

EPC Industrié Limited

32nd Annual Report, 2013-14

Delivering Farm Tech Prosperity

Samriddhi



A Mahindra Group Company

BOARD OF DIRECTORS

Ashok Sharma – Executive Director & CEO
S. Durgashankar
Nikhilesh Panchal
Anand Daga
Vinayak Patil

COMPANY SECRETARY

Ratnakar Nawghare

AUDITORS

Deloitte Haskins & Sells, Chartered Accountants

BANKERS

YES Bank Ltd.
HDFC Bank Ltd.

CORPORATE OFFICE & WORKS

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

REGISTERED OFFICE

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

BRANCHES

Akola, Bhubaneshwar, Bhopal, Coimbatore, Dharwad,
Hyderabad, Jaipur, Jalon, Jodhpur, Junagadh,
Mohali, Patna, Raipur, Rajkot, Rohtak, 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 32nd Annual General Meeting of the Members of EPC INDUSTRIÉ LIMITED will be held at the Registered Office of the Company at Plot No. H – 109, MIDC Ambad, Nashik – 422 010 on Thursday, July 31, 2014, at 2.30 p.m. to transact the following business:

ORDINARY BUSINESS

1. To receive and adopt the audited Balance Sheet as at 31st March, 2014 and the Statement of Profit and Loss and Cash Flow for the year ended on that date and the Reports of the Directors and the Auditors thereon.
2. To appoint Auditors and fix their remuneration.

SPECIAL BUSINESS:

3. **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 62 (1) (b) and rules framed thereunder (including Rule 12 of Companies (Share Capital and Debenture) Rules, 2014) and other applicable provisions if any, of the Companies Act, 2013, including any statutory modification(s) or re-enactment of the Act for the time being in force and in accordance with the provisions of the Memorandum and Articles of Association of the Company and the provisions of the Securities & Exchange Board of India (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999 including any modifications thereof or supplements thereto (“the Guidelines”) and the Listing Agreement entered into with the Stock Exchange where the securities of the Company are listed or other relevant authority, from time to time and subject to such other legislations, consents, permissions, sanctions and approvals as may be necessary and subject to such granting such consents, permissions, sanctions and approvals which may be agreed to by the Board of Directors of the Company (hereinafter referred to as “the Board” which term shall be deemed to include the Nomination and Remuneration Committee), consent of the Shareholders be and is hereby accorded to the Employee Stock Option Scheme – 2014 (“the Scheme”) the salient features of which are detailed in the Explanatory Statement to this Notice and to create, offer, issue and allot at any time to or for the benefit of such person(s) who are in the permanent employment of the Company (hereinafter referred to as “Employee” or “Employees”), under the Scheme, such number of equity shares and/or equity linked instruments (including Options/Warrants/Restricted Stock Units) (“Options”) not exceeding 2% of the Paid up Equity Share Capital of the Company as on 31st March, 2014 i.e. not exceeding 5,52,765 equity shares of Rs.10 each (or such other adjusted figure for any bonus, stock splits or consolidations or other reorganization of the capital structure of the Company as may be applicable from time to time), in one or more tranches, at such price and on such terms and conditions as may be fixed or determined by the Board in accordance with

the Scheme, the Guidelines and other provisions of the law as may be prevailing at that time.

FURTHER RESOLVED THAT the Securities may be allotted directly to such Employees or in accordance with the Scheme through any appropriate mechanism including EPC Industrié Limited Employees’ Stock Option Trust (“the Trust”) or any other entity which may be set up for that purpose and that the Scheme may also contain provisions for providing financial assistance to the Employees/the Trust/entity to acquire, purchase or subscribe to the Securities.

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

FURTHER RESOLVED THAT the Company shall conform to the accounting policies prescribed with regard to the Stock Options from time to time under the SEBI ESOP Guidelines.

FURTHER RESOLVED THAT for the purpose of creating, offering, issuing, allotting and listing of the Securities and/or for the purpose of complying with any Guidelines or Regulations that may be issued from time to time by any appropriate authority, the Board be authorised on behalf of the Company to make any modifications, changes, variations, alterations or revisions in the Scheme from time to time or to suspend, withdraw or revive the Scheme from time to time, provided such variations, modifications, alterations or revisions are not detrimental to the interests of the Employees.

FURTHER RESOLVED THAT for the purpose of giving effect to this Resolution, the Board be authorised to determine terms and conditions of issue of the Securities and do all such acts, deeds, matters and things as it may, in its absolute discretion, deem necessary for such purpose and with power on behalf of the Company to settle any questions, difficulties or doubts that may arise in this regard without requiring to secure any further consent or approval of the Shareholders of the Company.”

4. **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 sections 196, 197, 203 and any other applicable provisions of the Companies Act, 2013 (“the Act”) and the rules made there under (including any statutory modification or re-enactment thereof for the time being in force), read with Schedule V of the Act, the applicable provisions of the Articles of Association of the Company, recommendations of the Nomination and Remuneration Committee of the Company 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 Shareholders be and is hereby accorded to the re-appointment of Mr. Ashok Sharma (holding DIN 02766679) 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 1st October, 2014 to 30th September, 2017, on a consolidated remuneration of Rs. 12,00,000/- (Rupees Twelve Lacs only) per annum, the details of which are given in the Explanatory Statement annexed hereto.

FURTHER RESOLVED THAT the consent of the shareholders of the Company be and is hereby also accorded that where in any financial year the Company has no profits or inadequate profits then remuneration shall be as decided above.

FURTHER RESOLVED THAT for the purpose of giving effect to this resolution, the Board of Directors of the Company (including the Nomination and Remuneration Committee) 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."

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

"RESOLVED THAT pursuant to the provisions of Sections 149, 150, 152 and any other applicable provisions of the Companies Act, 2013 and the rules made thereunder (including any statutory modification(s) or re-enactment thereof for the time being in force) read with Schedule IV to the Companies Act, 2013, Mr. Anand Daga (holding DIN 00696171), Director of the Company who was appointed as a Director liable to retire by rotation and whose term expires at this Annual General Meeting and in respect of whom the Company has received a notice in writing from a member proposing his candidature for the office of Director, be and is hereby elected and appointed as an Independent Director of the Company to hold office for five consecutive years for a term upto the conclusion of the 37th Annual General Meeting of the Company in the calendar year 2019."

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

"RESOLVED THAT pursuant to the provisions of Sections 149, 150, 152 and any other applicable provisions of the Companies Act, 2013 and the rules made there under (including any statutory modification(s) or re-enactment thereof for the time being in force) read with Schedule IV to the Companies Act, 2013, Mr. Vinayak Patil (holding DIN 00616009), Director of the Company who was appointed as a Director liable to retire by rotation and whose term expires at this Annual General Meeting and in respect of whom the Company has received a notice in writing from a member proposing his candidature for the office of Director, be and is hereby elected and appointed

as an Independent Director of the Company to hold office for five consecutive years for a term upto the conclusion of the 37th Annual General Meeting of the Company in the calendar year 2019."

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

"RESOLVED THAT pursuant to the provisions of Sections 149, 150, 152 and any other applicable provisions of the Companies Act, 2013 and the rules made there under (including any statutory modification(s) or re-enactment thereof for the time being in force) read with Schedule IV to the Companies Act, 2013, Mr. Nikhilesh Panchal (holding DIN 00041080), Director of the Company who was appointed as a Director liable to retire by rotation and whose term expires at this Annual General Meeting and in respect of whom the Company has received a notice in writing from a member proposing his candidature for the office of Director, be and is hereby elected and appointed as an Independent Director of the Company to hold office for five consecutive years for a term upto the conclusion of the 37th Annual General Meeting of the Company in the calendar year 2019."

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

"RESOLVED THAT pursuant to the provisions of section 148(3), and other applicable provisions, if any, of the Companies Act, 2013, Messrs Shilpa and Company, Cost Accountants, Nashik appointed for conducting the cost audit of the Company for the Financial Year 2014-15, if applicable, at a remuneration of Rs. 1,50,000/- (Rupees One Lac Fifty Thousand Only) plus service tax and out of pocket expenses be and is hereby approved."

By Order of the Board

Ratnakar Nawghare
Company Secretary

Registered Office:

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

CIN: L25200MH1981PLC025731

e-mail: info@epcind.com

26th May, 2014

NOTES

- A. Explanatory Statement as required under section 102(1) of the Companies Act, 2013 is annexed hereto.
- B. **A MEMBER ENTITLED TO ATTEND AND VOTE AT THE ANNUAL GENERAL MEETING IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE INSTEAD OF HIMSELF AND A PROXY NEED NOT BE A MEMBER OF THE COMPANY.**
- 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 26th July, 2014 to 31st July, 2014 (both days inclusive).
- F. Members can avail the facility of the nomination in respect of the Shares held by them in physical form pursuant to the provisions of Section 72 of the Companies Act, 2013. Members desiring to avail this facility may send their nomination in the prescribed Form No. 2B duly filled in to Sharepro Services (India) Private Limited at the above mentioned address. Members holding shares in electronic mode may contact their respective Depository Participants for availing this facility.
- G. The Ministry of Corporate Affairs, Government of India, has taken a "Green Initiative in Corporate Governance" by allowing paperless compliances by the companies and has issued Circulars *inter alia* stating that the service of notice/ documents to the Members can be made in electronic mode. In support of the Green Initiative, your Company sent a Circular dated 16th May, 2011 by e-mail to those Members who have registered their e-mail address with their Depository Participant and made available to the Company by the Depositories, informing them about the Company's proposal to send the documents like Notice calling the Annual General Meeting, Audited Financial Statements, Directors' Report, Auditors' Report, etc. from the Financial Year ended 31st March, 2011 onwards and other communication, in electronic mode. These Members were also given an option to continue to receive the documents in Physical Form. Accordingly, the Annual Report for the year 2013 – 14, 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 address, 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:
- intimate to the Company's Registrar and Transfer Agents, Sharepro Services (India) Private Limited at the above mentioned address, changes, if any, in their registered addresses at an early date, in case of shares held in physical form;
 - 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;
 - quote their folio numbers/Client ID/DP ID in all correspondence; and
 - consolidate their holdings into one folio in case they hold shares under multiple folios in the identical order of names.
- I. To prevent fraudulent transactions, members are advised to exercise due diligence and notify the Company of any change in address or demise of any member, as soon as possible. Members are also advised not to leave their demat account(s) dormant for long. Periodic statement of holdings should be obtained from the concerned Depository Participant and holdings should be verified.
- J. The Securities and Exchange Board of India (SEBI) has mandated the submission of Permanent Account Number (PAN) by every participant in securities market. Members holding shares in electronic form are, therefore, requested to submit the PAN to their Depository Participants with whom they are maintaining their demat accounts. Members holding shares in physical form can submit their PAN details to the Company.
- K. Electronic copy of the Notice of the 32nd Annual General Meeting of the Company *inter alia* indicating the process and manner of e-voting along with Attendance Slip and Proxy Form is being sent to all the members whose email IDs are registered with the Company/Depository Participant(s) for communication purposes unless any member has requested for a hard copy of the same. For members who have not registered their email address, physical copies of the Notice of the 32nd Annual General Meeting of the Company *inter alia* indicating the process and manner of e-voting along with Attendance Slip and Proxy Form is being sent in the permitted mode.
- L. Brief resume of Directors including those proposed to be appointed/re-appointed, nature of their expertise in specific functional areas, names of companies in which they hold directorships and memberships/chairmanships of Board Committees, shareholding to be provided under Clause 49 of the Listing Agreement are provided in the Report on Corporate Governance forming part of the Annual Report.

None of the Directors of the Company seeking appointment or reappointment are inter-se related to each other.

M. Members may also note that the Notice of the 32nd Annual General Meeting and the Annual Report for 2014 will also be available on the Company's website www.epcmahindra.com for their download. The physical copies of the aforesaid documents will also be available at the Company's Registered Office in Nashik, for inspection during normal business hours on working days. Even after registering for e-communication, members are entitled to receive such communication in physical form, upon making a request for the same, by post at free of cost. For any communication, the shareholders may also send requests to the Company's investor email id: rvnawghare@epcind.com

N. Voting through electronic means

In compliance with the provisions of Section 108 of the Companies Act, 2013 and Rule 20 of the Companies (Management and Administration) Rules, 2014, the Company is pleased to provide members facility to exercise their right to vote at the 32nd Annual General Meeting (AGM) by electronic means and the business may be transacted through e-Voting Services provided by National Securities Depository Limited (NSDL):

The instructions for e-voting are as under:

A. In case a Member receives an email from NSDL [for members whose email IDs are registered with the Company/Depository Participant(s)]

- (i) Open email and open PDF file viz; "EPC Industrié-Voting.pdf". The said PDF file contains your user ID and password/PIN for e-voting. Please note that the password is an initial password.
- (ii) Launch internet browser by typing the following URL: <https://www.evoting.nsdl.com/>
- (iii) Click on Shareholder – Login.
- (iv) Put user ID and password as initial password/PIN noted in step (i) above. Click Login.
- (v) Password change menu appears. Change the password/PIN with new password of your choice with minimum 8 digits/characters or combination thereof. Note new password. It is strongly recommended not to share your password with any other person and take utmost care to keep your password confidential.
- (vi) Home page of e-voting opens. Click on e-Voting: Active e-Voting Cycle.
- (vii) Select "EVEN" of EPC Industrié Limited.
- (viii) Now you are ready for e-voting as Cast Vote page opens.
- (ix) Cast your vote by selecting appropriate option and click on "Submit" and also "Confirm" when prompted.

(x) Upon confirmation, the message "Vote cast successfully" will be displayed.

(xi) Once you have voted on the resolution, you will not be allowed to modify your vote.

(xii) Institutional shareholders (i.e. other than individuals, HUF, NRI etc.) are required to send scanned copy (PDF/JPG Format) of the relevant Board Resolution/Authority letter etc. together with attested specimen signature of the duly authorized signatory(ies) who are authorized to vote, to the Scrutinizer through e-mail to sbhagwatcs@yahoo.co.in or evoting@epcind.com with a copy marked to evoting@nsdl.co.in

B. In case a Member receives physical copy of the Notice of AGM [for members whose email IDs are not registered with the Company/Depository Participant(s) or requesting physical copy] :

(i) Initial password is provided as below/at the bottom of the Attendance Slip for the AGM :

EVEN (E Voting Event Number) USER ID PASSWORD/ PIN

(ii) Please follow all steps from Sl. No. (ii) to Sl. No. (xii) above, to cast vote.

I. In case of any queries, you may refer the Frequently Asked Questions (FAQs) for Shareholders and e-voting user manual for Shareholders available at the Downloads section of www.evoting.nsdl.com

II. If you are already registered with NSDL for e-voting then you can use your existing user ID and password/ PIN for casting your vote.

III. You can also update your mobile number and e-mail id in the user profile details of the folio which may be used for sending future communication(s).

IV. The e-voting period commences on 24th July, 2014 (9:00 a.m.) and ends on 26th July, 2014 (6:00 p.m.). During this period shareholders' of the Company, holding shares either in physical form or in dematerialized form, as on the cut-off date 27th June, 2014, may cast their vote electronically. The e-voting module shall be disabled by NSDL for voting thereafter. Once the vote on a resolution is cast by the shareholder, the shareholder shall not be allowed to change it subsequently.

V. The voting rights of shareholders shall be in proportion to their shares of the paid up equity share capital of the Company as on the cut-off date (record date) of 27th June, 2014.

VI. Mr. Sachin Bhagwat – Practicing Company Secretary has been appointed as the Scrutinizer to scrutinize the e-voting process in a fair and transparent manner.

VII. The Scrutinizer shall within a period not exceeding three (3) working days from the conclusion of the e-voting period unblock the votes in the presence of at least two(2) witnesses not in the employment of the Company and make a Scrutinizer's Report of the votes cast in favour or against, if any, forthwith to the Chairman of the Company.

VIII. The Results shall be declared on or after the AGM of the Company. The Results declared alongwith the Scrutinizer's Report shall be placed on the Company's website www.epcmahindra.com and on the website of NSDL within two(2) days of passing of the resolutions at the AGM of the Company and communicated to the BSE Limited.

O. All documents referred to in the accompanying Notice and the Explanatory Statement shall be open for inspection at the Registered Office of the Company during normal

business hours (9.00 a.m. to 5.00 p.m.) on all working days except Sundays up to and including the date of the Annual General Meeting of the Company.

By Order of the Board

Ratnakar Nawghare
Company Secretary

Registered Office:

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

CIN: L25200MH1981PLC025731
e-mail: info@epcind.com

26th May, 2014

Explanatory Statement under Section 102(1) of the Companies Act, 2013

Item No. 3

Stock Options represent a reward system based on performance. They help companies attract, retain and motivate the best available talent. Stock Options also provide a company with an opportunity to optimise its personnel costs. This also provides an opportunity to employees to participate in the growth of the company, besides creating long term wealth in their hands. In line with this, the Company had formulated an employee stock option scheme called EPC Industrié Limited Employees Stock Option Scheme in 2010 ('the 2010 Scheme').

As the business environment is becoming increasingly competitive, it is important to attract and retain qualified, talented and competent personnel in the Company. In view of this, it is necessary to formulate a Scheme which is more attractive than the 2010 Scheme by authorising the Board or the Committee to grant equity shares of the Company to the Employees on exercise of Options at a price equal to or not less than the face value of the equity shares of the Company.

Keeping in line with the above, a new "EPC Industrié Limited Employees Stock Option Scheme - 2014" ('the Scheme') has been formulated in accordance with the Securities and Exchange Board of India (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999 ('SEBI ESOP Guidelines') issued by SEBI and other applicable laws. The Scheme has been approved by the Nomination and Remuneration Committee and by the Board of Directors at their Meeting held on 26th May, 2014.

The Scheme will be operated and administered under the superintendence of the Company's Nomination and Remuneration Committee, which is a Committee of the Board of Directors, the majority of whose Members are Independent Directors. The Nomination and Remuneration Committee will formulate the detailed terms and conditions of the Scheme including:

- * Number of options to be granted to any Employee, and in the aggregate;
- * Terms on which the options will vest;
- * The conditions under which options vested in Employees may lapse in case of termination of Employees for misconduct;
- * The exercise period within which an Employee should exercise the options, and lapsing of options on failure to exercise the options within the exercise period;
- * The specified time period within which the Employee shall exercise the vested options in the event of termination or resignation of the Employee;
- * The right of an Employee to exercise all the options vested in him at one time or at various points of time within the exercise period;

- * The procedure for making a fair and reasonable adjustment to the number of options and to the exercise price in case of rights issues, bonus issues and other corporate actions;
- * The grant, vesting and exercise of options in case of Employees who are on long leave; and
- * Any other related or incidental matters.

The salient features of the Scheme are as under:

(a) The total number of options to be granted

The total number of options that may, in the aggregate, be issued would be such number of options which shall entitle the option holders to acquire in one or more tranches upto 5,52,765 equity shares of Rs. 10 each, which represents 2% of the Paid up equity share capital of the Company as on 31st March, 2014 (or such other adjusted figure for any bonus, stock splits or consolidations or other re-organisation of the capital structure of the Company as may be applicable from time to time).

(b) Identification of classes of employees entitled to participate in the Scheme;

Persons who are employees but not including Directors (whether Whole-time Director or not), as defined in the SEBI ESOP Guidelines for the time being in force and as may be decided by the Nomination and Remuneration Committee from time to time.

The class of Employees eligible for participating in the Scheme shall be determined on the basis of the grade, length of service, performance, and such other parameters as may be decided by the Nomination and Remuneration Committee from time to time.

The options granted to an Employee will not be transferable to any person and shall not be pledged, hypothecated, mortgaged or otherwise alienated in any other manner.

(c) Requirements of vesting and period of vesting

Vesting of options may commence after a period of not less than one year from the date of grant. The vesting may occur in one or more tranches, subject to the terms and conditions of vesting, as may be stipulated by the Nomination and Remuneration Committee.

(d) Maximum period within which the options shall be vested

The maximum vesting period may extend up to five years from the date of grant of options, unless otherwise decided by the Nomination and Remuneration Committee.

(e) Exercise price or pricing formula

Exercise Price means the price at which the Employee is entitled to acquire the equity shares pursuant to the options granted and vested in him/her under the Scheme.

The Exercise Price per equity share shall be equal to or not less than the face value of the shares in accordance with the recommendations of the Nomination and Remuneration Committee at the time of grant of options.

(f) Exercise period and process of exercise

The exercise period may commence from the date of vesting and will expire not later than five years from the date of vesting, or such other period as may be decided by the Nomination and Remuneration Committee from time to time.

The options will be exercisable by the Employees by a written application to the Company or any other entity which may be set up for this purpose to exercise the options, in such manner, and on execution of such documents, as may be prescribed by the Nomination and Remuneration Committee from time to time.

The options will lapse, if not exercised within the specified exercise period. The options may also lapse, under certain circumstances even before the expiry of the specified exercise period.

(g) Appraisal Process for determining the eligibility of Employees to the Scheme.

The appraisal process for determining the eligibility of the Employee will be specified by the Nomination and Remuneration Committee and will be based on criteria such as the grade of Employee, length of service, performance record, merit of the Employee, future potential contribution by the Employee and/or by any such criteria that may be determined by the Nomination and Remuneration Committee.

(h) Maximum number of options to be issued per Employee and in the aggregate

The maximum number of options to be granted per Employee will not exceed 50,000 equity shares of Rs.10 each. The aggregate of all such grants shall not exceed 5,52,765 equity shares of Rs. 10 each, representing 2% of the Paid up equity share capital of the Company as on 31st March, 2014 (or such other adjusted figure for any bonus, stock splits or consolidations or other re-organisation of the capital structure of the Company as may be applicable from time to time).

(i) Disclosure and accounting policies

The Company shall conform to the accounting policies specified by Securities & Exchange Board of India as per the SEBI ESOP Guidelines, amended from time to time.

(j) Method of Valuation

The Company follows the intrinsic value method for computing the compensation cost, if any, for the options granted. The difference between the employee compensation cost so calculated and employee compensation cost that would have been recognised if the Company had used fair value method and its impact on the profits and earnings per share would be disclosed in the Directors' Report.

(k) Other terms

The Board or Nomination and Remuneration Committee shall have the absolute authority to vary, modify or alter the terms of the Scheme in accordance with the Regulations and Guidelines

as prescribed by the Securities and Exchange Board of India or Regulations that may be issued by any appropriate authority, from time to time, unless such variation, modification or alteration is detrimental to the interest of the Employees.

The Securities may be allotted directly to the Employees or in accordance with the Scheme through any appropriate mechanism including the Trust or other entity which may be set up for that purpose and such Scheme may also contain provisions for providing financial assistance to the Employees/Trust/entity to enable the Employees/Trust/entity to acquire, purchase or subscribe to the Securities.

As the Scheme would entail further shares to be offered to persons other than existing Members of the Company, consent of the Members is sought pursuant to the provisions of section 62 (1) (b) and all other applicable provisions, if any, of the Companies Act, 2013 and as per the requirement of Clause 6 of the SEBI ESOP Guidelines.

Your Directors recommend the Resolution set out in Item No. 3 of the Notice for adoption by the Shareholders as Special Resolution.

Item No. 4

The Board of Directors of the Company, on 29th April, 2014 on the recommendations of the Nomination and Remuneration Committee, approved the re-appointment of Mr. Ashok Sharma as the Whole Time Director of the Company, designated as Executive Director and Chief Executive Officer with effect from 1st October, 2014 to 30th September, 2017 subject to approval of the Shareholders at the Annual General Meeting, on a consolidated remuneration of Rs. 12,00,000/- (Rupees Twelve Lacs only) per annum.

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 followed by a Masters in Management Studies from Jamnalal Bajaj. He joined the Farm Equipment Sector of Mahindra and Mahindra Ltd. in 1998 as General Manager Sales and since then has made significant contributions in the areas of Quality, Strategic Planning and Business Excellence. More recently, he has played a key role in expanding and growing Mahindra's Powerol and Agri businesses. His current responsibilities include business excellence for the Auto and Farm businesses, Agri business, Engine Application Business and the Construction Equipment Business of Mahindra and Mahindra Ltd.

In a career spanning over 27 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) Mahindra Investments (International) Private Limited

Mr. Sharma is the member of the Audit Committee and Nomination and Remuneration Committee of Mahindra Shubhlabh Services Limited and the member of Stakeholders Relationship 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. 4 as a Special Resolution.

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

Item Nos. 5, 6 and 7

Mr. Anand Daga, Mr. Vinayak Patil and Mr. Nikhilesh Panchal are Non-Executive Independent Directors of the Company. Mr. Anand Daga and Mr. Nikhilesh Panchal have held the positions as such from August, 2011. Mr. Vinayak Patil had joined the Board of Directors of the Company from July, 2003.

The Securities and Exchange Board of India (SEBI) has amended Clause 49 of the Listing Agreement inter-alia stipulating the conditions for the appointment of independent directors by a listed company.

It is proposed to appoint Mr. Anand Daga, Mr. Vinayak Patil and Mr. Nikhilesh Panchal as Independent Directors under Section 149 of the Act and clause 49 of the Listing Agreement to hold office for 5(five) consecutive years for a term upto the conclusion of the 37th Annual General Meeting of the Company in the calendar year 2019.

Mr. Anand Daga, Mr. Vinayak Patil and Mr. Nikhilesh Panchal are not disqualified from being appointed as Directors in terms of Section 164 of the Act and have given their consent to act as Directors of the Company.

The Company has received notices in writing from members alongwith the deposit of requisite amount under section 160 of the Act proposing the candidatures of each of the above Directors for the office of Directors of the Company.

The Company has also received declarations from Mr. Anand Daga, Mr. Vinayak Patil and Mr. Nikhilesh Panchal that they meet with the criteria of independence as prescribed both under sub-section (6) of Section 149 of the Act and under clause 49 of the Listing Agreement.

In the opinion of the Board, Mr. Anand Daga, Mr. Vinayak Patil and Mr. Nikhilesh Panchal fulfill the conditions for appointment as Independent Directors as specified in the Act and the Listing Agreement. Mr. Anand Daga, Mr. Vinayak Patil and Mr. Nikhilesh Panchal are independent of the management.

Brief resume of Mr. Anand Daga, Mr. Vinayak Patil and Mr. Nikhilesh Panchal, nature of their expertise in specific functional areas, names of companies in which they hold directorships and memberships/ chairmanships of Board Committees, shareholding to be provided under Clause 49 of the Listing Agreement are provided in the Report on Corporate Governance forming part of the Annual Report.

Copy of the draft letters for respective appointments of Mr. Anand Daga, Mr. Vinayak Patil and Mr. Nikhilesh Panchal as an Independent Directors setting out the terms and conditions would be available for inspection by the members at the Registered Office

of the Company during normal business hours on any working day.

This Explanatory Statement may also be regarded as a disclosure under Clause 49 of the Listing agreement with the Stock Exchange.

Mr. Anand Daga, Mr. Vinayak Patil and Mr. Nikhilesh Panchal may be deemed to be interested in the Resolutions set out respectively at Item Nos. 5, 6 and 7 of the Notice with regard to their respective appointments.

The relatives of Mr. Anand Daga, Mr. Vinayak Patil and Mr. Nikhilesh Panchal may be deemed to be interested in the resolution set out respectively at Item Nos. 5, 6 and 7 of the Notice, to the extent of their shareholding interest, if any, in the Company.

Save and except the above, none of the other Directors/Key Managerial Personnel of the Company/their relatives are, in any way, concerned or interested, financially or otherwise, in these resolutions.

Accordingly, the Board recommends the Ordinary Resolutions set out at Item Nos. 5, 6 and 7 of the Notice in relation to the appointment of Mr. Anand Daga, Mr. Vinayak Patil and Mr. Nikhilesh Panchal respectively as Independent Directors, for the approval by the shareholders of the Company.

Item No. 8

Messrs Shilpa and Company, Cost Accountants was appointed as Cost Accountants for the Financial Year 2014 – 15 by the Board of Directors of the Company. In accordance with the provisions of Section 148 of the Companies Act, 2013 the remuneration payable to the Cost Auditors shall be subject to the approval of Shareholders. The fees payable to Messrs Shilpa and Company would be Rs. 1,50,000 p.a. The Board recommends remuneration payable to Messrs Shilpa and Company, Cost Accountants and for passing of the Ordinary Resolution set out at Item No. 8.

None of the Directors and Key Managerial Personnel of the Company and their relatives are concerned or interested, financially or otherwise, in the resolution set out at Item No. 8. This Explanatory Statement may also be regarded as a disclosure under Clause 49 of the Listing agreement with the Stock Exchange.

By Order of the Board

Ratnakar Nawghare
Company Secretary

Registered Office:

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26th May, 2014