

EPC INDUSTRIÉ LIMITED



22ND ANNUAL REPORT 2003-2004

BOARD OF DIRECTORS

Krishen Lal Khanna, Chairman & Managing Director
Prashanto Kumar Mukherjee
Vinayak Patil
S H H Zaidi (Nominee - UTI Mutual Fund)

MANAGEMENT TEAM

Krishen Lal Khanna, Chairman & Managing Director
Vilas V. Shembekar, President (Business Operations)
Kirit M. Mehta, President (Finance)

COMPANY SECRETARY

Ratnakar Nawghare

AUDITORS

Mukadam and Associates, Chartered Accountants

BANKERS

State Bank of India
SBI Commercial & International Bank Ltd.
Bank of India

CORPORATE OFFICE & WORKS

H-109, MIDC, Ambad, Nashik-422 010
Tel.: (0253) 2381081/82/83
Fax: (0253) 2381385
Email: epcind@vsnl.com

REGISTERED OFFICE

201. Delta, Hiranandani Gardens,
Powai, Mumbai-400 076
Tel.: (022) 2570 6654
Fax: (022) 2570 6653
Email: epc@bom3.vsnl.net.in

BRANCHES

Ahmedabad, Anantpur, Bhopal, Coimbatore, Guntur, Hubli, Hyderabad,
Jaipur, Jalgaon, Mysore, Raipur, Sangli, Secunderabad, Tinsukia, Thrissur and
Vishakhapatnam

REGISTRARS & TRANSFER AGENTS

(w.e.f. October 1, 2004)

Sharepro Services
Satam Estate, 3rd Floor,
Above Bank of Baroda,
Cardinal Gracious Road,
Chakala, Andheri (East),
Mumbai - 400 099.

NOTICE

NOTICE is hereby given that the 22nd Annual General Meeting of the members of EPC INDUSTRIE LIMITED will be held on Thursday, 30th September, 2004 at 2.30 p.m. at 302 - A, Galleria, Hiranandani Gardens, Powai, Mumbai 400 076 to transact the following business:

1. To consider and adopt the Directors' Report and Audited Profit and Loss Account for the year ended 31st March, 2004, together with the Balance Sheet as at that date and the report of the Auditors thereon.
2. To appoint a Director in place of Mr. Krishen Lal Khanna who retires by rotation and being eligible offers himself for re-appointment.
3. To appoint Auditors and fix their remuneration.

SPECIAL BUSINESS

4. To consider and, if thought fit, to pass with or without modification, the following resolution as Special Resolution:

"RESOLVED THAT pursuant to the guidelines issued by SEBI under the Securities and Exchange Board of India (Delisting of Securities) Guidelines - 2003 and other applicable approvals and procedures which may become applicable hereafter, governing the matter, the Company be and is hereby authorized to voluntarily apply for delisting of its Equity Shares from the Ahmedabad and Vadodara Stock Exchanges at such time as the Board of Directors (whether acting through the Board, a Committee of the Board or any Director or any person authorised by the Board) may, at their absolute discretion, consider appropriate and proper without giving an exit option to the shareholders of the region, where the aforesaid Stock Exchanges are situated and the Board of Directors of the Company be and are hereby authorised to do all necessary acts in pursuance with the above matter."

5. To consider and, if thought fit, to pass with or without modification, the following resolution as Special Resolution:

"RESOLVED THAT in accordance with the provisions of Section 81 and other applicable provisions, if any, of the Companies Act, 1956 (the Act), and subject to such consents and such other approvals as may be necessary and subject to such conditions and modifications as may be considered necessary by the Board of Directors (hereinafter referred to as 'the Board' which term shall be deemed to include any Committee thereof for the time being exercising the powers conferred on the Board by this resolution) or as may be prescribed or made, in granting such consents and approvals and which may be agreed to by the Board, the consent of the Company be and is hereby accorded to the Board to offer, issue and allot in one or more tranches, by way of private placement or otherwise, whether shareholders of the Company or not, Equity Shares of the Company at a price of Rs. 10 per share so however that the total amount raised should not exceed Rs. 2 crores and that all such Shares would rank pari passu inter se, with the existing Shares of the Company in all respects".

By Order of the Board

Ratnakar Nawghare
Company Secretary

Nashik, 23rd August, 2004.

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 of the Company. 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 Explanatory Statement setting out the material facts pursuant to Section 173 of the Companies Act, 1956, in respect of the business mentioned under Item No. 4 and 5 is annexed hereto.
3. The Register of Members and Transfer Books of the Company will remain closed from 24th September, 2004 to 30th September, 2004, both days inclusive.

4. The members are requested to:
 - a. Consider dematerialising the equity shares held by them;
 - b. Check the address printed, for any discrepancy in the address, especially that of pin code number. If the pin code number is missing or it is not correct, Members are requested to communicate the correct address including correct pin code number, to the Company/Depository Participant (DP);
 - c. Quote ledger folio number/DP Identity and Client Identity Number in all their correspondence;
 - d. Approach the Company/Registrars for consolidation of folios, if physical shareholdings are under multiple folios;
 - e. Get the shares transferred in joint names, if shares are held in single name to avoid inconvenience;
 - f. Bring their copy of the Annual Report with them at the Annual General Meeting;
5. Members desirous of obtaining any information concerning the accounts and operations of the Company are requested to address their questions to the Company Secretary, so as to reach at least seven days before the date of the Meeting.

ANNEXURE TO THE NOTICE**Explanatory Statement under section 173 (2) of the Companies Act, 1956****Item No. 4**

Presently, the Company's shares are listed on The Stock Exchange, Mumbai, The Stock Exchange, Ahmedabad and Vadodara Stock Exchange, Vadodara.

With the extensive and wide networking of the Stock Exchange, Mumbai, investors have access to online dealings in the Company's securities across the country. Further the volumes at other stock exchanges do not commensurate with the administrative work involved for the Company. Therefore, considering the cost and benefit of the listing at the said stock exchanges, the Board has proposed to delist the Company's shares from these two Stock Exchanges in accordance with the SEBI (Delisting of Securities) Guidelines, 2003. Such delisting will not adversely affect any investor, including members located in the regions where the said two Stock Exchanges are situated as the Equity Shares will remain listed on Mumbai Stock Exchange, which is having widely spread trading terminals in all regions.

The Board recommends the Special Resolution as set out at Item No. 4 of the Notice for your approval. None of the Directors of the Company are interested in the resolution.

Item No. 5

The provisions of Section 81 of the Companies Act, 1956 and the Listing Agreements executed by the Company with the Stock Exchanges provides that whenever it is proposed to increase the subscribed capital of a Company by allotment of further shares, such further shares shall be offered for subscription pro rata to the existing Shareholders unless the Shareholders in a general meeting decides otherwise.

Under the Sanctioned Scheme, Hon'ble Board for Industrial and Finance Reconstruction has stipulated a Contribution of Rs. 2 Crores from Promoters to be appropriated towards Equity Capital. A sum of Rs. 50 lakhs are already brought in and the balance is expected to be received during the current year.

The Board recommends the Special Resolution.

A copy of the Sanctioned Scheme is available for inspection at the Registered Office of the Company during working hours.

None of the Directors of the Company except Mr. K. L. Khanna, as Promoter is interested in the resolution.

By Order of the Board

Ratnakar Nawghare
Company Secretary

Nashik, 23rd August, 2004

DIRECTORS' REPORT

Your Directors present the Twenty Second Annual Report and Statement of Accounts for the year ended 31st March, 2004.

FINANCIAL RESULTS

	2003-2004	(Rs. in lacs) 2002-2003
Turnover	3,072.50	2,431.72
Other Income	165.76	102.40
	3,238.26	2,534.12
Profit Before Interest, Depreciation and Tax	64.56	70.64
Interest	446.53	645.60
Depreciation	162.00	142.03
Amortisation	52.98	52.98
(Loss) Before Tax	(596.95)	(769.97)
Deferred Tax	215.00	0
Wealth Tax	(0.20)	(0.50)
(Loss) After Tax	(382.15)	(770.46)
Extra Ordinary Items (Net)	971.30	128.57
(Deficit) brought forward	(3,714.60)	(3,072.69)
(Deficit) carried forward	(3,125.44)	(3,714.60)

OPERATIONS

During the year under review, Andhra Pradesh Government undertook a mega Project estimated at Rs. 1200 Crores to bring 2.5 lacs Ha. of agricultural land under Micro Irrigation within 2 years. The Government has setup a Andhra Pradesh Micro Irrigation Project (APMIP) Cell to implement the project.

Your Company is one of 7 participants selected by APMIP. Execution of the Orders under APMIP commenced in January 2004.

Your Company's operations were severely constrained during the first 3 Quarters due to shortage of working capital but could be scaled up substantially due to the commencement of APMIP Project. There was significant improvement in operational efficiency in terms of higher production in the last quarter.

There has been persistent rise in the prices of Polymers used by your Company from November, 2003 onwards and the entire Plastics Processing Industry is adversely affected. Revised prices are being negotiated with APMIP Cell and the market prices have been revised. It is expected that the industry will be able to pass on the incidence of increased prices to the customer. Hence the performance is expected to improve during the current year.

FUTURE PROSPECTS

Many State Governments have initiated steps to take up mega Micro Irrigation Projects similar to APMIP. Maharashtra

has progressed on a project estimated at Rs. 2300 crores. The first phase of this project is expected to commence during the current financial year. Gujarat Electricity Board has also asked for tenders for Rs 80 Crores project and is working on other projects. Your Company is shortlisted in this project.

Rajasthan, Madhya Pradesh and Karnataka Governments are also working on similar mega projects.

With upcoming of these projects, the outlook in coming years is bright and encouraging.

PROCEEDINGS UNDER SICK COMPANIES (SPECIAL PROVISIONS) ACT, 1985

Draft Revival Scheme along with the Proposed Debt Restructure Scheme submitted by the Operating Agency in January, 2004, to the Board for Industrial & financial Reconstruction was sanctioned in the hearing held on 6th May, 2004.

While sanctioning the Scheme, your Company has been directed to approach UTI Mutual Fund, the dissenting Secured Lender, and to arrive at mutually acceptable settlement terms. Your Directors are making their best efforts to resolve the issue.

INSURANCE

Buildings, Plant and Machinery and other Fixed Assets as well as Inventories of the Company stand duly insured.

DIRECTORS

UTI Mutual Fund withdrew the nomination of Mr. S Ganesh and appointed Mr. S H H Zaidi as a Nominee Director. The Board places on record its sincere appreciation for the services rendered by Mr. S Ganesh during his tenure.

Mr. K L Khanna is liable to retire by rotation and being eligible, offers himself for reappointment.

AUDITORS' REPORT

As regards to the comment in the Auditors' Report, the relevant notes in the Statement of Accounts are self-explanatory and may be treated as information / explanation submitted by the Board as contemplated under Section 217(3) of the Companies Act, 1956.

CORPORATE GOVERNANCE

The Company has been taking steps to attain higher levels of transparency, accountability and equity. Efforts are made not only to comply with the Regulatory requirements, but also by being responsive to the need of all concerned.

As per the amended Listing Agreement, with the Stock Exchanges, a Management Discussion Analysis, a Report on Corporate Governance together with a Certificate from the Auditors of the Company, regarding compliance of conditions of Corporate Governance is attached and forms part of this Report.

AUDITORS

M/s Mukadam & Associates, Chartered Accountants hold office until the conclusion of the ensuing Annual General Meeting. M/s Mukadam & Associates 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.

ENERGY AND TECHNOLOGY ABSORPTION, RESEARCH & DEVELOPMENT

Particulars pursuant to Section 217(1)(e) of the Companies Act, 1956 read with the Companies (Disclosure of Particulars of the Report of the Board of Directors) Rules, 1988 are as follows:

CONSERVATION OF ENERGY

The Company continues to give priority to the conservation of energy. To conserve energy and reduce energy cost, various initiatives were taken during the year. Some of these are given below:

- * Cycle time improvement
- * Energy efficient lighting throughout the shop floor, including natural light:
- * Improvement in power factor.
- * Heating time reduced using efficient heating system.
- * Cyclic timers used for exhaust fans resulting into energy savings.

FORM - A**A. POWER AND FUEL CONSUMPTION**

	<u>2003-04</u>	<u>2002-03</u>
1. Electricity Purchased		
(i) Units (Kwh)	26,72,735	22,16,581
(ii) Amount (Rs.)	1,06,51,812	89,10,168
(iii) Average Rate (Rs./Unit)	3.98	4.02

B. CONSUMPTION	946	998
(Units/MT production)		

TECHNOLOGY ABSORPTION

The Company has absorbed related and contemporary technologies in respective product fields. Avenues for future refinement are continuing on ongoing basis.

FOREIGN EXCHANGE EARNINGS / OUTGO

Your Company has earned a foreign exchange of Rs. 10.59 lacs (Previous Year Rs. 14.49 lacs) at F.O.B. price of exports against the outgo of Rs. 11.77 lacs (Previous Year Rs. 21.97 lacs).

PARTICULARS OF EMPLOYEES

None of the employees was in receipt of remuneration aggregating to Rs. 24,00,000 or more per annum / Rs. 2,00,000 or more per month. Accordingly, no information pursuant to Section 217 (2A) of the Companies Act, 1956, read with Companies (Particulars of Employees) Rules, 1975 need to be reported.

DIRECTORS' RESPONSIBILITY STATEMENT

In terms of Section 217 (2AA) of the Companies Act, 1956, the Directors would like to state that -

- (a) in the preparation of the Annual Accounts, the applicable Accounting Standards have been followed.
- (b) the Directors have selected such accounting policies and applied them consistently and made judgements and estimates that were reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the financial year and of the loss of the Company of the year under review.
- (c) the Directors have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of this Act for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities.
- (d) the Directors have prepared the Annual Accounts on a 'Going Concern' basis.

INDUSTRIAL RELATIONS

The industrial relations continue to be peaceful and cordial.

ACKNOWLEDGEMENT

The Directors place on record their deep sense of gratitude to the Consortium of Banks led by State Bank of India and the other Secured Lenders for reposing confidence in the Management and extending their wholehearted support at all levels in the proceedings before BIFR and approving the terms of restructure of debts and granting relief and concessions envisaged in the Sanctioned Scheme.

The Directors also record their appreciation in the continued support from Bhartiya Kamgar Sena, employees, customers, suppliers, business associates and shareholders.

For and On behalf of the Board

K L Khanna
Chairman & Managing Director

Nashik , 23rd August, 2004.

MANAGEMENT DISCUSSION AND ANALYSIS

OVERVIEW

The main feature of micro irrigation is high level of efficiency in water use coupled with higher yield. With the same quantity of water used in conventional method of irrigation, nearly two times more area can be irrigated with the drip system. Micro irrigation is one of the very important strategies in reducing the impact of drought.

The Task Force on micro irrigation headed by the former Chief Minister of Andhra Pradesh, Mr. Chandrababu Naidu, recommended Micro Irrigation Systems to overcome water shortage.

The Task Force concluded that Micro Irrigation led agriculture, armed with knowledge and technologies, with farmer as center point, should be viewed as one of the eco – technological approaches to attain sustained and enhanced agricultural production and productivity. The technology is bound to maximize the synergistic interactions of improved seeds, water and fertilizer – the 3 components of the Green Revolutions. Through micro irrigation, the Green Revolution can be transformed in to Evergreen Revolution to ensure congruence of sustainability, productivity, profitability and equity. Since micro irrigation enhances water, fertilizer and energy use and efficiency and promotes precision agriculture, the Evergreen Revolution could be achieved without the burden of environmental degradation.

Relying on monsoons for cultivation need to be a thing of the past and State Governments are realising the importance of irrigation through Micro Irrigation systems.

OPERATIONS / SEGMENTWISE PERFORMANCE

During the year 2003–04, the Company recorded overall rise in turnover by 26% with 35% growth in Micro Irrigation Sector. This was mainly attributable to the orders executed under the Project undertaken by Andhra Pradesh Micro Irrigation Project Cell (APMIP) in the last quarter of the accounting year.

The margins are under pressure with rise in prices of Polyethylene granules since November, 2003, the incidence of which is expected to be passed on to the customers.

SOME RISKS AND CONCERNS

Seasonality is a major problem for all Irrigation Companies as bulk of the major business is derived in non – monsoon months. However, with the well spread operations in western, southern and northern states, where monsoon months vary, the Company's operations are balanced to certain extent.

The Company faces significant capital constraint and relatively heavy interest burden on account of highly leveraged capital structure. This is partly rectified by the restructuring and rescheduling of the Debts.

The micro Irrigation products being commodity in nature, the long term viability is dependent upon higher volumes to

offset falling or stagnant margins. Your Company being one of the major players in the Industry, participates in major way in all state sponsored projects being undertaken in the Country. In fact, it may be necessary to buildup more capacity, once full capacity utilisation of the present capacities is achieved.

The replacement market is small as the Company uses higher grade polymers, which are more durable. Hence growth will mostly come from new customers or expansion by existing customers.

INTERNAL CONTROL SYSTEMS

The Company has adequate internal control procedures commensurate with its size and nature of business. The internal control system provides for laid down policies, guidelines, authorizations, internal checks and approval procedures. These control procedures ensure efficient use and protection of resources, compliance with established Company policies and guidelines and compliance with statutes.

HUMAN RESOURCES

The Company continues to have harmonious relations with its employees at all locations. The Company recognizes the potential and performance of its employees, provides challenges and opportunities for growth and conducts training programmes and workshops in order to enhance the skills of the employees.

As on March 31, 2004, the total number of employees of your Company was 209.

DEBT RESTRUCTURE SCHEME

In May, 2004, BIFR passed an order approving and sanctioning Company's Debt Restructure Scheme.

Since the said Scheme was not acceptable to UTI Mutual Fund, one of the institutions holding Non Convertible Debentures privately placed with them, BIFR directed that UTI Mutual Fund and the Company within 45 days from the date of Order, discuss the matter further to reach a mutually acceptable solution, which could be implemented after obtaining Board's prior approval. However, if no such amicable settlement can be reached within the said period, UTI Mutual Fund will be free to file a suit. In the event of a decree being granted in favour of UTI Mutual Fund, specific approval shall be obtained before its execution.

Your Directors are hopeful and look forward to resolution of pending issue with UTI Mutual Fund.

CAUTIONARY NOTE

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

REPORT ON CORPORATE GOVERNANCE

Your Company believes that good corporate governance enhances the shareholders' long term value. Your Company is transparent in its operations and makes necessary disclosures relating to the Company's operations and financial performance to its shareholders.

BOARD OF DIRECTORS

The Board of Directors is headed by the Chairman and Managing Director and supported by 3 independent Directors of whom 1 is nominee Director representing UTI as NCD Holding Institution.

Details of other Directorship in Public Limited Companies and Membership in Committee thereof of the present Directors are as under :

Name of Director	Position	Other Directorship	Membership in Committees
K.L. Khanna	Chairman & Managing Director	Nil	N A
Vinayak Patil (Since 9th July, 2003)	Non Executive Director - Independent	Nil	N A
P. K. Mukherjee	Non Executive Director - Independent	Nil	N A
S. H. H. Zaidi (since 23rd August 2004)	Nominee Director	1	Nil

The composition of the Board meets with the stipulated requirements of the Corporate Governance Code under the Listing Agreement with the Stock Exchange(s).

Attendance of Directors at the Board Meetings and the last Annual General Meeting.

Four Board meetings were held during the financial year ended March 31, 2004. The attendance at the said Board meetings and the last Annual General Meeting of the present Directors is as under:

Name of Director	Board Meetings	Attendance at the last AGM
K.L. Khanna	4	Yes
Vinayak Patil(Since 9th July, 2003)	2	Yes
P. K. Mukherjee	1	No

Number of Board Meetings held and the dates of the Board Meetings.

The Board meets atleast once in a quarter to consider among other business, quarterly performance of the Company and the financial results. 4 Board meetings were held during the financial year ended 31st March, 2004 on (1) 26th June,

2003 adjourned to 8th July, 2003 (2) 30th July, 2003 (3) 22nd December, 2003 and (4) 30th January, 2004.

Remuneration to the Directors

The Chairman and Managing Director draws a token remuneration of Re. 1 per month.

The Non Executive Directors are paid fees for attending the meetings of the Board and the Committee on which they are members.

The Company has not constituted a separate committee for determination of remuneration to managerial personnel.

The remuneration of the Chairman and Managing Director and Non Executive Directors is approved by the Board and at the general meeting of the members.

Board Committees

In the opinion of your Directors, before constituting Audit Committee, Shareholders'/Investors' Grievance Committee and Remuneration Committee in compliance with Corporate Governance Code, the Board of Directors needs to be broad based to comply with the prescribed norms as regards to their respective constitution. Necessary steps are being taken in this direction so as to induct Directors on the Board. Pending induction, Share Transfer Committee is assigned the responsibility of redressal of Shareholders' and investors' complaints. Your Directors have decided to carry out the other functions of the Committee by the Board itself.

GENERAL BODY MEETINGS.

Details of the last three Annual General meetings held are as under:

Year ended	Day	Date	Time	Location
31st July, 2001	Thursday	29th Nov., 2001	4 p.m.	302A, Galleria, Hiranandani Gardens, Powai, Mumbai 400076
31st March, 2002	Monday	30th Sep., 2002	4 p.m.	Same as above
31st March, 2003	Tuesday	30th Sep., 2003	4 p.m.	Same as above

All the resolutions set out in the respective Notices were passed by the members unanimously. No resolutions were put through Postal Ballot last year. Presently, the Company does not have any proposal for postal ballot.

DISCLOSURE**Disclosure on materially significant Related Party transactions.**

Please refer Note 30 of Schedule S of the accounts. These transactions do not have any potential conflict with the interest of the Company at large.

Details of non-compliance by the Company, penalties, strictures imposed on the company by Stock Exchange or SEBI or any Statutory Authorities on any matter related to capital markets during the last 3 years.

None

Code of Conduct for Prevention of Insider Trading and Code of Corporate Disclosure Practices.

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 had appointed Mr. K. P. Phadke as the Compliance Officer, who left the Company on 30th April, 2004 and the position is replaced by Mr. Ratnakar Nawghare, Company Secretary with effect from 16th August, 2004.

Means of Communication.

Half yearly report sent to each household of shareholders	No. The results of the Company are published in the newspapers having wide circulation.
Quarterly results	Same as above
Any website, where displayed	The Company has no website
Whether it also displays official news releases	No
Presentations made to Institutional Investors or to the analysts	During Joint Meetings of Secured Creditors
Newspapers in which results are normally published	Financial Express / Asian Age Lok Sanket
Whether MD & A is part of Annual Report or not	Yes

Profile of Directors retiring by rotation and seeking reappointment

Name of Director	Mr. K. L. Khanna
Date of Birth	19th October, 1939
Date of Appointment	1st October, 1991
Expertise in specific functional areas	Plastics, Irrigation
Qualifications	B Tech (Chem .Engg.)
List of public companies in which outside Directorship held as on March 31, 2004	Nil
Chairman / Member of the Committees of the Board of the companies on which he is a Director as on March 31, 2004	Nil

General Shareholder Information

AGM: Date, time and Venue	30th September, 2004 at 2.30 p.m. at 302-A, Galleria, Hiranandani Gardens, Powai, Mumbai 400076	
Financial calendar (Indicative)	Financial year : April 01, 2004 to March 31, 2005	
	1st Quarter results	end September, 2004
	Half-yearly results	end October, 2004
	3rd quarter results	end January, 2005
	Annual results 2004-05	end May, 2005
Dates of Book closure	24th September, 2004 to 30th September, 2004 (both days inclusive)	
Dividend Payment Date	Not applicable	
Listing on Stock Exchange	The Stock Exchange, Mumbai. Ahmedabad Stock Exchange, and Vadodara Stock Exchange	
Stock Code – Physical ISIN No. for NSDL & CDSL	523754 on the Stock Exchange Mumbai ISIN INE 215D01010	
Market Price:	Very thinly traded on BSE in the range of Rs.2.50 to Rs. 6.75 during the financial year.	
Registrars and Transfer Agents	Sharepro Services Satam Estate, Above Bank of Baroda, Cardinal Gracious Road, Chakala, Andheri (East), Mumbai - 400 099.	

Distribution of Shareholding as on March 31, 2004

Shareholding	Shareholders		Shares	
	Number	% to total	Number	% to total
Upto 500	9,038	94.61	14,26,000	35.65
501 – 1,000	359	3.76	3,14,500	7.86
1,001 - 5,000	132	1.38	2,90,700	7.27
5,001 - 10,000	11	0.12	82,200	2.06
10,001 - 50,000	9	0.09	1,89,200	4.74
50,001 - 1,00,000	1	0.01	78,100	1.95
1,00,001 & above	3	0.03	16,19,300	40.48
TOTAL	9,553	100%	40,00,000	100.00

Shareholding Pattern as on March 31, 2004

Category	No. of shares held	%
Indian promoters, Directors and relatives	16,22,800	40.57
Banks	200	-
Private corporate bodies	1,75,400	4.39
Indian Public	19,85,500	49.64
NRIs/ OCBs	2,16,100	5.40
	40,00,000	100.00

Dematerialisation of shares	As on March 31, 2004, out of 19,85,500 of the paid up Share Capital held by the Public (other than group companies), 2.07% has been dematerialised.
Outstanding GDRs/ADRs/ Warrants or any convertible instruments conversion date and likely impact on equity	None
Plant location	H-109, MIDC, Ambad, Nashik 422 010
Address for correspondence	Registrar & Transfer Agent Sharepro Services Satam Estate, Above Bank of Baroda Cardinal Gracious Road, Chakala, Andheri (East), Mumbai - 400 099.
	Registered office : 201, Delta, Hiranandani Gardens, Powai, Mumbai 400076 Tel: 022 25706654 Fax: 022 25706653 Email: epc@bom3.vsnl.net.in
Non mandatory requirements	The Company has presently not adopted the non - mandatory requirements given in Annexure 3 of the Corporate Governance Code.

AUDITORS' CERTIFICATE ON CORPORATE GOVERNANCE

TO

THE MEMBERS OF
EPC INDUSTRIÉ LIMITED,

We have examined the compliance of condition of Corporate Governance by EPC Industrié Ltd., for the year ended 31st March, 2004 as stipulated in clause 49 of the Listing Agreement of the said Company with Stock Exchanges.

The compliance of condition 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 best of our information and according to the explanations given to us, we report that:

- 1 The Company has not set up independent audit committee.
- 2 The Shareholders'/ Investors' Grievance Committee was not formed upto 31st March, 2004. We are informed that the Company has a Share Transfer Committee, comprising of two Directors. During the year ended 31st March, 2004, several meetings of the said committee were held as per the minutes furnished to us. We are further informed that Company's Share Transfer Committee was assigned responsibility for redressal of the shareholders and investors complaints like transfer of shares, non receipt of Balance sheet etc.

Subject to above, we certify that the Company has complied with the conditions of Corporate Governance as stipulated in the above mentioned Listing Agreement.

We state that no investors grievances are pending for the period exceeding one month against the Company, as per the record maintained by the Registrar.

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 Mukadam & Associates
Chartered Accountants

I A Mukadam
Partner

Nashik, 23rd August, 2004

AUDITORS' REPORT TO THE MEMBERS OF EPC INDUSTRIE LIMITED,

We have audited the attached balance sheet of **EPC Industrie Limited** as at **31st March, 2004** and the Profit and Loss Account and the Cash Flow Statement for the year ended on that date annexed thereto. These financial statements are the responsibility of the Company's Management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in India. Those Standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material mis-statement. 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 management, as well as evaluating the overall financial statements presentation. We believe that our audit provides a reasonable basis for our opinion.

1. As required by the Companies (Auditor's Report) Order, 2003, issued by the Government of India in terms of section 227(4A) of the Companies Act, 1956, we annex hereto a statement on the matters specified in paragraph 4 and 5 of the said Order on the basis of the information and explanations received by us.
2. Further to our comments in the Annexure referred to above, we report that:
 - a. *BIFR has sanctioned Debt Restructure Scheme prepared by Operating Agency in mandatory hearing held on 6th May, 2004. Based on the said scheme and future profitability envisaging in the scheme prepared, accounts are prepared on going concern basis.*
 - b. *The Company has accounted for interest and statement of outstanding loans dues to debenture-holders and banks, in accordance with the Debt Restructure Scheme, is subject to confirmation and reconciliation with the borrower.*
 - c. *Balances of Sundry Debtors and various other debit/ credit balances are subject to confirmation and adjustments necessary upon reconciliation (Refer Note No 8 of Schedule Q). Further, amounts due from dealers / customers of Rs. 1571.77 lacs are generally considered good by the Management, notwithstanding the age of the outstanding dues/ legal suit (Refer Note No. 9 of Schedule Q). We are unable to express our opinion about the realisibility of such dues and the impact thereof on the accounts and the loss for the year.*
 - d. *Unpaid dividend and refund of share application money have not been deposited within stipulated*

time in accordance with section 205C of the Companies Act, 1956.

- e. *The Company has taken in the profit & loss account the credit of sales tax deferment of Rs. 550.17 lacs instead of carry forwarding as liabilities. (Refer Note 13 of Schedule Q);*
 - f. *No provision for difference between the Gratuity fund and estimated liability as per the actuarial valuation amounting to Rs. 26.91 lacs is made in the accounts;*
 - g. *In our opinion provision of Deferred Tax Assets (net) of Rs. 1469.00 lacs is contrary to prudence set out in para 15 to 18 of AS 22 "Accounting for taxes on Income" considering the past losses and non provision of certain liabilities.*
 - h. *No provision for Rs 122.58 lacs has been made for amortization of Brand in accordance with Accounting Standard AS 26 "Accounting for Intangible Assets ".*
 - i. *No provision for Interest payable to UTI of Rs 1463.93 lacs have been made in the account .*
 - j. *Had the observations made by us in paragraphs (e) to (i) above been considered, without considering our remarks in paragraphs (a), (b) & (c) effect could not determined, be the debit balance of Profit & Loss accounts would have been Rs. 5504.02 lacs (As against the reported figure of Rs. 3125.44 lacs), Current liabilities would have been Rs.1941.75 lacs (As against the reported figure of Rs. 1364.68 lacs) , Secured Loan would have been Rs 8340.91 lacs (As against the reported figure of Rs. 6876.98 lacs) and General Reserve would have been Rs nil (As against the reported figure of Rs 1254.00 lacs).*
3. Subject to our comment in statement annexed in Para 1 above and our comments in Para 2 above, we report that:
 - a. We have obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the purpose of our audit.
 - b. In our opinion, subject to our remarks in paragraphs (a) to (d) above, proper books of accounts as required by law have been kept by the Company so far as it appears from our examination of those books.
 - c. The Balance Sheet, Profit and Loss Account and Cash Flow Statement dealt with by this report are in agreement with the books of account.
 - d. In our opinion, the Balance Sheet, Profit and Loss Account and Cash Flow Statement dealt with by this report comply with the Accounting Standards