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BOARD OF DIRECTORS

**Prem Kumar Khurana**  
Chairman & Managing Director

**Shyam Sundar Khurana**  
Whole-Time Director

**Pushkar Khurana**  
Whole-Time Director

**Puneet Khurana**  
Whole-Time Director

**P. M. Samvatsar**  
Whole-Time Director

**Shailesh Haribhakti**  
Independent Director

**Krishen Dev**  
Independent Director

**Mohan Jayakar**  
Independent Director

**Naresh Oberoi**  
Independent Director

**Anand Mehta**  
Independent Director

Company Secretary :  
Pawan Laddha

Auditors :  
C. D. Pasad & Co.,  
Chartered Accountants, Mumbai

Branch Auditors (Dubai Branch) :  
Arun Arora & Co.,  
Chartered Accountants, Mumbai

Bankers :  
State Bank of Hyderabad  
ICICI Bank Ltd.  
citi bank  
Standard Chartered Bank  
National Bank of Fujairah

Registered Office :  
501, Raheja Centre,  
214, Free Press Journal Marg,  
Nariman Point,  
Mumbai – 400 021.  
Email: ekc@everestkanto.com

**DIRECTORS' REPORT**

Your Directors have pleasure in presenting the 26th Annual Report on the business and operations of the Company together with the Audited Financial Accounts for the year ended 31st March, 2005.

**FINANCIAL RESULTS:**

	(Rs. in Lacs) 2004-05	(Rs. in Lacs) 2003-04
Sales Turnover	14612.28	8341.88
Less : Excise Duty	1376.68	962.03
Net Sales	13235.60	7379.85
Profit before Interest, Depreciation and Taxes	3238.77	1261.65
Less:		
- Interest & Finance charges	266.45	104.79
- Depreciation	782.69	780.33
Profit before Taxes	2189.63	376.53
Less: Provisions for Taxation (Including deferred Taxes)	761.98	153.45
Profit after Tax	1427.65	223.08
Balance brought forward	269.69	231.88
Less: Prior Period Expenses & Tax Adjustment	-	9.89
Available for appropriation	1697.34	445.07
Appropriations		
Proposed Dividend	150.00	120.00
Tax on Dividend	19.61	15.38
General Reserve	150.00	40.00
Balance carried to Balance-Sheet	1377.73	269.69
	1697.34	445.07

**COMPANY PERFORMANCE AND FUTURE OUTLOOK :**

The year under review was another milestone in the history of your Company as operational and financial performance of the Company reached new heights of excellence. The Dubai Plant of the Company progressively increased the output from November, 2004 and reached its installed capacity in March, 2005. As a result, your Company recorded a remarkable turnover of Rs. 132.35 crores as compared to previous year's Rs. 73.80 crores, registering a growth of 79%. FOB Exports (excluding figures of Dubai unit) stood at Rs. 15.01 crores over the previous year's Rs. 10.55 crores, an increase of 42%. FOB exports of Dubai unit increased to AED 2.56 crores (Rs. 31.02 crores) from AED 0.14 crores (Rs. 1.73 crores) in the previous year, up by 1728%.

The Company achieved Operating Profit (PBIDT) of Rs. 32.39 crores as against Rs. 12.62 crores that of previous year, again a significant increase of 156%. The Profit after Tax stood at Rs. 14.28 crores which is higher by 540% as compared to that of the previous year.

This excellent performance is due to overall increase in demand of CNG cylinders in the local as well as overseas market accompanied by better price realization. The company was able to meet this increased demand as a result of superb performance of the Dubai unit. Your Company's conviction and commitment towards persistent growth has enabled it to emerge as the largest Cylinder manufacturer in the Country today. Your Directors are hopeful of sustaining the Company's excellent performance.

**DIVIDEND :**

The strong business performance prompted the Directors to recommend a Dividend of Rs. 2.50 per equity share for the year 2004-2005 (Previous year Rs. 2.00 per equity share). The consequent outflow of dividend and tax together will be Rs. 169.60 lacs (Previous year Rs. 135.37 lacs).

**CAPITAL :**

During the year under review, the Authorised Share Capital of the Company was increased from 10,00,00,000/- (Rupees Ten Crores only) divided into 1,00,00,000 (One Crore) equity shares of Rs.10/- each to Rs. 25,00,00,000/- (Rupees Twenty Five Crores only) 2,50,00,000 (Two and half Crores) equity shares of Rs. 10/- each in accordance with the resolution passed by the shareholders in the Extra-Ordinary General Meeting held on March 07, 2005. The Paid-up Share Capital of the Company was increased to Rs.12,00,00,000/- (Rupees Twelve Crores only) through issuance of 60,00,000 Bonus Equity Shares of Rs.10/- each in accordance with the resolution passed by the shareholders in the Extra-Ordinary General Meeting held on March 24, 2005.

**OPERATIONS :**
**A) GENERAL :**

The Company is poised to report spectacular, permanent improvement in its performance, more so, by the introduction of a variety of CNG cylinders in the market, over the past few years. CNG cylinders are manufactured at Tarapur and Dubai plants of the Company. The Company has vast experience at the back of it resulting into increased efficiency, reflecting in the increased production & increased per unit sales realization.

**B) AURANGABAD UNIT :**

The production of cylinders during the year under review was 127,212 nos. against 120,214 nos. in the previous year. The sale of cylinders was 129,529 nos. against 119,402 nos. in the previous year.

**C) TARAPUR UNIT :**

The production of cylinders during the year under review was 131,645 nos. against 105,007 nos. in the previous year. The sale of cylinders was 129,811 nos. against 92,202 nos. in the previous year.

**D) DUBAI UNIT (U.A.E.) :**

The company manufactured only CNG cylinders during the year under review (due to better price realization and heavy demand for the same). The quantity produced was 55,666 nos. against 2,176 nos. in the previous year. The sale of cylinders was 50,828 nos. against 2,176 nos. in the previous year. Mainly, the sales made were to Iran, Pakistan and other countries. There were also some trading sales in the local market of industrial cylinders (429 nos.) during the year.

Against AED 17.55 million permission obtained from Reserve Bank of India vide their letter dated October 11, 2001 (AED 11 million) and letter dated July 11, 2003 (AED 6.55 million), the Promoters have transferred AED 17.50 million (Rs. 222.60 million) upto 31st March, 2005 (P. Y. AED 16.95 million (Rs. 215.67 million)) to the Dubai Unit.

**E) GANDHIDHAM PROJECT (GUJARAT) :**

Your Company is in the process of setting up a new manufacturing plant with a manufacturing capacity of 3,40,000 cylinders per annum at Gandhidham, Gujarat. The land for the ambitious project has since been acquired and other activities for implementation of the project are progressing as per schedule. The production facility at this plant would cater both to the growing domestic demand as well as the export markets in the gulf region. The Company is likely to commence commercial production in this plant by November 30, 2005.

**FINANCE :**

Finance cost increased by 154% as compared to the previous year. The main reason for the same is interest paid on working capital loan taken for Dubai unit (Rs. 77.26 lacs, P. Y. Nil) and also increase in the interest on temporary loans taken from the members of the company. The interest and installments due to the bank for Foreign Currency Term Loan were paid on time and there is no overdue payments or outstanding.

The Company maintains proper control over its finances and borrowings with constant focus and emphasis on working capital management.

**EXPORT / FOREIGN EXCHANGE EARNING :**

Your Company, during the year exported cylinders to Pakistan, Bangladesh, Iran and other countries. The total exports during the year under review i.e. 2004-05 was 76,481 cylinders (including export from Dubai unit) for the value of Rs. 4,603.94 lacs against 16,607 cylinders for the value of Rs.1,240.68 lacs for the year 2003-04.

**JOINT VENTURES :**

Your Company is exploring possibilities of Joint Ventures in Iran and China for the establishment of manufacturing units to cater to the local market and export.

**ISO CERTIFICATION :**

The Company successfully maintains the certificate under ISO 9001:2000 for Quality Management at its two plants in India.

**INSURANCE :**

All the assets at all the Units (including Dubai) are fully covered and adequately insured.

**DIRECTORS :**

Mr. Pushkar Khurana, Whole-Time Director of the Company retires by rotation and being eligible offers himself for reappointment as a Director. The Board of Directors in its meeting held on November 01, 2004, appointed Mr. P. M. Samvatsar as a Whole-Time Director.

**AUDITORS :**

M/s. C. D. Pasad & Co., Statutory Auditors of the Company and M/s. Arun Arora & Co., Company's Branch Auditors retire in the ensuing general meeting and are eligible for reappointment and it is necessary to fix their remuneration.

**AUDITORS REPORT :**

With reference to the observations made in the Auditors Report, the Notes on Accounts as confirmed in schedule "S" of the Annual Accounts are self explanatory and therefore do not call for further comments under Sec. 217(3) of the Companies Act, 1956.

**DIRECTOR'S RESPONSIBILITY STATEMENT :**

In terms of section 217(2AA) of the Companies Act, 1956 your Directors have:

- a) followed in the preparation of the Annual Accounts, the applicable accounting standards with proper explanation relating to material departures;
- b) 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 your Company at the end of the financial year 31st March, 2005 and of the profit of your Company for that period;
- c) taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956 for safeguarding the assets of your Company and for preventing and detecting fraud and other irregularities; and
- d) prepared the Annual Accounts on a going concern basis.

**FIXED DEPOSITS :**

The Company has not accepted any deposits during the year with the meaning of Section 58A of the Companies Act, 1956.

**PARTICULARS OF EMPLOYEES :**

Employee relations remained cordial at all Company's locations.

Particulars of employees, as required under Section 217(2A) of The Companies Act, 1956 are annexed and form part of this report.

**CONSERVATION OF ENERGY & TECHNOLOGY ABSORPTION ETC. :**

In accordance with Section 217(1)(e) of the Companies Act 1956, the required information relating to Conservation of Energy, Technology Absorption and foreign exchange earnings and outgo is annexed and forms part of this report.

**ACKNOWLEDGEMENTS :**

Your Directors take this opportunity to express their gratitude towards our Bankers, Government authorities, Business associates, Suppliers and Customers for their continued faith, support and guidance. Your Directors also wish to place on record their deep sense of appreciation for the devoted services and hard work rendered by the employees of the company.

FOR AND ON BEHALF OF THE BOARD

SHRI P. K. KHURANA  
MANAGING DIRECTOR

PLACE : MUMBAI  
DATE : June 17, 2005

**ANNEXURES FORMING PART OF THE DIRECTORS' REPORT**
**ANNEXURE "A"**

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

**A. CONSERVATION OF ENERGY :**

- I. a) Energy Conservation measures undertaken :
- New Heat Treatment Line installed in Dubai Plant. The furnaces are now with ceramic fibre insulation in place of conventional brick lining.
  - Use of High Efficiency motors/pumps
  - Use of More Efficient light/tube fitting
  - Switching off tube lights and fans as and when not required.
- b) PROPOSED ENERGY CONSERVATION MEASURES :
- Dubai Plant has taken up exercise to reduce LPG consumption in the Heat Treatment Line.
  - Appointment of consultants for energy audit and conservation.
- II. Impact of measures on reduction of energy consumption and consequent impact on the cost of production of goods :  
Saving in energy costs during the period under consideration.
- III. The details of energy consumption are given below. These details cover the operations of your Company's factories at Tarapur, Aurangabad and Dubai.

a) Power and Fuel consumption :

Electricity	Current year	Previous year
Purchased		
i) Units (kwh in Lacs)	103.28	70.56
ii) Total Amount (Rs. in Lacs)	345.52	272.47
iii) Rate per Unit (Rs.)	3.34	3.86
b) Consumption per unit of production :		
Electricity (kwh/MT)		
Cylinder	783.76	958.06

**B. TECHNOLOGY ABSORPTION, ADOPTATION AND INNOVATION :**

- The company has planned to start production of Composite Cylinders for CNG purpose and Aluminium Cylinders for Industrial purpose. The company is also planning to start a full fledged R & D Centre.
- The Company has developed technology for manufacturing aluminum cylinders for Industrial and Fire Fighting applications.

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

	Current Year Rs. in Lacs	Previous Year Rs. in Lacs
i) Foreign Exchange used	97.87	21.68
ii) Foreign Exchange earned	4,603.94	1,240.68

**ANNEXURE "B"**

Information under section 217(2A) of the Companies Act, 1956 read with the Companies (Particulars of Employees), Rules 1975 & forming part of the Director's Report for the year ended 31st March, 2005.

Sr. No.	Name of Employee	Qualification	Design./ Nature Of duties	Remuneration Rs.	Experience (years)	Date of Commencement	Age Yrs.	Particulars Of previous Employment
1.	Mr. P. K. Khurana	B.A, L.L.B.	Chairman & Managing Director	33,79,200	43	01.08.78	63	Industrialist
2.	Mr. Pushkar Khurana	B.Com.	Whole-time Director	48,43,576	11	12.09.94	33	First Employment

**NOTES :**

- Nature of Employment whether contractual or otherwise :  
The appointments of the Chairman and Managing Director and Director are Contractual and terminable by three months notice on either side.
- Other Terms and Conditions :  
In case of the Employees, Gross remuneration as shown above includes salary, house rent allowance, commission, Company's contribution to Provident Fund and monetary value of perquisites as per Income Tax Rules which are given in terms of the agreement entered into with them.
- Relatives of Directors :  
Mr. P. K. Khurana, Chairman & Managing Director and Mr. Pushkar Khurana, Whole-time Director are related to each other and related to Mr. S. S. Khurana, Whole-time Director, Mr. Puneet Khurana, Whole Time Director and Mrs. Suman Khurana, Director. None of the other employees are related to any Director of the Company.

FOR AND ON BEHALF OF THE BOARD

SHRI P. K. KHURANA  
MANAGING DIRECTOR

PLACE : MUMBAI  
DATE : June 17, 2005



## AUDITOR'S REPORT

TO THE SHAREHOLDERS OF EVEREST KANTO CYLINDER LIMITED

We have audited the attached Balance Sheet of EVEREST KANTO CYLINDERS LIMITED as at 31st March, 2005 and the Profit & Loss Account of the company for the year ended on that date annexed thereto and the cash flow statement for the year ended on that date. These Financial statements are the responsibility of the company's management. Our responsibility is to express an opinion on these financial statements based on our audit :-

1. We conducted our audit in accordance with auditing standards generally accepted in India. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.
2. As required by the Companies (Auditor's Report) Order 2003, (CARO 2003) issued by the Government of India in terms of Section 227(4A) of the Companies Act, 1956, as we considered necessary during the course of our audit we enclose in annexure A a statement on the matters specified in paragraphs 4 of the said order.
3. Further to our comments in the annexure referred to in paragraph (2) above we report that :
  - (a) We have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit :
  - (b) In our opinion, proper books of accounts as required by the law have been kept by the company so far as it appears from our examination of these books and proper returns adequate for the purpose of our audit, have been received from auditors of Dubai Branch not visited by us.
  - (c) The report on the accounts of Dubai Branch audited by branch auditors has been forwarded to us and has been appropriately dealt with by us in preparing the report.
  - (d) The Balance Sheet and Profit and Loss Account dealt within this report are in agreement with the books of account and branch returns.
  - (e) In our opinion, the Profit & Loss Account and the Balance Sheet of the company are in compliance with accounting standards referred to in sub section (3C) of section 211 of the Companies Act, 1956 to the extent applicable.
  - (f) On the basis of the written representations received from the Board of Directors, we report that none of the directors are disqualified as on 31st March, 2005 from being appointed as directors as per terms of section 274(1) (g) of the Companies Act, 1956.
  - (g) In our opinion and to the best of our information and according to explanations given to us, the said accounts read with schedules annexed thereto, together with the notes thereon, give the information required by the Companies Act, 1956 in the manner so required and give, in conformity with accounting principles generally accepted in India a true and fair view.
    - a) In the case of the Balance Sheet of the state of affairs of the company as at 31st March, 2005;
    - b) in the case of the Profit and Loss Account of the Profit of the company for the year ended on that date; and
    - c) In case of the cash flow statement, of the cash flows for the year ended on that date.

For M/S. C. D. PASAD & CO.  
CHARTERED ACCOUNTANTS

R. D. PASAD  
PARTER

PLACE : MUMBAI  
DATED : 17 June, 2005



## ANNEXURE - A

- I.
  - a) The company has maintained proper records showing full particulars including quantitative details and situation of fixed assets.
  - b) All the fixed assets have been physically verified by the management during the year. Frequency of verification in our opinion is reasonable having regard to the size of the company and the nature of its assets. No material discrepancies were noticed on such verifications.
  - c) During the year the company has not disposed off any major part of the fixed assets. Hence the question of affecting the going concern status does not arise.
- II.
  - a) The stocks have been physically verified by the management at reasonable intervals during the year.
  - b) The procedures for physical verification of inventories 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 maintains proper records of inventory and as explained by the management no material discrepancies were noticed on physical verification of stock as compared to book records.
- III.
  - a) The Company has taken loans from Ten parties listed in register maintained under section 301 of the Companies Act, 1956. The maximum amount involved during the year was Rs.18.48 crores and the year end balance of loans taken from such parties was Rs. Nil.
  - b) In our opinion the rate of interest and other terms and conditions on which loans have been taken from companies, firms or other parties listed in the register maintained under section 301 of the Companies Act, 1956 are not prima facie, prejudicial to the interest of the company.
  - c) The company is regular in the payment of interest.
- IV. In our opinion and according to the information and explanations given to us, there are adequate internal control procedures commensurate with the size of the company and the nature of its business with regard to purchases of inventory, fixed assets and with regard to the sale of goods in as much as directors directly exercise such control. During the course of our audit we have not observed any major weaknesses in internal controls.
- V.
  - a) According to the information and explanations given to us, we are of the opinion that the transactions that need to be entered into the register maintained under section 301 of the Companies Act, 1956 have been so entered.
  - b) In our opinion and according to the information and explanations given to us, the transactions made in pursuance of contracts or arrangements entered in the register maintained under section 301 of the Companies Act, 1956 and exceeding the value of rupees five lakhs in respect of any party during the year have been made at prices which are reasonable having regard to prevailing market prices at the relevant time.
- VI. In our opinion and according to the information and explanations given to us, the company has not accepted any deposits from the public within the meaning of Section 58A and 58AA of the Companies Act, 1956 and the rules framed there under .
- VII. According to the information and explanations given to us, there is no formal internal audit system prevailing in the company.

VIII. According to the information and explanation given to us the maintenance of cost records has not been prescribed by the Central Government under section 209 (1) (d) of the Companies Act, 1956 for any product of the company.

IX.

- a) The company is generally regular in depositing with appropriate authorities undisputed statutory dues applicable to it.
- b) According to the information and explanations given to us, no undisputed amounts payable in respect of income tax, wealth tax, sales tax, customs duty, excise duty and cess were in arrears, as at 31st March, 2005 for a period of more than six months from the date they became payable.
- c) According to the information and explanations given to us, there are disputed statutory dues as given herein below which have not been deposited with appropriate authorities;

Statute	Nature of Dues	Amount (Rs. In Lacs)	Forum where disputes are pending
Income Tax Act	Regular Demand	1.55	Income Tax Officer
Income Tax Act	Demand	1.99	CIT(Appeals)
Sales Tax Act	Demand	2.88	Sales Tax Tribunal
	Lease Tax Demand	16.34	Sales Tax Officer (Enf.)

X. The Company has neither accumulated losses as at 31st March, 2005 nor it has incurred any cash losses during the financial year ended on that date and the immediately preceding financial year.

XI. In our opinion and according to the information and explanations given to us the company has not defaulted in repayment of dues to a financial institution and/or Bank.

XII. The Company has not granted any loans and advances on the basis of security by way of pledge of shares, debentures and other securities.

XIII. The company is not a chit fund or Nidhi / mutual benefit fund / society. Therefore the provisions of clause 4(xiii) of the Companies (Auditor's Report) Order 2003 are not applicable to the company.

XIV. The Company is not dealing in shares, securities, debentures and other investments. Accordingly the provisions of clause 4(xiv) of the Companies (Auditor's Report) Order 2003 are not applicable to the company.

XV. According to the information and explanations given to us, the company has not given any guarantee for loans taken by others from banks or financial institution.

XVI. To the best of our knowledge and belief and according to the information and explanations given to us, the term loans availed by the company were, prima facie applied during the year for the purposes for which such loans were obtained.

XVII. According to the information and explanations given to us and on overall examinations of the balance sheet of the company in our opinion there are no funds raised on short term basis which have been used for long term investment and vice versa.

XVIII. According to the information and explanation given to us the company has not made any preferential allotment of shares to parties and companies covered under the register maintained under section 301 of the Companies Act, 1956 during the year.

XIX. The company has not raised any money by way of public issue during the year.

XX. During the course of our examination of the books of account carried out in accordance with the generally accepted auditing practices in India and accordingly for the information and explanations given to us we have neither come across any instance of fraud on or by the company noticed or reported during the year nor we have been informed of such by the management.

For M/S. C. D. PASAD & CO.  
CHARTERED ACCOUNTANTS

R. D. PASAD  
PARTER

PLACE : MUMBAI  
DATED : 17 June, 2005



## BALANCE SHEET AS AT 31ST MARCH, 2005

	SCHEDULE	As at 31.3.2005 Rs.	As at 31.3.2004 Rs.
<b>SOURCES OF FUNDS</b>			
Shareholders' Funds			
Share Capital	A	120,000,000	60,000,000
Reserves & Surplus	B	296,974,246	236,520,214
Deferred Tax Liability		26,974,692	52,276,519
Loan Funds			
Secured loans	C	380,749,826	234,229,161
Unsecured loans	D	107,119,192	115,846,815
<b>TOTAL</b>		<b>931,817,955</b>	<b>698,872,710</b>
<b>APPLICATION OF FUNDS</b>			
Fixed Assets	E		
Gross Block		978,754,427	919,105,380
Less : Depreciation		545,506,911	477,048,397
Net Block		433,247,516	442,056,983
Capital Work In Progress		5,943,093	812,861
Investments	F	21,261,000	26,734,913
Current Assets, Loans and Advances			
Inventories	G	400,398,464	136,138,471
Sundry debtors	H	167,916,698	99,783,783
Cash and bank balances	I	36,407,456	21,593,870
Loans and advances	J	171,326,480	70,156,255
		776,049,098	327,672,379
Less : Current Liabilities and Provisions			
Current liabilities	K	182,222,439	80,866,930
Provisions	L	122,460,313	17,537,500
		304,682,752	98,404,430
Net current assets		471,366,346	229,267,949
<b>TOTAL</b>		<b>931,817,955</b>	<b>698,872,710</b>
NOTES ON ACCOUNTS	S	-	-

AS PER OUR REPORT OF EVEN DATE

FOR AND ON BEHALF OF THE BOARD

C. D. PASAD & CO.  
CHARTERED ACCOUNTANTS  
R. D. PASAD  
PARTNER

PLACE : MUMBAI  
DATE : June 17, 2005

SHRI P. K. KHURANA  
MANAGING DIRECTOR

SHRI PUNEET KHURANA  
DIRECTOR

PLACE : MUMBAI  
DATE : June 17, 2005



## PROFIT &amp; LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH, 2005

	SCHEDULE	Year ended 31.3.2005 Rs.	Year ended 31.3.2004 Rs.
<b>INCOME</b>			
Sales		1,461,228,201	834,188,893
Less : Excise Duty		137,668,404	96,203,698
		1,323,559,797	737,985,195
Trading Sales		467,681	-
Other income	R	35,914,575	37,679,155
Increase/(Decrease) in Stocks		35,746,471	8,293,673
<b>TOTAL</b>		<b>1,395,688,524</b>	<b>783,958,023</b>
<b>EXPENDITURE</b>			
Raw Materials & Components Consumed	M	752,473,111	451,849,166
Trading Purchase		301,231	-
Operational Expenses	N	167,103,520	100,384,197
Personnel Expenses	O	66,426,359	45,721,666
Finance Expenses	P	26,644,845	10,478,867
Admn. & Sales Expenses	Q	85,507,280	59,838,312
Depreciation for the year		83,619,660	83,830,414
Less : Dep. Chgd. to Rev. Res.		5,349,906	5,797,578
		78,269,754	78,032,836
<b>TOTAL</b>		<b>1,176,726,100</b>	<b>746,305,044</b>
Profit before tax		218,962,424	37,652,979
Provision for Income Tax			
Current tax		101,500,000	4,000,000
Deferred tax		(25,301,827)	11,344,824
Profit after tax		142,764,251	22,308,155
Tax Adjustments		-	356,120
Prior Period Adjustments		-	632,670
Balance brought forward from earlier years		26,969,528	23,187,663
Balance available for appropriation		169,733,779	44,507,028
Proposed Dividend		15,000,000	12,000,000
Provision for Dividend Tax		1,960,313	1,537,500
Transfer to General Reserve		15,000,000	4,000,000
Balance carried to Balance Sheet		137,773,466	26,969,528
		169,733,779	44,507,028
Earning per Share (See Note 11)			
Basic E. P. S.		11.90	1.86
Diluted E. P. S.		11.90	1.86
NOTES ON ACCOUNTS	S	-	-

AS PER OUR REPORT OF EVEN DATE

FOR AND ON BEHALF OF THE BOARD

C. D. PASAD & CO.  
CHARTERED ACCOUNTANTS  
R. D. PASAD  
PARTNER

PLACE : MUMBAI  
DATE : June 17, 2005

SHRI P. K. KHURANA  
MANAGING DIRECTOR

SHRI PUNEET KHURANA  
DIRECTOR

PLACE : MUMBAI  
DATE : June 17, 2005

	As at 31.3.2005 Rs.	As at 31.3.2004 Rs.
<b>SCHEDULE - 'A'</b>		
Share Capital Authorised 25,000,000 Equity Shares of Rs.10 each	250,000,000	100,000,000
Issued, Subscribed and Paid up 12,000,000 (P. Y. 6,000,000) Equity Shares of Rs.10 each fully paid up (of the above 11,747,500 shares are allotted as fully paid Bonus Shares.)	120,000,000	60,000,000
	<u>120,000,000</u>	<u>60,000,000</u>
<b>SCHEDULE - 'B'</b>		
Reserves & Surplus		
Special Capital Incentives		
As per last Balance Sheet	2,000,000	2,000,000
Less : Transferred to General Reserve	<u>2,000,000</u>	<u>-</u>
	-	2,000,000
General Reserve		
As per last Balance Sheet	192,100,001	188,100,001
Add : Set aside during the year	15,000,000	4,000,000
Transferred from Special Capital Incentives	2,000,000	-
	<u>209,100,001</u>	<u>192,100,001</u>
Less : Capitalised for Issue of Bonus Shares during the year	<u>60,000,000</u>	<u>-</u>
	149,100,001	192,100,001
Revaluation Reserve		
As per last Balance Sheet	15,450,685	19,408,190
Less : Depreciation on Revalued Assets	5,349,906	5,797,578
Add : Depreciation on sale of Assets	-	215,018
	<u>10,100,779</u>	<u>13,395,594</u>
Add : Depreciation on Gas Cylinders	-	1,002,803
Depreciation on Asset sold	-	1,052,288
	<u>10,100,779</u>	<u>15,450,685</u>
Profit and Loss Account	<u>137,773,466</u>	<u>26,969,528</u>
	<u>296,974,246</u>	<u>236,520,214</u>
<b>SCHEDULE - 'C'</b>		
Secured Loans		
From Banks		
Working Capital Facilities	258,565,520	94,346,358
Foreign Currency Term Loan	109,147,500	138,567,000
Packing Credit	12,119,645	-
Vehicle Loan	917,161	1,315,803
	<u>380,749,826</u>	<u>234,229,161</u>

Note :

- Working Capital facilities are secured against Hypothecation of stocks and book debts and also secured by first charge on all the fixed assets and personal guarantee of Directors.
- Foreign currency term loan is secured by charge on all the fixed assets of the company in India & Dubai (present & future) paripassu with others lenders of the project. The term loan is also personally guaranteed by Shri. P. K. Khurana, S. S. Khurana, Pushkar Khurana and Mrs. Suman Khurana.
- Vehicle Loan is secured by hypothecation of vehicles.

	As at 31.3.2005 Rs.	As at 31.3.2004 Rs.
<b>SCHEDULE - 'D'</b>		
Unsecured Loans		
Sales Tax deferment loan (From Govt Of Maharashtra)	107,119,192	115,846,815
	<u>107,119,192</u>	<u>115,846,815</u>
<b>SCHEDULE - 'F'</b>		
Investments		
I) Towards Purchase of Immovable Properties	316,000	4,162,855
II) In fully paid Equity Shares (Unquoted)		
a) 92,000 Equity shares of Rs. 10/- each of Everest Kanto Investment & Finance Ltd.	920,000	920,000
b) 2,000,000 Equity shares of Rs. 10/- each of GPT Steel Industries Pvt Ltd.	20,000,000	20,000,000
III) In Partly Paid Equity Shares (Unquoted)		
10,000 Equity shares of Rs. 10/- each, Rs. 2.50 paid up of Everest Industrial Gases Pvt. Ltd.	25,000	25,000
IV) Other Investments		
With Prudential ICICI Mutual Fund (Liquid Plan)	-	1,627,058
	<u>21,261,000</u>	<u>26,734,913</u>
<b>SCHEDULE - 'G'</b>		
Inventories		
(As per inventories taken, valued & certified by Managing Director)		
Raw Material	321,950,419	93,963,298
Finished Goods	38,974,240	5,681,864
Work In Progress	37,034,008	34,953,865
Scrap	509,484	1,275,047
Others (Fuel & Gases)	1,930,313	264,397
	<u>400,398,464</u>	<u>136,138,471</u>
<b>SCHEDULE - 'H'</b>		
Sundry debtors		
(Unsecured, considered good)		
Debts outstanding for a period exceeding six months	2,880,041	1,670,454
Other debts	165,036,657	98,113,329
	<u>167,916,698</u>	<u>99,783,783</u>



**SCHEDULE FORMING PART OF THE BALANCE SHEET AS AT 31ST MARCH 2005**  
**SCHEDULE - "E"**

PARTICULARS	GROSS BLOCK			DEPRECIATION			NET BLOCK		
	COST AS AT 31.03.04	ADDITIONS DURING THE YEAR 04-05	ADJUSTMENTS ON SALE	COST AS ON 31.03.05	TOTAL UP TO 31.03.04	DEPR. ON SALE/ DISP.	TOTAL UP TO 31.03.05	AS AT 31.03.2005	AS AT 31.03.2004
LEASE HOLD LAND - MIDC	21,205,039			21,205,039	1,062,659	-	1,062,659	20,142,380	20,142,380
LAND - KUTCH		4,028,560		4,028,560				4,028,560	
LAND - RESIDENCE	5,492,241			5,492,241	1,038,903		1,038,903	4,453,338	4,453,338
FACTORY BUILDING	129,042,315	36,185,830		165,228,145	34,876,237	9,057,450	43,933,687	121,294,458	94,166,078
RESIDENTIAL BUILDING	15,042,437			15,042,437	4,955,710	513,697	5,469,407	9,573,030	10,086,727
OFFICE BUILDING	1,537,832			1,537,832	729,537	40,415	769,952	767,880	808,295
RESIDENCIAL FLAT	52,114,998			52,114,998	21,893,781	1,501,779	23,395,560	28,719,438	30,221,217
ELECTRIC INSTALLATION	18,449,242	1,951,117		20,400,359	7,566,856	1,756,988	9,323,844	11,076,515	10,882,386
PLANT & MACHINERY	601,028,215	30,826,264		631,854,479	341,358,224	67,987,203	409,345,427	222,509,052	259,669,991
VEHICLES	5,881,745			5,881,745	1,585,560	1,112,264	2,697,824	3,183,921	4,296,185
OFFICE EQUIPMENT	3,184,343	324,610	38,630	3,470,323	1,564,664	253,143	1,786,358	1,683,965	1,619,679
FURNITURE AND FIXTURE	8,123,467	1,014,308		9,137,775	3,351,099	953,095	4,304,194	4,833,581	4,772,368
COMPUTERS	3,796,197	486,686		4,282,883	2,866,406	441,603	3,308,009	974,874	929,791
GAS CYLINDERS	54,207,308		15,129,697	39,077,611	54,198,759	2,025	15,129,697	6,524	8,549
GRAND TOTAL	919,105,379	74,817,375	15,168,327	978,754,427	477,048,395	83,619,662	545,506,911	433,247,516	442,056,984
CAPITAL WORK IN PROGRESS	812,861	5,130,232			5,943,093		5,943,093		

AS PER OUR REPORT OF EVEN DATE

FOR AND ON BEHALF OF THE BOARD

 C. D. PASAD & CO.  
 CHARTERED ACCOUNTANTS  
 R. D. PASAD  
 PARTNER

 SHRI P. K. KHURANA  
 MANAGING DIRECTOR

 PLACE : MUMBAI  
 DATE : June 17, 2005

 SHRI PUNEET KHURANA  
 DIRECTOR  
 PLACE : MUMBAI  
 DATE : June 17, 2005

AS PER OUR REPORT OF EVEN DATE

FOR AND ON BEHALF OF THE BOARD

 C. D. PASAD & CO.  
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 SHRI. P. K. KHURANA  
 MANAGING DIRECTOR

 PLACE : MUMBAI  
 DATE : June 17, 2005

 SHRI. PUNEET KHURANA  
 DIRECTOR  
 PLACE : MUMBAI  
 DATE : June 17, 2005

	As at 31.3.2005 Rs.	As at 31.3.2004 Rs.
<b>SCHEDULE - 'I'</b>		
Cash and Bank Balances		
Cash on hand	1,951,491	1,395,903
Balance with scheduled banks		
- In current accounts	29,819,705	12,853,216
- In fixed deposits	4,636,260	7,344,751
	<u>36,407,456</u>	<u>21,593,870</u>
<b>SCHEDULE - 'J'</b>		
Loans and advances (Unsecured, considered good)		
Advances recoverable in cash or in kind or for value to be received	42,768,856	12,452,944
Deposits	55,231,786	29,542,491
Balance with Central Excise	5,125,437	2,687,426
Advance tax and tax deducted at source	68,200,401	25,473,394
	<u>171,326,480</u>	<u>70,156,255</u>
<b>SCHEDULE - 'K'</b>		
Current Liabilities		
Sundry Creditors		
For Goods	132,665,350	55,895,292
For Expenses	47,566,739	24,068,818
Security Deposit (Employees)	1,990,350	902,820
	<u>182,222,439</u>	<u>80,866,930</u>
<b>SCHEDULE - 'L'</b>		
Provisions		
Provision for Taxation	105,500,000	4,000,000
Proposed Dividend	15,000,000	12,000,000
Tax On Dividend	1,960,313	1,537,500
	<u>122,460,313</u>	<u>17,537,500</u>

**EVEREST KANTO CYLINDER LIMITED****EVEREST KANTO CYLINDER LIMITED**

	Year ended 31.3.2005 Rs.	Year ended 31.3.2004 Rs.
<b>SCHEDULE - 'M'</b>		
<b>RAW MATERIAL &amp; COMPONENTS CONSUMED</b>		
Opening Stock	93,963,298	99,370,143
Add: Purchases	980,460,232	446,442,321
	<u>1,074,423,530</u>	<u>545,812,464</u>
Less: Closing Stock	321,950,419	93,963,298
	<u>752,473,111</u>	<u>451,849,166</u>
<b>SCHEDULE - 'N'</b>		
<b>OPERATIONAL EXPENSES</b>		
Power	34,569,301	27,380,935
Fuel & Gas	54,442,684	30,680,284
Stores, Spares & Tools Consumed	67,563,942	30,824,435
Water Charges	2,461,430	1,606,691
Other Expenses	1,410,136	953,635
Marking, Inspection & Testing Fees	4,792,833	3,211,795
Repairs & Maintenance		
- Building	461,201	3,228,242
- Plant & Machinery	595,793	972,912
- Others	806,200	1,525,270
	<u>167,103,520</u>	<u>100,384,199</u>
<b>SCHEDULE - 'O'</b>		
<b>PERSONNEL EXPENSES</b>		
Salary, Wages & Other benefits	61,359,959	41,284,256
Contribution to Provident Fund & Other Funds	3,332,810	3,002,804
Staff Welfare Expenses	1,733,590	1,434,606
	<u>66,426,359</u>	<u>45,721,666</u>
<b>SCHEDULE - 'P'</b>		
<b>FINANCE EXPENSES</b>		
Interest on Cash Credit Accounts	8,981,420	874,169
Interest on Term Loan	5,349,060	3,758,242
Interest Others	8,346,019	5,146,131
Bank Charges & Commission	3,968,346	700,325
	<u>26,644,845</u>	<u>10,478,867</u>

AS PER OUR REPORT OF EVEN DATE

FOR AND ON BEHALF OF THE BOARD

C. D. PASAD & CO.  
CHARTERED ACCOUNTANTS  
R. D. PASAD  
PARTNERSHRI. P. K. KHURANA  
MANAGING DIRECTORSHRI. PUNEET KHURANA  
DIRECTORPLACE : MUMBAI  
DATE : June 17, 2005PLACE : MUMBAI  
DATE : June 17, 2005

	Year ended 31.3.2005 Rs.	Year ended 31.3.2004 Rs.
<b>SCHEDULE - 'Q'</b>		
<b>ADMINISTRATION, SALES &amp; OTHER EXPENSES</b>		
Insurance	5,591,995	4,344,359
Rent - Rates & Taxes	10,553,276	6,062,784
Security Service Charges	1,521,953	1,328,061
Recruitment & Training	218,848	521,786
Licence Fees/Premium	727,220	356,009
Directors Remuneration	10,339,076	8,486,144
Commission to Managing Director	4,629,119	-
Travelling & Conveyance	8,384,047	6,446,253
Vehicle Expenses	2,229,077	1,130,715
Telephone, Telex & Postage	3,304,992	2,414,359
Printing & Stationery	1,331,334	1,012,246
Electricity Charges	567,901	649,140
Legal & Professional Fees	2,012,852	2,311,178
Auditors Remuneration	225,000	162,000
Bank Charges & Commission	2,668,086	2,064,326
Advertisement & Sales Promotion	3,228,543	1,745,551
Commission	6,555,970	4,922,957
Sales Tax Expenses	2,277	96,735
Sundry Expenses	7,722,124	2,002,618
Carriage outward	5,251,063	981,426
Excise Duty paid	664,531	306,895
Donation	2,220,600	2,005,101
Filing Fees	2,581	30,944
Clearing & forwarding charges	2,074,223	3,467,667
Discount & Sundry Bal. W/off	(408,690)	5,873,143
C & F/Freight	3,793,711	99,487
Translation Loss	-	697,020
Loss on sale of Investments	75,760	-
Foreign Exchange Fluctuation A/C	19,811	319,408
	<u>85,507,280</u>	<u>59,838,312</u>
<b>SCHEDULE - 'R'</b>		
<b>OTHER INCOME</b>		
Interest	324,716	674,961
Scrap Sales	2,544,608	1,276,779
Miscellaneous Income	1,856,399	4,785,966
Foreign Exchange Fluctuation	5,560,830	-
Interest on Income Tax Refund	-	7,138,413
Duty Drawback - Export Incentive	19,536,877	21,332,209
Translation Gain	3,442,439	-
Other Rent	-	1,706,179
Profit on sale of investments	-	204,740
Profit on sale of fixed assets	2,648,706	559,909
	<u>35,914,575</u>	<u>37,679,156</u>

AS PER OUR REPORT OF EVEN DATE

FOR AND ON BEHALF OF THE BOARD

C. D. PASAD & CO.  
CHARTERED ACCOUNTANTS  
R. D. PASAD  
PARTNERSHRI. P. K. KHURANA  
MANAGING DIRECTORPLACE : MUMBAI  
DATE : June 17, 2005SHRI. PUNEET KHURANA  
DIRECTORPLACE : MUMBAI  
DATE : June 17, 2005

## NOTES FORMING PART OF ACCOUNTS FOR THE YEAR ENDED 31-3-2005

## SCHEDULE - 'S'

## I. Significant Accounting Policies :

## A) Basis of preparation of financial statements :

The financial statements are prepared under the historical cost convention on going concern basis and are in accordance with the generally accepted accounting principles. The Company follows the mercantile system of accounting and recognises Income and Expenditure on accrual basis except for the following :

- i) Insurance claims are accounted as and when the claims are received.
- ii) Dividend income is accounted on receipt basis.

## B) Recognition of Income and Expenditure :

- i) Sales are recognised on the basis of dispatches to the customers. Sales does not include sales tax.
- ii) Liability on account of Excise duty in respect of goods manufactured is accounted on the basis of removal of goods from the place of manufacture/Bonded warehouse for sale etc.

## C) Retirement Benefits :

Contribution to Provident Funds/Employees Pension Scheme and Superannuation Funds are accounted on accrual basis.

The liability of gratuity & Superannuation to employees is covered under the group Gratuity scheme with the Life Insurance Corporation Of India. The annual premium is debited to Profit & Loss account.

## D) Foreign Currency Transaction :

- i) Exchange difference arising on transactions related to Purchases, Sales and Stores are charged to the Profit & Loss A/c. under the head "Foreign Exchange Fluctuation" A/c.
- ii) In respect of overseas contracts, the transactions are accounted as per Accounting Standard issued by the council of Institute of Chartered Accountants of India. Gain or Loss arising out of translation/conversion is taken credit for or charged to Profit & Loss Account.

## E) Fixed Assets and Depreciation :

- i) Certain assets were revalued on 1.4.94 and are stated at revalued figures.
- ii) The "gross block" of Fixed Assets is shown at the cost of acquisition which includes taxes, duties (net of MODVAT availed) plus attributable cost of bringing assets to their present location and in such working condition as is required for its intended use.
- iii) Exchange difference arising on payment of liabilities incurred for the purpose of acquiring fixed assets is adjusted in the carrying amount of the respective fixed assets at the balance-sheet date.
- iv) Depreciation :  
In case of assets acquired prior to 31.03.91, depreciation is provided on WDV at the rates prescribed in Schedule XIV to the Companies Act, 1956. In case of assets acquired after 31.03.91, depreciation is provided on WDV basis, except on Plant & Machinery, Factory Building, Gas Cylinders and Electrical Installation which are depreciated on SLM basis, at the rates prescribed under Schedule XIV to the Companies Act, 1956. However depreciation for Dubai unit is provided on WDV basis at the rates prescribed under Schedule XIV to the Companies Act, 1956.
- v) No depreciation is provided on land.
- vi) Depreciation on additions made to assets during the year has been provided on pro-rata basis, from the date of addition.

vii) Depreciation on assets sold during the year is provided till the date of such sale.

viii) Depreciation on Revalued Assets :

The revaluation of certain assets had been given effect as from 31.03.94. The depreciation on those assets has been charged on W.D.V/S.L.M as the case may be on revalued amounts. However the depreciation related to the amounts increased on account of revaluation is recouped from Revaluation Reserve Account.

## F) Investments :

Investments are stated at cost.

## G) Inventories :

Inventories are valued as prescribed in AS-2 issued by ICAI.

Raw Materials	At cost or net realisable value whichever is lower.
Finished Goods	At cost or net realisable value whichever is lower.
W. I. P.	At raw material cost plus factory overheads.
Fuel & Gas	At cost.
Scrap	At net realisable value.

## H) Stores, Spares &amp; Consumables :

- i) Stores & spares are charged to revenue in the year of purchase.
- ii) Consumables are charged to revenue on actual consumption basis.

## I) Taxes On Income :

Current Tax : Provision for income Tax is determined in accordance with the Provisions of the Income Tax Act, 1961.

Deferred Tax Provision : Deferred Tax is recognized on timing difference between taxable income and accounting income that originated in one period and are capable of reversal in one or more subsequent period(s).

## J) Research and Development :

The Company does not have a Separate Research and Development Division and has not incurred any expenditure on the same.

## K) Sales Tax Loan :

Sales Tax deferment Loan is adjusted as per the assessment orders received from the Sales-Tax department.

## L) Use of Estimates :

The presentation of financial statements require estimate and assumptions to be made that effect the reported amount of assets and liabilities on the date of the financial statement and the reported amount of revenues and expenses during reporting period. Difference between the actual result and estimate are recognised in the period in which the results are known/materialized.

## M) Borrowing Cost :

Borrowing cost incurred in relation to the acquisition, construction of Assets are capitalized as the part of the cost of such assets upto the date when such assets are ready for intended use. Other borrowing costs are charged as expense in the year in which these are incurred.

**II. NOTES TO ACCOUNTS**
**1. Assests Leased : (Operating Lease) :**

Company has rescinded all the outstanding contracts of cylinder lease.

	2004-05 (Rs. In lacs)	2003-04 (Rs. In lacs)
Depreciation on Leased Assets	Nil	0.03
Rent		
Not Later than 1 year	Nil	Nil
Later than 1 year but not Later than 5 years	Nil	Nil
Later than 5 years	Nil	Nil

**2. Contingent liabilities not provided for in respect of :**

	AS AT 31.03.2005 (Rs. In lacs)	AS AT 31.03.2004 (Rs. In lacs)
Outstanding letters of Credit and Guarantees issued by bank	393.03	382.57
Uncalled liability on shares/partly paid up	0.75	0.75

**3. Payment/Provision for Auditors Remuneration :**

	2004-05 (Rs. in lacs)	2003-04 (Rs. In lacs)
Audit fees	1.75	1.00
In other capacity		
For Tax Audit	0.20	0.20
For Other Services	0.30	0.30
Service Tax	0.23	0.12
	<u>2.48</u>	<u>1.62</u>

(Fees for other services include fees for services relating to taxation matters, certification work and other matters, if any)

**4. Employee's Remuneration include the following payments made to the Directors :**

	2004-05 (Rs. in lacs)	2003-04 (Rs. In lacs)
Basic Remuneration	77.57	61.95
Contribution to Provident Fund	4.90	4.46
H.R.A.	14.08	14.88
Other Perquisites	12.72	8.42
Commission to Managing Director	46.29	Nil
<b>TOTAL</b>	<u>155.56</u>	<u>89.71</u>

**5. CALCULATION OF PROFIT u/s. 349 & 350 OF THE COMPANIES ACT, 1956.**

 For year ended  
31.03.2005  
Rs.

**PROFIT AS PER PROFIT & LOSS ACCOUNT**
**ADD:**

COMMISSION	4629119	
DEPRECIATION	78269754	
LOSS ON SALE OF INVESTMENTS	75760	
REMUNERATION TO DIRECTORS (Excluding Contribution to P.F.)	<u>10437476</u>	
		<u>93412109</u>
		312374533

**LESS:**

DEPRECIATION AS PER SEC. 350	78269754	
PROFIT ON SALE OF FIXED ASSETS	<u>2648706</u>	
		80918460

**PROFIT AS PER SEC. 349/350**

2% COMMISSION		<u>231456073</u>
		4629119

Name	Salary/HRA	Perks	Total
Mr. P. K. Khurana	33,60,000.00	19,200.00	33,79,200.00
Mr. Pushkar P. Khurana	36,69,638.00	11,73,938.00	48,43,576.00
Mr. Puneet P. Khurana	7,60,000.00	79,200.00	8,39,200.00
Mr. S. S. Khurana	10,08,000.00	-	10,08,000.00
Mr. P. M. Samvatsar	3,67,500.00	-	3,67,500.00
<b>TOTAL</b>	<b>91,65,138.00</b>	<b>12,72,338.00</b>	<b>1,04,37,476.00</b>

**6. Sundry Debtors includes the following amounts :**

	AS AT 31.03.2005 (Rs. In lacs)	Maximum Amount during the year
due from a firm in which director is interested	Nil (Nil)	Nil (Nil)
due from the companies in which some directors are directors.	86.16 (Nil)	118.13 (13.23)

**7. Excise duty on finished goods not cleared from the factory has not been provided for as the same is payable at the time of actual clearance. Such excise duty payable on goods awaiting clearance from the factory is estimated at Rs.17,21,487/- (Previous year Rs. 7,06,268/-).**
**8. Sundry Creditors include Rs. 36.39 Lacs (Previous Year 71.83 lacs) due to small scale industrial (SSI) undertakings, which are unidentified by the company based on the information available regarding the status of the suppliers. The list of SSI units where dues exceeding Rs. 1 Lac are outstanding for a period exceeding 30 days as on 31st March, 2005 as determined by the Company, is as under : A. K. Industries, Adarsh Fab O Mech Pvt. Ltd., Khamir Industries, Morsun Coating Systems, Om Technologies Pvt. Ltd., Umiya Airpack Pvt. Ltd. The above list is not exhaustive.**



## 9. RELATED PARTIES DISCLOSURES

## A) PARTICULARS OF SUBSIDIARY / ASSOCIATE COMPANIES :

NAME OF THE RELATED PARTY  
EVEREST KANTO INVESTMENT & FINANCE LTD.  
KHURANA GASES P. LTD.  
MEDICAL ENGINEERS(I) P. LTD.  
KHURANA FABRICATION P. LTD.  
KHURANA EXPORTS P. LTD.  
EVEREST INDUSTRIAL GASES P. LTD.  
KHURANA CHARITABLE TRUST  
KHURANA EDUCATION TRUST

## B) KEY MANAGEMENT PERSONNEL &amp; THEIR RELATIVES :

NATURE OF THE RELATED PARTY	NATURE OF RELATIONSHIP
PREM KUMAR KHURANA	MANAGING DIRECTOR
PUSHKAR KHURANA	DIRECTOR
PUNEET KHURANA	DIRECTOR
SHYAM SUNDER KHURANA	DIRECTOR
SUMAN KHURANA	DIRECTOR
PRAMOD SAMVATSAR	DIRECTOR
POOJA KHURANA	RELATIVE OF DIRECTOR
NISHITA KHURANA	RELATIVE OF DIRECTOR
VANADANA KHURANA	RELATIVE OF DIRECTOR
PARUL KHURANA	RELATIVE OF DIRECTOR
VARUN KHURANA	RELATIVE OF DIRECTOR

## RELATED PARTIES DISCLOSURE :

SR. NO.	NAME OF THE PARTY	RELATIONSHIP	NATURE OF TRANSACTION	AMOUNT			
1.	PREM KUMAR KHURANA	MANAGING DIRECTOR	DIRECTORS REMUNERTION	2400000			
			H. R. A.	960000			
			P. F., E. P. F. etc.	288000			
			COMMISSION	4629119			
			PERQUISITES	19200			
			CAR LEASE RENT	457952			
			LOAN TAKEN	407497000			
			INTEREST ON LOAN	3499987			
			2.	SHYAM SUNDER KHURANA	DIRECTOR	DIRECTORS REMUNERTION	720000
						H. R. A.	288000
P. F., E. P. F. etc.	86400						
LOAN TAKEN	13974000						
INTEREST ON LOAN	960740						
3.	PUSHKAR KHURANA	DIRECTOR	DIRECTORS REMUNERTION	3669638			
			PERQUISITES	1173938			
			LOAN TAKEN	2745000			
			INTEREST ON LOAN	110032			



4.	VANDANA KHURANA	RELATIVE	LOAN TAKEN	7377000
			INTEREST ON LOAN	560287
5.	PUNEET KHURANA	DIRECTOR	DIRECTORS REMUNERTION	600000
			H. R. A.	160000
			P. F., E. P. F. etc.	72000
			PERQUISITES	79200
			LOAN TAKEN	7355000
			INTEREST ON LOAN	96817
6.	POOJA KHURANA	RELATIVE	LOAN TAKEN	979000
			INTEREST ON LOAN	74713
7.	P. K. KHURANA & SONS (HUF)	RELATIVE	LOAN TAKEN	13075000
			INTEREST ON LOAN	386956
8.	MR. VARUN KHURANA	RELATIVE	LOAN TAKEN	11255000
			INTEREST ON LOAN	851944
9.	MRS. NISHITA KHURANA	RELATIVE	LOAN TAKEN	2105000
			INTEREST ON LOAN	127298
10.	SUMAN KHURANA	DIRECTOR	LOAN TAKEN	39080000
			INTEREST ON LOAN	607865
11.	M/S. KHURANA CHARITABLE TRUST	ASSOCIATES	DONATION	2200000
12.	M/S. MEDICAL ENGG. ( I ) PVT. LTD.	ASSOCIATES	PURCHASE	4844223
			CYLINDER HIRE CHARGES	59613
13.	M/S. EVEREST KANTO INVESTMENT & FINANCE LTD.	ASSOCIATES	CAR INSURANCE	48764
			CAR LEASE RENT	379119
			OFFICE RENT	1800000
			ELECTRICITY CHARGES	446273
			OFFICE MAINTENANCE	250784
14.	M/S. KHURANA GASES PVT. LTD.	ASSOCIATES	TELEPHONE CHARGES	182470
15.	M/S. KHURANA EXPORT PVT. LTD.	ASSOCIATES	OTHER RENT	560000

## 10. Earnings per Share (EPS)

	2004-05 (RS. CRORE)	2003-04 (RS. CRORE)
Net Profit as per Profit & Loss Account available For Equity Shareholders	14.04	2.23
No. of Equity Shares	1,20,00,000	1,20,00,000
Earnings per Share		
- Basic	11.90	1.86
- Diluted	11.90	1.86

11. Additional information in pursuant to Provisions of Paragraphs 3(i)(a), 3(ii)(a), 4(c) and 4(d) of Part II of the schedule VI to the companies Act,1956.

A) Manufacturing Operations (Gas cylinders) :

	2004-05 (Nos. p.a)	2003-04 (Nos. p.a)
Licence Capacity (Nos.)	3,66,000	2,70,000
Installed Capacity (Nos.)	3,66,000	3,66,000
Actual Production (Nos.)	3,14,523	2,27,397

\* Installed capacity is as certified by directors.

B) Opening stock, Sales, Closing stock in respect of goods produced by company.

Class Of Goods	Year Ending 31 March	Opening Stock (Nos.)	Value in Lacs (Rs.)	Sales (Nos.)	Value Lacs (Rs.)	Closing Stock (Nos.)	Value in Lacs (Rs.)
Gas Cyls	2004	2404	45.19	226806	7379.86	2995	56.81
	2005	2995	57.41	310030	13235.59	7488	393.48

\* Includes NIL cylinders leased out (Previous year: 940 nos)

C) Break-up of Raw Materials Consumed :

	Qty. MTs.	2004-05 Value Rs. In Lacs	Qty. MTs.	2003-04 Value Rs. In Lacs
Seamless Tubes with Incidental Cost	13177.451	6285.02	7364.181	3876.02
Incidental Cost				
Others	-	1239.71	-	642.47
		<u>7524.73</u>		<u>4518.49</u>

D) Details of Imported & Indigenous Raw materials & Components.

		2004 - 05 Value Rs. In Lacs		2003 - 04 Value Rs. In Lacs
Imported	92.38	6951.37	88.46	3997.18
Indigenous	07.62	573.36	11.54	521.31
TOTAL	<u>100.00</u>	<u>7524.73</u>	<u>100.00</u>	<u>4518.49</u>

12. Information Regarding Imports, Exports & Other matters

A) C.I.F. value of Imports :

	2004-2005 Rs.in lacs	2003-2004 Rs. in lacs
Raw Materials	7217.76	3041.73
Components	216.30	136.33

B) Earnings in foreign exchange  
F.O.B. Value of exports  
from India  
from Dubai  
TOTAL

	1501.01	1055.44
	3102.93	173.42
	<u>4603.94</u>	<u>1228.86</u>

C) Expenditure in foreign currency

i) Travelling  
ii) Commission  
TOTAL

	41.11	18.31
	56.76	3.37
	<u>97.87</u>	<u>21.68</u>

13. DEFERRED TAX (NET)

Deferred Tax Assets

On Excise Duty  
On Deferred Expenses (Stamp Duty)

Rs. (In Lakhs)

117.22  
2.83  
120.05

Deferred Tax Liabilities

On Depreciation of Fixed Asset

389.29  
389.79  
269.74

Deferred Tax (Net)

14. Segment Reporting :

The company's operations predominantly relate to manufacture of cylinders. Other business segments are not significant and hence are not reportable segments.

	(Rs. In Lakhs) 2004-2005	(Rs. In Lakhs) 2003-2004
<b>GEOGRAPHICAL SEGMENT</b>		
Revenue		
India	10008.34	7113.03
Outside India	4603.94	1228.86
TOTAL	<u>14612.28</u>	<u>8341.89</u>
Assets		
India	7936.60	4160.56
Outside India	4215.79	3544.86
TOTAL	<u>12152.39</u>	<u>7705.42</u>

15. Previous year figures have been regrouped, rearranged and recasted wherever necessary.

AS PER OUR REPORT OF EVEN DATE

FOR AND ON BEHALF OF THE BOARD

SHRI P. K. KHURANA  
MANAGING DIRECTOR

C. D. PASAD & CO.  
CHARTERED ACCOUNTANTS  
R. D. PASAD  
PARTNER

SHRI PUNEET KHURANA  
DIRECTOR  
PLACE : MUMBAI  
DATE : June 17, 2005

PLACE : MUMBAI  
DATE : June 17, 2005

**CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2005**

	Year ended 31.03.2005 Rs. in Lacs	Year ended 31.03.2004 Rs. in Lacs
<b>A) CASH FLOW FROM OPERATING ACTIVITIES</b>		
Net profit after Tax & Extraordinary Items	1,427.64	223.08
<u>Adjustments :</u>		
Depreciation	782.70	780.33
Profit on Sale of Fixed Assets	(26.49)	(5.60)
Loss on Sale of Fixed Assets	-	-
Loss on Sale of Investment	0.76	-
Profit on Sale of Investment	-	(2.05)
Interest Paid	226.77	97.78
Interest Received	(3.25)	(6.75)
Dividend Received	(0.66)	(2.74)
Provision for Tax	1,015.00	40.00
Deferred Tax	<u>(253.02)</u>	<u>113.45</u>
	<u>1,741.81</u>	<u>1,014.42</u>
<b>OPERATING PROFIT BEFORE WORKING CAPITAL</b>	<b>3,169.45</b>	<b>1,237.50</b>
<u>Adjustments for changes in Working Capital :</u>		
(Increase) / Decrease in Trade & Other Receivables	(1,265.76)	680.02
(Increase) / Decrease in Inventories	(2,642.60)	(19.70)
Increase / (Decrease) in Trade & Other Payables	<u>1,047.77</u>	<u>(591.10)</u>
Cash Flow from Operating Activities	308.86	1,306.71
Direct Taxes Refund / (Paid)	(462.15)	6.82
<b>Net Cash Flow from Operating Activities</b>	<b><u>(153.29)</u></b>	<b><u>1,313.53</u></b>
<b>B) CASH FLOW FROM INVESTING ACTIVITIES</b>		
Purchase of Fixed Assets	(799.47)	(988.64)
Sale of Fixed Assets	26.56	14.85
Purchase of Investments	-	(214.11)
Sale of Investments	54.64	-
Dividend Received	0.66	2.74
Interest Received	3.25	6.75
<b>Cash Flow from Investing Activities</b>	<b><u>(714.36)</u></b>	<b><u>(1,178.41)</u></b>

**C) CASH FLOW FROM FINANCING ACTIVITIES**

Proceeds From Long Term Borrowings	-	463.64
Repayment of Long Term Borrowings	(294.19)	-
Proceeds From Short Term Borrowings	1,759.41	-
Repayment of Short Term Borrowings	-	(264.42)
Proceeds from Unsecured Loans	-	-
Repayment of Unsecured Loans	(87.28)	(73.50)
Dividend Paid	(135.38)	(169.22)
Interest paid	(226.77)	(97.78)
<b>Cash Flow from Financing Activities</b>	<b>1,015.79</b>	<b>(141.28)</b>
<b>NET INCREASE / (DECREASE) IN CASH &amp; CASH EQ.</b>	<b>148.14</b>	<b>(6.16)</b>
<b>CASH &amp; CASH EQUIVALENT AS AT 1st APRIL</b>	<b>215.94</b>	<b>222.10</b>
<b>CASH &amp; CASH EQUIVALENT AS AT 31st MARCH</b>	<b>364.08</b>	<b>215.94</b>

**Note :**

- The above cash flow has been prepared as set out in the accounting standard on "Cash Flow statements (AS-3)" issued by the Institute of Chartered Accountants of India.
- Previous year's figures has been rearranged/regrouped wherever necessary.

AS PER OUR REPORT OF EVEN DATE

FOR AND ON BEHALF OF THE BOARD

 C. D. PASAD & CO.  
 CHARTERED ACCOUNTANTS  
 R. D. PASAD  
 PARTNER

 SHRI P. K. KHURANA  
 MANAGING DIRECTOR

 PLACE : MUMBAI  
 DATE : June 17, 2005

 SHRI PUNEET KHURANA  
 DIRECTOR  
 PLACE : MUMBAI  
 DATE : June 17, 2005



Annexure referred to in note 9 of the notes annexed to and forming part of the balance sheet as at 31st March, 2005 and the profit and loss account for the year ended on that date

BALANCE SHEET ABSTRACT AND COMPANY'S GENERAL BUSINESS PROFILE

I. Registration Details

Registration No. 2 0 4 3 4 State Code 1 1

Balance Sheet Date 3 1 0 3 2 0 0 5

II. Capital raised during the year (Amount in Rs.)

Public Issue NIL Rights Issue NIL
Bonus Issue 6 0 0 0 0 0 0 Private Placement NIL

III. Position of Mobilisation and Deployment of funds (Amount in Rs. Thousands)

Total Liabilities 9 3 1 8 1 8 Total Assets 9 3 1 8 1 8
Paid-Up Capital 1 2 0 0 0 0 Reserves & Surplus 2 9 6 9 7 4
Secured Loans 3 8 0 7 5 0 Unsecured Loans 1 0 7 1 1 9
Deffered Tax Liability 2 6 9 7 5
Net Fixed Assets 4 3 9 1 9 1 Investments 2 1 2 6 1
Net Current Assets 4 7 1 3 6 6 Miscellaneous Expenditure NIL
Accumulated Losses NIL

IV. Performance of Company (Amount in Rs. Thousands)

Turnover 1 3 9 5 6 8 8 Total Expenditure 1 1 7 6 7 2 6
Profit/Loss before Tax 2 1 8 9 6 2 Profit/Loss after Tax 1 4 2 7 6 4



Please tick appropriate box + for Profit, - for Loss

Earning Per Share in Rs.

1 1 . 9 0

Dividend Rate %

2 5

Annexure referred to in note 9 of the notes annexed to and forming part of the balance sheet as at 31st March, 2005 and the profit and loss account for the year ended on that date

BALANCE SHEET ABSTRACT AND COMPANY'S GENERAL BUSINESS PROFILE (contd.)

V. Generic Names of three Principal Products/Services of the Company

Item Code No. 7 3 1 1 0 0 0 3
(ITC Code)

Product Description HIGH PRESSURE CYLINDER

AS PER OUR REPORT OF EVEN DATE

FOR AND ON BEHALF OF THE BOARD

C. D. PASAD & CO.
CHARTERED ACCOUNTANTS
R. D. PASAD
PARTNER

SHRI P. K. KHURANA
MANAGING DIRECTOR

SHRI PUNEET KHURANA
DIRECTOR

PLACE : MUMBAI
DATE : June 17, 2005

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