

# **EPC INDUSTRIÉ LIMITED**



**30<sup>TH</sup> ANNUAL REPORT  
2011-2012**

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**BOARD OF DIRECTORS**

Ashok Sharma  
Vinayak Patil  
S. Durgashankar  
Nikhilesh Panchal  
Anand Daga

**COMPANY SECRETARY**

Ratnakar Nawghare

**AUDITORS**

Deloitte Haskins & Sells

**BANKERS**

YES Bank Ltd.  
IDBI Bank Ltd.

**CORPORATE OFFICE & WORKS**

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

**REGISTERED OFFICE**

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

**BRANCH OFFICES**

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

**REGISTRARS & TRANSFER AGENTS**

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

### NOTICE

NOTICE is hereby given that the 30<sup>th</sup> Annual General Meeting of the Members of EPC INDUSTRIE LIMITED will be held at the Registered Office of the Company at Plot No.H-109, MIDC Ambad, Nashik-422 010 on Wednesday, 1<sup>st</sup> August, 2012, at 2.30 p.m. to transact the following business:

### ORDINARY BUSINESS

1. To receive and adopt the audited Balance Sheet as at 31<sup>st</sup> March, 2012 and the Statement of Profit and Loss for the year ended on that date and the Reports of the Directors and the Auditors thereon.
2. To appoint a Director in place of Mr. Vinayak Patil who retires by rotation and, being eligible, offers himself for re-appointment.
3. To appoint a Director in place of Mr. Anand Daga who retires by rotation and, being eligible, offers himself for re-appointment.
4. To appoint Auditors and fix their remuneration.

### SPECIAL BUSINESS

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

**"RESOLVED** that pursuant to the provisions of section 269 and other applicable provisions of the Companies Act, 1956 ('the Act') including any statutory modification or re-enactment thereof for the time being in force), read with Schedule XIII of the Act and subject to the approval of the Central Government, if necessary, and such other approvals, permissions and sanctions, if and as may be required, and subject to such conditions and modifications, as may be prescribed or imposed by any of the authorities while granting such approvals, permissions and sanctions, approval of the Company be and is hereby accorded to the appointment of Mr. Ashok Sharma as the Whole time Director of the Company designated as "Executive Director and Chief Executive Officer" of the Company for a period of 3 years with effect from 1<sup>st</sup> October, 2011 to 30<sup>th</sup> September, 2014, without any remuneration."

**FURTHER RESOLVED** that for the purpose of giving effect to this resolution, the Board of Directors of the Company be and is hereby authorized to do all such acts, deeds, matters and things, as it may, in its absolute discretion, deem necessary, proper or desirable and to settle any questions, difficulties or doubts that may arise in this regard and to sign and execute all the necessary documents, applications, returns and writings as may be necessary, proper, desirable or expedient."

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

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

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

Participation through Electronic Mode

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

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

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

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

Participation through Electronic Mode

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

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

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

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

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

#### NOTES

- A. Explanatory Statement as required under section 173(2) of the Companies Act, 1956 is annexed hereto.
- B. **A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE INSTEAD OF HIMSELF AND A PROXY NEED NOT BE A MEMBER.**
- C. The instrument appointing a proxy must be deposited with the Company at its Registered Office not less than 48 hours before the time for holding the Meeting.
- D. The Company's Registrar and Transfer Agents for its Share Registry Work (Physical and Electronic) are Sharepro Services (India) Private Limited having their office premises at 13AB, Samhita Warehousing Complex, 2nd Floor, Sakinaka Telephone Exchange Lane, Off Andheri Kurla Road, Sakinaka, Andheri (East), Mumbai – 400 072.
- E. The Register of Members and Transfer Books of the Company will be closed from 26<sup>th</sup> July, 2012 to 1<sup>st</sup> August, 2012 (both days inclusive).
- F. Members can avail of the facility of the nomination in respect of the Shares held by them in physical form pursuant to the provisions of Section 109A of the Companies Act, 1956. Members desiring to avail of this facility may send their nomination in the prescribed Form No. 2B duly filled in to Sharepro Services (India) Private Limited at the above mentioned address. Members holding shares in electronic mode may contact their respective Depository Participants for availing this facility.
- G. The Ministry of Corporate Affairs, Government of India, has taken a “Green Initiative in Corporate Governance” by allowing paperless compliances by the companies and has issued Circulars inter alia stating that the service of notice/ documents to the Members can be made in electronic mode. In support of the Green Initiative, your Company sent a Circular dated 16<sup>th</sup> 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 31<sup>st</sup> March, 2011 onwards and other communication, in electronic mode. These Members were also given an option to continue to receive the documents

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

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

- H. Members are requested to:
  - 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. Vinayak Patil holds 4500 Equity Shares in the Company and Mr. Anand Daga and Mr. Ashok Sharma do not hold any shares in the Company.  
 None of the Directors of the Company are inter-se related to each other. In respect of the information to be provided under Clause 49 of the Listing Agreement pertaining to the Directors being appointed/re-appointed, Members are requested to kindly refer to the Chapter on Corporate Governance in this Annual Report.

By **Order of the Board**

**Ratnakar Nawghare**  
Company Secretary

#### Registered Office:

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

2<sup>nd</sup> May, 2012

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

#### **ITEM NO. 5**

The Board of Directors of the Company, on 1<sup>st</sup> October, 2011, pursuant to the recommendations of the Remuneration / Compensation Committee, approved the appointment of Mr. Ashok Sharma as the Whole time Director of the Company designated as Executive Director and Chief Executive Officer with effect from 1<sup>st</sup> October, 2011 to 30<sup>th</sup> September, 2014 subject to approval of the Shareholders at the General Meeting.

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

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

In a career spanning over 25 years, Mr. Sharma has rich experience in various functions like Sales, Marketing, strategic planning, business planning and has held various general management functions.

Mr. Sharma is also a Director in the following companies:

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

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

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

The Directors recommend the passing of the Resolution at Item No. 5 as an Ordinary Resolution.

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

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

#### **ITEM NO. 6**

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

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

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

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

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

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

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

**By Order of the Board**

**Ratnakar Nawghare**  
Company Secretary

#### **Registered Office:**

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

2<sup>nd</sup> May, 2012

## DIRECTORS' REPORT

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

## FINANCIAL HIGHLIGHTS

(Rs. in lacs)

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

\* Figures have been regrouped wherever necessary.

## Operations and Financial Overview

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

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

## Dividend

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

## Management Discussion and Analysis Report

A detailed analysis of the Company's performance is discussed

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

## Corporate Governance

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

## Open Offer & Change in Promoters

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

## Share Capital

During the year, 9500 equity shares were allotted on exercise of Stock Options and 3900 equity shares were forfeited on account of non-payment of call money. Consequently, the total paid up equity share capital of the Company increased from 1,72,58,065 shares of Rs 10/- each to 1,72,63,665 equity shares of Rs 10/- each. The said equity shares have been listed on the Bombay Stock Exchange Limited and they rank pari passu with the existing equity shares in all respects.

Accordingly, the Paid-up Share Capital of the Company stood at Rs. 17,26,56,150 divided into 1,72,63,665 equity shares of Rs. 10 each as at 31<sup>st</sup> March, 2012.

## Rights Issue of Shares

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

## Stock Options

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

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



### Industrial relations

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

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

### Safety, Health and Environmental Performance

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

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

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

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

### Directors

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

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

### Directors' Responsibility Statement

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

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

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

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

### Auditors

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

### Public Deposits & Loans / Advances

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

### Energy Conservation and Technology Absorption and Foreign Exchange Earnings and Outgo

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

### Particulars of Employees

The Company had no employee, who was employed throughout the Financial Year and was in receipt of remuneration of not less than Rs. 60,00,000 per annum during the year ended 31<sup>st</sup> March, 2012 or was employed for a part of the Financial year and was in receipt of remuneration of not less than Rs. 5,00,000 per month during any part of the year.

### Acknowledgements

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

For and On behalf of the Board

**Ashok Sharma**  
Executive Director & CEO

**Vinayak Patil**  
Director

Place : Mumbai  
Dated : 2<sup>nd</sup> May, 2012

## Annexure - I To The Directors' Report For The Year Ended 31<sup>st</sup> March, 2012

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

### EPC Industrié Limited Employees Stock Option Scheme - 2010

(a) Options granted	60,500						
(b) The pricing formula	The Stock Options are granted at a fixed price of Rs. 35.00 per share.						
(c) Options vested	9500						
(d) Options exercised	9500						
(e) The total number of shares arising as a result of exercise of option	9500						
(f) Options lapsed	22,500						
(g) Variation of terms of options	Nil						
(h) Money realised by exercise of options	Rs. 3,32,500						
(i) Total number of options in force	28,500						
(j) Employee wise details of options granted to							
(i) Senior managerial personnel	Options Granted # Mr. Vinayak Patil 10,000 * Further details are given at the end of this annexure.						
(ii) Any other employee who receives a grant in any one year of option amounting to 5% or more of option granted during that year	Mr. A R Kshirsagar 6,500 Mr. K G Soman 5,000 Mr. P. Ravi 5,000						
(iii) Identified employees who were granted option, during any one year, equal to or exceeding 1% of the issued capital (excluding outstanding warrants and conversions) of the company at the time of grant	Nil						
(k) Diluted Earnings Per Share (EPS) pursuant to issue of shares on exercise of option calculated in accordance with Accounting Standard (AS) 20 'Earnings Per Share'	Rs. 3.85						
(l) Where the company has calculated the employee compensation cost using the intrinsic value of the stock options, the difference between the employee compensation cost so computed and the employee compensation cost that shall have been recognized if it had used the fair value of the options, shall be disclosed. The impact of this difference on profits and on EPS of the company shall also be disclosed	The Company has calculated the employee compensation cost, using the intrinsic value of stock options. Had the fair value method been used, in respect stock options granted under the Employees Stock Option Scheme, 2010, the employee compensation would have been higher by Rs.1.55 lacs, Profit after Tax lower by Rs.1.55 lacs and the basic and diluted earnings per share would have lower by Rs. 0.01 and Rs. 0.01 respectively.						
(m) Weighted-average exercise prices and weighted-average fair values of options shall be disclosed separately for options whose exercise price either equals or exceeds or is less than the market price of the stock	<table><tr><th>Options Grant Date</th><th>Exercise Price (Rs.)</th><th>Fair Value (Rs.)</th></tr><tr><td>19<sup>th</sup> Nov. 2010</td><td>35.00</td><td>41.84</td></tr></table>	Options Grant Date	Exercise Price (Rs.)	Fair Value (Rs.)	19 <sup>th</sup> Nov. 2010	35.00	41.84
Options Grant Date	Exercise Price (Rs.)	Fair Value (Rs.)					
19 <sup>th</sup> Nov. 2010	35.00	41.84					
(n) A description of the method and significant assumptions used during the year to estimate the fair values of options, including the following weighted-average information: (i) risk-free interest rate (ii) expected life (iii) expected volatility, (iv) expected dividends and (v) the price of the underlying share in market at the time of option grant.	The fair value of the Stock Options granted on 19 <sup>th</sup> November, 2010 has been calculated using Black-Scholes Options Pricing Formula and the significant assumptions made in this regard are as follows: 7.65% 3.50 years 58.12% Nil, as the Company has not declared any dividend. Rs. 64						

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

\* Grant Date - 19<sup>th</sup> Nov. 2010

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

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

Exercise Price - Rs. 35 per Share



## Annexure - II To The Directors' Report For The Year Ended 31<sup>st</sup> March, 2012

PARTICULARS AS PER THE COMPANIES (DISCLOSURE OF PARTICULARS IN THE REPORT OF THE BOARD OF DIRECTORS) RULES, 1988 ("THE RULES") AND FORMING PART OF THE DIRECTORS' REPORT FOR THE YEAR ENDED 31<sup>ST</sup> MARCH, 2012

### A. Conservation of Energy

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

#### (a) Energy Conservation measures taken:

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

#### (b) Additional investments and proposals, if any, being implemented for reduction of consumption of energy:

The Company is in the process of acquiring new equipment for new generation technology of Micro Irrigation Systems. This will help in reduction of consumption of energy.

#### (c) Impact of the measures at (a) & (b) above for reduction of energy consumption and consequent impact on the cost of production of goods:

These measures have resulted in increase in productivity and savings in energy cost to the Company.

#### (d) Total energy consumption and energy consumption per unit of production as per Form-A of the Annexure to the Rules in respect of Industries specified in the Schedule:

##### FORM – A

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

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

## B. Technology Absorption

Research & Development (R&D)

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

### Technology Absorption, Adaptation and Innovation

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

## C. Foreign Exchange Earnings & Outgo

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

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

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

For and On behalf of the Board

**Ashok Sharma**  
Executive Director & CEO

**Vinayak Patil**  
Director

Place : Mumbai  
Dated : 2<sup>nd</sup> May, 2012