

**Eternit Everest Ltd.**  
EXCELLENCE PROVEN WORLDWIDE

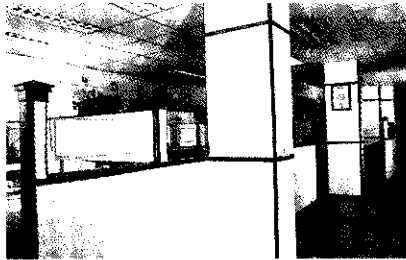
## 68th Annual Report and Accounts 2000

Report  Junction.com

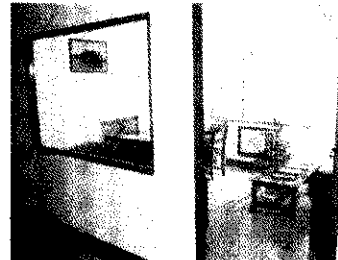
• Fibre Cement Roofing • Coloured Roofing System • Reinforced Building Boards • Passive Fire Protection Systems

# GREAT WOOD WORK.

## PARTITIONING



8 mm E-Board Ply Plus partition on GI/  
Timber grid section



8 mm E-Board Ply Plus partition

## WALL PANELLING



8 mm E-Board Ply Plus wall  
panelling on timber grid

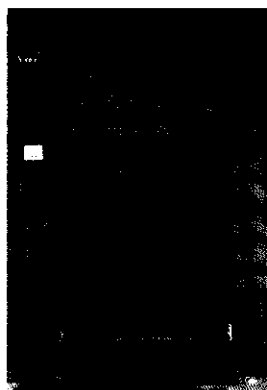


8 mm E-Board Ply Plus wall panelling on GI grid

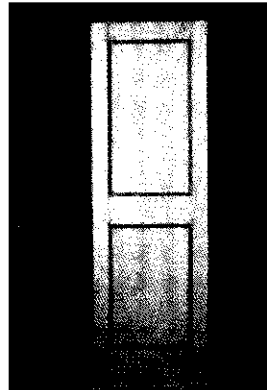


8 mm E-Board Ply Plus wall  
panelling with jointless finish

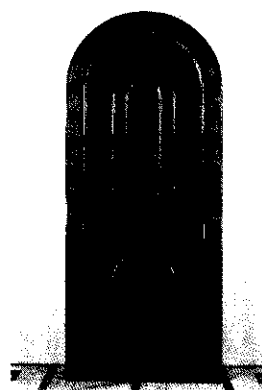
## FUTURE DOORS



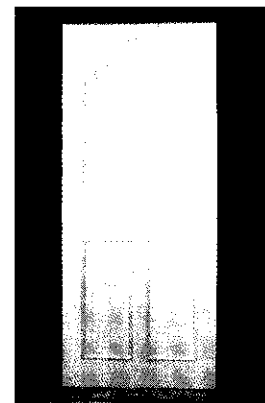
14 mm E-Board Ply Plus polished  
in rosewood finish



10 mm E-Board Ply Plus panel  
insert in timber framework



12 mm E-Board Ply Plus door



10 mm E-Board Ply Plus panel  
insert in timber framework



Termite Proof



Moisture Resistant



Fire Resistant



Asbestos Free



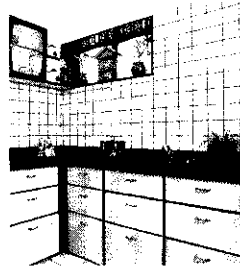
Environment Friendly

# WITHOUT WOOD.

## KITCHEN CABINETS /CUPBOARD



Cupboard shutters with 16 mm E-Board Ply Plus



Kitchen Cabinet with 12mm/16mm E-Board Ply Plus

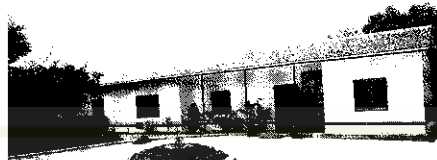


Cabinet drawers with 12mm /16mm E-Board Ply Plus

## PRE-FAB CONSTRUCTIONS

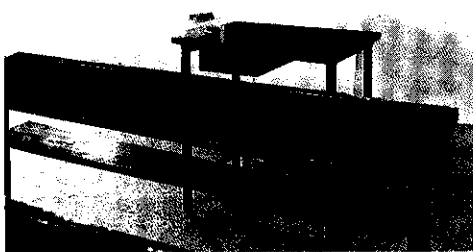


Prefab house

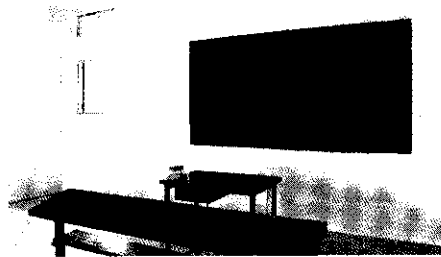


Prefab office

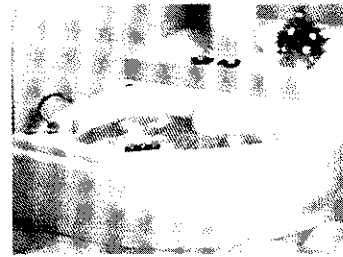
## OTHER APPLICATIONS



16mm E-Board Ply Plus Table Top



12mm E-Board Ply Plus Black Board



Bathtub Linings with 8/10mm E-Board Ply Plus

AVAILABLE IN VARIED THICKNESS (8-20 MM & BEYOND)



Ready to Paint



**E-BOARD  
PLY PLUS**

Great woodwork. Without wood.

EXCELLENCE PROVEN WORLDWIDE

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**Eternit Everest Ltd.**  
EXCELLENCE PROVEN WORLDWIDE

#### Board of Directors

Dr. S. Ganguly	Chairman
Mr. A.K. Batra	Managing Director
Mr. Philippe Coens	Director
Mr. Ray Hemstock	Director
Mr. J. Jasienski	Director
Mr. T. M. M. Nambiar	Director
Dr. N. K. Sengupta	Director
Mr. D. C. Shroff	Director

#### Audit Committee

Dr. S. Ganguly	Chairman
Mr. Ray Hemstock	Member
Dr. N. K. Sengupta	Member

#### Investor Grievance/ Share Transfer Committee

Dr. S. Ganguly	Chairman
Dr. N. K. Sengupta	Member
Mr. A. K. Batra	Member

#### Management Committee

✓ Mr. A. K. Batra	Managing Director
Mr. Ramanan Eswar	Finance Director
Mr. Marc Vanoverbeke	Technical Director
Mr. K. K. Malik	Sales Director
Mr. S. Chawla	Human Resource Director
Mr. Manish Sanghi	Marketing Director

#### Company Secretary

✓ Mr. Suresh Menon
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#### Auditors

BSR & Co., New Delhi

#### Bankers

State Bank of India

Citibank N.A.

ICICI Banking Corporation Limited

#### Solicitors

Crawford Bayley & Co.

#### Registered Office :

Block 'D', Shivsagar Estate,  
Dr. Annie Besant Road, Worli,  
Mumbai -400018

#### Head Office :

Ashok Bhawan, 93, Nehru Place,  
New Delhi - 110 019

#### Share Transfer Agents :

MCS Limited, Sri Venkatesh Bhawan,  
212-A, Shahpur Jat, Behind Panchsheel Club,  
New Delhi - 110 049.



## DIRECTORS' REPORT

### TO THE MEMBERS OF ETERNIT EVEREST LIMITED

Your Directors are pleased to present the Sixty-eighth Annual Report together with the Audited Accounts of the Company for the year ended 31st December 2000.

#### Financial Results

	(Rs. in lakhs)
Profit before Taxation	568
<b>Deduct :</b>	
Provision for Taxation	62
Profit after Taxation	506
<b>Add :</b>	
Amount written back on account of income tax	91
Excess provisions for income tax written back (net)	154
Balance brought forward	1271
<b>Amount available for appropriation</b>	<b>2022</b>

#### Appropriation

Proposed dividend	148
Provision for tax on proposed dividend	33
Balance Carried to Balance Sheet	1841

#### Operations

The demand for fibre cement products grew by 5%, while our sales volume recorded a 3% growth in 2000 over 1999. However, margins continued to suffer mainly due to undercutting of prices by competitors. Your Company made progress to reduce costs, expenditure and overheads. During the year certain non-productive assets of the Company at Mumbai & Gurgaon were sold and the money utilized for partial repayment of loan taken from the institutions.

The introduction of new generation high value added asbestos free building boards - E-Board, E-Board Ply Plus and E-Board Classic in thickness varying from 4mm to 20mm and positioned as superior substitute to reconstituted wood based products, particle boards, medium density fibre boards and ply wood evoked an encouraging response in the market. These products are eco-friendly, termite proof, moisture and fire

resistant. In addition, asbestos free colour coated fibre cement roofing sheets - Eternia - were also well received in the market by those looking for aesthetic asbestos free products. With the expansion of product portfolio, your Company plans to reduce its dependence on the asbestos cement corrugated roofing sheets - Everest, whose margins are under pressure as a result of severe price competition due to capacity overhang.

As reported in the last year, your Company continues to face unreasonable demands from the Sales Tax authorities of Tamil Nadu who continue to treat stock transfers from the Podanur Works of the Company to its various depots in other states as "inter-state sales" and raised exorbitant demand for taxes and penalties. Your Company has already obtained stays on these demands from the Hon'ble Supreme Court of India for the years 1979-80, 1994-95, 1995-96, 1996-97 and 1997-98.

#### Dividend

Your Directors are pleased to recommend a dividend of 10% for the year ended 31st December 2000.

#### Mulund Land Settlement

During the year under review, your Company was successful in settling through arbitration the long pending disputes resulting from the continued default in payment by M/s. Lok Housing & Constructions Ltd. (Lok), developers of the Company's property in Mulund. In terms of the arbitration award, Lok has surrendered all its rights under any agreement/agreements entered with the Company in respect of the "Industrial Land". The balance portion of the unreleased "Residential Land" was released to Lok by the Company. Your Company is now actively pursuing the disposal of this property.

#### Etex Group increases its stakes to 50%

The Etex Group, through its subsidiary Company M/s Nefibouw B.V of Netherlands acquired during the year

0.54% of Equity Shares from the open market to take the Group's stake to 50% after obtaining necessary approvals from various authorities.

#### Social Commitment

##### i) Orissa Cyclone

Your Directors also wish to highlight through this report that Etex Group contributed during the year \$ 1,00,000 worth of Euro-compliant (asbestos free) roofing sheets to 200 primary schools in Orissa's cyclone affected areas.

##### ii) Gujarat Earthquake

Your Company donated 60 MT of fibre cement roofing sheets for rehabilitating the victims of the recent earthquake affected areas in Gujarat.

#### Labour Relations

It was another year of cordial industrial relations at all the Works of the Company. During the year your Company entered into long term settlements with workmen at Kymore & Lakhmapur Works.

#### Health & Safety

Your Company's record on Health & Safety continued to be of the high standards set up by the Etex Group worldwide. Fibre counts & emission levels were well within the permissible levels set by the Etex Group. The Company's Podanur Works obtained ISO 14001 certification during the year. The same Works had received ISO 9002 certification in the previous year. With this Podanur Works is the only manufacturing unit in the fibre cement industry having obtained the dual distinction of ISO 9002 and ISO 14001 certifications. Other Works of the Company are at final stages of accreditation.

#### Quality

Your Company continued with "Total Quality Management" (TQM) activities initiated from the year 1997. As of now over 400 employees of the Company at various levels have already undergone structured training in TQM.



## Information required to be disclosed as per Listing Agreement

Information required to be disclosed pursuant to clause 32 of the listing agreement forming part of this report is detailed hereunder:

1. The shares of the Company are listed at the following exchanges and the annual listing fee for 2000-2001 has already been paid:
  - a) The Stock Exchange, Phiroze Jeejeebhoy Towers, Dalal Street, Mumbai -400001.
  - b) National Stock Exchange of India Ltd., Trade World, Kamala Mill Compound, Senapati Bapat Marg, Lower Parel, Mumbai -400 013.

## Directors

As you are already aware, Mr. J.Stievenart the former Managing Director resigned with effect from 9th June 2000, to take up new responsibilities in the Etex Group. The Board placed on record its appreciation of the valuable services rendered by Mr. Stievenart during his tenure as Managing Director of the Company. Your Board then appointed Mr. A.K. Batra who had been Executive Director (Finance) since January, 2000 as the new Managing Director of the Company effective 10th June 2000. Company had already received your consent in the 67th Annual General Meeting and subsequently the Central Government's approval was also obtained.

Mr. Ray Hemstock joined your Company's Board as representative Director of M/s Eteroutremer S.A, effective 9th June 2000.

In accordance with the provisions of the Companies Act, 1956 and Articles of Association of the Company, Mr. T.M.M.Nambiar and Mr. J. Jasienski retire by rotation and are eligible for re-appointment.

## Conservation of Energy, Technology Absorption, Adaptation and Innovation; and Foreign Exchange Earnings/Outgo.

The information required under Section 217 (1) (e) of the Companies

Act, 1956 read with the Companies (Disclosures of Particulars in the Report of Board of Directors) Rules, 1988 with respect to conservation of energy, technology absorption and foreign exchange earnings /outgo is appended hereto and forms part of this report.

## Particulars of Employees

Information as per Section 217(2A) of the Companies Act, 1956 read with the Companies (Particulars of Employees) Rules, 1975, forms part of this report. As per provisions of Section 219 (1)(b) (iv) of the Companies Act, 1956, the report and accounts are being sent to the shareholders of the Company excluding the statement of particulars of employees under Section 217(2A) of the Act. Any shareholder interested in obtaining a copy of the said statement may write to the Company Secretary at the Registered Office of the Company.

## Director's Responsibility Statement

As required under Section 217 (2 AA) of the Companies Amendment Act 2000, the Director's responsibility statement is appended hereto and forms part of this report.

## Acknowledgement

The Board places on record its gratitude to the Company's valued customers, financial institutions, banks and the shareholders for their continued support, confidence and faith in the Company.

The Board wishes to place on record its appreciation of the total commitment, dedication and wholehearted efforts put in by the employees of the Company at all levels.

**On behalf of the  
Board of Directors**

**S.GANGULY  
Chairman**

**A.K. BATRA  
Managing Director**

New Delhi,  
28 February 2001

## Annexure referred to in the Directors' Report on the accounts for the period ended 31st December 2000.

### Conservation of Energy

During the year, thyristorised electronic starters were installed at Lakhmapur Works resulting in considerable energy savings. Improved raw material processing will reduce the power consumption by 5,00,000 KWH/Year.

At Calcutta Works, about 60 transparent sheets have been replaced at suitable points so that natural illumination is used instead of electrical lighting during day time.

### Expenditure on R&D Rs. in lakhs

(a) Capital	35.89
(b) Recurring	53.48
(c) Total	89.37
(d) Total R&D expenditure as percentage of turnover	0.57%

### Technology Absorption, Adaptation and Innovations

Recycling of wet waste was done at Calcutta Works resulting in better utilisation of raw materials without affecting the quality of the final product. Continuous measures were taken for improvement of product quality through installation of premix system and template oiling system.

### Imported Technology

The technical assistance received from the Etex Group's technical company REDCO has resulted in production of new generation products such as E-Board Ply Plus, of varying thickness from 8 mm to 20 mm.

Imported atmospheric corrugator suction box installed at Podanur Works has considerably reduced the visible defects of the finished product and consequently the production rejects from earlier levels.

### Foreign Exchange Earnings/Outgo.

The relevant figures pertaining to foreign exchange earnings and import of materials and other expenditure in foreign currency are given in the statement of additional information appended to the accounts.



## DIRECTOR'S RESPONSIBILITY STATEMENT

To

The Members of the Company

Certificate of compliance under section 217 (2AA) of the Companies Act, 1956 (as amended). This is to certify that:

- 1) in the preparation of the Annual Accounts, the applicable accounting standards had been followed alongwith proper explanation relating to material departures;
- 2) the Company had selected such accounting policies and applied them consistently and made judgement and estimates that are reasonable and prudent so as to give a true and fair view of the state of the affairs of the Company at the end of the financial year and of the profit and loss of the Company for that period.
- 3) the Company had taken proper and sufficient care for maintaining of adequate accounting records in accordance with the provisions of this Act for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities.
- 4) the Company had prepared the Annual Accounts on a going concern basis.

**On behalf of the Board of Directors**



S.GANGULY,  
Chairman

New Delhi,  
28 February 2001

ARUN K. BATRA,  
Managing Director



## AUDITORS' REPORT TO THE MEMBERS OF ETERNIT EVEREST LIMITED

We have audited the attached Balance Sheet of Eternit Everest Limited as at 31 December 2000 and the Profit and Loss account of the Company for the year ended on that date, annexed thereto.

We report as follows:

1. As required by the Manufacturing and Other Companies (Auditor's Report) Order, 1988 issued by the Company Law Board in terms of Section 227(4A) of the Companies Act, 1956, we enclose in the Annexure, a statement on the matters specified in paragraphs 4 and 5 of the said Order.
2. Further to the comments in the Annexure referred to in paragraph 1 above:
  - (a) we have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit;
  - (b) in our opinion, proper books of account as required by law have been kept by the Company so far as appears from our examination of the books;
  - (c) the Balance Sheet and the Profit and Loss account dealt with by this report are in agreement with the books of account;
  - (d) in our opinion, the Balance Sheet and the Profit and Loss account comply with the Accounting Standards referred to in sub - section (3C) of Section 211 of the Companies Act, 1956, to the extent applicable;
  - (e) on the basis of the written representations received from the directors of the Company as at 31 December 2000, and taken on record by the Board of Directors, we report that no director is disqualified from being appointed as a director of the Company under clause(g) of sub-section (1) of Section 274 of the Companies Act, 1956; and
  - (f) in our opinion and to the best of our information and according to the explanations given to us, the said accounts give the information required by the Companies Act, 1956 in the manner so required and give a true and fair view:
    - (i) in the case of the Balance Sheet, of the state of affairs of the Company as at 31 December 2000, and
    - (ii) in the case of the Profit and Loss account, of the profit of the Company for the year ended on that date.

**For BSR & Co.**  
Chartered Accountants

New Delhi, 1 March 2001

Vikram Aggarwal  
Partner

### Annexure to the Auditors' report

(Referred to in paragraph 1 of our report of even date)

1. The Company has maintained proper records of fixed assets showing full particulars including quantitative details and situation of fixed assets. The Company has a programme of physically verifying all its fixed assets in a phased manner designed to cover all assets over a period of three years, which in our opinion is reasonable having regard to the size of the Company and the nature of its fixed assets. In accordance with this programme the management carried out a physical verification in a few locations during the year. The discrepancies observed on physical verification which were not material, have been properly dealt with in the books of accounts.
2. None of the fixed assets have been revalued during the year.
3. The stocks of finished goods, stores, spare parts and raw materials except goods in transit, have been physically verified by the management at reasonable intervals during the year.
4. In our opinion and according to the information and explanations given to us, the procedures of physical verification of stocks followed by the management are reasonable and adequate in relation to the size of the Company and the nature of its business.
5. The discrepancies noted on physical verification of stocks as compared to book records, which were not material, have been properly dealt with in the books of account.
6. The valuation of stocks is fair and proper in accordance with the normally accepted accounting principles and is on the same basis as in the previous year.



7. According to the information and explanations given to us, the Company has not taken any loans from companies, firms or other parties listed in the register maintained under section 301 of the Companies Act, 1956. We are informed that there are no companies under the same management as defined under section 370 (1-B) of the Companies Act, 1956.
8. According to the information and explanations given to us, the Company has not granted any loans to companies, firms or other parties listed in the register maintained under section 301 of the Companies Act, 1956. We are informed that there are no companies under the same management as defined under section 370 (1-B) of the Companies Act, 1956.
9. The Company has given interest free loans to staff which are being repaid as stipulated.
10. In our opinion and according to the information and explanations given to us, considering the fact that certain items of inventory are for the specific requirements of the Company and no alternative quotations are available, there are adequate internal control procedures commensurate with the size of the Company and the nature of its business for purchase of stores, raw materials, including components, plant and machinery, equipment and other assets, and for sale of goods.
11. There have been transactions of purchase of goods and materials, aggregating during the year to Rs. 50,000 or more made in pursuance of contracts or arrangements entered in the register maintained under Section 301 of the Companies Act, 1956. As explained in para 10 above, since some goods and material purchased are for the specific requirements of the Company, no alternative quotations are available. In respect of other goods and materials, purchases have been made at prices which are reasonable having regard to quality specifications, prevailing market prices of such goods and materials or prices at which transactions for similar goods and materials have been made with other parties. As explained to us, there has been no sale of goods or services in pursuance of contracts or arrangements entered in the register maintained under Section 301 of the Companies Act, 1956 during the year.
12. As explained to us, the Company has a regular procedure for the determination of unserviceable or damaged stores, raw materials and finished goods. Adequate provision has been made in the accounts for the loss arising on the items so determined.
13. The Company has not accepted any deposits from the public during the year.
14. In our opinion, reasonable records have been maintained by the Company for sale and disposal of realisable scrap. We have been informed that the Company's operations do not generate any by-products.
15. In our opinion and according to the information and explanations given to us, the Company has an internal audit system commensurate with the size and the nature of its business.
16. The Central Government has not prescribed the maintenance of cost records by the Company under section 209 (1) (d) of the Companies Act, 1956.
17. The Company has been generally regular in depositing Provident Fund and Employees' State Insurance dues with the appropriate authorities during the year.
18. According to the information and explanations given to us, there are no undisputed amounts payable in respect of income-tax, wealth tax, sales tax, customs duty and excise duty as at 31 December 2000, outstanding for a period exceeding six months from the date they became payable.
19. According to the information and explanations given to us, no personal expenses have been charged to revenue account other than those payable under contractual obligations or in accordance with generally accepted business practice.
20. In our opinion, the Company is not a Sick Industrial Company within the meaning of clause (o) of subsection (1) of Section 3 of the Sick Industrial Companies (Special Provisions) Act, 1985.
21. In respect of the trading activities, there were no damaged goods which required provision in the books of account.

**For BSR & Co.**  
Chartered Accountants

**VIKRAM AGGARWAL**  
Partner

New Delhi, 1 March 2001