

EPC INDUSTRIÉ LIMITED



**30TH ANNUAL REPORT
2011-2012**

BOARD OF DIRECTORS

Ashok Sharma
Vinayak Patil
S. Durgashankar
Nikhilesh Panchal
Anand Daga

COMPANY SECRETARY

Ratnakar Nawghare

AUDITORS

Deloitte Haskins & Sells

BANKERS

YES Bank Ltd.
IDBI Bank Ltd.

CORPORATE OFFICE & WORKS

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

REGISTERED OFFICE

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

BRANCH OFFICES

Akola, Bargarh, Bhopal, Coimbatore, Dharwad,
Hyderabad, Jabalpur, Jaipur, Jalon, Junagadh, Latur,
Patna, Raipur, Sangli, Thrissur, Vadodara

REGISTRARS & TRANSFER AGENTS

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

NOTICE

NOTICE is hereby given that the 30th Annual General Meeting of the Members of EPC INDUSTRIE LIMITED will be held at the Registered Office of the Company at Plot No.H-109, MIDC Ambad, Nashik-422 010 on Wednesday, 1st August, 2012, 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, 2012 and the Statement of Profit and Loss for the year ended on that date and the Reports of the Directors and the Auditors thereon.
2. To appoint a Director in place of Mr. Vinayak Patil who retires by rotation and, being eligible, offers himself for re-appointment.
3. To appoint a Director in place of Mr. Anand Daga who retires by rotation and, being eligible, offers himself for re-appointment.
4. To appoint Auditors and fix their remuneration.

SPECIAL BUSINESS

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

"RESOLVED that pursuant to the provisions of section 269 and other applicable provisions of the Companies Act, 1956 ('the Act') including any statutory modification or re-enactment thereof for the time being in force), read with Schedule XIII of the Act and subject to the approval of the Central Government, if necessary, 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 Company be and is hereby accorded to the appointment of Mr. Ashok Sharma 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, 2011 to 30th September, 2014, without any remuneration."

FURTHER RESOLVED that for the purpose of giving effect to this resolution, the Board of Directors of the Company 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."

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

"RESOLVED THAT pursuant to the provisions of Section 31 and all other applicable provisions, if any, of the Companies Act, 1956 and Rules framed thereunder and the provisions of other statutes as applicable and subject to such approvals, consents, permissions and sanctions as may be necessary from the appropriate authorities or bodies, the existing Articles of Association of the Company be amended as under:

- i) The following Article be inserted after the existing Article 83 as Article 83A:

Participation through Electronic Mode

83A. Notwithstanding anything contrary contained in the Articles of Association, the Company may provide Video Conference facility and/or other permissible electronic or virtual facilities for communication to enable the Shareholders of the Company to participate in General Meetings of the Company. Such participation by the Shareholders at General Meetings of the Company through Video Conference facility and/or use of other permissible electronic or virtual facilities for communication shall be governed by such legal or regulatory provisions as applicable to the Company for the time being in force.

- ii) The following proviso be inserted after the existing Article 120:

Provided further that a Director participating in a Meeting through use of Video Conference or any other permissible electronic mode of communication shall be counted for the purpose of quorum, notwithstanding anything contrary contained in the Articles of Association.

- iii) The following Article be inserted after the existing Article 120 as Article 120A:

Participation through Electronic Mode

120A: Notwithstanding anything contrary contained in the Articles of Association, the Director(s) may participate in Meetings of the Board and Committees thereof, through Video Conference facility and/or other permissible electronic or virtual facilities for communication. Such participation by the Director(s) at Meetings of the Board and Committees thereof, through Video Conference facility and/or use of other permissible electronic or virtual facilities for communication shall be governed by such legal or regulatory provisions as applicable to the Company for the time being in force.

- iv) The following Article be inserted after the existing Article 177(2) as Article 177(3):

177(3): Notwithstanding anything contrary contained in the Articles of Association, a document may be served by the Company on any Member by any electronic mode of communication and in such manner as is/ may be permitted by any law. Where a document is served by any such electronic mode, the service thereof shall be deemed to be effected in the manner as is/ may be provided by any law.

FURTHER RESOLVED that the Board of Directors of the Company (hereinafter referred to as the 'Board' which term shall be deemed to include any Committee or any person which the Board may constitute/ nominate to exercise its powers, including the powers by this Resolution) be authorised to carry out the abovementioned amendments

in the existing Articles of Association of the Company and that the Board may take all such steps as may be necessary to give effect to this Resolution.”

NOTES

- A. Explanatory Statement as required under section 173(2) of the Companies Act, 1956 is annexed hereto.
- B. **A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE INSTEAD OF HIMSELF AND A PROXY NEED NOT BE A MEMBER.**
- C. The instrument appointing a proxy must be deposited with the Company at its Registered Office not less than 48 hours before the time for holding the Meeting.
- D. The Company's Registrar and Transfer Agents for its Share Registry Work (Physical and Electronic) are Sharepro Services (India) Private Limited having their office premises at 13AB, Samhita Warehousing Complex, 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, 2012 to 1st August, 2012 (both days inclusive).
- F. Members can avail of the facility of the nomination in respect of the Shares held by them in physical form pursuant to the provisions of Section 109A of the Companies Act, 1956. Members desiring to avail of this facility may send their nomination in the prescribed Form No. 2B duly filled in to Sharepro Services (India) Private Limited at the above mentioned address. Members holding shares in electronic mode may contact their respective Depository Participants for availing this facility.
- G. The Ministry of Corporate Affairs, Government of India, has taken a “Green Initiative in Corporate Governance” by allowing paperless compliances by the companies and has issued Circulars inter alia stating that the service of notice/ documents to the Members can be made in electronic mode. In support of the Green Initiative, your Company sent a Circular dated 16th May, 2011 by e-mail to those Members who have registered their e-mail address with their Depository Participant and made available to the Company by the Depositories, informing them about the Company's proposal to send the documents like Notice calling the Annual General Meeting, Audited Financial Statements, Directors' Report, Auditors' Report, etc. from the Financial Year ended 31st March, 2011 onwards and other communication, in electronic mode. These Members were also given an option to continue to receive the documents

in Physical Form. Accordingly, the Annual Report for the year 2011-12, Notice for the Annual General Meeting, etc. are being sent in electronic mode to such Members of the Company whose e-mail addresses are available with the Company and who have not opted to receive the same in physical form.

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

- H. Members are requested to:
- intimate to the Company's Registrar and Transfer Agents, Sharepro Services (India) Private Limited at the abovementioned address, changes, if any, in their registered addresses at an early date, in case of shares held in physical form;
 - intimate to the respective Depository Participant, changes, if any, in their registered addresses at an early date, in case of shares held in dematerialised form;
 - quote their folio numbers/Client ID/DP ID in all correspondence; and
 - consolidate their holdings into one folio in case they hold shares under multiple folios in the identical order of names.
- I. Appointment/Re-appointment of Directors

Mr. Vinayak Patil holds 4500 Equity Shares in the Company and Mr. Anand Daga and Mr. Ashok Sharma do not hold any shares in the Company.

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

By **Order of the Board**

Ratnakar Nawghare
Company Secretary

Registered Office:

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

2nd May, 2012

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

ITEM NO. 5

The Board of Directors of the Company, on 1st October, 2011, pursuant to the recommendations of the Remuneration / Compensation Committee, approved the 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, 2011 to 30th September, 2014 subject to approval of the Shareholders at the General Meeting.

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.

Mr. Sharma is functioning as the Chief Executive, Automotive and Farm Equipment Sectors (AFS) Strategy and Agri & Allied Businesses of Mahindra & Mahindra Limited. Allied Businesses include the Engine Application Business and Spares Business Unit. He is a part of the Automotive and Farm Leadership Council, the apex council for the AFS businesses. His services have been assigned to your Company on secondment from Mahindra & Mahindra Limited.

In a career spanning over 25 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) Vayugrid Marketplace Services Private Limited
- iii) Mahindra Econova Private Limited

Mr. Sharma is the member of the Audit Committee and Remuneration / Compensation Committee of Mahindra Shubhlabh Services Limited and the member of Shareholders / Investors Grievance 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. 5 as an Ordinary Resolution.

The terms of appointment of Mr. Ashok Sharma as stated in the proposed Resolution had already been circulated as an Abstract under section 302 of the Companies Act, 1956 to the members of the Company.

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

ITEM NO. 6

The Ministry of Corporate Affairs ("MCA"), Government of India, New Delhi vide General Circulars No.27/2011 and 28/2011 dated

20th May, 2011 and Circular No.35/2011 dated 6th June, 2011 has permitted companies to hold Board Meetings and Shareholders Meetings through Video Conference facility, as part of the Green Initiatives under Corporate Governance. Further, MCA vide Circular No. 72/2011 dated 27th December, 2011 made the Video Conference facility at the Shareholders Meetings optional to the listed companies.

Section 53 of the Companies Act, 1956 and Articles 177(1) and (2) provide for modes of service of documents on a Member of the Company. The MCA has vide Circular No. 17/2011 dated 21st April, 2011 stated that a company would have complied with section 53 if the service of a document has been made through electronic mode, provided the company has obtained e-mail addresses of its Members for sending Notices/Documents through e-mail by giving an advance opportunity to every Shareholder to register their e-mail addresses with the company. Clause 32 of the Listing Agreement of the Stock Exchanges also permits a company to send soft copies of full Annual Reports, Balance Sheet, Profit and Loss Account and Directors' Report to all Shareholders who have registered their e-mail addresses for the purpose.

It is proposed to carry out necessary amendments in the existing Articles of Association of the Company by inserting appropriate enabling provisions as set out in the Special Resolution under Item No.6 to give effect to the above Circulars of MCA.

In terms of section 31 of the Companies Act, 1956, approval of the Members by way of a Special Resolution is required to amend the Articles of Association of the Company. A copy of the existing Memorandum and Articles of Association of the Company alongwith the proposed draft amendments to the Articles of Association is available for inspection by any Member at the Registered Office of the Company between 10.00 a.m. and 12.00 noon on all working days (except Sundays and Public Holidays).

The Directors recommend the passing of the Resolution at Item No. 6 as a Special Resolution.

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

By Order of the Board

Ratnakar Nawghare
Company Secretary

Registered Office:

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

2nd May, 2012

DIRECTORS' REPORT

Your Directors have pleasure in presenting the 30th Annual Report on the business and operations of the Company together with audited financial statements and accounts for the year ended 31st March, 2012.

FINANCIAL HIGHLIGHTS

(Rs. in lacs)

	For the Year ended 31 st March, 2012	For the Year ended 31 st March, 2011*
Turnover (Net)	12507.31	8680.97
Other Income	209.75	94.24
	12717.06	8775.21
Profit/(Loss) Before Interest, Depreciation & Tax	1198.38	897.91
Finance cost	288.60	486.69
Depreciation	193.64	177.13
Profit / (Loss) Before Tax	716.14	234.09
Provision for Tax	(50.05)	(90.38)
Profit /(Loss) After Tax	666.09	143.71
Less : Transfer to Deb Redemption Reserve	52.00	28.75
	614.09	114.96
Add : Balance Brought Forward	(3004.76)	(3119.72)
Deficit Carried to the Balance Sheet	(2390.67)	(3004.76)

* Figures have been regrouped wherever necessary.

Operations and Financial Overview

During the year under review, your Company's sales turnover was at Rs. 125.07 crores (Net) as compared to Rs.86.81 crores (Net) for the previous year reflecting a growth of 44%. The Profit Before Tax increased to Rs. 7.16 crores as compared to Rs. 2.34 crores in the previous year, an increase of over 3 fold over last year. The Profit After Tax increased to Rs. 6.66 crores as compared to Rs. 1.44 crores in the previous year, an increase of over 4 fold over last year.

The Company has succeeded in sustaining operating margins largely on account of productivity enhancements, upgradation of production facilities, process technology improvements and better working capital management.

Dividend

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

Management Discussion and Analysis Report

A detailed analysis of the Company's performance is discussed

in the Management Discussion and Analysis Report, which forms part of this Annual Report.

Corporate Governance

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

Open Offer & Change in Promoters

In March, 2011, Mahindra & Mahindra Limited (M&M) was issued and allotted equity shares on preferential basis. Subsequently, in compliance with SEBI (Substantial Acquisition of Shares and Takeovers) Regulations, 1997, M&M made an open offer and acquired additional equity shares from Public Shareholders and upon completion of the open offer process, M&M became the Promoters of the Company.

Share Capital

During the year, 9500 equity shares were allotted on exercise of Stock Options and 3900 equity shares were forfeited on account of non-payment of call money. Consequently, the total paid up equity share capital of the Company increased from 1,72,58,065 shares of Rs 10/- each to 1,72,63,665 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. 17,26,56,150 divided into 1,72,63,665 equity shares of Rs. 10 each as at 31st March, 2012.

Rights Issue of Shares

During the year, in order to augment capital expenditure, meet working capital requirements and for general corporate purposes, the Company has decided to issue 1,03,58,199 equity shares on a rights basis to the existing Shareholders of the Company as on 3rd May, 2012 (Record Date) in the ratio of 3 equity shares for every 5 existing equity shares held by the Shareholders. The issue is priced at Rs. 40 per share resulting in total issue size of Rs. 41.43 crores.

Stock Options

During the year under review, 9500 Stock Options got vested in terms of EPC Industrié Limited Employees Stock Option Scheme - 2010, and were exercised by them immediately after vesting. Accordingly, the Company made the allotment of 9500 Equity Shares on 12th December, 2011 against these options exercised by the employees.

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

Industrial relations

The industrial relations continue to be peaceful and cordial at all levels. The Directors wish to convey their sincere appreciation to the Company's employees at all levels, for their continued dedication, hard work and commitment which has been a significant support for the valuable contribution by the employees at all levels.

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

Safety, Health and Environmental Performance

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

During the year under review, a Safety Committee was formed. The theme of this year was "Zero Accidents". Some of the programmes undertaken by the Company such as the personal protection equipment provided to workmen, safety awareness programmes, declaration of entire facilities as "tobacco free zone", conduct of mock/test drills for improving overall awareness, observation of National Safety Week, etc. have resulted in the reduction of number of reported accidents.

The various health check ups programmes for employees were regularly undertaken by the Company.

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

Directors

During the year under review, Mr. K. L. Khanna, Mr. Jayendra Shah and Mr. Bhoopendra K. Sharma have resigned from the Board. The Board places on record its gratitude and appreciation of the contribution made by them during their tenure as Directors of the Company. The Board further wishes to place on record that under the leadership of Mr. K L Khanna as Chairman and Managing Director, the Company witnessed a successful turnaround with the considerable growth.

Mr. Vinayak Patil and Mr. Anand Daga retire by rotation and, being eligible, offer themselves for re-appointment.

Directors' Responsibility Statement

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

- (i) in the preparation of the annual accounts, the applicable Accounting Standards have been followed;
- (ii) they have, in the selection of the accounting policies, consulted the Statutory Auditors and these have been applied consistently and reasonable and prudent judgments and estimates have been made so as to give a true and fair view of the state of affairs of the Company as at 31st March, 2012 and of the profit of the Company for the year ended on that date;

(iii) proper and sufficient care has been taken for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;

(iv) the annual accounts have been prepared on a Going Concern basis.

Auditors

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

Public Deposits & Loans / Advances

The Company has not accepted any deposits from the public or its employees during the year under review. Your Company has also not made any loans or advances, which are required to be disclosed in the Annual Accounts of the Company, pursuant to Clause 32 of the Listing Agreement.

Energy Conservation and Technology Absorption and Foreign Exchange Earnings and Outgo

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

Particulars of Employees

The Company had no employee, who was employed throughout the Financial Year and was in receipt of remuneration of not less than Rs. 60,00,000 per annum during the year ended 31st March, 2012 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, suppliers, bankers, business associates and shareholders.

For and On behalf of the Board

Ashok Sharma
Executive Director & CEO

Vinayak Patil
Director

Place : Mumbai
Dated : 2nd May, 2012

Annexure - I To The Directors' Report For The Year Ended 31st March, 2012

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	9500						
(d) Options exercised	9500						
(e) The total number of shares arising as a result of exercise of option	9500						
(f) Options lapsed	22,500						
(g) Variation of terms of options	Nil						
(h) Money realised by exercise of options	Rs. 3,32,500						
(i) Total number of options in force	28,500						
(j) Employee wise details of options granted to							
(i) Senior managerial personnel	Options Granted # Mr. Vinayak Patil 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 6,500 Mr. K G Soman 5,000 Mr. P. Ravi 5,000						
(iii) Identified employees who were granted option, during any one year, equal to or exceeding 1% of the issued capital (excluding outstanding warrants and conversions) of the company at the time of grant	Nil						
(k) Diluted Earnings Per Share (EPS) pursuant to issue of shares on exercise of option calculated in accordance with Accounting Standard (AS) 20 'Earnings Per Share'	Rs. 3.85						
(l) Where the company has calculated the employee compensation cost using the intrinsic value of the stock options, the difference between the employee compensation cost so computed and the employee compensation cost that shall have been recognized if it had used the fair value of the options, shall be disclosed. The impact of this difference on profits and on EPS of the company shall also be disclosed	The Company has calculated the employee compensation cost, using the intrinsic value of stock options. Had the fair value method been used, in respect stock options granted under the Employees Stock Option Scheme, 2010, the employee compensation would have been higher by Rs.1.55 lacs, Profit after Tax lower by Rs.1.55 lacs and the basic and diluted earnings per share would have lower by Rs. 0.01 and Rs. 0.01 respectively.						
(m) Weighted-average exercise prices and weighted-average fair values of options shall be disclosed separately for options whose exercise price either equals or exceeds or is less than the market price of the stock	<table border="1"> <thead> <tr> <th>Options Grant Date</th> <th>Exercise Price (Rs.)</th> <th>Fair Value (Rs.)</th> </tr> </thead> <tbody> <tr> <td>19th Nov. 2010</td> <td>35.00</td> <td>41.84</td> </tr> </tbody> </table>	Options Grant Date	Exercise Price (Rs.)	Fair Value (Rs.)	19 th Nov. 2010	35.00	41.84
Options Grant Date	Exercise Price (Rs.)	Fair Value (Rs.)					
19 th Nov. 2010	35.00	41.84					
(n) A description of the method and significant assumptions used during the year to estimate the fair values of options, including the following weighted-average information:	The fair value of the Stock Options granted on 19 th November, 2010 has been calculated using Black-Scholes Options Pricing Formula and the significant assumptions made in this regard are as follows:						
(i) risk-free interest rate	7.65%						
(ii) expected life	3.50 years						
(iii) expected volatility,	58.12%						
(iv) expected dividends and	Nil, as the Company has not declared any dividend.						
(v) the price of the underlying share in market at the time of option grant.	Rs. 64						

Out of 4 equal installments, 1 installment has been exercised.

* Grant Date - 19th Nov. 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, 2012

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, 2012

A. Conservation of Energy

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

(a) Energy Conservation measures taken:

- Installation of new Energy efficient Equipment such as Transformer, Air Compressor and Chilling Plant resulting into energy saving.
- New designed extruders and down stream equipment for higher output in place of old one.
- Power factor is being maintained at unity.
- Improvement in productivity and savings in power consumption due to in-house technological innovations.
- Installation of newly designed moulds and high speed machines.
- Optimisation in utilization of plant & machineries.
- Continuous raw material supply for higher productivity.
- Continuous improvements within production area 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 to the Rules in respect of Industries specified in the Schedule:

FORM – A

A. Power and Fuel Consumption	2011-12	2010-11
1. Electricity		
(a) Purchased Units (Kwh) (In Lacs)	56.38	50.85
Amount (Rs./lacs)	383.59	300.44
Average Rate (Rs./ Unit)	6.80	5.91
(b) Own Generation	Nil	Nil
(i) Through Diesel Generator Units	-	-
Units Per Ltr. of diesel oil Cost/unit		
(ii) Through steam turbine Generator Units	-	-
Units Per Ltr. of diesel oil Cost/units		
2. Coal (Specify quality & where used)	Nil	Nil
Quantity	-	-
Total Cost	-	-
Average rate	-	-

3. Furnace Oil	Nil	Nil
Quantity (K.Ltrs)	-	-
Total Amount	-	-
Average rate	-	-
4. Others/internal generation	Nil	Nil
Quantity	-	-
Total cost	-	-
Rate /unit	-	-
B. Consumption per unit of Production		
Electricity (Units/MT Production)	742	896
Furnace Oil	-	-
Coal	-	-
Others	-	-

B. Technology Absorption

Research & Development (R&D)

- 1) Specific Areas in which R&D is carried out by the Company: Nil
- 2) Benefits derived as a result of above R&D: N.A.
- 3) Future plan of Action: The Company is in the process of introducing New Generation Micro Irrigation Technology.
- 4) Expenditure of R&D: (Rs. in Thousands)
 - a) Capital Expenditure Nil
 - b) Revenue Expenditure Nil
 - c) Total Nil
 - d) Total R&D expenditure as a % of total turnover Nil

Technology Absorption, Adaptation and Innovation

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

C. Foreign Exchange Earnings & Outgo

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

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

	(Rs. in Thousands)
Foreign Exchange earned	Nil
Foreign Exchange used	48,811
Net Foreign Exchange earned	Nil

For and On behalf of the Board

Ashok Sharma
Executive Director & CEO

Vinayak Patil
Director

Place : Mumbai
Dated : 2nd May, 2012

MANAGEMENT DISCUSSION AND ANALYSIS

India has the largest irrigated area in the world. Like other countries, India too has started facing severe water scarcity in different regions. Owing to various reasons, the demand for water for different purposes is continuously increasing in India but the potential water available for future has been declining at a faster pace.

The agricultural sector, which currently consumes 80 percent of the available water in India, continues to be the major water consuming sector due to pre-dominant use of flood irrigation. The water use efficiency under flood irrigation is only about 30-40 percent because of huge conveyance and distribution losses.

In view of the water availability for future, a number of demand management strategies and programmes were introduced to improve water use efficiency. Micro Irrigation (MI) was one of them, which includes mainly drip and sprinkler irrigation systems. Under Micro Irrigation, the water is supplied at a required interval and quantity using piping network, emitters and nozzles. The initial objective of micro irrigation was primarily to save water and increase the water use efficiency. However, it delivers many other economic and social benefits to the society. While increasing the productivity of crops significantly, it also reduces soil erosion, weed problems, cost of cultivation, labour, energy use, wastage of fertilizer/nutrient loss etc.

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

Industry Structure and Developments

In India, micro irrigation systems (MIS) have been in use for more than three decades. Year-on-year increase in budgetary allocation by the Central Government for micro irrigation clearly indicates recognition of the need for efficient and effective use of water. The main vehicle of the government policies to promote micro irrigation systems are product subsidies, in some cases upto 100 percent. MI has been a popular choice among farmers. It is also notable that MI systems have been adopted even in the absence of government subsidies.

The MI industry is broadly divided into organized and unorganized segment in the country. Your Company is one of the major players in MI industry in the organized sector with strong brand image and preferred customer choice.

The Indian market provides abundant opportunities in MIS as sizable percent of the population is dependent on agriculture for its income. The penetration level of MIS is very low as compared to the developed countries, which provides huge growth opportunities.

The mega MI projects presently under implementation in Gujarat, Andhra Pradesh and Tamil Nadu, provide ample opportunities to the industry players.

Opportunities and Outlook

Micro irrigation technology is rapidly expanding all over the world, especially in the water scarce areas of developed countries. It is very popular in the United States, Israel and some parts of Europe, while in Asia it is still in the development stage. This technology has also established a stronghold in the Asian regions, where it is best utilized in India and China but still there is ample market potential with a continuously rising population. Micro irrigation is becoming the most demanded technology.

Water scarcity is the most important driving factor of the MI industry. The area available for crop cultivation, growing population in the country and GDP in the agriculture sector contributes to the growing demand for MIS. The other major contributor to this market is growing pollution levels due to which the water level has declined and in the near future this trend is expected to continue.

The long term outlook of the Micro Irrigation Industry is robust. The real boost to the business is likely to come from the micro irrigation projects launched by various State Governments and the National Mission on Micro Irrigation, which was launched from June, 2010 aiming to increase coverage of micro irrigation activities under major government programmes such as National Food Security Mission (NFSM), Integrated Scheme of Oilseeds, Pulses, Oil palm & Maize (ISOPOM), Technology Mission on Cotton (TMC) etc.

During the year under review, Mahindra and Mahindra Limited has completed process of acquisition of the Company. With the strong brand image of *Mahindra*, the Company is looking forward to consolidate its position in the market by strengthening after sales services and agronomy support, enhancing product portfolio, intensifying its efforts to increase dealer /distributor network besides exploring opportunities in overseas markets.

Operations and Financial Performance

The Company manufactures MIS consisting of Drip and Sprinkler Irrigation, and specialized pipes for Water and Gas Distribution Systems as well as Industrial Pipes.

During the year 2011-12, your Company achieved Sales Turnover of Rs. 125.07 crores as compared to Rs. 86.81 crores in the preceding year, reflecting an impressive growth of 44 %. The major growth drivers are - introduction of new products, penetration in new markets, retail identity etc. resulting into consistent growth momentum.

During the year under review, the Company has introduced Flat Drip Line Irrigation Systems and Irrigation Pumps in its product range and has also started providing agronomical services to farmers. These services include guidance on land preparation, sowing time, planting pattern, selection of

crop varieties, irrigation scheduling, fertigation and pest and disease management. These new products and services will diversify more business opportunities and generate revenues in the years to come.

Risks, Concerns and Threats

Micro Irrigation Industry faces major challenges in terms of management of working capital cycle due to long lead time of release of state subsidies. The availability of trained people, fluctuation in polymer prices, climatic and seasonality in agriculture sector are the major threats being faced by the MI industry.

The average land holding size in India is small. Installation of MI systems results in higher initial cost thereby putting burden on farmers.

However, with the implementation of National Mission on Micro Irrigation by the Central Government, it is expected to bring uniformity in release of subsidies. Moreover, a concept of releasing subsidies online is also being explored.

Internal Control Systems

The Company has a well established and comprehensive internal control structure to ensure that all assets are safeguarded and protected against loss from unauthorized use. All transactions are correctly recorded and reported and that the operations are conducted in an efficient manner. The key constituents of key risks of the internal control systems are – review of business plan, identification of key risks and opportunities and well defined organization structure and limits of financial authority and continuous identification of areas requiring strengthening of internal controls. The internal audits are conducted periodically covering major areas of business. The Reports of the Internal Auditors are reviewed by the Audit

Committee of the Board. The Audit Committee discusses significant findings and corrective measures are initiated.

Human Resources

In our people, we trust. The Company's journey through turbulent times would not have been possible without the support of our people, our biggest strength. We have built an inspirational organization to go beyond boundaries. As we step into future, we would be required to augment our capability even more comprehensively. The Company continues to invest substantially in harnessing its human assets.

This year, we crafted a special performance appraisal framework to assess talent and identify gaps. One of our top priorities has been to build talent across the organization, especially in the niche areas of operations, business process, quality assurance and customer care.

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

As on 31st March, 2012, the total number of employees of your Company was 374.

Cautionary Note

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

REPORT ON CORPORATE GOVERNANCE

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

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

I. BOARD OF DIRECTORS

The composition of the Board of Directors is in compliance with the provisions of the Listing Agreement and the Companies Act, 1956. The Board consists of Executive Director & CEO and four Non-Executive Directors. The number of Non-executive Directors comprising three Independent Directors is more than one-half of the total number of Directors. All the Directors have made necessary disclosures under Corporate Governance norms and the provisions of the Companies Act, 1956. The Board reviews

and approves strategy and oversees the actions and results of management to ensure that the long term objectives of enhancing stakeholders' value are met.

None of the Independent Directors have any material pecuniary relationships or transactions with the Company, its Promoters, its Directors, its Senior Management or its Associates which in their judgment would affect their independence. None of the Directors of the Company are inter-se related to each other.

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

A. Composition of the Board

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

Sr. No.	Directors	Category	Total Number of Directorships of public companies #, Committee Chairmanships and Memberships, as on 31 st March, 2012		
			Directorships \$	Committee Chairmanships +	Committee Memberships +
	EXECUTIVE				
1	Mr. Ashok Sharma ~ * Executive Director & CEO	Related to Promoter	2	-	2
2	Mr. K L Khanna Chairman & Managing Director **	Promoter	NA	NA	NA
	NON-EXECUTIVE				
3	Mr. Vinayak Patil	Independent	1	2	-
4	Mr. Jayendra Shah ***	Non-Independent	NA	NA	NA
5	Mr. Bhoopendra Sharma ***	Independent	NA	NA	NA
6	Mr. S. Durgashankar ~	Related to Promoter	1	-	1
7	Mr. Nikhilesh Panchal ~	Independent	3	-	3
8	Mr. Anand Daga ~	Independent	1	-	1

* Appointed on 1st October, 2011 as an Executive Director & CEO

** Resigned on 30th September, 2011

*** Resigned on 29th September, 2011

~ Appointed on 5th August, 2011 as a Director

Excludes directorships/memberships of foreign companies. Companies under Section 25 of the Companies Act, 1956 and Government Companies.

\$ Includes Directorship in EPC Industrié Limited

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

B. Board Procedure

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

Director & CEO appraises the Board at every meeting of the overall performance of the Company. The Board also inter alia reviews strategy and business plans, annual operating and capital expenditure budgets, compliance reports of all laws applicable to the Company as well as steps taken by the Company to rectify instances of non-compliances, review of major legal issues, adoption of quarterly/half yearly/ annual results, significant labour issues, major accounting provisions and write-offs, Minutes of Meetings of the Audit and other Committees of the Board.

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

The Board meets atleast once in a quarter to consider among other business, quarterly performance of the Company and the financial results. During the financial year under review, Eight Board Meetings were held on the following dates – 29th April, 2011, 5th August, 2011, 29th September, 2011, 12th November, 2011, 20th December, 2011, 11th January, 2012, 3rd February, 2012 and 21st March, 2012. The gap between two Meetings did not exceed four months. These meetings were well attended. The 29th Annual General Meeting of the Company was held on 29th September, 2011.

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

Directors	Number of Board Meetings Attended	Attendance at the AGM
Mr. K L Khanna +	3	Yes
Mr. Vinayak Patil	7	Yes
Mr. Jayendra Shah ^	2	No
Mr. Bhoopendra Sharma ^	2	No
Mr. Ashok Sharma * #	7	Yes
Mr. S. Durgashankar *	6	No
Mr. Nikhilesh Panchal *	4	Yes
Mr. Anand Daga *	6	Yes

+ Resigned on 30th September, 2011

^ Resigned on 29th September, 2011

* Appointed on 5th August, 2011

Appointed as Whole Time Director and designated as Executive Director & CEO with effect from 1st October, 2011.

D. Directors seeking appointment/re-appointment

Mr. Vinayak Patil and Mr. Anand Daga retire by rotation and, being eligible, offer themselves for re-appointment.

Mr. Ashok Sharma was appointed as Whole Time Director designated as Executive Director and CEO of the Company by the Board of Directors on 1st October, 2011, subject to approval of Shareholders.

Brief resume of these Directors are presented below:

1) 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/ co-operative organisations. 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 Shareholders/Investors Grievance Committee and the Member of Remuneration/Compensation Committee of the Company.

Mr. Patil holds 4,500 Shares in the Company.

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

Mr. Daga is on the Board of following Companies:

i) City Centre Mall (Nashik) Private Limited

ii) MSS India Private Limited

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

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

3) MR. ASHOK SHARMA

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

Mr. Sharma is currently the Chief Executive, Automotive and Farm Equipment Sectors (AFS) Strategy and Agri & Allied Businesses of Mahindra & Mahindra Limited. Allied Businesses include the Engine Application Business and Spares Business Unit. He is also a part of the Automotive and Farm Leadership Council, the apex council for the AFS businesses.

In a career spanning over 25 years, Mr. Sharma has rich experience in various functions like Sales, Marketing, Strategic Planning, Business Excellence and has held various general management functions.

Mr. Sharma is Director in the following companies:

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

Mr. Sharma is the member of the Audit Committee and Remuneration / Compensation Committee of Mahindra Shubhlabh Services Limited and Member of Shareholders / Investors Grievance Committee of the Company.

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

E. Code of Conduct

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

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

F. CEO/CFO Certification

As required under clause 49 V of the Listing Agreement with the Stock Exchange, the Executive Director & CEO and the Head- Finance & Accounts of the Company have certified to the Board regarding the Financial Statements for the year ended 31st March, 2012.

G. Uses & Application of Funds

In March, 2011 Mahindra & Mahindra Ltd. (M&M) was issued and allotted Equity Shares on Preferential basis. The uses and application of funds raised under preferential issue are given in Note No. 27.7 of Notes to the Financial Statement.

II. Remuneration to Directors

A. Remuneration Policy

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

B. Remuneration to Directors

During the year under review, Mr. K L Khanna had resigned as the Chairman and Managing Director with effect from 30th September, 2011. The managerial remuneration paid to

Mr. K L Khanna upto 30th September, 2011 is as under:

(Rs. in Lacs)

Name	Salary	Performance Pay	Retirement Benefits	Total
Mr. K L Khanna	15.00	9.00	20.15	44.15

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 & CEO, without remuneration.

Notes :

1. Contract Period: 1st October, 2011 to 30th September, 2014
2. Notice Period: Nil.
3. Stock Options granted: Nil.
4. The Non-executive Directors are paid sitting fees of Rs. 20,000 for attending the meeting of the Board of Directors. The sitting fees paid to Non-Executive Directors for the year ended 31st March, 2012 alongwith their shareholdings are as under:

Directors	Sitting Fees for the Board Meetings paid during the year ended 31 st March, 2012 (Rs. in Lacs)	No. of Ordinary (Equity) Shares held as on 31 st March, 2012
Mr. K L Khanna	N.A	Nil
Mr. Vinayak Patil	1.20	4,500
Mr. Jayendra Shah	0.40	Nil
Mr. Bhoopendra Sharma	0.40	Nil
Mr. Ashok Sharma	Nil	Nil
Mr. S. Durgashankar	Nil	Nil
Mr. Nikhilesh Panchal	0.60	Nil
Mr. Anand Daga	1.00	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.

During the year under review Mr. Jayendra Shah and Mr. Bhoopendra K Sharma ceased to be members of the

Committee and the Board of Directors reconstituted the 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.

Mr. S. Durgashankar has a Bachelor's Degree in Commerce and is a Member of the Institute of Chartered Accountants of India, New Delhi. Mr. S. Durgashankar is currently Executive Vice President for Mergers and Acquisitions and Secretarial of Mahindra & Mahindra Ltd., and has rich experience of over 29 years in the areas of Investment Banking, International Investor Relations, Treasury, Project Evaluation & Risk Assessment and Restructuring of Sick Industrial Enterprises.

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 a varied experience of 17 years in the areas of Taxation, Audit, Finance, Corporate Strategic Planning / Restructuring Advisory Services, Mergers and Acquisitions, etc.

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

The Company Secretary is the Secretary of the Audit Committee.

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

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

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

The Meetings of the Audit Committee are also attended by the Executive Director & CEO, Statutory Auditors, Head – Finance & Accounts, Internal Auditor and the Company Secretary. The Chairman of the Audit Committee, Mr. Vinayak Patil was present at the 29th Annual General Meeting of the Company held on 29th September, 2011.

The Committee met six times during the year under review. The Committee Meetings were held on the following dates – 29th April, 2011, 5th August, 2011, 12th November, 2011, 20th December, 2011, 11th January, 2012 and 3rd February, 2012. The gap between two meetings did not exceed four months. The

attendance at the Meetings is as under:

Members	Number of Meetings attended
Mr. Vinayak Patil	5
Mr. Jayendra Shah *	2
Mr. Bhoopendra K Sharma *	2
Mr. S Durgashankar **	4
Mr. Anand Daga **	3

* Resigned on 29th September, 2011.

** Appointed on 5th August, 2011.

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

B. Remuneration/ Compensation Committee

During the year under review, the Remuneration Committee and Compensation Committee were clubbed together and the role of the Remuneration/ Compensation Committee is to review performance of the Executive Director and recommend to the Board the remuneration payable to him and administering the Employees Stock Options Scheme. During the year, Mr. Jayendra Shah and Mr. Bhoopendra K Sharma ceased to be Chairman/member of the Committee consequent to their resignation from the Board. On 29th September, 2011, the Committee was re-constituted which 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 twice during the year 2011-12.

C. Share Transfer Committee

During the year under review, the Share Transfer Committee was operative till 29th September, 2011 under the Chairmanship of Mr. K L Khanna, Chairman and Managing Director and Mr. Vinayak Patil, the other Member of the Committee. The Share Transfer Committee used to meet as and when required, to inter alia deal with matters relating to transfer of shares.

On 29th September, 2011, the Board of Directors had cancelled the Share Transfer Committee and authorized 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.

D. Shareholders/Investors Grievance Committee

The Company's Shareholders/Investors Grievance Committee functions under the Chairmanship of Mr. Vinayak Patil and 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.

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

Members	Number of Meetings attended
Mr. Vinayak Patil	4
Mr. K L Khanna ^	2
Mr. Jayendra Shah *	2
Mr. Ashok Sharma **	2
Mr. Nikhilesh Panchal **	Nil

^ Resigned on 30th September, 2011

* Resigned on 29th September, 2011

** Appointed on 5th August, 2011.

During the year under review, there were two complaints received from the Shareholders.

V. Disclosures

A. Disclosure on materially significant Related Party transactions

During the financial year 2011-12 there was no materially significant transactions entered into between the Company and its Promoters, Directors or the Management etc. that may have potential conflict with the interest of the Company at large. Further details of related party transactions are given in Note No. 30 of Notes to the Financial Statement.

B. Disclosure of Accounting Treatment in preparation of Financial Statements

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

C. Code of Conduct for Prevention of Insider Trading

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

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

VI. Shareholder Information

1. 30th Annual General Meeting

Date : Wednesday, 1st August, 2012

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, 2012 to 1st August, 2012 (both days inclusive).

3. Date of Dividend Payment

No dividend has been recommended for the Financial Year ended 31st March, 2012.

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, 2012 – Second week of August, 2012

Half-year ending

30th September, 2012 - Second week of November, 2012

Quarter ending

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

Year ending

31st March, 2013 - End May, 2013

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

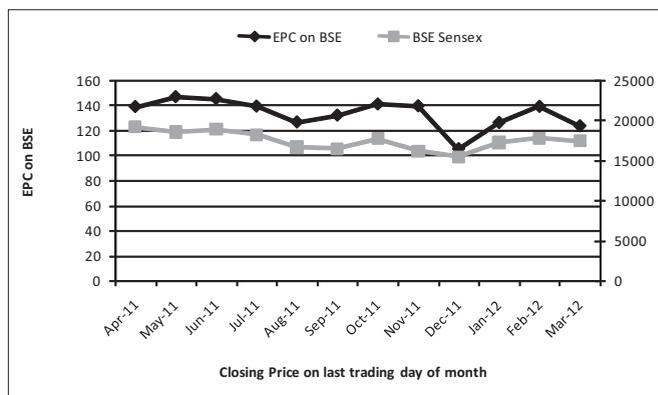
- Bombay Stock Exchange Limited (BSE): 523754
- Demat International Securities Identification Number (ISIN) in NSDL and CDSL for Equity Shares: INE 215D01010

B. Corporate Identity Number:

L25200MH1981PLC025731

8. Stock Performance

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



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

Month	High Rs.	Low Rs.
April, 2011	171.05	118.00
May, 2011	152.35	120.00
June, 2011	155.00	128.35
July, 2011	149.90	132.60
August, 2011	149.70	120.50
September, 2011	140.00	112.00
October, 2011	155.55	126.05
November, 2011	165.00	126.10
December, 2011	154.70	88.00
January, 2012	129.00	105.30
February, 2012	174.00	120.00
March, 2012	146.00	114.00

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 Share Transfer Committees used to meet as and when required to consider and approve the share transfers, transmissions, issuance of duplicate share certificates etc.

On 29th September, 2011, the Board of Directors had cancelled the Share Transfer Committee and 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.

12. Distribution of Shareholding as on 31st March, 2012:

Shareholding	Shareholders		Shares	
	Number	% to total holders	Number	% to total capital
Upto 500	6,522	93.48	9,93,450	5.75
501 - 1,000	255	3.65	2,16,080	1.25
1,001 - 5,000	147	2.11	3,28,044	1.90
5,001 - 10,000	21	0.30	1,57,273	0.91
10,001 - 1,00,000	26	0.37	6,34,153	3.67
1,00,001 & above	6	0.09	1,49,34,665	86.51
TOTAL	6,977	100.00	1,72,63,665	100.00

Shareholding Pattern as on 31st March, 2012:

Category	No. of Shares held	%
Promoters	65,77,865	38.10
Banks	200	0.00
Private Corporate Bodies	26,77,161	15.51
Indian Public	22,39,709	12.97
NRLs / OCBs / Others	57,68,730	33.42
GRAND TOTAL	1,72,63,665	100.00

13. Dematerialisation of Shares

94.97% 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, 2012. 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
 H-109, MIDC Ambad, Nashik- 422 010.
 Telephone Nos.: +91-253-2381081 / 82
 Fax: +91-253-2382975
 email: rvnawghare@epcind.com
 Your Company can also be visited at its website:
<http://www.epcind.com>

VII. Other Disclosures

1. Details of General Meetings and Special Resolutions passed.

Year	Date	Time	Special Resolution passed
31 st March, 2009	Thursday 30 th July, 2009	11.00 a.m.	For re-appointment of Mr. Krishen Lal Khanna as Managing Director w.e.f 30 th December, 2009 to 29 th November, 2011.
31 st March, 2010	Wednesday 21 st July, 2010	11.00 a.m.	For issue of equity shares to the employees of the Company under the Employees Stock Option Scheme of the Company under the provisions of Section 81(1A) of the Companies Act, 1956.
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.

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

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

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

The above meetings were held at the Registered Office of the Company at Plot No.H-109, MIDC Ambad, Nashik - 422 010. No Special Resolutions were passed in last three years through Postal Ballot. No special resolution is proposed to be passed through postal ballot at the ensuing Annual General Meeting.

2. Details of non-compliance etc.

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

The Company and the erstwhile Promoter's group company have filed a consent application during the year under review, in terms of SEBI circular No. EFD/ED/Cir-1/2007 seeking settlement for non-disclosure in respect of the transaction dated 31st March, 2003 and for delay in yearly disclosure as of 31st March, 2005, under Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 1997. Subsequent to the hearing at SEBI on 18th January, 2012, the Company and the erstwhile Promoters both have filed the revised consent application on 23rd January, 2012. The matter is currently pending.

3. Means of Communication

The quarterly, half-yearly and yearly results are published in Business Standard, Free Press Journal & Navshakti which are national and local dailies respectively. These are not sent individually to the Shareholders. The Company's results and official news releases are displayed on the Company's website <http://www.epcind.com>.

4. Management Discussion and Analysis Report

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

5. Compliance with Mandatory requirements

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

6. Compliance with Non-Mandatory requirements:

a. Remuneration / Compensation Committee

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

b. Audit Qualifications

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

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

Mumbai
 2nd May, 2012

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, 2012.

Mumbai
2nd May, 2012

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** for the year ended March 31, 2012, 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, 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
(Registration No.117364W)

Ketan Vora
Partner
Membership Number: 100459

Mumbai, May 2, 2012

AUDITORS' REPORT

TO THE MEMBERS OF EPC INDUSTRIÉ LIMITED

1. We have audited the attached Balance Sheet of **EPC Industrié Limited** (the "Company"), as at March 31, 2012, the Statement of Profit and Loss and the Cash Flow Statement of the Company for the year ended on that date, both annexed thereto. These financial statements are the responsibility of the Company's Management. Our responsibility is to express an opinion on these financial statements based on our audit.
2. We conducted our audit in accordance with the auditing standards generally accepted in India. Those Standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatements. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by the Management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.
3. As required by the Companies (Auditor's Report) Order, 2003 (CARO) issued by the Central Government of India in terms of Section 227(4A) of the Companies Act, 1956, we give in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the said Order.
4. Further to our comments in the Annexure referred to in Paragraph 3 above, we report that:
 - a) we have obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the 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 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 dealt with by this report are in compliance with the Accounting Standards referred to in Section 211(3C) of the Companies Act, 1956;
- e) in our opinion and to the best of our information and according to the explanations given to us, the said accounts give the information required by the Companies Act, 1956, in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:
 - (a) in the case of the Balance Sheet, of the state of affairs of the Company as at March 31, 2012;
 - (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.
5. On the basis of written representations received from the Directors, as on March 31, 2012, and taken on record by the Board of Directors, we report that none of the directors is disqualified as on March 31, 2012 from being appointed as a director in terms of Section 274(1)(g) of the Companies Act, 1956.

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

Ketan Vora
Partner
Membership Number: 100459

Mumbai, May 2, 2012

ANNEXURE TO THE AUDITORS' REPORT

Annexure to the Auditors' Report referred to in paragraph 3 of our Report of even date to the members of EPC Industrié Limited on the accounts for the year ended March 31, 2012

1. Having regard to the nature of the Company's activities during the year clauses (xiii) and (xiv) of CARO are not applicable.
2. In respect of its fixed assets:
 - (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of the fixed assets.
 - (b) The fixed assets have not been physically verified by the management during the year but the Company has a system of verifying the fixed assets once in every three years. In our opinion, the frequency of verification is at reasonable intervals.
 - (c) The fixed assets disposed off during the year, in our opinion, do not constitute a substantial part of the fixed assets of the Company and such disposal has, in our opinion, not affected the going concern status of the Company.
3. In respect of its inventory:
 - (a) 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 Companies Act, 1956 and accordingly the sub-clauses (a), (b), (c), (d), (e), (f) and (g) of clause (iii) of the Companies (Auditor's Report) Order, 2003 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 with regard to purchases of inventory and fixed assets and the sale of goods and services. During the course of our audit, we have not observed any major weakness in such internal control system.
6. To the best of our knowledge and belief and according to the information and explanations given to us, there are no contracts or arrangements that need to be entered in the Register maintained in pursuance of Section 301 of the Companies Act, 1956.
7. According to the information and explanations given to us, the Company has not accepted any deposits from the public during the year. Hence, clause (vi) of paragraph 4 of the Order is not applicable to the Company for the year.
8. In our opinion, the Company has an adequate internal audit system commensurate with the size and the nature of its business.
9. The Company is in the process of updating the cost records maintained by it pursuant to the Companies (Cost Accounting Records) Rules, 2011 prescribed by the Central Government under Section 209(1)(d) of the Companies Act, 1956.
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 Income Tax, Sales Tax, Customs Duty, Wealth Tax, Service Tax, Excise Duty, Cess and other material statutory dues in arrears, as at March 31, 2012 for a period of more than six months from the date they became payable.
 - (c) There are no 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, 2012 on account of any disputes, except as noted 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
Central Excise Act, 1944	Excise Duty	Commissioner of Central Excise (Appeals)	FY 1996-97	35,76,000
		Commissioner of Central Excise	FY 1997-98	6,58,000
		Superintendent of Central Excise	FY 1998-99	37,10,000

11. The accumulated losses of the Company as at the end of the year are less than fifty percent of its networth and the Company has not incurred cash losses during the financial year covered by our audit and in the immediately preceding financial year.

12. In our opinion and according to the information and explanations given to us, the Company has not defaulted in repayment of dues to banks, financial institutions and debenture holders.
13. In our opinion, the Company has not granted loans and advances on the basis of security by way of pledge of shares, debentures and other securities.
14. According to the information and explanations given to us, the Company has not given any guarantee for loans taken by others from banks or financial institutions.
15. In our opinion and according to the information and explanations given to us, the Company has not taken term loans during the year.
16. In our opinion and according to the information and explanations given to us and on an overall examination of the Balance Sheet, we report that funds raised on short-term basis have 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 Companies Act, 1956.
18. The Company has issued unsecured 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
Registration No. 117364W

Ketan Vora
Partner
Membership Number: 100459

Mumbai, May 2, 2012

CEO AND CFO CERTIFICATION

We, Ashok Sharma - Executive Director and CEO and A R Kshirsagar, Head – Finance and Accounts, responsible for the finance function certify that:

- 1) We have reviewed the financial statements and the cash flow statement for the year ended 31st March, 2012 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, 2012 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.

Head - Finance &
Accounts

Executive
Director & CEO

Mumbai
May 2, 2012

BALANCE SHEET AS AT MARCH 31, 2012

Particulars	Note No.	As at March 31, 2012 Rupees	As at March 31, 2011 Rupees
A EQUITY AND LIABILITIES			
1 Shareholders' funds			
(a) Share capital	2	172,656,150	172,556,650
(b) Reserves and surplus	3	425,890,706	373,290,528
		<u>598,546,856</u>	<u>545,847,178</u>
2 Non-current liabilities			
(a) Long-term borrowings	4	20,603,227	30,052,080
(b) Long-term provisions	5	5,672,137	6,122,240
		<u>26,275,364</u>	<u>36,174,320</u>
3 Current liabilities			
(a) Short-term borrowings	6	207,796,745	147,420,890
(b) Trade payables	7	153,259,462	135,225,691
(c) Other current liabilities	8	133,297,090	243,016,446
(d) Short-term provisions	9	6,448,298	2,952,853
		<u>500,801,595</u>	<u>528,615,880</u>
	TOTAL	<u>1,125,623,815</u>	<u>1,110,637,378</u>
B ASSETS			
1 Non-current assets			
(a) Fixed assets			
(i) Tangible assets	10A	284,131,632	185,467,362
(ii) Intangible assets	10B	1,731,028	2,382,668
(iii) Capital work-in-progress		2,183,173	23,349,291
(iv) Fixed assets held for sale	27.6	-	729,178
		<u>288,045,833</u>	<u>211,928,499</u>
(b) Non-current investments	11	11,350	11,350
(c) Deferred tax assets (net)	12	-	5,004,978
(d) Long-term loans and advances	13	50,795,891	48,207,803
		<u>338,853,074</u>	<u>265,152,630</u>
2 Current assets			
(a) Current investments	14	69,500	69,500
(b) Inventories	15	240,598,387	147,540,004
(c) Trade receivables	16	378,602,334	277,248,892
(d) Cash and cash equivalents	17	152,204,454	411,596,946
(e) Short-term loans and advances	18	13,317,353	7,609,002
(f) Other current assets	19	1,978,713	1,420,404
		<u>786,770,741</u>	<u>845,484,748</u>
	TOTAL	<u>1,125,623,815</u>	<u>1,110,637,378</u>

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 : May 2, 2012

For and on behalf of the Board of Directors

Ashok Sharma

Executive Director

Nikhilesh Panchal

Director

Anand Daga

Director

Place : Mumbai

Date : May 2, 2012

S. Durgashankar

Director

Vinayak Patil

Director

A. R. Kshirsagar

Head - Finance & Accounts

R. V. Nawghare

Company Secretary

STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED MARCH 31, 2012

Particulars	Note No.	For the year ended March 31, 2012 Rupees	For the year ended March 31, 2011 Rupees
1 Revenue from operations	20	1,250,731,203	868,096,933
2 Other income	21	20,974,824	9,424,235
3 Total revenue (1+2)		1,271,706,027	877,521,168
4 Expenses			
(a) Cost of materials consumed	22	869,981,608	579,931,943
(b) Changes in inventories of finished goods and work-in-progress	23	(79,806,589)	(47,182,601)
(c) Employee benefits expense	24	116,075,065	95,812,758
(d) Finance costs	25	28,859,996	48,668,517
(e) Depreciation and amortisation expense	10C	19,363,972	17,713,546
(f) Other expenses	26	245,618,401	159,168,054
Total expenses		1,200,092,453	854,112,217
5 Profit before tax (3 - 4)		71,613,574	23,408,951
6 Tax expense:			
(a) Current tax expense for current year		3,500,000	-
(b) (Less): MAT credit		(3,500,000)	-
(c) Current tax expense relating to prior years		-	(4,071)
(d) Net current tax expense		-	(4,071)
(e) Deferred tax		5,004,978	9,041,832
		5,004,978	9,037,761
7 Profit for the year (5 - 6)		66,608,596	14,371,190
8 Earnings per share (of Rs. 10/- each):	34		
(a) Basic		3.86	1.31
(b) Diluted		3.85	1.31

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 : May 2, 2012

For and on behalf of the Board of Directors

Ashok Sharma
Executive Director

Nikhilesh Panchal
Director

Anand Daga
Director

Place : Mumbai
Date : May 2, 2012

S. Durgashankar
Director

Vinayak Patil
Director

A. R. Kshirsagar
Head - Finance & Accounts

R. V. Nawghare
Company Secretary

Cash Flow Statement for the year ended March 31, 2012

Particulars	For the year ended March 31, 2012		For the year ended March 31, 2011	
	Rupees	Rupees	Rupees	Rupees
A. Cash flow from operating activities				
Net Profit before tax		71,613,574		23,408,951
<u>Adjustments for:</u>				
Depreciation and amortisation	19,363,972		17,713,546	
Loss on sale / write off of assets	249,842		1,529,357	
Expense on employee stock option scheme	349,738		332,974	
Finance costs	28,859,996		48,668,517	
Interest Income	(17,467,997)		(7,415,487)	
Dividend Income	(2,270)		(2,270)	
Net loss on sale of investments	-		56,600	
Liabilities / Provisions no longer required written back	(3,156,539)		(1,534,020)	
Provision for doubtful trade and other receivables, loans and advances	2,762,044		1,915,283	
Bad trade and other receivables, loans and advances written off	84,249		108,417	
		<u>31,043,035</u>		<u>61,372,917</u>
Operating profit before working capital changes		102,656,609		84,781,868
<u>Changes in working capital:</u>				
Adjustments for (increase) / decrease in operating assets:				
Inventories	(93,058,383)		(75,242,565)	
Trade receivables	(104,199,735)		(59,143,806)	
Short-term loans and advances	(5,708,351)		(2,173,162)	
Long-term loans and advances	(70,690)		2,887,841	
Other current assets	(497,075)		-	
Adjustments for increase / (decrease) in operating liabilities:				
Trade payables	21,190,310		61,086,758	
Other current liabilities	21,225,645		24,955,143	
Short-term provisions	3,495,445		(724,705)	
Long-term provisions	(450,103)		947,527	
		<u>(158,072,937)</u>		<u>(47,406,969)</u>
Cash (used in) / generated from operations		(55,416,328)		37,374,899
Net income tax (paid) / refunds		(4,711,304)		1,149,132
Net cash flow (used in) / from operating activities (A)		(60,127,632)		38,524,031
B. Cash flow from investing activities				
Capital expenditure on fixed assets, including capital advances	(102,678,284)		(58,186,363)	
Proceeds from sale of fixed assets	1,635,935		96,994	
Bank balances not considered as Cash and cash equivalents				
- Placed (net)	(42,206,713)		(9,944,482)	
Interest received	17,406,763		6,945,189	
Dividend received	2,270		2,270	
Net cash flow (used in) investing activities (B)		(125,840,029)		(61,086,392)

Cash Flow Statement for the year ended March 31, 2012 (Contd.)

Particulars	For the year ended March 31, 2012		For the year ended March 31, 2011	
	Rupees	Rupees	Rupees	Rupees
C. Cash flow from financing activities				
Proceeds from issue of equity shares	346,000		433,488,097	
Share issue expenses	(7,432,027)		(16,318,550)	
Repayment of long-term borrowings	(139,830,402)		(21,435,272)	
Net increase in working capital borrowings	60,375,855		32,692,387	
Finance costs	(29,090,970)		(48,467,443)	
Net cash flow (used in) / from financing activities (C)		(115,631,544)		379,959,219
Net (decrease) / increase in Cash and cash equivalents (A+B+C)		(301,599,205)		357,396,858
Cash and cash equivalents at the beginning of the year		369,877,425		12,480,567
Cash and cash equivalents at the end of the year		68,278,220		369,877,425
Reconciliation of Cash and cash equivalents with the Balance Sheet:				
Cash and cash equivalents as per Balance Sheet [Refer Note no. 17]		152,204,454		411,596,946
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		79,721,577		40,014,864
Balances with banks in Debt Service Reserve Account		4,204,657		1,704,657
Net Cash and cash equivalents [as defined in AS 3 Cash Flow Statements] included in Note no. 17		68,278,220		369,877,425
Cash and cash equivalents at the end of the year comprises				
(a) Cash on hand		148,035		442,654
(b) Balances with banks				
(i) In current accounts		67,610,217		107,372,001
(ii) In deposit accounts with original maturity of less than 3 months		489,728		262,032,530
(iii) In deposit accounts with original maturity of more than 3 months		30,240		30,240
		68,278,220		369,877,425

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 : May 2, 2012

For and on behalf of the Board of Directors

Ashok Sharma
Executive Director

Nikhilesh Panchal
Director

Anand Daga
Director

Place : Mumbai
Date : May 2, 2012

S. Durgashankar
Director

Vinayak Patil
Director

A. R. Kshirsagar
Head - Finance & Accounts

R. V. Nawghare
Company Secretary

Notes to the Financial Statements

NOTE NO. 1 - SIGNIFICANT ACCOUNTING POLICIES

A. Basis of Accounting:

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

B. 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.

C. Fixed Assets:

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

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

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

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

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

D. Intangible Assets:

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

E. Investments:

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

F. Inventories:

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

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

G. Foreign Exchange Transactions:

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

H. Revenue recognition

Sales of goods are recognised, net of 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.

I. 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.

J. 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.

K. Employee benefits

a) Short term employee benefits

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

b) Post-employment benefits

(i) Defined contribution plans

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

(ii) Defined benefit plans

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

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

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

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

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

c) Long term employee benefits

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

d) Employee Stock Compensation Cost

The Company has formulated Employee Stock Option Scheme (ESOS) in accordance with the SEBI (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999. The Schemes provide 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.

L. 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.

M. Taxes on income

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

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

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

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

N. 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.

O. 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.

NOTE NO. 2 - SHARE CAPITAL

Particulars	As at March 31, 2012		As at March 31, 2011	
	Number of shares	Rupees	Number of shares	Rupees
(a) Authorised				
Equity shares of Rs. 10 each with voting rights	32,000,000	320,000,000	32,000,000	320,000,000
Redeemable preference shares of Rs. 100 each	1,800,000	180,000,000	1,800,000	180,000,000
		<u>500,000,000</u>		<u>500,000,000</u>
(b) Issued				
Equity shares of Rs. 10 each with voting rights	17,267,565	172,675,650	17,258,065	172,580,650
		<u>172,675,650</u>		<u>172,580,650</u>
(c) Subscribed and fully paid up				
Equity shares of Rs. 10 each with voting rights	17,263,665	172,636,650	17,253,265	172,532,650
(d) Subscribed but not fully paid up				
Equity shares of Rs. 10 each with voting rights, Rs. 5 each not paid up	-	-	4,800	24,000
	<u>17,263,665</u>	<u>172,636,650</u>	<u>17,258,065</u>	<u>172,556,650</u>
(e) Forfeited Shares (Amount originally paid-up)	3,900	19,500		-
Total		<u><u>172,656,150</u></u>		<u><u>172,556,650</u></u>

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

Particulars	As at March 31, 2012		As at March 31, 2011	
	Number of shares	Rupees	Number of shares	Rupees
At the beginning of the year	17,258,065	172,580,650	10,700,000	107,000,000
Add: Issued during the year - Preferential Issue	-	-	6,558,065	65,580,650
Add: Issued during the year - ESOS	9,500	95,000	-	-
Less: Forfeited during the year	(3,900)	(39,000)	-	-
Outstanding as at the end of the year	<u><u>17,263,665</u></u>	<u><u>172,636,650</u></u>	<u><u>17,258,065</u></u>	<u><u>172,580,650</u></u>

Rights, preferences and restrictions attached to the equity shares

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

Shares held by the holding company

Mahindra and Mahindra Limited, the holding company (by virtue of control over the composition of the Board of Directors) holds 6,577,865 shares of the Company as at the Balance Sheet date.

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

Particulars	As at March 31, 2012		As at March 31, 2011	
	Number of shares	% holding	Number of shares	% holding
Mahindra and Mahindra Limited	6,577,865	38.10%	6,558,065	38.00%
Credit Renaissance Fund Limited	4,666,667	27.03%	4,666,667	27.04%
Trenton Investments Company Private Limited	2,329,500	13.49%	1,329,800	7.71%
Credit Renaissance Development Fund LP	933,333	5.41%	933,333	5.41%
Shishilin Investment Private Limited	-	0.00%	999,700	5.79%

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Shares reserved for issue under options 490,500 shares (As at March 31, 2011 - 500,000 shares) of Rs. 10 each towards outstanding employee stock options granted [Refer Note No. 28]

Details of calls unpaid in respect of Equity shares with voting rights

	As at March 31, 2012		As at March 31, 2011	
	Number of shares	Rupees	Number of shares	Rupees
Aggregate of calls unpaid by others	-	-	4,800	24,000

Particulars

	As at March 31, 2012 Rupees	As at March 31, 2011 Rupees
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NOTE NO. 3 - RESERVES AND SURPLUS

(a) Securities premium account		
Opening balance	619,252,328	267,663,431
Add : Premium received on shares allotted during the year	246,500	367,907,447
Add : Transferred from Shares Options Outstanding account	275,500	-
	<u>619,774,328</u>	<u>635,570,878</u>
Less : Utilised during the year for writing off shares issue expenses	(7,432,027)	(16,318,550)
Closing balance	<u>612,342,301</u>	<u>619,252,328</u>
(b) Debenture redemption reserve		
Opening balance	4,800,000	1,925,000
Add: Transferred from surplus in Statement of Profit and Loss	5,200,000	2,875,000
Closing balance	<u>10,000,000</u>	<u>4,800,000</u>
(c) Revaluation reserve		
Opening balance	41,528,003	45,661,620
Less: Utilised for set off against depreciation	(7,153,605)	(3,240,327)
Less: Written back on assets sold	(19,024)	(893,290)
Closing balance	<u>34,355,374</u>	<u>41,528,003</u>
(d) Share options outstanding account		
Opening balance	1,754,500	-
Add: Amounts recorded on grants during the year	-	1,754,500
	<u>1,754,500</u>	<u>1,754,500</u>
Less: Amounts reduced on grants lapsed during the year	(652,500)	-
Less: Transferred to Securities premium account	(275,500)	-
Less: Deferred stock compensation expense	(419,288)	(1,421,526)
Closing balance	<u>407,212</u>	<u>332,974</u>
(e) Capital Incentive Reserve		
Closing balance	4,000,000	4,000,000

Particulars	As at March 31, 2012 Rupees	As at March 31, 2011 Rupees
(f) Investment Allowance Reserve		
Closing balance	643,275	643,275
(g) Export Benefit Reserve		
Closing balance	3,210,000	3,210,000
(h) Deficit in Statement of Profit and Loss		
Opening balance	(300,476,052)	(311,972,242)
Add: Profit for the year	66,608,596	14,371,190
	<u>(233,867,456)</u>	<u>(297,601,052)</u>
Less: Amount transferred to Debenture Redemption Reserve	(5,200,000)	(2,875,000)
Closing balance	<u>(239,067,456)</u>	<u>(300,476,052)</u>
Total	<u>425,890,706</u>	<u>373,290,528</u>
NOTE NO. 4 - LONG-TERM BORROWINGS		
Secured		
Term loans from other parties	-	444,023
[Secured by hypothecation of specific vehicle repayable in 36 equated monthly instalments]		
Unsecured		
Deferred payment liabilities	20,603,227	29,608,057
[Interest Free Loan under Sales Tax Deferral Scheme balance payable in 10 annual instalments]		
Total	<u>20,603,227</u>	<u>30,052,080</u>
NOTE NO. 5 - LONG-TERM PROVISIONS		
Provision for employee benefits:		
Provision for compensated absences [Refer Note no. 29 (b)]	5,672,137	6,122,240
Total	<u>5,672,137</u>	<u>6,122,240</u>
NOTE NO. 6 - SHORT-TERM BORROWINGS		
Secured		
Loans repayable on demand from banks	207,796,745	147,420,890
Represents cash credit facilities secured by pari passu charge on current assets and Movable Fixed Assets, and pari passu mortgage on Land and Building at Nashik [Guaranteed by a Director - Rs. Nil (As at March 31, 2011 Rs. 147,420,890)]		
Total	<u>207,796,745</u>	<u>147,420,890</u>
NOTE NO. 7 - TRADE PAYABLES		
Trade payables:		
Acceptances	4,630,500	17,617,468
Other than Acceptances [Refer Note No. 27.3]	148,628,962	117,608,223
Total	<u>153,259,462</u>	<u>135,225,691</u>

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Particulars	As at March 31, 2012 Rupees	As at March 31, 2011 Rupees
NOTE NO. 8 - OTHER CURRENT LIABILITIES		
(a) Current maturities of long-term debt		
Secured		
Term loans from other parties	-	617,380
Unsecured		
Debentures *	40,000,000	170,000,000
Deferred payment liabilities	8,987,183	8,751,352
(b) Interest accrued and due on borrowings	-	7,430
(c) Other payables		
(i) Statutory remittances (Contributions to PF and ESIC, Withholding Taxes, Excise Duty, VAT, Service Tax, etc.)	8,173,392	4,350,113
(ii) Payables on purchase of fixed assets	48,806	381,284
(iii) Interest accrued on Trade Payables	-	223,544
(iv) Trade / security deposits received	17,444,932	9,818,373
(v) Advances from customers	55,942,099	47,063,562
(vi) Others - Employee Deductions	661,212	456,254
(vii) Provision for liabilities	2,039,466	1,347,154
Total	133,297,090	243,016,446

* The Company had issued Optionally Cumulative Convertible Debentures (OCCDs) carrying interest @12% p.a. (Net of Withholding Tax). The Debenture holders had an option to convert these Debentures (equivalent to the face value) into 12% Preference Shares of Rs. 100/- each from September 30, 2010 to March 31, 2012.

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

NOTE NO. 9 - SHORT-TERM PROVISIONS

(a) Provision for employee benefits:		
(i) Provision for compensated absences	3,032,626	-
(ii) Provision for gratuity (net) [Refer Note no. 29 (b)]	3,327,872	2,865,053
(b) Provision for tax	87,800	87,800
[Net of advance tax Rs. 1,062,200 (As at March 31, 2011 Rs. 1,062,200)]		
Total	6,448,298	2,952,853

NOTE NO. 10 - FIXED ASSETS



A Tangible assets	Gross block			Accumulated depreciation			Net Block			
	As at April 1, 2011	Additions	Disposals	As at March 31, 2012	Upto March 31, 2011	Depreciation for the year	Eliminated on disposal of assets	Upto March 31, 2012	As at March 31, 2011	As at March 31, 2012
Leasehold Land	39,390,388	-	-	39,390,388	5,506,142	397,752	-	5,903,894	33,486,494	33,884,246
Buildings										
Owned	76,184,116	2,350,916	-	78,535,032	32,759,617	2,342,251	-	35,101,868	43,433,164	43,424,499
Leasehold	2,290,550	-	-	2,290,550	1,781,539	76,352	-	1,857,891	432,659	509,011
Plant and Equipment	193,230,857	100,658,636	2,355,154	291,534,339	116,217,483	15,432,884	1,440,410	130,209,957	161,324,382	77,013,374
Electrical Installations	11,330,008	2,776,934	602,810	13,504,132	7,160,000	732,354	476,298	7,416,056	6,088,076	4,170,008
Furniture and Fixtures	4,995,506	679,037	-	5,674,543	3,822,629	303,111	-	4,125,740	1,548,803	1,172,877
Vehicles	6,072,889	4,368,209	2,253,819	8,187,279	2,802,777	413,962	2,141,142	1,075,597	7,111,682	3,270,112
Office Equipments	2,830,769	433,495	-	3,264,264	960,778	145,558	-	1,106,336	2,157,928	1,869,991
Factory Equipments	9,867,761	1,533,593	-	11,401,354	8,525,527	249,056	-	8,774,583	2,626,771	1,342,234
Moulds and Dies	74,006,717	10,103,079	-	84,109,796	57,184,472	3,509,012	-	60,693,484	23,416,312	16,822,245
Computers	7,860,975	1,604,736	41,562	9,424,149	5,872,210	1,066,450	19,872	6,918,788	2,505,361	1,988,765
Total	428,060,536	124,508,635	5,253,345	547,315,826	242,593,174	24,668,742	4,077,722	263,184,194	284,131,632	185,467,362
Previous year	419,698,512	24,357,583	15,995,559	428,060,536	237,059,889	18,709,203	13,175,918	242,593,174	185,467,362	
*Original Cost / Professional Valuation as on 24 th June, 1998										
B Intangible assets										
Computer software	7,983,622	1,197,195	-	9,180,817	5,600,954	1,848,835	-	7,449,789	1,731,028	2,382,668
Total	7,983,622	1,197,195	-	9,180,817	5,600,954	1,848,835	-	7,449,789	1,731,028	2,382,668
Previous year	7,838,854	144,768	-	7,983,622	3,356,284	2,244,670	-	5,600,954	2,382,668	
C. Depreciation and amortisation										
Depreciation and amortisation for the year on tangible assets (Note No. 10 A)				24,668,742	18,709,203					
Depreciation and amortisation for the year on intangible assets (Note No. 10 B)				1,848,835	2,244,670					
Less: Utilised from revaluation reserve				26,517,577	20,953,873					
Depreciation and amortisation considered in Statement of Profit and Loss				7,153,605	3,240,327					
				19,363,972	17,713,546					

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Particulars	As at March 31, 2012 Rupees	As at March 31, 2011 Rupees
NOTE NO. 11 - NON-CURRENT INVESTMENTS		
Other investments (Unquoted, At cost):		
Investment in equity instruments - Others		
1,135 Shares of Saraswat Co-op Bank Limited of Rs. 10 each fully paid	11,350	11,350
Total	11,350	11,350
NOTE NO. 12 - DEFERRED TAX ASSETS (NET)		
<u>Tax effect of items constituting deferred tax assets</u>		
Provision for compensated absences and gratuity	3,689,448	951,771
Provision for doubtful debts / advances	9,706,484	9,020,788
Disallowances under Section 40(a)(i), 43B of the Income Tax Act, 1961	11,856,131	3,480,404
Unabsorbed depreciation carried forward	2,075,617	14,890,119
Tax effect of items constituting deferred tax assets	27,327,680	28,343,082
<u>Tax effect of items constituting deferred tax liability</u>		
On difference between book balance and tax balance of fixed assets	27,327,680	23,338,104
Tax effect of items constituting deferred tax liability	27,327,680	23,338,104
Net deferred tax asset	-	5,004,978
During the year, 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	10,992,697	13,186,603
(b) Security deposits	4,694,208	4,679,546
(c) Advance income tax	9,537,996	8,326,692
[Net of provisions Rs. 3,500,000 (As at March 31, 2011 Rs. Nil)]		
(d) MAT credit entitlement	3,500,000	-
(e) Balances with government authorities		
(i) CENVAT credit receivable	5,340,527	5,335,660
(ii) Excise Refund Claim	16,730,463	16,679,302
Total	50,795,891	48,207,803
NOTE NO. 14 - CURRENT INVESTMENTS		
Current portion of long-term investments (At cost)		
Investment in government securities - National Savings Certificates	69,500	69,500
Total	69,500	69,500

Particulars	As at March 31, 2012 Rupees	As at March 31, 2011 Rupees
NOTE NO. 15 - INVENTORIES		
(At lower of cost and net realisable value)		
(a) Raw materials & Components [Goods-in-transit Rs. 71,77,268 (As at March 31, 2011 Rs. Nil)]	78,531,609	65,279,815
(b) Work-in-progress	16,967,257	10,046,114
(c) Finished goods	145,099,521	72,214,075
Total	240,598,387	147,540,004
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	71,527,726	119,750,654
Doubtful	29,916,734	27,154,690
	101,444,460	146,905,344
Less: Provision for doubtful trade receivables	29,916,734	27,154,690
	71,527,726	119,750,654
Other Trade receivables		
Unsecured, considered good	307,074,608	157,498,238
Total	378,602,334	277,248,892
NOTE NO. 17 - CASH AND CASH EQUIVALENTS		
(a) Cash on hand	148,035	442,654
(b) Balances with banks		
(i) In current accounts	67,610,217	107,372,001
(ii) In deposit accounts*	519,968	262,062,770
(c) Balances with banks held as margin money / security against borrowings and guarantees*	79,721,577	40,014,864
(d) Balances with banks in Debt Service Reserve Account	4,204,657	1,704,657
Total	152,204,454	411,596,946
* Balances with banks include deposits amounting to Rs. 30,240 [As at March 31, 2011 Rs. 30,240] and margin monies amounting to Rs. 65,367,270 [As at March 31, 2011 Rs. 25,604,997] which have an original maturity of more than 12 months.		
NOTE NO. 18 - SHORT-TERM LOANS AND ADVANCES		
(Unsecured, considered good, unless otherwise stated)		
(a) Security deposits	302,500	262,000
(b) Loans and advances to employees	734,127	26,800
(c) Prepaid expenses	3,303,591	2,062,309
(d) Balances with government authorities		
(i) VAT credit receivable	2,150,999	427,762
(ii) Service Tax credit receivable	-	26,756
(e) Others		
(i) Advances to Creditors	6,171,162	4,175,811
(ii) Advances Recoverable	654,974	627,564
Total	13,317,353	7,609,002

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Particulars	As at March 31, 2012 Rupees	As at March 31, 2011 Rupees
NOTE NO. 19 - OTHER CURRENT ASSETS		
Accruals		
(i) Interest accrued on deposits	684,786	894,896
(ii) Interest accrued on trade receivables	796,852	525,508
Others		
Insurance claims	497,075	-
Total	1,978,713	1,420,404
NOTE NO. 20 - REVENUE FROM OPERATIONS		
(a) Sale of products (Refer Note (i) below)	1,252,529,369	874,068,017
(b) Sale of services (Refer Note (ii) below)	1,947,320	1,697,482
(c) Other operating revenues (Refer Note (iii) below)	2,139,040	1,231,885
	1,256,615,729	876,997,384
Less:		
(d) Excise duty (including on scrap sales)	5,884,526	8,900,451
Total	1,250,731,203	868,096,933
Notes		
(i) Sale of products comprises:		
<u>Manufactured goods</u>		
Finished Goods	1,035,228,386	747,231,326
Components	217,300,983	126,836,691
Total - Sale of products	1,252,529,369	874,068,017
(ii) Sale of services comprises:		
Service - Agronomy Services	561,000	148,475
Service - Installation Services	1,386,320	1,549,007
Total - Sale of services	1,947,320	1,697,482
(iii) Other operating revenues comprise:		
Sale of scrap	2,139,040	1,231,885
Total - Other operating revenues	2,139,040	1,231,885
NOTE NO. 21 - OTHER INCOME		
(a) Interest income		
On deposits with banks	9,355,536	3,415,738
On overdue trade receivables	7,337,630	3,208,020
On income tax refunds	163,373	791,729
On others	611,458	-
(b) Dividend income from long-term investments		
Others	2,270	2,270
(c) Net gain on foreign currency transactions	2,726	87,220
(d) Other non-operating income		
Liabilities no longer required written back	3,156,539	1,534,020
Sales Tax refund	-	384,292
Miscellaneous income	45,292	946
Bad debts recovered	300,000	-
Total	20,974,824	9,424,235

Particulars	As at March 31, 2012 Rupees	As at March 31, 2011 Rupees
NOTE NO. 22 - COST OF MATERIALS CONSUMED		
Opening stock	65,279,815	37,219,851
Add: Purchases	883,233,402	607,991,907
	<u>948,513,217</u>	<u>645,211,758</u>
Less: Closing stock	78,531,609	65,279,815
Total	<u>869,981,608</u>	<u>579,931,943</u>
Material consumed comprises:		
Raw Material - Plastic Granules	627,593,531	454,877,404
Components	242,388,077	125,054,539
Total	<u>869,981,608</u>	<u>579,931,943</u>
NOTE NO. 23 - CHANGES IN INVENTORIES OF FINISHED GOODS AND WORK-IN-PROGRESS		
Inventories at the end of the year:		
Finished goods	145,099,521	72,214,075
Work-in-progress	16,967,257	10,046,114
	<u>162,066,778</u>	<u>82,260,189</u>
Inventories at the beginning of the year:		
Finished goods	72,214,075	27,118,756
Work-in-progress	10,046,114	7,958,832
	<u>82,260,189</u>	<u>35,077,588</u>
Net increase	<u>(79,806,589)</u>	<u>(47,182,601)</u>
NOTE NO. 24 - EMPLOYEE BENEFITS EXPENSE		
Salaries and wages	101,033,134	85,292,208
Contributions to provident and other funds [Refer Note no. 29 (a)]	10,350,263	8,653,582
Expense on employee stock option scheme (ESOS) [Refer Note no. 28]	349,738	332,974
Staff welfare expenses	4,341,930	1,533,994
Total	<u>116,075,065</u>	<u>95,812,758</u>
NOTE NO. 25 - FINANCE COSTS		
(a) Interest expense on:		
(i) Borrowings		
Debentures	10,406,334	25,550,358
Term Loans	55,991	1,022,662
Cash Credit	16,209,147	18,012,181
(ii) Trade payables	397,969	1,791,904
(iii) Others		
Interest on liabilities	436,520	-
Interest on delayed payment of taxes	38,280	635,569
(b) Other borrowing costs		
Processing fees / Guarantee Commission	1,315,755	1,655,843
Total	<u>28,859,996</u>	<u>48,668,517</u>

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Particulars	As at March 31, 2012 Rupees	As at March 31, 2011 Rupees
NOTE NO. 26 - OTHER EXPENSES		
Consumption of stores and spare parts	2,918,819	4,026,187
Consumption of packing materials	6,272,462	2,998,045
Increase / (decrease) of excise duty on inventory	(77,554)	64,988
Power and fuel	38,358,893	30,043,917
Water	475,328	321,401
Rent including lease rentals [Refer Note no. 33]	3,284,300	2,292,845
Repairs and maintenance - Buildings	3,271,916	838,020
Repairs and maintenance - Machinery	6,339,960	3,056,878
Repairs and maintenance - Others	1,738,324	800,791
Site Expenses	3,815,495	3,038,800
Insurance	1,100,983	761,648
Rates and taxes	2,377,273	1,488,452
Communication	3,655,704	3,080,720
Travelling and conveyance	21,596,133	13,986,776
Printing and stationery	2,397,002	1,585,629
Freight and forwarding	57,544,404	29,322,328
Sales commission	46,187,587	27,988,024
Sales promotion expense	4,503,549	1,535,480
Advertisements	7,542,027	3,230,175
Legal and professional fees	13,573,651	6,107,236
Payments to auditors (Refer Note below)	1,424,719	708,271
Bad trade and other receivables, loans and advances written off	84,249	108,417
Loss on fixed assets sold / scrapped / written off	249,842	1,529,357
Net loss on sale of long term investments	-	56,600
Provision for doubtful trade receivables and advances (net)	2,762,044	1,915,283
Directors' Fees	360,000	240,000
Miscellaneous expenses	13,861,291	18,041,786
Total	245,618,401	159,168,054
Note:		
Payments to the auditors comprises (net of service tax input credit, where applicable):		
As auditors - statutory audit	1,123,600	330,900
For taxation matters (includes Rs. 71,695 paid to previous auditor)	71,695	121,330
For management services	-	148,905
For other services (includes Rs. 63,974 paid to previous auditor)	229,424	35,848
Reimbursement of expenses	-	71,288
Total	*1,424,719	708,271

* Excludes Rs. 2,764,096/- which has been adjusted in securities premium account.

NOTE NO. 27 - ADDITIONAL INFORMATION TO THE FINANCIAL STATEMENTS

Particulars	As at March 31, 2012 Rupees	As at March 31, 2011 Rupees
27.1 Contingent liabilities (to the extent not provided for)		
(i) Contingent liabilities		
(a) Claims against the Company not acknowledged as debt	1,301,081	1,185,665
(b) Guarantees issued by Banks secured by Fixed Deposits	72,745,705	30,178,300
(c) Custom Duty / Interest on account of commitment to Export, under Export Promotion Capital Goods Scheme	26,313,276	17,950,748
(d) Show Cause cum Demand Notices are received from / issued by the Excise authorities. The major issues raised therein have been decided in favour of the Company at the Tribunal level. The said Notices are pending adjudication and the Company is confident of favourable decisions.	7,944,000	7,944,000
(e) Disputed income tax liability (Net of Provision) and interest demanded by department for the assessment year 1993-94 . Based on the decisions of the Appellate Orders and interpretations of relevant provisions, the Company has been advised that the demand is expected to be either deleted or substantially reduced.	2,366,859	2,366,859
(f) Long Term Loans & Advances include refund claim made for excise duty paid under protest consequent upon the judicial pronouncement made by CESTAT in favour of the Company, which was disputed by the department before higher authorities. The Commissioner (Appeals), Central Excise and Customs, Nashik has sanctioned the claim on merit but taking recourse to the principle of "Unjust Enrichment" has ordered the claim to be transferred to the credit of the "Consumer Welfare Fund". The Company had filed an appeal against the order. On hearing the appeal the Hon' CESTAT, Mumbai remanded back the case to the adjudicating authorities to examine the issue afresh. The Adjudicating Authority issued a Show Cause Notice and after personal hearing passed an order rejecting the claim without following the guidelines given by the Hon' CESTAT. The Company has filed an appeal against the order with the Commissioner (Appeals), Central Excise & Customs, Nashik. As the Company has been advised that the claim is tenable, no provision has been considered.	16,679,302	16,679,302
Note: In respect of items mentioned above, till the matters are finally decided, the timing of outflows of economic benefits cannot be ascertained.		
27.2 Commitments		
Estimated amount of contracts remaining to be executed on capital account and not provided for in respect of Tangible assets	31,838,350	46,722,420
27.3 Disclosures required under Section 22 of the Micro, Small and Medium Enterprises Development Act, 2006		
The Company has not received information from vendors regarding their status under the Micro, Small and Medium Enterprises Development Act, 2006 and hence disclosures relating to amounts unpaid as at the period end, together with interest paid / payable under this Act, have not been given.		
27.4 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.		
27.5 There are no amounts due to Investor Education and Protection Fund.		
27.6 Details of fixed assets held for sale		
Plant and machinery	-	579,178
Electrical Installation - Transformer	-	150,000
Total	<u>-</u>	<u>729,178</u>

Particulars	For the year ended 31 March, 2012 Rupees	For the year ended 31 March, 2011 Rupees
27.7 Disclosure required in terms of Chapter VII of SEBI (Issue of Capital & Disclosure Requirements) Regulations 2009		
In March, 2011, Mahindra & Mahindra Limited (M&M) was issued and allotted Equity Shares on preferential basis. Subsequently, in compliance with SEBI (Substantial Acquisition of Shares & Takeovers) Regulations, 1997, M&M made an open offer and acquired additional Equity Shares from the Public Shareholders and is now the Promoter of the Company.		
The utilisation of funds received under Preferential Issue is as under:		
Capital Expenditure	73,793,963	-
Share Issue Expenses	11,916,727	11,916,727
Margin Money for Bank Guarantees	35,308,327	-
Redemption of Debentures	130,000,000	-
Working Capital	182,469,080	56,571,370
Funds Utilised	433,488,097	68,488,097
Surplus Funds with Banks		
In Fixed Deposits	-	260,000,000
In Current Account	-	105,000,000
Total	433,488,097	433,488,097
27.8 Value of imports calculated on CIF basis :		
Raw materials and Components	5,456,941	8,820,426
Capital goods	43,245,667	1,823,986
	48,702,608	10,644,412
27.9 Expenditure in foreign currency :		
Travelling	48,644	159,420
Exhibition	59,265	-
Others	-	1,761
	107,909	161,181
27.10 Details of consumption of imported and indigenous items		
<u>Imported</u>		
Raw materials and Components	4,230,979	8,839,298
	0.49%	1.52%
<u>Indigenous</u>		
Raw materials and Components	865,750,629	571,092,645
	99.51%	98.48%
	869,981,608	579,931,943

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 Remuneration / Compensation Committee, at exercise price of Rs. 35 /- each.

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

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

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

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

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

Particulars	During the year ended March 31, 2012		During the year ended March 31, 2011	
	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	60500	35	-	NA
Granted during the year	-	NA	60,500	35
Vested during the year	9,500	35	-	NA
Exercised during the year	9,500	35	-	NA
Lapsed during the year	22,500	35	-	NA
Options outstanding at the end of the year	28,500	35	60,500	35

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

Particulars	For the year ended 31 March, 2012 Rupees	For the year ended 31 March, 2011 Rupees
Net Profit (as reported)	66,608,596	14,371,190
Add : stock based employee compensation (intrinsic value)	349,738	332,974
Less : stock based compensation expenses determined under fair value method for the grants issued (See note (d) below)	(504,586)	(480,400)
Net Profit (proforma)	66,453,748	14,223,764
Basic earnings per share (as reported)	3.86	1.31
Basic earnings per share (proforma)	3.85	1.30
Diluted earnings per share (as reported)	3.85	1.31
Diluted earnings per share (proforma)	3.85	1.30

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

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

NOTE NO. 29 - EMPLOYEE BENEFIT PLANS

(a) Defined contribution plans

The Company makes Provident Fund and Superannuation Fund contributions to defined contribution plans for qualifying employees. Under the Schemes, the Company is required to contribute a specified percentage of the payroll costs to fund the benefits. The Company recognised Rs. 5,188,935 [Year ended March 31, 2011 Rs. 4,352,472] for Provident Fund contributions and Rs. 1,380,182 [Year ended March 31, 2011 Rs. 1,249,197] for Superannuation Fund contributions in the Statement of Profit and Loss. The contributions payable to these plans by the Company are at rates specified in the rules of the schemes.

(b) Defined benefit plans

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

- i. Gratuity
- ii. Compensated absences

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

Rupees

Particulars	For the year ended March 31, 2012			For the year ended March 31, 2011		
	Gratuity	Gratuity	Compensated absences	Gratuity	Gratuity	Compensated absences
	Funded	Funded	Unfunded	Funded	Funded	Unfunded
Components of employer expense						
Current service cost	2,791,639	-	1,985,461	2,456,255	183,566	1,842,140
Interest cost	932,066	-	357,473	805,382	-	279,097
Expected return on plan assets	(912,595)	-	-	(755,282)	-	-
Actuarial losses / (gains)	(280,111)	-	(1,068,904)	(820,732)	393,357	(43,503)
Total expense recognised in the Statement of Profit and Loss	2,530,999	-	1,274,030	1,685,623	576,923	2,077,734
Actual contribution and benefit payments for year						
Actual benefit payments	(1,278,010)	(576,923)	(1,188,520)	(562,162)	-	(1,193,525)
Actual contributions	1,079,104	576,923	1,188,520	2,599,103	-	1,193,525
Net asset / (liability) recognised in the Balance Sheet						
Present value of defined benefit obligation	13,094,312	-	5,055,200	12,253,476	576,923	4,969,690

Particulars	For the year ended March 31, 2012			For the year ended March 31, 2011		
	Gratuity	Gratuity	Compensated	Gratuity	Gratuity	Compensated
	Funded	Funded	absences Unfunded	Funded	Funded	absences Unfunded
Fair value of plan assets	9,766,440	-	-	9,965,346	-	-
Funded status [Surplus / (Deficit)]	(3,327,872)	-	(5,055,200)	(2,288,130)	(576,923)	(4,969,690)
Net asset / (liability) recognised in the Balance Sheet	(3,327,872)	-	(5,055,200)	(2,288,130)	(576,923)	(4,969,690)
Change in defined benefit obligations (DBO) during the year						
Present value of DBO at beginning of the year	12,253,476	576,923	4,969,690	10,348,350	-	4,085,481
Current service cost	2,791,639	-	1,985,461	2,456,255	183,566	1,842,140
Interest cost	932,066	-	357,473	805,382	-	279,097
Actuarial (gains) / losses	(1,192,706)	-	(1,068,904)	(794,349)	393,357	(43,503)
Benefits paid	(1,278,010)	(576,923)	(1,188,520)	(562,162)	-	(1,193,525)
Benefit Paid Directly by Company	(412,153)	-	-	-	-	-
Present value of DBO at the end of the year	13,094,312	-	5,055,200	12,253,476	576,923	4,969,690
Change in fair value of assets during the year						
Plan assets at beginning of the year	9,965,346	-	-	6,894,618	-	-
Acquisition adjustment	-	-	-	252,122	-	-
Expected return on plan assets	912,595	-	-	755,282	-	-
Actual company contributions	1,079,104	576,923	1,188,520	2,599,103	-	1,193,525
Actuarial gains / (losses)	(912,595)	-	-	26,383	-	-
Benefits paid	(1,278,010)	(576,923)	(1,188,520)	(562,162)	-	(1,193,525)
Plan assets at the end of the year	9,766,440	-	-	9,965,346	-	-
Actual return on plan assets	-	-	-	781,665	-	-
Composition of the plan assets is as follows:						
Insurer managed funds	9,766,440	-	-	9,965,346	-	-
Actuarial assumptions						
Discount rate	8.57%		8.57%	8.17%		8.17%
Expected return on plan assets	9.25%		-	9.25%		-
Salary escalation	10.00%		10.00%	10.00%		10.00%
Attrition	5.00%		5.00%	5.00%		5.00%
Mortality tables	LIC (1994-96) Ult		LIC (1994-96) Ult	LIC (1994-96) Ult		LIC (1994-96) Ult
Estimate of amount of contribution in the immediate next year	3,327,872		2,902,909	2,865,053		2,467,067

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.

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

Experience adjustments	2011-2012	2010-2011	2009-2010	2008-2009	2007-2008
Gratuity					
Present value of DBO	13,094,312	12,830,399	10,348,350	9,342,790	7,470,859
Fair value of plan assets	9,766,440	9,965,346	6,894,618	3,832,688	2,799,952
Funded status [Surplus / (Deficit)]	(3,327,872)	(2,865,053)	(3,453,732)	(5,510,102)	(4,670,907)
Experience gain / (loss) adjustments on plan liabilities	697,153	197,459	(395,921)	-	-
Experience gain / (loss) adjustments on plan assets	(912,595)	26,383	124,025	-	-
Compensated absences Present value of DBO	5,055,200	4,969,690	4,085,481	3,464,355	3,502,894
Fair value of plan assets	-	-	-	-	-
Funded status [Surplus / (Deficit)]	(5,055,200)	(4,969,690)	(4,085,481)	(3,464,355)	(3,502,894)
Experience gain / (loss) adjustments on plan liabilities	870,704	(28,253)	645,670	-	-
Experience gain / (loss) adjustments on plan assets	-	-	-	-	-

NOTE NO. 30 - RELATED PARTY DISCLOSURES

Details of related parties:

a) Parties where control exists

Name	Relationship
Mahindra and Mahindra Limited	Holding Company (by virtue of control over the composition of the Board of Directors) w.e.f. October 1, 2011

b) Other related parties with whom transactions have been undertaken

Name	Relationship
Mahindra Logistics Limited	Fellow subsidiary w.e.f. October 1, 2011
Credit Renaissance Fund Limited	Associate
Credit Renaissance Development Fund LP	Associate
Mr. K. L. Khanna	Key Management Personnel (KMP) upto September 30, 2011
Kimplas Piping Systems Limited	Entities in which KMP / relatives of KMP have significant influence upto September 30, 2011
Trans Continental Capital Advisors Private Limited	Entities in which KMP / relatives of KMP have significant influence upto September 29, 2011
Garuda Plant Products Limited	Entities in which KMP / relatives of KMP have significant influence upto September 30, 2011
Patkaai Plastics Private Limited	Entities in which KMP / relatives of KMP have significant influence upto September 30, 2011

c) Details of related party transactions during the year ended March 31, 2012 and balances outstanding as at March 31, 2012:

(Amount in Rupees)

Particulars	Holding Company	Fellow subsidiary	Associate	KMP	Entities in which KMP / relatives of KMP have significant influence
Transactions during the year					
Sale of goods					
Mahindra and Mahindra Limited	106,841				
	(-)				
Kimplas Piping Systems Limited					34,662,522
					(84,317,003)
Patkaai Plastics Private Limited					2,375,294
					(5,029,341)
Interest income					
Kimplas Piping Systems Limited					3,474,784
					(2,955,641)
Purchase of goods					
Kimplas Piping Systems Limited					10,368,500
					(14,089,434)
Purchase of fixed assets					
Mahindra and Mahindra Limited	5,874,773				
	(-)				
Professional Fees					
Garuda Plant Products Limited					-
					(17,763,815)
Trans Continental Capital Advisors Private Limited					-
					(12,684,500)
Remuneration					
Mr. K. L. Khanna				4,415,385	
				(5,871,062)	
Interest expense					
Credit Renaissance Fund Limited			8,775,388		
			(21,550,363)		
Credit Renaissance Development Fund LP			1,630,946		
			(3,999,995)		
Commission expense					
Kimplas Piping Systems Limited					-
					(937,727)

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Particulars	Holding Company	Fellow subsidiary	Associate	KMP	Entities in which KMP / relatives of KMP have significant influence
Management contracts including for deputation of employees					
Mahindra and Mahindra Limited	7,243,249				
	(-)				
Mahindra Logistics Limited		101,110			
		(-)			
Re-imburement of expenses					
Mahindra and Mahindra Limited	1,108,766				
	(-)				
Balances outstanding at the end of the year					
Trade receivables					
Mahindra and Mahindra Limited	106,841				
	(-)				
Trade payables					
Mahindra and Mahindra Limited	7,372,324				
	(-)				
Mahindra Logistics Limited		22,750			
		(-)			
Borrowings - Debentures					
Credit Renaissance Fund Limited			33,333,300		
			(141,666,700)		
Credit Renaissance Development Fund LP			6,666,700		
			(28,333,300)		
			-	-	-

Note: Figures in bracket relates to the previous year

NOTE NO. 31 - PRIOR PERIOD ITEMS

Particulars

For the year ended
31 March, 2012

For the year ended
31 March, 2011

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

Employee benefit expense (compensated absences)	2,467,067	-
Miscellaneous expenses	-	3,090,043

NOTE NO. 32 - SEGMENT REPORTING

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

NOTE NO. 33 - DETAILS OF LEASING ARRANGEMENTS

As Lessee

The Company has entered into operating lease arrangements for certain facilities and office premises. The leases are generally cancellable and are for a period of 11 months to 3 years under lease & license agreements and may be renewed by mutual consent on mutually agreeable terms.

Particulars	For the year ended 31 March, 2012	For the year ended 31 March, 2011
Lease payments recognised in the Statement of Profit and Loss	1,818,353	1,574,512

NOTE NO. 34 - EARNINGS PER SHARE

Basic

Net Profit for the year attributable to the equity shareholders	66,608,596	14,371,190
Weighted average number of equity shares	17,258,143	10,969,510
Par value per share	10	10
Earnings per share - Basic	3.86	1.31

Diluted

Net Profit for the year attributable to equity shareholders (on dilution)	66,608,596	14,371,190
Weighted average number of equity shares for Basic EPS	17,258,143	10,969,510
Add: Effect of ESOPs which are dilutive	20,822	9,989
Weighted average number of equity shares - for diluted EPS	17,278,965	10,979,499
Par value per share	10	10
Earnings per share - Diluted	3.85	1.31

Note no. 35 - Previous year's figures

The Revised Schedule VI has become effective from April 1, 2011 for the preparation of financial statements. This has significantly impacted the disclosure and presentation made in the financial statements. Previous year's figures have been regrouped / reclassified wherever necessary to correspond with the current year's classification / disclosure.

In terms of our report attached

For Deloitte Haskins & Sells
Chartered Accountants

Ketan Vora
Partner

Place : Mumbai
Date : May 2, 2012

For and on behalf of the Board of Directors

Ashok Sharma
Executive Director

Nikhilesh Panchal
Director

Anand Daga
Director

Place : Mumbai
Date : May 2, 2012

S. Durgashankar
Director

Vinayak Patil
Director

A. R. Kshirsagar
Head - Finance & Accounts

R. V. Nawghare
Company Secretary



PROXY FORM
EPC INDUSTRIÉ LIMITED

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

L.F. No.....

* D.P. ID.....

* Client ID

* (Applicable if shares are held in electronic form)

I/We of being a Member/Members of EPC INDUSTRIÉ LIMITED hereby appoint of or failing him/ her of as my/ our proxy to vote for me/us and on my/our behalf at the Thirtieth Annual General Meeting of the Company to be held at the Registered Office of the Company at Plot No.H-109, MIDC Ambad, Nashik-422 010 on Wednesday, 1st August, 2012 at 2.30 p.m. and at any adjournment thereof.

Signed this day of 2012

Affix Re. 1 Revenue Stamp

(Signature of the Shareholder/s)

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