



Clean Energy Solution Company



Billet Cylinders

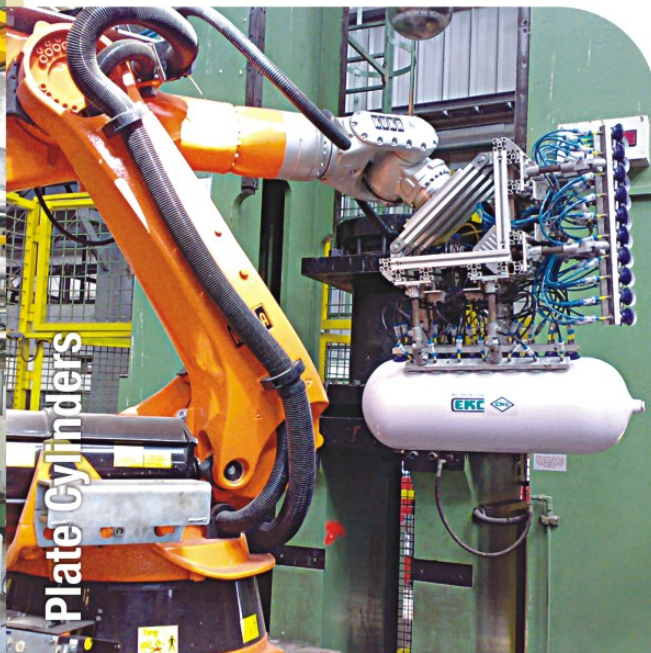


Plate Cylinders



Type2 Cylinders



Annual Report

2012

The forefront of 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.

- 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.
- Eight manufacturing plants in India, Dubai, China and Unites States of America.
- All EKC plants carry ISO: 9001 accreditation for quality management systems.

New facilities

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



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



Latest Billet plant at Gandhidham



Type2 - Plate Cylinder plant at China



BOARD OF DIRECTORS**Chairman & Managing Director**

Mr. P.K. Khurana

Non - Executive Director

Mr. Pushkar Khurana

Whole - Time Directors

Mr. Puneet Khurana

Mr. P.M. Samvatsar

Independent Directors

Mr. Shailesh Haribhakti (till May 30, 2012)

Mr. Krishen Dev

Mr. Naresh Oberoi

Mr. Mohan Jayakar

Mr. Vyomesh Shah

Mr. Gurdeep Singh

Non - Executive Non - Independent Director

Mr. Varun Bery

CHIEF FINANCIAL OFFICER

Mr. Vipin Chandok

COMPANY SECRETARY & COMPLIANCE OFFICER

Ms. Kanika Sharma (from May 21, 2012)

BANKERS TO THE COMPANY

State Bank of Hyderabad

Citibank N.A.

ICICI Bank Limited

Standard Chartered Bank

Yes Bank Ltd.

DBS Bank Limited

STATUTORY AUDITORS

Dalal & Shah,

Chartered Accountants, Mumbai

REGISTRAR AND SHARE TRANSFER AGENT

Link Intime India Private Limited

C-13, Pannalal Silk Mills Compound,

L.B.S Marg, Bhandup (W),

Mumbai - 400 078.

Tel.: 91 22 2594 6970

Fax: 91 22 2594 6969

Email: rnt.helpdesk@linkintime.co.in

Website: www.linkintime.co.in

BOARD COMMITTEES**Audit Committee**

Mr. Vyomesh Shah (Chairman)

Mr. Naresh Oberoi

Mr. Krishen Dev

Mr. Puneet Khurana

Shareholders' / Investors' Grievances Redressal and Share Transfer Committee

Mr. Mohan Jayakar (Chairman)

Mr. Puneet Khurana

Mr. P.M. Samvatsar

Remuneration Committee

Mr. Krishen Dev (Chairman)

Mr. Mohan Jayakar

Mr. Naresh Oberoi

Mr. P.K. Khurana

Allotment Committee

Mr. P.K. Khurana (Chairman)

Mr. Puneet Khurana

Mr. P.M. Samvatsar

Management Committee

Mr. P.K. Khurana (Chairman)

Mr. Puneet Khurana

Mr. P.M. Samvatsar

Investment Committee

Mr. P.K. Khurana (Chairman)

Mr. Shailesh Haribhakti (till May 30, 2012)

Mr. Krishen Dev

Mr. Puneet Khurana

REGISTERED OFFICE

204, Raheja Centre,

Free Press Journal Marg,

214, Nariman Point,

Mumbai - 400 021.

Tel.: 91 22 3026 8300 - 01

Fax: 91 22 2287 0720

Email: investors@ekc.in

Website: www.everestkanto.com

33rd Annual General Meeting on Saturday, August 11, 2012 at 10.30 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

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NOTICE

Notice is hereby given that the Thirty Third Annual General Meeting of the Members of EVEREST KANTO CYLINDER LIMITED will be held on Saturday, August 11, 2012 at 10.30 a.m. at M. C. Ghia Hall at Bhogilal Hargovindas Building, 4th Floor, 18/20, Kaikhushru Dubash Marg, Kala Ghoda, Mumbai - 400 001, to transact the following businesses:

A. ORDINARY BUSINESS:

1. To consider and adopt the audited Balance Sheet as at March 31, 2012, the Profit and Loss Account for the year ended on that date and the Reports of the Board of Directors and Auditors thereon.
2. To declare a dividend on Equity Shares.
3. To appoint a Director in place of Mr. Krishen Dev, who retires by rotation and being eligible, offers himself for re-appointment.
4. To appoint a Director in place of Mr. Puneet Khurana, who retires by rotation and being eligible, offers himself for re-appointment.
5. To appoint a Director in place of Mr. P.M. Samvatsar, who retires by rotation and being eligible, offers himself for re-appointment.
6. To appoint the Statutory Auditors and to fix their remuneration and in this regard to consider and if thought fit, to pass with or without modification(s), the following resolution as an **Ordinary Resolution**:
"RESOLVED THAT M/s. Dalal & Shah, Chartered Accountants (Registration Number 102021W), be and are hereby re-appointed as Statutory Auditors of the Company, to hold office from the conclusion of this Annual General Meeting until the conclusion of the next Annual General Meeting of the Company on such remuneration as shall be fixed by the Board of Directors."
7. To appoint Branch Auditors and to fix their remuneration and in this regard to consider and if thought fit, to pass with or without modification(s), the following resolution as an **Ordinary Resolution**:
"RESOLVED THAT M/s. Arun Arora & Co., Chartered Accountants (Registration Number A - 12018), be and are hereby re-appointed as Branch Auditors of the Company, to hold office from the conclusion of this Annual General Meeting until the conclusion of the next Annual General Meeting of the Company on such remuneration as shall be fixed by the Board of Directors."

B. SPECIAL BUSINESS:

8. To pass the following resolution, if deemed fit, as an **Ordinary Resolution** with or without modification(s):
"RESOLVED THAT the consent of the Company be and is hereby accorded to the Board of Directors under Section 293(1)(a) of the Companies Act, 1956 to create a charge on all the assets of the Company, immovable and moveable, present and future, which are eligible for being offered as security for the current and future borrowings by the Company, to the extent of the borrowing powers of the Company, in favour of a Security Trustee who would hold the assets in trust and for and behalf of all the present and future secured lenders to the Company to the extent of each of the secured lender's entitlement/eligibility for the charge over the assets of the Company in relation to their individual lending to the Company for the due repayment of all the amounts payable by the Company to the lenders."
9. To pass the following resolution, if deemed fit, as a **Special Resolution** with or without modification(s):
"RESOLVED THAT subject to the approval of the Central Government and pursuant to Sections 198, 309 and the other applicable sections of the Companies Act, 1956 and the Schedule XIII thereto, consent of the Members of the Company be and is hereby accorded to waive the excess remuneration paid to Mr. P.K. Khurana, Chairman & Managing Director, Mr. Puneet Khurana and Mr. P.M. Samvatsar, Whole-Time Directors of the Company over and above the limits prescribed under the Companies Act, 1956 for the financial year 2011-12."

By Order of the Board of Directors

Mumbai
May 29, 2012

Kanika Sharma
Company Secretary

Registered Office

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

NOTES:

1. **A member entitled to attend and vote at the Annual General Meeting (the Meeting) is entitled to appoint a proxy to attend and vote on a poll instead of himself and the proxy need not be a member of the Company. The instrument appointing the proxy should, however, be deposited at the Registered Office of the Company not less than forty-eight hours before the commencement of the Meeting.**
2. In terms of Article 137 of the Articles of Association of the Company, read with Section 256 of the Companies Act, 1956, Mr. Krishen Dev, Independent Director, Mr. Puneet Khurana and Mr. P.M. Samvatsar, Whole-Time Directors, retire by rotation at the ensuing Annual General Meeting and being eligible, offer themselves for re-appointment. The Board of Directors of the Company commends their respective re-appointments. Brief resume of these Directors, nature of their expertise in specific functional areas and names of companies in which they hold directorships and memberships/chairmanships of Board Committees, shareholding as stipulated under Clause 49 of the Listing Agreement with the Stock Exchanges in India, are provided in the Report on Corporate Governance forming part of the Annual Report.
3. Members are requested to bring their Attendance Slip along with their copy of Annual Report to the Meeting.
4. In case of joint holders attending the Meeting, only such joint holder who is higher in the order of names will be entitled to vote.
5. Corporate members intending to send their authorised representatives to attend the Meeting are requested to send to the Company, a certified copy of the Board Resolution authorising their representative to attend and vote on their behalf at the Meeting.
6. Relevant documents referred to in the accompanying Notice are open for inspection at the Registered Office of the Company on all working days, except Saturdays between 11.00 a.m. and 1.00 p.m. up to the date of the Meeting.
7. The Company has already notified closure of Register of Members and Transfer Books thereof from Saturday, August 4, 2012 to Saturday, August 11, 2012 (both days inclusive) for determining the names of members eligible for dividend on equity shares, if declared at the Meeting.
8. The dividend on equity shares, if declared at the Meeting, will be credited/dispatched on Friday, August 17, 2012 to those members whose names shall appear on the

Company's Register of Members on Friday, August 3, 2012. In respect of shares held in dematerialized form, the dividend will be paid to members whose names are furnished by National Securities Depository Limited and Central Depository Services (India) Limited as beneficial owners as at the end of business hours on Friday, August 3, 2012.

9. Members who have so far not encashed dividend warrant(s) for the Financial Year(s) 2005-06, 2006-07, 2007-08, 2008-09, 2009-10 and 2010-11 are requested to write to the Company's Registrar and Transfer Agents, Link Intime India Private Limited, immediately.
10. Members desirous of getting any information about the accounts and operations of the Company are requested to address their queries to the Company Secretary at the registered office so as to reach the Company at least seven days before the date of the Meeting to enable the management to keep the required information readily available at the Meeting.

Explanatory Statement under Section 173(2) of the Companies Act, 1956
1. As regards Item No. 8:

Presently, in respect of the secured borrowings by the Company, securities on the properties of the Company have been created in favour of the individual lenders in terms of the sanction letters and the loan agreements with them, and the various charges have been registered with the Registrar of Companies.

In the above arrangement, due to the repayment of the loans from time to time, fully or partly, whereas while the borrowed amount may reduce or become zero over the period of time, the value of the security provided to the lenders remains the same and the assets provided as security continue to remain locked up, unless cancelled, making them ineligible for being offered as security for new borrowings by the Company, thereby hampering the debt raising ability of the Company.

To tide over the difficulty, it is proposed that a Security Trustee be appointed and a charge on all the assets of the Company, immovable and moveable, which are eligible for being offered as security for borrowings, be created in its favour. The Trustee would hold the assets in trust and for and behalf of all the secured lenders to the Company to the extent of each one's entitlement/eligibility for the charge over the assets of the Company in relation to their individual lending to the Company for the due repayment of all the amounts payable by the Company to the Lenders.

Another advantage of the above arrangement is that stamp duty and registration charges would be payable only once at the time of creation of charge in favour of the security trustee and would obviate the recurrent payment thereof every time a charge is to be created.

The creation of charge in favour of the security trustee requires approval of the shareholders under section 293(1)(a) of the Companies Act, 1956.

The Board recommends approval of the resolution by the shareholders as an Ordinary Resolution.

None of the directors of the Company has any concern or interest in the Resolution.

2. As regards Item No. 9:

The appointments of Mr. P.K. Khurana as Chairman & Managing Director and Mr. Puneet Khurana as Whole-Time Director of the Company, with effect from January 1, 2008 and of Mr. P.M. Samvatsar as the Whole-Time Director with effect from November 1, 2009 were made in the Board Meetings held on May 21, 2007 and October 27, 2009 respectively for a period of 5 years from the date of respective appointment on the terms and conditions contained in the Board Resolution and Agreements executed with them. The remuneration was approved by the Remuneration Committee in their meetings held on May 21, 2007 and October 27, 2009 respectively. The appointment and remuneration so fixed was ratified by the Shareholders in the 28th and 31st Annual General Meeting held on July 3, 2007 and July 27, 2010 respectively.

The remuneration paid during the financial year 2011-12 in accordance with the terms of appointment of the above Directors is in excess of the limits provided under Sections 198, 309 and other applicable section of the Companies Act, 1956 and the Schedule XIII thereto, due to absence of profits during the financial year. The excess remuneration is as under:

(₹ In Lakh)

	Mr. P.K. Khurana	Mr. Puneet Khurana	Mr. P.M. Samvatsar
Remuneration Paid*	139.68	71.95	67.68
Eligible Remuneration as per Schedule XIII to the Companies Act, 1956	24.00	24.00	24.00
Excess Remuneration	115.68	47.95	43.68

*Excluding contribution to Provident Fund, Superannuation Fund and Gratuity Fund.

The Remuneration Committee and the Board of Directors, subject to the approval of the shareholders by way of Special Resolution and of the Central Government, have approved the waiver of the excess remuneration.

Additional information furnished pursuant to Schedule XIII, Part II, Section II, Point 1 (C) of the Companies Act, 1956:

I. GENERAL INFORMATION:

- (1) Nature of industry:
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.
- (2) Date or expected date of commencement of commercial production:
Not Applicable as the Company is an existing Company.
- (3) In case of new companies, expected date of commencement of activities as per project approved by financial institutions appearing in the prospectus:
Not Applicable.
- (4) Financial performance based on given indicators:

(₹ In Lakh)

	Audited as on March 31, 2012	Audited as on March 31, 2011
Total Revenue	32,362.35	38,836.50
Profit/(Loss) before Tax	(1,987.80)	3,547.72
Profit/(Loss) after Tax	(1,221.65)	2,251.75
Net Worth	50,806.67	52,129.05
Earnings Per Share	(1.14)	2.13

- (5) Export performance and net foreign exchange earnings:
During the last 3 years the net foreign exchange earnings is as under:

(₹ In Lakh)

Year	Net Foreign Exchange Earnings (F.O.B.)
2011-12	6,444.38
2010-11	12,158.88
2009-10	5,409.14

(6) Foreign investments or collaborators, if any:

As on March 31, 2012, the shareholding of Foreign Institutional Investors, Foreign Nationals and Foreign Companies is as under:

Particulars	No. of Shares held	%
Foreign Institutional Investors	5,866,921	5.48
Foreign Nationals		
• Non Resident Indians (Repat)	523,405	0.49
• Non Resident Indians (Non Repat)	159,722	0.15
Foreign Companies	8,036,714	7.50
Total	14,586,762	13.62

II. INFORMATION ABOUT THE DIRECTORS:

(1) Background Details:

Mr. P.K. Khurana, aged 72 years, is the Chairman & Managing Director of the Company. He is a Law and Arts Graduate. As a founder member of the Company, he has been responsible for its overall operations and growth since its inception in 1978. He has been instrumental in the development of the Company and has dealt with all the facets of its business ever since the Company was set up.

Mr. Puneet Khurana, Whole-Time Director, aged 38 years, is a commerce graduate from Mumbai University and Masters in Business Administration (International Business) from European University, Montreux, Switzerland. He has cumulative experience of 16 years in the Company as a Director.

Mr. P.M. Samvatsar, Whole-Time Director, aged 60 years, is a Mechanical Engineer from Visvesvaraya Regional College of Engineering, Nagpur University and D.M.S. from Mumbai University. He is associated with the Company since 1985.

(2) Past Remuneration:

During the year 2011-12, Mr. P.K. Khurana, Mr. Puneet Khurana and Mr. P.M. Samvatsar have drawn remuneration as under:

(in ₹)

	Salary	Perquisites and allowances	Total
Mr. P.K. Khurana	9,900,000	5,255,682	15,155,682
Mr. Puneet Khurana	5,700,000	3,193,142	8,893,142
Mr. P.M. Samvatsar	4,750,000	3,433,912	8,183,912

(3) Recognition or Awards:

Mr. P.K. Khurana has been the founder and pioneer of the Company since inception.

Achievements of Mr. Puneet Khurana include exploiting international markets for the Company's CNG cylinders in Iran, Malaysia, Thailand and Bangladesh.

Under the leadership of Mr. P.M. Samvatsar, the Company has launched development programmes for composite cylinders, laid the expansion plans that are currently underway, recently established green field plant for manufacture of cylinders from steel billets by billet piercing process and also established a state of the art plant for manufacture of cylinders from steel plates (these two technologies are unique and being employed for the first time in India).

(4) Job Profile and Their Suitability:

Mr. P.K. Khurana is the Chairman & Managing Director of the Company. He works with the senior executives to oversee the overall management of the Company. He also coordinates the efforts of various departments, such as legal, finance, marketing and sales, etc to meet the Company's goals. He is the pioneer of high pressure seamless cylinder in India and is an acknowledged expert in the field.

Mr. Puneet Khurana is an Executive Director of the Company. Having vast business acumen, he is involved in everyday business activities, development, market procurement and sales activities of the Company. He is closely involved in setting up the subsidiaries in India and overseas.

Mr. P.M. Samvatsar is an Executive Director and has been involved in setting up of the plant in Dubai from its inception; contribution to the upgradation of the Tarapur plant. He headed the Aurangabad plant for many years. He has also been involved in setting up the Gandhidham, Kandla and China plant. He has completed the establishment of manufacturing lines for CNG and Industrial cylinders at Gandhidham and CNG cylinders manufacturing line at China Plant of the Chinese subsidiary.

(5) Remuneration Proposed:

As stated in II (2) above.

(6) Comparative Remuneration Profile with Respect to Industry, Size of the Company:

The remuneration of each of the Directors is commensurate with Companies of similar size of the related industry.

(7) Profile of the Position and Person (in case of Expatriates the Relevant Details would be w.r.t. the Country of his Origin):

As per II (4) above.

(8) Pecuniary Relationship Directly or Indirectly with the Company, or Relationship with the Managerial Personnel, if any:

Mr. P.K. Khurana is the father of Mr. Pushkar Khurana, Non-Executive Director & Mr. Puneet Khurana, Whole-Time Director. Mr. Pushkar Khurana and Mr. Puneet Khurana are related to each other as brothers. Mr. P.M. Samvatsar being a Whole-Time Director forms part of Promoter and Promoter Group pursuant to provisions of Listing Agreements with Stock Exchanges.

The shareholding of appointees as on March 31, 2012 is as under:

Name	No. of Shares held	%
Mr. P.K. Khurana	12,218,000	11.40
Mr. Puneet Khurana	3,753,557	3.50
Mr. P.M. Samvatsar	235,000	0.22
Total	16,206,557	15.12

III. OTHER INFORMATION:

(1) Reasons of loss or inadequate profits:

Losses on account of Foreign Currency exposures (including Marked to Market losses) and slowdown in some segments of the business of the Company.

(2) Steps taken or proposed to be taken for improvement:

Company has put in place the Foreign Exchange Risk Management Policy and undertaken steps to increase sales.

(3) Expected increase in productivity and profits in measurable terms:

Company expects to improve its margins and profitability; however, it is difficult to predict the improvement in measurable terms as profits are governed by the market dynamics

The Board recommends the resolution for your approval.

Mr. P.K. Khurana, Mr. Puneet Khurana and Mr. P.M. Samvatsar, Directors are concerned and interested in the Resolution. Mr. Pushkar Khurana, son of Mr. P. K. Khurana and brother of Mr. Puneet Khurana, is also concerned and interested in the Resolution.

None of the other Directors are concerned or interested in the Resolution.

IMPORTANT COMMUNICATION TO MEMBERS

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

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

DIRECTORS' REPORT

Dear Shareholders,

Your Directors are pleased to presents the 33rd Annual Report and the Audited Accounts for the financial year ended March 31, 2012.

FINANCIAL RESULTS

The financial performance of the Company for the year ended March 31, 2012 is summarized below:

(₹ in Lakh)

Particulars	Standalone		Consolidated	
	2011-12	2010-11	2011-12	2010-11
Sales	33,106.08	39,993.83	69,548.56	79,997.92
Less: Excise Duty	2,600.92	2,523.50	2,600.92	2,523.50
Total Sales	30,505.16	37,470.33	66,947.64	77,474.42
Profit before Finance Charges, Depreciation, Foreign Exchange Variation	4,715.84	6,190.12	10,360.54	14,402.24
Less:				
- Finance Charges	1,255.96	314.84	1,777.72	822.72
- Depreciation	2,387.10	2,419.02	6,680.77	6,389.29
Profit before Foreign Exchange Variation and Taxation	1,072.78	3,456.26	1,902.05	7,190.23
Foreign Exchange Variation – Gain / (Loss)	(3,060.58)	91.46	(2,747.00)	268.02
Profit before Tax	(1,987.80)	3,547.72	(844.95)	7,458.25
(Less) / Add: Provision for Taxation				
- Current Tax	-	(1,330.00)	(2.09)	(1,330.00)
- Deferred Tax	266.15	28.33	815.66	892.66
Profit for the year	(1,721.65)	2,246.05	(31.38)	7,020.91
Add: Prior period adjustments and Tax adjustments of earlier years (net)	(500.00)	5.70	(500.00)	5.70
Minority Interest	-	-	-	24.45
Net Profit	(1,221.65)	2,251.75	468.62	7,051.06
Balance brought forward from previous year	9,000.63	9,707.17	33,114.53	29,021.76
Balance Available for appropriation	7,778.98	11,958.92	33,583.15	36,072.82
Appropriations				
Proposed Dividend	267.89	1,607.37	267.89	1,607.37
Provision for Dividend Tax	43.46	266.96	43.46	266.96
Dividend and Dividend Tax for the year 2009-10	-	83.96	-	83.96
Transfer to General Reserve	-	1,000.00	-	1,000.00
Balance carried forward	7,467.63	9,000.63	33,271.80	33,114.53
Basic and Diluted earnings per share of ₹ 2 each before excess depreciation*	(1.14)	2.13	0.44	6.66

* Calculated on weighted average number of shares.

PERFORMANCE REVIEW

The financial year 2011-12 turned out to be a difficult year for some segments and geographies of the group, especially from the second quarter. The situation was compounded by the sudden and sharp depreciation of the Rupee against the US Dollar and the adverse geo-political situation in some of the relevant markets.

On consolidated basis for financial year 2011-12, revenues at ₹ 66,947.64 Lakhs were lower by around 13.59% over the previous year's revenues of ₹ 77,474.42 Lakhs. Net profit at ₹ 468.62 Lakhs was lower by around 93.35% over the previous year's net profit of ₹ 7,051.06 Lakhs. During the year, the consolidated sales volume of cylinders was 743,271 numbers as against 884,339 numbers in the previous year. The Standalone Net Loss is after considering Foreign Currency Loss of ₹ 3,060.58 Lakhs and the Consolidated Net Profit is after considering Foreign Currency Losses of ₹ 2,747 Lakhs mainly incurred by Everest Kanto Cylinder Limited.

DIVIDEND

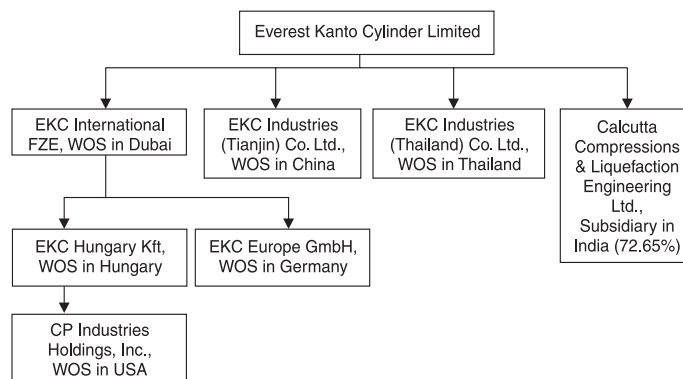
Your Directors have recommended a dividend of ₹ 0.25 per Equity Share of ₹ 2 each (12.50%) (last year ₹ 1.50 per Equity Share) for the financial year ended March 31, 2012, amounting to ₹ 311.35 Lakhs (inclusive of dividend tax of ₹ 43.46 Lakhs).

SUBSIDIARIES

During the year EKC International FZE, a wholly owned subsidiary of the Company, set up a wholly owned subsidiary in Germany, EKC Europe GmbH. The German subsidiary will be engaged in technology development and in marketing of the products of the other group companies in Europe. Mr. Pushkar Khurana, Non-Executive Director of the Company and Managing Director of EKC International FZE has been appointed as the Managing Director of EKC Europe GmbH.

As on March 31, 2012, the Company had 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 and 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 one Indian subsidiary Company viz., Calcutta Compressions & Liquefaction Engineering Ltd.

The Current Corporate Structure is as under:



Pursuant to the provision of Section 212(8) of the Companies Act, 1956, the Ministry of Corporate Affairs, Government of India vide its circular dated February 8, 2011 has granted general exemption from attaching the Balance Sheet, Profit and Loss Account and other documents of the subsidiary companies with the Balance Sheet of the Company. Accordingly, the Board of Directors of the Company has decided to avail of the exemption. As required under the circular, a Statement containing the brief financial details of the subsidiaries for the financial year ended March 31, 2012 is included in the Annual Report. The annual accounts of the subsidiaries and the related detailed information will be made available to any shareholder of the Company and of the subsidiaries who may be interested in obtaining the same at any point of time and are also available at the registered office of the Company and that of the respective subsidiary companies for inspection by any shareholder of the Company and of the subsidiaries. The Consolidated Financial Statements presented by the Company include the financial results of the subsidiary companies.

FIXED DEPOSITS

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

DIRECTORS

Mr. Akash Mehta who had been appointed as an alternate Director to Mr. Varun Bery w.e.f. January 31, 2011 ceased to be an alternate Director to Mr. Varun Bery w.e.f. May 13, 2011.

Mr. Hon Cheong Lam has been appointed as an alternate director to Mr. Varun Bery w.e.f. May 27, 2011 also ceased to be an alternate director to Mr. Varun Bery w.e.f. August 7, 2011.

Mr. Shailesh Haribhakti, Independent Director of the Company, on account of professional commitments and pre-occupation with his firms, has resigned from the Board of Directors May 30, 2012.

As per the provisions of Article 137 of the Articles of Association of the Company, Mr. Krishen Dev, Mr. Puneet Khurana and Mr. P.M. Samvatsar, retire by rotation and being eligible offer themselves for re-appointment at the ensuing Annual General Meeting. The Board of Directors recommends their re-appointment by the shareholders at the ensuing Annual General Meeting.

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

CREDIT RATING FROM CRISIL

In respect of the borrowings programme of the Company, CRISIL has revised the Long Term rating to "CRISIL A/ Stable" from "CRISIL A+/Stable" and has reaffirmed (retained) the Short Term rating as "CRISIL A1".

MANAGEMENT DISCUSSION AND ANALYSIS REPORT

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

DIRECTORS' RESPONSIBILITY STATEMENT

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

- (i) in the preparation of the annual accounts for the year ended March 31, 2012, the applicable accounting standards have been followed and there are no material departures from the same;
- (ii) the Directors have selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company as at March 31, 2012 and of the profit of the Company for the year ended on that date;
- (iii) the Directors have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities; and
- (iv) the Directors have prepared the annual accounts of the Company on a 'going concern' basis.

CONSOLIDATED FINANCIAL STATEMENTS

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

AUDITORS

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

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

CORPORATE GOVERNANCE

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

The requisite Certificate from the Auditors of the Company, M/s. Dalal & Shah, confirming compliance with the conditions of Corporate Governance as stipulated under the aforesaid Clause 49 forms part of the Annual Report.

PARTICULARS OF EMPLOYEES

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

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

ENERGY CONSERVATION, TECHNOLOGY ABSORPTION AND FOREIGN EXCHANGE EARNINGS AND OUTGO

The particulars relating to energy conservation, technology absorption, foreign exchange earnings and outgo, as required to be disclosed under Section 217(1)(e) of the Companies Act, 1956 read with the Companies (Disclosure of Particulars in the Report of Board of Directors) Rules, 1988 are provided as an Annexure to this Report.

ACKNOWLEDGEMENT AND APPRECIATION

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

For and on behalf of the Board

Mumbai
May 29, 2012

P.K. Khurana
Chairman & Managing Director

ANNEXURE TO THE DIRECTORS' REPORT

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

A. CONSERVATION OF ENERGY:

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

- Efficiency in the use of electrical energy by installing power efficient equipments at all the plants/offices.
- Efficiency in the use of Thermal energy like trying out different fuels, improvements in fuel burners, minimizing heat losses by improved insulation, etc.
- Major milestone was achieved when the rotary hearth furnace using LPG as a fuel for our Billet Cylinder Plant was replaced by modern flameless induction heating furnace. It has resulted in a large energy saving and drastic reduction of gaseous emissions.

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

I. Energy Conservation Measures Undertaken at the Plants:

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

- Modification of water pipe lines & use of High Density Poly Ethylene and FRP (Fibre Glass Reinforced Plastic) pipe lines to reduce the pressure losses consequently leading to lower energy requirement.
- Deployment of distributed pumping stations and cooling towers to save energy.
- Servicing of furnace burners in order to improve combustion efficiency of furnaces.
- Installation of automatic shut-off devices on air compressors to ensure they shut down when compressed air demand is low.
- Installation of energy saving transformer for lighting.
- 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.
- 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.

- Installation of wind driven roof ventilators for ventilation to save electrical energy.
- Installation of transparent windows in addition to the transparent roofing sheets in the side walls of the taller sheds for better ventilation and lighting.
- 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.
- Installation of new furnaces with higher thickness of insulation to reduce heat loss and thereby save energy.
- Installation of camel back style oven for the painting system to avoid funneling of air and resultant heat losses.
- 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.
- Installation of more wind driven roof ventilators as energy saving devices.
- Installation of more power saving transformers for the lighting load.

II. Impact of Measures on Reduction of Energy Consumption and Consequent Impact on the Cost of Production of Goods:

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

Place of 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	2,475,426 units	2,841,843 units
Satara, Maharashtra	3	3 x 0.225 MW = 0.675 MW	349.14	615,449 units	456,524 units

Saving in energy costs during the period under consideration.

- a. The wind farm projects as mentioned in the preceding parts have been undertaken in the States of Gujarat and Maharashtra, where the Company is having its own manufacturing facilities. Considering the present power policy of Governments, the Company has directly benefited in terms of captive consumption of energy generated by aforesaid wind farm and also from the sale of power generated from these wind mills.
- b. At Kandla, the energy generated is utilized for captive consumption at Gandhidham unit.
- c. At Satara, the energy generated is sold to Maharashtra State Electricity Board as per the Government's policy

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

Particulars	Current Year	Previous Year
A) Power and Fuel consumption:		
a) Electricity purchased		
Units (kwh in Lakhs)	220.69	224.78
Total Amount (₹ in Lakhs)	1,368.63	1,225.29
Rate per Unit (₹)	6.20	5.45
b) Oxygen purchased		
Units (Cu.M. in Lakhs)	7.23	8.32
Total Amount (₹ in Lakhs)	84.84	88.88
Rate per Cu.M. (₹)	11.73	10.68
c) LDO purchased		
Units (Ltrs. in Lakhs)	18.22	32.58
Total Amount (₹ in Lakhs)	871.27	876.15
Rate per Ltr. (₹)	47.82	26.89
d) LPG purchased		
Units (Kg. in Lakhs)	16.30	13.27
Total Amount (₹ in Lakhs)	819.97	549.61
Rate per Kg. (₹)	50.30	41.43
B) Consumption per unit of production:		
i. Electricity (kwh / MT)	806.18	845.68
ii. Oxygen (Cu.M / MT)	26.42	31.30
iii. LDO (Ltr. / MT)	66.56	122.57
iv. LPG (Kg. / MT)	59.55	49.91

B. TECHNOLOGY ABSORPTION, ADAPTATION AND INNOVATION:

The Management understands the importance of technology in the business segments it operates in and lays utmost emphasis on the systems development and the use of cutting-edge technology available in the industry. The Management keeps itself abreast with technological advancements in the industry and ensures continued and sustained efforts towards absorption of technology, adaptation as well as development of the same to meet business needs and objectives. The Company has procured

the latest equipment and its personnel are trained from time to time, on the use, operation and maintenance of such highly sophisticated equipment.

TECHNOLOGY ABSORPTION

1. The main thrust of the Company is on eco friendliness. The Company has taken a major step by installing a state of the art Effluent Treatment Plant (ETP) at the Kandla SEZ plant. This makes it very eco friendly and at the same time it saves substantial resources, as it achieves conservation of energy, water and chemicals at the same time.
2. Another major step taken is to use steam for heating and to insulate the heated tanks to prevent loss of heat, thereby reducing the carbon footprint. Hot condensate is recycled, which results in large savings of energy.

INNOVATION

USE OF ROBOTIC TECHNOLOGY

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

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

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

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

C. FOREIGN EXCHANGE EARNINGS AND OUTGO:

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

On consolidated basis, revenue from international sales now represents almost 54% of the Company's total consolidated revenues. The Company has established a substantial market in South Asia, South East Asia, Middle East, Africa, South America and CIS countries.

During the year, the Company had exports (FOB value) worth ₹ 6,444.38 Lakhs.

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

Particulars	Current Year	Previous Year
I. Foreign Exchange used	21,785.20	15,175.43
II. Foreign Exchange earned	6,705.87	12,411.24

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

Financial Year 2011-12 was a challenging year for the economy as well as the Company. The global economy witnessed lower economic growth, resulting primarily from the Euro Zone debt crisis and high oil prices. Rising unrest in the Middle East and North Africa resulted in unprecedented levels of crude oil volatility. The European economies stagnated and the US witnessed a downgrade in its credit rating, while the growth engines of the global economy, China and India, were forced to tighten liquidity and to keep interest rates high to tame rising inflation, which was unrelenting in India. The situation was aggravated in India due to the steep and sudden decline in the Rupee versus the US\$ and other currencies and also due to lack of any policy initiatives by the Governments in India to address the emerging challenges. According to the International Monetary Fund (IMF), the global economy is estimated to grow at a modest pace of 3.8% in 2011, as compared to a robust 5.2% in 2010. These global events had an overall negative impact on demand of the Company's products.

DOMESTIC BUSINESS

The demand for industrial cylinders continued to be robust. CNG cylinders witnessed reduced demand from the Original Equipment Manufacturers as well as the Retrofit segment due to various factors, such as, lower growth of automobile sector, non-

coverage of new cities under the City Gas Distribution policy, continued high subsidy on diesel vis a vis petrol resulting in higher production of diesel vehicles, etc. Due to the competitive scenario, there was pressure on margins.

INTERNATIONAL BUSINESSES

(a) Dubai Operations

Due to geo-political situation in the Middle-East Asia, sales to Iran market, which historically accounted for a substantial portion of its business, got severely affected during the year, with concomitant effect on the operating results. To tide over the situation, development of alternate markets, such as, South America, CIS countries, etc. has been initiated.

(b) USA Operations

Due to improved business conditions and demand situation, the performance during the year was robust, represented by about 71% sales growth, improved capacity utilisation and negligible loss at the net level of the standalone operations. On consolidation, the results however continue to report a loss due to amortisation of intangible assets acquired during the business acquisition.

The order book is expected to remain good during the current year and the Company will opt for higher margin business. The huge gas discovery in the USA, the thrust on the increased usage of natural gas and its promotion by the US Government augurs well for the business in the coming years.

(c) China Operations

The China CNG cylinders operations continue to remain affected due to high local competition and price sensitive environment, which scenario is expected to continue. The Jumbo cylinders segment, however, has good business potential due to low competition and high demand and growth prospects. The business thrust, going forward, will be on the Jumbo cylinders segment

STRENGTHS

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

1. Strong Management

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

2. Sustained Leadership in Domestic Market

EKC is India's largest player with highest market share mainly on account of its long history in business and adherence to the highest quality standards. 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. Domination in Export as well as Local Markets

EKC exports to over 20 countries all over the world including countries in South East Asia, Middle East, Africa, South America and Commonwealth of Independent States (CIS) countries and meets their stringent quality and value driven norms set for the products. This demonstrates EKC's global competitiveness, world class quality of its products and superior logistical capabilities. Revenue from international sales now represents almost 56% of the Company's total revenues. The Company continues to maintain its dominant share in the domestic market.

4. High Quality Products

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

5. Wide Variety of Products

Your Company manufactures a wide and versatile range of high pressure seamless cylinders, viz:

- Industrial Gas Cylinders
- CNG Cylinders

- CNG Cylinder Cascades
- Jumbo Cylinders and Skids

In addition to the manufacture of cylinders from steel tubes, which is the norm, the Company has set up facilities for manufacture of industrial cylinders from billets and CNG cylinders from steel plates. The cylinders manufactured from billets and plates are of better quality.

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

6. Supply Chain and Customer Relationships

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

7. Quick Delivery to Customers

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

8. Investment in New Technologies

EKC has made significant investments in newer and alternate technologies which would ultimately enable it to reach leadership status globally. Also, it would be the only Company in India to use alternate technologies and raw materials in its new plants. This would enable EKC to broaden its raw material supply chain which would lead to lower cost of production and better working capital management as also to broaden its product offerings. The new greenfield project at Kandla for plate based CNG cylinders, which has been commissioned in January 2012 would enable it to cater to the niche OEM segment in India and overseas through supply of light weight and more value added cylinders.

9. Investment in Human Talent

All employees are important to the Company and it believes that its employees are particularly critical to its business, as they are responsible for understanding customer expectations, ensuring consistent and quality service

delivery. The employees are essentially the glue that keeps the entire organization together. The Company intends to continue to invest in developing and grooming its employees.

CHALLENGES, RISKS & CONCERNS

1. Raw Material Intensive Industry

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

2. Competition

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

3. Slow Growth in Sales of CNG Cylinders

Because of the regulatory impasse, the overall growth and development of the CNG infrastructure has not been robust in the country. Regulatory initiatives 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. Also as the energy content per kilogram of CNG is comparable to that of petroleum based fuels and the usage of CNG in vehicles results in higher mileage per unit due to its superior combustion characteristics.

4. Domestic CNG Growth Dependent on Government Policies and Plans

The growth in CNG cylinder market for storage and transportation of CNG would be dependent on government plans and initiatives to switch over to alternative fuel. However, with natural gas being made available in many parts of the country over a period of time and rising cost of fuels, it is expected that the Government policies would be progressive favoring CNG as a fuel. This would lead to an accelerated growth in the CNG cylinder industry.

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

OEMs and retrofitters are the major customers of EKC's CNG cylinders in the automobile sector. Any slowdown in cylinder off take from OEMs in India will adversely affect EKC's operations/production plans. However, demand from other global markets helped in offsetting the slowdown in the Indian auto sector.

6. Volatile Steel Prices

Seamless steel tube (primary raw material) prices have stabilized in the past 2-3 years. However, any future volatility in prices will affect the demand if the increase in price is passed on to the customers. If the increase in price is not passed on to the customers it may lead to contraction in the margins.

7. Fluctuation in Foreign Currency

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

There has been a marked adverse variation in the exchange rate between INR and USD in the recent months and the fluctuation may continue significantly in future as well. Accordingly, the Company's operating results have been and will continue to be impacted by fluctuations in the exchange rate between the Indian Rupee and the US Dollar, as well as exchange rates with other foreign currencies.

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

8. Fluctuations in Interest Rate

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

FUTURE PERSPECTIVE

1. Capacity Expansion to Drive Growth

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

Due to the world scale capacities set up in India and overseas, the Company is well positioned to tap the markets as and when the demand picks up. The capacities have been set up without much strain on its funding profile as discern from the low gearing.

2. Increasing Demand for Industrial Cylinders

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

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

3. Increasing Natural Gas Availability

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

FINANCIAL PERFORMANCE VIS-A-VIS OPERATIONAL PERFORMANCE

The last year has been difficult for the Company on account of the challenges presented by the economic environment (both local as well as international) resulting in lower sales and profitability. The situation got aggravated by the adverse movement of the Rupee against the US Dollar.

EKC sold around 745,000 cylinders during the year 2011-12 as compared to 885,000 cylinders during the year 2010-11.

INTERNAL CONTROL SYSTEM

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

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

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

HUMAN RESOURCES AND INDUSTRIAL RELATIONS

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

As of March 31, 2012, EKC and its subsidiaries employed approximately 1400 employees (previous year 1900 employees). This comprises of highly qualified and experienced professionals from various fields like engineering, finance and management. Employee relations continue to be cordial and harmonious.

REPORT ON CORPORATE GOVERNANCE

1. COMPANY'S PHILOSOPHY ON CODE OF GOVERNANCE

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

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

2. BOARD OF DIRECTORS

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

A. Composition and Size of Board

The Company's policy is to maintain optimum combination of Executive and Non-Executive Directors, all of whom are eminent persons with considerable professional expertise and experience in business and industry, finance, management and law. Your Company is managed and guided by a professional Board comprising 11 Directors, whose composition is given below:

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

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

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

Inter-se relationships among Directors

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

Role of Independent Directors

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

B. Board Meetings and Procedures

• Institutionalised decision making process

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

• Conduct of Board Meetings

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

- (ii) The Meetings are usually held at the Company's Registered Office at 204, Raheja Centre, Free Press Journal Marg, 214, Nariman Point, Mumbai-400 021.
- (iii) All divisions/departments of the Company are advised to schedule their work plans well in advance, particularly with regard to matters requiring discussion/approval/decision at the Board/Committee Meetings. All such matters are communicated to the Company Secretary in advance so that the same can be included in the Agenda of the Board/Committee Meetings.
- (iv) The Chairman of the Board and the Company Secretary in consultation with other concerned members of the senior management finalise the agenda for the Board Meetings. Every Board member can suggest additional items for inclusion in the Agenda.
- (v) The Board is given presentations covering finance, sales, marketing, major business segments and operations of the Company, global business environment, all business areas of the Company including business opportunities, business strategy and the risk management practices before taking on record the quarterly/annual financial results of the Company. All necessary information which includes but not limited to the items mentioned in Annexure I A to Clause 49 are placed before the Board of Directors. The Members of the Board are free to bring up any matter for discussions at the Board Meetings and the functioning is democratic.
- (vi) To enable the Board to discharge its responsibilities effectively, the members of the Board are briefed at every Board Meeting on the overall performance of the Company. Senior management is invited to attend the Board Meetings as and when required, so as to provide additional inputs to the items being discussed by the Board.
- (vii) The Minutes of the Board Meetings of unlisted subsidiary companies are tabled at the Board Meetings. The Board periodically reviews the statement of significant transactions and arrangements entered into by the unlisted subsidiary companies.

- **Board Material distributed in advance**

Agenda and Notes on Agenda are circulated to the Directors, in advance, in the defined Agenda format. All material information is incorporated in the Agenda for facilitating meaningful and focused discussions at

the meeting. Where it is not practicable to attach any document to the Agenda, the same is tabled before the meeting with specific reference to this effect in the Agenda. Additional or supplementary item(s) on the Agenda are taken up for discussion/decision with the permission of the Chairman.

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

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

- **Compliance**

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

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

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

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

Six Board Meetings were held during the year, as against the minimum requirement of four meetings. The Company has held at least one Board Meeting in every quarter and the maximum time gap between any two meetings was not more than four months. All the meetings were well attended.

The details of the Board Meetings are as under:

Sr. No.	Date of Board Meeting	No. of Strength	Directors Present
1	May 27, 2011	11	9
2	June 9, 2011	11	5
3	July 8, 2011	11	6
4	July 30, 2011	11	9
5	November 9, 2011	11	9
6	February 3, 2012	11	8

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

Director	Category	No. of Shares in the Company as on March 31, 2012	Attendance Particulars			No. of Other Directorships ¹	No. of Membership(s) / Chairmanship(s) of Board Committees in other Companies ²
			Board Meetings held during tenure	Board Meetings attended	Attended Last AGM held on July 30, 2011		
Mr. P.K. Khurana	Promoter, Executive	12218000	6	6	Yes	2	None
Mr. Pushkar Khurana	Promoter, Non - Executive	4138644*	6	5	Yes	1	None
Mr. Puneet Khurana	Promoter, Executive	3753557	6	5	Yes	2	None
Mr. P.M. Samvatsar	Executive	235000	6	6	Yes	None	None
Mr. Krishen Dev	Independent, Non - Executive	Nil	6	6	Yes	2	2
Mr. Shailesh Haribhakti ^{\$}	Independent, Non - Executive	Nil	6	4	No	13	10 (including 5 as Chairman)
Mr. Mohan Jayakar	Independent, Non - Executive	Nil	6	2	Yes	7	5
Mr. Naresh Oberoi	Independent, Non - Executive	Nil	6	3	No	1	None
Mr. Vyomesh Shah	Independent, Non - Executive	1600	6	1	Yes	5	1
Mr. Gurdeep Singh	Independent, Non - Executive	2900	6	3	Yes	4	2
Mr. Varun Bery	Non - Independent, Non - Executive	Nil	6	3	No	None	None
Mr. Akash Mehta [@]	Alternate Director to Mr. Varun Bery	—	None	None	NA	—	—
Mr. Hon Cheong Lam [#]	Alternate Director to Mr. Varun Bery	Nil	4	2	Yes	—	—

* Excludes 96,982 equity shares acquired by Mr. Pushkar Khurana between March 20, 2012 and March 29, 2012 from the open market. These shares were yet to be credited to Mr. Pushkar Khurana's demat account as on March 31, 2012.

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

@ Mr. Akash Mehta ceased to be Alternate Director to Mr. Varun Bery w.e.f. May 13, 2011.

Mr. Hon Cheong Lam appointed as Alternate Director to Mr. Varun Bery w.e.f. May 27, 2011 and ceased to act as such w.e.f. August 7, 2011.

Note:

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

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

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

I. Mr. Krishen Dev

Mr. Krishen Dev, aged 73 years, graduated in Chemical Engineering from IIT Kharagpur in 1962 and has more than 50 years of business and management experience, particularly in the field of Manmade Fibers. He had a long tenure with Century Enka Ltd., a joint venture between B K Birla group and a Dutch MNC and headed it as CEO from 1993 to 2000. He was President (Business Development) in Reliance Industries Ltd. between July, 2000 and December, 2001. He has been Director of the Company since July 5, 2005.

At present, Mr. Krishen Dev functions as a Business Consultant, assisting medium sized companies in business and organizational development. He is a Director on the Boards and a member of the Audit Committees of JBF Industries Limited and Powerica Limited. He has recently been appointed an Additional Director on the Board of JBF Petrochemical Ltd. and also member of its Audit Committee.

Mr. Krishen Dev is the Chairman of Remuneration Committee and a Member of Audit Committee and Investment Committee of the Company.

Mr. Krishen Dev does not hold any shares of the Company in his name as on March 31, 2012.

II. Mr. Puneet Khurana

Mr. Puneet Khurana, aged 38 years, is a commerce graduate from Mumbai University, Masters in Business Administration (International Business) from European University, Montreux, Switzerland. He has cumulative experience of 16 years in the Company as a Director. His business acumen includes exploiting international markets for the Company's CNG cylinders in Iran, Malaysia, Thailand & Bangladesh. He has been instrumental in developing business relations with Iran and OEM product development from the design stage to production with Bajaj Auto Limited (auto rickshaws), TATA Motors (Indica) and was closely involved in setting up the subsidiaries companies overseas. He has also been working with various gas companies in India like MGL/IGL/Adani Energy for providing solutions for CNG distribution. He has been Director of the Company since April 15, 1996.

At present, Mr. Puneet Khurana is a Director on the Boards of Calcutta Compressions & Liquefaction Engineering Limited, Medical Engineers (India) Limited, Everest Kanto Investment and Finance Private Limited, Khurana Exports Private Limited, Everest Industrial Gases Private Limited, Khurana Fabrication Industries Private Limited, Ukay Valves and Founders Private Limited, Khurana Gases Private

Limited, G.N.M. Realtors Private Limited, EKC Industries (Tianjin) Company Limited, CP Industries Holdings, Inc. and EKC Industries (Thailand) Company Limited.

Mr. Puneet Khurana is a member of Audit Committee, Shareholders'/Investors' Grievances Redressal and Share Transfer Committee, Allotment Committee, Management Committee and Investment Committee of the Company. He is also a member of Remuneration Committee of Calcutta Compressions & Liquefaction Engineering Limited.

Mr. Puneet Khurana holds 3,753,557 shares of the Company as on March 31, 2012.

III. Mr. P.M. Samvatsar

Mr. P.M. Samvatsar, aged 60 years, is a Mechanical Engineer from Visvesvaraya Regional College of Engineering, Nagpur University and D.M.S. from Mumbai University. Having joined the Company in August, 1985 as an Assistant Works Manager, he became Vice-President in 2002 and was later appointed as a Director on November 1, 2004. He has been playing a key role in setting up systems and vendor development programs for manufacturing and processing. He has also been involved in setting up of the plant in Dubai from the inception stage of the facility; contribution to the upgradation of the Tarapur plant and increasing the production level of the Aurangabad plant. He has completed the establishment of manufacturing lines for CNG and industrial cylinders at Gandhidham and CNG cylinders manufacturing line at China Plant of the Chinese subsidiary. Later on, he established Jumbo cylinder manufacturing facilities at China and Gandhidham, India.

He is a member of the:

- BIS committee for standard formulation and has made substantial contributions in upgrading existing standards and formulation of new standards.
- Task Force set up for the safety issues in CNG use-set up by PESO.
- Draft committee for review of Static and Mobile Pressure Vessel and Gas Cylinder Rules working under PESO.

Under his leadership, the Company has:

- launched development programmes for Composite Cylinders.
- laid the expansion plans that are currently underway.
- recently established green field plant for manufacture of cylinders from steel billets by billet piercing process.*

- also established a state of the art plant for manufacture of cylinders from steel plates.*

*These two technologies are unique and being employed for the first time in India.

At present, Mr. P.M. Samvatsar is a Director on the Board of EKC Industries (Tianjin) Company Limited.

Mr. P.M. Samvatsar is a member of Shareholders' / Investors' Grievances Redressal and Share Transfer Committee, Allotment Committee and Management Committee of the Company.

Mr. P.M. Samvatsar holds 235,000 shares of the Company as on March 31, 2012.

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

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

Currently, the Board has six committees, viz.,

- Audit Committee
- Shareholders' / Investors' Grievances Redressal and Share Transfer Committee
- Remuneration Committee
- Allotment Committee
- Management Committee
- Investment Committee

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

A. AUDIT COMMITTEE

(a) Terms of reference

The Audit Committee assists the Board in its responsibility for overseeing the quality and integrity of the accounting, auditing and reporting practices of the Company and its compliance with the legal and regulatory requirements. The Committee's purpose is,

inter alia, to oversee the accounting and financial reporting process of the Company, the audits of the Company's financial statements, the appointment, independence and performance of the statutory auditors, the performance of internal auditors and the Company's risk management policies.

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

(b) Meetings of the Audit Committee

Four meetings of the Audit Committee were held during the year ended March 31, 2012, on May 27, 2011, July 30, 2011, November 9, 2011 and February 3, 2012.

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

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

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

The Audit Committee comprises of three Independent Non-Executive Directors and one Promoter 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.Vyomesh Shah	Chairman	Independent & Non – Executive	4	1
Mr. Krishen Dev	Member	Independent & Non – Executive	4	4
Mr. Naresh Oberoi	Member	Independent & Non – Executive	4	3
Mr. Puneet Khurana	Member	Promoter & Executive	4	4

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

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

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

(a) Terms of reference

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

- To approve Transfer/Transmission De-materialisation/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.
- To do all other acts, deeds and things or otherwise deal with all matters in relation to the Shareholders and Investors Grievances.

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

One meeting of the Shareholders'/Investors' Grievances Redressal and Share Transfer Committee was held on February 3, 2012 during the year ended March 31, 2012.

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

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

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

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

(e) Investor Grievance Redressal

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

Quarter	Pending from earlier quarter	Received during the quarter	Resolved during the quarter	Pending at end of the quarter
Jun - 2011	0	5	5	0
Sep - 2011	0	6	6	0
Dec - 2011	0	4	4	0
Mar - 2012	0	4	4	0
Total	0	19	19	0

There were no requests for transfer and for dematerialization were pending for approval as on March 31, 2012.

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

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

(f) Equity Shares in the Suspense Account

As per Clause 5A of the Listing Agreement, the Company reports that 2,110 Equity Shares belonging to 10 shareholders are lying in the unclaimed securities suspense account as on March 31, 2012. The voting rights on the shares outstanding in the suspense account as on March 31, 2012 shall remain frozen till the rightful owner of such shares claims the shares.

C. REMUNERATION COMMITTEE

(a) Terms of Reference

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

(b) Remuneration Policy

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

(c) Composition of the Remuneration Committee

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

(d) Meetings of the Remuneration Committee

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

(e) Payment to Directors

i. Remuneration to Managing Director/Executive Directors:

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

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

Remuneration paid/payable to the Managing Director and Whole-Time Directors for the year ended March 31, 2012: (in ₹)

Name of Director	Mr. P.K. Khurana	Mr. Puneet Khurana	Mr. P.M. Samvatsar
Designation	Chairman & Managing Director	Whole-Time Director	Whole-Time Director
Salary, allowances, etc	13,860,000	5,700,000	6,650,000
Contribution to P.F. & other funds	1,188,000	1,698,600	1,415,500
Other Perquisites	107,862	1,494,542	118,412
Commission	-	-	-
Total	15,155,682	8,893,142	8,183,912

Other perquisites include club fees, Contribution to SAF, Gratuity and medical reimbursement.

However, in view of the loss during the financial year 2011-12, the above remuneration exceeds the limits prescribed under sections 198 and 309 of the Companies Act, 1956 and Schedule XIII to the said Act, for each of the Directors, as under:

Name	Excess Amount of Remuneration (₹)
Mr. P.K. Khurana	11,567,862
Mr. Puneet Khurana	4,794,542
Mr. P.M. Samvatsar	4,368,412

Hence, subject to the approval of the shareholders by way of Special Resolution and of the Central Government, the Remuneration Committee and the Board at their respective meetings held on May 29, 2012 have approved the payment of excess remuneration.

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

The Non-Executive Directors (except Mr. Pushkar 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.

Each of the Independent Directors are also paid commission amounting to ₹ 5,00,000/- on an annual basis, provided that the total commission payable to such Directors shall not exceed 1% of the net profits of the Company. The commission is paid uniformly to the Independent Directors based on the principle of collective responsibility.

In respect of the financial year 2011-12, the sitting fees paid to the Non-Executive Directors are as detailed below:

(in ₹)

Name	Sitting fees paid during the year 2011-12		Total
	Board Meetings	Committee Meetings	
Mr. Shailesh Haribhakti	80,000	–	80,000
Mr. Mohan Jayakar	40,000	10,000	50,000
Mr. Krishen Dev	120,000	40,000	160,000
Mr. Vyomesh Shah	20,000	10,000	30,000
Mr. Naresh Oberoi	60,000	30,000	90,000
Mr. Gurdeep Singh	60,000	–	60,000
Mr. Varun Bery	60,000	–	60,000
Mr. Akash Mehta	–	–	–
Mr. Hon Cheong Lam	40,000	–	40,000

D. ALLOTMENT COMMITTEE

(a) Terms of Reference

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

(b) Composition of Allotment Committee

The Allotment Committee comprises of the 3 Executive Directors of the Company viz., Mr. P.K. Khurana, Mr. Puneet Khurana and Mr. P.M. Samvatsar. Mr. P.K. Khurana is the Chairman of the Committee.

(C) Meetings of the Allotment Committee

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

E. MANAGEMENT COMMITTEE

(a) Terms of Reference

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

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

The Management Committee comprises of the 3 Executive Directors of the Company viz., Mr. P.K. Khurana, Mr. Puneet Khurana and Mr. P.M. Samvatsar. Mr. P.K. Khurana is the Chairman of the Committee.

(c) Meetings of the Management Committee

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

F. INVESTMENT COMMITTEE

(a) Terms of Reference

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

(b) Composition of the Committee

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

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

(c) Meetings of the Investment Committee

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

(d) Investment Sub Committee

The Investment Committee also has a Sub Committee called as the Investment Sub Committee. The Investment Sub Committee works under the superintendence of the Investment Committee of the Board of Directors. The Investment Sub Committee comprises of the 3 Executive Directors of the Company viz., Mr. P.K. Khurana, Mr. Puneet Khurana and Mr. P.M. Samvatsar. Mr. P.K. Khurana is the Chairman of the Committee.

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

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

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 and Time	Venue	Special Resolutions passed
2010-11	July 30, 2011 10.30a.m.	M. C. Ghia Hall at Bhogilal Hargovindas Building, 4 th Floor, 18 / 20, Kaikhushru Dubash Marg, Kala Ghoda, Mumbai - 400 001.	None
2009-10	July 27, 2010 4.00p.m.	4th Floor Convention Hall, Y. B. Chavan Centre, General Jagannath Bhosle Marg, Nariman Point, Mumbai - 21.	None
2008-09	July 28, 2009 3.30p.m.	M. C. Ghia Hall, Bhogilal Hargovindas Building, 2 nd Floor, 18 / 20, K. Dubash Marg, Mumbai - 400 001.	1. Further issue of securities 2. Increase in the limit of Foreign Institutional Investors Holding in the Company

B. Postal Ballot

No special resolution was passed through Postal Ballot during 2011-12.

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. xxxvii (11) (2), forming part of the Annual Report.

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

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

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

C. Whistle Blower Mechanism

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

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

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

(i) Independent Directors:

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

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

(ii) Remuneration Committee:

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

(iii) Audit Qualification

Company is in the regime of unqualified financial statements.

(iv) Training of Board Members:

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

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

(v) Whistle Blower Mechanism:

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

6. MEANS OF COMMUNICATION:

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

(i) Quarterly Results:

The approved financial results are forthwith sent to the Stock Exchanges where the shares are listed and are displayed on the Company's website www.everestkanto.com and are published in Business Standard (English) 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. are displayed on the Company's website www.everestkanto.com and are also submitted to the Stock Exchanges.

(iii) Website:

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

(iv) Annual Report:

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

(v) Designated Exclusive Email ID:

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

7. GENERAL SHAREHOLDER INFORMATION
7.1 Company Registration Details:

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

7.2 33rd Annual General Meeting:

Day, Date and Time: Saturday, August 11, 2012 at 10.30 a.m.

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

7.3 Financial Calendar (tentative and subject to change)

Financial Year: April 1, 2012 to March 31, 2013

Results for the quarter ending June 30, 2012

1st / 2nd week of August, 2012

Results for quarter ending September 30, 2012

1st / 2nd week of November, 2012

Results for quarter ending December 31, 2012

1st / 2nd week of February, 2013

Results for year ending March 31, 2013

3rd / 4th week of May, 2013

Annual General Meeting

August, 2013

7.7 Stock Market Data

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

Month	Bombay Stock Exchange Limited (BSE)			National Stock Exchange of India Limited (NSE)		
	Month's High Price	Month's Low Price	No. of Shares traded	Month's High Price	Month's Low Price	No. of Shares traded
April 2011	90.60	77.55	30 41 398	95.65	77.50	1 03 38 300
May 2011	87.90	75.00	21 11 218	87.80	75.00	77 35 411
June 2011	95.15	79.60	26 21 456	95.40	78.95	1 06 78 780
July 2011	97.25	85.70	16 56 518	97.25	84.95	1 02 10 131
August 2011	93.80	67.00	18 15 575	93.75	67.10	99 09 547
September 2011	80.00	69.80	10 24 002	79.60	69.55	51 11 339
October 2011	74.40	59.10	11 90 524	74.50	58.80	62 47 597
November 2011	62.80	38.75	20 26 029	62.45	38.70	82 28 919
December 2011	44.75	25.10	31 18 118	46.00	25.10	1 07 92 147
January 2012	39.20	24.65	66 76 677	41.15	24.60	2 28 14 563
February 2012	49.00	35.50	74 87 201	47.50	35.55	2 46 91 058
March 2012	39.60	28.40	29 90 975	39.50	27.55	1 13 07 545

Source: BSE & NSE website

7.4 Book Closure Period

Saturday, August 4, 2012 to Saturday, August 11, 2012 (both days inclusive) for payment of dividend.

7.5 Dividend Payment Date

On or before August 17, 2012.

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

FCCBs

Singapore Exchange Securities Trading Limited (SGX-ST)

[a wholly owned subsidiary of Singapore Exchange Limited]

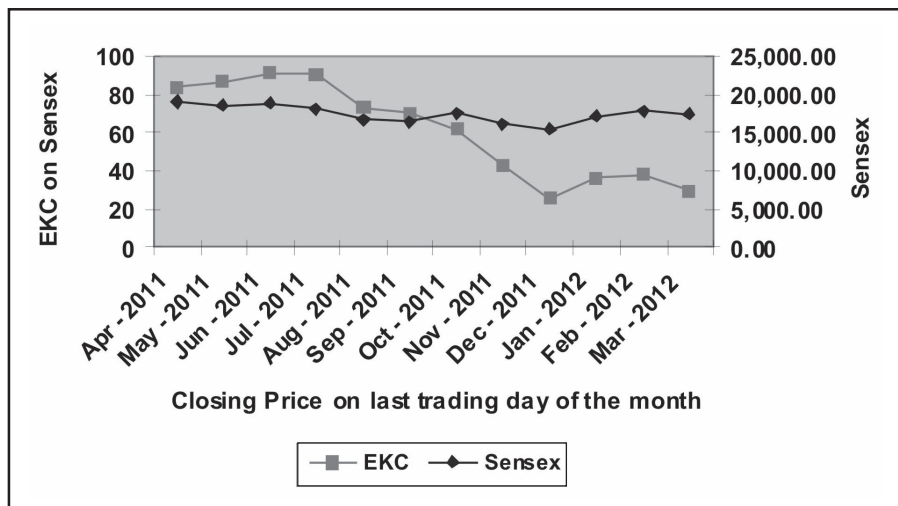
ISIN XS0324309029

Payment of Listing Fee

Annual listing fee payable to BSE and NSE for 2012-13 and SGX-ST for 2012 have been paid in full by the Company.

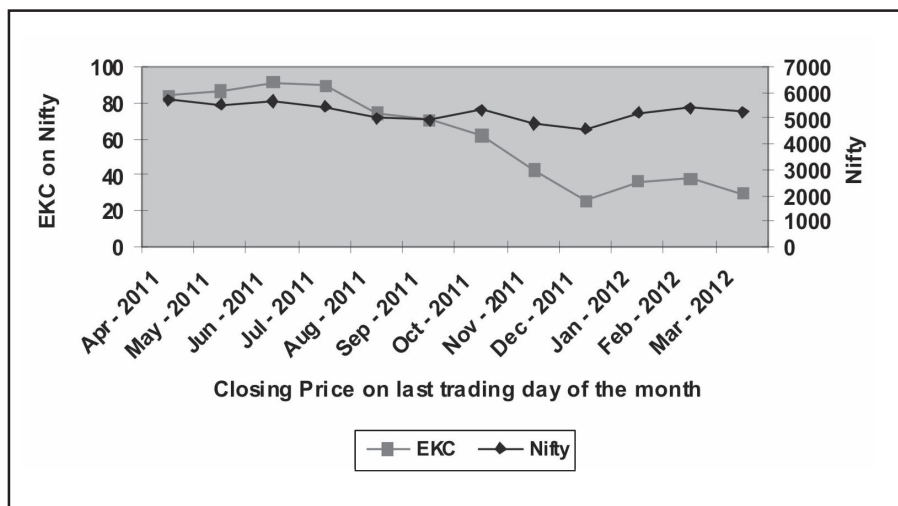
7.8 Stock Performance

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



Source: BSE website

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



Source: NSE website

Liquidity

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

7.9 Registrar & Share Transfer Agent:

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

7.10 Share Transfer System

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

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

7.11 Statement showing shareholding pattern as on March 31, 2012

Category of Shareholders	Number of shares	% of Shareholding
Shareholding of Promoter and Promoter Group	62 909 916	58.71
Mutual Funds	7 225 000	6.74
Financial Institutions / Banks	1 100	0.00
Foreign Institutional Investors	5 866 921	5.48
Bodies Corporate	4 562 099	4.26
Individual shareholders holding nominal share capital up to ₹ 1 lakh	14 872 183	13.88
Individual shareholders holding nominal share capital in excess of ₹ 1 lakh	675 006	0.63
Clearing Member	2 321 116	2.17
Non Resident Indians (Repat)	523 405	0.49
Non Resident Indians (Non Repat)	159 722	0.15
Foreign Companies	8 036 714	7.50
Other Directors	4 500	0.00
TOTAL	107 157 682	100.00

7.12 Distribution of shareholding by size as on March 31, 2012

No. of Shares held	No. of shareholders	% to No. of shareholders	No. of shares	% to No. of shares
1 - 500	48 307	89.14	63 66 058	5.94
501 - 1000	3 154	5.82	25 47 621	2.38
1001 - 2000	1 449	2.67	22 19 781	2.07
2001 - 3000	433	0.80	11 21 390	1.05
3001 - 4000	209	0.39	7 73 723	0.72
4001 - 5000	164	0.30	7 74 788	0.72
5001 - 10000	249	0.46	18 27 017	1.70
Above 10000	229	0.42	9 15 27 304	85.41
TOTAL	54 194	100.00	10 71 57 682	100.00

7.13 Dematerialization of shares as on March 31, 2012

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 of		Shareholders	
	Number	% of total	Number	% of total
Dematerialised form				
NSDL	95 075 351	88.72	34 415	63.51
CDSL	12 082 301	11.28	19 777	36.49
Sub - Total	107 157 652	100.00	54 192	100.00
Physical Form	30	0.00	2	0.00
Total	107 157 682	100.00	54 194	100.00

7.14 Outstanding Foreign Currency Convertible Bonds

The Company had issued Zero Coupon Foreign Currency Convertible Bonds (FCCBs) aggregating to USD 35 million in the year 2007-08. The said Bonds are convertible into fully paid up equity shares of the Company at any time on or after November 19, 2007 up to the close of business on October 3, 2012 at the option of the Bondholders and of the Company. In the case of Conversion at the option of the Company, it is subject to fulfillment of certain conditions. The Conversion Price of the FCCBs has been reset from ₹ 303.36 to ₹ 271.32 w.e.f. October 9, 2008.

All the FCCBs were outstanding for conversion on March 31, 2011. The outstanding FCCBs if converted into the Equity Shares of the Company would result in increase of the paid up Equity Share Capital of the Company by 5,139,319 Equity Shares of ₹ 2/- each.

7.15 Plant Location

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

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

7.16 Address for Correspondence

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

Tel. : 91 22 3026 8300 - 01

Email : investors@ekc.in

7.17 Unclaimed Dividends

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

Financial Year	Date of declaration of dividend	Dividend Per Share*	Due date for transfer to IEPF	Amount (₹)#
2005-06	July 26, 2006	0.70	August 31, 2013	42,232.00
2006-07	July 3, 2007	1.00	August 8, 2014	67,460.00
2007-08	July 30, 2008	1.20	September 4, 2015	102,666.00
2008-09	July 28, 2009	1.20	September 2, 2016	109,230.60
2009-10	July 27, 2010	1.20	September 1, 2017	241,518.60
2010-11	July 30, 2012	1.50	September 4, 2018	440,637.00

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

Amount unclaimed as at March 31, 2012

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

8. CEO AND CFO CERTIFICATION

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

9. AUDITORS' CERTIFICATE ON CORPORATE GOVERNANCE

Certificate from the Auditors of the Company, M/s. Dalal & Shah, confirming compliance with the conditions of Corporate Governance as stipulated under Clause 49, is attached to the Directors' Report forming part of the Annual Report.

10. RECONCILIATION OF SHARE CAPITAL AUDIT REPORT

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

11. SUBSIDIARY MONITORING FRAMEWORK

As on March 31, 2012, the Company had three wholly owned subsidiary companies viz., EKC International FZE, UAE, EKC Industries (Tianjin) Co. Ltd., China and EKC Industries (Thailand) Co. Ltd., Thailand, three step down wholly owned subsidiaries viz., EKC Hungary Kft, Hungary, CP Industries Holdings, Inc., USA and EKC Europe GmbH, Germany and one subsidiary company viz., Calcutta Compressions & Liquefaction Engineering Ltd. All these companies are Board managed with the respective Boards having the rights and obligations to manage the companies in the best interest of their stakeholders. The Company monitors the performance of such companies, inter alia, by the following means :

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

12. CODE OF CONDUCT

Board has laid down a Code of Conduct and Ethics for all Board Members and Senior Management Personnel of the Company. The code has been circulated to all the Board Members and senior management and the same is available on the Company's website www.everestkanto.com. All Board Members and Senior Management Personnel have affirmed compliance with the Code of Conduct during the financial year 2011-12.

13. POLICY ON INSIDER TRADING

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

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

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

Declaration by the CEO under Clause 49 of the Listing Agreements regarding Adherence to the Code of Conduct

In accordance with Clause 49, sub-clause I(D) of the Listing Agreement with the Stock Exchanges, I hereby confirm that, all the Directors and the Senior Management personnel of the Company have affirmed compliance to their respective Codes of Conduct as applicable to them for the Financial Year ended March 31, 2012.

Mumbai
May 29, 2012

For and on behalf of the Board

P.K. Khurana
Chairman & Managing Director

Auditors' Certificate regarding Compliance of Conditions of Corporate Governance

To the Members of Everest Kanto Cylinder Limited

We have examined the compliance of conditions of Corporate Governance by Everest Kanto Cylinder Limited, for the year ended March 31, 2012, as stipulated in Clause 49 of the Listing Agreements of the said Company with stock exchanges in India.

The compliance of conditions of Corporate Governance is the responsibility of the Company's management. Our examination was carried out in accordance with the Guidance Note on Certification of Corporate Governance (as stipulated in Clause 49 of the Listing Agreement), issued by the Institute of Chartered Accountants of India and was limited to procedures and implementation thereof, adopted by the Company for ensuring the compliance of the conditions of 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 Agreements.

We state that such compliance is neither an assurance as to the future viability of the Company nor the efficiency or effectiveness with which the management has conducted the affairs of the Company.

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

Mumbai
29th May, 2012

S.Venkatesh
Partner
Membership No. F-037942

AUDITORS' REPORT ON FINANCIAL STATEMENTS

To the Members of Everest Kanto Cylinder Limited

1. We have audited the attached Balance Sheet of Everest Kanto Cylinder Limited (the "Company") as at March 31, 2012, and the related Statement of Profit and Loss and Cash Flow Statement for the year ended on that date annexed thereto, which we have signed under reference to this report. These financial statements are the responsibility of the Company's Management. Our responsibility is to express an opinion on these financial statements based on our audit.
2. We conducted our audit in accordance with the auditing standards generally accepted in India. Those Standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by Management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.
3. As required by the Companies (Auditor's Report) Order, 2003, as amended by the Companies (Auditor's Report) (Amendment) Order, 2004 (together the "Order"), issued by the Central Government of India in terms of sub-section (4A) of Section 227 of 'The Companies Act, 1956' of India (the 'Act') and on the basis of such checks of the books and records of the Company as we considered appropriate and according to the information and explanations given to us, we give in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the Order.
 - (b) In our opinion, proper books of account as required by law have been kept by the Company so far as appears from our examination of those books;
 - (c) The Balance Sheet, Statement of Profit and Loss and Cash Flow Statement dealt with by this report are in agreement with the books of account;
 - (d) In our opinion, the Balance Sheet, Statement of Profit and Loss and Cash Flow Statement dealt with by this report comply with the accounting standards referred to in sub-section (3C) of Section 211 of the Act;
 - (e) On the basis of written representations received from the directors, as on March 31, 2012 and taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2012 from being appointed as a director in terms of clause (g) of sub-section (1) of Section 274 of the Act;
 - (f) In our opinion and to the best of our information and according to the explanations given to us, the said financial statements together with the notes thereon and attached thereto give, in the prescribed manner, the information required by the Act, and give a true and fair view in conformity with the accounting principles generally accepted in India:
 - (i) in the case of the Balance Sheet, of the state of affairs of the company as at March 31, 2012;
 - (ii) in the case of the Statement of Profit and Loss, of the loss for the year ended on that date; and
 - (iii) in the case of the Cash Flow Statement, of the cash flows for the year ended on that date.
4. Further to our comments in paragraph 3 above, we report that:
 - (a) We have obtained all the information and explanations which, to the best of our knowledge and belief, were necessary for the purposes of our audit;

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

S.Venkatesh
Partner
Membership No. F-037942

Mumbai
29th May, 2012

Annexure to Auditors' Report

Referred to in paragraph 3 of our Report of even date

1. (a) The Company is generally maintaining proper records showing full particulars, including quantitative details and situation, of fixed assets.
- (b) The fixed assets are physically verified by the Management during the year and no material discrepancies between the book records and the physical inventory have been noticed. In our opinion, the frequency of verification is reasonable.
- (c) In our opinion, and according to the information and explanations given to us, a substantial part of fixed assets has not been disposed of by the Company during the year.
2. (a) The inventory has been physically verified by the Management during the year. In our opinion, the frequency of verification is reasonable.
- (b) In our opinion, the procedures of physical verification of inventory followed by the Management are reasonable and adequate in relation to the size of the Company and the nature of its business.
- (c) On the basis of our examination of the inventory records, in our opinion, the Company is maintaining proper records of inventory. The discrepancies noticed on physical verification of inventory as compared to book records were not material.
3. (a) The Company has, granted unsecured loan, to a company covered in the register maintained under section 301 of the Act. The maximum amount involved during the year and the year-end balance of such loans amount to ₹ 2000 Lakh.
- (b) In our opinion, the rate of interest and other terms and conditions of such loans are not prima facie, prejudicial to the interest of the Company.
- (c) In respect of the aforesaid loans, the parties are repaying the principal amounts as stipulated and are also regular in payment of interest, where applicable.
- (d) In respect of the aforesaid loans, there is no overdue amount.
- (e) The Company has not taken any loans, secured or unsecured, from companies, firms or other parties covered in the register maintained under Section 301 of the Act. Accordingly clauses (f) and (g) of the Companies (Auditor's Report) Order, 2003 as amended by Companies (Auditor's Report) (Amendment) Order, 2004 are not applicable to the company for the year.
4. In our opinion, and according to the information and explanations given to us, there is an adequate internal control system commensurate with the size of the Company and the nature of its business for the purchase of inventory and fixed assets and for the sale of goods and services. Further, on the basis of our examination of the books and records of the Company, and according to the information and explanations given to us, no major weakness have been noticed or reported.
5. (a) In our opinion, and according to the information and explanations given to us, the particulars of contracts or arrangements referred to in Section 301 of the Act have been entered in the register required to be maintained under that section.
- (b) In our opinion, and according to the information and explanations given to us, the transactions made in pursuance of such contracts or arrangements and exceeding the value of Rupees Five Lac in respect of any party during the year have been made at prices which are reasonable having regard to the prevailing market prices at the relevant time.
6. The Company has not accepted any deposits from the public within the meaning of Sections 58A and 58AA of the Act and the rules framed there under.
7. In our opinion, the Company has an internal audit system commensurate with its size and the nature of its business.
8. We have broadly reviewed the books of account maintained by the Company in respect of products where, pursuant to the rules made by the Central Government of India, the maintenance of cost records has been prescribed under clause (d) of sub-section (1) of Section 209 of the Act, and are of the opinion that, prima facie, the prescribed accounts and records have been made and maintained. We have not, however, made a detailed examination of the records with a view to determine whether they are accurate or complete.

9. (a) According to the information and explanations given to us and the records of the Company examined by us, in our opinion, the Company is generally regular in depositing the undisputed statutory dues, including provident fund, investor education and protection fund, employees' state insurance, income tax, sales tax, wealth tax, service tax, customs duty, excise duty and other material statutory dues, as applicable, with the appropriate authorities.

(b) According to the information and explanations given to us and the records of the Company examined by us, the particulars of dues of income-tax and sales-tax as at March 31, 2012 which have not been deposited on account of disputes are as follows:

Nature of Dues	Amount (₹ in Lac)	Period to which the amount relates	Forum where dispute is pending
Income Tax	11.13	A.Y. 2007-08	Commissioner of Income Tax (Appeals)
	156.54	A.Y. 2008-09	Commissioner of Income Tax (Appeals)
Sales Tax (Lease Tax)	16.34	A.Y.1994-95 to A.Y.1998-99	Joint Commissioner of Sales Tax (Appeals)
Sales Tax (BST)	86.97	A.Y.2001-02 to A.Y.2003-04	Joint Commissioner of Sales Tax (Appeals)
	159.36	A.Y.1997-98 to A.Y.2004-05	Deputy Commissioner of Sales Tax
Sales Tax (CST)	27.85	A.Y.2001-02 to A.Y.2003-04	Joint Commissioner of Sales Tax (Appeals)
	185.29	A.Y.1997-98 to A.Y.2004-05	Deputy Commissioner of Sales Tax
Sales Tax (Others)	27.26	A.Y. 2009-10	Assistant Commissioner of Sales Tax

There were no disputed amounts due towards wealth tax, service tax, custom duty and excise duty.

10. The Company has no accumulated losses as at 31st March 2012 and has not incurred cash losses during the current financial year and also in the preceding financial year.
11. According to the records of the Company examined by us and the information and explanations given to us, the Company has not defaulted in repayment of dues to any financial institution or bank or debenture holders as at the balance sheet date.
12. The Company has not granted any loans and advances on the basis of security by way of pledge of shares, debentures and other securities.

13. The provisions of any special statute applicable to chit fund / nidhi / mutual benefit fund / societies are not applicable to the Company.
14. In our opinion, the Company has maintained proper records of transactions and contracts relating to dealing or trading in shares, securities, debentures and other investments during the year and timely entries have been made therein. Further, such securities have been held by the Company in its own name or are in the process of transfer in its name, except to the extent of the exemption granted under Section 49 of the Act.
15. In our opinion, and according to the information and explanations given to us, the terms and conditions of the guarantees given by the Company, for loans taken by others from banks or financial institutions during the year, are not prejudicial to the interest of the company.
16. The Company has not obtained any term loans during the year.
17. On the basis of an overall examination of the balance sheet of the Company, in our opinion, and according to the information and explanations given to us, there are no funds raised on short term basis which have been used for long term investment.
18. The Company has not made any preferential allotment of shares to parties and companies covered in the register maintained under Section 301 of the Act during the year.
19. The Company has not issued any debentures during the year; and does not have any debentures outstanding as at the year end.
20. The Company has not raised any money by public issues during the year.
21. During the course of our examination of the books and records of the Company, carried out in accordance with the generally accepted auditing practices in India, and according to the information and explanations given to us, we have neither come across any instance of fraud on or by the Company, noticed or reported during the year, nor have we been informed of such case by the Management.

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

Mumbai
 29th May, 2012

S.Venkatesh
Partner
Membership No. F-037942

BALANCE SHEET AS AT 31ST MARCH, 2012

	Note No.	As at 31.03.2012 (₹ in Lakh)	As at 31.03.2011 (₹ in Lakh)
I. EQUITY AND LIABILITIES			
1. Shareholders' Funds			
(a) Share Capital	(i)	2,143.15	2,143.15
(b) Reserves and Surplus	(ii)	48,663.52	49,985.90
		<u>50,806.67</u>	<u>52,129.05</u>
2. Non-Current Liabilities			
(a) Long-Term Borrowings	(iii)	1,985.24	19,226.94
(b) Deferred Tax Liabilities (Net)	(iv)	1,121.08	1,387.23
(c) Other Long-Term Liabilities	(v)	11.50	11.50
(d) Long-Term Provisions	(vi)	92.41	97.72
		<u>3,210.23</u>	<u>20,723.39</u>
3. Current Liabilities			
(a) Short-Term Borrowings	(vii)	10,207.33	4,328.52
(b) Trade Payables (Ref. Note 3)		3,299.64	5,246.51
(c) Other Current Liabilities	(viii)	22,882.24	4,569.43
(d) Short-Term Provisions	(ix)	359.91	1,920.21
		<u>36,749.12</u>	<u>16,064.67</u>
TOTAL		<u>90,766.02</u>	<u>88,917.11</u>
II. ASSETS			
1. Non-Current Assets			
(a) Fixed Assets	(x)		
(i) Tangible Assets		32,480.78	22,248.52
(ii) Intangible Assets		183.92	230.54
(iii) Capital Work-in-Progress		2,440.59	12,856.35
		<u>35,105.29</u>	<u>35,335.41</u>
(b) Non-Current Investments	(xi)	10,926.48	10,824.21
(c) Long-Term Loans and Advances	(xii)	8,463.30	6,849.99
(d) Other Non-Current Assets	(xiii)	84.59	15.79
		<u>19,474.37</u>	<u>17,689.99</u>
2. Current Assets			
(a) Current Investments	(xiv)	1.77	3,413.03
(b) Inventories	(xv)	22,747.99	15,292.23
(c) Trade Receivables	(xvi)	6,359.63	6,944.36
(d) Cash and Bank Balances	(xvii)	1,272.04	1,217.58
(e) Short-Term Loans and Advances	(xviii)	4,608.08	7,183.27
(f) Other Current Assets	(xix)	1,196.85	1,841.24
		<u>36,186.36</u>	<u>35,891.71</u>
TOTAL		<u>90,766.02</u>	<u>88,917.11</u>
III. Read with Other Notes to Accounts			

As per our report of even date

For DALAL & SHAH

Firm Registration No. 102021W

Chartered Accountants

For and on behalf of the Board

P.K. Khurana

Chairman & Managing Director

S. Venkatesh

Partner

Membership No. F-037942

Mumbai

29th May, 2012Kanika Sharma
Company SecretaryVipin Chandok
Chief Financial OfficerP.M. Samvatsar
Whole - Time Director

STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31ST MARCH, 2012

	Note No.	Year Ended 31.03.2012 (₹ in Lakh)	Year Ended 31.03.2011 (₹ in Lakh)
I. Revenue from Operations	(xx)	31,132.46	37,911.60
II. Other Income	(xxi)	1,229.89	924.90
III. Total Revenue (I + II)		32,362.35	38,836.50
IV. Expenses:			
Cost of Materials Consumed	(xxii)	20,608.58	19,046.34
Purchases of Stock-in-Trade		1,046.50	243.89
Changes in Inventories of Finished Goods, Work-in-Progress and Stock-in-Trade	(xxiii)	(3,045.58)	4,060.16
Employee Benefits Expense	(xxiv)	2,374.32	2,623.64
Finance Costs	(xxv)	1,255.96	314.84
Depreciation and Amortization Expense		2,387.10	2,419.02
Other Expenses	(xxvi)	6,903.94	6,917.35
Own Goods Capitalised		(241.25)	(245.00)
Total Expenses (Excluding Foreign Exchange Variation)		31,289.57	35,380.24
V. Profit before Foreign Exchange Variation and Tax		1,072.78	3,456.26
VI. Foreign Exchange Variation (Gain)/ Loss (Net)		3,060.58	(91.46)
VII. Profit/ (Loss) before Tax (V - VI)		(1,987.80)	3,547.72
VIII. Tax Expense:			
(1) Current Tax		-	1,330.00
(2) Deferred Tax		(266.15)	(28.33)
IX Profit/ (Loss) for the year before Tax Adjustments for Earlier Years (VII-VIII)		(1,721.65)	2,246.05
X. Tax Adjustments for Earlier Years (Net)		(500.00)	5.70
XI. Profit / (Loss) for the Year		(1,221.65)	2,251.75
XII. Earnings per Equity Share:			
(1) Basic		(1.14)	2.13
(2) Diluted		(1.14)	2.13
XIII. Read with Other Notes to Accounts	(xxvii)		

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

For and on behalf of the Board

P.K. Khurana
Chairman & Managing Director

S. Venkatesh
Partner
Membership No. F-037942
Mumbai
29th May, 2012

Kanika Sharma
Company Secretary

Vipin Chandok
Chief Financial Officer

P.M. Samvatsar
Whole - Time Director

NOTES FORMING PART OF BALANCE SHEET AS AT 31ST MARCH, 2012

	As at 31.03.2012 (₹ in Lakh)	As at 31.03.2011 (₹ in Lakh)
(i) Share Capital		
Authorised		
12,50,00,000 Equity Shares of ₹ 2 each	<u>2,500.00</u>	<u>2,500.00</u>
Issued		
10,71,57,682 (PY:10,71,57,682) Equity Shares of ₹ 2 each	2,143.15	2,143.15
Subscribed & Fully Paid up		
10,71,57,682 (PY:10,71,57,682) Equity Shares of ₹ 2 each fully paid up	2,143.15	2,143.15
TOTAL	<u>2,143.15</u>	<u>2,143.15</u>

(a) Reconciliation of Number of Shares

Equity Shares	No. of Shares	(₹ in Lakh)	No. of Shares	(₹ in Lakh)
Shares outstanding at the beginning of the year	107,157,682	2,143.15	101,157,682	2,023.15
Shares Issued during the year	-	-	6,000,000	120.00
Shares outstanding at the end of the year	107,157,682	2,143.15	107,157,682	2,143.15

(b) Rights, Preferences and Restrictions attached to Shares

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

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

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

* Less than 5%

(ii) Reserves and Surplus

	As at 31.03.2012 (₹ in Lakh)	As at 31.03.2011 (₹ in Lakh)
a. Capital Reserves	1,015.22	1,015.22
b. Securities Premium Account		
Opening Balance	32,844.48	25,278.57
Add : Securities Premium credited on Share issue (Net of Share Issue Expenses: Current Year: ₹Nil, Previous Year: ₹414.09 Lakh)	-	7,565.91
Closing Balance	<u>32,844.48</u>	<u>32,844.48</u>
c. Hedging Reserves		
Opening Balance	(365.43)	(640.15)
(+) Current Year Transfer	210.62	274.72
(-) Written Back in Current Year	-	-
Closing Balance	<u>(154.81)</u>	<u>(365.43)</u>

NOTES FORMING PART OF BALANCE SHEET AS AT 31ST MARCH, 2012

	As at 31.03.2012 (₹ in Lakh)	As at 31.03.2011 (₹ in Lakh)	As at 31.03.2010 (₹ in Lakh)
d. General Reserves			
Opening Balance	7,491.00	6,491.00	
(+) Current Year Transfer from Surplus	-	1,000.00	
Closing Balance	7,491.00	7,491.00	
e. Surplus - Balance in Statement of Profit & Loss			
Opening balance	9,000.63	9,707.17	
(+) Net Profit/(Loss) For the current year	(1,221.65)	2,251.75	
(+) Transfer from Reserves	-	-	
(-) Proposed Dividend (Including Dividend Tax Current Year: ₹ 43.46 Lakh, Previous Year: ₹266.96 Lakh)#	311.35	1,874.33	
(-) Dividend for the Year 2009-10 (Including Dividend Tax Current Year: ₹Nil, Previous Year: ₹11.96 Lakh)	-	83.96	
(-) Transfer to General Reserves	-	1,000.00	
Closing Balance	7,467.63	9,000.63	
Total	48,663.52	49,985.90	
# Dividend proposed to be distributed to Equity Shareholders is ₹ 0.25 (Previous Year ₹1.50) per Equity Share.			
(iii) Long-Term Borrowings			
Secured			
Term Loans			
- From Banks	-	1,786.00	
[Refer Note No.1(a)]	-	1,786.00	
Unsecured			
(a) Bonds/Debentures			
- Foreign Currency Convertible Bonds	-	15,627.50	
[Refer Note No.5]			
(b) Term loans			
- Sales Tax Deferment Loan (Interest Free)	1,985.24	1,813.44	
[Refer Note No.1(c)]			
	1,985.24	17,440.94	
Total	1,985.24	19,226.94	
	As at 31.03.2012 (₹ in Lakh)	As at 31.03.2011 (₹ in Lakh)	As at 31.03.2010 (₹ in Lakh)
(iv) Deferred Tax Liabilities (Net)			
Deferred Tax Liability on account of:			
- Depreciation	2,825.90	1,990.49	2,231.60
Deferred Tax Assets on account of:			
- Taxes, Duties on Inventories	535.34	340.48	492.64
- Shares/FCCB Issue Expenses	189.23	195.33	237.95
- Employee Benefits	58.40	67.45	85.45
- Provision for doubtful debts	49.08	-	-
- Unabsorbed Depreciation as per Tax Laws	872.77	-	-
	1,704.82	603.26	816.04
Deferred Tax Liabilities (Net)	1,121.08	1,387.23	1,415.56

NOTES FORMING PART OF BALANCE SHEET AS AT 31ST MARCH, 2012

	As at 31.03.2012 (₹ in Lakh)	As at 31.03.2011 (₹ in Lakh)
(v) Other Long-Term Liabilities		
Deposits	11.50	11.50
Total	11.50	11.50
(vi) Long-Term Provisions		
Provision for Employee Benefits		
- Leave Encashment	92.41	97.72
Total	92.41	97.72
(vii) Short-Term Borrowings		
Secured		
Working Capital facilities from Banks [Refer Note No.1 (b)]		
- Repayable on Demand	3,730.00	-
- Others	5,597.31	3,127.45
	9,327.31	3,127.45
Unsecured		
Loans from Banks		
- Working Capital Facility	880.02	1,201.07
	880.02	1,201.07
Total	10,207.33	4,328.52
(viii) Other Current Liabilities		
(a) Current Maturities of Long-Term Debt		
- Foreign Currency Convertible Bonds [Refer Note No. 5]	17,904.78	-
- External Commercial Borrowings [Refer Note No. 1 (a)]	2,046.26	2,679.00
- Sales Tax Deferment Loan (Interest Free) [Refer Note No. 1 (c)]	47.03	47.03
(b) Interest Accrued but not due on Borrowings	62.99	19.17
(c) Unpaid / Unclaimed Dividends#	10.04	5.70
(d) Advances from Customers	1,787.01	635.70
(e) Deposits	35.14	36.41
(f) Other Liabilities	988.99	1,146.42
Total	22,882.24	4,569.43
# No amounts are due to the Investor Education Protection Fund		
(ix) Short-Term Provisions		
(a) Provision for Employee Benefits		
- Gratuity (Funded) (Net)	-	1.93
- Leave Encashment	48.56	43.95
(b) Others		
- Proposed Dividend	267.89	1,607.37
- Provision for Tax on Dividend	43.46	266.96
Total	359.91	1,920.21

NOTES FORMING PART OF BALANCE SHEET AS AT 31ST MARCH, 2012

(₹ in Lakh)

(x) Fixed Assets

Particulars	Gross Block			Accumulated Depreciation				Net Block	
	Balance as at 01.04.2011	Additions	Disposals	Balance as at 31.03.2012	Balance as at 01.04.2011	Depreciation charge for the year	On disposals	Balance As at 31.03.2012	Balance As at 31.03.2011
A. Tangible Assets									
Freehold Land #	459.32	52.26	-	511.58	-	-	-	511.58	459.32
Leasehold Land ##	266.97	-	-	266.97	157.41	1.29	-	108.27	109.56
Buildings	8,006.05	939.47	-	8,945.52	1,550.92	204.47	-	7,190.13	6,455.13
Plant and Equipment	21,747.34	10,369.71	2.00	32,115.05	8,429.03	1,902.10	1.90	21,785.82	13,318.31
Furniture and Fixtures	244.69	35.05	-	279.74	124.45	13.27	-	142.02	120.24
Vehicles	239.16	-	17.75	221.41	70.59	22.41	8.71	137.12	168.57
Office equipment	137.59	13.04	-	150.63	34.03	6.95	-	109.65	103.56
Computers	183.38	587.58	-	770.96	78.90	37.11	-	654.95	104.48
Gas Cylinders	12.44	-	-	12.44	12.44	-	-	-	-
Gas Cylinders given on Lease	346.72	266.10	-	612.82	21.58	88.73	-	502.51	325.14
Electrical Installation	1,268.18	316.47	-	1,584.65	183.97	61.95	-	1,338.73	1,084.21
Total (a)	32,911.84	12,579.68	19.75	45,471.77	10,663.32	2,338.28	10.61	32,480.78	22,248.52
Previous Year Total	26,999.44	5,943.41	31.01	32,911.84	8,272.75	2,407.01	16.44	22,248.52	18,726.69
B. Intangible Assets									
Computer Software	242.55	2.20	-	244.75	12.01	48.82	-	183.92	230.54
Total (b)	242.55	2.20	-	244.75	12.01	48.82	-	183.92	230.54
Previous Year Total	-	242.55	-	242.55	-	12.01	-	230.54	-
Total (a+b)	33,154.39	12,581.88	19.75	45,716.52	10,675.33	2,387.10	10.61	32,664.70	22,479.06
Previous Year Total	26,999.44	6,185.96	31.01	33,154.39	8,272.75	2,419.02	16.44	22,479.06	-
C. Capital Work In Progress									
								2,440.59	12,856.35

Notes:

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

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

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

NOTES FORMING PART OF BALANCE SHEET AS AT 31ST MARCH, 2012

	As at 31.03.2012 (₹ in Lakh)	As at 31.03.2011 (₹ in Lakh)
(xi) Non-Current Investments (At Cost / Book Value, Unquoted)		
A. Trade Investments (Refer (b) below) Investment in Equity Instruments	10,881.53	10,785.11
Total (A)	10,881.53	10,785.11
B Other Investments (Refer (c) below) Investment in Equity Instruments	244.95	239.10
Less : Provision for diminution in the value of Investments	(200.00)	(200.00)
Total (B)	44.95	39.10
Total	10,926.48	10,824.21
(a) Market Value of Investments Aggregate amount of Quoted Investments	-	-
Aggregate amount of Unquoted Investments	10,926.48	10,824.21

(b) Details of Trade Investments

Sr. No.	Name of the Body Corporate	Subsidiary/ Associate/ JV/ Controlled Special Purpose Entity/ Others	Face Value	No. of Shares / Units		Quoted / Unquoted	Partly Paid / Fully paid	Extent of Holding (%)		Amount (₹ in Lakh)		"Whether stated at Cost Yes/ No"	If Answer to Column (13) is 'No' - Basis of Valuation
				2012	2011			2012	2011	2012	2011		
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)	(13)	(14)
	Investment in Equity Instruments												
	EKC International FZE	Subsidiary Company	AED 1,000,000	1	1	Unquoted	Fully Paid	100.00	100.00	124.12	124.12	Yes	NA
	EKC International FZE	Subsidiary Company	AED 1	16,203,619	16,203,619	Unquoted	Fully Paid	100.00	100.00	1,993.27	1,993.27	Yes	NA
	EKC Industries (Tianjin) Co. Ltd.	Subsidiary Company	USD 1	16,670,000	16,670,000	Unquoted	Fully Paid	100.00	100.00	6,925.07	6,925.07	Yes	NA
	Calcutta Compressions & Liquefaction Engineering Ltd.	Subsidiary Company	INR 10	1,606,950	1,606,950	Unquoted	Fully Paid	72.65	72.65	238.88	238.88	Yes	NA
			INR 10	3,214,000	-	Unquoted	Partly Paid (₹3/- each)			96.42	-		
	EKC Industries (Thailand) Co. Ltd.	Subsidiary Company	THB 1000	100,000	100,000	Unquoted	Fully Paid	100.00	100.00	1,503.77	1,503.77	Yes	NA
	Total									10,881.53	10,785.11		

(c) Details of Other Investments

Sr. No.	Name of the Body Corporate	Subsidiary/ Associate/ JV/ Controlled Special Purpose Entity/ Others	Face Value	No. of Shares / Units		Quoted / Unquoted	Partly Paid / Fully Paid	Extent of Holding (%)		Amount (₹ in Lakh)		"Whether stated at Cost Yes/ No"	If Answer to Column (13) is 'No' - Basis of Valuation
				2012	2011			2012	2011	2012	2011		
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)	(13)	(14)
	Investment in Equity Instruments												
	Everest Kanto Investment & Finance Pvt. Ltd.	Others	INR 10	115,000	115,000	Unquoted	Fully Paid	9.58	9.58	39.10	39.10	Yes	NA
	GPT Steel Industries Pvt. Ltd.	Others	INR 10	2,000,000	2,000,000	Unquoted	Fully Paid	0.79	0.79	200.00	200.00	No	Fully provided for Diminution in Value
	Tarapur Environment Protection Society	Others	INR 100	5,852	-	Unquoted	Fully Paid	-	-	5.85	-	Yes	NA
	Total									244.95	239.10		

NOTES FORMING PART OF BALANCE SHEET AS AT 31ST MARCH, 2012

		As at 31.03.2012 (₹ in Lakh)	As at 31.03.2011 (₹ in Lakh)
(xii) Long-Term Loans and Advances			
a. Capital Advances			
Unsecured, considered good		831.03	1,054.49
b. Security Deposits			
Unsecured, considered good		877.35	921.07
[Includes ₹ Nil (Previous Year ₹ 20.00 Lakh) to private companies in which directors are directors / members]			
c. Advance Tax and Tax Deducted at Source			
[Net of Provision for Taxes ₹ 5,973.56 Lakh (Previous Year ₹ 8,903.36 Lakh)]		1,752.10	433.63
d. Other Loans and Advances			
Unsecured, considered good			
- Related Parties		4,994.98	4,440.80
- Others		7.84	-
Total		8,463.30	6,849.99
(xiii) Other Non-Current Assets			
Long Term Trade Receivables			
Unsecured, considered good		84.59	15.79
Unsecured, considered doubtful		18.59	-
Less: Provision for doubtful debts		(18.59)	-
Total		84.59	15.79
(xiv) Current Investments			
(Non - Trade, At lower of Cost & Fair Value)			
Investments in Mutual Funds (Refer (b) below)		1.77	3,413.03
(a) Market Value of Investments			
Aggregate amount of Quoted Investments		-	-
Aggregate amount of Unquoted Investments		1.77	3,413.03
(b) Details of Current Investments			
Name of the Mutual Fund	No. of Shares / Units	Amount (₹ In Lakh)	
	2012	2011	2012
Investments in Mutual Funds			
Kotak Floaters Short Term Fund-Dividend Option	-	3,029.91	-
LIC Liquid Fund-Dividend Plan	11,172.99	10,478.10	1.23
UTI Liquid Fund-Cash Plan Institutional - Daily Income	53.06	-	0.54
UTI-Floating Rate Fund-Short Term Plan-Institutional Daily Dividend Plan-Reinvestment	-	99,944.95	-
UTI-Fixed Income Interval Fund-Monthly Interval Plan Series-I-Institutional Dividend Plan-Reinvestment	-	18,001,639.66	-
UTI-Fixed Income Interval Fund-Monthly Interval Plan Series-II- Institutional Dividend Plan-Reinvestment	-	1,000,000.00	-
UTI-Fixed Income Interval -Series II- Quarterly Interval Plan IV-Institutional Dividend Plan-Reinvestment	-	5,068,484.20	-
Total			1.77

NOTES FORMING PART OF BALANCE SHEET AS AT 31ST MARCH, 2012

	As at 31.03.2012 (₹ in Lakh)	As at 31.03.2011 (₹ in Lakh)
(xv) Inventories		
(Valued at Lower of Cost and Net Realisable Value)		
a. Raw Materials and Components	15,102.90	10,723.78
b. Work-in-Progress	6,443.25	3,844.21
c. Finished Goods	1,111.05	634.28
d. Stock-in-Trade	6.89	-
Goods-in Transit (at Cost)	-	19.29
	<u>6.89</u>	<u>19.29</u>
e. Stores and Spares	83.90	70.67
Total	<u>22,747.99</u>	<u>15,292.23</u>
(xvi) Trade Receivables		
Trade receivables outstanding for a period less than six months from the date they are due for payment		
Unsecured, considered good	5,819.34	6,128.74
	<u>5,819.34</u>	<u>6,128.74</u>
Trade receivables outstanding for a period exceeding six months from the date they are due for payment		
Unsecured, considered good	540.29	815.62
Unsecured, considered doubtful	132.68	-
Less: Provision for doubtful debts	(132.68)	-
	<u>540.29</u>	<u>815.62</u>
[Includes ₹1,036.03 Lakh due from Subsidiaries (Previous Year ₹625.96 Lakh)]		
Total	<u>6,359.63</u>	<u>6,944.36</u>
(xvii) Cash and Bank Balances		
Cash and Cash Equivalents:		
a. Cash on Hand*	31.80	22.52
b. Balances with Banks*		
Current Accounts	605.72	863.73
	<u>637.52</u>	<u>886.25</u>
Other Bank Balances:		
a. Security against Guarantees	624.48	311.64
b. Bank Deposits with more than 3 months, but less than 1 year maturity	-	13.99
c. Earmarked Balances - Unpaid Dividend Accounts	10.04	5.70
	<u>634.52</u>	<u>331.33</u>
Total	<u>1,272.04</u>	<u>1,217.58</u>

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

NOTES FORMING PART OF BALANCE SHEET AS AT 31ST MARCH, 2012

	As at 31.03.2012 (₹ in Lakh)	As at 31.03.2011 (₹ in Lakh)
(xviii) Short-Term Loans and Advances		
a. Loans and Advances to Related Parties		
Unsecured, considered good	1,655.84	1,445.24
b. Advances recoverable in cash or kind or for value to be received		
- Balance with Central Excise	459.86	1,175.72
- Advances paid to Suppliers [Includes ₹4.64 Lakh due from Subsidiaries (Prior Year ₹ 850.83 Lakh)]	140.98	1,855.91
- Prepaid expenses	76.20	86.87
c. Inter Corporate Deposit	2,000.00	2,000.00
d. Other Loans and Advances	275.20	619.53
Total	<u>4,608.08</u>	<u>7,183.27</u>
(xix) Other Current Assets		
a. Current Deposits		
Unsecured, considered good	35.14	907.98
[Includes ₹ 20 Lakh (Prior Year ₹ 900.00 Lakh) to private companies in which directors are directors / members]		
b. Gratuity (Funded) (Net)	3.48	-
c. Interest Receivable:		
from Subsidiaries	911.11	616.40
from Others	138.52	105.97
d. Other Receivables	108.60	210.89
	<u>1,196.85</u>	<u>1,841.24</u>

NOTES FORMING PART OF STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31ST MARCH, 2012

	Year Ended 31.03.2012 (₹ in Lakh)	Year Ended 31.03.2011 (₹ in Lakh)
(xx) Revenue from Operations		
Sale of Products:		
- Finished Goods Sales	32,031.84	39,713.23
- Trading Sales	1,074.24	280.60
Less:		
Excise Duty	(2600.92)	(2523.50)
	<u>30,505.16</u>	<u>37,470.33</u>
Other Operating Revenues:		
- Scrap Sales	579.14	325.04
- Export Incentives	22.96	102.87
- Testing and Inspection Fees Received	13.79	5.91
- Others	11.41	7.45
Total	<u>31,132.46</u>	<u>37,911.60</u>
(xxi) Other Income		
Interest (Gross Tax Deducted at Source ₹56.16Lakh, Previous Year ₹43.36Lakh)		
- On Loans / Inter Corporate Deposits	769.97	614.89
- On Fixed Deposits	67.27	11.32
- On Income Tax Refund	-	60.51
- Others	-	26.84
Dividend on Current Investments (Non-Trade)	149.97	126.71
Other Non-Operating Income (Net)		
- Commission	32.19	51.35
- Miscellaneous Income	210.49	33.28
Total	<u>1,229.89</u>	<u>924.90</u>
(xxii) Cost of Materials Consumed		
Opening Stock	10,723.78	12,238.78
Add: Purchases	24,987.70	17,531.34
	<u>35,711.48</u>	<u>29,770.12</u>
Less: Closing Stock	15,102.90	10,723.78
	<u>20,608.58</u>	<u>19,046.34</u>
(xxiii) Changes in Inventories of Finished Goods, Work-in-Progress and Stock-in-Trade		
Opening Stocks :		
- Finished Goods	634.28	1,590.40
- Work in Progress	3,844.21	7,126.07
- Goods for Trade	-	12.54
	<u>(A) 4,478.49</u>	<u>8,729.01</u>
Closing stocks :		
- Finished Goods	1,111.05	634.28
- Work in Progress	6,443.25	3,844.21
- Goods for Trade	6.89	-
	<u>(B) 7,561.19</u>	<u>4,478.49</u>
	<u>(A-B) (3,082.70)</u>	<u>4,250.52</u>
Add : Variation in Excise Duty on Finished Goods Stocks	37.12	(190.36)
	<u>(3,045.58)</u>	<u>4,060.16</u>

NOTES FORMING PART OF STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31ST MARCH, 2012

	Year Ended 31.03.2012 (₹ in Lakh)	Year Ended 31.03.2011 (₹ in Lakh)
(xxiv) Employee Benefits Expense		
Salaries, Wages and Other Benefits	2,127.91	2,356.46
Contributions to -		
- Provident Fund and Other Funds	141.48	144.91
- Superannuation Scheme	2.54	16.55
Staff welfare expenses	102.39	105.72
Total	2,374.32	2,623.64
(xxv) Finance Costs		
Interest Expense		
- On Borrowings	456.95	276.69
- Others	9.77	0.46
Other Borrowing Costs	-	37.69
Applicable Net Loss on Foreign Currency Fluctuations and Translations	789.24	-
Total	1,255.96	314.84
(xxvi) Other Expenses		
- Consumption of Stores, Spares, etc.	795.48	975.29
- Power and Fuel	3,216.13	2,920.34
- Repairs and Maintenance - Building	41.21	36.18
- Repairs and Maintenance - Plant and Machinery	104.82	118.79
- Repairs and Maintenance - Others	32.12	32.50
- Labour Charges	153.97	141.53
- Rent	339.06	289.73
- Insurance	96.77	111.50
- Rates and Taxes, excluding Taxes on Income	24.25	18.46
- Payment to Auditors	42.80	33.25
- Directors' Sitting Fees and Commission	5.70	36.80
- Legal and Professional Fees	287.34	167.83
- Loss on Assets Scrapped / Discarded	5.91	7.27
- Provision for Doubtful Debts	151.27	-
- Provision for Diminution of Long Term Investment	-	200.00
- Bank Charges and Commission	223.08	175.11
- Carriage and Freight	407.93	493.36
- Advertisement and Sales Promotion	65.79	57.14
- Commission	10.38	20.11
- Miscellaneous expenses	899.93	1,082.16
Total	6,903.94	6,917.35
Payment to Auditors		
a. Audit Fees (Including Branch Auditor ₹ 0.50 Lakhs, Previous Year ₹0.50 Lakhs)	20.50	17.50
b. Tax Audit	3.50	3.00
c. Other Services	18.80	12.30
d. Reimbursement of Expenses	-	0.45
Total	42.80	33.25

NOTES FORMING PART OF THE ACCOUNTS FOR THE YEAR ENDED 31ST MARCH, 2012

NOTE NO. XXVII :

ADDITIONAL NOTES FORMING PART OF THE ACCOUNTS FOR THE YEAR ENDED 31ST MARCH, 2012

1. Loan Funds:

- (a) External Commercial Borrowing is secured by first charge on the specific fixed assets of the Kandla SEZ. The interest rate on the Borrowings is 5.75% per annum and the principal is repayable in two installments, the last installment falling due in September 2012.
- (b) Working Capital facilities are secured against hypothecation of stocks and book debts of the Company and further secured by way of second charge on all the fixed assets (excluding specific fixed assets) of the Company. Out of the same ₹ 1,389.99 Lakh (PY : ₹ 3,127.45 Lakh) borrowings are guaranteed by Directors and their relatives.
- (c) The Interest-free Sales Tax Deferment Loan is repayable in six equal annual installments, with the last installment falling due in financial year 2018-2019.

2. Contingent Liabilities not provided for in respect of:

	As at 31.03.2012 (₹ in Lakh)	As at 31.03.2011 (₹ in Lakh)
(a) Disputed Tax and other Matters		
Income Tax	156.54	21.14
Sales Tax	486.74	114.82
Lease Tax	16.34	16.34
Future cash flows in respect of the above are determinable only on receipt of judgments/decisions pending with various forums/ authorities.		
(b) Corporate Guarantees given on behalf of subsidiaries and step down subsidiaries	33,963.29	34,380.50
Amounts outstanding there against	5,942.66	10,848.92

(a) Disputed Tax and other Matters

Income Tax	156.54	21.14
Sales Tax	486.74	114.82
Lease Tax	16.34	16.34

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

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

33,963.29

34,380.50

Amounts outstanding there against

5,942.66

10,848.92

3. (a) Trade Payables include ₹ 91.08 Lakh (₹ 16.77 Lakh as at 31/03/2011) due to Micro and Small Enterprises registered under the Micro, Small and Medium Enterprises Development Act, 2006 (MSME).

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

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

4.

	As at 31.03.2012 (₹ in Lakh)	As at 31.03.2011 (₹ in Lakh)
(a) Estimated amount of contracts remaining to be executed on Capital Account and not provided for (net of advances)	612.71	353.08
(b) Uncalled amount on partly paid Equity Shares of a Subsidiary Company	224.98	Nil

(a) Estimated amount of contracts remaining to be executed on Capital Account and not provided for (net of advances)

612.71

353.08

(b) Uncalled amount on partly paid Equity Shares of a Subsidiary Company

224.98

Nil

5. During the Financial Year 2007-08, the Company had raised a sum of USD 35 Million by issue of Zero Coupon Foreign Currency Convertible Bonds (FCCB) which are due in October 2012. The principal terms of the FCCBs are given below:

- (i) The bond holders can exercise the option to convert into equity shares at any time after 41 days from the date of issue, upto seven days prior to maturity, at a fixed conversion price of ₹ 303.36 per share with a fixed rate of ₹ 39.84 to USD 1 (i.e. a conversion ratio of 13,133.1279 shares per bond).
- (ii) On expiry of one year from the date of issue of the bonds, i.e. on the 9th October, 2008, the conversion price has been reset to ₹ 271.32 (i.e. a conversion ratio of 14,684.0103 shares per bond).
- (iii) The Company may opt for early redemption of the bonds at a redemption premium that gives the bond holder a gross yield of 7.25% per annum (compounded half yearly), provided bonds outstanding are less than 10 per cent of the bonds originally issued.
- (iv) The Company may at its absolute discretion, at any time on or after 3 years from the date of issue of bonds, convert all outstanding bonds, provided the closing price of shares, during the specified period, is at least 130 per cent of the applicable early redemption amount.
- (v) Bonds outstanding on the maturity date will be redeemed at 142.8010 % of the principal amount.

Due to variables currently indeterminable, the premium on actual redemption is not computable and hence will be recognised if and as and when the redemption option is exercised. The premium shall be first charged to the available balance in Securities Premium Account.

6. Disclosure in respect of derivative instruments:	As at 31.03.2012	As at 31.03.2011
(a) Derivative instruments outstanding:	<u>Foreign Currency</u>	
- USD Currency Option (Exports)	700,229	11,650,000
- JPY Swap to USD (Loan Borrowed)	376,800,000	942,000,000
(b) All the derivative instruments have been acquired for hedging purposes.		
(c) Foreign Currency exposures that are not hedged by derivative instruments:		
Debtors-USD	2,666,796	4,092,483
Debtors-Euro	20,644	20,644
Creditors-USD	2,784,044	6,066,080
Creditors-Euro	200,904	265,860
Creditors-AED	7,632,126	1,261,465
Advance to Suppliers/ Others-Thai Baht	276,610	276,610
Advances to Suppliers/ Others-USD	31,549	3,221,635
Advances to Suppliers/ Others-Euro	1,473,000	1,311,000
Advance received from Customers-USD	3,253,800	11,07,666
Loans given-USD	11,286,260	11,286,260
Loans Borrowed-USD*	51,661,782	54,694,336
Other Receivables-USD	23,375	1,342,449
Other Receivables-AED	3,854,343	51,850
Bank Balances-USD	65,732	398,184
Cash and Bank Balances-AED	1,05,877	74,037
Interest Payable-USD	88,042	42,937
Interest Receivable-USD	1,13,113	-

* Includes on Loans Swaped from JPY to USD.

7.	As at 31.03.2012 (₹ in Lakh)	As at 31.03.2011 (₹ in Lakh)
A. Value of Imports calculated on CIF basis in respect of:		
(i) Raw Materials and Components	21,362.23	13,560.11
(ii) Stores, Spares, etc.	26.78	57.37
(iii) Capital Goods	-	1,116.49
B. Expenditure in Foreign Currency including expenses capitalised:		
(i) Travelling	7.17	20.26
(ii) Commission	6.74	13.59
(iii) Interest	364.33	351.80
(iv) Others	125.29	55.81

8. Earnings in Foreign Currency:		
(i) Export of goods calculated on FOB Basis	6,444.38	12,158.88
(ii) Commission for Bank Guarantees	35.83	51.35
(iii) Interest on Loans given	221.63	201.01
(iv) Others	4.03	-

9. Assets on Operating Lease:	As at 31.03.2012 (₹ in Lakh)	As at 31.03.2011 (₹ in Lakh)
-------------------------------	---	---

(a) Assets Taken on Operating Lease:		
The total future minimum lease rentals payable at the Balance Sheet date are as under:		
For a period not later than one year	224.43	72.78
For a period later than one year and not later than five years	62.50	256.54
For a period later than five years	-	-

(b) Assets Given on Operating Lease:		
(i) Cylinders		
Gross Carrying Amount	612.79	346.72
Depreciation for the year	88.73	16.56
Accumulated Depreciation	110.31	21.58
(ii) The total future minimum lease rentals receivable at the Balance Sheet date are as under:		
For a period not later than one year	131.23	72.78
For a period later than one year and not later than five years	379.87	267.55
For a period later than five years	-	-
	2011 -2012 (₹ in Lakh)	2010-2011 (₹ in Lakh)

10. Computation of Profit for Earnings per Share:		
Profit/(Loss) as per Statement of Profit and Loss for the year	(1,221.63)	2,251.75
Weighted Average No. of Equity Shares	107,157,682	105,859,052
Number of Equity Shares outstanding at the end of the year	107,157,682	107,157,682
Nominal Value per share (in Rupees)	2.00	2.00
Basic and Diluted Earnings Per Share (in Rupees)	(1.14)	2.13

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

11. Related Party Disclosures:
1. Relationships:
(a) Subsidiary Companies :

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

(b) Step Down Subsidiary Companies:

EKC Hungary Kft, Hungary
EKC Europe GmbH, Germany
CP Industries Holdings Inc., USA

(c) Other Related Parties where Control exists:

Everest Kanto Investment and Finance Private Limited
Khurana Gases Private Limited
Medical Engineers (India) Limited

Khurana Fabrication Industries Private Limited
Khurana Exports Private Limited
Everest Industrial Gases Private Limited
Khurana Charitable Trust
Khurana Education Trust
G.N.M.Realtors Private Limited
Ukay Valves & Founders Private Limited

(d) Key Management Personnel:

Mr. Prem Kumar Khurana
Mr. Puneet Khurana
Mr. Pramod Samvatsar

(e) Relatives of Key Management Personnel and their Enterprises, where transactions have taken place:

Mr. S.S. Khurana
Mrs. Suman Khurana

2. Transactions with Related Parties :

(₹ in Lakh)

Nature of Transactions	Related parties referred in				
	1 (a) above	1 (b) above	1 (c) above	1 (d) above	1 (e) above
Sales:					
Goods - EKC International FZE	1,129.44 (2,784.95)	- (-)	- (-)	- (-)	- (-)
Goods - Others	545.27 (163.16)	- (-)	856.64 (616.81)	- (-)	- (-)
Others	9.80 (15.95)	- (-)	- (-)	- (-)	- (-)
Other Income:					
Lease Rent	112.07 (6.54)	- (-)	- (-)	- (-)	- (-)
Purchases:					
Raw materials and components - EKC International FZE	908.49 (866.10)	- (-)	- (-)	- (-)	- (-)
Raw materials and components - Others	2,973.80 (94.70)	- (-)	- (15.59)	- (-)	- (-)
Consumables	- (-)	- (-)	74.38 (31.25)	- (-)	- (-)
Fixed Assets purchased - EKC International FZE	9.03 (-)	- (-)	- (-)	- (-)	- (-)
Expenses / Payments:					
Remuneration	- (-)	- (-)	- (-)	322.33 (414.20)	- (-)
Rent:					
Everest Industrial Gases Private Limited	- (-)	- (-)	36.00 (24.00)	- (-)	- (-)
Khurana Fabrication Industries Private Limited	- (-)	- (-)	47.82 (21.12)	- (-)	- (-)
Khurana Exports Private Limited	- (-)	- (-)	43.20 (31.20)	- (-)	- (-)

2. Transactions with Related Parties

(₹ in Lakh)

Nature of Transactions	Related parties referred in				
	1 (a) above	1 (b) above	1 (c) above	1 (d) above	1 (e) above
Khurana Gases Private Limited	- (-)	- (-)	85.50 (75.00)	- (-)	- (-)
Others	- (-)	- (-)	3.00 (1.50)	3.00 (3.00)	6.00 (6.00)
Other Expenses	10.68 (-)	- (-)	63.97 (47.97)	24.00 (24.00)	- (-)
Reimbursement of expenses	4.03 (15.57)	- (-)	- (-)	- (-)	- (-)
Finance and Investments:					
Commission Income - EKC International FZE	32.19 (51.35)	- (-)	- (-)	- (-)	- (-)
Interest from Subsidiaries - EKC International FZE	21.75 (21.31)	- (-)	- (-)	- (-)	- (-)
Interest from Subsidiaries - EKC Industries (Tianjin) Co. Ltd., China	199.87 (179.70)	- (-)	- (-)	- (-)	- (-)
Interest received - CC&L	109.66 (67.23)	- (-)	- (-)	- (-)	- (-)
Investment in subsidiaries - EKC Industries (Thailand) Co. Ltd.	- (1,503.77)	- (-)	- (-)	- (-)	- (-)
- CC&L	96.42 (-)	- (-)	- (-)	- (-)	- (-)
Loans given - Net of Repayments CC&L	30.44 (468.82)	- (-)	- (-)	- (-)	- (-)
Loan Repayment received - Net EKC International FZE	- (2,114.89)	- (-)	- (-)	- (-)	- (-)
Guarantees Vacated for Borrowing by the Company	- (-)	- (-)	- (-)	- (4,514.00)	- (-)
Balances					
Outstandings: #					
<u>Payables</u>					
EKC International FZE	1,176.03 (1,464.99)	- (-)	- (-)	- (-)	- (-)
CP Industries Holdings, Inc., U.S.A.	- (-)	1,144.24 (2.05)	- (-)	- (-)	- (-)
EKC Industries (Thailand) Co. Ltd.	529.76 (458.33)	- (-)	- (-)	- (-)	- (-)
EKC Industries (Tianjin) Co. Ltd.	131.04 (-)	- (-)	- (-)	- (-)	- (-)
Others	- (-)	- (-)	109.24 (140.64)	- (126.03)	- (-)
<u>Loans given</u>					
EKC International FZE	1,655.84 (1,445.24)	- (-)	- (-)	- (-)	- (-)
EKC Industries (Tianjin) Co. Ltd.	4,117.82 (3,594.07)	- (-)	- (-)	- (-)	- (-)
CC&L	877.16 (846.73)	- (-)	- (-)	- (-)	- (-)
Others	- (-)	- (-)	- (-)	- (-)	- (-)

(₹ in Lakh)

Nature of Transactions	Related parties referred in				
	1 (a) above	1 (b) above	1 (c) above	1 (d) above	1 (e) above
<i>Other Receivables</i>					
EKC International FZE	325.75 (632.33)	- (-)	- (-)	- (-)	- (-)
EKC Industries (Tianjin) Co. Ltd.	1,534.02 (1,448.89)	- (-)	- (-)	- (-)	- (-)
Everest Industrial Gases Pvt. Ltd.	- (-)	- (-)	- (300.00)	- (-)	- (-)
Khurana Exports Pvt. Ltd.	- (-)	- (-)	20.00 (320.00)	- (-)	- (-)
Khurana Gases Pvt. Ltd.	- (-)	- (-)	- (300.00)	- (-)	- (-)
CP Industries Holding Inc., U.S.A.	- (-)	15.06 (5.36)	- (-)	- (-)	- (-)
CC & L	71.34 (6.61)	- (-)	- (-)	- (-)	- (-)
EKC Industries (Thailand) Co. Ltd.	5.61 (-)	- (-)	- (-)	- (-)	- (-)
Other	- (-)	- (-)	34.19 (249.98)	- (-)	- (-)
Guarantees given for borrowings by the Company @	- (-)	- (-)	- (-)	1,389.99 (3,127.45)	(jointly)
<i>Corporate Guarantees given on behalf of subsidiaries @</i>					
EKC Industries (Tianjin) Co. Ltd.	- (2,508.45)	- (-)	- (-)	- (-)	- (-)
CP Industries Holdings, Inc.	- (-)	1,534.70 (8,790.47)	- (-)	- (-)	- (-)
CP Industries Holdings, Inc. & EKC Hungary Kft	- (-)	- **	- (-)	- (-)	- (-)

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

Foreign currency balances are restated at year end rates.

@ To the extent of amounts outstanding there against.
(Previous year figures are in brackets.)

12. A. Break up of Raw Materials Consumed :

Particulars	2011 - 2012		2010 - 2011	
	Quantity (Metric Tonnes)	Value (₹ In Lakh)	Quantity (Metric Tonnes)	Value (₹ in Lakh)
Seamless Tubes with Incidental Costs	27,375.19	18,639.22	26,580.39	16,766.08
Others	-	1,969.36	-	2,280.26
TOTAL	27,375.19	20,608.58	26,580.39	19,046.34

B. Details of Imported and Indigenous Raw Materials, Components

Particulars	2011 - 2012		2010 - 2011	
	%	Value (₹ in Lakh)	%	Value (₹ in Lakh)
Imported	92.27	19,015.41	89.67	17,079.01
Indigenous	7.73	1,593.18	10.33	1,967.33
TOTAL	100.00	20,608.59	100.00	19,046.34

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

Particulars	2011 - 2012		2010 - 2011	
	%	Value (₹ in Lakh)	%	Value (₹ in Lakh)
Imported	47.29	376.19	26.90	262.34
Indigenous	52.71	419.29	73.10	712.95
TOTAL	100.00	795.48	100.00	975.29

13. Bonds / Undertakings given by the Company under concessional duty / exemption schemes to government authorities (net of obligations fulfilled) aggregate ₹ 3,708.24 Lakh as at the close of the year (31/03/2011 : ₹ 2,045.47 Lakh).

14. In absence of the profits for the year, the remuneration of ₹ 279.31 Lakh paid during the year to the Managing Director and the two Whole-Time Directors as per their respective terms of appointment is in excess by ₹ 207.31 Lakh computed in accordance with the provisions of the Companies Act, 1956 and Schedule XIII thereto. The Company would be obtaining approval of the shareholders of the Company at the ensuing Annual General Meeting of the Company and of the Central Government for waiver of the excess remuneration.

15. In accordance with Accounting Standard (AS) 15 – “Employee Benefits”, an amount of ₹ 127.98 Lakh (Previous Year ₹ 126.42 Lakh) as contribution towards defined contribution plans is recognised as expense in the Statement of Profit and Loss.

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

Particulars	2011-12 (₹ in Lakh)	2010-11 (₹ in Lakh)
<u>Change in present value of obligation:</u>		
Obligation at beginning of the year	156.96	177.99
Current Service Cost	31.53	28.23
Interest Cost	14.58	15.17
Actuarial (gain)/loss	(31.73)	(23.46)
Benefits paid	(5.12)	(40.97)
Obligation at the end of the year	166.21	156.96
<u>Change in Plan assets (Managed by LIC):</u>		
Fair value of Plan Assets at beginning of the year	155.03	144.85
Expected return on plan assets	12.03	11.96
Actuarial gain / (loss)	2.28	1.39
Contributions	5.47	37.80
Benefits paid	(5.12)	(40.97)
Fair Value of plan assets at end of the year	169.69	155.03
<u>Break up of categories of plan assets</u>		
Government Securities	20%	53%

Bonds, Corporate Debt and NCD	40%	43%
Equity Investment in A Group Shares (Predominantly)	60%	4%
<u>Reconciliation of present value of the obligation and the fair value of plan assets and amounts recognised in the balance sheet :</u>		
Present value of obligation at the end of the year	166.21	156.96
Fair Value of plan assets at the end of the year	169.69	155.03
Net (Asset) / Liability recognised in the balance sheet	(3.48)	1.93
<u>Gratuity cost recognised for the year :</u>		
Current Service Cost	31.53	28.23
Interest Cost	14.58	15.17
Expected return on plan assets	(12.03)	(11.96)
Actuarial (gain)/ loss	(34.01)	(24.85)
Net gratuity cost	0.06	6.59

	2011-12 (₹ in Lakh)	2010-11 (₹ in Lakh)	2009-10 (₹ in Lakh)	2008-09 (₹ in Lakh)
<u>Assumptions:</u>				
Discount Rate	8.55%	8.15%	7.75%	8%
Rate of growth in salary levels*	6 %	6%	6%	4%
Mortality	LIC (1994-96)	LIC (1994-96)	LIC (1994-96)	LIC (1994-96)
Expected Rate of Return on Assets	7.50%	7.50%	7.50%	7.50%
Withdrawal Rate	3% to 7.50%	3% to 7.50%	3% to 7.50%	3% to 7.50%
Present Value of Obligations	166.21	156.96	177.99	110.91
Fair Value of Plan Assets	169.69	155.03	144.85	121.08
Surplus/(Deficit) in the Plan	3.48	(1.93)	(33.14)	10.17
<u>Experience Adjustments</u>				
- On Plan Liabilities	(25.88)	(20.09)	(11.63)	5.38
- On Plan Assets	2.28	1.39	2.26	-

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

16. In accordance with Accounting Standard – 17 'Segment Reporting,' segment information has been given in the Consolidated Financial Statements of the Company and, therefore, no separate disclosure on Segment information is given in these financial statements.
17. Considering foreign exchange exposures and the volatility in exchange rates, mark to market losses during the year on outstanding foreign currency derivative contracts to hedge highly probable forecast transactions have been charged to the Statement of Profit and Loss, discontinuing the Hedge Accounting principles followed upto 31st March, 2010. Accordingly, debit balance in the Hedging Reserve, as at 31st March, 2012, representing mark to market losses, considered as probable hedge transactions as at 31st March 2012, contracts of which are maturing upto December, 2012, stands at ₹ 154.81 Lakh (₹ 365.43 Lakh as at 31/03/2011).
18. The Company has an investment of ₹ 200 Lakh in 2,000,000 Equity Shares of GPT Steel Industries Private Limited (GPT). Based on the audited financial statements of GPT, its Net Worth has fully eroded. The Company had made an assessment during the year 2010-11 and had accordingly provided for diminution in value of investments made in GPT. The position at the end of this financial year remains the same.
19. During the year, the Company has made additional investment of ₹ 96.42 Lakh in Calcutta Compression & Liquefaction Engineering Limited (CC&L), which is a subsidiary of the Company, wherein the Company has majority stake. Accordingly, the investment aggregates ₹ 335.30 Lakh (₹ 238.88 Lakh as on 31/03/2011). Further, the Company has recoverable loans and other receivables, aggregating ₹ 877.16 Lakh (₹ 846.73 Lakh as at 31/03/2011) from it. The Net Worth of CC&L has fully eroded. In the opinion of the management, after considering the projected earnings and cash flows of CC&L, the improvements in its current operational performance and the intention to hold this investment on a long term and strategic basis, no provision for diminution in the value of investment or for losses on account of loans and other receivables is considered necessary, at present.
20. During the year, as a part of global expansion plans, the Company has set up a step down wholly owned subsidiary in Germany viz. EKC Europe GmbH, through EKC International FZE, Dubai, a wholly owned subsidiary company. The said Company will cater to the needs of European market and will also be engaged in technical developments.
21. The financial statements for the year ended 31st March, 2011 had been prepared as per the then applicable, pre-revised Schedule VI to the Companies Act, 1956. Consequent to the notification under the Companies Act, 1956, the financial statements for the year ended 31st March, 2012 are prepared under revised Schedule VI. Accordingly, the previous year figures have also been reclassified to confirm to this year's classification.
22. Significant Accounting Policies followed by the Company are as stated in the Statement annexed to this Schedule as Annexure I.

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

For and on behalf of the Board

P.K. Khurana
Chairman & Managing Director

S. Venkatesh
Partner
Membership No. F-037942
Mumbai
29th May, 2012

Kanika Sharma
Company Secretary

Vipin Chandok
Chief Financial Officer

P.M. Samvatsar
Whole - Time Director

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 in accordance with the generally accepted accounting principles, the applicable mandatory Accounting Standards and the relevant provisions of the Companies Act 1956.

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

B. Use of Estimates:

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

C. Recognition of Revenue and Expenditure:

- a. Revenue/Income and Cost/Expenditure are generally accounted for on accrual as they are earned or incurred except in case of significant uncertainties;
- b. Sale of goods is recognized on transfer of significant risks and rewards of ownership. Recognition in the case of local sales is generally on the despatch of goods. Export Sales are generally accounted for on the basis of the dates of 'On Board Bill of Lading';
- c. Export Benefits are recognised in the year of export;
- d. Share Issue Expenses and Premium on Redemption of FCCBs are to be charged first against available balance in the Securities Premium Account;
- e. Dividend income is recognised in the year in which the right to receive dividend is established.

D. Employee Benefits:

- a. **Short term employee benefits** are recognised as an expense at the undiscounted amount in the Statement of Profit and Loss of the year in which the related service is rendered;
- b. **Post employment benefits**
 - i. Defined contribution plans:
Company's contribution to the superannuation scheme, state governed provident fund scheme, etc. are recognised during the year in which the related service is rendered;

- ii. Defined benefit plans:

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

- c. **Long term compensated absences** are provided on the basis of an actuarial valuation;
- d. **Termination Benefits** are recognised as an expense in the Statement of Profit and Loss of the year in which they are incurred.

E. Foreign Currency Translations:

- a. All transactions in foreign currency are recorded at the rates of exchange prevailing on the dates when the relevant transactions take place;
- b. Monetary assets and liabilities in foreign currency outstanding at the close of the year are converted in Indian Currency at the appropriate rates of exchange prevailing on the date of the Balance Sheet. Resultant gain or loss is accounted for during the year;
- c. In respect of forward exchange contracts entered into to hedge foreign currency risks the difference between the forward rate and exchange rate at the inception of the contract is recognized as income or expense over the life of the contract on equated basis. Further the exchange differences arising on such contracts are recognised as income or expense along with the exchange differences on the underlying assets / liabilities. Profit or loss on cancellations / renewals of forward contracts is recognised during the year;
- d. Till 31st March, 2010, exchange differences arising on other derivative contracts entered into to hedge foreign currency exposure on account of highly probable forecast transactions, recognized and marked to market, in line with principles laid down in Accounting Standard 30 – Financial Instruments – Recognition and Measurement, issued by The Institute of Chartered Accountants of India, to the extent, no specific accounting treatment was prescribed under Company law or by any other regulatory authority. Accordingly, gains or losses on effective hedges were carried forward under Hedging Reserve to be recognized in the Statement of Profit and Loss only in the year in which underlying transactions were completed. In the absence of a designation as effective hedge, the gains or losses were immediately recognized in the Statement of Profit and Loss. With effect from 1st April,

2010, the Company has discontinued the aforesaid accounting treatment and is accordingly, recognizing mark to market losses in the Statement of Profit and Loss in the respective time periods. (Refer Point '17' in 'Note (xxvii)')

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

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

F. Fixed Assets and Depreciation:

a. Fixed Assets:

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

b. Depreciation / Amortisation:

- i. Cost of Leasehold Land is amortised over the period of the lease.
- ii. Depreciation on fixed assets is provided as per the straight line method over their useful lives or determined on the basis of rates prescribed in Schedule XIV to the Companies Act, 1956.
- iii. Depreciation on additions to assets or on sale/disposal of assets is calculated pro-rata from the date of such addition or upto the date of such sale/disposal as the case may be.
- iv. Cost of Customised software capitalized is amortised over a period of five years.

G. Investments:

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

H. Inventory Valuation:

- a. Raw Materials and Components, Work in Progress, Finished Goods, Goods for Trade and Stores, Spares, etc. are valued at Lower of Cost and Net Realisable value.
- b. Goods in transit are valued at cost to date.
- c. 'Cost' comprises all costs of purchase, costs of conversion and other costs incurred in bringing the inventory to their present location and condition. Cost

formulae used are either 'First In First Out' or 'Weighted Average Cost' as applicable

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

I. Taxation:

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

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

J. Borrowing Costs:

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

K. Impairment of Assets:

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

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

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

Annexure II

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

(₹ in Lakh)

Sr. No.	Particulars	EKC International FZE	EKC Industries (Tianjin) Co. Ltd.	CP Industries Holdings, Inc.	EKC Hungary Kft	EKC Industries (Thailand) Co. Ltd.	EKC EUROPE GMBH	Calcutta Compressions & Liquefaction Engineering Limited
1	Country of Incorporation	United Arab Emirates	People's Republic of China	United States of America	Hungary	Thailand	Germany	India
2	Reporting Currency	AED	RMB	USD	USD	THB	Euro	INR
3	Exchange Rate as on 31.03.2012	1 AED = ₹14.1144	1 RMB = ₹8.1963	1 USD = ₹51.1565	1 USD = ₹51.1565	1 THB = ₹ 1.6775	1 Euro = ₹ 65.9000	NA
4	Share Capital	2,428.19	10,439.84	4,604.09	3,933.50	1,677.50	17.09	257.12
5	Reserves & Surplus	39,341.27	(5,016.64)	(2,656.18)	(3,023.79)	4.88	(33.05)	(605.46)
6	Total Assets	52,228.14	17,812.70	25,017.91	10,751.25	1,690.60	18.10	1,106.54
7	Total Liabilities	52,228.14	17,812.70	25,017.91	10,751.25	1,690.60	18.10	1,106.54
8	Investments	3,999.97	—	—	4,604.09	—	—	(78.18)
9	Turnover and Other Income	20,076.03	5,807.30	15,272.37	773.05	11.90	—	696.87
10	Profit/ (Loss) Before Taxation	4,114.61	(1,077.69)	(1,031.19)	(342.31)	16.00	(31.87)	(375.62)
11	Provision for Taxation	—	—	(432.56)	(1.33)	2.09	—	(183.72)
12	Profit/ (Loss) After Taxation	4,114.61	(1,077.69)	(598.62)	(340.98)	13.91	(31.87)	(191.90)
13	Proposed Dividend	—	—	—	—	—	—	—

CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2012

	Year Ended 31.03.2012 (₹ in Lakh)	Year Ended 31.03.2011 (₹ in Lakh)
A) CASH FLOW FROM OPERATING ACTIVITIES		
Net Profit for the year before taxation	(1,987.80)	3,547.72
Add / (Deduct):		
(a) Depreciation / Amortisation for the year	2,387.10	2,419.02
(b) Foreign Exchange Variation (net)	1,803.20	(290.73)
(c) Loss on Assets Sold / Discarded	5.91	7.27
(d) Provision for diminution of Long Term Investment	-	200.00
(e) Finance Charges	1,255.96	314.84
(f) Interest Income	(837.24)	(626.21)
(h) Dividend on Current Investments (Non - Trade)	(149.97)	(126.71)
(i) Provision for Doubtful Debts	151.27	-
	4,616.23	1,897.48
Operating Cash Profit before Working Capital Changes	2,628.43	5,445.20
(a) (Increase) / Decrease in Inventories	(7,455.76)	5,720.49
(b) (Increase) / Decrease in Trade and Other Receivables	3,854.79	(1,894.94)
(c) (Decrease) in Trade and Other Payables	(563.03)	(1,856.23)
	(4,164.00)	1,969.32
Cash Inflow from Operations	(1,535.57)	7,414.52
Deduct:		
Direct Taxes Paid	818.47	1,010.34
Net Cash Inflow / (Outflow) in course of Operating activities (A)	(2,354.04)	6,404.18
B) CASH FLOW FROM INVESTING ACTIVITIES		
Inflow:		
(a) Dividend on Current Investments (Non - Trade)	149.97	126.71
(b) Interest Income Received	509.98	343.70
(c) Sale of Current Investments	3,411.26	-
(d) Sale of Fixed Assets	3.22	7.30
	4,074.43	477.71
Outflow:		
(a) Purchases of Current Investments (net)	-	3,202.91
(b) Investment in Subsidiaries	96.42	1,503.77
(c) Purchase of Trade Investment	5.85	-
(d) Inter Corporate Deposit Given	-	1,800.00
(e) Purchase of Fixed Assets (including capital advances)	2,125.90	3,407.82
	2,228.17	9,914.50
Net Cash Inflow/(Outflow) in the course of Investing Activities (B)	1,846.26	(9,436.79)

CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2012

	Year Ended 31.03.2012 (₹ in Lac)	Year Ended 31.03.2011 (₹ in Lac)
C) CASH FLOW FROM FINANCING ACTIVITIES		
Inflow:		
(a) Proceeds from Issue of Equity Shares - Private Placement	-	8,100.00
(b) Working Capital / Short Term Loan availed during the year (net)	5,878.80	-
(c) Fixed Loans availed during the year (net)	-	284.34
(d) Loans repaid by Subsidiaries (net)	-	1,755.75
	5,878.80	10,140.09
Outflow:		
(a) Share Issue Expenses	-	414.09
(b) Fixed Loans repaid during the year (net)	2,507.20	-
(c) Working Capital / Short Term Loans repaid during the year (net)	-	4,502.74
(d) Interest paid on loans borrowed	1,212.13	330.83
(e) Dividend Paid	1,603.03	1,283.45
(f) Dividend Tax Paid	266.96	213.57
(g) Loan given to Subsidiary (net)	30.44	-
	5,619.76	6,744.68
Net Cash Inflow in the course of Financing activities (C)	259.04	3,395.41
Net Increase / (Decrease) in Cash/Cash Equivalents (A+B+C)	(248.73)	362.80
Add: Balance of Cash/Cash Equivalents at the beginning of the year	886.25	523.45
Cash/Cash Equivalents at the close of the year	637.52	886.25
<u>Cash/Cash Equivalents at the close of the year</u>		
Cash and Bank Balances as per Note (xvii)	1,272.04	1,217.58
Less: Other Bank Balances not in nature of cash and cash equivalent	(634.52)	(331.33)
	637.52	886.25

As per our report of even date
For DALAL & SHAH
Firm Registration No. 102021W
Chartered Accountants
For and on behalf of the Board
P.K. Khurana
Chairman & Managing Director
S. Venkatesh
Partner
Membership No. F-037942
Mumbai
29th May, 2012
**Kanika Sharma
Company Secretary**
**Vipin Chandok
Chief Financial Officer**
**P.M. Samvatsar
Whole - Time Director**

AUDITORS' REPORT ON THE CONSOLIDATED FINANCIAL STATEMENTS

The Board of Directors of Everest Kanto Cylinder Limited

1. We have audited the attached consolidated balance sheet of Everest Kanto Cylinder Limited (the "Company") and its subsidiaries, hereinafter referred to as the "Group" (refer Note 1 to the attached consolidated financial statements) as at 31st March 2012, the related consolidated Statement of Profit and Loss and the consolidated Cash Flow Statement for the year ended on that date annexed thereto, which we have signed under reference to this report. These consolidated financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.
2. We conducted our audit in accordance with the auditing standards generally accepted in India. Those Standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.
3. We did not audit the financial statements of 5 subsidiaries (including 2 step down subsidiaries) included in the consolidated financial statements, which constitute total assets of ₹ 47,519 Lac and as at 31st March 2012, total revenue of ₹ 19,326 Lac, net loss of Rs 1,735 Lac and net cash flows amounting to ₹ 268 Lac for the year then ended. These financial statements and other financial information have been audited by other auditors whose reports have been furnished to us, and our opinion on the consolidated financial statements to the extent they have been derived

from such financial statements is based solely on the report of such other auditors.

4. We report that the consolidated financial statements have been prepared by the Company's Management in accordance with the requirements of Accounting Standard (AS) 21 - Consolidated Financial Statements notified under sub-section 3C of Section 211 of the Companies Act, 1956.
5. Based on our audit and on consideration of reports of other auditors on separate financial statements and on the other financial information of the components of the Group as referred to above, and to the best of our information and according to the explanations given to us, in our opinion, the attached consolidated financial statements give a true and fair view in conformity with the accounting principles generally accepted in India:
 - (a) in the case of the consolidated Balance Sheet, of the state of affairs of the Group as at 31st March 2012;
 - (b) in the case of the consolidated Statement of Profit and Loss, of the profit of the Group for the year ended on that date: and
 - (c) in the case of the consolidated Cash Flow Statement, of the cash flows of the Group for the year ended on that date.

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

S.Venkatesh
Partner
Membership No. F-037942

Mumbai
May 29, 2012

CONSOLIDATED BALANCE SHEET AS AT 31ST MARCH, 2012

	Schedule	As at 31.03.2012 (₹ in Lakh)	As at 31.03.2011 (₹ in Lakh)
I. EQUITY AND LIABILITIES			
1. Shareholders' Funds			
Share Capital	(i)	2,143.15	2,143.15
Reserves and Surplus	(ii)	79,665.18	73,665.03
		<u>81,808.33</u>	<u>75,808.18</u>
2. Non-Current Liabilities			
Long-Term Borrowings	(iii)	4,566.53	24,114.48
Deferred Tax Liabilities (Net)	(x)	-	200.50
Other Long-Term Liabilities	(iv)	11.50	11.50
Long-Term Provisions	(v)	864.16	637.13
		<u>5,442.19</u>	<u>24,963.61</u>
3. Current Liabilities			
Short-Term Borrowings	(vi)	16,480.52	6,386.97
Trade Payables		7,468.23	8,996.57
Other Current Liabilities	(vii)	30,139.61	10,759.70
Short-Term Provisions	(viii)	382.51	1,959.24
		<u>54,470.87</u>	<u>28,102.48</u>
4. Minority Interest		-	-
TOTAL		<u>141,721.39</u>	<u>128,874.27</u>
II. ASSETS			
1. Non-Current Assets			
Fixed Assets (Net of Depreciation)	(ix)		
(i) Tangible Assets		60,412.26	48,123.94
(ii) Intangible Assets		7,346.13	7,924.20
(iii) Capital Work-in-Progress		3,544.68	13,107.66
Deferred Tax Asset (net)	(x)	779.79	-
Non-Current Investments	(xi)	44.95	39.10
Long-Term Loans and Advances	(xii)	3,623.88	2,542.45
Other Non-Current Assets	(xiii)	84.59	15.79
		<u>75,836.28</u>	<u>71,753.14</u>
2. Current Assets			
Current Investments	(xiv)	1.77	3,413.03
Inventories	(xv)	46,368.66	27,565.81
Trade Receivables	(xvi)	12,956.34	11,482.46
Cash and Bank Balances	(xvii)	1,929.99	5,052.03
Short-Term Loans and Advances	(xviii)	4,308.75	8,226.91
Other Current Assets	(xix)	319.60	1,380.89
		<u>65,885.11</u>	<u>57,121.13</u>
TOTAL		<u>141,721.39</u>	<u>128,874.27</u>
III. Read with Other Notes to Accounts	(xxvii)		

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

For and on behalf of the Board

P.K. Khurana
Chairman & Managing Director

S. Venkatesh
Partner
Membership No. F-037942
Mumbai
29th May, 2012

Kanika Sharma
Company Secretary

Vipin Chandok
Chief Financial Officer

P.M. Samvatsar
Whole - Time Director

CONSOLIDATED PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH, 2012

	Schedule	Year Ended 31.03.2012 (₹ in Lakh)	Year Ended 31.03.2011 (₹ in Lakh)
I. Revenue from Operations	(xx)	67,705.49	77,947.79
II. Other Income	(xxi)	767.42	644.42
III. Total Revenue (I + II)		68,472.91	78,592.21
IV. Expenses:			
Cost of Materials Consumed	(xxii)	39,419.47	37,910.75
Purchases of Stock-in-Trade		529.19	224.53
Changes in Inventories of Finished Goods, Work-in-Progress and Stock-in-Trade	(xxiii)	(5,024.94)	4,096.60
Employee Benefits Expense	(xxiv)	8,692.91	8,275.39
Finance Costs	(xxv)	1,777.72	822.72
Depreciation and Amortization Expense		6,680.77	6,389.29
Other Expenses	(xxvi)	14,736.99	13,927.70
Own Goods Capitalised		(241.25)	(245.00)
Total Expenses (Excluding Foreign Exchange Variation)		66,570.86	71401.98
V. Profit before Foreign Exchange Variation and Tax		1,902.05	7,190.23
VI. Foreign Exchange Variation (Gain)/ Loss (Net)		2,747.00	(268.02)
VII. Profit/ (Loss) before Tax (V - VI)		(844.95)	7,458.25
VIII. Tax Expense:			
(1) Current Tax		2.09	1,330.00
(2) Deferred Tax		(815.66)	(892.66)
IX. Years (VII-VIII)		(31.38)	7,020.91
X. Tax Adjustments for Earlier Years (Net)		(500.00)	5.70
XI. Profit/(Loss) for the year before Minority Interest (IX-X)		468.62	7,026.61
XII. Minority Interest		-	24.45
XIII. Profit/(Loss) for the Year (XI+ XII)		468.62	7,051.06
XIV. Earnings per Equity Share:			
Basic		0.44	6.66
Diluted		0.44	6.66
XV. Read with Other Notes to Accounts	(xxvii)		

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

For and on behalf of the Board

P.K. Khurana
Chairman & Managing Director

S. Venkatesh
Partner
Membership No. F-037942
Mumbai
29th May, 2012

Kanika Sharma
Company Secretary

Vipin Chandok
Chief Financial Officer

P.M. Samvatsar
Whole - Time Director

NOTES FORMING PART OF CONSOLIDATED BALANCE SHEET AS AT 31ST MARCH, 2012

	As at 31.03.2012 (₹ in Lakh)	As at 31.03.2011 (₹ in Lakh)
(i) Share Capital		
Authorised		
125,000,000 Equity Shares of ₹ 2 each	<u>2,500.00</u>	<u>2,500.00</u>
Issued		
10,71,57,682 (PY:10,71,57,682) Equity Shares of ₹ 2 each	<u>2,143.15</u>	<u>2,143.15</u>
Subscribed & Fully Paid up		
10,71,57,682 (PY:10,71,57,682) Equity Shares of ₹ 2 each fully paid up	<u>2,143.15</u>	<u>2,143.15</u>
Total	<u><u>2,143.15</u></u>	<u><u>2,143.15</u></u>

a. Reconciliation of Number of Shares

Equity Shares	No. of Shares	₹ in Lakh	No. of Shares	₹ in Lakh
Shares outstanding at the beginning of the year	107,157,682	2,143.15	101,157,682	2,023.15
Shares Issued during the year	-	-	6,000,000	120.00
Shares outstanding at the end of the year	107,157,682	2,143.15	107,157,682	2,143.15

b. Rights, Preferences and Restrictions attached to Shares

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

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

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

*Less than 5%

(ii) Reserves and Surplus
a. Securities Premium Account

Opening Balance	32,844.48	25,278.57
Add : Securities Premium credited on Share issue (Net of Share Issue Expenses: Current Year: ₹ Nil, Previous Year: ₹ 414.09 Lakh)	-	7,565.90
Closing Balance	<u>32,844.48</u>	<u>32,844.47</u>

b. Hedging Reserves

Opening Balance	(365.43)	(640.15)
(+) Current Year Transfer	210.62	274.72
(-) Written Back in Current Year	-	-
Closing Balance	<u>(154.81)</u>	<u>(365.43)</u>

c. General Reserves

Opening Balance	7,491.00	6,491.00
(+) Current Year Transfer from Surplus	-	1,000.00
(-) Written Back in Current Year	-	-
Closing Balance	<u>7,491.00</u>	<u>7,491.00</u>

NOTES FORMING PART OF CONSOLIDATED BALANCE SHEET AS AT 31ST MARCH, 2012

	As at 31.03.2012 (₹ in Lakh)	As at 31.03.2011 (₹ in Lakh)
d. Surplus		
Opening balance	33,114.53	29,021.76
(+) Net Profit/(Net Loss) For the current year	468.62	7,051.06
(-) Proposed Dividend (Including Dividend Tax Current Year: ₹ 43.46 Lakh, Previous Year: ₹ 266.96 Lakh)	311.35	1,874.33
(-) Dividend for the Year 2009-10 (Including Dividend Tax Current Year: ₹ Nil, Previous Year: ₹ 11.96 Lakh)	-	83.96
(-) Transfer to General Reserves	-	1,000.00
Closing Balance	33,271.80	33,114.53
e. Exchange Fluctuation Reserve on Consolidation of Overseas Subsidiaries		
Opening Balance	580.45	(81.83)
(+) During the Year	5,632.26	662.28
Closing Balance	6,212.71	580.45
Total	79,665.18	73,665.03
# Dividend proposed to be distributed to Equity Shareholders is ₹ 0.25 (Previous Year ₹ 1.50) per Equity Share.		
(iii) Long-Term Borrowings		
Secured		
a. Term Loans		
- From Banks	-	1,786.00
- Other Term Borrowings	2,557.82	4,883.59
- Vehicle Loan	9.30	3.95
	2,567.12	6,673.54
Unsecured		
a. Bonds/Debentures		
- Foreign Currency Convertible Bonds	-	15,627.50
b. Term Loans		
- Sales Tax Deferment Loan (Interest Free)	1,985.24	1,813.44
c. Long Term Maturities of Finance Lease Obligations	14.17	-
	1,999.41	17,440.94
Total	4,566.53	24,114.48
(iv) Other Long-Term Liabilities		
Deposit	11.50	11.50
Total	11.50	11.50
(v) Long-Term Provisions		
a. Provision for Employee Benefits		
- Leave Encashment	92.41	97.72
- Leave Encashment (Unfunded)	-	-
- Post Retirement Benefits	771.75	539.41
Total	864.16	637.13

NOTES FORMING PART OF CONSOLIDATED BALANCE SHEET AS AT 31ST MARCH, 2012

	As at 31.03.2012 (₹ in Lakh)	As at 31.03.2011 (₹ in Lakh)
(vi) Short-Term Borrowings		
Secured		
Working Capital Facilities from Banks		
- Repayable on Demand	3,730.00	-
- Others	11,870.50	5,185.90
	<u>15,600.50</u>	<u>5,185.90</u>
Unsecured		
Loans from Banks		
- Working Capital Facility	880.02	1,201.07
	<u>880.02</u>	<u>1,201.07</u>
Total	<u><u>16,480.52</u></u>	<u><u>6,386.97</u></u>
(vii) Other Current Liabilities		
a. Current maturities of Long-Term Debt		
- Foreign Currency Convertible Bonds	17,904.78	-
- External Commercial Borrowings	2,046.26	2,679.00
- Other Term Borrowings	4,572.11	3,906.87
- Sales Tax Deferment Loan (Interest Free)	47.03	47.03
- Vehicle Loan	11.30	11.69
b. Current maturities of Finance Lease obligations	14.12	-
c. Interest Accrued but not due on Borrowings	127.33	159.44
d. Unpaid / Unclaimed Dividends #	10.04	5.70
e. Advances from Customers	370.32	1,016.50
f. Deposits	2,433.83	1,260.50
g. Other Liabilities	2,602.49	1,672.98
Total	<u><u>30,139.61</u></u>	<u><u>10,759.70</u></u>
# No amounts are due to the Investor Education Protection Fund		
(viii) Short-Term Provision		
a. Provision for Employee Benefits		
- Gratuity (Funded) (Net)	-	1.93
- Post Retirement Benefits	22.60	39.02
- Leave Encashment	48.56	43.95
b. Others		
- Proposed Dividend	267.89	1,607.37
- Provision for Tax on Dividend	43.46	266.96
Total	<u><u>382.51</u></u>	<u><u>1,959.24</u></u>

NOTES FORMING PART OF CONSOLIDATED BALANCE SHEET AS AT 31ST MARCH, 2012

(ix) Fixed Assets

(₹ in Lakh)

Particulars	Gross Block			Depreciation / Amortisation					Net Block	
	Balance as at 01.04.2011	Additions	Deductions / Adjustments*	Balance as at 31.03.2012	Balance as at 01.04.2011	Depreciation charge for the year	Deductions / Adjustments*	On Disposals	Balance as at 31.03.2012	Balance as at 31.03.2011
a. Tangible Assets										
Freehold Land	858.88	52.26	(56.82)	967.96	-	-	-	-	-	858.88
Leasehold Land #	672.56	-	(74.18)	746.74	190.53	10.09	(6.85)	-	207.47	482.03
Buildings ##	16,409.19	1,173.90	(1,417.78)	19,000.87	2,447.19	523.63	(180.94)	-	3,151.76	13,962.00
Plant and Equipment	43,854.67	10,945.09	(4,009.04)	58,808.80	14,521.54	4,145.03	(1,691.58)	40.75	20,317.40	29,333.13
Furniture and Fixtures	368.76	67.09	(26.30)	462.15	166.06	25.96	(9.14)	-	201.16	202.70
Vehicles	394.69	28.20	(6.24)	429.13	138.47	59.45	(13.45)	8.71	202.66	256.22
Office Equipment	183.91	24.20	(8.79)	216.90	49.03	18.24	(3.67)	-	70.94	134.88
Computers	307.00	595.90	(19.45)	922.35	138.10	61.01	(10.89)	-	210.00	168.90
Gas Cylinders	285.41	-	-	285.41	48.22	44.37	-	-	92.59	237.19
Gas Cylinders given on Lease	346.72	266.10	-	612.82	21.58	88.73	-	-	110.31	325.14
Electrical Installation	2,564.45	324.50	(223.51)	3,112.46	401.58	143.69	(43.77)	-	589.04	2,162.87
Total (a)	66,246.24	13,477.24	(5,842.11)	85,565.59	18,122.30	5,120.20	(1,960.29)	49.46	25,153.33	48,123.94
b. Intangible Assets										
Goodwill (Including on Consolidation)	12,307.33	-	(1,206.31)	13,513.64	4,617.20	1,510.96	(233.99)	-	6,362.15	7,690.13
Computer Software	247.33	9.33	(1.16)	257.82	13.26	49.63	(0.29)	-	63.18	234.07
Total (b)	12,554.66	9.33	(1,207.47)	13,771.46	4,630.46	1,560.59	(234.28)	-	6,425.33	7,924.20
Total (a+b)	78,800.90	13,486.57	(7,049.58)	99,337.05	22,752.76	6,680.79	(2,194.57)	49.46	31,578.66	56,048.14
Previous Year Total	71,442.86	7,087.25	(270.80)	78,800.91	16,978.55	6,389.29	615.08	49.46	22,703.30	54,464.31
c. Capital Work In Progress									3,544.68	13,107.66

Notes:

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

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

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

NOTES FORMING PART OF CONSOLIDATED BALANCE SHEET AS AT 31ST MARCH, 2012

	As at 31.03.2012 (₹ in Lakh)	As at 31.03.2011 (₹ in Lakh)	As at 31.03.2010 (₹ in Lakh)
(x) Deferred Tax Asset/ Liability (Net)			
Deferred Tax Liability on account of:			
- Depreciation	3,669.11	2,763.98	2,473.45
- Inventory Valuation under Tax Laws	-	-	154.21
	<u>3,669.11</u>	<u>2,763.98</u>	<u>2,627.66</u>
Deferred Tax Asset on account of:			
- Inventory Valuation under Tax Laws	468.39	65.54	-
- Shares/FCCB Issue Expenses	189.23	195.33	237.95
- Employee Benefits	152.80	90.73	85.45
- Unabsorbed Depreciation as per Tax Laws	872.77	-	-
- Others	2,601.09	2,216.89	1,198.09
	<u>4,284.28</u>	<u>2,568.49</u>	<u>1,521.49</u>
Add: Transfer to Exchange Fluctuation Reserves	(164.62)	5.01	(18.02)
Deferred Tax Assets/ Liability (Net)	<u>(779.79)</u>	<u>200.50</u>	<u>1,088.15</u>
(xi) Non-Current Investments			
Other Investments			
Investment in Equity Instruments	244.95	239.10	
Less : Provision for diminution in the value of Investments	(200.00)	(200.00)	
Total	<u>44.95</u>	<u>39.10</u>	
a. Market Value of Investments			
Aggregate amount of Quoted Investments	-	-	
Aggregate amount of Unquoted Investments	44.95	39.10	

b. Details of Other Investments

Name of the Body Corporate	Subsidiary / Associate / JV/ Controlled Special Purpose Entity / Others	Face Value	No. of Shares / Units		Quoted / Unquoted	Partly Paid / Fully paid	Extent of Holding (%)		Amount (Rs.)		Whether stated at Cost Yes / No	If Answer to Column (13) is 'No' - "Basis of Valuation"
			2012	2011			2012	2011	2012	2011		
Investment in Equity Instruments												
Everest Kanto Investment & Finance Pvt. Ltd.	Others	INR 10	115,000	115,000	Unquoted	Fully Paid	9.58	9.58	39.10	39.10	Yes	NA
GPT Steel Industries Pvt. Ltd.	Others	INR 10	2,000,000	2,000,000	Unquoted	Fully Paid	0.79	0.79	200.00	200.00	No	Fully provided for Diminution in Value
Tarapur Environment Protection Society	Others	INR 100	5,852	-	Unquoted	Fully Paid	-	-	5.85	-	Yes	NA
Total									244.95	239.10		

NOTES FORMING PART OF CONSOLIDATED BALANCE SHEET AS AT 31ST MARCH, 2012

	As at 31.03.2012 (₹ in Lakh)	As at 31.03.2011 (₹ in Lakh)
(xii) Long-Term Loans and Advances		
a. Capital Advances		
Unsecured, considered good	894.74	1,110.35
b. Security Deposits		
Unsecured, considered good	937.38	972.97
[Includes ₹ Nil (31.03.2011 ₹ 20.00 Lakh) to private companies in which directors are directors / members]		
c. Advance Tax and Tax Deducted at Source (Net of provision for taxes)	1,783.92	459.13
d. Other Loans and Advances		
Unsecured, considered good	7.84	-
Total	3,623.88	2,542.45
(xiii) Other Non-Current Assets		
Long Term Trade Receivables		
Unsecured, considered good	84.59	15.79
Unsecured, considered doubtful	18.59	-
Less: Provision for doubtful debts	(18.59)	-
Total	84.59	15.79
(xiv) Current Investments		
Investments in Mutual Funds	1.77	3,413.03
Less : Provision for diminution in the value of Investments	-	-
Total	1.77	3,413.03
a. Market Value of Investments		
Aggregate amount of quoted investments	-	-
Aggregate amount of unquoted investments	1.77	3,413.03
b. Details of Current Investments		
Investments in Mutual Funds	No. of Shares / Units	Amount
Name of the Mutual Fund	2012	2011
Kotak Floaters Short Term Fund-Dividend Option	-	3,029.91
LIC Liquid Fund-Dividend Plan	11,172.99	10,478.10
UTI Liquid Fund-Cash Plan Institutional - Daily Income	53.06	-
UTI-Floating Rate Fund-Short Term Plan-Institutional Daily Dividend Plan-Reinvestment	-	99,944.95
UTI-Fixed Income Interval Fund-Monthly Interval Plan Series-I-Institutional Dividend Plan-Reinvestment	-	18,001,639.66
UTI-Fixed Income Interval Fund-Monthly Interval Plan Series-II- Institutional Dividend Plan-Reinvestment	-	1,000,000.00
UTI-Fixed Income Interval -Series II- Quarterly Interval Plan IV-Institutional Dividend Plan-Reinvestment	-	5,068,484.20
Total		
		1.77
		3,413.03
(xv) Inventories (Valued at Lower of Cost and Net Realisable Value)		
a. Raw Materials and Components	28,569.79	16,480.74
Goods-in Transit (at Cost)	534.36	-
	29,104.15	16,480.74
b. Work-in-Progress	12,302.20	8,609.13
c. Finished Goods	4,859.74	2,330.86
d. Goods for Trade	6.89	-
Goods-in Transit (at Cost)	-	19.29
	6.89	19.29
e. Stores and Spares	95.68	125.79
Total	46,368.66	27,565.81

NOTES FORMING PART OF CONSOLIDATED BALANCE SHEET AS AT 31ST MARCH, 2012

	As at 31.03.2012 (₹ in Lakh)	As at 31.03.2011 (₹ in Lakh)
(xvi) Trade Receivables		
Trade receivables outstanding for a period less than six months from the date they are due for payment		
Unsecured, considered good	12,277.18	10,391.40
Unsecured, considered doubtful	2.40	2.40
Less: Provision for doubtful debts	<u>(2.40)</u>	<u>(2.40)</u>
	<u>12,277.18</u>	<u>10,391.40</u>
Trade receivables outstanding for a period exceeding six months from the date they are due for payment		
Unsecured, considered good	679.16	1,091.07
Unsecured, considered doubtful	140.01	7.33
Less: Provision for doubtful debts	<u>(140.01)</u>	<u>(7.33)</u>
	<u>679.16</u>	<u>1,091.06</u>
Total	<u><u>12,956.34</u></u>	<u><u>11,482.46</u></u>
(xvii) Cash and Bank Balances		
Cash and Cash Equivalents:		
a. Cash on Hand*	45.30	29.06
b. Cheques, Drafts on Hand	34.92	-
c. Balances with Banks*	-	-
Current Accounts	1,172.37	2,839.70
Bank Deposits with less than 3 months maturity	<u>-</u>	<u>1,851.94</u>
	<u>1,252.59</u>	<u>4,720.70</u>
Other Bank Balances:		
a. Security against Guarantees	624.48	311.64
b. Bank Deposits with more than 3 months, but less than 1 year maturity	42.88	13.99
c. Earmarked Balances - Unpaid Dividend Accounts	<u>10.04</u>	<u>5.70</u>
	<u>677.40</u>	<u>331.33</u>
Total	<u><u>1,929.99</u></u>	<u><u>5,052.03</u></u>
*There are no Repatriation Restrictions, in respect of Cash and Bank Balances.		
(xviii) Short-Term Loans and Advances		
a. Advances recoverable in cash or kind or for value to be received Others		
- Balance with Central Excise	495.62	1,211.25
- Advances paid to Suppliers	1,133.43	3,695.48
- Prepaid expenses	294.37	439.91
b. Inter Corporate Deposit	2,000.00	2,000.00
c. Other Loans and Advances	<u>385.33</u>	<u>880.27</u>
Total	<u><u>4,308.75</u></u>	<u><u>8,226.91</u></u>
(xix) Other Current Assets		
a. Current Deposits		
Unsecured, considered good	62.88	910.99
[Includes ₹ 20 Lakh (31.03.2011 ₹ 900.00 Lakh) to private companies in which directors are directors / members]		
b. Gratuity (Funded) (Net)	3.47	-
c. Interest Receivable from Others	138.52	105.97
d. Other Receivables	<u>114.73</u>	<u>363.93</u>
Total	<u><u>319.60</u></u>	<u><u>1,380.89</u></u>

NOTES FORMING PART OF CONSOLIDATED STATEMENT OF PROFIT AND LOSS AS AT 31ST MARCH, 2012

	As at 31.03.2012 (₹ in Lakh)	As at 31.03.2011 (₹ in Lakh)
(xx) Revenue from Operations		
Sale of Products:		
- Finished Goods Sales	68,983.04	79,172.96
- Trading Sales	565.52	824.96
Less:		
Excise Duty	(2,600.92)	(2,523.50)
	<u>66,947.64</u>	<u>77,474.42</u>
Other Operating Revenues		
- Scrap Sales	709.69	357.14
- Export Incentives	22.96	102.87
- Testing and Inspection Fees Received	13.79	5.91
- Others	11.41	7.45
Total	<u>67,705.49</u>	<u>77,947.79</u>
(xxi) Other Income		
Interest		
- On Inter Corporate Deposits	438.93	490.93
- On Fixed Deposits	73.97	-
Dividend on Current Investments (Non-Trade)	149.97	126.71
- Miscellaneous Income	104.55	26.78
Total	<u>767.42</u>	<u>644.42</u>
(xxii) Cost of Materials Consumed		
Opening Stock	16,480.74	18,679.47
Add: Purchases	50,671.86	35,630.50
	<u>67,152.60</u>	<u>54,309.97</u>
Less: Closing Stock	29,104.15	16,480.74
	<u>38,048.45</u>	<u>37,829.23</u>
Foreign Exchange Translation Reserve Impact	1,371.02	81.52
Raw Materials & Components consumed	<u>39,419.47</u>	<u>37,910.75</u>
(xxiii) Changes in Inventories of Finished Goods, Work-in-Progress and Stock-in-Trade		
Opening Stocks :		
- Finished Goods	2,330.86	3,310.76
- Work in Progress	8,609.12	11,648.65
- Scrap	-	-
- Goods for Trade	-	217.50
(A)	<u>10,939.98</u>	<u>15,176.91</u>
Closing Stocks :		
- Finished Goods	4,859.74	2,330.86
- Work in Progress	12,302.20	8,609.13
- Scrap	-	-
- Stores & Spares	-	-
- Goods for Trade	6.89	-
(B)	<u>17,168.83</u>	<u>10,939.99</u>
(A-B)	<u>(6,228.85)</u>	<u>4,236.92</u>
Add : Variation in Excise Duty on Finished Goods Stocks	37.12	(190.36)
	<u>(6,191.73)</u>	<u>4,046.56</u>
Foreign Exchange Translation Reserve Impact	1,166.79	50.04
Changes in Inventories of Finished Goods, Work-in-Progress and Stock-in-Trade	<u>(5,024.94)</u>	<u>4,096.60</u>

NOTES FORMING PART OF CONSOLIDATED STATEMENT OF PROFIT AND LOSS AS AT 31ST MARCH, 2012

	As at 31.03.2012 (₹ in Lakh)	As at 31.03.2011 (₹ in Lakh)
(xxiv) Employee Benefits Expense		
Salaries, Wages and Other Benefits	7,783.82	7,485.65
Contributions to -		
- Provident Fund and Other Funds	214.69	217.58
- Superannuation Scheme	2.54	16.55
Staff Welfare Expenses	691.86	555.61
Total	8,692.91	8,275.39
(xxv) Finance Costs		
Interest Expense		
- On Borrowings	947.45	784.57
- Others	9.77	0.46
Other Borrowing Costs	31.26	37.69
Applicable Net Loss on Foreign Currency Fluctuations and Translations	789.24	-
Total	1,777.72	822.72
(xxvi) Other Expenses		
- Consumption of Stores, Spares, etc.	1,613.47	1,772.32
- Power and Fuel	5,312.95	4,860.57
- Repairs and Maintenance - Building	43.18	48.65
- Repairs and Maintenance - Plant and Machinery	430.11	315.96
- Repairs and Maintenance - Others	35.68	52.65
- Labour Charges	153.97	141.53
- Rent	552.39	387.87
- Insurance	401.26	390.13
- Rates and Taxes, excluding Taxes on Income	86.35	57.75
- Directors' Sitting Fees and Commission	85.76	36.80
- Legal and Professional Fees	512.66	368.92
- Loss on Assets Scrapped / Discarded, Loss of Asset	106.09	7.27
- Provision for Doubtful Debts	151.27	-
- Provision for Diminution of Long Term Investment	-	200.00
- Bank Charges and Commission	313.14	302.86
- Carriage and Freight	973.90	792.80
- Advertisement and Sales Promotion	188.24	161.82
- Commission	472.35	835.31
- Miscellaneous Expenses	3,304.24	3,194.49
Total	14,736.99	13,927.70

NOTES FORMING PART OF THE CONSOLIDATED FINANCIALS FOR THE YEAR ENDED 31ST MARCH, 2012

Note No. (xxvii) :

Additional Notes forming part of the Consolidated Accounts for the year ended March 31, 2012

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

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

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

3. (a) Contingent liabilities not provided for in respect of:
- | | As at
31.03.2012
(₹ in Lakh) | As at
31.03.2011
(₹ in Lakh) |
|---------------------------------|------------------------------------|------------------------------------|
| Disputed Tax and other Matters: | | |
| Income Tax | 156.54 | 21.14 |
| Sales Tax | 486.74 | 114.82 |
| Lease Tax | 16.34 | 16.34 |
- (b) (i) Estimated amount of contracts remaining to be executed on Capital Account and not provided for (net of advances)
- | | 2011-2012
(₹ in Lakh) | 2010-2011
(₹ in Lakh) |
|--|--------------------------|--------------------------|
| | 612.71 | 353.08 |
- (ii) Uncalled amount on partly paid Equity Shares of a Subsidiary Company
- | | 2011-2012
(₹ in Lakh) | 2010-2011
(₹ in Lakh) |
|--|--------------------------|--------------------------|
| | 224.98 | NIL |
4. During the Financial Year 2007-08, the Company had raised a sum of USD 35 Million by issue of Zero Coupon Foreign Currency Convertible Bonds (FCCB) which is due in 2012. The principal terms of the FCCBs are given below:
- The bond holders can exercise the option to convert the bonds into equity shares at any time after 41 days from the date of issue, upto seven days prior to maturity, at a fixed conversion price of ₹ 303.36 per share with a fixed rate of ₹ 39.84 to USD 1 (i.e. a conversion ratio of 13,133.1279 shares per bond).
 - On expiry of one year from the date of issue of the bonds, i.e. on the 9th October, 2008, the conversion price has been reset to ₹ 271.32 (i.e. a conversion ratio of 14,684.0103 shares per bond).
 - The Company may opt for early redemption of the bonds at a redemption premium that gives the bond holder a gross yield of 7.25% per annum (compounded half yearly), provided the bonds outstanding are less than 10 per cent of the bonds originally issued.
 - The Company may at its absolute discretion, at any time on or after 3 years from the date of issue of bonds, convert all outstanding bonds, provided the closing price of shares, during the specified period, is at least 130 per cent of the applicable early redemption amount.
 - Bonds outstanding on the maturity date will be redeemed at 142.8010 % of the principal amount.

Due to variables currently indeterminable, the premium on actual redemption is not computable and hence will be recognised if and as and when the redemption option is exercised. Such premium shall be first charged to the available balance in securities premium account.

5. Related Party Disclosures:
1. Relationships:
(a) Related parties where control exists:

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. Pramod Samvatsar
 Mr. Pushkar Khurana

(c) Relatives of Key Management Personnel and their Enterprises, where transactions have taken place:

Mr. S.S. Khurana
 Mrs. Suman Khurana

2. Transactions with related parties:

(₹ in Lakh)

Nature of Transactions	Related parties referred in		
	1(a) above	1(b) above	1(c) above
Sales:			
Goods	856.64 (616.81)	- (-)	- (-)
Purchases:			
Consumables / Others	74.38 (46.85)	- (-)	- (-)
Expenses / Payments:			
Remuneration	- (-)	416.67 (945.98)	- (-)
Rent	215.52 (152.82)	6.00 (3.00)	6.00 (6.00)
Other Expenses	63.97 (47.97)	24.00 (24.00)	- (-)
Guarantees Vacated for Borrowings by the Company	- -	(-) (4,514.00)	- (-)
Outstandings:			
Payables	109.24 (140.64)	- (126.03)	- (-)
Other Receivables	54.19 (1,169.98)	- (-)	- (-)
Guarantee Given for Borrowing by the Company (@)	- (-)	1,389.99 (3,127.45)	- Jointly

(Previous year figures are in brackets)

@ To the extent of amounts outstanding there against.

6. Assets taken on Operating Lease:

As at 31.03.2012 (₹ in Lakh)	As at 31.03.2011 (₹ in Lakh)
---	------------------------------------

The total future minimum lease rentals payable at the Balance Sheet date are as under:

For a period not later than one year	238.55	112.97
--------------------------------------	--------	--------

For a period later than one year and not later than five years	76.66	354.32
--	-------	--------

For a period later than five years	-	-
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7. Bonds / Undertakings given by the Company under concessional duty / exemption schemes to government authorities (net of obligations fulfilled) aggregate to ₹ 3,708.24 Lakh as at the close of the year (31/03/2011: ₹ 2,045.47 Lakh).
8. In absence of the profits for the year, the remuneration of ₹ 279.31 lakh paid during the year to the Managing Director and the two Whole Time Directors as per their respective terms of appointment is in excess by ₹ 207.31 Lakh computed in accordance with the provisions of the Companies Act, 1956 and Schedule XIII thereto. The company would be obtaining approval of the shareholders of the Company at the ensuing Annual General Meeting of the company and of the Central Government for waiver of the excess remuneration.
9. Computation of profit for Earnings per Share:

	2011-2012 (₹ in Lakh)	2010-2011 (₹ in Lakh)
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Profit for the year before earlier year adjustments and Minority Interest	(31.38)	7,020.91
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Add: Share of Minority Interest	-	24.45
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Add/ (Less): Tax Adjustments for earlier years (net)	(500.00)	5.70
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Net Profit	468.62	7,051.06
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Weighted Number of Equity Shares	107,157,682	105,859,052
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Number of Equity Shares outstanding at the end of the year	107,157,682	107,157,682
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Nominal Value per share (in Rupees)	2.00	2.00
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Basic and Diluted Earnings Per Share (in Rupees)	0.44	6.66
--	------	------

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

10. Variation in Accounting Policies:-

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

11. Considering foreign exchange exposures and the volatility in exchange rates, mark to market losses during the year on outstanding foreign currency derivative contracts to hedge highly probable forecast transactions have been charged to the Statement of Profit and Loss, discontinuing the Hedge Accounting principles followed upto 31st March, 2010. Accordingly, debit balance in the Hedging Reserve, as at 31st March, 2012, representing mark to market losses, considered as probable hedge transactions as at 31st March 2012, contracts of which are maturing upto December, 2012, stands at ₹ 154.81 Lakh (₹ 365.43 Lakh as at 31/03/2011).

12. During the year, the Company has made additional investment of ₹ 96.42 Lakh in Calcutta Compression & Liquefaction Engineering Limited (CC&L), which is a subsidiary of the Company, wherein the Company has majority stake. Accordingly, the investment aggregates ₹ 335.30 Lakh (₹ 238.88 Lakh as on 31/03/2011). Further, the Company has recoverable loans and other receivables, aggregating ₹ 877.16 Lakh (₹ 846.73 Lakh as at 31/03/2011) from it. The Net Worth of CC&L has fully eroded. In the

opinion of the management, after considering the projected earnings and cash flows of CC&L, the improvements in its current operational performance and the intention to hold this investment on a long term and strategic basis, no provision for diminution in the value of investment or for losses on account of loans and other receivables is considered necessary, at present.

13. During the year, as a part of global expansion plans, the Company has set up a step down wholly owned subsidiary in Germany viz. EKC Europe GmbH, through EKC International FZE, Dubai, a wholly owned subsidiary company. The said Company will cater to the needs of European market and will also be engaged in technical developments.

14. Refer page no. 74 and 75.

15. The financial statements for the year ended 31st March, 2011 had been prepared as per the then applicable, pre-revised Schedule VI to the Companies Act, 1956. Consequent to the notification under the Companies Act, 1956, the financial statements for the year ended 31st March, 2012 are prepared under revised Schedule VI. Accordingly, the previous year figures have also been reclassified to confirm to this year's classification.

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

As per our report of even date

For **DALAL & SHAH**
Firm Registration No. 102021W
Chartered Accountants

For and on behalf of the Board

P.K. Khurana
Chairman & Managing Director

S. Venkatesh
Partner
Membership No. F-037942
Mumbai
29th May, 2012

Kanika Sharma
Company Secretary

Vipin Chandok
Chief Financial Officer

P.M. Samvatsar
Whole - Time Director



(₹ in Lakh)

(₹ in Lakh)

B. Other Disclosures

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

Annexure I
SIGNIFICANT ACCOUNTING POLICIES:
A. Basis of preparation of financial statements:

The financial statements are prepared under the historical cost convention on the accrual basis of accounting. The accounts of the Holding Company have been prepared in accordance with the Accounting Standards and those of the foreign subsidiaries have been prepared in accordance with the local laws and the applicable Accounting Standards / generally accepted accounting principles. The financial statements of the subsidiaries used in the consolidation, wherever required, are drawn upto the same reporting date as that of the Holding Company, i.e. year ended 31st March. All the assets and liabilities have been classified as current or non current as per the Company's normal operating cycle and other criteria set out in Schedule VI to the Companies Act, 1956. Based on the nature of products and the time between the acquisition of assets for processing and their realization in cash and cash equivalent, the Company has ascertained its operating cycle to be less than 12 months.

B. Principles of Consolidation:

- a. The financial statements of the Holding Company and its subsidiaries have been consolidated on a line-by-line basis by adding together the book values of like items of assets, liabilities, income and expenses, after eliminating intra-group balances, intra-group transactions and the unrealised profits.
- b. The financial statements of the Holding Company and its subsidiaries have been consolidated using uniform accounting policies except, to the extent of variation mentioned in Note 11 above, which, in the opinion of the management, does not have any material impact.

C. Revenue Recognition:

- a. Revenue/Income and Cost/Expenditure are generally accounted for on accrual as they are earned or incurred except in case of significant uncertainties;
- b. Sale of goods is recognized on transfer of significant risks and rewards of ownership, which is generally on the despatch of goods;
- c. Export Benefits are recognised in the year of export;
- d. Share Issue Expenses and Premium on Redemption of FCCBs are to be charged first against available balance in the Securities Premium Account.

D. Employee Benefits:

- a. **Short term employee benefits** are recognised as an expense at the undiscounted amount in the Statement of Profit and Loss of the year in which the related service is rendered;
- b. **Post employment benefits**
 - i. Defined contribution plans:
Company's contribution to the superannuation scheme, state governed provident fund scheme, etc. are recognised during the year in which the related service is rendered;
 - ii. Defined benefit plans:
The present value of the obligation under such plans

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

- c. **Long term compensated** absences are provided on the basis of an actuarial valuation;
- d. **Termination Benefits** are recognised as an expense in the Statement of Profit and Loss of the year in which they are incurred.
Also Refer Point '10' in Note No. xxvii

E. Foreign Currency Translations:

- a. For the purpose of consolidation, the amounts appearing in foreign currencies in the Financial Statements of the foreign subsidiaries (considered as non-integral operations) are translated at the following rates of exchange:
 - i. Average rates for income and expenditure.
 - ii. The year-end rates for all assets and liabilities. Resulting variation on account of exchange rates are accumulated in a Foreign Currency Translation Reserve Account.
- b. Translations within the entity:
 - i. All transactions in foreign currencies are recorded at the rates of exchange prevailing on the dates when the relevant transactions take place;
 - ii. Monetary assets and liabilities in foreign currency outstanding at the close of the year are converted in Indian Currency at the appropriate rates of exchange prevailing on the date of the Balance Sheet. Resultant gain or loss is accounted for during the year;
 - iii. In respect of forward exchange contracts entered into to hedge foreign currency risks the difference between the forward rate and exchange rate at the inception of the contract is recognized as income or expense over the life of the contract. Further the exchange differences arising on such contracts are recognised as income or expense along with the exchange differences on the underlying assets / liabilities. Derivative contracts intended for trading purposes, are marked to their current market value and gain / loss on such contracts is recognised in the Profit and Loss Account for the year. Profit or loss on cancellations / renewals of forward contracts is recognised during the year;
 - iv. Exchange differences arising on other derivative contracts entered into to hedge foreign currency exposure on account of highly probable forecast transactions, were recognized and marked to market, in line with principles laid down in Accounting Standard 30 - Financial Instruments - Recognition and Measurement, issued by The Institute of Chartered Accountants of India, to the extent, no specific accounting treatment is prescribed under Company law or by any other regulatory

authority. Accordingly, such gain or loss on effective hedges was carried forward under Hedging Reserve to be recognized in the Profit and Loss Account only in the year in which underlying transactions get completed. In the absence of a designation as effective hedge, the gain or loss would be immediately recognized in the Profit and Loss Account. With effect from 1st April, 2010, the Company has discontinued the aforesaid accounting treatment and is, accordingly, recognizing mark to market losses in the Profit and Loss Account

(Refer Point '11' in Note No. xxvii)

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

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

F. Fixed Assets and Depreciation / Amortisation:

a. Fixed Assets:

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

b. Depreciation/Amortisation:

- i. Cost of Leasehold Land is amortised over the period of the Primary/Secondary lease;
- ii. Depreciation on fixed assets is provided as per the straight line method over their useful lives or determined on the basis of rates prescribed in Schedule XIV to the Companies Act, 1956.
- iii. Intangible assets are amortized on a Straight Line basis over the estimated useful life of the respective asset, not exceeding a period of ten years;
- iv. Cost of Customised software capitalized is amortised over a period of five years.

G. Investments:

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

H. Inventory Valuation:

- a. The inventories resulting from intra-group transactions are stated at cost after deducting unrealised profit on such transactions.
- b. Goods in transit are stated 'at cost'.
- c. Other inventories are stated 'at cost or net realisable value', whichever is lower.

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

I. Taxation:

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

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

J. Borrowing Costs:

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

K. Impairment of Assets:

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

L. Government Grants:

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

M. Expenditure During Construction and Expenditure on New Projects:

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

CONSOLIDATED CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2012

	Year Ended 31.03.2012 (₹ in Lakh)	Year Ended 31.03.2011 (₹ in Lakh)
A) Cash flow from Operating Activities		
Net Profit/(Loss) for the year before taxation	(844.95)	7,458.25
Add/ (Deduct):		
(a) Depreciation / Amortisation for the year	6,680.77	6,389.29
(b) Foreign Exchange Variation (net)	2,537.54	(220.50)
(c) Loss on Assets Scrapped / Discarded	106.09	7.27
(d) Finance Charges	1,777.72	822.72
(e) Interest Income	(512.90)	(490.93)
(f) Dividend on Current Investments (Non - Trade)	(149.97)	(126.71)
(g) Provision for diminution of Long Term Investment	-	200.00
(h) Provision for doubtful debts	151.27	-
	10,590.52	6,581.14
Operating Cash Profit before Working Capital Changes	9,745.57	14,039.39
(a) (Increase) / Decrease in Inventories	(18,802.85)	6,343.10
(b) (Increase) / Decrease in Trade and Other Receivables	2,999.73	(6,008.83)
(c) Increase / (Decrease) in Trade and Other Payables	535.47	1,914.02
	(15,267.65)	2,248.29
Cash Inflow from Operations	(5,522.08)	16,287.68
Deduct:		
Direct Taxes Paid	826.88	931.63
Net Cash Inflow in course of Operating activities (A)	(6,348.96)	15,356.05
B) Cash Flow from Investing Activities		
Inflow:		
(a) Dividend on Current Investments (Non - Trade)	149.97	126.71
(b) Interest Income Received	480.35	389.08
(c) Sale of Current Investments	3,411.26	-
(d) Sale of Fixed Assets	13.00	39.16
	4,054.58	554.95
Outflow:		
(a) Purchases of Current Investments	-	3,202.91
(b) Purchase of Trade Investments	5.85	-
(c) Inter Corporate Deposit Given	-	1,800.00
(d) Purchase of Fixed Assets (including capital advances)	3,891.22	4,123.38
	3,897.07	9,126.29
Net Cash (Outflow) in the course of Investing Activities (B)	157.51	(8,571.34)

CONSOLIDATED CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2012

	Year Ended 31.03.2012 (₹ in Lakh)	Year Ended 31.03.2011 (₹ in Lakh)
C) Cash Flow from Financing Activities		
Inflow:		
(a) Proceeds from Issue of Equity Shares - Private Placement	-	8,100.00
(b) Working Capital / Short Term Loan availed during the year (net)	<u>10,093.55</u>	<u>-</u>
	10,093.55	8,100.00
Outflow:		
(a) Share Issue Expenses	-	414.09
(b) Interest paid on loans borrowed	1,809.83	884.63
(c) Dividend Paid	1,603.03	1,283.45
(d) Dividend Tax Paid	266.96	213.57
(e) Working Capital / Short Term Loan repaid during the year (net)	-	2,444.29
(f) Fixed Loans repaid during the year (net)	<u>4,134.48</u>	<u>10,343.97</u>
	7,814.30	15,584.00
Net Cash Inflow in the course of Financing activities (C)	<u>2,279.25</u>	<u>(7,484.00)</u>
D) Change in currency fluctation reserve arising on consolidation	<u>444.09</u>	<u>(265.02)</u>
Net Increase / (Decrease) in Cash/Cash Equivalents (A+B+C+D)	(3,468.11)	(964.31)
Add: Cash acquired on purchase of net asset of subsidiaries	-	-
Add: Balance of Cash/Cash Equivalents at the beginning of the year	4,720.70	5,685.01
Cash/Cash Equivalents at the close of the year	1,252.59	4,720.70
Cash/Cash Equivalents at the close of the year		
Cash and Bank Balances as per Schedule	1,929.99	5,052.03
Less: Fixed Deposits given as securities	<u>(677.40)</u>	<u>(331.33)</u>
	<u>1,252.59</u>	<u>4,720.70</u>

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

For and on behalf of the Board

P.K. Khurana
Chairman & Managing Director

S. Venkatesh
Partner
Membership No. F-037942
Mumbai
29th May, 2012

Kanika Sharma
Company Secretary

Vipin Chandok
Chief Financial Officer

P.M. Samvatsar
Whole - Time Director



NOTES

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

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Signature of the Member/Proxy

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

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Revenue
Stamp

Signature

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



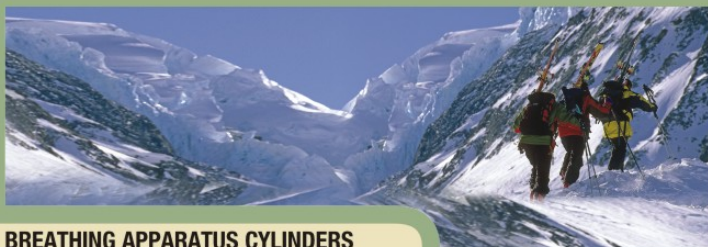
INDUSTRIAL GASES CYLINDERS



MEDICAL GASES CYLINDERS



BREATHING APPARATUS CYLINDERS





Clean Energy Solution Company

EVEREST KANTO CYLINDER LIMITED, INDIA
INDIA ■ DUBAI ■ USA ■ CHINA ■ THAILAND ■ EUROPE

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



TARAPUR, INDIA



GANDHIDHAM, INDIA



KASEZ, INDIA



PLANT I, DUBAI



PLANT II, DUBAI



TIANJIN, CHINA



PITTSBURGH, USA