

EPC INDUSTRIÉ LIMITED



**28TH ANNUAL REPORT
2009-2010**



NOTICE

NOTICE is hereby given that the 28th Annual General Meeting of the members of EPC INDUSTRIE LIMITED will be held on Wednesday, July 21, 2010 at 11.00 a.m. at the Registered Office at Plot No.H-109, MIDC Ambad, Nashik-422 010 to transact the following business:

ORDINARY BUSINESS

1. To consider and adopt the Directors' Report and Audited Profit and Loss Account for the year ended 31st March, 2010, 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.Vinayak Patil who retires by rotation, and being eligible, offers himself for re-appointment.
3. To appoint Auditors and fix their remuneration.

SPECIAL BUSINESS :

4. To issue equity shares to the employees of the Company under the Employees Stock Option Scheme of the Company.

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 81 (1A) and other applicable provisions if any, of the Companies Act, 1956, and in accordance with the provisions of the Memorandum and Articles of Association of the Company, the Securities and Exchange Board of India (Employees Stock Option Scheme and Employees Stock Purchase Scheme) Guidelines, 1999, as amended from time to time, regulations of the Reserve Bank of India and such other legislations, permissions and approvals as may be necessary, the consent of the Shareholders be and hereby is accorded to the Employee Stock Option Scheme – 2010 ("Scheme") on such terms and conditions as set out in the Scheme and with such other terms and conditions as may be decided by the Board of Directors or the Remuneration Committee or any other Committee of Directors, to enable grant of options, issue and allotment of such number of equity shares or securities convertible into equity shares, as necessary, for the benefit of present and future eligible Employees and eligible Directors of the Company including Independent Directors, provided however that the options granted in aggregate shall not exceed 5% of the Company's paid-up equity capital."

"RESOLVED FURTHER THAT the limits for the maximum number of stock options that can be granted per calendar year under the Scheme to any individual shall be 15,000 (Fifteen thousand) stock options per person."

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

"RESOLVED FURTHER THAT for the purpose of giving effect to any creation, offer, issue, allotment or listing of the shares as described above, the Board of Directors (which shall include the Remuneration Committee of the Board) be and is hereby authorized to:

1. formulate, finalise, settle and modify the Scheme as well as the related issue of equity shares, and for this purpose to settle all matters arising out of or incidental thereto, including the eligibility, modality, price, ranking, dividend

entitlement, number of equity shares, the tranches and all matters connected therewith;

2. make and accept any modifications in the Scheme, as may be required by the Regulatory Authority or other wise, without any further approvals from the Members, to settle all matters arising out of and incidental thereto, finalise and execute all documentation, and further to do all other acts, deeds, matters and things as the Board may, in its absolute discretion, deem necessary, for the introduction of the Scheme, the issue of shares and to give effect to this Resolution;
3. take necessary steps for listing the shares allotted under the Scheme on the Bombay Stock Exchange where the Company's Shares are listed, as per the terms and conditions of the listing agreement and other applicable guidelines, rules and regulations".

By Order of the Board

Ratnakar Nawghare
Company Secretary

Nashik,
April 29, 2010

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.**
2. The Register of Members and Transfer Books of the Company will remain closed from 15th July, 2010 to 21st July, 2010, both days inclusive.
3. The Explanatory Statement pursuant to Section 173(2) of the Companies Act, 1956 relating to the Special Business to be transacted at the Annual General Meeting is annexed hereto.
4. The members are requested to:
 - a. Consider dematerializing 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 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 Number and Client Identity Number in all their correspondence;
 - d. Approach the Company 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;
 - g. 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, to make the information available at the Meeting.

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

Item No.4

Employee Stock Options are an opportunity for employees to share in a Company's growth and align their interests with those of the Company, to attract, retain and motivate talented human resources for the Company.

It is therefore proposed to introduce Employee Stock Option Scheme - 2010 (ESOS- 2010) to cover Employees and Directors of the Company as may be recommended by the Board of Directors or Remuneration Committee of the Board. ESOS-2010 will conform and adhere to the Guidelines and Regulations prescribed from time to time by the Securities and Exchange Board of India and other regulatory requirements.

As per the Resolution passed by the Board of Directors of the Company at their Meeting held on April 29, 2010, the Remuneration Committee comprising of Independent Directors viz. Mr. Vinayak Patil, Mr. B K Sharma and Mr. Jayendra Shah has been vested with the powers to formulate the detailed terms and conditions of the ESOS- 2010, its administration and also to decide upon all matters relating to the grant of options and to frame suitable policies and systems to ensure adherence to the Guidelines and Regulations prescribed by the Securities and Exchange Board of India.

The Remuneration Committee has finalized the terms and conditions of the ESOS. It has decided on various matters relating to the grant of options and also framed suitable policies and systems to ensure adherence to the Guidelines.

Salient features

The salient features of the ESOS as approved by the Remuneration Committee are given below.

a) Total number of options to be granted.

The total number of Options that may, in the aggregate (to the employees and independent directors of the Company), be granted under this Scheme, shall not exceed 5% of the paid up equity capital of the Company at any point of time. One Option would entitle the holder of the Option right to apply for one Equity Share of Rs.10 each.

b) Employees

- a permanent employee of the Company working in India or out of India; or
- a director of the Company, excluding Director(s) belonging to the promoter group; or
- an employee/Director as defined in sub-clauses (a) or of a subsidiary of the Company that carries on business in India.

c) Grant of Options

The grant of Options will be based on such parameters and criteria as may be decided from time to time by the Board/Remuneration Committee, in its absolute discretion.

d) Vesting & Lock-in

The Vesting Period for the Options will be as under:

After the date of the Grant, upon the expiry of	% of Options which would vest
12 months	25% of the Options
24 months	25% of the Options
36 months	25% of the Options
48 months	25% of the Options

There is no Lock-in period under the Scheme.

The Board may at its sole discretion accelerate the Vesting Period with respect to any of the Options granted under this Scheme.

The Employee shall not have the right to receive any dividend or to vote or in any manner enjoy the benefits of a shareholder in respect of Option granted to him, till such Shares are issued on exercise of Option.

e) Exercise Price

- The Exercise Price payable by the Employee for exercising the Option granted to him by the Company under this Scheme shall be Rs. 35.00 per share.
- The Exercise Price shall be subject to a fair and reasonable adjustment as regards the number of shares and exercise price in the event of the Company distributing Bonus Shares, Rights Shares or Stock Split so that the holder of any Option, who has not opted for conversion before the record date for the issue of the said Bonus Shares, Rights Shares or Stock split shall be entitled to receive the number of Shares of the Company which he would have held or have been entitled to receive on such Option being exercised immediately prior to such record date had such Bonus or Rights shares not been issued or Stock split not occurred.

f) Exercise Period and process of Exercise

"Exercise Period" means the period of 2 (two) years after Vesting of the Options, within which the Employee should exercise his right to apply for Shares against the Options vested in him in pursuance of the ESOS else the Vested Options shall lapse. The options shall be deemed to have been exercised when an Employee makes an application in writing to the Company for the issuance of Equity Shares against the options vested in him.

Subject to the time frames, which may be fixed by the Remuneration Committee every year for exercise of the Options, (which shall not be for a period less than 6 weeks in any financial year), the Employee has the right to exercise all the Options vested in him at one time or at various points of time within the Exercise Period as he/she deems most appropriate. Provided however, that, the Employee shall not be entitled to exercise at point of time less than 25% (Twenty Five percent) of the Options vested in him.

The exercise date would be reckoned as the date on which the application made by the employee in the format provided by the Company is received by the Com-



pany along with a cheque / demand draft, favoring the Company, payable at Nashik, for the total money payable by him in respect of the Exercise Price, calculated as the number of Options exercised multiplied by the Exercise Price per Option subject to realisation of the cheque. If the day on which the application is received happens to be a holiday as per the Company's rules then the same will be presumed to be the previous working day of the Company.

g) Appraisal Process

The process for determining an employee's eligibility will be decided by the Board/Remuneration Committee, based on factors such as seniority, period of service, performance record, present and future potential and such other criteria as may be considered by the Board/Remuneration Committee in its absolute discretion.

In case of Directors, the eligibility would depend on the period for which the office of Director is held by him and such other factors as the Remuneration Committee may think appropriate.

The Remuneration Committee at its discretion may extend the benefits of the Scheme to a new entrant also.

h) Maximum Number of Options

The maximum number of Options that can be granted per calendar year under the Scheme to any individual Employee will not exceed an entitlement of 15,000 (Fifteen thousand) Shares. The aggregate of all such grants shall not exceed 5% of the paid up equity capital of the Company. One Option would entitle the holder of the option the right to apply for One Equity Share of Rs. 10/- each.

i) Disclosures and Accounting Policies

The Company will conform and adhere to the disclosure and accounting policies prescribed by the Securities and Exchange Board of India Guidelines.

j) Variations

The terms of any Scheme with respect to options vested but not yet exercised, may be modified by the Board/Remuneration Committee, provided such variation is not prejudicial to the interests of the option holders.

k) Method of Valuation of options

a. The Company shall use the Fair Value Method, as defined in the Guidelines as amended from time to time, to value the options.

b. In case the Company calculates 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 in the Directors' Report and also the impact of this difference on profits and on EPS of the Company shall be disclosed in the Directors' Report.

Your Directors recommend the Resolution at Item No. 4 for your approval.

The Directors of the Company may be deemed to be concerned or interested in these Resolutions only to the extent of any Stock Options granted to them and the resultant Equity Shares issued, as applicable.

By Order of the Board

Ratnakar Nawghare
Company Secretary

Nashik,
April 29, 2010

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DIRECTORS' REPORT

Your Directors have pleasure in presenting the Twenty Eighth Annual Report and Statement of Accounts for the year ended 31st March, 2010.

FINANCIAL RESULTS

	2009-10	(Rs. in lacs) 2008-09
Turnover	7521.11	6230.60
Other Income	124.75	121.87
	7645.86	6352.47
Profit/(Loss) Before Interest, Depreciation and Tax	746.56	198.34
Interest	443.71	369.65
Depreciation	162.92	144.26
Profit (Loss) Before Prior Period items	139.93	(315.57)
Prior Period Items	(3.62)	(4.48)
Profit/(Loss) Before Tax	136.31	(320.05)
Provision for Tax	41.13	168.71
Profit/(Loss) After Tax	95.18	(151.34)
Transfer to Debenture Redemption Reserve Account	19.25	—

OPERATIONS AND OVERVIEW

The Sales turnover for the year under review was Rs.75.21 Crores as compared to Rs. 62.31 Crores for the previous year. The Company continued to face difficulties in raising working capital. However, the improvement in operations can be directly attributable to improvement in product mix. The Company has made profits in all four quarters for the year under review and has turned around into profits.

The Company has plans to further increase its installed capacity in Drip Irrigation in the coming year. It continues to work successfully in the Mega Projects of Andhra Pradesh Micro irrigation Project (APMIP) and Gujarat Green Revolution Company Limited (GGRCL). Its business coverage is pan India.

INSURANCE

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

DIRECTORS

In accordance with Article 123 of the Articles of Association Mr. Vinayak Patil retire by rotation and being eligible, offers himself for reappointment at the ensuing Annual General Meeting.

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 requirements of all concerned.

As per the Listing Agreement, with the Stock Exchange, a Management Discussion and 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.

PREFERENTIAL ISSUE OF SHARES

During the year under review, the Company has allotted 12,00,000 Equity Shares of Rs.10 each at a premium of Rs. 40/- aggregating to Rs. 6.00 crores to the Promoters and the Overseas Investors in accordance with the provisions of SEBI (Issue of Capital and Disclosure Requirements) Regulations, 2009 to utilize the proceeds to meet working capital requirements of the Company.

EMPLOYEE STOCK OPTION SCHEME (ESOS)

The Board of Directors has proposed the Employee Stock Option Scheme (ESOS) for the eligible employees including Independent Director and key management personnel of the Company. The same would be placed for Shareholders approval at the ensuing Annual General Meeting.

AUDITORS

M/s Mukadam & Associates - Chartered Accountants merged with Desai Associates - Chartered Accountants, Mumbai w.e.f 30th December, 2009. M/s. Desai Associates - Chartered Accountants hold office until the conclusion of the ensuing Annual General Meeting. M/s. Desai Associates - Chartered Accountants 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.

CONSERVATION OF 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 AND TECHNOLOGY ABSORPTION

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

- Cycle time improvement resulting into increase in productivity.
- Power factor is being maintained at unity.
- Improvement in productivity and savings in power consumption due to in-house technological innovations.
- Development of moulded fittings resulting in savings in man power, machine utilization, cost reduction and product quality.

FORM – A

A. POWER AND FUEL CONSUMPTION

	2009-10	2008-09
1. Electricity Purchased		
(i) Units (Kwh) (Lacs)	45.28	39.71
(ii) Amount (Rs. Lacs)	240.08	193.53
(iii) Average Rate(Rs./Unit)	5.30	4.87

B. CONSUMPTION

(Units/MT Production)	1087.00	1064.00
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FOREIGN EXCHANGE EARNINGS/ OUTGO

Your Company has earned a foreign exchange of Rs. NIL (Previous Year Rs. NIL) at F.O.B. price of exports against the outgo of Rs. 3.24 lacs (Previous Year Rs. 52.06 lacs).

PARTICULARS OF EMPLOYEES

Information in accordance with the provisions of Section 217 (2A) of the Companies Act, 1956, read with the Companies (Particulars of Employees) Rules, 1975, as amended, regarding employees is given in "Annexure A" to the Directors Report.

DIRECTORS' RESPONSIBILITY STATEMENT

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

- in the preparation of the Annual Accounts, the applicable Accounting Standards have been followed.
- 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 Profit of the Company of the year under review.
- 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.
- the Directors have prepared the annual accounts on a 'Going Concern' basis.

INDUSTRIAL RELATIONS

The industrial relations continue to be peaceful and cordial at all levels. The Directors are pleased to record their appreciation of the services rendered by the employees at all levels.

ACKNOWLEDGEMENT

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

For and On behalf of the Board

Nashik, April 29, 2010

K L Khanna
Chairman & Managing Director

Annexure "A" to Directors' Report

Statement pursuant to Section 217(2A) of the Companies Act, 1956 and the Companies (Particulars of Employees) Rules, 1975

Sr. No.	Name	Age (Years)	Designation/ Nature of duties	Remuneration paid (Rs. Lacs)	Qualification	Total Experience (Years)	Date of commencement of employment	Last employment held/ Designation
1.	Mr.K.L.Khanna	70	Chairman & Managing Director	34.09	B.Tech (Hons) Chemical Engineering	39	19th January, 1984	Knk Chemical Engineers Pvt. Ltd. Director

Notes:

- Remuneration comprises salary, allowances, monetary value of perquisites and the Company's contribution to Provident Fund, Superannuation and Gratuity Fund.
- The nature of employment of the Managing Director is contractual.
- The Managerial Remuneration payable from 30th December, 2009 is subject to the Central Government approval.

For and On behalf of the Board

Nashik, April 29, 2010.

K L Khanna
Chairman & Managing Director

MANAGEMENT DISCUSSION AND ANALYSIS

OVERVIEW

Traditionally, farmers in India have leveled their land and flooded it with canal irrigation water. This results in enormous water losses through evaporation and flooded fields. This mattered little in the 19th and early 20th century when the water and land were relatively easily available but it matters hugely today. The canal irrigation technology of 19th century is obsolete, wasteful and can not meet the needs of 21st century. Today, farmers want to grow multiple crops and for this they need water on demand. Hence canal based irrigation requires replacement by Piped Water which will feed Micro Irrigation Systems (Sprinkler and Drip Irrigation). Piped water greatly economizes the use of both land and water. The Governments of Andhra Pradesh, Gujarat and Rajasthan have started a Pressurized Irrigation Network System (PINS) in Canal Command areas. This stores the water delivered by canals, which subsequently delivers it to fields by Piping Network for use through MIS. This programme is expected to gain momentum in the coming years. This approach has enabled Israel to irrigate the deserts and can do wonders for India.

Micro Irrigation (MI) has taken roots in India. Andhra Pradesh, Gujarat and Tamil Nadu are operating Mega Projects. Other leading states are Maharashtra, Rajasthan, Karnataka, Madhya Pradesh and Chhattisgarh. MIS has enabled the farmers to nearly triple the irrigated areas using same amount of water and improve produce quality.

It has become the most "on demand" technology and has started a playing a vital role in agriculture. It has ample market potential with continuously rising population.

OPERATIONS / SEGMENTWISE PERFORMANCE

In addition to Micro Irrigation Systems consisting of Drip and Sprinkler Irrigation, the Company manufactures specialized pipes for Water and Gas Distribution Systems and Industry. The segment wise performance is stated in Schedule 'Q' of the Annual Accounts.

The Company, with current year Sales Turnover of Rs. 75.21 Crores, has posted notable growth of 21% over preceding year. This growth is particularly very encouraging against the backdrop of limited access to working capital and recessionary conditions in the market. Despite the tight liquidity environment, the Company has grown consecutively in the last 3 years. Consistent growth in top line coupled with product mix has helped to turnaround the Company. In the current financial year, your Company has generated a cash surplus of Rs. 2.99 Crores.

With multiple challenges of managing growth and liquidity constraints, the Management is aggressively focusing on increasing both the top line and bottom line by adding new products and expanding into the newer markets. Further expansion of business demands increased capital infusion for working capital needs as well as Capex requirements of the

Company. It would be a major challenge to fund the growth of the Company.

The Management is confident that this way the Company will be able to push itself on the growth path which will increase the value for all its Shareholders.

SOME RISKS AND CONCERNS

The raw material prices and availability continues to be a matter of concern for the industry.

The major risks and threats to the industry are improper distribution of rainfall, constant fluctuation in polymer prices, competition from unorganized sector, Government policies and drought like situation for consecutive years.

Seasonality is another major problem for all Irrigation Companies as 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 continuing healthy growth of agriculture, ambitious mega micro irrigation projects of Gujarat and Andhra Pradesh and the increasing demand for micro irrigation systems in the other States will provide ample opportunities for growth of the business.

INTERNAL CONTROL SYSTEMS

The Company's well defined organization structure, documented policy guidelines, predefined authority levels and extensive systems for internal controls ensure optimal utilization and protection of resources. The internal control systems are guided to ensure that assets are safeguarded against loss. The Company's internal auditors review business processes and controls. The Audit Committee of the Board then discusses significant findings and corrective measures initiated.

HUMAN RESOURCES

During the year under review, the Company has undertaken extensive steps for optimizing the use of its manpower through automation, productivity improvement and role enrichment.

There is a continuous focus on enhancing productivity in all facets of our operations. Training and development continues to be an area of prime focus. The industrial relations climate of the Company remained cordial during the year and continues to be focused towards improving productivity, quality and safety.

As on March 31, 2010, the total number of employees of your Company was 252.

CAUTIONARY NOTE

The Management hereby cautions that this Management Discussion and Analysis contains forward looking statements that involve risks and uncertainties. Actual results, performance or achievements and risks /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 believes in and practices Good Corporate Governance. Transparency, accountability and responsibility are the essential character and guiding principles for all decisions, transactions and policy matters.

The Good Corporate Governance practices have further guided the Company to not only work towards the enhancement of shareholder value but also towards overall betterment of all stakeholders viz. shareholders, creditors, customers and employees. Efforts are made not only to comply with the Regulatory requirements, but also by being responsive to the requirements of all concerned.

In compliance with the provisions of clause 49 of the Listing Agreement and other applicable provisions of the Companies Act, 1956, your Directors submit their report.

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 Chairman & Managing Director and three Directors, who are non executive directors. All the Directors have made necessary disclosures under Corporate Governance norms and the provisions of the Companies Act, 1956. The independent Directors are professionals having experience in business, finance and law.

The Board meets atleast once in a quarter to consider among other business, quarterly performance of the Company and the financial results. Four Board meetings were held during the financial year ended 31st March, 2010 on (1) 30th May, 2009 (2) 30th July, 2009 (3) 30th October, 2009 and (4) 27th January, 2010.

The composition of Board of Directors and their attendance at the Board Meetings during the year and at the last Annual General Meeting, as also number of other Directorship, Committee membership and chairmanship held by them are given below:

Name of Director	Position	Attendance particulars		Other Directorship	Committee Membership	Committee Chairmanship
		Board Meetings	Last AGM			
Mr. K.L.Khanna	CMD – Executive	4	Yes	1	Nil	Nil
Mr.Vinayak Patil	Non-Executive (Independent)	4	Yes	Nil	Nil	Nil
Mr.Jayendra Shah	Non-Executive	4	Yes	2	1	Nil
Mr.Bhoopendra Sharma	Non-Executive (Independent)	3	Yes	Nil	Nil	Nil

AUDIT COMMITTEE

The Board of Directors has constituted the Audit Committee in compliance with the norms of Corporate Governance. The Audit Committee had four meetings during the year 2009-10. The composition of the Committee and attendance at its meeting(s) is given hereunder:

Member	Position	No. of Meetings attended
Mr. Vinayak Patil	Chairman	4
Mr. Jayendra Shah	Member	4
Mr. Bhoopendra K Sharma	Member	3

The Company Secretary acts as the Secretary of the Audit Committee.

The broad terms of reference of the Audit Committee are as follows:-

- 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.

REMUNERATION TO DIRECTORS

Managing Director

The detail of remuneration paid/payable to the Managing Director is as follows:

(Rs. in Lacs)

Name	Salary	Perquisites	Retirement Benefits	Total
Mr. K L Khanna	30.00	0.26	3.83	34.09

In addition to the above, the Managing Director shall be entitled to receive such incentives as may be approved by the Board subject to achievement of the performance based benchmarks set out by the Board in the Annual Business Plan.

A service contract exists with the Managing Director which contains his service terms and conditions, including remuneration, notice period etc. as approved by the Members.

The Shareholders had approved subject to the Central Government approval, the Managing Director's appointment in the previous Annual General Meeting for a period from December 30, 2009 to November 29, 2011.

The Composition of Remuneration Committee is as under :

Mr. Vinayak Patil (Chairman)
Mr. Jayendra Shah (Member)
Mr. Bhoopendra K Sharma (Member)

The broad terms of reference of the Remuneration Committee include recommendation to the Board for salary, perquisites and incentives payable to the Company's Managing Director and other managerial personnel.

The Non Executive Directors are paid fees for attending the meetings of the Board / Committee meetings attended.

The Company does not have any stock option scheme for grant of stock options either to the Managing Director or employees. However the same is being implemented from the year 2010-11 subject to the approval of the shareholders in the ensuing Annual General Meeting.

INVESTORS' / SHAREHOLDERS' GRIEVANCE COMMITTEE

The Investors' / Shareholders' Grievance Committee was constituted to look into the redressal of Investors' complaints

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like non-receipt of Annual Reports, non-receipt of share certificates sent for transfer and other allied transactions. The composition of Investors'/Shareholders' Grievance Committee is given hereunder:

Mr. K L Khanna (Chairman)
Mr. Vinayak Patil (Member)
Mr. Jayendra Shah (Member)

There were four meetings held during the year 2009-10 which were attended by all the members of the Committee.

Details of Investors' / Shareholders' complaints

Number received during the year 3
Number resolved to the satisfaction of complainant 3
Number pending redressal Nil

The Company has attended to most of the investors' correspondence / grievances within a period of 15 days from the date of receipt of the same.

GENERAL BODY MEETINGS

a) Details of the last three Annual General Meetings held are as under:

Year ended	Day & Date	Time	Location
31st March, 2007	Friday 20th July, 2007	11.00 a.m.	Plot No. H-109, MIDC Ambad, Nashik-422 010
31st March, 2008	Wednesday 30th July, 2008	11.30 a.m.	-do-
31st March, 2009	Thursday 30th July, 2009	11.00 a.m.	-do-

b) No resolutions requiring Postal Ballot as recommended under Clause 49 of the Listing Agreement have been placed for shareholders' approval at the ensuing Annual General Meeting.

The Company has passed following Special Resolutions in previous 3 Annual General Meetings:

2009

i) For re-appointment of Mr. Krishen Lal Khanna as Managing Director w.e.f 30th December, 2009 to 29th November, 2011.

2008

i) For increase in Authorised Share Capital and amendment in Capital Clause of Memorandum of Association and Article 3 of the Articles of Association.

ii) For issue of shares under Section 81(1A) of the Companies Act, 1956.

2007

i) Amendment in the earlier AGM Resolution authorizing to issue shares to Promoters.

DISCLOSURE

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

Please refer Note No. 20 of Schedule 'Q' to the

Statements of 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. Ratnakar Nawghare as the Compliance Officer. All Board members and senior management personnel have affirmed compliance with the Code.

MEANS OF COMMUNICATION

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

PROFILE OF DIRECTORS SEEKING APPOINTMENT / REAPPOINTMENT

Name of Director	Mr.Vinayak Patil
Date of Birth	19th August, 1943
Date of Appointment	8th July, 2003
Expertise in specific functional areas	Agriculturist and Social Activist
Qualifications	S.S.C
List of public companies in which out-side Directorship held as on March 31, 2010	Nil
Chairman / Member of the Committees of the board of the Companies on which he is a Director as on March 31, 2010	Nil



GENERAL SHAREHOLDER INFORMATION

AGM: Date, Time and Venue	21st July, 2010 at 11.00 a.m. at H-109, MIDC Ambad, Nashik – 422 010.		
Financial calendar (Indicative)	Financial year: April 01, 2010 to March 31, 2011		
	1st Quarter results	Mid Aug. 2010	
	Half-yearly results	Mid Nov. 2010	
	3rd quarter results	Mid Feb. 2011	
	Annual results 2010-11	end May, 2011	
Dates of Book closure	15th July, 2010 to 21st July, 2010 (both days inclusive)		
Dividend Payment Date	Not applicable		
Listing on Stock Exchange	Bombay Stock Exchange, Mumbai.		
Stock Code –	523754 on the Bombay Stock Exchange		
ISIN No. for NSDL & CDSL	ISIN INE 215D01010		
Share Transfer System	All the transfers received are processed and approved by the Share Transfer Committee which normally meets twice in a month.		
Registrars and Transfer Agents and address for correspondence	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 Fax : (022) 67720416 Email : sharepro@shareproservices.com		
Market Price: (Rupees)		High	Low
	April' 09	23.10	17.00
	May	25.90	16.30
	June	41.85	25.30
	July	57.80	37.10
	August	59.70	47.55
	September	65.20	44.40
	October	56.15	45.60
	November	53.05	43.15
	December	56.20	44.50
	January'10	68.00	46.45
	February	52.90	43.65
	March	54.65	44.10

Distribution of shareholding as on March 31, 2010

Shareholding	Shareholders		Shares	
	Number	% to total Holders	Number	% to total Capital
Upto 500	7,076	93.71	11,05,413	10.33
501 – 1,000	269	3.56	2,31,257	2.16
1,001 – 5,000	157	2.08	3,76,221	3.52
5,001 – 10,000	24	0.32	1,76,155	1.65
10,001 – 1,00,000	19	0.25	4,54,354	4.24
1,00,001 & above	6	0.08	83,56,600	78.10
TOTAL	7,551	100.00	1,07,00,000	100.00

Shareholding Pattern as on March 31, 2010

Category	No. of shares held	%
Indian promoters, Directors and relatives	28,29,300	26.44
Banks	200	0.00
Private corporate bodies	1,71,253	1.60
Indian Public	20,98,747	19.61
NRI/OCBs/Others	56,00,500	52.35
TOTAL	1,07,00,000	100.00

Dematerialisation of shares	As on March 31, 2010, out of the total paid up Share Capital, 87.68% has been dematerialised.
Outstanding GDRs/ADRs/Warrants or any convertible instruments, conversion date and likely impact on equity	None
Plant location	The Company's plant is located at H-109, MIDC Ambad, Nashik 422 010
Registered office	H-109, MIDC, Ambad, Nashik – 422 010 Tel: 0253 2381081/82 Fax: 0253 2382975 Email: rvnawghare@epcind.com
Non mandatory requirements	The Company has presently not adopted the non-mandatory requirements given in Annexure 3 of the Corporate Governance Code except for the Remuneration Committee.