



Investors' Release

Mumbai, February 6, 2012: Leading player and pioneer in India of high-pressure industrial and CNG cylinders, Everest Kanto Cylinder Ltd (EKC) announced a Consolidated Net Sales of Rs 525.99 crore for the nine-month ended December 31, 2011 as against Rs 538.97 crore reported in the corresponding period of the previous year. While the EBIDTA % for the nine months ended December 31, 2011 was higher at 17.9% as against 16.3% during the corresponding period of the previous year, the depreciating rupee had its adverse impact on the overall results during the nine-month period of the current year. Resultantly, the consolidated Net Profit during the nine-month period stood at Rs 3.81 crore, mainly due to, as mentioned above, the foreign exchange (FX) loss (*based on Rupee/US\$ Exchange Rate of 53.266 as on December 31, 2011*), which stood at Rs 48.35 crore during the period as against a gain of Rs 0.77 crore during the corresponding period of the previous year. Of the FX loss of Rs 48.35 crore, about Rs 41 crore is Marked To Market (MTM) Loss, booked in accordance with the conservative accounting policy of the Company. The Net Profit during the nine months ended December 31, 2010 was at Rs 36.44 crore. Ignoring the MTM FX loss, the Profit Before Tax for the 9 months period of the current year would have been Rs 36.07 crore as against Rs 35.10 crore in the nine months of the previous year.

The Consolidated Net Sales for the quarter ended December 31, 2011 was Rs 143.17 crore as against Rs 197.44 crore in the comparable quarter of last fiscal, mainly impacted on account of the economic slowdown witnessed across regions. In line with the decline in Sales, the EBITDA % has also reduced to 10.7% during Q3 of the current year vis-à-vis 19.1% during Q3 of the previous year. In Q3FY12, the Net Loss of Rs 22.24 crore was partially attributed to the FX loss, which stood at Rs 26.75 crore (MTM Loss about Rs 25 crore). In the third quarter of FY11, the Company had posted a Net Profit of Rs 23.29 crore.

During the immediately preceding two calendar quarters, the turnover and profits were adversely affected, *inter alia*, mostly by the geo-political situation in the Middle East, which is expected to ease going forward. The company intends to reduce the contribution from this region to the sales and profits over a period of time. The appreciation in the rupee since January 2012 will lead to reversal of the MTM FX provisions, which had to be made in the two immediately preceding calendar quarters. The company would put in place an effective hedging policy for the foreign currency exposures to address the volatility of the rupee.

Commenting on the company's performance, **Mr. Prem Khurana, Chairman and Managing Director, Everest Kanto Cylinder Ltd.** said: *"Appreciating dollar and weak global economy had its toll on our revenue and profits during the quarter. However, with the strengthening rupee and expected pick-up in demand for CNG and other industrial cylinders in India and globally, we expect to improve our overall performance in terms of turnover and profits going forward. It is noteworthy that our subsidiaries in China and USA have witnessed appreciable increased demand and margins during the year. If the rupee continues to strengthen, the MTM provisions will be reversed in the subsequent quarters. On an overall basis, we expect the top line to grow by at least 10%, with consequent increase in profits."*

About Everest Kanto Cylinder Ltd (BSE: 532684, NSE: EKC)

Everest Kanto Cylinder Ltd. manufactures wide range of cylinders for industrial and medical gases, fire fighting equipments, beverage industry, accumulator shells, aerospace, scientific research, CNG-NGV cylinders for vehicles and many more applications. The company exports CNG cylinders to major countries like Thailand, Malaysia, Bangladesh, Iran, Pakistan and the neighbouring Middle East countries. In the domestic market, EKC is a supplier of CNG cylinders to large OEMs like Bajaj Auto, Tata Motors, Ashok Leyland, Swaraj Mazda and Hindustan Motors in the automobile segment. The company, which pioneered the manufacture of high pressure seamless cylinders in India in 1978, has global presence now with manufacturing facilities in India, Dubai, USA and China and marketing offices in Thailand and Germany. It has a one of the largest production capacities of CNG, Industrial and Jumbo cylinders in the world.

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