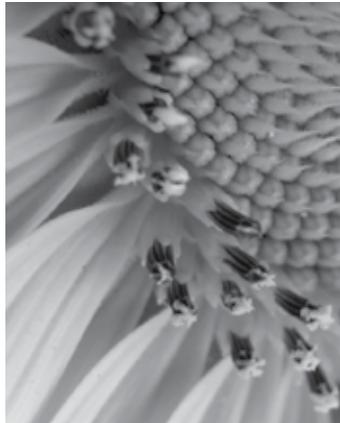


# EPC Industrié Limited

“Delivering Farm Tech Prosperity”





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|   |   |
|---|---|
| <b>NAME</b>                             | <b>EPC INDUSTRIÉ LIMITED</b>  |
| <b>BOARD OF DIRECTORS</b>               | Ashok Sharma – Managing Director<br>S. Durgashankar<br>Sangeeta Prasad<br>Nikhilesh Panchal<br>Anand Daga<br>Vinayak Patil  |
| <b>CHIEF EXECUTIVE OFFICER</b>          | Sanjeev Mohoni  |
| <b>CHIEF FINANCIAL OFFICER</b>          | Sunetra Ganesan   |
| <b>COMPANY SECRETARY</b>                | Ratnakar Nawghare   |
| <b>AUDITORS</b>                         | Deloitte Haskins & Sells, Chartered Accountants   |
| <b>BANKERS</b>                          | YES Bank Ltd.<br>HDFC Bank Ltd.   |
| <b>CORPORATE OFFICE &amp; WORKS</b>     | Plot No. H-109, MIDC, Ambad, Nashik-422 010.<br>Tel: (0253) 2381081/82/83, 6642000<br>Fax: (0253) 2382975<br>CIN: L25200MH1981PLC025731<br>E Mail : rvnawghare@epcind.com   |
| <b>REGISTERED OFFICE</b>                | Plot No. H-109, MIDC, Ambad, Nashik-422 010.<br>Tel: (0253) 2381081/82/83, 6642000<br>Fax: (0253) 2382975<br>E Mail : rvnawghare@epcind.com   |
| <b>BRANCHES</b>                         | Akola, Ananthapur, Coimbatore, Dharwad,<br>Himmat Nagar, Hyderabad, Indore, Jaipur, Junagadh,<br>Nagpur, Patna, Pune, Raipur, Rajkot, Ranchi,<br>Thrissur, Vadodara   |
| <b>REGISTRARS &amp; TRANSFER AGENTS</b> | Karvy Computershare Private Limited<br>Karvy Selenium, Tower B,<br>Plot No. 31-32, Gachibowli<br>Financial District, Nanakramguda<br>Hyderabad, Telangana-500 032<br>Telephone number: +91 40 67162222<br>Investor Service Toll Free No: 1-800-3454-001<br>Fax number: +91 40 2342 0814<br>E Mail : einward.ris@karvy.com |

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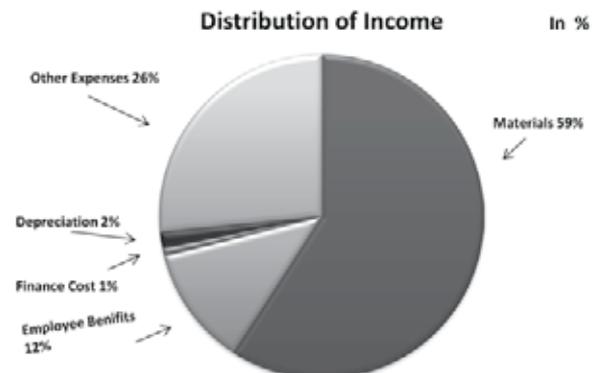
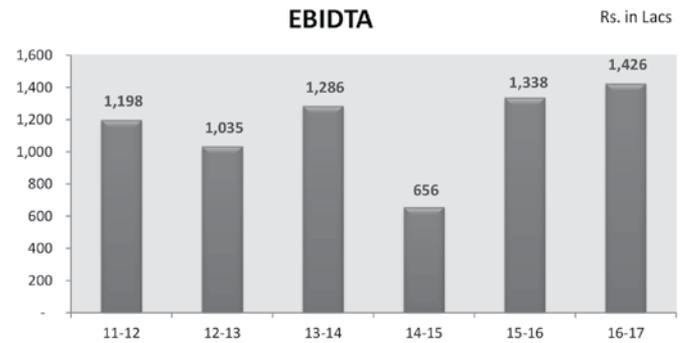
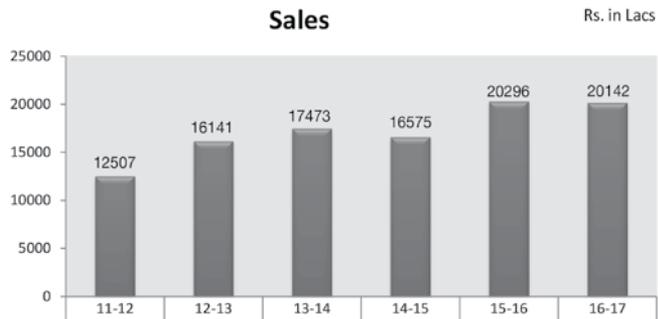
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## Financial Highlights



Note - Last three years' figures as per IND AS.

## Financial Highlights

|                         | Rs. in Lacs     |          |
|-------------------------|-----------------|----------|
|                         | 2016-17         | 2015-16  |
| Sales                   | <b>20,141.8</b> | 20,295.7 |
| Other Income            | <b>186.6</b>    | 224.5    |
| Total Revenue           | <b>20,328.5</b> | 20,520.2 |
| Profit Before Tax       | <b>967.9</b>    | 1,026.7  |
| PBT as a % to Sales     | <b>4.8</b>      | 5.0      |
| Profit After Tax        | <b>990.5</b>    | 874.5    |
| PAT as % of Sales       | <b>4.9</b>      | 4.3      |
| Earning per Share (Rs.) |                 |          |
| Basic                   | <b>3.58</b>     | 3.16     |
| Diluted                 | <b>3.56</b>     | 3.15     |

## Working Results at a Glance

|                        | Rs. in Lacs |          |          |          |          |                 |
|------------------------|-------------|----------|----------|----------|----------|-----------------|
| Year                   | 2011-12     | 2012-13  | 2013-14  | 2014-15  | 2015-16  | 2016-17         |
| Sales                  | 12,507.3    | 16,140.8 | 17,472.5 | 16,575.1 | 20,295.7 | <b>20,141.8</b> |
| EBDITA                 | 1,198.4     | 1,035.2  | 1,285.7  | 656.3    | 1,338.2  | <b>1,425.6</b>  |
| Interest               | 288.6       | 246.4    | 235.3    | 119.6    | 46.0     | <b>152.9</b>    |
| Depreciation           | 193.6       | 254.6    | 279.4    | 269.4    | 265.5    | <b>304.8</b>    |
| Profit Before Tax      | 716.1       | 534.2    | 771.0    | 267.3    | 1,026.7  | <b>967.9</b>    |
| Tax                    | 50.0        | –        | –        | 88.0     | 152.2    | <b>-22.6</b>    |
| Profit After Tax       | 666.1       | 534.2    | 771.0    | 179.3    | 874.5    | <b>990.5</b>    |
| Earning Per Share (Rs) | 3.00        | 2.01     | 2.79     | 0.65     | 3.16     | <b>3.58</b>     |

Note - Last three years' figures as per IND AS.

## NOTICE

NOTICE is hereby given that the 35<sup>th</sup> 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 Friday, July 28, 2017 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, 2017 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 a Director in place of Mr. S Durgashankar (DIN: 00044713) who retires by rotation and, being eligible, offers himself for re-appointment.
3. To ratify the appointment of Statutory Auditors and fix their remuneration 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 139, 142 and other applicable provisions, if any, of the Companies Act, 2013 and their corresponding Rules, pursuant to the recommendations of the Audit Committee and the Resolution passed by the Members at their 34<sup>th</sup> Annual General Meeting held on 29<sup>th</sup> July 2016, the appointment of Messrs. Deloitte Haskins & Sells, Chartered Accountants (ICAI Firm Registration No. 117364W), who have confirmed their eligibility in terms of the provisions of Section 141 of the Companies Act, 2013 and Rule 4 of Companies (Audit and Auditors) Rules, 2014, as Statutory Auditors to hold office from the conclusion of the 34<sup>th</sup> Annual General Meeting of the Company to the conclusion of the 39<sup>th</sup> Annual General Meeting to be held in 2021, on a remuneration as may be agreed upon by the Board of Directors and the Auditors, be and is hereby ratified.”

### SPECIAL BUSINESS:

4. **To consider and if thought fit, to pass, with or without modification(s), the following Resolution as an 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 Managing Director of the Company for a period of 3 years with effect from 1<sup>st</sup> October, 2017 to 30<sup>th</sup> September, 2020, on a consolidated remuneration of Rs. 24,00,000/- (Rupees Twenty Four 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 Section 148, of the Companies Act, 2013, the Companies (Audit and Auditors) Rules, 2014 and all other applicable provisions of the Act and the Rules framed thereunder (including any statutory modification or re-enactment thereof for the time being in force), Messrs Shilpa and Company, Cost Accountants, Nashik appointed as Cost Auditor by the Board of Directors of the Company, for conducting the cost audit of the Company for the Financial Year 2017-18, 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  
Tel: (0253) 2381081/82/83, 6642000  
CIN: L25200MH1981PLC025731  
e-mail: info@epcind.com  
website: www.epcmahindra.com  
27<sup>th</sup> April, 2017

### 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/HERSELF AND A PROXY NEED NOT BE A MEMBER OF THE COMPANY.**
- A PERSON CAN ACT AS A PROXY ON BEHALF OF MEMBERS NOT EXCEEDING FIFTY AND HOLDING IN THE AGGREGATE NOT MORE THAN TEN PERCENT OF THE TOTAL SHARE CAPITAL OF THE COMPANY CARRYING VOTING RIGHTS. HOWEVER, A MEMBER HOLDING MORE THAN TEN PERCENT OF THE TOTAL SHARE CAPITAL OF THE COMPANY CARRYING VOTING RIGHTS MAY APPOINT A SINGLE PERSON AS A PROXY AND SUCH PERSON SHALL NOT ACT AS A PROXY FOR ANY OTHER PERSON OR SHAREHOLDER.**
- 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.
- No instrument of proxy shall be valid unless:
- it is signed by the member or by his/her attorney duly authorised in writing or, in the case of joint holders, it is signed by the member first named in the register of members or his/her attorney duly authorised in writing or, in the case of body corporate, it is executed under its common seal, if any, or signed by its attorney duly authorised in writing; provided that an instrument of proxy shall be sufficiently signed by any member, who for any reason is unable to write his/her name, if his/her thumb impression is affixed thereto, and attested by a judge, magistrate, registrar or sub-registrar of assurances or other government gazette officers or any officer of a Nationalised Bank;
  - it is duly stamped and deposited at the Registered Office of the Company not less than 48 hours before the time fixed for the meeting i.e. by 2.30 p.m. on Wednesday, 26<sup>th</sup> July, 2017, together with the power of attorney or other authority (if any), under which it is signed or a copy of that power of attorney certified by a notary public or a magistrate unless such a power of attorney or the other authority is previously deposited and registered with the Company/Registrar & Share Transfer Agent;
- D. Corporate members intending to send their authorised representatives to attend the Meeting are requested to send to the Company a certified copy of the Board Resolution authorising their representative to attend and vote on its behalf at the Meeting.
- E. Members/proxies are requested to bring duly filled attendance slips sent herewith to attend the Meeting;
- F. The Company's Registrar and Transfer Agents for its Share Registry Work (Physical and Electronic) are Karvy Computershare Private Limited, Karvy Selenium, Tower B, Plot number 31-32, Gachibowli, Financial District, Nanakramguda, Hyderabad, Telangana-500 032.
- G. The Register of Members and Transfer Books of the Company will be closed from 25<sup>th</sup> July 2017 to 28<sup>th</sup>, July 2017 (both days inclusive).
- H. 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. SH-13 duly filled in to Karvy Computershare Private Limited at the above mentioned address. Members holding shares in electronic mode may contact their respective Depository Participants for availing this facility.
- I. 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 2016-17, 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 Karvy Computershare Private Limited (in case of shares held in physical form).
- J. Members are requested to:
- intimate to the Company's Registrar and Transfer Agents, Karvy Computershare 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.
- K. 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.
- L. 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.

M. Electronic copy of the Notice of the 35<sup>th</sup> 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 35<sup>th</sup> 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.

N. 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 SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 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.

O. Members may also note that the Notice of the 35<sup>th</sup> Annual General Meeting and the Annual Report for 2017 will also be available on the Company's website [www.epcmahindra.com](http://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](mailto:rvnawghare@epcind.com)

P. The route map of the venue of the Annual General Meeting forms part of this Notice and is published elsewhere in the Annual Report of the Company.

Q. 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 35<sup>th</sup> Annual General Meeting (AGM) by electronic means and the business may be transacted through e-Voting Services provided by Karvy Computershare Private Limited (Karvy):

The instructions for e-voting are as under:

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

- (i) Launch an internet browser and open <https://evoting.karvy.com>
- (ii) Enter the login credentials i.e. User ID and password, provided in the email received from

Karvy Computershare Private Limited. However, if you are already registered with Karvy for e-voting, you can use your existing User ID and password for casting your vote.

- (iii) After entering the above details, Click on-Login.
- (iv) Password change menu will appear. Change the Password with a new Password of your choice. The new password shall comprise minimum 8 characters with at least one upper case (A-Z), one lower case (a-z), one numeric (0-9) and a special character (@,#,\$,etc.) The system will also prompt you to update your contact details like mobile number, email ID, etc. on first login. You may also enter a secret question and answer of your choice to retrieve your password in case you forget it. It is strongly recommended that you do not share your password with any other person and that you take utmost care to keep your password confidential. After changing the password, you need to login again with the new credentials.
- (v) On successful login, the system will prompt you to select the E-Voting Event.
- (vi) Select 'EVENT' of EPC Industrié Limited - AGM and click on - Submit.
- (vii) Now you are ready for e-voting as 'Ballot Form' page opens.
- (viii) Cast your vote by selecting appropriate option and click on 'Submit'. Click on 'OK' when prompted.
- (ix) Upon confirmation, the message 'Vote cast successfully' will be displayed.
- (x) Once you have confirmed your vote on the resolution, you cannot modify your vote.
- (xi) 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, along with attested specimen signature of the duly authorised signatory(ies) who are authorised to vote, to the Scrutinizer by an e-mail at [nitinpc1@gmail.com](mailto:nitinpc1@gmail.com) or [evoting@epcind.com](mailto:evoting@epcind.com). They may also upload the same in the e-voting module in their login. The scanned image of the above mentioned documents should be in the naming format "Corporate Name EVENT NO."

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**
  - (ii) Please follow all steps from Sl. No. (A)(ii) to Sl. No. (A)(xi) 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 available in the Downloads section of the e-voting website of Karvy Computershare Private Limited <https://evoting.karvy.com>

- II. Members who have acquired shares after dispatch of the Annual Report and before the book closure may obtain the user ID and password by sending a request at [evoting@karvy.com](mailto:evoting@karvy.com)
- III. If you are already registered with Karvy for e-voting then you can use your existing user ID and password for casting your vote.

If you have forgotten your password, you can reset your password by using "Forgot Password" option available on <https://evoting.karvy.com> or contact Karvy Computershare Private Limited at toll free no. 1-800-3454-001 or email at [evoting@karvy.com](mailto:evoting@karvy.com)

- IV. The e-voting period commences on 25<sup>th</sup> July, 2017 (9:00 a.m.) and ends on 27<sup>th</sup> July, 2017 (5.00 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 21<sup>st</sup> July, 2017, may cast their vote electronically. The e-voting module shall be disabled by Karvy 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 of 21<sup>st</sup> July, 2017.
- VI. Mr. Nitin Choudhari – 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 along with the Scrutinizer's Report shall be placed on the Company's website [www.epcmahindra.com](http://www.epcmahindra.com) and on the website of Karvy Computershare Private Limited within two(2) days of passing of the resolutions at the AGM of the Company and communicated to the BSE Limited.

- R. 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.

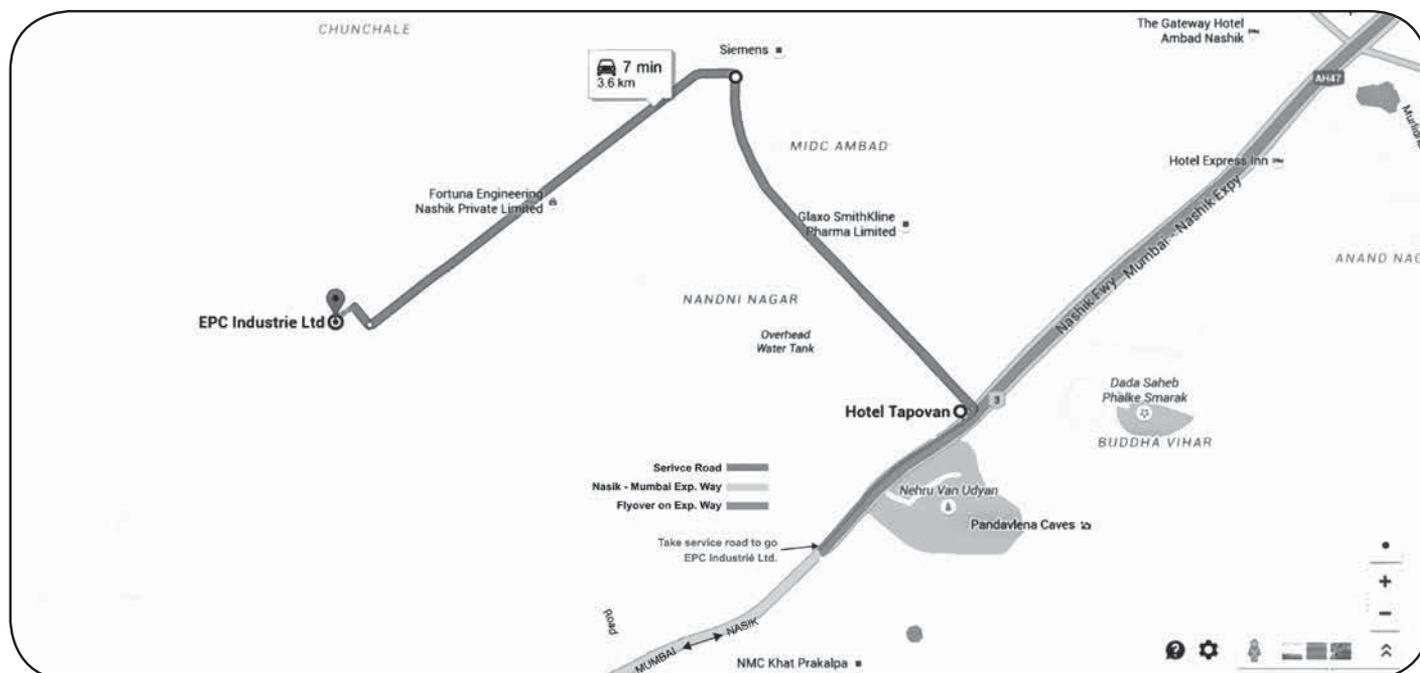
By Order of the Board

Ratnakar Nawghare  
Company Secretary

#### Registered Office:

Plot No. H-109, MIDC Ambad,  
Nashik - 422 010  
Tel: (0253) 2381081/82/83, 6642000  
CIN: L25200MH1981PLC025731  
e-mail: [info@epcind.com](mailto:info@epcind.com)  
website: [www.epcmahindra.com](http://www.epcmahindra.com)  
27<sup>th</sup> April, 2017

### Route Map to the Venue of the AGM



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

### **Item No. 5**

The Board of Directors of the Company, on 27<sup>th</sup> April, 2017 on the recommendations of the Nomination and Remuneration Committee, approved the re-appointment of Mr. Ashok Sharma as the Managing Director of the Company with effect from 1<sup>st</sup> October, 2017 to 30<sup>th</sup> September, 2020 subject to approval of the Shareholders at the Annual General Meeting, on a consolidated remuneration of Rs. 24,00,000/- (Rupees Twenty Four 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. 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, Strategy, Innovation Sales, Channel, Marketing and Business Excellence. More recently, he has played a key role in expanding and growing Mahindra's Powerol and Agri businesses.

He is currently the President of the rapidly growing portfolio of Agri Businesses, as well the entire Automotive and Farm Equipment businesses of the Mahindra Group in Africa and South Asian markets of Sri Lanka, Nepal, Bangladesh and Bhutan. He is also the MD & CEO of Mahindra Agri Solutions Ltd. He also heads the Business Excellence and Innovation functions for entire Automotive and Farm Equipment businesses of the Mahindra Group.

Mr. Ashok Sharma is an advisor to the Union of Japanese & Scientist & Engineers (JUSE), is Chairman of CII Club of India, and serves on the Technical advisory committee of TUV. He also serves as a member, CII Africa Committee and CII Western Regional Council.

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

- i) Mahindra HZPC Private Limited
- ii) Mahindra Greenyard Private Limited
- iii) Merakisan Private Limited
- iv) Origin Fruit Direct Holding B.V.

Mr. Sharma is the member of the Stakeholders Relationship Committee, and Risk Management Committee and Chairman of the Corporate Social Responsibility Committee (CSR) of the Company and member of the CSR Committee of Mahindra Agri Solutions Ltd.

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

The Directors recommend the passing of the Resolution at Item No. 5 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 No. 6**

Messrs Shilpa and Company, Cost Accountants was appointed as Cost Accountants for the Financial Year 2017-18 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. 6 of the Notice.

None of the Directors, Key Managerial Personnel of the Company and their relatives are, in any way, concerned or interested, financially or otherwise, in the aforesaid Resolution except to the extent of their shareholding, if any, in the Company.

**By Order of the Board**

**Ratnakar Nawghare**  
Company Secretary

### **Registered Office:**

Plot No. H-109, MIDC Ambad,  
Nashik - 422 010  
Tel: (0253) 2381081/82/83, 6642000  
CIN: L25200MH1981PLC025731  
e-mail: info@epcind.com  
website: www.epcmahindra.com  
27<sup>th</sup> April, 2017

## 35th Annual Report 2016-17

### DIRECTORS' REPORT

Your Directors are pleased to present the 35<sup>th</sup> Annual Report on business and operations of your Company alongwith the audited financial statements and accounts for the year ended 31<sup>st</sup> March, 2017.

### FINANCIAL HIGHLIGHTS

(Rs. in lacs)

|   | For the Year ended 31 <sup>st</sup> March, 2017 | For the Year ended 31 <sup>st</sup> March, 2016* |
|---|---|--|
| Revenue from Operations                                   | 20,141.83                                       | 20,295.73  |
| Other Income  | 186.63  | 224.49   |
| Total Income  | 20,328.46                                       | 20,520.22  |
| Profit Before Interest, Depreciation & Tax                | 1,425.57  | 1,338.21   |
| Finance cost  | 152.89  | 45.95  |
| Depreciation  | 304.78  | 265.54   |
| Profit Before Tax   | 967.90  | 1,026.72   |
| Tax expense   | (22.57)   | 152.25   |
| Profit After Tax  | 990.47  | 874.47   |
| Other comprehensive income/(loss) for the year            | (2.21)  | 39.43  |
| Profit for the year attributable to owners of the Company | 988.26  | 913.90   |
| Add : Balance Brought Forward                             | (84.82)   | (998.72)   |
| Surplus/(Deficit) Carried to the Balance Sheet            | 903.43  | (84.82)  |

\* Figures have been regrouped as per Indian Accounting Standards (IND AS).

### Operations and Financial Overview

During the year under review, your Company's turnover was at Rs. 201.42 crore as compared to Rs. 202.96 crore for the previous year.

The Company made a Profit Before Tax of Rs. 9.68 Crore for the year 2016-17 as compared to Rs. 10.27 Crore in the previous year. The Profit After Tax was at Rs. 9.90 crore vs. Rs. 8.74 crore in the previous year reflecting growth of 13.3% over the previous year.

The performance of the year 2016-17 was benefitted due to implementation of core strategies, acceleration of business in project markets, coupled with improved operational efficiencies.

### Dividend

Your Directors feel that it is prudent to plough back the profits for future growth of the Company and do not recommend any dividend for the year ended 31<sup>st</sup> March, 2017.

### Corporate Governance & Management Discussion and Analysis Report

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, along with a certificate from the Statutory Auditors of the Company regarding compliance of conditions of Corporate Governance as stipulated under Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, forms part of this Annual Report.

Further, the Management Discussion and Analysis Report for the year under review, as stipulated under Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, is given in Annexure I to this Report.

### Stock Options

The Nomination and Remuneration Committee of the Board of Directors of the Company, *inter alia*, administers and monitors the Employees Stock Option Scheme of the Company. The Stock Option Scheme, 2014 is in compliance with Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014 and there have been no material changes in the said scheme during the year under review.

During the year under review 14,089 nos. Stock Options got vested under the Employees Stock Option Scheme -2014, and were exercised immediately after vesting. Accordingly, the Company made the allotment of 14,089 Equity Shares.

The Nomination and Remuneration Committee of the Board of Directors further granted 1,33,432 Stock Options during the year under review, comprising about 0.04% of the current paid up capital.

The applicable disclosures as stipulated under the SEBI Guidelines as on 31<sup>st</sup> March, 2017 (cumulative position) with regard to the Employees' Stock Option Scheme (ESOS) are provided in Annexure II to this Report.

Voting rights on the shares issued to employees under the ESOS are either exercised by them directly or through their appointed proxy.

### Share Capital

During the year, with the allotment of 14,089 equity shares on exercising of Stock Options by employees, the total paid up equity share capital of the Company increased from 2,76,58,472 equity shares of Rs 10/- each to 2,76,72,561 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. 27,67,25,610 divided into 2,76,72,561 equity shares of Rs. 10 each as on 31<sup>st</sup> March, 2017.

#### Holding Company

The promoters of the Company i.e. Mahindra and Mahindra Limited (M & M) hold 1,51,44,433 equity shares which represents 54.73 percent of the total paid up capital of the Company. Your Company continues to be a subsidiary company of M & M. The Company does not have any subsidiary company.

#### Contracts and arrangements with Related Parties

During the financial year, all contracts/arrangements/transactions entered by the Company with related parties were in the ordinary course of business and on an arm's length basis. During the year, the Company had not entered into any contract/arrangement/transaction with related parties which could be considered material in accordance with the policy of the Company on materiality of related party transactions.

All related party transactions are placed before the Audit Committee for approval, wherever applicable. Prior omnibus approval is also obtained from the Audit Committee for the related party transactions which are of repetitive nature as well as the transactions which cannot be foreseen and accordingly, the required disclosures are made to the Committee on quarterly basis in terms of approval of the Committee.

The Company's major related party transactions are generally with its holding and associate companies. The related party transactions are entered into based on considerations of various business exigencies, such as synergy in operations, sales transactions through tenders or otherwise. All related party transactions are negotiated on an arms-length basis, and are intended to promote the Company's interests.

The Policy on materiality of related party transactions and dealing with related party transactions as approved by the Board may be accessed on the Company's website at the link: [http://www.epcmahindra.com/pdf/EPC\\_Policy\\_on\\_Related\\_Party\\_Transactions.pdf](http://www.epcmahindra.com/pdf/EPC_Policy_on_Related_Party_Transactions.pdf). The related party transactions have been set out in the Note No. 29 to the financial statement.

#### Risk Management

The Company has constituted a Risk Management Committee comprising Mr. Nikhilesh Panchal, Mr. Ashok Sharma and Mr. Anand Daga. Mr. Nikhilesh Panchal is the Chairman of this Committee. The Company has adopted the Risk Management Policy. The Committee is entrusted with the responsibility to assist the Board in (a) overseeing and approving the Company's enterprise wide risk management framework; and (b) overseeing that all the risks that the organization faces such as strategic, financial, credit, market, liquidity, security, property, IT, legal, regulatory, reputational and other risks have been identified and assessed.

There is an adequate mechanism in place about risks and uncertainties that can impact its ability to achieve its strategic objectives, risk assessment, risk mitigation and minimization procedures and its periodical review.

#### Industrial relations

Employees at all levels have contributed to the performance of your Company. Your directors place on record the cooperation of employees during the year under report. The Directors also place on record the unstinted cooperation extended by the staff members during the period under review.

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. This has demonstrated with no single incidence of accident for last 924 days.

The Safety Committee constituted for the same, regularly reviews the adherence of safety norms. Some of the programs undertaken by the Company include behaviour based safety training, Knowledge based fire extinguisher training, fire fighting training and safety awareness, etc.

Various health checkup programs for employees were regularly undertaken by the Company during the year.

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

#### Directors and Key Managerial Personnel

##### a) Key Managerial Personnel (KMP)

In accordance with the provisions of Section 203 of the Act, the following persons have been designated as KMP of the Company as at 31<sup>st</sup> March, 2017:

| Name of the KMP       | Designation                   |
|-----------------------|-------------------------------|
| Mr. Ashok Sharma      | Managing Director             |
| Mr. Sanjeev Mohoni    | Chief Executive Officer (CEO) |
| Ms. Sunetra Ganesan   | Chief Financial Officer (CFO) |
| Mr. Ratnakar Nawghare | Company Secretary (CS)        |

Ms. Sunetra Ganesan was appointed as CFO in place of Mr. Mayur Bumb, who separated from the Company on 9<sup>th</sup> December, 2016.

##### b) Directors

Pursuant to the provisions of Section 149 of the Companies Act, 2013, the Non independent Director Mr. S Durgashankar would retire and, being eligible, has offered himself for reappointment.

The three years' term of Mr. Ashok Sharma as Managing Director would be expiring on 30<sup>th</sup> September, 2017 and would require to be renewed for a further period of 3 years with effect from 1<sup>st</sup> October, 2017. The approval from shareholders for renewal of his term is being sought at the ensuing Annual General Meeting.

The Company has received Notice in writing from a Member proposing Mr. Ashok Sharma for re-appointment as Managing Director at the ensuing Annual General Meeting.

The Company has received declarations from all the Independent Directors of the Company under Section 149(7) of the Act confirming that they meet the criteria of independence laid down in Section 149(6) of the Companies Act, 2013.

The information required pursuant to Section 197(12) read with Rule 5 (1) of The Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 in respect of ratio of remuneration of a director to the median remuneration of the employees of the Company for the financial year is given in the Annexure III to this Report.

The Company has devised a Policy for performance evaluation of Independent Directors, Board, Committees and other individual Directors which include criteria for performance evaluation of the non-executive directors and executive director. The statement indicating the manner in which formal annual evaluation of the Directors, the Board and Board level committees are given in detail in the Report on Corporate Governance, which forms part of this Annual Report.

The Company had on the basis of the Policy for performance evaluation of Independent Directors, Board, Committees and other individual Directors, followed a process of evaluation by the Board for its own performance and that of its Committees and individual Directors.

The details of programmes for familiarisation of Independent Directors with the Company, their roles, rights, responsibilities in the Company, nature of the industry in which the Company operates, business model of the Company and related matters are put up on the website of the Company. During the year the Independent Directors of the Company met on 27<sup>th</sup> April, 2016.

The following policies of the Company are attached herewith marked as Annexure IV and Annexure V:

- a) Policy on Appointment of Directors and Senior Management and Succession Planning for Orderly Succession to the Board and the Senior Management.
- b) Policy for Remuneration of the Directors, Key Managerial Personnel and other employees.

### **Significant and material orders passed by the Regulators or Courts or Tribunals**

During the year under review, the Director Horticulture – Maharashtra had issued the order dated 30<sup>th</sup> July, 2016

deregistering the Company in the State of Maharashtra and also restricting to participate in any subsidy related business in the State on account of failure of samples in testing.

The Company had raised many issues and flaws in respect of non adherence to sample testing procedure, preservation of samples and non-adherence to PMKSY Guidelines etc. Based on the merits, the samples were subsequently retested and passed at the recognised laboratory. The Company is expecting the positive outcome in the matter soon.

### **Material changes and commitments affecting the financial position of the Company**

The Company has received Order dated 1<sup>st</sup> April, 2017 from the Director Horticulture and Farm Forestry, Madhya Pradesh, staying his earlier Order dated 28<sup>th</sup> March, 2017 inter alia, de-registering the Company in the State of Madhya Pradesh from participating in State Sponsored Horticulture Subsidy Scheme in the country for a period of 1 year.

### **Directors' Responsibility Statement**

Pursuant to section 134 (5) (e) of the Companies Act, 2013, your Directors, based on the representations received from the Operating Management, and after due enquiry, state that:

- a) in the preparation of the annual accounts for the year ended 31<sup>st</sup> March, 2017, the applicable accounting standards read with requirements set out under Schedule III to the Act, have been followed and there are no material departures from the same;
- b) the Directors have selected such accounting policies and applied them consistently and made judgements and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company as at 31<sup>st</sup> March, 2017 and of the profit of the Company for the year ended on that date;
- c) the Directors have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
- d) the Directors have prepared the annual accounts on a 'going concern' basis;
- e) the Directors have laid down internal financial controls to be followed by the Company and that such internal financial controls are adequate and are operating effectively; and
- f) the Directors have devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems are adequate and operating effectively.

### **Corporate Social Responsibility Committee**

The Corporate Social Responsibility Committee (CSR Committee) has formulated and recommended to the

Board, a Corporate Social Responsibility Policy (CSR Policy) indicating the activities to be undertaken by the Company, which has been approved by the Board.

The CSR Policy may be accessed on the Company's website at the link: [http://www.epcmahindra.com/pdf/EPC\\_CSR\\_Policy.pdf](http://www.epcmahindra.com/pdf/EPC_CSR_Policy.pdf)

The key philosophy of all CSR initiatives of the Company is guided by three core commitments of Scale, Impact and Sustainability.

The Company has identified few focus areas of engagement which are as under:

- **Rural Transformation:** Creating sustainable livelihood solutions, addressing poverty, hunger and malnutrition.
- **Health:** Affordable solutions for healthcare through improved access, awareness and health seeking behaviour.
- **Education:** Access to quality education, training and skill enhancement.
- **Environment:** Environmental sustainability, ecological balance, conservation of natural resources.
- **Disaster Response:** Managing and responding to disaster.

During the year under review, your Company initiated few projects such as girl child education, supply of drinking water pipe line, providing solar water systems and supply of benches to a school in the rural area, River excavation work under Jalaukt Shiwari Yojana, medical check-up camps, tree plantation etc. These projects were mainly implemented directly through employee participation.

During the year under review, the Company has spent Rs. 14.95 lacs, which is over 2% of the average net profits of last three financial years, on CSR activities.

The Annual Report on CSR activities is annexed herewith marked as Annexure VI.

#### **Disclosures under Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013 and the Rules framed thereunder**

During the year under review, there were no complaints reported/resolved pursuant to the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013 and the Rules framed thereunder.

#### **Vigil Mechanism/Whistle Blower policy**

In order to ensure that the activities of the Company and its employees are conducted in a fair and transparent manner by adoption of highest standards of professionalism, honesty, integrity and ethical behaviour, the Company has adopted a vigil mechanism policy. Whistle Blower or Complainant, as the case may be under the said Policy, shall be entitled to direct access to the Chairperson of the Audit Committee in

appropriate or exceptional cases. This policy is explained in the Report on Corporate Governance and also posted on the website of Company.

#### **Auditors**

The Auditors, Messrs. Deloitte Haskins & Sells, Chartered Accountants, Baroda holds office under second term of five years until the conclusion of the Annual General Meeting to be held in the year 2021 as per the Resolution passed by the Shareholders on July 29, 2016 subject to the ratification by members in every Annual General Meeting. The Auditors are eligible for reappointment under Section 139 (1) of the Companies Act, 2013 and have furnished a certificate to this effect. The Directors recommend for ratification of their reappointment as Auditors of the Company.

#### **Cost Auditors**

The Company had filed the Cost Audit Report as per the Companies (Cost Accounting Records) Rules, 2011 prescribed under Section 148 (6) of Companies Act, 2013 and Rule 6(6) of the Companies (Cost Records and Audit) Rules, 2014 pertaining to the financial year 2015-16 before the due date of filing.

Pursuant to section 148 of the Companies Act, 2013, the Board of Directors, on the recommendation of the Audit Committee appointed M/s Shilpa & Company, Cost Accountants, as the Cost Auditors of the Company for the financial year 2017-18. M/s Shilpa & Company have confirmed that their appointment is within the limits of Section 139 of the Companies Act, 2013 and have also certified that they are free from any disqualification specified under Sections 141(3) and 148(5) of the Companies Act, 2013.

The Audit Committee has also received a Certificate from the Cost Auditor certifying their independence and arm's length relationship with the Company.

The Directors recommend the remuneration payable to the Cost Auditors of the Company for the year 2017-18. The approval from Shareholders for the remuneration payable to the Cost Auditors is being sought at the ensuing Annual General Meeting.

#### **Secretarial Auditors**

Pursuant to the provisions of Section 204 of the Companies Act, 2013 read with the Rules therein, the Secretarial Audit Report for the financial year ended on 31<sup>st</sup> March, 2017 issued by Mr. Sachin Bhagwat, Practising Company Secretary is attached as Annexure VII to this Report. The Secretarial Audit Report does not contain any qualification, reservation or adverse remark.

#### **Public Deposits & Loans/Advances**

During the year, the Company did not accept any fixed deposit. There were unclaimed/unpaid deposits and unclaimed/unpaid interest warrants outstanding as on March 31, 2017

amounting to Rs. 0.91 lacs. Your Company has neither made any loans or advances nor did any guarantees or securities which are required to be disclosed in the Annual Accounts of the Company.

### Uses & Application of Funds raised under Rights Issue

In the year 2012, the Company had allotted 1,03,58,199 equity shares at a price of Rs. 40 per share (including a premium of Rs. 30/- per share) resulting in total issue size of Rs. 41.43 crores under the Rights Issue.

The uses and application of funds raised under Rights Issue are given in Note No - 35.1 to the Financial Statement. The Uses and Application of funds under Rights Issue are monitored regularly by the Audit Committee.

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

The particulars relating to energy conservation, technology absorption, foreign exchange earnings and outgo as required to be disclosed under sub-section(3) (m) of Section 134 of the Companies Act, 2013 read with Rule 8(3) of the Companies (Accounts) Rules, 2014 are provided in Annexure VIII to this Report.

### DISCLOSURES:

#### Audit Committee

The Audit Committee comprises Independent Directors namely M/s. Vinayak Patil (Chairman), S Durgashankar and Anand Daga as other members.

All the recommendations made by the Audit Committee were accepted by the Board.

#### CSR Committee

The CSR Committee comprises M/s Ashok Sharma (Chairman), S Durgashankar and Vinayak Patil as other members.

#### Nomination and Remuneration Committee

The Nomination and Remuneration Committee comprises Directors namely M/s. Anand Daga (Chairman), S Durgashankar and Vinayak Patil as other members.

#### Meetings of the Board

Five meetings of the Board of Directors were held during the year. For further details, please refer the Report on Corporate Governance of this Annual Report.

#### Extract of Annual Return

Pursuant to Sub-section 3(a) of Section 134 and Sub-section 3 of Section 92 of the Companies Act, 2013, read with Rule 12(1) of the Companies (Management and Administration) Rules 2014, the extracts of Annual Return of the Company as at 31<sup>st</sup> March, 2017 is annexed herewith as Annexure IX to this Report.

### Statement of deviation (s) or variation (s)

During the year under review, there were no deviations of funds reported to the Audit Committee in respect of the funds raised in the year 2012, under Rights Issue.

### General

Your Directors state that no disclosure or reporting is required in respect of the following items as there were no transactions on these items during the year under review:

1. Details relating to deposits covered under Chapter V of the Companies Act, 2013.
2. Issue of equity shares with differential rights as to dividend, voting or otherwise.
3. Issue of shares (including sweat equity shares) to employees of the Company under any scheme save and except ESOS referred to in this Report.
4. There were no frauds reported by auditors (including Secretarial and Cost auditor) to the Audit Committee or Board and also not reported to the Central Government.

### Particulars of Employees

Particulars of employees as required under Section 197 of the Act read with Rule 5(2) and 5(3) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 is annexed to this Report and marked as Annexure III (B) and (C). In accordance with the provisions of Section 136 of the Act, the Annual Report and Accounts are being sent to all the Members of the Company excluding the aforesaid information and the said particulars will be made available on request and also made available for inspection at the Registered Office of the Company. Any Member interested in obtaining such particulars may write to the Company Secretary at the Registered Office of the Company.

### Acknowledgements

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

For and on behalf of the Board

Vinayak Patil  
Director

Ashok Sharma  
Managing Director

Place : Nashik  
Dated: 27<sup>th</sup> April, 2017

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## ANNEXURE I TO DIRECTORS' REPORT

### MANAGEMENT DISCUSSION AND ANALYSIS

#### Company Profile

EPC Industrié Limited is one of the pioneer companies in the industry, manufacturing Drip and Sprinkler Irrigation systems. Your Company's products are known in the market for their superior quality. In line with its larger objective of 'Delivering FarmTech Prosperity' and to sustain growth in the MIS market, your Company has introduced unique ways of delivering value to our farmers in addition to developing & manufacturing high quality MI systems.

Besides Micro Irrigation Systems, the Company also undertakes activities in the following:

- Greenhouse/Polyhouses, Hi-tech Polyhouses
- Range of Pumps required for agriculture and domestic use.
- Landscape products
- Automation products

#### Overview

Water scarcity, food security and other water-related environmental and ecological problems have been increasing rapidly in many areas of the world. "The real crisis in water is a 'creeping crisis'— it comes on slowly but it demands a response right now." Sustainable development—that is, development that meets the needs of the present without compromising the ability of future generations to meet their own needs—is a concept that has gained popularity. Increasingly, researchers and policymakers are advocating sustainable development as the best approach to today's and future water problems. The water resource management, sustainability implies preservation of water resources and meeting water demands.

Flood irrigation is commonly and traditionally followed in almost the whole of India. Use of this system often results into wastage of water in conveyance, distribution and evaporation. Therefore, only about 30-40% of applied water is being utilized by the crop and the rest is drained out or evaporated.

Agriculture industry is adversely affected by a significant decrease in the ground water levels; hence, there is a need to locate efficient ways of supplying water to meet agricultural needs and conserve water for future use.

In view of the water availability for future, various demand management strategies and programmes were introduced to improve water use efficiency. Micro Irrigation (MI) was one of them. Under Micro Irrigation, the water supply is regulated and only desired quantity of water is provided to the plant. The initial objective of micro irrigation was primarily to save water and increase the water use efficiency. However, over the period micro irrigation has proved that it delivers many other economic and social benefits to the society. While increasing

the productivity of crops significantly, it also reduces soil erosion, weed problems, cost of cultivation, labour, energy use, wastage of fertilizer/nutrient loss etc.

#### Industry Structure and Developments

Water scarcity and governmental support is the most important driving factor of the MIS industry. Besides this, area available for crop production, growing population in the country and GDP in the agriculture sector also contribute to the growing demand for MIS. The other major contributor to this market is growing pollution levels due to which the water level has declined and in the near future this trend is expected to continue.

Government of India has recognized the need for efficient and effective use of water, by improving its role in the agriculture segment and has given considerable importance to the micro irrigation industry. This has been demonstrated by increasing funds provision every year for micro irrigation. The Government of Karnataka has mandated Drip Irrigation system for Sugarcane crop while Maharashtra Government is extensively promoting Drip Irrigation Systems through Sugarcane factories.

Your Company is presently a major MIS supplier of micro irrigation systems (MIS) in India. Our strong brand name, expertise in agronomy services and widespread network have contributed to our growth.

#### Opportunities and Outlook

Micro irrigation is the fastest growing market segment in terms of both revenue and area, with 10-15% CAGR in terms of revenue. The growth of this market is fuelled by the government initiatives for adoption of micro irrigation systems in order to conserve water for future use. The growth of micro irrigation systems is particularly higher in Asia Pacific and Africa due to the increased problems of water scarcity and farmer awareness towards increasing the crop yield with the help of micro irrigation systems.

Out of the total 69 million hectares of cultivated area in India, only 7 to 8 million hectares is under drip and sprinkler irrigation. This represents strong potential for the growth of micro irrigation systems in India.

Crop protection expense is the second highest expense after fertilizers in overall farming expenses. These expenses can be considerably reduced with fertigation technique incorporated with micro irrigation systems and has proved to be winning importance for the expansion of micro irrigation systems.

#### Operations and Financial Performance

During the year 2016-17, your Company achieved Sales Turnover of Rs. 201.42 crores as compared to Rs. 202.96 crores in the preceding year. The major factors contributing to this performance were: Focus on project markets, product mix and increase in operational efficiencies.

These initiatives enabled your Company to achieve this performance despite some challenges owing to the demonetisation resulting in slow demand and de-registration of the Company in the State of Maharashtra as MI supplier during the year under review.

Persistent efforts in product & process improvement and quality not only contributed to improved efficiencies, but also enabled farmers to improve productivity further. This has been amply demonstrated in the success stories of farmers using the Company's products.

In order to facilitate farmers in achieving "FarmTech Prosperity", the Company's Agri Helpline provides online support besides providing agronomical services to farmers to improve farm productivity. These value added services will certainly open up more business opportunities and generate revenues in the years to come.

During the year under review, the Company's initiatives towards various techniques such as 1S 2S, TMW, Total Productive Maintenance (TPM), Total Quality Management (TQM) Continuous Improvement Team (CIT), Mahindra Yellow Belt Programme, Kaizen, Parivartan, Quality Parameters on all machines etc. continued to receive paramount importance. These measures have resulted in improvement in production efficiencies and reduction in rejections.

During the year under review, the Company has initiated opening of a satellite plant at Vadodara. This would be operational in the first quarter of F'18. This will help Company to reach newer markets, expand market share and reduce delivery time.

The Company is also preparing itself for Goods and Services Tax (GST) rollout in the year F'18, including revamping of IT and accounting systems, familiarisation with GST network, training to implement GST in a hassle-free manner and to make supply chains more efficient.

### **Risks, Concerns and Threats**

The major risks and threats to the Micro Irrigation industry are uneven distribution of rainfall, competition from unorganized sector, government policies and a constant fluctuation in polymer prices.

Seasonality is also another major concern for all irrigation companies as major business originates from non-monsoon months. However, this concern gets addressed through the Company's well spread operations in different states where monsoon months vary.

Long lead time in release of state subsidies requires more working capital for MI Industry. However, with the implementation of Pradhan Mantri Krishi Sinchai Yojana by the Central Government, it is expected to bring uniformity in release of subsidies. Many States are exploring implementation of releasing subsidies online.

The demand of MI systems in agriculture will not diminish, it will indeed increase exponentially. Even though surface irrigation will still dominate as the primary irrigation method with the current trends, the area under micro-irrigation will continue to expand.

### **Internal Control Systems**

The Company has a well established and comprehensive internal control structure to ensure that all assets are safeguarded and protected against loss from unauthorized use.

During the year under review, the Company implemented Enterprise Resource Planning System integrating many functional modules under System Application and Product (SAP). This would help to derive improvement in productivity, increase efficiencies, decrease costs and streamline processes. All transactions are correctly recorded and reported that the operations are conducted in an efficient manner. It also provides reasonable assurance regarding reliability of financial reporting. The constituent key risks of the internal control systems are – review of business plan, identification of key risks and opportunities, well defined organisation structure, limits of financial authority and continuous identification of areas which require strengthening of internal controls.

The internal audits are conducted periodically, covering major areas of business and the Company continuously upgrades systems in line with the best accounting practices. The reports of Internal Auditors are reviewed by the Audit Committee of the Board. The Audit Committee discusses significant findings, recommendations of internal and external auditors with reference to significant risk areas and adequacy of internal controls and corrective measures are initiated.

Based on management's assessment and testing of controls, it is concluded that the Company has proper internal financial controls which are considered adequate and are operating effectively.

### **Human Resources**

The Company takes great pride in the commitment, competence and dynamism shown by its employees in all spheres of business. The Company continues to take initiatives to align its policies with the holding company and to meet the growing needs of the business. The Company also continues to attract and nurture fresh talent from leading agricultural colleges.

Human resource initiatives such as increasing productivity of sales force through building crop specific capability, market studies for remuneration of employees, investment in assessing and identifying development areas for sales force, capability road map planning for employees, introduction of employee friendly policies are yielding better employee engagement score which is critical for business performance.

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Based on the market studies and various pockets of market potential, various important measures like rationalisation of manpower, right allocation and effective utilisation of manpower have been implemented, resulting in improvement in productivity per person.

The measures for safety, training, welfare and development of employees receive highest priority.

The Company periodically conducts Samwaad – Employee Engagement Survey and Vicharmanthan. These diagnostic tools act as a powerful medium to understand employees' expectations, feedbacks, suggestions and ideas for overall improvement in the working of the Company. Your Company has actively worked upon the suggestions given by employees and has implemented various such suggestions for the betterment of the Company.

As we look ahead, we are confident that our strong, positive people philosophy and practices will make us a preferred destination for talent in the industry.

As on 31<sup>st</sup> March, 2017, the total number of employees of your Company was 353.

**Cautionary Note**

This report contains forward-looking statements based on certain assumptions and expectations of future events. Actual performance, results or achievements and risks and opportunities may differ from those expressed or implied in any such forward-looking statements. The Company assumes no responsibility to publicly amend, modify or revise any forward looking statements, on the basis of any subsequent developments, information or events.

**ANNEXURE II TO DIRECTORS' REPORT**

**Disclosures with respect to Employees Stock Option Scheme of the Company pursuant to the provisions of the Companies Act, 2013.**

| Particulars   | Employees Stock Option Scheme, 2014   |   |
|---|---|---|
| (a) Options granted   | 2,17,084  |   |
| (b) Options vested  | 28,197  |   |
| (c) Options exercised   | 28,197  |   |
| (d) The total number of shares arising as a result of exercise of option  | 2,17,084  |   |
| (e) Options lapsed  | 19,820  |   |
| (f) Exercise price  | Rs. 10  |   |
| (g) Variation of terms of options   | Nil   |   |
| (h) Money realised by exercise of options   | Rs. 2,81,970  |   |
| (i) Total number of options in force  | 1,69,067  |   |
| (j) Employee wise details of options granted to   |   |   |
| (i) Key Managerial Personnel  | 1) Sanjeev Mohoni – 45,000<br>2) Mayur Bumb – 11,059*<br>3) Ratnakar Nawghare – 7,029<br>* Resigned |   |
| (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   | Year of Grant   | 1) Kiran Soman – 16,862<br>2) Deepak Bajaj – 6,498*<br>3) Kedarnath Keskar – 4,688<br>4) Makarand Mallikar – 4,675<br>5) Ranveer Singh Malhotra – 4,644<br>6) Hemant Sahu – 4,130*<br>7) Arvind Gulghane – 4,024<br>* Resigned. |
|   | 2014  |   |
|   | 2015  | 1) G. Ragupathi – 3,228   |
|   | 2016  | 1) Padamkumar Gandhi – 7,896<br><u>M &amp; M Deputies</u><br>1) Abhijit Page – 28,658<br>2) Milind Khapre – 22,320<br>3) Tejas Joshi – 9,972  |
| (iii) Identified employees who were granted options, 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) Basic and 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'                               | Basic Earnings per Share - Rs. 3.58 & Diluted Earnings per Share - Rs. 3.56                         |   |

| Particulars   | Employees Stock Option Scheme, 2014  |                |                          |
|---|--|----------------|--------------------------|
| (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 fair value method, in respect of stock options granted under the Employees Stock Option Scheme, 2014.   |                |                          |
| (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  | Options Grants Date  | Exercise Price | Fair Value               |
|   | 28 <sup>th</sup> October, 2014 and 31 <sup>st</sup> October, 2015<br>22 <sup>nd</sup> November, 2016   | } Rs. 10       | Rs. 170.97<br>Rs. 131.75 |
| (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:  | The fair value of the Stock Options granted on 28 <sup>th</sup> October, 2014, 31 <sup>st</sup> October, 2015 and 22 <sup>nd</sup> November, 2016 have been calculated using Black-Scholes Options Pricing Formula and the significant assumptions made in this regard are as follows: |                |                          |
| (i) risk-free interest rate   | 8.06% and 6.33% respectively   |                |                          |
| (ii) expected life  | 3.50 years and 5.50 years respectively   |                |                          |
| (iii) expected volatility,  | 55.00% and 49.00% respectively   |                |                          |
| (iv) expected dividends and   | Nil, as the Company has not declared any dividend.   |                |                          |
| (v) the price of the underlying share in market at the time of option grant.  | Rs. 177.75, Rs. 158.3 and Rs. 135.4 respectively.  |                |                          |

**ANNEXURE III TO DIRECTORS' REPORT****A. DETAILS PERTAINING TO REMUNERATION AS REQUIRED UNDER SECTION 197(12) OF THE COMPANIES ACT, 2013 READ WITH RULE 5(1) OF THE COMPANIES (APPOINTMENT AND REMUNERATION OF MANAGERIAL PERSONNEL) RULES, 2014**

| <b>Sr. No.</b> | <b>Requirements</b>   | <b>Disclosure</b>   |
|----------------|---|---|
| 1              | The ratio of the remuneration of each director to the median remuneration of the employees for the financial year.  | 6.54%   |
| 2              | The percentage increase in remuneration of each Director, CEO, CFO & CS.  | MD - Nil%<br>CEO - 6%<br>CFO - 7%<br>CS - 7%  |
| 3              | The percentage increase in the median remuneration of employees in the financial year.  | The median remuneration of the employees in the financial year was increased by 8%. The calculation of % increase in median remuneration is done based on comparable employees. |
| 4              | The number of permanent employees on the rolls of the company.  | There were <b>353</b> permanent employees as on 31 <sup>st</sup> March, 2017.   |
| 5              | Average percentage increase already made in the salaries of employees other than the managerial personnel in the last financial year and its comparison with the percentile increase in the managerial remuneration and justification thereof and point out if there are any exceptional circumstances for increase in the managerial remuneration. | The average percentage change in Managerial employees is <b>7.24%</b> whereas the average percentage change in Non - Managerial employees is <b>7.28%</b> in 2016-17.           |
| 6              | Affirmation that the remuneration is as per the remuneration policy of the company.   | The Company affirms that the remuneration is as per the remuneration policy of the Company.   |

## ANNEXURE IV TO DIRECTORS' REPORT

### POLICY ON APPOINTMENT OF DIRECTORS AND SENIOR MANAGEMENT AND SUCCESSION PLANNING FOR ORDERLY SUCCESSION TO THE BOARD AND THE SENIOR MANAGEMENT

#### DEFINITIONS

The definitions of some of the key terms used in this Policy are given below.

“Board” means Board of Directors of the Company.

“Company” means EPC Industrié Limited.

“Committee(s)” means Committees of the Board for the time being in force.

“Employee” means employee of the Company whether employed in India or outside India including employees in the Senior Management Team of the Company.

“HR” means the Human Resource department of the Company.

“Key Managerial Personnel” (KMP) refers to key managerial personnel as defined under the Companies Act, 2013 and includes:

- (i) Managing Director (MD), or Chief Executive Officer (CEO); or Manager; or Whole time Director (WTD)
- (ii) Chief Financial Officer (CFO); and
- (iii) Company Secretary (CS).

“Nomination and Remuneration Committee” (NRC) means Nomination and Remuneration Committee of Board of Directors of the Company for the time being in force.

“Senior Management” means personnel of the Company who are members of its Core Management Team excluding Board of Directors comprising of all members of management one level below the executive directors including the functional heads.

#### I. APPOINTMENT OF DIRECTORS

- The NRC reviews and assesses Board composition and recommends the appointment of new Directors. In evaluating the suitability of individual Board member, the NRC shall take into account the following criteria regarding qualifications, positive attributes and independence of director:
  1. All Board appointments will be based on merit, in the context of the skills, experience, independence and knowledge, for the Board as a whole to be effective.
  2. Ability of the candidates to devote sufficient time and attention to his professional obligations as Independent Director for informed and balanced decision making.

3. Adherence to the Code of Conduct and highest level of Corporate Governance in letter and in spirit by the Independent Directors.

- Based on recommendation of the NRC, the Board will evaluate the candidate(s) and decide on the selection of the appropriate member. The Board through the Whole Time Director will interact with the new member to obtain his/her consent for joining the Board. Upon receipt of the consent, the new Director will be co-opted by the Board in accordance with the applicable provisions of the Companies Act 2013 and Rules made thereunder.

#### REMOVAL OF DIRECTORS

If a Director is attracted with any disqualification as mentioned in any of the applicable Act, rules and regulations thereunder or due to non - adherence to the applicable policies of the company, the NRC may recommend to the Board with reasons recorded in writing, removal of a Director subject to the compliance of the applicable statutory provisions.

#### SENIOR MANAGEMENT PERSONNEL

The NRC shall identify persons who are qualified to become directors and who may be appointed in senior management team in accordance with the criteria laid down above.

Senior Management personnel are appointed or promoted and removed/relieved with the authority of Whole Time Director based on the business need and the suitability of the candidate. The details of the appointment made and the personnel removed one level below the Key Managerial Personnel during a quarter shall be presented to the Board.

#### II. SUCCESSION PLANNING:

##### Purpose

The Talent Management Policy sets out the approach to the development and management of talent in the Mahindra Group to ensure the implementation of the strategic business plans of the Group and the Group Aspiration of being among the Top 50 globally most-admired brands by 2021.

##### Board:

The successors for the Independent Directors shall be identified by the NRC atleast one quarter before expiry of the scheduled term. In case of separation of Independent Directors due to resignation or otherwise, successor will be appointed at the earliest but not later than the immediate next Board meeting or three months from the date of such vacancy, whichever is later.

The successors for the Executive Director(s) shall be identified by the NRC from among the Senior Management or through external source as the Board may deem fit.

The NRC will accord due consideration for the expertise and other criteria required for the successor.

The Board may also decide not to fill the vacancy caused at its discretion.

**Senior Management Personnel:**

A good succession-planning program aims to identify high growth individuals, train them and feed the pipelines with new talent. It will ensure replacements for key job incumbents in KMPs and senior management positions in the organization.

Significantly, we have a process of identifying Hi-pots and critical positions. Successors are mapped for these positions at the following levels:

1. Emergency successor
2. Ready now
3. Ready in 1 to 2 years
4. Ready in 2 to 5 years
5. Ready in more than 5 years

in order to ensure talent readiness as per a laddered approach.

**Policy Statement**

The Talent Management framework of the Mahindra Group has been created to address three basic issues:

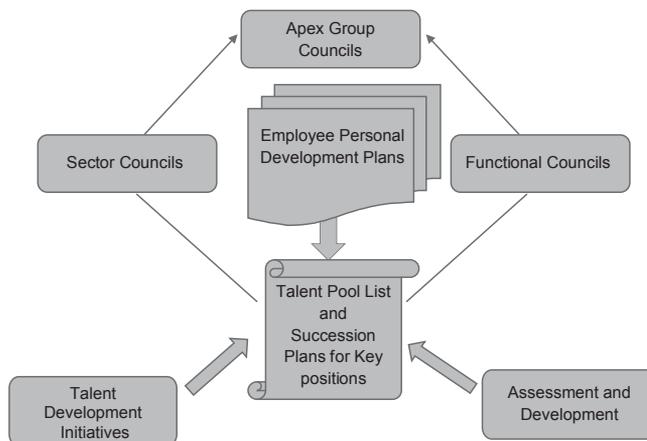
- 1) Given the strategic business plans, do we have the skills and competencies required to implement them? If not, how do we create them – by developing them internally or through lateral induction from outside?
- 2) For critical positions, what is the succession pipeline?
- 3) What are the individual development plans for individuals both in the succession pipeline as well as others?

The framework lays down an architecture and processes to address these questions using the **3E** approach :

- a) **Experience** i.e. both long and short-term assignments. This has 70% weightage
- b) **Exposure** i.e. coaching and mentoring – 20% weightage
- c) **Education** i.e. learning and development initiatives – 10% weightage

The Talent Management process is applicable to all employees. Over the years, the Talent Management framework has become a well-structured and process-oriented system which is driven by an interactive and collaborative network of Talent Councils at the Group and Sector Levels. These Talent Councils, which consist mainly of Senior business leaders supported by HR, are a mix of Sector (Business) and Functional Councils coordinated by an Apex Talent Council, headed by the Group Chairman. The Apex Council reviews the work done by the Talent Councils and facilitates movement of talent across Sectors. The Sector/Functional Councils meet regularly throughout the year and the Apex Council interacts with each one of them separately once a year, and in addition conducts an integrated meeting where the Chairpersons of all the Councils are present.

The Talent Management process can be represented pictorially as under:



The talent pipeline is maintained and developed so as to ensure that there is a seamless flow of talent. An important part of this exercise is drawing up and implementing IDAPs (Individual Development Action Plans) for every Executive concerned using the 3E approach mentioned above.

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## ANNEXURE V TO DIRECTORS' REPORT

### POLICY FOR REMUNERATION OF THE DIRECTORS, KEY MANAGERIAL PERSONNEL AND OTHER EMPLOYEES

#### Purpose

This Policy sets out the approach to Compensation of Directors, Key Managerial Personnel and other employees in EPC Industrié Limited.

#### Policy Statement

We have a well-defined Compensation policy for Directors, Key Managerial Personnel and all employees, including the Chairman, Presidents and other Members of the Group Executive Board who are employees of the Company. The overall compensation philosophy which guides us is that in order to achieve global leadership and dominance in domestic markets, we need to attract and retain high performers by compensating them at levels that are broadly comparable with the median of the comparator basket while differentiating people on the basis of performance, potential and criticality for achieving competitive advantage in the business.

In order to effectively implement this, we have built our Compensation structure by a regular annual benchmarking over the years with relevant players across the industry we operate in.

#### NON-EXECUTIVE INCLUDING INDEPENDENT DIRECTORS:

The Nomination and Remuneration Committee (NRC) shall decide the basis for determining the compensation, both Fixed and variable, to the Non Executive Directors, including Independent Directors, whether as commission or otherwise. The NRC shall take into consideration various factors such as director's participation in Board and Committee meetings during the year, other responsibilities undertaken, such as membership or Chairmanship of committees, time spent in carrying out their duties, role and functions as envisaged in Schedule IV of the Companies Act 2013 and such other factors as the NRC may consider deem fit for determining the compensation. The Board shall determine the compensation to Non-Executive Directors within the overall limits specified in the Shareholders resolution.

#### Whole Time Director or Executive Director or CEO:

The remuneration to Whole Time Director or Executive Director or CEO shall be recommended by NRC to the Board. The remuneration consists of both fixed compensation and variable compensation and shall be paid as salary, commission, performance bonus, stock options (where applicable), perquisites and fringe benefits as approved by the Board and within the overall limits specified in the Shareholders resolution. While the fixed compensation is determined at the time of their appointment, the variable compensation will be determined annually by the NRC based on their performance or alternatively, the NRC may recommend to pay the consolidated remuneration.

#### Key Managerial Personnel (KMPs)

The terms of remuneration of Chief Financial Officer (CFO) shall be determined by the Audit Committee from time to time. The terms of remuneration of the Company Secretary shall be finalised/revised by the Whole Time Director or such other person as may be authorised by the Board from time to time.

The remuneration shall be consistent with the competitive position of the salary for similar positions in the industry and their Qualifications, Experience, Roles and Responsibilities. Pursuant to the provisions of Section 203 of the Companies Act 2013 the Board shall approve the remuneration at the time of their appointment.

The remuneration to directors, KMPs and senior management involves a balance between fixed and incentive pay reflecting short and long-term performance objectives appropriate to the working of the company and its goals.

#### Employees

We follow a differential approach in choosing the comparator basket for benchmarking, depending upon the level in the organization:

- a. For all employees from Operational to Executive Band, we benchmark with a set of comparators from the same industry.
- b. For Strategic band and above, we have a position-based approach and the comparator basket includes benchmarks from across relevant industries.

We have a CTC (Cost to Company) concept which includes a fixed component (Guaranteed Pay) and a variable component (Performance pay). The percentage of the variable component increases with increasing hierarchy levels, as we believe employees at higher positions have a far greater impact and influence on the overall business result. The CTC is reviewed once every year and the compensation strategy for positioning of individuals takes into consideration the following elements:

- Performance
- Potential
- Criticality
- Longevity in grade

Remuneration for the new employees other than KMPs and Senior Management Personnel will be decided by the HR, in consultation with the concerned business unit head at the time of hiring, depending upon the relevant job experience, last compensation and the skill-set of the selected candidate.

The Company may also grant Stock Options to the Employees and Directors (other than Independent Directors and Promoter) in accordance with the ESOP Scheme of the Company and subject to the compliance of the applicable statutes and regulations.

**ANNEXURE VI TO DIRECTORS' REPORT****Annual Report on Corporate Social Responsibility (CSR) activities for the financial year 2016-17**

|   |   |   |
|---|---|---|
| 1 | Brief outline of the Company's CSR Policy including overview of projects or programs proposed to be undertaken and a reference to the web-link to the CSR Policy and projects or programs and the composition of CSR Committee. | Refer Sections:<br>(a) Corporate Social Responsibility and<br>(b) Disclosures: CSR Committee in the Annual Report |
| 2 | Average net profit of the Company for last three financial years  | Rs. 7,10,94,557   |
| 3 | Prescribed CSR expenditure (two percent of the amount mentioned in item 2 above)  | Rs. 14,21,891   |
| 4 | Details of CSR spent during the financial year  | Rs. 14,94,653   |
| 5 | Total amount to be spent for the financial year   | Rs. 14,94,653   |
| 6 | Amount unspent, if any  | Rs. Nil   |
| 7 | Manner in which the amount spent during the financial year  | Details given below   |

These projects were implemented under the monitoring of CSR Committee. The details of CSR spent during the financial year under the aforesaid CSR activities are mentioned below:

| (1)     | (2)                                | (3)                                    | (4)   | (5)  | (6)  | (7)   | (8)   |
|---------|------------------------------------|--|---|--|--|---|---|
| Sr. No. | CSR project or activity identified | Sector in which the project is covered | Projects or programmes<br>(1) Local area or other<br>(2) Specify the State and district where projects or programs was undertaken | Amount outlay (budget) project or program wise | Amount spent on the projects or programmes<br>Sub-heads:<br>(1) Direct expenditure on projects or programs<br>(2) Overheads: | Cumulative expenditure upto the reporting period. | Amount spent: Direct or through implementing agency |
| 1       | Supply of drinking water pipe line | Rural Dev.                             | Dhaur Tal Dindori. District Nashik, Maharashtra   | 3,02,825                                       | 3,02,825   | 3,02,825  | Through NGO   |
| 2       | Installation of Solar Water Heater | Education                              | District Nashik, Maharashtra  | 85,000   | 85,000   | 85,000  | Through NGO   |
| 3       | Supply of Benches                  | Education                              | District Nashik, Maharashtra  | 86,828   | 86,828   | 86,828  | Through NGO   |
| 4       | River Widening                     | Rural Dev.                             | District Nashik, Maharashtra  | 2,22,500                                       | 2,22,500   | 2,22,500  | Direct  |
| 5       | Medical Camp for Women             | Health                                 | District Nashik, Maharashtra  | 85,500   | 85,500   | 85,500  | Through NGO   |
| 6       | Nanhi Kali                         | Education                              | District Nashik, Maharashtra  | 7,12,000                                       | 7,12,000   | 7,12,000  | KC Mahindra Education Trust*                        |
|         | Total                              |  |   | 14,94,653                                      | 14,94,653  | 14,94,653   |   |

\* The K. C. Mahindra Education Trust was founded by the late Mr. K. C. Mahindra in the year 1953, with an objective of promoting literacy and higher learning in the country.

**Responsibility Statement**

The Responsibility Statement of the Corporate Social Responsibility (CSR) Committee of the Board of Directors of the Company is reproduced below:

The implementation and monitoring of Corporate Social Responsibility (CSR) Policy, is in compliance with CSR objectives and policy of the Company.

For and on behalf of the Board

**Vinayak Patil**  
Director

**Ashok Sharma**  
Managing Director  
& Chairman of CSR Committee

Place : Nashik

Dated: 27<sup>th</sup> April, 2017

## ANNEXURE VII TO DIRECTORS' REPORT

### SECRETARIAL AUDIT REPORT

#### For the financial year ended 31 March, 2017

[Pursuant to section 204(1) of the Companies Act, 2013 and Rule No. 9 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014]

To,  
 The Members,  
 EPC Industrié Limited  
 Plot No. H-109, M.I.D.C. Ambad  
 Nashik 422010.

I have conducted the Secretarial Audit of the compliance of applicable statutory provisions and the adherence to good corporate practices by EPC Industrié Limited (hereinafter called "the Company"). Secretarial Audit was conducted in a manner that provided me a reasonable basis for evaluating the corporate conduct/statutory compliances and expressing my opinion thereon. Based on my verification of the Company's books, papers, minute books, forms and returns filed and other records maintained by the Company and also the information provided by the Company, its officers, agents and authorised representatives during the conduct of secretarial audit, I hereby report that in my opinion, the Company has, during the audit period covering the financial year ended on 31 March, 2017, complied with the statutory provisions listed hereunder and also that the Company has proper Board-processes and compliance-mechanism in place to the extent, in the manner and subject to the reporting made hereinafter.

I have examined the books, papers, minute books, forms and returns filed and other records maintained by the Company for the financial year ended on 31 March, 2017 according to the provisions of:

- (i) The Companies Act, 2013 (the Act) and the rules made thereunder;
- (ii) The Securities Contracts (Regulation) Act, 1956 ('SCRA') and the rules made thereunder;
- (iii) The Depositories Act, 1996 and the Regulations and Bye-laws framed thereunder;
- (iv) Foreign Exchange Management Act, 1999 and the rules and regulations made thereunder to the extent of foreign direct investment, overseas direct investment and external commercial borrowings (Not applicable to the Company during the audit period);
- (v) The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 ('SEBI Act'):-
  - (a) The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011;
  - (b) The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015;
  - (c) The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009 (Not applicable to the Company during the Audit period);
  - (d) The Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014;

- (e) The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008 (Not applicable to the Company during the Audit period);
- (f) The Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 1993 regarding the Companies Act and dealing with client;
- (g) The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009 (Not applicable to the Company during the Audit period); and
- (h) The Securities and Exchange Board of India (Buyback of Securities) Regulations, 1998 (Not applicable to the Company during the Audit period).

I further report that having regard to the compliance system prevailing in the Company and on examination of the relevant documents and records in pursuance thereof, no law was applicable specifically to the Company.

I have also examined compliance with the applicable clauses of the following:

- (i) Secretarial Standards issued by the Institute of Company Secretaries of India;
- (ii) Listing Agreements entered into by the Company with BSE Ltd. and the National Stock Exchange of India Ltd and The Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015.

During the period under review the Company has complied with the provisions of the Act, Rules, Regulations, Guidelines, Standards, etc. mentioned above.

I further report that

The Board of Directors of the Company is duly constituted with proper balance of Executive Directors, Non-Executive Directors and Independent Directors. No changes in the composition of the Board of Directors took place during the period under review.

Adequate notice is given to all directors to schedule the Board Meetings, agenda and detailed notes on agenda were sent at least seven days in advance, and a system exists for seeking and obtaining further information and clarifications on the agenda items before the meeting and for meaningful participation at the meeting.

As per the minutes of the meetings duly recorded and signed by the Chairman, the decisions of the Board were unanimous and no dissenting views have been recorded.

I further report that there are adequate systems and processes in the Company commensurate with the size and operations of the Company to monitor and ensure compliance with applicable laws, rules, regulations and guidelines.

I further report that during the audit period no specific events/ actions took place having a major bearing on the Company's affairs in pursuance of the above referred laws, rules, regulations, guidelines, standards etc. referred to above.

Place : Pune  
 Date : 21<sup>st</sup> April, 2017

**Sachin Bhagwat**  
 ACS: 10189  
 CP: 6029

## ANNEXURE VIII TO DIRECTORS' REPORT

PARTICULARS AS PER SECTION 134 (3) (m) OF THE COMPANIES ACT, 2013 READ WITH RULE 8(3) OF THE COMPANIES (ACCOUNTS) RULES, 2014 AND FORMING PART OF THE DIRECTORS' REPORT FOR THE YEAR ENDED 31<sup>st</sup> MARCH, 2017

### 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) the steps taken or impact on conservation of energy:

- New designed extruders and downstream 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.
- Continuous raw material supply for higher productivity.
- Continuous improvements within production area, efficient production planning and improved preventive maintenance resulting into higher up time.

#### (b) the steps taken by the company for utilising alternate sources of energy:

The Company has explored the potential of using the alternate sources of energy through pilot projects which may be considered for implementation in future and your Company would continue to explore alternative sources of energy in future.

#### (c) the capital investment on energy conservation equipments:

Nil

### B. Technology Absorption

#### (i) the efforts made towards technology absorption

Technology is the key enabler and core facilitator to achieve goals of your Company. Since inception, your Company has been at the forefront of leveraging technology to provide better products and services to its customers. The Company's efforts are always focused on making in-house developments, improvement in products and processes, reduction in costs.

#### (ii) the benefits derived like product improvement, cost reduction, product development or import substitution

Technology has responded by being a true strategic partner with business. Many first mover implementations/developments have provided business, long lasting advantages to the Company.

Apart from product development, product improvement and effective cost management, technology has played a major role in ensuring high level of customer satisfaction and providing competitive advantage.

#### (iii) in case of imported technology (imported during the last three years reckoned from the beginning of the financial year) - Nil

(a) the details of technology imported -NA

(b) the year of import -NA

(c) whether the technology been fully absorbed - NA

(d) if not fully absorbed, areas where absorption has not taken place, and the reasons thereof: NA

#### (iv) Expenditure of Research and Development:

|     |  | (Rs. In Thousands) |         |
|-----|--|--------------------|---------|
|     |  | 2016-17            | 2015-16 |
| (a) | Capital Expenditure                            | Nil                | Nil     |
| (b) | Recurring Expenditure                          | 1076               | 244     |
| (c) | Total  | 1076               | 244     |
| (d) | Total R&D expenditure as a % of total turnover | 0.01               | 0.01    |

### C. Foreign Exchange Earnings & Outgo

The Company is assessing the potential countries where the exports business can be explored.

Particulars with regard to foreign exchange earned and outgo are given in the Note No. 35 to the Financial Statements.

For and on behalf of the Board

Vinayak Patil  
Director

Ashok Sharma  
Managing Director

Place : Nashik

Dated : 27<sup>th</sup> April, 2017

## ANNEXURE IX TO DIRECTORS' REPORT

### EXTRACT OF ANNUAL RETURN

as on the financial year ended on 31<sup>st</sup> March, 2017

[Pursuant to section 92(3) of the Companies Act, 2013 and rule 12(1) of the Companies (Management and Administration) Rules, 2014]

#### I. REGISTRATION AND OTHER DETAILS:

|      |   |   |
|------|---|---|
| i)   | CIN:-   | L25200MH1981PLC025731   |
| ii)  | Registration Date:-   | 28/11/1981  |
| iii) | Name of the Company:-   | EPC Industrié Limited   |
| iv)  | Category/Sub-Category of the Company:                                       | Public Limited  |
| v)   | Address of the Registered office and contact details:-                      | Plot No. H-109, MIDC Ambad,<br>Nashik - 422 010 Ph No: 0253-2381081/6642000   |
| vi)  | Whether listed company: Yes/No  | Yes   |
| vii) | Name, Address and Contact details of Registrar and Transfer Agent, if any:- | Karvy Computershare Private Limited<br>Karvy Selenium, Tower B,<br>Plot No. 31-32, Gachibowli<br>Financial District, Nanakramguda<br>Hyderabad, Telangana-500 032 |

#### II. PRINCIPAL BUSINESS ACTIVITIES OF THE COMPANY

All the business activities contributing 10% or more of the total turnover of the company shall be stated:-

| Sr. No. | Name and description of main products/services | NIC Code of the Product/service | % to total turnover of the company |
|---------|--|---------------------------------|------------------------------------|
| 1       | Micro Irrigation Systems - Drip & Sprinklers   | 842400                          | 93.5                               |

#### III. PARTICULARS OF HOLDING, SUBSIDIARY AND ASSOCIATE COMPANIES:

| Sr. No. | Name and address of the company | CIN/GLN               | Holding/Subsidiary/ Associate | % of shares held | Applicable Section |
|---------|---------------------------------|-----------------------|-------------------------------|------------------|--------------------|
| 1       | Mahindra and Mahindra Limited   | L65990MH1945PLC004558 | Holding                       | 54.73            | 2(46)              |

#### IV. SHAREHOLDING PATTERN (Equity Share Capital Breakup as percentage of Total Equity)

##### i) Category-wise shareholding

| Category of Shareholders  | No. of shares held at the beginning of the year |          |                    |                   | No. of shares held at the end of the year |          |                    |                   | % change during the year |
|---------------------------|---|----------|--------------------|-------------------|---|----------|--------------------|-------------------|--------------------------|
|                           | Demat   | Physical | Total              | % of total shares | Demat                                     | Physical | Total              | % of total shares |                          |
| <b>A. Promoters</b>       |   |          |                    |                   |   |          |                    |                   |                          |
| (1) Indian                | 0   | 0        | 0                  | 0                 | 0   | 0        | 0                  | 0                 |                          |
| a) Individual/HUF         | 1,51,44,433                                     | 0        | 1,51,44,433        | 54.76             | 1,51,44,433                               | 0        | 1,51,44,433        | 54.73             | 0.03                     |
| b) Central Govt.          | 0   | 0        | 0                  | 0                 | 0   | 0        | 0                  | 0                 |                          |
| c) State Govt(s)          |   |          |                    |                   |   |          |                    |                   |                          |
| d) Bodies Corporate       | 0   | 0        | 0                  | 0                 | 0   | 0        | 0                  | 0                 | 0.00                     |
| e) Banks/FI               | 0   | 0        | 0                  | 0                 | 0   | 0        | 0                  | 0                 |                          |
| f) Any other              | 0   | 0        | 0                  | 0                 | 0   | 0        | 0                  | 0                 |                          |
| <b>Sub-Total (A)(1):-</b> | <b>1,51,44,433</b>                              | <b>0</b> | <b>1,51,44,433</b> | <b>54.76</b>      | <b>1,51,44,433</b>                        | <b>0</b> | <b>1,51,44,433</b> | <b>54.73</b>      | <b>0.03</b>              |

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| Category of Shareholders  | No. of shares held at the beginning of the year |                 |                    |                   | No. of shares held at the end of the year |                 |                    |                   | % change during the year |
|---|---|-----------------|--------------------|-------------------|---|-----------------|--------------------|-------------------|--------------------------|
|   | Demat   | Physical        | Total              | % of total shares | Demat                                     | Physical        | Total              | % of total shares |                          |
| <b>(2) Foreign</b>  |   |                 |                    |                   |   |                 |                    |                   |                          |
| a) NRIs-Individuals   | 0   | 0               | 0                  | 0                 | 0   | 0               | 0                  | 0                 |                          |
| b) Other-Individuals  | 0   | 0               | 0                  | 0                 | 0   | 0               | 0                  | 0                 |                          |
| c) Bodies Corp.   | 0   | 0               | 0                  | 0                 | 0   | 0               | 0                  | 0                 |                          |
| d) Banks/FI   | 0   | 0               | 0                  | 0                 | 0   | 0               | 0                  | 0                 |                          |
| e) Any other  | 0   | 0               | 0                  | 0                 | 0   | 0               | 0                  | 0                 |                          |
| <b>Sub-Total (A)(2):-</b>   | <b>0</b>  | <b>0</b>        | <b>0</b>           | <b>0</b>          | <b>0</b>                                  | <b>0</b>        | <b>0</b>           | <b>0</b>          |                          |
| <b>Total shareholding of Promoter (A)=(A)(1)+(A)(2)</b>                           | <b>1,51,44,433</b>                              | <b>0</b>        | <b>1,51,44,433</b> | <b>54.76</b>      | <b>1,51,44,433</b>                        | <b>0</b>        | <b>1,51,44,433</b> | <b>54.73</b>      | <b>0.03</b>              |
| <b>B. Public Shareholding</b>   |   |                 |                    |                   |   |                 |                    |                   |                          |
| <b>1. Institutions</b>  |   |                 |                    |                   |   |                 |                    |                   |                          |
| a) Mutual Funds   | 2,90,569  | 0               | 2,90,569           | 1.05              | 5,53,569                                  | 0               | 5,53,569           | 2.00              | 0.95                     |
| b) Banks/FI   | 0   | 200             | 200                | 0.00              | 0   | 200             | 200                | 0                 | 0                        |
| c) Central Govt(s)  | 0   | 0               | 0                  | 0                 | 0   | 0               | 0                  | 0                 | 0                        |
| e) Venture Capital Funds  | 0   | 0               | 0                  | 0                 | 0   | 0               | 0                  | 0                 | 0                        |
| f) Insurance Companies  | 0   | 0               | 0                  | 0                 | 0   | 0               | 0                  | 0                 | 0                        |
| g) FIs  | 0   | 0               | 0                  | 0                 | 0   | 0               | 0                  | 0                 | 0                        |
| h) Foreign Venture Capital Funds  | 0   | 0               | 0                  | 0                 | 0   | 0               | 0                  | 0                 | 0                        |
| i) Others (specify)   | 12,77,600                                       | 0               | 12,77,600          | 4.62              | 0   | 0               | 5,101              | 0.02              | (4.60)                   |
| <b>Sub-Total (B)(1):-</b>   | <b>15,68,169</b>                                | <b>200</b>      | <b>15,68,369</b>   | <b>5.67</b>       | <b>5,58,670</b>                           | <b>200</b>      | <b>5,58,870</b>    | <b>2.02</b>       | <b>(3.65)</b>            |
| <b>2. Non-Institutions</b>  |   |                 |                    |                   |   |                 |                    |                   |                          |
| a) Bodies corp.   | 27,02,982                                       | 4,460           | 27,07,442          | 9.79              | 26,82,993                                 | 4,460           | 26,87,453          | 9.72              | (0.07)                   |
| i) Indian   | 0   | 0               | 0                  | 0                 | 0   | 0               | 0                  | 0                 | 0                        |
| ii) Overseas  | 0   | 0               | 0                  | 0                 | 0   | 0               | 0                  | 0                 | 0                        |
| b) Individuals  |   |                 |                    |                   |   |                 |                    |                   | 0                        |
| i) Individual shareholders holding nominal share capital upto Rs. 1 Lakh          | 3,59,90,94                                      | 6,02,160        | 42,01,254          | 15.19             | 43,80,352                                 | 5,90,030        | 49,53,222          | 17.90             | 2.71                     |
| ii) Individual shareholders holding nominal share capital in excess of Rs. 1 Lakh | 36,81,255                                       | 0               | 36,81,255          | 13.31             | 39,81,903                                 | 0               | 39,81,903          | 14.39             | 1.08                     |
| c) Others (specify) NRI   | 2,50,419  | 1,05,300        | 3,55,719           | 1.29              | 2,41,380                                  | 1,05,300        | 3,46,680           | 1.25              | (0.04)                   |
| <b>Sub-Total (B)(2):-</b>   | <b>1,02,33,750</b>                              | <b>7,11,920</b> | <b>1,09,45,670</b> | <b>39.57</b>      | <b>1,12,86,628</b>                        | <b>6,99,790</b> | <b>1,19,69,258</b> | <b>43.28</b>      | <b>3.71</b>              |
| <b>Total Public Shareholding (B)=(B)(1)+(B)(2)</b>                                | <b>2,69,46,352</b>                              | <b>7,11,920</b> | <b>2,76,58,472</b> | <b>100.00</b>     | <b>2,69,89,731</b>                        | <b>6,99,990</b> | <b>2,76,72,561</b> | <b>100.00</b>     | <b>0</b>                 |
| <b>C. Shares held by custodian for GDRs &amp; ADRs</b>                            | <b>0</b>  | <b>0</b>        | <b>0</b>           | <b>0</b>          | <b>0</b>                                  | <b>0</b>        | <b>0</b>           | <b>0</b>          | <b>0</b>                 |
| <b>Grand Total (A+B+C)</b>  | <b>2,69,46,352</b>                              | <b>7,12,120</b> | <b>2,76,58,472</b> | <b>100.00</b>     | <b>2,69,89,731</b>                        | <b>6,99,990</b> | <b>2,76,72,561</b> | <b>100</b>        | <b>0</b>                 |

**ii) Shareholding of Promoters**

| Sr. No. | Shareholders Name          | Shareholding at the beginning of the year |                                  |  | Shareholding at the end of the year |                                  |  | % change in shareholding during the year                        |
|---------|----------------------------|---|----------------------------------|--|-------------------------------------|----------------------------------|--|---|
|         |                            | No. of shares                             | % of total shares of the company | % of shares pledged/encumbered to total shares | No. of shares                       | % of total shares of the company | % of shares pledged/encumbered to total shares |   |
| 1       | Mahindra and Mahindra Ltd. | 1,51,44,433                               | 54.76                            | Nil  | 1,51,44,433                         | 54.73                            | Nil  | 0.03<br>Due to allotment of 14089 shares under ESOP Scheme-2014 |

**iii) Change in Promoters Shareholding (please specify, if there is no change) Nil**

| Sr. No. |   | Shareholding at the beginning of the year |                                  | Cumulative Shareholding during the year |                                  |
|---------|---|---|----------------------------------|---|----------------------------------|
|         |   | No. of Shares                             | % of total shares of the company | No. of Shares                           | % of total shares of the company |
|         | <b>At the beginning of the year</b>   | No change*                                |                                  |   |                                  |
|         | Date wise increase/decrease in promoters Shareholding during the year specifying the reasons for increase/decrease (e.g. allotment/transfer/bonus/sweat equity etc.): | No change*                                |                                  |   |                                  |
|         | <b>At the end of the year</b>   | No change*                                |                                  |   |                                  |

\* The shareholding of Promoters has not changed in absolute terms.

**iv) Shareholding Pattern of top ten Shareholders (other than Directors, Promoters and Holders of GDRs and ADRs)**

| Sr. No. | For each of the Top 10 Shareholders   | Shareholding at the beginning of the year |                                  | Date       | Increase/Decrease in shareholding | Reasons  | Cumulative Shareholding during the year |                                  |
|---------|---|---|----------------------------------|------------|-----------------------------------|----------|---|----------------------------------|
|         |   | No. of Shares                             | % of total shares of the company |            |                                   |          | No. of Shares                           | % of total shares of the company |
|         | <b>At the beginning of the year</b>   |   |                                  |            |                                   |          |   |                                  |
|         | Date wise increase/decrease in promoters Shareholding during the year specifying the reasons for increase/decrease (e.g. allotment/transfer/bonus/sweat equity etc.): |   |                                  |            |                                   |          |   |                                  |
| 1       | RELIANCE CAPITAL LIMITED  | 1275000                                   | 4.61                             | 1/4/2016   |                                   | Transfer | 1275000                                 | 4.61                             |
|         |   |   |                                  | 29/04/2016 | -35000                            | Transfer | 1240000                                 | 4.48                             |
|         |   |   |                                  | 06/05/2016 | -41000                            | Transfer | 1199000                                 | 4.34                             |
|         |   |   |                                  | 03/06/2016 | -76000                            | Transfer | 1123000                                 | 4.06                             |
|         |   |   |                                  | 10/06/2016 | -123000                           | Transfer | 1000000                                 | 3.62                             |
|         |   |   |                                  | 16/09/2016 | -53000                            | Transfer | 947000                                  | 3.42                             |
|         |   |   |                                  | 23/09/2016 | -129100                           | Transfer | 817900                                  | 2.96                             |
|         |   |   |                                  | 30/09/2016 | -300900                           | Transfer | 517000                                  | 1.87                             |
|         |   |   |                                  | 07/10/2016 | -517000                           | Transfer | 0                                       | 0.00                             |
|         |   |   |                                  | 31/03/2017 |                                   |          | 0                                       | 0.00                             |
| 2       | SCIL VENTURES LIMITED   | 653200                                    | 2.36                             | 01/04/2016 |                                   |          | 653200                                  | 2.36                             |
|         |   |   |                                  | 02/12/2016 | -5503                             | Transfer | 647697                                  | 2.34                             |
|         |   |   |                                  | 31/03/2017 |                                   |          | 647697                                  | 2.34                             |
| 3       | RAJASHEKAR SWAMINATHAN IYER   | 446800                                    | 1.62                             | 1/4/2016   | 0                                 | Nil      | 446800                                  | 1.62                             |
|         |   |   |                                  | 07/10/2016 | -446800                           | Transfer | 0                                       | 0.00                             |
|         |   |   |                                  | 31/3/2017  |                                   |          | 0                                       | 0                                |

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| Sr. No. | For each of the Top 10 Shareholders | Shareholding at the beginning of the year |                                  | Date       | Increase/Decrease in shareholding | Reasons  | Cumulative Shareholding during the year |                                  |
|---------|-------------------------------------|---|----------------------------------|------------|-----------------------------------|----------|---|----------------------------------|
|         |                                     | No. of Shares                             | % of total shares of the company |            |                                   |          | No. of Shares                           | % of total shares of the company |
| 4       | RAJASHEKAR IYER                     | 0   | 0.00                             | 31/03/2016 |                                   |          | 0                                       | 0.00                             |
|         |                                     |   |                                  | 07/10/2016 | 446800                            | Transfer | 446800                                  | 1.62                             |
|         |                                     |   |                                  | 28/10/2016 | -1000                             | Transfer | 445800                                  | 1.61                             |
|         |                                     |   |                                  | 31/03/2017 |                                   |          | 445800                                  | 1.61                             |
| 5       | AADI FINANCIAL ADVISORS LLP         | 416667                                    | 1.51                             | 1/4/2016   |                                   |          | 416667                                  | 1.51                             |
|         |                                     |   |                                  | 28/10/2016 | -20000                            | Transfer | 396667                                  | 1.43                             |
|         |                                     |   |                                  | 04/11/2016 | -50000                            | Transfer | 346667                                  | 1.25                             |
|         |                                     |   |                                  | 30/12/2016 | -50000                            | Transfer | 296667                                  | 1.07                             |
|         |                                     |   |                                  | 31/03/2017 |                                   |          | 296667                                  | 1.07                             |
| 6       | PACE STOCK BROKING SERVICES PVT LTD | 10  | 0.00                             | 1/4/2016   |                                   |          | 10                                      | 0.00                             |
|         |                                     |   |                                  | 16/09/2016 | 200                               | Transfer | 210                                     | 0.00                             |
|         |                                     |   |                                  | 07/10/2016 | 356000                            | Transfer | 356210                                  | 1.29                             |
|         |                                     |   |                                  | 16/12/2016 | -200                              | Transfer | 356010                                  | 1.29                             |
|         |                                     |   |                                  | 31/03/2017 |                                   |          | 356000                                  | 1.29                             |
| 7       | MUKUL MAHAVIR PRASAD AGRAWAL        | 320269                                    | 1.16                             | 1/4/2016   | 0                                 | Nil      | 320269                                  | 1.16                             |
|         |                                     |   |                                  | 31/3/2017  |                                   |          | 320269                                  | 1.16                             |
| 8       | SBI MAGNUM COMMA FUND               | 290569                                    | 1.05                             | 1/4/2016   |                                   | Transfer | 290569                                  | 1.05                             |
|         |                                     |   |                                  | 28/10/2016 | 150000                            | Transfer | 440569                                  | 1.59                             |
|         |                                     |   |                                  | 31/3/2017  |                                   |          | 553569                                  | 2.00                             |
| 9       | PARAM CAPITAL RESEARCH PVT. LTD.    | 280000                                    | 1.01                             | 1/4/2016   | 0                                 | Nil      | 280000                                  | 1.01                             |
|         |                                     |   |                                  | 31/3/2017  |                                   |          | 280000                                  | 1.01                             |
| 10      | VALLABH BHANSHALI                   | 208333                                    | 0.75                             | 1/4/2016   | 0                                 | Transfer | 208333                                  | 0.75                             |
|         |                                     |   |                                  | 28/10/2016 | -361                              | Transfer | 207972                                  | 0.75                             |
|         |                                     |   |                                  | 4/11/2016  | -9639                             | Transfer | 198333                                  | 0.72                             |
|         |                                     |   |                                  | 31/3/2017  |                                   |          | 198333                                  | 0.72                             |

At the end of the year (or on the date of separation, if separated during the year)

### v) Shareholding of Directors and Key Managerial Personnel:

| Sl. No. | For each of the Directors and KMP   | Shareholding at the beginning of the year |                                  | Date | Increase/Decrease in shareholding | Reasons | Cumulative Shareholding during the year |                                  |
|---------|---|---|----------------------------------|------|-----------------------------------|---------|---|----------------------------------|
|         |   | No. of Shares                             | % of total shares of the company |      |                                   |         | No. of Shares                           | % of total shares of the company |
|         | <b>At the beginning of the year</b>   |   |                                  |      |                                   |         |   |                                  |
|         | Date wise increase/decrease in promoters Shareholding during the year specifying the reasons for increase/decrease (e.g. allotment/transfer/bonus/sweat equity etc.): |   |                                  |      |                                   |         |   |                                  |
|         | <b>Directors</b>  |   |                                  |      |                                   |         |   |                                  |
| 1       | Mr. ASHOK SHARMA  | Nil                                       | NA                               | NA   | Nil                               | NA      | Nil                                     | NA                               |
| 2       | Mr. S DURGASHANKAR  | Nil                                       | NA                               | NA   | Nil                               | NA      | Nil                                     | NA                               |
| 3       | Mr. NIKHILESH PANCHAL   | Nil                                       | NA                               | NA   | Nil                               | NA      | Nil                                     | NA                               |
| 4       | Ms. SANGEETA PRASAD   | Nil                                       | NA                               | NA   | Nil                               | NA      | Nil                                     | NA                               |

| Sl. No.                         | For each of the Directors and KMP | Shareholding at the beginning of the year |                                  | Date             | Increase/Decrease in shareholding | Reasons        | Cumulative Shareholding during the year |                                  |
|---------------------------------|-----------------------------------|---|----------------------------------|------------------|-----------------------------------|----------------|---|----------------------------------|
|                                 |                                   | No. of Shares                             | % of total shares of the company |                  |                                   |                | No. of Shares                           | % of total shares of the company |
| 5                               | Mr. ANAND DAGA                    | Nil                                       | NA                               | NA               | Nil                               | NA             | Nil                                     | NA                               |
| 6                               | Mr. VINAYAK PATIL                 | Nil                                       | NA                               | NA               | Nil                               | NA             | Nil                                     | NA                               |
| <b>Key Managerial Personnel</b> |                                   |   |                                  |                  |                                   |                |   |                                  |
| 1                               | Mr. SANJEEV MOHONI                | Nil                                       | NA                               | NA               | Nil                               | NA             | Nil                                     | NA                               |
| 2                               | Mr. MAYUR BUMB                    | 2213                                      | 0.01                             | 1/4/2016         | Nil                               | NA             | 2213                                    | 0.01                             |
|                                 |                                   |   |                                  | 9/12/2016        | Nil                               | NA             | 2213                                    | 0.01                             |
| 3                               | Ms. SUNETRA GANESAN               | NIL                                       | NA                               | 31/1/2017        | NIL                               | NA             | NIL                                     | NA                               |
|                                 |                                   |   |                                  | 31/3/2017        | NIL                               | NA             | NIL                                     | NA                               |
| 4                               | Mr. RATNAKAR NAWGHARE             | 5356                                      | 0.02                             | 1/4/2016         | 0                                 | 0              | 0                                       | 0.02                             |
|                                 |                                   |   |                                  | 22/11/2016       | 1406                              | ESOS Allotment | 6762                                    | 0.02                             |
|                                 |                                   |   | <b>0.00</b>                      | <b>31/3/2017</b> | <b>0</b>                          |                | <b>6762</b>                             | <b>0.02</b>                      |

At the end of the year (or on the date of separation, if separated during the year)

## V. INDEBTEDNESS

Indebtedness of the Company including interest outstanding/accrued but not due for payment

|  | Secured Loans excluding deposits | Unsecured Loans  | Deposits | Total indebtedness |
|--|----------------------------------|------------------|----------|--------------------|
| <b>Indebtedness at the beginning of the financial year</b> |                                  |                  |          |                    |
| i) Principal Amount  | 0                                | 44,24,941        | 0        | 44,24,941          |
| ii) Interest due but not paid                              | 0                                | 0                | 0        | 0                  |
| iii) Interest accrued but not due                          | 0                                | 0                | 0        | 0                  |
| <b>Total (i+ii+iii)</b>                                    | <b>0</b>                         | <b>44,24,941</b> | <b>0</b> | <b>44,24,941</b>   |
| <b>Change in indebtedness during the financial year</b>    |                                  |                  |          |                    |
| i) Addition  | 0                                | 0                | 0        | 0                  |
| ii) Reduction  | 0                                | 17,40,505        | 0        | 17,40,505          |
| <b>Net Change</b>  | <b>0</b>                         | <b>17,40,505</b> | <b>0</b> | <b>17,40,505</b>   |
| <b>Indebtedness at the end of the Financial year</b>       |                                  |                  |          |                    |
| i) Principal Amount  | 0                                | 26,84,436        | 0        | 26,84,436          |
| ii) Interest due but not paid                              | 0                                | 0                | 0        | 0                  |
| iii) Interest accrued but not due                          | 0                                | 0                | 0        | 0                  |
| <b>Total (i+ii+iii)</b>                                    | <b>0</b>                         | <b>26,84,436</b> | <b>0</b> | <b>26,84,436</b>   |

## VI. REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL

### A. Remuneration to Managing Director, Whole-Time Directors and/or Manager:

| Sr. No. | Particulars of Remuneration  | Name of MD/WTD/Manager |                     |
|---------|--|------------------------|---------------------|
|         |  | Mr. Ashok Sharma - MD  | Total Amount in Rs. |
| 1       | Gross Salary   |                        |                     |
|         | (a) Salary as per provisions contained in Section 17(1) of the Income Tax Act, 1961. | 24,00,000              | 24,00,000           |
|         | (b) Value of perquisites u/s 17(2) Income Tax Act, 1961.                             | 0                      | 0                   |
|         | (c) Profits in lieu of salary under Section 17(3) Income Tax Act, 1961.              | 0                      | 0                   |

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| Sr. No. | Particulars of Remuneration | Name of MD/WTD/Manager |                     |
|---------|-----------------------------|------------------------|---------------------|
|         |                             | Mr. Ashok Sharma - MD  | Total Amount in Rs. |
| 2       | Stock option                | 0                      | 0                   |
| 3       | Sweat Equity                | 0                      | 0                   |
| 4       | Commission – as % of profit | 0                      | 0                   |
|         | – others, specify           | 0                      | 0                   |
| 5       | Others, please specify      | 0                      | 0                   |
|         | <b>Total (A)</b>            | <b>24,00,000</b>       | <b>24,00,000</b>    |
|         | Ceiling as per the Act*     | 0                      | 0                   |

\* The Remuneration paid to Managing Director is within the prescribed ceiling under the Companies Act, 2013.

### B. Remuneration to other directors

| Sr. No. | Particulars of Remuneration                   | Name of Directors |                       |                 | Total Amount     |
|---------|---|-------------------|-----------------------|-----------------|------------------|
|         |   | Mr. Vinayak Patil | Mr. Nikhilesh Panchal | Mr. Anand Daga  |                  |
| 1       | Independent Directors                         |                   |                       |                 |                  |
|         | * Fees for attending board/committee meetings | 4,25,250          | 1,83,750              | 4,02,150        | 10,11,150        |
|         | * Commission accrued (FY 16-17)               | 3,19,167          | 3,19,167              | 3,19,167        | 9,57,501         |
|         | * Others, please specify                      | 0                 | 0                     | 0               | 0                |
|         |   | 0                 | 0                     | 0               | 0                |
|         | <b>Total (1)</b>                              | <b>7,44,417</b>   | <b>5,02,917</b>       | <b>7,21,317</b> | <b>19,68,651</b> |
| 2       | Other Non-Executive Directors                 |                   |                       |                 |                  |
|         | * Fees for attending board committee meetings | 0                 | 0                     | 0               | 0                |
|         | * Commission                                  | 0                 | 0                     | 0               | 0                |
|         | * Others, please specify                      | 0                 | 0                     | 0               | 0                |
|         | <b>Total (2)</b>                              | <b>0</b>          | <b>0</b>              | <b>0</b>        | <b>0</b>         |
|         | <b>Total (B)=(1+2)</b>                        | <b>7,44,417</b>   | <b>5,02,917</b>       | <b>7,21,317</b> | <b>19,68,651</b> |
|         | <b>Total Managerial Remuneration</b>          |                   |                       |                 | <b>43,68,651</b> |
|         | Overall Ceiling as per the Act **             |                   |                       |                 |                  |

\*\* Within the prescribed ceiling under the Companies Act, 2013.

### C. Remuneration to Key Managerial Personnel other than MD/Manager/WTD:

| Sr. No. | Particulars of Remuneration  | Key Managerial Personnel                     |  |  |   | (Rs. in Lacs)      |
|---------|--|--|--|--|---|--------------------|
|         |  | Chief Executive Officer<br>Mr Sanjeev Mohoni | Chief Financial Officer<br>Mr Mayur Bumb<br>up to 09/12/2016 | Chief Financial Officer<br>Ms Suentra Ganesan w.e.f.<br>31/01/2017 | Company Secretary<br>Mr Ratnakar Nawghare | Total              |
| 1       | Gross Salary   |  |  |  |   |                    |
|         | (a) Salary as per provisions contained in Section 17(1) of the Income Tax Act, 1961. | 1,22,90,403                                  | 31,20,287  | 6,56,079   | 23,74,019                                 | 1,84,40,788        |
|         | (b) Value of perquisites u/s 17(2) Income Tax Act, 1961.                             | –  | 3,29,530   | –  | 2,06,940                                  | 5,36,470           |
|         | (c) Profits in lieu of salary under Section 17(3) Income Tax Act, 1961.              | –  | –  | –  | –   | –                  |
|         | <b>Total</b>   | <b>1,22,90,403</b>                           | <b>34,49,817</b>   | <b>6,56,079</b>  | <b>25,80,959</b>                          | <b>1,89,77,258</b> |
| 2       | Stock Options Outstanding (Nos.)   | 45,000                                       | –  | –  | 4,217                                     | –                  |
| 3       | Sweat Equity   | –  | –  | –  | –   | –                  |
| 4       | Commission – as % of profit  | –  | –  | –  | –   | –                  |
|         | – others, specify  | –  | –  | –  | –   | –                  |
| 5       | Others, please specify   | –  | –  | –  | –   | –                  |
|         | <b>Total</b>   | <b>1,22,90,403</b>                           | <b>34,49,817</b>   | <b>6,56,079</b>  | <b>25,80,959</b>                          | <b>1,89,77,258</b> |

**VII. PENALTIES/PUNISHMENT/COMPOUNDING OF OFFENCES:**

| Type                                | Section of the Companies Act | Brief description | Details of penalty/<br>Punishment/compounding<br>fees imposed | Authority<br>[RD/NCLT/COURT] | Appeal made,<br>if any (give details) |
|-------------------------------------|------------------------------|-------------------|---|------------------------------|---------------------------------------|
| <b>A. COMPANY</b>                   |                              |                   |   |                              |                                       |
| Penalty                             |                              |                   |   |                              |                                       |
| Punishment                          |                              |                   |   |                              |                                       |
| Compounding                         |                              |                   |   |                              |                                       |
| <b>B. DIRECTORS</b>                 |                              |                   |   |                              |                                       |
| Penalty                             |                              |                   | <b>NIL</b>  |                              |                                       |
| Punishment                          |                              |                   |   |                              |                                       |
| Compounding                         |                              |                   |   |                              |                                       |
| <b>C. OTHER OFFICERS IN DEFAULT</b> |                              |                   |   |                              |                                       |
| Penalty                             |                              |                   |   |                              |                                       |
| Punishment                          |                              |                   |   |                              |                                       |
| Compounding                         |                              |                   |   |                              |                                       |

## REPORT ON CORPORATE GOVERNANCE

### (1) PHILOSOPHY ON CODE OF GOVERNANCE

The Company is committed to maintain the highest standards of corporate governance. The Directors adhere to the requirements set out by the Securities and Exchange Board of India's Corporate Governance Practices and have implemented all the stipulations prescribed.

A detailed report on corporate governance pursuant to the requirements of the listing agreement and Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 forms part of the Annual Report. A certificate from the statutory auditors of the Company, confirming compliance of conditions of Corporate Governance as stipulated under Schedule V of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 is annexed.

### (2) BOARD OF DIRECTORS

#### (a) Composition and Category of Directors:

The composition of the Board of Directors is in conformity with the Regulations under Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 and the Companies Act, 2013. Currently, the Board comprises of six Directors, out of which one is Executive Director and five are Non-Executive Directors. The number of Non-executive Directors comprising three Independent Directors is more than one-half of the total number of Directors. All the Directors have made necessary disclosures under Corporate Governance norms and the applicable provisions of the Companies Act, 2013. The Board reviews and approves strategy and oversees the actions and results of management to ensure that the long term objectives of enhancing stakeholders' value are met.

Apart from reimbursement of expenses incurred and the commission paid in the discharge of their duties and the remuneration that a Director may receive for professional services rendered to the Company through a firm in which he is a partner, none of the Independent Directors have any material pecuniary relationships or transactions with the Company, its Promoters, its Directors, its Senior Management or its Affiliates which in their judgment would affect their independence. All the independent Directors have given confirmation in this regard. None of the Directors of the Company are inter-se related to each other.

Professional fees for the year under review to Khaitan & Co., Advocate & Solicitors, in which Mr. Nikhilesh Panchal, Non-Executive and Independent Director is a partner, amounts to Rs. 3,85,853/- (including out of pocket expenses).

The Senior Management personnel have made disclosures to the Board confirming that there are no material, financial and/or commercial transactions between them and the Company, which could have potential conflict of interest with the Company at large.

#### (b) Number and dates of Board meetings held and Attendance of the Directors at Meetings of the Board and at the Annual General Meeting.

The Board meets atleast once in a quarter to consider among other business, quarterly performance of the Company and the financial results. During the financial year under review, five Board Meetings were held on the following dates – 27<sup>th</sup> April, 2016, 27<sup>th</sup> May, 2016, 29<sup>th</sup> July, 2016, 27<sup>th</sup> October, 2016 and 31<sup>st</sup> January, 2017. The gap between two Meetings did not exceed four months. These meetings were well attended. The 34<sup>th</sup> Annual General Meeting of the Company was held on 29<sup>th</sup> July, 2016.

The attendance of the Directors at these meetings is as under:

| Directors             | Number of Board Meetings Attended | Attendance at the AGM |
|-----------------------|-----------------------------------|-----------------------|
| Mr. Ashok Sharma      | 5                                 | Yes                   |
| Mr. Vinayak Patil     | 5                                 | Yes                   |
| Mr. S. Durgashankar   | 3                                 | Yes                   |
| Mr. Nikhilesh Panchal | 4                                 | Yes                   |
| Mr. Anand Daga        | 5                                 | Yes                   |
| Ms. Sangeeta Prasad   | 2                                 | Yes                   |

#### (c) Board Procedure

A detailed Agenda folder, alongwith necessary supporting papers are sent to each Director in advance of the Board meetings and to the concerned Directors of the Committee Meetings. To enable the Board to discharge its responsibilities effectively, the Managing Director apprises the Board at every meeting of the overall performance of the Company. The Board also inter alia reviews strategy and business plans, annual operating and capital expenditure budgets, compliance reports of all laws applicable to the Company as well as steps taken by the Company to rectify instances of non-compliances, review of major legal issues, adoption of quarterly/half yearly/annual results, risk management, significant labour issues, major accounting provisions and write-offs, minutes of meetings of the Audit and other Committees of the Board and information on recruitment of Officers just below the Board level, including the Company Secretary and Compliance Officer.

**(d) Code of Conduct**

Your Company had adopted Code of Ethics ("Code") recommended by Bombay Chamber of Commerce and Industry for its Directors and Senior Management personnel and employees. The Code of Ethics has been posted on the Company's website <http://www.epcmahindra.com>. This Code enunciates the underlying principles governing the conduct of the business and seeks to reiterate the fundamental precept that good governance must and would always be an integral part of the Company's culture. The Code further provides the duties of Independent Directors as laid down in the Companies Act, 2013.

All Board Members and Senior Management Personnel have affirmed compliance with the Code.

A declaration signed by Managing Director is enclosed at the end of this Report.

**(e) Number of other Board of Directors or Committees.**

Currently, the Board comprises of six Directors. The names and categories of Directors, the number of Directorships and Committee positions held by them in the companies are given below. None of the Directors on the Board is a Member of more than 10 Committees and Chairman of more than 5 Committees (as specified in applicable Regulation 26 of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015), across all the Companies in which he is a Director.

| Sr. No. | Directors                             | Category            | Total Number of Directorships of public companies <sup>#</sup> , Committee Chairmanships and Memberships, as on 31 <sup>st</sup> March, 2017. |                                      |                                    |
|---------|---------------------------------------|---------------------|---|--------------------------------------|------------------------------------|
|         |                                       |                     | Directorships <sup>§</sup>  | Committee Chairmanships <sup>+</sup> | Committee Memberships <sup>+</sup> |
|         | <b>EXECUTIVE</b>                      |                     |   |                                      |                                    |
| 1.      | Mr. Ashok Sharma<br>Managing Director | Related to Promoter | 2   | -                                    | 1                                  |
|         | <b>NON-EXECUTIVE</b>                  |                     |   |                                      |                                    |
| 2.      | Mr. Vinayak Patil                     | Independent         | 1   | 2                                    | -                                  |
| 3.      | Mr. S. Durgashankar                   | Related to Promoter | 6   | -                                    | 3                                  |
| 4.      | Mr. Nikhilesh Panchal                 | Independent         | 6   | 2                                    | 3                                  |
| 5.      | Mr. Anand Daga                        | Independent         | 1   | -                                    | 1                                  |
| 6.      | Ms. Sangeeta Prasad                   | Related to Promoter | 9   | -                                    | 1                                  |

# Excludes private limited companies/foreign companies and companies u/s.8 of the Companies Act, 2013.

§ Includes Directorship in EPC Industrié Limited.

+ Committees considered are Audit Committee and Stakeholders Relationship Committee including that of EPC Industrié Limited.

**(f) Directors seeking appointment/re-appointment**

**1) Mr. S Durgashankar**

Mr. S Durgashankar is seeking appointment/reappointment.

Brief resume of Mr. S Durgashankar is presented below:

Mr. Durgashankar, a Chartered Accountant, is currently President – Group M&A, Corporate Accounts & Group Secretarial and Member of the Group Executive Board at Mahindra & Mahindra Limited (M&M). He is also incharge of the operations of Mahindra Integrated Business Solutions, the Service Centre arm of M&M. During his work

experience of over 3 decades, he has handled a wide spectrum of Corporate Finance assignments at senior levels. At M&M, he was instrumental in setting up the Mergers and Acquisition (M&A) division and has a rich M&A experience, having facilitated many domestic & international M&A transactions for the Mahindra Group.

Mr. S. Durgashankar is on the Board of following Companies:

- i) Mahindra Integrated Business Solutions Private Limited
- ii) Mahindra Namaste Limited

- iii) Mahindra EMarkets Limited
- iv) Mahindra Vehicle Manufacturers Limited
- v) Mahindra HZPC Private Limited
- vi) Swaraj Engines Limited
- vii) Mahindra Mitsubishi Agricultural Machinery Co. Limited

Mr. S Durgashankar is the chairman/member of the following committees of the Company and of other companies.

| Sr. No. | Name of the Company                    | Name of the Committee   | Position held (Chairman/Member) |
|---------|--|---|---------------------------------|
| 1.      | EPC Industrié Limited                  | Audit Committee<br>Nomination and Remuneration Committee<br>Corporate Social Responsibility Committee | Member                          |
| 2.      | Swaraj Engines Limited                 | Audit Committee   | Member                          |
| 3.      | Mahindra Vehicle Manufacturers Limited | Audit Committee<br>Committee of Strategic Investments   | Member                          |

Mr. S Durgashankar does not hold any shares in the Company.

## 2) Mr. Ashok Sharma

Mr. Ashok Sharma is seeking appointment/reappointment.

The Members of the Company in their meeting held on 31<sup>st</sup> July, 2014 approved appointment of Mr. Ashok Sharma as Executive Director and CEO for a period of three years. He was subsequently elevated as Managing Director by the Board of Directors of the Company, on 21<sup>st</sup> March, 2016 for the remaining period of his appointment till 30th September, 2017, on a consolidated remuneration of Rs. 24,00,000/- (Rupees Twenty Four Lacs only) per annum for the remaining period of his appointment. The term of office of Mr. Ashok Sharma is to be extended for a further period of three years effective 1<sup>st</sup> October, 2017 on a consolidated remuneration of Rs. 24,00,000/- (Rupees Twenty four lacs only) per annum.

Brief Resume of Mr. Ashok Sharma is presented below:

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.

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, Strategy, Innovation Sales, Channel, Marketing and Business Excellence. More recently, he has played a key role in expanding and growing Mahindra's Powerol and Agri businesses.

He is currently the President of the rapidly growing portfolio of Agri Businesses, as well the entire Automotive and Farm Equipment businesses of the Mahindra Group in Africa and South Asian markets of Sri Lanka, Nepal, Bangladesh and Bhutan. He is also the MD & CEO of Mahindra Agri Solutions Ltd. He also heads the Business Excellence and Innovation functions for entire Automotive and Farm Equipment businesses of the Mahindra Group.

Mr. Ashok Sharma is an advisor to the Union of Japanese & Scientist & Engineers (JUSE), is Chairman of CII Club of India, and serves on the Technical advisory committee of TUV. He also serves as a member, CII Africa Committee and CII Western Regional Council.

Mr. Sharma is also on the Board of the following companies:

- i) Mahindra Agri Solutions Limited
- ii) Mahindra HZPC Private Limited
- iii) Mahindra Greenyard Private Limited
- iv) Merakisan Private Limited
- v) Origin Fruit Direct Holding B.V.

Mr. Sharma is the member of the Stakeholders Relationship Committee, and Risk Management Committee and Chairman of the Corporate Social Responsibility Committee (CSR) of the Company and member of the CSR Committee of Mahindra Agri Solutions Limited.

### (g) Disclosure on relationships between Directors inter-se

The Directors have made disclosure that there are no relationships between directors inter-se.

### (h) Number of Shares and Convertible instruments held by Non-executive Directors.

The Non-executive Directors have made disclosure that they are not holding any Shares of the Company.

**(i) Web link where details of familiarization programmes imparted to independent directors is disclosed.**

During the year under review, the Company has taken steps to familiarize its directors including Independent Directors by periodic presentations about the Company operations, business model, business strategy and risks involved, industry in which the Company operates and their roles and responsibilities. The details of such programme is posted on the Company website: <http://www.epcmahindra.com/corporategovernance.aspx>.

**(3) Risk Management**

The assessment of various risks pertaining to the various aspects of business and the steps taken to mitigate risks is discussed in the meetings of the Board of Directors. The Company has adopted Risk Management Policy and the Risk Management Committee monitors the same. The details of the Risk Management Committee and its broad terms of reference are given in this report.

**(4) Audit Committee**

**(a) Brief description of terms of reference**

The Board of Directors of the Company has an Audit Committee which comprises Mr. Vinayak Patil as the Chairman of the Committee and Mr. S Durgashankar and Mr. Anand Daga as other members of the Committee.

All the members of the Audit Committee possess strong accounting and financial management knowledge.

The Company Secretary is the Secretary of the Audit Committee.

The terms of reference of this Committee are very wide. The broad terms of reference of the Audit Committee include:

- a) Review of the Company's financial reporting process and its financial statements.
- b) Review of accounting and financial policies and practices.
- c) Review of the internal control and internal audit system.
- d) Discussing with statutory Auditors to ascertain any area of concern.
- e) the recommendation for appointment, remuneration and terms of appointment of auditors of the company;
- f) review and monitor the auditor's independence and performance, and effectiveness of audit process;
- g) examination of the financial statement and the auditors' report thereon;

- h) approval or any subsequent modification of transactions of the company with related parties;
- i) scrutiny of inter-corporate loans and investments;
- j) valuation of undertakings or assets of the company, wherever necessary;
- k) evaluation of internal financial controls and risk management systems;
- l) Monitoring the end use of funds raised through public offers and related matters
- m) Review of the financial statements before their submission to the Board
- n) If required, discuss with the internal and statutory auditors and the management of the company any issues related to internal control system, scope of audit and financial statements and the observations of the auditors.
- o) Investigate into any matter in relation to the items specified above or matters which are referred to it by the Board and for this purpose, to obtain professional advice from external sources and have full access to information contained in the records of the Company.
- p) Establish vigil mechanism as may be prescribed to enable directors and employees to report genuine concerns and also shall provide for adequate safeguards against victimization of persons who use such mechanism.
- q) Review the uses/application of funds raised by the Company either by public/rights issue of shares or any other securities.

Generally all items under Regulation 18(3) of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 of the Listing Agreement are covered in the terms of reference and Role of the Audit Committee. The Audit Committee has been granted powers as prescribed under Regulation 18 (2) (c) of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015

**(b) Composition, Name of members and Chairperson**

The Board of Directors of the Company has an Audit Committee which comprises three Non Executive Directors and majority of whom are Independent Directors namely, Mr. Vinayak Patil as the Chairman of the Committee and Mr. S Durgashankar and Mr. Anand Daga as other members of the Committee.

**(c) Meetings and Attendance during the year**

The meetings of the Audit Committee are also attended by the Managing Director, Statutory Auditors, Chief Executive Officer, Chief Financial Officer, Internal Auditor and the Company Secretary.

The Chairman of the Audit Committee, Mr. Vinayak Patil was present at the 34<sup>th</sup> Annual General Meeting of the Company held on 29<sup>th</sup> July, 2016.

The Committee met five times during the year under review. The Committee Meetings were held on the following dates – 27<sup>th</sup> April, 2016, 27<sup>th</sup> May, 2016, 29<sup>th</sup> July, 2016, 27<sup>th</sup> October, 2016 and 31<sup>st</sup> January, 2017. The attendance at the Meetings is as under:

| Members             | Number of Meetings attended |
|---------------------|-----------------------------|
| Mr. Vinayak Patil   | 5                           |
| Mr. S. Durgashankar | 4                           |
| Mr. Anand Daga      | 5                           |

**(5) Nomination and Remuneration Committee**

**(a) Brief description of terms of reference**

The Company has Nomination and Remuneration Committee pursuant to Section 178 of the Companies Act, 2013.

The Terms of Reference of the Nomination and Remuneration Committee is to:

- i) Identify persons who are qualified to become directors and who may be appointed in senior management in accordance with the criteria to be laid down, recommend to the Board their appointment and removal; and shall carry out evaluation of every Director's performance.
- ii) Formulate the criteria for determining qualifications, positive attributes and independence of a director and recommend to the Board a policy, relating to the remuneration for the directors, key managerial personnel and other employees.
- iii) Review performance of the Managing Director and recommend to the Board the remuneration payable to him and administering the Employees Stock Options Scheme.

The Committee also administers the Company's ESOP Scheme and takes appropriate decisions in terms of the said scheme.

The Company has adopted the policy on directors and Key Managerial Personnel and other employees, appointment and remuneration including criteria for determining qualifications, positive attributes, independence of a director and other matters provided under sub-section (3) of section 178 of the Companies Act, 2013. The Nomination and Remuneration Committee has further determined the criteria for evaluation of Independent Directors performance and the performance of Chairman, Board and committees.

**(b) Composition, Name of members and Chairperson**

The Committee comprises three Non-Executive Directors majority of whom are Independent Directors namely Mr. Anand Daga – Chairman, Mr. S. Durgashankar and Mr. Vinayak Patil.

**(c) Meetings and Attendance during the year**

The Committee met on 27<sup>th</sup> May, 2016, 29<sup>th</sup> July, 2016, 22<sup>nd</sup> November, 2016 and 31<sup>st</sup> January, 2017 and the meeting was generally attended by all the members of the Committee. The attendance of the meeting is as under.

| Members             | Number of Meetings attended |
|---------------------|-----------------------------|
| Mr. Anand Daga      | 4                           |
| Mr. S. Durgashankar | 3                           |
| Mr. Vinayak Patil   | 4                           |

**(d) Independent Directors and performance evaluation**

In accordance with the provisions of the Companies Act, 2013, the Company has appointed three Independent Directors in the Annual General Meeting held on 31<sup>st</sup> July, 2014 for a period of 5 years. The terms of their appointment are available on the website of the Company.

The Nomination and Remuneration Committee has laid down the evaluation criteria for Independent Directors and the same has been done by the entire Board of Directors. The performance criteria includes whether a directors possesses sufficient skills, experience and level of preparedness to add value to discussions and decisions, challenge views constructively, knowledge about Company's business, the industry in which company operates and global trends etc.

The Independent Directors had a meeting on 27<sup>th</sup> April, 2016 without the attendance of non-independent directors and members of management to review performance of non-independent directors and the Board as a whole and performance of chairman of the Board of Directors and for assessment of quality, quantity and timeliness of flow of information between the management of the Company and the Board of Directors that is necessary for the board of directors to effectively and reasonably perform their duties.

The Company had organized programmes at regular intervals to familiarize the independent directors with the company, their roles, rights, responsibilities in the company, nature of the industry in which the company operates, business model of the company, etc. Quarterly updates on relevant statutory changes on important laws are regularly circulated to Directors. Plant visits are organized for the Directors to enable them to understand the operations of the Company.

## (6) Risk Management Committee

The Company has Risk Management Committee in accordance with the Companies Act, 2013. The Committee functions under the Chairmanship of Mr. Nikhilesh Panchal, Mr. Ashok Sharma and Mr. Anand Daga are the other members of the Committee. During the year one meeting was held on 27<sup>th</sup> April, 2016.

The broad roles and responsibilities of the Committee would be:

- Assessment of the Company's risk profile and key areas of risk in particular.
- Recommending to the Board and adopting risk assessment and rating procedures.
- Examining and determining the sufficiency of the Company's internal processes for reporting on and managing key risk areas.
- Assessing and recommending to the Board acceptable levels of risk.
- Review and monitoring of Risk management and risk mitigations measures.

## (7) Remuneration of Directors

### (a) Pecuniary relationship or transactions of the non-executive directors.

Apart from reimbursement of expenses incurred and the commission paid in the discharge of their duties and the remuneration that a Director may receive for professional services rendered to the Company through a firm in which he is a partner, none of the Non-executive Independent Directors have any material pecuniary relationships or transactions with the Company, its Promoters, its Directors, its Senior Management or its Affiliates which in their judgment would affect their independence. All the Non-executive independent Directors have given confirmation in this regard. None of the Directors of the Company are inter-se related to each other.

### (b) Criteria of making payments to non-executive directors.

The Non-executive independent Directors are paid sitting fees of Rs. 30,000 for attending the meetings of the Board of Directors and Rs. 20,000 for attending Committee meetings of the Board and reimbursement of expenses incurred for attending the Meetings of the Board of Directors of the Company and its Committees thereof. The sitting fees paid to Non-Executive Directors for the year ended 31<sup>st</sup> March, 2017 alongwith their shareholdings are as under:

| Directors             | Sitting Fees for the Board Meetings and Committee Meetings held during the year ended 31 <sup>st</sup> March, 2017 (Rs. in Lacs) | No. Of Equity Shares held as on 31 <sup>st</sup> March, 2017 |
|-----------------------|--|--|
| Mr. Ashok Sharma      | Nil  | Nil  |
| Mr. Vinayak Patil     | 4.25   | Nil  |
| Mr. S. Durgashankar   | Nil  | Nil  |
| Mr. Nikhilesh Panchal | 1.84   | Nil  |
| Mr. Anand Daga        | 4.02   | Nil  |
| Ms. Sangeeta Prasad   | Nil  | Nil  |

Further the Independent Directors shall be entitled to receive a commission of Rs. 5 lacs each or 1% of annual Net Profit of the Company computed in accordance with the provisions of Section 197 read with Section 198 of the Act or Rules framed thereunder whichever is lower from time to time commencing from the FY – 2015-16 in lieu of their services to the Company. The Shareholders in the Annual General Meeting dated 31<sup>st</sup> July, 2015 had accorded their consent for the same. Accordingly, the commission of Rs. 10,94,365/- was paid equally to Independent Directors in FY 2016-17.

### (c) Disclosures with respect to Remuneration:

#### (i) Elements of remuneration package

During the year under review, the consolidated remuneration of Rs. 24,00,000/- per annum was paid to Mr. Ashok Sharma.

#### (ii) Details of fixed component and performance linked incentives along with the performance criteria.

There are no fixed or variable components of the remuneration payable to Mr. Ashok Sharma and Mr. Ashok Sharma is also receiving remuneration from Mahindra and Mahindra Limited and Mahindra Agri Solutions Limited.

The Company has introduced the Board and directors' performance evaluation criteria. All board members will be requested annually to provide their assessment of the performance of the Board and its Committees by way of response to a questionnaire. Additionally, all Board members will be asked to do a self-evaluation of their performance annually. The performance of executive directors will be evaluated by the Nomination and Remuneration Committee and the performance of independent directors will be evaluated by the Board. The director being evaluated will not participate in the meeting at the time of their respective evaluation.

**(iii) Service contracts, notice period, severance fees**

The appointment letter is issued to Directors as per the policy of the Company and the appointment can be terminated by either party by giving three months notice in writing as per the Company's policy. There is no separate provision for payment of severance fees.

**(iv) Stock option details**

During the year under review, the Company has not issued any stock options to any Directors.

**(8) Stakeholders Relationship Committee:**

The Company has Stakeholders Grievances Committee under the provisions of The Companies Act, 2013. The Committee functions under the Chairmanship of Mr. Vinayak Patil, Mr. Ashok Sharma and Mr. Nikhilesh Panchal are the other Members of the Committee. Mr. Ratnakar Nawghare, Company Secretary is the Compliance Officer of the Company. The Stakeholders Relationship Committee resolves the grievances of security holders of the Company.

As per Section 178(7) of the Companies Act, 2013, the Chairperson of the Committee or, in his absence, any other member of the Committee authorised by him in this behalf shall attend the General Meetings of the Company.

During the year under review, there were five complaints received from the Shareholder. There were no investor complaints remaining unresolved and pending as at 31<sup>st</sup> March, 2017.

**(9) General Body Meetings:**

**(a) Location and time, where last three annual general meetings held and Special Resolution passed**

| Year ended                   | Date                                 | Time      | Special Resolution passed  |
|------------------------------|--------------------------------------|-----------|--|
| 31 <sup>st</sup> March, 2014 | Thursday 31 <sup>st</sup> July, 2014 | 2.30 p.m. | 1. Grant of Stock Options under EPC Industrié Limited Employee Stock Option Scheme - 2014.<br>2. Re-appointment of Mr. Ashok Sharma as the Whole time Director.  |
| 31 <sup>st</sup> March, 2015 | Friday 31 <sup>st</sup> July, 2015   | 2.30 p.m. | 1. Alteration of Articles of Association pursuant to the provisions of Section 14 and other relevant provisions, if any, of the Companies Act, 2013.<br>2. Commission to Independent Non-Executive Directors of the Company. |

| Year ended                   | Date                               | Time      | Special Resolution passed   |
|------------------------------|------------------------------------|-----------|---|
| 31 <sup>st</sup> March, 2016 | Friday 29 <sup>th</sup> July, 2016 | 2.30 p.m. | 1. Re-designation of Mr. Ashok Sharma as a Managing Director and revision in remuneration.<br>2. Keeping Register of Members, other Registers and statutory documents at a place other than the registered office of the Company. |

All the above Meetings were held at Plot No. H-109, MIDC Ambad, Nashik- 422 010.

**(b) Postal Ballot**

During the year under review, the Company has not passed any special resolution through postal ballot. Further, the Company does not have any proposal for passing any special resolution through postal ballot, at the ensuing Annual General Meeting.

**(10) Means of Communication**

The quarterly, half-yearly and yearly results are published in Business Standard, Free Press Journal & Navshakti which are national and local dailies respectively. These are not sent individually to the Shareholders. The Company's results and official news releases are displayed on the Company's website <http://www.epcmahindra.com>.

No presentations were made to institutional investors/analysts.

**(11) General Shareholder Information**

**(a) 35<sup>th</sup> Annual General Meeting**

Date: 28<sup>th</sup> July, 2017

Time : 2.30 p.m.

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

**(b) Financial Year of the Company**

The financial year covers the period from 1<sup>st</sup> April to 31<sup>st</sup> March.

Financial Reporting for:

Quarter ending

30<sup>th</sup> June, 2017 – Second week of August, 2017

Half-year ending

30<sup>th</sup> September, 2017 - Second week of November, 2017

Quarter ending

31<sup>st</sup> December, 2017 – Second week of February, 2018

Year ending

31<sup>st</sup> March, 2018 - End May, 2018

Note: The above dates are indicative.

**(c) Date of Dividend Payment**

No dividend has been recommended for the Financial Year ended 31<sup>st</sup> March, 2017.

**(d) Listing of Equity Shares on Stock Exchange**

Your Company's Shares are listed on Bombay Stock Exchange Limited (BSE). The requisite listing fees have been paid in full to the Stock Exchange.

**(e) Stock Code**

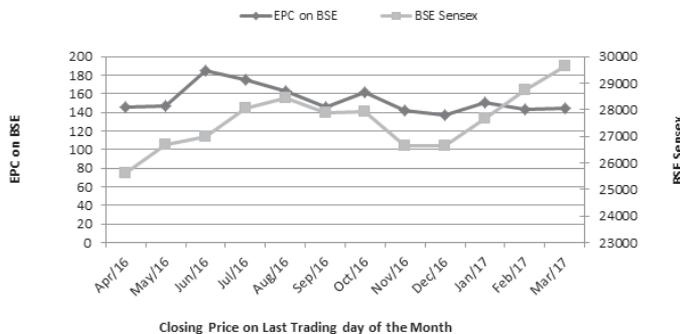
1. Bombay Stock Exchange Limited (BSE): 523754
2. Demat International Securities Identification Number (ISIN) in NSDL and CDSL for Equity Shares: INE 215D01010

**(f) Stock Price Data of Equity Shares listed on Bombay Stock Exchange Limited:**

| Month           | High Price | Low Price |
|-----------------|------------|-----------|
| April, 2016     | 154.50     | 120.20    |
| May, 2016       | 152.00     | 140.00    |
| June, 2016      | 188.50     | 145.70    |
| July, 2016      | 190.00     | 165.35    |
| August, 2016    | 179.00     | 152.95    |
| September, 2016 | 178.00     | 135.10    |
| October, 2016   | 186.80     | 144.45    |
| November, 2016  | 164.90     | 131.50    |
| December, 2016  | 143.95     | 122.00    |
| January, 2017   | 154.90     | 135.60    |
| February, 2017  | 164.00     | 139.80    |
| March, 2017     | 155.95     | 131.55    |

**(g) Stock Performance**

The performance of the Company's shares relative to the BSE Sensitive Index is given in the chart below:



**(h) Suspension of Securities**

Your Company's Shares are not suspended during the year under review.

**(i) Registrar and Transfer Agent**

**Karvy Computershare Private Limited,**  
24/B, Raja Bahadur Compound,

Ambalal Doshi Marg

Behind BSE Building, Fort

Mumbai - 400 001

Telephone number: 022-66235412/66235454

Investor Service Toll Free No: 1-800-3454-001

Email: einward.ris@karvy.com

**(j) Share Transfer System**

Trading in Equity Shares of the Company through Bombay Stock Exchange is permitted only in dematerialized form.

Shares sent for transfer in physical form are registered and returned within a period of thirty days from the date of receipt of the documents, provided the documents are valid and complete in all respects.

The Board of Directors had authorised Mr. Ashok Sharma, Managing Director to approve the share transfers, issue of duplicate shares etc. and the same gets confirmed by the Board in their subsequent meeting.

As of date, there are no pending share transfers pertaining to the year under review.

**(k) Distribution of Shareholding as on 31<sup>st</sup> March, 2017:**

| Shareholding      | Shareholders  |                    | Shares             |                    |
|-------------------|---------------|--------------------|--------------------|--------------------|
|                   | Number        | % to total holders | Number             | % to total capital |
| Upto 500          | 13,758        | 86.58              | 20,75,396          | 7.50               |
| 501 – 1,000       | 1,051         | 6.62               | 8,61,774           | 3.11               |
| 1,001 – 5,000     | 845           | 5.32               | 18,77,584          | 6.79               |
| 5,001 – 10,000    | 106           | 0.67               | 8,05,614           | 2.91               |
| 10,001 – 1,00,000 | 117           | 0.74               | 35,71,898          | 12.91              |
| 1,00,001 & above  | 11            | 0.07               | 1,84,80,295        | 66.78              |
| <b>TOTAL</b>      | <b>15,888</b> | <b>100.00</b>      | <b>2,76,72,561</b> | <b>100.00</b>      |

**Shareholding Pattern as on 31<sup>st</sup> March, 2017**

| Category                 | No. of shares held | %             |
|--------------------------|--------------------|---------------|
| Promoters                | 1,51,44,433        | 54.73         |
| Banks                    | 200                | 0.00          |
| Private Corporate Bodies | 26,87,453          | 9.72          |
| Indian Public            | 89,52,385          | 32.35         |
| NBFC                     | 5,101              | 0.02          |
| Mutual Funds             | 5,53,569           | 2.00          |
| NRIs/OCBs/Others         | 3,29,420           | 1.20          |
| <b>GRAND TOTAL</b>       | <b>2,76,72,561</b> | <b>100.00</b> |

**(l) Dematerialisation of Shares and liquidity**

97.47% of the paid-up Equity Share Capital is held in dematerialised form with National Securities Depository Limited and Central Depository Services (India) Limited as on 31<sup>st</sup> March, 2017. The Company's Shares are liquid and actively traded on the Bombay Stock Exchange Limited.

(m) **Outstanding GDRs/ADRs/Warrants or any Convertible Instruments, Conversion date and likely impact on equity**  
Nil

(n) **Commodity price risk or foreign exchange risk and hedging activities**  
The nature of business of the Company does not involve any risks/require hedging activities.

(o) **Plant Locations**  
Your Company's manufacturing facility is located at Plot No. H - 109, MIDC Ambad, Nashik- 422 010.

(p) **Address for correspondence**  
Shareholders may correspond with the Registrar and Transfer Agents at:  
**Karvy Computershare Private Limited,**  
Unit: **EPC Industrié Limited**  
Karvy Selenium, Tower B,  
Plot number 31-32, Gachibowli,  
Financial District, Nanakramguda,  
Hyderabad, Telangana-500 032  
Contact details:-  
Telephone number: +91 40 67162222  
Investor Service Toll Free No: 1-800-3454-001  
Fax number: +91 40 2342 0814  
Email: einward.ris@karvy.com

for all matters relating to transfer/dematerialisation of shares and any other query relating to Equity Shares of your Company.

Your Company has also designated rvnawghare@epcind.com as an exclusive email ID for Investors for the purpose of registering complaints. Shareholders would have to correspond with the respective Depository Participants for Shares held in dematerialized form. For all investor related matters, the Company Secretary & Compliance Officer can be contacted at:

EPC Industrié Limited  
Plot No. H-109, MIDC Ambad, Nashik- 422 010.  
Telephone Nos.: +91-253-2381081/82  
Fax: +91-253-2382975  
email: rvnawghare@epcind.com

Your Company can also be visited at its website: [www.epcmahindra.com](http://www.epcmahindra.com)

(q) **Dates of Book Closure**  
Dates of Book Closure for Annual General Meeting will be 25<sup>th</sup> July, 2017 to 28<sup>th</sup> July, 2017 (both days inclusive)

(r) **Registered Office**  
Plot No. H-109, MIDC Ambad, Nashik- 422 010

(s) **Corporate Identity Number:**  
L25200MH1981PLC025731

**(12) Other Disclosures**

(a) **Disclosure on materially significant Related Party transactions**

During the financial year 2016-17 there were no materially significant transactions entered into between the Company and its Promoters, Directors or the Management etc. that may have potential conflict with the interest of the Company at large. Further details of related party transactions are given in Note No. 29 to the Financial Statements.

All the transactions with related parties were in the ordinary course of business and on arms length basis. In terms of Regulation 23 (2) of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 the Company started obtaining prior approval of the audit committee for entering into any transaction with related parties. The audit committee granted omnibus approval for certain transactions to be entered with the related parties, during the year. The policy on Related Transaction is incorporated on the Company website: <http://www.epcmahindra.com/InvestorInformation.aspx>

(b) **Details of non-compliance etc.**

Your Company has complied with all the requirements of regulatory authorities.

During the last three years, there were no instances of non-compliance by the Company and no penalty or strictures were imposed on the Company by the Stock Exchange or SEBI or any statutory authority, on any matter related to the capital markets.

The Company and the erstwhile Promoter's group company had filed the revised consent application on 8<sup>th</sup> January, 2014, in terms of SEBI Circular dated May 25, 2012 (Ref CIR/EFD/1/2012) ("May Circular 2012") seeking settlement for non-disclosure in respect of the transaction dated 31<sup>st</sup> March, 2003 and for delay in yearly disclosure as of 31<sup>st</sup> March, 2005, under Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 1997.

SEBI vide its letter dated 27<sup>th</sup> November, 2013 issued a notice of Inquiry against aforesaid delays. The Company in response to it, filed the consent application on 8<sup>th</sup> January, 2014 and reply on 10<sup>th</sup> January, 2014. The SEBI has returned the Consent application, however, the Company has requested SEBI to provide an opportunity for personal hearing to settle the matter. The Inquiry proceedings are kept in abeyance till the outcome of consent application.

SEBI has informed vide its letter advising to attend the personal hearing scheduled on 12<sup>th</sup> Jan. 2017. The company has sought for the extension of time to which SEBI has agreed.

**(c) Details of establishment of vigil mechanism, whistle blower policy etc.**

In terms of the provisions of Section 177(9) of the Companies Act, 2013 the Company has implemented a vigil mechanism which includes implementation of the whistleblower policy. No employee has been denied access to the Chairman of the Audit Committee. The Company in conjunction with the Corporate Disclosure and Investigation policy of its ultimate holding Company has informed its employees that any non-compliant behaviour of directors or employees including the non-compliance of its code of conduct to the notice of the management for investigation and necessary action, may be reported by them using the speak-up line number provided therein. The policy is posted on the Company website: <http://www.epcmahindra.com/InvestorInformation.aspx>

**(d) Web link where policy on dealing with Related Party Transactions.**

The policy on Related Party Transaction is incorporated on the Company website: <http://www.epcmahindra.com/InvestorInformation.aspx>

**(e) Disclosure on Director's performance evaluation criteria**

The Company has introduced the board and directors' performance evaluation criteria. All board members will be requested annually to provide their assessment of the performance of the Board and its Committees by way of response to a questionnaire. Additionally, all Board members will be asked to do a self-evaluation of their performance annually. The performance of executive directors will be evaluated by the Nomination and Remuneration Committee and the performance of independent directors will be evaluated by the Board. The director being evaluated will not participate in the meeting at the time of their respective evaluation.

**(f) Disclosure of Accounting Treatment in preparation of Financial Statements**

Your Company has followed the Accounting Standards laid down by the Companies (Accounting Standards) Rules, 2014 and the Accounting Standards prescribed under the Companies Act, 2013 in preparation of its financial statements.

**(g) Code of Conduct for Prevention of Insider Trading**

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.

The code lays down Guidelines, which advise designated employees on procedures to be followed and disclosures to be made, while dealing with shares of the Company and cautioning them of the consequences of violations.

Under the said Code, the Company has appointed Mr. Ratnakar Nawghare as the Compliance Officer. All Board members and Senior Management personnel have affirmed compliance with the Code. The Code of Conduct of the Company is also posted on the investor relation page of the Company's website [www.epcmahindra.com](http://www.epcmahindra.com)

**(h) Details of Compliance with Mandatory requirements and adoption of the non-mandatory requirements.**

Your Company has complied with the mandatory requirements of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 relating to Corporate Governance. Your Company has adopted the non-mandatory requirements as mentioned below:

**1) Modified Opinion in Audit Report**

Your Company follows best practices, compliance with Accounting Standards and internal control over financial reporting to ensure unqualified financial statements.

**2) Reporting of Internal Auditor**

The Internal Auditor of the Company reports to the Audit Committee.

**(i) Disclosures with respect to demat suspense account/unclaimed suspense account**

There are no shares in the demat suspense account/unclaimed suspense account at the beginning and at the end of the financial year 2016-17.

**(j) CEO/CFO Certification**

The Chief Executive Officer and the Chief Financial Officer of the Company give annual certification on financial reporting and internal controls to the Board in terms of Regulation 17 (8) of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015. The Chief Executive Officer and the Chief Financial Officer also give quarterly certification on financial results while placing the financial results before the Board in terms of Regulation 33 (2) (a) of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015. The annual certificate given by the Chief Executive Officer and the Chief Financial Officer is published in this Report.

Nashik 27<sup>th</sup> April, 2017

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**DECLARATION BY THE MANAGING DIRECTOR UNDER SCHEDULE V (D) OF SECURITIES AND EXCHANGE BOARD OF INDIA (LISTING OBLIGATIONS AND DISCLOSURE REQUIREMENTS) REGULATIONS, 2015 IS ANNEXED.**

To  
The Members of EPC Industrié Limited,

I, Ashok Sharma, Managing Director of EPC Industrié Limited declare that all the Members of the Board of Directors and Senior Management Personnel have affirmed compliance with the Code of Conduct of Board of Directors and Senior Management for the year ended 31<sup>st</sup> March, 2017.

Nashik,  
27<sup>th</sup> April, 2017

**Ashok Sharma**  
Managing Director

**INDEPENDENT AUDITORS' CERTIFICATE ON CORPORATE GOVERNANCE**

**TO  
THE MEMBERS OF  
EPC INDUSTRIÉ LIMITED,**

1. This certificate is issued in accordance with the terms of our engagement letter reference no. KGV/2016-17/052 dated October 14, 2016.
2. We, Deloitte Haskins & Sells, Chartered Accountants, the Statutory Auditors of EPC Industrié Limited ("the Company"), have examined the compliance of conditions of Corporate Governance by the Company, for the year ended on March 31, 2017, as stipulated in regulations 17 to 27 and clauses (b) to (i) of regulation 46(2) and para C and D of Schedule V of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (the Listing Regulations).

**Managements' Responsibility**

3. The compliance of conditions of Corporate Governance is the responsibility of the Management. This responsibility includes the design, implementation and maintenance of internal control and procedures to ensure the compliance with the conditions of the Corporate Governance stipulated in Listing Regulations.

**Auditor's Responsibility**

4. Our responsibility is limited to examining the procedures and implementation thereof, adopted by the Company for ensuring compliance with the conditions of the Corporate Governance. It is neither an audit nor an expression of opinion on the financial statements of the Company.
5. We have examined the books of account and other relevant records and documents maintained by the Company for the purposes of providing reasonable assurance on the compliance with Corporate Governance requirements by the Company.
6. We have carried out an examination of the relevant records of the Company in accordance with the Guidance Note on Certification of Corporate Governance issued by the Institute of the Chartered Accountants of India

(the ICAI), the Standards on Auditing specified under section 143(10) of the Companies Act 2013, in so far as applicable for the purpose of this certificate and as per the Guidance Note on Reports or Certificates for Special Purposes issued by the ICAI which requires that we comply with the ethical requirements of the Code of Ethics issued by the ICAI.

7. We have complied with the relevant applicable requirements of the Standard on Quality Control (SQC) 1, Quality Control for Firms that Perform Audits and Reviews of Historical Financial Information, and Other Assurance and Related Services Engagements.

**Opinion**

8. Based on our examination of the relevant records and according to the information and explanations provided to us and the representations provided by the Management, we certify that the Company has complied with the conditions of Corporate Governance as stipulated in regulations 17 to 27 and clauses (b) to (i) of regulation 46(2) and para C and D of Schedule V of the Listing Regulations during the year ended March 31, 2017.
9. We state that such compliance is neither an assurance as to the future viability of the Company nor the efficiency or effectiveness with which the Management has conducted the affairs of the Company.

**For Deloitte Haskins & Sells**  
Chartered Accountants  
(Firm's Registration No.117364W)

**Ketan Vora**  
Partner  
Membership Number: 100459

Mumbai, May 19, 2017

## INDEPENDENT AUDITOR'S REPORT

### TO THE MEMBERS OF EPC INDUSTRIÉ LIMITED

#### Report on the Ind AS Financial Statements

We have audited the accompanying Ind AS financial statements of EPC Industrié Limited ("the Company"), which comprise the Balance Sheet as at 31<sup>st</sup> March, 2017, and the Statement of Profit and Loss (including Other Comprehensive Income), the Cash Flow Statement and the Statement of Changes in Equity for the year then ended, and a summary of the significant accounting policies and other explanatory information.

#### Management's Responsibility for the Ind AS Financial Statements

The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation of these Ind AS financial statements that give a true and fair view of the financial position, financial performance including other comprehensive income, cash flows and changes in equity of the Company in accordance with the accounting principles generally accepted in India, including the Indian Accounting Standards (Ind AS) prescribed under Section 133 of the Act.

This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the Ind AS financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

#### Auditor's Responsibility

Our responsibility is to express an opinion on these Ind AS financial statements based on our audit.

In conducting our audit, we have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made thereunder.

We conducted our audit of the Ind AS financial statements in accordance with the Standards on Auditing specified under Section 143(10) of the Act. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the Ind AS financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the Ind AS financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the Ind AS financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers the internal financial control relevant to the Company's preparation of the Ind AS financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the Company's Directors, as well as evaluating the overall presentation of the Ind AS financial statements.

We believe that the audit evidence obtained by us is sufficient and appropriate to provide a basis for our audit opinion on the Ind AS financial statements.

#### Opinion

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid Ind AS financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at 31<sup>st</sup> March, 2017, and its profit, total comprehensive loss, its cash flows and the changes in equity for the year ended on that date.

#### Report on Other Legal and Regulatory Requirements

1. As required by Section 143(3) of the Act, based on our audit we report, to the extent applicable that:
  - (a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.
  - (b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books.
  - (c) The Balance Sheet, the Statement of Profit and Loss including Other Comprehensive Income, the Cash Flow Statement and Statement of Changes in Equity dealt with by this Report are in agreement with the books of account.
  - (d) In our opinion, the aforesaid Ind AS financial statements comply with the Indian Accounting Standards prescribed under Section 133 of the Act.
  - (e) On the basis of the written representations received from the directors as on 31<sup>st</sup> March, 2017 taken on record by the Board of Directors, none of the directors is disqualified as on 31<sup>st</sup> March, 2017 from being appointed as a director in terms of Section 164(2) of the Act.

- (f) With respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate report in Annexure "A". Our report expresses an unmodified opinion on the adequacy and operating effectiveness of the Company's internal financial controls over financial reporting.
- (g) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, as amended, in our opinion and to the best of our information and according to the explanations given to us:
- i. The Company has disclosed the impact of pending litigations on its financial position in its Ind AS financial statements in accordance with the generally accepted accounting principles – Refer Note 30 to the Ind AS financial statements.
  - ii. The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses.
  - iii. There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company.
  - iv. The Company has provided requisite disclosures in the Ind AS financial statements as regards its holding and dealings in Specified Bank Notes

as defined in the Notification S.O. 3407(E) dated the 8<sup>th</sup> November, 2016 of the Ministry of Finance, during the period from 8<sup>th</sup> November, 2016 to 30<sup>th</sup> December, 2016. Based on audit procedures performed and the representations provided to us by the management, we report that the disclosures are in accordance with the books of account maintained by the Company and as produced to us – Refer Note 36 to the Ind AS financial statements.

2. As required by the Companies (Auditor's Report) Order, 2016 ("the Order") issued by the Central Government in terms of Section 143(11) of the Act, we give in Annexure "B", a statement on the matters specified in paragraphs 3 and 4 of the Order.

**For Deloitte Haskins & Sells**  
Chartered Accountants  
(Firm's Registration No. 117364W)

**Ketan Vora**  
Partner  
Membership Number: 100459

Nashik, 27<sup>th</sup> April, 2017

## ANNEXURE “A” TO THE INDEPENDENT AUDITOR’S REPORT

(Referred to in paragraph 1(f) under ‘Report on Other Legal and Regulatory Requirements’ section of our report of even date to the members of EPC Industrié Limited on the Ind AS financial statements for the year ended 31<sup>st</sup> March, 2017)

### **Report on the Internal Financial Controls Over Financial Reporting under clause (i) of sub-section 3 of Section 143 of the Companies Act, 2013 (“the Act”)**

We have audited the internal financial controls over financial reporting of EPC Industrié Limited (“the Company”) as of 31<sup>st</sup> March, 2017 in conjunction with our audit of the Ind AS financial statements of the Company for the year ended on that date.

### **Management’s Responsibility for Internal Financial Controls**

The Company’s management is responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the “Guidance Note”) issued by the Institute of Chartered Accountants of India (ICAI). These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to company’s policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Act.

### **Auditor’s Responsibility**

Our responsibility is to express an opinion on the Company’s internal financial controls over financial reporting based on our audit. We conducted our audit in accordance with the Guidance Note issued by ICAI and the Standards on Auditing prescribed under Section 143(10) of the Act, to the extent applicable to an audit of internal financial controls. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor’s judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

We believe that the audit evidence obtained by us is sufficient and appropriate to provide a basis for our audit opinion on the Company’s internal financial controls system over financial reporting.

### **Meaning of Internal Financial Controls Over Financial Reporting**

A Company’s internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A Company’s internal financial control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the Company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the Company are being made only in accordance with authorisations of management and directors of the Company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the Company’s assets that could have a material effect on the financial statements.

### **Inherent Limitations of Internal Financial Controls Over Financial Reporting**

Because of the inherent limitations of internal financial controls over financial reporting, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls over financial reporting to future periods are subject to the risk that the internal financial control over financial reporting may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

### **Opinion**

In our opinion, to the best of our information and according to the explanations given to us, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at 31<sup>st</sup> March, 2017, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on issued by the ICAI.

**For Deloitte Haskins & Sells**  
Chartered Accountants  
(Firm’s Registration No. 117364W)

**Ketan Vora**  
Partner  
Membership Number: 100459

Nashik, 27<sup>th</sup> April, 2017

**ANNEXURE “B” TO THE INDEPENDENT AUDITOR’S REPORT**

(Referred to in paragraph 2 under ‘Report on Other Legal and Regulatory Requirements’ section of our report of even date to the members of EPC Industrié Limited on the Ind AS financial statements for the year ended 31<sup>st</sup> March, 2017)

1. (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of property, plant and equipments (fixed assets).
- (b) The Company has a programme of verification of property, plant and equipments (fixed assets) to cover all the items in a phased manner over a period of three years which, in our opinion, is reasonable having regard to the size of the Company and the nature of its assets. Pursuant to the program, certain fixed assets were physically verified by the Management during the year. According to the information and explanations given to us, no material discrepancies were noticed on such verification.
- (c) According to the information and explanations given to us and the records examined by us and based on the examination of the registered sale deed/transfer deed/conveyance deed provided to us, we report that, the title deeds, comprising all the immovable properties of buildings which are freehold, are held in the name of the Company as at the balance sheet date. Immovable properties of land and buildings whose title deeds have been pledged as security for loans availed from banks are held in the name of the Company based on the confirmations directly received by us from the bank. In respect of immovable properties of land that have been taken on lease and disclosed as prepaid asset in the Ind AS financial statements, the lease agreements are in the name of the Company, where the Company is the lessee in the agreement.
2. As explained to us, the inventories were physically verified during the year by the Management at reasonable intervals and no material discrepancies were noticed on physical verification.
3. The Company has not granted any loans, secured or unsecured, to companies, firms, and limited liability partnerships or other parties covered in the register maintained under Section 189 of the Act.
4. The Company has not granted any loans, made investments or provided guarantees to which the provisions of Sections 185 and 186 of the Act apply, and hence reporting under clause (iv) of the Order is not applicable.
5. According to the information and explanations given to us, the Company has not accepted any deposit during the year. In respect of unclaimed deposits, the Company has complied with the provisions of Sections 73 to 76 or any other relevant provisions of the Act and the Companies (Acceptance of Deposits) Rules, 2014, as amended. According to the information and explanations

given to us, no order has been passed by the Company Law Board or the National Company Law Tribunal or the Reserve Bank of India or any Court or any other Tribunal.

6. The maintenance of cost records has been prescribed by the Central Government under Section 148(1) of the Act. We have broadly reviewed the cost records maintained by the Company pursuant to the Companies (Cost Records and Audit) Rules, 2014, as amended prescribed by the Central Government under Section 148(1) of the Act, and are of the opinion that, prima facie, the prescribed cost records have been made and maintained. We have, however, not made a detailed examination of the cost records with a view to determine whether they are accurate or complete.
7. According to the information and explanations given to us, in respect of statutory dues:
  - (a) The Company has generally been regular in depositing undisputed statutory dues, including provident fund, employees’ state insurance, income-tax, sales-tax, service tax, customs duty, excise duty, value added tax, cess and other material statutory dues applicable to it with the appropriate authorities.
  - (b) There were no undisputed amounts payable in respect of provident fund, employees’ state insurance, income-tax, sales tax, service tax, customs duty, excise duty, value added tax, cess and other material statutory dues in arrears as at 31<sup>st</sup> March, 2017 for a period of more than six months from the date they became payable.
  - (c) Details of dues of income-tax, sales-tax, service tax, customs duty, excise duty, and value added tax which have not been deposited as on 31<sup>st</sup> March, 2017 on account of disputes are given below:

| Name of Statute          | Nature of Dues | Forum where Dispute is pending           | Period to which the amount relates | Amount unpaid (Rupees) |
|--------------------------|----------------|--|------------------------------------|------------------------|
| Central Excise Act, 1944 | Excise Duty    | Commissioner of Central Excise (Appeals) | FY 1996-97                         | 35,76,000              |
|                          |                | Commissioner of Central Excise           | FY 1997-98                         | 8,12,000               |
| Income Tax Act, 1961     | Income Tax     | Commissioner of Income Tax (Appeals)     | FY 1992-93                         | 23,66,859              |

8. In our opinion and according to the information and explanations given to us, the Company has not defaulted in repayment of loans or borrowings to banks and government. The Company has not borrowed from financial institutions and has not issued any debentures.
9. In our opinion and according to the information and explanations given to us, money raised by way of further public offer (rights offer) in the earlier years, have been applied by the Company during the year for the purposes

as revised with appropriate approvals, other than temporary deployment pending application of proceeds. The Company has not raised moneys by way of public offer of debt instruments or term loans.

10. To the best of our knowledge and according to the information and explanations given to us, no fraud by the Company and no material fraud on the Company by its officers or employees has been noticed or reported during the year.
11. In our opinion and according to the information and explanations given to us, the Company has paid/provided managerial remuneration in accordance with the requisite approvals mandated by the provisions of Section 197 read with Schedule V to the Act.
12. The Company is not a Nidhi Company and hence reporting under clause (xii) of the Order is not applicable.
13. In our opinion and according to the information and explanations given to us, the Company is in compliance with Sections 177 and 188 of the Act, where applicable, for all transactions with the related parties and the details of related party transactions have been disclosed in the Ind AS financial statements etc. as required by the applicable accounting standards.
14. During the year, the Company has not made any preferential allotment or private placement of shares or

fully or partly convertible debentures and hence reporting under clause (xiv) of the Order is not applicable to the Company.

15. In our opinion and according to the information and explanations given to us, during the year, the Company has not entered into any non-cash transactions with its directors or directors of its holding company or persons connected with them and hence, provisions of Section 192 of the Act are not applicable.
16. The Company is not required to be registered under Section 45-IA of the Reserve Bank of India Act, 1934.

**For Deloitte Haskins & Sells**  
Chartered Accountants  
(Firm's Registration No. 117364W)

**Ketan Vora**  
Partner

Membership Number: 100459

Nashik, 27<sup>th</sup> April, 2017

## CEO AND CFO CERTIFICATION

We, the undersigned in our respective capacities as Chief Executive Officer and Chief Financial Officer, to the best of our knowledge and belief certify that:

- A) We have reviewed the financial statements and the cash flow statement for the year ended 31<sup>st</sup> March, 2017 and that to the best of our knowledge and belief, We confirm that:
  - 1) these statements do not contain any materially untrue statement or omit any material fact or contain statements that might be misleading;
  - 2) these statements together present a true and fair view of the Company's affairs and are in compliance with existing accounting standards, applicable laws and regulations.
- B) To the best of our knowledge and belief, no transactions entered into by the Company during the year ended 31<sup>st</sup> March, 2017 are fraudulent, illegal or violative of the Company's code of conduct/ethics.
- C) We accept responsibility for establishing and maintaining internal controls for financial reporting and that we have evaluated the effectiveness of the internal control systems of the Company pertaining to financial reporting and we have disclosed to the Auditors and the Audit Committee, deficiencies in the design or operation of

internal controls, over financial reporting, if any, of which we are aware and the steps we have taken or propose to take to rectify these deficiencies.

- D) We have indicated to the Auditors and the Audit Committee that:
  - 1) there has not been any significant change in internal control over financial reporting during the year under reference;
  - 2) there has not been any significant change in the accounting policies during the year requiring the disclosure in the notes to the financial statements; and
  - 3) We are not aware of any instance during the year of significant fraud with involvement therein of the Management or any employee having a significant role in the Company's internal control system over financial reporting.

**Sunetra Ganesan**  
Chief Financial Officer

**Sanjeev Mohoni**  
Chief Executive Officer

Nashik, 27<sup>th</sup> April, 2017

**BALANCE SHEET AS AT MARCH 31, 2017**

| Particulars  | Note No. | As at March 31, 2017  | As at March 31, 2016  | Rupees As at April 1, 2015 |
|--|----------|-----------------------|-----------------------|----------------------------|
| <b>ASSETS</b>                                      |          |                       |                       |                            |
| <b>I NON-CURRENT ASSETS</b>                        |          |                       |                       |                            |
| (a) Property, Plant and Equipment                  | 2        | 24,47,38,658          | 26,39,64,160          | 27,53,02,854               |
| (b) Capital Work-in-Progress                       |          | 59,94,352             | -                     | 18,04,761                  |
| (c) Other Intangible Assets                        | 3        | 96,92,932             | 16,65,747             | 23,34,065                  |
| (d) Intangible Assets Under Development            |          | -                     | 32,68,000             | -                          |
| (e) Financial Assets                               |          |                       |                       |                            |
| (i) Trade Receivables                              | 4        | 1,16,43,878           | 64,47,490             | 61,80,400                  |
| (ii) Other Financial Assets                        | 5        | 37,86,000             | 37,86,000             | 37,86,000                  |
| (f) Deferred Tax Assets (Net)                      | 6        | 3,66,75,258           | 3,34,17,899           | 1,45,65,142                |
| (g) Other Non-Current assets                       | 7        | 8,63,23,858           | 7,67,31,195           | 7,20,12,821                |
| <b>Total Non-Current Assets</b>                    |          | <b>39,88,54,936</b>   | <b>38,92,80,491</b>   | <b>37,59,86,043</b>        |
| <b>II CURRENT ASSETS</b>                           |          |                       |                       |                            |
| (a) Inventories                                    | 8        | 32,49,65,409          | 27,82,92,691          | 28,28,09,500               |
| (b) Financial Assets                               |          |                       |                       |                            |
| (i) Investments                                    | 9        | 4,50,82,019           | -                     | 55,000                     |
| (ii) Trade Receivables                             | 4        | 91,21,70,392          | 75,65,01,916          | 57,00,86,629               |
| (iii) Cash and Cash Equivalents                    | 10       | 6,89,14,196           | 16,15,83,449          | 13,67,94,019               |
| (iv) Bank Balances other than (iii) above          | 10       | 4,90,30,660           | 7,41,50,301           | 13,31,56,347               |
| (v) Other Financial Assets                         | 5        | 1,01,97,814           | 75,73,813             | 66,17,266                  |
| (c) Other Current Assets                           | 7        | 3,26,13,387           | 3,08,94,257           | 2,81,69,301                |
| <b>Total Current Assets</b>                        |          | <b>1,44,29,73,877</b> | <b>1,30,89,96,427</b> | <b>1,15,76,88,062</b>      |
| <b>III Total Assets (I + II)</b>                   |          | <b>1,84,18,28,813</b> | <b>1,69,82,76,918</b> | <b>1,53,36,74,105</b>      |
| <b>EQUITY AND LIABILITIES</b>                      |          |                       |                       |                            |
| <b>IV EQUITY</b>                                   |          |                       |                       |                            |
| (a) Equity Share Capital                           | 11       | 27,67,45,110          | 27,66,04,220          | 27,64,63,140               |
| (b) Other Equity                                   |          | 1,06,50,77,870        | 96,14,72,300          | 86,54,62,836               |
| <b>Total Equity</b>                                |          | <b>1,34,18,22,980</b> | <b>1,23,80,76,520</b> | <b>1,14,19,25,976</b>      |
| <b>LIABILITIES</b>                                 |          |                       |                       |                            |
| <b>V NON-CURRENT LIABILITIES</b>                   |          |                       |                       |                            |
| (a) Financial Liabilities                          |          |                       |                       |                            |
| Borrowings   | 12       | 20,73,030             | 26,84,436             | 42,61,666                  |
| (b) Provisions                                     | 14       | 74,58,198             | 79,01,393             | 51,27,386                  |
| <b>Total Non-Current Liabilities</b>               |          | <b>95,31,228</b>      | <b>1,05,85,829</b>    | <b>93,89,052</b>           |
| <b>VI CURRENT LIABILITIES</b>                      |          |                       |                       |                            |
| (a) Financial Liabilities                          |          |                       |                       |                            |
| (i) Trade Payables                                 | 15       | 34,87,66,794          | 26,01,92,721          | 24,12,81,053               |
| (ii) Other Financial Liabilities                   | 13       | 4,66,06,086           | 4,41,73,150           | 3,96,71,897                |
| (b) Provisions                                     | 14       | 2,30,11,453           | 1,65,06,596           | 1,98,39,255                |
| (c) Current Tax Liabilities (Net)                  | 6        | 1,69,97,287           | 2,81,76,828           | 1,33,900                   |
| (d) Other Current Liabilities                      | 16       | 5,50,92,985           | 10,05,65,274          | 8,14,32,972                |
| <b>Total Current Liabilities</b>                   |          | <b>49,04,74,605</b>   | <b>44,96,14,569</b>   | <b>38,23,59,077</b>        |
| <b>VII Total Liabilities (V+VI)</b>                |          | <b>50,00,05,833</b>   | <b>46,02,00,398</b>   | <b>39,17,48,129</b>        |
| <b>VIII Total Equity and Liabilities (IV+VII)</b>  |          | <b>1,84,18,28,813</b> | <b>1,69,82,76,918</b> | <b>1,53,36,74,105</b>      |
| See accompanying notes to the financial statements | 1-38     |                       |                       |                            |

In terms of our report attached

For Deloitte Haskins & Sells  
Chartered AccountantsKetan Vora  
PartnerPlace : Nashik  
Date : April 27, 2017

For and on behalf of the Board of Directors

|                   |   |                         |
|-------------------|---|-------------------------|
| Ashok Sharma      | } | Managing Director       |
| S. Durgashankar   |   |                         |
| Sangeeta Prasad   |   | Directors               |
| Anand Daga        |   |                         |
| Vinayak Patil     |   |                         |
| Nikhilesh Panchal |   |                         |
| Sanjeev Mohoni    |   | Chief Executive Officer |
| Sunetra Ganesan   |   | Chief Financial Officer |
| R. V. Nawghare    |   | Company Secretary       |

Place : Nashik  
Date : April 27, 2017

## STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED MARCH 31, 2017

| Particulars   | Note No. | Rupees                            |                                   |
|---|----------|-----------------------------------|-----------------------------------|
|   |          | For the year ended March 31, 2017 | For the year ended March 31, 2016 |
| I Revenue from operations   | 17       | 2,01,41,83,256                    | 2,02,95,73,152                    |
| II Other Income   | 18       | 1,86,62,536                       | 2,24,49,202                       |
| <b>III Total Income (I + II)</b>  |          | <b>2,03,28,45,792</b>             | <b>2,05,20,22,354</b>             |
| <b>IV EXPENSES</b>  |          |                                   |                                   |
| (a) Cost of materials consumed  | 19(a)    | 1,11,64,10,458                    | 1,10,56,89,701                    |
| (b) Purchases of Stock-in-trade   | 19(b)    | 6,96,32,256                       | 8,83,18,100                       |
| (c) Changes in inventories of finished goods, work-in-progress and stock-in-trade | 19(c)    | (4,21,39,846)                     | 4,04,821                          |
| (d) Excise duty on sale of goods  |          | 66,87,758                         | 13,54,585                         |
| (e) Employee benefit expense  | 20       | 23,22,54,887                      | 20,91,75,684                      |
| (f) Finance costs   | 21       | 1,52,89,384                       | 45,95,223                         |
| (g) Depreciation, amortisation and impairment expense                             | 2, 3     | 3,04,78,205                       | 2,65,54,349                       |
| (h) Other expenses  | 22       | 50,74,42,919                      | 51,32,57,814                      |
| <b>Total Expenses (IV)</b>  |          | <b>1,93,60,56,021</b>             | <b>1,94,93,50,277</b>             |
| <b>V Profit before tax (III - IV)</b>   |          | <b>9,67,89,771</b>                | <b>10,26,72,077</b>               |
| <b>VI Tax Expense</b>   |          |                                   |                                   |
| (1) Current tax   | 6        | 4,60,46,000                       | 4,22,00,500                       |
| (2) Deferred tax  | 6        | (1,62,31,827)                     | (1,94,45,658)                     |
| (3) Excess provision for tax relating to prior years                              |          | (3,20,70,744)                     | (75,30,000)                       |
| <b>Total tax expense (VI)</b>   |          | <b>(22,56,571)</b>                | <b>1,52,24,842</b>                |
| <b>VII Profit after tax for the year from continuing operations (V - VI)</b>      |          | <b>9,90,46,342</b>                | <b>8,74,47,235</b>                |
| <b>VIII Other comprehensive income</b>  |          |                                   |                                   |
| (i) Items that will not be reclassified to profit or loss                         |          |                                   |                                   |
| Remeasurements of the defined benefit plans                                       |          | (3,38,325)                        | 64,17,991                         |
| (ii) Income tax relating to items that will not be reclassified to profit or loss |          | 1,17,061                          | (24,74,777)                       |
| <b>Total Other comprehensive (loss)/income for the year</b>                       |          | <b>(2,21,264)</b>                 | <b>39,43,214</b>                  |
| <b>IX Profit for the year attributable to owners of the Company (VII + VIII)</b>  |          | <b>9,88,25,078</b>                | <b>9,13,90,449</b>                |
| <b>X Earnings per equity share</b>  | 23       |                                   |                                   |
| (1) Basic   |          | 3.58                              | 3.16                              |
| (2) Diluted   |          | 3.56                              | 3.15                              |
| See accompanying notes to the financial statements                                | 1-38     |                                   |                                   |

In terms of our report attached

**For Deloitte Haskins & Sells**  
Chartered Accountants

**Ketan Vora**  
Partner

Place : Nashik  
Date : April 27, 2017

For and on behalf of the Board of Directors

**Ashok Sharma**  
**S. Durgashankar**  
**Sangeeta Prasad**  
**Anand Daga**  
**Vinayak Patil**  
**Nikhilesh Panchal**  
**Sanjeev Mohoni**  
**Sunetra Ganesan**  
**R. V. Nawghare**

Place : Nashik  
Date : April 27, 2017

Managing Director

Directors

Chief Executive Officer  
Chief Financial Officer  
Company Secretary

**STATEMENT OF CASH FLOWS FOR THE YEAR ENDED MARCH 31, 2017**

| Particulars   | For the year ended<br>March 31, 2017 | Rupees<br>For the year ended<br>March 31, 2016 |
|---|--------------------------------------|--|
| <b>Profit before tax for the year</b>                                       | <b>9,67,89,771</b>                   | <b>10,26,72,077</b>                            |
| <b>Adjustments for:</b>   |                                      |  |
| Finance costs recognised in profit or loss                                  | 1,52,89,384                          | 45,95,223                                      |
| Interest Income recognised in profit or loss                                | (1,07,07,628)                        | (1,60,33,697)                                  |
| Profit on sale of current investments                                       | (7,22,206)                           | (7,19,771)                                     |
| Unrealised Profit arising on investments mandatorily measured at fair value | (82,019)                             | -  |
| Dividend income   | (6,225)                              | -  |
| Liabilities no longer required written-off                                  | (32,82,631)                          | (37,21,016)                                    |
| (Gain)/Loss on disposal of property, plant and equipment                    | 2,83,343                             | (4,521)  |
| Impairment (Gain)/Loss recognised on financial assets                       | 2,48,19,141                          | (5,56,227)                                     |
| Bad trade and other receivables, loans and advances written off             | 42,23,850                            | 6,98,60,138                                    |
| Depreciation, amortisation and impairment expense                           | 3,04,78,205                          | 2,65,54,349                                    |
| Expense recognised in respect of equity-settled share-based payments        | 47,80,492                            | 46,19,015                                      |
|   | <b>16,18,63,477</b>                  | <b>18,72,65,568</b>                            |
| <b>Movements in working capital:</b>  |                                      |  |
| Increase in trade receivables   | (18,99,07,855)                       | (25,37,43,484)                                 |
| (Increase)/decrease in inventories  | (4,66,72,718)                        | 45,16,809                                      |
| Decrease in other Non current assets  | 1,57,892                             | 36,75,473                                      |
| Increase in other current assets  | (49,58,440)                          | (72,26,822)                                    |
| Increase/decrease in trade payables   | 8,93,48,200                          | 2,16,22,345                                    |
| Increase/(decrease) in provisions   | 57,23,337                            | 58,59,339                                      |
| Increase/(decrease) in other current liabilities                            | (4,99,02,689)                        | 2,41,77,892                                    |
|   | <b>(19,62,12,273)</b>                | <b>(20,11,18,448)</b>                          |
| Cash used in operations   | (3,43,48,796)                        | (1,38,52,878)                                  |
| Income taxes paid (net)   | (1,53,95,037)                        | (1,44,38,396)                                  |
| <b>Net cash used in operating activities</b>                                | <b>(4,97,43,833)</b>                 | <b>(2,82,91,274)</b>                           |
| <b>Cash flows from investing activities</b>                                 |                                      |  |
| Payments to acquire financial assets  | (2,91,34,941)                        | (1,95,29,702)                                  |
| Proceeds on sale of financial assets  | 4,26,572                             | 5,53,576                                       |
| Interest received   | 1,14,34,437                          | 1,69,36,212                                    |
| Purchase of Current Investment  | (24,70,00,000)                       | (11,50,00,000)                                 |
| Sale of Current Investment  | 20,27,28,431                         | 11,57,74,771                                   |
| Bank balance not considered as cash and cash equivalents matured (net)      | 2,51,19,641                          | 5,90,06,046                                    |
| <b>Net cash (used in)/generated from investing activities</b>               | <b>(3,64,25,860)</b>                 | <b>5,77,40,903</b>                             |
| <b>Cash flows from financing activities</b>                                 |                                      |  |
| Proceeds from issue of equity instruments                                   | 1,40,890                             | 1,41,080                                       |
| Proceeds from borrowings  | -                                    | (3,35,000)                                     |
| Repayment of borrowings   | (17,40,505)                          | (31,44,207)                                    |
| Interest paid   | (48,99,945)                          | (13,22,072)                                    |
| <b>Net cash used in financing activities</b>                                | <b>(64,99,560)</b>                   | <b>(46,60,199)</b>                             |
| <b>Net (decrease)/increase in cash and cash equivalents</b>                 | <b>(9,26,69,253)</b>                 | <b>2,47,89,430</b>                             |
| Cash and cash equivalents at the beginning of the year                      | <b>16,15,83,449</b>                  | <b>13,67,94,019</b>                            |
| <b>Cash and cash equivalents at the end of the year</b>                     | <b>6,89,14,196</b>                   | <b>16,15,83,449</b>                            |

See accompanying notes to the financial statements

In terms of our report attached

For Deloitte Haskins & Sells  
Chartered AccountantsKetan Vora  
PartnerPlace : Nashik  
Date : April 27, 2017

For and on behalf of the Board of Directors

Ashok Sharma  
S. Durgashankar  
Sangeeta Prasad  
Anand Daga  
Vinayak Patil  
Nikhilesh Panchal  
Sanjeev Mohoni  
Sunetra Ganesan  
R. V. NawgharePlace : Nashik  
Date : April 27, 2017

Managing Director

Directors

Chief Executive Officer  
Chief Financial Officer  
Company Secretary

## STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED MARCH 31, 2017

|   | Rupees       |
|---|--------------|
| <b>A. Equity share capital</b>  |              |
| As at April 1, 2015   | 27,64,43,640 |
| <b>Changes in equity share capital during the year</b>                  |              |
| Issue of equity shares under employee share option plan (Refer note 20) | 1,41,080     |
| As at March 31, 2016  | 27,65,84,720 |
| <b>Changes in equity share capital during the year</b>                  |              |
| Issue of equity shares under employee share option plan (Refer note 20) | 1,40,890     |
| As at March 31, 2017  | 27,67,25,610 |
| <b>B. Forfeited shares</b>  |              |
| As at April 1, 2015   | 19,500       |
| <b>Changes during the year</b>  | -            |
| As at March 31, 2016  | 19,500       |
| <b>Changes during the year</b>  | -            |
| As at March 31, 2017  | 19,500       |

### C. Other Equity

| Particulars  | Reserves and Surplus |                            |                     |                 |                             |                   | Total          |
|--|----------------------|----------------------------|---------------------|-----------------|-----------------------------|-------------------|----------------|
|  | Capital Reserve      | Securities Premium Reserve | Revaluation Reserve | General Reserve | Share based payments (ESOP) | Retained earnings |                |
| Balance as at March 31, 2015                         | 40,00,000            | 91,61,42,215               | 2,86,90,775         | 1,38,53,275     | 25,92,569                   | (9,75,25,124)     | 86,77,53,710   |
| <u>Ind AS transition adjustments</u>                 |                      |                            |                     |                 |                             |                   |                |
| Government Grant Recognition                         | -                    | -                          | -                   | -               | -                           | (39,16,136)       | (39,16,136)    |
| Discounting of Provisions                            | -                    | -                          | -                   | -               | -                           | 16,25,262         | 16,25,262      |
| Transfer of reserve                                  | -                    | -                          | (2,86,90,775)       | 2,86,90,775     | -                           | -                 | -              |
| Recognition of share based payments on Fair Value    | -                    | -                          | -                   | -               | 56,081                      | (56,081)          | -              |
| Balance as at April 1, 2015                          | 40,00,000            | 91,61,42,215               | -                   | 4,25,44,050     | 26,48,650                   | (9,98,72,079)     | 86,54,62,836   |
| Profit for the year                                  | -                    | -                          | -                   | -               | -                           | 8,74,47,235       | 8,74,47,235    |
| Issue of Shares towards ESOP                         | -                    | 24,12,060                  | -                   | -               | (24,12,060)                 | -                 | -              |
| Recognition of Share based payments                  | -                    | -                          | -                   | -               | 46,19,015                   | -                 | 46,19,015      |
| Other Comprehensive Income for the year (net of tax) | -                    | -                          | -                   | -               | -                           | 39,43,214         | 39,43,214      |
| As at March 31, 2016                                 | 40,00,000            | 91,85,54,275               | -                   | 4,25,44,050     | 48,55,605                   | (84,81,630)       | 96,14,72,300   |
| Profit for the year                                  | -                    | -                          | -                   | -               | -                           | 9,90,46,342       | 9,90,46,342    |
| Issue of Shares towards ESOP                         | -                    | 24,08,614                  | -                   | -               | (24,08,614)                 | -                 | -              |
| Recognition of Share based payments                  | -                    | -                          | -                   | -               | 47,80,492                   | -                 | 47,80,492      |
| Other Comprehensive loss for the year (net of tax)   | -                    | -                          | -                   | -               | -                           | (2,21,264)        | (2,21,264)     |
| As at March 31, 2017                                 | 40,00,000            | 92,09,62,889               | -                   | 4,25,44,050     | 72,27,483                   | 9,03,43,448       | 1,06,50,77,870 |

Remeasurement loss (net) on defined benefit plans Rs. 2,21,264 (March 31, 2016 gain Rs. 39,43,214) is recognised as part of retained earnings.

In terms of our report attached

For Deloitte Haskins & Sells  
Chartered Accountants

Ketan Vora  
Partner

Place : Nashik  
Date : April 27, 2017

For and on behalf of the Board of Directors

Ashok Sharma  
S. Durgashankar  
Sangeeta Prasad  
Anand Daga  
Vinayak Patil  
Nikhilesh Panchal

Sanjeev Mohoni  
Sunetra Ganesan  
R. V. Nawghare

Place : Nashik  
Date : April 27, 2017

Managing Director

Directors

Chief Executive Officer  
Chief Financial Officer  
Company Secretary

## Notes to the financial statements for the year ended March 31, 2017

### NOTE NO. 1 - GENERAL INFORMATION AND SIGNIFICANT ACCOUNTING POLICIES

#### A. Corporate Information

EPC Industrié Limited is a Public Limited Company listed on the Bombay Stock Exchange Limited. It was incorporated on November 28, 1981 under the Companies Act, 1956. It is engaged in the business of Micro Irrigation Systems such as Drip and Sprinklers, Agricultural Pumps, Greenhouses and Land Scape Products. The Company is a subsidiary of Mahindra and Mahindra Limited.

#### B. Statement of compliance

The financial statements have been prepared in accordance with IND AS's notified under the Companies (Indian Accounting Standards) Rules, 2015, as amended.

Upto the year ended March 31, 2016, the Company prepared its financial statements in accordance with the requirements of previous GAAP, which includes Standards notified under the Companies (Accounting Standards) Rules, 2006. This is the Company's first Ind AS financial statements. The date of transition to Ind AS is April 1, 2015. Refer Note T for the details of first-time adoption exemptions availed by the Company.

#### C. Basis of preparation and presentation

The financial statements have been prepared on the historical cost basis except for certain financial instruments that are measured at fair values at the end of each reporting period, as explained in the accounting policies below.

Historical cost is generally based on the fair value of the consideration given in exchange for goods and services.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, the Company takes into account the characteristics of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date. Fair value for measurement and/or disclosure purposes in these financial statements is determined on such basis, except for share-based payment transactions that are within the scope of Ind AS 102, and measurements that have some similarities to fair value but are not fair value, such as net realisable value in Ind AS 2 or value in use in Ind AS 36.

In addition, for financial reporting purposes, fair value measurements are categorised into Level 1, 2, or 3 based on the degree to which the inputs to the fair value measurements are observable and the significance of the inputs to the fair value measurement in its entirety, which are described as follows:

- Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date;
- Level 2 inputs are inputs, other than quoted prices included within Level 1, that are observable for the asset or liability, either directly or indirectly; and
- Level 3 inputs are unobservable inputs for the asset or liability.

#### D. Functional and presentation currency

These financial statements are presented in Indian Rupees ('Rupees') which is also the Company's functional currency. All amounts are rounded-off to the nearest rupee, unless otherwise indicated.

#### E. Standards issued but not yet effective:

In March 2017, the Ministry of Corporate Affairs issued the Companies (Indian Accounting Standards) (Amendments) Rules, 2017, notifying amendments to Ind AS 7, 'Statement of cash flows' and Ind AS 102 'Share-based payment.' These amendments are in accordance with the recent amendments made by International Accounting Standards Board (IASB) to IAS 7, 'Statement of cash flows' and IFRS 2, 'Share-based payment,' respectively. The amendments are applicable to the Company from April 1, 2017.

#### Amendment to Ind AS 7:

The amendment to Ind AS 7 requires the entities to provide disclosures that enable users of financial statements to

## Notes to the financial statements for the year ended March 31, 2017 (Contd.)

evaluate changes in liabilities arising from financing activities, including both changes arising from cash flows and non-cash changes, suggesting inclusion of a reconciliation between the opening and closing balances in the balance sheet for liabilities arising from financing activities, to meet the disclosure requirement. The company is evaluating the requirements of the amendment and the effect on the financial statements is being evaluated.

### Amendment to Ind AS 102:

The amendment to IND AS 102 is not applicable to the Company.

### F. Property, Plant and equipment:

Property, Plant and equipment are carried at cost less accumulated depreciation and impairment losses, if any. Cost includes cost of acquisition or construction and is stated at historical cost.

Depreciation on all property, plant and equipment, is provided on Straight Line Method as per the estimated useful life. Leasehold Assets are depreciated over the shorter of the lease term and their useful lives. Depreciation on additions to assets or on sale/disposal of assets is calculated from the beginning of the month of such addition or up to the month of such sale/scrapped as the case may be.

Property, Plant and equipment retired from active use and held for sale are stated at the lower of their net book value and net realisable value and are disclosed separately in the Balance Sheet.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on the disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in profit or loss.

Estimated useful life of the assets are as follows

| Assets   | Useful life |
|--|-------------|
| Buildings  |             |
| Factory Building   | 30 Years    |
| Office Building  | 60 Years    |
| Extrusion Machines                                       | 19 Years    |
| Other Machineries  | 15 Years    |
| Electrical Installations, factory Equipment's, furniture | 10 Years    |
| Vehicles - Two Wheelers                                  | 10 Years    |
| Moulds and Dies  | 6 Years     |
| Office Equipment   | 5 Years     |
| Computers  | 3 Years     |
| Vehicles - Cars  | 8 Years     |

The estimated useful lives, residual values and depreciation method are renewed at the end the of each reporting period, with the effect of any changes in estimated accounted for an prospective basis.

### G. Intangible Assets:

Intangible assets are recognised only when economic benefit attributable to the assets will flow to the enterprise and cost can be measured reliably. They are being amortised over the estimated useful life of three years.

The estimated useful life of the intangible assets and the amortisation period are reviewed at the end of each financial year and the amortisation period is revised to reflect the changed pattern. if any

Subsequent to initial recognition, intangible assets are reported at cost less accumulated amortisation and accumulated impairment losses.

An intangible asset is derecognised on disposal, or when no future economic benefits are expected from use or disposal. Gains or losses arising from derecognition of an intangible asset, measured as the difference between the net disposal

## Notes to the financial statements for the year ended March 31, 2017 (Contd.)

proceeds and the carrying amount of the asset, are recognised in the statement of profit or loss when the asset is derecognised.

### Intangible assets under development

Expenditure on development eligible for capitalisation is carried as intangible assets under development where such assets are not yet ready for their intended use.

### H. Impairment of Assets:

The carrying value of assets/cash generating units at each balance sheet date are reviewed for impairment. If any indication of impairment exists, the recoverable amount of such assets is estimated and impairment is recognised, if the carrying amount of these assets exceeds their recoverable amount. The recoverable amount is the greater of the fair value less costs of disposal and their value in use. Value in use is arrived at by discounting the future cash flows expected to arise from the continuing use of an asset and from its disposal at the end of its useful life to their present value based on an appropriate discount factor. When there is indication that an impairment loss recognised for an asset in earlier accounting periods no longer exists or may have decreased, such reversal of impairment loss is recognised in the Statement of Profit and Loss.

When an impairment loss subsequently reverses, the carrying amount of the asset (or a cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or cash-generating unit) in prior years.

### I. Inventories:

Inventories comprise all costs of purchase, conversion and other costs incurred in bringing the inventories to their present location and condition and are stated at lower of cost and net realisable value.

Net realisable value represents the estimated selling price for inventories less all estimated costs of completion and costs necessary to make the sale.

Cost is determined on the basis of the weighted average method.

### J. Foreign Exchange Transactions:

In preparing the financial statements transactions in other than the company's functional currency are recorded at the exchange rates prevailing on the date of transaction. At the end of each reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing at that rate. The exchange difference between the rate prevailing on the date of transaction and on the date of settlement as also on translation of monetary items at the end of the year is recognised as income or expense, as the case may be. Non-Monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

### K. Revenue recognition:

Revenue is measured at the fair value of the consideration received or receivable. Revenue is reduced for estimated customer returns, rebates and other similar allowances.

Revenue from the sale of goods is recognised when the goods are delivered and titles have passed, at which time all the following conditions are satisfied:

- the Company has transferred to the buyer the significant risks and rewards of ownership of the goods;
- the Company retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold;
- the amount of revenue can be measured reliably;
- it is probable that the economic benefits associated with the transaction will flow to the Company; and
- the costs incurred or to be incurred in respect of the transaction can be measured reliably.

Revenue from a contract to provide services is recognised with reference to the stage of completion of the contract.

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## Notes to the financial statements for the year ended March 31, 2017 (Contd.)

The use of the percentage of completion method reflects the pattern in which the obligations to the customer are fulfilled. The Company has used an input-based approach since the input measures are a reasonable surrogate for output measures. Provisions for estimated losses on such contracts are made during the period in which a loss becomes probable and can be reasonably estimated.

### L. Other income:

Dividend income from investments is recognised when the shareholders right to receive payment has been established. Interest income from a financial asset is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount on initial recognition. These income are recognised when it is probable that the economic benefit will flow to the Company and the amount of income can be measured reliably.

### M. Government Grants:

Government grants are not recognised until there is reasonable assurance that the Company will comply with the conditions attached to them and that the grants will be received.

Government grants are recognised in the statement profit or loss on a systematic basis over the periods in which the Company recognises as expenses the related costs for which the grants are intended to compensate. Specifically, government grants whose primary condition is that the Company should purchase, construct or otherwise acquire non-current assets are recognised as deferred revenue in the balance sheet and transferred to statement of profit or loss on a systematic and rational basis over the useful lives of the related assets.

### N. Employee benefits:

#### a) Short term and other long term employee benefits

A liability is recognised for benefits accruing to employees in respect of wages and salaries, annual leave and sick leave in the period the related service is rendered at the undiscounted amount of the benefits expected to be paid in exchange for that services. Liabilities recognised in respect of other long-term employee benefits are measured at the present value of the estimated future cash outflows expected to be made by the Company in respect of services provided by employees upto the reporting date.

#### b) Post-employment benefits

##### (i) Defined contribution plans

The Company's contribution to provident fund, employee state insurance scheme and superannuation fund are considered as defined contribution plans and are charged as an expense as they fall due based on the amount of contribution required to be made and when services are rendered by the employee.

##### (ii) Defined benefit plans

The employees' gratuity fund scheme, managed by Life Insurance Corporation (LIC) is a defined benefit plan. The present value of obligation is determined based on actuarial valuation carried out as at the end of each financial year using the Projected Unit Credit Method.

The obligation is measured at the present value of the estimated future cash flows. The discount rate used for determining the present value of the obligation under defined benefit plans, is based on the market yield on government securities, of a maturity period equivalent to the weighted average maturity profile of the related obligations at the Balance Sheet date.

Remeasurement, comprising actuarial gains and losses, the effect of the changes to the asset ceiling (if applicable) and the return on plan assets (excluding net interest), is reflected immediately in the balance sheet with a charge or credit recognised in other comprehensive income in the period in which they occur. Remeasurement recognised in other comprehensive income is reflected immediately in retained earnings and is not reclassified to profit or loss. Past service cost is recognised in the statement of profit or loss in the period of a plan amendment. Net interest is calculated by applying the discount rate at the beginning of the period to the net defined benefit liability or asset.

## Notes to the financial statements for the year ended March 31, 2017 (Contd.)

### (iii) Share based payment

Equity-settled share-based payments to employees and others providing similar services are measured at the fair value of the equity instruments at the grant date. Details regarding the determination of the fair value of equity-settled share-based transactions are set out in note 20.

The fair value determined at the grant date of the equity-settled share-based payments is expensed on a straight-line basis over the vesting period, based on the Company's estimate of equity instruments that will eventually vest, with a corresponding increase in equity. At the end of each reporting period, the Company revises its estimate of the number of equity instruments expected to vest. The impact of the 'revision of the original estimates, if any, is recognised in profit or loss such that the cumulative expense reflects the revised estimate, with a corresponding adjustment to the equity-settled employee benefits reserve.

### **O. Leases:**

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases.

In respect of operating leases, lease payments are recognised as expenses and lease receipts are recognised as income on a straight line basis over the lease term. Initial direct costs are recognised immediately as expenses.

### **P. Borrowing Costs:**

All borrowing costs are charged to the Statement of Profit and Loss except, borrowing costs that are attributable to the acquisition or construction of qualifying assets which are those that necessarily take a substantial period of time to get ready for their intended use or sale, which are capitalised as part of the cost of such assets.

### **Q. Product Warranty:**

In respect of warranties given by the Company on sale of certain products, the estimated costs of these warranties are accrued at the time of sale. The estimates for accounting of warranties are reviewed and revisions are made as required.

### **R. Taxes on income:**

Income Taxes are accounted for in accordance with IND AS-12. Tax expenses comprise both current tax and deferred tax. Current tax is the amount of tax payable on the taxable income for the year as determined in accordance with the applicable tax rates and the provisions of the Income Tax Act 1961, and other applicable tax laws.

Minimum Alternate Tax (MAT) paid in accordance with the tax laws, which gives future economic benefits in the form of adjustment to future income tax liability, is considered as an asset if there is convincing evidence that the Company will pay normal income tax. Accordingly, MAT is recognised as a component of deferred tax asset in the Balance Sheet when it is probable that future economic benefit associated with it will flow to the Company.

Deferred tax is recognised on temporary differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit. Deferred tax liabilities are generally recognised for all taxable temporary differences. Deferred tax assets are generally recognised for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilised. Such deferred tax assets and liabilities are not recognised if the temporary difference arises from the initial recognition (other than in a business combination) of assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the asset to be recovered.

Deferred tax liabilities and assets are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset realised, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

### **S. Provisions, Contingent Liabilities and Contingent Assets:**

A provision is recognised when the Company has a present obligation (legal or constructive) as a result of past events and it is probable that an outflow of resources will be required to settle the obligation in respect of which a reliable estimate

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## Notes to the financial statements for the year ended March 31, 2017 (Contd.)

can be made. Provisions (excluding retirement benefits) are discounted to their present value and are determined based on the best estimate required to settle the obligation at the Balance Sheet date. These are reviewed at each Balance Sheet date and adjusted to reflect the current best estimates.

Contingent liabilities and assets are not recognised but are disclosed in the notes.

### T. First-time adoption of Ind AS:

The Company has prepared the opening balance sheet as per Ind AS as of April 1, 2015 (the transition date) by recognising all assets and liabilities whose recognition is required by Ind AS, not recognising items of assets or liabilities which are not permitted by Ind AS, by reclassifying items from previous GAAP to Ind AS as required under Ind AS, and applying Ind AS in measurement of recognised assets and liabilities. However, this principle is subject to the certain exception and certain optional exemptions availed by the Company as detailed below.

#### Derecognition of financial assets and financial liabilities

The Company has applied the derecognition requirements of financial assets and financial liabilities prospectively for transactions occurring on or after April 1, 2015 (the transition date).

#### Impairment of financial assets

The Company has applied the impairment requirements of Ind AS 109 retrospectively; however, as permitted by Ind AS 101, it has used reasonable and supportable information that is available without undue cost or effort to determine the credit risk at the date that financial instruments were initially recognised in order to compare it with the credit risk at the transition date. Further, the Company has not undertaken an exhaustive search for information when determining, at the date of transition to Ind ASs, whether there have been significant increases in credit risk since initial recognition, as permitted by Ind AS 101.

#### Government loan at a below-market rate of interest

The Company has elected to continue with the carrying value of its sales tax deferral scheme as of April 1, 2015 (transition date) measured as per the previous GAAP and use that carrying value as of the transition date.

#### Share-based payment transaction

The Company has availed the exemption in respect of share-based payments and accordingly has not applied Ind AS 102 Share-based payments to employee stock options vested before the date of transition to Ind AS.

#### Government Grants

Ind AS 20 "Government Grants" has been considered retrospectively as required by Ind AS 20, with consequent changes to Property, Plant & equipment and deferred Government Grants. Further, the Company has opted for Ind AS 16 cost as the cost on the date of transition as against deemed cost option opted in earlier quarters. The change has been made with retrospective effect and the previous period amounts have been restated.

### U. Financial instruments

Financial assets and financial liabilities are recognised when the Company becomes a party to the contractual provisions of the instruments.

Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognised immediately in profit or loss.

### V. Financial assets

All regular way purchases or sales of financial assets are recognised and derecognised on a trade date basis. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the marketplace.

All recognised financial assets are subsequently measured in their entirety at either amortised cost or fair value, depending on the classification of the financial assets.

## Notes to the financial statements for the year ended March 31, 2017 (Contd.)

### Classification of financial assets:

Debt instruments that meet the following conditions are subsequently measured at amortised cost (except for debt instruments that are designated as at fair value through profit or loss on initial recognition):

- the asset is held within a business model whose objective is to hold assets in order to collect contractual cash flows; and
- the contractual terms of the instrument give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

All other financial assets are subsequently measured at fair value.

### Financial assets at fair value through profit or loss (FVTPL)

Investments in equity instruments are classified as at FVTPL, unless the Company irrevocably elects on initial recognition to present subsequent changes in fair value in other comprehensive income for investments in equity instruments which are not held for trading.

Debt instruments that do not meet the amortised cost criteria or FVTOCI criteria are measured at FVTPL. In addition, debt instruments that meet the amortised cost criteria or the FVTOCI criteria but are designated as at FVTPL are measured at FVTPL.

A financial asset that meets the amortised cost criteria or debt instruments that meet the FVTOCI criteria may be designated as at FVTPL upon initial recognition if such designation eliminates or significantly reduces a measurement or recognition inconsistency that would arise from measuring assets or liabilities or recognising the gains and losses on them on different bases. The Company has not designated any debt instrument as at FVTPL.

Financial assets at FVTPL are measured at fair value at the end of each reporting period, with any gains or losses arising on remeasurement recognised in profit or loss. The net gain or loss recognised in profit or loss incorporates any dividend or interest earned on the financial asset and is included in the 'Other income' line item.

### Impairment of financial assets

The Company applies the expected credit loss model for recognising impairment loss on financial assets measured at amortised cost, trade receivables, other contractual rights to receive cash or other financial asset.

For trade receivables or any contractual right to receive cash or another financial asset that result from transactions that are within the scope of Ind AS 11 and Ind AS 18, the Company always measures the loss allowance at an amount equal to lifetime expected credit losses.

Further, for the purpose of measuring lifetime expected credit loss allowance for trade receivables, the Company has used a practical expedient as permitted under Ind AS 109. This expected credit loss allowance is computed based on a provision matrix which takes into account historical credit loss experience and adjusted for forward-looking information.

### Derecognition of financial assets

The Company derecognises a financial asset when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another party. If the Company neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Company recognises its retained interest in the asset and an associated liability for amounts it may have to pay. If the Company retains substantially all the risks and rewards of ownership of a transferred financial asset, the Company continues to recognise the financial asset and also recognises a collateralised borrowing for the proceeds received.

On derecognition of a financial asset in its entirety, the difference between the asset's carrying amount and the sum of the consideration received and receivable and the cumulative gain or loss that had been recognised in other comprehensive income and accumulated in equity is recognised in profit or loss if such gain or loss would have otherwise been recognised in profit or loss on disposal of that financial asset.

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## Notes to the financial statements for the year ended March 31, 2017 (Contd.)

### W. Financial liabilities

All financial liabilities are subsequently measured at amortised cost using the effective interest method or at FVTPL.

#### Financial liabilities subsequently measured at amortised cost:

Financial liabilities that are not held-for-trading and are not designated as at FVTPL are measured at amortised cost at the end of subsequent accounting periods. The carrying amounts of financial liabilities that are subsequently measured at amortised cost are determined based on the effective interest method. Interest expense that is not capitalised as part of costs of an asset is included in the 'Finance costs' line item.

The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial liability, or (where appropriate) a shorter period, to the net carrying amount on initial recognition.

#### Derecognition of financial liabilities:

The Company derecognises financial liabilities when, and only when, the Company's obligations are discharged, cancelled or have expired. An exchange with a lender of debt instruments with substantially different terms is accounted for as an extinguishment of the original financial liability and the recognition of a new financial liability. Similarly, a substantial modification of the terms of an existing financial liability (whether or not attributable to the financial difficulty of the debtor) is accounted for as an extinguishment of the original financial liability and the recognition of a new financial liability. The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable is recognised in profit or loss.

### X. Use of judgements and estimates

In preparing these financial statements, management has made judgements, estimates and assumptions that affect the application of the Company's accounting policies and the reported amounts of assets, liabilities, income, expenses and the disclosures of contingent assets and liabilities. Actual results may differ from these estimates. Estimates and underlying assumptions are reviewed on an on going basis. Revisions to estimates are recognised prospectively.

Following are areas that involved a higher degree of estimate and judgement or complexity in determining the carrying amount of some assets and liabilities.

- useful life of property, plant and equipment and intangible assets
- estimation of define benefit obligation (Refer Note 20)
- provision for warranty claims (Refer Note 14)
- income taxes - current and deferred taxes (Refer Note 6)
- impairment of trade receivables (Refer Note 4)

Detailed information about each of these estimates and judgements that have a significant risk of resulting in material adjustment within the next financial year is included in relevant notes for the above items.

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that may have a financial impact on the Company and that are believed to be reasonable under the circumstances.

## Notes to the financial statements for the year ended March 31, 2017 (Contd.)

## Note No. 2 Property, Plant and Equipment

| Description of Assets                              | Rupees             |                            |                                 |                           |                        |                         |                               |                    |                    |              | Total |                     |
|--|--------------------|----------------------------|---------------------------------|---------------------------|------------------------|-------------------------|-------------------------------|--------------------|--------------------|--------------|-------|---------------------|
|  | Buildings          | Plant and Equipment        | Electrical Installations        | Factory Equipments        | Moulds and Dies        | Office Equipment        | Furniture and Fixtures        | Computers          | Vehicles           |              |       |                     |
| <b>I. Gross Carrying Amount</b>                    |                    |                            |                                 |                           |                        |                         |                               |                    |                    |              |       |                     |
| Balance as at March 31, 2016                       | 9,44,21,316        | 36,48,65,030               | 1,36,84,353                     | 1,32,86,946               | 10,19,95,931           | 41,96,664               | 94,85,445                     | 1,16,34,009        | 1,03,59,611        |              |       | 62,39,29,305        |
| Additions  | 3,63,533           | 22,73,100                  | -                               | 1,52,337                  | -                      | 1,66,198                | 60,000                        | 9,51,796           | 41,74,389          |              |       | 81,41,353           |
| Disposals  | -                  | -                          | -                               | -                         | -                      | -                       | -                             | 1,68,332           | 7,12,692           |              |       | 8,81,024            |
| <b>Balance as at March 31, 2017</b>                | <b>9,47,84,849</b> | <b>36,71,38,130</b>        | <b>1,36,84,353</b>              | <b>1,34,39,283</b>        | <b>10,19,95,931</b>    | <b>43,62,862</b>        | <b>95,45,445</b>              | <b>1,24,17,473</b> | <b>1,38,21,308</b> |              |       | <b>63,11,89,634</b> |
| <b>II. Accumulated depreciation and impairment</b> |                    |                            |                                 |                           |                        |                         |                               |                    |                    |              |       |                     |
| Balance as at March 31, 2016                       | 4,97,55,476        | 18,13,74,395               | 1,04,29,216                     | 97,48,276                 | 8,59,66,167            | 33,07,846               | 60,04,946                     | 97,80,940          | 35,97,883          |              |       | 35,99,65,145        |
| Depreciation and impairment expense for the year   | 35,51,904          | 1,43,16,846                | 6,79,900                        | 4,76,527                  | 46,45,879              | 3,76,125                | 4,85,193                      | 8,10,312           | 16,52,933          |              |       | 2,69,95,619         |
| Eliminated on disposal of assets                   | -                  | -                          | -                               | -                         | -                      | 71,828                  | -                             | 88,115             | 3,49,845           |              |       | 5,09,788            |
| <b>Balance as at March 31, 2017</b>                | <b>5,33,07,380</b> | <b>19,56,91,241</b>        | <b>1,11,09,116</b>              | <b>1,02,24,803</b>        | <b>9,06,12,046</b>     | <b>36,12,143</b>        | <b>64,90,139</b>              | <b>1,05,03,137</b> | <b>49,00,971</b>   |              |       | <b>38,64,50,976</b> |
| <b>III. Net carrying amount (I-II)</b>             | <b>4,14,77,469</b> | <b>17,14,46,889</b>        | <b>25,75,237</b>                | <b>32,14,480</b>          | <b>1,13,83,885</b>     | <b>7,50,719</b>         | <b>30,55,306</b>              | <b>19,14,336</b>   | <b>89,20,337</b>   |              |       | <b>24,47,38,658</b> |
| <b>Description of Assets</b>                       | <b>Buildings</b>   | <b>Plant and Equipment</b> | <b>Electrical Installations</b> | <b>Factory Equipments</b> | <b>Moulds and Dies</b> | <b>Office Equipment</b> | <b>Furniture and Fixtures</b> | <b>Computers</b>   | <b>Vehicles</b>    | <b>Total</b> |       |                     |
| <b>I. Gross Carrying Amount</b>                    |                    |                            |                                 |                           |                        |                         |                               |                    |                    |              |       |                     |
| Balance as at April 1, 2015                        | 8,81,55,026        | 36,19,23,931               | 1,36,84,353                     | 1,18,44,043               | 10,05,20,931           | 39,97,458               | 90,06,278                     | 1,07,63,559        | 1,07,55,833        |              |       | 61,06,51,412        |
| Additions  | 62,66,290          | 29,41,099                  | -                               | 14,42,903                 | 14,75,000              | 2,29,985                | 4,79,167                      | 9,07,200           | 8,85,885           |              |       | 1,46,27,529         |
| Disposals  | -                  | -                          | -                               | -                         | -                      | 30,779                  | -                             | 36,750             | 12,82,107          |              |       | 13,49,636           |
| <b>Balance as at March 31, 2016</b>                | <b>9,44,21,316</b> | <b>36,48,65,030</b>        | <b>1,36,84,353</b>              | <b>1,32,86,946</b>        | <b>10,19,95,931</b>    | <b>41,96,664</b>        | <b>94,85,445</b>              | <b>1,16,34,009</b> | <b>1,03,59,611</b> |              |       | <b>62,39,29,305</b> |
| <b>II. Accumulated depreciation and impairment</b> |                    |                            |                                 |                           |                        |                         |                               |                    |                    |              |       |                     |
| Balance as at April 1, 2015                        | 4,65,27,331        | 16,87,70,904               | 97,46,529                       | 93,79,592                 | 8,07,21,423            | 28,19,300               | 55,45,695                     | 89,05,941          | 29,31,843          |              |       | 33,53,48,558        |
| Depreciation expense for the year                  | 32,28,145          | 1,26,03,491                | 6,82,687                        | 3,68,684                  | 52,44,744              | 4,91,949                | 4,59,251                      | 9,09,912           | 14,28,306          |              |       | 2,54,17,169         |
| Eliminated on disposal of assets                   | -                  | -                          | -                               | -                         | -                      | 3,403                   | -                             | 34,913             | 7,62,266           |              |       | 8,00,582            |
| <b>Balance as at March 31, 2016</b>                | <b>4,97,55,476</b> | <b>18,13,74,395</b>        | <b>1,04,29,216</b>              | <b>97,48,276</b>          | <b>8,59,66,167</b>     | <b>33,07,846</b>        | <b>60,04,946</b>              | <b>97,80,940</b>   | <b>35,97,883</b>   |              |       | <b>35,99,65,145</b> |
| <b>III. Net carrying amount (I-II)</b>             | <b>4,46,65,840</b> | <b>18,34,90,635</b>        | <b>32,55,137</b>                | <b>35,38,670</b>          | <b>1,60,29,764</b>     | <b>8,88,818</b>         | <b>34,80,499</b>              | <b>18,53,069</b>   | <b>67,61,728</b>   |              |       | <b>26,39,64,160</b> |

Assets pledged as security and restriction on titles

Building at Nasik and other moveable assets with carrying amount of Rs. 24,47,38,658, March 31, 2016; Rs. 26,39,64,161; April 1, 2015; Rs. 27,53,02,854 have been pledged as security for bank loans under a mortgage. The Company is not allowed to pledge these assets as security for other borrowings or to sell them to another entity.

## Notes to the financial statements for the year ended March 31, 2017 (Contd.)

### Note No. 3 Other Intangible Assets

| Description of Assets                              | Rupees                   |                    |
|--|--------------------------|--------------------|
|  | Computer Software        | Total              |
| <b>I. Gross Carrying Amount</b>                    |                          |                    |
| Balance as at March 31, 2016                       | 1,52,77,149              | 1,52,77,149        |
| Additions  | 1,18,48,450              | 1,18,48,450        |
| Disposals  | 67,73,552                | 67,73,552          |
| <b>Balance as at March 31, 2017</b>                | <b>2,03,52,047</b>       | <b>2,03,52,047</b> |
| <b>II. Accumulated amortisation and impairment</b> |                          |                    |
| Balance as at March 31, 2016                       | 1,36,11,402              | 1,36,11,402        |
| Amortisation expense for the year                  | 34,82,586                | 34,82,586          |
| Eliminated on disposal/Impairment of assets        | 64,34,873                | 64,34,873          |
| <b>Balance as at March 31, 2017</b>                | <b>1,06,59,115</b>       | <b>1,06,59,115</b> |
| <b>III. Net carrying amount (I-II)</b>             | <b>96,92,932</b>         | <b>96,92,932</b>   |
|  |                          |                    |
|  |                          |                    |
| <b>Description of Assets</b>                       | <b>Computer Software</b> | <b>Total</b>       |
| <b>I. Gross carrying Amount</b>                    |                          |                    |
| Balance as at April 1, 2015                        | 1,48,08,287              | 1,48,08,287        |
| Additions  | 4,68,862                 | 4,68,862           |
| Disposals  | -                        | -                  |
| <b>Balance as at March 31, 2016</b>                | <b>1,52,77,149</b>       | <b>1,52,77,149</b> |
| <b>II. Accumulated amortisation and impairment</b> |                          |                    |
| Balance as at April 1, 2015                        | 1,24,74,222              | 1,24,74,222        |
| Amortisation expense for the year                  | 11,37,180                | 11,37,180          |
| Eliminated on disposal of assets                   | -                        | -                  |
| <b>Balance as at March 31, 2016</b>                | <b>1,36,11,402</b>       | <b>1,36,11,402</b> |
| <b>III. Net carrying amount (I-II)</b>             | <b>16,65,747</b>         | <b>16,65,747</b>   |

### Note No. 4 Trade receivables

| Particulars  | As at March 31, 2017 |                    | As at March 31, 2016 |                  | As at April 1, 2015 |                  |
|--|----------------------|--------------------|----------------------|------------------|---------------------|------------------|
|  | Current              | Non Current        | Current              | Non Current      | Current             | Non Current      |
| <b>Trade receivables outstanding for the period exceeding six months from the date they were due for payment</b> |                      |                    |                      |                  |                     |                  |
| Unsecured, considered good   | 27,49,59,325         | 1,16,43,878        | 18,47,50,599         | 64,47,490        | 9,44,09,981         | 61,80,400        |
| Doubtful   | 12,20,53,080         | 9,54,945           | 9,77,19,690          | 9,71,802         | 10,09,54,324        | 9,36,199         |
|  | 39,70,12,405         | 1,25,98,823        | 28,24,70,289         | 74,19,292        | 19,53,64,305        | 71,16,599        |
| Less: Allowance for doubtful debts (expected credit loss)  | (12,20,53,080)       | (9,54,945)         | (9,77,19,690)        | (9,71,802)       | (10,09,54,324)      | (9,36,199)       |
|  | 27,49,59,325         | 1,16,43,878        | 18,47,50,599         | 64,47,490        | 9,44,09,981         | 61,80,400        |
| <b>Other Trade Receivables</b>   |                      |                    |                      |                  |                     |                  |
| Unsecured, considered good   | 63,77,13,675         | -                  | 57,17,51,317         | -                | 47,56,76,648        | -                |
| Less: Allowance for doubtful debts (expected credit loss)  | (5,02,608)           | -                  | -                    | -                | -                   | -                |
|  | 63,72,11,067         | -                  | 57,17,51,317         | -                | 47,56,76,648        | -                |
| <b>Total</b>   | <b>91,21,70,392</b>  | <b>1,16,43,878</b> | <b>75,65,01,916</b>  | <b>64,47,490</b> | <b>57,00,86,629</b> | <b>61,80,400</b> |

Refer Note 24 for disclosures related to credit risk, impairment of trade receivables under expected credit loss model and related disclosures.

**Notes to the financial statements for the year ended March 31, 2017 (Contd.)**

Debts due from a private Company in which a director is a director or member.  
(classified as Current)

| Name                                  | Rupees                  |                         |                        |
|---------------------------------------|-------------------------|-------------------------|------------------------|
|                                       | As at<br>March 31, 2017 | As at<br>March 31, 2016 | As at<br>April 1, 2015 |
| Richfield Fertilizers Private Limited | -                       | -                       | 77,215                 |
| Mahindra HZPC Private Limited         | 27,86,959               | 104                     | -                      |

**Note No. 5 Other Financial assets**

| Particulars   | Rupees               |                  |                      |                  |                     |                  |
|---|----------------------|------------------|----------------------|------------------|---------------------|------------------|
|   | As at March 31, 2017 |                  | As at March 31, 2016 |                  | As at April 1, 2015 |                  |
|   | Current              | Non-Current      | Current              | Non-Current      | Current             | Non-Current      |
| Security deposits                                   | 95,92,037            | 37,86,000        | 63,37,345            | 37,86,000        | 44,74,283           | 37,86,000        |
| Insurance and Other claims                          | 96,118               | -                | -                    | -                | 4,000               | -                |
| Interest accrued on deposits,<br>loans and advances | 5,09,659             | -                | 12,36,468            | -                | 21,38,983           | -                |
| <b>Total</b>  | <b>1,01,97,814</b>   | <b>37,86,000</b> | <b>75,73,813</b>     | <b>37,86,000</b> | <b>66,17,266</b>    | <b>37,86,000</b> |

**Note No. 6 Current Tax and Deferred Tax****(a) Income Tax recognised in profit or loss**

| Particulars  | Rupees                       |                              |
|--|------------------------------|------------------------------|
|  | Year ended<br>March 31, 2017 | Year ended<br>March 31, 2016 |
| <b>Current Tax:</b>  |                              |                              |
| In respect of current year   | 4,60,46,000                  | 4,22,00,500                  |
| In respect of prior years  | (2,44,28,327)                | (56,48,124)                  |
| <b>Deferred Tax:</b>   |                              |                              |
| In respect of current year   | (1,62,31,827)                | (1,94,45,658)                |
| In respect of prior years  | (76,42,417)                  | (18,81,876)                  |
| <b>Total income tax expense recognised in the current year relating to continuing operations</b> | <b>(22,56,571)</b>           | <b>1,52,24,842</b>           |

**(b) Income tax recognised in other Comprehensive income****Deferred Tax**

|   |                   |                  |
|---|-------------------|------------------|
| Remeasurement of defined benefit obligations                                  | (1,17,061)        | 24,74,777        |
|   | (1,17,061)        | 24,74,777        |
| Income taxes related to items that will not be reclassified to profit or loss | (1,17,061)        | 24,74,777        |
| <b>Total</b>  | <b>(1,17,061)</b> | <b>24,74,777</b> |

## Notes to the financial statements for the year ended March 31, 2017 (Contd.)

### (c) Reconciliation of income tax expense and the accounting profit multiplied by Company's domestic tax rate:

| Particulars  | Rupees                               |                                      |
|--|--------------------------------------|--------------------------------------|
|  | For the Year ended<br>March 31, 2017 | For the Year ended<br>March 31, 2016 |
| Profit before tax from continuing operations   | 9,67,89,771                          | 10,26,72,077                         |
| Income tax expense calculated at 34.608% (2016: 34.608%)                                 | 3,34,97,004                          | 3,55,32,752                          |
| Effect of income that is exempt from taxation  | (44,91,551)                          | -                                    |
| Effect on expense that is non-deductible in determining taxable profit                   | 8,08,720                             | 2,39,81,032                          |
| Effect on tax incentives and concessions (other allowable and set off of losses)         | -                                    | (19,87,258)                          |
| Effect of recognition of tax effect of previously unrecognised tax losses                | -                                    | (3,47,71,684)                        |
|  | <u>2,98,14,173</u>                   | <u>2,27,54,842</u>                   |
| Adjustments recognised in the current year in relation to the current tax of prior years | (3,20,70,744)                        | (75,30,000)                          |
| Income tax expense recognised In profit or loss from continuing operations               | <u>(22,56,571)</u>                   | <u>1,52,24,842</u>                   |

The tax rate used for the year ended March 31, 2017 and March 31, 2016 reconciliations above is the corporate tax rate of 34.608% payable by corporate entities in India on taxable profits under Indian Income Tax Laws.

### (d) Amounts on which deferred tax asset has not been created:

Deferred tax assets have not been recognised in respect of following items, because it is not probable that future taxable profit will be available against which the Company can use the benefit therefrom.

|  | Rupees                  |                         |                        |
|--|-------------------------|-------------------------|------------------------|
|  | As at<br>March 31, 2017 | As at<br>March 31, 2016 | As at<br>April 1, 2015 |
| Deductible Temporary differences (will never expire) |                         |                         |                        |
| Employee Benefits                                    | -                       | -                       | 59,64,319              |
| Provisions   | -                       | -                       | 1,80,20,994            |
| Unabsorbed Depreciation                              | -                       | -                       | 1,07,86,371            |
| <b>Total</b>   | <u>-</u>                | <u>-</u>                | <u>3,47,71,684</u>     |

### (e) Deferred tax assets (net)

#### Deferred tax assets

|                                    |                    |                    |                    |
|------------------------------------|--------------------|--------------------|--------------------|
| Provision for compensated absences | 55,49,070          | 34,96,611          | 59,64,319          |
| Provision for doubtful debts       | 4,43,79,360        | 3,58,28,540        | 3,36,88,064        |
| Unabsorbed Depreciation            | -                  | -                  | 1,07,86,371        |
| Minimum Alternate Tax Credit       | 33,55,489          | 1,64,47,018        | 1,45,65,142        |
| Others                             | 2,11,68,661        | 1,89,63,716        | 2,21,47,819        |
|                                    | <u>7,44,52,580</u> | <u>7,47,35,885</u> | <u>8,71,51,715</u> |

#### Deferred tax liabilities

|                               |                    |                    |                    |
|-------------------------------|--------------------|--------------------|--------------------|
| Depreciation and amortisation | 3,75,06,317        | 4,06,63,459        | 3,72,52,418        |
| Warranty Discounting          | 2,42,620           | 6,54,527           | 5,62,471           |
| FVTPL Financial Asset         | 28,385             | -                  | -                  |
|                               | <u>3,77,77,322</u> | <u>4,13,17,986</u> | <u>3,78,14,889</u> |

|                                    |                    |                    |                    |
|------------------------------------|--------------------|--------------------|--------------------|
| Written down of deferred tax asset | -                  | -                  | (3,47,71,684)      |
| <b>Net Deferred tax assets</b>     | <u>3,66,75,258</u> | <u>3,34,17,899</u> | <u>1,45,65,142</u> |

## Notes to the financial statements for the year ended March 31, 2017 (Contd.)

## f) Movement in deferred tax assets/(Liabilities) for the year ended March 31, 2017

| Particulars  | Rupees                    |  |                        |                             |                           |
|--|---------------------------|--|------------------------|-----------------------------|---------------------------|
|  | Opening Balance           | Recognised in profit and Loss (including for earlier year) | Recognised in OCI      | Utilised                    | Closing Balance           |
| <u>Tax effect of items constituting deferred tax liabilities</u> |                           |  |                        |                             |                           |
| Property, Plant and Equipment                                    | 4,06,63,459               | (31,57,142)  | -                      | -                           | 3,75,06,317               |
| Warranty Discounting   | 6,54,527                  | (4,11,907)   | -                      | -                           | 2,42,620                  |
| FVTPL financial asset  | -                         | 28,385   | -                      | -                           | 28,385                    |
|  | <u>4,13,17,986</u>        | <u>(35,40,664)</u>   | <u>-</u>               | <u>-</u>                    | <u>3,77,77,322</u>        |
| <u>Tax effect of items constituting deferred tax assets</u>      |                           |  |                        |                             |                           |
| Employee Benefits  | 34,96,611                 | 19,35,398  | 1,17,061               | -                           | 55,49,070                 |
| Provisions   | 3,58,28,540               | 85,50,820  | -                      | -                           | 4,43,79,360               |
| Others   | 1,89,63,716               | 22,04,945  | -                      | -                           | 2,11,68,661               |
|  | <u>5,82,88,867</u>        | <u>1,26,91,163</u>   | <u>1,17,061</u>        | <u>-</u>                    | <u>7,10,97,091</u>        |
| <b>Net Deferred Tax Asset (Liabilities)</b>                      | <b><u>1,69,70,881</u></b> | <b><u>1,62,31,827</u></b>                                  | <b><u>1,17,061</u></b> | <b><u>-</u></b>             | <b><u>3,33,19,769</u></b> |
| Minimum Alternate Tax Credit                                     | 1,64,47,018               | 76,42,417  | -                      | (2,07,33,946)               | 33,55,489                 |
| <b>Total</b>   | <b><u>3,34,17,899</u></b> | <b><u>2,38,74,244</u></b>                                  | <b><u>1,17,061</u></b> | <b><u>(2,07,33,946)</u></b> | <b><u>3,66,75,258</u></b> |

## (g) Movement in deferred tax assets/(Liabilities) for the year ended March 31, 2016

| Particulars   | Rupees                    |                               |                           |                 |                           |
|---|---------------------------|-------------------------------|---------------------------|-----------------|---------------------------|
|   | Opening Balance           | Recognised in profit and Loss | Recognised in OCI         | Utilised        | Closing Balance           |
| <u>Tax effect of items constituting deferred tax liabilities</u>                    |                           |                               |                           |                 |                           |
| Property, Plant and Equipment   | 3,72,52,418               | 34,11,041                     | -                         | -               | 4,06,63,459               |
| Discounting of provisions   | 5,62,471                  | 92,056                        | -                         | -               | 6,54,527                  |
|   | <u>3,78,14,889</u>        | <u>35,03,097</u>              | <u>-</u>                  | <u>-</u>        | <u>4,13,17,986</u>        |
| <u>Tax effect of items constituting deferred tax assets</u>                         |                           |                               |                           |                 |                           |
| Employee Benefits   | 59,64,319                 | 7,069                         | (24,74,777)               | -               | 34,96,611                 |
| Provision for receivables and other assets  | 3,36,88,064               | 21,40,476                     | -                         | -               | 3,58,28,540               |
| Other Items   | 2,21,47,819               | (31,84,103)                   | -                         | -               | 1,89,63,716               |
| Unabsorbed Depreciation   | 1,07,86,371               | (1,07,86,371)                 | -                         | -               | -                         |
|   | <u>7,25,86,573</u>        | <u>(1,18,22,929)</u>          | <u>(24,74,777)</u>        | <u>-</u>        | <u>5,82,88,867</u>        |
| Less: Write down of deferred tax asset/Recognition of previously unrecognised asset | (3,47,71,684)             | 3,47,71,684                   | -                         | -               | -                         |
| <b>Net Deferred Tax Asset (Liabilities)</b>   | <b><u>-</u></b>           | <b><u>1,94,45,658</u></b>     | <b><u>(24,74,777)</u></b> | <b><u>-</u></b> | <b><u>1,69,70,881</u></b> |
| Minimum Alternate Tax Credit  | 1,45,65,142               | 18,81,876                     | -                         | -               | 1,64,47,018               |
| <b>Total</b>  | <b><u>1,45,65,142</u></b> | <b><u>2,13,27,534</u></b>     | <b><u>(24,74,777)</u></b> | <b><u>-</u></b> | <b><u>3,34,17,899</u></b> |

## Notes to the financial statements for the year ended March 31, 2017 (Contd.)

### Note No. 7 Other non financial assets

| Particulars                               | As at March 31, 2017 |                    | As at March 31, 2016 |                    | As at April 1, 2015 |                    |
|---|----------------------|--------------------|----------------------|--------------------|---------------------|--------------------|
|   | Current              | Non-Current        | Current              | Non-Current        | Current             | Non-Current        |
| (a) Prepayments                           | 74,60,588            | 4,85,080           | 24,17,871            | 6,64,281           | 29,86,471           | 10,68,407          |
| (b) Prepayments Land Lease                | 4,32,427             | 3,09,63,464        | 4,32,427             | 3,13,94,709        | 4,31,245            | 3,18,28,318        |
| (c) Advance income tax (Net of Provision) | -                    | 2,79,41,938        | -                    | 2,46,10,169        | -                   | 1,86,81,221        |
| (d) Balances with government authorities  |                      |                    |                      |                    |                     |                    |
| (i) CENVAT credit receivable              | 5,07,266             | -                  | 17,660               | -                  | -                   | 26,25,443          |
| (ii) VAT credit receivable                | 22,42,681            | -                  | 7,20,465             | -                  | 16,90,637           | -                  |
| (iii) Service Tax credit receivable       | 1,96,516             | -                  | 4,05,511             | -                  | 58,676              | -                  |
| (iv) Excise Refund Claim                  | -                    | 1,66,79,302        | -                    | 1,66,79,302        | -                   | 1,66,79,302        |
| (v) Octroi Refund Claim                   | 1,29,78,478          | -                  | 1,96,11,343          | -                  | 1,45,67,561         | -                  |
| (e) Others                                |                      |                    |                      |                    |                     |                    |
| (i) Capital advances                      | -                    | 96,13,815          | -                    | 31,95,029          | -                   | 11,30,130          |
| (ii) Advances Recoverable                 | -                    | -                  | -                    | -                  | 249                 | -                  |
| (iii) Advance to Creditors                |                      |                    |                      |                    |                     |                    |
| Considered Goods                          | 80,30,614            | 1,00,395           | 62,10,998            | 1,87,705           | 68,91,212           | -                  |
| Doubtful                                  | -                    | 21,92,460          | -                    | 21,92,460          | -                   | 25,92,460          |
| Less : Provision for Doubtful advances    | -                    | (21,92,460)        | -                    | (21,92,460)        | -                   | (25,92,460)        |
|   | 80,30,614            | 1,00,395           | 62,10,998            | 1,87,705           | 68,91,212           | -                  |
| (iv) Advances to employees                |                      |                    |                      |                    |                     |                    |
| Considered Goods                          | 7,64,817             | -                  | 10,77,982            | -                  | 15,43,250           | -                  |
| Doubtful                                  | 25,31,304            | -                  | 26,42,804            | -                  | -                   | -                  |
| Less : Provision for Doubtful advances    | (25,31,304)          | -                  | (26,42,804)          | -                  | -                   | -                  |
|   | 7,64,817             | -                  | 10,77,982            | -                  | 15,43,250           | -                  |
| (v) Balance with LIC (Gratuity)           | -                    | 5,39,864           | -                    | -                  | -                   | -                  |
| <b>Total</b>                              | <b>3,26,13,387</b>   | <b>8,63,23,858</b> | <b>3,08,94,257</b>   | <b>7,67,31,195</b> | <b>2,81,69,301</b>  | <b>7,20,12,821</b> |

Leasehold Land at Nasik with carrying amount of Rs. 3,13,95,891 (March 31, 2016: Rs. 3,18,27,136; April 1, 2015: Rs. 3,22,59,563) has been pledged as security for bank facilities under a mortgage.

### Note No. 8 Inventories

[Lower of cost and net realisable value]

| Particulars                                       | As at               | As at               | Rupees              |
|---|---------------------|---------------------|---------------------|
|   | March 31, 2017      | March 31, 2016      | As at April 1, 2015 |
| (a) Raw materials and components                  | 15,89,25,149        | 15,43,92,277        | 15,85,04,265        |
| (b) Work-in-progress                              | 93,13,397           | 60,29,067           | 50,07,858           |
| (c) Finished and semi-finished goods              | 12,89,75,237        | 9,58,20,906         | 9,30,19,951         |
| (d) Stock-in-trade of goods acquired for trading  | 2,77,51,626         | 2,20,50,441         | 2,62,77,426         |
| <b>Total</b>                                      | <b>32,49,65,409</b> | <b>27,82,92,691</b> | <b>28,28,09,500</b> |
| Included above, goods-in-transit:                 |                     |                     |                     |
| (i) Raw materials and Components                  | 50,95,275           | 1,58,22,141         | 28,84,665           |
| (ii) Stock-in-trade of goods acquired for trading | 3,68,794            | -                   | 19,10,285           |
| <b>Total</b>                                      | <b>54,64,069</b>    | <b>1,58,22,141</b>  | <b>47,94,950</b>    |

Entire inventories is pledged as security for Credit facilities from banks.

Mode of valuation of inventories is stated in Note 1(l).

## Notes to the financial statements for the year ended March 31, 2017 (Contd.)

## Note No. 9 Investments

| Particulars  | As at March 31, 2017 |                    | As at March 31, 2016 |                 | As at April 1, 2015 |                 |
|--|----------------------|--------------------|----------------------|-----------------|---------------------|-----------------|
|  | Quantity             | Amounts Current    | Quantity             | Amounts Current | Quantity            | Amounts Current |
| <b>Unquoted</b>  |                      |                    |                      |                 |                     |                 |
| <b>Investments Carried at FVTPL (A)</b>                              |                      |                    |                      |                 |                     |                 |
| Units of Mutual fund   |                      |                    |                      |                 |                     |                 |
| - UTI Money Market Fund  | 5,520                | 1,00,28,465        | -                    | -               | -                   | -               |
| - Birla Sunlife Floating Rate Fund                                   | 23,148               | 50,05,449          | -                    | -               | -                   | -               |
| - DSP Black Rock Liquidity Fund                                      | 4,326                | 1,00,28,201        | -                    | -               | -                   | -               |
| - Franklin India TMA - Super IP                                      | 4,126                | 1,00,09,867        | -                    | -               | -                   | -               |
| - L & T Liquid Fund  | 4,499                | 1,00,10,037        | -                    | -               | -                   | -               |
| <b>Total</b>   |                      | <b>4,50,82,019</b> |                      | <b>-</b>        |                     | <b>-</b>        |
| <b>Investment carried at amortised cost (B)</b>                      |                      |                    |                      |                 |                     |                 |
| Investments in Government Securities                                 |                      |                    |                      |                 |                     |                 |
| National Saving Certificate  | -                    | -                  | -                    | -               | 1                   | 55,000          |
| [Pledged with sales tax authority Aggregate face value of Rs. 55000] |                      |                    |                      |                 |                     |                 |
| <b>Total</b>   |                      | <b>-</b>           |                      | <b>-</b>        |                     | <b>55,000</b>   |
| <b>Total (A + B)</b>   |                      | <b>4,50,82,019</b> |                      | <b>-</b>        |                     | <b>55,000</b>   |

| Categorywise details               | As at          | As at          | Rupees              |
|------------------------------------|----------------|----------------|---------------------|
|                                    | March 31, 2017 | March 31, 2016 | As at April 1, 2015 |
| Financial assets at FVTPL          | 4,50,82,019    | -              | -                   |
| Financial assets at amortised cost | -              | -              | 55,000              |

## Note No. 10 Cash and Bank Balances

## Cash and cash equivalents

|   |                    |                     |                     |
|---|--------------------|---------------------|---------------------|
| (a) Balances with banks - Current Accounts                  | 2,79,34,153        | 4,03,83,124         | 5,55,14,970         |
| (b) Cash on hand  | 2,651              | 1,50,949            | 3,01,764            |
| (c) Balance with bank - Deposit Accounts                    | 4,09,77,392        | 12,10,49,376        | 8,09,77,285         |
| <b>Total Cash and cash equivalents as per Balance Sheet</b> | <b>6,89,14,196</b> | <b>16,15,83,449</b> | <b>13,67,94,019</b> |

## Other Bank Balances

|  |                    |                    |                     |
|--|--------------------|--------------------|---------------------|
| (a) Earmarked balances with banks            | 31,96,469          | 1,61,11,875        | 4,82,71,371         |
| (b) Balances with Banks - on margin accounts | 4,58,34,191        | 5,80,38,426        | 8,48,84,976         |
| <b>Total Other Bank Balances</b>             | <b>4,90,30,660</b> | <b>7,41,50,301</b> | <b>13,31,56,347</b> |

## Reconciliation of Cash and Cash Equivalents

|  |                    |                     |                     |
|--|--------------------|---------------------|---------------------|
| Total Cash and Cash Equivalents as per Balance Sheet                 | 6,89,14,196        | 16,15,83,449        | 13,67,94,019        |
| Less : Bank Overdraft  | -                  | -                   | -                   |
| <b>Total Cash and Cash Equivalents as per Statement of Cash flow</b> | <b>6,89,14,196</b> | <b>16,15,83,449</b> | <b>13,67,94,019</b> |

## Notes to the financial statements for the year ended March 31, 2017 (Contd.)

### Note No. 11 Equity Share Capital

| Particulars                                  | As at March 31, 2017 |                     | As at March 31, 2016 |                     | As at April 1, 2015 |                     |
|--|----------------------|---------------------|----------------------|---------------------|---------------------|---------------------|
|  | No. of shares        | Rupees              | No. of shares        | Rupees              | No. of shares       | Rupees              |
| <b>Authorised</b>                            |                      |                     |                      |                     |                     |                     |
| Equity shares of Rs. 10 each                 | 3,20,00,000          | 32,00,00,000        | 3,20,00,000          | 32,00,00,000        | 3,20,00,000         | 32,00,00,000        |
| Preference share of Rs. 10 each              | 18,00,000            | 1,80,00,000         | 18,00,000            | 1,80,00,000         | 18,00,000           | 1,80,00,000         |
| <b>Issued</b>                                |                      |                     |                      |                     |                     |                     |
| Equity shares of Rs. 10 each                 | 2,76,76,461          | 27,67,64,610        | 2,76,62,372          | 27,66,23,720        | 2,76,48,264         | 27,64,82,640        |
| <b>Subscribed and fully paid up</b>          |                      |                     |                      |                     |                     |                     |
| Equity shares of Rs. 10 each                 | 2,76,72,561          | 27,67,25,610        | 2,76,58,472          | 27,65,84,720        | 2,76,44,364         | 27,64,43,640        |
| Forfeited shares (Amount originally paid up) | 3,900                | 19,500              | 3,900                | 19,500              | 3,900               | 19,500              |
| <b>Total</b>                                 | <u>-</u>             | <u>27,67,45,110</u> | <u>-</u>             | <u>27,66,04,220</u> | <u>-</u>            | <u>27,64,63,140</u> |

Fully paid equity shares, which have a par value of Rs. 10, carry one vote per share and carry a right to dividends.

#### (i) Reconciliation of the number of shares outstanding at the beginning and at the end of the period.

| Particulars           |               | Opening Balance | Issued during the year | Rupees Closing Balance |
|-----------------------|---------------|-----------------|------------------------|------------------------|
| <b>March 31, 2017</b> | No. of Shares | 2,76,58,472     | 14,089                 | 2,76,72,561            |
|                       | Amount        | 27,65,84,720    | 1,40,890               | 27,67,25,610           |
| <b>March 31, 2016</b> | No. of Shares | 2,76,44,364     | 14,108                 | 2,76,58,472            |
|                       | Amount        | 27,64,43,640    | 1,41,080               | 27,65,84,720           |
| <b>April 1, 2015</b>  | No. of Shares | -               | -                      | 2,76,44,364            |
|                       | Amount        | -               | -                      | 27,64,43,640           |

#### Rights, preferences and restrictions attached to equity shares

The Company is having only one class of equity shares having par value of Rs. 10 each. Each holder of equity share is entitled to one vote per share. In the event of liquidation of the Company, the holders of the equity shares will be entitled to receive remaining assets of the Company. The distribution will be in proportion to the number of equity shares held by the shareholders.

#### (ii) Details of shares held by the holding company, the ultimate holding company, their subsidiaries and associates:

| Particulars                                    | As at March 31, 2017 | As at March 31, 2016 | As at April 1, 2015 |
|--|----------------------|----------------------|---------------------|
| Mahindra and Mahindra Ltd, the Holding Company | 1,51,44,433          | 1,51,44,433          | 1,51,44,433         |

#### (iii) Details of shares held by each shareholder holding more than 5% shares:

| Class of shares/Name of shareholder | As at March 31, 2017  |                                   | As at March 31, 2016  |                                   | As at April 1, 2015   |                                   |
|-------------------------------------|-----------------------|-----------------------------------|-----------------------|-----------------------------------|-----------------------|-----------------------------------|
|                                     | Number of shares held | % holding in that class of shares | Number of shares held | % holding in that class of shares | Number of shares held | % holding in that class of shares |
| <b>Equity shares</b>                |                       |                                   |                       |                                   |                       |                                   |
| Mahindra and Mahindra Limited       | 1,51,44,433           | 54.73%                            | 1,51,44,433           | 54.76%                            | 1,51,44,433           | 54.78%                            |

#### (iv) Shares reserved for issuance as follows:

| Particulars   | As at March 31, 2017 | As at March 31, 2016 | No. of shares As at April 1, 2015 |
|---|----------------------|----------------------|-----------------------------------|
| Outstanding employee stock options granted/available for grant. | 5,24,568             | 5,38,657             | 5,52,765                          |

## Notes to the financial statements for the year ended March 31, 2017 (Contd.)

## NOTE NO. 12 - NON-CURRENT BORROWINGS

| Particulars                                     | Rupees                  |                         |                        |
|---|-------------------------|-------------------------|------------------------|
|   | As at<br>March 31, 2017 | As at<br>March 31, 2016 | As at<br>April 1, 2015 |
| <b>Unsecured Borrowings - at amortised Cost</b> |                         |                         |                        |
| Deferred payment liabilities                    | 20,73,030               | 26,84,436               | 42,61,666              |
| <b>Total</b>                                    | <b>20,73,030</b>        | <b>26,84,436</b>        | <b>42,61,666</b>       |

Sales Tax Deferral Scheme is payable in 5 annual instalments after 10 years, from the year of availment of respective incentive. These loans are repayable:

- (i) In the second year - Rs. 6,11,406 (As at March 31, 2016 Rs. 6,11,406, As at April 1, 2015 Rs. 17,40,505)  
(ii) In the third to fifth year - Rs. 14,61,624 (As at March 31, 2016 Rs. 18,34,218, As at April 1, 2015 Rs. 17,36,253)  
(iii) After five years - Rs. Nil (As at March 31, 2016 Rs. 2,38,812, As at April 1, 2015 Rs. 7,84,908)

## NOTE NO. 13 - OTHER CURRENT FINANCIAL LIABILITIES

| Particulars  | Rupees                  |                         |                        |
|--|-------------------------|-------------------------|------------------------|
|  | As at<br>March 31, 2017 | As at<br>March 31, 2016 | As at<br>April 1, 2015 |
| Current maturities of long-term debt                 | 6,11,406                | 17,40,505               | 31,44,207              |
| Interest payable to vendors                          | 59,40,261               | 50,83,145               | 17,52,526              |
| Unpaid matured deposits and interest accrued thereon | 90,502                  | 90,502                  | 4,82,969               |
| Retention Money                                      | 2,82,300                | 2,82,300                | 5,54,593               |
| Security Deposits                                    | 3,96,81,617             | 3,69,76,698             | 3,37,37,602            |
| <b>Total</b>   | <b>4,66,06,086</b>      | <b>4,41,73,150</b>      | <b>3,96,71,897</b>     |

## NOTE NO. 14 - PROVISIONS

| Particulars                        | Rupees               |                  |                      |                  |                     |                  |
|------------------------------------|----------------------|------------------|----------------------|------------------|---------------------|------------------|
|                                    | As at March 31, 2017 |                  | As at March 31, 2016 |                  | As at April 1, 2015 |                  |
|                                    | Current              | Non-Current      | Current              | Non-Current      | Current             | Non-Current      |
| a. Provision for employee benefits |                      |                  |                      |                  |                     |                  |
| Compensated absences and gratuity  | 1,56,95,819          | -                | 1,01,03,475          | -                | 1,80,39,255         | -                |
| b. Other Provisions                |                      |                  |                      |                  |                     |                  |
| Warranty                           | 73,15,634            | 74,58,198        | 64,03,121            | 79,01,393        | 18,00,000           | 51,27,386        |
| <b>Total</b>                       | <b>2,30,11,453</b>   | <b>74,58,198</b> | <b>1,65,06,596</b>   | <b>79,01,393</b> | <b>1,98,39,255</b>  | <b>51,27,386</b> |

Details of movement in Warranty Provisions is as follows:

| Particulars                             | Rupees             |
|---|--------------------|
| Balance at April 1, 2015                | 69,27,386          |
| Additional provisions recognised        | 1,19,38,784        |
| Amounts used during the year            | (45,61,656)        |
| <b>Balance at March 31, 2016</b>        | <b>1,43,04,514</b> |
| Additional provisions recognised        | 79,53,321          |
| Amounts used during the year            | (26,91,223)        |
| Unused amounts reversed during the year | (56,99,577)        |
| Unwinding of discount                   | 9,06,797           |
| <b>Balance at March 31, 2017</b>        | <b>1,47,73,832</b> |

## Notes to the financial statements for the year ended March 31, 2017 (Contd.)

### Warranty Claims:

Provision for warranty represents present value of management's best estimate of the future outflow of economic benefits that will be required in respect of sale of certain products, the estimated cost of which is accrued at the time of sale. Management estimates the related provision for future warranty claims based on historical warranty claim information and is adjusted regularly to reflect new information. The products are generally covered under a free warranty period ranging from 6 months to 5 years. It is expected that most of these costs will be incurred in the next two financial years and all will have been incurred within five years after the reporting date.

### NOTE NO. 15 - TRADE PAYABLES

| Particulars  | Rupees                  |                         |                        |
|--|-------------------------|-------------------------|------------------------|
|  | As at<br>March 31, 2017 | As at<br>March 31, 2016 | As at<br>April 1, 2015 |
| Trade payable – Micro and small enterprises            | 4,00,02,361             | 3,52,19,275             | 2,86,71,551            |
| Trade payable – Other than micro and small enterprises | 29,82,00,196            | 21,58,20,540            | 20,49,62,142           |
| Creditors for accrued wages and salaries               | 1,05,64,237             | 91,52,906               | 76,47,360              |
| <b>Total</b>   | <b>34,87,66,794</b>     | <b>26,01,92,721</b>     | <b>24,12,81,053</b>    |

### Disclosures required under section 22 of the Micro, Small and Medium Enterprises Development Act, 2006 are as below:

|   |              |              |             |
|---|--------------|--------------|-------------|
| (a) Dues remaining unpaid as at March 31  |              |              |             |
| Principal   | 4,00,02,361  | 3,52,19,275  | 2,86,71,551 |
| Interest on the above   | 27,960       | 1,74,393     | 75,985      |
| (b) Interest paid in terms of Section 16 of the Act, along with the amount of payment made to the supplier beyond the appointed day during the year   |              |              |             |
| Principal paid beyond the appointed date  | 11,71,29,468 | 17,26,19,705 | 6,11,88,701 |
| Interest paid in terms of Section 16 of the Act   | –            | –            | –           |
| (c) Amount of interest due and payable for the period of delay on payments made beyond the appointed day during the year  | 6,02,920     | 35,67,610    | 15,59,801   |
| (d) Further interest due and payable even in the succeeding years, until such date when the interest due as above are actually paid to the small enterprises  | 53,09,381    | 13,41,142    | 1,16,740    |
| (e) Amount of interest accrued and remaining unpaid as at March 31  | 59,40,261    | 50,83,145    | 17,52,526   |
| Due to Micro and Small Enterprises have been determined to the extent such parties have been identified on the basis of information collected by the Management. This has been relied upon by the auditors. |              |              |             |

The average credit period on purchases of goods and avilment of services is 15 days. The Company has financial risk management policies in place to ensure that all payables are paid within the pre-agreed credit terms. Interest is charged on the over due balances as per terms agreed with vendors.

## Notes to the financial statements for the year ended March 31, 2017 (Contd.)

## NOTE NO. 16 - OTHER NON - FINANCIAL LIABILITIES

| Particulars                                       | Rupees                             |                                    |                                   |
|---|------------------------------------|------------------------------------|-----------------------------------|
|   | As at<br>March 31, 2017<br>Current | As at<br>March 31, 2016<br>Current | As at<br>April 1, 2015<br>Current |
| a. Advances received from customers               | 3,06,79,324                        | 7,67,05,840                        | 5,68,64,577                       |
| b. Statutory dues                                 |                                    |                                    |                                   |
| – taxes payable (other than income taxes)         | 1,01,11,050                        | 88,27,061                          | 85,77,082                         |
| – Employee Recoveries and Employer Contributions  | 7,61,720                           | 4,96,674                           | 4,45,275                          |
| c. Provision for liabilities                      | 7,07,042                           | 7,07,041                           | 17,17,380                         |
| d. Deferred revenue arising from government grant | 1,28,33,849                        | 1,38,28,658                        | 1,38,28,658                       |
| <b>Total</b>                                      | <b>5,50,92,985</b>                 | <b>10,05,65,274</b>                | <b>8,14,32,972</b>                |

## NOTE NO. 17 - REVENUE FROM OPERATIONS

| Particulars   | Rupees                                  |   |
|---|---|---|
|   | For the year<br>ended<br>March 31, 2017 | For the year<br>ended<br>March 31, 2016 |
| (a) Revenue from sale of products (including excise duty) | 1,97,34,18,824                          | 1,99,74,59,880                          |
| (b) Revenue from rendering of services                    | 3,75,74,383                             | 2,90,17,713                             |
| (c) Other operating revenue                               | 31,90,049                               | 30,95,559                               |
| <b>Total</b>  | <b>2,01,41,83,256</b>                   | <b>2,02,95,73,152</b>                   |
| (i) Sale of products comprises                            |   |   |
| Manufactured goods  | 1,88,32,18,130                          | 1,87,45,59,752                          |
| <b>Total - Sale of manufactured goods</b>                 | <b>1,88,32,18,130</b>                   | <b>1,87,45,59,752</b>                   |
| <u>Traded goods</u>                                       |   |   |
| Pumps   | 6,59,90,682                             | 8,61,03,282                             |
| Green Houses  | 2,42,10,012                             | 3,67,96,846                             |
| <b>Total - Sale of traded goods</b>                       | <b>9,02,00,694</b>                      | <b>12,29,00,128</b>                     |
| <b>Total - Sale of products</b>                           | <b>1,97,34,18,824</b>                   | <b>1,99,74,59,880</b>                   |
| (ii) Sale of services comprises                           |   |   |
| Agronomy Services   | 7,53,204                                | 12,99,759                               |
| Installation Services                                     | 93,01,438                               | 1,19,41,971                             |
| Land Scape Projects                                       | 2,75,19,741                             | 1,57,75,983                             |
| <b>Total - Sale of services</b>                           | <b>3,75,74,383</b>                      | <b>2,90,17,713</b>                      |
| (iii) Other operating revenues comprise:                  |   |   |
| Sale of scrap   | 21,95,240                               | 30,95,559                               |
| Government Grant Incentives                               | 9,94,809                                | –                                       |
| <b>Total - Other operating revenues</b>                   | <b>31,90,049</b>                        | <b>30,95,559</b>                        |

## Notes to the financial statements for the year ended March 31, 2017 (Contd.)

### NOTE NO. 18 - OTHER INCOME

| Particulars   | Rupees                                  |   |
|---|---|---|
|   | For the year<br>ended<br>March 31, 2017 | For the year<br>ended<br>March 31, 2016 |
| (a) Interest Income   |   |   |
| 1) Bank deposits (at amortised cost)  | 91,90,229                               | 1,56,66,273                             |
| 2) Interest on Security Deposit (at amortised cost)                               | 2,98,186                                | 3,67,424                                |
| 3) Interest on tax refunds  | 12,19,213                               | -                                       |
| (b) Operating lease rental income   | 2,97,000                                | -                                       |
| (c) Net Gain on current investments   |   |   |
| 1) On sale of other current investments   | 7,22,206                                | 7,19,771                                |
| 2) Unrealised Profit arising on financial assets mandatorily<br>measured at FVTPL | 82,019                                  | -                                       |
| 3) Dividend Income  | 6,225                                   | -                                       |
| (d) Profit on sale of assets<br>(net of loss on assets sold/scrapped/written off) | -                                       | 4,521                                   |
| (e) Liabilities no longer required written back                                   | 32,82,631                               | 37,21,016                               |
| (f) Miscellaneous income  | 7,96,907                                | 19,25,971                               |
| (g) Processing Charges  | 27,67,920                               | -                                       |
| (h) Bad debts recovered   | -                                       | 44,226                                  |
| <b>Total</b>  | <b>1,86,62,536</b>                      | <b>2,24,49,202</b>                      |

### NOTE NO. 19 (A) - COST OF MATERIALS CONSUMED

|                                   |                       |                       |
|-----------------------------------|-----------------------|-----------------------|
| Opening stock                     | 15,43,92,277          | 15,85,04,265          |
| Add: Purchases                    | 1,12,09,43,330        | 1,10,15,77,713        |
|                                   | 1,27,53,35,607        | 1,26,00,81,978        |
| Less: Closing stock               | 15,89,25,149          | 15,43,92,277          |
| <b>Cost of materials consumed</b> | <b>1,11,64,10,458</b> | <b>1,10,56,89,701</b> |

### NOTE NO. 19 (B) PURCHASES OF FINISHED, SEMI-FINISHED AND OTHER PRODUCTS (TRADED GOODS)

|                                       |                    |                    |
|---------------------------------------|--------------------|--------------------|
| Stock-in-trade - Pump and Greenhouses | 6,96,32,256        | 8,83,18,100        |
| <b>Total</b>                          | <b>6,96,32,256</b> | <b>8,83,18,100</b> |

### NOTE 19 (C) CHANGES IN INVENTORIES OF FINISHED GOODS, WORK-IN-PROGRESS AND STOCK-IN-TRADE

#### Inventories at the end of the year:

|                  |              |              |
|------------------|--------------|--------------|
| Finished goods   | 12,89,75,237 | 9,58,20,906  |
| Work-in-progress | 93,13,397    | 60,29,067    |
| Stock-in-trade   | 2,77,51,626  | 2,20,50,441  |
|                  | 16,60,40,260 | 12,39,00,414 |

#### Inventories at the beginning of the year:

|                                |                      |                 |
|--------------------------------|----------------------|-----------------|
| Finished goods                 | 9,58,20,906          | 9,30,19,951     |
| Work-in-progress               | 60,29,067            | 50,07,858       |
| Stock-in-trade                 | 2,20,50,441          | 2,62,77,426     |
|                                | 12,39,00,414         | 12,43,05,235    |
| <b>Net (increase)/decrease</b> | <b>(4,21,39,846)</b> | <b>4,04,821</b> |

## Notes to the financial statements for the year ended March 31, 2017 (Contd.)

## NOTE NO. 20 - EMPLOYEE BENEFITS EXPENSE

| Particulars   | Rupees                               |                                      |
|---|--------------------------------------|--------------------------------------|
|   | For the year ended<br>March 31, 2017 | For the year ended<br>March 31, 2016 |
| (a) Salaries and wages, including bonus                           | 20,57,36,112                         | 18,34,52,101                         |
| (b) Contribution to provident and other funds (Refer Note No. 28) | 1,13,86,256                          | 1,20,82,123                          |
| (c) Share based payment transactions expenses                     | 47,80,492                            | 46,19,015                            |
| (d) Staff welfare expenses  | 1,03,52,027                          | 90,22,445                            |
| <b>Total Employee Benefit Expense</b>                             | <b>23,22,54,887</b>                  | <b>20,91,75,684</b>                  |

Pursuant to the "Employees Stock Option Scheme - 2014" (ESOS) approved by the Shareholders in the Annual General Meeting held on July 31, 2014, the Company had granted 80,424, 3,228 and 1,33,432 Stock Options to the eligible employees on October 28, 2014, October 31, 2015 and November 22, 2016 respectively as per the recommendation of the Nomination and Remuneration Committee, at an exercise price of Rs. 10 /- each. In respect of the options granted in 2014, the equity settled options vest in 5 branches of 20% each upon the expiry of 12 months, 24 months, 36 months, 48 months and 60 months, respectively from the date of the grant. Each tranche is exercisable within one year from the respective date of vesting. The number of options exercisable in each tranche is minimum 20% of the options vested, except in case of the last date of the exercise, where the employee can exercise all the options vested but not exercised till that date. In respect of options granted in 2015, the equity settled options vest in 4 branches of 25% each upon the expiry of 12 months, 24 months, 36 months and 48 months, respectively from the date of the grant. Each tranche is exercisable within one year from the respective date of vesting. The number of options exercisable in each tranche is minimum 25% of the options vested, except in case of the last date of the exercise, where the employee can exercise all the options vested but not exercised till that date. In respect of the options granted in 2016, the equity settled options vest in 5 branches of 20% each upon the expiry of 12 months, 24 months, 36 months, 48 months and 60 months, respectively from the date of the grant. Each tranche is exercisable within one year from the respective date of vesting. The number of options exercisable in each tranche is minimum 20% of the options vested, except in case of the last date of the exercise, where the employee can exercise all the options vested but not exercised till that date.

The difference between the fair price of the share underlying the options granted on the date of grant of option and the exercise price of the option representing Stock compensation expense is expensed over the vesting period.

|   | Number of<br>Shares | Grant Date        | Expiry Date       | Exercise<br>Price | Fair value<br>at Grant<br>Date |
|---|---------------------|-------------------|-------------------|-------------------|--------------------------------|
| Equity Settled                          |                     |                   |                   |                   |                                |
| 1 Series 1 Granted on October 28, 2014  | 80,424              | October 28, 2014  | October 28, 2019  | 10                | 170.97                         |
| 2 Series 2 Granted on October 31, 2015  | 3,228               | October 31, 2015  | October 31, 2019  | 10                | 170.97                         |
| 3 Series 3 Granted on November 22, 2016 | 1,33,432            | November 22, 2016 | November 22, 2021 | 10                | 131.75                         |

## Movement in Share Options

| Particulars                                | Year ended<br>March 31, 2017 |  | Year ended<br>March 31, 2016 |  |
|--|------------------------------|--|------------------------------|--|
|  | Number of<br>Shares          | Weighted<br>average<br>exercise<br>price | Number of<br>Shares          | Weighted<br>average<br>exercise<br>price |
| 1 Outstanding at the beginning of the year | 56,359                       | 10                                       | 80,424                       | 10                                       |
| 2 Granted during the period                | 1,33,432                     | 10                                       | 3,228                        | 10                                       |
| 3 Exercised during the period              | (14,089)                     | 10                                       | (14,108)                     | 10                                       |
| 4 Expired during the period                | (6,635)                      | 10                                       | (13,185)                     | 10                                       |
| 5 Outstanding at the end of the year       | 1,69,067                     | 10                                       | 56,359                       | 10                                       |

## Notes to the financial statements for the year ended March 31, 2017 (Contd.)

### Share Options Exercised in the Year

| Particulars                             | Year end March 31, 2017 |                   |                              | Year end March 31, 2016 |                  |                              |
|---|-------------------------|-------------------|------------------------------|-------------------------|------------------|------------------------------|
|   | Number Exercised        | Exercise Date     | Share Price at Exercise Date | Number Exercised        | Exercise Date    | Share Price at Exercise Date |
| <b>Equity Settled</b>                   |                         |                   |                              |                         |                  |                              |
| 1 Series 1 Granted on October 28, 2014  | -                       | -                 | -                            | 14,108                  | October 31, 2015 | 158.10                       |
| 2 Series 1 Granted on October 28, 2014  | 11,070                  | October 28, 2016  | 160.75                       | -                       | -                | -                            |
| 3 Series 1 Granted on October 28, 2014  | 2,212                   | January 31, 2017  | 150.80                       | -                       | -                | -                            |
| 4 Series 2 Granted on November 22, 2015 | 807                     | November 22, 2016 | 135.40                       | -                       | -                | -                            |

The inputs used in the measurement of the fair values at grant date of the equity-settled share-based payment plans were as follows.

### Share option programmes

| Particulars   | Series 1  |           | Series 2  |           | Series 3  |      |
|---|-----------|-----------|-----------|-----------|-----------|------|
|   | 2017      | 2016      | 2017      | 2016      | 2017      | 2016 |
| Share price at grant date                           | 177.75    | 177.75    | 158.3     | 158.3     | 135.4     | -    |
| Exercise price                                      | 10        | 10        | 10        | 10        | 10        | -    |
| Expected volatility (weighted-average)              | 55%       | 55%       | 55%       | 55%       | 49%       | -    |
| Expected life/Option Life (weighted-average)        | 3.50 Year | 3.50 Year | 3.50 Year | 3.50 Year | 5.50 Year | -    |
| Expected dividends yield                            | Nil       | Nil       | Nil       | Nil       | Nil       | -    |
| Risk-free interest rate (based on government bonds) | 8.06%     | 8.06%     | 8.06%     | 8.06%     | 6.33%     | -    |

The fair value of the employee share options has been measured using the Black-Scholes option Pricing formula.

Expected volatility has been based on an evaluation of the historical volatility of the Company's share price, particularly over the historical period commensurate with the expected term. The expected term of the instruments has been based on historical experience and general option holder behaviour.

The Holding Company has recovered Rs. 1,54,685 (March 31, 2016 Rs. Nil) towards option granted by the Holding Company in respect of employees deputed to the Company.

### NOTE NO. 21 - FINANCE COST

| Particulars                              | Rupees                            |                                   |
|--|-----------------------------------|-----------------------------------|
|  | For the year ended March 31, 2017 | For the year ended March 31, 2016 |
| (a) Interest Cost                        |                                   |                                   |
| - On credit facilities from Banks        | 21,36,524                         | 4,02,513                          |
| - On trade creditors                     | 16,93,338                         | 33,30,576                         |
| - On Government Grant                    | 95,32,322                         | -                                 |
| - On delayed payment of taxes            | 1,86,229                          | 60,188                            |
| - On others                              | -                                 | 15,448                            |
| (b) Other borrowing cost                 |                                   |                                   |
| Processing fees/Guarantee Commission     | 8,34,174                          | 7,86,498                          |
| Unwinding of discounting on provision    | 9,06,797                          | -                                 |
| <b>Total finance costs</b>               | <b>1,52,89,384</b>                | <b>45,95,223</b>                  |
| <b>Interest Expenses</b>                 |                                   |                                   |
| On Financial Liability at Amortised Cost | 38,29,862                         | 37,33,089                         |

## Notes to the financial statements for the year ended March 31, 2017 (Contd.)

## NOTE NO. 22 - OTHER EXPENSES

| Particulars   | Rupees                               |                                      |
|---|--------------------------------------|--------------------------------------|
|   | For the year ended<br>March 31, 2017 | For the year ended<br>March 31, 2016 |
| Stores consumed   | 20,79,054                            | 57,08,624                            |
| Power & Fuel  | 4,26,40,002                          | 3,93,13,114                          |
| Rent including lease rentals                                    | 2,02,98,697                          | 1,28,78,902                          |
| Rates and taxes   | 14,08,493                            | 66,23,830                            |
| Insurance   | 19,05,078                            | 14,62,083                            |
| Repairs and maintenance – Buildings                             | 12,74,265                            | 25,04,101                            |
| Repairs and maintenance – Machinery                             | 90,48,582                            | 55,38,134                            |
| Repairs and maintenance – Others                                | 47,14,883                            | 43,51,475                            |
| Advertisement   | 23,15,140                            | 68,26,549                            |
| Commission on sales   | 12,98,33,378                         | 12,65,05,482                         |
| Freight outward   | 7,68,17,940                          | 5,93,54,550                          |
| Sales promotion expenses  | 43,14,141                            | 19,22,947                            |
| Travelling and Conveyance Expenses                              | 4,25,02,224                          | 4,24,40,931                          |
| Subcontracting, Hire and Service Charges                        | 1,18,52,696                          | 1,37,37,396                          |
| Expenditure on corporate social responsibility (CSR)            | 7,82,653                             | 5,69,575                             |
| Donations and Contributions for CSR activity                    | 7,12,000                             | 5,47,200                             |
| Provision for doubtful trade and other receivables, loans       | 2,48,19,141                          | (5,56,227)                           |
| Net loss/(gain) on foreign currency transactions                | 6,10,855                             | 4,81,855                             |
| Auditors remuneration and out-of-pocket expenses                |                                      |                                      |
| (i) As Auditors   | 28,75,000                            | 25,47,625                            |
| (ii) For Other services   | 9,12,375                             | 9,00,025                             |
| (iii) For Cost auditors for Cost audit                          | 1,72,500                             | 1,71,750                             |
| (iv) For reimbursement of expenses                              | 36,857                               | 76,716                               |
| Legal and other professional costs                              | 5,32,02,145                          | 3,40,42,240                          |
| Communication   | 62,23,501                            | 55,53,208                            |
| Printing and stationery   | 19,00,551                            | 23,10,754                            |
| Site Expenses   | 2,18,36,625                          | 2,88,04,728                          |
| Bad trade and other receivables, loans and advances written off | 42,23,850                            | 6,98,60,138                          |
| Warranty Claim  | 22,53,744                            | 1,19,38,784                          |

## Notes to the financial statements for the year ended March 31, 2017 (Contd.)

| Particulars                     | Rupees                               |                                      |
|---------------------------------|--------------------------------------|--------------------------------------|
|                                 | For the year ended<br>March 31, 2017 | For the year ended<br>March 31, 2016 |
| Stock Yard Expenses             | 66,65,339                            | 24,19,928                            |
| Loss on sale/written off assets | 2,83,343                             | -                                    |
| Directors' Fees and Commission  | 19,68,652                            | 19,44,365                            |
| Other General Expenses          | 2,69,59,215                          | 2,24,77,032                          |
| <b>Total</b>                    | <b>50,74,42,919</b>                  | <b>51,32,57,814</b>                  |

### NOTE NO. 23 - EARNINGS PER SHARE

#### Basic Earnings per share

|                            |      |      |
|----------------------------|------|------|
| From continuing operations | 3.58 | 3.16 |
|----------------------------|------|------|

#### Diluted Earnings per share

|                            |      |      |
|----------------------------|------|------|
| From continuing operations | 3.56 | 3.15 |
|----------------------------|------|------|

#### Basic earnings per share

The earnings and weighted average number of ordinary shares used in the calculation of basic earnings per share are as follows:

|   |             |             |
|---|-------------|-------------|
| Profit for the year used in the calculation of basic earnings per share | 9,90,46,342 | 8,74,47,235 |
| Weighted average number of equity shares                                | 2,76,63,066 | 2,76,50,262 |

#### Diluted earnings per share

The diluted earnings per share has been computed by dividing the Net profit after tax available for Equity shareholders by the weighted average number of equity shares, after giving dilutive effect of the outstanding stock options for the respective period.

|   |             |             |
|---|-------------|-------------|
| Profit for the year used in the calculation of basic earnings per share   | 9,90,46,342 | 8,74,47,235 |
| Profit for the year used in the calculation of diluted earnings per share | 9,90,46,342 | 8,74,47,235 |

The weighted average number of ordinary shares for the purpose of diluted earnings per share reconciles to the weighted average number of ordinary shares used in the calculation of basic earnings per share as follows:

|   |             |             |
|---|-------------|-------------|
| Weighted average number of equity shares used in the calculation of Basic EPS   | 2,76,63,066 | 2,76,50,262 |
| Add: Effect of employee stock option scheme                                     | 1,57,956    | 52,245      |
| Weighted average number of equity shares used in the calculation of Diluted EPS | 2,78,21,022 | 2,77,02,507 |

### NOTE NO. 24 - FINANCIAL INSTRUMENTS

#### I. Capital management

The company's capital management objectives are:

- to ensure the company's ability to continue as a going concern.
- to provide an adequate return to shareholders by pricing products and services commensurately with the level of risk.

**Notes to the financial statements for the year ended March 31, 2017 (Contd.)**

The company monitors capital on the basis of the carrying amount of equity less cash and cash equivalents as presented on the face of the statement of financial position.

The company sets the amount of capital in proportion to its overall financing structure, i.e. equity and financial liabilities. The company manages the capital structure and makes adjustments to it in the light of changes in economic conditions and the risk characteristics of the underlying assets.

| Particulars                     | Rupees                |                       |                       |
|---------------------------------|-----------------------|-----------------------|-----------------------|
|                                 | March 31, 2017        | March 31, 2016        | April 1, 2015         |
| Equity                          | 1,34,18,22,980        | 1,23,80,76,520        | 1,14,19,25,976        |
| Less: Cash and cash equivalents | (6,89,14,196)         | (16,15,83,449)        | (13,67,94,019)        |
|                                 | <u>1,27,29,08,784</u> | <u>1,07,64,93,071</u> | <u>1,00,51,31,957</u> |

**II. Categories of financial assets and financial liabilities**

| Particulars                    | Rupees               |             |       |              |
|--------------------------------|----------------------|-------------|-------|--------------|
|                                | As at March 31, 2017 |             |       |              |
|                                | Amortised Costs      | FVTPL       | FVOCI | Total        |
| <b>Non-current Assets</b>      |                      |             |       |              |
| Trade Receivables              | 1,16,43,878          | -           | -     | 1,16,43,878  |
| Other Financial Assets         | 37,86,000            | -           | -     | 37,86,000    |
| <b>Current Assets</b>          |                      |             |       |              |
| Investments                    | -                    | 4,50,82,019 | -     | 4,50,82,019  |
| Trade Receivables              | 91,21,70,392         | -           | -     | 91,21,70,392 |
| Cash and Cash Equivalents      | 6,89,14,196          | -           | -     | 6,89,14,196  |
| Other Bank Balances            | 4,90,30,660          | -           | -     | 4,90,30,660  |
| Other Financial Assets         | 1,01,97,814          | -           | -     | 1,01,97,814  |
| <b>Non-current Liabilities</b> |                      |             |       |              |
| Borrowings                     | 20,73,030            | -           | -     | 20,73,030    |
| <b>Current Liabilities</b>     |                      |             |       |              |
| Trade Payables                 | 34,87,66,794         | -           | -     | 34,87,66,794 |
| Other Financial Liabilities    | 4,66,06,086          | -           | -     | 4,66,06,086  |

| Particulars               | Rupees               |       |       |              |
|---------------------------|----------------------|-------|-------|--------------|
|                           | As at March 31, 2016 |       |       |              |
|                           | Amortised Costs      | FVTPL | FVOCI | Total        |
| <b>Non-current Assets</b> |                      |       |       |              |
| Trade Receivables         | 64,47,490            | -     | -     | 64,47,490    |
| Other Financial Assets    | 37,86,000            | -     | -     | 37,86,000    |
| <b>Current Assets</b>     |                      |       |       |              |
| Trade Receivables         | 75,65,01,916         | -     | -     | 75,65,01,916 |
| Cash and Cash Equivalents | 16,15,83,449         | -     | -     | 16,15,83,449 |
| Other Bank Balances       | 7,41,50,301          | -     | -     | 7,41,50,301  |
| Other Financial Assets    | 75,73,813            | -     | -     | 75,73,813    |

## Notes to the financial statements for the year ended March 31, 2017 (Contd.)

| Particulars                        | Rupees               |       |       |              |
|------------------------------------|----------------------|-------|-------|--------------|
|                                    | As at March 31, 2016 |       |       |              |
|                                    | Amortised<br>Costs   | FVTPL | FVOCI | Total        |
| <b>Non-current Liabilities</b>     |                      |       |       |              |
| Borrowings                         | 26,84,436            | -     | -     | 26,84,436    |
| <b>Current Liabilities</b>         |                      |       |       |              |
| Trade Payables                     | 26,01,92,721         | -     | -     | 26,01,92,721 |
| <b>Other Financial Liabilities</b> | 4,41,73,150          | -     | -     | 4,41,73,150  |

| Particulars                    | Rupees              |       |       |              |
|--------------------------------|---------------------|-------|-------|--------------|
|                                | As at April 1, 2015 |       |       |              |
|                                | Amortised<br>Costs  | FVTPL | FVOCI | Total        |
| <b>Non-current Assets</b>      |                     |       |       |              |
| Trade Receivables              | 61,80,400           | -     | -     | 61,80,400    |
| Other Financial Assets         | 37,86,000           | -     | -     | 37,86,000    |
| <b>Current Assets</b>          |                     |       |       |              |
| Investments                    | 55,000              | -     | -     | 55,000       |
| Trade Receivables              | 57,00,86,629        | -     | -     | 57,00,86,629 |
| Cash and Cash Equivalents      | 13,67,94,019        | -     | -     | 13,67,94,019 |
| Other Bank Balances            | 13,31,56,347        | -     | -     | 13,31,56,347 |
| Other Financial Assets         | 66,17,266           | -     | -     | 66,17,266    |
| <b>Non-current Liabilities</b> |                     |       |       |              |
| Borrowings                     | 42,61,666           | -     | -     | 42,61,666    |
| <b>Current Liabilities</b>     |                     |       |       |              |
| Trade Payables                 | 24,12,81,053        | -     | -     | 24,12,81,053 |
| Other Financial Liabilities    | 3,96,71,897         | -     | -     | 3,96,71,897  |

### Financial Risk Management Framework

The Company's activities expose it to a variety of financial risks: credit risk, liquidity risk and market risk. In order to manage the aforementioned risks, the Company operates a risk management policy and a program that performs close monitoring of and responding to each risk factors.

### CREDIT RISK

#### (i) Credit risk management

Credit risk arises when a counterparty defaults on its contractual obligations to pay, resulting in financial loss to the Company. The company has dealings with government organisation for subsidy related transaction and with private parties. For private non government parties credit limits are set quarterly. The Company has adopted a policy of only dealing with creditworthy non government parties and obtaining security cheques, where appropriate, as a means of mitigating the risk of financial loss from defaults. The Company's exposure and credit worthiness of such parties are continuously monitored and controlled by counterparty limits that are reviewed by Credit Control function based on the approved process.

Trade receivables consist of a large number of customers, spread across geographical areas. On going credit evaluation is performed on the financial condition of accounts receivable. There are no non government customers who represent more than 5% of the total balance of trade receivable.

**Notes to the financial statements for the year ended March 31, 2017 (Contd.)**

The Company has a policy of providing for receivables @ 100% for receivables for more than 2 years, as reduced by subsequent collection.

The average credit period considering government sales of goods is 241 days and non government customers on sale of goods is 91 days. No interest is charged on overdue balance.

The Company applies the simplified approach to provide expected credit losses prescribed by Ind AS 109, which permits the use of the lifetime expected loss provision for all trade receivables. The Company has computed expected credit losses based on a provision matrix which uses historical credit loss experience of the Company and individual receivable specific provision where applicable. Forward-looking information (including macroeconomic information) has been incorporated into the determination of expected credit losses. The Company has taken dealer deposit of Rs. 3,96,81,617 (March 31, 2016 Rs. 3,69,76,698, April 1, 2015 Rs. 3,37,37,602) and bank guarantees of Rs. 91,00,000 (March 31, 2016 Rs. 63,00,000, April 1, 2015 Rs. 15,00,000) which is considered as collateral and these are considered in determination of expected credit losses, where applicable.

The loss allowance provision is determined as follows:

Rupees  
As at March 31, 2017

| Particulars              | Rupees      |                           |  |                           |              |
|--------------------------|-------------|---------------------------|--|---------------------------|--------------|
|                          | Not due     | Less than 1 Year past due | More than 1 Year and Less than 2 Year past due | More than 2 Year past due | Total        |
| <b>Project</b>           |             |                           |  |                           |              |
| Expected loss rate       | 7.58%       | 1.99%                     | 12.22%   | 97.95%                    |              |
| Gross carrying amount    | 1,25,98,823 | 60,84,61,440              | 7,55,81,078                                    | 6,31,41,552               | 75,97,82,893 |
| Loss allowance provision | 9,54,945    | 1,21,36,181               | 92,32,550                                      | 6,18,45,781               | 8,41,69,457  |
| <b>Non Project</b>       |             |                           |  |                           |              |
| Expected loss rate       | -           | 0.00%                     | 15.82%   | 98.40%                    |              |
| Gross carrying amount    | -           | 21,81,71,958              | 3,50,21,604                                    | 3,43,48,448               | 28,75,42,010 |
| Loss allowance provision | -           | -                         | 55,41,850                                      | 3,37,99,326               | 3,93,41,176  |

Rupees  
As at March 31, 2016

| Particulars              | Rupees    |                           |  |                           |              |
|--------------------------|-----------|---------------------------|--|---------------------------|--------------|
|                          | Not due   | Less than 1 Year past due | More than 1 Year and Less than 2 Year past due | More than 2 Year past due | Total        |
| <b>Project</b>           |           |                           |  |                           |              |
| Expected loss rate       | 13.10%    | 2.65%                     | 10.34%   | 97.64%                    |              |
| Gross carrying amount    | 74,19,292 | 44,57,42,242              | 8,15,68,075                                    | 4,47,93,814               | 57,95,23,423 |
| Loss allowance provision | 9,71,802  | 1,18,23,759               | 84,36,629                                      | 4,37,37,622               | 6,49,69,812  |
| <b>Non Project</b>       |           |                           |  |                           |              |
| Expected loss rate       | -         | 1.51%                     | 24.02%   | 99.54%                    |              |
| Gross carrying amount    | -         | 23,19,39,399              | 2,61,08,163                                    | 2,40,69,913               | 28,21,17,475 |
| Loss allowance provision | -         | 34,91,855                 | 62,71,053                                      | 2,39,58,772               | 3,37,21,680  |

## Notes to the financial statements for the year ended March 31, 2017 (Contd.)

Rupees  
As at 1 April 2015

| Particulars              | Not due   | Less than<br>1 Year<br>past due | More than<br>1 Year and<br>Less than<br>2 Year<br>past due | More than<br>2 Year<br>past due | Total        |
|--------------------------|-----------|---------------------------------|--|---------------------------------|--------------|
|                          |           |                                 |  |                                 |              |
| <b>Project</b>           |           |                                 |  |                                 |              |
| Expected loss rate       | 13.16%    | 10.29%                          | 0.00%  | 97.02%                          |              |
| Gross carrying amount    | 71,16,599 | 38,55,14,974                    | 3,19,30,890  | 3,60,64,811                     | 46,06,27,274 |
| Loss allowance provision | 9,36,199  | 3,96,84,221                     | –  | 3,49,91,170                     | 7,56,11,590  |
| <b>Non Project</b>       |           |                                 |  |                                 |              |
| Expected loss rate       | –         | 5.84%                           | 0.00%  | 99.37%                          |              |
| Gross carrying amount    | –         | 17,85,97,798                    | 2,29,86,745  | 1,59,45,735                     | 21,75,30,278 |
| Loss allowance provision | –         | 1,04,33,275                     | –  | 1,58,45,658                     | 2,62,78,933  |

### Reconciliation of loss allowance provision for Trade Receivables

| Particulars   | Rupees               |                     |
|---|----------------------|---------------------|
|   | March 31, 2017       | March 31, 2016      |
| <b>Balance as at beginning of the year</b>  | <b>9,86,91,492</b>   | <b>10,18,90,523</b> |
| Impairment losses recognised in the year based on lifetime expected credit losses |                      |                     |
| – On receivables originated in the year   | <b>6,76,67,705</b>   | 9,46,72,781         |
| – Amounts written off during the year   | <b>(42,23,850)</b>   | (6,98,60,138)       |
| – Amounts Recovered during the year   | <b>(3,86,24,714)</b> | (2,80,11,674)       |
| <b>Balance at end of the year</b>   | <b>12,35,10,633</b>  | <b>9,86,91,492</b>  |

The loss allowance provision has changed during the year due to recovery from debtors and business circumstances.

During the year, the Company has written off Rs. 42,23,850 (March 31, 2016 Rs. 6,98,60,138) of trade receivables.

The Credit risk on bank balances and investment in mutual funds is limited as the counterparties are banks and fund houses with high credit ratings.

### LIQUIDITY RISK

#### (i) Liquidity risk management

Ultimate responsibility for liquidity risk management rests with the board of directors, which has established an appropriate liquidity risk management framework for the management of the Company's short - medium- and long-term funding and liquidity management requirements. The Company manages liquidity risk by maintaining adequate reserves, banking facilities and reserve borrowing facilities, by continuously monitoring forecast and actual cash flows, and by matching the maturity profiles of financial assets and liabilities.

#### (ii) Maturities of financial liabilities

The following tables detail the Company's remaining contractual maturity for its non-derivative financial liabilities with agreed repayment periods. The amount disclosed in the tables have been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the Company can be required to pay. The tables include both interest and principal cash flows.

**Notes to the financial statements for the year ended March 31, 2017 (Contd.)**

To the extent that interest flows are floating rate, the undiscounted amount is derived from interest rate curves at the end of the reporting period. The contractual maturity is based on the earliest date on which the Company may be required to pay.

| Particulars                                 | Rupees              |                  |                       |                      |
|---|---------------------|------------------|-----------------------|----------------------|
|   | Less than<br>1 Year | 1-3 Years        | 3 Years to<br>5 Years | 5 years<br>and above |
| <b>Non-derivative financial liabilities</b> |                     |                  |                       |                      |
| <b>March 31, 2017</b>                       |                     |                  |                       |                      |
| Non-interest bearing                        | 39,53,72,880        | 12,22,812        | 8,50,218              | -                    |
| <b>Total</b>                                | <b>39,53,72,880</b> | <b>12,22,812</b> | <b>8,50,218</b>       | <b>-</b>             |
| <b>March 31, 2016</b>                       |                     |                  |                       |                      |
| Non-interest bearing                        | 30,43,65,871        | 12,22,812        | 12,22,812             | 2,38,812             |
| <b>Total</b>                                | <b>30,43,65,871</b> | <b>12,22,812</b> | <b>12,22,812</b>      | <b>2,38,812</b>      |
| <b>April 1, 2015</b>                        |                     |                  |                       |                      |
| Non-interest bearing                        | 28,09,52,950        | 23,19,256        | 11,57,502             | 7,84,908             |
| <b>Total</b>                                | <b>28,09,52,950</b> | <b>23,19,256</b> | <b>11,57,502</b>      | <b>7,84,908</b>      |

**(iii) Financing arrangements**

The Company had access to following undrawn borrowing facilities at the end of the reporting period:

| Particulars                            | Rupees              |                     |                     |
|--|---------------------|---------------------|---------------------|
|  | March 31, 2017      | March 31, 2016      | April 1, 2015       |
| <b>Secured Bank Overdraft facility</b> |                     |                     |                     |
| YES Bank Ltd                           | 14,50,00,000        | 14,50,00,000        | 14,50,00,000        |
| HDFC Bank Ltd                          | 25,00,00,000        | 25,00,00,000        | 10,00,00,000        |
| <b>Total</b>                           | <b>39,50,00,000</b> | <b>39,50,00,000</b> | <b>24,50,00,000</b> |

**(iv) Maturities of financial assets**

The following table details the Company's expected maturity for its non-derivative financial assets. The table has been drawn up based on the undiscounted contractual maturities of the financial assets including interest that will be earned on those assets. The inclusion of information on non-derivative financial assets is necessary in order to understand the Company's liquidity risk management as the liquidity is managed on a net asset and liability basis.

| Particulars                            | Rupees              |                     |                       |                      |
|--|---------------------|---------------------|-----------------------|----------------------|
|  | Less than<br>1 Year | 1-3 Years           | 3 Years to<br>5 Years | 5 years<br>and above |
| <b>Non-derivative financial assets</b> |                     |                     |                       |                      |
| <b>March 31, 2017</b>                  |                     |                     |                       |                      |
| Non-interest bearing                   | 91,63,40,200        | 9,76,73,175         | -                     | -                    |
| Fixed interest rate instruments        | 6,45,40,546         | 1,87,71,228         | 31,28,810             | 3,71,000             |
| <b>Total</b>                           | <b>98,08,80,746</b> | <b>11,64,44,403</b> | <b>31,28,810</b>      | <b>3,71,000</b>      |

## Notes to the financial statements for the year ended March 31, 2017 (Contd.)

| Particulars                     | Rupees              |                     |                       |                      |
|---------------------------------|---------------------|---------------------|-----------------------|----------------------|
|                                 | Less than<br>1 Year | 1-3 Years           | 3 Years to<br>5 Years | 5 years<br>and above |
| <b>March 31, 2016</b>           |                     |                     |                       |                      |
| Non-interest bearing            | 72,18,19,279        | 9,41,35,889         | –                     | –                    |
| Fixed interest rate instruments | 16,46,00,924        | 1,87,64,464         | 74,63,709             | 32,58,704            |
| <b>Total</b>                    | <b>88,64,20,203</b> | <b>11,29,00,353</b> | <b>74,63,709</b>      | <b>32,58,704</b>     |
| <b>April 1, 2015</b>            |                     |                     |                       |                      |
| Non-interest bearing            | 58,69,55,754        | 5,60,91,353         | –                     | –                    |
| Fixed interest rate instruments | 15,97,23,562        | 3,26,56,608         | 1,82,12,208           | 30,36,177            |
| <b>Total</b>                    | <b>75,66,79,315</b> | <b>8,87,47,961</b>  | <b>1,82,12,208</b>    | <b>30,36,177</b>     |

### MARKET RISK

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises three types of risk: currency risk, interest rate risk and other price risk such as equity price risk and commodity price risk. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return.

There has been no significant changes to the company's exposure to market risk or the methods in which they are managed or measured.

### Currency Risk

The Company undertakes transactions denominated in foreign currencies; consequently, exposures to exchange rate fluctuations arise. The Company's exposure to currency risk relates primarily to the Company's operating activities.

The carrying amounts of the Company's foreign currency denominated monetary assets and monetary liabilities at the end of the reporting period are as follows and are not hedged

| Particulars       | Currency | March 31, 2017 | March 31, 2016 | April 1, 2015 |
|-------------------|----------|----------------|----------------|---------------|
| Trade Receivables | USD      | 24,263         | 150            | 1,397         |
|                   | Rupees   | 15,73,244      | 9926           | 87,438        |
| Trade Payables    | USD      | 66,673         | 5,637          | 1,62,596      |
|                   | Rupees   | 43,23,047      | 3,73,027       | 1,01,76,865   |
|                   | EUR      | 975            | –              | –             |
|                   | Rupees   | 67,519         | –              | –             |

### Foreign Currency Sensitivity

The following tables demonstrate the sensitivity to a reasonably possible change in exchange rates, with all other variables held constant. The impact on the Company's profit before tax is due to changes in the fair value of monetary assets and liabilities.

## Notes to the financial statements for the year ended March 31, 2017 (Contd.)

| Particulars    | Currency | Change in rate | Effect on profit       |
|----------------|----------|----------------|------------------------|
|                |          |                | before tax<br>(Rupees) |
| March 31, 2017 | USD      | +10%           | (274,980)              |
|                | USD      | -10%           | 274,980                |
|                | EUR      | +10%           | 6,752                  |
|                | EUR      | -10%           | (6,752)                |
| March 31, 2016 | USD      | +10%           | (36,395)               |
|                | USD      | -10%           | 36,395                 |

## NOTE NO. 25 - FAIR VALUE MEASUREMENT

- a) The directors consider that the carrying amounts of financial assets and financial liabilities that are not measured at fair value, recognised in the financial statement approximate their fair values.
- b) Fair value of financial assets that are measured at fair value on recurring basis.

| Particulars                         | Fair Value as at     |                      |                     | Fair Value hierarchy | Valuation technique(s) and key input(s)                       |
|-------------------------------------|----------------------|----------------------|---------------------|----------------------|---|
|                                     | As at March 31, 2017 | As at March 31, 2016 | As at April 1, 2015 |                      |   |
| <b>Financial assets</b>             |                      |                      |                     |                      |   |
| Investment in units of Mutual Funds | 4,50,82,019          | -                    | -                   | Level 2              | Net asset value (NAV) published by assets Management Company. |

## NOTE NO. 26 - LEASES

| Particulars | Rupees               |                      |
|-------------|----------------------|----------------------|
|             | As at March 31, 2017 | As at March 31, 2016 |

## Details of leasing arrangements

## As Lessee

Operating Lease

The Company has entered into operating lease arrangements for certain facilities and office premises. The leases are non-cancellable and are for a period of 11 months to 36 months and may be renewed for further period based on mutual agreement of the parties. The lease agreements provide for an increase in the lease payments by 5% to 10% every year.

## Future Non-Cancellable minimum lease commitments

|   |           |           |
|---|-----------|-----------|
| not later than one year                           | 15,15,361 | 14,95,894 |
| later than one year and not later than five years | 24,08,005 | 13,66,716 |

## Notes to the financial statements for the year ended March 31, 2017 (Contd.)

| Particulars  | Rupees                  |                         |
|--|-------------------------|-------------------------|
|  | As at<br>March 31, 2017 | As at<br>March 31, 2016 |
| later than five years  | -                       | -                       |
| As Lessor  |                         |                         |
| <b>Operating Lease</b>   |                         |                         |
| The Company has entered into operating lease arrangements for certain surplus facilities. The lease is non-cancellable for a period of 18 months from and may be renewed for a further period of based on mutual agreement of the parties. |                         |                         |
| Future Non-Cancellable minimum lease commitments   |                         |                         |
| not later than one year  | 1,97,100                | -                       |
| later than one year and not later than five years  | -                       | -                       |
| later than five years  | -                       | -                       |

### NOTE NO. 27 - SEGMENT INFORMATION

The Company is engaged in the business of Precision Farming Products and Services and in a single geography viz, India. The Information reported to the chief operating decision maker (CODM) [Viz, The managing Director] for assessment of performance of business and allocation of resources is under this segment.

Accordingly, The Company has identified a single segment under Ind AS 108 - "Operating Segments".

There is no single customer who accounts for 10% more of the company revenues.

Refer Note 17 for the analysis of revenue from it major products and services.

### NOTE NO. 28 - EMPLOYEE BENEFITS

#### (a) Defined Contribution Plan:

The Company's contribution to Provident Fund Rs. 75,46,844 (year ended March 31, 2016 : Rs. 71,69,514) and Superannuation Fund Rs. 18,73,713 (year ended March 31, 2016 : Rs. 18,66,675) has been recognised in the Statement of Profit or Loss under the head Employee Benefits Expense.

#### (b) Defined Benefit Plans:

The Company operates a gratuity plan covering qualifying employees. The benefit payable is the greater of the amount calculated as per the Payment of Gratuity Act, 1972 or the Company scheme applicable to the employee. The benefit vests upon completion of five years of continuous service and once vested it is payable to employees on retirement or on termination of employment. In case of death while in service, the gratuity is payable irrespective of vesting. The Company makes annual contribution to the group gratuity scheme administered by the Life Insurance Corporation of India.

Through its defined benefit plans the Company is exposed to a number of risks, the most significant of which are detailed below:

#### **Asset volatility**

The plan liabilities are calculated using a discount rate set with references to government bond yields; if plan assets under perform compared to the government bonds discount rate, this will create or increase a deficit. The defined benefit plans hold on investment with LIC, which are expected to perform in line with government bonds in the long-term.

The Company believes that due to the long-term nature of the plan liabilities, investments of funds with LIC is an appropriate element of the Company's long term strategy to manage the plans efficiently.

#### **Changes in bond yields**

A decrease in government bond yields will increase plan liabilities, although this is expected to be partially offset by an increase in the value of the plan assets.

#### **Life expectancy**

The plan's obligations are to provide benefits for the life of the member, so increases in life expectancy will result in an increase in the plan's liabilities.

## Notes to the financial statements for the year ended March 31, 2017 (Contd.)

Defined benefit plans – as per actuarial valuation on March 31, 2017

| Particulars  | Rupees                  |                    |
|--|-------------------------|--------------------|
|  | Funded Plan<br>Gratuity |                    |
|  | 2017                    | 2016               |
| <b>Ia. Expense recognised in the Statement of Profit and Loss for the year ended 31st March:</b> |                         |                    |
| 1. Current service cost  | 20,33,573               | 28,77,474          |
| 2. Interest cost   | 12,79,930               | 16,43,561          |
| 3. Expected return on plan assets  | (14,36,868)             | (14,01,857)        |
| <b>Ib. Included in other Comprehensive Income</b>  |                         |                    |
| 1. Return on plan assets   | 2,01,155                | 13,61,554          |
| 2. Actuarial (Gain)/Loss on account of:  |                         |                    |
| – Demographic Assumptions  | (5,35,108)              | –                  |
| – Financial Assumptions  | 5,58,581                | (49,96,103)        |
| – Experience Adjustments   | 1,13,697                | (27,83,442)        |
| <b>Service Cost:</b>   |                         |                    |
| Current Service Cost   | 20,33,573               | 28,77,474          |
| Net interest expense   | (1,56,938)              | 2,41,704           |
| <b>Components of defined benefit costs recognised in profit or loss</b>                          | <b>18,76,635</b>        | <b>31,19,178</b>   |
| Remeasurement on the net defined benefit liability:  |                         |                    |
| Return on plan assets (excluding amount included in net interest expense)                        | 2,01,155                | 13,61,554          |
| Actuarial gains and loss arising from changes in financial assumptions                           | 5,58,581                | (49,96,103)        |
| Actuarial gains and loss arising from experience adjustments                                     | 1,13,697                | (27,83,442)        |
| – Demographic Assumptions  | (5,35,108)              | –                  |
| <b>Components of defined benefit costs recognised in other comprehensive income</b>              | <b>3,38,325</b>         | <b>(64,17,991)</b> |
| <b>Total</b>   | <b>22,14,960</b>        | <b>(32,98,813)</b> |
| <b>I. Net Asset/(Liability) recognised in the Balance Sheet as at 31st March</b>                 |                         |                    |
| 1. Present value of defined benefit obligation as at 31st March                                  | 2,02,06,818             | 1,75,58,324        |
| 2. Fair value of plan assets as at 31st March  | 2,07,46,682             | 1,75,34,005        |
| 3. Surplus/(Deficit)   | 5,39,864                | (24,319)           |
| 4. Current portion of the above  | –                       | (24,319)           |
| 5. Non current portion of the above  | 5,39,864                | –                  |
| <b>II. Change in the obligation during the year</b>  |                         |                    |
| 1. Present value of defined benefit obligation at the beginning of the year                      | 1,75,58,324             | 2,14,88,476        |
| 2. Expenses Recognised in Profit and Loss Account  |                         |                    |
| – Current Service Cost   | 20,33,573               | 28,77,474          |
| – Interest Cost  | 12,79,930               | 16,43,561          |
| 3. Recognised in Other Comprehensive Income  |                         |                    |
| Remeasurement gains/(losses)   |                         |                    |
| – Demographic Assumptions  | (5,35,108)              | –                  |
| – Financial Assumptions  | 5,58,581                | (49,96,103)        |
| – Experience Adjustments   | 1,13,697                | (27,83,442)        |
| 4. Benefit payments  | (8,02,179)              | (6,71,642)         |
| 5. Present value of defined benefit obligation at the end of the year                            | 2,02,06,818             | 1,75,58,324        |

**Notes to the financial statements for the year ended March 31, 2017 (Contd.)**

| Particulars   | Rupees                  |                    |
|---|-------------------------|--------------------|
|   | Funded Plan<br>Gratuity |                    |
|   | 2017                    | 2016               |
| <b>III. Change in fair value of assets during the year</b>            |                         |                    |
| 1. Fair value of plan assets at the beginning of the year             | 1,75,34,005             | 1,60,81,668        |
| 2. Adjustment to Opening Fair Value of the Asset                      | 14,76,964               | 14,30,751          |
| 3. Expenses Recognised in Profit and Loss Account                     |                         |                    |
| – Expected return on plan assets                                      | 14,36,868               | 14,01,857          |
| 4. Recognised in Other Comprehensive Income                           |                         |                    |
| Remeasurement gains/(losses)  |                         |                    |
| – Actual Return on plan assets in excess of the expected return       | (2,01,155)              | (14,01,857)        |
| 5. Contributions by employer (including benefit payments recoverable) | 5,00,000                | 21,586             |
| 6. Benefit payments   | –                       | –                  |
| 7. Fair value of plan assets at the end of the year                   | <b>2,07,46,682</b>      | <b>1,75,34,005</b> |
| <b>IV. The Major categories of plan assets</b>                        |                         |                    |
| – Funds Managed By Insurer (LIC of India)                             | <b>2,07,46,682</b>      | <b>1,75,34,005</b> |
| <b>V. Actuarial assumptions</b>                                       |                         |                    |
| 1. Discount rate  | 6.69%                   | 7.46%              |
| 2. Expected rate of return on plan assets                             | 6.50%                   | 8.00%              |
| 3. Salary escalation  | 6.50%                   | 6.50%              |
| 4. Attrition rate   | 18.90%                  | 5.00%              |

The sensitivity analysis of the defined benefit obligation to changes in the weighted principal assumptions is:

| Principal assumption |      | Changes in<br>assumption | Impact on defined benefit<br>obligation |                           |
|----------------------|------|--------------------------|---|---------------------------|
|                      |      |                          | Increase in<br>assumption               | Decrease in<br>assumption |
| Discount rate        | 2017 | 1.00%                    | 1,94,87,516                             | 2,09,82,819               |
|                      | 2016 | 1.00%                    | 1,63,03,210                             | 1,89,83,319               |
|                      | 2015 | 1.00%                    | 1,96,53,431                             | 2,36,10,351               |
| Salary growth rate   | 2017 | 1.00%                    | 2,08,97,020                             | 1,95,55,205               |
|                      | 2016 | 1.00%                    | 1,89,41,790                             | 1,63,18,129               |
|                      | 2015 | 1.00%                    | 2,34,89,342                             | 1,97,14,897               |

The above sensitivity analyses are based on a change in an assumption while holding all other assumptions constant. In practice this is unlikely to occur, and changes in some of the assumptions may be correlated. When calculating the sensitivity of the defined benefit obligation to significant actuarial assumptions the same method (present value of the defined benefit obligation calculated with the projected unit credit method at the end of the reporting period) has been applied as when calculating the defined benefit liability recognised in the Balance sheet.

The methods and types of assumptions used in preparing the sensitivity analyses did not change compared to previous period.

The Company expects to contribute Rs. 24,89,732 to the gratuity trusts during the next financial year of 2018.

| Maturity profile of defined benefit obligation: | 2017      | 2016      | 2015      |
|---|-----------|-----------|-----------|
| Within 1 year                                   |           |           |           |
| 1 - 2 year                                      | 49,08,363 | 14,46,875 | 13,55,899 |
| 2 - 3 year                                      | 58,68,317 | 11,99,673 | 13,17,428 |

**Notes to the financial statements for the year ended March 31, 2017 (Contd.)**

| Maturity profile of defined benefit obligation: | 2017             | 2016               | 2015               |
|---|------------------|--------------------|--------------------|
| 3 - 4 year                                      | 46,81,883        | 23,16,399          | 10,82,368          |
| 4 - 5 year                                      | 53,82,928        | 15,08,985          | 22,22,886          |
| 5 - 10 years                                    | 44,71,936        | 19,80,558          | 14,17,419          |
|   | <b>90,75,309</b> | <b>1,02,01,666</b> | <b>1,24,02,923</b> |

**Plan Assets**

The fair value of Company's plan asset as of March 31, 2016 and 2015 by category are as follows:

| Asset category:                   | 2017        | 2016        | 2015        |
|-----------------------------------|-------------|-------------|-------------|
| Deposits with Insurance companies | 100%        | 100%        | 100%        |
|                                   | <b>100%</b> | <b>100%</b> | <b>100%</b> |

100% of the plan assets is entrusted to Life Insurance Corporation (LIC) of India under their group gratuity scheme. The reimbursement is subject to life insurance corporation (LIC) of India surrender policy.

| VIII. Experience Adjustments:                              | 2017        | 2016        | Period Ended    |             |             |
|--|-------------|-------------|-----------------|-------------|-------------|
|  |             |             | 2015            | 2014        | 2013        |
|  |             |             | <b>Gratuity</b> |             |             |
| 1. Defined Benefit Obligation                              | 2,02,06,818 | 1,75,58,324 | 2,14,88,476     | 1,72,62,679 | 1,42,89,847 |
| 2. Fair value of plan assets                               | 2,07,46,682 | 1,75,34,005 | 1,60,81,668     | 1,42,17,444 | 1,17,17,444 |
| 3. Surplus/(Deficit)                                       | 5,39,864    | (24,319)    | (54,06,808)     | (30,45,235) | (25,72,403) |
| 4. Experience adjustment on plan liabilities [(Gain)/Loss] | -           | -           | -               | -           | -           |
| 5. Experience adjustment on plan assets [Gain/(Loss)]      | (2,01,155)  | (13,61,554) | (14,38,829)     | (10,45,176) | (897)       |

The expected rate of return on plan assets is based on the average long term rate of return expected on investments of the fund during the estimated term of obligation.

The estimate of future salary increases, considered in actuarial valuation, takes account of inflation, seniority, promotion and other relevant factors, such as supply and demand in the employment market.

**NOTE NO. 29 - RELATED PARTY DISCLOSURES**

| Name of the parent Company  | Relationship                                       |
|---|--|
| Mahindra and Mahindra Ltd   | Holding Company                                    |
| <b>Other related parties with whom transaction have been undertaken</b> |  |
| Mahindra Logistics Ltd  | Fellow subsidiary                                  |
| Mahindra HZPC Pvt Ltd   | Fellow subsidiary                                  |
| Mahindra Susten Pvt Ltd   | Fellow subsidiary                                  |
| Mahindra Agri Solutions Ltd   | Fellow subsidiary                                  |
| Mahindra Life space Developers Ltd                                      | Fellow subsidiary                                  |
| Mahindra Residential Developers Ltd                                     | Fellow subsidiary                                  |
| Mahindra Integrated Business Solutions Pvt Ltd                          | Fellow subsidiary                                  |
| Mr. Ashok Sharma  | Key Management Personnel (Managing Director)       |
| Mr. Sanjeev Mohoni  | Key Management Personnel (Chief Executive Officer) |

## Notes to the financial statements for the year ended March 31, 2017 (Contd.)

| Name of the parent Company | Relationship   |
|----------------------------|--|
| Mr. Mayur Bumb             | Key Management Personnel (Chief Financial Officer) upto December 9, 2016   |
| Ms. Sunetra Ganesan        | Key Management Personnel (Chief Financial Officer) w.e.f. January 31, 2017 |

Details of transaction between the Company and its related parties are disclosed below:

| Nature of transactions with Related Parties                                      | Rupees                            |                                   |
|--|-----------------------------------|-----------------------------------|
|  | For the year ended March 31, 2017 | For the year ended March 31, 2016 |
| <b>Sale of goods</b>   |                                   |                                   |
| Mahindra and Mahindra Ltd  | –                                 | 70,00,000                         |
| Mahindra HZPC Pvt Ltd  | 69,46,960                         | 104                               |
| Mahindra Life space Developers Ltd   | 15,35,384                         | 51,54,159                         |
| Mahindra Residential Developers Ltd  | 14,14,477                         | –                                 |
| Mahindra Susten Pvt Ltd  | 1,67,60,278                       | –                                 |
| Mahindra Agri Solutions Ltd  | 17,16,000                         | –                                 |
| <b>Purchase of Intangible Assets</b>   |                                   |                                   |
| Mahindra and Mahindra Limited  | 85,49,727                         | 32,68,000                         |
| <b>Remuneration</b>  |                                   |                                   |
| Mr. Ashok Sharma   | 27,58,000*                        | 14,01,570*                        |
| Mr. Sanjeev Mohoni   | 13,990,430*                       | 9,745,292*                        |
| Ms. Sunetra Ganesan  | 6,56,080                          | –                                 |
| Mr. Mayur Bumb   | 34,49,818                         | 36,88,770                         |
| <b>Management contract fees expenses (Including for deputation of personnel)</b> |                                   |                                   |
| Mahindra and Mahindra Limited  | 1,92,68,787                       | 1,26,09,195                       |
| Mahindra Logistics Limited   | 3,96,463                          | 3,93,076                          |
| <b>Travelling Expense</b>  |                                   |                                   |
| Mahindra and Mahindra Limited  | –                                 | 3,27,360                          |
| Mahindra Integrated Business Solution Pvt Ltd                                    | 38,095                            | –                                 |
| <b>Rent earned</b>   |                                   |                                   |
| Mahindra Agri Solutions Ltd  | 2,27,254                          | –                                 |
| <b>Rent Expense</b>  |                                   |                                   |
| Mahindra Logistics Limited   | –                                 | 1,83,674                          |
| <b>Reimbursement of Expenses to</b>  |                                   |                                   |
| Mahindra and Mahindra Limited  | 4,14,067                          | 1,71,570                          |
| <b>Professional Fees</b>   |                                   |                                   |
| Mahindra and Mahindra Limited  | 85,84,744                         | 16,06,500                         |
| Mahindra Integrated Business Solutions Pvt Ltd                                   | 2,94,208                          | –                                 |

## Notes to the financial statements for the year ended March 31, 2017 (Contd.)

| Nature of Balances with Related Parties | Rupees               |                      |
|---|----------------------|----------------------|
|   | As at March 31, 2017 | As at March 31, 2016 |
| <b>Trade payables</b>                   |                      |                      |
| Mahindra and Mahindra Limited           | 11,91,150            | 48,74,500            |
| Mahindra Logistics Limited              | -                    | 2,13,185             |
| <b>Trade Receivables</b>                |                      |                      |
| Mahindra and Mahindra Limited           | -                    | 70,00,000            |
| Mahindra HZPC Pvt Ltd                   | 27,86,959            | 104                  |
| Mahindra Susten Pvt Ltd                 | 81,37,775            | -                    |
| Mahindra Agri Solutions Ltd             | 18,44,782            | -                    |
| Mahindra Life space Developers Ltd      | (2,68,318)           | 33,96,765            |
| <b>Security Deposits</b>                |                      |                      |
| Mahindra Life space Developers Ltd      | -                    | 1,74,392             |

\* Company has incurred Rs. 15,791,546 (March 31, 2016 Rs. 11,146,862) for managerial personnel services provided by Mahindra and Mahindra Limited.

**Compensation of key managerial personnel**

The remuneration of directors and other members of key managerial personnel during the year was as follows:

| Particulars                                 | Year ended March 31, 2017 |                   |                         |                         | Year ended March 31, 2016 |                   |                         |                         |
|---|---------------------------|-------------------|-------------------------|-------------------------|---------------------------|-------------------|-------------------------|-------------------------|
|   | Directors                 | Managing Director | Chief Executive Officer | Chief Financial Officer | Directors                 | Managing Director | Chief Executive Officer | Chief Financial Officer |
| Remuneration                                | -                         | 27,58,000         | 1,30,33,546             | 37,76,369               | -                         | 14,01,570         | 97,45,292               | 33,56,638               |
| Fees for attending board committee meetings | 10,11,150                 | -                 | -                       | -                       | 8,50,000                  | -                 | -                       | -                       |
| Commission to independent directors         | 957,502                   | -                 | -                       | -                       | 10,94,365                 | -                 | -                       | -                       |
| Short-term employee benefits                | -                         | -                 | -                       | -                       | -                         | -                 | -                       | -                       |
| Share-based payment                         | -                         | -                 | 9,56,884 <sup>®</sup>   | 3,29,530                | -                         | -                 | -                       | 3,32,132                |

The remuneration of directors and key executives is determined by the remuneration committee having regard to the performance of individuals and market trends. Post employment benefits accounted as per actuarial valuation.

These are determined on actuarial basis and amount for each individual employee is not available.

<sup>®</sup> Excludes amount recovered by Holding Company in respect of options granted by the Holding Company.

**NOTE NO. 30 - CONTINGENT LIABILITIES AND COMMITMENTS**

| Contingent liabilities (to the extent not provided for)                                      | Rupees               |                      |                     |
|--|----------------------|----------------------|---------------------|
|  | As at March 31, 2017 | As at March 31, 2016 | As at April 1, 2015 |
| <b>Contingent liabilities</b>  |                      |                      |                     |
| (a) Claims against the Company not acknowledged as debt                                      | 37,92,798            | 33,66,138            | 26,49,921           |
| (b) Interest on account of commitment to Export, under Export Promotion Capital Goods Scheme | 18,42,288            | 1,00,63,173          | 79,23,054           |

## Notes to the financial statements for the year ended March 31, 2017 (Contd.)

| Contingent liabilities (to the extent not provided for)   | Rupees                  |                         |                        |
|---|-------------------------|-------------------------|------------------------|
|   | As at<br>March 31, 2017 | As at<br>March 31, 2016 | As at<br>April 1, 2015 |
| (c) Demands against the Company, relating to issues of deductibility and taxability in respect of which the company is in appeal/Department is in appeal  |                         |                         |                        |
| Income Tax:   | 24,20,335               | 47,33,718               | 49,33,598              |
| Sales Tax:  | -                       | 7,43,552                | 7,43,552               |
| Excise Duty:  | 43,88,000               | 79,44,000               | 79,44,000              |
| (d) Non-current non-financial asset includes refund claim made for excise duty paid under protest consequent upon the judicial pronouncement made by CESTAT in favour of the Company, which was disputed by the department before higher authorities. | 1,66,79,302             | 1,66,79,302             | 1,66,79,302            |

The Commissioner (Appeals), Central Excise and Customs, Nashik has sanctioned the claim on merit but taking recourse to the principle of "Unjust Enrichment" has ordered the claim to be transferred to the credit of the "Consumer Welfare Fund".

The Company had filed an appeal against the order. On hearing the appeal the Hon' CESTAT, Mumbai remanded back the case to the adjudicating authorities to examine the issue afresh. The Adjudicating Authority issued a Show Cause Notice and after personal hearing passed an order rejecting the claim without following the guidelines given by the Hon' CESTAT.

The Company had filed an appeal against the order with the Commissioner (Appeals), Central Excise & Customs, Nashik. The order Passed by the Commissioner (Appeals), Central Excise & Customs, Nashik is similar to order as given in order in appeal. The Company has filed an appeal to CESTAT Mumbai and no hearing has happened thereafter. The Claim is still tenable, no provision has been considered.

Note: In respect of items mentioned above, till the matters are finally decided, the timing of outflows of economic benefits cannot be ascertained.

### NOTE NO. 31 - COMMITMENTS

|   |           |           |           |
|---|-----------|-----------|-----------|
| Estimated amount of contracts remaining to be executed on capital account and not provided for in respect of Tangible assets. | 25,81,485 | 50,16,509 | 13,76,038 |
|---|-----------|-----------|-----------|

### NOTE NO. 32 -

The Director Horticulture, Maharashtra has passed an Order dated July 30, 2016 deregistering the Company from carrying subsidy related business in the state of Maharashtra. The Company has filed an appeal with the appropriate authorities.

### NOTE NO. 33 - EVENTS AFTER THE REPORTING PERIOD

No material events have occurred after the Balance Sheet date but before the approval of financial statements by the Board of Directors except an Order received dated April 1, 2017 from the Director Horticulture and Farm Forestry, Madhya Pradesh, staying his earlier Order dated March 28, 2017 restricting the Company from participating in State sponsored Horticulture Subsidy Scheme in the country for a period one year.

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**Notes to the financial statements for the year ended March 31, 2017 (Contd.)**
**NOTE NO. 34 - FIRST-TIME ADOPTION OF IND-AS****First Time Ind AS Adoption reconciliations****(i) Reconciliation of Total Equity as at March 31, 2016 and April 1, 2015:**

| Particulars                                     | Rupees                  |                       |
|---|-------------------------|-----------------------|
|   | As at<br>March 31, 2016 | As at<br>April 1 2015 |
| Equity as reported under previous GAAP          | 1,24,01,89,343          | 1,14,42,16,850        |
| <b>Ind AS: Adjustments increase (decrease):</b> |                         |                       |
| Discounting of Provisions                       | 12,22,714               | 16,25,262             |
| Government Grant Recognition                    | (39,16,136)             | (39,16,136)           |
| Remeasurement of ESOP Expenses at fair value    | 6,68,544                | -                     |
| Tax effects of above                            | (87,945)                | -                     |
| <b>Equity as reported under IND AS</b>          | <b>1,23,80,76,520</b>   | <b>1,14,19,25,976</b> |

**(ii) Reconciliation of Total Comprehensive Income for the year ended March 31, 2016:**

| Particulars   | Year Ended<br>March 31, 2016 |
|---|------------------------------|
| Profit or Loss as per previous GAAP   | 9,18,24,862                  |
| <b>Ind AS: Adjustments increase (decrease):</b>                             |                              |
| Discounting of long term provision (Gross)                                  | 8,04,887                     |
| Unwinding of discounts on provision   | (5,38,894)                   |
| Employee future benefits – actuarial gains and losses                       | (64,17,991)                  |
| Remeasurement of ESOP Expenses at fair value                                | (6,12,463)                   |
| Tax Adjustments   | 23,86,834                    |
| <b>Total adjustment to profit or loss</b>                                   | <b>(43,77,627)</b>           |
| <b>Profit or Loss under Ind AS</b>  | <b>8,74,47,235</b>           |
| Other comprehensive income (remeasurement of employee benefit) (net of tax) | 39,43,214                    |
| <b>Total comprehensive income under Ind AS</b>                              | <b>9,13,90,449</b>           |

Note: No statement of comprehensive income was produced under previous GAAP. Therefore the reconciliation starts with profit under previous GAAP.

**(iii) Material adjustments to the Statement of Cash Flows**

| Particulars   | Year ended March 31, 2016 |                       |                     |
|---|---------------------------|-----------------------|---------------------|
|   | Previous GAAP             | Ind AS<br>Adjustments | Ind AS              |
| Net cash flows from operating activities                    | (2,82,91,274)             | -                     | (2,82,91,274)       |
| Net cash flows from investing activities                    | 5,77,40,903               | -                     | 5,77,40,903         |
| Net cash flows from financing activities                    | (46,60,199)               | -                     | (46,60,199)         |
| <b>Net increase (decrease) in cash and cash equivalents</b> | <b>2,47,89,430</b>        | <b>-</b>              | <b>2,47,89,430</b>  |
| <b>Cash and cash equivalents at beginning of period</b>     | <b>13,67,94,019</b>       | <b>-</b>              | <b>13,67,94,019</b> |
| <b>Cash and cash equivalents at end of period</b>           | <b>16,15,83,449</b>       | <b>-</b>              | <b>16,15,83,449</b> |

## Notes to the financial statements for the year ended March 31, 2017 (Contd.)

### (iv) Reconciliation of Balance Sheet March 31, 2015:

| Particulars                   | Note | IGAAP Value  | Adjustments   | Ind AS amounts |
|-------------------------------|------|--------------|---------------|----------------|
| <b>Balance Sheet Item</b>     |      |              |               |                |
| Property, Plant and Equipment | a, b | 29,76,49,894 | (2,23,47,040) | 27,53,02,854   |
| Provision for Warranty        | c    | 85,52,648    | (16,25,262)   | 69,27,386      |
| Non-financial liabilities     | b    | 6,76,04,314  | 1,38,28,658   | 8,14,32,972    |
| Non-financial asset           | a, f | 8,24,87,701  | 1,76,94,421   | 10,01,82,122   |
| Deferred Tax Assets (Net)     | f    | –            | 1,45,65,142   | 1,45,65,142    |

### (v) Reconciliation of Balance Sheet and Statement of Profit and Loss for the year ended March 31, 2016:

| Particulars  | Note | IGAAP Value    | Adjustments   | Ind AS amounts |
|--|------|----------------|---------------|----------------|
| <b>Balance Sheet Item</b>                                    |      |                |               |                |
| Property, Plant and Equipment                                | a, b | 28,58,78,772   | (2,19,14,613) | 26,39,64,160   |
| Provision for Warranty                                       | c    | 1,61,95,769    | (18,91,255)   | 1,43,04,514    |
| Non-financial liabilities                                    | b    | 8,67,36,616    | 1,38,28,658   | 10,05,65,274   |
| Non-financial asset  | a    | 9,22,45,334    | 1,53,80,118   | 10,76,25,452   |
| Deferred Tax Assets (Net)                                    | c, f | 1,70,58,826    | 1,63,59,073   | 3,34,17,899    |
| <b>Statement of Profit and Loss</b>                          |      |                |               |                |
| Revenue from operations                                      | g    | 2,04,91,78,935 | (1,96,05,783) | 2,02,95,73,152 |
| Employee benefit expense                                     | e    | 20,21,45,229   | 70,30,454     | 20,91,75,683   |
| Warranty expenses  | c    | 1,22,04,777    | (2,65,993)    | 1,19,38,784    |
| Remeasurement of the defined benefit plans recognised in OCI | d    | –              | (64,17,991)   | (64,17,991)    |
| Deferred tax Expense (including under OCI)                   | c    | (1,70,58,826)  | 87,945        | (1,69,70,881)  |

### Notes to the reconciliations

- Under previous GAAP, leasehold land was classified under fixed assets which was depreciated over the term of the lease. Under Ind AS -17, the leasehold land has been classified as Operating Lease and accordingly classified as a prepaid asset. The effect of this change led to reduction in property, plant and equipment's as at April 1, 2015 by Rs. 3,22,59,523 and as at March 31, 2016 by Rs. 3,18,27,136 and increase in Prepayment-Land Lease which forms part of Non Financial Assets.
- Under previous GAAP, grant received from the Government in the form of custom duty deferral under the Export Promotion Capital Goods Scheme was deducted from the carrying amount of fixed asset as permitted under previous GAAP, i.e. AS 12, Accounting for Government Grants. As per Ind AS 20, Accounting for Government Grants and Disclosure of Government Assistance, such a grant is required to be accounted by setting up the grant as deferred income on the date of transition. Accordingly, as on the transition date, PPE is increased by the grant amount with a corresponding a deferred Government Grant Liability of Rs. 1,38,28,658.
- Under previous GAAP, discounting of provisions was not permitted and provisions were measured at best estimate of the expenditure required to settle the obligations at the balance sheet date. Under Ind AS, provisions are measured at the discounted amounts, if the effect of time value of money is material. The Company has discounted the provision for warranty to present value at the reporting dates resulting in the provisions being decreased by Rs. 16,25,262 as at April 1, 2015 and Rs. 18,91,255 as at March 31, 2016. Deferred tax is recognised of Rs. 87,945 as at March 31, 2016.
- Under previous GAAP, actuarial gains and losses were recognised in profit or loss. Under Ind AS, the actuarial gains & losses form part of remeasurement of the net defined benefit liabilities / assets, which is recognised in other comprehensive income. Consequently, the tax effect of the same has also been recognised in other comprehensive income under Ind AS instead of profit & loss. The actuarial gains for the year ended March 31, 2016 were Rs 64,17,991 and the tax effect thereon Rs 24,74,777. This change does not effect total equity, but there is decrease in profit before tax of Rs 64,17,991 and in total profit of Rs. 39,43,214 for the year ended March 31, 2016.

## Notes to the financial statements for the year ended March 31, 2017 (Contd.)

- e. Under previous GAAP, the cost of equity settled employee share-based payments was recognised using the intrinsic value method. Under Ind AS, the cost of equity settled employee share-based payments is recognised based on the fair value of the options as on the date of grant. Effect of this change led to increase in expenses by Rs. 6,12,624 for the year ended March 31, 2016.
- f. Under previous GAAP, Minimum Alternate Tax credit was recognised as an asset under Loans and Advances whereas under Ind AS, it is recognised as a component of Deferred Tax asset.
- g. Under previous GAAP, Octroi refund was recognised under revenue from operations whereas under Ind AS it is recognised as reduction from cost of materials consumed.

### Note No. 35 Additional Information to the Financial Statements

#### 35.1 Details of unutilised amounts out of issue of securities made for specific purpose

In June, 2012, the Company had allotted 1,03,58,199 equity shares at a price of Rs. 40 per share (including a premium of Rs. 30/- per share) resulting in total issue size of Rs. 41,43,27,960 under the Rights Issue.

The uses and application of funds raised under the Rights Issue are given as below:

| Particulars                        | Rupees              |                      |
|------------------------------------|---------------------|----------------------|
|                                    | Actual Utilisation  | Proposed Utilisation |
| Issue Related Expenses             | 1,30,18,040         | 1,30,18,040          |
| Procurement of plant and machinery | 2,06,75,817         | 2,19,26,626          |
| Working capital requirements       | 30,27,66,294        | 30,27,66,294         |
| General Corporate Purposes         | 7,66,17,000         | 7,66,17,000          |
| Funds Utilised                     | <b>41,30,77,151</b> | 41,43,27,960         |
| Un-utilised Rights Issue proceeds* | 12,50,809           | –                    |
| <b>Total</b>                       | <b>41,43,27,960</b> | 41,43,27,960         |

\*Temporarily invested in Bank Current Account

#### 35.2 Disclosure under Regulation 34 (3) SEBI (Listing Obligation and Disclosure Requirements) Regulation, 2015

The Company has not given any loans and advances in the nature of loans to subsidiaries, associates and firms/companies in which directors are interested. Further, the Company has not made any loans and advances where there is no repayment schedule or repayment beyond seven years or no interest or interest lower than the prevailing yield of one year, three year, five year or ten year Government Security closest to the tenure of the loan as per section 186 of the Companies Act, 2013.

#### 35.3 There are no amounts due for transfer to Investor Education and Protection Fund

| Particulars                                   | Rupees                            |                                   |
|---|-----------------------------------|-----------------------------------|
|   | For the year ended March 31, 2017 | For the year ended March 31, 2016 |
| 35.4 Value of imports calculated on CIF basis |                                   |                                   |
| Raw materials                                 | 32,846                            | 35,02,805                         |
| Components and spare parts                    | 1,60,05,274                       | 1,60,41,895                       |
|   | <b>1,60,38,120</b>                | 1,95,44,700                       |

#### 35.5 Expenditure in foreign currency on account of

|            |                 |          |
|------------|-----------------|----------|
| Travelling | 1,69,849        | 1,93,707 |
|            | <b>1,69,849</b> | 1,93,707 |

#### 35.6 Details of consumption of imported and indigenous items

| <u>Imported</u> |                    |             |
|-----------------|--------------------|-------------|
| Raw materials   | 20,55,774          | 42,40,722   |
| Components      | 2,44,47,333        | 1,42,25,816 |
| Spare parts     | 1,79,076           | 5,96,908    |
|                 | <b>2,66,82,184</b> | 1,90,63,445 |

## Notes to the financial statements for the year ended March 31, 2017 (Contd.)

| Particulars                              | Rupees                               |                                      |
|--|--------------------------------------|--------------------------------------|
|  | For the year ended<br>March 31, 2017 | For the year ended<br>March 31, 2016 |
| <u>Indigenous</u>                        |                                      |                                      |
| Raw materials                            | 75,88,30,843                         | 63,99,69,109                         |
| Components                               | 33,10,76,508                         | 44,72,54,055                         |
| Spare parts                              | 18,99,978                            | 51,11,716                            |
|  | <u>1,09,18,07,328</u>                | <u>1,09,23,34,880</u>                |
| <b>35.7 Earnings in foreign exchange</b> |                                      |                                      |
| Export of goods calculated on FOB basis  | 22,48,779                            | 11,83,308                            |
| Freight and Insurance                    | -                                    | 1,05,519                             |
|  | <u>22,48,779</u>                     | <u>12,88,827</u>                     |

### Note No. 36 Specified Bank Notes (SBN)

| Particulars                                  | SBN        | Other<br>Denomination<br>notes | Total      |
|--|------------|--------------------------------|------------|
|  |            |                                |            |
| Closing Cash in Hand as on November 8, 2016  | 1,06,000   | 1,70,430                       | 2,76,430   |
| (+) Permitted receipts                       | 1,11,500   | 4,30,000                       | 5,41,500   |
| (-) Permitted Payments                       | -          | (4,82,989)                     | (4,82,989) |
| (-) Amount Deposited in Bank                 | (2,17,500) | (2,000)                        | (2,19,500) |
| Closing Cash in Hand as on December 30, 2016 | -          | -                              | 1,15,441   |

The Company has received Rs. 1,11,500 in cash (Specified Bank Notes) on December 23, 2016, recovered by Police in the Criminal case no. 315/2015 as per Court Order dated December 19, 2016.

### Note No. 37 Previous year's figures

Previous year's figures have been regrouped/reclassified wherever necessary to correspond with the current year's classification/disclosure.

### Note No. 38 Approval of financial statements

The financial statements of the Company were approved by the Board of Directors and authorised for issue on April 27, 2017.

For and on behalf of the Board of Directors

|                       |   |                         |
|-----------------------|---|-------------------------|
| Ashok Sharma          | } | Managing Director       |
| S. Durgashankar       |   | Directors               |
| Sangeeta Prasad       |   |                         |
| Anand Daga            |   |                         |
| Vinayak Patil         |   |                         |
| Nikhilesh Panchal     |   |                         |
| Sanjeev Mohoni        |   | Chief Executive Officer |
| Sunetra Ganesan       |   | Chief Financial Officer |
| R. V. Nawghare        |   | Company Secretary       |
| Place : Nashik        |   |                         |
| Date : April 27, 2017 |   |                         |





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**A Mahindra Group Company**

## **EPC INDUSTRIÉ LIMITED**

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