

# FORM A

**Format of covering letter of the annual audit report to be filed with the Stock Exchange 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	31 <sup>st</sup> March 2015
3.	Type of Audit observation	<p><b>(a) Un-qualified:</b> Audit Report on Consolidated Financial Statements (For Qualification on Standalone Financial Statements – Refer Form B)</p> <p><b>(b) Matter of Emphasis: Nil–</b> (Audit Report on Standalone Financial Statements and Audit Report on Consolidated Financial Statements)</p>
4.	Frequency of observation	<p><b>(a) Whether appeared first time:</b> Not Applicable</p> <p><b>(b) Repetitive:</b> Not Applicable</p> <p><b>(c) Since how long period:</b> Not Applicable</p>
5.	<p>To be signed by-</p> <ul style="list-style-type: none"> <li>• CEO/Managing Director</li> <li>• CFO</li> <li>• Auditor of the company</li> <li>• Audit Committee Chairman</li> </ul>	<p><i>Prao.</i></p> <p>Mr. P. K. Khurana Chairman &amp; Managing Director</p> <p><i>Vipin Chandok</i></p> <p>Mr. Vipin Chandok Chief Financial Officer</p> <p><i>Khushroo B. Panthaky</i></p> <p>Mr. Khushroo B. Panthaky Partner Walker Chandio &amp; Co LLP (formerly Walker, Chandio &amp; Co) Chartered Accountants Auditor of the Company</p> <p><i>Krishen Dev</i></p> <p>Mr. Krishen Dev Chairman – Audit Committee</p>

**EVEREST  
KANTO  
CYLINDER  
LIMITED**

**Manufacturers  
of high pressure  
Seamless  
Gas Cylinders**

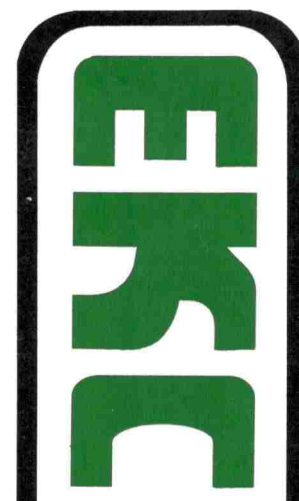
Registered Office  
204, Raheja Centre,  
Free Press Journal Marg,  
214, Nariman Point,  
Mumbai 400 021.

CIN L29200MH1978PLC020434

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

Fax : +91-22-2287 0720

Website : [www.everestkanto.com](http://www.everestkanto.com)



# FORM B

**Format of covering letter of the annual audit report to be filed with the Stock Exchange 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	31 <sup>st</sup> March 2015
3.	Type of Audit qualification	<b>Qualified</b> : Audit Report on Standalone Financial statements
4.	Frequency of qualification	<b>Whether appeared first time :</b> Yes
	Draw attention to relevant notes in the annual financial statements and management response to the qualification in the directors report:	<p>A. Paragraph no. 8 of Audit Report on Standalone financial statements</p> <p>B. Clause no. 18 of note no. xxvii to Standalone Financial Statements</p> <p>C. The Management's response in the Directors' Report is as follows:</p> <p>As regards the qualification by the Auditors in their Report on the Standalone financial statements regarding the provision of Rs 15 Crore made by the Company towards the diminution in the value of the investment of Rs 69.25 Crores by the Company in its subsidiary in China, namely, EKC Industries (Tianjin) Company Limited, as against significant accumulated losses of the subsidiary and substantial erosion of its net worth as on March 31, 2015, on the basis that in the absence of sufficient appropriate evidence, they are unable to comment upon the carrying value of the investment and the consequential impact, if any, on the accompanying financial statements, the Board of Directors is of the view, on holistic consideration and assessment of the relevant factors, such as, the long term nature of the investment, future business prospects in the markets in which the subsidiary operates, expected appreciation in the fair value of the assets of the</p>



## EVEREST KANTO CYLINDER LIMITED

**Manufacturers  
of high pressure  
Seamless  
Gas Cylinders**

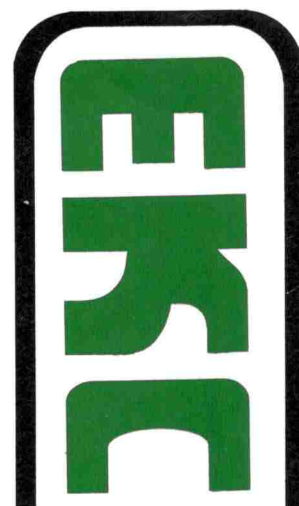
Registered Office  
204, Raheja Centre,  
Free Press Journal Marg,  
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Mumbai 400 021.

CIN L29200MH1978PLC020434


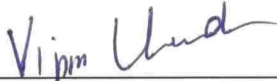

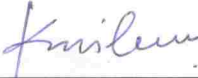
Tel. : +91-22-3026 8300 / 01

Fax : +91-22-2287 0720

Website : [www.everestkanto.com](http://www.everestkanto.com)



*Kan*

		subsidiary, etc., the provision of Rs 15.0 Crore made by the Company is sufficient.
	Additional comments from the board/audit committee chair:	Nil
5.	<p>To be signed by-</p> <ul style="list-style-type: none"> <li>• CEO/Managing Director</li> <li>• CFO</li> <li>• Auditor of the company</li> <li>• Audit Committee Chairman</li> </ul>	<div style="text-align: center;">   <hr/> <p>Mr. P. K. Khurana Chairman &amp; Managing Director</p> </div> <div style="text-align: center;">   <hr/> <p>Mr. Vipin Chandok Chief Financial Officer</p> </div> <div style="text-align: center;">   <hr/> <p>Mr. Khushroo B. Panthaky Partner Walker Chandio &amp; Co LLP (formerly Walker, Chandio &amp; Co) Chartered Accountants Auditor of the Company</p> </div> <div style="text-align: center;">   <hr/> <p>Mr. Krishen Dev Chairman - Audit Committee</p> </div>





*Clean Energy Solution Company*

# Best Performer of the Year

## 2014-15 (EKC CPI-USA DIVISION)



Annual Report 2014-15

#### **BOARD OF DIRECTORS**

##### **Chairman & Managing Director**

Mr. P. K. Khurana

##### **Non - Executive Directors**

Mr. Pushkar Khurana

Mr. Puneet Khurana

##### **Additional Director**

Mrs. Suman Khurana (up to August 11, 2015)

##### **Independent Directors**

Mr. Krishen Dev

Mr. Naresh Oberoi

Mr. Mohan Jayakar

Mr. Vyomesh Shah (up to March 31, 2015)

##### **Additional (Independent) Directors**

Mrs. Uma Acharya (w.e.f. May 26, 2015)

Mr. M. N. Sudhindra Rao (w.e.f. August 11, 2015)

#### **CHIEF FINANCIAL OFFICER**

Mr. Vipin Chandok

#### **COMPANY SECRETARY & COMPLIANCE OFFICER**

Ms. Kanika Sharma (up to February 27, 2015)

Ms. Bhagyashree Kanekar (w.e.f. August 11, 2015)

#### **BANKERS TO THE COMPANY**

State Bank of Hyderabad

Citibank N.A.

ICICI Bank Ltd.

Yes Bank Ltd.

EXIM Bank

#### **STATUTORY AUDITORS**

M/s Walker Chandok & Co LLP,  
Chartered Accountants, Mumbai  
(formerly Walker, Chandok & Co.)

#### **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](mailto:rnt.helpdesk@linkintime.co.in)  
Website: [www.linkintime.co.in](http://www.linkintime.co.in)

#### **BOARD COMMITTEES**

##### **Audit Committee**

Mr. Krishen Dev (Chairman)

Mr. Vyomesh Shah (up to March 31, 2015)

Mr. Naresh Oberoi

Mr. Puneet Khurana

##### **Stakeholders' Relationship Committee**

Mr. Mohan Jayakar (Chairman)

Mr. Puneet Khurana

Mr. Krishen Dev

##### **Nomination & Remuneration Committee**

Mr. Krishen Dev (Chairman)

Mr. Mohan Jayakar

Mr. Naresh Oberoi

Mr. P. K. Khurana

##### **Management Committee**

Mr. P. K. Khurana (Chairman)

Mr. Puneet Khurana

##### **Investment Committee**

Mr. P. K. Khurana (Chairman)

Mr. Krishen Dev

Mr. Puneet Khurana

##### **EKC China Sale Committee**

Mr. Mohan Jayakar (Chairman)

Mr. P. K. Khurana

Mr. Puneet Khurana

##### **Cash Flow Monitoring Committee**

Mr. Naresh Oberoi (Chairman)

Mr. P. K. Khurana

Mr. Puneet Khurana

#### **REGISTERED OFFICE & CIN**

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](mailto:investors@ekc.in)  
Website: [www.everestkanto.com](http://www.everestkanto.com)  
CIN: L29200MH1978PLC020434

36<sup>th</sup> Annual General Meeting held on Monday, September 28, 2015 at 11.00 A.M., at Half Centrum Hall, MVIRDC, World Trade Centre - Mumbai, Centre 1, 1st Floor, Cuffe Parade, Mumbai - 400 005.

The Annual Report can be accessed at [www.everestkanto.com](http://www.everestkanto.com)

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## NOTICE

Notice is hereby given that the Thirty Sixth Annual General Meeting of the Members of EVEREST KANTO CYLINDER LIMITED will be held at Half Centrum Hall, MVIRDC, World Trade Centre-Mumbai, Centre 1, 1st Floor, Cuffe Parade, Mumbai - 400 005 on Monday, September 28, 2015, at 11.00 a.m. to transact the following businesses:

### ORDINARY BUSINESS:

1. To consider and adopt the audited Balance Sheet as at 31st March, 2015, and the Profit and Loss Account and the Cash Flow Statement for the year ended on that date and the Reports of the Board of Directors and of the Auditors thereon.
2. To appoint a Director in place of Mr. Puneet Khurana (DIN: 00004074) who retires by rotation and, being eligible, offers himself for re-appointment.
3. To ratify the appointment of M/s Walker Chandiok & Co. LLP, Chartered Accountants, as the Statutory Auditors at the 35th Annual General Meeting and to consider and, if thought fit, to pass, with or without modification(s), the following resolution as an **Ordinary Resolution**:

**“RESOLVED THAT** pursuant to the provisions of Section 139 of the Companies Act, 2013 and the Rules made thereunder, the appointment of M/s Walker Chandiok & Co. LLP, Chartered Accountants, (Firm Registration Number 001076N) as the Statutory Auditors of the Company at the 35th Annual General Meeting be and is hereby ratified.”

4. To appoint M/s. Arun Arora & Co., Chartered Accountants, as the Branch Auditors and to fix their remuneration and to consider and, if thought fit, to pass, with or without modification(s), the following resolution as an **Ordinary Resolution**:

**“RESOLVED THAT** pursuant to the provisions of Section 143(8) of the Companies Act, 2013 and the Rules made thereunder, M/s. Arun Arora & Co., Chartered Accountants, (Firm Registration Number A - 12018) be and are hereby re-appointed as the Branch Auditors of the Company to hold office from the conclusion of this Annual General Meeting till the conclusion of the next Annual General Meeting of the Company on such remuneration as shall be fixed by the Board of Directors.”

### SPECIAL BUSINESS:

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

### Ordinary Resolution:

**“RESOLVED THAT** pursuant to the provisions of Sections 149, 152 and other applicable provisions of the Companies Act, 2013 read with Schedule IV to the Companies Act, 2013 and the Companies (Appointment and Qualification of Directors) Rules, 2014 (including any statutory modification(s) or re-enactment thereof for the time being in force) and Clause 49 of the Listing Agreements, Mrs. Uma Acharya (DIN: 07165976) appointed as an Additional (Independent) Director of the Company pursuant to the provisions of Section 161 of the Companies Act, 2013 and the Articles of Association of the Company and who holds office up to the date of this Annual General Meeting and, being eligible, offers herself for appointment as an Independent Director and in respect of whom the Company has received a notice in writing from a member, along with the requisite deposit, pursuant to the provisions of section 160 of the Companies Act, 2013, signifying his intention to propose the candidature of Mrs. Uma Acharya for the office of Director of the Company, be and is hereby appointed as an Independent Director of the Company, not liable to retire by rotation and to hold office for a term of five years from this date.”

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

**“RESOLVED THAT** pursuant to the provisions of Sections 149, 152 and other applicable provisions of the Companies Act, 2013 read with the Companies (Appointment and Qualification of Directors) Rules, 2014 (including any statutory modification(s) or re-enactment thereof for the time being in force), Mr. M. N. Sudhindra Rao (DIN: 01820347) appointed as an Additional (Independent) Director of the Company pursuant to the provisions of Section 161 of the Companies Act, 2013 and the Articles of Association of the Company and who holds office up to the date of this Annual General Meeting and, being eligible, offers himself for appointment and in respect of whom the Company has received a notice in writing from a member, along with the requisite deposit, pursuant to the provisions of section 160 of the Companies Act, 2013, signifying his intention to propose the candidature of Mr. M. N. Sudhindra Rao for the office of Director of the Company, be and is hereby appointed as an Independent Director of the Company, not liable to retire by rotation, and to hold office for a term of five years from this date.”



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

**"RESOLVED THAT** pursuant to the provisions of Section 148 and other applicable provisions, if any, of the Companies Act, 2013 read with the Companies (Audit and Auditors) Rules, 2014, remuneration of ₹ 150,000 (Rupees One Lakh Fifty Thousand Only) plus Service Tax and Out-Of-Pocket Expenses of Mr. Vinayak B. Kulkarni, Cost Accountant, [Membership No. 28559], appointed by the Board of Directors as the Cost Auditors of the Company for the financial year 2015-16, fixed by the Board of Directors on the recommendation of the Audit Committee, be and is hereby ratified and confirmed."

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

**"RESOLVED THAT** subject to the provisions of section 186 and other applicable provisions, if any, of the Companies Act, 2013, and the Rules made thereunder, investment by way of equity share capital up to ₹ 500,000 (Rupees Five Lakh Only) in EKC Positron Gas Limited be and is hereby approved."

**RESOLVED FURTHER THAT** the Board of Directors of the Company is hereby authorised to decide the terms and conditions and all other matters related to the aforesaid investment."

**By Order of the Board of Directors**

Mumbai  
August 11, 2015

**P. K. Khurana**  
**Chairman and Managing Director**  
**DIN: 00004050**

**Registered Office**

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

CIN: L29200MH1978PLC020434

Tel: 91 22 3026 8300 - 01

Fax: 91 22 2287 0720

Email: investors@ekc.in

Website: www.everestkanto.com



**NOTES:**

- a) The Register of Members and the Share Transfer books of the Company will remain closed from Saturday, September 19, 2015 to Saturday, September 26, 2015 (both days inclusive) for the purpose of the Annual General Meeting.

- b) **A MEMBER ENTITLED TO ATTEND AND VOTE AT THE ANNUAL GENERAL MEETING IS ENTITLED TO APPOINT A PROXY OR PROXIES TO ATTEND AND VOTE IN THE MEETING INSTEAD OF HIMSELF/HERSELF, AND THE PROXY NEED NOT BE A MEMBER.** A person can act as a proxy on behalf of members not exceeding 50 and holding in the aggregate not more than 10% of the total share capital of the Company carrying voting rights. In case a proxy is proposed to be appointed by a member holding more than 10% of the total share capital of the Company carrying voting rights, then such proxy shall not act as a proxy for any other person or shareholder.

The instrument of Proxy in order to be effective should be deposited at the Registered Office of the Company, duly completed and signed, not less than 48 hours before the commencement of the meeting. A Proxy form is sent herewith. Proxies submitted on behalf of the companies, societies etc., must be supported by an appropriate resolution/ authority, as applicable.

- c) Members / proxies should bring the duly filled Attendance Slip enclosed herewith to attend the meeting.
- d) The Explanatory Statement pursuant to Section 102 of the Companies Act, 2013 in respect of the Special Businesses set out above is annexed here to.
- e) Details under Clause 49 of the Listing Agreements with the Stock Exchanges in respect of the Directors seeking re-appointment at the Annual General Meeting form integral part of the Notice and the Corporate Governance Report forming part of the Annual Report. The Directors have furnished the requisite consents / declarations for their appointment / re-appointment.
- f) The Notice of the 36th Annual General Meeting and instructions for e-voting, along with the Attendance Slip and Proxy Form and the copies of the Annual Report for 2014-15, is being sent by electronic mode to all the members whose email id are registered with the Company/Depository Participant(s) for communication purposes unless any member has requested for a hard copy of the same. For members who have not registered their email address, physical copies of the Annual Report for 2014-15 are being sent in the permitted mode.
- g) Even after registering for e-communication, members are entitled to receive such communication in physical form, upon making a request for the same, by post free of cost. For any communication, the shareholders may also send requests to the Company's investor email id: investors@ekc.in.
- h) The Notice of the 36th Annual General Meeting and the Annual Report will be available on the website of the Company [www.everestkanto.com](http://www.everestkanto.com).

- i) All the documents referred to in this Notice as well as in the Annual Report, will be available at the Company's Registered Office in Mumbai for inspection during normal business hours on working days up to the date of the Annual General Meeting.
- j) Members who have so far not encashed dividend warrant(s) for the Financial Year(s) 2007-08, 2008-09, 2009-10, 2010-11, 2011-12 and 2012-13 are requested to write to the Company's Registrar and Transfer Agents, Link Intime India Private Limited, immediately. Members are requested to note that dividends not claimed within seven years from the date of transfer to the Company's Unpaid Dividend Account will, as per Section 124 of the Companies Act, 2013, be transferred to the Investor Education and Protection Fund.
- k) The Securities and Exchange Board of India (SEBI) has mandated the submission of the Permanent Account Number (PAN) by every participant in the securities market. Members holding shares in electronic form are, therefore, requested to submit their PAN to their Depository Participant(s). Members holding shares in physical form shall submit their PAN details to the Company.

**The Company also requests you to update your email address with your Depository Participant to enable us to send you the annual reports and other communications via email.**

- l) The businesses as set out in the Notice may be transacted through electronic voting system under Section 108 of the Companies Act, 2013, read with Rule 20 of Companies (Management and Administration) Rules, 2014. The Company is pleased to offer the facility of voting through electronic means, as an alternate, to all its Members to enable them to cast their votes using an electronic voting system from a place other than the venue of the Meeting ('remote e-voting') instead of casting their vote at the Meeting. Please note that the voting through electronic means is optional.
- m) The voting through electronic means will commence on Friday, September 25, 2015 at 09:00 a.m. and will end on Sunday, September 27, 2015 at 05:00 p.m. The Members will not be able to cast their vote electronically beyond the date and time mentioned above.
- n) The Company has appointed Mr. Aashish K. Bhatt, Practising Company Secretary, to act as the Scrutinizer for conducting the electronic voting process in a fair and transparent manner.
- o) **The instructions for shareholders voting electronically under remote e-voting system are as under:**

**(A) In case of members receiving e-mail:**

- (i) The voting period begins on Friday, September 25, 2015 at 09:00 a.m. and will end on Sunday, September 27, 2015 at 05:00 p.m. During this period shareholders of the Company, holding shares either in physical form or in dematerialized form, as on the cut-off date of Tuesday, September 22, 2015, may cast their vote electronically. The e-voting module shall be disabled by CDSL for voting thereafter.

- (ii) The shareholders should log on to the e-voting website [www.evotingindia.com](http://www.evotingindia.com).
- (iii) Click on Shareholders.
- (iv) Now Enter your User ID
  - a. For CDSL: 16 digits beneficiary ID,
  - b. For NSDL: 8 Character DP ID followed by 8 Digits Client ID,
  - c. Members holding shares in Physical Form should enter Folio Number registered with the Company.
- (v) Next enter the Image Verification as displayed and Click on Login.
- (vi) If you are holding shares in demat form and had logged on to [www.evotingindia.com](http://www.evotingindia.com) and voted on an earlier voting of any company, then your existing password is to be used.
- (vii) If you are a first time user follow the steps given below:

<b>For Members holding shares in Demat Form and Physical Form</b>	
PAN	Enter your 10 digit alpha-numeric *PAN issued by Income Tax Department (Applicable for both demat shareholders as well as physical shareholders)  * Members who have not updated their PAN with the Company/Depository Participant are requested to use the sequence number which is printed on Postal Ballot / Attendance Slip indicated in the PAN field.
DOB	Enter the Date of Birth as recorded in your demat account or in the company records for the said demat account or folio in dd/mm/yyyy format.
Dividend Bank Details	Enter the Dividend Bank Details as recorded in your demat account or in the company records for the said demat account or folio.  • Please enter the DOB or Dividend Bank Details in order to login. If the details are not recorded with the depository or company please enter the member id/ folio number in the Dividend Bank details field as mentioned in instruction (iv).

- (viii) After entering these details appropriately, click on "SUBMIT" tab.
- (ix) Members holding shares in physical form will then directly reach the Company's selection screen. However, members holding shares in demat form will now reach 'Password Creation' menu wherein they are required to mandatorily enter their login password in the new password field. Kindly note that this password is to be also used by the demat holders for voting for resolutions of any other company on which they are eligible to vote, provided that company opts for e-voting

- through CDSL platform. It is strongly recommended not to share your password with any other person and take utmost care to keep your password confidential.
- (x) For Members holding shares in physical form, the details can be used only for remote e-voting on the resolutions contained in this Notice.
- (xi) Click on the EVSN for "EVEREST KANTO CYLINDER LIMITED" on which you choose to vote.
- (xii) On the voting page, you will see "RESOLUTION DESCRIPTION" and against the same the option "YES/ NO" for voting. Select the option YES or NO as desired. The option YES implies that you assent to the Resolution and option NO implies that you dissent to the Resolution.
- (xiii) Click on the "RESOLUTIONS FILE LINK" if you wish to view the entire Resolution details.
- (xiv) After selecting the Resolution you have decided to vote on, click on "SUBMIT". A confirmation box will be displayed. If you wish to confirm your vote, click on "OK", else to change your vote, click on "CANCEL" and accordingly modify your vote.
- (xv) Once you "CONFIRM" your vote on the Resolution, you will not be allowed to modify your vote.
- (xvi) You can also take out print of the voting done by you by clicking on "Click here to print" option on the Voting page.
- (xvii) If Demat Account Holder has forgotten the same password then enter the User ID and the image verification code and click on Forgot Password & enter the details as prompted by the system.
- (xviii) Note for Non-Individual Shareholders and Custodians
  - Non-Individual shareholders (i.e. other than Individuals, HUF, NRI etc.) and Custodian are required to log on to [www.evotingindia.com](http://www.evotingindia.com) and register themselves as Corporates.
  - A scanned copy of the Registration Form bearing the stamp and sign of the entity should be emailed to [helpdesk.evoting@cdslindia.com](mailto:helpdesk.evoting@cdslindia.com).
  - After receiving the login details a compliance user should be created using the admin login and password. The Compliance user would be able to link the account(s) for which they wish to vote on.
  - The list of accounts should be mailed to [helpdesk.evoting@cdslindia.com](mailto:helpdesk.evoting@cdslindia.com) and on approval of the accounts they would be able to cast their vote.
  - A scanned copy of the Board Resolution and Power of Attorney (POA) which they have issued in favour of the Custodian, if any, should be uploaded in PDF format in the system for the scrutinizer to verify the same.

(xix) In case you have any queries or issues regarding e-voting, you may refer the Frequently Asked Questions ("FAQs") and e-voting manual available at [www.evotingindia.com](http://www.evotingindia.com), under help section or write an email to [helpdesk.evoting@cdslindia.com](mailto:helpdesk.evoting@cdslindia.com).

**(B) In case of members receiving the physical copy of Notice of AGM [for members whose e-mail IDs are not registered with the Company/Depository Participant(s) or requesting physical copy]:**

Please follow all the steps from sl. no. (i) to sl. no. (xix) above to cast vote.

**(C) Any person who becomes a member of the Company after dispatch of the Notice of the Meeting and holding shares as on the cut-off date i.e. September 22, 2015, may vote electronically or physically in the same manner as prescribed above in sl. no. (i) to sl. no. (xix).**

- p) The Voting Rights of shareholders shall be in proportion to their shares of the paid up capital of the Company as on the date cut off date of September 22, 2015.
- q) Members have an option to vote either through remote e-voting system or casting a vote at the Meeting. If a Member has opted for e-voting, then he/she should not cast his vote at the Meeting.
- r) The Scrutinizer shall within a period not exceeding three (3) working days from the conclusion of the e-voting period unblock the votes in the presence of at least two (2) witnesses not in the employment of the Company and make a Scrutinizer's Report of the votes cast in favour or against, if any, forthwith to the Chairman of the Company.
- s) The Results shall be declared on or after the Annual General Meeting of the Company. The Results declared along with the Scrutinizer's Report shall be placed on the Company's website [www.everestkanto.com](http://www.everestkanto.com) and on the website of CDSL within two days of passing of the Resolutions at the Annual General Meeting of the Company and communicated to the Stock Exchanges.

**EXPLANATORY STATEMENT IN RESPECT OF THE SPECIAL BUSINESS PURSUANT TO SECTION 102 OF THE COMPANIES ACT, 2013**

**As regards Item No. 5:**

The Board of Directors, based on the recommendation of the Nomination and Remuneration Committee, had appointed Mrs. Uma Acharya as an Additional (Independent) Director on 26th May, 2015. In terms of section 161 of the Companies Act, 2013 ("the Act") read with Article 125 of the Articles of Association of the Company, Mrs. Uma Acharya holds office as an Additional (Independent) Director only up to the date of the forthcoming Annual General Meeting.

Under section 149 of the Companies Act, 2013 read with Schedule IV to the Act, appointment of an Independent Director requires approval of members. Based on the recommendation of the

Nomination and Remuneration Committee, the Board of Directors has proposed that Mrs. Uma Acharya be appointed as an Independent Director of the Company, not liable to retire by rotation, for a term of five years from the date of the Annual General Meeting. The appointment of Mrs. Uma Acharya shall be effective upon approval by the members in the Meeting.

Mrs. Uma Acharya is not disqualified from being appointed as a Director in terms of Section 164 of the Act and has given her consent to act as a Director. The Company has received a declaration from Mrs. Uma Acharya that she meets the criteria of independence prescribed under sub-section (6) of Section 149 of the Act and under Clause 49 of the Listing Agreements.

The Company has received a notice pursuant to section 160 of the Companies Act, 2013, along with the requisite deposit, from a member signifying his intention to propose the candidature of Mrs. Uma Acharya as a Director. The notice is available for inspection by the members at the Registered Office of the Company during business hours on any working day up to the date of the Annual General Meeting as also on the website of the Company.

In the opinion of the Board, Mrs. Uma Acharya fulfills the conditions for her appointment as an Independent Director specified in Companies Act, 2013, the Rules made thereunder and the Listing Agreements, and is independent of the management. The Board is of further opinion that Mrs. Uma Acharya possesses appropriate skills, experience and knowledge that will enable her to discharge her duties, roles and function as an Independent Director.

The notice may be treated as information to the members of the candidature of Mrs. Uma Acharya for the office of Directorship of the Company under section 160(2) of the Act read with Rule 13 of the Companies (Appointment and Qualifications of Directors) Rules, 2014.

**Brief Profile:** Mrs. Uma Acharya is a Commerce Graduate and has done her L.L.M. from S.N.D.T. Women's University's School of Law. She is a legal professional with an experience of more than 7 years in the field of law with specialisation in civil, property, securities market and arbitration laws. She is a member of the Bar Council of Maharashtra and Goa. She has worked with the National Stock Exchange of India Limited (NSEIL) as Manager, Investor Services Cell - Arbitration Department and monitored the activities of 14 regional offices across India. Prior to NSEIL, she was working as a Senior Associate with M/s. Jayakar & Partners, Advocates and Solicitors.

Mrs. Uma Acharya holds directorship in Mysore Petro Chemicals Limited.

The other details of Mrs. Uma Acharya in terms of Clause 49 of the Listing Agreements are annexed to the Notice.

The Board of Directors, hence, recommends the Resolution at Item No. 5 of the Notice for the approval of the members by way of Ordinary Resolution.

Except Mrs. Uma Acharya, the appointee, and Mr. Mohan Jayakar, Independent Director and uncle of Mrs. Uma Acharya, none of the other Directors and Key Managerial Personnel of the Company and their relatives are concerned or interested, financial or otherwise, in the Resolution set out at Item No. 5.



**As regards Item No. 6:**

The Board of Directors, based on the recommendation of the Nomination and Remuneration Committee, had appointed Mr. M. N. Sudhindra Rao as an Additional (Independent) Director on 11th August, 2015. In terms of section 161 of the Companies Act, 2013 ("the Act") read with Article 125 of the Articles of Association of the Company, Mr. M. N. Sudhindra Rao holds office as an Additional (Independent) Director only up to the date of the forthcoming Annual General Meeting.

Under section 149 of the Companies Act, 2013 read with Schedule IV to the Act, appointment of an Independent Director requires approval of members. Based on the recommendation of the Nomination and Remuneration Committee, the Board of Directors has proposed that Mr. M. N. Sudhindra Rao be appointed as an Independent Director of the Company, not liable to retire by rotation, for a term of five years from the date of the Annual General Meeting. The appointment of Mr. M. N. Sudhindra Rao shall be effective upon approval by the members in the Meeting.

Mr. M. N. Sudhindra Rao is not disqualified from being appointed as a Director in terms of Section 164 of the Act and has given his consent to act as a Director. The Company has received a declaration from Mr. M. N. Sudhindra Rao that he meets the criteria of independence prescribed under sub-section (6) of Section 149 of the Act and under Clause 49 of the Listing Agreements.

The Company has received a notice pursuant to section 160 of the Companies Act, 2013, along with the requisite deposit, from a member signifying his intention to propose the candidature of Mr. M. N. Sudhindra Rao as a Director. The notice is available for inspection by the members at the Registered Office of the Company during business hours on any working day up to the date of the Annual General Meeting as also on the website of the Company.

In the opinion of the Board, Mr. M. N. Sudhindra Rao fulfills the conditions for his appointment as an Independent Director specified in Companies Act, 2013, the Rules made thereunder and the Listing Agreements, and is independent of the management. The Board is of further opinion that Mr. M. N. Sudhindra Rao possesses appropriate skills, experience and knowledge that will enable him to discharge his duties, roles and function as an Independent Director.

The notice may be treated as information to the members of the candidature of Mr. M. N. Sudhindra Rao for the office of Directorship of the Company under section 160(2) of the Act read with Rule 13 of the Companies (Appointment and Qualifications of Directors) Rules, 2014.

**Brief Profile:** Mr. M. N. Sudhindra Rao is a Chartered Accountant by profession having experience of 33 years in the Manufacturing Sector. He has spent the first 25 years of his career with the B. K. Birla Group of Companies and was the Joint President of Century Enka Limited when he left and joined Reliance ADAG group as the Business Head of their Wind Business and was with the ADAG group for six years. He is currently the CEO of Polygenta Technologies Limited. Mr. M. N. Sudhindra Rao has been exposed to all the facets of Management and has been the President/CEO for the past 15 years.

The other details of Mr. M. N. Sudhindra Rao in terms of Clause 49 of the Listing Agreements are annexed to the Notice.

The Board of Directors, hence, recommends the Resolution at Item No. 6 of the Notice for the approval of the members by way of Ordinary Resolution.

None of the Directors and Key Managerial Personnel of the Company and their relatives are concerned or interested, financial or otherwise, in the Resolution set out at Item No. 6.

**As regards Item No. 7:**

The Board of Directors has, on recommendation of the Audit Committee, appointed Mr. Vinayak B. Kulkarni, Cost Accountant (Membership No. 28559), as the Cost Auditor of the Company for the financial year 2015-16 and has also, on recommendation of the Audit Committee, fixed his remuneration.

Rule 14 of the Companies (Audit and Auditors) Rules, 2014 provides that the Cost Auditor shall be appointed by the Board of Directors on the recommendation of the Audit Committee who shall also recommend his remuneration. The remuneration recommended by the Audit Committee shall be considered and approved by the Board and shall be ratified subsequently by the shareholders.

The Directors recommend the Resolution at Item No. 7 of the Notice for the approval by the members of the Company by way of Ordinary Resolution.

None of the Directors and Key Managerial Personnel of the Company and their relatives are concerned or interested, financial or otherwise, in the Resolution set out at Item No. 7.

**As regards Item No. 8:**

The contract of Calcutta Compression and Liquefaction Ltd. ("CCNL"), a subsidiary of the Company engaged in gas distribution business in Jharkhand, with ONGC for purchase of the natural gas from ONGC expired on 9th July, 2013 and ONGC had invited fresh tenders for the same. One of the conditions of the tender was that the bidding company must have positive net worth. As CCNL did not have positive net worth, it was ineligible to bid for the tender. Hence, the bid was submitted by a proposed Joint Venture ("JV") between the Company and the Positron Energy Pvt. Ltd. ("Positron"), who is the other shareholder in CCNL. Pursuant to the tendering process, the proposed JV was awarded the contract for supply of natural gas by ONGC on January 03, 2015. ONGC has, in the meanwhile, extended the tenure of its contract with CCNL till the JV commences off-take of the gas.

Accordingly, a JV, EKC Positron Gas Limited, a company limited by shares, has been incorporated under the Companies Act, 2013 with the Company and Positron as its shareholders with their shareholding same as that in CCNL. The Company is required to make investment by way of equity share capital up to ₹ 500,000/- (Rupees Five Lakhs only) in EKC Positron Gas Ltd. for its 72.65% share in the capital of EKC Positron.

Section 186 of Companies Act, 2013 read with Rule 13 of Companies (Meetings of the Board and its Power) Rules, 2014 provide to the effect that no company shall, directly or indirectly (i)



give any loan to any person or a body corporate (ii) give any guarantee or provide any security in connection with a loan to any other body corporate or person and (iii) acquire by way of subscription, purchase or otherwise, the securities of any other body corporate, which together with the existing loans and guarantees given, security provided and investments made exceed 60% of its paid up share capital, free reserves and securities premium account or 100% of its paid up share capital, free reserves and securities premium account, whichever is higher, unless the investment or loan proposed to be made, guarantee proposed to be given or security proposed to be provided has the prior approval of the shareholders by way of special resolution. As the aggregate loans and guarantees given and investments made by the Company exceed 60% of its paid up share capital, free reserves and securities premium account or 100% of its paid up share capital, free reserves and securities premium account, approval of the shareholders by way of special resolution is required for making the investment in EKC Positron. Hence, this Resolution.

The Directors recommend the Resolution at Item No. 8 of the Notice for the approval by the members of the Company by way of Special Resolution.

None of the Directors and Key Managerial Personnel of the Company have any beneficial shareholding interest in EKC Positron Gas Limited.

Except for Mr. P. K. Khurana, Mr. Pushkar Khurana and Mr. Puneet Khurana none of the Directors and Key Managerial Personnel of the Company and their relatives are concerned or interested, financial or otherwise, in the Resolution set out at Item No. 8.

**By Order of the Board of Directors**

**P. K. Khurana**  
**Chairman and Managing Director**  
**DIN: 00004050**

Mumbai  
 August 11, 2015

**Registered Office**  
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 Website: www.everestkanto.com

#### **ANNEXURE TO ITEMS 2, 5 AND 6 OF THE NOTICE**

Details of Directors seeking re-appointment and appointment at the forthcoming Annual General Meeting (in pursuance of clause 49 of the Listing Agreements)

<b>Name of Director</b>	<b>Mr. Puneet Khurana</b>	<b>Mrs. Uma Acharya</b>	<b>Mr. M. N. Sudhindra Rao</b>
Date of Birth	12-12-1973	14-09-1983	22-05-1957
Nationality	Indian	Indian	Indian
Date of Appointment on the Board	15-04-1996	26-05-2015	11-08-2015
Qualifications	B.com, MBA in International Business	B.com, L.L.M	B.com, Chartered Accountant
Expertise in specific functional area	Business Development	Proceedings under Civil, Property, Securities Market and Arbitration law	Manufacturing and Operations
Number of shares held in the Company	6,374,447	0	0
List of Directorships held in other Companies*	1. Calcutta Compressions & Liquefaction Engineering Limited 2. Medical Engineers (India) Limited 3. Everest Industrial Gases Private Limited 4. Everest Kanto Investment & Finance Pvt. Ltd. 5. G.N.M. Realtors Pvt. Ltd. 6. Khurana Gases Pvt. Ltd. 7. Khurana Fabrication Industries Pvt. Ltd. 8. Khurana Exports Pvt. Ltd. 9. Ukay Valves & Founders Pvt. Ltd.	1. Mysore Petro Chemicals Limited	1. Arjit Mercantile Private Limited 2. NGGT Infotek Private Limited
Chairman/Member in Committees of Board of companies in which he/she is a Director	None	None	None

\* Directorships in foreign companies are excluded.

#### **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 21st April, 2011 and Circular No. 18/2011 dated 29th April, 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 36th Annual Report and the Audited Accounts for the financial year ended March 31, 2015.

### FINANCIAL RESULTS

The financial performance of the Company for the year ended March 31, 2015 is summarized below:

(₹ in Lakh)

Particulars	Standalone		Consolidated	
	2014-15	2013-14	2014-15	2013-14
Sales	<b>19,720.60</b>	22,137.65	<b>48,877.25</b>	50,694.86
Less: Excise Duty	<b>2,015.28</b>	2,126.27	<b>2,015.28</b>	2,126.27
Total Sales	<b>17,705.32</b>	20,011.38	<b>46,861.97</b>	48,568.59
Profit before Finance Charges, Depreciation, Provision for Doubtful Debts, Foreign Exchange Variation (net), Exceptional Items and Tax	<b>(775.34)</b>	(1,717.04)	<b>963.85</b>	(1,769.82)
Less:				
- Finance Charges	<b>5,010.54</b>	4,855.59	<b>5,700.17</b>	5,600.09
- Depreciation	<b>1,715.10</b>	2,241.81	<b>7,054.95</b>	6,829.90
<b>Profit before Foreign Exchange Variation, Exceptional Items and Taxation</b>	<b>(7,500.98)</b>	(8,814.44)	<b>(11,791.27)</b>	(14,199.81)
Provision for Doubtful Debts	<b>185.32</b>	–	<b>2,197.39</b>	1.34
Foreign Exchange Variation - Gain / (Loss)	<b>(248.32)</b>	(18.78)	<b>(241.80)</b>	396.89
<b>Profit before Exceptional Items and Taxation</b>	<b>(7,934.62)</b>	(8,833.22)	<b>(9,835.68)</b>	(13,801.58)
<b>Exceptional Items</b>	<b>(1,980.00)</b>	–	<b>–</b>	–
<b>Profit before Tax</b>	<b>(9,914.62)</b>	(8,833.22)	<b>(9,835.68)</b>	(13,801.58)
(Less) / Add: Provision for Taxation				
- Current Tax	–	–	<b>1.00</b>	20.51
- Deferred Tax	–	–	<b>(62.90)</b>	(5.89)
<b>Profit for the year</b>	<b>(9,913.09)</b>	(8,833.22)	<b>(9,773.78)</b>	(13,816.20)
Add: Prior period adjustments and Tax adjustments of earlier years (Net)	<b>(1.53)</b>	–	<b>(1.53)</b>	–
<b>Net Profit</b>	<b>(9,913.09)</b>	(8,833.22)	<b>(9,772.25)</b>	(13,816.20)
Transitional adjustment on account of Schedule II to Companies Act, 2013	<b>(100.88)</b>	–	<b>(101.07)</b>	–
Balance Brought Forward from Previous Years	<b>(6,366.07)</b>	2,467.15	<b>5,985.86</b>	19,802.06
Balance Available for Appropriation	<b>(16,380.04)</b>	(6,366.07)	<b>(3,887.46)</b>	5,985.86
<b>Appropriation:</b>				
Proposed Dividend	–	–	–	–
Provision for Dividend Tax	–	–	–	–
Transfer to Reserves	–	–	–	–
Balance Carried Forward	<b>(16,380.04)</b>	(6,366.07)	<b>(3,887.46)</b>	5,985.86
Basic and Diluted Earnings Per Share of ₹ 2 each	<b>(9.25)</b>	(8.24)	<b>(9.12)</b>	(12.89)

## PERFORMANCE REVIEW

During the financial year 2014-15, there being no improvement in the economies, business conditions and environment, the demand and operations remained, like in the preceding three years, under stress across most business geographies and segments. Resultantly, the topline witnessed de-growth, with concomitant impact on the bottomline. The Finance Charges continued to remain a major contributor to the Net Loss during the financial year.

On standalone basis, for the financial year 2014-15, revenues at ₹ 19,720.60 Lakhs were lower by around 10.92% over the previous year's revenues of ₹ 22,137.65 Lakhs and Net Loss at ₹ 9,913.09 Lakhs saw increase by around 10.89% over the previous year's Net Loss of ₹ 8,833.22 Lakhs. The Net Loss for the financial year 2014-15 includes provision of ₹ 1,980.00 Lakhs made in respect of the value of the investments in two subsidiary companies. On consolidated basis, revenues for financial year 2014-15 at ₹ 48,877.25 Lakhs were lower by around 3.59% over the previous year's revenues of ₹ 50,694.86 Lakh and Net Loss at ₹ 9,772.25 Lakhs saw a decrease by around 29.27% over the previous year's Net Loss of ₹ 13,816.20 Lakhs.

## CONSOLIDATED FINANCIAL STATEMENTS

In accordance with Section 129 of Companies Act, 2013 and 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.

## INTERNAL FINANCIAL CONTROLS

The Company has adequate Internal Financial Controls with reference to the financial statements which result in timely preparation of financial statements that provide true and fair view of the financial results and financial position. The Internal Financial Controls are being followed and adhered to.

## MANAGEMENT DISCUSSION AND ANALYSIS REPORT

Management Discussion and Analysis Report for the financial year 2014-15, as stipulated under Clause 49 of the Listing Agreements with the Stock Exchanges, is presented in a separate section forming part of the Annual Report.

## DIVIDEND

The Directors have not proposed any dividend for the financial year in view of the loss during the year and absence of accumulated profits.

## CREDIT RATING FROM CARE RATINGS

In respect of the borrowings of the Company, CARE Ratings have, during the year, downgraded the Long Term and Short Term Ratings, as under:

Sr. No.	Facility	Amount (₹ in Crore)	Rating	Remarks
1.	Long Term fund based bank facilities (Term Loan)	295.17	CARE D [Single D]	Revised from CARE BB+ [Double B Plus]
2.	Long Term fund based bank facilities	150.19	CARE C [Single C]	Revised from CARE BB+ [Double B Plus]
3.	Short Term Bank Facilities (Non Fund Based)	60.92	CARE A4 [A Four]	Revised from CARE A4+ [A Four Plus]
	<b>Total</b>	<b>506.28</b>		

## DEPOSITS UNDER CHAPTER V OF COMPANIES ACT, 2013

The details of deposits falling under Chapter V of Companies Act, 2013 are as under:

Particulars	Numbers	Amount (₹)
As at the beginning of the year	2	368,190
Accepted during the year	-	-
Repaid / Settled during the year	2	368,190
As at the close of the year	-	-
No. of cases where default on repayment of deposits or interest thereon has been committed	-	-
No. of Deposits which are not in compliance with requirements of Chapter V of Companies Act, 2013	-	-

## PARTICULARS OF LOANS, GUARANTEES AND INVESTMENTS

The particulars of loans given, guarantees provided and investments made have been duly disclosed in the financial statement.

## MATERIAL CHANGES AND COMMITMENTS

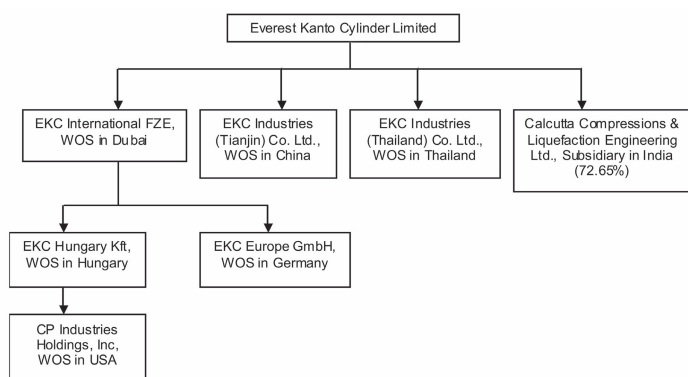
There are no material changes and commitments affecting the financial position of the Company which have occurred between the end of the financial year and the date of the Report.

## SUBSIDIARIES

As on 31st March, 2015, 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.

During the year, there were no new subsidiaries and no Company which was a subsidiary as at the beginning of the year, ceased to be so.

The Current Corporate Structure is as under:



As provided for in section 129(3) of Companies Act, 2013, a statement containing the salient features of the financial statements of the subsidiaries in the prescribed Form AOC-1 is attached to the financial statements of the Company. The financial statements and the related information of the subsidiaries 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 Offices of the Company and the 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.

The financial results of the subsidiaries Company are uploaded on the website of the Company and the weblink thereto is <http://www.everestkanto.com/financialResults.aspx>.

## DIRECTORS AND KEY MANAGERIAL PERSONNEL

As per the provisions of section 152 of Companies Act, 2013 and Article 137 of Article of Association of the Company, Mr. Puneet Khurana, Non-Executive Non-Independent Director, retires by rotation at the ensuing Annual General Meeting and, being eligible, offers himself for re-appointment as a Director, liable to retire by rotation at the ensuing Annual General Meeting. Brief Profile of Mr. Puneet Khurana is provided in the Report of Corporate Governance forming part of the Annual Report.

Mrs. Suman Khurana was appointed as an Additional Director of the Company on February 10, 2015 and has resigned as a Director of the Company on August 11, 2015.

Mrs. Uma Acharya was appointed as an Additional (Independent) Director of the Company on May 26, 2015 and holds office till the date of the Annual General Meeting. The Company has received a notice in writing from a Member, along with the requisite deposit, proposing the candidature of Mrs. Uma Acharya, as an Independent Director of the Company. Mrs. Uma Acharya has offered her candidature for appointment as an Independent Director, not liable to retire by rotation. Brief profile of Mrs. Uma Acharya is provided in the Report of Corporate Governance forming the part of Annual Report.

Mr. M. N. Sudhindra Rao was appointed as an Additional (Independent) Director of the Company on August 11, 2015 and holds office till the date of the Annual General Meeting. The Company has received a notice in writing from a Member, along

with the requisite deposit, proposing the candidature of Mr. M. N. Sudhindra Rao, as an Independent Director of the Company. Mr. M. N. Sudhindra Rao has offered his candidature for appointment as an Independent Director, not liable to retire by rotation. Brief profile of Mr. M. N. Sudhindra Rao is provided in the Report of Corporate Governance forming the part of Annual Report.

Mr. Krishen Dev, Mr. Naresh Oberoi and Mr. Mohan Jayakar were appointed as Independent Directors under section 149 of the Companies Act, 2013, during the year. As Mr. Vyomesh Shah was not appointed as an Independent Director under section 149 of Companies Act, 2013, due to his pecuniary relationship with the Company during the two immediately preceding financial years and during the current financial year, his tenure as a Director of the Company ceased on March 31, 2015.

The Company has received declaration from all the Independent Directors of the Company confirming that they meet the criteria of independence as prescribed under the Companies Act, 2013 and Listing Agreements.

Ms. Kanika Sharma resigned as the Company Secretary with the effect from 27th February, 2015.

## NUMBER OF BOARD MEETINGS DURING THE YEAR

During the year, six meetings of the Board of Directors were held on May 27, 2014, August 12, 2014, November 11, 2014, February 10, 2015, February 21, 2015 and March 14, 2015.

## NOMINATION, REMUNERATION AND EVALUATION POLICY

The Company's policy on Directors' appointment and remuneration including criteria for determining qualifications, positive attributes, independence of a director and other matters provided under section 178(3) of Companies Act, 2013 has been specified in Nomination, Remuneration and Evaluation Policy approved by the Board. The Policy has been posted on the Company's website and the weblink thereto is <http://www.everestkanto.com/policies.html>.

## BOARD EVALUATION

The Board of Directors has adopted a Nomination, Remuneration and Evaluation Policy which, inter alia, provides for the manner in which annual evaluation will be made by the Board of its own performance and that of its Committees and individual Directors. The Independent Directors in their separate meeting held during the year evaluated the non-Independent Directors based on the criteria provided in the Policy. The Board of Directors in its meetings during the year and subsequent thereto evaluated its own performance and that of the Independent Directors.

## DIRECTORS' RESPONSIBILITY STATEMENT

Pursuant to Section 134(3) of the Companies Act, 2013, with respect to Directors' Responsibility Statement, it is hereby confirmed that:

- in the preparation of the annual accounts for the year ended March 31, 2015, the applicable accounting standards have been followed and there are no material departures;



- 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 on 31st March, 2015 and of the profit and loss of the company for the period 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 Companies Act, 2013 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
- iv) the Directors have prepared the annual accounts on a going concern basis;
- v) the Directors have laid down Internal Financial Controls to be followed by the Company and that such Internal Financial Controls are adequate and are operating effectively; and
- vi) the Directors have devised proper system to ensure compliance with the provisions of all applicable laws and that such systems are adequate and operating effectively.

#### **AUDIT COMMITTEE**

The details pertaining to composition of the Audit Committee are included in the Corporate Governance Report, which forms part of this Report.

#### **AUDITORS**

At the Annual General Meeting held in the year 2014, M/s. Walker Chandiok & Co LLP, Chartered Accountants, were appointed as the Statutory Auditors of the Company to hold office from the conclusion of that Annual General Meeting till the conclusion of the fourth consecutive Annual General Meeting to be held in the year 2018, subject to ratification by the shareholders at every Annual General Meeting. Accordingly, their appointment will be put up for ratification by the shareholders at the ensuing Annual General Meeting.

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. The Company has received a letter from M/s. Arun Arora & Co. to the effect that their re-appointment, if made, from the conclusion of the ensuing Annual General Meeting until the conclusion of next Annual General Meeting, would be within the limits prescribed under Section 141(3)(g) of the Companies Act, 2013 and that they are not disqualified for re-appointment within the meaning of Section 141 of the said Act.

#### **COST AUDITORS**

The Board of Directors has appointed Mr. Vinayak B. Kulkarni, Cost Accountant, (Membership No. 28559) as the Cost Auditor under section 148 of the Companies Act, 2013, for conducting audit of cost records for the financial year 2014-15. The Cost Auditor will submit his Report to the Board for its review and examination, which will then be filed with the Central Government within the prescribed time.

On the recommendation of the Audit Committee, the Board of Directors has appointed Mr. Vinayak B. Kulkarni, Cost Accountant, (Membership No. 28559) as the Cost Auditor of the Company for the financial year 2015-16 on a remuneration recommended by the Audit Committee. As required under the Act, the remuneration will be put up for ratification by the members at the ensuing Annual General Meeting.

#### **SECRETARIAL AUDITOR**

The Board of Directors has appointed Aashish K. Bhatt & Associates, Practicing Company Secretaries, as the Secretarial Auditor under section 204 of the Companies Act, 2013, for conducting Secretarial Audit for the financial year 2014-15. The Report of the Secretarial Auditor forms part of this Report as Annexure 1.

#### **STATUTORY AUDITOR'S QUALIFICATIONS' EXPLANATION**

As regards the qualification by the Auditors in their Report on the Standalone accounts regarding the provision of ₹ 15.00 Crore made by the Company towards the diminution in the value of the investment of ₹ 69.25 Crores by the Company in its subsidiary in China, namely, EKC Industries (Tianjin) Company Limited, as against significant accumulated losses of the subsidiary and substantial erosion of its net worth as on March 31, 2015, on the basis that in the absence of sufficient appropriate evidence, they are unable to comment upon the carrying value of the investment and the consequential impact, if any, on the accompanying financial statements, the Board of Directors is of the view, on holistic consideration and assessment of the relevant factors, such as, the long term nature of the investment, future business prospects in the markets in which the subsidiary operates, expected appreciation in the fair value of the assets of the subsidiary, etc., the provision of ₹ 15.00 Crore made by the Company is sufficient.

As regards the delay in transferring of the amount of ₹ 0.66 lakhs required to be transferred by the Company by 8th August, 2014 to the Investor Education and Protection Fund, the same happened due to oversight. The amount has since then been transferred on 28th May, 2015.

#### **SECRETARIAL AUDITOR'S QUALIFICATION'S EXPLANATION**

As regards the delay in transferring of the amount of ₹ 0.66 lakhs required to be transferred by the Company by 8th August, 2014 to the Investor Education and Protection Fund, the same happened due to oversight. The amount has since then been transferred on 28th May, 2015.

#### **CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION AND FOREIGN EXCHANGE EARNINGS AND OUTGO**

The particulars relating to conservation of energy, technology absorption, foreign exchange earnings and outgo, as required to be disclosed under section 134(3)(m) of the Companies Act, 2013, are provided in Annexure 2 to this Report.

### TRANSACTIONS WITH RELATED PARTIES

None of the transactions with the related parties fall under the scope of Section 188(1) of the Companies Act, 2013. Information on the transactions with the related parties under Section 134(3)(h) of the Companies Act, 2013 read with Rule 8(2) of the Companies (Accounts) Rules, 2014 are given in Annexure 3 in Form AOC-2 and forms the part of this Report.

All compliances with Related Party Transactions as provided in the Companies Act, 2013 and Listing Agreements have been done.

The policy on Related Party Transaction framed under Listing Agreements is available on Company's website and the weblink thereto is <http://www.everestkanto.com/policies.html>.

### 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 Agreements, the Report on Corporate Governance and the Certificate from a Practising Company Secretary on the Report as stipulated under Clause 49 of the Listing Agreements form part of the Annual Report.

### RISK MANAGEMENT

The Company has adopted a Risk Management Policy which lays down the framework to define, assess, monitor and mitigate the business, operational, financial and other risks associated with the business of the Company.

### CORPORATE SOCIAL RESPONSIBILITY

As the provisions of section 135 of Companies Act, 2013 dealing with Corporate Social Responsibility are not applicable to the Company during the financial year, the Company has not laid down any policy on Corporate Social Responsibility.

### EXTRACT OF ANNUAL RETURN

Pursuant to section 92(3) of the Companies Act, 2013 read with Rule 12(1) of the Companies (Management and Administration) Rules, 2014, extract of the Annual Return of the Company in the prescribed Form MGT-9 is attached to the Report as Annexure 4.

### PARTICULARS OF EMPLOYEES

In terms of the provisions of Rule 5 of Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, the details are as under:

**(a) Ratio of the remuneration of each Director to the median remuneration of the employees of the Company for the financial year 2014-15:**

Name of Directors	Designation	Remuneration of Directors*	Median remuneration of Employees	Ratio to median remuneration
Mr. P. K. Khurana	Chairman & Managing Director	Nil	1,87,902	-
Mrs. Suman Khurana**	Non-Executive Additional Director	20,000	1,87,902	0.11
Mr. Pushkar Khurana	Non-Executive Director	Nil	1,87,902	-
Mr. Puneet Khurana	Non-Executive Director	Nil	1,87,902	-
Mr. Krishen Dev	Independent Director	1,80,000	1,87,902	0.96
Mr. Mohan Jayakar	Independent Director	1,10,000	1,87,902	0.59
Mr. Naresh Oberoi	Independent Director	1,80,000	1,87,902	0.96
Mr. Vyomesh Shah	Independent Director	30,000	1,87,902	0.16

\* Remuneration to directors during the financial year (and also in the previous financial year) comprises solely of sitting fees for attending the meetings of Board of Directors and of the Committees thereof

\*\* Mrs. Suman Khurana was appointed as Director on February 10, 2015.

**(b) Percentage increase in remuneration of each Director, Chief Financial Officer, Chief Executive Officer, Company Secretary or Manager, if any, in the financial year 2014-15:**

Director, Chief Financial Officer, Chief Executive Officer and Company Secretary	Designation	% increase in remuneration in financial year
Mr. P. K. Khurana	Chairman & Managing Director	0.00
Mrs. Suman Khurana*	Non-Executive Additional Director	100.00
Mr. Pushkar Khurana	Non-Executive Director	0.00
Mr. Puneet Khurana	Non-Executive Director	0.00
Mr. Krishen Dev	Independent Director	28.57
Mr. Mohan Jayakar	Independent Director	120.00
Mr. Naresh Oberoi	Independent Director	100.00
Mr. Vyomesh Shah	Independent Director	0.00
Mr. Vipin Chandok	Chief Financial Officer	6.88
Ms. Kanika Sharma**	Company Secretary	9.87

\* Mrs. Suman Khurana was appointed as Director on February 10, 2015.

\*\* Ms. Kanika Sharma has resigned as the Company Secretary with the effect from February 27, 2015.

- (c) Percentage increase in the median remuneration of employees in the financial year 2014-15: 9.97%.
- (d) Number of permanent employees on the rolls of Company: 372.
- (e) Explanation on the relationship between average increase in remuneration and Company performance:

Particulars	Amount
Increase in Remuneration in financial year 2014-15 (₹ in Lakhs)	39.68
Increase / (Decrease) in Revenue (₹ in Lakhs)	(2,417.05)
Increase in Remuneration as % of Increase / (Decrease) in Revenue	*Not Meaningful
Increase / (Decrease) in Profit before tax (PBT) (₹ in Lakhs)	(1,081.40)
Increase in Remuneration as % of Increase / (Decrease) in PBT	*Not Meaningful

\* Due to the Decrease in Remuneration and Decrease in Profit before Tax in FY 2014-15, the percentage comparison is not meaningful.

- (f) Comparison of the remuneration of the Key Managerial Personnel against the performance of the Company:

Particulars	Amount
Aggregate remuneration of Key Managerial Personnel (KMP) in financial year 2014-15 (₹ in Lakhs)	51.97
Revenue (₹ in Lakhs)	19,720.60
Remuneration of KMP (as % of revenue)	0.26
Profit before tax (PBT) (₹ in Lakhs)	(9,914.62)
Remuneration of KMP (as % of PBT)	*Not Meaningful

\* In the view of negative profit before tax (PBT).

- (g) Variation in the Market Capitalization of the Company and Price Earning Ratio:

Particulars	At the beginning of the year - April 1, 2014	At the end of the year - March 31, 2015
Market Capitalization		
NSE (₹ in Lakhs)	17,573.86	9,965.66
BSE (₹ in Lakhs)	17,573.86	9,944.23
Price Earning Ratio	*Not Meaningful	*Not Meaningful

\* As the EPS of the Company is negative at the beginning of and at the end of the financial year ended March 31, 2015, the Price Earning Ratio of the Company cannot be ascertained.

- (h) Percentage increase over decrease in the market quotations of the shares of the company in comparison to the rate at which the company came out with the last public offer:

Particulars	March 31, 2015	IPO*	Adjusted IPO**	% Change
Market Price (BSE)	₹ 9.28	₹ 160	₹ 32	(71.00)
Market Price (NSE)	₹ 9.30	₹ 160	₹ 32	(70.94)

\* Face value of ₹ 10/- per share.

\*\* Face value of ₹ 2/- per share after share split.

- (i) Average percentile increase already made in the salaries of employees other than the managerial personnel in the last financial year and its comparison with the percentile increase in the managerial remuneration and justification thereof and point out if there are any exceptional circumstances for increase in the managerial remuneration:

The average percentile increase in the salaries of employees other than the managerial personnel in the financial year 2014-15 is 4.28% whereas the percentile increase in the managerial remuneration\* during the year is 40.54%.

\* The managerial remuneration comprises solely of the sitting fees paid to the Directors for attending the meeting of the Board of Directors and of the Committees thereof.

- (j) Comparison of the each remuneration of the Key Managerial Personnel against the performance of the Company:

Particulars	Mr. P. K. Khurana, Managing Director	Mr. Vipin Chandok, Chief Financial Officer	Mrs. Kanika Sharma, Company Secretary
Remuneration in FY 2014-15 (₹ in Lakhs)	Nil	40.40	11.58
Revenue (₹ in Lakhs)	19,720.60	19,720.60	19,720.60
Remuneration as % of revenue	-	0.20	0.06
Profit before tax (PBT) (₹ in Lakhs)	(9,914.62)	(9,914.62)	(9,914.62)
Remuneration as % of PBT	-	*Not Meaningful	*Not Meaningful

\* In the view of negative profit before tax (PBT)

- (k) Ratio of the remuneration of the highest paid Director to that of the employees who are not Directors but receive remuneration in excess of the highest paid Director during the year:

The remuneration of the two highest paid Directors during the financial year 2014-15 is ₹ 180,000 each (being sitting fees only). As there are 190 employees who are not directors but received remuneration during financial year 2014-15 in excess of ₹ 180,000, the individual ratio in respect of each such employee is not provided herein. However, the ratio of the remuneration of the two highest paid directors to the average remuneration of these 190 employees is 0.48.

- (l) Affirmation that the remuneration is as per the remuneration policy of the Company:

The Company affirms that the remuneration is as per the remuneration policy of the Company.

- (m) Name of employee of Company, who were employed throughout the financial year or for part of year, was in receipt of remuneration for that year which, in the aggregate, was not less than Sixty Lakh Rupees per financial year or Five Lakh Rupees per month:

None.

- (n) Name of employee of Company, who employed throughout the financial year or part thereof, was in receipt of remuneration in that year which, in the aggregate, or as the case may be, at a rate which, in the aggregate, is in excess of that drawn by the Managing Director or Whole-

**Time Director or Manager and holds by himself or along with his spouse and dependent children, not less than two percent of the equity shares of the Company:**  
None

#### DISCLOSURE REQUIREMENTS

Following policies are posted on the website of the Company and weblink thereto is <http://www.everestkanto.com/policies.html>.

- i. Policy on Related Party Transactions
- ii. Policy on Material Subsidiaries
- iii. Policy on Board Diversity
- iv. Policy on Nomination, Remuneration & Evaluation
- v. Code of Conduct for Directors & Senior Management
- vi. Vigil Mechanism

On the SEBI (Prohibition of Insider Trading) Regulations, 2015 coming into effect on May 15, 2015, the Company has adopted the Policies on Code of Practices and Procedures for Fair Disclosure of Unpublished Price Sensitive Information and Code of Conduct for Prevention of Insider Trading and Code of Corporate Disclosure Practices and Policies, which have been posted on the website of the Company and the weblink thereto is <http://www.everestkanto.com/policies.html>.

#### ACKNOWLEDGEMENT AND APPRECIATION

The Directors would like to express their appreciation for the assistance, support and co-operation received from the 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**

**P. K. Khurana**  
**Chairman & Managing Director**  
**DIN: 00004050**

Mumbai  
August 11, 2015

#### ANNEXURES TO THE DIRECTORS' REPORT

##### Annexure 1: Secretarial Audit Report

##### Secretarial Audit Report

*[Pursuant to section 204(1) of the Companies Act, 2013 and rule No. 9 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014] for the financial year ended 31st March, 2015*

To,  
**The Members,**  
**Everest Kanto Cylinder Limited**  
**Mumbai**

Dear Sir(s)/ Madam,

We have conducted the secretarial audit of the compliance of applicable statutory provisions as agreed and the adherence to good corporate governance practice by Everest Kanto Cylinder Limited (hereinafter called "the Company"). Secretarial Audit was

conducted in a manner that provided us a reasonable basis for evaluating the corporate conducts / statutory compliances and expressing our opinion thereon.

Based on our verification of the Company's books, papers, minutes books, forms and returns filed and other records maintained by the Company and also the information provided by the Company, its officers, agents and authorized representatives during the conduct of secretarial audit, we hereby report that in our opinion, the Company has, during the financial year ended 31st March, 2015, complied with the statutory provisions listed hereunder and also that the Company has proper Board processes and compliance mechanism in place to the extent, in the manner and subject to the reporting made hereinafter:

We have examined the books, papers, minute books, forms and returns filed and other records maintained by the Company, for the financial year ended on 31st March, 2015, according to the provisions of:

- i. The Companies Act, 2013 (the Act) and the rules made thereunder;
- ii. The Securities Contracts (Regulation) Act, 1956 ('SCRA') and the rules made thereunder;
- iii. The Depositories Act, 1996 and the Regulations and Bye-laws framed thereunder;
- iv. Foreign Exchange Management Act, 1999 and the rules and regulations made thereunder to the extent of Foreign Direct Investment, Overseas Direct Investment and External Commercial Borrowings;
- v. The following regulations and guidelines prescribed under the Securities and Exchange Board of India Act, 1992 ('SEBI Act') are applicable :-
  - a) The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011;
  - b) The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 1992;

Following regulations and guidelines as prescribed under the SEBI Act were not applicable to the Company during the financial year under report:-

- c) The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009;
- d) The Securities and Exchange Board of India (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999;
- e) The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008; and
- f) The Securities and Exchange Board of India (Registrars to a Issue and Share Transfer Agents) Regulations, 1993, regarding the Companies Act and dealing with client;
- g) The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009;
- h) The Securities and Exchange Board of India (Buyback of Securities) Regulations, 1998;



We have also examined compliances with applicable clauses of:

- I. Secretarial Standards issued by the Institute of the Company Secretaries of India – **Not Applicable as were not notified**
- II. The Listing Agreements entered into by the company with BSE Limited and National Stock Exchange of India Limited

During the financial year under report, the Company has complied with the provisions of the Act, Rules, Regulations, Guidelines, Standards, etc. except:

1. Under Section 125 of the Act, the amount required to be transferred to Investor's Education Protection Fund has been with a delay of 9 months.

We further report that:

The Board of Directors of the Company is duly constituted with proper balance of Executive Directors, Non-Executive Directors and Independent Directors. The changes in the composition of the Board of Directors that took place during the year under review were carried out in compliance with the provisions of the Act.

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

Majority decision is carried through while the dissenting members' views are captured and recorded as part of the minutes.

We have relied on the representation made by the Company and its Officers for adequate systems and processes in the company commensurate with its size & operation to monitor and ensure compliance with applicable laws.

We further report that during the audit period, the Company has undertaken event / action having a major bearing on the Company's affairs in pursuance of the above referred laws, rules, regulations, guidelines, standards, etc. referred to above viz.

- (i) Appointment of Independent and Woman Director(s);
- (ii) Resignation of Director;
- (iii) Constitution and Reconstitution of various Committees;
- (iv) Approval of Mortgage/creation of security under Section 180(1)(a) of the Act;
- (v) Approval of borrowing limits under Section 180(1)(c) of the Act ;

For **Aashish K. Bhatt & Associates**  
**Company Secretaries**  
 (ICSI Unique Code S2008MH100200)

**Aashish Bhatt**  
**Proprietor**

Place: Mumbai

Dated: August 11, 2015 ACS No.: 19639, COP No.: 7023

#### APPENDIX A

To,

The Members,

**Everest Kanto Cylinder Limited**

Our report of even date is to be read along with this letter.

1. The responsibility of maintaining Secretarial record is of the management and based on our audit, we have expressed our opinion on these records.

2. We are of the opinion that the audit practices and process adopted to obtain assurance about the correctness of the Secretarial records were reasonable for verification on test check basis.
3. We have not verified the correctness and appropriateness of financial records and books of accounts of the Company.
5. The management is responsible for compliances with corporate and other applicable laws, rules, regulations, standards etc. Our examination was limited to the verification of procedure on test basis and wherever required, we have obtained the Management representation about the compliance of laws, rules and regulations etc.
6. The Secretarial Audit report is neither an assurance as to the future viability of the Company nor of the efficacy or effectiveness with which the management has conducted the affairs of the Company.

#### **Annexure 2: Conservation of Energy, Technology Absorption and Foreign Exchange and outgo**

Information pursuant to section 134(3)(m) of the Companies Act, 2013, read with the Companies (Accounts) Rules, 2014 in respect of conservation of energy and technology absorption:

##### **A. Conservation Of Energy:**

###### **I. Measures to achieve efficiency in energy utilization:**

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 equipment 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. We have added a small furnace for heat treatment of small cylinders only. These were hitherto being heat treated in large furnace resulting in loss of energy.
- d. Furnaces consume large amounts of fuel so it is preferred to ensure they run with high load factor with least number of starts and stops. This is achieved now by sharing the furnace capacity with output of additional hot spinning machine.
- e. Efforts are made to streamline processes to reduce down times. This ensures uninterrupted production with least idling thereby reducing energy requirements per cylinder.
- 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.
- g. Developed industrial cylinders for Hydrogen to be used for Fuel Cell applications. Hydrogen is considered as fuel of the future due to zero pollution it would generate.
- h. Due to industrial turndown we have cut down on the entire shifts instead of running the plants partially for all the shifts. This has resulted in power savings.

## II. 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. 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.

## III. 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 Installation	No. of Wind-mills installed	Energy Generation Capacity	Investment (₹ in Lakh)	Energy Generated during the year	Energy Generated during previous year
Kandla, Gujarat	1	1.650 MW	1,125.00	1,931,060.00 units	2,216,142.84 units
Satara, Maharashtra	3	3 x 0.225 MW = 0.675 MW	349.14	607,178.19 units	660,070.06 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 Satara, the energy generated is sold to Maharashtra State Electricity Board as per the Government's policy.

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

Particulars	Current Year	Previous Year
A) Power and Fuel consumption:		
a) Electricity purchased		
Units (kwh in Lakhs)	123.59	153.68
Total Amount (₹ in Lakhs)	1,049.15	1,241.37
Rate per Unit (₹)	8.49	8.08
b) Oxygen purchased		
Units (Cu.M. in Lakhs)	4.87	5.10
Total Amount (₹ in Lakhs)	54.76	56.51
Rate per Cu.M. (₹)	11.24	11.08
c) LDO purchased		
Units (Ltrs. in Lakhs)	7.35	9.20
Total Amount (₹ in Lakhs)	352.42	466.70
Rate per Ltr. (₹)	47.96	50.75

Particulars	Current Year	Previous Year
d) LPG purchased		
Units (Kg. in Lakhs)	8.22	9.02
Total Amount (₹ in Lakhs)	464.31	579.59
Rate per Kg. (₹)	56.47	64.25
B) Consumption per unit of production:		
i. Electricity (kwh / MT)	1,026.92	1,039.38
ii. Oxygen (Cu.M / MT)	40.48	34.49
iii. LDO (Ltr. / MT)	61.05	62.20
iv. LPG (Kg. / MT)	68.31	61.01

#### 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

- 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 – Billet Pierced Cylinders. It has opened up new markets which were hitherto inaccessible.
- One major landmark achievement is the qualification received to manufacture cylinders to the US Department of Transportation (US DOT). This was achieved under very strict controls from the officers of the USA Federal Government Department of Transportation DOT. This qualification would open the USA market which was hitherto most difficult to enter.

#### Innovation

- New cylinder models are developed to meet varying needs of different overseas standards which are much stringent than the standards which we operated till now. Development of Tube Trailer Technology for customer in South America. This is a State of the Art customized solution for bulk transportation of CNG.
- For the first time in India, developed Ultra Large Cylinder for Hydrogen, working at 300 bar. This is for a prestigious project of Indian Space Research Organization (ISRO).

#### 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:

Total foreign exchange used and earned:

(₹ in Lakh)

Particulars	Current Year	Previous Year
I. Foreign Exchange used	8,038.39	9,965.75
II. Foreign Exchange earned	1,411.94	3,118.76

#### Annexure 3: Particulars of Contracts or Arrangement with Related Parties

##### Form No. AOC-2

(Pursuant to clause (h) of sub-section (3) of section 134 of the Act and Rule 8(2) of the Companies (Accounts) Rules, 2014)

#### Form for disclosure of particulars of contracts/arrangements entered into by the company with related parties referred to in sub-section (1) of section 188 of the Companies Act, 2013 including certain arms length transactions under third proviso thereto

- Details of contracts or arrangements or transactions not at arm's length basis: **Nil**
- Details of material contracts or arrangement or transactions\* at arm's length basis: **Nil**

\* Material Related Party Transaction means a transaction with a Related Party entered into individually or with previous transactions during a financial year which exceeds ten percent of the annual consolidated turnover of the Company as per last audited financial statements of the Company.

**For and on behalf of the  
Board of Directors of Everest Kanto Cylinder Limited**

**P. K. Khurana**  
Chairman & Managing Director  
DIN: 00004050

**Annexure 4: Extract of Annual Return**
**Form No. MGT-9  
EXTRACT OF ANNUAL RETURN**
**as on the financial year ended on March 31, 2015**

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

**I. REGISTRATION AND OTHER DETAILS:**

1	<b>CIN</b>	L29200MH1978PLC020434
2	<b>Registration Date</b>	June 24, 1978
3	<b>Name of the Company</b>	Everest Kanto Cylinder Limited
4	<b>Category / Sub-Category of the Company</b>	<b>Category:</b> Public Company. <b>Sub Category:</b> (i) Limited by Shares; and (ii) Company having share capital
5	<b>Address of the Registered office and contact details</b>	204, Raheja Centre, Free Press Marg, 214, Nariman Point, Mumbai - 400 021. Tel. No.: 022-3026 8300 Email: investors@ekc.in. Website: www.everestkanto.com
6	<b>Whether listed company</b>	Yes
7	<b>Name, Address and Contact details of Registrar and Share Transfer Agent</b>	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 id: rnt.helpdesk@linkintime.co.in

**II. PRINCIPAL BUSINESS ACTIVITIES OF THE COMPANY:**

Sr. No.	Name and Description of main products / services	NIC Code of the product / service
1.	Manufacture of fabricated metal products, except machinery and equipment	025

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

Sr. No.	Name and Address of the Company	CIN / GIN	Holding / Subsidiary of the Company	% of shares held	Applicable Section
1	<b>Calcutta Compression &amp; Liquefaction Engineering Ltd.,</b> Unit No. 203, 2nd Floor, 52A, Shakespeare Sarani Chandan Niketan, Kolkata, West Bengal - 700 017	U51410WB2004PLC100920	Subsidiary	72.7	2(87)
2	<b>EKC International FZE,</b> PO Box: 61041, Plot No. S21004, Plot No. S21004, 7th Street, Jebel Ali Free Zone, Dubai, UAE	Foreign Company	Subsidiary	100	2(87)
3	<b>EKC Industries (Tainjin) Company Ltd.,</b> Plot No. 12, He Chang Road, Wuqing Development Area, Tianjin, P. R. China	Foreign Company	Subsidiary	100	2(87)
4	<b>EKC Industries (Thailand) Company Ltd.,</b> No. 269, Vibhavadi - Rangsit Road, Sanambin Sub-district, Donmuang District, Bangkok - 10120	Foreign Company	Subsidiary	100	2(87)
5	<b>CP Industries Holding, Inc.,</b> 2214, Walnut Street, McKeesport, PA-15132 (USA)	Foreign Company	Step-down Subsidiary	100	2(87)
6	<b>EKC Hungary Kft.,</b> 1126, Budapest, Nagy Jeno u.10 Hungary	Foreign Company	Step-down Subsidiary	100	2(87)
7	<b>EKC Europe GmbH,</b> Bismarckstr. 120, 47057 Duisburg Germany	Foreign Company	Step-down Subsidiary	100	2(87)



**D. SHARE HOLDING PATTERN :**
**(i) Category-wise Share Holding**

Category of Shareholders	No. of Shares held at the beginning of the year as on 01/04/2014				No. of Shares held at the end of the year as on 31/03/2015				% Change during the year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
<b>A. Promoters</b>									
<b>1. Indian</b>									
a. Individual/HUF	46406948	0	46406948	43.31	47191764	0	47191764	44.04	0.73
b. Central Govt.	0	0	0	0.00	0	0	0	0.00	0.00
c. State Govt.	0	0	0	0.00	0	0	0	0.00	0.00
d. Bodies Corp.	19852203	0	19852203	18.53	19852203	0	19852203	18.53	0.00
e. Bank/ FI	0	0	0	0.00	0	0	0	0.00	0.00
f. Any Other	0	0	0	0.00	0	0	0	0.00	0.00
<b>Sub Total- (A)-1</b>	<b>66259151</b>	<b>0</b>	<b>66259151</b>	<b>61.84</b>	<b>67043967</b>	<b>0</b>	<b>67043967</b>	<b>62.57</b>	<b>0.73</b>
<b>2. Foreign</b>									
a. NRI-Individuals	1608866	0	1608866	1.50	1608866	0	1608866	1.50	0.00
b. Other Individuals	0	0	0	0.00	0	0	0	0.00	0.00
c. Body Corp.	0	0	0	0.00	0	0	0	0.00	0.00
d. Bank/ FI	0	0	0	0.00	0	0	0	0.00	0.00
e. Any Other	0	0	0	0.00	0	0	0	0.00	0.00
<b>Sub Total- (A)-2</b>	<b>1608866</b>	<b>0</b>	<b>1608866</b>	<b>1.50</b>	<b>1608866</b>	<b>0</b>	<b>1608866</b>	<b>1.50</b>	<b>0.00</b>
<b>Total Shareholders of Promoters (1+2)</b>	<b>67868017</b>	<b>0</b>	<b>67868017</b>	<b>63.34</b>	<b>68652833</b>	<b>0</b>	<b>68652833</b>	<b>64.07</b>	<b>0.73</b>
<b>B. Public Shareholding</b>									
<b>1. Institution</b>									
a. Mutual Funds	2400000	0	2400000	2.24	0	0	0	0.00	-2.24
b. Bank/ FI	600	0	600	0.00	16212	0	16212	0.02	0.02
c. Central Govt.	500	0	500	0.00	500	0	500	0.00	0.00
d. State Govt.	0	0	0	0.00	0	0	0	0.00	0.00
e. Venture Capital	0	0	0	0.00	0	0	0	0.00	0.00
f. Insurance Co	0	0	0	0.00	0	0	0	0.00	0.00
g. FIIs	4134025	0	4134025	3.86	3940268	0	3940268	3.68	-0.18
h. Foreign Portfolio Corporate	0	0	0	0.00	0	0	0	0.00	0.00
i. Foreign Venture Capital Fund	0	0	0	0.00	0	0	0	0.00	0.00
j. Others	0	0	0	0.00	0	0	0	0.00	0.00
<b>Sub-Total-B (1)</b>	<b>6535125</b>	<b>0</b>	<b>6535125</b>	<b>6.10</b>	<b>3956980</b>	<b>0</b>	<b>3956980</b>	<b>3.70</b>	<b>-2.40</b>
<b>2. Non-Institution</b>									
a. Body Corporate	4444236	0	4444236	4.15	4918489	0	4918489	4.59	0.44
b. Individual									
i. Individual shareholders holding nominal share capital upto ₹ 1 lakh	18040928	1585	18042513	16.84	24897378	1585	24898963	23.24	6.40

Category of Shareholders	No. of Shares held at the beginning of the year 01/04/2014				No. of Shares held at the end of the year 31/03/2015				% Change during the year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
ii. Individual shareholders holding nominal share capital in excess of ₹ 1 lakh	1211573	0	1211573	1.13	2686386	0	2686386	2.51	1.38
c. Others									
(i) Clearing Member	566544	0	566544	0.53	817507	0	817507	0.76	0.23
(ii) Foreign National									
i. NRI (Repat)	929862	0	929862	0.87	978462	0	978462	0.91	0.04
ii. NRI (non Repat)	123073	0	123073	0.11	246462	0	246462	0.23	0.12
(iii) Foreign Cos.	7435139	0	7435139	6.94	0	0	0	0.00	-6.94
(iv) Other Directors	1600	0	1600	0.00	1600	0	1600	0.00	0.00
<b>Sub-Total-B (2)</b>	<b>32752955</b>	<b>1585</b>	<b>32754540</b>	<b>30.56</b>	<b>34546284</b>	<b>1585</b>	<b>34547869</b>	<b>32.23</b>	
<b>Net Total B (1+2)</b>	<b>39288080</b>	<b>1585</b>	<b>39289665</b>	<b>36.67</b>	<b>38503264</b>	<b>1585</b>	<b>38504849</b>	<b>35.93</b>	
<b>C. Shares held by Custodian for GDRs &amp; ADRs</b>									
Promoter and Promoter Group	0	0	0	0.00	0	0	0	0	0
Public	0	0	0	0.00	0	0	0	0	0
<b>Grand Total(A+B+C)</b>	<b>107156097</b>	<b>1585</b>	<b>107157682</b>	<b>100.00</b>	<b>107156097</b>	<b>1585</b>	<b>107157682</b>	<b>100.00</b>	

**ii. Shareholding of Promoters**

Sr. No.	Category of Shareholders	Shareholding at the beginning of the year			Shareholding at the end of the year			% change in shareholding during the year
		No. of shares	% of total shares of the Company	% of shares Pledged / encumbered to total shares	No. of share	% of total shares of the Company	% of shares Pledged / encumbered to total shares	
1.	Khurana Gases Private Limited	15052203	14.05	13.55	15052203	14.05	13.55	0.00
2.	Suman Khurana	15044911	14.04	0.00	15230691	14.21	0.00	0.17
3.	Prem Kumar Khurana	12218000	11.40	11.40	12218000	11.40	11.40	0.00
	Prem Kumar Khurana	4800000	4.48	0.00	4800000	4.48	0.00	0.00
4.	Medical Engineers (India) Limited	4800000	4.48	4.48	4800000	4.48	4.48	0.00
5.	Pushkar Prem Kumar Khurana	5844492	5.45	0.56	5844492	5.45	0.56	0.00
6.	Puneet Prem Kumar Khurana	5775411	5.39	0.00	6374447	5.95	0.00	0.56
7.	Vandana Khurana	1500000	1.40	0.00	1500000	1.40	0.00	0.00
8.	Varun Khurana	1602000	1.49	0.00	2822000	2.63	0.00	1.14
9.	Shyam Sunder Khurana	1220000	1.14	0.00	0	0.00	0.00	-1.14
10.	Nishita Khurana	10000	0.01	0.00	10000	0.01	0.00	0.00
11.	Pooja Khurana	1000	0.00	0.00	1000	0.00	0.00	0.00
	<b>Total</b>	<b>67868017</b>	<b>63.34</b>	<b>29.99</b>	<b>68652833</b>	<b>64.07</b>	<b>29.99</b>	<b>-</b>

**iii. Change in Promoters' Shareholding**

Sr. No.	Name	Shareholding		Date	Increase/Decrease in shareholding	Reason	Cumulative Shareholding during the year (April 01, 2014 to March 31, 2015)	
		No. of shares	% of total shares of the company				No. of shares	% of total shares of the company
1	Puneet Khurana At the beginning of the year	5775411	5.39					
				09-12-14	95099	Purchase	5870510	5.48
				10-12-14	247236	Purchase	6117746	5.71
				12-12-14	8951	Purchase	6126697	5.72
				16-12-14	65754	Purchase	6192451	5.78
				20-03-15	4444	Purchase	6196895	5.78
				23-03-15	13449	Purchase	6210344	5.80
				24-03-15	87106	Purchase	6297450	5.88
				25-03-15	76997	Purchase	6374447	5.95
2	At the end of the year	6374447	5.95					
	Shyam Sunder Khurana At the beginning of the year	1220000	1.14					
	At the end of the year	0	0.00	19-07-14	(1220000)	Transmission	0	0.00
3	Vandana Khurana At the beginning of the year	1500000	1.40					
				19-07-15	1220000	Transmission	2720000	2.54
				19-07-15	(1220000)	Transfer	1500000	1.40
	At the end of the year	1500000	1.40					
4	Varun Khurana At the beginning of the year	1602000	1.49					
				19-07-15	1220000	Transfer	2822000	2.63
	At the end of the year	2822000	2.63					

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

Sr. No.	Top Ten Shareholders	Shareholding at the beginning of the year - April 1, 2014		Cumulative shareholding at the end of the year - March 31, 2015	
		No. of shares	% of total shares of the Company	No. of shares	% of total shares of the Company
1.	Beacon India Private Equity Fund	3634865	3.39	3634865	3.39
2.	AADI Financial Advisors LLP	427708	0.40	427708	0.40
3.	Ravi Hinduja	373278	0.35	373278	0.35
4.	Dinesh Kumar R	25874	0.03	293745	0.27
5.	Pramod Manohar Samvatsar	235000	0.21	235000	0.21
	Veena Pramod Samvatsar				
6.	Nimish Chandulal Shah	0	0.00	200000	0.19
7.	Vimesh Navinchandra Zaveri	100000	0.09	200000	0.19
8.	Monica Vimesh Zaveri	0	0.00	200000	0.19
9.	Shri Parasram Holdings Pvt. Ltd.	193474	0.18	185655	0.17
10.	Jai-Vijay Resources Pvt. Ltd.	162701	0.15	162701	0.15

**v. Shareholding of Directors and Key Managerial Personnel**

Sr. No.	Names	Shareholding at the beginning of the year – April 1, 2014		Cumalative shareholding at the end of the year - March 31, 2015	
		No. of shares	% of total shares of the Company	No. of shares	% of total shares of the Company
(A) DIRECTOR					
1.	Prem Kumar Khurana	12218000	11.40	12218000	11.40
2.	Pushkar Khurana	5844492	5.45	5844492	5.45
3.	Puneet Khurana	5775411	5.39	6374447	5.95
4.	Suman Khurana	15044911	14.04	15230691	14.21
5.	Vyomesh Shah	1600	0.00	1600	0.00
6.	Krishen Dev	0	0.00	0	0.00
7.	Naresh Oberoi	0	0.00	0	0.00
8.	Mohan Jayakar	0	0.00	0	0.00
(B) KMPs					
1.	Vipin Chandok, Chief Financial Officer	200	0.00	200	0.00
2.	Kanika Sharma, Company Secretary*	0	0.00	0	0.00

\* Ms. Kanika Sharma, has resigned as the Company Secretary with the effect from 27th February, 2015.

**V. INDEBTEDNESS**

Particulars	Secured Loans excluding Deposits	Unsecured Loans	Deposits	Total Indebtedness
<b>Indebtedness at the beginning of the financial year</b>				
1) Principal Amount	37,232.17	2,454.10	24.00	39,710.27
2) Interest due but not paid	-	31.84	-	31.84
3) Interest accrued but not due	325.27	-	-	325.27
<b>Total (1+2+3)</b>	<b>37,557.44</b>	<b>2,485.94</b>	<b>24.00</b>	<b>40,067.38</b>
<b>Change in Indebtedness during the financial year</b>				
<b>Principal Amount</b>				
(+) Addition	2,074.24	-	4.84	2,079.08
(-) Reduction	-	283.79	-	283.79
<b>Interest Accrued But not Due</b>				
(+) Addition	15.00	-	-	15.00
(-) Reduction	-	-	-	-
<b>Interest Due But not Paid</b>				
(+) Addition	288.79	61.84	-	350.63
(-) Reduction	-	-	-	-
<b>Net change</b>				
<b>Indebtedness at the end of the financial year</b>				
1) Principal Amount	39,306.41	2,170.31	28.84	41,505.56
2) Interest due but not paid	288.79	93.68	-	382.47
3) Interest accrued but not due	340.26	-	-	340.26
<b>Total (1+2+3)</b>	<b>39,935.46</b>	<b>2,263.99</b>	<b>28.84</b>	<b>42,228.29</b>



**VI. REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL**
**A. Remuneration to Managing Director, Whole-time Directors and/or Manager:**

No Remuneration was paid to Managing Director during the financial year and there are no Whole Time Directors and Managers in the Company.

**B. Remuneration to other directors:**
**I. Independent Directors**

Particulars of Remuneration	Name of Directors				Total amount
	Mr. Krishen Dev	Mr. Mohan Jayakar	Mr. Vyomesh Shah	Mr. Naresh Oberoi	
Fee for attending Board Committee Meetings	1,80,000	1,10,000	30,000	1,80,000	5,00,000
Commission	Nil	Nil	Nil	Nil	Nil
Others	Nil	Nil	Nil	Nil	Nil
<b>Total (I)</b>	<b>1,80,000</b>	<b>1,10,000</b>	<b>30,000</b>	<b>1,80,000</b>	<b>5,00,000</b>

**II. Other Non-Executive Directors**

Other Non-Executive Directors	Mrs. Suman Khurana	Mr. Pushkar Khurana	Mr. Puneet Khurana	Total amount
Fee for attending Board Committee Meetings	20,000	Nil	Nil	20,000
Commission	Nil	Nil	Nil	Nil
Others	Nil	Nil	Nil	Nil
<b>Total (II)</b>	<b>20,000</b>	<b>Nil</b>	<b>Nil</b>	<b>20,000</b>
<b>Total B = (I+II)</b>				<b>5,20,000</b>

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

Sr. No.	Particulars of Remuneration	Key Managerial Personnel		Total amount
		Mr. Vipin Chandok	Mrs. Kanika Sharma (up to 27-02-2015)	
	Gross Salary			
1.	(a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961	40,00,000	11,57,750	51,57,750
	(b) Value of perquisites u/s 17(2) Income-tax Act, 1961	39,600	-	39,600
	(c) Profits in lieu of salary under section 17(3) Income-tax Act, 1961	-	-	-
2.	Stock Option	-	-	-
3.	Sweat Equity	-	-	-
4.	Commission			
5.	(i) As % of Profit	-	-	-
	(ii) Others, specify	-	-	-
	Others, please specify	-	-	-
	Performance Bonus	-	-	-
	<b>Total</b>	<b>40,39,600</b>	<b>11,57,750</b>	<b>51,97,350</b>

**VII. PENALTIES / PUNISHMENT/ COMPOUNDING OF OFFENCES (Under Companies Act, 2013):**

There were no penalties, punishment or compounding of offences during the year ended March 31, 2015

## 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 2014-15, like the previous years, continued to remain difficult, challenging and daunting for the overall world economy, domestic economy and the Company, though there are some signs of improvement in some pockets. The US economy showed some improvement signaled through employment data, housing market, etc., which prompted the US Fed to completely phase out the Quantitative Easing measures. The European and Japanese economy continued their painfully low growth trends, with no major signs of improvement, despite the interest rates being maintained at historically low levels, and prompting their central banks to adopt / increase Quantitative Easing measures to historical high levels. China's economy too continued to further slowdown impacting the demand for and prices of commodities the world over and, thus, the economies dependent on commodity exports, and prompting the Chinese central bank to embark on series of interest rate reduction. The world economy was also impacted during the year with sudden fall in the price of crude oil due to the combination of production glut and low demand, adversely impacting the oil producing countries and benefiting the oil importing countries.

During the year, the Indian economy showed signs of improvement, especially after the NDA government came to power with absolute majority in the Lok Sabha, which heralded in expectations of speedy reforms, commencement of investment cycle, and end of the era of policy log-jam. The economy was further aided with the steep and sudden fall in the price of crude oil, which benefited the economy on multiple fronts. Various economic parameters improved. Wholesale as well as CPI inflation has come down to comforting levels, current account deficit has seen drastic reduction, fiscal deficit is in check and the interest rates are expected to move southwards. The GDP at constant prices (considering the change in the base year by

CSO) grew from 5.1% in 2012-13 to 6.9% in FY 2013-14 and is expected to increase to 7.4% in 2014-15 and over 8% in 2015-16, with double digits growth in later years. Such growth expectation is on the basis of the reforms measures already initiated and to be initiated, such as, de-regulation of diesel prices, taxing energy products, replacing cooking gas subsidy by direct transfer on national scale, reforms in coal and mining sector, increase of FDI cap in defence, Make in India initiative, Jan Dhan Scheme, Swatch Bharat movement, Skilling India movement, far reaching changes in revenue sharing between Centre and States, implementation of GST, proposal for housing for all by 2022, 100 Smart Cities projects, reforms in Railways, etc. However, various challenges still remain, such as, mounting NPAs of PSU banks, continuation of investment paralysis, high level of corporate debt, high overall fiscal deficit, El Nino effect on monsoon, slow industrial growth, etc.

### DOMESTIC BUSINESS

The continuing slow-down and erratic periodic pattern of the industrial sector growth during the year maintained its adverse impact for the demand for the Company's product. While the demand situation in the automobiles sector improved slightly during the year, it did little to improve the demand for CNG cylinders. The sharp decline in the retail prices of petrol and diesel consequent upon the fall in the crude oil price, on the one hand, and the increase in the pump price of CNG due to increase in the price of natural gas from USD 4.2/MMBTU to USD 5.6/MMBTU, on the other, narrowed the difference in prices of petrol/diesel and CNG, thereby acting as a disincentive for conversion of vehicles from petrol to CNG, thereby adversely impacting the demand for CNG cylinders in the retrofit market. The imposition of Safeguard (Import) Duty of 20% by the Government from August 2014 on imported steel tubes (raw material) up to certain sizes to protect the domestic steel industry added to the woes of the Company and the enhanced duty could not be fully passed on to the customers due to the weak demand. The business situation can improve only on change of key relevant macro parameters, such as, increase in availability of domestic natural gas at reasonable prices, which would enable the government to roll-out its City Gas Distribution policy to many more cities and also enable more CNG outlets to be opened, higher allocation of natural gas by the Government for the CGD sector by moving the sector higher on the priority list, improvement in investment cycle which will spur industrial growth consistently creating demand for industrial cylinders, increase in demand for automobiles run on CNG, increased thrust of Government on environment and pollution-reduction, etc. Being the market leader with highest market share and with the large installed capacity, established infrastructure and diverse product range, the Company will be the biggest beneficiary on the happening of these macro level improvements.

## INTERNATIONAL BUSINESS

### (a) Dubai Operations

The Dubai operations which have been under strain since the third quarter of 2011 due to the sudden closure of its dominant Iran market due to economic sanctions imposed upon it continued to remain so. However, with the thawing of the relations between Iran and USA, there are increased expectation of the sanctions getting lifted and the Iran market reopening, which will bode well for the Dubai operations. The new markets in South America, CIS countries, Europe, etc. that have been developed are gaining traction and stability. However, the volumes and the margins continue to be low. The Dubai operations has started dealing in industrial cylinders and cascades and tapping the Gulf market.

### (b) USA Operations

The US operations have done relatively well during the year, in terms of turnover and margins. The order book position has improved and looks encouraging, with larger proportion of high margin orders. The business prospects remain promising due to the expected uptick in the US economy and the encouragement to the natural gas sector prompted by the shale gas discovery (despite the recent challenges due to decline in crude oil price) and improvement in natural gas supply and distribution infrastructure. The Composite Cylinders did not see the expected ramp up in volumes due to the initial technical and other hitches, which have now been overcome. Going forward, this business is expected to grow well and will provide the required diversification, adding significantly to the revenue and margins. However, Composite Cylinder product development costs and other one-time charges dented the financial results at the net level. The US operations obtained the DOT approval during the year after rigorous approval process over 24 months; this will enable marketing of Industrial Cylinders in the US, which will be sourced from India and Dubai. In the consolidated financials, the intangible assets acquired at the time of the acquisition of the US subsidiary in 2008 continue to be amortised over eight years as per the Indian Accounting Standards.

### (c) China Operations

The China operations continue to remain under severe strain due to the intense competition from the local players who are much large in size and product range, exerting demand and pricing pressures. The slowdown in the Chinese economy and the tough operating environment in China, especially for foreign players, also impacted the operations. The Company continued its thrust on Jumbo Cylinders in niche segments due to better realization and margins and lower competition but several challenges remain. The Composite Cylinders business did not grow as anticipated due to smaller volumes and regulatory issues. As a result, the plants operated at sub-optimal capacity. The

China operations now acts as raw material sourcing hub for the India, Dubai and USA operations, which will yield some margins to it, while reducing the overall raw material costs of the other operations

### (d) Europe Operations

The Europe subsidiary has developed the Europe market and clientele and will procure Cylinders from India, Dubai and USA plants. The subsidiary has played crucial and stellar role in Composite Cylinder product development for the US plant by providing in-house expertise.

## STRENGTHS

EKC's continued resilience in successfully weathering all business and operational challenges over long time frame is reflective of its strengths which are summarized below:

### 1. Strong Management

EKC has a strong, able, committed and highly experienced management with over three decades of solid technical, marketing and general management 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 the pioneer in India of High Pressure Seamless Cylinders business since 1978 and 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 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 Group exports to over 25 countries all over the world including countries in South East Asia, Middle East, Africa, US, Europe, South America and Commonwealth of Independent States Countries. Most of them have the stringent quality standards 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 markets outside India now represents almost 67% of the Group'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 Indian Standards like IS 7285 (Part 1), IS 7285 (Part 2) and IS 15490 and International standards like ISO: 11439, ISO: 9809-1, NZS: 5454, ISO: 4705D, EN: 1964, ISO: 11120, ECE R-110.

## 5. Large Capacity and Wide Product Range

The Company, along with its subsidiaries, has set up global scale capacities aggregating to more than 1.3 Million cylinders per annum, across various plants in India and overseas manufacturing 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

The Company provides cylinders with water capacities that range between 1 litre and 3000 litres and also supplies cylinders in customised sizes, with large range of applications, including Defence. Because EKC has the ability and 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 and ethical 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 cylinders of different sizes and varied specifications 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 is the only Company in India to use alternate technologies and raw materials in its new plants. This has enabled EKC to broaden its raw material supply chain which would lead to lower cost of production and better working capital management as also to broaden 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 as and when the demand for such Cylinders materialises. Also, as mentioned above, the US and China subsidiaries have invested in the lighter weight and more preferred Composite Cylinders plants.

## 9. Group Synergies

EKC's presence in much geography through subsidiaries affords its operations tremendous synergies. EKC China is now acting as raw material sourcing hub for the India, Dubai and US operations as the plants in the three locations source bulk of their raw materials from China. This will enable EKC to source the raw materials for all the operations at lower costs due to larger combined volumes. Similarly, EKC Europe will scout business in Europe for the plants in India, Dubai and USA. Inventory management is also optimized with movement of goods from one operation to the other, depending on requirements. The group also benefits from exchange of technical know-how and skills.

## 10. 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. As the seamless tubes are fully imported by the Company, 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 increase in the import duty rates 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 which will enable the Company to reduce its raw materials cost. 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. Further, as a cost reduction and supply risk mitigation factor, EKC China now sources the raw material for all operations.



## 2. Competition

Although EKC is the market leader in India with majority share, many players have put up high pressure cylinder manufacturing capacities. However, these capacities can only be utilized with growth in demand which is dependent to a large extent on increase in the overall industrial and manufacturing growth, 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. Despite the challenge posed by the increase in competition, EKC continues to dominate the market place. This is 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. However, a good development on this front is that many marginal and small players have either fully curtailed their operations or reduced them considerably due to the prevalent difficult business environment and conditions over the past few years, in which they were unable to sustain themselves. This bodes well for us as this will reduce the competition going forward.

## 3. Slow Growth in Sales of CNG Cylinders

Because of the regulatory impasse and lack in wide spread availability of gas, 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-à-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 progressively made available in most parts of the Country and the rising cost of fuels (except for the fall in prices witnessed since the second half of the year), it is expected that the Government policies would be progressive favoring CNG as a fuel. The recent judicial activism at the highest level resulting which the Government has been mandated to have uniform natural gas prices across India is a beneficial development, which will improve the availability of CNG at reasonable cost across India, which will induce consumers to switch over to CNG vehicles. This would lead to an accelerated growth in the CNG cylinder industry. Policy decision by the Government to de-regulate diesel prices will turn some of the demand to

CNG. The expected increase in supply of domestic gas due to the gas price hike will add impetus to the demand in the long run.

## 5. Slowdown in the Industrial Sector and Indian Automobile Industry Negatively Impacts the Company's Growth

Industrial gas manufacturers and other manufacturing sectors are major customers for Industrial Cylinders. Any slowdown in manufacturing sector adversely impacts the demand for Industrial Cylinders. 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 off setting the slowdown in the Indian auto sector. EKC, as a Group, 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

Volatility in seamless steel tube 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 as the seamless steel tubes (raw material) are fully imported and to the extent of the borrowings denominated in foreign currency.

The Company's treasury function actively tracks the movements in foreign currencies and has an internal risk management policy of proactively balancing between hedging of the net exposures and the cost thereof.

## 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.

## **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.

With the expected increase in the economic growth and the improvement in investment scenario pursuant to Make in India, Swatch Bharat and other initiatives of the Government, the outlook for the growth in demand for industrial gases over the next five years is favourable. 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 obtaining of DOT approval by the US operations will facilitate marketing of Industrial Cylinders in the hitherto untapped US market, which is fairly large.

## **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.

resulted in substantial loss, mainly on account of interest on borrowings and provisions made for investments in EKC China and Calcutta Compressions and Liquefaction Ltd. The expected improvement in the economic and business environment after the new Government came to power earlier during the year did not materialize and the ground scenario for the Company's business remains almost the same.

## **INTERNAL CONTROL SYSTEM**

The 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 empowered to 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-à-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 31st March, 2015, EKC and its subsidiaries employed approximately 372 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.

## **FINANCIAL PERFORMANCE VIS-À-VIS OPERATIONAL PERFORMANCE**

The last year has again been very difficult for the Company on account of the continued challenges presented by the economic environment, local as well as international. The operations

## 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 with the Stock Exchanges 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. As on March 31, 2015, your Company is managed and guided by a professional Board comprising of 8 Directors, whose composition is given below:

- One Promoter, Executive Director
- Three Promoters, Non-Executive Directors
- Four Independent Directors

During the year, 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 20 Companies including at the most 10 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.

None of the Independent Directors of the Company is Whole-Time Director in any Listed Company and none of them

serves as an Independent Director in more than seven listed Companies.

#### • Inter-se relationships among Directors

Mr. P. K. Khurana is husband of Mrs. Suman Khurana and the father of Mr. Pushkar Khurana & Mr. Puneet Khurana. Mrs. Suman Khurana is the wife of Mr. P. K. Khurana and mother of Mr. Pushkar Khurana and Mr. Puneet Khurana. Mr. Pushkar Khurana & Mr. Puneet Khurana are related to each other as brothers. Mr. Mohan Jayakar is the uncle of Mrs. Uma Acharaya. 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

##### • Institutionalized 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 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 - 400 021.
- 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 X of the Listing Agreements 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 and Notes on Agenda are circulated to the Directors, at least 7 days in advance 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, 2013 read with the Rules issued thereunder.

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

Your Company has identified 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 of plants on a quarterly basis, which is reviewed by Internal Auditors. A report on the compliance with 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:**

Six Board Meetings were held during the year, as against the minimum requirement of four meetings. 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	Board Strength	Number of Directors Present
1.	May 27, 2014	7	6
2.	August 12, 2014	7	5
3.	November 11, 2014	7	6
4.	February 10, 2015	7	6
5.	February 21, 2015	8	4
6.	March 14, 2015	8	4



**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 31st March, 2015	Attendance Particulars			No. of Other Directorships	No. of Membership(s)/ Chairmanship(s) of Board Committees in other Companies
			Board Meetings held during tenure	Board Meetings attended	Attended Last AGM held on 2nd Aug., 2014		
Mr. P. K. Khurana	Promoter, Executive	12,218,000	6	6	Yes	12	None
Mr. Pushkar Khurana	Promoter, Non - Executive	5,844,492	6	4	Yes	10	None
Mr. Puneet Khurana	Promoter, Non - Executive	6,374,447	6	4	No	12	None
Mrs. Suman Khurana*	Promoter, Non - Executive	15,230,691	2	1	N.A.	2	None
Mr. Krishen Dev	Independent, Non - Executive	Nil	6	5	Yes	1	2
Mr. Mohan Jayakar	Independent, Non - Executive	Nil	6	4	No	9	2
Mr. Naresh Oberoi	Independent, Non - Executive	Nil	6	6	Yes	9	2
Mr. Vyomesh Shah	Independent, Non - Executive	1,600	6	1	Yes	2	2

\* Appointed as a Director on February 10, 2015.

**Separate Meeting of Independent Directors:**

As stipulated under Schedule IV Code of Independent Directors to the Companies Act, 2013 and the Listing Agreements, a separate meeting of the Independent Directors of the Company was held on March 14, 2015, three out of four Independent Directors were present at the meeting in which none of the Non-Independent Directors and Members of the Management were present.

The Meeting transacted the following agenda:

- Review the performance of Non-Independent Directors and the Board as a whole;
- Review the performance of the Chairperson of the Company, taking into account the views of Executive Directors and Non-Executive Directors;
- Assess the quality, quantity and timeliness of flow of information between the Company Management and the Board that is necessary for the Board to effectively and reasonably perform their duties.

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

Mr. Puneet Khurana, who was appointed as a Director liable to retire by rotation under the provisions of Companies Act, 2013 and being eligible, has offered himself for re-appointment. Mrs. Uma Acharya was appointed as an Additional (Independent) Director in the Board of Directors on May 26, 2015 and shall hold office up to the date of ensuing Annual General Meeting. The Company has received a notice in writing from a Member, along with the requisite deposit proposing the candidature of Mrs. Uma Acharya, as an Independent Director of the Company. Mrs. Uma Acharya has offered her candidature for appointment as an Independent Director, not liable to retire by rotation. Mr. M. N. Sudhindra Rao was appointed as an Additional (Independent) Director in the Board of Directors on August 11, 2015 and shall hold office up to the date of ensuing Annual General Meeting. The Company has received a notice in writing from a Member, along with the requisite deposit proposing the candidature of Mr. M. N. Sudhindra Rao, as an Independent Director of the Company. Mr. M. N. Sudhindra Rao has offered his candidature for appointment as an Independent Director, not liable to retire by rotation.

• **Brief profile of the Mr. Puneet Khurana:**

Mr. Puneet Khurana, aged 41 years, is a commerce graduate from Mumbai University, Masters in Business Administration (International Business) from European University, Montreux, Switzerland. He has cumulative experience of 19 years in the Company as a Director. His business acumen includes exploiting international markets for the Company's CNG Cylinders in Iran, China, Malaysia, Thailand & Bangladesh. He has been instrumental in developing business relations with Iran and OEM product development from the design stage to production with Bajaj Auto Limited (auto rickshaws), TATA Motors (Indica) and was closely involved in setting up the subsidiary companies overseas. He has also been working with various gas companies in India like MGL/IGL/Adani Energy for providing solutions for CNG distribution. He has been Director of the Company since 15th April, 1996.

At present, Mr. Puneet Khurana is a Director on the Boards of Calcutta Compressions & Liquefaction Engineering Limited, Medical Engineers (India) Limited, Everest Kanto Investment and Finance Private Limited, Khurana Exports Private Limited, Everest Industrial Gases Private Limited, Khurana Fabrication Industries Private Limited, Ukay Valves and Founders Private Limited, Khurana Gases Private Limited, G.N.M. Realtors Private Limited, EKC Industries (Tianjin) Company Limited, CP Industries Holdings, Inc. and EKC Industries (Thailand) Company Limited.

Mr. Puneet Khurana is a member of Audit Committee, Stakeholders' Relationship Committee, EKC China Sales Committee, Cash Flow Monitoring Committee, Management Committee and Investment Committee of the Company. He

is also a member of Audit Committee of Calcutta Compressions & Liquefaction Engineering Limited.

Mr. Puneet Khurana holds 6,374,447 shares of the Company as on 31st March, 2015.

• **Brief Profile of Mrs. Uma Acharya**

Ms. Uma Acharya, B.Com, L.L.M.

Legal Professional with an experience of more than 7 years in the field of law with specialisation in civil, property, securities market and arbitration. Member of the Bar Council of Maharashtra and Goa. She was working with the National Stock Exchange of India Limited (NSEIL) as Manager, Investor Services Cell - Arbitration Department and monitoring the activities of 14 regional offices across India. Prior to NSEIL, she was working as a Senior Associate with M/s. Jayakar & Partners, Advocates and Solicitors.

Mrs. Uma Acharya does not hold any shares of the Company as on the date of Notice.

• **Brief Profile of Mr. M. N. Sudhindra Rao**

Mr. M.N. Sudhindra Rao is a Chartered Accountant by profession having experience of 33 years in the Manufacturing Sector. He has spent the first 25 years of his career with the B.K.Birla Group of Companies and was the Joint President of Century Enka Limited when he left and joined Reliance ADAG group as the Business Head of their Wind Business and was with the ADAG group for six years. He is currently the CEO of Polygenta Technologies Limited. Mr. Sudhindra Rao has been exposed to all the facets of Management and has been the President/CEO for the past 15 years.

Mr. M. N. Sudhindra Rao does not hold any shares of the Company as on the date of Notice.

**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. Stakeholders' Relationship Committee
- C. Nomination and Remuneration Committee

- D. Management Committee
- E. Investment Committee
- F. EKC China Sale Committee
- G. Cash Flow Monitoring 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 etc.

The Audit Committee has been re-constituted during the year under the provisions of Section 177 of the Companies Act, 2013 and the terms of reference of the committee are:

- i. Oversee the Company's financial reporting process and the disclosure of its financial information, to ensure that the financial statements and Auditor's Report is correct, sufficient and credible;
- ii. Recommend the appointment, re-appointment and, if required, the replacement or removal of the Auditors and the fixation of audit fees;
- iii. Approval of payment to Statutory Auditors for any other services rendered by the Statutory Auditors;
- iv. Approval or any subsequent modification of transactions of the Company with related parties;
- v. Reviewing, with the Management, the annual financial statements before submission to the Board for approval, with particular reference to:
  - a. Matters required to be included in the Director's Responsibility Statement to be included in the Board's report in terms of section 134(3)(c) of the Companies Act, 2013;
  - b. Changes, if any, in accounting policies and practices and reasons for the same;
  - c. Major accounting entries involving estimates based on the exercise of judgment by Management;
  - d. Significant adjustments made in the financial statements arising out of audit findings;

- e. Compliance with legal requirements relating to financial statements;
- f. Disclosure of any related party transactions;
- g. Qualifications in the draft Audit Report;
- vi. Reviewing, with the management, the quarterly financial statements and Auditor's Limited Review Reports before submission to the Board for approval;
- vii. Reviewing, with the Management, the statement of uses/application of funds raised through an issue (public issue, rights issue, preferential issue, etc.), the statement of funds utilized for purposes other than those stated in the offer document/prospectus/notice and the report submitted by the monitoring agency monitoring the utilization of proceeds of a public or rights issue, and making appropriate recommendations to the Board to take up steps in this matter;
- viii. Reviewing, with the Management, independence and/or performance of Statutory and Internal Auditors;
- ix. Reviewing of adequacy and effectiveness of Internal Control Systems and processes;
- x. Reviewing the adequacy of internal audit function, if any, including the structure of the internal audit department, staffing and seniority of the official heading the department, reporting structure coverage and frequency of internal audit;
- xi. Discussion with Internal Auditors any significant findings and follow up there on;
- xii. Reviewing the findings of any internal investigations by the Internal Auditors into matters where there is suspected fraud or irregularity or a failure of Internal Control Systems of a material nature and reporting the matter to the board;
- xiii. Evaluation of internal financial controls and risk management systems;
- xiv. Discussion with Statutory Auditors before the audit commences, about the nature and scope of audit as well as post-audit discussion to ascertain any area of concern;
- xv. Looking into the reasons for substantial defaults in the payment to the depositors, debenture holders, shareholders (in case of non payment of declared dividends) and creditors;
- xvi. To review the functioning of the Whistle Blower Mechanism, in case the same is existing;
- xvii. Approval of appointment of CFO (i.e., the whole-time Finance Director or any other person heading the finance function or discharging that function) after assessing the qualifications, experience & background, etc. of the candidate; and
- xviii. Scrutiny of inter-corporate loans and investments;

- xix. Valuation of undertakings or assets of the company, wherever it is necessary;
- xx. To investigate into any matter in relation to the items specified above or referred to it by the Board and for this purpose shall have power to obtain professional advice from external sources and have full access to information contained in the records of the Company;
- xxi. Carrying out any other functions as may be stipulated by any law or regulation or any Government guideline or the Board of Directors, from time to time.

**(b) Meetings of the Audit Committee**

Four meetings of the Audit Committee were held during the year ended 31st March, 2015, on 27th May, 2014, 12th August, 2014, 11th November, 2014 and 10th February, 2015.

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 are present at the meetings and discuss their broad findings before the Committee.

**(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 is as under:

Name of the Member	Designation	Nature of Directorship	No. of Committee Meetings held during the year	No. of Meetings attended
Mr. Krishen Dev	Chairman	Independent & Non - Executive	4	4
Mr. Vyomesh Shah (Up to March 31, 2015)	Member	Independent & Non - Executive	4	1
Mr. Naresh Oberoi	Member	Independent & Non - Executive	4	4
Mr. Puneet Khurana	Member	Promoter & Non - Executive	4	4

All the members of the Committee are financially literate and Mr. Vyomesh Shah has accounting or related financial expertise.

The composition of the Audit Committee meets the requirements of Section 177 of the Companies Act, 2013 and Clause 49 of the Listing Agreements. The Company Secretary is the Secretary to the Audit Committee.

**B. STAKEHOLDERS' RELATIONSHIP COMMITTEE**

**(a) Terms of reference**

Stakeholders' Relationship Committee has been re-constituted during the year under the provisions of Section 178 of the Companies Act, 2013 and the terms of reference of the committee are:

- i. To consider and resolve the grievances of security holders of the Company;
- ii. To approve Transfer / Transmission / Dematerialisation / Rematerialisation of Equity Shares of the Company;
- iii. To approve issue of Duplicate/ Consolidated / Split Share Certificate(s);
- iv. 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;
- v. 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; and
- vi. To do all other acts, deeds and things or otherwise deal with all matters in relation to the Shareholders and other Stakeholders; and
- vii. To carry out any other function as may be stipulated by any law or regulation or any Government guideline or the Board of Directors, from time to time.

**(b) Meetings of the Stakeholders' Relationship Committee**

Two meetings of the Stakeholders' Relationship Committee were held on 12th August, 2014 and 10th February, 2015 during the year ended 31st March, 2015.

**(c) Composition of the Committee and attendance of each Member at the Stakeholders' Relationship Committee Meetings 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	2	1
Mr.Puneet Khurana	Member	Promoter & Non – Executive	2	2
Mr.Krishen Dev	Member	Independent & Non – Executive	2	2

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

Ms. Kanika Sharma (up to February 27, 2015)  
 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 is as under:

Quarter Ended	Pending from earlier quarter	Received during the quarter	Resolved during the quarter	Pending at end of the quarter
Jun – 2014	0	6	6	0
Sep – 2014	0	8	8	0
Dec – 2014	0	2	2	0
Mar – 2015	0	2	2	0
<b>Total</b>	<b>0</b>	<b>18</b>	<b>18</b>	<b>0</b>

There were no requests for transfer and for dematerialization pending for approval as on 31st March, 2015.

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 the 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 required under Clause 5A of the Listing Agreements, 2,110 Equity shares belonging to 10 shareholders are lying in the Unclaimed Securities Suspense Account as on 1st April, 2014 and 31st March, 2015. There was no movement in Suspense Account during the year. The voting rights on the shares outstanding in the Suspense Account shall remain frozen till the rightful owners of such shares claim the shares.

**C. NOMINATION AND REMUNERATION COMMITTEE**

**(a) Terms of Reference**

The Nomination and Remuneration Committee has been re-constituted during the year under the provisions of Section 178 of the Companies Act, 2013 and the terms of reference of the committee are:

- To identify persons who are qualified to become Directors and who may be appointed in Senior Management in accordance with the criteria laid down;
- To recommend to the Board their appointment and removal;
- To carry out evaluation of every Director's performance;
- To formulate the criteria for determining qualifications, positive attributes and independence of a Director; and
- To recommend to the Board a policy, relating to the remuneration for the Directors, Key Managerial Personnel and other employees.
- While formulating the Policy, the Committee should ensure that-
  - the level and composition of remuneration is reasonable and sufficient to attract, retain and motivate Directors of the quality required to run the company successfully;
  - relationship of remuneration to performance is clear and meets appropriate performance benchmarks; and
  - remuneration to Directors, Key Managerial Personnel and Senior Management involves a balance between fixed and incentive pay reflecting short and long term performance objectives appropriate to the working of the company and its goals.

- vii. To carry out any other function as may be stipulated by any law or regulation or any Government guideline or the Board of Directors, from time to time.

**(b) Nomination and Remuneration Policy**

As required under Clause 49 of the Listing Agreements, the Board has formulated a Nomination and Remuneration Policy providing for matter prescribed under the Listing Agreements. The policy has been posted on the Company's website. The web link for the policy is <http://www.everestkanto.com/policies.html>

The Nomination and Remuneration Policy of the Company is performance driven and for considering the remuneration payable to the Directors, the Nomination and 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. The primary objective of the Policy is to provide a framework and set standards for the nomination, remuneration and evaluation of the Directors, Key Managerial Personnel and officials comprising the Senior Management. The Company aims to achieve a balance of merit, experience and skills amongst its Directors, Key Managerial Personnel and Senior Management.

**(c) Composition of the Nomination and Remuneration Committee**

Name	Designation in Committee	Nature of Directorship	No. of Committee Meetings held during the year	No. of Committee Meetings attended
Mr. Krishen Dev	Chairman	Independent & Non-Executive	2	2
Mr. Mohan Jayakar	Member	Independent & Non-Executive	2	2
Mr. Naresh Oberoi	Member	Independent & Non-Executive	2	2
Mr. P. K. Khurana	Member	Promoter & Executive	2	2

**(d) Meetings of the Remuneration Committee**

During the year under review, two meetings of the Committee were held on 10th February, 2015 and 14th March, 2015.

**(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 Nomination and Remuneration Committee, approved by the Board and is subject to the overall limits as approved by the Shareholders and as provided under the Companies Act, 2013.

In view of the losses during the Financial Year 2014-15, Mr. P. K. Khurana, Chairman and Managing Director, could draw the minimum remuneration of ₹ 61,94,523/- per annum (excluding Contribution to Provident Fund, Superannuation Fund and Gratuity Fund) as per the limits provided under Schedule V to the Companies Act, 2013. However, Mr. P. K. Khurana has decided not to draw even this remuneration (from November 1, 2013) till the financial position of the Company improves.

Application by the Company for approval by the Central Government of the excess remuneration paid in the financial year 2012-13 to the Managing Director has been made on May 30, 2013. The approval of the Central Government has been received on 19th February, 2014 for Mr. Puneet Khurana & Mr. P. M. Samvatsar. Whereby the Central Government has approved 50% of the remuneration paid to the Directors during the year. The Directors have refunded the excess remuneration on 27th March, 2014 to the Company.

*ii. Sitting Fees & Commission 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 2014-15, no commission has been paid to Non-Executive Directors.

In respect of the financial year 2014-15, the sitting fees paid to the Non - Executive Directors are as detailed below:

(in ₹)

Name	Sitting fees paid during the year 2014-15		Total
	For Board Meetings	For Committee Meetings	
Mr. Mohan Jayakar	80,000	30,000	1,10,000
Mr. Krishen Dev	1,00,000	80,000	1,80,000
Mr. Vyomesh Shah	20,000	10,000	30,000
Mr. Naresh Oberoi	1,20,000	60,000	1,80,000
Mrs. Suman Khurana (from February 10, 2015)	20,000	-	20,000

## D. 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 attention 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

The Management Committee comprises of 1 Executive Director, 1 Non – Executive Director and 1 Independent Director of the Company viz., Mr. P. K. Khurana, Mr. Puneet Khurana and Mr. Krishen Dev. 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.

## E. 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. Receive replies.

### (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. Krishen Dev	Member	Independent & Non - Executive

### (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 also has a Sub Committee called as the 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 1 Executive Director and 1 Non – Executive Director of the Company viz., Mr. P. K.

Khurana, and Mr. Puneet Khurana. 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.

## F. EKC CHINA SALE COMMITTEE

### (a) Terms of Reference

The EKC China Sale Committee has been constituted to oversee the disinvestment in the EKC Industries (Tianjin) Limited.

### (b) Composition of the Committee

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

### (c) Meetings of the EKC China Sale Committee

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

## G. CASH FLOW MONITORING COMMITTEE

### (a) Terms of Reference

The Cash Flow Monitoring Committee has been constituted to monitor the cash flows and to oversee the cost reduction measures.

### (b) Composition of the Committee

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

### (c) Meetings of the Cash Flow Monitoring Committee

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

#### 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
2014	2nd August, 2014 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 Charge or Mortgage on any of Company's properties pursuant to Section 180(1)(a) of the Companies Act, 2013.  2) Borrowings of any sum for the purpose of the business of Company, which together with the monies already borrowed may exceed at any time the aggregate of the paid up capital and its free reserves by a sum not exceeding three times of the paid up capital and free reserves, pursuant to Section 180(1)(c) of the Companies Act, 2013.
2013	22nd July, 2013 3:00 p.m	M.C. Ghia Hall at Bhogilal Hargovindas Building, 4th Floor, 18/20, Kaikhushru Dubash Marg, Kala Ghoda, Mumbai - 1.	None
2012	11th August, 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.

##### B. Postal Ballot

During the year under review, in accordance with Section 110 of the Companies Act, 2013 read with Rule 22 of the Companies (Management and Administration) Rules, 2014, approval of the shareholders was sought by the way of Ordinary Resolution through Postal Ballot & E-voting for appointment of Mr. Krishen Dev as an Independent Director of the Company under Companies Act, 2013.

The Board of Directors appointed Mr. Aashish K. Bhatt, Practising Company Secretary, as the Scrutinizer for conducting the Postal Ballot and E-voting in accordance with the provisions of the Companies Act, 2013 in fair and transparent manner.

Based on the Scrutinizer's Report dated March 27, 2015 the Chairman declared the results of Postal Ballot & E-voting on March 30, 2015.

**Summary of the Postal Ballot Forms (PBFs) including votes cast through E-voting is as follows:**

Nature of Business	Total Postal Ballot Forms/ votes (including E-voting) Received	Invalid Postal Ballot Forms/ Votes Received	Net Valid Postal Ballot Forms/ Votes (including e-voting) Received	Valid Votes cast in favour of the Resolution and its %	Valid Votes cast against the Resolution and its %	Invalid Votes and its %
Appointment of Mr. Krishen Dev as an Independent Director of the Company.	282	38	244	68,556,753 (99.592%)	270,839 (0.3935%)	9,987 (0.0145%)

#### 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 were 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. 10, forming part of the Annual Report and in Annexure III of the Report of Board of Directors 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 the Subsidiaries and Associates. All related party transactions are negotiated on arms length basis and



are in the ordinary course of business of the Company 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 and Board Meetings on a quarterly basis and the transactions are approved, ratified and noted, as the case may be, by the Audit Committee and the Board.

During the year, the Board of Directors of the Company has formulated and adopted a policy on Related Party Transaction as required under Clause 49 of the Listing Agreements. The Related Party Transactions were in accordance with and in confirmation with the Policy. The Policy has been placed on the website of the Company and the web link thereto in <http://www.everestkanto.com/policies.html>

**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 have 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 the following non-mandatory requirements of Clause 49 of the Listing Agreements:

**(i) Audit Qualification:**

Company is in the regime of unqualified financial statements.

- 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 on its website the information regarding the unpaid and unclaimed dividend as on the date of the last Annual General Meeting i.e. August 2, 2014 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**

EKC 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. They also have an opportunity to ask questions in person at the Annual General Meeting. EKC ensures that queries, complaints and suggestions are responded to 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](http://www.everestkanto.com) and are published in Business Standard (English) and Mumbai Lakshadeep (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. if any, are displayed on the Company's website [www.everestkanto.com](http://www.everestkanto.com) and are also submitted to the stock exchanges.

**(iii) Website:**

The Company's website [www.everestkanto.com](http://www.everestkanto.com) contains a separate dedicated section 'Investors' where information is available pertaining to shareholders. Quarterly Results, Annual Reports, Code of Conduct and Ethics, Shareholding Pattern, Postal Ballot Results, Disclosure and Information under Corporate Laws 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](mailto: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 36th Annual General Meeting:

**Day, Date and Time :** Monday, 28th September, 2015 at 11:00 a.m.

**Venue :** Half Centrum Hall, MVIRDC, World Trade Centre - Mumbai, Centre 1, 1st Floor, Cuffe Parade, Mumbai 400005.

### 7.3 Financial Calendar (tentative and subject to change)

**Financial Year:** 1st April, 2015 to 31st March, 2016

**Results for the quarter ending 30th June, 2015**

1st / 2nd week of August, 2015

**Results for quarter ending 30th September, 2015**

1st / 2nd week of November, 2015

**Results for quarter ending 31st December, 2015**

1st / 2nd week of February, 2016

**Results for year ending 31st March, 2016**

3rd / 4th week of May, 2016

**Annual General Meeting**

3rd / 4th week of August, 2016

### 7.4 Book Closure Period

Saturday, September 19, 2015 to Saturday, September 26, 2015 (both days inclusive), for the purpose of the 36th Annual General Meeting.

### 7.5 Dividend Payment Date

The Board of Directors has not proposed any dividend for the Financial Year 2014-15.

### 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 fees payable to BSE and NSE for 2015-16 have been paid in full by the Company.

### 7.7 Stock Market Data

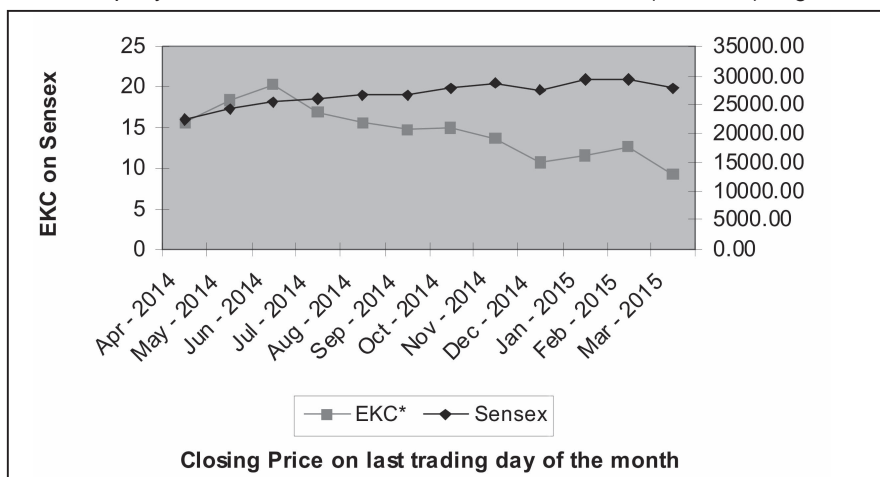
High, Low during each month and trading volumes of the Company's Equity Shares during the financial year 2014-15 at BSE and NSE are given below:

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 2014	18.35	15.25	6,65,243	18.35	15.20	22,99,606
May 2014	23.30	14.90	28,87,712	23.25	23.25	68,73,309
June 2014	23.35	17.80	26,41,854	23.15	17.65	62,92,730
July 2014	22.10	16.15	10,23,508	22.00	16.25	26,83,083
August 2014	19.80	15.45	11,36,230	19.90	15.40	27,66,312
September 2014	19.70	13.65	37,10,447	19.75	13.60	1,01,45,291
October 2014	15.40	13.85	6,83,588	15.45	13.90	16,29,772
November 2014	17.70	13.65	23,92,415	17.75	13.65	54,76,543
December 2014	14.05	9.68	21,01,252	14.00	9.60	63,93,758
January 2015	13.30	10.82	10,42,906	13.25	10.80	27,64,682
February 2015	13.75	11.21	21,14,761	13.75	11.30	45,94,590
March 2015	12.99	9.00	12,28,489	12.95	9.00	26,85,992

Source: BSE & NSE website

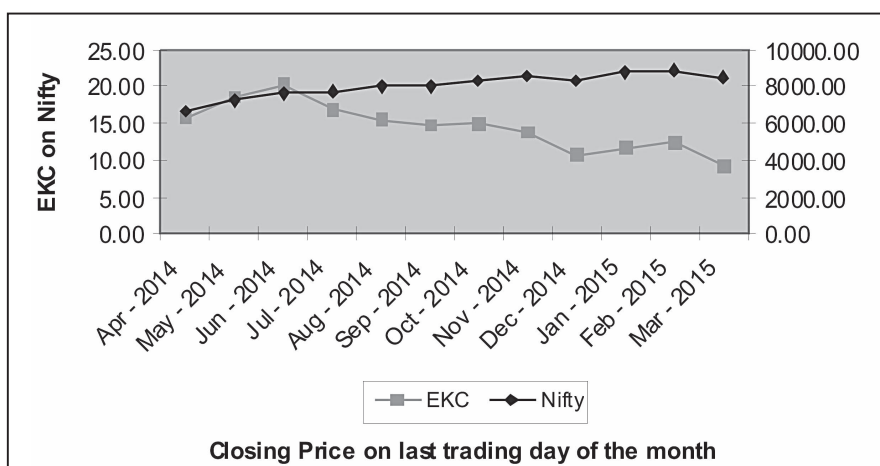
## 7.8 Stock Performance

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](mailto: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 a 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 31st March, 2015**

Category of Shareholders	Number of shares	% of Shareholding
Shareholding of Promoter and Promoter Group	68,652,833	64.07
Mutual Funds	0	0.00
Central Government/state Government(s)	500	0.00
Financial Institutions / Banks	16,212	0.02
Foreign Institutional Investors	3,940,268	3.68
Bodies Corporate	4,918,489	4.59
Individual shareholders holding nominal share capital up to ₹ 1 lakh	24,898,963	23.23
Individual shareholders holding nominal share capital in excess of ₹ 1 lakh	2,686,386	2.51
Clearing Members	817,507	0.76
Non Resident Indians (Repat)	978,462	0.91
Non Resident Indians (Non Repat)	246,462	0.23
Foreign Companies	0	0.00
Other Directors	1,600	0.00
<b>TOTAL</b>	<b>107,157,682</b>	<b>100.00</b>

**7.12 Distribution of Shareholding by Size as on 31st March, 2015**

No. of Shares held	No. of shareholders	% to No. of shareholders	No. of shares	% to No. of shares
1 - 500	37,733	80.46	5,721,279	5.34
501 - 1000	4,400	9.38	3,677,564	3.43
1001 - 2000	2,337	4.98	3,664,993	3.42
2001 - 3000	798	1.70	2,093,800	1.95
3001 - 4000	369	0.79	1,339,570	1.25
4001 - 5000	338	0.72	1,610,151	1.50
5001 - 10000	511	1.09	3,815,749	3.56
10001 and above	410	0.87	85,234,576	79.54
<b>TOTAL</b>	<b>46,896</b>	<b>100.00</b>	<b>107,157,682</b>	<b>100.00</b>

**7.13 Dematerialization of shares as on 31st March, 2015**

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				
CDSL	14,691,641	13.71	17,867	38.10
NSDL	92,464,456	86.29	29,026	61.89
<b>Sub – Total</b>	<b>107,156,097</b>	<b>100</b>	<b>46,893</b>	<b>99.99</b>
Physical Form	1,585	0.00	3	0.01
<b>Total</b>	<b>107,157,682</b>	<b>100.00</b>	<b>46,896</b>	<b>100.00</b>



### 7.14 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

### 7.15 Address for Correspondence

Shareholders' correspondence should be addressed to Company's Registrar & Share Transfer Agent at the address mentioned above. Shareholders may also contact Ms. Bhagyashree Kanekar, Company Secretary, at the Registered Office of the Company for any assistance at: Tel.: 91 22 3026 8300 – 01. Email: investors@ekc.in

### 7.16 Unclaimed Dividends

Section 124 of the Companies Act, 2013, mandates that companies transfer dividend that has been unclaimed for a period of seven years from the unpaid dividend accounts to the Investor Education and Protection Fund (IEPF) set up by Central Government. In accordance with the following schedule, the dividend for the years mentioned below, if remaining 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 (₹)*
2007-08	30th July, 2008	1.20	4th September, 2015	101,466.00
2008-09	28th July, 2009	1.20	2nd September, 2016	107,742.00
2009-10	27th July, 2010	1.20	1st September, 2017	236,418.00
2010-11	30th July, 2011	1.50	4th September, 2018	429,136.50
2011-12	11th August, 2012	0.25	15th September, 2019	113,851.50
2012-13	22nd July, 2013	0.20	2nd September, 2020	137,732.60
2013-14	N.A.	N.A.		

\* Share of paid - up value of ₹. 2 each.

# Amount unclaimed as at 31st March, 2015.

Members who have so far not encashed their dividend warrants are requested to write to the Company/Registrar to claim the same in order 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.

### 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 of Listing Agreements. 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 of Listing Agreements.

### 9. PRACTISING COMPANY SECRETARY'S CERTIFICATE ON CORPORATE GOVERNANCE

Certificate from Practising Company Secretary, M/s. Aashish K. Bhatt & Associates, confirming compliance with the conditions of Corporate Governance as stipulated under Clause 49 of Listing Agreements, 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:

- Financial statements, in particular the investments made by the unlisted subsidiary companies, are reviewed periodically by the Audit Committee of the Company;

- b) All minutes of the meetings of the unlisted subsidiary companies are placed before the Company's Board regularly; and
- c) A statement containing all significant transactions and arrangements entered into by the unlisted subsidiary companies is placed before the Company's Board.

The Company has formulated the Policy on Material Subsidiaries as required under Clause 49 of Listing Agreements. The web link of the policy is: <http://www.everestkanto.com/policies.html>.

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 such 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 the Senior Management and the same is available on the Company's website [www.everestkanto.com](http://www.everestkanto.com).

All Board Members and Senior Management Personnel have affirmed compliance with the Code of Conduct during the financial year 2014-15.

## **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 the 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.

## ANNUAL CERTIFICATIONS

## DECLARATION BY THE CEO UNDER CLAUSE 49 (II) (E) (2) OF THE LISTING AGREEMENTS REGARDING ADHERENCE TO THE CODE OF CONDUCT

In accordance with Clause 49(II)(E)(2) of the Listing Agreements 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, 2015.

For and on behalf of the Board

Mumbai  
August 11, 2015

**P. K. Khurana**  
Chairman & Managing Director  
DIN: 00004050

## DISCLOSURE IN TERMS OF CLAUSE 49 (VIII) (C) (1) OF THE LISTING AGREEMENTS REGARDING PECUNIARY RELATIONSHIP

There are no pecuniary relationships or transactions of the Non-Executive Directors with the Company for the Financial Year ended March 31, 2015 except for Mr. Vyomesh Shah who had a pecuniary relationship with the Company during the financial year 2014-15 by way of Inter Corporate Deposit of ₹ 17.80 Crore (as on March 31, 2015) provided by the Company to Hubtown Ltd, in which he is interested as a Director and a Shareholder.

For and on behalf of the Board

Mumbai  
August 11, 2015

**P. K. Khurana**  
Chairman & Managing Director  
DIN: 00004050

## DISCLOSURE IN TERMS OF CLAUSE 49 (VIII) (E) (2) OF THE LISTING AGREEMENTS REGARDING INTER-SE RELATIONSHIPS BETWEEN DIRECTORS

Mr. P. K. Khurana (Chairman & Managing Director) is the husband of Mrs. Suman Khurana (Additional Director from February 10, 2015 up to August 11, 2015) and the father of Mr. Pushkar Khurana (Non-Executive Director) & Mr. Puneet Khurana (Non-Executive Director). Mrs. Suman Khurana is the wife of Mr. P. K. Khurana and mother of Mr. Pushkar Khurana and Mr. Puneet Khurana. Mr. Pushkar Khurana & Mr. Puneet Khurana are related to each other as brothers. Mr. Mohan Jayakar (Independent Director) is the uncle of Mrs. Uma Acharya (Additional (Independent) Director w.e.f. May 26, 2015).

Except the above, there are no inter-se relationships among the Directors.

For and on behalf of the Board

Mumbai  
August 11, 2015

**P. K. Khurana**  
Chairman & Managing Director  
DIN: 00004050

## CERTIFICATE ON CORPORATE GOVERNANCE

**To the Members,  
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, 2015, as stipulated in Clause 49 of the Listing Agreement 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**  
(ICSI Unique Code S2008MH100200)

Mumbai  
May 26, 2015

**Aashish Bhatt**  
**Proprietor**  
ACS No.: 19639, COP No.: 7023

## INDEPENDENT AUDITORS' REPORT

### To the Members of Everest Kanto Cylinder Limited

#### Report on the Standalone Financial Statements

1. We have audited the accompanying standalone financial statements of Everest Kanto Cylinder Limited ("the Company"), which comprise the Balance Sheet as at 31 March, 2015, the Statement of Profit and Loss and the Cash Flow Statement for the year then ended, and a summary of the significant accounting policies and other explanatory information, in which are incorporated the returns for the year ended on that date audited by the branch auditors of the Company's branch at Dubai.

#### Management's Responsibility for the Standalone Financial Statements

2. The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation of these standalone 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 principles generally accepted in India, including the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014 (as amended). This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act; safeguarding the assets of the Company; preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

#### Auditor's Responsibility

3. Our responsibility is to express an opinion on these standalone financial statements based on our audit.
4. We have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made thereunder.
5. We conducted our audit in accordance with the Standards on Auditing specified under Section 143(10) of the Act. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable

assurance about whether the standalone financial statements are free from material misstatement.

6. An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the financial statements. The procedures selected depend on the auditor's 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 auditor considers internal financial controls relevant to the Company's preparation of the financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on whether the Company has in place an adequate internal financial controls system over financial reporting and the operating effectiveness of such controls. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the Company's Directors, as well as evaluating the overall presentation of the financial statements.
7. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our qualified audit opinion on the standalone financial statements.

#### Basis for Qualified Opinion

8. As stated in clause 18 of Note xxvii to the financial statements, the Company's current investments, as at 31 March, 2015, include an investment amounting to ₹ 6,925.07 Lakh (as at 31 March, 2014 ₹ 6,925.07 Lakh) in its wholly owned subsidiary in China, EKC Industries (Tianjin) Co. Ltd., whose financial statements as at 31 March 2015 indicate significant accumulated losses and net worth being substantially eroded, however, a provision of only ₹ 1,500 Lakh has been recognized in the books for diminution in value of investments. In the absence of sufficient appropriate evidence, we are unable to comment upon the carrying value of this investment and the consequential impact, if any, on the accompanying financial statements.

#### Qualified Opinion

9. In our opinion and to the best of our information and according to the explanations given to us, except for the possible effects of the matter described in the Basis for Qualified Opinion paragraph, the aforesaid standalone financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally



accepted in India, of the state of affairs of the Company as at 31 March, 2015, and its loss and its cash flows for the year ended on that date.

### Report on Other Legal and Regulatory Requirements

10. As required by the Companies (Auditor's Report) Order, 2015 ("the Order") issued by the Central Government of India in terms of Section 143(11) of the Act, we give in the Annexure a statement on the matters specified in paragraphs 3 and 4 of the Order.

11. As required by Section 143(3) of the Act, we report that:

- a. we have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the 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 it appears from our examination of those books and proper returns adequate for the purposes of our audit have been received from the branches not visited by us;
- c. the report on the accounts of the branch office of the Company audited under Section 143(8) of the Act by the branch auditors have been sent to us and have been properly dealt with by us in preparing this report;
- d. the standalone financial statements dealt with by this report are in agreement with the books of account and with the returns received from the branches not visited by us;
- e. except for the possible effects of the matter described in the Basis for Qualified Opinion paragraph, in our opinion, the aforesaid standalone financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014 (as amended);

f. on the basis of the written representations received from the directors as on 31st March, 2015 and taken on record by the Board of Directors, none of the directors is disqualified as on 31st March, 2015 from being appointed as a director in terms of Section 164(2) of the Act;

g. with respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:

- i. as detailed in clause 2 of Note xxvii to the standalone financial statements, the Company has disclosed the impact of pending litigations on its standalone financial position;
- ii. the Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses;
- iii. following are the instances of delays in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Company.

Amount (₹)	Due date	Date of payment
0.66 lakh	08/08/2014	Unpaid

For **Walker Chandiok & Co LLP**  
(formerly Walker, Chandiok & Co)  
Chartered Accountants  
Firm Registration No.: 001076N / N500013

per **Khushroo B. Panthaky**  
Partner  
Membership No.: 42423

Mumbai  
26 May 2015

### Annexure to the Independent Auditor's Report of even date to the members of Everest Kanto Cylinder Limited, on the financial statements for the year ended 31st March, 2015

Based on the audit procedures performed for the purpose of reporting a true and fair view on the financial statements of the Company and taking into consideration the information and explanations given to us and the books of account and other records examined by us in the normal course of audit, we report that:

- (i) (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.
- (b) The fixed assets have been physically verified by the management during the year and no material discrepancies were noticed on such verification. In our opinion, the frequency of verification of the fixed assets is reasonable having regard to the size of the Company and the nature of its assets.
- (ii) (a) The management has conducted physical verification of inventory at reasonable intervals during the year.
- (b) 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) The Company is maintaining proper records of inventory and no material discrepancies between

physical inventory and book records were noticed on physical verification.

- (iii) The Company has granted secured loan to a company covered in the register maintained under Section 189 of the Act; and with respect to the same:
- the principal amount is not due for repayment currently however, the receipt of the interest is not regular.
  - there is no overdue amount in respect of the principal amount of the loan granted exceeding ₹ one lakh. Reasonable steps have been taken by the Company for the recovery of the overdue interest exceeding ₹ one lakh.
- (iv) In our opinion, 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. During the course of our audit, no major weakness has been noticed in the internal control system in respect of these areas.
- (v) The Company has not accepted any deposits within the meaning of Sections 73 to 76 of the Act and the Companies (Acceptance of Deposits) Rules, 2014 (as amended). Accordingly, the provisions of clause 3(v) of the Order are not applicable.
- (vi) We have broadly reviewed the books of account maintained by the Company pursuant to the Rules made by the Central Government for the maintenance of cost records under sub-section (1) of Section 148 of the Act in respect of Company's products/services and are of the opinion that, prima facie, the prescribed accounts and records have been made and maintained. However, we have not made a detailed examination of the cost records with a view to determine whether they are accurate or complete.
- (vii) (a) Undisputed statutory dues including provident fund, employees' state insurance, income-tax, sales-tax, wealth tax, service tax, duty of customs, duty of excise, value added tax, cess and other material statutory dues, as applicable, have generally been regularly deposited with the appropriate authorities, though there has been a slight delay in a few cases. Further, no undisputed amounts payable in respect thereof were outstanding at the year-end for a period of more than six months from the date they became payable.
- (b) The dues outstanding in respect of income-tax, sales-tax, wealth tax, service tax, duty of customs, duty of excise, value added tax and cess on account of any dispute, are as follows:

Name of Statute	Nature of Dues	Amount (₹ in Lakh)	Amount Paid Under Protest (₹ in Lakh)	Period to which the amount relates (Assessment Year)	Forum where dispute is pending
Central Sales Tax Act, 1956	Central Sales Tax	12.82	-	F.Y. 2000-01	Sales Tax Tribunal
		141.54	43.08	F.Y. 2005-06	Joint Commissioner of Sales Tax (Appeals)
		99.52	17.18	F.Y. 2008-09	Joint Commissioner of Sales Tax (Appeals)
	Sales Tax (Lease Tax)	21.05	7.36	F.Y. 1993-94 F.Y. 1994-95 F.Y. 1995-96 F.Y. 1996-97 F.Y. 1997-98	Maharashtra Sales Tax Tribunal
Bombay Sales Tax Act, 1959	Bombay Sales Tax	26.11	-	F.Y. 2000-01	Sales Tax Tribunal
The Income Tax Act, 1961	Income Tax	91.65	-	A.Y. 2009-10	Income Tax Appellate Tribunal
		714.65	-	A.Y. 2010-11	Income Tax Appellate Tribunal
The Gujarat Value Added Tax Act, 2003	Commercial Tax	14.99	7.84	F.Y. 2009-10	Joint Commissioner of Commercial Tax (Appeals)
Maharashtra Value Added Tax Act, 2002	Value Added Tax	147.43	-	F.Y. 2008-09	Joint Commissioner of Sales Tax (Appeals)
		18.95	-	F.Y. 2005-06	Joint Commissioner of Sales Tax (Appeals)

- (c) The Company has not transferred the amount required to be transferred to the Investor Education and Protection Fund in accordance with the relevant provisions of the Companies Act, 1956 (1 of 1956) and rules made thereunder.
- (viii) In our opinion, the Company's accumulated losses at the end of the financial year are more than fifty percent of its net worth. The Company has incurred cash losses in the current and the immediately preceding financial year.
- (ix) There are no dues payable to financial institutions or debenture-holders. The Company has defaulted in repayment of dues to the following banks:

Name of the bank	Amount (₹ in Lakh)	Due date	Delay in days
Yes Bank	14.38	09-January-2015	53
Yes Bank	16.86	01-June-2014	3
	65.82	01-June-2014	6
	39.90	01-June-2014	9
	41.73	01-June-2014	11
	34.36	01-July-2014	9
	19.52	01-July-2014	14
	29.83	01-July-2014	16
	34.57	01-July-2014	24
	19.94	01-July-2014	30
	49.74	01-July-2014	30
	34.97	01-July-2014	31
	42.77	01-July-2014	35
	97.22	01-August-2014	27
	49.93	01-August-2014	28
	39.79	01-August-2014	32
	66.66	01-August-2014	61
	20.96	01-August-2014	61
	23.34	01-September-2014	60
	251.21	01- September-2014	61
	265.70	01-October-2014	88
	40.86	01-November-2014	83
	229.33	01-November-2014	89
	4.37	01-November-2014	90
	265.70	01-December-2014	60
	25.37	01-January-2015	42
	29.28	01-January-2015	49
	39.28	01-January-2015	57
	180.62	01-January-2015	61
	94.11	01-February-2015	55
	180.45	01-February-2015	59
	94.86	01-March-2015	55
	153.12	01-March-2015	60
	8.55	01-July-2014	24
	8.83	01-August-2014	61
	8.83	01-September-2014	61
	8.55	01-October-2014	88
	8.83	01-November-2014	90
	8.55	01-December-2014	60
	8.83	01-January-2015	61
	8.83	01-February-2015	59
	7.98	01-March-2015	60
	6.14	01-July-2014	24
	6.35	01-August-2014	61
	6.35	01-September-2014	61
	6.14	01-October-2014	88
	6.35	01-November-2014	90
	6.14	01-December-2014	60
	6.35	01-January-2015	61

Name of the bank	Amount (₹ in Lakh)	Due date	Delay in days
	6.35	01-February-2015	59
	5.59	01-March-2015	60
Exim Bank	22.40	19-June-2014	34
	51.13	30-September-2014	29
	17.43	02-January-2015	5
	30.26	02-January-2015	5

- (x) In our opinion, the terms and conditions on which the Company has given guarantee for loans taken by others from banks or financial institutions are not, prima facie, prejudicial to the interest of the Company.
- (xi) In our opinion, the Company has applied the term loans for the purpose for which these loans were obtained.
- (xii) No fraud on or by the Company has been noticed or reported during the period covered by our audit.

**For Walker Chandiok & Co LLP**  
(formerly Walker, Chandiok & Co)  
Chartered Accountants  
Firm Registration No.: 001076N / N500013

per **Khushroo B. Panthaky**  
Partner  
Membership No.: 42423

Mumbai  
26 May 2015

**BALANCE SHEET AS AT 31<sup>ST</sup> MARCH, 2015**

	Note No.	As at 31st March, 2015 (₹ in Lakh)	As at 31st March, 2014 (₹ in Lakh)
<b>I. EQUITY AND LIABILITIES</b>			
<b>1 Shareholders' Funds</b>			
(a) Share Capital	(i)	2,143.15	2,143.15
(b) Reserves and Surplus	(ii)	16,208.82	26,222.79
		<u>18,351.97</u>	<u>28,365.94</u>
<b>2 Non-Current Liabilities</b>			
(a) Long-Term Borrowings	(iii)	28,613.92	27,087.61
(b) Deferred Tax Liabilities / Assets (Net)	(iv)	-	-
(c) Other Long-Term Liabilities	(v)	28.84	24.00
(d) Long-Term Provisions	(vi)	70.99	72.61
		<u>28,713.75</u>	<u>27,184.22</u>
<b>3 Current Liabilities</b>			
(a) Short-Term Borrowings	(vii)	10,597.70	8,626.39
(b) Trade Payables (Refer Clause No. 3 of Note xxvii)		6,512.23	5,877.19
(c) Other Current Liabilities	(viii)	5,712.99	8,609.46
(d) Short-Term Provisions	(ix)	17.81	20.31
		<u>22,840.73</u>	<u>23,133.35</u>
<b>TOTAL</b>		<u>69,906.45</u>	<u>78,683.51</u>
<b>II. ASSETS</b>			
<b>1 Non-Current Assets</b>			
(a) Fixed Assets	(x)		
(i) Tangible Assets		26,879.49	29,814.44
(ii) Intangible Assets		58.36	85.81
(iii) Capital Work-in-Progress		2,342.90	2,546.29
		<u>29,280.75</u>	<u>32,446.54</u>
(b) Non-Current Investments	(xi)	3,666.11	4,097.83
(c) Long-Term Loans and Advances	(xii)	1,515.08	2,305.65
(d) Other Non-Current Assets	(xiii)	350.00	514.83
		<u>5,531.19</u>	<u>6,918.31</u>
<b>2 Current Assets</b>			
(a) Current Investments	(xiv)	5,427.54	6,927.39
(b) Inventories	(xv)	14,396.74	16,449.65
(c) Trade Receivables	(xvi)	5,267.56	4,422.93
(d) Cash and Bank Balances	(xvii)	358.91	1,309.48
(e) Short-Term Loans and Advances	(xviii)	5,203.63	8,369.61
(f) Other Current Assets	(xix)	4,440.13	1,839.60
		<u>35,094.51</u>	<u>39,318.66</u>
<b>TOTAL</b>		<u>69,906.45</u>	<u>78,683.51</u>
Significant Accounting Policies and Explanatory Information	(xxvii)		

**As per our report of even date attached**

For **Walker Chandiok & Co LLP**  
(formerly Walker, Chandiok & Co)  
Chartered Accountants

**Khushroo B. Panthaky**  
Partner

Place : Mumbai  
Date : 26<sup>th</sup> May, 2015

**Vipin Chandok**  
Chief Financial Officer

**For and on behalf of the Board**

**P. K. Khurana**  
Chairman & Managing Director  
**Puneet Khurana**  
Director



STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31<sup>ST</sup> MARCH, 2015

	Note No.	Year Ended 31st March, 2015 (₹ in Lakh)	Year Ended 31st March, 2014 (₹ in Lakh)
<b>I. Revenue from Operations</b>	(xx)	<b>18,019.21</b>	20,434.83
<b>II. Other Income</b>	(xxi)	<b>1,133.78</b>	1,307.26
<b>III. Total Revenue (I + II)</b>		<b>19,152.99</b>	21,742.09
<b>IV. Expenses:</b>			
Cost of Materials Consumed	(xxii)	<b>12,635.85</b>	13,960.05
Purchases of Stock-in-Trade		<b>71.36</b>	805.76
Changes in Inventories of Finished Goods, Work-in-Progress and Stock-in-Trade	(xxiii)	<b>658.84</b>	315.38
Employee Benefits Expense	(xxiv)	<b>1,611.87</b>	1,833.01
Finance Costs	(xxv)	<b>5,010.54</b>	4,855.59
Depreciation / Amortization Expense	(x)	<b>1,715.10</b>	2,241.81
Other Expenses	(xxvi)	<b>5,148.33</b>	6,544.93
Own Goods Capitalised		<b>(12.60)</b>	-
<b>Total Expenses (Excluding Foreign Exchange Variation)</b>		<b>26,839.29</b>	30,556.53
<b>V. (Loss) before Foreign Exchange Variation and Tax</b>		<b>(7,686.30)</b>	(8,814.44)
<b>VI. Foreign Exchange Variation Loss (Net)</b>		<b>248.32</b>	18.78
<b>VII. (Loss) from ordinary activities after foreign exchange variation loss, but before exceptional items (V - VI)</b>		<b>(7,934.62)</b>	(8,833.22)
<b>VIII. Exceptional Items (Refer Clause No. 17 and 18 of Note xxvii)</b>		<b>1,980.00</b>	-
<b>IX (Loss) before Tax (VII - VIII)</b>		<b>(9,914.62)</b>	(8,833.22)
<b>X. Tax Expense :</b>			
(1) Current Tax		-	-
(2) Deferred Tax		-	-
<b>XI. (Loss) for the Year before Tax Adjustments for Earlier Years (IX-X)</b>		<b>(9,914.62)</b>	(8,833.22)
<b>XII. Tax Adjustments for Earlier Years (Net)</b>		<b>(1.53)</b>	-
<b>XIII. Net (Loss) for the Year</b>		<b>(9,913.09)</b>	(8,833.22)
<b>XIV. Earnings per Equity Share (Refer Clause No. 9 of Note xxvii):</b>			
(1) Basic		<b>(9.25)</b>	(8.24)
(2) Diluted		<b>(9.25)</b>	(8.24)
Significant Accounting Policies and Explanatory Information	(xxvii)		

## As per our report of even date attached

For **Walker Chandiok & Co LLP**  
(formerly Walker, Chandiok & Co)  
Chartered Accountants

**Khushroo B. Panthaky**  
Partner

Place : Mumbai  
Date : 26<sup>th</sup> May, 2015

**Vipin Chandok**  
Chief Financial Officer

## For and on behalf of the Board

**P. K. Khurana**  
Chairman & Managing Director

**Puneet Khurana**  
Director

**NOTES FORMING PART OF BALANCE SHEET AS AT 31<sup>ST</sup> MARCH, 2015**

	As at 31st March, 2015 (₹ in Lakh)	As at 31st March, 2014 (₹ in Lakh)
<b>(i) Share Capital</b>		
<b>Authorised</b>		
125,000,000 (PY:125,000,000) Equity Shares of ₹ 2 each	<u>2,500.00</u>	<u>2,500.00</u>
<b>Issued</b>		
107,157,682 (PY:107,157,682) Equity Shares of ₹ 2 each	<u>2,143.15</u>	<u>2,143.15</u>
<b>Subscribed &amp; Fully Paid up</b>		
107,157,682 (PY:107,157,682) Equity Shares of ₹ 2 each fully paid up	<u>2,143.15</u>	<u>2,143.15</u>
<b>TOTAL</b>	<u><b>2,143.15</b></u>	<u><b>2,143.15</b></u>

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

Equity Shares	As at 31st March, 2015		As at 31st March, 2014	
	Number of Shares	(₹ in Lakh)	Number of Shares	(₹ in Lakh)
Shares outstanding at the beginning of the year	<b>107,157,682</b>	<b>2,143.15</b>	107,157,682	2,143.15
Shares outstanding at the end of the year	<b>107,157,682</b>	<b>2,143.15</b>	107,157,682	2,143.15

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

The Company has only one class of Equity Shares having a par value of ₹ 2/- per Share. Each Shareholder is eligible for one vote per share held. 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	As at 31st March, 2015		As at 31st March, 2014	
	Number of Shares Held	Percentage of Shares Held (%)	Number of Shares Held	Percentage of Shares Held (%)
Khurana Gases Private Limited (Promoter)	15,052,203	14.05	15,052,203	14.05
Suman Khurana (Promoter)	15,230,691	14.21	15,044,991	14.04
P. K. Khurana (Promoter)	12,218,000	11.40	12,218,000	11.40
Pushkar Prem Kumar Khurana (Promoter)	5,844,492	5.45	5,844,492	5.45
Puneet Prem Kumar Khurana (Promoter)	6,374,447	5.95	5,775,411	5.39

**(ii) Reserves and Surplus**  
**Particulars**

	As at 31st March, 2015 (₹ in Lakh)	As at 31st March, 2014 (₹ in Lakh)
<b>a. Capital Reserves</b>	<b>1,015.22</b>	<b>1,015.22</b>
<b>b. Securities Premium Account</b>		
Opening Balance	<u>24,082.64</u>	<u>24,082.64</u>
Closing Balance	<u>24,082.64</u>	<u>24,082.64</u>
<b>c. General Reserves</b>		
Opening Balance	<u>7,491.00</u>	<u>7,491.00</u>
(+) Transfer from Surplus in Statement of Profit & Loss	<u>-</u>	<u>-</u>
Closing Balance	<u><b>7,491.00</b></u>	<u><b>7,491.00</b></u>

NOTES FORMING PART OF BALANCE SHEET AS AT 31<sup>ST</sup> MARCH, 2015

	As at 31st March, 2015 (₹ in Lakh)	As at 31st March, 2014 (₹ in Lakh)
<b>d. Surplus/(Deficit) - in Statement of Profit and Loss</b>		
Opening Balance	(6,366.07)	2,467.15
Net (Loss) For the Year	(9,913.09)	(8,833.22)
Transitional adjustment on account of Schedule II to Companies Act, 2013*	(100.88)	-
Closing Balance	<u>(16,380.82)</u>	<u>(6,366.07)</u>
<b>Total</b>	<u><b>16,208.82</b></u>	<u><b>26,222.79</b></u>
* Represents the written down value of the fixed assets (net of residual value), which have no balance useful life in accordance with Schedule II to Companies Act, 2013 as at 1 April, 2014. These balances have been adjusted against the opening balance of Retained Earnings.		
<b>(iii) Long-Term Borrowings</b>		
<b><u>Secured</u></b>		
<b>Term Loans</b>		
- From Banks	24,321.41	25,585.75
- Foreign Currency Loan From Bank	3,129.54	-
[Refer Clause No. 1(a) and 1(e) of Note xxvii]		
	<u>27,450.95</u>	<u>25,585.75</u>
<b><u>Unsecured</u></b>		
<b>Term loans</b>		
- Sales Tax Deferment Loan	1,162.97	1,501.86
[Refer Clause No. 1(c) of Note xxvii]		
	<u>1,162.97</u>	<u>1,501.86</u>
<b>Total</b>	<u><b>28,613.92</b></u>	<u><b>27,087.61</b></u>
<b>(iv) Deferred Tax Liabilities / Assets (Net)</b>		
Deferred Tax Liability on account of:		
- Depreciation	3,490.20	3,287.99
Deferred Tax Assets on account of:		
- Taxes, Duties on Inventories	318.19	310.70
- Share/FCCB Issue Expenses	-	1.56
- Employee Benefits	29.81	3.24
- Provision for Doubtful Debts and Advances	202.34	44.14
- Unabsorbed Depreciation and Business Loss as per Tax Laws*	<u>2,939.86</u>	<u>2,928.35</u>
	<u><b>3,490.20</b></u>	<u><b>3,287.99</b></u>
Net Deferred Tax Liabilities / Assets	-	-
*Limited to the amount of Deferred Tax Liabilities less other Deferred Tax Assets, on the grounds of prudence.		

**NOTES FORMING PART OF BALANCE SHEET AS AT 31<sup>ST</sup> MARCH, 2015**

	As at 31st March, 2015 (₹ in Lakh)	As at 31st March, 2014 (₹ in Lakh)
<b>(v) Other Long-Term Liabilities</b>		
Deposits	28.84	24.00
<b>Total</b>	<b>28.84</b>	<b>24.00</b>
<b>(vi) Long-Term Provisions</b>		
Provision for Employee Benefits		
- Compensated Absences	64.09	66.79
- Gratuity (Funded) (Net) [Refer Clause No. 14 of Note xxvii]	6.90	5.82
<b>Total</b>	<b>70.99</b>	<b>72.61</b>
<b>(vii) Short-Term Borrowings</b>		
<b><u>Secured</u></b>		
<b>Working Capital facilities from Banks</b> [Refer Clause No.1(b) of Note xxvii]		
- Repayable on Demand	-	915.00
- Others	9,949.45	7,070.39
	<b>9,949.45</b>	<b>7,985.39</b>
<b><u>Unsecured</u></b>		
Loans from Related Parties	648.25	641.00
	<b>648.25</b>	<b>641.00</b>
<b>Total</b>	<b>10,597.70</b>	<b>8,626.39</b>
<b>(viii) Other Current Liabilities</b>		
(a) Current Maturities of Long-Term Borrowings		
- Term Loan from Bank [Refer Clause No.1(a)(ii) of Note xxvii]	1,906.01	656.04
- Foreign Currency Loan From Bank [Refer Clause No. 1(a)(i) of Note xxvii]	-	3,004.99
- Sales Tax Deferment Loan [Refer Clause No.1 (c ) of Note xxvii]	359.09	311.24
(b) Interest Accrued but not due on Borrowings	429.81	325.28
(c) Interest Accrued and due on Borrowings	292.93	31.84
(d) Unclaimed Dividends	11.76	11.77
(e) Advances from Customers	1,542.77	3,053.77
(f) Deposits	39.23	33.99
(g) Other Liabilities	1,131.39	1,180.54
<b>Total</b>	<b>5,712.99</b>	<b>8,609.46</b>
<b>(ix) Short-Term Provisions</b>		
<b>(a) Provision for Employee Benefits</b>		
- Compensated Absences	17.81	20.31
<b>Total</b>	<b>17.81</b>	<b>20.31</b>



NOTES FORMING PART OF BALANCE SHEET AS AT 31<sup>ST</sup> MARCH, 2015

(₹ in Lakh)

(x) Fixed Assets

Particulars	Gross Block			Depreciation / Amortization					Net Block	
	Balance as at 1st April, 2014	Additions	Disposals/ Assets held for Disposal**	Balance as at 31st March, 2015	Balance as at 1st April, 2014	Depreciation / Amortisation charge for the year	On Disposals / Assets held for Disposal**	Adjustments*	Balance as at 31st March, 2015	Balance as at 31st March, 2014
<b>A. Tangible Assets</b>										
Freehold Land	511.58	-	223.25	288.33	-	-	-	-	288.33	511.58
Leasehold Land #	266.97	-	-	266.97	161.28	1.33	-	-	104.36	105.69
Buildings ##	10,350.09	284.94	1,259.25	9,375.78	2,217.67	253.77	23.57	0.06	6,927.85	8,132.42
Plant & Equipment	32,259.07	1.99	-	32,261.06	13,495.37	1,030.37	-	-	17,735.32	18,763.70
Furniture & Fixtures	280.38	-	-	280.38	161.53	30.40	-	1.02	87.43	118.85
Vehicles	114.90	-	45.65	69.25	64.53	10.71	40.95	6.76	28.20	50.37
Office equipment	178.95	12.88	-	191.83	57.60	28.26	-	58.11	47.86	121.35
Computers	776.91	2.19	-	779.10	346.60	104.60	-	20.08	307.82	430.31
Gas Cylinders	13.29	-	-	13.29	12.59	0.03	-	-	0.67	0.70
Gas Cylinders given on Lease	690.00	14.16	-	704.16	329.34	15.23	-	-	359.59	360.66
Electrical Installation	1,612.87	1.05	-	1,613.92	394.06	212.95	-	14.85	992.06	1,218.81
<b>Total (a)</b>	47,055.01	317.21	1,528.15	45,844.07	17,240.57	1,687.65	64.52	100.88	26,879.49	29,814.44
<b>Previous Year Total (a)</b>	45,710.69	1,408.59	64.27	47,055.01	15,098.41	2,192.86	50.70	-	29,814.44	-
<b>B. Intangible Assets</b>										
Computer Software	244.75	-	-	244.75	158.94	27.45	-	-	58.36	85.81
<b>Total (b)</b>	244.75	-	-	244.75	158.94	27.45	-	-	58.36	85.81
<b>Previous Year Total (b)</b>	244.75	-	-	244.75	109.99	48.95	-	-	85.81	-
<b>Total (a+b)</b>	47,299.76	317.21	1,528.15	46,088.82	17,399.51	1,715.10	64.52	100.88	26,937.85	29,900.25
<b>Previous Year Total</b>	45,955.44	1,408.59	64.27	47,299.76	15,208.40	2,241.81	50.70	-	29,900.25	-
<b>C. Capital Work In Progress</b>									2,342.90	2,546.29

**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 step down subsidiary from bank is secured by way of first charge on the movable fixed assets at Kandla unit to the extent of the loan amount.

\* Represents the written down value of the fixed assets (net of residual value), which have no balance useful life in accordance with Schedule II to Companies Act, 2013 as at 1 April, 2014. These balances have been adjusted against the opening balance of Retained Earnings.

\*\* Also refer Clause No. 19 of Note xxvii.

**NOTES FORMING PART OF BALANCE SHEET AS AT 31<sup>ST</sup> MARCH, 2015**

	As at 31st March, 2015 (₹ in Lakh)	As at 31st March, 2014 (₹ in Lakh)
<b>(xi) Non-Current Investments</b> (At Cost / Book Value, Unquoted)		
<b>A. Trade Investments (Refer (a) below)</b>		
Investment in Equity Instruments	4,052.88	4,052.88
Less: Provision for diminution in the value of Investments [Refer Clause No.17 of Note xxvii]	(431.72)	-
<b>Total (A)</b>	<b>3,621.16</b>	<b>4,052.88</b>
<b>B. Other Investments (Refer (b) below)</b>		
Investment in Equity Instruments	244.95	244.95
Less: Provision for diminution in the value of Investments [Refer Clause No.16 of Note xxvii]	(200.00)	(200.00)
<b>Total (B)</b>	<b>44.95</b>	<b>44.95</b>
<b>Total</b>	<b>3,666.11</b>	<b>4,097.83</b>

**(a) Details of Trade Investments**

Sr. No.	Name of the Body Corporate	Subsidiary/ Associate/JV/ Controlled Special Purpose Entity/ Others	Face Value	Number of Shares / Units		Partly Paid / Fully paid	Extent of Holding (%)		Amount (₹ in Lakh)		Whether stated at Cost Yes/No	If Answer to Column (12) is 'No' - Basis of Valuation
				2015	2014		2015	2014	2015	2014		
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)	(13)
	Investment in Equity Instruments											
i	EKC International FZE	Subsidiary Company	AED 1,000,000	1	1	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	Fully Paid	100.00	100.00	1,993.27	1,993.27	Yes	NA
ii	Calcutta Compressions & Liquefaction Engineering Ltd. (Refer Clause No. 17 of Note xxvii)	Subsidiary Company	INR 10	1,606,950	1,606,950	Fully Paid	72.65	72.65	238.88	238.88	No	Fully provided for Diminution in Value during FY2014-15
			INR 10	3,214,000	3,214,000	Partly Paid (₹ 6/- each) (P.Y. ₹ 6/- each)			192.84	192.84		
iii	EKC Industries (Thailand) Co. Ltd.	Subsidiary Company	THB 1000	100,000	100,000	Fully Paid	100.00	100.00	1,503.77	1,503.77	Yes	NA
	<b>Total</b>								<b>4,052.88</b>	<b>4,052.88</b>		

**(b) Details of Other Investments**

Sr. No.	Name of the Body Corporate	Subsidiary/ Associate/JV/ Controlled Special Purpose Entity/ Others	Face Value	Number of Shares / Units		Partly Paid / Fully paid	Extent of Holding (%)		Amount (₹ in Lakh)		Whether stated at Cost Yes/No	If Answer to Column (12) is 'No' - Basis of Valuation
				2015	2014		2015	2014	2015	2014		
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)	(13)
	Investment in Equity Instruments											
i	Everest Kanto Investment & Finance Pvt. Ltd.	Others	INR 10	115,000	115,000	Fully Paid	9.58	9.58	39.10	39.10	Yes	NA
ii	GPT Steel Industries Pvt. Ltd. (Refer Clause No. 16 of Note xxvii)	Others	INR 10	2,000,000	2,000,000	Fully Paid	0.79	0.79	200.00	200.00	No	Fully provided for Diminution in Value
iii	Tarapur Environment Protection Society	Others	INR 100	5,852	5,852	Fully Paid	-	-	5.85	5.85	Yes	NA
	<b>Total</b>								<b>244.95</b>	<b>244.95</b>		

NOTES FORMING PART OF BALANCE SHEET AS AT 31<sup>ST</sup> MARCH, 2015

	As at 31st March, 2015 (₹ in Lakh)	As at 31st March, 2014 (₹ in Lakh)
<b>(xii) Long-Term Loans and Advances</b>		
<b>a. Capital Advances</b>		
Unsecured, considered good	85.71	106.95
<b>b. Security Deposits</b>		
Unsecured, considered good	575.44	818.29
Unsecured, considered doubtful	254.00	-
Less: Provision for doubtful deposits	(254.00)	-
	575.44	818.29
<b>c. Advance Tax and Tax Deducted at Source</b> [Net of Provisions ₹ 3,340.67 Lakh (Previous Year ₹ 3,342.21 Lakh)]	853.93	797.68
<b>d. Other Loans and Advances</b>		
Unsecured, considered good	-	582.73
- Related Parties	-	-
<b>Total</b>	<b>1,515.08</b>	<b>2,305.65</b>
<b>(xiii) Other Non-Current Assets</b>		
Deposits Maturing Over 12 months*	350.00	28.65
<b>Other Receivables from Related Parties</b>		
- Unsecured, considered good	-	486.18
<b>Total</b>	<b>350.00</b>	<b>514.83</b>
* Margin against Bank Guarantees and Letter of Credit facilities availed from bank.		
<b>(xiv) Current Investments</b>		
(Unquoted, At lower of Cost & Fair Value)		
Investment in Equity Instruments of a Subsidiary (Trade)	6,925.07	6,925.07
Less : Provision for diminution in the value of Investments	1,500.00	-
<b>Total</b>	<b>5,425.07</b>	<b>6,925.07</b>
Investments in Mutual Funds (Non-Trade)	2.47	2.32
<b>Total</b>	<b>5,427.54</b>	<b>6,927.39</b>

**(a) Details of Current Investments**

	Number of Shares / Units		Amount (₹ In Lakh)	
	31st March, 2015	31st March, 2014	31st March, 2015	31st March, 2014
<b>Investment in Equity Instruments of a Subsidiary</b>				
- EKC Industries (Tianjin) Co. Ltd. [Refer Clause No.18 of Note xxvii]	16,670,000	16,670,000	6,925.07	6,925.07
<b>Investments in Mutual Funds</b>				
- LIC Liquid Fund-Dividend Plan	135.38	127.40	1.49	1.40
- UTI Liquid Fund-Cash Plan Institutional-Daily Income	96.37	90.66	0.98	0.92
<b>Total</b>			<b>6,927.54</b>	<b>6,927.39</b>

**(xv) Inventories**

(Valued at Lower of Cost and Net Realisable Value)

a. Raw Materials and Components	6,678.25	8,046.74
b. Work-in-Progress	5,678.11	6,178.90
c. Finished Goods	2,001.21	2,159.04
d. Stock-in-Trade	-	10.78
e. Stores and Spares	39.17	54.19
<b>Total</b>	<b>14,396.74</b>	<b>16,449.65</b>

**NOTES FORMING PART OF BALANCE SHEET AS AT 31<sup>ST</sup> MARCH, 2015**

	As at 31st March, 2015 (₹ in Lakh)	As at 31st March, 2014 (₹ in Lakh)
<b>(xvi) Trade Receivables</b>		
Trade receivables outstanding for a period exceeding six months from the date they became due		
Unsecured, considered good	615.29	680.66
Unsecured, considered doubtful	321.37	136.05
Less: Provision for doubtful debts	<u>(321.37)</u>	<u>(136.05)</u>
	615.29	680.66
Others		
Unsecured, considered good	4,652.27	3,742.27
[Includes ₹ 921.32 Lakh due from Subsidiaries (Previous Year ₹ 239.43 Lakh)]		
<b>Total</b>	<u><b>5,267.56</b></u>	<u><b>4,422.93</b></u>
<b>(xvii) Cash and Bank Balances</b>		
<b>Cash and Cash Equivalents:</b>		
a. Cash on Hand*	39.80	40.50
b. Balances with Banks		
Current Accounts*	<u>37.14</u>	<u>434.37</u>
	76.94	474.87
<b>Other Bank Balances:</b>		
a. Security against Guarantees	99.57	659.17
b. Bank Deposits with more than 3 months, but less than 1 year maturity	170.64	163.67
c. Earmarked Balances - Unpaid Dividend Accounts	<u>11.76</u>	<u>11.77</u>
	281.97	834.61
<b>Total</b>	<u><b>358.91</b></u>	<u><b>1,309.48</b></u>
*There are no repatriation restrictions, in respect of Cash and Bank Balances.		
<b>(xviii) Short-Term Loans and Advances</b>		
<b>a. Loans and Advances to Related Parties</b>		
Unsecured, considered good	2,580.78	5,558.82
Unsecured, considered doubtful	48.28	-
Less: Provision for doubtful loans and advances	<u>(48.28)</u>	<u>-</u>
	2,580.78	5,558.82
<b>b. Advances Recoverable in Cash or Kind or for Value to be Received</b>		
- Balance with Central Excise	536.28	293.47
- Advances paid to Suppliers	346.97	789.83
[Includes ₹ 119.24 Lakh due from Subsidiaries (Previous Year ₹ 444.18 Lakh)]		
- Prepaid expenses	72.92	80.12
<b>c. Inter Corporate Deposit*</b>	1,447.78	1,447.78
<b>d. Other Loans and Advances</b>	<u>218.90</u>	<u>199.59</u>
<b>Total</b>	<u><b>5,203.63</b></u>	<u><b>8,369.61</b></u>
*The Inter Corporate Deposit is secured as at March 31, 2015.		
<b>(xix) Other Current Assets</b>		
<b>a. Current Deposits</b>		
Unsecured, considered good	24.56	34.45
[Includes ₹ 10.00 Lakh (Previous Year ₹ 20.00 Lakh), a Security Deposit to a private company in which directors are directors / members]		
<b>b. Interest Receivable:</b>		
from Banks	27.68	25.67
from Subsidiaries	2,399.28	1,585.66
from Others	357.34	106.01
<b>c. Assets held for disposal</b> [Refer Clause No.19 of Note xxvii]	1,458.93	-
<b>d. Other Receivables</b> [Includes ₹ 104.59 Lakh due from Subsidiaries (Previous Year ₹ Nil)]	<u>172.34</u>	<u>87.81</u>
<b>Total</b>	<u><b>4,440.13</b></u>	<u><b>1,839.60</b></u>



NOTES FORMING PART OF STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31<sup>ST</sup> MARCH, 2015

	Year Ended 31st March, 2015 (₹ in Lakh)	Year Ended 31st March, 2014 (₹ in Lakh)
<b>(xx) Revenue from Operations</b>		
<b>Sale of Products:</b>		
- Manufactured Goods	19,637.63	21,250.76
- Traded Goods	82.97	886.89
Less:		
Excise Duty	2,015.28	2,126.27
	<u>17,705.32</u>	<u>20,011.38</u>
<b>Other Operating Revenues:</b>		
- Scrap Sales	221.83	363.91
- Testing and Inspection Fees Received	46.42	29.40
- Others	45.64	30.14
<b>Total</b>	<u>18,019.21</u>	<u>20,434.83</u>
<b>(xxi) Other Income</b>		
Interest:		
- On Loans / Inter Corporate Deposits	687.07	804.14
- On Fixed Deposits	66.37	36.21
- Others	29.15	43.64
Dividend on Current Investments (Non-Trade)	0.15	0.15
Other Non-Operating Income (Net):		
- Commission	53.15	64.47
- Excess Provision Written Back	33.72	91.64
- Lease Rent	195.18	193.44
- Miscellaneous Income	68.99	73.57
<b>Total</b>	<u>1,133.78</u>	<u>1,307.26</u>
<b>(xxii) Cost of Materials Consumed</b>		
Opening Stock	8,046.74	9,076.62
Add: Purchases	11,267.36	12,930.17
	<u>19,314.10</u>	<u>22,006.79</u>
Less: Closing Stock	6,678.25	8,046.74
<b>Total</b>	<u>12,635.85</u>	<u>13,960.05</u>
<b>(xxiii) Changes in Inventories of Finished Goods, Work-in-Progress and Stock-in-Trade</b>		
<b>Opening Stocks :</b>		
- Finished Goods	2,159.04	1,579.30
- Work in Progress	6,178.90	6,978.61
- Stock in Trade	10.78	3.48
	(A) <u>8,348.72</u>	<u>8,561.39</u>
<b>Closing Stocks :</b>		
- Finished Goods	2,001.21	2,159.04
- Work in Progress	5,678.11	6,178.90
- Stock in Trade	-	10.78
	(B) <u>7,679.32</u>	<u>8,348.72</u>
	(A-B) <u>669.40</u>	<u>212.67</u>
Add/(Less) : Variation in Excise Duty on Finished Goods Stocks	(10.56)	102.71
<b>Total</b>	<u>658.84</u>	<u>315.38</u>

**NOTES FORMING PART OF STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31<sup>ST</sup> MARCH, 2015**

	Year Ended 31st March, 2015 (₹ in Lakh)	Year Ended 31st March, 2014 (₹ in Lakh)
<b>(xxiv) Employee Benefits Expense</b>		
Salaries, Wages and Other Benefits [Refer Clause No.14 of Note xxvii]	1,486.13	1,685.01
Contributions to -		
- Provident Fund and Other Funds	78.08	86.32
- Superannuation Scheme	-	0.92
Staff Welfare Expenses	47.66	60.76
<b>Total</b>	<b>1,611.87</b>	<b>1,833.01</b>
<b>(xxv) Finance Costs</b>		
Interest Expense:		
- On Borrowings	4,744.27	4,400.14
- Others	6.30	3.83
Other Borrowing Costs	76.99	29.14
Applicable Net Loss on Foreign Currency Fluctuations and Translations	182.98	422.48
<b>Total</b>	<b>5,010.54</b>	<b>4,855.59</b>
<b>(xxvi) Other Expenses</b>		
Consumption of Stores, Spares, etc.	495.90	455.60
Power and Fuel	1,795.96	2,219.70
Repairs and Maintenance - Building	6.65	36.51
Repairs and Maintenance - Plant and Machinery	38.43	77.60
Repairs and Maintenance - Others	54.39	36.03
Labour Charges	154.55	138.52
Rent	348.27	402.36
Insurance	98.62	89.83
Rates and Taxes, excluding Taxes on Income	241.19	134.84
Payment to Auditors	38.60	36.67
Directors' Sitting Fees and Commission	5.20	3.90
Legal and Professional Fees	200.85	1,646.85
Loss on Assets Scrapped / Discarded	0.79	4.41
Provision for Doubtful Debts (Net)	185.32	-
Provision for Doubtful Deposits	254.00	-
Bank Charges and Commission	73.74	95.61
Carriage and Freight	342.06	326.44
Advertisement and Sales Promotion	38.40	60.78
Commission	34.06	61.73
Miscellaneous Expenses	741.35	717.55
<b>Total</b>	<b>5,148.33</b>	<b>6,544.93</b>

## NOTES FORMING PART OF THE ACCOUNTS FOR THE YEAR ENDED 31<sup>ST</sup> MARCH, 2015

### NOTE NO. xxvii : SIGNIFICANT ACCOUNTING POLICIES AND EXPLANATORY INFORMATION / NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31<sup>ST</sup> MARCH, 2015

#### 1. Loan Funds:

##### (a) Term Loans:

(i) Term Loan of US\$ 5.00 Million from a bank is secured by way of first pari passu charge on entire fixed assets both present and future (excluding residential flat at Cuffe Parade, Mumbai and office premises situated at Nariman Point, Mumbai), Second pari passu charge on current assets of the Company (both present & future), unconditional and irrevocable personal guarantees from three promoter directors and non-disposal undertaking of shareholding of the Company in the subsidiary in China. The loan has been renewed during the year and is repayable in bullet in May 2016. The interest rate of the Borrowings is 6 Months' LIBOR plus 5.50% per annum.

(ii) Term Loan from another bank up to ₹ 32,500.00 Lakh is secured by way of (a) first pari passu charge on all the fixed assets of the Company, excluding specific immovable properties (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 three 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 current interest rate of the Borrowing is 13% per annum.

(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 personal guarantees from two directors. Two of the banks have been provided additional security over separate specific immovable properties of the Company. The interest rate of the working capital facilities ranges from 13.20% per annum to 15.50% per annum.

(c) The Interest-free Sales Tax Deferment Loan is repayable in six equal annual installments, with the last installment falling due in financial year 2018-19.

(d) Short-term unsecured loans from related parties are repayable on demand and carry interest rate of 12% per annum.

(e) Details of borrowings due and outstanding as on March 31, 2015:

Name of the parties	Nature of the dues	Amount (in Lakh)	Period to which the amount relates	Due date	Date of payment
Yes Bank	Interest on term loan	94.86	FY 2014-15	1-March-15	24-April-15
		166.69	FY 2014-15	1-March-15	29-April-15
Everest Kanto Investment & Finance Ltd	Interest on unsecured loan	26.10	FY 2013-14	1-April-14	Not paid till date
Khurana Fabrication Industries Limited	Interest on unsecured loan	0.48	FY 2013-14	1-April-14	Not paid till date
Khurana Gases Private Ltd	Interest on unsecured loan	4.80	FY 2013-14	1-April-14	Not paid till date

#### 2. Contingent Liabilities in respect of:

**As at  
31st March,  
2015  
(₹ in Lakh)**

**As at  
31st March,  
2014  
(₹ in Lakh)**

##### (a) Disputed Tax Matters

Income Tax	<b>806.30</b>	1,664.60
Sales Tax and Value Added Tax	<b>461.36</b>	53.92
Lease Tax	<b>21.05</b>	21.05

Future cash flows in respect of the above are determinable only on pronouncements of judgments/decisions pending with various forums/authorities.

##### (b) Corporate Guarantees given on behalf of subsidiaries and step down subsidiaries.

	<b>11,579.30</b>	11,118.46
Amounts outstanding there against	<b>7,258.56</b>	9,206.27

##### (c) Claims against the Company not acknowledged as Debts

	<b>56.80</b>	233.80
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##### (d) Bonds executed in favour of Government Authorities (Also refer Clause No.12 of Note xxvii)

	<b>2,978.77</b>	3,222.14
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3. (a) Trade Payables include ₹ 157.40 Lakh (₹ 117.03 Lakh as at 31/03/2014) 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.			7. Earnings in Foreign Currency:		
4. Commitments:	<b>As at</b>	<b>As at</b>	(i) Export of goods calculated on FOB basis	<b>1,021.06</b>	2,700.82
	<b>31st March, 2015</b>	<b>31st March, 2014</b>	(ii) Exports of consumables/ RM Pipe on FOB basis	<b>87.86</b>	70.40
	<b>(₹ in Lakh)</b>	<b>(₹ in Lakh)</b>	(iii) Commission for Bank Guarantees	<b>53.15</b>	64.47
(a) Estimated amount of contracts remaining to be executed on Capital Account and not provided for (net of advances)	<b>218.44</b>	218.44	(iv) Interest on Loans given	<b>249.87</b>	283.07
(b) Uncalled amount on partly paid Equity Shares of a Subsidiary Company	<b>128.56</b>	128.56	8. Assets on Operating Lease:		
5. Foreign Currency exposures that are not hedged by derivative instruments:			<b>As at</b>	<b>As at</b>	
	<b>31st March, 2015</b>	<b>31st March, 2014</b>	<b>31st March, 2015</b>	<b>31st March, 2014</b>	
	<b>In Foreign Currency</b>		<b>(₹ in Lakh)</b>	<b>(₹ in Lakh)</b>	
Debtors – USD	<b>532,249</b>	299,856	(a) Assets Taken on Operating Lease:		
Creditors – USD	<b>8,147,720</b>	7,651,795	The total future minimum lease rentals payable against Cancellable/Non-cancellable leases at the Balance Sheet date are as under:		
Creditors – AED	<b>2,213,290</b>	2,214,704	For a period not later than one year	<b>239.82</b>	207.51
Creditors – Euro	<b>680</b>	49,968	For a period later than one year and not later than five years	<b>256.68</b>	40.33
Advance to Suppliers/ Others – Thai Baht	<b>276,610</b>	276,610	For a period later than five years	-	-
Advances to Suppliers/ Others – USD	<b>576,223</b>	1,291,314	(b) Assets Given on Operating Lease:		
Advances to Suppliers/ Others – Euro	<b>4,284</b>	-	Cylinders		
Advance received from Customers – USD	<b>2,349,913</b>	5,239,320	(i) Gross Carrying Amount	<b>704.16</b>	690.00
Loans Given – USD	<b>3,269,320</b>	9,249,320	Depreciation for the year	<b>15.23</b>	111.07
Loans Borrowed – USD	<b>7,998,703</b>	6,404,161	Accumulated Depreciation	<b>344.57</b>	329.34
Bank Balances – USD	<b>1,726</b>	17	(ii) The total future minimum lease rentals receivable against Cancellable/ Non-cancellable leases at the Balance Sheet date are as under:		
Cash and Bank Balances – AED	<b>1,056,777</b>	1,054,029	For a period not later than one year	<b>159.01</b>	191.00
Interest Payable – USD	<b>94,589</b>	50,034	For a period later than one year and not later than five years	<b>52.35</b>	202.72
Interest Receivable – USD	<b>3,042,750</b>	2,638,375	For a period later than five years	-	-
	<b>2014-15</b>	<b>2013-14</b>		<b>2014-15</b>	<b>2013-14</b>
	<b>(₹ in Lakh)</b>	<b>(₹ in Lakh)</b>		<b>(₹ in Lakh)</b>	<b>(₹ in Lakh)</b>
6. A. Value of Imports calculated on CIF basis in respect of:			9. Computation of Earnings per Share:		
(i) Raw Materials and Components	<b>7,767.95</b>	9,595.00	(Loss) as per Statement of Profit and Loss for the year	<b>(9,913.09)</b>	(8,833.22)
(ii) Stores, Spares, etc.	<b>4.60</b>	47.42	Weighted Average No. of Equity Shares	<b>107,157,682</b>	107,157,682
(iii) Capital Goods	-	26.93	Number of Equity Shares outstanding at the end of the year	<b>107,157,682</b>	107,157,682
B. Expenditure in Foreign Currency:			Nominal Value per share (in ₹)	<b>2.00</b>	2.00
(i) Travelling	<b>21.62</b>	10.10	Basic and Diluted Earnings Per Share (in ₹)	<b>(9.25)</b>	(8.24)
(ii) Commission	-	35.17			
(iii) Interest	<b>222.20</b>	236.73			
(iv) Others	<b>22.02</b>	14.40			



**10. Related Parties 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), India

**(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 (Chairman and Managing Director)

Mr. Vipin Chandok (Chief Financial Officer)

Ms. Kanika Sharma (Company Secretary)  
(till February 20, 2015)

**(e) Relatives of Key Management Personnel, with whom transactions have taken place :**

Mr. S. S. Khurana

Mrs. Suman Khurana

Mr. Pushkar Khurana

Mr. Puneet Khurana

Mr. Varun Khurana

**2. Transactions with Related Parties during the year :**

(₹ in Lakh)

Nature of Transactions	Related parties referred in				
	1 (a) above	1 (b) above	1 (c) above	1 (d) above	1 (e) above
<b>Sales:</b>					
Goods - EKC International FZE	98.99 (134.28)	- (-)	- (-)	- (-)	- (-)
Goods – EKC Industries (Thailand) Co. Limited	214.22 (-)	- (-)	- (-)	- (-)	- (-)
Goods – EKC Europe GmbH	- (-)	218.61 (29.63)	- (-)	- (-)	- (-)
Goods – CP Industries Holdings Inc	- (-)	294.72 (-)	- (-)	- (-)	- (-)
Goods – Medical Engineers (India) Limited	- (-)	- (-)	812.18 (408.33)	- (-)	- (-)
Goods - Others	11.05 (6.31)	- (-)	- (0.25)	- (-)	- (-)
Others	- (1.20)	- (-)	- (-)	- (-)	- (-)
<b>Other Income:</b>					
Lease Rent - CC&L	154.76 (154.76)	- (-)	- (-)	- (-)	- (-)
<b>Purchases:</b>					
Raw materials and components - EKC International FZE	1,686.27 (2,830.04)	- (-)	- (-)	- (-)	- (-)
Raw materials and components - EKC Industries (Tianjin) Co. Limited	1,837.56 (1,147.12)	- (-)	- (-)	- (-)	- (-)
Consumables	- (-)	- (-)	0.46 (6.17)	- (-)	- (-)
<b>Expenses / Payments:</b>					
<b>Remuneration</b>					
- Premkumar Khurana	- (-)	- (-)	- (-)	- (14.00)	- (-)
- Vipin Chandok	- (-)	- (-)	- (-)	40.00 (37.50)	- (-)
- Kanika Sharma	- (-)	- (-)	- (-)	11.44 (11.00)	- (-)
<b>Rent:</b>					
- Everest Industrial Gases Private Limited	- (-)	- (-)	42.00 (48.00)	- (-)	- (-)
- Khurana Fabrication Industries Private Limited	- (-)	- (-)	33.32 (46.02)	- (-)	- (-)

**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
- Khurana Exports Private Limited	- (-)	- (-)	47.60 (54.60)	- (-)	- (-)
- Khurana Gases Private Limited	- (-)	- (-)	25.52 (59.34)	- (-)	- (-)
- Others	- (-)	- (-)	48.36 (35.85)	18.00 (22.50)	9.00 (9.00)
<b>Other Expenses</b>	- (-)	- (-)	12.16 (15.10)	- (24.00)	0.42 (-)
<b>Reimbursement of expenses</b>	5.86 (5.26)	- (-)	- (-)	- (-)	- (-)
<b>Finance and Investments:</b>					
<b>Commission Income -</b>					
- EKC International FZE	47.98 (57.10)	- (-)	- (-)	- (-)	- (-)
- C.P. Industries Holding Inc.	- (-)	5.17 (7.37)	- (-)	- (-)	- (-)
<b>Interest from Subsidiaries -</b>					
- EKC Industries (Tianjin) Co. Ltd., China	249.87 (283.07)	- (-)	- (-)	- (-)	- (-)
- CC&L	133.17 (118.20)	- (-)	- (-)	- (-)	- (-)
<b>Interest Expenses -</b>					
- Khurana Gases Pvt. Ltd.	- (-)	- (-)	23.28 (19.55)	- (-)	- (-)
- Everest Kanto Investment and Finance Private Limited	- (-)	- (-)	41.89 (7.18)	- (-)	- (-)
- Khurana Exports Private Limited	- (-)	- (-)	7.80 (0.78)	- (-)	- (-)
- Khurana Fabrication Industries Private Limited	- (-)	- (-)	4.05 (0.89)	- (-)	- (-)
<b>Loans given during the year</b>					
- CC&L	- (165.33)	- (-)	- (-)	- (-)	- (-)
<b>Loans repayment received during the Year</b>					
- EKC Industries (Tianjin) Co. Ltd.	3,716.56 (-)	- (-)	- (-)	- (-)	- (-)
<b>Loans taken during the year</b>					
- Everest Kanto Investment and Finance Private Limited	- (-)	- (-)	83.50 (77.00)	- (-)	- (-)
- Khurana Gases Private Limited	- (-)	- (-)	- (64.00)	- (-)	- (-)
- Khurana Exports Private Limited	- (-)	- (-)	- (76.25)	- (-)	- (-)
- Khurana Fabrication Industries Private Limited	- (-)	- (-)	- (33.75)	- (-)	- (-)
<b>Balances Outstandings:(#)</b>					
<b>Payables</b>					
- EKC International FZE	5,706.87 (4,653.79)	- (-)	- (-)	- (-)	- (-)
- EKC Industries (Tianjin) Co. Ltd.	88.41 (-)	- (-)	- (-)	- (-)	- (-)
- CP Industries Holdings, Inc., U.S.A.	- (-)	681.85 (925.53)	- (-)	- (-)	- (-)
- EKC Industries (Thailand) Co. Ltd.	- (523.98)	- (-)	- (-)	- (-)	- (-)
- Khurana Gases Private Limited	- (-)	- (-)	28.97 (198.80)	- (-)	- (-)
- Everest Kanto Investment and Finance Private Limited	- (-)	- (-)	80.22 (363.10)	- (-)	- (-)
- Medical Engineers (India) Limited	- (-)	- (-)	54.70 (126.17)	- (-)	- (-)

(₹ in Lakh)

Nature of Transactions	Related parties referred in				
	1 (a) above	1 (b) above	1 (c) above	1 (d) above	1 (e) above
- Khurana Exports Private Limited	- (-)	- (-)	30.42 (76.95)	- (-)	- (-)
- Others	- (-)	- (-)	38.36 (34.64)	7.01 (-)	5.40 (-)
<b>Loans given (*)</b>					
- EKC Industries (Tianjin) Co. Ltd.	2,046.34 (5,558.82)	- (-)	- (-)	- (-)	- (-)
- CC&L	582.73 (1,068.91)	- (-)	- (-)	- (-)	- (-)
<b>Loans taken</b>					
- Everest Kanto Investment and Finance Private Limited	- (-)	- (-)	420.50 (337.00)	- (-)	- (-)
- Khurana Gases Private Limited	- (-)	- (-)	194.00 (194.00)	- (-)	- (-)
- Khurana Fabrication Industries Private Limited	- (-)	- (-)	33.75 (33.75)	- (-)	- (-)
- Khurana Exports Private Limited	- (-)	- (-)	- (76.25)	- (-)	- (-)
<b>Other Receivables</b>					
- EKC International FZE	91.08 (12.45)	- (-)	- (-)	- (-)	- (-)
- EKC Industries (Tianjin) Co. Ltd.	2,037.92 (2,069.85)	- (-)	- (-)	- (-)	- (-)
- Khurana Exports Pvt. Ltd.	- (-)	- (-)	10.00 (20.00)	- (-)	- (-)
- CP Industries Holding Inc., U.S.A.	- (-)	26.61 (20.53)	- (-)	- (-)	- (-)
- CC&L	746.16 (132.71)	- (-)	- (-)	- (-)	- (-)
- EKC Industries (Thailand) Co. Ltd.	4.64 (4.64)	- (-)	- (-)	- (-)	- (-)
- EKC Europe GmbH	- (-)	169.32 (29.10)	- (-)	- (-)	- (-)
- Medical Engineers (India) Limited	- (-)	- (-)	468.29 (100.23)	- (-)	- (-)
<b>Personal Guarantees (Given) for borrowings by the Company®</b>	- (-)	- (-)	<b>31,219.90</b> (26,531.53) (jointly by Promoter Director)		
<b>Corporate Guarantees outstanding on behalf of subsidiaries</b>					
- EKC International FZE	6,437.06 (7,966.71)	- (-)	- (-)	- (-)	- (-)
- CP Industries Holdings, Inc.	- (-)	821.50 (1,239.56)	- (-)	- (-)	- (-)

# Foreign currency balances are restated at year end rates.

\* Loans given to subsidiaries and loans raised by subsidiaries backed by guarantees given on their behalf have been utilised by them for acquisition of fixed assets and for working capital.

@ Personal Guarantees given to banks of ₹ 34,700.00 Lakh and US\$ 5 Mn (₹ 32,500.00 Lakh and US\$ Nil as on March 31, 2014) by Promoter Directors for the Term Loans against which ₹ 31,219.90 Lakh (₹ 26,531.53 Lakh as on March 31, 2014) were outstanding as at the end of the year. (Previous year figures are in brackets).

**11. A Break up of Raw Materials Consumed :**

Particulars	2014 - 2015		2013 - 2014	
	Quantity (Metric Tonnes)	Value (₹ In Lakh)	Quantity (Metric Tonnes)	Value (₹ in Lakh)
Seamless Tubes with Incidental Costs	12,035.55	11,265.38	14,785.58	11,715.96
Others	-	1,370.47	-	2,244.09
<b>TOTAL</b>		<b>12,635.85</b>		<b>13,960.05</b>

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

Particulars	2014 - 2015		2013 - 2014	
	%	Value (₹ in Lakh)	%	Value (₹ in Lakh)
Imported	<b>87.63</b>	<b>11,072.31</b>	84.33	11,772.84
Indigenous	<b>12.37</b>	<b>1,563.54</b>	15.67	2,187.21
<b>TOTAL</b>	<b>100.00</b>	<b>12,635.85</b>	100.00	13,960.05

**C. Details of Imported and Indigenous Stores, Spares, etc. Consumed :**

Particulars	2014 - 2015		2013 - 2014	
	%	Value (₹ in Lakh)	%	Value (₹ in Lakh)
Imported	<b>0.93</b>	<b>4.60</b>	24.97	113.77
Indigenous	<b>99.07</b>	<b>491.30</b>	75.03	341.83
<b>TOTAL</b>	<b>100.00</b>	<b>495.90</b>	100.00	455.60

12. Bonds/Undertakings given by the Company under concessional duty / exemption schemes to government authorities (net of obligations fulfilled) aggregate ₹ 2,978.77 Lakh as at the close of the year (March 31, 2014: ₹ 3,222.14 Lakh).

13. (a) During the year 2014-15, the Chairman & Managing Director (CMD) is entitled to a remuneration of ₹ 61.95 Lakh as per Schedule V to the Companies Act, 2013. However, in absence of profits, the CMD has voluntarily decided not to draw any remuneration from the Company.

- (b) In the absence of profits during the financial year 2012-13, the remuneration of ₹ 289.84 Lakh for that financial year of the CMD and two Whole Time Directors (WTDs) as per their respective terms of appointments was in excess by ₹ 228.78 Lakh computed in accordance with the provisions of the Companies Act, 1956 and Schedule XIII thereto. The Company had obtained approval of the shareholders of the Company by way of postal ballot for payment of the excess remuneration and had applied to the Central Government for seeking its approval. During the year 2014-15, the Central Government has approved 50% of the remuneration paid to the CMD and the two WTDs. The CMD and the two WTDs have refunded the excess remuneration not approved by the Central Government.

14. In accordance with Accounting Standard (AS) 15 – “Employee Benefits”, an amount of ₹ 69.89 Lakh (Previous Year ₹ 77.48 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 Life Insurance Corporation of India (LIC)) are given below:

<b>2014-15</b>	<b>2013-14</b>
<b>(₹ in Lakh)</b>	<b>(₹ in Lakh)</b>

Change in present value of obligation:

Obligation at beginning of the year	<b>161.67</b>	170.83
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Current Service Cost	<b>18.20</b>	23.54
Interest Cost	<b>15.02</b>	15.09
Actuarial (gain)/loss	<b>6.05</b>	6.78
Benefits paid	<b>(36.64)</b>	(54.57)
Obligation at the end of the year	<b>164.30</b>	161.67
Change in Plan assets (Managed by LIC):		
Fair value of Plan Assets at beginning of the year	<b>155.85</b>	174.25
Expected return on plan assets	<b>13.82</b>	13.86
Actuarial gain / (loss)	<b>2.58</b>	(0.58)
Contributions	<b>21.79</b>	22.89
Benefits paid	<b>(36.64)</b>	(54.57)
Fair Value of plan assets at end of the year	<b>157.40</b>	155.85
Break up of categories of plan assets:		
Government Securities	-	-
Bonds, Corporate Debt and Non-Convertible debentures	-	-
Equity Investment in 'A' Group Shares (Predominantly)	-	-
Insurer Managed Funds	<b>100%</b>	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	<b>164.30</b>	161.67
Fair Value of plan assets at the end of the year	<b>157.40</b>	155.85
Net (Asset) / Liability recognized in the balance sheet	<b>6.90</b>	5.82
Gratuity cost recognised for the year:		
Current Service Cost	<b>18.20</b>	23.54
Interest Cost	<b>15.02</b>	15.09
Expected return on plan assets	<b>(13.82)</b>	(13.86)
Actuarial (gain)/ loss	<b>3.47</b>	7.36
Net gratuity cost	<b>22.87</b>	32.13



Particulars	2014-2015 ₹ in Lakh	2013-2014 ₹ in Lakh	2012-2013 ₹ in Lakh	2011-2012 ₹ in Lakh	2010-2011 ₹ in Lakh
Assumptions:					
Discount Rate	7.95%	9.00%	7.95%	8.55%	8.15%
Rate of growth in salary levels *	6.00%	6.00%	6.00%	6.00%	6.00%
Mortality	<b>Assured Lives</b>	<b>Assured Lives</b>	<b>Assured Lives</b>		
	<b>Mortality (2006-08)</b>	<b>Mortality (2006-08)</b>	<b>Mortality (2006-08)</b>	<b>LIC (1994-96)</b>	<b>LIC (1994-96)</b>
Expected Rate of Return on Assets	8.75%	7.50%	7.50%	7.50%	7.50%
Withdrawal Rate	3% to 7.50%	3% to 7.50%	3% to 7.50%	3% to 7.50%	3% to 7.50%
Present Value of Obligations	164.30	161.67	170.83	166.21	156.96
Fair Value of Plan Assets	157.40	155.85	174.25	169.69	155.03
Surplus / (Deficit) in the Plan	(6.90)	(5.82)	3.42	3.48	(1.93)
Experience Adjustments					
- On Plan Liabilities	(7.90)	21.32	(13.21)	(25.88)	(20.09)
- On Plan Assets	2.58	(0.58)	1.42	2.28	1.39

Expected Employer's Contribution next year ₹ 25.00 Lakh (Previous Year ₹ 30.00 Lakh)

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

15. 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.
16. The Company has an investment of ₹ 200 Lakh in 2,000,000 Equity Shares of GPT Steel Industries Private Limited (GPT). Based on the 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 100% diminution in value of investments made in GPT. The position at the end of this financial year remains the same.
17. As on March 31, 2015, the Company is holding majority stake of ₹ 431.72 Lakh (₹ 431.72 Lakh as on March 31, 2014) in its subsidiary, Calcutta Compression & Liquefaction Engineering Limited (CC&L). Further, the Company has loans and other receivables, aggregating ₹ 1,328.09 Lakh (₹ 1,068.91 Lakh as at March 31, 2014) due from it. The Net Worth of CC&L has fully eroded. Provision for impairment of ₹ 431.72 Lakh towards the investment and ₹ 48.28 Lakh towards loans and receivables have been made during the year 2014-15 (Financial Year 2013-14: Nil) based on management's assessment and independent valuation of the recoverable value of the investment, loans and receivables. These provisions have been disclosed as an Exceptional Item in the Statement of Profit and Loss.
18. Since March 31, 2013, the investment in equity shares, amounting to ₹ 6,925.07 Lakh 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 aggregating to ₹ 3,950.82 Lakh as on March 31, 2015 (₹ 7,628.67 Lakh as at March 31, 2014) have been classified as current. The Company is of the considered view based on the assessment of the relevant factors, such as, the long term nature of the investment, future business prospects in the markets in which EKC Industries (Tianjin) Company Limited operates, expected appreciation in the fair value of the assets of EKC Industries (Tianjin) Company Limited, etc., that no provision for the diminution in the value of the Investment is required. However, on conservative basis, during the current year, an amount of ₹ 1,500 Lakhs (₹ Nil as at March 31, 2014) has been provided towards such diminution and has been disclosed as an Exceptional Item in the Statement of Profit and Loss.

19. As on March 31, 2015, Other Current Assets include land at Gandhidham having book value ₹ 223.25 Lakh and office premises at Mumbai having book value ₹ 1,235.68 Lakh being Fixed assets held for disposal, pursuant to the decision of the Board of Directors of the Company to dispose off the same during near future.
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 note as Annexure I.

#### As per our report of even date attached

For **Walker Chandiok & Co LLP**  
(formerly Walker, Chandiok & Co)  
Chartered Accountants

**Khushroo B. Panthaky**  
Partner

Place : Mumbai

Date : 26<sup>th</sup> May, 2015

**Vipin Chandok**  
Chief Financial Officer

#### For and on behalf of the Board

**P. K. Khurana**  
Chairman & Managing Director  
**Puneet 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 133 of the Companies Act, 2013, read with Rule 7 of Companies (Accounts) Rules, 2014, (as amended) and other relevant provisions of the Companies Act, 2013.

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 Schedule III to the Companies Act, 2013. 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.

Examples of such estimates include the useful life of fixed asset, provision for doubtful debts/advances, future obligation in respect of retirement benefit plans, provision for inventory obsolescence, impairment of investments etc.

**C. Recognition of Revenue and Expenditure:**

- a. Revenue/Income and Cost/Expenditure are generally accounted for on accrual basis 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 dispatch 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. Dividend income is recognised in the year in which the right to receive dividend is established.
- e. Interest income and Commission income on guarantees are 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 recognized 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 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 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 Transactions / 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 into 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, was 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 primary period of the lease.
- ii. Depreciation on the assets has been provided on the straight line method as per the useful life prescribed in Schedule II to the Companies Act, 2013, with residual value of 5%, except in respect of the following categories of the assets, in whose case the useful life of the asset has been assessed based on the technical advice, taking into account the nature of the asset, the estimated usage of the asset, the operating conditions of the asset, past history of replacement, anticipated technological changes, manufacturer's warranties and maintenance support, etc.
 

Plant and Machinery :	10 to 25 years
Gas Cylinders :	25 years
- 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.

**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, Finisa. Raw Materials and Components, Work in Progress, Finished Goods, Stock in Trade, Stores and 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 originates 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. Where there is no unabsorbed depreciation and/or brought forward losses, 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 amounts of Deferred Tax Assets are reviewed to reassess 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. However, the carrying value after reversal is not increased beyond the carrying value that would have prevailed by charging usual depreciation if there was no impairment.

**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 disclosed in respect of possible obligations that arise from past events, whose existence would be confirmed by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Company. Contingent Assets are neither recognised nor disclosed in the financial statements.

**M. Leases:**

The Company has leased out 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 leased asset is diminished. Initial direct costs for securing lease contracts are recognized as an expense in the Statement of Profit and Loss in the period in which they are incurred.

Assets acquired on lease where a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases. Lease rentals are charged to the statement of profit and loss on a straight line basis.

**N. Earning Per Share:**

Basic earnings per share are 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 after deducting preference dividends and any attributable tax thereto for the period. The weighted average number of equity shares outstanding during the period 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.

Everest Kanto Cylinder Limited  
FY 2014-15

**Form AOC-I**

**(Pursuant to first proviso to sub-section (3) of Section 129 of Companies Act, 2013 read with Rule 5 of Companies (Accounts) Rules, 2014) Statement containing salient features of the financial statement of subsidiaries/associate companies / joint ventures**

(₹ 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 Ltd.
1.	Reporting period for the subsidiary concerned, if different from the holding company's reporting period	NA	NA	NA	NA	NA	NA	NA
2.	Reporting currency	AED	RMB	USD	USD	THB	Euro	INR
3.	Exchange rate as on 31.03.2015	1 AED = ₹ 17.0218	1 RMB = ₹ 10.1971	1 USD = ₹ 62.5908	1 USD = ₹ 62.5908	1 THB = ₹ 1.9162	1 EURO = ₹ 67.5104	NA
4.	Share capital	2,928.37	12,985.14	5,633.17	4,812.70	1,916.20	16.88	353.54
5.	Reserves & surplus	46,828.53	(12,800.01)	(10,489.81)	(5,461.97)	(10.55)	(236.70)	(1,157.79)
6.	Total assets	60,056.95	16,552.80	22,478.91	9,545.48	1,944.16	183.25	672.48
7.	Total Liabilities	60,056.95	16,552.80	22,478.91	9,545.48	1,944.16	183.25	672.48
8.	Investments	4,831.39	-	-	5,633.17	-	-	(78.18)
9.	Turnover	11,676.63	5,505.51	16,774.81	495.64	294.71	413.41	855.44
10.	Profit / (Loss) before taxation	3,104.46	(2,038.14)	(1,602.43)	(1,165.94)	(33.94)	(53.21)	(160.59)
11.	Provision for taxation	-	-	0.61	1.00	-	-	(63.51)
12.	Profit / (Loss) after taxation	3,104.46	(2,038.14)	(1,603.04)	(1,166.94)	(33.94)	(53.21)	(97.08)
13.	Proposed Dividend	-	-	-	-	-	-	-
14.	% of shareholding	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	72.65%



**CASH FLOW STATEMENT FOR THE YEAR ENDED 31<sup>ST</sup> MARCH, 2015**

	Year Ended 31st March, 2015 (₹ in Lakh)	Year Ended 31st March, 2014 (₹ in Lakh)
<b>A) CASH FLOW FROM OPERATING ACTIVITIES</b>		
Net (Loss) for the Year before Taxation	(9,914.62)	(8,833.22)
<b>Add / (Deduct):</b>		
(a) Depreciation / Amortisation for the year	1,715.10	2,241.81
(b) Unrealised Foreign Exchange Variation (net)	17.21	(242.65)
(c) Loss on Assets Sold / Discarded	0.79	4.41
(d) Excess Provision Written Back	(33.72)	(91.64)
(e) Finance Costs	5,010.54	4,855.59
(f) Interest Income	(782.59)	(883.99)
(g) Dividend on Current Investments (Non - Trade)	(0.15)	(0.15)
(h) Provision for Doubtful Debts, Deposits, Loans & Advances	487.60	(1.34)
(i) Provision for Diminution in Value of Investments	1,931.72	-
	<b>8,346.50</b>	<b>5,882.04</b>
Operating (Loss) before Working Capital Changes	(1,568.12)	(2,951.18)
Adjustments for:		
(a) (Increase) / Decrease in Inventories	2,052.91	1,235.09
(b) (Increase) / Decrease in Trade and Other Receivables	(744.80)	3,315.74
(c) Increase / (Decrease) in Trade and Other Payables	(860.26)	845.49
	<b>447.85</b>	<b>5,396.32</b>
Cash Inflow / (Outflow) from Operations	(1,120.27)	2,445.14
Deduct:		
Direct Taxes Paid	54.72	68.35
Net Cash Inflow / (Outflow) from Operating Activities (A)	<b>(1,174.99)</b>	<b>2,376.79</b>
<b>B) CASH FLOW FROM INVESTING ACTIVITIES</b>		
<b>Inflow:</b>		
(a) Dividend on Current Investments (Non - Trade)	0.15	0.15
(b) Interest Income Received	201.81	823.30
(c) Loan repaid by Subsidiary (Net)	3,668.11	746.38
(d) Inter Corporate Deposit repaid	-	552.22
(e) Sale of Fixed Assets	3.91	9.16
	<b>3,873.98</b>	<b>2,131.21</b>
<b>Outflow:</b>		
(a) Purchases of Current Investments (Net)	0.15	0.15
(b) Purchase of Fixed Assets (including capital advances)	117.74	1,288.64
	<b>117.89</b>	<b>1,288.79</b>
<b>Net Cash Inflow from Investing Activities (B)</b>	<b>3,756.09</b>	<b>842.42</b>

CASH FLOW STATEMENT FOR THE YEAR ENDED 31<sup>ST</sup> MARCH, 2015

	Year Ended 31st March, 2015 (₹ in Lakh)	Year Ended 31st March, 2014 (₹ in Lakh)
<b>C) CASH FLOW FROM FINANCING ACTIVITIES</b>		
<b>Inflow:</b>		
(a) Working Capital / Short Term Loan Availed during the Year (Net)	1,971.31	1,946.12
(b) Fixed Loans Availed during the Year	-	145.00
	<u>1,971.31</u>	<u>2,091.12</u>
<b>Outflow:</b>		
(a) Fixed Loans Repaid during the Year	305.41	302.55
(b) Finance Costs Paid	4,644.92	4,846.86
(c) Dividend Paid	0.01	213.69
(d) Dividend Tax Paid	-	36.42
	<u>4,950.34</u>	<u>5,399.52</u>
<b>Net Cash (Outflow) from Financing activities (C)</b>	<u>(2,979.03)</u>	<u>(3,308.40)</u>
Net Increase / (Decrease) in Cash/Cash Equivalents (A+B+C)	(397.93)	(89.19)
Add: Balance of Cash/Cash Equivalents at the Beginning of the Year	474.87	564.06
Cash/Cash Equivalents at the Close of the Year	76.94	474.87
Cash/Cash Equivalents at the Close of the Year		
Cash and Bank Balances as per Note (xvii)	358.91	1,309.48
Less: Other Bank Balances not in nature of Cash and Cash Equivalents	(281.97)	(834.61)
	<u>76.94</u>	<u>474.87</u>

As per our report of even date attached

For **Walker Chandiok & Co LLP**  
(formerly Walker, Chandiok & Co)  
Chartered Accountants

**Khushroo B. Panthaky**  
Partner

Place : Mumbai  
Date : 26<sup>th</sup> May, 2015

**Vipin Chandok**  
Chief Financial Officer

For and on behalf of the Board

**P. K. Khurana**  
Chairman & Managing Director  
**Puneet Khurana**  
Director

## INDEPENDENT AUDITORS' REPORT

### The Board of Directors of Everest Kanto Cylinder Limited

1. We have audited the accompanying consolidated financial statements of Everest Kanto Cylinder Limited, ("the Holding Company") and its subsidiaries (the Holding Company and its subsidiaries together referred to as "the Group"), which comprise the Consolidated Balance Sheet as at 31 March, 2015, the Consolidated Statement of Profit and Loss and the Consolidated Cash Flow Statement for the year then ended, and a summary of the significant accounting policies and other explanatory information.

### Management's Responsibility for the Consolidated Financial Statements

2. The Holding Company's Board of Directors is responsible for the preparation of these consolidated financial statements in terms of the requirements of the Companies Act, 2013 ("the Act") 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 the accounting principles generally accepted in India, including the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014 (as amended). The Holding Company's Board of Directors, and the respective Board of Directors/management of the subsidiaries included in the Group, are responsible for 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. Further, in terms with the provisions of the Act, the respective Board of Directors of the Holding Company and its subsidiary which is incorporated in India, are responsible for maintenance of adequate accounting records; safeguarding the assets; preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements, which have been used for the purpose of preparation of the consolidated financial statements by the directors of the Holding Company, as aforesaid.

### Auditor's Responsibility

3. Our responsibility is to express an opinion on these consolidated financial statements based on our audit.

4. While conducting the audit, we have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the auditor's report under the provisions of the Act and the Rules made thereunder.
5. We conducted our audit in accordance with the Standards on Auditing specified under Section 143(10) of the Act. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.
6. An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, 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 auditor considers internal financial controls relevant to the Holding Company's preparation of the consolidated financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on whether the Holding Company has in place an adequate internal financial controls system over financial reporting and the operating effectiveness of such controls. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the Holding Company's Board of Directors, as well as evaluating the overall presentation of the consolidated financial statements.
7. We believe that the audit evidence obtained by us and the audit evidence obtained by the other auditors in terms of their reports referred to in sub-paragraph 9(a) of the "Other Matter" paragraph below, is sufficient and appropriate to provide a basis for our audit opinion on the consolidated financial statements.

### Opinion

8. In our opinion and to the best of our information and according to the explanations given to us and based on the consideration of the reports of the other auditors on the financial statements of the subsidiaries as noted below, the aforesaid consolidated financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the consolidated state of affairs of the Group as at 31 March, 2015, and their consolidated loss and their consolidated cash flows for the year ended on that date.

**Other Matter**

9. (a) We did not audit the financial statements of six subsidiaries, included in the consolidated financial statements, whose financial statements reflect total assets (after eliminating intra-group transactions) of ₹ 57,937 lakh as at 31 March, 2015, total revenues (after eliminating intra-group transactions) of ₹ 30,013 lakh and net cash flows amounting to ₹ 2,729 lakh for the year ended on that date. These financial statements have been audited by other auditors whose report has been furnished to us by the Management and our opinion on the consolidated financial statements, in so far as it relates to the amounts and disclosures included in respect of these subsidiaries, and our report in terms of sub-sections (3) and (11) of Section 143 of the Act, in so far as it relates to the aforesaid subsidiaries, is based solely on the reports of the other auditors.

Our opinion on the consolidated financial statements, and our report on Other Legal and Regulatory Requirements below, is not modified in respect of the above matter with respect to our reliance on the work done by and the reports of the other auditors.

**Report on Other Legal and Regulatory Requirements**

10. As required by the Companies (Auditor's Report) Order, 2015 ("the Order"), issued by the Central Government of India in terms of Section 143(11) of the Act, and based on the comments in the auditor's reports of the subsidiary companies, incorporated in India, we give in the Annexure a statement on the matters specified in paragraphs 3 and 4 of the Order, as applicable to such companies.
11. As required by Section 143(3) of the Act, and based on the auditor's reports of the subsidiaries, we report, to the extent applicable, that:
- We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit of the aforesaid consolidated financial statements;
  - In our opinion, proper books of account as required by law relating to preparation of the aforesaid consolidated financial statements have been kept so far as it appears from our examination of those books and the reports of the other auditors;
  - the report on the accounts of the branch office of the Holding Company audited under Section 143(8) of the Act by the branch auditors have been sent to us, and have been properly dealt with by us in preparing this report;

- The consolidated financial statements dealt with by this Report are in agreement with the relevant books of account maintained for the purpose of preparation of the consolidated financial statements;
- In our opinion, the aforesaid consolidated financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014 (as amended);
- On the basis of the written representations received from the directors of the Holding Company as at 31 March, 2015 taken on record by the Board of Directors of the Holding Company and the report of the other statutory auditors of its subsidiary company, incorporated in India, none of the directors of the Group companies, incorporated in India are disqualified as on 31 March, 2015 from being appointed as a director in terms of Section 164 (2) of the Act.
- With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditor's) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:
  - as detailed in clause 4 of Note xxvii, the consolidated financial statements disclose the impact of pending litigations on the consolidated financial position of the Group;
  - the Group did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses;
  - Following are the instances of delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Holding Company, and its subsidiary company incorporated in India:

Name of company	Status	Amount(₹)	Due date	Date of payment
Everest Kanto Cylinder Limited	Holding Company	0.66 lakh	08 August 2014	Unpaid

For **Walker Chandiok & Co LLP**  
(formerly Walker, Chandiok & Co)  
Chartered Accountants  
Firm Registration No.:001076N / N500013

per **Khushroo B. Panthaky**  
Partner  
Membership No.: 42423

Mumbai  
26 May 2015

## ANNEXURE TO THE INDEPENDENT AUDITOR'S REPORT OF EVEN DATE TO THE MEMBERS OF EVEREST KANTO CYLINDER LIMITED, ON THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2015

Based on the audit procedures performed for the purpose of reporting a true and fair view on the consolidated financial statements of the Holding Company and taking into consideration the information and explanations given to us and the books of account and other records examined by us in the normal course of audit and based on the comments in the auditor's reports of the subsidiary company incorporated in India, we report that:

- i. (a) The Holding Company and its subsidiary company, incorporated in India, have maintained proper records showing full particulars, including quantitative details and situation of fixed assets.
- (b) The fixed assets have been physically verified by the management of the Holding Company and its subsidiary company, incorporated in India, during the year and no material discrepancies were noticed on such verification. In our opinion, the frequency of verification of the fixed assets is reasonable having regard to the size of the Holding Company and its subsidiary company, incorporated in India, and the nature of their assets.
- ii. (a) The management of the Holding Company and its subsidiary company, incorporated in India, has conducted physical verification of inventory at reasonable intervals during the year.
- (b) The procedures of physical verification of inventory followed by the management are reasonable and adequate in relation to the size of the Holding Company and its subsidiary company, incorporated in India, and the nature of their business.
- (c) The Holding Company and its subsidiary company, incorporated in India, are maintaining proper records of inventory and no material discrepancies between physical inventory and book records were noticed on physical verification.
- iii. The Holding Company has granted secured loan to a company covered in the register maintained under Section 189 of the Act; and with respect to the same:
  - (a) the principal amount is not due for repayment currently, however, the receipt of the interest is not regular.
  - (b) there is no overdue amount in respect of the principal amount of the loan granted, exceeding ₹ one lakh. Reasonable steps have been taken by the Company for the recovery of the overdue interest exceeding ₹ one lakh.
- The Subsidiary company, incorporated in India, has not granted any loan, secured or unsecured to companies, firms or other parties covered in the register maintained under Section 189 of the Act. Accordingly, the provisions of clauses 3(iii)(a) and 3(iii)(b) of the Order are not applicable.
- iv. In our opinion, there is an adequate internal control system commensurate with the size of the Holding Company and its subsidiary company, incorporated in India and the nature of their businesses for the purchase of inventory and fixed assets and for the sale of goods and services. During the course of audit, no major weakness has been noticed in the internal control system in respect of these areas.
- v. The Holding Company and the subsidiary company, incorporated in India, have not accepted any deposits within the meaning of Sections 73 to 76 of the Act and the Companies (Acceptance of Deposits) Rules, 2014 (as amended). Accordingly, the provisions of clause 3(v) of the Order are not applicable.
- vi. We have broadly reviewed the books of account maintained by the Holding Company pursuant to the Rules made by the Central Government for the maintenance of cost records under sub-section (1) of Section 148 of the Act in respect of Holding Company's products and are of the opinion that, *prima facie*, the prescribed accounts and records have been made and maintained. However, we have not made a detailed examination of the cost records with a view to determine whether they are accurate or complete. The Central Government has not specified maintenance of cost records under sub-section (1) of Section 148 of the Act, in respect of products of subsidiary company, incorporated in India. Accordingly, the provisions of clause 3(vi) of the Order are not applicable to the subsidiary company incorporated in India.
- vii. (a) Undisputed statutory dues including provident fund, employees' state insurance, income-tax, sales-tax,



wealth tax, service tax, duty of customs, duty of excise, value added tax, cess and other material statutory dues, as applicable, have generally been regularly deposited with the appropriate authorities by the Holding Company and its subsidiary company, incorporated in India, though there has been a slight delay in a few cases. Further, no undisputed amounts payable in respect thereof were outstanding at the year-end for a period of more than six months from the date they became payable.

- (b) There are no dues of the subsidiary company, incorporated in India, in respect of income-tax, sales-tax, wealth tax, service tax, duty of customs, duty of excise, value added tax and cess that have not been deposited with the appropriate authorities on account of any dispute. The dues of the Holding Company outstanding in respect of income-tax, sales-tax, wealth tax, service tax, duty of customs, duty of excise, value added tax and cess on account of any dispute, are as follows:

Name of Statute	Nature of Dues	Amount (₹ in Lakh)	Amount Paid Under Protest (₹ in Lakh)	Period to which the amount relates	Forum where dispute is pending
Central Sales Tax Act, 1956	Central Sales Tax	12.82	-	F.Y. 2000-01	Sales Tax Tribunal
		141.54	43.08	F.Y. 2005-06	Joint Commissioner of Sales Tax (Appeals)
		99.52	17.18	F.Y. 2008-09	Joint Commissioner of Sales Tax (Appeals)
	Sales Tax (Lease Tax)	21.05	7.36	F.Y. 1993-94 F.Y. 1994-95 F.Y. 1995-96 F.Y. 1996-97 F.Y. 1997-98	Maharashtra Sales Tax Tribunal
Bombay Sales Tax Act, 1959	Bombay Sales Tax	26.11	-	F.Y. 2000-01	Sales Tax Tribunal

Name of Statute	Nature of Dues	Amount (₹ in Lakh)	Amount Paid Under Protest (₹ in Lakh)	Period to which the amount relates	Forum where dispute is pending
The Income Tax Act, 1961	Income Tax	91.65 714.65	- -	A.Y. 2009-10 A.Y. 2010-11	Income Tax Appellate Tribunal
The Gujarat Value Added Tax Act, 2003	Commercial Tax	14.99	7.84	F.Y. 2009-10	Joint Commissioner of Commercial Tax (Appeals)
Maharashtra Value Added Tax Act, 2002	Value Added Tax	147.43 18.95	- -	F.Y. 2008-09 F.Y. 2005-06	Joint Commissioner of Sales Tax (Appeals)

- (c) The Holding Company has not transferred the amount required to be transferred to the Investor Education and Protection Fund in accordance with the relevant provisions of the Companies Act, 1956 (1 of 1956) and rules made thereunder. There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the subsidiary company, incorporated in India, in accordance with the relevant provisions of the Companies Act, 1956 (1 of 1956) and rules made thereunder. Accordingly, the provisions of clause 3(vii)(c) of the Order are not applicable to the subsidiary company, incorporated in India.
- viii. In our opinion, the accumulated losses of the Holding Company and its subsidiary company, incorporated in India, at the end of the financial year are more than fifty percent of its net worth. The Holding Company and its subsidiary company incorporated in India have incurred cash losses in the current year and immediately preceding financial year.
- ix. The subsidiary company incorporated in India has no dues payable to financial institutions or bank or debenture holders during the year. The Holding Company has no dues payable to financial institutions or debenture holders. The Holding Company has defaulted in repayment of dues to the following banks:

Name of bank	Amount (₹ in Lakh)	Due date	Delay in the days
Yes Bank	14.38	09-January-2015	53
Yes Bank	16.86	01-June-2014	3
	65.82	01-June-2014	6
	39.90	01-June-2014	9
	41.73	01-June-2014	11
	34.36	01-July-2014	9
	19.52	01-July-2014	14
	29.83	01-July-2014	16
	34.57	01-July-2014	24
	19.94	01-July-2014	30
	49.74	01-July-2014	30
	34.97	01-July-2014	31
	42.77	01-July-2014	35
	97.22	01-August-2014	27
	49.93	01-August-2014	28
	39.79	01-August-2014	32
	66.66	01-August-2014	61
	20.96	01-August-2014	61
	23.34	01-September-2014	60
	251.21	01- September-2014	61
	265.70	01-October-2014	88
	40.86	01-November-2014	83
	229.33	01-November-2014	89
	4.37	01-November-2014	90
	265.70	01-December-2014	60
	25.37	01-January-2015	42
	29.28	01-January-2015	49
	39.28	01-January-2015	57
	180.62	01-January-2015	61
	94.11	01-February-2015	55
	180.45	01-February-2015	59
	94.86	01-March-2015	55
	153.12	01-March-2015	60
	8.55	01-July-2014	24
	8.83	01-August-2014	61
	8.83	01-September-2014	61
	8.55	01-October-2014	88
	8.83	01-November-2014	90
	8.55	01-December-2014	60
	8.83	01-January-2015	61
	8.83	01-February-2015	59
	7.98	01-March-2015	60
	6.14	01-July-2014	24
	6.35	01-August-2014	61
	6.35	01-September-2014	61
	6.14	01-October-2014	88
	6.35	01-November-2014	90
	6.14	01-December-2014	60
	6.35	01-January-2015	61
	6.35	01-February-2015	59
	5.59	01-March-2015	60
Exim Bank	22.40	19-June-2014	34
	51.13	30-September-2014	29
	17.43	02-January-2015	5

- x. In our opinion, the terms and conditions on which the Holding Company has given guarantee for loans taken by others from banks or financial institutions are not, prima facie, prejudicial to the interest of the Company. The subsidiary company incorporated in India has not given any guarantees for loans taken by others from banks or financial institutions. Accordingly, the provisions of Clause 3(x) of the Order are not applicable to the subsidiary company incorporated in India.
- xi. In our opinion, the Holding Company has applied the term loans for the purpose for which these loans were obtained. The subsidiary company, incorporated in India, did not have any term loans outstanding during the year. Accordingly, the provisions of clause 3(xi) of the Order are not applicable to the subsidiary company incorporated in India.
- xii. No fraud on or by the Holding Company and its subsidiary incorporated in India have been noticed or reported during the period covered by our audit.

For **Walker Chandiok & Co LLP**  
(formerly Walker, Chandiok & Co)  
Chartered Accountants  
Firm Registration No.: 001076N / N500013

per **Khushroo B. Panthaky**  
Partner  
Membership No.: 42423

Mumbai  
26 May 2015

**CONSOLIDATED BALANCE SHEET AS AT 31<sup>ST</sup> MARCH, 2015**

	Note No.	As at 31st March, 2015 (₹ in Lakh)	As at 31st March, 2014 (₹ in Lakh)
<b>I. EQUITY AND LIABILITIES</b>			
<b>1. Shareholders' Funds</b>			
(a) Share Capital	(i)	2,143.15	2,143.15
(b) Reserves and Surplus	(ii)	41,607.97	50,023.75
		<u>43,751.12</u>	<u>52,166.90</u>
<b>2. Non-Current Liabilities</b>			
(a) Long-Term Borrowings	(iii)	31,027.87	27,092.28
(b) Deferred Tax Liabilities / Assets (Net)	(x)	-	63.51
(c) Other Long-Term Liabilities	(iv)	28.84	24.00
(d) Long-Term Provisions	(v)	1,873.13	1,364.01
		<u>32,929.84</u>	<u>28,543.80</u>
<b>3. Current Liabilities</b>			
(a) Short-Term Borrowings	(vi)	24,357.95	22,034.58
(b) Trade Payables		4,552.22	4,639.62
(c) Other Current Liabilities	(vii)	8,414.93	14,384.61
(d) Short-Term Provisions	(viii)	57.90	62.16
		<u>37,383.00</u>	<u>41,120.97</u>
<b>TOTAL</b>		<u>114,063.96</u>	<u>121,831.67</u>
<b>II. ASSETS</b>			
<b>1. Non-Current Assets</b>			
(a) Fixed Assets	(ix)		
(i) Tangible Assets		53,372.49	58,098.53
(ii) Intangible Assets		2,666.04	5,067.16
(iii) Capital Work-in-Progress		2,461.95	2,815.64
(b) Non-Current Investments	(xi)	44.95	44.95
(c) Long-Term Loans and Advances	(xii)	1,771.49	1,876.80
(d) Other Non-Current Assets	(xiii)	350.00	28.65
		<u>60,666.92</u>	<u>67,931.73</u>
<b>2. Current Assets</b>			
(a) Current Investments	(xiv)	2.47	2.32
(b) Inventories	(xv)	30,328.50	32,659.36
(c) Trade Receivables	(xvi)	9,077.63	11,121.30
(d) Cash and Bank Balances	(xvii)	7,178.05	3,747.21
(e) Short-Term Loans and Advances	(xviii)	4,700.34	5,398.18
(f) Other Current Assets	(xix)	2,110.05	971.57
		<u>53,397.04</u>	<u>53,899.94</u>
<b>TOTAL</b>		<u>114,063.96</u>	<u>121,831.67</u>
Significant Accounting Policies and Explanatory Information (xxvii)			

**As per our report of even date attached**

For **Walker Chandiok & Co LLP**  
(formerly Walker, Chandiok & Co)  
Chartered Accountants

**Khushroo B. Panthaky**  
Partner

Place : Mumbai  
Date : 26<sup>th</sup> May, 2015

**Vipin Chandok**  
Chief Financial Officer

**For and on behalf of the Board**

**P. K. Khurana**  
Chairman & Managing Director

**Puneet Khurana**  
Director

## CONSOLIDATED STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31<sup>ST</sup> MARCH, 2015

	Note No.	Year Ended 31st March, 2015 (₹ in Lakh)	Year Ended 31st March, 2014 (₹ in Lakh)
I. Revenue from Operations	(xx)	47,230.99	49,063.90
II. Other Income	(xxi)	703.06	757.02
<b>III. Total Revenue (I + II)</b>		<b>47,934.05</b>	<b>49,820.92</b>
<b>IV. Expenses:</b>			
Cost of Materials Consumed	(xxii)	24,857.55	25,033.23
Purchases of Stock-in-Trade		959.31	940.83
Changes in Inventories of Finished Goods, Work-in-Progress and Stock-in-Trade	(xxiii)	266.14	4,379.69
Employee Benefits Expense	(xxiv)	8,078.73	7,657.61
Finance Costs	(xxv)	5,700.17	5,600.09
Depreciation and Amortization Expense [Refer Clause No.15 and 16 of Note xxvii]	(ix)	7,054.95	6,829.90
Other Expenses	(xxvi)	12,821.07	13,579.38
Own Goods Capitalised		(12.60)	-
<b>Total Expenses (Excluding Provision for Doubtful Debts and Foreign Exchange Variation)</b>		<b>59,725.32</b>	<b>64,020.73</b>
<b>V. (Loss) before Provision for Doubtful Debts, Foreign Exchange Variation and Tax</b>		<b>(11,791.27)</b>	<b>(14,199.81)</b>
VI. Provision/(Recoveries) against Doubtful Debts [Refer Clause No.12 of Note xxvii]		(2,197.39)	(1.34)
VII. Foreign Exchange Variation Loss / (Gain) (Net)		241.80	(396.89)
<b>VIII. (Loss) Before Tax (V-VI-VII)</b>		<b>(9,835.68)</b>	<b>(13,801.58)</b>
<b>IX. Tax Expense:</b>			
(1) Current Tax		1.00	20.51
(2) Deferred Tax		(62.90)	(5.89)
<b>X. (Loss) for the Year Before Tax Adjustments for Earlier Years (VIII-IX)</b>		<b>(9,773.78)</b>	<b>(13,816.20)</b>
XI. Tax Adjustments for Earlier Years (Net)		(1.53)	-
<b>XII. Net (Loss) for the Year (X-XI)</b>		<b>(9,772.25)</b>	<b>(13,816.20)</b>
<b>XIII. Earnings per Equity Share [Refer Clause No. 11 of Note xxvii]:</b>			
(1) Basic		(9.12)	(12.89)
(2) Diluted		(9.12)	(12.89)
Significant Accounting Policies and Explanatory Information	(xxvii)		

As per our report of even date attached

For **Walker Chandiok & Co LLP**  
(formerly Walker, Chandiok & Co)  
Chartered Accountants

**Khushroo B. Panthaky**  
Partner

Place : Mumbai  
Date : 26<sup>th</sup> May, 2015

**Vipin Chandok**  
Chief Financial Officer

For and on behalf of the Board

**P. K. Khurana**  
Chairman & Managing Director  
**Puneet Khurana**  
Director



**NOTES FORMING PART OF CONSOLIDATED BALANCE SHEET AS AT 31<sup>ST</sup> MARCH, 2015**

	As at 31st March, 2015 (₹ in Lakh)	As at 31st March, 2014 (₹ in Lakh)
<b>(i) Share Capital</b>		
<b>Authorised</b>		
125,000,000 (PY: 125,000,0000) Equity Shares of ₹ 2 each	<u>2,500.00</u>	<u>2,500.00</u>
<b>Issued</b>		
107,157,682 (PY:107,157,682) Equity Shares of ₹ 2 each	<u>2,143.15</u>	<u>2,143.15</u>
<b>Subscribed &amp; Fully Paid up</b>		
107,157,682 (PY:107,157,682) Equity Shares of ₹ 2 each fully paid up	<u>2,143.15</u>	<u>2,143.15</u>
<b>Total</b>	<u>2,143.15</u>	<u>2,143.15</u>

**a. Reconciliation of Number of Shares**

Equity Shares	As at 31st March, 2015		As at 31st March, 2014	
	Number of Shares	₹ in Lakh	Number 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 only one class of Equity Shares having a par value of ₹ 2/- per Share. Each Shareholder is eligible for one vote per share held. 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	As at 31st March, 2015		As at 31st March, 2014	
	Number of Shares Held	Percentage of Shares Held (%)	Number of Shares held	Percentage of Shares Held (%)
Khurana Gases Private Limited (Promoter)	15,052,203	14.05	15,052,203	14.05
Suman Khurana (Promoter)	15,230,691	14.21	15,044,991	14.04
P. K. Khurana (Promoter)	12,218,000	11.40	12,218,000	11.40
Pushkar Prem Kumar Khurana (Promoter)	5,844,492	5.45	5,844,492	5.45
Puneet Prem Kumar Khurana (Promoter)	6,374,447	5.95	5,775,411	5.39

**(ii) Reserves and Surplus**
**a. Securities Premium Account**

Opening Balance	<u>24,082.64</u>	<u>24,082.64</u>
Closing Balance	<u>24,082.64</u>	<u>24,082.64</u>

**b. General Reserves**

Opening Balance	<u>7,491.00</u>	<u>7,491.00</u>
Closing Balance	<u>7,491.00</u>	<u>7,491.00</u>

**c. Surplus/(Deficit) - in Statement of Profit and Loss**

Opening Balance	<u>5,985.86</u>	<u>19,802.06</u>
Net (Loss) for the current year	<u>(9,772.25)</u>	<u>(13,816.20)</u>
Transitional adjustment on account of Schedule II to Companies Act, 2013*	<u>101.07</u>	<u>-</u>
Closing Balance	<u>(3,887.46)</u>	<u>5,985.86</u>

NOTES FORMING PART OF CONSOLIDATED BALANCE SHEET AS AT 31<sup>ST</sup> MARCH, 2015

	As at 31st March, 2015 (₹ in Lakh)	As at 31st March, 2014 (₹ in Lakh)
<b>d. Foreign Currency Translation Reserve on Consolidation of Overseas Subsidiaries</b>		
Opening Balance	12,464.25	8,767.88
Movement during the Year	1,457.54	3,696.37
Closing Balance	13,921.79	12,464.25
<b>Total</b>	<b>41,607.97</b>	<b>50,023.75</b>
* Represents the written down value of the fixed assets (net of residual value), which have no balance useful life in accordance with Schedule II to Companies Act, 2013 as at 1 April, 2014. These balances have been adjusted against the opening balance of Retained Earnings.		
<b>(iii) Long-Term Borrowings</b>		
<b><u>Secured</u></b>		
<b>Term Loans [Refer Clause No. 3(a) and 3(e) of Note xxvii]</b>		
- From Banks	26,735.36	25,590.42
- Foreign Currency Loan From Bank	3,129.54	-
	<b>29,864.90</b>	<b>25,590.42</b>
<b><u>Unsecured</u></b>		
<b>Term Loans</b>		
- Sales Tax Deferment Loan [Refer Clause No. 3(c) of Note xxvii]	1,162.97	1,501.86
	<b>1,162.97</b>	<b>1,501.86</b>
<b>Total</b>	<b>31,027.87</b>	<b>27,092.28</b>
<b>(iv) Other Long-Term Liabilities</b>		
- Deposit	28.84	24.00
<b>Total</b>	<b>28.84</b>	<b>24.00</b>
<b>(v) Long-Term Provisions</b>		
<b>(a) Provision for Employee Benefits</b>		
- Compensated Absences	660.96	597.42
- Post Retirement Benefits [Refer Clause No. 10 of Note xxvii]	1,212.17	766.59
<b>Total</b>	<b>1,873.13</b>	<b>1,364.01</b>
<b>(vi) Short-Term Borrowings</b>		
<b><u>Secured</u></b>		
<b>Working Capital Facilities from Banks [Refer Clause No. 3(b) of Note xxvii]</b>		
- Repayable on Demand	-	915.00
- Others	23,709.70	17,294.32
	<b>23,709.70</b>	<b>18,209.32</b>

**NOTES FORMING PART OF CONSOLIDATED BALANCE SHEET AS AT 31<sup>ST</sup> MARCH, 2015**

	As at 31st March, 2015 (₹ in Lakh)	As at 31st March, 2014 (₹ in Lakh)
<b>Unsecured</b>		
<b>(a) Loans from Banks [Refer Clause No. 3(b) of Note xxvii]</b>		
- Working Capital Facility	-	3,184.26
<b>(b) Loans from Related Parties [Refer Clause No. 3(d) of Note xxvii]</b>	<b>648.25</b>	<b>641.00</b>
	<b>648.25</b>	<b>3,825.26</b>
<b>Total</b>	<b>24,357.95</b>	<b>22,034.58</b>
<b>(vii) Other Current Liabilities</b>		
<b>(a) Current Maturities of Long-Term Borrowings</b>		
- Term Loan From Bank [Refer Clause No. 3(a) of Note xxvii]	<b>3,290.83</b>	5,616.14
- Foreign Currency Loan From Bank [Refer Clause No. 3(a) of Note xxvii]	-	3,004.99
- Sales Tax Deferment Loan [Refer Clause No. 3(c) of Note xxvii]	<b>359.09</b>	311.24
- Vehicle Loan [Refer Clause No. 3(a) of Note xxvii]	<b>2.98</b>	2.87
<b>(b) Interest Accrued but not Due on Borrowings</b>	<b>505.81</b>	387.61
<b>(c) Interest Accrued and Due on Borrowings</b>	<b>292.93</b>	-
<b>(d) Unclaimed Dividends</b>	<b>11.76</b>	11.77
<b>(e) Advances from Customers</b>	<b>1,868.41</b>	3,431.15
<b>(f) Deposits</b>	<b>40.90</b>	35.66
<b>(g) Other Liabilities</b>	<b>2,042.22</b>	1,583.18
<b>Total</b>	<b>8,414.93</b>	14,384.61
<b>(viii) Short-Term Provisions</b>		
<b>(a) Provision for Employee Benefits</b>		
- Post Retirement Benefits [Refer Clause No. 10 of Note xxvii]	<b>40.09</b>	37.10
- Compensated Absences	<b>17.81</b>	20.31
<b>(b) Others</b>		
- Provision for Tax	-	4.75
<b>Total</b>	<b>57.90</b>	62.16

NOTES FORMING PART OF CONSOLIDATED BALANCE SHEET AS AT 31<sup>ST</sup> MARCH, 2015

(ix) Fixed Assets (₹ in Lakh)

Particulars	Gross Block			Depreciation / Amortisation			Net Block	
	Balance as at 1st April, 2014	Additions	Deductions/ Adjustments* / Assets held for Disposal**	Balance as at 31st March, 2015	Depreciation/ Amortisation charge for the year	Deductions/ Adjustments** / Assets held for Disposal**	Balance as at 31st March, 2015	Balance as at 31st March, 2014
<b>a. Tangible Assets</b>								
Freehold Land	1,046.06	-	201.49	844.57	-	-	844.57	1,046.06
Leasehold Land #	839.81	-	336.59	503.22	9.71	50.48	287.80	583.62
Buildings ##	22,520.12	439.64	1,675.14	21,284.62	683.81	95.93	15,799.12	17,622.50
Plant and Equipment	64,365.12	960.36	(1,066.96)	66,392.44	3,256.73	(624.74)	32,926.57	34,780.72
Furniture and Fixtures	499.95	10.22	25.97	484.20	55.32	9.35	154.46	216.18
Vehicles	393.55	3.88	150.62	246.81	66.59	134.98	47.39	125.74
Office equipment	268.22	14.32	(1.94)	284.48	58.56	(59.64)	51.18	153.12
Computers	989.62	13.86	(9.09)	1,012.57	128.63	(26.12)	346.28	478.08
Gas Cylinders	285.41	-	-	285.41	8.05	-	96.27	104.32
Gas Cylinders given on Lease	690.85	14.16	-	705.01	15.26	-	360.26	361.36
Electrical Installation	3,428.46	1.05	(75.57)	3,505.08	213.06	(31.80)	2,458.59	2,626.83
<b>Total (a)</b>	95,327.17	1,457.49	1,236.25	95,548.41	4,495.72	(451.56)	53,372.49	58,098.53
Previous Year Total	87,878.60	2,608.73	(4,839.84)	95,327.17	5,490.00	(1,659.40)	58,098.53	
<b>b. Intangible Assets</b>								
Goodwill (Including on Consolidation)	16,538.83	-	(682.26)	17,221.09	2,512.13	(536.89)	2,571.44	4,938.20
Computer Software	308.77	11.68	(1.02)	321.47	47.10	0.04	94.60	128.96
<b>Total (b)</b>	16,847.60	11.68	(683.28)	17,542.56	2,559.23	(536.85)	2,666.04	5,067.16
Previous Year Total	15,260.22	14.86	(1,572.52)	16,847.60	1,339.90	(968.32)	5,067.16	
<b>Total (a+b)</b>	112,174.77	1,469.17	552.97	113,090.97	7,054.95	(988.41)	56,038.53	63,165.69
Previous Year Total	103,138.82	2,623.59	(6,412.36)	112,174.77	6,829.90	(2,627.72)	63,165.69	
<b>c. Capital Work In Progress</b>								
							2,461.95	2,815.64

**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 step down subsidiary from bank is secured by way of first charge on the movable fixed assets at Kandla unit to the extent of the loan amount.

^ Represents the written down value ₹ 101.07 lakhs (Previous Year ₹ Nil) of the fixed assets (net of residual value), which have no balance useful life in accordance with Schedule II to Companies Act, 2013 as at 1 April, 2014. These balances have been adjusted against the opening balance of Retained Earnings.

\*\* Also refer Clause No. 18 of Note xxvii.

**NOTES FORMING PART OF CONSOLIDATED BALANCE SHEET AS AT 31<sup>ST</sup> MARCH, 2015**

	As at 31st March, 2015 (₹ in Lakh)	As at 31st March, 2014 (₹ in Lakh)
<b>(x) Deferred Tax Liabilities / Assets (Net)</b>		
Deferred Tax Liability on account of:		
- Depreciation	3,557.30	3,351.50
Deferred Tax Asset on account of:		
- Taxes, Duties on Inventories	318.19	310.70
- Share/FCCB Issue Expenses	-	1.56
- Employee Benefits	29.81	3.24
- Unabsorbed Depreciation and Business Loss as per Tax Laws*	3,006.96	2,928.35
- Provision for Doubtful Debts and Advances	202.34	44.14
	<b>3,557.30</b>	<b>3,287.99</b>
<b>Total</b>	<b>-</b>	<b>63.51</b>
*Limited to the amount of Deferred Tax Liabilities less other Deferred Tax Assets, on the grounds of prudence.		
<b>(xi) Non-Current Investments</b>		
(At Cost / Book Value, Unquoted)		
<b>Non-Trade Investments (Refer (a) below)</b>		
Investment in Equity Instruments	244.95	244.95
Less : Provision for Diminution in the Value of Investments	(200.00)	(200.00)
<b>Total</b>	<b>44.95</b>	<b>44.95</b>

**(a) Details of Non-Trade Investments**

Sr. No.	Name of the Body Corporate	Subsidiary/ Associate/JV/ Controlled Special Purpose Entity/ Others	Face Value	Number of Shares / Units		Partly Paid / Fully paid	Extent of Holding (%)		Amount (₹ in Lakh)		Whether stated at Cost Yes/ No	If Answer to Column (12) is 'No'- Basis of Valuation
				2015	2014		2015	2014	2015	2014		
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)	(13)
	<b>Investment in Equity Instruments</b>											
i	Everest Kanto Investment & Finance Pvt. Ltd.	Others	INR 10	115,000	115,000	Fully Paid	9.58	9.58	39.10	39.10	Yes	NA
ii	GPT Steel Industries Pvt. Ltd. [Refer Clause No.17 of Note No. xxvii]	Others	INR 10	2,000,000	2,000,000	Fully Paid	0.79	0.79	200.00	200.00	No	Fully provided for Diminution in Value
iii	Tarapur Environment Protection Society	Others	INR 100	5,852	5,852	Fully Paid	-	-	5.85	5.85	Yes	NA
	<b>Total</b>								<b>244.95</b>	<b>244.95</b>		



NOTES FORMING PART OF CONSOLIDATED BALANCE SHEET AS AT 31<sup>ST</sup> MARCH, 2015

	As at 31st March, 2015 (₹ in Lakh)	As at 31st March, 2014 (₹ in Lakh)
<b>(xii) Long-Term Loans and Advances</b>		
(Unsecured, considered good)		
a. Capital Advances	162.43	180.93
Unsecured, considered good		
b. Security Deposits :		
Unsecured, considered good	634.67	875.15
Unsecured, considered doubtful	254.00	-
Less: Provision for doubtful deposits	(254.00)	-
	634.67	875.15
c. Advance Tax and Tax Deducted at Source (Net of Provisions)	876.27	820.72
d. Other Loans and Advances:		
Secured, considered good	98.12	-
<b>Total</b>	<b>1,771.49</b>	<b>1,876.80</b>
<b>(xiii) Other Non-Current Assets</b>		
Deposits Maturing Over 12 months*		
Secured, Considered Good	350.00	28.65
<b>Total</b>	<b>350.00</b>	<b>28.65</b>
* Margin against Bank Guarantees and Letter of Credit facilities availed from bank.		
<b>(xiv) Current Investments</b>		
(Unquoted, At lower of Cost and Fair Value)		
Investments in Mutual Funds (Non-Trade) [Refer (a) below]	2.47	2.32
<b>Total</b>	<b>2.47</b>	<b>2.32</b>

**a. Details of Investments in Mutual Funds**

Name of the Mutual Fund	Number of Units		Amount (₹ In Lakh)	
	As at 31st March, 2015	As at 31st March, 2014	As at 31st March, 2015	As at 31st March, 2014
<b>Investments in Mutual Funds</b>				
LIC Liquid Fund-Dividend Plan	135.38	127.40	1.49	1.40
UTI Liquid Fund-Cash Plan Institutional - Daily Income	96.37	90.66	0.98	0.92
<b>Total</b>			<b>2.47</b>	<b>2.32</b>

**(xv) Inventories**

(Valued at Lower of Cost and Net Realisable Value)

a. Raw Materials and Components	12,463.61	15,131.58
Goods-in Transit (at Cost)	300.44	19.39
	12,764.05	15,150.97
b. Work-in-Progress	12,295.20	11,284.72
c. Finished Goods	4,935.43	5,801.89
d. Stock in Trade	294.65	367.59
e. Stores and Spares	39.17	54.19
<b>Total</b>	<b>30,328.50</b>	<b>32,659.36</b>

**NOTES FORMING PART OF CONSOLIDATED BALANCE SHEET AS AT 31<sup>ST</sup> MARCH, 2015**

	As at 31st March, 2015 (₹ in Lakh)	As at 31st March, 2014 (₹ in Lakh)
<b>(xvi) Trade Receivables</b>		
Trade receivables outstanding for a period exceeding six months from the date they became due		
Unsecured, considered good	1,349.14	2,346.76
Unsecured, considered doubtful	2,527.20	4,614.02
Less: Provision for doubtful debts	<u>(2,527.20)</u>	<u>(4,614.02)</u>
	1,349.14	2,346.76
Others		
Unsecured, considered good	7,728.49	8,774.54
Unsecured, considered doubtful	30.04	0.96
Less: Provision for doubtful debts	<u>(30.04)</u>	<u>(0.96)</u>
	7,728.49	8,774.54
<b>Total</b>	<u><u>9,077.63</u></u>	<u><u>11,121.30</u></u>
<b>(xvii) Cash and Bank Balances</b>		
<b>Cash and Cash Equivalents:</b>		
a. Cash on Hand*	56.42	57.84
b. Cheques, Drafts on Hand	196.17	50.04
c. Balances with Banks		
Current Accounts*	<u>3,722.69</u>	<u>1,536.80</u>
	3,975.28	1,644.68
Other Bank Balances:		
a. Security against Borrowings	2,845.03	1,224.60
b. Security against Guarantees	99.57	659.17
c. Bank Deposits with more than 3 months, but less than 1 year maturity	246.41	206.99
d. Earmarked Balances - Unpaid Dividend Accounts	<u>11.76</u>	<u>11.77</u>
	3,202.77	2,102.53
<b>Total</b>	<u><u>7,178.05</u></u>	<u><u>3,747.21</u></u>
*There are no Repatriation Restrictions, in respect of Cash and Bank Balances.		
<b>(xviii) Short-Term Loans and Advances</b>		
a. Advances recoverable in cash or kind or for value to be received		
- Balance with Central Excise	572.37	329.52
- Advances paid to Suppliers	1,736.14	2,886.43
- Prepaid expenses	433.75	346.97
b. Inter Corporate Deposit	1,447.78	1,447.78
c. Other Loans and Advances	<u>510.30</u>	<u>387.48</u>
<b>Total</b>	<u><u>4,700.34</u></u>	<u><u>5,398.18</u></u>
*The Inter Corporate Deposit is secured as at March 31, 2015.		
<b>(xix) Other Current Assets</b>		
a. Current Deposits	39.07	61.98
Unsecured, considered good		
[Includes ₹ 10.00 Lakh (Previous Year ₹ 20.00 Lakh), as Security Deposit to a private company in which directors are directors / members]		
b. Interest Receivable from Banks	27.68	25.67
c. Interest Receivable from Others	357.34	106.01
d. Other Receivables	227.03	777.91
e. Assets held for disposal [Refer Clause No. 18 of Note xxvii]	<u>1,458.93</u>	<u>-</u>
<b>Total</b>	<u><u>2,110.05</u></u>	<u><u>971.57</u></u>

**NOTES FORMING PART OF CONSOLIDATED STATEMENT OF PROFIT AND LOSS AS AT 31<sup>ST</sup> MARCH, 2015**

	Year Ended 31st March, 2015 (₹ in Lakh)	Year Ended 31st March, 2014 (₹ in Lakh)
<b>(xx) Revenue from Operations</b>		
<b>Sale of Products:</b>		
- Manufactured Goods	46,315.64	47,679.23
- Traded Goods	2,561.61	3,015.63
<b>Less:</b>		
Excise Duty	2,015.28	2,126.27
	<u>46,861.97</u>	<u>48,568.59</u>
<b>Other Operating Revenues</b>		
- Scrap Sales	278.29	416.83
- Export Incentives	-	-
- Testing and Inspection Fees Received	46.42	29.40
- Others	44.31	49.08
<b>Total</b>	<u>47,230.99</u>	<u>49,063.90</u>
<b>(xxi) Other Income</b>		
Interest		
- On Inter Corporate Deposits	299.84	409.87
- On Fixed Deposits	73.59	46.48
- Others	51.83	50.07
Dividend on Current Investments (Non-Trade)	0.15	0.15
Other Non-Operating Income (Net):		
- Excess Provision Written Back	33.72	91.64
- Lease Rent	40.42	38.68
- Miscellaneous Income	203.51	120.13
<b>Total</b>	<u>703.06</u>	<u>757.02</u>
<b>(xxii) Cost of Materials Consumed</b>		
Opening Stock	15,150.97	19,884.80
Add: Purchases	22,224.21	19,181.56
	<u>37,375.18</u>	<u>39,066.36</u>
Less: Closing Stock	12,764.05	15,150.97
	<u>24,611.13</u>	<u>23,915.39</u>
Foreign Exchange Translation Reserve Impact	246.42	1,117.84
<b>Total</b>	<u>24,857.55</u>	<u>25,033.23</u>
<b>(xxiii) Changes in Inventories of Finished Goods, Work-in-Progress and Stock-in-Trade</b>		
<b>Opening Stocks:</b>		
- Finished Goods	5,801.89	7,244.47
- Work in Progress	11,284.72	12,872.84
- Stock in Trade	367.59	269.76
	<u>17,454.20</u>	<u>20,387.07</u>
	(A)	
<b>Closing Stocks:</b>		
- Finished Goods	4,935.43	5,801.89
- Work in Progress	12,295.21	11,284.72
- Stock in Trade	294.65	367.59
	<u>17,525.29</u>	<u>17,454.20</u>
	(B)	
	<u>(A-B)</u>	<u>(71.09)</u>
Add/(Less) : Variation in Excise Duty on Finished Goods Stocks	(10.56)	102.72
	<u>(81.65)</u>	<u>3,035.59</u>
Foreign Exchange Translation Reserve Impact	347.79	1,344.10
<b>Total</b>	<u>266.14</u>	<u>4,379.69</u>

**NOTES FORMING PART OF CONSOLIDATED STATEMENT OF PROFIT AND LOSS AS AT 31<sup>ST</sup> MARCH, 2015**

	Year Ended 31st March, 2015 (₹ in Lakh)	Year Ended 31st March, 2014 (₹ in Lakh)
<b>(xxiv) Employee Benefits Expense</b>		
Salaries, Wages and Other Benefits [Refer Clause No.10 of Note xxvii]	7,363.77	7,170.35
Contributions to -		
- Provident Fund and Other Funds	501.13	129.40
- Superannuation Scheme	-	0.92
Staff Welfare Expenses	213.83	356.94
<b>Total</b>	<b>8,078.73</b>	<b>7,657.61</b>
<b>(xxv) Finance Costs</b>		
Interest Expense:		
- On Borrowings	5,426.46	5,144.64
- Others	13.74	3.83
Other Borrowing Costs	76.99	29.14
Applicable Net Loss on Foreign Currency Fluctuations and Translations	182.98	422.48
<b>Total</b>	<b>5,700.17</b>	<b>5,600.09</b>
<b>(xxvi) Other Expenses</b>		
Consumption of Stores, Spares, etc.	1,097.86	1,095.29
Power and Fuel	3,507.58	3,818.66
Repairs and Maintenance - Building	8.28	36.77
Repairs and Maintenance - Plant and Machinery	448.41	369.22
Repairs and Maintenance - Others	58.21	40.88
Labour Charges	154.55	138.60
Rent	503.20	528.80
Insurance	327.86	310.23
Rates and Taxes, excluding Taxes on Income	316.36	236.57
Directors' Sitting Fees and Commission	5.20	3.90
Legal and Professional Fees	559.86	2,093.47
Loss on Assets Scrapped / Discarded, Loss of Asset	354.46	10.23
Provision for Doubtful Deposits	254.00	-
Bank Charges and Commission	254.50	234.28
Carriage and Freight	1,105.94	821.41
Advertisement and Sales Promotion	240.07	172.96
Commission	560.13	247.44
Miscellaneous Expenses [Refer Clause No.13 of Note xxvii]	3,064.60	3,420.67
<b>Total</b>	<b>12,821.07</b>	<b>13,579.38</b>

## NOTES FORMING PART OF THE CONSOLIDATED FINANCIALS FOR THE YEAR ENDED 31<sup>ST</sup> MARCH, 2015

### Note No. (xxvii):

#### SIGNIFICANT ACCOUNTING POLICIES AND EXPLANATORY INFORMATION / NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31<sup>ST</sup> MARCH, 2015

- 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%

- Significant Accounting Policies and Explanatory Information 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 Explanatory Information from the individual financial statements which fairly present the needed disclosure.

### 3. Loan Funds:

Everest Kanto Cylinder Limited, India:

#### (a) Term Loans:

- Term Loan of US\$ 5.00 Million from a bank is secured by way of first pari passu charge on entire fixed assets both present and future (excluding residential flat at Cuffe Parade, Mumbai and office premises situated at Nariman Point, Mumbai), Second pari passu charge on current assets of the Company (both present & future),

unconditional and irrevocable personal guarantees from three promoter directors and non-disposal undertaking of shareholding of the Company in the subsidiary in China. The loan has been renewed during the year and is repayable in bullet in May 2016. The interest rate of the Borrowings is 6 Months' LIBOR plus 5.50% per annum.

- Term Loan from another bank up to ₹ 32,500.00 Lakh is secured by way of (a) first pari passu charge on all the fixed assets of the Company, excluding specific immovable properties (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 three 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 current interest rate of the Borrowing is 13% per annum.
- 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 personal guarantees from two directors. Two of the banks have been provided additional security over separate specific immovable properties of the Company. The interest rate of the working capital facilities ranges from 13.20% per annum to 15.50% per annum.
- The Interest-free Sales Tax Deferment Loan is repayable in six equal annual installments, with the last installment falling due in financial year 2018-19.
- Short-term unsecured loans from related parties are repayable on demand and carry interest rate of 12% per annum.

#### (e) Details of borrowings due and outstanding as on March 31, 2015:

Name of the parties	Nature of the dues	Amount (₹ in Lakh)	Period to which the amount relates	Due date	Date of payment
Yes Bank	Interest on term loan	94.86	FY 2014-15	1-March-15	24-April-15
		166.69	FY 2014-15	1-March-15	29-April-15
Everest Kanto Investment & Finance Limited	Interest on unsecured loan	26.10	FY 2013-14	1-April-14	Not paid till date
Khurana Fabrication Industries Limited	Interest on unsecured loan	0.48	FY 2013-14	1-April-14	Not paid till date
Khurana Gases Private Limited	Interest on unsecured loan	4.80	FY 2013-14	1-April-14	Not paid till date



**EKC International FZE, UAE:**

- (a) Term from bank:
- (i) Vehicle Loans are repayable in 48 monthly installments, with the last installment falling due in financial year June-2016. These loans are secured by hypothecation of underlying vehicles and are at fixed rate of interest of 4.15% per annum.
- (b) Working Capital facilities from banks:
- (i) Working Capital facility of USD 5 Million from a bank is secured by an irrevocable bank guarantee from another bank. The interest rate of the Borrowing is monthly EIBOR +3.5% per annum with a floor rate of 7% per annum. The facility is denominated in UAE Dirhams.
- (ii) An unsecured Bank Overdraft facility of USD 8.96 Million is at interest rate of 1.65% per annum. The facility is denominated in UAE Dirhams.
- (iii) A Working Capital facility of USD 10 Million from another bank is at Interest rate of LIBOR + 6% per annum. The Borrowing is secured by assignment of receivables, promissory note, stock in trade, lien over cash margin of Subsidiary, corporate guarantee (unconditional / irrevocable) of Everest Kanto Cylinder Limited, India and possessory pledge of plant and machinery and Personal Guarantee of two Promoter Directors of Everest Kanto Cylinder Limited, India.

**CP Industries Holdings Inc., USA:**

- (a) Term Loans from Banks:
- (i) Term Loan of USD 8.75 Million and Term Loan of USD 1.25 Million for Capital Expenditure from a bank were merged during the year. The outstanding amount of USD 5.85 Million is repayable in 48 equal monthly installments ending in May 2017. The Borrowing is secured by substantially all the assets of the Subsidiary. The interest rate of the Borrowing is 1 Month LIBOR plus 3% per annum.
- (ii) Term Loan of USD 3.00 Million from a bank is repayable in 16 equal quarterly installments ending in October 2016. The Borrowing is secured by security of specific fixed assets and corporate guarantee of Everest Kanto Cylinder Limited, India. The interest rate of the Borrowing is 6 Months' LIBOR plus 5.50% per annum.
- (iii) During the previous year, pursuant to breach in the financial covenants stipulated by the bank in (i) above, term loans of both the banks were classified as current liabilities as at March 31, 2014. The Subsidiary has met the covenants stipulated by the bank in the current year resulting in re-classification of the terms loans as Long term loans as at March 31, 2015.

**(b) Working Capital facility from a Bank:**

- (i) The Working Capital loan facility from a bank is secured by substantially all the assets of the Subsidiary. The maturity date of the Loan is May 2017. The interest rate of the Borrowing is one Month LIBOR plus 3.00% per annum.

**EKC Industries (Tianjin) Co. Ltd., China:**

- (a) There are no Term Loans from Banks.
- (b) Working Capital facility from a Bank:
- (i) The Working Capital loan facility of RMB 3 Million from a bank is secured by fixed deposits with the bank and land & building of the subsidiary. The maturity date of the Loan is September 2015. The interest rate of the Borrowing is 8.10% per annum.

4. (a) Contingent liabilities not provided for in respect of:	As at 31st March, 2015 (₹ in Lakh)	As at 31st March, 2014 (₹ in Lakh)
Disputed Tax and other Matters:		
Income Tax	806.30	1,664.60
Sales Tax and Value Added Tax	461.36	53.92
Lease Tax	21.05	21.05
(b) Claims not acknowledged as Debts	498.48	399.41
(c) Estimated amount of contracts remaining to be executed on Capital account and not provided for (net of advances)	446.96	438.73
(d) Bonds executed in favour of Government Authorities (Also refer Clause No. 8 of Note xxvii)	2,978.77	3,222.14
(e) CP Industries Holdings Inc. USA, a subsidiary of the Company, is exposed to environmental risks. The Subsidiary has various policies and procedures to avoid environmental contamination and to mitigate the risks of environmental contamination. The Subsidiary conducts periodic reviews to identify changes in its environmental risk profile. Liabilities are accrued when environmental assessments and/or clean-ups are probable and the costs can be reasonably estimated. The Subsidiary is not aware of any environmental claims existing as of March 31, 2015. 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 Subsidiary's properties.		

5. Foreign Currency exposures that are not hedged by derivative instruments:	As at 31st March, 2015 In Foreign Currency	As at 31st March, 2014
Debtors – USD	78,450	1,230,579
Debtors – Euro	454,350	468,967
Creditors – USD	434,880	565,307
Creditors – Euro	32,353	2,718
Advances to Suppliers / Others – USD	179,735	427,394
Advances to Suppliers / Others – Euro	4,284	-
Advances to Suppliers / Others – HUF	3,000	-
Advance received from Customers – USD	129,175	2,498,441
Loans Borrowed – USD	7,998,703	6,404,161
Other Receivables – USD	-	34,260
Other Receivables – HUF	6,484,780	11,505,426
Other Payables – HUF	-	-
Bank Balances – USD	6,420	3,644
Bank Balances – CZK	20,481	-
Cash and Bank Balances – AED	1,056,777	1,054,029
Interest Payable – USD	94,589	50,034

6. Related Parties 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
- Mr. Pushkar Khurana
- Mr. Vipin Chandok
- Ms. Kanika Sharma (till February 20, 2015)

(c) Relatives of Key Management Personnel, with whom transactions have taken place :

- Mr. S. S. Khurana
- Mrs. Suman Khurana
- Mr. Varun Khurana

2. Transactions with related parties: (₹ in Lakh)

Nature of Transactions	Related parties referred in		
	1(a) above	1(b) above	1(c) above
<b>Sales:</b>			
<b>Goods</b>			
- Medical Engineers (India) Limited	812.18 (408.33)	- (-)	- (-)
- Others (India) Limited	- (0.25)	- (-)	- (-)
<b>Purchases:</b>			
<b>Consumables</b>			
- Others	0.46 (6.17)	- (-)	- (-)
<b>Expenses / Payments:</b>			
<b>Remuneration</b>			
- Premkumar Khurana	- (-)	- (14.00)	- (-)
- Puneet Khurana	- (-)	- (3.76)	- (-)
- P.M.Samvatsar	- (-)	- (76.74)	- (-)
- Pushkar Khurana	- (-)	99.70 (98.45)	- (-)
- Vipin Chandok	- (-)	40.00 (37.50)	- (-)
- Kanika Sharma	- (-)	11.44 (11.00)	- (-)
<b>Rent</b>			
- Khurana Industrial Gases Private Limited	42.00 (48.00)	- (-)	- (-)
- Khurana Gases Private Limited	25.52 (59.34)	- (-)	- (-)
- Khurana Exports Private Limited	47.60 (54.60)	- (-)	- (-)
- Khurana Fabrication Industries Private Limited	33.32 (46.02)	- (-)	- (-)
- Others	48.36 (35.85)	21.00 (22.50)	6.00 (9.00)
Other Expenses	12.16 (15.10)	0.42 (-)	- (-)
<b>Interest Expenses</b>			
- Everest Kanto Investment and Finance Private Limited	41.89 (7.18)	- (-)	- (-)
- Khurana Gases Private Limited	23.28 (19.55)	- (-)	- (-)
- Khurana Exports Private Limited	7.80 (0.78)	- (-)	- (-)
- Khurana Fabrication Industries Private Limited	4.05 (0.89)	- (-)	- (-)

Nature of Transactions	Related parties referred in		
	1(a) above	1(b) above	1(c) above
<b>Loans taken during the Year</b>			
- Everest Kanto Investment and Finance Private Limited	83.50 (77.00)	- (-)	- (-)
- Khurana Gases Private Limited	- (64.00)	- (-)	- (-)
- Khurana Exports Private Limited	- (76.25)	- (-)	- (-)
- Khurana Fabrication Industries Private Limited	- (33.75)	- (-)	- (-)
<b>Balances Outstanding:(#)</b>			
<b>Loans Taken</b>			
- Everest Kanto Investment and Finance Private Limited	420.50 (337.00)	- (-)	- (-)
- Khurana Gases Private Limited	194.00 (194.00)	- (-)	- (-)
- Khurana Exports Private Limited	- (76.25)	- (-)	- (-)
- Khurana Fabrication Industries Private Limited	33.75 (33.75)	- (-)	- (-)
<b>Payables</b>			
- Khurana Gases Private Limited	28.97 (198.80)	- (-)	- (-)
- Everest Kanto Investment and Finance Private Limited	80.22 (363.10)	- (-)	- (-)
- Medical Engineers (India) Limited	54.70 (126.17)	- (-)	- (-)
- Khurana Exports Private Limited	30.42 (76.95)	- (-)	- (-)
- Others	38.36 (34.64)	9.71 (-)	2.70 (-)
<b>Receivables</b>			
- Medical Engineers (India) Limited	468.69 (100.23)	- (-)	- (-)
- Khurana Exports Private Limited	10.00 (20.00)	- (-)	- (-)
<b>Personal Guarantee Given for Borrowing by the Company (@)</b>	34,527.42 (31,493.25) Jointly by promoter directors		

# Foreign currency balances are restated at year end rates.

@ Personal Guarantees given to banks of ₹ 40,959.08 Lakh and US\$ 5 Mn (₹ 38,509.98 Lakh and US\$ Nil as on March 31, 2014) by Promoter Directors for the Term Loans, against which ₹ 34,527.42 Lakh (₹ 31,493.25 Lakh as on March 31, 2014) were outstanding as at the end of the year.

(Previous year figures are in brackets).

<b>As at</b>	<b>As at</b>
<b>31st March,</b>	<b>31st March,</b>
<b>2015</b>	<b>2014</b>
<b>(₹ in Lakh)</b>	<b>(₹ in Lakh)</b>

7. (a) Assets Taken on Operating Lease:
- The total future minimum lease rentals payable against Cancellable / Non-Cancellable leases at the Balance Sheet date are as under:
- |  |               |        |
|--|---------------|--------|
| For a period not later than one year                           | <b>298.42</b> | 266.08 |
| For a period later than one year and not later than five years | <b>312.16</b> | 98.33  |
| For a period later than five years                             | -             | -      |
- (b) Assets Given on Operating Lease:
- Cylinders
- |                           |               |        |
|---------------------------|---------------|--------|
| (i) Gross Carrying Amount | <b>162.17</b> | 148.01 |
| Depreciation for the year | <b>3.67</b>   | 23.99  |
| Accumulated Depreciation  | <b>73.29</b>  | 69.62  |
- (ii) The total future minimum lease rentals receivable against Cancellable / Non-cancellable leases at the Balance Sheet date are as under:
- |  |              |       |
|--|--------------|-------|
| For a period not later than one year                           | <b>10.48</b> | 36.24 |
| For a period later than one year and not later than five years | <b>4.32</b>  | 6.15  |
| For a period later than five years                             | -            | -     |
8. Bonds/Undertakings given by the Company under concessional duty/exemption schemes to government authorities (net of obligations fulfilled) aggregate to ₹ 2,978.77 Lakh as at the close of the year (₹ 3,222.14 Lakh as on March 31, 2014).

9. (a) During the year 2014-15, the Chairman & Managing Director (CMD) is entitled to a remuneration of ₹ 61.95 Lakh as per Schedule V to the Companies Act, 2013. However, in absence of profits, the CMD has voluntarily decided not to draw any remuneration from the Company.

(b) In the absence of profits during the financial year 2012-13, the remuneration of ₹ 289.84 Lakh for that financial year of the CMD and two Whole Time Directors (WTDs) as per their respective terms of appointments was in excess by ₹ 228.78 Lakh computed in accordance with the provisions of the Companies Act, 1956 and Schedule XIII thereto. The Company had obtained approval of the shareholders of the Company by way of postal ballot for payment of the excess remuneration and had applied to the Central Government for seeking its approval. During the year 2014-15, the Central Government has approved 50% of the remuneration paid to the CMD and the two WTDs. The CMD and the two WTDs have refunded the so excess remuneration not approved by the Central Government.

10. Everest Kanto Cylinder Limited, India:

In accordance with Accounting Standard (AS) 15 – “Employee Benefits”, an amount of ₹ 69.89 Lakh (Previous Year ₹ 77.48 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 Life Insurance Corporation of India (LIC)) are given below:

	2014-15 (₹ in Lakh)	2013-14 (₹ in Lakh)
Change in present value of obligation:		
Obligation at beginning of the year	161.67	170.83
Current Service Cost	18.20	23.54
Interest Cost	15.02	15.09
Actuarial (gain)/loss	6.05	6.78
Benefits paid	(36.64)	(54.57)
Obligation at the end of the year	164.30	161.67
Change in Plan assets (Managed by LIC):		
Fair value of Plan Assets at beginning of the year	155.85	174.25
Expected return on plan assets	13.82	13.86
Actuarial gain / (loss)	2.58	(0.58)
Contributions	21.79	22.89
Benefits paid	(36.64)	(54.57)
Fair Value of plan assets at end of the year	157.40	155.85
Break up of categories of plan assets:		
Government Securities	-	-
Bonds, Corporate Debt and Non-Convertible debentures	-	-
Equity Investment in 'A' Group Shares (Predominantly)	-	-
Insurer Managed Funds	100%	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	164.30	161.67
Fair Value of plan assets at the end of the year	157.40	155.85
Net (Asset) / Liability recognized in the balance sheet	6.90	5.82
Gratuity cost recognised for the year:		
Current Service Cost	18.20	23.54
Interest Cost	15.02	15.09
Expected return on plan assets	(13.82)	(13.86)
Actuarial (gain)/ loss	3.47	7.36
Net gratuity cost	22.87	32.13

	2014-2015 ₹ in Lakh	2013-2014 ₹ in Lakh	2012-2013 ₹ in Lakh	2011-2012 ₹ in Lakh	2010-2011 ₹ in Lakh
Assumptions:					
Discount Rate	7.95%	9.00%	7.95%	8.55%	8.15%
Rate of growth in salary levels*	6.00%	6.00%	6.00%	6.00%	6.00%
Mortality	<b>Assured Lives Mortality (2006-08)</b>	<b>Assured Lives Mortality(2006-08)</b>	<b>Assured Lives Mortality(2006-08)</b>	<b>LIC (1994-96)</b>	<b>LIC (1994-96)</b>
Expected Rate of Return on Assets	8.75%	7.50%	7.50%	7.50%	7.50%
Withdrawal Rate	3% to 7.50%	3% to 7.50%	3% to 7.50%	3% to 7.50%	3% to 7.50%
Present Value of Obligations	164.30	161.67	170.83	166.21	156.96
Fair Value of Plan Assets	157.40	155.85	174.25	169.69	155.03
Surplus / (Deficit) in the Plan	(6.90)	(5.82)	3.42	3.48	(1.93)
Experience Adjustments					
- On Plan Liabilities	(7.90)	21.32	(13.21)	(25.88)	(20.09)
- On Plan Assets	2.58	(0.58)	1.42	2.28	1.39

Expected Employer's Contribution next year ₹ 25.00 Lakh (Previous Year ₹ 30.00 Lakh).

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

CP Industries Holdings Inc., USA:

The Subsidiary has a noncontributory defined benefit pension plan covering all union employees hired prior to June 1, 2006. The benefits are based on years of service and the applicable compensation level under the plan. Its 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 future. Accordingly, during the current year ₹ 372.11 Lakh were charged to revenue as compared to ₹ 15.75 Lakh reversed during previous year, towards Pension & Post Retirement plan adjustments. Accordingly, the liabilities towards the year ended March 31, 2015 were ₹ 1,737.22 Lakh (₹ 1,219.05 Lakh as on March 31, 2014).

	<b>2014-2015</b>	<b>2013-2014</b>
	<b>(₹ in Lakh)</b>	<b>(₹ in Lakh)</b>
11. Computation of Earnings per Share:		
Net Profit/(Loss) as per Statement of Profit and Loss	<b>(9,772.25)</b>	(13,816.20)
Weighted Average Number of Equity Shares	<b>107,157,682</b>	107,157,682
Number of Equity Shares Outstanding at the End of the Year	<b>107,157,682</b>	107,157,682
Nominal Value per Share (in Rupees)	<b>2.00</b>	2.00
Basic and Diluted Earnings per Share (in Rupees)	<b>(9.12)</b>	(12.89)

12. During the year 2012-13, the provision of ₹ 4,469.35 lakhs was made in respect of trade receivables of EKC International FZE, UAE, that were due for more than one year as at the end of that financial year, due to the prevalent geo-political situation in the Middle East and out of abundant caution. During the current year, ₹ 2,482.71 lakhs (Previous Year: ₹ Nil) have been recovered against the same. Management is confident of recovering the balance receivables.
13. Total research and development expenses incurred at C.P. Industries Holdings Inc. were approximately ₹ 240.30 Lakh (₹ 544.95 Lakh as on March 31, 2014). The Subsidiary charges the entire research and development costs to the Statement of Profit and Loss.
14. Please refer to Page Nos. 96 & 97.
15. During the year, the Company has on reassessment of the relevant facts, revised the estimated useful lives of IPRs and Goodwill, arising on historic acquisition of business

assets, capitalised in the books of subsidiaries, from 10 years to 8 years. Consequently, the amortization charge in relation to these intangibles for the year 2014-15 is higher by ₹ 1,256.06 Lakh as compared to the previous year.

16. During the year, EKC International FZE has changed the estimates of useful life of its fixed assets. The new useful lives of fixed assets adopted by subsidiary company are in line with the useful lives of fixed assets considered by holding Company. This change in estimate of useful life has resulted in lower depreciation charge of ₹ 448.40 Lakh during the current year as compared to the previous year.
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 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 100% diminution in value of investments made in GPT. The position at the end of this financial year remains the same.
18. As on March 31, 2015, Other Current Assets include land at Gandhidham, India having book value ₹ 223.25 Lakh and office premises at Mumbai, India having book value ₹ 1,235.68 Lakh being Fixed assets held for disposal, pursuant to the decision of the Board of Directors of the Company to dispose off the same during near future.
19. Previous year's figures have been reclassified/regrouped to conform to current year's classification/grouping.
20. Significant Accounting Policies followed by the Company are as stated in the Statement annexed to this note as Annexure I.

#### 14. Segment Reporting:

##### B. Other Disclosures

- 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.
- The Company and its subsidiaries operate within 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.
- Inter Segment Revenues are recognised at sales price.
- 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.

#### As per our report of even date attached

For **Walker Chandiok & Co LLP**  
(formerly Walker, Chandiok & Co)  
Chartered Accountants

**Khushroo B. Panthaky**  
Partner

Place : Mumbai  
Date : 26<sup>th</sup> May, 2015

Notes forming part of Consolidated Financial Statements

**Vipin Chandok**  
Chief Financial Officer

For and on behalf of the Board

**P. K. Khurana**  
Chairman & Managing Director  
**Puneet Khurana**  
Director



**14. Segment Reporting**  
**A. Geographical Segment – Primary**

(₹ in Lakh)

Particulars	India		UAE		China		USA & Hungary		Thailand		Europe		Total	
	2014-15	2013-14	2014-15	2013-14	2014-15	2013-14	2014-15	2013-14	2013-14	2013-14	2014-15	2013-14	2014-13	2013-14
<b>(a) Segment Revenue</b>														
Less: Inter Segment Revenue	18,866.77	21,485.52	11,277.32	10,907.37	5,493.62	5,985.21	16,774.19	14,526.79	283.50	64.07	405.66	325.88	53,101.06	53,294.84
	832.69	171.42	1,871.16	2,265.26	2,775.47	1,487.34	-	-	169.48	-	221.27	306.92	5,870.07	4,230.94
<b>(b) Segment Result</b>														
Unallocated Income (net of Expenses)	18,034.08	21,314.10	9,406.16	8,642.11	2,718.15	4,497.87	16,774.19	14,526.79	114.02	64.07	184.39	18.96	47,230.99	49,063.90
(Loss) before Foreign Exchange Fluctuation	(3,585.43)	(4,385.16)	3,257.17	(447.78)	(1,704.05)	(2,437.05)	(2,020.91)	(1,510.77)	(47.36)	(18.42)	(218.55)	(307.14)	(4,319.13)	(9,106.32)
(Net), Finance Charges and Tax													425.42	507.94
Foreign Exchange Fluctuation - (Loss) / Gain (Net)													(3,893.71)	(8,598.38)
(Loss) before Finance Charges and Tax													(241.80)	396.89
Finance Charges													(4,135.51)	(8,201.49)
(Loss) Before Tax													5,700.17	5,600.09
Provision for Taxation													(9,835.68)	(13,801.58)
- Current Tax													(1.00)	(20.51)
- Deferred Tax Credit / (Charge)													62.90	5.89
- Tax Adjustments of Earlier Years (Net)													1.53	-
<b>Net (Loss) after Tax</b>													<b>(9,772.25)</b>	<b>(13,816.20)</b>
<b>Other Information</b>														
<b>(c) Segment Assets</b>														
Add: Unallocated	53,677.50	56,373.25	16,076.16	18,455.00	14,181.72	16,663.10	23,306.60	25,343.82	754.46	497.14	155.04	64.15	108,151.48	117,396.46
Total Segment Assets													5,912.48	4,435.21
<b>(d) Segment Liabilities</b>														
Add: Unallocated	2,990.13	4,286.79	1,355.29	1,010.27	1,482.40	1,764.79	4,625.55	4,059.74	7.41	13.15	14.60	16.83	114,063.96	121,831.67
Total Segment Liabilities													10,475.38	11,151.57
<b>(e) Capital Expenditure</b>														
Add: Unallocated	113.82	1,305.04	183.83	16.13	361.59	8.19	456.04	636.12	-	-	0.19	0.31	1,115.47	1,965.79
Total Capital Expenditure													-	-
<b>(f) Depreciation / Amortisation</b>														
Add: Unallocated	1,751.10	2,330.70	284.59	722.62	867.78	992.06	4,146.93	2,779.39	-	-	4.55	5.12	1,115.47	1,965.79
Total Depreciation / Amortisation													7,054.95	6,829.90
<b>(g) Other Non Cash Expenditure</b>														
	439.32	-	-	-	100.00	-	-	-	-	-	-	-	7,054.95	6,829.90
													539.32	-

**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 financial statements of the Holding Company have been prepared in accordance with the Generally Accepted Accounting Principles in India. The financial statements of the foreign subsidiaries have been prepared in accordance with the local laws and the applicable Accounting Standards/ Generally Accepted Accounting principles duly adapted/ aligned with the Accounting Standards specified under section 133 of the Companies Act, 2013, read with Rule 7 of Companies (Accounts) Rules, 2014, (as amended) and other relevant provisions of the Companies Act, 2013, wherever required, for the purpose of consolidation. The financial statements of the subsidiaries used in the consolidation, 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 operating cycle and other criteria set out in the Schedule III to the Companies Act, 2013. Based on the nature of products and the time between the acquisition of assets for processing and their realization in cash and cash equivalents, the Company has ascertained its operating cycle to be 12 months for the purpose of current – non-current classification of assets and liabilities.

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

Subsidiaries are consolidated from the date on which effective control is transferred to the Group and are not considered for consolidation from the date of disposal.

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

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 shareholders 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 below, which, in the opinion of the management, does not have any material impact on the consolidated financial statements.

**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, whereas employee benefits for other group companies are recognised on the basis of an actuarial valuation. The impact of the same, in the opinion of the management, would not be significant.

**C. 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.

Examples of such estimates include the useful life of fixed asset, provision for doubtful debts/advances, future obligation in respect of retirement benefit plans, provision for inventory obsolescence, impairment of investments etc.

**D. Revenue Recognition:**

- a. Revenue/Income and Cost/Expenditure are generally accounted for on accrual basis as they are earned or incurred except in case of significant uncertainties;
- b. Sale of goods is recognised 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. Dividend income is recognised in the year in which the right to receive dividend is established;
- e. Interest income is recognised on a time proportion basis taking into account the amount outstanding and the rate applicable.

**E. 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 Holdings Inc.): The Subsidiary 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. Its 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.  
It 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 ₹ 49.45 Lakh (\$79,000.00) for 2015 and ₹ 46.28 Lakh (\$77,000.00) for 2014. There were no discretionary contributions made to the non union employees' plan in 2014.
- c. **Long term compensated absences are accounted 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.

**F. Foreign Currency Transactions / 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 entities:

- 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 into equivalent 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 Statement of Profit and Loss 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 Statement of Profit and Loss 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 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.

- 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.

**G. 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 period of lease;
- ii. Depreciation on the fixed assets of the Holding Company, CC&L and EKC International FZE has been provided on the straight line method as per the useful life prescribed in Schedule II to the Companies Act, 2013, with residual value of 5%, except in respect of the following categories of the assets, in whose case the useful life of the asset has been assessed based on the technical advice, taking into account the nature of the asset, the estimated usage of the asset, the operating conditions of the asset, past history of replacement, anticipated technological changes, manufacturer's warranties and maintenance support, etc.

Plant and Machinery: 10 to 25 years

Gas Cylinders: 25 years

In respect of certain foreign subsidiaries, depreciation has been charged on pro-rata basis at the rates and methods as prescribed in the respective local regulations of the country of incorporation, which generally represents useful life of these assets.

- 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.

**H. 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.

**I. 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 'weighted average cost', 'first-in-first-out' or 'specific identification', as applicable.

**J. 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 originates 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. Where there is no unabsorbed depreciation and/or brought forward losses, 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 amounts of Deferred Tax Assets are reviewed to reassess realisation.

**K. 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.

**L. 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. However, the carrying value after reversal is not increased beyond the carrying value that would have prevailed by charging usual depreciation if there was no impairment.

**M. 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 Statement of Profit and Loss on a systematic basis so as to match the related costs.

**N. Expenditure During Construction and Expenditure on New Projects:**

In case of new projects and substantial modernization / expansion at existing units of the Group, expenditure incurred prior to commencement of commercial production is capitalised in accordance with generally applicable accounting principles.

**O. 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 disclosed in respect of possible obligations that arise from past events, whose existence would be confirmed by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Company. Contingent Assets are neither recognised nor disclosed in the financial statements.

**P. Leases:**

The Company has leased out 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 leased asset is diminished. Initial direct costs for securing lease contracts are recognized as an expense in the Statement of Profit and Loss in the period in which they are incurred.

Assets acquired on lease where a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases. Lease rentals are charged to the statement of profit and loss on a straight line basis.

**Q. Earnings Per Share:**

Basic earnings per share are 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 after deducting preference dividends and any attributable tax thereto for the period. The weighted average number of equity shares outstanding during the period 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.



**CONSOLIDATED CASH FLOW STATEMENT FOR THE YEAR ENDED 31<sup>ST</sup> MARCH, 2015**

	Year Ended 31st March, 2015 (₹ in Lakh)	Year Ended 31st March, 2014 (₹ in Lakh)
<b>A Cash flow from Operating Activities</b>		
Net (Loss) for the year before taxation	(9,835.68)	(13,801.58)
<b>Add / (Deduct):</b>		
(a) Depreciation / Amortisation for the year	7,054.95	6,829.90
(b) Unrealised Foreign Exchange Variation (net)	124.55	285.53
(c) Loss on Assets Sold / Discarded	354.46	10.23
(d) Excess Provision Written Back	(33.72)	(91.64)
(e) Finance Costs	5,700.17	5,600.09
(f) Interest Income	(425.26)	(506.42)
(g) Dividend on Current Investments (Non - Trade)	(0.15)	(0.15)
(h) Provision for doubtful debts	(2,197.39)	(1.34)
(i) Provision for doubtful deposits	254.00	-
	<b>10,831.61</b>	<b>12,126.20</b>
Operating Profit / (Loss) before Working Capital Changes	<b>995.93</b>	<b>(1,675.38)</b>
Adjustments:		
(a) (Increase) / Decrease in Inventories	2,330.86	7,663.49
(b) (Increase) / Decrease in Trade and Other Receivables	3,979.45	(1,986.49)
(c) Increase / (Decrease) in Trade and Other Payables	(642.44)	(367.22)
	<b>5,667.87</b>	<b>5,309.78</b>
Cash Inflow from Operations	<b>6,663.80</b>	<b>3,634.40</b>
Deduct:		
Direct Taxes Paid	<b>55.02</b>	<b>69.00</b>
<b>Net Cash Inflow from Operating Activities (A)</b>	<b>6,608.78</b>	<b>3,565.40</b>
<b>B Cash Flow from Investing Activities</b>		
<b>Inflow:</b>		
(a) Dividend on Current Investments (Non - Trade)	0.15	0.15
(b) Interest Income Received	171.92	802.24
(c) Inter Corporate Deposits Repaid	-	552.22
(d) Sale of Fixed Assets	550.29	15.91
	<b>722.36</b>	<b>1,370.52</b>
<b>Outflow:</b>		
(a) Purchases of Current Investments	0.15	0.15
(b) Purchase of Fixed Assets (including Capital Advances)	1,096.97	1,956.67
	<b>1,097.12</b>	<b>1,956.82</b>
<b>Net Cash Inflow / (Outflow) from Investing Activities (B)</b>	<b>(374.76)</b>	<b>(586.30)</b>

## CONSOLIDATED CASH FLOW STATEMENT FOR THE YEAR ENDED 31<sup>ST</sup> MARCH, 2015

	Year Ended 31st March, 2015 (₹ in Lakh)	Year Ended 31st March, 2014 (₹ in Lakh)
<b>C Cash Flow from Financing Activities</b>		
<b>Inflow:</b>		
(a) Working Capital / Short Term Loan Availed during the Year	2,323.37	3,943.47
(b) Fixed Loans Availed during the Year (Net)	-	145.00
	<u>2,323.37</u>	<u>4,088.47</u>
<b>Outflow:</b>		
(a) Finance Costs Paid	5,289.04	5,607.41
(b) Dividend Paid	0.01	213.69
(c) Dividend Tax Paid	-	36.42
(d) Fixed Loans Repaid during the Year	1,471.30	1,401.68
	<u>6,760.35</u>	<u>7,259.20</u>
<b>Net Cash (Outflow) from Financing Activities (C)</b>	<u>(4,436.98)</u>	<u>(3,170.73)</u>
<b>D Change in Currency Fluctuation Reserve arising on Consolidation</b>	<u>533.56</u>	<u>(114.77)</u>
<b>Net Increase / (Decrease) in Cash/Cash Equivalents (A+B+C+D)</b>	<b>2,330.60</b>	<b>(306.40)</b>
Add: Balance of Cash/Cash Equivalents at the Beginning of the Year	1,644.68	1,951.08
Cash/Cash Equivalents at the Close of the Year	3,975.28	1,644.68
Cash/Cash Equivalents at the Close of the year		
Cash and Bank Balances as per Note (xvii)	7,178.05	3,747.21
Less: Other Bank Balances not in nature of Cash&Cash Equivalents	<u>(3,202.77)</u>	<u>(2,102.53)</u>
	<u>3,975.28</u>	<u>1,644.68</u>

### As per our report of even date attached

For **Walker Chandiok & Co LLP**  
(formerly Walker, Chandiok & Co)  
Chartered Accountants

**Khushroo B. Panthaky**  
Partner

Place : Mumbai  
Date : 26<sup>th</sup> May, 2015

**Vipin Chandok**  
Chief Financial Officer

### For and on behalf of the Board

**P. K. Khurana**  
Chairman & Managing Director  
**Puneet Khurana**  
Director



**NOTES**

A series of horizontal lines for taking notes, consisting of 25 evenly spaced lines spanning the width of the page.

**ATTENDANCE SLIP****EVEREST KANTO CYLINDER LIMITED****Registered Office:** 204, Raheja Centre, Free Press Journal Marg, 214, Nariman Point, Mumbai - 400 021.**CIN:** L29200MH1978PLC020434

Members attending the Meeting in person or by Proxy are requested to complete the attendance slip and hand it over at the entrance of the meeting hall.

I hereby record my presence at the 36th Annual General Meeting of the Company at Half Centrum Hall, MVIRDC, World Trade Centre-Mumbai, Centre 1, 1st Floor, Cuffe Parade, Mumbai - 400 005 on Monday, September 28, 2015 at 11.00 a.m.

Full name of the Member (in block letters) \_\_\_\_\_ Signature \_\_\_\_\_  
 Folio No.: \_\_\_\_\_ DP ID No.\* \_\_\_\_\_ Client ID No.\* \_\_\_\_\_  
 \*Applicable for member holding shares in electronic form

Full name of the proxy (in block letters) \_\_\_\_\_ Signature \_\_\_\_\_

✂ ———— TEAR HERE ———— ✂

**PROXY FORM****EVEREST KANTO CYLINDER LIMITED****Registered Office:** 204, Raheja Centre, Free Press Journal Marg, 214, Nariman Point, Mumbai - 400 021.**CIN:** L29200MH1978PLC020434

**PROXY FORM - MGT - 11 (Pursuant to Section 105(6) of the Companies Act, 2013  
 and Rule 19(3) of the Companies (Management and Administration) Rules, 2014)**

Name of the Member (s) : \_\_\_\_\_

Registered address: \_\_\_\_\_

E-mail Id: \_\_\_\_\_ DP ID No. \_\_\_\_\_

Folio No. \_\_\_\_\_ Client ID No. \_\_\_\_\_

I / We, being the member(s) of \_\_\_\_\_ Equity Shares of Everest Kanto Cylinder Limited, hereby appoint :

1. Name : \_\_\_\_\_

Address : \_\_\_\_\_

E-mail Id : \_\_\_\_\_ Signature : \_\_\_\_\_ or failing him / her

2. Name : \_\_\_\_\_

Address : \_\_\_\_\_

E-mail Id : \_\_\_\_\_ Signature : \_\_\_\_\_ or failing him / her

3. Name : \_\_\_\_\_

Address : \_\_\_\_\_

E-mail Id : \_\_\_\_\_ Signature : \_\_\_\_\_

As my / our proxy to attend and vote (on a poll) for me / us and on my / our behalf at the 36th Annual General Meeting of the Company, to be held on Monday, September 28, 2015 at 11.00 a.m. at Half Centrum Hall, MVIRDC, World Trade Centre-Mumbai, Centre 1, 1st Floor, Cuffe Parade, Mumbai - 400 005 and at any adjournment thereof, in respect of such resolutions set out in the Notice convening the meeting, as are indicated below:

RESOLUTIONS	For	Against
<b>Ordinary Business</b>		
1. Adoption of the Financial Statements and Directors' and Auditors' Reports thereon for the year ended March 31, 2015.		
2. Re-appointment of Mr. Puneet Khurana (DIN:00004074), retiring by rotation, as a Director of the Company, liable to retire by rotation		
3. Ratification of the appointment of Walker Chandiok & Co LLP, Chartered Accountants as Statutory Auditors of the Company.		
4. Appointment of Arun Arora & Co., Chartered Accountants as Branch Auditors of the Company and to fix their remuneration.		
<b>Special Business</b>		
5. Appointment of Mrs. Uma Acharya (DIN: 07165976) as an Independent Director of the Company		
6. Appointment of Mr. M. N. Sudhindra Rao (DIN: 01820347) as an Independent Director of the Company		
7. Ratification of the remuneration of the Cost Auditor		
8. Approval of Investment by way of equity share capital in EKC Positron Gas Limited		

Signed this \_\_\_\_\_ day of \_\_\_\_\_, 2015.

Signature of Shareholder \_\_\_\_\_ Signature of Proxy Holder (s) \_\_\_\_\_

Affix Revenue  
Stamp not less  
than  
Re. 0.15

**NOTE:**

- This form of proxy in order to be effective should be duly completed and deposited at the Registered Office of the Company, not less than 48 hours before the commencement of the Meeting.
- For the Resolutions, Explanatory Statement and Notes, Please refer to the Notice of the 36th Annual General Meeting.
- It is optional to put a 'X' in the appropriate column against the Resolutions indicated in the Box. If you leave the 'For' or 'Against' column blank against any or all Resolutions, your Proxy will be entitled to vote in the manner as he/she thinks appropriate.
- Please complete all details including details of member(s) in above box before submission.

✂ ———— TEAR HERE ———— ✂







*Clean Energy Solution Company*

## **EVEREST KANTO CYLINDER LIMITED**

**INDIA ■ DUBAI ■ USA ■ CHINA ■ THAILAND ■ EUROPE ■ SOUTH AMERICA**

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Tel: +91-22-3026 8300-01 ■ Fax: -91-22-2287 0720

Email: [investors@ekc.in](mailto:investors@ekc.in) ■ Website: [www.everestkanto.com](http://www.everestkanto.com)



TARAPUR, INDIA



GANDHIDHAM, INDIA



KANDLA SEZ, INDIA



PLANT I, DUBAI



PLANT II, DUBAI



TIANJIN, CHINA



PITTSBURGH, USA