Clean Energy Solution Company

EVEREST KANTO CYLINDER LIMITED

ANNUAL REPORT 2010-11

EVEREST KANTO CYLINDER LIMITED

Clean Energy Solution Company

The forefront of technology

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

EKC Light Weight CNG cylinders from plate can be supplied conforming to International standards like ECE R 110, ISO: 11439, ISO: 4705D, NZS: 5454, FMVSS304 / NGV2 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 facility

EKC has established a new plant, fully automated with Robots and computerised control in Kandla Special Economic Zone in Gujarat

KANDLA PLANT

BOARD OF DIRECTORS

Chairman & Managing Director
Mr. P.K. Khurana

Whole - Time Directors
Mr. Puneet Khurana
Mr. P.M. Samvatsar

Non - Executive Director
Mr. Pushkar Khurana

Independent Directors
Mr. Shailesh Haribhakti
Mr. Krishen Dev
Mr. Naresh Oberoi
Mr. Mohan Jayakar
Mr. Vyomesh Shah
Mr. Gurdeep Singh

Non - Executive Non - Independent Director
Mr. Varun Bery

Alternate Director
Mr. Hon Cheong Lam (to Mr. Varun Bery)

Company Secretary & Compliance Officer

Ms. Chanda Makhija Thadani

Statutory Auditors

Dalal & Shah,
Chartered Accountants, Mumbai

Bankers to the Company

State Bank of Hyderabad
Citibank N.A.
ICICI Bank Limited
Standard Chartered Bank

Registrar and Share Transfer Agent

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

BOARD COMMITTEES

Audit Committee
Mr. Vyomesh Shah (Chairman)
Mr. Naresh Oberoi
Mr. Krishen Dev
Mr. Puneet Khurana

Shareholders' / Investors' Grivances Redressal and Share Transfer Committee
Mr. Mohan Jayakar (Chairman)
Mr. Puneet Khurana
Mr. P.M. Samvatsar

Remuneration Committee
Mr. Krishen Dev (Chairman)
Mr. Mohan Jayakar
Mr. Naresh Oberoi
Mr. P.K. Khurana

Allotment Committee
Mr. P.K. Khurana (Chairman)
Mr. Puneet Khurana
Mr. P.M. Samvatsar

Management Committee
Mr. P.K. Khurana (Chairman)
Mr. Puneet Khurana
Mr. P.M. Samvatsar

Investment Committee
Mr. P.K. Khurana (Chairman)
Mr. Shailesh Haribhakti
Mr. Krishen Dev
Mr. Puneet Khurana

Registered Office

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

32nd Annual General Meeting on Saturday, 30th July, 2011 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.

Annual Report can be accessed at www.everestkanto.com

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DIRECTORS' REPORT

Dear Shareholders,

Your Directors are pleased to present the 32nd Annual Report and the audited accounts for the financial year ended 31st March, 2011.

FINANCIAL RESULTS

The financial performance of the Company, for the year ended 31st March, 2011 is summarized below:

(Rs. in Lac)

Particulars	Standalone		Consolidated	
	2010-11	**2009-10**	**2010-11**	**2009-10**
Sales	**39,993.83**	37,166.69	**79,997.92**	67,225.43
Less: Excise Duty	**2,364.41**	2,260.18	**2,364.41**	2,260.18
Total Sales	**37,629.42**	34,906.51	**77,633.51**	64,965.25
Profit before Finance Charges, Depreciation, Foreign Exchange Variation (net) and Tax	**6,192.62**	2,660.23	**14,404.74**	6,419.16
Less:				
- Finance Charges	**314.84**	312.20	**822.72**	1,135.39
- Depreciation	**2,419.02**	1,429.00	**6,389.29**	5,688.34
Profit before Foreign Exchange Variation (net) and Taxation	**3,458.76**	919.03	**7,192.73**	(404.57)
Foreign Exchange Variation – Gain (net)	**91.46**	2,434.99	**268.02**	2,235.03
Profit before Tax	**3,550.22**	3,354.02	**7,460.75**	1,830.46
(Less) / Add: Provision for Taxation				
- Current Tax	**(1,330.00)**	(580.00)	**(1,330.00)**	(580.00)
- Deferred Tax	**28.33**	(627.13)	**892.66**	33.86
- Wealth Tax	**(2.50)**	(2.00)	**(2.50)**	(2.00)
Profit for the year	**2,246.05**	2,144.89	**7,020.91**	1,282.32
Add: Prior period adjustments and Tax adjustments of earlier years (net)	**5.70**	1,903.90	**5.70**	2,860.41
Minority Interest	–	–	**24.45**	8.32
Net Profit	**2,251.75**	4,048.79	**7,051.06**	4,151.05
Balance brought forward from previous year	**9,707.17**	8,073.88	**29,021.76**	27,286.21
Balance Available for appropriation	**11,958.92**	12,122.67	**36,072.82**	31,437.26
Appropriations				
Proposed Dividend	**1,607.37**	1,213.89	**1,607.37**	1,213.89
Provision for Dividend Tax	**266.96**	201.61	**266.96**	201.61
Dividend and Dividend Tax for the year 2009-10	**83.96**	–	**83.96**	–
Transfer to General Reserve	**1,000.00**	1,000.00	**1,000.00**	1,000.00
Balance carried forward	**9,000.63**	9,707.17	**33,114.53**	29,021.76
Basic and Diluted earnings per share of Rs. 2 each before excess depreciation*	**2.13**	2.04	**6.66**	1.19
Basic and Diluted earnings per share of Rs. 2 each after excess depreciation*	**2.13**	4.00	**6.66**	4.10

* Calculated on weighted average number of shares.

PERFORMANCE REVIEW

Financial Year 2010-11 marked a strong resurgence in volume and demand growth post the financial crisis. The Company has registered a strong broad based sequential growth across all key markets and customer segments.

On consolidated basis for FY 2010-11, revenues at Rs. 77,634 Lac were higher by around 20% over the previous year's revenues of Rs. 64,965 Lac. Net profit at Rs. 7,051 Lac was higher by around 70% over the previous year's net profit of Rs. 4,151 Lac. During the year, the total consolidated sales volume of cylinders increased to 884,339 nos. as against 687,212 nos. in the previous year.

This was achieved mainly on account of overall improvement in sales volume, increase in sales of high value added products and continuing efforts to control costs and improve profitability. The growth in international business also contributed towards the overall profitability of the Company.

DIVIDEND

Your Directors have recommended a dividend of Rs. 1.50 per Equity Share (last year Rs. 1.20 per Equity Share) for the financial year ended 31st March, 2011, amounting to Rs. 1,874.33 Lac (inclusive of dividend tax of Rs. 266.96 Lac).

The dividend payout for the year under review has been formulated in accordance with the Company's policy to pay sustainable dividend linked to long term growth objectives of the Company to be met by internal cash accruals.

PREFERENTIAL ALLOTMENT OF EQUITY SHARES

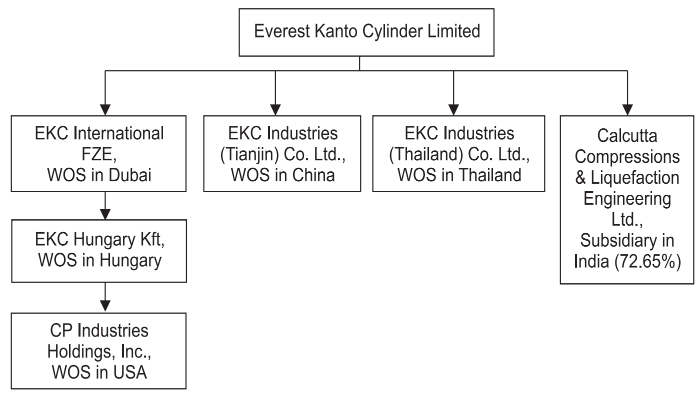
Pursuant to the approval accorded by the members at the Extraordinary General Meeting held on 19th June, 2010, your Company had raised Rs. 81 crores by allotting 6,000,000 equity shares to 2 schemes of Reliance Mutual Fund on a preferential basis at Rs. 135/- per equity share (including a premium of Rs. 133/- per share) on 19th June, 2010. The proceeds of the proposed preferential offer were utilised for capital expenditure, working capital and repayment of debt.

SUBSIDIARIES

Your Company established a wholly owned subsidiary (WOS) in Thailand on 7th Oct, 2010 by the name of EKC Industries (Thailand) Co. Ltd. Since Thailand is promoting Natural Gas Vehicles in a big way, EKC looks forward to expanding its market share in Thailand.

As on 31st March, 2011, the Company had three wholly owned subsidiary companies, viz., EKC International FZE in Dubai, UAE, EKC Industries (Tianjin) Co. Ltd. in China and EKC Industries (Thailand) Co. Ltd. in Thailand and two step down wholly owned subsidiary companies, viz. EKC Hungary Kft in Hungary and CP Industries Holdings, Inc. in USA and one Indian Subsidiary Company viz., Calcutta Compressions & Liquefaction Engineering Ltd.

The Current Corporate Structure is as under:



Pursuant to the provision of Section 212(8) of the Companies Act, 1956 (the Act), the Ministry of Corporate Affairs, Government of India vide its circular dated 8th February, 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. A statement containing brief financial details of the Company's subsidiaries for the financial year ended 31st March, 2011 is included in the Annual Report. The annual accounts of these subsidiaries and the related detailed information will be made available to any member of the Company who may be interested in obtaining the same at any point of time and are also available for inspection by any member of the Company at the registered office of the Company and that of the respective subsidiary companies. 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.

SHIFTING OF ACTIVITIES OF AURANGABAD UNIT TO GANDHIDHAM UNIT

With a view to consolidate and promote synergy amongst similar facilities which would result in effective utilization of the manufacturing facilities and also considering the feasibility and viability of order execution and prompt delivery of committed supplies to customers, it was considered prudent to shift the entire activities of the plant located at Aurangabad, Maharshtra to the company's larger unit located at Gandhidham, Gujarat which has the resources and the capacity to handle the incremental volume of business as a result of such change.

DIRECTORS

Mr. Arvind Malhan ceased to be alternate director to Mr. Varun Bery w.e.f. 1st January, 2011. Mr. Akash Mehta who had been appointed as an alternate director to Mr. Varun Bery w.e.f. 31st January, 2011 also ceased to be alternate director to Mr. Varun Bery w.e.f. 13th May, 2011. Mr. Hon Cheong Lam has been appointed as an alternate director to Mr. Varun Bery w.e.f. 27th May, 2011.

As per the provisions of Article 137 of the Articles of Association of the Company, Mr. Naresh Oberoi, Mr. Vyomesh Shah and Mr. Gurdeep Singh, retire by rotation and being eligible, offer themselves for re-appointment at the ensuing Annual General Meeting. The Board of Directors has also recommended their re-appointment for consideration of the shareholders.

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

CREDIT RATING FROM CRISIL

The Company continues to have the highest domestic credit rating of P1 for short term borrowings and A+ / Stable for long term borrowings by CRISIL. Strong credit ratings by the leading rating agency reflect the Company's financial discipline and prudence.

MANAGEMENT DISCUSSION AND ANALYSIS REPORT

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

DIRECTORS' RESPONSIBILITY STATEMENT

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

(i) in the preparation of the annual accounts for the year ended 31st March, 2011, the applicable accounting standards have been followed and there are no material departures from the same;

(ii) the Directors have selected such accounting policies and applied them consistently and made judgements 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 31st March, 2011 and of the profit of the Company for the year ended on that date;

(iii) the Directors have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities; and

(iv) the Directors have prepared the annual accounts of the Company on a 'going concern' basis.

CONSOLIDATED FINANCIAL STATEMENTS

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

AUDITORS

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

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

CORPORATE GOVERNANCE

Your Company is committed to achieving and maintaining the highest standards of Corporate Governance and places high emphasis on business ethics. The Report on Corporate Governance as stipulated under Clause 49 of the Listing Agreement forms part of the Annual Report.

The Report on Corporate Governance as stipulated under Clause 49 of the Listing Agreement forms part of the Annual Report. The requisite Certificate from the Auditors of the Company, M/s. Dalal & Shah, confirming compliance with the conditions of Corporate Governance as stipulated under the aforesaid Clause 49, is annexed hereto as “Annexure A” and forms part of this 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 “Annexure B” to this Report.

ACKNOWLEDGEMENT AND APPRECIATION

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

For and on behalf of the Board

P.K. Khurana
Chairman & Managing Director

Mumbai
27th May, 2011

ANNEXURE A TO THE DIRECTORS’ REPORT
Auditors’ 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, for the year ended 31st March 2011, as stipulated in Clause 49 of the Listing Agreements of the said Company with stock exchanges in India.

The compliance of conditions of Corporate Governance is the responsibility of the Company’s management. Our examination was carried out in accordance with the Guidance Note on Certification of Corporate Governance (as stipulated in Clause 49 of the Listing Agreement), issued by the Institute of Chartered Accountants of India and was limited to procedures and implementation thereof, adopted by the Company for ensuring the compliance of the conditions of Corporate Governance. It is neither an audit nor an expression of opinion on the financial statements of the Company.

In our opinion and to the best of our information and according to the explanations given to us, we certify that the Company has complied with the conditions of Corporate Governance as stipulated in the above mentioned Listing 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 **DALAL & SHAH**
Firm Registration No. 102021W
Chartered Accountants

S. Venkatesh
Partner
Membership No. F-037942

ANNEXURE B TO THE DIRECTORS' REPORT

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

A. CONSERVATION OF ENERGY:

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

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, minimising heat losses by improved insulation, etc.

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

I. Energy Conservation measures undertaken at the Plants:

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

1. Modification of water pipe lines & use of high Density Poly Ethylene pipe lines to reduce the pressure losses consequently leading to lower energy requirement.
2. Deployment of distributed pumping stations and cooling towers to save energy.
3. Servicing of furnace burners in order to improve combustion efficiency of furnaces.
4. Installation of automatic shut-off devices on air compressors to ensure they shut down when compressed air demand is low.
5. Installation of energy saving transformer for lighting.
6. 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.
7. 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.
8. Installation of wind driven roof ventilators for ventilation to save electrical energy.
9. Installation of transparent windows in addition to the transparent roofing sheets in the side walls of the taller sheds for better ventilation and lighting.
10. 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.
11. Installation of new furnaces with higher thickness of insulation to reduce heat loss and thereby save energy.
12. Installation of camel back style oven for the painting system to avoid funneling of air and resultant heat losses.
13. Installation of zero discharge Effluent Treatment Plant with multiple effect evaporator. This reuses steam and reduces energy consumption.
14. Installation of more wind driven roof ventilators as energy saving devices.
15. Installation of more power saving transformers for the lighting load.
16. Replacement of old water pipes with Fibreglass Reinforced Plastic pipes which have very low losses.

II. Impact of measures on reduction of energy consumption and consequent impact on the cost of production of goods:

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

Place of Installation	No. of Windmills installed	Energy Generation Capacity	Invest-ment (Rs. in Lac)	Energy Generated during the year	Energy Generated during previous year
Kandla, Gujarat	1	1.650 MW	1,123.99	2,841,843 units	3,630,344 units
Satara, Maharashtra	3	3 x 0.225 MW = 0.675 MW	332.75	456,524 units	692,771 units

Saving in energy costs during the period under consideration.

a) The wind farm projects as mentioned in the preceding parts have been undertaken in the states of Gujarat and Maharashtra, where the Company is having its own manufacturing facilities. Considering the present power policy of Governments, the Company has directly benefited in terms of captive consumption of energy generated by aforesaid wind farm and also from the sale of power generated from these wind mills.

b) At Kandla, the energy generated is utilized for captive consumption at Gandhidham unit.

c) At Satara, the energy generated is sold to Maharashtra State Electricity Board as per the Government's policy.

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

Particulars	Current Year	Previous Year
A) Power and Fuel consumption:		
a) Electricity purchased		
Units (kwh in Lac)	224.78	173.36
Total Amount (Rs. in Lac)	1,225.29	724.39
Rate per Unit (Rs.)	5.45	4.18
b) Oxygen purchased		
Units (Cu.M. in Lac)	8.32	7.40
Total Amount (Rs. in Lac)	88.88	64.07
Rate per Cu.M. (Rs.)	10.68	8.66
c) LDO purchased		
Units (Ltrs. in Lac)	32.58	31.58
Total Amount (Rs. in Lac)	876.15	1,092.97
Rate per Ltr. (Rs.)	26.89	34.61
d) LPG purchased		
Units (Kg. in Lac)	13.27	4.74
Total Amount (Rs. in Lac)	549.61	170.24
Rate per Kg. (Rs.)	41.43	35.86
B) Consumption per unit of production:		
i. Electricity (kwh / MT)	845.68	649.20
ii. Oxygen (Cu.M / MT)	31.30	27.65
iii. LDO (Ltr. / MT)	122.57	117.99
iv. LPG (Kg. / MT)	49.91	17.74

B. TECHNOLOGY ABSORPTION, ADAPTATION AND INNOVATION:

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

TECHNOLOGY ABSORPTION

1. This year the main thrust 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 plant uses chemicals for the surface treatment of the steel blanks which are to be processed in the deep drawing presses. This ETP is Zero Liquid Discharge type thereby saving a large amount of water and also recovering few important chemicals for re-use. This makes it very eco friendly and at the same time it saves substantial resources, as it achieves conservation of energy, water and chemicals at the same time.

2. Another major step taken is to use steam for heating and to insulate the heated tanks to prevent loss of heat, thereby reducing the carbon footprint. All the steam pipe lines are also insulated. The condensate at about 80 degrees centigrade is recycled, which results in large savings of energy.

INNOVATION

USE OF ROBOTIC TECHNOLOGY

While manufacturing cylinders from plates, there are two important aspects for material handling. Human safety while carrying out loading / unloading at various stations including the deep draw presses and speed with accuracy of positioning of the Circular Blanks and Drawn Cups ("work pieces") at their required positions for the process.

We have installed Robots for the automated handling of work pieces from one work station to the other. These Robots are "Pick-and-Place" type incorporating state of the art technology and are used for loading the work pieces on the 3 Presses used for Drawing Operation and also for loading the work pieces for the Surface Treatment Operation. They are programmed for the automatic handling of the work pieces and Robot Program Logic for integration with Conveyor, Platform movements, Safety Net, etc. is written intelligently to have total safety of the operations as per European Standards for safety.

The location of the Robots and peripheral equipments such as conveyors (Ground as well as Overhead) is done keeping in mind the sequence of operation and optimum space utilisation. The Robots are designed with Unique Grippers which can handle all the sizes of work pieces at that location in process. This results in total flexibility of operation without any recurring setup time.

C. FOREIGN EXCHANGE EARNINGS AND OUTGO:

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

Revenue from international sales now represents almost 67% 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 Rs. 12,158.88 Lac.

Total foreign exchange used and earned: (Rs. in Lac)

Particulars	Current Year	Previous Year
I. Foreign Exchange used	15,175.43	21,535.57
II. Foreign Exchange earned	12,411.24	5,773.13

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.

SCOT ANALYSIS

In this section the management brings to the attention of the members, the Strengths (S), Challenges (C), Opportunities (O) and Threats (T) related to the Business Model of EKC. Strengths are internal to EKC while the challenges, opportunities and threats are presented by the external environment to EKC.

STRENGHTS (S)

1. **Strong Management**

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

2. **Sustained leadership in domestic market**

   EKC is India's largest player with over 60% of market share mainly on account of its long history in business and adherence to the highest quality standards. EKC also benefits from having the first mover advantage. This coupled with strong relationships on the raw material supply chain, quality certifications and a strong safety track record has helped EKC to maintain its leadership position.

3. **Domination in export market**

   EKC exports to over 20 countries all over the world including many countries in South Asia, South East Asia, Middle East, Africa, South America and Commonwealth of Independent States (CIS) countries. Some of them have the most stringent quality and value driven norms for the products supplied by EKC. This demonstrates EKC's global competitiveness, the world class quality of its products and superior logistical capabilities. The Company has been able to achieve leadership status in several of these countries while maintaining its share in the domestic market.

   Revenue from international sales now represents almost 67% of the Company'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 to the most stringent specifications laid down by international bodies and local authorities. EKC manufactures cylinders confirming to specific country national standards or International standards like ISO: 11439, NZ: 5454, ISO: 4705D, EN: 1964, IS: 15490, DOT, ASME & ISO: 11120.

5. **Wide variety of products**

   Your Company manufactures a wide and versatile range of high pressure seamless products viz.

   - Industrial Gas Cylinders
   - CNG Cylinders
   - CNG Cylinder Cascades
   - Jumbo Cylinders
   - Jumbo Skids

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

6. **Supply Chain and Customer Relationships**

   The Company maintains cordial business relationships with its value chain partners, such as its key raw material suppliers, gas distributors, Original Equipment Manufacturers (OEM) and regulatory authorities like The Chief Controller of Explosives (CCE), Bureau of Indian Standards (BIS) and other statutory bodies in India and abroad.

7. **Economies of scale**

EKC enjoys economies of scale as the existing manufacturing facilities are fully geared up to utilize their capacities thereby leading to greater operational efficiency which would result in lower cost of production and increased profitability.

8. **Quick delivery to customers**

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

9. **Investment in New Technologies**

EKC has made significant investments in newer and alternate technologies which would ultimately enable it to reach leadership status globally. Also, it would be the only company in India to use alternate technologies and raw materials in its new plants. This would enable EKC to broadbase its raw material supply chain which would also lead to lower cost of production and better working capital management. The new Greenfield project for CNG cylinders would enable it to cater to the niche OEM segment outside India through supply of light weight and more value added cylinders.

10. **Investment in Human Talent**

All employees are important to the Company and it believes that its middle management is particularly critical to its business, as they are responsible for managing teams, understanding customer expectations, ensuring consistent and quality service delivery. These middle managers are essentially the glue that keeps the entire organization together. The Company intends to continue to invest in developing and grooming its middle management talent.

CHALLENGES (C)

1. **Raw material intensive industry**

Seamless steel tubes are the principle raw material used by EKC. The quality of cylinders produced is directly dependent on the quality of raw material used. There are only a few seamless tube manufacturers globally who meet the stringent quality specifications. Adequate level of raw material inventory has to be maintained at all times to ensure quick turnaround time for orders received. Any volatility in the prices or disruption in availability of raw material can impact the profitability of the Company.

However, EKC has strong relationships with the raw material suppliers. Going a step further to reduce supplier risk, EKC has setup facilities using alternate manufacturing process and cheaper raw materials such as billets and plates.

2. **Integration**

EKC faced the challenge of integrating the operations of CP Industries Holdings, Inc. (CPI) [acquired by EKC in April, 2008] with its own.

EKC has successfully overcome this challenge and the complementary product portfolio (CPI's established position in the Jumbo cylinders vs. EKC's strong position in relatively smaller cylinders) gave an impetus to overall global growth.

3. **Competition**

Although EKC is the market leader in India with around 60% share, many players have put up high pressure cylinder manufacturing capacities in India and China. Thus, despite the robust growth in domestic and global demand, there might be an overcapacity scenario in the short term.

Besides, the increasing competition in the CNG cylinder manufacturing business has resulted in an overall margin contraction at the industry level.

Inspite of the challenge posed by the increase in competition, EKC would continue to dominate the market place. This would be on account of EKC's scale of operations and setting up of new facilities using alternate technologies and raw materials.

OPPORTUNITIES (O)

1. **Growth in sales of CNG cylinder sales in India and globally**

- **Rising demand in India**

  Under the Petroleum Ministry's 'Vision-2015 document for consumer satisfaction and Beyond', the CNG network will be expanded to 200 cities from the present coverage in 35 cities in India. Apart from the regulatory push which will lead to the increased usage of CNG, it is ultimately the cost benefit to consumers, which will propel the growth. Usage of CNG is beneficial to consumers due to its 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.

- Cost benefit analysis of CNG vis-a-vis other fuels

  Fuel cost (March, 2011)

  CNG : Rs. 31.47 per kg.

  Petrol : Rs. 63.08 per ltr.

  Diesel : Rs. 42.06 per ltr.

- On account of its low price, CNG offers attractive payback period for conversion of vehicles running on petrol

Fuel Consumption	**3 Wheeler**	**4 Wheeler**
CNG / Kg.:	25 Kms	20 Kms
Petrol / Ltr.:	18 Kms	14 Kms
Average running per day (kms)	70	100
Conversion Cost	20,000	30,000
Payback Period (in days)	128	103

- **Benefits to environment**

  The main causes of air pollution are exhaust gases from vehicles and industrial exhaust gases. Vehicle emissions contain a number of gases which contribute to one or more types of air pollution, of which the most important are acid rain, smog formation, lead pollution and the greenhouse effect. Vehicles are the major sources of Carbon Monoxide, Nitrogen Oxide, Hydrocarbon and particulate matter. Use of CNG restricts harmful emission of Carbon Monoxide and organic methane component, a step towards cleaner and better environment. The United States Environmental Protection Agency has predicted that future advanced technology CNG vehicles will reduce 90% Carbon Monoxide. Natural gas is a less carbon intensive fuel compared to petrol or diesel so Carbon dioxide emission from a CNG vehicle is lower than any other conventional vehicle.

❖ Emission data reported by Gas Association of New Zealand

Pollutant	Gasoline (g/km)	Diesel (g/km)	CNG (g/km)
Carbon monoxide	6.34	1.06	0.22
Hydrocarbon	0.85	0.21	0.06
Nitrogen oxide	0.78	1.08	0.26
Particulate matter	0.011	0.125	0.003
Carbon dioxide	220	210	163
Sulphur oxide	0.08	0.21	0.0015

❖ Emission benefits replacing conventional diesel buses with CNG buses

Fuel	Pollution Parameter		
	Carbon Monoxide	Nitrogen Oxide	Particulate Matter
Diesel	2.4g/km	21g/km	0.38g/km
CNG	0.4g/km	8.9g/km	0.012g/km
% Reduction	84	58	97

Source: Mahanagar Gas

With natural gas becoming easily available, CNG infrastructure improving, growing environmental concerns and cost benefit analysis of CNG vis-a-vis other fuels, we believe the demand for CNG vehicles will rise substantially in the near future.

- **Rising global demand**

  All the above mentioned factors have also led to a tremendous growth in the global demand for Natural Gas Vehicles (NGV) which has boosted exports of CNG cylinders. These cylinders are essential even for the new generation buses which would use CNG - electric hybrid arrangement. According to the International Association for Natural Gas Vehicles, the population of NGVs is expected to cross 65 mn by 2020. This implies a CAGR of 15% from 2009-2020.

  During FY 05-06 to FY 10-11, sales of CNG cylinders manufactured by EKC grew at a CAGR of 26%.

2. Capacity expansion to drive growth

EKC has over the years successfully undertaken massive expansion plans at domestic as well as global levels.

Continuing with its expansion strategy, it is expected that EKC at its Gandhidham plant will further expand its industrial cylinder capacity. This plant, which is expected to get commissioned in the first half of FY 11-12, with a capacity of 200,000 cylinder shells will use the billet - piercing technology and focus on the growing industrial cylinder demand.

Besides, the company is setting up a Greenfield 300,000 CNG cylinders plant in the Kandla Special Economic Zone (KASEZ) which is also expected to start production in first half of FY12. This plant will use the steel-plate deep drawing process.

This capacity expansion would enable EKC to cater to the increasing demand for the high pressure seamless cylinders across the world.

3. 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. During FY 05 - 06 to FY 10 - 11, sales of industrial cylinders grew at a CAGR of 11%.

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 is all set to increase its manufacturing capacity of industrial cylinders.

THREATS (T)

1. **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 continue to be progressive favoring CNG as a fuel. This would lead to an accelerated growth in the CNG cylinder industry.

2. **Slowdown in the Indian automobile industry negatively impacts the Company's growth**

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

3. **Volatile steel prices**

   Seamless steel tube (primary raw material) prices have stabled in the year gone by thereby limiting the impact on bottomline. EKC successfully unwound the high cost inventory by end of Q1, 2010-11 and realigned its procurement policies in order to ensure that the benefits of lower procurement cost are achieved while at the same time, inputs are available at the right time for operations.

4. **Fluctuation in Foreign Currency**

   Since EKC has significant imports as well as exports, any foreign currency fluctuations might affect the results or performance of the Company.

   There has been a marked change in the exchange rate between INR and Euro and INR and USD in the recent years and these currencies may continue to fluctuate significantly in future as well. Accordingly, the Company's operating results have been and will continue to be impacted by fluctuations in the exchange rate between the Indian rupee and the Euro and the Indian rupee and the US dollar, as well as exchange rates with other foreign currencies.

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

FINANCIAL PERFORMANCE VIS-A-VIS OPERATIONAL PERFORMANCE

EKC has staged a smart recovery from the economic slowdown across various geographies and delivered superior financial performance during the year with significant improvement in operating results as compared to the previous year. A number of initiatives were taken during the year under review to further consolidate its strengths and position itself to take advantage of the upturn.

EKC managed to sell 884,339 cylinders during the year 2010-11 an increase of around 29% as compared to 687,212 cylinders during the year 2009-10. During FY 05-06 to FY 10-11, sales of total cylinders grew at a CAGR of 20%.

The consolidated turnover for the year increased by 20% from Rs. 64,965 Lac to Rs. 77,634 Lac and the consolidated profit after tax was at Rs. 7,051 Lac as against Rs. 4,151 Lac in the previous year which is higher by 70%.

INTERNAL CONTROL SYSTEM

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

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

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

HUMAN RESOURCES AND INDUSTRIAL RELATIONS

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

As of 31st March, 2011, EKC and its subsidiaries had employed approximately 1900 employees. This comprises of highly qualified and experienced professionals from various fields like engineering, finance and management. Employee Relations continue to be cordial and harmonious.

REPORT ON CORPORATE GOVERNANCE

1. COMPANY'S PHILOSOPHY ON CODE OF GOVERNANCE

The Company's essential character is shaped by the very value of transparency, customer satisfaction, integrity, professionalism and accountability. 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. Corporate Governance is a journey for constantly improving sustainable value creation and is an upward moving target.

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

2. BOARD OF DIRECTORS

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

A. Composition and Size of Board

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

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

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

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

- **Inter-se relationships among Directors**

  Mr. P.K. Khurana is the father of Mr. Pushkar Khurana & 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 both, their field of expertise and boardroom practices helps foster varied, unbiased, independent and experienced perspective. The Company benefits immensely from their inputs in achieving its strategic direction.

B. Board Meetings and Procedures

- **Institutionalised decision making process**

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

- **Conduct of Board meetings**

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

(ii) The meetings are usually held at the Company's Registered Office at 204, Raheja Centre, Free Press Journal Marg, 214, Nariman Point, Mumbai - 400 021.

(iii) All divisions/departments of the Company are advised to schedule their work plans well in advance, particularly with regard to matters requiring discussion / approval / decision at the Board / Committee meetings. All such matters are communicated to the Company Secretary in advance so that the same can be included in the Agenda for 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 meeting.

- **Compliance**

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

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

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

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

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

The details of the Board Meetings are as under:

Sr. No.	Date of Board Meeting	Board strength	No. of Directors present
1	19th May, 2010	11	9
2	26th May, 2010	11	8
3	19th June, 2010	11	5
4	27th July, 2010	11	9
5	27th October, 2010	11	8
6	31st January, 2011	11	7

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	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 27th July, 2010		
Mr. P.K. Khurana	Promoter, Executive Chairman	12218000	6	6	Yes	2	Nil
Mr. Pushkar Khurana	Promoter, Non - Executive	2899302	6	4	No	1	Nil
Mr. Puneet Khurana	Promoter, Executive	3558147	6	4	Yes	2	Nil
Mr. P.M. Samvatsar	Executive	235000	6	4	Yes	None	Nil
Mr. Krishen Dev	Independent, Non - Executive	Nil	6	5	No	2	2
Mr. Shailesh Haribhakti	Independent, Non - Executive	50100	6	6	Yes	13	10 (including 5 as Chairman)
Mr. Mohan Jayakar	Independent, Non - Executive	Nil	6	2	Yes	7	3
Mr. Naresh Oberoi	Independent, Non - Executive	Nil	6	5	Yes	1	Nil
Mr. Vyomesh Shah	Independent, Non - Executive	1600	6	4	No	5	1
Mr. Gurdeep Singh	Independent, Non - Executive	Nil	6	4	Yes	4	2
Mr. Varun Bery	Non - Independent, Non - Executive	Nil	6	None	No	None	Nil
Mr. Arvind Malhan@	Alternate Director to Mr. Varun Bery	–	5	2	No	–	–
Mr. Akash Mehta#	Alternate Director to Mr. Varun Bery	Nil	1	None	NA	3	1

@ Mr. Arvind Malhan ceased to be Alternate Director to Mr. Varun Bery w.e.f. 1st Jan, 2011.

Mr. Akash Mehta appointed as Alternate Director to Mr. Varun Bery w.e.f. 31st Jan, 2011.

Note:

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

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

I. Mr. Naresh Oberoi

Mr. Naresh Oberoi, aged 69 years, is a first generation entrepreneur. He has around 44 years of experience in power generating set industry. He is presently the Chairman and Managing Director of Powerica Limited, a well established name in the power generating set industry and also in the windmill business.

Mr. Naresh Oberoi is also a director on the boards of MAN Diesel Power India Private Limited, deGustibus Hospitality Private Limited and L.N. Health Care Private Limited.

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

Mr. Naresh Oberoi does not hold any shares of the Company.

II. Mr. Vyomesh Shah

Mr. Vyomesh Shah, aged 51 years holds a degree in Commerce from Mumbai University and is a Chartered Accountant having over 22 years of experience in the field of construction, finance and property development. He is the President of the Slum Redevelopers Association, Vice President of the Maharashtra Chamber of Housing Industry (MCHI), a member of the Managing Committee of Builders Association of India (BAI) and also Honorary Secretary of CREDAI.

At present, Mr. Vyomesh Shah is Managing Director of Ackruti City Limited and also Director on the Boards of DLF Akruti Info Parks (Pune) Limited, Joyous Housing Limited, Chaitra Realty Limited, City Corporation Limited, ABP Advisors Private Limited, Rare Townships Private Limited, Dharni Properties Private Limited and Vega Developers Private Limited.

Mr. Vyomesh Shah is the Chairman of Audit Committee of the Company. Mr. Vyomesh Shah is a member of the Audit Committee of Ackruti City Limited.

Mr. Vyomesh Shah holds 1600 shares of the Company in his name as on 31st March, 2011.

III. Mr. Gurdeep Singh

Mr. Gurdeep Singh, aged 66 years, is a B. Tech in Chemical Engineering from IIT - Delhi. He has attended the Advanced Management Programme from Harvard Business School. Mr. Gurdeep Singh was associated with Hindustan Lever Limited (HLL) from 1966 till October 2003 when he retired as Director - Human Resources, Corporate Affairs and Technology. Since then and uptil March 2006 he worked on retainer basis with HLL as Senior Vice President - Corporate Affairs.

At present, Mr. Gurdeep Singh is a Director on the Boards of Blue Star Limited, Halonix Limited, Gabriel India Limited, Gateway Rail Freight Limited, Klockner Pentaplast India Private Limited, Tecnova India Private Limited and Renuka do Brasil S A. He is also a member of the Shareholders / Investors Grievances Committee of Blue Star Limited and Audit Committee of Halonix Limited.

Mr. Gurdeep Singh does not hold any shares of the Company in his name as on 31st March, 2011.

3. BOARD COMMITTEES

The Board is responsible for formation / reconstitution of the committees and assigning, co-opting and fixing of terms of service for the members of the committee. 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 committee are submitted to the full Board for approval.

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 six 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.

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

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

(b) *Meetings of the Audit Committee*

Four meetings of the Audit Committee were held during the year ended 31st March, 2011. The dates on which the meetings were held are 26th May, 2010, 27th July, 2010, 27th October, 2010 and 31st January, 2011.

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.

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

The Audit Committee comprises of three Independent Non - Executive Directors and one Promoter Executive Director. The Composition of the Audit Committee is as under:

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

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

The composition of the Audit Committee meets the requirements of Section 292A of the Companies Act, 1956 and Clause 49 of the Listing Agreement. Ms. Chanda Makhija Thadani, Company Secretary of the Company is the Secretary to the Audit Committee.

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

(a) *Terms of reference*

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

i) To approve Transfer / Transmission / Dematerialisation / Rematerialisation of Equity Shares of the Company.

ii) To approve issue of Duplicate/ Consolidated / Split Share Certificate(s).

iii) 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.

iv) 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.

v) 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 during the year ended 31st March, 2011. The dates on which the meetings were held are 27th July, 2010 and 31st January, 2011.

(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	2
Mr. Puneet Khurana	Member	Promoter & Executive	2	1
Mr. P.M. Samvatsar	Member	Executive	2	2

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

Ms. Chanda Makhija Thadani
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 were 15. There were no outstanding complaints as on 31st March, 2011. No requests for transfer and for dematerialization were pending for approval as on 31st March, 2011.

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 Agents 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 2,420 Equity Shares belonging to 11 shareholders are lying in the unclaimed securities suspense account as on 31st March, 2011. The voting rights on the shares outstanding in the suspense account as on 31st March, 2011 shall remain frozen till the rightful owner of such shares claims the shares.

(g) Reminder Letters to IPO Investors

During the year, the Company issued reminder letters to all the shareholders who have been allotted shares on account of the applications made in the IPO of the Company and the credit of shares into their Demat Accounts had been rejected due to technical reasons.

They have been requested to furnish their correct account details so that the allotted shares could be credited to their Demat Account.

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

(c) Composition of the Remuneration Committee

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

(d) Payment to Directors

i. Remuneration to Executive Directors:

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

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

Remuneration paid/payable to the Managing Director and Whole - Time Directors for the year ended 31st March, 2011:

(in Rs.)

Name of Director	Mr. P.K. Khurana	Mr. Puneet Khurana	Mr. P.M. Samvatsar
Designation	Chairman & Managing Director	Whole - Time Director	Whole - Time Director
Salary, allowances, etc	12,180,000	4,980,000	5,810,000
Contribution to P.F. & other funds	1,044,000	597,600	498,000
Other Perquisites	79,325	2,783,030	848,141
Commission	8,402,000	2,105,000	2,105,000
Total	**21,705,325**	**10,465,630**	**9,261,141**

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

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

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

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

In respect of the financial year 2010 – 11 the sitting fees and commission paid/payable to the Non-Executive Directors are as detailed below.

(in Rs.)

Name	Sitting fees paid during the year 2010-11		Commission	Total
	Board Meetings	Committee Meetings		
Mr. Shailesh Haribhakti	120,000	–	500,000	620,000
Mr. Mohan Jayakar	40,000	20,000	500,000	560,000
Mr. Krishen Dev	100,000	30,000	500,000	630,000
Mr. Vyomesh Shah	80,000	30,000	500,000	610,000
Mr. Naresh Oberoi	100,000	40,000	500,000	640,000
Mr. Gurdeep Singh	80,000	–	500,000	580,000
Mr. Varun Bery	–	–	–	–
Mr. Arvind Malhan	40,000	–	–	40,000

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 3 executive directors of the Company viz., Mr. P.K. Khurana, Mr. Puneet Khurana and Mr. P.M. Samvatsar. Mr. P.K. Khurana is the Chairman of the Committee.

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) Meetings of Management Committee

During the year under review, two meetings of the Committee were held on 14th April, 2010 & 23rd November, 2010.

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

The Management Committee comprises of the 3 executive directors of the Company viz., Mr. P.K. Khurana, Mr. Puneet Khurana and Mr. P.M. Samvatsar. Mr. P.K. Khurana is the Chairman of the Committee. Both the meetings of the management committee held during the year were attended by all the 3 members.

F. INVESTMENT COMMITTEE

(a) Terms of Reference

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

(b) Composition of the Committee

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

(c) Investment Sub Committee

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

The Investment Sub Committee works under the superintendence of the Investment Committee of the Board of Directors.

The Investment Sub Committee comprises of the 3 executive directors of the Company viz., Mr. P.K. Khurana, Mr. Puneet Khurana and Mr. P.M. Samvatsar. Mr. P.K. Khurana is the Chairman of the Committee.

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

During the year under review, one meeting of the Investment Sub Committee was held on 19th April, 2010 which was attended by all the 3 members.

4. GENERAL BODY MEETINGS

A. Annual General Meeting

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

Financial Year	Date and Time	Venue	Special Resolutions passed
2009 - 10	27th July, 2010 4.00 p.m.	4th Floor Convention Hall, Y.B. Chavan Centre, General Jagannath Bhosle Marg, Nariman Point, Mumbai - 400 021.	–
2008 - 09	28th July, 2009 3.30 p.m.	M.C. Ghia Hall, Bhogilal Hargovindas Building, 2nd Floor, 18/20, K. Dubash Marg, Mumbai - 400 001.	1. Further issue of securities 2. Increase in the limit of Foreign Institutional Investors Holding in the Company
2007 - 08	30th July, 2008 4:00 p.m.	Same as above	–

B. Postal Ballot

No special resolution was passed through Postal Ballot during 2010-11.

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 on Accounts - Schedule 'U'**, forming part of the Annual Report.

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

The statement of transactions with the related parties, is duly placed before the Audit Committee on a quarterly basis.

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

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

C. Whistle Blower Mechanism

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

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

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

(i) The 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 both, their field of expertise and 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.

(iii) Audit Qualification:

Company is in the regime of unqualified financial statements.

(iv) Training of Board Members:

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

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

(v) Whistle Blower Mechanism:

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

6. MEANS OF COMMUNICATION:

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

(i) Quarterly Results:

The approved financial results are forthwith sent to the Stock Exchanges where the shares are listed and are displayed on the Company's website www.everestkanto.com and are published in Business Standard (English) and Mumbai Lakshadeep (Marathi), within forty-eight hours of approval thereof.

(ii) News Releases, Presentations, etc.:

Official news releases, concall 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, Concall Transcripts, Shareholding Pattern are also available on the website in a user friendly and downloadable form.

(iv) Annual Report:

Annual Report containing inter alia Audited Annual Accounts, Consolidated Financial Statements, Directors' Report, Auditors' Report, Corporate Governance Report and other important information is circulated to Members and others entitled thereto. The Management's Discussion and Analysis Report forms part of the Annual Report.

(v) Designated Exclusive Email ID:

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

7. GENERAL SHAREHOLDER INFORMATION

7.1 Company Registration Details:

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

7.2 32nd Annual General Meeting:

Day, Date and Time: Saturday, 30th July, 2011 at 10.30 a.m.

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

7.3 Financial Calendar (tentative and subject to change)

Financial Year: 1st April, 2011 to 31st March, 2012

Results for the quarter ending 30th June, 2011
3rd / 4th week of July, 2011

Results for quarter ending 30th September, 2011
3rd / 4th week of October, 2011

Results for quarter ending 31st December, 2011
3rd / 4th week of January, 2012

Results for year ending 31st March, 2012
3rd / 4th week of May, 2012

Annual General Meeting
July, 2012

7.4 Book Closure Period

Saturday, 23rd July, 2011 to Saturday, 30th July, 2011 (both days inclusive), for payment of dividend.

7.5 Dividend Payment Date

On or after 5th August, 2011.

7.6 Listing on Stock Exchanges

Equity Shares

Bombay Stock Exchange Limited (BSE),
Phiroze Jeejeebhoy Towers, Dalal Street,
Mumbai - 400 001.
Scrip Code: 532684

National Stock Exchange of India Limited (NSE),
"Exchange Plaza", Bandra-Kurla Complex,
Bandra (E), Mumbai - 400 051.
Trading Symbol: EKC
ISIN INE184H01027

FCCBs

Singapore Exchange Securities Trading Limited (SGX-ST)
[a wholly owned subsidiary of Singapore Exchange Limited]
ISIN XS0324309029

Payment of Listing Fee

Annual listing fee payable to BSE and NSE for 2011-12 and SGX-ST for 2011 have been paid in full by the Company.

7.7 Stock Market Data

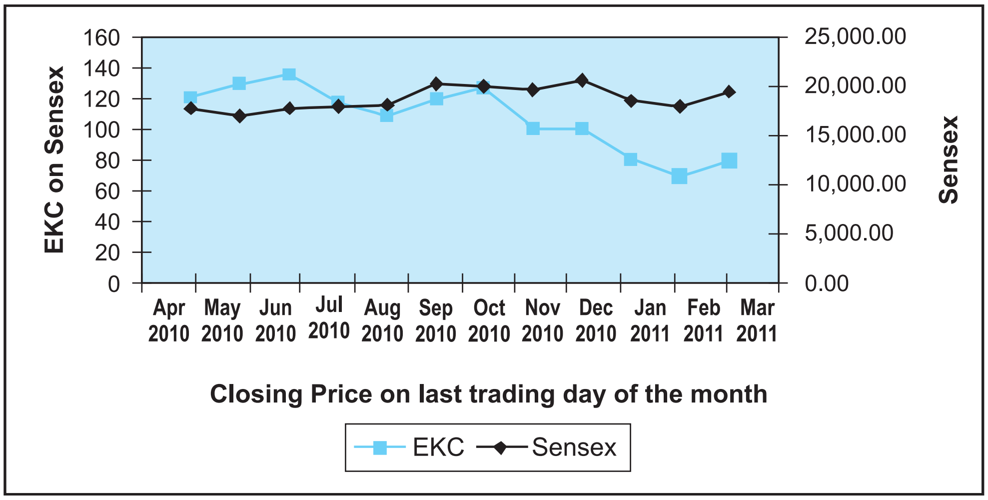
High, Low during each month and trading volumes of the Company's Equity Shares during the last financial year at BSE and NSE are given below:

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 2010	131.50	113.60	3 817 837	131.50	112.05	12 713 961
May 2010	145.80	119.15	18 294 583	147.00	117.60	48 002 194
June 2010	139.75	123.70	5 952 800	139.50	123.70	20 349 470
July 2010	141.90	115.40	5 857 021	141.80	115.25	18 457 420
August 2010	122.45	106.50	4 012 386	122.75	106.50	14 707 391
September 2010	127.60	107.10	7 903 597	128.00	107.15	24 000 153
October 2010	136.90	120.00	7 054 984	136.90	120.00	24 028 391
November 2010	139.95	93.00	3 555 688	134.40	92.50	11 453 077
December 2010	106.80	83.00	3 848 654	106.45	82.35	11 937 885
January 2011	105.15	77.00	2 712 964	104.85	76.60	8 688 580
February 2011	84.00	63.00	2 377 196	84.00	62.65	7 985 550
March 2011	80.50	66.00	2 228 386	80.45	68.35	7 034 961

Source: BSE & NSE website

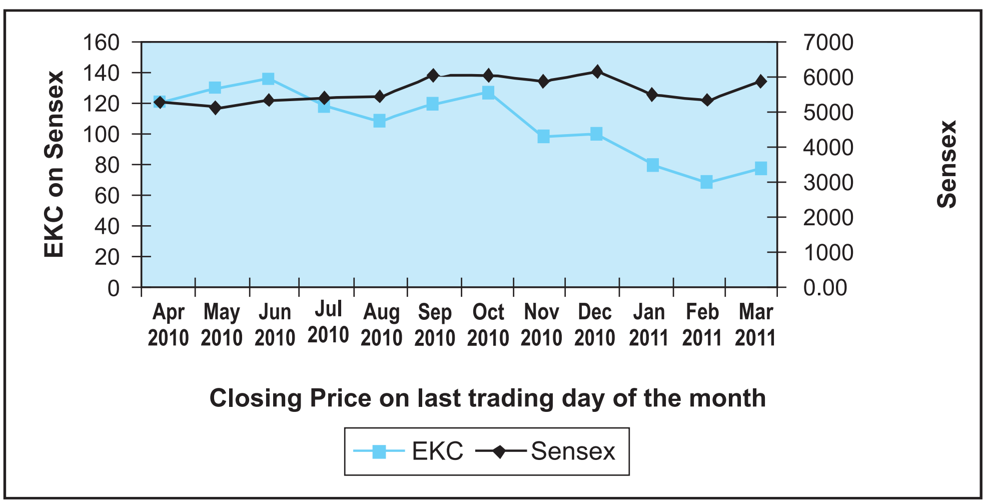
7.8 Stock Performance

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: r nt.helpdesk@linkintime.co.in

7.10 Share Transfer System

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

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

7.11 Statement showing shareholding pattern as on 31st March, 2011

Category of Shareholders	Number of shares	% of Shareholding
Shareholding of Promoter and Promoter Group	61 475 164	57.37
Mutual Funds	9 509 732	8.87
Financial Institutions / Banks	16 960	0.02
Foreign Institutional Investors	10 175 433	9.50
Bodies Corporate	3 712 519	3.46
i. Individual shareholders holding nominal share capital up to Rs. 1 lakh	12 590 716	11.75
ii. Individual shareholders holding nominal share capital in excess of Rs. 1 lakh	343 761	0.32
Clearing Member	528 475	0.49
Non Resident Indians (Repat)	524 331	0.49
Non Resident Indians (Non Repat)	200 177	0.19
Foreign Companies	8 036 714	7.50
Other Directors	43 700	0.04
TOTAL	**107 157 682**	**100.00**

7.12 Distribution of shareholding by size as on 31st March, 2011

No. of Shares held	No. of shareholders	% to no. of shareholders	No. of shares	% to no. of shares
1 - 500	49 724	90.66	6 293 704	5.87
501 - 1000	2 918	5.32	2 329 583	2.17
1001 - 2000	1 186	2.16	1 804 339	1.68
2001 - 3000	372	0.68	956 997	0.89
3001 - 4000	141	0.26	509 351	0.48
4001 - 5000	118	0.22	558 951	0.52
5001 - 10000	194	0.35	1 407 225	1.31
Above 10000	191	0.35	93 297 532	87.07
TOTAL	**54 844**	**100.00**	**107 157 682**	**100.00**

7.13 Dematerialization of shares as on 31st March, 2011

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 Rs. 2 each of		Shareholders	
	Number	% of total	Number	% of total
Dematerialised form				
NSDL	50 884 567	47.49	35 056	63.92
CDSL	5 360 085	5.00	19 775	36.06
Sub - Total	**56 244 652**	**52.49**	**54 831**	**99.98**
Physical Form	50 913 030	47.51	13	0.02
Total	**107 157 682**	**100.00**	**54 844**	**100.00**

7.14 Outstanding Foreign Currency Convertible Bonds

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

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

7.15 Plant Location

The Company's plants are located at Gandhidham, Kandla Special Economic Zone, Tarapur and Aurangabad (upto Dec, 2010):

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 (upto Dec, 2010)	:	E-22, MIDC Area, Chikalthana, Aurangabad - 431 210, Maharashtra

7.16 Address for correspondence

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

Tel.: 91 22 3026 8300 - 01

Email: investors@ekc.in

7.17 Unclaimed Dividends

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

Financial Year	Date of declaration of dividend	Dividend Per Share*	Due date for transfer to IEPF	Amount (Rs.)#
2005-06	26th July, 2006	0.70	31st August, 2013	42,232.00
2006-07	3rd July, 2007	1.00	8th August, 2014	67,475.00
2007-08	30th July, 2008	1.20	4th September, 2015	102,846.00
2008-09	28th July, 2009	1.20	2nd September, 2016	109,588.20
2009-10	27th July, 2010	1.20	1st September, 2017	247,324.20

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

Amount unclaimed as at 31st March, 2011

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

9. Auditors' Certificate on Corporate Governance

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

10. Reconciliation of share capital audit report

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

11. Subsidiary Monitoring Framework

As on 31st March, 2011, the Company had three wholly owned subsidiary companies viz., EKC International FZE, EKC Industries (Tianjin) Co. Ltd. and EKC Industries (Thailand) Co. Ltd. and two step down wholly owned subsidiaries viz., EKC Hungary Kft and CP Industries Holdings, Inc. 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 such companies in the best interest of their stakeholders. The Company monitors the performance of such companies, inter alia, by the following means -

a) Financial statements, in particular the investments made by the unlisted subsidiary companies, are reviewed periodically by the Audit Committee of the Company.

b) All minutes of the meetings of the unlisted subsidiary companies are placed before the Company's Board regularly.

c) A statement containing all significant transactions and arrangements entered into by the unlisted subsidiary companies is placed before the Company's Board.

The Company does not have any material unlisted Indian subsidiary and hence is not required to nominate an independent director of the Company on the Board of any subsidiary.

12. Code of Conduct

Board has laid down a Code of Conduct and Ethics for all Board Members and Senior Management Personnel of the Company. The code has been circulated to all the Board Members and senior management and the same is available on the Company's website www.everestkanto.com. All Board Members and Senior Management Personnel have affirmed compliance with the Code of Conduct during the financial year 2010-11. A declaration signed by the Chairman & Managing Director to this effect is given below.

> "I hereby confirm that the Company has obtained from all the members of the Board and senior management personnel, affirmation that they have complied with the Code of Conduct and Ethics for Directors and Senior Management of the Company in respect of the financial year 2010-11."
>
> ***P.K. Khurana***
>
> ***Chairman & Managing Director***

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. Chanda Makhija Thadani, 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.

AUDITORS' REPORT ON FINANCIAL STATEMENTS

To the Members of
Everest Kanto Cylinder Limited

1. We have audited the attached Balance Sheet of Everest Kanto Cylinder Limited (the "Company") as at 31st March, 2011, and the related Profit and Loss Account and Cash Flow Statement for the year ended on that date annexed thereto, which we have signed under reference to this report. These financial statements are the responsibility of the Company's Management. Our responsibility is to express an opinion on these financial statements based on our audit.

2. We conducted our audit in accordance with the auditing standards generally accepted in India. Those Standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by Management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

3. As required by the Companies (Auditor's Report) Order, 2003, as amended by the Companies (Auditor's Report) (Amendment) Order, 2004 (together the "Order"), issued by the Central Government of India in terms of sub-section (4A) of Section 227 of 'The Companies Act, 1956' of India (the 'Act') and on the basis of such checks of the books and records of the Company as we considered appropriate and according to the information and explanations given to us, we give in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the Order.

4. Further to our comments in paragraph 3 above, we report that:

(a) We have obtained all the information and explanations which, to the best of our knowledge and belief, were necessary for the purposes of our audit;

(b) In our opinion, proper books of account as required by law have been kept by the Company so far as appears from our examination of those books;

(c) The Balance Sheet, Profit and Loss Account and Cash Flow Statement dealt with by this report are in agreement with the books of account;

(d) In our opinion, the Balance Sheet, Profit and Loss Account and Cash Flow Statement dealt with by this report comply with the accounting standards referred to in sub-section (3C) of Section 211 of the Act;

(e) On the basis of written representations received from the directors, as on 31st March, 2011 and taken on record by the Board of Directors, none of the directors is disqualified as on 31st March, 2011 from being appointed as a director in terms of clause (g) of sub-section (1) of Section 274 of the Act;

(f) In our opinion and to the best of our information and according to the explanations given to us, the said financial statements together with the notes thereon and attached thereto give, in the prescribed manner, the information required by the Act and give a true and fair view in conformity with the accounting principles generally accepted in India:

(i) in the case of the Balance Sheet, of the state of affairs of the company as at 31st March, 2011;

(ii) in the case of the Profit and Loss Account, of the profit 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.

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

S.Venkatesh
Partner
Membership No. F-037942

Mumbai
27th May, 2011

Annexure to Auditors' Report

Referred to in paragraph 3 of our Report of even date

1. (a) The Company is maintaining proper records showing full particulars, including quantitative details and situation, of fixed assets.

   (b) The fixed assets of the Company have been physically verified by the Management during the year and no material discrepancies between the book records and the physical inventory have been noticed. In our opinion, the frequency of verification is reasonable.

   (c) In our opinion and according to the information and explanations given to us, a substantial part of fixed assets has not been disposed of by the Company during the year.

2. (a) The inventory has been physically verified by the Management during the year. In our opinion, the frequency of verification is reasonable.

   (b) In our opinion, the procedures of physical verification of inventory followed by the Management are reasonable and adequate in relation to the size of the Company and the nature of its business.

   (c) On the basis of our examination of the inventory records, in our opinion, the Company is maintaining proper records of inventory. The discrepancies noticed on physical verification of inventory as compared to book records were not material.

3. (a) The Company has, granted unsecured loan to a company covered in the register maintained under Section 301 of the Act. The maximum amount involved during the year and the year-end balance of such loan amounts to Rs. 2,000 Lac.

   (b) In our opinion, the rate of interest and other terms and conditions of such loans are not prima facie, prejudicial to the interest of the Company.

   (c) In respect of the aforesaid loans, the parties are repaying the principal amounts as stipulated and are also regular in payment of interest, where applicable.

   (d) The Company has not taken any loans, secured or unsecured, from companies, firms or other parties covered in the register maintained under Section 301 of the Act.

4. In our opinion and according to the information and explanations given to us, there is an adequate internal control system commensurate with the size of the Company and the nature of its business for the purchase of inventory, fixed assets and for the sale of goods and services. Further, on the basis of our examination of the books and records of the Company and according to the information and explanations given to us, no major weakness have been noticed or reported.

5. (a) In our opinion and according to the information and explanations given to us, the particulars of contracts or arrangements referred to in Section 301 of the Act have been entered in the register required to be maintained under that section.

   (b) In our opinion and according to the information and explanations given to us, the transactions made in pursuance of such contracts or arrangements and exceeding the value of Rs. Five Lac in respect of any party during the year have been made at prices which are reasonable having regard to the prevailing market prices at the relevant time.

6. The Company has not accepted any deposits from the public within the meaning of Sections 58A and 58AA of the Act and the rules framed there under.

7. In our opinion, the Company has an internal audit system commensurate with its size and nature of its business.

8. We have broadly reviewed the books of account maintained by the Company in respect of products where, pursuant to the Rules made by the Central Government of India, the maintenance of cost records has been prescribed under clause (d) of sub-section (1) of Section 209 of the Act and are of the opinion that prima facie, the prescribed accounts and records have been made and maintained. We have not, however, made a detailed examination of the records with a view to determine whether they are accurate or complete.

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

(b) According to the information and explanations given to us and the records of the Company examined by us, the particulars of dues of income-tax and sales-tax as at 31st March, 2011 which have not been deposited on account of disputes are as follows:

Nature of dues	Amount (Rs. in Lac)	Period to which the amount relates	Forum where the dispute is pending
Income Tax	21.14	A.Y. 2007-08	Commissioner of Income Tax (Appeals)
Sales Tax (Lease Tax)	16.34	A.Y. 1994-95 to A.Y. 1998-99	Joint Commissioner of Sales Tax (Appeals)
Sales Tax (BST)	86.97	A.Y. 2001-02 to A.Y. 2003-04	Joint Commissioner of Sales Tax (Appeals)
Sales Tax (CST)	27.85	A.Y. 2001-02 to A.Y. 2003-04	Joint Commissioner of Sales Tax (Appeals)

There were no disputed dues in respect of wealth tax, service tax, custom duty, excise duty and cess.

10. The Company has no accumulated losses as at 31st March, 2011 and it has not incurred any cash losses in the financial year ended on that date or in the immediately preceding financial year.

11. According to the records of the Company examined by us and the information and explanation given to us, the Company has not defaulted in repayment of dues to any financial institution or bank or debenture holders as at the balance sheet date.

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

13. In our opinion, the Company has maintained proper records of transactions and contracts relating to dealing or trading in shares, securities, debentures and other investments during the year and timely entries have been made therein. Further, all such securities have been held by the Company in its own name.

14. In our opinion and according to the information and explanations given to us, the terms and conditions of the guarantees given by the Company, for loans taken by others from banks or financial institutions during the year, are not prejudicial to the interest of the Company.

15. The company has not obtained any term loans during the year.

16. On the basis of an overall examination of the balance sheet of the Company, in our opinion and according to the information and explanations given to us, there are no funds raised on a short term basis which have been used for long term investment.

17. The Company has not made any preferential allotment of shares to parties and companies covered in the register maintained under Section 301 of the Act during the year.

18. The Company has not issued any debenture during the year.

19. The Company has not raised any money by public issues during the year.

20. During the course of our examination of the books and records of the Company, carried out in accordance with the generally accepted auditing practices in India and according to the information and explanations given to us, we have neither come across any instance of fraud on or by the Company, noticed or reported during the year, nor have we been informed of such case by the Management.

21. The other clauses, (iii)(d),(iii)(f),(iii)(g) and (xiii) of paragraph 4 of the Companies (Auditor's Report) Order, 2003, as amended by the Companies (Auditor's Report) (Amendment) Order, 2004, are not applicable in the case of the Company for the year, since in our opinion there is no matter which arises to be reported in the aforesaid Order.

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

S.Venkatesh
Partner
Membership No. F-037942

Mumbai
27th May, 2011

BALANCE SHEET AS AT 31ST MARCH, 2011

	Schedule	As at 31.03.2011 (Rs. in Lac)	As at 31.03.2010 (Rs. in Lac)
SOURCES OF FUNDS			
Shareholders' Funds			
Share Capital	A	2,143.15	2,023.15
Reserves and Surplus	B	49,985.90	41,851.81
		52,129.05	43,874.96
Loan Funds			
Secured Loans	C	7,592.45	6,325.49
Unsecured Loans	D	18,689.04	24,394.90
		26,281.49	30,720.39
Deferred Tax Liability (net)		1,387.23	1,415.56
TOTAL		79,797.77	76,010.91
APPLICATION OF FUNDS			
Fixed Assets	E		
Gross Block		33,154.39	26,999.44
Less: Depreciation / Amortisation		10,675.33	8,272.75
Net Block		22,479.06	18,726.69
Capital Work In Progress		12,856.35	15,774.78
		35,335.41	34,501.47
Investments	F	14,237.24	9,730.56
Current Assets, Loans and Advances			
Inventories	G	15,292.23	21,012.72
Sundry Debtors	H	6,960.15	6,847.47
Cash and Bank Balances	I	1,217.58	832.61
Other Current Assets	J	933.28	842.91
Loans and Advances	K	15,091.72	13,927.06
		39,494.96	43,462.77
Less: Current Liabilities and Provisions			
Current Liabilities	L	7,094.37	10,100.56
Provisions	M	2,175.47	1,583.33
		9,269.84	11,683.89
Net Current Assets		30,225.12	31,778.88
TOTAL		79,797.77	76,010.91
Statement of Significant Accounting Policies and Notes forming part of Accounts	U		

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

For and on behalf of the Board

P.K. Khurana
Chairman & Managing Director

S. Venkatesh
Partner
Membership No. F-037942
Mumbai
27th May, 2011

Chanda Makhija Thadani
Company Secretary

Bimal Desai
Chief Financial Officer

P.M. Samvatsar
Whole - Time Director

PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH, 2011

	Schedule	Year Ended 31.03.2011 (Rs. in Lac)	Year Ended 31.03.2010 (Rs. in Lac)
INCOME			
Sales		**39,713.23**	36,505.49
Less: Excise Duty		**2,364.41**	2,260.18
		37,348.82	34,245.31
Trading Sales		**280.60**	661.20
Total Sales		**37,629.42**	34,906.51
Other Income	N	**1,389.11**	874.13
		39,018.53	35,780.64
EXPENDITURE			
Raw Materials and Components Consumed	O	**19,046.34**	28,071.67
Trading Purchases		**243.89**	643.91
(Increase) / Decrease in Stocks	P	**4,060.16**	(2,715.96)
Manufacturing Expenses	Q	**4,639.79**	3,291.60
Personnel Expenses	R	**2,623.64**	2,077.09
Administrative, Sales and Other Expenses	S	**2,457.09**	1,817.33
Finance Charges	T	**314.84**	312.20
Depreciation / Amortisation for the year		**2,419.02**	1,429.00
Own Goods Capitalized		**(245.00)**	(65.23)
		35,559.77	34,861.61
Profit before Foreign Exchange Variation and Taxation		**3,458.76**	919.03
Foreign Exchange Variation - Gain (net)		**91.46**	2,434.99
Profit for the year before taxation		**3,550.22**	3,354.02
Provision for Taxation			
Current Tax		**(1,330.00)**	(580.00)
Wealth Tax		**(2.50)**	(2.00)
Deferred Tax (Charge) / Credit		**28.33**	(627.13)
Profit for the year before earlier year adjustments		**2,246.05**	2,144.89
Excess Depreciation written back in respect of earlier years, pursuant to change in accouting policy [net of Tax Rs. Nil (Previous Year Rs. 1,023.12 Lac)] (Refer Note 25)		**–**	1,986.69
Tax Adjustments for Earlier Years (net)		**5.70**	(82.79)
Net Profit		**2,251.75**	4,048.79
Balance brought forward from previous year		**9,707.17**	8,073.88
Balance available for Appropriation		**11,958.92**	12,122.67
Proposed Dividend		**1,607.37**	1,213.89
Provision For Dividend Tax		**266.96**	201.61
Dividend and Dividend Tax for the year 2009-10		**83.96**	–
Transferred To General Reserve		**1,000.00**	1,000.00
Balance carried to Balance Sheet		**9,000.63**	9,707.17
		11,958.92	12,122.67
Weighted average number of Equity Shares Outstanding during the year		**105,859,052**	101,157,682
Basic and diluted earnings per share of Rs. 2 each before Excess Depreciation written back (in Rs.)		**2.13**	2.04
Basic and diluted earnings per share of Rs. 2 each after Excess Depreciation written back (in Rs.)		**2.13**	4.00
Statement of Significant Accounting Policies and Notes forming part of Accounts	U		

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

For and on behalf of the Board

P.K. Khurana
Chairman & Managing Director

S. Venkatesh
Partner
Membership No. F-037942
Mumbai
27th May, 2011

Chanda Makhija Thadani
Company Secretary

Bimal Desai
Chief Financial Officer

P.M. Samvatsar
Whole - Time Director

SCHEDULES FORMING PART OF BALANCE SHEET AS AT 31ST MARCH, 2011

	As at 31.03.2011 (Rs. in Lac)	As at 31.03.2010 (Rs. in Lac)
SCHEDULE - 'A'		
Share Capital		
Authorised		
125,000,000 Equity Shares of Rs. 2 each	**2,500.00**	2,500.00
Issued, Subscribed and Paid up		
107,157,682 (Previous Year 101,157,682) Equity Shares of Rs. 2 each fully paid up	**2,143.15**	2,023.15
– Includes 20,000,000 fully paid up bonus shares issued by capitalisation of revaluation reserve (on 25.08.1994) and 38,737,500 shares by capitalisation of General Reserve, in earlier years		
– The Company made a preferential allotment of 6,000,000 equity shares of Rs. 2 each at a premium of Rs. 133 per share, pursuant to the approval of the shareholders at their meeting held in June, 2010	**2,143.15**	2,023.15
SCHEDULE - 'B'		
Reserves and Surplus		
Capital Reserve	**1,015.22**	1,015.22
General Reserve		
As per last Balance Sheet	**6,491.00**	5,491.00
Add: Transferred from Profit and Loss Account	**1,000.00**	1,000.00
	7,491.00	6,491.00
Securities Premium Account		
As per last Balance Sheet	**25,278.57**	25,278.57
Add: Premium on issue of additional shares	**7,980.00**	–
	33,258.57	
Less: Share Issue Expenses Written Off	**414.09**	–
	32,844.48	25,278.57
Hedging Reserve Account (Refer Note 21)	**(640.15)**	(2,589.95)
Add: Addition during the year	**274.72**	1,949.80
	(365.43)	(640.15)
Surplus in Profit and Loss Account	**9,000.63**	9,707.17
	49,985.90	41,851.81
SCHEDULE - 'C'		
Secured Loans (Refer Note 1)		
From Banks		
- Term Loan	**4,465.00**	4,514.00
- Working Capital Facilities	**3,127.45**	1,811.49
	7,592.45	6,325.49
SCHEDULE - 'D'		
Unsecured Loans		
Sales Tax Deferment Loan	**1,860.47**	1,576.13
Foreign Currency Convertible Bonds (Refer Note 5)	**15,627.50**	15,799.00
Buyers Credit	**1,201.07**	7,019.77
	18,689.04	24,394.90

SCHEDULES FORMING PART OF BALANCE SHEET AS AT 31ST MARCH, 2011

SCHEDULE - 'E'
Fixed Assets

(Rs. in Lac)

Particulars	Gross Block (At Cost / Book Value)				Depreciation / Amortisation				Net Block	
	Balance as at 01.04.2010	Additions/ Adjustments	Deductions/ Adjustments	Balance as at 31.03.2011	Upto 31.03.2010	For the Year	Deductions/ Adjustments	Upto 31.03.2011	As at 31.03.2011	As at 31.03.2010
A. Assets										
Freehold Land	459.32	–	–	**459.32**	–	–	–	**–**	**459.32**	459.32
Leasehold Land*	266.97	–	–	**266.97**	156.12	1.29	–	**157.41**	**109.56**	110.85
Buildings@	6,258.79	1,747.26	–	**8,006.05**	1,345.89	205.03	–	**1,550.92**	**6,455.13**	4,912.90
Electrical Installation	679.17	589.01	–	**1,268.18**	130.33	53.64	–	**183.97**	**1,084.21**	548.84
Plant and Machinery	18,540.91	3,206.43	–	**21,747.34**	6,366.03	2,063.00	–	**8,429.03**	**13,318.31**	12,174.88
Vehicles	243.65	26.52	31.01	**239.16**	63.78	23.25	16.44	**70.59**	**168.57**	179.87
Office Equipments	121.69	15.90	–	**137.59**	27.77	6.26	–	**34.03**	**103.56**	93.92
Furnitures and Fixtures	229.25	15.44	–	**244.69**	102.37	22.08	–	**124.45**	**120.24**	126.88
Computers	110.77	72.61	–	**183.38**	63.00	15.90	–	**78.90**	**104.48**	47.77
Gas Cylinders	12.44	–	–	**12.44**	12.44	–	–	**12.44**	**–**	–
Cylinders given on Lease	76.48	270.24	–	**346.72**	5.02	16.56	–	**21.58**	**325.14**	71.46
Software Development	–	242.55	–	**242.55**	–	12.01	–	**12.01**	**230.54**	–
As Per Balance Sheet	**26,999.44**	**6,185.96**	**31.01**	**33,154.39**	**8,272.75**	**2,419.02**	**16.44**	**10,675.33**	**22,479.06**	**18,726.69**
Previous Year Total	**23,154.92**	**4,243.43**	**398.91**	**26,999.44**	**10,231.65**	**1,429.00**	**3,387.90#**	**8,272.75**	**18,726.69**	**–**
B. Capital Work In Progress									**12,856.35**	**15,774.78**

Notes:

* Execution of lease deed for land acquired at Tarapur Plant (Rs. 111.42 Lac) is pending.

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

\# Excess depreciation written back on account of change in method of depreciation Rs. Nil (Previous Year Rs. 3,009.81 Lac) (Refer Note 25)

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

SCHEDULES FORMING PART OF BALANCE SHEET AS AT 31ST MARCH, 2011

SCHEDULE - 'F'	Face Value	Nos. As at 31.03.2011	As at 31.03.2011 (Rs. in Lac)	Nos. As at 31.03.2010	As at 31.03.2010 (Rs. in Lac)
Investments					
A. Long Term Investment (At cost):					
Unquoted, Fully paid up Equity Shares					
a) In Subsidiary Companies (Trade)					
EKC International FZE	AED 1,000,000	1	**124.12**	1	124.12
EKC International FZE	AED 1	16,203,619	**1,993.27**	16,203,619	1,993.27
EKC Industries (Tianjin) Co. Ltd.	USD 1	16,670,000	**6,925.07**	16,670,000	6,925.07
Calcutta Compressions & Liquefaction Engineering Limited	INR 10	1,606,950	**238.88**	1,606,950	238.88
EKC Industries (Thailand) Co. Ltd.	THB 1000	100,000	**1,503.77**	–	–
			10,785.11		9,281.34
b) In Other Body Corporates (Non-Trade)					
Everest Kanto Investment & Finance Pvt. Ltd.	10	115,000	**39.10**	115,000	39.10
GPT Steel Industries Pvt. Ltd. (Net of provision for diminution Rs. 200 Lac, Previous Year Rs. Nil)	10	2,000,000	**–**	2,000,000	200.00
			39.10		239.10
			10,824.21		9,520.44
B. Current Investments (At lower of cost and fair value)					
Non-Trade, Unquoted					
Investments in Mutual Funds Units, fully paid up					
Kotak Floaters Short Term Fund - Dividend Option (NAV Rs. 0.31 Lac, NAV Previous Year Rs. 0.29 Lac)	10	3,029.91	**0.31**	2,906.10	0.29
UTI Liquid Cash Plan Institutional Daily Income Option - Reinvestment (NAV Rs. Nil, NAV Previous Year Rs. 206.18 Lac)	1000	–	**–**	20,225	206.18
LIC Liquid Fund - Dividend Plan (NAV Rs. 1.15 Lac, NAV Previous Year Rs. 1.10 Lac)	10	10,478.10	**1.15**	9,984.47	1.10
UTI Money Market Fund - Daily Dividend Option - Reinvestment (NAV Rs. Nil, NAV Previous Year Rs. 1.79 Lac)	1000	–	**–**	97	1.79
UTI Money Market Mutual Fund - Institutional Growth Plan (NAV Rs. Nil, NAV Previous Year Rs. 0.12 Lac)	1000	–	**–**	11	0.12
UTI Treasury Advantage Fund - Daily Dividend Option - Reinvestment (NAV Rs. Nil, NAV Previous Year Rs. 0.64 Lac)	1000	–	**–**	64	0.64
UTI - Floating Rate Fund - Short Term Plan - Institutional Daily Dividend Plan - Reinvestment (NAV Rs. 1000.21 Lac, NAV Previous Year Rs. Nil)	1000	99,944.95	**1,000.21**	–	–
UTI - Fixed Income Interval Fund - Monthly Interval Plan Series - I - Institutional Dividend Plan - Reinvestment (NAV Rs. 1803.58 Lac, NAV Previous Year Rs. Nil)	10	18,001,639.66	**1,803.58**	–	–
UTI - Fixed Income Interval Fund - Monthly Interval Plan Series - II - Institutional Dividend Plan - Reinvestment (NAV Rs. 100.56 Lac, NAV Previous Year Rs. Nil)	10	1,000,000	**100.56**	–	–
UTI - Fixed Income Interval - Series II - Quarterly Interval Plan IV - Institutional Dividend Plan - Reinvestment (NAV Rs. 507.22 Lac, NAV Previous Year Rs. Nil)	10	5,068,484.20	**507.22**	–	–
			3,413.03		210.12
			14,237.24		**9,730.56**

Notes:

1. All the above Long Term Investments have been so classified by the Company in view of its intention to hold the same on long term basis.
2. During the year the following investments were purchase and sold

Mutual Fund Units	**Nos.**	**Purchase Value (Rs. in Lac)**
UTI Liquid Cash Plan Institutional Daily Income Option - Reinvestment	1,882,829.85	19,194.43
UTI Treasury Advantage Fund - Daily Dividend Option - Reinvestment	189,959.33	1,900.00
UTI Floating Rate Fund - Short Term Plan - Institutional Daily Dividend - Reinvestment	1,010,221.42	10,110.00
UTI Fixed Income - Interval Fund - Monthly Interval Plan Series - I - Institutional Dividend Plan - Reinvestment	44,997,060.29	4,500.00
UTI - Fixed Income Interval Fund - Series - II - Quarterly Interval Plan IV - Institutional Dividend Plan - Reinvestment	5,000,000.00	500.00
UTI Fixed Income - Interval Fund - Monthly Interval Plan - II - Institutional Dividend Plan - Reinvestment	1,000,000.00	100.00

SCHEDULES FORMING PART OF BALANCE SHEET AS AT 31ST MARCH, 2011

	As at 31.03.2011 (Rs. in Lac)	As at 31.03.2010 (Rs. in Lac)
SCHEDULE - 'G'		
Inventories		
(at lower of cost or net realisable value)		
Stores, Spares, etc.	70.67	44.93
Stock in Trade:		
- Raw Materials	10,723.78	12,238.78
- Work In Progress	3,844.21	7,126.07
- Finished Goods	634.28	1,590.40
- Goods for Trade	–	12.54
Stock in Transit (at Cost)	19.29	–
	15,292.23	21,012.72
SCHEDULE - 'H'		
Sundry Debtors		
(Unsecured, Considered Good)		
Debts outstanding for a period exceeding six months	815.62	370.85
Other Debts	6,144.53	6,476.62
[Includes Rs. 625.95 Lac due from Subsidiaries (31.03.2010 Rs. 40.51 Lac)]		
	6,960.15	6,847.47
SCHEDULE - 'I'		
Cash and Bank Balances		
Cash on hand	22.52	28.78
Bank balances with Scheduled Banks		
- In Current Accounts	863.18	454.61
- In Unclaimed Dividend Account	5.70	3.26
- In Fixed Deposits (Includes Deposits as security against Bank Guarantees / Letters of Credit Rs. 311.64 Lac, 31.03.2010 Rs. 309.16 Lac)	314.58	309.16
- Interest accrued on fixed deposits	11.05	13.81
Bank balances in Current Account with Non-Scheduled Banks (Refer Note 19)	0.55	22.99
	1,217.58	832.61
SCHEDULE - 'J'		
Other Current Assets		
Interest receivable from Subsidiaries	616.39	435.73
Interest receivable - Others	105.97	4.12
Other Receivables	210.92	403.06
	933.28	842.91
SCHEDULE - 'K'		
Loans and Advances		
(Unsecured, Considered Good)		
Loans to Subsidiaries	5,886.04	7,571.56
Inter Corporate Deposits	2000.00	200.00
Deposits [Includes Rs. 920.00 Lac (31.03.2010 Rs. 920.00 Lac) to private companies in which directors are directors / members]	1,829.06	1,935.30
Advances recoverable in cash or in kind or for value to be received [Includes Rs. 850.83 Lac due from Subsidiaries (31.03.2010 Rs. Nil)]	4,947.54	3,477.66
Advance Tax and Taxes Deducted At Source (Net of Provision for Taxes Rs. 7,629.25 Lac, 31.03.2010 Rs. 7,565.54 Lac)	429.08	742.54
	15,091.72	13,927.06

SCHEDULES FORMING PART OF BALANCE SHEET AS AT 31ST MARCH, 2011

	As at 31.03.2011 (Rs. in Lac)	As at 31.03.2010 (Rs. in Lac)
SCHEDULE - 'L'		
Current Liabilities		
Sundry Creditors (*)		
[Including Due to Subsidiary Rs. 1,467.04 Lac,		
31.03.2010 Rs. 2,137.38 Lac] (Refer Note 3)	**6,249.11**	9,263.17
Advances from Customers		
[Including Due to Subsidiary Rs. 458.33 Lac, 31.03.2010 Nil]	**635.70**	637.53
Other Liabilities	**184.69**	161.44
Unclaimed Dividend	**5.70**	3.26
Interest Accrued but not due	**19.17**	35.16
(*) (Includes dues to Directors Rs. 156.03 Lac, 31.03.2010 Rs. 159.29 Lac)		
	7,094.37	10,100.56
SCHEDULE - 'M'		
Provisions		
Provision For Taxation (Wealth Tax)	**2.50**	2.00
Proposed Dividend	**1,607.37**	1,213.89
Tax On Dividend	**266.96**	201.61
Provision For Employee Benefits	**298.64**	165.83
	2,175.47	1,583.33

SCHEDULES FORMING PART OF PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH, 2011

	Year Ended 31.03.2011 (Rs. in Lac)	Year Ended 31.03.2010 (Rs. in Lac)
SCHEDULE - 'N'		
Other Income		
Interest (Gross, Tax Deducted at Source Rs. 43.36 Lac,		
Previous Year Rs. 11.02 Lac)		
- On Loans / Inter Corporate Deposits	**614.89**	360.20
- On Fixed Deposits	**11.32**	16.99
- On Income Tax Refund	**60.51**	–
- Others	**26.84**	22.51
Scrap Sales	**325.04**	176.72
Dividend on Current Investments (Non-Trade)	**126.71**	2.31
Insurance Claim Received	**7.45**	10.31
Miscellaneous Income	**61.81**	177.08
Commission	**51.35**	53.97
Export Incentives	**102.87**	14.93
Credit balances appropriated	**0.32**	0.17
Surplus on sale of Fixed Assets	**–**	38.94
	1,389.11	874.13
SCHEDULE - 'O'		
Raw Materials and Components Consumed		
Opening Stock	**12,238.78**	17,540.87
Add: Purchases	**17,531.34**	22,769.58
	29,770.12	40,310.45
Less: Closing Stock	**10,723.78**	12,238.78
	19,046.34	28,071.67

SCHEDULES FORMING PART OF PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH, 2011

	Year Ended 31.03.2011 (Rs. in Lac)	Year Ended 31.03.2010 (Rs. in Lac)
SCHEDULE - 'P'		
(Increase) / Decrease In Stocks		
Opening Stocks:		
Finished Goods	**1,590.40**	2,145.37
Work in Progress	**7,126.07**	3,859.53
Goods for Trade	**12.54**	–
	8,729.01	6,004.90
Closing Stocks:		
Finished Goods	**634.28**	1,590.40
Work in Progress	**3,844.21**	7,126.07
Goods for Trade	**–**	12.54
	4,478.49	8,729.01
	4,250.52	(2,724.11)
Add: Variation in Excise Duty on Finished Goods Stocks	**(190.36)**	8.15
	4,060.16	(2,715.96)
SCHEDULE - 'Q'		
Manufacturing Expenses		
Stores, Spares, etc.	**975.29**	725.44
Power	**1,225.29**	724.39
Fuel and Gas	**1,717.67**	1,445.72
Repairs and Maintenance		
- Building	**36.18**	51.86
- Plant and Machinery	**118.79**	52.96
- Others	**32.50**	31.11
Other Expenses	**534.07**	260.12
	4,639.79	3,291.60
SCHEDULE - 'R'		
Personnel Expenses		
Salary, Wages and Other benefits	**2,363.79**	1,839.56
Contribution to Provident Fund and Other Funds	**154.13**	178.05
Staff Welfare Expenses	**105.72**	59.48
	2,623.64	2,077.09
SCHEDULE - 'S'		
Administrative, Sales and Other Expenses		
Insurance	**111.50**	94.12
Rent	**289.73**	130.01
Rates and Taxes	**15.96**	16.58
Directors' Sitting Fees and Commission	**36.80**	39.20
Legal and Professional Fees	**201.08**	145.63
Loss on Assets Scrapped / Discarded	**7.27**	8.88
Advertisement and Sales Promotion	**57.14**	69.27
Commission	**20.11**	78.99
Sundry Expenses	**689.73**	661.32
Carriage and Freight	**493.36**	376.63
Contribution to Charitable Funds	**0.21**	10.41
Provision for Diminution of Long Term Investment (Refer Note 22)	**200.00**	–
Excise Duty paid	**159.09**	22.19
Bank Charges and Commission	**175.11**	164.10
	2,457.09	1,817.33
SCHEDULE - 'T'		
Finance Charges		
Interest on Term Loans	**195.15**	6.87
Interest on Working Capital / Short Term Loans	**73.53**	284.29
Others	**46.16**	21.04
Net of Rs. 90.84 Lac (Previous Year Rs. 284.96 Lac) Capitalised		
	314.84	312.20

SCEHDULES FORMING PART OF THE ACCOUNTS FOR THE YEAR ENDED 31ST MARCH, 2011

SCHEDULE - 'U'

Notes forming part of the Accounts

1. Loan Funds:

   (a) External Commercial Borrowing from DBS Bank is secured by first charge on the specific fixed assets of the Kandla SEZ.

   (b) Working Capital facilities are secured against hypothecation of stocks and book debts of the Company and further secured by way of second charge on all the fixed assets (excluding specific fixed assets) of the Company. The borrowings are guaranteed by Directors and their relatives.

2. Contingent liabilities not provided for in respect of:

	As at 31.03.2011 (Rs. in Lac)	As at 31.03.2010 (Rs. in Lac)
(a) Disputed Tax and other Matters		
Income Tax	**21.14**	–
Sales Tax	**114.82**	–
Lease Tax	**16.34**	16.34
Claims not acknowledged as debts	**–**	1.74

The Company has taken legal and other steps necessary to protect its position in respect of these claims, which in its opinion, based on professional advice are not expected to devolve. It is not possible to make any further determination of the liabilities which may arise or the amounts which may be refundable in this respect.

(b) Corporate Guarantees given on behalf of subsidiaries and step down subsidiaries	**34,380.50**	36,112.00
(Amounts outstanding there against)	**10,848.92**	19,247.55

3. (a) Sundry Creditors in Schedule 'L' to the Accounts include (i) Rs. 16.77 Lac (Rs. 36.31 Lac as at 31.03.2010) due to micro and small enterprises registered under the Micro, Small and Medium Enterprises Development Act, 2006 (MSME) and (ii) Rs. 6,232.34 Lac (Rs. 9,226.86 Lac as at 31.03.2010) due to other creditors.

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

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

4.

	As at 31.03.2011 (Rs. in Lac)	As at 31.03.2010 (Rs. in Lac)
Estimated amount of contracts remaining to be executed on Capital Account and not provided for (net of advances)	**353.08**	1,249.43

5. During an earlier year, the Company had raised a sum of USD 35 Million by issue of Zero Coupon Foreign Currency Convertible Bonds (FCCB) which is due in 2012. The principal terms of the FCCBs are given below:

   (i) The bond holders can exercise the option to convert into equity shares at any time after 41 days from the date of issue, upto seven days prior to maturity, at a fixed conversion price of Rs. 303.36 per share with a fixed rate of Rs. 39.84 to USD 1 (i.e. a conversion ratio of 13,133.1279 shares per bond).

   (ii) On expiry of one year from the date of issue of the bonds, i.e. on 9th October, 2008, the conversion price has been reset to Rs. 271.32 (i.e. a conversion ratio of 14,684.0103 shares per bond).

   (iii) The Company may opt for early redemption of the bonds at a redemption premium that gives the bond holder a gross yield of 7.25% per annum (compounded half yearly), provided bonds outstanding are less than 10 per cent of the bonds originally issued.

   (iv) The Company may at its absolute discretion, at any time on or after 3 years from the date of issue of bonds, convert all outstanding bonds, provided the closing price of shares, during the specified period, is at least 130 per cent of the applicable early redemption amount.

   (v) Bonds outstanding on the maturity date will be redeemed at 142.8010% of the principal amount.

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

6. Disclosure in respect of derivative instruments:

	As at 31.03.2011	As at 31.03.2010
(a) Derivative instruments outstanding:	Foreign Currency	
- US Dollar Currency Option (Exports)	**11,650,000**	16,325,000
- JPY Swap to USD (Loan Borrowed)	**942,000,000**	942,000,000

(b) All the derivative instruments have been acquired for hedging purposes.

(c) Foreign Currency exposures that are not hedged by derivative instruments:

Debtors - USD	**4,092,483**	3,664,215
Debtors - Euro	**20,644**	–
Creditors - USD	**6,066,080**	11,525,405
Creditors - Euro	**265,860**	71,900
Creditors - AED	**1,261,465**	1,274,388
Advance to Suppliers / Others - Thai Baht	**276,610**	–
Advances to Suppliers / Others - USD	**3,221,635**	156,070
Advances to Suppliers / Others - Euro	**1,311,000**	3,376,731
Advance received from Customers - USD	**11,07,666**	55,595
Loans given - USD	**11,286,260**	15,936,260
Loans Borrowed - USD*	**54,694,336**	64,551,119
Other Receivables - USD	**1,342,449**	965,293
Other Receivables - AED	**51,850**	51,850
Bank Balances - USD	**398,184**	80,352
Cash and Bank Balances - AED	**74,037**	86,960
Interest Payable - USD	**42,937**	105,513

*Swap on loan from JPY to USD

7. A. Managerial Remuneration under Section 198 of the Companies Act, 1956, paid or payable to the Directors included under Schedule 'R':

	2010-11 (Rs. in Lac)	2009-10 (Rs. in Lac)
Salary, allowances, etc.	**229.70**	143.95
Contribution to Provident and other funds	**21.40**	14.14
Other Perquisites	**37.07**	35.71
Commission	**126.03**	110.94
	414.20	304.74

The employee wise break - up of benefits, calculations of which are based on actuarial valuations are not ascertainable. The amounts relatable to the Directors are, therefore, disclosed in the year of payment.

B. Statement showing the Computation of Net Profit in accordance with Section 198(1) / 349 of the Companies Act, 1956

	2010-11 (Rs. in Lac)	2009-10 (Rs. in Lac)
Profit before Tax - As per Profit & Loss Account	**3,550.22**	3,354.02
Add: Managerial Remuneration Paid / Provided	**414.20**	304.74
Directors' sitting fees and Commission	**36.80**	39.20
Provision for diminution in value of Long Term Investments	**200.00**	–
Net Profit in accordance with Section 198(1) / 349	**4,201.22**	3,697.96
Commission to Managing Director @ 2% of said profit	**84.02**	73.96
Commission to Whole - Time Directors @ 1% of said profit	**42.01**	36.98
Commission to Independent Directors @ 1% of said profit maximum commission restricted to	**30.00**	30.00

8. Auditors' Remuneration:

(i) Audit Fees (includes Branch Auditor Rs. 0.50 Lac; Previous Year Rs. 0.50 Lac)	**17.50**	10.50
(ii) Tax Audit Fees	**3.00**	3.00
(iii) Other Services	**12.30**	7.70
(iv) Reimbursement of Expenses	**0.45**	-
TOTAL	**33.25**	21.20

9. A. Value of Imports calculated on CIF basis in respect of:

(i) Raw Materials and Components	**13,560.11**	18,624.26
(ii) Stores, Spares, etc.	**57.37**	3.41
(iii) Capital Goods	**1,116.49**	2,317.84

B. Expenditure in Foreign Currency including expenses capitalised

(i) Travelling	**20.26**	46.40
(ii) Commission	**13.59**	68.89
(iii) Interest	**351.80**	411.81
(iv) Others	**55.81**	62.96

10. Earnings in Foreign Currency:

(i) Export of goods calculated on FOB Basis	**12,158.88**	5,409.14
(ii) Commission for Bank Guarantee	**51.35**	53.97
(iii) Interest on loans given	**201.01**	310.02

11. Assets taken on operating lease: (Rs. in Lac)

	As at 31.03.2011	As at 31.03.2010
The total future minimum lease rentals payable at the Balance Sheet date are as under:		
For a period not later than one year	**72.78**	173.22
For a period later than one year and not later than five years	**256.54**	222.68
For a period later than five years	**–**	–
Assets given on operating lease:		
(i) Cylinders:		
Gross Carrying Amount	**346.72**	76.48
Depreciation for the year	**16.56**	2.80
Accumulated Depreciation	**21.58**	5.02
(ii) The total future minimum lease rentals receivable at the Balance Sheet date are as under:		
For a period not later than one year	**72.78**	16.08
For a period later than one year and not later than five years	**267.55**	57.68
For a period later than five years	–	–

12. Computation of profit for Earnings per Share:

	2010-2011 (Rs. in Lac)	2009-2010 (Rs. in Lac)
Profit for the year before earlier year adjustments	**2,246.05**	2,144.89
Add / (Less): Tax adjustments for earlier year (net)	**5.70**	(82.79)
Profit for the year before excess depreciation written back	**2,251.75**	2,062.10
Add / (Less): Excess Depreciation written back (net to tax)	**–**	1,986.69
Net Profit	**2,251.75**	4,048.79
Weighted Average No. of Equity Shares	**105,859,052**	101,157,682
Number of Equity Shares out - standing at the end of the year	**107,157,682**	101,157,682
Nominal Value per share (in Rs.)	**2.00**	2.00
Basic and Diluted Earnings Per Share (in Rs.) before Excess Depreciation written back	**2.13**	2.04
Basic and Diluted Earnings Per Share (in Rs.) after Excess Depreciation written back	**2.13**	4.00

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

13. Deferred Tax: (Rs. in Lac)

	As at 31.03.2011	As at 31.03.2010	As at 31.03.2009
Deferred Tax Liability on account of:			
Depreciation	**1,990.49**	2,231.60	757.62
Deferred Tax Asset on account of:			
Taxes and Duties on Inventories	**340.48**	492.64	645.19
Shares / FCCB Issue Expenses	**195.33**	237.95	279.17
Employee Benefits	**67.45**	85.45	62.85
Others	**–**	–	5.10
	603.26	816.04	992.31
Deferred Tax Liability / (Asset) (net)	**1,387.23**	1,415.56	(234.69)

14. Related parties disclosures:

1. Relationships:

(a) Subsidiary Companies:
EKC Industries (Tianjin) Co. Ltd., China
EKC International FZE, UAE
EKC Industries (Thailand) Co. Ltd., Thailand
Calcutta Compressions & Liquefaction Engineering Ltd. (CC&L)

(b) Step Down Subsidiary Companies:
EKC Hungary Kft, Hungary
CP Industries Holdings, Inc., USA

(c) Other related parties where control exists:
Everest Kanto Investment and Finance Private Limited
Khurana Gases Private Limited
Medical Engineers (India) Limited
Khurana Fabrication Industries Private Limited
Khurana Exports Private Limited
Everest Industrial Gases Private Limited
Khurana Charitable Trust
Khurana Education Trust
G.N.M. Realtors Private Limited
Ukay Valves & Founders Private Limited

(d) Key Management Personnel:
Mr. Prem Kumar Khurana
Mr. Puneet Khurana
Mr. Pramod Samvatsar

(e) Relatives of Key management personnel and their enterprises, where transactions have taken place:
Mr. S.S. Khurana
Mrs. Suman Khurana

Note: Related party relationship is as identified by the Company and relied upon by the Auditors.

2. Transactions with Related Parties

(Rs. in Lac)

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	2,784.95 (1,564.70)	- (-)	- (-)	- (-)	- (-)
Goods - Others	163.16 (-)	- (-)	616.81 (759.95)	- (-)	- (-)
Others	15.95 (125.25)	- (-)	- (-)	- (-)	- (-)
Other Income:					
Lease Rent	6.54 (-)	- (-)	- (-)	- (-)	- (-)
Purchases:					
Raw materials and components - EKC International FZE	866.10 (1,296.40)	- (-)	- (-)	- (-)	- (-)
Raw materials and components - Others	94.70 (-)	- (352.84)	15.59 (2,489.84)	- (-)	- (-)
Consumables	- (107.79)	- (-)	31.25 (25.61)	- (-)	- (-)
Expenses / Payments:					
Remuneration	- (-)	- (-)	- (-)	414.20 (304.74)	- (-)
Commission	- (3.50)	- (-)	- (-)	- (-)	- (-)
Rent					
Everest Industrial Gases Private Limited	- (-)	- (-)	24.00 (24.00)	- (-)	- (-)
Khurana Fabrication Industries Private Limited	- (-)	- (-)	21.12 (19.42)	- (-)	- (-)
Everest Kanto Investment and Finance Private Limited	- (-)	- (-)	- (13.50)	- (-)	- (-)
Khurana Exports Private Limited	- (-)	- (-)	31.20 (33.30)	- (-)	- (-)
Khurana Gases Private Limited	- (-)	- (-)	75.00 (20.76)	- (-)	- (-)
Others	- (-)	- (-)	1.50 (2.00)	3.00 (3.00)	6.00 (6.00)
Contribution to Charitable Trust - Khurana Charitable Trust	- (-)	- (-)	- (10.00)	- (-)	- (-)
Other Expenses	- (-)	- (-)	47.97 (32.10)	24.00 (12.75)	- (-)
Reimbursement of expenses	15.57 (-)	- (-)	- (-)	- (-)	- (-)
Finance and Investments:					
Commission Income - EKC International FZE	51.35 (53.97)	- (-)	- (-)	- (-)	- (-)
Interest from Subsidiaries - EKC International FZE	21.31 (128.35)	- (-)	- (-)	- (-)	- (-)
Interest from Subsidiaries - EKC Industries (Tianjin) Co. Ltd., China	179.70 (181.68)	- (-)	- (-)	- (-)	- (-)
Interest received - CC&L	67.23 (17.03)	- (-)	- (-)	- (-)	- (-)
Investments through Private Placement of equity shares of Everest Kanto Investment & Finance Private Limited	- (-)	- (-)	- (29.90)	- (-)	- (-)
Investment in subsidiaries - EKC Industries (Thailand) Co. Ltd.	1,503.77 (-)	- (-)	- (-)	- (-)	- (-)

(Rs. in Lac)

Nature of Transactions	Related parties referred in				
	1 (a) above	1 (b) above	1 (c) above	1 (d) above	1 (e) above
Loans given - Net of Repayments					
CC&L	468.82 (-)	- (-)	- (-)	- (-)	- (-)
Loan Repayment received - Net EKC International FZE	2,114.89 (4,197.54)	- (-)	- (-)	- (-)	- (-)
Outstandings: #					
Payables					
EKC International FZE	1,464.99 (2,135.30)	- (-)	- (-)	- (-)	- (-)
CP Industries Holdings, Inc.	- (-)	2.05 (2.08)	- (-)	- (-)	- (-)
EKC Industries (Thailand) Co. Ltd.	458.33 (-)	- (-)	- (-)	- (-)	- (-)
Others	- (-)	- (-)	140.64 (642.23)	126.03 (129.29)	- (5.40)
Loans given					
EKC International FZE	1,445.24 (3,560.13)	- (-)	- (-)	- (-)	- (-)
EKC Industries (Tianjin) Co. Ltd.	3,594.07 (3,633.52)	- (-)	- (-)	- (-)	- (-)
CC&L	846.73 (377.91)	- (-)	- (-)	- (-)	- (-)
Other Receivables					
EKC International FZE	632.33 (18.16)	- (-)	- (-)	- (-)	- (-)
EKC Industries (Tianjin) Co. Ltd.	1,448.89 (458.08)	- (-)	- (-)	- (-)	- (-)
Everest Industrial Gases Pvt. Ltd.	- (-)	- (-)	300.00 (300.00)	- (-)	- (-)
Khurana Exports Pvt. Ltd.	- (-)	- (-)	320.00 (320.00)	- (-)	- (-)
Khurana Gases Pvt. Ltd.	- (-)	- (-)	300.00 (300.00)	- (-)	- (-)
Others	11.95 (-)	- (-)	249.98 (81.17)	- (-)	- (20.00)
Guarantees given for borrowings by the Company @	- (-)	- (-)	- (-)	- (4,514.00)	- (-)
	- (-)	- (-)	- (-)	3,127.45 (jointly) (1,811.49) (jointly)	
Guarantees vacated	- (-)	- (-)	- (-)	4,514.00 (-)	- (-)
Corporate Guarantees given on behalf of subsidiaries @					
EKC International FZE	- (937.63)	- (-)	- (-)	- (-)	- (-)
EKC Industries (Tianjin) Co. Ltd.	2,058.45 (2,708.40)	- (-)	- (-)	- (-)	- (-)
CP Industries Holdings, Inc.	- (-)	8,790.47 (12,836.69)	- (-)	- (-)	- (-)
EKC Hungary Kft	- (-)	- (3,667.63)	- (-)	- (-)	- (-)
CP Industries Holdings, Inc. & EKC Hungary Kft	- (-)	**	- (-)	- (-)	- (-)

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

Foreign currency balances are restated at year end rates.

@ To the extent of amounts outstanding there against.

Previous year figures are in brackets.

15. A. Capacity and Production (Annual Capacity)

Particulars	As at 31.03.2011		2010-2011	As at 31.03.2010		2009-2010
	Licensed / Registered	Installed	Actual Production	Licensed / Registered	Installed	Actual Production
Seamless Gas Cylinders - Nos	672,000	672,000	543,767	612,000	612,000	486,414

Installed Capacities are certified by the management and relied upon by the auditors.

B. Opening Stock, Sales and Closing Stock in respect of goods produced

Class of Goods	Year Ending 31st March	Opening Stock		Sales		Closing Stock	
		Nos.	Value (Rs. in Lac)	Nos.	Value (Rs. in Lac)	Nos.	Value (Rs. in Lac)
Seamless Gas Cylinders	2011	44,904	1,590.40	578,791	37,348.82	9,880	634.28
	2010	31,253	2,145.37	472,763	34,245.31	44,904	1,590.40

'Trading Sales' comprise of multiple items of machineries, spares, etc. as a result of which, disclosure of quantities is not practicable.

C. Break up of Raw Materials Consumed

Particulars	2010 - 2011		2009 - 2010	
	Quantity (Metric Tonnes)	Value (Rs. in Lac)	Quantity (Metric Tonnes)	Value (Rs. in Lac)
Seamless Tubes with Incidental Costs	26,580.39	16,766.08	26,765.73	25,721.00
Others	–	2,280.26	–	2,350.67
TOTAL	**26,580.39**	**19,046.34**	**26,765.73**	**28,071.67**

D. Details of Imported and Indigenous Raw Materials and Components

Particulars	2010 - 2011		2009 - 2010	
	%	Value (Rs. in Lac)	%	Value (Rs. in Lac)
Imported	89.67	17,079.01	93.56	26,264.92
Indigenous	10.33	1,967.33	6.44	1,806.75
TOTAL	**100.00**	**19,046.34**	**100.00**	**28,071.67**

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

Particulars	2010 - 2011		2009 - 2010	
	%	Value (Rs. in Lac)	%	Value (Rs. in Lac)
Imported	26.90	262.34	0.47	3.40
Indigenous	73.10	712.95	99.53	722.04
Total	**100.00**	**975.29**	**100.00**	**725.44**

16. Bonds / Undertakings given by the Company under concessional duty / exemption schemes to government authorities (net of obligations fulfilled) aggregate Rs. 2,045.47 Lac as at the close of the year (31.03.2010 Rs. 5,874.44 Lac).

17. In accordance with Accounting Standard (AS) 15 - "Employee Benefits", an amount of Rs. 126.42 Lac (Previous Year Rs. 99.53 Lac) as contribution towards defined contribution plans is recognised as expense in the Profit and Loss Account.
The disclosures in respect of the Defined Benefit Gratuity Plan (to the extent of information made available by LIC) are given below:

Particulars	2010-11 (Rs. in Lac)	2009-10 (Rs. in Lac)
Change in present value of obligation:		
Obligation at beginning of the year	**177.99**	110.91
Current Service Cost	**28.23**	44.07
Interest Cost	**15.17**	10.96
Actuarial (gain)/loss	**(23.46)**	20.14
Benefits paid	**(40.97)**	(8.09)
Obligation at the end of the year	**156.96**	177.99
Change in Plan assets (Managed by LIC):		
Fair value of Plan Assets at beginning of the year	**144.85**	121.08
Expected return on plan assets	**11.96**	9.08
Actuarial gain / (loss)	**1.39**	2.26
Contributions	**37.80**	20.52
Benefits paid	**(40.97)**	(8.09)
Fair Value of plan assets at end of the year	**155.03**	144.85
Break up of categories of plan assets		
Government Securities	**53%**	
Bonds, Corporate Debt and NCD	**43%**	
Equity Investment in A Group Shares (Predominantly)	**4%**	
Reconciliation of present value of the obligation and the fair value of plan assets and amounts recognized in the balance sheet:		
Present value of obligation at the end of the year	**156.96**	177.99
Fair Value of plan assets at the end of the year	**155.03**	144.85
Net (Asset) / Liability recognized in the balance sheet	**1.93**	33.14
Gratuity cost recognised for the year:		
Current Service Cost	**28.23**	44.07
Interest Cost	**15.17**	10.96
Expected return on plan assets	**(11.96)**	(9.08)
Actuarial (gain) / loss	**(24.85)**	17.88
Net gratuity cost	**6.59**	63.83

	2010-11 (Rs. in Lac)	2009-10 (Rs. in Lac)	2008-09 (Rs. in Lac)	2007-08 (Rs. in Lac)
Assumptions:				
Discount Rate	**8.15%**	7.75%	8%	8%
Rate of growth in salary levels*	**6%**	6%	4%	4%
Mortality	**LIC (1994-96)**	LIC (1994-96)	LIC (1994-96)	LIC (1994-96)
Expected Rate of Return on Assets	**7.50%**	7.50%	7.50%	7.50%
Withdrawal Rate	**3% to 7.50%**	3% to 7.50%	3% to 7.50%	3% to 7.50%
Present Value of Obligations	**156.96**	177.99	110.91	96.69
Fair Value of Plan Assets	**155.03**	144.85	121.08	93.67
Surplus / (Deficit) in the Plan	**(1.93)**	(33.14)	10.17	(3.02)
Experience Adjustments				
- On Plan Liabilities	**(20.09)**	(11.63)	5.38	–
- On Plan Assets	**1.39**	2.26	–	–

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

18. Loans and advances in the nature of loans

(Rs. in Lac)

Name of Company	As at 31.03.2011	Maximum balance 2010-2011	As at 31.03.2010	Maximum balance 2009-2010
EKC International FZE*	**1,445.24**	**3,560.13**	3,560.13	8,355.80
EKC Industries (Tianjin) Co. Ltd.*	**3,594.07**	**3,751.04**	3,633.52	4,101.19
Calcutta Compressions & Liquefaction Engineering Limited#	**846.73**	**846.73**	377.91	377.91
Ackruti City Limited$	**2,000.00**	**2,000.00**	200.00	500.00

* Wholly owned subsidiaries
# Subsidiary with Majority Stake
$ Company in which a director is interested.
Shareholding by loanees - Nil

19. Bank Balances in current accounts with Non - Scheduled Banks

(Rs. in Lac)

Name of Bank	As at 31.03.2011	Maximum balance 2010 - 2011	As at 31.03.2010	Maximum balance 2009 - 2010
National Bank of Fujairah, UAE	**0.55**	**1.59**	1.59	4.40
Standard Chartered Bank, UAE	–	**0.52**	0.52	2.18
Standard Chartered Bank, UAE	–	**0.03**	0.03	122.67
Citibank NA, London	–	**20.85**	20.85	533.20

20. 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.

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

22. The Company has an investment of Rs. 200 Lac in 2,000,000 Equity Shares of GPT Steel Industries Private Limited (GPT). As per the latest audited financial statements of GPT, the networth has fully eroded. The Company has during the year made an assessment and has accordingly provided for diminution in value of investments made in GPT.

23. The Company has investments of Rs. 238.88 Lac in and loans and other receivables aggregating Rs. 853.34 Lac recoverable from Calcutta Compressions & Liquefaction Engineering Limited (CC&L), a subsidiary with a majority stake. The networth of CC&L has fully eroded mainly on account of pre-operating losses. In the opinion of the management, after considering the projected earnings and cash flows of CC&L, the improvements in its operational performance during the last quarter of the current financial year 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.

24. As a part of its global expansion plans, the Company has formed a wholly owned subsidiary in Thailand viz., EKC Industries (Thailand) Company Limited on 7th October, 2010. The said Company will cater to the needs of Thailand market, since Thailand is promoting Natural Gas Vehicles in a big way.

25. The Company, during Financial Year 2009 - 2010, changed its method of providing for depreciation on fixed assets, from Written Down Value Method (WDV) to Straight Line Method (SLM). Accordingly, depreciation was recalculated in accordance with SLM from the date the assets were put to use and surplus of Rs. 1,986.69 Lac (net of tax) in respect of earlier years was credited to the Profit and Loss Account.

26. With a view to consolidate and promote synergy amongst similar facilities and effective utilisation of the manufacturing facilities, it was considered prudent to shift the entire activities of Aurangabad plant to larger unit located at Gandhidham, during the quarter ended 31st December, 2010.

27. Previous year figures have been regrouped / recast wherever necessary.

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

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

For and on behalf of the Board

P.K. Khurana
Chairman & Managing Director

S. Venkatesh
Partner
Membership No. F-037942
Mumbai
27th May, 2011

Chanda Makhija Thadani
Company Secretary

Bimal Desai
Chief Financial Officer

P.M. Samvatsar
Whole - Time Director

Annexure I

SIGNIFICANT ACCOUNTING POLICIES:

A. Basis of preparation of financial statements:

The financial statements are prepared under the historical cost convention on the accrual basis of accounting in accordance with the generally accepted accounting principles, the applicable mandatory Accounting Standards and the relevant provisions of the Companies Act, 1956.

B. Use of Estimates:

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

C. Recognition of Revenue and Expenditure:

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

b. Sale of goods is recognized on transfer of significant risks and rewards of ownership. Recognition in the case of local sales is generally on the despatch of goods. Export Sales are generally accounted for on the basis of the dates of 'On Board Bill of Lading';

c. Export Benefits are recognised in the year of export;

d. Share Issue Expenses are charged first against available balance in the Securities Premium Account;

e. Dividend income is recognised in the year in which the right to receive dividend is established.

D. Employee Benefits:

a. **Short term employee benefits** are recognised as an expense at the undiscounted amount in the Profit and Loss Account 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 Profit and Loss Account. In the case of gratuity which is funded with the Life Insurance Corporation of India, the fair value of the plan assets is reduced from the gross obligation under the defined benefit plan to recognise the obligation on net basis;

c. **Long term compensated absences** are provided on the basis of an actuarial valuation;

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

E. Foreign Currency Translations:

a. All transactions in foreign currency are recorded at the rates of exchange prevailing on the dates when the relevant transactions take place;

b. Monetary assets and liabilities in foreign currency outstanding at the close of the year are converted in Indian Currency at the appropriate rates of exchange prevailing on the date of the Balance Sheet. Resultant gain or loss is accounted for during the year;

c. In respect of forward exchange contracts entered into to hedge foreign currency risks the difference between the forward rate and exchange rate at the inception of the contract is recognized as income or expense over the life of the contract. 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. Exchange differences arising on other derivative contracts entered into to hedge foreign currency exposure on account of highly probable forecast transactions, were recognized and marked to market, in line with principles laid down in Accounting Standard 30 – Financial Instruments – Recognition and Measurement, issued by The Institute of Chartered Accountants of India, to the extent, no specific accounting treatment is prescribed under Company law or by any other regulatory authority. Accordingly, such gain or loss on effective hedges was carried forward under Hedging Reserve to be recognized in the Profit and Loss Account only in the year in which underlying transactions are complete. In the absence of a designation as effective hedge, the gain or loss would be immediately recognized in the Profit and Loss Account. With effect from 1st April, 2010, the Company has discontinued the aforesaid accounting treatment and is accordingly, recognizing mark to market losses in the Profit and Loss Account (Refer Note '21' in Schedule 'U')

e. Accounting of foreign branch (integral foreign operation):

i. Monetary assets and liabilities are converted at the appropriate rate of exchange prevailing on the Balance Sheet date;

ii. Fixed assets and depreciation thereon are converted at the exchange rates prevailing on the date of the transaction.

iii. Revenue items (excluding depreciation) are converted at the rate prevailing on date of the transaction.

F. Fixed Assets and Depreciation:

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

b. Depreciation / Amortisation:

i. Cost of Leasehold Land is amortised over the period of the lease.

ii. Depreciation is provided as per the rates and in the manner prescribed under Schedule XIV to the Companies Act, 1956, on the Straight Line Method.

iii. Depreciation on additions to assets or on sale / disposal of assets is calculated pro-rata from the date of such addition or upto the date of such sale / disposal as the case may be.

iv. Cost of Customised software capitalized is amortised over a period of five years.

G. Investments:

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

H. Inventory Valuation:

a. Raw Materials and Components, Work in Progress, Finished Goods, Goods for Trade and Stores, Spares, etc. are valued at Cost or Net Realisable value whichever is lower.

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 'Average Cost' as applicable.

d. Inter-unit transfers are valued either at works / 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 is calculated by applying tax rate and tax laws that have been enacted or substantively enacted by the Balance Sheet date. Deferred tax Assets arising on account of brought forward losses and unabsorbed depreciation under tax laws are recognised only if there is a virtual certainty of its realisation supported by convincing evidence. Deferred tax assets on account of other timing differences are recognised only to the extent there is a reasonable certainty of its realisation. At each Balance Sheet date the carrying amount of deferred tax assets are reviewed to reassure realisation.

J. Borrowing Costs:

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

K. Impairment of Assets:

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

L. Provisions Contingent Liabilities and Contingent Assets:

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

Annexure II

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

(Rs. in Lac)

Sr. No.	Particulars	EKC International FZE	EKC Industries (Tianjin) Co. Ltd.	Calcutta Compressions & Liquefaction Engineering Limited	CP Industries Holdings, Inc.	EKC Hungary Kft	EKC Industries (Thailand) Co. Ltd.
1	Country of Incorporation	United Arab Emirates	People's Republic of China	India	United States of America	Hungary	Thailand
2	Share Capital	2,120.83	8,825.79	221.20	4,018.50	3,433.21	1,499.00
3	Reserves & Surplus	30,490.12	(2,473.70)	(491.77)	(857.47)	(1,554.99)	(8.98)
4	Total Assets	38,690.05	15,761.21	1,029.06	23,867.35	10,449.39	1,498.94
5	Total Liabilities	6,079.10	9,409.13	1,301.81	20,706.32	8,571.18	8.92
6	Investments	3,476.90	–	–	–	4,018.50	–
7	Turnover and other Income	30,546.07	4,653.02	233.39	8,332.02	409.76	0.39
8	Profit / (Loss) Before Taxation	8,705.80	(1,024.81)	(553.30)	(1,686.39)	(461.97)	(8.98)
9	Provision for Taxation	–	–	(191.69)	(609.92)	(4.95)	–
10	Profit / (Loss) After Taxation	8,705.80	(1,024.81)	(361.61)	(1,076.47)	(457.02)	(8.98)
11	Proposed Dividend	–	–	–	–	–	–

Note: Items are translated at exchange rates as on 31st March, 2011 as follows: 1 AED = Rs. 12.3278, 1 RMB = Rs. 6.9308, 1 USD = Rs. 44.65 and 1 THB = 1.499.

CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2011

		Year Ended 31.03.2011 (Rs. in Lac)		Year Ended 31.03.2010 (Rs. in Lac)	
A)	**CASH FLOW FROM OPERATING ACTIVITIES**				
	Net Profit for the year before taxation		**3,550.22**		3,354.02
	Add / (Deduct):				
	(a) Depreciation / amortisation for the year	**2,419.02**		1,429.00	
	(b) Foreign Exchange Variation (net)	**(290.73)**		(724.25)	
	(c) Loss on Assets Sold / Discarded	**7.27**		8.88	
	(d) Provision for diminution of Long Term Investment	**200.00**		–	
	(e) Finance Charges	**314.84**		312.20	
	(f) Interest Income	**(626.21)**		(377.19)	
	(g) Dividend on Current Investments (Non - Trade)	**(126.71)**		(2.31)	
	(h) Surplus on Sale of Fixed Assets	**–**		(38.94)	
			1,897.48		607.39
	Operating Cash Profit before Working Capital Changes		**5,447.70**		3,961.41
	(a) Decrease in Inventories	**5,720.49**		3,302.90	
	(b) (Increase) in Sundry Debtors	**(112.68)**		(2,159.28)	
	(c) (Increase) / Decrease in Other Receivables	**(1,913.06)**		43.89	
	(d) (Decrease) in Trade and Other Payables	**(1,705.74)**		(1,224.46)	
			1,989.01		(36.95)
	Cash Inflow from Operations		**7,436.71**		3,924.46
	Deduct:				
	Direct Taxes Paid		**1,012.84**		972.34
	Net Cash Inflow in course of Operating activities (A)		**6,423.87**		2,952.12
B)	**CASH FLOW FROM INVESTING ACTIVITIES**				
	Inflow:				
	(a) Dividend on Current Investments (Non - Trade)	**126.71**		2.31	
	(b) Interest Income Received	**343.70**		478.69	
	(c) Repayment of Inter Corporate Deposits given (net)	**–**		325.00	
	(d) Sale of Fixed Assets	**7.30**		44.14	
			477.71		850.14
	Outflow:				
	(a) Purchases of Current Investments (net)	**3,202.91**		217.21	
	(b) Investment in Subsidiaries	**1,503.77**		238.88	
	(c) Inter Corporate Deposit Given	**1,800.00**		–	
	(d) Purchase of Fixed Assets (including capital advances)	**3,407.82**		5,473.16	
			9,914.50		5,929.25
	Net Cash (Outflow) in the course of Investing Activities (B)		**(9,436.79)**		(5,079.11)

CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2011

	Year Ended 31.03.2011 (Rs. in Lac)		Year Ended 31.03.2010 (Rs. in Lac)	
C) CASH FLOW FROM FINANCING ACTIVITIES				
Inflow:				
(a) Proceeds from Issue of Equity Shares - Private Placement	8,100.00		–	
(b) Working Capital / Short Term Loan availed during the year (net)	–		770.85	
(c) Fixed Loans availed during the year (net)	284.34		–	
(d) Loans repaid by Subsidiaries (net)	1,755.75		3,954.09	
		10,140.09		4,724.94
Outflow:				
(a) Share Issue Expenses	414.09		–	
(b) Fixed Loans repaid during the year (net)	–		1,539.92	
(c) Working Capital / Short Term Loans repaid during the year (net)	4,502.74		–	
(d) Interest paid on loans borrowed	330.83		328.78	
(e) Dividend Paid	1,283.45		1,212.79	
(f) Dividend Tax Paid	213.57		206.30	
		6,744.68		3,287.79
Net Cash Inflow in the course of Financing activities (C)		3,395.41		1,437.15
Net Increase / (Decrease) in Cash / Cash Equivalents (A+B+C)		382.49		(689.84)
Add: Balance of Cash / Cash Equivalents at the beginning of the year		523.45		1,213.29
Cash / Cash Equivalents at the close of the year		905.94		523.45
Cash / Cash Equivalents at the close of the year				
Cash and Bank Balances as per Schedule		1,217.58		832.61
Less: Fixed Deposits given as securities		(311.64)		(309.16)
		905.94		523.45

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

For and on behalf of the Board

P.K. Khurana
Chairman & Managing Director

S. Venkatesh
Partner
Membership No. F-037942
Mumbai
27th May, 2011

Chanda Makhija Thadani
Company Secretary

Bimal Desai
Chief Financial Officer

P.M. Samvatsar
Whole - Time Director

BALANCE SHEET ABSTRACT AND COMPANY'S GENERAL BUSINESS PROFILE

I. Registration Details

CIN	L29200MH1978PLC020434		
Registration No.	020434	State Code	11
Balance Sheet Date	31.03.11		

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

Public Issue	NIL	Rights Issue	NIL
Bonus Issue	NIL	Private Placement	12000

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

Total Liabilities	8906761	Total Assets	8906761
Sources of Funds			
Paid-Up Capital	214315	Reserves & Surplus	4998590
Secured Loans	759245	Unsecured Loans	1868904
Deferred Tax Liability	138723	Current Liabilities	926984
Application of Funds			
Net Fixed Assets	3533541	Investments	1423724
Current Assets	3949496	Miscellaneous Expenditure	NIL
Accumulated Losses	NIL	Deferred Tax Assets	NIL

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

Net Turnover	3762942	Total Expenditure	3546831
Profit before Tax	355022	Profit after Tax	225175
Earning Per Share in Rs.	2.13	Dividend Rate %	75

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

Item Code No. (ITC Code)	73110003
Product Description	HIGH PRESSURE CYLINDER

AUDITORS' REPORT ON CONSOLIDATED FINANCIAL STATEMENTS

To the Board of Directors
Everest Kanto Cylinder Limited

1. We have audited the attached consolidated balance sheet of Everest Kanto Cylinder Limited (the "Company") and its subsidiaries; hereinafter referred to as the "Group" (Refer Note 1 on Schedule U to the attached consolidated financial statements) as at 31st March, 2011, the related consolidated Profit and Loss Account and the consolidated Cash Flow Statement for the year ended on that date annexed thereto, which we have signed under reference to this report. These consolidated financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.

2. We conducted our audit in accordance with the auditing standards generally accepted in India. Those Standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

3. We did not audit the financial statements of 6 subsidiaries (including 2 step down subsidiaries) included in the consolidated financial statements, which constitute total assets of Rs. 57,828 Lac and net assets of Rs. 39,619 Lac as at 31st March, 2011, total revenue of Rs. 42,158 Lac, net profit of Rs. 4,416 Lac and net cash flows amounting to Rs. 1,327 Lac for the year then ended. These financial statements and other financial information have been audited by other auditors whose reports have been furnished to us and our opinion on the consolidated financial statements to the extent they have been derived from such financial statements is based solely on the report of such other auditors.

4. We report that the consolidated financial statements have been prepared by the Company's Management in accordance with the requirements of Accounting Standard (AS) 21 - Consolidated Financial Statements notified under sub-section 3C of Section 211 of the Companies Act, 1956.

5. Based on our audit and on consideration of reports of other auditors on separate financial statements and on the other financial information of the components of the Group as referred to above and to the best of our information and according to the explanations given to us, in our opinion, the attached consolidated financial statements give a true and fair view in conformity with the accounting principles generally accepted in India:

   (a) in the case of the consolidated Balance Sheet, of the state of affairs of the Group as at 31st March, 2011;

   (b) in the case of the consolidated Profit and Loss Account, of the profit of the Group for the year ended on that date; and

   (c) in the case of the consolidated Cash Flow Statement, of the cash flows of the Group for the year ended on that date.

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

S.Venkatesh
Partner
Membership No. F-037942

Mumbai
27th May, 2011

CONSOLIDATED BALANCE SHEET AS AT 31ST MARCH, 2011

	Schedule	As at 31.03.2011 (Rs. in Lac)	As at 31.03.2010 (Rs. in Lac)
SOURCES OF FUNDS			
Shareholders' Funds			
Share Capital	A	2,143.15	2,023.15
Reserves and Surplus	B	73,665.03	60,069.35
		75,808.18	62,092.50
Loan Funds			
Secured Loans	C	18,457.01	25,759.91
Unsecured Loans	D	18,689.04	24,394.90
		37,146.05	50,154.81
Minority Interest		–	24.45
Deferred Tax Liability (net)		200.50	1,088.15
TOTAL		113,154.73	113,359.91
APPLICATION OF FUNDS			
Fixed Assets	E		
Gross Block		78,800.91	71,442.86
Less: Depreciation / Amortisation		22,752.76	16,978.55
Net Block		56,048.15	54,464.31
Capital Work In Progress		13,107.66	16,211.82
		69,155.81	70,676.13
Investments	F	3,452.13	449.22
Current Assets, Loans and Advances			
Inventories	G	27,565.81	33,908.91
Sundry Debtors	H	11,498.25	9,283.57
Cash and Bank Balances	I	5,052.02	5,994.17
Other Current Assets	J	875.39	521.97
Loans and Advances	K	11,277.46	6,937.80
		56,268.93	56,646.42
Less: Current Liabilities and Provisions			
Current Liabilities	L	13,092.56	12,389.09
Provisions	M	2,629.58	2,022.77
		15,722.14	14,411.86
Net Current Assets		40,546.79	42,234.56
TOTAL		113,154.73	113,359.91
Statement of Significant Accounting Policies and Notes forming part of Accounts	U		

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

For and on behalf of the Board

P.K. Khurana
Chairman & Managing Director

S. Venkatesh
Partner
Membership No. F-037942
Mumbai
27th May, 2011

Chanda Makhija Thadani
Company Secretary

Bimal Desai
Chief Financial Officer

P.M. Samvatsar
Whole - Time Director

CONSOLIDATED PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH, 2011

	Schedule	Year Ended 31.03.2011 (Rs. in Lac)	Year Ended 31.03.2010 (Rs. in Lac)
INCOME			
Sales		**79,172.96**	66,914.90
Less: Excise Duty		**2,364.41**	2,260.18
		76,808.55	64,654.72
Trading Sales		**824.96**	310.53
Total Sales		**77,633.51**	64,965.25
Other Income	N	**1,199.49**	790.73
		78,833.00	65,755.98
EXPENDITURE			
Raw Materials and Components Consumed	O	**37,910.75**	42,199.92
Trading Purchases		**224.53**	675.30
(Increase) / Decrease in Stocks	P	**4,096.60**	(1,049.75)
Manufacturing Expenses	Q	**8,928.72**	6,247.96
Personnel Expenses	R	**8,275.39**	7,783.34
Administrative, Sales and Other Expenses	S	**5,237.27**	3,545.28
Finance Charges	T	**822.72**	1,135.39
Depreciation / Amortisation for the year		**6,389.29**	5,688.34
Own Goods Capitalized		**(245.00)**	(65.23)
		71,640.27	66,160.55
Profit before Foreign Exchange Fluctuation (net) and Taxation		**7,192.73**	(404.57)
Foreign Exchange Fluctuation - Gain (net)		**268.02**	2,235.03
Profit for the Year before Taxation		**7,460.75**	1,830.46
Provision for Taxation			
Current Tax (Including Wealth Tax Rs. 2.50 Lac; Previous Year Rs. 2.00 Lac)		**(1,332.50)**	(582.00)
Deferred Tax (Credit)		**892.66**	33.86
Profit for the Year before earlier year Adjustments & Minority Interest		**7,020.91**	1,282.32
Excess Depreciation written back in respect of earlier years, pursuant to change in accounting policy (net of Tax Rs. 1,198.77 Lac) (Refer Note 8)		**–**	2,943.20
Taxes Adjustments of Earlier Years (net)		**5.70**	(82.79)
Profit after tax and before Minority Interest		**7,026.61**	4,142.73
Minority Interest		**24.45**	8.32
Profit for the Year		**7,051.06**	4,151.05
Balance brought forward from previous year		**29,021.76**	27,286.21
Balance Available For Appropriation		**36,072.82**	31,437.26
Proposed Dividend		**1,607.37**	1,213.89
Provision for Dividend Tax		**266.96**	201.61
Dividend and Dividend Tax for the year 2009-10		**83.96**	–
Transferred To General Reserve		**1,000.00**	1,000.00
Balance carried to Balance Sheet		**33,114.53**	29,021.76
		36,072.82	31,437.26
Weighted average number of Equity Shares Outstanding during the year		**105,859,052**	101,157,682
Basic and diluted earnings per share of Rs. 2 each before Excess Depreciation Written Back (in Rs.)		**6.66**	1.19
Basic and diluted earnings per share of Rs. 2 each after Excess Depreciation Written Back (in Rs.)		**6.66**	4.10
Statement of Significant Accounting Policies and Notes forming part of Accounts	U		

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

For and on behalf of the Board

P.K. Khurana
Chairman & Managing Director

S. Venkatesh
Partner
Membership No. F-037942
Mumbai
27th May, 2011

Chanda Makhija Thadani
Company Secretary

Bimal Desai
Chief Financial Officer

P.M. Samvatsar
Whole - Time Director

SCHEDULES FORMING PART OF CONSOLIDATED BALANCE SHEET AS AT 31ST MARCH, 2011

	As at 31.03.2011 (Rs. in Lac)	As at 31.03.2010 (Rs. in Lac)
SCHEDULE - 'A'		
Share Capital		
Authorised		
125,000,000 Equity Shares of Rs. 2 each	**2,500.00**	2,500.00
Issued, Subscribed and Paid up		
107,157,682 (Previous Year 101,157,682) Equity Shares of Rs. 2 each fully paid up	**2,143.15**	2,023.15
- Include 20,000,000 fully paid bonus shares issued by capitalisation of revaluation reserve (on 25.08.94) and 38,737,500 shares by capitalisation of General Reserve, in earlier years		
- The Company made a preferential allotment of 6,000,000 equity shares of Rs. 2 each at a premium of Rs. 133 per share, pursuant to the approval of the shareholders at their meeting held in June, 2010	**2,143.15**	2,023.15
SCHEDULE - 'B'		
Reserves and Surplus		
General Reserve		
As per last Balance Sheet	**6,491.00**	5,491.00
Add: Transferred from Profit and Loss Account	**1,000.00**	1,000.00
	7,491.00	6,491.00
Securities Premium Account		
As per last Balance Sheet	**25,278.57**	25,278.57
Add: Premium on issue of additional shares	**7,980.00**	–
	33,258.57	25,278.57
Less: Share Issue Expenses Written Off	**414.09**	–
	32,844.48	25,278.57
Hedging Reserve Account (Refer Note 12)	**(640.15)**	(2,589.95)
Add: Addition during the year	**274.72**	1,949.80
	(365.43)	(640.15)
Surplus in Profit and Loss Account	**33,114.53**	29,021.76
Exchange Fluctuation Reserve on Consolidation of Overseas Subsidiaries	**580.45**	(81.83)
	73,665.03	60,069.35
SCHEDULE - 'C'		
Secured Loans		
From Banks		
- Term Loan	**13,255.47**	23,918.05
- Working Capital Facilities	**5,185.90**	1,811.49
- Vehicle Loan	**15.64**	30.37
	18,457.01	25,759.91
SCHEDULE - 'D'		
Unsecured Loans		
Sales Tax Deferment Loan	**1,860.47**	1,576.13
Foreign Currency Convertible Bonds (Refer Note 4)	**15,627.50**	15,799.00
Others	**1,201.07**	7,019.77
	18,689.04	24,394.90

SCHEDULES FORMING PART OF CONSOLIDATED BALANCE SHEET AS AT 31ST MARCH, 2011

SCHEDULE - 'E'
Fixed Assets

(Rs. in Lac)

Particulars	Gross Block (At Cost / Book Value)				Depreciation / Amortisation				Net Block	
	Balance as at 01.04.2010	Additions / Adjustments	Deductions / Adjustments **	Balance as at 31.03.2011	Upto 31.03.2010	For the Year	Deductions / Adjustments **	Upto 31.03.2011	As at 31.03.2011	As at 31.03.2010
A. Assets										
Goodwill	12,438.54	–	134.21	**12,304.33**	3,251.94	1,395.17	33.09	**4,614.02**	**7,690.31**	9,186.60
Freehold Land	863.16	–	4.28	**858.88**	–	–	–	**–**	**858.88**	863.16
Leasehold Land *	653.58	–	(18.98)	**672.56**	169.96	9.31	(11.26)	**190.53**	**482.03**	483.62
Buildings @	14,483.10	1,805.37	(120.72)	**16,409.19**	2,144.45	513.66	210.92	**2,447.19**	**13,962.00**	12,338.65
Electrical Installation	1,936.37	589.15	(38.93)	**2,564.45**	291.11	128.99	18.51	**401.59**	**2,162.86**	1,645.26
Plant and Machinery	39,707.90	3,886.30	(263.48)	**43,857.68**	10,687.97	4,153.40	310.29	**14,531.08**	**29,326.60**	29,019.93
Vehicles	397.48	26.52	29.31	**394.69**	128.48	41.57	31.58	**138.47**	**256.22**	269.00
Office Equipments	163.88	18.89	(1.14)	**183.91**	39.65	11.85	2.47	**49.03**	**134.88**	124.23
Furnitures and Fixtures	349.60	17.44	(1.72)	**368.76**	137.95	37.31	9.20	**166.06**	**202.70**	211.65
Computers	228.90	83.20	0.32	**311.78**	109.57	39.41	9.62	**139.36**	**172.42**	119.33
Software	–	242.55	–	**242.55**	–	12.01	–	**12.01**	**230.54**	–
Gas Cylinders	143.87	147.59	6.05	**285.41**	12.44	30.05	0.65	**41.84**	**243.57**	131.43
Cylinders given on Lease	76.48	270.24	–	**346.72**	5.03	16.56	0.01	**21.58**	**325.14**	71.45
As Per Balance Sheet	**71,442.86**	**7,087.25**	**(270.80)**	**78,800.91**	**16,978.55**	**6,389.29**	**615.08**	**22,752.76**	**56,048.15**	**54,464.31**
Previous Year Total	**69,635.52**	**8,040.27**	**6,232.93**	**71,442.86**	**16,391.36**	**5,688.34**	**5,101.15#**	**16,978.55**	**54,464.31**	**–**
B. Capital Work In Progress									**13,107.66**	**16,211.82**

Notes:

* Execution of lease deed for land acquired at Tarapur Plant (Rs. 111.42 Lac) is pending.

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

\# Excess depreciation written back on account of change in method of depreciation Rs. Nil (Previous Year Rs. 4,141.97).

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

SCHEDULES FORMING PART OF CONSOLIDATED BALANCE SHEET AS AT 31ST MARCH, 2011

SCHEDULE - 'F'	Face Value (In Rs.)	Nos. As at 31.03.2011	As at 31.03.2011 (Rs. in Lac)	Nos. As at 31.03.2010	As at 31.03.2010 (Rs. in Lac)
Investments					
A. Long Term Investments (At cost):					
Unquoted, Fully paid up Equity Shares					
In Other Body Corporates (Non-Trade)					
Everest Kanto Investment & Finance Pvt. Ltd.	10	**115,000**	**39.10**	115,000	39.10
GPT Steel Industries Pvt. Ltd. (net of provision for diminution Rs. 200 Lac, Previous Year Rs. Nil) (Refer Note 14)	10	**2,000,000**	**–**	2,000,000	200.00
			39.10		239.10
B. Current Investments (At lower of cost and fair value)					
Non-Trade, Unquoted					
Investments in Mutual Funds Units, fully paid up					
Kotak Floaters Short Term Fund - Dividend Option (NAV Rs. 0.31 Lac, NAV Previous Year Rs. 0.29 Lac)	10	**3,029.91**	**0.31**	2,906.10	0.29
UTI Liquid Cash Plan Institutional Daily Income Option - Reinvestment (NAV Rs. Nil, NAV Previous Year Rs. 206.18 Lac)	1000	**–**	**–**	20,225	206.18
LIC Liquid Fund - Dividend Plan (NAV Rs. 1.15 Lac, NAV Previous Year Rs. 1.10 Lac)	10	**10,478.10**	**1.15**	9,984.47	1.10
UTI Money Market Fund - Daily Dividend Option - Reinvestment (NAV Rs. Nil, NAV Previous Year Rs. 1.79 Lac)	1000	**–**	**–**	97	1.79
UTI Money Market Mutual Fund - Institutional Growth Plan (NAV Rs. Nil, NAV Previous Year Rs. 0.12 Lac)	1000	**–**	**–**	11	0.12
UTI Treasury Advantage Fund - Daily Dividend Option - Reinvestment (NAV Rs. Nil, NAV Previous Year Rs. 0.64 Lac)	1000	**–**	**–**	64	0.64
UTI - Floating Rate Fund - Short Term Plan - Institutional Daily Dividend Plan - Reinvestment (NAV Rs. 1000.21 Lac, NAV Previous Year Rs. Nil)	1000	**99,944.95**	**1,000.21**	–	–
UTI - Fixed Income Interval Fund - Monthly Interval Plan Series - I - Institutional Dividend Plan - Reinvestment (NAV Rs. 1803.58 Lac, NAV Previous Year Rs. Nil)	10	**18,001,639.66**	**1,803.58**	–	–
UTI - Fixed Income Interval Fund - Monthly Interval Plan Series - II - Institutional Dividend Plan - Reinvestment (NAV Rs. 100.56 Lac, NAV Previous Year Rs. Nil)	10	**1,000,000**	**100.56**	–	–
UTI - Fixed Income Interval - Series II - Quarterly Interval Plan IV - Institutional Dividend Plan - Reinvestment (NAV Rs. 507.22 Lac, NAV Previous Year Rs. Nil)	10	**5,068,484.20**	**507.22**	–	–
			3,413.03		210.12
			3,452.13		449.22

Note: All the above Long Term Investments have been so classified by the Company in view of its intention to hold the same on long term basis.

SCHEDULES FORMING PART OF CONSOLIDATED BALANCE SHEET AS AT 31ST MARCH, 2011

	As at 31.03.2011 (Rs. in Lac)	As at 31.03.2010 (Rs. in Lac)
SCHEDULE - 'G'		
Inventories		
(at lower of cost or net realisable value)		
Stores, Spares, etc.	**125.79**	52.53
Stock in Trade:		
- Raw Materials	**16,480.74**	18,679.47
- Work In Progress	**8,609.13**	11,648.65
- Finished Goods	**2,330.86**	3,310.76
- Goods for Trade	**–**	217.50
Stock in Transit	**19.29**	–
	27,565.81	33,908.91
SCHEDULE - 'H'		
Sundry Debtors		
(Unsecured, Considered Good)	**11,498.25**	9,283.57
	11,498.25	9,283.57
SCHEDULE - 'I'		
Cash and Bank Balances		
Cash on hand	**29.05**	40.57
Balances with Banks		
- In Current Accounts	**2,839.70**	2,681.46
- In Fixed Deposits	**2,166.52**	3,255.07
- In Unclaimed Dividend Account	**5.70**	3.26
- Interest accrued on Fixed Deposits	**11.05**	13.81
	5,052.02	5,994.17
SCHEDULE - 'J'		
Other Current Assets		
Interest Receivable	**105.97**	4.12
Other Receivables	**769.42**	517.85
	875.39	521.97
SCHEDULE - 'K'		
Loans and Advances		
(Unsecured, Considered Good)		
Inter Corporate Deposits	**2000.00**	200.00
Deposits	**1,883.36**	1,966.28
Advances recoverable in cash or in kind or for value to be received	**6,939.91**	3,925.16
Advance Tax and Taxes Deducted At Source (Net of Provision of Taxes Rs. 7,629.25 Lac, 31.03.2010 Rs. 7,565.54 Lac)	**454.19**	846.36
	11,277.46	6,937.80
SCHEDULE - 'L'		
Current Liabilities		
Sundry Creditors	**10,665.02**	10,449.02
Advances from Customers	**1,777.98**	1,621.57
Other Liabilities	**566.72**	176.19
Unclaimed Dividend	**5.70**	3.26
Interest Accrued but not due	**77.14**	139.05
	13,092.56	12,389.09
SCHEDULE - 'M'		
Provisions		
Proposed Dividend	**1,607.37**	1,213.89
Tax On Dividend	**266.96**	201.61
Provision For Taxation	**2.50**	2.00
Provision For Employee Benefits	**752.75**	605.27
	2,629.58	2,022.77

SCHEDULES FORMING PART OF CONSOLIDATED PROFIT AND LOSS ACCOUNT FOR YEAR ENDED 31ST MARCH, 2011

	Year Ended 31.03.2011 (Rs. in Lac)	Year Ended 31.03.2010 (Rs. in Lac)
SCHEDULE - 'N'		
Other Income		
Interest	**490.93**	111.90
Scrap Sales	**357.14**	229.66
Dividend on Current Investments (Non-Trade)	**126.71**	2.31
Insurance Claim Received	**7.45**	10.31
Miscellaneous Income	**55.31**	380.50
Export Incentives	**102.87**	14.93
Credit balances appropriated	**59.08**	3.08
Profit on sale of Fixed Assets	**–**	38.04
	1,199.49	790.73
SCHEDULE - 'O'		
Raw Materials and Components Consumed		
Opening Stock	**18,679.47**	32,834.07
Add: Purchases	**35,630.50**	29,556.03
	54,309.97	62,390.10
Less: Closing Stock	**16,480.74**	18,679.47
	37,829.23	43,710.63
Foreign Exchange Translation Reserve Impact	**81.52**	(1,510.71)
	37,910.75	42,199.92
SCHEDULE - 'P'		
(Increase) / Decrease In Stocks		
Opening Stocks:		
Finished Goods	**3,310.76**	4,880.77
Work in Progress	**11,648.65**	10,402.60
Goods for Trade	**217.50**	–
	15,176.91	15,237.93
Closing Stocks:		
Finished Goods	**2,330.86**	3,310.76
Work in Progress	**8,609.13**	11,648.65
Goods for Trade	**–**	217.50
	10,939.99	15,176.91
	4,236.92	61.02
Add/(Less): Variation in Excise Duty on Finished Goods Stocks	**(190.36)**	8.15
	4,046.56	69.17
Foreign Exchange Translation Reserve Impact	**50.04**	(1,118.92)
	4,096.60	(1,049.75)

SCHEDULES FORMING PART OF CONSOLIDATED PROFIT AND LOSS ACCOUNT FOR YEAR ENDED 31ST MARCH, 2011

	Year Ended 31.03.2011 (Rs. in Lac)	Year Ended 31.03.2010 (Rs. in Lac)
SCHEDULE - 'Q'		
Manufacturing Expenses		
Stores, Spares, etc.	1,772.32	1,263.51
Power	2,155.64	1,367.44
Fuel and Gas	2,727.55	2,212.88
Repairs and Maintenance		
- Building	48.65	51.86
- Plant and Machinery	315.96	229.28
- Others	52.65	31.12
Other Expenses	1,855.95	1,091.87
	8,928.72	6,247.96
SCHEDULE - 'R'		
Personnel Expenses		
Salary, Wages and Other benefits	7,492.98	7,193.14
Contribution to Provident Fund and Other Funds	226.80	454.83
Staff Welfare Expenses	555.61	135.37
	8,275.39	7,783.34
SCHEDULE - 'S'		
Administrative, Sales and Other Expenses		
Insurance	390.13	479.48
Rent	387.87	132.70
Rates and Taxes	55.25	18.49
Directors' Sitting Fees and Commission	36.80	39.20
Legal and Professional Fees	368.92	327.17
Loss on Assets Scrapped / Discarded	7.27	9.64
Advertisement and Sales Promotion	161.82	155.03
Commission	835.31	203.33
Sundry Expenses	1,538.72	1,304.04
Carriage and Freight	792.80	584.46
Donation	0.43	10.52
Provision for Diminution of Long Term Investment (Refer Note 14)	200.00	–
Excise duty Paid	159.09	22.19
Bank Charges and Commission	302.86	259.03
	5,237.27	3,545.28
SCHEDULE - 'T'		
Finance Charges		
Interest on Term Loan	576.70	696.56
Interest on Working Capital / Short Term Loans	199.86	414.34
Interest others	46.16	24.49
Net of Rs. 90.84 Lac (Previous Year Rs. 284.96 Lac) Capitalised		
	822.72	1,135.39

SCEHDULES FORMING PART OF THE CONSOLIDATED ACCOUNTS FOR THE YEAR ENDED 31ST MARCH, 2011

SCHEDULE - 'U'

Notes forming part of the Consolidated Accounts

1. The consolidated financial statements present the consolidated accounts of Everest Kanto Cylinder Limited 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%

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

3. (a) Contingent liabilities not provided for in respect of:

	As at 31.03.2011 (Rs. in Lac)	As at 31.03.2010 (Rs. in Lac)
Disputed Tax and other Matters:		
Income Tax	**21.14**	–
Sales Tax	**114.82**	–
Lease Tax	**16.34**	16.34
Claims not acknowledged as debts	**1.74**	1.74

The Company has taken legal and other steps necessary to protect its position in respect of these claims, which in its opinion, based on professional advice are not expected to devolve. It is not possible to make any further determination of the liabilities which may arise or the amounts which may be refundable in this respect.

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

	2010-2011 (Rs. in Lac)	2009-2010 (Rs. in Lac)
Estimated amount of contracts remaining to be executed on Capital Account and not provided for (net of advances)	**353.08**	1,520.79

4. During an earlier year, the Company had raised a sum of USD 35 Million by issue of Zero Coupon Foreign Currency Convertible Bonds (FCCB) which is due in 2012. The principal terms of the FCCBs are given below:

(i) The bond holders can exercise the option to convert into equity shares at any time after 41 days from the date of issue, upto seven days prior to maturity, at a fixed conversion price of Rs. 303.36 per share with a fixed rate of Rs. 39.84 to USD 1 (i.e. a conversion ratio of 13,133.1279 shares per bond).

(ii) On expiry of one year from the date of issue of the bonds, i.e. on 9th October, 2008, the conversion price has been reset to Rs. 271.32 (i.e. a conversion ratio of 14,684.0103 shares per bond).

(iii) The Company may opt for early redemption of the bonds at a redemption premium that gives the bond holder a gross yield of 7.25% per annum (compounded half yearly), provided bonds outstanding are less than 10 per cent of the bonds originally issued.

(iv) The Company may at its absolute discretion, at any time on or after 3 years from the date of issue of bonds, convert all outstanding bonds, provided the closing price of shares, during the specified period, is at least 130 per cent of the applicable early redemption amount.

(v) Bonds outstanding on the maturity date will be redeemed at 142.8010% of the principal amount.

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

5. Related parties disclosures:

1. Relationships:

(a) Related parties where control exists:
Everest Kanto Investment and Finance Private Limited
Khurana Gases Private Limited
Medical Engineers (India) Limited
Khurana Fabrication Industries Private Limited
Khurana Exports Private Limited
Everest Industrial Gases Private Limited
Khurana Charitable Trust
Khurana Education Trust
G.N.M. Realtors Private Limited
Ukay Valves & Founders Private Limited

(b) Key Management Personnel:
Mr. Prem Kumar Khurana
Mr. Puneet Khurana
Mr. Pramod Samvatsar
Mr. Pushkar Khurana

(c) Relatives of Key management personnel and their enterprises, where transactions have taken place:
Mr. S.S. Khurana
Mrs. Suman Khurana

Note: Related party relationship is as identified by the company and relied upon by the Auditors.

2. Transactions with related parties:

(Rs. in Lac)

Nature of Transactions	Related parties referred in		
	1(a) above	1(b) above	1(c) above
Sales:			
Goods	616.81 (759.96)	- (-)	- (-)
Purchases:			
Raw Materials & Components	- (2,513.76)	- (-)	- (-)
Consumables	46.85 (25.61)	- (-)	- (-)
Expenses / Payments:			
Remuneration	- (-)	945.98 (445.17)	- (-)
Rent	152.82 (112.93)	3.00 (3.00)	6.00 (6.00)
Contribution to Charitable Funds	- (10.00)	- (-)	- (-)
Other Expenses	47.97 (32.10)	24.00 (12.75)	- (-)
Reimbursement of expenses	- (-)	- (-)	- (-)

(Rs. in Lac)

Nature of Transactions	Related parties referred in		
	1(a) above	1(b) above	1(c) above
Finance and Investments:			
Investment in Equity Shares	- (29.90)	- (-)	- (-)
Outstandings:			
Payables	140.64 (642.23)	126.03 (129.29)	- (5.40)
Other Receivables	1,169.98 (1,201.17)	- (-)	- (20.00)
Guarantees given for borrowings by the Holding Company	- (-)	- (4,514.00)	- (-)
(to the extent of amount oustanding there against)		3,127.45 (Jointly) (1,811.49) (Jointly)	

(Previous year figures are in brackets)

6. Assets taken on operating lease:

	As at 31.03.2011 (Rs. in Lac)	As at 31.03.2010 (Rs. in Lac)
The total future minimum lease rentals payable at the Balance Sheet date are as under:		
For a period not later than one year	**112.97**	219.71
For a period later than one year and not later than five years	**354.32**	321.99
For a period later than five years	**–**	14.44

7. Bonds / Undertakings given by the Holding Company under concessional duty / exemption schemes to government authorities (net of obligations fulfilled) aggregate Rs. 2,045.47 Lac as at the close of the year (31.03.2010 Rs. 5,874.44 Lac).

8. The Company, during Financial Year 2009 - 2010, changed its method of providing for depreciation on fixed assets from Written Down Value Method (WDV) to Straight Line Method (SLM). Accordingly, depreciation was recalculated in accordance with SLM from the date the assets were put to use and surplus of Rs. 2,943.20 Lac (net of tax) in respect of earlier years was credited to the Profit and Loss Account.

9. Computation of profit for Earnings per Share:

	2010-2011 (Rs. in Lac)	2009-2010 (Rs. in Lac)
Profit for the year before earlier year adjustments and Minority Interest	**7,020.91**	1,282.32
Add: Share of Minority Interest	**24.45**	8.32
Add / (Less): Tax Adjustments for earlier years (net)	**5.70**	(82.79)
Net Earnings before Excess Depreciation written back	**7051.06**	1,207.85
Add: Excess Depreciation written back (net of tax)	**–**	2,943.20
Net Profit	**7,051.06**	4,151.05
Weighted Number of Equity Shares	**105,859,052**	101,157,682
Number of Equity Shares outstanding at the end of the year	**107,157,682**	101,157,682
Nominal Value per share (in Rupees)	**2.00**	2.00
Basic and Diluted Earnings Per Share (in Rupees) before Excess Depreciation written back	**6.66**	1.19
Basic and Diluted Earnings Per Share (in Rupees) after Excess Depreciation written back	**6.66**	4.10

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

10. Deferred Tax:

(Rs. in Lac)

	As at 31.03.2011	As at 31.03.2010	As at 31.03.2009
Deferred Tax Liability on account of:			
Depreciation	**2,763.98**	2,473.45	422.65
Inventory Valuation under tax laws	**–**	154.21	-
	2,763.98	2,627.66	422.65
Deferred Tax Asset on account of:			
Inventory Valuation under tax laws	**65.54**	-	126.88
Shares / FCCB Issue Expenses	**195.33**	237.95	279.17
Employee Benefits	**90.73**	85.45	62.13
Others	**2,216.89**	1,198.09	30.60
	2,568.49	1,521.49	498.78
Transfer to Exchange Fluctuation Reserve	**5.01**	(18.02)	17.39
Deferred Tax (Asset) / Liability (net)	**200.50**	1,088.15	(58.74)

11. Variation in Accounting Policies:

Employee benefits such as gratuity and long term compensated absences are recognised by the UAE subsidiary only in the year in which such liability is discharged, where as employee benefits are recognised on the basis of an actuarial valuation by others.

The impact of the above, in the opinion of the management, would not be significant.

12. In respect of currency options contracts entered into, to hedge highly probable forecast export transactions, the Company has followed the principles set out in Accounting Standard - 30 - Financial Instruments: Recognition and Measurement issued by the Institute of Chartered Accountants of India. Consequently, such exchange variations are accumulated in hedging reserve and recognized in the Profit and Loss Account only on completion of the transaction. Accordingly, debit balance in the Hedging Reserve, as at 31st March, 2011, representing mark to market losses, in respect of contracts maturing upto December, 2012, stands at Rs. 365.43 Lac.

14. The Company has an investment of Rs. 200 Lac in 2,000,000 Equity Shares of GPT Steel Industries Private Limited (GPT). As per the latest audited financial statements of GPT, the networth has fully eroded. The Company has during the year made an assessment and has accordingly provided for diminution in value of investments made in GPT.

15. The Company has investments of Rs. 238.88 Lac in and loans and other receivables aggregating Rs. 853.34 Lac recoverable from Calcutta Compression & Liquefaction Engineering Limited (CC&L), a subsidiary with a majority stake. The networth of CC&L has fully eroded mainly on account of pre-operating losses. In the opinion of the management, after considering the projected earnings and cash flows of CC&L, the improvements in its operational performance during the last quarter of the current financial year 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.

16. As a part of its global expansion plans, the Company has formed a wholly owned subsidiary in Thailand viz. EKC Industries (Thailand) Company Limited on 7th October, 2010. The said Company will cater to the needs of Thailand market, since Thailand is promoting Natural Gas Vehicles in a big way.

13. Segment Reporting

A. Geographical Segment – Primary

(Rs. in Lac)

Particulars	India		UAE		China		USA & Hungary		Thailand		Total	
	2010-11	2009-10	2010-11	2009-10	2010-11	2009-10	2010-11	2009-10	2010-11	2009-10	2010-11	2009-10
(a) **Segment Revenue**	37,719.85	34,925.18	30,723.83	16,184.74	4,568.43	3,390.54	8,464.60	13,839.50	–	–	81,476.71	68,339.96
Less: Inter Segment Revenue	2,153.56	1,661.12	844.91	1,324.36	828.25	–	16.48	389.23	–	–	3,843.20	3,374.71
	35,566.29	33,264.06	29,878.92	14,860.38	3,740.18	3,390.54	8,448.12	13,450.27	–	–	77,633.51	64,965.25
(b) **Segment Results before Minority Interest and Excess Depreciation written back**	2,189.37	737.17	9,104.29	2,018.33	(1,377.04)	(573.26)	(2,510.50)	(1,565.63)	(8.31)	–	7,397.81	616.61
Minority Interest	24.45	8.32	–	–	–	–	–	–	–	–	24.45	8.32
Excess Depreciation written back in respect of earlier year (net of tax)	–	1,986.69	–	413.57	–	256.35	–	286.59	–	–	–	2,943.20
Segment Result after Minority Interest and Excess Depreciation written back	2,213.82	2,732.18	9,104.29	2,431.90	(1,377.04)	(316.91)	(2,510.50)	(1,279.04)	(8.31)	–	7,422.26	3,568.13
Unallocated Income (net of Expenses)											617.64	114.21
Profit after Minority Interest and Excess Depreciation written back but before Foreign Exchange Fluctuation (net)											8,039.90	3,682.34
Foreign Exchange Fluctuation - (Loss) / Gain (net)											268.02	2,235.03
Operating Profit											8,307.92	5,917.37
Finance Charges											822.72	1,135.39
Profit Before Tax											7,485.20	4,781.98
Provision for Taxation												
- Current Tax											(1,330.00)	(580.00)
- Wealth Tax											(2.50)	(2.00)
- Deferred Tax (Charge)											892.66	33.86
- Tax Adjustments of Earlier Years (net)											5.70	(82.79)
Net Profit after Tax											7,051.06	4,151.05
Other Information												
(c) **Segment Assets**	68,400.97	70,493.46	16,190.73	14,250.89	14,987.34	14,460.16	25,704.78	28,118.04	140.92	–	125,424.74	127,322.55
Add: Unallocated											3,452.13	449.22
Total Segment Assets											128,876.87	127,771.77
(d) **Segment Liabilities**	6,912.68	9,465.37	4,581.95	1,351.37	650.02	1,718.46	1,899.75	1,549.31	3.91	–	14,048.31	14,084.51
Add: Minority Interest	–	24.45	–	–	–	–	–	–	–	–	–	24.45
Add: Unallocated											39,020.38	51,570.31
Total Segment Liabilities											53,068.69	65,679.27
(e) **Capital Expenditure**	3,510.97	4,806.01	360.45	(347.29)	92.76	(188.84)	18.91	148.82	–	–	3,983.09	4,418.70
Add: Unallocated											–	–
Total Capital Expenditure											3,983.09	4,418.70
(f) **Depreciation / Amortisation**	2,487.39	1,459.96	486.09	484.38	957.59	910.33	2,458.22	2,833.67	–	–	6,389.29	5,688.34
Add: Unallocated											–	–
Total Depreciation / Amortisation											6,389.29	5,688.34
(g) **Other Significant Non Cash Expenditure**	–	–	–	–	–	–	–	–	–	–	–	–

B. Other Disclosures

1. Segment information has been identified in accordance with Accounting Standard (AS) 17 - Segment Reporting considering the organisation structure and the differing risks and returns of these segments.
2. The Company and its subsidiaries operate within a single business segment. Hence, the Company has disclosed geographical segment as the primary segment on the basis of geographical location of the operations carried out by the Holding Company, its wholly owned subsidiaries and wholly owned 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.

17. The details of subsidiaries in terms of General circular No. 2/2011 dated 8th February, 2011 issued by Government of India, Ministry of Corporate Affairs under Section 212(8) of the Companies Act, 1956, are disclosed in Annexure II to these financial statements.

18. Previous year figures have been regrouped / recast wherever necessary.

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

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

For and on behalf of the Board

P.K. Khurana
Chairman & Managing Director

S. Venkatesh
Partner
Membership No. F-037942
Mumbai
27th May, 2011

Chanda Makhija Thadani
Company Secretary

Bimal Desai
Chief Financial Officer

P.M. Samvatsar
Whole - Time Director

Annexure I

SIGNIFICANT ACCOUNTING POLICIES:

A. Basis of preparation of financial statements:

The financial statements are prepared under the historical cost convention on the accrual basis of accounting. The accounts of the Holding Company have been prepared in accordance with the Accounting Standards and those of the foreign subsidiaries have been prepared in accordance with the local laws and the applicable Accounting Standards / generally accepted accounting principles. The financial statements of the subsidiaries used in the consolidation, wherever required, are drawn upto the same reporting date as that of the Holding Company, i.e. year ended 31st March.

B. Principles of Consolidation:

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

b. The financial statements of the Holding Company and its subsidiaries have been consolidated using uniform accounting policies except, to the extent of variation mentioned in Note 11 above, which, in the opinion of the management, does not have any material impact.

C. Revenue Recognition:

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

b. Sale of goods is recognized on transfer of significant risks and rewards of ownership, which is generally on the despatch of goods;

c. Export Benefits are recognised in the year of export;

d. Share / Securities Issue Expenses are charged first against available balance in the Securities Premium Account.

D. Employee Benefits:

a. Short term employee benefits and defined contribution plans are recognised in the Profit and Loss Account of the year in which the related service is received;

b. Termination Benefits are recognised as an expense in the Profit and Loss Account of the year in which they are incurred.

E. Foreign Currency Translations:

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

i. Average rates for income and expenditure.

ii. The year-end rates for all assets and liabilities.

Resulting exchange rates are accumulated in a foreign currency translation reserve account.

b. Translations within the entity:

i. All transactions in foreign currency are recorded at the rates of exchange prevailing on the dates when the relevant transactions take place;

ii. Monetary assets and liabilities in foreign currency outstanding at the close of the year are converted in Indian Currency at the appropriate rates of exchange prevailing on the date of the Balance Sheet. Resultant gain or loss is accounted for during the year;

iii. In respect of forward exchange contracts entered into to hedge foreign currency risks the difference between the forward rate and exchange rate at the inception of the contract is recognized as income or expense over the life of the contract. Further, the exchange differences arising on such contracts are recognised as income or expense along with the exchange differences on the underlying assets / liabilities. Derivative contracts intended for trading purposes, are marked to their current market value and gain / loss on such contracts is recognised in the Profit and Loss Account for the year. Profit or loss on cancellations / renewals of forward contracts is recognised during the year;

iv. Exchange differences arising on other derivative contracts entered into to hedge foreign currency exposure on account of highly probable forecast transactions, were recognized and marked to market, in line with principles laid down in Accounting Standard 30 - Financial Instruments - Recognition and Measurement, issued by The Institute of Chartered Accountants of India, to the extent, no specific accounting treatment is prescribed under Company law or by any other regulatory authority. Accordingly, such gain or loss on effective hedges was carried forward under Hedging Reserve to be recognized in the Profit and Loss Account only in the year in which underlying transactions are complete. In the absence of a designation as effective hedge, the gain or loss would be immediately recognized in the Profit and Loss Account. With effect from 1st April, 2010, the Company has discontinued the aforesaid accounting treatment and is accordingly, recognizing mark to market losses in the Profit and Loss Account (Refer Note '13' in Schedule 'U').

v. Accounting of foreign branch (integral foreign operation):

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

F. Fixed Assets and Depreciation / Amortisation:

a. Fixed Assets:

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

b. Depreciation / Amortisation:

i. Cost of Leasehold Land is amortised over the period of the lease;

ii. 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;

iii. Depreciation on other assets is provided as per the Straight Line method at the rates permissible under applicable local laws;

iv. Cost of Customised software capitalized is amortised over a period of five years.

G. Investments:

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

H. Inventory Valuation:

a. The inventories resulting from intra-group transactions are stated at cost after deducting unrealised profit on such transactions.

b. Goods in transit are stated 'at cost'.

c. Other inventories are stated 'at cost or net realisable value', whichever is lower.

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

I. Taxation:

Income-tax expense comprises Current tax, Fringe Benefit 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. Provision for Fringe Benefit Tax is made on the fringe benefits provided / deemed to have been provided during the year at the rates and the values applicable to the relevant assessment year.

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

J. Borrowing Costs:

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

K. Impairment of Assets:

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

L. Government Grants:

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

M. Expenditure During Construction and Expenditure on New Projects:

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

CONSOLIDATED CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2011

		Year Ended 31.03.2011 (Rs. in Lac)		Year Ended 31.03.2010 (Rs. in Lac)	
A)	**Cash flow from Operating Activities**				
	Net Profit for the year before taxation		**7,460.75**		1,830.46
	Add / (Deduct):				
	(a) Depreciation / amortisation for the year	**6,389.29**		5,688.34	
	(b) Foreign Exchange Variation (net)	**(220.50)**		(2,614.50)	
	(c) Loss on Assets Scrapped / Discarded	**7.27**		9.64	
	(d) Finance Charges	**822.72**		1,135.39	
	(e) Interest Income	**(490.93)**		(111.90)	
	(f) Dividend on Current Investments (Non - Trade)	**(126.71)**		(2.31)	
	(g) Provision for diminution of Long Term Investment	**200.00**		–	
	(h) Surplus on Sale of Fixed Assets	**–**		(38.04)	
			6,581.14		4,066.62
	Operating Cash Profit before Working Capital Changes		**14,041.89**		5,897.08
	(a) Decrease in Inventories	**6,343.10**		14,939.86	
	(b) (Increase) / Decrease in Sundry Debtors	**(2,214.68)**		521.14	
	(c) (Increase) / Decrease in Other Receivables	**(3,924.96)**		3,125.76	
	(d) Increase / (Decrease) in Trade and Other Payables	**2,064.51**		(4,377.46)	
			2,267.97		14,209.30
	Cash Inflow from Operations		**16,309.86**		20,106.38
	Deduct:				
	Direct Taxes Paid		**934.13**		858.09
	Net Cash Inflow in course of Operating activities (A)		**15,375.73**		19,248.29
B)	**Cash Flow from Investing Activities**				
	Inflow:				
	(a) Dividend on Current Investments (Non - Trade)	**126.71**		2.31	
	(b) Interest Income Received	**389.08**		127.80	
	(c) Repayment of Inter Corporate Deposits given (net)	**–**		325.00	
	(d) Sale of Fixed Assets	**39.16**		59.13	
			554.95		514.24
	Outflow:				
	(a) Purchases of Current Investments	**3,202.91**		217.21	
	(b) Change in Minority Interest	**–**		27.73	
	(c) Inter Corporate Deposit Given	**1,800.00**		-	
	(d) Purchase of Fixed Assets (including capital advances)	**4,123.38**		5,534.11	
	(e) Acquisition of subsidiaries by purchase of Net Assets	**–**		238.89	
			9,126.29		6,017.94
	Net Cash (Outflow) in the course of Investing Activities (B)		**(8,571.34)**		(5,503.70)

CONSOLIDATED CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2011

		Year Ended 31.03.2011 (Rs. in Lac)		Year Ended 31.03.2010 (Rs. in Lac)	
C)	**Cash Flow from Financing Activities**				
	Inflow:				
	(a) Proceeds from Issue of Equity Shares - Private Placement	**8,100.00**		–	
			8,100.00		–
	Outflow:				
	(a) Share / FCCB Issue Expenses	**414.09**		–	
	(b) Interest paid on loans borrowed	**884.63**		1,504.97	
	(c) Dividend Paid	**1,283.45**		1,212.79	
	(d) Dividend Tax Paid	**213.57**		206.30	
	(e) Working Capital / Short Term Loan repaid during the year (net)	**2,444.29**		46.87	
	(f) Fixed Loans repaid during the year (net)	**10,343.97**		9,383.44	
			15,584.00		12,354.37
	Net Cash Inflow in the course of Financing activities (C)		**(7,484.00)**		(12,354.37)
D)	**Change in currency fluctation reserve arising on consolidation**		**(265.02)**		669.58
	Net Increase / (Decrease) in Cash / Cash Equivalents (A+B+C+D)		**(944.63)**		2,059.80
	Add: Cash acquired on purchase of net asset of subsidiaries		**–**		38.58
	Add: Balance of Cash / Cash Equivalents at the beginning of the year		**5,685.01**		3,586.63
	Cash / Cash Equivalents at the close of the year		**4,740.38**		5,685.01
	<u>Cash / Cash Equivalents at the close of the year</u>				
	Cash and Bank Balances as per Schedule		**5,052.02**		5,994.17
	Less: Fixed Deposits given as securities		**(311.64)**		(309.16)
			4,740.38		5,685.01

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

For and on behalf of the Board

P.K. Khurana
Chairman & Managing Director

S. Venkatesh
Partner
Membership No. F-037942
Mumbai
27th May, 2011

Chanda Makhija Thadani
Company Secretary

Bimal Desai
Chief Financial Officer

P.M. Samvatsar
Whole - Time Director

NOTES

- One of the largest cylinder manufacturers globally
- Widest range from 1 ltr to 3000 ltr high pressure gas cylinders
- Total production capacity of over 2 million cylinders per annum
- Eight manufacturing plants in India, Dubai, China and Unites States of America
- All EKC plants carry ISO: 9001 accreditation for quality management systems

Clean Energy Solution Company

EVEREST KANTO CYLINDER LIMITED

FULLY AUTOMATED ROBOTS AT KANDLA PLANT

Clean Energy Solution Company

EVEREST KANTO CYLINDER LIMITED

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