September 6, 2019

To,

BSE LIMITED	National Stock Exchange of India Limited
P.J. Towers, Dalal Street, Mumbai - 400 001	Exchange Plaza, Bandra Kurla Complex, Bandra (E), Mumbai - 400 051
BSE Scrip code: 532684	**NSE Symbol:** EKC; **NSE Series:** EQ

Sub: Intimation regarding the Notice of the 40th Annual General Meeting and Annual Report for the year ended 31st March, 2019

Dear Sir/Madam,

Pursuant to Regulation 34(1) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, please find enclosed the Annual Report of the Company for the year ended 31st March, 2019 including the Notice of the 40th Annual General Meeting of Everest Kanto Cylinder Limited ("the Company") to be held on Monday, 30th September, 2019, at 4.30 p.m. at M.C. Ghia Hall at Bhogilal Hargovindas Building, 4th Floor, 18/20, Kaikhushru Dubash Marg, Kala Ghoda, Mumbai - 400 001.

Further, we wish to inform that the same is being dispatched to the Company's Shareholders by the permitted mode(s) as on date.

Kindly take the above on record.

Thanking you,

Yours faithfully,
For **Everest Kanto Cylinder Limited**

EVEREST KANTO CYLINDER LTD. MUMBAI

Bhagyashree Kanekar
Company Secretary & Compliance Officer
Encl: As above

EVEREST
KANTO
CYLINDER
LIMITED

Manufacturers
of High Pressure
Seamless
Gas Cylinders

Registered Office :
204, Raheja Centre,
Free Press Journal Marg,
214, Nariman Point,
Mumbai - 400 021.

CIN L29200MH1978PLC020434

Tel. : +91-22-4926 8300 / 01

Fax : +91-22-2287 0720

Website : www.everstkanto.com

ISO / TS 16949
BUREAU VERITAS
Certification

Clean Energy Solution Company

PROUD TO BE GLOBAL INDIAN

ANNUAL REPORT 2018-19

RISING TO NEW HEIGHTS

EKC PRESENTING NEW ADVANCED

KASEZ PLANT

- One of the world's largest manufacturing plant with capacity of 500000 cylinders per annum
- Production range of 1 Ltr. to 3000 Ltr. (largest range in world)
- CCOE and International Standards approved Cylinders
- Cylinders for permanent liquefiable gases like Oxygen Argon Hydrogen & CNG
- Automated Robotic plant

BOARD OF DIRECTORS

Chairman & Managing Director
Mr. P. K. Khurana

Non-Executive Director
Mr. Pushkar Khurana

Independent Directors
Mr. Mohan Jayakar (upto April 16, 2019)
Mr. M. N. Sudhindra Rao
Mrs. Uma Acharya
Mr. Ghanshyam Karkera (w.e.f. October 30, 2018)

CHIEF EXECUTIVE OFFICER

Mr. Puneet Khurana

CHIEF FINANCIAL OFFICER

Mr. Dinesh Bhalotia (w.e.f. December 14, 2017 till May 08, 2018)
Mr. Sanjiv Kapur (w.e.f. November 01, 2018)

COMPANY SECRETARY & COMPLIANCE OFFICER

Ms. Bhagyashree Kanekar (w.e.f. August 13, 2018)

BANKERS TO THE COMPANY

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

STATUTORY AUDITORS

M/s Walker Chandiok & Co LLP,
Chartered Accountants, Mumbai
(Formerly Walker, Chandiok & 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. Ghanshyam Karkera (Chairman)
Mr. Sudhindra Rao
Mrs. Uma Acharya
Mr. P. K. Khurana

Stakeholders' Relationship Committee
Mrs. Uma Acharya (Chairman)
Mr. Sudhindra Rao
Mr. Ghanshyam Karkera
Mr. P. K. Khurana

Nomination & Remuneration Committee
Mr. Ghanshyam Karkera (Chairman)
Mr. Sudhindra Rao
Mr. Pushkar Khurana
Mrs. Uma Acharya

Corporate Social Responsibility Committee
Mrs. Uma Acharya (Chairman)
Mr. P. K. Khurana
Mr. Pushkar Khurana

Sexual Harassment of Women at Workplace Committee
Mrs. Uma Acharya (Chairman)
Mrs. Jalaja Kutty
Ms. Bhagyashree Kanekar

REGISTERED OFFICE

204, Raheja Centre,
Free Press Journal Marg,
214, Nariman Point,
Mumbai – 400 021.
Tel.: 91 22 4926 8299 - 01
Fax: 91 22 2287 0720
E-mail: investors@ekc.in
Website: www.everestkanto.com

40th Annual General Meeting held on Monday, September 30, 2019 at 04:30 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 Fortieth 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 Monday, September 30, 2019, at 4.30 p.m. to transact the following businesses:

ORDINARY BUSINESS:

1. To consider and adopt the Audited Balance Sheet as at March 31, 2019, 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.

SPECIAL BUSINESS:

3. 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 ₹ 2,50,000/- 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 Auditors of the Company for the financial year 2019-20, fixed by the Board of Directors on the recommendation of the Audit Committee, be and is hereby ratified and confirmed."

4. 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 Sections 149, 152 and other applicable provisions, if any, of the Companies Act, 2013 ("the Act") read with Schedule IV of the Act, the Companies (Appointment and Qualification of Directors) Rules, 2014 and applicable provisions of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 (including any statutory modification(s) or re-enactment(s) thereof for the time being in force), Mr. Ghanshyam Karkera (DIN: 00001829) who was appointed as an Additional Director, Independent, Non-Executive by Board of Directors of the Company pursuant to the provisions of Section 161 of the Act, the Articles of Association of the Company, who holds office up to the date of this Annual General Meeting (AGM) and being eligible offers himself for appointment as an Independent Director and in respect of whom the board has received recommendation from the Nomination and Remuneration Committee along with a notice in writing under Section 160 of the Act from a member proposing his candidature for the office of a Director, be and hereby appointed as an Independent Director of the Company, not liable to retire by rotation and to hold office for a term of 5 (five) consecutive years from October 30, 2018."

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

   "RESOLVED THAT pursuant to the provisions of Sections 149, 152 and other applicable provisions, if any, of the Companies Act, 2013 ("the Act") read with Schedule IV of the Act, the Companies (Appointment and Qualification of Directors) Rules, 2014 and applicable provisions of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 (including any statutory modification(s) or re-enactment(s) thereof for the time being in force), Mr. Maganti Narayanarao Sudhindra (DIN: 01820347) who was appointed as an Additional Director, Independent, Non-Executive by Board of Directors of the Company pursuant to the provisions of Section 161 of the Act and Articles of Association of the Company and who holds office up to the date of this Annual General Meeting (AGM) and being eligible offers himself for re-appointment as an Independent Director and in respect of whom the board has received recommendation from the Nomination and Remuneration Committee along with a notice in writing under Section 160 of the Act from a member proposing his candidature for the office of a Director, be and hereby appointed as an Independent Director of the Company, not liable to retire by rotation and to hold office for a second term of 5 (five) consecutive years from June 03, 2019."

6. 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 197 and other applicable provisions, if any, of the Companies Act, 2013 ("Act"), as amended from time to time, consent of the members be and is hereby accorded for payment of commission to directors, either all or some or any of them, who are neither managing directors nor whole-time directors, upto 1% of the net profits of the Company, calculated in accordance with the provisions of Section 198 of the Act, not exceeding ₹ 5,00,000/- per director per annum, distributed in such amounts or proportions and in such manner and in all respects as may be directed by the Board of Directors of the Company and shall be made in respect of the profits of the Company for each year, commencing April 1, 2019."

By Order of the Board of Directors

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

Mumbai
August 22, 2019

Registered Office
204, Raheja Centre, Free Press Journal Marg,
214, Nariman Point, Mumbai - 400 021.
CIN: L29200MH1978PLC020434
Tel.: 91 22 4926 8299 - 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 Tuesday, September 24, 2019 to Monday, September 30, 2019 (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 Securities and Exchange Board of India (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 40th Annual General Meeting and instructions for e-voting, along with the Attendance Slip, Proxy Form and the copies of the Annual Report for 2018-19, is being sent by electronic mode to all the members whose email IDs are registered with the Company/Depository Participants(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 2018-19 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 40th 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 in 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) 2011-12 and 2012-13 are requested to write to the Company's Registrar and Transfer Agents, Link Intime India Private Limited, immediately. As per Section 124 of the Companies Act, 2013, members are requested to note that dividends not claimed within seven consecutive years from the date of transfer to the Company's Unpaid Dividend Account will 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 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 Friday, September 27, 2019 at 10:00 a.m. and will end on Sunday, September 29, 2019 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.

o) **The instructions for shareholders voting electronically are as under:**

(i) The voting period begins on Friday, September 27, 2019 at 10:00 a.m. and ends on Sunday, September 29, 2019 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 Monday, September 23, 2019 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

a. For CDSL: 16 digits beneficiary ID,

b. For NSDL: 8 Character DP ID followed by 8 Digits Client ID,

c. 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	Enter your 10 digit alpha-numeric PAN issued by Income Tax Department (Applicable for both demat shareholders as well as physical shareholders) • 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)	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. • 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.

(x) For Members holding shares in physical form, the details can be used only for e-voting on the resolutions contained in this Notice.

(xi) Click on the EVSN for Everest Kanto Cylinder Limited on which you choose to vote.

(xii) 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.

(xiii) Click on the "RESOLUTIONS FILE LINK" if you wish to view the entire Resolution details.

(xiv) 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.

(xv) Once you "CONFIRM" your vote on the resolution, you will not be allowed to modify your vote.

(xvi) You can also take a print of the votes cast by clicking on "Click here to print" option on the voting page.

(xvii) 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.

(xviii) **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.**

(xix) **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

(xxi) Members can call on toll free no.: 18002005533 or contact Mr. Rakesh Dalvi, Manager, Marathon Futurex, A-Wing, 25th floor, NM Joshi Marg, Lower Parel, Mumbai 400013, Email – helpdesk.evoting@cdslindia.com for grievances connected with e-Voting.

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 23, 2019, may vote electronically or physically in the same manner as prescribed abovein sl. no. (i) to sl. no. (xx).

p) 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 23, 2019.

q) 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.

r) The facility for voting through ballot paper shall be made available at the Meeting and the Members attending the meeting who have not cast their vote by remote e-voting shall be able to exercise their right at the meeting through ballot paper.

s) The members who have casted their vote by remote e-voting prior to the meeting may also attend the meeting but shall not be entitled to cast their vote again.

t) The Scrutinizer shall immediately after the conclusion of voting at the Meeting, first count the vote thereafter unblock the votes in the presence of at least two (2) witnesses not in the employment of the Company and not later than 48 hours from the conclusion of the Meeting prepare a Scrutinizer's Report of the votes cast in favour or against, if any, forthwith to the Chairman of the Company.

u) 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 on 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 22, 2019

Registered Office
204, Raheja Centre, Free Press Journal Marg,
214, Nariman Point, Mumbai - 400 021.
CIN: L29200MH1978PLC020434
Tel.: 91 22 4926 8299 - 01. Fax: 91 22 2287 0720
Email: investors@ekc.in. Website: www.everestkanto.com

ANNEXURE TO ITEM NO. 2 OF THE NOTICE
(Annexure is mentioned as per 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
DIN	00040489
Brief resume	Mr. Pushkar Khurana oversees International Business operations of the Company. Over the years, he has played an instrumental role in overall business development of the Company.
Date of Birth	17-07-1972
Age	47 years
Nationality	Indian
Date of first appointment on the Board	12-09-1994
Qualifications	B.com, MBA in Business Management
Experience	25 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 financial year 2018-19
Relationship with other Directors, Manager and other Key Managerial Personnel of the company	Son of Mr. P. K. Khurana (Chairman & Managing Director) and Brother of Mr. Puneet Khurana (Chief Executive Officer)
Number of Meetings of the Board attended during the year	2 - 30.05.2018 and 11.02.2019
Expertise in specific functional area	Expertise in International Business Expansion and Diversification
Number of shares held in the Company (as on March 31, 2019)	75,03,973 shares
List of Directorships held in other Companies*	1. Calcutta Compressions & Liquefaction Engineering Limited
	2. EKC Positron Gas Limited
Chairman/Member in Committees of Board of companies in which he/she is a Director*	1 – Nomination and Remuneration Committee – Everest Kanto Cylinder Limited
* 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. 3:

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 2019-20 and fixed his remuneration.

In accordance with 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. 3 of the Notice for 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. 3.

As regards Item No. 4:

The Board of Directors, based on the recommendation of the Nomination and Remuneration Committee, had appointed Mr. Ghanshyam Karkera (hereinafter referred to as "Mr. Karkera") as an Additional (Independent) Director on October 30, 2018. In terms of section 161 of the Companies Act, 2013 ("the Act") read with the Articles of Association of the Company, he holds office as an Additional (Independent) Director only up to the date of the forthcoming Annual General Meeting.

Under section 149 of the Companies Act, 2013 read with Schedule IV to the Act, appointment of an Independent Director requires approval of members. Based on the recommendation of the Nomination and Remuneration Committee, the Board of Directors had proposed his appointment as an Independent Director of the Company, not liable to retire by rotation, for a term of five years from October 30, 2018, subject to approval of shareholders in the ensuing Annual General Meeting.

Mr. Karkera is not disqualified from being appointed as a Director in terms of Section 164 of the Act and has given his consent to act as a Director. The Company has received a declaration from him that he meets the criteria of independence prescribed under sub-section (6) of Section 149 of the Act and under the provisions of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015.

The Company has received a notice pursuant to section 160 of the Companies Act, 2013, from a member signifying his intention to propose the candidature of him as a Director.

Mr. Karkera, aged 61 years is a fellow member of the Institute of Company Secretaries of India, Institute of Chartered Accountants of India, Associate member of Institute of Cost Accountants of India and an Associate of Indian Institute of Banking and Finance. Further, he has also completed LLB. (Spl.). He specialises in Audit and Taxation, Financial Planning, Project Financing, Rehabilitation of sick units and overall Management of companies. He is also an empanelled mediator.

In the opinion of the Board, he fulfils the conditions for his appointment as an Independent Director as specified in Companies Act, 2013, the Rules made thereunder and the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, and is independent of the management and possesses appropriate skills, experience and knowledge that will enable him to discharge his duties, roles and function as an Independent Director.

This notice may be treated as information to the members about his candidature to the office of Directorship of the Company under section 160(2) of the Act read with Rule 13 of the Companies (Appointment and Qualifications of Directors) Rules, 2014 and disclosures as required under the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015.

His details as required under the Secretarial Standards – 2 issued by the Institute of the Company Secretaries of India and as per Regulation 36(3) of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 are furnished below:-

Name of the Director	Mr. Ghanshyam Karkera
DIN	00001829
Brief resume	As mentioned above
Date of Birth	September 18, 1957
Age	61 years
Nationality	Indian
Date of first appointment on the Board	October 30, 2018
Qualifications	Chartered Accountant, Cost Accountant and Company Secretary, LL. (B) Special, DISA (ICA), CAIIB
Experience	39 years
Expertise in specific functional area	As mentioned above
Terms and conditions of re-appointment	Terms of appointment are as per the provisions of the Companies Act, 2013
Remuneration sought to be paid	1. Sitting Fees for attending Board and Committee Meetings; 2. Commission
Remuneration last drawn	As mentioned in Corporate Governance Report
Relationship with other Directors and Key Managerial Personnel of the Company	Does not hold any relationship with other Board of Directors and Key Managerial Personnel of the Company.
Number of meetings of the Board attended during the year	2 - 14.11.2018 and 11.02.2019
Number of shares held in the Company (as on March 31, 2019)	Nil
List of Directorships held in other companies*	Polygenta Technologies Limited
Chairman / Member in committees of Board of Companies in which he/she is a Director*	**1. Polygenta Technologies Limited** a. Nomination and Remuneration Committee - Chairman b. Audit Committee - Member c. Stakeholders' Relationship Committee - Member **2. Everest Kanto Cylinder Limited** a. Nomination and Remuneration Committee - Chairman b. Audit Committee - Chairman c. Stakeholders' Relationship Committee - Member

* Directorships include directorships of other Indian Public Companies and Committee memberships include only Audit committee and Stakeholders' Relationship Committee (whether listed or not).

The notice and terms and conditions of appointment of Mr. Karkera shall be available for inspection by the members at the Registered Office of the Company during business hours on any working day, excluding Saturday up to the date of the Annual General Meeting as also on the website of the Company.

The Board of Directors, hence, recommends the Resolution at Item No. 4 of the Notice for the approval of the members by way of Ordinary Resolution.

Save and except Mr. Karkera, the appointee and his relatives, none of the other Directors, Key Managerial Personnel of the Company and their relatives are concerned or interested, financially or otherwise, in the Resolution set out at Item No. 4.

As regards Item No. 5:

The Board of Directors, based on the recommendation of the Nomination and Remuneration Committee, had appointed Mr. Maganti Narayanarao Sudhindra (hereinafter referred to as “Mr. Rao”) as an Additional (Independent) Director on June 3, 2019. In terms of section 161 of the Companies Act, 2013 (“the Act”) read with the Articles of Association of the Company, he holds office as an Additional (Independent) Director only up to the date of the forthcoming Annual General Meeting.

Under section 149 of the Companies Act, 2013 read with Schedule IV to the Act, re- appointment of an Independent Director requires approval of members. Based on the performance evaluation and on the recommendation of the Nomination and Remuneration Committee, the Board of Directors has proposed that his appointment as an Independent Director of the Company, not liable to retire by rotation, for a term of five consecutive years from June 3, 2019.

Section 149(10) of the Act provides that an independent director shall hold office for a term of up to five consecutive years on the Board and shall be eligible for re-appointment on passing a special resolution by the company and disclosure of such appointment in its Board’s report. Section 149(11) provides that an independent director may hold office for up to two consecutive terms.

Mr. Rao is not disqualified from being appointed as a Director in terms of Section 164 of the Act and has given his consent to act as a Director. The Company has received a declaration from Mr. Rao that he meets the criteria of independence prescribed under sub-section (6) of Section 149 of the Act and the provisions of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015.

The Company has received a notice pursuant to section 160 of the Companies Act, 2013, from a member signifying his intention to propose the candidature of Mr. Rao as a Director.

In the opinion of the Board, Mr. Rao is independent of the management. He is fellow member of the Institute of Chartered Accountants of India and has wide knowledge in the field of financial management. He is an expert in turning around fortunes of the Company.

Mr. Rao was with B. K. Birla Group of Companies from 1981 to 2006 and was Joint President at the time of leaving Century Enka Limited in 2006. Thereafter, he was CEO of Global Windpower Limited and Inox Renewables Limited. Thereafter, he was with BLA Industries Limited as Group President. Further, he was an Executive Director of Polygenta Technologies Limited. As on date, he is the CEO and Executive Director of Indo Rama Synthetics (India) Ltd.

The Board is of further opinion that he possesses appropriate skills, experience and knowledge that will enable him to discharge his duties, roles and function as an Independent Director.

This notice may be treated as an information to the members of his candidature for the office of Directorship of the Company under section 160(2) of the Act read with Rule 13 of the Companies (Appointment and Qualifications of Directors) Rules, 2014 and disclosures as required under the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015.

The details of Mr. Rao as required under the Secretarial Standards – 2 issued by the Institute of the Company Secretaries of India and as per regulation 36(3) of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 are furnished below:-

Name of the Director	Mr. Maganti Narayanarao Sudhindra
DIN	01820347
Brief resume	As mentioned above
Date of first appointment on the Board of the Company	August 11, 2015
Date of Birth	May 22, 1957
Age	62 years
Nationality	Indian
Qualifications	Chartered Accountant
Experience	37 years
Expertise in specific functional area(s)	Finance and Related Areas
Terms and conditions of re-appointment	Terms of appointment are as per the provisions of the Companies Act, 2013.

Remuneration sought to be paid	1. Sitting Fees for attending Board and Committee Meetings; 2. Commission
Remuneration last drawn	As mentioned in Corporate Governance Report
Relationship with other Directors and Key Managerial Personnel of the Company	Does not hold any relationship with other Board of Directors and Key Managerial Personnel of the Company.
Number of meetings of the Board attended during the year	5 - 04.05.2018, 08.05.2018, 30.05.2018, 13.08.2018 and 30.10.2018.
Number of shares held in the Company (as on March 31, 2019)	Nil
List of Directorships held in other companies*	Indo Rama Synthetics (India) Limited
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)

The notice and terms and conditions of appointment of Mr. Rao shall be available for inspection by the members at the Registered Office of the Company during business hours on any working day, excluding Saturday up to the date of the Annual General Meeting as also on the website of the Company

The Board of Directors, hence, recommends the Resolution at Item No. 5 of the Notice for the approval of the members by way of Special Resolution.

Save and except Mr. Rao, the appointee and his relatives, none of the other Directors, Key Managerial Personnel of the Company and their relatives are concerned or interested, financially or otherwise, in the Resolution set out at Item No. 5.

As regards Item No. 6:

Section 197 of the Act permits payment of remuneration to Directors of a Company who are neither managing directors nor whole-time directors, by way of commission, if the Company authorises such payment by way of a resolution of Members. Regulation 17(6)(a) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 authorises the Board of Directors to recommend all fees and compensation, if any, to such Directors and shall require approval of members in general meeting. The Board of Directors at their meeting held on August 22, 2019 has considered and approved the proposal for payment of commission to all or some or any such Directors of the Company commencing from April 1, 2019 at the rate as proposed in the resolution.

Considering the rich experience and expertise brought to the Board by the Non-Executive Directors, it is proposed that remuneration not exceeding one percent per annum of the net profits of the Company calculated in accordance with provisions of Section 197 of the Act, be continued to be paid and distributed amongst the Non-Executive Directors of the Company in accordance with the recommendations of the Nomination and Remuneration Committee and approved by the Board of Directors of the Company.

Such payment will be in addition to the sitting fees for attending Board/Committee meetings. The Board recommends the Resolution at Item No. 6 of the accompanying Notice for approval by the Members.

All the Directors of the Company and their relatives are concerned or interested in the Resolution at Item No. 6 of the Notice to the extent of the remuneration that may be received by each of these Directors.

None of the Key Managerial Personnel of the Company or their respective relatives except Mr. Puneet Khurana, Chief Executive Officer of the Company, related to Mr. Pushkar Khurana, Non-Executive, Non Independent Director of the Company as brother, are concerned or interested in the Resolution at Item No. 6 of the Notice.

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 40th Annual Report and the Audited Statement of Accounts for the financial year ended March 31, 2019.

FINANCIAL RESULTS

The financial performance of the Company for the year ended March 31, 2019 is summarized below:

(₹ in Lakhs, unless otherwise stated)

Particulars	Standalone		Consolidated	
	2018-19	2017-18	**2018-19**	2017-18
Continuing Operations				
Revenue from operations	45,249.14	32,622.94	70,208.59	54,245.54
Other income	649.05	1,750.48	532.93	1,560.77
Total Income	**45,898.19**	**34,373.42**	**70,741.52**	**55,806.31**
Profit before Finance Cost, Depreciation & Exceptional Items	**8,484.23**	**6,680.55**	**10,425.13**	**9,807.93**
Less:				
- Finance costs	2,614.07	2,668.23	3,561.78	3,472.54
- Depreciation and amortisation	1,311.97	1,268.55	3,028.75	3,181.80
Profit / (Loss) before exceptional items and tax	**4,558.19**	**2,743.77**	**3,834.60**	**3,153.59**
Exceptional items (net)	(504.82)	(967.83)	(1,207.59)	32.17
Profit before tax from continuing operations	**4,053.37**	**1,775.94**	**2,627.01**	**3,185.76**
Tax expense				
- Current tax	1,008.12	465.00	1,022.02	455.90
- Deferred tax	(5,707.31)	5.90	(5,707.31)	5.91
Profit after tax from continuing operations	**8,752.56**	**1,305.04**	**7,312.30**	**2,723.95**
Discontinued Operations				
Profit / (Loss) from discontinued operations before tax	-	-	(1,470.49)	(344.36)
Tax expense of discontinued operations	-	-	-	-
Profit / (Loss) from discontinued operations after tax	**-**	**-**	**(1,470.49)**	**(344.36)**
Profit / (Loss) after tax from total operations	**8,752.56**	**1,305.04**	**5,841.81**	**2,379.59**
Other comprehensive income				
(a) Items that will not be reclassified to profit and loss	(145.02)	57.00	(125.49)	57.00
(b) Tax (expense) / benefit on items that will not be reclassified to profit and loss	(35.51)	(12.86)	(35.51)	(12.86)
(a) Items that will be reclassified to profit and loss	-	-	1,692.82	(206.84)
(b) Tax expense / (benefit) on items that will be reclassified to profit and loss	-	-	-	-
Total other comprehensive income (net of tax)	**(180.53)**	**44.14**	**1,531.82**	**(162.70)**
Total Comprehensive Income	**8,572.03**	**1,349.18**	**7,373.63**	**2,216.89**
Net Profit for the period attributable to:				
- Equity shareholders of the Company	-	-	5,868.69	2,336.50
- Non controlling interests	-	-	(26.88)	43.09

(₹ in Lakhs, unless otherwise stated)

Particulars	Standalone		Consolidated	
	2018-19	2017-18	**2018-19**	2017-18
Total Comprehensive Income for the period attributable to:				
- Equity shareholders of the Company	-	-	7,400.51	2,173.80
- Non controlling interests	-	-	(26.88)	43.09
Retained Earnings: Balance brought forward from the previous year	**(18,297.36)**	**(19,591.42)**	**10,085.54**	**7,760.03**
Net profit for the year	**8,752.56**	**1,305.04**	**5,868.69**	**2,336.50**
Other Comprehensive Income	**(180.53)**	**44.14**	**1,531.82**	**(162.70)**
Adjustments to OCI for Foreign Currency Translation	**-**	**-**	**(1,692.82)**	**206.84**
Adjustments to OCI for FVOCI Equity	**168.79**	**(55.12)**	**149.27**	**(55.13)**
Retained Earnings carried forward	**(9,556.54)**	**(18,297.36)**	**15,942.50**	**10,085.54**
Earnings per share (not annualised) (in ₹):				
Basic & diluted earnings per share of ₹ 2.00 each				
(i) Continuing operations	7.80	1.16	6.54	2.39
(ii) Discontinuing operations	-	-	(1.31)	(0.31)
(iii) Total operations	7.80	1.16	5.23	2.08

PERFORMANCE REVIEW

During the financial year 2018-19, the Company saw an upward trend in the sales as 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.

On standalone basis, for the financial year 2018-19, revenue from operations stood at ₹ 45,249.14 Lakhs against the previous year's revenues of ₹ 32,622.94 Lakhs. Net Profit after tax stood at ₹ 8,752.56 Lakhs as against ₹ 1,305.04 Lakhs.

On consolidated basis, the Company sold 687,159 units as compared to 540,232 units in the previous financial year. Revenues for financial year 2018-19 stood at ₹ 70,208.59 Lakhs against the previous year's revenues of ₹ 54,245.54 Lakhs. Your Company has focussed on quality product sales which have resulted in improvement of Net profit after tax from continuing operations from ₹ 2,723.95 Lakhs in financial year 2017-18 to ₹ 7,312.30 Lakhs in financial year 2018-19.

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.

DIVIDEND

The Directors have not proposed any dividend for the financial year 2018-19 to preserve reserves at large for betterment of the Company.

TRANSFER TO RESERVES

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

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 statements.

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.

MATERIAL CHANGES AND COMMITMENTS, IF ANY, AFFECTING THE FINANCIAL POSITION OF THE COMPANY OCCURRED BETWEEN THE END OF THE FINANCIAL YEAR OF THE COMPANY TO WHICH THE FINANCIAL STATEMENTS RELATE AND THE DATE OF THE REPORT;

There are no events which may lead to material changes and commitments and which would affect financial position of the Company from the end of the financial year and the date of the report.

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.

DETAILS OF SIGNIFICANT AND MATERIAL ORDERS PASSED BY THE REGULATORS OR COURTS OR TRIBUNALS IMPACTING THE GOING CONCERN STATUS AND COMPANY'S OPERATIONS IN FUTURE

No such orders have been passed by any regulators or courts or tribunals impacting the going concern status and company's operations in future.

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.

DISCLOSURE, AS TO WHETHER MAINTENANCE OF COST RECORDS AS SPECIFIED BY THE CENTRAL GOVERNMENT UNDER SUB-SECTION (1) OF SECTION 148 OF THE COMPANIES ACT, 2013, IS REQUIRED BY THE COMPANY AND ACCORDINGLY SUCH ACCOUNTS AND RECORDS ARE MADE AND MAINTAINED

The company, in accordance with section 148(1) has maintained cost records as specified by the Central Government.

MANAGEMENT DISCUSSION AND ANALYSIS REPORT

Management Discussion and Analysis Report for the financial year 2018-19, as stipulated under Regulation 34(2)(e) of the SEBI (Listing obligations and Disclosure Requirements) Regulations, 2015 (hereinafter referred to as "the SEBI LODR"), is presented in a separate section forming part of the Annual Report.

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 the SEBI LODR, the Report on Corporate Governance and the Certificate from a practicing Company Secretary on the Report as stipulated, forms 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.

CREDIT RATING FROM CARE RATINGS

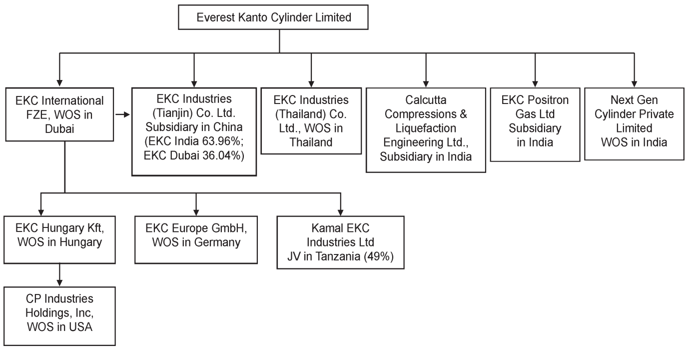
During the year, in respect of the borrowings of the Company, CARE Ratings has upgraded the Long Term and Short Term ratings, as under:

Sr. No.	Facility	Amount (₹ in Crore)	Rating	Remarks
1	Long Term Fund based bank facilities (Yes Bank Term Loan)	79.99	CARE BB+, Positive [Double B, Plus Outlook:Positive]	Revised from CARE BB; Positive
2	Long Term Fund based bank facilities (EXIM Bank Term Loan)	-	Withdrawn	
3	Long Term Fund based bank facilities (Cash Credit)	91.00	CARE BB+, Positive [Double B, Plus Outlook: Positive]	Revised from CARE BB; Positive
4	Short Term bank facilities (Non Fund Based)	54.92	CARE A4+ [A Four Plus]	Reaffirmed as CARE A4+
	Total	**225.91**		

SUBSIDIARIES

As on March 31, 2019, the Company has (a) two wholly owned overseas subsidiary companies, viz., EKC International FZE in Dubai, UAE and EKC Industries (Thailand) Co. Ltd. in Thailand, (b) four 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 EKC Industries (Tianjin) Co. Ltd. in China (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:



A statement providing details of performance and salient features of the financial statements of Subsidiary/ Associate/ Joint Venture companies, as per Section 129(3) of the Act, is provided as Form AOC I after the standalone financial statements and therefore not repeated here.

The audited financial statement including the consolidated financial statement of the Company and all other documents required to be attached thereto is put up on the Company's website and can be accessed at http://www.everestkanto.com/investors/annualreports. The financial statements of the subsidiaries, as required, are put up on the Company's website and can be accessed at http://www.everestkanto.com/subsidiaries.

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 OF DIRECTORS

Mr. Ghanshyam Karkera and Mr. Maganti Narayanrao Sudhindra were appointed as Additional Directors in Independent Category on October 30, 2018 and June 3, 2019 respectively.

APPOINTMENT AND CESSATION OF KMP

Ms. Bhagyashree Kanekar and Mr. Sanjiv Kapur were appointed as Company Secretary and Chief Financial Officer of the Company w.e.f. August 13, 2018 and November 1, 2018 respectively.

Mr. Dinesh Bhalotia was removed as Chief Financial Officer of the Company on May 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 LODR 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, seven meetings of the Board of Directors were held; details are mentioned in Corporate Governance Report.

AUDIT COMMITTEE

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

NOMINATION AND REMUNERATION COMMITTEE AND 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 LODR, the Company has constituted Nomination and Remuneration Committee and 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 I** to this report and is available on the Company's website and the web link thereto is http://www.everestkanto.com/policies.html.

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

CORPORATE SOCIAL RESPONSIBILITY (CSR)

As per the provisions of section 135 of Companies Act, 2013, the CSR Committee consists of Mr. P. K. Khurana, Mr. Pushkar Khurana and Mrs. Uma Acharya. In terms of Section 135(5) of the Companies Act, 2013, the Company was not required to spend towards CSR activities for the year ended March 31, 2019. The Company has in place a CSR Policy which provides guidelines to conduct CSR activities of the Company.

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

VIGIL MECHANISM

The Company has established a robust Vigil Mechanism and a Whistle-blower policy in accordance with provisions of the Act and Listing Regulations. The said Policy is attached as **Annexure III** and is available on the website of the Company http://www.everestkanto.com/policies.html.

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 the SEBI LODR, there are no details to be disclosed in Form AOC-2 (**Annexure IV**) in that regard.

During the year 2018-19, 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 LODR is available on Company's website and web link thereto is http://www.everestkanto.com/policies.html.

ANNUAL 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 SEBI LODR.

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, have 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, 2019, the applicable accounting standards have been followed and there are no material deviations;

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, 2019 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.

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 39th Annual General Meeting held on September 29, 2018 had appointed M/s. Walker Chandiok & Co LLP, Chartered Accountants, as the Statutory Auditors of the Company for another term of five years to hold office from the conclusion of the said Annual General Meeting.

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 2018-19. 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 2018-19 on a remuneration of ₹ 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 29, 2018.

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 2018-19. The Report of the Secretarial Auditor forms part of this Report as **Annexure V**. There are no qualifications in the Secretarial Audit Report

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 VI** to this Report.

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 VII**. The same is available on http://www.everestkanto.com/investors.html.

PARTICULARS OF EMPLOYEES AND RELATED DISCLOSURES

In terms of the provisions of Section 197(12) of the Act read with Rules 5(2) and 5(3) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, a statement showing the names of top ten employees in terms of remuneration drawn and names and other particulars of the employees drawing remuneration in excess of the limits set out in the said rules forms part of this Report.

Disclosures relating to remuneration and other details as required under Section 197(12) of the Act read with Rule 5(1) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 forms part of this Report.

Having regard to the provisions of the second proviso to Section 136(1) of the Act and as advised, the Annual Report excluding the aforesaid information is being sent to the members of the Company. The said information is available for inspection on all working days, during business hours, at the Registered Office of the Company. Any member interested in obtaining such information may write to the Company Secretary and the same will be furnished on request.

Rule 5(1) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014

(a) **Ratio of the remuneration of each Director to the median remuneration of the employees of the Company for the Financial Year 2018-19:**

Name of the Directors	Designation	Remuneration of Directors	Median Remuneration of Employees (₹)	Ratio of median remuneration
Mr. P.K. Khurana	Chairman & Managing Director	1,19,00,000/-	2,54,092	46.83
Mr. Pushkar Khurana	Non Executive Director	NIL	2,54,092	Nil
Mr. Mohan Jayakar*	Independent Director	2,90,000/-	2,54,092	1.14
Mr. Sudhindra Rao*	Independent Director	2,35,000/-	2,54,092	0.92
Mrs. Uma Acharya*	Independent Director	3,45,000/-	2,54,092	1.36
Mr. Ghanshyam Karkera*	Independent Director	1,10,000/-	2,54,092	0.43

* 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 2018-19:**

Name of the Directors	Designation	% increase in remuneration in financial year
Mr. P. K. Khurana	Chairman & Managing Director	NA
Mr. Pushkar Khurana	Non Executive Director	0.00%
Mr. Mohan Jayakar	Independent Director	220.00%
Mr. Sudhindra Rao	Independent Director	37.82%
Mrs. Uma Acharya	Independent Director	102.34%
Mr. Ghanshyam Karkera	Independent Director	NA
Mr. Dinesh Bhalotia*	Chief Financial Officer	NA
Mr. Sanjiv Kapur**	Chief Financial Officer	NA
Ms. Bhagyashree Kanekar***	Company Secretary	NA

* Mr. Dinesh Bhalotia was removed as Chief Financial Officer on May 8, 2018.

** Mr. Sanjiv Kapur was appointed as Chief Financial Officer on November 1, 2018.

*** Ms. Bhagyashree Kanekar was appointed as Company Secretary and Compliance Officer of the Company on August 13, 2018.

(c) **Percentage increase in the median remuneration of employees in the financial year 2018-19:** 7.88%.

(d) **Number of permanent employees on the rolls of Company:** 514.

(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 2018-19 is 7.79% whereas the percentile increase in the managerial remuneration during the year is 58.99%.

(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) **Names of top 10 employees of Company, who were employed throughout the financial year and were in receipt of remuneration for that year which, in the aggregate, was not less than One Crore and Two Lakh Rupees per financial year:**

The statement containing names of top 10 employees in terms of remuneration drawn and the particulars of employees as required under Section 197(12) of the Act read with Rule 5(2) and 5(3) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, is provided in a separate annexure forming part of this report. Further, the report and the accounts are being sent to the Members excluding the aforesaid annexure. In terms of Section 136 of the Act, the said **Annexure VIII** is open for inspection at the Registered Office of the Company. Any Member interested in obtaining a copy of the same may write to the Company Secretary

(h) **Names of top 10 employees 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:** N. A.

(i) **Names of employees of Company, who were employed throughout the financial year or part thereof and were 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 wholetime 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:** N. A.

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.

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 IX** to the report.

The company has complied with provisions relating to the constitution of Internal Complaints Committee under the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013.

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

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
DIN : 00004050

Place: Mumbai
Date: August 22, 2019

Annexure I: 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 II: CORPORATE SOCIAL RESPONSIBILITY (CSR) POLICY

The Corporate Social Responsibility Policy ("the CSR Policy") has been framed by Everest Kanto Cylinder Limited ("the Company") in accordance with the Section 135, Schedule VII of the Companies Act, 2013 and CSR Rules issued by the Ministry of Corporate Affairs and shall be effective from April 01, 2019.

Unless the context otherwise requires, the definitions mentioned in the Companies Act, 2013 and CSR Rules issued by the Ministry of Corporate Affairs shall apply to this CSR Policy.

Company Philosophy for CSR Policy:

Companies Act, 2013 has formally introduced the Corporate Social Responsibility to the dash board of the Indian Companies. Everest Kanto Cylinder Limited is positive and appreciates the decision taken by the Government of India. Legal framework of CSR is an edge to Corporate Charitable/Reformative approach towards the Society to which the Corporate belongs. By introducing a separate section for CSR in Companies Act, 2013, the Government has given legal recognition to their community development approach. The management of the Everest Kanto Cylinder Limited expresses its willingness and extends support to the CSR concept, its legal framework and shall be abided to it.

Corporate Social Responsibility Committee:

The Company has constituted Corporate Social Responsibility Committee ("the Committee") comprising of following three Directors out of which one Director is an Independent Director:

1. Uma Acharya - Independent Director - Chairman
2. P.K. Khurana - Chairman & Managing Director-Member
3. Pushkar Khurana - Non- Executive Director - Member

Board of Directors of the Company may re-constitute the Committee, as and when required to do so, by following the sections, sub-sections, rules, regulations, notifications issued or to be issued, from time to time, by the Ministry of Corporate Affairs or the Central Government of India. The Committee shall exercise powers and perform the functions assigned to it by the Board of Directors of the Company pursuant to section 135 of the Companies Act, 2013 and CSR Rules notified with regard thereto.

CSR Activities:

Pursuant to Schedule VII of the Companies Act, 2013, the Committee has approved the following activities as "CSR Activities" to be undertaken under the CSR policy of the Company. The Board of Directors has reviewed the said activities and expressed their consent to the Committee to pursue the said activities under CSR policy of the Company under section 135 of the Companies Act, 2013, Schedule VII and other applicable rules, regulations, notifications etc., issued/to be issued from time to time.

Approved CSR Activities relating to:

(i) Eradicating hunger, poverty and malnutrition, promoting health care (including preventinve health care) and sanitation (including contribution to the Swach Bharat Kosh set-up by the Central Government for the promotion of sanitation) and making available safe drinking water;

(ii) Promoting education, including special education and employment enhancing vocation skills especially among children, women, elderly and the differently abled and livelihood enhancement projects;

(iii) Promoting gender equality, empowering women, setting up homes and hostels for women and orphans; setting up old age homes, day care centres and such other facilities for senior citizens and measures for reducing inequalities faced by socially and economically backward groups;

(iv) Ensuring environmental sustainability, ecological balance, protection of flora and fauna, animal welfare, agroforestry, conservation of natural resources and maintaining quality of soil, air and water (including contribution to the Clean Ganga Fund set-up by the Central Government for rejuvenation of river Ganga);

(v) Protection of national heritage, art and culture including restoration of buildings and sites of historical importance and works of art; setting up public libraries; promotion and development of traditional art and handicrafts;

(vi) Measures for the benefit of armed forces veterans, war widows and their dependents;

(vii) Training to promote rural sports, nationally recognised sports, paralympic sports and olympic sports;

(viii) Contribution to the prime minister's national relief fund or any other fund set up by the central govt. for socio economic development and relief and welfare of the schedule caste, tribes, other backward classes, minorities and women;

(ix) Contributions or funds provided to technology incubators located within academic institutions which are approved by the central govt;

(x) rural development projects

(xi) slum area development

Budget for CSR Activity & CSR Expenses:

The Company shall allocate the budget for CSR activities. The minimum budgeted amount for a financial year shall be 2% of the average net profit of three immediate preceding financial years. The Company may allocate more fund/amount than the amount prescribed under section 135 of the Companies Act, 2013, for the CSR activities for any financial year. The Committee shall calculate the total fund for the CSR activities and recommend to the Board for their approval. The Board shall approve the total funds to be utilized for CSR activity for respective financial year.

CSR expenditure shall include all expenditure including contribution to corpus for projects or programs relating to CSR activities approved by the Board on the recommendation of its CSR Committee, but does not include any expenditure on an item not in conformity or not in line with activities which fall within the approved CSR activities.

Identification of activities /projects:

Out of the approved CSR activities, the Committee shall decide which activity/project should be given priority for the respective financial year. While arriving at the decision of the activity to be undertaken for the respective year, the Committee shall analyze the basic need of the community/ area in which the organization operates or the place where its registered office is situated. The Committee shall record its findings and prioritize the CSR activities.

Implementation process:

After prioritizing the activity, the Committee shall finalize in detail the implementation of the project/programme, including planning for expenses against the total budget allocated for CSR activities.

Organizational Responsibility:

At organizational level for implementation of agreed CSR activity, the committee may constitute an implementation team or authorize any of the department of the Company to organize for the implementation of the CSR activity. The team or respective department shall monitor the implementation process from time to time, on behalf of the CSR committee and place a report to the Committee regarding the progress of the activity implementation, on a quarterly basis. The respective department or implementation team would be responsible for reporting of any irregularity to the Committee on immediate basis.

Monitoring by the Board:

The Board of Directors shall constantly monitor the implementation of the CSR activities. The CSR committee shall place a progress report, including details of expenses, before the Board on quarterly basis. The Board shall review the same and suggest recommendation, if any, to the committee with regard to implementation process.

Compliance and Reporting to Board:

The Committee is responsible to undertake CSR activities as per the approved CSR Policy. Apart from quarterly reporting to the Board about the implementation of CSR activity, a detailed report containing the implementation schedule, total budget allocated, actual expenses incurred, surplus arising, if any, result achieved, further work to do in the concerned CSR activity, recommendation for the CSR activities for next year etc. should be placed before the Board for its consideration. Any surplus arising out of the fund allocated for CSR activity shall not be the part of the business profit of the Company.

Management Commitment:

Our Board of Directors, Management and all of our employees subscribe to the philosophy of compassionate care. We believe and act on an ethos of generosity and compassion, characterized by a willingness to build a society that works for everyone. This is the cornerstone of our CSR policy.

Our Corporate Social Responsibility policy conforms to the relevant section of the Corporate Social Responsibility, Rules made under Companies Act, 2013 and amendment(s) to be made thereto in future.

Amendments to the Policy:

The Board of Directors on its own and/or on the recommendation of CSR Committee, can amend its Policy as and when required deemed fit. Any or all provisions of CSR Policy would be subjected to revision/amendment in accordance with the regulations on the subject as may be issued from relevant statutory authorities, from time to time.

ANNEXURE III: VIGIL MECHANISM / WHISTLE BLOWER POLICY

PREAMBLE

Section 177 of the Companies Act, 2013 requires every listed company and such class or classes of companies, as may be prescribed to establish a vigil mechanism for the directors and employees to report genuine concerns in such manner as may be prescribed.

The Company has adopted a Code of Conduct for Directors and Senior Management Personnel ("the Code"), which lays down the principles and standards that should govern the actions of the Directors and Senior Management Personnel.

Any actual or potential violation of the Code, howsoever insignificant or perceived as such, is a matter of serious concern for the Company. Such a vigil mechanism shall provide for adequate safeguards against victimization of persons who use such mechanism and also make provision for direct access to the chairperson of the Audit Committee in appropriate or exceptional cases.

Regulation 22 of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulation, 2015, inter alia, provides for a mandatory requirement for all listed companies to establish a mechanism called "Whistle Blower Policy" for employees to report to the management instances of unethical behaviour, actual or suspected, fraud or violation of the company's code of conduct.

POLICY

In compliance of the above requirements, Everest Kanto Cylinder Limited, (EKCL), being a Listed Company has established a Vigil (Whistle Blower) Mechanism and formulated a Policy in order to provide a framework for responsible and secure whistle blowing/vigil mechanism.

POLICY OBJECTIVES

The Vigil (Whistle Blower) Mechanism aims to provide a channel to the Directors and employees to report genuine concerns about unethical behaviour, actual or suspected fraud or violation of the Codes of Conduct or policy.

The Company is committed to adhere to the highest standards of ethical, moral and legal conduct of business operations and in order to maintain these standards, the Company encourages its employees who have genuine concerns about suspected misconduct to come forward and express these concerns without fear of punishment or unfair treatment.

The mechanism provides for adequate safeguards against victimization of Directors and employees to avail of the mechanism and also provide for direct access to the Chairman of the Audit Committee in exceptional cases.

This neither releases employees from their duty of confidentiality in the course of their work nor can it be used as a route for raising malicious or unfounded allegations about a personal situation.

DEFINITIONS

“**Protected Disclosure**” means a written communication of a concern made in good faith, which discloses or demonstrates information that may evidence an unethical or improper activity under the title “SCOPE OF THE POLICY” with respect to the Company. It should be factual and not speculative and should contain as much specific information as possible to allow for proper assessment of the nature and extent of the concern.

“**Subject**” means a person or group of persons against or in relation to whom a Protected Disclosure is made or evidence gathered during the course of an investigation.

“**Vigilance Officer/Vigilance Committee or Committee**” is a person or Committee of persons, nominated/appointed to receive protected disclosures from whistle blowers, maintaining records thereof, placing the same before the Audit Committee for its disposal and informing the Whistle Blower the result thereof.

“**Whistle Blower**” is a Director or employee who makes a Protected Disclosure under this Policy and also referred in this policy as complainant.

SCOPE

The Policy is an extension of the Code of Conduct for Directors & Senior Management Personnel and covers disclosure of any unethical and improper or malpractices and events which have taken place/suspected to take place involving:

1. Breach of the Company’s Code of Conduct
2. Breach of Business Integrity and Ethics
3. Breach of terms and conditions of employment and rules thereof
4. Intentional Financial irregularities, including fraud, or suspected fraud
5. Deliberate violation of laws/regulations
6. Gross or Wilful Negligence causing substantial and specific danger to health, safety and environment
7. Manipulation of company data/records
8. Pilferation of confidential/propriety information
9. Gross Wastage/misappropriation of Company funds/assets

ELIGIBILITY

All Directors and Employees of the Company are eligible to make Protected Disclosures under the Policy in relation to matters concerning the Company.

PROCEDURE

All Protected Disclosures should be reported in writing by the complainant as soon as possible, not later than 30 days after the Whistle Blower becomes aware of the same and should either be typed or written in a legible handwriting in English.

The Protected Disclosure should be submitted under a covering letter signed by the complainant in a closed and secured envelope and should be super scribed as “**Protected disclosure under the Whistle Blower policy**” or sent through email with the subject “**Protected disclosure under the Whistle Blower policy**”.

If the complaint is not super scribed and closed as mentioned above, the protected disclosure will be dealt with as if a normal disclosure.

All Protected Disclosures should be addressed to the Vigilance Officer of the Company or to the Chairman of the Audit Committee in exceptional cases.

The contact details of the Vigilance Officer/Chairman of the Audit Committee are as under:-

Name and Address –
Ms. Bhagyashree Kanekar
Company Secretary & Compliance Officer
Everest Kanto Cylinder Limited, 204, Raheja Centre, 214,
Free Press Journal Marg,
Nariman Point, Mumbai - 400021

Mr. Ghanshyam Karkera
Chairman, Audit Committee
Everest Kanto Cylinder Limited, 204, Raheja Centre, 214,
Free Press Journal Marg,
Nariman Point, Mumbai - 400021

In order to protect the identity of the complainant, the Vigilance Officer will not issue any acknowledgement to the complainants and they are not advised neither to write their name / address on the envelope nor enter into any further correspondence with the Vigilance Officer.

Anonymous / Pseudonymous disclosure shall not be entertained by the Vigilance Officer.

On receipt of the protected disclosure the Vigilance Officer shall detach the covering letter bearing the identity of the Whistle Blower and process only the Protected Disclosure.

INVESTIGATION

All Protected Disclosures under this policy will be recorded and thoroughly investigated. The Vigilance Officer will carry out an investigation either himself/herself or by involving any other Officer of the Company/ Committee constituted for the same /an outside agency before referring the matter to the Audit Committee of the Company.

The Audit Committee, if deems fit, may call for further information or particulars from the complainant and at its discretion, consider involving any other/additional Officer of the Company and/or Committee and/ or an outside agency for the purpose of investigation.

The investigation by itself would not tantamount to an accusation and is to be treated as a neutral fact finding process.

The investigation shall be completed normally within 90 days of the receipt of the protected disclosure and is extendable by such period as the Audit Committee deems fit.

Any member of the Audit Committee or other officer having any conflict of interest with the matter shall disclose his/her concern /interest forthwith and shall not deal with the matter.

DECISION AND REPORTING

If an investigation leads to a conclusion that an improper or unethical act has been committed, the Chairman of the Audit Committee shall recommend to the Board of Directors of the Company to take such disciplinary or corrective action as it may deem fit.

Any disciplinary or corrective action initiated against the Subject as a result of the findings of an investigation pursuant t o this Policy shall adhere to the applicable personnel or staff conduct and disciplinary procedures.

A quarterly report with number of complaints received under the Policy and their outcome shall be placed before the Audit Committee and the Board.

A complainant who makes false allegations of unethical & improper practices or about alleged wrongful conduct of the Subject to the Vigilance Officer or the Audit Committee shall be subject to appropriate disciplinary action in accordance with the rules, procedures and policies of the Company.

CONFIDENTIALITY

The complainant, Vigilance Officer, Members of Audit Committee, the Subject and everybody involved in the process shall, maintain confidentiality of all matters under this Policy, discuss only to the extent or with those persons as required under this policy for completing the process of investigations and keep the papers in safe custody.

PROTECTION

No unfair treatment will be meted out to a Whistle Blower by virtue of his/ her having reported a Protected Disclosure under this policy. Adequate safeguards against victimisation of complainants shall be provided. The Company will take steps to minimize difficulties, which the Whistle Blower may experience as a result of making the Protected Disclosure.

The identity of the Whistle Blower shall be kept confidential to the extent possible and permitted under law. Any other employee assisting in the said investigation shall also be protected to the same extent as the Whistle Blower.

DISQUALIFICATIONS

While it will be ensured that genuine Whistle Blowers are accorded complete protection from any kind of unfair treatment as herein set out, any abuse of this protection will warrant disciplinary action.

Protection under this Policy would not mean protection from disciplinary action arising out of false or bogus allegations mad e by a Whistle Blower knowing it to be false or bogus or with a mala fide intention.

Whistle Blowers, who make any Protected Disclosures, which have been subsequently found to be mala fide, frivolous or malicious, shall be liable to be prosecuted.

ACCESS TO CHAIRMAN OF THE AUDIT COMMITTEE

The Whistle Blower shall have right to access Chairman of the Audit Committee directly in exceptional cases and the Chairman of the Audit Committee is authorized to prescribe suitable directions in this regard.

COMMUNICATION

Directors and Employees shall be informed of the Policy by publishing on the notice board and the website of the Company.

RETENTION OF DOCUMENTS

All Protected disclosures in writing or documented along with the results of Investigation relating thereto, shall be retained by the Company for a period of 5 (five) years or such other period as specified by any other law in force, whichever is more.

AMENDMENT

The Company reserves its right to amend or modify this Policy in whole or in part, at any time without assigning any reason whatsoever. However, no such amendment or modification will be binding on the Directors and employees unless the same is not communicated in the manner described as above.

ANNEXURE IV: 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

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

ANNEXURE V: SECRETARIAL AUDIT REPORT

Secretarial Audit Report

For the financial year ended March 31, 2019

[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, 2019 complied with the statutory provisions listed hereunder 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, 2019, 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) a. Overseas Direct Investment;

b. The Foreign Exchange Management Act, 1999 and the rules and regulations made thereunder to the extent of Foreign Direct Investment, and External Commercial Borrowings – Not Applicable;

(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.

Based on the compliance mechanism established by the Company, which has been verified on test checked basis and the Compliance Report submitted to and taken on record by the Board of Directors of the Company, we are of the opinion that during the period under review the Company has complied with the provisions of the Act, Rules, Regulations, Guidelines, Standards, etc. mentioned above.

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

(i) Secretarial Standards issued by the Institute of the Company Secretaries of India.

(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, Standards etc. mentioned above *except for filing of certain E-Forms with Registrar of Companies, which needs condonation. / delay in filing of Forms for which Form CG-1 has been filed with Central Government ./ delay in filing of Forms for which Company is in the process of Condonation of delay with the Central Government.*

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. The changes in the composition of Board of Directors that took place during the period under review were carried out in compliance with the provisions of the Act.

Adequate notice is given to all directors to schedule the Board Meetings, agenda and detailed notes on agenda were sent at least seven days in advance 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.

As per the minutes of the meetings duly recorded and signed by the Chairman, the decisions of the Board were unanimous and no dissenting views were expressed.

Based on the representation made by the Company and relied upon, I further report that there are adequate systems and processes in the company commensurate with its 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.

1. Sale/Transfer of Undertaking i.e. subsidiary EKC Industries (Tianjin) Co. Ltd;
2. Adoption of Articles of Association of the Company;
3. Approval for availing financial assistance having an option available to the lenders for conversion of such financial assistance into equity shares of the Company upon occurrence of certain events;
4. Removal of Mr. Dinesh Bhalotia as Chief Financial Officer;
5. Appointment of Ms. Bhagyashree Kanekar as Company Secretary and Compliance Officer;
6. Appointment of Mr. Ghanshyam Karkera as an additional Director in Independent category;
7. Appointment of Mr. Sanjiv Kapur as the Chief Financial Officer of the Company;
8. Closure of Kamal EKC Industries Limited (Joint Venture Company) in Tanzania;
9. Closure and winding up of the business operations of EKC Industries (Thailand) Co. Limited;
10. Re-constitution of Audit Committee, Nomination and Remuneration Committee and Stake Holders' Relationship Committee of the Board of Directors;
11. Investment in restarting Aurangabad Plant of the Company;
12. Revision in remuneration of Mr. Puneet Khurana, Chief Executive Officer 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 22, 2019

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.

1. The responsibility of maintaining Secretarial record is of the management and based on my audit, I have expressed my opinion on these records.
2. 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.
3. I have not verified the correctness and appropriateness of financial records and books of accounts of the Company.
4. 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.
5. 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 22, 2019

ANNEXURE VI: 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:

I. 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 at all the plants, such as:

a. 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. At Tarapur Plant, the company has progressively switched over to LED lights in place of sodium vapour lamps on the plant sheds. In addition to power saving, there are indirect benefits of higher and uniform light intensity across the whole shop floor which ultimately results in boost of employee morale and accuracy at critical locations.

b. Efficient use of thermal energy by use of alternate fuels, improvements in fuel burners, minimizing heat losses by improved insulation, etc.

c. 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.

d. Efforts are made to streamline processes to reduce down times. This ensures uninterrupted production with least idling thereby reducing energy requirements per cylinder.

e. Reduction in water consumption to save on power requirement for water circulation. The Company has switched to closed loop liquid to Air Heat Exchangers instead of cooling towers for heat dissipation.

f. Installation of VF drive and programmable logic controls for paint booth suction blower for cyclic speed swings, thereby reducing power consumption per cylinder.

g. 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.

h. The best and highest contribution in the year under review has been made by introduction of Hydraulic Booster compressor. Here, the Company uses the waste energy in terms of air pressure being released at the end of Pneumatic Leak Testing, to fill the cylinders under test with this Hydraulic Booster compressor.

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

The Company continues to draw to benefits 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 Install-ation	No. of Wind-mills insta-lled	Energy Genera-tion Capa-city	Invest-ment (₹ in Lakhs)	Energy Generated during the year	Energy Genera-ted during previous year
Kandla, Gujarat	1	1.650 MW	1,125.00	1,908,116.00 units	1,937,792.00 units
Satara, Mahara-shtra	3	3 x 0.225 MW = 0.675 MW	349.14	576,930.20 units	489,322.00 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)	180.23	145.86
Total Amount (₹ in Lakhs)	1254.02	1,059.04
Rate per Unit (₹)	6.96	7.26
b) Oxygen purchased		
Units (Cu.M. in Lakhs)	7.96	6.90
Total Amount (₹ in Lakhs)	111.21	80.35
Rate per Cu.M. (₹)	13.97	11.64
c) LDO purchased		
Units (Ltrs. in Lakhs)	0.00	1.70
Total Amount (₹. in Lakhs)	0.00	59.93
Rate per Ltr. (₹)	0.00	35.25
d) LPG purchased		
Units (Kg. in Lakhs)	27.21	19.62
Total Amount (₹. in Lakhs)	1148.43	741.89
Rate per Kg. (₹)	42.20	37.82
B) Consumption per unit of production:		
i. Electricity (kwh / MT)	404.53	638.30
ii. Oxygen (Cu.M / MT)	17.87	30.20
iii. LDO (Ltr. / MT)	0.00	7.44
iv. LPG (Kg. / MT)	61.08	85.84

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 prompt reciprocation to customer requirement to their satisfaction. This has further 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	20794.12	13411.29
II. Foreign Exchange earned	1656.85	2499.35

ANNEXURE VII: EXTRACT OF ANNUAL RETURN

Form No. MGT-9
EXTRACT OF ANNUAL RETURN
as on the financial year ended on March 31, 2019

[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.: 022-49268300 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 4918 6200, 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	% of total turnover of the Company
1	Manufacture of fabricated metal products, except machinery and equipment	025	94.78

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, 2nd Floor, 52A, Shakespeare Sarani Chandan Niketan, Kolkata, West Bengal 700017	U51410WB2004PLC100920	Subsidiary	72.65	2(87)
2	**EKC Positron Gas Limited** Unit No. 203, 2nd 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 Everest Kanto Cylinder Ltd. EKC International FZE	 63.96 36.04	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, 2018				No. of Shares held at the end of the year March 31, 2019				% Change during the year
	Demat	Physical	Total	% of total shares	Demat	Physical	Total	% of total shares	
A. Promoters									
1 Indian									
a. Individual/HUF	50259731	0	50259731	44.79	52116431	0	52116431	46.45	1.66
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	22618629	0	22618629	20.16	0.21
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	**72636934**	**0**	**72636934**	**64.73**	**74735060**	**0**	**74735060**	**66.60**	**1.87**
2 Foreign									
a. NRI-Individuals	1608866	0	1608866	1.44	0	0	0	0.00	-1.44
b. Other Individuals	0	0	0	0.00	0	0	0	00.0	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**	**0**	**0**	**0**	0.00	**-1.44**
Total Shareholders of Promoters (1+2)	**74245800**	**0**	**74245800**	**66.17**	**74735060**	**0**	**74735060**	**66.60**	**0.43**
B.									
1 Institution									
a. Mutual Funds	0	0	0	0.00	0	0	0	0.00	0.00
b. Bank/ FI	373478	0	373478	0.33	307854	0	307854	0.27	-0.06
c. Central Govt.	13624	0	13624	0.01	500	0	500	0.00	-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. FIIs	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	65750	0	65750	0.06	161762	0	161762	0.14	0.08
Sub-Total-B (1)	**452852**	**0**	**452852**	**0.40**	**470116**	**0**	**470116**	**0.41**	**0.01**
2 Non-Institution									
a. Body Corporate	6715619	0	6715619	5.99	5502996	0	5502996	4.90	-1.08
b. Individual									
i. Individual shareholders holding nominal share capital upto Rs. 1 lakh	23386849	1630	23388479	20.84	24113073	1630	24114703	21.49	0.65
ii. Individual shareholders holding nominal share capital in excess of Rs 1 lakh	3048486	0	3048486	2.72	3426280	0	3426280	3.05	0.34

Category of Shareholders	No. of Shares held at the beginning of the year April 01, 2018				No. of Shares held at the end of the year March 31, 2019				% Change during the year
	Demat	Physical	Total	% of total shares	Demat	Physical	Total	% of total shares	
c. NBFCs registered with RBI	0	0	0	0.00	9300	0	9300	0.01	0.01
d. Others									
i) Clearing Member	1317379	0	1317379	1.17	577161	0	577161	0.51	-0.66
ii) Foreign National									
i. NRI (Repat)	806371	0	806371	0.72	982721	0	982721	0.88	0.16
ii. NRI (non Repat)	346070	0	346070	0.31	296607	0	296607	0.26	-0.04
iii) Hindu Undivided Family	1885626	0	1885626	1.68	2078614	0	2078614	1.85	0.17
iv) IEPF	0	0	0	0.00	13124	0	13124	0.01	0.01
v) Other - Trust	1000	0	1000	0.00	1000	0	1000	0	0.00
Sub-Total-B (2)	**37507400**	**1630**	**37509030**	**33.43**	**37000876**	**1630**	**37002506**	**32.98**	**-0.45**
Net Total B (1+2)	**37960252**	**1630**	**37961882**	**33.83**	**37470992**	**1630**	**37472622**	**33.40**	**-0.44**
C. Shares held by Custodian for GDRs & ADRs									
Promoter and Promoter Group	0	0	0	0.00	0	0	0	0.00	0.00
Public	0	0	0	0.00	0	0	0	0.00	0.00
Grand Total (A+B+C)	**112206052**	**1630**	**112207682**	**100**	**112206052**	**1630**	**112207682**	**100**	**0.00**

(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 Share-holding 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	17818629	15.88	12.94	0.22
2	Suman Khurana	15230691	13.57	0.00	15303525	13.63	0.00	0.06
3	Prem Kumar Khurana	12218000	10.89	10.89	12218000	10.89	10.89	0.00
4	Puneet Prem Kumar Khurana	7782933	6.94	0.00	7957933	7.09	0.00	0.16
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	**74245800**	**66.17**	**29.99**	**74735060**	**66.60**	**29.99**	**0.44**

(iii.) Change in Promoters' Shareholding

Sr. No.	Name of the Promoter	Shareholding at the begning of the year - April 1, 2018		Change in Shareholding during the year- No. of Shares		Reason/ Mode	Cummulative Shareholding at the end of the year - March 31, 2019	
		No. of Shares	% of total shares of the Company				No. of Shares	% of total shares of the Company
1	Puneet Premkumar Khurana	7782933	6.94					
	Transfer			30 Jun 2018	135000	Market Purchase	7917933	7.06
	Transfer			13 Jun 2018	40000	Market Purchase	7957933	7.09
	At the end of the year						7957933	7.09
2.	Khurana Gases Private Limited	17577203	15.66					
	Transfer			13 Apr 2018	186720	Market Purchase	17763923	15.83
	Transfer			20 Apr 2018	4530	Market Purchase	17768453	15.84
	Transfer			20 Jul 2018	176	Market Purchase	17768629	15.84
	Transfer			03 Aug 2018	50000	Market Purchase	17818629	15.88
	At the end of the year						17818629	15.88
3.	Suman Premkumar Khurana	15230691	13.57					
	Transfer			22 Jun 2018	10559	Market Purchase	15241250	13.58
	Transfer			30 Jun 2018	46245	Market Purchase	15287495	13.62
	Transfer			04 Jan 2019	(56804)	Market Sale	15230691	13.57
	Transfer			11 Jan 2019	56804	Market Purchase	15287495	13.62
	Transfer			30 March 2019	16030	Market Purchase	15303525	13.64
	At the end of the year						15303525	13.64

* Apart from aforesaid changes, there are no changes in promoters' 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, 2018		Transactions during the year		Cumulative Shareholding at the end of the year March 31, 2019	
		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**	872427	0.7775			872427	0.7775
	AT THE END OF THE YEAR					872427	0.7775
2	**Kamrup Enterprises Limited**	831694	0.7412			831694	0.7412
	Transfer			01 Mar 2019	(50000)	781694	0.6966
	AT THE END OF THE YEAR					781694	0.6966
3	**Raj Kumari Goenka**	269000	0.2397			269000	0.2397
	Transfer			13 Apr 2018	62999	331999	0.2959
	Transfer			04 May 2018	65000	396999	0.3538
	Transfer			24 Aug 2018	44620	441619	0.3936
	Transfer			16 Nov 2018	380	441999	0.3939
	AT THE END OF THE YEAR					441999	0.3939
4	**Shekhavati Investment Corporation Limited**	0	0.00			0	0.00
	Transfer			30 Nov 2018	50000	50000	0.0446
	Transfer			08 Mar 2019	50000	100000	0.0891
	Transfer			22 Mar 2019	314062	414062	0.3690
	AT THE END OF THE YEAR					414062	0.3690
5	**Tarak V Vora**	150000	0.1337			150000	0.1337
	Transfer			20 Jul 2018	41424	191424	0.1706
	Transfer			31 Aug 2018	200	191624	0.1708
	Transfer			05 Oct 2018	81931	273555	0.2438
	Transfer			12 Oct 2018	95004	368559	0.3285
	AT THE END OF THE YEAR					368559	0.3285
6	**Tarak Vora**	257151	0.2292			257151	0.2292
	Transfer			15 Mar 2019	18000	275151	0.2452
	AT THE END OF THE YEAR					275151	0.2452
7	**Am Jamila Begum**	275000	0.2451			275000	0.2451
	AT THE END OF THE YEAR					275000	0.2451
8	**Axis Bank Limited**	157522	0.1404			157522	0.1404
	Transfer			06 Apr 2018	11252	168774	0.1504
	Transfer			13 Apr 2018	58474	227248	0.2025
	Transfer			20 Apr 2018	(2244)	225004	0.2005
	Transfer			27 Apr 2018	24180	249184	0.2221
	Transfer			04 May 2018	(3399)	245785	0.2190
	Transfer			11 May 2018	(163857)	81928	0.0730
	Transfer			18 May 2018	55029	136957	0.1221

Sr. No.	Name & Type of Transaction	Shareholding at the begning of the year - April 1, 2018		Transactions during the year		Cumulative Shareholding at the end of the year March 31, 2019	
		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			25 May 2018	15753	152710	0.1361
	Transfer			01 Jun 2018	(27450)	125260	0.1116
	Transfer			08 Jun 2018	(10890)	114370	0.1019
	Transfer			15 Jun 2018	(716)	113654	0.1013
	Transfer			22 Jun 2018	10843	124497	0.1110
	Transfer			30 Jun 2018	(65)	124432	0.1109
	Transfer			06 Jul 2018	145195	269627	0.2403
	Transfer			13 Jul 2018	64616	334243	0.2979
	Transfer			20 Jul 2018	4482	338725	0.3019
	Transfer			27 Jul 2018	(69022)	269703	0.2404
	Transfer			03 Aug 2018	(7289)	262414	0.2339
	Transfer			10 Aug 2018	(12003)	250411	0.2232
	Transfer			17 Aug 2018	(500)	249911	0.2227
	Transfer			31 Aug 2018	(9468)	240443	0.2143
	Transfer			07 Sep 2018	(1000)	239443	0.2134
	Transfer			14 Sep 2018	3636	243079	0.2166
	Transfer			21 Sep 2018	41541	284620	0.2537
	Transfer			29 Sep 2018	5887	290507	0.2589
	Transfer			05 Oct 2018	2430	292937	0.2611
	Transfer			12 Oct 2018	(304)	292633	0.2608
	Transfer			19 Oct 2018	(7623)	285010	0.2540
	Transfer			26 Oct 2018	5836	290846	0.2592
	Transfer			02 Nov 2018	(34748)	256098	0.2282
	Transfer			09 Nov 2018	2186	258284	0.2302
	Transfer			16 Nov 2018	(2843)	255441	0.2277
	Transfer			23 Nov 2018	4150	259591	0.2313
	Transfer			30 Nov 2018	(3070)	256521	0.2286
	Transfer			07 Dec 2018	6839	263360	0.2347
	Transfer			21 Dec 2018	10275	273635	0.2439
	Transfer			28 Dec 2018	(1200)	272435	0.2428
	Transfer			31 Dec 2018	(7053)	265382	0.2365
	Transfer			04 Jan 2019	7212	272594	0.2429
	Transfer			11 Jan 2019	(25)	272569	0.2429
	Transfer			18 Jan 2019	57462	330031	0.2941
	Transfer			25 Jan 2019	12948	342979	0.3057
	Transfer			01 Feb 2019	(18558)	324421	0.2891
	Transfer			08 Feb 2019	(19988)	304433	0.2713

Sr. No.	Name & Type of Transaction	Shareholding at the begning of the year - April 1, 2018		Transactions during the year		Cumulative Shareholding at the end of the year March 31, 2019	
		No. of Shares	% of total shares of the Company	Date of Transactiom	No. of Shares	No. of Shares	% of total shares of the Company
	Transfer			15 Feb 2019	(680)	303753	0.2707
	Transfer			01 Mar 2019	(550)	303203	0.2702
	Transfer			08 Mar 2019	(6147)	297056	0.2647
	Transfer			15 Mar 2019	2400	299456	0.2669
	Transfer			22 Mar 2019	(5615)	293841	0.2619
	Transfer			29 Mar 2019	(34525)	259316	0.2311
	AT THE END OF THE YEAR					259316	0.2311
9	**Woodburn Infratech Pvt. Ltd.**	100000	0.0891			100000	0.0891
	Transfer			11 May 2018	131716	231716	0.2065
	AT THE END OF THE YEAR					231716	0.2065
10	**Pramod Manohar Samvatsar**	225000	0.2005			225000	0.2005
	AT THE END OF THE YEAR					225000	0.2005

(v.) Shareholding of Directors and Key Managerial Personnel

Sr. No.	Names	Shareholding at the beginning of the year – April 1, 2018		Shareholding at the end of the year - March 31, 2019	
		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
6	Ghanshyam Karkera	0	0.00	0	0.00
(B)	**KMPs**				
1	Puneet Khurana Chief Executive Officer	7782933	6.94	7957933	7.09
2	Dinesh Bhalotia Chief Financial Officer*	0	0	0	0
3	Sanjiv Kapur, Chief Financial Officer**	0	0.00	0	0.00
4	Bhagyashree Kanekar, Company Secretary***	0	0.00	0	0.00

* Removed as Chief Financial Officer of the Company w.e.f May 8, 2018.
** Appointed as Chief Financial Officer of the Company w.e.f. November 1, 2018.
*** Appointed as Company Secretary of the Company w.e.f. August 13, 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	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**
Change in Indebtedness during the financial year				
Principal Amount				
(+) Addition	20,909.69	1,285.25	-	22,194.94
(-) Reduction	22,550.01	2,062.77	-	24,612.78
Ind As Adjustments				
(+) Addition	-	-	-	-
(-) Reduction	40.63	-	-	-
Interest accrued but not due				
(+) Addition	-	-	-	-
(-) Reduction	-	-	-	-
Ind As Adjustments				
(+) Addition	-	-	-	-
(-) Reduction	-	-	-	-
Interest due but not paid				
(+) Addition	-	512.13	-	512.13
(-) Reduction	-	544.09	-	544.09
Ind As Adjustments				
(+) Addition	-	-	-	-
(-) Reduction	-	-	-	-
Net change				
Indebtedness at the end of the financial year				
1) Principal Amount	14,778.37	5,180.36	-	19,958.73
2) Interest due but not paid	-	-	-	-
3) Interest accrued but not due	-	-	-	-
Total (1+2+3)	**14,778.37**	**5,180.36**	**-**	**19,958.73**

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.

Sr. No.	Particulars of Remuneration	Mr. P K Khurana – Managing Director and Chairman	Total Amount
1.	Gross Salary		
	(a) Salary as per provisions contained in section 17(1) of the Income Tax Act, 1961	1,10,43,885	**1,10,43,885**
	(b) Value of perquisites u/s 17(2) Income Tax Act,1961	8,56,115	**8,56,115**
	(c) Profits in lieu of salary under section 17(3) Income Tax Act, 1961	-	**-**
2.	Stock Option	-	**-**
3.	Sweat Equity	-	**-**
4.	Commission	-	**-**
	(i) As % of Profit	-	**-**
	(ii) Others, specify	-	**-**
5.	Others, please specify	-	**-**
	Performance Bonus	-	**-**
	Total	1,19,00,000	**1,19,00,000**

B. Remuneration to other directors:

I. Independent Directors:

Particulars of Remuneration	Name of Directors				Total Amount
	Mr. M.N. Sudhindra Rao	Mrs. Uma Acharya	Mr. Mohan Jayakar	Mr. Ghanshyam Karkera	
Fees for attending Board & Committee Meetings	2,35,000	3,45,000	2,90,000	1,10,000	9,80,000
Commission	Nil	Nil	Nil	Nil	Nil
Others	Nil	Nil	Nil	Nil	Nil
Total (I)	**2,35,000**	**3,45,000**	**2,90,000**	**1,10,000**	**9,80,000**

II. Other Executive / Non Executive Directors:

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**	**9,80,000**

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

Sr. No.	Particulars of Remuneration	Key Managerial Personnel				Total Amount
		Mr. Puneet Khurana	Mr. Dinesh Bhalotia	Mr. Sanjiv Kapur	Ms. Bhagyashree Kanekar	
	Gross Salary					
1.	(a) Salary as per provisions contained in section 17(1) of the Income-tax Act,1961	1,35,00,000	6,11,470	26,04,665	5,27,835	1,72,43,970
	(b) Value of perquisites u/s 17(2) Income-tax Act,1961	24,86,163	0	0	0	24,86,163
	(c) Profits in lieu of salary under section 17(3) Income-tax Act, 1961	Nil	Nil	Nil	Nil	Nil
2.	Stock Option	Nil	Nil	Nil	Nil	Nil
3.	Sweat Equity	Nil	Nil	Nil	Nil	Nil
4.	Commission					
	(i) As % of Profit	Nil	Nil	Nil	Nil	Nil
	(ii) Others, specify	Nil	Nil	Nil	Nil	Nil
5.	Others, please specify	Nil	Nil	Nil	Nil	Nil
	Performance Bonus	Nil	Nil	Nil	Nil	Nil
	Total	**1,59,86,163**	**6,11,470**	**26,04,665**	**5,27,835**	**1,97,30,133**

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, 2019.

ANNEXURE VIII: RULE 5(2) OF THE COMPANIES (APPOINTMENT AND REMUNERATION OF MANAGERIAL PERSONNEL) RULES, 2014.

The statement under Rule 5(2) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 shall not be circulated to the members in the Board's Report but 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.

ANNEXURE IX: 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 acomplaint 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.

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.

ECONOMIC OVERVIEW

Global Economy

In FY 2018-19, global economies operated in a multifarious macro-economic environment on account of varied factors like the volatility owing to the US–China trade relations, macroeconomic stress in parts of Latin America, civil unrest in parts of Middle East and North Africa (MENA) countries, short term growth slowdown in India, disruptions in the German automotive industry, stricter credit policies in China, alongside the normalization of monetary policy in large advanced economies led to a weaker global expansion, especially in the second half of FY 2018-19.

After a strong growth in 2017 and early 2018, global economic activity slowed notably in the second half of last year, reflecting a confluence of factors affecting major economies. Global growth is now projected to slow from 3.6 percent in 2018 to 3.3 percent in 2019, before returning to 3.6 percent in 2020.

Indian Economy

The Indian Economy is expected to grow around 7% for 2019, which would be fastest against the backdrop of slow-growth globally and is perched to outperform the emerging markets (EMs) and the developed markets. With a new government, infrastructure investments are also expected to pick up and contribute to growth.

The second advance estimate of national income released by the Central Statistical Organisation (CSO) of the Government of India on February 28, 2019 estimated India's real GDP growth for 2018-19 (or FY 2019) at 7.0%, a 20 basis points decline compared to the previous year. Real Gross Value Added (GVA) growth for FY 2019 is also lower: 6.8% versus 6.9% in FY 2018. Moreover, the quarterly estimates also indicate a growth slowdown: 7.8% GVA growth in Q1 FY 2019, followed by 6.8% in Q2 and then 6.3% in Q3.

In the long run, Indian Economy would perform exceedingly well upon tackling issues like income equality, growth in employment opportunities etc.

We at EKC are geared up well to cater to the anticipated increased requirements in the market.

DOMESTIC BUSINESS

1. **Industrial Gas:**

   Industrial gas is the essence of each of our manufacturing units. Investments in the Indian manufacturing sector have been on rise both domestic and foreign. Gross Fixed Capital Formation, which represents net investments in fixed assets, has grown 10.44% annually between FY16 and FY18 (Provisional). It has several advantages like robust demand with rapid increase in middle class and overall population, policy support like "Make in India" and sector specific investment incentives etc. Under the Make in India initiative, the Government of India aims to increase the share of the manufacturing sector to the gross domestic product (GDP) to 25% by 2022, from 16%, and to create approximately about 100 million new job opportunities by 2022. Industrial Gas sales have increased manifold from ₹ 135.4 crores in FY18 to Rs. 212.7 crores in FY19.

2. **Fire Equipment and Fire Suppression system:**

   The global fire safety equipment market size was estimated at USD 58.43 billion in 2018 and is anticipated to expand at a Compound Annual Growth Rate (CAGR) of 8.8% from 2019 to 2025. Growing demand for advanced fire safety systems for industries, such as manufacturing, utilities, petrochemical, mining, oil & gas exploration, energy & power, automotive, and construction, is anticipated to drive the market. A number of developed, as well as developing, regions have implemented stringent regulations, which mandate the installation of fire safety systems at industrial, residential and commercial places which would enhance the demand for the said products.

3. **Supply to Medical Establishment(s):**

   With focus on rural development and to perform corporate social responsibility, many state government(s), corporate(s) are establishing government and private medical organisations & facility centres, which have increased requirements of medical equipments throughout India. With the push towards medical service in rural sector, the demand for medical gases, cylinders and other allied equipments is increasing steadily.

4. **Aerospace and Defence outlook:**

   In 2018, the Global Aerospace and Defence (A&D) Industry recuperated and experienced a solid year as passenger travel demand strengthened and global military expenditure continued to rise. The industry is expected to continue its growth trajectory in 2019, led by growing commercial aircraft production and strong defence spending. In the commercial aerospace sector, aircraft order backlog remains at an all-time high as demand for next-generation, fuel-efficient aircraft continues to surge with the rise in oil prices. With the aircraft backlog at its peak, manufacturers are expected to ramp up production rates, hence, driving growth in the sector. However, manufacturers could experience supply chain interruptions as some suppliers may struggle to increase production to keep up with the growing backlog. In the defence sector, continual global tensions and geopolitical risks, recovery in the US defense budget and higher defence spending by other major regional powers such as China, India and Japan are expected to drive global defence sector growth in 2019 and beyond.

5. **City Gas Distribution (CGD):**

   CGD sector has relatively high affordability and has the capacity to absorb prices of gas higher than power and fertilizer sectors. Usage of natural gas has proved to be economical vis-a-vis competing fuels for most of the user segments within the CGD space. Natural gas demand for CGD sector is expected to rise steadily due to the addition of gas networks in new cities, price advantage of CNG and increased use of PNG in domestic, industrial and commercial sectors. Environmental concerns will further push the use of natural gas especially in the automotive and industrial segment (coal replacement). The total demand from CGD sector is expected to grow from 15.3 MMSCMD in 2012-13 to 85.6 MMSCMD in 2029-30 at a CAGR of 10.7%.

6. **CNG:**

   Demand for Compressed Natural Gas (CNG) has expanded by 50% in four years due to a combination of the Modi government's thrust on popularizing the CNG as a less-polluting fuel, covering new cities under CNG network, expansion of filling stations in existing cities, lower gas prices and multiple CNG vehicle launches by automakers. CNG sales rose to 3,076 thousand metric tonnes in 2018-19 from 2,037 thousand metric tonnes in 2014-15. Consumption of petrol and diesel, which have much larger market, rose to 48% and 20% respectively, in the same period. One of the leading car manufacturers recently announced that they will stop Diesel vehicle production from April 2020 to avoid there by increasing high cost of meeting stringent BS-VI norms vehicle cost. The volume of Diesel vehicles will be covered by Petrol and CNG variants.

   Stringent BS-VI compliance and easy availability of CNG will boost volume of Light & Heavy Commercial Vehicles with CNG variants.

   CNG growth is thus inevitable with the cost advantage and greener contribution to the environment, it has and will in future as well grow rapidly as a popular fuel for transport sector.

   The demand for Hydrogen Gas containers has increased as the overall production of gas has increased in the country.

7. **Speciality Gases:**

   There is an increasing knowledge and awareness of application of gases in non-traditional areas like space research, food preservation & distribution, agricultural-processing, etc. EKC enjoys a good share of these clients and the requirements are rapidly increasing. Breathing Air: Recently, Emergency escape systems & Breathing Air apparatus are showing increasing demand in India. The Company is catering to this user base as well.

8. The Government of India emphasis on "Make in India" is expected to garner tremendous business opportunities for the Company as many foreign companies from varied fields like defence, automobiles, aviation, oil and gas, ports & shipping, space & thermal power etc, intend to set up their establishments in India.

Market share:

We are the largest manufacturers of seamless Cylinders in India and enjoy more than 50 % of market share as on date.

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

EKC International FZE, subsidiary of the Company in Dubai, deals with industrial cylinders, cascades and Multiple Element Gas Containers. It focuses on business operations in the Middle East, South America, Eastern and Western Europe. It has shown remarkable sales of Rs. 148.6 crores in FY 2019 against Rs. 93.4 crores in FY 2018. It has added a new feather to its cap by undertaking a new line of business of Specialized Gas Fire Suppression Systems and Fire Detection & Alarm Systems. Further, EKC FZE has received PESO (Petroleum & Explosive Safety Organization) Approval in the FY 2018-19. This approval now enables EKC FZE supply cylinders world wide, including exports to India. With the latest increase in the share of multinationals operating in the field of fire fighting and allied fields in the Indian projects, there is a need for supplying them a universal cylinder. These cylinders should be approved to international standards and should bear approval of the Chief Controller of Explosives (CCOE) for imports to India.

The approval of Dubai plant by CCOE is opening for EKC, a part of International market where the manufacturers also operate in India. They do not need to have separate inventory for India operations, thereby reducing inventory costs prominently, keeping the prefered quality of EKC Brand intact.

EKC shall be in a unique position as a group, leveraging the overeas operations to the benefits of the ultimate customer.

The identified territories for this business would be Pan India, Middle East & East Africa.

(b) USA Operations

Off late due to various political reasons in USA, the Company's subsidiary in USA has reported marginal drop in sales, however outlook seems to be positive for marketing DOT approved industrial cylinders sourced from India and Dubai, which will contribute immensely to overall growth of the Company on consolidated basis. The Composite Cylinder product market is stabilizing gradually.

(c) Europe Operations

EKC FZE's Europe subsidiary has shown continuous growth and developed the European markets for Business of Indian and Dubai plants besides products from US plant. The subsidiary has played a crucial and stellar role in Composite Cylinder product development for the US plant by providing in-house expertise.

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. Efficient and Experienced Management

The core management team of the Company consists of eminent persons in the field of technology, finance, etc. from the industry in which the Company operates. Their knowledge and understanding of business intricacies are unmatchable in the entire industry. The existing team has been associated with the Company for decades and has contributed substantially for the overall growth of the Company.

They have been actively involved in grooming employees of the Company to take the Company to new heights.

2. Sustained Leadership in Domestic Market

EKC is the pioneer in India for manufacturing of high pressure seamless cylinders and business operations related thereto since 1978. EKC is India's largest player with highest market share, mainly on account of its predominant existence 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 exports to over 25 countries all over the world including countries in South East Asia, Middle East, USA, Europe, South America and Commonwealth of Independent States countries. Most of have 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 comply 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 2 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 defence. 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, along 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 like the Powder coating painting booths & ultra high productive machines.

CHALLENGES, RISKS & CONCERNS

1. **Escalation in input cost**

   Even though your Company undertakes material management efficiently, in order to persue continuous production, increasing cost of raw materials due to varied factors may hamper profitability as there has been significant volatility in prices. Your company undertakes to enhance supplier's base, domestically and internationally, to ensure seamless availability of required raw material. Any changes in seamless steel tube prices on either side, would lead to either demand or margin contraction. The marketing department monitors raw material costs on regular basis to mitigate this risk.

2. **Inbound and Outbound Competition**

   The Company enjoys numero-uno position in the market and has been a preferred choice for cylinder requirements of the corporate, government agency etc. Even though the company has prominent position, it faces competition from domestic as well as imported products.

3. **Evolution of new products**

   With technological development, newer products like liquid tanks, Cryocal's & Duracells are available; however such technology being in nascent stage has been associated with high acquisition & maintenance cost. With passage of time, other technology might evolve as a substitute for the Company's products

4. **Fluctuation in Foreign Currency**

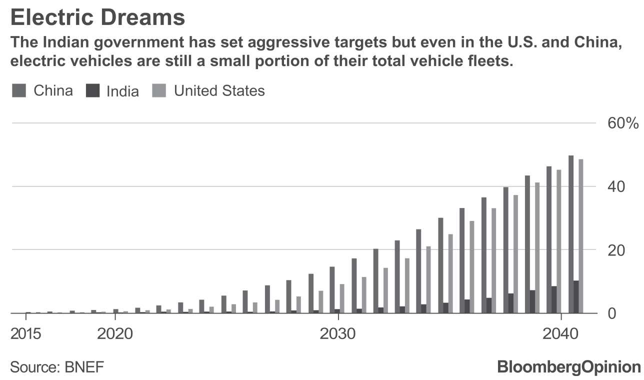
   With the ever changing political scenario, exchange rate has been fluctuating drastically, especially the USA Dollar. This leads to an immense impact on profitability of the Company, as the seamless steel tubes are entirely imported and are denominated in foreign currency. The Company's treasury function 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.

5. **Electric Vehicles**

   Even though significant emphasis has been placed on introduction and use of Electric Vehicles, it is still a distant dream as necessary infrastructure like charging stations, etc. are yet to be stationed and operative. Auto Industry veterans are of the opinion that any force and unrealistic deadline for mass adoption of electric two and three wheelers would create customer discontent and will also enhance the risk of derailing auto manufacturing which would create mass unemployment of about four million jobs.

6. **Litigation risks**

   Given the scale and geographic spread of the Company's operations, litigation risks can arise from commercial disputes, employment related matters etc. Growing business stature of the Company may lead to easy target for litigations without any legal merit, which is inherent risk faced by all business entities. In addition to incurring legal costs and distracting management, litigations garner negative media attention and pose reputation risk. Adverse rulings can result in substantive damages.



OUTLOOK

The weakening of INR against USD continues to put pressure on margins and profitability; however the Company is undertaking various steps to mitigate these issues by optimum cost utilization, increasing company's products prices etc.

The Indian Government's recent budget intends to balance between fiscal prudence and growth. On one hand it needs to enhance investment in private and public space, while on other hand it needs to maintain fiscal deficit within the target range. Our country needs to take solid steps to achieve aforesaid goal amid pressure to cut taxes, increase budgetary allocations to social sectors, etc leading to direct or indirect pressure on public finance.

Hence the revenue collection from varied sources and disinvestment targets would be crucial to ensure the budgeted reduction in the fiscal deficit to GDP ratio. The real challenge is likely to arise from making appropriate policy decisions for fiscal expenditure mix and to incentivize private players so as to avoid long-term costs.

Taking into consideration the aforesaid, it is expected that expenditure would increase which would be beneficial for the Company's prospects as it enjoys market leadership 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.

FINANCIAL PERFORMANCE VIS-A-VIS OPERATIONAL PERFORMANCE

The discussions in this section relates to the consolidated, Rupee-denominated financial results pertaining to the year ended March 31, 2019. The financial statements of the Company and its subsidiaries (collectively referred to as 'EKC' or 'the Company') are prepared in accordance with the Indian Accounting Standards (referred to as 'Ind AS') prescribed under section 133 of the Companies Act, 2013, read with the Companies (Indian Accounting Standards) Rules, as amended from time to time.

Significant accounting policies used in the preparation of the financial statements are disclosed in the notes to the consolidated financial statements.

The following table gives an overview of the Consolidated Financial Results of the Company:

(₹ In Crores)

	FY 2019	FY 2018
Income from Continuing Business Operation	702.1	542.5
Earnings before interest, tax, depreciation and amortization (before other income)	89.5	81.9
Profit Before Tax (PBT)	26.6	31.9
Tax (Expense) / Mat Credit	46.9	(4.7)
Profit after Tax from continuing operation	73.5	27.2

The Company made notable increase in income and profit after tax from business operations of 29.42% and 170.22% respectively, which signifies stupendous operational performance amidst challenging environment.

Product-wise performance (Standalone) Sales Value

(₹ In Crores)

	FY 18-19	FY 17-18
CNG	195	148.2
Industrial	212.7	135.4
Jumbo	27.4	10.6
Trading sales	13.2	24.1
Total	**448.3**	**318.3**

INTERNAL CONTROL SYSTEM

The Company has an Internal Audit System commensurate with its size and nature of business operations. At the start of every financial year, the Audit Committee finalizes scope of work with the Internal Auditor wherein key and other areas are identified for verification for onward submission of their report to the Audit Committee of the Board. The Internal Auditor submits report on quarterly basis. 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 importance of manpower in overall business growth of the Company, hence it provides substantial thrust on the human resources of the Company.

The Company undertakes various HR initiatives to enhance productivity of the employees thereby leading to integration of their personal and Company's goal. Training and Development of the employees forms an integral part of the Company's policy towards achieving its objectives. The Company has resilient talent management framework facilitating in identifying and nurturing employees with long term potential to take up critical leadership roles. The objective of this meticulous and consistent effort is to build a strong future-fit talent pool that is empowered to take the organization into a new orbit of growth and sustainability, keeping in view the career aspirations.

The Company has 514 employees as on March 31, 2019.

Details of significant changes (i.e. change of 25% or more as compared to the immediately previous financial year) in key financial ratios, along with detailed explanations:

(₹ In Crores)

Particulars	FY 19	FY 18	Detailed Explanation
Debtors Turnover	6.74	6.56	Not Applicable
Inventory Turnover	2.36	1.89	Not Applicable
Interest Coverage Ratio	2.74	2.03	A strong operational performance along with increase in EBIT in in FY 2019, led to a significant change of 35.30%.
Current Ratio	1.08	1.04	Not Applicable
Debt Equity Ratio	0.8	1.3	Increase in equity component on account of rise in net profit and repayment of borrowed funds has led to improviment in EBIT Equity Ratio by 41%
Operating Profit Margin (%)	16.2	14.9	Not Applicable
Net Profit Margin (%)	19.3	4.0	The Net profit margin improved by 384% owing to significant rise in net profit in FY 2019 on account of recognition of deferred tax assets of Rs. 5,707,31 lakhs.
Return on Net Worth	34.7	7.8	Increase in Net Profit in FY 2019 due to recognition of tax credits led to increase in the return on networth of the Company by 34.3%

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 the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (hereinafter referred to as "the SEBI LODR 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 shareholder 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 6 Directors, whose composition as on March 31, 2019 is given below:

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

During the year, the composition of the Board of Directors was in conformity with the Regulation 17 of the SEBI LODR Regulations 2015.

The Independent Directors have confirmed that they satisfy the criteria prescribed for an independent director as stipulated in Regulation 16(1)(b) of the SEBI LODR Regulations, 2015 and Section 149(6) of the Companies Act, 2013. Further, the Company reiterates the same as they have fulfilled the required conditions of aforesaid regulation and the Act and they are independent of the management.

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*	2	4	0
4.	Mrs. Uma Acharya	2	2	0
5.	Mr. Maganti Narayanarao Sudhindra	3	2	0
6.	Mr. Ghanshyam Karkera	2	4	1

^ Excluding Directorship on the Board of Private Limited Companies, Foreign Companies, Alternate Directorship, 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.

* Resigned as Director w.e.f. April 16, 2019. The Director has confirmed to the Company and the Stock Exchanges that there has been no material reason for resignation except for personal reasons as stated in the resignation letter.

Directors of the Company have following directorships in other listed companies:

1. Mr. Mohan Jayakar – Independent Director, Centerac Technologies Limited.
2. Mrs. Uma Acharya - Independent Director, Mysore Petro Chemicals Limited.
3. Mr. Maganti Narayanarao Sudhindra - Managing Director and CEO, Polygenta Technologies Limited*.
4. Mr. Ghanshyam Karkera - Independent Director, Polygenta Technologies Limited.

* Designation was changed to Non-Executive, Non Independent Director w.e.f April 6, 2019 and resigned as Director w.e.f August 7, 2019.

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

Seven Board Meetings were held during the year on May 04, 2018, May 08, 2018, May 30, 2018, August 13, 2018, October 30, 2018, November 14, 2018 and February 11, 2019 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 29th September, 2018
		Held	Attended	
Mr. P.K. Khurana	Promoter, Executive Chairman	7	7	Yes
Mr. Pushkar Khurana	Promoter, Non - Executive	7	2	Yes
Mr. Mohan Jayakar*	Independent, Non - Executive	7	6	No
Mrs. Uma Acharya	Independent, Non - Executive	7	7	Yes
Mr. Maganti Narayanarao Sudhindra	Independent, Non - Executive	7	5	No
Mr. Ghanshyam Karkera**	Independent, Non - Executive	7	2	NA

* Resigned as Director w.e.f. April 16, 2019.

** Appointed as a Director on Board of the Company w.e.f. October 30, 2018.

- **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.

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

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

iii. All divisions/departments of the Company are advised to schedule their work plans well in advance, particularly with regard to matters requiring discussion/ approval/decision at the Board/Committee Meetings. All such matters are communicated to the Company Secretary in advance so that the same can be included in the Agenda of the Board/Committee Meetings. The Chairman of the Board and the Company Secretary in consultation with other concerned members of the Senior Management finalize 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.

iv. 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 is not limited to the items mentioned in various Regulation's 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.

v. 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.

vi. 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.

vii. 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 LODR Regulations, 2015, a separate meeting of the Independent Directors of the Company was held on February 11, 2019, three Independent Directors were present at the meeting with no presence of Non-Independent Directors and Members of the Management for transacting following agenda:

  (i) Review the performance of Non-Independent Directors and the Board as a whole;

  (ii) Review the performance of the Chairperson of the Company, taking into account the views of Executive Directors and Non-Executive Directors;

  (iii) 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 (CEO).

  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 hold any equity shares of the Company. Mr. Pushkar Khurana, Non-Executive, Non Independent Director, holds 75,03,973 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 intend 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 IDs can be accessed at: http://www.everestkanto.com/Familiarisation-Program-for-Independent-Directors.pdf.

- The Directors of your Company are from diverse fields and have expertise and long standing experience and expert knowledge in their respective fields which are relevant and of considerable value for the Company's business growth. The following is the list of core skills/expertise/competencies identified by the Board of Directors as required in the context of the Company's business and sector(s) for it to function effectively:

  i. Industry Knowledge where the Company operates along knowledge on Company's businesses & major risks;

  ii. Skills - attributes & competencies to use their knowledge and skills to contribute effectively to the growth of the Company;

  iii. Understanding of economic, Legal & Regulatory environment etc;

  iv. Corporate Social Responsibility, Corporate Governance;

  v. Business Strategy, Sales & Marketing, Financial Control, Risk Management;

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:

i. 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;

ii. Recommend the appointment, re-appointment and, if required, the replacement or removal of the auditors and the fixation of audit fees;

iii. 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 Directors' 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. Maganti Narayanarao Sudhindra, the then Chairman of the Audit Committee and Mr. Ghanshyam Karkera, the existing 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. Maganti Narayanarao Sudhindra *	Chairman	Independent & Non–Executive	8	6
Mr. Mohan Jayakar**	Member	Independent & Non–Executive	8	7
Mrs. Uma Acharya	Member	Independent & Non–Executive	8	8
Mr. P.K. Khurana	Member	Promoter, Executive Chairman and Managing Director	8	8
Mr. Ghanshyam Karkera***	Chairman	Independent & Non–Executive	8	2

* Ceased to be the Member and Chairman of the Audit Committee w.e.f October 30, 2018.

** Resigned as a Director w.e.f from April 16, 2019.

*** Appointed as the Member and Chairman of the Audit Committee w.e.f October 30, 2018.

(c) ***Meetings of the Audit Committee***

Eight meetings of the Audit Committee were held during the year ended March 31, 2019, on May 30, 2018, July 13, 2018, August 13, 2018, September 03, 2018, September 08, 2018, October 30, 2018, November 14, 2018 and February 11, 2019.

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 and it comprises of three Independent Non-Executive Directors and one Promoter Non-Executive Director.

The terms of reference of the Committee are:

i. To identify persons who are qualified to become Directors and who may be appointed in Senior Management in accordance with the criteria laid down;

ii. To recommend to the Board their appointment and removal;

iii. To carry out evaluation of every Director's performance;

iv. To formulate the criteria for determining qualifications, positive attributes and independence of a director; and

v. To recommend to the Board a policy, relating to the remuneration for the directors, key managerial personnel and other employees.

vi. 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.

vii. 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

viii. To recommend to the board, all remuneration, in whatever form, payable to senior management of the Company.

(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	5	4
Mr. Maganti Narayanarao Sudhindra**	Member	Independent & Non - Executive	5	4
Mrs. Uma Acharya	Member	Independent & Non - Executive	5	5
Mr. Ghanshyam Karkera***	Member	Independent & Non - Executive	5	1
Mr. P. K. Khurana**	Member	Chairman and Managing Director	5	4
Mr. Pushkar Khurana***	Member	Non Independent, Non Executive	5	0

* Resigned as a Director w.e.f April 16, 2019.

** Ceased to be the Member of the Nomination and Remuneration Committee w.e.f October 30, 2018.

*** Appointed as Member of the Nomination and Remuneration Committee w.e.f October 30, 2018.

(c) Meetings of the Nomination & Remuneration Committee:

During the year under review, five meetings of the Committee were held on May 08, 2018, May 30, 2018, August 13, 2018, October 30, 2018 and November 14, 2018.

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 LODR 2015.

The terms of reference of the committee are:

i. Resolving the grievances of the security holders of the listed entity including complaints related to transfer/transmission of shares, non-receipt of annual report, non-receipt of declared dividends, issue of new/duplicate certificates, general meetings etc.

ii. Review of measures taken for effective exercise of voting rights by shareholders.

iii. Review of adherence to the service standards adopted by the listed entity in respect of various services being rendered by the Registrar & Share Transfer Agent.

iv. Review of the various measures and initiatives taken by the listed entity for reducing the quantum of unclaimed dividends and ensuring timely receipt of dividend warrants/annual reports/ statutory notices by the shareholders of the company.

(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	1	1
Mr.Maganti Narayanarao Sudhindra**	Member	Independent & Non-Executive	1	0
Mrs. Uma Acharya	Member	Independent & Non-Executive	1	1
Mr. P. K. Khurana	Member	Promoter, Executive Chairman and Managing Director	1	1
Mr. Ghanshyam Karkera***	Member	Independent & Non-Executive	1	1

* Resigned as a Director w.e.f April 16, 2019.

** Ceased to be the Member of the Stakeholders' Relationship Committee w.e.f. October 30, 2018.

*** Appointed as the Member of the Stakeholders' Relationship Committee w.e.f. October 30, 2018.

(a) Meetings of the Stakeholders' Relationship Committee

One meeting of the Stakeholders' Relationship Committee for the year ended March 31, 2019 was held on February 11, 2019.

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

Ms. Bhagyashree Kanekar (w.e.f August 13, 2018)

Company Secretary & Compliance Officer

204, Raheja Centre, Free Press Journal Marg, 214, Nariman Point, Mumbai 400 021.

Tel.: 91 22 4926 8300, Fax: 91 22 2287 0720

Email: investors@ekc.in

(c) 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 – 2018	0	0	0	0
Sep – 2018	0	0	0	0
Dec – 2018	0	0	0	0
Mar – 2019	0	0	0	0
Total	**0**	**0**	**0**	**0**

There were no requests for transfer and for dematerialization pending for approval as on March 31, 2019.

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.

(d) 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, 2018 and March 31, 2019. 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.

(D) 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 LODR 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 Company has no pecuniary relationship or transaction with its Non-executive & Independent Directors other than payment of sitting fees to them for attending the meetings of the Board and Committees. Mr. Pushkar Khurana, Non-Executive, Non-Independent Director, does not draw any such remuneration from the Company. There is no other criteria for making payment to them.

The Non-Executive Directors, except Mr. Pushkar Khurana, were paid sitting fees of ₹ 20,000/- and ₹ 10,000/- for attending Board and committee meeting respectively upto May 18, thereafter sitting fees were increased to ₹ 30,000/- and ₹ 12,500/- for attending Board and Committee meetings.

No commission has been paid to Non-Executive Directors for the Financial Year 2018-19.

In respect of the financial year 2018–19, the sitting fees paid to the Non - Executive Directors are as detailed below:

(in ₹)

Name	Sitting fees paid during the year 2018-19		Total
	Board Meetings	Committee Meetings	
Mr. Maganti Narayanarao Sudhindra	1,20,000	1,15,000	2,35,000
Mrs. Uma Acharya	1,80,000	1,65,000	3,45,000
Mr. Mohan Jayakar	1,50,000	1,40,000	2,90,000
Mr. Ghanshyam Karkera	60,000	50,000	1,10,000
Mr. Pushkar Khurana	Nil	Nil	Nil

Details of Remuneration to the Managing Directors

Name	Salary	Perquisites	Others	Total
Mr. P.K. Khurana	1,10,43,885	8,56,115	-	1,19,00,000

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
2018	29th September, 2018 at 3.00 pm	M.C. Ghia Hall at Bhogilal Hargovindas Building, 4th Floor, 18/20, Kaikhushru Dubash Marg, Kala Ghoda, Mumbai - 400 001.	Reappointment of Mr. P. K. Khurana as Chairman and Managing Director for 3 years w.e.f. January 1, 2019 along with approval for his remuneration.
2017	27th 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	26th 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.

B. *Postal Ballot*

During the year, the members of the Company approved the following matters through postal ballot on June 5, 2018 and its voting results of the postal ballot are as follows:

Sr. No.	Particulars	Type of Resolution	No of Votes Polled	votes casted in favour		votes casted against	
				No. of Votes	%	No. of Votes	%
1	Sale / transfer of undertaking under section 180(1) (a) of the Companies Act, 2013	Special	69968815	69967436	99.998	1379	0.002
2	Adoption of Articles of Association	Special	69968695	69966223	99.996	2472	0.004
3	Availing of financial assistance having an option made available to the lenders, for conversion of such assistance into equity shares of the Company upon occurrence of certain events	Special	69968815	69966515	99.996	2300	0.004

Mr. Aashish Bhatt, Proprietor, M/s. Aashish K. Bhatt & Associates, Practising Company Secretaries, was appointed to act as the scrutinizer for the postal ballot process. The detailed procedure is mentioned in the postal ballot notice, the scrutinizer's report and the voting results are available on the website of the Corporation.

There is no immediate resolution which is required to be passed through postal ballot under the provisions of the Companies Act, 2013.

PROCEDURE FOR POSTAL BALLOT

In compliance with Sections 108 and 110 and other applicable provisions of the Companies Act, 2013, read with the related Rules, the Company provides electronic voting (e-voting) facility, in addition to physical ballot, to all its members. For this purpose, the Company has engaged the services of CSDL.

Postal ballot notices and forms are dispatched, along with postage-prepaid business reply envelopes to registered members / beneficiaries. The same notice is sent by email to members who have opted for receiving communication through the electronic mode. The Company also publishes a notice in the newspaper declaring the details and requirements as mandated by the Act and applicable rules.

Voting rights are reckoned on the paid-up value of the share registered in the names of the members as on the cut-off date. Members who want to exercise their votes by physical postal ballot are requested to return the forms, duly completed and signed, to the scrutinizer on or before the close of the voting period. Those using the e-voting option are requested to vote before the close of business hours on the last date of e-voting.

The scrutinizer completes his scrutiny and submits his report to the Chairman, and the consolidated results of the voting are announced by the Chairman / authorized officer. The results are also displayed on the Company website, www.everestkanto.com, besides being communicated to the stock exchanges, depository and registrar and share transfer agent. The last date for the receipt of postal ballot forms or e-voting shall be the date on which the resolution would he deemed to have been passed, if approved by the requisite majority.

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 Lakshadeep'. 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 40th Annual General Meeting:

Day, Date and Time:

Monday, September 30, 2019 at 4.30 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: April 01, 2019 to March 31, 2020

Results for the quarter ending June 30, 2019
1st / 2nd week of August, 2019

Results for quarter ending September 30, 2019
1st / 2nd week of November, 2019

Results for quarter ending December 31, 2019
1st / 2nd week of February, 2020

Results for year ending March 31, 2020
3rd / 4th week of May, 2020

Annual General Meeting
August / September, 2020

6.4 Book Closure Period

The Register of Members and the Share Transfer books of the Company will remain closed from 24th day of September, 2019 to 30th day of September, 2019 (both days inclusive), for the purpose of the 40th Annual General Meeting.

6.5 Dividend Payment Date

The Board of Directors has not proposed any dividend for the Financial Year 2018-19.

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 2019-20 have been paid by the Company.

6.7 Stock Market Data

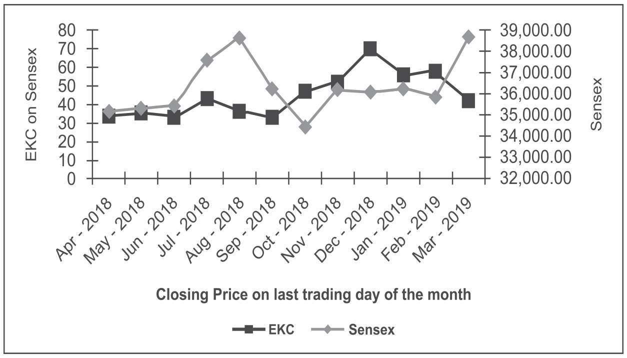
High, Low during each month and trading volumes of the Company's Equity Shares during the financial year 2018-19 at BSE and NSE are given below:

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 2018	55.90	42.40	29,84,953	55.90	42.20	1,68,56,027
May 2018	52.00	41.20	18,31,155	52.10	40.80	76,19,946
June 2018	50.60	33.00	38,57,464	50.75	33.10	2,24,41,714
July 2018	37.70	29.15	11,05,861	37.75	30.00	52,71,646
August 2018	36.75	31.30	8,68,538	36.70	31.40	40,87,006
September 2018	38.60	28.05	13,69,081	38.65	30.00	79,93,566
October 2018	34.30	26.20	8,44,310	34.50	26.00	40,12,359
November 2018	35.60	27.00	6,22,564	35.65	28.10	36,19,966
December 2018	38.35	25.40	14,90,919	38.75	25.40	83,07,492
January 2019	34.60	27.00	5,69,781	34.60	27.00	34,57,819
February 2019	28.10	23.75	4,87,976	28.15	23.80	22,22,909
March 2019	30.60	25.75	7,13,120	30.60	26.25	28,97,716

Source: BSE & NSE website

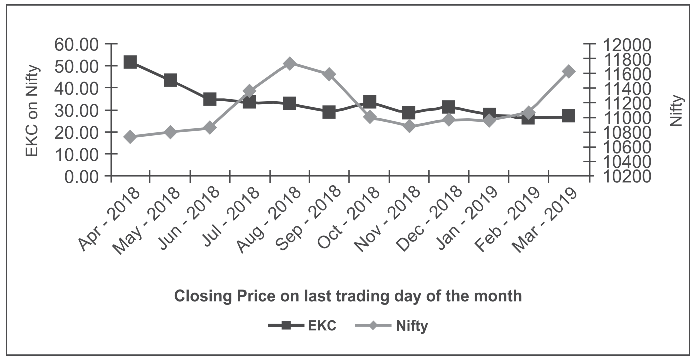
6.8 Stock Performance

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 March 31, 2019

Category of Shareholders	Number of Shares	% of Shareholding
Shareholding of Promoter and Promoter Group	7,47,35,060	66.60
Mutual Funds	0	0.00
Central Government / State Government(s)	500	0.00
Financial Institutions / Banks	307,854	0.27
Foreign Institutional Investors (Including FPI)	161,762	0.14
NBFC Registered with RBI	9,300	0.01
Bodies Corporate	55,02,996	4.90
Individual shareholders holding nominal share capital up to Rs. 2 lakhs	2,53,64,205	22.60
Individual shareholders holding nominal share capital in excess of Rs. 2 lakhs	21,76,778	1.94
Clearing Members	577,161	0.51
Non Resident Indians	12,79,328	1.11
Foreign Companies	0	0.00
Other Directors	0	0.00
HUF	20,78,614	1.82
Trusts	1000	0.00
IEPF	13,124	0.12
TOTAL	**112,207,682**	**100.00**

6.12 Distribution of Shareholding by Size as on March 31, 2019

No. of Shares held	No. of Shareholders	% to No. of Shareholders	No. of Shares	% to No. of Shares
1 - 500	37,822	80.36	59,24,038	5.28
501 - 1000	4,604	9.78	38,39,637	3.42
1001 - 2000	2,304	4.90	36,47,035	3.25
2001 - 3000	755	1.60	19,55,794	1.74
3001 - 4000	354	0.75	12,81,524	1.14
4001 - 5000	331	0.70	15,83,460	1.41
5001 - 10000	486	1.03	36,57,975	3.26
10001 and above	411	0.87	9,03,18,219	80.49
TOTAL	**47067**	**100**	**112207682**	**100**

6.13 Dematerialization of Shares as on March 31, 2019

The Company's shares are compulsorily traded in dematerialized 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	
	Number	% of Total
Dematerialised form		
CDSL	1,63,28,530	14.55
NSDL	9,58,77,522	85.45
Sub – Total	**11,22,06,052**	**100.00**
Physical Form	1,630	0.00
Total	**112,207,682**	**100**

6.14 Outstanding GDRs/ADRs/Warrants or any convertible instruments

There are no outstanding GDRs/ADRs/Warrants or any convertible instruments as at March 31, 2019.

6.15 Commodity Price Risk/Foreign Exchange Risk and Hedging Activities

1. Risk Management with respect to the Commodities and Forex:

   Taking into consideration the Company's products ranges, commodities form an integral part of the raw materials requirements, hence commodity price risk is one of the important market risks for the Company. The Chief Financial Officer along with Finance Controller and other departments like Procurement, Marketing etc. try to ensure that your Company is protected from the market volatility in terms of price and availability by formulating necessary strategies based on market conditions.

2. Exposure of the listed entity to commodity and commodity risks faced by the entity throughout the year:

The Company does not have any exposure hedged through commodity during the financial year 2018-19.

6.16 Plant Locations

The Company's plants are located at below mentioned places:

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

6.17 Address for Correspondence

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

Tel.: 91 22 4926 8300
Email: investors@ekc.in
Link Intime India Pvt. Ltd. C101, 247 Park,
L.B.S. Marg, Vikhroli (West), Mumbai - 400 083.
Tel. : 91 22 4918 6270, Fax. : 91 22 49186060
Email: rnt.helpdesk@linkintime.co.in

6.18 List of all credit ratings obtained by the entity along with any revisions thereto during the relevant financial year, for all debt instruments of such entity or any fixed deposit programme or any scheme or proposal of the listed entity involving mobilization of funds, whether in India or abroad

The Company is not required to obtain any credit ratings for debt instruments, fixed deposit or any proposal for mobilization of funds, whether in india or abroad, as same has not been issued.

6.19 Disclosures:

1. **Policy on materially significant Related Party Transactions**

   During the financial year, there were no materially significant related party transactions that may have potential conflict with the interests of the Company at large. Refer to Note 43 to the Financial Statements for disclosure of related parties.

   The Company has formulated policy on dealing with related party transactions. This policy is placed on the Company's website www.everestkanto.com/policies.html.

2. The Company has complied with the requirements of Regulatory Authorities on capital markets; hence there are no non-compliances for which penalty/stricture was imposed by the Stock Exchange(s) or SEBI or any other Statutory Authority on the Company during the last three years.

3. The Company has formulated Vigil Mechanism / Whistleblower policy with an aim to provide a channel to the Directors and employees to report genuine concerns about unethical behaviour, actual or suspected fraud or violation of the Codes of Conduct or policy system which is embedded in its Code of Conduct. The Code of Conduct of the Company serves as a guide for daily business interactions, reflecting the Company's standard for appropriate behavior and living Corporate Values. This policy is placed on the Company's website www.everestkanto.com/policies.html.

4. The Company has adopted policy for determining Material Subsidiary in accordance with Regulation 24 of the SEBI LODR, 2015; the said policy is placed on the Company's website www.everestkanto.com/policies.html. The audit committee reviews the consolidated financial statements of the Company and the investments made by its unlisted subsidiary companies. A report on significant developments of the unlisted subsidiary companies is periodically placed before the Board of Directors of the Company.

   The Company does not have any material unlisted Indian subsidiary company.

5. Based on the declaration / confirmation made by the Directors, the Company has received a certificate from M/s. Aashish K. Bhatt & Associates, Practising Company Secretaries, that none of the Directors on the Board of the Company have been debarred or disqualified from being appointed or continuing as directors of companies by the Securities and Exchange Board of India, Ministry of Corporate Affairs or any such Statutory Authority.

6. There have been no instances during the year where recommendations of the Committees of the Board were not accepted by the Board.

7. The total fees for all services paid by the Company to the Statutory Auditor and all entities in the network firm/network entity of which the Statutory Auditor is a part for the financial year 2018-19 is Rs. 60.50 Lakhs.

8. Disclosure in relation to the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013 is as under.

Particulars	No. of Complaints
a. Number of complaints filed during the financial year	0
b. Number of complaints disposed of during the financial year	0
c. Number of complaints pending as on end of the financial year	0

7. Compliance with the Discretionary Requirements under the Listing Regulations

The Board of Directors periodically reviewed the compliance of all applicable laws and steps taken by the Company to rectify instances of non-compliance, if any. The Company is in compliance with all mandatory requirements of the SEBI LODR, 2015. The Company has submitted quarterly compliance report on Corporate Governance with the Stock Exchanges, in accordance with the requirements of Regulation 27(2)(a) of the SEBI LODR, 2015.

In addition, the Company has also adopted the following non-mandatory requirements to the extent mentioned below:

- The Company's financial statements are unqualified.
- The Internal Auditor of the Company directly reports to the Audit Committee on functional matters.

8. 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.

9. Certificate on Corporate Governance

A Certificate from Practicing Company Secretaries, 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.

10. 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 (₹)#
2011-12	11th August, 2012	0.25	15th September, 2019	135,561.50
2012-13	22nd July, 2013	0.20	2nd September, 2020	137,428.20
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.
2018-19	N.A.	N.A.	N.A.	N.A.

* Share of paid - up value of ₹ 2 each.
# Amount unclaimed as at March 31, 2019

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.

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. The Chief Executive Officer has confirmed that all the Board Members and Senior Management Personnel have adhered to the compliance of the Code of Conduct during the financial year 2018-19.

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. The Company has complied with and has made adequate disclosures as required under Regulations 17 to 27 and Clauses (b) to (i) of Sub-Regulation (2) of Regulation 46 of the SEBI Listing Regulations.

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 29, 2018 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, 2019.

For and on behalf of the Board

Puneet Khurana
Chief Executive Officer

Mumbai
August 22, 2019

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, 2019.

For and on behalf of the Board

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

Mumbai
August 22, 2019

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

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

Mumbai
August 22, 2019

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, 2019, as per the relevant provisions of Securities and Exchange Board of India (Listing Obligations and Disclosures 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 as to the future viability of the Company nor of the efficiency or effectiveness with which the management has conducted the affairs of the Company.

This certificate is issued solely for the purposes of complying with the aforesaid Regulations and may not be suitable for any other purpose.

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

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

Mumbai
August 22, 2019

INDEPENDENT AUDITOR'S REPORT

To the Members of Everest Kanto Cylinder Limited

Report on the Audit of the Standalone Financial Statements

Opinion

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 2019, 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, in which is included the return for the year ended on that date audited by the branch auditor of the Company's branch located at United Arab Emirates.

2. 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 Companies Act, 2013 (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 Indian Accounting Standards ('Ind AS') specified under Section 133 of the Act, of the state of affairs (financial position) of the Company as at 31 March 2019, and its profit (financial performance including other comprehensive income), its cash flows and the changes in equity for the year ended on that date.

Basis for Opinion

3. We conducted our audit in accordance with the Standards on Auditing specified under Section 143(10) of the Act. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Company in accordance with the Code of Ethics issued by the Institute of Chartered Accountants of India ('ICAI') together with the ethical requirements that are relevant to our audit of the financial statements under the provisions of the Act and the rules thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Emphasis of Matter

4. We draw attention to Note 53 to the accompanying standalone financial statements regarding delays in payment of foreign currency payable against the supply of goods, receipt in foreign currency receivables and interest receivable on foreign currency loans aggregating to ₹ 12,385.21 lakhs, ₹ 17.29 lakhs and ₹ 2,297.23 lakhs respectively, that are outstanding for a period beyond the timelines stipulated in 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 regularising these defaults by filing necessary application with the appropriate authority for condonation of such delays. Management is of the view that the possible penalties etc. which may be levied for these contraventions cannot be measured with sufficient reliability and accordingly, the accompanying standalone financial statements does not include any adjustments that may arise due to such default. Our report is not modified in respect of this matter.

Key Audit Matters

5. Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the standalone financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

6. We have determined the matters described below to be the key audit matters to be communicated in our report.

Key audit matters	How our audit addressed the key audit matters
Recoverability of deferred tax assets During the year ended 31 March 2019, the Company recognised ₹ 5,707.31 lakhs of deferred tax assets on carry forward losses and Minimum Alternate Tax (MAT) credit as per Income-tax Act, 1961, as disclosed in Note 38 to the accompanying standalone financial statements. Ind AS 12, 'Income Taxes', requires deferred tax assets to be recognised for all deductible temporary differences to the extent that it is probable that future taxable income will be available against which the deductible temporary difference can be utilised.	Our audit procedures in relation to the recognition of deferred tax assets included, but were not limited to, the following: • Evaluated the design and tested the operating effectiveness of key controls implemented by the Company over recognition of deferred tax assets based on the assessment of Company's ability to generate sufficient taxable profits in foreseeable future allowing the use of deferred tax assets within the time prescribed by income tax laws; • Reconciled the future taxable profit projections to future business plans of the Company as approved by the Board of Directors;

The Company's ability to recover the deferred tax assets is assessed by the management at the close of each financial year which depends upon the forecasts of the future results and taxable profits that Company expects to earn within the period by which such brought forward losses may be adjusted against the taxable profits as governed by the Income-tax Act, 1961. We have considered it as a key audit matter, because of the amounts involved and significant management judgement in assessing the probability of generation of future taxable profits to utilise the recognised deferred tax assets.	• Tested the assumptions used in the aforesaid future projections such as growth rates, expected saving, etc. considering our understanding of the business, actual historical results, other relevant existing conditions, external data and market conditions; • Tested the arithmetical accuracy of the calculations included in the management projections; • Performed independent sensitivity analysis to test the impact of possible variations in key assumptions; • Evaluated management's assessment of time period available for adjustment of such deferred tax assets as per provisions of the Income Tax Act, 1961 and appropriateness of the accounting treatment with respect to the recognition of deferred tax assets as per requirements of Ind AS 12, 'Income Taxes'; and • Evaluated the appropriateness of the disclosures made in the standalone financial statements in respect of deferred tax assets.
Valuation and impairment of property, plant and equipment Refer Note 2 to the accompanying standalone financial statements. As at 31 March 2019, the carrying amount of certain property, plant and equipment is ₹ 6,890.65 lakhs. The said assets have remained idle for a considerable period due to demand contraction for certain products. Therefore, management has considered it to be an indicator of possible impairment in the carrying value of the assets. Accordingly, the management, with the help of independent valuer, has performed an impairment assessment and has estimated the recoverable amount of its investment in the property, plant and equipment using 'Replacement cost valuation model', which is a complex exercise, and involves the use of significant estimates and assumptions that are dependent on expected future market conditions. As per assessment done by the management, the carrying value of the said property, plant and equipment is impaired by ₹ 1,306.05 lakhs to reduce it to its estimated recoverable value. Considering the materiality of the amounts involved, the significant judgement required in estimating the quantum of impairment in the value of property, plant and equipment and such estimates and judgements being inherently subjective, this matter has been identified as a key audit matter for the current year audit.	**Our procedures included, but were not limited to the following:** • Obtained an understanding of management's process and evaluated design and tested operating effectiveness of controls around identification of indicators of impairment under Ind AS, and around valuation of the property, plant and equipment to determine its recoverable value; • Assessed the appropriateness of methodology and valuation model used by the management's valuation specialist to estimate the recoverable value of the property, plant and equipment; • Assessed the professional competence, objectivity and capabilities of the valuation specialist engaged by the management; • Assessed the reasonableness of management's estimates relating to expected useful lives of property, plant and equipment and recoverable value estimated by the valuation specialist based on replacement costs; • Tested the arithmetical calculations in the management's computation; and • Evaluated the adequacy of disclosures in respect of impairment of the said property, plant and equipment in the standalone financial statements.

Information other than the Financial Statements and Auditor's Report thereon

7. The Company's Board of Directors is responsible for the other information. The other information comprises the information included in the Annual Report, but does not include the financial statements and our auditor's report thereon. The Annual Report is expected to be made available to us after the date of this auditor's report.

Our opinion on the financial statements does not cover the other information and we will not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information identified above when it becomes available and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

When we read the Annual Report, if we conclude that there is a material misstatement therein, we are required to communicate the matter to those charged with governance.

Responsibilities of Management and Those Charged with Governance for the Standalone Financial Statements

8. The Company's Board of Directors is responsible for the matters stated in Section 134(5) of 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), changes in equity and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the 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 of 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 financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

9. In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

10. Those Board of Directors are also responsible for overseeing the Company's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

11. Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Standards on Auditing will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

12. As part of an audit in accordance with Standards on Auditing, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under Section 143(3)(i) of the Act, we are also responsible for expressing our opinion on whether the Company has adequate internal financial controls system in place and the operating effectiveness of such controls.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

13. We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

14. We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

15. From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or

regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Other Matter

16. We did not audit the financial information of one branch included in the standalone financial statements of the Company whose financial information reflects total assets and net assets of ₹ 407.87 lakhs and ₹ 85.39 lakhs respectively as at 31 March 2019, and the total revenue and net cash inflows of ₹ Nil and ₹ 0.71 lakhs respectively for the year ended on that date, as considered in the standalone financial statements. This financial information has been audited by the branch auditor whose report has been furnished to us by the management, and our opinion on the standalone financial statements, in so far as it relates to the amounts and disclosures included in respect of branch, is based solely on the report of such branch auditor.

    Our opinion on the standalone financial statements, and our report on Other Legal and Regulatory Requirements below, is not modified in respect of the above matter.

Report on Other Legal and Regulatory Requirements

17. As required by Section 197(16) of the Act, we report that the Company has paid remuneration to its directors during the year in accordance with the provisions of and limits laid down under Section 197 read with Schedule V to the Act.
18. 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, a statement on the matters specified in paragraphs 3 and 4 of the Order.
19. Further to our comments in Annexure A, as required by Section 143(3) of the Act, we report 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;

    b) 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 and proper returns adequate for the purposes of our audit have been received from the branches not visited by us;

    c) 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;

    d) the standalone financial statements dealt with by this report are in agreement with the books of account and with the return received from the branch not visited by us;

    e) in our opinion, the aforesaid standalone 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 and taken on record by the Board of Directors, none of the directors is disqualified as on 31 March 2019 from being appointed as a director in terms of Section 164(2) of the Act;

    g) we have also audited the internal financial controls over financial reporting (IFCoFR) of the Company as on 31 March 2019 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 2019 as per Annexure B expressed unmodified opinion;

    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 Auditors) Rules, 2014 (as amended), in our opinion and to the best of our information and according to the explanations given to us:

        i. the Company, as detailed in Note 44 to the standalone financial statements, has disclosed the impact of pending litigations on its financial position as at 31 March 2019;

        ii. the Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses as at 31 March 2019;

        iii. following are the instances of delays in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Company;

(₹ in lakhs)	Due Date	Date of payment
4.76	4 September 2018	1 December 2018

        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 standalone financial statements. Hence, reporting under this clause is not applicable.

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

Khushroo B. Panthaky
Partner
Membership No.: 42423

Place : Mumbai
Date: 30 May 2019

Annexure A to the Independent Auditor's Report of even date to the members of Everest Kanto Cylinder Limited, on the standalone financial statements for the year ended 31 March 2019

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 Note 2 - 'Property, plant and equipment') are held in the name of the Company except for the following properties:

(₹ in lakhs)

Nature of property	Total Number of Cases	Whether leasehold / freehold	Gross block as at 31 March 2019	Net block as at 31 March 2019
Land	Two	Leasehold	111.42	92.16

ii) In our opinion, the management has conducted physical verification of inventory at reasonable intervals during the year, except for goods-in-transit and stocks lying with third parties. For stocks lying with third parties at the year-end, written confirmations have been obtained by the management. No material discrepancies were noticed on the aforesaid verification.

iii) The Company has granted unsecured loans to two subsidiary 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) with respect to a loan given to a subsidiary, the schedule of repayment of principal and payment of interest has been stipulated wherein the principal and interest amounts are repayable on demand and since the repayment of such loan and payment of interest has not been demanded, in our opinion, repayment of the principal amount and payment of interest is regular; and

with respect to a loan given to another subsidiary, the schedule of repayment of principal and payment of interest has been stipulated and repayment/receipt of the principal amount is regular, except for interest, wherein the repayment/receipt of the is not regular;

c) there is no amount which is overdue for more than 90 days in respect of the principal amount of the loan granted. In our opinion, reasonable steps have been taken by the Company for the recovery of the interest amounting to ₹ 2,297.23 lakhs which is overdue for more than 90 days.

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, goods and service 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 to 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
The Income Tax Act, 1961	Income Tax	359.72	-	A.Y. 2009-10	Supreme Court of India
		422.16	60.00	A.Y. 2010-11	High Court of India
		157.26	157.26	A.Y. 2013-14	Commissioner of Income Tax (Appeals)
		167.71	158.62	A.Y. 2014-15	Commissioner of Income Tax (Appeals)
The Central Sales Tax Act, 1956	Central Sales Tax	12.82	-	F.Y. 2000-01	Maharashtra State Tax Tribunal
		141.54	43.08	F.Y. 2005-06	Joint Commissioner of Sales Tax (Appeals)
		54.15	6.44	F.Y. 2011-12	Joint Commissioner of Sales Tax (Appeals)
		90.58	10.78	F.Y. 2012-13	Joint Commissioner of Sales Tax (Appeals)
		57.20	26.74	F.Y. 2013-14	Joint Commissioner of Sales Tax (Appeals)
	Sales Tax (Lease Act)	21.05	7.36	F.Y. 1993-94 to F.Y 1997-98	Maharashtra State Tax Tribunal
The Bombay Sales Tax Act, 1959	Bombay Sales Tax	26.11	-	F.Y. 2000-01	Maharashtra State Tax Tribunal
The Gujarat Value Added Tax Act, 2003	Commercial Tax	14.99	7.84	F.Y. 2009-10	Joint Commissioner of Commercial Tax (Appeals)
The Maharashtra Value Added Tax Act, 2002	Value Added Tax	77.03	-	F.Y. 2009-10	Maharashtra Sales Tax Tribunal
		24.06	-	F.Y. 2010-11	Maharashtra Sales Tax Tribunal
		102.90	5.00	F.Y. 2011-12	Joint Commissioner of Sales Tax (Appeals)
		46.41	2.22	F.Y. 2012-13	Joint Commissioner of Sales Tax (Appeals)
		952.68	45.04	F.Y. 2013-14	Joint Commissioner of Sales Tax (Appeals)

viii) The Company has not defaulted in repayment of loans or borrowings to any financial institution or bank. The Company did not have any outstanding debentures during the year. The Company has defaulted in repayment of loans to the government during the year, which is detailed below:

Particulars	Amount of default as on 31 March 2019 (₹ in lakhs)	Period of default	Due Date	Remarks
Gujarat State Government	287.30	April 2018 to October 2018	1 April 2018	Delays of 93 to 188 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 purpose for which the loans were obtained.

x) 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) Managerial remuneration has been paid and provided by the Company in accordance with the requisite approvals mandated by the provisions of Section 197 of the Act read with Schedule V to the Act.

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 accounting standards.

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
Firm's Registration No.: 001076N/N500013

Khushroo B. Panthaky
Partner
Membership No.: 42423

Place : Mumbai
Date: 30 May 2019

Annexure B to the Independent Auditor's Report of even date to the members of Everest Kanto Cylinder Limited, on the standalone financial statements for the year ended 31 March 2019

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 2019, 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 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 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 2019, 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
Firm's Registration No.: 001076N/N500013

Khushroo B. Panthaky
Partner
Membership No.: 42423

Place : Mumbai
Date: 30 May 2019

STANDALONE BALANCE SHEET AS AT 31 MARCH 2019

		Note No.	As at 31 March 2019 (₹ in lakhs)	As at 31 March 2018 (₹ in lakhs)
I.	**ASSETS**			
1	**Non-current assets**			
	Property, plant and equipment	2	**20,001.49**	20,678.40
	Capital work-in-progress	3	**778.48**	31.52
	Intangible assets	4	**21.04**	13.24
	Financial assets			
	Investments	5	**2,449.54**	4,072.82
	Loans	6	**205.11**	952.13
	Other financial assets	7	**235.95**	252.07
	Deferred tax assets (net)	8	**5,713.62**	41.82
	Current tax assets (net)	9	**-**	611.00
	Other non - current assets	10	**66.94**	61.06
			29,472.17	26,714.06
2	**Current assets**			
	Inventories	11	**11,663.49**	10,683.78
	Financial assets			
	Investments	12	**7,303.63**	427.91
	Trade receivables	13	**8,478.61**	4,939.28
	Cash and cash equivalents	14	**130.98**	241.81
	Bank balances other than cash and cash equivalents	15	**1,095.88**	1,207.23
	Loans	16	**1,852.60**	5,678.33
	Other financial assets	17	**291.49**	77.37
	Other current assets	18	**5,388.35**	3,325.51
			36,205.03	26,581.22
	Assets classified as held for sale	19	**1,834.94**	3,070.62
	TOTAL ASSETS		**67,512.14**	56,365.90
II.	**EQUITY AND LIABILITIES**			
1	**Equity**			
	Equity share capital	20	**2,244.15**	2,244.15
	Other equity	21	**22,957.89**	14,385.86
			25,202.04	16,630.01
2	**Liabilities**			
	Non-current liabilities			
	Financial liabilities			
	Borrowings	22	**8,686.41**	13,952.96
	Provisions	23	**196.71**	144.76
			8,883.12	14,097.72
	Current liabilities			
	Financial liabilities			
	Borrowings	24	**7,137.12**	7,105.21
	Trade payables			
	Total outstanding dues to micro and small enterprises	25	**362.97**	257.05
	Total outstanding dues of creditors other than micro enterprises		**15,285.01**	11,328.63
	Other financial liabilities	26	**6,271.96**	4,021.31
	Provisions	27	**85.47**	57.52
	Current tax liabilities (net)	28	**142.84**	-
	Other current liabilities	29	**4,141.61**	2,868.45
			33,426.98	25,638.17
	TOTAL EQUITY AND LIABILITIES		**67,512.14**	56,365.90
	Significant accounting policies and other explanatory information	1		

The accompanying notes are an integral part of these standalone financial statements

This is the Balance Sheet referred to in our report of even date

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

Khushroo B. Panthaky
Partner
Membership No: 42423

Place : Mumbai
Date : 30 May 2019

For and on behalf of the Board of Directors

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

Punnet Khurana
Chief Executive Officer

Sanjiv Kapur
Chief Financial Officer

Bhagyashree Kanekar
Company Secretary

Place : Mumbai
Date : 30 May 2019

STANDALONE STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31 MARCH 2019

	Note No.	Year Ended 31 March 2019 (₹ in lakhs)	Year Ended 31 March 2018 (₹ in lakhs)
Revenue from operations	30	**45,249.14**	32,622.94
Other income	31	**649.05**	1,750.48
Total Income		**45,898.19**	34,373.42
Expenses:			
Cost of materials consumed	32	**24,547.53**	16,469.13
Purchases of stock-in-trade		**1,236.59**	2,201.30
Changes in inventories of finished goods, work-in-progress and stock-in-trade	33	**633.24**	100.12
Excise duty		**-**	344.47
Employee benefits	34	**2,257.20**	1,877.56
Finance costs	35	**2,614.07**	2,668.23
Depreciation and amortisation	2,4	**1,311.97**	1,268.55
Other expenses	36	**9,259.37**	6,760.37
Total Expenses		**41,859.97**	31,689.73
Profit / (Loss) before foreign exchange variation gain / (loss), exceptional items and tax		**4,038.22**	2,683.69
Foreign exchange variation gain / (loss)		**519.97**	60.08
Profit / (Loss) before exceptional items and tax		**4,558.19**	2,743.77
Exceptional items gain / (loss) (net)	37	**(504.82)**	(967.83)
Profit / (Loss) before tax		**4,053.37**	1,775.94
Tax expense / (credit)	38		
Current tax		**1,008.12**	465.00
Deferred tax		**(5,707.31)**	5.90
		(4,699.19)	470.90
Net Profit / (Loss) after tax		**8,752.56**	1,305.04
Other comprehensive income / (loss)	39		
Items that will not be reclassified to profit or loss			
i) Measurements of defined employee benefit plans		**(18.04)**	(16.89)
ii) Changes in fair value of fair value through other comprehensive income equity measurements		**(126.98)**	73.89
iii) Income tax relating to these items		**(35.51)**	(12.86)
Total other comprehensive income / (loss) (net of tax)		**(180.53)**	44.14
Total comprehensive income for the year		**8,572.03**	1,349.18
Earnings per equity share	48		
Basic and diluted (in ₹)		**7.80**	1.16
Face value per share (in ₹)		**2.00**	2.00
Significant accounting policies and other explanatory information	1		

The accompanying notes are an integral part of these standalone financial statements

This is the Statement of Profit and Loss referred to in our report of even date

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

Khushroo B. Panthaky
Partner
Membership No: 42423

Place : Mumbai
Date : 30 May 2019

For and on behalf of the Board of Directors

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

Punnet Khurana
Chief Executive Officer

Sanjiv Kapur
Chief Financial Officer

Bhagyashree Kanekar
Company Secretary

Place : Mumbai
Date : 30 May 2019

STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 MARCH 2019

Equity share capital

(₹ in lakhs)

	Note No.	Number of shares	Amount
As at 01 April 2017		**112,207,682**	**2,244.15**
Changes in equity share capital		-	-
As at 31 March 2018	20	**112,207,682**	**2,244.15**
Changes in equity share capital		-	-
As at 31 March 2019		**112,207,682**	**2,244.15**

Other equity

(₹ in lakhs)

	Reserves and surplus				Total
	Securities premium	General reserve	Retained earnings	Fair value through other comprehensive income - Equity investments	
Opening balance as at 01 April 2017	**24,789.64**	**7,491.00**	**(19,591.42)**	**347.46**	**13,036.68**
Transactions during the year					
Net profit for the year	-	-	1,305.04	-	**1,305.04**
Other comprehensive income/(loss) 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**
Transactions during the year					
Net profit for the year	-	-	8,752.56	-	**8,752.56**
Other comprehensive income/(loss) for the year	-	-	(11.74)	(168.79)	**(180.53)**
Closing balance as at 31 March 2019	**24,789.64**	**7,491.00**	**(9,556.54)**	**233.79**	**22,957.89**

The accompanying notes are an integral part of these standalone financial statements

This is the Statement of Changes in Equity referred to in our report of even date

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

Khushroo B. Panthaky
Partner
Membership No: 42423

Place : Mumbai
Date : 30 May 2019

For and on behalf of the Board of Directors

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

Punnet Khurana
Chief Executive Officer

Sanjiv Kapur
Chief Financial Officer

Bhagyashree Kanekar
Company Secretary

Place : Mumbai
Date : 30 May 2019

STANDALONE CASH FLOW STATEMENT FOR THE YEAR ENDED 31 MARCH 2019

		Year Ended 31 March 2019 (₹ in lakhs)	Year Ended 31 March 2018 (₹ in lakhs)
A.	**Cash flow from operating activities**		
	Profit / (Loss) before tax	**4,053.37**	1,775.94
	Adjustments for :		
	Provision for sales returns	**14.33**	(8.41)
	Fair valuation of financial guarantee	**(7.47)**	(8.37)
	Reclassification of measurements of defined employee benefit plans	**(18.04)**	(16.89)
	Depreciation and amortisation	**1,311.97**	1,268.55
	Unrealised foreign exchange variation gain / (loss)	**(93.18)**	1.15
	Impairment of property, plant and equipment	**1,306.05**	-
	Changes in fair value of fair value through other comprehensive income equity measurements	**(126.98)**	73.89
	Profit on sale of property, plant and equipment (net)	**(2.25)**	-
	Excess provision written back	**(101.05)**	(281.98)
	Liabilities no longer required written back	**(76.33)**	(145.84)
	Finance costs	**2,614.07**	2,668.23
	Interest on financial assets measured at amortised cost	**(284.54)**	(893.57)
	Dividend on financial assets measured at fair value through profit and loss	**(0.14)**	(0.12)
	Excess provision written back of inventories	**(98.46)**	(32.17)
	Bad debts / advances write off	**137.11**	122.38
	Provision for doubtful debts	**149.22**	77.83
	Provision for doubtful loans	**73.00**	-
	Provision towards doubtful interest receivable	**2,297.23**	-
	Provision for / (reversal) of diminution in value of investment	**(3,000.00)**	1,000.00
	Operating profit before working capital changes	**8,147.91**	5,600.62
	Adjustment for movements in:		
	Decrease / (Increase) in inventories	**(881.25)**	(1,140.44)
	Decrease / (Increase) in trade and other receivables	**(5,410.21)**	(1,655.92)
	(Decrease) / Increase in trade and other payables	**3,229.80**	(3,612.68)
	Operating profit after working capital changes	**5,086.25**	(808.42)
	Direct taxes paid (net of refunds)	**(254.28)**	(69.71)
	Net cash generated from / (used in) operating activities	**4,831.97**	(878.13)
B.	**Cash flow from investing activities**		
	Inflow:		
	Dividend on financial assets measured at fair value through profit and loss	**0.14**	0.12
	Interest on financial assets measured at amortised cost	**200.00**	1,128.17
	Advance received against sale of property, plant and equipment	**1,328.00**	100.00
	Fixed deposits matured / (placed)	**127.47**	(999.46)
	Sale proceeds of property, plant and equipment	**19.80**	16,034.31
	Repayment of inter-corporate deposit	**171.48**	-
		1,846.89	16,263.14
	Outflow:		
	Purchase of property, plant and equipment (including capital work-in-progress)	**1,720.89**	1,843.54
		1,720.89	1,843.54
	Net cash (used in) / generated from investing activities	**126.00**	14,419.60

STANDALONE CASH FLOW STATEMENT FOR THE YEAR ENDED 31 MARCH 2019

	Year Ended 31 March 2019 (₹ in lakhs)	Year Ended 31 March 2018 (₹ in lakhs)
C. Cash flow from financing activities		
Inflow:		
Proceeds from current borrowings (net)	**31.91**	590.04
Proceeds from non-current borrowings	**1,285.25**	2,958.00
	1,317.16	3,548.04
Outflow:		
Repayment of non-current borrowings	**3,760.25**	14,277.57
Finance costs paid	**2,621.90**	2,705.21
Unclaimed dividend	**3.81**	2.37
	6,385.96	16,985.15
Net cash used in financing activities	**(5,068.80)**	(13,437.11)
Net increase/ (decrease) in cash and cash equivalents (A+B+C)	**(110.83)**	104.36
Add: Cash and cash equivalents at the beginning of the year	**241.81**	137.45
Cash and cash equivalents (refer note 14)	**130.98**	241.81
Cash and cash equivalents as per above comprises of the following:		
Cash on hand	**25.75**	22.95
Balances with banks	**105.23**	218.86

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.

This is the Cash Flow Statement referred to in our report of even date

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

Khushroo B. Panthaky
Partner
Membership No: 42423

Place : Mumbai
Date : 30 May 2019

For and on behalf of the Board of Directors

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

Punnet Khurana
Chief Executive Officer

Sanjiv Kapur
Chief Financial Officer

Bhagyashree Kanekar
Company Secretary

Place : Mumbai
Date : 30 May 2019

NOTES TO STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2019

NOTE 1:

Significant accounting policies and other explanatory information

a) 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 – 400 021. 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. Further, the Company is engaged in the trading of fire equipment and castor oil and generation of power.

b) Basis of preparation

i) Compliance with Ind AS

These financial statements have been prepared 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 ('Act') read with of the Companies (Indian Accounting Standards) Rules, 2015 as amended and other relevant provisions of the Act. The financial statements have been authorised and approved by Board of directors on 30 May 2019.

ii) Historical cost convention

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

1) Certain financial assets and liabilities that are measured at fair value;

2) Assets held for sale – measured at lower of carrying amount or fair value less cost to sell; and

3) Defined benefit plans - plan assets measured at fair value

iii) Current and non-current classification

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 to the Act.

iv) Rounding of amounts

All amounts disclosed in the standalone financial statements and notes have been rounded off to two decimals of the nearest lakh as per the requirement of Schedule III, unless otherwise stated.

c) Investment in subsidiaries

Investments in subsidiaries are accounted at cost less impairment in accordance with Ind AS 27, 'Separate Financial Statements'.

d) 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.

e) Revenue Recognition

Revenue is recognised on satisfaction of performance obligation upon transfer of control of promised products or services to customers, at an amount that reflects the consideration expected to be received by the Company in exchange for those products or services.

The Company satisfies a performance obligation and recognises revenue over time, if one of the following criteria is met:

i) The customer simultaneously receives and consumes the benefits provided by the Company's performance as the Company performs; or

ii) The Company's performance creates or enhances an asset that the customer controls as the asset is created or enhanced; or

iii) The Company's performance does not create an asset with an alternative use to the Company and an entity has an enforceable right to payment for performance completed to date.

For performance obligations where one of the above conditions are not met, revenue is recognised at the point in time at which the performance obligation is satisfied.

Revenue from sale of products are recognised at a time on which the performance obligation is satisfied.

Recognition in case of local sales is generally recognised on the dispatch of goods. Revenue from export sales is generally recognised on the basis of the dates of "On Board Bill of Lading". The Company 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 right to receive the benefit is established and conditions attached to the benefits are satisfied.

NOTES TO STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2019

f) 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 Standalone Statement of Profit or Loss only when the right to receive payment is established.

g) Income tax

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.

Deferred income tax is provided in full, using the liability method on temporary differences arising between the tax bases of assets and liabilities and their carrying amount in the financial statement. 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 excepted to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

Deferred tax assets are recognised for all deductible temporary differences and unused tax losses, only if, it is probable that future taxable amounts will be available to utilise those temporary differences and losses.

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 off set where the Company has a legally enforceable right to offset and intends either to settle on a net basis, or to realize the asset and settle the liability simultaneously.

Current and deferred tax is recognised in the Standalone Statement of Profit and Loss, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case, the tax is also recognised in other comprehensive income or directly in equity, respectively.

Minimum Alternate Tax credit is recognised as deferred tax asset only when and to the extent there is convincing evidence that the Company will pay normal income tax during the specified period. Such asset is reviewed at each Balance Sheet date and the carrying amount of the MAT credit asset is written down to the extent there is no longer a convincing evidence to the effect that the Company will pay normal income tax during the specified period.

h) 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 Standalone 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 Standalone 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 Standalone Balance Sheet based on their nature.

i) 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 Standalone 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.

NOTES TO STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2019

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.

j) Cash and cash equivalents

For the purpose of presentation in the Standalone 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.

k) Inventories

i) Raw Materials and components, Work-in-progress, Finished goods, Stock-in-trade are valued at lower of cost and net realisable value.

ii) Goods in transit are valued at cost to date.

iii) '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 is 'First In First Out'.

iv) Inter-unit transfers are valued either at works or factory costs of the transferor unit.

v) Stores and spares are charged to Standalone Statement of Profit or Loss during the reporting period in which they are purchased.

l) 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 Standalone Statement of Profit or Loss or Other comprehensive income / (loss). 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 Standalone 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 / (loss), there is no subsequent reclassification of fair value gains and losses to Standalone 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 Standalone Statement of Profit or 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.

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

NOTES TO STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2019

the financial asset, the asset is continued to be recognised to the extent of continuing involvement in the financial asset.

m) Offsetting financial instruments

Financial assets and liabilities are offset and the net amount is reported in the Standalone 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 company or the counterparty.

n) 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 is 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 Standalone Statement of Profit or Loss during the reporting period in which they are incurred.

On transition to Ind AS, the Company had elected to continue with carrying value of all its property, plant and equipment recognized 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.

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 equipment:	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.

o) 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 Standalone Statement of Profit and Loss when the asset is derecognised.

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

p) 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 derecognised from the Standalone 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 Standalone Statement of Profit or Loss. The gain / loss is recognised in other equity in case of transaction with shareholders.

NOTES TO STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2019

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.

q) **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 Standalone Statement of Profit or Loss in the period in which they are incurred.

r) **Provisions, Contingent Liabilities and Contingent Assets**

A provision is recognised when the Company 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 Company.

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

s) **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 Standalone Statement of Profit and Loss. Actuarial gains and losses arising on the measurement of defined benefit obligation is charged/ credited to Other comprehensive income / (loss). 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 Standalone Statement of Profit and Loss of the year in which they are incurred.

t) **Earnings per share**

Basic earnings per share are calculated by dividing the net profit or loss (excluding other comprehensive income / (loss)) 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 / (loss)) for the year attributable to equity shareholders and the weighted average number of shares outstanding during the year are adjusted for the effects of all dilutive potential equity shares.

NOTES TO STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2019

u) **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 Standalone Balance Sheet.

v) **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.

w) **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.

x) **Critical estimates and judgements**

The preparation of standalone 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.

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.

i) Estimation of provision for inventory - refer note 11.

ii) Estimated useful life of property, plant and equipment and intangible assets – refer notes 2, 3 and 4.

iii) Impairment of carrying value of property, plant and equipment – refer note 2.

iv) Estimation of current tax expenses and recognition of deferred tax assets on brought forward losses, unabsorbed depreciation, minimum alternate tax credit and other temporary differences - refer note 38.

v) Probable outcome of matters included under Contingent Liabilities - refer note 44.

vi) Provision for doubtful debts / loans - refer note 6, 13, 16.

vii) Estimation of Defined benefit obligation - refer note 45.

viii) Estimated fair value of investments in Everest Kanto Investment and Finance Private Limited - Refer note 40.

y) **Standard issued but not yet effective**

Ind AS 116

On 30 March 2019, the Ministry of Corporate Affairs (MCA), in consultation with the National Financial Reporting Authority, has issued Companies (Indian Accounting Standards) Amendment Rules, 2019 to amend the Companies (Indian Accounting Standards) Rules, 2015. This results in introduction of Ind AS 116, Leases, that comprehensively revamps the leases guidance. Consequently, Ind AS 17 has been withdrawn, and other standards are suitably modified. The amendment is applicable to the Company from 01 April 2019. The Company is currently assessing the potential impact of this amendment.

Other amendments

On 30 March 2019, the Ministry of Corporate Affairs (MCA), in consultation with the National Financial Reporting Authority, has issued Companies (Indian Accounting Standards) Second Amendment Rules, 2019 to amend the Companies (Indian Accounting Standards) Rules, 2015. This results in amendment in few other existing standards such as Appendix C to Ind AS 12 Income tax, Ind AS 23 Borrowing cost, Ind AS 109 Financial Instrument, Ind AS 19 Employee Benefits, Ind AS 28 Investments in Associates and Joint Ventures. However, these amendments do not have any impact on the Company.

NOTES TO STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2019

2 Property, plant and equipment

(₹ in lakhs)

	Freehold land	Leasehold land [Refer note (i) below]	Buildings [Refer note (ii) below]	Plant and equipment	Furniture and fixtures	Vehicles Refer note (iii) below]	Office equip-ment	Compu-ters	Gas Cylinders	Gas Cylinders on lease	Electrical Installa-tions	Total	Note 3: Capital work in progress
Gross carrying amount													
Balance as at 01 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 as 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**	
Additions/Transfer of assets [Refer note 19(iv)]	-	-	1,259.81	297.32	9.74	152.65	18.94	11.25	-	193.49	14.65	1,957.85	
Disposals	-	-	11.38	0.01	-	8.38	1.72	1.16	-	-	-	22.65	
Balance as at 31 March 2019	**232.60**	**266.97**	**9,427.19**	**29,125.35**	**310.05**	**424.54**	**234.32**	**806.73**	**563.80**	**193.49**	**603.81**	**42,188.85**	
Accumulated depreciation													
Balance as at 01 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**	
Depreciation charge for the year	-	1.29	185.71	989.92	13.37	35.47	8.14	8.47	12.04	2.98	53.77	1,311.16	
Impairment [Refer note (iv) below]	-	-	-	1,306.05	-	-	-	-	-	-	-	1,306.05	
On disposals	-	-	1.61	-	-	2.86	0.47	0.16	-	-	-	5.10	
Balance as at 31 March 2019	**-**	**167.77**	**2,294.66**	**17,649.06**	**226.23**	**140.29**	**189.40**	**753.61**	**327.40**	**2.98**	**435.96**	**22,187.36**	
Net carrying amount													
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**
As at 31 March 2019	**232.60**	**99.20**	**7,132.53**	**11,476.29**	**83.82**	**284.25**	**44.92**	**53.12**	**236.40**	**190.51**	**167.85**	**20,001.49**	**778.48**

Notes :

i) Execution of lease deed is pending for land acquired at Tarapur Plant aggregating ₹ 111.42 lakhs (31 March 2018: ₹ 111.42 lakhs).

ii) Includes ₹ 750 (31 March 2018: ₹ 750) paid for shares acquired in co-operative societies.

iii) Includes vehicles in the personal name of directors having gross block of ₹ 118.50 lakhs and written down value of ₹ 62.73 lakhs [(31 March 2018 ₹ 118.50 lakhs and written down value of ₹ 76.24 lakhs)].

iv) The assets of the Company include certain property, plant and equipment having carrying amount of ₹ 6,890.65 lakhs which have remained idle for a considerable period due to contraction in demand. Accordingly, management has performed impairment test on these assets and have recorded an impairment provision of ₹ 1,306.05 lakhs during the year ended 31 March 2019.

Recoverable amount of the asset is derived by reducing cost of disposal from fair value.

Details of valuation-

a) Level of the fair value hierarchy – Level 3.

b) Description of the valuation technique – Cost approach.

c) Key assumptions – Salvage value, costs of disposal, latest quotations with same / similar specifications, economic indices as per Reserve Bank of India, etc.

v) Disclosure of contractual commitments for the acquistion of property, plant and equipment [Refer note 44(e)].

vi) Information on property, plant and equipment pledged as security by the Company (Refer note 50).

4 Intangible assets

(₹ in lakhs)

	Computer Software	Total
Gross carrying amount		
Balance as at 01 April 2017	**245.53**	**245.53**
Additions	0.48	**0.48**
Disposals	-	**-**
Balance as at 31 March 2018	**246.01**	**246.01**
Additions	8.61	**8.61**
Disposals	-	**-**
Balance as at 31 March 2019	**254.62**	**254.62**
Accumulated amortisation		
Balance as at 01 April 2017	**232.63**	**232.63**
Amortisation charge	0.14	**0.14**
On disposals	-	**-**
Balance as at 31 March 2018	**232.77**	**232.77**
Amortisation charge	0.81	**0.81**
On disposals	-	**-**
Balance as at 31 March 2019	**233.58**	**233.58**
Net carrying amount		
As at 31 March 2018	**13.24**	**13.24**
As at 31 March 2019	**21.04**	**21.04**

NOTES TO STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2019

5 Non-current investments

(₹ in lakhs)

	Face value of shares	Fully paid/ partly paid	As at 31 March 2019		As at 31 March 2018	
			Quantity (Number)	₹ in lakhs	Quantity (Number)	₹ in lakhs
Investment in equity shares (Unquoted - measured at cost)						
(i) Investments in foreign subsidiaries						
EKC International FZE	AED 1	Fully paid	**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**	**163.79**	1	156.32
EKC Industries (Thailand) Co., Ltd [Refer note 12(i)]	THB 1000	Fully paid	**-**	**-**	100,000	1,503.77
(ii) Investments in indian subsidiaries						
EKC Positron Gas Ltd	INR 10	Fully paid	**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 and Liquefaction Engineering Limited [Refer note (i) below]	INR 10	Fully paid	**1,606,950**	**238.88**	1,606,950	238.88
Calcutta Compressions and Liquefaction Engineering Limited [Refer note (i) below]	INR 10	Partly paid (₹ 6 / share)	**3,214,000**	**192.84**	3,214,000	192.84
Less: Provision for impairment in value of investment				**(431.72)**	-	(431.72)
(iii) Equity investments measured at fair value through other comprehensive income						
Everest Kanto Investment & Finance Private Limited	INR 10	Fully paid	**115,000**	**269.29**	115,000	360.12
GPT Steel Industries Private Limited	INR 10	Fully paid	**2,000,000**	**-**	2,000,000	36.20
Tarapur Environment Protection Society	INR 100	Fully paid	**5,852**	**9.56**	5,852	9.51
Total investments in equity shares				**2,449.54**		4,072.82
Total non-current investments				**2,449.54**		4,072.82
Aggregate amount of unquoted investments				**2,449.54**		4,072.82
Aggregate amount of impairment in value of investments				**431.72**		431.72

Notes :

i) As at 31 March 2019, the Company is holding a majority stake of ₹ 431.72 lakhs (₹ 431.72 lakhs as at 31 March 2018) in its subsidiary, Calcutta Compressions and Liquefaction Engineering Limited (CC&L). Further, the Company has trade receivables and loan, aggregating ₹ 1,118.04 lakhs (31 March 2018 : ₹ 1,201.40 lakhs) due from it. The net worth of CC&L has fully eroded. During year ended 31 March 2019, provision of ₹ 73 lakhs (31 March 2018 : ₹ Nil) towards loan has been made on management's assessment of the recoverable value of the loan. This provision has been disclosed in Note 36 - Other expenses. Further, recognition of interest income of ₹ 69.93 lakhs for the year ended 31 March 2019 (₹ Nil for the year ended 31 March 2018) in respect of the aforesaid loan has been deferred by the Company, due to uncertainties with respect to ultimate collection of outstanding amounts.

ii) Refer note 40 for information about fair value measurement, credit risk and market risk of investments.

NOTES TO STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2019

		As at 31 March 2019 (₹ in lakhs)	As at 31 March 2018 (₹ in lakhs)
6	**Non-current loans**		
	Unsecured considered good, unless otherwise stated		
	Inter-corporate deposit [Refer note 16(i)]	-	747.78
	Security deposits		
	- Considered good	205.11	204.35
	- Significant increase in credit risk	-	-
	- Considered credit impaired	254.00	254.00
	Less : Impairment allowance		
	- Credit impaired	(254.00)	(254.00)
	Total	205.11	952.13
	Refer note 41 for information about credit risk and market risk for loans and note 16(iii) for disclosures under Section 186 of the Companies Act, 2013.		
7	**Other non-current financial assets**		
	Unsecured, considered good		
	Deposits maturing over 12 months*	235.95	252.07
	Total	235.95	252.07
	*Margin money against bank guarantees and letter of credit facilities availed from bank.		
8	**Deferred tax assets (net)**		
	Deferred tax liability on account of :		
	Depreciation and amortisation	3,744.06	4,154.13
	Financial liabilities measured at amortised cost	21.29	35.37
		3,765.35	4,189.50
	Deferred tax assets on account of :		
	Financial assets measured at fair value through other comprehensive income	-	41.81
	Provision for doubtful debts / deposits / advances / other receivables, etc.	1,714.02	378.20
	Provision for employee benefits	90.60	54.34
	Provision for sales returns	7.90	16.35
	Unabsorbed depreciation as per tax laws	1,358.37	1,358.37
	Carried forward business losses as per tax laws	4,875.65	2,382.25
	Minimum alternate tax credit entitlement	1,432.43	-
		9,478.97	4,231.32
	Total	5,713.62	41.82

Considering the recent improvements in Company's performance and management's expectation of sustainable profits in future periods, the Company has recognised deferred tax assets on brought forward business losses and unabsorbed depreciation. It has also accrued minimum alternate tax credit available as per Income-tax Act, 1961. Accordingly, the Standalone Statement of Profit and Loss for the year ended 31 March 2019 includes deferred tax credit of ₹ 5,707.31 lakhs recognized on brought forward losses, unabsorbed depreciation, minimum alternate tax credit and other temporary differences. During the previous year, the recognition of deferred tax assets were limited to the amount of deferred tax liabilities on the ground of prudence.

9	**Current tax assets (net)**		
	Advance income tax (31 March 18: net of provisions ₹ 3,897.33 lakhs)	-	611.00
	Total	-	611.00

NOTES TO STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2019

		As at 31 March 2019 (₹ in lakhs)	As at 31 March 2018 (₹ in lakhs)
10	**Other non-current assets**		
	Capital advances	**51.93**	46.05
	Security deposits	**15.01**	15.01
	Total	**66.94**	61.06
11	**Inventories**		
	Raw materials and components	**5,539.18**	4,139.44
	Less: Provision for diminution in value	**(568.11)**	(665.30)
	Work-in-progress	**5,130.95**	6,690.75
	Less: Provision for diminution in value	**(232.07)**	(330.53)
	Finished goods	**1,504.67**	808.53
	Finished goods - In transit	**177.68**	-
	Stock-in-trade	**81.11**	24.54
	Stores and spares	**30.08**	16.35
	Total	**11,663.49**	10,683.78
12	**Current investments**		
	Investment in equity shares of a subsidiary - Unquoted, fully paid and measured at cost		
	EKC Industries (Thailand) Co., Ltd [Refer note (i) below]	**1,503.77**	-
	[100,000 shares (31 March 2018: 100,000 shares) of the face value THB 1,000 each]		
	EKC Industries (Tianjin) Co., Ltd [Refer notes (ii) and (iii) below] [(net of impairment of ₹ Nil (31 March 2018: ₹ 3,000 lakhs)]	**5,796.87**	425.07
	[19,939,320 shares (31 March 2018: 16,670,000 shares) of the face value USD 1 each]		
	Investment in Mutual Funds - quoted (measured at fair value through profit and loss)		
	LIC Liquid Fund - Dividend Plan 163.72 units (31 March 2018: 156.15 units)	**1.80**	1.71
	UTI Liquid Fund - Cash Plan Institutional - Daily Income 116.72 units (31 March 2018: 101.56 units)	**1.19**	1.13
	Total	**7,303.63**	427.91
	Aggregate amount of quoted investments and market value thereof	**2.99**	2.84
	Aggregate amount of unquoted investments	**7,300.64**	3,425.07
	Aggregate amount for impairment in value of investments	**–**	3,000.00

Note :

i) During the year ended 31 March 2019, the Company has decided to wind up the business operations of EKC Industries (Thailand) Co., Ltd, a wholly owned subsidiary of the Company. The winding up would be completed post completion of requisite regulatory formalities in India and Thailand. Accordingly, investment in shares of EKC Industries (Thailand) Co., Ltd have been classified as current investments.

ii) The Company and EKC International FZE (UAE subsidiary) in earlier years had advanced loans to EKC Industries (Tianjin) Co. Ltd (China subsidiary). During the year ended 31 March 2019, pursuant to approval from Commerce Bureau, Tianjin, China these loans have been converted into equity shares of the China subsidiary. Accordingly, the Company has received fresh equity share investments in China subsidiary on conversion of loans aggregating to ₹ 2,371.80 lakhs (31 March 2018 : Nil).

iii) During the year ended 31 March 2019, the Company along with its UAE subsidiary (the 'sellers') has entered into an agreement to sell its entire stake in China subsidiary to a company in China ('the buyer'), for an aggregate consideration of RMB 93.50 Million (approx. ₹ 9,656 lakhs). The sale process has commenced wherein the sellers are in the advanced stage of consummation of the agreement and have already received a substantial amount of sales consideration in the Escrow Account. Accordingly, during the year ended 31 March 2019, the Company has recorded a gain under 'Exceptional items' of ₹ 3,000 lakhs, constituting the reversal of provision made in the earlier accounting periods towards impairment of investment in the China subsidiary. (Provision of ₹ 1,000 lakhs for the year ended 31 March 2018).

NOTES TO STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2019

		As at 31 March 2019 (₹ in lakhs)	As at 31 March 2018 (₹ in lakhs)
13	**Trade receivables**		
	Trade receivables (Refer note 53)	**8,089.06**	4,766.74
	Receivables from related parties (Refer note 43)	**1,107.41**	862.51
	Less : Provision for doubtful debts	**(717.86)**	(689.97)
	Total	**8,478.61**	4,939.28
	Break up of trade receivables		
	- Secured, considered good	**-**	-
	- Unsecured, considered good	**8,519.18**	4,960.30
	- Significant increase in credit risk	**-**	-
	- Credit impaired	**677.29**	668.95
	Less : Impairment allowance		
	- Allowance for expected credit loss	**(40.57)**	(21.02)
	- Credit impaired	**(677.29)**	(668.95)
	Total	**8,478.61**	4,939.28
	Refer note 41 for information about credit risk and market risk of trade receivables		
14	**Cash and cash equivalents**		
	Balances with banks		
	- In current accounts	**95.99**	216.41
	- In EEFC accounts	**9.24**	2.45
	Cash on hand	**25.75**	22.95
	Total	**130.98**	241.81
	There are no repatriation restrictions with regards to cash and cash equivalents as at the end of the reporting period.		
15	**Bank balances other than cash and cash equivalents**		
	Margin money against guarantees	**850.82**	777.37
	Deposits with maturity of more than 3 months but less than 12 months	**1.87**	2.23
	Margin money against letter of credit	**240.46**	421.09
	Earmarked balances - unpaid dividend accounts	**2.73**	6.54
	Total	**1,095.88**	1,207.23
16	**Current loans**		
	Unsecured considered good, unless otherwise stated		
	Inter-corporate deposit [Refer note (i) below]	**1,450.36**	783.03
	Loans to related parties		
	- Considered good [Refer note 12(ii)]	**371.41**	4,628.48
	- Significant increase in credit risk	**-**	-
	- Considered credit impaired [Refer note 5(i) and note (ii) below]	**2,508.54**	138.31
	Less : Impairment allowance		
	- Credit impaired	**(2,508.54)**	(138.31)
	Security deposits	**14.91**	222.81
	Others	**15.92**	44.01
	Total	**1,852.60**	5,678.33
	Refer note 41 for information about credit risk and market risk for loans		

NOTES TO STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2019

	As at 31 March 2019 (₹ in lakhs)	As at 31 March 2018 (₹ in lakhs)

Notes :

i) 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. During the year ended 31 March 2018, the Company had entered into a revised agreement with Hubtown Limited and had made recoveries in accordance with the revised agreement. Accordingly, considering the positive developments during the previous year, the Company had recognized interest income of ₹ 815.08 lakhs (including unrecognised income of ₹ 532.47 lakhs till 31 March 2017) in the previous year. Further, the provision towards doubtful recovery of inter-corporate deposit of ₹ 100 lakhs had also been reversed during the year ended 31 March 2018. These amounts are forming part of Note 31 - Other income for the year ended 31 March 2018.

ii) During the year ended 31 March 2019, the Company has filed an application with Reserve Bank of India (RBI) seeking permission for write-off of interest receivable aggregating ₹ 2,297.23 lakhs on loans advanced to EKC Industries (Tianjin) Co., Ltd. Pending RBI approval, a provision of equivalent amount has been made and disclosed in Note 37 - Exceptional items gain / (loss) (net).

		As at 31 March 2019 (₹ in lakhs)	As at 31 March 2018 (₹ in lakhs)
iii)	**Disclosure as per Section 186 of the Companies Act, 2013**		
a)	**Hubtown Limited**		
	Balance as at the year end	**1,450.36**	1,530.81
	Maximum amount outstanding at any time during the year	**1,530.81**	2,262.87
	[The loan has been provided for working capital requirements and business purposes (rate of interest - 15% p.a. w.e.f 1 January 2018, 21% p.a. till 31 December 2017]		
b)	**EKC Industries (Tianjin) Co., Ltd**		
	Balance as at the year end	**2,297.23**	4,184.07
	Maximum amount outstanding at any time during the year	**4,669.03**	4,184.07
	[The loan has been provided for working capital requirements and capital expenditure (rate of interest - 7.50% p.a.)] [Refer note 12(ii)]		
c)	**Calcutta Compressions and Liquefaction Engineering Limited**		
	Balance as at the year end	**582.72**	582.72
	Maximum amount outstanding at any time during the year	**582.72**	582.72
	[The loan has been provided for working capital requirements (rate of interest - 12% p.a.)]		
17	**Other current financial assets**		
	Unsecured, considered good		
	Security deposits*	**241.66**	21.42
	Interest receivable:		
	- Banks	**45.11**	36.10
	- Others	**4.72**	19.85
	Total	**291.49**	77.37

*Includes ₹ 10 lakhs (31 March 18: ₹ 10 lakhs), a security deposit to a private company in which directors are directors / members.

NOTES TO STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2019

		As at 31 March 2019 (₹ in lakhs)	As at 31 March 2018 (₹ in lakhs)
18	**Other current assets**		
	Advances other than capital advances		
	- Advances paid to suppliers [Includes advances paid to subsidiaries ₹ 3,787.36 lakhs (31 March 2018 : ₹ 1,089.70 lakhs)]	**5,109.77**	2,667.41
	- Prepaid expenses	**50.75**	74.28
	- Other advances	**101.31**	-
	Balance with statutory authorities	**88.02**	583.82
	Right to receive inventory	**38.50**	-
	Total	**5,388.35**	3,325.51
19	**Assets classified as held for sale**		
	Freehold land [Refer note (i) below]	**273.85**	273.85
	Capital work-in-progress [Refer note (ii) below]	**1,548.48**	1,548.48
	Buildings [Refer note (iii) and (iv) below]	**12.61**	1,248.29
	Total	**1,834.94**	3,070.62

Notes :

i) During the year ended 31 March 2017, the Company had entered into an agreement towards sale of agricultural land (the "Specified Assets"), situated at Gandhidham. 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 carrying value of the agricultural land is USD 4 Million and ₹ 273.85 lakhs (31 March 2018: ₹ 273.85 lakhs), respectively. An amount of USD 2 Million received during the year ended 31 March 2017 as an advance against the said agricultural land has been included in Note 29 - Other current liabilities'.

ii) During the year ended 31 March 2017, pursuant to the decision of the Company to sell certain items of plant and equipment forming part of Capital work-in-progress, the same has been considered as 'Assets classified as held for sale'. The carrying value of these assets have been written down to their net realisable value at ₹ 1,548.48 lakhs (31 March 2018: ₹ 1,548.48 lakhs) as at 31 March 2019.

iii) As at 31st March, 2019, 'Assets classified as held for sale' include office premises at Mumbai having book value ₹ 12.61 lakhs (₹ 12.61 lakhs as at 31 March 2018), pursuant to the decision of the Company to dispose off the same. An amount of ₹ 1,428 lakhs (31 March 2018 : ₹ 100 lakhs) received as advance against the proposed sale of aforesaid premises has been included in Note 29.

iv) During the year ended 31 March 2019, office premises at Mumbai having book value ₹ 1,235.68 lakhs (₹ 1,235.68 lakhs as at 31 March 2018) has been transferred from 'Assets classified as held for sale' to Property, plant and equipment, as the same is being now used by the Company for business purposes.

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.

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 valuation report by independent valuer. The key inputs under this approach are price per square meter of comparable lots of building in the area of similar location and size. Fair value of Capital work-in-progress has been derived using cost approach wherein key assumptions used are salvage value, costs of disposal, latest quotations with same / similar specifications, economic indices as per Reserve Bank of India, etc.

The fair valuation has been categorised under Level 2 of the fair value hierarchy.

NOTES TO STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2019

		As at 31 March 2019 (₹ in lakhs)	As at 31 March 2018 (₹ in lakhs)
20	**Equity share capital**		
	Authorised:		
	125,000,000 equity shares (31 March 2018 : 125,000,000) of ₹ 2 each	**2,500.00**	2,500.00
	Total	**2,500.00**	2,500.00
	Issued, subscribed and paid-up:		
	112,207,682 equity shares (31 March 2018 : 112,207,682) of ₹ 2 each fully paid up	**2,244.15**	2,244.15
	Total	**2,244.15**	2,244.15

i) Reconciliation of number of equity shares outstanding at the beginning and at the end of the year:

	2018-19		2017-18	
	Number	**₹ in lakhs**	Number	₹ 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 attached to equity shares

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 shareholding.

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

Name of Shareholder	As at 31st March 2019		As at 31st March 2018	
	Number of shares held	**% of Holding**	Number of shares held	% of Holding
Khurana Gases Private Limited	**17,818,629**	**15.88**	17,577,203	15.66
Mrs. Suman Khurana	**15,303,525**	**13.64**	15,230,691	13.57
Mr. Prem Kumar Khurana	**17,018,000**	**15.17**	17,018,000	15.17
Mr. Pushkar Khurana	**7,503,973**	**6.69**	7,503,973	6.69
Mr. Puneet Khurana	**7,957,933**	**7.09**	7,782,933	6.94

21 Other equity (₹ in lakhs)

	Reserves and surplus				Total
	Securities premium	**General reserve**	**Retained earnings**	**Fair value through other comprehensive income - Equity investments**	**Total**
Opening balance as at 01 April 2017 **Transactions during the year**	**24,789.64**	**7,491.00**	**(19,591.42)**	**347.46**	**13,036.68**
Net profit for the year	-	-	1,305.04	-	**1,305.04**
Other comprehensive income / (loss) for the year	-	-	(10.98)	55.12	**44.14**
Closing balance as at 31 March 2018 **Transactions during the year**	**24,789.64**	**7,491.00**	**(18,297.36)**	**402.58**	**14,385.86**
Net profit for the year	-	-	8,752.56	-	**8,752.56**
Other comprehensive income / (loss) for the year	-	-	(11.74)	(168.79)	**(180.53)**
Closing balance as at 31 March 2019	**24,789.64**	**7,491.00**	**(9,556.54)**	**233.79**	**22,957.89**

NOTES TO STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2019

	As at 31 March 2019 (₹ in lakhs)	As at 31 March 2018 (₹ in lakhs)

Nature and purpose of reserves

i) Securities premium

Securities premium 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) Fair value through other comprehensive income - 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.

22 Non-current borrowings

	As at 31 March 2019 (₹ in lakhs)	As at 31 March 2018 (₹ in lakhs)
Secured		
Term loans from banks		
Indian rupee loan [Refer note (i) below]	**3,746.81**	8,437.64
Vehicle loans from bank and financial institutions [Refer note ii below]	**109.24**	14.74
	3,856.05	8,452.38
Unsecured		
Sales tax deferment loan [Refer note (iii) below]	**285.58**	300.58
Loans from related parties [Refer note (iv) below]	**4,544.78**	5,200.00
	4,830.36	5,500.58
Total	**8,686.41**	13,952.96

Refer note 41 for liquidity risk and note 50 for carrying amount of financial assets and non-financial assets pledged as security for secured borrowings

Notes :

i) Indian rupee term loan from a bank is secured by way of (a) first pari passu charge on the property, plant and equipment 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) unconditional and irrevocable personal guarantees from two promoter directors and chief executive officer of the Company (e) exclusive charge on certain residential and commercial immovable properties owned by the Company, promoter directors and group companies / firms. The loan is repayable in quarterly unequalled instalments by October 2020. The interest rate of the borrowing is YBL 1Y MCLR + 2.30% i.e. 12% per annum.

ii) Vehicle loan from bank, balance outstanding ₹ 11.84 lakhs (31 March 2018: ₹ 14.31 lakhs) is repayable in 60 instalments with the last instalment falling due in February 2023. This loan is secured by hypothecation of underlying vehicle and is at

NOTES TO STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2019

	As at 31 March 2019 (₹ in lakhs)	As at 31 March 2018 (₹ in lakhs)

fixed rate of interest of 8.35% per annum. Vehicle loan from a financial institution, balance outstanding ₹ 114.21 lakhs (31 March 2018: Nil) is repayable in 48 monthly instalments starting from November 2018 with the last instalment falling due in October 2022. Vehicle loan from another financial institution, balance outstanding ₹ 0.43 lakhs (31 March 2018: ₹ 5.27 lakhs) is repayable in 35 monthly instalments starting from June 2016 with the last instalment falling due in April 2019. Vehicle loan from the aforesaid financial institutions are secured by hypothecation of underlying vehicle and are at fixed rate of interest of 10.83% per annum and 11.75% per annum, respectively.

iii) There is no repayment schedule for the Sales tax deferment loan. The liability against the same is being cleared periodically.

iv) 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 ₹ 350.00 lakhs (31 March 2018 : ₹ 201.95 lakhs) repayment of loans cannot be demanded before 1 April 2020.

v) As of the reporting date, the Company is not in compliance with certain performance linked financial covenants for indian rupee term loan. 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.

	As at 31 March 2019 (₹ in lakhs)	As at 31 March 2018 (₹ in lakhs)
23 Non-current provisions		
Provision for employee benefits		
- Compensated absences	**80.68**	60.96
- Gratuity (funded) (Refer note 45)	**116.03**	83.80
Total	**196.71**	144.76
24 Current borrowings		
Secured		
Working capital facilities from banks	**7,137.12**	7,105.21
Total	**7,137.12**	7,105.21

Refer note 50 for carrying amount of financial assets and non-financial assets pledged as security for secured borrowings

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 the property, plant and equipment (excluding specific property, plant and equipment) of the Company. Working capital facility from one bank has been secured by personal guarantee from a director and exclusive charge on specific immovable property and fixed deposits aggregating ₹ 500 lakhs of the Company. Working capital facility from another bank has been secured by exclusive charge on certain residential and commercial immovable properties owned by the Company, promoter directors and group companies / firms. Further, working capital facility from another bank is secured by exclusive charge on specific immovable property of the Company. The interest rate of the working capital facilities ranges from 11% per annum to 12.75% per annum.

NOTES TO STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2019

		As at 31 March 2019 (₹ in lakhs)	As at 31 March 2018 (₹ in lakhs)
25	**Trade payables**		
	Total outstanding dues to micro and small enterprises [Refer note (ii) below]	**362.97**	257.05
	Total outstanding dues of creditors other than micro enterprises - related parties (Refer notes 43 and 53)	**13,167.87**	9,453.37
	Total outstanding dues of creditors other than micro enterprises - others (Refer note 53)	**2,117.14**	1,875.26
	Total	**15,647.98**	11,585.68

Notes :

i) Refer note 41 for information about liquidity risk and market risk of trade payables

ii) The disclosure pursuant to Micro, Small & Medium Enterprises Development Act, 2006 (MSMED Act) are as follows:

The principal amount and the interest due thereon remaining unpaid to any supplier as at the end of each accounting year		
- Principal amount	**362.97**	257.05
- interest thereon, included in finance cost		
The amount of interest paid by the buyer in terms of section 16 of the Micro, Small and Medium Enterprise Development Act, 2006, along with the amounts of the payment made to the supplier beyond the appointed day during each accounting year	**-**	-
The amount of interest due and payable for the period of delay in making payment (which have been paid but beyond the appointed day during the year) but without adding the interest specified under Micro, Small and Medium Enterprise Development Act, 2006.	**-**	-
The amount of interest accrued and remaining unpaid at the end of each accounting year; and	**-**	-
The amount of further interest remaining due and payable even in the succeeding years, until such date when the interest dues as above are actually paid to the small enterprise for the purpose of disallowance as a deductible expenditure.	**-**	-

Disclosure of payable to vendors as defined under the “Micro, Small and Medium Enterprise Development Act, 2006” is based on the information available with the Company regarding the status of registration of such vendors under the said Act, as per the intimation received from them on requests made by the Company.

26	**Other financial liabilities**		
	Current maturities of non-current borrowings		
	Indian rupee loan from bank	**3,767.96**	38.77
	Foreign currency loan from bank**	**-**	858.12
	Vehicle loan from bank and financial institutions	**17.24**	4.84
	Sales tax deferment loan	**-**	287.30
	Loans from related parties	**350.00**	201.95
	Unclaimed dividends*	**2.73**	6.54
	Payable for capital expenditure	**315.43**	555.44
	Liability towards repayment of advances received from customers (Refer note 43)	**1,243.67**	1,624.77
	Deposits	**15.38**	11.49
	Other liabilities	**559.55**	432.09
	Total	**6,271.96**	4,021.31

NOTES TO STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2019

		As at 31 March 2019 (₹ in lakhs)	As at 31 March 2018 (₹ in lakhs)

* There is no amount due to be transferred to the Investor Education and Protection Fund as at the reporting date.

** Foreign currency term loan from bank, balance outstanding amounting to ₹ Nil (₹ 858.12 lakhs), is secured by way of (a) first pari passu charge on entire property, plant and equipment of the Company, excluding specific immovable properties (b) second pari passu charge on current assets of the Company (c) Unconditional and irrevocable personal guarantees from two promoter directors and chief executive officer of the Company.

		As at 31 March 2019 (₹ in lakhs)	As at 31 March 2018 (₹ in lakhs)
27	**Current provisions**		
	Provision for employee benefits		
	- Compensated absences	**24.36**	10.74
	Provision for sales returns (Refer note below)	**61.11**	46.78
	Total	**85.47**	57.52

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.

		As at 31 March 2019 (₹ in lakhs)	As at 31 March 2018 (₹ in lakhs)
	Opening provision for sales returns	**46.78**	55.20
	Provision made during the year	**29.08**	47.00
	Provision reversed during the year	**14.75**	55.42
	Utilisation	**-**	-
	Closing provision	**61.11**	46.78
28	**Current tax liabilities (net)**		
	Current tax liabilities (net of advance income tax ₹ 4,688.64 lakhs)	**142.84**	-
	Total	**142.84**	-
29	**Other current liabilities**		
	Advance from customers	**1,083.38**	1,375.97
	Statutory dues	**310.23**	72.48
	Advance received against sale of land [Refer note 19(i)]	**1,320.00**	1,320.00
	Advance received against sale of property, plant & equipment [Refer note 19(iii) & note 43]	**1,428.00**	100.00
	Total	**4,141.61**	2,868.45

NOTES TO STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2019

		Year Ended 31 March 2019 (₹ in lakhs)	Year Ended 31 March 2018 (₹ in lakhs)
30	**Revenue from operations**		
	Sale of products		
	Manufactured goods	43,501.87	29,775.48
	Stock-in-trade	1,313.76	2,412.92
	Other operating revenues		
	Scrap sales	414.55	400.65
	Testing and inspection fees	18.96	13.82
	Others	-	20.07
	Total	45,249.14	32,622.94

Notes:

(i) Refer note 47 for details of revenue from contracts with customers.

(ii) 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 1 July 2017, revenue from operations is reported net of GST and hence to that extent is not comparable.

		Year Ended 31 March 2019 (₹ in lakhs)	Year Ended 31 March 2018 (₹ in lakhs)
31	**Other income**		
	Interest on financial assets measured at amortised cost (Refer note 54)		
	- Inter-corporate deposit [Refer note 16(i)]	193.39	815.08
	- Fixed deposits	78.04	48.23
	- Others	13.11	30.26
	Other non-operating income (net)		
	- Dividend on financial assets measured at fair value through profit and loss	0.14	0.12
	- Commission income	37.34	41.82
	- Excess provision written back [Refer notes 16(i) and 41]	101.05	281.98
	- Recovery of bad debts of earlier years	95.68	-
	- Liabilities no longer required written back	76.33	145.84
	- Lease rent income	22.53	-
	- Maturity proceeds under keyman insurance policy	-	386.97
	- Profit on sale of property, plant and equipment (net)	2.25	-
	- Miscellaneous income	29.19	0.18
	Total	649.05	1,750.48
32	**Cost of materials consumed**		
	Raw material and components consumed		
	Opening stock	4,139.44	2,860.88
	Add: Purchases	26,294.78	17,823.21
	Less: Captive consumption for utilisation as property, plant and equipment	347.51	75.52
	Less: Closing stock	5,539.18	4,139.44
	Total	24,547.53	16,469.13
33	**Changes in inventories of finished goods, work-in-progress and stock-in-trade**		
	At the beginning 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

NOTES TO STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2019

		Year Ended 31 March 2019 (₹ in lakhs)	Year Ended 31 March 2018 (₹ in lakhs)
	At the end of the year		
	Work-in-progress	**5,130.95**	6,690.75
	Finished goods (including in transit)	**1,678.52**	808.53
	Stock-in-trade	**81.11**	24.54
		6,890.58	7,523.82
	Add / (Less): Variation in excise duty on inventory of finished goods	**-**	(90.52)
	Total	**633.24**	100.12
34	**Employee benefits**		
	Salaries and wages (Refer note 52)	**2,095.10**	1,716.65
	Contribution to provident and other funds (Refer notes 45 and 52)	**104.48**	95.74
	Staff welfare expenses	**57.62**	65.17
	Total	**2,257.20**	1,877.56
35	**Finance costs**		
	Interest expenses on financial liabilities measured at amortised cost		
	- Borrowings	**2,464.11**	2,574.04
	- Delayed payment of income tax	**28.83**	-
	- Others	**-**	0.85
	Other borrowing costs	**82.46**	83.93
	Exchange differences regarded as an adjustment to borrowing costs	**38.67**	9.41
	Total	**2,614.07**	2,668.23
36	**Other expenses**		
	Consumption of stores and spares	**1,015.99**	766.38
	Power and fuel	**2,577.17**	1,986.27
	Water charges	**43.55**	41.23
	Repairs and maintenance		
	- Building	**91.90**	47.26
	- Plant and equipment	**160.26**	146.09
	- Others	**83.88**	53.46
	Labour charges	**385.51**	359.47
	Lease rent (Refer note 49)	**244.99**	242.54
	Insurance	**79.20**	84.52
	Rates and taxes	**1,841.30**	921.73
	Payment to auditors (Refer note 36.1)	**70.71**	79.35
	Director sitting fees (Refer note 43)	**9.80**	4.32
	Legal and professional fees	**406.72**	315.52
	Loss on sale of property, plant and equipment (net)	**-**	0.08
	Travelling and conveyance	**252.48**	175.36
	Security expenses	**67.99**	65.86
	Bad debts / advances write off [net of provision for doubtful receivables ₹ 20.28 lakhs (31 March 2018: ₹ 11.17 lakhs]	**137.11**	122.38
	Provision for doubtful debts (Refer note 41)	**149.22**	77.83
	Provision for doubtful loans [Refer note 5(i)]	**73.00**	-
	Bank charges and commission	**105.54**	71.55
	Packing and forwarding	**165.54**	118.75
	Carriage and freight	**740.76**	574.13
	Advertisement and sales promotion	**57.40**	42.67

NOTES TO STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2019

		Year Ended 31 March 2019 (₹ in lakhs)	Year Ended 31 March 2018 (₹ in lakhs)
	Commission on sales	**31.48**	57.59
	Miscellaneous expenses	**467.87**	406.03
	Total	**9,259.37**	6,760.37
36.1	**Payment to auditors (excluding taxes)**		
	As Auditors	**60.50**	60.50
	Other services	**9.00**	18.25
	Out of pocket expenses	**1.21**	0.60
	Total	**70.71**	79.35
37	**Exceptional items gain / (loss) (net)**		
	Provision towards doubtful interest receivable [Refer note 16(ii)]	**(2,297.23)**	-
	(Provision for) / reversal of diminution in value of investment [Refer note 12(iii)]	**3,000.00**	(1,000.00)
	Excess provision written back [Refer note below]	**98.46**	32.17
	Provision for impairment in property, plant and equipment [Refer note 2(iv)]	**(1,306.05)**	-
	Total	**(504.82)**	(967.83)

Note:

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 ₹ 98.46 lakhs for the year ended 31 March 2019 (₹ 32.17 lakhs for the year ended 31 March 2018).

		Year Ended 31 March 2019 (₹ in lakhs)	Year Ended 31 March 2018 (₹ in lakhs)
38	**Tax expense / (credit)**		
	Current tax on profits for the year	**1,008.12**	465.00
	(Increase) / Decrease in deferred tax assets (net)	**(5,707.31)**	5.90
	Total	**(4,699.19)**	470.90
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	**4,053.37**	1,775.94
	Current tax at the enacted rate of 34.944% (31 March 2018 : 34.61%)	**1,416.41**	614.62
	Tax effect of the amounts which are not deductible / taxable in calculating taxable income		
	Expenses allowable for tax purposes in different periods (net)	**221.11**	280.99
	Income exempt from income tax	**(13.46)**	(46.26)
	Non-deductible expenses / (reversal) of non deductible expenses (net)	**(9.17)**	(51.69)
	Tax losses and unabsorbed depreciation utilised	**(1,614.89)**	(797.66)
	Deferred tax assets (net) recognised (Refer note 8)	**(5,707.31)**	5.90
	Tax liability under Section 115 JB of the Income-tax Act, 1961	**1,008.12**	465.00
	Total	**(4,699.19)**	470.90

NOTES TO STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2019

B) Deferred tax asset movement (net)

(₹ in lakhs)

	As at 31 March 2019	Changes recognised in Standalone Statement of Profit and Loss	Changes recognised in other comprehensive income	As at 31 March 2018	Changes recognised in Standalone Statement of Profit and Loss	Changes recognised in other comprehensive income	As at 01 April 2017
Deferred tax liability on account of :							
Depreciation and amortisation	3,744.06	(410.07)	-	4,154.13	514.87	-	3,639.26
Financial liabilities at amortised cost	21.29	(14.08)	-	35.37	(15.59)	-	50.96
	3,765.35	(424.15)	-	4,189.50	499.28	-	3,690.22
Deferred tax assets on account of :							
Financial assets measured at fair value through other comprehensive income	-	-	(41.81)	41.81	-	(18.77)	60.58
Provision for doubtful debts/ deposits/ advances	1,714.02	1,335.82	-	378.20	(72.36)	-	450.56
Employee benefits	90.60	29.96	6.30	54.34	10.39	5.91	38.04
Provision for sales returns	7.90	(8.45)	-	16.35	(2.75)	-	19.10
Unabsorbed depreciation as per tax laws	1,358.37	-	-	1,358.37	199.99	-	1,158.38
Carried forward business loss as per tax laws	4,875.65	2,493.40	-	2,382.25	358.11	-	2,024.14
Minimum Alternate Tax credit entitlement	1,432.43	1,432.43	-	-	-	-	-
Total	9,478.97	5,283.16	(35.51)	4,231.32	493.38	(12.86)	3,750.80
Net movement [provision/ (reversal)]		(5,707.31)	35.51		5.90	12.86	

C) 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)

	As at 31 March 2019	As at 31 March 2019
Business loss	-	13,784.26
DTA on business loss	-	4,816.77

39 Other comprehensive income

(₹ in lakhs)

	Year ended 31 March 2019	Year ended 31 March 2018
Items that will not be reclassified to profit or loss		
Measurements of defined employee benefit plans	(18.04)	(16.89)
Changes in fair value of fair value through other comprehensive income equity measurements	(126.98)	73.89
Income tax relating to these items	(35.51)	(12.86)
Total	(180.53)	44.14

NOTES TO STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2019

40 Fair value measurements

Financial instruments by category:

(₹ in lakhs)

	As at 31 March 2019			As at 31 March 2018		
	Fair value through other comprehensive income	Fair value through profit and loss	Amortised cost	Fair value through other comprehensive income	Fair value through profit and loss	Amortised cost
Financial assets - non-current						
Investments	278.85	-	-	405.82	-	-
Loans	-	-	205.11	-	-	952.13
Other financial assets	-	-	235.95	-	-	252.07
Financial assets - current						
Trade receivables	-	-	8,478.61	-	-	4,939.28
Cash and cash equivalents	-	-	130.98	-	-	241.81
Bank balances other than cash and cash equivalents	-	-	1,095.88	-	-	1,207.23
Investments	-	2.99	-	-	2.84	–
Loans	-	-	1,852.60	-	-	5,678.33
Other financial assets	-	-	291.49	-	-	77.37
Financial liabilities - non-current						
Borrowings (including current maturities)	-	-	12,821.61	-	-	15,343.94
Financial Liabilities - current						
Borrowings	-	-	7,137.12	-	-	7,105.21
Trade payables	-	-	15,647.98	-	-	11,585.68
Other financial liabilities	-	-	2,136.76	-	-	2,630.33

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 standalone financial statements. To provide an indication about the reliability of the inputs used in determining fair value, the Company 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 intrinsic value of the investee company.

NOTES TO STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2019

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

(₹ in lakhs)

	As at 31 March 2019			As at 31 March 2018		
	Level 1	Level 2	Level 3	Level 1	Level 2	Level 3
Financial assets - non-current						
Investments measured at fair value through other comprehensive income	-	-	278.85	-	405.82	-
Financial assets - current						
Investments measured at fair value through profit and loss	2.99	-	-	2.84	-	-

There has been transfer amongst level of hierarchy in respect of this instrument from level 2 to level 3 during the year. The Company has not received reliable future free cashflows and hence valuation technique has undergone change from Discounted Cashflow (DCF) method to intrinsic valuation method. This is categorised under level 3 in the fair value hierarchy due to the use of unobservable inputs. An increase/(decrease) in net assets by 5% would result in an increase/(decrease) in fair value of investment by ₹13.94 lakhs and consequently other comprehensive income will increase/(decrease) by ₹13.94 lakhs.

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

(₹ in lakhs)

	As at 31 March 2019		As at 31 March 2018	
	Carrying amount	Fair value	Carrying amount	Fair value
Financial assets - non-current				
Loans	205.11	205.11	952.13	952.13
Other financial assets	235.95	217.82	252.07	218.89
Financial liabilities - non-current				
Borrowings (including current maturities)	12,821.61	12,873.56	15,343.94	15,434.43

(a) The above financial assets and liabilities are categorised under level 2 of fair value hierarchy.

(b) 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.

41 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 government and other financial instruments) except loans to related parties. The Company considers factors such as track record, size of institution, market reputation and service standards to select the banks with which balances and deposits are maintained. Bank balances and deposits are held with only high rated banks and security deposits are placed majorly with government agencies. Hence, in these cases, the credit risk is negligible.

NOTES TO STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2019

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:

i) Actual or expected significant adverse changes in business,

ii) Actual or expected significant changes in the operating results of the counter-party,

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 Standalone Statement of Profit and Loss.

a) Age of receivables that are past due:

(₹ in lakhs)

	As at 31 March 2019	As at 31 March 2018
0-3 months	**8,077.05**	4,492.65
3-6 months	**293.02**	118.47
6-12 months	**67.37**	218.72
beyond 12 months	**759.03**	799.41
Total	**9,196.47**	5,629.25
Impairment allowance	**717.86**	689.97

b) Movement in impairment allowance:

(₹ in lakhs)

	As at 31 March 2019	As at 31 March 2018
Opening provision	**689.97**	805.29
Provision for doubtful debts	**149.22**	77.83
Provision written off	**(20.28)**	(11.17)
Excess provision written back	**(101.05)**	(181.98)
Closing provision	**717.86**	689.97

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.

NOTES TO STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2019

Maturities of non – derivative financial liabilities

As at 31 March 2019 (₹ in lakhs)

	Within 1 year	1 - 5 years	Total
Financial Lliabilities - non-current			
Borrowings (including current maturities)	4,135.20	8,686.41	12,821.61
Financial Liabilities - current			
Borrowings	7,137.12	-	7,137.12
Trade payables	15,647.98	-	15,647.98
Other financial liabilities	2,136.76	-	2,136.76
Total	29,057.06	8,686.41	37,743.47

As at 31 March 2018 (₹ in lakhs)

	Within 1 year	1 - 5 years	Total
Financial liabilities - non-current			
Borrowings (including current maturities)	1,390.98	13,952.96	**15,343.94**
Financial Liabilities - current			
Borrowings	7,105.21	-	**7,105.21**
Trade payables	11,585.68	-	**11,585.68**
Other financial liabilities	2,630.33	-	**2,630.33**
Total	**22,712.20**	**13,952.96**	**36,665.16**

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: (₹ in lakhs)

	As at 31 March 2019				As at 31 March 2018			
	USD	Thai Baht	AED	EUR	USD	Thai Baht	AED	EUR
Financial liabilities								
Trade Payables	13,120.80	-	322.13	185.28	9,630.45	-	301.43	13.58
Interest Payable	-	-	-	-	15.24	-	-	-
Loans	-	-	-	-	1,052.75	-	-	-
Liability towards repayment of advances received from customers	1,243.67	-	-	-	1,624.77	-	-	-
Financial assets								
Trade Receivables	412.05	-	-	260.28	225.44	-	-	78.42
Investment in equity shares of a subsidiary	5,796.87	1,503.77	-	-	425.07	-	-	-
Loans	-	-	-	-	2,126.55	-	-	-
Interest Receivable	-	-	-	-	2,055.15	-	-	-
Bank Balances	9.24	-	95.38	-	2.45	-	99.35	-
Net exposure to foreign currency assets / (liabilities)	(8,146.31)	1,503.77	(226.75)	75.00	(7,488.55)	-	(202.08)	64.84

NOTES TO STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2019

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 2019		31 March 2018	
	Increase by 5%	Decrease by 5%	Increase by 5%	Decrease by 5%
USD	(407.32)	407.32	(374.42)	374.42
Thai Baht	75.19	(75.19)	-	-
AED	(11.34)	11.34	(10.10)	10.10
EUR	3.75	(3.75)	3.24	(3.24)

(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)

	As at 31 March 2019	As at 31 March 2018
Variable rate borrowings	14,651.89	16,439.74
Fixed rate borrowings	5,021.26	5,421.53
Total	19,673.15	21,861.27

Sensitivity analysis

(₹ in lakhs)

Interest rate	Impact on profit before tax	
	31 March 2019	31 March 2018
Increase by 70 basis points	(102.56)	(115.08)
Decrease by 70 basis points	102.56	115.08

(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 2019	31 March 2018
Impact on other comprehensive income after tax for 5% increase in share price	13.94	20.29
Impact on other comprehensive income after tax for 5% decrease in share price	(13.94)	(20.29)

42 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 STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2019

The capital composition is as follows:

(₹ in lakhs)

	As at 31 March 2019	As at 31 March 2018
Gross debt	**19,958.73**	22,449.14
Less: Cash and bank balances	**(1,226.86)**	(1,449.04)
Net debt (A)	**18,731.86**	21,000.10
Equity (B)	**25,202.04**	16,630.01
Gearing ratio (A / B)	**74.33%**	126.28%

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.

43 Related Party Disclosure:

As per Ind AS 24 "Related Party Disclosures", disclosure of transactions with the related parties are given below:

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

Subsidiary companies	EKC Industries (Tianjin) Co., Ltd EKC International FZE EKC Industries (Thailand) Co., Ltd Calcutta Compressions and Liquefaction Engineering Limited EKC Positron Gas Ltd Next Gen Cylinder Private Limited
Step down subsidiary companies	EKC Hungary Kft. EKC Europe GmbH CP Industries Holdings, Inc.
Joint venture	Kamal EKC International Limited
Non executive directors and other related parties where promoters, directors and their relatives exercise significant influence (with whom transactions have taken place during the year):	Mr. Pushkar Khurana Mr. Mohan Jayakar Mrs. Uma Acharya Mr. M N Sudhindra Rao Mr. Ghanshyam Karkera (w.e.f. 30 October 2018) Everest Kanto Investment and Finance Private Limited Khurana Gases Private Limited Medical Engineers (India) Limited Khurana Fabrication Industries Private Limited Khurana Exports Private Limited Jayakar & Partners
Key Management Personnel	Mr. Prem Kumar Khurana (Chairman and Managing Director) Mr. Puneet Khurana (Chief Executive Officer) Mr. Kishore Thakkar (Chief Financial Officer - upto 13 December 2017) Mr. Dinesh Bhalotia (Group Chief Financial Officer) (w.e.f 13 December 2017 to 8 May 2018) Mr. Sanjiv Kapur (Chief Financial Officer) (w.e.f. 1 November 2018) Mr. Alok Bodas (Company Secretary) (w.e.f 9 February 2017 to 8 March 2018) Ms. Bhagyashree Kanekar (Company Secretary - w.e.f 13 August 2018)
Relatives of Key Management Personnel (with whom transactions have taken place during the year)	Mr. Varun Khurana Mrs. Sabita Bhalotia Mrs. Suman Khurana

(ii) Transactions with related parties during the year:

(₹ in lakhs)

	Subsidiary companies		Step down subsidiary companies		Non executive directors and other related parties where promoters, directors and their relatives exercise significant influence		Key Management Personnel		Relatives of Key Management Personnel	
	Year ended 31 March 2019	Year ended 31 March 2018	**Year ended 31 March 2019**	Year ended 31 March 2018	**Year ended 31 March 2019**	Year ended 31 March 2018	**Year ended 31 March 2019**	Year ended 31 March 2018	**Year ended 31 March 2019**	Year ended 31 March 2018
Sale of goods :										
EKC International FZE	**252.86**	109.77	**-**	-	**-**	-	**-**	-	**-**	-
EKC Europe GmbH	**-**	-	**472.14**	73.69	**-**	-	**-**	-	**-**	-
CP Industries Holdings, Inc.	**-**	-	**17.37**	-	**-**	-	**-**	-	**-**	-
Medical Engineers (India) Limited	**-**	-	**-**	-	**1,994.85**	1,358.79	**-**	-	**-**	-
EKC Industries (Tianjin) Co., Ltd	**-**	120.49	**-**	-	**-**	-	**-**	-	**-**	-
Sale of consumable, store and spares										
EKC International FZE	**112.37**	89.57	**-**	-	**-**	-	**-**	-	**-**	-
Calcutta Compressions and Liquefaction Engineering Limited	**3.28**	3.50	**-**	-	**-**	-	**-**	-	**-**	-
EKC Industries (Tianjin) Co., Ltd	**-**	4.41	**-**	-	**-**	-	**-**	-	**-**	-
Medical Engineers (India) Limited	**-**	-	**-**	-	**18.22**	-	**-**	-	**-**	-
Sale of property, plant and equipment										
Mr. Dinesh Bhalotia	**-**	-	**-**	-	**-**	-	**1.50**	-	**-**	-
Purchase of raw materials and traded goods										
EKC International FZE	**2,334.01**	1,495.51	**-**	-	**-**	-	**-**	-	**-**	-
EKC Industries (Tianjin) Co., Ltd	**1,909.06**	3,889.27	**-**	-	**-**	-	**-**	-	**-**	-
EKC Industries (Thailand) Co., Ltd	**-**	33.52	**-**	-	**-**	-	**-**	-	**-**	-
Medical Engineers (India) Limited	**-**	-	**-**	-	**-**	5.96	**-**	-	**-**	-
Calcutta Compressions and Liquefaction Engineering Limited	**63.00**	-	**-**	-	**-**	-	**-**	-	**-**	-
Purchase of consumables										
EKC Industries (Tianjin) Co., Ltd	**17.40**	31.79	**-**	-	**-**	-	**-**	-	**-**	-
Medical Engineers (India) Limited	**-**	-	**-**	-	**0.28**	2.97	**-**	-	**-**	-
Purchase of property, plant and equipment										
EKC Industries (Tianjin) Co., Ltd	**157.62**	9.32	**-**	-	**-**	-	**-**	-	**-**	-
EKC International FZE	**-**	1.37	**-**	-	**-**	-	**-**	-	**-**	-
Remuneration										
Mr. Prem Kumar Khurana	**-**	-	**-**	-	**-**	-	**119.00**	-	**-**	-
Mr. Puneet Khurana	**-**	-	**-**	-	**-**	-	**159.86**	116.00	**-**	-
Ms. Bhagyashree Kanekar	**-**	-	**-**	-	**-**	-	**5.28**	-	**-**	-
Mr. Alok Bodas	**-**	-	**-**	-	**-**	-	**-**	4.22	**-**	-
Mr. Dinesh Bhalotia	**-**	-	**-**	-	**-**	-	**6.11**	13.97	**-**	-
Mr. Sanjiv Kapur	**-**	-	**-**	-	**-**	-	**26.05**	-	**-**	-
Sitting fees										
Mr. Mohan Jayakar	**-**	-	**-**	-	**2.90**	0.90	**-**	-	**-**	-
Mr. Ghanshyam Karkera	**-**	-	**-**	-	**1.10**	-	**-**	-	**-**	-
Mrs. Uma Acharya	**-**	-	**-**	-	**3.45**	1.70	**-**	-	**-**	-
Mr. M N Sudhindra Rao	**-**	-	**-**	-	**2.35**	1.70	**-**	-	**-**	-

NOTES TO STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2019

(ii) Transactions with related parties during the year:

(₹ in lakhs)

	Subsidiary companies		Step down subsidiary companies		Non executive directors and other related parties where promoters, directors and their relatives exercise significant influence		Key Management Personnel		Relatives of Key Management Personnel	
	Year ended 31 March 2019	Year ended 31 March 2018	**Year ended 31 March 2019**	Year ended 31 March 2018	**Year ended 31 March 2019**	Year ended 31 March 2018	**Year ended 31 March 2019**	Year ended 31 March 2018	**Year ended 31 March 2019**	Year ended 31 March 2018
Professional fees										
Mr. Kishore Thakkar	-	-	-	-	-	-	-	19.13	-	-
Jayakar & Partners	-	-	-	-	0.48	7.03	-	-	-	-
Mrs. Sabita Bhalotia	-	-	-	-	-	-	-	-	4.13	9.07
Rent expenses										
Khurana Fabrication Industries Private Limited	-	-	-	-	16.63	16.67	-	-	-	-
Khurana Exports Private Limited	-	-	-	-	45.36	44.73	-	-	-	-
Khurana Gases Private Limited	-	-	-	-	14.38	14.42	-	-	-	-
Mr. Prem Kumar Khurana	-	-	-	-	-	-	3.60	-	-	14.20
Mr. Pushkar Khurana	-	-	-	-	3.60	-	-	-	-	-
Mr. Varun Khurana	-	-	-	-	-	-	-	-	3.50	-
Other expenses	3.75	5.54	9.71	0.03	8.23	7.86	-	-	-	-
Reimbursement of expense										
EKC International FZE	11.46	-	-	-	-	-	-	-	-	-
Commission income										
EKC International FZE	29.87	33.46	-	-	-	-	-	-	-	-
CP Industries Holdings, Inc.	-	-	-	-	-	-	-	-	-	-
Lease rent income										
Calcutta Compressions and Liquefaction Engineering Limited	22.53	-	-	-	-	-	-	-	-	-
Interest expenses										
Khurana Gases Private Limited	-	-	-	-	109.90	82.52	-	-	-	-
Everest Kanto Investment and Finance Private Limited	-	-	-	-	438.78	379.21	-	-	-	-
Khurana Fabrication Industries Private Limited	-	-	-	-	20.36	17.45	-	-	-	-
Advance received towards sale of property, plant & equipment										
Mr. Pushkar Khurana	-	-	-	-	1,328.00	100.00	-	-	-	-
Loans repaid during the year										
Everest Kanto Investment and Finance Private Limited	-	-	-	-	1,760.47	100.00	-	-	-	-
Loans taken during the year										
Everest Kanto Investment and Finance Private Limited	-	-	-	-	767.50	2,920.00	-	-	-	-
Khurana Gases Private Limited	-	-	-	-	484.00	43.50	-	-	-	-
Khurana Fabrication Industries Private Limited	-	-	-	-	33.75	19.50	-	-	-	-
Investments - Conversion of loan into equity										
EKC Industries (Tianjin) Co., Ltd	2,371.81	-	-	-	-	-	-	-	-	-

NOTES TO STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2019

(iii) Balances of related parties

(₹ in lakhs)

	Subsidiary companies		Step down subsidiary companies		Non executive directors and other related parties where promoters, directors and their relatives exercise significant influence		Key Management Personnel		Relatives of Key Management Personnel	
	Year ended 31 March 2019	Year ended 31 March 2018	**Year ended 31 March 2019**	Year ended 31 March 2018	**Year ended 31 March 2019**	Year ended 31 March 2018	**Year ended 31 March 2019**	Year ended 31 March 2018	**Year ended 31 March 2019**	Year ended 31 March 2018
Payables (Trade payables and other liabilities)										
EKC International FZE	**9,614.20**	8,837.53	**-**	-	**-**	-	**-**	-	**-**	-
EKC Industries (Tianjin) Co., Ltd	**3,345.92**	950.09	**-**	-	**-**	-	**-**	-	**-**	-
CP Industries Holdings, Inc.	**-**	-	**1,259.56**	1,184.41	**-**	-	**-**	-	**-**	-
EKC Europe GmbH	**-**	-	**22.59**	13.58	**-**	-	**-**	-	**-**	-
EKC Industries (Thailand) Co., Ltd	**169.27**	192.94	**-**	-	**-**	-	**-**	-	**-**	-
Khurana Gases Private Limited	**-**	-	**-**	-	**-**	7.81	**-**	-	**-**	-
Everest Kanto Investment and Finance Private Limited	**-**	-	**-**	-	**-**	21.33	**-**	-	**-**	-
Khurana Exports Private Limited	**-**	-	**-**	-	**0.08**	0.57	**-**	-	**-**	-
Everest Industrial Gases Private Limited	**-**	-	**-**	-	**-**	-	**-**	-	**-**	-
Khurana Fabrication Industries Private Limited	**-**	-	**-**	-	**-**	5.61	**-**	-	**-**	-
Medical Engineers (India) Limited	**-**	-	**-**	-	**-**	10.53	**-**	-	**-**	-
Jayakar & Partners	**-**	-	**-**	-	**0.43**	-	**-**	-	**-**	-
Mr. Prem Kumar Khurana	**-**	-	**-**	-	**-**	-	**14.00**	3.24	**-**	-
Mr. Puneet Khurana	**-**	-	**-**	-	**-**	-	**15.00**	4.91	**-**	-
Ms. Bhagyashree Kanekar	**-**	-	**-**	-	**-**	-	**0.68**	-	**-**	-
Mr. Sanjiv Kapur	**-**	-	**-**	-	**-**	-	**5.50**	-	**-**	-
Mr. Kishore Thakkar	**-**	-	**-**	-	**-**	-	**-**	2.84	**-**	-
Mr. Dinesh Bhalotia	**-**	-	**-**	-	**-**	-	**-**	2.40	**-**	-
Mr. Pushkar Khurana	**-**	-	**-**	-	**-**	3.24	**-**	-	**-**	-
Loans given										
EKC Industries (Tianjin) Co., Ltd	**2,297.23**	4,184.07	**-**	-	**-**	-	**-**	-	**-**	-
Calcutta Compressions and Liquefaction Engineering Limited	**582.72**	582.72	**-**	-	**-**	-	**-**	-	**-**	-
Advance given to suppliers										
EKC Industries (Tianjin) Co., Ltd	**3,782.72**	1,089.70	**-**	-	**-**	-	**-**	-	**-**	-
EKC Industries (Thailand) Co., Ltd	**4.64**	4.64	**-**	-	**-**	-	**-**	-	**-**	-
Advance received towards sale of property, plant & equipment										
Mr. Pushkar Khurana	**-**	-	**-**	-	**1,428.00**	100.00	**-**	-	**-**	-
Advance received from customers										
EKC International FZE	**324.00**	324.00	**-**	-	**-**	-	**-**	-	**-**	-
Medical Engineers (India) Limited	**-**	-	**-**	-	**444.66**	116.58	**-**	-	**-**	-
Loans taken										
Everest Kanto Investment and Finance Private Limited	**-**	-	**-**	-	**3,512.03**	4,526.32	**-**	-	**-**	-
Khurana Gases Private Limited	**-**	-	**-**	-	**1,194.50**	717.02	**-**	-	**-**	-
Khurana Fabrication Industries Private Limited	**-**	-	**-**	-	**188.25**	158.61	**-**	-	**-**	-

NOTES TO STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2019

(iii) Balances of related parties

(₹ in lakhs)

	Subsidiary companies		Step down subsidiary companies		Non executive directors and other related parties where promoters, directors and their relatives exercise significant influence		Key Management Personnel		Relatives of Key Management Personnel	
	Year ended 31 March 2019	Year ended 31 March 2018	**Year ended 31 March 2019**	Year ended 31 March 2018	**Year ended 31 March 2019**	Year ended 31 March 2018	**Year ended 31 March 2019**	Year ended 31 March 2018	**Year ended 31 March 2019**	Year ended 31 March 2018
Receivables										
EKC International FZE	**285.69**	18.93	**-**	-	**-**	-	**-**	-	**-**	-
EKC Industries (Tianjin) Co., Ltd	**-**	498.01	**-**	-	**-**	-	**-**	-	**-**	-
CP Industries Holdings, Inc.	**-**	-	**16.86**	-	**-**	-	**-**	-	**-**	-
Calcutta Compressions and Liquefaction Engineering Limited	**535.31**	744.54	**-**	-	**-**	-	**-**	-	**-**	-
EKC Industries (Thailand) Co., Ltd	**-**	41.95	**-**	-	**-**	-	**-**	-	**-**	-
EKC Europe GmbH	**-**	-	**269.55**	78.42	**-**	-	**-**	-	**-**	-
Mr. Dinesh Bhalotia	**-**	-	**-**	-	**-**	-	**1.18**	-	**-**	-
Deposit receivable										
Khurana Exports Private Limited	**-**	-	**-**	-	**10.00**	10.00	**-**	-	**-**	-
Personal guarantee from promoter directors and chief executive officer for borrowings by the Company					₹ 12,833.18 lakhs (31 March 2018: ₹ 14,787.69 lakhs) jointly by promoter directors and chief executive officer					
Assets pledged by promoter directors, chief executive director, group companies / firms for outstanding borrowings by the Company	₹ 9,180.97 lakhs (₹ 10,022.74 lakhs) jointly by promoter directors, chief executive director, group companies / firms for borrowings by the Company									
Corporate Guarantees outstanding on behalf of subsidiary										
EKC International FZE	4,349.58	5,210.54	-	-	-	-	-	-	-	-

Notes :

a) Foreign currency balances are restated at year end rates.

b) Loans given to subsidiaries and loans raised by subsidiaries backed by guarantees given on their behalf have been utilised by them for working capital requirements and capital expenditure.

c) Personal Guarantees given to banks of ₹ 40,000 lakhs and USD 5 million (₹ 40,000 lakhs and USD 5 million as at 31 March 2018) by promoter directors and chief executive officer of the Company for the term loans and working capital loan against which ₹ 12,833.18 lakhs (₹ 14,787.69 lakhs as at 31 March 2018) were outstanding as at the end of the year.

d) Assets pledged to banks by promoter directors, chief executive director, group companies / firms for term loan and working capital loan of ₹ 34,500 lakhs (₹ 34,500 lakhs as at 31 March 2018) against which ₹ 9,180.97 lakhs (₹ 10,022.74 lakhs as at 31 March 2018) were outstanding as at the end of the year.

e) The Company has provided letter committing financial support to its step down subsidiary, CP Industries Holdings, Inc. till 31 May 2020 (31 March 2018: till 31 May 2019) to enable it to meet its day to day obligation/commitment; to the extent this entity may be unable to meet its obligations.

NOTES TO STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2019

Compensation to Key Managerial Personnel

(₹ in lakhs)

	Year ended 31 March 2019	Year ended 31 March 2018
Short-term employee benefits	**299.96**	134.00
Post-employment benefits	**16.34**	0.19
Total compensation	**316.29**	134.19

44 Contingent liabilities, Capital and other commitments

(₹ in lakhs)

		As at 31 March 2019	As at 31 March 2018
a)	Contingent liabilities:		
	Income tax matters under disputes	**1,015.00**	2,162.78
	Lease tax	**21.05**	21.05
	Sales tax and Value Added Tax	**1,436.62**	2,183.82
	Service tax	**-**	5.38
	Non compliance of FED Master Direction No. 17/2016-17, FED Master Direction No. 16/2015-16 and Notification No. FEMA 120/ RB-2004, under the Foreign Exchange Management Act, 1999 (Refer note 53)	**Amount not determinable**	Amount not determinable
	Provident fund The Honourable Supreme Court, has passed a decision on 28 February 2019 in relation to inclusion of certain allowances within the scope of "Basic wages" for the purpose of determining contribution to provident fund under the Employees' Provident Funds & Miscellaneous Provisions Act, 1952. The Company, based on legal advice, is awaiting further clarifications in this matter in order to reasonably assess the impact on its financial statements, if any. Accordingly, the applicability of the judgement to the Company, with respect to the period and the nature of allowances to be covered, and resultant impact on the past provident fund liability, cannot be reasonably ascertained, at present.	**Amount not determinable**	-
	Future cash flows in respect of the above are determinable only on pronouncements of judgments / decisions pending with various forums / authorities.		
	The Company does not expect any reimbursement in respect of the above matters		
b)	Corporate guarantees given on behalf of subsidiary	**4,496.13**	6,504.41
	Amount outstanding on behalf of corporate guarantee	**4,349.58**	5,210.54
c)	Claims against Company not acknowledged as debt	**50.75**	50.75
d)	Bonds executed in favour of government authorities* *Bonds / undertakings given by the Company under concessional duty / exemption schemes to government authorities (net of obligations fulfilled)	**-**	709.80
e)	Commitments		
i)	Estimated value of contracts remaining to be executed on capital account and not provided for (net of advances)	**1,143.33**	149.30
ii)	Uncalled amount of partly paid equity shares of a subsidiary	**128.56**	128.56
iii)	The Company has provided letter committing financial support to its step down subsidiary, CP Industries Holdings, Inc. till 31 May 2020 (31 March 2018: till 31 May 2019) to enable it to meet its day to day obligation/ commitment; to the extent this entity may be unable to meet its obligations.		

NOTES TO STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2019

45 Employee benefits

A) Defined Contribution Plan:

Contribution to defined Contribution Plans, recognised as expense for th year are as under:

(₹ in lakhs, unless otherwise stated)

	Year ended 31 March 2019	Year ended 31 March 2018
Employer contribution to provident fund	103.55	94.82
Employer contribution to employees state insurance scheme	0.70	0.72
Total	**104.25**	95.54

B) Defined Benefit Plan:

Contribution to gratuity fund (funded scheme)

The Company provides gratuity benefit for employees 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 a funded plan and the Company makes contributions to recognised funds in India.

(₹ in lakhs, unless otherwise stated)

		Year ended 31 March 2019	Year ended 31 March 2018
(i)	**Actuarial assumptions**		
	Mortality table	IALM (2012-14) ult	IALM (2006-08) ult
	Discount rate (%)	7.50%	7.65%
	Rate of increase in compensation rate (%)	6.00%	6.00%
	Withdrawal rate (%)		
	Age 21-30 years	7.50%	7.50%
	Age 31-40 years	5.00%	5.00%
	Age 41-57 years	3.00%	3.00%
	* It is actuarially calculated term of the liability using probabilities of death, withdrawal and retirement		
(ii)	**Assets information (%)**		
	Insurer managed funds	100%	100%
(iii)	**Changes in the present value of defined benefit obligation (DBO)**		
	Present value of obligation at the beginning of the year	227.02	194.48
	Interest expense	16.50	13.46
	Current service cost	26.20	20.96
	Past service cost	-	1.86
	Actuarial (gain) / loss	0.32	9.28
	Benefits paid	(9.50)	(13.02)
	Present value of obligation at the end of the year	260.54	227.02
(iv)	**Changes in the fair value of plan assets**		
	Fair value of plan assets at beginning of the year	143.22	140.93
	Interest income	11.62	11.06
	Contributions	-	4.82
	Benefits paid	(9.50)	(13.02)
	Actuarial gain / (loss)	(0.83)	(0.57)
	Fair value of plan assets at the end of the year	144.51	143.22
(v)	**Assets and liabilities recognised in the Standalone Balance Sheet**		
	Present value of the defined benefit obligation at the end of the year	260.54	227.02
	Less: Fair value of plan assets at the end of the year	(144.51)	(143.22)
	Net liability recognised	116.03	83.80

NOTES TO STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2019

(₹ in lakhs, unless otherwise stated)

		Year ended 31 March 2019	Year ended 31 March 2018
	Recognised under provisions		
	Current provisions	-	-
	Non-current provisions	116.03	83.80
(vi)	**Expenses recognised in the Standalone Statement of Profit and Loss**		
	Current service cost	26.20	20.96
	Past service cost	-	1.86
	Net interest (income) / expense	4.88	2.40
	Net gratuity cost recognised in the current year	31.08	25.22
	Included in note 34 'Employee benefits'		
(vii)	**Expenses recognised in the other comprehensive income (OCI)**		
	Actuarial gain/ loss on post employment benefit obligation	18.04	16.89
	Total remeasurement cost / (credit) for the year recognised in OCI	18.04	16.89
(viii)	**Reconciliation of net asset / (liability) recognised:**		
	Net asset / (liability) recognised at the beginning of the period	(83.80)	(53.55)
	Company contributions	-	4.82
	Benefits paid directly by Company	-	-
	Actuarial gain / (loss)	(1.15)	(9.85)
	Expenses recognised at the end of period	(31.08)	(25.22)
	Net asset / (liability) recognised at the end of the period	(116.03)	(83.80)

(ix) Sensitivity Analysis: (₹ in lakhs)

	Particulars	As at 31 March 2019		As at 31 March 2018	
		Decrease	Increase	Decrease	Increase
	Impact of increase in 50 bps on DBO (discount rate)	3.85%	-	3.94%	-
	Impact of decrease in 50 bps on DBO (discount rate)	-	4.12%	-	4.22%
	Impact of increase in 50 bps on DBO (salary escalation rate)	-	4.00%	-	4.27%
	Impact of decrease in 50 bps on DBO (salary escalation rate)	3.76%	-	4.02%	-

The sensitivity analyses above have been determined based on reasonably possible changes of the respective assumptions occurring at the end of the reporting period and may not be representative of the actual change. It is based on a change in the key assumption while holding all other assumptions constant. When calculating the sensitivity to the assumption, the method (Projected Unit Credit Method) used to calculate the liability recognised in the balance sheet has been applied. The methods and types of assumptions used in preparing the sensitivity analysis did not change compared with the previous period.

(x) Number of employees (in numbers)

	Year ended 31 March 2019	Year ended 31 March 2018
Active members	514	481

- deferred members - Nil (2017-18: Nil),
- retired members - Nil (2017-18: Nil)

The Company expects to contribute around ₹ 40 lakhs to the funded plans in financial year 2019-20 (2018-19 : ₹ 40 lakhs) for gratuity.

NOTES TO STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2019

(x) **Maturity analysis of projected benefit obligation:**

(₹ in lakhs)

Year	Year ended 31 March 2019	Year ended 31 March 2018
1	**26.43**	22.77
2	**21.87**	15.54
3	**34.26**	20.42
4	**19.02**	31.32
5	**27.70**	17.32
6	**19.33**	24.86
7	**31.35**	17.09
8	**23.11**	31.56
9	**28.22**	19.74
10 and above	**320.67**	294.65

(xi) **Description of risk exposures**

Valuations are performed on certain basic set of pre-determined assumptions which may vary over time. Thus, the Group is exposed to various risks in providing the above benefit which are as follows:

Interest rate risk: The plan exposes the Group to the risk of fall in interest rates. A fall in interest rates will result in an increase in the ultimate cost of providing the above benefit and will thus result in an increase in the value of liability (as shown in financial statements).

Liquidity risk: This is the risk that the Group is not able to meet the short term benefit payouts. This may arise due to non availability of enough cash/cash equivalent to meet the liabilities or holding of illiquid assets not being sold in time.

Salary escalation risk: The present value of the above benefit plan is calculated with the assumption of salary increase rate of plan participants in future. Deviation in the rate of increase in salary in future for plan participants from the rate of increase in salary used to determine the present value of obligation will have a bearing on the plan's liability.

Demographic risk: The Group has used certain mortality and attrition assumptions in valuation of the liability. The Group is exposed to the risk of actual experience turning out to be worse compared to the assumption.

Regulatory risk: Gratuity benefit is paid in accordance with the requirements of the Payment of Gratuity Act, 1972 (as amended from time to time). There is a risk of change in regulations requiring higher gratuity payouts (for example, increase in the maximum liability on gratuity of ₹ 2 million.)

Asset liability mismatching or market Risk: the duration of the liability is longer compared to duration of assets exposing the company to market risks for volatilities/fall in interest rate.

Investment risk: The probability or likelihood of occurrence of losses relative to the expected return on any particular investment.

(C) The obligation of compensated absences is recognised in the same manner as gratuity and net expense in the Standalone Statement of Profit and Loss for the year ended 31 March 2019 is ₹ 10.72 lakhs (31 March 2018: ₹ 11.34 lakhs)

(₹ in lakhs)

	As at 31 March 2019	As at 31 March 2018
Current provisions	**24.36**	10.74
Non-current provisions	**80.68**	60.96
Total	**105.04**	71.70

46 Segment reporting

In accordance with Ind AS 108, 'Operating Segments', segment information has been given in the Consolidated Financial Statements of the Company, therefore, no separate disclosure on segment information is given in the standalone financial statements.

47 Revenue from contract with customer

The Company derives revenues primarily from sale of high pressure seamless gas cylinders and other cylinders, equipments, appliances and other related services.

Effective 01 April 2018, the Company has adopted Ind AS 115, 'Revenue from Contracts with Customers' using the

NOTES TO STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2019

cumulative catch-up transition method, applied to contracts that were not completed as on the transition date i.e. 01 April 2018. Accordingly, the comparative amounts of revenue and the corresponding contract assets / liabilities have not been retrospectively adjusted. The effect on adoption of Ind AS 115 was insignificant.

Under Ind AS 115, an entity recognises revenue when it transfers control of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services.

The Company determines revenue recognition through the following steps:

1) Identification of the contract, or contracts, with a customer.
2) Identification of the performance obligations in the contract.
3) Determination of the transaction price.
4) Allocation of the transaction price to the performance obligations in the contract.
5) Recognition of revenue when, or as, we satisfy a performance obligation.

At contract inception, the Company assesses the goods and services promised in the contracts with customers and identifies a performance obligation for each promise to transfer to the customer a good or service (or bundle of goods or services) that is distinct. To identify the performance obligations, the Company considers all of the goods and services promised in the contract regardless of whether they are explicitly stated or are implied by customary business practices.

The majority of customer contracts that Company enters into consist of a single performance obligation for the delivery of Cylinders. The Company recognize revenue from product sales when control of the product transfers i.e. generally upon shipment.

Some contracts provide customers with a right of return and Company recognises provision for sales return, based on the historical results, measured on net basis of the margin of the sale. (Refer note 18 and note 27).

a) Disaggregation of revenue

(₹ in lakhs)

	Year ended 31 March 2019	Year ended 31 March 2018
Within India	**42,603.04**	30,073.60
Outside India	**2,212.59**	2,114.80
Total	**44,815.63**	32,188.40

b) Contract balances

(₹ in lakhs)

	As at 31 March 2019	As at 31 March 2018
Trade receivables	**8,478.61**	4,939.28
Contract liabilities from contracts with customers	**1,083.38**	1,375.97

c) Reconciliation of revenue recognised in the Standalone Statement of Profit and Loss with the contracted price

(₹ in lakhs)

	Year ended 31 March 2019	Year ended 31 March 2018
Revenue as per contracted price	**45,263.47**	32,631.36
Sales return	**(14.33)**	(8.42)
Revenue from contract with customers	**45,249.14**	32,622.94

48 Earnings per share

(₹ in lakhs)

	Year ended 31 March 2019	Year ended 31 March 2018
Net Profit / (Loss) after tax attributable to equity share holders (₹ In lakhs)	**8,752.56**	1,305.04
Weighted average number of equity shares outstanding during the year (numbers)	**112,207,682**	112,207,682
Basic and diluted earnings per share (₹)	**7.80**	1.16
Face value per share (₹)	**2.00**	2.00

Note: The Company does not have any outstanding dilutive potential equity shares as at 31 March 2019 and 31 March 2018. Consequently, basic and diluted earnings per share of the Company remains the same.

NOTES TO STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2019

49 Lease

a) Assets taken on operating lease:

The Company has entered into operating lease agreements for certain office and warehouse facilities and such leases are cancellable in nature. Lease rent expense recognised in the Standalone Statement of Profit and Loss for the year ended 31 March 2019 in respect of operating leases is ₹ 244.99 lakhs (31 March 2018: ₹ 242.54 lakhs).

The total future minimum lease rentals payable against such cancellable leases at the balance sheet date are as under:

(₹ in lakhs)

	As at 31 March 2019	As at 31 March 2018
For a period not later than one year	**201.45**	196.79
For a period later than one year and not later than five years	**618.09**	600.12
For a period later than five years	**-**	-

b) Assets given on operating lease:

The Company has entered into operating lease agreements for gas cylinders and such leases are cancellable in nature. Lease rent income recognised in the Standalone Statement of Profit and Loss for the year ended 31 March 2019 in respect of operating leases is ₹ 22.53 lakhs (31 March 2018: ₹ Nil)

The total future minimum lease rentals receivable against such cancellable leases at the balance sheet date are as under:

(₹ in lakhs)

	As at 31 March 2019	As at 31 March 2018
For a period not later than one year	**49.62**	-
For a period later than one year and not later than five years	**198.48**	-
For a period later than five years	**76.32**	-

50 Assets pledged as security

The carrying amount of assets pledged as security are as under:

(₹ in lakhs)

	As at 31 March 2019	As at 31 March 2018
Non-current assets		
Property, plant and equipment	**20,001.49**	20,678.40
Capital work-in-progress	**778.48**	31.52
Intangible assets	**21.04**	13.24
Loans	**205.11**	952.13
Current assets		
Financial assets		
Investments	**2.99**	2.84
Trade receivables	**8,478.61**	4,939.28
Cash and cash equivalents	**130.98**	241.81
Bank balances other than cash and cash equivalents	**1,095.88**	1,207.23
Loans	**1,852.60**	5,678.33
Other financial assets	**291.49**	77.37
Non financial assets		
Inventories	**11,663.49**	10,683.78
Other current assets	**5,388.35**	3,325.51
Assets classified as held for sale	**1,834.94**	3,070.62
Investment in subsidiary		
- EKC Industries (Tianjin) Co. Ltd.	**-**	425.07
Total assets pledged as security	**51,745.44**	51,327.13

NOTES TO STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2019

51 Net debt reconciliation

Reconciliation of non-cash and cash flow changes in financing activities. (₹ in lakhs)

	As at 31 March 2019	As at 31 March 2018
Cash and cash equivalents	**130.98**	241.81
Non-current borrowings (including current maturities)	**(12,821.61)**	(15,343.94)
Current borrowings	**(7,137.12)**	(7,105.21)
Net debt	**(19,827.75)**	(22,207.34)

(₹ in lakhs)

	Cash and cash equivalents	Non-current borrowings	Current borrowings	Total
Net Debt as at 31 March 2018	**241.81**	**(15,343.94)**	**(7,105.21)**	**(22,207.33)**
Cash flows	(110.83)	2,475.00	(31.91)	**2,332.26**
Interest expense	-	(1,562.28)	(1,010.15)	**(2,572.43)**
Foreign exchange impact	-	39.50	-	**39.50**
Interest paid	-	1,611.75	1,010.15	**2,621.90**
Non cash adjustment	-	-	-	-
Amortisation of loan processing fee	-	(41.64)	-	**(41.64)**
Net Debt as at 31 March 2019	**130.98**	**(12,821.61)**	**(7,137.12)**	**(19,827.75)**

52 The remuneration of Chairman and Managing Director (CMD) for the current year is ₹ 119 lakhs. During the year ended 31 March 2018, the CMD had voluntarily not drawn any remuneration from the Company.

53 The outstanding balances as at 31 March 2019 include trade payables aggregating ₹ 12,385.21 lakhs, trade receivables aggregating ₹ 17.29 lakhs and interest receivable aggregating ₹ 2,297.23 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 has filed an application with Reserve Bank of India seeking permission for write-off of Interest receivable and is also in the process of regularising other defaults by filing necessary applications with the appropriate authority for condonation of delays. Pending conclusion of the aforesaid matters, the amount of penalty, if any, that may be levied, is not ascertainable and accordingly, the accompanying standalone financial statements do not include any adjustments that may arise due to such delay/ default.

54 Recognition of interest income of ₹ 69.93 lakhs for the year ended 31 March 2019 (₹ 158.37 lakhs for the year ended 31 March 2018) in respect of loan given to a subsidiary has been deferred by the Company, due to uncertainties with respect to ultimate collection of outstanding amounts.

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

Khushroo B. Panthaky
Partner
Membership No: 42423

Place : Mumbai
Date : 30 May 2019

For and on behalf of the Board of Directors

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

Punnet Khurana
Chief Executive Officer

Sanjiv Kapur
Chief Financial Officer

Bhagyashree Kanekar
Company Secretary

Place : Mumbai
Date : 30 May 2019

Everest Kanto Cylinder Limited
FY 2018-19

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 (Tianjin) 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 31.03.2019	1 AED = 18.8699	1 RMB = 10.3270	1 THB = 2.1741	NA	NA	NA	1 USD = 69.1713	1 USD = 69.1713	1 EURO = 77.7024	1 TZS = 0.0302
4.	Share Capital	3,246.31	23,379.51	2,174.06	10.00	353.54	3.63	5,318.69	6,225.42	19.43	1.48
5.	Reserves & Surplus	53,285.26	(20,201.48)	(34.60)	-	(1,354.27)	0.87	(5,933.27)	(13,780.88)	(297.23)	(25.77)
6.	Share Application Money	-	-	-	-	-	-	-	-	-	24.88
7.	Total Assets	68,300.47	8,387.47	2,149.92	9.91	543.23	4.50	9,090.77	24,316.70	1,028.75	0.59
8.	Total Liabilities	68,300.47	8,387.47	2,149.92	9.91	543.23	4.50	9,090.77	24,316.70	1,028.75	0.59
9.	Investments	13,136.15	-	-	-	(78.18)	-	6,225.42	-	-	-
10.	Turnover	15,588.66	3,154.28	17.13	-	872.87	-	408.48	11,806.16	2,585.62	-
11.	Profit/(Loss) Before Taxation	596.92	(1,658.03)	(18.87)	(0.09)	(97.88)	(0.13)	376.49	(1,954.23)	16.93	(2.16)
12.	Provision for Taxation	-	-	-	-	-	-	2.02	11.88	-	-
13.	Profit/(Loss) After Taxation	596.92	(1,658.03)	(18.87)	(0.09)	(97.88)	(0.13)	374.47	(1,966.11)	16.93	(2.16)
14.	Proposed Dividend	-	-	-	-	-	-	-	-	-	-
15.	% of Shareholding	100.00%	63.96%	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 Audit of the Consolidated Financial Statements

Opinion

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 its joint venture, which comprise the Consolidated Balance Sheet as at 31 March 2019, 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.

2. 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 a joint venture, the aforesaid consolidated financial statements give the information required by the Companies Act, 2013 (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 Indian Accounting Standards ('Ind AS') specified under Section 133 of the Act, of the consolidated state of affairs (consolidated financial position) of the Group as at 31 March 2019, and its consolidated profit (consolidated financial performance including other comprehensive income), its consolidated cash flows and the consolidated changes in equity for the year ended on that date.

Basis for Opinion

3. We conducted our audit in accordance with the Standards on Auditing specified under Section 143(10) of the Act. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Company in accordance with the Code of Ethics issued by the Institute of Chartered Accountants of India ('ICAI') together with the ethical requirements that are relevant to our audit of the financial statements under the provisions of the Act and the rules thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics. 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 paragraph 16 of the Other Matters paragraph below is sufficient and appropriate to provide a basis for our opinion.

Emphasis of matter

4. We draw attention to Note 54 to the accompanying consolidated financial statements regarding delays in payment of foreign currency payable against the supply of goods, receipt in foreign currency receivables and interest receivable on foreign currency loans aggregating to ₹ 12,385.21 lakhs, ₹ 17.29 lakhs and ₹ 2,297.23 lakhs respectively, that are outstanding for a period beyond the timelines stipulated in 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. Management of the Holding Company has represented that the Holding Company is in the process of regularising these defaults by filing necessary application with the appropriate authority for condonation of such delays. Management is of the view that the possible penalties etc. which may be levied for these contraventions cannot be measured with sufficient reliability and accordingly, the accompanying consolidated financial statements does not include any adjustments that may arise due to such default. Our report is not modified in respect of this matter.

Key Audit Matters

5. Key audit matters are those matters that, in our professional judgment 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 a joint venture, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

6. We have determined the matters described below to be the key audit matters to be communicated in our report.

<table>
<tr><th>Key audit matters</th><th>How our audit addressed the key audit matters</th></tr>
<tr><td>

Recoverability of deferred tax assets

During the year ended 31 March 2019, the Holding Company recognised ₹ 5,707.31 lakhs of deferred tax assets on carry forward losses and Minimum Alternate Tax (MAT) credit as per Income-tax Act, 1961, as disclosed in Note 37 to the accompanying consolidated financial statements.

Ind AS 12, 'Income Taxes', requires deferred tax assets to be recognised for all deductible temporary differences to the extent that it is probable that future taxable income will be available against which the deductible temporary difference can be utilised.

The Holding Company's ability to recover the deferred tax assets is assessed by the management at the close of each financial year which depends upon the forecasts of the future results and taxable profits that Holding Company expects to earn within the period by which such brought forward losses may be adjusted against the taxable profits as governed by the Income-tax Act, 1961.

We have considered it as a key audit matter, because of the amounts involved and significant management judgement in assessing the probability of generation of future taxable profits to utilise the recognised deferred tax assets.

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Our audit procedures in relation to the recognition of deferred tax assets included, but were not limited to the following:

- Evaluated the design and tested the operating effectiveness of key controls implemented by the Holding Company over recognition of deferred tax assets based on the assessment of Holding Company's ability to generate sufficient taxable profits in foreseeable future allowing the use of deferred tax assets within the time prescribed by income tax laws;
- Reconciled the future taxable profit projections to future business plans of the Holding Company as approved by the Board of Directors;
- Tested the assumptions used in the aforesaid future projections such as growth rates, expected saving, etc. considering our understanding of the business, actual historical results, other relevant existing conditions, external data and market conditions;
- Tested the arithmetical accuracy of the calculations included in the management projections;
- Performed independent sensitivity analysis to test the impact of possible variations in key assumptions;
- Evaluated management's assessment of time period available for adjustment of such deferred tax assets as per provisions of the Income Tax Act, 1961 and appropriateness of the accounting treatment with respect to the recognition of deferred tax assets as per requirements of Ind AS 12, 'Income Taxes'; and
- Evaluated the appropriateness of the disclosures made in the consolidated financial statements in respect of deferred tax assets.

</td></tr>
<tr><td>

Valuation and impairment of property, plant and equipment

Refer Note 2 to the accompanying consolidated financial statements.

As at 31 March 2019, the carrying amount of certain property, plant and equipment is ₹ 6,890.65 lakhs.

The said assets have remained idle for a considerable period due to demand contraction for certain products. Therefore, management of the Holding Company has considered it to be an indicator of possible impairment in the carrying value of the assets.

Accordingly, the management, with the help of independent valuer, has performed an impairment assessment and has estimated the recoverable amount of its investment in the property, plant and equipment using 'Replacement cost valuation model', which is a complex exercise, and involves the use of significant estimates and assumptions that are dependent on expected future market conditions.

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Our procedures included, but were not limited to the following:

- Obtained an understanding of management's process and evaluated design and tested operating effectiveness of controls around identification of indicators of impairment under Ind AS, and around valuation of the property, plant and equipment to determine its recoverable value;
- Assessed the appropriateness of methodology and valuation model used by the management's valuation specialist to estimate the recoverable value of the property, plant and equipment;
- Assessed the professional competence, objectivity and capabilities of the valuation specialist engaged by the management;
- Assessed the reasonableness of management's estimates relating to expected useful lives of property, plant and equipment and recoverable value estimated by the valuation specialist based on replacement costs;

</td></tr>
</table>

As per assessment done by the management, the carrying value of the said property, plant and equipment is impaired by ₹ 1,306.05 lakhs to reduce it to its estimated recoverable value. Considering the materiality of the amounts involved, the significant judgement required in estimating the quantum of impairment in the value of property, plant and equipment and such estimates and judgements being inherently subjective, this matter has been identified as a key audit matter for the current year audit.	• Tested the arithmetical calculations in the management's computation; and • Evaluated the adequacy of disclosures in respect of impairment of the said property, plant and equipment in the consolidated financial statements.
Inventories (CP Industries Holdings, Inc.) Work-in-progress inventory per inventory reporting system was not properly reconciled to the general ledger as at 31 March 2019 resulting in an approximately ₹ 1,009.90 lakhs (USD 14.60 lakhs) adjustment identified during the audit that decreased work-in-process inventory and increased cost of goods sold. Several additional inventory adjustments totalling approximately ₹ 123.12 lakhs (USD 1.78 lakhs) were also identified during the audit and recorded at 31 March 2019. The total impact of these adjustments was to reduce inventories and increase cost of goods sold by approximately ₹ 1,133.02 lakhs (USD 16.38 lakhs). Additionally, CP Industries Holdings, Inc. did not perform a detailed analysis of slow-moving/obsolete raw material pipe and work-in-progress inventories as part of their annual closing process and they could not timely prepare a roll forward analysis of inventory from the physical inventory date of 23 February 2019 to the fiscal year end of 31 March 2019.	1. We requested CP Industries Holdings, Inc. to reconcile the inventory reporting system to the general ledger which resulted in the approximately ₹ 1,009.90 lakhs (USD 14.60 lakhs) audit adjustment being recorded. We also requested evidence that the same issue did not exist at the prior fiscal year end which was successfully provided. 2. We requested CP Industries Holdings, Inc. to conduct a slow-moving/obsolete inventory review and to provide us with memorandums detailing their review of these items and conclusion that no additional reserves for slow moving or obsolete inventory was required at 31 March 2019. We then discussed the memorandums with CP Industries Holdings, Inc. and performed audit testing on the specific items included in the memorandums. We also requested that CP Industries Holdings, Inc. assist us with preparing an alternative roll forward analysis of inventory that we tested. As a result of these matters, we are reporting material weaknesses in internal control.

Information other than the Consolidated Financial Statements and Auditor's Report thereon

7. The Holding Company's Board of Directors is responsible for the other information. The other information comprises the information included in the Annual Report, but does not include the consolidated financial statements and our auditor's report thereon. The Annual Report is expected to be made available to us after the date of this auditor's report.

   Our opinion on the consolidated financial statements does not cover the other information and we will not express any form of assurance conclusion thereon.

   In connection with our audit of the consolidated financial statements, our responsibility is to read the other information identified above when it becomes available and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

   When we read the Annual Report, if we conclude that there is a material misstatement therein, we are required to communicate the matter to those charged with governance.

Responsibilities of Management and Those Charged with Governance for the Consolidated Financial Statements

8. The Holding Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Act with respect to the preparation of these consolidated financial statements 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 changes in equity and consolidated cash flows of the Group including its joint venture in accordance with the accounting principles generally accepted in India, including the Ind AS specified under Section 133 of the Act. The Holding Company's Board of Directors is also responsible for ensuring accuracy of records including financial information considered necessary for the preparation of consolidated Ind AS financial statements. Further, in terms of the provisions of the Act, the respective Board of Directors /management of the companies included in the Group, and its joint venture company 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.

9. In preparing the consolidated financial statements, the respective Board of Directors of the companies included in the Group and of its joint venture are responsible for assessing the ability of the Group and of its joint venture to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Board of Directors either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

10. Those Board of Directors are also responsible for overseeing the financial reporting process of the companies included in the Group and of its joint venture.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

11. Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Standards on Auditing will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

12. As part of an audit in accordance with Standards on Auditing, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

    - Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
    - Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under Section 143(3)(i) of the Act, we are also responsible for expressing our opinion on whether the Holding Company has adequate internal financial controls system in place and the operating effectiveness of such controls.
    - Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
    - Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the ability of the Group and its joint venture to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group and its joint venture to cease to continue as a going concern.
    - Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

13. We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

14. We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

15. From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Other Matters

16. We did not audit the financial statements / consolidated financial statements of seven subsidiaries, whose financial statements / consolidated financial statements (before eliminating inter company balances) reflects total assets of ₹ 121,857.03 lakhs and net assets of ₹ 61,662.88 lakhs as at 31 March 2019, total revenues (before eliminating inter company transactions) of ₹ 30,645.57 lakhs and net cash outflows amounting to ₹ 3,194.21 lakhs for the year ended on that date, as considered in the consolidated financial statements. These financial statements / consolidated 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, four 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, and matters identified and disclosed under key audit matters section above, 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.

17. We did not audit the financial information of two subsidiaries, whose financial information (before eliminating inter company balances) reflects total assets of ₹ 3,065.96 lakhs and net assets of ₹ 1,748.95 lakhs as at 31 March 2019, total revenues (before eliminating inter company transactions) of ₹ 2,585.62 lakhs and net cash inflows amounting to ₹ 22.88 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) (before eliminating inter company transactions) of ₹ 0.91 lakh for the year ended 31 March 2019, as considered in the consolidated financial statements, in respect of a joint venture, whose financial information has 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, and matters identified and disclosed under key audit matters section above 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 and joint venture company, are based solely on such unaudited financial information. In our opinion and according to the information and explanations given to us by the management, these 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.

Report on Other Legal and Regulatory Requirements

18. As required by Section 197(16) of the Act, based on our audit and on the consideration of the reports of the other auditors, referred to in paragraph 16, on separate financial statements of the subsidiaries, we report that the Holding Company covered under the Act paid remuneration to their respective directors during the year in accordance with the provisions of and limits laid down under Section 197 read with Schedule V to the Act. Further, we report that three subsidiary companies covered under the Act have not paid or provided for any managerial remuneration during the year.

19. 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 reports 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, as applicable, 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 2019 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 and joint venture company 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 Auditors) 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 and 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 its joint venture as detailed in Note 43 to the consolidated financial statements;

ii. The Holding Company, and its joint venture did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses as at 31 March 2019;

iii. following are the instances of delays in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Company;

Name of company	Status	(₹ in lakhs)	Due date	Date of payment
Everest Kanto Cylinder Limited	Holding Company	4.76	4 September 2018	1 December 2018

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
Firm's Registration No.: 001076N/N500013

Khushroo B. Panthaky
Partner
Membership No.: 42423

Place: Mumbai
Date: 30 May 2019

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 2019

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 2019, we have audited the internal financial controls over financial reporting ('IFCoFR') of the Holding Company and its three 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 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 (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 three 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 three 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 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 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 2019, 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 ₹ 642.82 lakhs and net assets of ₹ (901.17) lakhs as at 31 March 2019, total revenues (before eliminating intercompany transactions) of ₹ 856.19 lakhs and net cash inflows amounting to ₹ 18.52 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 auditor, 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 auditor 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 auditor.

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

Khushroo B. Panthaky
Partner
Membership No.: 42423

Place: Mumbai
Date: 30 May 2019

CONSOLIDATED BALANCE SHEET AS AT 31 MARCH 2019

		Note No.	As at 31 March 2019 (₹ in lakhs)	As at 31 March 2018 (₹ in lakhs)
I.	**ASSETS**			
1	**Non-current assets**			
	Property, plant and equipment	2	**32,820.04**	33,938.74
	Capital work-in-progress		**1,837.57**	844.51
	Intangible assets	3	**103.54**	109.34
	Investment accounted for using equity method		**-**	8.21
	Financial assets			
	Investments	4	**278.85**	405.83
	Loans	5	**247.49**	1,021.42
	Other financial assets	6	**235.95**	252.07
	Deferred tax assets (net)	7	**5,713.62**	41.82
	Current tax assets (net)	8	**21.88**	626.37
	Other non-current assets	9	**87.64**	61.77
			41,346.58	37,310.08
2	**Current assets**			
	Inventories	10	**30,705.24**	26,730.29
	Financial assets			
	Investments	11	**2.99**	2.84
	Trade receivables	12	**12,171.32**	8,945.31
	Cash and cash equivalents	13	**831.79**	901.46
	Bank balances other than cash and cash equivalents	14	**2,158.24**	2,138.48
	Loans	15	**1,608.08**	1,251.71
	Other financial assets	16	**418.99**	85.82
	Other current assets	17	**3,346.78**	3,540.58
			51,243.43	43,596.49
	Assets classified as held for sale	18	**9,955.60**	13,253.67
	TOTAL ASSETS		**102,545.61**	94,160.24
II.	**EQUITY AND LIABILITIES**			
1	**Equity**			
	Equity share capital	19	**2,244.15**	2,244.15
	Other equity	20	**49,526.50**	42,125.99
	Equity attributable to owners		**51,770.65**	44,370.14
	Non-controlling interests		**9.17**	36.05
	Total equity		**51,779.82**	44,406.19
2	**Liabilities**			
(i)	**Non-current liabilities**			
	Financial liabilities			
	Borrowings	21	**8,857.49**	18,455.45
	Provisions	22	**1,781.86**	1,754.30
			10,639.35	20,209.75
(ii)	**Current liabilities**			
	Financial liabilities			
	Borrowings	23	**18,120.18**	17,084.76
	Trade payables			
	Total outstanding dues to micro and small enterprises	24	**362.97**	257.05
	Total outstanding dues of creditors other than micro enterprises		**5,423.32**	3,392.82
	Other financial liabilities	25	**9,448.45**	4,577.68
	Provisions	26	**334.41**	233.85
	Current tax liabilities (net)	27	**142.84**	-
	Other current liabilities	28	**5,882.47**	2,953.54
			39,714.64	28,499.70
	Liabilities directly associated with assets classified as held for sale		**411.80**	1,044.60
	TOTAL EQUITY AND LIABILITIES		**102,545.61**	94,160.24
	Significant accounting policies and other explanatory information	1		

The accompanying notes are an integral part of these consolidated financial statements

This is the Balance Sheet referred to in our report of even date

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

Khushroo B. Panthaky
Partner
Membership No: 42423

Place : Mumbai
Date : 30 May 2019

For and on behalf of the Board of Directors

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

Punnet Khurana
Chief Executive Officer

Sanjiv Kapur
Chief Financial Officer

Bhagyashree Kanekar
Company Secretary

Place : Mumbai
Date : 30 May 2019

CONSOLIDATED STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31 MARCH 2019

	Note No.	Year Ended 31 March 2019 (₹ in lakhs)	Year Ended 31 March 2018 (₹ in lakhs)
Continuing operations			
Revenue from operations	29	**70,208.59**	54,245.54
Other income	30	**532.93**	1,560.77
Total Income		**70,741.52**	55,806.31
Expenses:			
Cost of materials consumed	31	**35,057.27**	22,392.95
Purchases of stock-in-trade		**2,307.78**	2,722.51
Changes in inventories of finished goods, work-in-progress and stock-in-trade	32	**(965.91)**	(130.09)
Excise duty		**-**	344.47
Employee benefits	33	**7,990.54**	7,407.41
Finance costs	34	**3,561.78**	3,472.54
Depreciation and amortisation	3A	**3,028.75**	3,181.80
Other expenses	35	**16,644.41**	13,732.41
Total Expenses		**67,624.62**	53,124.00
Profit / (Loss) before provision for doubtful debts, foreign exchange variation gain / (loss), exceptional items, share of profit / (loss) of joint venture and tax		**3,116.90**	2,682.31
Provision written back / (Provision for doubtful debts)		**(13.90)**	412.30
Foreign exchange variation gain / (loss)		**732.51**	64.04
Profit / (Loss) before exceptional items, share of profit / (loss) of joint venture and tax		**3,835.51**	3,158.65
Share of profit / (loss) of joint venture		**(0.91)**	(5.06)
Profit / (Loss) before exceptional items and tax		**3,834.60**	3,153.59
Exceptional items gain / (loss) (net)	36	**(1,207.59)**	32.17
Profit / (Loss) before tax from continuing operations		**2,627.01**	3,185.76
Tax expense / (credit)	37		
Current tax		**1,022.02**	455.90
Deferred tax		**(5,707.31)**	5.91
		(4,685.29)	461.81
Net Profit / (Loss) after tax from continuing operations		**7,312.30**	2,723.95
Discontinued Operations	45		
Profit / (Loss) from discontinued operations before tax		**(1,470.49)**	(344.36)
Tax expense of discontinued operations		**-**	-
Profit / (Loss) from discontinued operations after tax		**(1,470.49)**	(344.36)
Profit / (Loss) after tax from total operations		**5,841.81**	2,379.59
Other comprehensive income / (loss)	38		
(a) Items that will not be reclassified to profit or loss		**(125.49)**	57.00
(b) Tax (expense) / credit on items that will not be reclassified to profit or loss		**(35.51)**	(12.86)
(a) Items that will be reclassified to profit or loss		**1,692.82**	(206.84)
(b) Tax (expense) / credit on items that will be reclassified to profit or loss		**-**	-
Total other comprehensive income / (loss) (net of tax)		**1,531.82**	(162.70)
Total comprehensive income for the year		**7,373.63**	2,216.89
Net profit for the year attributable to:			
Equity shareholders of the Holding Company		**5,868.69**	2,336.50
Non-controlling interests		**(26.88)**	43.09
Total comprehensive income for the year attributable to:			
Equity shareholders of the Holding Company		**7,400.51**	2,173.80
Non-controlling interests		**(26.88)**	43.09
Earnings per share:	49		
Basic & Diluted (in ₹)			
(i) Continuing operations		**6.54**	2.39
(ii) Discontinued operations		**(1.31)**	(0.31)
(iii) Total operations		**5.23**	2.08
Face value per share (in ₹)		**2.00**	2.00
Significant accounting policies and other explanatory information	1		

The accompanying notes are an integral part of these consolidated financial statements

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's Registration No: 001076N/N500013

Khushroo B. Panthaky
Partner
Membership No: 42423

Place : Mumbai
Date : 30 May 2019

For and on behalf of the Board of Directors

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

Punnet Khurana
Chief Executive Officer

Sanjiv Kapur
Chief Financial Officer

Bhagyashree Kanekar
Company Secretary

Place : Mumbai
Date : 30 May 2019

STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 MARCH 2019

Equity share capital

(₹ in lakhs)

	Note No.	Number of shares	Amount
As at 01 April 2017		**112,207,682**	**2,244.15**
Changes in equity share capital		-	-
As at 31 March 2018	19	**112,207,682**	**2,244.15**
Changes in equity share capital		-	-
As at 31 March 2019		**112,207,682**	**2,244.15**

Other equity (Refer note 20)

(₹ in lakhs)

	Reserves and surplus			Other reserves		Non-controlling interests	Total
	Securities premium	General reserve	Retained earnings	Foreign currency translation reserve	Fair value through other comprehensive income - Equity investments		
Opening balance as at 01 April 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 for the year	-	-	2,336.50	-	-	43.09	**2,379.59**
Other comprehensive income / (loss) for the year	-	-	(10.99)	(206.84)	55.13	-	**(162.70)**
Closing balance as at 31 March 2018	**24,789.64**	**7,491.00**	**10,085.54**	**(641.91)**	**401.72**	**36.05**	**42,162.04**
Transactions during the year							
Net profit / (loss) for the year	-	-	5,868.69	-	-	(26.88)	**5,841.81**
Other comprehensive income / (loss) for the year	-	-	(11.73)	1,692.82	(149.27)	-	**1,531.82**
Closing balance as at 31 March 2019	**24,789.64**	**7,491.00**	**15,942.50**	**1,050.91**	**252.45**	**9.17**	**49,535.67**

The accompanying notes are an integral part of these consolidated financial statements

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's Registration No: 001076N/N500013

Khushroo B. Panthaky
Partner
Membership No: 42423

Place : Mumbai
Date : 30 May 2019

For and on behalf of the Board of Directors

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

Punnet Khurana
Chief Executive Officer

Sanjiv Kapur
Chief Financial Officer

Bhagyashree Kanekar
Company Secretary

Place : Mumbai
Date : 30 May 2019

CONSOLIDATED STATEMENT OF CASH FLOW FOR THE YEAR ENDED 31 MARCH 2019

		Year Ended 31 March 2019 (₹ in lakhs)	Year Ended 31 March 2018 (₹ in lakhs)
A.	**Cash flow from operating activities**		
	Profit / (Loss) before tax from:		
	Continuing operations	**2,627.01**	3,185.76
	Discontinued operations	**(1,470.49)**	(344.36)
	Adjustments for:		
	Share of profit / (loss) of joint venture	**0.91**	5.06
	Changes in fair value of fair value through other comprehensive income equity measurements	**(126.98)**	73.89
	Reclassification of measurements of defined employee benefit plans	**1.49**	(16.89)
	Provision written back / (Provision for doubtful debts)	**(13.90)**	412.30
	Finance costs	**3,561.78**	3,527.00
	Depreciation and amortisation	**3,028.75**	4,088.16
	Impairment of property, plant and equipment	**1,306.05**	-
	Provision for sales returns	**(14.33)**	(8.42)
	Unrealised foreign exchange variation (gain) / loss	**(38.70)**	(6.27)
	Provision towards diminution in value for slow and non-moving inventory items	**(98.46)**	(32.17)
	Excess provision written back	**(61.05)**	(356.30)
	Liabilities no longer required written back	**(76.33)**	(87.91)
	impairment in the value of joint venture	**7.30**	-
	Interest income on financial assets measured at amortised cost:		
	- Inter corporate deposit	**(193.39)**	(815.08)
	- From banks on deposits	**(79.78)**	(67.56)
	- Others	**(14.66)**	(30.26)
	Dividend on financial assets measured at fair value through profit and loss	**(0.14)**	(0.12)
	(Profit) / Loss on sale of property, plant and equipment (net)	**64.36**	6.49
	Bad debts / advances written off	**410.65**	122.38
	Sundry balances written off	**-**	11.68
	Operating profit before working capital changes	**8,820.09**	9,667.38
	Adjustment for movements in:		
	(Increase) / decrease in trade and other receivables	**(4,278.63)**	(6,187.00)
	(Increase) / decrease in inventories	**(3,219.98)**	(1,471.78)
	Increase / (decrease) in trade payables, provisions, financial and non-financial liabilities	**4,047.95**	(4,010.59)
	Cash generated from / (used in) operating activities	**5,369.43**	(2,001.99)
	Direct taxes paid (net of refunds)	**(252.81)**	(59.10)
	Net cash generated from / (used in) operating activities	**5,116.62**	(2,061.09)
B.	**Cash flow from investing activities**		
	Inflow:		
	Dividend on financial assets measured at fair value through profit and loss	**0.14**	0.12
	Interest on financial assets measured at amortised cost	**243.29**	1,215.86

CONSOLIDATED CASH FLOW STATEMENT FOR THE YEAR ENDED 31 MARCH 2019

		Year Ended 31 March 2019 (₹ in lakhs)	Year Ended 31 March 2018 (₹ in lakhs)
	Sale proceeds of property, plant and equipment	47.16	23,444.70
	Advance received against sale of property, plant and equipment	1,328.00	-
	Fixed deposits matured	-	299.10
	Repayment of inter-corporate deposit	171.48	-
		1,790.07	24,959.78
	Outflow:		
	Purchase of property, plant and equipment and intangible assets (including capital work-in-progress)	1,890.51	2,489.89
	Fixed deposits placed	3.64	-
		1,894.15	2,489.89
	Net cash generated from / (used in) investing activities	(104.08)	22,469.89
C.	**Cash flow from financing activities**		
	Proceeds / (repayment) from current borrowings (net)	1,035.42	(4,955.15)
	Proceeds / (repayment) from non-current borrowings (net)	(5,038.42)	(11,767.31)
	Unclaimed dividend	(3.81)	(2.37)
	Finance costs paid	(3,611.26)	(3,537.57)
	Net cash used in financing activities	(7,618.07)	(20,262.40)
D.	**Change in currency fluctuation reserve arising on consolidation**	2,535.86	(103.21)
	Net increase / (decrease) in cash and cash equivalents (A+B+C+D)	(69.67)	43.19
	Add: Cash and cash equivalents at the beginning of the year	901.46	858.27
	Cash and cash equivalents	831.79	901.46
	Cash and cash equivalents as per above comprises of the following:		
	Cash on hand	40.35	38.89
	Balances with banks	791.44	862.57

Notes:

(i) Figures in brackets represent cash outflow.

(ii) The above Cash Flow Statement has been prepared under indirect method as set out in Ind AS 7, Cash Flow Statement.

This is the Cash Flow Statement referred to in our report of even date

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

Khushroo B. Panthaky
Partner
Membership No: 42423

Place : Mumbai
Date : 30 May 2019

For and on behalf of the Board of Directors

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

Punnet Khurana
Chief Executive Officer

Sanjiv Kapur
Chief Financial Officer

Bhagyashree Kanekar
Company Secretary

Place : Mumbai
Date : 30 May 2019

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31MARCH 2019

NOTE 1:

Statement of significant accounting policies and other explanatory information

1. Group information

Everest Kanto Cylinder Limited (the 'Company' or the 'Holding Company') and its subsidiaries (collectively referred to as the 'Group') and a joint venture 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. Further, the Group is engaged in the trading of fire equipment. The Holding Company is also engaged in trading of castor oil and generation of power. 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

(i) Compliance with Ind AS

These financial statements have been prepared 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 ('Act') read with of the Companies (Indian Accounting Standards) Rules, 2015 as amended and other relevant provisions of the Act. The financial statements have been authorised and approved by Board of directors on 30 May 2019

(ii) Historical cost convention

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

1) Certain financial assets and liabilities that are measured at fair value;
2) Assets held for sale – measured at lower of carrying amount or fair value less cost to sell;
3) Defined benefit plans - plan assets measured at fair value.

(iii) Current non-current classification

All assets and liabilities have been classified as current or non-current as per the entity's normal operating cycle and other criteria set out in Schedule III to the Act.

(iv) Rounding of amounts

All amounts disclosed in the standalone 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

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.

(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 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

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31MARCH 2019

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 Consolidated financial statement.

The carrying amount of equity accounted investments are tested for impairment in accordance with the policy described in note 9 below.

Refer note 46 for the list of subsidiaries and joint venture considered in the CFS.

4. 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 Consolidated 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, subsidiary 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 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.

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 up to 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.

v) On transition to Ind AS, the Group had elected to continue with carrying value of all its property, plant and equipment recognized 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.

5. 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 Group and the cost of the asset can be reliably measured.

Computer software's 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 Consolidated Statement of Profit and Loss when the asset is derecognised.

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

6. 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

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2019

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.

7. Cash and cash equivalents

For the purpose of presentation in the Consolidated 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.

8. 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 of purchase, costs of conversion and other costs incurred in bringing the inventory to their present location and condition. Cost formulae used is 'First In First Out'.

e) Stores and spares are charged to Consolidated Statement of Profit or Loss during the reporting period in which they are purchased.

9. 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.

(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

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31MARCH 2019

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.

10. 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.

11. 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

12. Segment Reporting

Segment information is 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').

13. 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 derecognised from the Consolidated 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.

Borro1wings 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.

14. 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

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31MARCH 2019

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.

15. 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.

16. Revenue recognition

Revenue is recognized on satisfaction of performance obligation upon transfer of control of promised goods or services to customers, at an amount that reflects the consideration expected to be received by the Group in exchange for those products or services.

The Group satisfies a performance obligation and recognises revenue over time, if one of the following criteria is met:

i) The customer simultaneously receives and consumes the benefits provided by the Group's performance as the Group performs; or

ii) The Group's performance creates or enhances an asset that the customer controls as the asset is created or enhanced; or

iii) The Group's performance does not create an asset with an alternative use to the Group and an entity has an enforceable right to payment for performance completed to date.

For performance obligations where one of the above conditions are not met, revenue is recognised at the point in time at which the performance obligation is satisfied.

Revenue from sale of goods is recognised at a point in time when the control of the goods is transferred to the customer.

Revenue in 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.

Revenue from shipping and handling services are recognised over the period of time on the basis of satisfaction of performance obligation.

In case of revenue from long contracts, contract revenue is matched with the contract costs incurred in reaching the stage of completion, resulting in the reporting of revenue, expenses and profit which can be attributed to the proportion of work completed. However, where the total project cost is estimated to exceed total revenues from the project, the loss is recognized immediately in the Consolidated Statement of Profit and Loss. Revenue in excess of invoicing are classified as contract asset while invoicing in excess of revenues are classified as contract liabilities.

Export benefits are recognised in the year of export when right to receive the benefit is established and conditions attached to the benefits are satisfied.

17. 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.

18. 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.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31MARCH 2019

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 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 encased 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 encased 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 non-contributory 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.

19. 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:

i. assets and liabilities are translated at the closing rate at the date of that balance sheet

ii. 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.

20. 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

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31MARCH 2019

Consolidated Statement of Profit and Loss, except when they relate to item that are recognised in Other comprehensive income / (loss)or directly in Equity, in which case, the current and deferred tax are also recognised in Other comprehensive income / (loss) 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 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.

21. 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.

22. 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 shareholders 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.

23. 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

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31MARCH 2019

normal course of business and in the event of default, insolvency or bankruptcy of the group or the counterparty.

24. 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.

25. 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 consolidated financial statements and the reported amounts of revenues and expenses during the reporting period.

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) Estimation of provision for inventory - refer note 10

(ii) Estimated useful life of property, plant and equipment and intangible assets – refer notes 2 and 3

(iii) Impairment of carrying value of property, plant and equipment – refer note 2

(iv) Estimation of current tax expenses and recognition of deferred tax assets on brought forward losses, unabsorbed depreciation, minimum alternate tax credit and other temporary differences - refer note 37

(v) Probable outcome of matters included under Contingent Liabilities - refer note 43

(vi) Provision for doubtful debts / loans - refer note 5, 12, 15

(vii) Estimation of Defined benefit obligation - refer note 44

(viii) Estimated fair value of investments in Everest Kanto Investment and Finance Private Limited - Refer note 39

26. Recent accounting pronouncements

Ind AS 116

On 30 March 2019, the Ministry of Corporate Affairs (MCA), in consultation with the National Financial Reporting Authority, has issued Companies (Indian Accounting Standards) Amendment Rules, 2019 to amend the Companies (Indian Accounting Standards) Rules, 2015. This results in introduction of Ind AS 116, Leases, that comprehensively revamps the leases guidance. Consequently, Ind AS 17 has been withdrawn, and other standards are suitably modified. The amendment is applicable to the Group from 01 April 2019. The Group is currently assessing the potential impact of this amendment.

Other amendments

On 30 March 2019, the Ministry of Corporate Affairs (MCA), in consultation with the National Financial Reporting Authority, has issued Companies (Indian Accounting Standards) Second Amendment Rules, 2019 to amend the Companies (Indian Accounting Standards) Rules, 2015. This results in amendment in few other existing standards such as Appendix C to Ind AS 12 Income tax, Ind AS 23 Borrowing cost, Ind AS 109 Financial Instrument, Ind AS 19 Employee Benefits, Ind AS 28 Investments in Associates and Joint Ventures. However, these amendments do not have any impact on the Group.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2019

2 Property, plant and equipment

(₹ in lakhs)

	Freehold land	Leasehold land [Refer note (i) below]	Buildings [Refer note (ii) below]	Plant and equipment	Furniture and fixtures	Vehicles [Refer note (iii) below]	Office equipment	Computers	Gas cylinders	Gas cylinders given on lease	Electrical Installations	Total	Capital work-in-progress (Refer note 18)
Gross carrying amount													
Balance as at 01 April 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 [Refer note (iv) below]	-	-	-	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**	
Additions / Transfer of assets [Refer note 18(iv)]	-	-	1,284.73	916.70	9.74	176.92	21.58	18.50	-	193.49	14.65	2,636.31	
Disposals [Refer note (iv) below]	-	-	11.38	0.01	-	8.38	1.72	1.16	53.00	-	-	75.65	
Assets classified as held for sale (Refer note 18)	-	419.56	-	-	-	-	-	-	-	-	-	419.56	
Foreign currency translation adjustment	36.04	-	607.57	1,564.10	24.73	25.03	2.71	17.26	-	-	35.41	2,312.85	
Balance as at 31 March 2019	**844.51**	**268.75**	**18,826.10**	**54,722.50**	**665.29**	**854.99**	**290.64**	**1,107.56**	**783.78**	**193.49**	**1,198.18**	**79,755.79**	
Accumulated depreciation													
Balance as at 01 April 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 [Refer note (iv) below]	-	-	-	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**	
Depreciation charge for the year	-	0.59	491.39	2,214.87	37.68	82.97	10.05	29.19	15.52	2.98	122.86	3,008.10	
On disposals/ transfer of assets [Refer note (iv) below]	-	-	1.61	-	-	2.86	0.46	0.15	10.02	-	-	15.10	
Assets classified as held for sale (Refer note 18)	-	89.89	-	-	-	-	-	-	-	-	-	89.89	
Foreign currency translation adjustment	-	-	157.08	1,150.34	13.82	7.43	2.55	16.10	-	-	16.17	1,363.49	
Impairment [Refer note (v) below]	-	-	-	1,306.05	-	-	-	-	-	-	-	1,306.05	
Balance as at 31 March 2019	**-**	**167.79**	**5,511.59**	**37,879.96**	**447.36**	**332.39**	**247.27**	**1,037.16**	**521.70**	**2.98**	**787.55**	**46,935.75**	
Net carrying amount													
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**	**844.51**
As at 31 March 2019	**844.51**	**100.96**	**13,314.51**	**16,842.54**	**217.93**	**522.60**	**43.37**	**70.40**	**262.08**	**190.51**	**410.63**	**32,820.04**	**1,837.57**

Notes :

(i) Execution of lease deed is pending for land acquired at Tarapur Plant aggregating ₹ 111.42 lakhs (31 March 2018: ₹ 111.42 lakhs).

(ii) Includes ₹ 750 (31 March 2018: ₹ 750) paid for shares acquired in co-operative societies.

(iii) Includes vehicles in the personal name of directors of the Holding Company having gross block of ₹ 118.50 lakhs and written down value of ₹ 62.73 lakhs [(31 March 2018 ₹ 118.50 lakhs and written down value of ₹ 76.24 lakhs)].

(iv) Includes adjustments on account of translation of balances in foreign currency of assets, other than assets classified as held for sale.

(v) The assets of the Holding Company include certain property, plant and equipment having carrying amount of ₹ 6,890.65 lakhs which have remained idle for a considerable period due to contraction in demand. Accordingly, management has performed impairment test on these assets and have recorded an impairment provision of ₹ 1,306.05 lakhs during the year ended 31 March 2019.

Recoverable amount of the asset is derived by reducing cost of disposal from fair value.

Details of valuation-

a) Level of the fair value hierarchy – Level 3

b) Description of the valuation technique – Cost approach

c) Key assumptions – Salvage value, costs of disposal, latest quotations with same / similar specifications, economic indices as per Reserve Bank of India, etc.

(vi) Disclosure of contractual commitments for the acquistion of property, plant and equipment [Refer note 43(d)(i)].

(vii) Information on property, plant and equipment pledged as security by the Company (Refer note 52).

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2019

3 Intangible assets

(₹ in lakhs)

	Computer Software	Total
Gross carrying amount		
Balance as at 01 April 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	1.64	**1.64**
Balance as at 31 March 2018	**443.10**	**443.10**
Additions	8.61	**8.61**
Disposals	-	**-**
Foreign currency translation adjustment	11.67	**11.67**
Balance as at 31 March 2019	**463.38**	**463.38**
Accumulated amortisation		
Balance as at 01 April 2017	**321.71**	**321.71**
Amortisation charge	20.88	**20.88**
On disposals	-	**-**
Assets classified as held for sale	10.07	**10.07**
Foreign currency translation adjustment	1.24	**1.24**
Balance as at 31 March 2018	**333.76**	**333.76**
Amortisation charge for the year	20.65	**20.65**
On disposals	-	**-**
Foreign currency translation adjustment	5.43	**5.43**
Balance as at 31 March 2019	**359.84**	**359.84**
Net carrying value		
As at 31 March 2018	**109.34**	**109.34**
As at 31 March 2019	**103.54**	**103.54**

3A Depreciation and amortisation of continuing operations

(₹ in lakhs)

	Year ended 31 March 2019	Year ended 31 March 2018
Depreciation on property, plant and equipment	**3,008.10**	4,067.28
Amortisation on intangible assets	**20.65**	20.88
Less: Depreciation and amortisation expense of discontinued operations	**-**	(906.36)
Total	**3,028.75**	3,181.80

4 Non-current investments

(₹ in lakhs)

	Face value of shares	**As at 31 March 2019**		As at 31 March 2018	
		Quantity (Number)	**₹ in Lakhs**	Quantity (Number)	₹ in Lakhs
Investments in equity shares (Unquoted, fully paid-up)					
(i) Equity investments measured at fair value through other comprehensive income					
Everest Kanto Investment & Finance Private Limited	INR 10	**115,000**	**269.29**	115,000	360.12
GPT Steel Industries Private Limited	INR 10	**2,000,000**	**-**	2,000,000	36.20
Tarapur Environment Protection Society	INR 100	**5,852**	**9.56**	5,852	9.51
Total			**278.85**		405.83
Aggregate amount of unquoted investments			**278.85**		405.83
Aggregate amount of impairment in value of investments			**-**		-

Refer note 39 for information about fair value measurement, credit risk and market risk of investments.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2019

		As at 31 March 2019 (₹ in lakhs)	As at 31 March 2018 (₹ in lakhs)
5	**Non-current loans**		
	Unsecured considered good, unless otherwise stated		
	Inter-corporate deposit [Refer note 15(i) below]	-	747.78
	Security deposits		
	- Considered good	247.49	245.48
	- Significant increase in credit risk	-	-
	- Considered credit impaired	254.00	254.00
	Less: Impairment allowance		
	- Credit impaired	(254.00)	(254.00)
	Others	-	28.16
	Total	247.49	1,021.42

Refer note 40 for information about credit risk and market risk for loans and note 15(ii) for disclosure under Section 186 of the Companies Act, 2013.

6	**Other non-current financial assets**		
	Unsecured, considered good		
	Deposits with maturity of more than 12 months*	235.95	252.07
	Total	235.95	252.07

*Margin money against bank guarantees and letter of credit facilities availed from bank

7	**Deferred tax assets (net)**		
	Deferred tax liability on account of :		
	Depreciation and amortisation	3,775.40	4,207.94
	Financial liabilities measured at amortised cost	21.29	35.37
		3,796.69	4,243.31
	Deferred tax assets on account of :		
	Financial assets measured at fair value through other comprehensive income	-	41.81
	Provision for doubtful debts / deposits / advances / other receivables, etc.	1,714.02	378.20
	Provision for employee benefits	90.60	57.21
	Provision for sales returns	7.90	16.35
	Unrealised profits on closing stock	25.89	84.79
	Unabsorbed depreciation as per tax laws	1,363.82	1,324.52
	Carried forward business losses as per tax laws	4,875.65	2,382.25
	Minimum alternate tax credit entitlement	1,432.43	-
		9,510.31	4,285.13
	Total	5,713.62	41.82

Considering the recent improvements in Holding Company's performance and management's expectation of sustainable profits in future periods, the Holding Company has recognised deferred tax assets on brought forward business losses and unabsorbed depreciation. It has also accrued minimum alternate tax credit available as per Income-tax Act, 1961. Accordingly, the Consolidated Statement of Profit and Loss for the year ended 31 March 2019 includes deferred tax credit of ₹ 5,707.31 lakhs recognized on brought forward losses, unabsorbed depreciation, minimum alternate tax credit and other temporary differences. During the previous year, the recognition of deferred tax assets were limited to the amount of deferred tax liabilities on the ground of prudence.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2019

		As at 31 March 2019 (₹ in lakhs)	As at 31 March 2018 (₹ in lakhs)
8	**Current tax assets (net)**		
	Advance income tax (net of provision for tax ₹ Nil; 31 March 2018 ₹ 3,897.33 lakhs)	**21.88**	626.37
	Total	**21.88**	626.37
9	**Other non-current assets**		
	Capital advances	**72.64**	46.77
	Security deposits	**15.00**	15.00
	Total	**87.64**	61.77
10	**Inventories**		
	Raw materials and components [Including goods in transit ₹ Nil (31 March 2018 ₹ 5.33 lakhs)]	**11,785.80**	10,031.77
	Less: Provision for diminution in value	**(610.75)**	(693.73)
		11,175.05	9,338.04
	Work-in-progress	**16,283.57**	15,184.50
	Less: Provision for diminution in value	**(232.07)**	(345.04)
		16,051.50	14,839.46
	Finished goods	**2,446.26**	1,910.59
	Finished goods - In transit	**177.68**	-
	Stock-in-trade	**808.49**	599.57
	Stores and spares	**46.26**	42.63
	Total	**30,705.24**	26,730.29
11	**Current investments**		
	Investment in Mutual Funds - quoted (measured at fair value through profit and loss)		
	LIC Liquid Fund - Dividend Plan 163.72 units (31 March 2018: 156.15 units)	**1.80**	1.71
	UTI Liquid Fund - Cash Plan Institutional - Daily Income 116.72 units (31 March 2018: 101.56 units)	**1.19**	1.13
	Total	**2.99**	2.84
	Aggregate amount of quoted investments and market value thereof	**2.99**	2.84
	Aggregate amount for impairment in value of investments	**-**	-
12	**Trade receivables**		
	Trade receivables (Refer notes 54 and 55)	**14,008.36**	10,768.45
	Less : Provision for doubtful debts	**(1,837.04)**	(1,823.14)
	Total	**12,171.32**	8,945.31
	Break up of trade receivables		
	- Unsecured, considered good	**12,171.32**	9,375.57
	- Significant increase in credit risk	**-**	-
	- Credit impaired	**1,837.04**	1,392.88
	Less : Impairment allowance		
	- Allowance for expected credit loss	**(40.57)**	(21.02)
	- Credit impaired	**(1,796.47)**	(1,802.12)
	Total	**12,171.32**	8,945.31
	Refer note 40 for information about credit risk and market risk of trade receivables		

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2019

		As at 31 March 2019 (₹ in lakhs)	As at 31 March 2018 (₹ in lakhs)
13	**Cash and cash equivalents**		
	Balances with banks		
	- In current accounts	**782.20**	860.12
	- In EEFC accounts	**9.24**	2.45
	Cash on hand	**40.35**	38.89
	Total	**831.79**	901.46
	There are no repatrition restrictions with regards to cash and cash equivalents as at the end of the reporting period.		
14	**Bank balances other than cash and cash equivalents**		
	Security against borrowings	**1,055.67**	429.95
	Margin money against guarantees	**850.82**	777.37
	Margin money against letter of credit	**240.46**	421.09
	Deposits with maturity of more than 3 months but less than 12 months	**8.56**	503.53
	Earmarked balances - unpaid dividend accounts	**2.73**	6.54
	Total	**2,158.24**	2,138.48
15	**Current loans**		
	Unsecured considered good, unless otherwise stated		
	Inter-corporate deposit [Refer note (i) below]	**1,450.36**	783.03
	Security deposits	**119.02**	242.81
	Others	**38.70**	225.87
	Loans receivables which have significant increase in credit risk	**-**	-
	Loans receivables - credit impaired	**-**	-
	Total	**1,608.08**	1,251.71
	Refer note 40 for information about credit risk and market risk for loans.		

Notes:

(i) 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 with effect from 1 April 2015. During the year ended 31 March 2018, the Holding Company had entered into a revised agreement with Hubtown Limited and had made recoveries in accordance with the revised agreement. Accordingly, considering the positive developments during the previous year, the Holding Company had recognized interest income of ₹ 815.08 lakhs (including unrecognised income of ₹ 532.47 lakhs till 31 March 2017) in the previous year. Further, the provision towards doubtful recovery of inter-corporate deposit of ₹ 100 lakhs had also been reversed during the year ended 31 March 2018. These amounts are forming part of Note 30 - Other income for the year ended 31 March 2018.

(ii) Disclosure as per Section 186 of the Companies Act, 2013

Hubtown Limited		
Balance as at the year end	**1,450.36**	1,530.81
Maximum amount outstanding at any time during the year	**1,530.81**	2,262.87

[The loan has been provided for working capital requirements and business purposes (rate of interest - 15% p.a. w.e.f 1 January 2018, 21% p.a. till 31 December 2017].

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2019

		As at 31 March 2019 (₹ in lakhs)	As at 31 March 2018 (₹ in lakhs)
16	**Other current financial assets**		
	Unsecured, considered good		
	Security deposits*	369.16	27.10
	Interest receivable:		
	- Banks	45.11	36.10
	- Others	4.72	22.62
	Total	418.99	85.82
	Note:		
	*Includes ₹ 10 lakhs (31 March 18: ₹ 10 lakhs), a security deposit to a private company in which directors are directors / members.		
17	**Other current assets**		
	Advances other than capital advances		
	- Advances paid to suppliers	2,784.62	2,689.83
	- Other advances	101.31	-
	- Prepaid expenses	150.40	257.21
	Balance with statutory authorities	271.95	593.54
	Right to receive inventory	38.50	-
	Total	3,346.78	3,540.58
18	**Assets classified as held for sale**		
	Disposal Group (Refer note 45)	8,120.66	10,183.05
	Freehold land (Refer note (i) below)	273.85	273.85
	Buildings (Refer note (iii) & (iv) below)	12.61	1,248.29
	Capital work-in-progress (Refer note (ii) below)	1,548.48	1,548.48
	Total	9,955.60	13,253.67

Notes :

(i) During the year ended 31 March 2017, the Holding Company had entered into an agreement towards sale of agricultural land (the "Specified Assets"), situated at Gandhidham. 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 carrying value of the agricultural land is USD 4 Million and ₹ 273.85 lakhs (31 March 2018: ₹ 273.85 lakhs), respectively. An amount of USD 2 Million received during the year ended 31 March 2017 as an advance against the said agricultural land has been included in Note 28 - 'Other current liabilities'.

(ii) During the year ended 31 March 2017, pursuant to the decision of the Holding Company to sell certain items of plant and equipment forming part of Capital work-in-progress, the same has been considered as 'Assets classified as held for sale'. The carrying value of these assets have been written down to their net realisable value at ₹ 1,548.48 lakhs (31 March 2018: ₹ 1,548.48 lakhs) as at 31 March 2019.

(iii) As at 31 March, 2019, 'Assets classified as held for sale' include office premises at Mumbai having book value ₹ 12.61 lakhs (₹ 12.61 lakhs as at 31 March 2018), pursuant to the decision of the Holding Company to dispose off the same. An amount of ₹ 1,428 lakhs (31 March 2018 : ₹ 100 lakhs) received as advance against the proposed sale of aforesaid premises has been included in Note 28 - 'Other current liabilities'.

(iv) During the year ended 31 March 2019, office premises at Mumbai having book value ₹ 1,235.68 lakhs (₹ 1,235.68 lakhs as at 31 March 2018) has been transferred from 'Assets classified as held for sale' to Property, plant and equipment, as the same is being now used by the Holding Company for business purposes.

(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.

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 valuation report by independent valuer. The key inputs under this approach are price per square meter of comparable lots of building in the area of similar location and size. Fair value of Capital work-in-progress has been derived using cost approach wherein key assumptions used are salvage value, costs of disposal, latest quotations with same / similar specifications, economic indices as per Reserve Bank of India, etc.

The fair valuation has been categorised under Level 2 of the fair value hierarchy. (Refer note 39)

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2019

		As at 31 March 2019 (₹ in lakhs)	As at 31 March 2018 (₹ in lakhs)
19	**Equity share capital**		
	Authorised:		
	125,000,000 equity shares (31 March 2018 : 125,000,000) of ₹ 2 each	**2,500.00**	2,500.00
	Total	**2,500.00**	2,500.00
	Issued, subscribed and paid-up:		
	112,207,682 equity shares (31 March 2018 : 112,207,682) of ₹ 2 each fully paid up	**2,244.15**	2,244.15
	Total	**2,244.15**	2,244.15

(i) Reconciliation of number of equity shares outstanding at the beginning and at the end of the year:

	2018-19		2017-18	
	Number	**₹ in lakhs**	Number	₹ 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 attached to equity shares

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 shareholding.

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

Name of Shareholder	**As at 31st March 2019**		As at 31st March 2018	
	Number of shares held	**% of Holding**	Number of shares held	% of Holding
Khurana Gases Private Limited	**17,818,629**	**15.88**	17,577,203	15.66
Mrs. Suman Khurana	**15,303,525**	**13.64**	15,230,691	13.57
Mr. Prem Kumar Khurana	**17,018,000**	**15.17**	17,018,000	15.17
Mr. Pushkar Khurana	**7,503,973**	**6.69**	7,503,973	6.69
Mr. Puneet Khurana	**7,957,933**	**7.09**	7,782,933	6.94

		As at 31 March 2019	As at 31 March 2018
20	**Other equity**		
	Securities premium	**24,789.64**	24,789.64
	General reserve	**7,491.00**	7,491.00
	Retained earnings	**15,942.50**	10,085.54
	Fair value through other comprehensive income - Equity investments (FVOCI)	**252.45**	401.72
	Foreign currency translation reserve (FCTR)	**1,050.91**	(641.91)
	Total	**49,526.50**	42,125.99

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2019

	As at 31 March 2019 (₹ in lakhs)	As at 31 March 2018 (₹ in lakhs)
(i) Securities premium		
Opening Balance	**24,789.64**	24,789.64
Transactions during the year	**-**	-
Closing balance	**24,789.64**	24,789.64
(ii) General reserve		
Opening Balance	**7,491.00**	7,491.00
Transactions during the year	**-**	-
Closing balance	**7,491.00**	7,491.00
(iii) Retained earnings		
Opening Balance	**10,085.54**	7,760.03
Transactions during the year		
Net profit for the year	**5,868.69**	2,336.50
Other comprehensive income / (loss) for the year	**(11.73)**	(10.99)
Closing balance	**15,942.50**	10,085.54
(iv) Fair value through other comprehensive income - Equity investments		
Opening Balance	**401.72**	346.59
Transactions during the year		
Other comprehensive income / (loss) for the year	**(149.27)**	55.13
Closing balance	**252.45**	401.72
(v) Foreign currency translation reserve		
Opening Balance	**(641.91)**	(435.07)
Transactions during the year		
Other comprehensive income / (loss) for the year	**1,692.82**	(206.84)
Closing Balance	**1,050.91**	(641.91)

Nature and purpose of reserves

Securities premium

Securities premium 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 through other comprehensive income- Equity investments

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 through other comprehensive income - Equity investments' reserve within equity. The Holding Company transfers amounts from this reserve to retained earnings when the relevant equity securities are derecognised.

21 Non-current borrowings

Secured		
Term loans from banks [Refer note (i) and (viii) below)	**3,746.81**	12,841.98
Vehicle loans from banks and financial institutions [Refer note (ii) and (vi) below]	**146.21**	88.62
Note payable [Refer note (vii) below]	**121.27**	-
Finance lease obligations [Refer note (ix) below]	**12.84**	24.27
	4,027.13	12,954.87

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2019

	As at 31 March 2019 (₹ in lakhs)	As at 31 March 2018 (₹ in lakhs)
Unsecured		
Sales tax deferment loan [Refer note (iii) below]	**285.58**	300.58
Loans from related parties [Refer note (iv) below]	**4,544.78**	5,200.00
	4,830.36	5,500.58
Total	**8,857.49**	18,455.45

Refer note 40 for liquidity risk and note 52 for carrying amount of financial assets and non-financial assets pledged as security for secured borrowings.

Notes :

Everest Kanto Cylinder Limited, India

(i) Term loans from banks

Indian rupee term loan from a bank, balance outstanding ₹ 7,514.77 lakhs (31 March 2018: ₹ 8,476.41 lakhs) is secured by way of (a) first pari passu charge on the property, plant and equipment 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) unconditional and irrevocable personal guarantees from two promoter directors and chief executive officer of the Holding Company (e) exclusive charge on certain residential and commercial immovable properties owned by the Holding Company, promoter directors and group companies / firms. The loan is repayable in quarterly unequalled instalments by October 2020. The interest rate of the borrowing is YBL 1Y MCLR + 2.30% i.e. 12% per annum.

(ii) Vehicle loans from banks and financial institutions

Vehicle loan from bank, balance outstanding ₹ 11.84 lakhs (31 March 2018: ₹ 14.31 lakhs) is repayable in 60 instalments starting from March 2018 with the last instalment falling due in February 2023. This loan is secured by hypothecation of underlying vehicle and is at fixed rate of interest of 8.35% per annum. Vehicle loan from a financial institution, balance outstanding ₹ 114.21 lakhs (31 March 2018: Nil) is repayable in 48 monthly instalments starting from November 2018 with the last instalment falling due in October 2022. Vehicle loan from another financial institution, balance outstanding ₹ 0.43 lakhs (31 March 2018: ₹ 5.27 lakhs) is repayable in 35 monthly instalments starting from June 2016 with the last instalment falling due in April 2019. Vehicle loan from the aforesaid financial institutions are secured by hypothecation of underlying vehicles and are at fixed rate of interest of 10.83% per annum and 11.75% per annum, respectively.

(iii) Sales tax deferment loan

There is no repayment schedule for the Sales tax deferment loan. The liability against the same is being cleared periodically.

(iv) 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 ₹ 350.00 lakhs (31 March 2018 : ₹ 201.95 lakhs) repayment of loans cannot be demanded before 1 April 2020.

(v) As of the reporting date, the Holding Company is not in compliance with certain performance linked financial covenants for indian rupee term loan. 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.

EKC International FZE, UAE

(vi) Vehicle loans from banks and financial institutions

Vehicle loans from banks and financial institutions, balance outstanding ₹ 99.59 lakhs (31 March 2018: ₹ 132.80 lakhs) are repayable in 48 monthly instalments, with the last instalment 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 3.99% per annum.

CP Industries Holdings Inc. USA

(vii) The subsidiary has a note payable arrangement with a vendor that is used to purchase equipment. Principal and interest payments on the vendor note payable are due monthly in equal instalments of ₹ 10.28 lakhs (USD 14,863), which commenced in April 2018. The interest rate of the note is 5.75% p.a. with the last instalment falling due in February 2021. The note is guaranteed by underlying equipment.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2019

	As at 31 March 2019 (₹ in lakhs)	As at 31 March 2018 (₹ in lakhs)

(viii) Term loans from banks

(a) Term loan from a bank, balance outstanding ₹ 1,707.87 lakhs (31 March 2018: ₹ 4,335.42 lakhs) is due in equal monthly instalments of ₹ 44.96 lakhs (USD 65,000) with the last instalment falling due in March 2022. The borrowing is secured by substantially all the assets of the subsidiary and shares of subsidiary pledged by EKC Hungary Kft (its immediate Parent Company). The interest rate of the borrowing ranges from 2.25% p.a. to 3% p.a. based on quarterly leverage ratios plus one month LIBOR rate.

(b) Delayed draw term loan from a bank, balance outstanding ₹ 646.25 lakhs (31 March 2018: ₹ 758.85 lakhs). The monthly payments began in December 2017 with the last instalment falling due in November 2022. The borrowing is secured by substantially all the assets of the subsidiary and shares of subsidiary pledged by EKC Hungary Kft (its immediate Parent Company). The interest rate of the borrowing ranges from 2.25% p.a. to 3% p.a. based on quarterly leverage ratios plus one month LIBOR rate.

CP Industries Holdings Inc. USA

(c) At 31 March 2019, the subsidiary is in violation of the leverage and fixed charge coverage covenants and as a result is in technical default of the credit agreement. A waiver from the bank has not yet been received. Accordingly, term loan and delayed draw term loan from bank have all been classified as current maturities of non-current borrowings.

(ix) Finance lease obligations

The subsidiary has capital leases with financial institutions for certain plant and equipment. Interest rate ranges from 0% p.a. to 4.50% p.a. and the loan expires with various maturity dates between March 2020 to March 2022. The capital leases are either guaranteed by the subsidiary or secured by the underlying plant and equipment.

		As at 31 March 2019 (₹ in lakhs)	As at 31 March 2018 (₹ in lakhs)
22	**Non-current provisions**		
	Provision for employee benefits		
	- Compensated absences	**274.90**	262.96
	- Post retirement benefits (Refer note 44)	**1,506.96**	1,491.34
	Total	**1,781.86**	1,754.30
23	**Current borrowings**		
	Secured		
	Working capital facilities from banks	**15,934.38**	15,112.88
	Unsecured		
	Loans from other parties	**2,185.80**	1,971.88
	Total	**18,120.18**	17,084.76

Refer note 52 for carrying amount of financial assets and non-financial assets pledged as security for secured borrowings.

Note :

Everest Kanto Cylinder Limited, India

(i) Working capital facilities from banks, balance outstanding ₹ 7,137.12 lakhs (31 March 2018: ₹ 7,105.21 lakhs) 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 the property, plant and equipment (excluding specific property, plant and equipment) of the Holding Company. Working capital facility from one bank has been secured by personal guarantee from a director and exclusive charge on specific immovable property and fixed deposits aggregating ₹ 500 lakhs of the Holding Company. Working capital facility from another bank has been secured by exclusive charge on certain residential and commercial immovable properties owned by the Holding Company, promoter directors and group companies / firms. Further, working capital facility from another bank is secured by exclusive charge on specific immovable property of the Holding Company. The interest rate of the working capital facilities ranges from 11% per annum to 12.75% per annum.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2019

	As at 31 March 2019 (₹ in lakhs)	As at 31 March 2018 (₹ in lakhs)

EKC International FZE, UAE

(ii) Working capital facility from a bank, balance outstanding ₹ 4,349.58 lakhs (31 March 2018: ₹ 4,132.06 lakhs) 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, balance outstanding ₹ 1,405.29 lakhs (31 March 2018: ₹ 3,875.61 lakhs) carries interest rate of one month LIBOR + 1.85% per annum.

(iv) Loans from other parties:

The subsidiary company has taken short term unsecured loan from a party which is repayable on demand and carries interest rate of 6% per annum.

CP Industries Holdings Inc. USA

(v) Working capital facilities from bank balance outstanding ₹ 3,042.39 lakhs (31 March 2018: Nil) is secured by substantially all the assets of the subsidiary and shares of subsidiary pledged by EKC Hungary Kft (its immediate Parent Company). The interest rate of the borrowing ranges from 2.25% p.a. to 3% p.a. based on quarterly leverage ratios plus one month LIBOR rate.

24 Trade payables

	As at 31 March 2019	As at 31 March 2018
Total outstanding dues to micro and small enterprises [Refer note (ii) below]	**362.97**	257.05
Total outstanding dues of creditors other than micro enterprises - others (Refer note 54)	**5,423.32**	3,392.82
Total	**5,786.29**	3,649.87

Notes:

(i) Refer note 40 for information about liquidity risk and market risk of trade payables.

(ii) The disclosure pursuant to Micro, Small and Medium Enterprises Development Act, 2006 (MSMED Act) are as follows:

The principal amount and the interest due thereon remaining unpaid to any supplier as at the end of each accounting year		
- Principal amount	**362.97**	257.05
- interest thereon, included in finance cost	**-**	-
The amount of interest paid by the buyer in terms of section 16 of the Micro, Small and Medium Enterprise Development Act, 2006, along with the amounts of the payment made to the supplier beyond the appointed day during each accounting year	**-**	-
The amount of interest due and payable for the period of delay in making payment (which have been paid but beyond the appointed day during the year) but without adding the interest specified under Micro, Small and Medium Enterprise Development Act, 2006	**-**	-
The amount of interest accrued and remaining unpaid at the end of each accounting year; and	**-**	-
The amount of further interest remaining due and payable even in the succeeding years, until such date when the interest dues as above are actually paid to the small enterprise for the purpose of disallowance as a deductible expenditure.	**-**	-

Disclosure of payable to vendors as defined under the "Micro, Small and Medium Enterprise Development Act, 2006" is based on the information available with the Group regarding the status of registration of such vendors under the said Act, as per the intimation received from them on requests made by the Group.

25 Other financial liabilities

	As at 31 March 2019	As at 31 March 2018
Current maturities of non-current borrowings		
Term loans from banks	**6,122.08**	728.70
Note payable	**111.34**	-

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2019

	As at 31 March 2019 (₹ in lakhs)	As at 31 March 2018 (₹ in lakhs)
Foreign currency term loan from bank**	-	858.12
Vehicle loans from banks and financial institutions	79.86	63.76
Finance lease obligations	12.97	15.59
Sales tax deferment loan	-	287.30
Loans from related parties	350.00	201.95
Unclaimed dividends*	2.73	6.54
Payable for capital expenditure	328.15	555.44
Deposits	15.38	11.49
Other liabilities	2,425.94	1,848.79
Total	**9,448.45**	4,577.68

* There is no amount due to be transferred to the Investor Education and Protection Fund as at the reporting date.

** Foreign currency term loan from bank, balance outstanding amounting to ₹ Nil (₹ 858.12 lakhs), is secured by way of (a) first pari passu charge on entire property, plant and equipment of the Holding Company, excluding specific immovable properties (b) second pari passu charge on current assets of the Holding Company (c) Unconditional and irrevocable personal guarantees from two promoter directors and chief executive officer of the Holding Company.

26 Current provisions

Provision for employee benefits		
- Compensated absences	37.90	26.67
- Post retirement benefits (Refer note 44)	235.40	160.40
Provision for sales returns (Refer note below)	61.11	46.78
Total	**334.41**	233.85

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	46.78	55.20
Provision made during the year	29.08	47.00
Provision reversed during the year	14.75	55.42
Utilisation	-	-
Closing provision	61.11	46.78

27 Current tax liabilities (net)

Current tax liabilities (net of advance income tax ₹ 4,688.64 lakhs)	142.84	-
Total	**142.84**	-

28 Other current liabilities

Advance from customers	2,811.55	1,431.15
Statutory dues	322.92	102.39
Advance received against sale of land [Refer note 18(i)]	1,320.00	1,320.00
Advance received against sale of property, plant & equipment [Refer note 18(iii) and note 42]	1,428.00	100.00
Total	**5,882.47**	2,953.54

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2019

		As at 31 March 2019 (₹ in lakhs)	As at 31 March 2018 (₹ in lakhs)
29	**Revenue from operations**		
	Sale of products		
	Manufactured goods	**64,647.96**	48,364.82
	Stock-in-trade	**5,065.41**	5,421.38
	Other operating revenues		
	Scrap sales	**476.26**	425.43
	Testing and inspection fees	**18.96**	13.82
	Others	**-**	20.09
	Total	**70,208.59**	54,245.54

Note:

(i) Refer note 48 for details of revenue from contracts with customers.

(ii) 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 1 July 2017, revenue from operations is reported net of GST and hence to that extent is not comparable.

30	**Other income**		
	Interest on financial assets measured at amortised cost		
	- Inter-corporate deposit [Refer note 15(i)]	**193.39**	815.08
	- Fixed deposits	**79.78**	58.97
	- Others	**14.66**	30.26
	Other non-operating income (net)		
	- Dividend on financial assets measured at fair value through profit and loss	**0.14**	0.12
	- Excess provision written back [Refer notes 15(i)]	**61.05**	100.00
	- Recovery of bad debts of earlier years	**95.68**	-
	- Liabilities no longer required written back	**76.33**	87.91
	- Maturity proceeds under keyman insurance policy	**10.44**	386.97
	- Other non-operating income	**1.46**	81.46
	Total	**532.93**	1,560.77
31	**Cost of materials consumed**		
	Raw material consumed		
	Opening stock	**10,031.77**	8,965.04
	Add: Purchases	**36,832.11**	23,621.01
	Less: Captive consumption for utilisation as property, plant and equipment	**347.51**	75.52
	Less: Closing stock	**11,785.80**	10,031.77
	Add: Foreign exchange translation reserve impact	**367.42**	27.11
	Less: Adjustments on account of discontinued operations	**40.72**	112.92
	Total	**35,057.27**	22,392.95
32	**Changes in inventories of finished goods, work-in-progress and stock-in-trade**		
	At the beginning of the year		
	Work-in-progress	**15,184.50**	14,143.56
	Finished goods	**1,910.59**	3,264.21
	Stock-in-trade	**599.57**	592.85
		17,694.66	18,000.62
	At the end of the year		
	Work-in-progress	**16,283.57**	15,184.50
	Finished goods (including in transit)	**2,623.94**	1,910.59
	Stock-in-trade	**808.49**	599.57
		19,716.00	17,694.66

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2019

		Year Ended 31 March 2019 (₹ in lakhs)	Year Ended 31 March 2018 (₹ in lakhs)
	Less : Variation in excise duty on inventory of finished goods	-	(90.52)
	Add / (Less): Foreign exchange translation reserve impact	1,060.78	(349.53)
	Add / (Less): Adjustments on account of discontinued operations	(5.35)	4.00
	Total	**(965.91)**	(130.09)
33	**Employee benefits**		
	Salaries and wages (Refer note 53)	7,717.03	7,141.13
	Contribution to provident and other funds (Refer notes 44)	160.74	181.01
	Staff welfare expenses	112.77	85.27
	Total	**7,990.54**	7,407.41
34	**Finance costs**		
	Interest expenses on financial liabilities measured at amortised cost		
	- Borrowings	3,411.58	3,378.02
	- Delayed payment of income tax	28.83	-
	- Others	0.24	0.95
	Other borrowing costs	82.46	84.16
	Exchange differences regarded as an adjustment to borrowing costs	38.67	9.41
	Total	**3,561.78**	3,472.54
35	**Other expenses**		
	Consumption of stores and spares	2,869.97	2,257.71
	Power and fuel	3,970.84	3,090.27
	Water charges	132.10	107.13
	Repairs and maintenance		
	- Building	91.90	47.26
	- Plant and equipment	545.46	603.57
	- Others	125.17	66.07
	Labour charges	388.17	359.47
	Lease rent (Refer note 51)	553.14	521.79
	Insurance	305.83	363.41
	Rates and taxes	1,980.57	932.61
	Payment to auditors (Refer note 35.1 below)	70.71	79.35
	Director sitting fees (Refer note 42)	9.80	4.32
	Legal and professional fees	750.81	650.90
	Loss on sale of property, plant and equipment (net)	13.39	6.49
	Travelling and conveyance	619.33	469.47
	Security expenses	79.29	77.57
	Bad debts / advances write off [net of provision for doubtful receivables ₹ 20.28 lakhs (31 March 2018: ₹ 11.17 lakhs]	137.11	122.38
	Sundry balances written off	-	1.68
	Bank charges and commission	219.37	176.89
	Packing and forwarding	625.24	397.30
	Carriage and freight	1,203.33	788.90
	Commission on sales	230.05	240.11
	Advertisement and sales promotion	200.40	165.59
	Impairment in the value of joint venture	7.30	-
	Miscellaneous expenses (Refer note 50)	1,515.13	2,202.17
	Total	**16,644.41**	13,732.41

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2019

		Year Ended 31 March 2019 (₹ in lakhs)	Year Ended 31 March 2018 (₹ in lakhs)
35.1	**Payment to auditors (excluding taxes)**		
	As Auditors	**60.50**	60.50
	Other services	**9.00**	18.25
	Out of pocket expenses	**1.21**	0.60
	Total	**70.71**	79.35
36	**Exceptional items gain / (loss) (net)**		
	Excess provision written back (Refer note below)	**98.46**	32.17
	Provision for impairment in property, plant and equipment (Refer note 2)	**(1,306.05)**	-
	Total	**(1,207.59)**	32.17

Note:

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 ₹ 98.46 lakhs for the year ended 31 March 2019 (₹ 32.17 lakhs for the year ended 31 March 2018).

		Year Ended 31 March 2019 (₹ in lakhs)	Year Ended 31 March 2018 (₹ in lakhs)
37	**Tax expense / (credit)**		
	Current tax on profits for the year	**1,022.02**	455.90
	(Increase) / Decrease in deferred tax assets (net)	**(5,707.31)**	5.91
	Total	**(4,685.29)**	461.81
(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 from continuing operations	**2,627.01**	3,185.76
	(Loss) before tax from discontinued operations	**(1,470.49)**	(344.36)
	Profit before tax from total operations	**1,156.52**	2,841.40
	Current Tax at the Indian Rate of 34.94% (2017-18 - 34.61%) on continuing operations	**917.98**	1,102.53
	Tax effect of the amounts which are not deductible / taxable in calculating taxable income		
	Expenses allowable for tax purposes in different periods (net)	**397.36**	(19.60)
	Income exempt from Income tax	**(13.46)**	(46.26)
	Non-deductible expenses (net)*	**(37.58)**	(51.69)
	Tax losses and unabsorbed depreciation utilised	**(1,614.89)**	(797.66)
	Entities with no tax / differential tax rates (including deferred tax impact)	**349.56**	(186.32)
	Tax liability under Section 115 JB of the Income-tax Act, 1961	**1,008.12**	465.00
	Deferred tax assets (net) recognised (Refer note 7)	**(5,707.31)**	5.90
	Others	**14.93**	(10.09)
	Tax expense	**(4,685.29)**	461.81

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2019

(B) Deferred tax asset movement (net)

(₹ in lakhs)

	As at 31 March 2019	Recognised through profit and loss	Recognised through other compre-hensive income	As at 31 March 2018	Recognised through profit and loss	Recognised through other compre hensive income	As at 01 April 2017
Deferred tax liability on account of :							
Depreciation and amortisation	3,775.40	(432.54)	-	4,207.94	505.23	-	3,702.71
Financial liabilities measured at amortised cost	21.29	(14.08)	-	35.37	(15.59)	-	50.96
Total deferred tax liabilities	3,796.69	(446.62)	-	4,243.31	489.64	-	3,753.67
Deferred tax assets on account of :							
Financial assets measured at fair value through other comprehensive income	-	-	(41.81)	41.81	-	(18.77)	60.58
Provision for doubtful debts / deposits / advances / other receivables, etc.	1,714.02	1,335.82	-	378.20	(72.36)	-	450.56
Provision for employee benefits	90.60	27.09	6.30	57.21	13.26	5.91	38.04
Provision for sales returns	7.90	(8.45)	-	16.35	(2.75)	-	19.10
Unrealised profits on closing stock	25.89	(58.90)	-	84.79	21.28	-	63.51
Unabsorbed depreciation as per tax laws	1,363.82	39.30	-	1,324.52	166.14	-	1,158.38
Carried forward business losses as per tax laws	4,875.65	2,493.40	-	2,382.25	358.16	-	2,024.09
Minimum alternate tax credit entitlement	1,432.43	1,432.43		-	-	-	-
Total deferred tax assets	9,510.31	5,260.69	(35.51)	4,285.13	483.73	(12.86)	3,814.26
Net movement [(provision)/reversal)]		5,707.31	(35.51)		(5.91)	(12.86)	

(C) 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)

	As at 31 March 2019	As at 31 March 2018
Business loss	615.91	14,738.59
DTA on business loss	215.22	5,147.06
Unabsorbed depreciation	499.12	499.12
DTA on unabsorbed depreciation	174.41	172.75

38 Other comprehensive income

(₹ in lakhs)

	Year ended 31 March 2019	Year ended 31 March 2018
Items that will not be reclassified to profit or loss		
Gains and losses arising from translating the financial statements of foreign operations	1,692.82	(206.84)
Income tax relating to these items	-	-
Items that will not be reclassified to profit or loss		
Measurements of defined employee benefit plans	1.49	(16.89)
Changes in fair value of fair value through other comprehensive income equity measurements	(126.98)	73.89
Income tax relating to these items	(35.51)	(12.86)
Total	1,531.82	(162.70)

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31MARCH 2019

39 Fair value measurements

Financial instruments by category: (₹ in lakhs)

	As at 31 March 2019			As at 31 March 2018		
	Fair value through other comprehensive income	Fair value through profit and loss	Amortised cost	Fair value through other comprehensive income	Fair value through profit and loss	Amortised cost
Financial assets - non-current						
Investments	278.85	-	-	405.83	-	-
Loans	-	-	247.49	-	-	1,021.42
Other financial assets	-	-	235.95	-	-	252.07
Financial assets - current						
Trade receivables	-	-	12,171.32	-	-	8,945.31
Cash and cash equivalents	-	-	831.79	-	-	901.46
Bank balances other than cash and cash equivalents	-	-	2,158.24	-	-	2,138.48
Investments	-	2.99	-	-	2.84	-
Loans	-	-	1,608.08	-	-	1,251.71
Other financial assets	-	-	418.99	-	-	85.82
Financial liabilities - non-current						
Borrowings (including current maturities)	-	-	15,533.74	-	-	20,610.87
Financial liabilities - current						
Borrowings	-	-	18,120.18	-	-	17,084.76
Trade payables	-	-	5,786.29	-	-	3,649.87
Other financial liabilities	-	-	2,772.20	-	-	2,422.26

(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

Significant valuation techniques used to value financial instruments include:

The fair values for investment in equity instrument are based on instrinsic value of the investee.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31MARCH 2019

(III) Financial assets and liabilities measured at fair value - recurring fair value measurement:

(₹ in lakhs)

	As at 31 March 2019			As at 31 March 2018		
	Level 1	Level 2	Level 3	Level 1	Level 2	Level 3
Financial assets - non-current						
Investments measured at fair value through other comprehensive income	-	-	278.85	-	405.83	-
Financial assets - current						
Investments measured at FVTPL	2.99	-	-	2.84	-	-

There has been transfer amongst level of hierarchy in respect of this instrument from level 2 to level 3 during the year. The Holding Company has not received reliable future free cashflows and hence valuation technique has undergone change from Discounted Cashflow (DCF) method to instrinsic valuation method. This is categorised under level 3 in the fair value hirarchey due to the use of unobservable inputs. An increase/(decrease) in net assets by 5% would result in an increase/(decrease) in fair value of investment by ₹13.94 lakhs and consequently other comprehensive income will increase/(decrease) by ₹13.94 lakhs.

(IV) Fair value of financial assets and liabilities measured at amortised cost

(₹ in lakhs)

	As at 31 March 2019		As at 31 March 2018	
	Carrying amount	Fair value	Carrying amount	Fair value
Financial assets - non-current				
Loans	247.49	247.49	1,021.42	1,021.42
Other financial assets	235.95	217.82	252.07	218.89
Financial liabilities - non-current				
Borrowings (including current maturities)	15,533.74	15,585.56	20,610.87	20,681.22

Notes:

(i) The above financial assets and liabilities are categorised under level 2 of fair value hierarchy.

(ii) During the periods mentioned above, there have been no transfers amongst the levels of hierarchy except as mentioned under clause III.

(iii) 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 government and other financial instruments). The Group considers factors such as track record, size of institution, market reputation and service standards to select the banks with which balances and deposits are maintained. Bank balances and deposits are held with only high rated banks and security deposits are placed majorly with government agencies. Hence, in these cases, the credit risk is negligible.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2019

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:

i) Actual or expected significant adverse changes in business,

(ii) Actual or expected significant changes in the operating results of the counter-party,

(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 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.

Age of receivables that are past due:

(₹ in lakhs)

	As at 31 March 2019	As at 31 March 2018
Upto 3 months	**10,728.32**	5,847.23
3 - 6 months	**92.53**	1,569.55
6 - 12 months	**69.57**	663.54
More than one year	**3,117.94**	2,257.87
Total	**14,008.36**	10,338.19
Provision for expected credit loss created	**(1,837.04)**	(1,823.14)

(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 2019

(₹ in lakhs)

Particulars	**Within 1 year**	**1 - 5 years**	**Total**
Financial liabilities - non-current			
Borrowings (including current maturities)	**6,676.25**	**8,857.49**	**15,533.74**
Financial liabilities - current			
Borrowings	**18,120.18**	**-**	**18,120.18**
Trade payables	**5,786.29**	**-**	**5,786.29**
Other financial liabilities	**2,772.20**	**-**	**2,772.20**
Total	**33,354.92**	**8,857.49**	**42,212.41**

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2019

As at 31 March 2018 (₹ in lakhs)

Particulars	Within 1 year	1 - 5 years	Total
Financial liabilities - non current			
Borrowings (including current maturities)	2,155.42	18,455.45	20,610.87
Financial liabilities - current			
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**

(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, and EUR

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)

	As at 31 March 2019			As at 31 March 2018		
	USD	AED	EUR	USD	AED	EUR
Financial liabilities						
Trade payables	**130.95**	**-**	**7.86**	112.76	-	2.63
Borrowings	**-**	**-**	**-**	1,049.43	-	-
Interest payable	**-**	**-**	**-**	15.19	-	-
Financial assets						
Trade receivables	**421.24**	**-**	**-**	317.40	-	-
Balances with bank	**9.44**	**95.40**	**-**	8.61	99.35	-
Net exposure to foreign currency assets / (liabilities)	**299.73**	**95.40**	**(7.86)**	(851.37)	99.35	(2.63)

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 and equity 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 2019		As at 31 March 2018	
	Increase by 5%	Decrease by 5%	Increase by 5%	Decrease by 5%
USD	**14.99**	**(14.99)**	(42.57)	42.57
AED	**4.77**	**(4.77)**	4.97	(4.97)
EUR	**(0.39)**	**0.39**	(0.13)	0.13

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2019

(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 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)

	As at 31 March 2019	As at 31 March 2018
Variable rate borrowings	26,035.27	29,481.79
Fixed rate borrowings	7,333.07	7,625.96
Total	**33,368.34**	37,107.75

Sensitivity analysis (₹ in Lakhs)

Interest rate	Impact on profit before tax	
	31 March 2019	31 March 2018
Increase by 70 basis points	(182.25)	(206.37)
Decrease by 70 basis points	182.25	206.37

(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 2019	31 March 2018
Impact on other comprehensive income for 5% increase in share price	13.94	20.29
Impact on other comprehensive income for 5% decrease in share price	(13.94)	(20.29)

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 bank balances and Equity comprises of Equity share capital, Other equity and Non-controlling interests.

(B) The capital composition is as follows:

(₹ in lakhs)

	As at 31 March 2019	As at 31 March 2018
Gross debt	33,653.92	37,695.63
Less: Cash and bank balances	(2,990.03)	(3,039.94)
Net debt (A)	30,663.89	34,655.69
Equity (B)	51,779.82	44,406.19
Gearing ratio (A / B)	59.22%	78.04%

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2019

(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. Further, CP Industries Holdings Inc. USA is in violation of the leverage and fixed charge coverage covenants and as a result is in technical default of the credit agreement. A waiver from the bank has not yet been received. Accordingly, term loan and delayed draw term loan obtained by CP Industries Holdings Inc. USA from bank have been classified as current maturities of non-current borrowings. The Group is trying to ensure compliance with the covenants as soon as possible. The banks have not levied any interest / penalty towards above matter.

(D) Net debt reconciliation

(₹ in lakhs)

	As at 31 March 2019	As at 31 March 2018
Cash and cash equivalents	831.79	901.46
Non- current borrowings	(15,533.74)	(20,610.87)
Current borrowings	(18,120.18)	(17,084.76)
Net Debt	**(32,822.13)**	**(36,794.17)**

(₹ in lakhs)

	Cash and cash equivalents	Non-current borrowings	Current borrowings	Total
Net Debt as at 31 March 2018	**901.46**	**(20,610.87)**	**(17,084.76)**	**(36,794.17)**
Cash flows	(69.67)	5,038.42	(1,035.42)	**3,933.33**
Foreign exchange variation gain / (loss)	-	39.50	10.77	**50.27**
Interest expense	-	(2,560.26)	(1,020.92)	**(3,581.18)**
Interest paid	-	2,601.11	1,010.15	**3,611.26**
Non cash adjustment				
Amortisation of loan processing fee	-	(41.64)	-	**(41.64)**
Net Debt as at 31 March 2019	**831.79**	**(15,533.74)**	**(18,120.18)**	**(32,822.13)**

42 Related Party Disclosure:

As per Ind AS 24 "Related Party Disclosures", disclosure of transactions with the related parties are given below:

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

Non executive directors and other related parties where promoters, directors and their relatives exercise significant influence (with whom transactions have taken place during the year):

Mr. Mohan Jayakar
Mrs. Uma Acharya
Mr. M N Sudhindra Rao
Mr. Ghanshyam Karkera (w.e.f. 30 October 2018)
Everest Kanto Investment and Finance Private Limited
Khurana Gases Private Limited
Medical Engineers (India) Limited
Khurana Fabrication Industries Private Limited
Khurana Exports Private Limited
Jayakar and Partners

Key Management Personnel (KMP):

Mr. Prem Kumar Khurana - (Chairman and Managing Director)
Mr. Pushkar Khurana - (Director)
Mr. Puneet Khurana - (Chief Executive Officer)
Mr. Kishore Thakkar - (Chief Financial Officer - upto 13 December 2017)
Mr. Dinesh Bhalotia - (Group Chief Financial Officer) (w..e.f 13 December 2017 to 8 May 2018)
Mr. Sanjiv Kapur- (Chief Financial Officer) (w.e.f 1 November 2018)
Mr. Alok Bodas - (Company Secretary) (w.e.f 9 February 2017 to 8 March 2018)
Ms. Bhagyashree Kanekar - (Company Secretary) (w.e.f 13 August 2018)

Relatives of KMP (with whom transaction have taken place):

Mr. Varun Khurana
Mrs. Sabita Bhalotia

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2019

(II) Transactions with related parties during the year:

(₹ in lakhs)

	Non Executive directors and other related parties where promoters, directors and relatives exercise significant influence		Key management personnel		Relatives of key management personnel	
	Year ended 31 March 2019	Year ended 31 March 2018	**Year ended 31 March 2019**	Year ended 31 March 2018	**Year ended 31 March 2019**	Year ended 31 March 2018
Sale of goods						
Medical Engineers (India) Limited	**1,994.85**	1,358.78	**-**	-	**-**	-
Sale of consumbales, stores and spares						
Medical Engineers (India) Limited	**18.22**	-	**-**	-	**-**	-
Sale of property, plant and equipment						
Mr. Dinesh Bhalotia	**-**	-	**1.50**	-	**-**	-
Purchase of raw materials and traded goods						
Medical Engineers (India) Limited	**-**	5.96	**-**	-	**-**	-
Purchase of consumables						
Medical Engineers (India) Limited	**0.28**	2.97	**-**	-	**-**	-
Remuneration						
Mr. Prem Kumar Khurana	**-**	-	**119.00**	-	**-**	-
Mr. Pushkar Khurana	**-**	-	**113.94**	105.17	**-**	-
Mr. Puneet Khurana	**-**	-	**159.86**	116.00	**-**	-
Ms. Bhagyeshree Kanekar	**-**	-	**5.28**	-	**-**	-
Mr. Alok Bodas	**-**	-	**-**	4.22	**-**	-
Mr. Dinesh Bhalotia	**-**	-	**6.11**	13.97	**-**	-
Mr. Sanjiv Kapur	**-**	-	**26.05**	-	**-**	-
Sitting fees						
Mr. Mohan Jayakar	**-**	-	**2.90**	0.90	**-**	-
Mr. Ghanshyam Karkera	**-**	-	**1.10**	-	**-**	-
Mrs. Uma Acharya	**-**	-	**3.45**	1.70	**-**	-
Mr. M N Sudhindra Rao	**-**	-	**2.35**	1.70	**-**	-
Professional fees						
Mr. Kishore Thakkar	**-**	-	**-**	19.13	**-**	-
Jayakar & Partners	**0.48**	7.03	**-**	-	**-**	-
Mrs. Sabita Bhalotia	**-**	-	**-**	-	**4.13**	9.07
Rent						
Khurana Fabrication Industries Private Limited	**16.63**	16.67	**-**	-	**-**	-
Khurana Exports Private Limited	**45.36**	44.73	**-**	-	**-**	-
Khurana Gases Private Limited	**14.38**	14.42	**-**	-	**-**	-
Mr. Prem Kumar Khurana	**-**	-	**3.60**	-	**-**	-
Mr. Pushkar Khurana	**-**	-	**3.60**	3.60	**-**	-
Mr. Varun Khurana	**-**	-	**-**	-	**3.50**	-
Other expenses	**8.23**	7.86	**-**	-	**-**	-
Interest expenses						
Khurana Gases Private Limited	**109.90**	82.52	**-**	-	**-**	-
Everest Kanto Investment and Finance Private Limited	**438.78**	379.21	**-**	-	**-**	-
Khurana Fabrication Industries Private Limited	**20.36**	17.45	**-**	-	**-**	-
Advance received towards sale of property, plant & equipment						
Mr. Pushkar Khurana	**-**	-	**1328.00**	100.00	**-**	-
Loans repaid during the year						
Everest Kanto Investment and Finance Private Limited	**1,760.47**	100.00	**-**	-	**-**	-
Loans taken during the year						
Everest Kanto Investment and Finance Private Limited	**767.50**	2,920.00	**-**	-	**-**	-
Khurana Gases Private Limited	**484.00**	43.50	**-**	-	**-**	-
Khurana Fabrication Industries Private Limited	**33.75**	19.50	**-**	-	**-**	-

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2019

(III) Balances of related parties:

(₹ in lakhs)

	Non Executive directors and other related parties where promoters, directors and relatives exercise significant influence		Key management personnel		Relatives of key management personnel	
	Year ended 31 March 2019	Year ended 31 March 2018	**Year ended 31 March 2019**	Year ended 31 March 2018	**Year ended 31 March 2019**	Year ended 31 March 2018
Payables						
Khurana Exports Private Limited	**0.08**	0.57	**-**	-	**-**	-
Khurana Gases Private Limited	**-**	7.81	**-**	-	**-**	-
Everest Kanto Investment and Finance Private Limited	**-**	21.33	**-**	-	**-**	-
Khurana Fabrication Industries Private Limited	**-**	5.61	**-**	-	**-**	-
Medical Engineers (India) Limited	**-**	10.53	**-**	-	**-**	-
Jayakar & Partners	**0.43**	-	**-**	-	**-**	-
Mr. Prem Kumar Khurana	**-**	-	**14.00**	3.24	**-**	-
Mr. Puneet Khurana	**-**	-	**15.00**	4.91	**-**	-
Ms. Bhagyeshree Kanekar	**-**	-	**0.68**	-	**-**	-
Mr. Kishore Thakkar	**-**	-	**-**	2.84	**-**	-
Mr. Dinesh Bhalotia	**-**	-	**-**	2.40	**-**	-
Mr. Sanjiv Kapur	**-**	-	**5.50**	-	**-**	-
Mr. Pushkar Khurana	**-**	-	**9.49**	3.24	**-**	-
Advance received towards sale of property, plant & equipment						
Mr. Pushkar Khurana	**-**	-	**1,428.00**	100.00	**-**	-
Advance received from customers						
Medical Engineers (India) Limited	**444.46**	116.58	**-**	-	**-**	-
Loans taken						
Everest Kanto Investment and Finance Private Limited	**3,512.03**	4,526.32	**-**	-	**-**	-
Khurana Gases Private Limited	**1,194.50**	717.02	**-**	-	**-**	-
Khurana Fabrication Industries Private Limited	**188.25**	158.61	**-**	-	**-**	-
Receivables						
Mr. Dinesh Bhalotia	**-**	-	**1.18**	-	-	-
Deposit Receivable						
Khurana Exports Private Limited	**10.00**	10.00	**-**	-	**-**	-
Personal guarantee from promoter directors and chief executive officer for borrowings by the Holding Company	₹ 12,833.18 lakhs (31 March 2018: ₹ 14,787.69 lakhs) jointly by promoter directors and chief executive officer					
Assets pledged by promoter directors, chief executive director, group companies / firms for borrowings by the Holding Company	₹ 9,180.97 lakhs (₹ 10,022.74 lakhs) jointly by promoter directors, chief executive director, group companies / firms for borrowings by the Holding Company					

Notes:

(a) Personal Guarantees given to banks of ₹ 40,000 lakhs and USD 5 million (₹ 40,000 lakhs and USD 5 million as at 31 March 2018) by promoter directors and chief executive officer of the Company for the term loans and working capital loan against which ₹ 12,833.18 lakhs (₹ 14,787.69 lakhs as at 31 March 2018) were outstanding as at the end of the year.

(b) Assets pledged to banks by promoter directors, chief executive director, group companies / firms for term loan and working capital loan of ₹ 34,500 lakhs (₹ 34,500 lakhs as at 31 March 2018) against which ₹ 9,180.97 lakhs (₹ 10,022.74 lakhs as at 31 March 2018) were outstanding as at the end of the year.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2019

Compensation to Key management personnel (₹ in lakhs)

	Year ended 31 March 2019	Year ended 31 March 2018
Short-term employee benefits	**413.90**	225.27
Post-employment benefits	**16.34**	14.09
Total compensation	**430.24**	239.36

43 Contingent liabilities, capital and other commitments (₹ in lakhs)

		As at 31 March 2019	As at 31 March 2018
(a)	Contingent liabilities:		
	Income tax matters under disputes	**1,015.00**	2,162.78
	Lease tax	**21.05**	21.05
	Sales tax and Value Added Tax	**1,436.62**	2,183.82
	Service tax	**-**	5.38
	Non compliance of FED Master Direction No. 17/2016-17, FED Master Direction No. 16/2015-16 and Notification No. FEMA 120/ RB-2004, under the Foreign Exchange Management Act, 1999 (Refer note 54)	**Amount not determinable**	Amount not determinable
	Provident fund The Honourable Supreme Court, has passed a decision on 28 February 2019 in relation to inclusion of certain allowances within the scope of "Basic wages" for the purpose of determining contribution to provident fund under the Employees' Provident Funds & Miscellaneous Provisions Act, 1952. The Company, based on legal advice, is awaiting further clarifications in this matter in order to reasonably assess the impact on its financial statements, if any. Accordingly, the applicability of the judgement to the Company, with respect to the period and the nature of allowances to be covered, and resultant impact on the past provident fund liability, cannot be reasonably ascertained, at present.	**Amount not determinable**	-
	Future cash flows in respect of the above are determinable only on pronouncements of judgments/decisions pending with various forums/ authorities.		
	The Group does not expect any reimbursement in respect of the above matters		
(b)	Claims against Group not acknowledged as debts	**1,585.75**	1,352.96
(c)	Bonds executed in favour of government authorities*	**-**	709.80
	*Bonds/ undertakings given by the Holding Company under concessional duty/ exemption schemes to government authorities (net of obligations fulfilled)		
(d)	Commitments Estimated value of contracts remaining to be executed on capital account and not provided for (net of advances)	**1,169.14**	149.95
(e)	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 31 March 2019. 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 CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2019

44 **Employee benefits**

(A) Defined Contribution Plan:

Contribution to defined contribution plans, recognised as expense for the year by the Holding Company are as under :

(₹ in lakhs, unless otherwise stated)

	Year ended 31 March 2019	Year ended 31 March 2018
Employer contribution to provident fund	103.55	94.82
Employer contribution to employees state insurance scheme	0.70	0.72
Total	**104.25**	95.54

(B) Defined benefit plan:

Contribution to gratuity fund (funded scheme)

The Holding Company provides gratuity benefit for employees 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 a funded plan and the Holding Company makes contributions to recognised funds in India.

(₹ in lakhs, unless otherwise stated)

		Year ended 31 March 2019	Year ended 31 March 2018
(i)	**Actuarial assumptions**		
	Mortality table	IALM (2012-14) ult	IALM (2006-08) ult
	Discount rate (%)	7.50%	7.65%
	Rate of increase in compensation rate (%)	6.00%	6.00%
	Withdrawal rate (%)		
	Age 21-30 years	7.50%	7.50%
	Age 31-40 years	5.00%	5.00%
	Age 41-57 years	3.00%	3.00%
	* It is actuarially calculated term of the liability using probabilities of death, withdrawal and retirement		
(ii)	**Assets information (%)**		
	Insurer managed funds	100%	100%
(iii)	**Changes in the present value of defined benefit obligation (DBO)**		
	Present value of obligation at the beginning of the year	227.02	194.48
	Interest expense	16.50	13.46
	Current service cost	26.20	20.96
	Past service cost	-	1.86
	Actuarial (gain) / loss	0.32	9.28
	Benefits paid	(9.50)	(13.02)
	Present value of obligation at the end of the year	**260.54**	227.02
(iv)	**Changes in the fair value of plan assets**		
	Fair value of plan assets at beginning of the year	143.22	140.93
	Interest income	11.62	11.06
	Contributions	-	4.82
	Benefits paid	(9.50)	(13.02)
	Actuarial gain / (loss)	(0.83)	(0.57)
	Fair value of plan assets at the end of the year	**144.51**	143.22
(v)	**Assets and liabilities recognised in the Consolidated Balance Sheet**		
	Present value of the defined benefit obligation at the end of the year	260.54	227.02
	Less: Fair value of plan assets at the end of the year	(144.51)	(143.22)

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2019

(₹ in lakhs, unless otherwise stated)

		Year ended 31 March 2019	Year ended 31 March 2018
	Net liability recognised	**116.03**	83.80
	Recognised under provisions		
	Current provisions	**-**	-
	Non-current provisions	**116.03**	83.80
(vi)	**Expenses recognised in the Consolidated Statement of Profit and Loss**		
	Current service cost	**26.20**	20.96
	Past service cost	**-**	1.86
	Net interest (income) / expense	**4.88**	2.40
	Net gratuity cost recognised in the current year	**31.08**	25.22
	Included in note 33 'Employee benefits'		
(vii)	**Expenses recognised in the other comprehensive income (OCI)**		
	Actuarial gain/ loss on post employment benefit obligation	**18.04**	16.89
	Total remeasurement cost / (credit) for the year recognised in OCI	**18.04**	16.89
(viii)	**Reconciliation of net asset / (liability) recognised:**		
	Net asset / (liability) recognised at the beginning of the period	**(83.80)**	(53.55)
	Holding Company contributions	**-**	4.82
	Benefits paid directly by Holding Company	**-**	-
	Actuarial gain / (loss)	**(1.15)**	(9.85)
	Expenses recognised at the end of period	**(31.08)**	(25.22)
	Net asset / (liability) recognised at the end of the period	**(116.03)**	(83.80)

(ix) Sensitivity Analysis: (₹ in lakhs)

	Particulars	As at 31 March 2019		As at 31 March 2018	
		Decrease	Increase	Decrease	Increase
	Impact of increase in 50 bps on DBO (discount rate)	**3.85%**	**-**	3.94%	-
	Impact of decrease in 50 bps on DBO (discount rate)	**-**	**4.12%**	-	4.22%
	Impact of increase in 50 bps on DBO (salary escalation rate)	**-**	**4.00%**	-	4.27%
	Impact of decrease in 50 bps on DBO (salary escalation rate)	**3.76%**	**-**	4.02%	-

The sensitivity analyses above have been determined based on reasonably possible changes of the respective assumptions occurring at the end of the reporting period and may not be representative of the actual change. It is based on a change in the key assumption while holding all other assumptions constant. When calculating the sensitivity to the assumption, the method (Projected Unit Credit Method) used to calculate the liability recognised in the balance sheet has been applied. The methods and types of assumptions used in preparing the sensitivity analysis did not change compared with the previous period.

(x) Number of employees (in numbers)

	Year ended 31 March 2019	Year ended 31 March 2018
Active members	**514**	481

- deferred members - Nil (2017-18: Nil)
- retired members - Nil (2017-18: Nil)

The Holding Company expects to contribute around ₹ 40 lakhs to the funded plans in financial year 2019-20 (2018-19 : ₹ 40 lakhs) for gratuity.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2019

(xi) Maturity analysis of projected benefit obligation:

(₹ in lakhs)

Year	Year ended 31 March 2019	Year ended 31 March 2018
1	**26.43**	22.77
2	**21.87**	15.54
3	**34.26**	20.42
4	**19.02**	31.32
5	**27.70**	17.32
6	**19.33**	24.86
7	**31.35**	17.09
8	**23.11**	31.56
9	**28.22**	19.74
10 and above	**320.67**	294.65

(xii) Description of risk exposures

Valuations are performed on certain basic set of pre-determined assumptions which may vary over time. Thus, the Group is exposed to various risks in providing the above benefit which are as follows:

Interest rate risk: The plan exposes the Group to the risk of fall in interest rates. A fall in interest rates will result in an increase in the ultimate cost of providing the above benefit and will thus result in an increase in the value of liability (as shown in financial statements).

Liquidity risk: This is the risk that the Group is not able to meet the short term benefit payouts. This may arise due to non availability of enough cash/cash equivalent to meet the liabilities or holding of illiquid assets not being sold in time.

Salary escalation risk: The present value of the above benefit plan is calculated with the assumption of salary increase rate of plan participants in future. Deviation in the rate of increase in salary in future for plan participants from the rate of increase in salary used to determine the present value of obligation will have a bearing on the plan's liability.

Demographic risk: The Group has used certain mortality and attrition assumptions in valuation of the liability. The Group is exposed to the risk of actual experience turning out to be worse compared to the assumption.

Regulatory risk: Gratuity benefit is paid in accordance with the requirements of the Payment of Gratuity Act, 1972 (as amended from time to time). There is a risk of change in regulations requiring higher gratuity payouts (for example, increase in the maximum liability on gratuity of ₹ 2 million.)

Asset liability mismatching or market Risk: The duration of the liability is longer compared to duration of assets exposing the company to market risks for volatilities/fall in interest rate.

Investment risk: The probability or likelihood of occurrence of losses relative to the expected return on any particular investment.

(C) The obligation of compensated absences is recognised by the Holding Company in the same manner as gratuity and net expense in the Consolidated Statement of Profit and Loss for the year ended 31 March 2019 is ₹ 10.72 lakhs (31 March 2018: ₹ 11.34 lakhs)

(₹ in lakhs)

	As at 31 March 2019	As at 31 March 2018
Current provisions	**24.36**	10.74
Non-current provisions	**80.68**	60.96
Total	**105.04**	71.70

(D) 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, the liabilities as at 31 March 2019 ₹ 1,543.36 lakhs (31 March 2018 ₹ 1,493.83 lakhs) is included in note 22 and note 26 'Provisions'.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31MARCH 2019

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. Being a discontinued operation, the China operations have not been considered as separate reportable segment.

During the year ended 31 March 2019, the Holding Company along with EKC International FZE (UAE subsidiary) (collectively referred to as 'sellers') has entered into an agreement to sell its entire stake in China Subsidiary to a company in China ('the buyer'), for an aggregate consideration of RMB 93.50 Million (approx. ₹ 9,656 lakhs). The sale process has commenced wherein the Group is in the advanced stage of consummation of the agreement and have already received a substantial amount of sales consideration in the Escrow Account.

(b) Financial performance and cash flow information pertaining to discontinued operations

(₹ in lakhs)

		Year ended 31 March 2019	Year ended 31 March 2018
I	Total Income	**444.56**	197.59
II	Total Expenses	**915.47**	1,402.69
III	**Profit / (Loss) before provision for doubtful debts, foreign exchange variation gain / (loss), exceptional items and tax (I-II)**	**(470.91)**	(1,205.10)
IV	Provision written back / (Provision for doubtful debts)	**20.81**	(156.13)
V	Foreign exchange variation gain / (loss)	**(1,020.39)**	1,016.87
VI	**Loss before tax (III+IV+V)**	**(1,470.49)**	(344.36)
VII	Tax expense / (credit)	**-**	-
VIII	**Loss after tax (VI-VII)**	**(1,470.49)**	(344.36)
IX	**Other comprehensive income from discontinued operations**	**-**	-
X	Net cash generated from / (used in) operating activities	**(556.22)**	5,752.22
	Net cash generated from / (used in) investing activities	**438.89**	(879.61)
	Net cash generated from / (used in) financing activities	**150.37**	(3,569.52)
	Exchange differences on translation of discontinued operations	**(2.01)**	(1,505.64)
	Net cash generated from / (used in) discontinued operations	**31.03**	(202.55)

(c) Assets and liabilities of disposal group classified as held for sale

The carrying amount of assets and liabilities as at 31 March 2019 are as follows:

(₹ in lakhs)

	As at 31 March 2019	As at 31 March 2018
Property, plant and equipment	**7,791.00**	8,109.78
Other current assets	**329.66**	1,151.73
Others	**-**	921.54
Total assets	**8,120.66**	10,183.05
Trade payables	**81.84**	289.05
Other financial liabilities	**3.34**	97.19
Other current liabilities	**326.62**	658.36
Total liabilities	**411.80**	1,044.60
Net assets	**7,708.86**	9,138.45

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2019

46 (a) Statement of consolidated net assets, consolidated profit / (loss), other comprehensive income / (loss) and total comprehensive income attributable to equity shareholders of the Holding Company and non-controlling interests

(₹ in lakhs)

	Country of Incorporation	% of ownership interest	Net Assets i.e. total assets minus total liabilities		Share in profit / (loss)		Share in other comprehensive income/(loss)		Share in total comprehensive income for the year	
			As a % of consolidated net assets	Amount	As a % of consolidated profit	Amount	As a % of consolidated other comprehensive income / (loss)	Amount	As a % of consolidated total comprehensive income	Amount
Everest Kanto Cylinder Limited	India									
31 March 2019			48.67%	25,201.44	149.82%	8,751.96	-11.79%	(180.53)	116.24%	8,571.43
31 March 2018			37.45%	16,630.01	54.84%	1,305.04	1.85%	44.14	60.86%	1,349.18
<u>Subsidiaries</u>										
EKC International FZE	United Arab Emirates	100%								
31 March 2019			109.18%	56,531.57	10.22%	596.92	-	-	8.10%	596.92
31 March 2018			117.82%	52,318.31	12.49%	297.30	-	-	13.41%	297.30
CP Industries Holdings, Inc.	United States of America	100%								
31 March 2019			-14.59%	(7,555.47)	-33.66%	(1,966.11)	-	-	-26.66%	(1,966.11)
31 March 2018			-11.88%	(5,274.93)	-6.70%	(159.47)	-	-	-7.19%	(159.47)
EKC Industries (Tianjin) Co. Ltd	People's Republic of China	100%*								
31 March 2019			6.14%	3,178.03	-28.24%	(1,649.59)	-	-	-22.37%	(1,649.59)
31 March 2018			-12.16%	(5,399.59)	-28.97%	(689.33)	-	-	-31.09%	(689.33)
EKC Industries (Thailand) Co. Ltd	Kingdom of Thailand	100%								
31 March 2019			4.13%	2,139.46	-0.32%	(18.87)	-	-	-0.26%	(18.87)
31 March 2018			4.63%	2,054.98	-0.34%	(8.05)	-	-	-0.36%	(8.05)
Calcutta Compressions and Liquefaction Engineering Limited	India	72.65%								
31 March 2019			-1.93%	(1,000.73)	-1.68%	(98.14)	-	-	-1.33%	(98.14)
31 March 2018			-2.03%	(902.88)	6.61%	157.34	-	-	7.10%	157.34
EKC Hungary Kft.	Hungary	100%								
31 March 2019			-1.19%	(614.58)	6.41%	374.47	-	-	5.08%	374.47
31 March 2018			-2.09%	(926.43)	17.21%	409.64	-	-	18.48%	409.64
Next Gen Cylinder Private Limited	India	100%								
31 March 2019			0.02%	9.91	0.00%	(0.09)	-	-	0.00%	(0.09)
31 March 2018			0.02%	10.00	0.00%	-	-	-	0.00%	-
EKC Europe GmbH	Germany	100%								
31 March 2019			-0.54%	(277.80)	0.29%	16.93	-	-	0.23%	16.93
31 March 2018			-0.69%	(305.10)	-1.57%	(37.47)	-	-	-1.69%	(37.47)
EKC Positron Gas Limited	India	72.65%								
31 March 2019			0.01%	4.50	0.00%	(0.13)	-	-		(0.13)
31 March 2018			0.01%	4.63	-0.01%	(0.21)	-	-	-	(0.21)
Intercompany Elimination and Consolidation Adjustments										
31 March 2019				(25,836.51)		(164.63)		1,712.35		1,547.72
31 March 2018				(13,811.02)		1,109.86		(206.84)		903.02
Total										
31 March 2019				**51,779.82**		**5,842.72**		**1,531.82**		**7,374.55**
31 March 2018				**44,397.98**		**2,384.65**		**(162.70)**		**2,221.95**
<u>Joint Venture</u>										
Kamal EKC International Limited	Tanzania	49.00%								
31 March 2019			0.00%	-	-0.02%	(0.91)	-	-	-0.01%	(0.91)
31 March 2018			0.02%	8.21	-0.21%	(5.06)	-	-	-0.23%	(5.06)
Total										
31 March 2019				**51,779.82**		**5,841.81**		**1,531.82**		**7,373.63**
31 March 2018				**44,406.19**		**2,379.59**		**(162.70)**		**2,216.89**

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31MARCH 2019

46 * During the year ended 31 March 2019, the Company along with its UAE subsidiary (the 'sellers') has entered into an agreement to sell its entire stake in China subsidiary to a company in China ('the buyer'), for an aggregate consideration of RMB 93.50 Million (approx. ₹ 9,656 lakhs). The sale process has commenced wherein the sellers are in the advanced stage of consummation of the agreement and have already received a substantial amount of sales consideration in the Escrow Account.

(b) Non-controlling interests

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.

Samarised information on assets and liabilities (₹ in lakhs)

	Calcutta Compressions and Liquefaction Engineering Limited		EKC Positron Gas Limited	
	As at 31 March 2019	As at 31 March 2018	**As at 31 March 2019**	As at 31 March 2018
Current assets	**356.71**	323.89	**4.50**	4.72
Current liabilities	**1,543.96**	1,486.04	**-**	0.09
Net current assets	**(1,187.25)**	(1,162.15)	**4.50**	4.63
Non-current assets	**186.52**	259.27	**-**	-
Non-current liabilities	**-**	-	**-**	-
Net non-current assets	**186.52**	259.27	**-**	-
Net assets	**(1,000.73)**	(902.88)	**4.50**	4.63
Less: Intercompany elimination	**(1,029.75)**	(1,030.05)	**-**	-
Net assets after intercompany elimination	**29.02**	127.17	**4.50**	4.63
Accumulated non-controlling interests	**7.94**	34.78	**1.23**	1.27

Summarised information on operating results (₹ in lakhs)

	Calcutta Compressions and Liquefaction Engineering Limited		EKC Positron Gas Limited	
	Year ended 31 March 2019	Year ended 31 March 2018	**Year ended 31 March 2019**	Year ended 31 March 2018
Revenue from operations	**856.19**	1,152.30	**-**	-
Net Profit / (Loss) after tax	**(98.14)**	157.34	**(0.13)**	0.21
Other comprehensive income	**-**	-	**-**	-
Total comprehensive income	**(98.14)**	157.34	**(0.13)**	0.21
Net Profit for the year attributable to non-controlling interests	**(26.84)**	43.03	**(0.04)**	0.06
Dividends paid to non-controlling interests	**-**	-	**-**	-

Summarised cash flow information (₹ in lakhs)

	Calcutta Compressions and Liquefaction Engineering Limited		EKC Positron Gas Limited	
	As at 31 March 2019	As at 31 March 2018	**As at 31 March 2019**	As at 31 March 2018
Net cash generated from / (used in) operating activities	**29.43**	(22.41)	**(0.22)**	(0.13)
Net cash generated from / (used in) investing activities	**59.12**	9.91	**-**	-
Net cash generated from / (used in) financing activities	**(70.17)**	(70.03)	**-**	-
Net increase / (decrease) in cash and cash equivalents	**18.38**	(82.53)	**(0.22)**	(0.13)

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2019

(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)

	Place of business	% of ownership interest	Accounting method	Carryinng value	
				As at 31 March 2019	**As at 31 March 2018**
Kamal EKC International Limited	Tanzania	49.00%	Equity method	**7.30**	8.21
Less: Impairment on above				**(7.30)**	-
Total				**-**	8.21

(₹ in lakhs)

	As at 31 March 2019	As at 31 March 2018
Current assets	**14.90**	22.98
Current liabilities	**-**	7.25
Net current assets	**14.90**	15.73
Non-current assets	**-**	1.02
Non-current liabilities	**-**	-
Net non-current assets	**-**	1.02
Net assets	**14.90**	16.75
I. Group's share (%)	**49.00%**	49.00%
II. Group Shares (₹ in lakhs)	**7.30**	8.21

(₹ in Lakhs)

	Year Ended 31 March 2019	Year Ended 31 March 2018
Revenue from operations	**-**	-
(Loss) for the year	**(1.86)**	(10.33)
Other comprehensive income	-	-
Total other comprehensive income	**(1.86)**	**(10.33)**
I. Group's share (%)	**49.00%**	**49.00%**
II. Group Shares (₹ in lakhs)	**(0.91)**	**(5.06)**

47 Segment reporting

(A) Geographical segment

(₹ in lakhs)

		India		United Arab Emirates		United States of America and Hungary		Others		Total	
		As at 31 Mar 2019	As at 31 Mar 2018	**As at 31 Mar 2019**	As at 31 Mar 2018	**As at 31 Mar 2019**	As at 31 Mar 2018	**As at 31 Mar 2019**	As at 31 Mar 2018	**As at 31 Mar 2019**	As at 31 Mar 2018
(a)	**Segment revenue from continuing operations** *	46,200.42	33,774.36	14,913.52	9,365.69	**11,785.09**	13,365.82	2,585.62	1,867.79	75,484.65	58,373.66
	Less: inter segment revenue	1,211.00	431.29	3,715.87	3,341.71	**175.49**	166.07	173.70	189.05	5,276.06	4,128.12
	Total	**44,989.42**	**33,343.07**	**11,197.65**	**6,023.98**	**11,609.60**	**13,199.75**	**2,411.92**	**2,201.38**	**70,208.59**	**54,245.54**
	Segment revenue from discontinued operations										
	China									54.15	120.49
	Total									**54.15**	**120.49**
(b)	**Segment results from continuing operations**										
	Segment results	5,034.11	4,378.19	1,414.05	812.81	(1,262.24)	452.92	(9.12)	(16.17)	5,176.80	5,627.75
	Unallocable income / (expenses)**									279.48	966.51
	Foreign exchange variation gain (net)									732.51	64.04
	Finance costs									3,561.78	3,472.54
	Profit before tax from continuing operations - (i)									**2,627.01**	**3,185.76**
	Discontinued operations - (ii)										
	China									(1,470.49)	(344.36)
										(1,470.49)	**(344.36)**
	Tax expense - (iii)										
	Current tax									1,022.02	455.90
	Deferred tax									(5,707.31)	5.91
	Profit from continuing operations after tax (i-iii)									**7,312.30**	**2,723.95**
	Profit after tax from total operations attributable to:									**5,841.81**	**2,379.59**
	Equity shareholders of the Holding Company									5,868.69	2,336.50
	Non-controlling interests									(26.88)	43.09
	Other Information										
(c)	**Segment assets of continuing operations (I)**	45,610.35	42,820.80	14,626.62	14,963.00	22,841.35	19,834.82	858.49	1,164.94	83,936.81	78,783.56
	Add: Unallocated assets ***									9,908.99	5,193.92
	Total									**93,845.80**	**83,977.48**
	Segment assets of discontinued operations (II)										
	China									8,699.81	10,182.76
	Total									**8,699.81**	**10,182.76**
	Total segment assets (I+II)									**102,545.61**	**94,160.24**

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2019

(₹ in lakhs)

		India		United Arab Emirates		United States of America and Hungary		Others		Total	
		As at 31 Mar 2019	As at 31 Mar 2018	**As at 31 Mar 2019**	As at 31 Mar 2018	**As at 31 Mar 2019**	As at 31 Mar 2018	**As at 31 Mar 2019**	As at 31 Mar 2018	**As at 31 Mar 2019**	As at 31 Mar 2018
(d)	**Segment liabilities of continuing operations (III)**	**7,989.00**	5,325.30	**2,177.22**	1,933.66	**6,294.52**	3,670.60	**236.62**	47.45	**16,697.36**	10,977.01
	Add: Unallocated liabilities									**33,656.63**	37,732.44
	Total									**50,353.99**	48,709.45
	Segment liabilities of discontinued operations (IV)										
	China									**411.80**	1,044.60
	Total									**411.80**	1,044.60
	Total segment liabilities (III+IV)									**50,765.79**	49,754.05
(e)	**Capital expenditure of continuing operations**	**1,941.60**	1,967.13	**214.07**	109.83	**1,476.45**	533.91	**-**	-	**3,632.12**	2,610.87
	Add: Capital expenditure of discontinued operations-China									**-**	88.75
	Add: Unallocated capital expenditure									**-**	-
	Total									**3,632.12**	2,699.62
(f)	**Depreciation and amortisation of continuing operations**	**1,342.27**	1,268.55	**391.03**	357.05	**1,294.85**	1,520.81	**0.60**	35.39	**3,028.75**	3,181.80
	Add: Depreciation and amortisation of discontinued operations - China									**-**	906.36
	Total									**3,028.75**	4,088.16
(g)	**Other non-cash expenditure**	**137.11**	200.29	**-**	-	**-**	-	**-**	-	**137.11**	200.29
	Add: non-cash expenditure of discontinued operations									**-**	164.22
	Total									**137.11**	364.51

* Based on location of customer.

** Unallocable income from continuing operations includes share of loss from joint venture ₹ 0.91 lakhs (31 March 2018: ₹ 5.06 lakhs).

*** Unallocated segment assets of continuing operations includes investment in joint venture of ₹ Nil as at 31 March 2019 (31 March 2018 ₹ 8.21 lakhs).

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31MARCH 2019

(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. The Group's reportable segments are India, United Arab Emirates (UAE), China, United States of America (USA) and Hungary and Others.

2 The Company, its subsidiaries, step down subsidiaries and joint venture operate within a single business segment, except for Calcutta Compressions & Liquefaction Engineering Limited, which is in the business of purchase and distribution of natural gas, the operations of which are not material as compared to the overall business of the Group. Hence, the Group has disclosed geographical segment as the primary segment on the basis of geographical location of the operations carried out by the Company, its subsidiaries, step down subsidiaries and joint venture.

3 Segment revenue and results

The expenses and income which are not directly attributable to any geographical segment are shown as unallocable income / (expenses).

4 Segment assets and liabilities

Segment assets include all operating assets used by the geographical 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.

5 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.

6 The group deals with various customers including multiple geographies. Consequently, none of the customer contribute materially to the revenue of the Group.

7 For details on discontinued operations, refer note 45.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31MARCH 2019

48 Revenue from contract with customers

The Group derives revenues primarily from sale of high pressure seamless gas cylinders and other cylinders, equipments, appliances and other related services.

Effective 01 April 2018, the Group has adopted Ind AS 115, 'Revenue from Contracts with Customers' using the cumulative catch-up transition method, applied to contracts that were not completed as on the transition date i.e. 01 April 2018. Accordingly, the comparative amounts of revenue and the corresponding contract assets/ liabilities have not been retrospectively adjusted. The effect on adoption of Ind-AS 115 was insignificant.

Under Ind AS 115, an entity recognises revenue when it transfers control of promised services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services.

The Group determines revenue recognition through the following steps:

1. Identification of the contract, or contracts, with a customer.
2. Identification of the performance obligations in the contract.
3. Determination of the transaction price.
4. Allocation of the transaction price to the performance obligations in the contract.
5. Recognition of revenue when, or as, we satisfy a performance obligation.

At contract inception, the Group assesses the goods and services promised in the contracts with customers and identifies a performance obligation for each promise to transfer to the customer a good or service (or bundle of goods or services) that is distinct. To identify the performance obligations, the Group considers all of the goods and services promised in the contract regardless of whether they are explicitly stated or are implied by customary business practices.

Revenue from sale of goods: The majority of customer contracts that Group enters into consist of a single performance obligation for the delivery of Cylinders. The Group recognize revenue from product sales when control of the product transfers i.e. generally upon shipment.

Shipping and handling services: The Group provides shipping and handling services which is considered as separate performance obligation as per Ind AS 115.

Revenue from long term contracts: The revenue recognition of long term contracts under progress requires forecasts to be made of total budgeted costs with the outcomes of underlying contracts, which further require assessments and judgements to be made on changes in work scopes and other payments to the extent they are probable and they are capable of being reliably measured. However, where the total project cost is estimated to exceed total revenues from the project, the loss is recognized immediately in the Statement of Profit and Loss. Revenue in excess of invoicing are classified as contract asset while invoicing in excess of revenues are classified as contract liabilities.

Sale with right to return: Some contracts provide customers with a right of return and Group recognises provision for sales return, based on the historical results, measured on net basis of the margin of the sale. (Refer note 17 and 26).

(a) Disaggregation of revenue

(₹ in lakhs)

	Year ended 31 March 2019	Year ended 31 March 2018
Within India	**44,989.42**	33,343.07
United Arab Emirates	**11,197.65**	6,023.98
United States of America and Hungary*	**11,609.60**	13,199.75
Others	**2,411.92**	1,678.74
Total	**70,208.59**	54,245.54

* Revenue in excess of billings on uncompleted contracts.

(₹ in lakhs)

	Year ended 31 March 2019	Year ended 31 March 2018
Goods transferred at a point in time	**62,984.90**	48,877.80
Services transferred over time/control of goods transferred over time	**7,223.69**	5,367.74
Total	**70,208.59**	54,245.54

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2019

(b) Contract balances

(₹ in lakhs)

	As at 31 March 2019	As at 31 March 2018
Trade receivables	12,171.32	8,945.31
Contract liabilities from contracts with customers	2,811.55	1,431.15
Total	14,982.87	10,376.46

Information in respect of contract in progress:

(₹ in lakhs)

	Year ended 31 March 2019	Year ended 31 March 2018
Cost incurred on uncompleted contract	3,614.02	2,627.22
Estimated earnings	3,381.85	2,655.95
Revenue earned on uncompleted contract	6,995.87	5,283.17
Less: Billings on uncompleted contract	(6,986.90)	(5,273.12)
Revenue in excess of billings on uncompleted contracts	8.97	10.05

(c) Reconciliation of revenue recognised in the statement of profit and loss with the contracted price

(₹ in lakhs)

	As at 31 March 2019	As at 31 March 2018
Revenue as per contracted price	70,222.92	54,237.12
Sales return	14.33	(8.42)
Revenue from contract with customers	70,208.59	54,245.54

49 Earnings per share

(₹ in lakhs)

		Year ended 31 March 2019	Year ended 31 March 2018
I	Profit after tax from total operations	5,841.81	2,379.59
	Attributed to :		
(a)	Equity shareholders of the Holding Company	5,868.69	2,336.50
(b)	Non-controlling interests	(26.88)	43.09
II	Profit / (Loss) from discontinued operations after tax	(1,470.49)	(344.36)
III	Profit of continuing operations attributable to Equity shareholders of the Holding Company	7,339.18	2,680.86
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)	6.54	2.39
	(ii) Discontinued operations (II/IV)	(1.31)	(0.31)
	(iii) Total operations (i+ii)	5.23	2.08
	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 2019 and 31 March 2018. Consequently, basic and diluted earnings per share of the Holding Company remains the same.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2019

50 Research and development expenses

Total research and development expenses incurred at CP Industries Holdings, Inc. were approximately ₹ 149.29 lakhs (31 March 2018: ₹ 137.27 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 2019 is ₹ 553.14 lakhs (31 March 2018: ₹ 521.79 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)

	Cancellable		Non- cancellable	
	As at 31 March 2019	As at 31 March 2018	**As at 31 March 2019**	As at 31 March 2018
For a period not later than one year	**399.69**	467.08	**46.34**	53.33
For a period later than one year and not later than five years	**1,609.28**	1,681.66	**83.70**	121.63
For a period later than five years	**646.80**	1,208.87	**-**	-

52 Assets Pledged as security

The carring values of assets pledged as security are as under:

(₹ in lakhs)

	As at 31 March 2019	As at 31 March 2018
Non-current assets		
Property, plant and equipment	**32,573.36**	33,290.18
Capital work-in-progress	**1,794.59**	844.51
Intangible assets	**103.54**	109.34
Loans	**205.11**	952.13
Current assets		
Financial assets		
Investments	**2.99**	2.84
Trade receivables	**11,466.39**	7,841.05
Cash and cash equivalents	**529.10**	28.50
Bank balances other than cash and cash equivalents	**2,151.55**	2,057.88
Loans	**1078.63**	1,036.44
Other financial assets	**291.49**	77.37
Non financial assets		
Inventories	**30,276.10**	26,241.17
Other current assets	**1,602.54**	2,235.81
Assets classified as held for sale	**1,834.94**	3,070.62
Total	**83,910.33**	77,787.81

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2019

53 The remuneration of Chairman and Managing Director (CMD) for the current year is ₹ 119 lakhs. During the year ended 31 March 2018, the CMD had voluntarily not drawn any remuneration from the Company.

54 The outstanding balances of the Holding Company as at 31 March 2019 include trade payables aggregating ₹ 12,385.21 lakhs, trade receivables aggregating ₹ 17.29 lakhs and interest receivable aggregating ₹ 2,297.23 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 Holding Company has filed an application with Reserve Bank of India seeking permission for write-off of Interest receivable and is also in the process of regularising other defaults by filing necessary applications with the appropriate authority for condonation of delays. Pending conclusion of the aforesaid matters, 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.

55 During the year ended 31 March 2013, a 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 year ended 31 March 2019, ₹ 113.94 lakhs (31 March 2018: ₹ 350.56 lakhs) have been recovered against the same. Management is confident of recovering the balance of receivables of ₹ 1,119.49 lakhs (31 March 2018: ₹ 1,233.43 lakhs).

As per our report of even date attached

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

Khushroo B. Panthaky
Partner
Membership No: 42423

Place : Mumbai
Date : 30 May 2019

For and on behalf of the Board of Directors

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

Punnet Khurana
Chief Executive Officer

Sanjiv Kapur
Chief Financial Officer

Bhagyashree Kanekar
Company Secretary

Place : Mumbai
Date : 30 May 2019

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 40th 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 Monday, September 30, 2019 at 4:30 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 40th Annual General Meeting of the Company, to be held on Monday, September 30, 2019 at 4:30 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	**Option(s)**	
Ordinary Business	For	Against
1. Adoption of the Financial Statements and Directors' and Auditors' Reports thereon for the year ended March 31, 2019		
2. Re-appointment of Mr. Pushkar Khurana (DIN: 00040489), as a Director of the Company who is liable to retire by rotation		
Special Business		
3. Ratification of the remuneration of the Cost Auditors		
4. Appointment of Mr. Ghanshyam Karkera as an Independent Director of the Company		
5. Appointment of Mr. Maganti Narayanarao Sudhindra as an Independent Director of the Company		
6. Payment of Commission to Non-Executive Directors of the Company		

Signed this____________day of ____________, 2019.

Signature of Shareholder ____________ Signature of Proxy Holder (s) ____________

Affix Revenue Stamp not less than Re. 0.15

NOTE:

1. 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 Meeting.
2. For the Resolutions, Explanatory Statement and Notes, please refer to the Notice of the 40th Annual General Meeting.
3. 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.
4. Please complete all details including details of member(s) in above box before submission.

TEAR HERE

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.

- 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.

Clean Energy Solution Company

EVEREST KANTO CYLINDER LIMITED, INDIA

INDIA ▪ DUBAI ▪ EUROPE ▪ USA ▪ THAILAND

204, Raheja Centre, Free Press Journal Marg,

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Email: investors@ekc.in

Website: www.everestkanto.com