

**EKC International FZE**  
Jebel Ali Free Zone, Dubai, U.A.E.

13th Audited Financial Statements  
Year Ended March 31, 2019

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**Independent Auditor's Report to the Sole Shareholder of**

**EKC International FZE**

P.O. Box 61041, Jebel Ali Free Zone, Dubai, U.A.E.

**Report on the Financial Statements**

We have audited the accompanying financial statements of EKC International FZE, Dubai, U.A.E. which comprise the Statement of Financial Position as at March 31, 2019, and the Income Statement, Statement of Changes in Equity and Cash Flow Statement for the year then ended, and a summary of significant accounting policies and other explanatory information.

**Management's Responsibility for the Financial Statements**

Management is responsible for the preparation and the fair presentation of these financial statements in accordance with International Financial Reporting Standards for Small and Medium Sized Entities, and for such internal control as management determines is necessary to enable the presentation of financial statements that are free from material misstatement, whether due to fraud or error.

**Auditor's Responsibility**

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with the International Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors judgement, including the assessment of the risk of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of accounting estimates made by the management, as well as evaluating the overall presentation of the financial statements.

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

**Opinion**

*Except for the following matters*, In our opinion, the Financial Statements present fairly, in all material respects, the Financial Position of the company as at March 31, 2019, the Results of its Operations, Changes in Equity and its Cash Flows for the year ended March 31, 2019 in accordance with the International Financial Reporting Standards for Small and Medium Sized Entities and comply with Law no 9 of 1992 of H.H. Sheikh Maktoum Bin Rashid Al Maktoum, Ruler of Dubai and Implementing Regulations issued by Jebel Ali Free Zone Authority, Government of Dubai, UAE.



**1 Investment in Associates**

- i *The Company had converted Unsecured Loans Given to EKC Industries (Tianjin) Co. Ltd, China, aggregating to AED 41,230,633/- into Investment in Equity of Associates. Also the underlying shares were agreed to be sold to a third party at a value which will result in a probable loss of AED 22,794,892/- on sale of Investment. Refer Note 6.*
- ii *Interest Receivable on above unsecured loans of AED 6,045,907/- upto September 29, 2018 would now not be recoverable on conversion of the above Loans into Investment. Refer Note 13.*
- iii *Management has deferred the writedown of Investment in Equity of Associates of AED 22,794,892/- and Interest Receivable on above Loan of AED 6,045,907/- till transfer of shares to third party is executed.*
- iv *Had the value of Investments and the Interest Receivable on Loans been determined appropriately, the carrying value of Investments and Current Assets, Net Profits of the Company and Networth of the Company would have been lower by AED 28,840,799/- as at 31 March 2019.*

**2 Investment in Subsidiaries and Loans to them**

*As stated in Note 4 and 8 to the financial statements, the Company's Investments as at 31 March 2019 include Investments in a Wholly Owned Subsidiary aggregating to AED 28,247,627/-; and Unsecured Loans Given to Subsidiaries as at that date include dues plus interest thereon from One Subsidiary and One Stepdown Subsidiary aggregating to AED 140,732,088/- and are being considered good and recoverable by the management. However these Subsidiaries have Accumulated Losses and their Networth is fully eroded. Further these Subsidiaries are facing liquidity constraints due to which they may not be able to achieve projections made as per their respective business plans. In the absence of sufficient appropriate evidence, we are unable to comment upon the carrying value of these Investments and recoverability of the aforesaid dues and the consequential impact if any on the accompanying Financial Statements.*

**Without qualifying our opinion, we draw attention to the following matters:**

- i *Debtors of AED 6,391,074/- are outstanding for more than 6 years and are unsecured and unconfirmed. Management is confident of recovering these debts and hence the same is not provided as doubtful debts. Refer note 6iii in the financial statements.*
- ii *These are standalone financial statements of the company. Financial statements consolidating the 100% subsidiary EKC Europe GmbH, Germany, 100% subsidiary EKC Hungary Limited, Hungary and its step down 100% subsidiary CP Industries Holding Inc, USA are issued by the ultimate parent Everest Kanto Cylinder Limited, India.*

*Parag Parekh & Co*

Chartered Accountants  
Dubai, United Arab Emirates  
Dated : May 01, 2019

باراج بارىخ و وشركاه لمراجعة الحسابات  
**PARAG PAREKH & CO**  
**CHARTERED ACCOUNTANTS**  
P.O. BOX: 120341, DUBAI - U.A.E.

**EKC International FZE, Jebel Ali Free Zone, Dubai, U.A.E.**

		As at	As at
Statement of Financial Position in UAE Dirhams		31.3.2019	31.3.2018
Note			
<b>Non Current Assets</b>			
<i>Property, Plant and Equipment</i>			
Gross Block	Sch I	70,826,606	69,954,226
Less: Accumulated Depreciation		-40,124,383	-37,964,494
Net Block		<b>30,702,223</b>	<b>31,989,732</b>
Capital Work in Progress	3	262,074	0
<i>Sub total</i>	<i>a</i>	<b>30,964,297</b>	<b>31,989,732</b>
Investment in Wholly Owned Subsidiaries	4	28,383,523	28,383,523
Investment in Joint Venture	5	0	183,500
Investment in Associates	6	41,230,633	0
Loans Given to Related Party	7	0	46,664,953
Unsecured Loans Given to Subsidiaries	8	141,981,911	139,672,010
<i>Sub Total</i>	<i>b</i>	<b>211,596,067</b>	<b>214,903,986</b>
<b>Current Assets</b>			
Inventories	9	40,694,596	42,993,863
Sundry Debtors	10	14,144,972	14,436,852
Cash and Bank Balances	11	7,472,757	8,041,715
Deposits, Advances & Prepayments	12	3,419,794	5,456,208
Due from Related Parties cum RP Debtors	13	57,964,922	60,359,989
Duties and Taxes ( Vat Refundable)	14	291,502	9,211
<i>Sub total</i>	<i>c</i>	<b>123,988,543</b>	<b>131,297,838</b>
<b>Less : Current Liabilities</b>			
Sundry Creditors	15	9,856,549	9,540,391
Provisions	16	633,959	677,633
Secured Loans from Banks - Current Portion	17	30,653,096	45,480,036
Unsecured Loans from Others	18	11,583,487	11,172,888
Unsecured Loans from Related Party	19	1,677,399	1,586,934
<i>Sub total</i>	<i>d</i>	<b>54,404,490</b>	<b>68,457,882</b>
<b>Net Current Assets</b>	<i>c = c-d</i>	<b>69,584,053</b>	<b>62,839,956</b>
<b>Non Current liabilities</b>			
Secured Loans from Banks - Non Current Portion	<i>f</i>	195,930	418,588
<b>Net Assets</b>	<i>a, b.e,f</i>	<b>311,948,487</b>	<b>309,315,086</b>
<b>Shareholders Equity</b>			
Share Capital	1a	1,000,000	1,000,000
Additional Capital	1a	16,203,619	16,203,619
Accumulated Profits		294,744,868	292,111,467
<b>Total</b>		<b>311,948,487</b>	<b>309,315,086</b>

We confirm that we are responsible for these financial statements, including selecting the accounting policies and making the judgments underlying them. We also confirm that we have made available all relevant accounting records and information for their compilation. These financial statements were authorised for issue on May 01, 2019 on behalf of the Board by

Mr. Pushkar Khurana  
Managing Director



*Parag Parekh & Co*  
Parag Parekh & Co  
Chartered Accountants



**EKC International FZE**

P.O. Box No. 61041, Jebel Ali Free Zone, Dubai, U.A.E.

**Income statement**

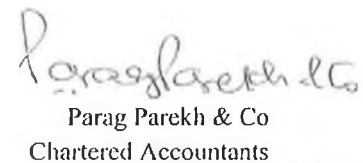
Year Ended March 31, 2019

All figures are expressed in U.A.E. Dirhams			YE 31.3.2019	YE 31.3.2018
	Note			
<b>Sales</b>				
Sales -Manufacturing	20		69,584,115	49,128,945
Sales-Trading	21		8,951,139	4,303,256
<i>Sub - total</i>			<u>78,535,254</u>	<u>53,432,201</u>
Increase /(Decrease) in Stock	22		-3,986,683	-4,881,464
<b>Total Income</b>			<u>74,548,571</u>	<u>48,550,737</u>
<b>Expenses</b>				
Raw Materials Consumed	23		36,650,561	19,819,136
Trading Cost of Sales	24		6,069,822	3,559,859
Manufacturing Expenses	25		12,317,456	9,587,751
Personnel Expenses	26		7,602,131	7,312,913
Selling Expenses	27		3,395,778	2,333,271
Administrative Expenses	28		2,913,605	2,608,292
Finance Expenses	29		4,177,818	3,859,046
Interest Income from Loan to Related Parties	30		-3,374,525	-3,075,651
Provision for Slow Moving Stocks			0	243,329
Loss on Investments in Joint Venture	5		183,500	0
Depreciation	Sch I		2,159,889	2,139,141
<b>Total Expenses</b>			<u>72,096,035</u>	<u>48,387,087</u>
Profit / (Loss) from Operations			2,452,536	163,650
Other Income	31		180,865	318,413
Net Profit carried to Accumulated Profits			<u>2,633,401</u>	<u>482,063</u>

Financial statements were authorised on May 01, 2019 on behalf of the Board by

  
Mr. Pushkar Khurana  
Managing Director



  
Parag Parekh & Co  
Chartered Accountants



**EKC International FZE**

P.O. Box No. 61041, Jebel Ali Free Zone, Dubai, U.A.E.

**Statement of Changes in Equity**

Year Ended March 31, 2019

All figures are expressed in UAE Dirhams

	Share Capital	Additional Capital	Accumulated Profits	Total
Balance as at 1.4.2018	1,000,000	16,203,619	292,111,467	309,315,086
Transfer from Income Statement	0	0	2,633,401	2,633,401
Balance as at 31.3.2019	1,000,000	16,203,619	294,744,868	311,948,487

Balance as at 1.4.2017	1,000,000	16,203,619	291,629,404	308,833,023
Transfer from Income Statement	0	0	482,063	482,063
Balance as at 31.3.2018	1,000,000	16,203,619	292,111,467	309,315,086





**EKC International FZE****Cash Flow Statement in UAE Dirhams**

Year Ended March 31, 2019

	YE 31.3.2019	YE 31.3.2018
<b>I Cash flow from Operating Activities</b>		
Net Profit	2,633,401	482,063
Add: Depreciation	2,159,889	2,139,141
Add: Finance expenses	4,177,818	3,859,046
Less : Profit on Sale of Vehicles	0	-58,000
Less : Interest income	-3,383,713	-3,080,572
Operating Profit before changes in operating assets and liabilities	5,587,395	3,341,678
Inventories	2,299,267	329,930
Sundry Debtors	291,880	5,579,499
Deposits, Advances & Prepayments	2,036,414	-4,296,223
Sundry Creditors	316,158	-2,868,573
Provisions	-43,674	59,302
Duties and Taxes (Vat Refundable)	-282,291	-9,211
Cash generated from / (used in) operations	10,205,149	2,136,402
Less : Finance expenses	-4,177,818	-3,859,046
Net Cash from / (used in) Operating Activities	6,027,331	-1,722,644
<b>II Cash Flow from Investing Activities</b>		
Purchase of Property, Plant and Equipment	-872,380	-617,897
Proceeds from sales of Property, plant and equipment	0	58,000
Capital Work in progress	-262,074	7,707
Investment in Joint Venture	183,500	0
Investment in Associate	-41,230,633	0
Unsecured Loans given to Subsidiaries	-2,309,901	2,681,977
Loans Given to Related party	46,664,953	-6,308,128
Fixed Deposits	-769,729	-481,587
Due from Related Parties	2,395,067	16,058,508
Interest Income	3,383,713	3,080,572
Net Cash used in Investing Activities	7,182,516	14,479,152
<b>III Cash Flow from Financing Activities</b>		
Secured Loans from banks	-224,568	-218,757
Unsecured Loans from Others	410,599	5,586,444
Unsecured Loans from EKC Thailand	90,465	90,466
Net Cash from Financing Activities	276,496	5,458,153
Changes in Cash and Cash Equivalents	I+II+III 13,486,343	18,214,661
Cash & Cash Equivalents at the year beginning	-41,929,261	-60,143,922
Cash and Cash Equivalents at the year end	-28,442,918	-41,929,261
	0	0

**Supplemental Cash Flow Statement Information**

Non-Cash Transactions

Nil

Nil





**EKC International FZE**

P.O.Box No. 61041, Jebel Ali Free Zone, Dubai, U.A.E.

**Accounting Policies and Explanatory Notes**

Year Ended March 31, 2019

All figures are expressed in U.A.E. Dirhams

**1a Legal Status**

EKC International FZE is incorporated as a Free Zone Establishment with Limited Liability Pursuant to Law no. 9 of 1992 of H.H. Sheikh Maktoum Bin Rashid Al Maktoum, Ruler of Dubai and Implementing Regulations issued thereunder by the Jebel Ali Free Zone Authority, Government of Dubai, U.A.E.

The Jebel Ali Free Zone Authority, Dubai, U.A.E has issued the Certificate of Formation number 1340 dated 17.6.2006, Trading Licence number 6963 dated 30.6.2006 and the Industrial Licence number 7676 dated 15.4.2007.

The registered office of the company is located at Plot MO0313 and Plot S21004, Jebel Ali Free Zone, Dubai, U.A.E.

Everest Kanto Cylinder Limited, Mumbai, India, is the sole shareholder of the company. The company is hence a wholly owned subsidiary. The Parent is a listed Public Company in India.

To comply with local regulations, the company is registered with a share capital of AED 1 million comprising of one share of AED 1 million. However the shareholder's additional investments are presented as additional share capital in these financial statements.

The company has established three branches as follows:

Registration Number	Date	Country
2276436	05.12.2012	Colombia
13122061	11.11.2013	Peru
EIF180510N54	24.05.2018	Mexico

Transactions for these branches are accounted in company's main books of accounts.

**1b Business Activities**

The company is engaged in the business of manufacturing of High Pressure Gas cylinders through its 2 plants in Jebel Ali Free Zone, Dubai, UAE.

The company also started trading in Fire Protection Systems (Pre-Engineered & Total Flooding System) under 'Fire Fighting Division' with effect from March 2016. Financial performance for this division is given in Segment reporting notes.



## 1c Management

As per the Parent Company's Board Resolution dated 14.1.2006, the company is managed by Mr. Pushkar Khurana, Managing Director.

## 2 Accounting Policies

The company presents its annual financial statements in accordance with the International Financial Reporting Standard for Small and Medium Sized Entities (IFRS for SMEs) issued by the International Accounting Standards Board. Management chooses and applies its accounting policies consistently to similar transactions and events, unless otherwise stated.

### a Accounting Basis

These financial Statements, except for employees end of service benefits are prepared under the accrual basis of accounting. Under the accrual basis of accounting, transactions and events are recognised when they occur (and not as cash or its equivalent is received or paid) and they are recorded in the accounting records and reported in the financial statements of the periods to which they relate.

### b. Measurement Basis

These Financial Statements have been prepared on historical cost basis.

### c. Functional/ Presentation Currency

Items included in the Financial statements are measured using the currency of the primary economic environment in which the entity operates viz. the UAE Dirhams (AED).

### d. Property, Plant and Equipment ( Section 17 - IFRS for SMEs)

Property, plant and equipment is initially recognised at their purchase cost together with any incidental expenses of acquisition and excluding ANY borrowing costs incurred. Subsequently PPE is measured at cost less accumulated depreciation and any accumulated impairment losses.

Depreciation on property, plant and equipment has been computed from the date of purchase at Straight Line Method at the rates prescribed under Part "C", Schedule II of the Indian Companies Act 2013 with effect from April 1, 2014 to maintain consistency with the depreciation policies followed by the parent company, Till March 31, 2014 the company followed rates prescribed under Schedule XIV of the Indian Companies Act of 1956.

Depreciation begins when assets are available to use. Depreciation does not cease if assets are idle.

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised in the statement of income.



**e Investment in Subsidiaries (Equity holding of 51% or more)**

**Section 9 - IFRS for SMEs - Consolidated and Separate Financial statements**

A subsidiary is an entity controlled by the parent company. Control is said to exist when the parent has the power to govern the financial and operating policies of the entity so as to obtain economic benefits.

A parent prepares consolidated financial statements in which it consolidates its investments in subsidiaries in accordance with IFRS for SMEs.

When a parent prepares separate financial statements, they will account the investment in subsidiaries at cost less impairment or at fair value with changes in fair value recognised in the profit or loss, *irrespective of whether the subsidiary is newly incorporated or acquired*.

If an entity ceases to be a subsidiary but the investor continues to hold an investment in the former subsidiary that investment is accounted for as a financial asset in accordance with Section 11 (basic financial instruments) or Section 12 (other financial instruments) from the date the entity ceases to be a subsidiary, provided that it does not become an associate or a jointly controlled entity. The carrying amount of the investment at the date that the entity ceases to be a subsidiary is regarded as the cost on initial measurement of the financial asset.

**f Investment in Joint Ventures (Section 15 -IFRS for SMEs)**

A joint venture is a contractual arrangement wherein the 2 or more venturers undertake an economic activity subject to joint control. Jointly controlled entity is one of the forms of joint venture in which the strategic, financial and operating decisions are taken with unanimous consent of all the venturers sharing control.

The investor can account for its investments by either the cost, equity or fair value method.

The company has elected to account for investments in joint ventures at cost less any accumulated impairment losses unless published price quotations are available, in which case, the company will measure its investments at fair value with changes in fair value recognised in the income statement.

Under the cost and fair value methods, the company will recognise dividends and other distributions received as income on accrual basis when the right to receive dividends is established.

On disposal of an investment, the difference between the net disposal proceeds and the carrying amount is recognised to the income statement.

*Alternate treatment*

Under the equity method, an equity investment is initially recognised at cost (including transaction costs) and subsequently adjusted to reflect the venturer's share of profit or loss of the joint venture reduced by distributions received.

Unrealised profits and losses on transactions with the joint venture need to be eliminated to the extent of the venturer's interest in the joint venture.

When the venturer's share of the losses of an joint venture equals or exceeds the carrying amount of investment in the joint venture, the venturer shall discontinue recognising its share of further losses unless there is a legal obligation or has payments on behalf of the joint venture, in which case, after the investment is reduced to zero, a provision will be created for further losses.

**g Investment in Associates (equity holding between 20% to 49%)  
(Section 14 - IFRS for SMEs)**

Associates are entities over which the investor has significant influence but has no control or joint control. Where the investor holds shareholding between 20% and 49% of the voting rights **significant influence** exists.

The investor can account for its investments by either the cost or equity or fair value method.

The company has elected to account for investments in associates at cost less any accumulated impairment losses unless published price quotations are available, in which case, the company will measure its investments at fair value with changes in fair value recognised in the income statement.

Under the cost and fair value methods, the company will recognise dividends and other distributions received as income on accrual basis when the right to receive dividends is established.

On disposal of an investment, the difference between the net disposal proceeds and the carrying amount is recognised to the income statement.

**h Inventory ( Section 13 -IFRS for SMEs)**

- i Inventories of raw materials, consumables and trading goods have been valued at lower of cost and net realisable value. Cost is determined by FIFO method. Cost includes all the expenses incurred in bringing the inventories to their present location.
- ii Inventories of work in process and finished goods have been valued at lower of cost and net realisable value. Cost is determined by FIFO method. Cost includes cost of raw materials consumed, labour and other manufacturing overheads incurred.
- iii Net realisable value is the estimate of selling price in the ordinary course of business less selling expenses. At each reporting date, inventory is assessed for impairment due to damage and obsolescence. If inventory is impaired, it is measured at its selling price less costs to complete and sell; and to recognise the impairment loss in profit or loss.

**i Trade Debtors (Section 11 - IFRS for SMEs)**

Trade Debtors are recognised initially at transaction price and subsequently carried at anticipated realisable value. Provision for impairment is made for doubtful debtors based on a review of the ageing analysis at the statement of financial position date. Individual trade debtors balances are written off when there is an objective evidence that the amount due will not be collected.

**j Impairment of Tangible Assets (Section 27 - IFRS for SMEs)**

At each Statement of Financial Position date, the company reviews the carrying amount of its tangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). An impairment loss is recognised in the income statement unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease.

**k Foreign Currency Translation (Section 30 - IFRS for SMEs)**

- i Foreign currency balances are converted into U.A.E. Dirhams at the closing rate of exchange on the last day of the reporting period.
- ii Foreign currency balances outstanding as on Statement of Financial Position date are reinstated into U.A.E. Dirhams at the rate of exchange prevailing on Statement of Financial Position date.
- iii Foreign currency loss or gains arising are accounted to the income statement.

**l Accounting for Operating Leases (Section 20 - IFRS for SMEs)**

Leases of assets under which all the risks and benefits of ownership are effectively retained by the lessor are classified as operating leases.

**Where the company is a Lessee:**

Payments made under operating leases are charged to the income statement on a straight-line basis over the period of the lease.



**m Revenue Recognition**

Sales are recognised when the company has transferred to the buyer significant risks and rewards of ownership of goods.

**n Borrowing Costs**

Borrowing cost incurred in relation to the acquisition, construction of assets are capitalised as part of the cost of such assets up to the date when such assets are ready for intended use. Other borrowing costs are charged as expense in the year in which these are incurred.

**o Cash and Cash Equivalents**

Cash and Cash Equivalents for the purpose of cash flow statement comprises of cash, bank overdraft, bank current and call accounts, fixed deposits free from lien with a maturity date of 3 months or less from the date of deposit.

Cash in Hand	29,552	31,439
Balance with Banks		
Current Accounts	1,848,772	3,185,572
Bank Overdraft account	-30,321,242	-45,146,272
Total	<u>-28,442,918</u>	<u>-41,929,261</u>

**3 Capital Work In Progress**

Capital WIP -Machinery	256,900	0
Clearing and Forwarding Inward on Machinery	5,174	0
Total	<u>262,074</u>	<u>0</u>

**4 Investment in Wholly Owned Subsidiaries (at cost)**

<b>4a EKC Hungary Ltd, Hungary</b>	28,247,627	28,247,627
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Investment in share capital represents two remittances in U.S.Dollar as under

	USD	Exchange rate	HUF
Initial Remittance	7,098,089	159.76	1,134,000,000
Conversion of Loan portion into share capital dated 2.9.2010	579,152	228.99	132,620,000
Advance for Capital trf to capital 1.4.2014	11,941	226.95	2,710,010
Share capital as at 31.3.2019	<u>7,689,182</u>		<u>1,269,330,010</u>



- i As per management policy, these investments are retained at the rate of exchange on actual remittance. There will be no exchange losses arising due to fluctuations in the USD to HUF rates as the UAE Dirham is pegged to the U.S.Dollar at fixed exchange rate of 1 USD = 3.67 UAE Dirhams. The investments are in US Dollars and the eventual return of capital invested will also be in US Dollars. For info only USD 1 = HUF 285.86 as at 31.3.2019
- ii As a part of its globalisation in manufacturing 'CNG and other gases' cylinders, the company has incorporated a wholly owned subsidiary EKC Hungary Ltd. EKC Hungary Ltd, has further incorporated a wholly owned subsidiary CP Industries Holdings Inc., Pittsburgh, USA and acquired net assets of CP Industries, a division of Reunion Industries Inc., USA for USD 60.2M. The consideration was duly financed by bank loans of USD 45M and balance from loans given by the company and its parent Everest Kanto Cylinder Limited, India. The company is also a guarantor to these loans.
- iii Based on Auditors Report, the shareholders equity as at 31.12.2018 of the EKC Hungary KFT (investee company) is negative at USD -1,014,186/- as against our equity investment of USD 7,689,182/-. However Management has opted not to writedown its investments in these standalone financial statements as the consolidated financial statements issued by the parent reflect the writedowns / impairments after eliminating inter company balances.

4b **EKC Europe GmbH, Germany** 135,896 135,896

The company has acquired 100% shares of Blitz D11- eins-sschs-diei GmbH, Germany a shelf company in total purchase consideration of Euro 27,000/- for 25,000 shares of Euro 1. Full payment has been made on October 1, 2011.

Blitz D11- eins-sschs-diei GmbH has changed it's name to EKC Europe GmbH, Germany with effect from 17.2.2012

The investments are in Euro and the eventual return of capital invested will also be in Euro. For info only Euro 1 = AED 4.12 as at 31.3.2019.

As per Management Accounts, the shareholders net equity as at 31.12.2018 of the investee company is negative at Euro 395,868 as against our equity investment of Euro 27,000/-. However Management has opted not to writedown its investments in these standalone financial statements as the consolidated financial statements issued by the parent reflect the writedowns / impairments after eliminating inter company balances.

Total

28,383,523	28,383,523
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## 5 Investment in Joint Ventures

In Kamal EKC Industries Limited - Tanzania (at cost)	183,500	183,500
Less: Provision for Loss in Joint Venture	-183,500	0
	<u>0</u>	<u>183,500</u>

At cost

The company had a share of 50% in Kamal EKC Industries Ltd - Tanzania. The same has been provided in full on the 'closure under progress' of the Joint Venture.

The company's share capital is TZS 214,246,000/-. EKC UAE held TZS 107,123,000/- (Equivalent to USD 50,000). The investments are in US Dollars and the eventual return of capital invested will also be in US Dollars. For info only USD 1 = TZS 2,309.10 as at 31.03.2019.

Investment are held in the name of Mr. Pushkar Khurana.

## 6 Investment in Associates (At Cost)

In 36.04% equity of EKC Industries (Tianjin) Co. Ltd., China.

At cost	<u>41,230,633</u>	<u>0</u>
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- i As per Board Resolution Dated 24.1.2018 Term Loan given to EKC Industries (Tianjin) Co. Ltd. USD 11,234,505/- equivalent to AED 41,230,633/- (Principal Portion of the Loan ) is converted into Investment in Equity Share Capital by the company with effect from 30.9.2018.

- ii As per the Share Certificates following are new shareholders in the Investee company.

	Share %	Share Capital
<i>EKC International FZE, Dubai, U.A.E.</i>	36.04%	\$11,234,505
<i>Everest Kanto Cylinder Limited, Mumbai, India</i>	63.96%	\$19,939,320
<b>Total</b>	<u>100.00%</u>	<u>\$31,173,825</u>

- iii The audited shareholders net equity as at December 31, 2018 of the above investee company is CNY/RMB 52,977,129/- or AED 28,274,219/- (USD-7,704,147/-) based on 1 AED = CNY 1.8737. (For Info 1 AED = CNY 1.8278 as at 31.03.2019)

- iv As per Board Resolution of EKC India dated 26th April 2018, 100% shares in EKC China are intended to be sold to a third party.

- v An agreement for sale dated 15.4.2018 has been entered into by EKC India and Ekc Dubai with a third party to transfer 100% shares in EKC China for a consideration of RMB/CNY 93,500,000 or AED 51,153,850/- (USD-13,938,379/-) .EKC Dubai's share of loss on transfer of shares would be approx. AED 22,794,892/- .

- vi However Management has opted to defer its writedown of their investments until execution of the transfer of these shares.

- vii As at 22.01.2019 CNY 40,000,000/- has been received in Escrow account against the purchase consideration.



## 7 Loans given to related party

Project loan given to EKC China	0	26,185,450
Interest receivable on Project loan to EKC China	0	3,225,343
Sub Total	0	29,410,793
Working Capital Loan given to EKC China	0	15,047,000
Interest receivable on Working Capital loan to EKC China	0	2,207,160
Sub Total	0	17,254,160
Total	0	46,664,953

Notes:

- a The company had agreed to give Project loan of USD 10 Million & Working Fund Loan of USD 5 Million to its related party EKC Industries (Tianjin) Co. Ltd, China (Wholly Owned Subsidiary of Everest Kanto Cylinder Limited, India). Company had given Loan amounting to USD 11,234,505/-.
- b *As per Board Resolution Dated 24.1.2018 Term Loan given to EKC Industries (Tianjin) Co. Ltd. USD 11,234,505/- equivalent to AED 41,230,633/- (Principal Portion of the Loan ) is converted into Investment in Equity Share Capital by the company with effect from 30.9.2018.*

## 8 Unsecured Loans Given to Subsidiaries

a Loan given to wholly owned subsidiary, EKC Hungary	51,464,766	51,464,766
b Loan given to wholly owned subsidiary EKC Europe GmbH) Germany	1,222,712	1,435,363
Interest receivable	27,111	228,455
c Loan given to step down subsidiary, CP Industries Holdings Inc., USA	77,592,608	77,592,608
Interest receivable	11,674,714	8,950,818
Total	141,981,911	139,672,010

Notes:

- i The company has given US Dollar loans to its Wholly Owned Subsidiary EKC Hungary Ltd, Hungary. The loan is interest free from 1.4.2010 as per amended loan contract dated 1-6-2010. The company was charging floating rates of interest (3 months LIBOR + 1 %) till 31.3.2010. It's repayable on demand.

However, there is no repayment since 12.4.2008 hence it is taken to non current assets.

- ii The company has given Euro loans to its Wholly Owned Subsidiary EKC Europe GmbH, Germany at the interest of 3 months LIBOR + 3 %. p.a.. The loans are repayable in four years (As amended) from the date of each disbursement.

Since the principal amount & interest outstanding on these loans are receivable only on maturity, these are considered as a non current assets.



As per management policy, these loans are retained at the rate of exchange on actual remittance. The Loans given are in Euro and the repayment of loans will also be in Euro.

- iii The company has given US Dollar loans to its step down wholly owned subsidiary CP Industries Holdings Inc., USA bearing interest at floating rates of 3 months LIBOR + 1 % repayment date extended up to 31.3.2022; however it is not been repaid since July 2010 hence it is presented as non current assets. Audited Shareholders Equity as at March 31, 2019 is negative at USD -1,709,345/-.
- iv Management has opted not to writedown above Unsecured Loans Given on its impairment in these standalone financial statements as the consolidated financial statements issued by the parent reflect the writedowns / impairments after eliminating inter company balances.

## 9 Inventories (at FIFO method)

(As Valued, Verified & Certified by Managing Director)

Raw materials- Pipes	10,213,238	11,424,659
Raw materials - Valves	615,282	194,823
Work-in-Process	17,674,489	17,806,359
Finished Goods	4,223,779	6,426,757
Trading Goods - Cylinders	3,231,153	2,447,418
Fuel & Gas	47,485	49,298
Stores and Consumables	4,932,499	4,887,878
Sub Total	40,937,925	43,237,192
Less : Provision for Slow Moving Items	-243,329	-243,329
Total	40,694,596	42,993,863

## 10 Sundry Debtors

Outstanding for less than six months		
- Secured By LC /PDC	1,745,475	2,325,459
- Unsecured	2,321,106	1,433,002
	4,066,581	3,758,461
Outstanding for more than six months ( > 4 Years)		
- Unsecured	10,078,391	10,678,391
Total	14,144,972	14,436,852

Notes:

- i Balances are taken as per books pending confirmations.
- ii Debtors of AED 6,391,074/- are outstanding for more than 6 years and are unsecured and unconfirmed. Management is confident of recovering these debts and hence the same is not provided as doubtful debts.



## 11 Cash & Bank Balances

Cash On Hand	29,552	31,439
Balance with Banks		
Bank Current accounts	1,848,772	3,185,572
Fixed deposits (Under lien)	5,594,433	4,824,704
Total	<u>7,472,757</u>	<u>8,041,715</u>

## 12 Deposits, Advances & Prepayments

*(unsecured and considered good)*

Deposits	227,422	228,114
Advances to suppliers excluding Machinery	2,897,016	4,708,174
Advance to staff	32,812	3,443
Prepaid expenses	262,544	516,477
Total	<u>3,419,794</u>	<u>5,456,208</u>

## 13 Due from Related Parties ( Net )

a	EKC Industries -Dubai Branch of Parent Company -(net)	1,707,135	1,707,923
b	EKC Industries (Tianjin) Co. Ltd, China	0	4,250,447
c	Everest Kanto Cylinder Ltd, India (Parent Company)-(net)	51,434,513	52,719,992
d	C.P.Industries Holding Inc., USA (Step Down WOS)	-993,710	-1,229,046
e	EKC Europe GmbH, Germany (wholly owned subsidiary)	3,190,600	6,458,646
f	EKC (Industries) Thailand Co Ltd (WOS of Parent Co)	-3,419,523	-3,547,973
g	EKC Industries (Tianjin) Co. Ltd, China (Note)	6,045,907	0

*Balances are Confirmed by Related parties*

<u>57,964,922</u>	<u>60,359,989</u>
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Note for 'g' : Interest Receivable on unsecured loans amounting to AED 6,045,907/- as at September 30, 2018 would now not be recoverable on conversion of the above Loans into Investment. Management has deferred the writedown of Interest Receivable on above Loan of AED 6,045,907/- till transfer of shares to third party is executed as per Note 6.

## 14 Duties and Taxes ( Vat Refundable)

For the Month Jan, Feb and March 2018	0	9,210
Quarter Ending October 2018	50,768	0
Quarter Ending Jan 2019	140,235	0
For the Month Feb and March 2019	100,499	0
Total	<u>291,502</u>	<u>9,210</u>



**15 Sundry Creditors**

For Raw Materials	41,895	0
For Capital expenditure	67,433	0
For Consumables, fuel and gas	2,884,955	1,967,781
For Expenses	1,832,139	1,156,348
For Trading Goods	2,870,983	2,972,737
Advance from Customers	2,159,144	3,443,525
	<u>9,856,549</u>	<u>9,540,391</u>

*Balances are taken as per Books pending confirmations*

**16 Provisions**

Outstanding expenses	176,329	226,131
Salaries and wages payable	457,630	451,502
Total	<u>633,959</u>	<u>677,633</u>

**17 Secured loans from Banks - Current**

Bank Overdraft	30,321,242	45,146,272
Vehicle Loans from Bank -Current	331,854	333,764
Sub Total	<u>30,653,096</u>	<u>45,480,036</u>

**Secured loans from Banks - Non Current**

Vehicle Loans from Bank	195,930	418,588
Total	<u>30,849,026</u>	<u>45,898,624</u>

Notes:

- a **Bank Overdraft Facility from National Bank of Fujairah** is bearing interest rate of 1.85% p.a. over one month LIBOR.
- b **Bank Credit Facility of USD 6.5 million from IDBI Bank Limited** bearing rate of Interest of 6M LIBOR + 600 bps, payable on monthly basis and is secured by Assignment of Receivables, Assignment of Insurance policy covering Building and Machinery, Lien over Fixed Deposits, Corporate guarantee (unconditional / irrevocable) of Everest Kanto Cylinder Ltd, India and Possessory pledge of Plant and machinery and mortgage of Residential Apartments.
- c **Vehicles Loans** are secured by hypothecation of vehicles and are at fixed rates of interest. These loans are repayable in 48 monthly instalments.

**18 Unsecured Loan from Others**

Interest Payable on Loan taken	11,010,000	11,010,000
Total	<u>573,487</u>	<u>162,888</u>
	<u>11,583,487</u>	<u>11,172,888</u>

The Loan is denominated in USD, Payable on demand and bearing interest rate of 6% p.a. Balance as certified by Managing Director.



## 19 Unsecured Loan from Related Party

EKC Industries (Thailand) Co. Ltd.	1,247,800	1,247,800
Interest Payable on Loan taken	429,599	339,134
Total	<u>1,677,399</u>	<u>1,586,934</u>

Note:

The Loan is Unsecured, repayable on demand, bearing interest rate of 7.25% p.a.

## 20 Sales - Manufacturing

Sales -Mfg. - Export -CNG Cylinders	48,565,129	35,032,941
Sales -Mfg. - Local -CNG Cylinders	11,692,639	5,400,879
Sales -Mfg. - Export -Semi Finished Steel Shell EKC Mumbai	9,326,347	8,695,125
Total	<u>69,584,115</u>	<u>49,128,945</u>

## 21 Sales Trading

Sales -Trading -Pipes - EKC Mumbai	262,585	378,537
Sales Trading - CNG Vessels Storage Assembly	5,609,962	2,752,206
Sales -Trading -Fire Fighting	0	169,242
Sales Trading - Fire Fighting Division - EKC Mumbai	1,418,772	355,271
Sales -Trading -Export - Cylinders	37,855	243,544
Sales -Trading -Cascade	1,205,160	0
Sales -Trading -Industrial Cylinders	3,817	1,230
Sales -Trading -Stores and Consumable	3,066	35,445
Sales -Trading -Stores Consumable -Others	17,881	5,138
Sales -Trading -Export - Valves	33,705	13,175
Sales -Trading -Local - Valves	17,402	45,480
Freight Collected From Others	39,636	162,985
Sales Scrap	301,298	141,003
Total	<u>8,951,139</u>	<u>4,303,256</u>

## 22 Decrease / ( Increase ) in Stock

### Work in Process

Opening Stock	17,806,359	14,509,305
Transferred to Trading WIP (Transfer-Out)	-108,825	0
Transferred from Trading Cylinders to SFG	473,518	0
Closing Stock	<u>-17,674,489</u>	<u>-17,806,359</u>
Sub Total	<u>496,563</u>	<u>-3,297,054</u>

a



**Finished Goods**

Opening stock	6,426,757	13,176,104
Transfer from Trading FG	153,112	1,429,171
Transfer from Cylinders to CNG Vessel storage Assembly	1,134,030	0
Closing Stock	-4,223,779	-6,426,757
Sub Total	b 3,490,120	8,178,518
Total	a+b 3,986,683	4,881,464

**23 Raw Materials Consumed**

Opening Stock	11,619,482	8,629,181
Purchases and direct expenses	35,959,423	23,501,147
Transferred to Trading RM Pipes	-27,979	-691,710
Transferred to Trading Valves	-71,845	0
Closing stock	-10,828,520	-11,619,482
Total	36,650,561	19,819,136

**24 Trading Cost of Sales**

Opening Stock- cylinders	2,447,418	2,801,319
Trading Purchase -Cylinders - others & Direct Expenses	8,405,568	3,943,419

**Transfer -In**

RM Valves to Trading Valves (Transfer-in)	71,845	0
RM Pipes to Trading Pipes (Transfer-in)	27,979	691,710
WIP to Trading WIP (Transfer-in)	108,825	0

**Transfer -Out**

Trading Cylinders to FG Cylinders (Transfer-Out)	-153,112	-1,429,171
Trading Cylinders to SFG Cylinders (Transfer-Out)	-473,518	0
Trading Cylinders to CNG Vessel Storage Assembly	-1,134,030	
Closing Stock -cylinders	-3,231,153	-2,447,418
Total	6,069,822	3,559,859

**25 Manufacturing Expenses****Fuel and Gas consumed**

Opening stock	49,298	47,374
Purchases	1,885,569	1,664,027
Closing Stock	-47,485	-49,298
Sub Total	a 1,887,382	1,662,103





**Stores, Spares & Tools**

Opening Stock		4,887,878	4,160,510
Purchase		4,389,235	3,219,735
Closing Stock	b	-4,932,499	-4,887,878
Sub Total		<u>4,344,614</u>	<u>2,492,367</u>

**Other Manufacturing overheads**

	c	6,085,460	5,433,281
Total	a+b+c	<u>12,317,456</u>	<u>9,587,751</u>

**26 Personnel Expenses**

Wages and benefits to supervisors and workers	4,586,507	4,277,974
Salaries and benefits to staff	1,720,365	1,782,029
Salaries and benefits to Directors	1,295,259	1,252,910
Total	<u>7,602,131</u>	<u>7,312,913</u>

**27 Selling Expenses**

Advertising Expenses	223,735	180,456
Carriage Outward	77,550	68,010
Clearing & Forwarding (export)	1,605,996	1,130,893
CSC Certification Charges	46,274	62,207
Export Certification Charges	16,360	16,610
Handling Fees - Export	70,902	5,690
Packing Expenses	681,269	403,659
Sales Promotion Expenses	202,049	154,668
Commission on Sales	471,643	311,078
Total	<u>3,395,778</u>	<u>2,333,271</u>



**28 Administrative Expenses**

Audit Fees	71,500	67,500
Brokerage & Other Exp. for Flat	177,510	206,441
Brokerage & Other Exp. for Flat - Tax	94,062	0
Courier Charges	52,107	39,781
Creditors Write-off	6,527	0
Custom Charges - Gatepass	9,443	0
Gatepass Expenses - Tax	6,750	1,066
Guest/ Visitor Expenses - Tax Free	72,278	0
Guest / Visitors Expenses	7,757	46,088
Insurance - Director	30,423	44,009
Insurance- General	27,217	301,190
Insurance - Machinery Breakdown	35,832	0
Insurance - Property All Risks	73,369	0
Insurance - Public Liability	1,796	0
Insurance - Vehicles	36,417	0
Insurance Vehicle - Tax Free	12,600	0
Insurance - Workmen's Compensation	22,050	0
Legalization & Documentation	46,297	31,878
Legal & Professional Charges - Tax Free	57,664	150,213
Licence Fees	27,180	24,360
Medical Insurance - Director	3,492	0
Medical Insurance - VP (Fire Fighting)	2,303	0
Medical Insurance - Staff & Supervisor	23,086	111,080
Medical Insurance - Worker	79,440	0
Medical Reimbursement	969	3,622
Motor Car Expenses(Petrol, Parking Etc.)	100,951	91,532
Motor Car - Repair and Maint - Tax Free	54,360	0
Motor-Car Repair & Maint	26,875	34,536
Mortgage Registration and Release	0	40,978
Office Expenses	36,947	110,193
Office Expenses - Tax Free	95,973	0
Printing & Stationery	16,741	26,193
Printing & Stationery - Tax Free	14,670	0
Professional Fees	39,897	41,000
Professional Fees - Tax Free	138,064	0
Registration Fees	6,000	10,400
Registration Fees - Fax Free	4,300	0
Repair & Maint -Computer	25,749	0
Repair & Maint -Computer - Tax Free	5,085	0
Staff Welfare - Tax Free	102,355	91,159
Set up Charges - Peru	0	4,298
Telephone Expenses	79,542	125,276
Telephone Expenses - Tax Free	49,587	845,427
Travelling Expenses	953,931	0
Visa Expenses	184,509	160,072
	<u>2,913,605</u>	<u>2,608,292</u>



## 29 Finance Expenses

Interest/Charges on overdraft	2,796,095	2,963,019
Bank Charges	129,571	66,656
Bank Charges- Salary Transfer	32,448	21,557
Bank Charges - Export	34,448	35,953
Bank Charges on Debtors Collection	20,524	32,219
Guarantee Commission to Parent Company	156,326	189,633
Interest on loans to EKC Industries Thailand Co Ltd	90,466	90,465
Interest expense on Unsecured Loan	660,600	517,018
Interest on Vehicle Loans	34,622	43,845
Foreign exchange Gain/Loss - Others	222,718	-101,319
Total	4,177,818	3,859,046

## 30 Interest Income from Loans Given to Related Parties

Interest income on Loan To CP Industries, USA	2,723,896	1,864,154
Interest income on Loan To EKC China	613,404	1,170,128
Interest income on Loan To EKC Europe	37,225	41,369
Total	3,374,525	3,075,651

## 31 Other Income

Profit on sale of Vehicle	0	58,000
Sundry balances written back	90,293	50,208
Discount Received	80	79,057
Inspection Income	0	7,615
Interest on Fixed Deposits etc.	9,188	4,921
Insurance claim received General	54,995	0
Other income	26,309	118,612
Total	180,865	318,413

## 32 Lease commitments

The company has entered into lease agreements with Jebel Ali Free Zone Authority, for two plots of land in Jebel Ali Free Zone :

- a *Plot MO 0313 (partly subleased) ; awaiting complete transfer from EKC Industries, Dubai Branch of Parent Company)*

The lease is for the period 25.8.2016 to 24.8.2031 at a current annual rent of AED 510,000/-. The unexpired portion of the lease commitment as at the statement of financial position date is

6,332,500      6,842,500



**b Plot S21004 - ( Being Utilised for Plant II, Located at Jebel Ali Free Zone ( South ), Dubai. )**

The lease is for the period 5.10.2018 to 4.10.2025 at a annual rent of AED 522,840/-. The unexpired portion of the lease commitment as at the statement of financial position date is

3,398,460 7,671,300

During the period partial plot voluntarily surrendered to JAFZ Authority and the lease commitment represents the balance portion of 12,821/- sq. meters from 25,321/- sq. meters.

Total

9,730,960 14,513,800

**33 Contingent liabilities**

Letter of Guarantees (staff visas) 850,000 850,000

**34 Significant Events occurring after the Statement of Financial Position date**

There were no significant events occurring after the statement of financial position date which require disclosure.

**35 Related Parties (Section 33 - IFRS for SMEs )**

The company in the normal course of business enters into transactions with other business enterprises that fall within the definition of Related Party. The company sells to /buys from its related party on arms length basis and / or at cost plus margins.

**Transactions and Balances with Related Parties are as under :**

**i Everest Kanto Cylinder Ltd, India (Parent Company)**

**Transactions**

Sales - Semi Finished (Steel Shell) - EKC Mumbai	9,326,347	8,695,125
Sales - Trading (Pipes)	262,585	378,537
Sales Trading - Fire Fighting Division	1,418,772	355,271
Purchases -R.M.Pipes	0	667,544
Purchases - Stores Consumable / Machine Spares	632,776	483,940
Sales Trading -Store and Consumables	3,066	0
Purchase Trading (Cylinders)	4,551	189,372
Purchase Semi Finished R .M.(Steel Pipes)	0	182,766
Guarantee Commission expenses	156,326	189,633
Purchase Trading (CNG Vessel Storage Assembly)	1,134,030	



**Receivables**

EKC Mumbai - RM Pipe- Debtors	13,311,232	13,048,647
EKC Mumbai -Cylinders- Debtors	35,208,666	34,191,210
EKC Mumbai -Fire Fighting - Debtors	1,798,609	387,426
EKC Mumbai -Cylinders- Creditors	1,908,400	4,477,400
EKC Mumbai	648,346	681,769
EKC Mumbai -(Stores Consumables) Debtors	3,066	0
EKC Mumbai -(Machinery)-Debtors	7,707	0
Sub Total	52,886,026	52,786,452

**Payables**

Payable to EKC Mumbai for Stores/ Machine Purchase	207,031	28,292
EKC -Mumbai (Others) -Guarantee commission payable	110,452	38,168
Payable to EKC Mumbai for CNG Vessel Storage Assembly Purchase	1,134,030	0
Sub Total	317,483	66,460

**Net Receivable (Confirmed by Parent Company )**

52,568,543	52,719,992
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**ii EKC Industries, Dubai, UAE**

Balances Net Receivable	1,707,135	1,707,923
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**iii EKC Hungary Ltd, Hungary (Wholly Owned Subsidiary)****Balances**

Loans Given to EKC - Hungary	51,464,766	51,464,766
Investment in Share Capital -EKC Hungary	28,247,627	28,247,627
Total	79,712,393	79,712,393

**iv CP Industries Holdings Inc., U.S.A. (Step Down Subsidiary)****Transactions**

Trading Purchase Cylinders	921,537	921,537
Sales Export -Cascade (CPI)	99,090	0
Sales-Export- CNG -MFG	359,473	309,814
Interest income on Loan To CP Industries	2,723,896	1,864,154

**Balances**

Loans given to CP Industries	77,592,608	77,592,608
Interest receivable on loan to CP Industries	11,674,714	8,950,818
Total	89,267,322	86,543,426



v **EKC Industries (Tianjin) Co. Ltd, China**

**Transactions**

Kelly Tube Storage Assembly - in Skid, - Purchase	0	0
CNG Jumbo Cylinders Purchase	0	0
CNG Vessels Storage Assembly Purchase	4,706,408	2,184,384
Clearing & Forwarding (export) Expense	71,000	0
Trading Purchase Cascade - EKC China	810,248	0
Interest Income on Loan	613,404	1,170,128

**Balances**

Loans given	0	41,232,450
Interest receivable on loan	6,045,907	5,432,503
EKC China Debtors - Cylinder	0	2,324,064
EKC China Debtors - Pipe	0	1,835,000
EKC China Debtors - Clearing Forwarding	0	91,383
Total	6,045,907	50,915,400

vi **EKC Europe GmbH, Germany**

**Transactions**

Clg & Forwarding (Export) Income	3,604	0
Store and Consumables Purchase	16,703	48,061
R.M. Valve purchase	43,986	0
Purchase Stores Consumables- EKC Europe	16,703	0
Interest Income on Loans given to WOS	37,225	41,369
Sales - Export -CNG Mfg*	1,952,745	2,320,842
Sales - Export -Cascade	0	1,468,000
Sales - Export -Industrial Cylinders*	6,101,544	5,537,233

\*Note

Third party sales routed thru EKC Europe. Since these are not consolidated financials of 100% subsidiary company EKC Europe GmbH, these sales can be treated as direct sales of the company.

**Balances**

Investment in Share Capital	135,896	135,896
EKC Europe -Cylinders Debtors	3,466,819	6,524,423
EKC Europe (Store & Consumables)	Credit 151,403	34,881
EKC Europe (others)	Credit 124,816	30,896
Loans given to WOS	1,222,712	1,435,363
Interest receivable on Loans given to WOS	27,111	228,455



**Transactions**

Interest on Loan Taken		90,466	90,466
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**Balances**

Creditors	Credit	3,419,523	3,547,973
Loans Taken	Credit	1,677,399	1,586,934

**36 Segment reporting**

The financial performance of the Fire Fighting Division is as under :

<b>Sales</b>		1,418,772	646,063
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**Cost of Sales**

Opening Stock		676,690	512,780
Purchase		828,794	648,126
Direct Expenses		5,619	72,808
Closing Stock		-141,216	-676,690
		<u>1,369,887</u>	<u>557,024</u>

Gross Profit		48,885	89,039
Indirect Expenses		731,311	966,733
Indirect Income		-23,909	0
Net Loss		<u>-658,517</u>	<u>-877,694</u>

**37 Financial Instruments (Section 11, 12 - IFRS for SMEs)**

Financial Instruments means financial assets, financial liabilities and equity instruments.

Financial assets include Investments, cash, trade debtors, bank balances, deposits, advances and other receivables. Financial liabilities include bank borrowings, trade creditors, provisions and accruals, advances from customers, finance lease liabilities, and other payables.

**a Fair Values**

The fair values of the concern's financial assets and financial liabilities approximate to their carrying values.

**b Credit Risk, and Exchange Rate Risk Exposure.****i Credit Risk**

Financial assets, which potentially expose the company to credit risk, comprise mainly of bank balances and trade receivables.

The company's bank balances are placed with high credit quality financial institutions. As at March 31, 2019 three parties represented 82.18% of the outstanding trade debtors. (As at 31.3.2018 - three parties represented 85.29% )





**Country-wise break up of Trade Debtors :**

U.A.E.	7,899,565	7,691,063
Hong Kong	3,687,317	3,687,317
Colombia	473,247	95,457
Mexico	475,953	458,998
Peru	18,901	83,065
Bangladesh	1,589,990	690,254
Egypt	0	1,635,205
Bahrain	0	57,380
K.S.A.	0	38,114
Total	14,144,972	14,436,852

**ii Exchange Rate Risk**

There is no significant exchange rate risk in transactions which are denominated in U.S.Dollars as it is fixed to UAE Dirham. Balances in other foreign currencies as at balance sheet date are:

<b>Bank Balances</b>	<b>31.03.2019</b>	<b>31.03.2018</b>
Denominated in Euro	1,296,637	0

**38 Number of Personnel**

Managing Director	1	1
Executive Director	1	1
Vice President ( Fire Fighting Division )	1	1
Staff	19	14
Supervisors	13	19
Labours	133	129
	168	165

**39 Previous Year's Figures**

Previous year figures are regrouped or reclassified wherever necessary so as to conform with the current year's presentation.

**40** In the opinion of the management all the assets as shown in the financial statements are existing and realisable at the amount shown against them, and there are no liabilities against the concern, contingent or otherwise, not included in the above financial statements.

**41** Additional information pursuant to **Part II of Schedule VI** of the Indian Companies Act 1956. (disclosed for the purpose of consolidation with Parent Company's financial statements)

	<b>YE</b>	<b>YE</b>
<b>a Manufacturing Operations (CNG Cylinders)</b>	<b>31.3.2019</b>	<b>31.3.2018</b>
Licenced Capacity	Nil	Nil
Installed Capacity (no's) @ 24 hours per day	196,000	196,000
Number of manufacturing plants	2	2
Units Produced during the year (numbers)	110,278	89,734



<b>b</b>	<b>Quantitative Reconciliation</b>	<b>31.3.2019</b>	<b>31.3.2019</b>	<b>31.3.2018</b>	<b>31.3.2018</b>
<b>i</b>	<b>Manufactured Goods - CNG Cylinders</b>	<i>Qty (no's)</i>	<i>Value</i>	<i>Qty (no's)</i>	<i>Value</i>
	Opening stock	9,567	6,426,757	18,283	13,176,104
	Production	110,278	55,231,161	89,734	33,845,960
	Sales <i>at sale value</i>	112,052	69,584,115	92,845	49,128,945
	Closing stock	6,519	4,223,779	9,567	6,426,757
<b>ii</b>	<b>Raw Materials -Pipes and valves</b>	<i>Qty (tons)</i>	<i>Value</i>	<i>Qty (tons)</i>	<i>Value</i>
	Opening stock	3,272	11,619,482	1,936	8,629,181
	Purchase and direct expenses	8,562	35,959,423	2,655	23,662,246
	Consumption	9,231	34,645,172	5,997	17,824,121
	Transfer to Trading - Pipes	13	27,979	104	691,710
	Transfer to Trading- Valves (in Pcs)	1,232	71,845	1,319	37,330
	Closing stock	2,586	10,828,520	3,272	11,619,482
<b>iii</b>	<b>Traded Goods - Cylinders (various types)</b>	<i>Qty (no's)</i>	<i>Value</i>	<i>Qty (no's)</i>	<i>Value</i>
	Opening stock	3,934	1,770,728	6,473	2,288,539
	Purchase	117	926,088	213	1,110,909
	Sales <i>at sale value</i>	408	125,066	189	244,774
	Transfer to FG	745	153,112	2,563	1,429,171
	Transfer to SFG-WIP	2,304	473,518	0	0
	Closing stock	594	1,955,907	3,934	1,770,728
<b>iv</b>	<b>Traded Goods - Fire Fighting (various types)</b>		<i>Value</i>		<i>Value</i>
	Opening stock		676,690		512,780
	Purchase		828,794		648,126
	Sales <i>at sale value</i>		1,418,772		169,242
	Closing stock		141,216		676,690
<b>v</b>	<b>Traded Goods - Pipes (raw material)</b>	<i>Qty (tons)</i>	<i>Value</i>	<i>Qty (tons)</i>	<i>Value</i>
	Transfer From Raw Material	51.29	108,825	103.66	691,710
	Sales <i>at sale value</i>	51.29	209,168	103.66	378,537
<b>vi</b>	<b>Traded Goods - Valves</b>	<i>Qty (no's)</i>	<i>Value</i>	<i>Qty (no's)</i>	<i>Value</i>
	Trading purchase Valves	0	0	0	0
	Transferred from RM Valves	1,232	71,845	0	37,330
	Trading Sales Valves	1,232	51,107	1,319	58,655
<b>vii</b>	<b>Traded Goods-CNG Vessel Skid/Storage Assembly</b>	<i>Qty (Sets)</i>	<i>Value</i>	<i>Qty (Sets)</i>	<i>Value</i>
	Trading Purchase -CNG Vessels Storage Assembly	12	4,706,408	6	2,184,384
	Trading Purchase -CNG Vessels Storage Assembly	3 Set	1,134,030		
	Trading Sales- CNG Vessels Storage Assembly	12	5,609,962	6	2,752,206
<b>viii</b>	<b>Traded Goods- Cascade</b>	<i>Qty (Sets)</i>	<i>Value</i>	<i>Qty (Sets)</i>	<i>Value</i>
	Trading Purchase - Cascade	8	810,248	0	0
	Trading Sales- Cascade	8	1,205,160	0	0

**EKC International FZE**  
P.O. Box 61041, Jebel Ali Free Zone, Dubai,

**Property, Plant and Equipment Schedule**

Year Ended March 31, 2019

All figures in UAE Dirhams

Particulars	Gross Block				Depreciation					Net Value	
	Cost at 1.4.2018	Additions	Disposals	Cost at 31.3.2019	As at 1.4.2018	Additions	Disposal	As at 31.3.2019	SLM Rate	As at 1.4.2018	As at 31.3.2019
Factory Building - I	10,735,861	63,373	0	10,799,234	4,244,970	423,869	0	4,668,839	3.33%	6,490,891	6,130,395
Factory Building - II	10,637,584	70,000	0	10,707,584	3,252,712	355,357	0	3,608,069	3.33%	7,384,872	7,099,515
Residential Apartments	1,943,860	0	0	1,943,860	227,568	32,434	0	260,002	1.67%	1,716,292	1,683,858
Plant and Machinery- I	21,292,945	421,278	0	21,714,223	13,615,732	495,407	0	14,111,139	4.00%	7,677,213	7,603,084
Plant and Machinery -II	20,702,182	0	0	20,702,182	14,551,872	402,004	0	14,953,876	4.00%	6,150,310	5,748,306
Factory Equipment	630,840	140,314	0	771,154	253,222	48,671	0	301,893	6.67%	377,618	469,261
Vehicles	1,748,732	127,798	0	1,876,530	495,638	216,912	0	712,550	12.50%	1,253,094	1,163,980
Furniture and Fixtures	1,716,052	0	0	1,716,052	836,549	138,662	0	975,211	10.00%	879,503	740,841
Computers	294,444	35,367	0	329,811	248,583	39,003	0	287,586	33.33%	45,861	42,225
Equipment (employees)	9,445	0	0	9,445	9,444	1	0	9,445	20.00%	1	0
Air Conditioners	119,834	14,250	0	134,084	105,757	7,569	0	113,326	20.00%	14,077	20,758
Office Equipment	122,447	0	0	122,447	122,447	0	0	122,447	20.00%	0	0
<b>Total</b>	<b>69,954,226</b>	<b>872,380</b>	<b>0</b>	<b>70,826,606</b>	<b>37,964,494</b>	<b>2,159,889</b>	<b>0</b>	<b>40,124,383</b>		<b>31,989,732</b>	<b>30,702,223</b>
						0		0			0

Notes :

- a Residential Apartments consist 5 residential apartments are mortgaged against credit facilities.
- b Possessory Pledge of Plant and Machinery against credit facilities.
- c Vehicles (cost) hypothecated against loans taken are :
- d Factory Buildings are constructed on leasehold land.

1,448,018



**EKC International FZE**

P.O. Box 61041, Jebel Ali Free Zone, Dubai, U.A.E.

**“Other Information”**

Year Ended March 31, 2019

*All figures in UAE Dirhams*

		<b>YE</b>
		<b>31.3.2018</b>
<b>1 Significant Ratios</b>		
Profit on trading sales	2,881,317	743,397
Margin on trading sales	32.19%	17.28%
Net Profit / (Loss) from manufacturing sales excluding other income	-428,781	-579,747
Net Margin on manufacturing sales & Increase in stock	-0.65%	-1.31%
Raw materials consumed to mfg. sales & Increase in stock	55.87%	44.79%
Mfg. overheads to mfg. sales & Increase in stocks	18.78%	21.67%
Personnel costs to mfg. sales & Increase in stocks	11.59%	16.53%
Selling costs to mfg. sales & Increase in stocks	5.18%	5.27%
Admin costs to mfg. sales & Increase in stocks	4.44%	5.89%
Finance costs to mfg. sales & Increase in stocks	6.37%	8.72%
Depreciation to mfg. sales & Increase in stocks	3.29%	4.83%
Profit / (Loss) from operations on total income (%)	3.29%	0.34%
Net Profit on sales (%)	3.35%	0.90%
Return on Average Investment ( % )	0.85%	0.16%
Fixed assets turnover (times)	2.27	1.54
Current Ratio (Times)	2.28	1.92
Debt/ Equity Ratio (Times)	0.18	0.22
Inventory Turnover (Times)	1.93	1.24
Inventory Turnover ( days )	189	294
Debtors turnover ( days )	66	99
Creditors for raw materials turnover (days )	42.52	0.00

**2 Bank credit facilities in UAE Dirhams**

<i>Type</i>	<i>Limits</i>	<i>Utilization</i>
Overdraft / Trust Receipts / LC / Performance Guarantees	42,205,000	
<b>Balances</b>		
Overdraft		30,321,242
Letters of Credit		6,674,868
Performance Guarantees		1,096,247
		<u>38,092,357</u>



***Bankers (having credit facilities)***

National Bank of Fujairah, Dubai, U.A.E.

IDBI Bank Limited (DIFC Branch), Dubai, U.A.E. in USD only

**3 Business Risks And Coverage in AED**

***Insurance : (Assigned to Banks)***

	<b>Policy Value</b>	<b>Book Value</b>
Building I, Furniture etc. on Plot MO 313	8,500,000	6,130,395
Building II, Furniture etc. on Plot S2 1004	6,500,000	7,099,515
Plant and Machinery I on Plot MO 313	15,000,000	7,603,084
Plant and Machinery II on Plot S2 1004	5,000,000	5,748,306

	<b>Policy Value</b>	<b>Annual Wages</b>
Workmen's Compensation	3,000,000	3,880,785

**4 Accounting Software**

The company uses Tally software its financial accounts integrated with inventory and production.

