

EPC INDUSTRIÉ LIMITED



**29TH ANNUAL REPORT
2010-2011**



BOARD OF DIRECTORS

Krishen Lal Khanna, Chairman & Managing Director
Vinayak Patil
Jayendra Shah
Bhoopendra K. Sharma
Ashok Sharma
S. Durgashankar
Nikhilesh Panchal
Anand Daga

COMPANY SECRETARY

Ratnakar Nawghare

AUDITORS

Desai Associates

BANKERS

YES Bank Ltd.
IDBI 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, Hubli, Hyderabad,
Jaipur, Jalon, Latur, Raipur, 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

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NOTICE

NOTICE is hereby given that the 29th Annual General Meeting of the Members of EPC INDUSTRIE LIMITED will be held at the Registered Office of the Company at Plot No.H-109, MIDC Ambad, Nashik-422 010 on Thursday, 29th September, 2011 at 2.30 p.m. to transact the following business:

ORDINARY BUSINESS

1. To receive and adopt the audited Balance Sheet as at 31st March, 2011 and the Profit and Loss Account 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. Jayendra Shah who retires by rotation and, being eligible, offers himself for re-appointment.

SPECIAL BUSINESS

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

“RESOLVED THAT pursuant to the provisions of sections 224, 225 and all other applicable provisions, if any, of the Companies Act, 1956, Messrs Deloitte Haskins & Sells, Chartered Accountants, Mumbai (ICAI Registration Number 117364W) be appointed as Statutory Auditors of the Company to hold office from the conclusion of this Annual General Meeting until the conclusion of the next Annual General Meeting in place of the retiring Auditors, Messrs Desai Associates, Chartered Accountants, Mumbai, to conduct the Audit of the Accounts of the Company for the Financial Year 2011-12 at such remuneration as may be mutually agreed upon between the Board of Directors of the Company and the Auditors, plus service tax and out of pocket expenses.”

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

“RESOLVED THAT in accordance with the provisions of section 257 and all other applicable provisions, if any, of the Companies Act, 1956, Mr. Ashok Sharma, who was appointed as an Additional Director and who ceases to hold office as per the provisions of section 260 of the Companies Act, 1956 at the ensuing Annual General Meeting and in respect of whom the Company has received a Notice in writing proposing his candidature for the office of Director, be appointed as a Director of the Company, liable to retire by rotation.”

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

“RESOLVED THAT in accordance with the provisions of section 257 and all other applicable provisions, if any, of the Companies Act, 1956, Mr. S. Durgashankar, who was appointed as an Additional Director and who ceases to hold office as per the provisions of section 260 of the

Companies Act, 1956 at the ensuing Annual General Meeting and in respect of whom the Company has received a Notice in writing proposing his candidature for the office of Director, be appointed as a Director of the Company, liable to retire by rotation.”

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

“RESOLVED THAT in accordance with the provisions of section 257 and all other applicable provisions, if any, of the Companies Act, 1956, Mr. Nikhilesh Panchal, who was appointed as an Additional Director and who ceases to hold office as per the provisions of section 260 of the Companies Act, 1956 at the ensuing Annual General Meeting and in respect of whom the Company has received a Notice in writing proposing his candidature for the office of Director, be appointed as a Director of the Company, liable to retire by rotation.”

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

“RESOLVED THAT in accordance with the provisions of section 257 and all other applicable provisions, if any, of the Companies Act, 1956, Mr. Anand Daga, who was appointed as an Additional Director and who ceases to hold office as per the provisions of section 260 of the Companies Act, 1956 at the ensuing Annual General Meeting and in respect of whom the Company has received a Notice in writing proposing his candidature for the office of Director, be appointed as a Director of the Company, liable to retire by rotation.”

8. 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 31 and all other applicable provisions, if any, of the Companies Act, 1956, (including any statutory modification(s) or re-enactment thereof, for the time being in force), consent of the Members of the Company be accorded for adoption of a new set of Articles of Association of the Company, a copy of which is placed before the Meeting, in place of the existing Articles of Association of the Company.

FURTHER RESOLVED THAT the Board be authorised to do all such acts, deeds, matters and things to give effect to the aforesaid 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, 2nd 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 24th September, 2011 to 29th September, 2011 (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 16th 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 31st 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 2010-11, 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:
- 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;
 - 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;
 - quote their folio numbers/Client ID/DP ID in all correspondence; and
 - 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
- Mr. Ashok Sharma, Mr. S. Durgashankar, Mr. Nikhilesh Panchal, Mr. Anand Daga and Mr. Jayendra Shah do not hold any Equity 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

5th August, 2011

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

Item No.3

The Company's Auditors Messrs Desai Associates, Chartered Accountants, Mumbai, retire at this Annual General Meeting ("AGM") of the Company. However Messrs Desai Associates, Mumbai have not offered themselves for re-appointment at this AGM.

Further, the Company has received a Special Notice from a Member of the Company under sections 190 and 225 of the Companies Act, 1956 ("the Act") signifying the Member's intention to propose the appointment of Messrs Deloitte Haskins & Sells, Chartered Accountants, Mumbai as the Auditors of the Company from the conclusion of this AGM till the conclusion of the next AGM. Messrs Deloitte Haskins & Sells, Chartered Accountants, Mumbai have also expressed their willingness to act as Statutory Auditors of the Company, if appointed and have further confirmed that the said appointment, if made, would be in conformity with the provisions of section 224(1B) of the Act.

In view of the above and based on the recommendations of the Audit Committee, the Board of Directors has at its Meeting held on 5th August, 2011 proposed the appointment of Messrs Deloitte Haskins & Sells, Chartered Accountants, Mumbai as the Statutory Auditors in place of Messrs Desai Associates, Chartered Accountants, Mumbai.

The approval of Members is being sought for the appointment of Messrs Deloitte Haskins & Sells, Chartered Accountants, Mumbai as the Statutory Auditors and to authorise the Board of Directors, on the recommendation of the Audit Committee to determine the remuneration payable to the Statutory Auditors.

The Directors recommend the Resolution for acceptance by the Members.

None of the Directors of the Company is concerned or interested in this Resolution.

Item No.4

Mr. Ashok Sharma was appointed as an Additional Director of the Company by the Board of Directors on 5th August, 2011. He holds office upto the date of this Annual General Meeting pursuant to section 260 of the Companies Act, 1956 and Article 126 of the Articles of Association of the Company.

Mr. Sharma has a Bachelor's Degree in Mechanical Engineering from Victoria Jubilee Technical Institute, Mumbai and has done his Masters in Management Studies from the Jamnalal Bajaj Institute, Mumbai.

Mr. Sharma is currently Executive Vice President for Agri and Engine Application Business (Farm Equipment Sector), Strategic Planning (Farm Equipment Sector) and Business Excellence (Auto and Farm Sectors). He is also a part of the Automotive and Farm Leadership Council (AFLC) of the Auto and Farm Equipment Sectors of Mahindra & Mahindra Limited.

In a career spanning over 24 years, Mr. Sharma has rich experience in various functions like Sales, Marketing and Quality and has held various general management functions.

Mr. Sharma does not hold Equity Shares of the Company.

The Board is of the view that Mr. Sharma's knowledge and experience will be of immense benefit and value to the Company and, therefore, recommends his appointment to the Members.

None of the Directors other than Mr. Sharma is interested or concerned in this item of Business.

Item No.5

Mr. S. Durgashankar was appointed as an Additional Director of the Company by the Board of Directors on 5th August, 2011. He holds office upto the date of this Annual General Meeting pursuant to section 260 of the Companies Act, 1956 and Article 126 of the Articles of Association of the Company.

Mr. Durgashankar is currently Executive Vice President for Mergers and Acquisitions of Mahindra & Mahindra Limited.

Mr. Durgashankar has a Bachelor's Degree in Commerce and he is a Member of the Institute of Chartered Accountants of India, New Delhi.

Mr. Durgashankar has rich experience of over 28 years in the areas of Investment Banking, International Investor Relations, Treasury, Project Evaluation & Risk Assessment and Restructuring of Sick Industrial Enterprises, etc.

Mr. Durgashankar does not hold Equity Shares of the Company.

The Board is of the view that Mr. Durgashankar's knowledge and experience will be of immense benefit and value to the Company and, therefore, recommends his appointment to the Members.

None of the Directors other than Mr. Durgashankar is interested or concerned in this item of business.

Item No.6

Mr. Nikhilesh Panchal was appointed as an Additional Director of the Company by the Board of Directors on 5th August, 2011. He holds office upto the date of this Annual General Meeting pursuant to section 260 of the Companies Act, 1956 and Article 126 of the Articles of Association of the Company.

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. Panchal does not hold Equity Shares of the Company.

The Board is of the view that Mr. Panchal's knowledge and experience will be of immense benefit and value to the Company and, therefore, recommends his appointment to the Members.

None of the Directors other than Mr. Panchal is interested or concerned in this item of business.

Item No.7

Mr. Anand Daga was appointed as an Additional Director of the Company by the Board of Directors on 5th August, 2011. He holds office upto the date of this Annual General Meeting pursuant to section 260 of the Companies Act, 1956 and Article 126 of the Articles of Association of the Company.

Mr. Daga is a Practising Chartered Accountant since 1994 and is a Partner in M/s Daga & Chaturmutha, Chartered Accountants, Nashik/Mumbai.

Mr. Daga has a Bachelor's degree in Commerce and he is a Member of the Institute of Cost and Works Accountants of India, Kolkata and a Fellow Member of the Institute of Chartered Accountants of India, New Delhi. He was an All India Merit Ranker in CA Exams in 1994.

Mr. Daga possesses a varied experience of 16 years in the areas of Taxation, Audit, Finance, Corporate Strategic Planning / Restructuring Advisory Services, Mergers and Acquisitions, etc.

Mr. Daga does not hold Equity Shares of the Company.

The Board is of the view that Mr. Daga's knowledge and experience will be of immense benefit and value to the Company and, therefore, recommends his appointment to the Members.

None of the Directors other than Mr. Daga is interested or concerned in this item of business.

Item No.8

In order to augment the Company's funding requirements for debt reduction, capital expenditure, long term working capital requirements and for general corporate purposes, the Company had entered into a Share Subscription Agreement dated 9th February, 2011 ("SSA") with (i) Mahindra & Mahindra Limited, Mumbai, ("M&M"), (ii) Credit Renaissance Fund Limited (formerly known as Schroder Credit Renaissance Fund Ltd.), and Credit Renaissance Development Fund LP (formerly known as Schroder Credit Renaissance Development Fund LP), (collectively referred to as "Existing Investor"), (iii) Mr. K.L. Khanna and (iv) Trenton Investment Company Private Limited, Shishilin Investment Private Limited (since merged with Trenton Investment Company Private Limited), Garuda Plant Products Limited, Mrs. Indrani Khanna, Mr. Anirudh Khanna, Mrs. Neelanjana Banerjee and Mrs. Deepanjali Chhapwale ("Existing Promoters"). In addition to the SSA, the Company had entered into a Shareholders Agreement on 9th February, 2011 ("SHA") with M&M, the Existing Investor, Existing Promoters, Mr. K L Khanna and Kimplas Piping Systems Limited.

The Shareholders at the Extra Ordinary General Meeting held on 9th March, 2011 had accorded their consent for allotment of 65,58,065 Equity Shares of Rs. 10 each in the Company to M&M by way of preferential allotment and for adoption of a new set of Articles of Association to incorporate rights arising out of SSA and SHA.

Both the SSA and SHA were terminated on 27th June, 2011 in accordance with the consent of all the parties thereto without any further liability or obligation to any party or any of their affiliates.

Further on 27th June, 2011, all the concerned parties (other than the Existing Investor) executed new Share Subscription Agreement and new Shareholders Agreement ("New SSA and SHA") so as to (1) exclude the Existing Investor from New SSA and SHA, and (2) remove all references to the Existing Investor and make consequential modifications in the Articles of Association of the Company.

The New SSA and SHA replace and substitute the SSA and SHA respectively on and from the date of their execution.

In view of the termination of SSA and SHA, and execution of New SSA and SHA, it is proposed to appropriately alter the current Articles of Association of the Company so as to reflect the understanding between the parties by, inter alia, removing reference to the following in the Articles of Association:

1. Until the time the Existing Investor holds 15% of the paid up Equity Share Capital of the Company, he will have a right to appoint 1 (one) Director on the Board.
2. Subject to certain conditions agreed between the parties to the SHA, in the event the Existing Investor desires to sell / dispose / transfer Equity Shares of the Company held by them, they shall first offer such Equity Shares to M&M.
3. Obligation of the Existing Investor under the 'No Sale Period'.
4. Debentures issued to the Existing Investor.

Further, in order to facilitate subject wise flow of regulations, the Articles of Association of the Company have been rearranged and renumbered. Therefore, it is proposed to replace existing set of Articles of Association by a new set of Articles of Association of the Company.

A draft of the new set of Articles of Association is available for inspection at the Registered Office of the Company during the normal business hours upto the date of the Annual General Meeting.

Your Directors recommend passing of the Resolution No. 8 as proposed in the Notice as Special Resolution.

None of the Directors of the Company is, in any way, concerned or interested in this item of business, except to the extent that Mr. K L Khanna, Promoter of the Company, is a party to the New SSA and SHA.

By Order of the Board

Ratnakar Nawghare
Company Secretary

Registered Office:

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

5th August, 2011

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DIRECTORS' REPORT

Your Directors have pleasure in presenting their Twenty Ninth Annual Report and Audited Accounts of your Company for the year ended 31st March, 2011.

Financial Highlights

(Rs. in lacs)

	For the year ended 31st March, 2011	For the year ended 31st March, 2010
Turnover (Net)	8669.15	7244.42
Other Income	101.23	124.58
	8770.38	7369.00
Profit/(Loss) Before Interest, Depreciation & Tax	923.94	746.56
Interest	481.81	443.71
Depreciation	177.14	162.92
Profit/(Loss) Before Prior Period items	264.99	139.93
Prior Period Income/ (Expenses)	(30.90)	(3.62)
Profit /(Loss) Before Tax	234.09	136.31
Provision for Tax	(90.38)	41.13
Profit /(Loss) After Tax	143.71	95.18
Less :Transfer to Debt Redemption Reserve	28.75	19.25
	114.96	75.93
Add: Balance Brought Forward	(3119.72)	(3195.65)
Deficit Carried to the Balance Sheet	(3004.76)	(3119.72)

Operations and Financial Overview

During the year under review, your Company's operations were partially affected due to shortage of Working Capital, which restricted the sales turnover for the year to Rs.86.69 crores (Net). This year's sales turnover reflects a rise of 20% over the previous year's Sales of Rs. 72.44 crores (Net). The Profit Before Tax has increased from Rs. 1.36 crores for the previous year to Rs. 2.34 crores for the current year.

Over the last three years, your Company has increasingly concentrated on supply of Micro Irrigation System (MIS) consisting of Drip and Sprinklers. During the year under review, MIS Sales covered under the Scheme of Central and State Subsidies, has been converted by the Central Government into a 'National Mission on Micro Irrigation'. The Ministry of Agriculture of the Central Government has issued Revised Guidelines in this regard. It is expected that this change would give further impetus to the Government of India's programmes to encourage the efficient use of water

resources through MIS in the Country. Your Company operates all over India and more particularly in the Mega Projects of Andhra Pradesh Micro Irrigation Project (APMIP) and Gujarat Green Revolution Company Limited (GGRCL). With the active support and investment of Mahindra & Mahindra Limited into your Company, your Company expects to play a very important role in helping the Farmer Community to improve the yields and manage the water resources more meaningfully.

The integration of synergies of the Company and the Mahindra Group would create an extremely potent marketing force, which would help the Company to achieve faster growth.

Dividend

Your Directors do not recommend any dividend considering the need to augment the 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.

Share Capital

Issue of Shares on Preferential basis

In order to augment your Company's funding requirements for debt reduction, capital expenditure, long term working capital requirements and for general corporate purposes, the Company has, pursuant to the approval of the Shareholders obtained at the Extra Ordinary General Meeting held on 9th March, 2011, allotted 65,58,065 Equity Shares of Rs. 10 each at a premium of Rs. 56.10 aggregating Rs. 43.35 crores, constituting 38% of the post issue paid up equity share capital to Mahindra & Mahindra Limited ("M&M") as per the provisions of Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009.

Post allotment of Equity Shares as aforesaid, the Issued, Subscribed and Paid up Equity Share Capital of the Company stands at Rs. 1725.81 lacs comprising of 1,72,58,065 Equity Shares of Rs. 10 each ("Emerging Voting Capital").

Pursuant to Regulations 10 and 12 of Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 1997 as amended, M&M has made an Open Offer to the Equity Shareholders of the Company to acquire upto 34,51,613 fully paid up equity shares of the face value of Rs.10 each, representing 20% of the Emerging Voting Capital of the Company. The Open Offer commenced

on 21st July, 2011 and would close on 9th August, 2011. Upon completion of the Open Offer formalities, M&M and the existing Promoters of the Company would be classified as Promoters and Public Shareholders respectively.

Finance

During the year under review, the liquidity position of your Company was not very satisfactory. However, with the allotment of Shares to M&M under Preferential Issue, your Company would be meeting its need for capital expenditure as well as long term working capital requirements.

Part of the proceeds of Preferential Issue have been utilized by your Company for redemption of Optionally Convertible Cumulative Debentures amounting to Rs. 13.00 crores out of outstanding of Rs.17.00 crores during the first quarter of the Financial Year 2011-12.

Stock Options

In pursuance of the approval of the Members at the previous Annual General Meeting held on 21st July, 2010, your Company has formulated and implemented Employee Stock Option Scheme (the Scheme) for grant of Employee Stock Options to certain employees and Non-executive Directors of the Company.

The Compensation Committee of the Board of Directors has been constituted and is entrusted with the responsibility of administering the Scheme. The Committee has granted 60,500 Stock Options during the year under review, comprising about 0.35% of the current paid up capital of the Company.

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.

Industrial relations

The industrial relations continue to be peaceful and cordial at all levels. The Directors are pleased to record their appreciation for the valuable contribution by the employees at all levels.

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.

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

Directors

Mr. Ashok Sharma, Mr. S. Durgashankar, Mr. Nikhilesh Panchal and Mr. Anand Daga have been appointed as Additional Directors at the Meeting of the Board of Directors of the Company held on 5th August, 2011. They hold office upto the date of the ensuing Annual General Meeting.

The Company has received Notices from Members under section 257 of the Companies Act, 1956 signifying the intention to propose Mr. Ashok Sharma, Mr. S. Durgashankar, Mr. Nikhilesh Panchal and Mr. Anand Daga as candidates for the office of Director of the Company at the ensuing Annual General Meeting.

Mr. Jayendra Shah retires by rotation and being eligible, offers himself for re-appointment.

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 31st March, 2011 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

Messrs Desai Associates, Chartered Accountants, Mumbai, the existing Statutory Auditors have expressed their unwillingness to seek re-appointment.

Your Directors have placed on record their sincere appreciation towards the services rendered by Messrs Desai Associates, Chartered Accountants, as Statutory Auditors of your Company.

The Company has received a Special Notice from a Member of the Company, in terms of the provisions of the Companies Act, 1956, signifying the intention to propose the appointment of Messrs Deloitte Haskins & Sells, Chartered Accountants, Mumbai as the Statutory Auditors of the Company from the conclusion of the ensuing Annual General Meeting till the conclusion of the next Annual General Meeting. Messrs Deloitte Haskins & Sells, Chartered Accountants, Mumbai have also expressed their willingness to act as Statutory Auditors of the Company, if appointed, and have further confirmed that the said appointment would be in conformity with the provisions of section 224(1B) of the Companies Act, 1956.

Public Deposits & Loans / Advances

The Company has not accepted any deposits from the public or its employees during the year under review. Your Company has also not made any loans or advances, which are required

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to be disclosed in the Annual Accounts of the Company pursuant to Clause 32 of the Listing Agreement.

Current Year

During the First Quarter of the Financial Year 2011-12, your Company has recorded a sales turnover of Rs. 26.70 crores as compared to Rs. 23.48 crores of the First Quarter of the previous year. The Profit Before Tax and the Profit After Tax was at Rs. 2.01 crores and Rs. 1.37 crores respectively as compared to Rs.1.10 crores and Rs. 0.82 crores in the First Quarter of the previous year.

Intensifying efforts to penetrate in the domestic and overseas markets, increase its market share and introducing new generation micro irrigation technology are the key challenges before your Company. Your Company is confident of meeting these challenges in future.

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 31st March, 2011, 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.

Acknowledgement

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

For and On behalf of the Board

K L Khanna
Chairman & Managing Director

Place : Nashik
Dated : 5th August, 2011



Annexure - I To The Directors' Report For The Year Ended 31st March, 2011

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

(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	Nil										
(d) Options exercised	Nil										
(e) The total number of shares arising as a result of exercise of option	Nil										
(f) Options lapsed	Nil										
(g) Variation of terms of options	Nil										
(h) Money realised by exercise of options	Nil										
(i) Total number of options in force	60,500										
(j) Employee wise details of options granted to											
(i) Senior managerial personnel	<table style="width: 100%; border-collapse: collapse;"> <tr> <td style="width: 80%;"></td> <td style="text-align: right; vertical-align: bottom;">Options Granted</td> </tr> <tr> <td>1) Mr. Jayendra Shah</td> <td style="text-align: right;">10,000</td> </tr> <tr> <td>2) Mr. Vinayak Patil</td> <td style="text-align: right;">10,000</td> </tr> <tr> <td>3) Mr. Bhoopendra Sharma</td> <td style="text-align: right;">10,000</td> </tr> <tr> <td></td> <td style="text-align: right; border-top: 1px solid black;">Total <u>30,000</u></td> </tr> </table> <p>* Further details are given at the end of this annexure.</p>		Options Granted	1) Mr. Jayendra Shah	10,000	2) Mr. Vinayak Patil	10,000	3) Mr. Bhoopendra Sharma	10,000		Total <u>30,000</u>
	Options Granted										
1) Mr. Jayendra Shah	10,000										
2) Mr. Vinayak Patil	10,000										
3) Mr. Bhoopendra Sharma	10,000										
	Total <u>30,000</u>										
(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	No										
(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. 1.31										
(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 stock options granted under the Employees Stock Option Scheme, 2010, the employee compensation would have been higher by Rs.1.47 lacs, Profit after Tax lower by Rs.1.47 lacs and the basic and diluted earnings per share would have lower by Rs. 0.01 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" style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th style="text-align: center;">Options Grant Date</th> <th style="text-align: center;">Exercise Price (Rs.)</th> <th style="text-align: center;">Fair Value (Rs.)</th> </tr> </thead> <tbody> <tr> <td style="text-align: center;">19th Nov. 2010</td> <td style="text-align: center;">35</td> <td style="text-align: center;">41.84</td> </tr> </tbody> </table>	Options Grant Date	Exercise Price (Rs.)	Fair Value (Rs.)	19th Nov. 2010	35	41.84				
Options Grant Date	Exercise Price (Rs.)	Fair Value (Rs.)									
19th Nov. 2010	35	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:	The fair value of the Stock Options granted on 19th November, 2010 have been calculated using Black-Scholes Options Pricing Formula and the significant assumptions made in this regard are as follows:										
(i) risk-free interest rate	7.65%										
(ii) expected life	3.50 years										
(iii) expected volatility,	58.12%										
(iv) expected dividends and	Nil, as the Company has not declared any dividend.										
(v) the price of the underlying share in market at the time of option grant.	Rs. 64										

* Grant Date - 19th Nov. 2010

Vesting Period - Four equal instalments 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 31st March, 2011

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 31ST MARCH, 2011

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:

- Installation of new Energy efficient Equipment such as Transformer, Air Compressor and Chilling Plant resulting into energy saving.
- New designed extruders and down stream 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.
- Recycling and reuse of waste/used water.

(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 to the Rules in respect of Industries specified in the Schedule:

FORM – A

	2010-11	2009-10
1. Power and Fuel Consumption		
(a) Electricity Purchased		
Units (Kwh) (In Lacs)	50.85	45.28
Amount (Rs./lacs)	300.43	240.08
Average Rate (Rs./ Unit)	5.91	5.30
(b) Own Generation	Nil	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		
2. Coal (Specify quality & where used)	Nil	Nil
Quantity		
Total Cost		
Average rate		



3. Furnace Oil	Nil	Nil
Quantity (K.Ltrs)		
Total Amount		
Average rate		
4. Others/internal generation	Nil	Nil
Quantity		
Total cost		
Rate /unit		
B. Consumption		
Electricity (Units/MT Production)	896	1087
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 Nil
 - c) Total Nil
 - d) Total R&D expenditure as a % of total turnover Nil

Technology Absorption, Adaptation and Innovation

1. Efforts in brief made towards technology absorption, adaptation & Innovation - Nil
2. Benefits derived as a result of above efforts - Nil
3. Information on technology imported during last 5 years - Nil

C. Foreign Exchange Earnings & Outgo

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

The total foreign exchange earned and used during the year is as follows:

	(Rs. Thousands)
Foreign Exchange earned	Nil
Foreign Exchange used	22,907
Net Foreign Exchange earned	Nil

For and On behalf of the Board

K L Khanna
Chairman & Managing Director

Place : Nashik
Dated : 5th August, 2011

MANAGEMENT DISCUSSION AND ANALYSIS

India is predominantly an agrarian economy and even with the current orientation towards services, agriculture still contributes 1/4th of the total GDP of the country and livelihood of the country's major population. After independence, India has made remarkable progress in increasing food production and productivity and the credit for the same goes to concerted efforts made under various Agri revolutions. For agriculture, Land and Water are the two most important resources and effective water management becomes the lifeline of agriculture.

Water is required for agriculture as well as for other sectors of the economy (Domestic, Industries, etc) and the demand for water is increasing alarmingly. Presently, in India, agriculture consumes available water resource to a large extent. The country is endowed with many perennial and seasonal rivers. Most of the agricultural fields are irrigated by use of underground water for assured irrigation. However, erratic monsoon based rainfall is the source for water for rainfed agriculture. Though water is a renewable resource, the water recharge is ultimately limited to quantum of rain. Drought like situation in Indian agriculture is more common and occurs frequently in some parts of the vast geography of the country almost every year. In other words, the water resources are fast depleting by existing practice of farming and the country will be facing acute shortage of irrigation water if the trend continues in the years to come. The ground water level has reached to alarming levels due to ever increasing demand for use of ground water for irrigation.

All these factors are focusing on the need of judicious and efficient use of water for agricultural use.

Flood irrigation is commonly and traditionally followed in almost the whole of India. Use of this system often results into wastage of water in conveyance, distribution and evaporation. Therefore, only about 30-40% of applied water is being utilized by the crop and the rest is drained out or evaporated.

Micro Irrigation Systems (MIS) in the form of Drips and Sprinklers are being increasingly adopted in our country. These systems help in efficiently using the available water resources and also help in increasing the farm productivity. In case of horticultural and field crops, the role of these systems, both in saving water and also in increasing productivity has been conclusively demonstrated. Micro Irrigation further helps in minimizing wastage of fertilizer/nutrient loss, safe use of recycled water, low labour cost, minimum soil erosion etc.

Industry Structure and Developments

The Government of India has recognized the need for efficient and effective use of water, by improving its role in the agriculture segment and has given considerable importance to the micro irrigation industry. A National Task Force on Micro Irrigation constituted by the Government of India has made several recommendations in favour of large scale adoption of Micro Irrigation in the country. In view of the dire need for improving agricultural productivity and economic conditions

of our farmers, Micro Irrigation projects need to be efficiently implemented and operated. Implementation of micro irrigation projects requires considerable technical skills.

It has become the "on demand" technology and has started playing a vital role in agriculture. It has ample market potential with continuously rising population.

The Micro Irrigation is broadly divided into organized and unorganized segment in the country. Your Company is one of the major players in Micro Irrigation Industry in the organized sector with strong brand image and preferred customer choice. Presently, the Micro Irrigation is undergoing a consolidation phase of mergers and acquisition activities. Recently, Mahindra and Mahindra Limited has acquired 38% equity stake of the Company and presently is in the process of completing the Open Offer.

With Mahindra & Mahindra Limited joining hands with the Company, your Company is looking forward to further consolidate and strengthen its position in the market by enhancing its distribution reach by adding new dealers and distributors into new domestic and international markets.

Opportunities and Outlook

Since introduction of the Micro Irrigation Scheme (MIS), an area of around 18 lac hectares has been brought under micro irrigation in 18 States by utilizing more than Rs. 2000 crores Central Government subsidies.

During the year under review, the Central Government has approved implementation of existing MIS as the "National Mission on Micro Irrigation" (NMMI) during the Eleventh Plan period with an outlay of over Rs. 8000 crores, of which over Rs. 3400 Crores would be contributed by the Central Government as comprising 40% subsidy for general farmers and 50% subsidy for small and marginal farmers.

This Mission will help to bring in 28.5 lac hectares under micro irrigation; savings in use of irrigation water, fertilizer and electricity; increase in production and productivity of crops; convergence with other ongoing schemes of the Central Government on creation of water harvesting structures and linking the same with MIS for higher water use efficiency and enhanced return to the farmers.

The new NMMI includes the following:

- * Revised cost norms and pattern of assistance;
- * Introduction of new components with advanced technologies on micro irrigation like semi permanent sprinkler system, fertigation system, sand filters, different types of valves etc;
- * Inclusion of closed space crops like vegetable, spices, and oilseeds;
- * Release of Central share to the State Implementing Agencies instead of districts.

The long term outlook of the Micro Irrigation Industry is robust. The real boost to the business is likely to come from the micro irrigation projects launched by various State Governments.

The Company is focusing on expanding its domestic markets besides exploring opportunities in overseas markets.

Operations and Financial Performance

The Company manufactures MIS consisting of Drip and Sprinkler Irrigation, and specialized pipes for Water and Gas Distribution Systems as well as Industrial Pipes. The segment wise performance for Micro Irrigation Systems is stated in Schedule 'Q' of the Annual Accounts.

During the year 2010-11, your Company achieved Sales Turnover of Rs. 86.69 crores as compared to Rs. 72.44 crores in the preceding year, reflecting a growth of 20%. This growth was possible due to additional allocation of business in the States implementing MIS Projects and in the open market. The Company has been able to consistently maintain the growth momentum in top line coupled with product mix resulting into the Company's complete turnaround.

Risks, Concerns and Threats

The major challenge for the Micro Irrigation Industry is the availability of raw material at the right price and at the right time. Further the change in climatic conditions and seasonality in agriculture sector are adding ambiguity to Micro Irrigation business.

Your Company is also supplying MIS to farmers under various Mega MIS projects. The delay in receiving subsidies requires management of cash cycle and needs continuous infusion of funds into the business. However, with the implementation of NMMI, there would be more uniformity in release of subsidies. Moreover, a concept of releasing subsidies online is also being explored.

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 and that the operations are conducted in an efficient manner. The key constituents of the internal control systems are - review of business plans, identification of key risks and opportunities and well defined organization structure and limits of financial authority and continuous identification of areas requiring strengthening of internal controls. The internal audits are conducted periodically covering major areas of business. The Reports of the Internal Auditors are regularly reviewed by the Audit Committee of the Board. The Audit Committee discusses significant findings and corrective measures are initiated.

Human Resources

The Company believes that great people deliver great results and lays emphasis on hiring and retaining key talent.

The organization believes in providing challenging opportunities and early responsibility at work, which serves to keep team members enthused and motivated. It also believes in investing in people to develop and expand their capabilities and skills by providing training. The organization has created favourable work environment that motivates for higher performance. During the year under review, the Company has implemented the Employee Stock Option Scheme for few employees to retain talent.

As on 31st March, 2011, the total number of employees of your Company was 246.

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

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.

The Good Corporate Governance practices have further guided your Company not only to work towards the enhancement of shareholder value but also for overall betterment of all stakeholders' viz. shareholders, creditors, customers and employees. Your Company is committed to comply with the Regulatory requirements by being responsive to the needs of all concerned.

In compliance with the provisions of Clause 49 of the Listing Agreement and other applicable provisions of the Companies Act, 1956, your Directors submit this report.

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 Chairman & Managing

A. Composition of the Board

Currently, the Board comprises of eight 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#, Committee Chairmanships and Memberships, as on 31st March, 2011		
			Directorships \$	Committee Chairmanships +	Committee Memberships +
	EXECUTIVE				
1	Mr. K L Khanna Chairman & Managing Director	Promoter	2	-	1
	NON-EXECUTIVE				
2	Mr. Jayendra Shah	Non-Independent	3	1	2
3	Mr. Vinayak Patil	Independent	1	2	-
4	Mr. Bhoopendra Sharma	Independent	1	-	1
5	Mr. Ashok Sharma *	Non-Independent	N.A.	N.A.	N.A.
6	Mr. S. Durgashankar *	Non-Independent	N.A.	N.A.	N.A.
7	Mr. Nikhilesh Panchal *	Independent	N.A.	N.A.	N.A.
8	Mr. Anand Daga *	Independent	N.A.	N.A.	N.A.

* Appointed as Additional Director on 5th August, 2011

Excludes private limited companies.

\$ Includes Directorship in EPC Industrie Limited

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

B. Board Procedure

A detailed Agenda folder, alongwith necessary supporting papers are sent to each Director in advance of Board and to the Director concerned in advance of the Committee Meetings. To enable the Board to discharge its responsibilities effectively, the Chairman & Managing

Director and seven Directors, who are Non-Executive Directors. The Executive Chairman of the Company is a Promoter. The number of Non-executive Directors comprising of four 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.

None of the Independent Directors has 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.

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.

Director 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, Four Board Meetings were held on the following dates – 29th April, 2010, 13th August, 2010, 13th November, 2010 and 9th February, 2011. The gap between two Meetings did not exceed four months. These meetings were well attended. The 28th Annual General Meeting of the Company was held on 21st July, 2010.

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

Directors	Number of Board Meetings Attended	Attendance at the AGM
Mr. K L Khanna	4	No
Mr. Vinayak Patil	4	Yes
Mr. Jayendra Shah	4	No
Mr. Bhoopendra Sharma	4	No
Mr. Ashok Sharma *	-	-
Mr. S. Durgashankar *	-	-
Mr. Nikhilesh Panchal *	-	-
Mr. Anand Daga *	-	-

*Appointed as Additional Director on 5th August, 2011.

D. Directors seeking appointment/re-appointment

Mr. Jayendra Shah retires by rotation and, being eligible, offers himself for re-appointment.

During the year, Mr Ashok Sharma, Mr. S. Durgashankar, Mr. Nikhilesh Panchal and Mr. Anand Daga were co-opted as Additional Directors of the Company with effect from 5th August, 2011 and hold office upto the date of forthcoming Annual General Meeting.

Brief resume of these Directors are presented below:

1) MR. JAYENDRA SHAH

Mr. Jayendra Shah holds Bachelor's degree in Arts (Economics) from the Mumbai University and is a qualified Chartered Accountant from the Institute of Chartered Accountants of India, New Delhi.

Mr. Shah is an accomplished Business consultant with over 30 years of experience. He is a Senior Partner at N. A. Shah Associates, Chartered Accountants, where he heads the business advisory and strategy practice. Mr. Jayendra Shah brings in extensive strategic knowledge and operational experience

that enables organisations in achieving their market potential. His able leadership has helped in steering many organisations to achieve success. His areas of expertise include Enterprise/Business strategic Planning, Mergers and Acquisitions, Corporate Restructuring, Finance, Accounting, Taxation and Corporate Laws

Mr. Shah is Director in the following Companies:

- i) State Trading Corporation of India Limited
- ii) Lokmat Media Limited
- iii) Trans Continental Capital Advisors Private Limited
- iv) Enterprise Technology Partners (India) Private Limited
- v) Meghraj Capital Advisors Private Limited

He is also the Chairman of Audit Committee of Lokmat Media Limited and the Member of Audit Committee of State Trading Corporation of India Ltd.

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

2) MR. ASHOK SHARMA

Mr. Ashok Sharma has a Bachelor's Degree in Mechanical Engineering from Victoria Jubilee Technical Institute, Mumbai and has done his Masters in Management Studies from the Jannalal Bajaj Institute, Mumbai.

Mr. Sharma is currently Executive Vice President for Agri and Engine Application Business (Farm Equipment Sector), Strategic Planning (Farm Equipment Sector) and Business Excellence (Auto and Farm Sectors). He is also a part of the Automotive and Farm Leadership Council (AFLC) of the Auto and Farm Equipment Sectors of Mahindra & Mahindra Limited.

In a career spanning over 24 years, Mr. Sharma has rich experience in various functions like Sales, Marketing and Quality and has held various general management functions.

Mr. Sharma is Director in the following companies :

- i) Mahindra Shubhlabh Services Limited
- ii) Vayugrid Marketplace Services Private Limited
- iii) Mahindra Econova Private Limited

Mr. Sharma is the member of the Audit Committee and Remuneration / Compensation Committee of Mahindra Shubhlabh Services Limited.

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

3) MR. S. DURGASHANKAR

Mr. Durgashankar has a Bachelors Degree in Commerce and he 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 of Mahindra & Mahindra Limited.

Mr. Durgashankar has rich experience of over 28 years in the areas of Investment Banking, International Investor Relations, Treasury, Project Evaluation & Risk Assessment and Restructuring of Sick Industrial Enterprises.

Mr. Durgashankar is not a Director of any other Company.

Mr. Durgashankar does not hold any Shares in the Company.

4) MR. NIKHILESH PANCHAL

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

- i) Mahindra Forgings Limited
- ii) Mahindra UGINE Steel Company Limited

Mr. Panchal is also the Member of the Audit Committee of the abovementioned two companies.

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

5) MR. ANAND DAGA

Mr. Anand Daga is a Practising Chartered Accountant since 1994 and is a Partner in M/s Daga & Chaturmutha, Chartered Accountants, Nashik/ Mumbai.

Mr. Daga has a Bachelor's degree in Commerce and he is a Member of the Institute of Cost and Works Accountants of India, Kolkata and a Fellow Member of the Institute of Chartered Accountants of India, New Delhi. He was an All India Merit Ranker in CA Exams in 1994.

Mr. Daga possesses a varied experience of 16 years in the areas of Taxation, Audit, Finance, Corporate Strategic Planning / Restructuring Advisory Services,

Mergers and Acquisitions, etc.

Mr. Daga is on the Board of following Companies :

- i) City Centre Mall (Nashik) Private Limited
- ii) MSS India Private Limited

Mr. Daga does not hold any Committee positions.

Mr. Daga does not hold any Shares in the Company.

E. Code of Conduct

During the year under review, 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>. 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 Chairman & Managing Director is enclosed at the end of this Report.

F. CEO/CFO Certification

As required under clause 49V of the Listing Agreement with the Stock Exchange, the Chairman & Managing Director and the Head- Finance & Accounts of the Company have certified to the Board regarding the Financial Statements for the year ended 31st March, 2011.

II. Remuneration to Directors

A. Remuneration Policy

While deciding on the remuneration for Directors, the Board, Remuneration 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

During the year under review, the Company has received the approval letters dated 19th August, 2010 and 31st December, 2010 from the Ministry of Corporate Affairs, New Delhi in respect of Managerial Remuneration payable to Mr. K L Khanna as Managing Director. Accordingly, the managerial remuneration paid/payable to Mr. K L Khanna for the year ended 31st March, 2011 is as under:

(Rs.in Lacs)

Name	Salary	Performance Pay	Retirement Benefits	Total
Mr. K L Khanna	30.00	22.60 *	6.11	58.71

* Includes Rs. 4.60 lacs pertaining to the previous year.

Notes:

1. Contract Period: 30th December, 2009 to 29th November, 2011
2. Notice Period: 60 days.
3. Performance pay is the only component of remuneration that is performance-linked. All other components are fixed.

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 31st March, 2011 alongwith their shareholdings are as under:

Directors	Sitting Fees for the Board Meetings paid during the year ended 31st March, 2011 (Rs. in Lacs)	No. of Equity Shares held as on 31st March, 2011
Mr. K L Khanna	N.A	Nil
Mr. Vinayak Patil	0.80	2,000
Mr. Jayendra Shah	0.80	Nil
Mr. Bhoopendra Sharma	0.80	Nil
Mr. Ashok Sharma *	Nil	Nil
Mr. S. Durgashankar *	Nil	Nil
Mr. Nikhilesh Panchal *	Nil	Nil
Mr. Anand Daga *	Nil	Nil

*Appointed as Additional Director on 5th August, 2011.

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

III. Risk Management

The assessment of various risks pertaining to the various aspects of business is discussed in the meetings of the Board of Directors and Audit Committee. Your Company is in the process of adopting a well-defined risk management framework and steps to be taken to mitigate risks.

IV. Committees of the Board

A. Audit Committee

The Board of Directors of the Company has an Audit Committee which comprises of Mr. Vinayak Patil as the Chairman of the Committee and M/s Bhoopendra K

Sharma and Jayendra Shah as other members of the Committee. Mr. Jayendra Shah is a Senior Partner at N A Shah Associates, Chartered Accountants and also an accomplished business consultant with experience of over three decades in the areas of Finance, Management, Mergers & Acquisitions, Corporate Restructuring etc. Other members of the Audit Committee too have good exposure in the areas of Finance, Operations and Management.

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 Chairman & Managing Director, Statutory Auditors, Internal Auditor and the Company Secretary. The Chairman of the Audit Committee, Mr. Vinayak Patil was present at the 28th Annual General Meeting of the Company held on 21st July, 2010.

The Committee met four times during the year under review. The Committee Meetings were held on the following dates – 29th April, 2010, 13th August, 2010, 13th November, 2010 and 9th February, 2011. 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 (Chairman)	4
Mr. Jayendra Shah	4
Mr. Bhoopendra K Sharma	4

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

B. Remuneration Committee

The role of the Remuneration Committee is to review performance of the Managing Director and recommend to the Board the salary, perquisites and performance pay payable to him. Mr. Vinayak Patil is the Chairman of the Committee. Mr. Jayendra Shah and Mr. Bhoopendra

Sharma are the other members of the Committee. The Committee Meeting was held on 15th January, 2011, which was attended by M/s Jayendra Shah and B K Sharma.

C. Compensation Committee

During the year under review, the Compensation Committee of Directors has been constituted and is entrusted with the responsibility of administering the Employee Stock Options Scheme. The Committee comprises of Mr. K L Khanna as the Chairman of the Committee and Mr Jayendra Shah and Mr. Vinayak Patil as other Members of the Committee. During the year under review, the Committee met once for grant of Stock Options and was well attended.

D. Share Transfer Committee

The Company's Share Transfer Committee functions under the Chairmanship of Mr. K L Khanna, Chairman of the Board and Mr. Vinayak Patil is the other Member of the Committee.

The Share Transfer Committee meets as and when required, to inter alia deal with matters relating to transfer of shares. As of date, there are no pending share transfers pertaining to the year under review.

E. Shareholders/Investors Grievance Committee

The Company's Shareholders/Investors Grievance Committee functions under the Chairmanship of Mr. Vinayak Patil and Mr. K L Khanna and Mr. Jayendra Shah 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 (Chairman)	4
Mr. K L Khanna	4
Mr. Jayendra Shah	4

During the year under review, there were no complaints received from the Shareholders.

V. Disclosures

A. Disclosure on materially significant Related Party transactions

During the financial year 2010-11 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. 22 of Schedule 'Q' to the Statements of Accounts.

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 and Code of Corporate Disclosure Practices.

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. 29th Annual General Meeting

Date : 29th September, 2011

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 24th September, 2011 to 29th September, 2011 (both days inclusive).

3. Date of Dividend Payment

No dividend has been recommended for the Financial Year ended 31st March, 2011.

4. Financial Year of the Company

The financial year covers the period from 1st April to 31st March.

Financial Reporting for:

Quarter ending

30th June, 2011 – 5th August, 2011

Half-year ending

30th September, 2011 - Second week of November, 2011

Quarter ending

31st December, 2011 - Second week of February, 2012

Year ending

31st March, 2012 - End May, 2012

Note: The above dates are indicative except for quarter ended 30th June, 2011.

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.



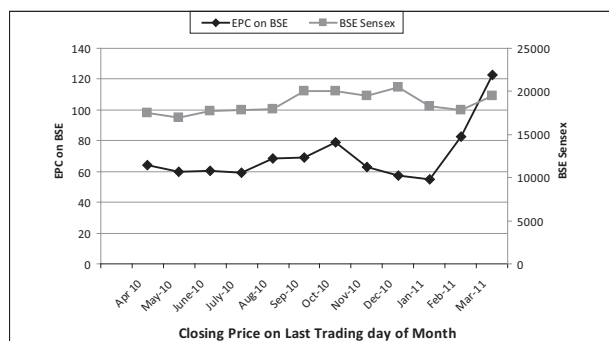
7. A. Stock Code

- Bombay Stock Exchange Limited (BSE): 523754
- Demat International Security 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, 2010	82.00	51.00
May, 2010	69.00	55.00
June, 2010	65.15	53.25
July, 2010	66.90	55.25
August, 2010	84.00	55.10
September, 2010	77.70	66.50
October, 2010	85.70	67.15
November, 2010	83.40	58.00
December, 2010	66.00	51.00
January, 2011	59.80	47.00
February, 2011	92.25	51.50
March, 2011	124.65	83.50

10. Registrar and Transfer Agent

Sharepro Services (India) Private Limited
Unit: EPC Industrie 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 Share Transfer Committee meets as and when required to consider and approve the share transfers, transmissions, issuance of duplicate share certificates etc.

12. Distribution of Shareholding as on 31st March, 2011

Shareholding	Shareholders		Shares	
	Number	% to total holders	Number	% to total capital
Upto 500	6867	93.82	1056625	6.12
501 – 1,000	257	3.51	221772	1.29
1,001 - 5,000	145	1.98	322480	1.87
5,001 - 10,000	22	0.30	156941	0.91
10,001– 1,00,000	21	0.29	585582	3.39
1,00,001 & above	7	0.10	14914665	86.42
TOTAL	7319	100.00	17258065	100.00

Shareholding Pattern as on 31st March, 2011

Category	No. of Shares held	%
Promoters and Promoter Group	2829300	16.39
Banks	200	0.01
Private Corporate Bodies	6715124	38.91
Indian Public	1954280	11.32
NRIs/ OCBs / Others	5759161	33.37
GRAND TOTAL	17258065	100.00

13. Dematerialisation of Shares

94.05% 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 31st March, 2011. 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 Industrie 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 dematerialised form. For all investor related matters, the Company Secretary & Compliance Officer can be contacted at:

EPC Industrie Limited
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 st March, 2008	Wednesday 30 th July, 2008	11.30 a.m.	i) For increase in Authorised Share Capital and amendment in Capital Clause and Article 3 of the Articles of Association.
			ii) For issue of shares under Section 81(1A) of the Companies Act, 1956.

31 st March, 2009	Thursday 30 th July, 2009	11.00 a.m.	For re-appointment of Mr. Krishen Lal Khanna as Managing Director with effect from 30th December, 2009 to 29th November, 2011.
31 st March, 2010	Wednesday 21 st 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.

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

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

Year	Date	Time	Special Resolution passed
31 st March, 2010	Sunday 29 th 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 st March, 2011	Wednesday 9 th 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.

No Special Resolutions were passed in last three years through Postal Ballot.

2. 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 Exchanges or SEBI or any statutory authority, on any matter related to the capital markets.

The Company and Promoters have filed a consent application during the year under review, in terms of SEBI circular No. EFD/ED/Cir-1/2007 seeking settlement for non-disclosure in respect of the transaction dated 31st March, 2003 and for delay in yearly disclosure as of 31st March, 2005, under Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 1997.



3. 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>.

4. 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.

5. Compliance with Mandatory requirements

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

6. Compliance with Non-Mandatory requirements

a. Remuneration Committee

Your Company has set up the Remuneration 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.

Nashik
5th August, 2011

DECLARATION BY THE CHAIRMAN & MANAGING DIRECTOR UNDER CLAUSE 49 OF THE LISTING AGREEMENT

To

The Members of EPC Industrie Limited,

I, Krishen Lal Khanna, Chairman & Managing Director of EPC Industrie 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 31st March, 2011.

Nashik,
5th August, 2011

K L Khanna
Chairman & Managing Director

CERTIFICATE ON CORPORATE GOVERNANCE

TO
THE MEMBERS OF
EPC INDUSTRIE LIMITED

We have examined the compliance of conditions of Corporate Governance by **EPC INDUSTRIE LIMITED**, for the year ended 31st March 2011, as stipulated in clause 49 of the Listing Agreement of the said Company with the Stock Exchange.

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 the Corporate Governance. It is neither an audit nor an expression of opinion on the financial statements of the Company.

In our opinion and to the best of our information and according to the explanations given to us, we certify that the Company

has complied with the conditions of Corporate Governance as stipulated in the above mentioned Listing Agreement.

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

For Desai Associates
Firm Registration No. 102286W
Chartered Accountants

I. A. Mukadam
(Partner)
Membership No. 16865

Place : Nashik
Dated : 5th August, 2011

AUDITORS' REPORT TO THE MEMBERS OF EPC INDUSTRIE LIMITED

We have audited the attached Balance Sheet of **EPC INDUSTRIE LIMITED as at 31st March, 2011** and the Profit and Loss Accounts and the Cash Flow Statement for the year ended on that date annexed thereto. These financial Statements are the responsibility of the Company's Management. Our responsibility is to express an opinion on these financial statements based on our audit.

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

1. As required by the Companies (Auditor's Report) Order, 2003 as amended by the Companies (Auditor's Report) (Amendment) Order 2004 (together the 'order') issued by the Central Government of India in terms of section 227 (4A) of the Companies Act, 1956, and on the basis of such checks as we considered appropriate and according to the information and explanation given to us, we annex hereto a statement on the matters specified in paragraph 4 and 5 of the said Order to the extent applicable to the Company.
2. Further to our comments in the Annexure referred to above, 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 purpose of our audit.
 - b. In our opinion, proper books of accounts as required by law have been kept by the Company so far as it appears from our examination of those books.

- c. The Balance Sheet, Profit and Loss Account and Cash Flow Statement dealt with by this report are in agreement with the books of account.
- d. In our opinion, the Balance Sheet, Profit and Loss Account and Cash Flow Statement dealt with by this report comply with the accounting standards referred to in sub-section (3C) of section 211 of the Companies Act, 1956;
- e. On the basis of written representations received from the directors as on 31st March 2011 and taken on record by the Board of Directors, we report that none of the Directors of the Company is disqualified as on 31st March 2011 from being appointed as a director in terms of Clause (g) of sub-section (1) of section 274 of the Companies Act, 1956.

In our opinion and to the best of our information and according to the explanations given to us, the said accounts, read together with the notes thereon, gives the information required by the Companies Act, 1956, in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:

- (i) In the case of Balance Sheet, of the state of affairs of the company as at 31st March, 2011 and
- (ii) in the case of the Profit and Loss account, of the Profit for the year ended on that date.
- (iii) in the case of the Cash Flow Statement of the Cash Flow for the year ended on that date.

For Desai Associates
Firm Registration No. 102286W
Chartered Accountants

I.A. Mukadam
(Partner)
Membership No. 16865

Place : Nashik
Dated : 29th April, 2011

ANNEXURE TO THE AUDITORS' REPORT

Annexure referred to in paragraph 1 of our report of even date on the accounts of EPC Industrie Limited for the year ended 31st March, 2011.

1. In respect of its fixed assets:
 - a. The Company has maintained proper records showing full particulars including quantitative details and situation of fixed assets.
 - b. The Company has a phased programme for verification of all fixed assets over a period of 3 years. In accordance with the programme, fixed assets are verified and any material differences have been adjusted upon reconciliation with the records and documents. In our opinion, having regard to the size of the Company and the nature of its assets the programme of verification of fixed assets of the Company is reasonable.
 - c. Since there is no disposal of substantial part of fixed assets during the year, paragraph 4(i) (c) of the Companies (Auditors Report) Order, 2006 is not applicable
2. In respect of the inventories:
 - a. The Inventory of the Company (except stocks with third parties/dealers) has been physically verified by the management during the year. In respect of inventory lying with third parties/dealers these have been confirmed by them. In our opinion the frequency of verification is reasonable.
 - b. In our opinion and according to the information and explanations given to us and having regard to the nature of items, the procedures of physical verification of stocks followed by the management are reasonable and adequate in relation to the size of the Company and the nature of its business.
 - c. On the basis of our examination of the records of inventory, we are of the opinion that the Company is maintaining proper records of inventory. According to the Information and explanations given to us no material discrepancies were noticed on physical verification between the physical stock and book records. The shortages noticed during the physical verification of Inventories have been properly dealt with in the books of accounts.
 - d. In our opinion, the Company has neither taken nor granted any loans, secured or unsecured, from/to Companies, firms or other parties listed in the register maintained under section 301 of the Companies Act 1956 (the Act). Accordingly Clause 4 (iii) is not applicable.
3. In our opinion and according to the information and explanation given to us, there are adequated internal control procedures commensurate with the size of the Company and the nature of its business for the purchase

at inventory and fixed assets and for the sale of goods. During the course of our audit, we have not observed any continuing failure to correct major weaknesses in internal controls.

4. (a) The transactions required to be entered in the Register in pursuance to section 301 of the Companies Act have been entered into.
- (b) The transactions of sale and purchase made are of special nature and no comparative prices are available hence we are unable to comment its reasonability with regard to prevailing market price.
5. As the Company has not accepted or renewed any deposits from public, the directive issued by the Reserve Bank of India and the provisions of section 58A and 58AA or any other relevant provisions of the Companies Act, 1956 and the rules formed there under are not applicable. No order has been passed by the Company Law Board or National Company Law Tribunal or Reserve Bank of India or any court or any other Tribunal.
6. In our opinion, the Company has an internal audit system commensurate with size and nature of its business.
7. As explained to us, the Central Government has not prescribed the maintenance of cost records under Section 209(1) (d) of the Companies Act, 1956 for the Company's products.
8. According to the information and explanations given to us and according to the records of the Company in respect of Statutory and other dues:
 - (a) The Company is generally regular in depositing with appropriate authorities of undisputed statutory dues including, employees' state insurance, tax, deducted at source, tax collected at source, professional tax, sales tax, custom duty, excise duty, property tax, service tax, works contract tax, water tax, licence fees, entry tax, cess and other material and other statutory dues applicable to it. According to the information and explanation given to us, no undisputable amount is payable in respect of aforesaid dues were outstanding as on 31st March, 2011 for a period of more than 6 months from the date they became payable:
 - (b) As explained to us and according to the records of the Company following dues of sales tax, excise duty have not been deposited an account of dispute:

Name of statute (Nature of dues)	Period to which the amount relates	Amount (in Lacs)	Forum where dispute in pending
Excise	1995 to 2005	166.79	Appellate Authority i.e. CESTAT
Excise	1995 to 2006	79.44	Asst. / Dry. Comm. of Central Excise

29th Annual Report 2010-11

9. Accumulated losses of the Company are less than fifty percent of its net worth. The Company has not incurred cash losses during the financial year covered by our audit and also in the immediately preceding financial year.
10. Based on our Audit procedures and on the information and explanations given by the management, the Company has not defaulted in repayment of dues to banks or financial institution during the year.
11. Since the Company has not granted any loans or advances on the basis of security by way of pledge of shares, debentures and other securities, paragraph 4 (xii) of the Order is not applicable.
12. As the Company is not a nidhi / mutual benefit fund / society, paragraph 4 (xiii) of the Order is not applicable.
13. Since the Company is not dealing or trading in shares, securities, debentures and other investments, paragraph 4 (xiv) of the Order is not applicable.
14. The Company has not given any guarantee for loans taken by others from bank or financial institutions on the terms and conditions whereof are prejudicial to the interest of the Company.
15. In our opinion and according to the information and explanations given to us, on an overall basis, the unsecured funds raised through Optionally Convertible Cumulative Debentures have been actually applied for the purposes for which they were obtained.
16. According to the information and explanations given to us and on an overall examination of the Balance Sheet of the Company, we report that no funds raised on short-term basis have been used for long-term investment.
17. According to the information and explanations given to us, during the year, the Company has not made preferential allotment of shares to parties and companies covered in the Register maintained under Section 301 of the Companies Act 1956.
18. According to the information and explanations given to us and according to the records of the Company, no secured debentures have been issued. The question of creating securities does not arise.
19. Since the Company has not raised any money during the year by way of public issue, paragraph 4 (xx) of the Order is not applicable.
20. Based upon our selective audit procedures and the information and explanations given by the management, we report that no instance of material fraud on or by the Company has been noticed or reported during the year.

For Desai Associates
Firm Registration No. 102286W
Chartered Accountants

I.A. Mukadam
(Partner)
Membership No. 16865

Place : Nashik
Dated : 29th April, 2011



CEO AND CFO CERTIFICATION

We, K L Khanna, Chairman & Managing Director and A R Kshirsagar, Head – Finance and Accounts, responsible for the finance function certify that:

- 1) We have reviewed the financial statements and cash flow statement for the year ended 31st March, 2011 and to the best of our knowledge and belief, we confirm that :
 - a) these statements do not contain any materially untrue statement or omission of 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, 2011 are fraudulent, illegal or violative of the Company's code of conduct.
- 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 over 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.

K L Khanna
Chairman & Managing Director

A R Kshirsagar
Head - Finance & Accounts

Place : Nashik

Dated : 5th August, 2011

BALANCE SHEET AS AT 31ST MARCH, 2011

	Schedule	Rupees	Rupees	As at 31st March,2010
SOURCES OF FUNDS				
Shareholders' Funds				
Share Capital	A	172,556,650		106,976,000
Employees Stock Options Outstanding		332,974		-
Reserves and Surplus	B	<u>673,433,606</u>		<u>323,103,326</u>
			846,323,230	<u>430,079,326</u>
Loan Funds				
Secured Loans	C		148,482,293	127,511,312
Unsecured Loans	D		<u>208,359,409</u>	<u>218,073,275</u>
			1,203,164,932	<u>775,663,913</u>
APPLICATION OF FUNDS				
Fixed Assets				
Gross Block	E	436,044,158		427,537,366
Less : Depreciation		<u>248,194,128</u>		<u>240,416,173</u>
		187,850,030		187,121,193
Capital Work in Progress		<u>36,535,894</u>		<u>2,470,598</u>
			224,385,924	189,591,791
Investments	F		80,850	137,450
Deferred Tax Assets (Net)	G		5,004,978	14,046,810
Current Assets, Loans and Advances				
Current Assets	H	838,376,205		337,826,835
Loans and Advances	I	<u>43,851,622</u>		<u>46,796,969</u>
		882,227,827		384,623,804
Less : Current Liabilities and Provisions	J	<u>209,010,699</u>		<u>124,708,184</u>
Net Current Assets			673,217,128	259,915,620
Profit & Loss Account			<u>300,476,052</u>	<u>311,972,242</u>
			1,203,164,932	<u>775,663,913</u>
NOTES TO ACCOUNTS				
Statement of Significant Accounting Policies	Q			
	R			

As per Report Annexed
For **DESAI ASSOCIATES**
Registration No. 102286W
Chartered Accountants

I. A. Mukadam
Partner
Membership No. 16865

Nashik : 29th April, 2011

For and on behalf of the Board

K L Khanna
Chairman & Managing Director

Vinayak P. Patil
Director

R V Nawghare
Company Secretary

J N Shah
Director

A R Kshirsagar
Head - Finance & Accounts



PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH, 2011

	Schedule	Rupees	Rupees	Previous Year Rupees
INCOME				
Sales / Services Rendered		875,765,499		729,318,467
less : Excise Duty on Sales		8,850,629		4,876,359
		<u>866,914,870</u>		<u>724,442,108</u>
Other Income	K	<u>10,122,642</u>	877,037,512	<u>12,458,010</u>
				736,900,118
EXPENDITURE				
Materials	L	579,513,275		446,610,494
(Increase) / Decrease in Stocks	M	<u>(47,182,601)</u>		<u>3,332,902</u>
		532,330,674		449,943,396
Personnel	N	95,812,758		75,853,442
Expenses	O	<u>156,500,320</u>		<u>136,447,336</u>
			784,643,752	<u>662,244,174</u>
Profit before Interest & Depreciation			<u>92,393,760</u>	<u>74,655,944</u>
Interest	P	48,181,220		44,370,612
Depreciation (Refer Note 4 - Schedule Q)		<u>17,713,546</u>		<u>16,292,334</u>
			65,894,766	60,662,946
Profit for the year before Prior Period Items			<u>26,498,994</u>	<u>13,992,998</u>
Prior Period Income /(Expenses) (Net)			<u>(3,090,043)</u>	<u>(362,247)</u>
Profit after Prior Period Items			<u>23,408,951</u>	<u>13,630,751</u>
Provision for Taxation				
Income Tax for Prior Years		4,071		87,169
Deferred Tax		<u>(9,041,832)</u>		<u>(4,200,367)</u>
			<u>(9,037,761)</u>	<u>(4,113,198)</u>
Profit after Taxation			<u>14,371,190</u>	<u>9,517,553</u>
Less: Appropriation				
Transfer to Debenture Redemption Reserve			<u>2,875,000</u>	<u>1,925,000</u>
			<u>11,496,190</u>	<u>7,592,553</u>
Add: Balance Brought Forward			<u>(311,972,242)</u>	<u>(319,564,795)</u>
DEFICIT CARRIED TO THE BALANCE SHEET			<u>(300,476,052)</u>	<u>(311,972,242)</u>
Earnings Per Share (Rs) [Face Value of Rs. 10 each]				
Basic			1.31	0.96
Diluted			1.31	0.96
NOTES TO ACCOUNTS				
Statement of Significant Accounting Policies	Q			
	R			

As per Report Annexed
For **DESAI ASSOCIATES**
Registration No. 102286W
Chartered Accountants

For and on behalf of the Board

K L Khanna
Chairman & Managing Director

J N Shah
Director

I. A. Mukadam
Partner
Membership No. 16865

Vinayak P. Patil
Director

R V Nawghare
Company Secretary

A R Kshirsagar
Head - Finance & Accounts

Nashik : 29th April, 2011

CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2011

	Rupees	Rupees	Rupees	Previous Year Rupees
A CASH FLOW FROM OPERATING ACTIVITIES				
Net Profit / (Loss) Before Tax		26,498,994		13,992,998
Adjusted for :				
Depreciation	17,713,546		16,292,334	
Provision for Doubtful Debts	1,915,283		3,552,232	
(Profit) / Loss on Sale of / Discarded Fixed Assets	1,529,357		286,698	
(Profit) / Loss on Investments	56,600		-	
Dividend Received	(2,270)		(2,270)	
Interest Income	(7,415,487)		(7,706,632)	
Exchange Loss / (Gain)	(87,220)		131,079	
Employee stock option - discount forming part of personnel expenses	332,974			
Interest Expenses	48,181,220		44,370,612	
		62,224,003		56,924,053
Operating Profit, before Working Capital Changes		88,722,997		70,917,051
Adjusted for :				
Trade Debtors & Other Receivable	(58,697,505)		(37,877,519)	
Inventories	(75,242,566)		7,105,995	
Trade Payable & Other Liabilities	85,385,064		(21,484,774)	
		(48,555,007)		(52,256,298)
Cash Generated from Operations		40,167,990		18,660,753
Direct Tax Refund / (Paid) net		1,013,106		(4,076,169)
Cash Flow before Prior Period Items		41,181,096		14,584,584
Prior Period Income / (Expenses)		(3,090,043)		(362,247)
Net Cash Flow from Operating Activities		38,091,053		14,222,337
B CASH FLOW FROM INVESTING ACTIVITIES				
Purchase of Fixed Assets	(58,567,647)		(12,945,333)	
Sale of Fixed Assets	96,995		466,971	
Sale of Investments	-		(55,000)	
Interest Received	7,470,697		7,225,048	
Dividend Received	2,270		2,270	
Net Cash Flow from Investing Activities		(50,997,685)		(5,306,044)
C CASH FLOW FROM FINANCING ACTIVITIES				
Interest Paid	(48,203,690)		(44,382,423)	
Proceeds from issue of Shares / Share Application Money	433,488,097		10,000,000	
Proceeds from borrowing (Term Loan form a leasing Company)	-		1,757,574	
Proceeds from borrowing (Bank Term Loan)	(8,333,334)		(10,000,000)	
Proceeds from borrowing (Bank Cash Credit)	32,692,387		55,000,000	
Share Issue Expenses	(16,318,550)		(543,923)	
Repayments of Borrowings	(13,101,938)		(17,896,209)	
NET CASH FLOW FROM FINANCING ACTIVITIES		380,222,972		(6,064,981)
NET INCREASE/(DECREASE) IN CASH & CASH EQUIVALENTS (A+B+C)		367,316,340		2,851,312
Opening Cash & Cash Equivalent		44,280,606		41,429,294
Closing Cash & Cash Equivalent		411,596,946		44,280,606

Notes:

- Cash Flow statement has been prepared under the indirect method as set out in the Accounting Standard (AS) 3."Cash Flow Statements" as specified in the Companies (Accounting Standards) Rules, 2006.
- Closing Cash & Cash equivalent includes Fixed Deposits amounting to Rs. 40,014,864/- (P. Y. Rs. 27,585,141/-) lodged with banks as margin for non-funded working capital facility, Rs NIL/- (P. Y. Rs. 2,500,000/-) in lieu of Debt Service Reserve Account and Rs. 1,704,657/- (P. Y. Rs. 1,704,657/-) balance in Debt Service Reserve Account with a bank.

As per Report Annexed
For **DESAI ASSOCIATES**
Registration No. 102286W
Chartered Accountants

For and on behalf of the Board

K L Khanna
Chairman & Managing Director

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Partner
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Director

R V Nawghare
Company Secretary

A R Kshirsagar
Head - Finance & Accounts

Nashik : 29th April, 2011



SCHEDULES FORMING PART OF THE BALANCE SHEET AS AT 31ST MARCH, 2011

	Rupees	Rupees	As at 31st March, 2010 Rupees
SCHEDULE A			
SHARE CAPITAL			
Authorised			
3,20,00,000 (P. Y. 3,20,00,000) Equity Shares of Rs.10 each	320,000,000		320,000,000
18,00,000(P. Y. 18,00,000) Preference Shares of Rs.100 each	180,000,000		180,000,000
		500,000,000	500,000,000
Issued and Paid Up			
1,72,58,065 (P.Y. 1,07,00,000) Equity Shares of Rs. 10 each (5,50,000 Shares allotted as Bonus Shares on capitalisation of Reserves)		172,580,650	107,000,000
Less : Allotment Money in arrears		24,000	24,000
		172,556,650	106,976,000
Debentureholders have an option to convert Debentures into 12% Preference Shares of Rs 100 each			
SCHEDULE B			
RESERVES AND SURPLUS			
Share Premium			
As per the last Balance Sheet (Net)	267,711,431		220,255,354
Add: Addition during the year	367,907,447		48,000,000
Less: Share Issue Expenses for the year	16,318,550		543,923
	619,300,328		267,711,431
Less : Allotment Money in arrears	48,000		48,000
		619,252,328	267,663,431
Capital Incentive Reserve			
As per the last Balance Sheet		4,000,000	4,000,000
Investment Allowance Reserve			
As per the last Balance Sheet		643,275	643,275
Export Benefit Reserve			
As per the last Balance Sheet		3,210,000	3,210,000
Debenture Redemption Reserve			
As per the last Balance Sheet	1,925,000		-
Created during the year	2,875,000		1,925,000
		4,800,000	1,925,000
Capital (Revaluation) Reserve			
As per the last Balance Sheet	45,661,620		49,068,358
Less: Revaluation Upliftment on discarded Assets	893,290		169,108
Less: Depreciation attributed to revaluation upliftment	3,240,327		3,237,630
		41,528,003	45,661,620
		673,433,606	323,103,326

SCHEDULES FORMING PART OF THE BALANCE SHEET AS AT 31ST MARCH, 2011

	Rupees	As at 31st March, 2010 Rupees
SCHEDULE C		
SECURED LOANS		
FROM BANKS		
Term Loan from a Bank (*)	-	8,333,334
[Payable within one year Rs. NIL/- (P.Y. Rs. 8,333,334/-)]		
Cash Credit from Banks (*)	147,420,890	114,728,503
(*) Secured by exclusive charge over Fixed Assets, Current Assets, equitable mortgage by depositing of Title Deeds, personal guarantee of Chairman & Managing Director and maintenance of Debt Service Reserve Account for the amount equivalent to the interest amount of two months.		
FROM COMPANIES		
Term Loan from a Finance Company for Machinery	-	2,275,124
Secured by Hypothecation of 2 Injection Moulding Machines purchased from Ningbo Haitian Hua Yuan Machinery, China		
[Payable within one year Rs. NIL/- (P.Y. Rs. 1,341,964/-)]		
Term Loan from Finance Companies for Vehicles	1,061,403	2,174,351
Secured by Hypothecation of Vehicles		
[Payable within one year Rs. 617,380/- (P.Y. Rs. 886,904/-)]		
	<u>148,482,293</u>	<u>127,511,312</u>
SCHEDULE D		
UNSECURED LOANS		
1,700,000 (P.Y. 1,700,000) Optionally Convertible Cumulative Debentures of Rs. 100 each	170,000,000	170,000,000
Interest free Loan under Sales Tax Deferral Scheme	38,359,409	48,073,275
[Payable within one year Rs 8,751,352/- (P.Y. Rs. 7,956,720/-)]		
	<u>208,359,409</u>	<u>218,073,275</u>

Note :

The Company has issued OCCDs carrying interest @12% p.a. (Net of Withholding Tax) between 1st April, 2009 upto 31st March, 2012. The Debentureholders have an option to convert these Debentures into 12% Preference Shares of Rs. 100/- each from 30th September, 2009 to 31st March, 2012 of their principal amount.

In accordance with the Shareholders Agreement and Amendment to Debenture Subscription Agreement both dated 9th February, 2011 entered into with Mahindra & Mahindra Limited the Debentures are redeemable by 28th February, 2012 in a phased manner.

SCHEDULES FORMING PART OF THE BALANCE SHEET AS AT 31ST MARCH, 2011

SCHEDULE E FIXED ASSETS

	GROSS BLOCK			DEPRECIATION			NET BLOCK	
	*As on 31st March 2010 (Rupees)	Additions (Rupees)	Deductions (Rupees)	As on 31st March 2010 (Rupees)	Additions (Rupees)	Deductions (Rupees)	As on 31st March 2011 (Rupees)	As on 31st March 2010 (Rupees)
Leasehold Land	39,390,388	-	-	5,108,299	397,843	-	33,884,246	34,282,089
Building	78,474,666	-	-	32,093,475	2,447,681	-	43,933,510	46,381,191
Plant and Machinery	190,567,361	14,381,515	11,718,019	115,673,020	9,897,545	9,353,082	77,013,374	74,894,341
Factory Equipment	10,762,929	118,175	1,013,343	9,281,921	217,566	973,960	1,342,234	1,481,008
Electrical Installations	11,330,008	-	-	6,547,658	612,342	-	4,170,008	4,782,350
Moulds and Dies	69,936,515	6,742,062	2,671,860	56,851,900	2,870,839	2,538,267	16,822,245	13,084,615
Furniture & Fixtures	3,960,436	1,035,070	-	3,074,803	747,826	-	1,172,877	885,633
Computers & Accessories	6,293,087	1,622,478	54,590	4,943,472	980,598	51,860	1,988,765	1,349,615
Office Equipment	2,575,836	458,283	203,350	928,481	161,737	129,440	1,869,991	1,647,355
Vehicles	6,407,286	-	334,397	2,556,860	375,226	129,309	3,270,112	3,850,426
<u>Intangible Assets</u>								
Softwares	7,838,854	144,768	-	3,356,284	2,244,670	-	2,382,668	4,482,570
	427,537,366	24,502,351	15,995,559	240,416,173	20,953,873	13,175,918	187,850,030	187,121,193
Previous Year	426,061,002	14,535,544	13,059,180	232,697,612	19,529,964	11,811,403	187,121,193	

Notes :-

Gross Block of Building includes Leasehold Office at Bhopal Rs. 2,290,550/- (Previous Year Rs. 2,290,550/-)

Plant and Machinery includes Machinery purchased on Term loan from a Private Finance Company Rs. Nil/- (Previous Year Rs. 5,591,855/-)

Vehicle includes vehicles purchased on loan from Private Finance Companies Rs. 2,463,147/- (Previous Year Rs. 3,754,686/-)

* Original Cost / Professional Valuation as on 24th June, 1998.

SCHEDULES FORMING PART OF THE BALANCE SHEET AS AT 31ST MARCH, 2011

	Rupees	Rupees	As at 31st March, 2010 Rupees
SCHEDULE F			
INVESTMENTS (LONG TERM)			
Government Securities			
National Savings Certificates / Indira Vikas Patra (Pledged with Government Authorities)		69,500	69,500
Shares (Unquoted)			
Nil (P.Y. 2,164) Shares of Shriram Co-op Bank Limited of Rs. 25 each		-	54,100
1,135 (P.Y. 1,135) Shares of Saraswat Co-op Bank Limited of Rs. 10 each	11,350		11,350
Nil (P.Y. 50) Shares of Charotar Nagarik Sahakari Bank Ltd. of Rs. 50 each	-		2,500
		11,350	67,950
		80,850	137,450
Aggregate value of unquoted investments Rs. 11,350/- (P.Y. Rs. 67,950/-)			

SCHEDULE G**DEFERRED TAX ASSETS (NET)****DEFERRED TAX ASSETS**

Effect of expenditure debited to Profit & Loss Account in the current year but allowable in following years under Income Tax		3,480,404	1,082,061
Provision for Doubtful Debts & Advances		9,020,788	8,578,874
Unabsorbed Depreciation / Carried Forward Losses		14,890,119	35,997,925
Employee Retirement Benefit		951,771	1,295,268
		28,343,082	46,954,128

DEFERRED TAX LIABILITIES

Difference in Depreciation in block of fixed assets as per Income Tax and Financial Books		23,338,104	16,567,212
Effect of expenditure not debited to P & L account but allowable in Income Tax - Sales Tax Deferral Scheme		-	16,340,106
		23,338,104	32,907,318
DEFERRED TAX ASSETS (NET)		5,004,978	14,046,810



SCHEDULES FORMING PART OF THE BALANCE SHEET AS AT 31ST MARCH, 2011

	Rupees	Rupees	As at 31st March, 2010 Rupees
SCHEDULE H			
CURRENT ASSETS			
Stock in Trade (At Cost) (Certified by the Managing Director)			
Raw Material and Components	65,279,815		37,219,851
Finished Goods	72,214,075		27,118,756
Semi-finished Goods	10,046,114		7,958,832
		147,540,004	72,297,439
Sundry Debtors - Unsecured			
Debts outstanding for more than six months			
Considered good	119,750,654		74,318,248
Considered doubtful	27,154,690		25,239,407
	146,905,344		99,557,655
Other Debts - Considered good	158,023,746		145,810,538
	304,929,090		245,368,193
Less : Provision for doubtful debts	27,154,690		25,239,407
		277,774,400	220,128,786
Cash and Bank Balances			
Cash on hand		442,654	239,947
Balance with Scheduled Banks			
In Current Accounts (*)		109,076,658	13,955,518
In Fixed Deposits		302,077,634	30,085,141
(Lodged with Banks as margin for non-funded working capital facilities to the extent of Rs. 40,014,864/- (P.Y. Rs. 27,585,141/-) and in lieu of Debt Service Reserve Account with a bank Rs NIL (P.Y. Rs. 2,500,000/-)			
Other Current Assets			
Fixed Assets held for sale (at net book value or estimated net realizable value, whichever is lower)	729,178		429,178
Interest Accrued and due	735,677		690,826
		1,464,855	1,120,004
		838,376,205	337,826,835
(*) Includes Balance in Debt Service Reserve Account with a bank Rs 1,704,657/- (P.Y. Rs. 1,704,657/-)			
SCHEDULE I			
LOANS AND ADVANCES			
(Unsecured - Considered good)			
Advances Recoverable in cash or in kind or for value to be received.		24,026,304	20,975,501
Balance with Excise Authorities		5,335,661	5,444,888
Advance Income Tax		9,388,892	11,370,786
Deposits		4,941,546	8,746,514
Interest accrued on deposits		159,219	259,280
		43,851,622	46,796,969

SCHEDULES FORMING PART OF THE BALANCE SHEET AS AT 31ST MARCH, 2011

	Rupees	As at 31st March, 2010 Rupees
SCHEDULE J		
CURRENT LIABILITIES AND PROVISIONS		
CURRENT LIABILITIES		
Sundry Creditors (*)		
Micro, Small and Medium Enterprises	-	-
Others	118,213,051	75,846,667
	118,213,051	75,846,667
(*) Refer to Note No 18 in "Schedule Q"		
Bills payable	17,617,468	-
Advances / Deposits from Customers	56,881,935	31,341,795
Other Liabilities	4,806,367	6,056,222
Interest accrued but not due	7,430	29,900
	197,526,251	113,274,584
PROVISIONS		
Income / Wealth Tax	-	162,749
Fringe Benefit Tax	1,150,000	1,960,110
Leave Encashment	6,122,240	5,174,713
Gratuity	2,865,053	3,453,732
Provision for Contingencies @	1,347,155	682,296
	11,484,448	11,433,600
	209,010,699	124,708,184

@ Provision for contingencies is recognised based on substantial degree of estimation and relates to demand against the Company. Additional information in this regard can be prejudicial to the interests of the Company.



SCHEDULES FORMING PART OF THE PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH, 2011

	Rupees	Previous year Rupees
SCHEDULE K		
OTHER INCOME		
Interest from Banks	3,415,738	2,137,679
Interest from Debtors / Deposits	3,208,020	5,568,953
Interest from Others	791,729	-
Dividend on Shares	2,270	2,270
Refund of Sales Tax	384,292	-
Foreign Exchange Gain / (Loss) (net)	87,220	(131,079)
Miscellaneous Receipts	699,353	478,199
Sundry Credit Balances Written Back	355,836	1,227,277
Prior Years Provisions written back	1,178,184	1,247,711
Bad Debts Recovered	-	1,927,000
	<u>10,122,642</u>	<u>12,458,010</u>
SCHEDULE L		
MATERIALS		
Raw Material and Components	579,448,287	446,920,941
Excise duty paid	64,988	(310,447)
	<u>579,513,275</u>	<u>446,610,494</u>
Excise duty paid represents the difference between excise duty on opening & closing stock of finished goods.		
SCHEDULE M		
INCREASE / DECREASE IN STOCKS		
Closing Stock		
Finished Goods	72,214,075	27,118,756
Semi-finished Goods	10,046,114	7,958,832
	<u>82,260,189</u>	<u>35,077,588</u>
Less : Opening Stock		
Finished Goods	27,118,756	33,709,428
Semi-finished Goods	7,958,832	4,701,062
	<u>35,077,588</u>	<u>38,410,490</u>
Increase / (Decrease)	<u>47,182,601</u>	<u>(3,332,902)</u>
SCHEDULE N		
PERSONNEL		
Salaries, Wages and Bonus	85,925,182	66,019,901
Contribution to Provident & Other Funds	8,353,582	6,758,556
Welfare Expenses	1,533,994	3,074,985
	<u>95,812,758</u>	<u>75,853,442</u>

SCHEDULES FORMING PART OF THE PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH, 2011

	Rupees	Previous year Rupees
SCHEDULE O		
EXPENSES		
Stores & Spares	4,026,187	2,684,377
Power & Fuel	30,043,917	24,008,051
Water Charges	321,401	402,964
Rates & Taxes	1,137,612	1,175,937
Insurance	761,648	716,499
Repairs to Building	838,020	1,529,442
Repairs to Machinery	3,056,878	1,854,849
Repairs Others	800,791	682,355
Packing Materials	2,998,045	2,105,467
Site Expenses	3,038,800	5,112,845
Freight (Net)	29,322,328	25,254,144
Commission, Discount and Service Charges	27,988,024	31,031,554
Sales Promotion Expenses	1,535,480	1,312,435
Entertainment Expenses	109,566	105,246
Advertisement	3,230,175	2,405,686
Bad Debts/Advances written off	108,417	250,655
Rent	2,292,845	2,055,995
Conveyance and Travelling	13,369,328	12,225,649
Vehicle Expenses	617,448	430,987
Professional Fees	6,815,507	4,384,160
Postage & Telephone	3,080,720	2,936,683
Printing & Stationery	1,585,629	1,800,051
Miscellaneous Expenses	15,920,314	8,142,375
Provision for Doubtful Debts	1,915,283	3,552,232
(Profit) / Loss on Sale of / Discarded Assets (net)	1,529,357	286,698
Loss on Discarding of non-realizable Investments	56,600	-
	<u>156,500,320</u>	<u>136,447,336</u>
SCHEDULE P		
INTEREST		
Debentures	25,550,358	26,596,256
Term Loan	835,461	2,902,879
Others	21,795,401	14,871,477
	<u>48,181,220</u>	<u>44,370,612</u>



SCHEDULE Q
NOTES TO ACCOUNTS FOR THE YEAR ENDED 31ST MARCH, 2011

	Rupees	Previous Year Rupees
1	Contingent Liabilities not provided for :	
a.	Guarantees issued by Banks secured by Fixed Deposits	24,463,758
b.	Custom Duty / Interest under Export Promotion Capital Goods Scheme	17,175,896
	The Director General of Foreign Trade, New Delhi, vide it's letter dated 12 th January, 2011, has extended the Export Obligation period granted to the Company till 31 st March, 2015.	
2	Estimated amount of Contracts remained to be executed on Capital Account and not provided for (Net of Advances)	5,772,160
3	Claims against the Company not acknowledged as debt	4,809,509
4	Depreciation charged to Profit & Loss Account is after deducting additional depreciation, arising on revaluation upliftment and withdrawn from Capital (Revaluation) Reserve	3,237,630
5	The balances shown under Debtors, Advances, Deposits and Creditors are subject to confirmations and reconciliations, if any	
6	Professional fees include Remuneration to Auditors -	
	Audit fees (Including Service Tax)	330,900
	Taxation Matters	121,330
	Certification	30,333
	Management Services	184,201
	Out of Pocket Expenses	351,847
7	Miscellaneous Expenses include Board Meeting Fees paid to Directors	220,000
8	Remuneration to Managing Director	
	Salaries & Allowances	3,000,000
	Perquisites	25,839
	Contribution to Superannuation Fund	300,000
	Provision for Gratuity (Actuarial)	82,800
	Provision for Leave Encashment has been included as a part of provision for all employees. No separate detail is available.	
9	Tax Deducted at Source	
	On Sales and Installation Charges	848,320
	On Interest from Debtors / Bank Deposits	1,098,975

**SCHEDULE Q
NOTES TO ACCOUNTS (Contd.)**

- 10 During the year pursuant to the “Employees Stock Option Scheme - 2010” (ESOS) approved by the Shareholders in the Annual General Meeting held on 21st July 2010. The Company has granted 60,500 Stock Options to the three non-executive Directors and some permanent employees on 19th November, 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 market price of share on the date of grant of Options minus the exercise price of the Option.

Summary of Stock Options

	No. of stock options	Weighted average exercise price (Rs.)
Opening Balance	-	-
Options granted during the year	60,500	35
Options exercised during the year	-	-
Closing Balance	60,500	35

The range exercise price is Rs. 35 in respect of 60,500 Stock Options, whose weighted average remaining life is 4.13 years.

The fair value has been calculated using the Black-Scholes Options Pricing Model and the significant assumptions made in this regard are as follows:

	Grant dated 19th November, 2010
Risk free interest rate	7.65%
Expected life	3.50 years
Expected volatility	58.12%
Expected dividend yield	Nil
Exercise price (Rs.)	35
Stock price (Rs.)	64

In respect of the Options granted under the Employees Stock Options Scheme, in accordance with guidelines issued by SEBI, the accounting value of the Options is accounted as deferred employee compensation, which is amortised on a straight line basis over the period between the date of grant of Options and eligible dates of conversion into Equity Shares. Consequently, salaries, wages, bonus etc. includes amortisation of deferred employee compensation of Rs. 332,974.

Had the Company adopted fair value method been used, in respect stock options granted under the ESOP Scheme, 2010, the employee compensation would have been higher by Rs. 1.47 lacs, Profit after Tax lower by Rs. 1.47 lacs and the basic and diluted earnings per share would have lower by Rs. 0.01 and Rs. 0.01 respectively.



SCHEDULE Q
NOTES TO ACCOUNTS (Contd.)

	Rupees	Previous Year Rupees
11 Pursuant to the resolution passed in the Extra Ordinary General Meeting of the Shareholders, the Company has received funds aggregating to Rs. 433,488,096/- on 17th March, 2011 from Mahindra & Mahindra Limited against the Preferential Allotment of 65,58,065 Equity shares of Rs. 10/- each for cash at a premium of Rs. 56.10/- per share. The cost of issue of shares to Mahindra & Mahindra Limited amounting to Rs. 16,318,450/- was adjusted against the Share Premium Account in accordance with the provisions of the Companies Act 1956. The details of expenses adjusted are as under:		
Legal Counsel Fees	1,849,022	-
Fees paid to Advisors	13,752,204	-
Stamp Duty	433,490	-
Listing & Other Fees paid to Stock Exchange	159,242	-
Other expenses	124,492	-
Total	<u>16,318,450</u>	<u>-</u>
The utilization of the funds received from the Preferential Issue of Shares is as under		
Working Capital	56,571,370	-
Share Issue Expenses	11,916,726	-
Funds Utilised	<u>68,488,096</u>	<u>-</u>
Surplus Funds with Banks		
In Fixed Deposits	260,000,000	-
In Current Account	105,000,000	-
Total	<u>433,488,096</u>	<u>-</u>
12 Disputed Income Tax Liability (Net of Provision) and interest demanded by department for the assessment year 1993-94 . 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. In view of carry forward losses/depreciation available to Company and absence of the book profit under section 115JB of the Income Tax Act, 1961, no provision of current Income Tax has been made.	2,366,859	2,366,859
13 Liabilities in respect of pending Sales Tax Assessments have been provided on the basis of Returns filed and/or Assessment Orders received.		
14 Loans & Advances includes 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) of 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 appeal is filed by the Company against the Order. The Company has been legally advised that the claim is tenable, hence no provision has been considered.	16,679,302	16,679,302

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SCHEDULE Q NOTES TO ACCOUNTS (Contd.)

	Rupees	Previous Year Rupees
15 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 for adjudication and the Company is confident of favourable decisions. Hence no provision has been made.	7,944,000	7,944,000
16 Foreign currency exposure in the Company as on 31 st March, 2011		
Receivable : GBP	-	15,291
Rupees	-	1,044,361
There are no forward contracts at end of the year		
17 Basic and Diluted Earning Per Share :		
A For the purpose of calculation of Basic Earning Per Share the following amounts are considered :		
1) Amounts used as the numerator		
Net Profit / (Loss) After Tax and Exceptional Items	14,371,190	9,517,553
Net Profit / (Loss) available for Equity Shareholders	14,371,190	9,517,553
2) Weighted average number of Equity Shares (Nos.)	10,969,510	9,864,932
3) Basic Earning Per Share (Rs.)	1.3101	0.9648
B For the purpose of calculation of Diluted Earning Per Share the following amounts are considered :		
1) Amounts used as the numerator		
Net Profit / (Loss) After Tax and Exceptional Items	14,371,190	-
Net Profit / (Loss) available for Equity Shareholders	14,371,190	-
2) Weighted average number of Equity Shares (Nos.)	10,979,499	-
3) Diluted Earning Per Share (Rs.)	1.3089	-
18 The Company has not received information from vendors regarding their status under the Micro, Small and Medium Enterprises Development Act, 2006 and hence disclosure relating to amounts unpaid as at the year end, together with interest paid/payable under this Act, have not been given.		
19 Movement in Provisions		
Provisions for contingencies		
Balance as on 1 st April	682,296	910,385
Add: Addition during the year	664,859	-
Less: Used during the year	-	228,089
Balance as on 31 st March	1,347,155	682,296

SCHEDULE Q
NOTES TO ACCOUNTS (Contd.)

20 As per Accounting Standard 15 "Employee Benefits", the disclosures of Employee benefits as defined in the Accounting Standard are given below :

Defined Contribution Plan

Contribution to Defined Contribution Plan recognised as expenses for the year Previous Year
are as under :

Employer's Contribution to Provident Fund	Rs	4,352,472	3,997,315
Employer's Contribution to Superannuation Fund	Rs	1,249,197	1,133,595

The Company operates Defined Contribution Scheme like Provident Fund and Superannuation Schemes. Contributions to Provident Fund are made by the Company, based on current salaries, to the funds maintained by the Government. In case of Provident Fund Schemes, contributions are also made by the employees. Contribution to Superannuation Schemes, as applicable for certain categories of employees and the contribution by the Company is invested with a Life Insurance Corporation of India.

Defined Benefit Plan

The Employees' Gratuity Fund Scheme, managed by LIC is a defined benefit plan. The present value of obligation is determined based on actuarial valuation using the Projected Unit Credit Method, which recognises each period of service as given rise to additional unit of employee benefit entitlement and measures each unit separately to build up the final obligation. The obligation for leave encashment is recognized in the same manner as gratuity.

I. Reconciliation of opening and closing balance of Defined Benefit obligation:

	Gratuity Funded 2010-11	Gratuity Unfunded 2010-11	Leave Encashment (PL) Unfunded 2010-11	Leave Encashment (SL) Unfunded 2010-11	Gratuity Funded 2009-10	Gratuity Unfunded 2009-10	Leave Encashment (PL) Unfunded 2009-10	Leave Encashment (SL) Unfunded 2009-10
Present value of obligation as on 01/04/2010	10,348,350		4,085,481	1,089,232	9,342,790	-	3,464,355	1,041,996
Interest Cost	805,382		279,097	87,139	645,171	-	233,866	72,940
Current Service Cost	2,456,255	183,566	1,842,140	729,018	2,039,364	-	1,794,481	707,622
Benefit Paid	(562,162)		(1,193,525)	-	(252,122)	-	(246,817)	-
Actuarial (Gain)/Loss on Obligation	(794,349)	393,357	(43,503)	(752,839)	(1,426,853)	-	(1,160,404)	(733,326)
Present Value at the end of the year	12,253,476	576,923	4,969,690	1,152,550	10,348,350	-	4,085,481	1,089,232

II. Reconciliation of opening and closing balance of fair value of plan assets:

	Gratuity Funded 2010-11	Gratuity Unfunded 2010-11	Leave Encashment (PL) Unfunded 2010-11	Gratuity Funded 2009-10	Gratuity Unfunded 2009-10	Leave Encashment (PL) Unfunded 2009-10
Fair value of plan assets at the beginning of the period	6,894,618	-	-	3,832,688	-	-
Adjustment to opening balance	252,122	-	-	-	-	-
Expected return on plan	755,282	-	-	308,833	-	-
Actuarial gain/[loss]	26,383	-	-	124,025	-	-
Employer contribution	2,599,103	-	1,193,525	2,881,194	-	246,817
Benefit paid	(562,162)	-	(1,193,525)	(252,122)	-	(246,817)
Fair value of plan assets	9,965,346	-	-	6,894,618	-	-
Actual return on plan assets	781,665	-	-	432,858	-	-

**SCHEDULE Q
NOTES TO ACCOUNTS (Contd.)**

III. Reconciliation of fair value of assets & obligation

	Gratuity Funded 2010-11	Gratuity Unfunded 2010-11	Leave Encashment (PL) Unfunded 2010-11	Leave Encashment (SL) Unfunded 2010-11	Gratuity Funded 2009-10	Gratuity Unfunded 2009-10	Leave Encashment (PL) Unfunded 2009-10	Leave Encashment (SL) Unfunded 2009-10
Fair value	9,965,346	-	-	-	6,894,618	-	-	-
Present value	12,253,476	576,923	4,969,690	1,152,550	10,348,350	-	4,085,481	1,089,232
Amount recognized in Balance Sheet	2,288,130	576,923	4,969,690	1,152,550	3,453,732	-	4,085,481	1,089,232

IV. Expenses recognised during the year (Under the head “ Payment to and Provisions for Employees’ - Refer Schedule N)

	Gratuity Funded 2010-11	Gratuity Unfunded 2010-11	Leave Encashment (PL) Unfunded 2010-11	Leave Encashment (SL) Unfunded 2010-11	Gratuity Funded 2009-10	Gratuity Unfunded 2009-10	Leave Encashment (PL) Unfunded 2009-10	Leave Encashment (SL) Unfunded 2009-10
Current Cost	2,456,255	183,566	1,842,140	729,018	2,039,364	-	1,794,481	707,622
Interest Cost	805,382	-	279,097	87,139	645,171	-	233,866	72,940
Expected Return	(755,282)	-	-	-	(308,833)	-	-	-
Net Actual (Gain)/ Loss	(820,732)	393,357	(43,503)	(752,839)	(1,550,878)	-	(1,160,404)	(733,326)
Net Cost	1,685,623	576,923	2,077,734	63,318	824,824	-	867,943	47,236

V. Actuarial Assumptions

Mortality Table (LIC)	Gratuity Funded 2010-11	Leave Encashment (PL) Unfunded 2010-11	Leave Encashment (SL) Unfunded 2010-11	Gratuity Funded 2009-10	Leave Encashment (PL) Unfunded 2009-10	Leave Encashment (SL) Unfunded 2009-10
	1994-96 (Ultimate)	1994-96 (Ultimate)	1994-96 (Ultimate)	1994-96 (Ultimate)	1994-96 (Ultimate)	1994-96 (Ultimate)
Discount rate (per annum)	8%	8%	8%	7%	7%	7%
Expected rate of return on plan assets (per annum)	9%	-	-	6%	-	-
Rate of escalation in salary (per annum)	10%	10%	10%	5%	5%	5%

The estimate of rate of escalation in salary, considered in actuarial valuation, takes into account inflation, seniority, promotion and other relevant factors, including supply and demand in the employment market. The above information is certified by the Actuary.

The expected rate of return on plan assets is determined considering several applicable factors, mainly the composition of plan assets held, assessed risks, historical results of return on plan assets and the Company’s policy for plan assets management.

Hitherto provision for Gratuity payable to Chairman & Managing Director has been made on estimated basis. During the year provision has been made on actuarial basis, as a result charge to Profit & Loss Account is higher by Rs. 228,585/-.

The Payment of Gratuity (Amendment) Bill 2010 amending the maximum gratuity payable under The Payment of Gratuity Act, 1972 from Rs. 3.50 lakhs to Rs. 10.00 lakhs has been passed by both the houses of Parliament in May 2010. The Company has given effect to the same in valuing its actuarial liability for gratuity as at 31st March, 2011. The impact of the same is not material.



SCHEDULE Q
NOTES TO ACCOUNTS (Contd.)

	Rupees in Lacs	Previous Year Rupees in Lacs
21 SEGMENT INFORMATION		
<p>The Company has disclosed Business Segment as the primary segment. Segments have been identified by the Management taking into account the nature of products, customer profiles and other relevant factors.</p> <p>The Company's operations have been mainly classified between two primary segments, 'Micro Irrigation System' (MIS) and 'Industrial and Infrastructure Piping' (IIP).</p> <p>Composition of business segments is as follows :</p>		
1 Micro Irrigation Systems (MIS)		
2 Industrial and Infrastructure (Gas and Water) Pipes (IIP)		
<p>Segmentwise Revenue, Results, Assets and Liabilities include the respective amounts identifiable to either of the segments as also amounts allocated on a reasonable basis. The expenses, which are not directly attributable to the business segment, are shown as unallocated cost. Assets and Liabilities that cannot be allocated between the segments are shown as a part of unallocated assets and liabilities respectively</p>		
3 Inter Segment Transfer Pricing.		
<p>There are no Inter segment transfer of material.</p>		
4 Segment Revenues, Results and Other Information		
Sales		
MIS	7,810.09	6,675.62
IIP	859.06	568.80
	<u>8,669.15</u>	<u>7,244.42</u>
Profit Before Interest, Tax and Unallocable Overheads and Income		
MIS	2,692.33	2,073.89
IIP	60.38	15.86
	<u>2,752.71</u>	<u>2,089.75</u>
Assets		
MIS	4,209.85	2,919.27
IIP	670.37	577.58
	<u>4,880.22</u>	<u>3,496.85</u>
Liabilities		
MIS	1,573.14	920.25
IIP	89.07	2.41
	<u>1,662.21</u>	<u>922.66</u>

**SCHEDULE Q
NOTES TO ACCOUNTS (Contd.)**

	Rupees in Lacs	Previous Year Rupees in Lacs
5 Reconciliation of Reportable Segments with the Financial Statements.		
Total Reportable Segments		
Revenues	8,698.71	7,308.50
Results	2,752.71	2,089.75
Assets	4,880.22	3,496.85
Liabilities	1,662.21	922.66
Unallocated		
Revenues	71.67	60.50
Results	(2,969.53)	(1,566.61)
Assets	6,186.73	2,246.68
Liabilities	3,996.31	3,780.27
Interest	481.81	443.71
As per Financial Statements		
Revenues	8,770.38	7,369.00
Results	264.99	139.93
Assets	11,066.95	5,743.53
Liabilities	5,658.52	4,702.93
Other Information		
Depreciation		
MIS	61.46	55.54
IIP	12.04	9.62
Unallocated	103.63	97.76
Capital Expenditure (Including CWIP)		
MIS	-	-
IIP	-	-
Unallocated	590.59	129.45
Non cash expenses other than Depreciation	42.71	22.75
22 Related Party Disclosures		
(a) List of Related Parties with whom transactions have taken place during the year		
Schroder Credit Renaissance Fund Ltd (Significant Influence)		
Credit Renaissance Development Fund LP. (Significant Influence)		
Kimplas Piping Systems Limited (Significant Influence of relative of Key Management Personnel)		
Trans Continental Capital Advisors Private Limited (Significant Influence of Key Management Personnel)		
Garuda Plant Products Limited(Significant Influence of Key Management Personnel)		
Patkaai Plastics Private Limited (Significant Influence of relative of Key Management Personnel)		
Mr. K. L. Khanna (Key Management Personnel)		



SCHEDULE Q
NOTES TO ACCOUNTS (Contd.)

	Rupees in Lacs	Previous Year Rupees in Lacs
(b) Transactions with Related Parties		
(i) Interest on Debentures (Gross)		
Schroder Credit Renaissance Fund Ltd	21,550,363	22,432,519
Credit Renaissance Development Fund LP.	3,999,995	4,163,737
(ii) Kimplas Piping Systems Limited		
Sales	84,317,003	59,664,183
Sales Return	-	(1,146,001)
Interest Received	2,955,641	5,361,841
Purchases (Components)	14,089,434	12,166,534
Commission Paid	937,727	829,329
(iii) Patkaai Plastics Private Limited		
Sales	5,029,341	-
(iv) Garuda Plant Products Limited		
Professional Fees (Capitalised)	17,763,815	-
(v) Trans Continental Capital Advisors Private Limited		
Professional Fees (Included in Share Issue Expenses)	12,684,500	-
(vi) Issue of Shares		
Schroder Credit Renaissance Fund Ltd.	-	9,166,670
Credit Renaissance Development Fund LP.	-	1,833,330
Garuda Plant Products Limited	-	1,000,000
(Shares Issued at a premium of Rs. 40/- per share)		
(c) Outstanding Balances		
(i) Debtors / Deposits / Advances		
Debtors		
Kimplas Piping Systems Limited	45,755,831	36,936,370
Patkaai Plastics Private Limited	1,301,100	-
(ii) Debentures		
Schroder Credit Renaissance Fund Ltd	141,666,700	141,666,700
Credit Renaissance Development Fund LP.	28,333,300	28,333,300
(d) Managerial Remuneration		
Salaries and Allowances	5,259,677	3,000,000
Perquisites	-	25,839
Contribution to Superannuation Fund	300,000	300,000
Provision for Gratuity (Actuarial)	311,385	82,800

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

24 Figures relating to previous year have been regrouped and rearranged, wherever necessary.

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NOTES TO ACCOUNTS (Contd.)

25 Additional information pursuant to the provisions of paragraphs 3, 4C and 4D of part (ii) of Schedule VI of the Companies Act, 1956.

	Unit	Quantity	Rupees	Quantity	Previous year Rupees
1 CAPACITY AND PRODUCTION					
Licensed Capacity			NOT APPLICABLE		
Installed Capacity					
Extruded, Moulded & Fabricated Plastic Products (As estimated by Consulting Engineers and Certified by the Managing Director)	MT	12,036		12,036	
Actual Production					
Extruded, Moulded & Fabricated Plastic Products (including production for captive consumption)	MT	5,661		4,165	
2 MATERIAL CONSUMED					
Plastic Granules	MT	5,667	454,393,748	4,170	339,044,212
Components			125,054,539		107,735,292
Components include diverse items forming part of Irrigation / Plastic Piping Systems. Each of the items are less than 10% of the value of the purchases, Stocks and Sales. Hence, itemwise details are not given.					
The adjustment for shortage / excess on physical verification of inventory has been effected in arriving at the consumption and production figures.					
3 TURNOVER					
Extruded, Moulded & Fabricated Plastic Products	MT	5,279	752,505,569	4,148	634,421,712
Bought outs as part of systems.			121,562,448		119,145,515
Installation charges			1,697,482		3,419,903
The figures of the quantity represent Extruded, Moulded and Fabricated Plastic Product and the same are derived from the stock at the beginning and the end of the year and production during the year.					
4 STOCKS					
Extruded, Moulded & Fabricated Plastic Products					
Opening Stock	MT	343	35,077,588	326	38,410,489
Closing Stock	MT	725	82,260,189	343	35,077,588
5 VALUE OF IMPORT ON CIF BASIS					
Raw Material			8,820,426		-
Capital Equipment			1,823,986		-
Stores and Spares			-		39,713
			<u>10,644,412</u>		<u>39,713</u>
			Rupees		%
6 VALUE OF MATERIAL CONSUMED					
Imported		8,839,298	2	6,250	0
Indigenous		570,608,989	98	446,773,254	100
		<u>579,448,287</u>	<u>100</u>	<u>446,779,504</u>	<u>100</u>
7 VALUE OF STORES AND SPARES CONSUMED					
Imported		-	-	39,713	1
Indigenous		4,026,187	100	2,644,665	99
		<u>4,026,187</u>	<u>100</u>	<u>2,684,377</u>	<u>100</u>
8 EXPENDITURE IN FOREIGN CURRENCY ON ACCOUNT OF					
Travelling			159,420		234,702
Others			1,761		49,166



NOTES TO ACCOUNTS (Contd.)
SCHEDULE R

STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES

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 .

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. Examples of such estimates include the useful lives of tangible and intangible fixed assets, provision for doubtful debts/advances, future obligations in respect of retirement benefit plans, etc. Differences, if any, between the actual results and estimates, is recognised in the period in which the results are known.

FIXED ASSETS

Fixed assets are recorded at cost of acquisition or construction and are stated at historical cost.

Fixed Assets (other than Office Premises at Ahmedabad, Furniture & Fixtures, Office Equipment and Vehicles) have been revalued as on 24th June, 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 of the Companies Act, 1956. Depreciation is provided on Computer & Accessories using Straight Line Method based on the useful life of the assets as estimated by management, in 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, is required to be made.

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 and are being amortised over its useful life of three years.

INVESTMENTS

Investments are stated at cost. Long term investments are stated at cost and any diminution in the market value thereof, which is not considered temporary, is provided for by way of a charge to the Profit & Loss Account.

EARNING PER SHARE (EPS)

The earning considered in ascertaining the Company's EPS comprises of the Net Profit After Tax. The number of shares used in computing Basic and Diluted EPS is the weighted average number of shares outstanding during the year.

INVENTORIES

Stock of raw materials and components are valued on "weighted average basis".

Stock of finished goods are valued at cost or net realisable value, whichever is lower. Cost for this purpose includes raw materials, wages, manufacturing expenses / overheads and depreciation.

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**

1. Defined Contribution Plans : The Company operates Defined Contribution Scheme like Provident Fund and Superannuation schemes. Contributions to Provident Fund are made by the Company, based on current salaries, to the funds maintained by the Government . In case of Provident Fund Schemes, contributions are also made by the employees. Contribution to Superannuation Schemes, as applicable for certain categories of employees and the contribution by the Company is invested with a Insurance Company.
2. 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 using the Projected Unit Credit Method, which recognises each period of service as given rise to additional unit of employee benefit entitlement and measures each unit separately to build up the final obligation. The obligation for leave encashment is recognized in the same manner as gratuity.

The obligation is measured at the present value of the estimated future cash flows. The discount rate used of 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 Profit and Loss Account.

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 expenses 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) (2) above.

d) **Employee Stock Compensation Cost**

Measurement and disclosure of the employee share based payment plans is done in accordance with SEBI Employee Stock Option Scheme and Employee Stock Purchase Scheme Guidelines, 1999 and the Guidance Note on Accounting for Employee Share based Payments, issued by ICAI. Accounting value of the options is accounted as deferred employee compensation, which is amortised on a straight line basis over the period between the date of grant of options and eligible dates of conversion into equity shares.

ACCOUNTING OF CLAIMS AND SUBSIDIES

Claims raised by parties regarding free replacement, which are disputed by the Company, are accounted based on the merits of each claim. Adjustments, if any, are made in the year in which disputes are finally settled.

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

PROVISIONS / CONTINGENT LIABILITIES AND CONTINGENT ASSETS

Provisions are recognised for liabilities that can be measured only by using a substantial degree of estimation, if :

- a) the Company has a present obligation as a result of a event.
- b) a probable out flow of resources is expected to settle the obligation and
- c) the amount of the obligation can be reliably estimated.

Contingent liability is disclosed in case of :

- a) a present obligation arising from past events, when it is not probable that an outflow of resources will be required to settle the obligation;
- b) a present obligation when no reliable estimate is possible;
- c) a possible obligation arising from past events where the probability of outflow of resources is not remote.



Contingent assets are neither recognised, nor disclosed. Provisions, contingent liabilities and contingent assets are reviewed at each Balance Sheet date.

FOREIGN CURRENCY TRANSACTIONS

Payment on account of royalty, fees, travelling, import of components, spare parts incurred in foreign exchange are accounted for at the banker's selling rates of exchange and/or forward contract rates, as applicable on the date of each transactions. The monetary Assets and Liabilities , if any, outstanding at the end of the year are converted at the rate of exchange prevailing at the year end.

INCOME TAXES

Income Taxes are accounted for in accordance with Accounting Standard on "Accounting for Taxes on Income", (AS-22), issued by the Institute of Chartered Accountants of India. 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.

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.

REVENUE RECOGNITION

a) **Sales**

Sales are exclusive of Sales Tax and do not include recovery such as freight, insurance etc. which are set off against respective expense head.

b) **Interest Income**

Interest Income is recognised on a time proportion basis taking into account the amount outstanding and the applicable rates.

EXPENSES

All expenses are accounted for on accrual basis.

LEASES

For 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.

SHARE ISSUE EXPENSES

Share Premium Account is applied to write-off Share Issue expenses as per Section 78(2) of the Companies Act, 1956.

As per Report Annexed
For **DESAI ASSOCIATES**
Registration No. 102286W
Chartered Accountants

I. A. Mukadam
Partner
Membership No. 16865

Nashik : 29th April, 2011

For and on behalf of the Board

K L Khanna
Chairman & Managing Director

Vinayak P. Patil
Director

R V Nawghare
Company Secretary

J N Shah
Director

A R Kshirsagar
Head - Finance & Accounts

ADDITIONAL INFORMATION PURSUANT TO PART IV OF SCHEDULE VI TO THE COMPANIES ACT, 1956
Balance Sheet Abstract and Company's General Business Profile:

I Registration Details

Registration No.

2	5	7	3	1
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 State Code

1	1
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Balance Sheet Date

3	1
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0	3
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2	0	1	1
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Date Month Year

II Capital Raised During the Year (Amount in '000):

<p style="text-align: center;">Public Issue</p> <table border="1" style="width: 100%; border-collapse: collapse;"><tr><td> </td><td> </td><td> </td><td> </td><td> </td><td> </td><td>N</td><td>I</td><td>L</td></tr></table> <p style="text-align: center;">Bonus Issue</p> <table border="1" style="width: 100%; border-collapse: collapse;"><tr><td> </td><td> </td><td> </td><td> </td><td> </td><td> </td><td>N</td><td>I</td><td>L</td></tr></table>							N	I	L							N	I	L	<p style="text-align: center;">Rights Issue</p> <table border="1" style="width: 100%; border-collapse: collapse;"><tr><td> </td><td> </td><td> </td><td> </td><td> </td><td> </td><td>N</td><td>I</td><td>L</td></tr></table> <p style="text-align: center;">Private Placement/Preferential Allotment (firm allotment to the promoters & their Associates) / Investor</p> <table border="1" style="width: 100%; border-collapse: collapse;"><tr><td> </td><td> </td><td> </td><td> </td><td>6</td><td>5</td><td>5</td><td>8</td><td>1</td></tr></table>							N	I	L					6	5	5	8	1
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						N	I	L																													
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III Position of Mobilisation and Deployment of Funds (Amount in '000)

<p style="text-align: center;">Total Liabilities</p> <table border="1" style="width: 100%; border-collapse: collapse;"><tr><td> </td><td>1</td><td>4</td><td>1</td><td>2</td><td>1</td><td>7</td><td>6</td></tr></table> <p>Sources of Funds</p> <p style="text-align: center;">Paid-up Capital</p> <table border="1" style="width: 100%; border-collapse: collapse;"><tr><td> </td><td> </td><td>1</td><td>7</td><td>2</td><td>5</td><td>5</td><td>7</td></tr></table> <p style="text-align: center;">Secured Loans</p> <table border="1" style="width: 100%; border-collapse: collapse;"><tr><td> </td><td> </td><td>1</td><td>4</td><td>8</td><td>4</td><td>8</td><td>2</td></tr></table> <p style="text-align: center;">Current Liabilities & Provisions</p> <table border="1" style="width: 100%; border-collapse: collapse;"><tr><td> </td><td> </td><td>2</td><td>0</td><td>9</td><td>0</td><td>1</td><td>1</td></tr></table> <p style="text-align: center;">Application of Funds</p> <p style="text-align: center;">Net Fixed Assets (incl. Capital WIP & Pre-Operative Expenditure)</p> <table border="1" style="width: 100%; border-collapse: collapse;"><tr><td> </td><td> </td><td>2</td><td>2</td><td>4</td><td>3</td><td>8</td><td>6</td></tr></table> <p style="text-align: center;">Current Assets</p> <table border="1" style="width: 100%; border-collapse: collapse;"><tr><td> </td><td> </td><td>8</td><td>3</td><td>8</td><td>3</td><td>7</td><td>6</td></tr></table> <p style="text-align: center;">Deferred Tax Assets (Net)</p> <table border="1" style="width: 100%; border-collapse: collapse;"><tr><td> </td><td> </td><td> </td><td> </td><td>5</td><td>0</td><td>0</td><td>5</td></tr></table>		1	4	1	2	1	7	6			1	7	2	5	5	7			1	4	8	4	8	2			2	0	9	0	1	1			2	2	4	3	8	6			8	3	8	3	7	6					5	0	0	5	<p style="text-align: center;">Total Assets</p> <table border="1" style="width: 100%; border-collapse: collapse;"><tr><td> </td><td>1</td><td>4</td><td>1</td><td>2</td><td>1</td><td>7</td><td>6</td></tr></table> <p style="text-align: center;">Reserve & Surplus (incl. Employees Stock Options Outstanding)</p> <table border="1" style="width: 100%; border-collapse: collapse;"><tr><td> </td><td> </td><td>6</td><td>7</td><td>3</td><td>7</td><td>6</td><td>7</td></tr></table> <p style="text-align: center;">Unsecured Loans</p> <table border="1" style="width: 100%; border-collapse: collapse;"><tr><td> </td><td> </td><td>2</td><td>0</td><td>8</td><td>3</td><td>5</td><td>9</td></tr></table>		1	4	1	2	1	7	6			6	7	3	7	6	7			2	0	8	3	5	9
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IV Performance of Company (Amount in '000)

<p style="text-align: center;">Turnover</p> <table border="1" style="width: 100%; border-collapse: collapse;"><tr><td> </td><td> </td><td>8</td><td>7</td><td>7</td><td>0</td><td>3</td><td>8</td></tr></table> <p style="text-align: center;">Profit Before Tax</p> <table border="1" style="width: 100%; border-collapse: collapse;"><tr><td> </td><td> </td><td> </td><td>2</td><td>3</td><td>4</td><td>0</td><td>9</td></tr></table> <p style="text-align: center;">Earning Per Share in Rs.</p> <table border="1" style="width: 100%; border-collapse: collapse;"><tr><td> </td><td> </td><td> </td><td> </td><td>1</td><td>.</td><td>3</td><td>1</td></tr></table>			8	7	7	0	3	8				2	3	4	0	9					1	.	3	1	<p style="text-align: center;">Investments</p> <table border="1" style="width: 100%; border-collapse: collapse;"><tr><td> </td><td> </td><td> </td><td> </td><td> </td><td> </td><td>8</td><td>1</td></tr></table> <p style="text-align: center;">Loans and Advances</p> <table border="1" style="width: 100%; border-collapse: collapse;"><tr><td> </td><td> </td><td> </td><td>4</td><td>3</td><td>8</td><td>5</td><td>2</td></tr></table> <p style="text-align: center;">Accumulated Losses</p> <table border="1" style="width: 100%; border-collapse: collapse;"><tr><td> </td><td> </td><td> </td><td>3</td><td>0</td><td>0</td><td>4</td><td>7</td><td>6</td></tr></table>							8	1				4	3	8	5	2				3	0	0	4	7	6
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V Generic Names of Principal Products of Company (As per monetary terms)

Item Code No.	8 4 2 4 0 0	
Product Description	D R I P S Y S T E M S	
Item Code No.	8 4 2 4 0 0	
Product Description	S P R I N K L E R S Y S T E M S	
Item Code No.	3 9 1 7 0 0	
Product Description	T U B E S , P I P E S & F I T T I N G S	
	T H E R E O F M A D E O F P L A S T I C S	



PROXY FORM
EPC INDUSTRIE 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 INDUSTRIE 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 Twenty ninth Annual General Meeting of the Company to be held on Thursday, 29th September, 2011 at 2.30 p.m. and at any adjournment thereof.

Signed this day of 2011

Affix Re. 1 Revenue Stamp

(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.

BOOK-POST

If undelivered, please return to:



EPC INDUSTRIÉ LIMITED

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