

EPC INDUSTRIÉ LIMITED



**29TH ANNUAL REPORT
2010-2011**



BOARD OF DIRECTORS

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

COMPANY SECRETARY

Ratnakar Nawghare

AUDITORS

Desai Associates

BANKERS

YES Bank Ltd.
IDBI Bank Ltd.

CORPORATE OFFICE & WORKS

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

REGISTERED OFFICE

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

BRANCHES

Akola, Bargarh, Bhopal, Coimbatore, Hubli, Hyderabad,
Jaipur, Jalon, Latur, Raipur, Sangli, Thrissur, Vadodara

REGISTRARS & TRANSFER AGENTS

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

NOTICE

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

ORDINARY BUSINESS

1. To receive and adopt the audited Balance Sheet as at 31st March, 2011 and the Profit and Loss Account for the year ended on that date and the Reports of the Directors and the Auditors thereon.
2. To appoint a Director in place of Mr. Jayendra Shah who retires by rotation and, being eligible, offers himself for re-appointment.

SPECIAL BUSINESS

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

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

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

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

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

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

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

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

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

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

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

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

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

FURTHER RESOLVED THAT the Board be authorised to do all such acts, deeds, matters and things to give effect to the aforesaid Resolution”.

NOTES

- A. Explanatory Statement as required under section 173(2) of the Companies Act, 1956 is annexed hereto.
- B. **A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE INSTEAD OF HIMSELF AND A PROXY NEED NOT BE A MEMBER.**

- C. The instrument appointing a proxy must be deposited with the Company at its Registered Office not less than 48 hours before the time for holding the Meeting.
- D. The Company's Registrar and Transfer Agents for its Share Registry Work (Physical and Electronic) are Sharepro Services (India) Private Limited having their office premises at 13AB, Samhita Warehousing Complex, 2nd Floor, Sakinaka Telephone Exchange Lane, Off Andheri Kurla Road, Sakinaka, Andheri (East), Mumbai – 400 072.
- E. The Register of Members and Transfer Books of the Company will be closed from 24th September, 2011 to 29th September, 2011 (both days inclusive).
- F. Members can avail of the facility of the nomination in respect of the Shares held by them in physical form pursuant to the provisions of Section 109A of the Companies Act, 1956. Members desiring to avail of this facility may send their nomination in the prescribed Form No. 2B duly filled in to Sharepro Services (India) Private Limited at the above mentioned address. Members holding shares in electronic mode may contact their respective Depository Participants for availing this facility.
- G. The Ministry of Corporate Affairs, Government of India, has taken a "Green Initiative in Corporate Governance" by allowing paperless compliances by the companies and has issued Circulars inter alia stating that the service of notice/ documents to the Members can be made in electronic mode. In support of the Green Initiative, your Company sent a Circular dated 16th May, 2011 by e-mail to those Members who have registered their e-mail address with their Depository Participant and made available to the Company by the Depositories, informing them about the Company's proposal to send the documents like Notice calling the Annual General Meeting, Audited Financial Statements, Directors' Report, Auditors' Report, etc. from the Financial Year ended 31st March, 2011 onwards and other communication, in electronic mode. These Members were also given an option to continue to receive the documents in Physical Form. Accordingly, the Annual Report for the year 2010-11, Notice for the Annual General Meeting, etc. are being sent in electronic mode to

such Members of the Company whose e-mail addresses are available with the Company and who have not opted to receive the same in physical form.

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

H. Members are requested to:

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

I. Appointment/Re-appointment of Directors

Mr. Ashok Sharma, Mr. S. Durgashankar, Mr. Nikhilesh Panchal, Mr. Anand Daga and Mr. Jayendra Shah do not hold any Equity Shares in the Company.

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

By Order of the Board

Ratnakar Nawghare
Company Secretary

Registered Office:

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

5th August, 2011

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

Item No.3

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

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

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

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

The Directors recommend the Resolution for acceptance by the Members.

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

Item No.4

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

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

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

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

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

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

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

Item No.5

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

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

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

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

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

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

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

Item No.6

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

Mr. Panchal is currently working as a Partner in Khaitan & Company, Solicitors and Advocates, Mumbai. Mr. Panchal has a Bachelor's Degree in Commerce and Law and has done Master's Degree in Law (L.L.M.) and he is a Solicitor.

Mr. Panchal has rich experience in acquisitions, takeover and mergers, foreign collaborations and joint venture transactions. He also has expertise on procedures under Foreign Exchange Management Act, 1999 and Corporate Law, intellectual property rights, commercial litigations. He has also been involved in contract negotiations and regularly advises on structuring, acquisitions, Joint Ventures and corporate and commercial matters.

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

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

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

Item No.7

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

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

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

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

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

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

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

Item No.8

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

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

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

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

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

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

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

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

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

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

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

By Order of the Board

Ratnakar Nawghare
Company Secretary

Registered Office:

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

5th August, 2011

29th Annual Report 2010-11

DIRECTORS' REPORT

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

Financial Highlights

(Rs. in lacs)

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

Operations and Financial Overview

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

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

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

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

Dividend

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

Management Discussion and Analysis Report

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

Corporate Governance

Your Company believes in sound practices of Good Corporate Governance. Transparency, Accountability and Responsibility are the fundamental guiding principles for all decisions, transactions and policy matters of the Company.

A Report on Corporate Governance alongwith a Certificate from the Statutory Auditors of the Company regarding compliance of conditions of Corporate Governance as stipulated under Clause 49 of the Listing Agreement forms part of this Annual Report.

Share Capital

Issue of Shares on Preferential basis

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

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

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

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

Finance

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

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

Stock Options

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

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

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

Industrial relations

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

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

Safety, Health and Environmental Performance

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

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

Directors

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

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

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

Directors' Responsibility Statement

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

- (i) in the preparation of the annual accounts, the Applicable Accounting standards have been followed;
- (ii) they have, in the selection of the accounting policies, consulted the Statutory Auditors and these have been applied consistently and reasonable and prudent judgments and estimates have been made so as to give a true and fair view of the state of affairs of the Company as at 31st March, 2011 and of the profit of the Company for the year ended on that date;
- (iii) proper and sufficient care has been taken for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
- (iv) the annual accounts have been prepared on a Going Concern Basis.

Auditors

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

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

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

Public Deposits & Loans / Advances

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

29th Annual Report 2010-11

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

Current Year

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

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

Energy Conservation and Technology Absorption and Foreign Exchange Earnings and Outgo

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

Particulars of Employees

The Company had no employee, who was employed throughout the Financial Year and was in receipt of remuneration of not less than Rs. 60,00,000 per annum during the year ended 31st March, 2011, or was employed for a part of the Financial year and was in receipt of remuneration of not less than Rs. 5,00,000 per month during any part of the year.

Acknowledgement

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

For and On behalf of the Board

K L Khanna
Chairman & Managing Director

Place : Nashik
Dated : 5th August, 2011

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

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

(a) Options granted	60,500												
(b) The pricing formula	The Stock Options are granted at a fixed price of Rs. 35.00 per share.												
(c) Options vested	Nil												
(d) Options exercised	Nil												
(e) The total number of shares arising as a result of exercise of option	Nil												
(f) Options lapsed	Nil												
(g) Variation of terms of options	Nil												
(h) Money realised by exercise of options	Nil												
(i) Total number of options in force	60,500												
(j) Employee wise details of options granted to													
(i) Senior managerial personnel	<table><tr><td></td><td>Options Granted</td></tr><tr><td>1) Mr. Jayendra Shah</td><td>10,000</td></tr><tr><td>2) Mr. Vinayak Patil</td><td>10,000</td></tr><tr><td>3) Mr. Bhoopendra Sharma</td><td>10,000</td></tr><tr><td></td><td>Total</td></tr><tr><td></td><td><u>30,000</u></td></tr></table> <p>* Further details are given at the end of this annexure.</p>		Options Granted	1) Mr. Jayendra Shah	10,000	2) Mr. Vinayak Patil	10,000	3) Mr. Bhoopendra Sharma	10,000		Total		<u>30,000</u>
	Options Granted												
1) Mr. Jayendra Shah	10,000												
2) Mr. Vinayak Patil	10,000												
3) Mr. Bhoopendra Sharma	10,000												
	Total												
	<u>30,000</u>												
(ii) Any other employee who receives a grant in any one year of option amounting to 5% or more of option granted during that year	No												
(iii) Identified employees who were granted option, during any one year, equal to or exceeding 1% of the issued capital (excluding outstanding warrants and conversions) of the company at the time of grant	Nil												
(k) Diluted Earnings Per Share (EPS) pursuant to issue of shares on exercise of option calculated in accordance with Accounting Standard (AS) 20 'Earnings Per Share'	Rs. 1.31												
(l) Where the company has calculated the employee compensation cost using the intrinsic value of the stock options, the difference between the employee compensation cost so computed and the employee compensation cost that shall have been recognized if it had used the fair value of the options, shall be disclosed. The impact of this difference on profits and on EPS of the company shall also be disclosed	The Company has calculated the employee compensation cost, using the intrinsic value of stock options. Had the fair value method been used, in respect stock options granted under the Employees Stock Option Scheme, 2010, the employee compensation would have been higher by Rs.1.47 lacs, Profit after Tax lower by Rs.1.47 lacs and the basic and diluted earnings per share would have lower by Rs. 0.01 and Rs. 0.01 respectively.												
(m) Weighted-average exercise prices and weighted-average fair values of options shall be disclosed separately for options whose exercise price either equals or exceeds or is less than the market price of the stock	<table><tr><td>Options Grant Date</td><td>Exercise Price (Rs.)</td><td>Fair Value (Rs.)</td></tr><tr><td>19th Nov. 2010</td><td>35</td><td>41.84</td></tr></table>	Options Grant Date	Exercise Price (Rs.)	Fair Value (Rs.)	19th Nov. 2010	35	41.84						
Options Grant Date	Exercise Price (Rs.)	Fair Value (Rs.)											
19th Nov. 2010	35	41.84											
(n) A description of the method and significant assumptions used during the year to estimate the fair values of options, including the following weighted-average information:	<p>The fair value of the Stock Options granted on 19th November, 2010 have been calculated using Black-Scholes Options Pricing Formula and the significant assumptions made in this regard are as follows:</p> <p>(i) risk-free interest rate 7.65%</p> <p>(ii) expected life 3.50 years</p> <p>(iii) expected volatility, 58.12%</p> <p>(iv) expected dividends and Nil, as the Company has not declared any dividend.</p> <p>(v) the price of the underlying share in market at the time of option grant. Rs. 64</p>												

* Grant Date - 19th Nov. 2010

Vesting Period - Four equal instalments in November, 2011, 2012, 2013 and 2014 respectively.

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

Exercise Price - Rs. 35 per Share