

EPC Industrié Limited

32nd Annual Report, 2013-14

Delivering Farm Tech Prosperity

Samriddhi



A Mahindra Group Company

BOARD OF DIRECTORS

Ashok Sharma – Executive Director & CEO
S. Durgashankar
Nikhilesh Panchal
Anand Daga
Vinayak Patil

COMPANY SECRETARY

Ratnakar Nawghare

AUDITORS

Deloitte Haskins & Sells, Chartered Accountants

BANKERS

YES Bank Ltd.
HDFC Bank Ltd.

CORPORATE OFFICE & WORKS

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

REGISTERED OFFICE

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

BRANCHES

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

REGISTRARS & TRANSFER AGENTS

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

NOTICE

NOTICE is hereby given that the 32nd Annual General Meeting of the Members of EPC INDUSTRIÉ LIMITED will be held at the Registered Office of the Company at Plot No. H – 109, MIDC Ambad, Nashik – 422 010 on Thursday, July 31, 2014, 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, 2014 and the Statement of Profit and Loss and Cash Flow for the year ended on that date and the Reports of the Directors and the Auditors thereon.
2. To appoint Auditors and fix their remuneration.

SPECIAL BUSINESS:

3. **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 62 (1) (b) and rules framed thereunder (including Rule 12 of Companies (Share Capital and Debenture) Rules, 2014) and other applicable provisions if any, of the Companies Act, 2013, including any statutory modification(s) or re-enactment of the Act for the time being in force and in accordance with the provisions of the Memorandum and Articles of Association of the Company and the provisions of the Securities & Exchange Board of India (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999 including any modifications thereof or supplements thereto (“the Guidelines”) and the Listing Agreement entered into with the Stock Exchange where the securities of the Company are listed or other relevant authority, from time to time and subject to such other legislations, consents, permissions, sanctions and approvals as may be necessary and subject to such granting such consents, permissions, sanctions and approvals which may be agreed to by the Board of Directors of the Company (hereinafter referred to as “the Board” which term shall be deemed to include the Nomination and Remuneration Committee), consent of the Shareholders be and is hereby accorded to the Employee Stock Option Scheme – 2014 (“the Scheme”) the salient features of which are detailed in the Explanatory Statement to this Notice and to create, offer, issue and allot at any time to or for the benefit of such person(s) who are in the permanent employment of the Company (hereinafter referred to as “Employee” or “Employees”), under the Scheme, such number of equity shares and/or equity linked instruments (including Options/Warrants/Restricted Stock Units) (“Options”) not exceeding 2% of the Paid up Equity Share Capital of the Company as on 31st March, 2014 i.e. not exceeding 5,52,765 equity shares of Rs.10 each (or such other adjusted figure for any bonus, stock splits or consolidations or other reorganization of the capital structure of the Company as may be applicable from time to time), in one or more tranches, at such price and on such terms and conditions as may be fixed or determined by the Board in accordance with

the Scheme, the Guidelines and other provisions of the law as may be prevailing at that time.

FURTHER RESOLVED THAT the Securities may be allotted directly to such Employees or in accordance with the Scheme through any appropriate mechanism including EPC Industrié Limited Employees’ Stock Option Trust (“the Trust”) or any other entity which may be set up for that purpose and that the Scheme may also contain provisions for providing financial assistance to the Employees/the Trust/entity to acquire, purchase or subscribe to the Securities.

FURTHER RESOLVED THAT the new equity shares to be issued and allotted in the manner aforesaid shall rank *pari passu* in all respects with the then existing equity shares of the Company.

FURTHER RESOLVED THAT the Company shall conform to the accounting policies prescribed with regard to the Stock Options from time to time under the SEBI ESOP Guidelines.

FURTHER RESOLVED THAT for the purpose of creating, offering, issuing, allotting and listing of the Securities and/or for the purpose of complying with any Guidelines or Regulations that may be issued from time to time by any appropriate authority, the Board be authorised on behalf of the Company to make any modifications, changes, variations, alterations or revisions in the Scheme from time to time or to suspend, withdraw or revive the Scheme from time to time, provided such variations, modifications, alterations or revisions are not detrimental to the interests of the Employees.

FURTHER RESOLVED THAT for the purpose of giving effect to this Resolution, the Board be authorised to determine terms and conditions of issue of the Securities and do all such acts, deeds, matters and things as it may, in its absolute discretion, deem necessary for such purpose and with power on behalf of the Company to settle any questions, difficulties or doubts that may arise in this regard without requiring to secure any further consent or approval of the Shareholders of the Company.”

4. **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 sections 196, 197, 203 and any other applicable provisions of the Companies Act, 2013 (“the Act”) and the rules made there under (including any statutory modification or re-enactment thereof for the time being in force), read with Schedule V of the Act, the applicable provisions of the Articles of Association of the Company, recommendations of the Nomination and Remuneration Committee of the Company and such other approvals, permissions and sanctions, if and as may be required, and subject to such conditions and modifications, as may be prescribed or imposed by any of the authorities while granting such approvals, permissions and sanctions, approval of the Shareholders be and is hereby accorded to the re-appointment of Mr. Ashok Sharma (holding DIN 02766679) as the Whole Time Director of the Company designated as “Executive Director and Chief Executive Officer” of the Company for a period of 3 years

with effect from 1st October, 2014 to 30th September, 2017, on a consolidated remuneration of Rs. 12,00,000/- (Rupees Twelve Lacs only) per annum, the details of which are given in the Explanatory Statement annexed hereto.

FURTHER RESOLVED THAT the consent of the shareholders of the Company be and is hereby also accorded that where in any financial year the Company has no profits or inadequate profits then remuneration shall be as decided above.

FURTHER RESOLVED THAT for the purpose of giving effect to this resolution, the Board of Directors of the Company (including the Nomination and Remuneration Committee) be and is hereby authorized to do all such acts, deeds, matters and things, as it may, in its absolute discretion, deem necessary, proper or desirable and to settle any questions, difficulties or doubts that may arise in this regard and to sign and execute all the necessary documents, applications, returns and writings as may be necessary, proper, desirable or expedient."

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

"RESOLVED THAT pursuant to the provisions of Sections 149, 150, 152 and any other applicable provisions of the Companies Act, 2013 and the rules made thereunder (including any statutory modification(s) or re-enactment thereof for the time being in force) read with Schedule IV to the Companies Act, 2013, Mr. Anand Daga (holding DIN 00696171), Director of the Company who was appointed as a Director liable to retire by rotation and whose term expires at this Annual General Meeting and in respect of whom the Company has received a notice in writing from a member proposing his candidature for the office of Director, be and is hereby elected and appointed as an Independent Director of the Company to hold office for five consecutive years for a term upto the conclusion of the 37th Annual General Meeting of the Company in the calendar year 2019."

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

"RESOLVED THAT pursuant to the provisions of Sections 149, 150, 152 and any other applicable provisions of the Companies Act, 2013 and the rules made there under (including any statutory modification(s) or re-enactment thereof for the time being in force) read with Schedule IV to the Companies Act, 2013, Mr. Vinayak Patil (holding DIN 00616009), Director of the Company who was appointed as a Director liable to retire by rotation and whose term expires at this Annual General Meeting and in respect of whom the Company has received a notice in writing from a member proposing his candidature for the office of Director, be and is hereby elected and appointed

as an Independent Director of the Company to hold office for five consecutive years for a term upto the conclusion of the 37th Annual General Meeting of the Company in the calendar year 2019."

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

"RESOLVED THAT pursuant to the provisions of Sections 149, 150, 152 and any other applicable provisions of the Companies Act, 2013 and the rules made there under (including any statutory modification(s) or re-enactment thereof for the time being in force) read with Schedule IV to the Companies Act, 2013, Mr. Nikhilesh Panchal (holding DIN 00041080), Director of the Company who was appointed as a Director liable to retire by rotation and whose term expires at this Annual General Meeting and in respect of whom the Company has received a notice in writing from a member proposing his candidature for the office of Director, be and is hereby elected and appointed as an Independent Director of the Company to hold office for five consecutive years for a term upto the conclusion of the 37th Annual General Meeting of the Company in the calendar year 2019."

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

"RESOLVED THAT pursuant to the provisions of section 148(3), and other applicable provisions, if any, of the Companies Act, 2013, Messrs Shilpa and Company, Cost Accountants, Nashik appointed for conducting the cost audit of the Company for the Financial Year 2014-15, if applicable, at a remuneration of Rs. 1,50,000/- (Rupees One Lac Fifty Thousand Only) plus service tax and out of pocket expenses be and is hereby approved."

By Order of the Board

Ratnakar Nawghare
Company Secretary

Registered Office:

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

CIN: L25200MH1981PLC025731

e-mail: info@epcind.com

26th May, 2014

NOTES

- A. Explanatory Statement as required under section 102(1) of the Companies Act, 2013 is annexed hereto.
- B. **A MEMBER ENTITLED TO ATTEND AND VOTE AT THE ANNUAL GENERAL MEETING IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE INSTEAD OF HIMSELF AND A PROXY NEED NOT BE A MEMBER OF THE COMPANY.**
- 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 26th July, 2014 to 31st July, 2014 (both days inclusive).
- F. Members can avail the facility of the nomination in respect of the Shares held by them in physical form pursuant to the provisions of Section 72 of the Companies Act, 2013. Members desiring to avail 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 2013 – 14, 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 address, 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 above mentioned 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. To prevent fraudulent transactions, members are advised to exercise due diligence and notify the Company of any change in address or demise of any member, as soon as possible. Members are also advised not to leave their demat account(s) dormant for long. Periodic statement of holdings should be obtained from the concerned Depository Participant and holdings should be verified.
- J. The Securities and Exchange Board of India (SEBI) has mandated the submission of Permanent Account Number (PAN) by every participant in securities market. Members holding shares in electronic form are, therefore, requested to submit the PAN to their Depository Participants with whom they are maintaining their demat accounts. Members holding shares in physical form can submit their PAN details to the Company.
- K. Electronic copy of the Notice of the 32nd Annual General Meeting of the Company *inter alia* indicating the process and manner of e-voting along with Attendance Slip and Proxy Form is being sent to all the members whose email IDs are registered with the Company/Depository Participant(s) for communication purposes unless any member has requested for a hard copy of the same. For members who have not registered their email address, physical copies of the Notice of the 32nd Annual General Meeting of the Company *inter alia* indicating the process and manner of e-voting along with Attendance Slip and Proxy Form is being sent in the permitted mode.
- L. Brief resume of Directors including those proposed to be appointed/re-appointed, nature of their expertise in specific functional areas, names of companies in which they hold directorships and memberships/chairmanships of Board Committees, shareholding to be provided under Clause 49 of the Listing Agreement are provided in the Report on Corporate Governance forming part of the Annual Report.

None of the Directors of the Company seeking appointment or reappointment are inter-se related to each other.

M. Members may also note that the Notice of the 32nd Annual General Meeting and the Annual Report for 2014 will also be available on the Company's website www.epcmahindra.com for their download. The physical copies of the aforesaid documents will also be available at the Company's Registered Office in Nashik, for inspection during normal business hours on working days. Even after registering for e-communication, members are entitled to receive such communication in physical form, upon making a request for the same, by post at free of cost. For any communication, the shareholders may also send requests to the Company's investor email id: rvnawghare@epcind.com

N. Voting through electronic means

In compliance with the provisions of Section 108 of the Companies Act, 2013 and Rule 20 of the Companies (Management and Administration) Rules, 2014, the Company is pleased to provide members facility to exercise their right to vote at the 32nd Annual General Meeting (AGM) by electronic means and the business may be transacted through e-Voting Services provided by National Securities Depository Limited (NSDL):

The instructions for e-voting are as under:

A. In case a Member receives an email from NSDL [for members whose email IDs are registered with the Company/Depository Participant(s)]

- (i) Open email and open PDF file viz; "EPC Industrié-Voting.pdf". The said PDF file contains your user ID and password/PIN for e-voting. Please note that the password is an initial password.
- (ii) Launch internet browser by typing the following URL: <https://www.evoting.nsdl.com/>
- (iii) Click on Shareholder – Login.
- (iv) Put user ID and password as initial password/PIN noted in step (i) above. Click Login.
- (v) Password change menu appears. Change the password/PIN with new password of your choice with minimum 8 digits/characters or combination thereof. Note new password. It is strongly recommended not to share your password with any other person and take utmost care to keep your password confidential.
- (vi) Home page of e-voting opens. Click on e-Voting: Active e-Voting Cycle.
- (vii) Select "EVEN" of EPC Industrié Limited.
- (viii) Now you are ready for e-voting as Cast Vote page opens.
- (ix) Cast your vote by selecting appropriate option and click on "Submit" and also "Confirm" when prompted.

(x) Upon confirmation, the message "Vote cast successfully" will be displayed.

(xi) Once you have voted on the resolution, you will not be allowed to modify your vote.

(xii) Institutional shareholders (i.e. other than individuals, HUF, NRI etc.) are required to send scanned copy (PDF/JPG Format) of the relevant Board Resolution/Authority letter etc. together with attested specimen signature of the duly authorized signatory(ies) who are authorized to vote, to the Scrutinizer through e-mail to sbhagwatcs@yahoo.co.in or evoting@epcind.com with a copy marked to evoting@nsdl.co.in

B. In case a Member receives physical copy of the Notice of AGM [for members whose email IDs are not registered with the Company/Depository Participant(s) or requesting physical copy] :

(i) Initial password is provided as below/at the bottom of the Attendance Slip for the AGM :

EVEN (E Voting Event Number) USER ID PASSWORD/ PIN

(ii) Please follow all steps from Sl. No. (ii) to Sl. No. (xii) above, to cast vote.

I. In case of any queries, you may refer the Frequently Asked Questions (FAQs) for Shareholders and e-voting user manual for Shareholders available at the Downloads section of www.evoting.nsdl.com

II. If you are already registered with NSDL for e-voting then you can use your existing user ID and password/ PIN for casting your vote.

III. You can also update your mobile number and e-mail id in the user profile details of the folio which may be used for sending future communication(s).

IV. The e-voting period commences on 24th July, 2014 (9:00 a.m.) and ends on 26th July, 2014 (6:00 p.m.). During this period shareholders' of the Company, holding shares either in physical form or in dematerialized form, as on the cut-off date 27th June, 2014, may cast their vote electronically. The e-voting module shall be disabled by NSDL for voting thereafter. Once the vote on a resolution is cast by the shareholder, the shareholder shall not be allowed to change it subsequently.

V. The voting rights of shareholders shall be in proportion to their shares of the paid up equity share capital of the Company as on the cut-off date (record date) of 27th June, 2014.

VI. Mr. Sachin Bhagwat – Practicing Company Secretary has been appointed as the Scrutinizer to scrutinize the e-voting process in a fair and transparent manner.

VII. The Scrutinizer shall within a period not exceeding three (3) working days from the conclusion of the e-voting period unblock the votes in the presence of at least two(2) witnesses not in the employment of the Company and make a Scrutinizer's Report of the votes cast in favour or against, if any, forthwith to the Chairman of the Company.

VIII. The Results shall be declared on or after the AGM of the Company. The Results declared alongwith the Scrutinizer's Report shall be placed on the Company's website www.epcmahindra.com and on the website of NSDL within two(2) days of passing of the resolutions at the AGM of the Company and communicated to the BSE Limited.

O. All documents referred to in the accompanying Notice and the Explanatory Statement shall be open for inspection at the Registered Office of the Company during normal

business hours (9.00 a.m. to 5.00 p.m.) on all working days except Sundays up to and including the date of the Annual General Meeting of the Company.

By Order of the Board

Ratnakar Nawghare
Company Secretary

Registered Office:

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

CIN: L25200MH1981PLC025731
e-mail: info@epcind.com

26th May, 2014

Explanatory Statement under Section 102(1) of the Companies Act, 2013

Item No. 3

Stock Options represent a reward system based on performance. They help companies attract, retain and motivate the best available talent. Stock Options also provide a company with an opportunity to optimise its personnel costs. This also provides an opportunity to employees to participate in the growth of the company, besides creating long term wealth in their hands. In line with this, the Company had formulated an employee stock option scheme called EPC Industrié Limited Employees Stock Option Scheme in 2010 ('the 2010 Scheme').

As the business environment is becoming increasingly competitive, it is important to attract and retain qualified, talented and competent personnel in the Company. In view of this, it is necessary to formulate a Scheme which is more attractive than the 2010 Scheme by authorising the Board or the Committee to grant equity shares of the Company to the Employees on exercise of Options at a price equal to or not less than the face value of the equity shares of the Company.

Keeping in line with the above, a new "EPC Industrié Limited Employees Stock Option Scheme - 2014" ('the Scheme') has been formulated in accordance with the Securities and Exchange Board of India (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999 ('SEBI ESOP Guidelines') issued by SEBI and other applicable laws. The Scheme has been approved by the Nomination and Remuneration Committee and by the Board of Directors at their Meeting held on 26th May, 2014.

The Scheme will be operated and administered under the superintendence of the Company's Nomination and Remuneration Committee, which is a Committee of the Board of Directors, the majority of whose Members are Independent Directors. The Nomination and Remuneration Committee will formulate the detailed terms and conditions of the Scheme including:

- * Number of options to be granted to any Employee, and in the aggregate;
- * Terms on which the options will vest;
- * The conditions under which options vested in Employees may lapse in case of termination of Employees for misconduct;
- * The exercise period within which an Employee should exercise the options, and lapsing of options on failure to exercise the options within the exercise period;
- * The specified time period within which the Employee shall exercise the vested options in the event of termination or resignation of the Employee;
- * The right of an Employee to exercise all the options vested in him at one time or at various points of time within the exercise period;

- * The procedure for making a fair and reasonable adjustment to the number of options and to the exercise price in case of rights issues, bonus issues and other corporate actions;
- * The grant, vesting and exercise of options in case of Employees who are on long leave; and
- * Any other related or incidental matters.

The salient features of the Scheme are as under:

(a) The total number of options to be granted

The total number of options that may, in the aggregate, be issued would be such number of options which shall entitle the option holders to acquire in one or more tranches upto 5,52,765 equity shares of Rs. 10 each, which represents 2% of the Paid up equity share capital of the Company as on 31st March, 2014 (or such other adjusted figure for any bonus, stock splits or consolidations or other re-organisation of the capital structure of the Company as may be applicable from time to time).

(b) Identification of classes of employees entitled to participate in the Scheme;

Persons who are employees but not including Directors (whether Whole-time Director or not), as defined in the SEBI ESOP Guidelines for the time being in force and as may be decided by the Nomination and Remuneration Committee from time to time.

The class of Employees eligible for participating in the Scheme shall be determined on the basis of the grade, length of service, performance, and such other parameters as may be decided by the Nomination and Remuneration Committee from time to time.

The options granted to an Employee will not be transferable to any person and shall not be pledged, hypothecated, mortgaged or otherwise alienated in any other manner.

(c) Requirements of vesting and period of vesting

Vesting of options may commence after a period of not less than one year from the date of grant. The vesting may occur in one or more tranches, subject to the terms and conditions of vesting, as may be stipulated by the Nomination and Remuneration Committee.

(d) Maximum period within which the options shall be vested

The maximum vesting period may extend up to five years from the date of grant of options, unless otherwise decided by the Nomination and Remuneration Committee.

(e) Exercise price or pricing formula

Exercise Price means the price at which the Employee is entitled to acquire the equity shares pursuant to the options granted and vested in him/her under the Scheme.

The Exercise Price per equity share shall be equal to or not less than the face value of the shares in accordance with the recommendations of the Nomination and Remuneration Committee at the time of grant of options.

(f) Exercise period and process of exercise

The exercise period may commence from the date of vesting and will expire not later than five years from the date of vesting, or such other period as may be decided by the Nomination and Remuneration Committee from time to time.

The options will be exercisable by the Employees by a written application to the Company or any other entity which may be set up for this purpose to exercise the options, in such manner, and on execution of such documents, as may be prescribed by the Nomination and Remuneration Committee from time to time.

The options will lapse, if not exercised within the specified exercise period. The options may also lapse, under certain circumstances even before the expiry of the specified exercise period.

(g) Appraisal Process for determining the eligibility of Employees to the Scheme.

The appraisal process for determining the eligibility of the Employee will be specified by the Nomination and Remuneration Committee and will be based on criteria such as the grade of Employee, length of service, performance record, merit of the Employee, future potential contribution by the Employee and/or by any such criteria that may be determined by the Nomination and Remuneration Committee.

(h) Maximum number of options to be issued per Employee and in the aggregate

The maximum number of options to be granted per Employee will not exceed 50,000 equity shares of Rs.10 each. The aggregate of all such grants shall not exceed 5,52,765 equity shares of Rs. 10 each, representing 2% of the Paid up equity share capital of the Company as on 31st March, 2014 (or such other adjusted figure for any bonus, stock splits or consolidations or other re-organisation of the capital structure of the Company as may be applicable from time to time).

(i) Disclosure and accounting policies

The Company shall conform to the accounting policies specified by Securities & Exchange Board of India as per the SEBI ESOP Guidelines, amended from time to time.

(j) Method of Valuation

The Company follows the intrinsic value method for computing the compensation cost, if any, for the options granted. The difference between the employee compensation cost so calculated and employee compensation cost that would have been recognised if the Company had used fair value method and its impact on the profits and earnings per share would be disclosed in the Directors' Report.

(k) Other terms

The Board or Nomination and Remuneration Committee shall have the absolute authority to vary, modify or alter the terms of the Scheme in accordance with the Regulations and Guidelines

as prescribed by the Securities and Exchange Board of India or Regulations that may be issued by any appropriate authority, from time to time, unless such variation, modification or alteration is detrimental to the interest of the Employees.

The Securities may be allotted directly to the Employees or in accordance with the Scheme through any appropriate mechanism including the Trust or other entity which may be set up for that purpose and such Scheme may also contain provisions for providing financial assistance to the Employees/Trust/entity to enable the Employees/Trust/entity to acquire, purchase or subscribe to the Securities.

As the Scheme would entail further shares to be offered to persons other than existing Members of the Company, consent of the Members is sought pursuant to the provisions of section 62 (1) (b) and all other applicable provisions, if any, of the Companies Act, 2013 and as per the requirement of Clause 6 of the SEBI ESOP Guidelines.

Your Directors recommend the Resolution set out in Item No. 3 of the Notice for adoption by the Shareholders as Special Resolution.

Item No. 4

The Board of Directors of the Company, on 29th April, 2014 on the recommendations of the Nomination and Remuneration Committee, approved the re-appointment of Mr. Ashok Sharma as the Whole Time Director of the Company, designated as Executive Director and Chief Executive Officer with effect from 1st October, 2014 to 30th September, 2017 subject to approval of the Shareholders at the Annual General Meeting, on a consolidated remuneration of Rs. 12,00,000/- (Rupees Twelve Lacs only) per annum.

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 Jamnalal Bajaj Institute, Mumbai followed by a Masters in Management Studies from Jamnalal Bajaj. He joined the Farm Equipment Sector of Mahindra and Mahindra Ltd. in 1998 as General Manager Sales and since then has made significant contributions in the areas of Quality, Strategic Planning and Business Excellence. More recently, he has played a key role in expanding and growing Mahindra's Powerol and Agri businesses. His current responsibilities include business excellence for the Auto and Farm businesses, Agri business, Engine Application Business and the Construction Equipment Business of Mahindra and Mahindra Ltd.

In a career spanning over 27 years, Mr. Sharma has rich experience in various functions like Sales, Marketing, strategic planning, business planning and has held various general management functions.

Mr. Sharma is also a Director in the following companies:

- i) Mahindra Shubhlabh Services Limited
- ii) Mahindra Investments (International) Private Limited

Mr. Sharma is the member of the Audit Committee and Nomination and Remuneration Committee of Mahindra Shubhlabh Services Limited and the member of Stakeholders Relationship Committee of the Company.

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

The Directors recommend the passing of the Resolution at Item No. 4 as a Special Resolution.

None of the Directors of the Company except Mr. Ashok Sharma is, in any way, concerned or interested in this item of business.

Item Nos. 5, 6 and 7

Mr. Anand Daga, Mr. Vinayak Patil and Mr. Nikhilesh Panchal are Non-Executive Independent Directors of the Company. Mr. Anand Daga and Mr. Nikhilesh Panchal have held the positions as such from August, 2011. Mr. Vinayak Patil had joined the Board of Directors of the Company from July, 2003.

The Securities and Exchange Board of India (SEBI) has amended Clause 49 of the Listing Agreement inter-alia stipulating the conditions for the appointment of independent directors by a listed company.

It is proposed to appoint Mr. Anand Daga, Mr. Vinayak Patil and Mr. Nikhilesh Panchal as Independent Directors under Section 149 of the Act and clause 49 of the Listing Agreement to hold office for 5(five) consecutive years for a term upto the conclusion of the 37th Annual General Meeting of the Company in the calendar year 2019.

Mr. Anand Daga, Mr. Vinayak Patil and Mr. Nikhilesh Panchal are not disqualified from being appointed as Directors in terms of Section 164 of the Act and have given their consent to act as Directors of the Company.

The Company has received notices in writing from members alongwith the deposit of requisite amount under section 160 of the Act proposing the candidatures of each of the above Directors for the office of Directors of the Company.

The Company has also received declarations from Mr. Anand Daga, Mr. Vinayak Patil and Mr. Nikhilesh Panchal that they meet with the criteria of independence as prescribed both under sub-section (6) of Section 149 of the Act and under clause 49 of the Listing Agreement.

In the opinion of the Board, Mr. Anand Daga, Mr. Vinayak Patil and Mr. Nikhilesh Panchal fulfill the conditions for appointment as Independent Directors as specified in the Act and the Listing Agreement. Mr. Anand Daga, Mr. Vinayak Patil and Mr. Nikhilesh Panchal are independent of the management.

Brief resume of Mr. Anand Daga, Mr. Vinayak Patil and Mr. Nikhilesh Panchal, nature of their expertise in specific functional areas, names of companies in which they hold directorships and memberships/ chairmanships of Board Committees, shareholding to be provided under Clause 49 of the Listing Agreement are provided in the Report on Corporate Governance forming part of the Annual Report.

Copy of the draft letters for respective appointments of Mr. Anand Daga, Mr. Vinayak Patil and Mr. Nikhilesh Panchal as an Independent Directors setting out the terms and conditions would be available for inspection by the members at the Registered Office

of the Company during normal business hours on any working day.

This Explanatory Statement may also be regarded as a disclosure under Clause 49 of the Listing agreement with the Stock Exchange.

Mr. Anand Daga, Mr. Vinayak Patil and Mr. Nikhilesh Panchal may be deemed to be interested in the Resolutions set out respectively at Item Nos. 5, 6 and 7 of the Notice with regard to their respective appointments.

The relatives of Mr. Anand Daga, Mr. Vinayak Patil and Mr. Nikhilesh Panchal may be deemed to be interested in the resolution set out respectively at Item Nos. 5, 6 and 7 of the Notice, to the extent of their shareholding interest, if any, in the Company.

Save and except the above, none of the other Directors/Key Managerial Personnel of the Company/their relatives are, in any way, concerned or interested, financially or otherwise, in these resolutions.

Accordingly, the Board recommends the Ordinary Resolutions set out at Item Nos. 5, 6 and 7 of the Notice in relation to the appointment of Mr. Anand Daga, Mr. Vinayak Patil and Mr. Nikhilesh Panchal respectively as Independent Directors, for the approval by the shareholders of the Company.

Item No. 8

Messrs Shilpa and Company, Cost Accountants was appointed as Cost Accountants for the Financial Year 2014 – 15 by the Board of Directors of the Company. In accordance with the provisions of Section 148 of the Companies Act, 2013 the remuneration payable to the Cost Auditors shall be subject to the approval of Shareholders. The fees payable to Messrs Shilpa and Company would be Rs. 1,50,000 p.a. The Board recommends remuneration payable to Messrs Shilpa and Company, Cost Accountants and for passing of the Ordinary Resolution set out at Item No. 8.

None of the Directors and Key Managerial Personnel of the Company and their relatives are concerned or interested, financially or otherwise, in the resolution set out at Item No. 8. This Explanatory Statement may also be regarded as a disclosure under Clause 49 of the Listing agreement with the Stock Exchange.

By Order of the Board

Ratnakar Nawghare
Company Secretary

Registered Office:

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

CIN: L25200MH1981PLC025731
e-mail: info@epcind.com

26th May, 2014

DIRECTORS' REPORT

Your Directors are pleased to present the 32nd Annual Report on business and operations of your Company alongwith the audited financial statements and accounts for the year ended 31st March, 2014.

FINANCIAL HIGHLIGHTS

(Rs. in lacs)

	For the Year ended 31 st March, 2014	For the Year ended 31 st March, 2013
Turnover (Net)	17472.52	16140.80
Other Income	256.60	276.02
	17729.12	16416.82
Profit Before Interest, Depreciation & Tax	1285.74	1035.15
Finance cost	235.34	246.37
Depreciation	279.41	254.57
Profit Before Tax	770.99	534.21
Tax expense	—	—
Profit After Tax	770.99	534.21
Add : Balance Brought Forward	(1856.46)	(2390.67)
Deficit Carried to the Balance Sheet	(1085.47)	(1856.46)

* Figures have been regrouped wherever necessary.

Operations and Financial Overview

During the year under review, your Company's turnover was at Rs. 17472.52 lacs as compared to Rs. 16140.80 lacs for the previous year reflecting a growth of 8.3%. The Profit Before Tax was at Rs. 770.99 lacs vs. Rs. 534.21 lacs in the previous year, The Profit after tax was at Rs. 770.99 lacs vs. Rs. 534.21 lacs in the previous year.

FY 2013-14 proved to be a challenging year for your Company amidst economic uncertainties, hailstorm, untimely rains and change in subsidy policies of State Governments. Despite these constraints and challenging environment, the Company could register a marginal growth. The Company has succeeded in sustaining growth in turnover, due to cost savings measures, operational cost reduction, lift and shift policy, optimum utilization of available resources despite the acute pressure of rising raw material prices.

During the year under review, the Company started its Greenhouse/Polyhouse business. This new business including Agricultural Pumps will contribute significantly to the company's top line and bottom line in the years to come.

Dividend

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

Management Discussion and Analysis Report

Management Discussion and Analysis Report for the year under review, as stipulated under Clause 49 of the Listing Agreement

with the Stock Exchange, is presented in a separate section forming 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.

Stock Options

During the year under review 7375 Nos. Stock Options got vested in terms of EPC Industrié Limited Employees Stock Option Scheme -2010, and were exercised immediately after vesting. Accordingly, the Company made the allotment of 7375 Equity Shares on 12th December, 2013 against these options exercised by the employees.

The disclosures as stipulated under the SEBI Guidelines as at March 31, 2014 (cumulative position) are provided in Annexure I to this Report.

EPC Industrié Limited Employees Stock Option Scheme -2014

Your Company proposes to introduce a new Employee Stock Option Scheme known as "EPC Industrié Limited Employees Stock Option Scheme 2014 ("New Scheme"). The New Scheme will facilitate grant of Options to the employees in the form of Stock Options and/or Restricted Stock Units ("RSUs") and/or other instruments ("Options") exercisable into Equity Shares. It is proposed that the Options can be exercised by the employees at a price equal to or not less than the face value of the Equity Shares of the Company. The necessary Resolutions seeking consent of the Members are being sought as proposed in the Notice convening the Annual General Meeting.

The New Scheme has been formulated in accordance with the Guidelines and other applicable laws.

Share Capital

During the year, with the allotment of 7375 equity shares on exercising of Stock Options by employees, the total paid up equity share capital of the Company increased from 2,76,30,864 equity shares of Rs. 10/- each to 2,76,38,239 equity shares of Rs. 10/- each. The said equity shares have been listed on the Bombay Stock Exchange Limited and they rank pari passu with the existing equity shares in all respects.

Accordingly, the Paid-up Share Capital of the Company stood at Rs. 27,63,82,390 divided into 2,76,38,239 equity shares of Rs. 10 each as on 31st March, 2014.

Holding Company

The promoters of the Company i.e. Mahindra and Mahindra Limited (M & M) hold 1,51,44,433 equity shares which represents

54.80 percent of the total paid up capital of the Company. Your Company continues to be a subsidiary company of M & M.

Industrial relations

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

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

Safety, Health and Environmental Performance

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

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

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

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

Directors

Pursuant to the provisions of Section 149 of the Companies Act, 2013, the Independent Directors Mr. Anand Daga, Mr. Vinayak Patil and Mr. Nikhilesh Panchal being independent Directors would retire and, being eligible, have offered themselves for reappointment as Independent Directors.

The three years' term of Mr. Ashok Sharma as Whole time Director would be expiring on 30th September, 2014 and would require to be renewed for a further period of 3 years with effect from 1st October, 2014. The approval from shareholders for renewal of his term is being sought at the ensuing Annual General Meeting.

The Company has received Notices in writing from Member(s) proposing Mr. Anand Daga, Mr. Vinayak Patil, Mr. Nikhilesh Panchal and Mr. Ashok Sharma for appointment to the office of Directors at the ensuing Annual General Meeting.

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 along with proper explanation relating to material departures;

- (ii) they have, in the selection of the accounting policies, consulted the Statutory Auditors and these have been applied consistently, and made judgments and estimates that are reasonable and prudent to give a true and fair view of the state of affairs of the Company as on 31st March, 2014 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.

Corporate Social Responsibility Committee

During the year, your Directors have constituted the Corporate Social Responsibility (CSR) Committee comprising Mr. Ashok Sharma as the Chairman and Mr. S Durgashankar and Mr. Vinayak Patil as other members.

The said Committee has been entrusted with the responsibility of formulating and recommending to the Board, a Corporate Social Responsibility Policy (CSR policy) indicating the activities to be undertaken by the Company, monitoring the implementation of the framework CSR Policy and recommending the amount to be spent on CSR activities.

Internal Complaints Committee

During the year under review, the Internal Complaints Committee was constituted in accordance with the new legislation the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013 and no complaints were reported to or resolved by the Committee for the year ended 31st March, 2014.

Auditors

The Auditors, Messrs. Deloitte Haskins & Sells, Chartered Accountants, Baroda holds office until the conclusion of the ensuing Annual General Meeting. The Auditors are eligible for reappointment under Section 139 (1) of the Companies Act, 2013 and have furnished a certificate to this effect. The Directors recommend their reappointment as Auditors of the Company upto the conclusion of the next Annual General Meeting.

Cost Auditors

The Company had filed the Cost Audit Report as per the Companies (Cost Accounting Records) Rules, 2011 prescribed under Section 209 (1)(d) of the Companies Act, 1956 pertaining to the financial year 2012-13 before the due date of filing.

Pursuant to section 148 of the Companies Act, 2013, the Board of Directors, on the recommendation of the Audit Committee appointed M/s Shilpa & Company, Cost Accountants, as the Cost Auditors of the Company for the financial year 2014-15. M/s Shilpa & Company have confirmed that their appointment, is

within the limits of section 139 of the Companies Act, 2013 and have also certified that they are free from any disqualification specified under sections 141 (3) and 148 (5) of the Companies Act, 2013.

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

The Directors recommend the remuneration payable to the Cost Auditors of the Company for the year 2014-15.

The approval from Shareholders for the remuneration payable to the Cost Auditors is being sought at the ensuing Annual General Meeting.

Public Deposits & Loans/Advances

During the year, in order to meet working capital requirements, the Fixed Deposit Scheme was re-launched by the Company pursuant to the provisions of the Companies (Acceptance of Deposits) Rules, 1975 and collected Rs.369.15 lacs from public and shareholders of the Company. In view of the provisions of 74 (1)(b) of the Companies Act, 2013 read with the Companies (Acceptance of Deposits) Rules, 2014, all the outstanding Fixed Deposits would required to be repaid within one year from the commencement of the Act. Accordingly, all deposits due for repayment during the financial year 2014-15 or those maturing beyond one year shall be repaid during the Financial Year 2014-15.

Your Company has also not made any loans or advances, which are required to be disclosed in the Annual Accounts of the Company pursuant to the Clause 32 of the Listing Agreement.

Energy Conservation and Technology Absorption and Foreign Exchange Earnings and Outgo

The particulars relating to energy conservation, technology absorption, foreign exchange earnings and outgo as required to be disclosed under section 217(1)(e) of the Companies Act, 1956 read with the Companies (Disclosure of Particulars in the Report of Board Directors) Rules, 1988 are provided in Annexure II to this Report.

Particulars of Employees

In terms of the provisions of section 217 (2A) of the Companies Act, 1956 read with the Companies (Particulars of Employees) Rules, 1975, 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, 2014 or was employed for a part of the financial year and was in receipt of remuneration of not less than Rs. 5,00,000 per month during any part of the year.

Acknowledgements

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

For and On behalf of the Board

Ashok Sharma
Executive Director & CEO

S. Durgashankar
Director

Place : Mumbai
Dated : 26th May, 2014

Annexure - I To The Directors' Report For The Year Ended 31st March, 2014

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

EPC Industrié Limited Employees Stock Option Scheme - 2010

(a) Options granted	60,500
(b) The pricing formula	The Stock Options are granted at a fixed price of Rs. 35.00 per share.
(c) Options vested	25,875
(d) Options exercised	25,875
(e) The total number of shares arising as a result of exercise of option	25,875
(f) Options lapsed	27,250
(g) Variation of terms of options	Nil
(h) Money realised by exercise of options	9,05,625
(i) Total number of options in force	7375
(j) Employee wise details of options granted to	
(i) Senior managerial personnel	Options Granted # Mr. Vinayak Patil – (Director) 10,000 * Further details are given at the end of this annexure.
(ii) Any other employee who receives a grant in any one year of option amounting to 5% or more of option granted during that year	Mr. A. R. Kshirsagar

Out of 4 equal installments, 3 installments have been exercised.

* Grant Date – 19th November, 2010

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

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

Exercise Price – Rs. 35 per Share

Annexure - II To The Directors' Report For The Year Ended 31st March, 2014

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, 2014

A. Conservation of Energy

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

(a) Energy Conservation measures taken:

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

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

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

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

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

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

FORM – A

	2013-14	2012-13
A. Power and Fuel Consumption		
1. Electricity		
(a) Purchased Units (Kwh) (In Lacs)	43.83	42.40
Amount (Rs./lacs)	332.78	337.81
Average Rate (Rs./Unit)	7.59	7.97
(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	—	—

	2013-14	2012-13
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)	768	753
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	Nil
(b) Revenue Expenditure	545	132
(c) Total	545	132
(d) Total R&D expenditure as a % of total turnover	0.01	0.01

C. Foreign Exchange Earnings & Outgo

The Company is assessing the potential countries where the exports business can be explored.

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

For and on behalf of the Board

Ashok Sharma
Executive Director & CEO

S. Durgashankar
Director

Place : Mumbai
Dated : 26th May, 2014

MANAGEMENT DISCUSSION AND ANALYSIS

Overview

Water is becoming increasingly scarce in many parts of the world and thereby limiting agricultural development. The capacity of large countries like India to efficiently develop and manage water resources is likely to be a key determinant for global food security in 21st century. India's annual precipitation (rainfall & snowfall) is around 4000 BCM (Billion Cubic Meters) (or 4000 lakh crore litres). Out of this, close to 80% either gets washed away into the sea or is subject to evaporation and percolation in the ground. Only about 20%, or 800 BCM is currently available for use. 80% of this usable water is utilised for Agriculture. We are currently on the verge of being water stressed (< 1500 Cu m per capita) and it is estimated that by the year 2050, owing to the growth in population and the pressure that it puts on agriculture, India will be on the brink of becoming a water scarce country (< 1000 Cu m per capita). Demand management has become a key strategy for managing scarce water resources. Since agriculture is the major water-consuming sector in India, demand management in agriculture is crucial to reduce the demand for water to match the available future supplies. A number of demand management strategies and programmes have been introduced to save water and increase the existing water use efficiency in Indian agriculture.

One such method introduced in Indian agriculture is micro-irrigation, which includes both drip and sprinkler method of irrigation. Micro-irrigation (MI) has proved to be an efficient method in saving water and increasing water use efficiency as compared to the conventional surface method of irrigation, though both drip and sprinkler irrigation methods are in use over the last two decades.

Micro-irrigation was introduced primarily to save water and increase the water use efficiency in agriculture. However, it also delivers many other economic and social benefits. Reduction in water consumption due to drip irrigation systems over the surface irrigation varies from 30 to 70 percent for different crops. Productivity gain due to use of micro-irrigation is estimated to be in the range of 20 to 90 percent for different crops. It also reduces weed problems, soil erosion and cost of cultivation substantially, especially in labour-intensive operations. The reduction in water consumption in micro-irrigation also reduces the energy use (electricity) that is required to lift water from irrigation wells.

Micro-irrigation can also be adopted in all kind of lands, which is not generally possible through flood irrigation method. Research suggests that Drip Irrigation systems are not only suitable for those areas that are presently under cultivation, but can also be operated efficiently in undulating terrain, rolling topography, hilly areas, barren land and areas which have shallow soils. Given the population growth and increasing requirement of agricultural commodities, there is a need to increase the area under cultivation. Micro-irrigation can be one of the viable options for expanding area under cultivation.

Investment in Micro Irrigation also appears to be economically viable, even without availing State subsidy.

Industry Structure and Developments

Though both drip and sprinkler irrigation are treated as MI, there are distinct characteristic differences between the two in terms of flow rate, pressure requirement, wetted area, and mobility. While drip irrigation supplies water directly to the root zone of the crop through a network of pipes with the help of emitters, sprinkler irrigation sprinkles water similar to rainfall into the air through nozzles which subsequently break into small water drops and fall on the field surface. Unlike flood irrigation, water losses occurring through evaporation and distribution are completely absent in drip irrigation. The on-farm irrigation efficiency of properly designed and managed drip irrigation system is estimated to be about 90 percent, while the same is only about 35 to 40 percent for surface method of irrigation. In sprinkler irrigation, water saving is relatively low as compared to drip irrigation as it supplies water over the entire field area of the crop.

Micro irrigation systems have applications in the following major segments

- Agriculture
 - Field crops
 - Orchard crops
 - Plantation crops
- Landscaping
 - Forage and turf grasses

The micro irrigation systems market is classified into the organized and unorganized segments in the country. The Company is presently a major supplier of micro irrigation systems (MIS) in India. Our strong brand name, expertise in agronomy services, and wide spread network have contributed to our growth.

Opportunities and Outlook

Agriculture remains the mainstay of Indian economy; contributing 14% of Gross Domestic Product (GDP) and with its allied sectors like forestry and fisheries employing 50 per cent of the country's workforce. India's demand for food grains is expected to be at 240 million tonnes by the end of the XII Five Year Plan (2012-2017). Enhanced agricultural production will mean increased use of water for irrigation. At present the sector receives the largest share of freshwater in the country (around 90 per cent). This will have a direct impact on efficient demand management for water and lead to increased demand for Micro Irrigation Systems.

The Task Force on Micro Irrigation set up by the Central Government has stated that more areas can be brought under irrigation if modern methods of irrigation are adopted. It estimates the total potential in India to be around 69.5 Million Hectares. Only around ~10% of this potential has been tapped so far in India. Hence there is tremendous opportunity for micro irrigation business in the years to come.

The Indian Micro Irrigation Industry had been growing at a CAGR of ~20% prior to F'13. However, for the past two years, the industry has seen a de growth of ~25% and ~8-10% respectively. High dependence on government allocated funds

and operational inefficiencies in the market have been primary factors in this de growth. However, given the importance of this industry to Indian Agriculture, the impetus put by the government, and improved market efficiencies, the future for the industry looks good. It is expected that the industry would grow at a CAGR of ~12-15% in the coming years.

Operations and Financial Performance

During the year 2013-14, your Company achieved Turnover of Rs.174.73 crore as compared to Rs. 161.41 crore in the preceding year, registering a growth of 8.3%. The growth drivers are - introduction of new products, establishing presence in new markets, focus on retail identity, value added services to end users etc. resulting into steady growth momentum.

In line with its larger objective of **‘Delivering FarmTech Prosperity’** and to sustain growth in the MIS market, the Company has introduced many unique ways of working in addition to developing & manufacturing high quality MIS systems. Among them are the introduction of a toll free Agri helpline, creation of Demo Plots to demonstrate the best practices in Micro Irrigation, and free agronomy services to customers.

In addition to MIS for agriculture, the Company has entered the Agricultural Pumps, Greenhouse / Polyhouse businesses as well as the landscaping segment in FY 2013-14.

Polyhouse / Greenhouse Protected cultivation is an alternative new technique in agriculture gaining foothold in rural India. It reduces dependency on rainfall and makes the optimum use of land and water resources. In recent years, in view of the globalization and the fillip given to exports of agricultural produce, there has been a spurt in the demand for polyhouses. Agricultural Pumps market is dominated by the un-organised sector providing low efficiency pump-sets which presents the company ample opportunity to differentiate and sustain growth by providing efficient quality Pump sets.

The Company continued its focus on various Quality initiatives such as 1S 2S, Total Productive Maintenance (TPM), Continuous Improvement Teams (CIT), Mahindra Yellow Belt Programme, Kaizen, Parivartan and display of Quality Parameters on all machines. These measures have amply resulted in improvement in production efficiencies and reduction in rejections.

We believe that our strong Brand, focus on Customer Centricity, Agronomy services, and our approach of providing a holistic solution to farmers will give us the competitive edge to tap the growth opportunities in the MIS Industry.

Risks, Concerns and Threats

Industry growth is heavily dependent on Government policies and release of capital subsidy. Long lead time in release of State subsidies requires more working capital for the MIS Industry. Delays in government decision / allocation / spending can derail the progress. However, with the implementation of National Mission on Micro Irrigation by the Central Government, it is expected that subsidies would be released uniformly. Many States are exploring implementation of releasing subsidies online. The Industry also needs a large pool of trained sales and service personnel to deliver well designed systems and

proper agronomy services. The growth of the industry can be constrained by unavailability of the requisite personnel. Similarly, a dedicated, well equipped dealer network in the far flung areas of the country is needed.

The industry is also plagued by low quality unorganised players who do more damage than good for the adoption of Micro Irrigation in the country.

The uneven distribution of rainfall in the country and consecutive drought like situation for 2/3 years are potential threats for the industry. Similarly, fluctuations in the raw material prices is also a constant threat.

Internal Control Systems

The Company has adequate internal control procedure commensurate with its size and nature of the business. The internal control system is supplemented by extensive internal audits, regular reviews by management and well-documented policies and guidelines to ensure reliability and speedy compilation of financial statements, safeguarding the assets and interests of the Company and ensuring compliance with laws and regulations. The Company continuously upgrades these systems in line with best accounting practices.

The Audit Committee of Board of Directors periodically reviews the audit plans, observations and recommendations of the internal and external auditors with reference to significant risk areas and adequacy of internal controls.

Human Resources

Human resource is one of the key assets that has been nurtured and encouraged for active participation in the Company's growth. The Company has a well-defined appraisal system in place for recognition of talented and deserving employees, which includes line and staff function personnel. The industrial relations remained cordial during the year.

During the period under review, Industrial Relations between Management and Workers remained cordial and satisfactory.

The Company continues to upgrade the skills and effectiveness of employees at all levels through several training and development initiatives. The Company also seeks the views of its employees for improving human relations through employee satisfaction surveys. During the year under review, our HR department has successfully launched ‘Tele-connect’ – an initiative which enables all employees’ right from top management to field staff to express their views and suggestions related to their work.

As on 31st March, 2014, the total number of employees of your Company was 434.

Cautionary Note

This report contains forward-looking statements based on certain assumptions and expectations of future events. Actual performance, results or achievements and risks and opportunities may differ from those expressed or implied in any such forward - looking statements. The Company assumes no responsibility to publicly amend, modify or revise any forward looking statements, on the basis of any subsequent developments, information or events.

REPORT ON CORPORATE GOVERNANCE

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

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

I. BOARD OF DIRECTORS

The composition of the Board of Directors is in conformity with the provisions of the Listing Agreement, the Companies Act, 1956 and the Companies Act, 2013. The Board consists of Executive Director & CEO and four Non-Executive Directors. The number of Non-executive Directors comprising three Independent Directors is more than one-half of the total number of Directors. All the Directors have made necessary disclosures under Corporate Governance norms and the applicable provisions of the Companies Act, 1956 and 2013. The Board reviews and approves strategy and oversees the actions and results of management to ensure that the long term objectives of enhancing stakeholders' value are met.

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

Professional fees for the year under review to Khaitan & Co., Advocate & Solicitors, in which Mr. Nikhilesh Panchal, Non-Executive and Independent Director is a partner, amounts to Rs. 3,65,046 (including out of pocket expenses).

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

A. Composition of the Board

Currently, the Board comprises of five Directors. The names and categories of Directors, the number of Directorships and Committee positions held by them in the companies are given below. None of the Directors on the Board is a Member of more than 10 Committees and Chairman of more than 5 Committees (as specified in applicable 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 31 st March, 2014.		
			Directorships ^{\$}	Committee Chairmanships ⁺	Committee Memberships ⁺
	EXECUTIVE				
1	Mr. Ashok Sharma Executive Director & CEO	Related to Promoter	2	1	1
	NON-EXECUTIVE				
2	Mr. Vinayak Patil	Independent	1	2	2
3	Mr. S. Durgashankar	Related to Promoter	2	1	1
4	Mr. Nikhilesh Panchal	Independent	2	—	2
5	Mr. Anand Daga	Independent	1	1	1

Excludes private limited companies/ foreign companies and companies u/s.25

\$ Includes Directorship in EPC Industrié Limited

+ Committees considered are Audit Committee and Stakeholders Relationship Committee (earlier known as Shareholders/ Investors Grievance Committee) including that of EPC Industrié Limited.

B. Board Procedure

A detailed Agenda folder, alongwith necessary supporting papers are sent to each Director in advance of the Board meetings and to the concerned Directors of the Committee Meetings. To enable the Board to discharge its responsibilities effectively, the Executive Director & CEO apprises 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, risk management, significant labour issues, major accounting provisions and write-offs, minutes of meetings of the Audit and other Committees of the Board and information on recruitment of Officers just below the Board level, including the Company Secretary and Compliance Officer.

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

The Board meets atleast once in a quarter to consider among other business, quarterly performance of the Company and the financial results. During the financial year under review, six Board Meetings were held on the following dates – . 2nd May, 2013, 31st July, 2013, 25th October, 2013, 28th January, 2014, 28th February, 2014 and 29th March, 2014. The gap between two Meetings did not exceed four months. These meetings were well attended. The 31st Annual General Meeting of the Company was held on 31st July, 2013.

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

Directors	Number of Board Meetings Attended	Attendance at the AGM
Mr. Ashok Sharma	6	Yes
Mr. Vinayak Patil	4	Yes
Mr. S. Durgashankar	6	Yes
Mr. Nikhilesh Panchal	6	Yes
Mr. Anand Daga	5	Yes

D. Directors seeking appointment/re-appointment

Mr. Ashok Sharma

Mr. Ashok Sharma's term of office of Whole Time Director would be expiring on 30th September, 2014 and would require to be renewed for a further period of 3 (three) years with effect from 1st October, 2014 subject to approval of the members of the Company.

Brief resume of Mr. Ashok Sharma is given below:

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 Jamnalal Bajaj Institute, Mumbai followed by a Masters in Management Studies from Jamnalal Bajaj. He joined the Farm Equipment Sector of Mahindra and Mahindra Ltd. in 1998 as General Manager Sales and since then has made significant contributions in the areas of Quality, Strategic Planning and Business Excellence. More recently, he has played a key role in expanding and growing Mahindra's Powerol and Agri businesses. His current responsibilities include strategy and business excellence for the Auto and Farm businesses, Agri business, Engine Application Business and the Spares Business Unit of Mahindra and Mahindra Ltd.

In a career spanning over 27 years, Mr. Sharma has rich experience in various functions like Sales, Marketing, strategic planning, business planning and has held various general management functions.

Mr. Sharma is also a Director in the following companies:

- Mahindra Shubhlabh Services Limited
- Mahindra Investments (International) Private Limited

Mr. Sharma is the member of the Audit Committee and Nomination and Remuneration Committee of Mahindra Shubhlabh Services Limited and member of Stakeholders Relationship Committee and Corporate Social Responsibility (CSR) Committee of the Company.

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

In view of the new provisions of Section 149 of the Companies Act, 2013 all Independent Directors would be retiring and seeking a fresh reappointment. Accordingly, Mr. Anand Daga, Mr. Vinayak Patil and Mr. Nikhilesh Panchal would retire and have offered themselves for reappointment.

Brief resume of these Directors are presented below:

Mr. Anand Daga

Mr. Anand Daga is a Practising Chartered Accountant since 1994 and is a Partner in Messrs. 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 varied experience of 18 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 MSS India Private Limited.

Mr. Anand Daga is the Member of Audit Committee and the Chairman of Nomination and Remuneration Committee of the Company.

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

Mr. Vinayak Patil

Mr. Vinayak Patil is an independent director on the Board. He is an agriculturist and social activist. Mr. Patil was a member of the Maharashtra State Legislative Assembly from 1978 to 1980. He was also a member of the Legislative Council of the State of Maharashtra from 1983 to 1988. During the period 1978 to 1980, he was also a Minister of State for Industry, Maharashtra. Mr. Patil has been associated with various state level government/Cooperative organizations. He received Maharashtra State's Krishi Bhushan Award for his work in the field of agriculture.

Mr. Patil is on the Board of Richfield Fertilisers Private Limited.

Mr. Vinayak Patil is the Chairman of Audit Committee and Stakeholders Relationship Committee, member of Nomination and Remuneration Committee and Corporate Social Responsibility (CSR) Committee of the Company.

Mr. Vinayak Patil holds 15,200 Shares in the Company.

Mr. Nikhilesh Panchal

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

has also been involved in contract negotiations and regularly advises on structuring, acquisitions, joint ventures and corporate and commercial matters.

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

- i) Mahindra Ugine Steel Company Limited
- ii) Vayugrid Marketplace Services Pvt. Ltd.

Mr. Nikhilesh Panchal is the member of Audit Committee of Mahindra Ugine Steel Company Limited and the member of Stakeholders Relationship Committee of the Company.

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

E. Code of Conduct

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

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

F. CEO/CFO Certification

As required under clause 49 V of the Listing Agreement with the Stock Exchange, the Executive Director & CEO and the Chief Financial Officer of the Company have certified to the Board regarding the Financial Statements for the year ended 31st March, 2014.

G. Uses & Application of Funds raised under Rights Issue

In the year 2012, the Company had allotted 1,03,58,199 equity shares at a price of Rs. 40 per share (including a premium of Rs. 30/- per share) resulting in total issue size of Rs. 41.43 crores under the Rights Issue.

The uses and application of funds raised under Rights Issue are given in Note 27.6 to the Financial Statement. The Uses and Application of funds under Rights Issue are monitored regularly by the Audit Committee.

II. REMUNERATION TO DIRECTORS

A. Remuneration Policy

While deciding on the remuneration for Directors, Key Managerial Personnel and other employees, the Board Nomination and 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

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

The Non-executive independent Directors are paid sitting fees of Rs. 20,000 for attending the meetings of the Board of Directors. The sitting fees paid to Non-Executive Directors for the year ended 31st March, 2014 along with their shareholdings are as under:

Directors	Sitting Fees for the Board Meetings held during the year ended 31 st March, 2014 (Rs. in Lacs)	No. of Ordinary (Equity) Shares held as on 31 st March, 2014
Mr. Ashok Sharma	Nil	Nil
Mr. Vinayak Patil	0.40	15,200
Mr. S. Durgashankar	Nil	Nil
Mr. Nikhilesh Panchal	0.80	Nil
Mr. Anand Daga	0.60	Nil

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

III. RISK MANAGEMENT

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

IV. COMMITTEES OF THE BOARD

A. Audit Committee

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

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

The Company Secretary is the Secretary of the Audit Committee.

During the year under review, pursuant to terms of the relevant provisions of Companies Act, 2013, the Company has adopted the following additional terms of reference as follows:

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

- a) Review of the Company's financial reporting process and its financial statements.
- b) Review of accounting and financial policies and practices.
- c) Review of the internal control and internal audit system.
- d) Discussing with statutory Auditors to ascertain any area of concern.
- e) The recommendation for appointment, remuneration and terms of appointment of auditors of the company;
- f) Review and monitor the auditor's independence and performance, and effectiveness of audit process;

- g) Examination of the financial statement and the auditors' report thereon;
- h) Approval or any subsequent modification of transactions of the company with related parties;
- i) Scrutiny of inter-corporate loans and investments;
- j) Valuation of undertakings or assets of the company, wherever necessary;
- k) Evaluation of internal financial controls and risk management systems;
- l) Monitoring the end use of funds raised through public offers and related matters.
- m) If required, call for the comments of the auditors about internal control systems, the scope of audit, including the observations of the auditors.
- n) Review of the financial statements before their submission to the Board.
- o) If required, discuss with the internal and statutory auditors and the management of the company any issues related to internal control system, scope of audit and financial statements.
- p) Investigate into any matter in relation to the items specified above or matters which are referred to it by the Board and for this purpose, to obtain professional advice from external sources and have full access to information contained in the records of the Company.
- q) Establish vigil mechanism as may be prescribed to enable directors and employees to report genuine concerns and also shall provide for adequate safeguards against victimization of persons who use such mechanism.

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

The meetings of the Audit Committee are also attended by the Executive Director & CEO, Statutory Auditors, Chief Financial Officer, Internal Auditor and the Company Secretary. The Chairman of the Audit Committee, Mr. Vinayak Patil was present at the 31st Annual General Meeting of the Company held on 31st July, 2013.

The Committee met four times during the year under review. The Committee Meetings were held on the following dates – 2nd May, 2013, 31st July, 2013, 25th October, 2013 and 28th January, 2014. 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	4
Mr. S. Durgashankar	4
Mr. Anand Daga	4

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

B. Nomination and Remuneration Committee

During the year under review and pursuant to Section 178 of the Companies Act, 2013, nomenclature of the existing

Remuneration/Compensation Committee changed to "Nomination and Remuneration Committee".

The Terms of Reference of the Nomination and Remuneration Committee is to:

- a) Identify persons who are qualified to become directors and who may be appointed in senior management in accordance with the criteria to be laid down, recommend to the Board their appointment and removal; and shall carry out evaluation of every Director's performance.
- b) Formulate the criteria for determining qualifications, positive attributes and independence of a director and recommend to the Board a policy, relating to the remuneration for the directors, key managerial personnel and other employees.
- c) Review performance of the Executive Director and recommend to the Board the remuneration payable to him and administering the Employees Stock Options Scheme.

The Committee also administers the Company's ESOP Scheme and take appropriate decisions in terms of the said scheme.

The Committee comprises Mr. Anand Daga as the Chairman of the Committee and Mr. S. Durgashankar and Mr. Vinayak Patil are the other members of the Committee. The Committee met once during the year 2013-14 and the meeting was attended by all the members of the Committee.

C. Stakeholders Relationship Committee:

During the year under review, under the provisions of The Companies Act, 2013 the Company's Shareholders'/Investors' Grievance Committee has been renamed as Stakeholders Relationship Committee. The Committee functions under the Chairmanship of Mr. Vinayak Patil. Mr. Ashok Sharma and Mr. Nikhilesh Panchal are the other Members of the Committee. Mr. Ratnakar Nawghare, Company Secretary is the Compliance Officer of the Company. The Stakeholders Relationship Committee resolves the grievances of security holders of the Company. This Committee met four times during the year under review. The Committee Meetings were held on the following dates – 2nd May, 2013, 31st July, 2013, 25th October, 2013 and 28th January, 2014. The attendance at the Meetings is as under:

Members	Number of Meetings attended
Mr. Vinayak Patil	2
Mr. Ashok Sharma	4
Mr. Nikhilesh Panchal	4

As per Section 178(7) of the Companies Act, 2013, the Chairperson of the Committee or, in his absence, any other member of the Committee authorised by him in this behalf shall attend the General Meetings of the Company.

During the year under review, there was one complaint received from the Shareholder. There were no investor complaints remaining unresolved and pending as at 31st March, 2014.

D. Corporate Social Responsibility (CSR) Committee:

During the year under review and pursuant to the provisions of Section 135 of the Companies Act, 2013, the Corporate Social Responsibility Committee (CSR) of the Board was constituted and functions under the Chairmanship of Mr. Ashok Sharma, Mr. S. Durgashankar and Mr. Vinayak Patil are the other Members of the Committee.

The broad terms of reference of CSR Committee are as under:

- To approve the CSR policy recommended by the CSR committee and disclose the contents of such policy in its report and place it on company's website;
- To ensure the CSR activities are undertaken by the company;
- To ensure 2 percent spending on CSR activities;
- To report CSR activities in Board's report and disclose non-compliance (if any) with the CSR provisions.

V. DISCLOSURES**A. Disclosure on materially significant Related Party transactions**

During the financial year 2013-14 there were 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 30 to the Financial Statements.

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 and the Accounting Standards prescribed under the Companies Act, 1956 in preparation of its financial statements.

C. Code of Conduct for Prevention of Insider Trading

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

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

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

VI. SHAREHOLDER INFORMATION**1. 32nd Annual General Meeting**

Date : 31st July, 2014

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 26th July, 2014 to 31st July, 2014 (both days inclusive)

3. Date of Dividend Payment

No dividend has been recommended for the Financial Year ended 31st March, 2014.

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, 2014 – Second week of August, 2014

Half-year ending

30th September, 2014 – Second week of November, 2014

Quarter ending

31st December, 2014 – Second week of February, 2015

Year ending

31st March, 2015 – End May, 2015

Note: The above dates are indicative.

5. Registered Office

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

6. Listing of Equity Shares on Stock Exchange

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

7. A. Stock Code

1. Bombay Stock Exchange Limited (BSE): 523754

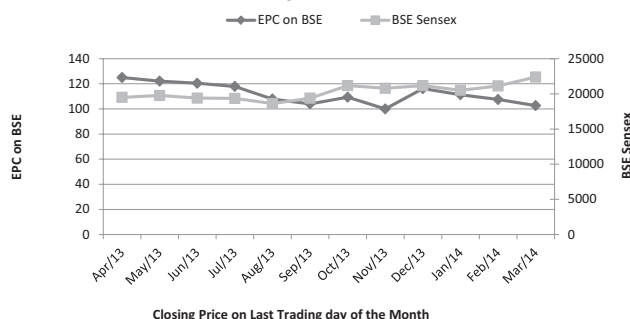
2. Demat International Securities Identification Number (ISIN) in NSDL and CDSL for Equity Shares: INE 215D01010

B. Corporate Identity Number:

L25200MH1981PLC025731

8. Stock Performance

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



Closing Price on Last Trading day of the Month

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

Month	High Rs.	Low Rs.
April, 2013	134.35	122.15
May, 2013	149.70	112.55
June, 2013	144.35	115.00
July, 2013	127.00	101.00
August, 2013	119.80	84.00
September, 2013	110.00	100.00
October, 2013	120.00	100.00
November, 2013	123.45	91.55
December, 2013	126.10	95.00
January, 2014	143.00	108.90
February, 2014	115.00	101.55
March, 2014	112.00	99.00

10. Registrar and Transfer Agent

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

The Registrar and Transfer Agents also have an office at:

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

11. Share Transfer System

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

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

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

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

12. Distribution of Shareholding as on 31st March, 2014:

Shareholding	Shareholders		Shares	
	Number	% to total holders	Number	% to total capital
Upto 500	7,090	89.06	10,74,978	3.89
501 – 1,000	377	4.74	3,09,672	1.12
1,001 – 5,000	337	4.23	7,54,601	2.73
5,001 – 10,000	51	0.64	3,81,720	1.38
10,001– 1,00,000	87	1.09	26,20,586	9.48
1,00,001 & above	19	0.24	2,24,96,682	81.40
TOTAL	7,961	100.00	2,76,38,239	100.00

Shareholding Pattern as on 31st March, 2014

Category	No. of shares held	%
Promoters	1,51,44,433	54.80
Banks	200	0.00
Private Corporate Bodies	65,48,283	23.69
Indian Public	56,91,829	20.59
NRI's/ OCB's/Others	2,53,494	0.92
GRAND TOTAL	2,76,38,239	100.00

13. Dematerialisation of Shares

97.09% 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, 2014 . The Company's Shares are liquid and actively traded on the Bombay Stock Exchange Limited.

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

15. Plant Locations

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

16. Address for correspondence

Shareholders may correspond with the Registrar and Transfer Agents at:

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

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

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

EPC Industrié Limited
Plot No. H-109, MIDC Ambad, Nashik- 422 010.
Telephone Nos.: +91-253-2381081/82
Fax: +91-253-2382975
email: rvnawghare@epcind.com

Your Company can also be visited at its website: www.epcmahindra.com

VII. Other Disclosures

1. Details of General Meetings and Special Resolutions passed.

Year ended	Date	Time	Special Resolution passed
31 st March, 2011	Thursday 29 th September, 2011	2.30 p.m.	For Adoption of new sets of Articles of Association of the Company.
31 st March, 2012	Wednesday 1 st August, 2012	2.30 p.m.	For Amendments in the Articles of Association of the Company.
31 st March, 2013	Wednesday 31 st July, 2013	2.30 p.m.	For Variation in the terms referred to in letter of offer dated May 3, 2012 in respect of utilization of proceeds of rights issue

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

One Extra-ordinary General Meeting was held during the year, the details are as under:

Date	Time	Special Resolution passed
Wednesday 3 rd April, 2013	11:30 a.m.	For Amendment in the Articles of Association Under Section 31 of the Companies Act, 1956.

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

2. Postal Ballot

During the year under review, the Company has not passed any special resolution through postal ballot. Further, the Company does not have any proposal for passing the special resolution through postal ballot, at the ensuing Annual General Meeting.

3. Details of non-compliance etc.

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

The Company and the erstwhile Promoter's group company had filed the revised consent application on 8th January, 2014, in terms of SEBI Circular dated May 25, 2012 (Ref CIR/ EFD/1/2012) ("May Circular 2012") 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.

SEBI vide its letter dated 27th November, 2013 issued a notice of Inquiry against aforesaid delays. The Company in response to it, filed the consent application on 8th January, 2014 and reply on 10th January, 2014. The SEBI has returned the Consent application, however, the Company has requested SEBI to provide an opportunity for personal hearing to settle the matter. The Inquiry proceedings are kept in abeyance till the outcome of consent application.

4. Whistle Blower Policy:

During the year under review, the Board of Directors of the Company has adopted Whistle Blower Policy as per the Corporate Governance norms. Your Company promotes ethical behaviour in all its business activities and has put in place a mechanism wherein the Employees are free to

report illegal or unethical behaviour, actual or suspected fraud or violation of the Company's Code of Conduct or Corporate Governance Policies or any improper activity to the Chairman of the Audit Committee of the Company. The Whistle Blower Policy has been appropriately communicated within the Company. Under the Whistle Blower Policy, the confidentiality of those reporting violation(s) is protected and they are not subject to any discrimination. No personnel has been denied access to the Audit Committee.

5. 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.epcmahindra.com>.

No presentations were made to institutional investors/ analysts.

6. 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.

7. Compliance with Mandatory requirements

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

8. Compliance with Non-Mandatory requirements:

a. Nomination and Remuneration Committee

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

b. Audit Qualification

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

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

Mumbai
26th May, 2014

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

To
The Members of EPC Industrié Limited,

I, Ashok Sharma, Executive Director & CEO of EPC Industrié Limited declare that all the Members of the Board of Directors and Senior Management Personnel have affirmed compliance with the Code of Conduct for the year ended 31st March, 2014.

Mumbai,
26th May, 2014

Ashok Sharma
Executive Director & CEO

CERTIFICATE

TO
THE MEMBERS OF
EPC INDUSTRIÉ LIMITED,

We have examined the compliance of the conditions of Corporate Governance by EPC Industrié Limited ("the Company") for the year ended March 31, 2014, as stipulated in Clause 49 of the Listing Agreement of the said Company with the stock exchange in India.

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

In our opinion and to the best of our information and according to the explanations given to us and the representations made by the directors and the management, we certify that the Company

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

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

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

Ketan Vora
Partner
Membership Number: 100459

Mumbai, May 26, 2014

INDEPENDENT AUDITORS' REPORT

TO THE MEMBERS OF EPC INDUSTRIÉ LIMITED

Report on the Financial Statements

1. We have audited the accompanying financial statements of **EPC Industrié Limited** ("the Company"), which comprise the Balance Sheet as at March 31, 2014, the Statement of Profit and Loss and the Cash Flow Statement for the year then ended, and a summary of the significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

2. The Company's Management is responsible for the preparation of these financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the Accounting Standards notified under the Companies Act, 1956 ("the Act") (which continue to be applicable in respect of Section 133 of the Companies Act, 2013 in terms of General Circular 15/2013 dated September 13, 2013 of the Ministry of Corporate Affairs) and in accordance with the accounting principles generally accepted in India. This responsibility includes the design, implementation and maintenance of internal control relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

3. Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with the Standards on Auditing issued by the Institute of Chartered Accountants of India. Those Standards require that we comply with the ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.
4. An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers the internal control relevant to the Company's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the Management, as well as evaluating the overall presentation of the financial statements.

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

Opinion

5. In our opinion and to the best of our information and according to the explanations given to us, the aforesaid financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:
 - (a) in the case of the Balance Sheet, of the state of affairs of the Company as at March 31, 2014;
 - (b) in the case of the Statement of Profit and Loss, of the profit of the Company for the year ended on that date; and
 - (c) in the case of the Cash Flow Statement, of the cash flows of the Company for the year ended on that date.

Report on Other Legal and Regulatory Requirements

6. As required by the Companies (Auditor's Report) Order, 2003 ("the Order") issued by the Central Government in terms of Section 227(4A) of the Act, we give in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the Order.
7. As required by Section 227(3) of the Act, we report that:
 - (a) we have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit;
 - (b) in our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books;
 - (c) the Balance Sheet, the Statement of Profit and Loss and the Cash Flow Statement dealt with by this Report are in agreement with the books of account;
 - (d) in our opinion, the Balance Sheet, the Statement of Profit and Loss and the Cash Flow Statement comply with the Accounting Standards notified under the Act (which continue to be applicable in respect of Section 133 of the Companies Act, 2013 in terms of General Circular 15/2013 dated September 13, 2013 of the Ministry of Corporate Affairs).
 - (e) on the basis of the written representations received from the directors as on March 31, 2014 taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2014 from being appointed as a director in terms of Section 274(1)(g) of the Act.

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

Ketan Vora
Partner

Membership Number: 100459

Mumbai, April 29, 2014

ANNEXURE TO THE INDEPENDENT AUDITORS' REPORT

Re: EPC Industrié Limited

(Referred to in paragraph 6 under "Report on Other Legal and Regulatory Requirements" section of our Report of even date)

1. In our opinion and according to the information and explanations given to us, the nature of the Company's business/activities during the year are such that clauses (xiii) and (xiv) of paragraph 4 of the Order, are not applicable to the Company. In respect of the other clauses, we report as under:
2. In respect of its fixed assets:
 - (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of the fixed assets.
 - (b) The fixed assets were physically verified during the year by the Management in accordance with a regular programme of verification which, in our opinion, provides for physical verification of all the fixed assets once in every three years. In our opinion, the frequency of verification is reasonable. According to the information and explanations given to us, no material discrepancies were noticed on such verification.
 - (c) During the year, in our opinion, a substantial part of fixed assets has not been disposed off by the Company.
3. In respect of its inventories:
 - (a) As explained to us, the inventories were physically verified during the year by the Management at reasonable intervals.
 - (b) In our opinion and according to the information and explanations given to us, the procedures of physical verification of inventories followed by the Management were reasonable and adequate in relation to the size of the Company and the nature of its business.
 - (c) In our opinion and according to the information and explanations given to us, the Company has maintained proper records of its inventories and no material discrepancies were noticed on physical verification.
4. The Company has neither granted nor taken any loans, secured or unsecured, to or from companies, firms or other parties covered in the Register maintained under Section 301 of the Act and accordingly the sub-clauses (a), (b), (c), (d), (e), (f) and (g) of clause (iii) of the Order are not applicable to the Company.
5. In our opinion and according to the information and explanations given to us, there is an adequate internal control system commensurate with the size of the Company and the nature of its business for the purchase of inventory and fixed assets and for the sale of goods and services and during the course of our audit, we have not observed any continuing failure to correct major weaknesses in such internal control system.
6. To the best of our knowledge and belief and according to the information and explanations given to us, there are no contracts or arrangements that need to be entered in the Register maintained in pursuance of Section 301 of the Act.
7. In our opinion and according to the information and explanations given to us, the Company has complied with the provisions of Sections 58A, 58AA or any other relevant provisions of the Act and the Companies (Acceptance of Deposits) Rules, 1975 with regard to the deposits accepted from the public. According to the information and explanations given to us, no order has been passed by the Company Law Board or the National Company Law Tribunal or the Reserve Bank of India or any Court or any other Tribunal.
8. In our opinion, the Company has an adequate internal audit system commensurate with the size and the nature of its business.
9. We have broadly reviewed the cost records maintained by the Company pursuant to the Companies (Cost Accounting Records) Rules, 2011 prescribed by the Central Government under Section 209(1)(d) of the Act and are of the opinion that, prima facie, the prescribed cost records have been maintained. We have, however, not made a detailed examination of the cost records with a view to determine whether they are accurate or complete.
10. According to the information and explanations given to us, in respect of statutory dues:
 - (a) The Company has generally been regular in depositing undisputed statutory dues, including Provident Fund, Investor Education and Protection Fund, Employees' State Insurance, Income Tax, Sales Tax, Wealth Tax, Service Tax, Customs Duty, Excise Duty, Cess and any other material statutory dues applicable to it with the appropriate authorities.
 - (b) There were no undisputed amounts payable in respect of Provident Fund, Investor Education and Protection Fund, Employees' State Insurance, Income Tax, Sales Tax, Customs Duty, Wealth Tax, Service Tax, Excise Duty, Cess and other material statutory dues in arrears, as at March 31, 2014 for a period of more than six months from the date they became payable.
 - (c) Details of dues of Income Tax, Sales Tax, Customs Duty, Wealth Tax, Service Tax, Excise Duty and Cess which have not been deposited as on March 31, 2014 on account of disputes are given below:

Statute	Nature of Dues	Forum where Dispute is pending	Period to which the amount relates	Amount involved (Rupees)
Income Tax Act, 1961	Income Tax	Commissioner of Income Tax (Appeals)	FY 1992-93	23,66,859
		Commissioner of Income Tax (Appeals)	FY 2009-10	1,99,880
Central Excise Act, 1944	Excise Duty	Commissioner of Central Excise (Appeals)	FY 1996-97	35,76,000
		Commissioner of Central Excise	FY 1997-98	8,12,000
		Superintendent of Central Excise	FY 1998-99	35,56,000
Maharashtra Value Added Tax, 2002	Value added tax	Dy. Commissioner of Sales Tax (Appeals)	FY 2008-09	2,28,870
		The Joint Commissioner of Sales Tax (Appeals)	FY 2009-10	5,14,682

11. The accumulated losses of the Company as at the end of the financial year are not more than fifty percent of its networth and the Company has not incurred cash losses during the financial year covered by our audit and in the immediately preceding financial year.
12. In our opinion and according to the information and explanations given to us, the Company has not defaulted in repayment of dues to banks and financial institutions.
13. In our opinion, the Company has not granted loans and advances on the basis of security by way of pledge of shares, debentures and other securities.
14. According to the information and explanations given to us, the Company has not given any guarantee for loans taken by others from banks or financial institutions.
15. In our opinion and according to the information and explanations given to us, the term loans have been applied by the Company during the year for the purposes for which they were obtained, other than temporary deployment pending application.
16. In our opinion and according to the information and explanations given to us, and on an overall examination of the Balance Sheet of the Company, we report that funds raised on short-term basis have, *prima facie*, not been used during the year for long-term investment.
17. During the year, the Company has not made any preferential allotment of shares to parties and companies covered in the Register maintained under Section 301 of the Act.
18. The Company has not issued any debentures and hence, the question of creation of security does not arise.
19. The Company has not raised any money by public issue during the year.
20. To the best of our knowledge and according to the information and explanations given to us, no fraud by the Company and no material fraud on the Company has been noticed or reported during the year.

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

Ketan Vora
Partner
Membership Number: 100459

Mumbai, April 29, 2014

CEO AND CFO CERTIFICATION

We, Ashok Sharma – Executive Director and CEO and Mayur Bumb, Chief Financial Officer, responsible for the finance function certify that:

- (1) We have reviewed the financial statements and the cash flow statement for the year ended 31st March, 2014 and that to the best of our knowledge and belief , We confirm that:
 - (a) these statements do not contain any materially untrue statement or omit any material fact or contain statements that might be misleading;
 - (b) these statements together present a true and fair view of the Company's affairs and are in compliance with existing accounting standards, applicable laws and regulations.
- (2) To the best of our knowledge and belief, no transactions entered into by the Company during the year ended 31st March, 2014 are fraudulent, illegal or violative of the Company's code of conduct/ethics.
- (3) We accept responsibility for establishing and maintaining internal controls for financial reporting and that we have evaluated the effectiveness of the internal control systems of the Company pertaining to financial reporting and we have disclosed to the Auditors and the Audit Committee, deficiencies in the design or operation of internal controls,

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

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

Mumbai

April 29, 2014

Chief Financial Officer

Executive
Director & CEO

BALANCE SHEET AS AT MARCH 31, 2014

Particulars	Note No.	As at March 31, 2014 Rupees	As at March 31, 2013 Rupees
A. EQUITY AND LIABILITIES			
1. Shareholders' funds			
(a) Share capital	2	276,401,890	276,328,140
(b) Reserves and surplus	3	853,988,131	779,334,464
		<u>1,130,390,021</u>	<u>1,055,662,604</u>
2. Non-current liabilities			
(a) Long-term borrowings	4	7,405,873	126,244,044
(b) Long-term provisions	5	6,730,214	5,819,701
		<u>14,136,087</u>	<u>132,063,745</u>
3. Current liabilities			
(a) Short-term borrowings	6	541,000	3,557,000
(b) Trade payables	7	200,884,365	164,790,675
(c) Other current liabilities	8	266,427,343	82,544,524
(d) Short-term provisions	9	13,751,538	5,622,084
		<u>481,604,246</u>	<u>256,514,283</u>
TOTAL		<u><u>1,626,130,354</u></u>	<u><u>1,444,240,632</u></u>
B. ASSETS			
1. Non-current assets			
(a) Fixed assets			
(i) Tangible assets	10A	317,744,486	306,883,551
(ii) Intangible assets	10B	3,473,863	3,046,507
(iii) Capital work-in-progress		366,404	3,621,325
		<u>321,584,753</u>	<u>313,551,383</u>
(b) Non-current investments	11	55,000	55,000
(c) Deferred tax assets (net)	12	—	—
(d) Long-term loans and advances	13	58,577,468	57,464,452
		<u>380,217,221</u>	<u>371,070,835</u>
2. Current assets			
(a) Current investments	14	—	11,350
(b) Inventories	15	359,458,517	239,417,009
(c) Trade receivables	16	586,243,244	424,583,802
(d) Cash and bank balances	17	242,444,469	381,224,535
(e) Short-term loans and advances	18	31,613,971	23,545,887
(f) Other current assets	19	26,152,932	4,387,214
		<u>1,245,913,133</u>	<u>1,073,169,797</u>
TOTAL		<u><u>1,626,130,354</u></u>	<u><u>1,444,240,632</u></u>

See accompanying notes to the financial statements

In terms of our report attached

For Deloitte Haskins & Sells
Chartered AccountantsKetan Vora
PartnerPlace : Mumbai
Date : April 29, 2014

For and on behalf of the Board of Directors

Ashok Sharma	Executive Director & CEO
S. Durgashankar	
Nikhilesh Panchal	
Vinayak Patil	Directors
Anand Daga	

Mayur Bumb	Chief Financial Officer
R. V. Nawghare	Company Secretary

Place : Mumbai
Date : April 29, 2014

STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED MARCH 31, 2014

Particulars	Note No.	For the year ended March 31, 2014 Rupees	For the year ended March 31, 2013 Rupees
1. Revenue from operations (Gross)	20	1,747,808,535	1,615,068,254
Less: Excise Duty		556,189	987,787
Revenue from operations (Net)		1,747,252,346	1,614,080,467
2. Other income	21	25,659,873	27,601,686
3. Total revenue (1 + 2)		1,772,912,219	1,641,682,153
4. Expenses			
(a) Cost of materials consumed	22	1,185,277,117	984,866,661
(b) Purchases of Stock in Trade		16,926,581	20,716,611
(c) Changes in inventories of finished goods, work-in-progress and stock in trade	23	(59,638,197)	51,732,799
(d) Employee benefits expense	24	181,334,765	150,977,843
(e) Finance costs	25	23,534,387	24,637,010
(f) Depreciation and amortisation expense	10C	27,941,444	25,457,291
(g) Other expenses	26	320,437,374	329,872,503
Total expenses		1,695,813,471	1,588,260,718
5. Profit before tax (3 - 4)		77,098,748	53,421,435
6. Tax expense:			
(a) Current tax expense		6,810,000	4,670,000
(b) (Less): MAT credit		(6,810,000)	(4,670,000)
(c) Net current tax expense		—	—
(d) Deferred tax		—	—
7. Profit for the year (5 - 6)		77,098,748	53,421,435
8. Earnings per share (Face Value of Rs. 10/- each):	34		
(a) Basic		2.79	2.01
(b) Diluted		2.79	2.01

See accompanying notes to the financial statements

In terms of our report attached

For Deloitte Haskins & Sells
Chartered Accountants

Ketan Vora
Partner

Place : Mumbai
Date : April 29, 2014

For and on behalf of the Board of Directors

Ashok Sharma
S. Durgashankar
Nikhilesh Panchal
Vinayak Patil
Anand Daga

Executive Director & CEO

Directors

Mayur Bumb
R. V. Nawghare

Chief Financial Officer
Company Secretary

Place : Mumbai
Date : April 29, 2014

Cash Flow Statement for the year ended March 31, 2014

Particulars	For the year ended March 31, 2014		For the year ended March 31, 2013	
	Rupees	Rupees	Rupees	Rupees
A. Cash flow from operating activities				
Net Profit before tax		77,098,748		53,421,435
<i>Adjustments for:</i>				
Depreciation and amortisation	27,941,444		25,457,291	
Net (Profit)/Loss on sale/write off of assets	967,430		(10,401)	
Expense on employee stock option scheme	98,783		148,769	
Finance costs	23,534,387		24,637,010	
Interest income	(23,951,362)		(25,872,858)	
Dividend income	(358,461)		(481,831)	
Profit on sale of current investments	(313,233)		(12,350)	
Investments written off	—		14,500	
Liabilities/provisions no longer required written back	(368)		(709,825)	
Provision for doubtful trade and other receivables, loans and advances	(676,976)		12,737,691	
Bad trade and other receivables, loans and advances written off	9,044,319		227,854	
		36,285,963		36,135,850
Operating profit before working capital changes		113,384,711		89,557,285
<i>Changes in working capital:</i>				
<i>Adjustments for (increase)/decrease in operating assets:</i>				
Inventories	(120,041,508)		1,181,378	
Trade receivables	(170,026,785)		(58,947,013)	
Short-term loans and advances	(8,068,085)		(10,228,534)	
Long-term loans and advances	(4,515)		(355,082)	
Other current assets	(24,638,000)		497,075	
<i>Adjustments for increase/(decrease) in operating liabilities:</i>				
Trade payables	36,094,058		12,241,038	
Other current liabilities	31,736,846		(13,646,128)	
Short-term provisions	8,129,454		(826,214)	
Long-term provisions	910,513		147,564	
		(245,908,022)		(69,935,916)
Cash (used in)/generated from operations		(132,523,311)		19,621,369
Net income tax		(9,929,527)		(7,977,097)
Net cash flow (used in)/generated from operating activities (A)		(142,452,838)		11,644,272
B. Cash flow from investing activities				
Capital expenditure on fixed assets, including capital advances	(32,017,778)		(52,530,905)	
Proceeds from sale of fixed assets	714,921		724,379	
Purchase of Current Investments	(302,500,000)		(418,500,000)	
Sale of Current Investments	303,181,908		418,991,911	
Bank balances not considered as Cash and cash equivalents - Matured/(Placed) - Net	150,924,002		(208,061,965)	
Interest received	26,823,645		22,967,282	
Dividend received	1,135		2,270	
Net cash flow from/(used in) investing activities (B)		147,127,833		(236,407,028)

Cash Flow Statement for the year ended March 31, 2014 (Contd.)

Particulars	For the year ended March 31, 2014		For the year ended March 31, 2013	
	Rupees	Rupees	Rupees	Rupees
C. Cash flow from financing activities				
Proceeds from issue of equity shares	258,125		414,642,960	
Share issue expenses	—		(8,161,056)	
Proceeds from short term borrowing	206,000		3,557,000	
Repayment of short-term borrowing	(3,182,000)		—	
Proceeds from long-term borrowing	36,709,000		113,111,000	
Repayment of long-term borrowings	(7,574,183)		(48,987,183)	
Net decrease in working capital borrowings	—		(207,796,745)	
Finance costs paid	(18,948,002)		(20,645,105)	
Net cash flow from financing activities (C)		7,468,940		245,720,871
Net increase in Cash and cash equivalents (A+B+C)		12,143,935		20,958,115
Cash and cash equivalents at the beginning of the year		89,236,335		68,278,220
Cash and cash equivalents at the end of the year		101,380,270		89,236,335
Reconciliation of Cash and cash equivalents with the Balance Sheet:				
Cash and cash equivalents as per Balance Sheet [Refer Note no. 17]		242,444,469		381,224,535
Less: Bank balances not considered as Cash and cash equivalents as defined in AS 3 Cash Flow Statements				
Balances with banks held as margin money/security against borrowings and guarantees		89,576,708		84,360,724
Earmarked balances with banks		51,487,491		207,627,476
Net Cash and cash equivalents [as defined in AS 3 Cash Flow Statements] included in Note no. 17		101,380,270		89,236,335
Cash and cash equivalents at the end of the year comprises				
(a) Cash on hand		293,799		304,247
(b) Balances with banks				
(i) In current accounts		39,696,997		32,656,666
(ii) In deposit accounts		61,389,474		56,275,422
		101,380,270		89,236,335

In terms of our report attached

For Deloitte Haskins & Sells
Chartered Accountants

Ketan Vora
Partner

Place : Mumbai
Date : April 29, 2014

For and on behalf of the Board of Directors

Ashok Sharma
S. Durgashankar
Nikhilesh Panchal
Vinayak Patil
Anand Daga

Executive Director & CEO

Directors

Mayur Bumb
R. V. Nawghare

Chief Financial Officer
Company Secretary

Place : Mumbai
Date : April 29, 2014

Notes to the Financial Statements

NOTE NO. 1 - SIGNIFICANT ACCOUNTING POLICIES

A. Corporate Information:

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

B. Basis of Accounting:

The financial statements are prepared in accordance with the generally accepted accounting principles in India (GAAP) and comply with the Accounting Standards notified under sub-section (3C) of section 211 of the Companies Act, 1956 and the relevant provisions thereof.

C. Use of Estimates:

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

D. Tangible Assets:

Fixed assets are carried at cost less accumulated depreciation/impairment losses, if any. Cost includes cost of acquisition or construction and is stated at historical cost.

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

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

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

E. Intangible Assets:

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

F. Impairment of Assets:

The carrying value of assets/cash generating units at each balance sheet date are reviewed for impairment. If any indication of impairment exists, the recoverable amount of such assets is estimated and impairment is recognised, if the carrying amount of these assets exceeds their recoverable amount. The recoverable amount is the greater of the net selling price and their value in use. Value in use is arrived at by discounting the future cash flows expected to arise from the continuing use of an asset and from its disposal at the end of its useful life to their present value based on an appropriate discount factor. When there is indication that an impairment loss recognised for an asset in earlier accounting periods no longer exists or may have decreased, such reversal of impairment loss is recognised in the Statement of Profit and Loss, except in case of revalued assets.

G. Investments:

Long term investments are valued at cost. However, provision for diminution in value is made to recognise a decline other than temporary in the value of investments. Current investments are valued at the lower of cost and fair value.

H. Inventories:

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

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

Finished goods produced and purchased for sale, manufactured components and work-in-progress are carried at cost and net realisable value whichever is lower. Excise duty is included in the value of finished goods inventory.

Notes to the Financial Statements (Contd.)

Stores, Spares and tools other than obsolete and slow moving items are carried at cost. Obsolete and slow moving items are valued at cost and estimated net realisable value, whichever is lower.

I. Foreign Exchange Transactions:

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

J. Revenue recognition:

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

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

K. Other income:

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

L. Government Grants:

Capital Incentive Subsidy, not specifically related to fixed assets, is credited to Capital Incentive Reserve and retained till the requisite conditions are fulfilled. The Company is entitled to various incentives from government authorities. The Company accounts for its entitlement as income on accrual basis and no significant uncertainty as to its measurability and collectability exists.

M. Employee benefits:

a) Short term employee benefits

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

b) Post-employment benefits

(i) Defined contribution plans

The Company's contribution to provident fund, employee state insurance scheme and superannuation fund are considered as defined contribution plans and are charged as an expense as they fall due based on the amount of contribution required to be made and when services are rendered by the employee.

(ii) Defined benefit plans

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

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

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

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

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

Notes to the Financial Statements (Contd.)

c) Long term employee benefits

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

d) Employee Stock Compensation Cost

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

N. Leases:

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

O. Borrowing Costs:

All borrowing costs are charged to the Statement of Profit and Loss except:

- (a) Borrowing costs that are attributable to the acquisition or construction of assets that necessarily take a substantial period of time to get ready for their intended use, which are capitalised as part of the cost of such assets.
- (b) Expenses incurred on raising long term borrowing are amortised over the period of borrowing. On early buyback, conversion or repayment of borrowings, any unamortised expenditure is fully written off in that year.

P. Product Warranty:

In respect of warranties given by the Company on sale of certain products, the estimated costs of these warranties are accrued at the time of sale. The estimates for accounting of warranties are reviewed and revisions are made as required.

Q. Taxes on income:

Income Taxes are accounted for in accordance with Accounting Standard on "Accounting for Taxes on Income", (AS-22). Tax Expenses comprises both current tax and deferred tax. Current tax is measured at the amount expected to be paid/recovered from the tax authorities using the applicable tax rates. Minimum Alternate Tax (MAT) paid in accordance with the tax laws, which gives future economic benefits in the form of adjustment to future income tax liability, is considered as an asset if there is convincing evidence that the Company will pay normal income tax. Accordingly, MAT is recognised as an asset in the Balance Sheet when it is probable that future economic benefit associated with it will flow to the Company.

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

R. Provisions, Contingent Liabilities and Contingent Assets:

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

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

S. Share issues expenses:

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

Notes to the Financial Statements (Contd.)

NOTE NO. 2 - SHARE CAPITAL

Particulars	As at March 31, 2014		As at March 31, 2013	
	Number of Shares	Rupees	Number of Shares	Rupees
(a) Authorised				
Equity shares of Rs. 10 each	32,000,000	320,000,000	32,000,000	320,000,000
Preference shares of Rs. 100 each	1,800,000	180,000,000	1,800,000	180,000,000
	33,800,000	500,000,000	33,800,000	500,000,000
(b) Issued				
Equity shares of Rs. 10 each	27,642,139	276,421,390	27,634,764	276,347,640
		276,421,390		276,347,640
(c) Subscribed and fully paid up				
Equity shares of Rs. 10 each	27,638,239	276,382,390	27,630,864	276,308,640
(d) Forfeited Shares (Amount originally paid-up)	3,900	19,500	3,900	19,500
Total		276,401,890		276,328,140

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

Particulars	As at March 31, 2014		As at March 31, 2013	
	Number of Shares	Rupees	Number of Shares	Rupees
Balance as at the beginning of the year	27,630,864	276,308,640	17,263,665	172,636,650
Add: Issued during the year - Rights Issue	—	—	10,358,199	103,581,990
Add: Issued during the year - ESOS	7,375	73,750	9,000	90,000
Balance as at the end of the year	27,638,239	276,382,390	27,630,864	276,308,640

Rights, preferences and restrictions attached to the equity shares

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

Shares held by the holding company

1,51,44,433 shares (As at March 31, 2013: 1,51,44,433 shares) are held by the Holding Company viz., Mahindra and Mahindra Limited.

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

Particulars	As at March 31, 2014		As at March 31, 2013	
	Number of Shares	% holding	Number of Shares	% holding
Mahindra and Mahindra Limited	15,144,433	54.80%	15,144,433	54.81%
Reliance Net Limited	1,489,700	5.39%	1,489,700	5.39%

Shares reserved for issue under options

Shares reserved for issue under options 4,74,125 shares (As at March 31, 2013 - 4,81,500 shares) of Rs. 10 each towards outstanding employee stock options granted [Refer Note No. 28]

Notes to the Financial Statements (Contd.)

Particulars	As at March 31, 2014 Rupees	As at March 31, 2013 Rupees
NOTE NO. 3 - RESERVES AND SURPLUS		
(a) Capital Incentive Reserve		
Closing balance	4,000,000	4,000,000
(b) Securities Premium Account		
Opening balance	915,413,215	612,342,301
Add: Premium received on shares allotted during the year	184,375	310,970,970
Add: Transferred from Shares Options Outstanding account	213,875	261,000
	915,811,465	923,574,271
Less: Utilised during the year for writing off shares issue expenses	—	(8,161,056)
Closing balance	915,811,465	915,413,215
(c) Debenture Redemption Reserve		
Opening balance	—	10,000,000
Less: Transferred to General Reserve	—	(10,000,000)
Closing balance	—	—
(d) Revaluation Reserve		
Opening balance	31,419,014	34,355,374
Less: Utilised for set off against depreciation	(2,728,239)	(2,936,360)
Closing balance	28,690,775	31,419,014
(e) Share options outstanding account		
Opening balance	427,750	826,500
Add: Amounts recorded on grants during the year	—	—
	427,750	826,500
Less: Amounts reduced on grants lapsed during the year	—	(137,750)
Less: Transferred to Securities premium account on exercise	(213,875)	(261,000)
	213,875	427,750
Less: Deferred stock compensation expense	(33,986)	(132,769)
Closing balance	179,889	294,981
(f) Investment Allowance Reserve		
Opening balance	—	643,275
Less: Transferred to General Reserve	—	(643,275)
Closing balance	—	—
(g) Export Benefit Reserve		
Opening balance	—	3,210,000
Less: Transferred to General Reserve	—	(3,210,000)
Closing balance	—	—

Notes to the Financial Statements (Contd.)

Particulars	As at March 31, 2014 Rupees	As at March 31, 2013 Rupees
(h) General Reserve		
Opening balance	13,853,275	—
Add: Transferred from Debenture Redemption Reserve	—	10,000,000
Add: Transferred from Investment Allowance Reserve	—	643,275
Add: Transferred from Export Benefit Reserve	—	3,210,000
Closing balance	13,853,275	13,853,275
(i) Deficit in Statement of Profit and Loss		
Opening balance	(185,646,021)	(239,067,456)
Add: Profit for the year	77,098,748	53,421,435
Closing balance	(108,547,273)	(185,646,021)
Total	853,988,131	779,334,464

NOTE NO. 4 - LONG-TERM BORROWINGS

Unsecured

Deferred payment liabilities	7,405,873	13,133,044
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[Interest Free Loan under Sales Tax Deferral Scheme is payable in 5 annual instalments after 10 years from the year of availment of respective loan. These loans are repayable:

- (i) In the second year - Rs. 31,44,207 (As at March 31, 2013 Rs. 57,27,171)
- (ii) In the third to fifth year - Rs. 28,98,007 (As at March 31, 2013 Rs. 54,63,463)
- (iii) After five years - Rs. 13,63,659 (As at March 31, 2013 Rs. 19,42,410)]

Public Deposits	—	113,111,000
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[Repayable at the end of 2 to 3 years from the date of deposit and carry an interest rate of 9.50% to 11.75% p.a.; Previous Year 10.50% to 11.75% p.a.]

Total	7,405,873	126,244,044
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NOTE NO. 5 - LONG-TERM PROVISIONS

Provision for employee benefits:

Provision for compensated absences

[Refer Note no. 29 (b)]

	6,730,214	5,819,701
Total	6,730,214	5,819,701

NOTE NO. 6 - SHORT-TERM BORROWINGS

Unsecured

Public Deposits	541,000	3,557,000
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[For a period of one year and carry an interest rate of 8.50% to 9% p.a.; Previous year 10% to 10.75% p.a.]

Total	541,000	3,557,000
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Notes to the Financial Statements (Contd.)

Particulars	As at March 31, 2014 Rupees	As at March 31, 2013 Rupees
NOTE NO. 7 - TRADE PAYABLES		
Trade Payable - Micro and Small enterprises	4,834,262	—
Trade Payable - Other than Micro and Small enterprises	196,050,103	164,790,675
Total	200,884,365	164,790,675
Disclosures required under section 22 of the Micro, Small and Medium Enterprises Development Act, 2006 are as below:		
(a) Dues remaining unpaid as at March 31		
Principal	4,834,262	—
Interest on the above	—	—
(b) Interest paid in terms of Section 16 of the Act, along with the amount of payment made to the supplier beyond the appointed day during the year		
Principal paid beyond the appointed date	3,004,919	—
Interest paid in terms of Section 16 of the Act	—	—
(c) Amount of interest due and payable for the period of delay on payments made beyond the appointed day during the year	—	—
(d) Further interest due and payable even in the succeeding years, until such date when the interest due as above are actually paid to the small enterprises	—	—
(e) Amount of interest accrued and remaining unpaid as at March 31	—	—
Due to Micro and Small Enterprises have been determined to the extent such parties have been identified on the basis of information collected by the Management. This has been relied upon by the auditors.		
NOTE NO. 8 - OTHER CURRENT LIABILITIES		
(a) Current maturities of long-term debt		
Unsecured		
Deferred payment liabilities	5,727,171	7,470,183
Public Deposits [Refer Note no. 31]	149,716,000	—
(b) Interest accrued on Public Deposits		
(i) Interest accrued but not due	8,297,567	2,075,219
(ii) Interest accrued and due	—	1,916,686
(c) Other payables		
(i) Statutory remittances (Contributions to PF and ESIC, Withholding Taxes, Excise Duty, VAT, Service Tax, etc.)	10,814,846	5,654,860
(ii) Payables on purchase of fixed assets	14,062	467,461
(iii) Trade/security deposits received	31,025,195	26,393,950
(iv) Advances from customers	57,903,780	36,142,712
(v) Others - Employee Deductions	568,533	383,986
(vi) Provision for liabilities	2,039,467	2,039,467
(vii) Unclaimed matured public deposits and interest	320,722	—
Total	266,427,343	82,544,524
NOTE NO. 9 - SHORT-TERM PROVISIONS		
(a) Provision for employee benefits:		
(i) Provision for compensated absences	3,618,503	2,961,881
(ii) Provision for gratuity (net) [Refer Note no. 29 (b)]	3,045,235	2,572,403
(b) Provision for tax		
[net of advance tax Rs. 10,62,200 (As at March 31, 2013 Rs. 10,62,200)]	87,800	87,800
(c) Provision for Warranty [Refer Note no.35]	7,000,000	—
Total	13,751,538	5,622,084

Notes to the Financial Statements (Contd.)

NOTE NO. 10 - FIXED ASSETS

A. Tangible assets

Description of Assets	Gross block			Accumulated depreciation				(Amount in Rupees)	
	As at April 1, 2013	Additions	Disposals	As at March 31, 2014	Up to March 31, 2013	Depreciation/ Amortisation for the year	Eliminated on disposal of assets	Up to March 31, 2014	Net Block As at March 31, 2014
Leasehold Land	39,390,388 (39,390,388)	— (—)	— (—)	39,390,388 (39,390,388)	6,301,737 (5,903,894)	397,843 (397,843)	— (—)	6,699,580 (6,301,737)	32,690,808 (33,088,651)
Buildings									
Owned	78,535,032 (78,535,032)	5,065,105 (—)	— (—)	83,600,137 (78,535,032)	37,475,366 (35,101,868)	2,451,071 (2,373,498)	— (—)	39,926,437 (37,475,366)	43,673,700 (41,059,666)
Leasehold	2,290,550 (2,290,550)	— (—)	— (—)	2,290,550 (2,290,550)	2,086,947 (1,857,891)	89,076 (229,056)	— (—)	2,176,023 (2,086,947)	114,527 (203,603)
Plant and Equipment	321,814,798 (291,534,339)	33,414,980 (30,280,459)	— (—)	355,229,778 (321,814,798)	143,215,129 (130,209,957)	15,309,724 (13,005,172)	— (—)	158,524,853 (143,215,129)	196,704,925 (178,599,669)
Electrical Installations	13,614,632 (13,504,132)	69,721 (110,500)	— (—)	13,684,353 (13,614,632)	8,148,280 (7,416,056)	697,568 (732,224)	— (—)	8,845,848 (8,148,280)	4,838,505 (5,466,352)
Furniture and Fixtures	7,024,712 (5,674,543)	1,112,338 (1,350,169)	— (—)	8,137,050 (7,024,712)	4,806,167 (4,125,740)	381,898 (680,427)	— (—)	5,188,065 (4,806,167)	2,948,985 (2,218,545)
Vehicles	10,554,341 (8,187,279)	— (3,081,822)	2,463,147 (714,760)	8,091,194 (10,554,341)	1,792,562 (1,075,597)	782,046 (1,005,549)	799,497 (288,584)	1,775,111 (1,792,562)	6,316,083 (8,761,779)
Office Equipments	3,572,017 (3,264,264)	393,935 (535,606)	— (227,853)	3,965,952 (3,572,017)	1,205,335 (1,106,336)	204,639 (209,753)	— (110,754)	1,409,974 (1,205,335)	2,555,978 (2,366,682)
Factory Equipments	12,139,467 (11,401,354)	14,485 (890,526)	— (152,413)	12,153,952 (12,139,467)	8,952,381 (8,774,583)	379,305 (322,590)	— (144,792)	9,331,686 (8,952,381)	2,822,266 (3,187,086)
Moulds and Dies	96,882,287 (84,109,796)	40,161 (12,772,491)	— (—)	96,922,448 (96,882,287)	67,177,186 (60,693,484)	6,722,541 (6,483,702)	— (—)	73,899,727 (67,177,186)	23,022,721 (29,705,101)
Computers	9,503,850 (9,424,149)	1,253,468 (1,257,062)	111,180 (1,177,361)	10,646,138 (9,503,850)	7,277,433 (6,918,788)	1,405,195 (1,372,924)	92,478 (1,014,279)	8,590,150 (7,277,433)	2,055,988 (2,226,417)
Total	595,322,074 (547,315,826)	41,364,193 (50,278,635)	2,574,327 (2,272,387)	634,111,940 (595,322,074)	288,438,523 (263,184,194)	28,820,906 (26,812,738)	891,975 (1,558,409)	316,367,454 (288,438,523)	317,744,486 (306,883,551)

Note: Figures in bracket relate to the previous year

B. Intangible assets

Computer software	12,077,209 (9,180,817)	2,276,133 (2,896,392)	— (—)	14,353,342 (12,077,209)	9,030,702 (7,449,789)	1,848,777 (1,580,913)	— (—)	10,879,479 (9,030,702)	3,473,863 (3,046,507)
Total	12,077,209 (9,180,817)	2,276,133 (2,896,392)	— (—)	14,353,342 (12,077,209)	9,030,702 (7,449,789)	1,848,777 (1,580,913)	— (—)	10,879,479 (9,030,702)	3,473,863 (3,046,507)

Note: Figures in bracket relate to the previous year

C. Depreciation and amortisation

For the year ended March 31, 2014	For the year ended March 31, 2013
28,820,906	26,812,738
1,848,777	1,580,913
30,669,683	28,393,651
2,728,239	2,936,360
27,941,444	25,457,291

Depreciation and amortisation for the year on tangible assets (Note No. 10 A)

Depreciation and amortisation for the year on intangible assets (Note No. 10 B)

Less: Utilised from revaluation reserve

Depreciation and amortisation considered in the Statement of Profit and Loss

Notes to the Financial Statements (Contd.)**NOTE NO. 11 - NON-CURRENT INVESTMENTS****Particulars**

	As at March 31, 2014 Rupees	As at March 31, 2013 Rupees
Other investments unquoted, (At cost)		
Investment in government securities – National Savings Certificates	55,000	55,000
[Pledged with sales tax authority, Aggregate face value of Rs. 55,000]		
Total	55,000	55,000

NOTE NO. 12 - DEFERRED TAX ASSETS (NET)Tax effect of items constituting deferred tax liability

On difference between book balance and tax balance of fixed assets	36,364,866	30,991,013
Tax effect of items constituting deferred tax liability	36,364,866	30,991,013
<u>Tax effect of items constituting deferred tax assets</u>		
Provision for compensated absences and gratuity	4,345,668	3,508,381
Provision for doubtful debts/advances	13,619,583	13,180,217
Disallowances under Section 40(a)(i), 43B of the Income Tax Act, 1961	17,905,360	17,295,872
Unabsorbed depreciation carried forward	34,332,487	22,377,144
Tax effect of items constituting deferred tax assets	70,203,098	56,361,614
Restricted to the extent of deferred tax liability	36,364,866	30,991,013
Net deferred tax asset	—	—

The Company has recognised deferred tax asset on unabsorbed depreciation to the extent of the corresponding deferred tax liability on the difference between the book balance and the written down value of fixed assets under Income Tax net off of other balances constituting deferred tax asset.

NOTE NO. 13 - LONG-TERM LOANS AND ADVANCES

Unsecured, considered good, unless otherwise stated

(a) Capital advances	508,053	9,329,079
(b) Security deposits	7,051,384	6,183,893
(c) Advance income tax	15,964,620	12,845,092
[Net of provisions Rs.1,49,80,000 (As at March 31, 2013 Rs. 81,70,000)]		
(d) MAT credit entitlement	14,980,000	8,170,000
(e) Balances with government authorities		
(i) CENVAT credit receivable	3,394,109	4,257,086
(ii) Excise Refund Claim	16,679,302	16,679,302
Total	58,577,468	57,464,452

NOTE NO. 14 - CURRENT INVESTMENTS

Investment in equity instruments

1,135 Shares of Saraswat Co-op Bank Limited of Rs. 10 each fully paid	—	11,350
Total	—	11,350

Notes to the Financial Statements (Contd.)

Particulars

As at
March 31, 2014
Rupees

As at
March 31, 2013
Rupees

NOTE NO. 15 - INVENTORIES

(At lower of cost and net realisable value)

(a) Raw materials & Components	189,486,341	129,083,030
[Goods-in-transit Rs. 87,62,806/- (As at March 31, 2013 Rs. 25,005,604)]		
(b) Work-in-progress	14,884,925	15,974,340
(c) Finished goods	149,560,628	88,040,728
(d) Stock-in-Trade	5,526,623	6,318,911
[Goods-in-transit Rs. Nil (As at March 31, 2013 Rs. 42,322)]		
Total	359,458,517	239,417,009

NOTE NO. 16 - TRADE RECEIVABLES

Trade receivables outstanding for a period exceeding six months from the date they were due for payment

Unsecured, considered good	171,142,115	113,071,383
Doubtful	41,977,449	42,654,425
	213,119,564	155,725,808
Less: Provision for doubtful trade receivables	41,977,449	42,654,425
	171,142,115	113,071,383

Other Trade receivables

Unsecured, considered good	415,101,129	311,512,419
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Total	586,243,244	424,583,802
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NOTE NO. 17 - CASH AND BANK BALANCES

(A) Cash and cash equivalents

Cash on hand	293,799	304,247
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Balances with banks

(i) In current accounts	39,696,997	32,656,666
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(ii) In deposit accounts	61,389,474	56,275,422
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(B) Other bank balances

(i) Balances with banks held as margin money/security against borrowings and guarantees*	89,576,708	84,360,724
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(ii) Earmarked balances with banks **	51,487,491	207,627,476
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Total	242,444,469	381,224,535
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* Includes margin monies amounting to Rs. 42,405,382 [As at March 31, 2013 Rs. 50,758,448] with maturity greater than 12 months from the Balance Sheet date.

** Includes Rs. 303,305/- [As at March 31, 2013 Rs. 1,934,556/-] towards interest payable on Public Deposits Rs. 50,184,186/- [As at March 31, 2013 Rs. 204,692,920/-] being unutilised proceeds out of the Rights Issue and Rs. 1,000,000/- [As at March 31, 2013 Rs. 1,000,000/-] towards liquid asset maintained in respect of public deposits.

Notes to the Financial Statements (Contd.)

Particulars	As at March 31, 2014 Rupees	As at March 31, 2013 Rupees
NOTE NO. 18 - SHORT-TERM LOANS AND ADVANCES		
(Unsecured, considered good, unless otherwise stated)		
(a) Security deposits	1,402,148	1,198,748
(b) Loans and advances to employees	1,734,241	1,316,989
(c) Prepaid expenses	3,982,242	4,487,572
(d) Balances with government authorities		
(i) VAT credit receivable	4,477,483	2,799,661
(ii) Advance Service Tax/Entry Tax/Customs duty	703,602	146,932
(e) Others		
(i) Advances to Creditors	19,314,006	12,707,481
(ii) Advances Recoverable	249	888,504
Total	31,613,971	23,545,887

NOTE NO. 19 - OTHER CURRENT ASSETS

Octroi Refund Receivable	24,638,000	—
Interest accrued on deposits	1,514,932	4,387,214
Total	26,152,932	4,387,214

Particulars	For the year ended March 31, 2014 Rupees	For the year ended March 31, 2013 Rupees
NOTE NO. 20 - REVENUE FROM OPERATIONS (GROSS)		
(a) Sale of products (Refer Note (i) below)	1,714,594,980	1,610,114,215
(b) Sale of services (Refer Note (ii) below)	4,166,132	3,478,516
(c) Other operating revenues (Refer Note (iii) below)	29,047,423	1,475,523
	1,747,808,535	1,615,068,254

Notes

(i) Sale of products comprises:		
<u>Manufactured goods:</u>		
Finished Goods	1,185,189,559	1,113,954,411
Components	503,716,222	479,301,194
Green House	3,027,662	—
<u>Traded Goods</u>	22,661,537	16,858,610
Total - Sale of products	1,714,594,980	1,610,114,215
(ii) Sale of services comprises:		
Agronomy Services	1,192,780	1,068,871
Installation Services	2,973,352	2,409,645
Total - Sale of services	4,166,132	3,478,516
(iii) Other operating revenues comprise:		
Sale of scrap	4,409,423	1,475,523
Octroi Refund	24,638,000	—
Total - Other operating revenues	29,047,423	1,475,523

Notes to the Financial Statements (Contd.)

Particulars	For the year ended March 31, 2014 Rupees	For the year ended March 31, 2013 Rupees
NOTE NO. 21 - OTHER INCOME		
(a) Interest income		
On deposits with banks	23,642,458	22,249,010
Interest on Deposits/Debtors	308,904	3,246,448
On income tax refunds	—	377,400
(b) Dividend income from		
Long Term Investments	1,135	2,270
Current Investments	357,326	479,561
(c) Other non-operating income		
Liabilities no longer required written back	368	709,825
Profit on sale of Fixed Assets (Net)	—	10,401
Profit on sale of Current Investments	313,233	12,350
Miscellaneous income	—	29,643
Discount earned	931,449	484,778
Rent income	105,000	—
Total	25,659,873	27,601,686
NOTE NO. 22 - COST OF MATERIALS CONSUMED		
Opening stock	129,083,030	78,531,609
Add: Purchases	1,245,680,428	1,035,418,082
	1,374,763,458	1,113,949,691
Less: Closing stock	189,486,341	129,083,030
Total	1,185,277,117	984,866,661
Material consumed comprises:		
Raw Material - Plastic Granules	703,931,595	529,540,038
Components	481,345,522	455,326,623
Total	1,185,277,117	984,866,661
NOTE NO. 23 - CHANGES IN INVENTORIES OF FINISHED GOODS, WORK-IN-PROGRESS AND STOCK-IN-TRADE		
<u>Inventories at the end of the year:</u>		
Finished goods	149,560,628	88,040,728
Work-in-progress	14,884,925	15,974,340
Stock-in-trade	5,526,623	6,318,911
	169,972,176	110,333,979
<u>Inventories at the beginning of the year:</u>		
Finished goods	88,040,728	145,099,521
Work-in-progress	15,974,340	16,967,257
Stock-in-trade	6,318,911	—
	110,333,979	162,066,778
Net (increase)/decrease	(59,638,197)	51,732,799

Notes to the Financial Statements (Contd.)

Particulars	For the year ended March 31, 2014 Rupees	For the year ended March 31, 2013 Rupees
NOTE NO. 24 - EMPLOYEE BENEFITS EXPENSE		
Salaries and wages	158,644,513	134,946,378
Contributions to provident and other funds [Refer Note no. 29 (a)]	14,635,892	10,737,789
Expense on employee stock option scheme [Refer Note no. 28]	98,783	148,769
Staff welfare expenses	7,955,577	5,144,907
Total	181,334,765	150,977,843
NOTE NO. 25 - FINANCE COSTS		
(a) Interest expense on:		
(i) Borrowings		
Debentures	—	1,304,921
Cash Credit	2,389,906	12,896,904
Public Deposits	14,954,991	5,330,902
(ii) Trade payables	166,866	376,996
(iii) Others		
Interest on liabilities	—	116,040
Interest on delayed payment of taxes	—	13,189
Interest under EPCG Scheme	4,589,924	—
(b) Other borrowing costs		
Processing fees/Guarantee Commission	1,432,700	4,598,058
Total	23,534,387	24,637,010
NOTE NO. 26 - OTHER EXPENSES		
Consumption of stores and spare parts	3,659,879	2,490,896
Consumption of packing materials	6,160,002	5,996,340
Decrease of excise duty on inventory	(22,953)	(348,753)
Power and fuel	33,278,291	33,781,467
Rent including lease rentals [Refer Note no. 33]	11,723,062	7,877,990
Repairs and maintenance - Buildings	896,059	2,107,640
Repairs and maintenance - Machinery	3,730,381	3,425,412
Repairs and maintenance - Others	2,136,587	2,334,646
Manufacturing Processing Charges	4,522,693	—
Site Expenses	663,127	5,779,808
Insurance	1,794,831	1,704,478
Rates and taxes	9,091,347	3,039,526
Communication	5,358,033	4,827,252
Travelling and conveyance	32,883,336	25,801,386
Printing and stationery	2,172,472	2,792,461
Freight and forwarding	46,297,923	49,558,976
Sales commission	62,293,060	104,406,923
Warranty Claim	14,083,468	—
Sales promotion expense	4,778,533	4,134,767

Notes to the Financial Statements (Contd.)

Particulars	For the year ended March 31, 2014 Rupees	For the year ended March 31, 2013 Rupees
Advertisements	11,692,846	6,716,264
Legal and professional fees	25,608,689	25,648,750
Payments to auditors [Refer Note below]	2,022,261	1,706,123
Bad trade and other receivables, loans and advances written off	9,044,319	227,854
Loss on fixed assets sold/scrapped/written off	967,430	—
Net Loss on foreign currency transactions	38,951	51,519
Investments written off	—	14,500
Provision for doubtful trade receivables and advances (net)	(676,976)	12,737,691
Directors' Fees	180,000	220,000
Donations	800,000	400,000
Miscellaneous expenses	25,259,723	22,438,587
Total	320,437,374	329,872,503

Note:

Payments to the auditors comprises (net of service tax input credit, where applicable):

a) To Statutory auditors		
For audit	1,404,500	1,292,140
For other services	455,058	252,810
Reimbursement of expenses	12,703	11,173
	1,872,261	1,556,123
b) To Cost auditors for Cost audit	150,000	150,000
Total	2,022,261	1,706,123

NOTE NO. 27 - ADDITIONAL INFORMATION TO THE FINANCIAL STATEMENTS

Particulars	As at March 31, 2014 Rupees	As at March 31, 2013 Rupees
27.1 Contingent liabilities (to the extent not provided for)		
(a) Claims against the Company not acknowledged as debts	1,533,641	1,417,361
(b) Custom Duty/Interest on account of commitment to Export, under Export Promotion Capital Goods Scheme	19,992,408	31,169,936
(c) Demands against the Company, relating to issues of deductibility and taxability in respect of which the company is in appeal/Department is in appeal		
Income Tax:	2,566,739	2,566,739
Sales Tax:	743,552	—
Excise Duty:	7,944,000	7,944,000

Notes to the Financial Statements (Contd.)

Particulars	As at March 31, 2014 Rupees	As at March 31, 2013 Rupees
(d) Long Term Loans & Advances include refund claim made for excise duty paid under protest consequent upon the judicial pronouncement made by CESTAT in favour of the Company, which was disputed by the department before higher authorities.	16,679,302	16,679,302
The Commissioner (Appeals), Central Excise and Customs, Nashik has sanctioned the claim on merit but taking recourse to the principle of "Unjust Enrichment" has ordered the claim to be transferred to the credit of the "Consumer Welfare Fund".		
The Company had filed an appeal against the order. On hearing the appeal the Hon' CESTAT, Mumbai remanded back the case to the adjudicating authorities to examine the issue afresh. The Adjudicating Authority issued a Show Cause Notice and after personal hearing passed an order rejecting the claim without following the guidelines given by the Hon' CESTAT.		
The Company had filed an appeal against the order with the Commissioner (Appeals), Central Excise & Customs, Nashik. The order Passed by the Commissioner (Appeals), Central Excise & Customs, Nashik is similar to order as given in order in appeal. The Company will file an appeal to CESTAT Mumbai. The Claim still is tenable, no provision has been considered.		
Note: In respect of items mentioned above, till the matters are finally decided, the timing of outflows of economic benefits cannot be ascertained.		

27.2 Commitments

Estimated amount of contracts remaining to be executed on capital account and not provided for in respect of Tangible assets	568,990	21,093,224
--	---------	------------

27.3 The year-end foreign currency exposures that have not been hedged by a derivative instrument or otherwise are given below:

Payable : USD	56,010	35,090
Rupees	3,363,400	1,904,861

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

The Company has not given any loans and advances in the nature of loans to subsidiaries, associates and firms/companies in which directors are interested. Further, The Company has not made any loans and advances where there is no repayment schedule or repayment beyond seven years or no interest or interest below section 372A of The Companies Act, 1956.

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

27.6 Disclosure required in terms of Chapter VII of SEBI (Issue of Capital & Disclosure requirements) Regulations 2009

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

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

	Actual Utilisation	Revised Proposed Utilisation*	Purpose in Letter of Offer
Issue Related Expenses	13,018,040	13,018,040	13,018,040
Procurement of plant and machinery	4,508,734	54,692,920	204,692,920
Working capital requirements	270,000,000	270,000,000	120,000,000
General Corporate Purposes	76,617,000	76,617,000	76,617,000
Funds Utilised	364,143,774	414,327,960	414,327,960
Un-utilised Rights Issue proceeds**	50,184,186	—	—
Total	414,327,960	414,327,960	414,327,960

* Pursuant to the authority given by the Shareholders at the Annual General Meeting held on July 31, 2013, the Board of Directors vide Circular Resolution dated September 4, 2013 have revised the purpose of utilisation of Rights Issue proceeds.

** Temporarily invested in Fixed Deposits with Banks.

Notes to the Financial Statements (Contd.)

	For the year ended March 31, 2014 Rupees	For the year ended March 31, 2013 Rupees
27.7 Value of imports calculated on CIF basis :		
Raw materials and Components	8,813,530	8,833,910
	<u>8,813,530</u>	<u>8,833,910</u>
27.8 Expenditure in foreign currency :		
Travelling	254,001	76,882
	<u>254,001</u>	<u>76,882</u>
27.9 Earnings in foreign currency :		
(i) Export of goods on F.O.B. Basis	745,535	397,261
(ii) Freight & Insurance	55,890	36,803
	<u>801,425</u>	<u>434,064</u>
27.10 Details of consumption of imported and indigenous items :		
<u>Imported</u>		
Raw materials and Components	7,695,017	8,065,333
	0.65%	0.82%
<u>Indigenous</u>		
Raw materials and Components	1,177,582,100	976,801,328
	99.35%	99.18%
	<u>1,185,277,117</u>	<u>984,866,661</u>
27.11 Value of imported and indigenous Spare Parts consumed is as follows :		
<u>Imported</u>		
Spare Parts	535,121	213,338
	14.62%	8.56%
<u>Indigenous</u>		
Spare Parts	3,124,758	2,277,558
	85.38%	91.44%
	<u>3,659,879</u>	<u>2,490,896</u>

NOTE NO. 28 - DISCLOSURES ON EMPLOYEE SHARE BASED PAYMENTS

Employee Stock Option Scheme

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

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

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

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

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

Notes to the Financial Statements (Contd.)

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

Particulars	During the year ended March 31, 2014		During the year ended March 31, 2013	
	Options (Numbers)	Weighted average exercise price per option (Rupees)	Options (Numbers)	Weighted average exercise price per option (Rupees)
Option outstanding at the beginning of the year	14,750	35	28,500	35
Granted during the year	—	NA	—	NA
Vested during the year	7,375	35	9,000	35
Exercised during the year	7,375	35	9,000	35
Lapsed during the year	—	35	4,750	35
Options outstanding at the end of the year	7,375	35	14,750	35

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

Particulars	For the year ended March 31, 2014 Rupees	For the year ended March 31, 2013 Rupees
Net Profit (as reported)	77,098,748	53,421,435
Add : stock based employee compensation (intrinsic value)	98,783	148,769
Less : stock based compensation expenses determined under fair value method for the grants issued (See note (d) below)	(142,520)	(214,639)
Net Profit (proforma)	77,055,011	53,355,565
Basic earnings per share (as reported)	2.79	2.01
Basic earnings per share (proforma)	2.79	2.01
Diluted earnings per share (as reported)	2.79	2.01
Diluted earnings per share (proforma)	2.79	2.00

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

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

NOTE NO. 29 - EMPLOYEE BENEFIT PLANS

- (a)
- Defined contribution plans

The Company makes Provident Fund and Superannuation Fund contributions to defined contribution plans for qualifying employees. Under the Schemes, the Company is required to contribute a specified percentage of the payroll costs to fund the benefits. The Company recognised Rs. 75,88,127 [Year ended March 31, 2013 Rs. 63,88,137] for Provident Fund contributions and Rs. 16,95,221 [Year ended March 31, 2013 Rs. 15,17,716] for Superannuation Fund contributions in the Statement of Profit and Loss. The contributions payable to these plans by the Company are at rates specified in the rules of the schemes.

Notes to the Financial Statements (Contd.)

(b) Defined benefit plans

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

- i. Gratuity
- ii. Compensated absences

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

Particulars	For the year ended March 31, 2014		For the year ended March 31, 2013	
	Gratuity	Compensated	Gratuity	Compensated
	Funded	Unfunded	Funded	Unfunded
Components of employer expense				
Current service cost	3,539,913	1,877,502	3,247,873	2,504,603
Interest cost	1,131,580	329,068	1,051,301	1,392,524
Expected return on plan assets	(1,199,489)	—	(989,715)	—
Actuarial losses/(gains)	1,614	(96,834)	(2,352,757)	(1,254,079)
Total expense recognised in the Statement of Profit and Loss	3,473,618	2,109,736	956,702	2,643,048
Actual contribution and benefit payments for year				
Actual benefit payments	(500,786)	(2,231,626)	(1,654,169)	(2,495,484)
Actual contributions	2,500,000	2,231,626	1,712,171	2,495,484
Net asset/(liability) recognised in the Balance Sheet				
Present value of defined benefit obligation	17,262,679	5,697,811	14,289,847	5,819,701
Fair value of plan assets	14,217,444	—	11,717,444	—
Funded status [Surplus/(Deficit)]	(3,045,235)	(5,697,811)	(2,572,403)	(5,819,701)
Net asset/(liability) recognised in the Balance Sheet	(3,045,235)	(5,697,811)	(2,572,403)	(5,819,701)
Change in defined benefit obligations (DBO) during the year				
Present value of DBO at beginning of the year	14,289,847	5,819,701	13,094,312	5,672,137
Current service cost	3,539,913	1,877,502	3,247,873	2,504,603
Interest cost	1,131,580	329,068	1,051,301	1,392,524
Actuarial (gains)/losses	(1,197,875)	(96,834)	(1,449,470)	(1,254,079)
Benefits paid	—	(2,231,626)	(1,654,169)	(2,495,484)
Benefit Paid Directly by Company	(500,786)	—	—	—
Present value of DBO at the end of the year	17,262,679	5,697,811	14,289,847	5,819,701
Change in fair value of assets during the year				
Plan assets at beginning of the year	11,717,444	—	9,766,440	—
Expected return on plan assets	1,199,489	—	989,715	—
Actual company contributions	2,500,000	2,231,626	1,712,171	2,495,484
Actuarial gains/(losses)	(1,199,489)	—	903,287	—

Notes to the Financial Statements (Contd.)

Rupees

Particulars	For the year ended March 31, 2014		For the year ended March 31, 2013	
	Gratuity	Compensated	Gratuity	Compensated
	Funded	Unfunded	Funded	Unfunded
Benefits paid	—	(2,231,626)	(1,654,169)	(2,495,484)
Plan assets at the end of the year	14,217,444	—	11,717,444	—
Actual return on plan assets	1,279,570	—	1,893,002	—
Composition of the plan assets is as follows:				
Insurer managed funds	14,217,444	—	11,717,444	—
Actuarial assumptions				
Discount rate	9.19%	9.19%	8.06%	8.57%
Expected return on plan assets	—	—	—	—
Salary escalation	10.00%	10.00%	10.00%	10.00%
Attrition	5.00%	5.00%	5.00%	5.00%
Mortality tables	LIC (2006-08) Ult.	LIC (2006-08) Ult.	LIC (1994-96) Ult	LIC (1994-96) Ult
Estimate of amount of contribution in the immediate next year	3,045,235	3,618,503	2,572,403	2,961,881

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

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

Experience adjustments	2013-2014	2012-2013	2011-2012	2010-2011	2009-2010
Gratuity					
Present value of DBO	17,262,679	14,289,847	13,094,312	12,830,399	9,342,790
Fair value of plan assets	14,217,444	11,717,444	9,766,440	9,965,346	3,832,688
Funded status [Surplus/(Deficit)]	(3,045,235)	(2,572,403)	(3,327,872)	(2,865,053)	(5,510,102)
Experience gain/(loss) adjustments on plan liabilities	593,704	681,634	697,153	197,459	(395,921)
Experience gain/(loss) adjustments on plan assets	80,081	903,287	(912,595)	124,025	—
Compensated absences					
Present value of DBO	5,697,811	5,819,701	5,672,137	6,122,240	4,506,351
Fair value of plan assets	—	—	—	—	—
Funded status [Surplus/(Deficit)]	(5,697,811)	(5,819,701)	(5,672,137)	(6,122,240)	(4,506,351)
Experience gain/(loss) adjustments on plan liabilities	690,538	414,951	870,704	(28,253)	645,670
Experience gain/(loss) adjustments on plan assets	—	—	—	—	—

Notes to the Financial Statements (Contd.)

NOTE NO. 30 - RELATED PARTY DISCLOSURES

(a) Parties where control exists

Name	Relationship
Mahindra and Mahindra Limited	Holding Company

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

Name	Relationship
Mahindra EPC Services Pvt Ltd	Fellow subsidiary
Mahindra Logistics Limited	Fellow subsidiary
Mahindra Holidays and Resorts India Ltd	Fellow subsidiary
Credit Renaissance Fund Limited	Associate upto January 8, 2013
Credit Renaissance Development Fund LP	Associate upto January 8, 2013
Mr. Ashok Sharma	Key Management Personnel

(c) Details of related party transactions during the year and balances outstanding:

Particulars	Holding Company	Fellow subsidiary	Associate
<u>Transactions during the year</u>			
Subscription to Share Capital including premium			
Mahindra and Mahindra Limited	—		
	(342,662,720)		
Sale of goods			
Mahindra and Mahindra Limited	—		
	(6,698)		
Mahindra EPC Services Pvt Ltd		512,040	
		(—)	
Interest expense			
Credit Renaissance Fund Limited			—
			(208,865)
Credit Renaissance Development Fund LP			—
			(1,096,056)
Management contracts including for deputation of personnel			
Mahindra and Mahindra Limited	19,314,713		
	(19,190,808)		
Mahindra Logistics Limited		337,080	
		(583,044)	
Travelling Expense			
Mahindra Holidays and Resorts India Ltd		21,901	
		(—)	
Reimbursement of expenses to			
Mahindra and Mahindra Limited	284,851		
	(—)		
Reimbursement of expenses from			
Mahindra and Mahindra Limited	—		
	(23,754)		

Notes to the Financial Statements (Contd.)

Particulars	Holding Company	Fellow subsidiary	Associate
Balances outstanding at the end of the year			
Trade payables			
Mahindra and Mahindra Limited	22,166,373		
	(4,561,176)		
Mahindra Logistics Limited		25,590	
		(46,350)	

- Note: i) Figures in bracket relate to the previous year
- ii) No deputation charges have been claimed by Holding Company in respect of Mr. Ashok Sharma, Executive Director & CEO

NOTE NO. 31 - PUBLIC DEPOSITS CLASSIFICATION

The provisions of the Companies Act, 2013 ('the Act') requires that all outstanding deposits be repaid within one year from the date of commencement of the Act or from the date on which such payments are due, whichever is earlier. Accordingly, fixed deposits with original maturity more than one year have been classified under "Current maturities of long term debt" in Note no. 8 to the financial statements.

NOTE NO. 32 - SEGMENT REPORTING

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

NOTE NO. 33 - DETAILS OF LEASING ARRANGEMENTS**As Lessee**

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

Particulars	For the year ended March 31, 2014 Rupees	For the year ended March 31, 2013 Rupees
(i) Lease payments recognised in the Statement of Profit and Loss	4,798,385	2,790,681
(ii) Future minimum lease payments		
not later than one year	1,412,560	1,031,762
later than one year and not later than five years	1,022,234	311,036

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

Net Profit for the year attributable to the equity shareholders	77,098,748	53,421,435
No. of shares outstanding at the beginning of the year	27,630,864	17,263,665
Weighted average No. of Shares for Rights Issue and ESOP	2,202	9,340,467
Weighted average No. of Shares outstanding during the year	27,633,066	26,604,132
Par value per share	10	10
Earnings per share - Basic	2.79	2.01

Notes to the Financial Statements (Contd.)

Particulars	For the year ended March 31, 2014 Rupees	For the year ended March 31, 2013 Rupees
Diluted		
Net Profit for the year attributable to equity shareholders (on dilution)	77,098,748	53,421,435
Weighted average number of equity shares for Basic EPS	27,633,066	26,604,132
Add: Effect of ESOPs which are dilutive	4,958	10,872
Weighted average number of equity shares - for diluted EPS	27,638,024	26,615,004
Par value per share	10	10
Earnings per share - Diluted	2.79	2.01

NOTE NO. 35 - PROVISION FOR WARRANTY

(a) Provision for warranty is made in respect of sale of certain products, the estimated cost of which is accrued at the time of sale. The products are generally covered under a free warranty period ranging from 6 months to 5 years.

(b) The movement in provision for warranty is as follows :

Balance as at April 1	—	—
Add : Provision made during the year	14,083,468	—
Less : Utilisation during the year	7,083,468	—
Balance as at March 31	7,000,000	—
Out of the above,		
Classified as Non Current	—	—
Classified as Current	7,000,000	—
	7,000,000	—

NOTE NO. 36 - PREVIOUS YEAR'S FIGURES

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

For and on behalf of the Board of Directors

Ashok Sharma
Executive Director & CEO

S. Durgashankar
Director

Nikhilesh Panchal
Director

Vinayak Patil
Director

Anand Daga
Director

Mayur Bumb
Chief Financial Officer

R. V. Nawghare
Company Secretary

Place : Mumbai
Date : April 29, 2014

NOTES



EPC Industrié Limited

Plot No. H-109, MIDC Ambad, Nashik-422010, Maharashtra, India

Tel: +91 253 2381081/82/83, Fax: +91 253 2382975.

Email: info@epcind.com, Website: epcmahindra.com



FORM A

(As per Clause 31 (a) of the Listing Agreement)

1. Name of the Company: **EPC INDUSTRIE LIMITED**
2. Annual financial statements for the year ended **31ST March, 2014**
3. Type of Audit observation **Un-qualified / Matter of Emphasis**
4. Frequency of observation **N. A Whether appeared first time / repetitive / since how long period**

5. **Ashok Sharma**
Executive Director & CEO

For EPC Industrie Limited


**Executive Director & Chief
Executive Officer**

Mayur Bumb
Chief Financial Officer

Deloitte Haskins & Sells
Chartered Accountants

Refer our Audit Report
dated April 29, 2014 on
the standalone financial
statements of the Company.


For Deloitte Haskins & Sells
Chartered Accountants
(Registration No. 117364W)

Vinayak Patil
Audit Committee Chairman

Mumbai, July 4, 2014


Ketan Vora
Partner
Membership No. 100459

