

EVEREST KANTO CYLINDER LIMITED

**ANNUAL
REPORT 2013**



Forefront in TECHNOLOGY

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

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



New FACILITIES

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



Fully automated Robotic and computerised controlled plant at Kandla Special Economic Zone in Gujarat



Latest Billet plant at Gandhidham



Type2 - Plate Cylinder plant at China

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



BOARD OF DIRECTORS**Chairman & Managing Director**

Mr. P.K. Khurana

Non - Executive Directors

Mr. Pushkar Khurana

Mr. Puneet Khurana (Whole - Time Director till September 30, 2012)

Whole - Time Director

Mr. P.M. Samvatsar (till March 1, 2013)

Independent Directors

Mr. Krishen Dev

Mr. Naresh Oberoi

Mr. Mohan Jayakar

Mr. Vyomesh Shah

Mr. Gurdeep Singh

Mr. Shailesh Haribhakti (till May 30, 2012)

Non - Executive Non - Independent Director

Mr. Varun Bery

CHIEF FINANCIAL OFFICER

Mr. Vipin Chandok

COMPANY SECRETARY & COMPLIANCE OFFICER

Ms. Kanika Sharma

BANKERS TO THE COMPANY

State Bank of Hyderabad

Citibank N.A.

ICICI Bank Limited

Standard Chartered Bank

Yes Bank Limited

EXIM Bank of India

STATUTORY AUDITORS

Dalal & Shah,

Chartered Accountants, Mumbai

REGISTRAR AND SHARE TRANSFER AGENT

Link Intime India Private Limited

C-13, Pannalal Silk Mills Compound,

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

Mumbai - 400 078.

Tel.: 91 22 2594 6970

Fax: 91 22 2594 6969

Email: rnt.helpdesk@linkintime.co.in

Website: www.linkintime.co.in

BOARD COMMITTEES**Audit Committee**

Mr. Vyomesh Shah (Chairman)

Mr. Naresh Oberoi

Mr. Krishen Dev

Mr. Puneet Khurana

Shareholders' / Investors' Grievances Redressal and Share Transfer Committee

Mr. Mohan Jayakar (Chairman)

Mr. Puneet Khurana

Mr. P.M. Samvatsar (till March 1, 2013)

Remuneration Committee

Mr. Krishen Dev (Chairman)

Mr. Mohan Jayakar

Mr. Naresh Oberoi

Mr. P.K. Khurana

Allotment Committee

Mr. P.K. Khurana (Chairman)

Mr. Puneet Khurana

Mr. P.M. Samvatsar (till March 1, 2013)

Management Committee

Mr. P.K. Khurana (Chairman)

Mr. Puneet Khurana

Mr. P.M. Samvatsar (till March 1, 2013)

Investment Committee

Mr. P.K. Khurana (Chairman)

Mr. Krishen Dev

Mr. Puneet Khurana

Mr. Shailesh Haribhakti (till May 30, 2012)

REGISTERED OFFICE

204, Raheja Centre,

Free Press Journal Marg,

214, Nariman Point,

Mumbai - 400 021.

Tel.: 91 22 3026 8300 - 01

Fax: 91 22 2287 0720

Email: investors@ekc.in

Website: www.everestkanto.com

34th Annual General Meeting on Monday, July 22, 2013 at 3.00 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

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NOTICE

Notice is hereby given that the Thirty Fourth Annual General Meeting of the Members of EVEREST KANTO CYLINDER LIMITED will be held at 3.00 p.m. on Monday, July 22, 2013, at M.C. Ghia Hall at Bhogilal Hargovindas Building, 4th Floor, 18/20, Kaikhushru Dubash Marg, Kala Ghoda, Mumbai - 400 001, to transact the following businesses:

ORDINARY BUSINESS:

1. To consider and adopt the audited Balance Sheet as at March 31, 2013, the Profit and Loss Account for the year ended on that date and the Reports of the Board of Directors and Auditors thereon.
2. To declare a dividend on Equity Shares.
3. To appoint a Director in place of Mr. Pushkar Khurana, who retires by rotation and, being eligible, offers himself for re-appointment.
4. To appoint a Director in place of Mr. Varun Bery, who retires by rotation and, being eligible, offers himself for re-appointment.
5. To appoint the Statutory Auditors and to fix their remuneration, and in this regard to consider and, if thought fit, to pass, with or without modification(s), the following resolution as an **Ordinary Resolution**:

“RESOLVED THAT M/s Walker, Chandio & Co., Chartered Accountants, (Firm Registration Number 001076N), be and are hereby appointed as the Statutory Auditors of the Company, to hold office from the conclusion of this Annual General Meeting until the conclusion of the next Annual

General Meeting of the Company on such remuneration as shall be fixed by the Board of Directors of the Company in place of M/s Dalal & Shah, Chartered Accountants, (Firm Registration Number 102021W) the retiring auditors.”

6. To appoint Branch Auditors and to fix their remuneration, and in this regard to consider and, if thought fit, to pass, with or without modification(s), the following resolution as an **Ordinary Resolution**:

“RESOLVED THAT M/s. Arun Arora & Co., Chartered Accountants, (Registration Number A - 12018), be and are hereby re-appointed as Branch Auditors of the Company, to hold office from the conclusion of this Annual General Meeting until the conclusion of the next Annual General Meeting of the Company on such remuneration as shall be fixed by the Board of Directors.”

By Order of the Board of Directors

Mumbai
May 30, 2013

Kanika Sharma
Company Secretary

Registered Office

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

NOTES:

1. **A member entitled to attend and vote at the Annual General Meeting (the Meeting) is entitled to appoint a proxy to attend and vote on a poll instead of himself and the proxy need not be a member of the Company. The instrument appointing the proxy should, however, be deposited at the Registered Office of the Company not less than forty-eight hours before the commencement of the Meeting.**
2. In terms of Article 137 of the Articles of Association of the Company, read with Section 256 of the Companies Act, 1956, Mr. Pushkar Khurana and Mr. Varun Bery, Directors, retire by

rotation at the ensuing Annual General Meeting and, being eligible, offer themselves for re-appointment. The Board of Directors of the Company recommends their respective re-appointments. Brief resume of these Directors, nature of their expertise in specific functional areas and names of companies in which they hold directorships and memberships/chairmanships of Board Committees, shareholding as stipulated under Clause 49 of the Listing Agreement with the Stock Exchanges in India, etc. are provided in the Report on Corporate Governance forming part of the Annual Report.

3. Members are requested to bring their Attendance Slip along with their copy of Annual Report to the Meeting.
4. In case of Joint holders attending the Meeting, only such joint holder who is higher in the order of names will be entitled to vote.
5. Corporate members intending to send their authorised representatives to attend the Meeting are requested to send to the Company a certified copy of the Board Resolution authorising their representative to attend and vote on their behalf at the Meeting.
6. Relevant documents referred to in the accompanying Notice are open for inspection at the Registered Office of the Company on all working days, except Saturdays, between 11.00 a.m. and 1.00 p.m. up to the date of the Meeting.
7. The Register of Members and Transfer Books thereof shall remain closed from Friday, July 12, 2013 to Monday, July 22, 2013 (both days inclusive) for determining the names of members eligible for dividend on equity shares, if declared at the meeting.
8. The dividend on equity shares, if declared at the Meeting, will be credited/ dispatched on Monday, July 29, 2013 to those members whose names shall appear on the Company's Register of Members on Thursday, July 11, 2013. In respect of shares held in dematerialized form, the dividend, if declared, will be paid to members whose names are furnished by National Securities Depository Limited and Central Depository Services (India) Limited as beneficial owners as at the end of business hours on Thursday, July 11, 2013.
9. Members who have so far not encashed dividend warrant(s) for the Financial Year(s) 2005-06, 2006-07, 2007-08, 2008-09, 2009-10, 2010-11 and 2011-12 are requested to write to the Company's Registrar and Transfer Agents, Link Intime India Private Limited, immediately.
10. Members desirous of getting any information about the accounts and operations of the Company are requested to address their queries to the Company Secretary at the registered office so as to reach the Company at least seven days before the date of the meeting to enable the management to keep the required information readily available at the meeting.

IMPORTANT COMMUNICATION TO MEMBERS

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

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

DIRECTORS' REPORT

Dear Shareholders,

The Directors are pleased to present the 34th Annual Report and the Audited Accounts for the financial year ended March 31, 2013.

FINANCIAL RESULTS

The financial performance of the Company for the year ended March 31, 2013 is summarized below:

(₹ in Lakh)

Particulars	Standalone		Consolidated	
	2012-13	2011-12	2012-13	2011-12
Sales	26,770.20	33,106.08	55,849.48	69,548.56
Less: Excise Duty	2,711.19	2,600.92	2,711.19	2,600.92
Total Sales	24,059.01	30,505.16	53,138.29	66,947.64
Profit before Finance Charges, Depreciation, Provision for Doubtful Debts, Foreign Exchange Variation (net) and Tax	718.15	4,715.84	3,533.17	10,511.81
Less:				
- Finance Charges	3,318.72	1,255.96	3,817.90	1,777.72
- Depreciation	2,254.32	2,387.10	6,963.06	6,680.77
Profit before Foreign Exchange Variation and Taxation	(4,854.89)	1,072.78	(7,247.79)	2,053.32
Provision for Doubtful Debts	-	-	(4,026.74)	(151.27)
Foreign Exchange Variation – Gain / (Loss)	(985.56)	(3,060.58)	(1,027.99)	(2,747.00)
Profit before Tax	(5,840.45)	(1,987.80)	(12,302.52)	(844.95)
(Less) / Add: Provision for Taxation				
- Current Tax	-	-	-	(2.09)
- Deferred Tax / Credit	(1,121.08)	(266.15)	839.74	(815.66)
Profit for the year	(4,719.37)	(1,721.65)	(13,142.26)	(31.38)
Add: Prior period adjustments and Tax adjustments of earlier years (net)	30.37	(500.00)	39.04	(500.00)
Net Profit	(4,749.74)	(1,221.65)	(13,181.30)	468.62
Minority Interest Loss Absorbed	-	-	(69.49)	(37.70)
Balance Brought Forward from Previous Years	7,467.63	9,000.63	33,234.10	33,114.53
Balance Available for Appropriation	2,717.89	7,778.98	19,983.31	33,545.45
Appropriation:				
Proposed Dividend	214.32	267.89	214.32	267.89
Provision for Dividend Tax	36.42	43.46	36.42	43.46
Balance Carried Forward	2,467.15	7,467.63	19,732.57	33,234.10
Basic and Diluted Earnings Per Share of ₹ 2 each	(4.43)	(1.14)	(12.30)	0.44

PERFORMANCE REVIEW

The financial year 2012-13 continued to witness difficult and competitive business scenario and conditions across all business segments and geographies of the Company, in tune with the gradual slow-down of the Indian economy, quarter on quarter, in general, and the automobile sector in particular, resulting in lower sales and margins of the Company on standalone basis. The subsidiaries of the Company operating in different geographies across the globe witnessed similar situation and conditions due to various factors impacting each of them. The persistent depreciation during the year of the Indian Rupee vis-à-vis the US Dollars too added to losses during the first half of the financial year.

On standalone basis, for FY 2012-13, revenues at ₹ 24059.01 Lakh were lower by around 21% over the previous year's revenues of ₹ 30,505.16 Lakh and Net Loss at ₹ (4,749.74) Lakh was increase by around 289% over the previous year's net profit of ₹ (1,221.65) Lakh. On consolidated basis, revenues at ₹ 53,138.29 Lakh were lower by around 21% over the previous year's revenues of ₹ 66,947.64 Lakh and Net Loss at ₹ (13,182.30) Lakh was increase by around 2913% over the previous year's net profit of ₹ 468.62 Lakh. The Standalone Net Loss is after considering Foreign Currency Loss of ₹ 985.56 Lakh and the Consolidated Net Profit is after considering Foreign Currency Losses of ₹ 1,027.99 Lakh and Provision for Doubtful Debts of ₹ 4,026.74 Lakh.

DIVIDEND

The Directors have recommended a dividend of ₹ 0.20 per Equity Share of ₹ 2 each (10%) (last year ₹ 0.25 per Equity Share) for the financial year ended March 31, 2013, amounting to ₹ 250.74 Lakh (inclusive of dividend tax of ₹ 36.42 Lakh).

FINANCE

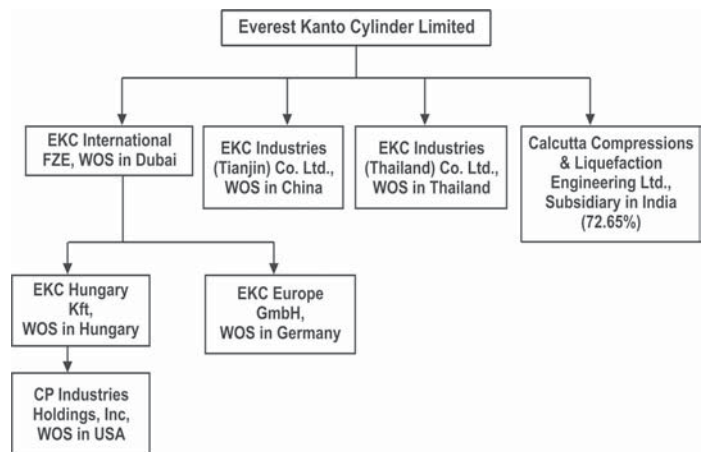
The Foreign Currency Convertible Bonds (FCCBs), having principal value of US\$ 35 Million, that were issued by the Company in 2007 fell due in October 2012. On maturity of the bonds, as per the terms of the issue thereof, the Company redeemed the FCCBs in full with premium of US\$ 14.98 Million. The redemption of the FCCBs was entirely financed from long term loan from a bank.

SUBSIDIARIES

As on March 31, 2013, 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 Indian subsidiary Company viz., Calcutta Compressions & Liquefaction Engineering Ltd.

The Current Corporate Structure is as under:



Pursuant to the provision of Section 212(8) of the Companies Act, 1956, the Ministry of Corporate Affairs, Government of India vide its circular dated February 8, 2011 has granted general exemption from attaching the Balance Sheet, Profit and Loss Account and other documents of the subsidiary companies with the Balance Sheet of the Company. Accordingly, the Board of Directors of the Company has decided to avail of the exemption. As required under the circular, a Statement containing the brief financial details of the subsidiaries for the financial year ended March 31, 2013 is included in the Annual Report. The annual accounts of the subsidiaries and the related detailed information will be made available to any shareholder of the Company and of the subsidiaries who may be interested in obtaining the same at any point of time and are also available at the registered office of the Company and that of the respective subsidiary companies for inspection by any shareholder of the Company and of the subsidiaries. The Consolidated Financial Statements presented by the Company include the financial results of the subsidiary companies.

FIXED DEPOSITS

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

DIRECTORS

Mr. Puneet Khurana, on moving to China to look after the day to day operations of EKC Industries (Tianjin) Company Limited,

resigned as the Whole-Time Director of the Company with effect from September 30, 2012. He continues as a Non-Executive Director of the Company.

Mr. P. M. Samvatsar, Whole-Time Director of the Company, on account of personal commitments, resigned from the Board of Directors of the Company w.e.f. March 1, 2013.

As per the provisions of Article 137 of the Articles of Association of the Company, Mr. Pushkar Khurana and Mr. Varun Bery retire by rotation at the ensuing Annual General Meeting and, being eligible, offer themselves for re-appointment as Directors at the ensuing Annual General Meeting. The Board of Directors recommends their re-appointment by the shareholders at the ensuing Annual General Meeting.

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

CREDIT RATING FROM CRISIL

In respect of the borrowings of the Company, CRISIL has, during the year, revised the Long Term and Short Term ratings, as under:

(a) Long Term Rating:

Date of Revision	Rating from	Rating to
May 10, 2012	Crisil A+ / Stable	Crisil A / Stable
August 29, 2012	Crisil A / Stable	Crisil BBB+ / Negative
October 1, 2012	Crisil BBB+ / Negative	Crisil BBB- / Negative
November 19, 2012	Crisil BBB- / Negative	Crisil BBB- / Stable

(b) Short Term Rating:

Date of Revision	Rating from	Rating to
May 10, 2012	Reaffirmation as Crisil A1	
August 29, 2012	Crisil A1	Crisil A2
October 1, 2012	Crisil A2	Crisil A3
November 19, 2012	Reaffirmation as Crisil A3	

MANAGEMENT DISCUSSION AND ANALYSIS REPORT

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

DIRECTORS' RESPONSIBILITY STATEMENT

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

- (i) in the preparation of the annual accounts for the year ended March 31, 2013, the applicable accounting standards have been followed and there are no material departures from the same;
- (ii) the Directors have selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company as at March 31, 2013 and of the profit of the Company for the year ended on that date;
- (iii) the Directors have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities; and
- (iv) the Directors have prepared the annual accounts of the Company on a 'going concern' basis.

CONSOLIDATED FINANCIAL STATEMENTS

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

AUDITORS

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

M/s. Dalal & Shah have intimated that they would not seek reappointment as the statutory auditors at the ensuing Annual General Meeting. It is proposed to appoint M/s. Walker, Chandio & Co., Chartered Accountants, as the statutory auditors in their place. The Company has received a letter from Walker, Chandio & Co., to the effect that their appointment, if made, would be within the limits prescribed under Section 224(1B) of the Companies Act, 1956 and that they are not disqualified for re-appointment within the meaning of Section 226 of the said Act.

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

COST AUDITORS

The Company has appointed Mr. Vinayak B. Kulkarni, Cost Accountants, as Cost Auditors under section 233B of the Companies Act, 1956, for conducting cost audit for the financial year 2013-14. The Cost Auditors have submitted their Cost Audit Report for the financial year 2011-2012, which has also been filed with Central Government on February 26, 2013.

CORPORATE GOVERNANCE

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

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

PARTICULARS OF EMPLOYEES

In terms of the provisions of Section 217(2A) of the Companies Act, 1956, read with the Companies (Particulars of Employees) Rules, 1975 as amended, the particulars of employees are set out in annexure to this Report.

However, having regard to the provisions of Section 219(1)(b)(iv) of the said Act, the Annual Report excluding the aforesaid

information is being sent to all the members of the Company and others entitled thereto. Any member interested in obtaining such particulars may write to the Company Secretary at the registered office of the Company.

ENERGY CONSERVATION, TECHNOLOGY ABSORPTION AND FOREIGN EXCHANGE EARNINGS AND OUTGO

The particulars relating to energy conservation, technology absorption, foreign exchange earnings and outgo, as required to be disclosed under Section 217(1)(e) of the Companies Act, 1956 read with the Companies (Disclosure of Particulars in the Report of Board of Directors) Rules, 1988 are provided as an Annexure to this Report.

ACKNOWLEDGEMENT AND APPRECIATION

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

For and on behalf of the Board

Mumbai
May 30, 2013

P.K. Khurana
Chairman & Managing Director