

# ANNUAL REPORT

# 2016



*Clean Energy Solution Company*





## Forefront in Technology

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

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

## New Facilities

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



Type 4 - Manufacturing  
facility in USA



Type2 - Plate Cylinder  
plant at China

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



**BOARD OF DIRECTORS****Chairman & Managing Director**

Mr. P. K. Khurana

**Non - Executive Directors**

Mr. Pushkar Khurana

Mr. Puneet Khurana

**Additional Director**

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

**Independent Directors**

Mr. Krishen Dev (upto February 25, 2016)

Mr. Naresh Oberoi

Mr. Mohan Jayakar

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

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

**CHIEF FINANCIAL OFFICER**

Mr. Kishore Thakkar (w.e.f. November 06, 2015)

**COMPANY SECRETARY & COMPLIANCE OFFICER**

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

**BANKERS TO THE COMPANY**

State Bank of Hyderabad

ICICI Bank Ltd.

Yes Bank Ltd.

EXIM Bank

**STATUTORY AUDITORS**

M/s Walker Chandiok & Co LLP,  
Chartered Accountants, Mumbai  
(formerly Walker, Chandiok & 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 upto November 06, 2015)

Mr. Sudhindra Rao (Chairman w.e.f. November 06, 2015)

Mr. Naresh Oberoi

Ms. Uma Acharya

Mr. Puneet Khurana

**Stakeholders' Relationship Committee**

Mr. Mohan Jayakar (Chairman)

Mr. Krishen Dev (upto February 25, 2016)

Mr. Puneet Khurana

**Nomination & Remuneration Committee**

Mr. Mohan Jayakar (Chairman)

Mr. Naresh Oberoi

Mr. Sudhindra Rao

Mr. Krishen Dev (upto February 25, 2016)

Mr. P.K. Khurana

**Share Allotment Committee**

Mr. Sudhindra Rao (Chairman)

Mr. Mohan Jayakar

Mr. P. K. 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

37<sup>th</sup> Annual General Meeting held on Monday, September 26, 2016 at 11:00 a.m., at M.C. Ghia Hall at Bhogilal Hargovindas Building, 4th Floor, 18/20, Kaikhushru Dubash Marg, Kala Ghoda, Mumbai - 400 001

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

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## AGM NOTICE

Notice is hereby given that the Thirty Seventh Annual General Meeting of the Members of EVEREST KANTO CYLINDER LIMITED will be held at M.C. Ghia Hall at Bhogilal Hargovindas Building, 4th Floor, 18/20, Kaikhushru Dubash Marg, Kala Ghoda, Mumbai - 400 001 on Monday, September 26, 2016, at 11.00 a.m. to transact the following businesses:

### ORDINARY BUSINESS:

1. To consider and adopt the audited Balance Sheet as at 31<sup>st</sup> March, 2016, 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. Pushkar Khurana (DIN: 00040489) who retires by rotation and, being eligible, offers himself for re-appointment.

3. To ratify the appointment of M/s Walker Chandio & Co. LLP, Chartered Accountants, as the Statutory Auditors for the Financial Year 2016-17 and in this regard, to consider and, if thought fit, to pass, with or without modification(s), the following resolution as an **Ordinary Resolution**:

**“RESOLVED THAT** pursuant to the provisions of Section 139 of the Companies Act, 2013 and the Rules made thereunder and pursuant to the recommendations of the Audit Committee of the Board and approval of the Members at the Annual General Meeting held on August 02, 2014, the appointment of M/s Walker Chandio & Co. LLP, Chartered Accountants, (Firm Registration Number 001076N) as the Statutory Auditors of the Company, to hold office from the conclusion of this meeting upto the conclusion of the next Annual General Meeting of the Company, be and is hereby ratified and confirmed.”

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 decide and approve the fees for service of document(s) on the Members 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 Section 20(2) and other provisions, if any, along with the rules and regulations as applicable, of the Companies Act, 2013, ₹ 50 per document shall be charged by the Company from the Shareholders for the Service of Documents on them, upon request received, vide a particular mode as may be intimated by such Shareholders”.

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

**“RESOLVED THAT** in accordance with the provisions of Sections 196, 197 and 203 read with Schedule V and all other applicable provisions of the Companies Act, 2013 (including any statutory modification(s) or re-enactment thereof, for the time being in force), consent of the Members of the Company be and is hereby accorded for re-appointment of Mr. P. K. Khurana as the Chairman and Managing Director of the Company, who shall have substantial powers of management and shall have all the powers exercisable by a managing director of the company, for a further period of 3 (three) years with effect from January 01, 2016 up to December 31, 2018 and for payment of remuneration on the terms and conditions as mentioned herein below with effect from August 11, 2016.

#### (I) **Remuneration :**

##### (a) **Salary :**

₹ 10,00,000/- per month in the scale of ₹ 10,00,000 – 1,00,000 – 12,00,000.

##### (b) **Commission :**

0.5% of the amount of net profit as appearing in the audited annual Profit & Loss Account for each financial year of the Company, subject to the overall ceiling of ₹ 25,00,000/- per annum.

##### (c) **Perquisites :**

##### (i) **Housing :**

1. Residential accommodation or house rent allowance @ 40% of salary.
2. Expenses pertaining to gas, electricity, water and other utilities will be borne/reimbursed by the Company.
3. The Company shall provide such furniture and furnishings as maybe required.

- (ii) **Medical Reimbursement :**  
Reimbursement for actual medical expenses incurred in India and/or abroad and including hospitalization, nursing home and surgical expenses for self and family subject to a ceiling of one month's salary per year or three month's salary in a period of three years.
- (iii) **Leave Travel Concession :**  
Reimbursement of all the expenses (like travel fare, lodging, boarding, conveyance and other expenses) incurred for self and family during the leave travel holiday periods, whenever undertaken, whether in India or abroad in accordance with the rules of the Company.
- (iv) **Club Fees :**  
Subscription or reimbursement of club expenses of two clubs in India or abroad.
- (v) **Personal Accident Insurance :**  
Personal Accident Insurance policy for an amount, the annual premium of which shall not exceed ₹ 20,000/- per year.
- (vi) **Provident Fund :**  
Company's contribution to provident fund as per the scheme of the Company.
- (vii) **Leave :**  
Privilege Leave as per rules of the Company.
- (viii) **Other perquisites :**  
Subject to the overall ceiling on remuneration mentioned hereinbelow, he shall be entitled to any other allowances, benefits and perquisites as the Board of Directors may on the recommendation of the remuneration committee thereof may from time to time decide.
- Explanation :**  
Perquisites shall be evaluated as per Income Tax Rules, wherever applicable and in the absence of any such rules, perquisites shall be evaluated at actual cost.
- (d) **Amenities :**
- (i) **Car & Telephone :**  
The Company shall provide car for use on Company's business and telephone at the Director's residence. Personal long distance calls on telephone and use of car for private purpose shall be billed by the Company.
- (e) **Others:**
- (f) **Overall Remuneration :**  
The aggregate of salary, commission and perquisites in any financial year shall not exceed the overall ceilings laid down in sections 196, 197 and other applicable provisions of the Companies Act, 2013 read with

Schedule V of the said act as may for the time being in force.

(II) **Minimum Remuneration :**

In the event of absence of profits or inadequacy of profits in any financial year, the aforesaid remuneration shall be governed by limits prescribed under Section II of Part II of Schedule V of the Companies Act, 2013 as may for the time being in force.

**“RESOLVED FURTHER THAT** the Board of Directors of the Company be and is hereby authorised to execute the agreement, with Mr. P. K. Khurana for the payment of remuneration with effect from August 11, 2016 on the terms and conditions as provided above and to do all such acts, deeds, matters and things as in its absolute discretion, it may consider necessary, expedient or desirable for giving effect to the foregoing resolution, and to settle any question, or doubt that may arise in relation thereto.”

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

**“RESOLVED THAT** in accordance with the provisions of Sections 196, 197 and 203 read with Schedule V and all other applicable provisions of the Companies Act, 2013 (including any statutory modification(s) or re-enactment thereof, for the time being in force), consent of the Members of the Company be and is hereby accorded for appointment of Mr. Puneet Khurana as the Executive Director of the Company, liable to retire by rotation, for a period of 3 (three) years with effect from August 11, 2016 and for payment of remuneration on the terms and conditions as mentioned herein below with effect from August 11, 2016.

(I) **Remuneration :**

(a) **Salary :**

₹ 6,00,000/- per month in the scale of ₹ 6,00,000 – 1,00,000 – 8,00,000.

(b) **Commission :**

0.5% of the amount of net profit as appearing in the audited annual Profit & Loss Account for each financial year of the Company, subject to the overall ceiling of ₹ 25,00,000/- per annum.

(c) **Perquisites :**

(i) **Housing :**

1. Residential accommodation or house rent allowance @ 40% of salary.
2. Expenses pertaining to gas, electricity, water and other utilities will be borne/reimbursed by the Company.
3. The Company shall provide such furniture and furnishings as maybe required.

- (ii) **Medical Reimbursement :**  
Reimbursement for actual medical expenses incurred in India and/or abroad and including hospitalization, nursing home and surgical expenses for self and family subject to a ceiling of one month's salary per year or three month's salary in a period of three years.
- (iii) **Leave Travel Concession :**  
Reimbursement of all the expenses (like travel fare, lodging, boarding, conveyance and other expenses) incurred for self and family during the leave travel holiday periods, whenever undertaken, whether in India or abroad in accordance with the rules of the Company.
- (iv) **Club Fees :**  
Subscription or reimbursement of club expenses of two clubs in India or abroad.
- (v) **Personal Accident Insurance :**  
Personal Accident Insurance policy for an amount, the annual premium of which shall not exceed ₹ 20,000/- per annum.
- (vi) **Provident Fund :**  
Company's contribution to provident fund as per the scheme of the Company.
- (vii) **Gratuity :**  
As per the rules of the Company payable in accordance with the approved fund and which shall not exceed half a month's salary for each completed year of service, subject to a ceiling of ₹ 5,00,000/-
- (viii) **Leave :**  
Privilege Leave as per rules of the Company.
- (ix) **Other perquisites :**  
Subject to the overall ceiling on remuneration mentioned hereinbelow, he shall be entitled to any other allowances, benefits and perquisites as the Board of Directors may on the recommendation of the Nomination & Remuneration Committee thereof may from time to time decide.

**Explanation :**

Perquisites shall be evaluated as per Income Tax Rules, wherever applicable and in the absence of any such rules, perquisites shall be evaluated at actual cost.

- (d) **Amenities :**
- (i) **Car & Telephone :**  
The Company shall provide car for use on Company's business and telephone at the Director's residence. Personal long distance calls on telephone and use of car for private purpose shall be billed by the Company.

- (e) **Others :**
- (i) **Overall Remuneration :**  
The aggregate of salary, commission and perquisites in any financial year shall not exceed the overall ceilings laid down in sections 196, 197 and other applicable provisions of the Companies Act, 2013 read with Schedule V of the said act as may for the time being in force.
- (ii) **Minimum Remuneration :**  
In the event of absence of profits or inadequacy of profits in any financial year, the aforesaid remuneration shall be governed by limits prescribed under Section II of Part II of Schedule V of the Companies Act, 2013 as may for the time being in force.

**"RESOLVED THAT** the Board of Directors of the Company be and is hereby authorised to execute the agreement, with Mr. Puneet Khurana for the payment of remuneration with effect from August 11, 2016 on the terms and conditions as provided above and to do all such acts, deeds, matters and things as in its absolute discretion, it may consider necessary, expedient or desirable for giving effect to the foregoing resolution, and to settle any question, or doubt that may arise in relation thereto."

- 8. 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 Rs 150,000 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 2016-17, fixed by the Board of Directors on the recommendation of the Audit Committee, be and is hereby ratified and confirmed."

**By Order of the Board of Directors**

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

Mumbai  
August 11, 2016

**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 Tuesday, September 20, 2016 to Monday, September 26, 2016 (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 Regulation 36(3) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 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 37th Annual General Meeting and instructions for e-voting, along with the Attendance Slip and Proxy Form and the copies of the Annual Report for 2015-16, is being sent by electronic mode to all the members whose email IDs are registered with the Company/ Depository Participant(s) for communication purposes unless any member has requested for a hard copy of the same. For members who have not registered their email address, physical copies of the Annual Report for 2015-16 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](mailto:investors@ekc.in).

- (h) The Notice of the 37th 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 the Notice and 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) 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 monthly/quarterly/yearly 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 23, 2016 at 09:00 a.m. and will end on Sunday, September 25, 2016 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, Practicing 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 23, 2016 at 09.00 am and ends on Sunday, September 25, 2016 at 05.00 pm. During this period, Shareholders' of the Company, holding shares either in physical form or in dematerialized form, as on the cut-off date (record date) of Monday, September 19, 2016 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) <ul style="list-style-type: none"> <li>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.</li> </ul>
Dividend Bank Details OR Date of Birth (DOB)	Enter the Dividend Bank Details or Date of Birth (in dd/mm/yyyy format) as recorded in your demat account or in the company records in order to login. <ul style="list-style-type: none"> <li>If both 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).</li> </ul>

- (viii) After entering these details appropriately, click on "SUBMIT" tab.

- (ix) Members holding shares in physical form will then directly reach the Company 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.

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 e-voting on the resolutions contained in this Notice.
- (xi) Click on the EVSN for Everest Kanto Cylinder Limited.
- (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 a print of the votes cast by clicking on "Click here to print" option on the Voting page.
- (xvii) If a demat account holder has forgotten the login 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) **Shareholders can also cast their vote using CDSL's mobile app m-Voting available for android based mobiles. The m-Voting app can be downloaded from Google Play Store. Apple and Windows phone users can download the app from the App Store and the Windows Phone Store respectively. Please follow the instructions as prompted by the mobile app while voting on your mobile.**
- (xix) 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 linked in the login 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.

(xx) 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. (xx) 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 19, 2016, may vote electronically or physically in the same manner as prescribed above in sl. no. (i) to sl. no. (xx).**

- (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 19, 2016.
- (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.in](http://www.everestkanto.in) 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:**

As per section 20(2) of the Companies Act, 2013, a member may request for delivery of any document through a particular mode, for which he shall pay such fees as may be determined by the company in its annual general meeting.

The Company has received a request from a Shareholder of the Company pertaining to Section 20(2) of the Companies Act, 2013, to determine such price for service of documents to the Shareholders.

Further, the Management has approved to charge ₹ 50 to the Shareholders for service of document through a particular mode subject to approval of the Shareholders in the Annual General Meeting.

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.

**As regards Item No. 6 & 7:**

The Nomination and Remuneration Committee of Board of Directors of the Company has recommended the re-appointment of Mr. P. K. Khurana as the Chairman & Managing Director of the Company w.e.f. January 01, 2016 and appointment of Mr. Puneet Khurana as the Executive Director of the Company w.e.f. August 11, 2016, for a period of 3 (Three) years. Also, pursuant to section 196 of the Companies Act, 2013, as Mr. P.K. Khurana has attained 75 years of age, his re-appointment is required to be approved by the Members of the Company by way of Special Resolution.

Further, the Nomination & Remuneration Committee of the Board of Directors has recommended payment of remuneration to Mr. P. K. Khurana as the Chairman & Managing Director and to Mr. Puneet Khurana as the Executive Director of the Company with effect from August 11, 2016. Previously, due to lack of profits, Mr. P. K. Khurana, Chairman & Managing Director had voluntarily decided not to draw any remuneration from the Company from Financial Year 2013-14. Presently, as the economic scenario of the Company is slowly & gradually improving, the Board recommends to pay remuneration to Mr. P. K. Khurana as well as Mr. Puneet Khurana. The broad particulars of remuneration payable to Mr. P. K. Khurana and Mr. Puneet Khurana during their tenure in the Company are as per the resolutions set out in the accompanying notice.

Considering the present scenario of the Company, background, competence and experience of Mr. P. K. Khurana and Mr. Puneet Khurana and also the remuneration packages of similar personnel of corporate bodies in the country, the Nomination & Remuneration Committee of the Board of Directors at its meeting held on August 11, 2016, recommended that remuneration as set out in the above resolutions be paid to Mr. P. K. Khurana and Mr. Puneet Khurana with effect from August 11, 2016.

The office of Managing Director and Whole - Time Director may be terminated by the Company or the concerned Managing Director or Whole - Time Director by giving the other 3 (three) months prior notice in writing.

The said remuneration and the perquisites are in consonance with the provisions of Schedule V and other applicable provisions of the Companies Act, 2013.

Mr. P. K. Khurana and Mr. Puneet Khurana are interested in the above resolutions which pertain to remuneration payable to each of them respectively. Further Mr. P. K. Khurana and Mr. Puneet Khurana may also be deemed to be interested in the resolution pertaining to the remuneration payable to the other, as they are related to each other. Further, Mr. Pushkar Khurana may also be deemed to be interested in the resolution pertaining to the remuneration payable to Mr. P. K. Khurana and Mr. Puneet Khurana, as they are related to each other. Save and except the above, none of the other Directors of the Company is, in any way, concerned or interested in the resolutions.

The terms and conditions of the payment in the remuneration as stated in the resolutions of the notice in respect of Mr. P. K. Khurana and Mr. Puneet Khurana may be treated as an abstract under Section 190 of the Companies Act, 2013.

The Board recommends the resolutions as set out at Item Nos. 6 and 7 of the Notice for approval by the Members.

#### **As regards Item No. 8:**

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 2016-17 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. 8 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. 8.

**By Order of the Board of Directors**

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

Mumbai  
August 11, 2016

#### **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



Route Map to the AGM Venue

**ANNEXURE TO ITEM NO. 2 OF THE NOTICE**

Details of Director seeking re-appointment at the forthcoming Annual General Meeting

<b>Name of Director</b>	<b>Mr. Pushkar Khurana</b>
Date of Birth	17-07-1972
Nationality	Indian
Date of Appointment on the Board	12-09-1994
Qualifications	B.com, MBA in Business Management
Expertise in specific functional area	Expertise in Business expansion and Diversification Internationally
Number of shares held in the Company (as on March 31, 2016)	75,03,973
List of Directorships held in other Companies*	<ol style="list-style-type: none"> <li>1. Calcutta Compressions &amp; Liquefaction Engineering Limited.</li> <li>2. Everest Industrial Gases Private Limited</li> <li>3. Everest Kanto Investment &amp; Finance Pvt. Ltd.</li> <li>4. G.N.M. Realtors Pvt. Ltd.</li> <li>5. Khurana Gases Pvt. Ltd.</li> <li>6. Khurana Fabrication Industries Pvt. Ltd.</li> <li>7. Ukay Valves &amp; Founders Pvt. Ltd</li> <li>8. EKC Positron Gas Limited</li> <li>9. EKC Industries (Thailand) Company Limited</li> <li>10. EKC International FZE</li> <li>11. EKC Europe GmbH</li> </ol>
Chairman/Member in Committees of Board of companies in which he/she is a Director*	None

\*: Directorships include Directorships of other Indian Public Companies and Committee memberships include only Audit Committee and Stakeholders' Relationship Committee (whether listed or not)

**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 37<sup>th</sup> Annual Report and the Audited Accounts for the financial year ended March 31, 2016.

### FINANCIAL RESULTS

The financial performance of the Company for the year ended March 31, 2016 is summarized below:

(₹ in Lakh)

Particulars	Standalone		Consolidated	
	2015-16	2014-15	2015-16	2014-15
Sales	<b>18,713.98</b>	19,720.60	<b>52,180.10</b>	48,877.25
Less: Excise Duty	<b>1,795.41</b>	2,015.28	<b>1,795.41</b>	2,015.28
Total Sales	<b>16,918.57</b>	17,705.32	<b>50,384.69</b>	46,861.97
Profit before Finance Charges, Depreciation, Provision for Doubtful Debts, Foreign Exchange Variation (net), Exceptional Items and Tax	<b>(1,311.51)</b>	(775.34)	<b>1,436.77</b>	963.85
Less:				
- Finance Charges	<b>4,716.44</b>	5,010.54	<b>5,351.40</b>	5,700.17
- Depreciation	<b>1,695.08</b>	1,715.10	<b>7,153.00</b>	7,054.95
<b>Profit before Foreign Exchange Variation, Exceptional Items and Taxation</b>	<b>(7,723.03)</b>	(7,500.98)	<b>(11,067.63)</b>	(11,791.27)
Provision for Doubtful Debts	<b>327.18</b>	185.32	<b>155.33</b>	2,197.39
Foreign Exchange Variation - Gain / (Loss)	<b>(405.81)</b>	(248.32)	<b>(952.80)</b>	(241.80)
<b>Profit before Exceptional Items and Taxation</b>	<b>(8,456.02)</b>	(7,934.62)	<b>(11,865.10)</b>	(9,835.68)
<b>Exceptional Items</b>	<b>(2,934.42)</b>	(1,980.00)	<b>408.39</b>	—
<b>Profit before Tax</b>	<b>(11,390.44)</b>	(9,914.62)	<b>(12,273.49)</b>	(9,835.68)
(Less) / Add: Provision for Taxation				
- Current Tax	—	—	<b>15.94</b>	1.00
- Deferred Tax	—	—	<b>13.75</b>	(62.90)
<b>Profit for the year</b>	<b>(11,390.44)</b>	(9,914.62)	<b>(12,303.18)</b>	(9,773.78)
Add: Prior period adjustments and Tax adjustments of earlier years	<b>105.68</b>	(1.53)	<b>105.68</b>	(1.53)
Minority Interest	—	—	—	—
<b>Net Profit</b>	<b>(11,496.12)</b>	(9,913.09)	<b>(12,408.86)</b>	(9,772.25)
Transitional adjustment on account of Schedule II to Companies Act, 2013	<b>(4.55)</b>	(100.88)	<b>(4.55)</b>	(101.07)
Balance Brought Forward from Previous Years	<b>(16,380.04)</b>	(6,366.07)	<b>(3,887.46)</b>	5,985.86
Balance Available for Appropriation	<b>(27,880.71)</b>	(16,380.04)	<b>(16,300.87)</b>	(3,887.46)
<b>Appropriation:</b>				
Proposed Dividend	—	—	—	—
Provision for Dividend Tax	—	—	—	—
Transfer to Reserves	—	—	—	—
Balance Carried Forward	<b>(27,880.71)</b>	(16,380.04)	<b>(16,300.87)</b>	(3,887.46)
Basic and Diluted Earnings Per Share of ₹ 2 each	<b>(10.73)</b>	(9.25)	<b>(11.58)</b>	(9.12)

## PERFORMANCE REVIEW

During the financial year 2015-16, the demand for Company's products remained subdued. However, we witnessed some improvement in demand towards end of the Financial Year, due to CNG cylinders' requirements in Northern India for controlling the pollution due to recent ruling by Supreme Court for not registering Diesel Vehicles. The Finance Charges continued to remain a major contributor to the Net Loss during the Financial Year.

On Standalone basis, for the Financial Year 2015-16, revenues at ₹ 18,713.98 Lakhs were lower by around 5.10% over the previous year's revenues of ₹ 19,720.60 Lakhs and Net Loss at ₹ 11,496.12 Lakhs saw increase by around 15.97% over the previous year's net loss of ₹ 9,913.09 Lakhs. The Net Loss for the Financial Year 2015-16 includes provision of ₹ 2,826.47 Lakhs as against previous year's provision of ₹ 1,980.00 made in respect of the value of the investments in two Subsidiary Companies. On Consolidated basis, revenues for Financial Year 2015-16 at ₹ 52,180.10 Lakhs were higher by around 6.76% over the previous year's revenues of ₹ 48,877.25 Lakh and Net Loss at ₹ 12,408.86 Lakhs saw an increase by around 26.98% over the previous year's Net Loss of ₹ 9,772.25 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.

## SHARE CAPITAL STRUCTURE

During the Financial Year 2015-16, 50,50,000 Equity Shares of ₹ 2/- each were issued on Preferential basis to the Promoter Group of the Company on March 31, 2016. Accordingly, the Paid-Up Share Capital of the Company is ₹ 22.44 Crore divided into 11,22,07,682 Equity Shares of ₹ 2/- each.

## INTERNAL FINANCIAL CONTROLS

The Company has adequate internal financial control system commensurate with the size, scale and complexity of its operations. The Company has in place a mechanism to identify, assess, monitor and mitigate various risks to key business objectives. Major risks identified by the business and functions are systematically addressed through mitigation action on continuing basis. These are routinely tested and certified by Statutory as well as Internal Auditors. The Audit observations on internal financial controls are periodically reported to the Audit Committee.

## MANAGEMENT DISCUSSION AND ANALYSIS REPORT

Management Discussion and Analysis Report for the financial year 2015-16, as stipulated under Regulation 34(2)(e) of the SEBI(Listing obligations and Disclosure Requirements) during

Regulations, 2015, is presented in a separate section forming part of the Annual Report

## DETAILS OF FRAUD REPORTED BY AUDITORS

There were no frauds reported by the Statutory Auditors under provisions of Section 143(12) of the Companies Act, 2013 and rules made thereunder.

## DIVIDEND

The Directors have not proposed any dividend for the financial year 2015-16 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 has, 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)	254.68	CARED [Single D]	Reaffirmed
2	Long Term Fund Based Bank Facilities	31.88	CARE C [Single C]	Revised from CARE C (Single C) to CARE D (Single D) and then revised to CARE C (Single C)
3	Long Term Fund Based Bank Facilities	103.00	CARE C [Single C]	Reaffirmed
4	Proposed long Term Fund Based Bank Facilities	30.00	CARE C [Single C]	Withdrawn
5	Short Term Bank Facilities (Non Fund Based)	50.92	CARE A4 [A Four]	Reaffirmed
	<b>Total</b>	<b>470.48 (Four Hundred Seventy Crore and Forty Eight Lakhs )</b>		

## DEPOSITS UNDER CHAPTER V OF COMPANIES ACT, 2013

The Company has not accepted any Deposits from the public within the ambit of Section 73 of the Companies Act, 2013 and the Companies (Acceptance of Deposits) Rules, 2014.

## 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

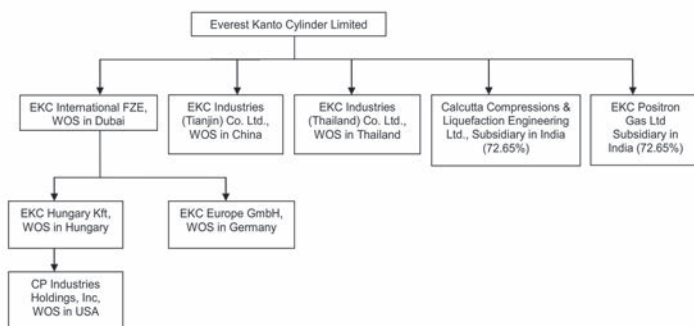
There are no material changes and commitments affecting the financial position of the Company which have occurred between the end of the financial year and the date of the Report.

## SUBSIDIARIES

As on 31st March, 2016, 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) Two Indian subsidiary Companies viz., Calcutta Compressions & Liquefaction Engineering Ltd. and EKC Positron Gas Ltd.

During the year, our Company has formed a new Subsidiary Company as EKC Positron Gas Ltd.

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 Subsidiary Companies are uploaded on the website of the Company and the weblink thereto is <http://www.everestkanto.com/subsidiarie.aspx>

## DIRECTORS AND KEY MANAGERIAL PERSONNEL

### CESSATION OF KMP

Mr. Vipin Chandok, had resigned from the post of Chief Financial Officer of the Company w.e.f. August 27, 2015

## RETIREMENT BY ROTATION

In accordance with the provisions of Section 152(6) of the Companies Act, 2013, Mr. Pushkar Khurana (DIN 00040489) will retire by rotation at the ensuing Annual General Meeting of the Company and being eligible, offers himself for re-appointment. The Board recommends his re-appointment.

## APPOINTMENT OF KMP

Mr. Kishore Thakkar has been appointed as the Chief Financial Officer of the Company under Section 203(2) of the Companies Act, 2013 w.e.f. November 06, 2015. Mr. Kishore Thakkar is a Fellow Member of the Institute of Chartered Accountants of India and has relevant experience in field of Accounts and Finance.

Ms. Bhagyashree Kanekar has been appointed as the Company Secretary and Compliance Officer of the Company under Section 203(2) of the Companies Act, 2013 w.e.f. August 11, 2015. Ms. Bhagyashree Kanekar, is an Associate Member of the Institute of Company Secretaries of India and possesses requisite qualification under Companies (Appointment and Qualification of Secretary) Rules, 1988.

## APPOINTMENT/CESSATION OF INDEPENDENT DIRECTOR

Mr. Krishen Dev, Independent Director of the Company has resigned as the Director of the Company w.e.f. February 25, 2016 due to personal reasons.

## NUMBER OF BOARD MEETINGS DURING THE YEAR

During the year, Five meetings of the Board of Directors were held on May 26, 2015, August 11, 2015, November 06, 2015, February 11, 2016, February 25, 2016.

## 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 web link 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

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:

- i) in the preparation of the annual accounts for the year ended March 31, 2016, the applicable accounting standards have been followed and there are no material departure;
- 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, 2016 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 2014, M/s. Walker Chandio & 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 2016-17. 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 M/s. V R & Associates, Cost Accountant, (Firm Registration No. 000516) 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.

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 2015-16. The Report of the Secretarial Auditor forms part of this Report as Annexure 1. There is one adverse remark in the Secretarial Audit Report.

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

As regards to the qualification by the Auditors in their Report on the Standalone Accounts with respect to the Investment by way of share capital of ₹ 6,925.07 lakhs in EKC Industries (Tianjin) Company Limited, a wholly owned subsidiary based in China, 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 a conservative basis, during the year, an aggregate amount of ₹ 2,000 lakhs (₹ 1,500 lakhs for the year ended March 31, 2015) has been provided towards such diminution and has been



disclosed as an Exceptional Item in the financial results. Considering the expected appreciation in the value of the assets and provision of ₹ 3,500 lakhs already provided, the Management does not expect diminution in value of investments of more than ₹ 1,700 lakhs.

As regards to the qualification by the Auditors in their Report on the Consolidated as well as Standalone Accounts in respect to short term loans and advances and other current assets include an amount of ₹ 1,724 lakhs (₹ 1,778 lakhs as at March 31, 2015) towards secured inter-corporate deposit advanced to Hubtown Limited (formerly Akruti City Limited) and accrued interest thereon. The deposit and accrued interest are outstanding for a considerable period. These deposits are secured against mortgage rights of an under-construction commercial property in favour of the Company. The estimated value of completed property would be ₹ 1,750 lakhs as per the independent valuer's report obtained by the Company in March 2015. Based on the Company's on-going discussion with Hubtown Limited (formerly Akruti City Limited), the Company is confident of recovering the inter-corporate deposit with accrued interest thereon and therefore believes that no provision for losses on account of non-recoverability of outstanding amounts, if any, is necessary at present. The Management does not expect any loss since the outstanding amount is sufficiently secured by way of mortgage of property.

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

The Company has executed Shareholders' Agreement with Brightwill Limited and TVG India Investment Holdings Limited (hereinafter referred to as "the erstwhile shareholders") on November 02, 2006 and November 19, 2007 respectively. The clauses of the aforesaid Agreement have been incorporated in the Articles of Association of the Company as per the requirement of the said Agreements.

As on March 31, 2016, the erstwhile shareholders have gradually sold their entire holdings during the year and hence the aforesaid Shareholders' Agreement stands redundant. Further, on the redundancy of such Agreement, one of the Promoters of the Company has entered into the business of Fire Fighting Equipments during the year ended March 31, 2016.

However the Company is yet to alter the Articles of Association for removal of the clauses pertaining to the erstwhile shareholders and hence the Secretarial Auditor has mentioned the same in his report.

#### **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 falls 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 the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 have been complied with.

The Policy on Related Party Transactions framed under the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 is available on Company's website and web link 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 SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, the Report on Corporate Governance and the Certificate from a practicing Company Secretary on the Report as stipulated under SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 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 2015-16:**

Name of Directors	Designation	Remuneration of Directors*	Median remuneration of Employees	Ratio to median remuneration
Mr. P. K. Khurana	Chairman & Managing Director	Nil	1,99,455	-
Mr. Pushkar Khurana	Non-Executive Director	Nil	1,99,455	-
Mr. Puneet Khurana	Non-Executive Director	Nil	1,99,455	-
Mr. Krishen Dev**	Independent Director	1,70,000	1,99,455	0.85
Mr. Mohan Jayakar	Independent Director	1,40,000	1,99,455	0.70
Mr. Naresh Oberoi	Independent Director	1,30,000	1,99,455	0.65
Mr. Sudhindra Rao	Independent Director	1,10,000	1,99,455	0.55
Ms. Uma Acharya	Independent Director	1,00,000	1,99,455	0.50

\* 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

\*\* Mr. Krishen Dev resigned as Director of the Company on February 25, 2016.

**(b) Percentage increase in remuneration of each Director, Chief Financial Officer, Chief Executive Officer, Company Secretary or Manager, if any, in the financial year 2015-16:**

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
Mr. Pushkar Khurana	Non-Executive Director	0.00
Mr. Puneet Khurana	Non-Executive Director	0.00
Mr. Krishen Dev***	Independent Director	(5.88)
Mr. Mohan Jayakar	Independent Director	21.42
Mr. Naresh Oberoi	Independent Director	(38.46)
Mr. Sudhindra Rao	Independent Director	0.00
Ms. Uma Acharya	Independent Director	0.00
Mr. Kishore Thakkar*	Chief Financial Officer	0.00
Ms. Bhagyashree Kanekar**	Company Secretary	0.00

\* Mr. Kishore Thakkar was appointed as Chief Financial Officer on November 06, 2015.

\*\* Ms. Bhagyashree Kanekar was appointed as Company Secretary and Compliance Officer of the Company on August 11, 2015.

\*\*\* Mr. Krishen Dev resigned as Director of the Company on February 25, 2016

**(c) Percentage increase in the median remuneration of employees in the financial year 2015-16: 5.79%**

**(d) Number of permanent employees on the rolls of Company: 335**

**(e) Explanation on the relationship between average increase in remuneration and Company performance:**

Particulars	Amount
Increase in Remuneration in financial year 2015-16 (₹ in Lakhs)	49.77
Increase / (Decrease) in Revenue (₹ in Lakhs)	(1,651.04)
Increase in Remuneration as % of Increase / (Decrease) in Revenue	*Not Meaningful
Increase / (Decrease) in Profit before tax (PBT) (₹ in Lakhs)	(1,475.82)
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 2015-16 (₹ in Lakhs)	32.75
Revenue (₹ in Lakhs)	17,501.95
Remuneration of KMP (as % of revenue)	0.19
Profit before tax (PBT) (₹ in Lakhs)	(11,390.44)
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:** (₹ in Lakhs)

Particulars	At the beginning of the year – April 1, 2015	At the end of the year – March 31, 2016
Market Capitalization		
NSE (₹ in Lakhs)	9,965.66	16,775.05
BSE (₹ in Lakhs)	9,944.23	16,797.49
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, 2016, 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, 2016	IPO*	Adjusted IPO**	% Change
Market Price (BSE)	₹ 14.97	₹ 160	₹ 32	(53.28)
Market Price (NSE)	₹ 14.95	₹ 160	₹ 32	(53.21)

\* 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 2015-16 is 13.57% whereas the percentile increase in the managerial remuneration\* during the year is 25%.

\* 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. Kishore Thakkar, Chief Financial Officer	Ms. Bhagyashree Kanekar, Company Secretary
Remuneration in FY 2015-16 (₹ in Lakhs)	Nil	27.00	7.00
Revenue (₹ in Lakhs)	17,501.95	17,501.95	17,501.95
Remuneration as % of revenue	-	0.15	0.04
Profit before tax (PBT) (₹ in Lakhs)	(11390.44)	(11390.44)	(11390.44)
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 2015-16 is ₹ 170,000 and 1,40,000 respectively (being sitting fees only). As there are 181 employees who are not directors but received remuneration during financial year 2015-16 in excess of ₹ 170,000, 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 181 employees is 0.49.

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

The Company affirms 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>.

- Policy on Related Party Transactions
- Policy on Material Subsidiaries
- Policy on Board Diversity
- Policy on Nomination, Remuneration & Evaluation
- Code of Conduct for Directors & Senior Management
- Vigil Mechanism
- Policy on Sexual Harassment at workplace.
- Policy on Preservation and Archival of documents.
- Policy on Determination of Materiality of Events.

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>.

#### DISCLOSURE UNDER SEXUAL HARASSMENT OF WOMEN AT WORKPLACE (PREVENTION, PROHIBITION & REDRESSAL)

Everest Kanto Cylinder Limited is committed and dedicated in providing a healthy and harassment free work environment to every individual of the Company, a work environment that does not tolerate sexual harassment. We highly respect dignity of everyone involved at our work place, whether they are employees, suppliers or our customers. We require all employees to strictly maintain mutual respect and positive attitude towards each other.

Number of complaints pending as on the beginning of the financial year- **Nil**

Number of complaints filed during the financial year- **Nil**

Number of complaints pending at the end of the financial year- **Nil**

#### NOMINATION AND REMUNERATION POLICY

For the purpose of selection of any Director, Key Managerial Personnel and Senior Management Employees Company has formed Nomination and Remuneration Policy.

This Nomination, Remuneration and Evaluation Policy applies to the Board of Directors (the, Key Managerial Personnel and the Senior Management Personnel of Everest Kanto Cylinder Limited.

This Policy is in compliance with Section 178 of the Companies Act, 2013 read along with the applicable Rules thereto and Regulation 19 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

This Nomination, Remuneration and Evaluation Policy of the Company is annexed herewith as Annexure 5 to this report.

#### **LISTING OF SECURITIES**

The Equity shares of the Company are listed on the Stock Exchanges viz. BSE Limited and National Stock Exchange of India Limited.

#### **ACKNOWLEDGEMENT AND APPRECIATION**

The Board of Directors would like to express it's deepest admiration and sincere gratitude for professional guidance rendered to the Company by Mr. Krishen Dev, who has served as the Distinguished Member on the Board of the Company for more than a decade.

The Directors further 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

Place: Mumbai

Date: August 11, 2016

### **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**

I have conducted the secretarial audit of the compliance of applicable statutory provisions and the adherence to good corporate practices by Everest Kanto Cylinder Limited (hereinafter called "the Company"). Secretarial Audit was conducted in a manner that provided me a reasonable basis for evaluating the corporate conducts / statutory compliances and expressing my opinion thereon.

Based on the verification of Company's books, papers, minute books, forms and returns filed and other records maintained by the Company and also the information provided by the Company, its officers, agents and authorized representatives during the conduct of secretarial audit, I hereby report that in my opinion, the Company has, during the audit period covering the financial year ended on March 31, 2016 complied with the statutory provisions listed hereunder and also that the Company has followed proper

Board - processes and have required compliance – mechanism in place to the extent, in the manner and subject to the reporting made hereinafter.

I have examined the books, papers, minute books, forms and returns filed and other records maintained by the Company for the financial year ended on March 31, 2016, 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. The Foreign Exchange Management Act, 1999 and the rules and regulations made thereunder for compliance in respect 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') :-
  - (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 till May 14, 2015 and thereafter The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015;
  - (c) The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009;
  - (d) The Securities and Exchange Board of India (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999 and the Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014 (Not applicable);
  - (e) The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008 (Not applicable);
  - (f) The Securities and Exchange Board of India (Registrars to an issue and Share Transfer Agents) Regulations, 1993, regarding the Companies Act and dealing with client (Not applicable);
  - (g) The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009 (Not applicable); and
  - (h) The Securities and Exchange Board of India (Buy Back of Securities) Regulations, 1998 (Not applicable).



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

- i. Secretarial Standards issued by the Institute of the Company Secretaries of India w.e.f 1st July, 2015 for General Meetings, Board and Committees Meetings (i.e. Audit Committee, Nomination and Remuneration Committee, Stakeholders Relationship Committee and Corporate Social Responsibility Committee); and
- ii. The Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 and Listing Agreements entered into by the Company with BSE Limited and National Stock Exchange of India Limited.

During the period under review, the Company has complied with the provisions of the Act, Rules, Regulations and Guidelines mentioned above except for non compete business clause of Articles of Association of the Company.

I further report, based on confirmation received from the Company, that there are no specific applicable laws to the industry where Company operates, however general compliance system prevails in the Company and on examination of the relevant documents and records in pursuance thereof, on test-check basis, the Company has complied with them.

I further report that :

The Board of Directors of the Company is duly constituted with proper balance of Executive Directors, Non – Executive Directors and Independent Directors. 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 is given to all directors to schedule the Board Meetings, agenda and detailed notes on agenda were sent atleast seven days in advance or on shorter notice and a system exist for seeking and obtaining further information and clarifications on the agenda items before the meeting and for meaningful participation at the meeting.

The decisions at Board Meetings and Committee Meetings are carried out and recorded in the minutes of the Board of Directors and Committee of the Board accordingly

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

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

Place: Mumbai  
Date: August 11, 2016

This Report is to be read with our letter annexed as Appendix A, which forms integral part of this report.

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

My 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 my audit, I have expressed my opinion on these records.
2. I am 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. I 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. My examination was limited to the verification of procedure on test basis and wherever required, I 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.

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

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

Place: Mumbai  
Date: August 11, 2016

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

Information pursuant to section 134 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. Efficient use of Energy:**

The Company has taken various actions to achieve efficiency in energy utilization, and using cleaner fuels for reduction of pollution, such as:

- a. Efficiency in the use of Thermal energy by switching over from liquid fuels like LDO to LPG / Natural Gas.
  - a. Discontinue use of less efficient furnaces operated on LDO as fuel.
  - b. Convert all boilers from LDO to Natural Gas by using services of Original Equipment Manufacturer – Thermax.
  - c. Minimizing heat losses by improved insulation, etc.
- b. Efficiency in the use of electrical energy by installing power efficient equipment at all the plants/offices

- 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. To improve load factor of the plant and to achieve higher energy efficiency, the manufacturing loads are rescheduled for larger batch sizes. For this the some production loads from one plant are shifted to other plant.
- f. Efforts are made to streamline processes to reduce down times. This ensures uninterrupted production with least idling thereby reducing energy requirements per cylinder.
- g. Large power consuming equipment are run in staggered manner so that peak load on system is reduced resulting in reduced transmission losses.
- h. Heavy electrical loads are scheduled equally in all shifts to take advantage of time slab concessions.
- i. Successfully developed 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.
- j. 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.
- k. 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 larger heat exchangers and making use of cooling tower water in place of cold water from refrigerated chillers.
2. Installation of VF drive and programmable logic controls for paint booth suction blower for cyclic speed swings, thereby reducing power consumption per cylinder.
3. 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.
4. 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.
5. Deployment of distributed pumping stations and cooling towers to save energy.
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. 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.
9. Installation of wind driven roof ventilators for ventilation to save electrical energy.
10. Installation of transparent windows in addition to the transparent roofing sheets in the side walls of the taller sheds for better ventilation and lighting.
11. 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.
12. Installation of camel back style oven for the painting system to avoid funneling of air and resultant heat losses.
13. 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.
14. Installation of more wind driven roof ventilators as energy saving devices.
15. 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 continues to draw to benefits 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	2,212,714.00 units	1,931,060.00 units
Satara, Maharashtra	3	3 x 0.225 MW = 0.675 MW	349.14	667,118.38 units	607,178.19 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)	96.61	123.59
Total Amount (₹ in Lakhs)	924.17	1,049.15
Rate per Unit (₹)	9.57	8.49
b) Oxygen purchased		
Units (Cu.M. in Lakhs)	3.88	4.87
Total Amount (₹ in Lakhs)	42.78	54.76
Rate per Cu.M. (₹)	11.03	11.24
c) LDO purchased		
Units (Ltrs. in Lakhs)	5.37	7.35
Total Amount (₹ in Lakhs)	201.38	352.42
Rate per Ltr. (₹)	37.48	47.96
d) LPG purchased		
Units (Kg. in Lakhs)	7.13	8.22
Total Amount (₹ in Lakhs)	255.66	464.31
Rate per Kg. (₹)	35.84	56.47
B) Consumption per unit of production:		
i. Electricity (kwh / MT)	827.44	1,026.92
ii. Oxygen (Cu.M / MT)	33.21	40.48
iii. LDO (Ltr. / MT)	46.02	61.05
iv. LPG (Kg. / MT)	61.10	68.31

**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.

**1. Technology Absorption**

- Complete process was developed to manufacture Jumbo cylinders from High Alloy High Strength Steel pipes, without any technical collaboration or help from other company. This major step has made EKC the only manufacturer in India to make these High Alloy High Strength Jumbo Cylinders from tubes. 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.

**2. Technology Adaptation:**

We are participating wholeheartedly in the Government's initiative of Make In India. Hitherto we have been importing certain raw materials as they were not manufactured in India. Now, one PSU has come forward to manufacture it in India and we shall be the application testing partners in that program for defence.

EKC also started the initiative to support Indian tube manufacturers in their effort to produce tubes for high pressure gas cylinders. This project is on way.

**3. 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.
- Developed Tube Trailers for storage and transportation of Bio-Methane.
- 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).
- Designed Very large capacity storage complex for gases to be stored at very high pressures which was not done in the country so far. This project is under implementation.

**4. Foreign Exchange earning and outgo:**

Total Foreign Exchange used and earned: (₹ in Lakh)

Particulars	Current Year	Previous Year
I. Foreign Exchange used	7,509.17	8,038.39
II. Foreign Exchange earned	778.96	1411.94

**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, 2016**

[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:**

<b>1</b>	<b>CIN</b>	L29200MH1978PLC020434
<b>2</b>	<b>Registration Date</b>	June 24, 1978
<b>3</b>	<b>Name of the Company</b>	Everest Kanto Cylinder Limited
<b>4</b>	<b>Category / Sub-Category of the Company</b>	Public Company limited by shares
<b>5</b>	<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
<b>6</b>	<b>Whether listed company</b>	Yes
<b>7</b>	<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:**

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

<b>Sr. No.</b>	<b>Name and Description of main products / services</b>	<b>NIC Code of the Product/ service</b>	<b>% to total turnover of the company</b>
1	Manufacture of fabricated metal products, except machinery and equipment	025	100

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

<b>Sr. No.</b>	<b>Name and Address of the Company</b>	<b>CIN / GIN</b>	<b>Holding / Subsidiary of the Company</b>	<b>% of shares held</b>	<b>Applicable Section</b>
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	72.70	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	Subsidiary	100	2(87)
6	<b>EKC Hungary Kft.,</b> 1126, Budapest, Nagy Jeno u.10 Hungary	Foreign Company	Subsidiary	100	2(87)
7	<b>EKC Europe GmbH,</b> Bismarckstr. 120, 47057 Duisburg Germany	Foreign Company	Subsidiary	100	2(87)
8	<b>EKC Positron Gas Limited</b> Unit No. 203, 2nd Floor 52A, Shakespeare Sarani, Chandan Niketan Kolkata Kolkata WB 700017	U40300WB2015PLC206360	Subsidiary	72.65	2(87)



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

Category of Shareholders	No. of Shares held at the beginning of the year as on 01/04/2015				No. of Shares held at the end of the year as on 31/03/2016				% 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	47191764	0	47191764	44.04	49980771	0	49980771	44.54	0.50
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	22377203	0	22377203	19.94	1.41
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>67043967</b>	<b>0</b>	<b>67043967</b>	<b>62.57</b>	<b>72357974</b>	<b>0</b>	<b>72357974</b>	<b>64.48</b>	<b>1.91</b>
<b>2. Foreign</b>									
a. NRI-Individuals	1608866	0	1608866	1.50	1608866	0	1608866	1.43	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>1.43</b>	<b>0.00</b>
<b>Total Shareholders of Promoters (1+2)</b>	<b>68652833</b>	<b>0</b>	<b>68652833</b>	<b>64.07</b>	<b>73966840</b>	<b>0</b>	<b>73966840</b>	<b>65.92</b>	<b>1.85</b>
<b>B. Public Shareholding</b>									
<b>1. Institution</b>									
a. Mutual Funds	0	0	0	0	0	0	0	0.00	-2.24
b. Bank/FI	16212	0	16212	0.02	18010	0	18010	0.02	0.00
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	3940268	0	3940268	3.68	3815386	0	3815386	3.40	-0.28
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>3956980</b>	<b>0</b>	<b>3956980</b>	<b>3.70</b>	<b>3833896</b>	<b>0</b>	<b>3833896</b>	<b>3.42</b>	<b>-0.28</b>
<b>2. Non-Institution</b>									
a. Body Corporate	4918489	0	4918489	4.59	3978518	0	3978518	3.55	-1.05
b. Individual									
i. Individual shareholders holding nominal share capital upto ₹ 1 lakh	24894478	1585	24898963	23.23	25094860	1585	25096445	22.37	-0.86

Category of Shareholders	No. of Shares held at the beginning of the year 01/04/2015				No. of Shares held at the end of the year 31/03/2016				% 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	2686386	0	2686386	2.51	1591017	0	1591017	1.42	-1.09
c. Others									
(i) Clearing Member	817507	0	817507	0.76	938283	0	938283	0.84	0.08
(ii) Foreign National									
i. NRI (Repat)	978462	0	978462	0.91	1226039	0	1226039	1.10	0.19
ii. NRI (non Repat)	246462	0	246462	0.23	224990	0	224990	0.20	-0.03
(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>34543384</b>	<b>1585</b>	<b>34547869</b>	<b>32.23</b>	<b>34405361</b>	<b>1585</b>	<b>34406946</b>	<b>30.67</b>	<b>-1.56</b>
<b>Net Total B (1+2)</b>	<b>38500364</b>	<b>1585</b>	<b>38504849</b>	<b>35.93</b>	<b>38239257</b>	<b>1585</b>	<b>38240842</b>	<b>34.09</b>	<b>-1.84</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>107153197</b>	<b>1585</b>	<b>107157682</b>	<b>100.00</b>	<b>112206097</b>	<b>1585</b>	<b>112207682</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	17577203	15.66	15.66	1.62
2	Suman Khurana	15230691	14.04	0.00	15230691	13.57	0.00	-0.47
3	Prem Kumar Khurana	12218000	11.40	11.40	12218000	10.89	10.89	-0.51
4	Prem Kumar Khurana (HUF)	4800000	4.48	0.00	4800000	4.27	0.00	-0.21
5	Medical Engineers (India) Limited	4800000	4.48	4.48	4800000	4.27	4.27	-0.21
5	Pushkar Prem Kumar Khurana (Indian+Foreign)	5844492	5.45	0.56	7503973	6.69	0.53	1.24
6	Puneet Prem Kumar Khurana	5775411	5.39	0.00	7503973	6.69	0.00	1.30
7	Vandana Khurana	1500000	1.40	0.00	0	0.00	0.00	-1.40
8	Varun Khurana	1602000	1.49	0.00	4322000	3.85	0.00	2.36
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

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

Sr. No.	Promoter Name	Shareholding at the beginning of the year - April 1, 2015		Change in Shareholding	Reason	Cumulative Shareholding at the end of the year - March 31, 2016	
		No. of shares	% of total shares of the company			No. of shares	% of total shares of the company
1	Khurana Gases Private Ltd						
	At the beginning of the Year	15052203	14.05	2525000	Preferential Allotment	17577203	15.66
	At the end of the year	17577203	15.66				
2	Puneet Prem Kumar Khurana						
	At the beginning of the Year	5775411	5.39	863043	Purchase of shares	6638454	5.92
				865519	Preferential Allotment	7503973	6.69
	At the end of the year	7503973	6.69				
3	Pushkar Khurana						
	At the beginning of the Year	5844492	5.45	1659481	Preferential Allotment	7503973	16.69
	At the end of the year	7503973	6.69				
4	Vandana Khurana						
	At the beginning of the year	1500000	1.40	1500000	Transmission	0.00	0.00
	At the end of the year	0.00	0.00				
5	Varun Khurana						
	At the beginning of the year	2822000	2.63	1500000	Transfer	4322000	3.85
	At the end of the year	4322000	3.85				

**iv. Cumulative 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, 2015		Transactions during the year			Cumulative Shareholding at the end of the year March 31, 2016	
		No. of shares	% of total shares of the Company	Date of Transaction	No. of shares	Reason	No. of shares	% of total shares of the Company
1	Beacon India Private	3634865	3.24	-	-		3634865	3.24
	At the end of the year						3634865	3.24
2	Ravi Hinduja	373278	0.33	-	-		373278	0.33
	At the end of the year						373278	0.33
3	AADI Financial Advisors LLP	427708	0.38	-	-		427708	0.38
				31 Mar 2016	(142569)	Transfer	285139	0.25
	At the end of the year						285139	0.25
4	Hassomal Bulchand Mohinani	0	0.0000				0	0.0000
				08 Jan 2016	100000	Transfer	100000	0.0891
				15 Jan 2016	50000	Transfer	150000	0.1337

Sr. No.	Top Ten Shareholders	Shareholding at the begning of the year - April 1, 2015		Transactions during the year			Cumulative Shareholding at the end of the year March 31,2016	
		No. of shares	% of total shares of the Company	Date of Transaction	No. of shares	Reason	No. of shares	% of total shares of the Company
				22 Jan 2016	99243	Transfer	249243	0.2221
				19 Feb 2016	25000	Transfer	274243	0.2444
	At the end of the year						274243	0.2444
5	Pramod Manohar Samvatsar	235000	0.2094				235000	0.2094
	At the end of the year						235000	0.2094
6	Karvy Stock Broking Ltd	228607	0.2037				228607	0.2037
				10 Apr 2015	(11525)	Transfer	217082	0.1935
				17 Apr 2015	240	Transfer	217322	0.1937
				24 Apr 2015	(1125)	Transfer	216197	0.1927
				01 May 2015	(1517)	Transfer	214680	0.1913
				08 May 2015	548	Transfer	215228	0.1918
				15 May 2015	25194	Transfer	240422	0.2143
				22 May 2015	(4015)	Transfer	236407	0.2107
				29 May 2015	1017	Transfer	237424	0.2116
				05 Jun 2015	1105	Transfer	238529	0.2126
				12 Jun 2015	(1092)	Transfer	237437	0.2116
				19 Jun 2015	(4843)	Transfer	232594	0.2073
				26 Jun 2015	6050	Transfer	238644	0.2127
				30 Jun 2015	(551)	Transfer	238093	0.2122
				03 Jul 2015	(4090)	Transfer	234003	0.2085
				10 Jul 2015	(9807)	Transfer	224196	0.1998
				17 Jul 2015	(1794)	Transfer	222402	0.1982
				24 Jul 2015	(2291)	Transfer	220111	0.1962
				31 Jul 2015	1950	Transfer	222061	0.1979
				07 Aug 2015	(840)	Transfer	221221	0.1972
				14 Aug 2015	(1963)	Transfer	219258	0.1954
				21 Aug 2015	628	Transfer	219886	0.1960
				28 Aug 2015	(4847)	Transfer	215039	0.1916
				04 Sep 2015	(3350)	Transfer	211689	0.1887
				11 Sep 2015	8550	Transfer	220239	0.1963
				18 Sep 2015	(6616)	Transfer	213623	0.1904
				25 Sep 2015	(1140)	Transfer	212483	0.1894
				30 Sep 2015	5434	Transfer	217917	0.1942
				09 Oct 2015	(7927)	Transfer	209990	0.1871
				16 Oct 2015	800	Transfer	210790	0.1879
				23 Oct 2015	11050	Transfer	221840	0.1977
				30 Oct 2015	(1217)	Transfer	220623	0.1966
				06 Nov 2015	2618	Transfer	223241	0.1990



Sr. No.	Top Ten Shareholders	Shareholding at the begning of the year - April 1, 2015		Transactions during the year			Cumulative Shareholding at the end of the year March 31,2016	
		No. of shares	% of total shares of the Company	Date of Transaction	No. of shares	Reason	No. of shares	% of total shares of the Company
				13 Nov 2015	(1858)	Transfer	221383	0.1973
				20 Nov 2015	3472	Transfer	224855	0.2004
				27 Nov 2015	(10712)	Transfer	214143	0.1908
				04 Dec 2015	(3265)	Transfer	210878	0.1879
				11 Dec 2015	3015	Transfer	213893	0.1906
				18 Dec 2015	15474	Transfer	229367	0.2044
				25 Dec 2015	(5416)	Transfer	223951	0.1996
				31 Dec 2015	14670	Transfer	238621	0.2127
				01 Jan 2016	(5219)	Transfer	233402	0.2080
				08 Jan 2016	54613	Transfer	288015	0.2567
				15 Jan 2016	(5779)	Transfer	282236	0.2515
				22 Jan 2016	(51552)	Transfer	230684	0.2056
				29 Jan 2016	8911	Transfer	239595	0.2135
				05 Feb 2016	8868	Transfer	248463	0.2214
				12 Feb 2016	(10704)	Transfer	237759	0.2119
				19 Feb 2016	7125	Transfer	244884	0.2182
				26 Feb 2016	2851	Transfer	247735	0.2208
				04 Mar 2016	(12261)	Transfer	235474	0.2099
				11 Mar 2016	(1297)	Transfer	234177	0.2087
				18 Mar 2016	(2155)	Transfer	232022	0.2068
				25 Mar 2016	1212	Transfer	233234	0.2079
				31 Mar 2016	(7212)	Transfer	226022	0.2014
	At the end of the year						226022	0.2014
7	Rafi Mcwarren	103001	0.0918				103001	0.0918
				03 Apr 2015	(1)	Transfer	103000	0.0918
				19 Jun 2015	4922	Transfer	107922	0.0962
				26 Jun 2015	2078	Transfer	110000	0.0980
				11 Dec 2015	21635	Transfer	131635	0.1173
				18 Mar 2016	43365	Transfer	175000	0.1560
				25 Mar 2016	15000	Transfer	190000	0.1693
				31 Dec 2015	10000	Transfer	200000	0.1782
				19 Feb 2016	25000	Transfer	225000	0.2005
	At the end of the year						225000	0.2005
8	Jamish Investment Pvt. Ltd.	200000	0.1782				200000	0.1782
	At the end of the year						200000	0.1782
9	Jamish Investment Pvt. Ltd.	0	0				0	0.00
				04 Sep 2015	200000	Transfer	200000	0.1782
	At the end of the year						200000	0.1782

Sr. No.	Top Ten Shareholders	Shareholding at the begning of the year - April 1, 2015		Transactions during the year			Cumulative Shareholding at the end of the year March 31, 2016	
		No. of shares	% of total shares of the Company	Date of Transaction	No. of shares	Reason	No. of shares	% of total shares of the Company
10	Sanjeev Gujral	0	0.00				0	0.00
				08 Jan 2016	127500	Transfer	127500	0.1136
				05 Feb 2016	22500	Transfer	150000	0.1337
				04 Mar 2016	20000	Transfer	170000	0.1515
				11 Mar 2016	6000	Transfer	176000	0.1569
				18 Mar 2016	1000	Transfer	177000	0.1577
				25 Mar 2016	3000	Transfer	180000	0.1604
	At the end of the year						180000	0.1604
11	Dinesh Kumar Ramaratnam	293745	0.2618				293745	0.2618
				03 Apr 2015	(5000)	Transfer	288745	0.2573
				10 Apr 2015	(3000)	Transfer	285745	0.2547
				17 Apr 2015	4708	Transfer	290453	0.2589
				24 Apr 2015	(24890)	Transfer	265563	0.2367
				01 May 2015	(10500)	Transfer	255063	0.2273
				15 May 2015	7000	Transfer	262063	0.2336
				22 May 2015	11299	Transfer	273362	0.2436
				29 May 2015	8000	Transfer	281362	0.2508
				05 Jun 2015	4000	Transfer	285362	0.2543
				12 Jun 2015	1000	Transfer	286362	0.2552
				19 Jun 2015	15100	Transfer	301462	0.2687
				26 Jun 2015	(16000)	Transfer	285462	0.2544
				30 Jun 2015	1000	Transfer	286462	0.2553
				03 Jul 2015	522	Transfer	286984	0.2558
				10 Jul 2015	(2000)	Transfer	284984	0.2540
				24 Jul 2015	(30000)	Transfer	254984	0.2272
				31 Jul 2015	15371	Transfer	270355	0.2409
				07 Aug 2015	3000	Transfer	273355	0.2436
				21 Aug 2015	10000	Transfer	283355	0.2525
				11 Sep 2015	1000	Transfer	284355	0.2534
				25 Sep 2015	10000	Transfer	294355	0.2623
				09 Oct 2015	(872)	Transfer	293483	0.2616
				16 Oct 2015	12435	Transfer	305918	0.2726
				23 Oct 2015	46320	Transfer	352238	0.3139
				30 Oct 2015	14080	Transfer	366318	0.3265
				06 Nov 2015	22775	Transfer	389093	0.3468
				13 Nov 2015	28731	Transfer	417824	0.3724
				20 Nov 2015	(14712)	Transfer	403112	0.3593
				27 Nov 2015	(30701)	Transfer	372411	0.3319

Sr. No.	Top Ten Shareholders	Shareholding at the begning of the year - April 1, 2015		Transactions during the year			Cumulative Shareholding at the end of the year March 31,2016	
		No. of shares	% of total shares of the Company	Date of Transaction	No. of shares	Reason	No. of shares	% of total shares of the Company
				04 Dec 2015	20290	Transfer	392701	0.3500
				11 Dec 2015	(32215)	Transfer	360486	0.3213
				18 Dec 2015	(45000)	Transfer	315486	0.2812
				25 Dec 2015	(14000)	Transfer	301486	0.2687
				31 Dec 2015	10000	Transfer	311486	0.2776
				01 Jan 2016	(36000)	Transfer	275486	0.2455
				08 Jan 2016	(146992)	Transfer	128494	0.1145
				15 Jan 2016	(17000)	Transfer	111494	0.0994
				22 Jan 2016	58555	Transfer	170049	0.1515
				29 Jan 2016	1100	Transfer	171149	0.1525
				05 Feb 2016	4000	Transfer	175149	0.1561
				19 Feb 2016	3400	Transfer	178549	0.1591
	At the end of the year						178549	0.1591
12	Shri Parasram Holdings Pvt.Ltd.	189205	0.1686				189205	0.1686
				10 Apr 2015	(540)	Transfer	188665	0.1681
				17 Apr 2015	1000	Transfer	189665	0.1690
				24 Apr 2015	2040	Transfer	191705	0.1708
				01 May 2015	4359	Transfer	196064	0.1747
				08 May 2015	(3257)	Transfer	192807	0.1718
				15 May 2015	(3310)	Transfer	189497	0.1689
				22 May 2015	(4298)	Transfer	185199	0.1651
				29 May 2015	306	Transfer	185505	0.1653
				05 Jun 2015	(8095)	Transfer	177410	0.1581
				12 Jun 2015	(1370)	Transfer	176040	0.1569
				26 Jun 2015	1500	Transfer	177540	0.1582
				30 Jun 2015	500	Transfer	178040	0.1587
				03 Jul 2015	(1000)	Transfer	177040	0.1578
				10 Jul 2015	(725)	Transfer	176315	0.1571
				17 Jul 2015	3002	Transfer	179317	0.1598
				24 Jul 2015	(3252)	Transfer	176065	0.1569
				31 Jul 2015	(473)	Transfer	175592	0.1565
				07 Aug 2015	(1913)	Transfer	173679	0.1548
				14 Aug 2015	(800)	Transfer	172879	0.1541
				21 Aug 2015	444	Transfer	173323	0.1545
				28 Aug 2015	946	Transfer	174269	0.1553
				04 Sep 2015	(245)	Transfer	174024	0.1551
				11 Sep 2015	267	Transfer	174291	0.1553
				25 Sep 2015	1095	Transfer	175386	0.1563

Sr. No.	Top Ten Shareholders	Shareholding at the begning of the year - April 1, 2015		Transactions during the year			Cumulative Shareholding at the end of the year March 31,2016	
		No. of shares	% of total shares of the Company	Date of Transaction	No. of shares	Reason	No. of shares	% of total shares of the Company
				30 Sep 2015	25	Transfer	175411	0.1563
				09 Oct 2015	(19)	Transfer	175392	0.1563
				16 Oct 2015	(145)	Transfer	175247	0.1562
				23 Oct 2015	(20)	Transfer	175227	0.1562
				30 Oct 2015	2000	Transfer	177227	0.1579
				06 Nov 2015	(1505)	Transfer	175722	0.1566
				13 Nov 2015	(1000)	Transfer	174722	0.1557
				20 Nov 2015	(475)	Transfer	174247	0.1553
				27 Nov 2015	15	Transfer	174262	0.1553
				04 Dec 2015	(1220)	Transfer	173042	0.1542
				11 Dec 2015	(935)	Transfer	172107	0.1534
				18 Dec 2015	(36300)	Transfer	135807	0.1210
				25 Dec 2015	(24851)	Transfer	110956	0.0989
				31 Dec 2015	(40516)	Transfer	70440	0.0628
				01 Jan 2016	(600)	Transfer	69840	0.0622
				08 Jan 2016	13351	Transfer	83191	0.0741
				15 Jan 2016	8250	Transfer	91441	0.0815
				22 Jan 2016	2700	Transfer	94141	0.0839
				29 Jan 2016	2171	Transfer	96312	0.0858
				05 Feb 2016	(6126)	Transfer	90186	0.0804
				12 Feb 2016	(3475)	Transfer	86711	0.0773
				19 Feb 2016	(2575)	Transfer	84136	0.0750
				26 Feb 2016	8333	Transfer	92469	0.0824
				04 Mar 2016	(12933)	Transfer	79536	0.0709
				11 Mar 2016	(629)	Transfer	78907	0.0703
				18 Mar 2016	974	Transfer	79881	0.0712
				25 Mar 2016	205	Transfer	80086	0.0714
				31 Mar 2016	(4140)	Transfer	75946	0.0677
	At the end of the year						75946	0.0677
13	Monica Vimesh Zaveri	200000	0.1782				200000	0.1782
				15 Jan 2016	(100000)	Transfer	100000	0.0891
				22 Jan 2016	(100000)	Transfer	0	0.0000
	At the end of the year						0	0.0000
14	Vimesh Navinchandra Zaveri	200000	0.1782				200000	0.1782
				14 Aug 2015	(44287)	Transfer	155713	0.1388
				21 Aug 2015	(55713)	Transfer	100000	0.0891
				22 Jan 2016	(100000)	Transfer	0	0.0000
	At the end of the year						0	0.00



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

Sr. No.	Names	Shareholding at the beginning of the year ñ April 1, 2015		Cumalative shareholding at the end of the year - March 31, 2016	
		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	11.4	12218000	10.887
2	Pushkar Khurana	5844492	5.45	7503973	6.687
3	Puneet Khurana	5775411	5.39	7503973	6.687
4	Krishen Dev	0	0	0	0
5	Mohan Jayakar	0	0	0	0
6	Naresh Oberoi	0	0	0	0
7	Sudhindra Rao	0	0	0	0
8	Uma Achrya	0	0	0	0
(B) KMPs					
1.	Kishore Thakkar, Chief Financial Officer	0	0	0	0
2.	Bhagyashree Kanekar, Company Secretary	0	0	0	0

**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	38066.93	2170.31	28.84	40266.28
2) Interest due but not paid	288.79	93.68	-	382.48
3) Interest accrued but not due	340.26	-	-	340.26
<b>Total (1+2+3)</b>	<b>38695.98</b>	<b>2263.99</b>	<b>28.84</b>	<b>40988.82</b>
<b>Change in Indebtedness during the financial year</b>				
<b>Principal Amount</b>				
(+) Addition		1182.86		1182.86
(-) Reduction	6534.94	-	26.00	6560.95
<b>Interest Accrued But not Due</b>				
(+) Addition	-	-	-	-
(-) Reduction	93.71	42.31	-	136.02
<b>Interest Due But not Paid</b>				
(+) Addition	-	-	-	-
(-) Reduction	288.79	-	-	288.79
<b>Net change</b>				
<b>Indebtedness at the end of the financial year</b>				
1) Principal Amount	31531.98	3353.17	2.84	34887.99
2) Interest due but not paid	-	51.37		51.37
3) Interest accrued but not due	246.56	-	-	246.56
<b>Total (1+2+3)</b>	<b>31778.54</b>	<b>3404.54</b>	<b>2.84</b>	<b>35185.92</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. Naresh Oberoi	Mr. Sudhindra Rao	Mrs. Uma Acharya	
Fees for attending Board & Committee Meetings	170000	140000	130000	110000	100000	650000
Commission	Nil	Nil	Nil	Nil	Nil	Nil
Others	Nil	Nil	Nil	Nil	Nil	Nil
<b>Total (I)</b>	<b>170000</b>	<b>140000</b>	<b>130000</b>	<b>110000</b>	<b>100000</b>	<b>650000</b>

**II. Other Non-Executive Directors**

Other Non-Executive Directors	Mrs. Suman Khurana	Mr. Pushkar Khurana	Mr. Puneet Khurana	Total amount
Fees for attending Board & Committee Meetings	Nil	Nil	Nil	Nil
Commission	Nil	Nil	Nil	Nil
Others	Nil	Nil	Nil	Nil
<b>Total (II)</b>	<b>Nil</b>	<b>Nil</b>	<b>Nil</b>	<b>Nil</b>
<b>Total B = (I+II)</b>				<b>650000</b>

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

Sr. No.	Particulars of Remuneration	Key Managerial Personnel		Total amount
		Mr. Kishore Thakkar	Ms. Bhagyashree Kanekar	
	Gross Salary			
1.	(a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961	2700000	700000	3400000
	(b) Value of perquisites u/s 17(2) Income-tax Act, 1961	-	-	-
	(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>2700000</b>	<b>700000</b>	<b>3400000</b>

**VII. PENALTIES / PUNISHMENT/ COMPOUNDING OF OFFENCES (Under Companies Act, 2013): None**

## **Annexure 5: Nomination, Remuneration and Evaluation Policy**

This Nomination, Remuneration and Evaluation Policy (the “Policy”) applies to the Board of Directors (the “Board”), Key Managerial Personnel (the “KMP”) and the Senior Management Personnel of Everest Kanto Cylinder Limited (the “Company”).

This Policy is in compliance with Section 178 of the Companies Act, 2013 read along with the applicable Rules thereto and Clause 49 under the Listing Agreement.

### **1. DEFINITIONS**

“**Employees’ Stock Option**” means the option given to the directors, officers or employees of a company or of its holding company or subsidiary company or companies, if any, which gives such directors, officers or employees, the benefit or right to purchase, or to subscribe for, the shares of the company at a future date at a pre- determined price.

“**Independent Director**” means a director referred to in Section 149(6) of the Companies Act, 2013

“**Key Managerial Personnel**” (KMP) means— (i) Chairman & Managing Director;

(ii) Company Secretary;

(iii) Whole-time Director;

(iv) Chief Financial Officer; and

(v) Such other Officer as may be prescribed.

“**Nomination and Remuneration Committee**” shall mean a Committee of Board of Directors of the Company, constituted in accordance with the provisions of Section 178 of the Companies Act, 2013 and the Listing Agreement.

“**Remuneration**” means any money or its equivalent given or passed to any person for services rendered by him and includes perquisites as defined under the Income-tax Act, 1961.

“**Senior Management Personnel**” (SMP) means to include all members other than the Directors and KMPs of the Company, who are the functional heads of the departments/divisions/branches of the Company.

The terms used in this Policy but not defined in this Policy shall have the same meaning as defined under the Companies Act, 2013.

### **2. PURPOSE**

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.

### **3. ACCOUNTABILITIES**

- (i) The Board is ultimately responsible for the appointment of Directors and Key Managerial Personnel.
- (ii) The Board has delegated responsibility for assessing and selecting the candidates for the role of Directors, Key Managerial Personnel and the Senior Management of the Company to the Nomination and Remuneration Committee which makes recommendations & nominations to the Board.

### **4. NOMINATION AND REMUNERATION COMMITTEE**

The Nomination and Remuneration Committee is responsible for:

- (i) reviewing the structure, size and composition (including the skills, knowledge and experience) of the Board at least annually and making recommendations on any proposed changes to the Board to complement the Company's corporate strategy, with the objective to diversify the Board;
- (ii) identifying individuals suitably qualified to be appointed as the KMPs or in the senior management of the Company;
- (iii) recommending to the Board on the selection of individuals nominated for directorship;
- (iv) making recommendations to the board on the remuneration payable to the Director/ KMPs / SMPs so appointed / reappointed;
- (v) assessing the independence of independent directors;
- (vi) such other key issues/matters as may be referred by the Board or as may be necessary in view of the Listing Agreement and provision of the Companies Act 2013 and Rules thereunder.
- (vii) making recommendations to the Board concerning any matters relating to the continuation in office of any Director at any time including the suspension or termination of service of an Executive Director as an employee of the Company subject to the provision of the law and their service contract;
- (viii) ensuring that level and composition of remuneration is reasonable and sufficient, relationship of remuneration to performance is clear and meets appropriate performance benchmarks;
- (ix) devising a policy on Board diversity;
- (x) developing a succession plan for the Board and to regularly review the plan

### **5. COMPOSITION OF THE NOMINATION AND REMUNERATION COMMITTEE**

- (i) The Committee shall consist of a minimum three (3) non-executive directors, majority of them being independent.

- (ii) Minimum two (2) members shall constitute a quorum for the Committee meeting. (iii) Membership of the Committee shall be disclosed in the Annual Report.
- (iv) The Company Secretary of the Company shall act as Secretary of the Committee.

## 6. CHAIRMAN

- (i) The Chairman of the Committee shall be an Independent Director.
- (ii) The Chairman of the Company may be appointed as a member of the Committee but shall not be a Chairman of the Committee.
- (iii) In the absence of the Chairman, the members of the Committee present at the meeting shall choose one amongst them to act as Chairman.
- (iv) The Chairman of the Nomination and Remuneration Committee meeting could be present at the Annual General Meeting or may nominate some other member to answer the shareholders' queries.

## 7. FREQUENCY OF THE MEETINGS OF THE COMMITTEE

The meeting of the Committee shall be held at such regular intervals as may be required.

## 8. COMMITTEE MEMBERS' INTERESTS

- (i) A member of the Committee is not entitled to be present when his or her own remuneration is discussed at a meeting or when his or her performance is being evaluated.
- (ii) The Committee may invite such executives, as it considers appropriate, to be present at the meetings of the Committee.

## 9. VOTING

- (i) Matters arising for determination at Committee meetings shall be decided by a majority of votes of Members present and voting and any such decision shall for all purposes be deemed to be a decision of the Committee.
- (ii) In the case of equality of votes, the Chairman of the meeting will have a casting vote.

## 10. MINUTES OF THE MEETING

Proceedings of all meetings must be minuted and signed by the Chairman of the said meeting or the Chairman of the next succeeding meeting. Minutes of the Committee meeting will be tabled at the subsequent Board and Committee meeting.

## 11. APPLICABILITY

This Policy is applicable to:

- (i) Directors (Executive, Non-Executive and Independent)
- (ii) Key Managerial Personnel

- (iii) Senior Management Personnel
- (iv) Other employees as may be decided by the Nomination and Remuneration Committee

## 12. CRITERIA FOR APPOINTMENT OF DIRECTORS/KMPs/ SENIOR MANAGEMENT PERSONNEL

- (i) Enhancing the competencies of the Board and attracting as well as retaining talented employees for role of KMPs are the basis for the Nomination and Remuneration Committee to nominate a candidate for appointment by the Board. When recommending a candidate for appointment, the Nomination and Remuneration Committee shall have regard to:
  - (a) assessing the appointee against a range of criteria which includes but not be limited to qualifications, skills, regional and industry experience, background and other qualities required to operate successfully in the position, with due regard for the benefits from diversifying the Board;
  - (b) the extent to which the appointee is likely to contribute to the overall effectiveness of the Board, work constructively with the existing directors and enhance the efficiencies of the Company;
  - (c) the skills and experience that the appointee brings to the role of KMP/SMP and how an appointee will enhance the skill sets and experience of the Board as a whole;
  - (d) the nature of existing positions held by the appointee including directorships or other relationships and
  - (e) the impact they may have on the appointee's ability to exercise independent judgment;
- (ii) **Personal Specifications:**
  - (a) Degree holder in relevant disciplines;
  - (b) Experience of management in a diverse organization;
  - (c) Excellent interpersonal, communication and representational skills; (d) Demonstrable leadership skills;
  - (e) Commitment to high standards of ethics, personal integrity and probity;
  - (f) Commitment to the promotion of equal opportunities, community cohesion and health and safety in the workplace;
  - (g) Having continuous professional development to refresh knowledge and skills. Details of the personal specifications are provided in the Annexure hereto.



### 13. LETTERS OF APPOINTMENT

Each Director/KMP/SMP is required to sign the letter of appointment with the Company containing the terms of appointment and the role assigned to him in the Company.

### 14. REMUNERATION OF DIRECTORS, KEY MANAGERIAL PERSONNEL AND SENIOR MANAGEMENT PERSONNEL

#### (A) General

The guiding principle is that the level and composition of remuneration shall be reasonable and sufficient to attract, retain and motivate Directors, KMPs and other SMPs. The salary of Directors, Key Management Personnel and other Senior Management Personnel shall be based & determined on the individual person's responsibilities and performance and in accordance with the limits as prescribed statutorily, if any.

The Nomination & Remuneration Committee shall determine individual remuneration packages for Directors, KMPs and SMPs of the Company taking into account factors it deems relevant, including but not limited to market, business performance and practices in comparable companies, having due regard to financial and commercial health of the Company as well as prevailing laws and government/other guidelines. The Committee shall consult with the Chairman of the Board as it deems appropriate.

The remuneration/ compensation/ commission etc. to Directors and KMPs determined by the Committee will be recommended to the Board for its approval. The remuneration/ compensation/ commission etc. shall be subject to the prior/post approval of the shareholders of the Company and Central Government, wherever required.

Increments to the existing remuneration/ compensation structure of Directors and KMPs shall be recommended by the Committee to the Board which should be within the slabs approved by the Shareholders in the case of Directors.

Where any insurance is taken by the Company on behalf of its Directors, KMPs and SMPs for indemnifying them against any liability, the premium paid on such insurance shall not be treated as part of the remuneration payable to any such personnel. Provided that if such person is proved to be guilty, the premium paid on such insurance shall be treated as part of the remuneration.

#### (B) Provisions Under Companies Act, 2013 In Respect Of Directors

- (i) The remuneration and commission to be paid to Directors shall be as per the statutory provisions of the Companies Act, 2013, and the rules made there under for the time being in force.
- (ii) The total managerial remuneration payable by the Company to its Directors, including Managing Director and Whole Time Director (including its Manager, if any)

in respect of any financial year shall not exceed eleven percent of the net profits of the Company computed as per the manner prescribed under the Act.

- (iii) The Company with the approval of the Shareholders and Central Government may authorise the payment of remuneration exceeding eleven percent of the net profits of the company, subject to the provisions of Schedule V of the Act.
- (iv) The Company may with the approval of the shareholders authorise the payment of remuneration upto five percent of the net profits of the Company to any one Managing Director/Whole Time Director/ Manager and ten percent in case of more than one such official.
- (v) The Company may pay remuneration to its Directors, other than Managing Director and Whole Time Director upto one percent of the net profits of the Company, if there is a Managing Director or Whole Time Director or Manager and three percent of the net profits in any other case.
- (vi) If any Director draws or receives, directly or indirectly by way of remuneration any such sums in excess of the limits prescribed under the Companies Act, 2013 or without the prior sanction of the Central Government, where required, he / she shall refund such sums to the Company and until such sum is refunded, hold it in trust for the Company. The Company shall not waive recovery of such sum refundable to it unless permitted by the Central Government.
- (vii) The net profits for the purpose of the above remuneration shall be computed in the manner referred to in Section 198 of the Companies Act, 2013.
- (viii) The Independent Directors shall not be entitled to any stock option and may receive remuneration by way of fee for attending meetings of the Board or Committee thereof or for any other purpose as may be decided by the Board and profit related commission as may be approved by the members. The sitting fee to the Independent Directors shall not be less than the sitting fee payable to other directors.

#### (C) Remuneration Composition

##### (i) Remuneration to Executive Directors and KMPs

###### Fixed Pay:

- (a) Executive Directors and KMPs shall be eligible for a monthly remuneration as may be approved by the Board on the recommendation of the Nomination and Remuneration Committee in accordance with the statutory provisions of the Companies Act, 2013, and the rules made thereunder for the time being in force.

- (b) The break-up of the pay scale and quantum of perquisites including, employer's contribution to P.F, pension scheme, medical expenses, club fees etc. shall be decided and approved by the Board on the recommendation of the Committee and approved by the shareholders and Central Government, wherever required.

Variable Components:

The Executive Directors and KMPs may participate in a performance linked variable pay scheme which will be based on the individual and company performance for the year, pursuant to which the Executive Directors and KMPs are entitled to performance-based variable remuneration.

**(ii) Remuneration to Directors other than Executive Directors:**

Sitting Fees:

- (a) The Non- Executive / Independent Directors may receive remuneration by way of fees for attending meetings of Board or Committee thereof.
- (b) Provided that the amount of such fees shall not exceed the maximum amount as provided in the Companies Act, 2013, per meeting of the Board or Committee or such amount as may be prescribed by the Central Government from time to time.

Commission:

The Non- Executive / Independent Directors may receive Commission on yearly basis as per the Policy of the Company with regards to the profits achieved by the Company during the year and within the limits prescribed under Companies Act, 2013.

**(iii) Remuneration to Senior Management Personnel:**

- (a) The Nomination and Remuneration Committee may determine from time to time the remuneration payable to Senior Management Personnel including the increments payable as per the Policy.
- (b) The authority of such determination of remuneration of the SMPs may be delegated to the Managing Director by the Nomination and Remuneration Committee as the Committee deems fit in this regard.
- (c) The Managing Director shall from time to time intimate the Nomination and Remuneration Committee the remuneration payable to the Senior Management Personnel in case of delegation of authority to him by the Nomination and Remuneration Committee.

Fixed Pay:

- (a) Senior Management Personnel shall be eligible for a monthly remuneration as may be approved by the Nomination and Remuneration Committee. However, in case of Manager as defined under Companies Act, 2013, the remuneration shall be in accordance with

the statutory provisions of the Companies Act, 2013, and the Rules made there under for the time being in force.

- (b) The break-up of the pay scale and quantum of perquisites including, employer's contribution to P.F, pension scheme, medical expenses, club fees etc. shall be decided and approved by the Nomination and Remuneration Committee.

Variable Components:

The Senior Management Personnel may participate in a performance linked variable pay scheme which will be based on the individual and Company performance for the year, pursuant to which the Senior Management Personnel are entitled to performance-based variable remuneration.

**15. CRITERIA FOR EVALUATION OF DIRECTORS/ KMPs/ SMPs OF THE COMPANY**

- (i) The evaluation of the Directors, KMPs and the SMPs of the Company shall be conducted on an annual basis which shall further satisfy the requirements of the Listing Agreement.
- (ii) The following criteria may be considered in determining how effective the performances of the Directors/ KMPs / SMPs have been:
- (a) Leadership & stewardship abilities
  - (b) contributing to clearly define corporate objectives & plans
  - (c) Communication of expectations & concerns clearly with subordinates
  - (d) obtain adequate, relevant & timely information from external sources.
  - (e) review & approval achievement of strategic and operational plans, objectives, budgets
  - (f) regular monitoring of corporate results against projections
  - (g) identify, monitor & mitigate significant corporate risks
  - (h) assess policies, structures & procedures (i) direct, monitor & evaluate KMPs, SMPs (j) review management's succession plan (k) effective meetings
  - (l) assuring appropriate board size, composition, independence, structure
  - (m) clearly defining roles & monitoring activities of committees
  - (n) review of corporation's ethical conduct
- (iii) Evaluation on the aforesaid parameters will be conducted by the Independent Directors for each of the

Executive/Non-Independent Directors in a separate meeting of the Independent Directors.

- (iv) The Executive Director/Non-Independent Directors along with the Independent Directors will evaluate/assess each of the Independent Directors on the aforesaid parameters. Only the Independent Director being evaluated will not participate in the said evaluation discussion.

## **16. TERM OF APPOINTMENT AND LIMITS ON NUMBER OF DIRECTORSHIPS**

- (i) Managing Director or Whole – Time Directors

The Company shall appoint or re-appoint any person as its Managing Director / Whole-Time Director for a term not exceeding five years at a time. No re-appointment shall be made earlier than one year before the expiry of term.

- (ii) Independent Directors

- (a) An Independent Director shall hold office for a term up to five consecutive years on the Board of the Company and will be eligible for re-appointment on passing of a special resolution by the Company and disclosure of such appointment in the Board's report.

- (b) No Independent Director shall hold office for more than two consecutive terms, but such Independent Director shall be eligible for appointment after expiry of three years of ceasing to become an Independent Director.

Provided that an Independent Director shall not, during the said period of three years, be appointed in or be associated with the Company in any other capacity, either directly or indirectly.

- (c) At the time of appointment of Independent Director it should be ensured that number of Boards on which such Independent Director serves is restricted to seven listed companies as an Independent Director and three listed companies as an Independent Director in case such person is serving as a Whole-time Director of a listed company.

- (d) The maximum number of public companies in which a person can be appointed as a director shall not exceed ten.

For reckoning the limit of public companies in which a person can be appointed as Director, directorship in private companies that are either holding or subsidiary company of a public company shall be included.

- (e) The appointment shall be subject to the other applicable provisions of Companies Act, 2013

## **17. FAMILIARIZATION PROGRAMME FOR INDEPENDENT DIRECTORS**

The Company shall familiarize the Independent Directors with the Company, their roles, rights, responsibilities in the Company, nature of the industry in which the Company operates, business model of the Company, etc., through various programmes, seminars and plant visits.

## **18. REMOVAL**

Due to reasons for any disqualification mentioned in the Companies Act, 2013, rules made thereunder or under any other applicable laws, rules and regulations, the Committee may recommend, to the Board with reasons recorded in writing, removal of a Director, KMP, subject to the provisions and compliance of the applicable laws, rules and regulations.

## **19. RETIREMENT**

The Directors & KMPs shall retire as per the applicable provisions of the Companies Act, 2013 and the prevailing policy of the Company, while SMPs shall retire as per the prevailing policy of the Company. The Board will have the discretion to retain the Directors, KMPs, SMPs in the same position / remuneration or otherwise even after attaining the retirement age, in the best interest and benefit of the Company.

## **20. DISCLOSURES**

The Company shall disclose the Policy on Nomination and Remuneration in the Board Report.

## **21. DEVIATION FROM THE POLICY**

The Board may, in individual or collective case, deviate from this Policy, in its absolute discretion, if there are particular reasons to do so. In the event of any departure from the Policy, the Board shall record the reasons for such departure in the Board's minutes. However, the deviations made in the Policy shall not be in contradiction to the Companies Act, 2013, the Listing Agreement and any other laws or rules applicable thereto amended from time to time.

## **22. AMENDMENTS TO THE POLICY**

The Board of Directors on its own and / or as per the recommendations of Nomination and Remuneration Committee can amend this Policy, as and when deemed fit.

- 23. In case of any amendment(s), clarification(s), circular(s) etc. issued by the relevant authorities, not being consistent with the provisions laid down under this Policy, then such amendment(s), clarification(s), circular(s) etc. shall prevail upon the provisions hereunder and this Policy shall stand amended accordingly from the effective date as laid down under such amendment(s), clarification(s), circular(s) etc.

## ANNEXURE 6: POLICY ON SEXUAL HARASSMENT OF WOMEN AT WORKPLACE

### (PREVENTION, PROHIBITION AND REDRESSAL) ACT, 2013

#### Objective

Everest Kanto Cylinder Limited ("Company" / "EKC") is committed and dedicated in providing a healthy and harassment free work environment to every individual of the Company. A work environment that does not tolerate sexual harassment. We highly respect dignity of everyone involved at our work place, whether they are employees, suppliers or our customers. We require all employees to strictly maintain mutual respect and positive attitude towards each other.

#### Meaning of Sexual Harassment

- a) Sexual Harassment is unwanted conduct of a sexual nature. The unwanted nature of sexual harassment distinguishes it from behaviour that is welcome and mutual. Physical conduct of a sexual nature includes all unwanted physical contact.
- b) Verbal forms of sexual harassment include abusive language or insults, unwelcome innuendoes, suggestions and hints, sexual advances, comments with sexual overtones, objectionable sex-related jokes or unwelcome graphic comments about individual's body structure in their presence or directed towards them.
- c) Any other unwelcomed physical, verbal or non-verbal conduct of sexual nature or inappropriate inquiries, and unwelcomed whistling directed at a person or group of persons.
- d) Non-verbal forms of sexual harassment include unwelcomed gestures, inappropriate exposure, and the unwelcomed display of sexually explicit pictures and objects in any media.
- e) The following circumstances, among other circumstances, if it occurs or is present in relation to or connected with any act or behaviour of sexual harassment, as defined in (a) above, may amount to sexual harassment:—
  - (i) Implied or explicit threat of detrimental treatment at work; or
  - (ii) To threat about present or future employment status; or
  - (iii) Interference and disturbance with work or creation of an intimidating or offensive work environment; or
  - (iv) Humiliating treatment likely to affect health, safety or self-esteem.

#### Policy Framework

- a) All Company employees will maintain high standards of dignity, respect and positive regard for one another in all their dealings.
- b) All Company employees will understand and appreciate the rights of an individual to be treated with respect and dignity.

- c) All Company employees are required to maintain a harassment free environment in the office premises.
- d) All Company employees will refrain from committing any acts of sexual harassment at work place.
- e) Allegations of sexual harassment will be dealt seriously, expeditiously, sensitively and with confidentiality.
- f) This policy will protect Company employees from victimization, retaliation for filing or reporting a complaint on sexual harassment and will also be protected from false accusations.

#### Procedure for dealing with complaints of sexual harassment

- a) Company shall form an internal Sexual harassment Internal complaint committee ("Committee") to deal with all the matters related to sexual harassment. A Senior female Everest Kanto employee will head the committee. The committee will also consist of a third party, either an NGO or any other body familiar with the issue of sexual harassment.
- b) If the person believes that he/she has been subjected to sexual harassment, then the complaint/ grievance should be promptly reported to the Internal Sexual harassment Committee through the respective HR Manager or the Unit/ Location/Department Head.
- c) Ideally, the complaint should be lodged immediately or within a reasonable period 1 month from the date of incident/last incident.
- d) All complaints / grievances of sexual harassment will be taken seriously, will be held in strict confidence and will be investigated promptly in an impartial manner. There may be a need to nominate a senior person to head the investigation if required in a particular matter.
- e) The Committee will thoroughly investigate the complaint / grievance and will take the necessary appropriate course of action.
- e) Any victimization of, or retaliation against, the complainant or any Company employee who gives evidence regarding sexual harassment or bullying will be subject to disciplinary action up to and including termination of employment.
- f) The Committee would examine each case on its merit and take a decision from time to time, for conducting the enquiry proceedings.
- g) In case, the complaint lodged is found to be false, malicious or forged and misleading documents have been produced, the Committee post investigations may recommend disciplinary action against the complainer.

#### Disciplinary Action

In case any such conduct amounts to a specific offence under the Indian Penal Code or under any other law, the company shall initiate appropriate action in accordance with the law by lodging complaint with the appropriate authority.



Sexual harassment will not be tolerated at EKC. If the outcome of an investigation by the Committee shows that harassing behaviour has taken place, the harasser will be subject to disciplinary action as per the Law including termination of employment of the harasser,

#### **Composition of Sexual Harassment Internal Complaint Committee**

The Committee shall comprise of as many members as the Board of Directors may nominate from

time to time, provided that at least one-half of the total number of Members shall be women.

The present Members of the Committee shall comprise of the following

- (i) One Presiding Officer who shall be a senior level woman employee of the Company;
- (ii) One employee member preferably committed to the cause of women or who have experience in social work or have legal knowledge;
- (iii) One member from amongst Non-Government Organization or Association committed to the cause of women or a person familiar with the issues relating to sexual harassment.

The Committee shall have the power to sub-delegate their authority to a sub-committee of ICC for monitoring the local issues at Manufacturing Units/ Functional Departments of the Company. The Board of Directors may re-constitute the ICC as may be required from time to time, within the stipulated requirements under the Act.

#### **Confidentiality**

The contents of the complaint, the identity and addresses of the aggrieved staff member, respondent and witnesses, any information relating to conciliation and inquiry proceedings, recommendations of the Committee and the action taken by the Company shall not be published, communicated or made known to the public, press and media in any manner. All complaints / grievances of sexual harassment will be taken seriously, will be held in strict confidence and will be investigated promptly in an impartial manner. For the purpose of completing the investigation, key witnesses or other stakeholders may be required to be taken into confidence at the strict discretion of the Committee.

#### **Applicability**

The Policy shall become operational from the date as may be approved by the Board of Directors in the Board Meeting of the Company.

#### **Amendments**

Only Board of the Directors of the Company may make necessary changes or amendments to this Policy whenever they may deem fit.

## 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 Year 2015-16 saw India as one of the fastest growing large economy in the world. The Indian economy grew in the range of 7% to 7.75%. While public investment and urban consumption were the major drivers of growth in Financial Year 2015 -16, a revival of private investment and rural consumption is critical if growth has to remain strong in Financial Year 2017, given the likely sluggish recovery in the advanced economies and the anemic outlook for global trade.

The growth in Financial Year 2016 at 7.6% is marginally lower than that achieved in Financial Year 2015 as the expected decline in external demand offsets a pickup in domestic demand. This will put India firmly on its way to catapult into a global growth engine which is further expected to pick up a bit to 7.8% in Financial Year 2017, helped by government's strengthening of public sector banks' capital and operations, private investment benefitting from corporate deleveraging, the financing of stalled projects and an uptick in bank credit.

The International Monetary Fund predicted that India would retain the status of fastest growing economy until 2020.

### 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.

CNG has become popular fuel for transport sector. While its usage has been mandated in the case of public transport in Delhi, the switch over to CNG has been voluntary in case of private car segment due to cost economics weighing in its favour. Use of CNG as a vehicular fuel is well established and growing worldwide.

In an effort to curb air pollution and to improve ambient air quality in NCR & Delhi, the National Green Tribunal (NGT) in a landmark ruling on April 7<sup>th</sup> 2015 banned diesel vehicles over ten years old from plying on Delhi roads and all petrol vehicles which are 15 years old shall not be registered in NCR & Delhi. It is expected that more numbers of CNG private cars would be added, as customers would prefer CNG over Diesel for their new purchases also. Accordingly company has seen some spike in sale of CNG cylinders from February 2016 onwards.

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's 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.

The Company having more than 35 years of experience, proposes to extend its role in Fire Protection, Detection And Alarm, Gas Suppression, Low And High Pressure Water Mist Systems And Specialized Gas Suppression Systems. Firetrace Aerospace division has a strong presence in the US defence for supplying specialized fire protection systems for defence vehicles. Taking into consideration the present "Make in India" trend, our Company would be placed at an advantageous position with an alliance with Firetrace Aerospace division USA for the Indian defence.

### 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 sanctions getting lifted from Iran, the Iran market will soon reopen, this 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. EKC International FZE is also entering a new line of business of Gas Suppression & Specialized Gas Fire Suppression Systems and Fire Detection & Alarm Systems. The identified territories for this business would be Pan India, Middle East, & East Africa.

#### **(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.

#### **(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's 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 European 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**

The Company'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's 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 broad base its raw material supply chain which would lead to lower cost of production and better working capital management as also to broad base its product offerings. The green field 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 material 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-a-vis other auto fuels. Energy content per kilogram of CNG is comparable to that of petroleum based fuels. Usage of CNG in vehicles results in higher mileage per unit due to its superior combustion characteristics.

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

The growth in CNG cylinder market for storage and transportation of CNG would be dependent on government plans and initiatives to switch over to alternative fuel. However, with natural gas being 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 offsetting 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. 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.

## **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 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 has an Internal Audit System commensurate with its size and nature of business operations. The Internal Auditors covers all the key areas of the Company's business and reports to the Audit Committee of the Board. EKC has also implemented adequate internal controls towards achieving efficiency of operations, management of resources, accuracy and promptness of financial reporting and compliance with the applicable laws, rules and regulations

## **HUMAN RESOURCES AND INDUSTRIAL RELATIONS**

The Company recognizes that the challenges of the future can be best met with the competent and motivated human resources. It has taken various HR initiatives to add value to its pool of human talent and integration of individual goals with that of the Company. Training and Development of the employees forms an integral part of the Company's policy towards achieving its objectives. The Company recognizes and appreciates the contribution of all its employees in its growth path.

## 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 the various Regulations of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (Earlier, Clause 49 of the listing agreement of the Stock Exchanges), as applicable to the Company from time to time.

### 2. BOARD OF DIRECTORS

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

#### A. Composition and Size of Board

The Company's policy is to maintain optimum combination of Executive and Non-Executive Directors, all of whom are eminent persons with considerable professional expertise and experience in business and industry, finance, management and law. Your Company is managed and guided by a professional Board comprising of 7 Directors, whose composition as on March 31, 2016 is given below:

- One Promoter, Executive Director
- Two 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 Regulation 17 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 .

None of the Director 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 the father of Mr. Pushkar Khurana & 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 Acharya.

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

#### • Role of Independent Directors

Role of Independent Directors is very essential 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 various Regulations of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 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 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:**

Five 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 26, 2015	8	5
2.	August 11, 2015	8	8
3.	November 06, 2015	8	6
4.	February 11, 2016	8	8
5.	February 25, 2016	7	6

**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, 2016	Attendance Particulars			No. of Other Directorships	NNo. 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., 2015		
Mr. P. K. Khurana	Promoter, Executive	12,218,000	5	5	Yes	13	None
Mr. Pushkar Khurana	Promoter, Non - Executive	75,03,973	5	3	No	11	None
Mr. Puneet Khurana	Promoter, Non - Executive	75,03,973	5	5	Yes	15	None
Mrs. Suman Khurana*	Promoter, Non - Executive	15,230,691	1	0	N.A.	3	None
Mr. Krishen Dev**	Independent, Non - Executive	Nil	4	4	No	1	2
Mr. Mohan Jayakar	Independent, Non - Executive	Nil	5	4	No	11	2
Mr. Naresh Oberoi	Independent, Non - Executive	Nil	5	4	Yes	8	2
Mrs. Uma Acharya	Independent, Non - Executive	Nil	4	4	Yes	1	2
Mr. Sudhindra Rao	Independent, Non - Executive	Nil	4	4	Yes	2	None

\* Resigned as a Director on August 11, 2015. \*\* Resigned as Director on February 25, 2016

**Separate Meeting of Independent Directors:**

As stipulated under Schedule IV Code of Independent Directors to the Companies Act, 2013 and the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, a separate meeting of the Independent Directors of the Company was held on February 11, 2016. All five 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 Director seeking re-appointment at the forthcoming Annual General Meeting:**

Mr. Pushkar Khurana, who was appointed as a Director of the Company, is liable to retire by rotation under the provisions of Companies Act, 2013 and being eligible, has offered himself for re-appointment.

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

Mr. Pushkar Khurana, aged 44 years, is the Non – Executive Director of the Company. He is a Commerce Graduate from Mumbai University and has also completed a course in Business Management from Harvard University, U.S.A. He has a cumulative work experience of 22 years. He has been a Director of the Company since 12th September, 1994.

Mr. Pushkar Khurana played an important role in strategizing the expansion plans of the Company. He is actively involved in the business operations at Dubai from its inception and is responsible for the expansion of the capacity of the project at Dubai. He also has experience in the international markets of Iran, Pakistan, China and U.S.A. He is presently looking after the operations of the Dubai, Hungary and U.S.A. plants.

At present, Mr. Pushkar Khurana is a Director on the Boards of Calcutta Compressions & Liquefaction Engineering Limited, Medical Engineers (India) Limited, Everest Kanto Investment and Finance Private Limited, Everest Industrial Gases Private Limited, Ukay Valves and Founders Private Limited, Khurana Gases Private Limited, G.N.M. Realtors Private Limited, EKC Positron Gas Limited, EKC International FZE, EKC Europe GmbH and EKC Industries (Thailand) Company Limited.

Mr. Pushkar Khurana holds 75,03,973 shares of the Company as on 31st March, 2016.

**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 Four Committees, viz.,**

- A. Audit Committee
- B. Stakeholders' Relationship Committee.
- C. Nomination and Remuneration Committee
- D. Share Allotment 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 statement 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 31<sup>st</sup> March, 2016, on 26<sup>th</sup> May, 2015, 11<sup>th</sup> August, 2015, 06<sup>th</sup> November, 2015 and 11<sup>th</sup> February, 2016.

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.Sudhindra Rao	Chairman wef November 06, 2015	Independent & Non - Executive	4	3
Mr. Krishen Dev*	Chairman upto August 11, 2015; Member wef November 06, 2015	Independent & Non - Executive	4	4
Mr. Naresh Oberoi	Member	Independent & Non - Executive	4	4
Mrs. Uma Acharya	Member wef November 06, 2015	Independent & Non - Executive	4	2
Mr. Puneet Khurana	Member	Promoter & Non - Executive	4	4

\* Resigned as a Director on February 25, 2016

All the members of the Committee are financially literate and Mr. Sudhindra Rao, Chairman of the Audit Committee has adequate knowledge, experience and expertise in accounts and finance.

The composition of the Audit Committee meets the requirements of Section 177 of the Companies Act, 2013 and Regulation 18 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015. The Company Secretary is the Secretary to the Audit Committee.

**B. STAKEHOLDERS' RELATIONSHIP COMMITTEE**
**(a) Terms of reference**

Stakeholders' Relationship Committee has been constituted as per the provisions of Section 178 of the Companies Act, 2013 and the terms of reference of the committee are:

- To consider and resolve the grievances of security holders of the Company;
- To approve Transfer / Transmission / Dematerialisation / Rematerialisation of Equity Shares of the Company;
- To approve issue of Duplicate / Consolidated / Split Share Certificate(s);
- 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;
- 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
- To do all other acts, deeds and things or otherwise deal with all matters in relation to the Shareholders and other Stakeholders; and
- 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 22<sup>nd</sup> May, 2015 and 11<sup>th</sup> February, 2016 during the year ended 31<sup>st</sup> March, 2016.

**(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	2
Mr.Puneet Khurana	Member	Promoter & Non – Executive	2	2
Mr.Krishen Dev*	Member	Independent & Non – Executive	2	2

\* Resigned as a Director on February 25, 2016

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

Ms. Bhagyashree Kanekar (w.e.f. August 11, 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 – 2015	0	1	1	0
Sep – 2015	0	0	0	0
Dec – 2015	0	12	12	0
Mar - 2016	0	0	0	0
<b>Total</b>	<b>0</b>	<b>13</b>	<b>13</b>	<b>0</b>

There were no requests for transfer and for dematerialization pending for approval as on 31<sup>st</sup> March, 2016.

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 Regulation 34(3) and 53(f) read with Schedule V(F) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, 2110 Equity Shares belonging to 10 shareholders are lying in the unclaimed securities suspense account as on 1<sup>st</sup> April, 2015 and 31<sup>st</sup> March, 2016. 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 constituted as per 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.
- 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 as per Regulation 19 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, the Board has formulated a Nomination and Remuneration Policy providing for matter prescribed under the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015. 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

\* Resigned as a Director on February 25, 2016

### (d) Meetings of the Remuneration Committee

During the year under review, three meetings of the Committee were held on May 22, 2015, August 11, 2015 and November 06, 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 2015-16, Mr. P. K. Khurana, Chairman and Managing Director, could draw the minimum remuneration of ₹ 61,18,562/- 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 had decided not to draw even this remuneration (from November 1, 2013) till the financial position of the Company improves.

Presently, with the improving economic condition of the Company, the Nomination and Remuneration Committee has recommended payment of remuneration to Mr. P. K. Khurana, Chairman and Managing Director w.e.f. August 11, 2016 subject to approval of Shareholders.

**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 2015-16, no commission has been paid to Non-Executive Directors.

In respect of the Financial Year 2015-16, the sitting fees paid to the Non - Executive Directors are as detailed below:

(in ₹)

Name	Sitting fees paid during the year 2015-16		Total
	For Board Meetings	For Committee Meetings	
Mr. Mohan Jayakar	80,000	60,000	1,40,000
Mr. Krishen Dev*	80,000	90,000	1,70,000
Mr. Naresh Oberoi	80,000	50,000	1,30,000
Mr. Sudhindra Rao	80,000	30,000	1,10,000
Mrs. Uma Acharya	80,000	20,000	1,00,000

\* Resigned as a Director on February 25, 2016

**D. SHARE ALLOTMENT COMMITTEE**

**(a) Terms of Reference**

The Share Allotment Committee has been constituted for allotment of equity shares of the Company to the members of the Company and the matters allied thereto.

**(b) Composition of the Committee**

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

**(c) Meetings of the Share Allotment Committee**

During the year under review, a meeting of the Committee was held on March 31, 2016 for the purpose of allotment of Equity Shares to Promoter Group on preferential basis.

**(d) Payment to Directors**

Sitting fees of Rs. 10,000/- were paid to each of the Non- Executive Director.

**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
2015	28th September, 2015 11.00 a.m.	Half Centrum Hall, MVIRDC, World Trade Centre-Mumbai, Centre-1, 1st Floor, Cuffe Parade, Mumbai - 400 005	1) Approval of Investment by way of equity share capital in EKC Positron Gas Limited.
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 - 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 - 001.	None

**B. Postal Ballot**

During the year under review, there was no business transacted through Postal Ballot by the Company.

**C. Extra Ordinary General Meeting**

During the year an Extra Ordinary General Meeting was held on March 22, 2016 for allotment of 50,50,000 equity shares on preferential basis to the Promoter Group.



## 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. IX, forming part of the Annual Report and Annexure 3 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.

The Board of Directors of the Company has formulated and adopted a policy on Related Party Transactions wef. October 01, 2014. 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 behavior in all its business activities and has put in place a mechanism of reporting illegal or unethical behavior. 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 Regulation 27 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015*

The Company has complied with all the applicable mandatory requirements and has adopted the following non-mandatory requirements of under Regulation 27(1) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015:

- i. Disclosure of modified / unmodified opinion by the Auditors in their report.
- ii. Reporting by the Internal Auditor to the Audit Committee.

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. September 28, 2015 including the name and address of the shareholders who have not claimed the dividend, the amount to which the shareholders are entitled and the due date of transfer to Investor Education and Protection Fund Account.

## 6. MEANS OF COMMUNICATION

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

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

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

**Financial Year:** 1st April, 2016 to 31st March, 2017

**Results for the quarter ending 30th June, 2016**

1st / 2nd week of August, 2016

**Results for quarter ending 30th September, 2016**

1st / 2nd week of November, 2016

**Results for quarter ending 31st December, 2016**

1st / 2nd week of February, 2017

**Results for year ending 31st March, 2017**

3rd / 4th week of May, 2017

**Annual General Meeting**

August / September, 2017

**7.4 Book Closure Period**

Tuesday, September 20, 2016 to Monday, September 26, 2016 (both days inclusive), for the purpose of the 37th Annual General Meeting.

**7.5 Dividend Payment Date**

The Board of Directors has not proposed any dividend for the Financial Year 2015-16.

**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 2016-17 have been paid in full by the Company.

**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 37<sup>th</sup> Annual General Meeting:**

**Day, Date and Time :** Monday, September 26, 2016  
at 11:00 a.m.

**7.7 Stock Market Data**

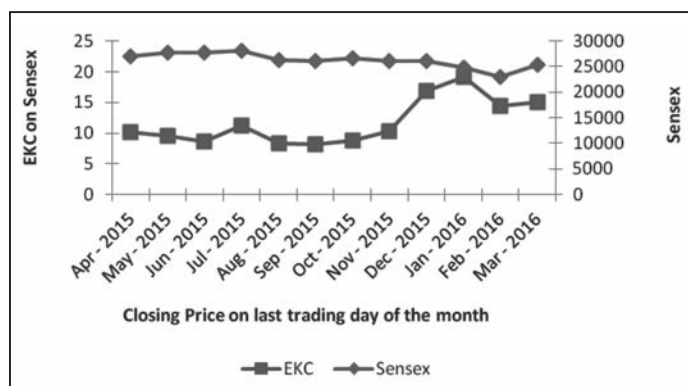
High, Low during each month and trading volumes of the Company's Equity Shares during the financial year 2015-16 at BSE and NSE are given below:

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 2015	12.29	9.4	7,36,411	12.25	9.35	23,64,820
May 2015	11.70	8.6	3,59,038	12.05	8.55	14,05,496
June 2015	9.75	7.9	3,34,604	9.45	7.90	8,87,688
July 2015	13.74	8.66	18,88,571	13.70	8.20	46,73,458
August 2015	12.50	7.02	6,66,269	12.55	7.55	18,24,196
September 2015	8.80	7.25	3,51,229	9.05	7.40	9,22,670
October 2015	10.50	7.55	3,92,370	10.40	8.00	12,41,231
November 2015	10.75	8.06	5,39,641	10.80	8.00	15,70,821
December 2015	17.90	9.35	56,81,483	18.00	9.50	1,55,58,165
January 2016	26.30	15.7	10,01,1659	26.00	15.75	2,40,39,990
February 2016	20.35	13.65	19,91,918	20.45	13.70	39,40,496
March 2016	18.10	14	10,47,197	17.75	13.60	28,39,739

Source: BSE & NSE website

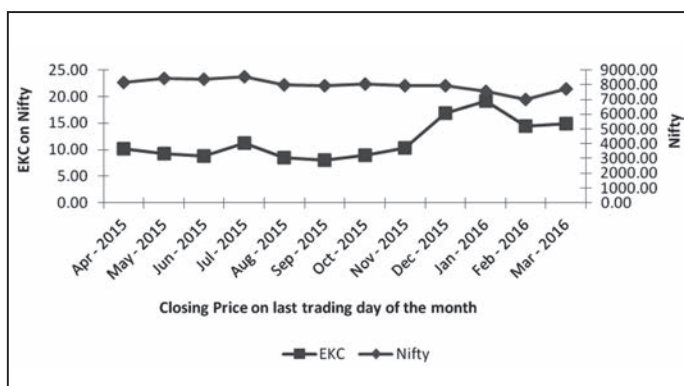
## 7.8 Stock Performance

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 Regulation 40(9) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and files a copy of the certificate with the Stock Exchanges.

## 7.11 Statement showing Shareholding Pattern as on 31st March, 2016

Category of Shareholders	Number of shares	% of Shareholding
Shareholding of Promoter and Promoter Group	73,966,840	65.92
Mutual Funds	0	0.00
Central Government / State Government(s)	500	0.00
Financial Institutions / Banks	18,010	0.02
Foreign Institutional Investors	3,815,386	3.40
Bodies Corporate	3,978,518	3.55
Individual shareholders holding nominal share capital up to ₹ 1 lakh	25,094,860	22.37
Individual shareholders holding nominal share capital in excess of ₹ 1 lakh	1,591,017	1.42
Clearing Members	938,283	0.84
Non Resident Indians (Repat)	1,226,039	1.09
Non Resident Indians (Non Repat)	224,990	0.20
Foreign Companies	0	0.00
Other Directors	0	0.00
HUF	1,351,654	1.20
Physical Shares	1,585	0.00
<b>TOTAL</b>	<b>112,207,682</b>	<b>100.00</b>

**7.12 Distribution of Shareholding by Size as on 31st March, 2016**

No. of Shares held	No. of shareholders	% to No. of shareholders	No. of shares	% to No. of shares
1 - 500	36,337	80.42	5,600,179	4.99
501 - 1000	4,253	9.41	3,572,062	3.18
1001 - 2000	2,218	4.90	3,485,961	3.11
2001 - 3000	770	1.70	2,005,799	1.79
3001 - 4000	331	0.73	1,206,737	1.08
4001 - 5000	346	0.77	1,653,087	1.47
5001 - 10000	503	1.11	3,806,862	3.39
10001 and above	422	0.93	90,876,995	80.99
<b>TOTAL</b>	<b>45,180</b>	<b>100</b>	<b>112,207,682</b>	<b>100</b>

**7.13 Dematerialization of shares as on 31st March, 2016**

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	14,824,007	13.21	17,399	38.51
NSDL	97,382,090	86.79	27,778	61.48
<b>Sub – Total</b>	<b>112,206,097</b>	<b>99.99</b>	<b>45,177</b>	<b>99.99</b>
Physical Form	1,585	0.01	3	0.01
<b>Total</b>	<b>112,207,682</b>	<b>100</b>	<b>45,180</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 (₹)*
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.	N.A.	N.A.
2014-15	N.A.	N.A.	N.A.	N.A.

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

# Amount unclaimed as at 31st March, 2016

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 Regulation 17 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015. 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 Regulation 33.

## **9. PRACTICING COMPANY SECRETARY'S CERTIFICATE ON CORPORATE GOVERNANCE**

Certificate from Practicing Company Secretary, M/s. Aashish K. Bhatt & Associates, confirming compliance with the conditions of Corporate Governance as stipulated under Schedule II part C of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, 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 Share Capital 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 two subsidiary companies viz., Calcutta Compressions & Liquefaction Engineering Ltd and EKC Positron Gas Limited. All these companies are Board managed with the respective Boards having the rights and obligations to manage the companies in the best interest of their Stakeholders. The Company monitors the performance of such companies, inter alia, by the following means:

- a) Financial Statements, 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 wef. October 01, 2014. 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 2015-16.

## **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, 2015 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 SCHEDULE V (REGULATION 34(3) & REGULATION 53(F) OF THE SEBI (LISTING OBLIGATION AND DISCLOSURE REQUIREMENTS) REGULATIONS, 2015 REGARDING ADHERENCE TO THE CODE OF CONDUCT**

In accordance with Schedule V of Regulation 34(3) & Regulation 53(f) of the SEBI (Listing Obligation and Disclosure Requirements) Regulations, 2015, 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, 2016.

**For and on behalf of the Board**

Mumbai  
August 11, 2016

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

**DISCLOSURE IN TERMS OF SCHEDULE V (REGULATION 34(3) & REGULATION 53(F) OF THE SEBI (LISTING OBLIGATION AND DISCLOSURE REQUIREMENTS) REGULATIONS, 2015 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, 2016.

**For and on behalf of the Board**

Mumbai  
August 11, 2016

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

**DISCLOSURE IN TERMS OF SCHEDULE V (REGULATION 34(3) & REGULATION 53(F) OF THE SEBI (LISTING OBLIGATION AND DISCLOSURE REQUIREMENTS) REGULATIONS, 2015 REGARDING INTER-SE RELATIONSHIPS BETWEEN DIRECTORS**

Mr. P. K. Khurana (Chairman & Managing Director) is the father of Mr. Pushkar Khurana (Non-Executive Director) & Mr. Puneet Khurana (Non-Executive Director). 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 (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, 2016

**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, 2016, as stipulated in Clause 49 of the Listing Agreement executed by the Company with the BSE Limited ('BSE') and the National Stock Exchange of India Limited ('NSE') for the period from April 1, 2015 to November 30, 2015; and as per the relevant provisions of Securities and Exchange Board of India (Listing Obligations and Disclosures Requirements) Regulations, 2015 ("the Listing Regulations") as referred to in Regulations 15(2) of the Listing Regulations for the period from December 1, 2015 to March 31, 2016.

We state that the compliance of conditions of Corporate Governance is the responsibility of the management, and 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, we certify that the Company has complied with the conditions of Corporate Governance as stipulated in the above mentioned Listing Agreement/ Listing Regulations.

We further 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.

This certificate is issued solely for the purposes of complying with the aforesaid Regulations and may not be suitable for any other purpose.

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

Mumbai  
August 11, 2016

**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 2016, 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. 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 17 of Note xxviii to the financial statements, the Company's current investments, as at 31 March 2016, include an investment amounting to ₹ 6,925.07 lakhs (as at 31 March 2015 ₹ 6,925.07 lakhs) in its wholly owned Subsidiary in China, EKC Industries (Tianjin) Co. Ltd., whose financial statements as at 31 March 2016 indicate significant accumulated losses and net worth being fully eroded, however, as at 31 March 2016, a provision of only ₹ 3,500 Lakhs (as at 31 March 2015 ₹ 1,500 Lakhs) has been recognized in the books for diminution in value of such investment on an adhoc basis. 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. Our audit opinion for the year ended 31 March 2015 was also qualified in respect of this matter.
9. As stated in clause 20 of Note xxviii to the financial statements, the Company's short-term loans and advances and other current assets include inter-corporate deposit and accrued interest thereon aggregating ₹ 1,347.78 lakhs (as at 31 March 2015 ₹ 1,447.78 lakhs) and ₹ 376.31 lakhs (as at 31 March 2015 ₹ 331.42 lakhs), respectively. In the absence of sufficient appropriate evidence, we are unable to comment on the recoverability of the aforesaid amounts and consequential impact, if any, on the accompanying financial statements.

**Qualified Opinion**

10. 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 matters 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 2016, and its loss and its cash flows for the year ended on that date.

**Report on Other Legal and Regulatory Requirements**

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

12. Further to our comments in Annexure A, as required by Section 143(3) of the Act, we report that:

- a. we have sought and except for the possible effects of the matters described in the Basis for Qualified Opinion paragraph, obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit;
- b. except for the possible effects of the matters described in the Basis for Qualified Opinion paragraph, 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 branch not visited by us;
- e. except for the possible effects of the matters 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. the two matters described in paragraph 8 and 9 under Basis for Qualified Opinion paragraph, in our opinion, may have an adverse effect on the functioning of the Company.
- g. on the basis of the written representations received from the directors as on 31 March 2016 and taken on record by the Board of Directors, none of the directors is disqualified as on 31 March 2016 from being appointed as a director in terms of Section 164(2) of the Act;
- h. the qualification relating to the maintenance of accounts and other matters connected therewith are as stated in the Basis for Qualified Opinion paragraph;
- i. we have also audited the internal financial controls over financial reporting (IFCoFR) of the Company as of 31 March 2016 in conjunction with our audit of the standalone financial statements of the Company for the year ended on that date and our report dated 30 May 2016 as per Annexure B expressed Qualified Opinion.
- j. 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 xxviii 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. there has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Company.

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

30 May 2016

## Annexure A 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 31 March, 2016

### Annexure A

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 and to the best of our knowledge and belief, 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.
- (c) The title deeds of all the immovable properties (which are included under the head 'Fixed Assets') are held in the name of the Company except for the following property:

(in ₹ in Lakh)

Nature of property	Total Number of Cases	Whether leasehold / freehold	Gross block as on 31 March 2016	Net block on 31 March 2016
Land	One	Leasehold	111.42	111.42

- (ii) In our opinion, the management has conducted physical verification of inventory at reasonable intervals during the year and no material discrepancies between physical inventory and book records were noticed on physical verification.
- (iii) The Company has granted unsecured loans to two companies covered in the register maintained under Section 189 of the Act; and with respect to the same:
- (a) In our opinion the terms and conditions of loans granted by the Company to one party and amounting to ₹ 2,168.68 Lakhs (year-end balance ₹ 2,168.68 Lakhs) is prejudicial to the Company's interest on account of the fact that the loans have been granted at an interest rate of 5% per annum, which is significantly lower than the cost of funds to the Company and also lower than the prevailing yield of government security, close to the tenor of the loan.
- (b) the schedule of repayment of principal and interest has been stipulated, wherein, the principal and interest amounts are repayable on demand and since the repayment of such loans and interest has not been demanded, in our opinion, repayment of the principal and interest amount is regular.

- (c) there is no overdue amount in respect of loans granted to such company.

- (iv) In our opinion, the Company has not entered into any transaction covered under Sections 185 of the Act. However, the Company has not complied with the provisions of Section 186 of the Act. The details of the non-compliance is given below:

S. No.	Particulars	Name of Company	Amount involved (₹)	Balance as on 31 March 2016 (₹)	Remarks
1.	Loan given at rate of interest lower than prescribed	EKC Industries (Tianjin) Co. Limited	2,168.68 Lakhs	2,168.68 Lakhs	Loan has been granted at 5% which is lower average cost of funds of 7.45%

- (v) In our opinion, 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 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, service tax, duty of customs, duty of excise, value added tax, cess and other material statutory dues, as applicable, have generally been regularly deposited to 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, service tax, duty of customs, duty of excise and value added tax on account of any dispute, are as follows:

Statement of Disputed Dues

Name of the 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)
		134.76	35.26	F.Y. 2006-07	
		91.31	10.00	F.Y. 2007-08	
		99.52	17.18	F.Y. 2008-09	
		89.34	26.90	F.Y. 2009-10	Maharashtra Sales Tax Tribunal
		122.13	55.00	F.Y. 2010-11	
	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	
Bombay Sales Tax Act, 1959	Bombay Sales tax	26.11	-	F.Y. 2000-01	Sales Tax Tribunal
The Income Tax Act, 1961	Income Tax	714.65	572.51	A.Y. 2010-11	Income Tax Appellate Tribunal
		237.87	-	A.Y. 2011-12	High Court
		572.64	-	A.Y. 2009-10	
		21.56	-	A.Y. 2008-09	High Court
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	18.95	-	F.Y. 2005-06	Joint Commissioner of Sales Tax (Appeals)
		29.75	-	F.Y. 2006-07	
		81.42	-	F.Y. 2007-08	
		147.43	-	F.Y. 2008-09	
		96.98	-	F.Y. 2009-10	
		60.80	-	F.Y. 2010-11	

- (viii) There are no loans or borrowings payable to financial institutions and no dues payable to debenture-holders. The Company has not defaulted in repayment of loans to government. However, the Company has defaulted in repayment of loans/borrowings to the following banks:

Name of the bank	Amount of default as on 31 March 2016 (₹ in Lakh)	Period of default	Due Date	Delays in days	Remarks
Yes Bank	68.13	Apr-15	09-Apr-15	34	Principal amount of Term Loan
	300.38	Oct-15	09-Apr-15	34	
Yes Bank	258.58	Apr-15	01-May-15	10	Interest on Term Loan
	264.08	May-15	01-Jun-15	60	
	259.64	Jun-15	01-Jul-15	36	
	62.90	Jun-15	01-Jul-15	55	
	14.00	Jun-15	01-Jul-15	55	
	278.93	Jul-15	01-Aug-15	24	

Name of the bank	Amount of default as on 31 March 2016 (₹ in Lakh)	Period of default	Due Date	Delays in days	Remarks
	96.79	Aug-15	01-Sep-15	31	
	145.52	Aug-15	01-Sep-15	59	
	22.25	Aug-15	01-Sep-15	60	
	8.66	Aug-15	01-Sep-15	60	
	5.60	Aug-15	01-Sep-15	60	
	169.26	Sep-15	01-Oct-15	58	
	83.82	Sep-15	01-Oct-15	58	
	8.38	Sep-15	01-Oct-15	61	
	5.42	Sep-15	01-Oct-15	61	
	254.69	Oct-15	01-Nov-15	59	
	8.52	Oct-15	01-Nov-15	59	
	5.51	Oct-15	01-Nov-15	59	
	245.03	Nov-15	01-Dec-15	35	
	8.22	Nov-15	01-Dec-15	35	
	5.32	Nov-15	01-Dec-15	35	

- (ix) The Company did not raise moneys by way of initial public offer or further public offer (including debt instruments). In our opinion, the term loans were applied for the purpose for which the loans were obtained.
- (x) In our opinion, no fraud by the Company or on the Company by its officers or employees has been noticed or reported during the period covered by our audit.
- (xi) The Company has not paid or provided for any managerial remuneration. Accordingly, the provisions of Clause 3(xi) of the Order are not applicable.
- (xii) In our opinion, the Company is not a Nidhi Company. Accordingly, provisions of clause 3(xii) of the Order are not applicable.
- (xiii) In our opinion all transactions with the related parties are in compliance with Sections 177 and 188 of Act, where applicable, and the requisite details have been disclosed in the financial statements etc., as required by the applicable accounting standards.
- (xiv) During the year, the Company has made preferential allotment of shares. In respect of the same, in our opinion, the Company has complied with the requirement of Section

42 of the Act and the Rules framed thereunder. Further, the amounts raised through preferential allotment have not been utilized by the Company. During the year, the Company did not make preferential allotment/ private placement of fully/ partly convertible debentures.

- (xv) In our opinion, the Company has not entered into any non-cash transactions with the directors or persons connected with them covered under Section 192 of the Act.
- (xvi) The Company is not required to be registered under Section 45-IA of the Reserve Bank of India Act, 1934.

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  
30 May 2016



## **Annexure B to the Independent Auditor's Report of even date to the members of Everest Kanto Cylinder Limited, on the standalone financial statements for the year ended 31 March 2016**

1. In conjunction with our audit of the standalone financial statements of Everest Kanto Cylinder Limited ("the Company") as of and for the year ended 31 March 2016, we have audited the internal financial controls over financial reporting (IFCoFR) of the Company of as of that date.

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

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

### **Auditors' Responsibility**

3. Our responsibility is to express an opinion on the Company's IFCoFR based on our audit. We conducted our audit in accordance with the Standards on Auditing, issued by the ICAI and deemed to be prescribed under section 143(10) of the Act, to the extent applicable to an audit of IFCoFR and the Guidance Note issued by the ICAI. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate IFCoFR were established and maintained and if such controls operated effectively in all material respects.
4. Our audit involves performing procedures to obtain audit evidence about the adequacy of the IFCoFR and their operating effectiveness. Our audit of IFCoFR included obtaining an understanding of IFCoFR, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgement, including the

assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

5. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our qualified opinion on the Company's IFCoFR.

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

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

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

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

### **Basis for Qualified Opinion**

8. According to the information and explanations given to us and based on our audit procedures performed, the following material weakness has been identified in the adequacy and operating effectiveness of the Company's internal financial controls over financial reporting as at 31 March 2016:

The Company did not have appropriate internal financial controls over financial reporting in respect of its assessment of (a) 'other-than-temporary' diminution in the value of the Company's investments in its subsidiaries and (b) recoverability of its inter-corporate deposit included in short term loans and advances. The inadequate supervisory and review controls over Company's process to determine the 'other-than-temporary' diminution in the value of the aforesaid investments and recoverability of its inter-corporate deposit in accordance with the accounting principles generally accepted in India could potentially result in a material misstatement in the value of investment in such subsidiaries and value of inter-corporate deposit included in short term loans and advances and consequently, also impact the Loss after tax.

A 'material weakness' is a deficiency, or a combination of deficiencies, in internal financial control over financial reporting, such that there is a reasonable possibility that a material misstatement of the company's annual financial statements will not be prevented or detected on a timely basis.

#### Qualified Opinion

9. In our opinion, except for the possible effects of the material weakness described above in the Basis for Qualified Opinion paragraph, the Company has, in all material respects,

internal financial controls over financial reporting and such internal financial controls over financial reporting were operating effectively as at 31 March 2016, based on internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance note.

We have considered the material weakness identified and reported above in determining the nature, timing, and extent of audit tests applied in our audit of the 31 March 2016 standalone financial statements of the Company, and the material weakness has affected our opinion on the standalone financial statements of the Company and we have issued a qualified opinion on the standalone financial statements.

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  
30 May 2016

**BALANCE SHEET AS AT 31<sup>ST</sup> MARCH, 2016**

	Note No.	As at 31st March, 2016 (₹ in Lakh)	As at 31st March, 2015 (₹ in Lakh)
<b>I. EQUITY AND LIABILITIES</b>			
<b>1 Shareholders' Funds</b>			
(a) Share Capital	(i)	2,244.15	2,143.15
(b) Reserves and Surplus	(ii)	5,415.15	16,208.82
		<u>7,659.30</u>	<u>18,351.97</u>
<b>2 Non-Current Liabilities</b>			
(a) Long-Term Borrowings	(iii)	23,653.89	28,613.92
(b) Deferred Tax Liabilities / Assets (Net)	(iv)	-	-
(c) Other Long-Term Liabilities	(v)	-	28.84
(d) Long-Term Provisions	(vi)	94.12	70.99
		<u>23,748.01</u>	<u>28,713.75</u>
<b>3 Current Liabilities</b>			
(a) Short-Term Borrowings	(vii)	7,518.89	10,597.70
(b) Trade Payables	(viii)		
(i) Outstanding dues to Micro, Small and Medium Enterprises		159.31	157.40
(ii) Outstanding dues to Other than Micro, Small and Medium Enterprises		9,250.10	6,354.83
(c) Other Current Liabilities	(ix)	12,410.87	5,712.99
(d) Short-Term Provisions	(x)	13.08	17.81
		<u>29,352.25</u>	<u>22,840.73</u>
<b>TOTAL</b>		<u>60,759.56</u>	<u>69,906.45</u>
<b>II. ASSETS</b>			
<b>1 Non-Current Assets</b>			
(a) Fixed Assets	(xi)		
(i) Tangible Assets		25,338.10	26,879.49
(ii) Intangible Assets		31.94	58.36
(iii) Capital Work-in-Progress		2,374.51	2,342.90
		<u>27,744.55</u>	<u>29,280.75</u>
(b) Non-Current Investments	(xii)	3,669.74	3,666.11
(c) Long-Term Loans and Advances	(xiii)	1,536.86	1,515.08
(d) Other Non-Current Assets	(xiv)	185.00	350.00
		<u>5,391.60</u>	<u>5,531.19</u>
<b>2 Current Assets</b>			
(a) Current Investments	(xv)	3,427.67	5,427.54
(b) Inventories	(xvi)	10,766.91	14,396.74
(c) Trade Receivables	(xvii)	4,032.28	5,267.56
(d) Cash and Bank Balances	(xviii)	485.51	358.91
(e) Short-Term Loans and Advances	(xix)	4,812.13	5,203.63
(f) Other Current Assets	(xx)	4,098.91	4,440.13
		<u>27,623.41</u>	<u>35,094.51</u>
<b>TOTAL</b>		<u>60,759.56</u>	<u>69,906.45</u>
Significant Accounting Policies and Explanatory Information	(xxviii)		

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

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

**Khushroo B. Panthaky**  
Partner

**Bhagyashree Kanekar**  
Company Secretary

**Kishore Thakkar**  
Chief Financial Officer

Place : Mumbai  
Date : 30<sup>th</sup> May, 2016

**For and on behalf of the Board**

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

**Puneet Khurana**  
Director  
DIN:- 00004074

STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31<sup>ST</sup> MARCH, 2016

	Note No.	Year Ended 31st March, 2016 (₹ in Lakh)	Year Ended 31st March, 2015 (₹ in Lakh)
<b>I. Revenue from Operations</b>	(xx)	<b>17,076.89</b>	18,019.21
<b>II. Other Income</b>	(xxi)	<b>425.06</b>	1,133.78
<b>III. Total Revenue (I + II)</b>		<b>17,501.95</b>	19,152.99
<b>IV. Expenses:</b>			
Cost of Materials Consumed	(xxiii)	<b>11,776.93</b>	12,635.85
Purchases of Stock-in-Trade		<b>101.79</b>	71.36
Changes in Inventories of Finished Goods, Work-in-Progress and Stock-in-Trade	(xxiv)	<b>1,239.61</b>	658.84
Employee Benefits Expense	(xxv)	<b>1,367.47</b>	1,611.87
Finance Costs	(xxvi)	<b>4,716.44</b>	5,010.54
Depreciation / Amortization Expense	(xi)	<b>1,695.08</b>	1,715.10
Other Expenses	(xxvii)	<b>4,654.84</b>	5,148.33
Own Goods Capitalised		-	(12.60)
<b>Total Expenses (Excluding Foreign Exchange Variation)</b>		<b>25,552.16</b>	26,839.29
<b>V. (Loss) before Foreign Exchange Variation and Tax (III + IV)</b>		<b>(8,050.21)</b>	(7,686.30)
<b>VI. Foreign Exchange Variation Loss (Net)</b>		<b>405.81</b>	248.32
<b>VII. (Loss) from ordinary activities after foreign exchange variation loss, but before exceptional items (V - VI)</b>		<b>(8,456.02)</b>	(7,934.62)
<b>VIII. Exceptional Items (Refer Clause No. 16, 17, 18 and 19 of Note xxviii)</b>		<b>2,934.42</b>	1,980.00
<b>IX (Loss) before Tax (VII - VIII)</b>		<b>(11,390.44)</b>	(9,914.62)
<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>(11,390.44)</b>	(9,914.62)
<b>XII. Tax Adjustments for Earlier Years (Net)</b>		<b>105.68</b>	(1.53)
<b>XIII. Net (Loss) for the Year (XI-XII)</b>		<b>(11,496.12)</b>	(9,913.09)
<b>XIV. Earnings per Equity Share (Refer Clause No. 8 of Note xxviii):</b>			
(1) Basic		<b>(10.73)</b>	(9.25)
(2) Diluted		<b>(10.73)</b>	(9.25)
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

**Bhagyashree Kanekar**  
Company Secretary

**Kishore Thakkar**  
Chief Financial Officer

Place : Mumbai  
Date : 30<sup>th</sup> May, 2016

For and on behalf of the Board

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

**Puneet Khurana**  
Director  
DIN:- 00004074

**CASH FLOW STATEMENT FOR THE YEAR ENDED 31<sup>ST</sup> MARCH, 2016**

	Year Ended 31st March, 2016 (₹ in Lakh)	Year Ended 31st March, 2015 (₹ in Lakh)
<b>A) CASH FLOW FROM OPERATING ACTIVITIES</b>		
Net (Loss) for the Year before Taxation	(11,390.44)	(9,914.62)
<b>Add / (Deduct):</b>		
(a) Depreciation / Amortisation for the year	1,695.08	1,715.10
(b) Unrealised Foreign Exchange Variation (net)	64.74	17.21
(c) Loss on Assets Sold / Discarded	46.15	0.79
(d) Excess Provision Written Back	(19.82)	(33.72)
(e) Finance Costs	4,716.44	5,010.54
(f) Interest Income	(249.96)	(782.59)
(g) Dividend on Current Investments (Non - Trade)	(0.14)	(0.15)
(h) Benefit on Closure of Borrowing Obligation	(507.73)	-
(i) Diminution in value for slow and non-moving Inventory items	615.68	-
(j) Bad Debts Write Off	161.27	31.40
(k) Provision for Doubtful Deposits, Loans & Advances	1,253.65	487.60
(l) Provision for Diminution in Value of Investments	2,000.00	1,931.72
	<b>9,775.36</b>	<b>8,377.90</b>
Operating (Loss) before Working Capital Changes	(1,615.08)	(1,536.72)
Adjustments for:		
(a) (Increase) / Decrease in Inventories	3,014.15	2,052.91
(b) (Increase) / Decrease in Trade and Other Receivables	599.42	(776.20)
(c) Increase / (Decrease) in Trade and Other Payables	8,572.91	(860.26)
	<b>12,186.48</b>	<b>416.45</b>
Cash Inflow / (Outflow) from Operations	<b>10,571.40</b>	<b>(1,120.27)</b>
Deduct:		
Direct Taxes Paid	50.78	54.72
Net Cash Inflow / (Outflow) from Operating Activities (A)	<b>10,520.62</b>	<b>(1,174.99)</b>
<b>B) CASH FLOW FROM INVESTING ACTIVITIES</b>		
<b>Inflow:</b>		
(a) Dividend on Current Investments (Non - Trade)	0.14	0.15
(b) Interest Income Received	496.30	201.81
(c) Loan repaid by Subsidiary (Net)	-	3,668.11
(d) Sale of Fixed Assets	31.50	3.91
	<b>527.94</b>	<b>3,873.98</b>
<b>Outflow:</b>		
(a) Purchases of Current Investments (Net)	0.13	0.15
(b) Investment in Subsidiaries	3.63	-
(c) Purchase of Fixed Assets (including capital advances)	238.34	117.74
	<b>242.10</b>	<b>117.89</b>
<b>Net Cash Inflow from Investing Activities (B)</b>	<b>285.84</b>	<b>3,756.09</b>



CASH FLOW STATEMENT FOR THE YEAR ENDED 31<sup>ST</sup> MARCH, 2016

	Year Ended 31st March, 2016 (₹ in Lakh)	Year Ended 31st March, 2015 (₹ 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
(b) Proceeds from issue of Equity Shares	808.00	-
	<u>808.00</u>	<u>1,971.31</u>
<b>Outflow:</b>		
(a) Fixed Loans Repaid during the Year	4,348.12	305.41
(b) Working Capital / Short Term Loans Repaid during the Year (Net)	1,922.83	-
(c) Finance Costs Paid	5,141.25	4,644.92
(d) Dividend Paid	1.70	0.01
	<u>11,413.90</u>	<u>4,950.34</u>
Net Cash (Outflow) from Financing activities (C)	<u>(10,605.90)</u>	<u>(2,979.03)</u>
Net Increase / (Decrease) in Cash/Cash Equivalents (A+B+C)	200.56	(397.93)
Add: Balance of Cash/Cash Equivalents at the Beginning of the Year	76.94	474.87
Cash/Cash Equivalents at the Close of the Year	277.50	76.94
<u>Cash/Cash Equivalents at the Close of the Year</u>		
Cash and Bank Balances as per Note (xviii)	485.51	358.91
Less: Other Bank Balances not in nature of Cash and Cash Equivalents	(208.01)	(281.97)
	<u>277.50</u>	<u>76.94</u>

## As per our report of even date attached

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

**Khushroo B. Panthaky**  
Partner

**Bhagyashree Kanekar**  
Company Secretary

**Kishore Thakkar**  
Chief Financial Officer

Place : Mumbai  
Date : 30<sup>th</sup> May, 2016

## For and on behalf of the Board

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

**Puneet Khurana**  
Director  
DIN:- 00004074

**NOTES FORMING PART OF BALANCE SHEET AS AT 31<sup>ST</sup> MARCH, 2016**

	As at 31st March, 2016 (₹ in Lakh)	As at 31st March, 2015 (₹ 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>		
112,207,682 (PY:107,157,682) Equity Shares of ₹ 2 each	<u>2,244.15</u>	<u>2,143.15</u>
<b>Subscribed &amp; Fully Paid up</b>		
112,207,682 (PY:107,157,682) Equity Shares of ₹ 2 each fully paid up	<u>2,244.15</u>	<u>2,143.15</u>
<b>TOTAL</b>	<u><b>2,244.15</b></u>	<u><b>2,143.15</b></u>

During the year, the Company has made preferential allotment of 5,050,000 Equity Shares having face value of ₹ 2 each at a premium of ₹ 14 per share pursuant to the approval of its shareholders at the Extra Ordinary General Meeting held on 22nd March, 2016.

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

Equity Shares	As at 31st March, 2016		As at 31st March, 2015	
	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 Issued during the year	5,050,000	101.00	-	-
Shares outstanding at the end of the year	112,207,682	2,244.15	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, 2016		As at 31st March, 2015	
	Number of Shares Held	Percentage of Shares Held (%)	Number of Shares Held	Percentage of Shares Held (%)
Khurana Gases Private Limited (Promoter)	17,577,203	15.66	15,052,203	14.05
Suman Khurana (Promoter)	15,230,691	13.57	15,230,691	14.21
P. K. Khurana (Promoter)	12,218,000	10.89	12,218,000	11.40
Pushkar Prem Kumar Khurana (Promoter)	7,503,973	6.69	5,844,492	5.45
Puneet Prem Kumar Khurana (Promoter)	7,503,973	6.69	6,374,447	5.95

**(ii) Reserves and Surplus**

Particulars	As at 31st March, 2016 (₹ in Lakh)	As at 31st March, 2015 (₹ 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	24,082.64	24,082.64
Additions during the Year [Refer Note (i)]	707.00	-
Closing Balance	<u>24,789.64</u>	<u>24,082.64</u>
<b>c. General Reserves</b>		
Opening Balance	7,491.00	7,491.00
(+) Transfer from Surplus in Statement of Profit & Loss	-	-
Closing Balance	<u>7,491.00</u>	<u>7,491.00</u>

NOTES FORMING PART OF BALANCE SHEET AS AT 31<sup>ST</sup> MARCH, 2016

	As at 31st March, 2016 (₹ in Lakh)	As at 31st March, 2015 (₹ in Lakh)
<b>d. Surplus/(Deficit) - in Statement of Profit and Loss</b>		
Opening Balance	(16,380.04)	(6,366.07)
Net (Loss) For the Year	(11,496.12)	(9,913.09)
Transitional adjustment on account of Schedule II to Companies Act, 2013*	(4.55)	(100.88)
Closing Balance	<u>(27,880.71)</u>	<u>(16,380.04)</u>
<b>Total</b>	<u><b>5,415.15</b></u>	<u><b>16,208.82</b></u>
* Represent 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. These balances have been adjusted against the opening balance of Retained Earnings in line with the transitional provision mentioned under The Companies Act, 2013.		
<b>(iii) Long-Term Borrowings</b>		
<b><u>Secured</u></b>		
<b>Term Loans</b>		
- From Bank [Refer Clause No. 1(a)(ii) of Note xxviii]	20,598.58	24,321.41
- Foreign Currency Loan From Bank [Refer Clause No. 1(a)(i) of Note xxviii]	-	3,129.54
	<u>20,598.58</u>	<u>27,450.95</u>
<b><u>Unsecured</u></b>		
<b>Term loans</b>		
- Sales Tax Deferment Loan [Refer Clause No. 1(c) of Note xxviii]	881.31	1,162.97
- Loans from Related Parties [Refer Clause No. 1(d) of Note xxviii]	2,174.00	-
	<u>3,055.31</u>	<u>1,162.97</u>
<b>Total</b>	<u><b>23,653.89</b></u>	<u><b>28,613.92</b></u>
<b>(iv) Deferred Tax Liabilities / Assets (Net)</b>		
Deferred Tax Liability on account of:		
- Depreciation	3,698.08	3,490.20
Deferred Tax Assets on account of:		
- Taxes, Duties on Inventories	213.57	318.19
- Employee Benefits	13.84	29.81
- Provision for Doubtful Debts / Deposits / Advances	433.87	202.34
- Unabsorbed Depreciation and Business Loss as per Tax Laws*	3,036.80	2,939.86
	<u>3,698.08</u>	<u>3,490.20</u>
<b>Net Deferred Tax Liabilities / Assets</b>	<u><b>-</b></u>	<u><b>-</b></u>
*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, 2016**

	As at 31st March, 2016 (₹ in Lakh)	As at 31st March, 2015 (₹ in Lakh)
<b>(v) Other Long-Term Liabilities</b>		
Deposits	-	28.84
<b>Total</b>	<b>-</b>	<b>28.84</b>
<b>(vi) Long-Term Provisions</b>		
Provision for Employee Benefits		
- Compensated Absences	59.51	64.09
- Gratuity (Funded) (Net) [Refer Clause No. 13 of Note xxviii]	34.61	6.90
<b>Total</b>	<b>94.12</b>	<b>70.99</b>
<b>(vii) Short-Term Borrowings</b>		
<b>Secured</b>		
Working Capital facilities from Banks [Refer Clause No.1(b) of Note xxviii]	7,518.89	9,949.45
<b>Unsecured</b>		
- Loans from Related Parties [Refer Clause No. 1(d) of Note xxviii]	-	648.25
<b>Total</b>	<b>7,518.89</b>	<b>10,597.70</b>
<b>(viii) Trade Payables</b>		
(a) Dues to Micro, Small and Medium Enterprises*	159.31	157.40
(b) Dues to Others	9,250.10	6,354.83
<b>Total</b>	<b>9,409.41</b>	<b>6,512.23</b>
* The Company has amount due to suppliers registered under the Micro, Small and Medium Enterprises Development Act, 2006, (MSMED Act) as at 31 March 2016.		
<b>(a) The disclosure required under MSMED Act is as under</b>		
- Principal amount due to suppliers under MSMED Act	159.31	157.40
- Interest accrued and due to suppliers under MSMED Act on the above amount unpaid	-	-
- Payment made to suppliers (other than interest) beyond the appointed day during the year	-	-
- Interest paid to suppliers under MSMED Act (Other than Section 16)	-	-
- Interest paid to suppliers under MSMED Act (Section 16)	-	-
- Interest due and payable to suppliers under MSMED Act for payment already made	-	-
- Interest accrued and remaining unpaid at the end of the period to suppliers under MSMED Act	-	-
Note: This 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 and has been relied upon by the Statutory auditors of the Company.		

NOTES FORMING PART OF BALANCE SHEET AS AT 31<sup>ST</sup> MARCH, 2016

	As at 31st March, 2016 (₹ in Lakh)	As at 31st March, 2015 (₹ in Lakh)
<b>(ix) Other Current Liabilities</b>		
(a) Current Maturities of Long-Term Borrowings		
- Term Loan from Bank [Refer Clause No.1(a)(ii) of Note xxviii]	97.85	1,906.01
- Foreign Currency Loan From Bank [Refer Clause No. 1(a)(i) of Note xxviii]	3,316.65	-
- Sales Tax Deferment Loan [Refer Clause No.1(c) of Note xxviii]	297.86	359.09
(b) Interest Accrued but not due on Borrowings	246.56	340.26
(c) Interest Accrued and due on Borrowings	51.37	382.48
(d) Unclaimed Dividends	10.00	11.70
(e) Advances from Customers	7,163.62	1,542.77
(f) Deposits	44.87	39.23
(g) Other Liabilities	1,182.09	1,131.45
<b>Total</b>	<b>12,410.87</b>	<b>5,712.99</b>
<b>(x) Short-Term Provisions</b>		
<b>Provision for Employee Benefits</b>		
- Compensated Absences	13.08	17.81
<b>Total</b>	<b>13.08</b>	<b>17.81</b>
<b>(xii) Non-Current Investments</b> (At Cost / Book Value, Unquoted)		
<b>A. Trade Investments (Refer (a) below)</b>		
Investment in Equity Instruments	4,056.51	4,052.88
Less : Provision for diminution in the value of Investments [Refer Clause No.16 of Note xxviii]	(431.72)	(431.72)
<b>Total (A)</b>	<b>3,624.79</b>	<b>3,621.16</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.15 of Note xxviii]	(200.00)	(200.00)
<b>Total (B)</b>	<b>44.95</b>	<b>44.95</b>
<b>Total</b>	<b>3,669.74</b>	<b>3,666.11</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. 16 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
	EKC Positron Gas Ltd.	Subsidiary Company	INR 10	36,325	-	Fully Paid	72.65	-	3.63	-	Yes	NA
	<b>Total</b>								<b>4,056.51</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
				2016	2015		2016	2015	2016	2015		
(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. 15 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, 2016

(xi) Fixed Assets	Gross Block					Depreciation / Amortization					Net Block	
	Balance as at 1 <sup>st</sup> April, 2015	Additions	Transfers***	Disposals / Assets held for Disposal**	Balance As at 31 <sup>st</sup> March, 2016	Balance as at 1 <sup>st</sup> April, 2015	Depreciation/ Amortisation charge for the year	Transfers***	On Disposals / Assets held for Disposal**	Adjustments*	Balance As at 31 <sup>st</sup> March, 2016	Balance As at 31 <sup>st</sup> March, 2015
<b>A. Tangible Assets</b>												
Freehold Land	288.33	27.41	-	-	315.74	-	-	-	-	-	315.74	288.33
Leasehold Land #	266.97	-	-	-	266.97	162.61	1.29	-	-	-	163.90	104.36
Buildings ##	9,375.78	12.19	-	-	9,387.97	2,447.93	241.40	-	-	-	6,698.64	6,927.85
Plant and Equipment	32,261.06	14.08	-	3.77	32,271.37	14,525.74	1,026.44	-	1.09	4.55	15,555.64	17,735.32
Furniture and Fixtures	280.38	5.50	-	-	285.88	192.95	29.39	-	-	-	222.34	87.43
Vehicles	69.25	132.21	-	7.58	193.88	41.05	25.06	-	6.11	-	60.00	28.20
Office equipment	191.83	2.38	-	-	194.21	143.97	19.88	-	-	-	163.85	47.86
Computers	779.10	2.11	-	-	781.21	471.28	97.58	-	-	-	568.86	307.82
Gas Cylinders ***	13.29	-	536.33	-	549.62	12.62	5.82	271.73	-	-	290.17	0.67
Gas Cylinders given on Lease ***	704.16	-	(536.33)	148.02	19.81	344.57	8.07	(271.73)	74.52	-	6.39	359.59
Electrical Installation	1,613.92	13.59	-	-	1,627.51	621.86	213.73	-	-	-	835.59	992.06
<b>Total (a)</b>	<b>45,844.07</b>	<b>209.47</b>	<b>-</b>	<b>159.37</b>	<b>45,894.17</b>	<b>18,964.58</b>	<b>1,668.66</b>	<b>-</b>	<b>81.72</b>	<b>4.55</b>	<b>20,556.07</b>	<b>26,879.49</b>
<b>Previous Year Total (a)</b>	<b>47,055.01</b>	<b>317.21</b>	<b>-</b>	<b>1,528.15</b>	<b>45,844.07</b>	<b>17,240.57</b>	<b>1,687.65</b>	<b>-</b>	<b>64.52</b>	<b>100.88</b>	<b>18,964.58</b>	<b>-</b>
<b>B. Intangible Assets</b>												
Computer Software	244.75	-	-	-	244.75	186.39	26.42	-	-	-	212.81	58.36
<b>Total (b)</b>	<b>244.75</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>244.75</b>	<b>186.39</b>	<b>26.42</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>212.81</b>	<b>58.36</b>
<b>Previous Year Total (b)</b>	<b>244.75</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>244.75</b>	<b>158.94</b>	<b>27.45</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>186.39</b>	<b>58.36</b>
<b>Total (a+b)</b>	<b>46,088.82</b>	<b>209.47</b>	<b>-</b>	<b>159.37</b>	<b>46,138.92</b>	<b>19,150.97</b>	<b>1,695.08</b>	<b>-</b>	<b>81.72</b>	<b>4.55</b>	<b>20,768.88</b>	<b>26,937.85</b>
<b>Previous Year Total</b>	<b>47,299.76</b>	<b>317.21</b>	<b>-</b>	<b>1,528.15</b>	<b>46,088.82</b>	<b>17,399.51</b>	<b>1,715.10</b>	<b>-</b>	<b>64.52</b>	<b>100.88</b>	<b>19,150.97</b>	<b>26,937.85</b>
<b>C. Capital Work In Progress</b>												
											<b>2,374.51</b>	<b>2,342.90</b>

**Notes:**

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

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

\* Represent the written down value of the fixed assets (net of residual value), which have no balance useful life in accordance with Schedule II to the Companies Act 2013. These balances have been adjusted against the opening balance of Retained Earnings in line with the transitional provision mentioned under The Companies Act, 2013.

\*\* Also refer Clause No. 21 of Note xxviii.

\*\*\* During the year 2015-16, certain agreements towards lease of gas cylinders were cancelled. Accordingly, gas cylinders having gross value of ₹ 536.33 Lakh (with accumulated depreciation of ₹ 271.73 Lakhs) were re-grouped to Gas Cylinders.

\*\*\*\* The Board of Directors have decided to sell its manufacturing facility situated at Kandla having carrying value of ₹ 14,048.13 Lakh as at 31 March 2016. Considering the expected time period towards completion of proposed sale of manufacturing facility and planned usage till the completion of proposed sale, the relevant assets pertaining to the facility have not been classified as Current Assets as at 31 March 2016.

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

**NOTES FORMING PART OF BALANCE SHEET AS AT 31<sup>ST</sup> MARCH, 2016**

	As at 31st March, 2016 (₹ in Lakh)	As at 31st March, 2015 (₹ in Lakh)
<b>(xiii) Long-Term Loans and Advances</b>		
<b>a. Capital Advances</b>		
Unsecured, considered good	93.76	85.71
<b>b. Security Deposits</b>		
Unsecured, considered good	644.07	575.44
Unsecured, considered doubtful	254.00	254.00
Less: Provision for doubtful Deposits	(254.00)	(254.00)
	644.07	575.44
<b>c. Advance Tax and Tax Deducted at Source</b>		
[Net of Provisions ₹ 3,432.33 Lakh (Previous Year ₹ 3,340.67 Lakh)]	799.03	853.93
	<u>1,536.86</u>	<u>1,515.08</u>
<b>(xiv) Other Non-Current Assets</b>		
Bank Deposits Maturing Over 12 months*	185.00	350.00
<b>Total</b>	<u>185.00</u>	<u>350.00</u>
* Margin against Bank Guarantees and Letter of Credit facilities availed from bank.		
<b>(xv) 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 [Refer Clause No.17 of Note xxviii]	(3,500.00)	(1,500.00)
<b>Total</b>	<u>3,425.07</u>	<u>5,425.07</u>
Investments in Mutual Funds (Non-Trade)	2.60	2.47
<b>Total</b>	<u>3,427.67</u>	<u>5,427.54</u>

**(a) Details of Current Investments**

Particulars	Number of Shares / Units		Amount (₹ In Lakh)	
	At at 31st March, 2016	At at 31st March, 2015	At at 31st March, 2016	At at 31st March, 2015
<b>Investment in Equity Instruments of a Subsidiary</b>				
- EKC Industries (Tianjin) Co. Ltd. [Refer Clause No.17 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	142.72	135.38	1.56	1.49
- UTI Liquid Fund-Cash Plan Institutional-Daily Income	101.56	96.37	1.04	0.98
<b>Total</b>			<u>6,927.67</u>	<u>6,927.54</u>

**(xvi) Inventories**

(Valued at Lower of Cost and Net Realisable Value)

a. Raw Materials and Components	4,847.95	6,678.25
Less: Provision for Diminution in Value [Refer Clause No.19 of Note xxviii]	(615.68)	-
	<u>4,232.27</u>	<u>6,678.25</u>
b. Work-in-Progress	3,958.23	5,678.11
c. Finished Goods	2,541.67	2,001.21
d. Stock-in-Trade	-	-
e. Stores and Spares	34.74	39.17
<b>Total</b>	<u>10,766.91</u>	<u>14,396.74</u>

NOTES FORMING PART OF BALANCE SHEET AS AT 31<sup>ST</sup> MARCH, 2016

	As at 31st March, 2016 (₹ in Lakh)	As at 31st March, 2015 (₹ in Lakh)
<b>(xvii) Trade Receivables</b>		
Trade receivables outstanding for a period exceeding six months from the date they became due		
Unsecured, considered good	759.29	615.29
Unsecured, considered doubtful	1,324.28	321.37
Less: Provision for doubtful debts	(1,324.28)	(321.37)
	<u>759.29</u>	<u>615.29</u>
Others		
Unsecured, considered good	3,272.99	4,652.27
[Includes ₹ 1,208.37 Lakh due from Subsidiaries (Previous Year ₹ 921.32 Lakh)]	3,272.99	4,652.27
<b>Total</b>	<u><b>4,032.28</b></u>	<u><b>5,267.56</b></u>
<b>(xviii) Cash and Bank Balances</b>		
<b>Cash and Cash Equivalents:</b>		
a. Cash on Hand*	41.80	39.80
b. Balances with Banks		
Current Accounts*	235.70	37.14
	<u>277.50</u>	<u>76.94</u>
<b>Other Bank Balances:</b>		
a. Security against Guarantees	194.05	99.57
b. Bank Deposits with more than 3 months, but less than 12 months maturity	3.96	170.64
c. Earmarked Balances - Unpaid Dividend Accounts	10.00	11.76
	<u>208.01</u>	<u>281.97</u>
<b>Total</b>	<u><b>485.51</b></u>	<u><b>358.91</b></u>
*There are no repatriation restrictions, in respect of Cash and Bank Balances.		
<b>(xix) Short-Term Loans and Advances</b>		
<b>a. Loans and Advances to Related Parties</b>		
Unsecured, considered good	2,656.97	2,580.78
Unsecured, considered doubtful	94.44	48.28
Less: Provision for doubtful Loans and Advances	(94.44)	(48.28)
	<u>2,656.97</u>	<u>2,580.78</u>
<b>b. Advances Recoverable in Cash or Kind or for Value to be Received</b>		
- Balance with Central Excise	329.99	536.28
- Advances paid to Suppliers	164.94	346.97
[Includes ₹ 4.64 Lakh due from Subsidiaries (Previous Year ₹ 119.24 Lakh)]		
- Prepaid expenses	103.40	72.92
<b>c. Inter Corporate Deposit*</b>	1,347.78	1,447.78
<b>d. Other Loans and Advances</b>	209.05	218.90
<b>Total</b>	<u><b>4,812.13</b></u>	<u><b>5,203.63</b></u>
*The Inter Corporate Deposit is secured as at March 31, 2016.		
<b>(xix) Other Current Assets</b>		
<b>a. Current Deposits</b>		
Unsecured, considered good	25.72	24.56
[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	34.67	27.68
from Subsidiaries	2,100.04	2,399.28
from Others	403.25	357.34
<b>c. Assets held for disposal [Refer Clause No.21 of Note xxviii]</b>	1,471.24	1,458.93
<b>d. Other Receivables:</b>		
Unsecured, considered good	63.99	172.34
Unsecured, considered doubtful	104.59	-
Less: Provision for doubtful Receivables	(104.59)	-
[Includes ₹ 104.59 Lakh due from Subsidiaries (Previous Year ₹ 104.59 Lakh)]	63.99	172.34
<b>Total</b>	<u><b>4,098.91</b></u>	<u><b>4,440.13</b></u>

**NOTES FORMING PART OF STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31<sup>ST</sup> MARCH, 2016**

	Year Ended 31st March, 2016 (₹ in Lakh)	Year Ended 31st March, 2015 (₹ in Lakh)
<b>(xxi) Revenue from Operations</b>		
<b>Sale of Products:</b>		
- Manufactured Goods	18,577.43	19,637.63
- Traded Goods	136.55	82.97
Less:		
Excise Duty	1,795.41	2,015.28
	<u>16,918.57</u>	<u>17,705.32</u>
<b>Other Operating Revenues:</b>		
- Scrap Sales	97.41	221.83
- Testing and Inspection Fees Received	22.90	46.42
- Others	38.01	45.64
<b>Total</b>	<u>17,076.89</u>	<u>18,019.21</u>
<b>(xxii) Other Income</b>		
Interest:		
- On Loans / Inter Corporate Deposits	182.55	687.07
- On Fixed Deposits	37.45	66.37
- Others	29.96	29.15
Dividend on Current Investments (Non-Trade)	0.14	0.15
Other Non-Operating Income (Net):		
- Commission	53.42	53.15
- Excess Provision Written Back	19.82	33.72
- Lease Rent	87.91	195.18
- Miscellaneous Income	13.81	68.99
<b>Total</b>	<u>425.06</u>	<u>1,133.78</u>
<b>(xxiii) Cost of Materials Consumed</b>		
Opening Stock	6,678.25	8,046.74
Add: Purchases	9,946.63	11,267.36
	<u>16,624.88</u>	<u>19,314.10</u>
Less: Closing Stock	4,847.95	6,678.25
<b>Total</b>	<u>11,776.93</u>	<u>12,635.85</u>
<b>(xxiv) Changes in Inventories of Finished Goods, Work-in-Progress and Stock-in-Trade</b>		
<b>Opening Stocks :</b>		
- Finished Goods	2,001.21	2,159.04
- Work in Progress	5,678.11	6,178.90
- Stock in Trade	-	10.78
	(A) <u>7,679.32</u>	<u>8,348.72</u>
<b>Closing Stocks :</b>		
- Finished Goods	2,541.67	2,001.21
- Work in Progress	3,958.23	5,678.11
	(B) <u>6,499.90</u>	<u>7,679.32</u>
	(A-B) <u>1,179.42</u>	<u>669.40</u>
Add/(Less) : Variation in Excise Duty on Finished Goods Stocks and Others	60.19	(10.56)
<b>Total</b>	<u>1,239.61</u>	<u>658.84</u>



NOTES FORMING PART OF STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31<sup>ST</sup> MARCH, 2016

	Year Ended 31st March, 2016 (₹ in Lakh)	Year Ended 31st March, 2015 (₹ in Lakh)
<b>(xxv) Employee Benefits Expense</b>		
Salaries, Wages and Other Benefits [Refer Clause No.13 of Note xxviii]	1,255.56	1,486.13
Contributions to Provident Fund and Other Funds	64.98	78.08
Staff Welfare Expenses	46.93	47.66
<b>Total</b>	<b>1,367.47</b>	<b>1,611.87</b>
<b>(xxvi) Finance Costs</b>		
Interest Expense:		
- On Borrowings	4,467.76	4,744.27
- Others*	61.33	6.30
Other Borrowing Costs	32.00	76.99
Applicable Net Loss on Foreign Currency Fluctuations and Translations	155.35	182.98
<b>Total</b>	<b>4,716.44</b>	<b>5,010.54</b>
*Includes Interest on Statutory Dues ₹ 41.24 Lakh (Previous Year ₹ 6.30 Lakh).		
<b>(xxvii) Other Expenses</b>		
Consumption of Stores, Spares, etc.	391.59	495.90
Power and Fuel	1,271.66	1,795.96
Repairs and Maintenance - Building	8.74	6.65
Repairs and Maintenance - Plant and Machinery	19.24	38.43
Repairs and Maintenance - Others	31.69	54.39
Labour Charges	152.38	154.55
Rent	279.64	348.27
Insurance	89.26	98.62
Rates and Taxes, excluding Taxes on Income	383.54	256.63
Payment to Auditors*	46.44	33.17
Directors' Sitting Fees and Commission	6.50	5.20
Legal and Professional Fees	225.66	206.28
Loss on Assets Scrapped / Discarded	46.15	0.79
Bad Debts Write Off	161.27	31.40
Provision for Doubtful Debts (Net)	327.18	185.32
Provision for Doubtful Deposits and Inter Corporate Deposit	100.00	254.00
Bank Charges and Commission	45.34	73.74
Carriage and Freight	299.01	342.06
Advertisement and Sales Promotion	48.12	38.40
Commission	24.65	34.06
Miscellaneous Expenses	696.78	694.51
<b>Total</b>	<b>4,654.84</b>	<b>5,148.33</b>
<b>*Payment to Auditors</b>		
a. Statutory Audit Fees	19.50	16.50
b. Tax Audit	4.75	3.00
c. Limited Review Fees	20.25	13.00
d. Certification	1.57	0.50
e. Reimbursement of Expenses	0.37	0.17
<b>Total</b>	<b>46.44</b>	<b>33.17</b>

## NOTES FORMING PART OF THE ACCOUNTS FOR THE YEAR ENDED 31<sup>ST</sup> MARCH, 2016

### NOTE NO. xxviii :

#### SIGNIFICANT ACCOUNTING POLICIES AND EXPLANATORY INFORMATION TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31<sup>ST</sup> MARCH, 2016

##### 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 its subsidiary located in China. The loan 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) unconditional and irrevocable 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 by October 2020. The interest rate of the Borrowing ranges from 11% to 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, book debts and all other current assets 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 and one other bank has been provided personal guarantee from a director. 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 11% to 15% 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) Unsecured loans from related parties are repayable on demand and carry interest rate of 12% per annum. However, as per the terms of the loans, repayment of loans cannot be demanded before 1 April 2017.

(e) Details of borrowings due and outstanding as on March 31, 2016:

Name of the parties	Nature of the dues	Amount (₹ in Lakh)	Period to which the amount relates	Due date	Date of payment
Everest Kanto Investment & Finance Ltd	Interest on unsecured loan	36.02	FY 2015-16	31-Mar-16	₹ 5 Lakh paid on 04-May-16 & ₹ 31.02 Lakh on 6-May-2016 till date
Khurana Fabrication Industries Limited	Interest on unsecured loan	0.94	FY 2015-16	31-Mar-16	Not paid till date
Khurana Gases Private Limited	Interest on unsecured loan	14.41	FY 2015-16	31-Mar-16	Not paid till date

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

**As at 31st March 2016**  
(₹ in Lakh)

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

###### (a) Disputed Tax Matters:

Income Tax	<b>1,546.72</b>	806.30
Sales Tax and Value Added Tax	<b>972.59</b>	461.36
Lease Tax	<b>13.69</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 a subsidiary and a step down subsidiary	<b>10,944.93</b>	11,579.30
Amounts outstanding there against corporate guarantees	<b>8,213.97</b>	7,258.56
(c) Claims against the Company not acknowledged as Debts	<b>51.75</b>	56.80
(d) Bonds executed in favour of Government Authorities (Also refer Clause No. 11 of Note xxviii)	<b>19.94</b>	2,978.77

3. Commitments:	31st March 2016 (₹ in Lakh)	31st March 2015 (₹ in Lakh)		Year ended 31st March 2016 (₹ in Lakh)	Year ended 31st March 2015 (₹ in Lakh)
a) Estimated amount of contracts remaining to be executed on Capital Account and not provided for (net of advances)	218.44	218.44	(iii) Exports of Capital Goods on FOB basis	3.29	-
(b) Uncalled amount on partly paid Equity Shares of a Subsidiary Company	128.56	128.56	(iv) Commission for Bank Guarantees	53.42	53.15
			(v) Interest on Loans given (Net of Provision)	80.40	249.87
4. Foreign Currency exposures that are not hedged by derivative instruments:	As at 31st March 2016	As at 31st March 2015	7. Assets on Operating Lease:	As at 31st March 2016 (₹ in Lakh)	As at 31st March 2015 (₹ in Lakh)
Trade Receivables – USD	246,676	532,249	(a) Assets Taken on Operating Lease:		
Trade Receivables – Euro	64,897	-	The total future minimum lease rentals payable against Cancellable / Non-cancellable leases at the Balance Sheet date are as under:		
Trade Payables – USD	11,712,467	8,147,720	For a period not later than one year	85.59	239.82
Trade Payables – AED	1,708,137	2,213,290	For a period later than one year and not later than five years	3.00	256.68
Trade Payables – Euro	19,133	680	For a period later than five years	-	-
Advance to Suppliers / Others – Thai Baht	276,610	276,610	(b) Assets Given on Operating Lease:		
Advances to Suppliers / Others – USD	86,687	576,223	Cylinders		
Advances to Suppliers / Others – Euro	-	4,284	(i) Gross Carrying Amount	19.81	704.16
Advance received from Customers – USD	10,140,562	2,349,913	Depreciation for the year	8.07	15.23
Advance received from Customers – EURO	5,034	-	Accumulated Depreciation	6.39	344.57
Loans Given – USD	3,269,320	3,269,320	(ii) The total future minimum lease rentals receivable against Cancellable/Non-cancellable leases at the Balance Sheet date are as under:		
Loans Borrowed – USD	6,224,256	7,998,703	For a period not later than one year	4.32	159.01
Bank Balances – USD	633	1,726	For a period later than one year and not later than five years	-	52.35
Cash and Bank Balances – AED	554,233	1,056,777	For a period later than five years	-	-
Interest Payable – USD	80,201	94,589			
Interest Receivable – USD	3,206,664	3,042,750			
	Year ended 31st March 2016 (₹ in Lakh)	Year ended 31st March 2015 (₹ in Lakh)		Year ended 31st March 2016 (₹ in Lakh)	Year ended 31st March 2015 (₹ in Lakh)
5. A. Value of Imports calculated on CIF basis in respect of:			8. Computation of Earnings per Share:		
(i) Raw Materials and Components	7,109.43	7,767.95	(Loss) as per Statement of Profit and Loss for the year	(11,496.12)	(9,913.09)
(ii) Stores, Spares, etc.	45.00	4.60	Weighted Average Number of Equity Shares	107,171,518	107,157,682
(iii) Capital Goods	30.02	-	Number of Equity Shares outstanding at the end of the year	112,207,682	107,157,682
B. Expenditure in Foreign Currency:			Nominal Value per share (in Rupees)	2.00	2.00
(i) Travelling	32.94	21.62	Basic and Diluted Earnings per share (in Rupees)	(10.73)	(9.25)
(ii) Interest	210.81	222.20			
(iii) Others	80.97	22.02			
	Year ended 31st March 2016 (₹ in Lakh)	Year ended 31st March 2015 (₹ in Lakh)			
6. Earnings in Foreign Currency:					
(i) Export of Goods calculated on FOB basis	505.82	1,021.06			
(ii) Exports of Consumables/ RM Pipe on FOB basis	136.03	87.86			

**9. 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  
EKC Positron Limited, 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)  
(Till August 27, 2015)

Mr. Kishore Thakkar (Chief Financial Officer)  
(Since November 06, 2015)

Ms. Bhagyashree Kanekar  
(Company Secretary) (Since August 11, 2015)

Ms. Kanika Sharma (Company Secretary)  
(Till February 27, 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	258.19	-	-	-	-
– EKC International FZE	(98.99)	(-)	(-)	(-)	(-)
Goods	39.99	-	-	-	-
– EKC Industries (Thailand) Co. Limited	(214.22)	(-)	(-)	(-)	(-)
Goods	3.99	-	-	-	-
– C C & L	(-)	(-)	(-)	(-)	(-)
Goods	-	172.26	-	-	-
– EKC Europe GmbH	(-)	(218.61)	(-)	(-)	(-)
Goods	-	-	-	-	-
– CP Industries Holdings Inc.	(-)	(294.72)	(-)	(-)	(-)
Goods	-	-	536.62	-	-
– Medical Engineers (India) Limited	(-)	(-)	(812.18)	(-)	(-)
Consumable stores and spares	108.19	-	-	-	-
– EKC International FZE	(11.05)	(-)	(-)	(-)	(-)
Fixed Assets	3.29	-	-	-	-
– EKC International FZE	(-)	(-)	(-)	(-)	(-)
<b>Other Income:</b>					
Lease Rent	77.43	-	-	-	-
- C C & L	(154.76)	(-)	(-)	(-)	(-)
<b>Purchases :</b>					
Raw materials and components	2,531.11	-	-	-	-
– EKC International FZE	(1,686.27)	(-)	(-)	(-)	(-)
Raw materials and Components	3,771.78	-	-	-	-
– EKC Industries (Tianjin) Co. Limited	(1,837.56)	(-)	(-)	(-)	(-)
Raw materials and Components	162.00	-	-	-	-
– EKC Industries (Thailand) Co. Limited	(-)	(-)	(-)	(-)	(-)
Raw materials and Components	-	1.29	-	-	-
– CP Industries Holdings Inc.	(-)	(-)	(-)	(-)	(-)
Fixed Assets	30.02	-	-	-	-
– EKC Industries (Tianjin) Co. Limited	(-)	(-)	(-)	(-)	(-)
Fixed Assets	-	-	1.46	-	-
- Medical Engineers (India) Limited	(-)	(-)	(-)	(-)	(-)

(₹ in Lakh)

Nature of Transactions	Related parties referred in				
	1 (a) above	1 (b) above	1 (c) above	1 (d) above	1 (e) above
Fixed Assets	-	-	6.50	-	-
- Khurana Gases Private Limited	(-)	(-)	(-)	(-)	(-)
Fixed Assets	-	-	112.25	-	-
- Everest Kanto Investment Finance Limited	(-)	(-)	(-)	(-)	(-)
Fixed Assets	-	-	-	12.00	-
- Prem Kumar Khurana	(-)	(-)	(-)	(-)	(-)
Consumables	-	-	1.15	-	-
- Medical Engineers (India) Limited	(-)	(-)	(0.46)	(-)	(-)
<b>Expenses / Payments:</b>					
<b>Remuneration</b>					
- Vipin Chandok	-	-	-	18.14	-
	(-)	(-)	(-)	(40.00)	(-)
- Bhagyashree Kanekar	-	-	-	5.44	-
	(-)	(-)	(-)	(-)	(-)
- Kanika Sharma	-	-	-	-	-
	(-)	(-)	(-)	(11.44)	(-)
<b>Professional fees</b>					
- Kishore Thakkar	-	-	-	11.25	-
	(-)	(-)	(-)	(-)	(-)
<b>Rent</b>					
- Everest Industrial Gases Private Limited	-	-	36.00	-	-
	(-)	(-)	(42.00)	(-)	(-)
- Khurana Fabrication Industries Private Limited	-	-	33.32	-	-
	(-)	(-)	(33.32)	(-)	(-)
- Khurana Exports Private Limited	-	-	39.60	-	-
	(-)	(-)	(47.60)	(-)	(-)
- Khurana Gases Private Limited	-	-	13.70	-	-
	(-)	(-)	(25.52)	(-)	(-)
- Others	-	-	-	3.00	9.00
	(-)	(-)	(48.36)	(18.00)	(9.00)
<b>Other Expenses</b>	81.77	5.30	12.36	-	0.97
	(-)	(-)	(12.16)	(-)	(0.42)
<b>Reimbursement of expenses</b>	-	-	-	-	-
	(5.86)	(-)	(-)	(-)	(-)
<b>Finance and Investments :</b>					
<b>Commission Income</b>					
- EKC International FZE	50.40	-	-	-	-
	(47.98)	(-)	(-)	(-)	(-)
- CP Industries Holdings Inc.	-	3.02	-	-	-
	(-)	(5.17)	(-)	(-)	(-)
<b>Interest from Subsidiaries</b>					
- EKC Industries (Tianjin) Co. Limited	80.40	-	-	-	-
	(249.87)	(-)	(-)	(-)	(-)
- C C & L	26.56	-	-	-	-
	(133.17)	(-)	(-)	(-)	(-)
<b>Interest Expenses</b>					
- Khurana Gases Private Limited	-	-	74.93	-	-
	(-)	(-)	(23.28)	(-)	(-)
- Everest Kanto Investment and Finance Private Limited	-	-	176.20	-	-
	(-)	(-)	(41.89)	(-)	(-)
- Khurana Exports Private Limited	-	-	-	-	-
	(-)	(-)	(7.80)	(-)	(-)



(₹ 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 Fabrication Industries Private Limited	- (-)	- (-)	4.10 (4.05)	- (-)	- (-)
<b>Loans repayment received during the Year</b>					
- EKC Industries (Tianjin) Co. Limited	- (3,716.56)	- (-)	- (-)	- (-)	- (-)
<b>Loans repaid during the year</b>					
- Everest Kanto Investment and Finance Limited	- (-)	- (-)	135.00 (-)	- (-)	- (-)
- Khurana Gases Private Limited	- (-)	- (-)	404.00 (-)	- (-)	- (-)
<b>Loans taken during the Year</b>					
- Everest Kanto Investment and Finance Private Limited	- (-)	- (-)	1,303.50 (83.50)	- (-)	- (-)
- Khurana Gases Private Limited	- (-)	- (-)	723.00 (-)	- (-)	- (-)
- Khurana Fabrication Industries Private Limited	- (-)	- (-)	38.25 (-)	- (-)	- (-)
<b>Balances Outstanding : (#)</b>					
<b>Payables</b>					
- EKC International FZE	12,111.74 (5,706.87)	- (-)	- (-)	- (-)	- (-)
- EKC Industries (Tianjin) Co. Limited	1,313.81 (88.41)	- (-)	- (-)	- (-)	- (-)
- CP Industries Holdings Inc.	- (-)	980.32 (681.85)	- (-)	- (-)	- (-)
- EKC Industries (Thailand) Co. Limited	162.32 (-)	- (-)	- (-)	- (-)	- (-)
- Khurana Gases Private Limited	- (-)	- (-)	15.60 (28.97)	- (-)	- (-)
- Everest Kanto Investment and Finance Private Limited	- (-)	- (-)	36.02 (80.22)	- (-)	- (-)
- Medical Engineers (India) Limited	- (-)	- (-)	7.09 (54.70)	- (-)	- (-)
- Khurana Exports Private Limited	- (-)	- (-)	0.91 (30.42)	- (-)	- (-)
- Everest Industrial Gases Private Limited	- (-)	- (-)	1.54 (-)	- (-)	- (-)
- Khurana Fabrication Industries Private Limited	- (-)	- (-)	3.84 (-)	- (-)	- (-)
- Others	- (-)	- (-)	- (38.36)	2.35 (7.01)	- (5.40)
<b>Loans given (*)</b>					
- EKC Industries (Tianjin) Co. Limited	2,168.68 (2,046.34)	- (-)	- (-)	- (-)	- (-)
- C C & L	582.73 (582.73)	- (-)	- (-)	- (-)	- (-)
<b>Loans taken</b>					
- Everest Kanto Investment and Finance Private Limited	- (-)	- (-)	1,589.00 (420.50)	- (-)	- (-)
- Khurana Gases Private Limited	- (-)	- (-)	513.00 (194.00)	- (-)	- (-)
- Khurana Fabrication Industries Private Limited	- (-)	- (-)	72.00 (33.75)	- (-)	- (-)

(₹ 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>Other Receivables</b>					
- EKC International FZE	48.72 (91.08)	- (-)	- (-)	- (-)	- (-)
- EKC Industries (Tianjin) Co. Limited	2,120.01 (2,037.92)	- (-)	- (-)	- (-)	- (-)
- Khurana Exports Private Limited	- (-)	- (-)	10.00 (10.00)	- (-)	- (-)
- CP Industries Holdings Inc.	- (-)	3.07 (26.61)	- (-)	- (-)	- (-)
- C C & L	823.68 (746.16)	- (-)	- (-)	- (-)	- (-)
- EKC Industries (Thailand) Co. Limited	47.42 (4.64)	- (-)	- (-)	- (-)	- (-)
- EKC Europe GmbH	- (-)	94.04 (169.32)	- (-)	- (-)	- (-)
- Medical Engineers (India) Limited	- (-)	- (-)	370.27 (468.69)	- (-)	- (-)
- Others	- (-)	- (-)	- (-)	4.00 (-)	2.84 (-)
<b>Personal Guarantee from Promoter Directors for Borrowings by the Company (@)</b>	- (-)	- (-)	31,473.90 (31,219.90) (jointly by Promoter Directors)		
<b>Corporate Guarantees outstanding on behalf of subsidiaries</b>					
- EKC International FZE	7,840.85 (6,437.06)	- (-)	- (-)	- (-)	- (-)
- CP Industries Holdings Inc.	- (-)	373.12 (821.50)	- (-)	- (-)	- (-)

# 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 ₹ 33,550.00 Lakh and US\$ 5 Mn (₹ 34,700.00 Lakh and US\$ 5 Mn as on March 31, 2015) by Promoter Directors for the Term Loans and Working Capital Loans against which ₹ 31,473.90 Lakh (₹ 31,219.90 Lakh as on March 31, 2015) were outstanding as at the end of the year.  
(Previous year figures are in brackets).

## 10. A Break up of Raw Materials Consumed :

Particulars	2015 - 2016		2014 - 2015	
	Quantity (Metric Tonnes)	Value (₹ In Lakh)	Quantity (Metric Tonnes)	Value (₹ in Lakh)
Seamless Tubes with Incidental Costs	11,675.44	11,202.28	12,035.55	11,265.38
Others	-	574.65	-	1,370.47
<b>TOTAL</b>		<b>11,776.93</b>		<b>12,635.85</b>

## B. Details of Imported and Indigenous Raw Materials and Components Consumed :

Particulars	2015 - 2016		2014 - 2015	
	%	Value (₹ in Lakh)	%	Value (₹ in Lakh)
Imported	92.52	10,896.55	87.63	11,072.31
Indigenous	7.48	880.38	12.37	1,563.54
<b>TOTAL</b>	<b>100.00</b>	<b>11,776.93</b>	<b>100.00</b>	<b>12,635.85</b>

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

Particulars	2015 - 2016		2014 - 2015	
	%	Value (₹ in Lakh)	%	Value (₹ in Lakh)
Imported	-	-	0.93	4.60
Indigenous	100.00	391.59	99.07	491.30
<b>TOTAL</b>	<b>100.00</b>	<b>391.59</b>	<b>100.00</b>	<b>495.90</b>

11. Bonds / Undertakings given by the Company under concessional duty / exemption schemes to government authorities (net of obligations fulfilled) aggregate ₹ 19.94 Lakh as at the close of the year (March 31, 2015: ₹ 2,978.77 Lakh).

12. During the year 2015-16, the Chairman & Managing Director (CMD) is entitled to a remuneration of ₹ 61.19 Lakh (March 31, 2015: ₹ 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.

13. In accordance with Accounting Standard (AS) 15 – “Employee Benefits”, an amount of ₹ 57.85 Lakh (Previous Year ₹ 69.89 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:

	2015-16 (₹ in Lakh)	2014-15 (₹ in Lakh)
<u>Change in present value of obligation:</u>		
Obligation at beginning of the year	164.30	161.67
Current Service Cost	20.13	18.20
Interest Cost	13.99	15.02
Actuarial loss	5.16	6.05
Benefits paid	(30.36)	(36.64)
Obligation at the end of the year	173.22	164.30

Change in Plan assets (Managed by LIC):

Fair value of Plan Assets at beginning of the year	157.40	155.85
Expected return on plan assets	14.12	13.82
Actuarial (loss) / gain	(2.55)	2.58
Contributions	-	21.79
Benefits paid	(30.36)	(36.64)
Fair Value of plan assets at end of the year	138.61	157.40

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	173.22	164.30
Fair Value of plan assets at the end of the year	138.61	157.40
Net Liability recognized in the Balance Sheet	34.61	6.90
<u>Gratuity cost recognised for the year:</u>		
Current Service Cost	20.13	18.20
Interest Cost	13.99	15.02
Expected return on plan assets	(14.12)	(13.82)
Actuarial loss	7.71	3.47
Net gratuity cost	27.71	22.87

Particulars	2015-2016 ₹ in Lakh	2014-2015 ₹ in Lakh	2013-2014 ₹ in Lakh	2012-2013 ₹ in Lakh	2011-2012 ₹ in Lakh
<u>Assumptions:</u>					
Discount Rate	7.70%	7.95%	9.00%	7.95%	8.55%
Rate of growth in salary levels *	6.00%	6.00%	6.00%	6.00%	6.00%
Mortality	Assured Lives Mortality (2006-08)	Assured Lives Mortality (2006-08)	Assured Lives Mortality (2006-08)	Assured Lives Mortality (2006-08)	LIC (1994-96)
Expected Rate of Return on Assets	8.00%	8.75%	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	173.22	164.3	161.67	170.83	166.21
Fair Value of Plan Assets	138.61	157.4	155.85	174.25	169.69
Surplus / (Deficit) in the Plan	(34.61)	(6.90)	(5.82)	3.42	3.48
Experience Adjustments					
- On Plan Liabilities	1.53	(7.90)	21.32	(13.21)	(25.88)
- On Plan Assets	2.55	2.58	(0.58)	1.42	2.28

Expected Employer's Contribution next year ₹ 35.00 Lakh (Previous Year ₹ 25.00 Lakh)

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

- 14 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.
- 15 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.
- 16 As on March 31, 2016, the Company is holding a majority stake of ₹ 431.72 Lakh (₹ 431.72 Lakh as on March 31, 2015) in its subsidiary, Calcutta Compression & Liquefaction Engineering Limited (CC&L). Further, the Company has trade receivables, loans and other receivables, aggregating ₹ 1,413.40 Lakh (₹ 1,328.09 Lakh as at March 31, 2015) due from it. The Net Worth of CC&L has fully eroded. Provision for impairment of ₹ Nil (Previous year ₹ 431.72 Lakh) towards the investment in share capital and ₹ 826.47 Lakh (Previous year ₹ 48.28 Lakh) towards trade receivables, loans and other receivables have been made 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.
- 17 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 ₹ 4,295.76 Lakh as on March 31, 2016 (₹ 3,950.82 Lakh as at March 31, 2015) 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 ₹ 2,000 Lakhs (Previous year ₹ 1,500 Lakhs) has been provided towards such diminution and has been disclosed as an Exceptional Item in the Statement of Profit and Loss. The total provision towards such diminution as at 31 March 2016 stands at ₹ 3,500 Lakhs (Previous year ₹ 1,500 Lakhs).
- 18 Exceptional Item includes benefit on closure of borrowing obligation of ₹ 507.73 Lakhs (Previous year ₹ Nil).
- 19 Exceptional item includes provision towards diminution in value for slow and non-moving inventory of ₹ 615.68 Lakhs (Previous year ₹ Nil).
- 20 Short term loans and advances and other current assets includes an aggregate amount of ₹ 1,724.09 Lakh (₹ 1,779.2 Lakh as at 31 March 2015) towards secured inter-corporate deposit advanced to Akruti City Limited (now Hubtown Limited) and accrued interest thereon. The deposit and accrued interest are outstanding for a considerable period. These deposits are secured against mortgage rights of an under-construction commercial property in favor of the Company. Based on on-going discussion with Akruti City Limited (now Hubtown Limited), the management is confident of recovering the inter-corporate deposit with accrued interest thereon and therefore believes that no provision for losses on account of non-recoverability of amounts, if any, is necessary at present.
- 21 As on March 31, 2016, Other Current Assets include land at Gandhidham having book value ₹ 235.56 Lakh (As on March 31, 2015 ₹ 223.25 Lakh) and office premises at Mumbai having book value ₹ 1,235.68 Lakh (As on March 31, 2015 ₹ 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 in the near future.
- 22 In accordance with Accounting Standard (AS) – 9 – Revenue recognition, the Company has deferred the recognition of interest income of ₹ 299 Lakh, due to uncertainties involved in ultimate collection of the outstanding amounts.
- 23 Previous year's figures have been reclassified / regrouped to conform to current year's classification / grouping.
- 24 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**

**Bhagyashree Kanekar**  
**Company Secretary**

**Kishore Thakkar**  
**Chief Financial Officer**

Place : Mumbai  
Date : 30<sup>th</sup> May, 2016

**For and on behalf of the Board**

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

**Puneet Khurana**  
**Director**  
**DIN:- 00004074**

**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 and 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. Each part of an item of Plant and equipment with a cost that is significant in relation to the total cost of item is depreciated separately. This applies mainly to components for machinery.

**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

Significant components of each of the individual assets are depreciated separately over their respective useful lives; the remaining components are depreciated over the life of the principal asset.
- 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, 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 periods. 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. 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 2015-16

**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.	Name of the subsidiaries	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.	EKC Positron Limited
1.	Reporting period for the subsidiary concerned, if different from the holding company's reporting period	NA	NA	NA	NA	NA	NA	NA	NA
2.	Reporting currency	AED	RMB	USD	USD	THB	Euro	INR	INR
3.	Exchange rate as on 31.03.2016	1 AED=17.9912	1 RMB=10.2466	1 USD=66.3329	1 USD=66.3329	1 THB=1.8756	1 EURO=75.0955	NA	NA
4.	Share capital	3,095.14	13,048.18	5,969.96	5,100.44	1,875.61	18.77	353.54	3.63
5.	Reserves & surplus	50,128.21	(15,287.35)	(11,688.18)	(7,013.44)	53.62	(266.84)	(1,215.83)	-
6.	Total assets	71,114.08	15,336.76	22,765.76	8,888.25	1,999.34	769.66	537.81	5.00
7.	Total Liabilities	71,114.08	15,336.76	22,765.76	8,888.25	1,999.34	769.66	537.81	5.00
8.	Investments	5,106.54	-	-	5,969.96	-	-	(78.18)	-
9.	Turnover	17,021.11	5,583.04	18,775.35	567.24	246.46	1,293.65	515.13	-
10.	Profit/(Loss) before taxation	625.39	(2,440.10)	(549.96)	(1,207.74)	78.42	(3.42)	(226.93)	-
11.	Provision for taxation	-	-	13.75	1.08	14.87	-	-	-
12.	Profit/(Loss) after taxation	625.39	(2,440.10)	(563.71)	(1,208.82)	63.55	(3.42)	(226.93)	-
13.	Proposed Dividend	-	-	-	-	-	-	-	-
14.	% of shareholding	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	72.65%	72.65%

## INDEPENDENT AUDITORS' REPORT

### To the Members of Everest Kanto Cylinder Limited Report on the Consolidated Financial Statements

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 2016, 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. 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 10(a) of the Other Matter paragraph below, is sufficient and appropriate to provide a basis for our qualified audit opinion on the consolidated financial statements.

### Basis of Qualified Opinion

8. As stated in clause 17 of Note xxvii to the financial statements, the Group's short-term loans and advances and other current assets include inter-corporate deposit and accrued interest thereon aggregating ₹ 347.78 lakhs (as at 31 March 2015 ₹ 1,447.78 lakhs) and ₹ 376.31 lakhs (as at 31 March 2015 ₹ 331.42 lakhs), respectively. In the absence of sufficient appropriate evidence, we are unable to comment on the recoverability of the aforesaid amounts and 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 and based on the consideration of the reports of the other auditors on the financial statements of the subsidiaries as noted below, except for the possible effect of the matter described in the Basis for Qualified Opinion paragraph above, 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 2016, their consolidated loss and their consolidated cash flows for the year ended on that date.



**Other Matter**

10. (a) We did not audit the financial statements of seven subsidiaries, included in the consolidated financial statements, whose financial statements reflect total assets (after eliminating intra-group transactions) of ₹ 55,036 lacs as at 31 March 2016, total revenues (after eliminating intra-group transactions) of ₹ 33,157 lacs and net cash flows amounting to ₹ 3,282 lacs for the year ended on that date. These financial statements have been audited by other auditors whose reports have 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**

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:

- a) We have sought and except for the possible effects of the matters described in the Basis for Qualified Opinion paragraph, 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;
- b) Except for the possible effect of the matter described in the Basis for Qualified Opinion paragraph, 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;
- c) 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;
- d) 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;
- e) Except for the possible effect of the matter described in the Basis for Qualified Opinion paragraph, 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);

- f) matter described in paragraph 8 under the Basis for Qualified Opinion paragraph, in our opinion, may have an adverse effect on the functioning of the Company.
- g) On the basis of the written representations received from the directors of the Holding Company as at 31 March 2016, taken on record by the Board of Directors of the Holding Company and the report of other statutory auditor of its subsidiary company incorporated in India, none of the directors of the Group companies incorporated in India are disqualified as at 31 March 2016, from being appointed as a director in terms of Section 164 (2) of the Act.
- h) the qualification relating to the maintenance of accounts and other matters connected therewith are as stated in the Basis for Qualified Opinion paragraph.
- i) we have also audited the internal financial controls over financial reporting (IFCoFR) of the Company and its subsidiary companies which are companies incorporated in India, as of 31 March 2016, in conjunction with our audit of the consolidated financial statements of the group for the year ended on that date and our report dated 30 May 2016 as per Annexure expressed a qualified opinion
- j) 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:
  - (i) 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;
  - (ii) the Group did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses;
  - (iii) there has been no delay in transferring the amounts, required to be transferred, to the Investor Education and Protection Fund by the Holding Company, and its subsidiary company incorporated in India.

**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

30 May 2016



## 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 2016

### Annexure

**Independent Auditor's report on the Internal Financial Controls under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 ("the Act")**

1. In conjunction with our audit of the consolidated financial statements of the Everest Kanto Cylinder Limited ("the Holding Company") and its subsidiaries, (the Holding Company and its subsidiaries together referred to as "the Group"), as of and for the year ended 31 March 2016, we have audited the internal financial controls over financial reporting (IFCoFR) of the Holding Company and its subsidiary companies, which are companies incorporated in India, as of that date.

### Management's Responsibility for Internal Financial Controls

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

### Auditors' Responsibility

3. Our responsibility is to express an opinion on the IFCoFR of the Holding Company and its subsidiary companies as aforesaid, based on our audit. We conducted our audit in accordance with the Standards on Auditing, issued by the ICAI and deemed to be prescribed under section 143(10) of the Act, to the extent applicable to an audit of IFCoFR and the Guidance Note issued by the ICAI. Those Standards

and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate IFCoFR were established and maintained and if such controls operated effectively in all material respects.

4. Our audit involves performing procedures to obtain audit evidence about the adequacy of the IFCoFR and their operating effectiveness. Our audit of IFCoFR included obtaining an understanding of IFCoFR, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.
5. We believe that the audit evidence we have obtained and the audit evidence obtained by the other auditors in terms of their reports referred to in the Other Matters paragraph below, is sufficient and appropriate to provide a basis for our qualified audit opinion on the Group's IFCoFR.

### Meaning of Internal Financial Controls over Financial Reporting

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

### Inherent Limitations of Internal Financial Controls over Financial Reporting

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

### Basis for Qualified Opinion

8. In our opinion and according to the information and explanations given to us and based on our audit procedures performed, the following material weakness has been identified in the adequacy and operating effectiveness of the Holding Company's internal financial controls over financial reporting as at 31 March 2016:

The Holding Company did not have appropriate internal financial controls over financial reporting in respect of its assessment of recoverability of its secured inter-corporate deposit. The inadequate supervisory and review controls over Holding Company's process to determine the recoverability of its inter-corporate deposit in accordance with the accounting principles generally accepted in India could potentially result in a material misstatement in the value of inter-corporate deposit included in short-term loans and advances and consequently, also impact the loss after tax.

A 'material weakness' is a deficiency, or a combination of deficiencies, in internal financial control over financial reporting, such that there is a reasonable possibility that a material misstatement of the company's annual financial statements will not be prevented or detected on a timely basis.

### Qualified Opinion

9. In our opinion, except for the effects of the material weakness described above in the Basis for Qualified Opinion paragraph, the Holding Company and its subsidiary companies, which are companies incorporated in India, have, in all material respects, adequate internal financial controls over financial reporting and such internal financial

controls over financial reporting were operating effectively as at 31 March 2016, based on internal control over financial reporting criteria established by the Holding Company and its subsidiary companies as aforesaid, considering the essential components of internal control stated in the Guidance note.

We have considered the material weakness identified and reported above in determining the nature, timing, and extent of audit tests applied in our audit of the 31 March 2016 consolidated financial statements of the Company and the material weakness has affected our opinion on the consolidated financial statements of the Company and we have issued a qualified opinion on the consolidated financial statements.

### Other Matters

10. We did not audit the IFCoFR insofar as it relates to two subsidiary companies, which are companies incorporated in India, whose financial statements reflect total assets (after eliminating intra-group transactions) of ₹ 620.97 Lakh as at 31 March 2016, total revenues (after eliminating intra-group transactions) of ₹ 515.13 Lakh and net cash flows amounting to ₹ 11.54 Lakh for the year ended on that date. Our report on the adequacy and operating effectiveness of the IFCoFR for the Holding Company and its subsidiary companies, which are companies incorporated in India, under Section 143(3)(i) of the Act insofar as it relates to the aforesaid subsidiaries, which are companies incorporated in India, is solely based on the corresponding reports of the auditors of such companies. Our opinion 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.

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

30 May 2016

**CONSOLIDATED BALANCE SHEET AS AT 31<sup>ST</sup> MARCH, 2016**

	Note No.	As at 31st March, 2016 (₹ in Lakh)	As at 31st March, 2015 (₹ in Lakh)
<b>I. EQUITY AND LIABILITIES</b>			
<b>1. Shareholders' Funds</b>			
(a) Share Capital	(i)	2,244.15	2,143.15
(b) Reserves and Surplus	(ii)	32,092.70	41,607.97
		<u>34,336.85</u>	<u>43,751.12</u>
<b>2. Minority Interest</b>		1.37	-
<b>3. Non-Current Liabilities</b>			
(a) Long-Term Borrowings	(iii)	24,897.74	31,027.87
(b) Deferred Tax Liabilities / Assets (Net)	(x)	-	-
(c) Other Long-Term Liabilities	(iv)	-	28.84
(d) Long-Term Provisions	(v)	2,105.12	1,873.13
		<u>27,002.86</u>	<u>32,929.84</u>
<b>4. Current Liabilities</b>			
(a) Short-Term Borrowings	(vi)	27,385.16	24,357.95
(b) Trade Payables			
(i) Outstanding dues to Micro, Small and Medium Enterprises		159.31	157.40
(ii) Outstanding dues to Other than Micro, Small and Medium Enterprises		5,583.13	4,394.82
(c) Other Current Liabilities	(vii)	9,549.49	8,414.93
(d) Short-Term Provisions	(viii)	144.51	57.90
		<u>42,821.60</u>	<u>37,383.00</u>
<b>TOTAL</b>		<u>104,162.68</u>	<u>114,063.96</u>
<b>II. ASSETS</b>			
<b>1. Non-Current Assets</b>			
(a) Fixed Assets	(ix)		
(i) Tangible Assets		51,046.26	53,372.49
(ii) Intangible Assets		165.93	2,666.04
(iii) Capital Work-in-Progress		2,838.64	2,461.95
(b) Non-Current Investments	(xi)	44.95	44.95
(c) Long-Term Loans and Advances	(xii)	1,694.22	1,771.49
(d) Other Non-Current Assets	(xiii)	185.00	350.00
		<u>55,975.00</u>	<u>60,666.92</u>
<b>2. Current Assets</b>			
(a) Current Investments	(xiv)	2.60	2.47
(b) Inventories	(xv)	28,757.90	30,328.50
(c) Trade Receivables	(xvi)	10,641.32	9,077.63
(d) Cash and Bank Balances	(xvii)	2,720.82	7,178.05
(e) Short-Term Loans and Advances	(xviii)	3,714.22	4,700.34
(f) Other Current Assets	(xix)	2,350.82	2,110.05
		<u>48,187.68</u>	<u>53,397.04</u>
<b>TOTAL</b>		<u>104,162.68</u>	<u>114,063.96</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

**Bhagyashree Kanekar**  
Company Secretary

**Kishore Thakkar**  
Chief Financial Officer

Place : Mumbai  
Date : 30<sup>th</sup> May, 2016

**For and on behalf of the Board**

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

**Puneet Khurana**  
Director  
DIN:- 00004074

CONSOLIDATED STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31<sup>ST</sup> MARCH, 2016

	Note No.	Year Ended 31st March, 2016 (₹ in Lakh)	Year Ended 31st March, 2015 (₹ in Lakh)
<b>I. Revenue from Operations</b>	(xx)	<b>50,575.79</b>	47,230.99
<b>II. Other Income</b>	(xxi)	<b>262.39</b>	703.06
<b>III. Total Revenue (I + II)</b>		<b>50,838.18</b>	47,934.05
<b>IV. Expenses:</b>			
Cost of Materials Consumed	(xxii)	<b>20,244.47</b>	24,857.55
Purchases of Stock-in-Trade		<b>7,931.78</b>	959.31
Changes in Inventories of Finished Goods, Work-in-Progress and Stock-in-Trade	(xxiii)	<b>374.33</b>	266.14
Employee Benefits Expense	(xxiv)	<b>8,063.14</b>	8,078.73
Finance Costs	(xxv)	<b>5,351.40</b>	5,700.17
Depreciation and Amortization Expense	(ix)	<b>7,153.00</b>	7,054.95
Other Expenses	(xxvi)	<b>12,787.69</b>	12,821.07
Own Goods Capitalised		-	(12.60)
<b>Total Expenses (Excluding Provision for Doubtful Debts and Foreign Exchange Variation)</b>		<b>61,905.81</b>	59,725.32
<b>V. (Loss) before Provision for Doubtful Debts, Foreign Exchange Variation and Tax</b>		<b>(11,067.63)</b>	(11,791.27)
VI. Provision/(Recoveries) against Doubtful Debts [Refer Clause No.12 of Note xxvii]		<b>(155.33)</b>	(2,197.39)
VII. Foreign Exchange Variation Loss / (Gain) (Net)		<b>952.80</b>	241.80
<b>VIII. Profit / (Loss) before Exceptional Items and Tax (V-(VI+VII))</b>		<b>(11,865.10)</b>	(9,835.68)
IX. Exceptional Items [Refer Clause No.18 of Note xxvii]		<b>408.39</b>	-
<b>X. (Loss) Before Tax (VIII-IX)</b>		<b>(12,273.49)</b>	(9,835.68)
XI. Tax Expense:			
(1) Current Tax		<b>15.94</b>	1.00
(2) Deferred Tax		<b>13.75</b>	(62.90)
<b>XII. (Loss) for the Year Before Tax Adjustments for Earlier Years (X-XI)</b>		<b>(12,303.18)</b>	(9,773.78)
XIII. Tax Adjustments for Earlier Years (Net)		<b>105.68</b>	(1.53)
<b>XIV. Net (Loss) for the Year (XII-XIII)</b>		<b>(12,408.86)</b>	(9,772.25)
XV. Earnings per Equity Share ((Refer Clause No. 11 of Note xxvii)):			
(1) Basic		<b>(11.58)</b>	(9.12)
(2) Diluted		<b>(11.58)</b>	(9.12)
Significant Accounting aPolicies 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

**Bhagyashree Kanekar**  
Company Secretary

**Kishore Thakkar**  
Chief Financial Officer

Place : Mumbai  
Date : 30<sup>th</sup> May, 2016

For and on behalf of the Board

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

**Puneet Khurana**  
Director  
DIN:- 00004074

**CONSOLIDATED CASH FLOW STATEMENT FOR THE YEAR ENDED 31<sup>ST</sup> MARCH, 2016**

	Year Ended 31st March, 2016 (₹ in Lakh)	Year Ended 31st March, 2015 (₹ in Lakh)
<b>A Cash flow from Operating Activities</b>		
Net (Loss) for the year before taxation	(12,273.49)	(9,835.68)
<b>Add/ (Deduct):</b>		
(a) Depreciation / Amortisation for the year	7,153.00	7,054.95
(b) Unrealised Foreign Exchange Variation (net)	187.11	124.55
(c) Loss on Assets Sold / Discarded	167.89	354.46
(d) Excess Provision Written Back	(19.82)	(33.72)
(e) Finance Costs	5,351.40	5,700.17
(f) Interest Income	(180.62)	(425.26)
(g) Dividend on Current Investments (Non - Trade)	(0.14)	(0.15)
(h) Benefit on Closure of Borrowing Obligation	(507.73)	-
(i) Diminution in value for slow and non-moving Inventory items	615.68	-
(j) Bad debts Write Off	200.55	31.40
(k) Provision/ (Recoveries) against Doubtful Debts	(155.33)	(2,197.39)
(l) Provision for Doubtful Deposits	100.00	254.00
	<b>12,911.99</b>	<b>10,863.01</b>
Operating Profit / (Loss) before Working Capital Changes	<b>638.50</b>	<b>1,027.33</b>
Adjustments for:		
(a) (Increase) / Decrease in Inventories	954.92	2,330.86
(b) (Increase) / Decrease in Trade and Other Receivables	576.09	3,948.05
(c) Increase / (Decrease) in Trade and Other Payables	1,163.64	(642.44)
	<b>2,694.65</b>	<b>5,636.47</b>
Cash Inflow from Operations	<b>3,333.15</b>	<b>6,663.80</b>
Deduct:		
Direct Taxes Paid	43.88	55.02
Net Cash Inflow from Operating Activities (A)	<b>3,289.27</b>	<b>6,608.78</b>
<b>B Cash Flow from Investing Activities</b>		
<b>Inflow:</b>		
(a) Dividend on Current Investments (Non - Trade)	0.14	0.15
(b) Interest Income Received	127.71	171.92
(c) Sale of Fixed Assets	453.32	550.29
	<b>581.17</b>	<b>722.36</b>
<b>Outflow:</b>		
(a) Purchases of Current Investments	0.13	0.15
(b) Purchase of Fixed Assets (including Capital Advances)	2,138.98	1,096.97
	<b>2,139.11</b>	<b>1,097.12</b>
Net Cash Inflow / (Outflow) from Investing Activities (B)	<b>(1,557.94)</b>	<b>(374.76)</b>



## CONSOLIDATED CASH FLOW STATEMENT FOR THE YEAR ENDED 31<sup>ST</sup> MARCH, 2016

	Year Ended 31st March, 2016 (₹ in Lakh)	Year Ended 31st March, 2015 (₹ in Lakh)
<b>C Cash Flow from Financing Activities</b>		
<b>Inflow:</b>		
(a) Working Capital / Short Term Loan Availed during the Year	5,708.95	2,323.37
(b) Shares of EKC Positron Gas Limited subscribed by Minority Interest shareholders	1.37	-
(c) Proceeds from issue of Equity Shares	808.00	-
	<u>6,518.32</u>	<u>2,323.37</u>
<b>Outflow:</b>		
(a) Finance Costs Paid	5,786.34	5,289.04
(b) Dividend Paid	1.70	0.01
(c) Fixed Loans Repaid during the Year	6,598.85	1,471.30
	<u>12,386.89</u>	<u>6,760.35</u>
Net Cash (Outflow) from Financing Activities (C)	<u>(5,868.57)</u>	<u>(4,436.98)</u>
<b>D Change in Currency Fluctuation Reserve arising on Consolidation</b>	<u>1,055.38</u>	<u>533.56</u>
Net Increase / (Decrease) in Cash/Cash Equivalents (A+B+C+D)	<u>(3,081.86)</u>	<u>2,330.60</u>
Add: Balance of Cash/Cash Equivalents at the Beginning of the Year	3,975.28	1,644.68
Cash/Cash Equivalents at the Close of the Year	893.42	3,975.28
<u>Cash/Cash Equivalents at the Close of the year</u>		
Cash and Bank Balances as per Note (xvii)	2,720.82	7,178.05
Less: Other Bank Balances not in nature of Cash and Cash Equivalents	<u>(1,827.40)</u>	<u>(3,202.77)</u>
	<u>893.42</u>	<u>3,975.28</u>

The above cash flow statement has been prepared under the 'Indirect Method' as set out in Accounting Standard - 3 on "Cash Flow Statements".

### As per our report of even date attached

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

**Khushroo B. Panthaky**  
Partner

**Bhagyashree Kanekar**  
Company Secretary

**Kishore Thakkar**  
Chief Financial Officer

Place : Mumbai  
Date : 30<sup>th</sup> May, 2016

### For and on behalf of the Board

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

**Puneet Khurana**  
Director  
DIN:- 00004074

**NOTES FORMING PART OF CONSOLIDATED BALANCE SHEET AS AT 31<sup>ST</sup> MARCH, 2016**

	As at 31st March, 2016 (₹ in Lakh)	As at 31st March, 2015 (₹ in Lakh)
<b>(i) Share Capital</b>		
<b>Authorised</b>		
125,000,000 (PY: 125,000,0000) Equity Shares of ₹ 2 each	<b>2,500.00</b>	2,500.00
<b>Issued</b>		
112,207,682 (PY:107,157,682) Equity Shares of ₹ 2 each	<b>2,244.15</b>	2,143.15
<b>Subscribed &amp; Fully Paid up</b>		
112,207,682 (PY:107,157,682) Equity Shares of ₹ 2 each fully paid up	<b>2,244.15</b>	2,143.15
<b>Total</b>	<b>2,244.15</b>	2,143.15

During the year, the Company has made preferential allotment of 5,050,000 Equity Shares having face value of ₹ 2 each at a premium of ₹ 14 per share pursuant to the approval of its shareholders at the Extra Ordinary General Meeting held on 22nd March, 2016.

**a. Reconciliation of Number of Shares**

Equity Shares	As at 31st March, 2016		As at 31st March, 2015	
	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 Issued during the year	5,050,000	101.00	-	-
Shares outstanding at the end of the year	112,207,682	2,244.15	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, 2016		As at 31st March, 2015	
	Number of Shares Held	Percentage of Shares Held (%)	Number of Shares held	Percentage of Shares Held (%)
Khurana Gases Private Limited (Promoter)	17,577,203	15.66	15,052,203	14.05
Suman Khurana (Promoter)	15,230,691	13.57	15,230,691	14.21
P. K. Khurana (Promoter)	12,218,000	10.89	12,218,000	11.40
Pushkar Prem Kumar Khurana (Promoter)	7,503,973	6.69	5,844,492	5.45
Puneet Prem Kumar Khurana (Promoter)	7,503,973	6.69	6,374,447	5.95

NOTES FORMING PART OF CONSOLIDATED BALANCE SHEET AS AT 31<sup>ST</sup> MARCH, 2016

	As at 31st March, 2016 (₹ in Lakh)	As at 31st March, 2015 (₹ in Lakh)
<b>(ii) Reserves and Surplus</b>		
<b>a. Securities Premium Account</b>		
Opening Balance	24,082.64	24,082.64
Additions during the Year [Refer Note (i)]	707.00	-
Closing Balance	24,789.64	24,082.64
<b>b. General Reserves</b>		
Opening Balance	7,491.00	7,491.00
Closing Balance	7,491.00	7,491.00
<b>c. Surplus/(Deficit) - in Statement of Profit and Loss</b>		
Opening Balance	(3,887.46)	5,985.86
Net (Loss) for the current year	(12,408.86)	(9,772.25)
Less - Transitional adjustment on account of Schedule II to Companies Act, 2013*	4.55	101.07
Closing Balance	(16,300.87)	(3,887.46)
<b>d. Foreign Currency Translation Reserve on Consolidation of Overseas Subsidiaries</b>		
Opening Balance	13,921.79	12,464.25
Movement during the Year	2,191.14	1,457.54
Closing Balance	16,112.93	13,921.79
<b>Total</b>	<b>32,092.70</b>	<b>41,607.97</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. These balances have been adjusted against the opening balance of Retained Earnings in line with the transitional provision available under The Companies Act, 2013.		
<b>(iii) Long-Term Borrowings</b>		
<b>Secured</b>		
<b>Term Loans</b> [Refer Clause No. 3(a) of Note xxvii]		
- From Banks	21,811.23	26,735.36
- Foreign Currency Loan From Bank	-	3,129.54
- Vehicle Loans	31.19	-
	21,842.42	29,864.90
<b>Unsecured</b>		
<b>(a) Term Loans</b>		
- Sales Tax Deferment Loan [Refer Clause No. 3(c) of Note xxvii]	881.31	1,162.97
<b>(b) Loans from related parties</b> [Refer Clause No. 3(d) of Note xxvii]	2,174.01	-
	3,055.32	1,162.97
<b>Total</b>	<b>24,897.74</b>	<b>31,027.87</b>
<b>(iv) Other Long-Term Liabilities</b>		
Deposit	-	28.84
<b>Total</b>	<b>-</b>	<b>28.84</b>

**NOTES FORMING PART OF CONSOLIDATED BALANCE SHEET AS AT 31<sup>ST</sup> MARCH, 2016**

	As at 31st March, 2016 (₹ in Lakh)	As at 31st March, 2015 (₹ in Lakh)
<b>(v) Long-Term Provisions</b>		
(a) Provision for Employee Benefits		
- Compensated Absences	486.95	660.96
- Post Retirement Benefits [Refer Clause No. 10 of Note xxvii]	1,618.17	1,212.17
<b>Total</b>	<b>2,105.12</b>	<b>1,873.13</b>
<b>(vi) Short-Term Borrowings</b>		
<b>Secured</b>		
Working Capital Facilities from Banks [Refer Clause No. 3(b) of Note xxvii]	26,394.74	23,709.70
	<b>26,394.74</b>	<b>23,709.70</b>
<b>Unsecured</b>		
a. Loans from Related Parties [Refer Clause No. 3(d) of Note xxvii]	-	648.25
b. Loan from Other Party [Refer Clause No. 3(f) of Note xxvii]	990.42	-
	<b>990.42</b>	<b>648.25</b>
<b>Total</b>	<b>27,385.16</b>	<b>24,357.95</b>
<b>(vii) Other Current Liabilities</b>		
(a) Current Maturities of Long-Term Borrowings		
- Term Loan From Bank [Refer Clause No. 3(a) of Note xxvii]	1,917.53	3,290.83
- Foreign Currency Loan From Bank [Refer Clause No. 3(a) of Note xxvii]	3,316.65	-
- Sales Tax Deferment Loan [Refer Clause No. 3(c) of Note xxvii]	297.86	359.09
- Vehicle Loan [Refer Clause No. 3(a) of Note xxvii]	13.26	2.98
(b) Interest Accrued but not Due on Borrowings	312.43	416.26
(c) Interest Accrued and Due on Borrowings	51.37	382.48
(d) Unclaimed Dividends	10.00	11.70
(e) Advances from Customers	1,751.81	1,868.41
(f) Deposits	44.87	40.90
(g) Other Liabilities	1,833.71	2,042.28
<b>Total</b>	<b>9,549.49</b>	<b>8,414.93</b>
<b>(viii) Short-Term Provisions</b>		
(a) Provision for Employee Benefits		
- Post Retirement Benefits [Refer Clause No. 10 of Note xxvii]	86.56	40.09
- Compensated Absences	42.99	17.81
(b) Others		
- Provision for Tax	14.96	-
<b>Total</b>	<b>144.51</b>	<b>57.90</b>

## (₹ in Lakh)

**(ix) Fixed Assets**

[illegible]

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

# 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.

These balances have been adjusted against the opening balance of Retained Earnings in line with the transitional provision available under The Companies Act, 2013. Represents the written down value ₹ 4.55 lakhs (Previous Year ₹ 101.07) of the fixed assets (net of residual value), which have no balance useful life in accordance with Schedule II to Companies Act, 2013.

\*\*\* Also refer Clause No. 16 of Note xxvii.

\*\*\*\*During the year 2015-16, certain agreements towards lease of gas cylinders were cancelled. Accordingly, gas cylinders having gross value of ₹ 536.33 Lakhs (with accumulated depreciation of ₹ 271.73 Lakhs) were re-grouped to Gas Cylinders.

\*\*\*\*\* The Board of Directors have decided to sell its manufacturing facility situated at Kandla having carrying value of ₹ 14,048.13 Lakh as at 31 March 2016. Considering the expected time period towards completion of proposed sale of manufacturing facility and planned usage till the completion of proposed sale, the relevant assets pertaining to the facility have not been classified as Current Assets as at 31 March 2016.

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



**NOTES FORMING PART OF CONSOLIDATED BALANCE SHEET AS AT 31<sup>ST</sup> MARCH, 2016**

	As at 31st March, 2016 (₹ in Lakh)	As at 31st March, 2015 (₹ in Lakh)
<b>(x) Deferred Tax Liabilities / Assets (Net)</b>		
Deferred Tax Liability on account of:		
- Depreciation	3,764.29	3,557.30
Deferred Tax Asset on account of:		
- Taxes, Duties on Inventories	213.57	318.19
- Employee Benefits	13.84	29.81
- Unabsorbed Depreciation and Business Loss as per Tax Laws*	3,371.17	3,006.96
- Provision for Doubtful Debts and Advances	165.71	202.34
	<u>3,764.29</u>	<u>3,557.30</u>
<b>Net Deferred Tax Liabilities / Assets</b>	<u>-</u>	<u>-</u>
*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 [Refer Clause No.15 of Note xxvii]	<u>(200.00)</u>	<u>(200.00)</u>
<b>Total</b>	<u>44.95</u>	<u>44.95</u>

**(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
				2016	2015		2016	2015	2016	2015		
(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.15 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, 2016

	As at 31st March, 2016 (₹ in Lakh)	As at 31st March, 2015 (₹ in Lakh)
<b>(xii) Long-Term Loans and Advances</b>		
(Unsecured, considered good)		
a. Capital Advances		
Unsecured, considered good	94.31	162.43
b. Security Deposits :		
Unsecured, considered good	706.70	634.67
Unsecured, considered doubtful	254.00	254.00
Less: Provision for doubtful deposits	(254.00)	(254.00)
	706.70	634.67
c. Advance Tax and Tax Deducted at Source (Net of Provisions)	813.49	876.27
d. Other Loans and Advances:		
Secured, considered good	79.72	98.12
<b>Total</b>	<b>1,694.22</b>	<b>1,771.49</b>
<b>(xiii) Other Non-Current Assets</b>		
Deposits Maturing Over 12 months*		
Secured, Considered Good	185.00	350.00
<b>Total</b>	<b>185.00</b>	<b>350.00</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]	2.60	2.47
<b>Total</b>	<b>2.60</b>	<b>2.47</b>

## a. Details of Investments in Mutual Funds

Name of the Mutual Fund	Number of Units		Amount (₹ In Lakh)	
	As at 31st March, 2016	As at 31st March, 2015	As at 31st March, 2016	As at 31st March, 2015
<b>Investments in Mutual Funds</b>				
LIC Liquid Fund - Dividend Plan	142.72	135.38	1.56	1.49
UTI Liquid Fund - Cash Plan Institutional - Daily Income	101.56	96.37	1.04	0.98
<b>Total</b>			<b>2.60</b>	<b>2.47</b>

## (xv) Inventories

(Valued at Lower of Cost and Net Realisable Value)

a. Raw Materials and Components	11,597.19	12,463.61
Add: Goods-in Transit (at Cost)	5.44	300.44
Less: Provision for Diminution in Value [Refer Clause No.18(ii) of Note xxvii]	(615.68)	-
	10,986.95	12,764.05
b. Work-in-Progress	11,510.64	12,295.20
c. Finished Goods	5,181.79	4,935.43
d. Stock in Trade	1,043.78	294.65
e. Stores and Spares	34.74	39.17
<b>Total</b>	<b>28,757.90</b>	<b>30,328.50</b>

**NOTES FORMING PART OF CONSOLIDATED BALANCE SHEET AS AT 31<sup>ST</sup> MARCH, 2016**

	As at 31st March, 2016 (₹ in Lakh)	As at 31st March, 2015 (₹ 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	1,857.45	1,349.14
Unsecured, considered doubtful	2,485.97	2,527.20
Less: Provision for doubtful debts	<u>(2,485.97)</u>	<u>(2,527.20)</u>
	1,857.45	1,349.14
Others		
Unsecured, considered good	8,783.87	7,728.49
Unsecured, considered doubtful	71.64	30.04
Less: Provision for doubtful debts	<u>(71.64)</u>	<u>(30.04)</u>
	8,783.87	7,728.49
<b>Total</b>	<u><u>10,641.32</u></u>	<u><u>9,077.63</u></u>
<b>(xvii) Cash and Bank Balances</b>		
<b>Cash and Cash Equivalents:</b>		
a. Cash on Hand*	61.32	56.42
b. Cheques, Drafts on Hand	-	196.17
c. Balances with Banks		
Current Accounts*	<u>832.10</u>	<u>3,722.69</u>
	893.42	3,975.28
<b>Other Bank Balances:</b>		
a. Security against Borrowings	1,537.54	2,845.03
b. Security against Guarantees	194.05	99.57
c. Bank Deposits with more than 3 months, but less than 1 year maturity	85.81	246.41
d. Earmarked Balances - Unpaid Dividend Accounts	<u>10.00</u>	<u>11.76</u>
	1,827.40	3,202.77
<b>Total</b>	<u><u>2,720.82</u></u>	<u><u>7,178.05</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	366.08	572.37
- Advances paid to Suppliers	1,150.84	1,736.14
- Prepaid expenses	456.26	433.75
b. Inter Corporate Deposit	1,347.78	1,447.78
c. Other Loans and Advances	393.26	510.30
<b>Total</b>	<u><u>3,714.22</u></u>	<u><u>4,700.34</u></u>
*The Inter Corporate Deposit is secured as at March 31, 2016.		
<b>(xix) Other Current Assets</b>		
a. Current Deposits	35.13	39.07
Unsecured, considered good		
[Includes ₹ 10.00 Lakh (Previous Year ₹ 10.00 Lakh), as Security Deposit to a private company in which directors are directors / members]		
b. Interest Receivable from Banks	34.67	27.68
c. Interest Receivable from Others	403.26	357.34
d. Other Receivables	311.28	227.03
e. Assets held for disposal [Refer Clause No. 16 of Note xxvii]	<u>1,566.48</u>	<u>1,458.93</u>
<b>Total</b>	<u><u>2,350.82</u></u>	<u><u>2,110.05</u></u>

**NOTES FORMING PART OF CONSOLIDATED STATEMENT OF PROFIT AND LOSS AS AT 31<sup>ST</sup> MARCH, 2016**

	Year ended 31st March, 2016 (₹ in Lakh)	Year ended 31st March, 2015 (₹ in Lakh)
<b>(xx) Revenue from Operations</b>		
<b>Sale of Products:</b>		
- Manufactured Goods	42,709.02	46,315.64
- Traded Goods	9,471.08	2,561.61
Less:		
Excise Duty	1,795.41	2,015.28
	<u>50,384.69</u>	<u>46,861.97</u>
<b>Other Operating Revenues</b>		
- Scrap Sales	138.15	278.29
- Export Incentives	-	-
- Testing and Inspection Fees Received	22.90	46.42
- Others	30.05	44.31
<b>Total</b>	<u>50,575.79</u>	<u>47,230.99</u>
<b>(xxi) Other Income</b>		
Interest:		
- On Inter Corporate Deposits	75.59	299.84
- On Fixed Deposits	67.79	73.59
- Others	37.24	51.83
Dividend on Current Investments (Non-Trade)	0.14	0.15
Other Non-Operating Income (Net):		
- Excess Provision Written Back	19.82	33.72
- Lease Rent	10.48	40.42
- Miscellaneous Income	51.33	203.51
<b>Total</b>	<u>262.39</u>	<u>703.06</u>
<b>(xxii) Cost of Materials Consumed</b>		
Opening Stock	12,764.05	15,150.97
Add: Purchases	18,737.79	22,224.21
	<u>31,501.84</u>	<u>37,375.18</u>
Less: Closing Stock	11,602.63	12,764.05
	<u>19,899.21</u>	<u>24,611.13</u>
Foreign Exchange Translation Reserve Impact	345.26	246.42
<b>Total</b>	<u>20,244.47</u>	<u>24,857.55</u>
<b>(xxiii) Changes in Inventories of Finished Goods, Work-in-Progress and Stock-in-Trade</b>		
<b>Opening 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>
	(A)	
<b>Closing Stocks:</b>		
- Finished Goods	5,181.79	4,935.43
- Work in Progress	11,510.64	12,295.21
- Stock in Trade	1,043.78	294.65
	<u>17,736.21</u>	<u>17,525.29</u>
	(B)	
	<u>(210.92)</u>	<u>(71.09)</u>
	(A-B)	
Add/(Less) : Variation in Excise Duty on Finished Goods Stocks	60.19	(10.56)
	<u>(150.73)</u>	<u>(81.65)</u>
Foreign Exchange Translation Reserve Impact	525.06	347.79
<b>Total</b>	<u>374.33</u>	<u>266.14</u>

**NOTES FORMING PART OF CONSOLIDATED STATEMENT OF PROFIT AND LOSS AS AT 31<sup>ST</sup> MARCH, 2016**

	Year ended 31st March, 2016 (₹ in Lakh)	Year ended 31st March, 2015 (₹ in Lakh)
<b>(xxiv) Employee Benefits Expense</b>		
Salaries, Wages and Other Benefits [Refer Clause No.10 of Note xxvii]	7,802.89	7,363.77
Contributions to Provident Fund and Other Funds	161.09	501.13
Staff Welfare Expenses	99.16	213.83
<b>Total</b>	<b>8,063.14</b>	<b>8,078.73</b>
<b>(xxv) Finance Costs</b>		
Interest Expense:		
- On Borrowings	5,105.63	5,426.46
- Others*	61.45	13.74
Other Borrowing Costs	28.97	76.99
Applicable Net Loss on Foreign Currency Fluctuations and Translations	155.35	182.98
<b>Total</b>	<b>5,351.40</b>	<b>5,700.17</b>
*Includes Interest on Statutory Dues ₹ 41.24 Lakh (Previous Year ₹ 6.30 Lakh).		
<b>(xxvi) Other Expenses</b>		
Consumption of Stores, Spares, etc.	1,710.95	1,097.86
Power and Fuel	2,752.06	3,507.58
Repairs and Maintenance - Buildings	12.18	8.28
Repairs and Maintenance - Plant and Equipments	614.80	448.41
Repairs and Maintenance - Others	36.80	58.21
Labour Charges	152.38	154.55
Rent	484.00	503.20
Insurance	339.42	327.86
Rates and Taxes, excluding Taxes on Income	539.75	331.80
Bad Debts Write Off	200.55	31.40
Directors' Sitting Fees and Commission	6.50	5.20
Payment to Auditors	46.44	33.17
Legal and Professional Fees	585.92	526.69
Loss on Assets Scrapped / Discarded, Loss of Asset	167.89	354.46
Provision for Doubtful Deposits	100.00	254.00
Bank Charges and Commission	181.50	254.50
Carriage and Freight	919.25	1,105.94
Advertisement and Sales Promotion	213.83	240.07
Commission	383.25	560.13
Miscellaneous Expenses [Refer Clause No.13 of Note xxvii]	3,340.22	3,017.76
<b>Total</b>	<b>12,787.69</b>	<b>12,821.07</b>



## NOTES FORMING PART OF THE CONSOLIDATED FINANCIALS FOR THE YEAR ENDED 31<sup>ST</sup> MARCH, 2016

### Note No. (xxvii):

#### SIGNIFICANT ACCOUNTING POLICIES AND EXPLANATORY INFORMATION TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31<sup>ST</sup> MARCH, 2016

- 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%
EKC Positron Gas Limited (Subsidiary of Everest Kanto Cylinder Ltd.)	India	72.65%

- 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.

- Loan Funds:

Everest Kanto Cylinder Limited, India:

- 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 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) unconditional and irrevocable 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 by October 2020. The interest rate of the Borrowing ranges from 11% to 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, book debts and all other current assets 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 and one other bank has been provided personal guarantee from a director. 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 11% to 15% 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.

- Unsecured loans from related parties are repayable on demand and carry interest rate of 12% per annum. However, as per the terms of the loans, repayment of loans cannot be demanded before 1 April 2017.

(e) Details of borrowings due and outstanding as on March 31, 2016:

Name of the parties	Nature of the dues	Amount (₹ in Lakh)	Period to which the amount relates	Due date	Date of payment
Everest Kanto Investment & Finance Limited	Interest on unsecured loan	36.02	FY 2015-16	31-Mar-16	₹ 5 Lakh paid on 04-May-16 & ₹ 31.02 Lakh on 16-May-2016
Khurana Fabrication Industries Limited	Interest on unsecured loan	0.94	FY 2015-16	31-Mar-16	Not paid till date
Khurana Gases Private Limited	Interest on unsecured loan	14.41	FY 2015-16	31-Mar-16	Not paid till date

EKC International FZE, UAE:

(a) Term loan from bank:

- (i) Vehicle Loans are repayable in 48 monthly installments, with the last installment falling due in September 2019. These loans are secured by hypothecation of underlying vehicles and are at fixed rate of interest of 2.74% and 4.15% per annum.

(b) Working Capital facilities from banks:

- (i) Working Capital facility of USD 3.5 Million from a bank is secured by an irrevocable bank guarantee from another bank. The interest rate of the Borrowing is monthly LIBOR + 2.75% per annum with a floor rate of 3.25% per annum. The facility is denominated in UAE Dirhams.
- (ii) An unsecured Bank Overdraft facility of USD 9.66 Million is at interest rate of one month LIBOR + 1.85% 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 six month 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 equipments and Personal Guarantee of two Promoter Directors of Everest Kanto Cylinder Limited, India.

(f) Short Term Unsecured Loan :

During the year, the subsidiary Company has taken Short Term Unsecured loan of USD 1.5 Million from other Party which is repayable on demand and carries interest rate of 6% per annum. The Loan is denominated in USD.

CP Industries Holdings Inc., USA:

(a) Term Loans from Banks:

- (i) Term Loan of USD 5.85 Million is repayable in 48 equal monthly installments, expiring in May 2017. The Borrowing is secured by substantially all the assets of the Subsidiary. The interest rate of the Borrowing is one 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.

(b) Working Capital facility from a Bank:

- (i) The Working Capital loan facility of USD 5.00 Million 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% per annum.

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

(a) There are no Term Loans from Banks.

(b) Working Capital facility from a Bank:

- (i) There are multiple Working Capital loan facilities aggregating of RMB 30 Million from a bank which are secured by fixed deposits with the bank and land & building of the subsidiary. The maturity dates of these Loans are within a period of six months ending September 2016. The interest rate of the Borrowing ranges from 5.87% per annum to 6.89% per annum.

	As at 31st March, 2016 (₹ in Lakh)	As at 31st March, 2015 (₹ in Lakh)
4. (a) Contingent liabilities not provided for in respect of: Disputed Tax and other Matters:		
Income Tax	<b>1,546.72</b>	806.30
Sales Tax and Value Added Tax	<b>972.59</b>	461.36
Lease Tax	<b>13.69</b>	21.05
(b) Claims not acknowledged as Debts	<b>874.44</b>	498.48
(c) Estimated amount of contracts remaining to be executed on Capital account and not provided for (net of advances)	<b>218.44</b>	446.96
(d) Bonds executed in favour of Government Authorities (Also refer Clause No. 8 of Note xxvii)	<b>19.94</b>	2,978.77
(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, 2016. 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.		

	As at 31st March 2016	As at 31st March 2015
5. Foreign Currency exposures that are not hedged by derivative instruments:		
Debtors - USD	123,665	78,450
Debtors - Euro	-	454,350
Creditors - USD	130,107	434,880
Creditors - Euro	35,740	32,353
Advances to Suppliers / Others - USD	88,290	179,735
Advances to Suppliers / Others - Euro	-	4,284
Advances to Suppliers / Others - HUF	3,000	3,000
Advance received from Customers - USD	34,283	129,175
Loans Borrowed - USD	6,224,256	7,998,703
Other Receivables - HUF	7,419,345	6,484,780
Bank Balances - USD	4,299	6,420
Bank Balances - CZK	16,118	20,481
Cash and Bank Balances - AED	554,233	1,056,777
Book Overdraft - HUF	(56,892)	-
Interest Payable - USD	80,201	94,589

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
- (Chief Financial Officer) (Till August 27, 2015)
- Mr. Kishore Thakkar
- (Chief Financial Officer) (Since November 06, 2015)
- Ms. Bhagyashree Kanekar
- (Company Secretary) (Since August 11, 2015)
- Ms. Kanika Sharma
- (Company Secretary) (Till February 27, 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	536.62 (812.18)	- (-)	- (-)
<b>Purchases:</b>			
<b>Fixed Assets/Consumables</b>			
Fixed Assets	112.25	-	-
- Everest Kanto Investment and Finance Private Limited	(-)	(-)	(-)
Fixed Assets	6.50	-	-
- Khurana Gases Private Limited	(-)	(-)	(-)
Fixed Assets	1.46	-	-
- Medical Engineers (India) Limited	(-)	(-)	(-)
Fixed Assets	-	12.00	-
- Prem Kumar Khurana	(-)	(-)	(-)
Consumables			
- Medical Engineers (India) Limited	1.15 (0.46)	- (-)	- (-)
<b>Expenses / Payments:</b>			
<b>Remuneration</b>			
- Pushkar Khurana	- (-)	106.69 (99.70)	- (-)
- Vipin Chandok	- (-)	18.14 (40.00)	- (-)
- Bhagyeshree Kanekar	- (-)	5.44 (-)	- (-)
- Kanika Sharma	- (-)	- (11.44)	- (-)
<b>Professional fees</b>			
- Kishore Thakkar	- (-)	11.25 (-)	- (-)
<b>Rent</b>			
- Everest Industrial Gases Private Limited	36.00 (42.00)	- (-)	- (-)
- Khurana Gases Private Limited	13.70 (25.52)	- (-)	- (-)
- Khurana Exports Private Limited	39.60 (47.60)	- (-)	- (-)
- Khurana Fabrication Industries Private Limited	33.32 (33.32)	- (-)	- (-)
- Others	- (48.36)	6.00 (21.00)	6.00 (6.00)
- Other Expenses	12.36 (12.16)	0.97 (0.42)	- (-)
<b>Interest Expenses</b>			
- Everest Kanto Investment and Finance Private Limited	176.20 (41.89)	- (-)	- (-)
- Khurana Gases Private Limited	74.93 (23.28)	- (-)	- (-)

Nature of Transactions	Related parties referred in		
	1(a) above	1(b) above	1(c) above
- Khurana Exports Private Limited	- (7.80)	- (-)	- (-)
- Khurana Fabrication Industries Private Limited	4.10 (4.05)	- (-)	- (-)
<b>Loans repaid during the Year</b>			
- Everest Kanto Investment and Finance Private Limited	135.00 (-)	- (-)	- (-)
- Khurana Gases Private Limited	404.00 (-)	- (-)	- (-)
<b>Loans taken during the Year</b>			
- Everest Kanto Investment and Finance Private Limited	1,303.50 (83.50)	- (-)	- (-)
- Khurana Gases Private Limited	723.00 (-)	- (-)	- (-)
- Khurana Fabrication Industries Private Limited	38.25 (-)	- (-)	- (-)
<b>Balances Outstanding :</b>			
<b>Loans Taken</b>			
- Everest Kanto Investment and Finance Private Limited	1,589.00 (420.50)	- (-)	- (-)
- Khurana Gases Private Limited	513.00 (194.00)	- (-)	- (-)
- Khurana Fabrication Industries Private Limited	72.00 (33.75)	- (-)	- (-)
<b>Payables</b>			
- Khurana Gases Private Limited	15.60 (28.97)	- (-)	- (-)
- Everest Kanto Investment and Finance Private Limited	36.02 (80.22)	- (-)	- (-)
- Medical Engineers (India) Limited	7.09 (54.70)	- (-)	- (-)
- Khurana Exports Private Limited	0.91 (30.42)	- (-)	- (-)
- Khurana Fabrication Industries Private Limited	3.84 (-)	- (-)	- (-)
- Others	1.54 (38.36)	2.35 (9.71)	- (2.70)
<b>Receivables</b>			
- Medical Engineers (India) Limited	370.27 (468.69)	- (-)	- (-)
- Khurana Exports Private Limited	10.00 (10.00)	- (-)	- (-)
- Others	- (-)	6.84 (-)	- (-)
<b>Personal Guarantee Given for Borrowing by the Company (@)</b>	36,993.10 (34,527.42)	Jointly by promoters directors <b>the Company (@)</b>	

@ Personal Guarantees given to banks of ₹ 39,809.08 Lakh and USD 5 Million (₹ 40,959.08 Lakh and USD 5 Mn as on March 31, 2015) by Promoter Directors for the Term Loans and Working Capital Loans, against which ₹ 36,993.10 Lakh (₹ 34,527.42 Lakh as on March 31, 2015) were outstanding as at the end of the year. (Previous year figures are in brackets).

As at  
**31st March, 2016**  
(₹ in Lakh)

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

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>344.54</b>	298.42
- For a period later than one year and not later than five years	<b>860.84</b>	312.16
- For a period later than five years	<b>846.15</b>	-

(b) Assets Given on Operating Lease: Cylinders

(i) Gross Carrying Amount	<b>14.16</b>	162.17
Depreciation for the year	<b>2.28</b>	3.67
Accumulated Depreciation	<b>1.05</b>	73.29

(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>4.32</b>	10.48
- For a period later than one year and not later than five years	-	4.32
- 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 ₹ 19.94 Lakh as at the close of the year (March 31, 2015: ₹ 2,978.77 Lakh).

9. During the year 2015-16, the Chairman & Managing Director (CMD) is entitled to a remuneration of ₹ 61.19 Lakh (During FY 2014-15 ₹ 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.



**10 Everest Kanto Cylinder Limited, India:**

In accordance with Accounting Standard (AS) 15 – “Employee Benefits”, an amount of ₹ 57.85 Lakh (Previous Year ₹ 69.89 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:

	2015-16 (₹ in Lakh)	2014-15 (₹ in Lakh)
<b>Change in present value of obligation:</b>		
Obligation at beginning of the year	<b>164.30</b>	161.67
Current Service Cost	<b>20.13</b>	18.20
Interest Cost	<b>13.99</b>	15.02
Actuarial loss	<b>5.16</b>	6.05
Benefits paid	<b>(30.36)</b>	(36.64)
Obligation at the end of the year	<b>173.22</b>	164.30
<b>Change in Plan assets (Managed by LIC):</b>		
Fair value of Plan Assets at beginning of the year	<b>157.40</b>	155.85
Expected return on plan assets	<b>14.12</b>	13.82
Actuarial (loss) / gain	<b>(2.55)</b>	2.58
Contributions	-	21.79
Benefits paid	<b>(30.36)</b>	(36.64)
Fair Value of plan assets at end of the year	<b>138.61</b>	157.40

**Break up of categories of plan assets:**

	2015-16 (₹ in Lakh)	2014-15 (₹ in Lakh)
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:**

	2015-16 (₹ in Lakh)	2014-15 (₹ in Lakh)
Present value of obligation at the end of the year	<b>173.22</b>	164.30
Fair Value of plan assets at the end of the year	<b>138.61</b>	157.40
Net Liability recognized in the balance sheet	<b>34.61</b>	6.90

**Gratuity cost recognised for the year:**

	2015-16 (₹ in Lakh)	2014-15 (₹ in Lakh)
Current Service Cost	<b>20.13</b>	18.20
Interest Cost	<b>13.99</b>	15.02
Expected return on plan assets	<b>(14.12)</b>	(13.82)
Actuarial loss	<b>7.71</b>	3.47
Net gratuity cost	<b>27.71</b>	22.87

**Assumptions:**

	2015-2016 ₹ in Lakh	2014-2015 ₹ in Lakh	2013-2014 ₹ in Lakh	2012-2013 ₹ in Lakh	2011-2012 ₹ in Lakh
Discount Rate	<b>7.70%</b>	7.95%	9.00%	7.95%	8.55%
Rate of growth in salary levels*	<b>6.00%</b>	6.00%	6.00%	6.00%	6.00%
Mortality	<b>Assured Lives Mortality (2006-08)</b>	Assured Lives Mortality(2006-08)	Assured Lives Mortality(2006-08)	Assured Lives Mortality(2006-08)	LIC (1994-96)
Expected Rate of Return on Assets	<b>8.00%</b>	8.75%	7.50%	7.50%	7.50%
Withdrawal Rate	<b>3% to 7.50%</b>	3% to 7.50%	3% to 7.50%	3% to 7.50%	3% to 7.50%
Present Value of Obligations	<b>173.22</b>	164.30	161.67	170.83	166.21
Fair Value of Plan Assets	<b>138.61</b>	157.40	155.85	174.25	169.69
Surplus / (Deficit) in the Plan	<b>(34.61)</b>	(6.90)	(5.82)	3.42	3.48
Experience Adjustments					
- On Plan Liabilities	<b>1.53</b>	(7.90)	21.32	(13.21)	(25.88)
- On Plan Assets	<b>2.55</b>	2.58	(0.58)	1.42	2.28

Expected Employer's Contribution next year ₹ 35.00 Lakh (Previous Year ₹ 25.00 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 non-contributory 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 ₹ 50.10 Lakh were charged to revenue as compared to ₹ 372.11 Lakh during previous year, towards Pension & Post Retirement plan adjustments. Accordingly, the liabilities towards the year ended March 31, 2016 were ₹ 2,001.96 Lakh (₹ 1,737.22 Lakh as on March 31, 2015).



	<b>2015-2016</b>	<b>2014-2015</b>
	<b>(₹ in Lakh)</b>	<b>(₹ in Lakh)</b>
<b>11. Computation of Earnings per Share:</b>		
Net Profit/(Loss) as per Statement of Profit and Loss	<b>(12,408.86)</b>	(9,772.25)
Weighted Average Number of Equity Shares	<b>107,171,517.62</b>	107,157,682.00
Number of Equity Shares Outstanding at the End of the Year	<b>107,171,517.62</b>	107,157,682.00
Nominal Value per Share (in Rupees)	<b>2.00</b>	2.00
Basic and Diluted Earnings per Share (in Rupees)	<b>(11.58)</b>	(9.12)
<b>12.</b> 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, ₹ 516.55 Lakh (Previous Year: ₹ 2,482.71 lakh) have been recovered against the same. Management is confident of recovering the balance receivables.		
<b>13.</b> Total research and development expenses incurred at C. P. Industries Holdings Inc. were approximately ₹ 319.91 Lakh (₹ 240.30 Lakh as on March 31, 2015). The Subsidiary charges the entire research and development costs to the Statement of Profit and Loss.		
<b>14. Segment Reporting</b>		
A. Please refer to Page No.		
B. Other Disclosures		
1. Segment information has been identified in accordance with Accounting Standard (AS) 17 – Segment Reporting considering the organisation structure and the differing risks and returns of these segments.		
2. The Company and its subsidiaries operate 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.		
3. Inter Segment Revenues are recognised at sales price.		
4. The Segment Revenues, Results, Assets and Liabilities include the respective amounts identifiable to each of the segment and the amounts allocated on a reasonable basis.		

15. 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.
16. As on March 31, 2016, Other Current Assets include land at Gandhidham, India having book value ₹ 235.56 Lakh (as on March 31, 2015 ₹ 223.25 Lakh), office premises at Mumbai, India having book value ₹ 1,235.68 Lakh (as on March 31, 2015 ₹ 1,235.68 Lakh) and land at China having book value ₹ 95.24 Lakh (as on March 31, 2015 ₹ Nil), being Fixed assets held for disposal, pursuant to the decision of the Board of Directors of the Company and subsidiary to dispose off the same in the near future.
17. Short term loans and advances and other current assets includes an aggregate amount of ₹ 1,724.09 Lakh (₹ 1,779.20 Lakh as at 31 March 2015) towards secured inter-corporate deposit advanced to Akruti City Limited (now Hubtown Limited) and accrued interest thereon. The deposit and accrued interest are outstanding for a considerable period. These deposits are secured against mortgage rights of an under-construction commercial property in favor of the Company. Based on on-going discussion with Akruti City Limited (now Hubtown Limited), the management is confident of recovering the inter-corporate deposit with accrued interest thereon and therefore believes that no provision for losses on account of non-recoverability of amounts, if any, is necessary at present.
18. (i) Exceptional item includes benefit on closure of borrowing obligation of ₹ 507.73 lakhs.  
(ii) Exceptional item includes provision towards diminution in value for slow and non-moving inventory of ₹ 615.68 Lakhs.  
(iii) Expenses of ₹ 300.44 lakhs incurred for claim settlement towards delay in delivery of machinery under sales contract have been included in exceptional item.
19. In accordance with Accounting Standard (AS) – 9 – Revenue recognition, the Company has deferred the recognition of interest income of ₹ 228 Lakh, due to uncertainties involved in ultimate collection of the outstanding amounts.
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

**Bhagyashree Kanekar**  
Company Secretary

**Kishore Thakkar**  
Chief Financial Officer

**For and on behalf of the Board**

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

**Puneet Khurana**  
Director  
DIN:- 00004074

Place : Mumbai  
Date : 30<sup>th</sup> May, 2016

14. Segment Reporting  
A. Geographical Segment – Primary

Particulars	(₹ in Lakh)											
	India			UAE			China			USA & Hungary		
	2015-16	2014-15	2015-16	2015-16	2014-15	2015-16	2015-16	2014-15	2015-16	2015-16	2014-15	2015-16
<b>(a) Segment Revenue</b>	17,585.28	18,866.77	16,590.78	11,277.32	5,561.35	5,493.62	18,768.07	16,774.19	228.15	283.50	405.66	60,027.28
Less: Inter Segment Revenue	662.58	832.69	3,447.98	1,871.16	4,961.66	2,775.47	3.02	-	162.49	169.48	213.76	9,451.49
	16,922.70	18,034.08	13,142.80	9,406.16	599.69	2,718.15	18,765.05	16,774.19	65.66	114.02	1,079.89	50,575.79
<b>(b) Segment Result</b>	(3,875.27)	(3,585.43)	1,040.36	3,257.17	(1,813.23)	(1,704.05)	(1,526.33)	(2,020.91)	(45.56)	(47.36)	(218.55)	(6,232.26)
Unallocable Income (net of Expenses)												262.99
(Loss) before Foreign Exchange Fluctuation												(5,969.29)
(Net), Finance Charges and Tax												(952.80)
Foreign Exchange Fluctuation-(Loss)/Gain (Net)												(6,922.09)
(Loss) before Finance Charges and Tax												5,351.40
Finance Charges												5,700.17
(Loss) Before Tax												(12,273.49)
Provision for Taxation												(9,835.68)
- Current Tax												(15.94)
- Deferred Tax Credit / (Charge)												(13.75)
- Tax Adjustments of Earlier Years (Net)												(105.68)
<b>Net (Loss) after Tax</b>												(12,408.86)
<b>Other Information</b>												(9,772.25)
<b>(c) Segment Assets</b>	48,363.11	53,677.50	18,239.50	16,076.16	12,989.34	14,181.72	21,525.90	23,306.60	107.96	754.46	155.04	101,883.15
Add: Unallocated												2,279.53
Total Segment Assets												104,162.68
<b>(d) Segment Liabilities</b>	2,981.40	2,990.13	2,656.94	1,355.29	1,109.53	1,482.40	4,825.80	4,625.55	21.01	7.41	14.60	11,633.84
Add: Unallocated												58,191.99
Total Segment Liabilities												69,825.83
<b>(e) Capital Expenditure</b>	213.82	113.82	856.99	183.83	296.40	361.59	839.89	456.04	-	-	0.19	2,207.10
Add: Unallocated												-
Total Capital Expenditure												2,207.10
<b>(f) Depreciation / Amortisation</b>	1,730.20	1,751.10	262.75	284.59	977.79	867.78	4,181.11	4,146.93	-	-	1.15	7,153.00
Add: Unallocated												-
Total Depreciation / Amortisation												7,153.00
<b>(g) Other Non Cash Expenditure</b>	427.18	439.32	-	-	26.29	100.00	-	-	-	-	-	453.47
												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 recognized on transfer of significant risks and rewards of ownership, which is generally on the dispatch of goods;
- c. Export Benefits are recognised in the year of export;
- d. 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 ₹ 41.79 Lakh (USD 63,000.00) for 2016 and ₹ 49.45 Lakh (USD 79,000.00) for 2015. There were no discretionary contributions made to the non-union employees' plan in 2016.
- 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 entity:
  - i. All transactions in foreign currencies are recorded at the rates of exchange prevailing on the dates when the relevant transactions take place;
  - ii. Monetary assets and liabilities in foreign currency outstanding at the close of the year are converted 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. Each part of an item of Plant and equipment with a cost that is significant in relation to the total cost of item is depreciated separately. This applies mainly to components for machinery.

##### **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

Further, Significant components of assets in Holding Company are depreciated separately over their respective useful lives; the remaining components are depreciated over the life of the principal asset. 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 periods. 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 favorable 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. 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.



NOTES

A series of horizontal lines for taking notes, spanning the width of the page below the 'NOTES' header.

**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 37th Annual General Meeting of the Company at M.C. Ghia Hall at Bhogilal Hargovindas Building, 4th Floor, 18/20, Kaikhushru Dubash Marg, Kala Ghoda, Mumbai - 400 001 on Monday, September 26, 2016 at 11 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 37th Annual General Meeting of the Company, to be held on Monday, September 26, 2016 at 11.00 a.m. at M.C. Ghia Hall at Bhogilal Hargovindas Building, 4th Floor, 18/20, Kaikhushru Dubash Marg, Kala Ghoda, Mumbai - 400 001 and at any adjournment thereof, in respect of such resolutions set out in the Notice convening the meeting, as are indicated below:

RESOLUTIONS	Optional*	
	For	Against
<b>Ordinary Business</b>		
1. Adoption of the Financial Statements and Directors' and Auditors' Reports thereon for the year ended March 31, 2016.		
2. Re-appointment of Mr. Pushkar Khurana (DIN: 00040489), 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. To decide and approve the fees for service of document(s) on the members		
6. Reappointment of Mr. P.K. Khurana (DIN: 00004050) as Chairman & Managing Director of the Company and payment of remuneration		
7. Appointment Mr. Puneet Khurana (DIN: 00004074) as Executive Director of the Company and payment of remuneration		
8. Ratification of the remuneration of the Cost Auditors.		

Signed this \_\_\_\_\_ day of \_\_\_\_\_, 2016.

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
- For the Resolutions, Explanatory Statement and Notes, Please refer to the Notice of the 37th 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

### COMPRESSED NATURAL GAS CYLINDERS



### INDUSTRIAL GASES CYLINDERS



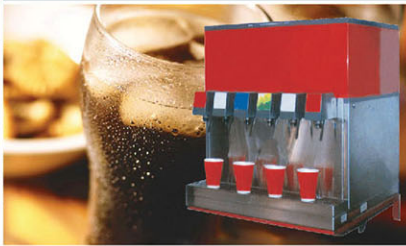
### FIRE FIGHTING CYLINDERS



### MEDICAL GASES CYLINDERS



### FOR BEVERAGE USE



### BREATHING APPARATUS CYLINDERS







*Clean Energy Solution Company*

**EVEREST KANTO CYLINDER LIMITED**

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CIN: L29200MH1978PLC020434

