



Clean Energy Solution Company

speeding with innovation
everywhere...



INDUSTRIAL CYLINDERS



CNG CYLINDERS

ANNUAL REPORT **2014**

Forefront in Technology

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

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



New Facilities

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



Type 4 - Manufacturing
facility in USA



Latest Billet plant
at Gandhidham



Type 2 - Plate Cylinder
plant at China

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



BOARD OF DIRECTORS**Chairman & Managing Director**

Mr. P. K. Khurana

Non - Executive Directors

Mr. Pushkar Khurana

Mr. Puneet Khurana

Independent Directors

Mr. Krishen Dev

Mr. Naresh Oberoi

Mr. Mohan Jayakar

Mr. Vyomesh Shah

Mr. Gurdeep Singh (till August 16, 2013)

Non - Executive Non - Independent Director

Mr. Varun Bery (till August 27, 2013)

Mr. Hon Cheong Lam (till May 20, 2014)

CHIEF FINANCIAL OFFICER

Mr. Vipin Chandok

COMPANY SECRETARY & COMPLIANCE OFFICER

Ms. Kanika Sharma

BANKERS TO THE COMPANY

State Bank of Hyderabad

Citibank N.A.

ICICI Bank Ltd.

Yes Bank Ltd.

EXIM Bank

STATUTORY AUDITORS

M/s Walker Chandiok & Co LLP,

Chartered Accountants, Mumbai

(formerly Walker, Chandiok & Co.)

REGISTRAR AND SHARE TRANSFER AGENT

Link Intime India Private Limited

C-13, Pannalal Silk Mills Compound,

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

Mumbai - 400 078.

Tel.: 91 22 2594 6970

Fax: 91 22 2594 6969

Email: rnt.helpdesk@linkintime.co.in

Website: www.linkintime.co.in

BOARD COMMITTEES**Audit Committee**

Mr. Krishen Dev (Chairman)

Mr. Vyomesh Shah

Mr. Naresh Oberoi

Mr. Puneet Khurana

Stakeholder's Relationship and Share Transfer Committee

Mr. Mohan Jayakar (Chairman)

Mr. Puneet Khurana

Mr. Krishen Dev

Nomination & Remuneration Committee

Mr. Krishen Dev (Chairman)

Mr. Mohan Jayakar

Mr. Naresh Oberoi

Mr. P. K. Khurana

Allotment Committee

Mr. P. K. Khurana (Chairman)

Mr. Puneet Khurana

Management Committee

Mr. P. K. Khurana (Chairman)

Mr. Puneet Khurana

Investment Committee

Mr. P. K. Khurana (Chairman)

Mr. Krishen Dev

Mr. Puneet Khurana

REGISTERED OFFICE & CIN

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

Tel.: 91 22 3026 8300 - 01

Fax: 91 22 2287 0720

Email: investors@ekc.in

Website: www.everestkanto.com

CIN: L29200MH1978PLC020434

35th Annual General Meeting held on Saturday, August 02, 2014 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 Fifth Annual General Meeting of the Members of EVEREST KANTO CYLINDER LIMITED will be held at 10:30 a.m. on Saturday, August 2, 2014, 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:

ORDINARY BUSINESS:

1. To consider and adopt the audited Balance Sheet as at March 31, 2014, the Profit and Loss Account for the year ended on that date and the Reports of the Board of Directors and of the Auditors thereon.
2. To re-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 pursuant to the provisions of Section 139 of the Companies Act, 2013 and the Rules made thereunder, M/s. Walker Chandio & Co LLP, Chartered Accountants (Firm Registration Number 001076N) (formerly Walker, Chandio & Co.) be and are hereby re-appointed as the Statutory Auditors of the Company, to hold office from the conclusion of this Annual General Meeting until the conclusion of the fourth consecutive Annual General Meeting of the Company to be held in the year 2018 and subject to ratification by the shareholders at every intervening Annual General Meeting, on such remuneration as shall be fixed by the Board of Directors.”

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

SPECIAL BUSINESS:

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

“RESOLVED THAT pursuant to the provisions of Sections 149, 150, 152 and any other applicable provision of the

Companies Act, 2013 and the Rules made thereunder (including any statutory modification(s) or re-enactment thereof for the time being in force) read with Schedule IV to the Companies Act, 2013, Mr. Naresh Oberoi (holding DIN 00009000), a Director of the Company who retires by rotation at the Annual General Meeting pursuant to the provision of the Companies Act, 1956 and in respect of whom the Company has received a notice in writing from a member along with the requisite deposit, proposing his candidature for the office of Director of the Company, be and is hereby appointed as an Independent Director of the Company, not liable to retire by rotation, to hold office up to March 31, 2019.”

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

“RESOLVED THAT pursuant to the provisions of Sections 149, 150, 152 and any other applicable provision of the Companies Act, 2013 and the Rules made thereunder (including any statutory modification(s) or re-enactment thereof for the time being in force) read with Schedule IV to the Companies Act, 2013, Mr. Mohan Jayakar (holding DIN 00925962), a Director of the Company who retires by rotation at the Annual General Meeting pursuant to the provision of the Companies Act, 1956 and in respect of whom the Company has received a notice in writing from a member along with the requisite deposit, proposing his candidature for the office of Director of the Company, be and is hereby appointed as an Independent Director of the Company, not liable to retire by rotation, to hold office upto March 31, 2019.”

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

“RESOLVED THAT in supersession of resolutions passed at the Annual General Meeting of the Company held on August 11, 2012 and earlier on the subject matter and pursuant to the provisions of Section 180(1)(a) of the Companies Act, 2013 and other applicable provisions, if any, of the Act (including any amendment thereto or re-enactment thereof), consent of the Company be and is hereby accorded to the Board of Directors of the Company (hereinafter called “the Board”) to mortgage and/or charge any of its assets, movable and/or immovable, wherever situated, both 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 at any point of time, in favour of one or more secured lenders being banks, financial institutions, body

corporates, or other persons and / or of one or more security trustees representing the secured lenders, on such terms and conditions at such time(s) and in such form and manner and with such ranking as to priority as the Board in its absolute discretion may think fit.

RESOLVED FURTHER THAT the Board or person(s) as may be authorized by the Board be and is/are hereby authorized to finalise the form, extent and manner of, and the documents and deeds, as may be applicable, for creating the appropriate mortgages and/or charges on such of the immovable and/or movable properties of the Company on such terms and conditions and at such time(s)/tranch(es) as may be decided by the Board in consultation with the lenders and for reserving the aforesaid right and for performing all such acts and things as may be necessary for giving effect to this resolution."

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

"RESOLVED THAT in supersession of resolutions passed at the Annual General Meeting of the Company held on July 28, 2009 and earlier on the subject matter and pursuant to the provisions of Section 180(1)(c) of the Companies Act, 2013 ("Act") and other applicable provisions, if any, of the Act (including any amendment thereto or re-enactment thereof), consent of the Company be and is hereby accorded to Board of Directors of the Company (hereinafter called "the Board") to borrow any sum or sums of money, from time to time, at their discretion, for the purpose of the business of the Company, which together with the monies already borrowed by the Company (apart from temporary loans obtained from the Company's bankers in the ordinary course of business) may exceed at any time, the aggregate of the paid up capital of the Company and its free reserves (that is

to say, reserves not set apart for any specific purpose) by a sum not exceeding three times of the then paid up capital of the Company and its free reserves and that the Board be and is hereby empowered and authorised to arrange and fix the terms and conditions of all such monies to be borrowed from time to time as to interest, repayment, security or otherwise as it may think fit."

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

"RESOLVED THAT the remuneration M/s. V.R. & Associates, Cost Accountant [Firm Registration No. 000516] (formerly M/s. Vinayak B. Kulkarni, Cost Accountant) appointed by the Board of Directors of the Company, on the recommendation of Audit Committee, as the Cost Auditors of the Company for the financial year 2014-15 shall be such as would be determined by the Board of Directors of the Company."

By Order of the Board of Directors

Mumbai
May 27, 2014

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:

a) The Register of Members and the Share Transfer books of the Company will remain closed from Friday, July 18, 2014 to Saturday, August 2, 2014 (both days inclusive) for the purpose of the Annual General Meeting.

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

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

c) Members / proxies should bring the duly filled Attendance Slip enclosed herewith to attend the meeting.

d) The Explanatory Statement pursuant to Section 102 of the Companies Act, 2013 in respect of the Special Businesses set out above is annexed hereto.

e) Details under Clause 49 of the Listing Agreements with the Stock Exchanges in respect of the Directors seeking re-appointment at the Annual General Meeting form integral part of the Notice and the Corporate Governance Report forming part of the Annual Report. The Directors have furnished the requisite consents / declarations for their appointment / re-appointment.

f) The Notice of the 35th Annual General Meeting and instructions for e-voting, along with the Attendance Slip and Proxy Form and the copies of the Annual Report for 2013-14 is being sent by electronic mode to all the members whose email IDs are registered with the Company/ Depository Participant(s) for communication purposes, unless any member has requested for a hard copy of the same. For members who have not registered their email address, physical copies of the Annual Report for 2013-14 are being sent in the permitted mode.

g) Even after registering for e-communication, members are entitled to receive such communication in physical form, upon making a request for the same, by post free of cost. For any communication, the shareholders may also send requests to the Company's investor email id: investors@ekc.in.

h) The Notice of the 35th Annual General Meeting and the Annual Report will be available on the website of the Company www.everestkanto.com.

i) All the documents referred to in this Notice, as well as the Notice and the Annual Report, will be available at the Company's Registered Office in Mumbai for inspection during normal business hours on working days up to the date of the Annual General Meeting.

j) Members who have so far not encashed dividend warrant(s) for the Financial Year(s) 2006-07, 2007-08, 2008-09, 2009-10, 2010-11, 2011-12 and 2012-13 are requested to write to the Company's Registrar and Transfer Agents, Link Intime India Private Limited, immediately. Members are requested to note that dividends not claimed within seven years from the date of transfer to the Company's Unpaid Dividend Account, will, as per Section 124 of the Companies Act, 2013 (Section 205A of the erstwhile Companies Act, 1956), be transferred to the Investor Education and Protection Fund.

k) The Securities and Exchange Board of India (SEBI) has mandated the submission of the Permanent Account Number (PAN) by every participant in the securities market. Members holding shares in electronic form are, therefore, requested to submit their PAN to their Depository Participant(s). Members holding shares in physical form shall submit their PAN details to the Company.

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

l) The businesses as set out in the Notice may be transacted through electronic voting system under Section 108 of the Companies Act, 2013, read with Rule 20 of Companies (Management and Administration) Rules, 2014. The Company is pleased to offer the facility of voting through electronic means, as an alternate, to all its Members to enable them to cast their votes electronically instead of casting their vote at the Meeting. Please note that the voting through electronic means is optional.

m) The voting through electronic means will commence on Saturday, July 26, 2014 at 09:00 a.m. and will end on Monday, July 28, 2014 at 06:00 p.m. The Members will not be able to cast their vote electronically beyond the date and time mentioned above.

n) The Company has appointed Mr. Aashish K. Bhatt, Practising Company Secretary to act as the Scrutinizer for conducting the electronic voting process in a fair and transparent manner.

o) The procedure and instructions for the voting through electronic means is, as follows:

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

	For Members holding shares in Demat Form and Physical Form
PAN*	<p>Enter your 10 digit alpha-numeric *PAN issued by Income Tax Department (Applicable for both demat shareholders as well as physical shareholders)</p> <ul style="list-style-type: none"> • Members who have not updated their PAN with the Company/Depository Participant are requested to use the first two letters of their name and the 8 digits of the sequence number in the PAN field. • In case the Folio Number or the Client Id is less than 8 digits enter the applicable number of 0's before the number after the first two characters of the name in CAPITAL letters. Eg. If your name is Ramesh Kumar with sequence number 1 then enter RA00000001 in the PAN field.
DOB#	<p>Enter the Date of Birth as recorded in your demat account or in the company records for the said demat account or folio in dd/mm/yyyy format.</p>
Dividend Bank Details	<p>Enter the Dividend Bank Details as recorded in your demat account or in the company records for the said demat account or folio.</p> <ul style="list-style-type: none"> • Please enter the DOB or Dividend Bank Details in order to login. If the details are not recorded with the depository or company please enter the number of shares in the Dividend Bank details field.

- (viii) After entering these details appropriately, click on "SUBMIT" tab.
- (ix) Members holding shares in physical form will then directly reach the Company selection screen. However, members holding shares in demat form will now reach 'Password Creation' menu wherein they are required to mandatorily enter their login password in the new password field. Kindly note that this password is to be also used by the demat holders for voting for resolutions of any other company on which they are eligible to vote, provided that company opts for e-voting through CDSL platform. It is strongly recommended not to share your password with any other person and take utmost care to keep your password confidential.
- (x) For Members holding shares in physical form, the details can be used only for e-voting on the resolutions contained in this Notice.
- (xi) Click on the EVSN for the relevant "EVEREST KANTO CYLINDER LIMITED" on which you choose to vote.
- (xii) On the voting page, you will see "RESOLUTION DESCRIPTION" and against the same the option "YES/ NO" for voting. Select the option YES or NO as desired. The option YES implies that you assent to the Resolution and option NO implies that you dissent to the Resolution.
- (xiii) Click on the "RESOLUTIONS FILE LINK" if you wish to view the entire Resolution details.
- (xiv) After selecting the resolution you have decided to vote on, click on "SUBMIT". A confirmation box will be displayed. If you wish to confirm your vote, click on "OK", else to change your vote, click on "CANCEL" and accordingly modify your vote.
- (xv) Once you "CONFIRM" your vote on the resolution, you will not be allowed to modify your vote.
- (xvi) You can also take out print of the voting done by you by clicking on "Click here to print" option on the Voting page.
- (xvii) If Demat account holder has forgotten the same password then Enter the User ID and the image verification code and click on Forgot Password & enter the details as prompted by the system.
- (xviii) Note for Institutional Shareholders
 - Institutional shareholders (i.e. other than Individuals, HUF, NRI etc.) are required to log on to <https://www.evotingindia.co.in> and register themselves as Corporates.
 - A scanned copy of the Registration Form bearing the stamp and sign of the entity should be emailed to helpdesk.evoting@cdslindia.com.

- After receiving the login details they have to create a compliance user should be created using the admin login and password. The Compliance user would be able to link the account(s) for which they wish to vote on.
- The list of accounts should be mailed to helpdesk.evoting@cdslindia.com and on approval of the accounts they would be able to cast their vote.
- A scanned copy of the Board Resolution and Power of Attorney (POA) which they have issued in favour of the Custodian, if any, should be uploaded in PDF format in the system for the scrutinizer to verify the same.

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

- p) The voting period begins on Saturday, July 26, 2014 at 9:00 a.m. and will end on Monday, July 28, 2014 at 6:00 p.m. During this period shareholders' of the Company, holding shares either in physical form or in dematerialized form, as on the cut-off date (record date) of June 30, 2014, may cast their vote electronically. The e-voting module shall be disabled by CDSL for voting thereafter. Once the vote on a resolution is cast by the shareholder, the shareholder shall not be allowed to change it subsequently.
- q) In case you have any queries or issues regarding e-voting, you may refer the Frequently Asked Questions ("FAQs") and e-voting manual available at <https://www.evotingindia.co.in> under help section or write an email to helpdesk.evoting@cdslindia.com.
- r) The Voting Rights of shareholders shall be in proportion to their shares of the paid up capital of the Company as on the date cut off date of June 30, 2014.
- s) Members have an option to vote either through e-voting or casting a vote at the Meeting. If a Member has opted for e-voting, then he/she should not cast his vote at the Meeting;
- t) The Scrutinizer shall within a period not exceeding three (3) working days from the conclusion of the e-voting period unblock the votes in the presence of at least two (2) witnesses not in the employment of the Company and make a Scrutinizer's Report of the votes cast in favour or against, if any, forthwith to the Chairman of the Company.
- u) The Results shall be declared on or after the Annual General Meeting of the Company. The Results declared along with the Scrutinizer's Report shall be placed on the Company's website www.everestkanto.in and on the website of CDSL within two(2) days of passing of the resolutions at the Annual General Meeting of the Company and communicated to the Stock Exchanges.

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

As regards Item No. 4:

Mr. Naresh Oberoi is a Non-Executive Independent Director of the Company. He joined the Board of Directors of the Company on July 5, 2005. Mr. Naresh Oberoi is a member of the Audit Committee and Remuneration Committee, of the Board of Directors of the Company.

Mr. Naresh Oberoi has over 45 years of experience in managing industrial enterprise. He is presently the Chairman & Managing Director of Powerica Ltd., a company engaged in the power generation equipment business, which was awarded the "Successful Small-Scale Company of the year" in the year 1993.

Mr. Naresh Oberoi holds directorship/partnership/trusteeship in following companies/firms/trusts in India.

1.	Powerica Limited	Director
2.	L. N. Heath Care Pvt. Ltd.	Director
3.	deGustibus Hospitality Pvt. Ltd.	Director
4.	Oberoi Family Trust	Trustee
5.	Powerica Generators Limited Liability Partnership	Designated Partner

He does not hold by himself or for any other person on a beneficial basis, any shares in the Company.

Mr. Naresh Oberoi retires by rotation at the ensuing Annual General Meeting under the provisions of Companies Act, 1956. In terms of Section 149 and any other applicable provisions of the Companies Act, 2013, Mr. Naresh Oberoi being eligible and seeking re-appointment, is proposed to be appointed as an Independent Director for a term of consecutive five years.

A notice has been received in writing from a member, along with a deposit of ₹ 1,00,000/-, proposing the candidature of Mr. Naresh Oberoi for the office of Independent Director, to be appointed as such.

The Company has received from Mr. Naresh Oberoi (i) consent in writing to act as director in Form DIR-2 pursuant to Rule 8 of Companies (Appointment & Qualification of Directors) Rules, 2014, (ii) intimation in Form DIR-8 in terms of Companies (Appointment & Qualification of Directors) Rules, 2014, to the effect that he is not disqualified under sub section (2) of Section 164 of the Companies Act, 2013, and (iii) a declaration to the effect that he meets the criteria of independence as provided in sub-section (6) of Section 149 of the Companies Act.

The resolution seeks the approval of members for the appointment of Mr. Naresh Oberoi as an Independent Director of the Company up to March 31, 2019 pursuant to Section 149 and other applicable provisions of the Companies Act, 2013 and the Rules made thereunder. He is not liable to retire by rotation.

In the opinion of the Board of Directors, Mr. Naresh Oberoi fulfils the conditions specified in the Companies Act, 2013 and the

Rules made thereunder and is independent of the management. A copy of the draft letter for the appointment of Mr. Naresh Oberoi as an Independent Director setting out the terms and conditions is available for inspection without any fee by the members at the Registered Office of the Company during normal business hours on any working days upto the date of the Annual General Meeting.

The Board considers that his continued association would be of immense benefit to the Company and it is desirable to continue to avail services of Mr. Naresh Oberoi as an Independent Director.

Except Mr. Naresh Oberoi, being the appointee, none of the Directors and Key Managerial Personnel of the Company and their relatives is concerned or interested, financial or otherwise, in the resolution set out at Item No. 4.

The Board recommends the resolution set forth in Item No. 4 for the approval of the members.

As regards Item No. 5:

Mr. Mohan Jayakar is a Non-Executive Independent Director of the Company. He joined the Board of Directors of the Company on July 5, 2005. Mr. Mohan Jayakar is the Chairman of Shareholders'/Investors' Grievances Redressal and Share Transfer Committee and a member of the Remuneration Committee, of the Board of Directors of the Company.

Mr. Mohan Jayakar has a vast experience of around 35 years in various aspects of law and specializes in customs, central-excite and foreign exchange matters, including Writs and Criminal procedures. He has been a member of the Managing Committee of Central, Excise and Service Tax Appellate Tribunal Bar Association. He has attended various corporate matters like Joint Ventures, Mergers & Acquisitions and has advised corporates in setting up entities in the Free Trade Zones in India and also worldwide.

1.	Photoquip India Limited	Director
2.	Mysore Petrochemicals Limited	Director
3.	Shree Ram Urban Infrastructure Limited	Director
4.	Talwalkars Better Value Fitness Limited	Director
5.	EZ – Comm Trade Technologies Limited	Director
6.	Macrocosm Industries Pvt. Ltd.	Director
7.	Macrocosm Infrastructure & Power Pvt. Ltd.	Director
8.	Vericom Global Pvt. Ltd.	Director
9.	B.V.C. Logistics Pvt. Ltd.	Director
10.	Jayakar & Partners	Partner
11.	Atmaram Buwa's Shri Ram Mandir Trust	Trustee

Mr. Mohan Jayakar holds directorship/partnership/trusteeship in following companies/firms/trusts in India.

He does not hold by himself or for any other person on a beneficial basis, any shares in the Company.

Mr. Mohan Jayakar retires by rotation at the ensuing Annual General Meeting under the provisions of Companies Act, 1956. In terms of Section 149 and any other applicable provisions of the Companies Act, 2013, Mr. Mohan Jayakar being eligible and

seeking re-appointment, is proposed to be appointed as an Independent Director for a term of consecutive five years.

A notice has been received in writing from a member, along with a deposit of ₹ 1,00,000/-, proposing the candidature of Mr. Mohan Jayakar for the office of Independent Director, to be appointed as such.

The Company has received from Mr. Mohan Jayakar (i) consent in writing to act as director in Form DIR-2 pursuant to Rule 8 of Companies (Appointment & Qualification of Directors) Rules, 2014, (ii) intimation in Form DIR-8 in terms of Companies (Appointment & Qualification of Directors) Rules, 2014, to the effect that he is not disqualified under sub section (2) of Section 164 of the Companies Act, 2013, and (iii) a declaration to the effect that he meets the criteria of independence as provided in sub-section (6) of Section 149 of the Companies Act.

The resolution seeks the approval of members for the appointment of Mr. Mohan Jayakar as an Independent Director of the Company up to March 31, 2019 pursuant to Section 149 and other applicable provisions of the Companies Act, 2013 and the Rules made thereunder. He is not liable to retire by rotation.

In the opinion of the Board of Directors, Mr. Mohan Jayakar fulfils the conditions specified in the Companies Act, 2013 and Rules made thereunder and is independent of the management. A copy of the draft letter for the appointment of Mr. Mohan Jayakar as an Independent Director setting out the terms and conditions is available for inspection without any fee by the members at the Registered Office of the Company during normal business hours on any working days upto the date of the Annual General Meeting.

The Board considers that his continued association would be of immense benefit to the Company and it is desirable to continue to avail services of Mr. Mohan Jayakar as an Independent Director.

Except Mr. Mohan Jayakar, being the appointee, none of the Directors and Key Managerial Personnel of the Company and their relatives is concerned or interested, financial or otherwise, in the resolution set out at Item No. 5.

The Board recommends the resolution set forth in Item No. 5 for the approval of the members.

As regards Item No. 6:

The shareholders of the Company have provided their consent to the Board of Directors of the Company by way of Ordinary Resolution(s) under section 293(1)(a) of the Companies Act, 1956 for creation of security/charge over the assets of the Company in favour of banks, financial institutions, other lenders and security trustee for securing the amounts borrowed/to be borrowed from the secured lenders and interest and other dues payable to the said lenders.

Section 180(1)(a) of the Companies Act, 2013, effective from 12th September, 2013, provides to the effect that the Board of Directors of the Company shall not sell, lease or otherwise

dispose of the whole or substantially the whole of the undertaking of the Company or where the Company owns more than one undertaking, the whole or substantially the whole of any of such undertakings except with the consent of the Company accorded by way of a Special Resolution.

It is, therefore, necessary for the members to pass a Special Resolution under section 180(1)(a) and other applicable provisions of the Companies Act, 2013 as set out in Item No. 6 of the Notice to enable the Board of Directors to mortgage and/or charge any of the Company's assets for the current and future borrowings by the Company, to the extent of the borrowing powers of the Company at any point of time, in favour of any bank(s) or body(ies) corporate or person(s) or financial institution(s) or security trustee.

The Ministry of Corporate Affairs vide its General Circular No. 4/2014 dated March 25, 2014 has effectively allowed companies to obtain the approval of the members by way of Special Resolution within one year from the date of commencement of the section i.e. by September 11, 2014.

The Directors commend the Resolution at Item No. 6 of the Notice for the approval by the members of the Company by way of Special Resolution.

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

As regards Item No. 7:

At the Annual General Meeting of the Company held on July 28, 2009, the members of the Company had, by way of Ordinary Resolution, in pursuance of the provisions of Section 293(1) (d) of the Companies Act, 1956, accorded their consent to the Board of Directors of the Company to borrow any sum or sums of money, from time to time, for the purpose of the business of the Company, which together with the monies already borrowed by the Company (apart from temporary loans obtained from the Company's bankers in the ordinary course of business) may exceed at any time, the aggregate of the paid up capital of the Company and its free reserves (that is to say reserves not set apart for any specific purpose) by a sum not exceeding two times of the then paid up capital of the Company and its free reserves.

Section 180(1)(c) of the Companies Act, 2013, effective from 12th September, 2013, provides to the effect that the Board of Directors of the Company shall not borrow money, where the money to be borrowed, together with the money already borrowed by the Company will exceed the aggregate of the paid up capital of the Company and its free reserves (that is to say reserves not set apart for any specific purpose) apart from temporary loans obtained from the Company's bankers in the ordinary course of business except with the consent of the Company accorded by way of a Special Resolution.

The Ministry of Corporate Affairs vide its General Circular No. 4/2014 dated March 25, 2014 has effectively allowed companies to obtain the approval of the members by way of Special

Resolution within one year from the date of commencement of the section i.e. by September 11, 2014.

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

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

As regards Item No. 8

The Board of Directors in its meeting held on May 27, 2014 has, on the recommendation of the Audit Committee, appointed M/s. V. R. & Associates, Cost Accountant [Firm Registration No. 000516] (formerly M/s. Vinayak B. Kulkarni, Cost Accountant) as the Cost Auditors of the Company for the financial year 2014-15.

As per the Section 148(3) of the Companies Act, 2013, while the appointment of the cost auditor is to be done by the Board of Directors, his remuneration is to be determined by the Members in such manner as may be prescribed. Rule 14 of the Companies (Audit and Auditors) Rules, 2014 provides to the effect in the case of a Company the Cost Auditor shall be appointed by the Board of Directors on the recommendation of the Audit Committee who shall also recommend his remuneration. The remuneration recommended by the Audit Committee shall be considered and approved by the Board and shall be ratified subsequently by the shareholders.

The Audit Committee has recommended that the remuneration of the Cost Auditor shall be determined by shareholders at the Annual General Meeting. The Board of Directors has considered and approved the recommendation.

It is, therefore, necessary for the members to determine the remuneration of the Cost Auditor.

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

None of the Directors and Key Managerial Personnel of the Company and their relatives is concerned or interested, financial or otherwise, in the Resolution set out at Item No. 8.

IMPORTANT COMMUNICATION TO MEMBERS

Your Company is concerned about the environment and utilizes natural resources in a sustainable manner. The Ministry of Corporate Affairs (Vide Circular No. 17/2011 dated 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,

The Directors are pleased to present the 35th Annual Report and the Audited Accounts for the financial year ended March 31, 2014.

FINANCIAL RESULTS

The financial performance of the Company for the year ended March 31, 2014 is summarized below:

(₹ in Lakh)

Particulars	Standalone		Consolidated	
	2013-14	2012-13	2013-14	2012-13
Sales	22,137.65	26,770.20	50,694.86	55,849.48
Less: Excise Duty	2,126.27	2,711.19	2,126.27	2,711.19
Total Sales	20,011.38	24,059.01	48,568.59	53,138.29
Profit before Finance Charges, Depreciation, Provision for Doubtful Debts, Foreign Exchange Variation (net) and Tax	(1,717.04)	718.15	(1,769.82)	3,533.17
Less:				
- Finance Charges	4,855.59	3,318.72	5,600.09	3,817.90
- Depreciation	2,241.81	2,254.32	6,829.90	6,963.06
Profit before Foreign Exchange Variation and Taxation	(8,814.44)	(4854.89)	(14,199.81)	(7,247.79)
Provision for Doubtful Debts	-	-	1.34	(4,026.74)
Foreign Exchange Variation - Gain / (Loss)	(18.78)	(985.56)	396.89	(1,027.99)
Profit before Tax	(8,833.22)	(5,840.45)	(13,801.58)	(12,302.52)
(Less) / Add: Provision for Taxation				
- Current Tax	-	-	20.51	-
- Deferred Tax	-	1,121.08	(5.89)	839.74
Profit for the year	(8,833.22)	(4,719.37)	(13,816.20)	(13,142.26)
Add: Prior period adjustments and Tax adjustments of earlier years (net)	-	30.37	-	39.04
Net Profit	(8,833.22)	(4,749.74)	(13,816.20)	(13,181.30)
Balance Brought Forward from Previous Years	2,467.15	7,467.63	19,802.06	33,234.10
Balance Available for Appropriation	(6,366.07)	2,717.89	5,985.86	20,052.80
Appropriation:				
Proposed Dividend	-	214.32	-	214.32
Provision for Dividend Tax	-	36.42	-	36.42
Balance Carried Forward	(6,366.07)	2,467.15	5,985.86	19,802.06
Basic and Diluted Earnings Per Share of ₹. 2 each	(8.24)	(4.43)	(12.89)	(12.30)

PERFORMANCE REVIEW

During the financial year 2013-14, the business environment and conditions continued, like past couple of years, to remain difficult and challenging, impacting the topline as well as the bottom line, across business segments and geographies. The subdued performance of Indian economy in general as well as its particular segments of importance to your Company's business, namely, automotive, industrial and gas segments further slowed down the demand and put pressure on the margins.

On standalone basis, for FY2013-14, revenues at ₹ 20,011.38 Lakh were lower by around 17% over the previous year's revenues of ₹ 24,059.01 Lakh and Net Loss at ₹ 8,833.22 Lakh saw increase by around 86% over the previous year's net loss of ₹ 4,749.74 Lakh. On consolidated basis, revenues at ₹ 48,568.59 Lakh were lower by around 9% over the previous year's revenues of ₹ 53,138.29 Lakh and Net Loss at ₹ 13,816.20 Lakh saw increase by around 5% over the previous year's net loss of ₹ 13,181.30 Lakh.

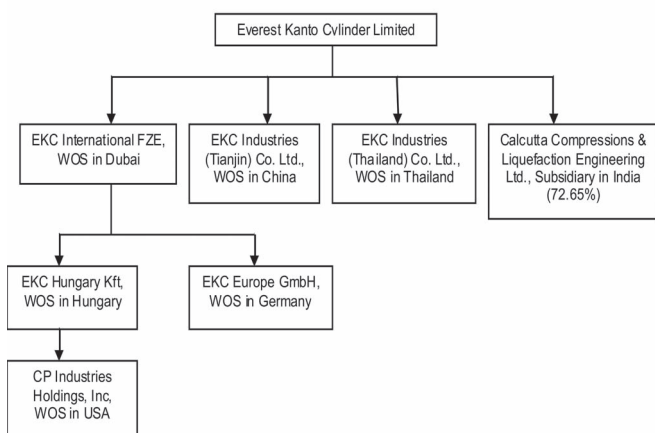
DIVIDEND

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

SUBSIDIARIES

As on March 31, 2014, the Company had (a) three wholly owned overseas subsidiary companies, viz., EKC International FZE in Dubai, UAE, EKC Industries (Tianjin) Co. Ltd. in China and EKC Industries (Thailand) Co. Ltd. in Thailand (b) three step down wholly owned overseas subsidiary companies, viz. EKC Hungary Kft in Hungary, CP Industries Holdings, Inc. in USA and EKC Europe GmbH in Germany and (c) 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, 2014 is included in the Annual Report. The annual accounts and the related detailed information of the subsidiaries will be made available to any shareholder of the Company and of the subsidiaries who may be interested in obtaining the same at any point of time, and are also available at the registered offices of the Company and the subsidiary companies for inspection by any shareholder of the Company and of the subsidiaries. The Consolidated Financial Statements presented by the Company include the financial results of the subsidiary companies.

FIXED DEPOSITS

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

DIRECTORS

Mr. Gurdeep Singh, an Independent and Non-Executive Director of your Company, resigned from the Board of Directors with effect from August 16, 2013 on account of personal commitments.

Mr. Varun Bery, a Non-Independent and Non-Executive Director of your Company resigned from the Board of Directors with effect from August 27, 2013 as TVG India Investment Holdings Limited, a shareholder of your Company who he was representing, withdrew his nomination.

TVG India Investment Holdings Limited nominated Mr. Hon Cheong Lam in place of Mr. Varun Bery as a Director on the Board of Directors of the Company from August 27, 2013. Pursuant to Section 260 of the Companies Act, 1956 [corresponding to Section 161(1) of the Companies Act, 2013] and Article 125 of the Articles of Association of the Company, Mr. Hon Cheong Lam was appointed as an Additional Director of your Company. Mr. Hon Cheong Lam has since resigned on May 20, 2014 from the Board of Directors of the Company.

The Independent Directors of the Company, namely, Mr. Mohan Jayakar, Mr. Naresh Oberoi, Mr. Vyomesh Shah and Mr. Krishen Dev were appointed as directors liable to retire by rotation under the provisions of the erstwhile Companies Act, 1956. The Board of Directors is of the opinion that Independent Directors so appointed would continue to serve the term that was ascertained at the time of appointment as per the resolutions pursuant to which they were appointed. Therefore, it stands to reason that only those Independent Directors, namely Mr. Mohan Jayakar and Mr. Naresh Oberoi, who will complete their present terms at the ensuing Annual General Meeting, being eligible and seeking

re-appointment, be considered by the shareholders for re-appointment for a term of upto March 31, 2019.

The two Independent Directors, namely Mr. Krishen Dev and Mr. Vyomesh Shah, who do not complete their term at the ensuing Annual General Meeting, will continue to hold office till the expiry of their term (based on retirement period calculation) and thereafter would be eligible for re-appointment for a fixed term in accordance with the Companies Act, 2013 and the amended Listing Agreement.

Brief resume of the Directors proposed to be re-appointed and the nature of their expertise in specific functional areas and the 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 of your Company, CARE has, during the year, provided the Long Term and Short Term ratings, as under:

(a) Long Term Rating:

Date of Rating / Re-Rating	Rating
May 21, 2013 (Initial)	CARE BBB-
March 4, 2014	From CARE BBB- to CARE BB+

(b) Short Term Rating:

Date of Rating / Re-Rating	Rating
May 21, 2013 (Initial)	CARE A3
March 4, 2014	From CARE A3 to CARE A4+

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, 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:

- in the preparation of the annual accounts for the year ended March 31, 2014, the applicable accounting standards have been followed and there are no material departures from the same;
- 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, 2014 and of the profit of the Company for the year ended on that date;

- 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
- 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, the Audited Consolidated Financial Statements are provided in the Annual Report. As a significant part of the Company's business is conducted through its subsidiaries, the Directors believe that the consolidated accounts provide a more accurate representation of the performance of the Company.

AUDITORS

M/s. Walker Chandio & Co LLP, Chartered Accountants, Statutory Auditors, (formerly Walker, Chandio & Co.) 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 a letter from M/s. Walker Chandio & Co LLP, to the effect that their re-appointment, if made, from the conclusion of the ensuing Annual General Meeting until the conclusion of the fourth consecutive Annual General Meeting of the Company, to be held thereafter, would be within the limits prescribed under Section 139 of the Companies Act, 2013 and that they are not disqualified for re-appointment within the meaning of Section 141 of the said Act.

The Company has received a letter from M/s. Arun Arora & Co. to the effect that their re-appointment, if made, from the conclusion of the ensuing Annual General Meeting until the conclusion of next Annual General Meeting, would be within the limits prescribed under Section 143 of the Companies Act, 2013 and that they are not disqualified for re-appointment within the meaning of Section 141 of the said Act.

COST AUDITORS

The Board of Directors has appointed M/s. Vinayak B. Kulkarni, Cost Accountant, as the Cost Auditor under section 233B of the Companies Act, 1956, for conducting cost audit for the financial year 2013-14. The Cost Auditor will submit his Report to the Board for approval, which will then be filed with the Central Government before September 30, 2014.

On the recommendation of the Audit Committee, the Board of Directors has appointed M/s. V. R. & Associates, Cost Accountant, (Firm Registration No. 000516) (formerly M/s. Vinayak B. Kulkarni,

Cost Accountant) as the Cost Auditors of the Company for the financial year 2014-15 under the provisions of the Companies Act, 2013. As required under the Act, the remuneration shall be determined by the members at the ensuing Annual General Meeting.

CORPORATE GOVERNANCE

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

The requisite Certificate from a practicing Company Secretary confirming compliance with the conditions of Corporate Governance as stipulated under the aforesaid Clause 49 also 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

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

For and on behalf of the Board

Mumbai
May 27, 2014

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, the Company is taking all possible measures to achieve efficiency in energy utilization, such as:

- a. Efficiency in the use of electrical energy by installing power efficient equipments at all the plants/offices.
- b. Efficiency in the use of Thermal energy like trying out different fuels, improvements in fuel burners, minimizing heat losses by improved insulation, etc.
- c. We have added a small furnace for heat treatment of small cylinders only. These were hitherto being heat treated in large furnace resulting in loss of energy.
- d. Efforts are made to streamline processes to reduce down times. This ensures uninterrupted production with least idling thereby reducing energy requirements per cylinder.
- e. 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.
- f. Successfully develop cascades for use with BIO METHANE for storage and conveying. The Bio-methane is produced by conversion of bio waste in digesters to produce the gas and organic fertilizers which are very rich.
- g. Developed cylinders for Hydrogen to be used for Fuel Cell applications. Hydrogen is considered as fuel of the future due to zero pollution it would generate.

I. Energy Conservation Measures Undertaken at the Plants:

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

1. Installation of VF drive and programmable logic controls for paint booth suction blower for cyclic speed swings, thereby reducing power consumption per cylinder.
2. Use of High Density Poly Ethylene and FRP (Fibre Glass Reinforced Plastic) pipe lines to reduce the pressure losses consequently leading to lower energy requirement.

3. Deployment of distributed pumping stations and cooling towers to save energy.
4. Installation of larger heat exchangers and making use of cooling tower water in place of cold water from refrigerated chillers.
5. Servicing of furnace burners in order to improve combustion efficiency of furnaces.
6. Installation of automatic shut-off devices on air compressors to ensure they shut down when compressed air demand is low.
7. Installation of energy saving transformer for lighting.
8. Installation of automatic power factor control panels with capacitors at various load centres for keeping the currents at lower level and also for keeping the power factor under control. Savings will also be made due to the incentive offered for better power factor by the electricity companies.
9. Medium bay light fittings in factory sheds at optimum locations in place of high bay fittings which consume more power and give uneven light. Help of special lighting software from light fittings suppliers was taken for this purpose.
10. Installation of wind driven roof ventilators for ventilation to save electrical energy.
11. Installation of transparent windows in addition to the transparent roofing sheets in the side walls of the taller sheds for better ventilation and lighting.
12. Use of boiler in place of usual method of thermic fluid heating for heating requirement in surface treatment plant. With steam it is possible to transmit much higher heat per kg of water pumped, which leads to major energy saving.
13. Installation of new furnaces with higher thickness of insulation to reduce heat loss and thereby save energy.
14. Installation of camel back style oven for the painting system to avoid funneling of air and resultant heat losses.
15. Installation of zero discharge Effluent Treatment Plant with multiple effect evaporators. This reuses steam and reduces energy consumption. Additionally, the recovered water is reused in the process.
16. Installation of more wind driven roof ventilators as energy saving devices.
17. Installation of more power saving transformers for the lighting load.

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 Install-ation	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	2,216,142.84 units	2,480,144.60 units
Satara, Maharashtra	3	3 x 0.225 MW = 0.675 MW	349.14	660,070.06 units	573,716.44 units

- 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.
- At Kandla, the energy generated is utilized for captive consumption at Gandhidham unit.
- 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 the Company's factories at Tarapur, Gandhidham and KASEZ

Particulars	Current Year	Previous Year
A) Power and Fuel consumption:		
a) Electricity purchased		
Units (kwh in Lakhs)	153.68	184.79
Total Amount (₹ in Lakhs)	1,241.37	1,495.67
Rate per Unit (₹)	8.08	8.09
b) Oxygen purchased		
Units (Cu.M. in Lakhs)	5.10	5.99
Total Amount (₹ in Lakhs)	56.51	70.09
Rate per Cu.M. (₹)	11.08	11.70
c) LDO purchased		
Units (Ltrs. in Lakhs)	9.20	8.67
Total Amount (₹ in Lakhs)	466.70	458.90
Rate per Ltr. (₹)	50.75	52.92

Particulars	Current Year	Previous Year
d) LPG purchased		
Units (Kg. in Lakhs)	9.02	13.67
Total Amount (₹ in Lakhs)	579.59	815.91
Rate per Kg. (₹)	64.25	59.67
B) Consumption per unit of production:		
i. Electricity (kwh / MT)	1,039.38	965.28
ii. Oxygen (Cu.M / MT)	34.49	31.28
iii. LDO (Ltr. / MT)	62.20	45.30
iv. LPG (Kg. / MT)	61.01	71.43

B. TECHNOLOGY ABSORPTION, ADAPTATION AND INNOVATION:

The Management understands the importance of technology in the business segments it operates in and lays utmost emphasis on the systems development and the use of cutting-edge technology available in the industry. The management keeps itself abreast with technological advancements in the industry and ensures continued and sustained efforts towards absorption of technology, adaptation as well as development of the same to meet business needs and objectives. The Company has procured the latest equipment and its personnel are trained from time to time, on the use, operation and maintenance of such highly sophisticated equipment.

TECHNOLOGY ABSORPTION

- At the Gandhidham plant complete process was set up to manufacture cylinders from steel billets, without any technical collaboration or help from other company. This major step has made EKC the only manufacturer in India to make these forged bottom-billet pierced cylinders. It has opened up new markets which were hitherto inaccessible.
- 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.
- 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

New cylinder models are developed to meet varying needs of different overseas standards which are much stringent than the standards which we operated till now.

Development of Tube Trailer Technology for customer in South America. This is a State of the Art customized solution for bulk transportation of CNG.

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 60% 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 ₹ 5,617.65 Lakhs.

Total foreign exchange used and earned:

(₹ in Lakh)

Particulars	Current Year	Previous Year
I. Foreign Exchange used	9,965.75	10,169.54
II. Foreign Exchange earned	6,036.18	3,614.72

MANAGEMENT DISCUSSION & ANALYSIS

FORWARD - LOOKING STATEMENTS

This report contains forward looking statements identified by words like 'plans', 'expects', 'will', 'anticipates', 'believes', 'intends', 'projects', 'estimates' or other words of similar meaning. All statements that address expectations or projections about the future, including, but not limited to the Company's strategy for growth, product development, market position, expenditures and financial results, are forward - looking statements. Since these are based on certain assumptions and expectations of future events, the Company cannot guarantee that these are accurate or will be realised. The Company's actual results, performance or achievements could thus differ materially from those projected in any forward-looking statements. The Company assumes no responsibility to publicly amend, modify or revise any forward looking statements, on the basis of any subsequent developments, information or events.

OVERVIEW

The Financial Year 2013-14, like the previous financial year, continued to remain challenging and daunting for the world economy, domestic economy and the Company, though there are some early signs of improvement. The US economy signaled some hopes of recovery through slight improvement in employment data, housing market, etc, though major structural issues remain, which prompted the US Fed to undertake a phased and measured reduction of the Quantitative Easing. The European and Japanese economy continued their painfully slow growth trend, with no major signs of improvement, despite the interest rates being maintained at historically low levels. China too slowed down, partly due to induced measures to cool off some bubble sectors like banking and housing.

The Indian economic woes continued, with GDP growth at around 4.9%, a slight improvement from previous year's 4.5%, a sharp surge in current account deficit later managed by unique initiatives and slight export growth, ballooning fiscal deficit kept in curb by deferring some developmental expenditure and recognition of subsidies, high inflation, especially due to food inflation component, leading to high interest rates regime, declining and volatile IIP, etc.

DOMESTIC BUSINESS

The slow-down of the Indian economy during the year 2013-14 as well represented by the GDP growth at sub 5% level and the continuing downtrend, coupled with high monthly variability, of the overall industrial growth impacted the demand for the Company's products, which saw a further downtrend with added pricing pressure. The situation got further accentuated due to the dismal performance of the automotive sector, which maintained its trend of de-growth month-on-month, creating fall in demand

coupled with uncertainty for CNG cylinders. The judicial pronouncements of the Supreme Court and Gujarat High Court mandating uniformity of natural gas pricing at pump level across India, which are beneficial for the sector and the Company, however created some uncertainty in the minds of consumers for some time till the Central Government reconciled to the judgments and announced retail price uniformity pan India.

The impending increase in natural gas prices to USD 8.4/mmbtu announced by the Government of India, while leading to increase in the gas prices, will spur domestic gas production and availabilities, which will be beneficial to the economy on overall basis. The Company will also benefit as this would lead to increased demand for CNG vehicles and, thus, CNG cylinders. The Company will be the biggest beneficiary of the increased demand for CNG cylinders as it is the market leader with highest market share.

INTERNATIONAL BUSINESS

(a) Dubai Operations

The Dubai operations which have been under strain since the third quarter of 2011 due to the sudden closure of its dominant Iran market due to economic sanctions imposed upon it continued to remain so. Sanctions have been partially lifted and the Iran market is expected to reopen soon. The Company has initiated discussion with its old customers. The new markets in South America, CIS countries, Europe, etc. that have been developed are slowly gaining traction and will achieve critical mass in some time. As a further initiative, the product base has been expanded by including industrial cylinders and cascades.

(b) USA Operations

The US operations, in terms of turnover and margins, were impacted by unfavourable product mix and deferment of orders by customers. However, the business prospects remain encouraging due to the expected uptick in the US economy and the encouragement to the natural gas sector prompted by the shale gas discovery and improvement in natural gas supply and distribution infrastructure. The commencement of the Composite Cylinders business which got operational during the latter part of the year will provide the much needed diversification and significantly add to the revenue and margins once the business gets stable. However, the significant product development costs incurred in the current and earlier years for the Composite Cylinders have dented the financial results. In the consolidated financials, the intangible assets acquired during the US subsidiary acquisition continue to be amortised as per the Indian Accounting Standards.

(c) China Operations

The China operations continue to remain under strain due to the intense competition and pricing pressures, though the demand in the local markets is strong and export potential is high. The Company's thrust is on Jumbo cylinders in niche segments due to better realization and margins and lower competition. However, meeting the credit terms expectation of the customers remains to be a challenge and is operating as a business constraint. Some large export orders for Jumbo skids are expected for new product application, which, if successful, will open up big market. The Composite Cylinders business could not grow as expected due to change in the regulatory requirements which took some time to adapt to and obtain requisite approvals.

(d) Europe Operations

The Europe subsidiary has developed the Europe market and clientele and has commenced procuring business for the India, Dubai and USA plants. The subsidiary has played crucial and stellar role in Composite Cylinder product development for the USA plant by providing in-house expertise.

STRENGTHS

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

1. Strong Management

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

2. Sustained Leadership in Domestic Market

EKC is the pioneer in India of high pressure seamless cylinders business since 1978 and is India's largest player with highest market share mainly on account of its long history in business and adherence to the highest quality standards and the largest production capacity. EKC also benefits from having the first mover advantage. This coupled with strong relationships on the raw material supply chain, quality certifications and a strong safety track record has helped EKC to maintain its leadership position.

3. Dominance in Export as well as Local Markets

EKC Group's exports to over 25 countries all over the world including countries in South East Asia, Middle East, Africa, US, Europe, South America and Commonwealth of Independent States countries. Most of them have the

stringent quality standards and value driven norms for the products supplied by EKC. This demonstrates EKC's global competitiveness, world class quality of its products and superior logistical capabilities. The Company has also been able to maintain its dominant share in the domestic market. Revenue from markets outside India now represents almost 62% of the Group's total revenues.

4. High Quality Products

The cylinders manufactured by EKC have earned a global reputation for their high standard of quality and compliance with the most stringent specifications laid down by international bodies and local authorities. EKC manufactures cylinders conforming to Indian Standards like IS 7285 (Part 1), IS 7285 (Part 2) and IS 15490 and International standards like ISO: 11439, ISO: 9809-1, NZS: 5454, ISO: 4705D, EN: 1964, ISO: 11120, ECE R-110.

5. Large Capacity and Wide Product Range

The Company, along with its subsidiaries, has set up global scale capacities aggregating to more than 1.3 Million cylinders per annum, across various plants in India and overseas manufacturing a wide and versatile range of high pressure seamless cylinders, viz.

- Industrial Gas Cylinders (manufactured from tubes)
- Industrial Gas Cylinders (manufactured from billets)
- CNG Cylinders (manufactured from tubes)
- CNG Cylinders (manufactured from plates)
- CNG Cylinder Cascades
- Jumbo Cylinders
- Jumbo Skids
- Type II Composite Cylinders
- Type IV Composite Cylinders

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

6. Supply Chain and Customer Relationships

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

7. Quick Delivery to Customers

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

8. Investment in New Technologies

EKC has made significant investments in newer and alternate technologies which would ultimately enable it to reach leadership status globally. Also, it is the only company in India to use alternate technologies and raw materials in its new plants. This has enabled EKC to broaden its raw material supply chain which would lead to lower cost of production and better working capital management as also to broaden its product offerings. The greenfield project at Kandla for plate based CNG cylinders would enable it to cater to the niche OEM segment in India and overseas through supply of light weight and more value added cylinders. Also, as mentioned above, the US and China subsidiaries have invested in the lighter weight and more preferred Composite Cylinders plants.

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. As the seamless tubes are fully imported by the Company, adequate level of raw material inventory has to be maintained at all times to ensure quick turnaround time for orders received. Any volatility in the prices or disruption in availability of raw material can impact the profitability of the Company. However, EKC has strong relationships with the existing raw material suppliers and is constantly developing new sources of supplies which will enable the Company to reduce its raw materials cost. Going a step further to reduce supplier risk, EKC has setup facilities using alternate manufacturing process and cheaper raw materials such as billets and plates.

2. Competition

Although EKC is the market leader in India with majority share, many players have put up high pressure cylinder manufacturing capacities. However, these capacities can only be utilized with growth in demand which is dependent to a large extent on increase in the overall industrial and manufacturing growth, Government policies and impetus from the Government by increasing the supply of gas, covering more cities under the City Gas Distribution policy and improving the gas infrastructure all over the country. Besides, the increasing competition has resulted in an overall margin contraction at the industry level. In spite of the challenge posed by the increase in competition, EKC continues to dominate the market place. This is on account of EKC's long standing in the business and goodwill, superior customer reach, wide range of products offered, stronger financial muscle and use of alternate technologies and raw materials. However, a good development on this front is that many marginal and small players have either fully curtailed their operations or reduced them considerably due to the prevalent difficult business environment and conditions over the past couple of years, in which they were unable to sustain themselves. This bodes well for us as this will reduce the competition going forward.

3. Slow Growth in Sales of CNG Cylinders

Because of the regulatory impasse and lacking wide spread availability of gas, the overall growth and development of the CNG infrastructure has not been robust in the country. Only regulatory push can lead to increased usage of CNG which will ultimately result in cost benefit to consumers due to CNG's inherent cost advantage vis-a-vis other auto fuels. Energy content per kilogram of CNG is comparable to that of petroleum based fuels. Usage of CNG in vehicles results in higher mileage per unit due to its superior combustion characteristics.

4. Domestic CNG Growth Dependent on Government Policies and Plans

The growth in CNG cylinder market for storage and transportation of CNG would be dependent on government plans and initiatives to switch over to alternative fuel. However, with natural gas being made available in most parts of the country and rising cost of fuels, it is expected that the Government policies would be progressive favoring CNG as a fuel. The recent judicial activism at the highest level resulting in which the Government has been mandated to have uniform natural gas prices across India is a beneficial development, which will improve the availability of CNG at reasonable cost across India, which will induce consumers to switch over to CNG vehicles. This would lead to an

accelerated growth in the CNG cylinder industry. Policy decision by the government to steadily increase diesel prices at steady rate will turn some of the demand to CNG. The expected increase in supply of domestic gas due to the announced gas price hike will add impetus to the demand.

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

Industrial gas manufacturers and other manufacturing sectors are major customers for Industrial Cylinders. Any slowdown in manufacturing sector adversely impacts the demand for Industrial Cylinders. OEMs and retrofitters are the major customers of EKC's CNG cylinders in the automobile sector. Any slowdown in cylinder off take from OEMs in India will adversely affect EKC's operations/production plans. However, demand from other global markets helped in offsetting the slowdown in the Indian auto sector. EKC has actively started looking at interesting overseas markets like Eurozone and USA. EKC is gearing itself up to obtain required approvals to comply with technical and statutory requirements of these markets.

6. Volatile Steel Prices

Volatility in seamless steel tube prices will affect the demand if the increase in price is passed on to the customers. If the increase in price is not passed on to the customers, it may lead to contraction in the margins.

7. Fluctuation in Foreign Currency

Any adverse change in the exchange rate between the US Dollar and the Indian rupee has a negative impact on EKC's operating results and financial condition (as the seamless steel tubes (raw material) are fully imported) and to the extent of the borrowings denominated in foreign currency.

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

8. Fluctuations in Interest rate

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

FUTURE PERSPECTIVE

1. Capacity expansion to drive growth

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

Besides, as discussed above, the US and China subsidiaries have set up Type IV and Type II Composite Cylinders plants respectively which will cater to the discerning segment of the market which prefer these light weight though higher priced cylinders.

Due to the world scale capacity set up by the Company, the Company is well poised to tap the markets as and when the demand picks up.

2. Increasing demand for Industrial Cylinders

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

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 with large industrial gases companies preferring these cylinders.

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 again been very challenging for the Company on account of the continued challenges presented by the economic environment, local as well as international. The situation got aggravated due to the slump and variability in the monthly industrial production in India and the stagnant economic growth coupled with unrelenting inflation.

INTERNAL CONTROL SYSTEM

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

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

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

HUMAN RESOURCES AND INDUSTRIAL RELATIONS

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

As of March 31, 2014, EKC and its subsidiaries employed approximately 856 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 with the Stock Exchanges as applicable from time to time.

2. BOARD OF DIRECTORS

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

A. Composition and Size of Board

The Company's policy is to maintain optimum combination of Executive and Non-Executive Directors, all of whom are eminent persons with considerable professional expertise and experience in business and industry, finance, management and law. Your Company is managed and guided by a professional Board comprising 8 Directors, whose composition is given below:

- One Promoter, Executive Director
- Two Promoter, Non-Executive Directors
- Four 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 holds 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 & Mr. Puneet Khurana. Mr. Pushkar Khurana & 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

• Institutionalized decision making process

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

• Conduct of Board Meetings

- (i) Minimum four pre-scheduled Board meetings are held every year. Apart from the above, additional Board Meetings are convened by giving appropriate notice to address the specific needs of the Company. In case of business exigencies or urgency of matters, resolutions are passed by circulation.
- (ii) The Meetings are usually held at the Company's Registered Office at 204, Raheja Centre, Free Press Journal Marg, 214, Nariman Point, Mumbai - 400 021.

- (iii) All divisions/departments of the Company are advised to schedule their work plans well in advance, particularly with regard to matters requiring discussion/approval/decision at the Board/Committee Meetings. All such matters are communicated to the Company Secretary in advance so that the same can be included in the Agenda of the Board/Committee Meetings.
- (iv) The Chairman of the Board and the Company Secretary in consultation with other concerned members of the senior management finalise the agenda for the Board Meetings. Every Board member can suggest additional items for inclusion in the Agenda.
- (v) The Board is given presentations covering Finance, Sales, Marketing, major business segments and operations of the Company, global business environment, all business areas of the Company including business opportunities, business strategy and the risk management practices before taking on record the quarterly/annual financial results of the Company. All necessary information which includes but not limited to the items mentioned in Annexure 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, 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 report on the compliance with various laws, rules and regulations applicable to your Company is placed before the Board on quarterly basis and is reviewed by the Board.

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

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

Sr. No.	Date of Board Meeting	Board Strength	Number of Directors Present
1	May 30, 2013	9	5
2	August 13, 2013	9	8
3	November 12, 2013	7	5
4	February 11, 2014	8	4

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

Director	Category	No. of Shares in the Company as on March 31, 2014	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 22, 2013		
Mr. P. K. Khurana	Promoter, Executive	12,218,000	4	4	Yes	3	None
Mr. Pushkar Khurana	Promoter, Non - Executive	5,844,492	4	3	No	2	None
Mr. Puneet Khurana	Promoter, Non - Executive	5,775,411	4	2	Yes	2	None
Mr. Krishen Dev	Independent, Non - Executive	Nil	4	4	No	1	1
Mr. Mohan Jayakar	Independent, Non - Executive	Nil	4	2	No	5	2
Mr. Naresh Oberoi	Independent, Non - Executive	Nil	4	3	No	1	1
Mr. Vyomesh Shah	Independent, Non - Executive	1600	4	1	Yes	1	1
Mr. Gurdeep Singh*	Independent, Non - Executive	2900	2	2	No	4	3
Mr. Varun Bery**	Non - Independent, Non - Executive	Nil	2	1	No	None	None
Mr. Hon Cheong Lam***	Non - Independent, Non - Executive	Nil	2	1	N.A.	None	None

* Mr. Gurdeep Singh ceased to be the member of the Board w.e.f. August 16, 2013

** Mr. Varun Bery ceased to be the member of the Board w.e.f. August 27, 2013

*** Mr. Hon Cheong Lam appointed to be the member of the Board w.e.f. November 12, 2013

Note:

1. The Directorships held by Directors as mentioned above, do not include Alternate Directorships, Directorships in Foreign Companies, Section 25 Companies and Private Limited Companies.
2. 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:

Two Independent Directors namely Mr. Mohan Jayakar and Mr. Naresh Oberoi who were appointed as directors liable to retire by rotation under the provisions of the erstwhile Companies Act, 1956 will complete their present term at the ensuing Annual General Meeting in August 2014, being eligible, are seeking re-appointment as Independent Directors of the Company for a term of up to March 31, 2019 under the provisions of Section 149 of the Companies Act, 2013.

Brief profile of the two Directors being appointed are provided below:

I. Mr. Mohan Jayakar

Mr. Mohan Jayakar, aged 62 years, is B.A., LL.B and holds a solicitor's degree. He has a vast experience of around 36 years in various aspects of law and specializes in customs, central excise and foreign exchange matters, including Writs and Criminal procedures. He has been a member of the Managing Committee of CEGAT Bar Association. He was a member of shipping committee of the Bombay Chamber of Commerce and a member of the panel of Arbitrators of Bombay Incorporated Law Society. He has attended various corporate matters like Joint Ventures, Acquisitions, Mergers and has advised corporates in setting up entities in the Free Trade Zones in India and also worldwide. He is presently the senior partner in M/s. Jayakar & Partners and heads the entire operations of the Mumbai branch of the firm.

Mr. Mohan Jayakar is a Director of Photoquip India Limited, Birla Cotsyn (India) Limited, Mysore Petrochemicals Limited, Satyagiri Shipping Company Limited, Shree Ram Urban Infrastructure Limited, Talwalkars Better Value Fitness Limited and several Private Limited companies. Mr. Mohan Jayakar is a Member of Audit Committee and Shareholders'/Investors' Grievance Committee of Photoquip India Ltd and member of Shareholders'/Investors' Grievance Committee of Birla Cotsyn (India) Limited. Mr. Jayakar is the Chairman of the Shareholders'/Investors' Grievances Redressal and Share Transfer Committee and member of the Remuneration Committee of the Company.

Mr. Mohan Jayakar does not hold any shares of the Company in his name as on March 31, 2014.

II. Mr. Naresh Oberoi

Mr. Naresh Oberoi, aged 72 years, is an arts graduate from Mumbai University. He has over 26 years of experience in managing industrial enterprises. Presently, he is a Managing Director of Powerica Ltd., a Company engaged in the power generation equipment business, which was awarded the "Successful Small-Scale Company of the year" award by IMM in the year 1993.

Mr. Naresh Oberoi is a member of the Audit Committee and Remuneration Committee of the Company.

Mr. Naresh Oberoi does not hold any shares of the Company in his name as on March 31, 2014.

3. BOARD COMMITTEES

The Board is responsible for the formation/reconstitution of the committees and assigning, co-opting and fixing of terms of service for the members of the committees. The Chairman of the Board, in consultation with the Company Secretary and the committee chairman, determines the frequency of the committee meetings. Recommendations of the committees are submitted to the Board for approvals.

Powers of the Committees

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

Currently, the Board has Eight Committees, viz.,

- A. Audit Committee
- B. Shareholders'/Investors' Grievances Redressal and Share Transfer Committee
- C. Remuneration Committee
- D. Allotment Committee
- E. Management Committee
- F. Investment Committee
- G. China Sale Committee
- H. Cash Flow Monitoring Committee

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

A. AUDIT COMMITTEE

(a) Terms of reference

The Audit Committee assists the Board in its responsibility for overseeing the quality and integrity of the accounting, auditing and reporting practices of the Company and its compliance with the legal and regulatory requirements. The Committee's purpose is, inter alia, to oversee the accounting and financial reporting process of the Company, the audits of the Company's financial statements, the appointment, independence and performance of the statutory auditors, the performance of internal auditors and the Company's risk management policies, etc.

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, 2014, on May 30, 2013,

August 13, 2013, November 12, 2013 and February 11, 2014.

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

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

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

The Audit Committee comprises of three Independent Non-Executive Directors and one Promoter Non-Executive Director. The Composition of the Audit Committee and attendance of each Member at the Audit Committee meetings held during the year is as under:

Name of the Member	Designation	Nature of Directorship	No. of Committee Meetings held during the year	No. of Meetings attended
Mr. Krishen Dev	Chairman	Independent & Non - Executive	4	4
Mr. Vyomesh Shah	Member	Independent & Non - Executive	4	1
Mr. Naresh Oberoi	Member	Independent & Non - Executive	4	3
Mr. Puneet Khurana	Member	Promoter & Non - Executive	4	2

All the members of the Committee have good knowledge of finance, accounts and company law and are financially literate.

The composition of the Audit Committee meets the requirements of Section 292A of the Companies Act, 1956 and Clause 49 of the Listing Agreement. 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, include:

- To approve Transfer / Transmission / Dematerialisation / Rematerialisation of Equity Shares of the Company.
- To approve issue of Duplicate/ Consolidated / Split Share Certificate(s).
- To carry out such functions for redressal of shareholders' and investors' complaints, including but not limited to matters relating to transfer of shares, non-receipt of balance sheet, non-receipt of dividend and any other grievance that a shareholder or investor of the Company may have against the Company.
- To oversee the performance of the Registrar and Transfer Agents of the Company and recommend measures for overall improvement in the quality of investor services.
- 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

Two meetings of the Shareholders'/Investors' Grievances Redressal and Share Transfer Committee were held on August 13, 2013 and November 12, 2013 during the year ended March 31, 2014.

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

Name	Designation in Committee	Nature of Directorship	No. of Committee Meetings held during the year	No. of Committee Meetings attended
Mr. Mohan Jayakar	Chairman	Independent & Non - Executive	2	1
Mr. Puneet Khurana	Member	Promoter & Non - Executive	2	2
Mr. Krishen Dev	Member	Independent & Non - Executive	2	2

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

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

(e) Investor Grievance Redressal

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

Quarter Ended	Pending from earlier quarter	Received during the quarter	Resolved during the quarter	Pending at end of the quarter
Jun - 2013	0	6	6	0
Sep - 2013	0	16	16	0
Dec - 2013	0	2	2	0
Mar - 2014	0	4	4	0
Total	0	28	28	0

There were no requests for transfer and for dematerialization pending for approval as on 31st March, 2014.

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, 2014. The voting rights on the shares outstanding in the suspense account as on March 31, 2014 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 for considering the remuneration payable to the Directors, the 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.

In view of the losses during the Financial Year 2013-14, Mr. P. K. Khurana, Chairman and Managing Director, was paid the minimum remuneration of ₹ 200,000 per month (excluding Contribution to Provident Fund, Superannuation Fund and Gratuity Fund) as per the limits provided under Schedule XIII to the Companies Act, 1956. However, Mr. P. K. Khurana has decided not to draw even this remuneration from November 1, 2013 till the financial position of the Company improves.

ii. Remuneration paid/payable to the Managing Director during the financial year 2013-14:

(in ₹)

Name of Director	Mr. P. K. Khurana
Designation	Chairman & Managing Director
Salary, Allowances, etc	12,80,000
Contribution to P.F. & other funds	1,20,000
Other Perquisites*	-
Commission	-
Total	14,00,000

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

The approval of the Central Government for Mr. P. K. Khurana for excess remuneration is awaited.

iv. Sitting Fees & Commission paid to Non - Executive Directors

The Non-Executive Directors, except Mr. Pushkar Khurana and Mr. Puneet Khurana, are paid sitting fees at the rate of ₹ 20,000/- for attending each meeting of the Board and ₹ 10,000/- for attending each meeting of the Committees.

In view of the absence of profits during the financial year 2013-14, no commission has been paid to Non-Executive Directors.

In respect of the financial year 2013-14, the sitting fees paid to the Non-Executive Directors are as detailed below:

(in ₹)

Name	Sitting fees paid during the year 2013-14		Total
	For Board Meetings	For Committee Meetings	
Mr. Mohan Jayakar	40,000	10,000	50,000
Mr. Krishen Dev	80,000	60,000	140,000
Mr. Vyomesh Shah	20,000	10,000	30,000
Mr. Naresh Oberoi	60,000	30,000	90,000
Mr. Gurdeep Singh (till August 13, 2013)	40,000	-	40,000
Mr. Varun Bery (till August 13, 2013)	20,000	-	20,000
Mr. Hon Cheong Lam (From November 12, 2013)	-	-	-

D. ALLOTMENT COMMITTEE
(a) Terms of Reference

The Board of Directors constituted an Allotment Committee on 21st January, 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 one Executive Director and one Non – Executive Director of the Company viz., Mr. P. K. Khurana, and Mr. Puneet Khurana. Mr. P. K. Khurana is the Chairman of the Committee.

(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 one executive director, one Non – executive Director and one Independent Director of the Company viz., Mr. P. K. Khurana, Mr. Puneet Khurana and Mr. Krishen Dev. Mr. P. K. Khurana is the Chairman of the Committee.

(c) Meetings of the Management Committee

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

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 & Non - Executive
Mr. Krishen Dev	Member	Independent & Non - Executive

(d) Investment Sub Committee

The Investment Committee also has a Sub Committee called as the Investment Sub Committee. The

(c) Meetings of the Investment Committee

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

Investment Sub Committee works under the superintendence of the Investment Committee of the Board of Directors. The Investment Sub Committee comprises of the one Executive Director and one Non – Executive Director of the Company viz., Mr. P. K. Khurana, and Mr. Puneet Khurana. Mr. P. K. Khurana is the Chairman of the Committee.

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

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

G. CHINA SALE COMMITTEE

(a) Terms of Reference

The China Sale Committee has been authorized to oversee the disinvestment of the China business of the Company.

(b) Composition of the Committee

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

(c) Meetings of the China Sale Committee

One meeting of the Committee was held on February 7, 2014 during the year ended March 31, 2014.

H. CASH FLOW MONITORING COMMITTEE

(a) Terms of Reference

The Cash Flow Monitoring Committee has been authorized to monitor the cashflows and to oversee the cost reduction measures.

(b) Composition of the Committee

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

(c) Meetings of the Cash Flow Monitoring Committee

One meeting of the Committee was held on February 3, 2014 during the year ended March 31, 2014.

4. GENERAL BODY MEETINGS

A. Annual General Meeting

Location, date and time of the Annual General Meetings held during the preceding 3 years and the Special Resolutions passed thereat are as follows:

Financial Year	Date & Time	Venue	Special Resolutions passed
2012-2013	22nd July, 2013 3.00 p.m	M.C. Ghia Hall at Bhogilal Hargovindas Building, 4th Floor, 18/20, Kaikhushru Dubash Marg, Kala Ghoda, Mumbai - 400 001.	None
2011-2012	11th August, 2012 10.30 a.m.	M.C. Ghia Hall at Bhogilal Hargovindas Building, 4th Floor, 18/20, Kaikhushru Dubash Marg, Kala Ghoda, Mumbai - 400 001.	1) Creation of security in favour of Security Trustee / Bank pursuant to Section 293(1)(d) of the Companies Act, 1956. 2) Payment of excess remuneration to the Managing Director and two Whole-Time Directors over and above the limits prescribed under the Companies Act, 1956 for the financial year 2011 - 12.
2010 - 2011	30th July, 2011 10.30 a.m.	M.C. Ghia Hall at Bhogilal Hargovindas Building, 4th Floor, 18/20, Kaikhushru Dubash Marg, Kala Ghoda, Mumbai - 400 001.	None

B. Postal Ballot

No special resolution was passed through Postal Ballot during the financial year 2013-14.

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.xxvii, 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 and Board Meetings 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 the 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.

E. In line with the circular no. CIR / OIAE / 2 / 2011 dated June 3, 2011 from Securities and Exchange Board of India, the investor complaints are now centrally monitored through web based complaints redressal system called SCORES. The Company processes the investor complaints through this system and updates status periodically.

F. In line with the notification no. G.S.R. 352(E) dated May 10, 2012 from the Ministry of Corporate Affairs, the Company has uploaded on its website the information regarding the unpaid and unclaimed dividend as on the date of the Annual General Meeting i.e. July 22, 2013 including the name and address of the shareholders who have not claimed the dividend, the amount to which the shareholders are entitled and the due date of transfer to Investor Education and Protection Fund Account.

6. MEANS OF COMMUNICATION:

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

(i) Quarterly Results:

The approved financial results are forthwith sent to the Stock Exchanges where the shares are listed and are displayed on the Company's website www.everestkanto.com 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.

Results for quarter ending September 30, 2014
1st / 2nd week of November, 2014

Results for quarter ending December 31, 2014
1st / 2nd week of February, 2014

Results for year ending March 31, 2015
3rd / 4th week of May, 2015

Annual General Meeting
July / August, 2015

7.4 Book Closure Period

Friday, July 18, 2014 to Saturday, August 02, 2014 (both days inclusive), for the purpose of the 35th Annual General Meeting

7.5 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

7.6 Payment of Listing Fee

Annual listing fees payable to BSE and NSE for 2014-15 have been paid in full by the Company.

7. GENERAL SHAREHOLDER INFORMATION
7.1 Company Registration Details:

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

7.2 35th Annual General Meeting:

Day, Date and Time: Saturday, August 02, 2014 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

Financial Year: April 1, 2014 to March 31, 2015

Results for the quarter ending June 30, 2014
1st / 2nd week of August, 2014

7.7 Stock Market Data

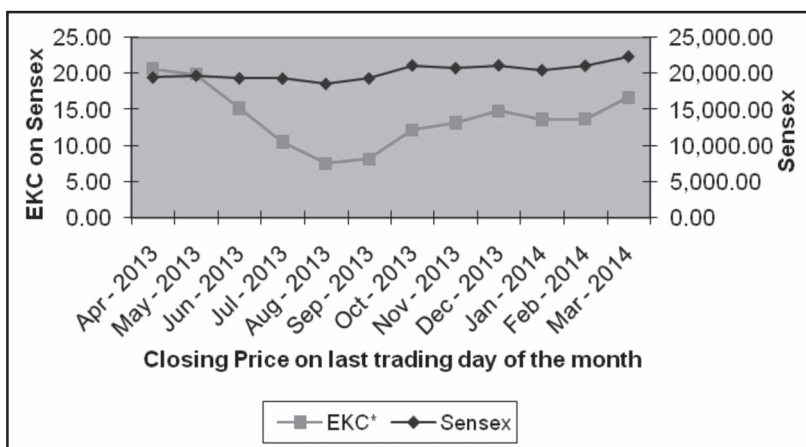
High, Low during each month and trading volumes of the Company's Equity Shares during the last financial year at BSE and NSE are given below:

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 2013	24.10	19.25	3 06 701	24.10	20.00	7 89 501
May 2013	24.60	19.75	6 56 227	24.50	19.80	16 46 725
June 2013	19.90	14.25	4 80 896	19.95	14.15	13 57 439
July 2013	16.40	10.40	6 21 099	17.00	10.35	13 96 765
August 2013	10.70	07.35	10 99 913	11.30	07.30	25 12 391
September 2013	09.55	07.26	14 49 942	09.95	07.30	22 94 624
October 2013	13.95	08.10	21 42 672	14.00	08.05	35 94 590
November 2013	13.70	11.67	3 97 786	13.55	11.75	7 94 445
December 2013	15.57	12.71	11 48 278	15.50	12.50	16 57 709
January 2014	20.45	13.19	21 25 414	20.35	13.15	40 27 021
February 2014	16.34	13.00	2 96 480	16.50	13.20	5 64 627
March 2014	17.60	13.00	9 26 906	18.15	13.40	23 90 611

Source: BSE & NSE website

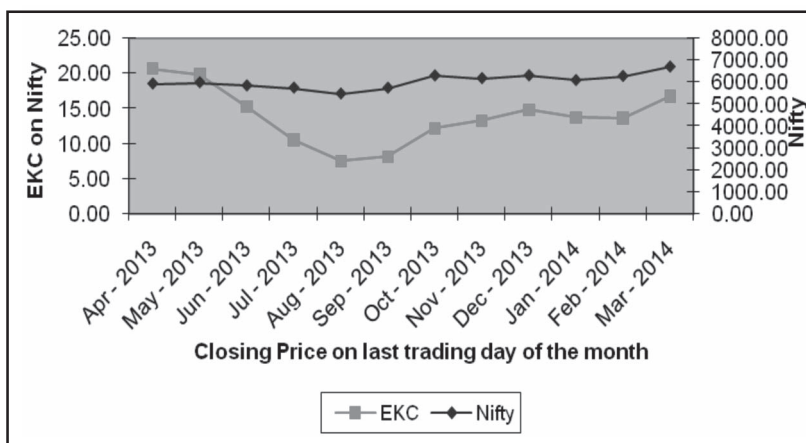
7.8 Stock Performance

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



Source: BSE website

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



Source: NSE website

Liquidity

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

7.9 Registrar & Share Transfer Agent:

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

7.10 Share Transfer System

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

The Company obtains from a Company Secretary in Practice a half-yearly certificate of compliance with the share transfer formalities as required under Clause 47(c) of the Listing 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, 2014

Category of Shareholders	Number of shares	% of Shareholding
Shareholding of Promoter and Promoter Group	6 78 68 017	63.33
Mutual Funds	24 00 000	2.24
Central Government/state Government(s)	500	0.00
Financial Institutions / Banks	600	0.00
Foreign Institutional Investors	41 34 025	3.86
Bodies Corporate	44 44 236	4.15
Individual shareholders holding nominal share capital up to ₹ 1 lakh	1 80 42 513	16.83
Individual shareholders holding nominal share capital in excess of ₹. 1 lakh	12 11 573	1.13
Clearing Members	5 66 544	0.53
Non Resident Indians (Repat)	9 29 862	0.87
Non Resident Indians (Non Repat)	1 23 073	0.11
Foreign Companies	74 35 139	6.94
Other Directors	1 600	0.00
TOTAL	10 71 57 682	100.00

7.12 Distribution of Shareholding by Size as on March 31, 2014

No. of Shares held	No. of shareholders	% to No. of shareholders	No. of shares	% to No. of shares
1 - 500	41 090	85.46	58 45 338	5.45
501 - 1000	3 566	7.42	29 12 024	2.72
1001 - 2000	1 763	3.67	27 28 178	2.55
2001 - 3000	560	1.16	14 52 207	1.36
3001 - 4000	267	0.56	9 70 777	0.90
4001 - 5000	223	0.46	10 56 979	0.99
5001 - 10000	346	0.72	25 98 594	2.42
10001 and above	265	0.55	8 95 93 585	83.61
TOTAL	48 080	100.00	10 71 57 682	100 .00

7.13 Dematerialization of shares as on March 31, 2014

The Company's shares are compulsorily traded in dematerialised form and are available for trading on both the Depositories in India - National Securities Depository Ltd. (NSDL) and Central Depository Services (India) Ltd. (CDSL).

Particulars of Shares	Equity Shares of ₹ 2 each		Shareholders	
	Number	% of total	Number	% of total
Dematerialised form				
NSDL	96 726 619	90.27	30 372	63.17
CDSL	10 429 478	09.73	17 705	36.83
Sub - Total	1 07 156 097	100.00	48 077	100.00
Physical Form	1 585	00.00	3	00.00
Total	1 07 157 682	100.00	48 080	100.00

7.14 Plant Location

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

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

7.15 Address for Correspondence

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

7.16 Unclaimed Dividends

Section 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 accounts to the Investor Education and Protection Fund (IEPF) set up by Central Government. In accordance with the following schedule, the dividend for the years mentioned below, if remaining unclaimed within a period of seven years, will be transferred to IEPF:

Financial Year	Date of declaration of dividend	Dividend Per Share*	Due date for transfer to IEPF	Amount (₹)*
2006-07	July 3, 2007	1.00	August 8, 2014	66,160.00
2007-08	July 30, 2008	1.20	September 4, 2015	101,466.00
2008-09	July 28, 2009	1.20	September 2, 2016	107,742.60
2009-10	July 27, 2010	1.20	September 1, 2017	236,418.60
2010-11	July 30, 2011	1.50	September 4, 2018	429,930.00
2011-12	August 11, 2012	0.25	September 15, 2019	113,884.25
2012-13	July 22, 2013	0.20	September 2, 2020	114,126.80

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

Amount unclaimed as at March 31, 2014

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. PRACTISING COMPANY SECRETARY'S CERTIFICATE ON CORPORATE GOVERNANCE

Certificate from Practising Company Secretary, M/s. Aashish K. Bhatt & Associates, confirming compliance with the conditions of Corporate Governance as stipulated under Clause 49, is attached to the Directors' Report forming part of the Annual Report.

10. RECONCILIATION OF SHARE CAPITAL AUDIT REPORT

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

11. SUBSIDIARY MONITORING FRAMEWORK

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

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

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

The Company 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 the 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 2013-14.

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 AGREEMENT 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, 2014.

For and on behalf of the Board

Mumbai
May 27, 2014

P. K. Khurana
Chairman & Managing Director

CERTIFICATE ON CORPORATE GOVERNANCE

To the Members,

Everest Kanto Cylinder Limited

We have examined the compliance of conditions of Corporate Governance by Everest Kanto Cylinder Limited ('the Company') for the year ended March 31, 2014, as stipulated in Clause 49 of the Listing Agreement of the said Company with Stock Exchanges in India.

The compliance of conditions of Corporate Governance is the responsibility of the Management. Our examination was limited to procedures and implementation thereof, adopted by the Company for ensuring the compliance of the conditions of the Corporate Governance. It is neither an audit nor an expression of opinion on the financial statements of the Company.

In our opinion and to the best of our information and according to the explanations given to us and based on the representations made by the Management, we certify that the Company has

complied with the conditions of Corporate Governance as stipulated in the above mentioned Listing Agreement.

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

For Aashish K. Bhatt & Associates
Practising Company Secretaries

Aashish Bhatt
Proprietor

Mumbai
May 27, 2014

INDEPENDENT AUDITORS' REPORT

**To the Members of
Everest Kanto Cylinder Limited**

Report on the Financial Statements

1. We have audited the accompanying financial statements of Everest Kanto Cylinder Limited, (the "Company"), which comprise the Balance Sheet as at 31 March 2014, the Statement of Profit and Loss and Cash Flow Statement for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

2. Management is responsible for the preparation of these financial statements, that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the Accounting Standards notified under the Companies Act, 1956 (the "Act") read with the General Circular 15/2013 dated 13 September 2013 of the Ministry of Corporate Affairs in respect of section 133 of the Companies Act, 2013. This responsibility includes the design, implementation and maintenance of internal control relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

3. Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with the Standards on Auditing issued by the Institute of Chartered Accountants of India. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.
4. An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Company's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of Company's internal control. An audit also includes evaluating the appropriateness of

accounting policies used and the reasonableness of the accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

5. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

6. In our opinion and to the best of our information and according to the explanations given to us, the financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:
 - (i) in the case of the Balance Sheet, of the state of affairs of the Company as at 31 March 2014;
 - (ii) in the case of 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.

Emphasis of Matter

7. We draw your attention to Clause 17 of Note xxvii to the financial statements. As stated in the clause, non-current investments, as at 31 March 2014, held by the Company, include an investment amounting to ₹ 431.72 Lakh (₹ 431.72 Lakh as at 31 March 2013) in its subsidiary company, Calcutta Compressions & Liquefaction Engineering Limited, whose financial statements indicate significant accumulated losses and net worth being fully eroded as at 31 March 2014. Further, the Company has recoverable loans and other receivables aggregating ₹ 1068.91 Lakh as at 31 March 2014 (₹ 903.58 Lakh as at 31 March 2013). However, in the opinion of the management, considering the long term recurring nature of the subsidiary's business, its projected earnings and cash flows and the improvements in its current operational performance, no provision for diminution in value of investments or towards non-recovery of loans and other receivables, is currently considered necessary. Our opinion is not qualified in respect of this matter.
8. We draw your attention to Clause 13(b) of Note xxvii to the financial statements regarding managerial remuneration of ₹ 149.90 Lakh paid in excess of the limits specified in

Schedule XIII to the Companies Act, 1956 to the Chairman & Managing Director (CMD) of the Company during the year ended 31 March 2013. This managerial remuneration has been approved by the shareholders of the Company but is awaiting approval by the Central Government and as a result, this excess remuneration is held in trust by the CMD. Our opinion is not qualified in respect of this matter.

Report on Other Legal and Regulatory Requirements

9. As required by the Companies (Auditor's Report) Order, 2003 (the "Order") issued by the Central Government of India in terms of sub-section (4A) of Section 227 of the Act, we give in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the Order.

10. As required by Section 227(3) of the Act, we report that:

- (a) we have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit;
- (b) in our opinion, proper books of account as required by law have been kept by the Company so far as appears from our examination of those books and proper returns adequate for the purposes of our audit have been received from branches not visited by us;
- (c) we have received the report on the accounts of the branch office audited under section 228 by other auditor and have appropriately dealt with these while forming our audit opinion;

- (d) the financial statements dealt with by this report are in agreement with the books of account and with the returns received from the branches not visited by us;
- (e) in our opinion, the financial statements comply with the Accounting Standards notified under the Companies Act, 1956 read with the General Circular 15/2013 dated 13 September 2013 of the Ministry of Corporate Affairs in respect of section 133 of the Companies Act, 2013; and
- (f) on the basis of written representations received from the directors, as at 31 March 2014 and taken on record by the Board of Directors, none of the directors is disqualified as at 31 March 2014 from being appointed as a director in terms of clause (g) of sub-section (1) of Section 274 of the Act.

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

per Khushroo B. Panthaky
Partner
Membership No.: F-42423

Mumbai
27 May, 2014

Annexure to the Independent Auditors' Report of even date to the members of Everest Kanto Cylinder Limited, on the financial statements for the year ended 31 March 2014

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

- (i) (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.
- (b) The fixed assets have been physically verified by the management during the year and no material discrepancies were noticed on such verification. In our opinion, the frequency of verification of the fixed assets is reasonable having regard to the size of the Company and the nature of its assets.
- (c) In our opinion, a substantial part of fixed assets has not been disposed off during the year.
- (ii) (a) The management has conducted physical verification of inventory at reasonable intervals during the year.
- (b) The procedures of physical verification of inventory followed by the management are reasonable and adequate in relation to the size of the Company and the nature of its business.
- (c) The Company is maintaining proper records of inventory and no material discrepancies between physical inventory and book records were noticed on physical verification.
- (iii) (a) The Company has granted secured loans to one party covered in the register maintained under Section 301 of the Act. The maximum amount outstanding during the year is ₹ 2,000 Lakhs and the year-end balance is ₹ 1447.78 Lakhs.

- (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 loans granted, the principal amount is not due for repayment currently however, *receipt of interest is not regular*.
- (d) Where overdue amount in respect of interest on loan granted is more than ₹ one lakh, reasonable steps have been taken by the Company for recovery of interest. There is no overdue amount in respect of principal portion of loans granted to such companies, firms or other parties.
- (e) The Company has taken unsecured loans from four parties covered in the register maintained under Section 301 of the Act. The maximum amount outstanding during the year is ₹ 641 Lakhs and the year-end balance is ₹ 641 Lakhs.
- (f) In our opinion, the rate of interest and other terms and conditions of loans taken by the Company are not, *prima facie*, prejudicial to the interest of the Company.
- (g) In respect of loans taken, the principal amounts are repayable on demand and since the repayment of such loans has not been demanded, in our opinion, payment of the principal amount is regular; the payment of the interest is regular.
- (iv) In our opinion, there is an adequate internal control system commensurate with the size of the Company and the nature of its business for the purchase of inventory and fixed assets and for the sale of goods and services. During the course of our audit, no major weakness has been noticed in the internal control system in respect of these areas.
- (v) (a) In our opinion, the particulars of all contracts or arrangements that need to be entered into the register maintained under Section 301 of the Act have been so entered.
- (b) In our opinion, the transactions made in pursuance of such contracts or arrangements and exceeding the value of ₹ five lakhs 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.
- (vi) The Company has not accepted any deposits from the public within the meaning of Sections 58A and 58AA of the Act and the Companies (Acceptance of Deposits) Rules, 1975. Accordingly, the provisions of clause 4(vi) of the Order are not applicable.
- (vii) In our opinion, the Company has an internal audit system commensurate with its size and the nature of its business.
- (viii) We have broadly reviewed the books of account maintained by the Company pursuant to the Rules made by the Central Government for the maintenance of cost records under clause (d) of sub-section (1) of Section 209 of the Act in

respect of Company's products and are of the opinion that, *prima facie*, the prescribed accounts and records have been made and maintained. However, we have not made a detailed examination of the cost records with a view to determine whether they are accurate or complete.

- (ix) (a) 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, cess have not generally been regularly deposited with the appropriate authorities though the delays in deposit have not been significant. Further, no undisputed amounts payable in respect thereof were outstanding at the year-end for a period of more than six months from the date they become payable
- (b) The dues outstanding in respect of income-tax, sales-tax, wealth tax, service tax, customs duty, excise duty, cess on account of any dispute, are as follows:

Name of Statute	Nature of Dues	Amount (₹ in Lakh)	Amount Paid Under Protest (₹ in Lakh)	Period to which the amount relates (Assessment Year)	Forum where dispute is pending
Central Sales Tax Act, 1956	Central Sales Tax	12.82	-	2001-02	Sales Tax Tribunal
	Sales Tax (Lease Tax)	21.05	7.36	1994-95 1995-96 1996-97 1997-98 1998-99	Joint Commissioner of Sales Tax (Appeals)
Bombay Sales Tax Act, 1959	Bombay Sales Tax	26.11	-	2001-02	Sales Tax Tribunal
The Income Tax Act, 1961	Income Tax	15.21	-	2007-08	Mumbai High Court
		977.27	693.32	2008-09 2009-10	Income Tax Appellate Tribunal
		623.79	-	2010-11	Dispute Resolution Panel
		48.33	-	2013-14	Commissioner of Income Tax
The Gujarat Value Added Tax Act, 2003	Commercial Tax	14.99	7.84	2009-10	Joint Commissioner of Commercial Tax (Appeals)

- (x) In our opinion, the Company's accumulated losses at the end of the financial year are less than fifty percent of its net worth. *The Company has incurred cash losses in the current year and immediately preceding financial year.*
- (xi) The Company has not defaulted in repayment of dues to any bank or financial institution during the year. The Company did not have any outstanding debentures during the year.
- (xii) The Company has not granted any loans and advances on the basis of security by way of pledge of shares, debentures and other securities. Accordingly, the provisions of clause 4(xii) of the Order are not applicable.
- (xiii) In our opinion, the Company is not a chit fund or a nidhi/ mutual benefit fund/ society. Accordingly, provisions of clause 4(xiii) of the Order are not applicable.
- (xiv) In our opinion, the Company is not dealing or trading in shares, securities, debentures and other investments. Accordingly, the provisions of clause 4(xiv) of the Order are not applicable.
- (xv) In our opinion, the terms and conditions on which the Company has given guarantee for loans taken by others from banks or financial institutions are not, *prima facie*, prejudicial to the interest of the Company.
- (xvi) In our opinion, the Company has applied the term loans for the purpose for which these loans were obtained.
- (xvii) In our opinion, no funds raised on short-term basis have been used for long-term investment by the Company.
- (xviii) During the year, 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. Accordingly, the provisions of clause 4(xviii) of the Order are not applicable.
- (xix) The Company has neither issued nor had any outstanding debentures during the year. Accordingly, the provisions of clause 4(xix) of the Order are not applicable.
- (xx) The Company has not raised any money by public issues during the year. Accordingly, the provisions of clause 4(xx) of the Order are not applicable.
- (xxi) No fraud on or by the Company has been noticed or reported during the period covered by our audit.

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

per Khushroo B. Panthaky
 Partner
 Membership No.: F-42423

Mumbai
 27 May, 2014

BALANCE SHEET AS AT 31ST MARCH, 2014

	Note No.	As at 31st March, 2014 (₹ in Lakh)	As at 31st March, 2013 (₹ in Lakh)
I. EQUITY AND LIABILITIES			
1 Shareholders' Funds			
(a) Share Capital	(i)	2,143.15	2,143.15
(b) Reserves and Surplus	(ii)	26,222.79	35,056.01
		<u>28,365.94</u>	<u>37,199.16</u>
2 Non-Current Liabilities			
(a) Long-Term Borrowings	(iii)	27,087.61	30,595.10
(b) Deferred Tax Liabilities / Assets (Net)	(iv)	-	-
(c) Other Long-Term Liabilities	(v)	24.00	24.00
(d) Long-Term Provisions	(vi)	72.61	81.01
		<u>27,184.22</u>	<u>30,700.11</u>
3 Current Liabilities			
(a) Short-Term Borrowings	(vii)	8,626.39	6,680.27
(b) Trade Payables (Refer Clause No. 3 of Note xxvii)		6,135.60	4,518.44
(c) Other Current Liabilities	(viii)	8,351.05	5,557.45
(d) Short-Term Provisions	(ix)	20.31	268.92
		<u>23,133.35</u>	<u>17,025.08</u>
TOTAL		<u>78,683.51</u>	<u>84,924.35</u>
II. ASSETS			
1 Non-Current Assets			
(a) Fixed Assets	(x)		
(i) Tangible Assets		29,814.44	30,612.28
(ii) Intangible Assets		85.81	134.76
(iii) Capital Work-in-Progress		2,546.29	2,649.90
		<u>32,446.54</u>	<u>33,396.94</u>
(b) Non-Current Investments	(xi)	4,097.83	4,097.83
(c) Long-Term Loans and Advances	(xii)	2,791.83	2,557.31
(d) Other Non-Current Assets	(xiii)	-	27.87
		<u>6,889.66</u>	<u>6,683.01</u>
2 Current Assets			
(a) Current Investments	(xiv)	6,927.39	6,927.24
(b) Inventories	(xv)	16,449.65	17,684.74
(c) Trade Receivables	(xvi)	4,422.93	5,658.75
(d) Cash and Bank Balances	(xvii)	1,338.13	1,281.73
(e) Short-Term Loans and Advances	(xviii)	8,369.61	11,498.77
(f) Other Current Assets	(xix)	1,839.60	1,793.17
		<u>39,347.31</u>	<u>44,844.40</u>
TOTAL		<u>78,683.51</u>	<u>84,924.35</u>
Significant Accounting Policies and Explanatory Information/ Notes	(xxvii)		

As per our report of even date attached

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

Khushroo B. Panthaky
Partner

Kanika Sharma
Company Secretary

Vipin Chandok
Chief Financial Officer

For and on behalf of the Board

P. K. Khurana
Chairman & Managing Director

Puneet Khurana
Director

Place : Mumbai
Date : 27th May, 2014

STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31ST MARCH, 2014

	Note No.	Year Ended 31st March, 2014 (₹ in Lakh)	Year Ended 31st March, 2013 (₹ in Lakh)
I. Revenue from Operations	(xx)	20,434.83	24,688.77
II. Other Income	(xxi)	1,307.26	1,138.56
III. Total Revenue (I + II)		21,742.09	25,827.33
IV. Expenses:			
Cost of Materials Consumed	(xxii)	13,960.05	17,339.83
Purchases of Stock-in-Trade		805.76	45.11
Changes in Inventories of Finished Goods, Work-in-Progress and Stock-in-Trade	(xxiii)	315.38	(899.11)
Employee Benefits Expense	(xxiv)	1,833.01	2,126.07
Finance Costs	(xxv)	4,855.59	3,318.72
Depreciation / Amortization Expense	(x)	2,241.81	2,254.32
Other Expenses	(xxvi)	6,544.93	6,566.82
Own Goods Capitalised		-	(69.54)
Total Expenses (Excluding Foreign Exchange Variation)		30,556.53	30,682.22
V. Profit/ (Loss) before Foreign Exchange Variation and Tax		(8,814.44)	(4,854.89)
VI. Foreign Exchange Variation Loss (Net)		18.78	985.56
VII. (Loss) before Tax (V - VI)		(8,833.22)	(5,840.45)
VIII. Tax Expense:			
(1) Current Tax		-	-
(2) Deferred Tax		-	(1,121.08)
IX (Loss) for the Year before Tax Adjustments for Earlier Years (VII-VIII)		(8,833.22)	(4,719.37)
X. Tax Adjustments for Earlier Years (Net)		-	30.37
XI. Net (Loss) for the Year		(8,833.22)	(4,749.74)
XII. Earnings per Equity Share (Refer Clause No. 9 of Note xxvii):			
(1) Basic		(8.24)	(4.43)
(2) Diluted		(8.24)	(4.43)
Significant Accounting Policies and Explanatory Information / Notes	(xxvii)		

As per our report of even date attached

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

Khushroo B. Panthaky
Partner

Place : Mumbai
Date : 27th May, 2014

Kanika Sharma
Company Secretary

Vipin Chandok
Chief Financial Officer

For and on behalf of the Board

P. K. Khurana
Chairman & Managing Director

Puneet Khurana
Director

NOTES FORMING PART OF BALANCE SHEET AS AT 31ST MARCH, 2014

	As at 31st March, 2014 (₹ in Lakh)	As at 31st March, 2013 (₹ in Lakh)
(i) Share Capital		
Authorised		
125,000,000 (PY:125,000,000) Equity Shares of ₹ 2 each	<u>2,500.00</u>	<u>2,500.00</u>
Issued		
107,157,682 (PY:107,157,682) Equity Shares of ₹ 2 each	2,143.15	2,143.15
Subscribed & Fully Paid up		
107,157,682 (PY:107,157,682) Equity Shares of ₹ 2 each fully paid up	<u>2,143.15</u>	<u>2,143.15</u>
TOTAL	<u>2,143.15</u>	<u>2,143.15</u>

(a) Reconciliation of Number of Shares

Equity Shares	As at 31st March, 2014		As at 31st March, 2013	
	Number of Shares	(₹ in Lakh)	Number of Shares	(₹ in Lakh)
Shares outstanding at the beginning of the year	107,157,682	2,143.15	107,157,682	2,143.15
Shares outstanding at the end of the year	107,157,682	2,143.15	107,157,682	2,143.15

(b) Rights, Preferences and Restrictions attached to Shares

The Company has 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 in previous year was 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	As at 31st March, 2014		As at 31st March, 2013	
	Number of Shares Held	Percentage of Shares Held (%)	Number of Shares Held	Percentage of Shares Held (%)
Khurana Gases Private Limited (Promoter)	15,052,203	14.05	14,550,628	13.58
Suman Khurana (Promoter)	15,044,991	14.04	14,213,715	13.26
P. K. Khurana (Promoter)	12,218,000	11.40	12,218,000	11.40
Pushkar Prem Kumar Khurana	5,844,492	5.45	-	-
Puneet Prem Kumar Khurana	5,775,411	5.39	-	-
Reliance Capital Trustee Co. Ltd.	-	-	7,000,000	6.53

(ii) Reserves and Surplus
Particulars

	As at 31st March, 2014 (₹ in Lakh)	As at 31st March, 2013 (₹ in Lakh)
a. Capital Reserves	1,015.22	1,015.22
b. Securities Premium Account		
Opening Balance	24,082.64	32,844.48
Less : Premium Utilised for Premium on Redemption of Bonds	-	8,761.84
Closing Balance	<u>24,082.64</u>	<u>24,082.64</u>
c. Hedging Reserves		
Opening Balance	-	(154.81)
(+) Movement During the Year	-	154.81
Closing Balance	<u>-</u>	<u>-</u>

NOTES FORMING PART OF BALANCE SHEET AS AT 31ST MARCH, 2014

	As at 31st March, 2014 (₹ in Lakh)	As at 31st March, 2013 (₹ in Lakh)
d. General Reserves		
Opening Balance	7,491.00	7,491.00
(+) Transfer from Surplus in Statement of Profit & Loss	-	-
Closing Balance	7,491.00	7,491.00
e. Surplus - in Statement of Profit and Loss		
Opening balance	2,467.15	7,467.63
(+) Net (Loss) For the Current Year	(8,833.22)	(4,749.74)
(-) Proposed Dividend (Including Dividend Tax Current Year: Nil, Previous Year: ₹ 36.42 Lakh)#	-	250.74
Closing Balance	(6,366.07)	2,467.15
Total	26,222.79	35,056.01
# Dividend proposed to be distributed to Equity Shareholders is Nil (Previous Year ₹ 0.20 per Equity Share).		
(iii) Long-Term Borrowings		
<u>Secured</u>		
Term Loans		
- From Banks	25,585.75	26,096.79
- Foreign Currency Loan From Bank [Refer Clause No. 1(a) of Note xxvii]	-	2,719.47
	25,585.75	28,816.26
<u>Unsecured</u>		
Term loans		
- Sales Tax Deferment Loan [Refer Clause No. 1(c) of Note xxvii]	1,501.86	1,778.84
	1,501.86	1,778.84
Total	27,087.61	30,595.10
(iv) Deferred Tax Liabilities / Assets (Net)		
Deferred Tax Liability on account of:		
- Depreciation	3,287.99	2,718.34
Deferred Tax Assets on account of:		
- Taxes, Duties on Inventories	310.70	318.03
- Shares/FCCB Issue Expenses	1.56	187.67
- Employee Benefits	3.24	5.76
- Provision for Doubtful Debts	44.14	44.58
- Unabsorbed Depreciation and Business Loss as per Tax Laws*	2,928.35	2,162.30
	3,287.99	2,718.34
Net Deferred Tax Liabilities / Assets	-	-
*Limited to the amount of Deferred Tax Liabilities less other Deferred Tax Assets, on the grounds of prudence.		

NOTES FORMING PART OF BALANCE SHEET AS AT 31ST MARCH, 2014

	As at 31st March, 2014 (₹ in Lakh)	As at 31st March, 2013 (₹ in Lakh)
(v) Other Long-Term Liabilities		
Deposits	24.00	24.00
Total	24.00	24.00
(vi) Long-Term Provisions		
Provision for Employee Benefits		
- Compensated Absences	66.79	81.01
- Gratuity (Funded) (Net) [Refer Clause No. 14 of Note xxvii]	5.82	-
Total	72.61	81.01
(vii) Short-Term Borrowings		
Secured		
Working Capital facilities from Banks [Refer Clause No.1(b) of Note xxvii]		
- Repayable on Demand	915.00	3,000.00
- Others	7,070.39	3,258.87
	7,985.39	6,258.87
Unsecured		
Loans from Related Parties	641.00	421.40
	641.00	421.40
Total	8,626.39	6,680.27
(viii) Other Current Liabilities		
(a) Current Maturities of Long-Term Borrowings		
- Term Loan from Bank [Refer Clause No.1(a)(ii) of Note xxvii]	656.04	-
- Foreign Currency Loan From Bank [Refer Clause No. 1(a)(i) of Note xxvii]	3,004.99	-
- Sales Tax Deferment Loan [Refer Clause No.1 (c) of Note xxvii]	311.24	336.81
(b) Interest Accrued but not due on Borrowings	357.12	348.38
(c) Unclaimed Dividends #	11.71	11.08
(d) Advances from Customers	3,053.77	3,747.71
(e) Deposits	33.99	32.62
(f) Other Liabilities	922.19	1,080.85
Total	8,351.05	5,557.45
# There are no amounts due for payment to the Investor Education Protection Fund under Section 205C of the Act as at the year end.		
(ix) Short-Term Provisions		
(a) Provision for Employee Benefits		
- Compensated Absences	20.31	18.18
(b) Others		
- Proposed Dividend	-	214.32
- Provision for Tax on Dividend	-	36.42
Total	20.31	268.92

NOTES FORMING PART OF BALANCE SHEET AS AT 31ST MARCH, 2014

(x) Fixed Assets (₹ in Lakh)

Particulars	Gross Block			Depreciation / Amortization				Net Block	
	Balance as at 1st April, 2013	Additions	Disposals	Balance as at 31st March, 2014	Balance as at 1st April, 2013	Depreciation / Amortisation charge for the year	On disposals	Balance As at 31st March, 2014	Balance As at 31st March, 2013
A. Tangible Assets									
Freehold Land	511.58	-	-	511.58	-	-	-	511.58	511.58
Leasehold Land #	266.97	-	-	266.97	159.99	1.29	-	105.69	106.98
Buildings ##	9,000.69	1,349.40	-	10,350.09	1,983.45	234.22	-	8,132.42	7,017.24
Plant and Equipment	32,243.30	56.90	41.13	32,259.07	11,908.42	1,626.02	39.07	18,763.70	20,334.88
Furniture and Fixtures	280.01	0.37	-	280.38	149.62	11.91	-	118.85	130.39
Vehicles	138.04	-	23.14	114.90	64.40	11.76	11.63	50.37	73.64
Office equipment	178.82	0.13	-	178.95	49.16	8.44	-	121.35	129.66
Computers	775.12	1.79	-	776.91	232.73	113.87	-	430.31	542.39
Gas Cylinders	13.29	-	-	13.29	12.45	0.14	-	0.70	0.84
Gas Cylinders given on Lease	690.00	-	-	690.00	218.41	110.93	-	360.66	471.59
Electrical Installation	1,612.87	-	-	1,612.87	319.78	74.28	-	1,218.81	1,293.09
Total (a)	45,710.69	1,408.59	64.27	47,055.01	15,098.41	2,192.86	50.70	29,814.44	30,612.28
Previous Year Total (a)	45,471.77	383.42	144.50	45,710.69	12,990.99	2,205.16	97.74	30,612.28	
B. Intangible Assets									
Computer Software	244.75	-	-	244.75	109.99	48.95	-	85.81	134.76
Total (b)	244.75	-	-	244.75	109.99	48.95	-	85.81	134.76
Previous Year Total (b)	244.75	-	-	244.75	60.83	49.16	-	134.76	-
Total (a+b)	45,955.44	1,408.59	64.27	47,299.76	15,208.40	2,241.81	50.70	29,900.25	30,747.04
Previous Year Total (a+b)	45,716.52	383.42	144.50	45,955.44	13,051.82	2,254.32	97.74	30,747.04	
C. Capital Work In Progress									
								2,546.29	2,649.90

Notes:

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

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

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

NOTES FORMING PART OF BALANCE SHEET AS AT 31ST MARCH, 2014

		As at 31st March, 2014 (₹ in Lakh)	As at 31st March, 2013 (₹ in Lakh)
(xi) Non-Current Investments (At Cost / Book Value, Unquoted)			
A. Trade Investments (Refer (a) below)			
Investment in Equity Instruments		4,052.88	4,052.88
Total (A)		<u>4,052.88</u>	<u>4,052.88</u>
B. Other Investments (Refer (b) below)			
Investment in Equity Instruments		244.95	244.95
Less : Provision for diminution in the value of Investments [Refer Clause No.16 of Note xxvii]		<u>(200.00)</u>	<u>(200.00)</u>
Total (B)		<u>44.95</u>	<u>44.95</u>
Total		<u>4,097.83</u>	<u>4,097.83</u>

(a) Details of Trade Investments

Sr. No.	Name of the Body Corporate	Subsidiary/ Associate/JV/ Controlled Special Purpose Entity/Others	Face Value	Number of Shares / Units		Partly Paid / Fully paid	Extent of Holding (%)		Amount (₹ in Lakh)		Whether stated at Cost Yes/No	If Answer to Column (12) is 'No'- Basis of Valuation
				2014	2013		2014	2013	2014	2013		
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)	(13)
	Investment in Equity Instruments											
i	EKC International FZE	Subsidiary Company	AED 1,000,000	1	1	Fully Paid	100.00	100.00	124.12	124.12	Yes	NA
	EKC International FZE	Subsidiary Company	AED 1	16,203,619	16,203,619	Fully Paid	100.00	100.00	1,993.27	1,993.27	Yes	NA
ii	Calcutta Compressions & Liquefaction Engineering Ltd. (Refer Clause No. 17 of Note xxvii)	Subsidiary Company	INR 10	1,606,950	1,606,950	Fully Paid	72.65	72.65	238.88	238.88	Yes	NA
			INR 10	3,214,000	3,214,000	Partly Paid (₹ 6/- each) (P.Y. ₹ 6/- each)			192.84	192.84		
iii	EKC Industries (Thailand) Co. Ltd.	Subsidiary Company	THB 1000	100,000	100,000	Fully Paid	100.00	100.00	1,503.77	1,503.77	Yes	NA
	Total								4,052.88	4,052.88		

(b) Details of Other Investments

Sr. No.	Name of the Body Corporate	Subsidiary/ Associate/JV/ Controlled Special Purpose Entity/Others	Face Value	Number of Shares / Units		Partly Paid / Fully paid	Extent of Holding (%)		Amount (₹ in Lakh)		Whether stated at Cost Yes/No	If Answer to Column (12) is 'No' - Basis of Valuation
				2014	2013		2014	2013	2014	2013		
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)	(13)
	Investment in Equity Instruments											
i	Everest Kanto Investment & Finance Pvt. Ltd.	Others	INR 10	115,000	115,000	Fully Paid	9.58	9.58	39.10	39.10	Yes	NA
ii	GPT Steel Industries Pvt. Ltd. (Refer Clause No. 16 of Note xxvii)	Others	INR 10	2,000,000	2,000,000	Fully Paid	0.79	0.79	200.00	200.00	No	Fully provided for Diminution in Value
iii	Tarapur Environment Protection Society	Others	INR 100	5,852	5,852	Fully Paid	-	-	5.85	5.85	Yes	NA
	Total								244.95	244.95		

NOTES FORMING PART OF BALANCE SHEET AS AT 31ST MARCH, 2014

	As at 31st March, 2014 (₹ in Lakh)	As at 31st March, 2013 (₹ in Lakh)
(xii) Long-Term Loans and Advances		
a. Capital Advances		
Unsecured, considered good	106.95	117.47
b. Security Deposits		
Unsecured, considered good	818.29	806.93
c. Advance Tax and Tax Deducted at Source [Net of Provisions ₹ 3,342.21 Lakh (Previous Year ₹ 3,343.12 Lakh)]	797.68	729.33
d. Other Loans and Advances		
Unsecured, considered good		
- Related Parties	1,068.91	903.58
Total	<u>2,791.83</u>	<u>2,557.31</u>
(xiii) Other Non-Current Assets		
Long Term Trade Receivables		
Unsecured, considered good	-	27.87
Unsecured, considered doubtful	-	32.38
Less: Provision for doubtful debts	-	(32.38)
Total	<u>-</u>	<u>27.87</u>
(xiv) Current Investments (Unquoted, At lower of Cost & Fair Value)		
Investment in Equity Instruments of a Subsidiary (Trade)	6,925.07	6,925.07
Investments in Mutual Funds (Non-Trade)	2.32	2.17
Total	<u>6,927.39</u>	<u>6,927.24</u>

(a) Details of Current Investments

	Number of Shares / Units		Amount (₹ In Lakh)	
	31st March, 2014	31st March, 2013	31st March, 2014	31st March, 2013
Investment in Equity Instruments of a Subsidiary				
- EKC Industries (Tianjin) Co. Ltd. [Refer Clause No.18 of Note xxvii]	16,670,000	16,670,000	6,925.07	6,925.07
Investments in Mutual Funds				
- LIC Liquid Fund-Dividend Plan	127.40	119.26	1.40	1.31
- UTI Liquid Fund-Cash Plan Institutional Daily Income	90.66	84.86	0.92	0.86
Total			<u>6,927.39</u>	<u>6,927.24</u>

(xv) Inventories

(Valued at Lower of Cost and Net Realisable Value)

a. Raw Materials and Components	8,046.74	9,076.62
b. Work-in-Progress	6,178.90	6,978.61
c. Finished Goods	2,159.04	1,579.30
d. Stock-in-Trade	10.78	3.48
e. Stores and Spares	54.19	46.73
Total	<u>16,449.65</u>	<u>17,684.74</u>

NOTES FORMING PART OF BALANCE SHEET AS AT 31ST MARCH, 2014

	As at 31st March, 2014 (₹ in Lakh)	As at 31st March, 2013 (₹ in Lakh)
(xvi) Trade Receivables		
Trade receivables outstanding for a period exceeding six months from the date they became due		
Unsecured, considered good	680.66	383.65
Unsecured, considered doubtful	136.05	105.01
Less: Provision for doubtful debts	<u>(136.05)</u>	<u>(105.01)</u>
	680.66	383.65
Others		
Unsecured, considered good	3,742.27	5,275.10
	<u>3,742.27</u>	<u>5,275.10</u>
[Includes ₹ 239.43 Lakh due from Subsidiaries (Previous Year ₹ 153.45 Lakh)]		
Total	<u>4,422.93</u>	<u>5,658.75</u>
(xvii) Cash and Bank Balances		
Cash and Cash Equivalents:		
a. Cash on Hand*	40.50	34.63
b. Balances with Banks		
Current Accounts*	<u>434.37</u>	<u>529.43</u>
	474.87	564.06
Other Bank Balances:		
a. Security against Guarantees	687.82	479.35
b. Bank Deposits with more than 3 months, but less than 1 year maturity	163.67	227.24
c. Earmarked Balances - Unpaid Dividend Accounts	<u>11.77</u>	<u>11.08</u>
	863.26	717.67
Total	<u>1,338.13</u>	<u>1,281.73</u>
*There are no repatriation restrictions, in respect of Cash and Bank Balances.		
(xviii) Short-Term Loans and Advances		
a. Loans and Advances to Related Parties		
Unsecured, considered good	5,558.82	5,942.36
b. Advances Recoverable in Cash or Kind or for Value to be Received		
- Balance with Central Excise	293.47	201.67
- Advances paid to Suppliers	789.83	2,291.50
[Includes ₹ 444.18 Lakh due from Subsidiaries (Previous Year ₹ 1,478.78 Lakh)]		
- Prepaid expenses	80.12	862.10
c. Inter Corporate Deposit*	1,447.78	2,000.00
d. Other Loans and Advances	199.59	201.14
Total	<u>8,369.61</u>	<u>11,498.77</u>
*The Inter Corporate Deposit is secured as at March 31, 2014.		
(xix) Other Current Assets		
a. Current Deposits		
Unsecured, considered good	34.45	38.31
[Includes ₹ 20.00 Lakh (Previous Year ₹ 20.00 Lakh) a Security Deposit to a private company in which directors are directors / members]		
b. Gratuity (Funded) (Net)	-	3.42
c. Interest Receivable:		
- from Banks	25.67	82.64
- from Subsidiaries	1,585.66	1,183.13
- from Others	106.01	390.88
d. Other Receivables	<u>87.81</u>	<u>94.79</u>
	<u>1,839.60</u>	<u>1,793.17</u>

NOTES FORMING PART OF STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31ST MARCH, 2014

	Year Ended 31st March, 2014 (₹ in Lakh)	Year Ended 31st March, 2013 (₹ in Lakh)
(xx) Revenue from Operations		
Sale of Products:		
- Manufactured Goods	21,250.76	26,723.59
- Traded Goods	886.89	46.61
Less:		
Excise Duty	2,126.27	2,711.19
	<u>20,011.38</u>	<u>24,059.01</u>
Other Operating Revenues:		
- Scrap Sales	363.91	525.92
- Export Incentives	-	17.72
- Testing and Inspection Fees Received	29.40	29.94
- Others	30.14	56.18
Total	<u>20,434.83</u>	<u>24,688.77</u>
(xxi) Other Income		
Interest		
- On Loans / Inter Corporate Deposits	804.14	798.08
- On Fixed Deposits	36.21	18.23
- On Income Tax Refund	-	69.78
- Others	43.64	-
Dividend on Current Investments (Non-Trade)	0.15	0.41
Other Non-Operating Income (Net)		
- Commission	64.47	43.33
- Excess Provision Written Back	91.64	2.80
- Lease Rent	193.44	187.28
- Miscellaneous Income	73.57	18.65
Total	<u>1,307.26</u>	<u>1,138.56</u>
(xxii) Cost of Materials Consumed		
Opening Stock	9,076.62	15,102.90
Add: Purchases	<u>12,930.17</u>	<u>11,313.55</u>
	22,006.79	26,416.45
Less: Closing Stock	<u>8,046.74</u>	<u>9,076.62</u>
Total	<u>13,960.05</u>	<u>17,339.83</u>
(xxiii) Changes in Inventories of Finished Goods, Work-in-Progress and Stock-in-Trade		
Opening Stocks :		
- Finished Goods	1,579.30	1,111.05
- Work in Progress	6,978.61	6,443.25
- Stock in Trade	3.48	6.89
	(A) <u>8,561.39</u>	<u>7,561.19</u>
Closing Stocks :		
- Finished Goods	2,159.04	1,579.30
- Work in Progress	6,178.90	6,978.61
- Stock in Trade	10.78	3.48
	(B) <u>8,348.72</u>	<u>8,561.39</u>
	(A-B) <u>212.67</u>	<u>(1,000.20)</u>
Add : Variation in Excise Duty on Finished Goods Stocks	102.71	101.09
Total	<u>315.38</u>	<u>(899.11)</u>

NOTES FORMING PART OF STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31ST MARCH, 2014

	Year Ended 31st March, 2014 (₹ in Lakh)	Year Ended 31st March, 2013 (₹ in Lakh)
(xxiv) Employee Benefits Expense		
Salaries, Wages and Other Benefits [Refer Clause No.14 of Note xxvii]	1,685.01	1,924.01
Contributions to -		
- Provident Fund and Other Funds	86.32	112.53
- Superannuation Scheme	0.92	13.65
Staff Welfare Expenses	60.76	75.88
Total	1,833.01	2,126.07
(xxv) Finance Costs		
Interest Expense		
- On Borrowings	4,400.14	2,561.19
- Others	3.83	3.14
Other Borrowing Costs	29.14	492.09
Applicable Net Loss on Foreign Currency Fluctuations and Translations	422.48	262.30
Total	4,855.59	3,318.72
(xxvi) Other Expenses		
- Consumption of Stores, Spares, etc.	455.60	617.94
- Power and Fuel	2,219.70	2,972.75
- Repairs and Maintenance - Building	36.51	13.56
- Repairs and Maintenance - Plant and Machinery	77.60	58.30
- Repairs and Maintenance - Others	36.03	31.43
- Labour Charges	138.52	195.11
- Rent	325.68	407.96
- Insurance	89.83	93.92
- Rates and Taxes, excluding Taxes on Income	134.84	89.03
- Payment to Auditors*	36.67	48.08
- Directors' Sitting Fees and Commission	3.90	6.15
- Legal and Professional Fees	1,646.85	568.05
- Loss on Assets Scrapped / Discarded	4.41	18.46
- Provision for Doubtful Debts (Net)	(1.34)	(13.88)
- Bank Charges and Commission	95.61	129.17
- Carriage and Freight	326.44	387.83
- Advertisement and Sales Promotion	60.78	96.01
- Commission	61.73	20.91
- Miscellaneous Expenses	795.57	826.04
Total	6,544.93	6,566.82
*Payment to Auditors		
a. Audit Fees (Including Branch Auditor ₹ 0.50 Lakhs, Previous Year ₹ 0.50 Lakhs)	17.00	25.00
b. Tax Audit	3.50	3.50
c. Other Services	16.00	18.15
d. Reimbursement of Expenses	0.17	1.43
Total	36.67	48.08

NOTES FORMING PART OF THE ACCOUNTS FOR THE YEAR ENDED 31ST MARCH, 2014

NOTE NO. xxvii :

SIGNIFICANT ACCOUNTING POLICIES AND EXPLANATORY INFORMATION / NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2014

1. Loan Funds:

(a) Term Loans:

- (i) Term Loan of US\$ 5.00 Million from a bank is secured by way of first pari passu charge on movable fixed assets of the plant at Kandla SEZ up to a value of 125% of the loan amount and non-disposal undertaking of the shareholding of the Company in the subsidiary in China. The loan is repayable in bullet in May 2014. The interest rate of the Borrowings is 6 Months' LIBOR plus 5.50% pa.

- (ii) Term Loan from another bank up to ₹ 32,500.00 Lakh is secured by way of (a) first pari passu charge on all the fixed assets of the Company, excluding specific immovable properties (b) second pari passu charge on the current assets of the Company (c) pledge of 29.99% of the shares of the Company held by the promoters (d) pledge of all the shares of the subsidiaries held by the Company (e) personal guarantees from promoter directors and (f) exclusive charge on certain residential and commercial immovable properties owned by the Company, promoters, group companies/firms. The loan is repayable in quarterly unequated installments commencing from January 2015 and ending in October 2020. The current interest rate of the Borrowing is 13% pa.

- (b) Working Capital facilities from banks are secured by way of (i) first pari passu charge in the form of hypothecation of stocks and book debts of the Company and (ii) second pari passu charge on all the fixed assets (excluding specific fixed assets) of the Company. One of the banks has been provided additional security over a specific immovable property of the Company.

- (c) The Interest-free Sales Tax Deferment Loan is repayable in six equal annual installments, with the last installment falling due in financial year 2018-19. Short-term unsecured loans from related parties are repayable on demand and carry interest rate of 12% p.a.

2. Contingent Liabilities in respect of:

	As at 31st March, 2014 (₹ in Lakh)	As at 31st March, 2013 (₹ in Lakh)
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(a) Disputed Tax Matters

Income Tax	1,664.60	108.12
Sales Tax and Value Added Tax	53.92	440.48
Lease Tax	21.05	14.34

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

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

Amounts outstanding there against	11,118.46	8,702.29
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(c) Claims against the Company not acknowledged as Debts

	233.80	189.57
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3. (a) Trade Payables include ₹ 117.03 Lakh (₹ 55.27 Lakh as at 31/03/2013) 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.

	As at 31st March, 2014 (₹ in Lakh)	As at 31st March, 2013 (₹ in Lakh)
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4. Commitments:

(a) Estimated amount of

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

	342.73	371.92
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(b) Uncalled amount on partly paid Equity Shares of a Subsidiary Company

	128.56	128.56
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5. Currency exposures that are not hedged by	As at 31st March, 2014	As at 31st March, 2013
derivative instruments:	In Foreign Currency	
Debtors-USD	299,856	328,814
Creditors-USD	7,701,763	5,617,245
Creditors-AED	2,214,704	2,224,105
Advance to Suppliers / Others-Thai Baht	276,610	276,610
Advances to Suppliers / Others-USD	1,291,314	3,735,988
Advances to Suppliers / Others-Euro	-	1,381,500
Advance received from Customers-USD	5,239,320	6,833,811
Loans Given-USD	9,249,320	9,249,320
Loans Borrowed-USD	6,404,161	10,933,983
Other Receivables-USD	-	38,346
Other Receivables-AED	1,534,479	1,534,479
Bank Balances-USD	17	56,232
Cash and Bank Balances - AED	1,054,029	86,677
Interest Payable-USD	50,034	65,004
Interest Receivable-USD	2,638,375	2,175,305
	2013-14 (₹ in Lakh)	2012-13 (₹ in Lakh)
6. A. Value of Imports calculated on CIF basis in respect of -		
(i) Raw Materials and Components	9,595.00	9,376.12
(ii) Stores, Spares, etc.	47.42	15.40
(iii) Capital Goods	26.93	373.84
B. Expenditure in Foreign Currency (Including expenses capitalized):		
(i) Travelling	10.10	31.95
(ii) Commission	35.17	0.78
(iii) Interest	236.73	332.65
(iv) Others	14.40	38.80
7. Earnings in Foreign Currency:		
(i) Export of goods calculated on FOB basis	5,617.65	2,446.55
(ii) Exports of consumables/RM Pipe on FOB basis	70.99	872.41
(iii) Commission for Bank Guarantees	64.47	43.33
(iv) Interest on Loans given	283.07	252.43

8. Assets on Operating Lease:	As at 31st March, 2014 (₹ in Lakh)	As at 31st March, 2013 (₹ in Lakh)
(a) Assets Taken on Operating Lease:		
The total future minimum lease rentals payable against Cancellable / Non-cancellable leases at the Balance Sheet date are as under:		
For a period not later than one year	207.51	328.28
For a period later than one year and not later than five years	40.33	201.82
For a period later than five years	-	-
(b) Assets Given on Operating Lease:		
Cylinders		
(i) Gross Carrying Amount	690.00	690.00
Depreciation for the year	111.07	108.10
Accumulated Depreciation	329.48	218.41
(ii) The total future minimum lease rentals receivable against Cancellable / Non-cancellable leases at the Balance Sheet date are as under:		
For a period not later than one year	191.00	193.44
For a period later than one year and not later than five years	202.72	393.58
For a period later than five years	-	-
	2013-14 (₹ in Lakh)	2012-13 (₹ in Lakh)
9. Computation of Earnings per Share:		
(Loss) as per Statement of Profit and Loss for the year	(8,833.22)	(4,749.74)
Weighted Average No. of Equity Shares	107,157,682	107,157,682
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)	(8.24)	(4.43)

10. Related Parties Disclosures:
1. Relationships:
(a) Subsidiary Companies :

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

(b) Step Down Subsidiary Companies :

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

(c) Other Related Parties where Promoters, Directors & Relatives exercise significant influence :

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

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

(d) Key Management Personnel :

Mr. Prem Kumar Khurana
Mr. Puneet Khurana (Till 30th September, 2012)
Mr. Pramod Samvatsar (Till 28th February, 2013)

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

Mr. S.S. Khurana
Mrs. Suman Khurana
Mr. Pushkar Khurana
Mr. Puneet Khurana (Since 1st October, 2012)

2. Transactions with Related Parties during the year :

(₹ in Lakh)

Nature of Transactions	Related parties referred in				
	1 (a) above	1 (b) above	1 (c) above	1 (d) above	1 (e) above
Sales:					
Goods - EKC International FZE	134.28 (1,428.28)	- (-)	- (-)	- (-)	- (-)
Goods - Others	6.31 (19.52)	29.63 (216.98)	408.58 (364.03)	- (-)	- (-)
Others	1.20 (-)	- (-)	- (-)	- (-)	- (-)
Other Income:					
Lease Rent	154.76 (154.76)	- (-)	- (-)	- (-)	- (-)
Purchases:					
Raw materials and components - EKC International FZE	2,830.04 (3,913.85)	- (-)	- (-)	- (-)	- (-)
Raw materials and components - Others	1,147.12 (411.33)	- (-)	- (-)	- (-)	- (-)
Consumables	- (-)	- (-)	6.17 (57.85)	- (-)	- (-)
Expenses / Payments:					
Remuneration					
- Premkumar Khurana	- (-)	- (-)	- (-)	14.00 (174.18)	- (-)
- Puneet Khurana	- (-)	- (-)	- (-)	- (38.92)	- (-)
- P. M. Samvatsar	- (-)	- (-)	- (-)	- (76.74)	- (-)
Rent:					
- Everest Industrial Gases Private Limited	- (-)	- (-)	48.00 (48.00)	- (-)	- (-)
- Khurana Fabrication Industries Private Limited	- (-)	- (-)	46.02 (50.25)	- (-)	- (-)
- Khurana Exports Private Limited	- (-)	- (-)	54.60 (55.20)	- (-)	- (-)
- Khurana Gases Private Limited	- (-)	- (-)	59.34 (96.00)	- (-)	- (-)
- Others	- (-)	- (-)	35.85 (3.00)	22.50 (3.00)	9.00 (6.00)

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
Other Expenses	- (3.21)	- (-)	15.10 (88.94)	- (24.00)	- (-)
Reimbursement of expenses	5.26 (-)	- (-)	- (-)	- (-)	- (-)
Finance and Investments:					
Commission Income -					
- EKC International FZE	57.10 (35.16)	- (-)	- (-)	- (-)	- (-)
- C.P. Industries Holding Inc.	- (-)	7.37 (8.17)	- (-)	- (-)	- (-)
Interest from Subsidiaries -					
- EKC International FZE	- (13.13)	- (-)	- (-)	- (-)	- (-)
- EKC Industries (Tianjin) Co. Ltd., China	283.07 (239.30)	- (-)	- (-)	- (-)	- (-)
- CC&L	118.20 (104.95)	- (-)	- (-)	- (-)	- (-)
Interest Expenses -					
- Khurana Gases Pvt. Ltd.	- (-)	- (-)	19.55 (2.01)	- (-)	- (-)
- Everest Kanto Investment and Finance Private Limited	- (-)	- (-)	7.18 (32.88)	- (-)	- (-)
- Khurana Exports Private Limited	- (-)	- (-)	0.78 (-)	- (-)	- (-)
- Khurana Fabrication Industries Private Limited	- (-)	- (-)	0.89 (-)	- (-)	- (-)
Investment in subsidiaries during the year					
- CC&L	- (96.42)	- (-)	- (-)	- (-)	- (-)
Loans given (Net of Repayments) during the year					
- CC&L	165.33 (26.42)	- (-)	- (-)	- (-)	- (-)
- EKC Industries (Tianjin) Co. Ltd.	- (663.90)	- (-)	- (-)	- (-)	- (-)
Guarantees vacated for borrowing by the Subsidiaries / Step Down Subsidiaries					
- EKC Industries (Tianjin) Co. Limited	- (2,557.83)	- (-)	- (-)	- (-)	- (-)
- CP Industries Holdings Inc. & EKC Hungary KFT	- (-)	- (23,020.43)	- (-)	- (-)	- (-)
Loans taken - Net of Repayments					
- Everest Kanto Investment and Finance Private Limited	- (-)	- (-)	77.00 (260.00)	- (-)	- (-)
- Khurana Gases Private Limited	- (-)	- (-)	64.00 (130.00)	- (-)	- (-)
- Khurana Exports Private Limited	- (-)	- (-)	76.25 (-)	- (-)	- (-)
- Khurana Fabrication Industries Private Limited	- (-)	- (-)	33.75 (-)	- (-)	- (-)
Balances Outstandings:(#)					
Payables					
- EKC International FZE	4,653.79 (4,432.03)	- (-)	- (-)	- (-)	- (-)

(₹ in Lakh)

Nature of Transactions	Related parties referred in				
	1 (a) above	1 (b) above	1 (c) above	1 (d) above	1 (e) above
- CP Industries Holdings, Inc., U.S.A.	- (-)	925.53 (924.49)	- (-)	- (-)	- (-)
- EKC Industries (Thailand) Co. Ltd.	523.98 (525.12)	- (-)	- (-)	- (-)	- (-)
- Khurana Gases Privated Limited	- (-)	- (-)	198.80 (131.81)	- (-)	- (-)
- Everest Kanto Investment and Finance Private Limited	- (-)	- (-)	363.10 (289.59)	- (-)	- (-)
- Medical Engineers (India) Limited	- (-)	- (-)	126.17 (51.36)	- (-)	- (-)
- Khurana Exports Private Limited	- (-)	- (-)	76.95 (0.12)	- (-)	- (-)
- Others	- (-)	- (-)	34.64 (2.60)	- (-)	- (-)
Loans given					
- EKC Industries (Tianjin) Co. Ltd.	5,558.82 (5,030.64)	- (-)	- (-)	- (-)	- (-)
- CC&L	1,068.91 (903.58)	- (-)	- (-)	- (-)	- (-)
Other Receivables					
- EKC International FZE	12.45 (912.03)	- (-)	- (-)	- (-)	- (-)
- EKC Industries (Tianjin) Co. Ltd.	2,069.85 (2,664.65)	- (-)	- (-)	- (-)	- (-)
- Khurana Exports Pvt. Ltd.	- (-)	- (-)	20.00 (20.00)	- (-)	- (-)
- CP Industries Holding Inc., U.S.A.	- (-)	20.53 (12.01)	- (-)	- (-)	- (-)
- CC&L	132.71 (132.71)	- (-)	- (-)	- (-)	- (-)
- EKC Industries (Thailand) Co. Ltd.	4.64 (5.67)	- (-)	- (-)	- (-)	- (-)
- EKC Europe GmbH	- (-)	29.10 (-)	- (-)	- (-)	- (-)
- Other	- (-)	- (-)	100.23 (-)	- (-)	- (-)
Personal Guarantees (Given) for borrowings by the Company®	- (-)	- (-)	26,241.79 (26,096.79) (jointly by Promoter Director)		
Corporate Guarantees outstanding on behalf of subsidiaries					
- EKC International FZE	7,966.71 (5,405.65)	- (-)	- (-)	- (-)	- (-)
- CP Industries Holdings, Inc.	- (-)	1,239.56 (1,529.70)	- (-)	- (-)	- (-)

Foreign currency balances are restated at year end rates.

@ Personal Guarantees of ₹. 32,500.00 Lakh (32,500.00 as on March 31, 2013) from Promoter Directors for the Term Loan against which ₹. 26,241.79 Lakh (₹. 26,096.79 Lakh as on March 31, 2013) was outstanding as at end of the year. (Previous year figures are in brackets).

11. A. Break up of Raw Materials Consumed :

Particulars	2013 - 2014		2012 - 2013	
	Quantity (Metric Tonnes)	Value (₹ In Lakh)	Quantity (Metric Tonnes)	Value (₹ in Lakh)
Seamless Tubes with Incidental Costs	14,785.58	11,715.96	19,143.15	14,867.28
Others	-	2,244.09	-	2,472.55
TOTAL		13,960.05		17,339.83

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

Particulars	2013 - 2014		2012 - 2013	
	%	Value (₹ in Lakh)	%	Value (₹ in Lakh)
Imported	84.33	11,772.84	86.62	15,017.21
Indigenous	15.67	2,187.21	13.38	2,322.62
TOTAL	100.00	13,960.05	100.00	17,339.83

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

Particulars	2013 - 2014		2012 - 2013	
	%	Value (₹ in Lakh)	%	Value (₹ in Lakh)
Imported	24.97	113.77	24.26	149.93
Indigenous	75.03	341.83	75.74	468.01
TOTAL	100.00	455.60	100.00	617.94

12. Bonds / Undertakings given by the Company under concessional duty / exemption schemes to government authorities (net of obligations fulfilled) aggregate ₹ 3,222.14 Lakh as at the close of the year (March 31, 2013: ₹ 3,554.24 Lakh).

13. (a) During the year 2013-14, the remuneration paid to Chairman & Managing Director (CMD) is within the limits prescribed under Schedule XIII to the Companies Act, 1956. However, in absence of profits, the CMD has voluntarily decided not to draw any remuneration from the Company from November 2013.

- (b) In absence of the profits for the financial year 2012-13, the remuneration of ₹ 289.84 Lakh for the previous year of the CMD and the two Whole Time Directors (WTD) as per their respective terms of appointments was in excess by ₹ 228.78 Lakh computed in accordance with the provisions of the Companies Act, 1956 and Schedule XIII thereto. The Company has obtained approval of the shareholders of the Company by way of postal ballot for payment of the excess remuneration and has applied to the Central Government for seeking its approval. The Central Government has approved 50% of the remuneration paid to the two WTDs. The WTDs have refunded to the Company, the excess remuneration not approved by the Central Government. The approval of the excess remuneration of CMD amounting to ₹ 149.90 Lakh has not yet been received and the remuneration paid to him is held in trust by him.

14. In accordance with Accounting Standard (AS) 15 – “Employee Benefits”, an amount of ₹ 77.48 Lakh (Previous Year ₹ 100.72 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:

	2013-14 (₹ in Lakh)	2012-13 (₹ in Lakh)
<u>Change in present value of obligation:</u>		
Obligation at beginning of the year	170.83	166.21
Current Service Cost	23.54	23.07
Interest Cost	15.09	15.37
Actuarial (gain)/loss	6.78	(4.50)
Benefits paid	(54.57)	(29.32)
Obligation at the end of the year	161.67	170.83
<u>Change in Plan assets (Managed by LIC):</u>		
Fair value of Plan Assets at beginning of the year	174.25	169.69
Expected return on plan assets	13.86	13.14
Actuarial gain / (loss)	(0.58)	1.42
Contributions	22.89	19.32
Benefits paid	(54.57)	(29.32)
Fair Value of plan assets at end of the year	155.85	174.25
<u>Break up of categories of plan assets</u>		
Government Securities	-	-
Bonds, Corporate Debt and NCD	-	-
Equity Investment in A Group Shares (Predominantly)	-	-
Insurer Managed Funds	100%	100%
<u>Reconciliation of present value of the obligation and the fair value of plan assets and amounts recognized in the balance sheet:</u>		
Present value of obligation at the end of the year	161.67	170.83
Fair Value of plan assets at the end of the year	155.85	174.25
Net (Asset) / Liability recognized in the balance sheet	5.82	(3.42)
<u>Gratuity cost recognised for the year :</u>		
Current Service Cost	23.54	23.07
Interest Cost	15.09	15.37
Expected return on plan assets	(13.86)	(13.14)
Actuarial (gain)/loss	7.36	(5.92)
Net gratuity cost	32.13	19.38

Particulars	2013-2014 ₹ in Lakh	2012-2013 ₹ in Lakh	2011-2012 ₹ in Lakh	2010-2011 ₹ in Lakh	2009-2010 ₹ in Lakh
Assumptions:					
Discount Rate	9.00%	7.95%	8.55%	8.15%	7.75%
Rate of growth in salary levels *	6.00%	6.00%	6.00%	6.00%	6.00%
Mortality	Assured Lives Mortality (2006-08)	Assured Lives Mortality (2006-08)	LIC (1994-96)	LIC (1994-96)	LIC (1994-96)
Expected Rate of Return on Assets	7.50%	7.50%	7.50%	7.50%	7.50%
Withdrawal Rate	3% to 7.50%	3% to 7.50%	3% to 7.50%	3% to 7.50%	3% to 7.50%
Present Value of Obligations	161.67	170.83	166.21	156.96	177.99
Fair Value of Plan Assets	155.85	174.25	169.69	155.03	144.85
Surplus / (Deficit) in the Plan	(5.82)	3.42	3.48	(1.93)	(33.14)
Experience Adjustments					
- On Plan Liabilities	21.32	(13.21)	(25.88)	(20.09)	(11.63)
- On Plan Assets	(0.58)	1.42	2.28	1.39	2.26

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

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

15. In accordance with Accounting Standard – 17 'Segment Reporting,' segment information has been given in the Consolidated Financial Statements of the Company and, therefore, no separate disclosure on Segment information is given in these financial statements.
16. The Company has an investment of ₹ 200 Lakh in 2,000,000 Equity Shares of GPT Steel Industries Private Limited (GPT). Based on the 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.
17. During the year 2012-13, the Company had 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. As on March 31, 2014, the investment aggregates to ₹ 431.72 Lakh (₹ 431.72 Lakh as on March 31, 2013). Further, the Company has recoverable loans and other receivables, aggregating ₹ 1,068.91 Lakh (₹ 903.58 Lakh as at March 31, 2013) from it. The Net Worth of CC&L has fully eroded. However, in the opinion of the management, after considering the long term recurring nature of its business, its projected earnings and cash flows, 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.

18. As on March 31, 2014 and March 31, 2013, the investment in equity shares, amounting to ₹ 6,925.07 Lakh (₹ 6,925.07 Lakh as on March 31, 2013), of EKC Industries (Tianjin) Company Limited, the subsidiary in China, has been considered as current investment pursuant to the decision of the Board of Directors of the Company to dispose off the investment in the subsidiary by sale of the equity shares or in any other manner most beneficial to the Company. Accordingly, the amounts recoverable as loans and advances and interest thereon aggregate ₹ 7,628.67 Lakh as on March 31, 2014 (₹ 7,695.29 Lakh as at March 31, 2013) have been classified as current. As per the independent valuation obtained by the Company, the valuation of the Subsidiary exceeds the carrying value of the net assets.
19. Previous year's figures have been reclassified / regrouped to conform to current year's classification / grouping.
20. Significant Accounting Policies followed by the Company are as stated in the Statement annexed to this note as Annexure I.

As per our report of even date attached

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

Khushroo B. Panthaky
Partner

Kanika Sharma
Company Secretary

Vipin Chandok
Chief Financial Officer

For and on behalf of the Board

P. K. Khurana
Chairman & Managing Director

Puneet Khurana
Director

Place : Mumbai
Date : 27th May, 2014

Annexure I
SIGNIFICANT ACCOUNTING POLICIES:
GENERAL INFORMATION

The Company is engaged in the manufacture of high pressure seamless gas cylinders and other cylinders, equipments, appliances and tanks with their parts and accessories used for containing and storage of liquefied petroleum gases and other gases, liquids and air.

A. Basis of preparation of financial statements:

The financial statements have been prepared in accordance with the Generally Accepted Accounting Principles in India under the historical cost convention on accrual basis, except for certain tangible assets which are being carried at revalued amounts. These financial statements have been prepared to comply in all material aspects with the accounting standards notified under section 211(3C) [Companies (Accounting Standards) Rules, 2006, as amended] and other 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 operating cycle and other criteria set out in the Revised 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 12 months for the purpose of current – non-current classification of assets and liabilities.

B. Use of Estimates:

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

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

C. Recognition of Revenue and Expenditure:

- a. Revenue/Income and Cost/Expenditure are generally accounted for on accrual basis as they are earned or incurred except in case of significant uncertainties;

- b. Sale of goods is recognized on transfer of significant risks and rewards of ownership. Recognition in the case of local sales is generally on the dispatch of goods. Export Sales are generally accounted for on the basis of the dates of 'On Board Bill of Lading';
- c. Export Benefits are recognised in the year of export;
- d. 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.
- f. Interest income is recognized on a time proportion basis taking into account the amount outstanding and the rate applicable.

D. Employee Benefits:

- a. **Short term employee benefits** are recognized as an expense at the undiscounted amount in the Statement of Profit and Loss of the year in which the related service is rendered;
- b. **Post employment benefits**
 - i. **Defined contribution plans:**
Company's contribution to the superannuation scheme, state governed provident fund scheme, etc. are recognised during the year in which the related service is rendered;
 - ii. **Defined benefit plans:**
The present value of the obligation under such plans is determined based on an actuarial valuation using the Projected Unit Credit Method. Actuarial gains and losses arising on such valuation are recognised immediately in the Statement of Profit and Loss. In the case of gratuity which is funded with the Life Insurance Corporation of India, the fair value of the plan assets is reduced from the gross obligation under the defined benefit plan to recognise the obligation on net basis;
- c. **Compensated Absences:** Accumulated compensated absences, which are expected to be availed or encashed within 12 months from the end of the year end are treated as short term employee benefits. The obligation towards the same is measured at the expected cost of accumulating compensated absences as the additional amount expected to be paid as a result of the unused entitlement as at the year end. Accumulated compensated absences, which are expected to be availed or encashed beyond 12 months

from the end of the year are treated as other long term employee benefits. The Company's liability is actuarially determined (using the Projected Unit Credit method) at the end of each year. Actuarial losses/gains are recognized in the Statement of Profit and Loss in the year in which they arise.

- d. Termination Benefits are recognised as an expense in the Statement of Profit and Loss of the year in which they are incurred.

E. Foreign Currency Transactions / Translations:

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

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

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

F. Fixed Assets and Depreciation:

a. Fixed Assets:

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

b. Depreciation / Amortisation:

- i. Cost of Leasehold Land is amortised over the primary period of the lease.
- ii. Depreciation on 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 whichever is higher. Useful life of the assets approximately comes closer to useful life presumed under Schedule XIV.
- 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, Stock in Trade, Stores and Spares etc. are valued at Lower of Cost and Net Realisable value.
- b. Goods in transit are valued at cost to date.

- c. 'Cost' comprises all costs of purchase, costs of conversion and other costs incurred in bringing the inventory to their present location and condition. Cost formulae used are either 'First In First Out' or 'Weighted Average Cost' as applicable
- d. Inter-unit transfers are valued either at works or factory costs of the transferor unit.

I. Taxation:

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

- a. Provision for current tax is made on the assessable income at the tax rate applicable to the relevant assessment year.
- b. Deferred Tax is recognized on timing difference between taxable income and accounting income that 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. Where there is no unabsorbed depreciation and/or brought forward losses, Deferred Tax assets on account of other timing differences are recognised only to the extent there is a reasonable certainty of its realisation. At each Balance Sheet date the carrying amount of Deferred Tax Assets are reviewed to reassess realisation.

J. Borrowing Costs:

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

K. Impairment of Assets:

The carrying amounts of assets are reviewed at each Balance Sheet date to assess whether there is any indication that an individual asset / group of assets (constituting a Cash Generating Unit) may be impaired. If there is any indication of impairment based on internal / external factors i.e. when the carrying amount of the assets exceed the recoverable

amount, an impairment loss is charged to the Statement of Profit and Loss in the year in which an asset is identified as impaired. An impairment loss recognized in prior accounting periods is reversed or reduced if there has been a favourable change in the estimate of the recoverable amount.

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.

M. Leases:

The Company has leased certain tangible assets and such leases where the Company has substantially retained all the risks and rewards of ownership are classified as operating leases. Lease income on such operating leases are recognized in the Statement of Profit and Loss on a straight line basis over the lease term which is representative of the time pattern in which benefit derived from the use of the lease asset is diminished. Initial direct costs for securing lease contracts are recognized as an expense in the Statement of Profit and Loss in the period in which they are incurred.

N. Earning Per Share:

Basic earnings per share are calculated by dividing the net profit or loss for the period attributable to equity shareholders by the weighted average number of equity shares outstanding during the period. Earning considered in ascertaining the Company's earnings per share is the net profit for the period deducting preference dividends and any attributable tax thereto for the period. The weighted average number of equity shares outstanding during the and for all periods presented is adjusted for events, such as bonus shares, other than the conversion of potential equity shares, that have changed the number of equity shares outstanding, without a corresponding change in resources. For the purpose of calculating diluted earnings per share, the net profit or loss for the period attributable to equity shareholders and the weighted average number of shares outstanding during the period is adjusted for the effects of all dilutive potential equity shares.

Annexure II

The details of the Subsidiaries as on March 31, 2014 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 :

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 31.03.2014	1 AED = ₹16.4088	1 RMB = ₹9.7887	1 USD = ₹60.0998	1 USD = ₹60.0998	1 THB = ₹ 1.8515	1 Euro = ₹ 82.5765	NA
4	Share Capital	2,822.91	12,465.08	5,408.98	4,621.16	1,851.50	20.64	353.54
5	Reserves & Surplus	42,076.43	(10,275.36)	(8,496.76)	(4,097.64)	23.30	(232.80)	(891.63)
6	Total Assets	55,278.79	17,118.99	23,250.22	10,311.31	1,894.14	64.15	752.25
7	Total Liabilities	55,278.79	17,118.99	23,250.22	10,311.31	1,894.14	64.15	752.25
8	Investments	4,650.20	-	-	5,408.98	-	-	-
9	Turnover and Other Income	11,194.87	6,011.98	14,526.79	732.57	64.07	325.88	1,054.75
10	Profit/ (Loss) Before Taxation	(116.12)	(2,544.66)	(2,300.32)	(123.68)	124.08	(7.99)	(124.41)
11	Provision for Taxation (Including Deferred Tax)	-	-	0.34	15.60	4.91	-	(6.23)
12	Profit/ (Loss) After Taxation	(116.12)	(2,544.66)	(2,300.66)	(139.29)	119.17	(7.99)	(118.18)
13	Proposed Dividend	-	-	-	-	-	-	-

(₹ in Lakh)

CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2014

	Year Ended 31st March, 2014 (₹ in Lakh)	Year Ended 31st March, 2013 (₹ in Lakh)
A) CASH FLOW FROM OPERATING ACTIVITIES		
Net (Loss) for the year before taxation	(8,833.22)	(5,840.45)
Add / (Deduct):		
(a) Depreciation / Amortisation for the year	2,241.81	2,254.32
(b) Foreign Exchange Variation (net)	(242.65)	(263.45)
(c) Loss on Assets Sold / Discarded	4.41	18.46
(d) Excess Provision Written Back	(91.64)	(2.80)
(e) Finance Costs	4,855.59	3,318.72
(f) Interest Income	(883.99)	(886.09)
(g) Dividend on Current Investments (Non - Trade)	(0.15)	(0.41)
(h) Provision for Doubtful Debts	(1.34)	(13.88)
	5,882.04	4,424.87
Operating (Loss) before Working Capital Changes	(2,951.18)	(1,415.58)
Adjustments for:		
(a) (Increase) / Decrease in Inventories	1,235.09	5,063.25
(b) (Increase) / Decrease in Trade and Other Receivables	3,315.74	(2,192.70)
(c) Increase / (Decrease) in Trade and Other Payables	845.49	3,751.54
	5,396.32	6,622.09
Cash Inflow / (Outflow) from Operations	2,445.14	5,206.51
Deduct:		
Direct Taxes Paid / (Refund Received)	68.35	(982.86)
Net Cash Inflow from Operating Activities (A)	2,376.79	6,189.37
B) CASH FLOW FROM INVESTING ACTIVITIES		
Inflow:		
(a) Dividend on Current Investments (Non - Trade)	0.15	0.41
(b) Interest Income Received	823.30	325.09
(c) Loan repaid by Subsidiary (Net)	746.38	1,016.35
(d) Inter Corporate Deposit repaid	552.22	-
(e) Sale of Fixed Assets	9.16	28.30
	2,131.21	1,370.15
Outflow:		
(a) Purchases of Current Investments (Net)	0.15	0.40
(b) Investment in Subsidiaries	-	96.42
(c) Purchase of Fixed Assets (including capital advances)	1,288.64	815.94
	1,288.79	912.76
Net Cash Inflow from Investing Activities (B)	842.42	457.39

CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2014

	Year Ended 31st March, 2014 (₹ in Lakh)	Year Ended 31st March, 2013 (₹ in Lakh)
C) CASH FLOW FROM FINANCING ACTIVITIES		
Inflow:		
(a) Working Capital / Short Term Loan Availed during the Year (Net)	1,946.12	-
(b) Fixed Loans Availed during the Year	145.00	8,912.32
	2,091.12	8,912.32
Outflow:		
(a) Premium on FCCB Redemption	-	8,761.84
(b) Fixed Loans Repaid during the Year	302.55	-
(c) Working Capital/Short Term Loans Repaid during the Year (Net)	-	3,527.06
(d) Finance Costs Paid	4,846.85	3,033.33
(e) Dividend Paid	213.69	266.85
(f) Dividend Tax Paid	36.42	43.46
	5,399.52	15,632.54
Net Cash (Outflow) from Financing activities (C)	(3,308.39)	(6,720.22)
Net Increase / (Decrease) in Cash/Cash Equivalents (A+B+C)	(89.19)	(73.46)
Add: Balance of Cash/Cash Equivalents at the Beginning of the Year	564.06	637.52
Cash/Cash Equivalents at the Close of the Year	474.87	564.06
<u>Cash/Cash Equivalents at the Close of the Year</u>		
Cash and Bank Balances as per Note (xvii)	1,338.13	1,281.73
Less: Other Bank Balances not in nature of Cash and Cash Equivalent	(863.26)	(717.67)
	474.87	564.06

As per our report of even date attached

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

Khushroo B. Panthaky
Partner

Kanika Sharma
Company Secretary

Vipin Chandok
Chief Financial Officer

For and on behalf of the Board

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

Place : Mumbai
Date : 27th May, 2014

INDEPENDENT AUDITORS' REPORT

The Board of Directors of Everest Kanto Cylinder Limited

1. We have audited the accompanying consolidated financial statements of Everest Kanto Cylinder Limited, ("the Company") and its subsidiaries, (hereinafter collectively referred to as the "Group"), which comprise the consolidated Balance Sheet as at 31 March 2014, the consolidated Statement of Profit and Loss and consolidated Cash Flow Statement for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Consolidated Financial Statements

2. Management is responsible for the preparation of these consolidated financial statements that give a true and fair view of the consolidated financial position, consolidated financial performance and consolidated cash flows of the Group in accordance with accounting principles generally accepted in India. This responsibility includes the design, implementation and maintenance of internal control relevant to the preparation and presentation of the consolidated financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

3. Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with the Standards on Auditing issued by the Institute of Chartered Accountants of India. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.
4. An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Company's preparation and presentation of the consolidated financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.
5. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

6. In our opinion and to the best of our information and according to the explanations given to us and based on the consideration of the reports of the other auditors on the financial statements of the subsidiaries as noted below, the consolidated financial statements give a true and fair view in conformity with the accounting principles generally accepted in India:
 - i) in the case of the consolidated Balance Sheet, of the state of affairs of the Group as at 31 March 2014;
 - ii) in the case of the consolidated Statement of Profit and Loss, of the loss for the year ended on that date; and
 - iii) in the case of the consolidated Cash Flow Statement, of the cash flows for the year ended on that date.

Emphasis of Matter

7. We draw your attention to Clause 9(b) of Note xxvii to the consolidated financial statements regarding managerial remuneration of ₹ 149.90 Lakh paid in excess of the limits specified in Schedule XIII to the Companies Act, 1956 to the Chairman & Managing Director (CMD) of the Company during the year ended 31 March 2013. This managerial remuneration has been approved by the shareholders of the Company but is awaiting approval by the Central Government and as a result, this excess remuneration is held in trust by the CMD. Our opinion is not qualified in respect of this matter.

Other Matter

8. We did not audit the financial statements of certain subsidiaries included in the consolidated financial statements, whose financial statements reflect total assets (after eliminating intra-group transactions) of ₹ 64,355.95 Lakhs as at 31 March 2014; total revenues (after eliminating intra-group transactions) of ₹ 28,851.81 Lakhs and net cash flows aggregating ₹ 217.21 Lakhs for the year then ended. These financial statements have been audited by other auditors whose audit reports have been furnished to us by the management, and our audit opinion on the consolidated financial statements of the Group for the year then ended to the extent they relate to the financial statements not audited by us as stated in this paragraph is based solely on the audit reports of the other auditors. Our opinion is not qualified in respect of this matter.

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

per Khushroo B. Panthaky
Partner
Membership No.: F-42423

Mumbai
27 May, 2014

CONSOLIDATED BALANCE SHEET AS AT 31ST MARCH, 2014

	Note No.	As at 31st March, 2014 (₹ in Lakh)	As at 31st March, 2013 (₹ in Lakh)
I. EQUITY AND LIABILITIES			
1. Shareholders' Funds			
(a) Share Capital	(i)	2,143.15	2,143.15
(b) Reserves and Surplus	(ii)	50,023.75	60,143.58
		<u>52,166.90</u>	<u>62,286.73</u>
2. Non-Current Liabilities			
(a) Long-Term Borrowings	(iii)	27,092.28	34,979.68
(b) Deferred Tax Liabilities / Assets (Net)	(x)	63.51	69.74
(c) Other Long-Term Liabilities	(iv)	24.00	24.00
(d) Long-Term Provisions	(v)	1,364.01	1,193.77
		<u>28,543.80</u>	<u>36,267.19</u>
3. Current Liabilities			
(a) Short-Term Borrowings	(vi)	22,034.58	18,091.11
(b) Trade Payables		4,898.03	4,473.61
(c) Other Current Liabilities	(vii)	14,126.20	8,265.79
(d) Short-Term Provisions	(viii)	62.16	306.70
		<u>41,120.97</u>	<u>31,137.21</u>
TOTAL		<u>121,831.67</u>	<u>129,691.13</u>
II. ASSETS			
1. Non-Current Assets			
(a) Fixed Assets	(ix)		
(i) Tangible Assets		58,098.53	57,799.36
(ii) Intangible Assets		5,067.16	5,788.00
(iii) Capital Work-in-Progress		2,815.64	3,473.44
(b) Non-Current Investments	(xi)	44.95	44.95
(c) Long-Term Loans and Advances	(xii)	1,876.80	1,820.33
(d) Other Non-Current Assets	(xiii)	-	27.87
		<u>67,903.08</u>	<u>68,953.95</u>
2. Current Assets			
(a) Current Investments	(xiv)	2.32	2.17
(b) Inventories	(xv)	32,659.36	40,322.85
(c) Trade Receivables	(xvi)	11,121.30	9,016.27
(d) Cash and Bank Balances	(xvii)	3,775.86	2,760.26
(e) Short-Term Loans and Advances	(xviii)	5,398.18	7,515.49
(f) Other Current Assets	(xix)	971.57	1,120.14
		<u>53,928.59</u>	<u>60,737.18</u>
TOTAL		<u>121,831.67</u>	<u>129,691.13</u>

Significant Accounting Policies and Explanatory Information/ Notes (xxvii)

As per our report of even date attached

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

For and on behalf of the Board

P. K. Khurana
Chairman & Managing Director

Khushroo B. Panthaky
Partner

Kanika Sharma
Company Secretary

Vipin Chandok
Chief Financial Officer

Puneet Khurana
Director

Place : Mumbai

Date : 27th May, 2014

CONSOLIDATED STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31ST MARCH, 2014

	Note No.	Year Ended 31st March, 2014 (₹ in Lakh)	Year Ended 31st March, 2013 (₹ in Lakh)
I. Revenue from Operations	(xx)	49,063.90	54,281.14
II. Other Income	(xxi)	757.02	1,650.04
III. Total Revenue (I + II)		49,820.92	55,931.18
IV. Expenses:			
Cost of Materials Consumed	(xxii)	25,033.23	30,277.32
Purchases of Stock-in-Trade		940.83	1,872.71
Changes in Inventories of Finished Goods, Work-in-Progress and Stock-in-Trade	(xxiii)	4,379.69	(2,564.49)
Employee Benefits Expense	(xxiv)	7,657.61	9,277.24
Finance Costs	(xxv)	5,600.09	3,817.90
Depreciation and Amortization Expense	(ix)	6,829.90	6,963.06
Other Expenses	(xxvi)	13,579.38	13,604.77
Own Goods Capitalised		-	(69.54)
Total Expenses (Excluding Provision for Doubtful Debts and Foreign Exchange Variation)		64,020.73	63,178.97
V. Profit / (Loss) before Provision for Doubtful Debts, Foreign Exchange Variation and Tax		(14,199.81)	(7,247.79)
VI. Provision for Doubtful Debts		(1.34)	4,026.74
VII. Foreign Exchange Variation Loss / (Gain) (Net)		(396.89)	1,027.99
VIII. (Loss) Before Tax (V-VI-VII)		(13,801.58)	(12,302.52)
IX. Tax Expense:			
(1) Current Tax		20.51	-
(2) Deferred Tax		(5.89)	839.74
X. (Loss) for the Year Before Tax Adjustments for Earlier Years (VIII-IX)		(13,816.20)	(13,142.26)
XI. Tax Adjustments for Earlier Years (Net)		-	39.04
XII. Net Profit / (Loss) for the Year (X-XI)		(13,816.20)	(13,181.30)
XIII. Earnings per Equity Share ((Refer Clause No. 11 of Note xxvii)):			
(1) Basic		(12.89)	(12.30)
(2) Diluted		(12.89)	(12.30)
Significant Accounting Policies and Explanatory Information / Notes	(xxvii)		

As per our report of even date attached

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

Khushroo B. Panthaky
Partner

Kanika Sharma
Company Secretary

Vipin Chandok
Chief Financial Officer

For and on behalf of the Board

P. K. Khurana
Chairman & Managing Director

Puneet Khurana
Director

Place : Mumbai
Date : 27th May, 2014

NOTES FORMING PART OF CONSOLIDATED BALANCE SHEET AS AT 31ST MARCH, 2014

	As at 31st March, 2014 (₹ in Lakh)	As at 31st March, 2013 (₹ in Lakh)
(i) Share Capital		
Authorised		
125,000,000 (PY: 125,000,0000) Equity Shares of ₹ 2 each	<u>2,500.00</u>	<u>2,500.00</u>
Issued		
107,157,682 (PY:107,157,682) Equity Shares of ₹ 2 each	<u>2,143.15</u>	<u>2,143.15</u>
Subscribed & Fully Paid up		
107,157,682 (PY:107,157,682) Equity Shares of ₹ 2 each fully paid up	<u>2,143.15</u>	<u>2,143.15</u>
Total	<u>2,143.15</u>	<u>2,143.15</u>

a. Reconciliation of Number of Shares

Equity Shares	As at 31st March, 2014		As at 31st March, 2013	
	Number of Shares	₹ in Lakh	Number of Shares	₹ in Lakh
Shares outstanding at the beginning of the year	107,157,682	2,143.15	107,157,682	2,143.15
Shares outstanding at the end of the year	107,157,682	2,143.15	107,157,682	2,143.15

b. Rights, Preferences and Restrictions attached to Shares

The company has 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 in previous year was 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	As at 31st March, 2014		As at 31st March, 2013	
	Number of Shares Held	Percentage of Shares Held (%)	Number of Shares held	Percentage of Shares Held (%)
Khurana Gases Private Limited (Promoter)	15,052,203	14.05	14,550,628	13.58
Suman Khurana (Promoter)	15,044,991	14.04	14,213,715	13.26
P. K. Khurana (Promoter)	12,218,000	11.40	12,218,000	11.40
Pushkar Prem Kumar Khurana	5,844,492	5.45	-	-
Puneet Prem Kumar Khurana	5,775,411	5.39	-	-
Reliance Capital Trustee Co. Ltd.	-	-	7,000,000	6.53

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

Opening Balance	24,082.64	32,844.48
Less: Premium Utilised for Premium on Redemption of Bonds	-	8,761.84
Closing Balance	<u>24,082.64</u>	<u>24,082.64</u>

b. Hedging Reserves

Opening Balance	-	(154.81)
(+) Movement during the Year	-	154.81
Closing Balance	<u>-</u>	<u>-</u>

c. General Reserves

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

NOTES FORMING PART OF CONSOLIDATED BALANCE SHEET AS AT 31ST MARCH, 2014

	As at 31st March, 2014 (₹ in Lakh)	As at 31st March, 2013 (₹ in Lakh)
d. Surplus - in Statement of Profit and Loss		
Opening Balance	19,802.06	33,234.10
(+) Net Profit/(Loss) for the current year	(13,816.20)	(13,181.30)
(-) Proposed Dividend (Including Dividend Tax Current Year: Nil, Previous Year: ₹ 36.42 Lakh)#	-	250.74
Closing Balance	5,985.86	19,802.06
e. Exchange Fluctuation Reserve on Consolidation of Overseas Subsidiaries		
Opening Balance	8,767.88	6,250.41
(+) Movement during the Year	3,696.37	2,517.47
Closing Balance	12,464.25	8,767.88
Total	50,023.75	60,143.58
# Dividend proposed to be distributed to Equity Shareholders is Nil, (Previous Year: ₹ 0.20 per Equity Share)		
(iii) Long-Term Borrowings		
Secured		
(a) Term Loans [Refer Clause No. 3(a) of Note xxvii]		
- From Banks	25,590.42	30,481.37
- Foreign Currency Loan From Bank	-	2,719.47
	25,590.42	33,200.84
Unsecured		
(a) Term Loans		
- Sales Tax Deferment Loan [Refer Clause No. 3(c) of Note xxvii]	1,501.86	1,778.84
	1,501.86	1,778.84
Total	27,092.28	34,979.68
(iv) Other Long-Term Liabilities		
Deposit	24.00	24.00
Total	24.00	24.00
(v) Long-Term Provisions		
(a) Provision for Employee Benefits		
- Compensated Absences	597.42	608.31
- Post Retirement Benefits [Refer Clause No. 10 of Note xxvii]	766.59	585.46
Total	1,364.01	1,193.77
(vi) Short-Term Borrowings		
Secured		
Working Capital Facilities from Banks [Refer Clause No. 3(b) of Note xxvii]		
- Repayable on Demand	915.00	3,595.74
- Others	17,294.32	13,987.16
	18,209.32	17,582.90

NOTES FORMING PART OF CONSOLIDATED BALANCE SHEET AS AT 31ST MARCH, 2014

	As at 31st March, 2014 (₹ in Lakh)	As at 31st March, 2013 (₹ in Lakh)
Unsecured		
(a) Loans from Banks [Refer Clause No. 3(b) of Note xxvii]		
- Working Capital Facility	3,184.26	86.81
(b) Loans from Related Parties	641.00	421.40
	<u>3,825.26</u>	<u>508.21</u>
Total	<u>22,034.58</u>	<u>18,091.11</u>
(vii) Other Current Liabilities		
(a) Current Maturities of Long-Term Borrowings		
- Term Loan From Bank [Refer Clause No. 3(a) of Note xxvii]	656.04	-
- Foreign Currency Loan From Bank [Refer Clause No. 3(a) of Note xxvii]	3,004.99	-
- Other Term Borrowings [Refer Clause No. 3(a) of Note xxvii]	4,960.10	1,655.33
- Sales Tax Deferment Loan [Refer Clause No. 3(c) of Note xxvii]	311.24	336.81
- Vehicle Loan [Refer Clause No. 3(a) of Note xxvii]	2.87	11.96
(b) Other Unsecured Borrowing	-	14.89
(c) Interest Accrued but not Due on Borrowings	387.61	394.93
(d) Unclaimed Dividends#	11.71	11.08
(e) Advances from Customers	3,431.15	2,813.77
(f) Deposits	35.66	1,557.91
(g) Other Liabilities	1,324.83	1,469.11
Total	<u>14,126.20</u>	<u>8,265.79</u>
# There are no amounts due for payment to the Investor Education Protection Fund under Section 205C of the Companies Act, 1956 as at the year end.		
(viii) Short-Term Provisions		
(a) Provision for Employee Benefits		
- Post Retirement Benefits [Refer Clause No. 10 of Note xxvii]	37.10	37.78
- Compensated Absences	20.31	18.18
(b) Others		
- Provision for Tax	4.75	-
- Proposed Dividend	-	214.32
- Provision for Tax on Dividend	-	36.42
Total	<u>62.16</u>	<u>306.70</u>

NOTES FORMING PART OF CONSOLIDATED BALANCE SHEET AS AT 31ST MARCH, 2014

(ix) Fixed Assets (₹ in Lakh)

Particulars	Gross Block				Depreciation / Amortisation				Net Block	
	Balance as at 1st April, 2013	Additions	Deductions/ Adjustments*	Balance as at 31st March, 2014	Balance as at 1st April, 2013	Depreciation/ Amortisation charge for the year	Deductions/ Adjustments*	Balance as at 31st March, 2014	Balance as at 31st March, 2014	Balance as at 31st March, 2013
a. Tangible Assets										
Freehold Land	996.19	-	(49.87)	1,046.06	-	-	-	-	1,046.06	996.19
Leasehold Land #	773.35	-	(66.46)	839.81	233.76	12.75	(9.68)	256.19	583.62	539.59
Buildings ##	19,660.95	1,582.16	(1,277.01)	22,520.12	3,902.82	760.37	(234.43)	4,897.62	17,622.50	15,758.13
Plant and Equipment	60,171.09	1,005.03	(3,189.00)	64,365.12	23,996.18	4,254.37	(1,333.85)	29,584.40	34,780.72	36,174.91
Furniture and Fixtures	473.78	0.80	(25.37)	499.95	231.95	41.06	(10.76)	283.77	216.18	241.83
Vehicles	383.86	7.34	(2.35)	393.55	222.15	39.29	(6.37)	267.81	125.74	161.71
Office equipment	256.64	1.33	(10.25)	268.22	91.81	17.57	(5.72)	115.10	153.12	164.83
Computers	957.72	12.07	(19.83)	989.62	362.46	134.94	(14.14)	511.54	478.08	595.26
Gas Cylinders	285.41	-	-	285.41	136.84	44.25	-	181.09	104.32	148.57
Gas Cylinders given on Lease	690.85	-	-	690.85	218.42	111.07	-	329.49	361.36	472.43
Electrical Installation	3,228.76	-	(199.70)	3,428.46	682.85	74.33	(44.45)	801.63	2,626.83	2,545.91
Total (a)	87,878.60	2,608.73	(4,839.84)	95,327.17	30,079.24	5,490.00	(1,659.40)	37,228.64	58,098.53	57,799.36
Previous Year Total	85,565.59	619.03	(1,693.98)	87,878.60	25,153.33	5,047.23	121.32	30,079.24	57,799.36	
b. Intangible Assets										
Goodwill (Including on Consolidation)	14,974.79	-	(1,564.04)	16,538.83	9,355.65	1,277.53	(967.45)	11,600.63	4,938.20	5,619.14
Computer Software	285.43	14.86	(8.48)	308.77	116.57	62.37	(0.87)	179.81	128.96	168.86
Total (b)	15,260.22	14.86	(1,572.52)	16,847.60	9,472.22	1,339.90	(968.32)	11,780.44	5,067.16	5,788.00
Previous Year Total	13,771.46	27.07	(1,461.69)	15,260.22	6,425.33	1,915.83	(1,131.06)	9,472.22	5,788.00	
Total (a+b)	103,138.82	2,623.59	(6,412.36)	112,174.77	39,551.46	6,829.90	(2,627.72)	49,009.08	63,165.69	63,587.36
Previous Year Total	99,337.05	646.10	(3,155.67)	103,138.82	31,578.66	6,963.06	(1,009.74)	39,551.46	63,587.36	
c. Capital Work In Progress									2,815.64	3,473.44

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, 2014

	As at 31st March, 2014 (₹ in Lakh)	As at 31st March, 2013 (₹ in Lakh)
(x) Deferred Tax Liabilities / Asset (Net)		
Deferred Tax Liability on account of:		
- Depreciation	3,351.50	2,788.26
Deferred Tax Asset on account of:		
- Taxes, Duties on Inventories	310.70	318.03
- Shares / FCCB Issue Expenses	1.56	187.67
- Employee Benefits	3.24	5.76
- Unabsorbed Depreciation and Business Loss as per Tax Laws*	2,928.35	2,162.30
- Provision for Doubtful Debts	44.14	54.55
	3,287.99	2,728.31
Add: Transfer to Exchange Fluctuation Reserves	-	9.79
Total	63.51	69.74
*Limited to the amount of Deferred Tax Liabilities less other Deferred Tax Assets, on the grounds of prudence.		
(xi) Non-Current Investments		
(At Cost / Book Value, Unquoted)		
Non-Trade Investments (Refer (a) below)		
Investment in Equity Instruments	244.95	244.95
Less: Provision for Diminution in the Value of Investments	(200.00)	(200.00)
Total	44.95	44.95

(a) Details of Non-Trade Investments

Sr. No.	Name of the Body Corporate	Subsidiary/ Associate/JV/ Controlled Special Purpose Entity/Others	Face Value	Number of Shares / Units		Partly Paid /Fully paid	Extent of Holding (%)		Amount (₹ in Lakh)		Whether stated at Cost Yes/ No	If Answer to Column (12) is 'No'- Basis of Valuation
				2014	2013		As at 31st March, 2014	As at 31st March, 2013	As at 31st March, 2014	As at 31st March, 2013		
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)	(13)
	Investment in Equity Instruments											
i	Everest Kanto Investment & Finance Pvt. Ltd.	Others	INR 10	115,000	115,000	Fully Paid	9.58	9.58	39.10	39.10	Yes	NA
ii	GPT Steel Industries Pvt. Ltd.	Others	INR 10	2,000,000	2,000,000	Fully Paid	0.79	0.79	200.00	200.00	No	Fully provided for Diminution in Value
iii	Tarapur Environment Protection Society	Others	INR 100	5,852	5,852	Fully Paid	-	-	5.85	5.85	Yes	NA
	Total								244.95	244.95		

NOTES FORMING PART OF CONSOLIDATED BALANCE SHEET AS AT 31ST MARCH, 2014

	As at 31st March, 2014 (₹ in Lakh)	As at 31st March, 2013 (₹ in Lakh)
(xii) Long-Term Loans and Advances		
(Unsecured, considered good)		
a. Capital Advances	180.93	184.23
b. Security Deposits	875.15	868.62
c. Advance Tax and Tax Deducted at Source (Net of Provisions)	820.72	767.48
Total	1,876.80	1,820.33
(xiii) Other Non-Current Assets		
Long Term Trade Receivables		
Unsecured, Considered Good	-	27.87
Unsecured, Considered Doubtful	-	32.38
Less: Provision for Doubtful Debts	-	(32.38)
Total	-	27.87
(xiv) Current Investments		
(Unquoted, At Lower of Cost and Fair Value)		
Investments in Mutual Funds (Non-Trade) [Refer (a) below]	2.32	2.17
Total	2.32	2.17

a. Details of Investments in Mutual Funds

Name of the Mutual Fund	Number of Units		Amount (₹ In Lakh)	
	As at 31st March, 2014	As at 31st March, 2013	As at 31st March, 2014	As at 31st March, 2013
Investments in Mutual Funds				
LIC Liquid Fund-Dividend Plan	127.40	119.26	1.40	1.31
UTI Liquid Fund-Cash Plan Institutional - Daily Income	90.66	84.86	0.92	0.86
Total			2.32	2.17

(xv) Inventories

(Valued at Lower of Cost and Net Realisable Value)

a. Raw Materials and Components	15,131.58	19,884.80
Goods-in Transit (at Cost)	19.39	-
	15,150.97	19,884.80
b. Work-in-Progress	11,284.72	12,872.84
c. Finished Goods	5,801.89	7,244.47
d. Stock in Trade	367.59	269.76
e. Stores and Spares	54.19	50.98
Total	32,659.36	40,322.85

NOTES FORMING PART OF CONSOLIDATED BALANCE SHEET AS AT 31ST MARCH, 2014

	As at 31st March, 2014 (₹ in Lakh)	As at 31st March, 2013 (₹ in Lakh)
(xvi) Trade Receivables		
Trade receivables outstanding for a period exceeding six months from the date they became due		
Unsecured, considered good	2,346.76	1,172.39
Unsecured, considered doubtful	4,614.02	4,142.46
Less: Provision for doubtful debts	<u>(4,614.02)</u>	<u>(4,142.46)</u>
	2,346.76	1,172.39
Others		
Unsecured, considered good	8,774.54	7,843.88
Unsecured, considered doubtful	0.96	0.87
Less: Provision for doubtful debts	<u>(0.96)</u>	<u>(0.87)</u>
	8,774.54	7,843.88
Total	<u><u>11,121.30</u></u>	<u><u>9,016.27</u></u>
(xvii) Cash and Bank Balances		
Cash and Cash Equivalents:		
a. Cash on Hand*	57.84	48.21
b. Cheques, Drafts on Hand	50.04	-
c. Balances with Banks		
Current Accounts*	<u>1,536.80</u>	<u>1,902.87</u>
	1,644.68	1,951.08
Other Bank Balances:		
a. Security against Borrowings	1,224.60	45.48
b. Security against Guarantees	687.82	479.35
c. Bank Deposits with more than 3 months, but less than 1 year maturity	206.99	273.27
d. Earmarked Balances - Unpaid Dividend Accounts	<u>11.77</u>	<u>11.08</u>
	2,131.18	809.18
Total	<u><u>3,775.86</u></u>	<u><u>2,760.26</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		
- Balance with Central Excise	329.52	237.72
- Advances paid to Suppliers	2,886.43	3,743.18
- Prepaid expenses	346.97	1,116.03
b. Inter Corporate Deposit	1,447.78	2,000.00
c. Other Loans and Advances	<u>387.48</u>	<u>418.56</u>
Total	<u><u>5,398.18</u></u>	<u><u>7,515.49</u></u>
*The Inter Corporate Deposit is secured as at March 31, 2014.		
(xix) Other Current Assets		
a. Current Deposits	61.98	62.22
[Includes ₹ 20.00 Lakh (31.03.2013 ₹ 20.00 Lakh) as Security Deposit to a private company in which directors are directors / members]		
b. Gratuity (Funded) (Net)	-	3.42
c. Interest Receivable from Banks	25.67	36.62
d. Interest Receivable from Others	106.01	390.88
e. Other Receivables	<u>777.91</u>	<u>627.00</u>
Total	<u><u>971.57</u></u>	<u><u>1,120.14</u></u>

NOTES FORMING PART OF CONSOLIDATED STATEMENT OF PROFIT AND LOSS AS AT 31ST MARCH, 2014

	Year Ended 31st March, 2014 (₹ in Lakh)	Year Ended 31st March, 2013 (₹ in Lakh)
(xx) Revenue from Operations		
Sale of Products:		
- Manufactured Goods	47,679.23	52,892.89
- Traded Goods	3,015.63	2,956.59
Less:		
Excise Duty	2,126.27	2,711.19
	<u>48,568.59</u>	<u>53,138.29</u>
Other Operating Revenues		
- Scrap Sales	416.83	596.35
- Export Incentives	-	17.72
- Testing and Inspection Fees Received	29.40	29.94
- Others	49.08	498.84
Total	<u>49,063.90</u>	<u>54,281.14</u>
(xxi) Other Income		
Interest		
- On Inter Corporate Deposits	409.87	441.49
- On Fixed Deposits	46.48	20.22
- Others	50.07	99.61
Dividend on Current Investments (Non-Trade)	0.15	0.41
- Commission	-	486.66
- Excess Provision Written Back	91.64	2.80
- Lease Rent	38.68	187.28
- Miscellaneous Income	120.13	411.57
Total	<u>757.02</u>	<u>1,650.04</u>
(xxii) Cost of Materials Consumed		
Opening Stock	19,884.80	29,104.15
Add: Purchases	19,181.56	20,351.19
	<u>39,066.36</u>	<u>49,455.34</u>
Less: Closing Stock	15,150.97	19,884.80
	<u>23,915.39</u>	<u>29,570.54</u>
Foreign Exchange Translation Reserve Impact	1,117.84	706.78
Total	<u>25,033.23</u>	<u>30,277.32</u>
(xxiii) Changes in Inventories of Finished Goods, Work-in-Progress and Stock-in-Trade		
Opening Stocks:		
- Finished Goods	7,244.47	4,859.74
- Work in Progress	12,872.84	12,302.20
- Stock in Trade	269.76	6.89
	<u>20,387.07</u>	<u>17,168.83</u>
Closing Stocks:		
- Finished Goods	5,801.89	7,244.47
- Work in Progress	11,284.72	12,872.84
- Stock in Trade	367.59	269.76
	<u>17,454.20</u>	<u>20,387.07</u>
	(A)	
	<u>20,387.07</u>	<u>17,168.83</u>
	(B)	
	<u>17,454.20</u>	<u>20,387.07</u>
	(A-B)	
	<u>2,932.87</u>	<u>(3,218.24)</u>
Add: Variation in Excise Duty on Finished Goods Stocks	102.72	101.09
	<u>3,035.59</u>	<u>(3,117.15)</u>
Foreign Exchange Translation Reserve Impact	1,344.10	552.66
Total	<u>4,379.69</u>	<u>(2,564.49)</u>

NOTES FORMING PART OF CONSOLIDATED STATEMENT OF PROFIT AND LOSS AS AT 31ST MARCH, 2014

	Year Ended 31st March, 2014 (₹ in Lakh)	Year Ended 31st March, 2013 (₹ in Lakh)
(xxiv) Employee Benefits Expense		
Salaries, Wages and Other Benefits (Refer Clause No. 10 of Note xxvii)	7,170.35	7,871.45
Contributions to -		
- Provident Fund and Other Funds	129.40	484.16
- Superannuation Scheme	0.92	13.65
Staff Welfare Expenses	356.94	907.98
Total	7,657.61	9,277.24
(xxv) Finance Costs		
Interest Expense		
- On Borrowings	5,144.64	3,002.50
- Others	3.83	3.14
Other Borrowing Costs	29.14	549.96
Applicable Net Loss on Foreign Currency Fluctuations and Translations	422.48	262.30
Total	5,600.09	3,817.90
(xxvi) Other Expenses		
Consumption of Stores, Spares, etc.	1,095.29	1,422.01
Power and Fuel	3,818.66	4,713.78
Repairs and Maintenance - Building	36.77	13.80
Repairs and Maintenance - Plant and Machinery	369.22	420.26
Repairs and Maintenance - Others	40.88	35.77
Labour Charges	138.60	195.11
Rent	528.80	552.15
Insurance	455.91	467.04
Rates and Taxes, excluding Taxes on Income	236.57	179.41
Directors' Sitting Fees and Commission	3.90	15.46
Legal and Professional Fees	2,093.47	783.23
Loss on Assets Scrapped / Discarded, Loss of Asset	10.23	25.93
Bank Charges and Commission	234.28	303.33
Carriage and Freight	821.41	925.52
Advertisement and Sales Promotion	172.96	231.94
Commission	247.44	72.27
Miscellaneous Expenses	3,274.99	3,247.76
Total	13,579.38	13,604.77

NOTES FORMING PART OF THE CONSOLIDATED FINANCIALS FOR THE YEAR ENDED 31ST MARCH, 2014

Note No. (xxvii):

SIGNIFICANT ACCOUNTING POLICIES AND EXPLANATORY INFORMATION / NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2014

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

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

- Significant Accounting Policies and 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. Loan Funds:

Everest Kanto Cylinder Limited, India:

(a) Term Loans:

- Term Loan of US\$ 5.00 Million from a bank is secured by way of first pari passu charge on movable fixed assets of the plant at Kandla SEZ up to a value of 125% of the loan amount and non-disposal undertaking of

the shareholding of the Company in the subsidiary in China. The loan is repayable in bullet in May 2014. The interest rate of the Borrowings is 6 Months' LIBOR plus 5.50% p.a.

- Term Loan from another bank up to ₹ 32,500.00 Lakh is secured by way of (a) first pari passu charge on all the fixed assets of the Company, excluding specific immovable properties (b) second pari passu charge on the current assets of the Company (c) pledge of 29.99% of the shares of the Company held by the promoters (d) pledge of all the shares of the subsidiaries held by the Company (e) personal guarantees from promoter directors and (f) exclusive charge on certain residential and commercial immovable properties owned by the Company, promoters, group companies/firms. The loan is repayable in quarterly unequated installments commencing from January 2015 and ending in October 2020. The current interest rate of the Borrowing is 13% p.a.
- Working Capital facilities from banks are secured by way of (i) first pari passu charge in the form of hypothecation of stocks and book debts of the Company and (ii) second pari passu charge on all the fixed assets (excluding specific fixed assets) of the Company. One of the banks has been provided additional security over a specific immovable property of the Company.
 - The Interest-free Sales Tax Deferment Loan is repayable in six equal annual installments, with the last installment falling due in financial year 2018-19. Short-term unsecured loans from related parties are repayable on demand and carry interest rate of 12% p.a.

EKC International FZE, UAE:

(a) Term from bank:

- Vehicle Loans are repayable in 48 monthly installments, with the last installment falling due in financial year June 2016. These loans are secured by hypothecation of underlying vehicles and at fixed rates of interest within a range of 4.15% to 7.90% p.a.

(b) Working Capital facilities from banks:

- Bank Overdraft facility of USD 5 Million is secured by an irrevocable bank guarantee. The interest rate of the Borrowing is monthly EIBOR +3.5% p.a. with a floor rate of 7% p.a. The facility is denominated in UAE Dirhams.
- Unsecured Bank Overdraft facility of USD 5.29 Million is at interest rate of 1.65% p.a. The facility is denominated in UAE Dirhams
- Bank Credit facility of USD 10 Million is at Interest rate of LIBOR + 6% p.a. The Borrowing is secured by

assignment of receivables, promissory note, stock in trade, lien over cash margin of Subsidiary, corporate guarantee (unconditional / irrevocable) of Everest Kanto Cylinder Limited, India and possessory pledge of plant and machinery and Personal Guarantee of two Promoter Directors of Everest Kanto Cylinder Limited, India.

CP Industries Holdings Inc., USA:

(a) Term Loans from Banks:

- (i) Term Loan of USD 8.75 Million from a bank is repayable in 48 equal monthly installments ending in July 2016. The Borrowing is secured by substantially all the assets of the Subsidiary. The interest rate of the Borrowing is 1 Month LIBOR plus 2.75% p.a.
- (ii) Term Loan of USD 1.25 Million for Capital Expenditure from a bank is repayable in 84 equal monthly installments ending in July 2020. This Borrowing is also secured by substantially all the assets of the Subsidiary. The interest rate of the Borrowing is 1 Month LIBOR plus 2.75% p.a.
- (iii) Term Loan of USD 3.00 Million from a bank is repayable in 16 equal quarterly installments ending in October 2016. The Borrowing is secured by collateral security of specific fixed assets and corporate guarantee of Everest Kanto Cylinder Limited, India. The interest rate of the Borrowing is 6 Months' LIBOR plus 5.50% p.a.
- (iv) During the year, the Subsidiary has not met the financial covenants stipulated by one of its lending bank. This has resulted in re-classification of the entire loan amount from both of its lending banks as Current liabilities as at March 31, 2014.

(b) Working Capital facility from a Bank:

- (i) The Working Capital loan facility from a bank is secured by substantially all the assets of the Subsidiary. The maturity date of the Loan is July 2015. The interest rate of the Borrowing is 1 Month LIBOR plus 2.75% p.a.

	As at 31st March, 2014 (₹ in Lakh)	As at 31st March, 2013 (₹ in Lakh)
4. (a) Contingent liabilities not provided for in respect of:		
Disputed Tax and other Matters:		
Income Tax	1,664.60	108.12
Sales Tax and Value Added Tax	53.92	440.48
Lease Tax	21.05	14.34
(b) Claims not acknowledged as Debts	399.41	787.53
(c) Estimated amount of contracts remaining to be executed on Capital account and not provided for (net of advances)	563.02	570.54

- (d) CP Industries Holdings Inc. USA, the Subsidiary of the Company, is exposed to environmental risks. The Subsidiary has various policies and procedures to avoid environmental contamination and to mitigate the risks of environmental contamination. The Subsidiary conducts periodic reviews to identify changes in its environmental risk profile. Liabilities are accrued when environmental assessments and/or clean-ups are probable and the costs can be reasonably estimated. The Subsidiary is not aware of any environmental claims existing as of March 31, 2014. However, there can be no assurance that current regulatory requirements will not charge or unknown past non-compliance with environmental laws will not be discovered on the Subsidiary's properties.

5. Foreign Currency exposures that are not hedged by derivative instruments:	As at 31st March, 2014 In Foreign Currency	As at 31st March, 2013
Debtors – USD	1,230,579	277,058
Debtors – Euro	468,967	503,119
Creditors – USD	565,307	1,917,203
Creditors – Euro	2,718	-
Advances to Suppliers / Others – USD	427,394	1,034,123
Advances to Suppliers / Others – Euro	-	1,381,500
Advance received from Customers – USD	2,498,441	4,130,703
Loans Borrowed – USD	6,404,161	10,933,983
Other Receivables – USD	34,260	-
Other Receivables – HUF	11,505,426	-
Other Payables – HUF	-	1,623,693
Bank Balances – USD	3,644	69,974
Cash and Bank Balances – AED	1,054,029	86,677
Interest Payable – USD	50,034	65,004

6. Related Parties Disclosures:

1. Relationships:

- (a) Related parties where Promoter Directors and Relatives exercise significant influence:
 - Everest Kanto Investment and Finance Private Limited
 - Khurana Gases Private Limited
 - Medical Engineers (India) Limited
 - Khurana Fabrication Industries Private Limited
 - Khurana Exports Private Limited
 - Everest Industrial Gases Private Limited
 - Khurana Charitable Trust
 - Khurana Education Trust
 - G.N.M. Realtors Private Limited
 - Ukay Valves & Founders Private Limited

(b) Key Management Personnel:

Mr. Prem Kumar Khurana
Mr. Puneet Khurana
Mr. Pramod Samvatsar (till 1st March, 2013)
Mr. Pushkar Khurana

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

Mr. S. S. Khurana
Mrs. Suman Khurana

As at	As at
31st March,	31st March,
2014	2013
(₹ in Lakh)	(₹ in Lakh)

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	408.58 (364.03)	- (-)	- (-)
Purchases:			
Consumables/Others	6.17 (57.85)	- (-)	- (-)
Expenses / Payments:			
Remuneration			
- Premkumar Khurana	- (-)	14.00 (174.18)	- (-)
- Puneet Khurana	- (-)	3.76 (38.92)	- (-)
- P.M.Samvatsar	- (-)	- (76.74)	- (-)
- Pushkar Khurana	- (-)	98.45 (142.02)	- (-)
Rent	243.81 (166.05)	22.50 (3.00)	9.00 (6.00)
Other Expenses	43.51 (123.83)	- (24.00)	- (-)
Finance			
Loans availed from:			
- Everest Kanto Investment and Finance Private Limited	77.00 (260.00)	- (-)	- (-)
- Khurana Gases Private Limited	64.00 (130.00)	- (-)	- (-)
- Khurana Exports Private Limited	76.25 (-)	- (-)	- (-)
- Khurana Fabrication Industries Private Limited	33.75 (-)	- (-)	- (-)
Outstandings:#			
Payables	799.66 (475.48)	- (-)	- (-)
Receivables	120.23 (20.00)	- (-)	- (-)
Personal Guarantee Given for Borrowing by the Company (@)	31,203.52 (26,096.79) Jointly by promoter directors		

Foreign currency balances are restated at year end rates.

@ Personal Guarantees of ₹ 38,509.98 Lakh (₹ 32,500.00 Lakh as on March 31, 2013) from Promoter Directors for the Term Loans, against which ₹ 31,203.52 Lakh (₹ 26,096.79 Lakh as on March 31, 2013) were outstanding as at end of the year.

(Previous year figures are in brackets)

7. Assets taken on Operating Lease:

The total future minimum lease rentals payable against Cancellable/ Non-Cancellable leases at the Balance Sheet date are as under:

For a period not later than one year	266.08	384.51
For a period later than one year and not later than five years	98.33	281.18
For a period later than five years	-	-

8. Bonds / Undertakings given by the Company under concessional duty / exemption schemes to government authorities (net of obligations fulfilled) aggregate to ₹ 3,222.14 Lakh as at the close of the year (₹ 3,554.24 Lakh as on March 31, 2013).

9. (a) During the year 2013-14, the remuneration paid to Chairman & Managing Director (CMD) is within the limits prescribed under Schedule XIII of the Companies Act, 1956. However, in absence of profits, the CMD has voluntarily decided not to draw any remuneration from the Company from November 2013.

(b) In absence of the profits for the financial year 2012-13, the remuneration of ₹ 289.84 Lakh for the previous year of the CMD and the two Whole Time Directors (WTD) as per their respective terms of appointments was in excess by ₹ 228.78 Lakh computed in accordance with the provisions of the Companies Act, 1956 and Schedule XIII thereto. The Company has obtained approval of the shareholders of the Company by way of postal ballot for payment of the excess remuneration and has applied to the Central Government for seeking its approval. The Central Government has approved 50% of the remuneration paid to the two WTDs. The WTDs have refunded to the Company, the excess remuneration not approved by the Central Government. The approval of the excess remuneration of CMD amounting to ₹ 149.90 Lakh has not yet been received and the remuneration paid to him is held in trust by him.

10. Everest Kanto Cylinder Limited, India:

In accordance with Accounting Standard (AS) 15 – “Employee Benefits”, an amount of ₹ 77.48 Lakh (Previous Year ₹ 100.72 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:

	2013-14 (₹ in Lakh)	2012-13 (₹ in Lakh)
<u>Change in present value of obligation:</u>		
Obligation at beginning of the year	170.83	166.21
Current Service Cost	23.54	23.07
Interest Cost	15.09	15.37
Actuarial (gain)/loss	6.78	(4.50)
Benefits paid	(54.57)	(29.32)
Obligation at the end of the year	161.67	170.83
<u>Change in Plan assets (Managed by LIC):</u>		
Fair value of Plan Assets at beginning of the year	174.25	169.69
Expected return on plan assets	13.86	13.14
Actuarial gain / (loss)	(0.58)	1.42
Contributions	22.89	19.32
Benefits paid	(54.57)	(29.32)
Fair Value of plan assets at end of the year	155.85	174.25
<u>Break up of categories of plan assets:</u>		
Government Securities	-	-
Bonds, Corporate Debt and NCD	-	-
Equity Investment in A Group Shares (Predominantly)	-	-
Insurer Managed Funds	100%	100%
<u>Reconciliation of present value of the obligation and the fair value of plan assets and amounts recognized in the balance sheet:</u>		
Present value of obligation at the end of the year	161.67	170.83
Fair Value of plan assets at the end of the year	155.85	174.25
Net (Asset) / Liability recognized in the balance sheet	5.82	(3.42)
<u>Gratuity cost recognised for the year:</u>		
Current Service Cost	23.54	23.07
Interest Cost	15.09	15.37
Expected return on plan assets	(13.86)	(13.14)
Actuarial (gain)/loss	7.36	(5.92)
Net gratuity cost	32.13	19.38

CP Industries Holdings Inc., USA:

The Subsidiary has a noncontributory defined benefit pension plan covering all union employees hired prior to June 1, 2006. The benefits are based on years of service and the applicable compensation level under the plan. Its funding policy is to fund pension cost as determined by actuarial valuation. Contributions are intended to provide not only for benefits attributable to service to date but also for those expected to be earned in future. Accordingly, during the current year ₹ 15.75 Lakh were reversed as compared to ₹ 355.23 Lakh charged to revenue during previous year, towards Pension & Post Retirement plan adjustments. Accordingly, the liabilities towards the year end March 31, 2014 were ₹ 1,219.05 Lakh (₹ 1,046.27 Lakh as on March 31, 2013).

	2013-2014 ₹ in Lakh	2012-2013 ₹ in Lakh	2011-2012 ₹ in Lakh	2010-2011 ₹ in Lakh	2009-2010 ₹ in Lakh
<u>Assumptions:</u>					
Discount Rate	9.00%	7.95%	8.55%	8.15%	7.75%
Rate of growth in salary levels*	6.00%	6.00%	6.00%	6.00%	6.00%
Mortality	Assured Lives	Assured Lives			
	Mortality (2006-08)	Mortality(2006-08)	LIC (1994-96)	LIC (1994-96)	LIC (1994-96)
Expected Rate of Return on Assets	7.50%	7.50%	7.50%	7.50%	7.50%
Withdrawal Rate	3% to 7.50%	3% to 7.50%	3% to 7.50%	3% to 7.50%	3% to 7.50%
Present Value of Obligations	161.67	170.83	166.21	156.96	177.99
Fair Value of Plan Assets	155.85	174.25	169.69	155.03	144.85
Surplus / (Deficit) in the Plan	(5.82)	3.42	3.48	(1.93)	(33.14)
Experience Adjustments					
- On Plan Liabilities	21.32	(13.21)	(25.88)	(20.09)	(11.63)
- On Plan Assets	(0.58)	1.42	2.28	1.39	2.26

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

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

	2013-2014	2012-2013
	(₹ in Lakh)	(₹ in Lakh)
11. Computation of Earnings per Share:		
Net Profit/(Loss) as per Statement of Profit and Loss	(13816.20)	(13181.30)
Weighted Number of Equity Shares	107157682	107157682
Number of Equity Shares Outstanding at the End of the Year	107157682	107157682
Nominal Value per Share (in Rupees)	2.00	2.00
Basic and Diluted Earnings per Share (in Rupees)	(12.89)	(12.30)

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

12. During the year 2012-13, the provision of ₹ 4,469.35 lakhs was made, which is outstanding as at March 31, 2014, in respect of trade receivables of EKC International FZE, UAE, that were due for more than one year as at the end of that financial year, due to the prevalent geo-political situation in the Middle East and out of abundant caution. However, the management is confident of recovering the receivables.
13. Total research and development expenses incurred at C.P. Industries Holdings Inc. were approximately ₹ 544.95 Lakh (₹ 222.70 Lakh as on March 31, 2013). The Subsidiary charges the entire research and development costs to the Statement of Profit and Loss.
14. The Company has revised the estimated useful lives of IPR and Goodwill arising on historic acquisition of business assets, capitalised in the books of subsidiaries, from 8 years to 10 years. Consequently, the amortization charge in relation to these intangibles for the year 2013-14 is lower by ₹ 828 Lakh as compared to earlier year.
15. Segment Reporting : Refer to Page No. 81 & 82

15. Segment Reporting

[illegible]

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.
16. Previous year's figures have been reclassified / regrouped to conform to current year's classification / grouping.
17. Significant Accounting Policies followed by the Company are as stated in the Statement annexed to this note as Annexure I.

As per our report of even date attached

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

Khushroo B. Panthaky
Partner

Kanika Sharma
Company Secretary

Vipin Chandok
Chief Financial Officer

For and on behalf of the Board

P. K. Khurana
Chairman & Managing Director

Puneet Khurana
Director

Place : Mumbai

Date : 27th May, 2014

Annexure I

SIGNIFICANT ACCOUNTING POLICIES:

A. Basis of preparation of financial statements:

The financial statements are prepared under the historical cost convention on the accrual basis of accounting. The financial statements of the Holding Company have been prepared in accordance with the Generally Accepted Accounting Principles in India. The financial statements of the foreign subsidiaries have been prepared in accordance with the local laws and the applicable Accounting Standards / Generally Accepted Accounting principles duly adapted/ aligned with the Accounting Standards notified under section 211(3C) [Companies (Accounting Standards) Rules, 2006, as amended] and other relevant provisions of the Companies Act 1956, wherever required, for the purpose of consolidation. The financial statements of the subsidiaries used in the consolidation, are drawn upto the same reporting date as that of the Holding Company, i.e. year ended 31st March.

All the assets and liabilities have been classified as current or non-current as per the Company's operating cycle and other criteria set out in the Revised 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 12 months for the purpose of current – non-current classification of assets and liabilities.

B. Principles of Consolidation:

- a. The financial statements of the Holding Company and its subsidiaries have been consolidated on a line-by-line basis by adding together the book values of like items of assets, liabilities, income and expenses, after eliminating intra-group balances, intra-group transactions and the unrealised profits.

Assets and liabilities of subsidiaries are translated into Indian rupees at the rate of exchange prevailing as at the Balance Sheet date. Revenues and expenses are translated into Indian rupees at average of twelve months currency exchange rate. Resulting variation on account of exchange rates are accumulated in a Foreign Currency Translation Reserve Account.

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

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

Goodwill on consolidation is amortized over a period of five years.

Minority interest in the net assets of the consolidated subsidiaries consist of the amount of equity attributable to the minority shareholders at the dates on which investments are made by the Company in the

subsidiary companies and further movements in their shares in the equity subsequent to the dates of investments.

- b. The financial statements of the Holding Company and its subsidiaries have been consolidated using uniform accounting policies except, to the extent of variation mentioned in below, which, in the opinion of the management, and does not have any material impact.

Variation in Accounting Policies:-

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

C. Use of Estimates:

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

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

D. Revenue Recognition:

- a. Revenue/Income and Cost/Expenditure are generally accounted for on accrual basis as they are earned or incurred except in case of significant uncertainties;
- b. Sale of goods is recognized on transfer of significant risks and rewards of ownership, which is generally on the dispatch of goods;
- c. Export Benefits are recognised in the year of export;
- d. 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.
- f. Interest income is recognised on a time proportion basis taking into account the amount outstanding and the rate applicable.

E. Employee Benefits:

- a. Short term employee benefits are recognised as an expense at the undiscounted amount in the Statement of Profit and Loss of the year in which the related service is rendered;

b. Post employment benefits

i. Defined contribution plans:

Company's contribution to the superannuation scheme, state governed provident fund scheme, etc. are recognised during the year in which the related service is rendered;

ii. Defined benefit plans:

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

Retirement Plans (CP Industries Holdings Inc.):

The Subsidiary has a noncontributory defined benefit pension plan covering all union employees hired prior to June 1, 2006. The benefits are based on years of services and the applicable compensation levels under the plan. Its funding policy is to fund pension cost as determined by actuarial valuation. Contributions are intended to provide not only for benefits attributable to service to date but also for those expected to be earned in the future.

It also has two 401(k) savings plans which cover substantially all union and non union employees. For both plans, the Company matches a percentage of the employees' contributions up to the maximum level. The matching contributions to the plans were approximately ₹ 46.28 Lakh (\$77,000.00) for 2014 and ₹ 48.00 Lakh (\$88,000.00) for 2013. There were no discretionary contributions made to the non union employees' plan in 2014.

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

F. Foreign Currency Transactions / Translations:

- a. For the purpose of consolidation, the amounts appearing in foreign currencies in the Financial Statements of the foreign subsidiaries (considered as non-integral operations) are translated at the following rates of exchange:

- i. Average rates for income and expenditure
- ii. The year-end rates for all assets and liabilities.

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

b. Translations within the entities:

- i. All transactions in foreign currencies are recorded at the rates of exchange prevailing on the dates when the relevant transactions take place;
- ii. Monetary assets and liabilities in foreign currency outstanding at the close of the year are converted into equivalent Indian Currency at the appropriate rates of exchange prevailing on the date of the Balance Sheet. Resultant gain or loss is accounted for during the year;
- iii. In respect of forward exchange contracts entered into to hedge foreign currency risks, the difference between the forward rate and exchange rate at the inception of the contract is recognized as income or expense over the life of the contract. Further, the exchange differences arising on such contracts are recognised as income or expense along with the exchange differences on the underlying assets / liabilities. Derivative contracts intended for trading purposes, are marked to their current market value and gain / loss on such contracts is recognised in the Statement of Profit and Loss for the year. Profit or loss on cancellations / renewals of forward contracts is recognised during the year;
- iv. Exchange differences arising on other derivative contracts entered into to hedge foreign currency exposure on account of highly probable forecast transactions, were recognized and marked to market, in line with principles laid down in Accounting Standard 30 – Financial Instruments – Recognition and Measurement, issued by The Institute of Chartered Accountants of India, to the extent, no specific accounting treatment is prescribed under Company law or by any other regulatory authority. Accordingly, such gain or loss on effective hedges was carried forward under Hedging Reserve to be recognized in the Statement of Profit and Loss only in the year in which underlying transactions get completed. In the absence of a designation as effective hedge, the gain or loss would be immediately recognized in the Statement of Profit and Loss. With effect from 1st April, 2010, the Company has discontinued the aforesaid accounting treatment and is, accordingly, recognizing mark to market losses in the Statement of Profit and Loss.
- v. Accounting of Foreign Branch (Integral Foreign Operation):
- Monetary assets and liabilities are converted at the appropriate rate of exchange prevailing on the Balance Sheet date;
 - Fixed assets and depreciation thereon are converted at the exchange rates prevailing on the date of the transaction.
 - Revenue items are converted at the rate prevailing on date of the transaction.

G. Fixed Assets and Depreciation / Amortization:

a. Fixed Assets:

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

b. Depreciation / Amortization:

- i. Cost of Leasehold Land is amortized over the period of the Primary/Secondary period of lease;
- ii. Depreciation on fixed assets of holding Company and CC&L 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, whichever is higher. Useful life of assets approximately comes closer to useful life presumed under Schedule XIV.
In respect of certain foreign subsidiaries depreciation has been made on pro-rata basis at the rates and methods as prescribed in the respective local regulations of the country of incorporation, which generally represents useful life of assets.
- 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.

H. Investments:

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

I. Inventory Valuation:

- a. The inventories resulting from intra-group transactions are stated at cost after deducting unrealised profit on such transactions.
- b. Goods in transit are stated 'at cost'.
- c. Other inventories are stated 'at cost or net realisable value', whichever is lower.
- d. Cost comprises all costs incurred in bringing the inventories to their present location and condition. Cost formulae used are either 'weighted average cost', 'first-in-first-out' or 'specific identification' as applicable.

J. Taxation:

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

- a. Provision for current tax is made on the assessable income at the tax rate applicable to the relevant assessment year.
- b. Deferred Tax is recognized on timing difference between taxable income and accounting income that 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. Where there is no unabsorbed depreciation and/or brought forward losses, Deferred Tax Assets on account of other timing differences are recognised only to the extent there is a reasonable certainty of its realisation. At each Balance Sheet date the carrying amount of Deferred Tax Assets are reviewed to reassess realisation.

K. Borrowing Costs:

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

L. Impairment of Assets:

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

M. Government Grants:

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

N. Expenditure During Construction and Expenditure on New Projects:

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

CONSOLIDATED CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2014

	Year Ended 31st March, 2014 (₹ in Lakh)	Year Ended 31st March, 2013 (₹ in Lakh)
A Cash flow from Operating Activities		
Net Profit / (Loss) for the year before taxation	(13,801.58)	(12,302.52)
Add / (Deduct):		
(a) Depreciation / Amortisation for the year	6,829.90	6,963.06
(b) Foreign Exchange Variation (net)	285.53	36.28
(c) Loss on Assets Sold / Discarded	10.23	25.93
(d) Excess Provision Written Back	(91.64)	(2.80)
(e) Finance Costs	5,600.09	3,817.90
(f) Interest Income	(506.42)	(561.32)
(g) Dividend on Current Investments (Non - Trade)	(0.15)	(0.41)
(h) Provision for doubtful debts	(1.34)	4,026.74
	12,126.20	14,305.38
Operating Profit / (Loss) before Working Capital Changes	(1,675.38)	2,002.86
Adjustments:		
(a) (Increase) / Decrease in Inventories	7,663.49	6,045.81
(b) (Increase) / Decrease in Trade and Other Receivables	(1,986.49)	(3,803.39)
(c) Increase / (Decrease) in Trade and Other Payables	(367.22)	(1,731.14)
	5,309.78	511.28
Cash Inflow from Operations	3,634.40	2,514.14
Deduct:		
Direct Taxes Paid / (Refund Received)	69.00	(977.40)
Net Cash Inflow from Operating Activities (A)	3,565.40	3,491.54
B Cash Flow from Investing Activities		
Inflow:		
(a) Dividend on Current Investments (Non - Trade)	0.15	0.41
(b) Interest Income Received	802.24	272.35
(c) Inter Corporate Deposits Repaid	552.22	-
(d) Sale of Fixed Assets	15.91	142.02
	1,370.52	414.78
Outflow:		
(a) Purchases of Current Investments	0.15	0.40
(b) Purchase of Fixed Assets (including Capital Advances)	1,956.67	209.17
	1,956.82	209.57
Net Cash Inflow / (Outflow) from Investing Activities (B)	(586.30)	205.21

CONSOLIDATED CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2014

	Year Ended 31st March, 2014 (` in Lakh)	Year Ended 31st March, 2013 (` in Lakh)
C Cash Flow from Financing Activities		
Inflow:		
(a) Working Capital / Short Term Loan Availed during the Year (Net)	3,943.47	1,610.59
(b) Fixed Loans Availed during the Year	<u>145.00</u>	<u>7,800.26</u>
	4,088.47	9,410.85
Outflow:		
(a) Premium on FCCB Redemption	-	8,761.84
(b) Finance Costs Paid	5,607.41	3,550.30
(c) Dividend Paid	213.69	266.85
(d) Dividend Tax Paid	36.42	43.46
(e) Fixed Loans Repaid during the Year	<u>1,401.68</u>	<u>-</u>
	7,259.20	12,622.45
Net Cash (Outflow) from Financing Activities (C)	<u>(3,170.73)</u>	<u>(3,211.60)</u>
D Change in Currency Fluctuation Reserve arising on Consolidation	<u>(114.77)</u>	<u>213.34</u>
Net Increase / (Decrease) in Cash/Cash Equivalents (A+B+C+D)	(306.40)	698.49
Add: Balance of Cash/Cash Equivalents at the Beginning of the Year	1,951.08	1,252.59
Cash/Cash Equivalents at the Close of the Year	1,644.68	1,951.08
<u>Cash/Cash Equivalents at the Close of the Year</u>		
Cash and Bank Balances as per Note (xvii)	3,775.86	2,760.26
Less: Other Bank Balances not in nature of Cash and Cash Equivalent	<u>(2,131.18)</u>	<u>(809.18)</u>
	<u>1,644.68</u>	<u>1,951.08</u>

As per our report of even date attached

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

Khushroo B. Panthaky
Partner

Kanika Sharma
Company Secretary

Vipin Chandok
Chief Financial Officer

For and on behalf of the Board

P. K. Khurana
Chairman & Managing Director

Puneet Khurana
Director

Place : Mumbai
Date : 27th May, 2014



NOTES

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

**ATTENDANCE SLIP****EVEREST KANTO CYLINDER LIMITED**

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

CIN: L29200MH1978PLC020434

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

I hereby record my presence at the 35th Annual General Meeting of the Company at M.C. Ghia Hall at Bhogilal Hargovindas Building, 4th Floor, 18/20, Kaikhushru Dubash Marg, Kala Ghoda, Mumbai - 400 001 on Saturday, August 02, 2014 at 10.30 am.

Full name of the Member (in block letters) _____ Signature _____

Folio No.: _____ DP ID No.* _____ Client ID No.* _____

*Applicable for member holding shares in electronic form

Full name of the proxy (in block letters) _____ Signature _____

✂ ———— TEAR HERE ———— ✂

**PROXY FORM****EVEREST KANTO CYLINDER LIMITED**

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

CIN: L29200MH1978PLC020434

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

Name of the Member (s) : _____

Registered address: _____

E-mail Id: _____ DP ID No. _____

Folio No. _____ Client ID No. _____

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

1. Name : _____

Address : _____

E-mail Id : _____ Signature : _____ or failing him / her

2. Name : _____

Address : _____

E-mail Id : _____ Signature : _____ or failing him / her

3. Name : _____

Address : _____

E-mail Id : _____ Signature : _____

as my / our proxy to attend and vote (on a poll) for me/us and on my/our behalf at the 35th Annual General Meeting of the Company, to be held on Saturday, August 02, 2014 at 10.30 a.m. at the M.C. Ghia Hall at Bhogilal Hargovindas Building, 4th Floor, 18/20, Kaikhushru Dubash Marg, Kala Ghoda, Mumbai - 400 001 and at any adjournment thereof, in respect of such resolutions set out in the Notice convening the meeting, as are indicated below:

RESOLUTIONS	For	Against
Ordinary Business		
1. Adoption of the Financial Statements and Reports thereon for the Year Ended March 31, 2014.		
2. Re-appointment of Walker Chandio & Co LLP, Chartered Accountants as Statutory Auditors of the Company and to fix their remuneration.		
3. Re-appointment of Arun Arora & Co., Chartered Accountants as Branch Auditors of the Company and to fix their remuneration.		
Special Business		
4. Appointment of Mr. Naresh Oberoi as an Independent Director.		
5. Appointment of Mr. Mohan Jayakar as an Independent Director.		
6. Creation of charge/mortgage etc. on Company's moveable and immoveable properties.		
7. Increase in borrowing powers.		
8. Approval of the Remuneration of the Cost Auditors.		

Signed this _____ day of _____, 2014.

Signature of Shareholder _____ Signature of Proxy Holder (s) _____

Affix Revenue
Stamp not less
than
Re. 0.15

NOTE:

- This form of proxy in order to be effective should be duly completed and deposited at the Registered Office of the Company, not less than 48 hours before the commencement of the Meeting.
- For the Resolutions, Explanatory Statement and Notes, Please refer to the Notice of the 35th Annual General Meeting.
- It is optional to put a 'X' in the appropriate column against the Resolutions indicated in the Box. If you leave the 'For' or 'Against' column blank against any or all Resolutions, your Proxy will be entitled to vote in the manner as he/she thinks appropriate.
- Please complete all details including details of member(s) in above box before submission.

✂ ———— TEAR HERE ———— ✂

COMPRESSED NATURAL GAS CYLINDERS



INDUSTRIAL GASES CYLINDERS



FIRE FIGHTING CYLINDERS



MEDICAL GASES CYLINDERS



FOR BEVERAGE USE



BREATHING APPARATUS CYLINDERS





TARAPUR, INDIA



GANDHIDHAM, INDIA



KANDLA SEZ, INDIA



PLANT I, DUBAI



PLANT II, DUBAI



TIANJIN, CHINA



PITTSBURGH, USA



Clean Energy Solution Company

EVEREST KANTO CYLINDER LIMITED

INDIA • DUBAI • USA • CHINA • THAILAND • EUROPE • SOUTH AMERICA

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.everestkanto.com