

# **EPC INDUSTRIÉ LIMITED**



**A Mahindra Group Company**

**31<sup>st</sup> ANNUAL REPORT  
2012-2013**



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**BOARD OF DIRECTORS**

Ashok Sharma  
S. Durgashankar  
Nikhilesh Panchal  
Anand Daga  
Vinayak Patil

**COMPANY SECRETARY**

Ratnakar Nawghare

**AUDITORS**

Deloitte Haskins & Sells, Chartered Accountants

**BANKERS**

YES Bank Ltd.  
HDFC Bank Ltd.

**CORPORATE OFFICE & WORKS**

Plot No. H-109, MIDC, Ambad, Nashik-422 010.  
Tel: (0253) 2381081/82/83  
Fax: (0253) 2382975  
E Mail : rvnawghare@epcind.com

**REGISTERED OFFICE**

Plot No. H-109, MIDC, Ambad, Nashik-422 010.  
Tel: (0253) 2381081/82/83  
Fax: (0253) 2382975  
E Mail : rvnawghare@epcind.com

**BRANCHES**

Akola, Bargarh, Bhopal, Coimbatore, Dharwad,  
Hyderabad, Jaipur, Jalon, Jodhpur, Junagadh,  
Mehsana, Mohali, Orai, Patna, Raipur, Rajkot,  
Rohtak, Sangli, Thrissur, Vadodara

**REGISTRARS & TRANSFER AGENTS**

Sharepro Services (India) Pvt. Ltd.  
13 AB, Samhita Warehousing Complex,  
2nd Floor, Sakinaka Telephone Exchange Lane,  
Off Andheri Kurla Road, Sakinaka,  
Andheri (East),  
Mumbai - 400 072.  
Tel : (022) 67720300/67720400/67720403  
Fax : (022) 67720416

### NOTICE

NOTICE is hereby given that the 31<sup>st</sup> Annual General Meeting of the Members of EPC INDUSTRIÉ LIMITED will be held at the Registered Office of the Company at Plot No.H-109, MIDC Ambad, Nashik - 422 010 on Wednesday, July 31, 2013, at 2.30 p.m. to transact the following business:

### ORDINARY BUSINESS

1. To receive and adopt the audited Balance Sheet as at 31<sup>st</sup> March, 2013 and the Statement of Profit and Loss for the year ended on that date and the Reports of the Directors and the Auditors thereon.
2. To appoint a Director in place of Mr. S. Durgashankar, who retires by rotation and, being eligible, offers himself for re-appointment.
3. To appoint a Director in place of Mr. Nikhilesh Panchal, who retires by rotation and, being eligible, offers himself for re-appointment.
4. To appoint Auditors and fix their remuneration.

### SPECIAL BUSINESS :

To consider and if thought fit, to pass, with or without modification(s), the following Resolution as a Special Resolution:

**“RESOLVED THAT** pursuant to the provisions of section 61 and other applicable provisions, if any, of the Companies Act, 1956 and other applicable rules, regulation, guidelines and other statutory provision for the time being in force, approval of the members of the Company be and is hereby accorded and the Board of Directors (hereinafter called the ‘Board’ which term shall be deemed to include any committee which the Board may have duly constituted or may hereinafter constitute and authorise to exercise its powers including the powers conferred by this resolution), be and is hereby authorised to vary the terms referred to in the Company’s Letter of Offer dated May 3, 2012, filed by the Company with the BSE Limited, Mumbai (the ‘Letter of Offer’) including to vary and / or revise the manner of utilisation of the proceeds from the Rights Issue of Equity Shares made in pursuance of the said Letter of Offer and to accordingly utilise the proceeds therefrom, for purposes other than that mentioned in the Letter of Offer, including, but not limited to, effecting change in allocation intended for procurement of plant and machinery, providing funds for working capital requirements and / or for general corporate purposes, effecting changes in amounts meant for expenditure or in the schedule or re-scheduling of deployment of funds for procurement of plant and machinery identified in the Letter of Offer and/or effecting change in the manner of interim use of funds available from the aforesaid Rights Issue, as the case may be.”

**“RESOLVED FURTHER THAT** the Board be and is hereby authorised to file all such necessary applications, documents etc. as may be required to be filed with, inter alia, the Registrar of Companies and or delegate all or any of the powers

contained hereinabove to any committee of directors or any other officer(s) / authorised representative(s) of the Company in order to give effect to the aforesaid variation/ revision.

**“RESOLVED FURTHER THAT** for the purpose of giving effect to this resolution, the Board/ the Committee, as the case may be, be and is hereby authorised to do all such acts, deeds, matters and things, deal with such matters, take necessary steps in the matter as the Board / the Committee may, in its absolute discretion, deem necessary, desirable or expedient and to settle any question that may arise in this regard and/ or be incidental thereto, without being required to seek any further consent or approval of the members or otherwise to the end and intent that the members shall be deemed to have given their approval thereto expressly by the authority of this resolution.”

### NOTES

- A. Explanatory Statement as required under section 173(2) of the Companies Act, 1956 is annexed hereto.
- B. **A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE INSTEAD OF HIMSELF AND A PROXY NEED NOT BE A MEMBER.**
- C. The instrument appointing a proxy must be deposited with the Company at its Registered Office not less than 48 hours before the time for holding the Meeting.
- D. The Company’s Registrar and Transfer Agents for its Share Registry Work (Physical and Electronic) are Sharepro Services (India) Private Limited having their office premises at 13AB, Samhita Warehousing Complex, 2<sup>nd</sup> Floor, Sakinaka Telephone Exchange Lane, Off Andheri Kurla Road, Sakinaka, Andheri (East), Mumbai – 400 072.
- E. The Register of Members and Transfer Books of the Company will be closed from 25<sup>th</sup> July, 2013 to 31<sup>st</sup> July, 2013 (both days inclusive).
- F. Members can avail of the facility of the nomination in respect of the Shares held by them in physical form pursuant to the provisions of Section 109A of the Companies Act, 1956. Members desiring to avail of this facility may send their nomination in the prescribed Form No. 2B duly filled in to Sharepro Services (India) Private Limited at the above mentioned address. Members holding shares in electronic mode may contact their respective Depository Participants for availing this facility.
- G. The Ministry of Corporate Affairs, Government of India, has taken a “Green Initiative in Corporate Governance” by allowing paperless compliances by the companies and has issued Circulars inter alia stating that the service of notice/ documents to the Members can be made in electronic mode. In support of the Green Initiative, your Company sent a Circular dated 16<sup>th</sup> May, 2011 by e-mail to those Members who have registered their e-mail address

with their Depository Participant and made available to the Company by the Depositories, informing them about the Company's proposal to send the documents like Notice calling the Annual General Meeting, Audited Financial Statements, Directors' Report, Auditors' Report etc. from the Financial Year ended 31<sup>st</sup> March, 2011 onwards and other communication, in electronic mode. These Members were also given an option to continue to receive the documents in Physical Form. Accordingly, the Annual Report for the year 2012-13, Notice for the Annual General Meeting etc. are being sent in electronic mode to such Members of the Company whose e-mail addresses are available with the Company and who have not opted to receive the same in physical form.

Members are requested to support this Green Initiative by registering / updating their e-mail addresses, with the Depository Participant (in case of Shares held in dematerialised form) or with Sharepro Services (India) Private Limited (in case of Shares held in physical form).

H. Members are requested to:

- i) intimate to the Company's Registrar and Transfer Agents, Sharepro Services (India) Private Limited at the abovementioned address, changes, if any, in their registered addresses at an early date, in case of shares held in physical form;
- ii) intimate to the respective Depository Participant, changes, if any, in their registered addresses at an early date, in case of shares held in dematerialised form;

- iii) quote their folio numbers/Client ID/DP ID in all correspondence; and
- iv) consolidate their holdings into one folio in case they hold shares under multiple folios in the identical order of names.

I. Appointment/Re-appointment of Directors

M/s. S. Durgashankar and Nikhilesh Panchal do not hold any shares in the Company.

None of the Directors of the Company are inter-se related to each other. In respect of the information to be provided under Clause 49 of the Listing Agreement pertaining to the Directors being appointed/re-appointed, Members are requested to kindly refer to the Chapter on Corporate Governance in this Annual Report.

By **Order of the Board**

**Ratnakar Nawghare**  
Company Secretary

**Registered Office:**

Plot No.H-109, MIDC Ambad,  
Nashik- 422 010

2<sup>nd</sup> May, 2013

**Explanatory Statement under Section 173(2) of the Companies Act, 1956.**

**Item No. 1**

The Company had made a Rights Issue of 1,03,58,199 Equity Shares of Rs. 10 each for cash, at a price of Rs. 40 per Equity Share (including share premium of Rs. 30 per Equity Share) aggregating to Rs. 4143.28 lacs.

The Net Issue Proceeds i.e. Gross Proceeds of the Issue less Issue Related Expenses ('NIP') were intended to be deployed for fulfillment of certain objects ('Identified Objects'), as more particularly stated and described under the section titled 'Objects of the Issue' in Page 16 of the Abridged Letter of Offer, which were considered appropriate and necessary by the management at that point of time and as detailed hereunder:-

Sr. No.	Expenditure Items	Amount proposed to be financed from the proceeds of the Issue (Rs. in Lacs)		Total (Rs. in Lacs)
		Fiscal 2013	Fiscal 2014	
1	Procurement of Plant and machinery	1603.13	443.80	2046.93
2	Fund working capital requirements	1200.00	0.00	1200.00
3	General Corporate Purposes	230.00	536.17	766.17
	Total	3033.13	979.97	4013.10

Out of the total NIP, an amount of Rs. 2096.35 lacs has been utilised as on 31<sup>st</sup> March, 2013 in accordance with the objects set out in the 'Objects of the Issue' section in the Letter of Offer.

The Micro Irrigation Industry is impacted by various factors which are external to and beyond the control of the Company, including, among others:

- \* cyclical nature of demand and supply;
- \* geographic rainfall conditions;
- \* fluctuation in polymer prices;
- \* governmental policies relating to subsidies and pricing of micro irrigation systems;

and changes in the schemes of various States implementing Mega Micro Irrigation Projects.

These factors may result in, amongst others, (i) fluctuations in demand for micro irrigation systems, (ii) forcing the Company to make available its products pan India level at prices with lower margins, (iii) rescheduling of the planned procurement of plant and machinery (iv) increased working capital requirements. While the Company is exploring growth opportunities, penetrating in markets in states where the Company has no or negligible presence could prove to be extremely challenging.

The above factors necessitates, that your Company re-allocate the funds in economic manner amongst the Identified Objects

/ rescheduling of the Identified Objects, deployment in objects other than the Identified Objects.

Considering the above, the management needs more flexibility in the use of unutilised portion of the NIP, including but not limited to change in the allocation for procurement of plant and machinery, effecting change in the amounts meant for expenditure or in the schedule or rescheduling of deployment of funds for purposes other than those contained in the Letter of Offer, allocation for plant and machinery other than those identified in the Letter of Offer, use of funds for working capital requirements, as the case may be. This will help the management to deploy funds where there is feasibility of generating good profits in the long run.

Further, the management also wishes to modify and add interim use of funds as stated on page No. 18 of the Letter of offer by keeping funds in cash credit accounts of the Company pending utilisation of these funds thereby saving costs on borrowing funds.

While the management would make all efforts as far as possible to fund growth opportunities from such means of finance as are available to the Company and at the discretion of the management, however, management would like to have flexibility to use the unutilised portion of NIP for purposes other than that mentioned in the Letter of Offer in the best interests of the Company and that of its Members.

Section 61 of the Companies Act, 1956 provides that the company shall not vary the terms referred to in the Letter of Offer document except subject to the approval of, or except on authority given by the company in a general meeting. Accordingly, approval of the members is sought to the Special Resolution as more particularly stated in the resolution set out in Item No. 1 of the accompanying Notice in order to confer authority in favour of the Board for utilisation of the unutilised portion of the NIP for purposes other than those stated in the Letter of Offer.

Your Directors therefore recommend the resolution as proposed at Item No. 1 in the Notice for approval of the Members as Special Resolution.

None of the Directors is, in any way, concerned or interested in the said resolution.

**By Order of the Board**

**Ratnakar Nawghare**  
Company Secretary

**Registered Office:**

Plot No.H-109, MIDC Ambad,  
Nashik- 422 010

2<sup>nd</sup> May, 2013

## DIRECTORS' REPORT

Your Directors are pleased to present the 31<sup>st</sup> Annual Report on business and operations of your Company alongwith the audited financial statements and accounts for the year ended 31<sup>st</sup> March, 2013.

## FINANCIAL HIGHLIGHTS

(Rs. in lacs)

	For the Year ended 31 <sup>st</sup> March, 2013	For the Year ended 31 <sup>st</sup> March, 2012
Turnover (Net)	16140.80	12507.31
Other Income	276.02	209.75
	16416.82	12717.06
Profit/(Loss) Before Interest, Depreciation & Tax	1035.15	1198.38
Finance cost	246.37	288.60
Depreciation	254.57	193.64
Profit / (Loss) Before Tax	534.21	716.14
Provision for Tax	—	(50.05)
Profit /(Loss) After Tax	534.21	666.09
Less : Transfer to Debenture Redemption Reserve	—	52.00
	534.21	614.09
Add : Balance Brought Forward	(2390.67)	(3004.76)
Deficit Carried to the Balance Sheet	(1856.46)	(2390.67)

\* Figures have been regrouped wherever necessary.

## Operations and Financial Overview

During the year under review, your Company's sales turnover was at Rs. 16140.8 lacs (Net) as compared to Rs.12507.3 lacs (Net) for the previous year reflecting a growth of 29%. The Profit Before Tax was at Rs. 534.2 lacs vs. Rs. 716.1 lacs in the previous year. The Profit After Tax was at Rs. 534.2 lacs vs. Rs. 666.01 lacs in the previous year.

The year under review has been very challenging for the Company. While your Company has succeeded in sustaining growth in turnover, the margins have been affected due to higher raw material cost, rising inflationary pressures and stagnant or reduced selling prices determined by State Governments. In spite of gains in operating efficiency, quality improvement, yield and operational cost reduction, the margins have been under acute pressure.

## Dividend

Your Directors do not recommend any dividend considering the need to augment resources for operational purposes.

## Management Discussion and Analysis Report

A detailed analysis of the Company's performance is discussed in the Management Discussion and Analysis Report, which forms part of this Annual Report.

## Corporate Governance

Your Company believes in sound practices of good Corporate Governance. Transparency, Accountability and Responsibility are the fundamental guiding principles for all decisions, transactions and policy matters of the Company. A Report on Corporate Governance alongwith a certificate from the Statutory Auditors of the Company regarding compliance of conditions of Corporate Governance as stipulated under Clause 49 of the Listing Agreement, forms part of this Annual Report.

## Rights Issue of Shares

During the year under review, the Company allotted 1,03,58,199 Equity shares at a price of Rs. 40 per share (including a premium of Rs. 30/- per share) in the ratio of 3 equity shares for every 5 equity shares to existing shareholders, resulting in total issue size of Rs. 41.43 crores.

## Stock Options

During the year under review, 9000 Stock Options got vested in terms of EPC Industrié Limited Employees Stock Option Scheme - 2010 and were exercised immediately after vesting. Accordingly, the Company made the allotment of 9000 Equity Shares on 22<sup>nd</sup> November, 2012 against these options exercised by the employees.

Details required to be provided under the Securities and Exchange Board of India (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999 are set out in Annexure I to this Report.

## Share Capital

During the year, due to allotment of 1,03,58,199 equity shares through the Rights Issue and of 9000 equity shares on exercising of Stock Options by employees, the total paid up equity share capital of the Company increased from 1,72,63,665, shares of Rs. 10/- each to 2,76,30,864 equity shares of Rs 10/- each. The said equity shares have been listed on the Bombay Stock Exchange Limited and they rank *pari passu* with the existing equity shares in all respects.

Accordingly, the Paid-up Share Capital of the Company stood at Rs. 27,63,08,640 divided into 2,76,30,864 equity shares of Rs. 10/- each as on 31<sup>st</sup> March, 2013.

## Holding Company

The promoters of the Company i.e. Mahindra and Mahindra Limited hold (M & M) 1,51,44,433 equity shares which represents 54.81 percent of the total paid up capital of the Company. Your Company continues to be a subsidiary company of M & M.

## Industrial relations

The industrial relations continue to be peaceful and cordial at all levels. The Directors wish to place on record their sincere appreciation of the Company's employees at all levels. The Company's consistent growth is made possible by their hard work solidarity, co-operation and support.

The Management Discussion and Analysis Report gives an overview of the developments in Human Resources / Industrial Relations during the year.

### **Safety, Health and Environmental Performance**

Your Company's commitment towards safety, health and environment is being continuously enhanced and your Company encourages involvement of all its employees in activities related to safety, including promotion of safety standards.

During the year under review, no major accidents occurred. The Safety Committee regularly reviews the adherence of safety norms. Some of the programmes undertaken by the Company such as the behaviour based safety training, Knowledge based fire extinguisher training, Fire fighting training and safety awareness have resulted in the reduction of number of accidents.

Various health checkup programmes for employees were regularly undertaken by the Company during the year.

Requirements relating to various environmental legislations and environment protection have been duly complied by your Company.

### **Directors**

Mr. S. Durgashankar and Mr. Nikhilesh Panchal, retire by rotation and, being eligible, have offered themselves for reappointment.

### **Directors' Responsibility Statement**

Pursuant to section 217(2AA) of the Companies Act, 1956, your Directors, based on the representations received from the Operating Management, and after due enquiry, confirm that:

- (i) in the preparation of the annual accounts, the applicable Accounting Standards have been followed;
- (ii) they have, in the selection of the accounting policies, consulted the Statutory Auditors and these have been applied consistently and reasonable and prudent judgments and estimates have been made so as to give a true and fair view of the state of affairs of the Company as at 31<sup>st</sup> March, 2013 and of the profit of the Company for the year ended on that date;
- (iii) 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 fraud and other irregularities;
- (iv) the annual accounts have been prepared on a Going Concern basis.

### **Auditors**

The Auditors, Messrs. Deloitte Haskins & Sells, Chartered Accountants, Baroda holds office until the conclusion of the ensuing Annual General Meeting. The Auditors are eligible for reappointment under Section 224(1B) of the Companies Act, 1956 and have furnished a certificate to this effect. The Directors recommend their reappointment as Auditors of the Company upto the conclusion of the next Annual General Meeting.

### **Cost Auditors**

The Company had filed the Certificate of Compliance of Cost Records as per the Companies (Cost Accounting Records) Rules, 2011 pertaining to the financial year 2011-12 before the due date of filing.

Pursuant to section 233B of the Companies Act, 1956, the Board of Directors, on the recommendation of the Audit Committee appointed M/s Shilpa & Company, Cost Accountants, as the Cost Auditors of the Company for the financial year 2013 -14. M/s. Shilpa & Company have confirmed that their appointment, is within the limits of section 224(1B) of the Companies Act, 1956 and have also certified that they are free from any disqualification specified under section 233B(5) read with Section 224 and sub section (3) or sub section (4) of section 226 of the Companies Act, 1956.

The Audit Committee has also received a Certificate from the Cost Auditor certifying their independence and arm's length relationship with the Company.

### **Public Deposits & Loans / Advances**

During the year, in order to meet working capital requirements, the Fixed Deposit Scheme was launched by the Company pursuant to the provisions of the Companies (Acceptance of Deposits) Rules, 1975 and collected Rs. 1166.68 lacs from public, shareholders and employees of the Company. Your Company has also not made any loans or advances, which are required to be disclosed in the Annual Accounts of the Company pursuant to the Clause 32 of the Listing Agreement.

### **Energy Conservation and Technology Absorption and Foreign Exchange Earnings and Outgo**

Particulars required to be disclosed under the Companies Act, 1956 read with the Companies (Disclosure of Particulars in the Report of Board of Directors) Rules, 1988 are set out in Annexure II to this Report.

### **Particulars of Employees**

The Company had no employee, who was employed throughout the financial year and was in receipt of remuneration of not less than Rs. 60,00,000 per annum during the year ended 31<sup>st</sup> March, 2013 or was employed for a part of the financial year and was in receipt of remuneration of not less than Rs. 5,00,000 per month during any part of the year.

### **Acknowledgements**

Your Directors take this opportunity to place on record their sincere appreciation for the co-operation and continued support received from customers, vendors, suppliers, bankers, business associates and shareholders.

For and On behalf of the Board

**Ashok Sharma**  
Executive Director & CEO

**S. Durgashankar**  
Director

Place : Mumbai  
Dated : 2<sup>nd</sup> May, 2013



## Annexure - I To The Directors' Report for the year ended 31<sup>st</sup> March, 2013

Information to be disclosed under the Securities and Exchange Board of India (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999:

### EPC Industrié Limited Employees Stock Option Scheme - 2010

(a) Options granted	60,500						
(b) The pricing formula	The Stock Options are granted at a fixed price of Rs. 35.00 per share.						
(c) Options vested	18,500						
(d) Options exercised	18,500						
(e) The total number of shares arising as a result of exercise of option	18,500						
(f) Options lapsed	27,250						
(g) Variation of terms of options	Nil						
(h) Money realised by exercise of options	Rs. 6,47,500						
(i) Total number of options in force	14,750						
(j) Employee wise details of options granted to							
(i) Senior managerial personnel	Options Granted # 1) Mr. Vinayak Patil- Director 10,000 * Further details are given at the end of this annexure.						
(ii) Any other employee who receives a grant in any one year of option amounting to 5% or more of option granted during that year	Mr. A R Kshirsagar 6500 ** Mr. K G Soman 5000 Mr. P. Ravi 5000 ** Resigned w.e.f. 31 <sup>st</sup> December, 2012						
(iii) Identified employees who were granted option, during any one year, equal to or exceeding 1% of the issued capital (excluding outstanding warrants and conversions) of the company at the time of grant	Nil						
(k) Diluted Earnings Per Share (EPS) pursuant to issue of shares on exercise of option calculated in accordance with Accounting Standard (AS) 20 'Earnings Per Share	Rs. 2.01						
(l) Where the company has calculated the employee compensation cost using the intrinsic value of the stock options, the difference between the employee compensation cost so computed and the employee compensation cost that shall have been recognized if it had used the fair value of the options, shall be disclosed. The impact of this difference on profits and on EPS of the company shall also be disclosed	The Company has calculated the employee compensation cost, using the intrinsic value of stock options. Had the fair value method been used, in respect of stock options granted under the Employees Stock Option Scheme, 2010, the employee compensation would have been higher by Rs.0.66 lacs, Profit after Tax lower by Rs.0.66 lacs and the basic and diluted earnings per share would have been lower by Rs. Nil and Rs. 0.01 respectively						
(m) Weighted-average exercise prices and weighted-average fair values of options shall be disclosed separately for options whose exercise price either equals or exceeds or is less than the market price of the stock	<table border="1"> <thead> <tr> <th>Options Grant Date</th> <th>Exercise Price (Rs.)</th> <th>Fair Value (Rs.)</th> </tr> </thead> <tbody> <tr> <td>19<sup>th</sup> November, 2010</td> <td>35.00</td> <td>41.84</td> </tr> </tbody> </table>	Options Grant Date	Exercise Price (Rs.)	Fair Value (Rs.)	19 <sup>th</sup> November, 2010	35.00	41.84
Options Grant Date	Exercise Price (Rs.)	Fair Value (Rs.)					
19 <sup>th</sup> November, 2010	35.00	41.84					
(n) A description of the method and significant assumptions used during the year to estimate the fair values of options, including the following weighted-average information: (i) risk-free interest rate (ii) expected life (iii) expected volatility, (iv) expected dividends and (v) the price of the underlying share in market at the time of option grant.	The fair value of the Stock Options granted on 19 <sup>th</sup> November, 2010 have been calculated using Black-Scholes Options Pricing Formula and the significant assumptions made in this regard are as follows: 7.65% 3.50 years 58.12% Nil, as the Company has not declared any dividend. Rs. 64						

# Out of 4 equal installments, 2 installments have been exercised.

\* Grant Date – 19<sup>th</sup> November, 2010

Vesting Period – Four equal installments, in November 2011, 2012, 2013 and 2014 respectively.

Exercise Period – Within two years from the date of vesting.

Exercise Price - Rs. 35 per Share

## Annexure - II To The Directors' Report for the year ended 31<sup>st</sup> March, 2013

PARTICULARS AS PER THE COMPANIES (DISCLOSURE OF PARTICULARS IN THE REPORT OF THE BOARD OF DIRECTORS) RULES, 1988 ("THE RULES") AND FORMING PART OF THE DIRECTORS' REPORT FOR THE YEAR ENDED 31<sup>ST</sup> MARCH, 2013

### A. Conservation of Energy

Your Company has always been giving priority to the conservation of energy and technology upgradation. To conserve energy and reduce energy cost, various initiatives were taken during the year.

#### (a) Energy Conservation measures taken:

- New designed extruders and downstream equipment for higher output in place of old one.
- Power factor is being maintained at unity.
- Improvement in productivity and savings in power consumption due to in-house technological innovations.
- Installation of newly designed moulds and high speed machines.
- Continuous raw material supply for higher productivity.
- Continuous improvements within production area, efficient production planning and improved preventive maintenance resulting into higher up time.

#### (b) Additional investments and proposals, if any, being implemented for reduction of consumption of energy:

The Company is in the process of acquiring new equipment for new generation technology of Micro Irrigation Systems. This will help in reduction of consumption of energy.

#### (c) Impact of the measures at (a) & (b) above for reduction of energy consumption and consequent impact on the cost of production of goods:

These measures have resulted in increase in productivity and savings in energy cost to the Company.

#### (d) Total energy consumption and energy consumption per unit of production as per Form-A of the Annexure below:

#### FORM – A

A. Power and Fuel Consumption	2012-13	2011-12
<b>1. Electricity</b>		
(a) Purchased Units (Kwh) (in Lacs)	<b>42.40</b>	56.38
Amount (Rs. / lacs)	<b>337.81</b>	383.59
Average Rate (Rs. / Unit)	<b>7.97</b>	6.80
(b) Own Generation	<b>Nil</b>	Nil
(i) Through Diesel Generator Units	—	—
Units Per Ltr. of diesel oil Cost/unit		
(ii) Through steam turbine Generator Units	—	—
Units Per Ltr. of diesel oil Cost/units		
<b>2. Coal (Specify quality &amp; where used)</b>	<b>Nil</b>	Nil
Quantity	—	—
Total Cost	—	—
Average rate	—	—

<b>3. Furnace Oil</b>	<b>Nil</b>	<b>Nil</b>
Quantity (K.Ltrs)	—	—
Total Amount	—	—
Average rate	—	—
<b>4. Others/internal generation</b>	<b>Nil</b>	<b>Nil</b>
Quantity	—	—
Total cost	—	—
Rate /unit	—	—
<b>B. Consumption</b>		
Electricity (Units/MT Production)	<b>753</b>	<b>742</b>
Furnace Oil	—	—
Coal	—	—
Others	—	—

#### **B. Technology Absorption**

Research & Development (R&D)

- (1) Specific Areas in which R&D is carried out by the Company: Nil
- (2) Benefits derived as a result of above R&D: N.A.
- (3) Future plan of Action: The Company is in the process of introducing New Generation Micro Irrigation Technology.

(4) Expenditure of R&D: (Rs. in Thousands)

(a) Capital Expenditure	Nil
(b) Revenue Expenditure	132
(c) Total	132
(d) Total R&D expenditure as a % of total turnover	0.01

#### **C. Foreign Exchange Earnings & Outgo**

The Company is exploring possibilities of exporting its products to overseas markets.

Particulars with regard to foreign exchange earned and outgo are given in the notes to accounts.

For and On behalf of the Board

**Ashok Sharma**  
Executive Director & CEO

**S. Durgashankar**  
Director

Place : Mumbai

Dated : 2<sup>nd</sup> May, 2013

## MANAGEMENT DISCUSSION AND ANALYSIS

### Overview

Water scarcity, food security and other water-related environmental and ecological problems have been increasing rapidly in many areas of the world. "The real crisis in water is a 'creeping crisis' — it comes on slowly but it demands a response right now." Sustainable development — that is, development that meets the needs of the present without compromising the ability of future generations to meet their own needs — is a concept that has gained popularity. Increasingly, researchers and policymakers are advocating sustainable development as the best approach to today's and future water problems.

For water resources management, sustainability implies a notion of equilibrium that simultaneously satisfies water demands and the preservation of the water resources system. Irrigation uses the largest fraction of water in almost all countries.

In view of the water availability for future, a number of demand management strategies and programme were introduced to improve water use efficiency. Micro Irrigation (MI) was one of them. Under Micro Irrigation, the water supply is regulated and only desired quantity of water is provided to the plant. The initial objective of micro irrigation was primarily to save water and increase the water use efficiency. However, over the period micro irrigation has proved that it delivers many other economic and social benefits to the society. While increasing the productivity of crops significantly, it also reduces soil erosion, weed problems, cost of cultivation, labour, energy use, wastage of fertilizer/nutrient loss etc.

### Industry Structure and Developments

Micro irrigation system is one of the fastest growing segments in irrigation system market. Micro irrigation systems are classified as Drip Irrigation and Sprinkler Irrigation System.

Micro irrigation systems are mainly segmented further on the basis of applications such as agriculture micro irrigation, landscaping irrigation and green house micro irrigation systems. Among all the irrigation methods, the drip irrigation is the most efficient and it can be practised in a large variety of crops, especially in vegetables, orchard crops, flowers and plantation crops. Micro irrigation systems plays important role in order to maintain internal climate in green house application. Sprinkler irrigation is widely used in agriculture and landscaping to cover large area for irrigation.

The MI Industry is also broadly divided into organized and unorganized segment and your Company is one of the major player in the organized sector.

In view of the successful implementation of the mega MI projects presently under implementation in Gujarat, Andhra Pradesh and Tamil Nadu, the other States are also exploring the same drive to encourage farmers to use micro irrigation systems. This provides for ample opportunities to the industry players.

The Company has also entered in the Agricultural Pumps business that requires state-of-the-art technical knowledge and service. The Company expects to generate major revenues in the years to come.

### Opportunities and Outlook

The problem of water scarcity is rampant globally, creating the urgent need for water conservation. The use of micro irrigation systems is expected to result in increased crop yields in terms of volume and quality. The other important benefits of using micro irrigation systems include expansion in the area under irrigation, water conservation, optimum use of fertilizers and chemicals through water and decreased labour costs among others. The worldwide population is increasing at a rapid rate and it is imperative that food supply keeps pace with this increasing population. Agriculture industry is adversely affected by a significant decrease in the ground water levels; hence, there is a need to locate efficient ways of supplying water to meet agricultural needs and conserve water for future use. Micro irrigation systems are the best option to achieve this purpose.

Micro irrigation is the fastest growing market segment in terms of both revenue and area with 20% CAGR in terms of revenue. The growth of this market is fueled by the government initiatives for adoption of micro irrigation systems in order to conserve water for future use. The growth of micro irrigation systems is particularly higher in Asia Pacific and Africa due to the increased problems of water scarcity and farmer awareness towards increasing the crop yield with the help of micro irrigation systems. Out of the total 69 million hectares of cultivated area in India, only 5 million hectares is under drip and sprinkler irrigation. This represents strong potential for the growth of micro irrigation systems in India.

Crop protection expense is the second highest expense after fertilizers in overall farming expenses. These expenses can be considerably reduced with fertigation technique incorporated with micro irrigation systems and has proved to be winning importance for the expansion of micro irrigation systems.

### Operations and Financial Performance

The Company is one of the pioneer companies manufacturing Micro Irrigation Systems (MIS) consisting of Drip and Sprinkler Irrigations.

During the year 2012-13, your Company achieved Sales Turnover of Rs. 161.41 crores as compared to Rs. 125.07 crores in the preceding year, reflecting an impressive growth of 29%. The major growth drivers are - introduction of new products, penetration in new markets, retail identity, value added services to end users etc. resulting into consistent growth momentum.

During the year under review, the Company has introduced range of Agricultural Pumps, Flat Drip Line Irrigation Systems, Thin Wall Flat Drip and Pressure Compensating Drip Line in its product range. This will give added advantage to cater to all demands of customer. In order to facilitate farmers in achieving

“Farm Tech Prosperity”, the Company started Agri Helpline to provide online support besides providing agronomical services to farmers to improve farm productivity. These value added services will certainly diversify more business opportunities and generate revenues in the years to come.

During the year under review, the Company has also initiated various techniques such as 1S 2S, Total Productive Maintenance (TPM), Continuous Improvement Team (CIT), Mahindra Yellow Belt Programme, Kaizen, Parivartan, Quality Parameters on all machines etc. These measures have amply demonstrated improvement in production efficiencies and reduction in rejections.

### **Risks, Concerns and Threats**

The major risks and threats to the Micro Irrigation industry are uneven distribution of rainfall, competition from unorganized sector, Government policies, constant fluctuation in polymer prices and drought like situation for consecutive years.

Seasonality is also another major concern for all irrigation companies as the major business originates from non-monsoon months. However, this concern gets addressed with the well spread operations in different States, where monsoon months vary, the Company’s operations are balanced to certain extent.

Long lead time in release of State subsidies requires more working capital for MI Industry. However, with the implementation of National Mission on Micro Irrigation by the Central Government, it is expected to bring uniformity in release of subsidies. Many States are exploring implementation of releasing subsidies online. Further, to increase affordability of MI systems, many MI manufacturers have introduced Thin Wall drip systems for farmers holding small land.

The demand of MI systems in agriculture will not diminish, it will indeed increase exponentially. Even though surface irrigation will still dominate as the primary irrigation method with the current trends, the area under micro-irrigation will continue to expand.

### **Internal Control Systems**

The Company has a well established and comprehensive internal control structure to ensure that all assets are safeguarded and protected against loss from unauthorized use. All transactions are correctly recorded and reported that the operations are conducted in an efficient manner. It also provides reasonable assurance regarding reliability of financial reporting. The constituent key risks of the internal control

systems are – review of business plan, identification of key risks and opportunities, well defined organisation structure, limits of financial authority and continuous identification of areas which requires strengthening of internal controls. The internal audits are conducted periodically covering major areas of business. The Reports of the Internal Auditors are reviewed by the Audit Committee of the Board. The Audit Committee discusses significant findings and corrective measures are initiated.

### **Human Resources**

The Company takes great pride in the commitment, competence and dynamism shown by its employees in all spheres of business. The Company continues to take initiatives to align its policies with the holding company and to meet the growing needs of the business. The Company also continues to attract and nurture fresh talent from leading agricultural colleges.

The Company has adopted the Balance Scorecard for performance evaluation and strategy deployment. All four aspects of the scorecard – financial perspective, customer perspective, internal business process and innovation and learning - have been formally communicated across all employees till officer level. This has ensured maintaining balance across multiple dimensions of performance of employees.

Human resources initiatives such as skill level upgradation, training, appropriate reward & recognition systems and productivity improvement are the key focus areas for development of the employees of the Company.

The Company continues to maintain its unique track record of industrial harmony. As we look ahead we are confident that our strong, positive people philosophy and practices will make us a preferred destination for talent.

As on 31<sup>st</sup> March, 2013, the total number of employees of your Company was 334.

### **Cautionary Note**

The Management hereby cautions that this Discussion and Analysis contain forward looking statements that involve risks and uncertainties. Actual results, performance or achievements and risks and opportunities could differ materially from those expressed or implied in this statement. This statement may be read in conjunction with the Company’s financial statements and the Notes thereto.

## REPORT ON CORPORATE GOVERNANCE

The Company is committed to maintain the highest standards of corporate governance. The Directors adhere to the requirements set out by the Securities and Exchange Board of India's Corporate Governance Practices and have implemented all the stipulations prescribed.

A detailed report on corporate governance pursuant to the requirements of clause 49 of the listing agreement forms part of the Annual Report. A certificate from the statutory auditors of the Company, confirming compliance of conditions of Corporate Governance as stipulated under clause 49 of the Listing Agreement and other applicable provisions of the Companies Act, 1956 is annexed.

### I. BOARD OF DIRECTORS

The composition of the Board of Directors is in compliance with the provisions of the Listing Agreement and the Companies Act, 1956. The Board consists of Executive Director & CEO and four Non-Executive Directors. The number of Non-executive Directors comprising three Independent Directors is more than one-half of the total number of Directors. All the Directors have made necessary disclosures under Corporate Governance norms and the provisions of the Companies Act, 1956. The Board reviews and approves strategy and oversees the actions and results of management to ensure that the long term objectives of enhancing stakeholders' value are met.

Apart from reimbursement of expenses incurred in the discharge of their duties and the remuneration that a Director may receive for professional services rendered to the Company through a firm in which he is a partner, none of the Independent Directors have any material pecuniary relationships or transactions with the Company, its Promoters, its Directors, its Senior Management or its Associates which in their judgment would affect their independence. None of the Directors of the Company are inter-se related to each other.

Professional fees for the year under review to Khaitan & Co., Advocate & Solicitors, in which Mr. Nikhilesh Panchal, Non-Executive and Independent Director is a partner, amounts to Rs. 16.52 lacs ( including out of pocket expenses).

The Senior Management personnel have made disclosures to the Board confirming that there are no material, financial and / or commercial transactions between them and the Company, which could have potential conflict of interest with the Company at large.

#### A. Composition of the Board

Currently, the Board comprises of five Directors. The names and categories of Directors, the number of Directorships and Committee positions held by them in the companies are given below. None of the Directors on the Board is a Member of more than 10 Committees and Chairman of more than 5 Committees (as specified in Clause 49 of the Listing Agreement), across all the Companies in which he is a Director.

Sr. No.	Directors	Category	Total Number of Directorships of public companies <sup>#</sup> , Committee Chairmanships and Memberships, as on 31 <sup>st</sup> March, 2013.		
			Directorships <sup>§</sup>	Committee Chairmanships <sup>+</sup>	Committee Memberships <sup>+</sup>
	<b>EXECUTIVE</b>				
1	Mr. Ashok Sharma Executive Director & CEO	Related to Promoter	2	—	2
	<b>NON-EXECUTIVE</b>				
2	Mr. Vinayak Patil	Independent	1	2	—
3	Mr. S. Durgashankar	Related to Promoter	1	—	1
4	Mr. Nikhilesh Panchal	Independent	3	—	3
5	Mr. Anand Daga	Independent	1	—	1

# Excludes private limited companies.

§ Includes Directorship in EPC Industrié Limited

+ Committees considered are Audit Committee and Shareholders/Investors Grievance Committee, including that of EPC Industrié Limited.

### B. Board Procedure

A detailed Agenda folder, alongwith necessary supporting papers are sent to each Director in advance of the Board meetings and to the concerned Directors of the Committee Meetings. To enable the Board to discharge its responsibilities effectively, the Executive Director & CEO appraises the Board at every meeting of the overall performance of the Company. The Board also *inter alia* reviews strategy and business plans, annual operating and capital expenditure budgets, compliance reports of

all laws applicable to the Company as well as steps taken by the Company to rectify instances of non-compliances, review of major legal issues, adoption of quarterly/half yearly/ annual results, significant labour issues, major accounting provisions and write-offs, minutes of meetings of the Audit and other Committees of the Board.

**C. Number of Board Meetings, Attendance of the Directors at Meetings of the Board and at the Annual General Meeting.**

The Board meets atleast once in a quarter to consider among other business, quarterly performance of the Company and the financial results. During the financial year under review, Six Board Meetings were held on the following dates – 13<sup>th</sup> April, 2012, 2<sup>nd</sup> May, 2012, 9<sup>th</sup> August, 2012, 22<sup>nd</sup> October, 2012, 25<sup>th</sup> January, 2013 and 25<sup>th</sup> February, 2013 . The gap between two Meetings did not exceed four months. These meetings were well attended. The 30<sup>th</sup> Annual General Meeting of the Company was held on 1<sup>st</sup> August, 2012.

The attendance of the Directors at these meetings is as under:

Directors	Number of Board Meetings Attended	Attendance at the AGM
Mr. Ashok Sharma	6	Yes
Mr. Vinayak Patil	6	Yes
Mr. S. Durgashankar	6	Yes
Mr. Nikhilesh Panchal	5	Yes
Mr. Anand Daga	6	Yes

**D. Directors seeking appointment/re-appointment**

M/s. S. Durgashankar and Nikhilesh Panchal retire by rotation and, being eligible, have offered themselves for re-appointment.

Brief resume of these Directors are presented below:

**1) MR. S. DURGASHANKAR**

Mr. S. Durgashankar has a Bachelor’s Degree in Commerce and is a Member of the Institute of Chartered Accountants of India, New Delhi. Mr. S. Durgashankar is currently Executive Vice President for Mergers and Acquisitions and Secretarial of Mahindra & Mahindra Ltd., and has rich experience of over 30 years in the areas of Investment Banking, International Investor Relations, Treasury, Project Evaluation & Risk Assessment and Restructuring of Sick Industrial Enterprises.

Mr. S. Durgashankar is on the Board of following Companies:

- i) Mahindra BPO Services Private Limited
- ii) Mahindra Namaste Private Limited
- iii) Mahindra Navistar Automotives Limited\*
- iv) Mahindra Navistar Engines Private Limited\*

Mr. S Durgashankar is the member of Audit Committee and Remuneration/Compensation Committee of the Company.

Mr. S. Durgashankar does not hold any shares in the Company.

\* Appointed as on 26<sup>th</sup> April, 2013

**2) MR. NIKHILESH PANCHAL**

Mr. Panchal is currently working as a Partner in Khaitan & Company, Solicitors and Advocates, Mumbai. Mr. Panchal has a Bachelor’s Degree in Commerce and Law and has done Master’s Degree in Law (L.L.M.) and he is a Solicitor. Mr. Panchal has rich experience in acquisitions, takeover and mergers, foreign collaborations and joint venture transactions. He also has expertise on procedures under Foreign Exchange Management Act, 1999 and Corporate Law, intellectual property rights, commercial litigations. He has also been involved in contract negotiations and regularly advises on structuring, acquisitions, joint ventures and corporate and commercial matters.

Mr. Nikhilesh Panchal is on the Board of following Companies:

- i) Mahindra Forgings Limited
- ii) Mahindra Ugine Steel Co. Limited

Mr. Nikhilesh Panchal is the member of Shareholders/ Investors Grievance Committee of the Company.

Mr. Panchal does not hold any shares in the Company.

**E. Code of Conduct**

Your Company had adopted Code of Ethics (“Code”) recommended by Bombay Chamber of Commerce and Industry for its Directors and Senior Management personnel and employees. The Code of Ethics has been posted on the Company’s website [http:// www. epcind. com](http://www.epcind.com). This Code enunciates the underlying principles governing the conduct of the business and seeks to reiterate the fundamental precept that good governance must and would always be an integral part of the Company’s culture.

All Board Members and Senior Management Personnel have affirmed compliance with the Code. A declaration signed by Executive Director and CEO is enclosed at the end of this Report.

**F. CEO/CFO Certification**

As required under clause 49 V of the Listing Agreement with the Stock Exchange, the Executive Director & CEO and the General Manager-Finance and Accounts of the Company have certified to the Board regarding the Financial Statements for the year ended 31<sup>st</sup> March, 2013.

**G. Uses & Application of Funds raised under Rights Issue**

During the year under review, the Company had allotted 1,03,58,199 equity shares at a price of Rs. 40 per share (including a premium of Rs. 30/- per share) resulting in total issue size of Rs. 41.43 crores under the Rights Issue.

The uses and application of funds raised under Rights Issue are given in Note No. 27.7 of Notes to the Financial Statement.

**II. Remuneration to Directors**

**A. Remuneration Policy**

While deciding on the remuneration for Directors, the Board, Remuneration / Compensation Committee ("Committee") considers the performance of the Company, the current trends in the industry, the qualification of the appointee(s), their experience, past performance and other relevant factors. The Board / Committee regularly keeps track of the market trends in terms of compensation levels and practices in relevant industries. This information is used to review the Company's remuneration policies.

**B. Remuneration to Directors**

On 1<sup>st</sup> October, 2011, Mr. Ashok Sharma was appointed as Whole Time Director of the Company for a period of three years and designated as Executive Director and CEO, without remuneration.

**Note :**

1. The Non-executive Directors are paid sitting fees of Rs. 20,000 for attending the meeting of the Board of Directors. The sitting fees paid to Non-Executive Directors for the year ended 31<sup>st</sup> March, 2013 alongwith their shareholdings are as under:

Directors	Sitting Fees for the Board Meetings paid during the year ended 31 <sup>st</sup> March, 2013 (Rs. in Lacs)	No. of Ordinary (Equity) Shares held as on 31 <sup>st</sup> March, 2013
Mr. Ashok Sharma	Nil	Nil
Mr. Vinayak Patil	0.80	12,700
Mr. S. Durgashankar	Nil	Nil
Mr. Nikhilesh Panchal	0.60	Nil
Mr. Anand Daga	0.80	Nil

Details of Options granted to the Directors including the vesting and exercise period, exercise price are given in Annexure I to the Directors' Report.

**III. Risk Management**

The assessment of various risks pertaining to the various aspects of business and the steps taken to mitigate risks is discussed in the meetings of the Board of Directors.

**IV. Committees of the Board**

**A. Audit Committee**

The Board of Directors of the Company has an Audit Committee which comprises Mr. Vinayak Patil as the Chairman of the Committee and Mr. S. Durgashankar and Mr. Anand Daga as other members of the Committee.

All the members of the Audit Committee possess strong accounting and financial management knowledge.

The Company Secretary is the Secretary of the Audit Committee.

The terms of reference of this Committee are very wide. The broad terms of reference of the Audit Committee include:

- Review of the Company's financial reporting process and its financial statements.
- Review of accounting and financial policies and practices.
- Review of the internal control and internal audit system.
- Discussing with statutory Auditors to ascertain any area of concern.

Generally all items listed in Clause 49 II (D) of the Listing Agreement are covered in the terms of reference. The Audit Committee has been granted powers as prescribed under Clause 49 II (C) of the Listing Agreement.

The Meetings of the Audit Committee are also attended by the Executive Director & CEO, representatives of the Statutory Auditors, General Manager – Finance & Accounts, Internal Auditor and the Company Secretary. The Chairman of the Audit Committee, Mr. Vinayak Patil was present at the 30<sup>th</sup> Annual General Meeting of the Company held on 1<sup>st</sup> August, 2012.

The Committee met five times during the year under review. The Committee Meetings were held on the following dates – 13<sup>th</sup> April, 2012, 2<sup>nd</sup> May, 2012, 9<sup>th</sup> August, 2012, 22<sup>nd</sup> October, 2012 and 25<sup>th</sup> January, 2013. The gap between two meetings did not exceed four months. The attendance at the Meetings is as under:

Members	Number of Meetings attended
Mr. Vinayak Patil	5
Mr. S. Durgashankar	5
Mr. Anand Daga	5

The Audit Committee also periodically reviews the uses/ applications of funds raised by the Company under Rights Issue of Shares.

**B. Remuneration / Compensation Committee**

The role of the Remuneration/ Compensation Committee is to review performance of the Executive Director and recommend to the Board the remuneration payable to



him and administering the Employees Stock Options Scheme. The Committee comprises Mr. Anand Daga as the Chairman of the Committee and Mr. S. Durgashankar and Mr. Vinayak Patil are the other members of the Committee. The Committee met once during the year 2012-13 and all the members have attended the Meeting.

### C. Shareholders/Investors Grievance Committee

The Company's Shareholders/Investors Grievance Committee functions under the Chairmanship of Mr. Vinayak Patil. Mr. Ashok Sharma and Mr. Nikhilesh Panchal are the other Members of the Committee. Mr. Ratnakar Nawghare, Company Secretary is the Compliance Officer of the Company.

The Shareholders/Investors Grievance Committee monitors redressal of complaints from the Shareholders. This Committee met four times during the year under review. The attendance at the Meetings is as under:

Members	Number of Meetings attended
Mr. Vinayak Patil	4
Mr. Ashok Sharma	4
Mr. Nikhilesh Panchal	3

During the year under review, there were six complaints received from the Shareholders, all of which have been attended to / resolved to date.

### V. Disclosures

#### A. Disclosure on materially significant Related Party transactions

During the financial year 2012-13 there was no materially significant transactions entered into between the Company and its Promoters, Directors or the Management etc. that may have potential conflict with the interest of the Company at large. Further details of related party transactions are given in Note No. 30 of Notes to the Financial Statement.

#### B. Disclosure of Accounting Treatment in preparation of Financial Statements

Your Company has followed the Accounting Standards laid down by The Companies (Accounting Standards) Rules, 2006 in preparation of its financial statements.

#### C. Code of Conduct for Prevention of Insider Trading

Pursuant to the Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 1992, as amended, the Company has formulated, adopted and implemented the Code of Conduct for prevention of Insider Trading.

The code lays down Guidelines, which advise designated employees on procedures to be followed and disclosures to be made, while dealing with shares of the Company and cautioning them of the consequences of violations.

Under the said Code, the Company has appointed Mr. Ratnakar Nawghare as the Compliance Officer. All Board members and Senior Management personnel have affirmed compliance with the Code.

### VI. Shareholder Information

#### 1. 31<sup>st</sup> Annual General Meeting

Date : 31<sup>st</sup> July, 2013

Time : 2.30 p.m.

Venue: Plot No. H-109, MIDC Ambad, Nashik - 422 010

#### 2. Dates of Book Closure

Dates of Book Closure for Annual General Meeting will be 25<sup>th</sup> July, 2013 to 31<sup>st</sup> July, 2013 (both days inclusive).

#### 3. Date of Dividend Payment

No dividend has been recommended for the Financial Year ended 31<sup>st</sup> March, 2013.

#### 4. Financial Year of the Company

The financial year covers the period from 1<sup>st</sup> April to 31<sup>st</sup> March.

Financial Reporting for:

Quarter ending

30<sup>th</sup> June, 2013 – Second week of August, 2013

Half-year ending

30<sup>th</sup> September, 2013 - Second week of November, 2013

Quarter ending

31<sup>st</sup> December, 2013 - Second week of February, 2014

Year ending

31<sup>st</sup> March, 2014 - End May, 2014

Note: The above dates are indicative.

#### 5. Registered Office

Plot No. H-109, MIDC Ambad, Nashik - 422 010

#### 6. Listing of Equity Shares on Stock Exchange

Your Company's Shares are listed on Bombay Stock Exchange Limited (BSE). The requisite listing fees have been paid in full to the Stock Exchange.

#### 7. A. Stock Code

1. Bombay Stock Exchange Limited (BSE): 523754

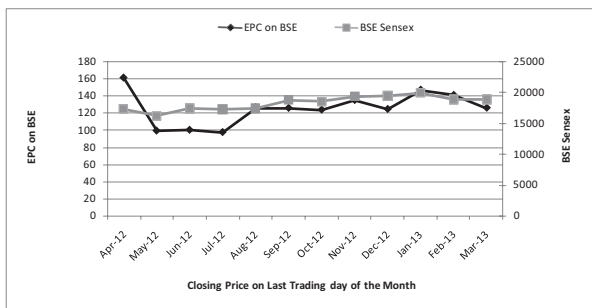
2. Demat International Securities Identification Number (ISIN) in NSDL and CDSL for Equity Shares: INE 215D01010.

**B. Corporate Identity Number:**

L25200MH1981PLC025731

**8. Stock Performance**

The performance of the Company's shares relative to the BSE Sensitive Index is given in the chart below:



**9. Stock Price Data of Equity Shares listed on Bombay Stock Exchange Limited:**

Month	High Rs.	Low Rs.
April, 2012	178.80	115.25
May, 2012	121.15	92.00
June, 2012	112.15	93.90
July, 2012	105.95	84.65
August, 2012	133.00	91.70
September, 2012	135.45	112.95
October, 2012	130.00	116.05
November, 2012	138.00	120.00
December, 2012	140.20	118.00
January, 2013	166.00	122.30
February, 2013	149.20	136.00
March, 2013	142.90	120.20

**10. Registrar and Transfer Agent**

Sharepro Services (India) Private Limited  
 Unit: EPC Industrié Limited  
 13AB, Samhita Warehousing Complex,  
 2nd Floor, Sakinaka Telephone Exchange Lane,  
 Off Andheri Kurla Road, Sakinaka,  
 Andheri (East), Mumbai – 400 072.  
 Tel. No. : +91-22-67720421/403 Fax: +91-22-28591568  
 Email : sharepro@shareproservices.com

**The Registrar and Transfer Agents also have an office at:**

Sharepro Services (India) Private Limited  
 912, Raheja Centre, Free Press Journal Road,  
 Nariman Point, Mumbai – 400 021.  
 Tel. No.: +91-22-22881568/69  
 Fax : +91-22-22825484.

**11. Share Transfer System**

Trading in Equity Shares of the Company through Bombay Stock Exchange is permitted only in dematerialized form.

Shares sent for transfer in physical form are registered and returned within a period of thirty days from the date of receipt of the documents, provided the documents are valid and complete in all respects.

The Board of Directors in FY 2011-12 had authorised Mr. Ashok Sharma, Executive Director and CEO to approve the share transfers, issue of duplicate shares etc. and the same gets confirmed by the Board in their subsequent meeting.

As of date, there are no pending share transfers pertaining to the year under review.

**12. Distribution of Shareholding as on 31<sup>st</sup> March, 2013:**

Shareholding	Shareholders		Shares	
	Number	% to total holders	Number	% to total capital
Upto 500	6,933	90.55	10,50,197	3.80
501 – 1,000	311	4.06	2,54,843	0.92
1,001 - 5,000	286	3.74	6,32,840	2.29
5,001 - 10,000	51	0.67	3,81,533	1.38
10,001– 1,00,000	58	0.76	19,53,241	7.07
1,00,001 & above	17	0.22	2,33,58,210	84.54
<b>TOTAL</b>	<b>7,656</b>	<b>100.00</b>	<b>2,76,30,864</b>	<b>100.00</b>

**Shareholding Pattern as on 31<sup>st</sup> March, 2013**

Category	No. of shares held	%
Promoters	1,51,44,433	54.81
Banks	200	0.00
Private Corporate Bodies	62,68,606	22.69
Indian Public	49,78,668	18.02
NRI/ OCBs / Others	12,38,957	4.48
<b>GRAND TOTAL</b>	<b>2,76,30,864</b>	<b>100.00</b>

**13. Dematerialisation of Shares**

96.96% of the paid-up Equity Share Capital is held in dematerialised form with National Securities Depository Limited and Central Depository Services (India) Limited as on 31<sup>st</sup> March, 2013. The Company's Shares are liquid and actively traded on the Bombay Stock Exchange Limited.

**14. Outstanding GDRs / ADRs / Warrants or any Convertible Instruments, Conversion date and likely impact on equity**

Nil

**15. Plant Locations**

Your Company's manufacturing facility is located at Plot No. H - 109, MIDC Ambad, Nashik- 422 010.

## 16. Address for correspondence

Shareholders may correspond with the Registrar and Transfer Agents at:

### Sharepro Services (India) Private Limited

Unit: EPC Industrié Limited  
13AB, Samhita Warehousing Complex,  
2nd Floor, Sakinaka Telephone Exchange Lane,  
Off. Andheri Kurla Road, Sakinaka,  
Andheri (East), Mumbai - 400 072.  
Telephone Nos.: +91-22-67720421/403  
Fax: +91-22-28591568  
Email: sharepro@shareproservices.com

for all matters relating to transfer/dematerialisation of shares and any other query relating to Equity Shares of your Company.

Your Company has also designated rvnawghare@epcind.com as an exclusive email ID for Investors for the purpose of registering complaints. Shareholders would have to correspond with the respective Depository Participants for Shares held in dematerialized form. For all investor related matters, the Company Secretary & Compliance Officer can be contacted at:

EPC Industrié Limited  
Plot No. H-109, MIDC Ambad, Nashik- 422 010.  
Telephone Nos.: +91-253-2381081 / 82  
Fax: +91-253-2382975  
email: rvnawghare@epcind.com  
Your Company can also be visited at its website: <http://www.epcind.com>

## VII. Other Disclosures

### 1. Details of General Meetings and Special Resolutions passed.

Year	Date	Time	Special Resolution passed
31 <sup>st</sup> March, 2010	Wednesday 21 <sup>st</sup> July, 2010	11.00 a.m.	For issue of equity shares to the employees of the Company under the Employees Stock Option Scheme of the Company under the provisions of Section 81(1A) of the Companies Act, 1956.
31 <sup>st</sup> March, 2011	Thursday 29 <sup>th</sup> September, 2011	2.30 p.m.	For Adoption of new sets of Articles of Association of the Company.
31 <sup>st</sup> March, 2012	Wednesday 1 <sup>st</sup> August, 2012	2.30 p.m.	For Amendments in the Articles of Association of the Company.

All the above Meetings were held at Plot No. H-109, MIDC Ambad, Nashik- 422 010.

Two Extra-ordinary General Meeting were held during the past 3 years, the details are as under :

Year	Date	Time	Special Resolution passed
31 <sup>st</sup> March, 2010	Sunday, 29 <sup>th</sup> November, 2009	11.30 a.m.	(i) Issue and allotment of shares upto 10 Lacs Equity Shares on Preferential basis to overseas investors and the Promoters Group under Section 81 (1A) of the Companies Act, 1956. (ii) Issue and allotment of shares upto 2 Lacs Equity Shares on Preferential basis to overseas investors under Section 81 (1A) of the Companies Act, 1956.
31 <sup>st</sup> March, 2011	Wenesday, 9 <sup>th</sup> March, 2011	11.30 a.m.	(i) For issue of 65,58,065 Equity Shares on Preferential basis to Mahindra and Mahindra Limited under Section 81 (1A) of the Companies Act, 1956. (ii) Adoption of new set of Articles of Association under Section 31 of the Companies Act, 1956.

The above meetings were held at the Registered Office of the Company at Plot No.H-109, MIDC Ambad, Nashik - 422 010.

### 2. Postal Ballot

The company had passed only one special Resolution in last three years through Postal Ballot.

In September 2012, the Company had obtained the approval of its Members under Section 192A of the Companies Act, 1956, pertaining to Amendment in object clause of Memorandum of Association pursuant to provisions of section 17 of the Companies Act, 1956. Presently, the Company does not have any proposal for passing the special resolution through postal ballot, at the ensuing Annual General Meeting.

#### Voting Pattern and Procedure for Postal Ballot:

- The Board of Directors of the Company had, at its meeting held on 9<sup>th</sup> August, 2012, appointed Mr. Vrushal Saudagar, M/s. Vrushal Saudagar & Company, Practising Company Secretaries, Nashik, as the Scrutinizer for conducting the postal ballot voting process.
- The Postal Ballot process was carried out in a fair and transparent manner. The postal ballot forms had been kept under the safe custody in sealed and tamper proof ballot boxes before commencing the scrutiny of such postal ballot forms.
- All postal ballot forms received up to the close of working hours on 22<sup>nd</sup> September, 2012 the last date and time fixed by the Company for receipt of the forms had been considered.

4. The results of the Postal Ballot were announced on 28<sup>th</sup> September, 2012 as per Clause 35A of the Listing Agreement as under:

Promoter / Public	No. of Shares Held	No. of Votes Polled	% of Votes Polled on Outstanding Shares (3)=[(2)/(1)]*100	No. of Votes - in favour	No. of Votes-against	% of Votes in favour on votes polled (6)=[(4)/(2)]*100	% of Votes against on Polled (7)=[(5)/(2)]*100
	(1)	(2)	(3)	(4)	(5)	(6)	(7)
Promoter and Promoter Group	15144433	15144433	100.00	15144433	0	100.00	0
Public - Institutional holders	200	0	0	0	0	0	0
Public-Others	12477231	3199638	25.644	3199468	170	100.00	0.005
<b>Total</b>	<b>27621864</b>	<b>18344071</b>	<b>66.411</b>	<b>18343901</b>	<b>170</b>	<b>99.999</b>	<b>0.001</b>

Accordingly, the Special Resolution indicated above was passed with requisite majority.

### 3. Details of non-compliance etc.

Your Company has complied with all the requirements of regulatory authorities.

During the last three years, there were no instances of non-compliance by the Company and no penalty or strictures were imposed on the Company by the Stock Exchange or SEBI or any statutory authority, on any matter related to the capital markets.

The Company and the erstwhile Promoter's group company had filed the consent application in FY 2011-12, in terms of SEBI circular No. EFD/ED/Cir-1/2007 seeking settlement for non-disclosure in respect of the transaction dated 31<sup>st</sup> March, 2003 and for delay in yearly disclosure as of 31<sup>st</sup> March, 2005, under Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 1997. Subsequent to the hearing at SEBI on 18<sup>th</sup> January, 2012, the Company and the erstwhile Promoters both have filed the revised consent application on 23<sup>rd</sup> January, 2012. The said application was rejected by the High Powered Advisory Committee and the intimation to this effect was received vide SEBI letter dated 5<sup>th</sup> September, 2012. The Company has approached SEBI with a request to close the matter related to the aforesaid Consent Application.

### 4. Means of Communication

The quarterly, half-yearly and yearly results are published in Business Standard, Free Press Journal & Navshakti which are national and local dailies respectively. These are not sent individually to the Shareholders. The Company's

results and official news releases are displayed on the Company's website <http://www.epcind.com>.

### 5. Management Discussion and Analysis Report

Management Discussion and Analysis Report (MDA) has been attached to the Directors' Report and forms part of this Annual Report.

### 6. Compliance with Mandatory requirements

Your Company has complied with the requirements of Clause 49 of the Listing Agreement relating to Corporate Governance.

### 7. Compliance with Non-Mandatory requirements:

#### a. Remuneration / Compensation Committee

Your Company has set up the Remuneration / Compensation Committee pursuant to Clause 49 of Listing Agreement.

#### b. Audit Qualifications

During the year under review, there is no audit qualification in your Company's financial statements. Your Company continues to adopt best practices to ensure unqualified financial statements.

Your Company has not adopted the other non-mandatory requirements as specified in Annexure I D of Clause 49.

Mumbai  
2<sup>nd</sup> May, 2013

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## DECLARATION BY THE EXECUTIVE DIRECTOR AND CEO UNDER CLAUSE 49 OF THE LISTING AGREEMENT

To

The Members of EPC Industrié Limited,

I, Ashok Sharma, Executive Director & CEO of EPC Industrié Limited declare that all the Members of the Board of Directors and Senior Management Personnel have affirmed compliance with the Code of Conduct for the year ended 31<sup>st</sup> March, 2013.

**Ashok Sharma**  
Executive Director & CEO

Mumbai,  
2<sup>nd</sup> May, 2013

## CERTIFICATE

TO

**THE MEMBERS OF  
EPC INDUSTRIÉ LIMITED,**

We have examined the compliance of the conditions of Corporate Governance by **EPC Industrié Limited** (“the Company”) for the year ended March 31, 2013, as stipulated in Clause 49 of the Listing Agreement of the said Company with the stock exchange in India.

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 and the representations made by the directors and the management, we certify that the Company has complied with the conditions of Corporate

Governance as stipulated in the above mentioned Listing Agreement.

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.

**For Deloitte Haskins & Sells**  
Chartered Accountants  
Firm Registration No.117364W

**Ketan Vora**  
Partner  
Membership Number: 100459

Mumbai, May 2, 2013

**INDEPENDENT AUDITORS' REPORT  
TO THE MEMBERS OF EPC INDUSTRIÉ LIMITED**

**Report on the Financial Statements**

We have audited the accompanying financial statements of **EPC Industrié Limited** ("the Company"), which comprise the Balance Sheet as at March 31, 2013, the Statement of Profit and Loss and the Cash Flow Statement for the year then ended, and a summary of the significant accounting policies and other explanatory information.

**Management's Responsibility for the Financial Statements**

The Company's Management is responsible for the preparation of these financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the Accounting Standards referred to in Section 211(3C) of the Companies Act, 1956 ("the Act") and in accordance with the accounting principles generally accepted in India. This responsibility includes the design, implementation and maintenance of internal control relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

**Auditors' Responsibility**

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with the Standards on Auditing issued by the Institute of Chartered Accountants of India. Those Standards require that we comply with the ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers the internal control relevant to the Company's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the Management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

**Opinion**

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid financial statements give the information required by the Act 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 March 31, 2013;
- (b) in the case of the Statement of Profit and Loss, of the profit of the Company for the year ended on that date; and
- (c) in the case of the Cash Flow Statement, of the cash flows of the Company for the year ended on that date.

**Report on Other Legal and Regulatory Requirements**

1. As required by the Companies (Auditor's Report) Order, 2003 ("the Order") issued by the Central Government in terms of Section 227(4A) of the Act, we give in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the Order.
2. As required by Section 227(3) of the Act, we report that:
  - (a) 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;
  - (b) in our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books;
  - (c) the Balance Sheet, the Statement of Profit and Loss and the Cash Flow Statement dealt with by this Report are in agreement with the books of account;
  - (d) in our opinion, the Balance Sheet, the Statement of Profit and Loss and the Cash Flow Statement comply with the Accounting Standards referred to in Section 211(3C) of the Act;
  - (e) on the basis of the written representations received from the directors as on March 31, 2013 taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2013 from being appointed as a director in terms of Section 274(1)(g) of the Act.

**For Deloitte Haskins & Sells**  
Chartered Accountants  
Firm Registration No. 117364W

**Ketan Vora**  
Partner  
Membership Number: 100459

Mumbai, May 2, 2013

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## ANNEXURE TO THE INDEPENDENT AUDITORS' REPORT

(Referred to in paragraph 1 under "Report on Other Legal and Regulatory Requirements" section of our Report of even date)

1. Having regard to the nature of the Company's activities during the year clauses (xiii) and (xiv) of the Order are not applicable to the Company.
  2. In respect of its fixed assets:
    - (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of the fixed assets.
    - (b) The fixed assets have not been physically verified by the management during the year but the Company has a system of verifying the fixed assets once in every three years. In our opinion, the frequency of verification is at reasonable intervals.
    - (c) The fixed assets disposed off during the year, in our opinion, do not constitute a substantial part of the fixed assets of the Company and such disposal has, in our opinion, not affected the going concern status of the Company.
  3. In respect of its inventories:
    - (a) As explained to us, the inventories were physically verified during the year by the Management at reasonable intervals.
    - (b) In our opinion and according to the information and explanations given to us, the procedures of physical verification of inventories followed by the Management were reasonable and adequate in relation to the size of the Company and the nature of its business.
    - (c) In our opinion and according to the information and explanations given to us, the Company has maintained proper records of its inventories and no material discrepancies were noticed on physical verification.
  4. The Company has neither granted nor taken any loans, secured or unsecured, to or from companies, firms or other parties covered in the Register maintained under Section 301 of the Act and accordingly the sub-clauses (a), (b), (c), (d), (e), (f) and (g) of clause (iii) of the Order are not applicable to the Company.
  5. In our opinion and according to the information and explanations given to us, there is an adequate internal control system commensurate with the size of the Company and the nature of its business for the purchase of inventory and fixed assets and for the sale of goods and services. During the course of our audit, we have not observed any major weakness in such internal control system.
  6. To the best of our knowledge and belief and according to the information and explanations given to us, there are no contracts or arrangements that need to be entered in the Register maintained in pursuance of Section 301 of the Act.
  7. In our opinion and according to the information and explanations given to us, the Company has complied with the provisions of Sections 58A, 58AA or any other relevant provisions of the Act and the Companies (Acceptance of Deposits) Rules, 1975 with regard to the deposits accepted from the public. According to the information and explanations given to us, no order has been passed by the Company Law Board or the National Company Law Tribunal or the Reserve Bank of India or any Court or any other Tribunal.
  8. In our opinion, the Company has an adequate internal audit system commensurate with the size and the nature of its business.
  9. We have broadly reviewed the cost records maintained by the Company pursuant to the Companies (Cost Accounting Records) Rules, 2011 prescribed by the Central Government under Section 209(1)(d) of the Act and are of the opinion that, prima facie, the prescribed cost records have been maintained. We have, however, not made a detailed examination of the cost records with a view to determine whether they are accurate or complete.
  10. According to the information and explanations given to us, in respect of statutory dues:
    - (a) The Company has generally been regular in depositing undisputed statutory dues, including Provident Fund, Investor Education and Protection Fund, Employees' State Insurance, Income Tax, Sales Tax, Wealth Tax, Service Tax, Customs Duty, Excise Duty, Cess and any other material statutory dues applicable to it with the appropriate authorities.
    - (b) There were no undisputed amounts payable in respect of Provident Fund, Investor Education and Protection Fund, Employees State Insurance, Income Tax, Sales Tax, Customs Duty, Wealth Tax, Service Tax, Excise Duty, Cess and other material statutory dues in arrears, as at March 31, 2013 for a period of more than six months from the date they became payable.
    - (c) Details of dues of Income Tax, Sales Tax, Customs Duty, Wealth Tax, Service Tax, Excise Duty and Cess which have not been deposited as on March 31, 2013 on account of disputes are given below:
-

Statute	Nature of Dues	Forum where Dispute is pending	Period to which the amount relates	Amount involved (Rs.)
Income Tax Act, 1961	Income Tax	Commissioner of Income Tax (Appeals)	FY 1992-93	2,366,859
		Asst. Commissioner of Income Tax	FY 2009-10	199,880
Central Excise Act, 1944	Excise Duty	Commissioner of Central Excise (Appeals)	FY 1996-97	3,576,000
		Commissioner of Central Excise	FY 1997-98	812,000
		Superintendent of Central Excise	FY 1998-99	3,556,000

11. The accumulated losses of the Company as at the end of the financial year are not more than fifty percent of its networth and the Company has not incurred cash losses during the financial year covered by our audit and in the immediately preceding financial year.
12. In our opinion and according to the information and explanations given to us, the Company has not defaulted in repayment of dues to banks, financial institutions and debenture holders.
13. In our opinion, the Company has not granted loans and advances on the basis of security by way of pledge of shares, debentures and other securities.
14. According to the information and explanations given to us, the Company has not given any guarantee for loans taken by others from banks or financial institutions.
15. In our opinion and according to the information and explanations given to us, the term loans have been

applied by the Company during the year for the purposes for which they were obtained, other than temporary deployment pending application.

16. In our opinion and according to the information and explanations given to us, and on an overall examination of the Balance Sheet of the Company, we report that funds raised on short-term basis have, *prima facie*, not been used during the year for long-term investment.
17. 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, 1956.
18. The Company has not issued any debentures and hence, the question of creation of security does not arise.
19. According to the information and explanations given to us and the records examined by us, the Management has disclosed the end use of money raised through Rights Issue in the Notes to the Financial Statements and we have verified the same.
20. To the best of our knowledge and according to the information and explanations given to us, no fraud by the Company and no material fraud on the Company has been noticed or reported during the year.

**For Deloitte Haskins & Sells**  
Chartered Accountants  
Firm Registration No. 117364W

**Ketan Vora**  
Partner  
Membership Number: 100459

Mumbai, May 2, 2013



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## CEO AND CFO CERTIFICATION

We, Ashok Sharma - Executive Director and CEO and Mayur Bumb, General Manager – Finance and Accounts, responsible for the finance function certify that:

- 1) We have reviewed the financial statements and the cash flow statement for the year ended 31st March, 2013 and that to the best of our knowledge and belief, We confirm that :
  - a) these statements do not contain any materially untrue statement or omit any material fact or contain statements that might be misleading;
  - b) these statements together present a true and fair view of the Company's affairs and are in compliance with existing accounting standards, applicable laws and regulations.
- 2) To the best of our knowledge and belief, no transactions entered into by the Company during the year ended 31st March, 2013 are fraudulent, illegal or violative of the Company's code of conduct/ethics.
- 3) We accept responsibility for establishing and maintaining internal controls for financial reporting and that we have evaluated the effectiveness of the internal control systems of the Company pertaining to financial reporting and we have disclosed to the Auditors and the Audit Committee,

deficiencies in the design or operation of internal controls, over financial reporting, if any, of which we are aware and the steps we have taken or propose to take to rectify these deficiencies.

- 4) We have indicated to the Auditors and the Audit Committee that:
  - i) there has not been any significant change in internal control over financial reporting during the year under reference;
  - ii) there has not been any significant change in the accounting policies during the year requiring the disclosure in the notes to the financial statements; and
  - iii) We are not aware of any instance during the year of significant fraud with involvement therein of the Management or any employee having a significant role in the Company's internal control system over financial reporting.

Mumbai

May 2, 2013

General Manager  
Finance & Accounts

Executive  
Director & CEO

**BALANCE SHEET AS AT MARCH 31, 2013**

Particulars	Note No.	As at March 31, 2013 Rupees	As at March 31, 2012 Rupees
<b>A. EQUITY AND LIABILITIES</b>			
<b>1. Shareholders' funds</b>			
(a) Share capital	2	276,328,140	172,656,150
(b) Reserves and surplus	3	779,334,464	425,890,706
		<u>1,055,662,604</u>	<u>598,546,856</u>
<b>2. Non-current liabilities</b>			
(a) Long-term borrowings	4	126,244,044	20,603,227
(b) Long-term provisions	5	5,819,701	5,672,137
		<u>132,063,745</u>	<u>26,275,364</u>
<b>3. Current liabilities</b>			
(a) Short-term borrowings	6	3,557,000	207,796,745
(b) Trade payables	7	164,790,675	153,259,462
(c) Other current liabilities	8	82,544,524	133,297,090
(d) Short-term provisions	9	5,622,084	6,448,298
		<u>256,514,283</u>	<u>500,801,595</u>
	<b>TOTAL</b>	<u><b>1,444,240,632</b></u>	<u><b>1,125,623,815</b></u>
<b>B. ASSETS</b>			
<b>1. Non-current assets</b>			
(a) Fixed assets			
(i) Tangible assets	10A	306,883,551	284,131,632
(ii) Intangible assets	10B	3,046,507	1,731,028
(iii) Capital work-in-progress		3,621,325	2,183,173
		<u>313,551,383</u>	<u>288,045,833</u>
(b) Non-current investments	11	55,000	80,850
(c) Deferred tax assets (net)	12	—	—
(d) Long-term loans and advances	13	57,464,452	50,795,891
		<u>371,070,835</u>	<u>338,922,574</u>
<b>2. Current assets</b>			
(a) Current investments	14	11,350	—
(b) Inventories	15	239,417,009	240,598,387
(c) Trade receivables	16	424,583,802	378,602,334
(d) Cash and cash equivalents	17	381,224,535	152,204,454
(e) Short-term loans and advances	18	23,545,887	13,317,353
(f) Other current assets	19	4,387,214	1,978,713
		<u>1,073,169,797</u>	<u>786,701,241</u>
	<b>TOTAL</b>	<u><b>1,444,240,632</b></u>	<u><b>1,125,623,815</b></u>

**See accompanying notes to the financial statements**

In terms of our report attached

**For Deloitte Haskins & Sells**

Chartered Accountants

**Ketan Vora**

Partner

For and on behalf of the Board of Directors

**Ashok Sharma**

Executive Director &amp; CEO

**S. Durgashankar****Nikhilesh Panchal****Anand Daga**

} Directors

**Mayur Bumb**

General Manager Finance &amp; Accounts

**R. V. Nawghare**

Company Secretary

Place : Mumbai

Date : May 2, 2013

Place : Mumbai

Date : May 2, 2013

## STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED MARCH 31, 2013

Particulars	Note No.	For the year ended March 31, 2013 Rupees	For the year ended March 31, 2012 Rupees
1. Revenue from operations (Gross)	20	1,615,068,254	1,256,615,729
Less: Excise Duty		987,787	5,884,526
Revenue from operations (Net)		1,614,080,467	1,250,731,203
2. Other income	21	27,601,686	20,974,824
3. <b>Total revenue (1+2)</b>		<b>1,641,682,153</b>	<b>1,271,706,027</b>
4. Expenses			
(a) Cost of materials consumed	22	984,866,661	869,981,608
(b) Purchases of Stock in Trade		20,716,611	—
(c) Changes in inventories of finished goods, work-in-progress and stock in trade	23	51,732,799	(79,806,589)
(d) Employee benefits expense	24	150,977,843	116,075,065
(e) Finance costs	25	24,637,010	28,859,996
(f) Depreciation and amortisation expense	10C	25,457,291	19,363,972
(g) Other expenses	26	329,872,503	245,618,401
<b>Total expenses</b>		<b>1,588,260,718</b>	<b>1,200,092,453</b>
5. <b>Profit before tax (3 - 4)</b>		<b>53,421,435</b>	<b>71,613,574</b>
6. <b>Tax expense:</b>			
(a) Current tax expense for current year		4,670,000	3,500,000
(b) (Less): MAT credit		(4,670,000)	(3,500,000)
(c) Net current tax expense		—	—
(d) Deferred tax		—	5,004,978
		—	5,004,978
7. <b>Profit for the year (5 - 6)</b>		<b>53,421,435</b>	<b>66,608,596</b>
8. <b>Earnings per share</b> (Face Value of Rs. 10/- each):	34		
(a) Basic		2.01	3.00
(b) Diluted		2.01	2.99

### See accompanying notes to the financial statements

In terms of our report attached

**For Deloitte Haskins & Sells**

Chartered Accountants

**Ketan Vora**

Partner

For and on behalf of the Board of Directors

**Ashok Sharma**

**S. Durgashankar**

**Nikhilesh Panchal**

**Anand Daga**

Executive Director & CEO

} Directors

**Mayur Bumb**

**R. V. Nawghare**

General Manager Finance & Accounts

Company Secretary

Place : Mumbai

Date : May 2, 2013

Place : Mumbai

Date : May 2, 2013

## Cash Flow Statement for the year ended March 31, 2013

Particulars	For the year ended March 31, 2013		For the year ended March 31, 2012	
	Rupees	Rupees	Rupees	Rupees
<b>A. Cash flow from operating activities</b>				
Net Profit before tax		53,421,435		71,613,574
<i>Adjustments for:</i>				
Depreciation and amortisation	25,457,291		19,363,972	
Net (Profit) / Loss on sale / write off of assets	(10,401)		249,842	
Expense on employee stock option scheme	148,769		349,738	
Finance costs	24,637,010		28,859,996	
Interest income	(26,357,636)		(17,467,997)	
Dividend income	(481,831)		(2,270)	
Net Profit on sale of current investments	(12,350)		—	
Investments written off	14,500		—	
Liabilities / provisions no longer required written back	(709,825)		(3,156,539)	
Provision for doubtful trade and other receivables, loans and advances	12,737,691		2,762,044	
Bad trade and other receivables, loans and advances written off	227,854		84,249	
		<u>35,651,072</u>		<u>31,043,035</u>
<b>Operating profit before working capital changes</b>		<b>89,072,507</b>		<b>102,656,609</b>
<i>Changes in working capital:</i>				
<i>Adjustments for (increase) / decrease in operating assets:</i>				
Inventories	1,181,378		(93,058,383)	
Trade receivables	(58,947,013)		(104,199,735)	
Short-term loans and advances	(10,228,534)		(5,708,351)	
Long-term loans and advances	(355,082)		(70,690)	
Other current assets	497,075		(497,075)	
<i>Adjustments for increase / (decrease) in operating liabilities:</i>				
Trade payables	12,241,038		21,190,310	
Other current liabilities	(13,646,128)		21,225,645	
Short-term provisions	(826,214)		3,495,445	
Long-term provisions	147,564		(450,103)	
		<u>(69,935,916)</u>		<u>(158,072,937)</u>
Cash generated from / (used in) operations		<u>19,136,591</u>		<u>(55,416,328)</u>
Net income tax		<u>(7,977,097)</u>		<u>(4,711,304)</u>
<b>Net cash flow generated from / (used in) operating activities (A)</b>		<b>11,159,494</b>		<b>(60,127,632)</b>
<b>B. Cash flow from investing activities</b>				
Capital expenditure on fixed assets, including capital advances	(52,530,905)		(102,678,284)	
Proceeds from sale of fixed assets	724,379		1,635,935	
Purchase of Current Investments	(418,500,000)		—	
Sale of Current Investments	418,991,911		—	
Bank balances not considered as Cash and cash equivalents				
- Placed (net)	(207,061,965)		(42,206,713)	
Interest received	23,452,060		17,406,763	
Dividend received	2,270		2,270	
		<u>(234,922,250)</u>		<u>(125,840,029)</u>
<b>Net cash flow used in investing activities (B)</b>				

## Cash Flow Statement for the year ended March 31, 2013 (Contd.)

Particulars	For the year ended March 31, 2013		For the year ended March 31, 2012	
	Rupees	Rupees	Rupees	Rupees
<b>C. Cash flow from financing activities</b>				
Proceeds from issue of equity shares	414,642,960		346,000	
Share issue expenses	(8,161,056)		(7,432,027)	
Proceeds from Public Deposits	116,668,000		—	
Repayment of long-term borrowings	(48,987,183)		(139,830,402)	
Net increase in working capital borrowings	(207,796,745)		60,375,855	
Finance costs paid	(20,645,105)		(29,090,970)	
<b>Net cash flow from / (used in) financing activities (C)</b>		<b>245,720,871</b>		<b>(115,631,544)</b>
<b>Net increase / (decrease) in Cash and cash equivalents (A+B+C)</b>		<b>21,958,115</b>		<b>(301,599,205)</b>
Cash and cash equivalents at the beginning of the year		<b>68,278,220</b>		<b>369,877,425</b>
<b>Cash and cash equivalents at the end of the year</b>		<b>90,236,335</b>		<b>68,278,220</b>
<b>Reconciliation of Cash and cash equivalents with the Balance Sheet:</b>				
Cash and cash equivalents as per Balance Sheet [Refer Note no. 17]		<b>381,224,535</b>		<b>152,204,454</b>
Less: Bank balances not considered as Cash and cash equivalents as defined in AS 3 Cash Flow Statements				
Balances with banks held as margin money / security against borrowings and guarantees		<b>84,360,724</b>		<b>79,721,577</b>
Balances with banks in Debt Service Reserve Account		—		<b>4,204,657</b>
Earmarked balances with banks		<b>206,627,476</b>		—
Net Cash and cash equivalents [as defined in AS 3 Cash Flow Statements] included in Note no. 17		<b>90,236,335</b>		<b>68,278,220</b>
Cash and cash equivalents at the end of the year comprises				
(a) Cash on hand		<b>304,247</b>		<b>148,035</b>
(b) Balances with banks				
(i) In current accounts		<b>32,656,666</b>		<b>67,610,217</b>
(ii) In deposit accounts with original maturity of less than 3 months		<b>57,275,422</b>		<b>489,728</b>
(iii) In deposit accounts with original maturity of more than 3 months		—		<b>30,240</b>
		<b>90,236,335</b>		<b>68,278,220</b>

### See accompanying notes to the financial statements

In terms of our report attached

**For Deloitte Haskins & Sells**

Chartered Accountants

**Ketan Vora**

Partner

For and on behalf of the Board of Directors

**Ashok Sharma**

**S. Durgashankar**

**Nikhilesh Panchal**

**Anand Daga**

Executive Director & CEO

Directors

**Mayur Bumb**

**R. V. Nawghare**

General Manager Finance & Accounts

Company Secretary

Place : Mumbai

Date : May 2, 2013

Place : Mumbai

Date : May 2, 2013

## Notes to the Financial Statements

### NOTE NO. 1 - SIGNIFICANT ACCOUNTING POLICIES

#### A. Corporate Information:

EPC Industrié Limited is a Public Limited Company. It was incorporated on 28<sup>th</sup> November, 1981 under the Companies Act, 1956. It is engaged in the business of manufacturing and marketing of Micro Irrigation Systems such as Drip and Sprinklers and Agricultural Pumps.

#### B. Basis of Accounting:

The Company maintains its accounts on accrual basis following the historical cost convention in accordance with generally accepted accounting principles (GAAP) and in compliance with the provisions of the Companies Act, 1956 and the Accounting Standards, as specified in the Companies (Accounting Standards) Rules, 2006, prescribed by the Central Government.

#### C. Use of Estimates:

The preparation of financial statements in conformity with GAAP requires that the management of the Company makes estimates and assumptions that affect the reported amounts of income and expenses of the period, the reported balance of assets and liabilities and the disclosures relating to contingent liabilities as of the date of the financial statements. Differences, if any, between the actual results and estimates, is recognised in the period in which the results are known.

#### D. Fixed Asset:

Fixed assets are carried at cost less depreciation. Cost includes cost of acquisition or construction and is stated at historical cost.

Fixed Assets (other than Office Premises at Ahmedabad, Furniture & Fixtures, Office Equipments and Vehicles) have been revalued as on June 24, 1998 and the resultant surplus has been added to the block of the assets.

Depreciation on all assets, other than Computer & Accessories, is provided on Straight Line Method in accordance with Schedule XIV to the Companies Act, 1956. Depreciation is provided on Computer & Accessories using Straight Line Method over a period of 3 years. Leasehold Assets are written off over the period of lease. Depreciation on additions to assets or on sale / disposal of assets is calculated from the beginning of the month of such addition or up to the month of such sale / scrapped as the case may be.

As at each Balance sheet date, the carrying amount of the assets is tested for impairment, so as to determine the provision for impairment loss, if any, required to be made.

Fixed assets retired from active use and held for sale are stated at the lower of their net book value and net realisable value and are disclosed separately in the Balance Sheet.

#### E. Intangible Assets:

Intangible assets are recognised only when economic benefit attributable to the assets will flow to the enterprise and cost can be measured reliably. They are being amortised over the estimated useful life of three years.

#### F. Investments:

Long term investments are stated at cost. Provision is made for any diminution, other than temporary, in the value of the investments.

Current Investments are valued at lower of cost and fair value.

#### G. Inventories:

Inventories comprise all costs of purchase, conversion and other costs incurred in bringing the inventories to their present location and condition.

Raw materials and bought out components are valued at the lower of cost and net realisable value. Cost is determined on the basis of the weighted average method.

Finished goods produced and purchased for sale, manufactured components and work-in-progress are carried at cost and net realisable value whichever is lower.

Excise duty is included in the value of finished goods inventory.

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#### **H. Foreign Exchange Transactions:**

Transaction in foreign currency is recorded at the exchange rates prevailing on the date of transaction. Monetary items are translated at the year-end rates. The exchange difference between the rate prevailing on the date of transaction and on the date of settlement as also on translation of monetary items at the end of the year is recognised as income or expense, as the case may be.

#### **I. Revenue recognition:**

Sales of goods are recognised, net of estimated returns and trade discounts. Sales include excise duty but exclude sales tax and value added tax.

Revenue is recognised when the risks and rewards of ownership are passed on to the customers and no significant uncertainty as to its measurability and collectability exists.

#### **J. Other income:**

Interest Income is recognised on a time proportion basis taking into account the amount outstanding and the applicable rates. Dividend income is accounted for when the right to receive it is established.

#### **K. Government Grants:**

Capital Incentive Subsidy, not specifically related to fixed assets, is credited to Capital Incentive Reserve and retained till the requisite conditions are fulfilled.

#### **L. Employee benefits:**

##### **a) Short term employee benefits**

All employee benefits falling due wholly within twelve months of rendering the service are classified as short term employee benefits. The benefits like salaries, wages, short term compensated absences, etc. and the expected cost of bonus, ex-gratia, are recognised in the period in which the employee renders the related service.

##### **b) Post-employment benefits**

###### **(i) Defined contribution plans**

The Company's contribution to provident fund and superannuation fund are considered as defined contribution plans and are charged as an expense as they fall due based on the amount of contribution required to be made.

###### **(ii) Defined benefit plans**

The employees' gratuity fund scheme, managed by LIC is a defined benefit plan. The present value of obligation is determined based on actuarial valuation carried out as at the end of each financial year using the Projected Unit Credit Method.

The obligation is measured at the present value of the estimated future cash flows. The discount rate used for determining the present value of the obligation under defined benefit plans, is based on the market yield on government securities, of a maturity period equivalent to the weighted average maturity profile of the related obligations at the Balance Sheet date.

Actuarial gains and losses are recognised immediately in the Statement of Profit and Loss.

In case of funded plans, the fair value of the plan assets is reduced from the gross obligation under the defined plans to recognise the obligation on the net basis.

Gains or losses on the curtailment or settlement of any defined benefit plan are recognised when the curtailment or settlement occurs. Past service cost is recognised as expense on a straight line basis over the period until benefit become vested.

##### **c) Long term employee benefits**

The obligation for long term employee benefits such as long term compensated absences, long service award, etc. is recognised in the similar manner as in the case of defined benefit plans as mentioned in (b) (ii) above.

**d) Employee Stock Compensation Cost**

The Company has formulated Employee Stock Option Scheme (ESOS) ("the Scheme") in accordance with the SEBI (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999. The Scheme provides for grant of options to employees of the Company to acquire equity shares of the Company that vest in a graded manner and that are to be exercised within a specified period. In accordance with the SEBI Guidelines; the excess, if any, of the closing market price on the day prior to the grant of the options under ESOS over the exercise price is amortised on a straight-line basis over the vesting period.

**M. Leases:**

In respect of Operating Leases, Lease payments are recognised as expenses and Lease income are recognised as income on a straight line basis over the Lease Term. Initial direct costs are recognised immediately as expenses.

**N. Taxes on income:**

Income Taxes are accounted for in accordance with Accounting Standard on "Accounting for Taxes on Income", (AS-22). Tax Expenses comprises both current tax and deferred tax. Current tax is measured at the amount expected to be paid / recovered from the tax authorities using the applicable tax rates.

Minimum Alternate Tax (MAT) paid in accordance with the tax laws, which gives future economic benefits in the form of adjustment to future income tax liability, is considered as an asset if there is convincing evidence that the Company will pay normal income tax. Accordingly, MAT is recognised as an asset in the Balance Sheet when it is probable that future economic benefit associated with it will flow to the Company.

Deferred tax asset is measured based on the tax rates and the laws enacted or substantively enacted as at the balance sheet date. Deferred tax assets are recognized only to the extent there is reasonable certainty that sufficient future taxable income will be available against which such deferred tax assets can be realized. In respect of carry forward losses and unabsorbed depreciation, deferred tax assets are recognized only to the extent there is virtual certainty that sufficient future taxable income will be available against which such deferred tax assets can be realized.

Current and deferred tax relating to items directly recognised in equity are recognised in equity and not in the Statement of Profit and Loss.

**O. Provisions, Contingent Liabilities and Contingent Assets:**

A provision is recognised when the Company has a present obligation as a result of past events and it is probable that an outflow of resources will be required to settle the obligation in respect of which a reliable estimate can be made. Provisions (excluding retirement benefits) are not discounted to their present value and are determined based on the best estimate required to settle the obligation at the Balance Sheet date. These are reviewed at each Balance Sheet date and adjusted to reflect the current best estimates.

Contingent liabilities are not recognised but are disclosed in the notes. Contingent assets are neither recognised nor disclosed in the financial statements.

**P. Share issues expenses:**

Share issue expenses are adjusted against the Securities Premium Account as permissible under Section 78(2) of the Companies Act, 1956, to the extent balance is available for utilisation in the Securities Premium Account.



## Notes to the Financial Statements (Contd.)

### NOTE NO. 2 - SHARE CAPITAL

Particulars	As at March 31, 2013		As at March 31, 2012	
	Number of shares	Rupees	Number of shares	Rupees
(a) Authorised				
Equity shares of Rs. 10 each with voting rights	32,000,000	320,000,000	32,000,000	320,000,000
Redeemable preference shares of Rs. 100 each	1,800,000	180,000,000	1,800,000	180,000,000
		<u>500,000,000</u>		<u>500,000,000</u>
(b) Issued				
Equity shares of Rs. 10 each with voting rights	27,634,764	276,347,640	17,267,565	172,675,650
		<u>276,347,640</u>		<u>172,675,650</u>
(c) Subscribed and fully paid up				
Equity shares of Rs. 10 each with voting rights	27,630,864	276,308,640	17,263,665	172,636,650
(d) Forfeited Shares (Amount originally paid-up)	3,900	19,500	3,900	19,500
<b>Total</b>		<u><u>276,328,140</u></u>		<u><u>172,656,150</u></u>

Reconciliation of the number of shares and amount outstanding at the beginning and at the end of the reporting period:

Particulars	As at March 31, 2013		As at March 31, 2012	
	Number of shares	Rupees	Number of shares	Rupees
At the beginning of the year	17,263,665	172,636,650	17,258,065	172,580,650
Add: Issued during the year - Rights Issue	10,358,199	103,581,990	—	—
Add: Issued during the year - ESOS	9,000	90,000	9,500	95,000
Less: Forfeited during the year	—	—	(3,900)	(39,000)
Outstanding as at the end of the year	<u><u>27,630,864</u></u>	<u><u>276,308,640</u></u>	<u><u>17,263,665</u></u>	<u><u>172,636,650</u></u>

Rights, preferences and restrictions attached to the equity shares

The Company is having only one class of equity shares having par value of Rs. 10 each. Each holder of equity share is entitled to one vote per share. In the event of liquidation of the Company, the holders of the equity shares will be entitled to receive remaining assets of the Company. The distribution will be in proportion to the number of equity shares held by the shareholders.

Shares held by the holding company

1,51,44,433 shares ( as at March 31, 2012: 65,77,865 Shares) are held by the Holding Company viz., Mahindra and Mahindra Limited.

Details of shareholders holding more than 5% shares in the Company

Particulars	As at March 31, 2013		As at March 31, 2012	
	Number of shares	% holding	Number of shares	% holding
Mahindra and Mahindra Limited	15,144,433	54.81%	6,577,865	38.10%
Reliance Net Limited	1,489,700	5.39%	—	—
Credit Renaissance Fund Limited	—	—	4,666,667	27.03%
Trenton Investments Company Private Limited	—	—	2,329,500	13.49%
Credit Renaissance Development Fund LP	—	—	933,333	5.41%

Shares reserved for issue under options 4,81,500 shares (As at March 31, 2012 - 4,90,500 shares) of Rs. 10 each towards outstanding employee stock options granted [Refer Note No. 28]

**Notes to the Financial Statements (Contd.)**

Particulars	As at March 31, 2013 Rupees	As at March 31, 2012 Rupees
<b>NOTE NO. 3 - RESERVES AND SURPLUS</b>		
(a) Securities premium account		
Opening balance	612,342,301	619,252,328
Add : Premium received on shares allotted during the year	310,970,970	246,500
Add : Transferred from Shares Options Outstanding account	261,000	275,500
	<u>923,574,271</u>	<u>619,774,328</u>
Less : Utilised during the year for writing off shares issue expenses	(8,161,056)	(7,432,027)
Closing balance	<u>915,413,215</u>	<u>612,342,301</u>
(b) Debenture redemption reserve		
Opening balance	10,000,000	4,800,000
Add: Transferred from surplus in Statement of Profit and Loss	—	5,200,000
Less: Transferred to General Reserve	(10,000,000)	—
Closing balance	<u>—</u>	<u>10,000,000</u>
(c) Revaluation reserve		
Opening balance	34,355,374	41,528,003
Less: Utilised for set off against depreciation	(2,936,360)	(7,153,605)
Less: Written back on assets sold	—	(19,024)
Closing balance	<u>31,419,014</u>	<u>34,355,374</u>
(d) Share options outstanding account		
Opening balance	826,500	1,754,500
Add: Amounts recorded on grants during the year	—	—
	<u>826,500</u>	<u>1,754,500</u>
Less: Amounts reduced on grants lapsed during the year	(137,750)	(652,500)
Less: Transferred to Securities premium account	(261,000)	(275,500)
	<u>427,750</u>	<u>826,500</u>
Less: Deferred stock compensation expense	(132,769)	(419,288)
Closing balance	<u>294,981</u>	<u>407,212</u>
(e) Capital Incentive Reserve		
Closing balance	4,000,000	4,000,000
(f) Investment Allowance Reserve		
Opening balance	643,275	643,275
Less: Transferred to General Reserve	(643,275)	—
Closing balance	<u>—</u>	<u>643,275</u>
(g) Export Benefit Reserve		
Opening balance	3,210,000	3,210,000
Less: Transferred to General Reserve	(3,210,000)	—
Closing balance	<u>—</u>	<u>3,210,000</u>

## Notes to the Financial Statements (Contd.)

Particulars	As at March 31, 2013 Rupees	As at March 31, 2012 Rupees
(h) General Reserve		
Opening balance	—	—
Add: Transferred from Debenture Redemption Reserve	10,000,000	—
Add: Transferred from Investment Allowance Reserve	643,275	—
Add: Transferred from Export Benefit Reserve	3,210,000	—
Closing balance	<u>13,853,275</u>	<u>—</u>
(i) Deficit in Statement of Profit and Loss		
Opening balance	(239,067,456)	(300,476,052)
Add: Profit for the year	53,421,435	66,608,596
	<u>(185,646,021)</u>	<u>(233,867,456)</u>
Less: Transferred to Debenture Redemption Reserve	-	(5,200,000)
Closing balance	<u>(185,646,021)</u>	<u>(239,067,456)</u>
<b>Total</b>	<u><b>779,334,464</b></u>	<u><b>425,890,706</b></u>

### NOTE NO. 4 - LONG-TERM BORROWINGS

#### Unsecured

Deferred payment liabilities	13,133,044	20,603,227
[Interest Free Loan under Sales Tax Deferral Scheme is payable in 5 annual instalments after 10 years from the year of availment of respective Loan]		
Public Deposits	113,111,000	—
[Repayable at the end of 2 to 3 years from the date of deposit and carry an interest rate of 10.50% to 11.75% p.a.]		
<b>Total</b>	<u><b>126,244,044</b></u>	<u><b>20,603,227</b></u>

### NOTE NO. 5 - LONG-TERM PROVISIONS

Provision for employee benefits:		
Provision for compensated absences [Refer Note no. 29 (b)]	5,819,701	5,672,137
<b>Total</b>	<u><b>5,819,701</b></u>	<u><b>5,672,137</b></u>

### NOTE NO. 6 - SHORT-TERM BORROWINGS

#### Secured

Loans repayable on demand from banks	—	207,796,745
[Represents cash credit facilities secured by <i>pari passu</i> charge on current assets and movable Fixed Assets, and <i>pari passu</i> mortgage on Land and Building at Nashik]		

#### Unsecured

Public Deposits	3,557,000	—
<b>Total</b>	<u><b>3,557,000</b></u>	<u><b>207,796,745</b></u>

### NOTE NO. 7 - TRADE PAYABLES

Trade payables:		
Acceptances	—	4,630,500
Other than Acceptances [Refer Note No. 27.4]	164,790,675	148,628,962
<b>Total</b>	<u><b>164,790,675</b></u>	<u><b>153,259,462</b></u>

**Notes to the Financial Statements (Contd.)**

Particulars	As at March 31, 2013 Rupees	As at March 31, 2012 Rupees
<b>NOTE NO. 8 - OTHER CURRENT LIABILITIES</b>		
(a) Current maturities of long-term debt		
Unsecured		
Debentures *	—	40,000,000
Deferred payment liabilities	7,470,183	8,987,183
(b) Interest accrued on Public Deposits		
(i) Interest accrued but not due	2,075,219	—
(ii) Interest accrued and due	1,916,686	—
(c) Other payables		
(i) Statutory remittances (Contributions to PF and ESIC, Withholding Taxes, Excise Duty, VAT, Service Tax, etc.)	5,654,860	8,173,392
(ii) Payables on purchase of fixed assets	467,461	48,806
(iii) Trade / security deposits received	26,393,950	17,444,932
(iv) Advances from customers	36,142,712	55,942,099
(v) Others - Employee Deductions	383,986	661,212
(vi) Provision for liabilities	2,039,467	2,039,466
<b>Total</b>	<b>82,544,524</b>	<b>133,297,090</b>

\* The Company had issued Optionally Cumulative Convertible Debentures (OCCD) carrying interest @12% p.a. (Net of Withholding Tax). The Debenture holders had an option to convert these Debentures (equivalent to the face value) into 12% Preference Shares of Rs. 100/- each from September 30, 2009 to March 31, 2011.

In accordance with the Shareholders' Agreement and Amendment to the Debenture Subscription Agreement both dated February 9, 2011 entered into with Mahindra and Mahindra Limited, the terms of the Debentures had been changed so as to make them compulsorily redeemable by February 28, 2012 in a phased manner, which had been further extended to July 1, 2012 by mutual consent.

**NOTE NO. 9 - SHORT-TERM PROVISIONS**

(a) Provision for employee benefits:		
(i) Provision for compensated absences	2,961,881	3,032,626
(ii) Provision for gratuity (net) [Refer Note no. 29 (b)]	2,572,403	3,327,872
(b) Provision for tax	87,800	87,800
[Net of advance tax Rs. 10,62,200 (As at March 31, 2012 Rs. 10,62,200)]		
<b>Total</b>	<b>5,622,084</b>	<b>6,448,298</b>

**NOTE NO. 10 - FIXED ASSETS**

**A. Tangible assets**

	Gross block				Accumulated depreciation				Net Block	
	As at April 1, 2012	Additions	Disposals	As at March 31, 2013	Upto March 31, 2012	Depreciation for the year	Eliminated on disposal of assets	Upto March 31, 2013	As at March 31, 2013	As at March 31, 2012
Leasehold Land	39,390,388	—	—	39,390,388	5,903,894	397,843	—	6,301,737	33,088,651	33,486,494
Buildings										
Owned	78,535,032	—	—	78,535,032	35,101,868	2,373,498	—	37,475,366	41,059,666	43,433,164
Leasehold	2,290,550	—	—	2,290,550	1,857,891	229,056	—	2,086,947	203,603	432,659
Plant and Equipment	291,534,339	30,280,459	—	321,814,798	130,209,957	13,005,172	—	143,215,129	178,599,669	161,324,382
Electrical Installations	13,504,132	110,500	—	13,614,632	7,416,056	732,224	—	8,148,280	5,466,352	6,088,076
Furniture and Fixtures	5,674,543	1,350,169	—	7,024,712	4,125,740	680,427	—	4,806,167	2,218,545	1,548,803
Vehicles	8,187,279	3,081,822	714,760	10,554,341	1,075,597	1,005,549	288,584	1,792,562	8,761,779	7,111,682
Office Equipments	3,264,264	535,606	227,853	3,572,017	1,106,336	209,753	110,754	1,205,335	2,366,682	2,157,928
Factory Equipments	11,401,354	890,526	152,413	12,139,467	8,774,583	322,590	144,792	8,952,381	3,187,086	2,626,771
Moulds and Dies	84,109,796	12,772,491	—	96,882,287	60,693,484	6,483,702	—	67,177,186	29,705,101	23,416,312
Computers	9,424,149	1,257,062	1,177,361	9,503,850	6,918,788	1,372,924	1,014,279	7,277,433	2,226,417	2,505,361
<b>Total</b>	<b>547,315,826</b>	<b>50,278,635</b>	<b>2,272,387</b>	<b>595,322,074</b>	<b>263,184,194</b>	<b>26,812,738</b>	<b>1,558,409</b>	<b>288,438,523</b>	<b>306,883,551</b>	<b>284,131,632</b>
Previous year	428,060,536	124,508,635	5,253,345	547,315,826	242,593,174	24,668,742	4,077,722	263,184,194	284,131,632	

**B. Intangible assets**

Computer software	9,180,817	2,896,392	—	12,077,209	7,449,789	1,580,913	—	9,030,702	3,046,507	1,731,028
<b>Total</b>	<b>9,180,817</b>	<b>2,896,392</b>	<b>—</b>	<b>12,077,209</b>	<b>7,449,789</b>	<b>1,580,913</b>	<b>—</b>	<b>9,030,702</b>	<b>3,046,507</b>	<b>1,731,028</b>
Previous year	7,983,622	1,197,195	—	9,180,817	5,600,954	1,848,835	—	7,449,789	1,731,028	

**C. Depreciation and amortisation**

Depreciation and amortisation for the year on tangible assets (Note No. 10 A)	26,812,738	24,668,742
Depreciation and amortisation for the year on intangible assets (Note No. 10 B)	1,580,913	1,848,835
Less: Utilised from revaluation reserve	28,393,651	26,517,577
Depreciation and amortisation considered in the Statement of Profit and Loss	2,936,360	7,153,605
	<b>25,457,291</b>	<b>19,363,972</b>

For the year ended March 31, 2012

For the year ended March 31, 2013

**Notes to the Financial Statements (Contd.)**

Particulars	As at March 31, 2013 Rupees	As at March 31, 2012 Rupees
<b>NOTE NO. 11 - NON-CURRENT INVESTMENTS</b>		
Other investments Unquoted, (At cost):		
Investment in government securities - National Savings Certificates [Pledged with sales tax authorities]	55,000	69,500
Investment in equity instruments - Others 1,135 Shares of Saraswat Co-op Bank Limited of Rs. 10 each fully paid	—	11,350
<b>Total</b>	<b>55,000</b>	<b>80,850</b>
<b>NOTE NO. 12 - DEFERRED TAX ASSETS (NET)</b>		
<u>Tax effect of items constituting deferred tax liability</u>		
On difference between book balance and tax balance of fixed assets	30,991,013	27,327,680
Tax effect of items constituting deferred tax liability	30,991,013	27,327,680
<u>Tax effect of items constituting deferred tax assets</u>		
Provision for compensated absences and gratuity	3,508,381	3,689,448
Provision for doubtful debts / advances	13,180,217	9,706,484
Disallowances under Section 40(a)(i), 43B of the Income Tax Act, 1961	17,295,872	11,856,131
Unabsorbed depreciation carried forward	22,377,144	35,472,330
Tax effect of items constituting deferred tax assets	56,361,614	60,724,393
Restricted to the extent of deferred tax liability	30,991,013	27,327,680
<b>Net deferred tax asset</b>	<b>—</b>	<b>—</b>
The Company has recognised deferred tax asset on unabsorbed depreciation to the extent of the corresponding deferred tax liability on the difference between the book balance and the written down value of fixed assets under Income Tax net off of other balances constituting deferred tax asset.		
<b>NOTE NO. 13 - LONG-TERM LOANS AND ADVANCES</b>		
Unsecured, considered good, unless otherwise stated		
(a) Capital advances	9,329,079	10,992,697
(b) Security deposits	6,183,893	4,694,208
(c) Advance income tax [Net of provisions Rs. 81,70,000 (As at March 31, 2012 Rs. 35,00,000)]	12,845,092	9,537,996
(d) MAT credit entitlement	8,170,000	3,500,000
(e) Balances with government authorities		
(i) CENVAT credit receivable	4,257,086	5,391,688
(ii) Excise Refund Claim	16,679,302	16,679,302
<b>Total</b>	<b>57,464,452</b>	<b>50,795,891</b>
<b>NOTE NO. 14 - CURRENT INVESTMENTS</b>		
Investment in equity instruments		
1,135 Shares of Saraswat Co-op Bank Limited of Rs. 10 each fully paid	11,350	—
<b>Total</b>	<b>11,350</b>	<b>—</b>

## Notes to the Financial Statements (Contd.)

Particulars	As at March 31, 2013 Rupees	As at March 31, 2012 Rupees
<b>NOTE NO. 15 - INVENTORIES</b>		
(At lower of cost and net realisable value)		
(a) Raw materials & Components [Goods-in-transit Rs. 2,50,05,604 (As at March 31, 2012 Rs. 71,77,268)]	129,083,030	78,531,609
(b) Work-in-progress	15,974,340	16,967,257
(c) Finished goods	88,040,728	145,099,521
(d) Stock-in-Trade [Goods-in-transit Rs. 42,322 (As at March 31, 2012 Rs. Nil)]	6,318,911	—
<b>Total</b>	<b>239,417,009</b>	<b>240,598,387</b>
<b>NOTE NO. 16 - TRADE RECEIVABLES</b>		
Trade receivables outstanding for a period exceeding six months from the date they were due for payment		
Unsecured, considered good	113,071,383	71,527,726
Doubtful	42,654,425	29,916,734
	<b>155,725,808</b>	<b>101,444,460</b>
Less: Provision for doubtful trade receivables	42,654,425	29,916,734
	<b>113,071,383</b>	<b>71,527,726</b>
Other Trade receivables		
Unsecured, considered good	311,512,419	307,074,608
<b>Total</b>	<b>424,583,802</b>	<b>378,602,334</b>
<b>NOTE NO. 17 - CASH AND CASH EQUIVALENTS</b>		
(a) Cash on hand	304,247	148,035
(b) Balances with banks		
(i) In current accounts	32,656,666	67,610,217
(ii) In deposit accounts	57,275,422	519,968
(c) Balances with banks held as margin money/security against borrowings and guarantees*	84,360,724	79,721,577
(d) Balances with banks in Debt Service Reserve Account	—	4,204,657
(e) Earmarked balances with banks **	206,627,476	—
<b>Total</b>	<b>381,224,535</b>	<b>152,204,454</b>
* Balances with banks include margin monies amounting to Rs. 5,07,58,448 [As at March 31, 2012 Rs. 5,77,67,862] which have a remaining maturity of more than 12 months.		
** Includes Rs. 19,34,556 [As at March 31, 2012 Rs. Nil] towards interest payable on Public Deposits and Rs. 20,46,92,920 [As at March 31, 2012 Rs. Nil] being unutilised proceeds out of the Right Issue.		
<b>NOTE NO. 18 - SHORT-TERM LOANS AND ADVANCES</b>		
(Unsecured, considered good, unless otherwise stated)		
(a) Security deposits	1,198,748	302,500
(b) Loans and advances to employees	1,316,989	734,127
(c) Prepaid expenses	4,487,572	3,303,591
(d) Balances with government authorities		
(i) VAT credit receivable	2,799,661	2,150,999
(ii) Advance Service Tax	146,932	—
(e) Others		
(i) Advances to Creditors	12,707,481	6,171,162
(ii) Advances Recoverable	888,504	654,974
<b>Total</b>	<b>23,545,887</b>	<b>13,317,353</b>

**Notes to the Financial Statements (Contd.)**

Particulars	As at March 31, 2013 Rupees	As at March 31, 2012 Rupees
<b>NOTE NO. 19 - OTHER CURRENT ASSETS</b>		
Accruals		
(i) Interest accrued on deposits	4,387,214	684,786
(ii) Interest accrued on trade receivables	—	796,852
Others		
Insurance claims	—	497,075
<b>Total</b>	<b>4,387,214</b>	<b>1,978,713</b>

Particulars	For the year ended March 31, 2013 Rupees	For the year ended March 31, 2012 Rupees
<b>NOTE NO. 20 - REVENUE FROM OPERATIONS</b>		
(a) Sale of products (Refer Note (i) below)	1,610,114,215	1,252,529,369
(b) Sale of services (Refer Note (ii) below)	3,478,516	1,947,320
(c) Other operating revenues (Refer Note (iii) below)	1,475,523	2,139,040
	<b>1,615,068,254</b>	<b>1,256,615,729</b>

**Notes**

(i) Sale of products comprises:		
<u>Manufactured goods</u>		
Finished Goods	1,113,954,411	1,035,228,386
Components	479,301,194	217,300,983
<u>Traded Goods</u>	16,858,610	—
<b>Total - Sale of products</b>	<b>1,610,114,215</b>	<b>1,252,529,369</b>
(ii) Sale of services comprises:		
Service - Agronomy Services	1,068,871	561,000
Service - Installation Services	2,409,645	1,386,320
<b>Total - Sale of services</b>	<b>3,478,516</b>	<b>1,947,320</b>
(iii) Other operating revenues comprise:		
Sale of scrap	1,475,523	2,139,040
<b>Total - Other operating revenues</b>	<b>1,475,523</b>	<b>2,139,040</b>

**NOTE NO. 21 - OTHER INCOME**

(a) Interest income		
On deposits with banks	22,249,010	9,355,536
On overdue trade receivables	3,246,448	7,337,630
On income tax refunds	377,400	163,373
On others	484,778	611,458
(b) Dividend income from long-term investments		
long-term investments	2,270	2,270
Current Investments	479,561	—
(c) Net gain on foreign currency transactions	—	2,726
(d) Other non-operating income		
Liabilities no longer required written back	709,825	3,156,539
Profit on Sale of Fixed Assets (Net)	10,401	—
Profit on Sale of Current Investments	12,350	—
Miscellaneous income	29,643	45,292
Bad debts recovered	—	300,000
<b>Total</b>	<b>27,601,686</b>	<b>20,974,824</b>



## Notes to the Financial Statements (Contd.)

Particulars	For the year ended March 31, 2013 Rupees	For the year ended March 31, 2012 Rupees
<b>NOTE NO. 22 - COST OF MATERIALS CONSUMED</b>		
Opening stock	78,531,609	65,279,815
Add: Purchases	1,035,418,082	883,233,402
	<u>1,113,949,691</u>	<u>948,513,217</u>
Less: Closing stock	129,083,030	78,531,609
<b>Total</b>	<u><u>984,866,661</u></u>	<u><u>869,981,608</u></u>
Material consumed comprises:		
Raw Material - Plastic Granules	529,540,038	627,593,531
Components	455,326,623	242,388,077
<b>Total</b>	<u><u>984,866,661</u></u>	<u><u>869,981,608</u></u>
<b>NOTE NO. 23 - CHANGES IN INVENTORIES OF FINISHED GOODS WORK-IN-PROGRESS AND STOCK-IN-TRADE</b>		
<u>Inventories at the end of the year:</u>		
Finished goods	88,040,728	145,099,521
Work-in-progress	15,974,340	16,967,257
Stock-in-trade	6,318,911	—
	<u>110,333,979</u>	<u>162,066,778</u>
<u>Inventories at the beginning of the year:</u>		
Finished goods	145,099,521	72,214,075
Work-in-progress	16,967,257	10,046,114
Stock-in-trade	—	—
	<u>162,066,778</u>	<u>82,260,189</u>
<b>Net decrease / ( increase)</b>	<u><u>51,732,799</u></u>	<u><u>(79,806,589)</u></u>
<b>NOTE NO. 24 - EMPLOYEE BENEFITS EXPENSE</b>		
Salaries and wages	134,946,378	101,033,134
Contributions to provident and other funds [Refer Note no. 29 (a)]	10,737,789	10,350,263
Expense on employee stock option (ESOP) scheme [Refer Note no. 28]	148,769	349,738
Staff welfare expenses	5,144,907	4,341,930
<b>Total</b>	<u><u>150,977,843</u></u>	<u><u>116,075,065</u></u>
<b>NOTE NO. 25 - FINANCE COSTS</b>		
(a) Interest expense on:		
(i) Borrowings		
Debentures	1,304,921	10,406,334
Term Loans	—	55,991
Cash Credit	12,896,904	16,209,147
Public Deposits	5,330,902	—
(ii) Trade payables		
	376,996	397,969
(iii) Others		
Interest on liabilities	116,040	436,520
Interest on delayed payment of taxes	13,189	38,280
(b) Other borrowing costs		
Processing fees / Guarantee Commission	4,598,058	1,315,755
<b>Total</b>	<u><u>24,637,010</u></u>	<u><u>28,859,996</u></u>

**Notes to the Financial Statements (Contd.)**

Particulars	For the year ended March 31, 2013 Rupees	For the year ended March 31, 2012 Rupees
<b>NOTE NO. 26 - OTHER EXPENSES</b>		
Consumption of stores and spare parts	2,490,896	2,918,819
Consumption of packing materials	5,996,340	6,272,462
Decrease of excise duty on inventory	(348,753)	(77,554)
Power and fuel	33,781,467	38,358,893
Rent including lease rentals [Refer Note no. 33]	7,877,990	3,284,300
Repairs and maintenance - Buildings	2,107,640	3,271,916
Repairs and maintenance - Machinery	3,425,412	6,339,960
Repairs and maintenance - Others	2,334,646	1,738,324
Site Expenses	5,779,808	3,815,495
Insurance	1,704,478	1,100,983
Rates and taxes	3,039,526	2,377,273
Communication	4,827,252	3,655,704
Travelling and conveyance	25,801,386	21,596,133
Printing and stationery	2,792,461	2,397,002
Freight and forwarding	49,558,976	57,544,404
Sales commission	104,406,923	46,187,587
Sales promotion expense	4,134,767	4,503,549
Advertisements	6,716,264	7,542,027
Legal and professional fees	25,648,750	13,573,651
Payments to auditors (Refer Note below)	1,706,123	1,424,719
Bad trade and other receivables, loans and advances written off	227,854	84,249
Loss on fixed assets sold / scrapped / written off	—	249,842
Net Loss on foreign currency transactions	51,519	—
Investments written off	14,500	—
Provision for doubtful trade receivables and advances (net)	12,737,691	2,762,044
Directors' Fees	220,000	360,000
Donation	400,000	—
Miscellaneous expenses	22,438,587	14,336,619
<b>Total</b>	<b>329,872,503</b>	<b>245,618,401</b>
<b>Note:</b>		
Payments to the auditors comprises (net of service tax input credit, where applicable):		
(a) To Statutory auditors		
For audit	1,292,140	1,123,600
For taxation matters	—	71,695 **
For other services	252,810	229,424***
Reimbursement of expenses	11,173	—
	<u>1,556,123</u>	<u>1,424,719*</u>
(b) To Cost auditors for Cost audit	150,000	—
<b>Total</b>	<b>1,706,123</b>	<b>1,424,719</b>

\* excludes Rs. Nil (Previous year Rs. 27,64,096 ) which has been adjusted in securities premium account.

\*\* represents payment to previous auditor

\*\*\* Includes Rs. 63,974/- paid to previous auditor

**NOTE NO. 27 - ADDITIONAL INFORMATION TO THE FINANCIAL STATEMENTS**

Particulars	As at March 31, 2013 Rupees	As at March 31, 2012 Rupees
<b>27.1 Contingent liabilities (to the extent not provided for)</b>		
(a) Claims against the Company not acknowledged as debt	1,417,361	1,301,081
(b) Guarantees issued by Banks secured by Fixed Deposits	74,586,608	72,745,705
(c) Guarantees issued by Banks Against Non Fund base Limits	23,443,000	—
(d) Custom Duty / Interest on account of commitment to Export, under Export Promotion Capital Goods Scheme	31,169,936	26,313,276
(e) Show Cause cum Demand Notices are received from / issued by the Excise authorities. The major issues raised therein have been decided in favour of the Company at the Tribunal level. The said Notices are pending adjudication and the Company is confident of favourable decisions.	7,944,000	7,944,000
(f) Disputed income tax liability (Net of Provision) and interest demanded by department. <u>For the assessment year 1993-94</u> Based on the decisions of the Appellate Orders and interpretations of relevant provisions, the Company has been advised that the demand is expected to be either deleted or substantially reduced. <u>For the assessment year 2010-11</u> The case was taken for scrutiny by A.O. and an order was passed for disallowing expenses of Rs. 10,31,518/- .Company has filed an appeal to Commissioner of Income tax for the same.	2,366,859	2,366,859
(g) Long Term Loans & Advances include refund claim made for excise duty paid under protest consequent upon the judicial pronouncement made by CESTAT in favour of the Company, which was disputed by the department before higher authorities. The Commissioner (Appeals), Central Excise and Customs, Nashik has sanctioned the claim on merit but taking recourse to the principle of "Unjust Enrichment" has ordered the claim to be transferred to the credit of the "Consumer Welfare Fund". The Company had filed an appeal against the order. On hearing the appeal the Hon' CESTAT, Mumbai remanded back the case to the adjudicating authorities to examine the issue afresh. The Adjudicating Authority issued a Show Cause Notice and after personal hearing passed an order rejecting the claim without following the guidelines given by the Hon' CESTAT. The Company had filed an appeal against the order with the Commissioner (Appeals), Central Excise & Customs, Nashik. The order Passed by the Commissioner (Appeals), Central Excise & Customs, Nashik is similar to order as given in order in appeal. The Company will file an appeal to CESTAT Mumbai. The Claim still is tenable, no provision has been considered.	199,880	—
	16,679,302	16,679,302
Note: In respect of items mentioned above, till the matters are finally decided, the timing of outflows of economic benefits cannot be ascertained.		
<b>27.2 Commitments</b>		
Estimated amount of contracts remaining to be executed on capital account and not provided for in respect of Tangible assets	21,093,224	31,838,350
<b>27.3</b> The year-end foreign currency exposures that have not been hedged by a derivative instrument or otherwise are given below:		
Payable : USD	35,090	—
Rupees	1,904,861	—

**27.4 Disclosures required under Section 22 of the Micro, Small and Medium Enterprises Development Act, 2006**

The Company has not received information from vendors regarding their status under the Micro, Small and Medium Enterprises Development Act, 2006 and hence disclosures relating to amounts unpaid as at the period end, together with interest paid / payable under this Act, have not been given.

**27.5 Disclosure as per Clause 32 of the Listing Agreements with the Stock Exchange**

The Company has not given any loans and advances in the nature of loans to subsidiaries, associates and firms / companies in which directors are interested.

**27.6 There are no amounts due to Investor Education and Protection Fund.**

Particulars	For the year ended March 31, 2013 Rupees	For the year ended March 31, 2012 Rupees
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**27.7 Disclosure relating to Rights Issue**

In June, 2012, the Company had allotted 1,03,58,199 equity shares at a price of Rs. 40 per share (including a premium of Rs. 30/- per share) resulting in total issue size of Rs. 41,43,27,960 under the Rights Issue.

The uses and application of funds raised under the Rights Issue are given as under :

	Actual Utilisation	Purpose in Letter of Offer
Issue Related Expenses	13,018,040	13,018,040
Procurement of plant and machinery	—	204,692,920
Working capital requirements	120,000,000	120,000,000
General Corporate Purposes	76,617,000	76,617,000
Funds Utilised	<u>209,635,040</u>	414,327,960
Un-utilised Rights Issue proceeds*	<u>204,692,920</u>	—
<b>Total</b>	<u><u>414,327,960</u></u>	<u><u>—</u></u>

\*Temporarily invested in Fixed Deposits with Banks

**27.8 Value of imports calculated on CIF basis :**

Raw materials and Components	8,833,910	5,456,941
Capital goods	—	43,245,667
	<u>8,833,910</u>	<u>48,702,608</u>

**27.9 Expenditure in foreign currency :**

Travelling	76,882	48,644
Exhibition	—	59,265
	<u>76,882</u>	<u>107,909</u>

**27.10 Earnings in foreign currency :**

(i) Export of goods on F.O.B. Basis	397,261	—
(ii) Freight	36,803	—
	<u>434,064</u>	<u>—</u>

**27.11 Details of consumption of imported and indigenous items**

<u>Imported</u>		
Raw materials and Components	8,065,333	4,230,979
	0.82%	0.49%
<u>Indigenous</u>		
Raw materials and Components	976,801,328	865,750,629
	99.18%	99.51%
	<u>984,866,661</u>	<u>869,981,608</u>

## NOTE NO. 28 - DISCLOSURES ON EMPLOYEE SHARE BASED PAYMENTS

### Employee Stock Option Scheme

- (a) Pursuant to the “Employees Stock Option Scheme - 2010” (ESOS) approved by the Shareholders in the Annual General Meeting held on July 21, 2010, the Company had granted 60,500 Stock Options to the three non-executive Directors and some permanent employees on November 19, 2010, as per the recommendation of the Compensation Committee, at exercise price of Rs. 35 /- each.

In respect of the options granted, the equity settled options vest in 4 tranches of 25% each upon the expiry of 12 months, 24 months, 36 months and 48 months respectively from the date of the grant. Each tranche is exercisable within two years from the respective date of vesting. The number of options exercisable in each tranche is minimum 25% of the options vested, except in case of the last date of the exercise, where the employee can exercise all the options vested but not exercised till that date.

In case the option is not exercised by the Employee within the time limits as prescribed in the Scheme, the Options would lapse and no right shall be deemed to accrue or arise after that date.

The compensation costs of the stock options granted are accounted by the Company on the basis of intrinsic value of share on the date of grant of options.

The difference between the fair price of the share underlying the options granted on the date of grant of option and the exercise price of the option (being the intrinsic value of the option) representing Stock compensation expense is expensed over the vesting period.

- (b) Employee stock options details are as follows:

Particulars	During the year ended March 31, 2013		During the year ended March 31, 2012	
	Options (Numbers)	Weighted average exercise price per option (Rs.)	Options (Numbers)	Weighted average exercise price per option (Rs.)
Option outstanding at the beginning of the year	28,500	35	60,500	35
Granted during the year	—	NA	—	NA
Vested during the year	9,000	35	9,500	35
Exercised during the year	9,000	35	9,500	35
Lapsed during the year	4,750	35	22,500	35
Options outstanding at the end of the year	14,750	35	28,500	35

- (c) The impact on Earnings per Share if the ‘fair value’ of the options (on the date of the grant) were considered instead of the ‘intrinsic value’ is as under:

Particulars	For the year ended 31 March, 2013 Rupees	For the year ended 31 March, 2012 Rupees
Net Profit (as reported)	53,421,435	66,608,596
Add : stock based employee compensation (intrinsic value)	148,769	349,738
Less : stock based compensation expenses determined under fair value method for the grants issued (See note (d) below)	(214,639)	(504,586)
Net Profit (proforma)	53,355,565	66,453,748
Basic earnings per share (as reported)	2.01	3.00
Basic earnings per share (proforma)	2.01	2.99
Diluted earnings per share (as reported)	2.01	2.99
Diluted earnings per share (proforma)	2.00	2.99

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- d) The fair value of the options has been determined under the Black-Scholes model. The assumptions used in this model for calculating fair value are as below:

Assumptions	Grant dated November 19, 2010
Risk Free Interest Rate	7.65%
Expected Life	3.50 years
Expected Annual Volatility of Shares	58%
Expected Dividend Yield	Nil

### NOTE NO. 29 - EMPLOYEE BENEFIT PLANS

#### (a) Defined contribution plans

The Company makes Provident Fund and Superannuation Fund contributions to defined contribution plans for qualifying employees. Under the Schemes, the Company is required to contribute a specified percentage of the payroll costs to fund the benefits. The Company recognised Rs. 63,88,137 [Year ended March 31, 2012 Rs. 51,88,935] for Provident Fund contributions and Rs. 15,17,716 [Year ended March 31, 2012 Rs. 13,80,182] for Superannuation Fund contributions in the Statement of Profit and Loss. The contributions payable to these plans by the Company are at rates specified in the rules of the schemes.

#### (b) Defined benefit plans

The Company offers the following employee benefit schemes to its employees:

- i. Gratuity
- ii. Compensated absences

The following table sets out the funded status of the defined benefit schemes and the amount recognised in the financial statements:

Rupees

Particulars	For the year ended March 31, 2013		For the year ended March 31, 2012		
	Gratuity	Compensated absences	Gratuity	Gratuity	Compensated absences
	Funded	Unfunded	Funded	Unfunded	Unfunded
<b>Components of employer expense</b>					
Current service cost	3,247,873	3,517,997	2,791,639	—	2,912,299
Interest cost	1,051,301	379,130	932,066	—	451,636
Expected return on plan assets	(989,715)	—	(912,595)	—	—
Actuarial losses / (gains)	(2,352,757)	(1,254,079)	(280,111)	—	(2,625,518)
<b>Total expense recognised in the Statement of Profit and Loss</b>	<b>956,702</b>	<b>2,643,048</b>	<b>2,530,999</b>	<b>—</b>	<b>738,417</b>
<b>Actual contribution and benefit payments for year</b>					
Actual benefit payments	(1,654,169)	(2,495,484)	(1,278,010)	(576,923)	(1,188,520)
Actual contributions	1,712,171	2,495,484	1,079,104	576,923	1,188,520
<b>Net asset / (liability) recognised in the Balance Sheet</b>					
Present value of defined benefit obligation	14,289,847	5,819,701	13,094,312	—	5,672,137
Fair value of plan assets	11,717,444	—	9,766,440	—	—
Funded status [Surplus / (Deficit)]	(2,572,403)	(5,819,701)	(3,327,872)	—	(5,672,137)
<b>Net asset / (liability) recognised in the Balance Sheet</b>	<b>(2,572,403)</b>	<b>(5,819,701)</b>	<b>(3,327,872)</b>	<b>—</b>	<b>(5,672,137)</b>

Particulars	For the year ended March 31, 2013		For the year ended March 31, 2012		
	Gratuity	Compensated absences	Gratuity	Gratuity	Compensated absences
	Funded	Unfunded	Funded	Unfunded	Unfunded
<b>Change in defined benefit obligations (DBO) during the year</b>					
Present value of DBO at beginning of the year	13,094,312	5,672,137	12,253,476	576,923	6,122,240
Current service cost	3,247,873	2,504,603	2,791,639	—	2,912,299
Interest cost	1,051,301	1,392,524	932,066	—	451,636
Actuarial (gains) / losses	(1,449,470)	(1,254,079)	(1,192,706)	—	(2,625,518)
Benefits paid	(1,654,169)	(2,495,484)	(1,278,010)	(576,923)	(1,188,520)
Benefit Paid Directly by Company	—	—	(412,153)	—	—
Present value of DBO at the end of the year	14,289,847	5,819,701	13,094,312	—	5,672,137
<b>Change in fair value of assets during the year</b>					
Plan assets at beginning of the year	9,766,440	—	9,965,346	—	—
Acquisition adjustment	—	—	—	—	—
Expected return on plan assets	989,715	—	912,595	—	—
Actual company contributions	1,712,171	2,495,484	1,079,104	576,923	1,188,520
Actuarial gains / (losses)	903,287	—	(912,595)	—	—
Benefits paid	(1,654,169)	(2,495,484)	(1,278,010)	(576,923)	(1,188,520)
Plan assets at the end of the year	11,717,444	—	9,766,440	—	—
Actual return on plan assets	1,893,002	—	—	—	—
<b>Composition of the plan assets is as follows:</b>					
Insurer managed funds	11,717,444	—	9,766,440	—	—
<b>Actuarial assumptions</b>					
Discount rate	8.06%	8.57%	8.57%	—	8.57%
Expected return on plan assets	—	—	9.25%	—	—
Salary escalation	10.00%	10.00%	10.00%	—	10.00%
Attrition	5.00%	5.00%	5.00%	—	5.00%
Mortality tables	LIC (1994-96) Ult	LIC (1994-96) Ult	LIC (1994-96) Ult	—	LIC (1994-96) Ult
Estimate of amount of contribution in the immediate next year	2,572,403	2,961,883	3,327,872	—	2,902,909

The discount rate is based on the prevailing market yields of Government of India securities as at the Balance Sheet date for the estimated term of the obligations.

The estimate of future salary increases considered, takes into account the inflation, seniority, promotion, increments and other relevant factors.

Experience adjustments	2012-2013	2011-2012	2010-2011	2009-2010	2008-2009
<b>Gratuity</b>					
Present value of DBO	14,289,847	13,094,312	12,830,399	9,342,790	7,470,859
Fair value of plan assets	11,717,444	9,766,440	9,965,346	3,832,688	2,799,952
Funded status [Surplus / (Deficit)]	(2,572,403)	(3,327,872)	(2,865,053)	(5,510,102)	(4,670,907)
Experience gain / (loss) adjustments on plan liabilities	681,634	697,153	197,459	(395,921)	—

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Experience adjustments	2012-2013	2011-2012	2010-2011	2009-2010	2008-2009
Experience gain / (loss) adjustments on plan assets	903,287	(912,595)	124,025	—	—
<b>Compensated absences</b>					
Present value of DBO	5,819,701	5,672,137	6,122,240	4,506,351	4,416,195
Fair value of plan assets	—	—	—	—	—
Funded status [Surplus / (Deficit)]	(5,819,701)	(5,672,137)	(6,122,240)	(4,506,351)	(4,416,195)
Experience gain / (loss) adjustments on plan liabilities	414,951	870,704	(28,253)	645,670	—
Experience gain / (loss) adjustments on plan assets	—	—	—	—	—

### NOTE NO. 30 - RELATED PARTY DISCLOSURES

#### Details of Related Party

##### a) Parties where control exists

Name	Relationship
Mahindra and Mahindra Limited	Holding Company

##### b) Other related parties with whom transactions have been undertaken

Name	Relationship
Mahindra Logistics Limited	Fellow subsidiary
Credit Renaissance Fund Limited	Associate upto January 8, 2013
Credit Renaissance Development Fund LP	Associate upto January 8, 2013
Mr. K. L. Khanna	Key Management Personnel (KMP) upto September 30, 2011
Kimplas Piping Systems Limited	Entities in which KMP / relatives of KMP have significant influence upto September 30, 2011
Patkaai Plastics Private Limited	Entities in which KMP / relatives of KMP have significant influence upto September 30, 2011

##### c) Details of related party transactions during the year ended March 31, 2013 and balances outstanding as at March 31, 2013:

(Amount in Rupees)

Particulars	Holding Company	Fellow subsidiary	Associate	KMP	Entities in which KMP / relatives of KMP have significant influence
<u>Transactions during the year</u>					
Subscription to Share Capital including premium					
Mahindra and Mahindra Limited	342,662,720				
	(—)				
Sale of goods					
Mahindra and Mahindra Limited	6,698				
	(106,841)				



Particulars	Holding Company	Fellow subsidiary	Associate	KMP	Entities in which KMP / relatives of KMP have significant influence
Kimplas Piping Systems Limited					—
					(4,662,522)
Patkaai Plastics Private Limited					—
					(2,375,294)
Interest income					
Kimplas Piping Systems Limited					—
					(3,474,784)
Purchase of goods					
Kimplas Piping Systems Limited					—
					(10,368,500)
Purchase of fixed assets					
Mahindra and Mahindra Limited	—				
	(5,874,773)				
Remuneration					
Mr. K. L. Khanna				—	
				(4,415,385)	
Interest expense			208,865		
Credit Renaissance Fund Limited			(8,775,388)		
Credit Renaissance Development Fund LP			1,096,056		
			(1,630,946)		
Management contracts including for deputation of personnel					
Mahindra and Mahindra Limited	19,190,808				
	(7,243,249)				
Mahindra Logistics Limited		583,044			
		(101,110)			
Re-imbusement of expenses to					
Mahindra and Mahindra Limited	—				
	(1,108,766)				
Re-imbusement of expenses from					
Mahindra and Mahindra Limited	23,754				
	(—)				
<u>Balances outstanding at the end of the year</u>					
Trade receivables					
Mahindra and Mahindra Limited	—				
	(106,841)				

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Particulars	Holding Company	Fellow subsidiary	Associate	KMP	Entities in which KMP / relatives of KMP have significant influence
Trade payables					
Mahindra and Mahindra Limited	4,561,176				
	(7,372,324)				
Mahindra Logistics Limited		46,350			
		(22,750)			
Borrowings - Debentures					
Credit Renaissance Fund Limited			—		
			(33,333,300)		
Credit Renaissance Development Fund LP			—		
			(6,666,700)		

Note: Figures in bracket relates to the previous year

### Particulars

**For the year ended  
March 31, 2013  
Rupees**

For the year ended  
March 31, 2012  
Rupees

### NOTE NO. 31 - PRIOR PERIOD ITEMS

Prior year adjustments included in the Statement of Profit and Loss is as below:

Employee benefit expense (compensated absences)	—	2,467,067
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### NOTE NO. 32 - SEGMENT REPORTING

The Company is mainly engaged in the business of 'Micro Irrigation System' (MIS). All other activities of the Company revolve around the main business and accordingly there are no separate reportable segments, as per the Accounting Standard on 'Segment Reporting' (AS 17) notified under the Companies (Accounting Standards) Rules, 2006.

### NOTE NO. 33 - DETAILS OF LEASING ARRANGEMENTS

#### As Lessee

The Company has entered into operating lease arrangements for certain facilities and office premises. The leases are generally cancellable and are for a period of 11 months to 10 years under lease & license agreements and may be renewed by mutual consent on mutually agreeable terms.

### Particulars

**For the year ended  
March 31, 2013  
Rupees**

For the year ended  
March 31, 2012  
Rupees

(i) Lease payments recognised in the Statement of Profit and Loss	<b>2,790,681</b>	1,818,353
(ii) Future minimum lease payments		
not later than one year	<b>1,031,762</b>	3,51,337
later than one year and not later than five years	<b>311,036</b>	3,92,998

**NOTE NO. 34 - EARNINGS PER SHARE**

<b>Particulars</b>	<b>For the year ended March 31, 2013 Rupees</b>	<b>For the year ended March 31, 2012 Rupees</b>
<b>Basic</b>		
Net Profit for the year attributable to the equity shareholders	<b>53,421,435</b>	66,608,596
No of shares outstanding at the beginning of the year	<b>17,263,665</b>	17,254,981
Weighted average No. of Shares for Rights Issue and ESOP	<b>9,340,467</b>	4,947,882
Weighted average No. of Shares outstanding during the year	<b>26,604,132</b>	22,202,863
Par value per share	<b>10</b>	10
Earnings per share - Basic	<b>2.01</b>	3.00
<b>Diluted</b>		
Net Profit for the year attributable to equity shareholders (on dilution)	<b>53,421,435</b>	66,608,596
Weighted average number of equity shares for Basic EPS	<b>26,604,132</b>	22,202,863
Add: Effect of ESOPs which are dilutive	<b>10,872</b>	20,822
Weighted average number of equity shares - for diluted EPS	<b>26,615,004</b>	22,223,685
Par value per share	<b>10</b>	10
Earnings per share - Diluted	<b>2.01</b>	2.99

Pursuant to the Rights Issue, Earnings Per Share (EPS) has been restated as per the Accounting Standard on Earnings Per Share (AS 20), notified under the Companies (Accounting Standards) Rules, 2006 for the previous periods / year.

**Note No. 35 - Previous year's figures**

Previous year's figures have been regrouped / reclassified wherever necessary to correspond with the current year's classification / disclosure.

In terms of our report attached	For and on behalf of the Board of Directors	
<b>For Deloitte Haskins &amp; Sells</b> Chartered Accountants	<b>Ashok Sharma</b> <b>S. Durgashankar</b> <b>Nikhilesh Panchal</b> <b>Anand Daga</b>	Executive Director & CEO } Directors
<b>Ketan Vora</b> Partner	<b>Mayur Bumb</b> <b>R. V. Nawghare</b>	General Manager Finance & Accounts Company Secretary
Place : Mumbai Date : May 2, 2013	Place : Mumbai Date : May 2, 2013	





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## PROXY FORM

### EPC INDUSTRIÉ LIMITED

**Registered Office :** Plot No. H - 109, MIDC Ambad, Nashik 422 010.

L.F. No.....

\* D.P. ID.....

\* Client ID .....

\* (Applicable if shares are held in electronic form)

I/We ..... of ..... being a Member/  
Members of **EPC INDUSTRIÉ LIMITED** hereby appoint ..... of .....  
..... or failing him/her ..... of ..... as my/  
our proxy to vote for me/us and on my/our behalf at the Thirty First Annual General Meeting of the Company to be held  
at the Registered Office of the Company at Plot No.H-109, MIDC Ambad, Nashik - 422 010 on Wednesday, July 31, 2013,  
at 2.30 p.m. and at any adjournment thereof.

Signed this ..... day of ..... 2013

Affix Re. 1 Revenue Stamp
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(Signature of the Shareholder/s)

**NOTE :** The Proxy Form must be returned so as to reach the Registered Office of the Company not less than 48 hours before the time of meeting.

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