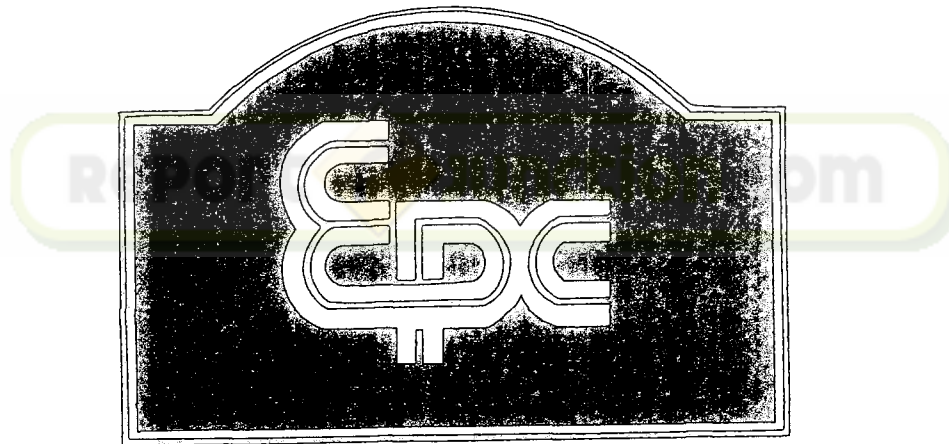


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YE	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>		

EPC INDUSTRIE LIMITED



16TH ANNUAL REPORT
1997-98



CHAIRMAN EMERITUS	Krishen Lal Khanna
BOARD OF DIRECTORS	Indrani Khanna, Chairperson Satish K. Arora Dilip J. Thakkar Ravindra K. Kulkarni Jugal Kishore Tandon Deepanjali R. Chhapwale S. K. Dasgupta Nominee of Unit Trust of India
MANAGEMENT TEAM	Vinayak V. Shembekar, Senior President Vilas V. Shembekar, President (Business Operations) Kirit M. Mehta, President (Finance) & Company Secretary
AUDITORS	Mukadam and Associates, Chartered Accountants
BANKERS	State Bank of India SBI Commercial & International Bank Ltd. Bank of India
CORPORATE OFFICE	B - 20, MIDC, Ambad, Nashik - 422 010
WORKS	H - 109, MIDC, Ambad, Nashik - 422 010
REGISTERED OFFICE	201, Delta Hiranandani Gardens Powai, Mumbai - 400 076
BRANCHES	Ahmedabad, Bhopal, Bhubaneshwar, Coimbatore, Hubli, Indore, Jaipur, Kanpur, Mysore, New Delhi, Sangli, Secunderabad, Trichur
REGISTRARS & TRANSFER AGENTS	IIT Corporate Services Limited IIT House, M. Vasanji Road, Andheri (East), Mumbai - 400 093

16th Annual Report 1997-98

NOTICE

THE 16TH ANNUAL GENERAL MEETING OF THE MEMBERS OF EPC INDUSTRIE LIMITED WILL BE HELD ON WEDNESDAY, 30TH DECEMBER, 1998 AT 3.30 P.M. AT KILACHAND CONFERENCE HALL, INDIAN MERCHANT CHAMBERS, CHURCHGATE, MUMBAI - 400 020 to transact the following business :

1. To consider and adopt the Directors' Report and Audited Profit and Loss Account for the period ended 31st July, 1998, together with the Balance Sheet as at that date and the Report of the Auditors thereon.
2. To appoint a Director in place of Mrs. Indrani Khanna who retires by rotation and being eligible offers herself for re-appointment.
3. To appoint a Director in place of Mr. Jugal Kishore Tandon who retires by rotation and being eligible offers himself for re-appointment.
4. To approve pro-rata increase in the Auditors' remuneration consequent to the extension of the accounting year to 16 months.
5. To appoint Auditors and fix their remuneration.

NOTES:

1. A MEMBER ENTITLED TO ATTEND AND VOTE IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE INSTEAD OF HIMSELF AND THE PROXY NEED NOT BE A MEMBER. THE INSTRUMENT OF PROXY SHOULD, HOWEVER BE DEPOSITED AT THE REGISTERED OFFICE OF THE COMPANY NOT LESS THAN FORTY EIGHT HOURS BEFORE THE COMMENCEMENT OF THE MEETING.
2. The Register of Members and Transfer Books of the Company will remain closed from 24th December, 1998 to 6th January 1999, both days inclusive.
3. Members are requested to advise the Company/Registrar immediately of changes in their addresses, if any.
4. Shareholders seeking any information with regard to accounts are requested to write to the Company atleast fifteen days in advance so as to enable the Company to keep the information ready.
5. Pursuant to Section 205A of the Companies Act, 1956, all Unpaid/Unclaimed Dividends for the financial years ended 31st March 1994 and 31st March 1995 have been transferred to the General Revenue Account of the Central Government. Members who have not encashed their Dividend Warrants are requested to make an application to the Registrar of Companies, Maharashtra, Hakoba Mill Compound, Dattaram Lad Marg, Kala Chowki, Mumbai - 400 033 in the prescribed Form No.II under the Companies Unpaid Dividend (Transfer to General Revenue Account of the Central Government) Rules, 1978.
6. Members are requested to bring the copy of their Annual Report and Attendance Slip at the Annual General Meeting.
7. Members are advised to consolidate their Ledger Folios where they are holding shares in different folios in the same sequence of name(s).
8. The shares of the Company are listed with Mumbai, Ahmedabad and Vadodara Stock Exchanges. The Company has paid listing fees for the year 1998-99 to the above Stock Exchanges.

BY ORDER OF THE BOARD

KIRIT M. MEHTA

President (Finance) & Company Secretary

Registered Office:

201, Delta,
Hiranandani Gardens,
Powai, Mumbai - 400 076.

Mumbai : 28th November, 1998



DIRECTORS' REPORT

Your Directors present their Sixteenth Annual Report on the business and operations of the Company and the Financial Statement for the period ended 31st July, 1998.

FINANCIAL RESULTS

				1997-98 (16 months)	1996-97 (12 months) Rs. - Lakhs
Profit Before Depreciation and Interest	...	...	...	1,085.00	1,071.45
Depreciation	...	...	...	227.37	159.36
Interest	...	...	...	1,139.24	808.50
Profit /(Loss) before Tax	...	...	...	(281.61)	103.59
Taxation	...	...	...	0.50	16.00
Profit /(Loss) after Tax	...	...	...	(282.11)	87.59
Balance from Previous Year	...	...	...	172.80	90.23
Prior period expenses	...	...	...	7.49	5.02
Surplus/(Deficit) carried to Balance Sheet	...	...	...	(116.80)	172.80

Your Company suffered the loss during the period under review which is mainly attributable to fixed period costs (including interest) during traditionally lean months of May - July which formed part of the accounting period extended this year.

Your Directors are confident to report improved performance for the current year as a result of stringent measures undertaken to check the overheads and to reduce working capital cycle to lessen the interest incidence.

OPERATIONS

Micro (Drip & Sprinkler) Irrigation industry continues to enjoy 'Priority' status and a sizable subsidy from Government while offer enormous growth potential on one hand also act as major restraining factor due to the delays in their disbursements. Government machinery, at Central and State levels, are duly appraised of the issue and the consequences thereof to the farming community and the industries offering the Irrigation systems. However, procedures for speedy disbursals could not be rationalised in view of the political uncertainty in the country throughout the period under review. In the meantime as an immediate measure, your Directors, decided to concentrate and effect sales selectively in those Districts/States where the scope for such delay is likely to be minimum. This judicious approach, despite a dip in turnover, helped in improving the quality of receivables.

During the year under review, major thrust in the turnover was thus planned and attempted in the fields of Plastics Piping Systems for gas and water distribution and having applications in industrial and domestic sectors where your company is quite favourably placed. The anticipated major offtake of these products commenced albeit, belatedly at the end of the period under review. The current order book position is satisfactory.

REVALUATION OF FIXED ASSETS

Your Company has made substantial investments in the fixed assets. The difference between the book and market value was quite substantial. Independent professional valuers were appointed to ascertain and certify the replacement and Net Present Value thereof. Your Directors deemed it prudent to bring in books of accounts the Net Present Value of fixed assets (other than Office Premises at Ahmedabad, Furniture & Fixtures, Office Equipment and Vehicles) on the basis of the valuers' certificate dated 24th June, 1998. The Revaluation upliftment of Rs. 11.80 Crores is credited to Capital (Revaluation) Reserve.

CHANGE OF NAME

Pursuant to the resolution passed at the last Annual General Meeting held on 30th September, 1997, the name of the Company was changed from EPC Irrigation Limited to 'EPC INDUSTRIE LIMITED' with effect from 13th October, 1997. The present name appropriately reflects the multifaceted character of operations of your Company.

16th Annual Report 1997-98**SHIFTING OF REGISTERED OFFICE**

The Registered Office of the Company has been shifted to 201, Delta, Hiranandani Gardens, Powai, Mumbai - 400 076 with effect from 12th June, 1998.

CHANGE IN CLOSING OF ACCOUNTING YEAR

In accordance with the practice prevalent amongst the companies operating in the agri related fields, your Directors decided to adopt the change in accounting year of the Company from end March to end July from 1997-98. Accordingly the present Statement of Accounts cover 16 months' period ended 31st July, 1998.

INSURANCE

Your Company's properties are fully insured against fire, strike, riots, earthquake and malicious damage risk.

COMPANIES (DISCLOSURE OF PARTICULARS IN THE REPORT OF BOARD OF DIRECTORS) RULES, 1988 AND COMPANIES (PARTICULARS OF EMPLOYEES) RULES, 1975.

Particulars pursuant to Section 217 (2-A) of the Companies Act, 1956, read with the Companies (Particulars of Employees) Rules, 1975 and Section 217 (1)(e) of the said Act read with Companies (Disclosure of Particulars in the Report of the Board of Directors) Rules, 1988 are given in the Annexure forming part of this report.

DIRECTORS

Mrs. Indrani Khanna and Mr. Jugal Kishore Tandon retire by rotation at the ensuing Annual General Meeting and, being eligible offer themselves for reappointment.

Mr. S. K. Dasgupta was nominated on the Board of Directors of your Company by Unit Trust of India with effect from 24th August, 1998.

Mr. F. Kulker, resigned as Director on 24th August, 1998. Your Directors place on record their appreciation for the valuable services rendered by Mr. F. Kulker during his tenure on the Board.

AUDITORS' REPORT

The Comments in the Auditors' Report have been suitably explained in the Notes to the Accounts.

AUDITORS

M/s. Mukadam & Associates, Chartered Accountants, retire as Auditors of the Company and are eligible for reappointment.

FIXED DEPOSITS

The Company has not accepted any deposit from the public during the year.

APPRECIATION

Your Directors place on record their deep sense of appreciation of the devoted services of the executives, staff and workers of the Company during the highly challenging environment in the period under review. Also your Directors express their grateful thanks to the Company's Bankers, Debenture holders and Shareholders for their continued support and faith reposed in the management.

For and on behalf of the Board of Directors,

INDRANI KHANNA

Chairperson

Mumbai, 28th November, 1998.



ANNEXURE TO DIRECTORS' REPORT

INFORMATION REQUIRED UNDER THE COMPANIES (DISCLOSURE OF PARTICULARS IN THE REPORT OF THE BOARD OF DIRECTORS) RULES, 1988.

A. CONSERVATION OF ENERGY

Company's operations involve relatively low energy consumption. The scope for substantial savings in energy cost/consumption is therefore limited.

A special attention was given while designing the new factory building to maximize the benefits of natural air and light to reduce the electrical energy

Various steps have been taken to ensure judicious consumption of electrical energy by improved house keeping, installing power saving devices, monitoring the use of electrical lights and equipments,

B. TECHNOLOGY ABSORPTION, RESEARCH & DEVELOPMENT

The Company has successfully completed absorption of technology imported for Irrigation and Plastics Piping Systems having varied applications. Research and Development activities have been conducted to improve quality of existing products, develop new products and alternative raw materials so as to improve product quality and to reduce costs.

C. FOREIGN EXCHANGE EARNING AND OUTGO

The Company's Plastics Piping Systems accredited with quality certification from British Gas have export potential. Exports have been effected to African countries, Myanmar and Bhutan. It is expected to grow during the current year.

The information on foreign exchange outgo is contained in para 21(F), (I) & (J) Schedule R to the Accounts.

STATEMENT OF PARTICULARS OF EMPLOYEES PURSUANT TO THE PROVISION OF SECTION 217(2A) OF THE COMPANIES ACT, 1956 READ WITH THE COMPANIES (PARTICULARS OF ACT, AND FORMING PART OF THE DIRECTORS' REPORT FOR THE PERIOD ENDED 31ST JULY, 1998.

A. Employed throughout the period and were in receipt of remuneration of not less than Rs. 3,00,000 per annum

Name, Qualification Age	Designation	Gross Remuneration (Rupees)	Experience (Years)	Date of Commencement of Employment	Last Employment
Mr. Vinayak V. Shembekar, B.E.(Elect.(Hons) 50 Years	Senior President	5,54,642	28	7th December, 1987	Mafatlal Engineering Limited
Mr. Vilas V. Shembekar, B.Com., A.C.A., A.C.S., A.I.C.W.A. 44 Years	President (Business Operations)	4,74,011	24	1st June, 1992	Trenton Investments Co. (P) Ltd
Mr. Kirit M. Mehta, B.Com., A.C.A., A.C.S., LL.B. 44 Years	President (Finance) & Company Secretary	4,70,388	24	1st April, 1990	Trenton Investments Co. (P) Ltd

B. Employed for the part of the year and were in receipt of Remuneration of not less than Rs.25,000 per month.

NIL

Notes : 1. Nature of employment for above employees is non-contractual.

2. Gross remuneration include salary, house rent allowance/accommodation at concessional rent, reimbursement of medical expenses, leave travel allowance and monetary value of other perquisites as per Income Tax Act, 1961.

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AUDITORS' REPORT

We have audited the attached Balance Sheet of EPC INDUSTRIE LIMITED as at 31st July, 1998 and the Profit & Loss Account for the period ended on that date annexed thereto and report that:

- 1) As required by the Manufacturing and Other Companies (Auditors' Report) Order, 1988 issued by the Company Law Board 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.
- 2) Further to our comments in the Annexure referred to in Paragraph 1 above:
 - (a) We have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit;
 - (b) proper books of account as required by law have been kept by the company so far as appears from our examination of the books;
 - (c) the Balance Sheet and Profit & Loss Account referred to in this report are in agreement with the books of account.
 - (d) In our opinion the Profit and Loss Account and Balance Sheet complied with Accounting Standards recommended by the Institute of Chartered Accountants of India.
 - (e) Subject to (i) Note 12 regarding the credit taken in the Profit & Loss Account of sales tax deferment loan of Rs. 57,46,648 instead of carrying forward the same as a liability and (ii) Note 5 regarding balances of sundry debtors, advances and creditors are subject to confirmation and reconciliation, in our opinion and to the best of information and according to the explanations given to us, the accounts read with Accounting Policies and Notes thereon give the information required by the Companies Act, 1956, in the manner so required and give a true and fair view:
 - (i) in the case of the Balance Sheet, of the state of affairs of the Company as at 31st July, 1998; and
 - (ii) in the case of Profit & Loss Account, of the Loss of the Company for the period ended on that date.

For MUKADAM & ASSOCIATES
Chartered Accountants

I. A. MUKADAM
Proprietor

Mumbai, 28th November, 1998.

ANNEXURE TO THE AUDITORS' REPORT

Annexure referred to in paragraph 1 of our report of even date on the accounts of EPC INDUSTRIE LIMITED for the period ended 31st July, 1998.

1. The Company has maintained proper records showing particulars including quantitative details and situation of fixed assets. Physical verification of the assets were conducted by the management at the end of the period. The reconciliation between book records and physical verification is in progress. Hence, differences if any between the book records and the physical inventory remains to be ascertained. In our opinion, the frequency of verification is reasonable having regard to the size of the company and nature of its assets.
2. During the period the Company has revalued its fixed assets (other than Office Premises at Ahmedabad, Furniture & Fixtures, Office Equipments, and Vehicles) at Net Replacement Value.
3. Physical verification has been conducted by the management at the end of the period in respect of finished goods and raw materials. In our opinion the frequency of verification is reasonable. The items of stores and spares purchased during the year have been shown as consumed.
4. The procedures followed by the management in such physical verifications are in our opinion reasonable and adequate in relation with the size of the company and nature of business.