

ACCELERATING GROWTH



EVEREST KANTO CYLINDER LIMITED

Clean Energy Solution Company

ANNUAL REPORT

2017-18

FOREFRONT IN TECHNOLOGY

Established in 1978 Everest Kanto Cylinder Limited (EKC) has grown rapidly to become the pioneering manufacturer and solution providers for high pressure storage of gases. The expanding range of cylinders manufactured by EKC have earned a global reputation for their high standard of quality & compliance to the most stringent specifications laid down by international bodies and local authorities.

EKC has established plants globally located in India, UAE, China & USA having a total production capacity to manufacture over two million cylinders every year with the widest range of cylinders from 1 to 3000 litres. Devotion to quality & flexibility makes EKC a global supplier of High Pressure cylinders including Large Vessels for bulk transportation of gases.

In addition, we also manufacture High Pressure Seamless Cylinders for industrial gases and CNG applications, Large Diameter High Pressure Seamless Vessels, Large Seamless Cylinders, Jumbo Cylinders and Jumbo Skids for the storage and bulk transportation of CNG and various other Industrial and Specialty Gases like Hydrogen, Nitrogen, Helium, Argon etc. EKC today is the largest producer and industry leader of CNG cylinders in Asia.

Domestic and international markets 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 and

most important, CNG Mother and Daughter stations and CNG City Gas projects. The Jumbo Skids that transport CNG provide an ideal solution for stranded gas by acting as a virtual gas pipeline between the source and destination. The Jumbo Cylinders incorporated into ISO Skids are ideal for long distance transportation of Special Gases. In addition to the above we can also provide tailor made solutions to suit the transportation regulations of the country of use.

In all these applications, EKC engineers work in tandem with the design and research departments of our customers and the material development center of the raw material suppliers for developing the most efficient and advanced technical solutions. Quality is built in all EKC products right from the design stage. Our cylinders are produced from High grade alloy steel that are produced to meet strict tolerances and material specifications as per regulatory compliances. Each product passes through ISO: 9001 defined quality systems and relevant inspection tests such as Metallographic Analysis, Hydraulic Test, Cyclic Loading Test, Magnetic Particle Test, Ultrasonic Test, and Leakage test. Strict Quality control processes are monitored by the regulatory authority or independent inspection agency as defined by the customer.



Kasez Office

BOARD OF DIRECTORS

Chairman & Managing Director
Mr. P.K. Khurana

Non-Executive Director
Mr. Pushkar Khurana

Independent Directors
Mr. Mohan Jayakar
Mr. M. N. Sudhindra Rao
Mrs. Uma Acharya

CHIEF EXECUTIVE OFFICER

Mr. Puneet Khurana

CHIEF FINANCIAL OFFICER

Mr. Kishore Thakkar (Till December 12, 2017)
Mr. Dinesh Bhalotia (w.e.f. December 14, 2017 till May 08, 2018)

COMPANY SECRETARY & COMPLIANCE OFFICER

Mr. Alok Bodas (w.e.f. February 09, 2017 till March 08, 2018)

BANKERS TO THE COMPANY

State Bank of Hyderabad (State Bank of India)
ICICI Bank Ltd.
Yes Bank Ltd.
EXIM Bank

STATUTORY AUDITORS

M/s Walker Chandio & Co LLP,
Chartered Accountants, Mumbai
(Formerly Walker, Chandio & Co.)

REGISTRAR AND SHARE TRANSFER AGENT

Link Intime India Private Limited
C-101, 247 Park,
L. B. S. Marg, Vikhroli (West),
Mumbai - 400 083
Tel. : (022) 4918 6000
Fax. : (022) 4918 6060
E-mail : rnt.helpdesk@linkintime.co.in
Website: www.linkintime.co.in

BOARD COMMITTEES**Audit Committee**

Mr. Sudhindra Rao (Chairman)
Mr. Mohan Jayakar
Mrs. Uma Acharya
Mr. P.K. Khurana

Stakeholders' Relationship Committee

Mr. Mohan Jayakar (Chairman)
Mr. Sudhindra Rao
Mrs. Uma Acharya
Mr. P. K. Khurana

Nomination & Remuneration Committee

Mr. Mohan Jayakar (Chairman)
Mr. Sudhindra Rao
Mr. P.K. Khurana
Mrs. Uma Acharya

Share Allotment Committee

Mr. Sudhindra Rao (Chairman)
Mr. Mohan Jayakar
Mr. P. K. Khurana

REGISTERED OFFICE

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

39th Annual General Meeting held on Saturday, September 29, 2018 at 03:00 p.m., at M.C. Ghia Hall at Bhogilal Hargovindas Building, 4th Floor, 18/20, Kaikhushru Dubash Marg, Kala Ghoda, Mumbai - 400 001

The Annual Report can be accessed at www.everestkanto.com

| CONTENTS | Page No. |
|---|-----------------|
| Notice | 01 |
| Directors' Report | 09 |
| Management Discussion & Analysis | 40 |
| Report on Corporate Governance | 44 |
| Annual Certifications | 58 |
| Auditors' Report on the Standalone Financial Statements | 59 |
| Balance Sheet | 65 |
| Statement of Profit and Loss | 66 |
| Statement of Changes in Equity | 67 |
| Statement of Cash Flow | 68 |
| Notes to the Standalone Financial Statements | 70 |
| Auditors' Report on the Consolidated Financial Statements | 109 |
| Consolidated Balance Sheet | 114 |
| Consolidated Statement of Profit and Loss | 115 |
| Consolidated Statement of Changes in Equity | 116 |
| Consolidated Statement of Cash Flow | 117 |
| Notes to the Consolidated Financial Statements | 119 |

AGM NOTICE

Notice is hereby given that the Thirty Ninth Annual General Meeting of the Members of EVEREST KANTO CYLINDER LIMITED will be held at M.C. Ghia Hall at Bhogilal Hargovindas Building, 4th Floor, 18/20, Kaikhushru Dubash Marg, Kala Ghoda, Mumbai - 400 001 on Saturday, September 29, 2018, at 03.00 p.m. to transact the following businesses:

ORDINARY BUSINESS:

1. To consider and adopt the audited Balance Sheet as at 31st March, 2018 and the Profit and Loss Account and the Cash Flow Statement for the year ended on that date and the Reports of the Board of Directors and of the Auditors thereon.
2. To appoint a Director in place of Mr. Pushkar Khurana (DIN: 00040489) who retires by rotation and, being eligible, offers himself for re-appointment.
3. To re-appoint M/s Walker Chandiok & Co. LLP, Chartered Accountants, as the Statutory Auditors of the Company, to fix remuneration and in this regard, to consider and, if thought fit, to pass, with or without modification(s), the following resolution as an **Ordinary Resolution**:

“RESOLVED THAT pursuant to the provisions of Section 139 and other applicable provisions, if any, of the Companies Act, 2013 as well as the rules made thereunder and pursuant to the recommendations of the Audit Committee of the Board, M/s. Walker Chandiok & Co. LLP, Chartered Accountants (Firm Registration Number 001076N) be and are hereby re-appointed as the Statutory Auditors of the Company, to hold office for a period of 5 (five) years commencing from the conclusion of this Annual General Meeting on such remuneration as may be determined by the Board of Directors in consultation with the Auditors, excluding out of pocket expenses incurred by them.”

SPECIAL BUSINESS:

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

“RESOLVED THAT pursuant to the provisions of Section 148 and other applicable provisions, if any, of the Companies Act, 2013 read with the Companies (Audit and Auditors) Rules, 2014, remuneration of ₹ 2,25,000 plus applicable tax and out-of-pocket expenses of Mr. Vinayak B. Kulkarni, Cost Accountant, (Membership No. 28559), appointed by the Board of Directors as the Cost Auditor of the Company for the financial year 2018-19, fixed by the

Board of Directors on the recommendation of the Audit Committee, be and is hereby ratified and confirmed.”

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

“RESOLVED THAT in accordance with the provisions of Sections 196, 197 and 203 read with Schedule V and all other applicable provisions of the Companies Act, 2013 (including any statutory modification(s) or re-enactment thereof, for the time being in force), consent of the Members of the Company be and is hereby accorded for re-appointment of Mr. P. K. Khurana (DIN: 00004050) as the Chairman and Managing Director of the Company, who shall have substantial powers of management and shall have all the powers exercisable by a Managing Director of the company, for a further period of 3 (three) years with effect from January 1, 2019 up to December 31, 2021 and for payment of remuneration on the terms and conditions as mentioned herein below with effect from aforesaid date.

(I) Remuneration:

a) Salary:

₹ 8,00,000/- per month in the scale of ₹ 8,00,000 – 2,00,000 – 14,00,000.

b) Commission:

As may be decided by the Board of Directors of the Company.

c) Perquisites:

(i) Housing:

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

(ii) Medical Reimbursement:

Reimbursement for actual medical expenses incurred in India and/or abroad and including hospitalization, nursing home and surgical expenses for self and family subject to a ceiling of one month's salary per year or three month's salary in a period of three years.

(iii) Leave Travel Concession:

Reimbursement of all the expenses (like travel fare, lodging, boarding, conveyance and other expenses)

incurred for self and family during the leave travel holiday periods, whenever undertaken, whether in India or abroad in accordance with the rules of the Company.

(iv) Club Fees:

Subscription or reimbursement of club expenses of two clubs in India or abroad.

(v) Personal Accident Insurance:

Personal Accident Insurance policy for an amount, the annual premium of which shall not exceed ₹ 20,000/- per year.

(vi) Leave:

Privilege Leave as per rules of the Company.

(vii) Other perquisites:

Subject to the overall ceiling on remuneration mentioned herein below, he shall be entitled to any other allowances, benefits and perquisites as the Board of Directors may on the recommendation of the remuneration committee thereof may from time to time decide.

Explanation :

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

(d) Amenities:

(i) Car & Telephone:

The Company shall provide car for use on Company's business and telephone at the Director's residence. Personal long distance calls on telephone and use of car for private purpose shall be billed by the Company.

(e) Others:

(i) Overall Remuneration:

The aggregate of salary, commission and perquisites in any financial year shall not exceed the overall ceilings

laid down in sections 196, 197 and other applicable provisions of the Companies Act, 2013 read with Schedule V of the said act as may for the time being in force.

(ii) Minimum Remuneration:

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

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

By Order of the Board of Directors

P. K. Khurana

Chairman and Managing Director

DIN: 00004050

Mumbai

August 13, 2018

Registered Office

204, Raheja Centre, Free Press Journal Marg,

214, Nariman Point, Mumbai - 400 021.

CIN: L29200MH1978PLC020434

Tel.: 91 22 3026 8300 - 01. Fax: 91 22 2287 0720

Email: investors@ekc.in. Website: www.everestkanto.com

NOTES:

- a) The Register of Members and the Share Transfer books of the Company will remain closed from Friday, September 21, 2018 to Saturday, September 29, 2018 (both days inclusive) for the purpose of the Annual General Meeting.
- b) **A MEMBER ENTITLED TO ATTEND AND VOTE AT THE ANNUAL GENERAL MEETING IS ENTITLED TO APPOINT A PROXY OR PROXIES TO ATTEND AND VOTE ON POLL IN THE MEETING INSTEAD OF HIMSELF/HERSELF, AND**

THE PROXY NEED NOT BE A MEMBER. A person can act as a proxy on behalf of members not exceeding 50 and holding in the aggregate not more than 10% of the total share capital of the Company carrying voting rights. In case a proxy is proposed to be appointed by a member holding more than 10% of the total share capital of the Company carrying voting rights, then such proxy shall not act as a proxy for any other person or shareholder.

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

- c) Members / proxies should bring the duly filled Attendance Slip enclosed herewith to attend the meeting.
- d) The Explanatory Statement pursuant to Section 102 of the Companies Act, 2013 in respect of the Special Businesses set out above is annexed here to.
- e) Details under Regulation 36(3) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 in respect of the Directors seeking re-appointment at the Annual General Meeting forms an integral part of the Notice and the Corporate Governance Report forming part of the Annual Report. The Directors have furnished the requisite consents / declarations for their appointment / re-appointment.
- f) The Notice of the 39th Annual General Meeting and instructions for e-voting, along with the Attendance Slip, Proxy Form and the copies of the Annual Report for 2017-18, is being sent by electronic mode to all the members whose email IDs are registered with the Company/Depository Participant(s) for communication purposes unless any member has requested for a hard copy of the same. For members who have not registered their email address, physical copies of the Annual Report for 2017-18 are being sent in the permitted mode.
- g) Even after registering for e-communication, members are entitled to receive such communication in physical form, upon making a request for the same, by post free of cost. For any communication, the shareholders may also send requests to the Company's investor email id: investors@ekc.in.
- h) The Notice of the 39th Annual General Meeting and the Annual Report will be available on the website of the Company www.everestkanto.com.
- i) All the documents referred to in this Notice, as well as the Notice and the Annual Report, will be available at the Company's Registered Office in Mumbai for inspection during normal business hours on working days up to the date of the Annual General Meeting.
- j) Members who have so far not encashed dividend warrant(s) for the Financial Year(s) 2010-11, 2011-12 and 2012-13 are requested to write to the Company's Registrar and Transfer Agents, Link Intime India Private Limited, immediately. Members are requested to note that dividends not claimed

within seven years from the date of transfer to the Company's Unpaid Dividend Account will, as per Section 124 of the Companies Act, 2013, be transferred to the Investor Education and Protection Fund.

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

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

- l) The businesses as set out in the Notice may be transacted through electronic voting system under Section 108 of the Companies Act, 2013, read with Rule 20 of Companies (Management and Administration) Rules, 2014. The Company is pleased to offer the facility of voting through electronic means, as an alternate, to all its Members to enable them to cast their votes using an electronic voting system from a place other than the venue of the Meeting ('remote e-voting') instead of casting their vote at the Meeting. Please note that the voting through electronic means is optional.
- m) **The voting through electronic means will commence on Wednesday, September 26, 2018 at 10:00 a.m. and will end on Friday, September 28, 2018 at 05:00 p.m. The Members will not be able to cast their vote electronically beyond the date and time mentioned above.**
- n) The Company has appointed Mr. Aashish K. Bhatt, Practicing Company Secretary, to act as the Scrutinizer for conducting the electronic voting process in a fair and transparent manner.

The instructions for shareholders voting electronically are as under:

- (i) The voting period begins on Wednesday, September 26, 2018 at 10:00 a.m. and ends on Friday, September 28, 2018 at 05:00 p.m. During this period shareholders' of the Company, holding shares either in physical form or in dematerialized form, as on the cut-off date (record date) of Friday, September 21, 2018 may cast their vote electronically. The e-voting module shall be disabled by CDSL for voting thereafter.
- (ii) The shareholders should log on to the e-voting website www.evotingindia.com.
- (iii) Click on Shareholders / Members

- (iv) Now Enter your User ID
- For CDSL: 16 digits Beneficiary ID,
 - For NSDL: 8 Character DP ID followed by 8 Digits Client ID,
 - Members holding shares in Physical Form should enter Folio Number registered with the Company.
- (v) Next enter the Image Verification as displayed and Click on Login.
- (vi) If you are holding shares in demat form and had logged on to www.evotingindia.com and voted on an earlier voting of any company, then your existing password is to be used.
- (vii) If you are a first time user follow the steps given below:

| For Members holding shares in Demat Form and Physical Form | |
|---|--|
| PAN | <p>Enter your 10 digit alpha-numeric PAN issued by Income Tax Department (Applicable for both demat shareholders as well as physical shareholders)</p> <ul style="list-style-type: none"> Members who have not updated their PAN with the Company/Depository Participant are requested to use the sequence number which is printed on Postal Ballot / Attendance Slip indicated in the PAN field. |
| Dividend Bank Details OR Date of Birth (DOB) | <p>Enter the Dividend Bank Details or Date of Birth (in dd/mm/yyyy format) as recorded in your demat account or in the company records in order to login.</p> <ul style="list-style-type: none"> If both the details are not recorded with the depository or company please enter the member id / folio number in the Dividend Bank details field as mentioned in instruction (iv). |

- (viii) After entering these details appropriately, click on "SUBMIT" tab.
- (ix) Members holding shares in physical form will then directly reach the Company selection screen. However, members holding shares in demat form will now reach 'Password Creation' menu wherein they are required to mandatorily enter their login password in the new password field. Kindly note that this password is to be also used by the demat holders for voting for resolutions of any other company on which they are eligible to vote, provided that company opts for e-voting through CDSL platform. It is strongly recommended

not to share your password with any other person and take utmost care to keep your password confidential.

- For Members holding shares in physical form, the details can be used only for e-voting on the resolutions contained in this Notice.
- Click on the EVSN for Everest Kanto Cylinder Limited on which you choose to vote.
- On the voting page, you will see "RESOLUTION DESCRIPTION" and against the same the option "YES/ NO" for voting. Select the option YES or NO as desired. The option YES implies that you assent to the Resolution and option NO implies that you dissent to the Resolution.
- Click on the "RESOLUTIONS FILE LINK" if you wish to view the entire Resolution details.
- After selecting the resolution you have decided to vote on, click on "SUBMIT". A confirmation box will be displayed. If you wish to confirm your vote, click on "OK", else to change your vote, click on "CANCEL" and accordingly modify your vote.
- Once you "CONFIRM" your vote on the resolution, you will not be allowed to modify your vote.
- You can also take a print of the votes cast by clicking on "Click here to print" option on the Voting page.
- If a demat account holder has forgotten the changed password then Enter the User ID and the image verification code and click on Forgot Password & enter the details as prompted by the system.
- Shareholders can also cast their vote using CDSL's mobile app m-Voting available for android based mobiles. The m-Voting app can be downloaded from Google Play Store. Apple and Windows phone users can download the app from the App Store and the Windows Phone Store respectively. Please follow the instructions as prompted by the mobile app while voting on your mobile.**
- Note for Non – Individual Shareholders and Custodians**
 - Non-Individual shareholders (i.e. other than Individuals, HUF, NRI etc.) and Custodian are required to log on to www.evotingindia.com and register themselves as Corporates.
 - A scanned copy of the Registration Form bearing the stamp and sign of the entity should be emailed to helpdesk.evoting@cdslindia.com.
 - After receiving the login details a Compliance User should be created using the admin login and password. The Compliance User would be able

to link the account(s) for which they wish to vote on.

- The list of accounts linked in the login should be mailed to helpdesk.evoting@cdslindia.com and on approval of the accounts they would be able to cast their vote.
- A scanned copy of the Board Resolution and Power of Attorney (POA) which they have issued in favour of the Custodian, if any, should be uploaded in PDF format in the system for the scrutinizer to verify the same.

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

In case of members receiving the physical copy of Notice of AGM [for members whose e-mail IDs are not registered with the Company / Depository Participant(s) or requesting physical copy]:

Please follow all the steps from sl. no. (i) to sl. no. (xx) above to cast vote.

Any person who becomes a member of the Company after dispatch of the Notice of the Meeting and holding shares as on the cut-off date i.e. September 21, 2018, may vote electronically or physically in the same manner as prescribed above in sl. no. (i) to sl. no. (xx).

- o) The Voting Rights of shareholders shall be in proportion to their shares of the paid up capital of the Company as on the date cut-off date of September 21, 2018.

- p) Members have an option to vote either through remote e-voting system or casting a vote at the Meeting. If a Member has opted for e-voting, then he/she should not cast his vote at the Meeting.
- q) The Scrutinizer shall within a period not exceeding three (3) working days from the conclusion of the e-voting period unblock the votes in the presence of at least two (2) witnesses not in the employment of the Company and make a Scrutinizer's Report of the votes cast in favour or against, if any, forthwith to the Chairman of the Company.
- r) The Results shall be declared on or after the Annual General Meeting of the Company. The Results declared along with the Scrutinizer's Report shall be placed on the Company's website www.everestkanto.com and on the website of CDSL www.cdslindia.com within two days of passing of the resolutions at the Annual General Meeting of the Company and communicated to the Stock Exchanges."

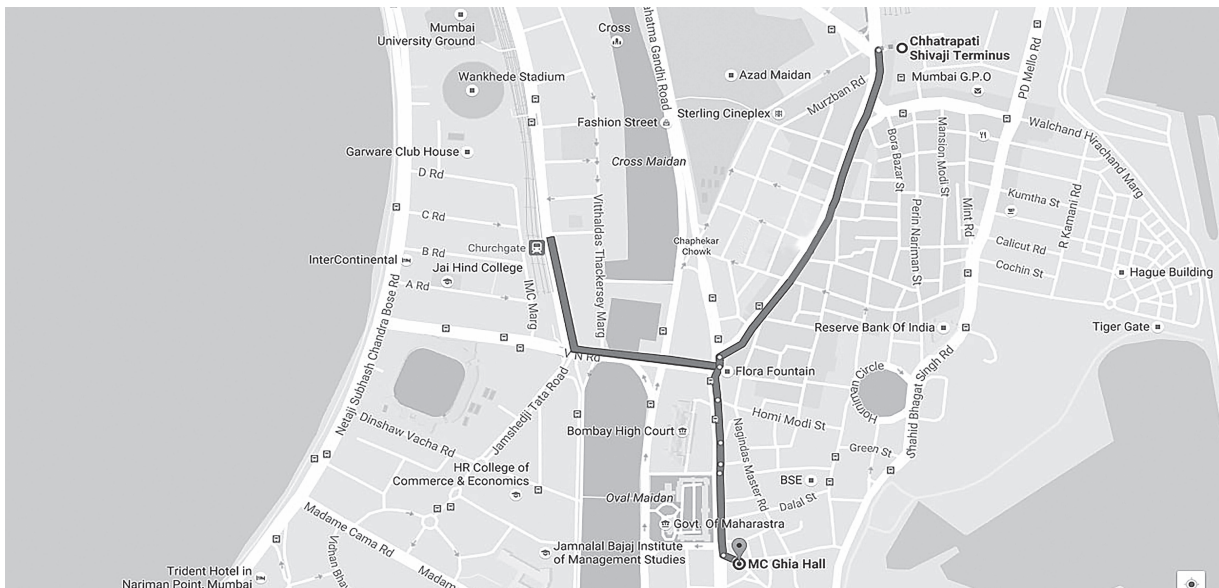
By Order of the Board of Directors

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

Mumbai
August 13, 2018

Registered Office

204, Raheja Centre, Free Press Journal Marg,
214, Nariman Point, Mumbai - 400 021.
CIN: L29200MH1978PLC020434
Tel.: 91 22 3026 8300 - 01
Fax: 91 22 2287 0720
Email: investors@ekc.in
Website: www.everestkanto.com



Route Map to the AGM Venue

ANNEXURE TO ITEM NO. 2 OF THE NOTICE
(As per Secretarial Standard 2 and Regulation 36(3) of SEBI (LODR) Regulation, 2015)
Details of Director seeking reappointment at the forthcoming Annual General Meeting

| | |
|--|--|
| Name of Director | Mr. Pushkar Khurana |
| Date of Birth | 17-07-1972 |
| Age | 46 years |
| Nationality | Indian |
| Date of first appointment on the Board | 12-09-1994 |
| Qualifications | B.com, MBA in Business Management |
| Experience | 24 years |
| Terms and conditions of Re-appointment | Terms of Re-appointment are as per the provisions of the Companies Act, 2013 |
| Remuneration sought to be paid | Nil |
| Remuneration last drawn | Nil remuneration was paid during the financial year 2017-18 |
| Relationship with other Directors, Manager and other Key Managerial Personnel of the Company | Son of Prem Kumar Khurana (Chairman & Managing Director) and Brother of Puneet Khurana (Chief Executive Officer) |
| Number of Meetings of the Board attended during the year | 3 :: 30.05.2017, 08.09.2017 and 13.02.2018 |
| Expertise in specific functional area | Expertise in International Business Expansion and Diversification |
| Number of shares held in the Company (as on March 31, 2018) | 75,03,973 |
| List of Directorships held in other Companies* | 1. Calcutta Compressions & Liquefaction Engineering Limited |
| | 2. EKC Positron Gas Limited |
| | 3. Everest Kanto Investment & Finance Pvt. Ltd. |
| | 4. G.N.M. Realtors Pvt. Ltd. |
| | 5. Khurana Gases Pvt. Ltd. |
| | 6. Khurana Fabrication Industries Pvt. Ltd. |
| | 7. Ukay Valves & Founders Pvt. Ltd |
| Chairman/Member in Committees of Board of Companies in which he/she is a Director* | None |
| *: Directorships include Directorships of other Indian Public Companies and Committee memberships include only Audit Committee and Stakeholders' Relationship Committee (whether listed or not) | |

As regards Item No. 4:

The Board of Directors has, on recommendation of the Audit Committee, appointed Mr. Vinayak B. Kulkarni, Cost Accountant [Membership No. 28559], as the Cost Auditor of the Company for the financial year 2018-19 and fixed his remuneration.

In accordance with the Rule 14 of the Companies (Audit and Auditors) Rules, 2014, the remuneration as approved by the Board, shall be ratified subsequently by the shareholders.

The Directors recommend the Resolution at Item No. 4 of the Notice for the approval by the members of the Company by way of Ordinary Resolution.

None of the Directors and Key Managerial Personnel of the Company or their relatives are concerned or interested, financially or otherwise, in the Resolution set out at Item No. 4.

As regards Item No. 5:

The Nomination and Remuneration Committee of Board of Directors of the Company has recommended the re-appointment of Mr. P. K. Khurana as the Chairman & Managing Director of the Company w.e.f. January 01, 2019 for a period of 3 (Three) years. Also, pursuant to section 196 of the Companies Act, 2013, as Mr. P. K. Khurana has attained 78 years of age, his re-appointment is required to be approved by the Members of the Company by way of Special Resolution.

Further, the Nomination & Remuneration Committee of the Board of Directors has recommended payment of remuneration to Mr. P. K. Khurana as the Chairman & Managing Director. Previously, due to lack of profits, the Mr. P. K. Khurana, Chairman & Managing Director had voluntarily decided not to draw any remuneration from the Company from financial year 2013-14 till date. The broad

particulars of remuneration payable to Mr. P.K. Khurana during his tenure in the Company are as per the resolution as set out in the accompanying Notice.

Considering the present scenario of the Company, background, competence and experience of Mr. P.K. Khurana and also the remuneration packages of similar personnel of Corporate Bodies in the Country, the Nomination & Remuneration Committee of the Board of Directors at its meeting held on August 13, 2018, recommended that remuneration as set out in the above resolution be paid to Mr. P.K. Khurana with effect from January 01, 2019.

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

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

Mr. P.K. Khurana is interested in the above Resolution which pertains to remuneration payable to him. Further, Mr. Pushkar

Khurana, Non Executive Director and Mr. Puneet Khurana, Chief Executive Officer may be deemed to be interested in the Resolution pertaining to the remuneration payable to Mr. P.K. Khurana, as they are related to each other. Save and except the above, none of the other Directors of the Company is, in any way, concerned or interested in the Resolution.

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

The Directors recommend the Resolution at Item No. 5 of the Notice for the approval by the members of the Company by way of Special Resolution.

None of the Directors and Key Managerial Personnel of the Company and their relatives is concerned or interested, financially or otherwise, in the Resolution set out at Item No. 4 except Mr. Pushkar Khurana, Director and Mr. Puneet Khurana, Chief Executive Officer and their relatives.

ANNEXURE TO ITEM NO. 5 OF THE NOTICE
(As per Secretarial Standards 2 & Regulation 36(3) of SEBI (LODR) Regulations, 2015)

| | |
|---|---|
| Name of Director | Mr. Prem Kumar Khurana |
| Date of Birth | 29-10-1940 |
| Age | 78 years |
| Nationality | Indian |
| Qualification | B.Com and Law Graduate |
| Experience | 55 years |
| Expertise | Corporate Management |
| Terms and Conditions of re-appointment | Terms of re-appointment is as per the provisions of the Companies Act, 2013 |
| Remuneration sought to be paid | The remuneration sought to be paid is mentioned in Resolution No.5 |
| Remuneration last drawn | The Managing Director was not paid any remuneration during the financial year 2017 – 18 |
| Date of first appointment on the Board | 01-08-1978 |
| Number of shares held in the Company (as on March 31, 2018) | 1,22,18,000 (No. of shares held in individual capacity) (PK Khurana HUF is not mentioned) |
| Relationship with KMP/Directors | Father of Mr. Puneet Khurana (Chief Executive Officer) and Mr. Pushkar Khurana (Non Executive Director) |
| No. of Board Meetings attended | 4 :: 30.05.17, 08.09.17, 13.12.17, 13.02.18 |
| List of Other Directorships held in Other Companies | 1. Khurana Fabrication Industries Pvt. Ltd. |
| | 2. Khurana Gases Pvt. Ltd. |
| | 3. Ukay Valves & Founders Pvt. Ltd. |
| | 4. EKC Positron Gas Limited |
| | 5. Calcutta Compressions & Liquefaction Engineering Limited |
| | 6. Khurana Exports Pvt. Ltd. |

| | |
|---|---|
| | 7. Everest Kanto Investment & Finance Pvt. Ltd. |
| | 8. G.N.M. Realtors Pvt. Ltd. |
| | 9. Medical Engineers (India) Ltd. |
| | 10. Next Gen Cylinder Pvt. Ltd. |
| Membership/Chairmanship of Committees of the other Boards | None |

Important Communication to Members

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

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

DIRECTORS' REPORT

Dear Shareholders,

The Directors are pleased to present the 39th Annual Report and the Audited Statement of Accounts for the financial year ended March 31, 2018.

FINANCIAL RESULTS

The financial performance of the Company for the year ended March 31, 2018 is summarized below:

(₹ in Lakhs, unless otherwise stated)

| Particulars | Standalone | | Consolidated | |
|---|------------------|------------------|------------------|-------------------|
| | 2017-18 | 2016-17 | 2017-18 | 2016-17 |
| Continuing Operations | | | | |
| Revenue from operations | 32,622.94 | 26,886.58 | 54,245.54 | 58,872.02 |
| Other income | 1,750.48 | 706.39 | 1,560.77 | 630.41 |
| Total Income | 34,373.42 | 27,592.97 | 55,806.31 | 59,502.43 |
| Profit before Finance Cost, Depreciation & Exceptional Items | 6,680.55 | 4,735.56 | 9,807.93 | 8,112.57 |
| Less: | | | | |
| - Finance costs | 2,668.23 | 3,637.62 | 3,472.54 | 4,436.25 |
| - Depreciation and amortisation | 1,268.55 | 1,475.08 | 3,181.80 | 3,448.15 |
| Profit / (Loss) before exceptional items and tax | 2,743.77 | (377.14) | 3,153.59 | 228.17 |
| Exceptional items (net) | (967.83) | 7,527.19 | 32.17 | 9,571.06 |
| Profit before tax from continuing operations | 1,775.94 | 7,150.05 | 3,185.76 | 9,799.23 |
| Tax expense | | | | |
| - Current tax | 465.00 | - | 455.90 | 15.30 |
| - Deferred tax | 5.90 | 2.43 | 5.91 | 2.00 |
| Profit after tax from continuing operations | 1,305.04 | 7,147.62 | 2,723.95 | 9,781.93 |
| Discontinued Operations | | | | |
| Profit / (Loss) from discontinued operations before tax | - | - | (344.36) | (1,957.00) |
| Tax expense of discontinued operations | - | - | - | - |
| Profit / (Loss) from discontinued operations after tax | - | - | (344.36) | (1,957.00) |
| Profit / (Loss) after tax from total operations | 1,305.04 | 7,147.62 | 2,379.59 | 7,824.93 |
| Other comprehensive income | | | | |
| (a) Items that will not be reclassified to profit and loss | 57.00 | 0.44 | 57.00 | - |
| (b) Tax (expense) / benefit on items that will not be reclassified to profit and loss | (12.86) | 6.07 | (12.86) | 5.64 |
| (a) Items that will be reclassified to profit and loss | - | - | (206.84) | (435.07) |
| (b) Tax expense / (benefit) on items that will be reclassified to profit and loss | - | - | - | - |
| Total other comprehensive income (net of tax) | 44.14 | 6.51 | (162.70) | (429.43) |
| Total Comprehensive Income | 1,349.18 | 7,154.13 | 2,216.89 | 7,395.50 |
| Net Profit for the period attributable to: | | | | |
| - Equity shareholders of the Company | - | - | 2,336.50 | 7,833.34 |
| - Non controlling interests | - | - | 43.09 | (8.41) |

(₹ in Lakhs, unless otherwise stated)

| Particulars | Standalone | | Consolidated | |
|--|--------------------|--------------------|------------------|-----------------|
| | 2017-18 | 2016-17 | 2017-18 | 2016-17 |
| Total Comprehensive Income for the period attributable to: | | | | |
| - Equity shareholders of the Company | - | - | 2,173.80 | 7,403.91 |
| - Non controlling interests | - | - | 43.09 | (8.41) |
| Retained Earnings: Balance brought forward from the previous year | (19,591.42) | (26,734.44) | 7,760.03 | (68.71) |
| Net profit for the year | 1,305.04 | 7,147.62 | 2,336.50 | 7,833.34 |
| Other Comprehensive Income | 44.14 | 6.51 | (162.70) | (429.43) |
| Adjustments to OCI for Foreign Currency Translation | - | - | 206.84 | 435.07 |
| Adjustments to OCI for FVOCI Equity | (55.12) | (11.11) | (55.13) | (10.24) |
| Retained Earnings carried forward | (18,297.36) | (19,591.42) | 10,085.54 | 7,760.03 |
| Earnings per share (not annualised) (in ₹): | | | | |
| Basic & diluted earnings per share | | | | |
| (i) Continuing operations | 1.16 | 6.37 | 2.39 | 8.72 |
| (ii) Discontinuing operations | - | - | (0.31) | (1.74) |
| (iii) Total operations | 1.16 | 6.37 | 2.08 | 6.98 |

PERFORMANCE REVIEW

During the financial year 2017-18, the Company saw the upward trend in the sales compared to sales in the previous year. The Company has encountered an increase in demand towards end of the financial year, due to CNG cylinders requirements in Northern India for controlling the pollution due to recent ruling by Supreme Court for not registering Diesel Vehicles.

Sale proceeds received against disposal of assets situated at Gandhidham in earlier year, resulted in cash surplus which was utilized to reduce the borrowing and in-turn resulted in reduction of financial expenses.

On standalone basis, for the financial year 2017-18, revenue from operations stood at ₹ 32,622.94 Lakhs against the previous year's revenues of ₹ 26,886.58 Lakhs, an increase of around 21% and Net Profit at ₹ 1,305.04 Lakhs against Net Profit of ₹ 7,142.62 Lakhs in the previous year.

On consolidated basis, the Company manufactured 575,762 units as compared to 530,048 units in the financial year 2016-17. During the said period the Company sold 540,232 units as compared 493,225 units in the previous financial year. Revenues for financial year 2017-18 at ₹ 54,245.54 Lakhs were marginally lower over the previous year's revenues of ₹ 58,872.02 Lakhs. Your Company has focussed on quality product sales which have resulted in improvement of Net profit before exceptional items from ₹ 228.17 Lakhs in financial year 2016 – 17 to ₹ 3,153.59 Lakhs in financial year 2017 – 18.

CONSOLIDATED FINANCIAL STATEMENTS

In accordance with Section 129 of Companies Act, 2013 and the

IND AS-27 on Consolidated and Separate Financial Statements, the Audited Consolidated Financial Statements are provided in the Annual Report. As a significant part of the Company's business is conducted through its subsidiaries, the Directors believe that the consolidated accounts provide a more accurate representation of the performance of the Company.

SHARE CAPITAL STRUCTURE

The Paid Up Share Capital of the Company is ₹ 22.44 Crore divided into 11,22,07,682 Equity Shares of ₹ 2/- each.

INTERNAL FINANCIAL CONTROL SYSTEM

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

MANAGEMENT DISCUSSION AND ANALYSIS REPORT

Management Discussion and Analysis Report for the financial year 2017-18, as stipulated under Regulation 34(2)(e) of the SEBI (Listing obligations and Disclosure Requirements) Regulations, 2015, is presented in a separate section forming part of the Annual Report.

DETAILS OF FRAUD REPORTED BY AUDITORS

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

SIGNIFICANT DEVELOPMENTS DURING THE YEAR

There were no significant development during the year 2017-18.

DIVIDEND

The Directors have not proposed any dividend for the financial year 2017-18 to preserve reserves for future betterment of the Company.

TRANSFER TO RESERVES

The Company does not propose to transfer any amount to reserves.

CREDIT RATING FROM CARE RATINGS

During the year, in respect of the borrowings of the Company, CARE Ratings has upgraded the Long Term and Short Term Ratings, as under:

| Sr. No. | Facility | Amount (₹ in Crore) | Rating | Remarks |
|--------------|--|---|--|----------------------|
| 1 | Long term fund based bank facilities (Term Loan) | 84.99 | CARE BB, Positive [Double B, Outlook: Positive] | Revised from CARE B |
| 2 | Long term fund based bank facilities | 8.50 | CARE BB, Positive [Double B, Outlook: Positive] | Revised from CARE B |
| 3 | Long term fund based bank facilities (Cash Credit) | 81.00 | CARE BB, Positive [Double B, Outlook: Positive] | Revised from CARE B |
| 4 | Short term bank facilities (Non Fund Based) | 54.92 | CARE A4+ [A Four Plus] | Revised from CARE A4 |
| Total | | 229.41 (Two Hundred Twenty Nine Crore and Forty One lakhs only) | | |

DEPOSITS UNDER CHAPTER V OF COMPANIES ACT, 2013

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

PARTICULARS OF LOANS, GUARANTEES AND INVESTMENTS

The particulars of loans given, guarantees provided and investments made have been duly disclosed in the financial statement

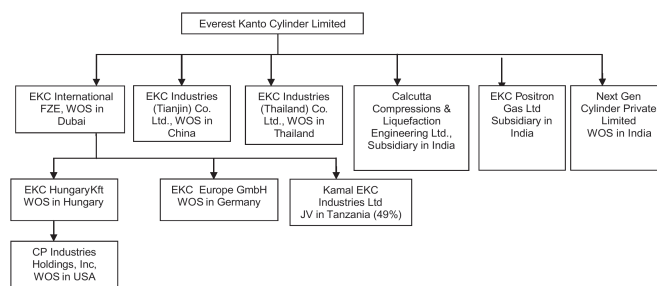
MATERIAL CHANGES AND COMMITMENTS

The Company has sought and obtained members approval for disinvestment of its wholly owned subsidiary i.e EKC Industries (Tianjin) Co. Ltd, which is subject to Regulatory Approvals. Necessary applications have been made to Regulators and upon completion of the transaction, the consolidated financial position would improve substantially.

SUBSIDIARIES

As on 31st March, 2018, the Company had (a) three wholly owned overseas subsidiary companies, viz., EKC International FZE in Dubai, UAE, EKC Industries (Tianjin) Co. Ltd. in China and EKC Industries (Thailand) Co. Ltd. in Thailand, (b) three step down wholly owned overseas subsidiary companies, viz. EKC Hungary Kft in Hungary, CP Industries Holdings, Inc. in USA, EKC Europe GmbH in Germany and (c) One Joint Venture Company in Tanzania, viz, Kamal EKC industries Ltd (d) Two Indian subsidiary Companies viz., Calcutta Compressions & Liquefaction Engineering Ltd., and EKC Positron Gas Ltd. and one wholly owned Indian subsidiary Company, viz., Next Gen Cylinder Private Limited

The Current Corporate Structure is as under:



The financial results of the Subsidiary Companies are uploaded on the website of the Company and the web link thereto is <http://www.everestkanto.com/subsidiaries.aspx>

DIRECTORS AND KEY MANAGERIAL PERSONNEL (KMPs)

RETIREMENT BY ROTATION

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

APPOINTMENT AND CESSATION OF KMP

- a. Mr. Kishore Thakkar resigned as Chief Financial Officer of the Company w.e.f. December 13, 2017;
- b. Mr. Dinesh Bhalotia was appointed as Chief Financial Officer of the Company w.e.f. December 14, 2017 and was removed on May 8, 2018.
- c. Mr. Alok Bodas has resigned from the post of the Company Secretary and Compliance officer of the Company w.e.f. March 8, 2018.

INDEPENDENT DIRECTOR DECLARATION

The Company has received necessary declaration from each Independent Director of the Company under Section 149(7) of the Companies Act, 2013 confirming that they fulfill criteria for independence as laid under Section 149(6) of the Act and Regulation 25 of the SEBI (Listing Obligation and Disclosures Requirements) Regulations, 2015 and there has been no change in the circumstances which may affect their status as an Independent Director during the year.

During the year, the Non-Executive Directors of the Company had no pecuniary relationship or transactions with the Company, other than sitting fees, commission, and reimbursement of expenses incurred by them for the purpose of attending meetings of the Company.

NUMBER OF BOARD MEETINGS DURING THE YEAR

During the year, four meetings of the Board of Directors were held, details are mentioned in Corporate Governance Report.

NOMINATION AND REMUNERATION POLICY

In accordance with the provisions of the Section 178 of the Companies Act, 2013 read along with the applicable Rules thereto and Regulation 19 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, the Company has formulated "Nomination and Remuneration Policy" containing criteria for determining qualifications, positive attributes, independence of a Director and other matters provided under section 178(3) of Companies Act, 2013 for selection of any Director, Key Managerial Personnel and Senior Management Employees.

The said policy is attached as Annexure 5 to this report and is available on the Company's website and the web link thereto is <http://www.everestkanto.com/policies.html>.

BOARD EVALUATION

The Board of Directors has carried out an annual evaluation of its own performance, Board Committees and individual Directors pursuant to the provisions of the Act and the corporate governance requirements as prescribed by the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements), Regulations 2015 ('SEBI Listing Regulations').

The Company evaluated performance of the Board on the basis of criteria(s) such as the board composition and structure, effectiveness of board processes, information and functioning,

etc. as mentioned in the Guidance Note on Board Evaluation issued by the Securities and Exchange Board of India on January 5, 2017.

The performance of the Committees was evaluated by the Board after seeking inputs from the Committee Members on the basis of criteria such as the composition of committees, effectiveness of committee meetings, etc.

The Board and the Nomination and Remuneration Committee reviewed the performance of individual Directors on the basis of criteria such as the contribution of the individual Director to the Board and Committee Meetings like preparedness on the issues to be discussed, meaningful and constructive contribution and inputs in meetings, etc.

In a separate meeting of Independent Directors, performance of Non-Independent Directors and the Board as a whole was evaluated, taking into account the views of Executive Directors and Non-Executive Directors. The same was discussed in the Board Meeting that followed the meeting of the Independent Directors, at which the performance of the Board, its Committees, and individual Directors was also discussed. Performance evaluation of Independent Directors was done by the entire Board, excluding the Independent Director being evaluated.

SECRETARIAL STANDARD

The Directors declared that applicable Secretarial Standard i.e. SS1 and SS2, relating to 'Meetings of the Board of Directors' and 'General Meetings' respectively, has been duly followed.

DIRECTORS' RESPONSIBILITY STATEMENT

Pursuant to Section 134(3) of the Companies Act, 2013, with respect to Directors' Responsibility Statement, it is hereby confirmed that:

- i) In the preparation of the annual accounts for the year ended March 31, 2018, the applicable accounting standards have been followed and there are no material departure;
- ii) The Directors have selected such Accounting Policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company as on March 31, 2018 and of the profit and loss of the Company for the period ended on that date;
- iii) The Directors have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of Companies Act, 2013 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
- iv) The Directors have prepared the Annual Accounts on a going concern basis;
- v) The Directors have laid down Internal Financial Controls to be followed by the Company and that such Internal Financial Controls are adequate and are operating effectively; and
- vi) The Directors have devised proper system to ensure compliance with the provisions of all applicable laws and that such systems are adequate and operating effectively.

AUDIT COMMITTEE

The details pertaining to composition of the Audit Committee are included in the Corporate Governance Report, which forms part of this Report.

AUDITORS

a) STATUTORY AUDITORS

In accordance with the provisions of Section 139(2) of the Companies Act, 2013 and the Companies (Audit and Auditors) Rules, 2014, the Members of the Company at their 35th Annual General Meeting held on August 2, 2014 had appointed M/s. Walker Chandio & Co LLP, Chartered Accountants, as the Statutory Auditors of the Company for one term of five years to hold office from the conclusion of aforesaid Annual General Meeting till the conclusion of the Annual General Meeting to be held in the year 2018, subject to ratification by the shareholders at every Annual General Meeting.

In terms of provisions of Section 139(2) of the Companies Act, 2013, the Company proposes to appoint M/s. Walker Chandio & Co LLP, Chartered Accountants for another term of five years, subject to approval of Members.

b) BRANCH AUDITORS

The Board of Directors of the Company at their Meeting held on May 30, 2018 re-appointed M/s. Arun Arora & Co., Chartered Accountants as Branch Auditors of the Company for financial year 2018-19. The Company has received a letter from M/s. Arun Arora & Co. to the effect that their re-appointment, if made, for the financial year 2018-19, would be within the limits prescribed under Section 141(3)(g) of the Companies Act, 2013 and that they are not disqualified for re-appointment within the meaning of Section 141 of the said Act.

c) COST AUDITORS

The Board of Directors has appointed Mr. Vinayak B. Kulkarni, Cost Accountant, (Membership No. 28559) as the Cost Auditor under section 148 of the Companies Act, 2013, for conducting audit of cost records for the financial year 2017-18. The Cost Auditor will submit his Report to the Board for its review and examination, which will then be filed with the Central Government within the prescribed time.

On the recommendation of the Audit Committee, the Board of Directors has appointed Mr. Vinayak B. Kulkarni, Cost Accountant, (Firm Registration No. 101319) as the Cost Auditor of the Company for the financial year 2017-18 on a remuneration of Rs. 2,25,000/- recommended by the Audit Committee and as required under the Act, the remuneration was ratified by the members at the Annual General Meeting held on September 27, 2017.

d) SECRETARIAL AUDITORS

The Board of Directors has appointed Aashish K. Bhatt & Associates, Practicing Company Secretaries, as the Secretarial Auditor under section 204 of the Companies Act, 2013, for conducting Secretarial Audit for the financial year 2017-18. The Report of the Secretarial Auditor forms part of this Report as Annexure 1. There is one qualification in the Secretarial Audit Report.

STATUTORY AUDITOR'S QUALIFICATIONS' EXPLANATION

There are no qualifications in the Auditor's Report & therefore there are no further explanations to be provided for in this Report.

SECRETARIAL AUDITOR'S QUALIFICATION'S EXPLANATION

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

As on March 31, 2017, the erstwhile shareholders have gradually sold their entire holdings during the year and hence the aforesaid Shareholders' Agreement stands redundant. Further, on the redundancy of such agreement, one of the Promoters of the Company has entered into the business of Fire Fighting Equipments during the year ended March 31, 2017.

However the Company has passed necessary resolution through postal ballot during the current financial year for alteration of the Articles of Association of the Company for removal of the clauses pertaining to the erstwhile shareholders, hence said qualification will not appear in their report again.

CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION AND FOREIGN EXCHANGE EARNINGS AND OUTGO

The particulars relating to conservation of energy, technology absorption, foreign exchange earnings and outgo, as required to be disclosed under section 134(3)(m) of the Companies Act, 2013, are provided in Annexure 2 to this Report.

TRANSACTIONS WITH RELATED PARTIES

No Related Party Transactions (RPTs) were entered into by the Company during the financial year, which attracted the provisions of section 188 of the Companies Act, 2013. There being no 'Material' Related Party Transactions as defined under regulation 23 of SEBI Listing Regulations, 2015, there are no details to be disclosed in Form AOC-2 (Refer Annexure 3) in that regard.

During the year 2017-18, pursuant to section 177 of the Companies Act, 2013 and Regulation 23 of SEBI Listing Regulations, 2015, all RPTs were placed before the Audit Committee for its approval.

The Policy on Related Party Transactions framed under the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 is available on Company's website and web link thereto is <http://www.everestkanto.com/policies.html>.

CORPORATE GOVERNANCE

The Company is committed to achieving and maintaining the highest standards of Corporate Governance and places high emphasis on business ethics. Pursuant to SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, the Report on Corporate Governance and the Certificate from a practicing Company Secretary on the Report as stipulated under SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 form part of the Annual Report.

RISK MANAGEMENT

The Company has adopted a Risk Management Policy which lays down the framework to define, assess, monitor and mitigate the business, operational, financial and other risks associated with the business of the Company.

CORPORATE SOCIAL RESPONSIBILITY (CSR)

As the provisions of section 135 of Companies Act, 2013, the CSR Committee consists of Mr. P. K. Khurana, Mr. Pushkar Khurana and Ms. Uma Acharya. In terms of Section 135(5) of the Companies Act, 2013, the Company was not required to spend towards CSR activities. The Company has in place a CSR Policy which provides guidelines to conduct CSR activities of the Company. The CSR Policy is available on the website of the Company www.everestkanto.com.

EXTRACT OF ANNUAL RETURN

Pursuant to section 92(3) of the Companies Act, 2013 read with Rule 12(1) of the Companies (Management and Administration) Rules, 2014, extract of the Annual Return of the Company in the prescribed Form MGT-9 is attached to the Report as Annexure 4.

PARTICULARS OF EMPLOYEES

In terms of the provisions of Rule 5 of Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, the details are as under:

(a) Ratio of the remuneration of each Director to the median remuneration of the employees of the Company for the Financial Year 2017-18:

| Name of Directors | Designation | Remuneration of Directors* | Median remuneration of Employees (₹) | Ratio to median remuneration |
|---------------------|------------------------------|----------------------------|--------------------------------------|------------------------------|
| Mr. P.K. Khurana | Chairman & Managing Director | Nil | 235,525 | Nil |
| Mr. Pushkar Khurana | Non-Executive Director | Nil | 235,525 | Nil |
| Mr. Mohan Jayakar | Independent Director | 90,500 | 235,525 | 0.38 |
| Mr. Sudhindra Rao | Independent Director | 170,500 | 235,525 | 0.72 |
| Ms. Uma Acharya | Independent Director | 170,500 | 235,525 | 0.72 |

* Remuneration to Directors during the financial year comprises solely of sitting fees for attending the meetings of Board of Directors and of the Committees thereof.

(b) Percentage increase in remuneration of each Director, Chief Financial Officer, Chief Executive Officer, Company Secretary or Manager, if any, in the Financial Year 2017-18:

| Director, Chief Financial Officer, Chief Executive Officer and Company Secretary | Designation | % increase in remuneration in financial year |
|--|------------------------------|--|
| Mr. P. K. Khurana | Chairman & Managing Director | 0.0% |
| Mr. Pushkar Khurana | Non-Executive Director | 0.0% |
| Mr. Mohan Jayakar | Independent Director | (35.36%) |
| Mr. Sudhindra Rao | Independent Director | (5.28%) |
| Ms. Uma Acharya | Independent Director | 21.79% |
| Mr. Kishore Thakkar # | Chief Financial Officer | 0.0% |
| Mr. Dinesh Bhalotia* | Chief Financial Officer | Not Applicable |
| Mr. Puneet Khurana | Chief Executive Officer | 67.00% |
| Mr. Alok Bodas** (upto March 8, 2018) | Company Secretary | 0.0% |

Mr Kishore Thakkar ceased to be Chief Financial Officer as on December 13, 2017

* Mr. Dinesh Bhalotia was appointed as Chief Financial Officer on December 14, 2017 and removed on May 8, 2018.

** Mr. Alok Bodas resigned as Company Secretary and Compliance Officer of the Company on March 8, 2018.

(c) **Percentage increase in the median remuneration of employees in the financial year 2017-18: 10.37%**

(d) **Number of permanent employees on the rolls of Company: 485**

(e) **Average percentile increase already made in the salaries of employees other than the managerial personnel in the last financial year and its comparison with the percentile increase in the managerial remuneration and justification thereof and point out if there are any exceptional circumstances for increase in the managerial remuneration**

The average percentile increase in the salaries of employees other than the managerial personnel in the financial year 2017-18 is 10.16% whereas the percentile increase in the managerial remuneration during the year is 11.00%.

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

The Company affirms remuneration is as per the remuneration policy of the Company.

(g) **Name of top 10 employee of Company, who were employed throughout the financial year, was in receipt of remuneration for that year which, in the aggregate, was not less than One Crore and two Lakhs Rupees per financial year – Annexure 7.**

(h) **Name of top 10 employee of Company, who were employed for part of year, was in receipt of remuneration for that period which, in the aggregate, was not less than eight lakhs fifty thousand rupees per month.**

Nil

(i) **Name of employee of Company, who employed throughout the financial year or part thereof, was in receipt of remuneration in that year which, in the aggregate, or as the case may be, at a rate which, in the aggregate, is in excess of that drawn by the managing director or whole-time director or manager and holds by himself or along with his spouse and dependent children, not less than two percent of the equity shares of the Company:**

Nil

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

The Company is committed and dedicated in providing a healthy and harassment free work environment to every individual of the Company. A work environment that does not tolerate sexual harassment. We highly respect dignity of everyone involved at our work place, whether they are employees, suppliers or our customers. We require all employees to strictly maintain mutual respect and positive attitude towards each other. The said policy is attached as Annexure 6 to the report.

Number of complaints pending as on the beginning of the financial year – Nil

Number of complaints filed during the financial year- Nil

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

LISTING OF SECURITIES

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

ACKNOWLEDGEMENT AND APPRECIATION

The Board of Directors express their appreciation for the assistance, support and co-operation received from the Banks, Government Authorities, Customers, Vendors and Members during the year under review. The Directors also wish to place on record their deep sense of appreciation for the committed services by the executives, staff and workers of the Company globally.

For and on behalf of the Board

P.K. Khurana

Chairman & Managing Director

Place: Mumbai

Date: August 13, 2018

ANNEXURES TO THE DIRECTORS' REPORT

Annexure 1: Secretarial Audit Report

Secretarial Audit Report

For the financial year ended March 31, 2018

[Pursuant to section 204(1) of the Companies Act, 2013 and rule No. 9 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014]

To,

The Members,

Everest Kanto Cylinder Limited

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

Based on the verification of Company's books, papers, minute books, forms and returns filed and other records maintained by the Company and also the information provided by the Company, its officers, agents and authorized representatives during the conduct of secretarial audit, I hereby report that in my opinion, the Company has, during the audit period covering the financial year ended on March 31, 2018 complied with the statutory provisions listed here under and also that the Company has followed proper Board - processes and have required compliance – mechanism in place to the extent, in the manner and subject to the reporting made hereinafter.

I have examined the books, papers, minute books, forms and returns filed and other records maintained by the Company for the financial year ended on March 31, 2018, according to the provisions of:

- (i) The Companies Act, 2013 (the 'Act') and the Rules made thereunder;
- (ii) The Securities Contracts (Regulation) Act, 1956 ('SCRA') and the rules made thereunder;
- (iii) The Depositories Act, 1996 and the Regulations and bye-laws framed thereunder;
- (iv) The Foreign Exchange Management Act, 1999 and the rules and regulations made thereunder for compliance in respect of Overseas Direct Investment;
- (v) The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 ('SEBI Act') :-
 - (a) The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011;
 - (b) The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015;

- (c) The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009 (Not applicable);
- (d) The Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014 (Not applicable);
- (e) The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008 (Not applicable);
- (f) The Securities and Exchange Board of India (Registrars to an issue and Share Transfer Agents) Regulations, 1993, regarding the Companies Act and dealing with client (Not applicable);
- (g) The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009 (Not applicable); and
- (h) The Securities and Exchange Board of India (Buy Back of Securities) Regulations, 1998 (Not applicable).

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

- (i) Secretarial Standards issued by the Institute of the Company Secretaries of India for General Meetings, Board and Committees Meetings (i.e. Audit Committee, Nomination and Remuneration Committee, Stakeholders' Relationship Committee); and
- (ii) The Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015.

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

I further report, I have relied on necessary disclosure(s) from Directors / KMPs and on confirmation received from the Company, about no specific applicable laws to the industry where Company operates, however general compliance system prevails in the Company and on examination of the relevant documents and records in pursuance thereof, on test-check basis, the Company has complied with them.

I further report that

The Board of Directors of the Company is duly constituted with proper balance of Executive Directors, Non – Executive Directors and Independent Directors. During the year there were no changes in the composition of the Board of Directors.

Adequate notice is given to all Directors to schedule the Board Meetings, agenda and detailed notes on agenda were sent atleast seven days in advance or on shorter notice and a system exist for seeking and obtaining further information and clarifications on the agenda items before the meeting and for meaningful participation at the meeting.

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

I further report that there are adequate systems and processes in the Company commensurate with the size and operations of the Company to monitor and ensure compliance with applicable laws, rules, regulations and guidelines.

I further report that during the audit period, the Company has undertaken event / action having a major bearing on the Company's affairs in pursuance of the above referred laws, rules, regulations, guidelines, standards, etc. referred to above viz.

- Resignation of Mr. Kishore Thakkar as Chief Financial Officer of the Company.
- Appointment of Mr. Dinesh Bhalotia as Chief Financial Officer of the Company.
- Resignation of Mr. Alok Bodas as Company Secretary of the Company.

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

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

Place: Mumbai
Date: August 13, 2018

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

APPENDIX A

To,
The Members,
Everest Kanto Cylinder Limited

My report of even date is to be read along with this letter.

- The responsibility of maintaining Secretarial record is of the management and based on my audit, I have expressed my opinion on these records.
- I am of the opinion that the audit practices and process adopted to obtain assurance about the correctness of the secretarial records were reasonable for verification on test check basis.
- I have not verified the correctness and appropriateness of financial records and books of accounts of the Company.
- The management is responsible for compliances with corporate and other applicable laws, rules, regulations, standards etc. My examination was limited to the verification of procedure on test basis and wherever required, I have obtained the Management representation about the

compliance of laws, rules and regulations etc.

- The Secretarial Audit report is neither an assurance as to the future viability of the Company nor of the efficacy or effectiveness with which the management has conducted the affairs of the Company.

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

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

Place: Mumbai
Date: August 13, 2018

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

Conservation of Energy:

Information pursuant to section 134 of the Companies Act, 2013, read with the Companies (Accounts) Rules, 2014 in respect of conservation of energy and technology absorption:

Conservation of Energy:

The Company considers it as a responsibility to reduce its carbon footprint in all possible areas of operations. As a responsible corporate citizen, the Company is taking all possible measures to achieve efficiency in energy utilization, water utilization, technology induction, such as:

- Efficiency in the use of electrical energy by installing power efficient equipment and lighting at all the plants/offices. Reducing dependence on electrical lighting by modifying existing roofing.
- Efficient use of thermal energy by use of alternate fuels, improvements in fuel burners, minimizing heat losses by improved insulation, etc.
- Furnaces consume large amounts of fuel so it is preferred to ensure they run with high load factor with least number of starts and stops. This is achieved now by sharing the furnace capacity with output of additional hot spinning machine. Better scheduling of production.
- Efforts are made to streamline processes to reduce down times. This ensures uninterrupted production with least idling thereby reducing energy requirements per cylinder.
- Indirectly reducing carbon footprint by attending to Water Consumption, and also Effluent Discharge quantity. Saving water by Rainwater Harvesting.

I. Energy Conservation measures undertaken at the Plants: Following measures are undertaken to conserve energy and water at the Plants:

- Medium bay light fittings in factory sheds at optimum

locations in place of high bay fittings which consume more power and give uneven light. Help of special lighting software from light fittings suppliers was taken for this purpose.

2. New generation LED lights installed for Admin building and also Factory sheds.
3. Combustion system for Boilers and Paint Baking Ovens are changed from LDO to LPG reducing the costs and pollution as LPG is clean burning fuel. This made the processes efficient and resulted in regular recurring savings.
4. Installation of VF drive and programmable logic controls for paint booth suction blower for cyclic speed swings, thereby reducing power consumption per cylinder.
5. Use of High Density Poly Ethylene and FRP (Fibre Glass Reinforced Plastic) pipe lines to reduce the pressure losses consequently leading to lower energy requirement.
6. Deployment of distributed pumping stations and cooling towers to save energy.
7. Installation of larger heat exchangers and making use of cooling tower water in place of cold water from refrigerated chillers.
8. Servicing of furnace burners in order to improve combustion efficiency of furnaces.
9. Installation of automatic shut-off devices on air compressors to ensure they shut down when compressed air demand is low.
10. Installation of energy saving transformer for lighting.
11. Installation of automatic power factor control panels with capacitors at various load centres for keeping the currents at lower level and also for keeping the power factor under control. Savings will also be made due to the incentive offered for better power factor by the electricity companies.
12. Installation of wind driven roof ventilators for ventilation to save electrical energy.
13. Installation of transparent windows in addition to the transparent roofing sheets in the side walls of the taller sheds for better ventilation and lighting.
14. Installation of new furnaces with higher thickness of insulation to reduce heat loss and thereby save energy.
15. Installation of camel back style oven for the painting system to avoid funneling of air and resultant heat losses.
16. Installation of more wind driven roof ventilators as energy saving devices.
17. Installation of more power saving transformers for the lighting load.

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

The Company has also started to benefit in the area of energy conservation through its wind power projects. The Company had undertaken Wind farm projects at Kandla in the state of Gujarat and Satara in the state of Maharashtra,

the brief details of which are given in the following table:

| Place of Installation | No. of Wind-mills installed | Energy Generation Capacity | Investment (₹ in Lakhs) | Energy Generated during the year | Energy Generated during previous year |
|-----------------------|-----------------------------|----------------------------|-------------------------|----------------------------------|---------------------------------------|
| Kandla, Gujarat | 1 | 1.650 MW | 1,125.00 | 1,937,792 units | 2,231,865 units |
| Satara, Maharashtra | 3 | 3 x 0.225 MW = 0.675 MW | 349.14 | 489,322 units | 589,924 units |

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

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

| Particulars | Current Year | Previous Year |
|--|--------------|---------------|
| A) Power and Fuel consumption: | | |
| a) Electricity purchased | | |
| Units (kwh in Lakhs) | 145.86 | 148.08 |
| Total Amount (₹ in Lakhs) | 1059.04 | 1282.56 |
| Rate per Unit (₹) | 7.26 | 8.66 |
| b) Oxygen purchased | | |
| Units (Cu.M. in Lakhs) | 6.90 | 4.36 |
| Total Amount (₹ in Lakhs) | 80.35 | 60.03 |
| Rate per Cu.M. (₹) | 11.64 | 13.77 |
| c) LDO purchased | | |
| Units (Ltrs. in Lakhs) | 1.70 | 8.44 |
| Total Amount (₹. in Lakhs) | 59.93 | 289.80 |
| Rate per Ltr. (₹) | 35.25 | 34.35 |
| d) LPG purchased | | |
| Units (Kg. in Lakhs) | 19.62 | 7.72 |
| Total Amount (₹. in Lakhs) | 741.89 | 333.17 |
| Rate per Kg. (₹) | 37.82 | 43.18 |
| B) Consumption per unit of production: | | |
| i. Electricity (kwh / MT) | 638.30 | 776.81 |
| ii. Oxygen (Cu.M / MT) | 30.20 | 22.88 |
| iii. LDO (Ltr. / MT) | 7.44 | 44.26 |
| iv. LPG (Kg. / MT) | 85.84 | 40.48 |

TECHNOLOGY ABSORPTION, ADAPTATION AND INNOVATION:

Innovation is one of the key factors enabling EKC to achieve and maintain the Number One position in the area of High Pressure Gas Cylinders manufacturing. This, aided by the infusion of latest technology, proper training of manpower to handle latest equipment and processes ensures continuously meeting the ever exacting of customer requirement. This has enabled the Company to meet the requirements of Aerospace sector & Defence sector to entire satisfaction of end user.

I. Technology Absorption

- a. Complete process was developed to manufacture newer models of Jumbo Cylinders from High Alloy High Strength Steel Pipes, without any technical collaboration or help from other company. This major step has made EKC the only manufacturer in India to make these High Alloy High Strength Jumbo Cylinders from tubes. It has opened up new markets which were hitherto inaccessible. It has also ensured management's support to "Make in India" initiative of the Government.
- b. The DOT approval is maintained even after migrating of the manufacturing facility from one location to the other. This qualification has opened the USA market which was hitherto most difficult to enter.

II. Technology Adaptation

We are participating wholeheartedly in the Government's initiative of "Make in India". Hitherto we have been importing certain raw materials as they were not manufactured in India. Now, one PSU has come forward to manufacture it in India and we shall be the application testing partners in that program for defence. Already some sizes are cleared for cylinder production through extensive testing, and others are awaiting trial samples from the suppliers.

III. Innovation

Innovation is a way of life at EKC. People at various levels in various departments contribute their ideas to keep the Company at the leading edge.

- a. New Cylinder models are developed to meet varying needs of different overseas standards which are much stringent than the standards which we operated till now.
- b. Developed Tube Trailers for storage and transportation of Bio-Methane.
- c. For the first time in India, developed Ultra Large Cylinder for Hydrogen, working at 300 bar. This is for a prestigious project of Indian Space Research Organization (ISRO).

- d. Designed Very large capacity storage complex for gases to be stored at very high pressures which was not done in the country so far. This project is under implementation.

IV. Foreign Exchange Earnings and Outgo

Total foreign exchange used and earned:

(₹ in Lakhs)

| Particulars | Current Year | Previous Year |
|-----------------------------|--------------|---------------|
| I. Foreign Exchange used | 13,411.29 | 11,660.01 |
| II. Foreign Exchange earned | 2,499.35 | 13,891.38 |

Annexure 3: Particulars of Contracts or Arrangement with Related Parties

Form No. AOC-2

(Pursuant to clause (h) of sub-section (3) of section 134 of the Act and Rule 8(2) of the Companies; (Accounts) Rules, 2014)

Form for disclosure of particulars of contracts/arrangements entered into by the Company with Related Parties referred to in sub-section (1) of section 188 of the Companies Act, 2013 including certain arms length transactions under third proviso thereto

1. Details of contracts or arrangements or transactions not at arm's length basis: Nil
2. Details of material contracts or arrangement or transactions* at arm's length basis: Nil

** Material Related Party Transaction means a transaction with a Related Party entered into individually or with previous transactions during a financial year which exceeds ten percent of the annual consolidated turnover of the Company as per last audited financial statements of the Company.*

**For and on behalf of the
Board of Directors of Everest Kanto Cylinder Limited**

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

Annexure 4: Extract of Annual Return

Form No. MGT-9
EXTRACT OF ANNUAL RETURN
as on the financial year ended on March 31, 2018

[Pursuant to section 92(3) of the Companies Act, 2013 and rule 12(1) of the Companies (Management and Administration) Rules, 2014]

I. REGISTRATION AND OTHER DETAILS:

| | | |
|----------|--|---|
| 1 | CIN | L29200MH1978PLC020434 |
| 2 | Registration Date | June 24, 1978 |
| 3 | Name of the Company | Everest Kanto Cylinder Limited |
| 4 | Category / Sub-Category of the Company | Public Company Limited by Shares |
| 5 | Address of the Registered Office and Contact Details | 204, Raheja Centre, Free Press Journal Marg, 214, Nariman Point, Mumbai - 400 021 Tel no.: 022-30268300 Email: investors@ekc.in Website: www.everestkanto.com |
| 6 | Whether listed company | Yes |
| 7 | Name, Address and Contact details of Registrar and Share Transfer Agent | Link Intime India Pvt. Ltd. C 101, 247 Park, L B S Marg, Vikhroli West, Mumbai 400 083 Tel No: +91 22 49186270, Fax: +91 22 49186060 Email id: rnt.helpdesk@linkintime.co.in |

II. PRINCIPAL BUSINESS ACTIVITIES OF THE COMPANY:

| Sr. No. | Name and Description of main Products / Services | NIC Code of the Product / Service | % to Total Turnover of the Company |
|----------------|--|--|---|
| 1 | Manufacture of fabricated metal products, except machinery and equipment | 025 | 93.22 |

III. PARTICULARS OF HOLDING, SUBSIDIARY AND ASSOCIATE COMPANIES:

| Sr. No. | Name and Address of the Company | CIN / GIN | Holding / Subsidiary of the Company | % of shares held | Applicable Section |
|----------------|--|-----------------------|--|-------------------------|---------------------------|
| 1 | Calcutta Compression & Liquefaction Engineering Ltd. Unit No. 203, 2 nd Floor, 52A, Shakespeare Sarani Chandan Niketan, Kolkata, West Bengal 700017 | U51410WB2004PLC100920 | Subsidiary | 72.65 | 2(87) |
| 2 | EKC Positron Gas Limited Unit No. 203, 2 nd Floor, 52A, Shakespeare Sarani Chandan Niketan, Kolkata, West Bengal 700017 | U40300WB2015PLC206360 | Subsidiary | 72.65 | 2(87) |
| 3 | Next Gen Cylinder Private Limited 204, Raheja Centre, Free Press Journal Marg, 214, Nariman Point, Mumbai- 400 021 | U74999MH2016PTC289026 | Wholly Owned Subsidiary | 100 | 2(87) |
| 4 | EKC International FZE PO Box: 61041, Plot No. S21004, Plot No. S21004, 7th Street, Jebel Ali Free Zone, Dubai, UAE | Foreign Company | Subsidiary | 100 | 2(87) |
| 5 | EKC Industries (Tainjin) Company Limited Plot No. 12, He Chang Road, Wuqing Development Area, Tianjin, P.R. China | Foreign Company | Subsidiary | 100 | 2(87) |
| 6 | EKC Industries (Thailand) Company Ltd. No. 269, Vibhavadi - Rangsit Road, Sanambin Sub-district, Donmuang District, Bangkok – 10120 | Foreign Company | Subsidiary | 100 | 2(87) |
| 7 | CP Industries Holding, Inc. 2214, Walnut Street, McKeesport, PA - 15132 (USA) | Foreign Company | Step-down Subsidiary | 100 | 2(87) |
| 8 | EKC Hungary Kft. 1126, Budapest, Nagy Jeno u.10 Hungary | Foreign Company | Step-down Subsidiary | 100 | 2(87) |
| 9 | EKC Europe GmbH Bismarckstr. 120, 47057 Duisburg, Germany | Foreign Company | Step-down Subsidiary | 100 | 2(87) |
| 10 | Kamal EKC Industries Limited 188/2, Chang'ombe Road, P.O.Box No. 10392, Dar-Es-Salaam, Tanzania. | Foreign Company | Associate | 49 | 2(87) |

IV. SHARE HOLDING PATTERN : (Equity Share Capital Breakup as a % of Total Equity)
(i) Category-wise Share Holding

| Category of Shareholders | No. of Shares held at the beginning of the year April 01, 2017 | | | | No. of Shares held at the end of the year March 31, 2018 | | | | % Change during the year |
|--|--|----------|----------|------------------|--|----------|----------|-------------------|--------------------------|
| | Demat | Physical | Total | %of Total Shares | Demat | Physical | Total | % of Total Shares | |
| A. Promoters | | | | | | | | | |
| 1 Indian | | | | | | | | | |
| a. Individual/HUF | 50139731 | 0 | 50139731 | 44.68 | 50259731 | 0 | 50259731 | 44.79 | 0.11 |
| b. Central Govt. | 0 | 0 | 0 | 0.00 | 0 | 0 | 0 | 0.00 | 0.00 |
| c. State Govt. | 0 | 0 | 0 | 0.00 | 0 | 0 | 0 | 0.00 | 0.00 |
| d. Bodies Corp. | 22377203 | 0 | 22377203 | 19.94 | 22377203 | 0 | 22377203 | 19.94 | 0.00 |
| e. Bank/ FI | 0 | 0 | 0 | 0.00 | 0 | 0 | 0 | 0.00 | 0.00 |
| f. Any Other | 0 | 0 | 0 | 0.00 | 0 | 0 | 0 | 0.00 | 0.00 |
| Sub Total- (A)-1 | 72516934 | 0 | 72516934 | 64.63 | 72636934 | 0 | 72636934 | 64.73 | 0.11 |
| 2 Foreign | | | | | | | | | |
| a. NRI-Individuals | 1608866 | 0 | 1608866 | 1.44 | 1608866 | 0 | 1608866 | 1.44 | 0.00 |
| b. Other Individuals | 0 | 0 | 0 | 0.00 | 0 | 0 | 0 | 0.00 | 0.00 |
| c. Body Corp. | 0 | 0 | 0 | 0.00 | 0 | 0 | 0 | 0.00 | 0.00 |
| d. Bank/ FI | 0 | 0 | 0 | 0.00 | 0 | 0 | 0 | 0.00 | 0.00 |
| e. Any Other | 0 | 0 | 0 | 0.00 | 0 | 0 | 0 | 0.00 | 0.00 |
| Sub Total- (A)-2 | 1608866 | 0 | 1608866 | 1.44 | 1608866 | 0 | 1608866 | 1.44 | 0.00 |
| Total Shareholders of Promoters (1+2) | 74125800 | 0 | 74125800 | 66.06 | 74245800 | 0 | 74245800 | 66.17 | 0.11 |
| B. | | | | | | | | | |
| 1 Institution | | | | | | | | | |
| a. Mutual Funds | 0 | 0 | 0 | 0.00 | 0 | 0 | 0 | 0.00 | 0.00 |
| b. Bank/ FI | 158508 | 0 | 158508 | 0.14 | 373478 | 0 | 373478 | 0.33 | 0.19 |
| c. Central Govt. | 500 | 0 | 500 | 0.00 | 13624 | 0 | 13624 | 0.01 | 0.01 |
| d. State Govt. | 0 | 0 | 0 | 0.00 | 0 | 0 | 0 | 0.00 | 0.00 |
| e. Venture Capital | 0 | 0 | 0 | 0.00 | 0 | 0 | 0 | 0.00 | 0.00 |
| f. Insurance Co. | 0 | 0 | 0 | 0.00 | 0 | 0 | 0 | 0.00 | 0.00 |
| g. FIs | 0 | 0 | 0 | 0.00 | 0 | 0 | 0 | 0.00 | 0.00 |
| h. Foreign Venture Capital Fund | 0 | 0 | 0 | 0.00 | 0 | 0 | 0 | 0.00 | 0.00 |
| i. Others – Foreign Portfolio Investor | 3787164 | 0 | 3787164 | 3.38 | 65750 | 0 | 65750 | 0.06 | (3.31) |
| Sub-Total-B (1) | 3946172 | 0 | 3946172 | 3.52 | 452852 | 0 | 452852 | 0.40 | (3.12) |
| 2 Non-Institution | | | | | | | | | |
| a. Body Corporate | 4282572 | 0 | 4282572 | 3.82 | 6715619 | 0 | 6715619 | 5.99 | 2.17 |
| b. Individual | | | | | | | | | |
| i. Individual shareholders holding nominal share capital upto Rs. 1 lakh | 20996807 | 1585 | 20998392 | 18.71 | 23386849 | 1630 | 23388479 | 20.84 | 2.13 |
| ii. Individual shareholders holding nominal share capital in excess of Rs 1 lakh | 4580404 | 0 | 4580404 | 4.08 | 3048486 | 0 | 3048486 | 2.72 | (1.36) |

| Category of Shareholders | No. of Shares held at the beginning of the year April 01, 2017 | | | | No. of Shares held at the end of the year March 31, 2018 | | | | % Change during the year |
|--|--|-------------|------------------|-------------------|--|-------------|------------------|-------------------|--------------------------|
| | Demat | Physical | Total | % of Total Shares | Demat | Physical | Total | % of Total Shares | |
| c. Others | | | | | | | | | |
| i) Clearing Member | 1725383 | 0 | 1725383 | 1.54 | 1317379 | 0 | 1317379 | 1.17 | (0.37) |
| ii) Foreign National | | | | | | | | | |
| i. NRI (Repat) | 932563 | 0 | 932563 | 0.83 | 806371 | 0 | 806371 | 0.72 | (0.11) |
| ii. NRI (non Repat) | 189234 | 0 | 189234 | 0.17 | 346070 | 0 | 346070 | 0.31 | 0.14 |
| iii) Hindu Undivided Family | 1427162 | 0 | 1427162 | 1.27 | 1885626 | 0 | 1885626 | 1.68 | 0.41 |
| iv) Other - Trust | 0 | 0 | 0 | 0.00 | 1000 | 0 | 1000 | 0.00 | 0 |
| Sub-Total-B (2) | 34134125 | 1585 | 34135710 | 30.42 | 37507400 | 1630 | 37509030 | 33.43 | 3.01 |
| Net Total B (1+2) | 38080297 | 1585 | 38081882 | 33.94 | 37960252 | 1630 | 37961882 | 33.83 | (0.11) |
| C. Shares held by Custodian for GDRs & ADRs | | | | | | | | | |
| Promoter and Promoter Group | 0 | 0 | 0 | 0.00 | 0 | 0 | 0 | 0.00 | 0 |
| Public | 0 | 0 | 0 | 0.00 | 0 | 0 | 0 | 0.00 | 0 |
| Grand Total (A+B+C) | 112206097 | 1585 | 112207682 | 100 | 112206097 | 1630 | 112207682 | 100 | 0 |

(ii) Shareholding of Promoters

| Sr. No. | Category of Shareholders | Shareholding at the beginning of the year | | | Shareholding at the end of the year | | | % Change in Shareholding during the year |
|---------|-----------------------------------|---|----------------------------------|--|-------------------------------------|----------------------------------|--|--|
| | | No. of Shares | % of Total Shares of the Company | % of Shares Pledged / Encumbered to Total Shares | No. of Shares | % of Total Shares of the Company | % of Shares Pledged / Encumbered to Total Shares | |
| 1 | Khurana Gases Private Limited | 17577203 | 15.66 | 12.94 | 17577203 | 15.66 | 12.94 | 0.00 |
| 2 | Suman Khurana | 15230691 | 13.57 | 0.00 | 15230691 | 13.57 | 0.00 | 0.00 |
| 3 | Prem Kumar Khurana | 12218000 | 10.89 | 10.89 | 12218000 | 10.89 | 10.89 | 0.00 |
| 4 | Puneet Prem Kumar Khurana | 7662933 | 6.83 | 0.00 | 7782933 | 6.94 | 0.00 | 0.11 |
| 5 | Pushkar Prem Kumar Khurana | 7503973 | 6.69 | 0.53 | 7503973 | 6.69 | 0.53 | 0.00 |
| 6 | Prem Kumar Khurana (HUF) | 4800000 | 4.28 | 1.35 | 4800000 | 4.28 | 1.35 | 0.00 |
| 7 | Medical Engineers (India) Limited | 4800000 | 4.28 | 4.28 | 4800000 | 4.28 | 4.28 | 0.00 |
| 8 | Varun Khurana | 4322000 | 3.85 | 0.00 | 4322000 | 3.85 | 0.00 | 0.00 |
| 9 | Nishita Khurana | 10000 | 0.01 | 0.00 | 10000 | 0.01 | 0.00 | 0.00 |
| 10 | Pooja Khurana | 1000 | 0.00 | 0.00 | 1000 | 0.00 | 0.00 | 0.00 |
| | Total | 74125800 | 66.06 | 29.99 | 74245800 | 66.17 | 29.99 | 0.11 |

iii. Change in Promoters' Shareholding

| Sr. No. | Name of the Promoter | Shareholding at the begning of the year - April 1, 2017 | | Change in Shareholding during the year- No. of Shares | | Reason/ Mode | Cumulative Shareholding at the end of the year - March 31, 2018 | |
|---------|----------------------------|---|----------------------------------|---|---------------|-----------------|---|----------------------------------|
| | | No. of Shares | % of Total Shares of the Company | | | | No. of Shares | % of Total Shares of the Company |
| 1 | Puneet Prem Kumar Khurana* | 7662933 | 6.83 | Date | No. of Shares | | | |
| | | | | 9-Jun-2017 | 100000 | Market Purchase | 7762933 | 6.92 |
| | | | | 23-Jun-2017 | 20000 | Market Purchase | 7782933 | 6.94 |
| | At the End of the year | | | | | | 7782933 | |

* Apart from aforesaid changes, there are no changes in promoter's shareholdings as mentioned above.

iv. Shareholding Pattern of top ten Shareholders (other than Directors, Promoters and Holders of GDRs and ADRs):

| Sr. No. | Name & Type of Transaction | Shareholding at the begning of the year - April 1, 2017 | | Transactions during the year | | Cumulative Shareholding at the end of the year March 31, 2018 | |
|---------|---|---|----------------------------------|------------------------------|---------------|---|----------------------------------|
| | | No. of Shares | % of Total Shares of the Company | Date of Transaction | No. of Shares | No. of Shares | % of Total Shares of the Company |
| 1 | Polaris Banyan Holding Private Limited | 305300 | 0.27 | | | 305300 | 0.27 |
| | Transfer | | | 19 May 2017 | 86270 | 391570 | 0.35 |
| | Transfer | | | 26 May 2017 | 366758 | 758328 | 0.68 |
| | Transfer | | | 23 Jun 2017 | 114099 | 872427 | 0.78 |
| | AT THE END OF THE YEAR | | | | | 872427 | 0.78 |
| 2 | Kamrup Enterprises Limited | 144825 | 0.13 | | | 144825 | 0.13 |
| | Transfer | | | 14 Jul 2017 | (144825) | 0 | 0.00 |
| | Transfer | | | 28 Jul 2017 | 10000 | 10000 | 0.01 |
| | Transfer | | | 22 Sep 2017 | 200000 | 210000 | 0.19 |
| | Transfer | | | 08 Dec 2017 | (50000) | 160000 | 0.14 |
| | Transfer | | | 15 Dec 2017 | (130000) | 30000 | 0.03 |
| | Transfer | | | 22 Dec 2017 | 100000 | 130000 | 0.12 |
| | Transfer | | | 29 Dec 2017 | 30000 | 160000 | 0.14 |
| | Transfer | | | 19 Jan 2018 | 77407 | 237407 | 0.21 |
| | Transfer | | | 26 Jan 2018 | 101000 | 338407 | 0.30 |
| | Transfer | | | 09 Feb 2018 | 193287 | 531694 | 0.47 |
| | Transfer | | | 23 Feb 2018 | 75000 | 606694 | 0.54 |
| | Transfer | | | 02 Mar 2018 | 25000 | 631694 | 0.56 |
| | Transfer | | | 09 Mar 2018 | 100000 | 731694 | 0.65 |
| | Transfer | | | 16 Mar 2018 | 100000 | 831694 | 0.74 |
| | AT THE END OF THE YEAR | | | | | 831694 | 0.74 |

| Sr. No. | Name & Type of Transaction | Shareholding at the begning of the year - April 1, 2017 | | Transactions during the year | | Cumulative Shareholding at the end of the year March 31, 2018 | |
|---------|--|---|----------------------------------|------------------------------|---------------|---|----------------------------------|
| | | No. of Shares | % of Total Shares of the Company | Date of Transaction | No. of Shares | No. of Shares | % of Total Shares of the Company |
| 3 | IL AND FS Securities Services Limited | 173808 | 0.15 | | | 173808 | 0.15 |
| | Transfer | | | 07 Apr 2017 | (3703) | 170105 | 0.15 |
| | Transfer | | | 14 Apr 2017 | 2000 | 172105 | 0.15 |
| | Transfer | | | 21 Apr 2017 | (5051) | 167054 | 0.15 |
| | Transfer | | | 28 Apr 2017 | (300) | 166754 | 0.15 |
| | Transfer | | | 05 May 2017 | 311100 | 477854 | 0.43 |
| | Transfer | | | 12 May 2017 | (3830) | 474024 | 0.42 |
| | Transfer | | | 19 May 2017 | 52700 | 526724 | 0.47 |
| | Transfer | | | 26 May 2017 | (2700) | 524024 | 0.47 |
| | Transfer | | | 02 Jun 2017 | 178000 | 702024 | 0.63 |
| | Transfer | | | 09 Jun 2017 | (23888) | 678136 | 0.60 |
| | Transfer | | | 16 Jun 2017 | 1825 | 679961 | 0.61 |
| | Transfer | | | 23 Jun 2017 | (12682) | 667279 | 0.59 |
| | Transfer | | | 07 Jul 2017 | (1624) | 665655 | 0.59 |
| | Transfer | | | 14 Jul 2017 | 2548 | 668203 | 0.59 |
| | Transfer | | | 21 Jul 2017 | 12627 | 680830 | 0.61 |
| | Transfer | | | 28 Jul 2017 | 515790 | 1196620 | 1.07 |
| | Transfer | | | 04 Aug 2017 | (493870) | 702750 | 0.63 |
| | Transfer | | | 11 Aug 2017 | 1620 | 704370 | 0.63 |
| | Transfer | | | 18 Aug 2017 | 6262 | 710632 | 0.63 |
| | Transfer | | | 25 Aug 2017 | 17900 | 728532 | 0.65 |
| | Transfer | | | 01 Sep 2017 | (12720) | 715812 | 0.64 |
| | Transfer | | | 08 Sep 2017 | 66600 | 782412 | 0.70 |
| | Transfer | | | 15 Sep 2017 | (94257) | 688155 | 0.61 |
| | Transfer | | | 22 Sep 2017 | 3900 | 692055 | 0.62 |
| | Transfer | | | 29 Sep 2017 | 1780 | 693835 | 0.62 |
| | Transfer | | | 06 Oct 2017 | (700) | 693135 | 0.62 |
| | Transfer | | | 13 Oct 2017 | (187731) | 505404 | 0.45 |
| | Transfer | | | 20 Oct 2017 | 113455 | 618859 | 0.55 |
| | Transfer | | | 27 Oct 2017 | (122342) | 496517 | 0.44 |
| | Transfer | | | 03 Nov 2017 | (101421) | 395096 | 0.35 |
| | Transfer | | | 10 Nov 2017 | (59341) | 335755 | 0.30 |
| | Transfer | | | 17 Nov 2017 | (15006) | 320749 | 0.29 |
| | Transfer | | | 24 Nov 2017 | (6873) | 313876 | 0.28 |
| | Transfer | | | 01 Dec 2017 | 850 | 314726 | 0.28 |
| | Transfer | | | 08 Dec 2017 | 28656 | 343382 | 0.31 |
| | Transfer | | | 15 Dec 2017 | 77284 | 420666 | 0.37 |

| Sr. No. | Name & Type of Transaction | Shareholding at the begning of the year - April 1, 2017 | | Transactions during the year | | Cumulative Shareholding at the end of the year March 31, 2018 | |
|---------|--------------------------------------|---|----------------------------------|------------------------------|---------------|---|----------------------------------|
| | | No. of Shares | % of Total Shares of the Company | Date of Transaction | No. of Shares | No. of Shares | % of Total Shares of the Company |
| | Transfer | | | 22 Dec 2017 | (31116) | 389550 | 0.35 |
| | Transfer | | | 29 Dec 2017 | 6516 | 396066 | 0.35 |
| | Transfer | | | 30 Dec 2017 | (5600) | 390466 | 0.35 |
| | Transfer | | | 05 Jan 2018 | 5900 | 396366 | 0.35 |
| | Transfer | | | 12 Jan 2018 | (26330) | 370036 | 0.33 |
| | Transfer | | | 19 Jan 2018 | 67686 | 437722 | 0.39 |
| | Transfer | | | 26 Jan 2018 | 267 | 437989 | 0.39 |
| | Transfer | | | 02 Feb 2018 | (120386) | 317603 | 0.28 |
| | Transfer | | | 09 Feb 2018 | 46577 | 364180 | 0.32 |
| | Transfer | | | 16 Feb 2018 | 93960 | 458140 | 0.41 |
| | Transfer | | | 23 Feb 2018 | 69282 | 527422 | 0.47 |
| | Transfer | | | 02 Mar 2018 | 14611 | 542033 | 0.48 |
| | Transfer | | | 09 Mar 2018 | (120356) | 421677 | 0.38 |
| | Transfer | | | 16 Mar 2018 | 24430 | 446107 | 0.40 |
| | Transfer | | | 23 Mar 2018 | (17807) | 428300 | 0.38 |
| | Transfer | | | 31 Mar 2018 | (63167) | 365133 | 0.33 |
| | AT THE END OF THE YEAR | | | | | 365133 | 0.33 |
| 4 | Angel Broking Private Limited | 153198 | 0.14 | | | 153198 | 0.14 |
| | Transfer | | | 07 Apr 2017 | 7169 | 160367 | 0.14 |
| | Transfer | | | 14 Apr 2017 | 4340 | 164707 | 0.15 |
| | Transfer | | | 21 Apr 2017 | 7039 | 171746 | 0.15 |
| | Transfer | | | 28 Apr 2017 | (3966) | 167780 | 0.15 |
| | Transfer | | | 05 May 2017 | (19639) | 148141 | 0.13 |
| | Transfer | | | 12 May 2017 | 23480 | 171621 | 0.15 |
| | Transfer | | | 19 May 2017 | (21532) | 150089 | 0.13 |
| | Transfer | | | 26 May 2017 | 11132 | 161221 | 0.14 |
| | Transfer | | | 02 Jun 2017 | (21124) | 140097 | 0.12 |
| | Transfer | | | 09 Jun 2017 | 13746 | 153843 | 0.14 |
| | Transfer | | | 16 Jun 2017 | (72) | 153771 | 0.14 |
| | Transfer | | | 23 Jun 2017 | (22708) | 131063 | 0.12 |
| | Transfer | | | 30 Jun 2017 | (13649) | 117414 | 0.10 |
| | Transfer | | | 07 Jul 2017 | (19318) | 98096 | 0.09 |
| | Transfer | | | 14 Jul 2017 | 60324 | 158420 | 0.14 |
| | Transfer | | | 21 Jul 2017 | (23007) | 135413 | 0.12 |
| | Transfer | | | 28 Jul 2017 | 32694 | 168107 | 0.15 |
| | Transfer | | | 04 Aug 2017 | 23515 | 191622 | 0.17 |
| | Transfer | | | 11 Aug 2017 | (6003) | 185619 | 0.17 |

| Sr. No. | Name & Type of Transaction | Shareholding at the begning of the year - April 1, 2017 | | Transactions during the year | | Cumulative Shareholding at the end of the year March 31, 2018 | |
|---------|---|---|----------------------------------|------------------------------|---------------|---|----------------------------------|
| | | No. of Shares | % of Total Shares of the Company | Date of Transaction | No. of Shares | No. of Shares | % of Total Shares of the Company |
| | Transfer | | | 18 Aug 2017 | (9752) | 175867 | 0.16 |
| | Transfer | | | 25 Aug 2017 | 10957 | 186824 | 0.17 |
| | Transfer | | | 01 Sep 2017 | (11882) | 174942 | 0.16 |
| | Transfer | | | 08 Sep 2017 | 17757 | 192699 | 0.17 |
| | Transfer | | | 15 Sep 2017 | 1371 | 194070 | 0.17 |
| | Transfer | | | 22 Sep 2017 | (8322) | 185748 | 0.17 |
| | Transfer | | | 29 Sep 2017 | 8782 | 194530 | 0.17 |
| | Transfer | | | 06 Oct 2017 | (9330) | 185200 | 0.17 |
| | Transfer | | | 13 Oct 2017 | (25191) | 160009 | 0.14 |
| | Transfer | | | 20 Oct 2017 | 28044 | 188053 | 0.17 |
| | Transfer | | | 27 Oct 2017 | (7421) | 180632 | 0.16 |
| | Transfer | | | 03 Nov 2017 | (17992) | 162640 | 0.14 |
| | Transfer | | | 10 Nov 2017 | 28497 | 191137 | 0.17 |
| | Transfer | | | 17 Nov 2017 | 51946 | 243083 | 0.22 |
| | Transfer | | | 24 Nov 2017 | 10267 | 253350 | 0.23 |
| | Transfer | | | 01 Dec 2017 | 19549 | 272899 | 0.24 |
| | Transfer | | | 08 Dec 2017 | (1572) | 271327 | 0.24 |
| | Transfer | | | 15 Dec 2017 | 339640 | 610967 | 0.54 |
| | Transfer | | | 22 Dec 2017 | (115077) | 495890 | 0.44 |
| | Transfer | | | 29 Dec 2017 | 247 | 496137 | 0.44 |
| | Transfer | | | 30 Dec 2017 | (650) | 495487 | 0.44 |
| | Transfer | | | 05 Jan 2018 | 111243 | 606730 | 0.54 |
| | Transfer | | | 12 Jan 2018 | (5466) | 601264 | 0.54 |
| | Transfer | | | 19 Jan 2018 | (54641) | 546623 | 0.49 |
| | Transfer | | | 26 Jan 2018 | (13660) | 532963 | 0.48 |
| | Transfer | | | 02 Feb 2018 | (48272) | 484691 | 0.43 |
| | Transfer | | | 09 Feb 2018 | (106915) | 377776 | 0.34 |
| | Transfer | | | 16 Feb 2018 | 1380 | 379156 | 0.34 |
| | Transfer | | | 23 Feb 2018 | (16149) | 363007 | 0.32 |
| | Transfer | | | 02 Mar 2018 | 32879 | 395886 | 0.35 |
| | Transfer | | | 09 Mar 2018 | (23427) | 372459 | 0.33 |
| | Transfer | | | 16 Mar 2018 | 26117 | 398576 | 0.36 |
| | Transfer | | | 23 Mar 2018 | (51136) | 347440 | 0.31 |
| | Transfer | | | 31 Mar 2018 | (12975) | 334465 | 0.30 |
| | AT THE END OF THE YEAR | | | | | 334465 | 0.30 |
| 5 | Systematix Shares And Stocks (India) Limited | 11188 | 0.01 | | | 11188 | 0.01 |
| | Transfer | | | 07 Apr 2017 | 183 | 11371 | 0.01 |

| Sr. No. | Name & Type of Transaction | Shareholding at the begning of the year - April 1, 2017 | | Transactions during the year | | Cumulative Shareholding at the end of the year March 31, 2018 | |
|---------|----------------------------|---|----------------------------------|------------------------------|---------------|---|----------------------------------|
| | | No. of Shares | % of Total Shares of the Company | Date of Transaction | No. of Shares | No. of Shares | % of Total Shares of the Company |
| | Transfer | | | 14 Apr 2017 | 101 | 11472 | 0.01 |
| | Transfer | | | 21 Apr 2017 | 1601 | 13073 | 0.01 |
| | Transfer | | | 28 Apr 2017 | 5904 | 18977 | 0.02 |
| | Transfer | | | 05 May 2017 | (1217) | 17760 | 0.02 |
| | Transfer | | | 12 May 2017 | 1353 | 19113 | 0.02 |
| | Transfer | | | 19 May 2017 | (401) | 18712 | 0.02 |
| | Transfer | | | 26 May 2017 | 214 | 18926 | 0.02 |
| | Transfer | | | 02 Jun 2017 | 313346 | 332272 | 0.30 |
| | Transfer | | | 09 Jun 2017 | (278184) | 54088 | 0.05 |
| | Transfer | | | 16 Jun 2017 | (452) | 53636 | 0.05 |
| | Transfer | | | 23 Jun 2017 | (26697) | 26939 | 0.02 |
| | Transfer | | | 30 Jun 2017 | (8404) | 18535 | 0.02 |
| | Transfer | | | 07 Jul 2017 | (609) | 17926 | 0.02 |
| | Transfer | | | 14 Jul 2017 | 5856 | 23782 | 0.02 |
| | Transfer | | | 21 Jul 2017 | (6450) | 17332 | 0.02 |
| | Transfer | | | 28 Jul 2017 | 2039 | 19371 | 0.02 |
| | Transfer | | | 04 Aug 2017 | 5 | 19376 | 0.02 |
| | Transfer | | | 18 Aug 2017 | (2500) | 16876 | 0.02 |
| | Transfer | | | 25 Aug 2017 | 2300 | 19176 | 0.02 |
| | Transfer | | | 01 Sep 2017 | (249) | 18927 | 0.02 |
| | Transfer | | | 08 Sep 2017 | (101) | 18826 | 0.02 |
| | Transfer | | | 15 Sep 2017 | (449) | 18377 | 0.02 |
| | Transfer | | | 22 Sep 2017 | (849) | 17528 | 0.02 |
| | Transfer | | | 29 Sep 2017 | (45) | 17483 | 0.02 |
| | Transfer | | | 06 Oct 2017 | (414) | 17069 | 0.02 |
| | Transfer | | | 13 Oct 2017 | (737) | 16332 | 0.01 |
| | Transfer | | | 20 Oct 2017 | 1000 | 17332 | 0.02 |
| | Transfer | | | 27 Oct 2017 | (1344) | 15988 | 0.01 |
| | Transfer | | | 03 Nov 2017 | (1018) | 14970 | 0.01 |
| | Transfer | | | 10 Nov 2017 | 600 | 15570 | 0.01 |
| | Transfer | | | 17 Nov 2017 | 4862 | 20432 | 0.02 |
| | Transfer | | | 24 Nov 2017 | (3845) | 16587 | 0.01 |
| | Transfer | | | 01 Dec 2017 | (80) | 16507 | 0.01 |
| | Transfer | | | 08 Dec 2017 | 94 | 16601 | 0.01 |
| | Transfer | | | 15 Dec 2017 | (3469) | 13132 | 0.01 |
| | Transfer | | | 22 Dec 2017 | 2423 | 15555 | 0.01 |
| | Transfer | | | 29 Dec 2017 | 111725 | 127280 | 0.11 |
| | Transfer | | | 05 Jan 2018 | (71973) | 55307 | 0.05 |

| Sr. No. | Name & Type of Transaction | Shareholding at the begning of the year - April 1, 2017 | | Transactions during the year | | Cumulative Shareholding at the end of the year March 31, 2018 | |
|---------|---|---|----------------------------------|------------------------------|---------------|---|----------------------------------|
| | | No. of Shares | % of Total Shares of the Company | Date of Transaction | No. of Shares | No. of Shares | % of Total Shares of the Company |
| | Transfer | | | 12 Jan 2018 | (41950) | 13357 | 0.01 |
| | Transfer | | | 19 Jan 2018 | 3453 | 16810 | 0.02 |
| | Transfer | | | 26 Jan 2018 | (3603) | 13207 | 0.01 |
| | Transfer | | | 02 Feb 2018 | 7348 | 20555 | 0.02 |
| | Transfer | | | 09 Feb 2018 | 77280 | 97835 | 0.09 |
| | Transfer | | | 16 Feb 2018 | (2303) | 95532 | 0.09 |
| | Transfer | | | 23 Feb 2018 | (985) | 94547 | 0.08 |
| | Transfer | | | 02 Mar 2018 | 500 | 95047 | 0.08 |
| | Transfer | | | 09 Mar 2018 | (3400) | 91647 | 0.08 |
| | Transfer | | | 16 Mar 2018 | (1342) | 90305 | 0.08 |
| | Transfer | | | 23 Mar 2018 | (885) | 89420 | 0.08 |
| | Transfer | | | 31 Mar 2018 | 193800 | 283220 | 0.25 |
| | AT THE END OF THE YEAR | | | | | 283220 | 0.25 |
| 6 | Edelweiss Custodial Services Ltd | 148883 | 0.13 | | | 148883 | 0.13 |
| | Transfer | | | 07 Apr 2017 | 8388 | 157271 | 0.14 |
| | Transfer | | | 14 Apr 2017 | 29430 | 186701 | 0.17 |
| | Transfer | | | 21 Apr 2017 | 6683 | 193384 | 0.17 |
| | Transfer | | | 28 Apr 2017 | 1190 | 194574 | 0.17 |
| | Transfer | | | 05 May 2017 | 28660 | 223234 | 0.20 |
| | Transfer | | | 12 May 2017 | 6420 | 229654 | 0.20 |
| | Transfer | | | 19 May 2017 | 6588 | 236242 | 0.21 |
| | Transfer | | | 26 May 2017 | (4279) | 231963 | 0.21 |
| | Transfer | | | 02 Jun 2017 | (30312) | 201651 | 0.18 |
| | Transfer | | | 09 Jun 2017 | 1015 | 202666 | 0.18 |
| | Transfer | | | 16 Jun 2017 | 555 | 203221 | 0.18 |
| | Transfer | | | 23 Jun 2017 | 15739 | 218960 | 0.20 |
| | Transfer | | | 30 Jun 2017 | 1660 | 220620 | 0.20 |
| | Transfer | | | 07 Jul 2017 | 3727 | 224347 | 0.20 |
| | Transfer | | | 14 Jul 2017 | 19531 | 243878 | 0.22 |
| | Transfer | | | 21 Jul 2017 | 81579 | 325457 | 0.29 |
| | Transfer | | | 28 Jul 2017 | 34431 | 359888 | 0.32 |
| | Transfer | | | 04 Aug 2017 | 58165 | 418053 | 0.37 |
| | Transfer | | | 11 Aug 2017 | (15550) | 402503 | 0.36 |
| | Transfer | | | 18 Aug 2017 | 22477 | 424980 | 0.38 |
| | Transfer | | | 25 Aug 2017 | (51850) | 373130 | 0.33 |
| | Transfer | | | 01 Sep 2017 | 4330 | 377460 | 0.33 |
| | Transfer | | | 08 Sep 2017 | 13692 | 391152 | 0.35 |

| Sr. No. | Name & Type of Transaction | Shareholding at the begning of the year - April 1, 2017 | | Transactions during the year | | Cumulative Shareholding at the end of the year March 31, 2018 | |
|---------|----------------------------|---|----------------------------------|------------------------------|---------------|---|----------------------------------|
| | | No. of Shares | % of Total Shares of the Company | Date of Transaction | No. of Shares | No. of Shares | % of Total Shares of the Company |
| | Transfer | | | 15 Sep 2017 | 22206 | 413358 | 0.37 |
| | Transfer | | | 22 Sep 2017 | (7327) | 406031 | 0.36 |
| | Transfer | | | 29 Sep 2017 | 771 | 406802 | 0.36 |
| | Transfer | | | 06 Oct 2017 | (1405) | 405397 | 0.36 |
| | Transfer | | | 13 Oct 2017 | 8736 | 414133 | 0.37 |
| | Transfer | | | 20 Oct 2017 | 27323 | 441456 | 0.39 |
| | Transfer | | | 27 Oct 2017 | 4729 | 446185 | 0.40 |
| | Transfer | | | 03 Nov 2017 | (6653) | 439532 | 0.39 |
| | Transfer | | | 10 Nov 2017 | 8766 | 448298 | 0.40 |
| | Transfer | | | 17 Nov 2017 | 28038 | 476336 | 0.42 |
| | Transfer | | | 24 Nov 2017 | (36184) | 440152 | 0.39 |
| | Transfer | | | 01 Dec 2017 | (13946) | 426206 | 0.38 |
| | Transfer | | | 08 Dec 2017 | (14218) | 411988 | 0.37 |
| | Transfer | | | 15 Dec 2017 | 55277 | 467265 | 0.42 |
| | Transfer | | | 22 Dec 2017 | (63193) | 404072 | 0.36 |
| | Transfer | | | 29 Dec 2017 | 40511 | 444583 | 0.40 |
| | Transfer | | | 30 Dec 2017 | (19783) | 424800 | 0.38 |
| | Transfer | | | 05 Jan 2018 | (16117) | 408683 | 0.36 |
| | Transfer | | | 12 Jan 2018 | (33625) | 375058 | 0.33 |
| | Transfer | | | 19 Jan 2018 | (21933) | 353125 | 0.31 |
| | Transfer | | | 26 Jan 2018 | 9016 | 362141 | 0.32 |
| | Transfer | | | 02 Feb 2018 | (23099) | 339042 | 0.30 |
| | Transfer | | | 09 Feb 2018 | (20806) | 318236 | 0.28 |
| | Transfer | | | 16 Feb 2018 | 1201 | 319437 | 0.28 |
| | Transfer | | | 23 Feb 2018 | (54638) | 264799 | 0.24 |
| | Transfer | | | 02 Mar 2018 | 4185 | 268984 | 0.24 |
| | Transfer | | | 09 Mar 2018 | (4405) | 264579 | 0.24 |
| | Transfer | | | 16 Mar 2018 | 4459 | 269038 | 0.24 |
| | Transfer | | | 23 Mar 2018 | 4321 | 273359 | 0.24 |
| | Transfer | | | 31 Mar 2018 | 2534 | 275893 | 0.25 |
| | AT THE END OF THE YEAR | | | | | 275893 | 0.25 |
| 7 | AM Jamila Begum | 275000 | 0.25 | | | 275000 | 0.25 |
| | AT THE END OF THE YEAR | | | | | 275000 | 0.25 |
| 8 | Raj Kumari Goenka | 45000 | 0.04 | | | 45000 | 0.04 |
| | Transfer | | | 11 Aug 2017 | 54000 | 99000 | 0.09 |
| | Transfer | | | 03 Nov 2017 | 90000 | 189000 | 0.17 |
| | Transfer | | | 24 Nov 2017 | 80000 | 269000 | 0.24 |
| | AT THE END OF THE YEAR | | | | | 269000 | 0.24 |

| Sr. No. | Name & Type of Transaction | Shareholding at the beginning of the year - April 1, 2017 | | Transactions during the year | | Cumulative Shareholding at the end of the year March 31, 2018 | |
|---------|---------------------------------|---|----------------------------------|------------------------------|---------------|---|----------------------------------|
| | | No. of Shares | % of Total Shares of the Company | Date of Transaction | No. of Shares | No. of Shares | % of Total Shares of the Company |
| 9 | Tarak Vora | 100405 | 0.09 | | | 100405 | 0.09 |
| | Transfer | | | 21 Jul 2017 | (47352) | 53053 | 0.05 |
| | Transfer | | | 28 Jul 2017 | (17832) | 35221 | 0.03 |
| | Transfer | | | 26 Jan 2018 | 20000 | 55221 | 0.05 |
| | Transfer | | | 09 Feb 2018 | 161000 | 216221 | 0.19 |
| | Transfer | | | 16 Feb 2018 | 40930 | 257151 | 0.23 |
| | AT THE END OF THE YEAR | | | | | 257151 | 0.23 |
| 10 | Pramod Manohar Samvatsar | 225000 | 0.20 | | | 225000 | 0.20 |
| | AT THE END OF THE YEAR | | | | | 225000 | 0.20 |

v. Shareholding of Directors and Key Managerial Personnel

| Sr. No. | Names | Shareholding at the beginning of the year – April 1, 2017 | | Shareholding at the end of the year - March 31, 2018 | |
|--------------|---|---|----------------------------------|--|----------------------------------|
| | | No. of Shares | % of Total Shares of the Company | No. of Shares | % of Total Shares of the Company |
| (A) DIRECTOR | | | | | |
| 1 | Prem Kumar Khurana | 12218000 | 10.89 | 12218000 | 10.89 |
| 2 | Pushkar Khurana | 7503973 | 6.69 | 7503973 | 6.69 |
| 3 | Mohan Jayakar | 0 | 0.00 | 0 | 0.00 |
| 4 | M. N. Sudhindra Rao | 0 | 0.00 | 0 | 0.00 |
| 5 | Uma Acharya | 0 | 0.00 | 0 | 0.00 |
| (B) KMPs | | | | | |
| 1 | Puneet Khurana, Chief Executive Officer | 7662933 | 6.83 | 7782933 | 6.94 |
| 2 | Kishore Thakkar, Chief Financial Officer* | 0 | 0.00 | 0 | 0.00 |
| 3 | Dinesh Bhalotia, Chief Financial Officer ** | 0 | 0.00 | 0 | 0.00 |
| 4 | Alok Bodas, Company Secretary*** | 0 | 0.00 | 0 | 0.00 |

* Resigned as Chief Financial Officer of the Company w.e.f December 13, 2017.

** Appointed as Chief Financial Officer of the Company w.e.f December 14, 2017.

*** Resigned as Company Secretary of the Company w.e.f March 8, 2018.

V. INDEBTEDNESS

(₹ in Lakhs)

| Particulars | Secured Loans excluding Deposits | Unsecured Loans | Deposits | Total Indebtedness |
|--|-------------------------------------|--------------------|-------------|-----------------------|
| Indebtedness at the beginning of the financial year | | | | |
| 1) Principal Amount | 29,248.78 | 3,366.82 | 2.84 | 32,618.44 |
| 2) Interest due but not paid | - | - | - | - |
| 3) Interest accrued but not due | 208.24 | - | - | 208.24 |
| Total (1+2+3) | 29,457.02 | 3,366.82 | 2.84 | 32,826.68 |
| Change in Indebtedness during the financial year | | | | |
| Principal Amount | | | | |
| (+) Addition | 4,579.50 | 2,983.79 | - | 7,563.29 |
| (-) Reduction | 17,053.98 | 402.20 | - | 17,456.18 |
| Ind As Adjustments | | | | |
| (+) Addition | - | 9.46 | - | 9.46 |
| (-) Reduction | 314.97 | - | - | 314.97 |
| Interest accrued but not due | | | | |
| (+) Addition | 420.17 | - | - | 420.17 |
| (-) Reduction | 533.77 | - | - | 533.77 |
| Ind As Adjustments | | | | |
| (+) Addition | - | - | - | - |
| (-) Reduction | 94.64 | - | - | 94.64 |
| Interest due but not paid | | | | |
| (+) Addition | - | 431.26 | - | 431.26 |
| (-) Reduction | - | 399.31 | - | 399.31 |
| Ind As Adjustments | | | | |
| (+) Addition | - | - | - | - |
| (-) Reduction | - | - | 2.84 | 2.84 |
| Net change | | | | |
| Indebtedness at the end of the financial year | | | | |
| 1) Principal Amount | 16,459.32 | 5,957.88 | - | 22,417.20 |
| 2) Interest due but not paid | - | 31.95 | - | 31.95 |
| 3) Interest accrued but not due | - | - | - | - |
| Total (1+2+3) | 16,459.32 | 5,989.83 | - | 22,449.15 |

VI. REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL
A. Remuneration to Managing Director, Whole-time Directors and/or Manager:

The Managing Director was not paid any remuneration during the financial year. The Company has not appointed Whole Time Directors and Manager in the Company.

B. Remuneration to other directors:
I. Independent Directors

(in ₹)

| Particulars of Remuneration | Name of Directors | | | Total Amount |
|---|------------------------|-----------------|-------------------|----------------|
| | Mr. M.N. Sudhindra Rao | Ms. Uma Acharya | Mr. Mohan Jayakar | |
| Fees for attending Board & Committee Meetings | 1,70,500 | 1,70,500 | 90,500 | 431,500 |
| Commission | Nil | Nil | Nil | Nil |
| Others | Nil | Nil | Nil | Nil |
| Total (I) | 1,70,500 | 1,70,500 | 90,500 | 431,500 |

II. Other Executive / Non Executive Directors:

(in ₹)

| Other Non-Executive Directors | Mr. Pushkar Khurana | Total Amount |
|---|---------------------|--------------|
| Fees for attending Board & Committee Meetings | Nil | Nil |
| Commission | Nil | Nil |
| Others | Nil | Nil |
| Total (II) | Nil | Nil |
| Total B = (I+II) | Nil | Nil |

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

(in ₹)

| Sr. No. | Particulars of Remuneration | Key Managerial Personnel | | | | | Total Amount |
|---------|---|--------------------------|--------------------|---------------------|---------------------|----------------|-------------------|
| | | Mr. P K Khurana | Mr. Puneet Khurana | Mr. Kishore Thakkar | Mr. Dinesh Bhalotia | Mr. Alok Bodas | |
| | Gross Salary | | | | | | |
| 1. | (a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961 | Nil | 11,600,000 | Nil* | 1,570,418 | 495,258 | 13,665,676 |
| | (b) Value of perquisites u/s 17(2) Income-tax Act, 1961 | Nil | 3,813,730 | Nil | Nil | Nil | 3,813,730 |
| | (c) Profits in lieu of salary under section 17(3) Income-tax Act, 1961 | Nil | Nil | Nil | Nil | Nil | Nil |
| 2. | Stock Option | Nil | Nil | Nil | Nil | Nil | Nil |
| 3. | Sweat Equity | Nil | Nil | Nil | Nil | Nil | Nil |
| 4. | Commission | | | | | | |
| 5. | (i) As % of Profit | Nil | Nil | Nil | Nil | Nil | Nil |
| | (ii) Others, specify | Nil | Nil | Nil | Nil | Nil | Nil |
| | Others, please specify | Nil | Nil | Nil | Nil | Nil | Nil |
| | Performance Bonus | Nil | Nil | Nil | Nil | Nil | Nil |
| | Total | Nil | 15,413,730 | Nil | 1,570,418 | 495,258 | 17,479,406 |

*During April-17 to March-18, ₹ 2,700,000/- paid as Retainership Fees to Mr. Kishore Thakkar & no Salary was paid to him.

VII. PENALTIES / PUNISHMENT/ COMPOUNDING OF OFFENCES (Under Companies Act, 2013):

There were no penalties, punishment or compounding of offences during the year ended March 31, 2018

Annexure 5: Nomination, Remuneration and Evaluation Policy

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

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

1. DEFINITIONS

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

"Independent Director" means a director referred to in Section 149(6) of the Companies Act, 2013.

"Key Managerial Personnel" " (KMP) means -

- (i) Chairman & Managing Director;
- (ii) Company Secretary;
- (iii) Whole-time Director;
- (iv) Chief Financial Officer; and
- (v) Such other Officer as may be prescribed.

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

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

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

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

2. PURPOSE

The primary objective of the Policy is to provide a framework and set standards for the nomination, remuneration and evaluation of the Directors, Key Managerial Personnel and officials comprising the senior management. The Company aims to achieve a balance of merit, experience and skills amongst its Directors, Key Managerial Personnel and Senior Management.

3. ACCOUNTABILITIES

- (i) The Board is ultimately responsible for the appointment of Directors and Key Managerial Personnel.

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

4. NOMINATION AND REMUNERATION COMMITTEE

The Nomination and Remuneration Committee is responsible for:

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

5. COMPOSITION OF THE NOMINATION AND REMUNERATION COMMITTEE

- (i) The Committee shall consist of a minimum three (3) non-executive directors, majority of them being independent.
- (ii) Minimum two (2) members shall constitute a quorum for the Committee meeting. (iii) Membership of the Committee shall be disclosed in the Annual Report.
- (iv) The Company Secretary of the Company shall act as Secretary of the Committee.

6. CHAIRMAN

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

7. FREQUENCY OF THE MEETINGS OF THE COMMITTEE

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

8. COMMITTEE MEMBERS' INTERESTS

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

9. VOTING

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

10. MINUTES OF THE MEETING

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

11. APPLICABILITY

This Policy is applicable to:

- (i) Directors (Executive, Non-Executive and Independent)
- (ii) Key Managerial Personnel
- (iii) Senior Management Personnel
- (iv) Other employees as may be decided by the Nomination and Remuneration Committee

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

- (i) Enhancing the competencies of the Board and attracting as well as retaining talented employees

for role of KMPs are the basis for the Nomination and Remuneration Committee to nominate a candidate for appointment by the Board. When recommending a candidate for appointment, the Nomination and Remuneration Committee shall have regard to:

- (a) assessing the appointee against a range of criteria which includes but not be limited to qualifications, skills, regional and industry experience, background and other qualities required to operate successfully in the position, with due regard for the benefits from diversifying the Board;
- (b) the extent to which the appointee is likely to contribute to the overall effectiveness of the Board, work constructively with the existing directors and enhance the efficiencies of the Company;
- (c) the skills and experience that the appointee brings to the role of KMP/SMP and how an appointee will enhance the skill sets and experience of the Board as a whole;
- (d) the nature of existing positions held by the appointee including directorships or other relationships and
- (e) the impact they may have on the appointee's ability to exercise independent judgment.

(ii) Personal Specifications:

- (a) Degree holder in relevant disciplines;
- (b) Experience of management in a diverse organization;
- (c) Excellent interpersonal, communication and representational skills;
- (d) Demonstrable leadership skills;
- (e) Commitment to high standards of ethics, personal integrity and probity;
- (f) Commitment to the promotion of equal opportunities, community cohesion and health and safety in the workplace;
- (g) Having continuous professional development to refresh knowledge and skills.

Details of the personal specifications are provided in the **Annexure** hereto.

13. LETTERS OF APPOINTMENT

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

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

(A) General

The guiding principle is that the level and composition of remuneration shall be reasonable and sufficient to attract, retain and motivate Directors, KMPs and other SMPs. The salary of Directors, Key Management Personnel and

other Senior Management Personnel shall be based & determined on the individual person's responsibilities and performance and in accordance with the limits as prescribed statutorily, if any.

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

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

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

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

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

- (i) The remuneration and commission to be paid to Directors shall be as per the statutory provisions of the Companies Act, 2013, and the rules made there under for the time being in force.
- (ii) The total managerial remuneration payable by the Company to its Directors, including Managing Director and Whole Time Director (including its Manager, if any) in respect of any financial year shall not exceed eleven percent of the net profits of the Company computed as per the manner prescribed under the Act.
- (iii) The Company with the approval of the Shareholders and Central Government may authorise the payment of remuneration exceeding eleven percent of the net profits of the company, subject to the provisions of Schedule V of the Act.
- (iv) The Company may with the approval of the shareholders authorise the payment of remuneration upto five percent of the net profits of the Company to any one Managing Director/Whole Time Director/ Manager and ten percent in case of more than one such official.
- (v) The Company may pay remuneration to its Directors, other than Managing Director and Whole Time Director

upto one percent of the net profits of the Company, if there is a Managing Director or Whole Time Director or Manager and three percent of the net profits in any other case.

- (vi) If any Director draws or receives, directly or indirectly by way of remuneration any such sums in excess of the limits prescribed under the Companies Act, 2013 or without the prior sanction of the Central Government, where required, he / she shall refund such sums to the Company and until such sum is refunded, hold it in trust for the Company. The Company shall not waive recovery of such sum refundable to it unless permitted by the Central Government.
- (vii) The net profits for the purpose of the above remuneration shall be computed in the manner referred to in Section 198 of the Companies Act, 2013.
- (viii) The Independent Directors shall not be entitled to any stock option and may receive remuneration by way of fee for attending meetings of the Board or Committee thereof or for any other purpose as may be decided by the Board and profit related commission as may be approved by the members. The sitting fee to the Independent Directors shall not be less than the sitting fee payable to other directors.

(C) Remuneration Composition

(i) Remuneration to Executive Directors and KMPs

Fixed Pay:

- (a) Executive Directors and KMPs shall be eligible for a monthly remuneration as may be approved by the Board on the recommendation of the Nomination and Remuneration Committee in accordance with the statutory provisions of the Companies Act, 2013, and the rules made thereunder for the time being in force.
- (b) The break-up of the pay scale and quantum of perquisites including, employer's contribution to P.F, pension scheme, medical expenses, club fees etc. shall be decided and approved by the Board on the recommendation of the Committee and approved by the shareholders and Central Government, wherever required.

Variable Components:

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

(ii) Remuneration to Directors other than Executive Directors:

Sitting Fees:

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

such amount as may be prescribed by the Central Government from time to time.

Commission:

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

(iii) Remuneration to Senior Management Personnel:

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

Fixed Pay:

- (a) Senior Management Personnel shall be eligible for a monthly remuneration as may be approved by the Nomination and Remuneration Committee. However, in case of Manager as defined under Companies Act, 2013, the remuneration shall be in accordance with the statutory provisions of the Companies Act, 2013, and the Rules made there under for the time being in force.
- (b) The break-up of the pay scale and quantum of perquisites including, employer's contribution to P.F, pension scheme, medical expenses, club fees etc. shall be decided and approved by the Nomination and Remuneration Committee.

Variable Components:

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

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

- (i) The evaluation of the Directors, KMPs and the SMPs of the Company shall be conducted on an annual basis which shall further satisfy the requirements of the Listing Agreement.
- (ii) The following criteria may be considered in determining how effective the performances of the Directors/ KMPs / SMPs have been:
 - (a) leadership & stewardship abilities
 - (b) contributing to clearly define corporate objectives & plans

- (c) communication of expectations & concerns clearly with subordinates
- (d) obtain adequate, relevant & timely information from external sources.
- (e) review & approval achievement of strategic and operational plans, objectives, budgets
- (f) regular monitoring of corporate results against projections
- (g) identify, monitor & mitigate significant corporate risks
- (h) assess policies, structures & procedures (i) direct, monitor & evaluate KMPs, SMPs (j) review management's succession plan (k) effective meetings
- (l) assuring appropriate board size, composition, independence, structure
- (m) clearly defining roles & monitoring activities of committees
- (n) review of corporation's ethical conduct
- (iii) Evaluation on the aforesaid parameters will be conducted by the Independent Directors for each of the Executive/Non-Independent Directors in a separate meeting of the Independent Directors.
- (iv) The Executive Director/Non-Independent Directors along with the Independent Directors will evaluate/ assess each of the Independent Directors on the aforesaid parameters. Only the Independent Director being evaluated will not participate in the said evaluation discussion.

16. TERM OF APPOINTMENT AND LIMITS ON NUMBER OF DIRECTORSHIPS

(i) Managing Director or Whole – Time Directors

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

(ii) Independent Directors

- (a) An Independent Director shall hold office for a term up to five consecutive years on the Board of the Company and will be eligible for re-appointment on passing of a special resolution by the Company and disclosure of such appointment in the Board's report.
- (b) No Independent Director shall hold office for more than two consecutive terms, but such Independent Director shall be eligible for appointment after expiry of three years of ceasing to become an Independent Director.

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

- (c) At the time of appointment of Independent Director it should be ensured that number of Boards on which such Independent Director serves is restricted to seven listed companies as an Independent Director and three listed companies as an Independent Director in case such person is serving as a Whole-time Director of a listed company.
- (d) The maximum number of public companies in which a person can be appointed as a director shall not exceed ten.
For reckoning the limit of public companies in which a person can be appointed as Director, directorship in private companies that are either holding or subsidiary company of a public company shall be included.
- (e) The appointment shall be subject to the other applicable provisions of Companies Act, 2013.

17. FAMILIARIZATION PROGRAMME FOR INDEPENDENT DIRECTORS

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

18. REMOVAL

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

19. RETIREMENT

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

20. DISCLOSURES

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

21. DEVIATION FROM THE POLICY

The Board may, in individual or collective case, deviate from this Policy, in its absolute discretion, if there are particular reasons to do so. In the event of any departure from the

Policy, the Board shall record the reasons for such departure in the Board's minutes. However, the deviations made in the Policy shall not be in contradiction to the Companies Act, 2013, the Listing Agreement and any other laws or rules applicable thereto amended from time to time.

22. AMENDMENTS TO THE POLICY

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

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

Annexure -

Personal Specification for Directors

1. Qualification
 - Degree holder in relevant disciplines (e.g. management, accountancy, legal); or
 - Recognised specialist
2. Experience
 - Experience of management in a diverse organisation
 - Experience in accounting and finance, administration, corporate and strategic planning or fund management
 - Demonstrable ability to work effectively with a Board of Directors
3. Skills
 - Excellent interpersonal, communication and representational skills
 - Demonstrable leadership skills
 - Extensive team building and management skills
 - Strong influencing and negotiating skills
 - Having continuous professional development to refresh knowledge and skills
4. Abilities and Attributes
 - Commitment to high standards of ethics, personal integrity and probity
 - Commitment to the promotion of equal opportunities, community cohesion and health and safety in the workplace
5. Political inclinations and opinions.

ANNEXURE 6: POLICY ON SEXUAL HARASSMENT OF WOMEN AT WORKPLACE (PREVENTION, PROHIBITION AND REDRESSAL) ACT, 2013

Objective

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

Meaning of Sexual Harassment

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

Policy Framework

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

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

Procedure for dealing with complaints of sexual harassment

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

Disciplinary Action

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

ANNEXURE 7: 5(2) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014

| Name of the Employee | Designation of the employee | Remuneration received (₹) | Nature of employment, whether contractual or otherwise | Qualifications and experience of the employee | Date of commencement of employment | The age of such employee | The last employment held by such employee before joining the company | The percentage of equity shares held by the employee in the company within the meaning of clause (iii) of sub-rule (2) below* | Whether any such employee is a relative of any director or manager of the company and if so, name of such director or manager |
|----------------------|-----------------------------|---------------------------|--|---|------------------------------------|--------------------------|--|---|---|
| Puneet Khurana | Chief Executive Officer | 15,413,730 | Full-time | B Com, MBA – International Business | 10-Feb-17 | 45 | NA | 6.94% | 1. Mr. P. K. Khurana. 2. Mr. Pushkar Khurana |

*2 (iii) If the employee throughout the financial year or part thereof, was in receipt of remuneration in that year which, in the aggregate, or as the case may be, at a rate which, in the aggregate, is in excess of that drawn by the managing director or whole-time director or manager and holds by himself or along with his spouse and dependent children, not less than two percent of the equity shares of the company.

Also provide the following information, if applicable:-

The particulars of employees posted and working in a country outside India, not being directors or their relatives, drawing **more than sixty lakh rupees per financial year or five lakh rupees per month**, as the case may be, as may be decided by the Board, shall not be circulated to the members in the Board's report, but such particulars shall be filed with the Registrar of Companies while filing the financial statement and Board Reports:

Provided further that such particulars shall be made available to any shareholder on a specific request made by him in writing before the date of such Annual General Meeting wherein financial statements for the relevant financial year are proposed to be adopted by shareholders and such particulars shall be made available by the company within three days from the date of receipt of such request from shareholders.

MANAGEMENT DISCUSSION & ANALYSIS

FORWARD - LOOKING STATEMENTS

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

OVERVIEW

Financial year 2017-18 gone by was a bag of mixed emotions. While on one side we see a post demonetization bounce back & on the other the GDP saw an overall decline of 0.5 % as compared to previous year. The industry had a lot of pros & a few impediments. Companies had a surge in investments at the same time the banking system saw a tighter hand on lending with various loan scams unearthing.

The Government's pro industry outlook & the revival of mega projects across the country are positive signals for the industry. We at EKC are geared up well to cater to the anticipated increased requirements in the market.

DOMESTIC BUSINESS

1. Industrial gas is required in every segment of manufacturing. With the increase of manufacturing activities all over the country, there is an increase in demand of gas. Industrial gas manufacturers include few major MNC players and a number of SME's. We are the preferred suppliers to these customers and enjoy a major share in the domestic market.
2. Fire Equipment manufacturers :
 - Fire Extinguisher: Increasing awareness and enforcement of regulatory requirements are expected to increase the demand of extinguishers in turn the sales of the products at EKC.
 - Fire Suppression system: Increasing demand in oil & gas, petrochemical plants. Metro & other infrastructural developments that are gaining speed are expected to increase the requirement of fire suppression systems. Advanced Building management system requirements in homes & offices are the new growth area for this segment.
3. Medical: Various State Government medical establishments

& overall Private medical sector have increased requirements throughout INDIA. With the push towards medical service in rural sector, the medical gases demand is going up.

4. Speciality Gases: There is increasing knowledge of application of gases in non-traditional areas like space research, food preservation and distribution, agri-processing. We enjoy a good share of these clients and requirements are increasing very rapidly.
5. Breathing Air: Emergency escape systems & Breathing Air apparatus are having increasing demand in INDIA, we are catering to this user base.
6. Government Organisations: Defence setups are regular buyers of Industrial Cylinders and the demand is strong with increasing projects.
7. Hydrogen Gas containers are increasing demand as the overall production of the gas has increased in the country.
8. CGD: While apart from the stabilised City Gas Distribution Companies in the Indian metro cities continue to grow modestly, the Government has launched its biggest city gas licensing round offering 86 geographical areas covering 174 districts. The City Gas Distribution network has promising prospects and in-turn shall boost the requirements of CNG Cascades for various mother & daughter stations.
9. CNG: CNG growth is inevitable with the cost advantage and greener contribution to the environment. CNG is a very popular fuel for transport sector. Use of CNG as a vehicular fuel is growing in India at a very fast pace with the increasing number of CNG stations across the length and breadth of the Country.
10. The Government of India emphasize on "Make in India" is expected to garner tremendous business opportunities for the Company as many foreign companies from varied field like defense, automobiles, aviation, oil and gas, ports and shipping, space, thermal power, etc intend to set up their establishments in India.

Overall the increasing awareness & regulatory framework has fueled the requirements of safer gas containers in the country. Infrastructure development, turnkey projects & modernization of healthcare facilities in the country are opening endless possibilities for our products.

While to reap the benefits of the favorable market conditions & deliver results, the government policies and favorable socio economic parameters would pay a pivotal role.

- Increase in availability of domestic natural gas at reasonable prices
- Improvement in investment cycle will spur industrial growth consistently creating demand for Industrial Cylinders

- Increase in demand for automobiles run on CNG
- Increased thrust of Government on environment and pollution-reduction, etc.

Being the market leader with highest market share and with the large installed capacity, established infrastructure and diverse product range, the Company will be the biggest beneficiary on the happening of these macro level improvements.

Market share:

We are the largest manufacturers of Seamless Cylinders in INDIA and enjoy more than 50 % of Market Share.

With the new Government emphasising towards infrastructure development and clearances of pending projects there shall be further increase in the demand of industrial gases. We believe that the industry will grow through traditional and non-traditional applications. EKC being a pioneer in cylinders is poised to gain from this growth in demand.

The Company having more than 40 years of experience garners the trust and faith of the industry for these safety products & shall continue to be the preferred supplier.

INTERNATIONAL BUSINESS

(a) Dubai Operations

The Dubai operations deals in Industrial Cylinders, Cascades, Multiple Element Gas Containers and focusing on new markets in the Middle East, South America, Eastern and Western Europe and Africa including Egypt. We now have good news of restarting business in Pakistan as they now have developed infrastructure of Gas from imported LNG. EKC International FZE, Dubai has also added a new line of business of Specialized Gas Fire Suppression Systems and Fire Detection & Alarm Systems. The identified territories for this business would be Pan India, Middle East, & East Africa.

(b) USA Operations

The US operations have positive outlook toward the opportunity of marketing DOT approved industrial cylinders sourced from India and Dubai. This will contribute towards overall growth of the group. Composite Cylinder product is stabilized and shows increasing demand in the United States. This technology will be propagated to other parts of the world in coming years.

(c) Europe Operations

EKC International's Europe subsidiary have shown continuous growth and has developed the European markets for Business of India and Dubai plants besides products from US plant. The subsidiary has played crucial and stellar

role in Composite Cylinder product development for the US plant by providing in-house expertise.

(d) China Operations

The China operations continue to remain under severe strain due to the intense competition from the local players. The slowdown in the Chinese economy and the tough operating environment in China, especially for foreign players, also impacted the operations. As a result, the plants operated at sub-optimal capacity. The China operations continued to act as raw material sourcing hub for the India, Dubai and USA operations, which will yield some margins to it, while reducing the overall raw material costs of the other operations. Looking into continuous loss in China operations, Company has sought and obtained members approval for disinvestment of its wholly owned subsidiary i.e EKC Industries (Tianjin) Co. Ltd, subject to regulatory approvals.

(e) African Operations

The Joint Venture (JV) Company with Kamal Group of Companies, Tanzania with 49% stake in it, is promoting fire suppression systems as also CNG Transportation Modules.

STRENGTHS

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

1. Strong Management

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

2. Sustained Leadership in Domestic Market

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

3. Global presence

EKC Group's exports to over 25 countries all over the world including countries in South East Asia, Middle East, Africa,

US, Europe, South America and Commonwealth of Independent States Countries. Most of them have the stringent quality standards and value driven norms for the products supplied by EKC. This demonstrates EKC's global competitiveness, world class quality of its products and superior logistical capabilities.

4. High Quality Products

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

5. Large Capacity and Wide Product Range

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

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

The Company provides cylinders with water capacities that range between 1 litre and 3000 litres and also supplies cylinders in customized sizes, with large range of applications, including defense. EKC has a broad customer base across the globe due to its unique ability and flexibility to meet customer specification in various international standards.

6. Trust of All Stake Holders

With its long presence and clean image EKC Brand has become a synonym of trust in the gas industry. The Company maintains cordial and ethical business relationships with its value chain partners, such as its key raw material suppliers, gas distributors, OEMs and regulatory authorities like The Chief Controller of Explosives, Bureau of Indian Standards and other statutory bodies in India and abroad, and with all its customers.

7. On Time Delivery

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

8. Investment in New Technologies

EKC has been always the first mover in imbibing the latest trends in cylinder manufacturing. This includes powder coating painting booths & ultra high productive machines.

9. Group Synergies

EKC's presence in much geography through subsidiaries affords its operations, tremendous synergies. EKC China continues to act as raw material sourcing hub for the India, Dubai and US operations as the plants in the three locations source bulk of their raw materials from China. This enables EKC to source the raw materials for all the operations at lower costs due to larger combined volumes. Similarly, EKC Europe will scout business in Europe for the plants in India, Dubai and USA. Inventory management is also optimized with movement of goods from one operation to the other, depending on requirements. The group also benefits from exchange of technical know-how and skills.

10. Investment in Human Talent

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

CHALLENGES, RISKS & CONCERNS

1. Increasing in Raw Material Prices

Being a raw material intensive product, any volatility in the prices or increase in the import duty rates or disruption in availability of raw material can impact the profitability of the Company. However, EKC has strong relationships with the existing raw material suppliers and is constantly developing new sources of supplies which will enable the Company to reduce its raw materials cost. EKC China's local presence now plays a significant role in cost reduction and supply risk mitigation factor.

2. Competition

Although EKC is the market leader in India with majority share, competition is faced from domestic as well as imported products. EKC is able to be the most preferred supplier with efficiency in procurement of raw material, lean and efficient structure & importantly higher productivity. EKC plans to increase its penetration and be closer to the industrial circles and establishments in the country. Improve customer service & ensure regular touch to enhance the trust reposed in us by our repeated clientele.

3. Import of cylinders from Different countries

While the Indian growth story is to attract the global gas cylinder manufacturers to establish sales in India, the

Country has shown resilience and reposed faith in “Make In India” products. With EKC being a trusted product the importers are discouraged for aggressive and long term plans.

4. Substitute products eroding the market share

While the liquid tanks & Cryocal's & Duracells are the substitutions, the Cylinders still dominate and continue to be the workhorses for the gas suppliers in the country. The high acquisition cost & the maintenance of these newer techniques are the deterrents while anti pilferage users, operational convenience are a few advantages. While currently the growth of overall market size vis à vis substitution threat is not more, the industry will evolve and the risk seems minimal for the cylinder demand.

5. Volatile Steel Prices

Volatility in seamless steel tube prices will affect the demand if the increase in price is passed on to the customers. If the increase in price is not passed on to the customers it may lead to contraction in the margins. The marketing department revise the costing based on raw material inputs on regular basis to mitigate this risk.

6. Fluctuation in Foreign Currency

Any adverse change in the exchange rate between the US Dollar and the Indian rupee has a negative impact on EKC as the seamless steel tubes (raw material) are fully imported and to the extent of the borrowings denominated in foreign currency. The Company's treasury function actively tracks the movements in foreign currencies and has an internal risk management policy of proactively balancing between hedging of the net exposures and the cost thereof.

7. Fluctuations in Interest rate

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

FUTURE PERSPECTIVE

1. Capacity expansion to drive growth

The cylinders plant in the Kandla Special Economic Zone (KASEZ) is now in full swing of production. The overall supply from the company is able to meet the increasing demands of CNG & industrial cylinders. The company is focusing on lean structure & higher productivity of machines to achieve economies of scale. The company continues to explore expansion options to enhance supplies to its domestic & international clients.

2. Increasing demand for Industrial Cylinders

Overall the increasing awareness & regulatory framework has fueled the requirements of safer gas containers in the country. Infrastructure development, Infrastructural projects

& modernization of healthcare facilities in the country are opening endless possibilities for our products. EKC has developed expertise in specialized products for new clients apart from continued patronage from existing client base.

3. Increasing Natural Gas Availability

Governments steps to increase availability of Natural Gas & promotion of cleaner fuels the CNG cylinder demand is experiencing an increased demand. The increasing environment consciousness along with increased reach of gas in the country has resulted in substantial increase in natural gas vehicles. This sector shows a modest growth and expected to outperform in medium to long term.

FINANCIAL PERFORMANCE VIS-A-VIS OPERATIONAL PERFORMANCE

With the Company's focus on strengthening the core areas of growth and disinvestment from the non performing areas has resulted in the Company to achieve profits. The operational consolidation has resulted in a minor dip in the overall operational revenue, but the Company has been able to achieve the financial profit from its operations.

INTERNAL CONTROL SYSTEM

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

HUMAN RESOURCES AND INDUSTRIAL RELATIONS

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

REPORT ON CORPORATE GOVERNANCE

1. COMPANY'S PHILOSOPHY ON CODE OF GOVERNANCE

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

The Board of Directors fully supports and endorses Corporate Governance practices as enunciated in the various Regulations of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, as applicable to the Company from time to time.

2. BOARD OF DIRECTORS

The Corporate Governance principles of the Company ensure that the Board remains informed, independent and involved in the Company and that there are ongoing efforts towards better Corporate Governance to mitigate "non business" risks. The Board of Directors along with its Committees provides leadership and guidance to the Management and directs and supervises the performance of the Company, thereby enhancing shareholders' value. The Company's business is conducted by its employees under the direction of the Chairman & Managing Director along with Chief Executive Officer under the overall supervision of the Board.

• Composition and Size of Board

The Company's policy is to maintain optimum combination of Executive and Non-Executive Directors, all of whom are eminent persons with considerable professional expertise and experience in business and industry, finance, management and law. Your Company is managed and guided by a professional Board comprising of 5 Directors, whose composition as on March 31, 2018 is given below:

- One Promoter, Executive Director
- One Promoter, Non-Executive Director
- Three Independent Directors

During the year, the composition of the Board of Directors was in conformity with the Regulation 17 of the SEBI (Listing

Obligations and Disclosure Requirements) Regulations, 2015 as prescribed the Securities and Exchange Board of India (SEBI). The Independent Directors have confirmed that they satisfy the criteria prescribed for an Independent Director as stipulated in Regulation 16(1)(b) of the Listing Regulations and Section 149(6) of the Companies Act, 2013.

Details of the Board of Directors in terms of their directorships/ memberships in committees of public companies are as under:

| Sr. No. | Name of the Directors | Number of Directorships [^] | Number of Committees ^{^^} | |
|---------|-----------------------|--------------------------------------|------------------------------------|-------------|
| | | | Member | Chairperson |
| 1. | Mr. P.K. Khurana | 4 | 2 | 0 |
| 2. | Mr. Pushkar Khurana | 3 | 0 | 0 |
| 3. | Mr. Mohan Jayakar | 6 | 2 | 1 |
| 4. | Ms. Uma Acharya | 2 | 2 | 0 |
| 5. | Mr. Sudhindra Rao | 1 | 2 | 1 |

[^] Excluding Directorship on the Board of Private Limited Companies, Foreign Companies, Alternate Directorships, Companies under Section 8 of the Companies Act, 2013.

^{^^} Includes only Audit Committees and Stakeholders' Relationship Committees in all public limited companies including Everest Kanto Cylinder Limited

• Number of Board Meetings held, the dates on which held and attendance:

Four Board Meetings were held during the year on May 30, 2017, September 08, 2017, December 13, 2017 and February 13, 2018, as per the minimum requirement of four meetings. The Company has held at least one Board Meeting in every quarter and the maximum time gap between any two meetings was not more than four months.

• **Details of Board of Directors and their attendance at Board Meetings and last Annual General Meeting (AGM):**

| Director | Category | Attendance Particulars | | |
|---------------------|------------------------------|------------------------|----------|---|
| | | Board Meetings | | Attendance at Last AGM held on 27 th September, 2017 |
| | | Held | Attended | |
| Mr. P.K. Khurana | Promoter, Executive Chairman | 4 | 4 | Yes |
| Mr. Pushkar Khurana | Promoter, Non - Executive | 4 | 3 | No |
| Mr. Mohan Jayakar | Independent, Non - Executive | 4 | 3 | No |
| Mrs. Uma Acharya | Independent, Non - Executive | 4 | 4 | Yes |
| Mr. Sudhindra Rao | Independent, Non - Executive | 4 | 4 | No |

• **Board Meetings and Procedures**

The Board of Directors is the apex body constituted by the shareholders for overseeing the overall functioning of the Company. The Board provides and evaluates the strategic direction of the Company Management Policies and their effectiveness and ensures that the long term interests of the shareholders are being served. The Chairman & Managing Director along with Chief Executive Officer of the Company and other Senior Managerial Personnel oversees the functional matters of the Company.

- Minimum four pre-scheduled Board meetings are held every year. Apart from the above, additional Board Meetings are convened by giving appropriate notice to address the specific needs of the Company. In case of business exigencies or urgency of matters, resolutions are passed by circulation.
- The Meetings are usually held at the Company's Registered Office at 204, Raheja Centre, Free Press Journal Marg, 214, Nariman Point, Mumbai - 400 021.
- All divisions/departments of the Company are advised to schedule their work plans well in advance, particularly with regard to matters requiring discussion/ approval/decision at the Board/Committee Meetings. All such matters are communicated to the Company Secretary in advance so that the same can be included in the Agenda of the Board/Committee Meetings. The Chairman of the Board and the Company Secretary in consultation with other concerned members of the Senior Management finalise the agenda for the Board Meetings. Every Board member can suggest additional items for inclusion in the Agenda. Agenda and Notes on Agenda are circulated to the Directors, at least 7 days in advance, in the defined Agenda format. All material information is incorporated in the Agenda for facilitating meaningful and focused discussions at the meeting. Where it is not practicable to attach any document to the Agenda, the same is tabled before the

meeting with specific reference to this effect in the Agenda. Additional or supplementary item(s) on the Agenda are taken up for discussion/decision with the permission of the Chairman.

- The Board is briefed about finance, sales, marketing, major business segments and operations of the Company, global business environment, all business areas of the Company including business opportunities, business strategy and the risk management practices before taking on record the quarterly/annual financial results of the Company. All necessary information which includes but not limited to the items mentioned in various Regulations of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 are placed before the Board of Directors. The Members of the Board are free to bring up any matter for discussions at the Board Meetings and the functioning is democratic.
- To enable the Board to discharge its responsibilities effectively, the members of the Board are briefed at every Board Meeting on the overall performance of the Company. Senior management is invited to attend the Board Meetings as and when required, so as to provide additional inputs to the items being discussed by the Board.
- The Minutes of the Board Meetings of Unlisted Subsidiary Companies are tabled at the Board Meetings. The Board periodically reviews the statement of significant transactions and arrangements entered into by the Unlisted Subsidiary Companies.
- The Company Secretary records the minutes of the proceedings of each Board and Committee Meeting. The minutes of each Board/Committee Meetings are circulated in draft to all Directors for their confirmation before being recorded in the Minutes book. The Minutes are entered in the Minutes Book within 30 days from conclusion of the concerned meeting.

- **Role of Independent Directors**

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

- **Separate Meeting of Independent Directors:**

In accordance with the provisions of Schedule IV of the Companies Act, 2013 and Regulation 25 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, a separate meeting of the Independent Directors of the Company was held on February 13, 2018, all three Independent Directors were present at the meeting with no presence of Non-Independent Directors and Members of the Management for transacting following agenda:

- Review the performance of Non-Independent Directors and the Board as a whole;
- Review the performance of the Chairperson of the Company, taking into account the views of Executive Directors and Non-Executive Directors;
- Assess the quality, quantity and timeliness of flow of information between the Company Management and the Board that is necessary for the Board to effectively and reasonably perform their duties.

- **Inter-se relationships among Directors**

Mr. P.K. Khurana is the father of Mr. Pushkar Khurana (Non-Executive Director) and Mr. Puneet Khurana (Chief Executive Officer).

Mr. Puneet Khurana has been appointed as Chief Executive Officer of the Company, w.e.f 10th February, 2017. Mr. Pushkar Khurana & Mr. Puneet Khurana are related to each other as brothers.

Mr. Mohan Jayakar is the uncle of Mrs. Uma Acharya.

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

- **None of the Non Executive Independent Directors holds any equity shares of the Company.**

- **Familiarization Program for Independent Directors:**

All the Independent Directors inducted on the Board are given an orientation program about Company's business model, group structure, organization structure and such other areas. These programs also intends to improve awareness of the Independent Directors on their roles, rights, responsibilities towards the Company to enable them to make effective contribution and discharge their functions effectively, as a Board Member. The details on the Company's methodology of the Familiarization Program for Independent Directors can be accessed at: <http://www.everestkanto.com/Familiarisation-Program-for-Independent-Directors.pdf>.

3. BOARD COMMITTEES

To enable better and focused attention of the affairs of the Company, the Board delegates particular matters to committees of the Board set up for the purpose. These committees prepare the groundwork for decision making and report the same to the Board at the subsequent meetings.

A. AUDIT COMMITTEE

(a) *Terms of Reference*

The Audit Committee assists the Board in its responsibility for overseeing the quality and integrity of the accounting, auditing and reporting practices of the Company and its compliance with the legal and regulatory requirements. The Committee's purpose is, inter alia, to oversee the accounting and financial reporting process of the Company, the audits of the Company's Financial Statements, the appointment, independence and performance of the Statutory Auditors, the performance of Internal Auditors and the Company's Risk Management Policies etc.

The Audit Committee has been re-constituted during the year under the provisions of Section 177 of the Companies Act, 2013 and the terms of reference of the Committee are:

- Oversee the Company's financial reporting process and the disclosure of its financial information, to ensure that the Financial Statement and Auditor's Report is correct, sufficient and credible;
- Recommend the appointment, re-appointment and, if required, the replacement or removal of the Auditors and the fixation of audit fees;
- Approval of payment to Statutory Auditors for any other services rendered by the Statutory Auditors;

- iv. Approval or any subsequent modification of transactions of the Company with related parties;
- v. Reviewing, with the management, the Annual Financial Statements before submission to the Board for approval, with particular reference to:
 - a. Matters required to be included in the Director's Responsibility Statement to be included in the Board's Report in terms of section 134(3)(c) of the Companies Act, 2013;
 - b. Changes, if any, in Accounting Policies and practices and reasons for the same;
 - c. Major accounting entries involving estimates based on the exercise of judgment by Management;
 - d. Significant adjustments made in the Financial Statements arising out of audit findings;
 - e. Compliance with legal requirements relating to Financial Statements;
 - f. Disclosure of any Related Party Transactions;
 - g. Qualifications in the draft Audit Report;
- vi. Reviewing, with the Management, the quarterly Financial Statements and Auditor's Limited Review Reports before submission to the Board for approval;
- vii. Reviewing, with the Management, the statement of uses / application of funds raised through an issue (public issue, rights issue, preferential issue, etc.), the statement of funds utilized for purposes other than those stated in the offer document/prospectus/notice and the report submitted by the monitoring agency monitoring the utilization of proceeds of a public or rights issue, and making appropriate recommendations to the Board to take up steps in this matter;
- viii. Reviewing, with the management, independence and/or performance of Statutory and Internal Auditors;
- ix. Reviewing of adequacy and effectiveness of internal control systems and processes;
- x. Reviewing the adequacy of internal audit function, if any, including the structure of the internal audit department, staffing and seniority of the official heading the department, reporting structure coverage and frequency of internal audit;
- xi. Discussion with Internal Auditors any significant findings and follow up there on;
- xii. Reviewing the findings of any internal investigations by the Internal Auditors into matters where there is suspected fraud or irregularity or a failure of internal control systems of a material nature and reporting the matter to the board;
- xiii. Evaluation of Internal Financial Controls and Risk Management Systems;
- xiv. Discussion with Statutory Auditors before the audit commences, about the nature and scope of audit as well as post-audit discussion to ascertain any area of concern;
- xv. Looking into the reasons for substantial defaults in the payment to the depositors, debenture holders, shareholders (in case of non payment of declared dividends) and creditors;
- xvi. To review the functioning of the Whistle Blower Mechanism, in case the same is existing;
- xvii. Approval of appointment of CFO (i.e., the Whole-Time Finance Director or any other person heading the finance function or discharging that function) after assessing the qualifications, experience & background, etc. of the candidate; and
- xviii. Scrutiny of inter-corporate loans and investments;
- xix. Valuation of undertakings or assets of the company, wherever it is necessary;
- xx. To investigate into any matter in relation to the items specified above or referred to it by the Board and for this purpose shall have power to obtain professional advice from external sources and have full access to information contained in the records of the Company;
- xxi. Carrying out any other functions as may be stipulated by any law or regulation or any Government guideline or the Board of Directors, from time to time

(b) Composition, Name of the Members and Chairperson

The composition of the Audit Committee is in accordance with the provisions of Section 177 of the Companies Act, 2013 and Regulation 18 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and it comprises of three Independent Non-Executive Directors and one Promoter Executive Director.

All the members of the Committee are financially literate and Mr. Sudhindra Rao, Chairman of the Audit Committee has

adequate knowledge, experience and expertise in accounts and finance. The Company Secretary is the Secretary to the Audit Committee.

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

The Composition of the Audit Committee and attendance of each Member at the Audit Committee meetings held during the year is as under:

| Name of the Member | Designation | Nature of Directorship | No. of Committee Meetings | |
|--------------------|-------------|--|---------------------------|----------|
| | | | Held | Attended |
| Mr. Sudhindra Rao | Chairman | Independent & Non - Executive | 4 | 4 |
| Mr. Mohan Jayakar | Member | Independent & Non - Executive | 4 | 3 |
| Ms. Uma Acharya | Member | Independent & Non - Executive | 4 | 4 |
| Mr. P.K. Khurana | Member | Promoter, Executive Chairman and Managing Director | 4 | 4 |

(c) Meetings of the Audit Committee

Four meetings of the Audit Committee were held during the year ended March 31, 2018, on May 30, 2017, September 08, 2017, December 13, 2017 and February 13, 2018.

B. NOMINATION AND REMUNERATION COMMITTEE

(a) Terms of Reference

The Nomination and Remuneration Committee has been constituted in accordance with the provisions of Section 178 of the Companies Act, 2013 and Regulation 19 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015. It comprises of three Independent Non-Executive Directors and one Promoter Non-Executive Director.

The terms of reference of the Committee are:

- To identify persons who are qualified to become Directors and who may be appointed in Senior Management in accordance with the criteria laid down;
- To recommend to the Board their appointment and removal;
- To carry out evaluation of every Director's performance;
- To formulate the criteria for determining qualifications, positive attributes and independence of a Director; and
- To recommend to the Board a policy, relating to the remuneration for the Directors, Key Managerial Personnel and other employees.
- While formulating the Policy, the Committee should ensure that-
 - the level and composition of remuneration is reasonable and sufficient to attract, retain and motivate Directors of the quality required to run the company successfully;
 - relationship of remuneration to performance is clear and meets appropriate performance benchmarks; and
 - remuneration to Directors, Key Managerial Personnel and Senior Management involves a balance between fixed and incentive pay reflecting short and long term performance objectives appropriate to the working of the Company and its goals.
- To carry out any other function as may be stipulated by any law or regulation or any Government guideline or the Board of Directors, from time to time

(b) Composition, Name of the Members and Chairperson

| Name of the Member | Designation in Committee | Nature of Directorship | No. of Committee Meetings | |
|--------------------|--------------------------|--|---------------------------|----------|
| | | | Held | Attended |
| Mr. Mohan Jayakar | Chairman | Independent & Non - Executive | 2 | 2 |
| Mr. Sudhindra Rao | Member | Independent & Non - Executive | 2 | 2 |
| Ms. Uma Acharya | Member | Independent & Non - Executive | 2 | 2 |
| Mr. P.K. Khurana | Member | Promoter, Executive Chairman and Managing Director | 2 | 2 |

(c) Meetings of the Nomination & Remuneration Committee:

During the year under review, two meetings of the Committee were held on May 30, 2017 and December 13, 2017.

(d) Performance Evaluation criteria for Independent Directors:

Nomination and Remuneration Committee has set the performance evaluation criteria for Independent Directors and have formulated the performance evaluation framework, which has been circulated to all the Directors. The factors that are evaluated includes participation and contribution by a Director, commitment, efforts taken by Director to promote mutual trust and respect, assisting in implementing and enhancing corporate governance activities, effective deployment of knowledge and expertise, effective management of relationship with stakeholders, integrity and maintenance of confidentiality and independence of behavior and judgement.

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

Stakeholders' Relationship Committee has been constituted as per the provisions of Section 178 of the Companies Act, 2013 and Regulation 20 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

The terms of reference of the Committee are:

- To consider and resolve the grievances of security holders of the Company;
- To approve Transfer / Transmission / Dematerialisation / Rematerialisation of Equity Shares of the Company;
- To approve issue of Duplicate/ Consolidated / Split Share Certificate(s);
- To carry out such functions for redressal of shareholders' and investors' complaints, including but not limited to matters relating to transfer of shares, non-receipt of balance sheet, non-receipt of dividend and any other grievance that a shareholder or investor of the Company may have against the Company;
- To oversee the performance of the Registrar and Transfer Agents of the Company and recommend measures for overall improvement in the quality of investor services; and
- To do all other acts, deeds and things or otherwise deal with all matters in relation to the Shareholders and other Stakeholders; and
- To carry out any other function as may be stipulated by any law or regulation or any Government Guideline or the Board of Directors, from time to time

(b) Composition, Name of the Members and Chairman

| Name of the Member | Designation in Committee | Nature of Directorship | No. of Committee Meetings | |
|--------------------|--------------------------|--|---------------------------|----------|
| | | | Held | Attended |
| Mr. Mohan Jayakar | Chairman | Independent & Non - Executive | 2 | 1 |
| Mr. Sudhindra Rao | Member | Independent & Non - Executive | 2 | 2 |
| Ms. Uma Acharya | Member | Independent & Non - Executive | 2 | 2 |
| Mr. P.K. Khurana | Member | Promoter, Executive Chairman and Managing Director | 2 | 2 |
| | | | | |

(c) Meetings of the Stakeholders' Relationship Committee

Two meetings of the Stakeholders' Relationship Committee for the year ended March 31, 2018 were held on September 08, 2017 and February 13, 2018.

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

Mr. Alok Bodas (upto March 08, 2018)
 Company Secretary & Compliance Officer
 204, Raheja Centre, Free Press Journal Marg,
 214, Nariman Point, Mumbai 400 021.
 Tel.: 91 22 3026 8300 - 01
 Fax: 91 22 2287 0720
 Email: investors@ekc.in

(e) Investor Grievance Redressal

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

| Quarter Ended | Pending from earlier quarter | Received during the quarter | Resolved during the quarter | Pending at end of the quarter |
|---------------|------------------------------|-----------------------------|-----------------------------|-------------------------------|
| Jun - 2017 | 0 | 0 | 0 | 0 |
| Sep - 2017 | 0 | 0 | 0 | 0 |
| Dec - 2017 | 0 | 0 | 0 | 0 |
| Mar - 2018 | 0 | 0 | 0 | 0 |
| Total | 0 | 0 | 0 | 0 |

There were no requests for transfer and for dematerialization pending for approval as on 31st March, 2018.

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

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

(f) Equity Shares in the Suspense Account

As required under Regulation 34(3) and 53(f) read with Schedule V(F) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, 2110 Equity Shares belonging to 10 shareholders are lying in the Unclaimed Securities Suspense Account as on April 01, 2017 and March 31, 2018. There was no movement in Suspense Account during the year. The voting rights on the shares outstanding in the Suspense Account shall remain frozen till the rightful owners of such shares claim the shares.

(g) Remuneration of Directors
Nomination and Remuneration Policy

In accordance with the requirements of Section 178 of the Companies Act, 2013 and Regulation 19 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, the Board has formulated a Nomination and Remuneration Policy.

The policy has been posted on the Company's website. The web link for the policy is <http://www.everestkanto.com/policies>.

The Nomination and Remuneration Policy of the Company considers various parameters like the performance of the Company, the current trends in the industry, the experience of the appointee(s), their past performance and other relevant factors for considering the remuneration payable to the Directors, Key Managerial personnel and other employees. The primary objective of the Policy is to provide a framework and set standards for the nomination, remuneration and evaluation of the Directors, Key Managerial Personnel and officials comprising the Senior Management. The Company aims to achieve a balance of

merit, experience and skills amongst its Directors, Key Managerial Personnel and Senior Management.

Pecuniary relationship or transactions of the Non-Executive Directors vis-à-vis the listed entity shall be disclosed in the Annual Report:

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

No commission has been paid to Non-Executive Directors for the Financial Year 2017-18.

In respect of the financial year 2017-18, the sitting fees paid to the Non - Executive Directors are as detailed below:

(in ₹)

| Name | Sitting fees paid during the year 2017-18 | | Total |
|-------------------|---|--------------------|----------|
| | Board Meetings | Committee Meetings | |
| Mr. Sudhindra Rao | 80,000 | 90,500 | 1,70,500 |
| Ms. Uma Acharya | 80,000 | 90,500 | 1,70,500 |
| Mr. Mohan Jayakar | 60,000 | 30,500 | 90,500 |

Criteria of making payments to Non-Executive Directors:
No remuneration has been paid to the Non-Executive Directors except for the sitting fees.

4. GENERAL BODY MEETINGS

A. Annual General Meeting

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

| Financial Year | Date & Time | Venue | Special Resolutions passed |
|----------------|---|--|---|
| 2017 | 27 th September, 2017 at 11.00 am | M.C. Ghia Hall at Bhogilal Hargovindas Building, 4th Floor, 18/20, Kaikhushru Dubash Marg, Kala Ghoda, Mumbai - 400 001. | None |
| 2016 | 26 th September, 2016 at 11.00 am | M.C. Ghia Hall at Bhogilal Hargovindas Building, 4th Floor, 18/20, Kaikhushru Dubash Marg, Kala Ghoda, Mumbai - 400 001. | 1. Reappointment of Mr. P. K. Khurana as Chairman and Managing Director. 2. Appointment of Mr. Puneet Khurana as Executive Director. |
| 2015 | 28 th September, 2015 11.00 a.m. | Half Centrum Hall, MVIRDC, World Trade Centre-Mumbai, Centre-1, 1st Floor, Cuffe Parade, Mumbai – 400 005 | 1. Approval of Investment by way of equity share capital in EKC Positron Gas Limited. |

B. Postal Ballot

During the year there was no resolution passed through Postal Ballot.

5. MEANS OF COMMUNICATION

- **Quarterly Results:** The Quarterly/Half Yearly/Annual Financial Results are published in the English daily 'Business Standard' and in a vernacular language newspaper 'Mumbai Lakshadweep'. The financial results and the official news releases are also displayed on the Company's website: www.everestkanto.com.
- **Website:** The Company's website: www.everestkanto.com contains a separate section 'Investors' where shareholders' information is available. The Company's Financial Results

and Annual Reports are also available on the Company's website in the downloadable form.

- **BSE Corporate Compliance & Listing Centre (the 'Listing Centre'):** BSE's Listing Centre is a web-based application designed for corporates. All periodical compliance filings like Shareholding Pattern, Corporate Governance Report, Press Releases and others are also filed electronically on the Listing Centre. The Company is regular in submitting regular reports, certificate etc. electronically at <https://listing.bseindia.com>.
- **NSE Electronic Application Processing System (NEAPS):** The NEAPS is a web-based application designed by NSE for Corporates. All periodical compliance filings like Shareholding Pattern, Corporate Governance Report, Press Releases and others are filed electronically on NEAPS. The Company is regular in posting its Shareholding Pattern, Corporate Governance Report and Corporate Announcements electronically at <https://www.connect2nse.com/LISTING>.
- **SEBI Complaints Redress System (SCORES):** The investor complaints are processed in a centralized web based complaints redress system. The salient features of this system are: Centralized database of all complaints, online upload of Action Taken Reports (ATRs) by concerned companies and online viewing by investors of actions taken on the complaint and its current status.
- **Exclusive email-id:** The Company has an exclusive email id – investors@ekc.in dedicated for prompt redressal of shareholders' queries, grievances etc.

6. GENERAL SHAREHOLDER INFORMATION

6.1 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.

6.2 39th Annual General Meeting:

Day, Date and Time:

Saturday, September 29, 2018 at 03.00 p.m.

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

6.3 Financial Calendar (tentative and subject to change)

Financial Year: 1st April, 2018 to 31st March, 2019

Results for the quarter ending 30th June, 2018

1st / 2nd week of August, 2018

Results for quarter ending 30th September, 2018

1st / 2nd week of November, 2018

Results for quarter ending 31st December, 2018

1st / 2nd week of February, 2019

Results for year ending 31st March, 2019

3rd / 4th week of May, 2019

Annual General Meeting

August / September, 2019

6.4 Book Closure Period

The Register of Members and the Share Transfer books of the Company will remain closed from Friday, September 21, 2018 to Saturday, September 29, 2018 (both days inclusive), for the purpose of the 39th Annual General Meeting.

6.5 Dividend Payment Date

The Board of Directors has not proposed any dividend for the Financial Year 2017-18.

6.6 Listing on Stock Exchanges

Equity Shares

The Equity shares of the Company are listed on following stock exchanges:

1. BSE Limited (BSE),

Phiroze Jeejeebhoy Towers,
Dalal Street, Mumbai - 400 001.
Scrip Code: 532684

2. National Stock Exchange of India Limited (NSE),

"Exchange Plaza", Bandra-Kurla Complex,
Bandra (E), Mumbai - 400 051.
Trading Symbol: EKC

The International Securities Identification Number (ISIN) in respect of the said equity shares is INE184H01027.

Payment of Listing Fee

Annual listing fees payable to BSE and NSE for 2018-19 have been paid by the Company.

6.7 Stock Market Data

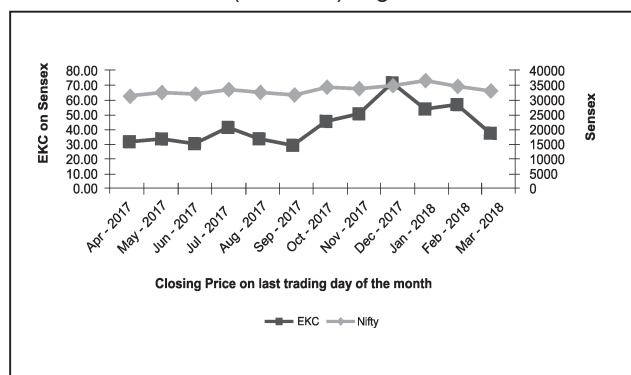
High, Low during each month and trading volumes of the Company's Equity Shares during the financial year 2017-18 at BSE and NSE are given below:

| Month | BSE Limited (BSE) | | | National Stock Exchange of India Limited (NSE) | | |
|----------------|------------------------|-----------------------|----------------------|--|-----------------------|----------------------|
| | Month's High Price (₹) | Month's Low Price (₹) | No. of Shares traded | Month's High Price (₹) | Month's Low Price (₹) | No. of Shares traded |
| April 2017 | 39.65 | 33.10 | 19,30,375 | 39.70 | 33.25 | 69,73,090 |
| May 2017 | 38.20 | 31.50 | 20,91,307 | 38.00 | 31.30 | 79,76,402 |
| June 2017 | 36.50 | 32.05 | 10,62,163 | 35.85 | 32.30 | 33,95,141 |
| July 2017 | 49.35 | 32.50 | 64,15,466 | 49.25 | 33.05 | 2,74,39,861 |
| August 2017 | 43.30 | 32.55 | 15,10,110 | 43.25 | 32.20 | 54,74,599 |
| September 2017 | 42.40 | 32.75 | 18,75,100 | 42.30 | 32.65 | 76,88,549 |
| October 2017 | 49.00 | 33.00 | 39,52,794 | 49.10 | 33.35 | 1,60,07,083 |
| November 2017 | 58.55 | 43.40 | 96,17,242 | 58.80 | 43.20 | 3,93,25,929 |
| December 2017 | 77.75 | 51.50 | 1,85,47,629 | 77.80 | 51.50 | 8,38,00,325 |
| January 2018 | 73.85 | 54.55 | 69,09,620 | 74.00 | 54.55 | 2,69,76,247 |
| February 2018 | 66.00 | 48.25 | 33,40,211 | 64.00 | 57.50 | 1,49,18,001 |
| March 2018 | 58.40 | 39.25 | 26,66,190 | 58.45 | 39.05 | 1,09,92,102 |

Source: BSE & NSE website

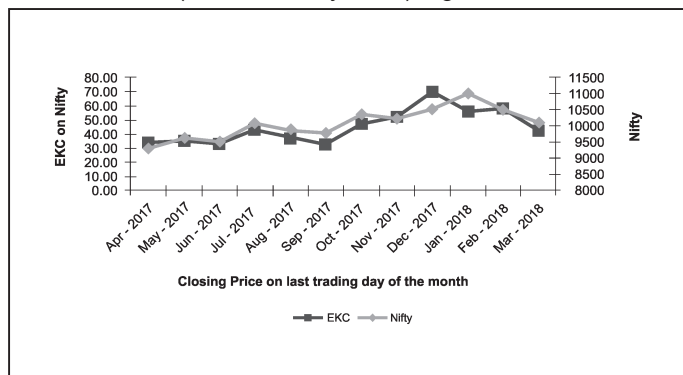
6.8 Stock Performance

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



Source: BSE website

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



Source: NSE website

Liquidity

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

6.9 Registrar & Share Transfer Agent:

Link Intime India Pvt. Ltd.
C101, 247 Park,
L.B.S. Marg, Vikhroli (West),
Mumbai - 400 083.
Tel. : 91 22 49186000
Fax. : 91 22 49186060, Email: rnt.helpdesk@linkintime.co.in

6.10 Share Transfer System

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

The Company obtains from a Company Secretary in Practice a half-yearly certificate of compliance with the share transfer formalities as required under Regulation 40(9) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and files a copy of the certificate with the Stock Exchanges.

6.11 Statement showing Shareholding Pattern as on 31st March, 2018

| Category of Shareholders | Number of Shares | % of Shareholding |
|--|--------------------|-------------------|
| Shareholding of Promoter and Promoter Group | 7,42,45,800 | 66.17 |
| Mutual Funds | 0.00 | 0.00 |
| Central Government/state Government(s) | 13,624 | 0.01 |
| Financial Institutions / Banks | 3,73,478 | 0.33 |
| Foreign Institutional Investors | 65,750 | 0.06 |
| Bodies Corporate | 67,15,619 | 5.98 |
| Individual shareholders holding nominal share capital up to Rs. 2 lakhs | 2,51,26,598 | 22.39 |
| Individual shareholders holding nominal share capital in excess of Rs. 2 lakhs | 13,10,367 | 1.17 |
| Clearing Members | 13,17,379 | 1.17 |
| Non Resident Indians | 11,52,441 | 1.03 |
| Foreign Companies | 0.00 | 0.00 |
| Other Directors | 0.00 | 0.00 |
| HUF | 18,85,626 | 1.68 |
| Trusts | 1000 | 0.00 |
| TOTAL | 112,207,682 | 100.00 |

6.12 Distribution of Shareholding by Size as on 31st March, 2018

| No. of Shares held | No. of Shareholders | % to No. of Shareholders | No. of Shares | % to No. of Shares |
|--------------------|---------------------|--------------------------|--------------------|--------------------|
| 1 - 500 | 39,189 | 81.51 | 6,080,324 | 5.42 |
| 501 - 1000 | 4297 | 8.94 | 3,607,347 | 3.21 |
| 1001 - 2000 | 2255 | 4.69 | 3,582,320 | 3.19 |
| 2001 - 3000 | 747 | 1.55 | 1,940,924 | 1.73 |
| 3001 - 4000 | 349 | 0.73 | 1,272,785 | 1.13 |
| 4001 - 5000 | 337 | 0.70 | 1,613,079 | 1.44 |
| 5001 - 10000 | 472 | 0.98 | 3,569,662 | 3.18 |
| 10001 and above | 431 | 0.90 | 90,541,241 | 80.69 |
| TOTAL | 48,077 | 100 | 112,207,682 | 100 |

6.13 Dematerialization of Shares as on 31st March, 2018

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

| Particulars of Shares | Equity Shares of ₹ 2 each | | Shareholders | |
|-----------------------|---------------------------|---------------|---------------|---------------|
| | Number | % of Total | Number | % of Total |
| Dematerialised form | | | | |
| CDSL | 1,59,42,425 | 14.21 | 20,818 | 43.30 |
| NSDL | 9,62,63,627 | 85.79 | 27,256 | 56.69 |
| Sub – Total | 11,22,06,052 | 100.00 | 48,074 | 99.99 |
| Physical Form | 1,630 | 0.00 | 3 | 0.01 |
| Total | 112,207,682 | 100 | 48,077 | 100.00 |

6.14 Plant Locations

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

| | |
|---|---|
| Kandla Special Economic Zone : Plot no. 525 to 542, 618, 619, 627 & 628, Sector - New Extended Area, Kandla Special Economic Zone, Gandhidham, Kutch - 370 230, Gujarat | |
| Tarapur | : N-62, MIDC Industrial Area, Kumbhavali Naka, Tarapur - 401 506, Maharashtra |
| Aurangabad | : E-22, MIDC Area, Chikalthana, Aurangabad - 431 210, Maharashtra |

6.15 Address for Correspondence

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

Tel.: 91 22 3026 8300 – 01

Email: investors@ekc.in

Link Intime India Pvt. Ltd. C101, 247 Park, L.B.S. Marg, Vikhroli (West), Mumbai - 400 083.

Tel. : 91 22 49186000, Fax : 91 22 49186060

Email: rnt.helpdesk@linkintime.co.in

6.16 Unclaimed Dividends

Section 124 of the Companies Act, 2013, mandates that companies transfer dividend that has been unclaimed for a period of seven years from the unpaid dividend accounts to the Investor Education and Protection Fund (IEPF) set up by Central Government. In accordance with the following schedule, the dividend for the years mentioned below, if remaining unclaimed within a period of seven years, will be transferred to IEPF:

| Financial Year | Date of declaration of dividend | Dividend Per Share* | Due date for transfer to IEPF | Amount (₹)* |
|----------------|---------------------------------|---------------------|----------------------------------|-------------|
| 2010-11 | 30 th July, 2011 | 1.50 | 4 th September, 2018 | 426,759.00 |
| 2011-12 | 11 th August, 2012 | 0.25 | 15 th September, 2019 | 113,535.75 |
| 2012-13 | 22 nd July, 2013 | 0.20 | 2 nd September, 2020 | 113,591.20 |
| 2013-14 | N.A. | N.A. | N.A. | N.A. |
| 2014-15 | N.A. | N.A. | N.A. | N.A. |
| 2015-16 | N.A. | N.A. | N.A. | N.A. |
| 2016-17 | N.A. | N.A. | N.A. | N.A. |
| 2017-18 | N.A. | N.A. | N.A. | N.A. |

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

Amount unclaimed as at 31st March, 2018

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

7. CEO and CFO Certification

The Chairman & Managing Director and the Chief Financial Officer of the Company give annual certification on financial reporting and internal controls to the Board in terms of Regulation 17 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015. The Chairman and Managing Director and the Chief Financial Officer also give quarterly certification on financial results while placing the financial results before the Board in terms of Regulation 33.

8. Practicing Company Secretary's Certificate on Corporate Governance

Certificate from Practicing Company Secretary, M/s. Aashish K. Bhatt & Associates, confirming compliance with the conditions of Corporate Governance as stipulated under Schedule II part C of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, is attached to the Directors' Report forming part of the Annual Report.

9. Reconciliation of Share Capital Audit Report

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

10. Subsidiary Monitoring Framework

The Company has three wholly owned subsidiary companies viz., EKC International FZE, UAE, EKC Industries (Tianjin) Co. Ltd., China and EKC Industries (Thailand) Co. Ltd., Thailand, three step down wholly owned subsidiaries viz., EKC Hungary Kft, Hungary, CP Industries Holdings, Inc., USA and EKC Europe GmbH, Germany and three subsidiary companies viz., Calcutta Compressions & Liquefaction Engineering Ltd, EKC Positron Gas Limited and Next Gen Cylinders Private Limited. All these companies are managed with the respective Boards having the rights and obligations to manage the companies in the best interest

of their stakeholders. The Company monitors the performance of such companies, *inter alia*, by the following means:

- a) Financial Statements, in particular the investments made by the Unlisted Subsidiary Companies, are reviewed periodically by the Audit Committee of the Company;
- b) All minutes of the meetings of the Unlisted Subsidiary Companies are placed before the Company's Board regularly; and
- c) A statement containing all significant transactions and arrangements entered into by the Unlisted Subsidiary Companies is placed before the Company's Board.

The Company has formulated the Policy on Material Subsidiaries w.e.f October 01, 2014. The web link of the policy is: <http://www.everestkanto.com/policies>

The Company does not have any Material Unlisted Indian Subsidiary and hence, is not required to nominate any Independent Director of the Company on the Board of any such Subsidiary.

11. Code of Conduct

The Board has laid down a Code of Conduct and Ethics for all Board Members and Senior Management Personnel of the Company. The Code has been circulated to all the Board Members and the Senior Management and the same is available on the Company's website www.everestkanto.com. All Board Members and Senior Management Personnel have affirmed compliance with the Code of Conduct during the financial year 2017-18.

12. Policy on Insider Trading

The Company has formulated a Code of Conduct for Prevention of Insider Trading (Code) in accordance with the guidelines specified under the Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015 and as amended from time to time.

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

The Company's Code, *inter alia*, prohibits purchase and/or sale of shares of the Company by an insider, while in

possession of Unpublished Price Sensitive Information in relation to the Company during certain prohibited periods.

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

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

14. DISCLOSURES

A. Disclosures on materially significant related party transactions that may have potential conflict with the interests of the Company at large

None of the transactions with any of the related parties were in conflict with the interest of the Company. Attention of Members is drawn to the disclosures of transactions with the related parties set out in Notes to the Accounts - Note no. 42, forming part of the Annual Report and in Annexure No. 3 of the Report of Board of Director forming part of the Annual Report.

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

The statement of transactions with the Related Parties is duly placed before the Audit Committee and Board Meetings on a quarterly basis and the transactions are approved, ratified and noted, as the case may be, by the Audit Committee and the Board.

The Board of Directors of the Company has formulated and adopted a policy on Related Party Transactions w.e.f October 01, 2014. The Related Party Transactions were in accordance with and in confirmation with the Policy. The Policy has been placed on the website of the Company and the web link thereto in <http://www.everestkanto.com/policies>

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

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

C. Whistle Blower Mechanism

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

D. Adoption of Mandatory and Non-mandatory Requirements of Regulation 27 of the SEBI (Listing

Obligations and Disclosure Requirements) Regulations, 2015.

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

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

E. In line with the notification no. G.S.R. 352(E) dated May 10, 2012 from the Ministry of Corporate Affairs, the Company has uploaded on its website the information regarding the unpaid and unclaimed dividend as on the date of the last Annual General Meeting i.e. September 27, 2017 including the name and address of the shareholders who have not claimed the dividend, the amount to which the shareholders are entitled and the due date of transfer to Investor Education and Protection Fund Account.

ANNUAL CERTIFICATIONS**DECLARATION BY THE CEO UNDER SCHEDULE V (REGULATION 34(3) & REGULATION 53(F) OF THE SEBI (LISTING OBLIGATION AND DISCLOSURE REQUIREMENTS) REGULATIONS, 2015 REGARDING ADHERENCE TO THE CODE OF CONDUCT**

In accordance with Schedule V of Regulation 34(3) & Regulation 53(f) of the SEBI (Listing Obligation and Disclosure Requirements) Regulations, 2015, I hereby confirm that all the Directors and the Senior Management Personnel of the Company have affirmed compliance to their respective Codes of Conduct as applicable to them for the Financial Year ended March 31, 2018.

For and on behalf of the Board

Mumbai
August 13, 2018

Puneet Khurana
Chief Executive Officer

DISCLOSURE IN TERMS OF SCHEDULE V (REGULATION 34(3) & REGULATION 53(F) OF THE SEBI (LISTING OBLIGATION AND DISCLOSURE REQUIREMENTS) REGULATIONS, 2015 REGARDING PECUNIARY RELATIONSHIP

There are no pecuniary relationships or transactions of the Non- Executive Directors with the Company for the Financial Year ended March 31, 2018.

For and on behalf of the Board

Mumbai
August 13, 2018

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

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

Mr. P.K. Khurana (Chairman & Managing Director) is the father of Mr. Pushkar Khurana (Non-Executive Director) & Mr. Puneet Khurana (Chief Executive Officer). Mr. Pushkar Khurana & Mr. Puneet Khurana are related to each other as brothers. Mr. Mohan Jayakar (Independent Director) is the uncle of Mrs. Uma Acharya (Independent Director).

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

For and on behalf of the Board

Mumbai
August 13, 2018

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

CERTIFICATE ON CORPORATE GOVERNANCE**To the Members,
Everest Kanto Cylinder Limited**

I have examined the compliance of Corporate Governance by Everest Kanto Cylinder Limited ('the Company') for the year ended March 31, 2018, as per the relevant provisions of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 ('SEBI Listing Regulations') as referred to in Regulation 15(2) of the SEBI Listing Regulations.

The compliance of conditions of Corporate Governance is the responsibility of the Company's Management. My examination has been limited to a review of the procedures and implementations thereof, adopted by the Company for ensuring the Compliance with the conditions of Corporate Governance as stipulated in the said Regulations. It is neither an audit nor an expression of opinion on the financial statements of the Company.

In my opinion and to the best of my information and according to the explanation given to me and based on the representations made by the Management, I certify that the Company has

complied with the conditions of Corporate Governance as stipulated in SEBI Listing Regulations.

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

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

Mumbai
August 13, 2018

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

INDEPENDENT AUDITOR'S REPORT

To the Members of Everest Kanto Cylinder Limited

Report on the Standalone Financial Statements

1. We have audited the accompanying standalone financial statements of **Everest Kanto Cylinder Limited** ('the Company'), which comprise the Balance Sheet as at 31 March 2018, the Statement of Profit and Loss (including Other Comprehensive Income), the Cash Flow Statement and the Statement of Changes in Equity for the year then ended, and a summary of the significant accounting policies and other explanatory information

Management's Responsibility for the Standalone Financial Statements

2. The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Companies Act, 2013 ('the Act') with respect to the preparation of these standalone financial statements that give a true and fair view of the state of affairs (financial position), profit or loss (financial performance including other comprehensive income), cash flows and changes in equity of the Company, in accordance with the accounting principles generally accepted in India, including the Indian Accounting Standards ('Ind AS') specified under Section 133 of the Act. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the standalone financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

3. Our responsibility is to express an opinion on these standalone financial statements based on our audit.
4. We have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made thereunder.
5. We conducted our audit in accordance with the Standards on Auditing specified under Section 143(10) of the Act. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable

assurance about whether these standalone financial statements are free from material misstatement.

6. An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial controls relevant to the Company's preparation of the financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the Company's Directors, as well as evaluating the overall presentation of the financial statements.
7. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on these standalone financial statements.

Opinion

8. In our opinion and to the best of our information and according to the explanations given to us, the aforesaid standalone financial statements give the information required by the Act, in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, including Ind AS specified under Section 133 of the Act, of the state of affairs (financial position) of the Company as at 31 March 2018, and its profit (financial performance including other comprehensive income), its cash flows and the changes in equity for the year ended on that date.

Emphasis of Matter

9. We draw attention to Note 53 to the financial statements, regarding delays in payments against the supply of goods of Rs. 8,470 Lacs, receipt of receivables of Rs. 16 Lacs and interest receivable of Rs. 1,341 Lacs, that are outstanding for a period beyond the timelines stipulated vide FED Master Direction No. 17/2016-17, FED Master Direction No. 16/2015-16 and Notification No. FEMA 120/ RB-2004 respectively, under the Foreign Exchange Management Act, 1999. The Management of the Company has represented that the Company is in the process of regularizing these defaults by filing necessary application with the appropriate authority for condonation of such delays. Pending conclusion of the aforesaid matter, the amount of penalty, if any, that may be levied, is not ascertainable and accordingly, the accompanying financial results do not include any adjustments that may arise due to such delay/default. Our report is not modified in respect of this matter.

Other Matter

10. The Company had prepared separate sets of statutory financial statements for the year ended 31 March 2017 and 31 March 2016, in accordance with Accounting Standards prescribed under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014 (as amended), on which we issued auditor's reports to the shareholders of the Company dated 30 May 2017 and 30 May 2016, respectively. These financial statements have been adjusted for the differences in the accounting principles adopted by the Company on transition to Ind AS, which have also been audited by us. Our opinion is not modified in respect of this matter.

Report on Other Legal and Regulatory Requirements

11. As required by the Companies (Auditor's Report) Order, 2016 ('the Order') issued by the Central Government of India in terms of Section 143(11) of the Act, we give in the Annexure A statement on the matters specified in paragraphs 3 and 4 of the Order.
12. Further to our comments in Annexure A, as required by Section 143(3) of the Act, we report that:
- we have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit;
 - in our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books;
 - the report on the accounts of the branch office of the Company audited under Section 143(8) of the Act by the branch auditor has been sent to us and have been properly dealt with by us in preparing this report;
 - the standalone financial statements dealt with by this report are in agreement with the books of account and with the return received from branch not visited by us;
 - in our opinion, the aforesaid standalone financial statements comply with Ind AS specified under Section 133 of the Act;
 - on the basis of the written representations received from the directors and taken on record by the Board of Directors, none of the directors is disqualified as on 31 March 2018 from being appointed as a director in terms of Section 164(2) of the Act;

- we have also audited the internal financial controls over financial reporting (IFCoFR) of the Company as on 31 March 2018, in conjunction with our audit of the standalone financial statements of the Company for the year ended on that date and our report dated 30 May 2018 as per Annexure B, expressed Unmodified opinion.
- with respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014 (as amended), in our opinion and to the best of our information and according to the explanations given to us:
 - the Company, as detailed in note 43 to the standalone financial statements, has disclosed the impact of pending litigations on its financial position;
 - the Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses;
 - there were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company;
 - the disclosure requirements relating to holdings as well as dealings in specified bank notes were applicable for the period from 8 November 2016 to 30 December 2016 which are not relevant to these standalone financial statements. Hence, reporting under this clause is not applicable.

For Walker Chandiok & Co LLP

Chartered Accountants

Firms Registration No.: 001076N/N500013

per Khushroo B. Panthaky

Partner

Membership No.: 42423

Place : Mumbai

Date: 30 May 2018

Annexure A to the Independent Auditor's Report of even date to the members of Everest Kanto Cylinder Limited on the financial statements for the year ended 31 March 2018

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

- (i) (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of Property, Plant and Equipment.
- (b) The Property, Plant and Equipment have been physically verified by the management during the year and no material discrepancies were noticed on such verification. In our opinion, the frequency of verification of the Property, Plant and Equipment is reasonable having regard to the size of the Company and the nature of its assets.
- (c) The title deeds of all the immovable properties (which are included under the head 'Property, Plant and Equipment') are held in the name of the Company, except for the following property:

(in ₹ in Lakhs)

| Nature of property | Total Number of Cases | Whether leasehold / freehold | Gross block as on 31 March 2018 | Net block on 31 March 2018 |
|--------------------|-----------------------|------------------------------|---------------------------------|----------------------------|
| Land | One | Leasehold | 111.42 | 111.42 |

- (ii) In our opinion, the management has conducted physical verification of inventory at reasonable intervals during the year and no material discrepancies between physical inventory and book records were noticed on physical verification.
- (iii) The Company has granted unsecured loans to companies covered in the register maintained under Section 189 of the Act; and with respect to the same:
- (a) in our opinion the terms and conditions of grant of such loans are not, prima facie, prejudicial to the Company's interest.
- (b) the schedule of repayment of principal has been stipulated wherein the principal amounts are repayable on demand and since the repayment of such loans has not been demanded, in our opinion, repayment of the principal amount is regular;
- (c) there is no overdue amount in respect of loans granted to such companies.
- (iv) In our opinion, the Company has complied with the provisions of Sections 185 and 186 of the Act in respect of loans, investments, guarantees and security.
- (v) In our opinion, the Company has not accepted any deposits within the meaning of Sections 73 to 76 of the Act and the Companies (Acceptance of Deposits) Rules, 2014 (as amended). Accordingly, the provisions of clause 3(v) of the Order are not applicable.
- (vi) We have broadly reviewed the books of account maintained by the Company, pursuant to the Rules made by the Central Government for the maintenance of cost records under sub-section (1) of Section 148 of the Act in respect of Company's products and are of the opinion that, prima facie, the prescribed accounts and records have been made and maintained. However, we have not made a detailed examination of the cost records with a view to determine whether they are accurate or complete.
- (vii) (a) Undisputed statutory dues, including provident fund, employees, state insurance, income-tax, sales-tax, service tax, duty of customs, duty of excise, value added tax, cess and other material statutory dues, as applicable, have generally been regularly deposited with the appropriate authorities, though there has been a slight delay in a few cases. Further, no undisputed amounts payable in respect thereof were outstanding at the year-end for a period of more than six months from the date they became payable.

- (b) The dues outstanding in respect of income-tax, sales-tax, service tax, duty of customs, duty of excise and value added tax on account of any dispute, are as follows:

Statement of Disputed dues

| Name of the statute | Nature of dues | Amount (₹ in Lakhs) | Amount paid /adjusted under Protest (₹ in Lakhs) | Period to which the amount relates | Forum where dispute is pending |
|---------------------------------------|-----------------------|---------------------|--|------------------------------------|--|
| Central Sales Tax Act, 1956 | Central Sales Tax | 12.82 | - | F.Y. 2000-01 | Sales Tax Tribunal |
| | | 141.54 | 43.08 | F.Y. 2005-06 | Joint Commissioner of Sales Tax (Appeals) |
| | | 99.52 | 17.18 | F.Y. 2008-09 | |
| | | 54.15 | 6.44 | F.Y. 2011-12 | |
| | | 90.58 | 10.78 | F.Y. 2012-13 | |
| | | 57.20 | - | F.Y. 2013-14 | Deputy Commissioner of Sales Tax, (Maharashtra) |
| | Sales Tax (Lease Tax) | 260.76 | - | F.Y. 2013-14 | Deputy Commissioner of Sales Tax (Gujarat) |
| | | 21.05 | 7.36 | F.Y. 1993-94 | Maharashtra Sales Tax Tribunal |
| | | | | F.Y. 1994-95 | |
| | | | | F.Y. 1995-96 | |
| | | | | F.Y. 1996-97 | |
| | | | | F.Y. 1997-98 | |
| The Finance Act, 1994 | Service Tax | 5.38 | 0.20 | F.Y. 2011-12 | Assistant Commissioner, Central Excise and Service Tax |
| Bombay Sales Tax Act, 1959 | Bombay Sales tax | 26.11 | - | F.Y. 2000-01 | Sales Tax Tribunal |
| The Income Tax Act, 1961 | Income Tax | 787.49 | 605.33 | A.Y. 2009-10 | High Court |
| | | 773.19 | 29.48 | A.Y. 2010-11 | High Court |
| | | 237.87 | - | A.Y. 2011-12 | Income Tax Appellate Tribunal |
| | | 264.44 | - | A.Y. 2012-13 | Commissioner of Income Tax (Appeals) |
| | | 99.79 | - | A.Y. 2013-14 | Commissioner of Income Tax (Appeals) |
| The Gujarat Value Added Tax Act, 2003 | Commercial Tax | 14.99 | 7.84 | F.Y. 2009-10 | Joint Commissioner of Commercial Tax(Appeals) |
| Maharashtra Value Added Tax Act, 2002 | Value Added Tax | 18.95 | - | F.Y. 2005-06 | Joint Commissioner of Sales Tax (Appeals) |
| | | 147.43 | - | F.Y. 2008-09 | |
| | | 96.98 | 5.00 | F.Y. 2009-10 | |
| | | 60.80 | 14.00 | F.Y. 2010-11 | |
| | | 102.90 | 5.00 | F.Y. 2011-12 | |
| | | 46.41 | 2.22 | F.Y. 2012-13 | |
| | | 952.68 | - | F.Y. 2013-14 | Deputy Commissioner of Sales Tax |

(viii) The Company has not defaulted in repayment of loans or borrowings to any financial institution. The Company did not have any outstanding debentures during the year. The Company has defaulted in repayment of loans to the following bank and government:

| Name of the Bank/ Government | Amount of default as on 31 March 2018 (₹ in Lakhs) | Period of default | Due Date | Remarks |
|---------------------------------|---|----------------------------|--------------------------|--------------------------|
| Gujarat-State Government | 297.03 | April 2017 to October 2017 | 01/04/2017 | Delays of 23 to 186 days |
| Yes Bank | 1,362.91 | April 2017 | 09/04/2017 01/05/2017 | Delays of 24 to 46 days |

(ix) The Company did not raise moneys by way of initial public offer or further public offer (including debt instruments). In our opinion, the term loans were applied for the purposes for which the loans were obtained.

(x) In our opinion, no fraud by the Company or on the Company by its officers or employees has been noticed or reported during the period covered by our audit.

(xi) The Company has not paid or provided for any managerial remuneration. Accordingly, the provisions of Clause 3(xi) of the Order are not applicable.

(xii) In our opinion, the Company is not a Nidhi Company. Accordingly, provisions of clause 3(xii) of the Order are not applicable.

(xiii) In our opinion, all transactions with the related parties are in compliance with Sections 177 and 188 of Act, where applicable, and the requisite details have been disclosed in the financial statements etc., as required by the applicable Ind AS.

(xiv) During the year, the Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures.

(xv) In our opinion, the Company has not entered into any non-cash transactions with the directors or persons connected with them covered under Section 192 of the Act.

(xvi) The Company is not required to be registered under Section 45-IA of the Reserve Bank of India Act, 1934.

For **Walker Chandiok & Co LLP**

Chartered Accountants

Firms Registration No.: 001076N/N500013

per **Khushroo B. Panthaky**

Partner

Membership No.: 42423

Place : Mumbai

Date: 30 May 2018

Annexure B to the Independent Auditor's Report of even date to the members of Everest Kanto Cylinder Limited on the financial statements for the year ended 31 March 2018

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

1. In conjunction with our audit of the standalone financial statements of Everest Kanto Cylinder Limited (the "Company") as at and for the year ended 31 March 2018, we have audited the internal financial controls over financial reporting (IFCoFR) of the Company as of that date.

Management's Responsibility for Internal Financial Controls

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

Auditors' Responsibility

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

Meaning of Internal Financial Controls over Financial Reporting

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

Inherent Limitations of Internal Financial Controls over Financial Reporting

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

Opinion

8. In our opinion, the Company has, in all material respects, adequate internal financial controls over financial reporting and such internal financial controls over financial reporting were operating effectively as at 31 March 2018, based on the internal control over financial reporting criteria established by the Company, considering the essential components of internal control stated in the Guidance Note issued by the ICAI.

For **Walker Chandiok & Co LLP**

Chartered Accountants

Firms Registration No.: 001076N/N500013

per **Khushroo B. Panthaky**

Partner

Membership No.: 42423

Place : Mumbai

Date: 30 May 2018

BALANCE SHEET AS AT 31 MARCH 2018

| | Note No. | As at 31 March 2018 (₹ in Lakhs) | As at 31 March 2017 (₹ in Lakhs) | As at 01 April 2016 (₹ in Lakhs) |
|--|----------|--|--|--|
| I. Assets | | | | |
| 1 Non-current assets | | | | |
| Property, Plant and Equipment | 2 | 20,678.40 | 19,315.36 | 25,338.10 |
| Intangible assets | 4 | 13.24 | 12.90 | 31.94 |
| Capital work-in-progress | 3 | 31.52 | 712.05 | 2,374.51 |
| Financial Assets | | | | |
| Investments | 5 | 4,072.82 | 3,990.56 | 3,961.86 |
| Loans | 6 | 952.13 | 416.01 | 623.77 |
| Other non-current financial assets | 7 | 252.07 | 65.00 | 185.00 |
| Deferred tax assets (net) | 8 | 41.82 | 60.58 | 56.94 |
| Current tax assets | 9 | 611.00 | 1,006.36 | 799.03 |
| Other non-current assets | 10 | 61.06 | 56.43 | 108.76 |
| | | <u>26,714.06</u> | <u>25,635.25</u> | <u>33,479.91</u> |
| 2 Current assets | | | | |
| Inventories | 11 | 10,683.78 | 9,510.88 | 10,767.59 |
| Financial Assets | | | | |
| Investments | 12 | 427.91 | 1,427.80 | 3,427.67 |
| Trade receivables | 13 | 4,939.28 | 5,010.46 | 4,061.48 |
| Cash and cash equivalents | 14 | 241.81 | 137.45 | 277.50 |
| Bank balances other than cash and cash equivalents | 15 | 1,207.23 | 394.84 | 208.16 |
| Loans | 16 | 5,678.33 | 6,598.08 | 6,537.07 |
| Other financial assets | 17 | 77.37 | 16,117.40 | 86.88 |
| Other current assets | 18 | 3,325.51 | 1,281.72 | 3,289.11 |
| | | <u>26,581.22</u> | <u>40,478.63</u> | <u>28,655.46</u> |
| Asset classified as held for sale | 19 | 3,070.62 | 3,077.98 | 1,471.24 |
| Total Assets | | <u>56,365.90</u> | <u>69,191.86</u> | <u>63,606.61</u> |
| II. Equity and Liabilities | | | | |
| A Equity | | | | |
| Equity share capital | 20 | 2,244.15 | 2,244.15 | 2,244.15 |
| Other equity | 21 | 14,385.86 | 13,036.68 | 5,882.55 |
| | | <u>16,630.01</u> | <u>15,280.83</u> | <u>8,126.70</u> |
| B Liabilities | | | | |
| 1 Non-current liabilities | | | | |
| Financial Liabilities | | | | |
| Borrowings | 22 | 13,952.96 | 14,548.72 | 23,511.70 |
| Provisions | 23 | 144.76 | 101.75 | 94.11 |
| | | <u>14,097.72</u> | <u>14,650.47</u> | <u>23,605.81</u> |
| 2 Current liabilities | | | | |
| Financial Liabilities | | | | |
| Borrowings | 24 | 7,105.21 | 6,520.39 | 7,521.32 |
| Trade payables | 25 | | | |
| Outstanding dues to Micro, Small and Medium Enterprises | | 257.05 | 198.75 | 159.31 |
| Outstanding dues to Other than Micro, Small and Medium Enterprises | | 11,328.63 | 10,137.27 | 11,882.12 |
| Other financial liabilities | 26 | 4,021.31 | 19,517.67 | 4,796.11 |
| Other current liabilities | 27 | 2,868.45 | 2,823.10 | 7,452.15 |
| Provisions | 28 | 57.52 | 63.38 | 63.09 |
| | | <u>25,638.17</u> | <u>39,260.56</u> | <u>31,874.10</u> |
| Total Equity and Liabilities | | <u>56,365.90</u> | <u>69,191.86</u> | <u>63,606.61</u> |
| Significant accounting policies and other explanatory information | 1 | | | |

This is the balance sheet referred to in our report of even date.

For **Walker Chandiok & Co LLP**

Chartered Accountants

Firm Registration No: 001076N/N500013

Khushroo B. Panthaky

Partner

Membership No: 42423

Place : Mumbai

Date : 30 May 2018

For and on behalf of the Board of Directors

P. K. Khurana

Chairman & Managing Director

DIN: 00004050

Place : Mumbai

Date : 30 May 2018

Uma A. Acharya

Director

DIN: 07165976

STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31 MARCH 2018

| | Note No. | For the Year Ended 31st March, 2018 (₹ in Lakhs) | For the Year Ended 31st March, 2017 (₹ in Lakhs) |
|---|----------|--|--|
| I. Revenue From Operations | 29 | 32,622.94 | 26,886.58 |
| II. Other Income | 30 | 1,750.48 | 706.39 |
| III. Total Income (I + II) | | 34,373.42 | 27,592.97 |
| IV. EXPENSES: | | | |
| Cost of materials consumed | 31 | 16,469.13 | 14,606.67 |
| Changes in inventories of finished goods, Stock-in-Trade and work-in-progress | 32 | 100.12 | (1,432.07) |
| Purchases of Stock-in-Trade | | 2,201.30 | 590.33 |
| Excise duty on sale of goods | | 344.47 | 2,485.69 |
| Employee benefits expense | 33 | 1,877.56 | 1,527.97 |
| Finance cost | 34 | 2,668.23 | 3,637.62 |
| Depreciation and amortization expense | 2,3 | 1,268.55 | 1,475.08 |
| Other expenses | 35 | 6,760.37 | 5,464.47 |
| Total Expenses | | 31,689.73 | 28,355.76 |
| V. Profit / (loss) before foreign exchange variation, exceptional items and tax (III-IV) | | 2,683.69 | (762.79) |
| VI. Foreign Exchange Variation Gain/ (Loss) | | 60.08 | 385.65 |
| VII. Profit / (loss) before exceptional items and tax (V+VI) | | 2,743.77 | (377.14) |
| VIII. Exceptional Items (net) (Loss)/ Gain | 36 | (967.83) | 7,527.19 |
| IX. Profit / (loss) before tax (VII+VIII) | | 1,775.94 | 7,150.05 |
| X. Tax Expense: | 37 | | |
| (i) Current Tax | | 465.00 | - |
| (ii) Deferred Tax | | 5.90 | 2.43 |
| | | 470.90 | 2.43 |
| XI. Net Profit After Tax (IX-X) | | 1,305.04 | 7,147.62 |
| XII. Other Comprehensive Income | 20 | | |
| Items that will not be reclassified to profit or loss | | | |
| i) Measurements of defined employee benefit plans | | (16.89) | (7.03) |
| ii) Changes in fair value of FVOCI equity measurements | | 73.89 | 7.47 |
| iii) Income tax relating to these items | | (12.86) | 6.07 |
| | | 44.14 | 6.51 |
| XIII. Total Comprehensive Income for the period (XI+XII) | | 1,349.18 | 7,154.13 |
| XIV. Earnings per equity share: | 47 | | |
| Basic & Diluted (in ₹) | | 1.16 | 6.37 |
| Face Value per Share (in ₹) | | 2.00 | 2.00 |
| Significant accounting policies and other explanatory information | 1 | | |

This is the statement of profit and loss referred to in our report of even date.

For **Walker Chandiok & Co LLP**

Chartered Accountants

Firm Registration No: 001076N/N500013

Khushroo B. Panthaky

Partner

Membership No: 42423

Place : Mumbai

Date : 30 May 2018

For and on behalf of the Board of Directors

P. K. Khurana

Chairman & Managing Director

DIN: 00004050

Place : Mumbai

Date : 30 May 2018

Uma A. Acharya

Director

DIN: 07165976

STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 MARCH 2018

(₹ in Lakhs)

| Equity share capital | Note | Number of shares | Amount |
|----------------------------|------|------------------|----------|
| As at 01 April 2016 | 20 | 112,207,682 | 2,244.15 |
| Changes during the year | | - | - |
| As at 31 March 2017 | | 112,207,682 | 2,244.15 |
| Changes during the year | | - | - |
| As at 31 March 2018 | | 112,207,682 | 2,244.15 |

Other equity

(₹ in Lakhs)

| Particulars | Reserves and surplus | | | | Total |
|--|----------------------|-----------------|--------------------|---------------------------|------------------|
| | Securities premium | General reserve | Retained earnings | FVOCI- Equity investments | |
| Opening balance as at 01 April 2016 | 24,789.64 | 7,491.00 | (26,734.44) | 336.35 | 5,882.55 |
| Transactions during the year | | | | | |
| Net profit / (loss) for the year | - | - | 7,147.62 | - | 7,147.62 |
| Other comprehensive income for the year | - | - | (4.60) | 11.11 | 6.51 |
| Closing balance as at 31 March 2017 | 24,789.64 | 7,491.00 | (19,591.42) | 347.46 | 13,036.68 |
| Transactions during the year | | | | | |
| Net profit / (loss) for the year | - | - | 1,305.04 | - | 1,305.04 |
| Other comprehensive income for the year | - | - | (10.98) | 55.12 | 44.14 |
| Closing balance as at 31 March 2018 | 24,789.64 | 7,491.00 | (18,297.36) | 402.58 | 14,385.86 |

This is the statement of changes in equity referred to in our report of even date.

For **Walker Chandiok & Co LLP**
Chartered Accountants
Firm Registration No: 001076N/N500013

Khushroo B. Panthaky
Partner
Membership No: 42423
Place : Mumbai
Date : 30 May 2018

For and on behalf of the Board of Directors

P. K. Khurana
Chairman & Managing Director
DIN: 00004050
Place : Mumbai
Date : 30 May 2018

Uma A. Acharya
Director
DIN: 07165976

STANDALONE STATEMENT OF CASH FLOW FOR THE YEAR ENDED 31 MARCH 2018

| | Year Ended 31st March, 2018 (₹ in Lakhs) | Year Ended 31st March, 2017 (₹ in Lakhs) |
|---|--|--|
| A. Cash Flow From Operating Activities | | |
| Net Profit before tax as per Statement of Profit and Loss | 1,775.94 | 7,150.05 |
| Add/(Less): | | |
| Provision for sales return | (8.41) | 5.19 |
| Fair valuation of financial guarantee | (8.37) | (11.23) |
| Reclassification of net actuarial gain on defined benefit plans to other comprehensive income | (16.89) | (7.03) |
| Depreciation/ Amortisation Expense | 1,268.55 | 1,475.08 |
| Unrealised Foreign Exchange Variation (Gain)/ Loss | 1.15 | (308.55) |
| Loss on Assets Sold/ Discarded | - | 1,477.52 |
| Impairment of Assets held for sale | - | 690.63 |
| Profit on Sale of property, plant and equipments | - | (12,926.85) |
| Excess Provision Written Back | (281.98) | (323.39) |
| Liabilities no longer required Written Back | (145.84) | (100.31) |
| Finance Costs | 2,668.23 | 3,637.62 |
| Interest Income | (893.57) | (57.96) |
| Dividend on financial assets measured at FVTPL | (0.12) | (0.14) |
| Diminution/ (write-back) in value for slow and non-moving Inventory items | (32.17) | 487.84 |
| Sundry Balances Write Off | - | 20.45 |
| Bad Debts / Advances Write Off | 122.38 | 213.38 |
| Provision for Doubtful Debts (Net) | 77.83 | 33.19 |
| Provision for Doubtful Deposits, Loans and Advances | - | 43.87 |
| Provision for Diminution in Value of Investments | 1,000.00 | 2,000.00 |
| Operating profit before working capital changes | 3,750.79 | (3,650.69) |
| Adjustment for movements in: | 5,526.73 | 3,499.36 |
| Decrease / (Increase) in Inventories | (1,140.44) | 768.19 |
| Decrease / (Increase) in Trade and Other Receivables | (2,581.49) | 1,087.31 |
| (Decrease)/ Increase in Trade and Other Payables | (3,612.68) | (831.15) |
| Operating profit after working capital changes | (1,807.88) | 4,523.71 |
| Direct taxes paid (net of refund) | 69.71 | 207.33 |
| Net Cash (used in)/ From Operating Activities | (1,877.59) | 4,316.38 |
| B. Cash Flow From Investing Activities | | |
| Inflow: | | |
| Dividend Income on Investments | 0.12 | 0.14 |
| Interest Income Received | 1,128.17 | 50.74 |
| Advance Received against Sale of Land | 100.00 | 1,320.00 |
| Sale of property, plant and equipment's | 16,034.31 | 488.45 |
| Outflow: | 17,262.60 | 1,859.33 |
| Investment in Subsidiary | - | 10.00 |
| Loans given to Subsidiaries | - | - |
| Purchase of property, plant and equipment's (including capital advances) | 1,843.54 | 1,019.14 |
| Net Cash From Investing Activities | 1,843.54 | 1,029.14 |
| | 15,419.06 | 830.19 |

STANDALONE STATEMENT OF CASH FLOW FOR THE YEAR ENDED 31 MARCH 2018

| | Year Ended 31st March, 2018 (₹ in Lakhs) | Year Ended 31st March, 2017 (₹ in Lakhs) |
|--|--|--|
| C. Cash Flow From Financing Activities | | |
| Inflow: | | |
| Working Capital / Short Term Loan Availed during the Year (Net) | 590.04 | - |
| Outflow: | 590.04 | - |
| Fixed Loans Repaid during the Year | 11,319.57 | 666.47 |
| Working Capital / Short Term Loans Repaid during the Year (Net) | - | 927.31 |
| Finance Costs Paid | 2,705.21 | 3,691.75 |
| Dividend Paid | 2.37 | 1.09 |
| | 14,027.15 | 5,286.62 |
| Net Cash (used in)/ from Financing Activities | (13,437.11) | (5,286.62) |
| Net Increase/ (Decrease) in Cash and Cash Equivalents (A+B+C) | 104.36 | (140.05) |
| Add: Balance of Cash/Cash Equivalents at the Beginning of the Year | 137.45 | 277.50 |
| Closing balance of Cash and Cash Equivalents (Refer note 14) | 241.81 | 137.45 |
| Components of Cash and Cash Equivalents: | | |
| Cash on Hand | 22.95 | 25.69 |
| Balances with banks | 218.86 | 111.76 |

Notes:

- (i) Figures in brackets represent cash outflow.
- (ii) The above Standalone Cash Flow Statement has been prepared under indirect method as set out in Ind AS-7-Cash Flow Statement notified under the Section 133 of the Companies Act, 2013.

This is the cash flow statement referred to in our report of even date.

For **Walker Chandiok & Co LLP**
Chartered Accountants
Firm Registration No: 001076N/N500013

Khushroo B. Panthaky
Partner
Membership No: 42423
Place : Mumbai
Date : 30 May 2018

For and on behalf of the Board of Directors

P. K. Khurana
Chairman & Managing Director
DIN: 00004050
Place : Mumbai
Date : 30 May 2018

Uma A. Acharya
Director
DIN: 07165976

NOTES TO THE STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2018

NOTE 1:

Significant accounting policies and other explanatory information

Company information

Everest Kanto Cylinder Limited ('the Company') is a listed company domiciled and incorporated in India in 1978. The registered and corporate office of the Company is situated at 204, Raheja Centre, Free Press Journal Marg, 214, Nariman Point, Mumbai - 400002. The Company is engaged in the manufacture of high pressure seamless gas cylinders and other cylinders, equipments, appliances and tanks with their parts and accessories used for containing and storage of liquefied petroleum gases and other gases, liquids and air.

Basis of Preparation

The Company has prepared its separate financial statements to comply in all material respects with the provisions of the Companies Act, 2013 (the Act) and rules framed thereunder and the guidelines issued by Securities and Exchange Board of India. In accordance with the notification issued by the Ministry of Corporate Affairs, the Company has adopted Indian Accounting Standards (Ind AS) notified under the Companies (Indian Accounting Standards) Rules, 2015 under Section 133 of the Act, with effect from 1 April 2017. Till 31 March 2017, the Company used to prepare its financial statements as per Companies (Accounting Standards) Rules, 2014 (Previous GAAP) read with rule 7 and other relevant provisions of the Act. There are the first Ind AS Financial Statements of the Company. The transition from Previous GAAP to Ind AS has been accounted for in accordance with Ind AS 101 "First Time Adoption of Indian Accounting Standards", with 1 April 2016 being the transition date and balance for the comparative period have been restated accordingly. As per Ind AS 101, the Company has presented a reconciliation of its transition Previous GAAP to Ind AS of its total equity as at 1 April 2016 and 31 March 2017 and reconciliation of total comprehensive income for the year ended 31 March 2017. Please refer note 46 for detailed information on the transition.

The separate financial statements have been prepared on a historical cost convention and accrual basis, except for the following assets and liabilities:

- i) Certain financial assets and liabilities that are measured at fair value
 - ii) Defined benefit plans-plan assets measured at fair value
- All assets and liabilities have been classified as current or non-current as per the Company's normal operating cycle and other criteria set out in Schedule III of Companies Act, 2013.

1. SIGNIFICANT ACCOUNTING POLICIES

a. Investment in subsidiaries

Investments in subsidiaries are accounted at cost less impairment in accordance with Ind AS 27 - Separate financial statements.

b. Foreign Currency Transactions

The functional currency of the Company is Indian rupee.

Transactions in foreign currency are recorded at exchange rate prevailing on the date of transaction. Foreign currency denominated monetary assets and liabilities are translated at the exchange rate prevailing on the Balance sheet date and exchange gain or loss arising on their settlement and restatement are recognised in the Statement of Profit and Loss.

Non-monetary assets and liabilities that are measured in terms of historical cost in foreign currencies are not retranslated.

c. Revenue Recognition

Revenue is measured at the fair value of consideration received or receivable. Revenue is recognised when it can be measured reliably and it is probable that the economic benefits associated with it, will flow to the Company. Amount disclosed as revenue are reported net sales tax, goods and service tax, discount and applicable taxes which are collected on behalf of the government or on behalf of third parties.

Revenue from sale of goods is recognised when all the significant risks and rewards of ownership of the goods have been passed to the buyer and no significant uncertainty exist regarding the amount of consideration that will be derived from the sale of goods. Recognition in the case of local sales is generally recognised on the dispatch of goods. Revenue from export sales are generally accounted for on the basis of the dates of 'On Board Bill of Lading';

Export Benefits are recognised in the year of export when the right to receive the benefit is established.

d. Other Income

Interest income for all debt instruments is recognised using the effective interest rate method. The effective interest rate is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to the gross carrying amount of a financial asset. When calculating the effective interest rate, the Company estimates the expected cash flows by considering all the contractual terms of the financial instrument (for example, prepayment, extension, call and similar options) but does not consider the expected credit losses.

Dividend are recognised in statement of profit or loss only when the right to receive payment is established, it is probable that the economic benefits associated with the dividend will flow to the Company, and the amount of the dividend can be measured reliably.

e. Income tax

Income tax expense comprises Current tax expenses and net change in the deferred tax assets or liabilities during the year. Current and deferred taxes are recognised in the Statement of profit and loss, except when they relate to item

NOTES TO THE STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2018

that are recognised in Other comprehensive income or directly in Equity, in which case, the current and deferred tax are also recognised in Other comprehensive income or directly in Equity respectively.

The income tax expense or credit for the period is the tax payable on the current period's taxable income based on the applicable income tax rate adjusted by changes in deferred tax assets and liabilities attributable to temporary differences and to unused tax losses.

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the end of the reporting period.

Deferred income tax is recognised using Balance sheet approach. Deferred income tax assets and liabilities are recognised for deductible and taxable temporary differences arising between the tax base of an assets and liabilities and their carrying amount, except when the deferred income tax arises from the initial recognition of an asset or liability in a transaction that is not a business combination and affects neither accounting nor taxable profit or loss at the time of recognition.

Deferred tax asset are recognised to the extent that sufficient taxable profit will be available against which the deductible temporary differences and the carry forward of unused tax credits and unused tax losses can be utilised. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantively enacted by the end of the reporting period and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled. The carrying amount of deferred tax assets are reviewed at each reporting date and reduced to the extent that it is no longer probable sufficient taxable profit will be available to allow or part of deferred income tax assets to be utilised. At each reporting date, the Company re-assesses unrecognized deferred tax assets. It recognizes unrecognized deferred tax asset to the extent that it has become reasonably certain, as the case may be, that sufficient future taxable income will be available against which such deferred tax assets can be realized.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets and liabilities and when the deferred tax balances relate to the same taxation authority. Current tax assets and tax liabilities are offset where the entity has a legally enforceable right to offset and intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

Deferred tax assets include Minimum Alternate Tax (MAT) paid in accordance with the tax laws in India which is likely to give future economic benefit in the form of availability of setoff against future income tax liability. Accordingly, MAT is recognised as deferred tax assets in the Balance sheet when the assets can be measured reliably and it is probable that the future economic benefit associated with the asset will be realised.

f. Leases

As a lessee

Leases where the company is a lessee and has substantially all the risks and rewards of ownership of the leased assets are classified as finance leases. Finance leases are capitalised at the lease's inception at the fair value of the leased property or, if lower, the present value of the minimum lease payments. The corresponding rental obligations, net of finance charges, are included in borrowings or other financial liabilities as appropriate. Each lease payment is allocated between the liability and finance cost. The finance cost is charged to the statement of profit or loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period.

Leases in which a significant portion of the risks and rewards of ownership are not transferred to the Company as lessee are classified as operating leases. Payments made under operating leases (net of any incentives received from the lessor) are charged to statement of profit or loss on a straight-line basis over the period of the lease unless the payments are structured to increase in line with expected general inflation to compensate for the lessor's expected inflationary cost increases.

As a lessor

The Company has leased out certain property, plant and equipment and such leases where the Company has substantially retained all the risks and rewards of ownership are classified as operating leases. Lease income from operating leases where the Company is a lessor is recognised in other income on a straight line basis over the lease term unless the receipts are structured to increase in line with expected general inflation to compensate for the expected inflationary cost increases. The respective leased assets are included in the balance sheet based on their nature.

g. Impairment of non-financial assets

The carrying amount of the non-financial assets are reviewed at each Balance Sheet date if there is any indication of impairment based on internal/external factors. An impairment loss is recognised whenever the carrying amount of an asset or a cash generating unit exceeds its recoverable amount. The recoverable amount of the assets (or where applicable, that of the cash generating unit to which the asset belongs) is estimated as the higher of its net selling price and its value in use. Impairment loss is recognised in the statement of profit and loss.

After impairment, depreciation / amortisation is provided on the revised carrying amount of the asset over its remaining useful life.

A previously recognised impairment loss is increased or reversed depending on changes in circumstances. However, the carrying value after reversal is not increased beyond the carrying value that would have prevailed by

NOTES TO THE STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2018

charging usual depreciation / amortisation if there were no impairment.

h. Cash and cash equivalents

For the purpose of presentation in the statement of cash flows, cash and cash equivalents includes cash on hand, deposits held at call with financial institutions, other short-term, highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value, and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities in the balance sheet.

i. Trade receivable

Trade receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less provision for impairment.

j. Inventories

- a. Raw Materials and Components, Work-in-Progress, Finished Goods, Stock-in-Trade, Stores and Spares etc. are valued at Lower of Cost and Net Realisable value.
- b. Goods in transit are valued at cost to date.
- c. 'Cost' comprises all costs of purchase, costs of conversion and other costs incurred in bringing the inventory to their present location and condition. Cost formulae used are either 'First In First Out' or 'Weighted Average Cost' as applicable.
- d. Inter-unit transfers are valued either at works or factory costs of the transferor unit.

k. Investments and financial assets

Classification

The Company classifies its financial assets in the following measurement categories:

- those to be measured subsequently at fair value (either through other comprehensive income, or through statement of profit or loss), and
- those measured at amortised cost.

The classification depends on the Company's business model for managing the financial assets and the contractual terms of the cash flows.

For assets measured at fair value, gains and losses will either be recorded in so profit or loss or other comprehensive income. For investments in equity instruments, this will depend on whether the Company has made an irrevocable election at the time of initial recognition to account for the equity investment at fair value through other comprehensive income.

Measurement

At initial recognition, the Company measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs that

are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at fair value through profit or loss are expensed in statement of profit or loss.

Measurement of equity instruments

The Company subsequently measures all equity investments at fair value. Where the company's management has elected to present fair value gains and losses on equity investments in other comprehensive income, there is no subsequent reclassification of fair value gains and losses to statement of profit or loss.

Changes in the fair value of financial assets at fair value through profit or loss are recognised in other gain/ (losses) in the statement of profit and loss. Impairment losses (and reversal of impairment losses) on equity investments measured at FVOCI are not reported separately from other changes in fair value.

Impairment of financial assets

The Company assesses on a forward looking basis the expected credit losses associated with its assets carried at amortised cost and FVOCI debt instruments. The impairment methodology applied depends on whether there has been a significant increase in credit risk.

For trade receivables only, the Company applies the simplified approach permitted by Ind AS 109 Financial Instruments, which requires expected lifetime losses to be recognised on initial recognition of the receivables.

De-recognition of financial assets

A financial asset is derecognised only when

- The company has transferred the rights to receive cash flows from the financial asset or
- Retains the contractual rights to receive the cash flows of the financial asset, but assumes a contractual obligation to pay the cash flows to one or more recipients.

Where the company has transferred an asset, the company evaluates whether it has transferred substantially all risks and rewards of ownership of the financial asset. In such cases, the financial asset is derecognised. Where the entity has not transferred substantially all risks and rewards of ownership of the financial asset, the financial asset is not derecognised.

Where the company has neither transferred a financial asset nor retains substantially all risks and rewards of ownership of the financial asset, the financial asset is derecognised if the company has not retained control of the financial asset. Where the company retains control of the financial asset, the asset is continued to be recognised to the extent of continuing involvement in the financial asset.

l. Offsetting financial instruments

Financial assets and liabilities are offset and the net amount is reported in the balance sheet where there is a legally enforceable right to offset the recognised amounts

NOTES TO THE STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2018

and there is an intention to settle on a net basis or realise the asset and settle the liability simultaneously. The legally enforceable right must not be contingent on future events and must be enforceable in the normal course of business and in the event of default, insolvency or bankruptcy of the company or the counterparty.

m. Property plant and equipment (including Capital Work-in-Progress)

All items of property, plant and equipment are stated at historical cost less depreciation. Historical cost are stated at cost of acquisition inclusive of all attributable cost of bringing the assets to their working condition, less accumulated depreciation and accumulated impairment losses, if any.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is possible that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably. The carrying amount of any component accounted for as a separate asset is derecognised when replaced. All other repairs and maintenance are charged to statement of profit or loss during the reporting period in which they are incurred.

Depreciation / Amortisation:

- i. Cost of Leasehold Land is amortised over the primary period of the lease.
- ii. Depreciation on the assets has been provided on the straight line method as per the useful life prescribed in Schedule II to the Act, with residual value of 5%, except in respect of the following categories of the assets, in whose case the useful life of the asset has been assessed based on the technical advice, taking into account the nature of the asset, the estimated usage of the asset, the operating conditions of the asset, past history of replacement, anticipated technological changes, manufacturer's warranties and maintenance support, etc.

Plant and Machinery: 10 to 25 years

Gas Cylinders: 25 years

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

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

On transition to Ind AS, the Company has elected to continue with the carrying value of all of its property, plant and equipment recognised as at 1 April 2016 measured as per the previous GAAP and use that carrying value as the deemed cost of the property, plant and equipment.

n. Intangible Assets

Intangible assets are carried at cost less accumulated amortisation and accumulated impairment losses, if any. Cost includes expenditure that is directly attributable to the acquisition of the intangible assets.

Identifiable intangible assets are recognised when it is probable that future economic benefits attributed to the asset will flow to the Company and the cost of the asset can be reliably measured.

Computer softwares are capitalised at the amounts paid to acquire the respective license for use and are amortised over the period of useful lives. The assets' useful lives are reviewed at each financial year end.

Gains or losses arising from derecognition of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognised in the statement of profit and loss when the asset is derecognised.

On transition to Ind AS, the Company has elected to continue with the carrying value of all of its intangible assets as at 1 April 2016 measured as per the previous GAAP and use that carrying value as the deemed cost of intangible assets.

o. Borrowings and other financial liabilities

Borrowings and other financial liabilities are initially recognised at fair value (net of transaction costs incurred). Difference between the fair value and the transaction proceeds on initial recognition is recognised as an asset / liability based on the underlying reason for the difference.

Subsequently all financial liabilities are measured at amortised cost using the effective interest rate method.

Borrowings are removed from the balance sheet when the obligation specified in the contract is discharged, cancelled or expired. The difference between the carrying amount of a financial liability that has been extinguished or transferred to another party and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognised in statement of profit or loss. The gain / loss is recognised in other equity in case of transaction with shareholders.

Borrowings are classified as current liabilities unless the Company has an unconditional right to defer settlement of the liability for at least 12 months after the reporting period.

p. Borrowing Costs

General and specific borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use, are added to the cost of those assets, until such time the assets are substantially ready for their intended use. All other borrowing costs are recognised as an expense in statement of Profit or Loss in the period in which they are incurred.

q. Provisions, Contingent Liabilities and contingent assets

A provision is recognised when the Company has a present

NOTES TO THE STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2018

obligation as a result of past events and it is probable that an outflow of resources will be required to settle the obligation, in respect of which a reliable estimate can be made. Provisions are measured at the present value of management's best estimate of the expenditure required to settle the present obligation at the end of the reporting period. The discount rate used to determine the present value is a pre-tax rate that reflects the current market assessments of time value of money and the risks specific to the liability. The increase in the provision due to passage of time is recognised as interest expense. The provisions are reviewed at each Balance Sheet date and adjusted to reflect the current management estimates.

Contingent liabilities are disclosed in respect of possible obligations that arise from past events, whose existence would be confirmed by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Company.

Contingent assets are not recognised in the financial statements. However, it is disclosed only when an inflow of economic benefits is probable.

r. Employee Benefits

A) Short term employee benefits:

All employee benefits which are due within twelve months of rendering the services are classified as short term employee benefits. Benefits such as salaries, wages, short term compensated absences, etc. and the expected cost of bonus, ex-gratia are recognised in the period in which the employee renders the related service.

B) Post employment benefits

- i. **Defined Contribution Plans:** Company's contribution to the state governed provident fund scheme, Employees State Insurance corporation (ESIC) etc. are recognised during the year in which the related service is rendered.
- ii. **Gratuity:** The Company has computed its liability towards future payments of gratuity to employees, on actuarial valuation basis which is determined based on project unit credit method and the charge for current year is debited to the Statement of Profit and Loss. Actuarial gains and losses arising on the measurement of defined benefit obligation is charged/credited to other comprehensive income. 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.
- iii. **Compensated absences:** Accumulated compensated absences, which are expected to be availed or encashed within 12 months from the end of the year are treated as short term employee benefits. The obligation towards the same is measured at the expected cost of accumulating compensated absences as the additional amount expected to be

paid as a result of the unused entitlement as at the year end.

Accumulated compensated absences, which are expected to be availed or encashed beyond 12 months from the end of the year are treated as other long term employee benefits. The Company's liability is actuarially determined (using the Projected Unit Credit method) at the end of each year. Actuarial losses/gains are recognised in the Statement of Profit and Loss in the year in which they arise.

- C) **Termination Benefits:** These are recognised as an expense in the Statement of Profit and Loss of the year in which they are incurred.

s. Earnings per share

Basic earnings per share are calculated by dividing the net profit or loss (excluding other comprehensive income) for the year attributable to equity shareholders by the weighted average number of equity shares outstanding during the year. The weighted average number of equity shares outstanding during the year is adjusted for events such as bonus issue, bonus element in a right issue, shares split and reserve share splits (consolidation of shares) that have changed the number of equity shares outstanding, without a corresponding change in resources. For the purpose of calculating diluted earnings per share, the net profit or loss (excluding other comprehensive income) for the year attributable to equity share holders and the weighted average number of shares outstanding during the year are adjusted for the effects of all dilutive potential equity shares.

t. Asset classified as held for sale

Non-current assets are classified as held for sale if their carrying amount will be recovered principally through a sale transaction rather than through continuing use and a sale is considered highly probable. They are measured at the lower of their carrying amount and fair value less cost to sell.

An impairment loss is recognised for any initial recognition or subsequent written down of the assets to the fair value less cost to sell of an asset. A gain is recognised for any subsequent increase in the fair value less cost to sell of an asset but not in excess of cumulative impairment loss previously recognised.

Non-current assets are not depreciated or amortised while they are classified as held for sale.

Assets held for sale are presented separately from the other assets in the balance sheet.

u. Operating cycle

Based on the nature of products / activities of the Company and the normal time between acquisition of assets and their realisation in cash or cash equivalents, the company has determined its operating cycle as 12 months for the purpose of classification of its assets and liabilities as current and non-current.

NOTES TO THE STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2018

v. Contributed equity

Equity shares are classified as equity.

Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.

w. Critical estimates and judgements

The preparation of financial statements in conformity with Ind AS requires estimates and assumptions to be made by the Management of the Company 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.

The Management believes that these estimates are prudent and reasonable and are based upon the Management's best knowledge of current events and actions. Actual results could differ from these estimates and differences between actual results and estimates are recognised in the periods in which the results are known or materialised.

This note provides an overview of the areas that involved a higher degree of judgement or complexity, and of items which are more likely to be materially adjusted due to estimates and assumptions turning out to be different than those originally assessed.

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

i) Property, plant and equipment and Intangible Assets:

Management reviews the estimated useful lives and residual values of the assets annually in order to determine the amount of depreciation to be recorded during any reporting period. The useful lives and residual values as per schedule II of the Companies Act, 2013 or are based on the Company's historical experience with similar assets and taking into account anticipated technological changes, whichever is more appropriate.

ii) Income Tax:

The Company reviews at each balance sheet date the carrying amount of deferred tax assets. The factors used in estimates may differ from actual outcome which could lead to an adjustment to the amounts reported in the standalone financial statements.

iii) Contingencies:

Management has estimated the possible outflow of resources at the end of each annual reporting financial year, if any, in respect of contingencies/claim/litigations against the Company as it is not possible to predict the outcome of pending matters with accuracy.

iv) Impairment of financial assets:

The impairment provisions for financial assets are based on assumptions about risk of default and expected cash loss. The Company uses judgement in making these assumptions and selecting the inputs to the impairment calculation, based on Company's past history, existing market conditions as well as forward looking estimates at the end of each reporting period.

v) Impairment of non-financial assets:

The carrying amounts of assets are reviewed at each Balance Sheet date to assess whether there is any indication that an individual asset / group of assets (constituting a Cash Generating Unit) may be impaired. If there is any indication of impairment based on internal / external factors i.e. when the carrying amount of the assets exceed the recoverable amount, an impairment loss is charged to the Statement of Profit and Loss in the year in which an asset is identified as impaired. An impairment loss recognised in prior accounting periods is reversed or reduced if there has been a favourable change in the estimate of the recoverable amount. However, the carrying value after reversal is not increased beyond the carrying value that would have prevailed by charging usual depreciation if there was no impairment.

vi. Defined benefit obligation:

The cost of post-employment benefits is determined using actuarial valuations. The actuarial valuation involves making assumptions about discount rates, expected rate of return on assets, future salary increases and mortality rates. Due to the long term nature of these plans such estimates are subject to significant uncertainty. The assumptions used are disclosed in Note 44.

x. Standard issued but not yet effective

Ind AS 115

On 28 March 2018, the Ministry of Corporate Affairs (MCA), in consultation with the National Advisory Committee on Accounting Standards, has issued Companies (Indian Accounting Standards) Amendment Rules, 2018 to amend the Companies (Indian Accounting Standards) Rules, 2015. This results in introduction of Ind AS 115, Revenue from Contracts with customers, that comprehensively revamps the revenue recognition guidance. Consequently, Ind AS 18 and Ind AS 11 have been withdrawn, and other standards are suitably modified. The amendment is applicable to the Company from 01 April 2018. The Company is currently assessing the potential impact of this amendment.

Appendix B of Ind AS 21

This appendix is for determining the date of transaction where the entity has received / paid any foreign currency advances. This appendix states that the date of transaction shall be the date on which such advance is received or paid. Therefore these non-monetary advances will not be restated at the time of their adjustment against the particular transaction. The Company is currently assessing the potential impact of this amendment.

NOTES TO THE STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2018

2. Property, Plant and Equipment

(₹ in Lakhs)

| Particulars | Free hold Land | Lease hold Land # | Buildings ## | Plant & Machinery | Furniture & Fixtures | Vehicles* | Office equipment | Computers | Gas Cylinders | Electrical Installation | Total | Note 3: Capital work in progress (Refer note 19) |
|---|----------------|-------------------|--------------|-------------------|----------------------|-----------|------------------|-----------|---------------|-------------------------|-----------|--|
| Gross Block | | | | | | | | | | | | |
| Deemed cost as at 1 April 2016 | 315.74 | 266.97 | 9,387.97 | 32,271.37 | 285.88 | 193.88 | 194.21 | 781.21 | 569.43 | 1,627.51 | 45,894.17 | |
| Additions | 48.63 | - | 39.81 | 362.51 | 5.51 | 51.70 | 8.20 | 16.13 | - | 46.04 | 578.53 | |
| Disposals | 93.48 | - | 3,503.44 | 3,877.85 | 47.16 | 8.75 | 1.56 | 5.68 | 5.63 | 1,084.39 | 8,627.94 | |
| Asset classified as held for sale (Refer note 19) | 38.29 | - | - | 163.14 | - | - | - | - | - | - | 201.43 | |
| Balance as at 31 March 2017 | 232.60 | 266.97 | 5,924.34 | 28,592.89 | 244.23 | 236.83 | 200.85 | 791.66 | 563.80 | 589.16 | 37,643.33 | |
| Balance at 1 April 2017 | 232.60 | 266.97 | 5,924.34 | 28,592.89 | 244.23 | 236.83 | 200.85 | 791.66 | 563.80 | 589.16 | 37,643.33 | |
| Additions | - | - | 2,283.64 | 235.15 | 56.08 | 48.19 | 16.25 | 4.98 | - | - | 2,644.29 | |
| Disposals | - | - | - | - | - | 4.75 | - | - | - | - | 4.75 | |
| Asset classified as held for sale (Refer note 19) | - | - | 29.22 | - | - | - | - | - | - | - | 29.22 | |
| Balance at 31 March 2018 | 232.60 | 266.97 | 8,178.76 | 28,828.04 | 300.31 | 280.27 | 217.10 | 796.64 | 563.80 | 589.16 | 40,253.65 | |
| Depreciation | | | | | | | | | | | | |
| Balance as at 1 April 2016 | - | 163.90 | 2,689.33 | 15,555.64 | 222.34 | 60.00 | 163.85 | 568.86 | 296.56 | 835.59 | 20,556.07 | |
| Depreciation charge for the year | - | 1.29 | 185.20 | 996.21 | 17.52 | 27.09 | 11.68 | 97.88 | 12.08 | 106.31 | 1,455.26 | |
| On disposals/ transfer of assets | - | - | 892.07 | 2,034.36 | 44.08 | 4.43 | 1.43 | 5.40 | 5.34 | 613.54 | 3,600.65 | |
| Asset classified as held for sale | - | - | - | 82.71 | - | - | - | - | - | - | 82.71 | |
| Balance as at 31 March 2017 | - | 165.19 | 1,982.46 | 14,434.78 | 195.78 | 82.66 | 174.10 | 661.34 | 303.30 | 328.36 | 18,327.97 | |
| Balance as at 1 April 2017 | - | 165.19 | 1,982.46 | 14,434.78 | 195.78 | 82.66 | 174.10 | 661.34 | 303.30 | 328.36 | 18,327.97 | |
| Depreciation charge for the year | - | 1.29 | 144.71 | 918.31 | 17.08 | 29.54 | 7.63 | 83.96 | 12.06 | 53.83 | 1,268.41 | |
| On disposals/ transfer of assets | - | - | - | - | - | 4.52 | - | - | - | - | 4.52 | |
| Asset classified as held for sale | - | - | 16.61 | - | - | - | - | - | - | - | 16.61 | |
| Balance as at 31 March 2018 | - | 166.48 | 2,110.56 | 15,353.09 | 212.86 | 107.68 | 181.73 | 745.30 | 315.36 | 382.19 | 19,575.25 | |
| Net Block | | | | | | | | | | | | |
| As at 1 April 2016 | 315.74 | 103.07 | 6,698.64 | 16,715.73 | 63.54 | 133.88 | 30.36 | 212.35 | 272.87 | 791.92 | 25,338.10 | 2,374.51 |
| As at 31 March 2017 | 232.60 | 101.78 | 3,941.88 | 14,158.11 | 48.45 | 154.17 | 26.75 | 130.32 | 260.50 | 260.80 | 19,315.36 | 712.05 |
| As at 31 March 2018 | 232.60 | 100.49 | 6,068.20 | 13,474.95 | 87.45 | 172.59 | 35.37 | 51.34 | 248.44 | 206.97 | 20,678.40 | 31.52 |

Notes :

- # Execution of lease deed for land acquired at Tarapur Plant is pending, ₹ 111.42 lakhs (31 March 2017: ₹ 111.42 lakhs) (1 April 2016: ₹ 111.42 lakhs)].
- ## Includes ₹ 750 (31 March 2017: ₹ 750) (1 April 2016: ₹ 750) paid for shares acquired in co-operative societies.
- * Includes vehicles in the personal name of directors having gross block of ₹ 118.50 lakhs and written down value of ₹ 76.24 lakhs[(31 March 2017 ₹ 118.50 lakhs and written down value of ₹ 87.65 lakhs) (1 April 2016 - Gross block ₹ 118.50 lakhs and written down value ₹ 104.39 lakhs).
- ** Gas Cylinders includes Gas Cylinders given on lease having gross block of to ₹ Nil and written down value of ₹ Nil (31 March 2017 ₹ 14.18 lakhs and written down value of ₹ 12.63 lakhs).

4. Intangible Assets

(₹ in Lakhs)

| Particulars | Computer Software | Total |
|---------------------------------------|-------------------|--------|
| Gross Block | | |
| Deemed cost as at 1 April 2016 | 244.75 | 244.75 |
| Additions | 0.78 | 0.78 |
| Disposals | - | - |
| Balance as at 31 March 2017 | 245.53 | 245.53 |
| Balance at 1 April 2017 | 245.53 | 245.53 |
| Additions | 0.48 | 0.48 |
| Disposals | - | - |
| Balance at 31 March 2018 | 246.01 | 246.01 |
| Amortization | | |
| Balance as at 1 April 2016 | 212.81 | 212.81 |

| Particulars | Computer Software | Total |
|------------------------------------|-------------------|--------|
| Amortization charge for the year | 19.82 | 19.82 |
| On disposals | - | - |
| Balance as at 31 March 2017 | 232.63 | 232.63 |
| Balance as at 1 April 2017 | 232.63 | 232.63 |
| Amortization charge for the year | 0.14 | 0.14 |
| On disposals | - | - |
| Balance as at 31 March 2018 | 232.77 | 232.77 |
| Net Block | | |
| As at 1 April 2016 | 31.94 | 31.94 |
| As at 31 March 2017 | 12.90 | 12.90 |
| As at 31 March 2018 | 13.24 | 13.24 |

NOTES TO THE STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2018

5. Investments

(₹ in Lakhs)

| Particulars | Face value of shares | Fully paid / partly paid | 31-Mar-18 | | 31-Mar-17 | | 01-Apr-16 | |
|--|----------------------|-----------------------------|-----------------|-------------------|-----------------|-------------------|-----------------|-------------------|
| | | | Quantity (Nos.) | Amount (in Lakhs) | Quantity (Nos.) | Amount (in Lakhs) | Quantity (Nos.) | Amount (in Lakhs) |
| Investment in Equity shares (Unquoted) | | | | | | | | |
| (i) Investment in Foreign subsidiaries | | | | | | | | |
| EKC International FZE | AED 1 | Fully paid | 16,203,619 | 1,993.27 | 16,203,619 | 1,993.27 | 16,203,619 | 1,993.27 |
| EKC International FZE (including deemed investment) | AED 1,000,000 | Fully paid | 1 | 156.32 | 1 | 147.95 | 1 | 136.72 |
| EKC Industries (Thailand) Co. Ltd | THB 1000 | Fully paid | 100,000 | 1,503.77 | 100,000 | 1,503.77 | 100,000 | 1,503.77 |
| (ii) Investment in Indian subsidiaries | | | | | | | | |
| EKC Positron Gas Ltd. | INR 10 | Fully paid | 36,325 | 3.63 | 36,325 | 3.63 | 36,325 | 3.63 |
| Next Gen Cylinder Private Limited | INR 10 | Fully paid | 100,000 | 10.00 | 100,000 | 10.00 | - | - |
| Calcutta Compressions & Liquefaction Engineering Ltd. (Refer note below) | INR 10 | Fully paid | 1,606,950 | 238.88 | 1,606,950 | 238.88 | 1,606,950 | 238.88 |
| Calcutta Compressions & Liquefaction Engineering Ltd. (Refer note below) | INR 10 | Partly paid (Rs. 6/- share) | 3,214,000 | 192.84 | 3,214,000 | 192.84 | 3,214,000 | 192.84 |
| Less: Provision for diminution in value of investments | | | | (431.72) | | (431.72) | | (431.72) |
| (iii) Equity investment measured at Fair value through other comprehensive income | | | | | | | | |
| Everest Kanto Investment & Finance Pvt. Ltd. | INR 10 | Fully paid | 115,000 | 360.12 | 115,000 | 282.03 | 115,000 | 274.56 |
| GPT Steel Industries Pvt. Ltd. | INR 10 | Fully paid | 2,000,000 | 36.20 | 2,000,000 | 40.20 | 2,000,000 | 40.20 |
| Tarapur Environment Protection Society | INR 100 | Fully paid | 5,852 | 9.51 | 5,852 | 9.71 | 5,852 | 9.71 |
| Total investment in equity shares | | | | 4,072.82 | | 3,990.56 | | 3,961.86 |
| Total non-current investments | | | | 4,072.82 | | 3,990.56 | | 3,961.86 |
| Aggregate amount of unquoted investments | | | | 4,072.82 | | 3,990.56 | | 3,961.86 |
| Aggregate amount of provision for diminution in value of investments | | | | 431.72 | | 431.72 | | 431.72 |

Note :

As at 31st March, 2018, the Company is holding a majority stake of ₹ 431.72 lakhs (₹ 431.72 lakhs as at 1st April, 2016 and as at 31 March 2017) in its subsidiary, Calcutta Compression & Liquefaction Engineering Limited (CC&L). Further, the Company has trade receivables, loans and other receivables, aggregating ₹ 1,201.40 lakhs [(₹ 1,406.40 lakhs as at 31 March 2017)] due from it. The Net Worth of CC&L has fully eroded. Provision of ₹ Nil (31 March 2017 ₹ 43.87 Lakhs and 1st April 2016: ₹ 826.47 lakhs) towards trade receivables, loans and other receivables have been made on management's assessment and independent valuation of the recoverable value of the investment, loans and receivables. This provision has been disclosed as an Exceptional item in the Statement of Profit and Loss.

NOTES TO THE STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2018

| | As at 31 March 2018 (₹ in Lakhs) | As at 31 March 2017 (₹ in Lakhs) | As at 01 April 2016 (₹ in Lakhs) |
|---|--|--|--|
| 6. Loans | | | |
| Secured, considered good | | | |
| Inter corporate deposits (Refer note 16) | 747.78 | - | - |
| Unsecured, considered Good | | | |
| Security deposits | 204.35 | 416.01 | 623.77 |
| Unsecured, considered doubtful | | | |
| Security deposits | 254.00 | 254.00 | 254.00 |
| Less: Provision for doubtful deposits | (254.00) | (254.00) | (254.00) |
| Total | 952.13 | 416.01 | 623.77 |
| 7. Other Non-Current Financial Asset | | | |
| Deposits Maturing Over 12 months* | 252.07 | 65.00 | 185.00 |
| Total | 252.07 | 65.00 | 185.00 |
| *Margin against Bank Guarantees and Letter of Credit facilities availed from bank. | | | |
| 8. Deferred tax assets (net) | | | |
| Deferred tax liability on account of : | | | |
| Difference between tax depreciation and depreciation/ amortisation charged for the financial reporting | 4,154.13 | 3,639.26 | 3,698.08 |
| Financial liabilities at amortised cost | 35.37 | 50.96 | 63.27 |
| | 4,189.50 | 3,690.22 | 3,761.35 |
| Deferred tax assets on account of : | | | |
| Financial assets measured at fair value through other comprehensive income (FVOCI) | 41.81 | 60.58 | 56.94 |
| Provision for doubtful debts / deposits/ advances | 378.20 | 450.56 | 619.64 |
| Employee benefits | 54.34 | 38.04 | 37.10 |
| Provision for sales returns | 16.35 | 19.10 | 8.45 |
| Unabsorbed business depreciation and business loss as per tax laws* | 3,740.62 | 3,182.52 | 3,096.16 |
| | 4,231.32 | 3,750.80 | 3,818.29 |
| Total | 41.82 | 60.58 | 56.94 |
| * Limited to the amount of deferred tax liabilities less other deferred tax assets, on the ground of prudence. (Refer note 37 for detailed working) | | | |
| 9. Current tax assets | | | |
| Advance Income Tax (net of provisions ₹ 3,897.33, 31 March 17 : ₹ 3,432.33 lakhs, 01 April 16 : ₹ 3,432.33 lakhs) | 611.00 | 1,006.36 | 799.03 |
| Total | 611.00 | 1,006.36 | 799.03 |
| 10. Other non-current assets | | | |
| Capital Advances | 46.05 | 41.43 | 93.76 |
| Security deposits | 15.01 | 15.00 | 15.00 |
| Total | 61.06 | 56.43 | 108.76 |

NOTES TO THE STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2018

| | As at 31 March 2018 (₹ in Lakhs) | As at 31 March 2017 (₹ in Lakhs) | As at 01 April 2016 (₹ in Lakhs) |
|---|--|--|--|
| 11. Inventories | | | |
| Raw materials and components | 4,139.44 | 2,860.88 | 4,847.95 |
| Less: Provision for diminution in value | (665.30) | (759.39) | (615.00) |
| Work-in-progress | 6,690.75 | 6,988.16 | 3,958.23 |
| Less: Provision for diminution in value | (330.53) | (344.13) | - |
| Finished goods | 808.53 | 696.08 | 2,541.67 |
| Stock in Trade | 24.54 | 30.22 | - |
| Stores & Spares | 16.35 | 39.06 | 34.74 |
| Total | 10,683.78 | 9,510.88 | 10,767.59 |
| 12. Investments | | | |
| Investment in Equity Instruments of a Subsidiary (Unquoted) (Fully paid-up) | | | |
| EKC Industries (Tianjin) Co. Ltd. (Refer notes below) (166.70 Lakhs shares, face value ₹ 10 each) | 425.07 | 1,425.07 | 3,425.07 |
| Investment in Mutual Funds - quoted (measured at Fair value through profit and loss) | | | |
| LIC Liquid Fund-Dividend Plan 156.15 units [(31 March 2017: 149.51 units) (1 April 2016: 142.72 units)] | 1.71 | 1.64 | 1.56 |
| UTI Liquid Fund-Cash Plan Institutional - Daily Income 101.56 units [(31 March 2017: 106.44 units) (1 April 2016: 101.56 units)] | 1.13 | 1.09 | 1.04 |
| Total | 427.91 | 1,427.80 | 3,427.67 |
| Aggregate amount of quoted investments and market value thereof | 2.84 | 2.73 | 2.60 |
| Aggregate amount of unquoted investments | 425.07 | 1,425.07 | 3,425.07 |
| Aggregate amount for impairment in value of investments | - | - | - |

Note :

- i) Since 31st March, 2013, the investment in equity shares, amounting to ₹ 6,925.07 lakhs of EKC Industries (Tianjin) Company Ltd., the subsidiary in China, has been considered as current investment pursuant to the decision of the Board of Directors of the Company to dispose off the investment in the subsidiary by sale of the equity shares or in any other manner most beneficial to the Company. Accordingly, the amounts recoverable as loans and advances and interest thereon aggregating to ₹ 4,181.70 lakhs as on 31st March, 2018 [(₹ 4,167.20 lakhs as at 31st March, 2017) (₹ 4,296.76 as at 1 April 2016)] have been classified as current assets. The Company, based on the assessment of the fair value of the assets of EKC Industries (Tianjin) Company Ltd., is of the considered view, that no provision for the diminution in the value of the Investment is required. However, on conservative basis, during the current year, an amount of ₹ 1,000 lakhs [(31 March, 2017: ₹ 2,000 lakhs)] has been provided towards such diminution and has been disclosed as an Exceptional Item in the Statement of Profit and Loss. The total provision towards such diminution as at 31 March, 2018 stands at ₹ 6,500 lakhs [(₹ 5,500 lakhs as at 31st March, 2017) (₹ 3,500 lakhs as at 1 April 2016)].
- ii) The Company and EKC International FZE (UAE subsidiary) had, in earlier years, provided loan to EKC Industries (Tianjin) Co., Ltd. (China subsidiary). During the current period, the Company has obtained in-principle approval from Commerce Bureau, Tianjin for conversion of loans of the Company and its UAE subsidiary into equity shares of the China subsidiary. Upon receipt of final approval, the shareholding of the Company and UAE subsidiary in China subsidiary would be in proportion of 63.96% and 36.04% respectively.

On 15 April 2018, the Company along with UAE subsidiary has entered into an agreement to sell the China subsidiary to You Yuan office Union (Tianjin) Company limited for an aggregate consideration of RMB 93.50 million (approx. ₹ 9700 lakhs) subject to shareholders and various regulatory approvals in India and China. The Company has already initiated the process of obtaining the requisite shareholders approvals by circulating postal ballot notice in this regard.

NOTES TO THE STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2018

| | As at 31 March 2018 (₹ in Lakhs) | As at 31 March 2017 (₹ in Lakhs) | As at 01 April 2016 (₹ in Lakhs) |
|--|--|--|--|
| 13. Trade receivables | | | |
| Trade receivables | 4,766.74 | 4,889.89 | 4,190.97 |
| Receivables from related parties | 862.51 | 925.86 | 1,208.37 |
| Less : Provision for doubtful debts | (689.97) | (805.29) | (1,337.86) |
| Total | 4,939.28 | 5,010.46 | 4,061.48 |
| Break up of security details | | | |
| Unsecured, considered good | 4,939.28 | 5,010.46 | 4,061.48 |
| Unsecured, considered doubtful | 689.97 | 805.29 | 1,337.86 |
| Less : Provision for doubtful debts | (689.97) | (805.29) | (1,337.86) |
| Total | 4,939.28 | 5,010.46 | 4,061.48 |
| For expected credit loss and movement in provision for doubtful debts refer note 40. | | | |
| 14. Cash and cash equivalents | | | |
| Balances with Banks | | | |
| - In Current Accounts | 216.41 | 110.66 | 235.28 |
| - EEFC Accounts | 2.45 | 1.10 | 0.42 |
| Cash on Hand | 22.95 | 25.69 | 41.80 |
| Total | 241.81 | 137.45 | 277.50 |
| There are no repatriation restrictions, in respect of Cash and Bank Balances. | | | |
| 15. Bank balances other than cash and cash equivalents | | | |
| Margin money against Guarantees | 777.37 | 383.60 | 194.05 |
| Bank Deposits with more than 3 months, but less than 1 year maturity | 2.23 | 2.33 | 4.11 |
| Margin money against letter of credit | 421.09 | - | - |
| Earmarked Balances - Unpaid Dividend Accounts | 6.54 | 8.91 | 10.00 |
| Total | 1,207.23 | 394.84 | 208.16 |
| 16 Loans | | | |
| Unsecured considered good, unless otherwise stated | | | |
| Loans to related parties | | | |
| Considered good (Refer note 12(ii)) | 4,645.23 | 4,616.38 | 4,771.59 |
| Considered doubtful | 138.31 | 138.31 | 94.44 |
| Less: Provision for doubtful loans | (138.31) | (138.31) | (94.44) |
| Inter corporate deposit (Refer note below) | 783.03 | 1,724.39 | 1,724.39 |
| Security deposit | 222.81 | 222.81 | 5.30 |
| Others | 27.26 | 34.50 | 35.79 |
| Total | 5,678.33 | 6,598.08 | 6,537.07 |

Note :

The Company had advanced an inter-corporate deposit to Hubtown Limited during the year ended 31 March 2012. However, in the absence of certainty, the Company had discontinued the recognition of revenue with effect from 1 April 2015. Currently, the Company has entered into a revised agreement with Hubtown Limited and have made recoveries in accordance with the revised agreement. Accordingly, considering the recent positive developments, the Company has recognized interest income of ₹ 815 lakhs (including unrecognised income of ₹ 532 lakhs till 31 March 2017). Further, the provision towards doubtful recovery of inter-corporate deposit of ₹ 100 Lakhs has also been reversed during the year ended 31 March 2018. These amounts are forming part of 'Other Income' for the year ended 31 March 2018.

NOTES TO THE STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2018

| | As at 31 March 2018 (₹ in Lakhs) | As at 31 March 2017 (₹ in Lakhs) | As at 01 April 2016 (₹ in Lakhs) |
|--|--|--|--|
| 17. Other financial assets | | | |
| Unsecured, considered good | | | |
| Security deposit* | 21.42 | 20.73 | 25.72 |
| Interest Receivable: | | | |
| from Banks | 36.10 | 51.87 | 34.52 |
| from Others | 19.85 | 23.33 | 26.64 |
| Receivable against sale of Fixed Asset (Refer note 19 (i)) | - | 16,021.47 | - |
| Other receivables:** | | | |
| Unsecured, considered doubtful | - | 104.59 | 104.59 |
| Less: Provision for doubtful receivables | - | (104.59) | (104.59) |
| Total | 77.37 | 16,117.40 | 86.88 |
| *Includes ₹10 lakhs (31 March 17: ₹ 10 lakhs, 01 April 16 : ₹ 10 lakhs), a security deposit to a private company in which directors are directors/members. | | | |
| **Includes Nil due from subsidiary Company (31 March 17: ₹ 104.59 lakhs, 01 April 16 : ₹ 104.59 lakhs). | | | |
| 18. Other current assets | | | |
| Balance with statutory authorities | 60.68 | 114.71 | 158.67 |
| Balance with central excise | 523.14 | 225.72 | 393.98 |
| Advances paid to suppliers [Includes due from subsidiaries ₹ 1089.70 lakhs (31 March 2017 : ₹ 635.03 lakhs) (1 April 2016 : ₹ 2472.76 lakhs)] | 2,667.41 | 880.94 | 2,633.06 |
| Prepaid expenses | 74.28 | 59.85 | 103.40 |
| | 3,325.51 | 1,281.72 | 3,289.11 |
| 19. Asset classified as held for sale | | | |
| Freehold land (Refer note i below) | 273.85 | 273.85 | 235.56 |
| Plant & Machinery (Refer note ii below) | - | 19.97 | - |
| CWIP (Refer note iii below) | 1,548.48 | 1,548.48 | - |
| Buildings (Refer note iv below) | 1,248.29 | 1,235.68 | 1,235.68 |
| Total | 3,070.62 | 3,077.98 | 1,471.24 |

Notes :

- i) During the year ended 31 March 2017, the Company has entered into an agreement towards sale of building, electrical installations along with land appurtenant thereto (the "Specified Assets"), situated at Gandhidham, for an aggregate consideration of USD 29 Million. Pursuant to this transaction and subsequent realizations post year end, the Company has recognised sale of the Specified Assets (except agricultural land) and have considered the gain of ₹ 12,923.38 lakhs from the transaction as an 'Exceptional Item' in the the Statement of Profit and Loss for the year ended 31 March 2017. However, pending receipt of relevant government approvals towards conversion of agricultural land to industrial land, the agricultural land has been continued as 'Assets held for sale'. The sales consideration and carrying value of the agricultural land is USD 4 Million and ₹ 273.85 lakhs [(31 March 2017: ₹ 273.85 lakhs) (1 April 2016: ₹ 235.56 lakhs), respectively]. An amount of USD 2 Million received in the previous year as an advance against the said agricultural land has been included under 'Other Current Liabilities'.
- To give effect to the above agreement and ensure smooth continuance of the business, the Company has shifted its manufacturing facilities from Gandhidham to Kandla Plant and have incurred shifting expenses to the extent of ₹ Nil (₹ 696.33 lakhs in the previous year ended 31 March 2017). These shifting expenses have also been disclosed as an Exceptional Item in the Statement of Profit and Loss.

NOTES TO THE STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2018

- ii) During the year ended 31 March 2017, the Company has sold/discarded certain items of plant of machinery rendered unusable for an aggregate loss of ₹ 1,539.44 lakhs (including impairment loss of ₹ 61.92 lakhs on Assets held for sale with residual carrying value ₹ 19.97 lakhs). The loss has been disclosed as an Exceptional Item in the Statement of Profit and Loss during the year ended 31 March 2017. These impaired assets were disposed off during the year ended 31 March 2018.
- iii) During the year ended 31 March 2017, the Company has decided to sell certain items of plant and machinery forming part of 'Capital work in progress'. Accordingly, these assets have been considered as 'Assets held for Sale'. The carrying value of these assets has been written down to their net realizable value at ₹ 1,548.48 lakhs as on 31 March 2017 and an impairment loss of ₹ 628.71 lakhs has been disclosed as an Exceptional Item in the Statement of Profit and Loss. 'Assets held for Sale' as on 31 March 2018 also includes assets amounting to ₹ 1,548.48 lakhs as stated above.
- iv) As at 31st March, 2018, 'Assets classified as held for sale' include office premises at Mumbai having book value ₹ 1,248.29 lakhs (₹ 1,235.68 lakhs as at 31 March 2017) (₹ 1,235.68 lakhs as at 1st April, 2016)] being property, plant and equipment's considered as 'Assets held for Sale', pursuant to the decision of the Company to dispose off the same in the near future.
- v) Assets classified as held for sale during the reporting period was measured at the lower of its carrying amount and fair value less costs to sell at the time of the reclassification. This has resulted in write down of the value of the assets by ₹ Nil (₹ 690.63 lakhs as at 31 March 2017) (Nil as at 1st April, 2016).

The fair value of the land has been determined based on contractual rate agreed with the buyer. The fair value of the building was determined based on government notified rates plus market value margin which represents the fair value of the building in that area. The key inputs under this approach are price per square meter of comparable lots of building in the area of similar location and size. Plant and Machinery (CWIP) has been valued based on independent quotes received from various vendors. The fair valuation has been categorized under level 2 of the fair value hierarchy (Refer note 39).

| | As at 31 March 2018 (₹ in Lakhs) | As at 31 March 2017 (₹ in Lakhs) | As at 01 April 2016 (₹ in Lakhs) |
|---|--|--|--|
| 20. Equity share capital | | | |
| Authorised: | | | |
| 125,000,000 Equity Shares (31 March 2017 : 125,000,000) | | | |
| (1 April 2016 : 125,000,000) of ₹ 2 each | 2,500.00 | 2,500.00 | 2,500.00 |
| Total | 2,500.00 | 2,500.00 | 2,500.00 |
| Issued, Subscribed and Paid-Up: | | | |
| 112,207,682 Equity Shares (31 March 2017 : 112,207,682) | | | |
| (1 April 2016 : 112,207,682) of ₹ 2 each fully paid up | 2,244.15 | 2,244.15 | 2,244.15 |
| Total | 2,244.15 | 2,244.15 | 2,244.15 |

(i) Reconciliation of number of Equity Shares outstanding at the beginning and at the end of the year:

| Particulars | 2017-18 | | 2016-17 | |
|---|-------------|------------|-------------|------------|
| | (In Nos.) | (In Lakhs) | (In Nos.) | (In Lakhs) |
| Shares outstanding at the beginning of the year | 112,207,682 | 2,244.15 | 112,207,682 | 2,244.15 |
| Shares issued during the year | - | - | - | - |
| Shares outstanding at the end of the year | 112,207,682 | 2,244.15 | 112,207,682 | 2,244.15 |

(ii) Rights, preferences and restrictions

The Company has only one class of Equity Shares having a par value of ₹ 2 per Share. Each Shareholder is eligible for one vote per share held. In the event of liquidation, the equity shareholders are eligible to receive the remaining assets of the Company after distribution of all preferential amounts, in proportion to the share holding.

NOTES TO THE STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2018

(iii) Details of shareholders holding more than 5% shares in the company:

| Name of Shareholder | As at 31 March 2018 | | As at 31 March 2017 | | As at 01 April 2016 | |
|--|-----------------------|--------------|-----------------------|--------------|-----------------------|--------------|
| | Number of shares held | % of Holding | Number of shares held | % of Holding | Number of shares held | % of Holding |
| Khurana Gases Private Limited (Promoter) | 17,577,203 | 15.66 | 17,577,203 | 15.66 | 17,577,203 | 15.66 |
| Suman Khurana (Promoter) | 15,230,691 | 13.57 | 15,230,691 | 13.57 | 15,230,691 | 13.57 |
| P. K. Khurana (Promoter) | 17,018,000 | 15.17 | 12,218,000 | 10.89 | 12,218,000 | 10.89 |
| Pushkar Prem Kumar Khurana (Promoter) | 7,503,973 | 6.69 | 7,503,973 | 6.69 | 7,503,973 | 6.69 |
| Puneet Prem Kumar Khurana (Promoter) | 7,782,933 | 6.94 | 7,662,933 | 6.83 | 7,503,973 | 6.69 |

21. Other equity

| Particulars | Reserves and surplus | | | | Total |
|---|----------------------|-----------------|-------------------|---------------------------|-----------|
| | Securities premium | General reserve | Retained earnings | FVOCI- Equity investments | |
| Opening balance as at 01 April 2016 | 24,789.64 | 7,491.00 | (26,734.44) | 336.35 | 5,882.55 |
| Transactions during the year | | | | | |
| Net profit / (loss) for the year | - | - | 7,147.62 | - | 7,147.62 |
| Other comprehensive income for the year | - | - | (4.60) | 11.11 | 6.51 |
| Closing balance as at 31 March 2017 | 24,789.64 | 7,491.00 | (19,591.42) | 347.46 | 13,036.68 |
| Transactions during the year | | | | | |
| Net profit / (loss) for the year | - | - | 1,305.04 | - | 1,305.04 |
| Other comprehensive income for the year | - | - | (10.98) | 55.12 | 44.14 |
| Closing balance as at 31 March 2018 | 24,789.64 | 7,491.00 | (18,297.36) | 402.58 | 14,385.86 |

Nature and Purpose of Reserves

i) Securities Premium Account

Securities premium reserve is created due to premium on issues of shares. This reserve is utilised in accordance with the provisions of the Act.

ii) General Reserve

The general reserve represents amounts appropriated out of retained earnings based on the provisions of the Act prior to its amendment.

iii) Retained earnings

Retained earnings pertain to the accumulated earnings / losses made by the Company over the years.

iv) FVOCI - Equity investments

The Company has elected to recognise changes in the fair value of certain investments in equity securities in other comprehensive income. These changes are accumulated within FVOCI equity investments reserve within equity. The Company transfers amounts from this reserve to retained earnings when the relevant equity securities are derecognised.

NOTES TO THE STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2018

| | As at 31 March 2018 (₹ in Lakhs) | As at 31 March 2017 (₹ in Lakhs) | As at 01 April 2016 (₹ in Lakhs) |
|---|--|--|--|
| 22. Non-Current Borrowings | | | |
| Secured | | | |
| Term loan from banks | | | |
| Indian rupee loan (Refer note i below) | 8,437.64 | 10,497.00 | 20,456.39 |
| Foreign currency loan (Refer note ii below) | - | 971.57 | - |
| Vehicle loan from bank and financial institution (Refer note iii below) | 14.74 | 5.27 | - |
| | <u>8,452.38</u> | <u>11,473.84</u> | <u>20,456.39</u> |
| Unsecured | | | |
| Sales tax deferment loan (Refer note iv below) | 300.58 | 587.88 | 881.31 |
| Loans from related parties (Refer note v below) | 5,200.00 | 2,487.00 | 2,174.00 |
| | <u>5,500.58</u> | <u>3,074.88</u> | <u>3,055.31</u> |
| Total | 13,952.96 | 14,548.72 | 23,511.70 |
| Refer note 40 for liquidity risk | | | |

Notes :

- Indian Rupee Term Loan from a bank up to ₹ 32,500.00 lakhs is secured by way of (a) first pari passu charge on all the property, plant and equipment's of the Company, excluding specific immovable properties (b) second pari passu charge on the current assets of the Company (c) pledge of 29.99% of the shares of the Company held by the promoters (d) pledge of all the shares of the subsidiaries held by the Company (e) unconditional and irrevocable personal guarantees from three promoter directors and (f) exclusive charge on certain residential and commercial immovable properties owned by the Company, promoters, group companies/firms. The loan is repayable in quarterly unequal instalments by October 2020. The interest rate of the Borrowing is 11% per annum.
- Foreign Currency Term Loan of US\$ 5.00 Million from a bank is secured by way of (a) first pari passu charge on entire property, plant and equipment's both present and future (excluding residential flat at Cuffe Parade, Mumbai and office premises situated at Nariman Point, Mumbai) (b) Second pari passu charge on current assets of the Company (both present and future) (c) Unconditional and irrevocable personal guarantees from three promoter directors (d) no disposal undertaking of shareholding of the Company in its subsidiaries located in China and Dubai (e) pledge of 29.99% of the shares held by the Company in its subsidiaries located in China and Dubai. The loan has bullet repayment in June 2018. The interest rate of the Borrowings is 6 Months' LIBOR plus 5.0% per annum.
- Vehicle Loans from Bank and Financial Institution are repayable in 60 and 35 monthly instalment respectively, with the last instalment falling due in February 2023 and April 2019 respectively. These loans are secured by hypothecation of underlying vehicle and are at fixed rate of interest of 8.35% and 10.83% per annum respectively.
- The Interest-free Sales Tax Deferment Loan is repayable in six equal annual instalments, with the last instalment falling due in financial year 2018-19.
- Unsecured loans from related parties are repayable on demand and carry interest rate of 12% per annum. However, as per the terms of the loans, except for an amount of ₹ 201.95 lakhs (31 March 2017 : Nil) (1 April 2016 : Nil) repayment of loans cannot be demanded before 1 April 2019.

| | As at 31 March 2018 (₹ in Lakhs) | As at 31 March 2017 (₹ in Lakhs) | As at 01 April 2016 (₹ in Lakhs) |
|--|--|--|--|
| 23 Provisions | | | |
| Provision for employee benefits | | | |
| Compensated absences | 60.96 | 48.20 | 59.51 |
| Gratuity (Funded)(net) (Refer Note 44) | 83.80 | 53.55 | 34.60 |
| Total | <u>144.76</u> | <u>101.75</u> | <u>94.11</u> |

NOTES TO THE STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2018

| | As at 31 March 2018 (₹ in Lakhs) | As at 31 March 2017 (₹ in Lakhs) | As at 01 April 2016 (₹ in Lakhs) |
|--|--|--|--|
| 24 Current Borrowings | | | |
| Secured | | | |
| Working capital facilities from bank | 7,105.21 | 6,520.39 | 7,521.32 |
| Total | 7,105.21 | 6,520.39 | 7,521.32 |
| Notes : | | | |
| Working Capital facilities from banks are secured by way of (i) first pari passu charge in the form of hypothecation of stocks, book debts and all other current assets of the Company and (ii) second pari passu charge on all the property, plant and equipment's (excluding specific property, plant and equipment's) of the Company. One of the banks has been secured by personal guarantees from two directors and one other bank has been secured with personal guarantee from a director. Two of the banks have been provided additional security over separate specific immovable properties of the Company. The interest rate of the Cash Credit facilities ranges from 11% to 12.70% per annum. | | | |
| 25 Trade payables | | | |
| Micro, Small and Medium Enterprises (Refer note below) | 257.05 | 198.75 | 159.31 |
| Other than Micro, Small and Medium Enterprises (Refer note 53) | 11,328.63 | 10,137.27 | 11,882.12 |
| Total | 11,585.68 | 10,336.02 | 12,041.43 |
| (a) The disclosure required under MSMED Act is as under | | | |
| Principal amount due to suppliers under MSMED Act | 257.05 | 198.75 | 159.31 |
| Interest accrued and due to suppliers under MSMED Act on the above amount unpaid | - | - | - |
| Payment made to suppliers (other than interest) beyond the appointed day during the year | - | - | - |
| Interest paid to suppliers under MSMED Act (Other than Section 16) | - | - | - |
| Interest paid to suppliers under MSMED Act (Section 16) | - | - | - |
| Interest due and payable to suppliers under MSMED Act for payment already made | - | - | - |
| Interest accrued and remaining unpaid at the end of the period to suppliers under MSMED Act | - | - | - |
| Note : | | | |
| This above information has been determined to the extent such parties could be identified on the basis of the information available with the Company regarding the status of suppliers under the MSME and has been relied upon by the Statutory auditors of the Company. | | | |

NOTES TO THE STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2018

| | As at 31 March 2018 (₹ in Lakhs) | As at 31 March 2017 (₹ in Lakhs) | As at 01 April 2016 (₹ in Lakhs) |
|--|--|--|--|
| 26. Other financial liabilities | | | |
| Current Maturities of Long-Term Borrowings | | | |
| Term loan from bank | 38.77 | 10,151.82 | 250.58 |
| Foreign currency loan from bank | 858.12 | 1,681.75 | 3,367.42 |
| Vehicle loan | 4.84 | 4.37 | - |
| Sales tax deferment loan | 287.30 | 297.03 | 297.86 |
| Loan from related parties | 201.95 | - | 51.37 |
| Unclaimed dividends * | 6.54 | 8.91 | 10.00 |
| Payable for capital expenditure | 555.44 | 437.48 | 298.71 |
| Liability towards repayment of advances received from customers | 1,624.77 | 6,280.30 | - |
| Deposits | 11.49 | 46.12 | 44.87 |
| Other liabilities | 432.09 | 609.89 | 475.30 |
| Total | 4,021.31 | 19,517.67 | 4,796.11 |
| *There is no amount due to be transferred to the Investor Education and Protection Fund as at the reporting date. | | | |
| 27. Other current liabilities | | | |
| Advance from customers | 1,375.97 | 1,276.49 | 7,044.08 |
| Statutory dues | 72.48 | 226.61 | 408.07 |
| Advance received against sale of land (Refer note 19(ii)) | 1,320.00 | 1,320.00 | - |
| Advance received against sale of property | 100.00 | - | - |
| Total | 2,868.45 | 2,823.10 | 7,452.15 |
| 28 Provisions | | | |
| Provision for employee benefits | | | |
| - Compensated absences | 10.74 | 8.18 | 13.08 |
| Provision for sales returns (Refer note below) | 46.78 | 55.20 | 50.01 |
| Total | 57.52 | 63.38 | 63.09 |
| Note : | | | |
| A provision is recognized for sales returns on products sold during the last six months, based on past experience of the level of returns. It is expected that significant portion of these costs will be incurred in the next financial year. Assumptions used to calculate the provision for sales return were based on current sales levels and current information available about returns for all products sold. The table below gives information about movement in sales returns. | | | |
| Opening provision for sales returns | 55.20 | 50.01 | |
| Provision made during the year | 47.00 | 55.19 | |
| Provision reversed during the year | 55.42 | 50.00 | |
| Payment | - | - | |
| Closing provision | 46.78 | 55.20 | |

NOTES TO THE STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2018

| | Year Ended 31st March, 2018 (₹ in Lakhs) | Year Ended 31st March, 2017 (₹ in Lakhs) |
|--|--|--|
| 29. Revenue from Operations | | |
| Sale of Products | | |
| Manufactured goods | 29,775.48 | 25,868.73 |
| Stock in trade | 2,412.92 | 652.52 |
| Other operating revenues | | |
| Scrap sales | 400.65 | 273.58 |
| Testing & inspection fees | 13.82 | 76.94 |
| Others | 20.07 | 14.81 |
| Total | 32,622.94 | 26,886.58 |
| 30. Other Income | | |
| Interest on financial assets measured at amortised cost | | |
| - Inter corporate deposits (Refer note 16) | 815.08 | - |
| - Fixed deposits | 48.23 | 27.23 |
| - Others | 30.26 | 30.73 |
| Other non-operating Income (Net) | | |
| - Dividend on financial assets measured at fair value through profit and loss | 0.12 | 0.14 |
| - Commission | 41.82 | 56.18 |
| - Excess provision written back | 281.98 | 323.39 |
| - Liabilities no longer required written back | 145.84 | 100.31 |
| - Lease rent | - | 4.32 |
| - Maturity proceeds under keyman insurance policy | 386.97 | 148.50 |
| - Profit on sale of property, plant and equipment's (Net) | - | 3.47 |
| - Miscellaneous income | 0.18 | 12.12 |
| Total | 1,750.48 | 706.39 |
| 31. Cost of Materials Consumed | | |
| Raw material consumed | | |
| Opening stock | 2,860.88 | 4,847.95 |
| Add: Purchases | 17,823.21 | 12,619.60 |
| Less: Captive consumption for purchases of Property, Plant and Equipment | 75.52 | - |
| Less: Closing stock | 4,139.44 | 2,860.88 |
| Total | 16,469.13 | 14,606.67 |
| 32. Changes in inventories of finished goods, stock-in-trade and work-in-progress | | |
| At the beginning of the Year | | |
| Work-in-progress | 6,988.16 | 3,958.23 |
| Finished goods | 696.08 | 2,541.67 |
| Stock-in-trade | 30.22 | - |
| | 7,714.46 | 6,499.90 |
| At the end of the Year | | |
| Work-in-progress | 6,690.75 | 6,988.16 |
| Finished goods | 808.53 | 696.08 |
| Stock-in-trade | 24.54 | 30.22 |
| | 7,523.82 | 7,714.46 |
| Add/(Less) : Variation in Excise duty on inventory of Finished Goods Stock | (90.52) | (217.51) |
| Total | 100.12 | (1,432.07) |

NOTES TO THE STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2018

| | Year Ended 31st March, 2018 (₹ in Lakhs) | Year Ended 31st March, 2017 (₹ in Lakhs) |
|---|--|--|
| 33. Employee Benefits Expense | | |
| Salaries, allowances and other benefits | 1,716.65 | 1,399.46 |
| Contribution to provident and other funds (Refer note 44) | 95.74 | 64.78 |
| Staff welfare expenses | 65.17 | 63.73 |
| Total | 1,877.56 | 1,527.97 |
| 34. Finance Costs | | |
| Interest expenses on financial liabilities measured at amortised cost | | |
| - Borrowings | 2,574.04 | 3,492.54 |
| - Others* | 0.85 | 58.16 |
| Other borrowing costs | 83.93 | 74.50 |
| Net loss on foreign currency transactions and translations | 9.41 | 12.42 |
| Total | 2,668.23 | 3,637.62 |
| *Includes interest on statutory dues ₹ Nil [(31 March 2017: 0.23 lakhs) (1 April 2016 : 41.24 lakhs)] | | |
| 35. Other Expenses | | |
| Consumption of stores and spares | 766.38 | 704.48 |
| Power and fuel | 1,986.27 | 1,876.16 |
| Water charges | 41.23 | 61.40 |
| Repairs and Maintenance | | |
| - Building | 47.26 | 14.20 |
| - Plant and Equipment | 146.09 | 39.27 |
| - Others | 53.46 | 46.98 |
| Labour charges | 359.47 | 286.13 |
| Rent | 242.54 | 248.27 |
| Insurance | 84.52 | 88.79 |
| Rates and taxes, excluding taxes on Income | 921.73 | 227.71 |
| Payment to auditors (Refer note 35.1) | 79.35 | 63.56 |
| Directors' sitting fees and commission | 4.32 | 5.32 |
| Legal and professional fees | 315.52 | 314.35 |
| Loss on assets scrapped / discarded | 0.08 | - |
| Travelling and conveyance | 175.36 | 157.77 |
| Security expenses | 65.86 | 68.25 |
| Bad Debts / Advances write off [Net of provision for doubtful receivables ₹ 11.17 lakhs (31 March 2017: ₹ 242.37 lakhs)] | 122.38 | 213.38 |
| Sundry balances write off | - | 20.45 |
| Provision for doubtful debts | 77.83 | 33.19 |
| Bank charges and commission | 71.55 | 75.38 |
| Packing and forwarding | 118.75 | 89.43 |
| Carriage and freight | 574.13 | 439.21 |
| Advertisement and sales promotion | 42.67 | 48.03 |
| Commission on sales | 57.59 | 16.73 |
| Miscellaneous expenses | 406.03 | 326.03 |
| Total | 6,760.37 | 5,464.47 |

NOTES TO THE STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2018

| | Year Ended 31st March, 2018 (₹ in Lakhs) | Year Ended 31st March, 2017 (₹ in Lakhs) |
|---|--|--|
| 35.1 Auditors' remuneration (excluding service tax) | | |
| As Auditor : | | |
| - Audit Fees | 33.50 | 33.50 |
| - Tax Audit Fees | 4.75 | 4.75 |
| - Limited review fees | 22.25 | 22.25 |
| In Other capacities | | |
| - For Certificates | 0.25 | 2.28 |
| - Other Services | 18.00 | - |
| Reimbursement of Expenses | 0.60 | 0.78 |
| Total | 79.35 | 63.56 |
| 36. Exceptional items | | |
| Provision for diminution in value of investment (Refer note 12 (i) and (ii)) | 1,000.00 | 2,000.00 |
| Excess provision written back (Refer note i below) | (32.17) | - |
| Write down of inventory (Refer note i below) | - | 487.84 |
| Gain towards sale of property, plant and equipment (Refer note 19 (i)) | - | (12,923.38) |
| Expenditure incurred towards shifting of the assets (Refer note 19 (i)) | - | 696.33 |
| Loss on plant and machinery sold / discarded (Refer note 19 (ii)) | - | 1,539.44 |
| Impairment loss on plant and machinery (Refer note 19 (iii)) | - | 628.71 |
| Provision for doubtful loans (Refer note 5) | - | 43.87 |
| Total | 967.83 | (7,527.19) |
| Note i : Exceptional Item includes gain on reversal of provision made in earlier periods towards write down in value for slow and non-moving inventory items of ₹ 32.17 lakhs for the year ended 31 March, 2018 (write down of ₹ 487.84 lakhs for the year ended 31 March 2017). | | |
| 37. Tax Expense | | |
| Current tax expense | 465.00 | - |
| Deferred taxes expense | 5.90 | 2.43 |
| Total | 470.90 | 2.43 |
| A) Reconciliation of income tax expenses to the amount computed by applying the statutory income tax rate to the profit before income taxes is summarised below: | | |
| Profit before tax | 1,775.94 | 7,150.05 |
| Current Tax at the enacted rate of 34.608% (2016-17: 34.608%) | 614.62 | 2,474.49 |
| Tax effect of the amounts which are deductible/exempt/not-deductible in calculating taxable income | | |
| Expenses not allowable for tax purposes (net) | 2.36 | 2.34 |
| Income exempt from Income tax | (46.22) | (48.45) |
| Non-deductible expenses (net)* | 236.06 | 934.45 |
| Tax losses and unabsorbed depreciation utilised | (800.92) | (3,360.40) |
| Tax Liability u/s 115 JB of the Income Tax Act, 1961** | 465.00 | - |
| Total | 470.90 | 2.43 |
| * Includes dis-allowances in the nature of timing differences on which deferred tax assets have not been recognized in the absence of reasonable certainty. | | |
| ** Minimum Alternate Tax (MAT) credit has not been recognised by the Company in the absence of reasonable certainty of sufficient future taxable income | | |

NOTES TO THE STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2018
B) Deferred tax asset movement

(₹ in Lakhs)

| Particulars | As at 31 March 2018 | Changes recognised in statement of profit and loss account | Changes recognised in other compre- hensive income | As at 31 March 2017 | Changes recognised in statement of profit and loss account | Changes recognised in other compre- hensive income | As at 01 April 2016 |
|---|---------------------------|---|---|---------------------------|---|---|---------------------------|
| Deferred tax liability on account of : | | | | | | | |
| Depreciation and amortisation expense | 4,154.13 | 514.87 | - | 3,639.26 | (58.82) | - | 3,698.08 |
| Financial liabilities at amortised cost | 35.37 | (15.59) | - | 50.96 | (12.31) | - | 63.27 |
| | 4,189.50 | 499.28 | - | 3,690.22 | (71.13) | - | 3,761.35 |
| Deferred tax assets on account of : | | | | | | | |
| Financial Assets measured at FVOCI | 41.81 | - | (18.77) | 60.58 | - | 3.64 | 56.94 |
| Provision for doubtful debts/ deposits/ advances | 378.20 | (72.36) | - | 450.56 | (169.08) | - | 619.64 |
| Employee Benefits | 54.34 | 10.39 | 5.91 | 38.04 | (1.49) | 2.43 | 37.10 |
| Provision for sales returns (Def tax) | 16.35 | (2.75) | - | 19.10 | 10.65 | - | 8.45 |
| Unabsorbed business depreciation and business loss as per Tax laws* | 3,740.62 | 558.10 | - | 3,182.52 | 86.36 | - | 3,096.16 |
| Total | 4,231.32 | 493.38 | (12.86) | 3,750.80 | (73.56) | 6.07 | 3,818.29 |
| Net movement [(Provision)/reversal] | | 5.90 | 12.86 | | 2.43 | (6.07) | |

Unused tax losses which arose on incurrence of business losses under the Indian tax laws for which no deferred tax asset (DTA) has been created due to absence of reasonable certainty.

(₹ in Lakhs)

| Particulars | 31-Mar-18 | 31-Mar-17 | 01-Apr-16 |
|--------------------------------|-----------|-----------|-----------|
| Business loss | 17,794.69 | 20,221.26 | 20,420.30 |
| DTA on business loss | 6,218.18 | 6,998.17 | 7,067.06 |
| Unabsorbed Depreciation | 3,502.43 | 3,502.43 | 13,061.64 |
| DTA on Unabsorbed Depreciation | 1,223.89 | 1,212.12 | 4,520.37 |

38. Other comprehensive income

(₹ in Lakhs)

| Particulars | Year ended 31 March 2018 | Year ended 31 March 2017 |
|---|-----------------------------|-----------------------------|
| Items that will not be reclassified to profit or loss | | |
| Remeasurement of post employment benefit obligation | (16.89) | (7.03) |
| Changes in fair value of FVOCI equity instruments | 73.89 | 7.47 |
| Deferred taxes on above | (12.86) | 6.07 |
| Total | 44.14 | 6.51 |

NOTES TO THE STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2018

39. Fair value measurements

Financial instruments by category:

(₹ in Lakhs)

| Particulars | 31-Mar-18 | | | 31-Mar-17 | | | 01-Apr-16 | | |
|--|-----------|-------|----------------|-----------|-------|----------------|-----------|-------|----------------|
| | FVOCI | FVTPL | Amortised cost | FVOCI | FVTPL | Amortised cost | FVOCI | FVTPL | Amortised cost |
| Financial Assets - Non-current | | | | | | | | | |
| Investments | 405.82 | - | - | 331.94 | - | - | 324.47 | - | - |
| Loans | - | - | 952.13 | - | - | 416.01 | - | - | 623.77 |
| Other Non-current financial asset | - | - | 252.07 | - | - | 65.00 | - | - | 185.00 |
| Financial Assets - Current | | | | | | | | | |
| Trade receivables | - | - | 4,939.28 | - | - | 5,010.46 | - | - | 4,061.48 |
| Cash and cash equivalents | - | - | 241.81 | - | - | 137.45 | - | - | 277.50 |
| Other bank balance | - | - | 1,207.23 | - | - | 394.84 | - | - | 208.16 |
| Investments | - | 2.84 | - | - | 2.73 | - | - | 2.60 | - |
| Loans | - | - | 5,678.33 | - | - | 6,598.08 | - | - | 6,537.07 |
| Other current financial assets | - | - | 77.37 | - | - | 16,117.40 | - | - | 86.88 |
| Financial Liabilities - Non-Current | | | | | | | | | |
| Borrowings (including current maturities) | - | - | 15,343.94 | - | - | 26,683.69 | - | - | 27,478.93 |
| Financial Liabilities - Current | | | | | | | | | |
| Borrowings | - | - | 7,105.21 | - | - | 6,520.39 | - | - | 7,521.32 |
| Trade payables | - | - | 11,585.68 | - | - | 10,336.02 | - | - | 12,041.43 |
| Other current financial liabilities | - | - | 2,630.32 | - | - | 7,382.70 | - | - | 828.88 |

I. Fair value hierarchy

The fair values of the financial assets and liabilities are included at the amount that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. "This section explains the judgements and estimates made in determining the fair values of the financial instruments that are (a) recognised and measured at fair value and (b) measured at amortised cost and for which fair values are disclosed in the financial statements. To provide an indication about the reliability of the inputs used in determining fair value, the group has classified its financial instruments into the three levels prescribed under the accounting standard. An explanation of each level follows underneath the table.

Level 1: Level 1 hierarchy includes financial instruments measured using quoted prices. For example, listed equity instruments that have quoted market price.

Level 2: The fair value of financial instruments that are not traded in an active market (for example, traded bonds, over-the-counter derivatives) is determined using valuation

techniques which maximise the use of observable market data and rely as little as possible on entity-specific estimates. If all significant inputs required to fair value an instrument are observable, the instrument is included in level 2.

Level 3: If one or more of the significant inputs is not based on observable market data, the instrument is included in level 3. This is the case for unlisted equity securities, contingent consideration and indemnification asset included in level 3.

II. Valuation techniques used to determine fair value

Significant valuation techniques used to value financial instruments include:

The fair values for investment in equity instrument are based on discounted cash flows using a discount rate determined considering Company's incremental borrowing rate.

NOTES TO THE STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2018

III. Financial assets and liabilities measured at fair value Fair value hierarchy - recurring fair value measurement:

(₹ in Lakhs)

| Particulars | 31-Mar-18 | | | 31-Mar-17 | | | 01-Apr-16 | | |
|--|-----------|---------|---------|-----------|---------|---------|-----------|---------|---------|
| | Level 1 | Level 2 | Level 3 | Level 1 | Level 2 | Level 3 | Level 1 | Level 2 | Level 3 |
| Financial Assets - Non-current Investments measured at FVOCI | - | 405.82 | - | - | 331.94 | - | - | 324.47 | - |
| Financial Assets - Current Investments measured at FVTPL | 2.84 | - | - | 2.73 | - | - | 2.60 | - | - |

IV. Fair value of financial assets and liabilities measured at amortised cost , for which fair values are disclosed as below:

(₹ in Lakhs)

| Particulars | 31-Mar-18 | | 31-Mar-17 | | 01-Apr-16 | |
|---|-----------------|------------|-----------------|------------|-----------------|------------|
| | Carrying amount | Fair value | Carrying amount | Fair value | Carrying amount | Fair value |
| Financial Assets - Non-current Other non current financial assets | 252.07 | 218.89 | 65.00 | 60.06 | 185.00 | 169.87 |
| Financial Liabilities - Non-current Borrowings | 15,343.94 | 15,316.71 | 26,683.69 | 26,265.90 | 27,478.93 | 26,896.36 |

- The above financial assets and liabilities are categorised under level 2 of fair value hierarchy.
- During the periods mentioned above, there have been no transfers amongst the levels of hierarchy.
- The carrying amounts of Trade receivables, Cash and cash equivalents, other bank balances, loans, other current financial assets, current borrowings, trade payables, other current financial liabilities are considered to be approximately equal to the fair value.

40 Financial risk management

The Company is exposed primarily to fluctuations in foreign currency exchange rates, credit, liquidity and interest rate risk which may adversely impact the fair value of its financial instrument. The Company has a risk management policy which covers risk associated with the financial assets and liabilities. The risk management policy is approved by Board of Directors. The focus of the risk management committee is to assess the unpredictability of the financial environment and to mitigate potential adverse effect on the financial performance of the company.

The Company's principal financial liabilities comprises of borrowings, trade and other payables. The main purpose of these financial liabilities is to finance the Company's operations. The Company's principal financial assets include loans, trade and other receivables, cash and bank balances, bank deposits and investments that derive directly from its operations.

The Company is exposed to credit risk, market risk and liquidity risk. The Company's senior management oversees the management of these risks.

A. Credit risk

The Company is exposed to credit risk from its operating activities (primarily for trade receivables) and from its financing activities (deposits with banks and

other financial instruments) except loans to related parties. Further, the Inter Corporate deposits given by the Company are based on adequate collateral provided by the party.

Credit risk arises from the possibility that the counter party may not be able to settle their obligations as agreed. To manage this, the Company periodically assesses financial reliability of customers and other counter parties, taking into account the financial condition, current economic trends, and analysis of historical bad debts and ageing of financial assets. Individual risk limits are set and periodically reviewed on the basis of such information. The Company considers the probability of default upon initial recognition of asset and whether there has been a significant increase in credit risk on an ongoing basis through each reporting period. To assess whether there is a significant increase in credit risk, the Company compares the risk of default occurring on asset as at the reporting date with the risk of default as at the date of initial recognition. It considers reasonable and supportive forwarding-looking information such as:

- Actual or expected significant adverse changes in business,
- Actual or expected significant changes in the operating results of the counter-party,

NOTES TO THE STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2018

- iii) Financial or economic conditions that are expected to cause a significant change to the counter-party's ability to meet its obligations,
- iv) Significant increase in credit risk on other financial instruments of the same counter-party,
- v) Significant changes in the value of the collateral supporting the obligation or in the quality of the third-party guarantees or credit enhancements.

Financial assets are written off when there is no reasonable expectations of recovery, such as a debtor failing to engage in a repayment plan with the Company. Where loans or receivables have been written off, the Company continues to engage in enforcement activity to attempt to recover the receivable due. Where recoveries are made, these are recognized as income in the statement of profit and loss.

a) Age of receivables that are past due:

(₹ in Lakhs)

| Particulars | As at 31 March 2018 | As at 31 March 2017 | As at 01 April 2016 |
|--|------------------------|------------------------|------------------------|
| 0-3 months | 4,492.65 | 4,655.86 | 3,364.06 |
| 3-6 months | 118.47 | 144.54 | 94.79 |
| 6-12 months | 218.72 | 164.07 | 915.62 |
| beyond 12 months | 799.41 | 851.28 | 1,024.87 |
| Total | 5,629.25 | 5,815.75 | 5,399.34 |
| Provision for expected credit loss created | 689.97 | 805.29 | 1,337.86 |

b) Movement in provision for doubtful debts

(₹ in Lakhs)

| Particulars | As at 31 March 2018 | As at 31 March 2017 |
|---------------------------|------------------------|------------------------|
| Opening Provision | 805.29 | 1337.86 |
| Add- Additional Provision | 77.83 | 33.19 |
| Less- Provision write off | (11.17) | (242.37) |
| Less- Provision reversed | (181.98) | (323.39) |
| Closing Provision | 689.97 | 805.29 |

B. Liquidity risk

Liquidity risk is defined as the risk that the Company will not be able to settle or meet its obligations on time or at a reasonable price. For the Company, liquidity risk arises from obligations on account of financial liabilities – trade payables and other financial liabilities.

Liquidity risk management

The Company's corporate treasury department is responsible for liquidity and funding as well as settlement management. In addition, processes and policies related to such risks are overseen by senior management. Management monitors the Company's net liquidity position through rolling forecasts on the basis of expected cash flows.

Maturities of non – derivative financial liabilities

As at 31 March 2018

| Particulars | Within 1 year | 1 - 5 years | beyond 5 years | Total |
|---|------------------|------------------|----------------|------------------|
| Financial Liabilities - Non-current | | | | |
| Non-current borrowings (including current maturities) | 1,390.98 | 13,952.96 | - | 15,343.94 |
| Financial Liabilities - Current | | | | |
| Current borrowings | 7,105.21 | - | - | 7,105.21 |
| Trade payables | 11,585.68 | - | - | 11,585.68 |
| Other current financial liabilities | 2,630.33 | - | - | 2,630.33 |
| Total | 22,712.20 | 13,952.96 | - | 36,665.16 |

NOTES TO THE STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2018
As at 31 March 2017

| Particulars | Within 1 year | 1 - 5 years | beyond 5 years | Total |
|--|------------------|------------------|----------------|------------------|
| Financial Liabilities - Non-Current | | | | |
| Non-current borrowings (including current maturities and interest accrued) | 12,134.97 | 14,548.72 | - | 26,683.69 |
| Financial Liabilities - Current | | | | |
| Current borrowings | 6,520.39 | - | - | 6,520.39 |
| Trade payables | 10,336.02 | - | - | 10,336.02 |
| Other current financial liabilities | 7,382.70 | - | - | 7,382.70 |
| Total | 36,374.08 | 14,548.72 | - | 50,922.80 |

As at 01 April 2016

| Particulars | Within 1 year | 1 - 5 years | beyond 5 years | Total |
|--|------------------|------------------|----------------|------------------|
| Financial Liabilities - Non-Current | | | | |
| Non-current borrowings (including current maturities and interest accrued) | 3,915.86 | 23,563.07 | - | 27,478.93 |
| Financial Liabilities - Current | | | | |
| Current borrowings | 7,521.32 | - | - | 7,521.32 |
| Trade payables | 12,041.43 | - | - | 12,041.43 |
| Other current financial liabilities | 828.88 | - | - | 828.88 |
| Total | 24,307.49 | 23,563.07 | - | 47,870.56 |

C Market risk
(i) Foreign currency risk

The Company is exposed to foreign exchange risk on their receivables and payables which are held in USD, Thai Baht, AED and EUR.

Foreign currency risk management

In respect of the foreign currency transactions, the Company does not hedge the exposures since the management believes that the same will be offset by the corresponding receivables and payables which will be in the nature of natural hedge.

The Company's exposure to foreign currency risk at the end of reporting period expressed in INR, are as under:

| Particulars | 31-Mar-18 | | | | 31-Mar-17 | | | | 01-Apr-16 | | | |
|--|-----------|-----------|--------|-------|-----------|-----------|--------|-------|-----------|-----------|--------|-------|
| | USD | Thai Baht | AED | EUR | USD | Thai Baht | AED | EUR | USD | Thai Baht | AED | EUR |
| Financial liabilities | | | | | | | | | | | | |
| Trade Payables | 9,630.45 | - | 301.43 | 13.58 | 8,826.34 | - | 300.91 | 15.17 | 10,237.35 | - | 307.31 | 14.37 |
| Advance received from customers | 330.41 | - | - | - | 322.37 | - | - | - | 6,726.53 | - | - | 3.78 |
| Interest Payable | 15.24 | - | - | - | 15.80 | - | - | - | 53.20 | - | - | - |
| Loans Borrowed | 1,052.75 | - | - | - | 4,356.26 | - | - | - | 4,128.73 | - | - | - |
| Liability towards repayment of advance received from customers | 1,624.77 | - | - | - | 6,280.30 | - | - | - | - | - | - | - |
| Financial assets | | | | | | | | | | | | |
| Trade Receivable | 225.44 | - | - | 78.42 | 171.98 | - | - | 97.12 | 163.63 | - | - | 48.73 |
| Advance to suppliers/others | 1,867.86 | 4.64 | - | - | 1,103.19 | 5.20 | - | 0.41 | 2,525.63 | 5.19 | - | - |
| Receivables against sale of assets | - | - | - | - | 16,021.47 | - | - | - | - | - | - | - |
| Investment in Equity Instruments of a Subsidiary (Gross) | 6,925.07 | - | - | - | 6,925.07 | - | - | - | 6,925.07 | - | - | - |
| Loans Given | 2,126.55 | - | - | - | 2,119.78 | - | - | - | 2,168.63 | - | - | - |
| Interest Receivable | 2,055.15 | - | - | - | 2,046.46 | - | - | - | 2,093.62 | - | - | - |
| Bank Balances | 2.45 | - | 99.35 | - | 1.10 | - | 98.20 | - | 0.42 | - | 99.71 | - |

NOTES TO THE STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2018

Sensitivity to foreign currency risk

The following table demonstrates the sensitivity in USD, Thai Baht, AED and EUR with all other variables held constant. The below impact on the Company's profit before tax is based on changes in the fair value of unhedged foreign currency monetary assets and liabilities at balance sheet date:

(₹ in Lakhs)

| Currencies | 31 March 2018 | | 31 March 2017 | |
|------------|----------------|----------------|----------------|----------------|
| | Increase by 5% | Decrease by 5% | Increase by 5% | Decrease by 5% |
| USD | 27.45 | (27.45) | 429.40 | (429.40) |
| Thai Baht | 0.23 | (0.23) | 0.26 | (0.26) |
| AED | (10.10) | 10.10 | (10.14) | 10.14 |
| EUR | 3.24 | (3.24) | 4.12 | (4.12) |

(ii) Interest rate risk

The Company's interest rate risk is mainly due to the long term borrowing acquired at floating interest rate.

The fixed rate borrowing are carried at amortised cost, hence they are not subject to interest rate risk since the carrying amount and future cash flows will not fluctuate because of change in market interest rates.

The Company's borrowing structure at the end of reporting period are as follows:

(₹ in Lakhs)

| Particulars | As at 31 March 2018 | As at 31 March 2017 | As at 01 April 2016 |
|--------------------------|---------------------|---------------------|---------------------|
| Variable rate borrowings | 858.12 | 2,653.31 | 3,367.42 |
| Fixed rate borrowings | 14,485.82 | 24,030.37 | 24,111.51 |
| Total | 15,343.94 | 26,683.68 | 27,478.93 |

Sensitivity analysis

(₹ in Lakhs)

| Interest rate | Impact on profit before tax | |
|-----------------------------|-----------------------------|---------------|
| | 31 March 2018 | 31 March 2017 |
| Increase by 70 basis points | (6.01) | (18.57) |
| Decrease by 70 basis points | 6.01 | 18.57 |

(iii) Price Risk

The Company is exposed to price risk from its investment in equity instruments measured at fair value through other comprehensive income. There is no price risk for mutual fund as they are invested under fixed Net asset value (NAV) scheme.

(₹ in Lakhs)

| Sensitivity | 31 March 2018 | 31 March 2017 |
|---|---------------|---------------|
| Impact on other comprehensive income after tax for 5% increase in share price | 20.29 | 16.60 |
| Impact on other comprehensive income after tax for 5% decrease in share price | (20.29) | (16.60) |

41. Capital Management

Risk management The Company's objectives when managing capital are as below -

- safeguard their ability to continue as a going concern, so that they can continue to provide returns for shareholders and benefits for other stakeholders, and
- maintain an optimal capital structure to reduce the cost of capital.

The Company monitors its capital by using gearing ratio, which is net debt divided to total equity. Net debt includes non-current and current borrowings net of cash and bank balances and total equity comprises of Equity share capital, security premium, general reserve, other comprehensive income and retained earnings.

NOTES TO THE STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2018

The capital composition is as follows:

| Particulars | (₹ in Lakhs) | | |
|------------------------------|------------------------|------------------------|------------------------|
| | As at 31 March 2018 | As at 31 March 2017 | As at 01 April 2016 |
| Gross Debt | 22,449.16 | 33,204.08 | 35,000.25 |
| Less: Cash and bank balances | (1,449.04) | (532.29) | (485.66) |
| Net debt (A) | 21,000.12 | 32,671.79 | 34,514.59 |
| Equity (B) | 16,630.01 | 15,280.83 | 8,126.70 |
| Gearing ratio (A / B) | 126.28% | 213.81% | 424.71% |

Loan covenants

Bank loans availed by the Company contain certain debt covenants which are required to be complied with. The Limitation of indebtedness covenant gets suspended once the Company meets the certain prescribed criteria. As of the reporting date, the Company is not in compliance with certain performance linked financial covenants. The Company is trying to ensure compliance with the covenants as soon as possible. The banks have not levied any interest/penalty towards above matter.

42. Related Party Disclosure:

As per Ind AS 24 "Related party Disclosures", disclosure of transactions with the related parties as defined in the Accounting Standard are given below:

(I) Names of related parties and description of relationship with the Company

| | |
|---|---|
| Subsidiary Companies | EKC Industries (Tianjin) Co. Limited, China EKC International FZE, UAE EKC Industries (Thailand) Co. Limited, Thailand Calcutta Compressions & Liquefaction Engineering Limited (C C & L), India EKC Positron Gas Limited, India Next Gen Cylinder Private Limited |
| Step Down Subsidiary Companies | EKC Hungary Kft, Hungary EKC Europe GmbH, Germany CP Industries Holdings Inc., USA |
| Other Related Parties where Promoters, Directors & Relatives exercised significant influence: | Everest Kanto Investment and Finance Private Limited Khurana Gases Private Limited Medical Engineers (India) Limited Khurana Fabrication Industries Private Limited Khurana Exports Private Limited Everest Industrial Gases Private Limited Khurana Charitable Trust Khurana Education Trust G.N.M. Realtors Private Limited Ukay Valves & Founders Private Limited Jayakar & Partners NGGT Infotek Private Limited |
| Key Management Personnel | Mr. Prem Kumar Khurana (Chairman and Managing Director) Mr. Puneet Khurana (Chief Executive Officer-Since 10th Feb 2017) Mr. Kishore Thakkar (Chief Financial Officer - till 13th December 2017) Mr. Dinesh Bhalotia (Group Chief Financial Officer) (From 13th December 2017 to 8th May 2018) Mr. Alok Bodas (Company Secretary) (From 9th February 2017 to 8th March 2018) Ms. Bhagyashree Kanekar (Company Secretary - till 14th November, 2016) Mr. Mohan Jayakar (Independent director) Mr. Naresh Oberoi (Independent director - till 20th August 2016) Mrs. Uma Acharya (Independent director) Mr. M. N. Sudhindra Rao (Independent director) |
| Relatives of Key Management Personnel | Mr. Pushkar Khurana Mr. Varun Khurana Mr. S.S. Khurana Ms. Suman Khurana |

NOTES TO THE STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2018

| (II) Transactions with related parties during the year: | | | | | | | | | | (₹ in Lakhs) | |
|--|----------------------|-----------|--------------------------------|-----------|---|-----------|--------------------------|-----------|---------------------------------------|--------------|---|
| Particulars | Subsidiary Companies | | Step Down Subsidiary Companies | | Entities in which directors and its relatives exercise significance influence | | Key Management Personnel | | Relatives of Key Management Personnel | | |
| | 31-Mar-18 | 31-Mar-17 | 31-Mar-18 | 31-Mar-17 | 31-Mar-18 | 31-Mar-17 | 31-Mar-18 | 31-Mar-17 | 31-Mar-18 | 31-Mar-17 | |
| Sale of Goods : | | | | | | | | | | | |
| EKC International FZE | 109.77 | 89.57 | - | - | - | - | - | - | - | - | - |
| C C & L | 3.50 | 1.08 | - | - | - | - | - | - | - | - | - |
| EKC Europe GmbH | - | - | 73.69 | 169.37 | - | - | - | - | - | - | - |
| CP Industries Holdings Inc. | - | - | - | 30.42 | - | - | - | - | - | - | - |
| Medical Engineers (India) Limited | - | - | - | - | - | - | - | - | - | - | - |
| EKC Industries (Tianjin) Co. Limited | 120.49 | - | - | - | 1,358.79 | 397.27 | - | - | - | - | - |
| Sale of Consumable, store and spares | | | | | | | | | | | |
| EKC International FZE | 89.57 | 105.62 | - | - | - | - | - | - | - | - | - |
| EKC Industries (Tianjin) Co. Limited | 4.41 | - | - | - | - | - | - | - | - | - | - |
| Sale of property, plant and equipments | | | | | | | | | | | |
| EKC International FZE | - | 1.41 | - | - | - | - | - | - | - | - | - |
| Medical Engineers (India) Limited | - | - | - | - | - | 6.12 | - | - | - | - | - |
| Purchase of raw materials, consumables and components | | | | | | | | | | | |
| EKC International FZE | 1,495.51 | 2,644.49 | - | - | - | - | - | - | - | - | - |
| EKC Industries (Tianjin) Co. Limited | 3,889.27 | 4,295.56 | - | - | - | - | - | - | - | - | - |
| EKC Industries (Thailand) Co. Limited | 33.52 | - | - | - | - | - | - | - | - | - | - |
| Medical Engineers (India) Limited | - | - | - | - | 5.96 | - | - | - | - | - | - |
| Purchase of consumables | | | | | | | | | | | |
| EKC Industries (Tianjin) Co. Limited | 31.79 | - | - | - | - | - | - | - | - | - | - |
| Medical Engineers (India) Limited | - | - | - | - | 2.97 | - | - | - | - | - | - |
| Purchase of property, plant and equipments | | | | | | | | | | | |
| EKC Industries (Tianjin) Co. Limited | 9.32 | 410.37 | - | - | - | - | - | - | - | - | - |
| EKC International FZE | 1.37 | - | - | - | - | - | - | - | - | - | - |
| Remuneration | | | | | | | | | | | |
| Puneet Khurana | - | - | - | - | - | - | 116.00 | 10.07 | - | - | - |
| Bhagyeshree Kanekar | - | - | - | - | - | - | - | 4.04 | - | - | - |
| Alok Bodas | - | - | - | - | - | - | 4.22 | 0.77 | - | - | - |
| Dinesh Bhalotia | - | - | - | - | - | - | 13.97 | - | - | - | - |
| Sitting Fess | | | | | | | | | | | |
| Mr. Mohan Jayakar | - | - | - | - | - | - | 0.90 | 1.40 | - | - | - |
| Mr. Naresh Oberoi | - | - | - | - | - | - | - | 0.70 | - | - | - |
| Mrs. Uma Acharya | - | - | - | - | - | - | 1.70 | 1.40 | - | - | - |
| Mr. M N Sudhindra Rao | - | - | - | - | - | - | 1.70 | 1.80 | - | - | - |

NOTES TO THE STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2018

(₹ in Lakhs)

| Particulars | Subsidiary Companies | | Step Down Subsidiary Companies | | Entities in which directors and its relatives exercise significance influence | | Key Management Personnel | | Relatives of Key Management Personnel | |
|--|----------------------|-----------|--------------------------------|-----------|---|-----------|--------------------------|-----------|---------------------------------------|-----------|
| | 31-Mar-18 | 31-Mar-17 | 31-Mar-18 | 31-Mar-17 | 31-Mar-18 | 31-Mar-17 | 31-Mar-18 | 31-Mar-17 | 31-Mar-18 | 31-Mar-17 |
| Professional fees | | | | | | | | | | |
| Kishore Thakkar | - | - | - | - | - | - | 19.13 | 27.14 | - | - |
| Others | - | - | - | - | 7.03 | 11.56 | - | - | 9.07 | - |
| Rent Expenses | | | | | | | | | | |
| Everest Industrial Gases Private Limited | - | - | - | - | - | 30.00 | - | - | - | - |
| Khurana Fabrication Industries Private Limited | - | - | - | - | 16.67 | 16.05 | - | - | - | - |
| Khurana Exports Private Limited | - | - | - | - | 44.73 | 39.93 | - | - | - | - |
| Khurana Gases Private Limited | - | - | - | - | 14.42 | 13.88 | - | - | - | - |
| Others | - | - | - | - | - | - | - | - | 14.20 | 12.04 |
| Other Expenses | 5.54 | 0.82 | 0.03 | 8.38 | 7.86 | 11.43 | - | - | - | - |
| Commission income | | | | | | | | | | |
| EKC International FZE | 33.46 | 44.91 | - | - | - | - | - | - | - | - |
| CP Industries Holdings Inc. | - | - | - | 0.03 | - | - | - | - | - | - |
| Interest expenses | | | | | | | | | | |
| Khurana Gases Private Limited | - | - | - | - | 82.52 | 76.87 | - | - | - | - |
| Everest Kanto Investment and Finance Private Limited | - | - | - | - | 379.21 | 196.47 | - | - | - | - |
| Khurana Fabrication Industries Private Limited | - | - | - | - | 17.45 | 14.87 | - | - | - | - |
| Loans repaid during the year | | | | | | | | | | |
| Everest Kanto Investment and Finance Private Limited | - | - | - | - | 100.00 | 6.81 | - | - | - | - |
| Khurana Gases Private Limited | - | - | - | - | - | 28.93 | - | - | - | - |
| Loans taken during the year | | | | | | | | | | |
| Everest Kanto Investment and Finance Private Limited | - | - | - | - | 2,920.00 | 102.81 | - | - | - | - |
| Khurana Gases Private Limited | - | - | - | - | 43.50 | 182.93 | - | - | - | - |
| Khurana Fabrication Industries Private Limited | - | - | - | - | 19.50 | 63.00 | - | - | - | - |

NOTES TO THE STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2018

| (III) Balances of related parties | | | | | | | | | | | | | | | | (₹ in Lakhs) | | |
|--|----------------------|-----------|----------|--------------------------------|----------|----------|---|----------|----------|--------------------------|----------|----------|---------------------------------------|----------|----------|--------------|--|--|
| Particulars | Subsidiary Companies | | | Step Down Subsidiary Companies | | | Entities in which directors and its relatives exercise significance influence | | | Key Management Personnel | | | Relatives of Key Management Personnel | | | | | |
| | 31-03-18 | 31-03-17 | 01-04-16 | 31-03-18 | 31-03-17 | 01-04-16 | 31-03-18 | 31-03-17 | 01-04-16 | 31-03-18 | 31-03-17 | 01-04-16 | 31-03-18 | 31-03-17 | 01-04-16 | | | |
| Payables | | | | | | | | | | | | | | | | | | |
| EKC International FZE | 8,837.53 | 12,007.45 | 6,679 | - | - | - | - | - | - | - | - | - | - | - | - | | | |
| EKC Industries (Tianjin) Co. Ltd. | 950.09 | 1,681.64 | 3,781.94 | - | - | - | - | - | - | - | - | - | - | - | - | | | |
| CP Industries Holdings Inc. | - | - | - | 1,184.41 | 1,180.66 | 980.32 | - | - | - | - | - | - | - | - | - | | | |
| EKCEurope GmbH | - | - | - | 13.58 | 11.67 | - | - | - | - | - | - | - | - | - | - | | | |
| EKC Industries (Thailand) Co. Limited | 192.94 | 158.67 | 162.32 | - | - | - | - | - | - | - | - | - | - | - | - | | | |
| Khurana Gases Private Limited | - | - | - | - | - | - | 7.81 | - | 15.60 | - | - | - | - | - | - | | | |
| Everest Kanto Investment and Finance Private Limited | - | - | - | - | - | - | 21.33 | - | 36.02 | - | - | - | - | - | - | | | |
| Khurana Exports Private Limited | - | - | - | - | - | - | 0.57 | 0.53 | 0.91 | - | - | - | - | - | - | | | |
| Everest Industrial Gases Private Limited | - | - | - | - | - | - | - | - | 1.54 | - | - | - | - | - | - | | | |
| Khurana Fabrication Industries Private Limited | - | - | - | - | - | - | 5.61 | - | 3.84 | - | - | - | - | - | - | | | |
| Medical Engineers (India) Limited | - | - | - | - | - | - | 10.53 | - | - | - | - | - | - | - | - | | | |
| Others | - | - | - | - | - | - | - | 0.36 | - | 13.38 | 0.37 | 2.35 | 3.24 | - | - | | | |
| | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | | | |
| Loans given | | | | | | | | | | | | | | | | | | |
| EKC Industries (Tianjin) Co. Limited | 2,126.55 | 2,119.83 | 2,168.68 | - | - | - | - | - | - | - | - | - | - | - | - | | | |
| C C & L | 582.73 | 582.73 | 582.73 | - | - | - | - | - | - | - | - | - | - | - | - | | | |
| Advance given | | | | | | | | | | | | | | | | | | |
| EKC Industries (Tianjin) Co. Limited | 1,089.70 | 630.38 | 2,488.13 | - | - | - | - | - | - | - | - | - | - | - | - | | | |
| EKC Industries (Thailand) Co. Limited | 4.64 | 4.64 | 4.64 | - | - | - | - | - | - | - | - | - | - | - | - | | | |
| Advance received | | | | | | | | | | | | | | | | | | |
| EKC International FZE | 324.00 | 305.82 | 5,432.00 | - | - | - | - | - | - | - | - | - | - | - | - | | | |
| Medical Engineers (India) Limited | - | - | - | - | - | - | 116.58 | 45.77 | 7.09 | - | - | - | - | - | - | | | |
| Loans taken | | | | | | | | | | | | | | | | | | |
| Everest Kanto Investment and Finance Private Limited | - | - | - | - | - | - | 4,505.00 | 1,685.00 | 1,589.00 | - | - | - | - | - | - | | | |
| Khurana Gases Private Limited | - | - | - | - | - | - | 710.50 | 667.00 | 513.00 | - | - | - | - | - | - | | | |
| Khurana Fabrication Industries Private Limited | - | - | - | - | - | - | 154.50 | 135.00 | 72.00 | - | - | - | - | - | - | | | |

NOTES TO THE STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2018

| Particulars | Subsidiary Companies | | | Step Down Subsidiary Companies | | | Entities in which directors and its relatives exercise significance influence | | | Key Management Personnel | | | Relatives of Key Management Personnel | | |
|---|----------------------|----------|----------|--------------------------------|----------|----------|--|----------|----------|--------------------------|----------|----------|---------------------------------------|----------|----------|
| | 31-03-18 | 31-03-17 | 01-04-16 | 31-03-18 | 31-03-17 | 01-04-16 | 31-03-18 | 31-03-17 | 01-04-16 | 31-03-18 | 31-03-17 | 01-04-16 | 31-03-18 | 31-03-17 | 01-04-16 |
| Investment | | | | | | | | | | | | | | | |
| Next Gen Cylinder Private Limited | - | 10.00 | - | - | - | - | - | - | - | - | - | - | - | - | - |
| Other Receivable | | | | | | | | | | | | | | | |
| EKC International FZE | 18.93 | 49.28 | 48.72 | - | - | - | - | - | - | - | - | - | - | - | - |
| EKC Industries (Tianjin) Co. Limited | 2,553.01 | 2,066.89 | 2,120.01 | - | - | - | - | - | - | - | - | - | - | - | - |
| Khurana Exports Private Limited | - | - | - | - | - | - | 10.00 | 10.00 | 10.00 | - | - | - | - | - | - |
| CP Industries Holdings Inc. | - | - | - | - | 32.16 | 3.07 | - | - | - | - | - | - | - | - | - |
| C C & L | 744.54 | 823.67 | 830.67 | - | - | - | - | - | - | - | - | - | - | - | - |
| EKC Industries (Thailand) Co. Limited | 41.95 | 41.82 | 42.78 | - | - | - | - | - | - | - | - | - | - | - | - |
| EKC Europe GmbH | - | - | - | 78.42 | 107.36 | 94.04 | - | - | - | - | - | - | - | - | - |
| Medical Engineers (India) Limited | - | - | - | - | - | - | - | - | 370.27 | - | - | - | - | - | - |
| Kishore Thakkar | - | - | - | - | - | - | - | - | - | 11.75 | 11.75 | - | - | - | - |
| Puneet Khurana | - | - | - | - | - | - | - | - | - | - | - | - | - | - | 2.84 |
| Personal Guarantee from Promoter Directors for Borrowings by the Company | | | | | | | ₹ 14,787.69 (31 March 2017: ₹ 28,544.38) (1 April 2016: ₹ 29,477.42)] jointly by promoter directors | | | | | | | | |
| Corporate Guarantees outstanding on behalf of subsidiaries | | | | | | | | | | | | | | | |
| EKC International FZE | 5,210.54 | 5,887.27 | 7,840.85 | - | - | - | - | - | - | - | - | - | - | - | - |
| CP Industries Holdings Inc. | - | - | - | - | - | 373.12 | - | - | - | - | - | - | - | - | - |

Notes:

- Foreign currency balances are restated at year end rates.
- Loans given to subsidiaries and loans raised by subsidiaries backed by guarantees given on their behalf have been utilised by them for acquisition of property, plant and equipments and for working capital.
- Personal Guarantees given to banks of ₹ 40,000.00 lakhs and US\$ 5 Mn (₹ 40,000.00 lakhs and US\$ 5 Mn as on 31 March 2017 and April 1, 2016) by Promoter Directors for the Term Loans and Working Capital Loans against which ₹ 14,787.69 lakhs (₹ 28,544.38 lakhs as on 31 March 2017) and (₹ 29,477.42 lakhs as on April 1, 2016) were outstanding as at the end of the year.

NOTES TO THE STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2018

43. Contingent liabilities, Capital and other commitments

(₹ in Lakhs)

| | Particulars | As at 31 March 2018 | As at 31 March 2017 | As at 01 April 2016 |
|------|--|---------------------|---------------------|---------------------|
| (a) | Contingent liabilities not provided for | | | |
| | Tax matters under disputes | 2,162.78 | 1,853.84 | 1,546.72 |
| | Lease Tax | 21.05 | 21.05 | 21.05 |
| | Sales Tax & VAT | 2,183.82 | 867.10 | 972.59 |
| | Service Tax | 5.38 | 5.38 | - |
| | Future cash flows in respect of the above are determinable only on pronouncements of judgments/decisions pending with various forums/ authorities. | | | |
| (b) | Corporate Guarantees given on behalf of subsidiary and step down subsidiary | 6,504.41 | 7,780.63 | 10,944.93 |
| | Amount outstanding on behalf of corporate guarantee | 5,210.54 | 5,887.27 | 8,213.97 |
| (c) | Claims against Company not acknowledged as debt | 50.75 | 50.75 | 51.75 |
| (d) | Bonds executed in favour of government authorities * | 709.80 | 693.17 | 19.94 |
| | *Bonds / Undertakings given by the Company under concessional duty / exemption schemes to government authorities (net of obligations fulfilled) | | | |
| (e) | Commitments | | | |
| (i) | Estimated value of contracts remaining to be executed on capital account & not provided for (net of advances) | 149.30 | 149.95 | 218.44 |
| (ii) | Uncalled amount of partly paid equity shares of a subsidiary company | 128.56 | 128.56 | 128.56 |

44. Employee benefits

(A) Defined Contribution Plan:

Contribution to Defined Contribution Plans, recognised as expense for the year are as under:

(₹ in Lakhs)

| Particulars | Year ended 31 March 2018 | Year ended 31 March 2017 |
|---|-----------------------------|-----------------------------|
| Employer's Contribution to Provident Fund | 93.00 | 63.78 |
| Employer's Contribution to ESIC | 0.72 | 0.38 |
| | 93.72 | 64.16 |

(B) Defined Benefit Plan :

(1) Contribution to Gratuity fund (funded scheme)

The Company provided for gratuity for employee in India as per the Payment of Gratuity Act, 1972. Employees who are in continuous service for a period of 5 years are eligible for gratuity. The amount of gratuity payable on retirement/termination is the employees last drawn basic salary per month computed proportionately for 15 days salary multiplied for the number of years of service. The gratuity plan is funded plan and the Company makes contribution to recognised funds in India.

(₹ in Lakhs)

| | Particulars | As at 31 March 2018 | As at 31 March 2017 | As at 01 April 2016 |
|-----|--|---------------------|---------------------|---------------------|
| (i) | Actuarial assumptions | | | |
| | Mortality table | IALM (2006-08) ult | IALM (2006-08)ult | IALM (2006-08) ult |
| | Discount rate (per annum) | 7.65% | 7.15% | 7.70% |
| | Rate of increase in compensation rate | 6.00% | 6.00% | 6.00% |
| | Withdrawal rate | | | |
| | Age 21-30 years | 7.50% | 7.50% | 7.50% |
| | Age 31-40 years | 5.00% | 5.00% | 5.00% |
| | Age 41-57 years | 3.00% | 3.00% | 3.00% |
| | * It is actuarially calculated term of the liability using probabilities of death, withdrawal and retirement | | | |

NOTES TO THE STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2018

(₹ in Lakhs)

| | Particulars | As at 31 March 2018 | As at 31 March 2017 | As at 01 April 2016 |
|-------|---|---|---|--|
| (ii) | Assets information: Insured Managed funds | 100% | 100% | 100% |
| (iii) | Changes in the present value of defined benefit obligation Present value of obligation at the beginning of the year Interest expense Current service cost Past service cost Actuarial (gain) /loss Benefits paid Present Value of obligation at the end of the year | 194.48 13.46 20.96 1.86 9.28 (13.02) 227.02 | 173.21 12.76 17.01 - (0.03) (8.47) 194.48 | 164.29 12.39 21.73 - 5.16 (30.36) 173.21 |
| (iv) | Changes in the Fair value of Plan Assets Fair value of plan assets at beginning of the year Interest income Contributions Benefits paid Actuarial gain /(loss) Fair Value of Plan Assets at the end of the year | 140.93 11.06 4.82 (13.02) (0.57) 143.22 | 138.61 11.44 - (8.47) (0.65) 140.93 | 157.40 12.83 - (30.36) (1.26) 138.61 |
| (v) | Assets and liabilities recognised in the balance sheet Present value of the defined benefit obligation at the end of the year Less: Fair value of plan assets at the end of the year Net liability recognised Recognised under provisions Current provisions Non-current provisions | 227.02 (143.22) 83.80 - 83.80 | 194.48 (140.93) 53.55 - 53.55 | 173.21 (138.61) 34.60 - 34.60 |

(₹ in Lakhs)

| | Particulars | As at 31 March 2018 | As at 31 March 2017 |
|-------|--|--------------------------------|-----------------------------|
| (vi) | Expenses recognised in the Statement of Profit and Loss Current Service Cost Past service cost Net interest (income) / expense Net gratuity cost recognised in the current year Included in note 33 'Employee benefits expense' | 20.96 1.86 2.40 25.22 | 17.01 - 1.32 18.33 |
| (vii) | Expenses recognised in the Statement of Other comprehensive income (OCI) Actuarial gain/loss on post employment benefit obligation Total remeasurement cost / (credit) for the year recognised in OCI | 16.89 16.89 | 7.03 7.03 |

(₹ in Lakhs)

| | Particulars | As at 31 March 2018 | As at 31 March 2017 | As at 01 April 2016 |
|--------|---|--|---|--|
| (viii) | Reconciliation of Net asset / (liability) recognised: Net asset/(liability) recognised at the beginning of the period Company contributions Benefits paid directly by company Actuarial gain/ (loss) Expenses recognised at the end of period Net asset / (liability) recognised at the end of the period | (53.55) 4.82 - (9.85) (25.22) (83.80) | (34.60) - - (0.62) (18.33) (53.55) | (6.89) - - (6.42) (21.29) (34.60) |

NOTES TO THE STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2018

(₹ in Lakhs)

| | Particulars | As at 31 March 2018 | | As at 31 March 2017 | |
|------|--|---------------------|-----------------|---------------------|-----------------|
| (ix) | Sensitivity Analysis: | | | | |
| | | Decrease | Increase | Decrease | Increase |
| | Impact of increase in 50 bps on DBO (Discount rate) | 3.94% | - | 4.14% | - |
| | Impact of decrease in 50 bps on DBO (Discount rate) | - | 4.22% | - | 4.44% |
| | Impact of increase in 50 bps on DBO (salary escalation rate) | - | 4.27% | - | 4.37% |
| | Impact of decrease in 50 bps on DBO (salary escalation rate) | 4.02% | - | 4.11% | - |

(x) Maturity analysis of projected benefit obligation

(₹ in Lakhs)

| Year | 31-Mar-18 | 31-Mar-17 |
|--------------|-----------|-----------|
| 1 | 22.77 | 12.56 |
| 2 | 15.54 | 19.93 |
| 3 | 20.42 | 13.26 |
| 4 | 31.32 | 17.25 |
| 5 | 17.32 | 26.87 |
| 6 | 24.86 | 14.41 |
| 7 | 17.09 | 20.74 |
| 8 | 31.56 | 14.13 |
| 9 | 19.74 | 25.44 |
| 10 and above | 294.65 | 248.44 |

The Plan typically exposes the Company to actuarial risk such as Interest Risk, Longevity Risk and Salary Risk

- Interest Risk:- A decrease in the bond interest rate will increase the plan liability.
- Longevity Risk: The present value of the defined benefit plan liability is calculated by reference to the best estimate of the mortality of plan participants both during and after their employment. An increase in the life expectancy of the plan participants will increase the plan's liability.
- Salary Risk: The present value of the defined plan liability is calculated by reference to the future salaries of plan participants. As such, an increase in the salary of the plan's participants will increase the plan's liability.

45. Segment reporting

In accordance with Ind AS 108- 'operating Segment', segment information has been given in the Consolidated Financial Statements of the Company, therefore, no separate disclosure on Segment information is given in these financial statements.

46. First time adoption of Ind AS**A. First Ind AS Financial statements**

These are the Company's first separate financial statements prepared in accordance with Ind AS applicable as at 31 March 2018.

The accounting policies set out in note 1 have been applied in preparing the financial statements for the year ended 31

March 2018, the comparative information presented in these financial statements for the year ended 31 March 2017 and in the preparation of an opening Ind AS balance sheet at 1 April 2016 (the date of transition). In preparing its opening Ind AS balance sheet, the Company has adjusted the amounts reported previously in financial statements prepared in accordance with the accounting standards notified under Companies (Accounting Standards) Rules, 2006 (as amended) and other relevant provisions of the Act (previous GAAP or Indian GAAP). Consequently, in preparing these Ind AS financial statements, the Company has availed certain exemptions and complied with the mandatory exceptions provided in Ind AS 101, as explained below. The resulting difference in the carrying values of the assets and liabilities as at the transition date between the Ind AS and Previous GAAP have been recognised directly in equity (retained earnings or another appropriate category of equity).

An explanation of how the transition from previous GAAP to Ind AS has affected the Company's financial position and financial performance is as follows:

i) Optional exemptions availed**Deemed cost**

Ind AS 101 permits a first-time adopter to elect to continue with the carrying value for all of its property, plant and equipment as recognised in the financial statements as at the date of transition to Ind AS, measured as per the previous GAAP and use that as its deemed cost as at the date of transition after making necessary adjustments for

NOTES TO THE STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2018

de-commissioning liabilities. This exemption can also be used for intangible assets covered by Ind AS 38 Intangible Assets and investment property covered by Ind AS 40 Investment Properties.

Accordingly, the Company has elected to measure all of its property, plant and equipment and intangible assets at their previous GAAP carrying value.

Business combinations

Ind AS 101 provides the option to apply Ind AS 103 prospectively from the transition date or from a specific date prior to the transition date. This provides relief from full retrospective application that would require restatement of all business combination prior to the transition date.

The Company has availed the business combination exemption on first time adoption of Ind AS and accordingly the business combinations prior to date of transition have not been restated to the accounting prescribed under Ind AS 103 – Business combinations.

Investment in subsidiaries

Ind AS 101 permits a first-time adopter to elect to continue with the carrying value for all of its subsidiaries as recognised in the financial statements as at the date of transition to Ind AS, measured as per the previous GAAP and use that as its deemed cost as at the date of transition.

Accordingly, the Company has elected to measure all of its investments in subsidiaries at their previous GAAP carrying value.

ii) Mandatory exceptions applied

Estimates

An entity's estimates in accordance with Ind AS at the date of transition to Ind AS shall be consistent with estimates made for the same date in accordance with previous GAAP (after adjustments to reflect any difference in accounting policies), unless there is objective evidence that those estimates were in error.

The estimates as at 1 April 2016 and 31 March 2017 are consistent with those made for the same dates in

accordance with previous GAAP (after adjustment to reflect differences if any, in accounting policies) apart from the below item where the application of previous GAAP did not require estimation: - Impairment of financial assets based on the expected credit loss model.

De-recognition of financial assets and liabilities

Ind AS 101 requires a first-time adopter to apply the de-recognition provisions of Ind AS 109 prospectively for transactions occurring on or after the date of transition to Ind AS. However, Ind AS 101 allows a first-time adopter to apply the de-recognition requirements in Ind AS 109 retrospectively from a date of the entity's choosing, provided that the information needed to apply Ind AS 109 to financial assets and financial liabilities derecognised as a result of past transactions was obtained at the time of initially accounting for those transactions.

The Company has applied the de-recognition provisions of Ind AS 109 prospectively from the date of transition to Ind AS.

Classification and measurement of financial assets

Ind AS 101 requires an entity to assess classification and measurement of financial assets on the basis of the facts and circumstances that exist at the date of transition to Ind AS.

As per Ind AS 101, if the first time adopter did not, under the previous GAAP, recognise and measure a government loan at below market rate of interest on the basis consistent with Ind AS requirement, it shall use its previous GAAP carrying amount of the loan at the date of transition to Ind ASs as the carrying amount of the loan in the opening Ind AS balance sheet. An entity shall apply Ind AS 109 to the measurement of such loans after the date of transition to Ind ASs.

Under the previous GAAP, these loans were carried at amounts that will be repaid. Accordingly, the Company applies this exception and does not make any changes to the interest free deferred sales tax loan outstanding as at the date of transition.

(₹ in Lakhs)

| B. First time adoption reconciliations | | | | |
|--|-------------|---------------------------------------|---------------------------------------|--|
| Reconciliation of equity from Previous GAAP to Ind AS | | | | |
| Particulars | Note | Equity as at 31 March 2017 | Equity as at 01 April 2016 | |
| Equity as per previous GAAP | | 14,839.59 | 7,659.30 | |
| GAAP adjustments: | | | | |
| Impact on account of financial asset measured at FVOCI | B.1 | 286.98 | 279.51 | |
| Impact due to borrowings accounted at amortised cost | B.2 | 147.26 | 182.81 | |
| Impact on account of provision for sales returns | B.3 | (55.20) | (50.01) | |
| Impact on account of provision for expected credit loss | B.4 | (22.21) | (14.45) | |
| Impact on account of fair valuation of Corporate guarantee | B.5 | 23.83 | 12.60 | |
| Impact of deferred taxes on the above adjustments | B.7 | 60.58 | 56.94 | |
| Total - GAAP adjustments | | 441.24 | 467.40 | |
| Equity as per Ind AS | | 15,280.83 | 8,126.70 | |

NOTES TO THE STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2018

(₹ in Lakhs)

₹ in Lakhs

| Reconciliation of total comprehensive income / (loss) for the year 2016-17 | | | |
|---|------|-------------------------------------|--|
| Particulars | Note | For the year ended 31 March 2017 | |
| Net profit / (loss) after tax as per previous GAAP | | 7,180.29 | |
| GAAP adjustments: | | | |
| Impact due to borrowings accounted at amortised cost | B.2 | (35.55) | |
| Impact on account of provision for sales returns | B.3 | (5.19) | |
| Impact on account of provision for expected credit loss | B.4 | (7.76) | |
| Impact on account of fair valuation of Corporate guarantee | B.5 | 11.23 | |
| Impact of recognising actuarial gains / (losses) on defined benefit obligations in OCI | B.6 | 7.03 | |
| Impact of deferred taxes on the above adjustments | B.7 | (2.43) | |
| Total - GAAP adjustments | | (32.67) | |
| Net profit / (loss) after tax as per Ind AS | | 7,147.62 | |
| Actuarial gains / (losses) on defined benefit obligations in OCI (net of tax) | B.6 | (7.03) | |
| Impact on account of financial asset measured at FVOCI | B.1 | 7.47 | |
| Impact of deferred taxes on the above adjustments | B.7 | 6.07 | |
| Total comprehensive income / (loss) after tax as per Ind AS | | 7,154.13 | |
| All the adjustments on account of Ind AS are non-cash in nature, hence there is no material impact on the Statement of Cash flows | | | |

Explanations to reconciliations

| | |
|------------|--|
| B.1 | <p>Impact on account of financial asset measured at FVOCI</p> <p>Previous GAAP – Non-current investment are measured at cost less provision for other than temporary diminution in value.</p> <p>Ind AS – Investment in equity shares are financial assets. For the purposes of Ind AS 109, these will be accounted at fair value through other comprehensive income at each reporting date.</p> <p>Consequently to the change, the impact on equity at transition date and as at 31 March 2017 is ₹ 279.51 Lakhs and ₹ 286.98 lakhs respectively and the impact in statement of OCI for the year ended 2016-17 is ₹ 7.47 lakhs.</p> |
| B.2 | <p>Impact on borrowings accounted at amortised cost</p> <p>Previous GAAP – The borrowings are recorded at transaction value and transaction costs/ processing fees is charged as finance cost in the year in which it is incurred.</p> <p>Ind AS – As per Ind AS 109, borrowings are financial liabilities which are initially recorded at fair value and subsequently at amortised cost as per effective interest rate method.</p> <p>Consequently to the change, the impact on equity at transition date and as at 31 March 2017 is ₹ 182.81 lakhs and ₹ 147.26 lakhs respectively and impact in statement of profit and loss for the year ended 2016-17 is ₹ 35.55 lakhs.</p> |
| B.3 | <p>Impact on account of creation of provision for sales return</p> <p>Previous GAAP – Sales returns are accounted as and when they actually occur.</p> <p>Ind AS – Sales returns are accounted on estimated basis. Estimated liability for expected sales returns is recognised at the times of sales. Revenue is presented net of such sales returns.</p> <p>Consequently to the change, the impact on equity at transition date and as at 31 March 2017 is ₹ 50.01 lakhs and ₹ 55.20 lakhs respectively and the impact in statement of profit and loss for the year ended 2016-17 is ₹ 5.19 lakhs.</p> |
| B.4 | <p>Impact on account of creation of provision based on expected credit loss model</p> <p>Previous GAAP - The Company provides for doubtful debts based on the realization period and policy framed by the Company based on the incurred loss model i.e. when there is an objective evidence of impairment.</p> <p>Ind AS - As per Ind AS 109, impairment loss shall be recognised as per the expected credit losses model on all financial assets (other than those measured at fair value)“Consequent to the change, the impact on equity at the transition date and as at 31 March 2017 is ₹ 14.45 lakhs and ₹ 22.21 lakhs respectively and the impact in statement of profit or loss for the year 2016-17 is ₹ 7.76 lakhs.</p> |
| B.5 | <p>Impact on account of fair valuation of Corporate guarantee</p> <p>Previous GAAP – The Company has given guarantee on behalf of subsidiary and is charging commission to subsidiary which is not at arm's length.</p> <p>Ind AS – Financial guarantee contracts are financial instruments and hence are recognised at fair value on initial recognition. In case the transactions is not at fair value, the same needs to be determined as per Ind AS 113 – Fair value measurement. Consequently to the change, the impact on equity at transition date and as at 31 March 2017 is ₹ 12.60 lakhs and ₹ 23.83 lakhs respectively and the impact in statement of profit and loss for the year ended 2016-17 is ₹ 11.23 lakhs.</p> |

NOTES TO THE STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2018

| | |
|------------|--|
| B.6 | Impact of recognising actuarial gains / (losses) on defined benefit obligations in other comprehensive income Previous GAAP - Actuarial gains / losses on defined benefit obligations is recognised in statement of profit and loss. Ind AS - Actuarial gains / losses on defined benefit obligations is recognised in other comprehensive income (OCI). Consequently, actuarial losses of ₹ 7.03 lakhs has been recognised in OCI. |
| B.7 | Impact on account of deferred taxes The impact of transition adjustments together with Ind AS mandate of using balance sheet approach (against profit and loss approach in the previous GAAP) for computation of deferred tax. Deferred tax impact on transition date adjustments has been adjusted to retained earnings and deferred tax impact on Ind AS adjustments for the year 2016-17 have been adjusted to Profit and Loss/OCI. |

47. Earnings per share

| Particulars | Year ended 31 March 2018 | Year ended 31 March 2017 |
|--|-----------------------------|-----------------------------|
| Net Profit / (loss) after tax for the year (₹ In lakhs) | 1,305.04 | 7,147.62 |
| Profit / loss attributable to equity share holders (₹ In lakhs) | 1,305.04 | 7,147.62 |
| Weighted Average Number of equity shares outstanding during the year (nos) | 112,207,682 | 112,207,682 |
| Basic and Diluted Earnings Per Share (₹) | 1.16 | 6.37 |
| Face Value per Share (₹) | 2.00 | 2.00 |

Note: The Company does not have any outstanding dilutive potential equity shares as at 31 March 2018 and 31 March 2017. Consequently, basic and diluted earnings per share of the Company remains the same.

48. Lease
(a) Assets taken on operating lease:

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

(₹ in Lakhs)

| Particulars | As at 31 March 2018 | As at 31 March 2017 | As at 01 April 2016 |
|--|------------------------|------------------------|------------------------|
| For a period not later than one year | 68.55 | 134.37 | 85.59 |
| For a period later than one year and not later than five years | 0.55 | 69.10 | 3.00 |
| For a period later than five years | - | - | - |

(b) Assets Given on Operating Lease:

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

(₹ in Lakhs)

| Particulars | As at 31 March 2018 | As at 31 March 2017 | As at 01 April 2016 |
|--|------------------------|------------------------|------------------------|
| For a period not later than one year | - | - | 4.32 |
| For a period later than one year and not later than five years | - | - | - |
| For a period later than five years | - | - | - |

49. Assets pledged as security

The carrying amount of assets pledged as security are as under

(₹ in Lakhs)

| Particulars | As at 31 March 2018 | As at 31 March 2017 | As at 01 April 2016 |
|-------------------------------|------------------------|------------------------|------------------------|
| Property, plant and equipment | 19,632.11 | 18,235.92 | 24,238.05 |
| Intangible assets | 13.24 | 12.90 | 31.94 |
| Capital work-in-progress | 31.52 | 712.05 | 2,374.51 |
| Current assets | | | |
| Financial Assets | | | |
| Investments | 2.84 | 2.73 | 2.60 |
| Trade receivables | 4,939.28 | 5,010.46 | 4,061.48 |
| Cash and cash equivalents | 241.81 | 137.45 | 277.50 |

NOTES TO THE STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2018

49. Assets pledged as security

The carrying amount of assets pledged as security are as under

(₹ in Lakhs)

| | | | |
|---|------------------|------------------|------------------|
| Other Bank Balance | 1,207.23 | 394.84 | 208.16 |
| Loans | 5,678.33 | 6,598.08 | 6,537.07 |
| Other financial assets | 77.37 | 16,117.40 | 86.88 |
| Non Financial Assets | | | |
| Inventories | 10,683.78 | 9,510.88 | 10,767.59 |
| Asset classified as held for sale | 3,058.01 | 3,077.98 | 1,471.24 |
| Investment in subsidiary | | | |
| - EKC International FZE | 635.01 | 635.01 | 635.01 |
| - EKC Industries (Tianjin) Co. Ltd. | 2,076.83 | 2,076.83 | 2,076.83 |
| Total assets pledged as security | 48,277.36 | 62,522.53 | 52,768.86 |

50. Net debt reconciliation

Reconciliation of non-cash and cash flow changes in Financing activities

(₹ in Lakhs)

| Particulars | As at 31 March 2018 | As at 31 March 2017 |
|---|------------------------|------------------------|
| Cash and cash equivalents | 241.81 | 137.45 |
| Non-current borrowings (including current maturities) | (15,343.94) | (26,683.69) |
| Current borrowings | (7,105.21) | (6,520.39) |
| Net debt | (22,207.34) | (33,066.63) |

(₹ in Lakhs)

| Particulars | Cash and cash equivalents | Non-current borrowings | Current borrowings | Total |
|-------------------------------------|------------------------------|---------------------------|-----------------------|--------------------|
| Net Debt as at 31 March 2017 | 137.45 | (26,683.69) | (6,520.39) | (33,066.63) |
| Cash Flows | 104.36 | 11,319.57 | (590.04) | 10,833.89 |
| Interest expense | - | (1,743.94) | (880.13) | (2,624.07) |
| Foreign exchange impact | - | (3.19) | (8.39) | (11.58) |
| Interest paid | - | 1,811.48 | 893.74 | 2,705.22 |
| Non cash adjustment | | | | |
| Amortisation of loan processing fee | - | (44.17) | - | (44.17) |
| Net Debt as at 31 March 2018 | 241.81 | (15,343.94) | (7,105.21) | (22,207.34) |

51. In accordance with Indian Accounting Standard (AS) – 18 – 'Revenue from customers', the Company has deferred the recognition of interest income of ₹ 158.37 lakhs [(as at 31 March 2017: ₹ 537.69 lakhs) (as at 1 April, 2016: ₹ 298.79 lakhs)], due to uncertainties involved in ultimate collection of the outstanding amounts.

52. During the year, the Chairman & Managing Director was entitled to remuneration. However, the CMD has voluntarily decided not to draw any remuneration from the Company.

53. The outstanding balances as at 31 March, 2018 include trade payables aggregating ₹ 8,469.71 lakhs, trade receivables aggregating ₹ 16.26 lakhs and interest receivable aggregating to ₹ 1,341.00 lakhs to/from companies situated outside India. These balances are pending for settlement due to financial difficulties and have

resulted in delays in remittance of payments, receipts of receivables and receipt of interest, beyond the timeline stipulated by the FED Master Direction No. 17/2016-17, FED Master Direction No. 16/2015-16 and Notification No. FEMA 120/ RB-2004 respectively, under the Foreign Exchange Management Act, 1999. The Company is in the process of regularizing these defaults by filing necessary applications with the appropriate authority for condonation of delays.

54. The Company currently does not have Chief Financial officer and Company Secretary as required under Section 203 of the Companies Act, 2013 read with Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014. The Company is in the process of hiring a suitable candidate.

As per our report of even date.

For **Walker Chandiok & Co LLP**

Chartered Accountants

Firm Registration No: 001076N/N500013

Khushroo B. Panthaky

Partner

Membership No: 42423

Place : Mumbai

Date : 30 May 2018

For and on behalf of the Board of Directors

P. K. Khurana

Chairman & Managing Director

DIN: 00004050

Place : Mumbai

Date : 30 May 2018

Uma A. Acharya

Director

DIN: 07165976

Everest Kanto Cylinder Limited
FY 2017-18



Form AOC-I

(Pursuant to first proviso to sub-section (3) of Section 129 of Companies Act, 2013 read with Rule 5 of Companies (Accounts) Rules, 2014) Statement containing salient features of the Financial Statement of Subsidiaries / Associate Companies / Joint Ventures

(₹ in Lakhs)

| Sr. No. | Name of the Subsidiaries | EKC International FZE | EKC Industries (Tainjin) Co. Ltd. | EKC Industries (Thailand) Co. Ltd. | Next Gen Cylinder Pvt. Ltd. | Calcutta Compressions & Liquefaction Engineering Ltd. | EKC Positron Gas Ltd. | EKC Hungary Kft | CP Industries Holdings, Inc. | EKC Europe GmbH | Kamal EKC International Ltd. |
|---------|---|-----------------------|-----------------------------------|------------------------------------|-----------------------------|---|-----------------------|-----------------|------------------------------|------------------|------------------------------|
| 1. | Reporting period for the subsidiary concerned, if different from the holding company's reporting period | NA | NA | NA | NA | NA | NA | NA | NA | NA | NA |
| 2. | Reporting Currency | AED | RMB | THB | INR | INR | INR | USD | USD | EURO | TZS |
| 3. | Exchange Rate as on 31.03.2018 | 1 AED = 17.6488 | 1 RMB = 10.3202 | 1 THB = 2.0698 | NA | NA | NA | 1 USD = 65.0441 | 1 USD = 65.0441 | 1 EURO = 80.6222 | 1 TZS = 0.0287 |
| 4. | Share Capital | 3,036.22 | 13,141.85 | 2,069.77 | 10.00 | 353.54 | 3.63 | 5,001.34 | 5,853.97 | 20.16 | 1.40 |
| 5. | Reserves & Surplus | 49,282.09 | (18,541.44) | (14.79) | - | (1,256.39) | (0.37) | (5,927.77) | (11,128.90) | (325.26) | (22.31) |
| 6. | Share Application Money | - | - | - | - | - | - | - | - | - | 29.24 |
| 7. | Total Assets | 65,624.61 | 9,845.52 | 2,113.41 | 10.00 | 583.16 | 4.71 | 8,199.71 | 21,338.37 | 1,258.99 | 11.89 |
| 8. | Total Liabilities | 65,624.61 | 9,845.52 | 2,113.41 | 10.00 | 583.16 | 4.71 | 8,199.71 | 21,338.37 | 1,258.99 | 11.89 |
| 9. | Investments | 5,041.72 | - | - | - | (78.18) | - | 5,853.97 | - | - | - |
| 10. | Turnover | 9,957.79 | 4,116.91 | 23.16 | - | 1,162.21 | - | 430.55 | 13,411.55 | 1,869.42 | - |
| 11. | Profit/(Loss) Before Taxation | 297.30 | (689.33) | (8.05) | - | 158.02 | (0.21) | 410.85 | (169.78) | (37.47) | (5.06) |
| 12. | Provision for Taxation | - | - | - | - | - | - | 1.21 | 10.31 | - | - |
| 13. | Profit/(Loss) After Taxation | 297.30 | (689.33) | (8.05) | - | 158.02 | (0.21) | 409.64 | (159.47) | (37.47) | (5.06) |
| 14. | Proposed Dividend | - | - | - | - | - | - | - | - | - | - |
| 15. | % of Shareholding | 100.00% | 100.00% | 100.00% | 100.00% | 72.65% | 72.65% | 100.00% | 100.00% | 100.00% | 49.00% |

INDEPENDENT AUDITOR'S REPORT

To the Members of Everest Kanto Cylinder Limited

Report on the Consolidated Financial Statements

1. We have audited the accompanying consolidated financial statements of **Everest Kanto Cylinder Limited** (the 'Holding Company') and its subsidiaries (the Holding Company and its subsidiaries together referred to as the 'Group') and a joint venture, which comprise the Consolidated Balance Sheet as at 31 March 2018, the Consolidated Statement of Profit and Loss (including Other Comprehensive Income), the Consolidated Cash Flow Statement and the Consolidated Statement of Changes in Equity for the year then ended, and a summary of the significant accounting policies and other explanatory information.

Management's Responsibility for the Consolidated Financial Statements

2. The Holding Company's Board of Directors is responsible for the preparation of these consolidated financial statements in terms of the requirements of the Companies Act, 2013 (the 'Act') that give a true and fair view of the consolidated state of affairs (consolidated financial position), consolidated profit or loss (consolidated financial performance including other comprehensive income), consolidated cash flows and consolidated changes in equity of the Group, including its joint venture in accordance with the accounting principles generally accepted in India, including the Indian Accounting Standards ('Ind AS') specified under Section 133 of the Act. The Holding Company's Board of Directors and the respective Board of Directors / management of the subsidiaries, included in the Group, and its joint venture are responsible for the design, implementation and maintenance of internal control relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error. Further, in terms of the provisions of the Act, the respective Board of Directors / management of the companies included in the Group, covered under the Act are responsible for maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements, that give a true and fair view and are free from material misstatement, whether due to fraud or error. These financial statements have been used for the purpose of preparation of the consolidated financial statements by the Directors of the Holding Company, as aforesaid.

Auditor's Responsibility

3. Our responsibility is to express an opinion on these consolidated financial statements based on our audit.
4. While conducting the audit, we have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made thereunder.
5. We conducted our audit in accordance with the Standards on Auditing specified under Section 143(10) of the Act. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether these consolidated financial statements are free from material misstatement.
6. An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial controls relevant to the Holding Company's preparation of the consolidated financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the Holding Company's Board of Directors, as well as evaluating the overall presentation of the consolidated financial statements.
7. We believe that the audit evidence obtained by us and the audit evidence obtained by the other auditors in terms of their reports referred to in paragraph 10 of the Other Matters paragraph below is sufficient and appropriate to provide a basis for our audit opinion on these consolidated financial statements.

Opinion

8. In our opinion and to the best of our information and according to the explanations given to us and based on the consideration of the reports of the other auditors on separate financial statements and on the other financial information of the subsidiaries and joint venture, the aforesaid consolidated financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the consolidated state of affairs (consolidated financial position) of the Group and its joint venture as at 31 March 2018, and their consolidated profit (consolidated financial performance including other comprehensive income), their consolidated cash flows and consolidated changes in equity for the year ended on that date.

Emphasis of Matter

9. We draw attention to Note 55 to the consolidated financial statements, regarding delays in payments against the supply of goods of ₹ 8,470 lakhs, receipt of trade receivables of ₹ 16 lakhs and interest receivables aggregating to ₹ 1,341 lakhs, that are outstanding for a period beyond the timelines stipulated vide FED Master Direction No. 17/2016-17, FED Master Direction No. 16/2015-16 and Notification No. FEMA 120/RB-2004, respectively, under the Foreign Exchange Management Act, 1999. The Management of the Holding Company has represented that the Holding Company is in the process of regularizing these defaults by filing necessary application with the appropriate authority for condonation of such delays. Pending conclusion of the aforesaid matter, the amount of penalty, if any, that may be levied, is not ascertainable and accordingly, the accompanying consolidated financial statements do not include any adjustments that may arise due to such delay/default. Our opinion is not modified in respect of this matter.

Other Matters

10. We did not audit the financial statements of eight subsidiaries, whose financial statements (before eliminating intercompany balances) reflect total assets of ₹ 118,777 lakhs and net assets of ₹ 52,487 lakhs as at 31 March 2018, total revenues (before eliminating intercompany transactions) of ₹ 28,309 lakhs and net cash outflows amounting to ₹ 1,275 lakhs for the year ended on that date, as considered in the consolidated financial statements. These financial statements have been audited by other auditors whose reports have been furnished to us by the management and our opinion on the consolidated financial statements, in so far as it relates to the amounts and disclosures included in respect of these subsidiaries, and our report in terms of sub-section (3) of Section 143 of the Act, in so far as it relates to the aforesaid subsidiaries, is based solely on the reports of the other auditors.

Further, of these subsidiaries, five subsidiaries are located outside India whose financial statements and other financial information have been prepared in accordance with accounting principles generally accepted in their respective countries and which have been audited by other auditors under generally accepted auditing standards applicable in their respective countries. The Holding Company's management has converted the financial statements of such subsidiaries located outside India from accounting principles generally accepted in their respective countries to accounting principles generally accepted in India. We have audited these conversion adjustments made by the Holding Company's management. Our opinion in so far as it relates to the balances and affairs of such subsidiaries located outside India is based on the report of other auditors and the conversion adjustments prepared by the management of the Holding Company and audited by us.

Our opinion above on the consolidated financial statements, and our report on other legal and regulatory requirements below, are not modified in respect of the above matters with respect to our reliance on the work done by and the reports of the other auditors.

11. We did not audit the financial information of a subsidiary, whose financial information (before eliminating intercompany balances) reflect total assets of ₹ 1,259 lakhs and net assets of ₹ (305) lakhs as at 31 March 2018, total revenues (before eliminating intercompany transactions) of ₹ 1,868 lakhs and net cash outflows amounting to ₹ 3 lakhs for the year ended on that date, as considered in the consolidated financial statements. The consolidated financial statements also include the Group's share of net loss (including other comprehensive income) of ₹ 5 lakhs for the year ended 31 March 2018, as considered in the consolidated financial statements, in respect of a joint venture, whose financial information have not been audited by us. These financial information are unaudited and have been furnished to us by the management and our opinion on the consolidated financial statements, in so far as it relates to the amounts and disclosures included in respect of the subsidiary and joint venture, and our report in terms of sub-section (3) of Section 143 of the Act, in so far as it relates to the aforesaid subsidiary and joint venture, are based solely on such unaudited financial information. In our opinion and according to the information and explanations given to us by the management, such financial information are not material to the Group.

Our opinion above on the consolidated financial statements, and our report on other legal and regulatory requirements below, are not modified in respect of the above matter with respect to our reliance on the financial information certified by the management.

12. The Holding Company had prepared separate sets of consolidated financial statements for the year ended 31 March 2017 and 31 March 2016 in accordance with Accounting Standards prescribed under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014 (as amended) on which we issued auditor's reports dated 30 May 2017 and 30 May 2016, respectively. These separate sets of consolidated financial statements have been adjusted for the differences in the accounting principles adopted by the Holding Company on transition to Ind AS, which have also been audited by us. Our opinion is not modified in respect of this matter.

Report on Other Legal and Regulatory Requirements

13. As required by Section 143(3) of the Act, based on our audit and on the consideration of the reports of the other auditors on separate financial statements and other financial information of the subsidiaries and a joint venture, we report, to the extent applicable, that:

- a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit of the aforesaid consolidated financial statements;
- b) In our opinion, proper books of account as required by law relating to preparation of the aforesaid consolidated financial statements, have been kept so far as it appears from our examination of those books and the reports of the other auditors;
- c) The report on the accounts of the branch office of the Holding Company, covered under the Act, audited under Section 143(8) of the Act by branch auditor has been sent to us, and has been properly dealt with in preparing this report;
- d) The consolidated financial statements dealt with by this report are in agreement with the relevant books of account maintained for the purpose of preparation of the consolidated financial statements;
- e) In our opinion, the aforesaid consolidated financial statements comply with Ind AS specified under Section 133 of the Act;
- f) On the basis of the written representations received from the directors of the Holding Company and taken on record by the Board of Directors of the Holding Company and the reports of the other statutory auditors of its subsidiary companies covered under the Act, none of the directors of the Group companies covered under the Act, are disqualified as on 31 March 2018 from being appointed as a director in terms of Section 164(2) of the Act;
- g) With respect to the adequacy of the internal financial controls over financial reporting of the Holding Company, and its subsidiary companies covered under the Act and the operating effectiveness of such controls, refer to our separate report in 'Annexure A';

- h) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditor's) Rules, 2014 (as amended), in our opinion and to the best of our information and according to the explanations given to us and based on the consideration of the report of the other auditors on separate financial statements as also the other financial information of the subsidiaries and a joint venture:
 - (i) The consolidated financial statements disclose the impact of pending litigations on the consolidated financial position of the Group and a joint venture, as detailed in note 43 to the consolidated financial statements;
 - (ii) The Group, and its joint venture did not have any long-term contracts, including derivative contracts for which there were any material foreseeable losses;
 - (iii) There has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Holding Company, and its subsidiary companies covered under the Act;
 - (iv) The disclosure requirements relating to holdings as well as dealings in specified bank notes were applicable for the period from 8 November 2016 to 30 December 2016 which are not relevant to these consolidated financial statements. Hence, reporting under this clause is not applicable.

For **Walker Chandiok & Co LLP**

Chartered Accountants

Firms Registration No.: 001076N/N500013

per **Khushroo B. Panthaky**

Partner

Membership No.: 42423

Place: Mumbai

Date: 30 May 2018

Annexure A to the Independent Auditor's Report of even date to the members of Everest Kanto Cylinder Limited, on the consolidated financial statements for the year ended 31 March 2018

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

1. In conjunction with our audit of the consolidated financial statements of **Everest Kanto Cylinder Limited** (the 'Holding Company') and its subsidiaries (the Holding Company and its subsidiaries together referred to as the 'Group'), and a joint venture as at and for the year ended 31 March 2018, we have audited the internal financial controls over financial reporting ('IFCoFR') of the Holding Company and its subsidiary companies, which are companies covered under the Act, as at that date.

Management's Responsibility for Internal Financial Controls

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

Auditor's Responsibility

3. Our responsibility is to express an opinion on the IFCoFR of the Holding Company and its subsidiary companies, as aforesaid, based on our audit. We conducted our audit in accordance with the Standards on Auditing specified under Section 143(10) of the Act, to the extent applicable to an audit of IFCoFR, and the Guidance Note issued by the ICAI. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether

adequate IFCoFR were established and maintained and if such controls operated effectively in all material respects.

4. Our audit involves performing procedures to obtain audit evidence about the adequacy of the IFCoFR and their operating effectiveness. Our audit of IFCoFR includes obtaining an understanding of IFCoFR, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

5. We believe that the audit evidence we have obtained and the audit evidence obtained by the other auditors in terms of their reports referred to in the Other Matter paragraph below, is sufficient and appropriate to provide a basis for our audit opinion on the IFCoFR of the Holding Company and its subsidiary companies as aforesaid.

Meaning of Internal Financial Controls over Financial Reporting

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

Inherent Limitations of Internal Financial Controls over Financial Reporting

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

Opinion

8. In our opinion and based on the consideration of the reports of the other auditors on IFCoFR of the three subsidiary companies, the Holding Company and its three subsidiary companies, which are companies covered under the Act, have in all material respects, adequate internal financial controls over financial reporting and such controls were operating effectively as at 31 March 2018, based on the internal control over financial reporting criteria established by the Holding Company and its three subsidiary companies as aforesaid, considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls over Financial Reporting, issued by the Institute of Chartered Accountants of India.

Other Matter

9. We did not audit the IFCoFR, in so far as it relates to three subsidiary companies, which are companies covered under

the Act, whose financial statements (before eliminating intercompany balances) reflect total assets of ₹ 684 lakhs and net assets of ₹ (802) lakhs as at 31 March 2018, total revenues (before eliminating intercompany transactions) of ₹ 1,152 lakhs and net cash outflows amounting to ₹ 83 lakhs for the year ended on that date, as considered in the consolidated financial statements. The IFCoFR in so far as it relates to such subsidiary companies have been audited by other auditors, whose reports have been furnished to us by the management, and our report on the adequacy and operating effectiveness of the IFCoFR for the Holding Company and its three subsidiary companies, as aforesaid, under Section 143(3)(i) of the Act in so far as it relates to such three subsidiary companies, is based solely on the reports of the auditors of such companies. Our opinion is not modified in respect of this matter with respect to our reliance on the work done by and on the reports of the other auditors.

For **Walker Chandiok & Co LLP**

Chartered Accountants

Firms Registration No.: 001076N/N500013

per **Khushroo B. Panthaky**

Partner

Membership No.: 42423

Place: Mumbai

Date: 30 May 2018

CONSOLIDATED BALANCE SHEET AS AT 31 MARCH 2018

| | Note No. | As at 31 March 2018 (₹ in Lakhs) | As at 31 March 2017 (₹ in Lakhs) | As at 01 April 2016 (₹ in Lakhs) |
|---|----------|--|--|--|
| I. ASSETS | | | | |
| 1 Non-current assets | | | | |
| Property, plant and equipment | 2 | 33,938.74 | 42,212.49 | 51,389.97 |
| Capital work-in-progress | | 844.51 | 1,386.72 | 2,838.64 |
| Intangible assets | 3 | 109.34 | 129.56 | 165.93 |
| Investment accounted for using equity method | | 8.21 | 13.27 | - |
| Financial assets | | | | |
| Investments | 4 | 405.83 | 331.93 | 324.46 |
| Loans | 5 | 1,021.42 | 513.21 | 751.12 |
| Other financial assets | 6 | 252.07 | 65.00 | 185.00 |
| Deferred tax assets (net) | 7 | 41.80 | 60.57 | 56.94 |
| Current tax assets (net) | 8 | 626.37 | 1,023.17 | 813.49 |
| Other non-current assets | 9 | 61.77 | 56.98 | 109.31 |
| | | 37,310.06 | 45,792.90 | 56,634.86 |
| 2 Current assets | | | | |
| Inventories | 10 | 26,730.29 | 25,901.20 | 28,757.90 |
| Financial assets | | | | |
| Investments | 11 | 2.84 | 2.72 | 2.60 |
| Trade receivables | 12 | 8,945.31 | 11,595.86 | 10,627.74 |
| Cash and cash equivalents | 13 | 901.46 | 858.27 | 893.42 |
| Bank balances other than cash and cash equivalents | 14 | 2,138.48 | 2,624.97 | 1,827.55 |
| Loans | 15 | 1,251.71 | 2,057.13 | 1,803.84 |
| Other financial assets | 16 | 85.82 | 16,125.74 | 342.47 |
| Other current assets | 17 | 3,540.58 | 4,381.17 | 2,372.39 |
| | | 43,596.49 | 63,547.06 | 46,627.91 |
| Assets classified as held for sale | 18 | 13,253.67 | 3,165.12 | 1,566.48 |
| Total Assets | | 94,160.22 | 112,505.08 | 104,829.25 |
| II. EQUITY AND LIABILITIES | | | | |
| 1 Equity | | | | |
| Equity share capital | 19 | 2,244.15 | 2,244.15 | 2,244.15 |
| Other equity | 20 | 42,125.99 | 39,952.19 | 32,548.28 |
| Equity attributable to owners | | 44,370.14 | 42,196.34 | 34,792.43 |
| Non-controlling interests | | 36.05 | (7.04) | 1.37 |
| | | 44,406.19 | 42,189.30 | 34,793.80 |
| 2 Liabilities | | | | |
| (i) Non-current liabilities | | | | |
| Financial liabilities | | | | |
| Borrowings | 21 | 18,455.45 | 19,666.00 | 24,755.55 |
| Provisions | 22 | 1,754.30 | 1,737.65 | 2,105.12 |
| Government grants | | 320.61 | 301.08 | 335.37 |
| | | 20,530.36 | 21,704.73 | 27,196.04 |
| (ii) Current liabilities | | | | |
| Financial liabilities | | | | |
| Borrowings | 23 | 17,084.76 | 22,001.54 | 27,398.18 |
| Trade payables | 24 | 3,649.87 | 7,831.89 | 5,742.54 |
| Other financial liabilities | 25 | 4,577.68 | 14,796.83 | 7,320.69 |
| Provisions | 26 | 233.85 | 223.29 | 179.56 |
| Government grants | | 8.39 | 6.30 | 8.33 |
| Other current liabilities | 27 | 2,953.54 | 3,751.20 | 2,175.15 |
| Current tax liabilities (net) | 28 | - | - | 14.96 |
| | | 28,508.09 | 48,611.05 | 42,839.41 |
| Liabilities directly associated with assets classified as held for sale | | 715.58 | - | - |
| Total Equity and Liabilities | | 94,160.22 | 112,505.08 | 104,829.25 |
| Significant accounting policies and explanatory information | 1 to 56 | | | |

This is the consolidated balance sheet referred to in our report of even date

For **Walker Chandiok & Co LLP**

Chartered Accountants

Firm Registration No: 001076N/N500013

Khushroo B. Panthaky

Partner

Membership No: 42423

Place : Mumbai

Date : 30 May 2018

For and on behalf of the Board of Directors

P. K. Khurana

Chairman & Managing Director

DIN: 00004050

Place : Mumbai

Date : 30 May 2018

Uma A. Acharya

Director

DIN: 07165976

CONSOLIDATED STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31 MARCH 2018

| | Note No. | Year Ended 31 March 2018 (₹ in Lakhs) | Year Ended 31 March 2017 (₹ in Lakhs) |
|---|----------|---|---|
| Continuing operations | | | |
| I Revenue from operations | 29 | 54,245.54 | 58,872.02 |
| II Other income | 30 | 1,560.77 | 630.41 |
| III Total Income (I + II) | | 55,806.31 | 59,502.43 |
| IV Expenses: | | | |
| Cost of materials consumed | 31 | 22,392.95 | 21,586.49 |
| Purchases of stock-in-trade | | 2,722.51 | 7,204.81 |
| Changes in inventories of finished goods, work-in-progress and stock-in-trade | 32 | (130.09) | (775.92) |
| Excise duty | | 344.47 | 2,485.69 |
| Employee benefits | 33 | 7,407.41 | 8,250.90 |
| Finance costs | 34 | 3,472.54 | 4,436.25 |
| Depreciation and amortisation | 3A | 3,181.80 | 3,448.15 |
| Other expenses | 35 | 13,732.41 | 13,223.85 |
| Total Expenses | | 53,124.00 | 59,860.22 |
| V Profit / (Loss) before provision for doubtful debts, foreign exchange variation gain / (loss), exceptional items, share of profit / (loss) of joint venture and tax (III - IV) | | 2,682.31 | (357.79) |
| VI Provision written back / (Provision for doubtful debts) | | 412.30 | 345.01 |
| VII Foreign exchange variation gain / (loss) | | 64.04 | 258.60 |
| VIII Profit / (Loss) before exceptional items, share of profit / (loss) of joint venture and tax (V+VI+VII) | | 3,158.65 | 245.82 |
| IX Share of profit / (loss) of joint venture | | (5.06) | (17.65) |
| X Profit / (Loss) before exceptional items and tax (VIII + IX) | | 3,153.59 | 228.17 |
| XI Exceptional items (net) | 36 | 32.17 | 9,571.06 |
| XII Profit before tax from continuing operations (X+XI) | | 3,185.76 | 9,799.23 |
| XIII Tax expense | | | |
| (i) Current tax | 37 | 455.90 | 15.30 |
| (ii) Deferred tax | | 5.91 | 2.00 |
| | | 461.81 | 17.30 |
| XIV Profit after tax from continuing operations (XII+XIII) | | 2,723.95 | 9,781.93 |
| Discontinued Operations | | | |
| XV Profit / (Loss) from discontinued operations before tax | 45 | (344.36) | (1,957.00) |
| XVI Tax expense of discontinued operations | | - | - |
| XVII (Loss) from discontinued operations after tax (XV+XVI) | | (344.36) | (1,957.00) |
| XVIII Profit after tax from total operations (XIV+XVII) | | 2,379.59 | 7,824.93 |
| XIX Other comprehensive income | | | |
| (i) (a) Items that will not be reclassified to profit or loss | 38 | 57.00 | - |
| (b) Tax (expense) / benefit on items that will not be reclassified to profit or loss | | (12.86) | 5.64 |
| (ii) (a) Items that will be reclassified to profit or loss | | (206.84) | (435.07) |
| (b) Tax (expense) / benefit on items that will be reclassified to profit or loss | | - | - |
| Total other comprehensive income (net of tax) | | (162.70) | (429.43) |
| Total Comprehensive Income (XVIII+XIX) | | 2,216.89 | 7,395.50 |
| XX Net Profit for the year attributable to: | | | |
| Equity shareholders of the Holding Company | | 2,336.50 | 7,833.34 |
| Non-controlling interests | | 43.09 | (8.41) |
| Total Comprehensive Income for the year attributable to: | | | |
| Equity shareholders of the Holding Company | | 2,173.80 | 7,403.91 |
| Non-controlling interests | | 43.09 | (8.41) |
| XXI Earnings per share: | | | |
| Basic & Diluted (in ₹) | 49 | | |
| (i) Continuing operations | | 2.39 | 8.72 |
| (ii) Discontinued operations | | (0.31) | (1.74) |
| (iii) Total operations | | 2.08 | 6.98 |
| Face Value per Share (in ₹) | | 2.00 | 2.00 |
| Significant accounting policies and explanatory information | 1 to 56 | | |

This is the consolidated statement of profit and loss referred to in our report of even date

For **Walker Chandiok & Co LLP**
Chartered Accountants
Firm Registration No: 001076N/N500013

Khushroo B. Panthaky
Partner
Membership No: 42423

Place : Mumbai
Date : 30 May 2018

For and on behalf of the Board of Directors

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

Place : Mumbai
Date : 30 May 2018

Uma A. Acharya
Director
DIN: 07165976

STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 MARCH 2018

A. Equity share capital

(₹ in Lakhs)

| | Note No. | Number of shares | Amount |
|----------------------------|----------|--------------------|-----------------|
| As at 01 April 2016 | 19 | 112,207,682 | 2,244.15 |
| Changes during the year | | - | - |
| As at 31 March 2017 | | 112,207,682 | 2,244.15 |
| Changes during the year | | - | - |
| As at 31 March 2018 | | 112,207,682 | 2,244.15 |

B. Other equity (Refer note 20)

(₹ in Lakhs)

| Particulars | Reserves and surplus | | | Other reserves | | Non-controlling interests | Total |
|---|----------------------|-----------------|-------------------|--------------------------------------|---|---------------------------|------------------|
| | Securities Premium | General Reserve | Retained earnings | Foreign Currency Translation Reserve | Fair Value Gain on Equity Instruments through OCI | | |
| Opening balance as at 1 April 2016 | 24,789.64 | 7,491.00 | (68.71) | - | 336.35 | 1.37 | 32,549.65 |
| Transactions during the year | | | | | | | |
| Net profit / (loss) for the year | - | - | 7,833.34 | - | - | (8.41) | 7,824.93 |
| Other comprehensive income | - | - | (4.60) | (435.07) | 10.24 | - | (429.43) |
| Balance as at 31 March 2017 | 24,789.64 | 7,491.00 | 7,760.03 | (435.07) | 346.59 | (7.04) | 39,945.15 |
| Transactions during the year | | | | | | | |
| Net profit / (loss) for the year | - | - | 2,336.50 | - | - | 43.09 | 2,379.59 |
| Other comprehensive income | - | - | (10.99) | (206.84) | 55.13 | - | (162.70) |
| Balance as at 31 March 2018 | 24,789.64 | 7,491.00 | 10,085.54 | (641.91) | 401.72 | 36.05 | 42,162.04 |

This is the consolidated statement of changes in equity referred to in our report of even date

For Walker Chandiok & Co LLP

Chartered Accountants

Firm Registration No: 001076N/N500013

Khushroo B. Panthaky

Partner

Membership No: 42423

Place : Mumbai

Date : 30 May 2018

For and on behalf of the Board of Directors
P. K. Khurana

Chairman & Managing Director

DIN: 00004050

Place : Mumbai

Date : 30 May 2018

Uma A. Acharya

Director

DIN: 07165976

CONSOLIDATED STATEMENT OF CASH FLOW FOR THE YEAR ENDED 31 MARCH 2018

| | Year Ended 31 March 2018 (₹ in Lakhs) | Year Ended 31 March 2017 (₹ in Lakhs) |
|---|---|---|
| A. Cash flow from operating activities | | |
| Profit / (Loss) before tax from: | | |
| Continuing operations | 3,185.76 | 9,799.23 |
| Discontinued operations | (344.36) | (1,957.00) |
| Add / (Less): | | |
| Provision for sales return | (8.42) | 5.19 |
| Provision towards diminution in value for slow and non-moving inventory items | (32.17) | 487.84 |
| Income from government grant | (7.54) | (7.98) |
| Reclassification of net actuarial gain on defined benefit plans to other comprehensive income | (16.90) | (7.47) |
| Excess Provision Written Back - Others | (100.00) | - |
| Excess Provision Written Back - Debts | (256.30) | (294.83) |
| Liabilities no longer required written back | (87.91) | (100.31) |
| Unrealised foreign exchange variation (gain) / loss | (6.27) | (119.30) |
| Interest income on financial assets measured at amortised cost: | | |
| - Inter corporate deposit | (815.08) | - |
| - From banks on deposits | (67.56) | (51.92) |
| - Others | (30.26) | (36.39) |
| Dividend on financial assets measured at fair value through profit and loss | (0.12) | (0.14) |
| (Profit) / Loss on sale of property, plant and equipment (net) | 6.49 | (11,502.25) |
| Impairment of assets held for sale | - | 690.63 |
| Depreciation and amortisation | 4,088.16 | 4,343.87 |
| Bad Debts / Advances written off | 122.38 | 213.38 |
| Sundry balances written off | 11.68 | 55.59 |
| Finance costs | 3,527.00 | 4,488.29 |
| Operating profit before working capital changes | 9,168.58 | 6,006.43 |
| Adjustment for movements in: | | |
| (Increase) / decrease in trade receivables | 2,638.79 | (900.49) |
| (Increase) / decrease in inventories | (1,471.78) | 2,368.86 |
| (Increase) / decrease in loans, financial and non-financial assets | 170.57 | (2,443.17) |
| Increase / (decrease) in trade payables, provisions, financial and non-financial liabilities | (4,010.99) | 2,587.26 |
| Operating profit after working capital changes | 6,495.17 | 7,618.89 |
| Direct taxes paid (net of refunds) | (59.10) | (239.94) |
| Net cash generated from operating activities | 6,436.07 | 7,378.95 |
| B. Cash flow from investing activities | | |
| Inflow: | | |
| Dividend on financial assets measured at fair value through profit and loss | 0.12 | 0.14 |
| Interest income received | 1,215.86 | 74.10 |
| Sale proceeds of property, plant and equipment | 23,444.70 | 1,110.54 |
| Advance received against sale of property, plant and equipment | - | 1,320.00 |

CONSOLIDATED STATEMENT OF CASH FLOW FOR THE YEAR ENDED 31 MARCH 2018

| | Year Ended 31 March 2018 (₹ in Lakhs) | Year Ended 31 March 2017 (₹ in Lakhs) |
|---|---|---|
| Outflow: | | |
| Purchase of property, plant and equipment and intangible assets | (10,605.89) | (2,568.14) |
| Purchase of current investments | (0.12) | (0.12) |
| Investment accounted for using equity method | - | (13.27) |
| Net cash generated from / (used in) investing activities | 14,054.67 | (76.75) |
| C. Cash flow from financing activities | | |
| Outflow: | | |
| Repayment of current borrowings (net) | (4,955.15) | (4,809.19) |
| Long term borrowings availed / (repaid) | (11,767.31) | 2,002.91 |
| Dividend paid | (2.37) | (1.10) |
| Finance costs paid (net) | (3,537.57) | (4,546.33) |
| Net cash used in financing activities | (20,262.40) | (7,353.71) |
| D. Change in currency fluctuation reserve arising on consolidation | (103.21) | 16.36 |
| Net increase/(decrease) in cash and cash equivalents (A+B+C+D) | 125.13 | (35.15) |
| Add: Balance of cash and cash equivalents at the beginning of the year | 858.27 | 893.42 |
| Closing balance of cash and cash equivalents | 983.40 | 858.27 |
| Components of cash and cash equivalents: | | |
| Balances with banks | 944.23 | 814.47 |
| Cash on hand | 39.17 | 43.80 |

Notes:

- Figures in brackets represent cash outflow.
- The above consolidated cash flow statement has been prepared under indirect method as set out in Ind AS-7-Cash Flow Statement notified under the Section 133 of the Companies Act, 2013.
- The cash and cash equivalents as at 31 March 2018 include balances pertaining to continuing and discontinuing operations of ₹ 901.46 lakhs and ₹ 81.94 lakhs respectively. These amounts of continuing and discontinued operations have been disclosed / included under amounts disclosed in note 13 and note 18 of the financial statements, respectively.

This is the consolidated cash flow statement referred to in our report of even date

For **Walker Chandiok & Co LLP**
Chartered Accountants
Firm Registration No: 001076N/N500013

Khushroo B. Panthaky
Partner
Membership No: 42423

Place : Mumbai
Date : 30 May 2018

For and on behalf of the Board of Directors

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

Place : Mumbai
Date : 30 May 2018

Uma A. Acharya
Director
DIN: 07165976

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2018

NOTE 1: Statement of significant accounting policies and explanatory information

1 Group information

Everest Kanto Cylinder Limited (the 'Company' or the 'Holding Company') and its subsidiaries (collectively referred to as the 'Group') are engaged in the manufacture of high pressure seamless gas cylinders and other cylinders, equipments, appliances and tanks with their parts and accessories used for containing and storage of liquefied petroleum gases and other gases, liquids and air. The registered and corporate office of the Holding Company is situated at 204, Raheja Centre, Free Press Journal Marg, 214, Nariman Point, Mumbai - 400021, India.

2 Basis of Preparation

(a) Compliance with Ind AS

The Group has prepared its consolidated financial statements in accordance with the Indian Accounting Standards (hereinafter referred to as the 'Ind AS') as notified by Ministry of Corporate Affairs pursuant to section 133 of the Companies Act, 2013 (the 'Act') read with the Companies (Indian Accounting Standards) Rules, 2015 and other relevant provisions of the Act.

These consolidated financial statements for the year ended 31 March 2018 are the first financials with comparatives prepared under Ind AS. For all previous periods including the year ended 31 March 2017, the Group had prepared its consolidated financial statements in accordance with Accounting Standards prescribed under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014 (as amended) (hereinafter referred to as 'previous GAAP') used for its statutory reporting requirement in India.

The accounting policies are applied consistently to all the periods presented in the consolidated financial statements, including the preparation of the opening Ind AS Balance Sheet as at 1 April 2016 being the date of transition to Ind AS. The financial statements of the Holding Company, its subsidiaries and a joint venture have been consolidated using uniform accounting policies.

As per Ind AS 101 - First-time Adoption of Indian Accounting Standards (Ind AS 101), the Group has presented a reconciliation of Equity as previously reported on account of transition from the previous GAAP to Ind AS as at 31 March 2017 and 1 April 2016 and reconciliation of the net profit as previously reported on account of transition from the previous GAAP to Ind AS for the year ended 31 March 2017. Please refer note 48 for detailed information on the transition.

(b) Historical cost convention

The consolidated financial statements have been prepared on a historical cost convention and accrual basis, except for the following assets and liabilities:

- i) certain financial assets and liabilities that are measured at fair value;

- ii) assets held for sale - measured at the lower of carrying amount or fair value less costs to sell;
- iii) defined benefit plans-plan assets measured at fair value.

(c) Current non-current classification

All assets and liabilities have been classified as current or non-current as per the Group's normal operating cycle and other criteria set out in Schedule III of Companies Act, 2013. Based on the nature of business and the time between acquisition of assets for processing and their realisation in cash and cash equivalents, the Group has ascertained its operating cycle as a period not exceeding twelve months for the purpose of current/ non-current classification of assets and liabilities.

(d) Rounding of amounts

All amounts disclosed in the financial statements and notes have been rounded off to the nearest Lakhs as per the requirement of Schedule III, unless otherwise stated.

3. Principles of consolidation and equity accounting

- (a) Subsidiaries are all entities over which the Group has control. The Group controls an entity when the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power to direct the relevant activities of the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are deconsolidated from the date that control ceases.

The acquisition method of accounting is used to account for business combinations by the Group.

The Group combines the financial statements of the Holding Company and its subsidiaries line by line adding together like items of assets, liabilities, income and expenses. Intercompany transactions, balances and unrealised gains on transactions between Group companies are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the transferred asset. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

Non-controlling interests in the results and equity of subsidiaries are shown separately in the consolidated statement of profit and loss, consolidated statement of changes in equity and consolidated balance sheet respectively.

(b) Joint venture

Investments in joint venture is accounted for using the equity method, after initially being recognised at cost in the consolidated balance sheet.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2018

(c) Equity Method

Under the equity method of accounting, the investments are initially recognised at cost and adjusted thereafter to recognise the Group's share of the post-acquisition profits or losses of the investee in statement of profit and loss, and the Group's share of other comprehensive income of the investee in other comprehensive income. Dividends received or receivable from joint venture is recognised as a reduction in the carrying amount of the investment.

When the Group's share of losses in an equity-accounted investment equals or exceeds its interest in the entity, including any other unsecured long-term receivables, the Group does not recognise further losses, unless it has incurred obligations or made payments on behalf of the other entity.

Unrealised gains on transactions between the Group and its associates and joint ventures are eliminated to the extent of the Group's interest in these entities. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies of equity accounted investees have been changed where necessary to ensure consistency with the policies adopted by the Group.

The carrying amount of equity accounted investments are tested for impairment in accordance with the policy described in note 10 below.

Refer note 46 for the list of subsidiaries and joint venture considered in the CFS.

4. Use of estimates and judgments

The estimates and judgements used in the preparation of the consolidated financial statements are continuously evaluated by the Group and are based on historical experience and various other assumptions and factors (including expectations of future events) that the Group believes to be reasonable under the existing circumstances. Differences between actual results and estimates are recognised in the period in which the results are known/materialised.

5. Property plant and equipment

All items of property, plant and equipment are stated at historical cost less depreciation and impairment, if any. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. The carrying amount of any component accounted for as a separate asset is

derecognised when replaced. All other repairs and maintenance are charged to the Statement of Profit and Loss during the reporting period in which they are incurred.

Depreciation methods, estimated useful lives and residual value

- i. Cost of leasehold land is amortised over the period of the primary/secondary period of lease;
- ii. Depreciation on the fixed assets of the Holding Company, Calcutta Compressions and Liquefaction Engineering Limited and EKC International FZE, subsidiaries of the Holding Company have been provided on the straight line method as per the useful life prescribed in Schedule II to the Act, with residual value of 5%, except in respect of the following categories of the assets, in whose case the useful life of the assets has been assessed based on the technical advice, taking into account the nature of the asset, the estimated usage of the asset, the operating conditions of the asset, past history of replacement, anticipated technological changes, manufacturer's warranties and maintenance support, etc.

| | |
|----------------------|----------------|
| Plant and Equipment: | 10 to 25 years |
| Gas Cylinders: | 25 years |

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

In respect of certain foreign subsidiaries, depreciation has been charged on pro-rata basis at the rates and methods as prescribed in the respective local regulations of the country of incorporation, which generally represents useful life of these assets.

- iii. Depreciation on additions to or on sale / disposal of property, plant and equipment is calculated pro-rata from the date of such addition or upto the date of such sale / disposal, as the case may be.
- iv. Gains and losses on disposals are determined by comparing proceeds with carrying amount. These are included in the Consolidated Statement of Profit and Loss.

On transition to the Ind AS, the Group has elected to continue with the carrying value of all of its property, plant and equipment recognised as at 1 April 2016 measured as per the previous GAAP and use that carrying value as the deemed cost of the property, plant and equipment.

6. Intangible Assets

Intangible assets are carried at cost less accumulated amortisation and accumulated impairment losses, if any.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2018

Cost includes expenditure that is directly attributable to the acquisition of the intangible assets. Identifiable intangible assets are recognised when it is probable that future economic benefits attributed to the asset will flow to the Group and the cost of the asset can be reliably measured.

Computer softwares are capitalised at the amounts paid to acquire the respective license for use and are amortised over the period of useful lives. The assets' useful lives are reviewed at each financial year end. Gains or losses arising from derecognition of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognised in the statement of profit and loss when the asset is derecognised.

On transition to Ind AS, the Group has elected to continue with the carrying value of all of its intangible assets as at 1 April 2016 measured as per the previous GAAP and use that carrying value as the deemed cost of intangible assets.

7 Leases

As a lessee

Leases where the Group is a lessee and has substantially all the risks and rewards of ownership of the leased assets are classified as finance leases. Finance leases are capitalised at the lease's inception at the fair value of the leased property or, if lower, the present value of the minimum lease payments. The corresponding rental obligations, net of finance charges, are included in borrowings or other financial liabilities as appropriate. Each lease payment is allocated between the liability and finance cost. The finance cost is charged to the consolidated statement of profit and loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period.

Leases in which a significant portion of the risks and rewards of ownership are not transferred to the Group as lessee are classified as operating leases. Payments made under operating leases (net of any incentives received from the lessor) are charged to consolidated statement of profit and loss on a straight-line basis over the period of the lease unless the payments are structured to increase in line with expected general inflation to compensate for the lessor's expected inflationary cost increases.

As a lessor

The Group has leased out certain property, plant and equipment and such leases where the Group has substantially retained all the risks and rewards of ownership are classified as operating leases. Lease income from operating leases where the Group is a lessor is recognised in 'Other income' on a straight line basis over the lease term unless the receipts are structured to increase in line with expected general inflation to compensate for the

expected inflationary cost increases. The respective leased assets are included in the consolidated balance sheet based on their nature.

8 Cash and cash equivalents

For the purpose of presentation in the statement of cash flows, cash and cash equivalents includes cash on hand, deposits held at call with financial institutions, other short-term, highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value, and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities in the consolidated balance sheet.

9 Inventories

- 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 'First-in-First-out', 'Weighted Average cost' or 'Specific identification', as applicable.

10 Investments and financial assets

(i) Classification

The Group classifies its financial assets in the following measurement categories:

- those to be measured subsequently at fair value (either through other comprehensive income, or through profit or loss), and
- those measured at amortised cost.

The classification depends on the Group's business model for managing the financial assets and the contractual terms of the cash flows.

For assets measured at fair value, gains and losses will either be recorded in profit or loss or other comprehensive income. For investments in equity instruments, this will depend on whether the Group has made an irrevocable election at the time of initial recognition to account for the equity investment at fair value through other comprehensive income.

(ii) Measurement

At initial recognition, the Group measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss (FVTPL), transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at fair value through profit or loss are expensed in consolidated statement of profit or loss.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2018

(iii) Measurement of equity instruments

The Group subsequently measures all equity investments at fair value. Where the Group's management has elected to present fair value gains and losses on equity investments in other comprehensive income, there is no subsequent reclassification of fair value gains and losses to profit or loss.

Changes in the fair value of financial assets at FVTPL are recognised in other gain / (losses) in the consolidated statement of profit and loss. Impairment losses (and reversal of impairment losses) on equity investments measured at fair value through other comprehensive income (FVOCI) are not reported separately from other changes in fair value.

(iv) Impairment of financial assets

The Group assesses on a forward looking basis the expected credit losses associated with its assets carried at amortised cost and FVOCI debt instruments. The impairment methodology applied depends on whether there has been a significant increase in credit risk.

For trade receivables only, the group applies the simplified approach permitted by Ind AS 109 - Financial Instruments (Ind AS 109), which requires expected lifetime losses to be recognised on initial recognition of the receivables.

(v) De-recognition of financial assets

A financial asset is derecognised only when

- the Group has transferred the rights to receive cash flows from the financial asset or
- retains the contractual rights to receive the cash flows of the financial asset, but assumes a contractual obligation to pay the cash flows to one or more recipients.

Where the Group has transferred an asset, the Group evaluates whether it has transferred substantially all risks and rewards of ownership of the financial asset. In such cases, the financial asset is derecognised. Where the entity has not transferred substantially all risks and rewards of ownership of the financial asset, the financial asset is not derecognised.

Where the Group has neither transferred a financial asset nor retains substantially all risks and rewards of ownership of the financial asset, the financial asset is derecognised if the Group has not retained control of the financial asset. Where the Group retains control of the financial asset, the asset is continued to be recognised to the extent of continuing involvement in the financial asset.

11 Impairment of non-financial assets

The carrying amount of the non-financial assets are reviewed at each balance sheet date if there is any indication of impairment based on internal /external factors. An impairment loss is recognised whenever the carrying amount of an asset or a cash generating unit exceeds its recoverable amount. The recoverable amount of the assets (or where applicable, that of the cash generating unit to which the asset belongs) is estimated as the higher of its net selling price and its value in use. Impairment loss is recognised in the consolidated statement of profit and loss.

After impairment, depreciation / amortisation is provided on the revised carrying amount of the asset over its remaining useful life.

A previously recognised impairment loss is increased or reversed depending on changes in circumstances. However, the carrying value after reversal is not increased beyond the carrying value that would have prevailed by charging usual depreciation / amortisation if there were no impairment.

12 Asset classified as held for sale

Non-current assets are classified as held for sale if their carrying amount will be recovered principally through a sale transaction rather than through continuing use and a sale is considered highly probable. They are measured at the lower of their carrying amount and fair value less cost to sell.

An impairment loss is recognised for any initial recognition or subsequent written down of the assets to the fair value less cost to sell of an asset. A gain is recognised for any subsequent increase in the fair value less cost to sell of an asset but not in excess of cumulative impairment loss previously recognised.

Non-current assets are not depreciated or amortised while they are classified as held for sale.

Assets held for sale are presented separately from the other assets in the balance sheet

13 Segment Reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief executive officer, the chief financial officer and the chairman and managing director of the Holding Company, all of them constitute as chief operating decision maker ('CODM').

14 Borrowings and other financial liabilities

Borrowings and other financial liabilities are initially recognised at fair value (net of transaction costs incurred). Difference between the fair value and the transaction proceeds on initial recognition is recognised as an asset / liability based on the underlying reason for the difference. Subsequently all financial liabilities are measured at amortised cost using the effective interest rate method.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2018

Borrowings are removed from the balance sheet when the obligation specified in the contract is discharged, cancelled or expired. The difference between the carrying amount of a financial liability that has been extinguished or transferred to another party and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognised in consolidated statement of profit and loss. The gain / (loss) is recognised in other equity in case of transaction with shareholders.

Borrowings are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least 12 months after the reporting period.

15 Borrowing costs

General and specific borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use, are added to the cost of those assets, until such time the assets are substantially ready for their intended use. All other borrowing costs are recognised as an expense in the consolidated statement of profit and loss in the period in which they are incurred.

16 Provisions, contingent liabilities and contingent assets

A provision is recognised when the Group has a present obligation as a result of past events and it is probable that an outflow of resources will be required to settle the obligation, in respect of which a reliable estimate can be made. Provisions are measured at the present value of management's best estimate of the expenditure required to settle the present obligation at the end of the reporting period. The discount rate used to determine the present value is a pre-tax rate that reflects the current market assessments of time value of money and the risks specific to the liability. The increase in the provision due to passage of time is recognised as interest expense. The provisions are reviewed at each balance sheet date and adjusted to reflect the current management estimates.

Contingent liabilities are disclosed in respect of possible obligations that arise from past events, whose existence would be confirmed by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Group.

Contingent assets are not recognised in the consolidated financial statements. However, it is disclosed only when an inflow of economic benefits is probable.

17 Revenue recognition

Revenue is measured at the fair value of consideration received or receivable. Revenue is recognised when it can be measured reliably and it is probable that the economic benefits associated with it, will flow to the Group. Amounts disclosed as revenue are inclusive of excise duty and net of returns, trade allowances, rebates, discounts, taxes and amounts collected on behalf of third parties.

Revenue from sale of goods is recognised when all the significant risks and rewards of ownership of the goods have been passed to the buyer and no significant uncertainty exist regarding the amount of consideration that will be derived from the sale of goods. Recognition in the case of local sales is generally recognised on the dispatch of goods. Revenue from export sales are generally accounted for on the basis of the dates of 'On Board Bill of Lading'. The Group recognises provision for sales return, based on the historical results, measured on net basis of the margin of the sale.

Export benefits are recognised in the year of export when the right to receive the benefit is established.

18 Other Income

Interest income for all debt instruments is recognised using the effective interest rate method. The effective interest rate is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to the gross carrying amount of a financial asset. When calculating the effective interest rate, the Group estimates the expected cash flows by considering all the contractual terms of the financial instrument (for example, prepayment, extension, call and similar options) but does not consider the expected credit losses.

Dividend are recognised in consolidated statement of profit and loss only when the right to receive payment is established, it is probable that the economic benefits associated with the dividend will flow to the Group, and the amount of the dividend can be measured reliably.

19 Trade receivable

Trade receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less provision for impairment, if any.

20 Employee Benefits

A) Short-term obligations: Liabilities for wages and salaries, including non-monetary benefits that are expected to be settled wholly within 12 months after the end of the period in which the employees render the related service are recognised in respect of employees' services up to the end of the reporting period and are measured at the amounts expected to be paid when the liabilities are settled.

B) Post-employment obligations

- i. **Defined contribution plans:** Group'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. **Gratuity:** The Group has computed its liability towards future payments of gratuity to employees, on actuarial valuation basis which is determined based on Projected Unit Credit Method and the

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2018

charge for current year is debited to the consolidated statement of profit and loss. Actuarial gains and losses arising on the measurement of defined benefit obligation is charged / credited to other comprehensive income. 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.

- iii. **Compensated absences:** Accumulated compensated absences, which are expected to be availed or encashed within 12 months from the end of the year are treated as short term employee benefits. The obligation towards the same is measured at the expected cost of accumulating compensated absences as the additional amount expected to be paid as a result of the unused entitlement as at the year end.

Accumulated compensated absences, which are expected to be availed or encashed beyond 12 months from the end of the year are treated as other long term employee benefits. The Group's liability is actuarially determined (using the Projected Unit Credit method) at the end of each year. Actuarial losses/gains are recognised in the consolidated statement of profit and loss in the year in which they arise.

Retirement Plans (CP Industries Holdings Inc.):

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

It also has two 401(k) savings plans which cover substantially all union and non union employees. For both plans, the Company matches a percentage of the employees' contributions up to the maximum level.

- C) **Termination Benefits:** These are recognised as an expense in the consolidated statement of profit and loss of the year in which they are incurred.

21 Foreign currency transactions

Items included in the consolidated financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity

operates (the 'functional currency'). The consolidated financial statements are presented in Indian Rupee (INR), which is Holding Company's functional and presentation currency.

Transactions in foreign currency are recorded at exchange rate prevailing on the date of transaction. Foreign currency denominated monetary assets and liabilities are translated at the exchange rate prevailing on the Balance sheet date and exchange gain or loss arising on their settlement and restatement are recognised in the consolidated statement of profit and loss. Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates at the dates of the initial transactions. The gain or loss arising on translation of non-monetary items measured at fair value is treated in line with the recognition of the gain or loss on the change in fair value of the item (i.e., translation differences on items whose fair value gain or loss is recognised in OCI or profit or loss are also recognised in OCI or profit or loss, respectively).

Non-monetary assets and liabilities that are measured in terms of historical cost in foreign currencies are not re-translated.

For the purpose of consolidation, the amounts appearing in foreign currencies in the financial statements of the foreign subsidiaries are translated at the following rates of exchange:

- assets and liabilities are translated at the closing rate at the date of that balance sheet
- income and expenses are translated at average exchange rates (unless this is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated at the dates of the transactions). On Consolidation, exchange differences arising from the translation of any net investment in foreign entities are recognised in other comprehensive income.

22 Income tax

Income tax expense comprises current tax expense and net change in the deferred tax assets or liabilities during the year. Current and deferred taxes are recognised in the consolidated statement of profit and loss, except when they relate to item that are recognised in Other comprehensive income or directly in Equity, in which case, the current and deferred tax are also recognised in Other comprehensive income or directly in Equity, respectively.

The income tax expense or credit for the period is the tax payable on the current period's taxable income based on the applicable income tax rate adjusted by changes in deferred tax assets and liabilities attributable to temporary differences and to unused tax losses.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2018

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the end of the reporting period.

Deferred income tax is recognised using Balance sheet approach. Deferred income tax assets and liabilities are recognised for deductible and taxable temporary differences arising between the tax base of an assets and liabilities and their carrying amount, except when the deferred income tax arises from the initial recognition of an asset or liability in a transaction that is not a business combination and affects neither accounting nor taxable profit or loss at the time of recognition.

Deferred tax asset are recognised to the extent that sufficient taxable profit will be available against which the deductible temporary differences and the carry forward of unused tax credits and unused tax losses can be utilised. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantially enacted by the end of the reporting period and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled. The carrying amount of deferred tax assets are reviewed at each reporting date and reduced to the extent that it is no longer probable sufficient taxable profit will be available to allow or part of deferred income tax assets to be utilised. At each reporting date, the Group re-assesses unrecognised deferred tax assets. It recognizes unrecognised deferred tax asset to the extent that it has become reasonably certain, as the case may be, that sufficient future taxable income will be available against which such deferred tax assets can be realized.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets and liabilities and when the deferred tax balances relate to the same taxation authority. Current tax assets and tax liabilities are offset where the entity has a legally enforceable right to offset and intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

Deferred tax assets include Minimum Alternate Tax (MAT) paid in accordance with the tax laws in India which is likely to give future economic benefit in the form of availability of setoff against future income tax liability. Accordingly, MAT is recognised as deferred tax assets in the consolidated balance sheet when the assets can be measured reliably and it is probable that the future economic benefit associated with the asset will be realised.

23 Government grant

Grant from the government are recognised at their fair value where there is reasonable assurance that the grant will be received and the Group will comply with all attached conditions.

Government grant relating to income are deferred and recognised in the consolidated statement of profit and loss over the period necessary to match them with the cost they are intended to compensate, and presented within other income.

Grant relating to purchase of property, plant and equipment are included in non-current liabilities as deferred income and are credited to consolidated statement of profit and loss on straight-line basis over the expected lives of the related assets, and presented within other income.

24 Earnings per share

Basic earnings per share are calculated by dividing the net profit or loss (excluding other comprehensive income) for the year attributable to equity shareholders of the Holding Company by the weighted average number of equity shares outstanding during the year. The weighted average number of equity shares outstanding during the year is adjusted for events such as bonus issue, bonus element in a right issue, shares split and reserve share splits (consolidation of shares) that have changed the number of equity shares outstanding, without a corresponding change in resources. For the purpose of calculating diluted earnings per share, the net profit or loss (excluding other comprehensive income) for the year attributable to equity share holders of the Holding Company and the weighted average number of shares outstanding during the year are adjusted for the effects of all dilutive potential equity shares. Basic and diluted earnings per share are disclosed separately for continuing and discontinued operations.

25 Offsetting financial instruments

Financial assets and liabilities are offset and the net amount is reported in the consolidated balance sheet where there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis or realise the asset and settle the liability simultaneously. The legally enforceable right must not be contingent on future events and must be enforceable in the normal course of business and in the event of default, insolvency or bankruptcy of the group or the counterparty.

26 Contributed equity

Equity shares are classified as equity. Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.

27 Critical estimates and judgements

The preparation of consolidated financial statements in conformity with Ind AS requires estimates and assumptions to be made by the Group Management that affect the reported amounts of assets and liabilities on the date of the

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2018

consolidated 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.

The Group Management believes that these estimates are prudent and reasonable and are based upon the Group Management's best knowledge of current events and actions. Actual results could differ from these estimates and differences between actual results and estimates are recognised in the periods in which the results are known or materialised.

This note provides an overview of the areas that involved a higher degree of judgement or complexity, and of items which are more likely to be materially adjusted due to estimates and assumptions turning out to be different than those originally assessed.

- (i) Inventory write down - refer note 10
- (ii) Estimation of current tax expenses and Payable and Recognition of deferred tax assets for carried forward tax losses - refer note 37
- (iii) Probable outcome of matters included under Contingent Liabilities - refer note 43
- (iv) Provision for doubtful debts / deposits - refer note 5, 12, 15
- (v) Estimation of Defined benefit obligation - refer note 44
- (vi) Estimated fair value of investments in Everest Kanto Investment and Finance Private Limited - Refer note 39

Appendix B to Ind AS 21, Foreign currency transactions and advance consideration: On March 28, 2018, Ministry of Corporate Affairs (MCA) has notified the Companies (Indian Accounting Standards) Amendment Rules, 2018 containing Appendix B to Ind AS 21, Foreign currency transactions and advance consideration which clarifies the date of the transaction for the purpose of determining the exchange rate to use on initial recognition of the related asset, expense or income, when an entity has received or paid advance consideration in a foreign currency.

The amendment will come into force from 01 April 2018. The Group is evaluating the requirement of the amendment and the impact on the Consolidated Financial Statements. The effect on adoption of Ind AS 21 is expected to be insignificant.

28. Recent accounting pronouncements

Ind AS 115, 'Revenue from Contracts with Customers'

On 28 March 2018, the Ministry of Corporate Affairs (MCA), in consultation with the National Advisory Committee on Accounting Standards, has issued Companies (Indian Accounting Standards) Amendment Rules, 2018 to amend the Companies (Indian Accounting Standards) Rules, 2015. This results in introduction of Ind AS 115, Revenue from Contracts with customers, that comprehensively revamps the revenue recognition guidance. Consequently, Ind AS 18 and Ind AS 11 have been withdrawn, and other standards are suitably modified. The amendment is applicable to the Company from 01 April 2018. The Company is currently assessing the potential impact of this amendment.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2018

2. Property, Plant and Equipment

(₹ in Lakhs)

| Particulars | Free hold Land | Lease hold Land # | Buildings # | Plant & Equipment | Furniture & Fixtures | Vehicles * | Office equipment | Computers | Gas Cylinders | Electrical Installation | Total |
|---|----------------|-------------------|------------------|-------------------|----------------------|---------------|------------------|-----------------|---------------|-------------------------|------------------|
| Gross carrying value | | | | | | | | | | | |
| Deemed cost as at 1 April 2016 | 904.66 | 920.65 | 22,070.65 | 68,253.19 | 620.24 | 419.49 | 291.27 | 1,044.09 | 842.41 | 3,557.35 | 98,924.00 |
| Additions | 48.63 | - | 453.24 | 970.72 | 64.74 | 237.28 | 11.48 | 68.10 | - | 46.04 | 1,900.23 |
| Disposals ** | 96.19 | 54.55 | 4,371.67 | 5,814.52 | 60.49 | 77.93 | 7.36 | 14.39 | 5.63 | 1,210.70 | 11,713.43 |
| Assets classified as held for sale (Refer note 18) | 48.63 | - | - | 163.14 | - | - | - | - | - | - | 211.77 |
| Balance as at 31 March 2017 | 808.47 | 866.10 | 18,152.22 | 63,246.25 | 624.49 | 578.84 | 295.39 | 1,097.80 | 836.78 | 2,392.69 | 88,899.03 |
| Additions | - | - | 2,552.44 | 451.12 | 58.64 | 146.42 | 17.46 | 13.49 | - | - | 3,239.57 |
| Disposals ** | - | - | - | 101.78 | - | 51.81 | - | 21.68 | - | - | 175.27 |
| Assets classified as held for sale (Refer note 18) | - | 199.31 | 4,130.85 | 12,478.24 | 57.56 | 13.26 | 49.28 | 18.29 | - | 1,367.82 | 18,314.61 |
| Foreign currency translation adjustment on assets classified as held for sale | - | 21.52 | 371.37 | 1,124.36 | 5.25 | 1.23 | 4.50 | 1.64 | - | 123.25 | 1,653.12 |
| Balance as at 31 March 2018 | 808.47 | 688.31 | 16,945.18 | 52,241.71 | 630.82 | 661.42 | 268.07 | 1,072.96 | 836.78 | 1,148.12 | 75,301.84 |
| Accumulated depreciation | | | | | | | | | | | |
| Balance as at 1 April 2016 | - | 296.81 | 6,332.26 | 37,473.27 | 389.38 | 242.95 | 257.37 | 790.59 | 481.31 | 1,270.09 | 47,534.03 |
| Depreciation charge for the year | - | 15.80 | 654.82 | 3,182.01 | 48.70 | 63.07 | 17.75 | 121.57 | 20.13 | 164.52 | 4,288.37 |
| On disposals/transfer of assets** | - | 11.40 | 1,086.15 | 3,171.54 | 51.42 | 65.84 | 7.02 | 11.76 | 5.35 | 642.67 | 5,053.15 |
| Assets classified as held for sale (Refer note 18) | - | - | - | 82.71 | - | - | - | - | - | - | 82.71 |
| Balance as at 31 March 2017 | - | 301.21 | 5,900.93 | 37,401.03 | 386.66 | 240.18 | 268.10 | 900.40 | 496.09 | 791.94 | 46,686.54 |
| Depreciation charge for the year | - | 23.58 | 603.32 | 3,074.48 | 42.71 | 67.77 | 9.24 | 108.85 | 20.11 | 117.22 | 4,067.28 |
| On disposals/transfer of assets** | - | - | - | 17.54 | - | 51.58 | - | 13.43 | - | - | 82.55 |
| Assets classified as held for sale (Refer note 18) | - | 74.66 | 1,794.25 | 7,948.75 | 36.80 | 12.75 | 46.36 | 4.24 | - | 286.54 | 10,204.35 |
| Foreign currency translation adjustment on assets classified as held for sale | - | 6.96 | 154.73 | 699.48 | 3.29 | 1.23 | 4.15 | 0.44 | - | 25.90 | 896.18 |
| Balance as at 31 March 2018 | - | 257.09 | 4,864.73 | 33,208.70 | 395.86 | 244.85 | 235.13 | 992.02 | 516.20 | 648.52 | 41,363.10 |
| Net carrying value | | | | | | | | | | | |
| As at 1 April 2016 | 904.66 | 623.84 | 15,738.39 | 30,779.92 | 230.86 | 176.54 | 33.90 | 253.50 | 361.10 | 2,287.26 | 51,389.97 |
| As at 31 March 2017 | 808.47 | 564.89 | 12,251.29 | 25,845.22 | 237.83 | 338.66 | 27.29 | 197.40 | 340.69 | 1,600.75 | 42,212.49 |
| As at 31 March 2018 | 808.47 | 431.22 | 12,080.45 | 19,033.01 | 234.96 | 416.57 | 32.94 | 80.94 | 320.58 | 499.60 | 33,938.74 |

Notes :

Execution of lease deed for land acquired at Tarapur Plant is pending, ₹ 111.42 lakhs (31 March 2017 ₹ 111.42 lakhs and 1 April 2016 ₹ 111.42 lakhs).

Includes ₹ 750 (31 March 2017 ₹ 750 and 1 April 2016 ₹ 750) paid for shares acquired in co-operative societies.

* Includes vehicles in the personal name of directors having gross carrying value of ₹ 118.50 lakhs and net carrying value of ₹ 76.24 lakhs (31 March 2017 gross carrying value of ₹ 118.50 lakhs and net carrying value of ₹ 87.65 lakhs and 1 April 2016 gross carrying value of ₹ 118.50 lakhs and net carrying value ₹ 104.39 lakhs).

** Includes adjustments on account of translation of balances in foreign currency other than assets classified as held for sale.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2018
3. Intangible Assets

(₹ in Lakhs)

| Particulars | Computer Software | Total |
|---|-------------------|---------------|
| Gross carrying value | | |
| Deemed cost as at 1 April 2016 | 435.55 | 435.55 |
| Additions | 21.85 | 21.85 |
| Disposals | 6.13 | 6.13 |
| Assets classified as held for sale | - | - |
| Foreign currency translation adjustment on assets classified as held for sale | - | - |
| Balance as at 31 March 2017 | 451.27 | 451.27 |
| Additions | 2.26 | 2.26 |
| Disposals | - | - |
| Assets classified as held for sale | 12.07 | 12.07 |
| Foreign currency translation adjustment on assets classified as held for sale | 1.64 | 1.64 |
| Balance as at 31 March 2018 | 443.10 | 443.10 |
| Accumulated amortisation | | |
| Balance as at 1 April 2016 | 269.62 | 269.62 |
| Amortisation charge for the year | 55.50 | 55.50 |
| Disposals | 3.41 | 3.41 |
| Assets classified as held for sale | - | - |
| Foreign currency translation adjustment on assets classified as held for sale | - | - |
| Balance as at 31 March 2017 | 321.71 | 321.71 |
| Amortisation charge for the year | 20.88 | 20.88 |
| On disposals | - | - |
| Assets classified as held for sale | 10.07 | 10.07 |
| Foreign currency translation adjustment on assets classified as held for sale | 1.24 | 1.24 |
| Balance as at 31 March 2018 | 333.76 | 333.76 |
| Net carrying value | | |
| As at 1 April 2016 | 165.93 | 165.93 |
| As at 31 March 2017 | 129.56 | 129.56 |
| As at 31 March 2018 | 109.34 | 109.34 |

3A Depreciation and amortisation of continuing operations

(₹ in Lakhs)

| Particulars | Year ended 31 March 2018 | Year ended 31 March 2017 |
|--|--------------------------|--------------------------|
| Depreciation on property, plant and equipment | 4,067.28 | 4,288.37 |
| Amortisation on intangible assets | 20.88 | 55.50 |
| Less: Depreciation and amortisation expense of discontinued operations (Refer note 45) | (906.36) | (895.72) |
| Total | 3,181.80 | 3,448.15 |

4. Investments (Non-current)

(₹ in Lakhs)

| Particulars | Face value of shares | As at 31 March 2018 | | As at 31 March 2017 | | As at 01 April 2016 | |
|--|----------------------|---------------------|---------------|---------------------|---------------|---------------------|---------------|
| | | Quantity (Nos.) | Amount | Quantity (Nos.) | Amount | Quantity (Nos.) | Amount |
| Investments in Equity shares (Unquoted, fully paid-up) | | | | | | | |
| (i) Equity investments measured at fair value through other comprehensive income | | | | | | | |
| Everest Kanto Investment and Finance Private Limited | INR 10 | 115,000 | 360.12 | 115,000 | 282.03 | 115,000 | 274.56 |
| GPT Steel Industries Private Limited | INR 10 | 2,000,000 | 36.20 | 2,000,000 | 40.20 | 2,000,000 | 40.20 |
| Tarapur Environment Protection Society | INR 100 | 5,852 | 9.51 | 5,852 | 9.70 | 5,852 | 9.70 |
| Total | | | 405.83 | | 331.93 | | 324.46 |
| Aggregate amount of unquoted investments | | | 405.83 | | 331.93 | | 324.46 |
| Aggregate amount of impairment in value of investments | | | - | | - | | - |

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2018

| | As at 31 March 2018 (₹ in Lakhs) | As at 31 March 2017 (₹ in Lakhs) | As at 01 April 2016 (₹ in Lakhs) |
|--|--|--|--|
| 5. Loans (Non-Current) | | | |
| Secured, considered good | | | |
| Inter corporate deposits (Refer note 15) | 748.00 | - | - |
| Unsecured, considered good | | | |
| Security deposits | 245.26 | 458.32 | 671.40 |
| Other loans and advances | 28.16 | 54.89 | 79.72 |
| Unsecured, considered doubtful | | | |
| Security deposits | 254.00 | 254.00 | 254.00 |
| Less: Provision for doubtful deposits | (254.00) | (254.00) | (254.00) |
| Total | 1,021.42 | 513.21 | 751.12 |
| 6. Other Non-Current Financial Asset | | | |
| Deposits with maturity of more than 12 months* | 252.07 | 65.00 | 185.00 |
| Total | 252.07 | 65.00 | 185.00 |
| *Margin against bank guarantees and letter of credit facilities availed from bank. | | | |
| 7. Deferred tax assets (net) | | | |
| Deferred tax liability on account of : | | | |
| Difference between tax depreciation and depreciation/ amortisation charged for the financial reporting | 4,207.94 | 3,702.71 | 3,764.29 |
| Financial liabilities at amortised cost | 35.37 | 50.96 | 63.27 |
| | 4,243.31 | 3,753.67 | 3,827.56 |
| Deferred tax assets on account of : | | | |
| Financial assets measured at fair value through other comprehensive income (FVOCI) | 41.81 | 60.58 | 56.94 |
| Provision for doubtful debts / deposits / advances | 378.19 | 450.56 | 619.64 |
| Employee benefits | 57.21 | 38.04 | 37.10 |
| Provision for sales returns | 16.34 | 19.10 | 17.31 |
| Unrealised profits on closing stock | 84.79 | 63.51 | 67.49 |
| Unabsorbed business depreciation and business loss as per tax laws* | 3,706.77 | 3,182.45 | 3,086.02 |
| | 4,285.11 | 3,814.24 | 3,884.50 |
| Total | 41.80 | 60.57 | 56.94 |
| * Limited to the amount of deferred tax liabilities less other deferred tax assets, on the ground of prudence. Refer note 37 | | | |
| 8. Current tax assets (net) | | | |
| Advance taxes paid (net of provision for tax ₹ 3,897.33 lakhs; 31 March 2017 ₹ 3,432.33 lakhs and 1 April 2016 ₹ 3,432.33 lakhs) | 626.37 | 1,023.17 | 813.49 |
| Total | 626.37 | 1,023.17 | 813.49 |
| 9. Other non-current assets | | | |
| Capital advances | 46.77 | 41.98 | 94.31 |
| Security deposits | 15.00 | 15.00 | 15.00 |
| Total | 61.77 | 56.98 | 109.31 |

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2018

| | As at 31 March 2018 (₹ in Lakhs) | As at 31 March 2017 (₹ in Lakhs) | As at 01 April 2016 (₹ in Lakhs) |
|--|--|--|--|
| 10. Inventories | | | |
| Raw materials and components (Including Goods-in-transit ₹ 5.33 lakhs, 31 March 2017 ₹ 5.32 lakhs and 1 April 2016 ₹ 5.44 lakhs) | 10,031.77 | 8,965.04 | 11,602.63 |
| Less: Provision for diminution in value | (693.73) | (759.39) | (615.68) |
| | 9,338.04 | 8,205.65 | 10,986.95 |
| Work-in-progress | 15,184.50 | 14,143.56 | 11,510.64 |
| Less: Provision for diminution in value | (345.04) | (344.13) | - |
| | 14,839.46 | 13,799.43 | 11,510.64 |
| Finished goods | 1,910.59 | 3,264.21 | 5,181.79 |
| Stock-in-trade | 599.57 | 592.85 | 1,043.78 |
| Stores and Spares | 42.63 | 39.06 | 34.74 |
| Total | 26,730.29 | 25,901.20 | 28,757.90 |
| 11. Investments (Current) | | | |
| Investment in mutual funds - quoted (measured at fair value through profit and loss) | | | |
| LIC Liquid Fund-Dividend Plan 156.15 units (31 March 2017 149.51 units and 1 April 2016 142.72 units) | 1.71 | 1.63 | 1.56 |
| UTI Liquid Fund-Cash Plan Institutional - Daily Income 101.56 units (31 March 2017 106.44 units and 1 April 2016 101.56 units) | 1.13 | 1.09 | 1.04 |
| Total | 2.84 | 2.72 | 2.60 |
| Aggregate amount of quoted investments and market value thereof | 2.84 | 2.72 | 2.60 |
| Aggregate amount for impairment in value of investments | - | - | - |
| 12. Trade receivables | | | |
| Unsecured, considered good (Refer note 55) | 8,945.31 | 11,595.86 | 10,627.74 |
| Unsecured, considered doubtful | 1,392.88 | 1,968.61 | 2,571.19 |
| Less : Provision for doubtful debts | (1,392.88) | (1,968.61) | (2,571.19) |
| Total | 8,945.31 | 11,595.86 | 10,627.74 |
| For expected credit loss and movement in provision for doubtful debts refer note 40. | | | |
| 13. Cash and cash equivalents | | | |
| Balances with banks | | | |
| - Current accounts* | 860.12 | 813.37 | 831.68 |
| - EEFC account | 2.45 | 1.10 | 0.42 |
| Cash on hand | 38.89 | 43.80 | 61.32 |
| Total | 901.46 | 858.27 | 893.42 |
| * There are no repatriation restrictions, in respect of cash and bank balances. | | | |

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2018

| | As at 31 March 2018 (₹ in Lakhs) | As at 31 March 2017 (₹ in Lakhs) | As at 01 April 2016 (₹ in Lakhs) |
|---|--|--|--|
| 14. Bank balances other than cash and cash equivalents | | | |
| Security against borrowings | 851.04 | 2,112.03 | 1,537.54 |
| Margin money against guarantees | 777.37 | 414.07 | 194.05 |
| Deposits with maturity of more than 3 months but less than 12 months | 503.53 | 89.96 | 85.96 |
| Unpaid dividend | 6.54 | 8.91 | 10.00 |
| Total | 2,138.48 | 2,624.97 | 1,827.55 |
| There are no repatriation restrictions, in respect of cash and bank balances. | | | |
| 15. Loans (Current) | | | |
| Unsecured considered good, unless otherwise stated | | | |
| Loans to related parties (Refer note 42) | 16.75 | 21.68 | 20.26 |
| Inter corporate deposit (Refer note below) | 783.03 | 1,724.39 | 1,724.39 |
| Other loans and advances | 209.12 | 68.25 | 39.19 |
| Security deposits | 242.81 | 242.81 | 20.00 |
| Total | 1,251.71 | 2,057.13 | 1,803.84 |
| Note : | | | |
| The Holding Company had advanced an inter-corporate deposit to Hubtown Limited during the year ended 31 March 2012. However, in the absence of certainty, the Holding Company had discontinued the recognition of revenue, in the nature of Interest Income, with effect from 1 April 2015. Currently, the Holding Company has entered into a revised agreement with Hubtown Limited and have made recoveries in accordance with the revised agreement. Accordingly, considering the recent positive developments, the Holding Company has recognised interest income of ₹ 815 lakhs (including unrecognised income of ₹ 532 lakhs till 31 March 2017). Further, the provision towards doubtful recovery of inter-corporate deposit of ₹ 100 Lakhs has also been reversed during the year ended 31 March 2018. These amounts are forming part of 'Other Income' for the year ended 31 March 2018. | | | |
| 16. Other financial assets | | | |
| Unsecured considered good, unless otherwise stated | | | |
| Security deposits (Refer note below) | 27.10 | 29.40 | 35.13 |
| Interest receivable: | | | |
| - Banks | 36.10 | 51.87 | 34.52 |
| - Others | 22.62 | 23.00 | 26.65 |
| Receivable against sale of property, plant and equipment (Refer note 18(i)) | - | 16,021.47 | - |
| Other receivables | - | - | 246.17 |
| Total | 85.82 | 16,125.74 | 342.47 |
| Note : | | | |
| [Includes ₹ 10.00 lakhs (31 March 2017 ₹ 10.00 lakhs and 1 April 2016 ₹ 10.00 lakhs), as security deposits to a private company in which directors are directors / members] | | | |
| 17. Other current assets | | | |
| Balance with statutory authorities | 593.54 | 474.30 | 530.21 |
| Advance to suppliers | 2,689.83 | 3,584.16 | 1,385.92 |
| Prepaid expenses | 257.21 | 322.71 | 456.26 |
| Total | 3,540.58 | 4,381.17 | 2,372.39 |

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2018

| | As at 31 March 2018 (₹ in Lakhs) | As at 31 March 2017 (₹ in Lakhs) | As at 01 April 2016 (₹ in Lakhs) |
|---|--|--|--|
| 18. Asset classified as held for sale | | | |
| Disposal Group (Refer note 45) | 10,183.05 | - | - |
| Freehold land (Refer note (i) and (iii) below) | 273.85 | 360.99 | 330.80 |
| Buildings (Refer note (ii) below) | 1,248.29 | 1,235.68 | 1,235.68 |
| Plant and Equipment (Refer note (iv) below) | - | 19.97 | - |
| Capital work-in-progress (Refer note (v) below) | 1,548.48 | 1,548.48 | - |
| Total | <u>13,253.67</u> | <u>3,165.12</u> | <u>1,566.48</u> |

Notes :

- i) During the year ended 31 March 2017, the Holding Company had entered into an agreement towards sale of building, electrical installations along with land appurtenant thereto (the "Specified Assets"), situated at Gandhidham, for an aggregate consideration of USD 29 Million. Pursuant to this transaction and subsequent realizations post year end, the Holding Company had recognised sale of the Specified Assets (except agricultural land) and had considered the gain of ₹ 12,923.38 lakhs from the transaction as an 'Exceptional item' in the Consolidated Statement of Profit and Loss for the year ended 31 March 2017. However, pending receipt of relevant government approvals towards conversion of agricultural land to industrial land, the agricultural land has been continued as 'Assets classified as held for sale'. The sales consideration and net carrying value of the agricultural land is USD 4 Million and ₹ 273.85 lakhs (31 March 2017 ₹ 273.85 lakhs), respectively. An amount of USD 2 Million received in the previous year as an advance against the said agricultural land has been included under 'Other current liabilities'.

To give effect to the above agreement and ensure smooth continuance of the business, the Holding Company had shifted its manufacturing facilities from Gandhidham to Kandla Plant and had incurred shifting expenses to the extent of ₹ Nil (31 March 2017 ₹ 696.33 lakhs). These shifting expenses had also been disclosed as an Exceptional item in the Consolidated Statement of Profit and Loss.

- ii) As at 31 March 2018, 'Assets classified as held for sale' include office premises at Mumbai having book value ₹ 1,248.29 lakhs (₹ 1,235.68 lakhs as at 31 March 2017 and ₹ 1,235.68 lakhs as at 1 April 2016) being property, plant and equipment's considered as 'Assets held for sale', pursuant to the decision of the Holding Company to dispose off the same in the near future.
- iii) Pursuant to the decision of China subsidiary to sell the freehold land having carrying value of ₹ 95.24 lakhs and ₹ 87.29 lakhs as at 1 April 2016 and 31 March 2017 respectively, the freehold land has been considered as 'Assets classified as held for sale'.
- iv) During the year ended 31 March 2017, the Holding Company had sold / discarded certain items of plant and equipment rendered unusable for an aggregate loss of ₹ 1,539.44 lakhs (including impairment loss of ₹ 61.92 lakhs on assets classified as held for sale with residual carrying value ₹ 19.97 lakhs). The loss had been disclosed as an Exceptional item in the Consolidated Statement of Profit and Loss during the year ended 31 March 2017. These impaired assets were disposed off during the year ended 31 March 2018.
- v) During the year ended 31 March 2017, the Holding Company had decided to sell certain items of plant and equipment forming part of 'Capital work-in-progress'. Accordingly, these assets had been grouped under 'Assets classified as held for sale'. The carrying value of these assets had been written down to their net realizable value at ₹ 1,548.48 lakhs as at 31 March 2017 and an impairment loss of ₹ 628.71 lakhs had been disclosed as an Exceptional Item in the Consolidated Statement of Profit and Loss. 'Assets classified as held for sale' as at 31 March 2018 also includes assets amounting to ₹ 1,548.48 lakhs as stated above.
- vi) Assets classified as held for sale during the reporting period was measured at the lower of its carrying amount and fair value less costs to sell at the time of the reclassification. This has resulted in write down of the value of the assets by ₹ Nil (31 March 2017: ₹ 690.63 lakhs 1 April 2016: ₹ Nil).

The fair value of the land has been determined based on contractual rate agreed with the buyer. The fair value of the building was determined based on government notified rates plus market value margin which represents the fair value of the building in that area. The key inputs under this approach are price per square meter of comparable lots of building in the area of similar location and size. Plant and Equipment (Capital work-in-progress) has been valued based on independent quotes received from various vendors.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2018

| | As at 31 March 2018 (₹ in Lakhs) | As at 31 March 2017 (₹ in Lakhs) | As at 01 April 2016 (₹ in Lakhs) |
|---|--|--|--|
| 19. Equity share capital | | | |
| Authorised: | | | |
| 125,000,000 (31 March 2017 and 1 April 2016: 125,000,000) | | | |
| Equity Shares of ₹ 2 each | 2,500.00 | 2,500.00 | 2,500.00 |
| Total | <u>2,500.00</u> | <u>2,500.00</u> | <u>2,500.00</u> |
| Issued, Subscribed and fully paid up: | | | |
| 112,207,682 (31 March 2017 and 1 April 2016: 112,207,682) | | | |
| Equity Shares of ₹ 2 each fully paid up | 2,244.15 | 2,244.15 | 2,244.15 |
| Total | <u>2,244.15</u> | <u>2,244.15</u> | <u>2,244.15</u> |

(i) Reconciliation of number of Equity Shares outstanding at the beginning and at the end of the year:

| Particulars | 2017-18 | | 2016-17 | |
|---|----------------------------|----------|----------------------------|----------|
| | Number of Equity Shares | Amount | Number of Equity Shares | Amount |
| Shares outstanding at the beginning of the year | 112,207,682 | 2,244.15 | 112,207,682 | 2,244.15 |
| Shares issued during the year | - | - | - | - |
| Shares outstanding at the end of the year | 112,207,682 | 2,244.15 | 112,207,682 | 2,244.15 |

(ii) Rights, preferences and restrictions

The Holding Company has only one class of equity shares having a par value of ₹ 2 per share. Each shareholder is eligible for one vote per share held. In the event of liquidation, the equity shareholders are eligible to receive the remaining assets of the Holding Company after distribution of all preferential amounts, in proportion to the share holding.

(iii) Details of shareholders holding more than 5% shares in the company:

| Name of Shareholder | As at 31 March 2018 | | As at 31 March 2017 | | As at 01 April 2016 | |
|-------------------------------|-------------------------------|-----------------|-------------------------------|-----------------|-------------------------------|-----------------|
| | Number of Equity Shares | % of Holding | Number of Equity Shares | % of Holding | Number of Equity Shares | % of Holding |
| Khurana Gases Private Limited | 17,577,203 | 15.66 | 17,577,203 | 15.66 | 17,577,203 | 15.66 |
| Suman Khurana | 15,230,691 | 13.57 | 15,230,691 | 13.57 | 15,230,691 | 13.57 |
| P. K. Khurana | 17,018,000 | 15.17 | 12,218,000 | 10.89 | 12,218,000 | 10.89 |
| Pushkar Prem Kumar Khurana | 7,503,973 | 6.69 | 7,503,973 | 6.69 | 7,503,973 | 6.69 |
| Puneet Prem Kumar Khurana | 7,782,933 | 6.94 | 7,662,933 | 6.83 | 7,503,973 | 6.69 |

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2018

| | As at 31 March 2018 (₹ in Lakhs) | As at 31 March 2017 (₹ in Lakhs) | As at 01 April 2016 (₹ in Lakhs) |
|--|--|--|--|
| 20. Other equity | | | |
| Securities Premium Reserve | 24,789.64 | 24,789.64 | 24,789.64 |
| General Reserve | 7,491.00 | 7,491.00 | 7,491.00 |
| Retained Earnings | 10,085.54 | 7,760.03 | (68.71) |
| Fair Value Gain on Equity Instruments through OCI | 401.72 | 346.59 | 336.35 |
| Foreign Currency Translation Reserve (FCTR) | (641.91) | (435.07) | - |
| Total | 42,125.99 | 39,952.19 | 32,548.28 |
| i) Securities Premium Reserve | | | |
| Opening balance | 24,789.64 | 24,789.64 | |
| Transaction during the year | - | - | |
| Closing balance | 24,789.64 | 24,789.64 | |
| ii) General Reserve | | | |
| Opening Balance | 7,491.00 | 7,491.00 | |
| Transaction during the year | - | - | |
| Closing balance | 7,491.00 | 7,491.00 | |
| iii) Retained Earnings | | | |
| Opening Balance | 7,760.03 | (68.71) | |
| Profit for the year | 2,336.50 | 7,833.34 | |
| Other comprehensive income for the year | (10.99) | (4.60) | |
| Closing balance | 10,085.54 | 7,760.03 | |
| iv) Fair Value Gain on Equity Instruments through OCI | | | |
| Opening Balance | 346.59 | 336.35 | |
| Change in Fair value of FVOCI equity instrument | 55.13 | 10.24 | |
| Closing balance | 401.72 | 346.59 | |
| v) Foreign Currency Translation Reserve | | | |
| Opening Balance | (435.07) | - | |
| Movement during the Year | (206.84) | (435.07) | |
| Closing Balance | (641.91) | (435.07) | |

Nature and Purpose of Reserves
Securities Premium Reserve

Securities premium reserve is created due to premium on issues of shares. This reserve is utilised in accordance with the provisions of the Act.

General Reserve

General reserve represents amounts appropriated out of retained earnings based on the provisions of the Act prior to its amendment.

Retained earnings

Retained earnings represents the accumulated profits / losses made by the Group over the years.

Fair Value Gain on Equity Instruments through OCI

The Holding Company has elected to recognise changes in the fair value of certain investments in equity securities in other comprehensive income. These changes are accumulated within 'Fair Value Gain on Equity Instruments through OCI' reserve within equity. The Holding Company transfers amounts from this reserve to retained earnings when the relevant equity securities are derecognised.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2018

| | As at 31 March 2018 (₹ in Lakhs) | As at 31 March 2017 (₹ in Lakhs) | As at 01 April 2016 (₹ in Lakhs) |
|---|--|--|--|
| 21. Non-Current Borrowings | | | |
| Secured | | | |
| Term loans from banks | 12,841.98 | 15,497.12 | 21,669.04 |
| Foreign currency term loan from bank | - | 971.57 | - |
| Vehicle loans from banks and financial institutions | 88.62 | 122.43 | 31.19 |
| Finance lease obligations | 24.27 | - | - |
| | <u>12,954.87</u> | <u>16,591.12</u> | <u>21,700.23</u> |
| Unsecured | | | |
| Deferred sales tax loan | 300.58 | 587.88 | 881.31 |
| Loans from related parties (Refer note 42) | 5,200.00 | 2,487.00 | 2,174.01 |
| | <u>5,500.58</u> | <u>3,074.88</u> | <u>3,055.32</u> |
| Total | <u>18,455.45</u> | <u>19,666.00</u> | <u>24,755.55</u> |

Refer note 40 for liquidity risk and note 52 for assets pledged as security.

Notes :

Everest Kanto Cylinder Limited, India

(i) Term loans from banks

Indian Rupee Term Loan from a bank upto ₹ 32,500.00 lakhs is secured by way of (a) first pari passu charge on all the property, plant and equipment's of the Holding Company, excluding specific immovable properties (b) second pari passu charge on the current assets of the Holding Company (c) pledge of 29.99% of the shares of the Holding Company held by the promoters (d) pledge of all the shares of the subsidiaries held by the Holding Company (e) unconditional and irrevocable personal guarantees from three promoter directors and (f) exclusive charge on certain residential and commercial immovable properties owned by the Holding Company, promoters, group companies/firms. The loan is repayable in quarterly unequalled installments by October 2020. The interest rate of the borrowing is 11% per annum.

(ii) Foreign currency term loan from bank

Foreign Currency Term Loan of US\$ 5.00 Million from a bank, is secured by way of (a) first pari passu charge on entire property, plant and equipment's both present and future (excluding residential flat at Cuffe Parade, Mumbai and office premises situated at Nariman Point, Mumbai) (b) Second pari passu charge on current assets of the Holding Company (both present and future) (c) Unconditional and irrevocable personal guarantees from three promoter directors (d) no disposal undertaking of shareholding of the Holding Company in its subsidiaries located in China and Dubai (e) pledge of 29.99% of the shares held by the Holding Company in its subsidiaries located in China and Dubai. The loan has bullet repayment in June 2018. The interest rate of the borrowings is 6 Months' LIBOR plus 5.0% per annum.

(iii) Vehicle loans from banks and financial institutions

Vehicle Loans from bank and financial Institutions are repayable in range of 35 to 60 monthly installments, with the last installment falling due in February 2023. These loans are secured by hypothecation of underlying vehicle and are at fixed rate of interest in the range of 8.35% to 10.83% per annum.

(iv) Deferred sales tax loan

The Interest-free deferred sales tax loan is repayable in six equal annual installments, with the last installment falling due in financial year 2018-19.

(v) Loans from related parties

Unsecured loans from related parties are repayable on demand and carry interest rate of 12% per annum. However, as per the terms of the loans, except for an amount of ₹ 201.95 lakhs (31 March 2017 : ₹ Nil and 1 April 2016 : ₹ Nil) repayment of loans cannot be demanded before 1 April 2019.

EKC International FZE, UAE

(i) Vehicle loans from banks and financial institutions

Vehicle Loans are repayable in 48 monthly installments, with the last installment falling due in May 2021. These loans are secured by hypothecation of underlying vehicles and are at fixed rate of interest, which ranges from 2.74% to 4.15% per annum.

CP Industries Holdings Inc. USA

(i) Term loans from banks

(a) Term Loan of USD 3.90 Million is repayable in 60 equal monthly installments, expiring in March 2022. The Borrowing is secured by substantially all the assets of the Subsidiary and shares of Subsidiary pledged by

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2018

EKC Hungary Kft (its immediate Parent Company). The interest rate of the Borrowing ranges from 2.25% to 3% based on quarterly leverage ratios, plus one month LIBOR per annum.

- (b) Delayed Draw Term Loan of USD 1.50 Million is repayable in 60 equal monthly installments, expiring in November 2022. The Borrowing is secured by substantially all the assets of the Subsidiary and shares of Subsidiary pledged by its immediate Parent Company. The interest rate of the Borrowing ranges from 2.25% to 3% based on quarterly leverage ratios, plus one month LIBOR per annum.

- (c) The loan facility of USD 5.00 Million from a bank is secured by substantially all the assets of the Subsidiary and shares of Subsidiary pledged by its immediate Parent Company. The interest rate of the Borrowing ranges from 2.25% to 3% based on quarterly leverage ratios, plus one month LIBOR per annum.

(ii) Finance lease obligations

The Subsidiary has capital leases with financial institutions for certain plant and equipment. Interest rate ranges from 0% to 4.5% and the loan expires in March 2022. The capital leases are guaranteed by underlying plant and equipment.

22. Provisions

(₹ in Lakhs)

| Particulars | As at 31 March 2018 | As at 31 March 2017 | As at 01 April 2016 |
|--|------------------------|------------------------|------------------------|
| Provision for employee benefits | | | |
| - Compensated absences | 262.96 | 256.89 | 486.95 |
| - Post retirement benefits (Refer note 44) | 1,491.34 | 1,480.76 | 1,618.17 |
| Total | 1,754.30 | 1,737.65 | 2,105.12 |

23. Current borrowings

(₹ in Lakhs)

| Particulars | As at 31 March 2018 | As at 31 March 2017 | As at 01 April 2016 |
|---------------------------------------|------------------------|------------------------|------------------------|
| Secured | | | |
| Working capital facilities from banks | 15,112.88 | 21,017.35 | 26,407.76 |
| Unsecured | | | |
| Loans from other parties | 1,971.88 | 984.19 | 990.42 |
| Total | 17,084.76 | 22,001.54 | 27,398.18 |

Refer to note 52 for Assets pledged as security against borrowings and note 40 for Financial risk management

Note :

1. Everest Kanto Cylinder Limited, India

- (i) Working Capital facilities from banks are secured by way of (i) first pari passu charge in the form of hypothecation of stocks, book debts and all other current assets of the Holding Company and (ii) second pari passu charge on all the property, plant and equipment's (excluding specific property, plant and equipment's) of the Holding Company. One of the banks has been secured by personal guarantees from two directors and one other bank has been secured with personal guarantee from a director. Two of the banks have been provided additional security over separate specific immovable properties of the Holding Company. The interest rate of the working capital facilities ranges from 11% to 12.70% per annum.

2. EKC International FZE, UAE

(a) Working Capital facilities from banks:

- (i) Working capital facility from a bank is secured by standby letter of credit of USD 2M given by another bank and carries interest rate of monthly EIBOR +2.75% per annum with a minimum applicable interest rate of 3.25% p.a.
- (ii) Working capital facility from another bank carries interest rate of six months LIBOR + 6% per annum. The borrowing is secured by assignment of receivables, promissory notes, stock-in-trade, lien over cash margin of Subsidiary, unconditional and irrevocable corporate guarantee of the Holding Company, possessory pledge of certain plant and equipment under UAE/DIFC Law.
- (iii) Working capital facility from another bank carries interest rate of one month LIBOR + 1.85% per annum.

(b) Loans from other parties:

The subsidiary company has taken short-term unsecured loan from other party which is repayable on demand and carries interest rate of 6% per annum.

24 Trade payables

(₹ in Lakhs)

| Particulars | As at 31 March 2018 | As at 31 March 2017 | As at 01 April 2016 |
|--|------------------------|------------------------|------------------------|
| Micro and small enterprises (Refer note below) | 257.05 | 198.75 | 159.31 |
| Other than micro and small enterprises (Refer note 55) | 3,392.82 | 7,633.14 | 5,583.23 |
| Total | 3,649.87 | 7,831.89 | 5,742.54 |

The disclosure required under Micro, Small and Medium Enterprises Development Act, 2006 (MSMED Act) is as under

| | | | |
|---|--------|--------|--------|
| Principal amount due to suppliers under MSMED Act | 257.05 | 198.75 | 159.31 |
| Interest accrued and due to suppliers under MSMED Act on the above amount unpaid | - | - | - |
| Payment made to suppliers (other than interest) beyond the appointed day during the year | - | - | - |
| Interest paid to suppliers under MSMED Act (Other than Section 16) | - | - | - |
| Interest paid to suppliers under MSMED Act (Section 16) | - | - | - |
| Interest due and payable to suppliers under MSMED Act for payment already made | - | - | - |
| Interest accrued and remaining unpaid at the end of the period to suppliers under MSMED Act | - | - | - |

Note :

This above information has been determined to the extent such parties could be identified on the basis of the information available with the Group regarding the status of suppliers under the MSME and has been relied upon by the Statutory auditors of the Holding Company.

25 Other financial liabilities

(₹ in Lakhs)

| Particulars | As at 31 March 2018 | As at 31 March 2017 | As at 01 April 2016 |
|--|------------------------|------------------------|------------------------|
| Current Maturities of non-current borrowings (Refer note 21) | | | |
| -Term loans from banks | 728.70 | 10,665.81 | 2,125.54 |
| - Foreign currency term loan from bank | 858.12 | 1,681.75 | 3,367.42 |
| - Vehicle loans from banks and financial institutions | 63.76 | 87.13 | 13.26 |
| - Finance lease obligations | 15.59 | - | - |
| - Deferred sales tax loan | 287.30 | 297.03 | 297.86 |
| - Loans from related parties (Refer note 42) | 201.95 | - | 51.37 |
| Unclaimed Dividends * | 6.54 | 8.91 | 10.00 |
| Payable for capital expenditure | 555.44 | 437.48 | 298.71 |
| Deposits | 11.49 | 46.12 | 44.87 |
| Other liabilities | 1,848.79 | 1,572.60 | 1,111.66 |
| Total | 4,577.68 | 14,796.83 | 7,320.69 |

*There is no amount due to be transferred to the Investor Education and Protection Fund as at the reporting date.

26 Provisions

(₹ in Lakhs)

| Particulars | As at 31 March 2018 | As at 31 March 2017 | As at 01 April 2016 |
|---|------------------------|------------------------|------------------------|
| Provision for employee benefits | | | |
| - Compensated Absences | 26.67 | 27.03 | 42.99 |
| - Post Retirement benefit (Refer note 44) | 160.40 | 141.06 | 86.56 |
| Provision for sales returns | 46.78 | 55.20 | 50.01 |
| Total | 233.85 | 223.29 | 179.56 |

Note :

A provision is recognized for sales returns on products sold during the last six months, based on past experience of the level of returns. It is expected that significant portion of these costs will be incurred in the next financial year. Assumptions used to calculate the provision for sales return were based on current sales levels and current information available about returns for all products sold. The table below gives information about movement in sales returns.

26 Provisions (contd.)

(₹ in Lakhs)

| Particulars | As at 31 March 2018 | As at 31 March 2017 |
|--------------------------------------|------------------------|------------------------|
| Opening provision for returns | 55.20 | 50.01 |
| Provision made during the year | 47.00 | 55.19 |
| Provision reversed during the year | 55.42 | 50.00 |
| Closing provision | 46.78 | 55.20 |

27. Other current liabilities

(₹ in Lakhs)

| Particulars | As at 31 March 2018 | As at 31 March 2017 | As at 01 April 2016 |
|---|------------------------|------------------------|------------------------|
| Advance from customers | 1,431.15 | 2,189.86 | 1,751.81 |
| Statutory dues | 102.39 | 241.34 | 423.34 |
| Advance received against sale of land (Refer note 18(ii)) | 1,320.00 | 1,320.00 | - |
| Advance received against sale of buildings | 100.00 | - | - |
| Total | 2,953.54 | 3,751.20 | 2,175.15 |

28 Current tax liabilities (net)

(₹ in Lakhs)

| Particulars | As at 31 March 2018 | As at 31 March 2017 | As at 01 April 2016 |
|-------------------|------------------------|------------------------|------------------------|
| Provision for tax | - | - | 14.96 |
| Total | - | - | 14.96 |

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2018

| | Year Ended 31st March, 2018 (₹ in Lakhs) | Year Ended 31st March, 2017 (₹ in Lakhs) |
|---|--|--|
| 29 Revenue from Operations | | |
| Sale of products | | |
| Manufactured goods | 48,364.82 | 47,862.37 |
| Stock-in-trade | 5,421.38 | 10,607.59 |
| Other operating revenues | | |
| Scrap sales | 425.43 | 310.31 |
| Testing and inspection fees | 13.82 | 76.94 |
| Others | 20.09 | 14.81 |
| Total | 54,245.54 | 58,872.02 |
| Note: | | |
| Excise duty on sales was included under Revenue from operations and disclosed separately under Expenses till 30 June 2017. Post implementation of Goods and Services Tax (GST) from quarter ended 30 September 2017, revenue from operations is reported net of GST and hence to that extent is not comparable. | | |
| 30 Other Income | | |
| Interest income on financial assets measured at amortised cost (Refer note 54) | | |
| - Inter corporate deposit (Refer note 15) | 815.08 | - |
| - From banks on deposits | 58.97 | 35.95 |
| - Others | 30.26 | 36.39 |
| Dividend on financial assets measured at fair value through profit and loss | 0.12 | 0.14 |
| Excess provision written back (Refer note 15) | 100.00 | - |
| Liabilities no longer required written back | 87.91 | 379.09 |
| Lease rent | - | 4.32 |
| Profit on sale of property plant and equipments (net) | - | 3.39 |
| Income from government grant | 7.54 | 7.98 |
| Maturity proceeds under keyman insurance policy | 386.97 | 148.50 |
| Other non-operating income | 73.92 | 14.65 |
| Total | 1,560.77 | 630.41 |
| 31 Cost of Materials Consumed | | |
| Raw material consumed | | |
| Opening stock | 8,965.04 | 11,602.63 |
| Add: Purchases | 23,780.09 | 19,358.67 |
| Less: Closing stock | 10,266.37 | 8,965.04 |
| Add: Foreign exchange translation reserve impact | 27.11 | (125.39) |
| Less: Adjustments on account of discontinued operations | 112.92 | 284.38 |
| Total | 22,392.95 | 21,586.49 |
| 32 Changes in inventories of finished goods, work-in-progress and stock-in-trade | | |
| At the beginning of the year | | |
| Work-in-progress | 14,143.56 | 11,510.64 |
| Finished goods | 3,264.21 | 5,181.79 |
| Stock-in-trade | 592.85 | 1,043.78 |
| | 18,000.62 | 17,736.21 |
| At the end of the year | | |
| Work-in-progress | 15,184.50 | 14,143.56 |
| Finished goods | 2,321.25 | 3,264.21 |
| Stock-in-trade | 612.69 | 592.85 |
| | 18,118.44 | 18,000.62 |

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2018

| | Year Ended 31st March, 2018 (₹ in Lakhs) | Year Ended 31st March, 2017 (₹ in Lakhs) |
|--|--|--|
| Less: Variation in excise duty on inventory of finished goods stock | (90.52) | (217.52) |
| Add / (Less): Foreign exchange translation reserve impact | 74.25 | (263.09) |
| Add / (Less): Adjustments on account of discontinued operations | 4.00 | (30.90) |
| Total | (130.09) | (775.92) |
| 33 Employee Benefits | | |
| Salaries, allowances and other benefits | 7,141.13 | 8,019.61 |
| Contribution to provident and other funds (Refer note 44) | 181.01 | 130.82 |
| Staff welfare expenses | 85.27 | 100.47 |
| Total | 7,407.41 | 8,250.90 |
| 34 Finance Costs | | |
| Interest expense on financial liabilities measured at amortised cost | | |
| - Borrowings | 3,378.02 | 4,263.88 |
| - Others | 0.95 | 85.47 |
| Other borrowing costs | 84.16 | 74.48 |
| Net loss on foreign currency transactions and translations | 9.41 | 12.42 |
| Total | 3,472.54 | 4,436.25 |
| 35 Other Expenses | | |
| Consumption of stores and spares | 2,257.71 | 1,995.87 |
| Power and fuel | 3,090.27 | 3,082.42 |
| Water charges | 107.13 | 132.90 |
| Repairs and maintenance | | |
| - Buildings | 47.26 | 18.76 |
| - Plant and equipment | 603.57 | 848.46 |
| - Others | 66.07 | 52.10 |
| Labour charges | 359.47 | 286.13 |
| Rent | 521.79 | 518.81 |
| Insurance | 363.41 | 327.57 |
| Rates and taxes | 932.61 | 238.73 |
| Auditors' remuneration (Refer note 35.1 below) | 79.35 | 63.56 |
| Directors' sitting fees and commission | 4.32 | 5.32 |
| Legal and professional fees | 650.90 | 630.72 |
| Loss on sale / discard of property plant and equipment (net) | 6.49 | 61.94 |
| Travelling and conveyance | 469.47 | 483.32 |
| Security expenses | 77.57 | 79.67 |
| Bad Debts / Advances written off (Net of provision for doubtful receivables ₹ 11.17 lakhs (31 March 2017 ₹ 242.37 lakhs) | 122.38 | 213.38 |
| Sundry balances written off | 1.68 | 20.45 |
| Bank charges and commission | 176.89 | 251.90 |
| Packing and forwarding | 397.30 | 335.49 |
| Carriage and freight | 788.90 | 647.45 |
| Commission on sales | 240.11 | 300.61 |
| Advertisement and sales promotion | 165.59 | 193.42 |
| Miscellaneous expenses (Refer note 50) | 2,202.17 | 2,434.87 |
| Total | 13,732.41 | 13,223.85 |

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2018

| | Year Ended 31st March, 2018 (₹ in Lakhs) | Year Ended 31st March, 2017 (₹ in Lakhs) |
|--|--|--|
| 35.1 Auditors' remuneration (excluding GST / service tax) | | |
| As auditor : | | |
| - Audit fees | 33.50 | 33.50 |
| - Tax audit fees | 4.75 | 4.75 |
| - Limited review fees | 22.25 | 22.25 |
| In other capacities | | |
| - For certificates | 0.25 | 2.28 |
| - Other services | 18.00 | - |
| Reimbursement of expenses | 0.60 | 0.78 |
| Total | 79.35 | 63.56 |
| 36. Exceptional items | | |
| Write back / (Write down) of the provision for slow and non-moving inventory items (Refer note below) | 32.17 | (487.84) |
| Profit on sale of property, plant and equipment (Refer note 18 (i)) | - | 12,923.38 |
| Expenses incurred towards relocation of assets (Refer note 18 (i)) | - | (696.33) |
| Loss on sale of plant and equipment (Refer note 18 (iv)) | - | (1,539.44) |
| Impairment loss on Capital work-in-progress. (Refer note 18 (v)) | - | (628.71) |
| Total | 32.17 | 9,571.06 |
| Note : | | |
| Exceptional items includes gain on reversal of provision made in earlier periods towards write down in value for slow and non-moving inventory items of ₹ 32.17 lakhs for the year ended 31 March, 2018 (write down of ₹ 487.84 lakhs for the year ended 31 March 2017). | | |
| 37. Tax expense | | |
| Current tax expense | | |
| Current tax for the year | 455.90 | 15.30 |
| Deferred taxes | | |
| Change in deferred tax assets | 5.91 | 2.00 |
| Total | 461.81 | 17.30 |
| Reconciliation of income tax expenses to the amount computed by applying the statutory income tax rate to the profit before income taxes is summarised below: | | |
| Profit before tax from continuing operations | 3,185.76 | 9,799.23 |
| (Loss) before from discontinued operations | (344.36) | (1,957.00) |
| Profit before tax from total operations | 2,841.40 | 7,842.23 |
| Current Tax at the Indian Rate of 34.608% (2016-17 - 34.608%) | 983.35 | 2714.04 |
| Add / (less) impact of: | | |
| Expenses not allowable for tax purposes (net) | 2.36 | 2.34 |
| Foreign entities with no tax | (102.89) | 68.39 |
| Non-deductible expenses (net)* | 15.82 | 641.38 |
| Income exempt from Income tax | (46.22) | (48.45) |
| Tax losses and unabsorbed depreciation utilised | (855.61) | (3,360.40) |
| Tax Liability u/s 115 JB of the Income Tax Act, 1961** | 465.00 | - |
| Tax expense | 461.81 | 17.30 |
| * Includes dis-allowances in the nature of timing differences on which deferred tax assets have not been recognized in the absence of reasonable certainty. | | |
| ** Minimum Alternate Tax (MAT) credit has not been recognised by the Company in the absence of reasonable certainty of sufficient future taxable income | | |

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2018
Deferred tax asset movement

(₹ in Lakhs)

| Particulars | As at 31 March 2018 | Recognised through profit and loss | Recognised through other compre- hensive income | As at 31 March 2017 | Recognised through profit and loss | Recognised through other compre- hensive income | As at 01 April 2016 |
|---|---------------------------|---|---|---------------------------|---|---|---------------------------|
| Deferred tax liability on account of : | | | | | | | |
| Difference between tax depreciation and depreciation/ amortisation charged for the financial reporting | 4,207.94 | 505.23 | - | 3,702.71 | (61.58) | - | 3,764.29 |
| Financial liabilities at amortised cost | 35.37 | (15.59) | - | 50.96 | (12.31) | - | 63.27 |
| Total deferred tax liabilities | 4,243.31 | 489.64 | - | 3,753.67 | (73.89) | - | 3,827.56 |
| Deferred tax assets on account of : | | | | | | | |
| Financial assets measured at fair value through other comprehensive income (FVOCI) | 41.81 | - | (18.77) | 60.58 | - | 3.64 | 56.94 |
| Provision for doubtful debts / deposits/ advances | 378.19 | (72.37) | - | 450.56 | (169.08) | - | 619.64 |
| Employee benefits | 57.21 | 13.26 | 5.91 | 38.04 | (1.06) | 2.00 | 37.10 |
| Provision for sales returns | 16.34 | (2.76) | - | 19.10 | 1.79 | - | 17.31 |
| Unrealised profits on closing stock | 84.79 | 21.28 | - | 63.51 | (3.98) | - | 67.49 |
| Unabsorbed business depreciation and business loss as per tax laws | 3,706.77 | 524.32 | - | 3,182.45 | 96.43 | - | 3,086.02 |
| Total deferred tax assets | 4,285.11 | 483.73 | (12.86) | 3,814.24 | (75.90) | 5.64 | 3,884.50 |
| Deferred tax assets (net) | 41.80 | (5.91) | (12.86) | 60.57 | (2.01) | 5.64 | 56.94 |

Unused tax losses which arose on incurrence of capital losses and business losses under the income tax for which no deferred tax asset (DTA) has been created

(₹ in Lakhs)

| Particulars | As at 31 March 2018 | As at 31 March 2017 | As at 01 April 2016 |
|--------------------------------|---------------------|---------------------|---------------------|
| Business loss | 18,695.31 | 21,271.99 | 21,276.46 |
| DTA on business loss | 6,532.89 | 7,361.81 | 7,363.36 |
| Unabsorbed depreciation | 4,001.55 | 4,011.46 | 13,548.22 |
| DTA on unabsorbed depreciation | 1,398.30 | 1,388.28 | 4,688.77 |

38. Other comprehensive income

(₹ in Lakhs)

| Particulars | Year ended 31 March 2018 | Year ended 31 March 2017 |
|---|-----------------------------|-----------------------------|
| Items that will be reclassified to profit or loss | | |
| Gains and losses arising from translating the financial statements of foreign operations | (206.84) | (435.07) |
| Income tax relating to these items | - | - |
| Items that will not be reclassified to profit or loss | | |
| Remeasurements of post employment benefit obligations | (16.90) | (7.47) |
| Fair value changes on equity instruments through other comprehensive income | 73.90 | 7.47 |
| Income tax relating to these items | (12.86) | 5.64 |
| Total | (162.70) | (429.43) |

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2018

39. Fair value measurements

Financial instruments by category:

(₹ in Lakhs)

| Particulars | As At 31 March 2018 | | | As At 31 March 2017 | | | As At 01 April 2016 | | |
|---|---------------------|-------|----------------|---------------------|-------|----------------|---------------------|-------|----------------|
| | FVOCI | FVTPL | Amortised cost | FVOCI | FVTPL | Amortised cost | FVOCI | FVTPL | Amortised cost |
| Financial Assets-Non-Current | | | | | | | | | |
| Investments measured at FVOCI | 405.83 | - | - | 331.93 | - | - | 324.46 | - | - |
| Non-current Loans | - | - | 1,021.42 | - | - | 513.21 | - | - | 751.12 |
| Other financial assets | - | - | 252.07 | - | - | 65.00 | - | - | 185.00 |
| Financial Assets-Current | | | | | | | | | |
| Trade receivables | - | - | 8,945.31 | - | - | 11,595.86 | - | - | 10,627.74 |
| Cash and cash equivalents | - | - | 901.46 | - | - | 858.27 | - | - | 893.42 |
| Bank balances other than cash and cash equivalents | - | - | 2,138.48 | - | - | 2,624.97 | - | - | 1,827.55 |
| Investments | - | 2.84 | - | - | 2.72 | - | - | 2.60 | - |
| Loans | - | - | 1,251.71 | - | - | 2,057.13 | - | - | 1,803.84 |
| Other financial assets | - | - | 85.82 | - | - | 16,125.74 | - | - | 342.47 |
| Financial Liabilities-Non-Current | | | | | | | | | |
| Non-current borrowings (including current maturities) | - | - | 20,610.87 | - | - | 32,397.72 | - | - | 30,611.00 |
| Financial Liabilities-Current | | | | | | | | | |
| Short term borrowings | - | - | 17,084.76 | - | - | 22,001.54 | - | - | 27,398.18 |
| Trade payables | - | - | 3,649.87 | - | - | 7,831.89 | - | - | 5,742.54 |
| Other current financial liabilities | - | - | 2,422.26 | - | - | 2,065.11 | - | - | 1,465.24 |

I. Fair value hierarchy

The fair values of the financial assets and liabilities are included at the amount that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

This section explains the judgements and estimates made in determining the fair values of the financial instruments that are (a) recognised and measured at fair value and (b) measured at amortised cost and for which fair values are disclosed in the Consolidated Financial Statements. To provide an indication about the reliability of the inputs used in determining fair value, the Group has classified its financial instruments into the three levels prescribed under the accounting standard. An explanation of each level follows underneath the table.

Level 1: Level 1 hierarchy includes financial instruments measured using quoted prices. For example, listed equity instruments that have quoted market price.

Level 2: The fair value of financial instruments that are not traded in an active market (for example, traded bonds, over-the-counter derivatives) is determined using valuation techniques which maximise the use of observable market data and rely as little as possible on entity-specific estimates. If all significant inputs required to fair value an instrument are observable, the instrument is included in level 2.

Level 3: If one or more of the significant inputs is not based on observable market data, the instrument is included in level 3. This is the case for unlisted equity securities, contingent consideration and indemnification asset included in level 3.

II. Valuation techniques used to determine fair value

The fair values for investment in equity instrument are based on discounted cash flows using a discount rate determined considering Holding Company's incremental borrowing rate.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2018
III. Financial assets and liabilities measured at fair value Fair value hierarchy - recurring fair value measurement: (₹ in Lakhs)

| Particulars | As at 31 March 2018 | | | As at 31 March 2017 | | | As at 01 April 2016 | | |
|---------------------------------------|---------------------|---------|---------|---------------------|---------|---------|---------------------|---------|---------|
| | Level 1 | Level 2 | Level 3 | Level 1 | Level 2 | Level 3 | Level 1 | Level 2 | Level 3 |
| Financial Assets - Non-Current | | | | | | | | | |
| Investments measured at FVOCI | - | 405.83 | - | - | 331.93 | - | - | 324.46 | - |
| Financial Assets - Current | | | | | | | | | |
| Investments measured at FVTPL | 2.84 | - | - | 2.72 | - | - | 2.60 | - | - |

IV. Fair value of financial assets and liabilities measured at amortised cost (₹ in Lakhs)

| Particulars | As at 31 March 2018 | | As at 31 March 2017 | | As at 01 April 2016 | |
|---|---------------------|------------|---------------------|------------|---------------------|------------|
| | Carrying amount | Fair value | Carrying amount | Fair value | Carrying amount | Fair value |
| Financial Assets - Non-current | | | | | | |
| Other financial assets | 252.07 | 218.89 | 65.00 | 60.06 | 185.00 | 169.87 |
| Financial Liabilities - Non-current | | | | | | |
| Non-current borrowings (including current maturities) | 20,610.87 | 20,599.95 | 32,397.72 | 32,100.43 | 30,611.00 | 30,027.29 |

Notes:

- The above financial assets and liabilities are categorised under level 2 of fair value hierarchy.
- During the periods mentioned above, there have been no transfers amongst the levels of hierarchy.
- The carrying amounts of Trade receivables, Cash and cash equivalents, Bank balances other than cash and cash equivalents, loans, other current financial assets, current borrowings, trade payables, other current financial liabilities are considered to be approximately equal to the fair value.

40 Financial risk management

The Group is exposed primarily to fluctuations in foreign currency exchange rates, credit, liquidity and interest rate risks which may adversely impact the fair value of its financial assets and liabilities. The Group has a risk management policy which covers risk associated with the financial assets and liabilities. The risk management policy is approved by Board of Directors of the Holding Company. The focus of the risk management committee is to assess the unpredictability of the financial environment and to mitigate potential adverse effect on the financial performance of the Group.

The Group's principal financial liabilities comprises of borrowings, trade and other payables. The main purpose of these financial liabilities is to finance the Group's operations. The Group's principal financial assets comprises of loans, trade and other receivables, cash and cash equivalents and investments that derive directly from its operations.

The Group is exposed to Credit risk, Liquidity risk and Market risk. The Group's senior management oversees the management of these risks.

A. Credit risk

The Group is exposed to credit risk from its operating activities (primarily for trade receivables) and from its financing activities (deposits with banks and other financial instruments). Further, the inter corporate deposits given by the Holding Company are based on adequate collateral provided by the party.

Credit risk management

Credit risk arises from the possibility that the counter party may not be able to settle their obligations as agreed. To manage this, the Group periodically assesses financial

reliability of customers and other counter parties, taking into account the financial condition, current economic trends, and analysis of historical bad debts and ageing of financial assets. Individual risk limits are set and periodically reviewed on the basis of such information. The Group considers the probability of default upon initial recognition of asset and whether there has been a significant increase in credit risk on an ongoing basis through each reporting period. To assess whether there is a significant increase in credit risk, the Group compares the risk of default occurring on asset as at the reporting date with the risk of default as at the date of initial recognition. It considers reasonable and supportive forwarding-looking information such as:

- Actual or expected significant adverse changes in business,
- Actual or expected significant changes in the operating results of the counter-party,
- Financial or economic conditions that are expected to cause a significant change to the counter-party's ability to meet its obligations,
- Significant increase in credit risk on other financial instruments of the same counter-party,
- Significant changes in the value of the collateral supporting the obligation or in the quality of the third-party guarantees or credit enhancements.

Financial assets are written off when there is no reasonable expectations of recovery, such as a debtor failing to engage in a repayment plan with the Group. Where loans or receivables have been written off, the Group continues to engage in enforcement activity to attempt to recover the receivable due. Where recoveries are made, these are recognized as income in the consolidated statement of profit and loss.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2018

Age of receivables that are past due:

(₹ in Lakhs)

| Particulars | As at 31 March 2018 | As at 31 March 2017 | As at 01 April 2016 |
|--|------------------------|------------------------|------------------------|
| Upto 3 months | 5,847.23 | 6,783.24 | 7,402.17 |
| 3 - 6 months | 1,569.55 | 3,940.61 | 1,504.32 |
| 6 - 12 months | 663.54 | 532.20 | 1,618.48 |
| More than one year | 2,257.87 | 2,308.42 | 2,673.96 |
| Total | 10,338.19 | 13,564.47 | 13,198.93 |
| Provision for expected credit loss created | 1,392.88 | 1,968.61 | 2,571.19 |

B Liquidity risk

Liquidity risk is defined as the risk that the Group will not be able to settle or meet its obligations on time or at a reasonable price. For the Group, liquidity risk arises from obligations on account of financial liabilities – Borrowings, trade payables and other financial liabilities.

Liquidity risk management

The Group's corporate finance department is responsible for liquidity and funding as well as settlement management. In addition, processes and policies related to such risks are overseen by Group's senior management. Group Management monitors the Group's net liquidity position through rolling forecasts on the basis of expected cash flows.

The table below summarises the maturity profile of the Group's financial liabilities based on contractual undiscounted payments at each reporting date:

Maturities of non – derivative financial liabilities**As at 31 March 2018**

(₹ in Lakhs)

| Particulars | Within 1 year | 1 - 5 years | beyond 5 years | Total |
|---|------------------|------------------|----------------|------------------|
| Financial Liabilities - Non-current | | | | |
| Non-current borrowings (including current maturities) | 2,155.42 | 18,455.45 | - | 20,610.87 |
| Financial Liabilities - Current | | | | |
| Short term borrowings | 17,084.76 | - | - | 17,084.76 |
| Trade payables | 3,649.87 | - | - | 3,649.87 |
| Other current financial liabilities | 2,422.26 | - | - | 2,422.26 |
| Total | 25,312.31 | 18,455.45 | - | 43,767.76 |

As at 31 March 2017

(₹ in Lakhs)

| Particulars | Within 1 year | 1 - 5 years | beyond 5 years | Total |
|---|------------------|------------------|----------------|------------------|
| Financial Liabilities - Non-current | | | | |
| Non-current borrowings (including current maturities) | 12,731.72 | 19,666.00 | - | 32,397.72 |
| Financial Liabilities - Current | | | | |
| Short term borrowings | 22,001.54 | - | - | 22,001.54 |
| Trade payables | 7,831.89 | - | - | 7,831.89 |
| Other current financial liabilities | 2,065.11 | - | - | 2,065.11 |
| Total | 44,630.26 | 19,666.00 | - | 64,296.26 |

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2018
As at 1 April 2016

(₹ in Lakhs)

| Particulars | Within 1 year | 1 - 5 years | beyond 5 years | Total |
|---|------------------|------------------|----------------|------------------|
| Financial Liabilities - Non-current | | | | |
| Non-current borrowings (including current maturities) | 5,855.45 | 24,755.55 | - | 30,611.00 |
| Financial Liabilities - Current | | | | |
| Short term borrowings | 27,398.18 | - | - | 27,398.18 |
| Trade payables | 5,742.54 | - | - | 5,742.54 |
| Other current financial liabilities | 1,465.24 | - | - | 1,465.24 |
| Total | 40,461.41 | 24,755.55 | - | 65,216.96 |

C Market risk

Market risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises three types of risk: Foreign currency risk, interest rate risk and price risk.

(i) Foreign currency risk

The Group is exposed to foreign exchange risk on their receivables, payables which are held in USD, AED, EUR and CZK.

Foreign currency risk management

In respect of the foreign currency transactions, the Group does not hedge the exposures since the management believes that the same will be offset by the corresponding receivables and payables which will be in the nature of natural hedge.

The Group's exposure to foreign currency risk at the end of reporting period expressed in ₹ in lakhs are as under:

(₹ in Lakhs)

| Particulars | As at 31 March 2018 | | | As at 31 March 2017 | | | As at 01 April 2016 | | | CZK |
|--|------------------------|--------------|---------------|------------------------|--------------|-------------|------------------------|--------------|----------------|-------------|
| | USD | AED | EUR | USD | AED | EUR | USD | AED | EUR | |
| Financial liabilities | | | | | | | | | | |
| Trade payables | 112.76 | - | 2.63 | 94.94 | - | 8.55 | 86.30 | - | 26.80 | - |
| Advance from customers | 47.74 | - | - | 16.02 | - | - | 22.74 | - | - | - |
| Borrowings | 1,049.43 | - | - | 4,356.26 | - | - | 4,128.73 | - | - | - |
| Interest payable | 15.19 | - | - | 15.80 | - | - | 53.20 | - | - | - |
| Financial assets | | | | | | | | | | |
| Trade receivables | 317.40 | - | - | 67.20 | - | - | 82.03 | - | - | - |
| Advance to suppliers | 805.83 | - | - | 201.19 | - | 11.23 | 58.57 | - | - | - |
| Receivable against sale of property, plant and equipment (Refer note 16) | - | - | - | 16,021.47 | - | - | - | - | - | - |
| Balances with bank | 8.61 | 99.35 | - | 5.13 | 98.20 | - | 2.85 | 99.71 | - | 0.45 |
| Net exposure to foreign currency assets / (liabilities) | (93.28) | 99.35 | (2.63) | 11,811.97 | 98.20 | 2.68 | (4,147.52) | 99.71 | (26.80) | 0.45 |

Sensitivity to foreign currency risk

The following table demonstrates the sensitivity in USD, AED and EUR with all other variables held constant. The below impact on the Group's profit before tax is based on changes in the fair value of unhedged foreign currency monetary assets and liabilities at balance sheet date:

(₹ in Lakhs)

| Currencies | As at 31 March 2018 | | As at 31 March 2017 | |
|------------|------------------------|-------------------|------------------------|-------------------|
| | Increase by 5% | Decrease by 5% | Increase by 5% | Decrease by 5% |
| USD | (4.66) | 4.66 | 590.60 | (590.60) |
| AED | 4.97 | (4.97) | 4.91 | (4.91) |
| EUR | (0.13) | 0.13 | 0.13 | (0.13) |

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2018

(ii) Interest rate risk

The Group's interest rate risk is mainly due to the long term borrowing acquired at floating interest rate.

The fixed rate borrowing are carried at amortised cost, hence they are not subject to interest rate risk since the carrying amount and future cash flows will not fluctuate because of change in market interest rates.

C Market risk

The Group's borrowing structure at the end of reporting period are as follows:

(₹ in Lakhs)

| Particulars | As at 31 March 2018 | As at 31 March 2017 | As at 01 April 2016 |
|--------------------------|------------------------|------------------------|------------------------|
| Variable rate borrowings | 5,953.38 | 8,172.46 | 6,455.02 |
| Fixed rate borrowings | 14,657.49 | 24,225.26 | 24,155.98 |
| Total | 20,610.87 | 32,397.72 | 30,611.00 |

Sensitivity analysis

(₹ in Lakhs)

| Interest rate | Impact on profit before tax | |
|-----------------------------|-----------------------------|---------------|
| | 31 March 2018 | 31 March 2017 |
| Increase by 70 basis points | (41.67) | (57.21) |
| Decrease by 70 basis points | 41.67 | 57.21 |

(iii) Price Risk

The Group is exposed to price risk from its investment in equity instruments measured at fair value through other comprehensive income.

There is no price risk for mutual fund as they are invested under fixed NAV scheme.

(₹ in Lakhs)

| Sensitivity | 31 March 2018 | 31 March 2017 |
|---|---------------|---------------|
| Impact on profit after tax for 5% increase in share price | 20.29 | 16.60 |
| Impact on profit after tax for 5% decrease in share price | (20.29) | (16.60) |

41. Capital Management

A Risk management

The Group's objectives when managing capital are as below:

- safeguard their ability to continue as a going concern, so that they can continue to provide returns for shareholders and benefits for other stakeholders, and
- maintain an optimal capital structure to reduce the cost of capital.

The Group monitors its capital by using gearing ratio, which is net debt divided to total equity. Net debt includes Non-current borrowings (including current maturities) and Short term borrowings net of Cash and cash equivalents and Equity comprises of Equity share capital, Other equity and Non-controlling interests.

B The capital composition is as follows:

(₹ in Lakhs)

| Particulars | As at 31 March 2018 | As at 31 March 2017 | As at 01 April 2016 |
|------------------------------|------------------------|------------------------|------------------------|
| Gross debt | 37,695.63 | 54,399.26 | 58,009.18 |
| Less: Cash and bank balances | (3,121.88) | (3,483.24) | (2,720.97) |
| Net debt (A) | 34,573.75 | 50,916.02 | 55,288.21 |
| Equity (B) | 44,406.19 | 42,189.30 | 34,793.80 |
| Gearing ratio (A / B) (%) | 77.86% | 120.68% | 158.90% |

C Loan covenants

Bank loans availed by the Group contain certain debt covenants which are required to be complied with. The limitation of indebtedness covenant gets suspended once the Group meets the certain prescribed criteria. As of the reporting date, the Holding Company is not in compliance with certain performance linked financial covenants. The Holding Company is trying to ensure compliance with the covenants as soon as possible. The banks have not levied any interest / penalty towards above matter.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2018
D Net debt reconciliation

(₹ in Lakhs)

| Particulars | As at 31 March 2018 | As at 31 March 2017 |
|---------------------------|------------------------|------------------------|
| Cash and cash equivalents | 983.40 | 858.27 |
| Non- current borrowings | (20,610.87) | (32,397.72) |
| Current borrowings | (17,084.76) | (22,001.54) |
| Net Debt | (36,712.23) | (53,540.99) |

(₹ in Lakhs)

| Particulars | Cash and cash equivalents | Non-current borrowings | Current borrowings | Total |
|--|------------------------------|---------------------------|-----------------------|--------------------|
| Net Debt as at 31 March 2017 | 858.27 | (32,397.72) | (22,001.54) | (53,540.99) |
| Cash flows | 125.13 | 11,767.31 | 4,955.15 | 16,847.59 |
| Foreign exchange variation gain / (loss) | - | (20.74) | (8.66) | (29.40) |
| Interest expense | - | (1,744.13) | (1,738.70) | (3,482.83) |
| Interest paid | - | 1,828.58 | 1,708.99 | 3,537.57 |
| Non cash adjustment | | | | |
| Amortisation of loan processing fee | - | (44.17) | - | (44.17) |
| Net Debt as at 31 March 2018 | 983.40 | (20,610.87) | (17,084.76) | (36,712.23) |

42. Related Party Disclosure:

As per Ind AS 24 - Related party Disclosures, disclosure of transactions with the related parties as defined in the Accounting Standard are given below:

I Names of related parties and description of relationship with the Group

Related parties where promoters, directors and relatives exercise significant influence:

Everest Kanto Investment and Finance Private Limited
 Khurana Gases Private Limited
 Medical Engineers (India) Limited
 Khurana Fabrication Industries Private Limited
 Khurana Exports Private Limited
 Everest Industrial Gases Private Limited
 Khurana Charitable Trust
 Khurana Education Trust
 G.N.M. Realtors Private Limited
 Ukay Valves & Founders Private Limited
 Jayakar and Partners
 NGGT Infotek Private Limited

Key management personnel (KMP):

Mr. Prem Kumar Khurana - Chairman and Managing Director
 Mr. Pushkar Khurana - Director
 Mr. Puneet Khurana - Chief Executive Officer (w.e.f. 10 February 2017)
 Mr. Kishore Thakkar - Chief Financial Officer (upto 13 December 2017)
 Mr. Dinesh Bhalotia - Group Chief Financial Officer (13 December 2017 to 8 May 2018)
 Mr. Alok Bodas - Company Secretary (9 February 2017 to 8 March 2018)
 Ms. Bhagyashree Kanekar - Company Secretary (Upto 14 November 2016)

Independent directors:

Mr. M N Sudhindra Rao
 Mr. Mohan Jayakar
 Mr. Naresh Oberoi (upto 20 August 2016)
 Mrs. Uma Acharya

Relatives of KMP (with whom transaction have taken place): Mr. Varun Khurana

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2018

(II) Transactions with related parties during the year:

(₹ in Lakhs)

| Particulars | Related parties where promoters, directors and relatives exercise significant influence: | | Key management personnel and Independent directors | | Relatives of key management personnel | |
|--|--|--------------------------|--|--------------------------|---------------------------------------|--------------------------|
| | Year ended 31 March 2018 | Year ended 31 March 2017 | Year ended 31 March 2018 | Year ended 31 March 2017 | Year ended 31 March 2018 | Year ended 31 March 2017 |
| Sale of products: | | | | | | |
| Medical Engineers (India) Limited | 1,358.79 | 397.27 | - | - | - | - |
| Sale of property, plant and equipment | | | | | | |
| Medical Engineers (India) Limited | - | 6.12 | - | - | - | - |
| Purchase of raw materials, consumables and components | | | | | | |
| Medical Engineers (India) Limited | 8.93 | - | - | - | - | - |
| Remuneration | | | | | | |
| Mr. Puneet Khurana | - | - | 116.00 | 10.07 | - | - |
| Mr. Pushkar Khurana | - | - | 105.17 | 109.37 | - | - |
| Mr. Dinesh Bhalotia | - | - | 13.97 | - | - | - |
| Mr. Alok Bodas | - | - | 4.22 | 0.77 | - | - |
| Ms. Bhagyeshree Kanekar | - | - | - | 4.04 | - | - |
| Directors' sitting fees | | | | | | |
| Mr. Mohan Jayakar | - | - | 0.90 | 1.40 | - | - |
| Mr. Naresh Oberoi | - | - | - | 0.70 | - | - |
| Mrs. Uma Acharya | - | - | 1.70 | 1.40 | - | - |
| Mr. M N Sudhindra Rao | - | - | 1.70 | 1.80 | - | - |
| Professional fees | | | | | | |
| Mr. Kishore Thakkar | - | - | 19.13 | 27.14 | - | - |
| Others | 7.03 | 11.56 | - | - | 9.07 | - |
| Rent | | | | | | |
| Everest Industrial Gases Private Limited | - | 30.00 | - | - | - | - |
| Khurana Fabrication Industries Private Limited | 16.67 | 16.05 | - | - | - | - |
| Khurana Exports Private Limited | 44.73 | 39.93 | - | - | - | - |
| Khurana Gases Private Limited | 14.42 | 13.88 | - | - | - | - |
| Others | - | - | 3.60 | 6.01 | 9.60 | 6.03 |
| Other expenses | 7.86 | 11.43 | - | - | - | - |
| Interest expenses | | | | | | |
| Khurana Gases Private Limited | 82.52 | 76.87 | - | - | - | - |
| Everest Kanto Investment and Finance Private Limited | 379.21 | 196.47 | - | - | - | - |
| Khurana Fabrication Industries Private Limited | 17.45 | 14.87 | - | - | - | - |
| Loans repaid during the year | | | | | | |
| Everest Kanto Investment and Finance Private Limited | 100.00 | 6.81 | - | - | - | - |
| Khurana Gases Private Limited | - | 28.93 | - | - | - | - |
| Loans taken during the year | | | | | | |
| Everest Kanto Investment and Finance Private Limited | 2,920.00 | 102.81 | - | - | - | - |
| Khurana Gases Private Limited | 43.50 | 182.93 | - | - | - | - |
| Khurana Fabrication Industries Private Limited | 19.50 | 63.00 | - | - | - | - |

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2018
(III) Balances of related parties

(₹ in Lakhs)

| Particulars | Entities in which promoters, directors and its relatives exercise significance influence | | | Key management personnel and Independent directors | | | Relatives of key management personnel | | |
|---|--|---------------------|---------------------|--|---------------------|---------------------|---------------------------------------|---------------------|---------------------|
| | As at 31 March 2018 | As at 31 March 2017 | As at 01 April 2016 | As at 31 March 2018 | As at 31 March 2017 | As at 01 April 2016 | As at 31 March 2018 | As at 31 March 2017 | As at 01 April 2016 |
| Payables | | | | | | | | | |
| Khurana Gases Private Limited | 7.81 | - | 15.60 | - | - | - | - | - | - |
| Everest Kanto Investment and Finance Private Limited | 21.33 | - | 36.02 | - | - | - | - | - | - |
| Khurana Exports Private Limited | 0.57 | 0.53 | 0.91 | - | - | - | - | - | - |
| Khurana Fabrication Industries Private Limited | 5.61 | - | 3.84 | - | - | - | - | - | - |
| Medical Engineers (India) Limited | 10.53 | - | - | - | - | - | - | - | - |
| Everest Industrial Gases Private Limited | - | - | 1.54 | - | - | - | - | - | - |
| Others | - | 0.36 | - | 13.38 | 0.37 | 2.35 | 3.24 | - | - |
| Advance received | | | | | | | | | |
| Medical Engineers (India) Limited | 116.58 | 45.77 | 7.09 | - | - | - | - | - | - |
| Loans taken | | | | | | | | | |
| Everest Kanto Investment and Finance Private Limited | 4,505.00 | 1,685.00 | 1,589.00 | - | - | - | - | - | - |
| Khurana Gases Private Limited | 710.50 | 667.00 | 513.00 | - | - | - | - | - | - |
| Khurana Fabrication Industries Private Limited | 154.50 | 135.00 | 72.00 | - | - | - | - | - | - |
| Other receivable | | | | | | | | | |
| Khurana Exports Private Limited | 10.00 | 10.00 | 10.00 | - | - | - | - | - | - |
| Medical Engineers (India) Limited | - | - | 370.27 | - | - | - | - | - | - |
| Kishore Thakkar | - | - | - | 9.00 | 11.75 | 11.75 | - | - | - |
| Puneet Khurana | - | - | - | 9.61 | 9.93 | 8.51 | - | - | - |
| Personal guarantee from promoter directors for borrowings by the Group* | ₹ 21,752.86 lakhs (31 March 2017 ₹ 34,374.07 lakhs and 1 April 2016 ₹ 34,996.62 lakhs) jointly by promoter directors | | | | | | | | |

* Personal guarantees given to banks of ₹ 40,000.00 lakhs and USD 15 million (31 March 2017 ₹ 40,000.00 lakhs and USD 15 million and 1 April 2016 ₹ 40,000.00 lakhs and USD 15 million) by promoter directors for the term loans and working capital loans against which ₹ 21,752.86 lakhs (31 March 2017 ₹ 34,374.07 lakhs and 1 April 2016 ₹ 34,996.62 lakhs) were outstanding as at the end of the year.

43. Contingent liabilities, Capital and other commitments

(₹ in Lakhs)

| Particulars | As at 31 March 2018 | As at 31 March 2017 | As at 01 April 2016 |
|--|---------------------|---------------------|---------------------|
| (a) <u>Contingent liabilities not provided for</u> | | | |
| Income Tax | 2,162.78 | 1,853.84 | 1,546.72 |
| Sales Tax and Value Added Tax | 2,183.82 | 867.10 | 972.59 |
| Service Tax | 5.38 | 5.38 | - |
| Lease Tax | 21.05 | 21.05 | 21.05 |
| (b) Claims against the Group not acknowledged as debts | 1,352.96 | 1,173.11 | 874.44 |
| (c) <u>Commitments</u> | | | |
| i) Estimated value of contracts remaining to be executed on capital account & not provided for (net of advances) | 149.95 | 149.95 | 218.44 |
| ii) Bonds executed in favour of government authorities (Refer note below) | 709.80 | 693.17 | 19.94 |
| Note : Bonds/Undertakings given by the Holding Company under concessional duty/exemption schemes to government authorities (net of obligations fulfilled) | | | |
| iii) CP Industries Holdings Inc. USA, a subsidiary of the Holding Company, is exposed to environmental risks. The Subsidiary has various policies and procedures to avoid environmental contamination and to mitigate the risks of environmental contamination. The Subsidiary conducts periodic reviews to identify changes in its environmental risk profile. Liabilities are accrued when environmental assessments and / or clean-ups are probable and the costs can be reasonably estimated. The Subsidiary is not aware of any environmental claims existing as of March 31, 2018. However, there can be no assurance that current regulatory requirements will not charge or unknown past non-compliance with environmental laws will not be discovered on the Subsidiary's properties. | | | |

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2018

44. Employee benefits

As per Indian Accounting Standard-19 'Employee Benefits', the disclosure of Employee benefits as defined in the Standard are given below:

(A) Defined Contribution Plan: Amount of ₹ 95.74 lakhs (31 March 2017: ₹ 64.78 Lakhs) is recognised as expense and included in 'Note No. 33 - Employee Benefits'

(B) Defined Benefit Plan:**(1) Contribution to Gratuity fund (funded scheme)**

The Holding Company provided for gratuity for employee in India as per the Payment of Gratuity Act, 1972. Employees who are in continuous service for a period of 5 years are eligible for gratuity. The amount of gratuity payable on retirement/termination is the employees last drawn basic salary per month computed proportionately for 15 days salary multiplied for the number of years of service. The gratuity plan is funded plan and the Holding Company makes contribution to recognised funds in India. In accordance with Indian Accounting Standard 19, actuarial valuation was done in respect of the aforesaid defined benefit plan of gratuity as follows:

(₹ in Lakhs)

| | Particulars | 31 March 2018 | 31 March 2017 | 01 April 2016 |
|--------------|--|--------------------|--------------------|--------------------|
| (i) | Actuarial assumptions | | | |
| | Mortality table | IALM (2006-08) ult | IALM (2006-08) ult | IALM (2006-08) ult |
| | Discount rate (per annum) | 7.65% | 7.15% | 7.70% |
| | Rate of increase in compensation rate | 6.00% | 6.00% | 6.00% |
| | Withdrawal rate | | | |
| | Age 21-30 years | 7.50% | 7.50% | 7.50% |
| | Age 31-40 years | 5.00% | 5.00% | 5.00% |
| | Age 41-57 years | 3.00% | 3.00% | 3.00% |
| | * It is actuarially calculated term of the liability using probabilities of death, withdrawal and retirement | | | |
| (ii) | Assets information: | | | |
| | Insured Managed funds | 100% | 100% | 100% |
| (iii) | Changes in the present value of defined benefit obligation | | | |
| | Present value of obligation at the beginning of the year | 194.48 | 173.21 | 164.29 |
| | Interest cost | 13.46 | 12.76 | 12.39 |
| | Current service cost | 20.96 | 17.01 | 21.73 |
| | Past service cost | 1.86 | - | - |
| | Actuarial (gain) / loss | 9.28 | (0.03) | 5.16 |
| | Benefits paid | (13.02) | (8.47) | (30.36) |
| | Present Value of obligation at the end of the year | 227.02 | 194.48 | 173.21 |
| (iv) | Changes in the fair value of plan assets | | | |
| | Fair value of plan assets at beginning of the year | 140.93 | 138.61 | 157.40 |
| | Interest income | 11.06 | 11.44 | 12.83 |
| | Contributions | 4.82 | - | - |
| | Benefits paid | (13.02) | (8.47) | (30.36) |
| | Actuarial (gain) /loss | (0.57) | (0.65) | (1.26) |
| | Fair Value of plan assets at the end of the year | 143.22 | 140.93 | 138.61 |

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2018

(₹ in Lakhs)

| | Particulars | As at 31 March 2018 | As at 31 March 2017 | As at 01 April 2016 |
|--------|---|---------------------|---------------------|---------------------|
| (v) | Assets and liabilities recognised in the balance sheet | | | |
| | Present value of the defined benefit obligation at the end of the year | 227.02 | 194.48 | 173.21 |
| | Less: Fair value of plan assets at the end of the year | (143.22) | (140.93) | (138.61) |
| | Net liability recognised | 83.80 | 53.55 | 34.60 |
| | Recognised under provisions | | | |
| | Current provisions | - | - | - |
| | Non-current provisions | 83.80 | 53.55 | 34.60 |
| (vi) | Expenses recognised in the Consolidated Statement of Profit and Loss | | | |
| | Current service cost | 20.96 | 17.01 | |
| | Past service cost | 1.86 | - | |
| | Net interest (income) / expense | 2.40 | 1.32 | |
| | Net gratuity cost recognised in the current year | 25.22 | 18.33 | |
| | Included in note 33 'Employee benefits' | | | |
| (vii) | Expenses recognised in the Statement of Other comprehensive income (OCI) | | | |
| | Actuarial gains / losses on post employment benefit obligation | 16.89 | 7.03 | |
| | Net (income) / expense for the year recognized in OCI | 16.89 | 7.03 | |
| (viii) | Reconciliation of Net asset / (liability) recognised: | | | |
| | Net asset/(liability) recognised at the beginning of the period | (53.55) | (34.60) | (6.89) |
| | Company contributions | 4.82 | - | - |
| | Benefits paid directly by company | - | - | - |
| | Actuarial (gain)/ loss | (9.85) | (0.62) | (6.42) |
| | Expenses recognised at the end of period | (25.22) | (18.33) | (21.29) |
| | Net asset / (liability) recognised at the end of the year | (83.80) | (53.55) | (34.60) |

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2018

(ix) Sensitivity Analysis:

| Particulars | 31 March 2018 | | 31 March 2017 | |
|---|---------------|----------|---------------|----------|
| | Decrease | Increase | Decrease | Increase |
| Impact of increase in 50 bps in rate of discounting | 3.94% | - | 4.14% | - |
| Impact of decrease in 50 bps in rate of discounting | - | 4.22% | - | 4.44% |
| Impact of increase in 50 bps in rate of salary increase | - | 4.27% | - | 4.37% |
| Impact of decrease in 50 bps in rate of salary increase | 4.02% | - | 4.11% | - |

(x) Maturity analysis of projected benefit obligation

(₹ in Lakhs)

| Year | 31 March 2018 | 31 March 2017 |
|--------------|---------------|---------------|
| 1 | 22.77 | 12.56 |
| 2 | 15.54 | 19.93 |
| 3 | 20.42 | 13.26 |
| 4 | 31.32 | 17.25 |
| 5 | 17.32 | 26.87 |
| 6 | 24.86 | 14.41 |
| 7 | 17.09 | 20.74 |
| 8 | 31.56 | 14.13 |
| 9 | 19.74 | 25.44 |
| 10 and above | 294.65 | 248.44 |

The Plan typically to expose the Holding Company to actuarial risk such as interest risk, longevity risk and salary risk

(a) **Interest Risk:** A decrease in the bond interest rate will increase the plan liability.

(b) **Longevity Risk:** The present value of the defined benefit plan liability is calculated by reference to the best estimate of the mortality of plan participants both during and after their employment. An increase in the life expectancy of the plan participants will increase the plan's liability.

(c) **Salary Risk:** The present value of the defined plan liability is calculated by reference to the future salaries of plan participants. As such, an increase in the salary of the plan's participants will increase the plan's liability.

(2) CP Industries Holdings Inc., USA

The Subsidiary has a non-contributory defined benefit pension plan covering all union employees hired prior to 1 June 2006. The benefits are based on years of service and the applicable compensation level under the plan. The Subsidiary's funding policy is to fund pension cost as determined by actuarial valuation. Contributions are intended to provide not only for benefits attributable to service to date but also for those expected to be earned in future. Accordingly, during the year ended 31 March 2018 ₹ 41.76 lakhs (31 March 2017 reversal of ₹ 284.78 lakhs) provision was reversed towards Pension and Post Retirement plan adjustments. Accordingly, the liabilities as at 31 March 2018 ₹ 1,493.83 lakhs (31 March 2017 ₹ 1,503.63 lakhs and 1 April 2016 ₹ 2,001.96 lakhs) is included in note 22 and note 26 'Provisions'.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2018

45. Discontinued operations

a) Description

During the year ended 31 March 2018, the Group had initiated the process to locate a buyer for its subsidiary, EKC Industries (Tianjin) Co., Ltd (China Subsidiary). Accordingly, the Consolidated Financial Statements of the Group's China operations have been reported as discontinued operations. The associated assets and liabilities are consequently presented as held for sale in the Consolidated Financial Statements for the year ended 31 March 2018. Being a discontinued operation, the China operations have not been considered as separate reportable segment.

The Group had subsequently on 15 April 2018 entered into an agreement to sell the China subsidiary to You Yuan Office Union (Tianjin) Company Limited for a consideration of RMB 93.50 million (approx. ₹ 9,700 lakhs) subject to shareholders and various regulatory approvals in India and China. The Group has already initiated the process of obtaining the requisite shareholders approvals by circulating postal ballot notice in this regard.

b) Financial performance and cash flow information

(₹ in Lakhs)

| | Particulars | Year ended 31 March 2018 | Year ended 31 March 2017 |
|------|---|--------------------------|--------------------------|
| I | Total Income | 197.59 | 469.47 |
| II | Total Expenses | 1,402.69 | 1,752.79 |
| III | Profit / (Loss) before provision for doubtful debts, foreign exchange variation gain / (loss), exceptional items, and tax (II - III) | (1,205.10) | (1,283.32) |
| IV | Provision written back / (Provision for doubtful debts) | (156.13) | (50.65) |
| V | Foreign exchange variation gain / (loss) | 1,016.87 | (623.03) |
| VI | Loss before tax (III-IV-V) | (344.36) | (1,957.00) |
| VII | Tax expense | - | - |
| VIII | Loss after tax (VI-VII) | (344.36) | (1,957.00) |
| IX | Other comprehensive income from discontinued operations | - | - |
| X | Net cash inflow from operating activities | 5,752.22 | 7,377.49 |
| | Net cash inflow from investing activities | (879.61) | (63.50) |
| | Net cash inflow from financing activities | (3,569.52) | (7,353.71) |
| | Exchange differences on translation of discontinued operations | (1,505.64) | 16.35 |
| | Net increase / (decrease) in cash generated from discontinued operations | (202.55) | (23.37) |

c) Assets and liabilities of disposal group classified as held for sale

The carrying amount of assets and liabilities as at 31 March 2018 are as follows:

(₹ in Lakhs)

| Particulars | As at 31 March 2018 |
|-------------------------------|---------------------|
| Property, plant and equipment | 8,109.78 |
| Capital work-in-progress | 8.64 |
| Intangible assets | 2.00 |
| Inventories | 674.86 |
| Trade receivables | 154.10 |
| Cash and cash equivalents | 81.94 |
| Other current assets | 1,151.73 |
| Total assets | 10,183.05 |
| Trade payables | 289.05 |
| Other financial liabilities | 97.19 |
| Other current liabilities | 329.34 |
| Total liabilities | 715.58 |
| Net assets | 9,467.47 |

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2018

46 a) Statement of consolidated net assets, consolidated profit / (loss), other comprehensive income and total comprehensive income attributable to equity shareholders of the Holding Company and Non-controlling interests (₹ in Lakhs)

| Particulars | % of ownership interest | Net Assets i.e. total assets minus total liabilities | | Share in profit / (loss) | | Share in other comprehensive income | | Share in total comprehensive income | |
|---|-------------------------|--|-------------|-------------------------------|------------|--------------------------------------|----------|---|------------|
| | | As a % of consolidated net assets | Amount | As a % of consolidated profit | Amount | As a % of other comprehensive income | Amount | As a % of consolidated total comprehensive income | Amount |
| Everest Kanto Cylinder Limited | | | | | | | | | |
| 31 March 2018 | | 37.45% | 16,630.01 | 54.84% | 1,305.04 | -27.13% | 44.14 | 60.86% | 1,349.18 |
| 31 March 2017 | | 36.22% | 15,280.83 | 91.34% | 7,147.62 | -1.52% | 6.51 | 96.74% | 7,154.13 |
| 1 April 2016 | | 23.36% | 8,126.70 | | | | | | |
| Subsidiaries | | | | | | | | | |
| EKC International FZE | 100% | | | | | | | | |
| 31 March 2018 | | 117.76% | 52,318.31 | 12.47% | 297.30 | - | - | 13.38% | 297.30 |
| 31 March 2017 | | 123.03% | 51,926.58 | -2.52% | (197.62) | - | - | -2.67% | (197.62) |
| 1 April 2016 | | 152.97% | 53,223.35 | | | | | | |
| CP Industries Holdings, Inc. | 100% | | | | | | | | |
| 31 March 2018 | | -11.88% | (5,274.93) | -6.70% | (159.47) | - | - | -7.19% | (159.47) |
| 31 March 2017 | | -12.08% | (5,097.74) | 6.50% | 508.74 | - | - | 6.88% | 508.74 |
| 1 April 2016 | | -16.43% | (5,718.22) | | | | | | |
| EKC Industries (Tianjin) Co. Limited | 100%* | | | | | | | | |
| 31 March 2018 | | -12.15% | (5,399.59) | -28.91% | (689.33) | - | - | -31.02% | (689.33) |
| 31 March 2017 | | -10.06% | (4,247.87) | -29.67% | (2,326.85) | - | - | -31.39% | (2,326.85) |
| 1 April 2016 | | -6.44% | (2,239.17) | | | | | | |
| EKC Industries (Thailand) Co. Limited | 100% | | | | | | | | |
| 31 March 2018 | | 4.63% | 2,054.98 | -0.34% | (8.05) | - | - | -0.36% | (8.05) |
| 31 March 2017 | | 4.44% | 1,872.47 | -0.77% | (60.05) | - | - | -0.81% | (60.05) |
| 1 April 2016 | | 5.54% | 1,929.23 | | | | | | |
| Calcutta Compressions and Liquefaction Engineering Limited | 72.65% | | | | | | | | |
| 31 March 2018 | | -2.03% | (902.85) | 6.63% | 158.02 | - | - | 7.11% | 158.02 |
| 31 March 2017 | | -2.51% | (1,060.87) | -0.38% | (29.69) | - | - | -0.40% | (29.69) |
| 1 April 2016 | | -2.96% | (1,031.18) | | | | | | |
| EKC Hungary Kft. | 100% | | | | | | | | |
| 31 March 2018 | | -2.09% | (926.43) | 17.21% | 409.64 | - | - | 18.48% | 409.64 |
| 31 March 2017 | | -3.17% | (1,335.63) | 7.06% | 552.82 | - | - | 7.48% | 552.82 |
| 1 April 2016 | | -5.50% | (1,913.00) | | | | | | |
| Next Gen Cylinder Private Limited | 72.65% | | | | | | | | |
| 31 March 2018 | | 0.02% | 10.00 | - | - | - | - | - | - |
| 31 March 2017 | | 0.02% | 10.00 | - | - | - | - | - | - |
| 1 April 2016 | | - | - | | | | | | |
| EKC Europe GmbH | 100% | | | | | | | | |
| 31 March 2018 | | -0.69% | (305.10) | -1.57% | (37.47) | - | - | -1.69% | (37.47) |
| 31 March 2017 | | -0.54% | (227.66) | 0.01% | 1.16 | - | - | 0.02% | 1.16 |
| 1 April 2016 | | -0.71% | (248.00) | | | | | | |
| EKC Positron Gas Limited | 72.65% | | | | | | | | |
| 31 March 2018 | | 0.01% | 3.26 | -0.01% | (0.21) | - | - | - | (0.21) |
| 31 March 2017 | | 0.01% | 3.47 | 0.00% | (0.16) | - | - | - | (0.16) |
| 1 April 2016 | | 0.01% | 3.63 | | | | | | |
| Intercompany Elimination and Consolidation Adjustments | | | | | | | | | |
| 31 March 2018 | | | (13,780.56) | | 1,109.18 | | (206.84) | | 902.34 |
| 31 March 2017 | | | (14,918.68) | | 2,246.61 | | (435.94) | | 1,810.67 |
| 1 April 2016 | | | (17,339.54) | | | | | | |
| Total | | | | | | | | | |
| 31 March 2018 | | | 44,427.10 | | 2,384.65 | | (162.70) | | 2,221.95 |
| 31 March 2017 | | | 42,204.90 | | 7,842.58 | | (429.43) | | 7,413.15 |
| 1 April 2016 | | | 34,793.80 | | | | | | |
| Joint Venture: Kamal EKC International Limited | 49% | | | | | | | | |
| 31 March 2018 | | -0.05% | (20.91) | -0.21% | (5.06) | - | - | -0.23% | (5.06) |
| 31 March 2017 | | -0.04% | (15.60) | -0.23% | (17.65) | - | - | -0.24% | (17.65) |
| 1 April 2016 | | - | - | | | | | | |
| Total | | | | | | | | | |
| 31 March 2018 | | | 44,406.19 | | 2,379.59 | | (162.70) | | 2,216.89 |
| 31 March 2017 | | | 42,189.30 | | 7,824.93 | | (429.43) | | 7,395.50 |
| 1 April 2016 | | | 34,793.80 | | | | | | |

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2018

* The Holding Company and EKC International FZE (UAE subsidiary) had, in earlier years, provided loan to EKC Industries (Tianjin) Co., Ltd. (China subsidiary). During the current year, the Company has obtained in-principle approval from Commerce Bureau, Tianjin for conversion of loans of the Holding Company and its UAE subsidiary into equity shares of the China subsidiary. Upon receipt of final approval, the shareholding of the Holding Company and UAE subsidiary in China subsidiary would be in proportion of 63.96% and 36.04% respectively.

On 15 April 2018, the Holding Company along with UAE subsidiary has entered into an agreement to sell the China subsidiary to You Yuan office Union (Tianjin) Company limited for an aggregate consideration of RMB 93.50 million (approx. ₹ 9,700 lakhs) subject to shareholders and various regulatory approvals in India and China. The Holding Company has already initiated the process of obtaining the requisite shareholders approvals by circulating postal ballot notice in this regard.

b) Non-controlling interest

Below is the summarised financial information for each subsidiary that has non-controlling interest. The amount disclosed for each subsidiary are before inter company eliminations.

(₹ in Lakhs)

| Particulars | Calcutta Compressions and Liquefaction Engineering Limited | | | EKC Positron Gas Limited | | |
|---|--|---------------------|---------------------|--------------------------|---------------------|---------------------|
| | As at 31 March 2018 | As at 31 March 2017 | As at 01 April 2016 | As at 31 March 2018 | As at 31 March 2017 | As at 01 April 2016 |
| Current assets | 321.25 | 340.02 | 206.98 | 4.72 | 4.84 | 5.00 |
| Current liabilities | 1,486.04 | 1,697.16 | 1,569.01 | 0.09 | - | - |
| Net current assets | (1,164.79) | (1,357.14) | (1,362.03) | 4.63 | 4.84 | 5.00 |
| Non-current assets | 347.98 | 383.19 | 418.64 | - | - | - |
| Non-current liabilities | - | - | - | - | - | - |
| Net non-current assets | 347.98 | 383.19 | 418.64 | - | - | - |
| Net assets | (816.81) | (973.95) | (943.39) | 4.63 | 4.84 | 5.00 |
| Accumulated non-controlling interests* | (223.40) | (266.38) | (258.02) | 1.27 | 1.32 | 1.37 |

* Refer note 48A(ii)

(₹ in Lakhs)

| Particulars | Calcutta Compressions and Liquefaction Engineering Limited | | EKC Positron Gas Limited | |
|---|--|--------------------------|--------------------------|--------------------------|
| | Year Ended 31 March 2018 | Year Ended 31 March 2017 | Year Ended 31 March 2018 | Year Ended 31 March 2017 |
| Revenue from operations | 1,152.30 | 756.14 | - | - |
| Net Profit / (Loss) after tax | 157.34 | (30.59) | 0.21 | (0.16) |
| Other comprehensive income | - | - | - | - |
| Total comprehensive income | 157.34 | (30.59) | 0.21 | (0.16) |
| Net Profit for the year attributable to non-controlling interests | 43.03 | (8.37) | 0.06 | (0.04) |
| Dividends paid to non-controlling interests | - | - | - | - |

(₹ in Lakhs)

| Particulars | Calcutta Compressions and Liquefaction Engineering Limited | | EKC Positron Gas Limited | |
|---|--|---------------|--------------------------|---------------|
| | 31 March 2018 | 31 March 2017 | 31 March 2018 | 31 March 2017 |
| Net cash generated from / (used in) operating activities | (22.41) | 127.12 | 4.63 | 4.84 |
| Net cash generated from / (used in) investing activities | 9.91 | 6.45 | - | - |
| Net cash generated from / (used in) financing activities | (70.03) | (69.94) | - | - |
| Net increase / (decrease) in cash and cash equivalents | (82.53) | 63.63 | 4.63 | 4.84 |

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2018

C) Interest in joint venture

Below is the summarised financial information for the joint venture. The amount disclosed for the joint venture are before inter company eliminations.

(₹ in Lakhs)

| Name of entity | Place of business | % of ownership interest | Accounting method | Carrying value | | |
|---------------------------------|-------------------|-------------------------|-------------------|---------------------|---------------------|---------------------|
| | | | | As at 31 March 2018 | As at 31 March 2017 | As at 01 April 2016 |
| Kamal EKC International Limited | Tanzania | 49.00% | Equity method | 8.21 | 13.27 | - |
| Total | | | | 8.21 | 13.27 | - |

(₹ in Lakhs)

| Particulars | As at 31 March 2018 | As at 31 March 2017 |
|---------------------------|---------------------|---------------------|
| Current assets | 22.98 | 26.97 |
| Current liabilities | 7.25 | 1.16 |
| Net current assets | 15.73 | 25.81 |
| Non-current assets | 1.02 | 1.27 |
| Non-current liabilities | - | - |
| Net non-current assets | 1.02 | 1.27 |
| Net assets | 16.75 | 27.08 |

I. Group's share (%) 49.00% 49.00%

II. Group Shares (₹ in lakhs) 8.21 13.27

(₹ in Lakhs)

| Particulars | Year Ended 31 March 2018 | Year Ended 31 March 2017 |
|---|--------------------------|--------------------------|
| Revenue from operations | - | - |
| (Loss) for the year | (10.33) | (36.02) |
| Other comprehensive income | - | - |
| Total other comprehensive income | (10.33) | (36.02) |

I. Group's share (%) 49.00% 49.00%

II. Group Shares (₹ in lakhs) (5.06) (17.65)



47. Segment Reporting

Notes to the Consolidated Financial Statements

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2018

| Particulars | India | | | United Arab Emirates | | | United States of America and Hungary | | | Others | | | Total | | |
|---|----------------------|----------------------|---------------------|----------------------|----------------------|---------------------|--------------------------------------|----------------------|---------------------|----------------------|----------------------|---------------------|----------------------|----------------------|---------------------|
| | As at 31 Mar 2018 | As at 31 Mar 2017 | As at 1 Apr 2016 | As at 31 Mar 2018 | As at 31 Mar 2017 | As at 1 Apr 2016 | As at 31 Mar 2018 | As at 31 Mar 2017 | As at 1 Apr 2016 | As at 31 Mar 2018 | As at 31 Mar 2017 | As at 1 Apr 2016 | As at 31 Mar 2018 | As at 31 Mar 2017 | As at 1 Apr 2016 |
| Other Information | | | | | | | | | | | | | | | |
| (c) Segment assets of continuing operations (I) | 42,820.80 | 56,246.04 | 47,972.78 | | | | | | | | | | | | |
| Add: Unallocated assets*** | | | | | | | | | | | | | | | |
| Total | | | | 14,963.00 | 14,776.10 | 18,239.50 | 19,834.82 | 22,973.33 | 21,525.90 | 1,164.92 | 1,032.24 | 765.30 | 78,783.54 | 95,027.71 | 88,503.48 |
| Segment assets of discontinued operations (II) | | | | | | | | | | | | | 5,193.92 | 5,825.61 | 2,992.73 |
| China | | | | | | | | | | | | | 83,977.46 | 100,853.32 | 91,496.21 |
| Total | | | | | | | | | | | | | 10,182.76 | 11,651.76 | 13,333.04 |
| Total segment assets (I+II) | | | | | | | | | | | | | 10,182.76 | 11,651.76 | 13,333.04 |
| | | | | | | | 94,160.22 | 112,505.08 | 104,829.25 | | | | | | |
| (d) Segment liabilities of continuing operations (III) | 5,655.15 | 5,854.60 | 3,030.03 | 1,933.66 | 2,406.00 | 2,656.94 | 3,670.60 | 6,122.60 | 4,825.80 | 47.45 | 49.14 | 60.17 | 11,306.86 | 14,432.34 | 10,572.94 |
| Add: Unallocated liabilities | | | | | | | | | | | | | 37,731.42 | 54,397.75 | 58,009.18 |
| Total | | | | | | | | | | | | | 49,038.28 | 68,830.09 | 68,582.12 |
| Segment liabilities of discontinued operations (IV) | | | | | | | | | | | | | | | |
| China | | | | | | | | | | | | | 715.75 | 1,485.69 | 1,453.33 |
| Total | | | | | | | | | | | | | 715.75 | 1,485.69 | 1,453.33 |
| Total segment liabilities (III+IV) | | | | | | | | | | | | | 49,754.03 | 70,315.78 | 70,036.45 |
| (e) Capital expenditure of continuing operations | 1,967.13 | 1,040.48 | 213.82 | 109.83 | 663.13 | 856.99 | 533.91 | 752.60 | 839.89 | - | 1.64 | - | 2,610.87 | 2,457.85 | 1,910.70 |
| Add: Capital expenditure of discontinued operations - China | | | | | | | | | | | | | 88.75 | 189.50 | 296.40 |
| Add: Unallocated capital expenditure | | | | | | | | | | | | | - | - | - |
| Total | | | | | | | | | | | | | 2,699.62 | 2,647.35 | 2,207.10 |
| (f) Depreciation and amortisation of continuing operations | 1,268.55 | 1,509.96 | | 357.05 | 351.30 | | 1,515.94 | 1,578.86 | | 35.39 | 0.36 | | 3,176.93 | 3,440.48 | |
| Add: Depreciation and amortisation of discontinued operations - China | | | | | | | | | | | | | 911.23 | 903.39 | |
| Total | | | | | | | | | | | | | 4,088.16 | 4,343.87 | |
| (g) Other non-cash expenditure | 200.29 | 2,889.82 | | - | - | | - | - | - | - | - | | 200.29 | 2,889.82 | |
| Add: non-cash expenditure of discontinued operations | | | | | | | | | | | | | 164.22 | 35.14 | |
| Total | | | | | | | | | | | | | 364.51 | 2,924.96 | |

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2018

- * Based on location of customer.
- ** Unallocable income from continuing operations includes share of profit/ (loss) from joint venture ₹ 5.06 lakhs (31 March 2017: ₹ 17.65 lakhs).
- *** Unallocated segment assets of continuing operations includes investment in joint venture of ₹ 8.34 lakhs as at 31 March 2018 (31 March 2017 ₹ 13.27 lakhs and 1 April 2016 ₹ Nil).

B. Other Disclosures**1. Identification of segments:**

The chief operational decision maker monitors the operating results of its Geographical segment separately for the purpose of making decision about resource allocation and performance assessment. Segment performance is evaluated based on profit or loss and is measured consistently with profit or loss in the consolidated financial statement. Operating segments have been identified considering the organisation structure of the Group, differing risks and returns of these segments and other quantitative criteria specified in the Ind AS 108 - Operating Segments (Ind AS 108). The Group's reportable segments are India, United Arab Emirates (UAE), China, United States of America and Hungary and Others.

2. Segment revenue and results

The expenses and income which are not directly attributable to any geographical segment are shown as unallocable income / (expenses).

3. Segment assets and liabilities

Segment assets include all operating assets used by the operating segment and mainly consist of property, plant and equipment, trade receivables, inventories and other operating assets. Segment liabilities primarily includes trade payable and other liabilities. Common assets and liabilities which can not be allocated to any of the geographical segment are shown as unallocable assets / liabilities.

4. Inter segment revenues

Inter segment revenues are recognised at sales price. The same is based on market price and business risks. Profit or loss on inter segment transfer are eliminated at the Group level.

- 5. The group deals with various customers including multiple geographies. Consequently, none of the customer contribute materially to the revenue of the Group.
- 6. For details on discontinued operations, refer note 45.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2018

48 First time adoption of Ind AS

A First Ind AS Consolidated Financial statements

These are the Group's first separate consolidated financial statements prepared in accordance with Ind AS applicable as at 31 March 2018.

The accounting policies set out in note 1 have been applied in preparing the consolidated financial statements for the year ended 31 March 2018, the comparative information presented in these consolidated financial statements for the year ended 31 March 2017 and in the preparation of an opening Ind AS consolidated balance sheet at 1 April 2016 (the date of transition). In preparing its opening Ind AS consolidated balance sheet, the Group has adjusted the amounts reported previously in consolidated financial statements prepared in accordance with the accounting standards notified under Companies (Accounting Standards) Rules, 2006 (as amended) and other relevant provisions of the Act (previous GAAP or Indian GAAP). Consequently, in preparing these consolidated Ind AS financial statements, the Group has availed certain exemptions and complied with the mandatory exceptions provided in Ind AS 101, as explained below. The resulting difference in the carrying values of the assets and liabilities as at the transition date between the Ind AS and Previous GAAP have been recognised directly in equity (retained earnings or another appropriate category of equity).

An explanation of how the transition from previous GAAP to Ind AS has affected the Group's financial position and financial performance is as follows:

i) Optional exemptions availed

Business combinations

Ind AS 101 - First-time Adoption of Indian Accounting Standards (Ind AS 101) provides the option to apply Ind AS 103 - Business Combinations (Ind AS 103) prospectively from the date of transition or from a specific date prior to the date of transition. This provides relief from full retrospective application that would require restatement of all business combination prior to date of transition.

The Group has availed the business combination exemption on first time adoption of Ind AS and accordingly the business combinations prior to the date of transition have not been restated as per the accounting prescribed under Ind AS 103.

The Group applies the requirements of Ind AS 103 to business combinations occurring after the date of transition to Ind AS.

Deemed cost

Ind AS 101 permits a first-time adopter to elect to continue with the carrying value for all of its property, plant and equipment as recognised in the consolidated financial statements as at the date of transition to Ind AS, measured as per the previous GAAP and use that as its deemed cost as at the date of transition after making necessary adjustments for de-

commissioning liabilities. This exemption can also be used for intangible assets covered by Ind AS 38 - Intangible Assets.

Accordingly, the Group has elected to measure all of its property, plant and equipment and intangible assets at their previous GAAP carrying value.

Foreign Currency Translation Reserve (FCTR)

Ind AS 101 permits cumulative balance in Foreign Currency Translation Reserve to be reset to zero at the date of transition. This provides relief from determining cumulative balance in FCTR in accordance with Ind AS 21 - The Effects of Changes in Foreign Exchange Rates from the date a subsidiary was formed or acquired.

The Group elected to reset all cumulative FCTR to zero by transferring it to opening retained earnings at the date of transaction.

ii) Mandatory exceptions applied

Estimates

An entity's estimates in accordance with Ind ASs at the date of transition to Ind AS shall be consistent with estimates made for the same date in accordance with previous GAAP (after adjustments to reflect any difference in accounting policies), unless there is objective evidence that those estimates were in error.

The estimates as at 1 April 2016 and 31 March 2017 are consistent with those made for the same dates in accordance with previous GAAP (after adjustment to reflect differences if any, in accounting policies) apart from the below item where the application of previous GAAP did not require estimation: - Impairment of financial assets based on the expected credit loss model.

De-recognition of financial assets and liabilities

Ind AS 101 requires a first-time adopter to apply the de-recognition provisions of Ind AS 109 - Financial Instruments (Ind AS 109) prospectively for transactions occurring on or after the date of transition to Ind AS. However, Ind AS 101 allows a first-time adopter to apply the de-recognition requirements in Ind AS 109 retrospectively from a date of the entity's choosing, provided that the information needed to apply Ind AS 109 to financial assets and financial liabilities derecognised as a result of past transactions was obtained at the time of initially accounting for those transactions.

The Group has applied the de-recognition provisions of Ind AS 109 prospectively from the date of transition to Ind AS.

Classification and measurement of financial assets

Ind AS 101 requires an entity to assess classification and measurement of financial assets on the basis of the facts and circumstances that exist at the date of transition to Ind AS.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2018

The Group has classified its financial assets on the basis of the facts and circumstances that exist at the date of transition to Ind AS.

Non-controlling interests

A first-time adopter shall apply the requirements of Ind AS 110 - Consolidated Financial Statements (Ind AS 110) prospectively from the date of transition to Ind ASs i.e. total comprehensive income is attributed to the owners of the parent and to the non-controlling interests even if this results in the non-controlling interests (NCI) having a deficit balance.

The Group has availed the business combination exemption on first time adoption of Ind AS and accordingly the business combinations prior to date of transition have not been restated to the accounting prescribed under Ind AS 103. When a first-time adopter elects to apply Ind AS 103 retrospectively to past business combinations, it shall also apply Ind AS 110

retrospectively. Hence deficit balance of subsidiary not attributed to parent before the date of transition have not been apportioned to NCI.

Government loans

As per Ind AS 101, if the first time adopter did not, under the previous GAAP, recognise and measure a government loan at below market rate of interest on the basis consistent with Ind AS requirement, it shall use its previous GAAP carrying amount of the loan at the date of transition to Ind AS as the carrying amount of the loan in the opening Ind AS balance sheet. An entity shall apply Ind AS 109 to the measurement of such loans after the date of transition to Ind AS.

Under the previous GAAP, these loans were carried at amounts that will be repaid. Accordingly, the Group applies this exception and does not make any changes to the interest free deferred sales tax loan outstanding as at the date of transition.

B First time adoption reconciliations

Reconciliation of equity from Previous GAAP to Ind AS

(₹ in Lakhs)

| Particulars | Note | Equity as at 31 March 2017 | Equity as at 01 April 2016 |
|--|------|-------------------------------|-------------------------------|
| Total equity reported under previous GAAP | | 41,770.73 | 34,336.85 |
| Impact on account of financial liabilities accounted at amortised cost | B.1 | 147.25 | 182.81 |
| Impact on account of provision for expected credit loss | B.2 | (22.21) | (13.58) |
| Impact on account of provision for sales return | B.3 | (55.20) | (50.01) |
| Impact on account of fair valuation of equity instruments | B.4 | 286.98 | 279.51 |
| Obligation to non-controlling interests | | 8.41 | - |
| Tax impact due to above adjustments | B.5 | 60.38 | 56.85 |
| Total GAAP adjustments | | 425.61 | 455.58 |
| Total equity under Ind AS | | 42,196.34 | 34,792.43 |

Reconciliation of Total Comprehensive Income for the year 2016-17

(₹ in Lakhs)

| Particulars | Note | Equity as at 31 March 2017 |
|---|------|-------------------------------|
| Net Profit under previous GAAP | | 7,869.20 |
| Government grant income | B.8 | 7.54 |
| Amortisation of government grant | B.8 | (7.79) |
| Financial liabilities accounted at amortised cost | B.1 | (35.56) |
| Provision for expected credit loss | B.2 | (8.63) |
| Provision for sales return | B.3 | (5.19) |
| Reclassification of net actuarial gain on defined benefit plans to other comprehensive income | B.6 | 7.47 |
| Tax impact due to above adjustments | B.5 | (2.11) |
| Total - GAAP adjustments | | (44.27) |
| Net Profit under Ind AS before other comprehensive income | | 7,824.93 |
| Exchange differences arising from translating the financial statements of foreign operation | B.7 | (435.07) |
| Changes in fair value of equity instruments | B.4 | 7.47 |
| Reclassification of net actuarial gain on defined benefit plans to other comprehensive income | B.6 | (7.47) |
| Tax impact due to above adjustments | B.5 | 5.64 |
| Total Comprehensive Income under Ind AS | | 7,395.50 |

All the adjustments on account of Ind AS are non-cash in nature, hence there is no material impact on the Statement of Cash flows

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2018

Explanations to reconciliations

| | |
|------------|--|
| B.1 | <p>Impact on financial liabilities accounted at amortised cost</p> <p>Previous GAAP – The borrowings are recorded at transaction value and transaction costs/processing fees is charged as finance costs to consolidated profit and loss in the year in which the cost is incurred.</p> <p>Ind AS – As per Ind AS 109, borrowings are financial liabilities which are initially recorded at fair value and subsequently at amortised cost as per effective interest rate method.</p> <p>Consequent to the change, the impact on equity at the date of transition and as at 31 March 2017 is ₹182.81 lakhs and ₹147.25 lakhs, respectively and impact in consolidated statement of profit and loss for the year ended 31 March 2017 is ₹(35.56) lakhs.</p> |
| B.2 | <p>Impact on account of provision for expected credit loss</p> <p>Previous GAAP - The Group provides for doubtful debts based on the realisation period and policy framed by the Group based on the incurred loss model i.e. when there is an objective evidence of impairment.</p> <p>Ind AS - As per Ind AS 109, impairment loss shall be recognised as per the expected credit losses model on all financial assets (other than those measured at fair value)</p> <p>Consequent to the change, the impact on equity at the date of transition and as at 31 March 2017 is ₹ (13.58) lakhs and ₹(22.21) lakhs, respectively and the impact in consolidated statement of profit or loss for the year ended 31 March 2017 is ₹(8.63) lakhs.</p> |
| B.3 | <p>Impact on account of provision for sales return</p> <p>Previous GAAP – Sales returns are accounted as and when they actually occur.</p> <p>Ind AS – Sales returns are accounted on estimated basis. Estimated liability for expected sales returns is recognised at the times of sales. Revenue from operations is presented net of such sales returns .</p> <p>Consequent to the change, the impact on equity at the date of transition and as at 31 March 2017 is ₹ (50.01) lakhs and ₹ (55.20) lakhs, respectively and the impact in consolidated statement of profit and loss for the year ended 31 March 2017 is ₹ (5.19) lakhs.</p> |
| B.4 | <p>Impact on account of fair valuation of equity instruments</p> <p>Previous GAAP – Non-current investment are measured at cost less provision for other than temporary diminution in value.</p> <p>Ind AS – Investment in equity shares are financial assets. For the purposes of Ind AS 109, these will be accounted at fair value through other comprehensive income at each reporting date.</p> <p>Consequent to the change, the impact on equity at the date of transition and as at 31 March 2017 is ₹ 279.51 lakhs and ₹ 286.98 lakhs, respectively and the impact in statement of OCI for the year ended 31 March 2017 is ₹ 7.47 lakhs.</p> |
| B.5 | <p>Impact on account of deferred taxes</p> <p>The impact of transition adjustments together with Ind AS mandate of using balance sheet approach (against profit and loss approach in the previous GAAP) for computation of deferred tax has impacted the reserves on date of transition, with consequential impacts to the statement of profit and loss for the subsequent periods. Deferred tax impact on transition date adjustments has been adjusted to retained earnings and deferred tax impact on Ind AS adjustments for the year ended 31 March 2017 have been adjusted to Consolidated Statement of Profit and Loss / statement of OCI.</p> <p>Consequent to the change, the impact of ₹ 56.85 lakhs and ₹ 60.38 lakhs was made as on transition date and as at 31 March 2017, respectively.</p> |
| B.6 | <p>Impact on account of reclassification of net actuarial gain / (losses) on defined benefit plans to other comprehensive income</p> <p>Previous GAAP - Actuarial gains / losses on defined benefit obligations is recognised in consolidated statement of profit and loss.</p> <p>Ind AS - Actuarial gains / losses on defined benefit obligations is recognised in other comprehensive income (OCI). Consequently, actuarial gains of ₹ 7.47 lakhs has been recognised in OCI.</p> |
| B.7 | <p>Impact on account of exchange differences arising from translating the financial statements of foreign operation</p> <p>Exchange differences arising on translation of net investment in foreign operation is recognised initially in OCI and included as 'Foreign Currency Translation Reserve' within equity. Consequent to the change, the impact on consolidated statement of profit or loss for the year ended 31 March 2017 is ₹(435.07) lakhs.</p> |
| B.8 | <p>Impact on account of government grant</p> <p>Previous GAAP – Government grant related to specific property, plant and equipment are shown as a deduction from the gross value of the asset concerned in arriving at its carrying value. The grant is thus recognised in the consolidated statement of profit and loss over the useful life of a depreciable asset by way of a reduced depreciation charge.</p> <p>Ind AS - Government grants related to assets, including non-monetary grants at fair value are presented in the consolidated balance sheet by setting up the grant as deferred income.</p> <p>Consequent to the change, the impact on consolidated statement of profit or loss for the year ended 31 March 2017 on account of amortisation charge and grant income ₹ (7.79) lakhs and ₹ 7.54 lakhs, respectively.</p> |

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2018
49. Earnings per share

(₹ in lakhs unless otherwise stated)

| | Particulars | Year ended 31 March 2018 | Year ended 31 March 2017 |
|-----|--|-----------------------------|-----------------------------|
| I | Profit after tax from total operations | 2,379.59 | 7,824.93 |
| | Attributed to : | | |
| a) | Equity shareholders of the Holding Company | 2,336.50 | 7,833.34 |
| b) | Non-controlling interests | 43.09 | (8.41) |
| II | Profit / (Loss) from discontinued operations before tax | (344.36) | (1,957.00) |
| III | Profit of continuing operations attributable to Equity shareholders of the Holding Company | 2,680.86 | 9,790.34 |
| IV | Weighted Average Number of equity shares outstanding during the year | 112,207,682 | 112,207,682 |
| V | Basic and diluted earnings per equity share (₹) | | |
| | (i) Continuing operations (III/IV) | 2.39 | 8.72 |
| | (ii) Discontinued operations (II/IV) | (0.31) | (1.74) |
| | (iii) Total operations (i+ii) | 2.08 | 6.98 |
| | Face value per equity share (₹) | 2.00 | 2.00 |

Note: The Holding Company does not have any outstanding dilutive potential equity shares as at 31 March 2018 and 31 March 2017. Consequently, basic and diluted earnings per share of the Holding Company remains the same.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2018

50. Research and development expenses

Total research and development expenses incurred at CP Industries Holdings, Inc. were approximately ₹ 137.27 Lakhs (31 March 2017: ₹ 172.42 lakhs). The entire research and development costs is debited to the consolidated statement of profit and loss.

51. Lease**(a) Assets Taken on Operating Lease:**

The Group has taken certain premises, land, plant and equipment and vehicles on operating lease. Lease rental charged to the Consolidated Statement of Profit and Loss for the year ended 31 March 2018 ₹ 521.79 lakhs (31 March 2017 ₹ 518.81 lakhs). The minimum lease payments to be made in future as at the year end, in respect of cancellable and non-cancellable leases are follows:

(₹ in Lakhs)

| Particulars | As at 31 March 2018 | As at 31 March 2017 | As at 01 April 2016 |
|--|------------------------|------------------------|------------------------|
| For a period not later than one year | 392.40 | 450.66 | 344.54 |
| For a period later than one year and not later than five years | 1,203.05 | 1,262.97 | 860.84 |
| For a period later than five years | 1,208.87 | 1,475.08 | 846.15 |

(b) Assets Given on Operating Lease:

The Group has given certain gas cylinders on operating lease. Lease rental income credited to the Consolidated Statement of Profit and Loss for the year ended 31 March 2018 ₹ Nil (31 March 2017 ₹ Nil). The minimum lease payments to be received in future as at the year end, in respect of cancellable and non-cancellable leases are follows:

(₹ in Lakhs)

| Particulars | As at 31 March 2018 | As at 31 March 2017 | As at 01 April 2016 |
|--|------------------------|------------------------|------------------------|
| For a period not later than one year | - | - | 4.32 |
| For a period later than one year and not later than five years | - | - | - |
| For a period later than five years | - | - | - |

52. Assets pledged as security

The carrying amount of assets pledged as security are as under

(₹ in Lakhs)

| Particulars | As at 31 March 2018 | As at 31 March 2017 | As at 01 April 2016 |
|---|------------------------|------------------------|------------------------|
| Property, plant and equipment | 27,964.77 | 28,093.09 | 35,081.70 |
| Intangible assets | 13.24 | 12.90 | 31.94 |
| Capital work-in-progress | 31.52 | 712.05 | 2,374.51 |
| Current assets | | | |
| Financial Assets | | | |
| Investments | 2.84 | 2.73 | 2.60 |
| Trade receivables | 6,723.67 | 8,732.09 | 7,113.31 |
| Cash and cash equivalents | 241.81 | 137.45 | 277.50 |
| Other Bank Balance | 1,207.23 | 394.84 | 208.16 |
| Loans | 5,678.33 | 6,598.08 | 6,537.07 |
| Other financial assets | 77.37 | 16,117.40 | 86.88 |
| Non Financial Assets | | | |
| Inventories | 19,701.04 | 18,316.21 | 18,653.51 |
| Asset classified as held for sale | 3,058.01 | 3,077.98 | 1,471.24 |
| Total assets pledged as security | | | |
| Total | 64,699.83 | 82,194.82 | 71,838.42 |

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2018
53

(a) During the year, the Chairman & Managing Director (CMD) of the Holding Company was entitled to remuneration. However, the CMD has voluntarily decided not to draw any remuneration from the Company.

(b) The Holding Company currently does not have Chief Financial Officer and Company Secretary as required under Section 203 of the Companies Act, 2013 read with Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014. The Company is in the process of hiring a suitable candidate.

54 In accordance with Indian Accounting Standard 18 – Revenue from customers, the Group has deferred the recognition of interest income of ₹ Nil (31 March 2017 ₹ 304.03 lakhs and 1 April 2016 ₹ 228.44 lakhs), due to uncertainties involved in ultimate collection of the outstanding amounts.

55 The outstanding balances of the Holding Company as at 31 March, 2018 include trade payables aggregating ₹ 8,469.71 lakhs, trade receivables aggregating ₹ 16.26 lakhs and interest receivable aggregating to ₹ 1,341.00 lakhs to/from companies situated outside India. These balances are pending for settlement due to financial difficulties and have resulted in delays in remittance of payments, receipts of trade receivables and receipt of interest, beyond the timeline stipulated by the FED Master Direction No. 17/2016-17, FED Master Direction No. 16/2015-16 and Notification No. FEMA 120/ RB-2004 respectively, under the Foreign Exchange Management Act, 1999. The Holding Company is in the process of regularizing these defaults by filing necessary applications with the appropriate authority for condonation of delays.

56 During the year 2012-13, the provision of ₹ 4,469.35 lakhs was made in respect of trade receivables of EKC International FZE, UAE, that were due for more than one year as at the end of that financial year, due to the prevalent geo-political situation in the Middle East and out of abundant caution. During the current year, ₹ 350.56 lakhs (31 March 2017: ₹ 72.91 lakhs) have been recovered against the same. Management is confident of recovering the balance of receivables of ₹ 1,233.43 lakhs (31 March 2017: ₹ 1,583.99 lakhs).

As per our report of even date attached

For **Walker Chandiok & Co LLP**

Chartered Accountants

Firm Registration No: 001076N/N500013

Khushroo B. Panthaky

Partner

Membership No: 42423

Place : Mumbai

Date : 30 May 2018

For and on behalf of the Board of Directors

P. K. Khurana

Chairman & Managing Director

DIN: 00004050

Place : Mumbai

Date : 30 May 2018

Uma A. Acharya

Director

DIN: 07165976



NOTES

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



NOTES

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



NOTES

A series of horizontal lines for taking notes, consisting of 25 evenly spaced lines spanning the width of the page.

**ATTENDANCE SLIP****EVEREST KANTO CYLINDER LIMITED****Registered Office:** 204, Raheja Centre, Free Press Journal Marg, 214, Nariman Point, Mumbai - 400 021.**CIN:** L29200MH1978PLC020434

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

I hereby record my presence at the 39th Annual General Meeting of the Company at M.C. Ghia Hall at Bhogilal Hargovindas Building, 4th Floor, 18/20, Kaikhushru Dubash Marg, Kala Ghoda, Mumbai - 400 001 on Saturday, September 29, 2018 at 03.00 p.m.

Full name of the Member (in block letters)

Signature

Folio No.: _____ DP ID No.* _____

Client ID No.* _____

*Applicable for member holding shares in electronic form

Full name of the proxy (in block letters)

Signature

TEAR HERE

**PROXY FORM****EVEREST KANTO CYLINDER LIMITED****Registered Office:** 204, Raheja Centre, Free Press Journal Marg, 214, Nariman Point, Mumbai - 400 021.**CIN:** L29200MH1978PLC020434

PROXY FORM - MGT - 11 (Pursuant to Section 105(6) of the Companies Act, 2013 and Rule 19(3) of the Companies (Management and Administration) Rules, 2014)

Name of the Member (s) : _____

Registered address: _____

E-mail Id: _____

DP ID No. _____

Folio No. _____

Client ID No. _____

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

1. Name : _____

Address : _____

E-mail Id : _____

Signature : _____

or failing him / her

2. Name : _____

Address : _____

E-mail Id : _____

Signature : _____

or failing him / her

3. Name : _____

Address : _____

E-mail Id : _____

Signature : _____

As my /our proxy to attend and vote (on a poll) for me / us and on my / our behalf at the 39th Annual General Meeting of the Company, to be held on Saturday, September 29, 2018 at 03.00 p.m. at M.C. Ghia Hall at Bhogilal Hargovindas Building, 4th Floor, 18/20, Kaikhushru Dubash Marg, Kala Ghoda, Mumbai - 400 001 and at any adjournment thereof, in respect of such resolutions set out in the Notice convening the meeting, as are indicated below:

| RESOLUTIONS | Optional* | |
|---|-----------|---------|
| | For | Against |
| Ordinary Business | | |
| 1. Adoption of the Financial Statements and Directors' and Auditors' Reports thereon for the year ended March 31, 2018. | | |
| 2. Re-appointment of Mr. Pushkar Khurana (DIN: 00040489), retiring by rotation, as a Director of the Company. | | |
| 3. Re-appointment of M/s. Walker Chandio & Co LLP, Chartered Accountants as Statutory Auditors of the Company. | | |
| Special Business | | |
| 4. Ratification of the remuneration of the Cost Auditors. | | |
| 5. Re-appointment of Mr. P. K. Khurana as the Chairman and Managing Director of the Company and payment of remuneration to him. | | |

Signed this _____ day of _____, 2018.

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

Affix Revenue Stamp not less than Re. 0.15

NOTE:

- This form of proxy in order to be effective should be duly completed and deposited at the Registered Office of the Company, not less than 48 hours before the commencement of the
- For the Resolutions, Explanatory Statement and Notes, Please refer to the Notice of the 39th Annual General Meeting.
- It is optional to put a 'X' in the appropriate column against the Resolutions indicated in the Box. If you leave the 'For' or 'Against' column blank against any or all Resolutions, your Proxy will be entitled to vote in the manner as he/she thinks appropriate.
- Please complete all details including details of member(s) in above box before submission.



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



CONTACT US



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



+91-22-3026 8300-01



investors@ekc.in

www.everestkanto.com



Clean Energy Solution Company

EVEREST KANTO CYLINDER LIMITED
INDIA • DUBAI • USA • CHINA • THAILAND • EUROPE • SOUTH AMERICA