Contents	Page No.

Board of Directors

Mr. P.K. Khurana
Chairman & Managing Director

Mr. Pushkar Khurana
Non - Executive Director

Mr. Puneet Khurana
Whole - Time Director

Mr. P.M. Samvatsar
Whole - Time Director

Mr. Shailesh Haribhakti
Independent Director

Mr. Krishen Dev
Independent Director

Mr. Naresh Oberoi
Independent Director

Mr. Mohan Jayakar
Independent Director

Mr. Vyomesh Shah
Independent Director

Mr. Gurdeep Singh
Independent Director

Mr. Arvind Malhan
Non-Executive Non-Independent Director

Company Secretary & Compliance Officer

Ms. Chanda Makhija Thadani

Bankers to the Company

State Bank of Hyderabad
ICICI Bank Ltd.
Citibank N.A.

Statutory Auditors

Dalal & Shah,
Chartered Accountants, Mumbai

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
E-mail: investors@ekc.in
Website: www.everestkanto.com

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.: 022 - 2596 3838
Fax: 022 - 2594 6969
Website: www.linkintime.co.in

30th Annual General Meeting on Tuesday, 28th July, 2009, at 3.30 p.m.,
at M.C. Ghia Hall, Bhogilal Hargovindas Building, 2nd Floor, 18/20, K. Dubash Marg, Mumbai - 400 001.

Annual Report can be accessed at www.everestkanto.com

DIRECTORS' REPORT

Dear Shareholders,

Your Directors are pleased to present the 30th Annual Report together with the audited accounts for the year ended 31st March, 2009.

FINANCIAL RESULTS

The financial performance of the Company for the Financial Year ended 31st March, 2009 is summarized below:

(Rs. in Lac)

Particulars	Standalone		Consolidated	
	2008-09	2007-08	2008-09	2007-08
Sales	**38,308.99**	38,001.80	**88,661.82**	57,516.34
Less: Excise Duty	**3,006.50**	4,642.21	**3,006.50**	4,642.21
Total Sales	**35,302.49**	33,359.59	**85,655.32**	52,874.13
Profit before Finance Charges, Depreciation, Foreign Exchange Variation (Net) and Tax	**10,662.97**	9,236.58	**27,505.14**	16,549.20
Less:				
- Finance Charges	**553.84**	483.39	**2,717.48**	709.78
- Depreciation	**2,264.75**	1,632.27	**6,927.80**	2,149.13
Profit before Foreign Exchange Variation (Net) and Taxation	**7,844.38**	7,120.92	**17,859.86**	13,690.29
Foreign Exchange Variation - (Loss) / Gain (Net)	**(2,058.84)**	382.24	**(1,887.89)**	(485.69)
Profit before Tax	**5,785.54**	7,503.16	**15,971.97**	13,204.6
Less/(Add): Provision for Taxation				
- Current Tax	**2,061.50**	1,751.50	**2,061.50**	1,751.50
- Deferred Tax	**(687.68)**	647.44	**(529.12)**	647.44
- Fringe Benefit Tax	**26.50**	27.20	**26.50**	27.20
Profit for the year	**4,385.22**	5,077.02	**14,413.09**	10,778.46
Less/(Add): Prior period adjustment and Tax adjustment of earlier years (Net)	**660.46**	350.97	**660.46**	350.97
Balance brought forward from previous year	**6,769.31**	4,463.45	**15,953.77**	7,946.47
Balance available for appropriation	**10,494.07**	9,189.50	**29,706.40**	18,373.96
Appropriations				
Proposed Dividend	**1,213.89**	1,213.89	**1,213.89**	1,213.89
Provision for Dividend Tax	**206.30**	206.30	**206.30**	206.30
Transfer to General Reserve	**1,000.00**	1,000.00	**1,000.00**	1,000.00
Balance carried forward	**8,073.88**	6,769.31	**27,286.21**	15,953.77
Basic and Diluted earnings per share of Rs. 2 each (in Rupees)*	**3.68**	4.78	**13.60**	10.54

* Calculated on weighted average number of shares.

PERFORMANCE REVIEW

Your Company continued to have good growth in both topline and bottomline in the financial year 2008-09 across all markets.

Revenues have registered an impressive growth of 62% at Rs. 85,655 Lac for the year ended March 31, 2009 as compared to Rs. 52,874 Lac for the previous year resulting primarily from its expansion activities through organic and inorganic growth. The growth in revenues was also aided by improved CNG cylinder sales in the international markets, better product mix as well as increase in production capacities and inorganic growth in high value added products including jumbo cylinders. This growth has been despite some slowdown in the OEM segment in India, during the last quarter of the year. EKC has over the last four years as a listed company, recorded a CAGR of 54% in sales revenues.

During the year, the total consolidated sales volume of cylinders increased to 691,478 nos. as against 646,490 nos. in the previous year.

The year under review also saw consolidated international revenues double from a level of Rs. 30,678 Lac in the previous year to a level of Rs. 61,276 Lac. Consolidated Profit before Tax was at Rs. 15,972 Lac as against Rs. 13,205 Lac registering an increase of 21%. Consolidated Profit after Tax was at Rs. 13,753 Lac which is higher by 32% as compared to that of Rs. 10,427 Lac in the previous year, 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 rapid growth in international business also contributed towards the overall profitability of the Company.

The Company continued to invest in innovation, technology and expansion and this has enabled it to undertake a number of large critical expansion projects in different geographies.

OUTLOOK

EKC is the leading manufacturer of High Pressure Cylinders and continues to retain its dominant position in the Indian cylinder industry. It has continued to invest in new technologies with increased capacities and coupled with its strong customer relationship is ideally positioned towards attaining leadership status globally as well in the coming years.

DIVIDEND

Keeping in mind the overall performance during the year, your Directors are pleased to recommend, for approval of the Members a dividend of Rs. 1.20 per equity share on 10,11,57,682 equity shares of face value Rs. 2 each (last year Rs. 1.20 per equity share of face value Rs. 2 each) for the financial year ended March 31, 2009. The Dividend on the Equity Shares, if declared as above, would entail an outflow of Rs. 1,214 Lac towards dividend and Rs. 206 Lac towards dividend tax, resulting in a total outflow of Rs. 1,420 Lac.

Your Directors have recommended this dividend payout for the year under review keeping in mind the Company's intention to pay sustainable dividend linked to long term performance and also considering the Company's need for utilising profits for its growth plans and the intent to finance such plans through internal accruals to the maximum.

SUBSIDIARIES

As on March 31, 2009, the Company had two wholly owned subsidiary companies, viz., EKC International FZE in Dubai, UAE and EKC Industries (Tianjin) Co. Ltd. in People's Republic of China and two step down wholly owned subsidiary companies, viz. EKC Hungary Kft in Hungary and CP Industries Holdings, Inc. in USA.

The statement pursuant to Section 212 of the Companies Act, 1956, containing details of the two subsidiaries and two step down subsidiaries is attached. In terms of approval granted by the Central Government under Section 212(8) of the Companies Act, 1956, copy of the Balance Sheet, Profit and Loss Account, Reports of the Board of Directors and Auditors of the two subsidiaries and two step down subsidiaries have not been attached with the Balance Sheet of the Company. These documents will be made available upon request by any Member of the Company interested in obtaining the same. Further, pursuant to Accounting Standard AS-21 issued by the Institute of Chartered Accountants of India, Consolidated Financial Statements presented by the Company includes financial information of all its subsidiaries and step down subsidiaries.

ACQUISITION

In April 2009, EKC acquired a majority stake (72.65%) in Calcutta Compressions & Liquefaction Engineering Private Limited (CC&L), a company located in Kolkata. CC&L has a subsisting agreement with Oil & Natural Gas Corporation Limited ("ONGC") for purchase of Coal Bed Methane Gas from ONGC's gas fields located in Jharkhand.

CC&L will initially be involved in supply of gas to industrial customers in and around gas fields in Jharkhand. With the growing demand for CNG in various parts of the country including for industrial use, this acquisition will prove beneficial and offer perfect synergy to EKC's existing business.

THE CURRENT CORPORATE STRUCTURE IS AS UNDER

- Everest Kanto Cylinder Limited
  - EKC International FZE, Wholly Owned Subsidiary in UAE
    - EKC Hungary Ltd, Wholly Owned Subsidiary in Hungary
      - CP Industries Holdings, Inc, Wholly Owned Subsidiary in USA
  - EKC Industries (Tianjin) Co. Ltd., Wholly Owned Subsidiary in China
  - Calcutta Compressions & Liquefaction Private Limited, Subsidiary in India (Became a subsidiary on April 16, 2009)

ISO CERTIFICATION

All three of the plants of the Company in India located at Aurangabad, Tarapur and Gandhidham as well as EKC International FZE, wholly owned subsidiary in Dubai have received certification under ISO 9001:2000 for Quality Management.

FIXED DEPOSITS

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

DIRECTORS

Pursuant to the provisions of Section 260 of the Companies Act, 1956 and Article 125 of the Articles of Association of the Company, Mr. Gurdeep Singh and Mr. Arvind Malhan were appointed as Additional Directors on the Board of the Company w.e.f. July 30, 2008.

Mr. Arvind Malhan has been nominated as Director by TVG India Investment Holdings Limited, the allottee of 32,00,000 Equity Shares in terms of Clause 8.1 of the Investment Agreement entered into by the Company with TVG India Investment Holdings Limited.

Mr. Gurdeep Singh and Mr. Arvind Malhan would hold office up to the date of the ensuing Annual General Meeting. The Company has received a notice in writing from a member proposing the candidatures of Mr. Gurdeep Singh and Mr. Arvind Malhan for the office of Director liable to retire by rotation.

As per the provisions of Article 137 of the Articles of Association of the Company, Mr. Puneet Khurana, Mr. P. M. Samvatsar and Mr. Krishen Dev, 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 appointed / reappointed, 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 has been assigned the domestic credit rating of P1+ for short term borrowings and A+ / Stable for long term borrowings by CRISIL.

P1 rating indicates that the degree of safety regarding timely payment on the instrument is very strong. Instruments rated 'A' are judged to offer an adequate degree of safety with regard to timely payment of financial obligations.

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 your Directors have:

a) followed in the preparation of the Annual Accounts, the applicable accounting standards along with proper explanation relating to material departures;

b) selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of your Company at the end of the financial year and of the profit of your Company for that period;

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

d) prepared the Annual Accounts on a going concern basis.

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.

AUDITORS AND AUDITORS' REPORT

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

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

Members are requested to consider their appointment, on a remuneration to be decided by the Board of Directors thereof for the ensuing financial year i.e. 2009 - 2010.

The Notes on Accounts referred to in the Auditors' Report are self-explanatory and therefore do not call for any further comments.

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.

ENERGY CONSERVATION, TECHNOLOGY ABSORPTION AND FOREIGN EXCHANGE EARNINGS AND OUTGO

In accordance with Section 217(1)(e) of the Companies Act, 1956, the required information relating to Conservation of Energy, Technology Absorption and Foreign Exchange Earnings and Outgo is annexed 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, the particulars of employees are set out in annexure to this Report.

However, as per the provisions of Section 219(1)(b)(iv) of the said Act, the Annual Report after 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.

CORPORATE GOVERNANCE

Your Company is committed to achieving the highest standards of Corporate Governance and places high emphasis on business ethics. A separate section on Corporate Governance standards followed by your Company as stipulated under Clause 49 of the Listing Agreement with the Stock Exchanges is forming part of the Annual Report.

The declaration regarding compliance with EKC - Code of Conduct and Ethics for all Board Members and Senior Management Personnel of the Company forms part of Report 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 the aforesaid Clause 49, is annexed hereto as "Annexure B" and forms part of this report.

ACKNOWLEDGEMENT AND APPRECIATION

Your Directors would like to express their appreciation for the 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 unstinted efforts and contribution made by the employees of the Company.

For and on behalf of the Board of Directors

P.K. Khurana
Chairman & Managing Director

Place: Mumbai
Date: 15th May, 2009

ANNEXURE "A" 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:

I. (1) Energy Conservation measures undertaken:

i. In the existing plants following measures have been taken to conserve energy:

a. Modification of water pipe lines done to reduce the pressure losses and consequently leading to lower energy requirement.

b. Deployment of distributed pumping stations and cooling towers to save energy.

c. Furnaces recuperators have been serviced in order to improve combustion efficiency of furnaces.

d. Automatic shut-off devices installed on air compressors to ensure they shut down when compressed air demand is low.

e. Wiring up of under loaded motors from Delta configuration to Star configuration. This gives about 20% saving on these applications.

ii. In the new projects coming up for installation and commissioning, we have taken following measures to conserve energy:

a. Automatic power factor control panels with capacitors are installed at various Load Centers for keeping the currents at lower level and also for keeping the power factor under control.

b. In place of high bay fittings consuming more power and giving uneven light, we have selected Medium Bay Light Fittings in factory sheds at optimum locations. Help of special lighting software from light fittings suppliers was taken for this purpose.

c. Wind driven roof ventilators installed for ventilation. These do not require any electrical energy.

d. In addition to the transparent roofing sheets, we have installed transparent windows in the side walls of the taller sheds for better ventilation and lighting.

e. For LPG supply system and Surface Treatment Plant, we shall be using hot water generator, in place of usual method of heating. This will be energy efficient and would lead to cost saving.

f. In place of thermic fluid, we shall be employing steam heating for conservation of energy and savings in costs.

g. New furnaces being installed are with higher thickness of insulation to reduce heat loss and thereby saving energy.

(2) Proposed Energy Conservation Measures:

i. Installation of more wind driven roof ventilators as energy saving devices.

ii. Installation of open area lighting arrangement duly optimized through software simulation.

iii. Installation of power saving transformers for the lighting load.

iv. Running of larger and cyclic duty motors are planned to be fitted with load sensors for switch over from Delta to Star when motors are under loaded.

v. 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 in the financial year 2007 - 08 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:

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

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	1123.99	3,503,331 units	1,233,491 units
Satara, Maharashtra	3	3 x 0.225 MW = 0.675 MW	332.75	739,610 units	100,708 units

Saving in energy costs during the period under consideration.

a) The wind farm projects as mentioned in the preceding paras 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 new wind mills. These measures provide additional revenue and income tax shield to the Company and the project being completely pollution free and environment friendly will also entitle us for carbon credits.

b) At Kandla, the energy generated is first utilized for captive consumption at Gandhidham unit and the excess energy generated is available for sale to Paschim Gujarat Vij Company Limited (PGVCL).

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

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

Particulars	Current Year	Previous Year
A) Power and Fuel consumption: a) Electricity purchased		
Units (kwh in Lac)	172.36	166.28
Total Amount (Rs. in Lac)	733.08	786.81
Rate per Unit (Rs.)	4.25	4.73
b) Oxygen purchased		
Units (Cu.M. in Lac)	6.82	6.56
Total Amount (Rs. in Lac)	73.20	63.98
Rate per Cu.M. (Rs.)	10.74	9.75
c) LDO purchased		
Units (Ltrs. in Lac)	33.17	33.82
Total Amount (Rs. in Lac)	1285.74	911.24
Rate per Ltr. (Rs.)	38.76	26.94
d) LPG purchased		
Units (Kg. in Lac)	2.52	2.10
Total Amount (Rs. in Lac)	105.67	85.04
Rate per Kg. (Rs.)	41.93	40.50
B) Consumption per unit of production:		
i. Electricity (kwh/MT)	763.79	864.92
ii. Oxygen (Cu.M/MT)	30.45	34.10
iii. LDO (Ltr. / MT)	146.42	175.94
iv. LPG (Kg/MT)	11.11	10.94

B. TECHNOLOGY ABSORPTION, ADAPTATION AND INNOVATION:

i) The Company has planned to start production of Composite Cylinders for CNG purpose and Aluminium Cylinders for Industrial purpose.

ii) The Company has developed technology for manufacturing Aluminium Cylinders for Industrial and Fire Fighting applications.

C. FOREIGN EXCHANGE EARNINGS AND OUTGO:

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

The Company has continued to maintain focus and explore export opportunities based on economic considerations. During the year the Company had exports (FOB value) worth Rs. 10923.10 Lac.

(i) During the year, cylinders were exported to various countries in South Asia, South East Asia, Middle East, Africa, South America and CIS countries.

(ii) Total foreign exchange used and earned:

(Rs. in Lac)

Particulars	Current Year	Previous Year
I. Foreign Exchange used	31,582.67	26,827.75
II. Foreign Exchange earned	11,961.88	10,854.69

ANNEXURE "B" TO THE DIRECTORS' REPORT

Auditors' Certificate on Corporate Governance

To the Members
Everest Kanto Cylinder Limited

We have reviewed the records concerning the Company's compliance of conditions of Corporate Governance as stipulated in Clause 49 of the Listing Agreement entered into, by the Company, with the Stock Exchanges of India, for the financial year ended March 31, 2009.

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

We have conducted our review on the basis of the relevant records and documents maintained by the Company and furnished to us for the review, and the information and explanations given to us by the Company.

Based on such a review, and to the best of our information and according to the explanations given to us, in our opinion, the Company has complied with the conditions of Corporate Governance, as stipulated in Clause 49 of the said Listing Agreements.

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

For and on behalf of
Dalal & Shah
Chartered Accountants

Venkatesh Subramanian
Partner
Membership No.: 37942

Place: Mumbai
Date: 15th May, 2009

MANAGEMENT DISCUSSION & ANALYSIS

ABOUT EVEREST KANTO CYLINDER LIMITED (EKC)

EKC has grown rapidly to become a pioneer in the manufacture of high pressure seamless gas cylinders and pressure vessels as well as a solution provider for high pressure storage of gases. The wide range of seamless steel cylinders manufactured by EKC at its multiple global facilities have a reputation for high standards of quality and compliance with the most stringent specifications laid down by the various international agencies.

The wide range of cylinders with capacities ranging from 1 to 3,000 litres manufactured from its modern manufacturing plants and adherence to strict quality standards makes EKC a reputed global supplier of high pressure cylinders including large vessels for bulk transportation of gases.

PRODUCTS MANUFACTURED

The main products manufactured by EKC are High pressure seamless cylinders for industrial gases and CNG applications, Cylinder Cascades, Jumbo Cylinders and Jumbo Skids.

KEY USER SEGMENTS

EKC caters to the automobile, industrial gas, defence and other special application sectors.

INDUSTRY STRUCTURE

Industrial Cylinders:

EKC's industrial cylinders provide efficient and economical means for storage and transportation of pressurized gases for a wide range of applications in industrial installations, on ship or off-shore equipment, fire fighting facilities, etc. Domestic and international applications include aerospace, chemical processing, construction, food production, industrial controls, medicine, nuclear and power propulsion systems, oil and gas exploration and production, rescue equipment, transportation and under sea exploration.

EKC's wide range of cylinders span multiple applications as given below:

Industry	Type of Gas	Applications
Industrial	Nitrogen, Argon, Oxygen, Helium, Sulphur, Hexaflouride	Inert gas, steel, metal industry, divers, mountaineers, power applications.
Healthcare	Oxygen, Helium, Carbon Dioxide, Nitric Oxide	Respiratory aid in hospitals, MRI's, bath therapy, cryosurgery.
Food and Beverage	Liquid Nitrogen, Carbon Dioxide, Nitrogen	Food freezing, beverage industry, bottling process.
Fire Fighting	Water, Nitrogen, Sodium Bicarbonate, Potassium Bicarbonate, Carbon Dioxide	Fire fighting equipments in ships, thermal power stations, hospitals, malls, offices, cinema halls.
Welding	Acetylene, Metal Inert Gas, Argon, Helium, Carbon Dioxide, Oxygen	Cutting and welding operations.

CNG Cylinders:

India has been witnessing an accelerated growth in the usage of CNG as an alternate fuel. Cost economics, rising awareness, improving refueling infrastructure, need for a cleaner environment and visibility of gas supplies should ensure accelerated CNG penetration in India.

EKC caters to the leading automobile manufacturers in the market and manufactures cylinders for different kinds of vehicles. Due to the extensive quality assurance plan, continuous research and development of new and improved technologies and its ability to suit almost every application in Compressed Natural Gases, EKC's CNG cylinders enjoy worldwide appreciation.

Cylinder Cascades:

A cascade is a bank of cylinders which is used for refilling the smaller compressed gas cylinders. A cylinder has to be filled with the help of a compressor but a cascade allows small cylinders to be filled without the presence of a compressor. A cascade can also be used as a reservoir.

EKC manufactures cylinder cascades for the storage and transportation of CNG as well as industrial gases with complete, design, fabrication, manifolding and testing. With more and more states announcing plans for making gas available in their respective states, there is likely to be more demand for creating the necessary infrastructure for gas distribution. This is likely to push the demand for CNG cascade storage systems in the coming years in India.

Jumbo Cylinders:

When a gas network is not available on site and large quantities of Compressed Natural Gas, Hydrogen or Helium are needed to be transported, Jumbo Cylinders provide an easy and economical solution for storage and transportation. With volume of thousands of litres and the flexibility of mounting on truck trailers, Jumbo Cylinders allow transportation of gases at pressures of 200 bars and more. They can also be installed as fixed equipment in factories, plants and fuelling stations.

Jumbo Skids:

Jumbo Skids used for transporting CNG and other speciality gases provide an ideal solution for stranded gas by acting as a virtual gas pipeline between the source and the destination. In the coming years, this solution would be a significant source of revenue for EKC.

LOCATION AND SEGMENT WISE CAPACITY OF VARIOUS PLANTS OF EKC IN INDIA IS AS FOLLOWS:

Location	Water Capacity (In Ltrs.)	Installed Capacity (In Nos.)
Aurangabad	1 - 21	110,000
Tarapur	21 - 280	160,000
Gandhidham	1 - 280	340,000

WHOLLY OWNED SUBSIDIARIES

Name	Country of Incorporation	Water Capacity (In Ltrs.)	Installed Capacity (In Nos.)
EKC International FZE	United Arab Emirates	1 - 280	196,000
EKC Industries (Tianjin) Co. Ltd.	People's Republic of China	1 - 280 & Jumbo	210,000
EKC Hungary Kft*	Hungary	-	-
CP Industries Holdings, Inc.	USA	Jumbo	Approx. 4,000

* Holds Intangible Assets

STRATEGIC ACQUISITIONS / NEW INITIATIVES

CP Industries, USA

With the objective of moving towards its goal of being the top cylinder manufacturing company in the world, the Company acquired all the assets of CP Industries (a division of Reunion Industries, Inc., USA) in April 2008 through its subsidiaries in Hungary & USA. The acquisition has positively impacted the top and bottom line of EKC in 2008-09 and would continue to contribute to the growth of the Company in the years to come.

Calcutta Compressions & Liquefaction Engineering Private Limited, India

In April 2009, EKC acquired a majority stake (72.65%) in Calcutta Compressions & Liquefaction Engineering Private Limited (CC&L), a company located in Kolkata. CC&L has a subsisting agreement with Oil & Natural Gas Corporation Limited ("ONGC") for purchase of Coal Bed Methane Gas from its gas field located in Jharkhand. CC&L will initially be involved in supply of gas to industrial customers in and around gas fields in Jharkhand.

The Company would continue to explore strategic alliances in India and abroad in order to achieve its growth objectives. The Company has been able to expand its product portfolio through both organic and inorganic routes and is leveraging these combined strengths to consolidate its position in existing markets and to enter new geographies. EKC's proven abilities and skills in conceiving and implementing large scale projects in a time bound manner has enabled it to scale up its operations in order to meet customer needs and expectations thereby further strengthening EKC's leading position in the global markets.

Expansion activities

EKC is expanding capacities in a timely manner in order to benefit from the ever growing global demand for CNG cylinders. The subsidiary in China commissioned its plant in May 2008 with a capacity to manufacture 210,000 cylinders.

Brownfield Expansion at Gandhidham

Capacity expansion plans at existing facility at Gandhidham would result in creation of further capacity to manufacture 200,000 industrial cylinders per annum from Billets and the project should commence production by second quarter of financial year 2009-10.

The second expansion project for manufacture of Jumbo cylinder has been completed and commercial production for exports is set to commence shortly for which necessary approval of the regulatory authorities has been obtained.

The commissioning of these two projects would result in better value addition of the products to be manufactured from these projects.

Greenfield Expansion at Kandla SEZ

EKC is also presently implementing a greenfield project in Kandla, with capacity to manufacture 3,00,000 CNG cylinders. The cylinders at Kandla will be made from steel plates. We expect the project to be commissioned by second half of financial year 2009-10. This plant would be focused towards the global OEM market.

OPPORTUNITIES AND CHALLENGES

OPPORTUNITIES

1. Key beneficiary to impending city gas distribution projects

The recent regulations governing city gas distribution (CGD) has set the stage for explosive growth in this segment over the next few years. EKC is ideally positioned to take full advantage of this booming opportunity. The regulatory body, Petroleum and Natural Gas Regulatory Board (PNGRB) has identified a total of 73 cities which are presently under consideration for CGD.

The trigger for expansion of CGD network would be the increased availability of natural gas in the country. Commencement of gas production from the Krishna Godavari Basin, is a significant catalyst for expansion of the CGD network and EKC would be a direct beneficiary considering the significant requirement of transportation and storage vessels.

Natural Gas Scenario in India:

- Natural gas currently accounts for around 8% of total energy mix in India as against the global average of 24%. However, with increased availability and rapid development in transmission & distribution infrastructure, the share of natural gas in the energy mix is expected to increase in the coming years.
- Natural Gas infrastructure would span 8,000 Kms with product pipeline of 10,000 Kms.*
- 30 cities have Compressed Gas Distribution (CGD) network.*
- Projected Gas Supply expected to increase from current 119.98 MMSCMD to a level of about 197.09 MMSCMD in 2010-11.*

  ** Source : PNGRB*

Low penetration of CNG vehicles:

Globally, penetration level of CNG vehicles has been very low and in emerging markets like India and China, it is a low single digit. This situation presents a huge potential in many countries where there is an increase in gas availability. This is encouraging the various countries to invest in gas infrastructure which would allow the seamless conversion of existing petrol and diesel run vehicles into gas powered vehicles. Besides a cleaner environment, it would lead to lower operating cost of the vehicles and also enable countries like India to save on valuable foreign exchange. Keeping this in view, the focus of all major Original Equipment Manufacturers (OEMs) is shifting slowly but steadily towards gas powered vehicles.

The benefits of CNG as an alternate fuel:

- Reduced particulate and greenhouse gas emissions and safer than most liquid fuels. Typical dedicated Natural Gas Vehicles can reduce exhaust emissions of carbon monoxide by 70%, non-methane organic gas by 87%, nitrogen oxides by 87% and carbon dioxide by 20% below those of gasoline vehicles.
- Widespread availability of natural gas can also be derived from renewable sources like biogas or biomethane.
- Usable in all types of vehicles.
- Minimal processing or refining requirements.
- 1 kg of CNG is energy equivalent to about 1.46 liters of petrol and about 1.18 liters of diesel.

Improved gas infrastructure to accelerate CNG demand:

Although the demand for CNG along with piped gas in households in India is forecast to more than treble at 7% of total gas demand in the next five years, CNG is offered at only about 1% of India's 35,000 retail outlets. With the availability of CNG in India set to double in the next two years, plans have been chalked out in order to launch city gas distribution projects in over 200 cities in a phased manner. With natural gas becoming easily available and CNG infrastructure improving, we believe the demand for CNG vehicles will also rise. This, in turn, will boost demand for CNG cylinders.

Business Outlook:

The CNG friendly government policies, judicial intervention (the Supreme Court has mandated 28 cities to shift to CNG), awareness for the cleaner environment and cost economies are the key drivers for the increased usage of CNG vehicles. With the expansion of the city gas distribution networks and strengthening CNG infrastructure in India, demand for CNG cylinders is expected to sustain its current growth momentum.

2. EKC enjoys economies of scale

EKC's existing manufacturing facilities are fully geared up to utilise their capacities thereby leading to greater operational efficiency which would result in lower cost of production and increased profitability. Also, EKC has the ability to manufacture and deliver vessels of different sizes ranging from 1 Ltr. upto 3000 Ltrs. water capacity from its multiple operating units.

3. Increase in exports

EKC currently exports to many countries in South Asia, South East Asia, Middle East, Africa, South America and CIS countries. Some of them have the most stringent quality-driven 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 71% of the Company's total revenues.

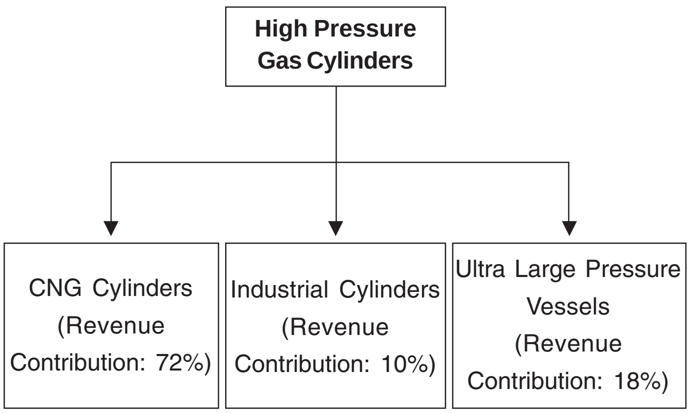
4. Demand in China

The demand for CNG cylinders in China is expected to go up significantly due to the government mandating conversion of commercial vehicles in certain cities to CNG. In November 2008, EKC received a license from Chinese authorities to sell CNG cylinders in the domestic market.

5. Change in Product Mix

In the past few years, EKC has moved up the value chain by changing its product-mix in favor of high value-added products such as CNG cylinders, cascades and jumbo cylinders thereby positioning itself ahead of competition in various markets.

Also, with the setting up of new plants which use other technologies and cost effective inputs as opposed to the conventional seamless pipes, EKC holds the competitive edge in terms of product offerings which would enable it to be very cost competitive.



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, OEMs and regulatory authorities like The Chief Controller of Explosives (CCE), Bureau of Indian Standards (BIS) and other statutory bodies in India & abroad.

With the rapid growth in the domestic as well as International markets, EKC is aggressively enhancing its reach by expanding its marketing and distribution network.

7. Organic and Inorganic Growth

The organic expansion plans are targeted at meeting the burgeoning domestic and global demand for CNG and specialty gas applications as well as offering value-added products such as jumbo cylinders which would add significantly to the topline and bottomline and this would enable EKC to meet competitive pressures.

The expansions would enable EKC to derisk its business model by expanding its presence to other geographies (South East Asia, USA, etc.) while maintaining its leadership position in the countries where it is already operating.

8. Competition from Imports

While the industry has witnessed increased imports of especially industrial cylinders during the past years, EKC being fully aware of this fact has ventured into production of cylinders with indigenous and non conventional inputs like billets, plates, etc. This move will significantly dent the advantages, if any that imported cylinders had over domestic products.

9. Synergy benefits through Inorganic Expansion

CP Industries Holdings, Inc (CPI) is a world leader in manufacture of ultra large seamless cylinders. This as a significant positive, given the complementary product portfolio (large cylinders vs. EKC's relatively smaller ones), strong reputation especially in the US (US govt. is also a customer), and strong operating profitability.

CHALLENGES

1. Highly Regulated Industry

Globally, a number of countries have adopted different standards for CNG cylinders. Cylinders manufactured locally or imported into India have to be tested in accordance with the standards laid down by the Bureau of Indian Standards (BIS) and approved by the Chief Controller of Explosives (CCE), Government of India. The Government has also framed the Gas Cylinders Rules, 2004, bringing under its purview the design and manufacture of cylinders.

For the export market, cylinder manufacturers have to comply with the norms prevailing in the importing countries. Various countries have an apex body for laying down the applicable standards for the manufacture of high pressure gas cylinders.

Company's Perspective :

EKC follows very stringent production and quality control processes for manufacture of its products. The certification of products are carried out by Indian statutory bodies like BIS, CCE and by global certifying agencies like SGS, etc. EKC has numerous quality certifications and a strong safety track record which are of paramount importance in a highly regulated market.

EKC manufactures CNG cylinders confirming to specific country national standards or International standards such as ISO 11439, NZ 5454, ISO 4705 D, EN 1964, IS 15490, IS 7285 etc. EKC is a global supplier of high pressure gas cylinders with the biggest range from 1 to 3000 litres including jumbo cylinders.

EKC's CNG cylinders undergo stringent pressure cyclic testing to assess the fatigue strength, usage life, safety & reliability for application under rough and extreme climatic conditions. EKC also manufactures cascades as per customers' requirement for storage and transportation of CNG and other industrial gases.

EKC's state of the art manufacturing facilities and stringent policies and systems ensure that the products manufactured pass the tests as prescribed by the regulatory authorities.

2. Raw material intensive industry

Manufacture of high pressure gas cylinders is significantly raw material intensive. The quality of cylinders produced is directly dependent on the quality of raw material used. Also, any volatility in the prices or disruption in availability of raw material could impact the profitability of the Company.

Company's Perspective :

Raw material accounts for about 70% of the total direct costs. EKC has strong relationships on the raw material supply side, which is dominated by very few large global players.

Also, EKC has diversified its sourcing of raw material strategy by using alternate manufacturing processes using billets and plates instead of tubes. This will result in reduced supplier risk as well as reduced cost of production thereby making the products more cost competitive and would result in increase in the margins.

3. 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.

Company's Perspective :

With natural gas being made available in most parts of the country, it is expected that the Government policies would continue to be progressive leading to accelerated growth in the CNG cylinder industry.

4. 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. EKC provides CNG cylinders for all kind of vehicles such as cars, buses, three wheelers, pick ups and other commercial vehicles. EKC had witnessed slowdown in cylinder off take from OEMs in India during the second half of the year 2008-09 as they have scaled down their production. Also the credit crunch has led to the slowdown in sales of auto CNG cylinders in India.

Company's Perspective:

The various measures taken the Indian Government have helped the automobile industry and there are positives signs of recovery since the end of the past financial year. Also, growth in retrofitting market remains positive on account of favorable cost dynamics. Robust demand from other markets helped in offsetting the slowdown in the Indian auto sector.

5. Volatile oil -and steel prices

The sharp fluctuations in crude oil prices have brought into question the viability of CNG in the current scenario. There have been fluctuations in the price of Steel as well which is the primary raw material for the manufacture of cylinders.

Company's Perspective:

EKC believes that the sharp fluctuations in crude oil prices are a short-term phenomenon and have not particularly affected the plans for conversion to alternate fuels in the developing economies. CNG is a cheaper fuel compared to alternatives in most countries and growing emission concerns and fluctuating fuel prices have spawned the usage of CNG globally as an alternative cost efficient cleaner fuel.

EKC's ability to pass on the raw material price to customers has helped the Company to maintain its margins over the years. However, considering the competitive scenario emerging in various geographies, the Company has already taken steps to diversify its raw material sources as well as adopt technologies that use different raw materials. Also, the Company has been able to maintain its margins year on year due to better capacity utilization, improved product mix and economies of scale.

6. Increase in competition

Competition for EKC has increased in the last year with new players entering the market.

Company's Perspective:

EKC enjoys a dominant position in the Indian market. EKC's economies of scale, operational excellence, cost effective technologies and well crafted business strategies have enabled it to retain its status in the industry. Also the market is likely to witness an unprecedented boom and additional capacities can be easily absorbed.

INDUSTRY STRUCTURE - EKC

EKC is uniquely positioned to capture the significant growth potential in the high pressure gas cylinder market, driven largely by increasing CNG penetration both domestically and abroad.

EKC benefits from having the first mover advantage in the various countries that it has been operating. This coupled with strong relationships on the raw material supply chain, quality certifications in multiple countries and a strong safety track record has helped EKC to maintain its leadership position.

ADEQUACY OF INTERNAL CONTROL

Your Company maintains a system of internal controls which provide for the necessary checks and balances with regard to its transactions and processes. These are designed to provide adequate assurance regarding the effectiveness and efficiency of operations, the adequacy of systems for safeguarding the assets, the reliability of financial controls and compliance with applicable laws and regulations.

The Company has also implemented suitable controls to ensure that all resources are utilized optimally, financial transactions are reported accurately and there is strict compliance with all applicable laws and regulations. Recognizing the important role of internal scrutiny, the Company has internal audit functions which are conducted by two independent firms of chartered accountants who are 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. Continuous audit and verification of the systems enables the various business groups to plug any shortcomings in a timely manner. In addition, the top management and the Audit committee of the Board review the findings and recommendations of the internal auditors.

Significant issues are brought to the attention of the Audit Committee. The prevailing system of internal controls and internal audit are considered to be adequate vis-à-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, the Company is in the process of implementing an Enterprise Wide Resource Planning (ERP) system which is expected to start functioning in this financial year.

The Company has put in place sufficient systems to ensure that assets are safeguarded against loss from unauthorized use or disposition and that transactions are properly authorized, recorded and reported.

The Company has further put in place a detailed Risk Management Framework identifying the potential risks associated with the business and is currently in the process of putting in place appropriate monitoring mechanism to identify and take suitable steps to mitigate / eliminate the various risks.

FINANCIAL PERFORMANCE VIS-À-VIS OPERATIONAL PERFORMANCE

EKC has witnessed a good financial performance during the year with significant improvement in operating results as compared to the previous year. The impressive financial performance of your Company has been reflective of the excellent operational results achieved by the Company. The consolidated turnover for the year increased by 62 per cent from Rs. 528 crores to Rs. 857 crores. And the consolidated profit after tax was at Rs. 138 crores as against Rs. 104 crores which is higher by 32%.

HUMAN RESOURCES AND INDUSTRIAL RELATIONS

Industrial Relations remained cordial and harmonious throughout the year. Senior management has spent time communicating the Company's overall focus areas to the employees. Further, there was focus on workmen training and their involvement in improving quality, productivity and cost effectiveness.

Occupational Health, Safety and Environment Management are given the utmost importance in your Company.

The year also saw the Company successfully undertake the integration of newly acquired businesses.

The permanent employee strength of the Company as on March 31, 2009 was around 1550.

FORWARD - LOOKING STATEMENTS

The Readers are cautioned that this report contains forward-looking statements that are not historical in nature, which may be identified by their use of 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 statements about the Company's strategy for growth, product development, market position, expenditures and financial results, are forward-looking statements. Forward-looking statements are based on certain assumptions and expectations of future events.

These statements are not guarantees of future performance and are subject to known and unknown risks, uncertainties and other factors, many of which are beyond EKC's control and difficult to predict, that could cause actual results, performance or achievements to differ materially from those in the forward-looking statements. Such statements are not and should not be construed as a representation of future performance or achievements of EKC. In particular, such statements should not be regarded as a projection of future performance of EKC. It should be noted that the actual performance or achievements of EKC may vary significantly from such statements.

REPORT ON CORPORATE GOVERNANCE

PHILOSOPHY ON CORPORATE GOVERNANCE

Your Company believes that Corporate Governance is not simply a matter of creating checks and balances, it is about creating an outperforming organisation, which leads to increasing employee and customer satisfaction and shareholder value. The primary objective is to create and adhere to a corporate culture of conscience and consciousness, transparency and openness and to develop capabilities and identify opportunities that best serves the goal of value creation. It is therefore not merely about enacting regulations and procedures but also about establishing an environment of trust and confidence among various stakeholders. It is about demonstrating high level of integrity, transparency, accountability and disclosures across the Company's operations and in its interaction with its stakeholders, including shareholders, customers, employees, the government, lenders and the society.

Our endeavor is not merely to comply with regulatory & statutory requirements, but to follow the governance code in spirit. Your Company practices a culture that is built on core values and ethics. The Corporate Governance philosophy of the Company is driven by the following fundamental principles:

- conduct the affairs of the company in an ethical manner
- ensure transparency in all our dealings
- ensure highest level of responsibility and accountability
- ensure compliance with all laws and regulations as applicable
- ensure timely dissemination of all price sensitive information

I. 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. Directors at EKC possess the highest personal and professional ethics, integrity and values and are committed to representing the long-term interest of the stakeholders. The Company's business is conducted by its employees under the direction of the Chairman & Managing Director and the overall supervision of the Board. EKC's commitment to ethical and lawful business conduct is a fundamental shared value of the Board of Directors, the Senior Management and all other employees of the Company.

1. Composition and Size of Board

The Company's policy is to maintain optimum combination of Executive and Non-Executive Directors. Your Company is managed and guided by a professional Board comprising 11 Directors, out of which 6 are Independent Directors.

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, Chairman & Managing Director is the father of Mr. Pushkar Khurana, Non - Executive Director & Mr. Puneet Khurana, Whole - Time Director of the Company. Except the above there are no inter-se relationships among the Directors.

2. Board Procedure

A detailed Agenda folder is sent to each Director in advance of Board and Committee Meetings. To enable the Board to discharge its responsibilities effectively, the Chairman & Managing Director appraises the Board at every Meeting of the overall performance of the Company, followed by presentations by the Chief Financial Officer. A detailed functional report is also placed at Board Meetings.

The Board also inter alia reviews strategy and business plans, annual operating and capital expenditure budgets, investment and exposure limits, compliance reports of all laws applicable to the Company, as well as steps taken by the Company to rectify instances of non-compliances, review of major legal issues, minutes of the Board Meetings of your Company's subsidiary companies, related party transactions, significant transactions and arrangements entered into by the unlisted subsidiary companies, adoption of quarterly/half-yearly/annual results, significant labour issues, transactions pertaining to purchase/disposal of property(ies), major accounting provisions and write-offs, corporate restructuring and Minutes of Meetings of the Committees of the Board.

3. 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 84 days, whereas statutory requirement for maximum gap between two Board Meetings is four months. All the meetings were well attended.

The dates on which the meetings were held and the total strength of directors present are as follows:

Sr. No.	Date of Board Meeting	Board Strength	No. of Directors present
1	April 8, 2008	10	9
2	May 26, 2008	10	7
3	July 30, 2008	11	10
4	October 23, 2008	11	8
5	November 17, 2008	11	8
6	January 23, 2009	11	10

4. **Attendance of Directors at Board Meetings, last Annual General Meeting 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 Director-ships	No. of Other Committee Positions held	
			Board Meetings held during tenure	Board Meetings attended	Attended Last AGM Held on July 30, 2008		Member	Chair-man
Mr. P.K. Khurana	Promoter, Executive Chairman	12218000	6	6	Yes	2	None	None
Mr. Pushkar Khurana*	Promoter, Non-Executive	2762000	6	2	No	1	None	None
Mr. Puneet Khurana	Promoter, Executive	2762000	6	5	Yes	1	None	None
Mr. P.M. Samvatsar	Executive	335000	6	4	Yes	None	None	None
Mr. Krishen Dev	Independent, Non-Executive	Nil	6	6	No	1	1	None
Mr. Shailesh Haribhakti	Independent, Non-Executive	100	6	5	Yes	14	5	5
Mr. Mohan Jayakar	Independent, Non-Executive	Nil	6	4	Yes	5	3	None
Mr. Naresh Oberoi	Independent, Non-Executive	Nil	6	6	No	1	None	1
Mr. Vyomesh Shah	Independent, Non-Executive	1600	6	5	Yes	10	2	1
Mr. Gurdeep Singh	Independent, Non-Executive	Nil	4	3	NA	3	4	None
Mr. Arvind Malhan	Non-Independent, Non-Executive	746	4	4	NA	None	None	None
Ms. Josephine Price@	Non-Independent, Non-Executive	NA	2	None	NA	NA	NA	NA
Ms. Genevieve Heng@	Alternate Director to Ms. Josephine Price	NA	2	2	NA	NA	NA	NA

* Stationed at Dubai.

@ Ms. Josephine Price ceased to be a director w.e.f July 21, 2008. Consequently, Ms. Genevieve Heng who was appointed as Alternate Director to Ms. Josephine Price also ceased to be a Director.

Note:

1. The Directorships held by Directors as mentioned above, do not include Alternate Directorships and Directorships of Foreign Companies, Section 25 Companies and Private Limited Companies.
2. In accordance with Clause 49, Memberships / Chairmanships of only the Audit Committees and Shareholders' Grievance Committees of all Public Limited Companies have been considered.

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

Mr. Krishen Dev, Mr. Puneet Khurana and Mr. P.M. Samvatsar retire by rotation and being eligible, have offered themselves for re-appointment. Mr. Gurdeep Singh and Mr. Arvind Malhan were appointed as Additional Directors during the year and the Company has received a notice in writing from a member along with the requisite deposit proposing the candidature of Mr. Gurdeep Singh and Mr. Arvind Malhan.

1. Mr. Krishen Dev

Mr. Krishen Dev, aged 70 years, graduated in Chemical Engineering from IIT Kharagpur in 1962 and has more than 45 years of business and management experience, particularly in the field of Manmade Fibers. He had a long tenure with Century Enka Ltd., a joint venture between B K Birla group and a Dutch MNC and headed it as CEO from 1993 to 2000. He was President (Business Development) in Reliance Industries Ltd between July, 2000 and December, 2001.

At present, Mr. Krishen Dev functions as a Business Consultant, assisting medium sized companies in business and organizational development. He is a Director on the Board of JBF Industries Ltd. and a member of its Audit Committee.

Mr. Krishen Dev does not hold any shares in the Company.

2. Mr. Puneet Khurana

Mr. Puneet Khurana, aged 35 years, is a commerce graduate from Mumbai University and has done a Masters in Business Administration (International Business) from European University, Montreux, Switzerland. He has cumulative experience of 13 years in the Company as a Director. His achievements include exploiting international markets for the Company's CNG cylinders in Iran, Malaysia, Thailand & Bangladesh. He has been instrumental in developing business relations with Iran and OEM product development from the design stage to production with Bajaj Auto Limited (autorickshaws), TATA Motors (Indica) and was closely involved in setting up the subsidiary in Tianjin, China. He has also been working with various gas companies in India like MGL/ IGL / Adani Energy for providing solutions for CNG distribution.

He has been Director of the Company since April 15, 1996. At present, Mr. Puneet Khurana is a Director on the Board of Everest Kanto Investment and Finance Limited.

Mr. Puneet Khurana holds 27,62,000 shares in the Company.

3. Mr. P. M. Samvatsar

Mr. P.M. Samvatsar, aged 57 years, is a Mechanical Engineer from Visvesvaraye Regional College of Engineering, Nagpur University and has also done D.M.S. from Mumbai University. Having joined the Company in August, 1985 as an Assistant Works Manager, he became Vice-President in 2002 and was later appointed as a Director on November 1, 2004. He has been playing a key role in setting up systems and vendor development programs for manufacturing and processing. He has also been involved in setting up the plant in Dubai from the inception stage of the facility and has also contributed to the upgradation of the Tarapur plant and increasing the production level of the Aurangabad plant. He has completed the establishment of manufacturing lines for CNG and Industrial cylinders at Gandhidham and also established CNG cylinders manufacturing line at China Plant of the Chinese subsidiary. He is a member of the BIS committee for standard formulation and has made substantial contributions in upgrading existing standards and formulation of new standards. Under his leadership, the Company has launched development programmes for Composite Cylinders. He now spearheads the expansion plans of the Company that are currently underway.

Mr. P. M. Samvatsar holds 3,35,000 shares in the Company.

4. Mr. Gurdeep Singh

Mr. Gurdeep Singh, aged 64 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, Perfect Circle India Limited and Halonix Limited. He is also a member of the Audit Committee of Perfect Circle India Limited and Halonix Limited. He is also a member of the Shareholders / Investors Grievances Committee of Perfect Circle India Limited and Blue Star Limited.

Mr. Gurdeep Singh does not hold any shares in the Company.

5. Mr. Arvind Malhan

Mr. Arvind Malhan, aged 36 years, is a Bachelor of Science in Electrical Engineering from Massachusetts Institute of Technology (MIT, USA) and MBA from The Wharton School, University of Pennsylvania (USA). He is an Executive Director of JP Morgan Private Capital Asia (JPM PCA), and, previously, Director with TVG Capital Partners. During his career he has also worked with New Enterprise Associates (NEA), McKinsey & Company and Morgan Stanley Venture Partners.

Mr. Arvind Malhan holds 746 shares in the Company.

II. BOARD COMMITTEES

The Board is responsible for constituting the committees and assigning, co-opting and fixing of terms of service for the members of the committee. The chairperson 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.

Procedure at Committee Meetings

Each Committee has the authority to engage outside experts, advisers and counsel to the extent it considers appropriate to assist in its work. Minutes of the proceedings of the Committee meetings form part of the documents placed before the Board meetings for perusal and noting. In addition, the Chairman of the Committee appraises the Board members about the significant discussions at Committee meetings.

Currently, the Board has six committees, viz.,

1. Audit Committee.
2. Shareholders' / Investors' Grievances Redressal and Share Transfer Committee.
3. Remuneration Committee.
4. Allotment Committee.
5. Management Committee.
6. Investment Committee.

1. 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.

The Audit Committee of the Board of Directors of the Company, inter-alia, provides assurance to the Board on the adequacy of the internal control systems and financial disclosures. Apart from 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

During the year under review, four meetings of the Audit Committee were held. The dates on which the meetings were held are May 26, 2008, July 30, 2008, October 23, 2008 and January 23, 2009.

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 Executive Director. The Composition of the Audit Committee is as under:

Name of the Member	Designation	Nature of Directorship	No. of Committee Meetings held during the year	No. of Meetings attended
Mr. Vyomesh Shah	Chairman	Independent & Non-Executive Director	4	4
Mr. Krishen Dev	Member	Independent & Non-Executive Director	4	4
Mr. Naresh Oberoi	Member	Independent & Non-Executive Director	4	4
Mr. Puneet Khurana	Member	Promoter & Executive Director	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 Chairman of the Audit Committee was present at the last Annual General Meeting.

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

2. **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 do all acts, deeds and things as may be required consequent to admission of Equity Shares of the Company with the National Securities Depository Limited [NSDL] and the Central Depository Services (India) Limited [CDSL].

iv) 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.

v) To do all other acts, deeds and things or otherwise deal with all matters in relation to the Shareholders and Investors Grievances.

vi) To do all such acts, deeds and things as may be required under any act(s), rule(s), regulation(s), guideline(s), circular(s), etc. issued by any authority including Securities and Exchange Board of India, Stock Exchanges, Depositories, etc., in relation to the Shareholders/Investors of the Company.

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

During the year under review, one meeting of the Committee was held on July 30, 2008.

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

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

Ms. Chanda Makhija Thadani
Company Secretary & Compliance Officer
204, Raheja Centre, Free Press Journal Marg,
214, Nariman Point, Mumbai - 400 021.
Tel.: (022) 3026 8300 - 01
Fax: (022) 2287 0720
E-mail: 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. The complaints pending as on March 31, 2009 were NIL. No requests for transfer and for dematerialization were pending for approval as on March 31, 2009.

The Company has appointed Link Intime India Private Limited as the Registrar and Share Transfer Agent. Ms. Chanda Makhija Thadani looks into the investor grievances and coordinates with Link Intime India Private Limited for redressal of grievances.

The Committee expresses satisfaction with the Company's performance in dealing with investor grievances.

(f) Shares issued pursuant to Initial Public Offer

In respect of the shares issued pursuant to the Initial Public Offer of the Company which remain unclaimed and are lying in the suspense account, Link Intime India Private Limited, Registrar to the Initial Public Offer has sent three reminders at the address given in the application form as well as captured in depository's database asking for the correct particulars. The unclaimed shares have been credited to a demat suspense account. All corporate benefits in terms of securities accruing on such shares viz. split, have been credited to the demat suspense account.

The suspense account is held by EKC purely on behalf of the allottees who are entitled for the shares and the shares held in such suspense account shall not be transferred in any manner whatsoever except for the purpose of allotting the shares to the allottee as and when the allottee approaches EKC.

The voting rights on such shares shall remain frozen till the rightful owner claims the shares.

The status of the shares issued pursuant to the Initial Public Offer of the Company which remain unclaimed and are lying in the suspense account is as under:

i. Aggregate number of shareholders and the outstanding shares in the suspense account as on April 1, 2008

17 Records for 3840 Equity Shares

ii. Number of shareholders who approached for transfer of shares from suspense account during April 1, 2008 to March 31, 2009 and the transfer was processed

2 Records for 400 Equity Shares

iii. *Aggregate number of shareholders and the outstanding number of shares lying in our suspense account as on March 31, 2009*

15 Records for 3440 Equity Shares

3. 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 takes into account 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) *Meetings of Remuneration Committee*

During the year under review, Remuneration Committee did not hold any meetings.

(d) *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

(e) *Payment to Directors*

i. *Remuneration to Executive Directors:*

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

Remuneration paid/payable to the Managing Director and Whole - Time Directors for the year ended March 31, 2009:

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	4,559,032	2,341,650	3,129,700
Contribution to P.F. & other funds	450,000	270,000	336,000
Other Perquisites	1,364,113	1,107,531	396,053
Commission	11,993,324	2,500,000	2,500,000
Total	**18,366,469**	**6,219,181**	**6,361,753**

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

The Non-Executive Directors 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.

In the current environment, the Independent Directors are required to take far more complex business decisions and are also required to commit their time and provide expertise to the Company for the conduct of its business more so in the light of stringent Accounting Standards and Corporate Governance norms. Therefore, in order to suitably compensate the Independent Directors for their efforts, 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 2008 - 09 the sitting fees and commission paid/payable to the Non-Executive Directors are as detailed below.

Name	Sitting fees paid during the year 2008-09		Commission	Total
	Board Meetings	Committee Meetings		
Mr. Shailesh Haribhakti	1,00,000	—	5,00,000	6,00,000
Mr. Mohan Jayakar	80,000	10,000	5,00,000	5,90,000
Mr. Krishen Dev	1,20,000	60,000	5,00,000	6,80,000
Mr. Vyomesh Shah	1,00,000	40,000	5,00,000	6,40,000
Mr. Naresh Oberoi	1,20,000	40,000	5,00,000	6,60,000
Mr. Arvind Malhan	80,000	—	—	80,000
Mr. Gurdeep Singh	60,000	—	5,00,000	5,60,000
Ms. Josephine Price	40,000	—	—	40,000

During the year, the Company has also paid Rs. 41,285 as professional fees to M/s. Khaitan & Jayakar, a firm in which Mr. Mohan Jayakar, Director of the Company, is a partner for various professional services.

During the year, CP Industries Holdings, Inc, step down wholly owned subsidiary of the Company has paid USD 43,252 as professional fees to M/s. Haribhakti & Co., a firm in which Mr. Shailesh Haribhakti, Director of the Company, is a partner for rendering various professional and advisory services.

In the opinion and judgment of the Board this does not affect the independence of the said directors. There were no other pecuniary relationships or transactions of the Non-Executive Directors vis-à-vis the Company.

4. ALLOTMENT COMMITTEE

(a) Terms of Reference

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

(b) Meetings of the Allotment Committee

During the year under review, Allotment Committee did not hold any meetings since none of the FCCB holders have exercised their right of conversion.

(c) Composition of Allotment Committee

The Allotment Committee comprises of exclusively executive directors.

The details of the Committee composition are as under:

Name	Designation in Committee
Mr. P. K. Khurana	Chairman
Mr. Puneet Khurana	Member
Mr. P.M. Samvatsar	Member

5. MANAGEMENT COMMITTEE

(a) Terms of Reference

The Management Committee has been setup 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 April 18, 2008 & December 18, 2008.

(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 exclusively executive directors.

The details of the Committee composition are as under:

Name	Designation in Committee	No. of Committee Meetings held during the year	No. of Committee Meetings attended
Mr. P. K. Khurana	Chairman	2	2
Mr. Puneet Khurana	Member	2	2
Mr. P.M. Samvatsar	Member	2	1

6. 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 and at the same time ensure that adequate guidelines are in place for the organization to take effective and immediate steps to minimize risk.

(b) Meetings of Investment Committee

During the year under review, two meetings of the Committee were held on May 26, 2008 & October 23, 2008.

(c) Composition of the Committee

Name	Designation in Committee	Nature of Directorship	No. of Committee Meetings held during the year	No. of Committee Meetings attended
Mr. P. K. Khurana	Chairman	Promoter & Executive	2	2
Mr. Puneet Khurana	Member	Promoter & Executive	2	1
Mr. Shailesh Haribhakti	Member	Independent & Non-Executive	2	0
Mr. Krishen Dev	Member	Independent & Non-Executive	2	2

III. GENERAL BODY MEETINGS

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

Financial Year	Date & Time	Venue	Special Resolutions passed
2007 - 08	July 30, 2008 4:00 p.m.	M. C. Ghia Hall, Bhogilal Hargovindas Building, 2nd Floor, 18 / 20, K. Dubash Marg, Mumbai - 400 001.	—
2006 - 07	July 3, 2007 4:00 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. Alteration of Article 3(a) of Articles of Association
2005 - 06	July 26, 2006 3:00 p.m.	Y. B. Chavan Auditorium, General Jagannath Bhosle Marg, Nariman Point, Mumbai - 400 021.	1. Further issue of securities

2. Postal Ballot

(a) Special Resolutions passed during the financial year 2008-09 through the Postal Ballot Procedure:

No special resolution was passed through Postal Ballot during 2008-09.

(b) Ordinary Resolution passed during the financial year 2008-09 through the Postal Ballot Procedure:

During the financial year 2008-09, consent of members was sought through the Postal Ballot Procedure and 1 Ordinary Resolution under Section 293(1)(a) of the Companies Act, 1956 authorising the Board of Directors of the Company to mortgage and / or charge the assets of the Company for securing the borrowings subject to a limit of Rs. 1000 crores was passed on June 4, 2008 under Section 192A of the Companies Act, 1956 read with Companies (Passing of the Resolution by Postal Ballot) Rules, 2001.

(i) Person who conducted the Postal Ballot Exercise:
Mr. S.N. Ananthasubramanian, Practicing Company Secretary, Mumbai was appointed by the Board of Directors as Scrutinizer to conduct the Postal ballot exercise. Mr. S. N. Ananthasubramanian conducted the process and submitted his report to the Chairman and Managing Director.

(ii) Procedure of Postal Ballot:

- The Postal Ballot Notice and accompanying documents were despatched to shareholders under certificate of posting.
- A calendar of events along with Board Resolution was submitted to the Registrar of Companies, Maharashtra, Mumbai.

(iii) Details of voting pattern are as under:

Particulars	No. of valid Postal Ballot forms received	No. of Shares	Percentage
For	187	7,02,06,557	99.90
Against	6	67,399	0.10
Total	193	7,02,73,956	100.00

(iv) Postal Ballot during the current year:
If any resolutions are proposed to be passed through the Postal Ballot procedure, those will be taken up at the appropriate time.

IV. DISCLOSURES

1. 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 after considering 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.

2. 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.

3. 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.

4. Compliance with requirements of Clause 49 of the Listing Agreement

(a) Mandatory Requirements

The Company has complied with all the applicable mandatory requirements of Clause 49 of the Listing Agreements.

(b) Non-mandatory Requirements

The Company has adopted following non-mandatory requirements of Clause 49 of the Listing Agreements:

(i) Training of Board Members:

The Board of Directors comprises of highly qualified professionals possessing wide and varied knowledge and experience in their respective fields, which is considered adequate for enabling them to discharge their responsibilities as Directors.

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. As such, there is no formal training programme for the Directors.

(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) 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.

V. MEANS OF COMMUNICATION:

➢ ***Quarterly Results:***

The approved financial results are forthwith sent to the Stock Exchanges where the shares are listed and are published in widely circulated national and local daily newspapers such as Economic Times (English) and Mumbai Lakshadeep (Marathi), within forty-eight hours of approval thereof.

➢ ***News Releases, Presentations, etc:***

Information like Quarterly Financial Results and other information that has been made available from time to time to the Press, institutional investors and analysts, is hosted on the Company's website www.everestkanto.com and is also submitted to the stock exchanges on which the Company's equity shares are listed to enable them to put it on their own websites.

➢ **Website:**

The Company's website www.everestkanto.com contains a separate dedicated section 'Investor Relations' where shareholders information is available. Annual Reports for the last financial years and Code of Conduct and Ethics for Board of Directors and Senior Management Personnel are also available on the website in a user friendly and downloadable form.

➢ **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.

➢ **SEBI EDIFAR:**

Annual Report, Quarterly Results, Corporate Governance Report, Shareholding Patterns etc. of the Company are also posted on the SEBI EDIFAR website www.sebiedifar.nic.in.

➢ **Designated Exclusive Email ID:**

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

VI. GENERAL SHAREHOLDER INFORMATION

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.

2. **30th Annual General Meeting:**
Day, Date and Time: Tuesday, July 28, 2009 at 3.30 p.m.

Venue: M.C. Ghia Hall, Bhogilal Hargovindas Building, 2nd Floor, 18 / 20, K. Dubash Marg, Mumbai - 400 001.

3. **Financial Calendar (tentative and subject to change)**

Financial Year: April 1 to March 31

Results for the quarter ending June 30, 2009
3rd / 4th week of July, 2009

Results for quarter ending September 30, 2009
3rd / 4th week of October, 2009

Results for quarter ending December 31, 2009
3rd / 4th week of January, 2010

Results for year ending March 31, 2010
3rd / 4th week of May, 2010

Annual General Meeting
July, 2010

4. **Book Closure Period**
Monday, July 20, 2009 to Tuesday, July 28, 2009 (both days inclusive), for payment of dividend.

5. **Dividend Payment Date**
On or after July 28, 2009.

6. **Listing of Equity Shares, Foreign Currency Convertible Bonds (FCCBs) on Stock Exchanges, Payment of Listing Fee, Stock Codes, etc.**

Exchange	Code / Trading Symbol	ISIN
Equity Shares 1. The Bombay Stock Exchange Limited (BSE) 2. National Stock Exchange of India Limited (NSE)	532684 EKC	INE184H01027
FCCB Singapore Exchange Securities Trading Limited (SGX-ST) [a wholly owned subsidiary of Singapore Exchange Limited]	—	XS0324309029

Payment of Listing Fee
Annual listing fee payable to BSE and NSE for 2008-09 and SGX-ST for 2009 have been paid in full by the Company.

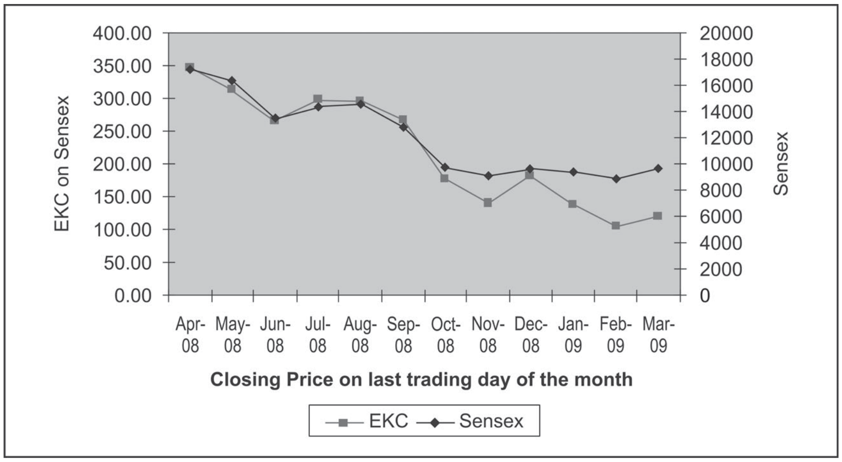
7. **High, Low of Market Price Data during each month in the year 2008-09**
Monthly high and low quotations and the volume of shares traded on the BSE & NSE

Month	NSE			BSE		
	High (Rs.)	Low (Rs.)	Volume (Rs.)	High (Rs.)	Low (Rs.)	Volume (Rs.)
April 2008	352.00	265.40	3118778	351.80	267.20	1812326
May 2008	358.00	295.05	2311012	356.00	296.30	935988
June 2008	332.00	263.00	1978187	324.00	262.00	897853
July 2008	300.00	226.00	1622965	300.00	225.60	924344
August 2008	327.00	291.15	1607254	327.00	290.05	568593
September 2008	306.50	245.00	1331977	305.80	236.00	459308
October 2008	275.00	129.70	1514672	269.00	129.00	1686096
November 2008	211.90	135.00	2493555	209.90	130.05	1925980
December 2008	203.00	132.10	2621179	203.00	133.00	1283997
January 2009	195.00	117.05	2577168	194.90	117.15	1288752
February 2009	144.50	89.55	7600959	144.70	89.50	2438490
March 2009	124.35	84.05	7673770	124.50	84.00	3406332

Source: BSE & NSE website

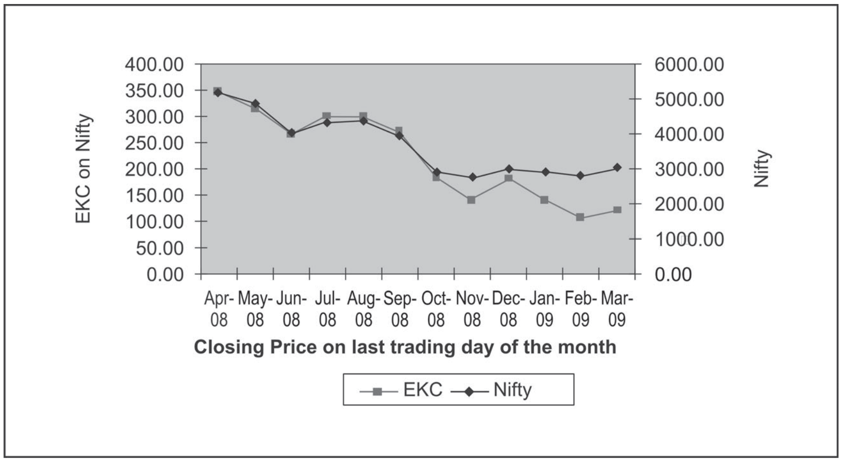
8. **Stock Performance**

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

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.: (022) 2596 3838
Fax.: (022) 2594 6969
E-mail: isrl@linkintime.co.in

The name of the Company's Registrar and Share Transfer Agent was changed from "Intime Spectrum Registry Limited" to "Link Intime India Pvt. Ltd." w.e.f. January 9, 2009.

10. **Share Transfer System**

The Company has appointed a common Registrar for the transfer of shares held in physical form and dematerialisation of shares. 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.

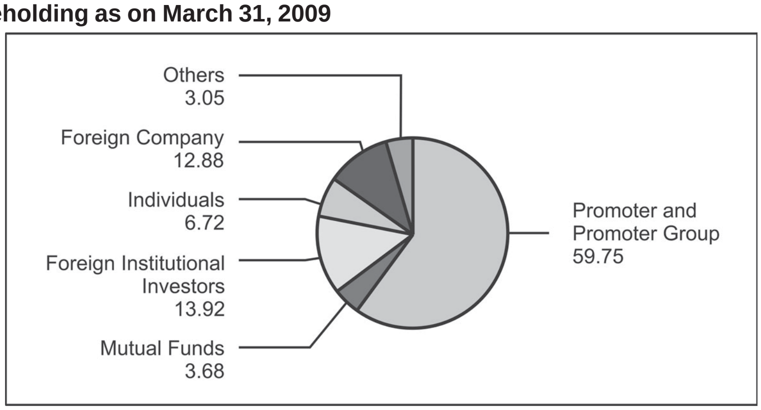
11(a). Categories of shareholding as on March 31, 2009

Category of Shareholders	Number of shares	% of Shareholding
Shareholding of Promoter and Promoter Group	60442235	59.75
Mutual Funds	3724171	3.68
Financial Institutions / Banks	3250	0.00
Foreign Institutional Investors	14075649	13.92
Bodies Corporate	2468813	2.44
i. Individual shareholders holding nominal share capital up to Rs. 1 lakh	5607352	5.55
ii. Individual shareholders holding nominal share capital in excess of Rs. 1 lakh	1186516	1.17
Clearing Member	214564	0.21
Non Resident Indians (Repat)	265167	0.26
Non Resident Indians (Non Repat)	131300	0.13
Foreign Company	13032527	12.88
Other Directors	2446	0.00
Trusts	3692	0.01
TOTAL	**101157682**	**100.00**

11(b). Distribution of shareholding by size as on March 31, 2009

No. of Shares held	No. of shareholders	% to No. of shareholders	No. of shares	% to No. of shares
1 to 500	22235	92.51	2244287	2.22
501 to 1000	699	2.91	546412	0.54
1001 to 2000	433	1.80	650477	0.64
2001 to 3000	165	0.69	412388	0.41
3001 to 4000	109	0.45	387895	0.38
4001 to 5000	62	0.26	290988	0.29
5001 to 10000	125	0.52	901948	0.89
Above 10001	207	0.86	95723287	94.63
TOTAL	**24035**	**100.00**	**101157682**	**100.00**

11(c). Distribution of shareholding as on March 31, 2009



12. Dematerialization of shares and liquidity

The Shares of the Company are compulsorily traded in dematerialized form by all categories of investors. The Company has arrangements with both the National Securities Depository Limited (NSDL) and Central Depository Services (India) Limited (CDSL) to establish electronic connectivity of its shares for scripless trading.

As on March 31, 2009, a total of 4,98,96,615 shares aggregating to 49.33 percent of the shares of the Company were held in dematerialized form. Shares of the Company are actively traded on BSE and NSE and hence ensure good liquidity for the investors.

13. Outstanding Foreign Currency Convertible Bonds

The Company had issued, Zero Coupon Foreign Currency Convertible Bonds (FCCBs) aggregating to USD 35 million in the year 2007-08. The said Bonds are convertible into fully paid up equity shares of the Company at any time on or after November 19, 2007 up to the close of business on December 3, 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 October 9, 2008.

All the FCCBs were outstanding for conversion on March 31, 2009. 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 51,39,319 Equity Shares of Rs. 2/- each.

14. Plant Location

The Company's plants are located at Aurangabad, Tarapur and Gandhidham.

Aurangabad	Tarapur	Gandhidham
E-22, MIDC Area, Chikalthana, Aurangabad - 431 210 Maharashtra	N-62, MIDC Industrial Area, Kumbhavali Naka, Tarapur - 401 506 Maharashtra	Survey no. 141 / 1 & 141 / 2, Village Varsana, Near NH 8A East, P. O. Box Gopalpuri, Taluka - Anjar, Gandhidham, Kutch - 370 240 Gujarat

15. 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.: (022) 3026 8300 - 01
E-mail: investors@ekc.in

Shareholders holding shares in electronic form should address all their correspondence to their respective Depository Participant.

VII. 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 2008-09. A declaration signed by the Chairman & Managing Director to this effect is given below.

> "It is hereby declared that the Company has obtained from all members of the board and senior management affirmation that they have complied with the code of conduct for directors and senior management of the Company for the year 2008-09."
>
> ***P. K. Khurana***
> ***Chairman & Managing Director***

VIII. 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.

IX. 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.

X. SUBSIDIARY MONITORING FRAMEWORK

As on 31st March, 2009, the Company had two wholly owned subsidiary companies viz., EKC International FZE and EKC Industries (Tianjin) Co. Ltd and two step down wholly owned subsidiaries viz., EKC Hungary Kft and CP Industries Holdings, Inc. 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.

XI. 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.

XII. SECRETARIAL AUDIT FOR RECONCILIATION OF CAPITAL

The 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.

AUDITORS' REPORT ON FINANCIAL STATEMENTS

TO THE MEMBERS OF EVEREST KANTO CYLINDER LIMITED

We have audited the attached Balance Sheet of **EVEREST KANTO CYLINDER LIMITED**, as at 31st March, 2009, the annexed Profit and Loss Account and the Cash Flow Statement for the year ended on that date. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.

1. We conducted our audit in accordance with 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 from any 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 presentation of the financial statements. We believe that our audit provides a reasonable basis for our opinion.

2. As required by the Companies (Auditor's Report) Order, 2003 and the Companies (Auditor's Report) (Amendment) Order, 2004 issued by the Central Government in terms of Section 227(4A) of the Companies Act, 1956, we annex hereto a statement on the matters specified in paragraphs 4 and 5 of the said Order.

3. Further to our comments in the Annexure referred to above, we report that:

   (i) 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;

   (ii) 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 the books of the Company. The Branch Auditor's Report forwarded to us has been appropriately dealt with in this Report;

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

   (iv) 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 Companies Act, 1956;

   (v) Based on the representations made by the Directors and taken on record by the Board of Directors of the Company and the information and explanations given to us, none of the Directors is, as at 31st March, 2009, prima-facie disqualified from being appointed as a Director in terms of clause (g) of sub-section (1) of Section 274 of the Companies Act, 1956;

   (vi) In our opinion and to the best of our information and according to the explanations given to us, the said financial statements, read together with the notes thereon, give the information required by the Companies Act, 1956, in the manner so required and present a true and fair view in conformity with the accounting principles generally accepted in India:

      (a) in the case of the Balance Sheet, of the state of affairs of the Company as at 31st March, 2009;

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

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

For and on behalf of
Dalal & Shah
Chartered Accountants

Venkatesh Subramanian
Partner
Membership No.: 37942

Place: Mumbai
Date: 15th May, 2009

ANNEXURE REFERRED TO IN PARAGRAPH 2 OF OUR AUDITORS' REPORT OF EVEN DATE ON THE ACCOUNTS FOR THE YEAR ENDED 31ST MARCH, 2009 OF EVEREST KANTO CYLINDER LIMITED

On the basis of such checks as we considered appropriate and in terms of the information and explanations given to us, we state that:

i. (a) The Company has generally maintained proper records showing particulars, including quantitative details and situation of its fixed assets;

(b) The fixed assets have been verified in accordance with the phased verification - programme, which, in our opinion, is reasonable, looking to the size of the Company and the nature of its business. As explained to us, reconciliation with asset records is in progress and in the opinion of the management, discrepancies are not expected to be material;

(c) The Company has not disposed off any substantial part of its fixed assets so as to affect its going concern;

ii. (a) As explained to us, inventories have been physically verified by the Management, at intervals which, in our opinion, are reasonable in relation to the size of the Company and the nature of its business;

(b) The procedures, as explained to us, which are followed by the Management for physical verification of inventories, are, in our opinion, 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 of the Company, we are of the opinion that, the Company is maintaining proper records of its inventories. Discrepancies noticed on physical verification of inventory as compared to book records, have been properly dealt with in the books of account;

iii. (a) According to the information and explanations given to us, the Company has, during the year, renewed unsecured loans granted to a company covered in the register maintained under Section 301 of the Companies Act, 1956 (maximum balance outstanding during the year Rs. 1,500 Lac). An amount of Rs. 500 Lac is outstanding at the close of the year. The Company has not granted any other loan, secured or unsecured, to any other party covered in the said register;

(b) According to the information and explanations given to us, the terms and conditions of the aforesaid loan, including the rate of interest, are, in our opinion, not prima-facie prejudicial to the interest of the Company;

(c) The receipt of principal and interest of the said loans are regular;

(d) According to the information and explanations given to us, the Company has not taken any loan, secured or unsecured, from companies, firms or other parties covered in the register maintained under section 301 of the Companies Act, 1956;

iv. In our opinion and according to the information and explanations given to us, there are generally adequate internal control systems commensurate with the size of the Company and the nature of its business with regard to purchase of inventory and fixed assets and for sale of goods and services. During the course of our audit, no major weakness in internal control, had come to our notice;

v. (a) On the basis of the audit procedures performed by us and according to the information, explanations and representations given to us, we are of the opinion that, the particulars of contracts or arrangements referred to in Section 301 of the Companies Act, 1956 and which were required to be entered in the register maintained under the said section, have been so entered;

(b) In our opinion and according to the information and explanations given to us, we have to state that, the transactions made in pursuance of contracts or arrangements referred to in para (v) (a) above, exceeding the value of Rupees five lac in respect of any party during the year, have been made at prices which are reasonable having regard to market prices prevailing at that time;

vi. The Company has not accepted any deposits from the public, during the year;

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

viii. We have broadly reviewed the books of account maintained by the Company pursuant to the rules made by the Central Government for the maintenance of cost records under Section 209(1)(d) of the Companies Act, 1956 in respect of the Company's products to which the said rules are applicable and are of the opinion that, prima-facie, the prescribed records have been made and maintained. We have, however, not made a detailed examination of the records with a view to determine whether they are accurate;

ix. (a) According to the records of the Company, it has been generally regular in depositing undisputed statutory dues including provident fund, investor education and protection fund, employees' state insurance, income tax, sales tax, wealth tax, service tax, custom duty, excise duty, cess and other statutory dues with the appropriate authorities;

(b) On the basis of our examination of the documents and records of the Company, there were no disputed dues in respect of income tax, sales tax, service tax, customs duty, excise duty and cess. Sale tax (lease tax) dues amounting to Rs. 16 Lac and wealth tax dues amounting to Rs. 0.23 Lac have not been deposited on account of disputes pending with the sales tax departmental authority and the income tax tribunal, respectively;

x. The Company, neither has accumulated losses at the end of the financial year nor has incurred cash losses, both, in the financial year under report and in the immediately preceding financial year;

xi. According to the records examined by us and the information and explanations given to us, we have to state that, the Company has not defaulted in re-payment of dues to Banks. There were no dues to financial institutions or debenture holders;

xii. Based on the records examined by us, we have to state that, the Company has maintained adequate documents and records in case of loans granted against shares pledged by the borrowers;

xiii. In respect of shares, securities, debentures or other investments dealt in or traded by the Company, proper records are maintained in respect of transactions and contracts and timely entries have been made therein. All the investments are held by the Company in its own name;

xiv. According to the information and explanations given to us and the representations made by the Management, the Company has given guarantees to banks for loans taken by wholly owned subsidiaries. In our opinion, the terms and conditions of these guarantees, are not, prima-facie, prejudicial to the interest of the Company;

xv. On the basis of the records examined by us, we have to state that, the Company has, prima-facie, applied the term loans for the purposes for which they were obtained. Out of proceeds of term loan of Rs. 5,029 Lac received at the close of the year and deposited in cash credit account with banks, Rs. 4,960 Lac is pending to be utilised for the purpose for which obtained;

xvi. According to the information and explanations given to us and on an overall examination of the financial statements of the Company and after placing reliance on the reasonable assumptions made by the Company for classification of long term and short term usage of funds, we are of the opinion that, prima facie, as at the close of the year, short term loan amounting to Rs. 1,980 Lac stands utilised for acquiring specific fixed assets;

xvii. The Company has not made any preferential allotment of shares to any party or company covered in the register maintained under Section 301 of the Companies Act, 1956;

xviii. The Company has not issued any debentures during the year;

xix. The Company has not raised any money by public issue during the year;

xx. According to the information and explanations given to us and the representations made by the Management and to the best of our knowledge and belief, no significant fraud on or by the Company, has been noticed or reported by the Company during the year.

Looking to the nature of activities being carried on at present by the Company and also considering the nature of the matters referred to in the various clauses of the Companies (Auditor's Report) Order, 2003 and the Companies (Auditor's Report) (Amendment) Order, 2004, clauses (iii)(d), (iii)(f), (iii)(g) and (xiii) of Paragraph 4 of the aforesaid Order, are, in our opinion, not applicable to the Company.

For and on behalf of
Dalal & Shah
Chartered Accountants

Venkatesh Subramanian
Partner
Membership No.: 37942

Place: Mumbai
Date: 15th May, 2009

BALANCE SHEET AS AT 31ST MARCH, 2009

	Schedule	As at 31.03.2009 (Rs. in Lac)	As at 31.03.2008 (Rs. in Lac)
SOURCES OF FUNDS			
Shareholders' Funds			
Share Capital	A	2,023.15	2,023.15
Reserves and Surplus	B	37,268.72	37,550.71
		39,291.87	39,573.86
Loan Funds			
Secured Loans	C	9,832.06	2,747.54
Unsecured Loans	D	23,706.29	16,003.59
		33,538.35	18,751.13
Deferred Tax Liability (Net)		-	451.24
TOTAL		72,830.22	58,776.23
APPLICATION OF FUNDS			
Fixed Assets	E		
Gross Block		23,154.92	18,021.52
Less: Depreciation / Amortisation		10,231.65	8,034.11
Net Block		12,923.27	9,987.41
Capital Work In Progress		15,779.56	6,915.46
		28,702.83	16,902.87
Investments	F	9,274.47	10,262.05
Deferred Tax Asset (Net)		234.69	-
Current Assets, Loans and Advances			
Inventories	G	24,315.62	16,653.85
Sundry Debtors	H	4,688.19	5,794.69
Cash and Bank Balances	I	1,553.41	5,640.10
Other Current Assets	J	700.27	189.67
Loans and Advances	K	17,670.85	12,022.75
		48,928.34	40,301.06
Less: Current Liabilities and Provisions			
Current Liabilities	L	12,788.59	7,155.68
Provisions	M	1,521.52	1,534.07
		14,310.11	8,689.75
Net Current Assets		34,618.23	31,611.31
TOTAL		72,830.22	58,776.23
Statement of Significant Accounting Policies and Notes forming part of Accounts	U		

As per our report of even date
For and on behalf of
Dalal & Shah
Chartered Accountants

For and on behalf of the Board
P.K. Khurana
Chairman & Managing Director

Venkatesh Subramanian
Partner

Chanda Makhija Thadani
Company Secreatry

J. Sivakumar
Chief Financial Officer

P.M. Samvatsar
Whole - Time Director

Place: Mumbai
Date: 15th May, 2009

Place: Mumbai
Date: 15th May, 2009

PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH, 2009

	Schedule	Year Ended 31.03.2009 (Rs. in Lac)	Year Ended 31.03.2008 (Rs. in Lac)
INCOME			
Sales		37,815.65	37,681.46
Less: Excise Duty		3,006.50	4,642.21
		34,809.15	33,039.25
Trading Sales		493.34	320.34
Total Sales		35,302.49	33,359.59
Other Income	N	1,629.01	873.21
		36,931.50	34,232.80
EXPENDITURE			
Raw Materials and Components Consumed	O	21,010.16	17,552.76
Trading Purchases		342.68	412.06
(Increase) / Decrease in Stocks	P	(2,439.94)	155.28
Manufacturing Expenses	Q	3,838.04	3,582.97
Personnel Expenses	R	1,730.79	1,445.31
Administrative, Sales and Other Expenses	S	1,786.80	1,847.84
Finance Charges	T	553.84	483.39
Depreciation / Amortisation for the year		2,264.75	1,673.44
Less: Depreciation withdrawn from Revaluation Reserve		-	41.17
		2,264.75	1,632.27
		29,087.12	27,111.88
Profit before Foreign Exchange Variation (Net) and Taxation		7,844.38	7,120.92
Foreign Exchange Variation - (Loss) / Gain (Net)		(2,058.84)	382.24
Profit for the year before taxation		5,785.54	7,503.16
Provision for Taxation			
Current Tax		(2,060.00)	(1,750.00)
Wealth Tax		(1.50)	(1.50)
Deferred Tax (Charge) \ Credit		687.68	(647.44)
Fringe Benefit Tax		(26.50)	(27.20)
Profit for the Year		4,385.22	5,077.02
Prior Period Adjustments (Net)		-	(19.06)
Tax Adjustments of Earlier Years (Net)		(660.46)	(331.91)
		3,724.76	4,726.05
Balance brought forward from previous year		6,769.31	4,463.45
Balance available for Appropriation		10,494.07	9,189.50
Proposed Dividend		1,213.89	1,213.89
Provision For Dividend Tax		206.30	206.30
Transferred To General Reserve		1,000.00	1,000.00
Balance carried to Balance Sheet		8,073.88	6,769.31
		10,494.07	9,189.50
Weighted average number of Equity Shares Outstanding during the year		101,157,682	98,898,965
Basic and diluted earnings per share of Rs. 2 each (in Rupees)		3.68	4.78
Statement of Significant Accounting Policies and Notes forming part of Accounts	U		

As per our report of even date
For and on behalf of

Dalal & Shah
Chartered Accountants

For and on behalf of the Board

P.K. Khurana
Chairman & Managing Director

Venkatesh Subramanian	**Chanda Makhija Thadani**	**J. Sivakumar**	**P.M. Samvatsar**
Partner	**Company Secreatry**	**Chief Financial Officer**	**Whole - Time Director**

Place: Mumbai
Date: 15th May, 2009

Place: Mumbai
Date: 15th May, 2009

SCHEDULES FORMING PART OF BALANCE SHEET AS AT 31ST MARCH, 2009

	As at 31.03.2009 (Rs. in Lac)	As at 31.03.2008 (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		
101,157,682 Equity Shares of Rs. 2 each fully paid up	**2,023.15**	2,023.15
[Includes 20,000,000 fully paid up 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]	**2,023.15**	2,023.15
SCHEDULE - 'B'		
Reserves and Surplus		
Capital Reserve	**1,015.22**	1,015.22
General Reserve		
As per last Balance Sheet	**4,491.00**	3,491.00
Add: Transferred from Profit and Loss Account	**1,000.00**	1,000.00
	5,491.00	4,491.00
Securities Premium Account		
As per last Balance Sheet	**25,275.18**	16,590.11
Add: Received During the Previous Year	**–**	8,799.11
Add: Tax Adjustments of Earlier Years	**–**	276.58
	25,275.18	25,665.80
Less:Share/FCCB Issue Expenses Incurred / (Written Back)	**(3.39)**	390.62
(Net of Tax Rs. 1.75 Lac, 31/03/2008 Rs. 201.14 Lac)	**25,278.57**	25,275.18
Revaluation Reserve		
As per last Balance Sheet	**–**	41.17
Less: Transferred to Profit and Loss Account	**–**	41.17
	–	–
Hedging Reserve Account (Refer Note 23)	**(2,589.95)**	–
Surplus in Profit and Loss Account	**8,073.88**	6,769.31
	37,268.72	37,550.71
SCHEDULE - 'C'		
Secured Loans (Refer Note 1)		
From Banks		
- Term Loan	**6,275.79**	557.71
- Interest Accrued and Due on Term Loan	**15.39**	3.80
- Working Capital Facilities	**3,539.00**	1,429.80
- Vehicle Loan	**1.88**	16.12
- Other Short Term Loan from Bank	**–**	740.11
	9,832.06	2,747.54
SCHEDULE - 'D'		
Unsecured Loans		
Sales Tax Deferment Loan	**1,352.38**	1,192.99
Foreign Currency Convertible Bonds (Refer Note 5)	**17,832.50**	14,038.50
Short Term Loans from Banks		
- Packing Credit	**1,401.13**	–
- Overdraft Facilities	**1,139.96**	–
- Others	**1,980.32**	772.10
	23,706.29	16,003.59

SCHEDULES FORMING PART OF BALANCE SHEET AS AT 31ST MARCH, 2009

SCHEDULE - 'E'
Fixed Assets

(Rs. in Lac)

Particulars	Gross Block (At Cost / Book Value)				Depreciation / Amortisation				Net Block	
	Balance as at 01.04.2008	Additions/ Adjustments	Deductions/ Adjustments	Balance as at 31.03.2009	Upto 31.03.2008	For the Year	Deductions/ Adjustments#	Upto 31.03.2009	As at 31.03.2009	As at 31.03.2008
A. Assets										
Freehold Land	284.65	167.04	–	**451.69**	–	–	–	**–**	**451.69**	284.65
Leasehold Land*	266.97	–	–	**266.97**	57.42	33.33	–	**90.75**	**176.22**	209.55
Buildings@	4,596.09	1,599.42	14.92	**6,180.59**	1,317.99	375.29	13.07	**1,680.21**	**4,500.38**	3,278.10
Electrical Installation	279.04	152.16	–	**431.20**	148.03	27.66	–	**175.69**	**255.51**	131.01
Plant and Machinery	10,289.96	3,221.52	–	**13,511.48**	5,931.41	1,525.55	–	**7,456.96**	**6,054.52**	4,358.55
Windmills	1,456.74	–	–	**1,456.74**	103.79	207.41	–	**311.20**	**1,145.54**	1,352.95
Vehicles	198.43	11.14	6.33	**203.24**	55.41	38.48	3.17	**90.72**	**112.52**	143.02
Office Equipments	103.00	10.30	–	**113.30**	30.00	11.12	–	**41.12**	**72.18**	73.00
Furnitures and Fixtures	184.40	33.56	–	**217.96**	63.20	29.22	–	**92.42**	**125.54**	121.20
Computers	84.71	10.48	–	**95.19**	51.77	15.72	–	**67.49**	**27.70**	32.94
Gas Cylinders	271.88	–	50.97	**220.91**	271.88	–	50.97	**220.91**	**–**	–
Cylinders given on Lease	5.65	–	–	**5.65**	3.21	0.97	–	**4.18**	**1.47**	2.44
As Per Balance Sheet	**18,021.52**	**5,205.62**	**72.22**	**23,154.92**	**8,034.11**	**2,264.75**	**67.21**	**10,231.65**	**12,923.27**	**9,987.41**
Previous Year Total	**15,556.57**	**2,853.23**	**388.28**	**18,021.52**	**6,431.49**	**1,673.44**	**70.82**	**8,034.11**	**9,987.41**	**–**
B. Capital Work In Progress									**15,779.56**	**6,915.46**

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.

Includes excess depreciation written back Rs. Nil (Previous Year Rs. 63.43 Lac - net).

SCHEDULES FORMING PART OF BALANCE SHEET AS AT 31ST MARCH, 2009

SCHEDULE - 'F'	Face Value	Nos. As at 31.03.2009	As at 31.03.2009 (Rs. in Lac)	Nos. As at 31.03.2008	As at 31.03.2008 (Rs. in Lac)
Investments					
A. Long Term Investment (At cost):					
Unquoted, Fully paid up Equity Shares					
a) In Subsidiary Companies					
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
			9,042.46		9,042.46
b) In Other Body Corporates (Non-Trade)					
Everest Kanto Investment & Finance Ltd.	10	**92,000**	**9.20**	92,000	9.20
GPT Steel Industries Pvt. Ltd. (Refer Note 24)	10	**2,000,000**	**200.00**	2,000,000	200.00
			209.20		209.20
			9,251.66		9,251.66
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. 0.28 Lac, NAV Previous Year Rs. 0.27 Lac)	10	**2,820.99**	**0.28**	2,642.82	0.27
LICMF Liquid Fund - Dividend Plan (NAV Rs. 1.06 Lac, NAV Previous Year Rs. 0.99 Lac)	10	**9,619.59**	**1.06**	8,977.85	0.99
UTI Money Market Fund - Dividend Plan (NAV Rs. 1.73 Lac, NAV Previous Year Rs. 1.61 Lac)	10	**9,476.99**	**1.73**	8,997.96	1.61
UTI Fixed Maturity Plan (NAV Previous Year Rs. 1066.61 Lac)	10	–	–	10,000,000	1,000.00
UTI Liquid Cash Plan Institutional Daily Income Option - Dividend Plan (Re - Investment) (NAV Rs. 19.74 Lac, NAV Previous Year Rs. 7.52 Lac)	1000	**1,936.30**	**19.74**	737.92	7.52
			22.81		1,010.39
			9,274.47		10,262.05

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 purchased and sold

	Nos.	Purchase Value (Rs. in Lac)
a. Equity Shares		
Gokul Refoils & Solvent Ltd.	**9,697**	18.91
b. Mutual Fund Units		
UTI Liquid Cash Plan Institutional Daily Income Option - Dividend Plan (Re - Investment)	**94,168.82**	960.00

SCHEDULES FORMING PART OF BALANCE SHEET AS AT 31ST MARCH, 2009

	As at 31.03.2009 (Rs. in Lac)	As at 31.03.2008 (Rs. in Lac)
SCHEDULE - 'G'		
Inventories		
(Valued and certified by Management)		
(at lower of cost or net realisable value)		
Stores, Spares, etc.	33.60	30.75
Stock in Trade:		
- Raw Materials	17,540.87	11,943.28
- Work In Progress	3,859.53	2,863.46
- Finished Goods	2,145.37	420.44
- Goods for Trade	–	115.20
Stock in Transit (at Cost)	736.25	1,280.72
	24,315.62	16,653.85
SCHEDULE - 'H'		
Sundry Debtors		
(Unsecured, Considered Good)		
Debts outstanding for a period exceeding six months	503.95	692.56
Other Debts	4,184.24	5,102.13
Includes Rs. 336.11 Lac due from Subsidiaries (31.03.2008 Rs. 1,729.48 Lac)	4,688.19	5,794.69
SCHEDULE - 'I'		
Cash and Bank Balances		
Cash on hand (Including Cheques on hand Rs. 34.52 Lac, 31.03.2008 Rs. Nil)	61.56	41.49
Bank balances with Scheduled Banks		
- In Current Accounts	55.59	418.42
- In Unclaimed Dividend Account	2.16	1.11
- In Fixed Deposits (Includes Deposits as security against Bank Guarantees/ Letters of Credit Rs. 336.05 Lac, 31/03/2008 Rs. 195.58 Lac)	840.88	195.58
- Interest accrued on fixed deposits	54.83	32.71
Bank balances in Current Account with a Non-Scheduled Banks (Refer Note 22)	538.39	4,950.79
	1,553.41	5,640.10
SCHEDULE - 'J'		
Other Current Assets		
Interest receivable from Subsidiaries	521.33	136.93
Interest receivable - Others	20.02	2.93
Other Receivables (Includes Rs. 29.30 Lac receivable from Subsidiary, 31.03.2008 Rs. 49.81 Lac)	158.92	49.81
	700.27	189.67
SCHEDULE - 'K'		
Loans and Advances		
(Unsecured, Considered Good)		
Loans to Subsidiaries	12,456.99	5,214.30
Inter Corporate Deposits	525.00	2,100.00
Deposits [Includes Rs. 948.51 Lac (31.03.2008 Rs. 628.51 Lac) to private companies in which directors are directors / members]	1,580.67	1,098.74
Advances recoverable in cash or in kind or for value to be received	2,677.77	2,758.48
Advance Tax and Taxes Deducted At Source (Net of Provision for Taxes Rs. 9,580 Lac, 31.03.2008 Rs. 6,775 Lac)	430.42	851.23
	17,670.85	12,022.75

SCHEDULES FORMING PART OF BALANCE SHEET AS AT 31ST MARCH, 2009

	As at 31.03.2009 (Rs. in Lac)	As at 31.03.2008 (Rs. in Lac)
SCHEDULE - 'L'		
Current Liabilities		
Sundry Creditors (*)		
[Including Due to Subsidiary Rs. 3,093.49 Lac		
(31.03.2008 Rs. 2,590.46 Lac)] (Refer Note 3)	**11,656.66**	6,049.01
Advances from Customers	**763.17**	871.17
Overdrawn Bank Balance as per Books	**–**	5.03
Other Liabilities	**330.25**	218.81
Unclaimed Dividend	**2.16**	1.11
Interest Accrued but not due	**36.35**	10.55
(*) (Includes dues to Directors Rs. 209.70 Lac, 31.03.2008 Rs. 233.75 Lac)		
	12,788.59	7,155.68
SCHEDULE - 'M'		
Provisions		
Provision For Taxation	**1.50**	40.20
(Net of Advance Tax Rs. 1.05 Lac, 31.03.2008 Rs. 48.50 Lac)		
Proposed Dividend	**1,213.89**	1,213.89
Tax On Dividend	**206.30**	206.30
Provision For Employee Benefits	**99.83**	73.68
	1,521.52	1,534.07

SCHEDULES FORMING PART OF PROFIT AND LOSS ACCOUNT FOR YEAR ENDED 31ST MARCH, 2009

	Year Ended 31.03.2009 (Rs. in Lac)	Year Ended 31.03.2008 (Rs. in Lac)
SCHEDULE - 'N'		
Other Income		
Interest (Gross, Tax Deducted at Source Rs. 69.94 Lac,		
Previous Year Rs. 44.36 Lac)		
- On Loans / Inter Corporate Deposits	**1,064.99**	318.85
- On Fixed Deposits	**21.71**	43.04
- Others	**10.32**	127.76
Scrap Sales	**238.76**	108.97
Dividend on Current Investments (Non-Trade)	**2.42**	3.56
Insurance Claim Received	**13.37**	18.30
Miscellaneous Income	**61.34**	53.20
Bad Debts Recovered	**–**	1.02
Commission	**56.54**	44.01
Export Incentives	**–**	8.70
Profit on sale of Long Term Investments (Non-Trade)	**–**	0.25
Profit on sale of Current Investments (Non-Trade)	**116.88**	139.32
Credit balances appropriated	**–**	6.23
Surplus on Sale of Fixed Assets	**42.68**	–
	1,629.01	873.21
SCHEDULE - 'O'		
Raw Materials and Components Consumed		
Opening Stock	**11,943.28**	4,580.67
Add: Purchases	**26,607.75**	24,915.37
	38,551.03	29,496.04
Less: Closing Stock	**17,540.87**	11,943.28
	21,010.16	17,552.76

SCHEDULES FORMING PART OF PROFIT AND LOSS ACCOUNT FOR YEAR ENDED 31ST MARCH, 2009

	Year Ended 31.03.2009 (Rs. in Lac)	Year Ended 31.03.2008 (Rs. in Lac)
SCHEDULE - 'P'		
(Increase) / Decrease In Stocks		
Opening Stocks:		
Finished Goods	**420.44**	338.42
Work in Progress	**2,863.46**	3,177.55
Goods for Trade	**115.20**	–
	3,399.10	3,515.97
Closing Stocks:		
Finished Goods	**2,145.37**	420.44
Work in Progress	**3,859.53**	2,863.46
Goods for Trade	**–**	115.20
	6,004.90	3,399.10
	(2,605.80)	116.87
Add: Variation in Excise Duty on Finished Goods Stocks	**165.86**	38.41
	(2,439.94)	155.28
SCHEDULE - 'Q'		
Manufacturing Expenses		
Stores , Spares, etc.	**839.02**	1,088.74
Power	**733.08**	734.41
Fuel and Gas	**1,536.44**	1,109.65
Repairs and Maintenance		
- Building	**186.03**	157.70
- Plant and Machinery	**81.72**	35.06
- Others	**24.67**	10.19
Other Expenses	**437.08**	447.22
	3,838.04	3,582.97
SCHEDULE - 'R'		
Personnel Expenses		
Salary, Wages and Other benefits	**1,576.58**	1,293.58
Contribution to Provident Fund and Other Funds	**94.00**	98.82
Staff Welfare Expenses	**60.21**	52.91
	1,730.79	1,445.31
SCHEDULE - 'S'		
Administrative, Sales and Other Expenses		
Insurance	**101.38**	91.38
Rent	**104.09**	68.14
Rates and Taxes	**18.04**	21.72
Directors' Sitting Fees and Commission	**38.50**	35.10
Legal and Professional Fees	**135.85**	169.55
Advertisement and Sales Promotion	**77.16**	50.09
Commission	**259.77**	282.53
Sundry Expenses	**411.51**	511.20
Loss on Assets Sold/ Discarded	**–**	26.25
Carriage and Freight	**277.70**	340.65
Contribution to Charitable Funds	**25.00**	25.00
Debit balances written off	**12.54**	–
Excise Duty paid	**22.74**	20.12
Bad Debts	**–**	3.96
Bank Charges and Commission	**302.52**	202.15
	1,786.80	1,847.84
SCHEDULE - 'T'		
Finance Charges		
Interest on Term Loans	**38.08**	96.28
Interest on Working Capital / Short Term Loans	**513.82**	383.84
Interest - Others	**1.94**	3.27
Net of Rs. 58.85 Lac (Previous Year Rs. 0.79 Lac) Capitalised	**553.84**	483.39

SCEHDULES FORMING PART OF THE ACCOUNTS FOR THE YEAR ENDED 31ST MARCH, 2009

SCHEDULE - 'U'

Notes forming part of the Accounts

1. Loan Funds:

(a) Term Loan from Citibank is secured by way of first charge on all the fixed assets of Gandhidham unit (excluding specific fixed assets).

(b) Term Loan from State Bank of Hyderabad is secured by way of first charge on the office premises located in Mumbai.

(c) External Commercial Borrowing from DBS Bank is to be secured by first charge on the specific fixed assets of the Kandla SEZ and till such time is guaranteed by a director.

(d) 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.

(e) Vehicle Loan is secured by hypothecation of vehicles purchased there against.

(f) The borrowings mentioned in (a) and (d) above are also guaranteed by Directors and their relatives.

2. Contingent liabilities not provided for in respect of:

	As at 31.03.2009 (Rs. in Lac)	As at 31.03.2008 (Rs. in Lac)
(a) Disputed Tax and other Matters		
Sales Tax	**-**	39.19
Lease Tax	**16.34**	16.34
Wealth Tax	**0.23**	-
Claims not acknowledged as debts	**1.77**	4.77

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) With regard to the search conducted by the Income Tax Department during the Financial Year 2005-06, the Company has not received any demand from the authorities under section 132 of Income Tax Act, 1961. Apart from various records, cash amounting to Rs. 4.07 Lac, which is included in cash balance, was also seized by the Department. The Company has paid tax as per revised income tax returns and also made an application to the Settlement Commission for settling any dispute arising out of the same and the proceedings are in process. As a result, the liability arising there against, if any, is not determinable at present.

	As at 31.03.2009 (Rs. in Lac)	As at 31.03.2008 (Rs. in Lac)
(c) Corporate Guarantees given on behalf of subsidiaries and step down subsidiaries	**43,307.50**	11,030.25
(Amounts outstanding there against)	**28,380.95**	5,435.71

3. (a) Sundry Creditors in Schedule 'L' to the Accounts include (i) Rs. 2.05 Lac (Rs. Nil as at 31.03.2008) due to micro and small enterprises registered under the Micro, Small and Medium Enterprises Development Act, 2006 (MSME) and (ii) Rs. 11,654.61 Lac (Rs. 6,049.01 Lac as at 31.03.2008) 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. Estimated amount of contracts remaining to be executed on Capital Account and not provided for (net of advances).	**4,058.94**	3,263.88

5. During the previous 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% 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 31.03.2009	As at 31.03.2008
(a) Derivative instruments outstanding:	Foreign Currency	
- US Dollar Currency Option (Exports)	**27,250,000**	13,125,000
- JPY Swap to USD (Loan Borrowed)	**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:

	As at 31.03.2009	As at 31.03.2008
Debtors-US Dollars	**898,706**	3,519,549
Creditors/Payables-US Dollars	**8,465,699**	4,816,516
Creditors-Euro	**2,108,738**	115,169
Creditors-AED	**2,174,036**	2,036,409
Advances to Suppliers/ Others-USD	**2,415,679**	5,507,212
Advances to Suppliers/ Others-Euro	**3,009,300**	2,883,248
Advance received from Customers-USD	**377,907**	209,824
Loans given-USD	**24,449,450**	13,000,000
Loans Borrowed-USD *	**56,486,758**	36,000,000
Loans Borrowed-Euro	**-**	1,756,500
Loans Borrowed-AED	**13,244**	147,614
Other Receivables-USD	**1,080,711**	732,282
Bank Balances-USD	**1,066,446**	12,392,740
Cash & Bank Balances-AED	**106,106**	107,337
Interest Payable-USD	**71,337**	2,439

* Includes swap 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':

	2008-2009 (Rs. in Lac)	2007-2008 (Rs. in Lac)
Salary, allowances, etc.	**100.30**	87.59
Contribution to Provident and other funds	**10.56**	9.04
Other Perquisites	**28.68**	16.44
Commission	**169.93**	203.93
	309.47	317.00

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) of the Companies Act, 1956.

	2008-2009	2007-2008
Profit before Tax- As per Profit and Loss Account	**5,785.54**	7,503.16
Add: Managerial Remuneration Paid / Provided	**309.47**	317.00
Directors' sitting fees and Commission	**38.50**	35.10
	347.97	352.10
	6,133.51	7,855.26
Less: Profit on Sale of Investments	**116.88**	139.57
Surplus on Sale of Assets (as per Section 349)	**20.08**	-
Prior Period Adjustments(net)	**-**	19.06
	136.96	158.63
Net Profit in accordance with Section 198(1) / 349	**5,996.55**	7,696.63
Commission to Managing Director @ 2% of said profit	**119.93**	153.93
Commission to Whole Time Directors @ 1% of said profit maximum commission restricted to	**50.00**	50.00
Commission to Independent Directors @ 1% of said profit maximum commission restricted to	**30.00**	25.00

8. Auditors' Remuneration:	**2008-2009 (Rs. in Lac)**	2007-2008 (Rs. in Lac)
(i) Audit Fees (includes Branch Auditor Fees Rs. 0.50 Lac; Previous Year Rs. 0.50 Lac)	**10.50**	10.50
(ii) Tax Audit Fees	**2.00**	2.00
(iii) Certifying FCCB Offering Circular	**-**	3.00
(iv) Other Services	**5.67**	5.34
(v) Reimbursement of Expenses	**0.39**	-
TOTAL	**18.56**	20.84

9. A. Value of Imports calculated on CIF basis in respect of:	**2008-2009 (Rs. in Lac)**	2007-2008 (Rs. in Lac)
(i) Raw Materials and Components	**23,153.48**	22,878.09
(ii) Stores, Spares, etc.	**9.80**	52.63
(iii) Capital Goods	**7,906.12**	3,000.66
B. Expenditure in Foreign Currency on account of:		
(i) Traveling	**35.22**	40.98
(ii) Commission	**191.44**	259.65
(iii) Share / FCCB Issue Expenses	**-**	392.86
(iv) Interest	**246.35**	38.87
(v) Others	**40.26**	69.16

10. Remittance in Foreign Currency on account of dividends:

(a) Year to which the dividend relates	**2007-2008**	2006-2007
(b) Number of non-resident shareholders to whom remittances were made	**-**	1
(c) Number of Shares (of Rs. 10/- each) on which remittances were made	**-**	1,896,900
(d) Amount remitted (Rs. in Lac)	**Nil**	94.85

11. Earnings in Foreign Currency:	**2008-2009 (Rs. in Lac)**	2007-2008 (Rs. in Lac)
(i) Export of goods calculated on FOB Basis	**11,118.41**	10,551.33
(ii) Commission for Bank Guarantee	**56.54**	44.01
(iii) Interest on loans given	**781.40**	256.58
(iv) Others	**5.53**	2.77

12. Prior period adjustments represent:		
Debits relating to earlier years	**-**	(93.91)
Credits relating to earlier years	**-**	11.42
Excess Depreciation / Amortisation adjustments (net)	**-**	63.43
	-	(19.06)

	As at 2008-2009 (Rs. in Lac)	As at 2007-2008 (Rs. in Lac)
13. Assets taken on operating lease: The total future minimum lease rentals payable at the Balance Sheet date are as under:		
For a period not later than one year	**130.05**	77.44
For a period later than one year and not later than five years	**86.42**	81.30
For a period later than five years	**-**	-
Assets given on operating lease:		
(i) Cylinders:		
Gross Carrying Amount	**5.65**	5.65
Depreciation for the year	**0.97**	2.25
Accumulated Depreciation	**4.18**	3.21
(ii) The total future minimum lease rentals receivable at the Balance Sheet date are as under:		
For a period not later than one year	**-**	0.05
For a period later than one year and not later than five years	**-**	0.03
For a period later than five years	**-**	-

	2008-2009 (Rs. in Lac)	2007-2008 (Rs. in Lac)
14. Computation of profit for Earnings per Share:		
Profit for the year	**4,385.22**	5,077.02
Add/ (Less): Prior period adjustments (net)	**-**	(19.06)
Add/ (Less): Tax Adjustments for earlier years (net)	**(660.46)**	(331.91)
Net Earnings	**3,724.76**	4,726.05
Weighted Average No. of Equity Shares	**101,157,682**	98,898,965
Nominal Value per share (in Rupees)	**2.00**	2.00
Basic and Diluted Earnings Per Share (in Rupees)	**3.68**	4.78

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

15. Deferred Tax:

(Rs. in Lac)

	As at 31/03/2009	As at 31/03/2008	As at 31/03/2007
Deferred Tax Liability on account of : Depreciation	**757.62**	771.60	641.41
Deferred Tax Asset on account of:			
Taxes and Duties on Inventories	**645.19**	-	449.13
Shares / FCCB Issue Expenses	**279.17**	293.51	187.34
Employee Benefits	**62.85**	25.05	-
Others	**5.10**	1.80	-
	992.31	320.36	636.47
Deferred Tax Liability / (Asset) (net)	**(234.69)**	451.24	4.94

16. Related parties disclosures:

1. Relationships:

a) Subsidiary Companies:

EKC Industries (Tianjin) Co. Limited, China

EKC International FZE, UAE

(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 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	3,340.54 (5,016.88)	- (-)	- (-)	- (-)	- (-)
Others	143.66 (5.35)	- (-)	583.36 (650.35)	- (-)	- (-)
Income / Receipts:					
Reimbursement of expenses	- (17.52)	- (-)	- (-)	- (-)	- (-)
Purchases:					
Raw materials and components - EKC International FZE	377.89 (3,100.28)	- (-)	- (-)	- (-)	- (-)
Raw materials and components - Others	- (-)	- (-)	1,353.40 (-)	- (-)	- (-)
Consumables	12.98 (-)	- (-)	34.24 (20.62)	- (-)	- (-)
Expenses / Payments:					
Remuneration	- (-)	- (-)	- (-)	309.47 (317.00)	- (-)
Commission	157.65 (233.17)	- (-)	- (-)	- (-)	- (-)
Rent					
Everest Industrial Gases Private Ltd.	- (-)	- (-)	28.63 (12.00)	- (-)	- (-)
Khurana Fabrication Industries Private Ltd.	- (-)	- (-)	19.22 (18.21)	- (-)	- (-)
Everest Kanto Investment and Finance Ltd	- (-)	- (-)	20.22 (18.00)	- (-)	- (-)
Khurana Exports Private Ltd.	- (-)	- (-)	32.47 (15.60)	- (-)	- (-)
Others	- (-)	- (-)	0.22 (-)	6.00 (10.68)	- (1.50)
Contribution to Charitable Funds					
Khurana Education Trust	- (-)	- (-)	- (25.00)	- (-)	- (-)
Khurana Charitable Trust	- (-)	- (-)	25.00 (-)	- (-)	- (-)
Other Expenses	- (-)	- (-)	16.20 (29.75)	- (-)	- (-)
Reimbursement of expenses	- (-)	2.34 (-)	- (1.75)	0.11 (-)	- (-)
Finance and Investments:					
Commission Income - EKC International FZE	56.54 (44.01)	- (-)	- (-)	- (-)	- (-)
Interest from Subsidiaries - EKC International FZE	532.89 (119.04)	- (-)	- (-)	- (-)	- (-)
Interest from Subsidiaries- EKC Industries (Tianjin) Co. Ltd.	248.51 (17.89)	- (-)	- (-)	- (-)	- (-)
Loans given - Net of Repayments					
EKC International FZE	2,765.84 (3,946.00)	- (-)	- (-)	- (-)	- (-)
EKC Industries (Tianjin) Co. Ltd.	2,140.09 (1,192.34)	- (-)	- (-)	- (-)	- (-)
Subscription in Equity Shares - EKC Industries (Tianjin) Co. Ltd.	- (4,949.29)	- (-)	- (-)	- (-)	- (-)

(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
Corporate Guarantees given on behalf of subsidiaries					
EKC International FZE	5,604.50 (-)	- (-)	- (-)	- (-)	- (-)
EKC Industries (Tianjin) Co. Ltd.	1,019.00 (1,604.44)	- (-)	- (-)	- (-)	- (-)
CP Industries Holdings, Inc.	- (-)	17.832.50 (-)	- (-)	- (-)	- (-)
EKC Hungry Kft	- (-)	5,095.00 (-)	- (-)	- (-)	- (-)
Guarantees given for borrowings by the Company	- (-)	- (-)	- (-)	5,095.00 (-)	- (-)
Outstandings: #					
Payables -					
EKC International FZE	3,091.15 (2,590.46)	- (-)	- (-)	- (-)	- (-)
CP Industries Holdings, Inc.	- (-)	2.34 (-)	- (-)	- (-)	- (-)
Others	- (-)	- (-)	107.98 (77.38)	179.70 (208.75)	- (-)
Loans given -					
EKC International FZE	8,355.80 (4,011.00)	- (-)	- (-)	- (-)	- (-)
EKC Industries (Tianjin) Co. Ltd.	4,101.19 (1,203.30)	- (-)	- (-)	- (-)	- (-)
Other Receivables -					
EKC International FZE	429.96 (1,892.98)	- (-)	- (-)	- (-)	- (-)
EKC Industries (Tianjin) Co. Ltd.	456.78 (23.24)	- (-)	- (-)	- (-)	- (-)
Everest Industrial Gases Private Ltd.	- (-)	- (-)	300.00 (300.00)	- (-)	- (-)
Everest Kanto Investment and Finance Ltd	- (-)	- (-)	200.00 (200.00)	- (-)	- (-)
Khurana Exports Private Ltd.	- (-)	- (-)	330.00 (310.00)	- (-)	- (-)
G.N.M. Realtors Private Ltd.	- (-)	- (-)	300.00 (-)	- (-)	- (-)
Others	- (-)	- (-)	18.51 (18.51)	- (-)	20.00 (20.00)
Guarantees given for borrowings by the Company@	- (-)	- (-)	- (-)	5,095.00 (-)	- (-)
	- (-)	- (-)	- (-)	4,701.98 (Jointly) (7,302.71) (Jointly)	
Corporate Guarantees given on behalf of subsidiaries@					
EKC International FZE	3,415.45 (3,831.31)	- (-)	- (-)	- (-)	- (-)
EKC Industries (Tianjin) Co. Ltd.	2,038.00 (1,604.40)	- (-)	- (-)	- (-)	- (-)
CP Industries Holdings, Inc.	- (-)	17,832.50 (-)	- (-)	- (-)	- (-)
EKC Hungary Kft	- (-)	5,095.00 (-)	- (-)	- (-)	- (-)

Foreign currency balances are restated at year end rates.
@ To the extent of amounts outstanding there against. (Previous year figures are in brackets).

17. A. Capacity and Production (Annual Capacity)

Particulars	As at 31st March, 2009		2008-2009	As at 31st March, 2008		2007-2008
	Licenced / Registered	Installed	Actual Production	Licenced / Registered	Installed	Actual Production
Seamless Gas Cylinders - Nos	610,000	610,000	470,178	610,000	610,000	495,180

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 Nos	Value (Rs. in Lac)	Sales Nos	Value (Rs. in Lac)	Closing Stock Nos	Value (Rs. in Lac)
Seamless Gas Cylinders	2009	9782	420.44	448,707	34,809.15	31253	2,145.37
Seamless Gas Cylinders	2008	21906	338.42	507,304	33,039.25	9782	420.44

'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	2008 – 2009		2007 – 2008	
	Quantity Metric Tonnes	Value (Rs. in Lac)	Quantity Metric Tonnes	Value (Rs. in Lac)
Seamless Tubes with Incidental Costs	22,565.99	19,179.68	19,224.98	16,381.19
Others	-	1,830.48	-	1,171.57
TOTAL	**22,565.99**	**21,010.16**	**19,224.98**	**17,552.76**

D. Details of Imported and Indigenous Raw Materials and Components

Particulars	2008 – 2009		2007 – 2008	
	%	Value (Rs. in Lac)	%	Value (Rs. in Lac)
Imported	93.74	19,695.15	94.97	16,669.89
Indigenous	6.26	1,315.01	5.03	882.87
TOTAL	100.00	**21,010.16**	100.00	**17,552.76**

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

Particulars	2008 – 2009		2007 – 2008	
	%	Value (Rs. in Lac)	%	Value (Rs. in Lac)
Imported	1.17	9.80	4.83	52.63
Indigenous	98.83	829.22	95.17	1,036.11
Total	100.00	**839.02**	100.00	**1,088.74**

18. Bonds / Undertakings given by the Company under concessional duty / exemption schemes to government authorities (net of obligations fulfilled) aggregate Rs. 3,104.65 Lac as at the close of the year.

19. In accordance with Accounting Standard (AS) 15 - "Employee Benefits", an amount of Rs. 82.04 Lac (Previous Year Rs. 87.31 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	**2008-2009 (Rs. in Lac)**	2007-2008 (Rs. in Lac)
Change in present value of obligation:		
Obligation at beginning of the year	**96.69**	78.29
Current Service Cost	**11.26**	8.62
Interest Cost	**7.73**	5.87
Actuarial (gain) / loss	**5.38**	6.20
Benefits paid	**(10.15)**	(2.29)
Obligation at the end of the year	**110.91**	96.69
Change in Plan assets (Managed by LIC):		
Fair value of Plan Assets at beginning of the year	**93.67**	80.17
Expected return on plan assets	**8.58**	7.46
Actuarial gain / (loss)	**Nil**	Nil
Contributions	**28.98**	8.33
Benefits paid	**(10.15)**	(2.29)
Fair Value of plan assets at end of the year	**121.08**	93.67
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	**110.91**	96.69
Fair Value of plan assets at the end of the year	**121.08**	93.67
Net (Asset) / Liability recognized in the balance sheet	**(10.17)**	3.02
Gratuity cost recognised for the year:		
Current Service Cost	**11.26**	8.62
Interest Cost	**7.73**	5.87
Expected return on plan assets	**(8.58)**	(7.46)
Actuarial (gain) / loss	**5.38**	6.20
Net gratuity cost	**15.79**	13.23
Assumptions:		
Interest rate	**8%**	8%
Rate of growth in salary levels*	**4%**	4%

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

20. Loans and advances in the nature of loans.

(Rs. in Lac)

Name of Company	As at 31.03.2009	Maximum balance 2008-2009	As at 31.03.2008	Maximum balance 2007-2008
EKC International FZE*	**8,355.80**	9,405.78	4,011.00	4,011.00
EKC Industries (Tianjin) Co. Ltd.*	**4,101.19**	4,101.19	1,203.30	1,203.30
Akruti City Limited$	**500.00**	1,500.00	1,500.00	2,500.00

* Wholly owned subsidiaries.

$ Company in which a director is interested.

Shareholding by loanees - Nil

21. Indirect Expenses incurred during construction period capitalized:

Particulars	**Upto 31/03/2009 (Rs. in Lac)**	Upto 31/03/2008 (Rs. in Lac)
Legal and Professional Fees	**2.57**	0.65
Rent	**122.76**	22.76
Electricity Charges	**38.49**	-
Insurance	**4.83**	-
Salary and Wages	**42.23**	-
Others	**105.63**	-
Total	**316.51**	23.41

22. Bank Balances in current accounts with Non - Schedule Banks.

(Rs. in Lac)

Name of Bank	As at 31.03.2009	Maximum balance 2008 - 2009	As at 31.03.2008	Maximum balance 2007 - 2008
National Bank of Fujairah, UAE	**4.40**	4.62	1.36	2.81
Standard Chartered Bank, UAE	**0.74**	28.72	2.75	954.51
Standard Chartered Bank, UAE	**0.05**	214.47	0.01	1702.32
Citibank NA, London	**533.20**	4,946.67	4,946.67	13,404.72

23. 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, 2009, representing mark to market losses, in respect of contracts maturing upto December, 2012, stands at Rs. 2,589.95 Lac.

24. 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 net worth has eroded. However, as per information available with the Company, GPT continues to be a going concern and has now embarked upon a revival plan. Considering the same and the intention of the management to hold this investment on a long term basis, no diminution in the value of the above investment is considered necessary, at present.

25. As a part of its global expansion plans, the Company has through its wholly owned subsidiary incorporated step down subsidiaries in Hungary and further in U.S.A. which entities have acquired all the assets of CP Industries (a division of Reunion Industries, Inc.) for a total consideration of USD 66.30 Million. For part financing the acquisition, the Company has extended a Corporate Guarantee of USD 45 Million to three banks who have part financed the acquisition. This acquisition has been consummated on 18th April, 2008.

26. The Company has completed the acquisition of a majority stake (72.65%) in Calcutta Compressions & Liquefaction Engineering Private Limited ("CC&L") for a consideration of Rs. 238.89 Lac. CC&L has a subsisting agreement with Oil & Natural Gas Corporation Limited ("ONGC") for purchase of Coal Bed Methane Gas from its gas field located in Jharkhand. The acquisition was completed on 18th April, 2009.

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 and on behalf of
Dalal & Shah
Chartered Accountants

For and on behalf of the Board
P.K. Khurana
Chairman & Managing Director

Venkatesh Subramanian
Partner

Chanda Makhija Thadani
Company Secreatry

J. Sivakumar
Chief Financial Officer

P.M. Samvatsar
Whole - Time Director

Place: Mumbai
Date: 15th May, 2009

Place: Mumbai
Date: 15th May, 2009

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. 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. 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, are 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 is 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 is immediately recognized in the Profit and Loss Account.

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 prescribed under Schedule XIV to the Companies Act, 1956, as per the Written Down Value method.

iii. Depreciation on revalued assets is calculated on their respective book values and the additional charge on account of revaluation is withdrawn from the Revaluation Reserve and credited to the Profit and Loss Account.

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

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

H. Inventory Valuation:

a. Raw Materials and Components, Work in Progress, Finished Goods, 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, 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. 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.

CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2009

		Year Ended 31.03.2009 (Rs. in Lac)		Year Ended 31.03.2008 (Rs. in Lac)
A) CASH FLOW FROM OPERATING ACTIVITIES				
Net Profit for the year before taxation		**5,785.54**		7,503.16
Add/ (Deduct):				
(a) Depreciation / amortisation for the year	**2,264.75**		1,632.27	
(b) Prior Period Adjustments (net)	**-**		(82.49)	
(c) Foreign Exchange Variation (net)	**1,765.54**		-	
(d) Loss on Assets Sold / Discarded	-		26.25	
(e) Finance Charges	**553.84**		483.39	
(f) Interest Income	**(1,097.02)**		(489.65)	
(g) Dividend on Current Investments (Non - Trade)	**(2.42)**		(3.56)	
(h) Profit on Sale of Long Term Investments (Non - Trade)	**-**		(0.25)	
(i) Profit on Sale of Current Investments (Non - Trade)	**(116.88)**		(139.32)	
(j) Surplus on Sale of Fixed Assets	**(42.68)**		-	
		3,325.13		1,426.64
Operating Cash Profit before Working Capital Changes		**9,110.67**		8,929.80
(a) (Increase) in Inventories	**(7,661.77)**		(8,520.44)	
(b) (Increase) / Decrease in Sundry Debtors	**1,106.50**		(2,238.26)	
(c) (Increase) in Other Receivables	**(650.80)**		(5.19)	
(d) Increase in Trade and Other Payables	**2,069.58**		4,985.06	
		(5,136.49)		(5,778.83)
Cash Inflow from Operations		**3,974.18**		3,150.97
Deduct:				
Direct Taxes Paid		**2,366.35**		2,385.00
Net Cash Inflow in course of Operating activities (A)		**1,607.83**		765.97
B. CASH FLOW FROM INVESTING ACTIVITIES				
Inflow:				
(a) Dividend on Current Investments (Non - Trade)	**2.42**		3.56	
(b) Interest Income Received	**695.53**		349.79	
(c) Sale of Current Investments	**2,095.79**		4,001.98	
(d) Sale of Long Term Investments	**-**		1.25	
(e) Repayment of Inter Corporate Deposits given (net)	**1,575.00**		-	
(f) Sale of Fixed Assets	**47.69**		-	
		4,416.43		4,356.58
Outflow:				
(a) Purchases of Current Investments	**991.33**		3,746.23	
(b) Investment in Subsidiaries	**-**		4,949.29	
(c) Investment in Inter Corporate Deposits given (net)	**-**		2,100.00	
(d) Loans given to Subsidiaries (net)	**4,905.93**		5,214.30	
(e) Purchase of Fixed Assets (including capital advances)	**13,097.04**		9,414.06	
		18,994.30		25,423.88
Net Cash (Outflow) in the course of Investing Activities (B)		**(14,577.87)**		(21,067.30)

CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2009

		Year Ended 31.03.2009 (Rs. in Lac)		Year Ended 31.03.2008 (Rs. in Lac)	
C.	**CASH FLOW FROM FINANCING ACTIVITIES**				
	Inflow:				
	(a) Proceeds from Issue of Equity Shares-Private Placement	-		8,870.07	
	(b) Working Capital/Short Term Loan availed during the year (net)	4,876.35		2,263.97	
	(c) Fixed Loans availed during the year (net)	5,796.98		-	
	(d) Proceeds from issue of FCCBs	-		14,038.50	
	(e) Share / FCCB Issue Expenses Reversed	5.14		-	
			10,678.47		25,172.54
	Outflow:				
	(a) Share / FCCB Issue Expenses	-		591.76	
	(b) Fixed Loans repaid during the year (net)	-		212.32	
	(c) Interest paid on loans borrowed	516.45		469.04	
	(d) Dividend Paid	1,212.84		975.47	
	(e) Dividend Tax Paid	206.30		165.89	
			1,935.59		2,414.48
	Net Cash Inflow in the course of Financing activities (C)		8,742.88		22,758.06
	Net Increase / (Decrease) in Cash/Cash Equivalents (A+B+C)		(4,227.16)		2,456.73
	Add:Balance of Cash / Cash Equivalents at the beginning of the year		5,440.45		2,983.72
	Cash / Cash Equivalents at the close of the year		1,213.29		5,440.45
	Cash / Cash Equivalents at the close of the year				
	Cash and Bank Balances as per Schedule		1,553.41		5,640.10
	Less: Fixed Deposits given as securities		(336.05)		(195.58)
	Less: Cash Balance as referred to in Note 2(b)		(4.07)		(4.07)
			1,213.29		5,440.45

As per our report of even date
For and on behalf of
Dalal & Shah
Chartered Accountants

For and on behalf of the Board
P.K. Khurana
Chairman & Managing Director

Venkatesh Subramanian
Partner

Chanda Makhija Thadani
Company Secreatry

J. Sivakumar
Chief Financial Officer

P.M. Samvatsar
Whole - Time Director

Place: Mumbai
Date: 15th May, 2009

Place: Mumbai
Date: 15th May, 2009

Annexure referred to in note 9 of the notes annexed to and forming part of the balance sheet as at 31st March, 2009 and the profit and loss account for the year ended on that date.

BALANCE SHEET ABSTRACT AND COMPANY'S GENERAL BUSINESS PROFILE

I. Registration Details

Registration No.	20434
State Code	11
Balance Sheet Date	31 03 2009

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

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

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

Total Liabilities	8714033
Total Assets	8714033
Sources of Funds	
Paid-Up Capital	202315
Reserves & Surplus	3726872
Secured Loans	983206
Unsecured Loans	2370629
Deffered Tax Liability	NIL
Current Liabilities	1431011
Application of Funds	
Net Fixed Assets	2870283
Investments	927447
Net Current Assets	4892834
Miscellaneous Expenditure	NIL
Accumulated Losses	NIL
Deffered Tax Assets	23469

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

Net Turnover	3530249
Total Expenditure	3114596
Profit/Loss before Tax (+ -)	+ 578554
Profit/Loss after Tax (+ -)	+ 438522
Earning Per Share in Rs.	3.68
Dividend Rate %	60

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

Item Code No. (ITC Code)	7311003
Product Description	HIGH PRESSURE CYLINDER

STATEMENT PURSUANT TO SECTION 212(8) OF THE COMPANIES ACT, 1956 RELATING TO SUBSIDIARIES AND STEP DOWN SUBSIDIARIES

(Rs. in Lac)

Sr. No.	Particulars	EKC International FZE	EKC Industries (Tianjin) Co. Ltd.	CP Industries Holdings, Inc	EKC Hungary Kft
1	Country of Incorporation	United Arab Emirates	People's Republic of China	United States of America	Hungary
2	Share Capital	2,444.29	9,733.86	4,585.50	3,622.55
3	Reserves & Surplus	22,178.14	(902.04)	640.86	(799.56)
4	Total Assets	38,463.13	16,299.83	36,933.11	21,468.84
5	Total Liabilities	13,840.70	7,468.02	31,706.75	18,645.85
6	Investments	3,705.20	-	-	4,585.50
7	Turnover and other Income	38,003.11	1,683.54	1,585.05	701.22
8	Profit / (Loss) Before Taxation	9,263.99	(1,276.43)	888.36	(720.53)
9	Provision for Taxation	-	-	310.84	-
10	Profit / (Loss) After Taxation	9,263.99	(1,276.43)	577.52	(720.53)
11	Proposed Dividend	-	-	-	-

Note:

a) Items 1 to 5 and 10 are translated at exchange rates as on 31st March, 2009 as follows: 1 AED = Rs.14.2080, 1 RMB = Rs. 7.6439 & 1 USD = Rs. 50.95

b) Items 6 to 9 are translated at exchange rates as follows: 1 AED = Rs. 12.6568, 1 RMB = Rs. 6.77932 & 1 USD = Rs. 45.914

AUDITORS' REPORT ON CONSOLIDATED FINANCIAL STATEMENTS

TO THE BOARD OF DIRECTORS OF EVEREST KANTO CYLINDER LIMITED

We have examined the attached Consolidated Balance Sheet of Everest Kanto Cylinder Limited and its subsidiaries as at 31st March, 2009, the Consolidated Profit and Loss Account and the Consolidated Cash Flow Statement for the year then ended.

These consolidated financial statements are the responsibility of the management of Everest Kanto Cylinder Limited. Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with the generally accepted auditing standards in India. Those Standards require that we plan and perform the audit to obtain reasonable assurance whether the financial statements are prepared, in all material respects, in accordance with an identified financial reporting frame work and are free of material misstatement. An audit includes, examining on a test basis, evidence supporting the amounts and disclosures in financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statements. We believe that our audit provides a reasonable basis for our opinion.

We did not audit the financial statements of the foreign subsidiaries - (i) EKC International FZE (UAE), (ii) EKC Industries (Tianjin) Co. Limited (China) and the two step down subsidiaries (iii) EKC Hungary Kft (Hungary) and (iv) CP Industries Holdings, Inc. (USA). These financial statements have been audited by other auditors, whose reports have been submitted to us and our opinion, in so far as it relates to amounts included in respect of these four subsidiaries, is based solely on the reports of the other auditors. These foreign subsidiaries have total assets of Rs. 79,958.08 Lac (net of Intragroup balances) as at 31st March, 2009 and total revenues of Rs. 53,936.70 Lac (net of Intragroup transactions) for the year ended on that date.

We report that the consolidated financial statements have been prepared by the Company in accordance with the requirements of Accounting Standard (AS) 21- 'Consolidated Financial Statements' and on the basis of the separate audited financial statements of Everest Kanto Cylinder Limited and its four subsidiaries.

On the basis of the information and explanations given to us, we are of the opinion that:

(a) The Consolidated Balance Sheet gives a true and fair view of the consolidated state of affairs of Everest Kanto Cylinder Limited and its subsidiaries as at 31st March, 2009;

(b) The Consolidated Profit and Loss Account gives a true and fair view of the consolidated results of operations of Everest Kanto Cylinder Limited and its subsidiaries for the year ended on that date; and

(c) The Consolidated Cash Flow Statement gives a true and fair view of the consolidated cash flows of Everest Kanto Cylinder Limited and its subsidiaries for the year ended on that date.

For and on behalf of
Dalal & Shah
Chartered Accountants

Venkatesh Subramanian
Partner
Membership No.: 37942

Place: Mumbai
Date: 15th May, 2009

CONSOLIDATED BALANCE SHEET AS AT 31ST MARCH, 2009

	Schedule	As at 31.03.2009 (Rs. in Lac)	As at 31.03.2008 (Rs. in Lac)
SOURCES OF FUNDS			
Shareholders' Funds			
Share Capital	A	2,023.15	2,023.15
Reserves and Surplus	B	59,939.42	45,937.43
		61,962.57	47,960.58
Loan Funds			
Secured Loans	C	38,499.28	7,855.99
Unsecured Loans	D	23,706.29	16,003.59
		62,205.57	23,859.58
Deferred Tax Liability (Net)		-	451.24
TOTAL		124,168.14	72,271.40
APPLICATION OF FUNDS			
Fixed Assets	E		
Gross Block		69,635.52	24,131.53
Less: Depreciation / Amortisation		16,391.36	8,696.55
Net Block		53,244.16	15,434.98
Capital Work In Progress		19,833.39	13,094.03
		73,077.55	28,529.01
Investments	F	232.01	1,219.59
Deferred Tax Asset (Net)		58.74	-
Current Assets, Loans and Advances			
Inventories	G	48,848.77	28,458.81
Sundry Debtors	H	9,804.71	9,077.54
Cash and Bank Balances	I	3,926.75	6,470.48
Other Current Assets	J	159.86	2.93
Loans and Advances	K	8,603.83	9,332.29
		71,343.92	53,342.05
Less: Current Liabilities and Provisions			
Current Liabilities	L	18,498.41	9,285.18
Provisions	M	2,045.67	1,534.07
		20,544.08	10,819.25
Net Current Assets		50,799.84	42,522.80
TOTAL		124,168.14	72,271.40
Statement of Significant Accounting Policies and Notes forming part of Accounts	U		

As per our report of even date
For and on behalf of
Dalal & Shah
Chartered Accountants

For and on behalf of the Board
P.K. Khurana
Chairman & Managing Director

Venkatesh Subramanian
Partner

Chanda Makhija Thadani
Company Secreatry

J. Sivakumar
Chief Financial Officer

P.M. Samvatsar
Whole - Time Director

Place: Mumbai
Date: 15th May, 2009

Place: Mumbai
Date: 15th May, 2009

CONSOLIDATED PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH, 2009

	Schedule	Year Ended 31.03.2009 (Rs. in Lac)	Year Ended 31.03.2008 (Rs. in Lac)
INCOME			
Sales		88,623.88	57,516.34
Less: Excise Duty		3,006.50	4,642.21
		85,617.38	52,874.13
Trading Sales		37.94	-
Total Sales		85,655.32	52,874.13
Other Income	N	890.75	796.21
		86,546.07	53,670.34
EXPENDITURE			
Raw Materials and Components Consumed	O	48,268.25	27,829.91
Trading Purchases		22.03	-
Increase in Stocks	P	(9,157.88)	(651.89)
Manufacturing Expenses	Q	9,034.10	4,949.05
Personnel Expenses	R	6,609.59	2,167.73
Administrative, Sales and Other Expenses	S	4,264.84	2,826.34
Finance Charges	T	2,717.48	709.78
Depreciation / Amortisation for the year		6,927.80	2,190.30
Less: Depreciation withdrawn from Revaluation Reserve		-	41.17
		6,927.80	2,149.13
		68,686.21	39,980.05
Profit before Foreign Exchange Variation (Net) and Taxation		17,859.86	13,690.29
Loss on Foreign Exchange Variation (Net)		(1,887.89)	(485.69)
Profit for the Year before Taxation		15,971.97	13,204.60
Provision for Taxation			
Current Tax		(2,060.00)	(1,750.00)
Wealth Tax		(1.50)	(1.50)
Deferred Tax(Charge) / Credit		529.12	(647.44)
Fringe Benefit Tax		(26.50)	(27.20)
Profit for the Year		14,413.09	10,778.46
Prior Period Adjustments (Net)		-	(19.06)
Taxes Adjustments of Earlier Years (Net)		(660.46)	(331.91)
		13,752.63	10,427.49
Balance brought forward from previous year		15,953.77	7,946.47
Balance Available For Appropriation		29,706.40	18,373.96
Proposed Dividend		1,213.89	1,213.89
Provision For Dividend Tax		206.30	206.30
Transferred To General Reserve		1,000.00	1,000.00
Balance carried to Balance Sheet		27,286.21	15,953.77
		29,706.40	18,373.96
Weighted average number of Equity Shares Outstanding during the year		101,157,682	98,898,965
Basic and diluted earnings per share of Rs. 2 each (in Rupees)		13.60	10.54
Statement of Significant Accounting Policies and Notes forming part of Accounts	U		

As per our report of even date
For and on behalf of
Dalal & Shah
Chartered Accountants

For and on behalf of the Board
P.K. Khurana
Chairman & Managing Director

Venkatesh Subramanian
Partner

Chanda Makhija Thadani
Company Secreatry

J. Sivakumar
Chief Financial Officer

P.M. Samvatsar
Whole - Time Director

Place: Mumbai
Date: 15th May, 2009

Place: Mumbai
Date: 15th May, 2009

SCHEDULES FORMING PART OF CONSOLIDATED BALANCE SHEET AS AT 31ST MARCH, 2009

	As at 31.03.2009 (Rs. in Lac)	As at 31.03.2008 (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		
101,157,682 Equity Shares of Rs. 2 each fully paid up.	2,023.15	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]	2,023.15	2,023.15
SCHEDULE - 'B'		
Reserves and Surplus		
Capital Reserve		
Capital Subsidy		
As per last Balance Sheet	–	394.05
Add: Received during the year	–	–
	–	394.05
Less: Adjusted in Fixed Assets	–	394.05
	–	–
General Reserve		
As per last Balance Sheet	4,491.00	3,491.00
Add: Transferred from Profit and Loss Account	1,000.00	1,000.00
	5,491.00	4,491.00
Securities Premium Account		
As per last Balance Sheet	25,275.18	16,590.11
Add: Received During the Previous Year	–	8,799.11
Add: Tax Adjustments of Earlier Years	–	276.58
	25,275.18	25,665.80
Less: Share / FCCB Issue Expenses Incurred / (Written Back) (Net of Tax Rs. 1.75 Lac, 31/03/08 Rs. 201.14 Lac)	(3.39)	390.62
	25,278.57	25,275.18
Revaluation Reserve		
As per last Balance Sheet	–	41.17
Less: Transferred to Profit and Loss Account	–	41.17
	–	–
Hedging Reserve Account (Refer Note 14)	(2,589.95)	–
Surplus in Profit and Loss Account	27,286.21	15,953.77
Exchange Fluctuation Reserve on Consolidation of Overseas Subsidiaries	4,473.59	217.48
	59,939.42	45,937.43
SCHEDULE - 'C'		
Secured Loans		
From Banks		
- Term Loan	34,080.70	5,634.28
- Interest Accrued and Due on Term Loan	15.39	3.80
- Working Capital Facilities	4,347.28	1,429.80
- Vehicle Loan	55.91	48.00
- Other Short Term Loan from Bank	–	740.11
	38,499.28	7,855.99
SCHEDULE - 'D'		
Unsecured Loans		
Sales Tax Deferment Loan	1,352.38	1,192.99
Foreign Currency Convertible Bonds (Refer Note 5)	17,832.50	14,038.50
Short Term Loan from Banks		
- Packing Credits	1,401.13	–
- Overdraft Facilities	1,139.96	–
- Others	1,980.32	772.10
	23,706.29	16,003.59

SCHEDULES FORMING PART OF CONSOLIDATED BALANCE SHEET AS AT 31ST MARCH, 2009

SCHEDULE - 'E'
Fixed Assets

(Rs. in Lac)

Particulars	Gross Block (At Cost / Book Value)				Depreciation / Amortisation				Net Block	
	Balance as at 01.04.2008	Additions/ Adjustments	Deductions/ Adjustments	Balance as at 31.03.2009	Upto 31.03.2008	For the Year $	Deductions/ Adjustments#	Upto 31.03.2009	As at 31.03.2009	As at 31.03.2008
A. Assets										
Goodwill	-	5,006.86	-	**5,006.86**	-	902.39	(98.98)	**1,001.37**	**4,005.49**	-
Intellectual Property Rights	-	9,065.08	-	**9,065.08**	-	745.28	(81.75)	**827.03**	**8,238.05**	-
Freehold Land	284.65	611.99	-	**896.64**	-	-	-	**-**	**896.64**	284.65
Leasehold Land*	584.67	-	(129.62)	**714.29**	57.42	41.26	(10.71)	**109.39**	**604.90**	527.25
Buildings@	6,048.33	8,781.95	(356.84)	**15,187.12**	1,436.45	781.89	(78.66)	**2,297.00**	**12,890.12**	4,611.88
Electrical Installation	279.30	1,428.69	(166.75)	**1,874.74**	148.05	115.75	(21.26)	**285.06**	**1,589.68**	131.25
Plant and Machinery	14,437.32	18,501.50	(1,152.70)	**34,091.52**	6,444.22	3,993.17	(483.71)	**10,921.10**	**23,170.42**	7,993.10
Windmills	1,456.74	-	-	**1,456.74**	103.79	207.41	-	**311.20**	**1,145.54**	1,352.95
Vehicles	317.25	52.09	13.72	**355.62**	56.70	64.88	(13.57)	**135.15**	**220.47**	260.55
Office Equipments	129.33	38.77	11.64	**156.46**	54.60	17.40	21.83	**50.17**	**106.29**	74.73
Furnitures and Fixtures	221.21	154.36	(10.19)	**385.76**	65.75	52.64	(10.04)	**128.43**	**257.33**	155.46
Computers	95.20	117.87	(5.06)	**218.13**	54.48	41.68	(4.21)	**100.37**	**117.76**	40.72
Gas Cylinders	271.88	-	50.97	**220.91**	271.88	-	50.97	**220.91**	**-**	-
Cylinders given on Lease	5.65	-	-	**5.65**	3.21	0.97	-	**4.18**	**1.47**	2.44
As Per Balance Sheet	**24,131.53**	**43,759.16**	**(1,744.83)&**	**69,635.52**	**8,696.55**	**6,964.72**	**(730.09)&**	**16,391.36**	**53,244.16**	**15,434.98**
Previous Year Total	**19,575.09**	**6,935.18**	**2,378.74**	**24,131.53**	**8,139.68**	**2,218.22**	**1,661.35**	**8,696.55**	**15,434.98**	**-**
B. Capital Work In Progress									**19,833.39**	**13,094.03**

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.
* # Includes excess depreciation written back Rs. Nil (Previous Year Rs. 63.43 Lac - net).
* $ Depreciation for the year includes Rs. 36.92 Lac (Previous year Rs. 27.92 Lac) capitalised.
* & Includes adjustments on account of translation of balances in foreign currency.

SCHEDULES FORMING PART OF CONSOLIDATED BALANCE SHEET AS AT 31ST MARCH, 2009

SCHEDULE - 'F'	Face Value	Nos. As at 31.03.2009	As at 31.03.2009 (Rs. in Lac)	Nos. As at 31.03.2008	As at 31.03.2008 (Rs. in Lac)
Investments					
A. Long Term Investments (At cost) :					
Everest Kanto Investment & Finance Ltd.	10	**92,000**	**9.20**	92,000	9.20
GPT Steel Industries Pvt. Ltd. (Refer Note 15)	10	**2,000,000**	**200.00**	2,000,000	200.00
			209.20		209.20
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. 0.28 Lac, NAV Previous Year Rs. 0.27 Lac)	10	**2,820.99**	**0.28**	2,642.82	0.27
LICMF Liquid Fund - Dividend Plan (NAV Rs. 1.06 Lac, NAV Previous Year Rs. 0.99 Lac)	10	**9,619.59**	**1.06**	8,977.85	0.99
UTI Money Market Fund - Dividend Plan (NAV Rs. 1.73 Lac, NAV Previous Year Rs. 1.61 Lac)	10	**9,476.99**	**1.73**	8,997.96	1.61
UTI Fixed Maturity Plan (NAV Previous Year Rs. 1066.61 Lac)	10	**-**	**-**	10,000,000	1,000.00
UTI Liquid Cash Plan Institutional Daily Income Option - Dividend Plan (Re - Investment) (NAV Rs. 19.74 Lac, NAV Previous Year Rs. 7.52 Lac)	1000	**1,936.30**	**19.74**	737.92	7.52
			22.81		1,010.39
			232.01		1,219.59

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.

SCHEDULE - 'G'	As at 31.03.2009 (Rs. in Lac)	As at 31.03.2008 (Rs. in Lac)
Inventories		
(Valued and certified by Management)		
(at lower of cost or net realisable value)		
Stores, Spares, etc.	**40.52**	77.48
Stock in Trade:		
- Raw Materials	**32,834.07**	22,161.43
- Work In Progress	**10,357.16**	4,260.84
- Finished Goods	**4,880.77**	678.34
Stock in Transit (at Cost)	**736.25**	1,280.72
	48,848.77	28,458.81

SCHEDULES FORMING PART OF CONSOLIDATED BALANCE SHEET AS AT 31ST MARCH, 2009

	As at 31.03.2009 (Rs. in Lac)	As at 31.03.2008 (Rs. in Lac)
SCHEDULE - 'H'		
Sundry Debtors		
(Unsecured, Considered Good)	9,804.71	9,077.54
	9,804.71	9,077.54
SCHEDULE - 'I'		
Cash and Bank Balances		
Cash on hand	87.29	51.07
Balances with Banks		
- In Current Accounts	2,941.59	6,089.22
- In Unclaimed Dividend Account	2.16	1.11
- In Fixed Deposits	840.88	296.37
- Interest accrued on Fixed Deposits	54.83	32.71
	3,926.75	6,470.48
SCHEDULE - 'J'		
Other Current Assets		
Interest Receivable	20.02	2.93
Other Receivables	139.84	–
	159.86	2.93
SCHEDULE - 'K'		
Loans and Advances		
(Unsecured, Considered Good)		
Inter Corporate Deposits	525.00	2,100.00
Deposits	1,611.04	1,124.55
Advances recoverable in cash or in kind or for value to be received	5,819.30	5,256.51
Advance Tax and Taxes Deducted At Source (Net of Provision for Taxes Rs. 9,850 Lac, 31.03.2008 Rs. 6,775 Lac)	648.49	851.23
	8,603.83	9,332.29
SCHEDULE - 'L'		
Current Liabilities		
Sundry Creditors	13,978.54	7,739.76
Advances from Customers	3,204.96	1,304.05
Overdrawn Bank Balance as per Books	-	5.03
Other Liabilities	819.51	220.18
Unclaimed Dividend	2.16	1.11
Interest Accrued but not due	493.24	15.05
	18,498.41	9,285.18
SCHEDULE - 'M'		
Provisions		
Provision For Taxation (Net of Advance Tax Rs. 1.05 Lac, 31.03.2008 Rs. 48.50 Lac)	1.50	40.20
Proposed Dividend	1,213.89	1,213.89
Tax On Dividend	206.30	206.30
Provision For Employee Benefits	623.98	73.68
	2,045.67	1,534.07

SCHEDULES FORMING PART OF CONSOLIDATED PROFIT AND LOSS ACCOUNT FOR YEAR ENDED 31ST MARCH, 2009

	Year Ended 31.03.2009 (Rs. in Lac)	Year Ended 31.03.2008 (Rs. in Lac)
SCHEDULE - 'N'		
Other Income		
Interest		
- On Loans / Inter Corporate Deposits	283.59	182.78
- On Fixed Deposits	27.16	109.41
- Others	26.02	127.76
Scrap Sales	305.96	144.39
Dividend on Current Investments (Non-Trade)	2.42	3.56
Insurance Claim Received	13.37	18.30
Miscellaneous Income	61.34	53.80
Bad Debts Recovered	-	1.02
Export Incentives	-	8.70
Profit on sale of Long Term Investments (Non-Trade)	-	0.25
Profit on sale of Current Investments (Non-Trade)	116.88	139.32
Credit balances appropriated	8.25	6.88
Surplus on sale of Fixed Assets	45.76	0.04
	890.75	796.21
SCHEDULE - 'O'		
Raw Materials and Components Consumed		
Opening Stock	22,161.43	7,073.50
Add: Purchases	57,340.97	42,917.84
	79,502.40	49,991.34
Less: Closing Stock	32,834.07	22,161.43
	46,668.33	27,829.91
Add: Transfer to Exchange Fluctuation Reserve	1,599.92	-
	48,268.25	27,829.91
SCHEDULE - 'P'		
Increase In Stocks		
Opening Stocks:		
Finished Goods	678.34	460.30
Work in Progress	4,260.84	3,788.58
	4,939.18	4,248.88
Closing Stocks:		
Finished Goods	4,880.77	678.34
Work in Progress	10,357.16	4,260.84
	15,237.93	4,939.18
	(10,298.75)	(690.30)
Add: Variation in Excise Duty on Finished Goods Stocks	165.86	38.41
Add: Transfer to Exchange Fluctuation Reserve	975.01	-
	(9,157.88)	(651.89)

SCHEDULES FORMING PART OF CONSOLIDATED PROFIT AND LOSS ACCOUNT FOR YEAR ENDED 31ST MARCH, 2009

	Year Ended 31.03.2009 (Rs. in Lac)	Year Ended 31.03.2008 (Rs. in Lac)
SCHEDULE - 'Q'		
Manufacturing Expenses		
Stores, Spares, etc.	**2,092.71**	1,370.19
Power	**1,448.11**	912.20
Fuel and Gas	**2,922.21**	1,697.71
Repairs and Maintenance		
- Building	**203.45**	157.70
- Plant and Machinery	**651.46**	127.16
- Others	**25.13**	10.19
Other Expenses	**1,691.03**	673.90
	9,034.10	4,949.05
SCHEDULE - 'R'		
Personnel Expenses		
Salary, Wages and Other benefits	**5,515.48**	1,993.88
Contribution to Provident Fund and Other Funds	**946.07**	98.82
Staff Welfare Expenses	**148.04**	75.03
	6,609.59	2,167.73
SCHEDULE - 'S'		
Administrative, Sales and Other Expenses		
Insurance	**399.37**	106.20
Rent	**202.28**	147.46
Rates and Taxes	**29.01**	21.72
Directors' Sitting Fees and Commission	**38.50**	35.10
Legal and Professional Fees	**285.87**	178.88
Advertisement and Sales Promotion	**131.65**	85.55
Commission	**1,249.76**	664.39
Sundry Expenses	**965.24**	652.14
Loss on Assets Sold / Discarded	**-**	26.25
Carriage and Freight	**464.07**	595.74
Contribution to Charitable Funds	**26.38**	25.00
Debit Balances written off	**12.54**	-
Excise duty Paid	**22.74**	20.12
Bad Debts	**-**	3.96
Bank Charges and Commission	**437.43**	263.83
	4,264.84	2,826.34
SCHEDULE - 'T'		
Finance Charges		
Interest on Term Loan	**1,448.73**	296.03
Interest on Working Capital / Short Term Loans	**518.05**	388.29
Interest others	**1.94**	3.27
Loan Processing charges	**748.76**	22.19
Net of Rs. 73.09 Lac (Previous Year Rs. 31.68 Lac) Capitalised	**2,717.48**	709.78

SCEHDULES FORMING PART OF THE CONSOLIDATED ACCOUNTS FOR THE YEAR ENDED 31ST MARCH, 2009

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 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. Contingent liabilities not provided for in respect of:

	As at 31.03.2009 (Rs. in Lac)	As at 31.03.2008 (Rs. in Lac)
(a) Disputed Tax and other Matters		
Sales Tax	**-**	39.19
Lease Tax	**16.34**	16.34
Wealth Tax	**0.23**	-
Claims not acknowledged as debts	**1.77**	4.77

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) With regard to the search conducted by the Income Tax Department (India) during the Financial Year 2005-06, the Company has not received any demand from the authorities under section 132 of Income Tax Act, 1961. Apart from various records, cash amounting to Rs. 4.07 Lac, which is included in cash balance, was also seized by the Department. The Company has paid tax as per revised income tax returns and also made an application to the Settlement Commission for settling any dispute arising out of the same and the proceedings are in process. As a result, the liability arising there against, if any, is not determinable at present.

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

	As at 31.03.2009 (Rs. in Lac)	As at 31.03.2008 (Rs. in Lac)
Estimated amount of contracts remaining to be executed on Capital Account and not provided for (net of advances)	**4,340.71**	3,373.06

5. During the previous year, the Holding Company had raised a sum of USD35 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 the 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% 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. Related parties disclosures:

1. Relationships:

(a) Related parties where control exists:

Everest Kanto Investment and Finance 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
Mr. C. P. Batra
Mr. V. K. Khot
Mr. Jack T. Croushore

(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	2,257.67 (650.35)	- (-)	- (-)
Purchases:			
Raw Materials & Components	1,353.40 (-)	- (-)	- (-)
Consumables	34.24 (20.62)	- (-)	- (-)
Expenses / Payments:			
Remuneration	- (-)	627.22 (427.90)	- (-)
Rent	100.76 (63.81)	6.00 (10.68)	- (1.50)
Contribution to Charitable Funds	25.00 (25.00)	- (-)	- (-)
Other Expenses	16.20 (29.75)	- (-)	- (-)
Reimbursement of expenses	- (1.75)	0.11 (-)	- (-)
Finance and Investments:			
Guarantees given for borrowings by the Holding Company	- (-)	5,095.00 (-)	- (-)
Outstandings:			
Payables	107.98 (77.38)	179.70 (208.75)	- (-)
Other Receivables	1,490.06 (828.51)	- (-)	20.00 (20.00)
Guarantees given for borrowings by the Holding Company	- (-)	5,095.00 (-)	- (-)
(to the extent of amount oustanding there against)	4,701.98 (Jointly) (7,302.71) (Jointly)		

(Previous year figures are in brackets)

7. Prior period adjustments represent:

	2008-2009 (Rs. in Lac)	2007-2008 (Rs. in Lac)
Debits relating to earlier years	**-**	(93.91)
Credits relating to earlier years	**-**	11.42
Excess Depreciation / Amortisation adjustments (net)	**-**	63.43
	-	(19.06)

8. Assets taken on operating lease:

	As at 31.03.2009 (Rs. in Lac)	As at 31.03.2008 (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	**179.47**	77.44
For a period later than one year and not later than five years	**133.80**	81.30
For a period later than five years	**-**	-

9. Computation of profit for Earnings per Share:

	2008-2009 (Rs. in Lac)	2007-2008 (Rs. in Lac)
Profit for the year	**14,413.09**	10,778.46
(Less): Prior period adjustments (net)	**-**	(19.06)
Add/ (Less): Tax Adjustments for earlier years (net)	**(660.46)**	(331.91)
Net Earnings	**13,752.63**	10,427.49
Weighted Average No. of Equity Shares	**101,157,682**	98,898,965
Nominal Value per share in Rupees	**2.00**	2.00
Basic and Diluted Earnings Per Share in Rupees	**13.60**	10.54

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

(Rs. in Lac)

10. Deferred Tax:

	As at 31.03.2009	As at 31.03.2008	As at 31.03.2007
Deferred Tax Liability on account of:			
Depreciation / Amortisation	**422.65**	771.60	641.41
Deferred Tax Asset on account of:			
Inventory Valuation under tax laws	**126.88**	-	449.13
Shares / FCCB Issue Expenses	**279.17**	293.51	187.34
Employee Benefits	**62.13**	25.05	-
Others	**30.60**	1.80	-
	498.78	320.36	636.47
Transfer to Exchange Fluctuation Reserve	**17.39**		
Deferred Tax (Asset) / Liability (net)	**(58.74)**	451.24	4.94

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. Bonds / Undertakings given by the Holding Company under concessional duty / exemption schemes to government authorities (net of obligations fulfilled) aggregate Rs. 3,104.65 Lac as at the close of the year.

13. Indirect Expenses incurred during construction period capitalized:

	Upto 31.03.2009 (Rs. in Lac)	Upto 31.03.2008 (Rs. in Lac)
Personnel Cost	**237.74**	171.20
Office and Administrative Expenses	**149.53**	-
Legal and Professional Fees	**36.94**	-
Rent	**122.76**	22.76
Depreciation / Amortisation	**100.83**	27.92
Others	**322.52**	265.57
Total	**970.32**	487.45

14. 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, 2009, representing mark to market losses, in respect of contracts maturing upto December, 2012, stands at Rs. 2,589.95 Lac.

15. The Holding 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 net worth has eroded. However, as per information available with the Company, GPT continues to be a going concern and has now embarked upon a revival plan. Considering the same and the intention of the management to hold this investment on a long term basis, no diminution in the value of the above investment is considered necessary, at present.

16. As a part of its global expansion plans, the Company has through its wholly owned subsidiary incorporated step down subsidiaries in Hungary and further in U.S.A. which entities have acquired all the assets of CP Industries (a division of Reunion Industries, Inc.) for a total consideration of USD 66.30 Million. For part financing the acquisition, the Company has extended a Corporate Guarantee of USD 45 Million to three banks who have part financed the acquisition. This acquisition has been consummated on 18th April, 2008.

17. The Holding Company has completed the acquisition of a majority stake (72.65%) in Calcutta Compressions & Liquefaction Engineering Private Limited ("CC&L") for a consideration of Rs. 238.89 Lac. CC&L has a subsisting agreement with Oil & Natural Gas Corporation Limited ("ONGC") for purchase of Coal Bed Methane Gas from its gas field located in Jharkhand, India. The acquisition was completed on 18th April, 2009.

18. Segment Reporting

A. Geographical Segment – Primary

(Rs. in Lac)

Particulars	India		UAE		China		USA & Hungary		Total	
	2008-09	2007-08	2008-09	2007-08	2008-09	2007-08	2008-09	2007-08	2008-09	2007-08
(a) **Segment Revenue**	35,302.49	33,359.59	37,522.66	27,638.93	1,674.32	-	15,032.24	-	89,531.71	60,998.52
Less : Inter Segment Revenue	3,484.20	4,985.67	392.19	3,138.72	-	-	-	-	3,876.39	8,124.39
	31,818.29	28,373.92	37,130.47	24,500.21	1,674.32	-	15,032.24	-	85,655.32	52,874.13
(b) **Segment Results**	6,862.03	6,728.67	12,340.13	7,113.36	(740.44)	-	1,659.54	-	20,121.26	13,842.03
Unallocated Income (net of Expenses)									456.08	558.04
Operating Profit Before Foreign Exchange Variations (Net)									20,577.34	14,400.07
Loss on Foreign Exchange Variations (Net)									1,887.89	485.69
Operating Profit									18,689.45	13,914.38
Finance Charges									2,717.48	709.78
Profit Before Tax									15,971.97	13,204.60
Add / (Less) :										
Provision for Taxation										
- Current Tax									(2,060.00)	(1,750.00)
- Wealth Tax									(1.50)	(1.50)
- Deferred Tax (Charge) / Credit									529.12	(647.44)
- Fringe Benefit Tax									(26.50)	(27.20)
- Tax Adjustments of Earlier Years (Net)									(660.46)	(331.91)
Prior Period Adjustments (Net)									-	(19.06)
Net Profit after Tax									13,752.63	10,427.49
Other Information										
(c) **Segment Assets**	64,522.13	51,687.10	22,453.72	19,664.91	16,182.72	10,519.05	41,321.64	-	144,480.21	81,871.06
Add: Unallocated									232.01	1,219.59
Total Segment Assets									144,712.22	83,090.65
(d) **Segment Liabilities**	9,760.07	7,550.88	1,561.79	2,006.82	406.31	277.55	6,902.48	-	18,630.65	9,835.25
Add: Unallocated									64,119.00	25,294.82
Total Segment Liabilities									82,749.65	35,130.07
(e) **Capital Expenditure**	14,087.59	7,453.87	1,161.31	219.82	4,191.16	6,601.73	23,308.93	-	42,748.99	14,275.42
Add: Unallocated									-	-
Total Capital Expenditure									42,748.99	14,275.42
(f) **Depreciation / Amortisation**	2,264.75	1,632.27	697.65	516.86	826.54	-	3,138.86	-	6,927.80	2,149.13
Add: Unallocated									-	-
Total Depreciation / Amortisation									6,927.80	2,149.13
(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 with in a single business segment. Hence, the Company has disclosed geographical segment as the primary segment on the basis of geographical location of the operations carried out by the Holding Company, its 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.

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

20. 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 and on behalf of
Dalal & Shah
Chartered Accountants

For and on behalf of the Board
P.K. Khurana
Chairman & Managing Director

Venkatesh Subramanian	**Chanda Makhija Thadani**	**J. Sivakumar**	**P.M. Samvatsar**
Partner	**Company Secreatry**	**Chief Financial Officer**	**Whole - Time Director**

Place: Mumbai
Date: 15th May, 2009

Place: Mumbai
Date: 15th May, 2009

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 above, which, in the opinion of the management, do 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;

c. Costs towards defined benefit plans and long term compensated absences are recognised on the basis of an actuarial valuation. Actuarial gains and losses are recognised immediately in the Profit and Loss Account. These liabilities are however, recognised by the UAE subsidiary only in the year in which they are discharged.

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, are 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 by any regulatory authority. Accordingly, such gain or loss on effective hedges is 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 is immediately recognized in the Profit and Loss Account;

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 Written Down Value method at the rates permissible under applicable local laws;

iv. Depreciation on revalued assets is calculated on their respective book values and the additional charge on account of revaluation is withdrawn from the Revaluation Reserve and credited to the Profit and Loss Account.

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' or 'first-in-first-out', 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, 2009

		Year Ended 31.03.2009 (Rs. in Lac)		Year Ended 31.03.2008 (Rs. in Lac)	
A)	**Cash flow from Operating Activities**				
	Net Profit for the year before taxation		**15,971.97**		13,204.60
	Add/ (Deduct):				
	(a) Depreciation / Amortisation for the year	**6,927.80**		2,149.13	
	(b) Prior Period Adjustments (net)	**-**		(82.49)	
	(c) Foreign Exchange Variation (net)	**4,428.04**		-	
	(d) Loss on Assets Sold / Discarded	-		26.25	
	(e) Finance Charges	**2,717.48**		709.78	
	(f) Interest Income	**(336.77)**		(419.95)	
	(g) Dividend on Current Investments (Non - Trade)	**(2.42)**		(3.56)	
	(h) Profit on Sale of Long Term Investments (Non - Trade)	**-**		(0.25)	
	(i) Profit on Sale of Current Investments (Non - Trade)	**(116.88)**		(139.32)	
	(j) Surplus on Sale of Fixed Assets	**(45.76)**		(0.04)	
			13,571.49		2,239.55
	Operating Cash Profit before Working Capital Changes		**29,543.46**		15,444.15
	(a) (Increase) in Inventories	**(16,883.89)**		(16,949.13)	
	(b) (Increase) in Sundry Debtors	**1,070.80**		(3,327.91)	
	(c) (Increase) in Other Receivables	**152.21**		(2,558.26)	
	(d) Increase in Trade and Other Payables	**1,603.14**		5,494.96	
			(14,057.74)		(17,340.34)
	Cash Inflow from Operations		**15,485.72**		(1,896.19)
	Deduct:				
	Direct Taxes Paid		**2,584.42**		2,385.00
	Net Cash Inflow in course of Operating activities (A)		**12,901.30**		(4,281.19)
B)	**Cash Flow from Investing Activities**				
	Inflow:				
	(a) Dividend on Current Investments (Non - Trade)	**2.42**		3.56	
	(b) Interest Income Received	**319.68**		417.02	
	(c) Sale of Current Investments	**2,095.79**		4,001.98	
	(d) Sale of Long Term Investments	**-**		1.25	
	(e) Repayment of Inter Corporate Deposits given (net)	**1,575.00**		-	
	(f) Sale of Fixed Asset	**54.13**		5.93	
			4,047.02		4,429.74
	Outflow:				
	(a) Purchases of Current Investments	**991.33**		3,746.23	
	(b) Intvestment in Inter Corporate Deposits given (net)	**-**		2,100.00	
	(c) Purchase of Fixed Assets (including capital advances)	**27,540.80**		16,207.71	
	(d) Acquisition of subsidiaries by purchase of Net Assets	**27,910.87**		-	
			56,443.00		22,053.94
	Net Cash (Outflow) in the course of Investing Activities (B)		**(52,395.98)**		(17,624.20)

CONSOLIDATED CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2009

		Year Ended 31.03.2009 (Rs. in Lac)		Year Ended 31.03.2008 (Rs. in Lac)	
C)	**Cash Flow from Financing Activities**				
	Inflow:				
	(a) Proceeds from Issue of Equity Shares - Private Placement	-		8,870.07	
	(b) Working Capital/Short Term Loan availed during the year (net)	5,684.63		2,263.97	
	(c) Fixed Loans availed during the year (net)	28,547.47		532.89	
	(d) Proceeds from issue of FCCB	-		14,038.50	
	(e) Share / FCCB Issue Expenses Revesred	5.14		-	
			34,237.24		25,705.43
	Outflow:				
	(a) Share / FCCB Issue Expenses	-		591.76	
	(b) Interest paid on loans borrowed	2,227.70		696.27	
	(d) Dividend Paid	1,212.84		975.47	
	(e) Dividend Tax Paid	206.30		165.89	
			3,646.84		2,429.39
	Net Cash Inflow in the course of Financing Activities (C)		30,590.40		23,276.04
D)	**Change in currency fluctation reserve arising on consolidation**		4,256.11		393.90
	Net Increase / (Decrease) in Cash / Cash Equivalents (A+B+C+D)		(4,648.17)		1,764.55
	Add: Cash acquired on purchase of net asset of subsidiaries		1,963.97		-
	Add: Balance of Cash / Cash Equivalents at the beginning of the year		6,270.83		4,506.28
	Cash / Cash Equivalents at the close of the year		3,586.63		6,270.83
	Cash / Cash Equivalents at the close of the year				
	Cash and Bank Balances as per Schedule		3,926.75		6,470.48
	Less: Fixed Deposits given as securities		(336.05)		(195.58)
	Less: Cash Balance as referred to in Note 3(b)		(4.07)		(4.07)
			3,586.63		6,270.83

As per our report of even date
For and on behalf of
Dalal & Shah
Chartered Accountants

For and on behalf of the Board
P.K. Khurana
Chairman & Managing Director

Venkatesh Subramanian
Partner

Chanda Makhija Thadani
Company Secreatry

J. Sivakumar
Chief Financial Officer

P.M. Samvatsar
Whole - Time Director

Place: Mumbai
Date: 15th May, 2009

Place: Mumbai
Date: 15th May, 2009