EVEREST KANTO CYLINDER LIMITED

ANNUAL REPORT 2013

EKC

Clean Energy Solution Company

Forefront in TECHNOLOGY

Looking into the demand of many Automotive OEMs, EKC has now introduced yet another High Quality "Light Weight CNG Cylinders" produced from fine grade steel plates by Deep Drawing Technology. These cylinders have exceptional consistency in cylinder wall thickness that gives higher volumetric capacity to weight ratio. Cylinders made from plate offer uniform and smooth appearance externally. Besides the NGV application, the plate cylinders can also be used for storing high purity industrial and medical gases and breathing apparatus, safety and rescue equipments and aerospace vehicles.

EKC Light Weight CNG cylinders from plate can be supplied conforming to International standards like ECE R 110, ISO: 11439, ISO: 4705D, NZS: 5454 and other international standards. EKC provides the CNG cylinders for all kinds of automobiles such as cars, buses, three wheelers, pick-ups and other utility vehicles. All EKC CNG cylinders are ultrasonically tested for any defects and all cylinder batches undergo a stringent pressure cycling test to confirm the fatigue strength under repeated "fill – empty" cycles of usage.

New FACILITIES

EKC has established new State-of-the-Art plants

Fully automated Robotic and computerised controled plant at Kandla Special Economic Zone in Gujarat

Latest Billet plant at Gandhidham

Type2 - Plate Cylinder plant at China

- One of the largest High Pressure seamless cylinder manufacturers globally.
- Widest range from 1 ltr to 3000 ltr high pressure gas cylinders.
- Total production capacity of over 1.3 million cylinders per annum.
- Seven manufacturing plants in India, Dubai, China and Unites States of America.
- All EKC plants carry ISO: 9001 accreditation for quality management systems.

BOARD OF DIRECTORS

Chairman & Managing Director
Mr. P.K. Khurana

Non - Executive Directors
Mr. Pushkar Khurana
Mr. Puneet Khurana (Whole - Time Director till September 30, 2012)

Whole - Time Director
Mr. P.M. Samvatsar (till March 1, 2013)

Independent Directors
Mr. Krishen Dev
Mr. Naresh Oberoi
Mr. Mohan Jayakar
Mr. Vyomesh Shah
Mr. Gurdeep Singh
Mr. Shailesh Haribhakti (till May 30, 2012)

Non - Executive Non - Independent Director
Mr. Varun Bery

CHIEF FINANCIAL OFFICER

Mr. Vipin Chandok

COMPANY SECRETARY & COMPLIANCE OFFICER

Ms. Kanika Sharma

BANKERS TO THE COMPANY

State Bank of Hyderabad
Citibank N.A.
ICICI Bank Limited
Standard Chartered Bank
Yes Bank Limited
EXIM Bank of India

STATUTORY AUDITORS

Dalal & Shah,
Chartered Accountants, Mumbai

REGISTRAR AND SHARE TRANSFER AGENT

Link Intime India Private Limited
C-13, Pannalal Silk Mills Compound,
L.B.S Marg, Bhandup (W),
Mumbai - 400 078.
Tel.: 91 22 2594 6970
Fax: 91 22 2594 6969
Email: rnt.helpdesk@linkintime.co.in
Website: www.linkintime.co.in

BOARD COMMITTEES

Audit Committee
Mr. Vyomesh Shah (Chairman)
Mr. Naresh Oberoi
Mr. Krishen Dev
Mr. Puneet Khurana

Shareholders' / Investors' Grivances Redressal and Share Transfer Committee
Mr. Mohan Jayakar (Chairman)
Mr. Puneet Khurana
Mr. P.M. Samvatsar (till March 1, 2013)

Remuneration Committee
Mr. Krishen Dev (Chairman)
Mr. Mohan Jayakar
Mr. Naresh Oberoi
Mr. P.K. Khurana

Allotment Committee
Mr. P.K. Khurana (Chairman)
Mr. Puneet Khurana
Mr. P.M. Samvatsar (till March 1, 2013)

Management Committee
Mr. P.K. Khurana (Chairman)
Mr. Puneet Khurana
Mr. P.M. Samvatsar (till March 1, 2013)

Investment Committee
Mr. P.K. Khurana (Chairman)
Mr. Krishen Dev
Mr. Puneet Khurana
Mr. Shailesh Haribhakti (till May 30, 2012)

REGISTERED OFFICE

204, Raheja Centre,
Free Press Journal Marg,
214, Nariman Point,
Mumbai - 400 021.
Tel.: 91 22 3026 8300 - 01
Fax: 91 22 2287 0720
Email: investors@ekc.in
Website: www.everestkanto.com

34th Annual General Meeting on Monday, July 22, 2013 at 3.00 p.m.
at M.C. Ghia Hall at Bhogilal Hargovindas Building, 4th Floor, 18/20, Kaikhushru Dubash Marg, Kala Ghoda, Mumbai - 400 001.

The Annual Report can be accessed at www.everestkanto.com

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NOTICE

Notice is hereby given that the Thirty Fourth Annual General Meeting of the Members of EVEREST KANTO CYLINDER LIMITED will be held at 3.00 p.m. on Monday, July 22, 2013, at M.C. Ghia Hall at Bhogilal Hargovindas Building, 4th Floor, 18/20, Kaikhushru Dubash Marg, Kala Ghoda, Mumbai - 400 001, to transact the following businesses:

ORDINARY BUSINESS:

1. To consider and adopt the audited Balance Sheet as at March 31, 2013, the Profit and Loss Account for the year ended on that date and the Reports of the Board of Directors and Auditors thereon.
2. To declare a dividend on Equity Shares.
3. To appoint a Director in place of Mr. Pushkar Khurana, who retires by rotation and, being eligible, offers himself for re-appointment.
4. To appoint a Director in place of Mr. Varun Bery, who retires by rotation and, being eligible, offers himself for re-appointment.
5. To appoint the Statutory Auditors and to fix their remuneration, and in this regard to consider and, if thought fit, to pass, with or without modification(s), the following resolution as an **Ordinary Resolution**:

   "RESOLVED THAT M/s Walker, Chandiok & Co., Chartered Accountants, (Firm Registration Number 001076N), be and are hereby appointed as the Statutory Auditors of the Company, to hold office from the conclusion of this Annual General Meeting until the conclusion of the next Annual General Meeting of the Company on such remuneration as shall be fixed by the Board of Directors of the Company in place of M/s Dalal & Shah, Chartered Accountants, (Firm Registration Number 102021W) the retiring auditors."
6. To appoint Branch Auditors and to fix their remuneration, and in this regard to consider and, if thought fit, to pass, with or without modification(s), the following resolution as an **Ordinary Resolution**:

   "RESOLVED THAT M/s. Arun Arora & Co., Chartered Accountants, (Registration Number A - 12018), be and are hereby re-appointed as Branch Auditors of the Company, to hold office from the conclusion of this Annual General Meeting until the conclusion of the next Annual General Meeting of the Company on such remuneration as shall be fixed by the Board of Directors."

By **Order of the Board of Directors**

Mumbai
May 30, 2013

Kanika Sharma
Company Secretary

Registered Office
204, Raheja Centre, Free Press Journal Marg,
214, Nariman Point, Mumbai - 400 021.
Tel.: 91 22 3026 8300 - 01
Fax: 91 22 2287 0720
Email: investors@ekc.in
Website: www.everestkanto.com

NOTES:

1. **A member entitled to attend and vote at the Annual General Meeting (the Meeting) is entitled to appoint a proxy to attend and vote on a poll instead of himself and the proxy need not be a member of the Company. The instrument appointing the proxy should, however, be deposited at the Registered Office of the Company not less than forty-eight hours before the commencement of the Meeting.**
2. In terms of Article 137 of the Articles of Association of the Company, read with Section 256 of the Companies Act, 1956, Mr. Pushkar Khurana and Mr. Varun Bery, Directors, retire by rotation at the ensuing Annual General Meeting and, being eligible, offer themselves for re-appointment. The Board of Directors of the Company recommends their respective re-appointments. Brief resume of these Directors, nature of their expertise in specific functional areas and names of companies in which they hold directorships and memberships/chairmanships of Board Committees, shareholding as stipulated under Clause 49 of the Listing Agreement with the Stock Exchanges in India, etc. are provided in the Report on Corporate Governance forming part of the Annual Report.

3. Members are requested to bring their Attendance Slip along with their copy of Annual Report to the Meeting.
4. In case of Joint holders attending the Meeting, only such joint holder who is higher in the order of names will be entitled to vote.
5. 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 their behalf at the Meeting.
6. Relevant documents referred to in the accompanying Notice are open for inspection at the Registered Office of the Company on all working days, except Saturdays, between 11.00 a.m. and 1.00 p.m. up to the date of the Meeting.
7. The Register of Members and Transfer Books thereof shall remain closed from Friday, July 12, 2013 to Monday, July 22, 2013 (both days inclusive) for determining the names of members eligible for dividend on equity shares, if declared at the meeting.
8. The dividend on equity shares, if declared at the Meeting, will be credited/ dispatched on Monday, July 29, 2013 to those members whose names shall appear on the Company's Register of Members on Thursday, July 11, 2013. In respect of shares held in dematerialized form, the dividend, if declared, will be paid to members whose names are furnished by National Securities Depository Limited and Central Depository Services (India) Limited as beneficial owners as at the end of business hours on Thursday, July 11, 2013.
9. Members who have so far not encashed dividend warrant(s) for the Financial Year(s) 2005-06, 2006-07, 2007-08, 2008-09, 2009-10, 2010-11 and 2011-12 are requested to write to the Company's Registrar and Transfer Agents, Link Intime India Private Limited, immediately.
10. Members desirous of getting any information about the accounts and operations of the Company are requested to address their queries to the Company Secretary at the registered office so as to reach the Company at least seven days before the date of the meeting to enable the management to keep the required information readily available at the meeting.

IMPORTANT COMMUNICATION TO MEMBERS

Your Company is concerned about the environment and utilizes natural resources in a sustainable manner. The Ministry of Corporate Affairs (vide Circular No. 17/2011 dated April 21, 2011 and Circular No. 18/2011 dated April 29, 2011) has allowed companies to share documents with its shareholders through electronic mode as part of the green initiative in corporate governance.

To support this Green initiative in full measures, we hereby propose to send all communications/documents to the email address provided by you with your depository. We request you to update your email address with your depository participant to ensure that the communications/documents reach you on your preferred email address.

DIRECTORS' REPORT

Dear Shareholders,

The Directors are pleased to present the 34th Annual Report and the Audited Accounts for the financial year ended March 31, 2013.

FINANCIAL RESULTS

The financial performance of the Company for the year ended March 31, 2013 is summarized below:

(₹ in Lakh)

Particulars	Standalone		Consolidated	
	2012-13	2011-12	**2012-13**	2011-12
Sales	**26,770.20**	33,106.08	**55,849.48**	69,548.56
Less: Excise Duty	**2,711.19**	2,600.92	**2,711.19**	2,600.92
Total Sales	**24,059.01**	30,505.16	**53,138.29**	66,947.64
Profit before Finance Charges, Depreciation, Provision for Doubtful Debts, Foreign Exchange Variation (net) and Tax	**718.15**	4,715.84	**3,533.17**	10,511.81
Less:				
- Finance Charges	**3,318.72**	1,255.96	**3,817.90**	1,777.72
- Depreciation	**2,254.32**	2,387.10	**6,963.06**	6,680.77
Profit before Foreign Exchange Variation and Taxation	**(4,854.89)**	1,072.78	**(7,247.79)**	2,053.32
Provision for Doubtful Debts	**-**	-	**(4,026.74)**	(151.27)
Foreign Exchange Variation – Gain / (Loss)	**(985.56)**	(3,060.58)	**(1,027.99)**	(2,747.00)
Profit before Tax	**(5,840.45)**	(1,987.80)	**(12,302.52)**	(844.95)
(Less) / Add: Provision for Taxation				
- Current Tax	**-**	-	-	(2.09)
- Deferred Tax / Credit	**(1,121.08)**	(266.15)	**839.74**	(815.66)
Profit for the year	**(4,719.37)**	(1,721.65)	**(13,142.26)**	(31.38)
Add: Prior period adjustments and Tax adjustments of earlier years (net)	**30.37**	(500.00)	39.04	(500.00)
Net Profit	**(4,749.74)**	(1,221.65)	**(13,181.30)**	468.62
Minority Interest Loss Absorbed	**-**	-	**(69.49)**	(37.70)
Balance Brought Forward from Previous Years	**7,467.63**	9,000.63	**33,234.10**	33,114.53
Balance Available for Appropriation	**2,717.89**	7,778.98	**19,983.31**	33,545.45
Appropriation:				
Proposed Dividend	**214.32**	267.89	**214.32**	267.89
Provision for Dividend Tax	**36.42**	43.46	**36.42**	43.46
Balance Carried Forward	**2,467.15**	7,467.63	**19,732.57**	33,234.10
Basic and Diluted Earnings Per Share of ₹ 2 each	**(4.43)**	(1.14)	**(12.30)**	0.44

PERFORMANCE REVIEW

The financial year 2012-13 continued to witness difficult and competitive business scenario and conditions across all business segments and geographies of the Company, in tune with the gradual slow-down of the Indian economy, quarter on quarter, in general, and the automobile sector in particular, resulting in lower sales and margins of the Company on standalone basis. The subsidiaries of the Company operating in different geographies across the globe witnessed similar situation and conditions due to various factors impacting each of them. The persistent depreciation during the year of the Indian Rupee vis-à-vis the US Dollars too added to losses during the first half of the financial year.

On standalone basis, for FY 2012-13, revenues at ₹ 24059.01 Lakh were lower by around 21% over the previous year's revenues of ₹ 30,505.16 Lakh and Net Loss at ₹ (4,749.74) Lakh was increase by around 289% over the previous year's net profit of ₹ (1,221.65) Lakh. On consolidated basis, revenues at ₹ 53,138.29 Lakh were lower by around 21% over the previous year's revenues of ₹ 66,947.64 Lakh and Net Loss at ₹ (13,182.30) Lakh was increase by around 2913% over the previous year's net profit of ₹ 468.62 Lakh. The Standalone Net Loss is after considering Foreign Currency Loss of ₹ 985.56 Lakh and the Consolidated Net Profit is after considering Foreign Currency Losses of ₹ 1,027.99 Lakh and Provision for Doubtful Debts of ₹ 4,026.74 Lakh.

DIVIDEND

The Directors have recommended a dividend of ₹ 0.20 per Equity Share of ₹ 2 each (10%) (last year ₹ 0.25 per Equity Share) for the financial year ended March 31, 2013, amounting to ₹ 250.74 Lakh (inclusive of dividend tax of ₹ 36.42 Lakh).

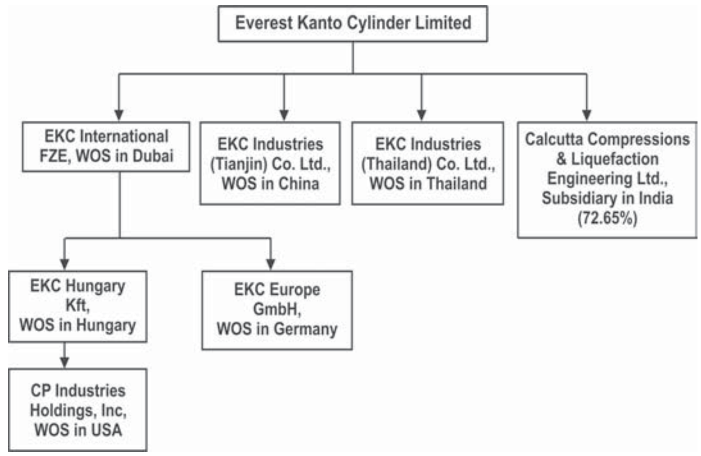
FINANCE

The Foreign Currency Convertible Bonds (FCCBs), having principal value of US$ 35 Million, that were issued by the Company in 2007 fell due in October 2012. On maturity of the bonds, as per the terms of the issue thereof, the Company redeemed the FCCBs in full with premium of US$ 14.98 Million. The redemption of the FCCBs was entirely financed from long term loan from a bank.

SUBSIDIARIES

As on March 31, 2013, the Company had (a) three wholly owned overseas subsidiary companies, viz., EKC International FZE in Dubai, UAE, EKC Industries (Tianjin) Co. Ltd. in China and EKC Industries (Thailand) Co. Ltd. in Thailand, (b) three step down wholly owned overseas subsidiary companies, viz. EKC Hungary Kft in Hungary, CP Industries Holdings, Inc. in USA, EKC Europe GmbH in Germany and (c) one Indian subsidiary Company viz., Calcutta Compressions & Liquefaction Engineering Ltd.

The Current Corporate Structure is as under:



Pursuant to the provision of Section 212(8) of the Companies Act, 1956, the Ministry of Corporate Affairs, Government of India vide its circular dated February 8, 2011 has granted general exemption from attaching the Balance Sheet, Profit and Loss Account and other documents of the subsidiary companies with the Balance Sheet of the Company. Accordingly, the Board of Directors of the Company has decided to avail of the exemption. As required under the circular, a Statement containing the brief financial details of the subsidiaries for the financial year ended March 31, 2013 is included in the Annual Report. The annual accounts of the subsidiaries and the related detailed information will be made available to any shareholder of the Company and of the subsidiaries who may be interested in obtaining the same at any point of time and are also available at the registered office of the Company and that of the respective subsidiary companies for inspection by any shareholder of the Company and of the subsidiaries. The Consolidated Financial Statements presented by the Company include the financial results of the subsidiary companies.

FIXED DEPOSITS

The Company has not accepted any fixed deposits during the year under review.

DIRECTORS

Mr. Puneet Khurana, on moving to China to look after the day to day operations of EKC Industries (Tianjin) Company Limited, resigned as the Whole-Time Director of the Company with effect from September 30, 2012. He continues as a Non-Executive Director of the Company.

Mr. P. M. Samvatsar, Whole-Time Director of the Company, on account of personal commitments, resigned from the Board of Directors of the Company w.e.f. March 1, 2013.

As per the provisions of Article 137 of the Articles of Association of the Company, Mr. Pushkar Khurana and Mr. Varun Bery retire by rotation at the ensuing Annual General Meeting and, being eligible, offer themselves for re-appointment as Directors at the ensuing Annual General Meeting. The Board of Directors recommends their re-appointment by the shareholders at the ensuing Annual General Meeting.

Brief resume of the Directors proposed to be re-appointed, nature of their expertise in specific functional areas and names of public limited companies in which they hold directorships and memberships / chairmanships of Board Committees, as stipulated under Clause 49 of Listing Agreements with the Stock Exchanges in India, are provided in the Report on Corporate Governance forming part of the Annual Report.

CREDIT RATING FROM CRISIL

In respect of the borrowings of the Company, CRISIL has, during the year, revised the Long Term and Short Term ratings, as under:

(a) Long Term Rating:

Date of Revision	Rating from	Rating to
May 10, 2012	Crisil A+ / Stable	Crisil A / Stable
August 29, 2012	Crisil A / Stable	Crisil BBB+ / Negative
October 1, 2012	Crisil BBB+ / Negative	Crisil BBB- / Negative
November 19, 2012	Crisil BBB- / Negative	Crisil BBB- / Stable

(b) Short Term Rating:

Date of Revision	Rating from	Rating to
May 10, 2012	Reaffirmation as Crisil A1	
August 29, 2012	Crisil A1	Crisil A2
October 1, 2012	Crisil A2	Crisil A3
November 19, 2012	Reaffirmation as Crisil A3	

MANAGEMENT DISCUSSION AND ANALYSIS REPORT

Management Discussion and Analysis Report for the year under review, as stipulated under Clause 49 of the Listing Agreement with the Stock Exchanges in India, is presented in a separate section forming part of the Annual Report.

DIRECTORS' RESPONSIBILITY STATEMENT

Pursuant to the requirement under Section 217(2AA) of the Companies Act, 1956, with respect to Directors' Responsibility Statement, it is hereby confirmed that:

(i) in the preparation of the annual accounts for the year ended March 31, 2013, the applicable accounting standards have been followed and there are no material departures from the same;

(ii) the Directors have selected such accounting policies and applied them consistently and made judgments 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 March 31, 2013 and of the profit of the Company for the year ended on that date;

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

(iv) the Directors have prepared the annual accounts of the Company on a 'going concern' basis.

CONSOLIDATED FINANCIAL STATEMENTS

In accordance with the Accounting Standard AS-21 on Consolidated Financial Statements, the Audited Consolidated Financial Statements are provided in the Annual Report. As a significant part of the Company's business is conducted through its subsidiaries, the Directors believe that the consolidated accounts provide a more accurate representation of the performance of the Company.

AUDITORS

M/s Dalal & Shah, Chartered Accountants, Statutory Auditors, and M/s Arun Arora & Co., Chartered Accountants, Branch Auditors, hold office until the conclusion of the ensuing Annual General Meeting and are eligible for re-appointment.

M/s. Dalal & Shah have intimated that they would not seek reappointment as the statutory auditors at the ensuing Annual General Meeting. It is proposed to appoint M/s. Walker, Chandiok & Co., Chartered Accountants, as the statutory auditors in their place. The Company has received a letter from Walker, Chandiok & Co., to the effect that their appointment, if made, would be within the limits prescribed under Section 224(1B) of the Companies Act, 1956 and that they are not disqualified for re-appointment within the meaning of Section 226 of the said Act.

The Company has received a letter from M/s. Arun Arora & Co. to the effect that their re-appointment, if made, would be within the limits prescribed under Section 224(1B) of the Companies Act, 1956 and that they are not disqualified for re-appointment within the meaning of Section 226 of the said Act.

COST AUDITORS

The Company has appointed Mr. Vinayak B. Kulkarni, Cost Accountants, as Cost Auditors under section 233B of the Companies Act, 1956, for conducting cost audit for the financial year 2013-14. The Cost Auditors have submitted their Cost Audit Report for the financial year 2011-2012, which has also been filed with Central Government on February 26, 2013.

CORPORATE GOVERNANCE

The Company is committed to achieving and maintaining the highest standards of Corporate Governance and places high emphasis on business ethics. Pursuant to Clause 49 of the Listing Agreement, a Management Discussion and Analysis Report and the Report on Corporate Governance form part of the Annual Report.

The requisite Certificate from a practicing Company Secretary confirming compliance with the conditions of Corporate Governance as stipulated under the aforesaid Clause 49 also forms part of the Annual Report.

PARTICULARS OF EMPLOYEES

In terms of the provisions of Section 217(2A) of the Companies Act, 1956, read with the Companies (Particulars of Employees) Rules, 1975 as amended, the particulars of employees are set out in annexure to this Report.

However, having regard to the provisions of Section 219(1)(b)(iv) of the said Act, the Annual Report excluding the aforesaid information is being sent to all the members of the Company and others entitled thereto. Any member interested in obtaining such particulars may write to the Company Secretary at the registered office of the Company.

ENERGY CONSERVATION, 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 Section 217(1)(e) of the Companies Act, 1956 read with the Companies (Disclosure of Particulars in the Report of Board of Directors) Rules, 1988 are provided as an Annexure to this Report.

ACKNOWLEDGEMENT AND APPRECIATION

The Directors would like to express their appreciation for the assistance, support and co-operation received from the financial institutions, banks, Government authorities, customers, vendors and members during the year under review. The Directors also wish to place on record their deep sense of appreciation for the committed services by the executives, staff and workers of the Company globally.

For and on behalf of the Board

Mumbai
May 30, 2013

P.K. Khurana
Chairman & Managing Director

ANNEXURE TO THE DIRECTORS' REPORT

Information pursuant to section 217(1)(e) of the Companies Act, 1956, read with the Companies (Disclosure of Particulars in the report of the Board of Directors) Rules, 1988 in respect of conservation of energy, technology absorption and foreign exchange earnings and outgo.

A. CONSERVATION OF ENERGY:

As a responsible corporate citizen, the Company is taking all possible measures to achieve efficiency in energy utilization, such as:

a. Efficiency in the use of electrical energy by installing power efficient equipments at all the plants / offices.

b. Efficiency in the use of Thermal energy like trying out different fuels, improvements in fuel burners, minimizing heat losses by improved insulation, etc.

c. Major milestone was achieved when the rotary hearth furnace using LPG as a fuel for our Billet Cylinder Plant was replaced by modern flameless induction heating furnace. It has resulted in a large energy saving and drastic reduction of gaseous emissions.

d. Efforts are made to streamline processes to reduce down times. This ensures uninterrupted production with least idling thereby reducing energy requirements per cylinder.

e. The Management frequently issues guidelines to the employees, educating them on ways and means to conserve electricity and other natural resources and ensures strict compliance with the same.

f. Successfully develop cascades for use with BIO METHANE for storage and conveying. The Bio-methane is produced by conversion of bio waste in digesters to produce the gas and organic fertilizers which are very rich.

I. Energy Conservation Measures Undertaken at the Plants:

Following measures are continuously undertaken to conserve energy at the Plants:

1. Installation of VF drive and programmable logic controls for paint booth suction blower for cyclic speed swings, thereby reducing power consumption per cylinder.
2. Modification of water pipe lines & use of High Density Poly Ethylene and FRP (Fibre Glass Reinforced Plastic) pipe lines to reduce the pressure losses consequently leading to lower energy requirement.
3. Deployment of distributed pumping stations and cooling towers to save energy.
4. Installation of larger heat exchangers and making use of cooling tower water in place of cold water from refrigerated chillers.
5. Servicing of furnace burners in order to improve combustion efficiency of furnaces.
6. Installation of automatic shut-off devices on air compressors to ensure they shut down when compressed air demand is low.
7. Installation of energy saving transformer for lighting.
8. Installation of automatic power factor control panels with capacitors at various load centres for keeping the currents at lower level and also for keeping the power factor under control. Savings will also be made due to the incentive offered for better power factor by the electricity companies.
9. Medium bay light fittings in factory sheds at optimum locations in place of high bay fittings which consume more power and give uneven light. Help of special lighting software from light fittings suppliers was taken for this purpose.
10. Installation of wind driven roof ventilators for ventilation to save electrical energy.
11. Installation of transparent windows in addition to the transparent roofing sheets in the side walls of the taller sheds for better ventilation and lighting.
12. Use of boiler in place of usual method of thermic fluid heating for heating requirement in surface treatment plant. With steam it is possible to transmit much higher heat per kg of water pumped, which leads to major energy saving.
13. Installation of new furnaces with higher thickness of insulation to reduce heat loss and thereby save energy.
14. Installation of camel back style oven for the painting system to avoid funneling of air and resultant heat losses.
15. Installation of zero discharge Effluent Treatment Plant with multiple effect evaporators. This reuses steam and reduces energy consumption. Additionally, the recovered water is reused in the process.
16. Installation of more wind driven roof ventilators as energy saving devices.
17. Installation of more power saving transformers for the lighting load.

II. Impact of measures on reduction of energy consumption and consequent impact on the cost of production of goods:

The Company has also started to benefit in the area of energy conservation through its wind power projects. The Company had undertaken Wind farm projects at Kandla in the state of Gujarat and Satara in the state of Maharashtra, the brief details of which are given in the following table:

Place of Install-ation	No. of Wind-mills installed	Energy Genera-tion Capa-city	Invest-ment (₹ in Lakh)	Energy Genera-ted during the year	Energy Genera-ted during previous year
Kandla, Gujarat	1	1.650 MW	1,125.00	2,480,144.60 units	2.475,426 units
Satara, Mahara-shtra	3	3 x 0.225 MW = 0.675 MW	349.14	573,716.44 units	615,449 units

a. The wind farm projects as mentioned in the preceding parts have been undertaken in the states of Gujarat and Maharashtra, where the Company is having its own manufacturing facilities. Considering the present power policy of Governments, the Company has directly benefited in terms of captive consumption of energy generated by aforesaid wind farm and also from the sale of power generated from these wind mills.

b. At Kandla, the energy generated is utilized for captive consumption at Gandhidham unit.

c. At Satara, the energy generated is sold to Maharashtra State Electricity Board as per the Government's policy.

III. The details of energy consumption are given below. These details cover the operations of the Company's factories at Tarapur, Aurangabad, Gandhidham and KASEZ

Particulars	Current Year	Previous Year
A) Power and Fuel consumption: a) Electricity purchased		
Units (kwh in Lakhs)	184.79	220.69
Total Amount (₹ in Lakhs)	1,495.67	1,368.63
Rate per Unit (₹)	8.09	6.20
b) Oxygen purchased		
Units (Cu.M. in Lakhs)	5.99	7.23
Total Amount (₹ in Lakhs)	70.09	84.84
Rate per Cu.M. (₹)	11.70	11.73
c) LDO purchased		
Units (Ltrs. in Lakhs)	8.67	18.22
Total Amount (₹ in Lakhs)	458.90	871.27
Rate per Ltr. (₹)	52.92	47.82
d) LPG purchased		
Units (Kg. in Lakhs)	13.67	16.30
Total Amount (₹ in Lakhs)	815.91	819.97
Rate per Kg. (₹)	59.67	50.30
B) Consumption per unit of production:		
i. Electricity (kwh / MT)	965.28	806.18
ii. Oxygen (Cu.M / MT)	31.28	26.42
iii. LDO (Ltr. / MT)	45.30	66.56
iv. LPG (Kg. / MT)	71.43	59.55

B. TECHNOLOGY ABSORPTION, ADAPTATION AND INNOVATION:

The Management understands the importance of technology in the business segments it operates in and lays utmost emphasis on the systems development and the use of cutting-edge technology available in the industry. The management keeps itself abreast with technological advancements in the industry and ensures continued and sustained efforts towards absorption of technology, adaptation as well as development of the same to meet business needs and objectives. The Company has procured the latest equipment and its personnel are trained from time to time, on the use, operation and maintenance of such highly sophisticated equipment.

TECHNOLOGY ABSORPTION

1. At the Gandhidham plant complete process was set up to manufacture cylinders from steel billets, without any technical collaboration or help from other company. This major step has made EKC the only manufacturer in India to make these forged bottom-sbillet pierced cylinders. It has opened up new markets which were hitherto inaccessible.
2. The main thrust of the Company is on eco friendliness. The Company has taken a major step by installing a state of the art Effluent Treatment Plant (ETP) at the Kandla SEZ plant. This makes it very eco friendly and at the same time it saves substantial resources, as it achieves conservation of energy, water and chemicals at the same time.
3. Another major step taken is to use steam for heating and to insulate the heated tanks to prevent loss of heat, thereby reducing the carbon footprint. Hot condensate is recycled, which results in large savings of energy.

INNOVATION

USE OF ROBOTIC TECHNOLOGY

Material handling in plate cylinder plant poses challenges in the areas of human safety and accuracy of placement combined with speed.

The shapes are difficult to handle, the parts are heavy, and at some stations, they are with special lubricant. This makes them very difficult to manually handle.

We have employed numerically controlled robots, also gantry type pick and place robots. These are supported by a network of various conveyors which are controlled by computers.

High speed robots are covered in robotic enclosures complying with European Standards to ensure human safety.

C. **FOREIGN EXCHANGE EARNINGS AND OUTGO:**

Activities relating to export, initiatives to increase exports, developments of new export markets for products and export plan

On consolidated basis, revenue from international sales now represents almost 55% of the Company's total consolidated revenues. The Company has established a substantial market in South Asia, South East Asia, Middle East, Africa, South America and CIS countries.

During the year, the Company had exports (FOB value) worth ₹ 2,446.55 Lakhs.

Total foreign exchange used and earned: (₹ in Lakh)

Particulars	Current Year	Previous Year
I. Foreign Exchange used	10,169.54	21,892.54
II. Foreign Exchange earned	3,614.72	6,705.87

MANAGEMENT DISCUSSION & ANALYSIS

FORWARD - LOOKING STATEMENTS

This report contains forward looking statements identified by words like 'plans', 'expects', 'will', 'anticipates', 'believes', 'intends', 'projects', 'estimates' or other words of similar meaning. All statements that address expectations or projections about the future, including, but not limited to the Company's strategy for growth, product development, market position, expenditures and financial results, are forward - looking statements. Since these are based on certain assumptions and expectations of future events, the Company cannot guarantee that these are accurate or will be realised. The Company's actual results, performance or achievements could thus differ materially from those projected in any 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.

OVERVIEW

The Financial Year 2012-13 continued to be a challenging year for the world and domestic economy as well as the Company. The global economy, though improved slowly, did not grow to the extent expected at the commencement of the year. The US economy improved, though marginally, driven by the consumer and housing sector, with interest rates continuing to remain at historic lows and the quantitative easing measures at unprecedented highs. Many European countries faced recession with high unemployment, low demand and weakened banking systems. China too experienced slow down in its growth, partly due to weak global demand and partly due to the deliberate move of its government. In India, economic growth fell sharply, touching a decade low, the industrial sector experienced severe slump, the trade and current account deficit reached unprecedented risky levels and the inflation remained stubbornly high during the major part of the year, interest rates remained high and capital formation took a severe beating; though, the fiscal deficit remained checked, within budgeted limits.

The above macro factors, especially those prevailing in India, adversely impacted demand for the Company's products and their realisation during the year, which severely dented the operating margins.

DOMESTIC BUSINESS

The sharp decline during the year in the growth rate of the GDP and of the industrial production in general and the automobile sector in particular adversely impacted the demand for the high pressure seamless cylinders, due to the high co-relation of the demand for the Company's products with the macro economic situation. The year continued to witness slow demand especially from the Original Equipment Manufacturers and Retrofit segments of CNG cylinder business in India. The demand for CNG cylinders was further impacted because of sudden hike in gas prices in some states like Gujarat. The demand for Industrial cylinders too witnessed a slight decline. Due to the competitive scenario and rupee depreciation, there was pressure on realizations and margins. However, certain positive signs are emerging, such as, the initiative taken by the Government of India to rationalize the natural gas prices which is expected to increase the supply of the natural gas and thus the demand for cylinders, the order of the Gujarat High Court to the Government of Gujarat to convert all the four wheelers in the state from petrol to CNG, etc.

INTERNATIONAL BUSINESS

(a) Dubai Operations

Due to the continuing geo-political situation in the Middle-East Asia, sales to Iran, which till 2010-11 accounted for a substantial portion of its business, remained affected during the year, with concomitant effect on the operating results. Pursuant to the initiative undertaken during the previous year to tide over the situation, new markets, such as, South America, CIS countries, etc. have been developed. A branch office has been opened in Colombia to cater to the South American market timely and efficiently.

(b) USA Operations

Due to the improved economic and business situation in the USA, the performance during the year was stable and in consolidation phase, with near break-even at normalised profit before tax level. On consolidation of accounts, the results however continue to report a loss due to amortisation of intangible assets acquired during the business acquisition.

The order book continuous to remain good during the current year, with focus on higher margin business. The huge shale gas discovery in the USA with concomitant low natural gas prices in the USA, the thrust on the increased usage of natural gas and its promotion by the US Government augurs well for the business in the coming years, which will also provide business support to the India, Dubai and China operations, from where CNG cylinders will be sourced.

During the year, the US subsidiary has set up a plant to manufacture Type IV composite cylinders for which there is ever increasing preference and demand due to the light weight of these cylinders. The plant is expected to commence operations in the second quarter. When fully commissioned, the composite cylinders business will provide annual turnover of about US$ 10 Mn. with much higher incremental margins.

The US subsidiary is in the process of obtaining approvals for marketing of Industrial cylinders in the US for which there is a good demand. The industrial cylinders will be sourced from Indian plants of the Company.

(c) China Operations

The China CNG cylinders operations continue to remain affected due to high local competition and price sensitive environment, which scenario is expected to continue. During the latter half of the year, the China plant commenced manufacture of Type II composite cylinders which command higher demand and realisation, and have lower competition. These cylinders will boost volumes and margins. The Jumbo cylinders segment has good business potential due to low competition and high demand and growth prospects. The business thrust, going forward, will be on the Jumbo cylinders segment.

(d) Europe Operations

The Europe subsidiary provided technical know-how and support to the US operations for setting up the Type IV Composite plant and initiated efforts to develop the European markets for cylinders manufactured by the Indian, Dubai and China plants.

STRENGTHS

EKC's resilience in successfully weathering all such challenges is reflective of its strengths which are summarized below:

1. Strong Management

EKC has a strong and highly experienced management with more than three decades of experience in the high pressure cylinder industry. The experience of the Company's management team is a key competitive advantage. Top officials of EKC have been associated with the Company for a long period of time which provides depth and continuity of management.

2. Sustained Leadership in Domestic Market

EKC is India's largest player with highest market share mainly on account of its long history in business and adherence to the highest quality standards and also has the largest production capacity. EKC also benefits from having the first mover advantage. This coupled with strong relationships on the raw material supply chain, quality certifications and a strong safety track record has helped EKC to maintain its leadership position.

3. Dominance in Export as well as Local Markets

EKC exports to over 20 countries all over the world including countries in South East Asia, Middle East, Africa, South America and Commonwealth of Independent States countries. Some of them have the stringent quality and value driven norms for the products supplied by EKC. This demonstrates EKC's global competitiveness, world class quality of its products and superior logistical capabilities. The Company has also been able to maintain its dominant share in the domestic market. Revenue from international sales now represents almost 55% of the Company's total revenues.

4. High Quality Products

The cylinders manufactured by EKC have earned a global reputation for their high standard of quality and compliance with the most stringent specifications laid down by international bodies and local authorities. EKC manufactures cylinders conforming to specific country national standards or International standards like ISO: 11439, NZS: 5454, ISO: 4705D, EN: 1964, IS: 15490, DOT, ASME, ISO: 11120, ECE R-110.

5. Wide Variety of Products

Your Company, along with its subsidiaries, manufactures a wide and versatile range of high pressure seamless cylinders, viz.

- Industrial Gas Cylinders (manufactured from tubes)
- Industrial Gas Cylinders (manufactured from billets)
- CNG Cylinders (manufactured from tubes)
- CNG Cylinders (manufactured from plates)
- CNG Cylinder Cascades
- Jumbo Cylinders
- Jumbo Skids
- Type II Composite Cylinders
- Type IV Composite Cylinders (plant set up, operations to start)

The Company provides cylinders with water capacities that range between 1 litre and 3000 litres and also supplies cylinders in customised sizes. Because EKC is flexible to meet any specification, it has a broad customer base across the globe.

6. **Supply Chain and Customer Relationships**

The Company maintains cordial business relationships with its value chain partners, such as its key raw material suppliers, gas distributors, OEMs and regulatory authorities like The Chief Controller of Explosives, Bureau of Indian Standards and other statutory bodies in India and abroad, and with all its customers.

7. **Quick Delivery to Customers**

EKC has the ability to manufacture and deliver vessels of different sizes from its multiple operating units. This results in quick delivery to the customers.

8. **Investment in New Technologies**

EKC has made significant investments in newer and alternate technologies which would ultimately enable it to reach leadership status globally. Also, it would be the only company in India to use alternate technologies and raw materials in its new plants. This would enable EKC to broadbase its raw material supply chain which would lead to lower cost of production and better working capital management as also to broad base its product offerings. The greenfield project at Kandla for plate based CNG cylinders would enable it to cater to the niche OEM segment in India and overseas through supply of light weight and more value added cylinders. Also, as mentioned above, the US and China subsidiaries have invested in the lighter weight and much preferred Type IV and Type II cylinders plants.

9. **Investment in Human Talent**

All employees are important to the Company and it believes that its employees are particularly critical to its business, as they are responsible for understanding customer expectations, ensuring consistent and quality service delivery. The employees are essentially the glue that keeps the entire organization together. The Company intends to continue to invest in developing and grooming its employees.

CHALLENGES, RISKS & CONCERNS

1. **Raw material intensive industry**

Seamless steel tubes are the principle raw material used by EKC. The quality of cylinders produced is directly dependent on the quality of raw material used. There are only a few seamless tube manufacturers globally who meet the stringent quality specifications. Adequate level of raw material inventory has to be maintained at all times to ensure quick turnaround time for orders received. Any volatility in the prices or disruption in availability of raw material can impact the profitability of the Company. However, EKC has strong relationships with the existing raw material suppliers and is constantly developing new sources of supplies. Going a step further to reduce supplier risk, EKC has setup facilities using alternate manufacturing process and cheaper raw materials such as billets and plates.

2. **Competition**

Although EKC is the market leader in India with majority share, many players have put up high pressure cylinder manufacturing capacities in India and China. However, these capacities can only be utilized with growth in demand which is dependent to a large extent on Government policies and impetus from the Government by increasing the supply of gas, covering more cities under the City Gas Distribution policy and improving the gas infrastructure all over the country. Besides, the increasing competition has resulted in an overall margin contraction at the industry level. Inspite of the challenge posed by the increase in competition, EKC would continue to dominate the market place. This would be on account of EKC's long standing in the business and goodwill, superior customer reach, wide range of products offered, stronger financial muscle and use of alternate technologies and raw materials.

3. **Slow Growth in Sales of CNG Cylinders in India and Globally**

Because of the regulatory impasse, the overall growth and development of the CNG infrastructure has not been robust in the country. Only regulatory push can lead to increased usage of CNG which will ultimately result in cost benefit to consumers due to CNG's inherent cost advantage vis-a-vis other auto fuels. Energy content per kilogram of CNG is comparable to that of petroleum based fuels. Usage of CNG in vehicles results in higher mileage per unit due to its superior combustion characteristics.

4. **Domestic CNG Growth Dependent on Government Policies and Plans**

The growth in CNG cylinder market for storage and transportation of CNG would be dependent on government plans and initiatives to switch over to alternative fuel. However, with natural gas being made available in most parts of the country and rising cost of fuels, it is expected that the Government policies would be progressive favoring CNG as a fuel. This would lead to an accelerated growth in the CNG cylinder industry. Policy decision by the government to steadily increase diesel prices at steady rate will turn some of the demand to CNG.

5. Slowdown in the Indian Automobile Industry Negatively Impacts the Company's Growth

OEMs and retrofitters are the major customers of EKC's CNG cylinders in the automobile sector. Any slowdown in cylinder off take from OEMs in India will adversely affect EKC's operations/production plans. However, demand from other global markets helped in offsetting the slowdown in the Indian auto sector. EKC has actively started looking at interesting overseas markets in Euro zone and USA. EKC is gearing itself up to obtain required approvals to comply with technical and statutory requirements of these markets.

6. Volatile Steel Prices

Seamless steel tube (primary raw material) prices have stabilized in the past 3-4 years. However, any future volatility in prices will affect the demand if the increase in price is passed on to the customers. If the increase in price is not passed on to the customers it may lead to contraction in the margins.

7. Fluctuation in Foreign Currency

Any adverse change in the exchange rate between the US Dollar and the Indian rupee has a negative impact on EKC's results of operations and financial condition. Most of EKC's revenue and costs are either linked to or denominated in US Dollars.

The Company's treasury function actively tracks the movements in foreign currencies and has an internal risk management policy of proactively hedging exposures. As per the internal guidelines, the Company has been judiciously hedging its net exposures on regular basis through forward cover contracts.

8. Fluctuations in Interest rate

EKC is subject to risks arising from interest rate fluctuations. EKC group borrows funds in the domestic and international markets to meet the long-term and short-term funding requirements for its operations and funding its growth initiatives.

FUTURE PERSPECTIVE

1. Capacity expansion to drive growth

EKC has over the years successfully undertaken expansion plans at domestic as well as global levels to retain its leadership position in the industry. The Company has also set up plants using alternative technologies and raw materials to stay ahead of the competitors, reduce input costs risks and to offer more product range to customers. The Billet plant at Gandhidham with a capacity of 120,000 per annum will produce cylinder shells through billet-piercing technology with focus on the growing industrial cylinder demand. Billets, unlike steel tubes, are available indigenously. Besides, the Company has also set up a Greenfield 250,000 CNG cylinders plant in the Kandla Special Economic Zone (KASEZ) which uses the steel-plate deep drawing process. These cylinders are lighter in weight and are of better quality and command premium over the tube based cylinders. CNG vehicle manufacturers will show increasing preference for plate cylinders as vehicles fitted with these cylinders have better fuel efficiency.

Besides, as discussed above, the US and China subsidiaries have set up Type IV and Type II composite cylinders plants respectively which will cater to the discerning segment of the market which prefer these light weight though higher priced cylinders.

Due to the world scale capacity set up by the Company, the Company is well poised to tap the markets as and when the demand picks up.

The Company has created world-scale capacity in India and overseas without much strain on its funding profile.

2. Increasing demand for Industrial Cylinders

The gas industry relies heavily on cylinders to store and transport gases. EKC is flexible to meet any specification. This has resulted in a broad customer base of companies supplying industrial gases across the globe. The demand for cylinders is directly proportional to the demand for industrial gases.

The outlook for the growth in demand for industrial gases over the next five years is favourable with growth in new segments such as medical care, beverage industry, etc. This is expected to augur well for EKC which has set up high manufacturing capacity of industrial cylinders. And with the commissioning of the billet cylinders plant, the position has further strengthened with large industrial gases companies preferring these cylinders.

The USA subsidiary is in the process of obtaining approvals for marketing of Industrial cylinders in the USA. This will enable the Company to cater to the large USA market for Industrial cylinders, which was hitherto unaddressed. As the cylinders will be sourced from the Indian plants, this will bolster Indian operations also.

3. Increasing Natural Gas Availability

With the increasing natural gas availability the world over (example, the USA), the natural gas vehicles are being preferred and promoted by Governments of many countries. Coupled with the increasing environment consciousness, the demand for natural gas vehicles and, thus, the cylinders to bottle the gas is set to increase over medium to long term.

FINANCIAL PERFORMANCE VIS-A-VIS OPERATIONAL PERFORMANCE

The last year has again been very challenging for the Company on account of the continued challenges presented by the economic environment, local as well as international. The situation got aggravated due to the slump in the industrial production in India and the more than expected fall in the GDP growth.

INTERNAL CONTROL SYSTEM

Your Company believes in formulating adequate and effective internal control systems and implementing the same strictly to ensure that assets and interests of the Company are safeguarded and reliability of accounting data and accuracy are ensured with proper checks and balances. The Internal control system is improved and modified continuously to meet the changes in business conditions, statutory and accounting requirements.

The Company has an internal audit function, which is empoweredto examine the adequacy and the compliance with policies, plans and statutory requirements. It is also responsible for assessing and improving the effectiveness of risk management, control and governance process. The management of the Company duly considers and takes appropriate action on the recommendations made by the statutory auditors, internal auditors and the independent Audit Committee of the Board of Directors.

The prevailing system of internal controls and internal audit are considered to be adequate vis-a-vis the business requirements. In order to further strengthen the internal control systems and with a view to automating the various processes of the business, EKC is implementing an Enterprise Wide Resource Planning (ERP) system.

HUMAN RESOURCES AND INDUSTRIAL RELATIONS

EKC continued to place emphasis on human capital and aims at creating a corporate culture that respects people, develops and trains them to deliver high quality performance and rewards talent and performance with growth opportunities.

As of March 31, 2013, EKC and its subsidiaries employed approximately 1200 employees. This comprises of highly qualified and experienced professionals from various fields like engineering, finance and management. Employee Relations continue to be cordial and harmonious.

REPORT ON CORPORATE GOVERNANCE

1. COMPANY'S PHILOSOPHY ON CODE OF GOVERNANCE

The Company's essential character is shaped by the very values of transparency, integrity, professionalism, accountability and overall customer satisfaction. The Company continuously endeavors to improve on these aspects. The Board views Corporate Governance in its widest sense. The main objective is to create and adhere to a corporate culture of conscience and consciousness, transparency and openness and to develop capabilities to attain the goal of value creation.

The Board of Directors fully supports and endorses Corporate Governance practices as enunciated in Clause 49 of the Listing Agreements as applicable from time to time.

2. BOARD OF DIRECTORS

The Corporate Governance principles of the Company ensure that the Board remains informed, independent and involved in the Company and that there are ongoing efforts towards better Corporate Governance to mitigate "non business" risks. The Company's business is conducted by its employees under the direction of the Chairman & Managing Director and the overall supervision of the Board.

A. Composition and Size of Board

The Company's policy is to maintain optimum combination of Executive and Non-Executive Directors, all of whom are eminent persons with considerable professional expertise and experience in business and industry, finance, management and law. Your Company is managed and guided by a professional Board comprising 9 Directors as on March 31, 2013, whose composition is given below:

- One Promoter, Executive Director
- Two Promoter, Non-Executive Directors
- Five Independent Directors
- One Non-Promoter, Non-Executive, Non-Independent Director

The composition of the Board of Directors is in conformity with the stipulation laid down in the code of Corporate Governance recommended by the Securities and Exchange Board of India (SEBI) through clause 49 of the Listing Agreements with the Stock Exchanges.

None of the Directors holds directorship in more than 15 public limited companies nor is any of them a member of more than ten Committees of the prescribed nature or holds Chairmanship of more than five such Committees across all public limited companies in which they are Directors. The Board does not have any Nominee Director representing any institution.

- **Inter-se relationships among Directors**

  Mr. P.K. Khurana is the father of Mr. Pushkar Khurana & Mr. Puneet Khurana. Mr. Pushkar Khurana & Mr. Puneet Khurana are related to each other as brothers. Except the above, there are no inter-se relationships among the Directors.

- **Role of Independent Directors**

  Independent Directors play a key role in the decision-making process of the Board by participating in framing the overall strategy of the Company. The Independent Directors are committed to acting in what they believe to be in the best interest of the Company and its stakeholders. The Independent Directors are professionals, with expertise and experience in general corporate management, legal, public policy, finance, banking and other allied fields. This wide knowledge of their fields of expertise as well as the boardroom practices helps foster varied, unbiased, independent and experienced perspective. The Company benefits immensely from their inputs in achieving its strategic direction.

B. Board Meetings and Procedures

- **Institutionalised decision making process**

  The Board of Directors is the apex body constituted by the shareholders for overseeing the overall functioning of the Company. The Board provides and evaluates the strategic direction of the Company, management policies and their effectiveness and ensures that the long term interests of the shareholders are being served. The Chairman & Managing Director is assisted by the Executive Directors / senior managerial personnel in overseeing the functional matters of the Company.

- **Conduct of Board Meetings**

  (i) Minimum four pre-scheduled Board meetings are held every year. Apart from the above, additional Board Meetings are convened by giving appropriate notice to address the specific needs of the Company. In case of business exigencies or urgency of matters, resolutions are passed by circulation.

  (ii) The Meetings are usually held at the Company's Registered Office at 204, Raheja Centre, Free Press Journal Marg, 214, Nariman Point, Mumbai - 400021.

(iii) All divisions/departments of the Company are advised to schedule their work plans well in advance, particularly with regard to matters requiring discussion/ approval/decision at the Board/Committee Meetings. All such matters are communicated to the Company Secretary in advance so that the same can be included in the Agenda of the Board/Committee Meetings.

(iv) The Chairman of the Board and the Company Secretary in consultation with other concerned members of the senior management finalise the agenda for the Board Meetings. Every Board member can suggest additional items for inclusion in the Agenda.

(v) The Board is given presentations covering Finance, Sales, Marketing, major business segments and operations of the Company, global business environment, all business areas of the Company including business opportunities, business strategy and the risk management practices before taking on record the quarterly/ annual financial results of the Company. All necessary information which includes but not limited to the items mentioned in Annexure I A to Clause 49 are placed before the Board of Directors. The Members of the Board are free to bring up any matter for discussions at the Board Meetings and the functioning is democratic.

(vi) To enable the Board to discharge its responsibilities effectively, the members of the Board are briefed at every Board Meeting on the overall performance of the Company. Senior management is invited to attend the Board Meetings as and when required, so as to provide additional inputs to the items being discussed by the Board.

(vii) The Minutes of the Board Meetings of unlisted subsidiary companies are tabled at the Board Meetings. The Board periodically reviews the statement of significant transactions and arrangements entered into by the unlisted subsidiary companies.

- **Board Material distributed in advance**

  Agenda is circulated to the Directors, in advance, in the defined Agenda format. All material information is incorporated in the Agenda for facilitating meaningful and focused discussions at the meeting. Where it is not practicable to attach any document to the Agenda, the same is tabled before the meeting with specific reference to this effect in the Agenda. Additional or supplementary item(s) on the Agenda are taken up for discussion/decision with the permission of the Chairman.

- **Recording Minutes of proceedings at Board and Committee meetings**

  The Company Secretary records the minutes of the proceedings of each Board and Committee Meeting. The minutes of each Board/Committee Meetings are circulated in draft to all Directors for their confirmation before being recorded in the Minutes book. The minutes are entered in the Minutes Book within 30 days from conclusion of the concerned meeting.

- **Compliance**

  The Company Secretary while preparing the Agenda, Minutes, etc. of the meeting(s), is responsible for and is required to ensure adherence to all the applicable laws and regulations including the Companies Act, 1956 read with the Rules issued thereunder.

- **Periodic review of compliances of all applicable laws**

  Your Company has identified all the acts, rules and regulations applicable to your Company and compliance with such acts, rules and regulations is monitored on a regular basis. Your Company obtains report on compliance from all the heads of departments and business on a periodical basis, which is monitored through internal audit. A consolidated compliance certificate along with the compliance in respect of various laws, rules and regulations applicable to your Company is placed before the Board on quarterly basis and is reviewed by the Board.

C. Number of Board Meetings held, the dates on which held and Attendance:

Four Board Meetings were held during the year in compliance with the requirement to hold a minimum of four meetings during the year. The Company has held at least one Board Meeting in every quarter and the maximum time gap between any two meetings was not more than four months. All the meetings were well attended. The details of the Board Meetings are as under:

Sr. No.	Date of Board Meeting	No. of Strength	Directors Present
1	May 29, 2012	11	8
2	August 11, 2012	10	9
3	November 9, 2012	10	9
4	February 14, 2013	10	7

D. Attendance of Directors at Board Meetings, last Annual General Meeting (AGM) and number of other Directorships and Chairmanships / Memberships of Committees of each Director in various companies and shareholding in the Company:

Director	Category	No. of Shares in the Company as on March 31, 2013	Attendance Particulars			No. of Other Directorships[1]	No. of Membership(s) / Chairmanship(s) of Board Committees in other Companies[2]
			Board Meetings held during tenure	Board Meetings attended	Attended Last AGM held on August 11, 2012		
Mr. P.K. Khurana	Promoter, Executive Chairman	12,218,000	4	4	Yes	3	None
Mr. Pushkar Khurana	Promoter, Non - Executive	4,941,890	4	3	Yes	1	None
Mr. Puneet Khurana*	Promoter, Non - Executive	4,906,833	4	3	Yes	2	None
Mr. P. M. Samvatsar**	Executive	235,000	4	2	Yes	None	None
Mr. Krishen Dev	Independent, Non - Executive	Nil	4	4	Yes	3	3
Mr. Shailesh Haribhakti***	Independent, Non - Executive	Nil	1	1	N.A.	-	-
Mr. Mohan Jayakar	Independent, Non - Executive	Nil	4	3	Yes	5	4
Mr. Naresh Oberoi	Independent, Non - Executive	Nil	4	4	No	1	None
Mr. Vyomesh Shah	Independent, Non - Executive	1600	4	2	Yes	4	1
Mr. Gurdeep Singh	Independent, Non - Executive	2900	4	4	Yes	4	2
Mr. Varun Bery	Non - Independent, Non - Executive	Nil	4	3	No	None	None

* Mr. Puneet Khurana has ceased to be the Whole - Time Director of the Company w.e.f. September 30, 2012. However, he continues to act as the Non - Executive Director of the Company.

** Mr. P.M. Samvatsar ceased to be the member of the Board w.e.f. March 1, 2013.

*** Mr. Shailesh Haribhakti ceased to be the member of the Board w.e.f. May 30, 2012.

Note:

1. The Directorships held by Directors as mentioned above, do not include Alternate Directorships and Directorships in Foreign Companies, Section 25 Companies and Private Limited Companies.
2. In accordance with Clause 49, Memberships / Chairmanships of only the Audit Committees and Shareholders' / Investors' Grievance Committees in all Public Limited Companies (excluding Everest Kanto Cylinder Limited) have been considered.

E. Details of the Directors seeking appointment/re-appointment at the forthcoming Annual General Meeting:

Except for Mr. P.K. Khurana, Chairman & Managing Director, the other Directors of the Company are liable to retire by rotation. One-third of the said Directors are liable to retire every year and, if eligible, offer themselves for re-appointment. Accordingly, Mr. Pushkar Khurana and Mr. Varun Bery retire by rotation at the ensuing Annual General Meeting and, being eligible, have offered themselves for re-appointment. Brief profile of the Directors seeking re-appointment is given as follows:

I. **Mr. Pushkar Khurana**

Mr. Pushkar Khurana, aged 40 years, is a commerce graduate from Mumbai University and has also completed a course in business management from Harvard University, U.S.A. He has a cumulative work experience of 22 years. He has been a Director of the Company since September 12, 1994.

Mr. Pushkar Khurana played an important role in strategizing the expansion plans of the Company. He was involved in the business project at Dubai from its inception and is responsible for the expansion of the capacity of the project at Dubai. He also has experience in the international markets of Europe and South America. He is overseeing the operations of the subsidiaries of the Company in Dubai and USA and is also actively involved in the procurement of machineries from Europe.

Mr. Pushkar Khurana is a Director of Calcutta Compressions and Liquefaction Engineering Limited and several Private Limited companies.

As on March 31, 2013, the shareholding in the Company of Mr. Pushkar Khurana was 4,941,890 equity shares of ₹ 2/- each.

II. **Mr. Varun Bery**

Mr. Varun Bery, aged 54 years, is a BA from Yale University and MBA from Harvard Business School. Mr. Bery is Managing Director of TVG Capital Partners Limited, a mid-market private equity firm that he co-founded in 1998 to make investments across the Asia-Pacific region. During 2008 and 2009, Mr. Bery was Managing Director and Head of the Private Capital Asia ("PCA") Group at JP Morgan. During his time at PCA, the group had proprietary commitments of US$750 million from JP Morgan. Mr. Bery has been involved with Asian businesses since 1988 as both a financial / strategic advisor and as an equity investor. Since 1995, Mr. Bery has served on the Board of Directors of over 15 companies throughout the Asian region. Mr. Bery was formerly Director of Telecommunications at the Asian Infrastructure Fund (AIF) in Hong Kong. Prior to relocating to Hong Kong to join AIF in 1995, Mr. Bery was Director of Investment Banking in the Telecommunications Group at Credit Suisse First Boston (CSFB) in New York. Mr. Bery started his career in 1981 as a management consultant with McKinsey & Company in New York.

Mr. Varun Bery does not hold any shares in the Company.

3. BOARD COMMITTEES

The Board is responsible for the formation / reconstitution of the committees and assigning, co-opting and fixing of terms of service for the members of the committees. The Chairman of the Board, in consultation with the Company Secretary and the committee chairman, determines the frequency of the committee meetings. Recommendations of the committees are submitted to the Board for approvals.

Powers of the Committees

1. To investigate any activity within its terms of reference.
2. To seek information from any employee.
3. To obtain outside legal or other professional advice.
4. To secure attendance of outsiders with relevant expertise, if it considers necessary.

Currently, the Board has seven committees, viz.,

A. Audit Committee

B. Shareholders' / Investors' Grievances Redressal and Share Transfer Committee

C. Remuneration Committee

D. Allotment Committee

E. Management Committee

F. Investment Committee

G. Securities Issue Committee

The Investment Committee has a sub committee viz., Investment Sub Committee

A. AUDIT COMMITTEE

(a) Terms of reference

The Audit Committee assists the Board in its responsibility for overseeing the quality and integrity of the accounting, auditing and reporting practices of the Company and its compliance with the legal and regulatory requirements. The Committee's purpose is, *inter-alia*, to oversee the accounting and financial reporting process of the Company, the audits of the Company's financial statements, the appointment, independence and performance of the statutory auditors, the performance of internal auditors and the Company's risk management policies.

In addition to all the matters provided in Clause 49 of the Listing Agreements and Section 292A of the Companies Act, 1956, the Committee reviews reports of the Internal Auditors and Statutory Auditors and discusses their findings, suggestions, internal control systems, scope of audit, observations of the auditors and also reviews accounting policies followed by the Company.

(b) Meetings of the Audit Committee

Four meetings of the Audit Committee were held during the year ended March 31, 2013, on May 29, 2012, August 11, 2012, November 9, 2012 and February 14, 2013.

The gap between two Audit Committee Meetings was not more than four months.

The Statutory Auditors, Internal Auditors and executives of Accounts & Finance Department are invited to attend all the meetings of the Committee. The Statutory Auditors and the Internal Auditors present and discuss before the Committee their broad findings.

(c) Composition of the Committee and attendance of each Member at the Audit Committee meetings held during the year

The Audit Committee comprises of three Independent Non-Executive Directors and one Promoter Non-Executive Director. The Composition of the Audit Committee and attendance of each Member at the Audit Committee meetings held during the year are as under:

Name of the Member	Designation	Nature of Directorship	No. of Committee Meetings held during the year	No. of Meetings attended
Mr.Vyomesh Shah	Chairman	Independent & Non - Executive	4	2
Mr. Krishen Dev	Member	Independent & Non - Executive	4	4
Mr. Naresh Oberoi	Member	Independent & Non - Executive	4	4
Mr. Puneet Khurana	Member	Promoter & Non - Executive	4	3

All the members of the Committee have good knowledge of finance, accounts and company law. The Chairman of the Committee, Mr. Vyomesh Shah, is a Chartered Accountant and has extensive accounting and related financial management expertise.

The composition of the Audit Committee meets the requirements of Section 292A of the Companies Act, 1956 and Clause 49 of the Listing Agreement. Ms. Kanika Sharma, Company Secretary and Compliance Officer of the Company, is the Secretary to the Audit Committee.

B. SHAREHOLDERS' / INVESTORS' GRIEVANCES REDRESSAL AND SHARE TRANSFER COMMITTEE

(a) Terms of reference

The terms of reference of the Shareholders' / Investors' Grievances Redressal and Share Transfer Committee, *inter-alia*, includes:

i) To approve Transfer / Transmission / Dematerialisation / Rematerialisation of Equity Shares of the Company.

ii) To approve issue of Duplicate / Consolidated / Split Share Certificate(s).

iii) To carry out such functions for redressal of shareholders' and investors' complaints, including but not limited to matters relating to transfer of shares, non-receipt of balance sheet, non-receipt of dividend and any other grievance that a shareholder or investor of the Company may have against the Company.

iv) To oversee the performance of the Registrar and Transfer Agents of the Company and recommend measures for overall improvement in the quality of investor services.

v) To do all other acts, deeds and things or otherwise deal with all matters in relation to the Shareholders and Investors Grievances.

(b) Meetings of the Shareholders' / Investors' Grievances Redressal and Share Transfer Committee

One meeting of the Shareholders'/Investors' Grievances Redressal and Share Transfer Committee was held on November 9, 2012 during the year ended March 31, 2013.

(c) Composition of the Committee and attendance of each Member at the Shareholders' / Investors' Grievances Redressal and Share Transfer Committee meeting held during the year

Name	Designation in Committee	Nature of Directorship	No. of Committee Meetings held during the year	No. of Committee Meetings attended
Mr. Mohan Jayakar	Chairman	Independent & Non - Executive	1	1
Mr. Puneet Khurana	Member	Promoter & Non - Executive	1	1
Mr. P. M. Samvatsar (till March 1, 2013)	Member	Executive	1	1

(d) *Name, Designation and Address of the Compliance Officer*

Ms. Kanika Sharma
Company Secretary & Compliance Officer
204, Raheja Centre, Free Press Journal Marg,
214, Nariman Point, Mumbai 400 021.
Tel.: 91 22 3026 8300 - 01
Fax: 91 22 2287 0720
Email: investors@ekc.in

(e) *Investor Grievance Redressal*

The total number of complaints received and replied to the satisfaction of shareholders during the year under review are as under:

Quarter	Pending from earlier quarter	Received during the quarter	Resolved during the quarter	Pending at end of the quarter
Jun - 2012	0	0	0	0
Sep - 2012	0	1	1	0
Dec - 2012	0	4	4	0
Mar - 2013	0	6	6	0
Total	**0**	**11**	**11**	**0**

There were no requests for transfer and for dematerialization pending for approval as on March 31, 2013.

The Secretarial Department of the Company and the Registrar and Share Transfer Agent (R & T Agent), M/s. Link Intime India Private Limited, attend to all grievances of the shareholders and investors received directly or through SEBI, Stock Exchanges, Ministry of Corporate Affairs, Registrar of Companies, etc. Most of the investors' grievances / correspondences are attended within a period of 7 days from the date of receipt of such grievances.

The Company maintains continuous interaction with the said R & T Agent and takes proactive steps and actions for resolving complaints / queries of the shareholders / investors and also takes initiatives for solving critical issues. Shareholders are requested to furnish their telephone numbers and email addresses to facilitate prompt action.

(f) *Equity Shares in the Suspense Account*

As per Clause 5A of the Listing Agreements, the Company reports that 2,110 Equity Shares belonging to 10 shareholders are lying in the Unclaimed Securities Suspense Account as on March 31, 2013. The voting rights on the shares outstanding in the Suspense Account as on March 31, 2013 shall remain frozen till the rightful owner of such shares claims the shares.

C. REMUNERATION COMMITTEE

(a) *Terms of Reference*

The Remuneration Committee has been constituted to recommend / review the overall compensation policy and structure, service agreements and other employment conditions for the members of the board, based on their performance and defined assessment parameters.

(b) *Remuneration Policy*

The Remuneration Policy of the Company is performance driven and considering the remuneration payable to the Directors, the Board / Remuneration Committee considers the performance of the Company, the current trends in the industry, the experience of the appointee(s), their past performance and other relevant factors.

(c) *Composition of the Remuneration Committee*

Name	Designation in Committee	Nature of Directorship
Mr. Krishen Dev	Chairman	Independent & Non - Executive
Mr. Mohan Jayakar	Member	Independent & Non - Executive
Mr. Naresh Oberoi	Member	Independent & Non - Executive
Mr. P. K. Khurana	Member	Promoter & Executive

(d) *Meetings of the Remuneration Committee*

Three meetings of the Remuneration Committee were held on May 29, 2012, November 9, 2012 and February 14, 2013 during the year ended March 31, 2013.

(e) *Payment to Directors*

i. Remuneration to Managing Director / Executive Directors:

The appointment of the Managing Director and Whole-Time Directors is governed by resolutions passed by the Board of Directors and shareholders of the Company, which covers the terms of such appointment.

Remuneration paid to the Managing Director and Whole-Time Directors is recommended by the Remuneration Committee, approved by the Board and is subject to the overall limits as approved by the shareholders and by the Central Government, where required.

Remuneration paid/payable to the Managing Director and Whole-Time Directors for the year ended March 31, 2013 as per their respective terms of appointment is as under:

(in ₹)

Name of Director	Mr. P.K. Khurana	Mr. Puneet Khurana[1]	Mr. P. M. Samvatsar[2]
Designation	Chairman & Managing Director	Whole-Time Director	Whole-Time Director
Salary, allowances, etc	15,540,000	2,080,000	6,825,000
Contribution to P.F. & other funds	1,322,000	520,000	1,089,214
Other Perquisites*	589,195	1,740,164	812,338
Commission	-	-	-
Total	**17,461,195**	**4,340,164**	**8,726,552**

* Other perquisites include club fees, Leave Travel Concession and reimbursement of medical and car expenses.

[1] Mr. Puneet Khurana has ceased to be the Whole-Time Director of the Company w.e.f. September 30, 2012. However, he continues to act as the Non-Executive Director of the Company. The Remuneration paid to Mr. Puneet Khurana is for the period, April 2012 to July 2012.

[2] As Mr. P.M. Samvatsar ceased to be the member of the Board w.e.f. March 1, 2013, the Remuneration paid / payable to him, as mentioned in the above table, is for the period, April 2012 to February 2013.

However, in view of the absence of profits during the financial year 2012-13, the above remuneration exceeds the applicable limit of ₹ 2,00,000 (Rupees Two Lakhs Only) per month per director prescribed under combined reading of sections 198 and 309 of the Companies Act, 1956 and Schedule XIII to the said Act in respect of the year of absence of profits, for each of the Directors, as under:

(in ₹)

Name	Remuneration Payable under Schedule XIII	Excess Amount of Remuneration
Mr. P. K. Khurana	24,00,000	14,989,630
Mr. Puneet Khurana (till September, 2012)	8,00,000	2,451,121
Mr. P. M. Samvatsar (till February, 2013)	22,00,000	5,437,338

The excess remuneration, as above, can be paid if recommended by the Remuneration Committee and approved by the shareholders by way of special resolution and by the Central Government. The Remuneration Committee at its meeting held on February 14, 2013 has recommended the payment of the excess remuneration. The shareholders have approved the excess remuneration by special resolution passed through postal ballots on April 18, 2013. Applications for approval of the excess remuneration by the Central Government in respect of each of the three directors have been made on May 30, 2013. The approvals of the Central Government are awaited. In the event the Central Government does not approve the excess remuneration in whole or in part, the amount of such remuneration not so approved shall, to the extent already paid to the directors, be refunded by the Directors to the Company.

ii. *Sitting Fees & Commission paid to Non-Executive Directors*

The Non-Executive Directors (except Mr. Pushkar Khurana and Mr. Puneet Khurana) are paid sitting fees at the rate of ₹ 20,000/- for attending each meeting of the Board and ₹ 10,000/- for attending each meeting of the Committees.

In view of the absence of profits during the financial year 2012-13, no commission paid to Non-Executive Directors.

In respect of the financial year 2012-13, the sitting fees paid to the Non-Executive Directors are as detailed below:

(in ₹)

Name	Sitting fees paid during the year 2012-13		Total
	For Board Meetings	For Committee Meetings	
Mr. Shailesh Haribhakti (till May 30, 2012)	20,000	-	20,000
Mr. Mohan Jayakar	60,000	30,000	90,000
Mr. Krishen Dev	80,000	70,000	150,000
Mr. Vyomesh Shah	40,000	20,000	60,000
Mr. Naresh Oberoi	80,000	70,000	150,000
Mr. Gurdeep Singh	80,000	-	80,000
Mr. Varun Bery	60,000	-	60,000

D. ALLOTMENT COMMITTEE

(a) *Terms of Reference*

The Board of Directors constituted an Allotment Committee on January 21, 2008. The purpose of setting up the Committee is to allot the equity shares of the Company against the Zero Coupon Foreign Currency Convertible Bonds (FCCBs), as and when the holders of the FCCBs exercise their right of conversion.

(b) Composition of Allotment Committee

The Allotment Committee comprises of the 3 Executive Directors of the Company viz., Mr. P.K. Khurana, Mr. Puneet Khurana and Mr. P.M. Samvatsar (till March 1, 2013). Mr. P.K. Khurana is the Chairman of the Committee.

(C) Meetings of the Allotment Committee

During the year under review no meetings of the Committee were held.

E. MANAGEMENT COMMITTEE

(a) Terms of Reference

The Management Committee has been set up to expedite various day to day routine matters concerning the Company which need immediate intervention and approval to ensure smooth functioning of the Company. The Committee takes up only such matters which do not involve any financial commitment or liability on the part of the Company.

(b) Composition of the Management Committee and Attendance of each Member at the Management Committee meetings held during the year

The Management Committee comprises of the 2 executive directors viz., Mr. P.K. Khurana and Mr. P.M. Samvatsar (till March 1, 2013) and one non-executive director viz., Mr. Puneet Khurana. Mr. P.K. Khurana is the Chairman of the Committee.

(c) Meetings of the Management Committee

During the year under review no meetings of the Committee were held.

F. INVESTMENT COMMITTEE

(a) Terms of Reference

The Investment Committee has been authorized to invest and disinvest the investible surplus funds of the Company and thereby maximize the returns with minimum risks. The Committee has put in place operating guidelines which facilitate efficient management of EKC's investible surplus.

(b) Composition of the Committee

Name	Designation in Committee	Nature of Directorship
Mr. P.K. Khurana	Chairman	Promoter & Executive
Mr. Puneet Khurana	Member	Promoter & Non - Executive
Mr. Shailesh Haribhakti*	Member	Independent & Non - Executive
Mr. Krishen Dev	Member	Independent & Non - Executive

* Mr. Shailesh Haribhakti ceased to be the member of the Committee w.e.f. May 30, 2012

(c) Meetings of the Investment Committee

During the year under review no meetings of the Committee were held.

(d) Investment Sub Committee

The Investment Committee has a Sub Committee named Investment Sub Committee. The Investment Sub Committee works under the superintendence of the Investment Committee of the Board of Directors. The Investment Sub Committee comprises of the 3 executive directors of the Company viz., Mr. P.K. Khurana, Mr. Puneet Khurana and Mr. P.M. Samvatsar (till March 1, 2013). Mr. P.K. Khurana is the Chairman of the Committee.

All important investment decisions have to be approved in advance by any two members of the Investment Sub Committee. Such approval may be obtained either at a meeting or by passing of resolution by circulation.

During the year under review no meetings of the Investment Sub Committee were held.

G. SECURITIES ISSUE COMMITTEE

(a) Terms of Reference

The Board of Directors constituted the Securities Issue Committee on August 11, 2012. The purpose of setting up the Committee is to consider options to manage the liabilities of the company, including the repayment obligations under the Zero Coupon Foreign Currency Convertible Bonds (FCCBs) issued by the Company in the year 2007.

(b) Composition of the Securities Issue Committee and Attendance of each Member at the Securities Issue Committee meetings held during the year

The Securities Issue Committee comprises of the 2 executive directors of the Company viz., Mr. P.K. Khurana, and Mr. P.M. Samvatsar (till March 1, 2013) and two non-executive directors viz. Mr. Pushkar Khurana and Mr. Krishen Dev. Mr. P.K. Khurana is the Chairman of the Committee.

(c) Meetings of the Securities Issue Committee

Three meetings of the Securities Issue Committee were held during the year ended March 31, 2013 viz. on August 27, 2012, September 17, 2012 and November 9, 2012.

4. GENERAL BODY MEETINGS

A. Annual General Meeting

Location, date and time of the Annual General Meetings held during the preceding 3 years and the Special Resolutions passed thereat are as follows:

Financial Year	Date & Time	Venue	Special Resolutions passed
2011-2012	August 11, 2012 10.30 a.m.	M.C. Ghia Hall at Bhogilal Hargovindas Building, 4th Floor, 18/20, Kaikhushru Dubash Marg, Kala Ghoda, Mumbai - 400 001.	1) Creation of security in favour of Security Trustee/Bank pursuant to Section 293(1)(d) of the Companies Act, 1956. 2) Payment of excess remuneration to the Managing Director and two Whole-Time Directors over and above the limits prescribed under the Companies Act, 1956 for the financial year 2011-12.
2010 - 2011	July 30, 2011 10.30 a.m.	M.C. Ghia Hall at Bhogilal Hargovindas Building, 4th Floor, 18/20, Kaikhushru Dubash Marg, Kala Ghoda, Mumbai - 400 001.	None
2009 - 2010	July 27, 2010 4.00 p.m.	4th Floor Convention Hall, Y.B. Chavan Centre, General Jagannath Bhosle Marg, Nariman Point, Mumbai - 400 021.	None

B. Postal Ballot

In accordance with Section 192A of the Companies Act, 1956 read with Companies (Passing of Resolution by Postal Ballot) Rules, 2011 approval of the Shareholders was sought through Special Resolutions through Postal Ballot & E-voting on the following matters as set out in the Postal Ballot Notice dated February 28, 2013:

(1) Re-appointment of Mr. P.K. Khurana as Managing Director; and

(2) Approval of Excess Remuneration to Managing Director and Whole-Time Directors for the Financial Year 2012-13.

The Board of Directors appointed Mr. Aashish K. Bhatt, Practising Company Secretary as Scrutinizer for conducting the Postal Ballot & E-Voting in accordance with the provisions of the Companies Act, 1956 in a fair and transparent manner.

Based on the Scrutinizer's Report dated April 16, 2013, in terms of the authority of the Board of Directors, the Chairman for the purpose declared the results of Postal Ballot & E-Voting on April 18, 2013.

Summary of the Postal Ballot Forms (PBFs) including vote cast through E-Voting is as follows:

Sr. No.	Particulars	Resolution No. 1			Resolution No. 2		
		No. of Ballots	No. of Shares	% to total paid-up capital	No. of Ballots	No. of Shares	% to total paid-up capital
a	Total PBFs received	727	71836535	67.04	727	71836725	67.04
b	Less: Invalid PBFs	68	15893	0.01	74	16655	0.02
c	Net Valid Votes (as per register)	659	71820642	67.02	653	71820070	67.02
d	Votes with Assent for the Resolution	536	64766847	60.44	369	64720488	60.40
	% of votes with Assent to the total votes cast	**-**	**90.18**	**-**	**-**	**90.11**	**-**
e	Votes with Dissent for the Resolution	123	7053795	6.58	284	7099582	6.63
	% of votes with Dissent to the total votes cast	**-**	**9.82**	**-**	**-**	**9.89**	**-**

The votes cast in favour of the resolution no. 1 were about 90.18% of the total votes cast. Thus, the said resolution as set out in the Postal Ballot Notice dated February 28, 2013 has been passed with overwhelming majority as Special Resolution on April 18, 2013.

The votes cast in favour of the resolution no. 2 were about 90.11% of the total votes cast. Thus, the said resolution as set out in the Postal Ballot Notice dated February 28, 2013 has been passed with overwhelming majority as Special Resolution on April 18, 2013.

5. DISCLOSURES

A. Disclosures on materially significant related party transactions that may have potential conflict with the interests of the Company at large

None of the transactions with any of the related parties was in conflict with the interest of the Company.

Attention of Members is drawn to the disclosures of transactions with the related parties set out in Notes to the Accounts - Note no.xxvii (11) (2)', forming part of the Annual Report.

The Company's major related party transactions are generally with its Subsidiaries and Associates. The related party transactions are entered into based on considerations of various business exigencies such as synergy in operations, Company's long term strategy for optimization of market share, profitability, legal requirements, liquidity and capital resources of Subsidiaries and Associates. All related party transactions are negotiated on arms' length basis and are intended to further the interests of the Company.

The statement of transactions with the related parties is duly placed before the Audit Committee on a quarterly basis.

B. Details of non-compliance by the Company, penalties, strictures imposed on the Company by Stock Exchanges or SEBI, or any other statutory authority, on any matter related to capital markets, during the last three years

There has been no instance of non-compliance by the Company on any matter related to capital markets during the last three years and hence no penalties or strictures have been imposed on the Company by the Stock Exchanges or SEBI or any other statutory authority.

C. Whistle Blower Mechanism

The Company promotes ethical behaviour in all its business activities and has put in place a mechanism of reporting illegal or unethical behaviour. Whistle blower mechanism forms a part of the Code of Conduct and Ethics for its Board and Senior Management Personnel wherein the employees are free to report violations of laws, rules, regulations or unethical conduct to their immediate supervisor / notified person. Such reports received will be reviewed by the Audit Committee from time to time. The confidentiality of those reporting the violations shall be maintained and they shall not be subjected to any discriminatory practice. No personnel has been denied access to the Audit Committee.

D. Adoption of Mandatory and Non-mandatory Requirements of Clause 49 of the Listing Agreements

The Company has complied with all the applicable mandatory requirements and has adopted following non-mandatory requirements of Clause 49:

(i) Independent Directors:

The Company ensures that the Independent Directors are highly qualified professionals with expertise and experience in general corporate management, legal, public policy, finance, banking and other allied fields. This wide knowledge of their field of expertise and as well as the boardroom practices helps foster varied, unbiased, independent and experienced perspective. The Company benefits immensely from their inputs in achieving its strategic direction.

Independent Directors play a key role in the decision-making process of the Board by participating in framing the overall strategy of the Company. The Independent Directors are committed to acting in what they believe to be in the best interest of the Company and its stakeholders.

(ii) Remuneration Committee:

The Company has constituted Remuneration Committee to recommend / review remuneration of the Directors based on their performance and defined assessment criteria. The details of the Remuneration Committee have been provided supra.

(iii) Audit Qualification

The Company is in the regime of unqualified financial statements. The Statutory Auditors had qualified the Limited Review Reports on the Accounts for the quarters ended June 30, 2012, September 30, 2012 and December 31, 2012 to the effect that in the consolidated financials, deferred tax asset on unabsorbed depreciation/ tax losses pertaining to CP Industries Holdings, Inc., the USA based subsidiary, amounting to ₹ 1,078 lakhs as on June 30, 2012, ₹ 1,068 lakhs as on September 30, 2012 and ₹ 1,171 lakhs as on December 31, 2012 has been carried forward/ recognized in the absence of virtual certainty supported by convincing evidence of sufficient future taxable profits. The management was, however, of the opinion that such carried forward/ recognition was justified based on management's future projections, confirmed customer orders, continued improvement in the operations of CPI Holdings Inc., improved economic and business scenario in the USA, especially those related to natural gas.

As on March 31, 2013, the Company has, however, decided not to carry forward and to derecognise the deferred tax asset on reconsideration of overall matters and facts. As a result, the auditors have not qualified their report to the accounts for the year ended March 31, 2013 as regards the matter.

(iv) Training of Board Members:

Periodic presentations are made at the Board and Committee Meetings, on business and performance updates of the Company, global business environment, business strategy and risks involved.

The Board members are also provided with the necessary documents/brochures, reports and internal policies to enable them to familiarize with the Company's procedures and practices.

(v) Whistle Blower Mechanism:

As stated above, Whistle blower mechanism forms a part of the Code of Conduct and Ethics for its Board and Senior Management Personnel.

E. In line with the circular no. CIR/OIAE/2/2011 dated June 3, 2011 from Securities and Exchange Board of India, the investor complaints are now centrally monitored through web based complaints redressal system called SCORES. The Company processes the investor complaints through this system and updates status periodically.

F. In line with the notification no. G.S.R. 352(E) dated May 10, 2012 from the Ministry of Corporate Affairs, the Company has uploaded in its website the information regarding the unpaid and unclaimed dividend as on the date of the Annual General Meeting including the name and address of the shareholders who have not claimed the dividend, the amount to which the shareholders are entitled and the due date of transfer to Investor Education and Protection Fund Account.

6. MEANS OF COMMUNICATION:

The Company recognizes the importance of two-way communication with shareholders and of giving a balanced report of results and progress and responds to questions and issues raised in a timely and consistent manner. Shareholders seeking information may contact the Company directly throughout the year. The Shareholders also have an opportunity to ask questions in person at the Annual General Meeting. The Company ensures that queries, complaints and suggestions are responded in a timely and consistent manner.

(i) Quarterly Results:

The approved financial results are forthwith sent to the Stock Exchanges where the shares are listed and are displayed on the Company's website www.everestkanto.com and are published in Business Standard (English) / The Economic Times (English) and Mumbai Lakshadeep (Marathi) / Maharashtra Times (Marathi), within forty-eight hours of approval thereof.

(ii) News Releases, Presentations, etc.:

Official news releases, conference calls transcripts, detailed presentations made to media, institutional investors, analysts, etc. are displayed on the Company's website www.everestkanto.com and are also submitted to the stock exchanges.

(iii) Website:

The Company's website www.everestkanto.com contains a separate dedicated section 'Investors' where shareholders information is available. Quarterly Results, Annual Reports, Code of Conduct and Ethics, Presentation to Investors, Conference Calls Transcripts, Shareholding Pattern, etc. are available on the website in a user friendly and downloadable form.

(iv) Annual Report:

Annual Report containing, *inter-alia,* Audited Annual Financial Statements - Standalone and Consolidated, Directors' Report, Auditors' Report, Corporate Governance Report, Management Discussion and Analysis and other important information is circulated to Members and others entitled thereto.

(v) Designated Exclusive Email ID:

The Company has designated the Email ID viz., investors@ekc.in exclusively for investor servicing.

7. GENERAL SHAREHOLDER INFORMATION

7.1 Company Registration Details:

The Company is registered in the State of Maharashtra, India. The Corporate Identity Number (CIN) allotted to the Company by the Ministry of Corporate Affairs (MCA) is L29200MH1978PLC020434.

7.2 34th Annual General Meeting:

Day, Date and Time: Monday, July 22, 2013 at 03.00 p.m.

Venue : M.C. Ghia Hall at Bhogilal Hargovindas Building, 4th Floor, 18/20, Kaikhushru Dubash Marg, Kala Ghoda, Mumbai - 400 001.

7.3 Financial Calendar (tentative and subject to change)

Financial Year: April 1, 2013 to March 31, 2014

Results for the quarter ending June 30, 2013
1st/2nd week of August, 2013

Results for quarter ending September 30, 2013
1st/2nd week of November, 2013

Results for quarter ending December 31, 2013
1st/2nd week of February, 2014

Results for year ending March 31, 2014
3rd/4th week of May, 2014

Annual General Meeting
August, 2014

7.4 Book Closure Period

Friday, July 12, 2013 to Monday, July 22, 2013 (both days inclusive), for the purpose of payment of Dividend and 34th Annual General Meeting.

7.5 Dividend Payment Date, if declared

On or before July 29, 2013

7.6 Listing on Stock Exchanges

Equity Shares

Bombay Stock Exchange Limited (BSE),
Phiroze Jeejeebhoy Towers,
Dalal Street, Mumbai - 400 001.
Scrip Code: 532684

National Stock Exchange of India Limited (NSE),
"Exchange Plaza", Bandra-Kurla Complex,
Bandra (E), Mumbai - 400 051.
Trading Symbol: EKC
ISIN INE184H01027

Payment of Listing Fee
Annual listing fee payable to BSE and NSE for the Financial Year 2013-14 has been paid in full by the Company.

7.7 Stock Market Data

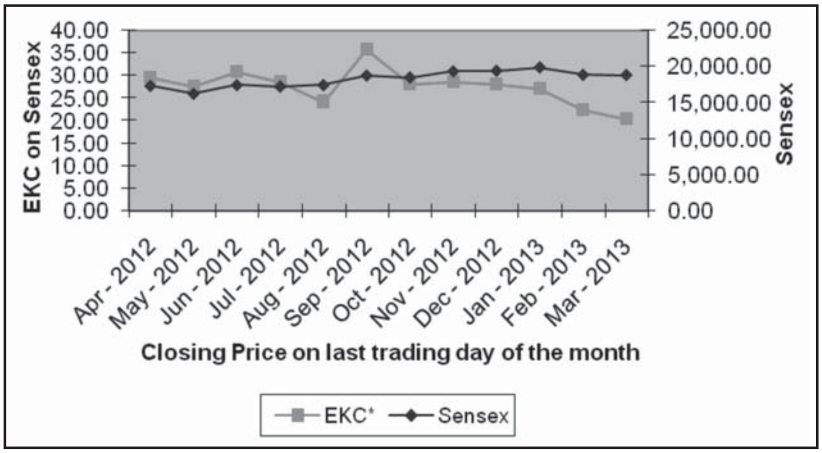
High, Low during each month and trading volumes of the Company's Equity Shares during the last financial year at BSE and NSE are given below:

Month	Bombay Stock Exchange Limited (BSE)			National Stock Exchange of India Limited (NSE)		
	Month's High Price	Month's Low Price	No. of Shares traded	Month's High Price	Month's Low Price	No. of Shares traded
April 2012	34.25	28.60	25 95 442	33.90	28.50	66 93 349
May 2012	30.55	27.05	14 72 407	30.80	27.05	39 06 220
June 2012	32.25	26.20	18 57 297	32.25	26.70	40 92 412
July 2012	33.10	27.00	14 97 645	33.15	27.50	33 50 502
August 2012	31.70	23.40	9 36 116	31.15	23.30	28 06 190
September 2012	36.45	24.35	54 78 060	36.50	24.60	1 41 15 082
October 2012	37.20	27.55	37 32 852	36.80	27.55	69 86 953
November 2012	29.40	26.00	4 72 020	29.75	25.25	8 72 878
December 2012	31.55	26.85	9 06 232	31.80	27.15	22 57 704
January 2013	32.25	26.20	17 04 797	32.60	26.25	39 46 042
February 2013	27.70	22.05	4 90 277	27.70	20.50	11 08 523
March 2013	28.20	19.75	10 46 028	29.00	20.00	21 92 120

Source: BSE & NSE website

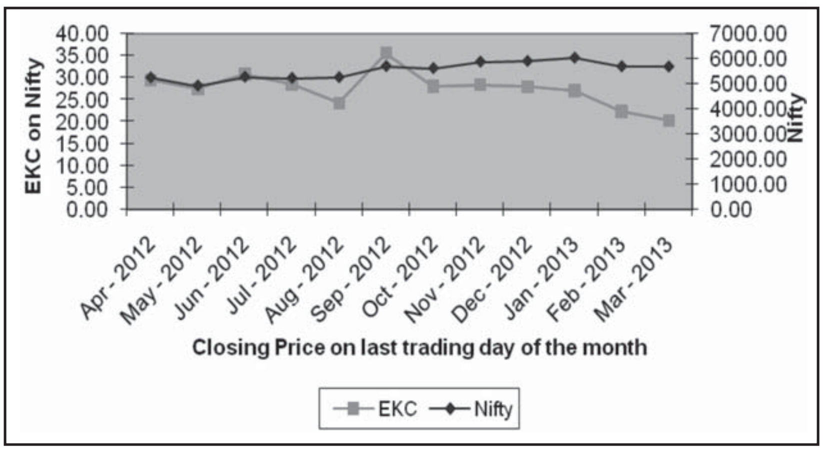
7.8 Stock Performance

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



Source: BSE website

The performance of the Company's shares relative to the NSE Sensitive Index (S&P CNX Nifty Index) is given in the chart below:



Source: NSE website

Liquidity

Shares of the Company are actively traded on BSE and NSE as is seen from the volume of shares indicated in the table containing stock market data and hence ensure good liquidity for the investors.

7.9 Registrar & Share Transfer Agent:

Link Intime India Pvt. Ltd.
C-13, Pannalal Silk Mills Compound,
L.B.S. Marg, Bhandup (W),
Mumbai - 400 078.
Tel.: 91 22 2594 6970
Fax.: 91 22 2594 6969
Email: rnt.helpdesk@linkintime.co.in

7.10 Share Transfer System

The transfer of shares in physical form is processed and completed by Link Intime India Private Limited within a period of seven days from the date of receipt thereof provided all the documents are in order. In case of shares in electronic form, the transfers are processed by NSDL/CDSL through respective Depository Participants.

The Company obtains from a Company Secretary in Practice, half-yearly certificate of compliance with the share transfer formalities as required under Clause 47(c) of the Listing Agreements with Stock Exchanges and files a copy of the certificate with the Stock Exchanges.

7.11 Statement showing shareholding pattern as on March 31, 2013

Category of Shareholders	Number of shares	% of Shareholding
Shareholding of Promoter and Promoter Group	6 47 64 066	60.44
Mutual Funds	72 11 765	6.73
Financial Institutions / Banks	600	0.00
Foreign Institutional Investors	43 39 202	4.05
Bodies Corporate	43 95 288	4.10
Individual shareholders holding nominal share capital up to ₹ 1 lakh	1 58 28 495	14.77
Individual shareholders holding nominal share capital in excess of ₹ 1 lakh	9 26 372	0.86
Clearing Member	6 19 665	0.58
Non Resident Indians (Repat)	8 34 850	0.78
Non Resident Indians (Non Repat)	1 96 165	0.18
Foreign Companies	80 36 714	7.50
Other Directors	4 500	0.00
TOTAL	**10 71 57 682**	**100.00**

7.12 Distribution of shareholding by size as on March 31, 2013

No. of Shares held	No. of shareholders	% to No. of shareholders	No. of shares	% to No. of shares
1 - 500	44 781	87.62	61 59 962	5.75
501 - 1000	3 377	6.61	27 25 330	2.54
1001 - 2000	1 578	3.09	24 29 486	2.27
2001 - 3000	470	0.92	12 14 875	1.13
3001 - 4000	224	0.44	8 20 434	0.77
4001 - 5000	191	0.37	8 99 648	0.84
5001 - 10000	274	0.54	20 59 069	1.92
Above 10000	211	0.41	9 08 48 878	84.78
TOTAL	**51 106**	**100.00**	**10 71 57 682**	**100.00**

7.13 Dematerialization of shares as on March 31, 2013

The Company's shares are compulsorily traded in dematerialised form and are available for trading on both the Depositories in India - National Securities Depository Ltd. (NSDL) and Central Depository Services (India) Ltd. (CDSL).

Particulars of Shares	Equity Shares of ₹ 2 each		Shareholders	
	Number	% of total	Number	% of total
Dematerialised form				
NSDL	9 87 31 343	92.14	32 278	63.16
CDSL	84 26 309	7.86	18 826	36.84
Sub - Total	**10 71 57 652**	**100.00**	**51 104**	**100.00**
Physical Form	30	0.00	2	0.00
Total	**10 71 57 682**	**100.00**	**51 106**	**100.00**

7.14 Redemption of Foreign Currency Convertible Bonds

During the year under review, the Company has redeemed Zero Coupon Foreign Currency Convertible Bonds (FCCBs) aggregating to USD 35 million which were issued by the Company in October, 2007, at a premium of USD 14,980,350, pursuant to the terms of the issue, as none of the FCCBs were converted to shares.

7.15 Plant Location

The Company's plants are located at Gandhidham, Kandla Special Economic Zone, Tarapur and Aurangabad:

Gandhidham	:	Survey no. 141/1 & 141/2, Village Varsana, Near NH 8A East, P.O. Box Gopalpuri, Taluka-Anjar, Gandhidham, Kutch - 370 240, Gujarat
Kandla Special Economic Zone	:	Plot no. 525 to 542, 618, 619, 627 & 628, Sector - New Extended Area, Kandla Special Economic Zone, Gandhidham, Kutch - 370 230, Gujarat
Tarapur	:	N-62, MIDC Industrial Area, Kumbhavali Naka, Tarapur - 401 506, Maharashtra
Aurangabad	:	E-22, MIDC Area, Chikalthana, Aurangabad - 431 210, Maharashtra

7.16 Address for Correspondence

Shareholders' correspondence should be addressed to Company's Registrar & Share Transfer Agent at the address mentioned. Shareholders may also contact Ms. Kanika Sharma, Company Secretary, at the registered office of the Company for any assistance at the following telephone number / email address:

Tel.: 91 22 3026 8300 - 01

Email: investors@ekc.in

7.17 Unclaimed Dividends

Section 205A of the Companies Act, 1956, mandates that companies transfer dividend that has been unclaimed for a period of seven years from the unpaid dividend account to the Investor Education and Protection Fund (IEPF). In accordance with the following schedule, the dividend for the years mentioned as follows, if unclaimed within a period of seven years, will be transferred to IEPF.

Financial Year	Date of declaration of dividend	Dividend Per Share*	Due date for transfer to IEPF	Amount (₹)#
2005-06	July 26, 2006	0.70	August 31, 2013	42,232.00
2006-07	July 3, 2007	1.00	August 8, 2014	67,460.00
2007-08	July 30, 2008	1.20	September 4, 2015	102,666.00
2008-09	July 28, 2009	1.20	September 2, 2016	109,182.60
2009-10	July 27, 2010	1.20	September 1, 2017	238,638.60
2010-11	July 30, 2011	1.50	September 4, 2018	433,527.00
2011-12	August 11, 2012	0.25	September 15, 2019	114,743.00

* Paid - Up value of ₹ 2 each.

\# Amount unclaimed as at March 31, 2013.

Members who have so far not encashed their dividend warrants are requested to write to the Company/ Registrar to claim the same, to avoid transfer to IEPF. Shareholders are cautioned that once unclaimed dividend is transferred to IEPF, no claim shall lie in respect thereof with the Company.

7.18 Transfer of funds to Investor Education and Protection Fund

As on December 8, 2012, followings were the unclaimed funds in the Bank Accounts of the Company representing application moneys which were received by the Company from the applicants, in connection with the Initial Public Offering (IPO) of equity shares of the Company in December 2005, towards which no shares were allotted and such application moneys remained unclaimed since then:

Sr. No.	Name of the Bankers	Unclaimed Balance (in ₹)
1.	ICICI Bank Ltd.	57,600.00
2.	Citibank	169,280.00
3.	Standard Chartered Bank	156,480.00
4.	State Bank of India	176,599.00
	Total	**559,959.00**

As the above mentioned funds laying in the IPO Bank Accounts as on December 8, 2012 remained unclaimed for a period of seven years, pursuant to the provisions contained under Section 205C of the Companies Act, 1956 and the Investors Education and Protection Fund (Awareness & Protection of investors) Rules, 2001, the unclaimed funds were required to be transferred to the Investor Education and Protection Fund (IEPF) Account maintained by the Central Government within a period of 30 days from the date of completion of seven years thereof. In compliance with the above, on January 11, 2013, the Company has deposited the amount of ₹ 559,959.00 (Rupees Five Lakh Fifty Nine Thousand Nine Hundred and Fifty Nine only) into IEPF Account of the Central Government maintained with HDFC Bank.

8. CEO AND CFO CERTIFICATION

The Chairman & Managing Director and the Chief Financial Officer of the Company give annual certification on financial reporting and internal controls to the Board in terms of Clause 49. The Chairman and Managing Director and the Chief Financial Officer also give quarterly certification on financial results while placing the financial results before the Board in terms of Clause 41.

9. PRACTISING COMPANY SECRETARY'S CERTIFICATE ON CORPORATE GOVERNANCE

Certificate from the Practising Company Secretary, M/s. Aashish K. Bhatt & Associates, confirming compliance with the conditions of Corporate Governance as stipulated under Clause 49, is attached to the Directors' Report forming part of the Annual Report.

10. RECONCILIATION OF SHARE CAPITAL AUDIT REPORT

The Reconciliation of share capital audit report, confirming that the total issued capital of the Company is in agreement with the total number of shares in physical form and the total number of dematerialised shares held with National Securities Depository Limited and Central Depository Services (India) Limited, is placed before the Board on a quarterly basis. A copy of the Audit Report is submitted to BSE & NSE within 30 days of the end of each quarter.

11. SUBSIDIARY MONITORING FRAMEWORK

The Company has three wholly owned subsidiary companies viz., EKC International FZE, UAE, EKC Industries (Tianjin) Co. Ltd., China and EKC Industries (Thailand) Co. Ltd., Thailand, three step down wholly owned subsidiaries viz., EKC Hungary Kft, Hungary, CP Industries Holdings, Inc., USA and EKC Europe GmbH, Germany and one subsidiary company viz., Calcutta Compressions & Liquefaction Engineering Ltd. All these companies are Board managed with the respective Boards having the rights and obligations to manage the companies in the best interest of their stakeholders. The Company monitors the performance of such companies, *inter-alia*, by the following means:

a) Financial statements;

b) The investments made by the unlisted subsidiary companies, are reviewed periodically by the Audit Committee of the Company; and

c) All minutes of the meetings of the unlisted subsidiary companies are placed before the Company's Board regularly.

The Company does not have any material unlisted Indian subsidiary and, hence, is not required to nominate an independent director of the Company on the Board of any subsidiary.

12. CODE OF CONDUCT

The Board has laid down a Code of Conduct and Ethics for all Board Members and Senior Management Personnel of the Company. The Code has been circulated to all the Board Members and senior management and the same is available on the Company's website www.everestkanto.com. All Board Members and Senior Management Personnel have affirmed compliance with the Code of Conduct during the financial year 2012-13.

13. POLICY ON INSIDER TRADING

The Company has formulated a Code of Conduct for Prevention of Insider Trading (Code) in accordance with the guidelines specified under the Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 1992 and as amended from time to time.

The Board has appointed Ms. Kanika Sharma, Company Secretary as the Compliance Officer under the Code responsible for complying with the procedures, monitoring adherence to the rules for the preservation of price sensitive information, pre-clearance of trade, monitoring of trades and implementation of the Code of Conduct under the overall supervision of the Board.

The Company's Code, *inter-alia*, prohibits purchase and/or sale of shares of the Company by an insider, while in possession of unpublished Price Sensitive Information in relation to the Company during certain prohibited periods.

DECLARATION BY THE CEO UNDER CLAUSE 49 OF THE LISTING AGREEMENT REGARDING ADHERENCE TO THE CODE OF CONDUCT

In accordance with Clause 49, sub-clause I(D) of the Listing Agreement with the Stock Exchanges, I hereby confirm that, all the Directors and the Senior Management personnel of the Company have affirmed compliance to their respective Codes of Conduct as applicable to them for the Financial Year ended March 31, 2013.

For and on behalf of the Board

P.K. Khurana
Chairman & Managing Director

Mumbai
May 30, 2013

PRACTISING COMPANY SECRETARY'S CERTIFICATE REGARDING COMPLIANCE OF CONDITIONS OF CORPORATE GOVERNANCE

To the Members of Everest Kanto Cylinder Limited

We have examined the compliance of conditions of Corporate Governance by Everest Kanto Cylinder Limited ('the Company') for the year ended March 31, 2013, as stipulated in Clause 49 of the Listing Agreements of the said Company with Stock Exchanges in India.

The compliance of conditions of Corporate Governance is the responsibility of the Management. Our examination was limited to procedures and implementation thereof, adopted by the Company for ensuring the compliance of the conditions of the Corporate Governance. It is neither an audit nor an expression of opinion on the financial statements of the Company.

In our opinion and to the best of our information and according to the explanations given to us and based on the representations made by the Management, we certify that the Company has complied with the conditions of Corporate Governance as stipulated in the above mentioned Listing Agreement.

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 Aashish K. Bhatt & Associates
Practising Company Secretaries

Aashish Bhatt
Proprietor

Mumbai
May 30, 2013

AUDITORS' REPORT ON FINANCIAL STATEMENTS

To the Members of
Everest Kanto Cylinder Limited

Report on the Financial Statements

1. We have audited the accompanying financial statements of Everest Kanto Cylinder Limited (the "Company"), which comprise the Balance Sheet as at March 31st, 2013, and the Statement of Profit and Loss and Cash Flow Statement for the year then ended, and a summary of significant accounting policies and other explanatory information, which we have signed under reference to this report.

Management's Responsibility for the Financial Statements

2. The Company's Management is responsible for the preparation of these financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the Accounting Standards referred to in sub-section (3C) of section 211 of 'the Companies Act, 1956' of India (the "Act"). This responsibility includes the design, implementation and maintenance of internal control relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

3. Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with the Standards on Auditing issued by the Institute of Chartered Accountants of India. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

5. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

6. In our opinion, and to the best of our information and according to the explanations given to us, the accompanying 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:

   (a) in the case of the Balance Sheet, of the state of affairs of the Company as at March 31, 2013;

   (b) in the case of the Statement of Profit and Loss, of the loss for the year ended on that date; and

   (c) in the case of the Cash Flow Statement, of the cash flows for the year ended on that date.

Emphasis of Matter

7. We draw your attention to Note 14 (a) to the financial statements regarding managerial remuneration paid/ provided during the year ended March 31, 2013 to three Whole-Time directors of the Company aggregating ₹ 228.78 lac in excess of the limits specified in Schedule XIII to the Companies Act, 1956 (the "Act") which has been approved by the shareholders of the Company. The Company has filed applications to the Central Government seeking an approval for the payment of such excess remuneration. Our opinion is not qualified in respect of this matter.

Report on Other Legal and Regulatory Requirements

8. As required by 'the Companies (Auditor's Report) Order, 2003', as amended by 'the Companies (Auditor's Report) (Amendment) Order, 2004', issued by the Central Government of India in terms of sub-section (4A) of section 227 of the Act (hereinafter referred to as the "Order"), and on the basis of such checks of the books and records of the Company as we considered appropriate and according to the information and explanations given to us, we give in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the Order.

9. As required by section 227(3) of the Act, we report that:

   (a) We have obtained all the information and explanations which, to the best of our knowledge and belief, were necessary for the purpose of our audit;

   (b) In our opinion, proper books of account as required by law have been kept by the Company so far as appears from our examination of those books and proper returns adequate for the purposes of our audit have been received from branches not visited by us;

(c) The Balance Sheet, Statement of Profit and Loss, and Cash Flow Statement dealt with by this Report are in agreement with the books of account and with the returns received from branches not visited by us;

(d) In our opinion, the Balance Sheet, Statement of Profit and Loss, and Cash Flow Statement dealt with by this report comply with the Accounting Standards referred to in sub-section (3C) of section 211 of the Act;

(e) On the basis of written representations received from the directors as on March 31, 2013, and taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2013, from being appointed as a director in terms of clause (g) of sub-section (1) of section 274 of the Act.

For Dalal & Shah
Firm Registration No. 102021W
Chartered Accountants

S.Venkatesh
Partner
Membership No. 037942

Mumbai
30th May, 2013

Annexure to Auditors' Report

Referred to in paragraph 8 of our Report of even date

i. (a) The Company is generally maintaining proper records showing full particulars, including quantitative details and situation, of fixed assets.

(b) The fixed assets are physically verified by the Management during the year and no material discrepancies between the book records and the physical inventory have been noticed. In our opinion, the frequency of verification is reasonable.

(c) In our opinion, and according to the information and explanations given to us, a substantial part of fixed assets has not been disposed of by the Company during the year.

ii. (a) The inventory has been physically verified by the Management during the year. In our opinion, the frequency of verification is reasonable.

(b) In our opinion, the procedures of physical verification of inventory followed by the Management are reasonable and adequate in relation to the size of the Company and the nature of its business.

(c) On the basis of our examination of the inventory records, in our opinion, the Company is maintaining proper records of inventory. The discrepancies noticed on physical verification of inventory as compared to book records were not material.

iii. (a) The Company has, granted unsecured loan, to a company covered in the register maintained under section 301 of the Act. The maximum amount involved during the year and the year-end balance of such loans amount to ₹ 2,000 Lakh. The Company has not granted any secured/ unsecured loans to firms or other parties covered in the register maintained under Section 301 of the Act.

(b) In our opinion, the rate of interest and other terms and conditions of such loan is not prima facie, prejudicial to the interest of the Company.

(c) In respect of the aforesaid loan, the party is repaying the principal amount, as stipulated, and is also regular in payment of interest as applicable.

(d) In respect of the aforesaid loan, there is no overdue amount more than Rupees One Lakh.

(e) The Company has taken unsecured loans, from two companies covered in the register maintained under Section 301 of the Act. The maximum amount involved during the year and the year-end balance of such loans aggregated to ₹ 421.40 lakhs and ₹ 421.40 lakhs, respectively. The Company has not taken any secured/ unsecured loans from firms or other parties covered in the register maintained under Section 301 of the Act.

(f) In our opinion, the rate of interest and other terms and conditions of such loans are not prima facie prejudicial to the interest of the Company.

(g) In respect of the aforesaid loans, the Company is regular in repaying the principal amounts, as stipulated, and is also regular in payment of interest, as applicable.

iv. In our opinion, and according to the information and explanations given to us, there is an adequate internal control system commensurate with the size of the Company and the nature of its business for the purchase of inventory and fixed assets and for the sale of goods and services. Further, on the basis of our examination of the books and records of the Company, and according to the information and explanations given to us, we have neither come across, nor have been informed of, any continuing failure to correct major weakness in the aforesaid internal control system.

v. (a) According to the information and explanations given to us, we are of the opinion that the particulars of all contracts or arrangements that need to be entered into the register maintained under section 301 of the Companies Act, 1956 have been so entered.

(b) In our opinion, and according to the information and explanations given to us, the transactions made in pursuance of such contracts or arrangements and exceeding the value of Rupees Five Lakhs in respect of any party during the year have been made at prices which are reasonable having regard to the prevailing market prices at the relevant time.

vi. The Company has not accepted any deposits from the public within the meaning of Sections 58A and 58AA of the Act and the rules framed there under.

vii. In our opinion, the Company has an internal audit system commensurate with its size and the nature of its business.

viii. We have broadly reviewed the books of account maintained by the Company in respect of products where, pursuant to the rules made by the Central Government of India, the maintenance of cost records has been prescribed under clause (d) of sub-section (1) of Section 209 of the Act, and are of the opinion that, prima facie, the prescribed accounts and records have been made and maintained. We have not, however, made a detailed examination of the records with a view to determine whether they are accurate or complete.

ix. (a) According to the information and explanations given to us and the records of the Company examined by us, in our opinion, the Company is regular in depositing the undisputed statutory dues, including provident fund, investor education and protection fund, sales tax, wealth tax, customs duty, excise duty and other material statutory dues, as applicable, with the appropriate authorities but have not generally been regular in depositing service tax, income tax and employee state insurance dues with the appropriate authorities though the delays in deposit have not been serious.

(b) According to the information and explanations given to us and the records of the Company examined by us, there are no dues of wealth tax, service tax, custom duty and excise duty which have not been deposited on account of any dispute. The particulars of dues of income-tax and sales-tax as at March 31, 2013 which have not been deposited on account of disputes are as follows:

Name of Statute	Nature of Dues	Amount (₹ in Lac)	Period to which the amount relates	Forum where dispute is pending
The Income Tax Act 1961	Income Tax	98.12	A.Y. 2008-09	Income tax Appellate Tribunal - Mumbai (LTU)
The Central Sales tax Act 1956	Sales Tax (Lease Tax)	14.34	A.Y. 1994-95 to A.Y. 1998-99	Joint Commissioner of Sales Tax (Appeals) - Thane Zone
The Bombay Sales Tax Act 1959	Sales Tax (BST)	86.97	A.Y. 2001-02 to A.Y. 2003-04	Joint Commissioner of Sales Tax (Appeals) - Thane Zone
		152.36	A.Y. 1997-98 to A.Y. 2004-05	Deputy Commissioner of Sales Tax - Thane
The Central Sales tax Act 1956	Sales Tax (CST)	27.85	A.Y. 2001-02 to A.Y. 2003-04	Joint Commissioner of Sales Tax (Appeals) - Thane Zone
		173.29	A.Y. 1997-98 to A.Y. 2004-05	Deputy Commissioner of Sales Tax - Thane

x. The Company has no accumulated losses as at the end of the financial year and it has incurred cash loss in the financial year ended on that date but not incurred any cash loss in the immediately preceding financial year.

xi. According to the records of the Company examined by us and the information and explanations given to us, the Company has not defaulted in repayment of dues to any financial institution or bank or debenture holders as at the balance sheet date.

xii. The Company has not granted any loans and advances on the basis of security by way of pledge of shares, debentures and other securities. Therefore, the provisions of Clause 4(xii) of the Order are not applicable to the Company.

xiii. As the provisions of any special statute applicable to chit fund/ nidhi/ mutual benefit fund/ societies are not applicable to the Company, the provisions of Clause 4(xiii) of the Order are not applicable to the Company.

xiv. In our opinion, the Company has maintained proper records of transactions and contracts relating to dealing or trading in shares, securities, debentures and other investments during the year and timely entries have been made therein. Further, such securities have been held by the Company in its own name or are in the process of transfer in its name, except to the extent of the exemption granted under Section 49 of the Act.

xv. In our opinion, and according to the information and explanations given to us, the terms and conditions of the guarantees given by the Company, for loans taken by others from banks or financial institutions during the year, are not prejudicial to the interest of the company.

xvi. In our opinion, and according to the information and explanations given to us, the term loans have been applied for the purposes for which they were obtained.

xvii. According to the information and explanations given to us and on an overall examination of the balance sheet of the company, we report that the no funds raised on short-term basis have been used for long-term investment.

xviii. The Company has not made any preferential allotment of shares to parties and companies covered in the register maintained under Section 301 of the Act during the year. Accordingly, the provisions of Clause 4(xviii) of the Order are not applicable to the Company.

xix. The Company has not issued any debentures during the year and does not have any debentures outstanding as at the beginning of the year and at the year end. Accordingly, the provisions of Clause 4(xix) of the Order are not applicable to the Company.

xx. The Company has not raised any money by public issues during the year. Accordingly, the provisions of Clause 4(xx) of the Order are not applicable to the Company.

xxi. During the course of our examination of the books and records of the Company, carried out in accordance with the generally accepted auditing practices in India, and according to the information and explanations given to us, we have neither come across any instance of fraud on or by the Company, noticed or reported during the year, nor have we been informed of such case by the Management.

For Dalal & Shah
Firm Registration No. 102021W
Chartered Accountants

S.Venkatesh
Partner
Membership No. 037942

Mumbai
30th May, 2013

BALANCE SHEET AS AT 31ST MARCH, 2013

		Note No.	As at 31.03.2013 (₹ in Lakh)	As at 31.03.2012 (₹ in Lakh)
I.	**EQUITY AND LIABILITIES**			
	1 Shareholders' Funds			
	(a) Share Capital	(i)	**2,143.15**	2,143.15
	(b) Reserves and Surplus	(ii)	**35,056.01**	48,663.52
			37,199.16	50,806.67
	2 Non-Current Liabilities			
	(a) Long-Term Borrowings	(iii)	**30,595.10**	1,985.24
	(b) Deferred Tax Liabilities (Net)	(iv)	**-**	1,121.08
	(c) Other Long-Term Liabilities	(v)	**24.00**	11.50
	(d) Long-Term Provisions	(vi)	**81.01**	92.41
			30,700.11	3,210.23
	3 Current Liabilities			
	(a) Short-Term Borrowings	(vii)	**6,680.27**	10,207.33
	(b) Trade Payables (Refer Note No. 3)		**4,906.00**	3,299.64
	(c) Other Current Liabilities	(viii)	**5,179.44**	22,882.24
	(d) Short-Term Provisions	(ix)	**268.92**	359.91
			17,034.63	36,749.12
	TOTAL		**84,933.90**	90,766.02
II.	**ASSETS**			
	1 Non-Current Assets			
	(a) Fixed Assets	(x)		
	(i) Tangible Assets		**30,612.28**	32,480.78
	(ii) Intangible Assets		**134.76**	183.92
	(iii) Capital Work-in-Progress		**2,649.90**	2,440.59
			33,396.94	35,105.29
	(b) Non-Current Investments	(xi)	**4,097.83**	10,926.48
	(c) Long-Term Loans and Advances	(xii)	**2,566.85**	7,871.34
	(d) Other Non-Current Assets	(xiii)	**27.87**	84.59
			6,692.55	18,882.41
	2 Current Assets			
	(a) Current Investments	(xiv)	**6,927.24**	1.77
	(b) Inventories	(xv)	**17,684.74**	22,747.99
	(c) Trade Receivables	(xvi)	**5,658.75**	6,359.63
	(d) Cash and Bank Balances	(xvii)	**1,327.76**	1,272.04
	(e) Short-Term Loans and Advances	(xviii)	**11,498.77**	5,200.04
	(f) Other Current Assets	(xix)	**1,747.15**	1,196.85
			44,844.41	36,778.32
	TOTAL		**84,933.90**	90,766.02
III.	**Read with other Notes to Accounts**	(xxvii)		

As per our report of even date
For **DALAL & SHAH**
Firm Registration No. 102021W
Chartered Accountants

For and on behalf of the Board

P.K. Khurana
Chairman & Managing Director

S. Venkatesh
Partner
Membership No. 037942
Mumbai
30th May, 2013

Kanika Sharma
Company Secretary

Vipin Chandok
Chief Financial Officer

Pushkar Khurana
Director

STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31ST MARCH, 2013

		Note No.	Year Ended 31.03.2013 (₹ in Lakh)	Year Ended 31.03.2012 (₹ in Lakh)
I.	**Revenue from Operations**	(xx)	**24,702.65**	31,132.46
II.	**Other Income**	(xxi)	**1,138.56**	1,229.89
III.	**Total Revenue (I + II)**		**25,841.21**	32,362.35
IV.	**Expenses:**			
	Cost of Materials Consumed	(xxii)	**17,339.83**	20,608.58
	Purchases of Stock-in-Trade		**45.11**	1,046.50
	Changes in Inventories of Finished Goods, Work-in-Progress and Stock-in-Trade	(xxiii)	**(899.11)**	(3,045.58)
	Employee Benefits Expense	(xxiv)	**2,126.07**	2,374.32
	Finance Costs	(xxv)	**3,318.72**	1,255.96
	Depreciation and Amortization Expense		**2,254.32**	2,387.10
	Other Expenses	(xxvi)	**6,580.70**	6,903.94
	Own Goods Capitalised		**(69.54)**	(241.25)
	Total Expenses (Excluding Foreign Exchange Variation)		**30,696.10**	31,289.57
V.	**Profit / Loss before Foreign Exchange Variation and Tax**		**(4,854.89)**	1,072.78
VI.	Foreign Exchange Variation Loss (Net)		**985.56**	3060.58
VII.	**(Loss) before Tax (V - VI)**		**(5,840.45)**	(1,987.80)
VIII.	**Tax Expense:**			
	(1) Current Tax		**-**	-
	(2) Deferred Tax		**(1,121.08)**	(266.15)
IX	**(Loss) for the Year before Tax Adjustments for Earlier Years (VII-VIII)**		**(4,719.37)**	(1,721.65)
X.	Tax Adjustments for Earlier Years (Net)		**30.37**	(500.00)
XI.	**Net (Loss) for the Year**		**(4,749.74)**	(1,221.65)
XII.	**Earnings per Equity Share:**			
	(1) Basic		**(4.43)**	(1.14)
	(2) Diluted		**(4.43)**	(1.14)
XIII.	**Read with Other Notes to Accounts**	(xxvii)		

As per our report of even date
For **DALAL & SHAH**
Firm Registration No. 102021W
Chartered Accountants

For and on behalf of the Board

P.K. Khurana
Chairman & Managing Director

S. Venkatesh
Partner
Membership No. 037942
Mumbai
30th May, 2013

Kanika Sharma
Company Secretary

Vipin Chandok
Chief Financial Officer

Pushkar Khurana
Director

NOTES FORMING PART OF BALANCE SHEET AS AT 31ST MARCH, 2013

		As at 31.03.2013 (₹ in Lakh)	As at 31.03.2012 (₹ in Lakh)
(i)	**Share Capital**		
	Authorised		
	125,000,000 (PY:125,000,000) Equity Shares of ₹ 2 each	**2,500.00**	2,500.00
	Issued		
	107,157,682 (PY:107,157,682) Equity Shares of ₹ 2 each	**2,143.15**	2,143.15
	Subscribed & Fully Paid up		
	107,157,682 (PY:107,157,682) Equity Shares of ₹ 2 each fully paid up	**2,143.15**	2,143.15
	TOTAL	**2,143.15**	2,143.15

(a) **Reconciliation of Number of Shares**

Equity Shares	As at 31st March, 2013		As at 31st March, 2012	
	No. of Shares	(₹ in Lakh)	No. of Shares	(₹ in Lakh)
Shares outstanding at the beginning of the year	**107,157,682**	**2,143.15**	107,157,682	2,143.15
Shares outstanding at the end of the year	**107,157,682**	**2,143.15**	107,157,682	2,143.15

(b) **Rights, Preferences and Restrictions attached to Shares**

The Company has one class of Equity Shares having a par value of ₹ 2/- per Share. Each Shareholder is eligible for one vote per share held. The Dividend proposed by the Board of Directors is subject to the approval of the Shareholders in the ensuing Annual General Meeting. In the event of liquidation, the equity shareholders are eligible to receive the remaining assets of the Company after distribution of all preferential amounts in proportion to the share holding.

(c) **Details of shares held by shareholders holding more than 5% of the aggregate shares in the Company**

	As at 31st March, 2013		As at 31st March, 2012	
Name of Shareholder	No. of Shares Held	% of Holding	No. of Shares Held	% of Holding
P. K. Khurana (Promoter)	**12,218,000**	**11.40**	12,218,000	11.40
Suman Khurana (Promoter)	**14,213,715**	**13.26**	14,213,715	13.26
Khurana Gases Private Limited (Promoter)	**14,550,628**	**13.58**	14,520,000	13.55
Reliance Capital Trustee Co. Ltd.	**7,000,000**	**6.53**	7,000,000	6.53

		As at 31.03.2013 (₹ in Lakh)	As at 31.03.2012 (₹ in Lakh)
(ii)	**Reserves and Surplus**		
	a. **Capital Reserves**	**1,015.22**	1,015.22
	b. **Securities Premium Account**		
	Opening Balance	**32,844.48**	32,844.48
	Less : Premium Utilised for Premium on Redemption of Bonds	**8,761.84**	-
	Closing Balance	**24,082.64**	32,844.48
	c. **Hedging Reserves**		
	Opening Balance	**(154.81)**	(365.43)
	(+) Current Year Transfer	**154.81**	210.62
	Closing Balance	**-**	(154.81)
	d. **General Reserves**		
	Opening Balance	**7,491.00**	7,491.00
	(+) Current Year Transfer from Surplus	**-**	-
	Closing Balance	**7,491.00**	7,491.00

NOTES FORMING PART OF BALANCE SHEET AS AT 31ST MARCH, 2013

	As at 31.03.2013 (₹ in Lakh)	As at 31.03.2012 (₹ in Lakh)
e. Surplus - Balance in Statement of Profit & Loss		
Opening balance	**7,467.63**	9,000.63
(+) Net (Loss) For the current year	**(4,749.74)**	(1,221.65)
(-) Proposed Dividend (Including Dividend Tax Current Year: ₹ 36.42 Lakh, Previous Year: ₹ 43.46 Lakh)#	**250.74**	311.35
Closing Balance	**2,467.15**	7,467.63
Total	**35,056.01**	48,663.52
# Dividend proposed to be distributed to Equity Shareholders is ₹ 0.20 (Previous Year ₹ 0.25) per Equity Share.		
(iii) Long-Term Borrowings		
Secured		
Term Loans		
- From Banks	**26,096.79**	-
- Foreign Currency Loan From Bank	**2,719.47**	-
[Refer Note No.1(a)]	**28,816.26**	-
Unsecured		
Term loans		
- Sales Tax Deferment Loan (Interest Free)	**1,778.84**	1,985.24
[Refer Note No.1(c)]	**1,778.84**	1,985.24
Total	**30,595.10**	1,985.24

	As at 31.03.2013 (₹ in Lakh)	As at 31.03.2012 (₹ in Lakh)	As at 31.03.2011 (₹ in Lakh)
(iv) Deferred Tax Liabilities (Net)			
Deferred Tax Liability on account of:			
- Depreciation	**2,718.34**	2,825.90	1,990.49
Deferred Tax Assets on account of:			
- Taxes, Duties on Inventories	**318.03**	535.34	340.48
- Shares/FCCB Issue Expenses	**187.67**	189.23	195.33
- Employee Benefits	**5.76**	58.40	67.45
- Provision for Doubtful Debts	**44.58**	49.08	-
- Unabsorbed Depreciation and Business Loss as per Tax Laws	**2,162.30**	872.77	-
	2,718.34	1,704.82	603.26
Total	**-**	**1,121.08**	**1,387.23**

NOTES FORMING PART OF BALANCE SHEET AS AT 31ST MARCH, 2013

		As at 31.03.2013 (₹ in Lakh)	As at 31.03.2012 (₹ in Lakh)
(v)	**Other Long-Term Liabilities**		
	Deposits	**24.00**	11.50
	Total	**24.00**	11.50
(vi)	**Long-Term Provisions**		
	Provision for Employee Benefits		
	- Leave Encashment	**81.01**	92.41
	Total	**81.01**	92.41
(vii)	**Short-Term Borrowings**		
	Secured		
	Working Capital facilities from Banks [Refer Note No.1 (b)]		
	- Repayable on Demand	**3,000.00**	3,730.00
	- Others	**3,258.87**	5,597.31
		6,258.87	9,327.31
	Unsecured		
	Loans from Banks		
	- Working Capital Facility	**-**	880.02
	Loans from Related Parties	**421.40**	-
		421.40	880.02
	Total	**6,680.27**	10,207.33
(viii)	**Other Current Liabilities**		
	(a) Current Maturities of Long-Term Debt		
	- Foreign Currency Convertible Bonds [Refer Note No.5]	**-**	17,904.78
	- External Commercial Borrowings [Refer Note No. 1 (a)]	**-**	2,046.26
	- Sales Tax Deferment Loan (Interest Free) [Refer Note No.1(c)]	**336.81**	47.03
	(b) Interest Accrued but not due on Borrowings	**348.38**	62.99
	(c) Unclaimed Dividends #	**11.08**	10.04
	(d) Advances from Customers	**3,747.71**	1,787.01
	(e) Deposits	**32.62**	35.13
	(f) Other Liabilities	**702.84**	989.00
	Total	**5,179.44**	22,882.24
	# There are no amounts due for payment to the Investor Education Protection Fund under Section 205C of the Act as at the year end.		
(ix)	**Short-Term Provisions**		
	(a) Provision for Employee Benefits		
	- Leave Encashment	**18.18**	48.56
	(b) Others		
	- Proposed Dividend	**214.32**	267.89
	- Provision for Tax on Dividend	**36.42**	43.46
	Total	**268.92**	359.91

NOTES FORMING PART OF BALANCE SHEET AS AT 31ST MARCH, 2013

(x) Fixed Assets

(₹ in Lakh)

Particulars	Gross Block				Accumulated Depreciation				Net Block	
	Balance as at 01.04.2012	Additions	Disposals	Balance as at 31.03.2013	Balance as at 01.04.2012	Depreciation / Amortisation charge for the year	On disposals	Balance As at 31.03.2013	Balance As at 31.03.2013	Balance As at 31.03.2012
A. Tangible Assets										
Freehold Land	511.58	-	-	**511.58**	-	-	-	**-**	**511.58**	511.58
Leasehold Land #	266.97	-	-	**266.97**	158.70	1.29	-	**159.99**	**106.98**	108.27
Buildings ##	8,945.52	55.17	-	**9,000.69**	1,755.39	228.06	-	**1,983.45**	**7,017.24**	7,190.13
Plant and Equipment	32,115.05	189.38	61.13	**32,243.30**	10,329.23	1,637.26	58.07	**11,908.42**	**20,334.88**	21,785.82
Furniture and Fixtures	279.74	0.27	-	**280.01**	137.71	11.91	-	**149.62**	**130.39**	142.03
Vehicles	221.41	-	83.37	**138.04**	84.29	19.78	39.67	**64.40**	**73.64**	137.12
Office equipment	150.63	28.19	-	**178.82**	40.98	8.18	-	**49.16**	**129.66**	109.65
Computers	770.96	4.16	-	**775.12**	116.01	116.72	-	**232.73**	**542.39**	654.95
Gas Cylinders	12.44	0.85	-	**13.29**	12.44	0.01	-	**12.45**	**0.84**	-
GasCylinders given on Lease	612.82	77.18	-	**690.00**	110.31	108.10	-	**218.41**	**471.59**	502.51
Electrical Installation	1,584.65	28.22	-	**1,612.87**	245.93	73.85	-	**319.78**	**1,293.09**	1,338.72
Total (a)	45,471.77	383.42	144.50	**45,710.69**	12,990.99	2,205.16	97.74	**15,098.41**	**30,612.28**	32,480.78
Previous Year Total	32,911.84	12,579.68	19.75	**45,471.77**	10,663.32	2,338.28	10.61	**12,990.99**	**32,480.78**	-
B. Intangible Assets										
Computer Software	244.75	-	-	**244.75**	60.83	49.16	-	**109.99**	**134.76**	183.92
Total (b)	244.75	-	-	**244.75**	60.83	49.16	-	**109.99**	**134.76**	183.92
Previous Year Total	242.55	2.20	-	**244.75**	12.01	48.82	-	**60.83**	**183.92**	**-**
C. Capital Work In Progress									**2,649.90**	**2,440.59**

Notes:

\# Execution of lease deed for land acquired at Tarapur Plant is pending, ₹ 111.42 Lakh.

\## Includes ₹ 750/- (Previous Year ₹ 750/-) paid for shares acquired in co- operative societies.

Loans availed by the Company are secured by way of first / second pari passu charge on all fixed assets at the Aurangabad, Tarapur, Gandhidham and Kandla units. A loan availed by one of its step down subsidiaries from an Indian Bank is secured by way of first charge on the fixed assets at Kandla unit to the extent of the loan amount and margin thereon.

NOTES FORMING PART OF BALANCE SHEET AS AT 31ST MARCH, 2013

		As at 31.03.2013 (₹ in Lakh)	As at 31.03.2012 (₹ in Lakh)
(xi)	**Non-Current Investments** (At Cost / Book Value, Unquoted)		
A.	Trade Investments (Refer (b) below)		
	Investment in Equity Instruments	**4,052.88**	10,881.53
	Total (A)	**4,052.88**	10,881.53
B.	**Other Investments (Refer (c) below)**		
	Investment in Equity Instruments	**244.95**	244.95
	Less : Provision for diminution in the value of Investments	**(200.00)**	(200.00)
	Total (B)	**44.95**	44.95
	Total	**4,097.83**	10,926.48
(a)	**Market Value of Investments**		
	Aggregate amount of Quoted Investments	**-**	-

(b) Details of Trade Investments

Sr. No.	Name of the Body Corporate	Subsidiary / Associate / JV/ Controlled Special Purpose Entity / Others	Face Value	No. of Shares / Units		Quoted / Unquoted	Partly Paid /Fully paid	Extent of Holding (%)		Amount (₹ in Lakh)		"Whether stated at Cost Yes/ No"	If Answer to Column (13) is 'No'- Basis of Valuation
				2013	2012			2013	2012	2013	2012		
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)	(13)	(14)
	Investment in Equity Instruments												
	EKC International FZE	Subsidiary Company	AED 1,000,000	1	1	Unquoted	Fully Paid	100.00	100.00	124.12	124.12	Yes	NA
	EKC International FZE	Subsidiary Company	AED 1	16,203,619	16,203,619	Unquoted	Fully Paid	100.00	100.00	1,993.27	1,993.27	Yes	NA
	EKC Industries (Tianjin) Co. Ltd.	Subsidiary Company	USD 1	#	16,670,000	Unquoted	Fully Paid	#	100.00	#	6,925.07	Yes	NA
	Calcutta Compressions & Liquefaction Engineering Ltd.	Subsidiary Company	INR 10	1,606,950	1,606,950	Unquoted	Fully Paid	72.65	72.65	238.88	238.88	Yes	NA
			INR 10	3,214,000	3,214,000	Unquoted	Partly Paid (₹ 6/- each) (P.Y. ₹ 3/- each)			192.84	96.42		
	EKC Industries (Thailand) Co. Ltd.	Subsidiary Company	THB 1000	100,000	100,000	Unquoted	Fully Paid	100.00	100.00	1,503.77	1,503.77	Yes	NA
	Total									**4,052.88**	**10,881.53**		

Shown as Current Investments - Note (xiv)

(c) Details of Other Investments

Sr. No.	Name of the Body Corporate	Subsidiary / Associate / JV/ Controlled Special Purpose Entity / Others	Face Value	No. of Shares / Units		Quoted / Unquoted	Partly Paid / Fully Paid	Extent of Holding (%)		Amount (₹ in Lakh)		"Whether stated at Cost Yes/ No"	If Answer to Column (13) is 'No' - Basis of Valuation
				2013	2012			2013	2012	2013	2012		
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)	(13)	(14)
	Investment in Equity Instruments												
	Everest Kanto Investment & Finance Pvt. Ltd.	Others	INR 10	115,000	115,000	Unquoted	Fully Paid	9.58	9.58	39.10	39.10	Yes	NA
	GPT Steel Industries Pvt. Ltd.	Others	INR 10	2,000,000	2,000,000	Unquoted	Fully Paid	0.79	0.79	200.00	200.00	No	Fully provided for Diminution in Value
	Tarapur Environment Protection Society	Others	INR 100	5,852	5,852	Unquoted	Fully Paid	-	-	5.85	5.85	Yes	NA
	Total									**244.95**	**244.95**		

NOTES FORMING PART OF BALANCE SHEET AS AT 31ST MARCH, 2013

		As at 31.03.2013 (₹ in Lakh)	As at 31.03.2012 (₹ in Lakh)
(xii)	**Long-Term Loans and Advances**		
	a. Capital Advances		
	Unsecured, considered good	**117.47**	239.07
	b. Security Deposits		
	Unsecured, considered good	**806.93**	877.35
	c. Advance Tax and Tax Deducted at Source		
	[Net of Provision for Taxes ₹ 3,333.56 Lakh (Previous Year ₹ 5,973.56 Lakh)]	**738.87**	1,752.10
	d. Other Loans and Advances		
	Unsecured, considered good		
	- Related Parties	**903.58**	4,994.98
	- Others	**–**	7.84
	Total	**2,566.85**	**7,871.34**
(xiii)	**Other Non-Current Assets**		
	Long Term Trade Receivables		
	Unsecured, considered good	**27.87**	84.59
	Unsecured, considered doubtful	**32.38**	18.59
	Less: Provision for doubtful debts	**(32.38)**	(18.59)
	Total	**27.87**	84.59
(xiv)	**Current Investments**		
	(Unquoted, At lower of Cost & Fair Value)		
	Investement in Equity Instruments of Subsidiary (Trade)	**6,925.07**	-
	Investments in Mutual Funds (Non-Trade)	**2.17**	1.77
	Total	**6,927.24**	1.77
	(a) Market Value of Investments		
	Aggregate amount of Quoted Investments	**-**	-

(b) Details of Current Investments

Name of the Mutual Fund	No. of Shares / Units 2013	2012	Amount (₹ In Lakh) 2013	2012
Investments in Mutual Funds				
Investement in Equity Instruments of Subsidiary - EKC Industries (Tianjin) Co. Ltd.	16,670,000	#	6,925.07	#
Investments in Mutual Funds				
LIC Liquid Fund-Dividend Plan	119.26	11,172.99	1.31	1.23
UTI Liquid Fund-Cash Plan Institutional - Daily Income	84.86	53.06	0.86	0.54
Total			**6,927.24**	**1.77**

Non-Current Investments - Note (xi)

NOTES FORMING PART OF BALANCE SHEET AS AT 31ST MARCH, 2013

		As at 31.03.2013 (₹ in Lakh)	As at 31.03.2012 (₹ in Lakh)
(xv)	**Inventories**		
	(Valued at Lower of Cost and Net Realisable Value)		
	a. Raw Materials and Components	**9,076.62**	15,102.90
	b. Work-in-Progress	**6,978.61**	6,443.25
	c. Finished Goods	**1,579.30**	1,111.05
	d. Stock-in-Trade	**3.48**	6.89
	e. Stores and Spares	**46.73**	83.90
	Total	**17,684.74**	22,747.99
(xvi)	**Trade Receivables**		
	Trade receivables outstanding for a period exceeding six months from the date they are due for payment		
	Unsecured, considered good	**383.65**	540.29
	Unsecured, considered doubtful	**105.01**	132.68
	Less: Provision for doubtful debts	**(105.01)**	(132.68)
		383.65	540.29
	Trade receivables outstanding for a period less than six months from the date they are due for payment		
	Unsecured, considered good	**5,275.10**	5,819.34
		5,275.10	5,819.34
	[Includes ₹ 153.45 Lakh due from Subsidiaries (Previous Year ₹ 1,036.03 Lakh)]		
	Total	**5,658.75**	6,359.63
(xvii)	**Cash and Bank Balances**		
	Cash and Cash Equivalents:		
	a. Cash on Hand*	**34.63**	31.80
	b. Balances with Banks*		
	Current Accounts	**529.43**	605.72
		564.06	637.52
	Other Bank Balances:		
	a. Security against Guarantees	**479.35**	489.27
	b. Bank Deposits with more than 3 months, but less than 1 year maturity	**273.27**	135.21
	c. Earmarked Balances - Unpaid Dividend Accounts	**11.08**	10.04
		763.70	634.52
	Total	**1,327.76**	1,272.04

*There are no repatriation restrictions, in respect of Cash and Bank Balances.

NOTES FORMING PART OF BALANCE SHEET AS AT 31ST MARCH, 2013

		As at 31.03.2013 (₹ in Lakh)	As at 31.03.2012 (₹ in Lakh)
(xviii)	**Short-Term Loans and Advances**		
a.	Loans and Advances to Related Parties		
	Unsecured, considered good	**5,942.36**	2,247.81
b.	Advances recoverable in cash or kind or for value to be received		
-	Balance with Central Excise	**201.67**	459.86
-	Advances paid to Suppliers [Includes ₹ 1,478.78 Lakh due from Subsidiaries (Previous Year ₹ 4.64 Lakh)]	**2,291.50**	140.98
-	Prepaid expenses	**862.10**	76.20
c.	Inter Corporate Deposit	**2,000.00**	2,000.00
d.	Other Loans and Advances	**201.14**	275.19
	Total	**11,498.77**	5,200.04
(xix)	**Other Current Assets**		
a.	Current Deposits		
	Unsecured, considered good [Includes ₹ 20 Lakh (Previous Year ₹ 20.00 Lakh) to private companies in which directors are directors / members]	**38.31**	35.14
b.	Gratuity (Funded) (Net)	**3.42**	3.48
c.	Interest Receivable:		
	from Banks	**36.62**	25.67
	from Subsidiaries	**1,183.13**	911.11
	from Others	**390.88**	112.85
d.	Other Receivables	**94.79**	108.60
		1,747.15	1,196.85

NOTES FORMING PART OF STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31ST MARCH, 2013

		Year Ended 31.03.2013 (₹ in Lakh)	Year Ended 31.03.2012 (₹ in Lakh)
(xx)	**Revenue from Operations**		
	Sale of Products:		
	- Finished Goods Sales	**26,723.59**	32,031.84
	- Trading Sales	**46.61**	1,074.24
	Less:		
	Excise Duty	**2711.19**	2600.92
		24,059.01	30,505.16
	Other Operating Revenues:		
	- Scrap Sales	**525.92**	579.14
	- Export Incentives	**17.72**	22.96
	- Testing and Inspection Fees Received	**29.94**	13.79
	- Others	**70.06**	11.41
	Total	**24,702.65**	31,132.46
(xxi)	**Other Income**		
	Interest		
	- On Loans / Inter Corporate Deposits	**798.08**	769.97
	- On Fixed Deposits	**18.23**	67.27
	- On Income Tax Refund	**69.78**	-
	- Others	**-**	-
	Dividend on Current Investments (Non-Trade)	**0.41**	149.97
	Other Non-Operating Income (Net)		
	- Commission	**43.33**	32.19
	- Miscellaneous Income	**208.73**	210.49
	Total	**1,138.56**	1,229.89
(xxii)	**Cost of Materials Consumed**		
	Opening Stock	**15,102.90**	10,723.78
	Add: Purchases	**11,313.55**	24,987.70
		26,416.45	35,711.48
	Less: Closing Stock	**9,076.62**	15,102.90
	Total	**17,339.83**	20,608.58
(xxiii)	**Changes in Inventories of Finished Goods, Work-in-Progress and Stock-in-Trade**		
	Opening Stocks :		
	- Finished Goods	**1,111.05**	634.28
	- Work in Progress	**6,443.25**	3,844.21
	- Goods for Trade	**6.89**	-
	(A)	**7,561.19**	4,478.49
	Closing stocks :		
	- Finished Goods	**1,579.30**	1,111.05
	- Work in Progress	**6,978.61**	6,443.25
	- Goods for Trade	**3.48**	6.89
	(B)	**8,561.39**	7,561.19
	(A-B)	**(1,000.20)**	(3,082.70)
	Add : Variation in Excise Duty on Finished Goods Stocks	**101.09**	37.12
	Total	**(899.11)**	(3,045.58)

NOTES FORMING PART OF STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31ST MARCH, 2013

		Year Ended 31.03.2013 (₹ in Lakh)	Year Ended 31.03.2012 (₹ in Lakh)
(xxiv)	**Employee Benefits Expense**		
	Salaries, Wages and Other Benefits	**1,924.01**	2,127.91
	Contributions to -		
	- Provident Fund and Other Funds	**112.53**	141.48
	- Superannuation Scheme	**13.65**	2.54
	Staff welfare expenses	**75.88**	102.39
	Total	**2,126.07**	2,374.32
(xxv)	**Finance Costs**		
	Interest Expense		
	- On Borrowings	**2,561.19**	456.95
	- Others	**3.14**	9.77
	Other Borrowing Costs	**492.09**	-
	Applicable Net Loss on Foreign Currency Fluctuations and Translations	**262.30**	789.24
	Total	**3,318.72**	1,255.96
(xxvi)	**Other Expenses**		
	Consumption of Stores, Spares, etc.	**617.94**	795.48
	Power and Fuel	**2,972.75**	3,216.13
	Repairs and Maintenance - Building	**13.56**	41.21
	Repairs and Maintenance - Plant and Machinery	**58.30**	104.82
	Repairs and Maintenance - Others	**31.43**	32.12
	Labour Charges	**195.11**	153.97
	Rent	**407.96**	339.06
	Insurance	**93.92**	96.77
	Rates and Taxes, excluding Taxes on Income	**89.03**	24.25
	Payment to Auditors	**48.08**	42.80
	Directors' Sitting Fees and Commission	**6.15**	5.70
	Legal and Professional Fees	**568.05**	287.34
	Loss on Assets Scrapped / Discarded	**18.46**	5.91
	Provision for Doubtful Debts (Net)	**-**	151.27
	Provision for Diminution of Long Term Investment	**-**	-
	Bank Charges and Commission	**129.17**	223.08
	Carriage and Freight	**387.83**	407.93
	Advertisement and Sales Promotion	**96.01**	65.79
	Commission	**20.91**	10.38
	Miscellaneous expenses	**826.04**	899.93
	Total	**6,580.70**	6,903.94
	Payment to Auditors		
	a. Audit Fees (Including Branch Auditor ₹ 0.50 Lakhs, Previous Year ₹ 0.50 Lakhs)	**25.00**	20.50
	b. Tax Audit	**3.50**	3.50
	c. Other Services	**18.15**	18.80
	d. Reimbursement of Expenses	**1.43**	-
	Total	**48.08**	42.80

NOTES FORMING PART OF THE ACCOUNTS FOR THE YEAR ENDED 31ST MARCH, 2013

NOTE NO. XXVII :
ADDITIONAL NOTES FORMING PART OF THE ACCOUNTS FOR THE YEAR ENDED 31ST MARCH, 2013

1. Loan Funds:

 (a) Term Loans:

  (i) Term Loan of US$ 5.00 Mn. from a bank is secured by way of first pari passu charge on movable fixed assets of the plant at Kandla SEZ up to 125% of the loan amount and non-disposal undertaking of the shareholding of the Company in the subsidiary in China. The loan is repayable in bullet in May 2014. The interest rate of the Borrowings is 6 Months' LIBOR plus 5.50% pa.

  (ii) Term Loan from another bank up to ₹ 325 Crore is secured by way of (a) first pari passu charge on all the fixed assets of the Company, excluding a specific immovable property (b) second pari passu charge on the current assets of the Company (c) pledge of 29.99% of the shares of the Company held by the promoters (d) pledge of all the shares of the subsidiaries held by the Company (e) personal guarantees from promoter directors and (f) exclusive charge on certain residential and commercial immovable properties owned by the Company, promoters, group companies/firms. The loan is repayable in quarterly unequated installments commencing from January 2015 and ending in October 2020. The interest rate of the Borrowing is 12.75% pa.

 (b) Working Capital facilities from banks are secured by way of (i) first pari passu charge in the form of hypothecation of stocks and book debts of the Company and (ii) second pari passu charge on all the fixed assets (excluding specific fixed assets) of the Company. One of the banks has been provided additional security over a specific immovable property of the Company.

 (c) The Interest-free Sales Tax Deferment Loan is repayable in six equal annual installments, with the last installment falling due in financial year 2018-2019.

2. Contingent Liabilities not provided for in respect of:

		As at 31.03.2013 (₹ in Lakh)	As at 31.03.2012 (₹ in Lakh)
(a)	Disputed Tax Matters		
	Income Tax	**108.12**	156.54
	Sales Tax and Value Added Tax	**440.48**	486.74
	Lease Tax	**14.34**	16.34
	Future cash flows in respect of the above are determinable only on receipt of judgments/ decisions pending with various forums/ authorities.		
(b)	Corporate Guarantees given on behalf of subsidiaries and step down subsidiaries.	**8702.29**	33,963.29
	Amounts outstanding there against	**6935.35**	5,942.66
(c)	Claims against the Company not acknowledged as Debt	**189.57**	-

3. (a) Trade Payables include ₹ 55.27 Lakh (₹ 91.08 Lakh as at 31/03/2012) due to Micro and Small Enterprises registered under the Micro, Small and Medium Enterprises Development Act, 2006 (MSME).

 (b) No interest is paid / payable during the year to any enterprise registered under MSME.

 (c) The above information has been determined to the extent such parties could be identified on the basis of the information available with the Company regarding the status of suppliers under the MSME.

4. Commitments:

		As at 31.03.2013 (₹ in Lakh)	As at 31.03.2012 (₹ in Lakh)
(a)	Estimated amount of contracts remaining to be executed on Capital Account and not provided for (net of advances)	**371.92**	612.71
(b)	Uncalled amount on partly paid Equity Shares of a Subsidiary Company	**128.56**	224.98

5. As none of the Zero Coupon Foreign Currency Convertible Bonds (FCCBs), 2007, of the aggregate principal value of USD 35 Million were converted into equity shares of the Company at the option of the holders, as per the terms of the issue, the FCCBs were fully redeemed on their due date i.e. October 10, 2012, at the premium of 42.8010% amounting to US$ 49.98 Mn. at the US$ / Rupee exchange rate of 52.64. The premium amounting to ₹ 87.62 Crore, including the withholding tax of ₹ 8.76 Crore, has been charged off to the Securities Premium Account.

6. Disclosure in respect of derivative instruments:

	As at 31.03.2013	As at 31.03.2012
(a) Derivative instruments outstanding:	Foreign Currency	
- US$ Currency Option (Exports)	-	700,229
- JPY Swap to US$ (Loan Borrowed)	-	376,800,000

(b) All the derivative instruments have been acquired for hedging purposes.

(c) Foreign Currency exposures that are not hedged by derivative instruments :

	As at 31.03.2013	As at 31.03.2012
Debtors - US$	**328,814**	2,666,796
Debtors - Euro	**-**	20,644
Creditors - US$	**5,617,245**	2,784,044
Creditors - Euro	**-**	200,904
Creditors - AED	**2,224,105**	7,632,126
Advance to Suppliers / Others - Thai Baht	**276,610**	276,610
Advances to Suppliers / Others - US$	**3,735,988**	31,549
Advances to Suppliers / Others - Euro	**1,381,500**	1,473,000
Advance received from Customers - US$	**6,833,811**	3,253,800
Loans Given - US$	**9,249,320**	11,286,260
Loans Borrowed - US$	**10,933,983**	51,661,782
Other Receivables - US$	**38,346**	23,375
Other Receivables - AED	**15,34,479**	3,854,343
Bank Balances - US$	**56,232**	65,732
Cash and Bank Balances - AED	**86,677**	105,877
Interest Payable - US$	**65,004**	88,042
Interest Receivable - US$	**2,175,305**	113,113

7.

	As at 31.03.2013 (₹ in Lakh)	As at 31.03.2012 (₹ in Lakh)
A. Value of Imports calculated on CIF basis in respect of -		
(i) Raw Materials and Components	**9,376.12**	21,362.23
(ii) Stores, Spares, etc.	**15.40**	26.78
(iii) Capital Goods	**373.84**	-
B. Expenditure in Foreign Currency including expenses capitalised:		
(i) Travelling	**31.95**	7.17
(ii) Commission	**0.78**	6.74
(iii) Interest	**332.65**	364.33
(iv) Others	**38.80**	125.29

8. Earnings in Foreign Currency:

(i) Export of goods calculated on FOB basis	**2,446.55**	6,444.38
(ii) Exports of consumables / RM Pipe on FOB basis	**872.41**	-
(iii) Commission for Bank Guarantees	**43.33**	35.83
(iv) Interest on Loans given	**252.43**	221.63
(v) Others	**-**	4.03

9. Assets on Operating Lease:

	As at 31.03.2013 (₹ in Lakh)	As at 31.03.2012 (₹ in Lakh)
(a) Assets Taken on Operating Lease: The total future minimum lease rentals payable at the Balance Sheet date are as under:		
For a period not later than one year	**328.28**	224.43
For a period later than one year and not later than five years	**201.82**	62.50
For a period later than five years	-	-
(b) Assets Given on Operating Lease: Cylinders		
(i) Gross Carrying Amount	**690.00**	612.82
Depreciation for the year	**108.10**	88.73
Accumulated Depreciation	**218.41**	110.31
(ii) The total future minimum lease rentals receivable at the Balance Sheet date are asunder:		
For a period not later than one year	**193.44**	131.23
For a period later than one year and not later than five years	**393.58**	379.87
For a period later than five years	-	-

	2012-2013 (₹ in Lakh)	2011-2012 (₹ in Lakh)
10. Computation of Profit for Earnings per Share: (Loss) as per Statement of Profit and Loss for the year	**(4,749.74)**	(1,221.65)
Weighted Average No. of Equity Shares	**107,157,682**	107,157,682
Number of Equity Shares outstanding at the end of the year	**107,157,682**	107,157,682
Nominal Value per share (in Rupees)	**2.00**	2.00
Basic and Diluted Earnings Per Share (in Rupees)	**(4.43)**	(1.14)

Note : FCCBs are considered anti dilutive for the purpose of calculation of Earnings Per Share for F.Y.2011-2012.

11. Related Party Disclosures:

1. Relationships:

(a) Subsidiary Companies :
EKC Industries (Tianjin) Co. Limited, China
EKC International FZE, UAE
EKC Industries (Thailand) Co. Limited, Thailand
Calcutta Compressions & Liquefaction Engineering Limited (C C & L)

(b) Step Down Subsidiary Companies :
EKC Hungary Kft, Hungary
EKC Europe GmbH, Germany
CP Industries Holdings Inc., USA

(c) Other Related Parties where Promoters, Directors & Relatives exercise significant influence :
Everest Kanto Investment and Finance Private Limited
Khurana Gases Private Limited
Medical Engineers (India) Limited
Khurana Fabrication Industries Private Limited
Khurana Exports Private Limited
Everest Industrial Gases Private Limited
Khurana Charitable Trust
Khurana Education Trust
G.N.M.Realtors Private Limited
Ukay Valves & Founders Private Limited

(d) Key Management Personnel :
Mr. Prem Kumar Khurana
Mr. Puneet Khurana (Till 30th September, 2012)
Mr. Pramod Samvatsar (Till 1st March, 2013)

(e) Relatives of Key Management Personnel and their Enterprises, where transactions have taken place :
Mr. S.S. Khurana
Mrs. Suman Khurana

2. Transactions with Related Parties :

(₹ in Lakh)

Nature of Transactions	Related parties referred in				
	1 (a) above	1 (b) above	1 (c) above	1 (d) above	1 (e) above
Sales:					
Goods - EKC International FZE	1,428.28 (1,129.44)	- (-)	- (-)	- (-)	- (-)
Goods - Others	19.52 (545.27)	216.98 (-)	364.03 (856.64)	- (-)	- (-)
Others	- (9.80)	- (-)	- (-)	- (-)	- (-)
Other Income:					
Lease Rent	154.76 (112.07)	- (-)	- (-)	- (-)	- (-)
Purchases:					
Raw materials and components - EKC International FZE	3,913.85 (908.49)	- (-)	- (-)	- (-)	- (-)
Raw materials and components - Others	411.33 (2,973.80)	- (-)	- (-)	- (-)	- (-)
Consumables	- (-)	- (-)	57.85 (74.38)	- (-)	- (-)
Fixed Assets purchased - EKC International FZE	- (9.03)	- (-)	- (-)	- (-)	- (-)
Expenses / Payments:					
Remuneration					
Premkumar Khurana	- (-)	- (-)	- (-)	174.18 (151.56)	- (-)
Puneet Khurana	- (-)	- (-)	- (-)	38.92 (88.93)	- (-)
P.M. Samvatsar	- (-)	- (-)	- (-)	76.74 (81.84)	- (-)
Rent:					
Everest Industrial Gases Private Limited	- (-)	- (-)	48.00 (36.00)	- (-)	- (-)
Khurana Fabrication Industries Private Limited	- (-)	- (-)	50.25 (47.82)	- (-)	- (-)
Khurana Exports Private Limited	- (-)	- (-)	55.20 (43.20)	- (-)	- (-)
Khurana Gases Private Limited	- (-)	- (-)	96.00 (85.50)	- (-)	- (-)
Others	- (-)	- (-)	3.00 (3.00)	3.00 (3.00)	6.00 (6.00)

2. Transactions with Related Parties

(₹ in Lakh)

Nature of Transactions	Related parties referred in				
	1 (a) above	1 (b) above	1 (c) above	1 (d) above	1 (e) above
Other Expenses	3.21 (10.68)	- (-)	88.94 (63.97)	24.00 (24.00)	- (-)
Reimbursement of expenses	- 4.03	- (-)	- (-)	- (-)	- (-)
Finance and Investments:					
Commission Income - EKC International FZE	35.16 (32.19)	- (-)	- (-)	- (-)	- (-)
C.P. Industries Holding Inc.	8.17 (-)	- (-)	- (-)	- (-)	- (-)
Interest from Subsidiaries - EKC International FZE	13.13 (21.75)	- (-)	- (-)	- (-)	- (-)
Interest from Subsidiaries - EKC Industries (Tianjin) Co. Ltd., China	239.30 (199.87)	- (-)	- (-)	- (-)	- (-)
Interest received - CC&L	104.95 (109.66)	- (-)	- (-)	- (-)	- (-)
Interest Expenses - Khurana Gases Pvt. Ltd.	- (-)	- (-)	2.01 (-)	- (-)	- (-)
Everest Kanto Investment and Finance Private Limited	- (-)	- (-)	32.88 (-)	- (-)	- (-)
Investment in subsidiaries - EKC Industries (Thailand) Co. Ltd.	- (-)	- (-)	- (-)	- (-)	- (-)
- CC & L	96.42 (96.42)	- (-)	- (-)	- (-)	- (-)
Loans given - Net of Repayments CC&L	26.42 (30.44)	- (-)	- (-)	- (-)	- (-)
EKC Industries (Tianjin) Co. Ltd.	663.90 (-)				
Guarantees vacated for borrowing by the Subsidiaries/Step Down Subsidiaries					
EKC Industries (Tianjin) China	2,557.83 (-)	- (-)	- (-)	- (-)	- (-)
CP Industries & EKC Hungary KFT	- (-)	23,020.43 (-)	- (-)	- (-)	- (-)
Loan Repayment received - Net EKC International FZE	- (-)	- (-)	- (-)	- (-)	- (-)
Loans taken - Net of Repayments					
Everest Kanto Investment and Finance Privated Limited	- (-)	- (-)	260.00 (-)	- (-)	- (-)
Khurana Gases Privated Limited	- (-)	- (-)	130.00 (-)	- (-)	- (-)
Balances Outstandings: #					
Payables EKC International FZE	4,432.03 (1,176.03)	- (-)	- (-)	- (-)	- (-)
CP Industries Holdings, Inc., U.S.A.	- (-)	- (1,144.24)	- (-)	- (-)	- (-)
EKC Industries (Thailand) Co. Ltd.	- (529.76)	- (-)	- (-)	- (-)	- (-)
EKC Industries (Tianjin) Co. Ltd.	- (131.04)				
Khurana Gases Privated Limited	- (-)	- (-)	131.81 (-)	- (-)	- (-)
Everest Kanto Investment and Finance Private Limited	- (-)	- (-)	289.59 (-)	- (-)	- (-)
Others	- (-)	- (-)	54.08 (109.24)	- (-)	- (-)
Loans given EKC International FZE	- (1,655.84)	- (-)	- (-)	- (-)	- (-)
EKC Industries (Tianjin) Co. Ltd.	5,030.64 (4,117.82)	- (-)	- (-)	- (-)	- (-)

(₹ in Lakh)

Nature of Transactions	Related parties referred in				
	1 (a) above	1 (b) above	1 (c) above	1 (d) above	1 (e) above
CC&L	903.58 (877.16)	- (-)	- (-)	- (-)	- (-)
Others	- (-)	- (-)	- (-)	- (-)	- (-)
Other Receivables EKC International FZE	912.03 (325.75)	- (-)	- (-)	- (-)	- (-)
EKC Industries (Tianjin) Co. Ltd.	2,664.65 (1,534.03)	- (-)	- (-)	- (-)	- (-)
Everest Industrial Gases Pvt. Ltd.	- (-)	- (-)	- (-)	- (-)	- (-)
Khurana Exports Pvt. Ltd.	- (-)	- (-)	20.00 (20.00)	- (-)	- (-)
Khurana Gases Pvt. Ltd.	- (-)	- (-)	- (-)	- (-)	- (-)
CP Industries Holding Inc., U.S.A.	- (-)	12.01 (15.06)	- (-)	- (-)	- (-)
CC & L	132.71 (71.34)	- (-)	- (-)	- (-)	- (-)
EKC Industries (Thailand) Co. Ltd.	5.67 (5.61)	- (-)	- (-)	- (-)	- (-)
Other	- (-)	- (-)	- (34.19)	- (-)	- (-)
Guarantees given for borrowings by the Company @	- (-)	- (-)	26,097.00 (1,389.99) (jointly by Promoter Director)		
Corporate Guarantees given on behalf of subsidiaries @ EKC International FZE	5,405.65 (1,532.02)				
EKC Industries (Tianjin) Co. Ltd.	- (1,852.82)				
CP Industries Holdings, Inc.	- (-)	1,529.70 (2,557.82)	- (-)	- (-)	- (-)
CP Industries Holdings, Inc. & EKC Hungary Kft	- (-)	**	- (-)	- (-)	- (-)

** Loans availed by the step down subsidiaries are secured by way of first / second pari passu charge on all fixed assets at the Aurangabad, Tarapur, Gandhidham and Kandla units.

Foreign currency balances are restated at year end rates.

@ Personal Guarantees from Promoter Directors for the Term Loan of ₹ 32,500 lakh to the extent outstanding there against (Previous year figures are in brackets).

12. A. Break up of Raw Materials Consumed :

Particulars	2012 - 2013		2011 - 2012	
	Quantity (Metric Tonnes)	Value (₹ In Lakh)	Quantity (Metric Tonnes)	Value (₹ in Lakh)
Seamless Tubes with Incidental Costs	19,143.15	14,867.28	27,375.19	18,639.22
Others	-	2,472.55	-	1,969.36
TOTAL	**19,143.15**	**17,339.83**	**27,375.19**	**20,608.58**

B. Details of Imported and Indigenous Raw Materials, Components :

Particulars	2012 - 2013		2011 - 2012	
	%	Value (₹ in Lakh)	%	Value (₹ in Lakh)
Imported	86.62	15,017.21	92.27	19,015.41
Indigenous	13.38	2,322.62	7.73	1,593.17
TOTAL	**100.00**	**17,339.83**	**100.00**	**20,608.58**

C. Details of Imported and Indigenous Stores, Spares, etc. consumed

Particulars	2012 - 2013		2011 - 2012	
	%	Value (₹ in Lakh)	%	Value (₹ in Lakh)
Imported	84.43	149.93	47.29	376.19
Indigenous	15.57	468.01	52.71	419.29
TOTAL	**100.00**	**617.94**	**100.00**	**795.48**

13. Bonds / Undertakings given by the Company under concessional duty / exemption schemes to government authorities (net of obligations fulfilled) aggregate ₹ 3,554.24 Lakh as at the close of the year (31/03/2012 : ₹ 3,708.24 Lakh).

14. (a) In absence of the profits for the financial year 2012-13, the remuneration of ₹ 289.84 Lakh for the year of the Managing Director (MD) and the two Whole-Time Directors (WTD) as per their respective terms of appointments is in excess by ₹ 228.78 Lakh computed in accordance with the provisions of the Companies Act, 1956 and Schedule XIII thereto. The Company has obtained approval of the shareholders of the Company by way of postal ballot for payment of the excess remuneration and have applied to the Central Government for seeking its approval. Pending approval of the Central Government such excess remuneration is being held in trust by the Managing Director and Whole-Time Directors.

(b) As regards the excess remuneration of ₹ 207.31 Lakhs of the Managing Director and the two Whole-Time Directors for the financial year 2011-12, approval of the waiver of the excess remuneration has been obtained from the shareholders at the Annual General Meeting held in August 2012. On applications by the Company, the Central Government has approved the excess remuneration of ₹ 91.63 Lakh of the two Whole-Time Directors while its approval for the excess remuneration of ₹ 115.68 Lakh of the Managing Director is awaited. Pending approval of the Central Government the amount is held in trust by the Managing Director.

15. In accordance with Accounting Standard (AS) 15- "Employee Benefits", an amount of ₹ 100.72 Lakh (Previous Year ₹ 127.98 Lakh) as contribution towards defined contribution plans is recognised as expense in the Statement of Profit and Loss.

The disclosures in respect of the Defined Benefit Gratuity Plan (to the extent of information made available by LIC) are given below:

	2012-13 (₹in Lakh)	2011-12 (₹ in Lakh)
Change in present value of obligation:		
Obligation at beginning of the year	**166.22**	156.96
Current Service Cost	**23.07**	31.53
Interest Cost	**15.37**	14.58
Actuarial (gain)/loss	**(4.50)**	(31.73)
Benefits paid	**(29.32)**	(5.12)
Obligation at the end of the year	**170.84**	166.22
Change in Plan assets (Managed by LIC):		
Fair value of Plan Assets at beginning of the year	**169.69**	155.03
Expected return on plan assets	**13.14**	12.03
Actuarial gain / (loss)	**1.42**	2.28
Contributions	**19.32**	5.47
Benefits paid	**(29.33)**	(5.12)
Fair Value of plan assets at end of the year	**174.24**	169.69
Break up of categories of plan assets		
Government Securities	**-**	20%
Bonds, Corporate Debt and NCD	**-**	40%
Equity Investment in A Group Shares (Predominantly)	**-**	60%
Insurer Managed Funds	**100%**	-
Reconciliation of present value of the obligation and the fair value of plan assets and amounts recognized in the balance sheet :		
Present value of obligation at the end of the year	**170.84**	166.22
Fair Value of plan assets at the end of the year	**174.24**	169.69
Net (Asset) / Liability recognized in the balance sheet	**(3.42)**	(3.48)
Gratuity cost recognised for the year :		
Current Service Cost	**23.07**	31.53
Interest Cost	**15.37**	14.58
Expected return on plan assets	**(13.14)**	(12.03)
Actuarial (gain)/loss	**(5.92)**	(34.01)
Net gratuity cost	**19.38**	0.07

Particulars	2012-2013 ₹ in Lakh	2011-2012 ₹ in Lakh	2010-2011 ₹ in Lakh	2009-2010 ₹ in Lakh	2008-2009 ₹ in Lakh
Assumptions:					
Discount Rate	**7.95%**	8.55%	8.15%	7.75%	8%
Rate of growth in salary levels *	**6%**	6%	6%	6%	4%
Mortality	**Assured Lives Mortality (2006-08)**	LIC(1994-96)	LIC (1994-96)	LIC (1994-96)	LIC (1994-96)
Expected Rate of Return on Assets	**7.50%**	7.50%	7.50%	7.50%	7.50%
Withdrawal Rate	**3% to7.50%**	3% to 7.50%	3% to 7.50%	3% to 7.50%	3% to 7.50%
Present Value of Obligations	**170.83**	166.21	156.96	177.99	110.91
Fair Value of Plan Assets	**174.25**	169.69	155.03	144.85	121.08
Surplus / (Deficit) in the Plan	**3.42**	3.48	(1.93)	(33.14)	10.17
Experience Adjustments					
- On Plan Liabilities	**(13.21)**	(25.88)	(20.09)	(11.63)	5.38
- On Plan Assets	**1.42**	2.28	1.39	2.26	-

Expected Employer's Contribution next year ₹ 30.00 Lakhs (Previous Year ₹ 30.00 Lakhs)

* The estimate of future salary increases considered in actuarial valuation takes into account inflation, seniority, promotion and other relevant factors.

16. In accordance with Accounting Standard – 17 'Segment Reporting,' segment information has been given in the Consolidated Financial Statements of the Company and, therefore, no separate disclosure on Segment information is given in these financial statements.

17. The Company has an investment of ₹ 200 Lakh in 2,000,000 Equity Shares of GPT Steel Industries Private Limited (GPT). Based on the audited financial statements of GPT, its Net Worth has fully eroded. The Company had made an assessment during the year 2010-11 and had accordingly provided for diminution in value of investments made in GPT. The position at the end of this financial year remains the same.

18. During the year, the Company has made additional investment of ₹ 96.42 Lakh in Calcutta Compression & Liquefaction Engineering Limited (CC&L), which is a subsidiary of the Company, wherein the Company has majority stake. Accordingly, the investment aggregates ₹ 431.72 Lakh (₹ 335.30 Lakh as on 31/03/2012). Further, the Company has recoverable loans and other receivables, aggregating ₹ 903.58 Lakh (₹ 877.16 Lakh as at 31/03/2012) from it. The Net Worth of CC&L has fully eroded. In the opinion of the management, after considering the projected earnings and cash flows of CC&L, the improvements in its current operational performance and the intention to hold this investment on a long term and strategic basis, no provision for diminution in the value of investment or for losses on account of loans and other receivables is considered necessary, at present.

19. As on March 31, 2013, the investment in equity shares, amounting to ₹ 6,925.07 lakhs, of EKC Industries (Tianjin) Company Limited, the subsidiary in China, has been considered as current investment pursuant to the decision of the Board of Directors of the company to dispose off the investment in the subsidiary by sale of the equity shares or in any other manner most beneficial to the company. Accordingly, the amounts recoverable as loans and advances and interest thereon aggregate ₹ 7,695.29 lakhs as on March 31, 2013 have been classified as current. As per the independent valuation obtained by the Company, the valuation of the Subsidiary exceeds the carrying value of the exposure.

20. Previous year's figures have been reclassified / regrouped to conform to current year's classification / grouping.

21. Significant Accounting Policies followed by the Company are as stated in the Statement annexed to this Schedule as Annexure I.

As per our report of even date
For **DALAL & SHAH**
Firm Registration No. 102021W
Chartered Accountants

For and on behalf of the Board

P.K. Khurana
Chairman & Managing Director

S. Venkatesh
Partner
Membership No. 037942
Mumbai
30th May, 2013

Kanika Sharma
Company Secretary

Vipin Chandok
Chief Financial Officer

Pushkar Khurana
Director

Annexure I

SIGNIFICANT ACCOUNTING POLICIES:

GENERAL INFORMATION

The Company is engaged in the manufacture of high pressure seamless gas cylinders and other cylinders, equipments, appliances and tanks with their parts and accessories used for containing and storage of liquefied petroleum gases and other gases, liquids and air.

A. Basis of preparation of financial statements:

The financial statements have been prepared in accordance with the generally accepted accounting principles in India under the historical cost convention on accrual basis, except for certain tangible assets which are being carried at revalued amounts. These financial statements have been prepared to comply in all material aspects with the accounting standards notified under section 211(3C) [Companies (Accounting Standards) Rules, 2006, as amended] and other relevant provisions of the Companies Act 1956.

All the assets and liabilities have been classified as current or non current as per the Company's operating cycle and other criteria set out in the Revised Schedule VI to the Companies Act, 1956. Based on the nature of products and the time between the acquisition of assets for processing and their realization in cash and cash equivalent, the Company has ascertained its operating cycle to be 12 months for the purpose of current – non-current classification of assets and liabilities.

B. Use of Estimates:

The preparation of financial statements in conformity with generally accepted accounting principles requires estimates and assumptions to be made that affect the reported amounts of assets and liabilities on the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Differences between actual results and estimates are recognised in the period in which the results are known.

C. Recognition of Revenue and Expenditure:

a. Revenue/Income and Cost/Expenditure are generally accounted for on accrual as they are earned or incurred except in case of significant uncertainties;

b. Sale of goods is recognized on transfer of significant risks and rewards of ownership. Recognition in the case of local sales is generally on the despatch of goods. Export Sales are generally accounted for on the basis of the dates of 'On Board Bill of Lading';

c. Export Benefits are recognised in the year of export;

d. Share Issue Expenses and Premium on Redemption of FCCBs are to be charged first against available balance in the Securities Premium Account;

e. Dividend income is recognised in the year in which the right to receive dividend is established.

f. Interest income is recognized on a time proportion basis taking into account the amount outstanding and the rate applicable.

D. Employee Benefits:

a. Short term employee benefits are recognised as an expense at the undiscounted amount in the Statement of Profit and Loss of the year in which the related service is rendered;

b. Post employment benefits

   i. Defined contribution plans:
   Company's contribution to the superannuation scheme, state governed provident fund scheme, etc. are recognised during the year in which the related service is rendered;

   ii. Defined benefit plans:
   The present value of the obligation under such plans is determined based on an actuarial valuation using the Projected Unit Credit Method. Actuarial gains and losses arising on such valuation are recognised immediately in the Statement of Profit and Loss. In the case of gratuity which is funded with the Life Insurance Corporation of India the fair value of the plan assets is reduced from the gross obligation under the defined benefit plan to recognise the obligation on net basis;

c. Compensated Absences: Accumulated compensated absences, which are expected to be availed or encashed within 12 months from the end of the year end are treated as short term employee benefits. The obligation towards the same is measured at the expected cost of accumulating compensated absences as the additional amount expected to be paid as a result of the unused entitlement as at the year end. Accumulated compensated absences, which are expected to be availed or encashed beyond 12 months from the end of the year end are treated as other long term employee benefits. The Company's liability is actuarially determined (using the Projected Unit Credit method) at the end of each year. Actuarial losses/gains are recognized in the Statement of Profit and Loss in the year in which they arise.

d. Termination Benefits are recognised as an expense in the Statement of Profit and Loss of the year in which they are incurred.

E. Foreign Currency Translations:

a. All transactions in foreign currency are recorded at the rates of exchange prevailing on the dates when the relevant transactions take place;

b. Monetary assets and liabilities in foreign currency outstanding at the close of the year are converted in Indian Currency at the appropriate rates of exchange prevailing on the date of the Balance Sheet. Resultant gain or loss is accounted for during the year;

c. In respect of forward exchange contracts entered into to hedge foreign currency risks the difference between the forward rate and exchange rate at the inception of the contract is recognized as income or expense over the life of the contract on equated basis. Further the exchange differences arising on such contracts are recognised as income or expense along with the exchange differences on the underlying assets / liabilities. Profit or loss on cancellations / renewals of forward contracts is recognised during the year;

d. Till 31st March, 2010, exchange differences arising on other derivative contracts entered into to hedge foreign currency exposure on account of highly probable forecast transactions, recognized and marked to market, in line with principles laid down in Accounting Standard 30 - Financial Instruments - Recognition and Measurement, issued by The Institute of Chartered Accountants of India, to the extent, no specific accounting treatment was prescribed under Company law or by any other regulatory authority. Accordingly, gains or losses on effective hedges were carried forward under Hedging Reserve to be recognized in the Statement of Profit and Loss only in the year in which underlying transactions were completed. In the absence of a designation as effective hedge, the gains or losses were immediately recognized in the Statement of Profit and Loss. With effect from 1st April, 2010, the Company has discontinued the aforesaid accounting treatment and is accordingly, recognizing mark to market losses in the Statement of Profit and Loss in the respective time periods.

e. Accounting of Foreign Branch (Integral Foreign Operation):

   i. Monetary assets and liabilities are converted at the appropriate rate of exchange prevailing on the Balance Sheet date;

   ii. Fixed assets and depreciation thereon are converted at the exchange rates prevailing on the date of the transaction.

   iii. Revenue items (excluding depreciation) are converted at the rate prevailing on date of the transaction.

F. Fixed Assets and Depreciation:

a. Fixed Assets:

   Fixed Assets are carried at cost of acquisition / construction or at revalued amounts less accumulated depreciation and amortisation. Cost of acquisition includes taxes / duties (net of credits availed) and other attributable costs for bringing assets to the condition required for their intended use.

b. Depreciation / Amortisation:

   i. Cost of Leasehold Land is amortised over the period of the lease.

   ii. Depreciation on fixed assets is provided as per the straight line method over their useful lives or determined on the basis of rates prescribed in Schedule XIV to the Companies Act, 1956 whichever is higher. Useful life of the assets approximately comes closer to Schedule XIV.

   iii. Depreciation on additions to assets or on sale/ disposal of assets is calculated pro-rata from the date of such addition or upto the date of such sale/ disposal as the case may be.

   iv. Cost of Customised software capitalized is amortised over a period of five years.

G. Investments:

Investments are classified into Current and Long-term Investments. Current Investments are stated at lower of cost and fair value. Long-term Investments are stated at cost. A provision for diminution is made to recognise a decline other than temporary in the value of Long-term Investments.

H. Inventory Valuation:

a. Raw Materials and Components, Work in Progress, Finished Goods, Goods for Trade and Stores, Spares, etc. are valued at Lower of Cost and Net Realisable value.

b. Goods in transit are valued at cost to date.

c. 'Cost' comprises all costs of purchase, costs of conversion and other costs incurred in bringing the inventory to their present location and condition. Cost formulae used are either 'First In First Out' or 'Weighted Average Cost' as applicable

d. Inter-unit transfers are valued either at works or factory costs of the transferor unit.

I. Taxation:

Income-tax expense comprises Current tax and Deferred tax charge or credit.

a. Provision for current tax is made on the assessable income at the tax rate applicable to the relevant assessment year.

b. Deferred Tax is recognized on timing difference between taxable income and accounting income that originated in one period and are capable of reversal in one or more subsequent period(s). The Deferred Tax Asset and Deferred Tax Liability are calculated by applying tax rate and tax laws that have been enacted or substantively enacted by the Balance Sheet date. Deferred Tax Assets arising on account of brought forward losses and unabsorbed depreciation under tax laws are recognised only if there is a virtual certainty of its realisation supported by convincing evidence. Deferred Tax assets on account of other timing differences are recognised only to the extent there is a reasonable certainty of its realisation. At each Balance Sheet date the carrying amount of Deferred Tax Assets are reviewed to reassure realisation.

J. Borrowing Costs:

Interest and other borrowing costs attributable to acquisition / construction of qualifying assets are capitalised as part of the cost of such assets upto the date the assets are ready for their intended use. Other borrowing costs are charged as expense in the year in which these are incurred.

K. Impairment of Assets:

The carrying amounts of assets are reviewed at each Balance Sheet date to assess whether there is any indication that an individual asset / group of assets (constituting a Cash Generating Unit) may be impaired. If there is any indication of impairment based on internal / external factors i.e. when the carrying amount of the assets exceed the recoverable amount an impairment loss is charged to the Statement of Profit and Loss in the year in which an asset is identified as impaired. An impairment loss recognized in prior accounting periods is reversed or reduced if there has been a favourable change in the estimate of the recoverable amount.

L. Provisions, Commitments, Contingent Liabilities and Contingent Assets:

Provisions involving a substantial degree of estimation in measurement are recognised when there is a present obligation as a result of past events and it is probable that there will be an outflow of resources. Contingent liabilities are not recognised but are disclosed in the financial statements. Contingent Assets are neither recognised nor disclosed in the financial statements.

M. Leases:

The Company has leased certain tangible assets and such leases where the Company has substantially retained all the risks and rewards of ownership are classified as operating leases. Lease income on such operating leases are recognized in the Statement of Profit and Loss on a straight line basis over the lease term which is representative of the time pattern in which benefit derived from the use of the lease asset is diminished. Initial direct costs are recognized as an expense in the Statement of Profit and Loss in the period in which they are incurred.

N. Earning Per Share:

Basic earning per share is calculated by dividing the net profit or loss for the period attributable to equity shareholders by the weighted average number of equity shares outstanding during the period. Earning considered in ascertaining the Company's earnings per share is the net profit for the period deducting preference dividends and any attributable tax thereto for the period. The weighted average number of equity shares outstanding during the and for all periods presented is adjusted for events, such as bonus shares, other than the conversion of potential equity shares, that have changed the number of equity shares outstanding, without a corresponding change in resources. For the purpose of calculating diluted earnings per share, the net profit or loss for the period attributable to equity shareholders and the weighted average number of shares outstanding during the period is adjusted for the effects of all dilutive potential equity shares.

Annexure II

The details of the Subsidiaries in terms of General Circular No. 2/2011 dated 8th February, 2011 issued by Government of India, Ministry of Corporate Affairs under Section 212(8) of the Companies Act, 1956, are as under

(₹ in Lakh)

Sr. No.	Particulars	EKC International FZE	EKC Industries (Tianjin) Co. Ltd.	CP Industries Holdings, Inc.	EKC Hungary Kft	EKC Industries (Thailand) Co. Ltd.	EKC Europe Gmbh	Calcutta Compressions & Liquefaction Engineering Limited
1	Country of Incorporation	United Arab Emirates	People's Republic of China	United States of America	Hungary	Thailand	Germany	India
2	Reporting Currency	AED	RMB	USD	USD	THB	Euro	INR
3	Exchange Rate as on 31.03.2013	1 AED = ₹14.7945	1 RMB = ₹8.6531	1 USD = ₹54.3893	1 USD = ₹54.3893	1 THB = ₹ 1.8416	1 Euro = ₹ 69.5438	NA
4	Share Capital	2,545.19	11,018.99	4,895.04	4,182.08	1,841.60	17.39	353.54
5	Reserves & Surplus	38,041.65	(6,834.88)	(5,621.00)	(3,583.07)	(91.48)	(189.21)	(802.73)
6	Total Assets	51,097.63	18,179.71	24,439.10	9,458.29	1,768.09	30.23	1,318.45
7	Total Liabilities	51,097.63	18,179.71	24,439.10	9,458.29	1,768.09	30.23	1,318.45
8	Investments	4,192.71	-	-	4,895.04	-	-	-
9	Turnover and Other Income	14,062.65	5,622.51	17,075.60	868.40	116.82	98.40	1,142.97
10	Profit/ (Loss) Before Taxation	(3,359.46)	(1,525.76)	(1,271.03)	(368.61)	(92.48)	(156.75)	164.31
11	Provision for Taxation	-	8.66	1,529.12	-	-	-	431.70
12	Profit/ (Loss) After Taxation	(3,359.46)	(1,534.42)	(2,800.15)	(368.61)	(92.48)	(156.75)	(267.39)
13	Proposed Dividend	-	-	-	-	-	-	-

CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2013

		Year Ended 31.03.2013 (₹ in Lakh)		Year Ended 31.03.2012 (₹ in Lakh)	
A)	**CASH FLOW FROM OPERATING ACTIVITIES**				
	Net (Loss) for the year before taxation		**(5,840.45)**		(1,987.80)
	Add / (Deduct):				
	(a) Depreciation / Amortisation for the year	**2,254.32**		2,387.10	
	(b) Foreign Exchange Variation (net)	**(263.45)**		1,803.20	
	(c) Loss on Assets Sold / Discarded	**18.46**		5.91	
	(d) Finance Charges	**3,318.72**		1,255.96	
	(e) Interest Income	**(886.09)**		(837.24)	
	(f) Dividend on Current Investments (Non - Trade)	**(0.41)**		(149.97)	
	(g) Provision for Doubtful Debts	**(13.88)**		151.27	
			4,427.67		4,616.23
	Operating Cash Profit / (Loss) before Working Capital Changes		**(820.83)**		2,628.43
	(a) (Increase) / Decrease in Inventories	**5,063.25**		(7,455.76)	
	(b) (Increase) / Decrease in Trade and Other Receivables	**(2,192.70)**		3,854.79	
	(c) (Decrease) / Increase in Trade and Other Payables	**3,748.74**		(563.03)	
			6,619.29		(4,164.00)
	Cash Inflow / (Outflow) from Operations		**5,206.51**		(1,535.57)
	Deduct:				
	Direct Taxes Paid / (Refund Received)		**(982.86)**		818.47
	Net Cash Inflow / (Outflow) in course of Operating activities (A)		**6,189.37**		(2,354.04)
B)	**CASH FLOW FROM INVESTING ACTIVITIES**				
	Inflow:				
	(a) Dividend on Current Investments (Non - Trade)	**0.41**		149.97	
	(b) Interest Income Received	**325.09**		509.98	
	(c) Sale of Current Investments	**-**		3,411.26	
	(d) Sale of Fixed Assets	**28.30**		3.22	
			353.80		4,074.43
	Outflow:				
	(a) Purchases of Current Investments (net)	**0.40**		-	
	(b) Investment in Subsidiaries	**96.42**		96.42	
	(c) Purchase of Trade Investment	**-**		5.85	
	(d) Purchase of Fixed Assets (including capital advances)	**815.94**		2,125.90	
			912.76		2,228.17
	Net Cash Inflow / (Outflow) in the course of Investing Activities (B)		**(558.96)**		**1,846.26**

CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2013

		Year Ended 31.03.2013 (₹ in Lakh)		Year Ended 31.03.2012 (₹ in Lakh)	
C)	**CASH FLOW FROM FINANCING ACTIVITIES**				
	Inflow:				
	(a) Working Capital / Short Term Loan availed during the year (net)	**-**		5,878.80	
	(b) Fixed Loans availed during the year (net)	**8,912.32**		-	
	(c) Loan repaid by Subsidiary (net)	**1,016.35**		-	
			9,928.67		5,878.80
	Outflow:				
	(a) Premium on FCCB Redemption	**8,761.84**		-	
	(b) Fixed Loans repaid during the year (net)	**-**		2,507.20	
	(c) Working Capital / Short Term Loans repaid during the year (net)	**3,527.06**		-	
	(d) Interest paid on loans borrowed	**3,033.33**		1,212.12	
	(e) Dividend Paid	**266.85**		1,603.03	
	(f) Dividend Tax Paid	**43.46**		266.96	
	(g) Loan given Subsidiary (net)	**-**		30.44	
			15,632.54		5,619.75
	Net Cash Inflow / (Outflow) in the course of Financing activities (C)		**(5,703.87)**		259.05
	Net Increase / (Decrease) in Cash/Cash Equivalents (A+B+C)		**(73.46)**		(248.73)
	Add: Balance of Cash/Cash Equivalents at the beginning of the year		**637.52**		886.25
	Cash/Cash Equivalents at the close of the year		**564.06**		637.52
	Cash/Cash Equivalents at the close of the year				
	Cash and Bank Balances as per Note (xvii)		**1,327.76**		1,272.04
	Less: Other Bank Balances not in nature of cash and cash equivalent		**(763.70)**		(634.52)
			564.06		637.52

As per our report of even date
For **DALAL & SHAH**
Firm Registration No. 102021W
Chartered Accountants

For and on behalf of the Board

P.K. Khurana
Chairman & Managing Director

S. Venkatesh
Partner
Membership No. 037942
Mumbai
30th May, 2013

Kanika Sharma
Company Secretary

Vipin Chandok
Chief Financial Officer

Pushkar Khurana
Director

AUDITORS' REPORT ON THE CONSOLIDATED FINANCIAL STATEMENTS

The Board of Directors
of Everest Kanto Cylinder Limited

1. We have audited the accompanying consolidated financial statements (the "Consolidated Financial Statements") of Everest Kanto Cylinder Limited ("the Company") and its subsidiaries, hereinafter referred to as the "Group" (refer Note 1 to the attached consolidated financial statements) which comprise the consolidated Balance Sheet as at March 31, 2013, and the consolidated Statement of Profit and Loss and the consolidated Cash Flow Statement for the year then ended, and a summary of significant accounting policies and other explanatory information which we have signed under reference to this report.

Management's Responsibility for the Consolidated Financial Statements

2. The Company's Management is responsible for the preparation of these consolidated financial statements that give a true and fair view of the consolidated financial position, consolidated financial performance and consolidated cash flows of the Group in accordance with accounting principles generally accepted in India. This responsibility includes the design, implementation and maintenance of internal control relevant to the preparation and presentation of the consolidated financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

3. Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with the Standards on Auditing issued by the Institute of Chartered Accountants of India. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

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

5. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

6. We report that the consolidated financial statements have been prepared by the Company's Management in accordance with the requirements of Accounting Standard (AS) 21 – Consolidated Financial Statements, notified under Section 211(3C) of the Companies Act, 1956.

7. Based on our audit and on consideration of reports of other auditor(s) on separate financial statements as referred to in paragraph 8 below, and to the best of our information and according to the explanations given to us, in our opinion, the accompanying consolidated financial statements give a true and fair view in conformity with the accounting principles generally accepted in India:

   (a) in the case of the consolidated Balance Sheet, of the state of affairs of the Group as at March 31,2013;

   (b) in the case of the consolidated Statement of Profit and Loss, of the loss for the year ended on that date; and

   (c) in the case of the consolidated Cash Flow Statement, of the cash flows for the year ended on that date.

Other Matters

8. We did not audit the financial statements of four subsidiaries included in the consolidated financial statements, which constitute total assets of Rs. 43,186 lakh and net assets of Rs. 27,056 lakh as at 31st March 2013, total revenue of Rs. 22,841 lakh , net loss of Rs. 1,836 lakh and net cash flows amounting to Rs 436 lakh for the year then ended. These financial statements and other financial information have been audited by other auditors whose reports have been furnished to us, and our opinion on the consolidated financial statements to the extent they have been derived from such financial statements is based solely on the report of such other auditors.

9. We did not audit the financial statements of a subsidiary which constitute total assets of Rs. 3661 lakh and net assets of Rs. 3659 lakh as at 31st March 2013, total revenue of Rs. Nil, net loss of Rs. 369 lakh and net cash flows amounting to Rs. (5) lakh for the year then ended. The unaudited financial information has been provided to us by the management, and our opinion on the consolidated financial statements to the extent they relate to this subsidiary, is based solely on such unaudited financial information furnished to us.

For Dalal & Shah
Firm Registration No. 102021W
Chartered Accountants

S.Venkatesh
Partner
Membership No. 037942

Mumbai
30th May, 2013

CONSOLIDATED BALANCE SHEET AS AT 31ST MARCH, 2013

	Note No.	As at 31.03.2013 (₹ in Lakh)	As at 31.03.2012 (₹ in Lakh)
I. EQUITY AND LIABILITIES			
1. Shareholders' Funds			
(a) Share Capital	(i)	**2,143.15**	2,143.15
(b) Reserves and Surplus	(ii)	**60,143.58**	79,665.18
		62,286.73	81,808.33
2. Non-Current Liabilities			
(a) Long-Term Borrowings	(iii)	**34,979.68**	4,566.53
(b) Deferred Tax Liabilities (Net)	(x)	**69.74**	-
(c) Other Long-Term Liabilities	(iv)	**24.00**	11.50
(d) Long-Term Provisions	(v)	**1,193.77**	864.16
		36,267.19	5,442.19
3. Current Liabilities			
(a) Short-Term Borrowings	(vi)	**18,091.11**	16,480.52
(b) Trade Payables		**4,861.17**	7,468.23
(c) Other Current Liabilities	(vii)	**7,878.23**	30,139.61
(d) Short-Term Provisions	(viii)	**306.70**	382.51
		31,137.21	54,470.87
4. Minority Interest		**–**	-
TOTAL		**129,691.13**	141,721.39
II. ASSETS			
1. Non-Current Assets			
(a) Fixed Assets	(ix)		
(i) Tangible Assets		**57,799.36**	60,412.26
(ii) Intangible Assets		**5,788.00**	7,346.13
(iii) Capital Work-in-Progress		**3,473.44**	3,544.68
(b) Deferred Tax Asset (net)	(x)	**-**	779.79
(c) Non-Current Investments	(xi)	**44.95**	44.95
(d) Long-Term Loans and Advances	(xii)	**1,820.33**	3,623.88
(e) Other Non-Current Assets	(xiii)	**27.87**	84.59
		68,953.95	75,836.28
2. Current Assets			
(a) Current Investments	(xiv)	**2.17**	1.77
(b) Inventories	(xv)	**40,322.85**	46,368.66
(c) Trade Receivables	(xvi)	**9,016.27**	12,956.34
(d) Cash and Bank Balances	(xvii)	**2,760.26**	1,929.99
(e) Short-Term Loans and Advances	(xviii)	**7,515.49**	4,308.75
(f) Other Current Assets	(xix)	**1,120.14**	319.60
		60,737.18	65,885.11
TOTAL		**129,691.13**	141,721.39
III. Read with Other Notes to Accounts	(xxvii)		

As per our report of even date
For **DALAL & SHAH**
Firm Registration No. 102021W
Chartered Accountants

For and on behalf of the Board

P.K. Khurana
Chairman & Managing Director

S. Venkatesh
Partner
Membership No. 037942
Mumbai
30th May, 2013

Kanika Sharma
Company Secretary

Vipin Chandok
Chief Financial Officer

Pushkar Khurana
Director

CONSOLIDATED STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31ST MARCH, 2013

		Note No.	Year Ended 31.03.2013 (₹ in Lakh)	Year Ended 31.03.2012 (₹ in Lakh)
I.	Revenue from Operations	(xx)	**54,281.14**	67,705.49
II.	Other Income	(xxi)	**1,650.04**	767.42
III.	**Total Revenue (I + II)**		**55,931.18**	68,472.91
IV.	**Expenses:**			
	Cost of Materials Consumed	(xxii)	**30,277.32**	39,419.47
	Purchases of Stock-in-Trade		**1,872.71**	529.19
	Changes in Inventories of Finished Goods, Work-in-Progress and Stock-in-Trade	(xxiii)	**(2,564.49)**	(5,024.94)
	Employee Benefits Expense	(xxiv)	**9,277.24**	8,692.91
	Finance Costs	(xxv)	**3,817.90**	1,777.72
	Depreciation and Amortization Expense		**6,963.06**	6,680.77
	Other Expenses	(xxvi)	**13,604.77**	14,585.72
	Own Goods Capitalised		**(69.54)**	(241.25)
	Total Expenses (Excluding Provision for Doubtful Debts and Foreign Exchange Variation)		**63,178.97**	66,419.59
V.	**Profit / (Loss) before Provision for Doubtful Debts, Foreign Exchange Variation and Tax**		**(7,247.79)**	2,053.32
VI.	Provision for Doubtful Debts		**4,026.74**	151.27
VII.	Foreign Exchange Variation Loss (Net)		**1,027.99**	2,747.00
VIII.	(Loss) Before Tax (V - VI -VII)		**(12,302.52)**	(844.95)
IX.	**Tax Expense:**			
	(1) Current Tax		**-**	2.09
	(2) Deferred Tax		**839.74**	(815.66)
X.	**(Loss) for the Year Before Tax Adjustments for Earlier Years (VIII-IX)**		**(13,142.26)**	(31.38)
XI.	Tax Adjustments for Earlier Years (Net)		**39.04**	(500.00)
XII.	**Profit / (Loss) for the Year before Minority Interest (X-XI)**		**(13,181.30)**	468.62
XIII.	**Minority Interest**		**-**	-
XIV.	**Net Profit / (Loss) for the Year (XII+ XIII)**		**(13,181.30)**	468.62
XV.	**Earnings per Equity Share (Refer Note 9):**			
	(1) Basic		**(12.30)**	0.44
	(2) Diluted		**(12.30)**	0.44
	Read with other Notes to Accounts	(xxvii)		

As per our report of even date
For **DALAL & SHAH**
Firm Registration No. 102021W
Chartered Accountants

For and on behalf of the Board

P.K. Khurana
Chairman & Managing Director

S. Venkatesh
Partner
Membership No. 037942
Mumbai
30th May, 2013

Kanika Sharma
Company Secretary

Vipin Chandok
Chief Financial Officer

Pushkar Khurana
Director

NOTES FORMING PART OF CONSOLIDATED BALANCE SHEET AS AT 31ST MARCH, 2013

		As at 31.03.2013 (₹ in Lakh)	As at 31.03.2012 (₹ in Lakh)
(i)	**Share Capital**		
	Authorised		
	125,000,000 Equity Shares of ₹ 2 each	**2,500.00**	2,500.00
	Issued		
	107,157,682 (PY:107,157,682) Equity Shares of ₹ 2 each	**2,143.15**	2,143.15
	Subscribed & Fully Paid up		
	107,157,682 (PY:107,157,682) Equity Shares of ₹ 2 each fully paid up	**2,143.15**	2,143.15
	Total	**2,143.15**	2,143.15

a. Reconciliation of Number of Shares

Equity Shares	No. of Shares	₹ in Lakh	No. of Shares	₹ in Lakh
Shares outstanding at the beginning of the year	107,157,682	2,143.15	107,157,682	2,143.15
Shares outstanding at the end of the year	107,157,682	2,143.15	107,157,682	2,143.15

b. Rights, Preferences and Restrictions attached to Shares

The company has one class of Equity Shares having a par value of ₹ 2/- per Share. Each Shareholder is eligible for one vote per share held. The Dividend proposed by the Board of Directors is subject to the approval of the Shareholders in the ensuing Annual General Meeting.In the event of liquidation, the equity shareholders are eligible to receive the remaining assets of the Company after distribution of all preferential amounts in proportion to the share holding.

c. Details of shares held by shareholders holding more than 5% of the aggregate shares in the Company

Name of Shareholder	No. of Shares held	% of Holding	No. of Shares held	% of Holding
P. K. Khurana (Promoter)	12,218,000	11.40	12,218,000	11.40
Suman Khurana (Promoter)	14,213,715	13.26	14,213,715	13.26
Khurana Gases Private Limited (Promoter)	14,550,628	13.58	14,520,000	13.55
Reliance Capital Trustee Co. Ltd.	7,000,000	6.53	7,000,000	6.53

*Less than 5%

		As at 31.03.2013	As at 31.03.2012
(ii)	**Reserves and Surplus**		
	a. Securities Premium Account		
	Opening Balance	**32,844.48**	32,844.48
	Less : Premium Utilised for Premium on Redemption of Bonds	**8,761.84**	-
	Closing Balance	**24,082.64**	32,844.48
	b. Hedging Reserves		
	Opening Balance	**(154.81)**	(365.43)
	(+) Current Year Transfer	**154.81**	210.62
	Closing Balance	**-**	(154.81)
	c. General Reserves		
	Opening Balance	**7,491.00**	7,491.00
	Closing Balance	**7,491.00**	7,491.00

NOTES FORMING PART OF CONSOLIDATED BALANCE SHEET AS AT 31ST MARCH, 2013

		As at 31.03.2013 (₹ in Lakh)	As at 31.03.2012 (₹ in Lakh)
d. Surplus			
Opening balance		**33,234.10**	33,114.53
(+) Net Profit/(Loss) For the current year		**(13,181.30)**	468.62
(+) Minority Interest Loss Absorbed		**(69.49)**	(37.70)
(-) Proposed Dividend (Including Dividend Tax Current Year: ₹ 36.42 Lakh, Previous Year: ₹ 43.46 Lakh)#		**250.74**	311.35
Closing Balance		**19,732.57**	33,234.10
e. Exchange Fluctuation Reserve on Consolidation of Overseas Subsidiaries			
Opening Balance		**6,250.41**	580.45
(+) During the Year		**2,586.96**	5,669.96
Closing Balance		**8,837.37**	6,250.41
	Total	**60,143.58**	79,665.18
# Dividend proposed to be distributed to Equity Shareholders is ₹ 0.20 (Previous Year ₹ 0.25) per Equity Share.			
(iii) Long-Term Borrowings			
Secured			
(a) Term Loans			
- From Banks		**30,481.37**	-
- Foreign Currency Loan From Bank		**2,719.47**	-
- Other Term Borrowings		**-**	2,557.82
- Vehicle Loan		**-**	9.30
		33,200.84	2,567.12
Unsecured			
(a) Term Loans			
- Sales Tax Deferment Loan (Interest Free)		**1,778.84**	1,985.24
(b) Others		-	14.17
		1,778.84	1,999.41
	Total	**34,979.68**	4,566.53
(iv) Other Long-Term Li abilities			
Deposit		**24.00**	11.50
	Total	**24.00**	11.50
(v) Long-Term Provisions			
(a) Provision for Employee Benefits			
- Leave Encashment		**608.31**	92.41
- Post Retirement Benefits		**585.46**	771.75
	Total	**1,193.77**	864.16
(vi) Short-Term Borrowings			
Secured			
Working Capital Facilities from Banks			
- Repayable on Demand		**3,595.74**	3,730.00
- Others		**13,987.16**	11,870.50
		17,582.90	15,600.50

NOTES FORMING PART OF CONSOLIDATED BALANCE SHEET AS AT 31ST MARCH, 2013

		As at 31.03.2013 (₹ in Lakh)	As at 31.03.2012 (₹ in Lakh)
Unsecured			
(a) Loans from Banks			
- Working Capital Facility		**86.81**	880.02
(b) Loans and Advances from Related Parties		**421.40**	-
		508.21	880.02
	Total	**18,091.11**	16,480.52
(vii) Other Current Liabilities			
(a) Current maturities of Long-Term Debt			
- Foreign Currency Convertible Bonds		-	17,904.78
- External Commercial Borrowings		-	2,046.26
- Other Term Borrowings		**1,655.33**	4,572.11
- Sales Tax Deferment Loan (Interest Free)		**336.81**	47.03
- Vehicle Loan		**11.96**	11.30
(b) Other Unsecured Borrowing		**14.89**	14.12
(c) Interest Accrued but not due on Borrowings		**394.93**	127.33
(d) Unclaimed Dividends #		**11.08**	10.04
(e) Advances from Customers		**2,813.77**	370.32
(f) Deposits		**1,557.91**	2,433.83
(g) Other Liabilities		**1,081.55**	2,602.49
	Total	**7,878.23**	30,139.61

There are no amounts due for payment to the Investor Education Protection Fund under Section 205C of the Act as at the year end.

(viii) Short-Term Provision			
a. Provision for Employee Benefits			
- Post Retirement Benefits		**37.78**	22.60
- Leave Encashment		**18.18**	48.56
(b) Others			
- Proposed Dividend		**214.32**	267.89
- Provision for Tax on Dividend		**36.42**	43.46
	Total	**306.70**	382.51

NOTES FORMING PART OF CONSOLIDATED BALANCE SHEET AS AT 31ST MARCH, 2013

(ix) Fixed Assets

(₹ in Lakh)

Particulars	Gross Block				Depreciation / Amortisation					Net Block	
	Balance as at 01.04.2012	Additions	Deductions/ Adjust-ments*	Balance as at 31.03.2013	Balance as at 01.04.2012	Depreciation/ Amortisation charge for the year	Deductions/ Adjust-ments*	On Disposals	Balance as at 31.03.2013	Balance as at 31.03.2013	Balance as at 31.03.2012
a. Tangible Assets											
Freehold Land	967.96	-	(28.23)	**996.19**	-	-	-	-	**-**	**996.19**	967.96
Leasehold Land #	746.74	-	(26.61)	**773.35**	207.47	23.46	(2.83)	-	**233.76**	**539.59**	539.27
Buildings ##	19,000.87	71.70	(588.38)	**19,660.95**	3,151.76	667.40	(83.66)	-	**3,902.82**	**15,758.13**	15,849.11
Plant and Equipment	58,808.80	348.67	(1,013.62)	**60,171.09**	20,317.40	3,883.90	116.41	88.71	**23,996.18**	**36,174.91**	38,491.40
Furniture and Fixtures	462.15	-	(11.63)	**473.78**	201.16	26.61	(4.18)	-	**231.95**	**241.83**	260.99
Vehicles	429.13	30.20	75.47	**383.86**	202.66	53.87	(5.29)	39.67	**222.15**	**161.71**	226.47
Office equipment	216.90	36.22	(3.52)	**256.64**	70.94	19.20	(1.67)	-	**91.81**	**164.83**	145.96
Computers	922.35	25.99	(9.38)	**957.72**	210.00	146.53	(5.93)	-	**362.46**	**595.26**	712.35
Gas Cylinders	285.41	-	-	**285.41**	92.59	44.25	-	-	**136.84**	**148.57**	192.82
Gas Cylinders given on Lease	612.82	78.03	-	**690.85**	110.31	108.11	-	-	**218.42**	**472.43**	502.51
Electrical Installation	3,112.46	28.22	(88.08)	**3,228.76**	589.04	73.90	(19.91)	-	**682.85**	**2,545.91**	2,523.42
Total (a)	85,565.59	619.03	(1,693.98)	**87,878.60**	25,153.33	5,047.23	(7.06)	128.38	**30,079.24**	**57,799.36**	60,412.26
Previous Year Total	66,246.24	13,477.24	(5,842.11)	**85,565.59**	18,122.30	5,120.20	(1,960.29)	49.46	**25,153.33**	**60,412.26**	
b. Intangible Assets											
Goodwill (Including on Consolidation)	13,513.64	-	(1,461.15)	**14,974.79**	6,362.15	1,862.56	(1,130.94)	-	**9,355.65**	**5,619.14**	7,151.49
Computer Software	257.82	27.07	(0.54)	**285.43**	63.18	53.27	(0.12)	-	**116.57**	**168.86**	194.64
Total (b)	13,771.46	27.07	(1,461.69)	**15,260.22**	6,425.33	1,915.83	(1,131.06)	-	**9,472.22**	**5,788.00**	7,346.13
Previous Year Total	12,554.66	9.33	(1,207.47)	**13,771.46**	4,630.46	1,560.59	(234.28)	-	**6,425.33**	**7,346.13**	
c. Capital Work In Progress										**3,473.44**	3,544.68

Notes:

\# Execution of lease deed for land acquired at Tarapur Plant (₹ 111.42 Lakh) is pending.

\## Includes ₹ 750/- (Previous Year ₹ 750/-) paid for shares acquired in co- operative societies.

* Includes adjustments on account of translation of balances in foreign currency.

Loans availed by the Company are secured by way of first / second pari passu charge on all fixed assets at the Aurangabad, Tarapur, Gandhidham and Kandla units. A loan availed by one of its step down subsidiaries from an Indian Bank is secured by way of first charge on the fixed assets at Kandla unit to the extent of the loan amount and margin thereon.

NOTES FORMING PART OF CONSOLIDATED BALANCE SHEET AS AT 31ST MARCH, 2013

		As at 31.03.2013 (₹ in Lakh)	As at 31.03.2012 (₹ in Lakh)	As at 31.03.2011 (₹ in Lakh)
(x) Deferred Tax Asset/Liability (Net)				
Deferred Tax Liability on account of:				
- Depreciation		**2,788.26**	3,669.11	2,763.98
- Goodwill		**-**	-	-
		2,788.26	3,669.11	2,763.98
Deferred Tax Asset on account of:				
- Inventory Valuation under Tax Laws		**318.03**	468.39	65.54
- Shares/FCCB Issue Expenses		**187.67**	189.23	195.33
- Employee Benefits		**5.76**	152.80	90.73
- Unabsorbed Depreciation and Business Loss as per Tax Laws		**2,162.30**	3,219.80	1,789.81
- Others		**54.55**	254.06	427.08
		2,728.31	4,284.28	2,568.49
Add: Transfer to Exchange Fluctuation Reserves		**9.79**	(164.62)	5.01
	Total	**69.74**	(779.79)	200.50
(xi) Non-Current Investments				
(At Cost/Book Value, Unquoted)				
Other Investments				
Other Investments				
Investment in Equity Instruments		**244.95**	244.95	
Less : Provision for diminution in the value of Investments		**(200.00)**	(200.00)	
	Total	**44.95**	44.95	

a. Market Value of Investments

Aggregate amount of Quoted Investments	**-**	-	

b. Details of Other Investments

Name of the Body Corporate	Subsidiary / Associate / JV / Controlled Special Purpose Entity / Others	Face Value	No.of Shares / Units 2013	No.of Shares / Units 2012	Quoted / Unquoted	Partly Paid / Fully paid	Extent of Holding(%) 2013	Extent of Holding(%) 2012	Amount (₹ in Lakh) 2013	Amount (₹ in Lakh) 2012	Whether stated at CostYes / No	If Answer to Column (13) is 'No'- "Basis of Valuation
Investment in Equity Instruments												
Everest Kanto Investment & Finance Pvt. Ltd.	Others	INR 10	115,000	115,000	Unquoted	Fully Paid	9.58	9.58	39.10	39.10	Yes	NA
GPT Steel Industries Pvt. Ltd.	Others	INR 10	2,000,000	2,000,000	Unquoted	Fully Paid	0.79	0.79	200.00	200.00	No	Fully provided for Diminution in Value
Tarapur Environment Protection Society	Others	INR 100	5,852	5,852	Unquoted	Fully Paid	-	-	5.85	5.85	Yes	NA
Total									244.95	244.95		

NOTES FORMING PART OF CONSOLIDATED BALANCE SHEET AS AT 31ST MARCH, 2013

		As at 31.03.2013 (₹ in Lakh)	As at 31.03.2012 (₹ in Lakh)
(xii) Long-Term Loans and Advances			
a. Capital Advances		**184.23**	894.74
b. Security Deposits		**868.62**	937.38
c. Advance Tax and Tax Deducted at Source (Net of provision for taxes)		**767.48**	1,783.92
d. Other Loans and Advances		**-**	7.84
	Total	**1,820.33**	3,623.88
(xiii) Other Non-Current Assets			
Long Term Trade Receivables			
Unsecured, considered good		**27.87**	84.59
Unsecured, considered doubtful		**32.38**	18.59
Less: Provision for doubtful debts		**(32.38)**	(18.59)
	Total	**27.87**	84.59
(xiv) Current Investments			
(Unquoted, At Lower of Cost and Fair Value)			
Investments in Mutual Funds		**2.17**	1.77
	Total	**2.17**	1.77
a. Market Value of Investments			
Aggregate amount of quoted investments		**-**	-

b. Details of Current Investments

Investments in Mutual Funds	**No. of Shares / Units**		**Amount**	
Name of the Mutual Fund	**2013**	2012	**2013**	2012
LIC Liquid Fund-Dividend Plan	**119.26**	11,172.99	**1.31**	1.23
UTI Liquid Fund-Cash Plan Institutional-Daily Income	**84.86**	53.06	**0.86**	0.54
Total			**2.17**	1.77

		As at 31.03.2013 (₹ in Lakh)	As at 31.03.2012 (₹ in Lakh)
(xv) Inventories (Valued at Lower of Cost and Net Realisable Value)			
a. Raw Materials and Components		**19,884.80**	28,569.79
Goods-in Transit (at Cost)		**-**	534.36
		19,884.80	29,104.15
b. Work-in-Progress		**12,872.84**	12,302.20
c. Finished Goods		**7,244.47**	4,859.74
d. Goods for Trade		**269.76**	6.89
e. Stores and Spares		**50.97**	95.68
	Total	**40,322.85**	46,368.66

NOTES FORMING PART OF CONSOLIDATED BALANCE SHEET AS AT 31ST MARCH, 2013

	As at 31.03.2013 (₹ in Lakh)	As at 31.03.2012 (₹ in Lakh)
(xvi) Trade Receivables		
Trade receivables outstanding for a period exceeding six months from the date they are due for payment		
Unsecured, considered good	**1,172.39**	679.16
Unsecured, considered doubtful	**4,142.46**	140.01
Less: Provision for doubtful debts	**(4,142.46)**	(140.01)
	1,172.39	679.16
Trade receivables outstanding for a period less than six months from the date they are due for payment		
Unsecured, considered good	**7,843.88**	12,277.18
Unsecured, considered doubtful	**0.87**	2.40
Less: Provision for doubtful debts	**(0.87)**	(2.40)
	7,843.88	12,277.18
Total	**9,016.27**	12,956.34
(xvii) Cash and Bank Balances		
Cash and Cash Equivalents:		
a. Cash on Hand*	**48.21**	45.30
b. Cheques, Drafts on Hand	**-**	34.92
c. Balances with Banks*		
Current Accounts	**1,902.87**	1,172.37
Bank Deposits with less than 3 months maturity	**-**	-
	1,951.08	1,252.59
Other Bank Balances:		
a. Margin Money	**-**	-
b. Security against Borrowings	**45.48**	-
c. Security against Guarantees	**479.35**	624.48
d. Bank Deposits with more than 3 months, but less than 1 year maturity	**273.27**	42.88
e. Earmarked Balances-Unpaid Dividend Accounts	**11.08**	10.04
	809.18	677.40
Total	**2,760.26**	1,929.99

*There are no Repatriation Restrictions, in respect of Cash and Bank Balances.

	As at 31.03.2013 (₹ in Lakh)	As at 31.03.2012 (₹ in Lakh)
(xviii) Short-Term Loans and Advances		
a. Others		
- Balance with Central Excise	**237.72**	495.62
- Advances paid to Suppliers	**3,743.18**	1,133.43
- Prepaid expenses	**1,116.03**	294.37
b. Inter Corporate Deposit	**2,000.00**	2,000.00
c. Other Loans and Advances	**418.56**	385.33
Total	**7,515.49**	4,308.75
(xix) Other Current Assets		
a. Current Deposits [Includes ₹ 20 Lakh (31.03.2012 ₹ 20.00 Lakh) to private companies in which directors are directors / members]	**62.22**	62.88
b. Gratuity (Funded) (Net)	**3.42**	3.47
c. Interest Receivable from Banks	**36.62**	25.67
d. Interest Receivable from Others	**390.88**	112.85
e. Other Receivables	**627.00**	114.73
Total	**1,120.14**	319.60

NOTES FORMING PART OF CONSOLIDATED STATEMENT OF PROFIT AND LOSS AS AT 31ST MARCH, 2013

		Year Ended 31.03.2013 (₹ in Lakh)	Year Ended 31.03.2012 (₹ in Lakh)
(xx) Revenue from Operations			
Sale of Products:			
- Finished Goods Sales		52,892.89	68,983.04
- Trading Sales		2,956.59	565.52
Less:			
Excise Duty		2,711.19	2,600.92
		53,138.29	66,947.64
Other Operating Revenues			
- Scrap Sales		596.35	709.69
- Export Incentives		17.72	22.96
- Testing and Inspection Fees Received		29.94	13.79
- Others		498.84	11.41
	Total	54,281.14	67,705.49
(xxi) Other Income			
Interest			
- On Loans / Inter Corporate Deposits		441.49	438.93
- On Fixed Deposits		20.22	73.97
- Others		99.61	-
Dividend on Current Investments (Non-Trade)		0.41	149.97
- Net Gain/Loss on sale of Current Investments (Non-Trade)		-	-
- Commission		486.66	-
- Miscellaneous Income		601.65	104.55
	Total	1,650.04	767.42
(xxii) Cost of Materials Consumed			
Opening Stock		29,104.15	16,480.74
Add: Purchases		20,351.19	50,671.86
		49,455.34	67,152.60
Less: Closing Stock		19,884.80	29,104.15
		29,570.54	38,048.45
Foreign Exchange Translation Reserve Impact		706.78	1,371.02
	Total	30,277.32	39,419.47
(xxiii) Changes in Inventories of Finished Goods, Work-in-Progress and Stock-in-Trade			
Opening Stocks :			
- Finished Goods		4,859.74	2,330.86
- Work in Progress		12,302.20	8,609.12
- Goods for Trade		6.89	-
	(A)	17,168.83	10,939.98
Closing Stocks :			
- Finished Goods		7,244.47	4,859.74
- Work in Progress		12,872.84	12,302.20
- Goods for Trade		269.76	6.89
	(B)	20,387.07	17,168.83
	(A-B)	(3,218.24)	(6,228.85)
Add : Variation in Excise Duty on Finished Goods Stocks		101.09	37.12
		(3,117.15)	(6,191.73)
Foreign Exchange Translation Reserve Impact		552.66	1,166.79
	Total	(2,564.49)	(5,024.94)

NOTES FORMING PART OF CONSOLIDATED STATEMENT OF PROFIT AND LOSS AS AT 31ST MARCH, 2013

	Year Ended 31.03.2013 (₹ in Lakh)	Year Ended 31.03.2012 (₹ in Lakh)
(xxiv) Employee Benefits Expense		
Salaries, Wages and Other Benefits	**7,871.45**	7,783.82
Contributions to -		
- Provident Fund and Other Funds	**484.16**	214.69
- Superannuation Scheme	**13.65**	2.54
Staff Welfare Expenses	**907.98**	691.86
Total	**9,277.24**	8,692.91
(xxv) Finance Costs		
Interest Expense		
- On Borrowings	**3,002.50**	947.45
- Others	**3.14**	9.77
Other Borrowing Costs	**549.96**	31.26
Applicable Net Loss on Foreign Currency Flactuations and Translations	**262.30**	789.24
Total	**3,817.90**	1,777.72
(xxvi) Other Expenses		
Consumption of Stores, Spares, etc.	**1,422.01**	1,613.47
Power and Fuel	**4,713.78**	5,312.95
Repairs and Maintenance - Building	**13.80**	43.18
Repairs and Maintenance - Plant and Machinery	**420.26**	430.11
Repairs and Maintenance - Others	**35.77**	35.68
Labour Charges	**195.11**	153.97
Rent	**552.15**	552.39
Insurance	**467.04**	401.26
Rates and Taxes, excluding Taxes on Income	**179.41**	86.35
Directors' Sitting Fees and Commission	**15.46**	85.76
Legal and Professional Fees	**783.23**	512.66
Loss on Assets Scrapped / Discarded, Loss of Asset	**25.93**	106.09
Bank Charges and Commission	**303.33**	313.14
Carriage and Freight	**925.52**	973.90
Advertisement and Sales Promotion	**231.94**	188.24
Commission	**72.27**	472.35
Miscellaneous Expenses	**3,247.76**	3,304.22
Total	**13,604.77**	14,585.72

NOTES FORMING PART OF THE CONSOLIDATED FINANCIALS FOR THE YEAR ENDED 31ST MARCH, 2013

Note No. (xxvii) :

Additional Notes forming part of the Consolidated Accounts for the year ended March 31, 2013

1. The consolidated financial statements present the consolidated accounts of Everest Kanto Cylinder Limited (the Company) along with its following subsidiaries and step down subsidiaries. The names, country of incorporation and proportion of ownership interest is as under:

Name of the Company	Country of Incorporation	% of shareholding
EKC Industries (Tianjin) Co., Ltd. (Subsidiary of Everest Kanto Cylinder Ltd.)	People's Republic of China	100%
EKC International FZE (Subsidiary of Everest Kanto Cylinder Ltd.)	United Arab Emirates	100%
EKC Industries (Thailand) Co., Ltd. (Subsidiary of Everest Kanto Cylinder Ltd.)	Kingdom of Thailand	100%
Calcutta Compressions & Liquefaction Engineering Limited ("CC&L") (Subsidiary of Everest Kanto Cylinder Ltd.)	India	72.65%
EKC Hungary Kft. (Subsidiary of EKC International FZE)	Hungary	100%
CP Industries Holdings Inc. (Subsidiary of EKC Hungary Kft.)	The United States of America	100%
EKC Europe Gmbh (Subsidiary of EKC International FZE)	Germany	100%

2. Significant Accounting Policies and Notes to these Consolidated Financial Statements are intended to serve as a means of informative disclosure and a guide to better understanding the consolidated position of the Group. Recognising this purpose, the Company has disclosed only such Policies and Notes from the individual financial statements which fairly present the needed disclosure.

3.

		As at 31.03.2013 (₹ in Lakh)	As at 31.03.2012 (₹ in Lakh)
(a)	Contingent liabilities not provided for in respect of:		
	Disputed Tax and other Matters:		
	Income Tax	**108.12**	156.54
	Sales Tax	**440.48**	486.74
	Lease Tax	**14.34**	16.34
(b)	Claims against the Company not acknowledged as Debt	**787.53**	-
(c)	Estimated amount of contracts remaining to be executed on Capital account and not provided for (net of advances)	**570.54**	612.71

(d) In CP Industries Holdings Inc., the Company is exposed to environmental risks. The Company has various policies and procedures to avoid environmental contamination and to mitigate the risks of environmental contamination. The Company conducts periodic reviews to identify changes in the Company' environmental risk profile. Liabilities are accrued when environmental assessments and/or clean-ups are probable and the costs can be reasonably estimated. The Company is not aware of any environmental claims existing as of March 31, 2013. However, there can be no assurance that current regulatory requirements will not charge or unknown past non-compliance with environmental laws will not be discovered on the Company's properties.

4. As none of the outstanding Zero Coupon Foreign Currency Convertible Bonds (FCCBs) 2007 raised by the Company, of the aggregate face value of USD 35 Million were converted into equity shares of the Company at the option of the holders, as per the terms of the issue, the FCCBs were fully redeemed on their due date i.e. October 10, 2012, at the premium of 42.8010% amounting to US$ 49.98 Mn. at the US$/Rupee exchange rate of 52.64. The premium amounting to Rs 87.62 Crore, together with the withholding tax of Rs 8.76 Crore, has been charged off to the Securities Premium Account.

5. Related Party Disclosures:
   1. Relationships:
      (a) Related parties where Promoter Directors and Relatives exercise significant influence:
      Everest Kanto Investment and Finance Private Limited
      Khurana Gases Private Limited
      Medical Engineers (India) Limited
      Khurana Fabrication Industries Private Limited
      Khurana Exports Private Limited
      Everest Industrial Gases Private Limited
      Khurana Charitable Trust
      Khurana Education Trust
      G.N.M. Realtors Private Limited
      Ukay Valves & Founders Private Limited

(b) Key Management Personnel :
Mr. Prem Kumar Khurana
Mr. Puneet Khurana (Till 30th September, 2012)
Mr. Pramod Samvatsar (Till 1st March, 2013)
Mr. Pushkar Khurana

(c) Relatives of Key Management Personnel and their Enterprises where transactions have taken place :
Mr. S.S. Khurana
Mrs. Suman Khurana

2. Transactions with related parties:

(₹ in Lakh)

Nature of Transactions	Related parties referred in		
	1(a) above	1(b) above	1(c) above
Sales:			
Goods	364.03	-	-
	(856.64)	(-)	(-)
Purchases:			
Consumables/Others	57.85	-	-
	(74.38)	(-)	(-)
Expenses / Payments:			
Remuneration		431.87	
Premkumar Khurana	(-)	174.18	(-)
		(151.56)	
Puneet Khurana		38.92	
		(88.93)	
P.M.Samvatsar		76.74	
		(81.84)	
Pushkar Khurana		142.02	
		(94.34)	
Rent	163.05	6.00	6.00
	(215.52)	(6.00)	(6.00)
Other Expenses	123.83	24.00	-
	(63.97)	(24.00)	(-)
Finance			
Loans availed from: -			
Everest Kanto Investment and Finance Private Limited	260.00	-	-
	(-)	(-)	(-)
Khurana Gases Private Limited	130.00	-	-
	(-)	(-)	(-)
Outstandings:#			
Payables	475.48	-	-
	(109.24)	(-)	(-)
Other Receivables	-	-	-
	(54.19)	(-)	(-)
Guarantee Given for Borrowing by the Company (@)	26,097.00 (1,389.99) Jointly by promoter directors		

Foreign currency balances are restated at year end rates.

@ Personal Guarantees from Promoter Directors for the Term Loan of ₹ 32,500.00 Lakhs against which ₹ 26,097.00 Lakhs is outstanding as at 31st March, 2013.

(Previous year figures are in brackets)

6. Assets taken on Operating Lease:

	As at 31.03.2013 (₹ in Lakh)	As at 31.03.2012 (₹ in Lakh)
The total future minimum lease rentals payable at the Balance Sheet date are as under:		
For a period not later than one year	**384.51**	238.55
For a period later than one year and not later than five years	**281.18**	76.66
For a period later than five years	**-**	-

7. Bonds / Undertakings given by the Company under concessional duty / exemption schemes to government authorities (net of obligations fulfilled) aggregate to ₹ 3,554.24 Lakh as at the close of the year (31/03/2012: ₹ 3,708.24 Lakh).

8. (a) In absence of the profits for the financial year 2012-13, the remuneration of ₹ 289.84 Lakh for the year of the Managing Director (MD) and the two Whole Time Directors (WTD) as per their respective terms of appointments is in excess by ₹ 228.78 Lakh computed in accordance with the provisions of the Companies Act, 1956 and Schedule XIII thereto. The Company has obtained approval of the shareholders of the Company by way of postal ballot for payment of the excess remuneration and have applied to the Central Government for seeking its approval. Pending approval of the Central Government such excess remuneration is being held in trust by the Managing Director and Whole-Time Directors.

(b) As regards the excess remuneration of Rs 279.31 lakhs of the Managing Director and the two Whole Time Directors of the company for the financial year 2011-12, approval of the waiver of the excess remuneration has been obtained from the shareholders at the Annual General Meeting held in August 2012. On applications by the Company, the Central Government has approved the excess remuneration of Rs 91.63 Lakh of the two Whole Time Directors while its approval for the excess remuneration of Rs 115.68 Lakh of the Managing Director is awaited. Pending approval of the Central Government the amount is held in trust by the Managing Director.

9. Computation of profit for Earnings per Share:

	2012-2013 (₹ in Lakh)	2011-2012 (₹ in Lakh)
Loss for the year before earlier year adjustments and Minority Interest	**(13,142.26)**	(31.38)
Add: Share of Minority Interest	-	-
Add/ (Less): Tax Adjustments for earlier years (net)	**39.04**	(500.00)
Net Profit/(Loss)	**(13,181.30)**	468.62
Weighted Number of Equity Shares	**107,157,682**	107,157,682
Number of Equity Shares outstanding at the end of the year	**107,157,682**	107,157,682
Nominal Value per share (in Rupees)	**2.00**	2.00
Basic and Diluted Earnings Per Share (in Rupees)	**(12.30)**	0.44

Note: FCCBs are considered to be anti dilutive for the purpose of calculation of Earnings Per Share.

10. During the year, in the books of EKC International FZE, provision of Rs 4026.74 lakhs has been made in respect of trade receivables that are due for more than one year as at the end of the financial year, due to the prevalent geo-political situation in the Middle East and out of abundant caution. However, the management is confident in recovering the receivables.

    The Company expenses research and development costs as incurred. Total research and development expenses at C.P. Industries Holding Inc. were approximately ₹ 222.70 Lakh for 2013 and ₹ 8.63 Lakh for 2012.

11. Segement Reporting : Refer Pages No. 76 and 77.

12. Previous year's figures have been reclassified / regrouped to conform to current year's classification / grouping.

13. Significant Accounting Policies followed by the Company are as stated in the Statement annexed to this Schedule as Annexure I.

As per our report of even date
For **DALAL & SHAH**
Firm Registration No. 102021W
Chartered Accountants

For and on behalf of the Board

P.K. Khurana
Chairman & Managing Director

S. Venkatesh
Partner
Membership No. 037942
Mumbai
30th May, 2013

Kanika Sharma
Company Secretary

Vipin Chandok
Chief Financial Officer

Pushkar Khurana
Director

11. Segment Reporting

A. Geographical Segment – Primary

(₹ in Lakh)

Particulars	India		UAE		China		USA & Hungary		Thailand		Europe		Total	
	2012-13	2011-12	2012-13	2011-12	2012-13	2011-12	2012-13	2011-12	2012-13	2011-12	2012-13	2011-12	2012-13	2011-12
(a) **Segment Revenue**	25,844.16	31,829.20	12,762.74	19,880.81	5,621.73	5,801.63	17,065.07	15,252.86	115.52	11.90	98.09	-	61,507.31	72,776.40
Less: Inter Segment Revenue	1,668.76	1,684.52	4,356.59	948.80	1,100.44	2,409.65	2.29	26.76	-	1.18	98.09	-	7,226.17	5,070.91
	24,175.40	30,144.68	8,406.15	18,932.01	4,521.29	3,391.98	17,062.78	15,226.10	115.52	10.72	-	-	54,281.14	67,705.49
(b) **Segment Results before Minority Int.**	(2,258.08)	584.20	850.88	3,965.60	(1,292.38)	(586.17)	(1,031.62)	(972.85)	(11.33)	57.71	(249.08)	(31.59)	(3,991.61)	3,016.90
Minority Interest	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Segment Result after Minority Interest	(2,258.08)	584.20	850.88	3,965.60	(1,292.38)	(586.17)	(1,031.62)	(972.85)	(11.33)	57.71	(249.08)	(31.59)	(3,991.61)	3,016.90
Unallocated Income (net of Expenses)													561.72	662.87
Profit after Minority Interest but before Provision for Dobutful Debts, Foreign Exchange Fluctuation (Net), Prior Period Adjustments, Finance Charges and Tax													(3,429.89)	3,679.77
Provision for Doubtful Debts													(4,026.74)	-
Foreign Exchange Fluctuation – (Loss) / Gain (net)													(1,027.99)	(2,747.00)
Prior Period Adjustments													-	-
Profit after Minority Interest but before Finance Charges and Tax													(8,484.62)	932.77
Finance Charges													3,817.90	1,777.72
Profit/(Loss) Before Tax													(12,302.52)	(844.95)
Provision for Taxation														
- Current Tax													-	(2.09)
- Deferred Tax (Charge)													(839.74)	815.66
- Tax Adjustments of Earlier Years (Net)													(39.04)	500.00
Net Profit after Tax													(13,181.30)	468.62
Other Information														
(c) Segment Assets	65,595.12	70,276.42	18,489.63	25,046.32	18,179.71	17,680.47	26,940.70	28,440.79	408.61	212.57	30.23	18.10	129,644.00	141,674.67
Add: Unallocated													47.13	46.72
Total Segment Assets													129,691.13	141,721.39
(d) Segment Liabilities	3,957.66	1,066.46	1,213.87	3,093.11	2,659.59	1,567.42	4,047.17	8,236.13	11.81	2.61	18.51	7.46	11,908.61	13,973.20
Add: Unallocated													55,495.79	45,939.86
Total Segment Liabilities													67,404.40	59,931.07
(e) Capital Expenditure	599.58	2,202.91	155.32	1,173.37	44.57	367.57	785.01	172.32	-	-	2.81	7.42	1,587.29	3,923.60
Add: Unallocated													-	-
Total Capital Expenditure													1,587.29	3,923.60
(f) Depreciation / Amortisation	2,342.87	2,474.22	637.99	550.07	811.43	884.64	3,167.25	2,771.12	-	-	3.52	0.71	6,963.06	6,680.77
Add: Unallocated													-	-
Total Depreciation / Amortisation													6,963.06	6,680.77
(g) Other Significant Non Cash Expenditure	-	-	-	-	-	-	-	-	-	-	-	-	-	-

B. Other Disclosures

1. Segment information has been identified in accordance with Accounting Standard (AS) 17 – Segment Reporting considering the organisation structure and the differing risks and returns of these segments.
2. The Company and its subsidiaries operate with in a single business segment. Hence, the Company has disclosed geographical segment as the primary segment on the basis of geographical location of the operations carried out by the Holding Company, its subsidiaries and step down subsidiaries.
3. Inter Segment Revenues are recognised at sales price.
4. The Segment Revenues, Results, Assets and Liabilities include the respective amounts identifiable to each of the segment and the amounts allocated on a reasonable basis.

Annexure I

SIGNIFICANT ACCOUNTING POLICIES:

A. Basis of preparation of financial statements:

The financial statements are prepared under the historical cost convention on the accrual basis of accounting. The accounts of the Holding Company have been prepared in accordance with the Accounting Standards and those of the foreign subsidiaries have been prepared in accordance with the local laws and the applicable Accounting Standards / generally accepted accounting principles. The financial statements of the subsidiaries used in the consolidation, wherever required, are drawn upto the same reporting date as that of the Holding Company, i.e. year ended 31st March.

All the assets and liabilities have been classified as current or non current as per the Company's normal operating cycle and other criteria set out in Schedule VI to the Companies Act, 1956. Based on the nature of products and the time between the acquisition of assets for processing and their realization in cash and cash equivalent, the Company has ascertained its operating cycle to be less than 12 months.

B. Principles of Consolidation:

a. The financial statements of the Holding Company and its subsidiaries have been consolidated on a line-by-line basis by adding together the book values of like items of assets, liabilities, income and expenses, after eliminating intra-group balances, intra-group transactions and the unrealised profits.

Assets and liabilities of subsidiaries are translated into Indian rupees at the rate of exchange prevailing as at the Balance Sheet date. Revenues and expenses are translated into Indian rupees at average of twelve months.

Subsidiaries are consolidated from the date on which effective control is transferred to the group and are no longer consolidated from date of disposal.

The difference between the cost of investment in subsidiaries over the companies portion of equity of the subsidiary is recognized in the financial statements as goodwill or capital reserve.

Goodwill on consolidation is amortized over a period of five years.

Minority interest in the net assets of the consolidated subsidiaries consist of the amount of equity attributable to the minority share holders at the dates on which investments are made by the company in the subsidiary companies and further movements in their shares in the equity subsequent to the dates of investments.

b. The financial statements of the Holding Company and its subsidiaries have been consolidated using uniform accounting policies except, to the extent of variation mentioned in below, which, in the opinion of the management, does not have any material impact.

Variation in Accounting Policies:-
Employee benefits such as gratuity and long term compensated absences are accrued by the UAE subsidiary on an undiscounted basis over the period of employment contract, where as employee benefits are recognised on the basis of an actuarial valuation by others. The impact of the same, in the opinion of the management, would not be significant.

C. Revenue Recognition:

a. Revenue/Income and Cost/Expenditure are generally accounted for on accrual as they are earned or incurred except in case of significant uncertainties;

b. Sale of goods is recognized on transfer of significant risks and rewards of ownership, which is generally on the dispatch of goods;

c. Export Benefits are recognised in the year of export;

d. Share Issue Expenses and Premium on Redemption of FCCBs are to be charged first against available balance in the Securities Premium Account.

D. Employee Benefits:

a. Short term employee benefits are recognised as an expense at the undiscounted amount in the Statement of Profit and Loss of the year in which the related service is rendered;

b. Post employment benefits

i. Defined contribution plans:

Company's contribution to the superannuation scheme, state governed provident fund scheme, etc. are recognised during the year in which the related service is rendered;

ii. Defined benefit plans:

The present value of the obligation under such plans is determined based on an actuarial valuation using the Projected Unit Credit Method. Actuarial gains and losses arising on such valuation are recognised immediately in the Statement of Profit and Loss. In the case of gratuity which is funded with the Life Insurance Corporation of India the fair value of the plan assets is reduced from the gross obligation under the defined benefit plan to recognize the obligation on net basis;

Retirement Plans (CP Industries):

The Company has a noncontributory defined benefit pension plan covering all union employees hired prior to June 1, 2006. The benefits are based on years of services and the applicable compensation levels under the plan. The Company's funding policy is to fund pension cost as determined by actuarial valuation. Contributions are intended to provide not only for benefits attributable to service to date but also for those expected to be earned in the future.

The Company also has two 401(k) savings plans which cover substantially all union and non union employees. For both plans, the Company matches a percentage of the employees' contributions up to the maximum level. The matching contributions to the plans were approximately ₹ 48.00 lacs ($88,000.00) for 2013 and ₹ 16.78 Lacs ($35,000.00) for 2012. There were no discretionary contributions made to the non union employees' plan in 2012.

c. Long term compensated absences are provided on the basis of an actuarial valuation;

d. Termination Benefits are recognised as an expense in the Statement of Profit and Loss of the year in which they are incurred.

E. Foreign Currency Translations:

a. For the purpose of consolidation, the amounts appearing in foreign currencies in the Financial Statements of the foreign subsidiaries (considered as non-integral operations) are translated at the following rates of exchange:

i. Average rates for income and expenditure.

ii. The year-end rates for all assets and liabilities.

Resulting variation on account of exchange rates are accumulated in a Foreign Currency Translation Reserve Account.

b. Translations within the entity:

i. All transactions in foreign currencies are recorded at the rates of exchange prevailing on the dates when the relevant transactions take place;

ii. Monetary assets and liabilities in foreign currency outstanding at the close of the year are converted in Indian Currency at the appropriate rates of exchange prevailing on the date of the Balance Sheet. Resultant gain or loss is accounted for during the year;

iii. In respect of forward exchange contracts entered into to hedge foreign currency risks the difference between the forward rate and exchange rate at the inception of the contract is recognized as income or expense over the life of the contract. Further the exchange differences arising on such contracts are recognised as income or expense along with the exchange differences on the underlying assets / liabilities. Derivative contracts intended for trading purposes, are marked to their current market value and gain / loss on such contracts is recognised in the Profit and Loss Account for the year. Profit or loss on cancellations / renewals of forward contracts is recognised during the year;

iv. Exchange differences arising on other derivative contracts entered into to hedge foreign currency exposure on account of highly probable forecast transactions, were recognized and marked to market, in line with principles laid down in Accounting Standard 30 - Financial Instruments - Recognition and Measurement, issued by The Institute of Chartered Accountants of India, to the extent, no specific accounting treatment is prescribed under Company law or by any other regulatory authority. Accordingly, such gain or loss on effective hedges was carried forward under Hedging Reserve to be recognized in the Profit and Loss Account only in the year in which underlying transactions get completed. In the absence of a designation as effective hedge, the gain or loss would be immediately recognized in the Profit and Loss Account. With effect from 1st April, 2010, the Company has discontinued the aforesaid accounting treatment and is, accordingly, recognizing mark to market losses in the Profit and Loss Account.

v. Accounting of Foreign Branch (Integral Foreign Operation):

- Monetary assets and liabilities are converted at the appropriate rate of exchange prevailing on the Balance Sheet date;
- Fixed assets and depreciation thereon are converted at the exchange rates prevailing on the date of the transaction.
- Revenue items are converted at the rate prevailing on date of the transaction.

F. Fixed Assets and Depreciation / Amortization:

a. Fixed Assets:

Fixed Assets are carried at cost of acquisition / construction or at revalued amounts less accumulated depreciation and amortization. Cost of acquisition includes taxes / duties (net of credits availed) and other attributable costs for bringing assets to the condition required for their intended use.

b. Depreciation / Amortization:

i. Cost of Leasehold Land is amortized over the period of the Primary/Secondary lease;

ii. Depreciation on fixed assets is provided as per the straight line method over their useful lives or determined on the basis of rates prescribed in Schedule XIV to the Companies Act, 1956.

In respect of certain foreign subsidiaries depreciation has been made on pro-rata basis at the rates and methods as prescribed in the respective local regulations of the country of incorporation.

iii. Intangible assets are amortized on a Straight Line basis over the estimated useful life of the respective asset, not exceeding a period of ten years;

iv. Cost of Customised software capitalized is amortised over a period of five years.

G. Investments:

Investments are classified into Current and Long-term Investments. Current Investments are stated at lower of cost and fair value. Long-term Investments are stated at cost. A provision for diminution is made to recognise a decline other than temporary in the value of Long-term Investments.

H. Inventory Valuation:

a. The inventories resulting from intra-group transactions are stated at cost after deducting unrealised profit on such transactions.

b. Goods in transit are stated 'at cost'.

c. Other inventories are stated 'at cost or net realisable value', whichever is lower.

d. Cost comprises all costs incurred in bringing the inventories to their present location and condition. Cost formulae used are either 'average cost', 'first-in-first-out' or 'specific identification' as applicable.

I. Taxation:

Income-tax expense comprises Current Tax and Deferred Tax Charge or Credit.

a. Provision for current tax is made on the assessable income at the tax rate applicable to the relevant assessment year.

b. Deferred Tax is recognized on timing difference between taxable income and accounting income that originated in one period and are capable of reversal in one or more subsequent period(s). The Deferred tax Asset and Deferred tax Liability is calculated by applying tax rate and tax laws that have been enacted or substantively enacted by the Balance Sheet date. Deferred tax Assets arising on account of brought forward losses and unabsorbed depreciation under tax laws are recognised only if there is a virtual certainty of its realisation supported by convincing evidence. Deferred tax assets on account of other timing differences are recognised only to the extent there is a reasonable certainty of its realisation. At each Balance Sheet date the carrying amount of Deferred Tax Assets are reviewed to reassure realisation.

J. Borrowing Costs:

Interest and other borrowing costs attributable to acquisition / construction of qualifying assets are capitalised as part of the cost of such assets upto the date the assets are ready for their intended use. Other borrowing costs are charged as expense in the year in which these are incurred.

K. Impairment of Assets:

The carrying amounts of assets are reviewed at each Balance Sheet date to assess whether there is any indication that an individual asset / group of assets (constituting a Cash Generating Unit) may be impaired. If there is any indication of impairment based on internal / external factors i.e. when the carrying amount of the assets exceed the recoverable amount an impairment loss is charged to the Profit and Loss Account in the year in which an asset is identified as impaired. An impairment loss recognized in prior accounting periods is reversed or reduced if there has been a favourable change in the estimate of the recoverable amount.

L. Government Grants:

Government grants received to meet the costs of specific fixed assets are recognised as a reduction in the cost of the respective asset. Revenue grants are recognised in the Profit and Loss Account on a systematic basis so as to match the related costs.

M. Expenditure During Construction and Expenditure on New Projects:

In case of new projects and in case of substantial modernization / expansion at existing units of the Company, expenditure incurred prior to commencement of commercial production is capitalised.

CONSOLIDATED CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2013

		Year Ended 31.03.2013 (₹ in Lakh)		Year Ended 31.03.2012 (₹ in Lakh)	
A)	**Cash flow from Operating Activities**				
	Net (Loss) for the year before taxation		**(12,302.52)**		(844.95)
	Add / (Deduct):				
	(a) Depreciation / Amortisation for the year	**6,963.06**		6,680.77	
	(b) Foreign Exchange Variation (net)	**36.28**		2,537.54	
	(c) Loss on Assets Scrapped / Discarded	**25.93**		106.09	
	(d) Finance Charges	**3,817.90**		1,777.72	
	(e) Interest Income	**(561.32)**		(512.90)	
	(f) Dividend on Current Investments (Non - Trade)	**(0.41)**		(149.97)	
	(g) Provision for doubtful debts	**4,026.74**		151.27	
	(h) Absorbtion of Minority Interest Loss	**(69.49)**		(37.70)	
			14,238.69		10,552.82
	Operating Cash Profit before Working Capital Changes		**1,936.17**		9,707.87
	(a) (Increase) / Decrease in Inventories	**6,045.81**		(18,802.85)	
	(b) (Increase) / Decrease in Trade and Other Receivables	**(3,803.39)**		2,999.73	
	(c) Increase / (Decrease) in Trade and Other Payables	**(1,733.94)**		535.47	
			508.48		(15,267.65)
	Cash Inflow / (Outflow) from Operations		**2,444.65**		(5,559.78)
	Deduct:				
	Direct Taxes Paid / (Refund Received)		**(977.40)**		826.88
	Net Cash Inflow / (Outflow) in course of Operating activities (A)		**3,422.05**		(6,386.66)
B)	**Cash Flow from Investing Activities**				
	Inflow:				
	(a) Dividend on Current Investments (Non - Trade)	**0.41**		149.97	
	(b) Interest Income Received	**272.35**		480.35	
	(c) Sale of Current Investments	-		3,411.26	
	(d) Sale of Fixed Assets	**142.02**		13.00	
			414.78		4,054.58
	Outflow:				
	(a) Purchases of Current Investments	**0.40**		-	
	(b) Purchase of Trade Investments	**-**		5.85	
	(c) Purchase of Fixed Assets (including capital advances)	**209.17**		3,891.22	
			209.57		3,897.07
	Net Cash Inflow in the course of Investing Activities (B)		**205.21**		157.51

CONSOLIDATED CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2013

		Year Ended 31.03.2013 (₹ in Lakh)		Year Ended 31.03.2012 (₹ in Lakh)	
C)	**Cash Flow from Financing Activities**				
	Inflow:				
	(a) Working Capital / Short Term Loan availed during the year (net)	**1,610.59**		10,093.55	
	(b) Fixed Loans availed during the year (net)	**7,800.26**		-	
			9,410.85		10,093.55
	Outflow:				
	(a) Premium on FCCB Redemption	**8,761.84**		-	
	(b) Interest paid on loans borrowed	**3,550.30**		1,809.83	
	(c) Dividend Paid	**266.85**		1,603.03	
	(d) Dividend Tax Paid	**43.46**		266.96	
	(e) Fixed Loans repaid during the year (net)	**-**		4,134.48	
			12,622.45		7,814.30
	Net Cash Inflow / (Outflow) in the course of Financing activities (C)		**(3,211.60)**		2,279.25
D)	**Change in currency fluctation reserve arising on consolidation**		**282.83**		481.79
	Net Increase / (Decrease) in Cash / Cash Equivalents (A+B+C+D)		**698.49**		(3,468.11)
	Add: Cash acquired on purchase of net asset of subsidiaries		**-**		-
	Add: Balance of Cash / Cash Equivalents at the beginning of the year		**1,252.59**		4,720.70
	Cash / Cash Equivalents at the close of the year		**1,951.08**		1,252.59
	Cash / Cash Equivalents at the close of the year				
	Cash and Bank Balances as per Note (xvii)		**2,760.26**		1,929.99
	Less: Other Bank Balances not in nature of cash and cash equivalent		**(809.18)**		(677.40)
			1,951.08		1,252.59

As per our report of even date
For **DALAL & SHAH**
Firm Registration No. 102021W
Chartered Accountants

For and on behalf of the Board

P.K. Khurana
Chairman & Managing Director

S. Venkatesh
Partner
Membership No. 037942
Mumbai
30th May, 2013

Kanika Sharma
Company Secretary

Vipin Chandok
Chief Financial Officer

Pushkar Khurana
Director

NOTES

NOTES

ATTENDANCE SLIP

EVEREST KANTO CYLINDER LIMITED

Registered Office: 204, Raheja Centre, Free Press Journal Marg, 214, Nariman Point, Mumbai - 400 021.

Regd. Folio No.* / DP Client ID

No. of shares held

NAME AND ADDRESS OF THE MEMBER / PROXY ______________________________

I hereby record my presence at the **THIRTY FOURTH ANNUAL GENERAL MEETING** of the Company held on Monday, July 22, 2013, at 3.00 p.m., at M.C. Ghia Hall at Bhogilal Hargovindas Building, 4^{th} Floor, 18/20, Kaikhushru Dubash Marg, Kala Ghoda, Mumbai - 400 001.

Signature of the Member/Proxy

*Applicable for members holding shares in Physical form

TEAR HERE

TEAR HERE

PROXY FORM

EVEREST KANTO CYLINDER LIMITED

Registered Office: 204, Raheja Centre, Free Press Journal Marg, 214, Nariman Point, Mumbai - 400 021.

Regd. Folio No.* / DP Client ID

No. of shares held

I/We ______________________________

of ______________________________ being a member / members of the Company hereby appoint ______________________________ of ______________________________ or failing him / her ______________________________ of ______________________________ as my / our proxy to vote for me/us on my / our behalf at the **THIRTY FOURTH ANNUAL GENERAL MEETING** of the Company to be held on Monday, July 22, 2013, at 3.00 p.m., at M.C. Ghia Hall at Bhogilal Hargovindas Building, 4^{th} Floor, 18/20, Kaikhushru Dubash Marg, Kala Ghoda, Mumbai - 400 001 or at any adjournment thereof.

Signed this ____________ day of ____________ 2013.

Affix a 15 Paise Revenue Stamp

*Applicable for members holding shares in Physical form

Signature

NOTE: The proxy in order to be effective should be duly stamped, completed and signed and must be deposited at the Registered Office of the Company not less than 48 hours before the time for holding the aforesaid meeting. The proxy need not be a member of the Company.

COMPRESSED NATURAL GAS CYLINDERS

INDUSTRIAL GASES CYLINDERS

FIRE FIGHTING CYLINDERS

MEDICAL GASES CYLINDERS

FOR BEVERAGE USE

BREATHING APPARATUS CYLINDERS

TARAPUR, INDIA

GANDHIDHAM, INDIA

KANDLA SEZ, INDIA

PLANT I, DUBAI

PLANT II, DUBAI

TIANJIN, CHINA

PITTSBURGH, USA

EKC

Clean Energy Solution Company

EVEREST KANTO CYLINDER LIMITED

INDIA ▪ DUBAI ▪ USA ▪ CHINA ▪ THAILAND ▪ EUROPE ▪ SOUTH AMERICA

Regd. Off: 204, Raheja Centre, Free Press Journal Marg, 214, Nariman Point, Mumbai 400 021, India.
Tel: +91-22-3026 8300-01 ▪ Fax: -91-22-2287 0720
Email: investors@ekc.in ▪ Website: www.everestkanto.com

FORM A

Format of covering letter of the annual audit report to be filed with the Stock Exchanges pursuant to sub clause (a) of Clause 31 of the Listing Agreements:

1.	Name of the company	Everest Kanto Cylinder Limited
2.	Annual financial statements for the year ended	31st March, 2013
3.	Type of Audit observation	(a) Un-qualified : **Standalone Audit Report and Consolidated Audit Report** (b) Matter of Emphasis : **Standalone Audit Report**
4.	Frequency of observation	(a) Whether appeared first time : **Yes (In respect of Matter of Emphasis in Standalone Audit Report).** (b) Repetitive : **No** (c) Since how long period : **N.A.**
5.	To be signed by- √ CEO / Managing Director √ CFO √ Auditor of the company √ Audit Committee Chairman	**Mr. P.K. Khurana** **Chairman & Managing Director** Vipin Chandok **Mr. Vipin Chandok** **Chief Financial Officer** Dalal & Shah Chartered Accountants FRN 102021W Mumbai **Mr. S. Venkatesh** **Partner** **Dalal & Shah** **Auditor of the Company** **Mr. Vyomesh Shah** **Audit Committee Chairman**

EVEREST KANTO CYLINDER LIMITED

Manufacturers of high pressure Seamless Gas Cylinders

Registered Office
204, Raheja Centre,
Free Press Journal Marg,
214, Nariman Point,
Mumbai 400 021.

Tel. : +91-22-3026 8300 / 01

Fax : +91-22-2287 0720

Website : www.everestkanto.com