<b>APPLICATION OF FUNDS</b>			
<b>Fixed Assets</b>	<b>C</b>		
<b>Gross Block</b>		15,270,000	
<b>Depreciation</b>		(1,725,000)	
<b>Net Block</b>		13,545,000	
SECURITY DEPOSIT		----	9,400,000
CAPITAL ADVANCES		6,500,000	1,600,000
<b>INVESTMENTS</b>	<b>D</b>	13,000,000	----
Current Asset, Loans, & Advances	<b>E</b>	66,132,651	27,381,749
Less : Current Liabilities & Provision	<b>F</b>	4,043,128	1,242,564
<b>Net Current Assets</b>		62,089,523	26,139,185
<b>Miscellaneous Expenditure</b> (To the extent not written off)			
<b>Profit &amp; Loss Account</b>			8,792,365
	<b>TOTAL</b>	<b>95,134,523</b>	<b>45,931,550</b>

Significant accounting policies and Notes to Accounts  
Schedules form an integral part of Account  
As per our report of even date

**For PARIMAL BHOGALE**  
Chartered Accountants

**PARIMAL BHOGALE**  
Proprietor

**For EPIC ENERGY LIMITED**  
By order of the Board

**NIKHIL MORSAWALA**  
Chairman

**VEENA MORSAWALA**  
Director

**SANJAY GUGALE**  
Director

**ANUJA SHRIVASTAVA**  
Company Secretary

**ZUBIN PATEL**  
Director

Place: Mumbai  
Date: 27th August, 2007

**PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH, 2007**

	SCHEDULE	FOR THE YEAR ENDED	
		31.3.2007 RUPEES	31.3.2006 RUPEES
<b>INCOME</b>			
Operating Income	<b>G</b>	23,755,000	3,615,000
<b>TOTAL</b>		<b>23,755,000</b>	<b>3,615,000</b>
<b>EXPENDITURE</b>			
Direct Expenses	<b>H</b>	8,585,987	1,224,435
Administrative & Other Expenses	<b>I</b>	1,569,592	1,163,306
Financial Charges	<b>J</b>	11,083	7,548
Depreciation	<b>C</b>	1,725,000	-
		11,891,662	2,395,289
Operating Profit / ( Loss )		11,863,338	1,219,711
Provision for Taxation		848,000	100,000
Profit / ( Loss ) for the year		11,015,338	1,119,711
Balance Brought Forward		(8,792,365)	(9,912,076)
Balance carried to Balance Sheet		<b>2,222,973</b>	<b>(8,792,365)</b>

Significant accounting policies and Notes to Accounts Schedules form an integral part of Account As per our report of even date **K**

**For PARIMAL BHOGALE**  
Chartered Accountants

**PARIMAL BHOGALE**  
Proprietor

**For EPIC ENERGY LIMITED**  
By order of the Board

**NIKHIL MORSAWALA**  
Chairman

**VEENA MORSAWALA**  
Director

**SANJAY GUGALE**  
Director

**ANUJA SHRIVASTAVA**  
Company Secretary

**ZUBIN PATEL**  
Director

Place: Mumbai  
Date: 27th August, 2007

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## SCHEDULES FORMING PART OF BALANCE SHEET AS AT 31ST MARCH, 2007

	AS AT 31.3.2007 RUPEES	AS AT 31.3.2006 RUPEES
<b>SCHEDULE 'A'</b>		
<b>SHARE CAPITAL</b>		
Authorised 1,00,00,000 Equity Shares of Rs. 10/- each (Previous Year 50,00,000)	100,000,000	50,000,000
	100,000,000	50,000,000
Issued Subscribed and paid up 67,11,500 (Previous Year 38,11,500) Equity Shares of Rs. 10/- each fully paid up	67,115,000	38,115,000
	<b>67,115,000</b>	<b>38,115,000</b>
<b>SCHEDULE 'B'</b>		
<b>RESERVES AND SURPLUS</b>		
General Reserve	16,550	16,550
Share Premium Account	25,600,000	2,400,000
Warrant Application Money	180,000	5,400,000
Profit and Loss Account		
Opening Balance	(8,792,365)	
Profit for the Year	11,015,338	
Balance carried to Balance Sheet	<u>2,222,973</u>	
	<b>28,019,523</b>	<b>7,816,550</b>

**SCHEDULE ' C '**

**FIXED ASSETS**

PARTICULARS	GROSS BLOCK				DEPRECIATION			NET BLOCK	
	As on 31.03.06	ADDITIONS	DELETIONS	As on 31.03.07	As on 31.03.06	For the year	As on 31.03.07	NET BLOCK AS ON 31/03/07	NET BLOCK AS ON 31/03/06
Energy Saving Equipments	-	13,765,000	-	13,765,000	-	1,674,210	1,674,210	12,090,790	-
Computer	-	270,000	-	270,000	-	40,500	40,500	229,500	-
Furniture & Fixtures	-	1,235,000	-	1,235,000	-	10,290	10,290	1,224,710	-
		<b>15,270,000</b>		<b>15,270,000</b>		<b>1,725,000</b>	<b>1,725,000</b>	<b>13,545,000</b>	







**SCHEDULES FORMING PART OF BALANCE SHEET AS AT 31ST MARCH, 2007**

	AS AT 31.3.2007 RUPEES	AS AT 31.3.2006 RUPEES
<b>SCHEDULE ' D ' INVESTMENTS</b>		
In Wholly owned Subsidiary (Unlisted) 33,334 shares of Rs. 10/- each in Hydragen Infrastructures Pvt Ltd. Share Application Monies in HIPL	1,250,000 11,750,000	
	<b>13,000,000</b>	

<b>SCHEDULE ' E ' CURRENT ASSETS, LOANS AND ADVANCES</b>		
<b>CURRENT ASSETS</b>		
<b>INVENTORIES</b>		
Finished Goods	235,500	95,500
Work in Progress	4,345,650	1,150,950
Spare Parts	65,750	77,550
<b>SUNDRY DEBTORS ( Unsecured, considered good) For period exceeding six months Other Debts</b>	9,950,897	1,435,000
<b>CASH AND BANK BALANCE</b>		
Cash on hand	159,546	42,247
Balance with Schedule Bank In Current account	24,226,423	73,223
<b>LOANS AND ADVANCES</b>		
Advance recoverable in cash or in kind or for value to be received	10,636,606	8,040,000
Advance Tax and Tax Deducted at Source	142,279	142,279
Share Application Money	16,300,000	16,300,000
Pending Allotment/ Refund		
Other Deposits	70,000	25,000
	<b>66,132,651</b>	<b>27,381,749</b>

<b>SCHEDULE ' F ' CURRENT LIABILITIES &amp; PROVISIONS</b>		
<b>CURRENT LIABILITIES</b>		
Sundry Creditors	2,934,670	969,467
Liabilities for Expense	22,458	35,097
Provision for Taxation	1,086,000	238,000
<b>TOTAL</b>	<b>4,043,128</b>	<b>1,242,564</b>

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## SCHEDULES FORMING PART OF PROFIT AND LOSS ACCOUNT AS AT 31ST MARCH, 2007

FOR THE YEAR ENDED 31ST MARCH, 2006	For the year ended 31.3.2007 RUPEES	For the year ended 31.3.2006 RUPEES
<b>SCHEDULE ' G '</b> <b>OPERATING INCOME</b> Energy Solutions Division	23,755,000	3,615,000
<b>TOTAL</b>	<b>23,755,000</b>	<b>3,615,000</b>

<b>SCHEDULE ' H '</b> <b>DIRECT EXPENSES</b>		
Purchases (net of inventory)	8,046,400	911,500
Maintenance Costs	204,355	147,785
Consumables	211,356	139,500
Technical and Quality Assurance Costs	123,876	25,650
	<b>8,585,987</b>	<b>1,224,435</b>

<b>SCHEDULE ' I '</b> <b>ADMINISTRATIVE AND OTHER EXPENSES</b>		351,005
Payments and Benefits to Employees	540,600	1,800
Staff Welfare Expenses	7,564	16,313
Electricity Expenses	5,564	72,000
Rent, Rate and Taxes	72,000	91,492
Printing and Stationery	95,690	118,639
Travelling and conveyance	196,516	108,305
Communication Expenses	78,517	56,316
Legal Charges (ROC/Listing Fees)	26,300	220,048
Legal and Professional Charges	35,000	47,330
Registrar and Share Transfer Agents Charges	30,803	22,497
Advertising Expenses	161,771	20,000
Auditor Remuneration - Audit Fees	20,000	37,561
Miscellaneous Expenses	299,267	
<b>TOTAL</b>	<b>1,569,592</b>	<b>1,163,306</b>

<b>SCHEDULE ' J '</b>		
<b>FINANCIAL CHARGES</b>		
Bank Charges	11,083	7,548
<b>TOTAL</b>	<b>11,083</b>	<b>7,548</b>

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**NOTES****YEAR ENDING 31<sup>ST</sup> MARCH, 2007****SCHEDULE FORMING PART OF ACCOUNTS  
SCHEDULE K****NOTES TO ACCOUNTS****a) Accounting Convention :**

The financial statements are prepared under historical cost convention. Revenues are recognized and expenses are accounted for on their accrual.

**b) Fixed Assets:**

All fixed Assets are stated at cost less depreciation. Cost comprises of purchase price and any other attributable costs, for bringing the assets to its working condition for its intended use.

**c) Depreciation:**

Depreciation is provided as per the rates prescribed in the Income Tax Act, 1961 on written Down Value on all Assets, from the date of installation, except for Energy Saving Devices, which are return off over the BOOT Period.

**d) Investments :**

Investments are carried at cost.

**e) Inventories**

Inventories are valued after providing for obsolescence, as under:

1. Finished Goods: At lower of weighted average cost or net realizable value.
2. Work-in-Progress: At lower of cost (including related overheads) or net realizable value.
3. Spare Parts: At lower of weighted average cost or net realizable value.

**f) Sundry Debtors :**

Sundry Debtors are stated at net realizable value as certified by the Management.

**g) Preliminary Expenses :**

Preliminary expenses are written off over ten years.

**2. Sales and Purchase – Quantitative Details**

The receipts from Energy Savings Solutions business is not capable of quantification since it is based on energy actually saved by the customers of the company. The quantitative details of Solar Products is as follows:



Particulars	Op. Bal. Quantity	Op. Bal. Value	Purchases Quantity	Purchases Amount	Sales Quantity	Sales Amount	Closing Stock Quantity	Closing Stock Amount
Solar Lamps	0	0	150	295,000	150	383,500	0	0
Solar Home Lighting Systems	0	0	15	378,750	15	511,500	0	0
Solar Water Heaters	3	49,300	0	0	3	180,000	0	0
Solar Street Light	2	46,200	3	69,300	5	150,000	0	0

**3. Contingent Liabilities:**

- Claims against the Company not acknowledged as debts: Rs 29.93 lakhs (Previous Year Rs 29.93 lacs)
- Contracts remaining to be executed on capital account, net of advances : Rs. 35,00,000
  - In the opinion of the Board of Directors, the Current Assets, Loans and Advances are approximately of the value stated if realized in the ordinary course of business. The provision of all known liabilities is adequate and not in excess of the amount considered reasonable.
  - The amount included under the head Sundry Debtors, Loans and Advances and Sundry Creditors are subject to confirmation and reconciliation, if any.
  - Previous year's figures have been regrouped and rearranged wherever necessary.

**For PARIMAL BHOGALE**  
**Chartered Accountants**

**PARIMAL BHOGALE**  
Proprietor

**For EPIC ENERGY LIMITED**  
**By order of the Board**

**NIKHIL MORSAWALA**  
Chairman

**VEENA MORSAWALA**  
Director

**SANJAY GUGALE**  
Director

**ANUJA SHRIVASTAVA**  
Company Secretary

**ZUBIN PATEL**  
Director

Place: Mumbai

Date: 27th August, 2007

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**CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH 2007  
PURSUANT TO THE LISTING AGREEMENT WITH STOCK EXCHANGE**

In Rupees

	31ST MARCH 2007	31ST MARCH 2006
<b>A. Cash flow from operating activities</b>		
Net profit(+)/loss(-) before tax and extraordinary items	11,863,338	1,219,711
Add:- Depreciation	1,725,000	
<b>Operating Profit before working capital changes</b>	<b>13,588,338</b>	<b>1,219,711</b>
<b>Adjustments for:</b>		
Current Assets	(14,480,403)	(2,471,801)
Current Liabilities	2,800,564	579,064
		(1,892,737)
Cash generated from operations	1,908,499	<b>(673,026)</b>
Taxes Paid	848,000	100,000
Net Cash generated from operations	<b>1,060,499</b>	<b>(773,026)</b>
<b>B. Cash flow from Investment Activities</b>		
Purchase(-)/ Sales(+) of Investments	13,000,000	
Fixed Assets and Capital Advances	10,770,000	(11,000,000)
<b>Net Cash Used in Investment Activities</b>	<b>23,770,000</b>	<b>(11,000,000)</b>
<b>C. Cash Flow From Financing Activities</b>		
Increase(+)/Decrease(-) in Borrowings		
Increase in Share Capital and Warrant		
Application Monies	<b>46,980,000</b>	<b>10,800,000</b>
<b>Net Increase in Cash &amp; Cash Equivalents A+B+C</b>	<b>24,270,499</b>	<b>(973,026)</b>
Opening Balance	115,470	1,088,496
Closing Balance	24,385,969	115,470

**For PARIMAL BHOGALE**  
**Chartered Accountants**

**PARIMAL BHOGALE**  
Proprietor

Place: Mumbai  
Date: 27th August, 2007

**For EPIC ENERGY LIMITED**  
**By order of the Board**

**NIKHIL MORSAWALA**  
Chairman

**VEENA MORSAWALA**  
Director

**SANJAY GUGALE**  
Director

**ANUJA SHRIVASTAVA**  
Company Secretary

**ZUBIN PATEL**  
Director



**BALANCE SHEET DETAILS AND COMPANY GENERAL PROFILE**

I. Registration Details

State Code	11
Registration Code	63103
Balance Sheet Date	310307

II. Capital raised During the year (Amount in Thousand)

Further Issue	NIL
Bonus Issue	NIL
Private Placement	52200

III. Position and Development of Fund Flow (Amount in Thousands)

Total Liabilities	95135	Total Assets	95135
Paid Up Capital	67115	Reserve & Surplus	28020

IV. Performance of the Company

Turnover	23755	Total Expenditure	11892
Profit Before Tax	11863	Profit after Tax	11015
Earning Per Shares	1.64	Dividend Rate	NIL

V. Genetic Name Three Principal Services of the Company

Item Code	NIL
Description	Energy Saving Devices Solar Energy Products

**For PARIMAL BHOGALE**  
Chartered Accountants

**PARIMAL BHOGALE**  
Proprietor

**For EPIC ENERGY LIMITED**  
By order of the Board

**NIKHIL MORSAWALA**  
Chairman

**VEENA MORSAWALA**  
Director

**SANJAY GUGALE**  
Director

**ANUJA SHRIVASTAVA**  
Company Secretary

**ZUBIN PATEL**  
Director

Place: Mumbai  
Date: 27th August, 2007

ANNUAL REPORT 2006-2007



## INFORMATION PURSUANT TO SECTION 212 OF THE COMPANIES ACT, 1956, RELATING TO SUBSIDIARY COMPANY

Name of Subsidiary : Hydragen Infrastructures Pvt Ltd

Financial year of subsidiary ended on : 31st March, 2007

Shares of the subsidiary held by the company on the above date : 100%

Number of Shares : 33,334

Face value : Rs.10/-

### Extent of holding

I. The net Aggregate of profits or losses for the current period of the Subsidiary Company so far as it concerns the members of the Holding Company

a. dealt with or provided for in the accounts of the Holding Company : Nil

b. not dealt with or provided for in the accounts of the Holding Company : Rs. 46,97,260

II. The net aggregate of profits or losses for previous financial years of the subsidiary so far as it concerns the members of the holding company

a. dealt with or provided for in the accounts of the holding company : Nil

b. not dealt with or provided for in the accounts of the holding company : (Rs. 10,85,148)



## AUDITORS' REPORT TO THE BOARD OF DIRECTORS ON THE CONSOLIDATED FINANCIAL STATEMENTS OF EPIC ENERGY LIMITED AND ITS' SUBSIDIARY

We have examined the attached Consolidated Balance Sheet of Epic Energy Limited ("the Company") and its subsidiary (collectively called "the Group") as at March 31, 2007 & the Consolidated Profit and Loss Account for the year ended on that date.

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.

We conducted our audit in accordance with generally accepted auditing standards of India. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are prepared, in all material respects, in accordance with an identified financial reporting framework and are free of material misstatements. An audit includes, examining on a test basis, evidence supporting the amounts and disclosures in the financial statements. An also includes assessing the accounting principles used and significant estimates made by the management, as well as evaluating the overall financial statement presentation. We believe that our audit proves a reasonable basis for our opinion.

We report that the Consolidated Financial Statements read with notes thereon, prepared by the Company's management, are, to material extent, in accordance with the requirements of Accounting Standards (AS) 21, 'Consolidated Financial Statements,' issued by the Institute of Chartered Accountants of India and are based on individual financial statements of the Company and its subsidiary, except for the matters reported below,

For the acquisitions during the year, Goodwill has been recorded to the extent the cost of acquisition, comprising purchase consideration and transaction costs, exceed the parent's portion of equity of each subsidiary as at the close of the financial year. However, this accounting treatment is not strictly in accordance with Accounting Standard (AS) 21, 'Consolidated Financial Statements,' which requires Goodwill to be determined as on the date of investment in subsidiary. In the opinion of the Company's management this accounting treatment is considered conservative.

In our opinion and to the best of our information and according to the explanations given to us, the consolidated financial statements give a true and fair view in conformity with the accounting principles generally accepted in India.

- (a) in the case of the consolidated balance sheet, of the statement of affairs of the Group as at March 31, 2007.
- (b) in the case of consolidated profit and loss account, of the profit of the Group for the year ended on that date .

For **PARIMAL BHOGALE**  
Chartered Accountants

**PARIMAL BHOGALE**  
Proprietor

Place: Mumbai  
Date : 27th August, 2007

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**CONSOLIDATED BALANCE SHEET FOR THE YEAR ENDED 31ST MARCH, 2007**

	SCHEDULE	AS AT 31.3.2007 RUPEES
<b>SOURCES OF FUNDS</b>		
<b>SHARE HOLDERS FUNDS</b>		
<b>SHARE CAPITAL</b>	<b>A</b>	67,115,000
<b>RESERVES AND SURPLUS</b>	<b>B</b>	31,631,635
<b>UNSECURED LOANS</b>		2,008,000
	<b>TOTAL</b>	<b>100,754,635</b>
<b>APPLICATION OF FUNDS</b>		
<b>Fixed Assets</b>	<b>C</b>	
Gross Block		30,394,525
Depreciation		<u>4,250,417</u>
Net Block		26,144,108
<b>CAPITAL ADVANCES</b>		8,900,000
<b>INVESTMENTS/GOODWILL</b>		916,660
<b>Current Asset, Loans, &amp; Advances</b>	<b>D</b>	69,317,774
<b>Less : Current Liabilities &amp; Provision</b>	<b>E</b>	<u>4,615,787</u>
<b>Net Current Assets</b>		64,701,987
<b>Miscellaneous Expenditure</b> (To the extent not written off)		91,880
	<b>TOTAL</b>	<b>100,754,635</b>

Significant accounting policies and Notes to Accounts  
Schedules form an integral part of Account  
As per our report of even date

J

**For PARIMAL BHOGALE**  
Chartered Accountants

**For EPIC ENERGY LIMITED**  
By order of the Board

**PARIMAL BHOGALE**  
Proprietor

**NIKHIL MORSAWALA**  
Chairman

**SANJAY GUGALE**  
Director

**ZUBIN PATEL**  
Director

**VEENA MORSAWALA**  
Director

**ANUJA SHRIVASTAVA**  
Company Secretary

Place: Mumbai  
Date: 27th August, 2007

**CONSOLIDATED PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH, 2007**

	SCHEDULE	AS AT 31.3.2007 RUPEES
<b>INCOME</b>		
Operating Income	<b>F</b>	35,060,450
	<b>TOTAL</b>	<b>35,060,450</b>
<b>EXPENDITURE</b>		
Direct Expenses	<b>G</b>	12,590,275
Administrative & Other Expenses	<b>H</b>	3,090,008
Financial Charges	<b>I</b>	22,963
Depreciation	<b>C</b>	2,396,606
Total Expenditure		<u>18,099,852</u>
Operating Profit / ( Loss )		16,960,598
Provision for Taxation		<u>1,248,000</u>
Profit / ( Loss ) for the year		15,712,598
Balance Brought Forward		<u>(9,877,513)</u>
		5,835,085

Significant accounting policies and Notes to Accounts  
Schedules form an integral part of Account  
As per our report of even date

J

**For PARIMAL BHOGALE**  
Chartered Accountants

**PARIMAL BHOGALE**  
Proprietor

**For EPIC ENERGY LIMITED**  
By order of the Board

**NIKHIL MORSAWALA**  
Chairman

**VEENA MORSAWALA**  
Director

**SANJAY GUGALE**  
Director

**ANUJA SHRIVASTAVA**  
Company Secretary

**ZUBIN PATEL**  
Director

Place: Mumbai  
Date: 27th August, 2007

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**SCHEDULES FORMING PART OF CONSOLIDATED BALANCE SHEET AS AT 31ST MARCH, 2007**

	AS AT 31.3.2007 RUPEES
<b>SCHEDULE ' A '</b>	
<b>SHARE CAPITAL</b>	
Authorised 1,00,00,000 Equity Shares of Rs. 10/- each (Previous Year 50,00,000)	100,000,000
Issued Subscribed and paid up 67,11,500 (Previous Year 38,11,500) Equity Shares of Rs. 10/- each fully paid up	67,115,000
	<b>67,115,000</b>
<b>SCHEDULE ' B '</b>	
<b>RESERVES AND SURPLUS</b>	
General Reserve	16,550
Share Premium Account	25,600,000
Warrant Application Money	180,000
Profit and Loss Account	
Opening Balance	(9,877,513)
Profit for the Year	<u>15,712,598</u>
Balance carried to Balance Sheet	<u>5,835,085</u>
<b>Total</b>	<b>31,631,635</b>
<b>SCHEDULE ' D '</b>	
<b>CURRENT ASSETS, LOANS AND ADVANCES</b>	
<b>CURRENT ASSETS</b>	
<b>INVENTORIES</b>	
Finished Goods	235,500
Work in Progress	4,345,650
Spare Parts	65,750
<b>SUNDRY DEBTORS ( Unsecured, considered good)</b>	
For period exceeding six months	
Other Debts	11,306,247
<b>CASH AND BANK BALANCE</b>	
Cash on hand	186,190
Balance with Schedule Bank In Current account	25,843,727
<b>LOANS AND ADVANCES</b>	
Advance recoverable in cash	174,600
or in kind or for value to be received	10,636,606
Advance Tax and Tax Deducted at Source	143,504
Share Application Money Pending Allotment/ Refund	16,300,000
Other Deposits	80,000
<b>Total</b>	<b>69,317,774</b>

**SCHEDULE 'C'  
FIXED ASSETS**

PARTICULARS	GROSS BLOCK				DEPRECIATION			NET BLOCK	
	As on 31.03.06	ADDITIONS	DELETIONS	As on 31.03.07	As on 31.03.06	For the year	As on 31.03.07	NET BLOCK AS ON 31/03/07	NET BLOCK AS ON 31/03/06
Building	0	3,500,000	0	3,500,000	0	0	0	3,500,000	0
Capital W-I-P	6,241,333	2,925,000	6,241,333	2,925,000	0	0	0	2,925,000	6,241,333
Computer	57,000	317,900	0	374,900	12,649	49,675	62,324	312,576	44,351
Furniture & Fixtures	1,960	0	0	1,960	89	42	131	1,829	1,871
Furniture & Fixtures	6,300	1,235,000	0	1,241,300	140	10,358	10,498	1,230,802	6,160
Vehicle Purchase	48,500	0	0	48,500	3,707	1,436	5,143	43,357	44,793
ENERGY SAVING EQUIPMENT	2,296,533	20,006,333	0	22,302,866	1,837,226	2,335,095	4,172,321	18,130,545	459,307
	8,651,626	27,984,233	6,241,333	30,394,526	1,853,811	2,396,606	4,250,417	26,144,108	6,797,815

	AS AT 31.3.2007 RUPEES
<b>SCHEDULE 'E'</b>	
<b>CURRENT LIABILITIES &amp; PROVISIONS</b>	
CURRENT LIABILITIES	
Sundry Creditors	3,097,829
Liabilities for Expense	31,958
Provision for Taxation	1,486,000
<b>Total</b>	<b>4,615,787</b>

SCHEDULES FORMING PART OF CONSOLIDATED BALANCE SHEET AS AT 31ST MARCH, 2007





**SCHEDULES FORMING PART OF PROFIT AND LOSS ACCOUNT AS AT 31ST MARCH, 2007**

FOR THE YEAR ENDED 31ST MARCH, 2006	AS AT 31.3.2007 RUPEES
<b>SCHEDULE ' F '</b>	
<b>OPERATING INCOME</b>	
Energy Solutions Division	35,060,450
<b>TOTAL</b>	<b>35,060,450</b>
<b>SCHEDULE ' G '</b>	
<b>DIRECT EXPENSES</b>	
Purchases (net of inventory)	11,981,400
Maintenance Costs	270,333
Consumables	211,725
Technical and Quality Assurance Costs	126,817
<b>Total</b>	<b>12,590,275</b>
<b>SCHEDULE ' H '</b>	
<b>ADMINISTRATIVE AND OTHER EXPENSES</b>	
Payments and Benefits to Employees	1,287,032
Staff Welfare Expenses	45,045
Electricity Expenses	19,809
Rent, Rate and Taxes	395,396
Printing and Stationery	139,036
Travelling and conveyance	331,979
Communication Expenses	204,856
Legal Charges (ROC/Listing Fees)	26,300
Legal and Professional Charges	35,000
Registrar and Share Transfer Agents Charges	30,803
Misc. Expenditure written off	11,485
Advertising Expenses	203,651
Auditor Remuneration - Audit Fees	29,000
Miscellaneous Expenses	330,616
	<b>3,090,008</b>
<b>SCHEDULE ' I '</b>	
<b>FINANCIAL CHARGES</b>	
Bank Charges	22,963
<b>TOTAL</b>	<b>22,963</b>



## NOTES

YEAR ENDING 31<sup>ST</sup> MARCH, 2007

SCHEDULE FORMING PART OF ACCOUNTS  
SCHEDULE J

### NOTES TO ACCOUNTS

#### Principals of Consolidation

The accompanying financial statements include the accounts of Hydragen Infrastructures Private Limited, which is a 100 percent subsidiary of the company.

The financial statements have been combined on a line by line basis by adding together book values of similar items of assets, liabilities, income and expenses.

For the acquisition during the year, Goodwill has been recorded to the cost of acquisition exceeding the parent's portion of equity in each subsidiary as at the year end. This accounting treatment, though not compliant with Accounting Standard 21 is considered conservative. 1. Accounting Policies :-

**a) Accounting Convention :**

The financial statements are prepared under historical cost convention. Revenues are recognized and expenses are accounted for on their accrual.

**b) Fixed Assets:**

All fixed Assets are stated at cost less depreciation. Cost comprises of purchase price and any other attributable costs, for bringing the assets to its working condition for its intended use.

**c) Depreciation:**

Depreciation is provided as per the rates prescribed in the Income Tax Act, 1961 on written Down Value on all Assets, from the date of installation, except for Energy Saving Devices which are written off over the BOOT Period.

**d) Investments :**

Investments are carried at cost.

**e) Inventories**

Inventories are valued after providing for obsolescence, as under:

1. Finished Goods: At lower of weighted average cost or net realizable value.
2. Work-in-Progress: At lower of cost (including related overheads) or net realizable value.
3. Spare Parts: At lower of weighted average cost or net realizable value.

**f) Sundry Debtors :**

Sundry Debtors are stated at net realizable value as certified by the Management.

**g) Preliminary Expenses :**

Preliminary expenses are written off over ten years.

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**2. Sales and Purchase – Quantitative Details**

The receipts from Energy Savings Solutions business is not capable of quantification since it is based on energy actually saved by the customers of the company. The quantitative details of Solar Products is as follows:

Particulars	Op. Bal. Quantity	Op. Bal. Value	Purchases Quantity	Purchases Amount	Sales Quantity	Sales Amount	Closing Stock Quantity	Closing Stock Amount
Solar Lamps	0	0	150	295,000	150	383,500	0	0
Solar Home Lighting Systems	0	0	15	378,750	15	511,500	0	0
Solar Water Heaters	3	49,300	0	0	3	180,000	0	0
Solar Power Pack	0	0	0	0	0	0	0	0
Solar Radio	0	0	0	0	0	0	0	0
Solar Street Light	2	46,200	3	69,300	5	150,000	0	0

**3. Contingent Liabilities:**

- Claims against the Company not acknowledged as debts: Rs 29.93 lakhs (Previous Year Rs 29.93 lacs)
- Contracts remaining to be executed on capital account, net of advances : Rs. 35,00,000
  - In the opinion of the Board of Directors, the Current Assets, Loans and Advances are approximately of the value stated if realized in the ordinary course of business. The provision of all known liabilities is adequate and not in excess of the amount considered reasonable.
  - The amount included under the head Sundry Debtors, Loans and Advances and Sundry Creditors are subject to confirmation and reconciliation, if any.
  - Previous year's figures have been regrouped and rearranged wherever necessary.

**For PARIMAL BHOGALE**  
Chartered Accountants

**PARIMAL BHOGALE**  
Proprietor

**For EPIC ENERGY LIMITED**  
By order of the Board

**NIKHIL MORSAWALA**  
Chairman

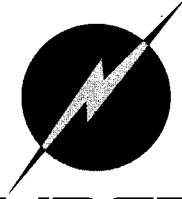
**VEENA MORSAWALA**  
Director

**SANJAY GUGALE**  
Director

**ANUJA SHRIVASTAVA**  
Company Secretary

**ZUBIN PATEL**  
Director

Place: Mumbai  
Date: 27th August, 2007



**HYDGEN**

**Hydragen Infrastructures Pvt. Ltd.**  
A Subsidiary of EPIC ENERGY LIMITED

**BOARD OF DIRECTORS**

NIKHIL MORSAWALA  
VEENA MORSAWALA

**AUDITORS**

PARIMAL BHOGALE

**BANKERS**

AXIS BANK (Formerly UTI Bank)

**REGISTERED OFFICE**

119, Patil Wadi, At Rabale, Post Ghansoli,  
Opp. Hotel Mallika, Navi Mumbai 400 701  
Tel: +91 22 2769 2611  
Telefax: +91 22 2772 3294

**VADODARA FACTORY**

103, Por Ramangamadi G.I.D.C., Por, Dist Vadodara 391 243, Gujarat  
Tel: +92 265 6455845  
Email: hipl@rediffmail.com

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## DIRECTORS' REPORT

To,  
The Members,

Your Directors have pleasure in presenting the Annual Report with audited statement of accounts for the year ended 31st March, 2007.

### FINANCIAL RESULT:

During the year under review the company has reported improved working results and has made a Profit After Tax of Rs. 46,97,260/- .

### DIVIDEND:

Your Director do not recommended any dividend

### DIRECTOR'S RESPONSIBILITY:

Pursuant to the requirement under section 217 (2AA) of the Companies Act, 1956 with respect to Directors' Responsibility Statement, it is here by confirmed:

- (i) that in the preparation of the annual accounts for the financial year ended 31st March, 2007, the applicable accounting standards has 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 judgements and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company and at the end of the financial year of the profit 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 the 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.

### DEPOSITS:

The company has not accepted any deposit from public and hence no information is required to be appended to this report in terms of Non Banking Financial Companies (Reserve Bank Direction, 1977).

### PARTICULARS OF EMPLOYEES:

The Company has no employees in the category specified under section 217(2A) of the Companies Act, 1956.

### PARTICULARS OF CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION, FOREIGN EXCHANGE EARNINGS AND OUTGO: NIL

The Company does not have any activity relevant to conservation of Energy & Technology Absorption. The foreign exchange earnings and outgo were NIL.

### AUDITORS:

M/S PARIMAL BHOGALE, Chartered Accountants, Auditors of the company, retire at the conclusion of Annual General Meeting and being eligible, offer themselves for reappointment.

For **HYDRAGEN INFRACTURES PVT. LTD.**

By order of the Board

**NIKHIL MORSAWALA**

Director

**VEENA MORSAWALA**

Director

Place: Mumbai

Date: 27th August, 2007



## AUDITORS REPORT TO SHARE HOLDERS

We have audited the attached Balance Sheet of M/S HYDRAGEN INFRASTRUCTURES PRIVATE LIMITED as at 31st March, 2007, and the Profit & Loss Account 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.

We have conducted our audit in accordance with auditing standards generally accepted in India. Those standards require that we plan & perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement. 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 financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

- 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 appears from our examination of the books.
- c. The Balance Sheet and Profit & Loss Account dealt with by this report are in agreement with the books of account.
- d. In our opinion the Balance Sheet and the Profit & Loss Account complies with the mandatory Accounting Standards referred in Section 211 (3) (C) of the Companies Act, 1956.
- e. On the basis of written representations received from directors as on 31st March, 2007 and taken on record by the Board of Directors, We report that none of the directors are disqualified as on 31st March, 2007 from being appointed as a director under Sec. 274 (1) (g) 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 accounts 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.
- i. In the case of Balance Sheet, of the State of affairs of the company as at 31st March, 2007.
- ii. In the case of Profit and Loss Account, of the Profit for the year ended on that date.

For **PARIMAL BHOGALE**  
Chartered Accountants

**PARIMAL BHOGALE**  
Proprietor

Place: Mumbai  
Date : 27th August, 2007

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## BALANCE SHEET AS AT 31ST MARCH, 2007

	SCHEDULE	AS AT 31.3.2007 RUPEES	AS AT 31.3.2006 RUPEES
<b>SOURCES OF FUNDS</b>			
<b>SHARE HOLDERS FUNDS</b>			
<b>SHARE CAPITAL</b>	<b>A</b>	12,083,340	9,283,390
<b>RESERVES AND SURPLUS</b>	<b>B</b>	3,612,112	-
<b>UNSECURED LOANS</b>		2,008,000	1,812,000
	<b>TOTAL</b>	<b>17,703,452</b>	<b>11,095,390</b>
<b>APPLICATION OF FUNDS</b>			
<b>Fixed Assets</b>	<b>C</b>		
<b>Gross Block</b>		15,124,525	8,651,626
<b>Depreciation</b>		<u>2,525,417</u>	<u>1,853,811</u>
<b>Net Block</b>		12,599,108	6,797,815
<b>CAPITAL ADVANCES</b>		2,400,000	
Current Asset, Loans, & Advances	<b>D</b>	3,185,123	3,311,841
Less : Current Liabilities & Provision	<b>E</b>	<u>572,659</u>	<u>202,778</u>
<b>Net Current Assets</b>		2,612,464	3,109,064
<b>Miscellaneous Expenditure</b> (To the extent not written off)		91,880	103,364
<b>Profit &amp; Loss Account</b>		-	1,085,147
	<b>TOTAL</b>	<b>17,703,452</b>	<b>11,095,390</b>

Significant accounting policies and Notes to Accounts ]  
Schedules form an integral part of Account  
As per our report of even date

For **PARIMAL BHOGALE**  
Chartered Accountants

For **HYDRAGEN INFRASTRUCTURES PRIVATE LIMITED**  
By order of the Board

**PARIMAL BHOGALE**  
Proprietor

**NIKHIL MORSAWALA**  
Director

**VEENA MORSAWALA**  
Director

Place: Mumbai  
Date: 27th August, 2007

**PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH, 2007**

	SCHEDULE	FOR THE YEAR ENDED	
		31.3.2007 RUPEES	31.3.2006 RUPEES
<b>INCOME</b>			
Operating Income	<b>F</b>	11,305,450	1,311,351
<b>TOTAL</b>		<b>11,305,450</b>	<b>1,311,351</b>
<b>EXPENDITURE</b>			
Direct Expenses	<b>G</b>	4,004,288	125,188
Administrative & Other Expenses	<b>H</b>	1,520,416	414,710
Financial Charges	<b>I</b>	11,880	2,790
Depreciation	<b>C</b>	671,606	1,853,811
		<b>6,208,190</b>	<b>2,396,499</b>
Operating Profit / ( Loss )		5,097,260	(1,085,148)
Provision for Taxation		400,000	-
Profit / ( Loss ) for the year		4,697,260	(1,085,148)
Balance Brought Forward		(1,085,148)	0
Balance carried to Balance Sheet		<b>3,612,112</b>	<b>(1,085,148)</b>

Significant accounting policies and Notes to Accounts J  
Schedules form an integral part of Account  
As per our report of even date

For **PARIMAL BHOGALE**  
Chartered Accountants

For **HYDRAGEN INFRASTRUCTURES PRIVATE LIMITED**  
By order of the Board

**PARIMAL BHOGALE**  
Proprietor

**NIKHIL MORSAWALA**  
Director

**VEENA MORSAWALA**  
Director

Place: Mumbai  
Date: 27th August, 2007

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## SCHEDULES FORMING PART OF BALANCE SHEET AS AT 31ST MARCH, 2007

	AS AT 31.3.2007 RUPEES	AS AT 31.3.2006 RUPEES
<b>SCHEDULE ' A '</b>		
<b>SHARE CAPITAL</b>		
Authorised 50,000 Equity Shares of Rs. 10/- each (Previous Year 50,000)	500,000	
	<b>500,000</b>	
Issued Subscribed and paid up 33,334 (Previous Year 33,334) Equity Shares of Rs. 10/- each fully paid up	333,340	
Share Application Monies	11,750,000	
	<b>12,083,340</b>	
<b>SCHEDULE ' B '</b>		
<b>RESERVES AND SURPLUS</b>		
Profit and Loss Account		
Opening Balance	(1,085,148)	0
Profit for the Year	<u>4,697,260</u>	<u>(1,085,147)</u>
Balance carried to Balance Sheet	3,612,112	(1,085,147)
	<b>3,612,112</b>	<b>(1,085,147)</b>



## SCHEDULE FORMING PART OF BALANCE SHEET AS AT 31ST MARCH, 2007

SCHEDULE ' C '  
FIXED ASSETS

PARTICULARS	GROSS BLOCK			DEPRECIATION			NET BLOCK		
	As on 31.03.06	ADDITIONS	DELETIONS	As on 31.03.07	As on 31.03.06	For the year	As on 31.03.07	NET BLOCK AS ON 31/03/07	NET BLOCK AS ON 31/03/06
Building	0	3,500,000	0	3,500,000	0	0	0	3,500,000	0
Capital W-I-P	6,241,333	2,925,000	6,241,333	2,925,000	0	0	0	2,925,000	6,241,333
Computer	57,000	47,900	0	104,900	12,649	9,175	21,824	83,076	44,351
Furniture & Fixtures	1,960	0	0	1,960	89	42	131	1,829	1,871
Furniture & Fixtures	6,300	0	0	6,300	140	68	208	6,092	6,160
Vehicle Purchase	48,500	0	0	48,500	3,707	1,436	5,143	43,357	44,793
Energy Saving Equipment	2,296,533	6,241,333	0	8,537,866	1,837,226	660,885	2,498,111	6,039,755	459,307
	8,651,626	12,714,233	6,241,333	15,124,526	1,853,811	671,606	2,525,417	12,599,109	6,797,815



**SCHEDULES FORMING PART OF BALANCE SHEET AS AT 31ST MARCH, 2007**

	AS AT 31.3.2007 RUPEES	AS AT 31.3.2006 RUPEES
<b>SCHEDULE ' D'</b>		
<b>CURRENT ASSETS, LOANS AND ADVANCES</b>		
SUNDRY DEBTORS ( Unsecured, considered good) For period exceeding six months Other Debts	1,355,350	1,310,350
<b>CASH AND BANK BALANCE</b>		
Cash on hand	26,644	17,212
Balance with Schedule Bank In Current account	1,617,304	1,907,204
<b>LOANS AND ADVANCES</b>		
Advance recoverable in cash or in kind or for value to be received	174,600	65,850
Advance Tax and Tax Deducted at Source	1,225	1,225
Share Application Money	-	-
Pending Allotment/ Refund	-	-
Other Deposits	10,000	10,000
	<b>3,185,123</b>	<b>3,311,841</b>

<b>SCHEDULE ' E'</b>		
<b>CURRENT LIABILITIES &amp; PROVISIONS</b>		
<b>CURRENT LIABILITIES</b>		
Sundry Creditors	163,159	193,163
Liabilities for Expense	9,500	9,615
Provision for Taxation	400,000	-
<b>TOTAL</b>	<b>572,659</b>	<b>202,778</b>

**SCHEDULE FORMING PART OF PROFIT AND LOSS ACCOUNT AS AT 31ST MARCH, 2007**

FOR THE YEAR ENDED 31ST MARCH, 2006	For the year ended 31.3.2007 RUPEES	For the year ended 31.3.2006 RUPEES
<b>SCHEDULE ' F'</b>		
<b>OPERATING INCOME</b> Energy Solutions Division	11,305,450	1,311,351
<b>TOTAL</b>	<b>11,305,450</b>	<b>1,311,351</b>

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**SCHEDULE FORMING PART OF PROFIT AND LOSS ACCOUNT AS AT 31ST MARCH, 2007**

FOR THE YEAR ENDED 31ST MARCH, 2006	For the year ended 31.3.2007 RUPEES	For the year ended 31.3.2006 RUPEES
<b>SCHEDULE ' G'</b>		
<b>DIRECT EXPENSES</b>		
Purchases (net of inventory)	3,935,000	-
Maintenance Costs	65,978	113,625
Consumables	369	7,033
Technical and Quality Assurance Costs	2,941	4,530
	<b>4,004,288</b>	<b>125,188</b>

<b>SCHEDULE ' H'</b>		
<b>ADMINISTRATIVE AND OTHER EXPENSES</b>		
Payments and Benefits to Employees	746,432	144,499
Staff Welfare Expenses	37,481	15,295
Electricity Expenses	14,245	3,450
Rent, Rate and Taxes	323,396	70,113
Printing and Stationery	43,346	26,753
Travelling and conveyance	135,463	41,960
Communication Expenses	126,339	58,517
Advertising Expenses	41,880	2,909
Misc Expenditure written off	11,485	11,485
Auditor Remuneration - Audit Fees	9,000	7,000
Miscellaneous Expenses	31,349	32,729
<b>Total</b>	<b>1,520,416</b>	<b>414,710</b>

<b>SCHEDULE ' I'</b>		
<b>FINANCIAL CHARGES</b>		
Bank Charges	11,880	2,790
<b>TOTAL</b>	<b>11,880</b>	<b>2,790</b>

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## NOTES

YEAR ENDING 31<sup>ST</sup> MARCH, 2007

SCHEDULE FORMING PART OF ACCOUNTS  
SCHEDULE J

### NOTES TO ACCOUNTS

#### 1. Accounting Policies:-

**a) Accounting Convention:**

The financial statements are prepared under historical cost convention. Revenues are recognized and expenses are accounted for on their accrual.

**b) Fixed Assets:**

All fixed assets are stated at cost less depreciation. Cost comprises of purchase price and any other attributable costs, for bringing the assets to its working condition for its intended use.

Expenditure which is of a capital nature, are capitalized at cost, which comprises of purchases price (net of rebate and discounts), duties, levies and any directly attributable cost of bringing the assets to its working condition for the intended use.

**c) Preliminary Expenses:**

Preliminary expenses are written off over ten years.

#### 2. Contingent Liabilities:

Claims against the company not acknowledged as debts Rs. NIL

3. In the opinion of the Board of Directors, the Current Assets, Loans and Advances are approximately of the value stated if realized in the ordinary course of business. The provision of all known liabilities is adequate and not in excess of the amount considered reasonable.
4. The amount included under the head Current Assets and Current Liabilities are subject to confirmation and reconciliation, if any.

For **PARIMAL BHOGALE**  
**Chartered Accountants**

**PARIMAL BHOGALE**  
Proprietor

Place: Mumbai  
Date : 27th August, 2007

Never Assume  
You have  
Enough Time  
-  
You Haven't

If we are all made  
To be personally responsible  
For what we do in our lives  
Things would get  
A whole lot better

My Legacy.....  
What will it be?

Flowers in spring, The cuckoo in summer  
And the crimson maples Of Autumn.....

OR

Snow in spring, Floods in summer  
And the Heat waves Of Winter

My Legacy.....  
What will it be?

.....And there are some very  
wise people who say that the  
greatest good can never be  
defined,  
however strongly we  
want to define it.....  
(Blaise Pascal: Thoughts 73)

.....And then there are  
some who say  
**POWER IS THE  
GREATEST GOOD**



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