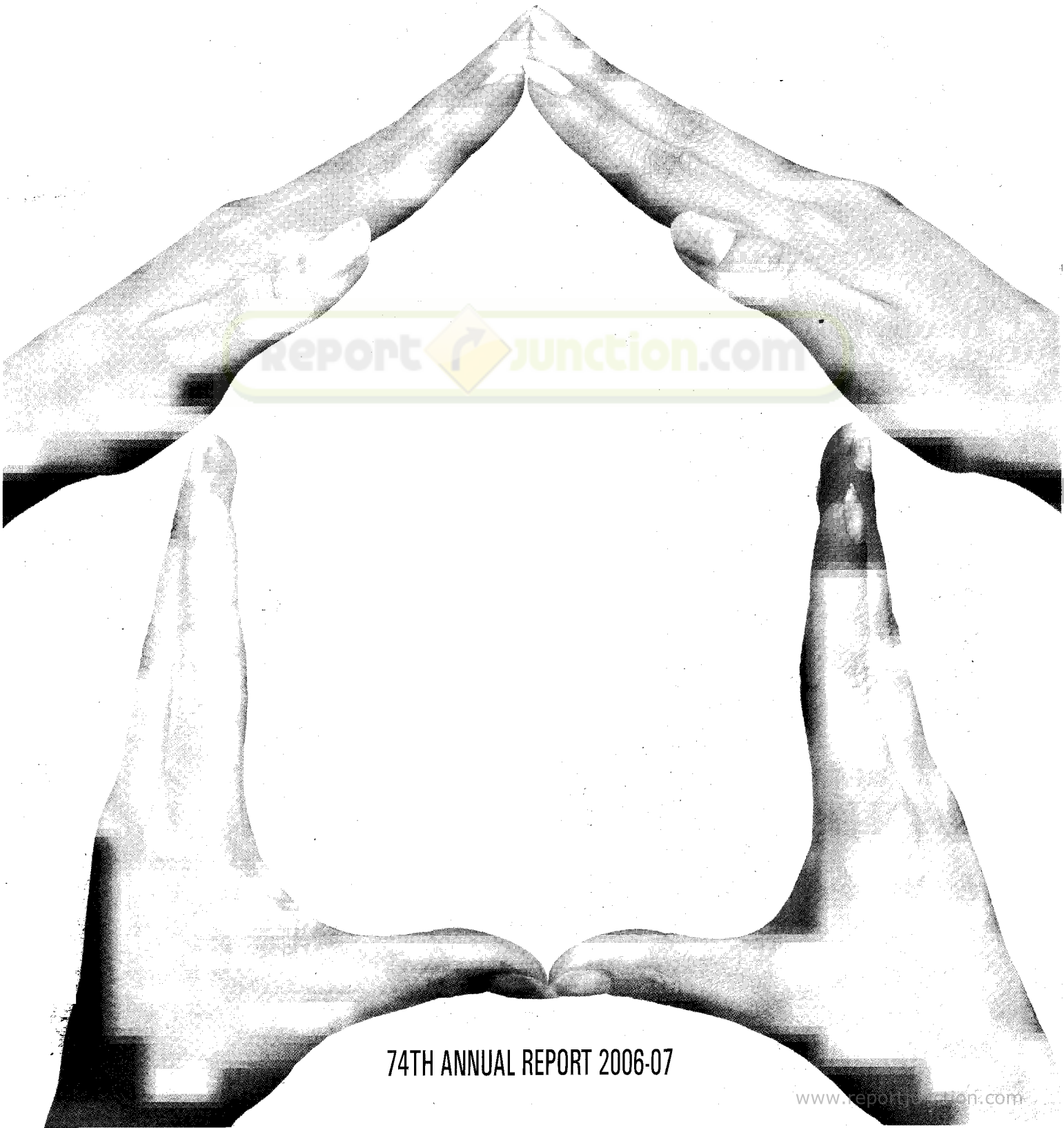




Everest Industries Limited

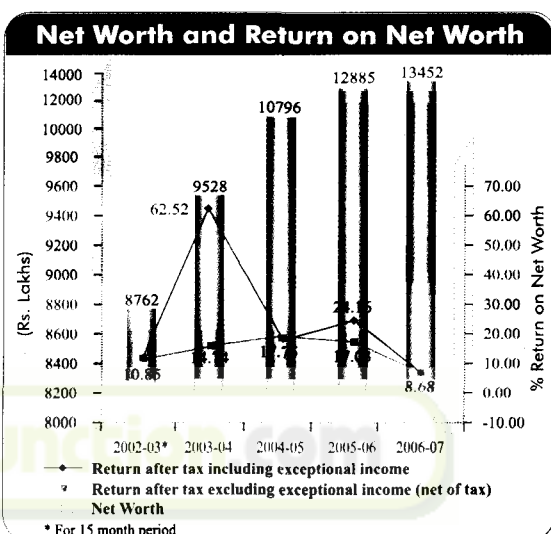
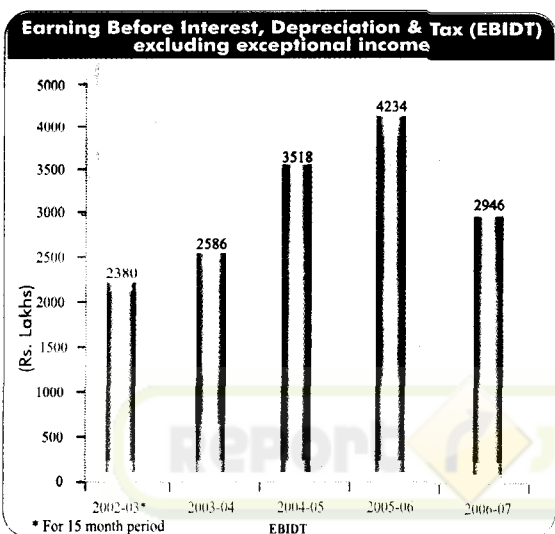
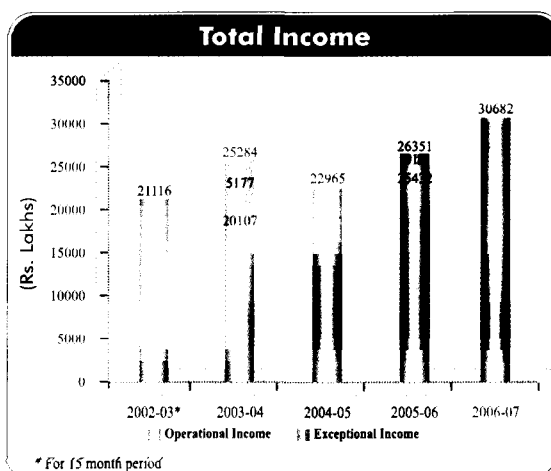
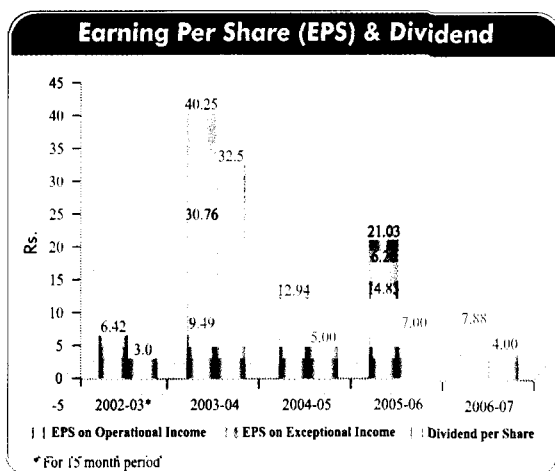


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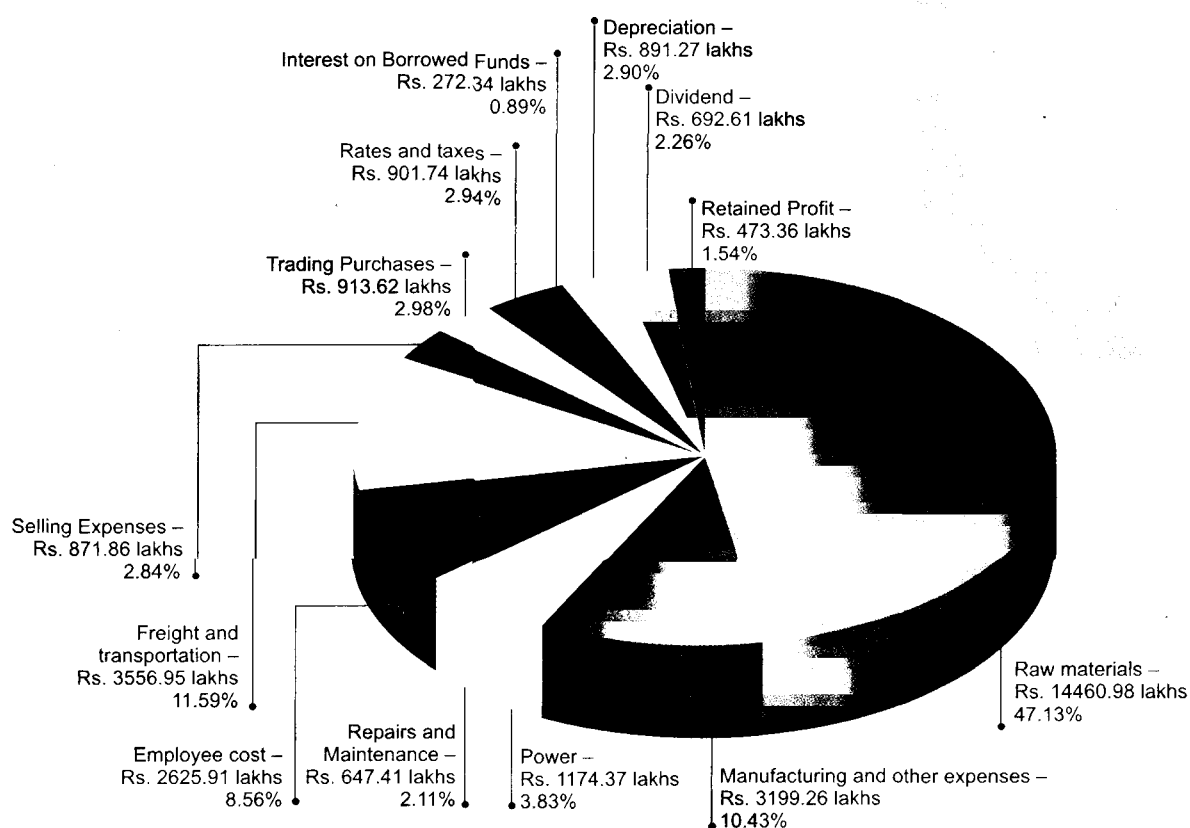
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Performance at a glance



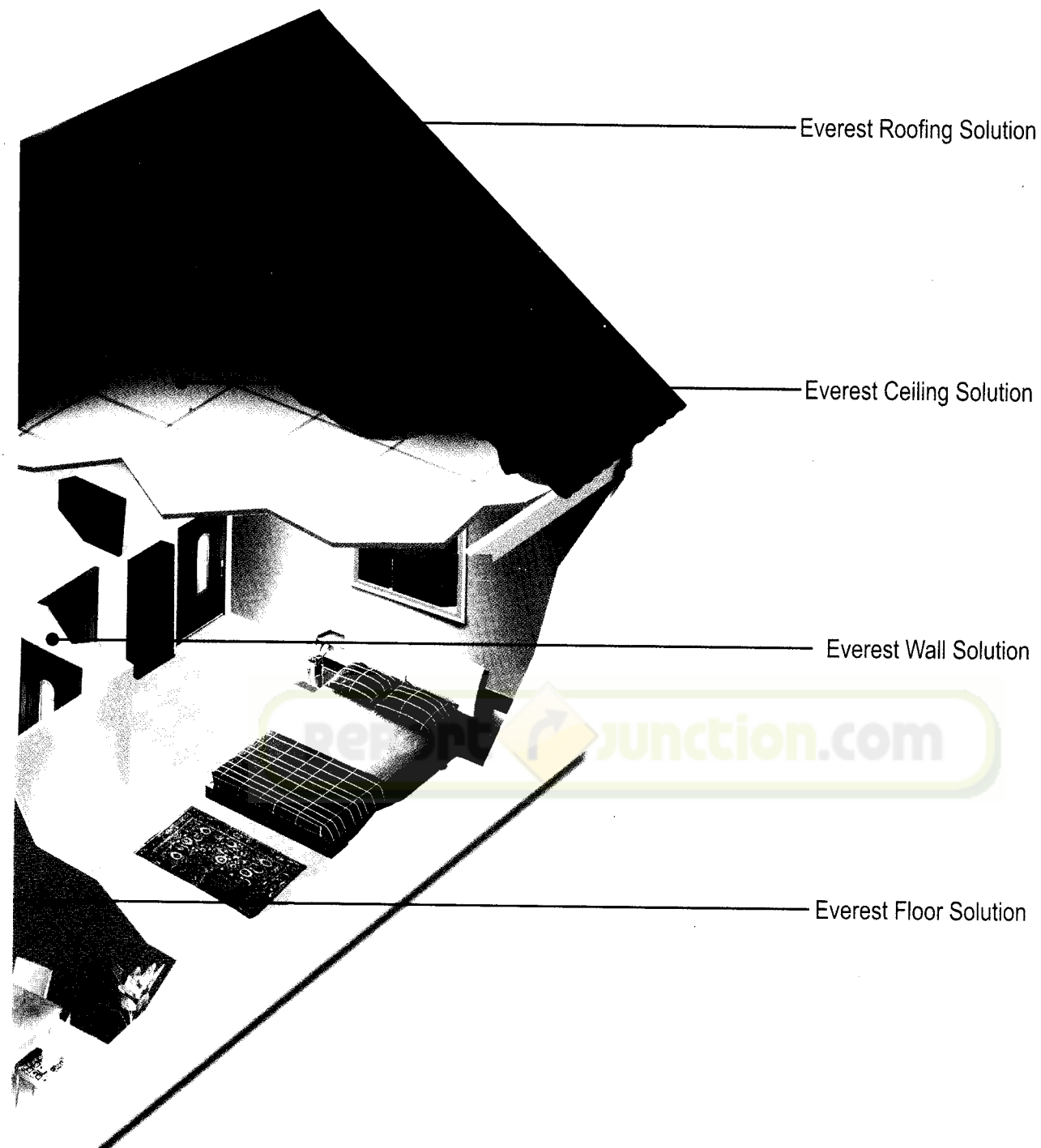
How each rupee earned has been spent during 2006-07



..... [Complete Building Solutions]

From roofing to exterior cladding to ceiling, to flooring to walling to doors, and even the complete structure, Everest provides complete building solutions.





Everest Door

Board of Directors

Mr. M.L. Gupta

Managing Director

Mr. Aditya Vikram Somani

Director

Mr. Mohanlal Bhandari

Director

Mr. Sandeep Junnarkar

Director

Mr. Manish Sanghi

Executive Director

Mr. Y. Srinivasa Rao

Executive Director (Operations)

Vice President & Company Secretary

Mr. Suresh Menon

Auditors

M/s Deloitte Haskins & Sells,
Chartered Accountants, New Delhi.

Bankers

State Bank of India
ICICI Bank Limited
UTI Bank Limited

Registered Office:

GAT No. 152, Lakhmapur,
Taluka Dindori,
Nashik - 422 202, Maharashtra.

Head Office:

G-1, Genesis,
A-32, Mohan Co-operative Industrial Estate,
Mathura Road, New Delhi - 110 044

Website:

www.everestind.com

Share Transfer Agents:

MCS Limited, Sri Venkatesh Bhawan,
W-40, Okhla Industrial Area, Phase - II
New Delhi - 110 020.

Date of Annual General Meeting:

Friday, 27th July, 2007, at 11.30 a.m.
at GAT No. 152, Lakhmapur, Taluka Dindori,
Nashik - 422 202 (Maharashtra)
(Members are requested to kindly bring their
copies of the Annual Report to the Meeting)

....[Management Discussion and Analysis]....

India is progressing on a scale, size and pace that is unprecedented in its own history. In 2006-07, GDP growth was 9.40%. Our 100 trillion dollar economy is expected to be stronger in the current fiscal year. India continues to be one of the fastest growing economies in the world. This growth is primarily led by the services and manufacturing sector which grew by 11% and 12.30% respectively last year.

Everest is positioned for high growth and has taken full advantage of the large investments in capital and housing in the country. Net Sales increased by 20% over last year. This is almost double the 10.70% growth of the construction sector.

Your Company has been a pioneer in the roofing industry. Through 72 years of experience in providing shelter to rural India, our current markets are largely rural. Our increased sales have been achieved inspite of the agricultural sector growth, which was a mere 2.70% in 2006-07. With the Government's new mantra of "all inclusive growth", we expect the announcement of many new initiatives for the agricultural and rural sectors. These programs invariably include housing as a key factor to fuel growth and economic well-being. This will further expand our markets and boost our potential to grow.

To participate in the rapid growth of services and manufacturing sector of our country, our product range has expanded from corrugated roofing to partition and ceiling boards, which are becoming popular as a stronger and better alternative to wood-based products. These new products also opened up opportunities for new applications and exports.

The year 2006-07 was a year of strong growth wherein both the roofing and boards business recorded increased growth in production volumes

and sales. The bottom line was, however, adversely affected by a high increase in raw material cost. Asbestos fibre and cement, which comprise of 75% of the total raw material consumed, saw an increase of 18% and 15% respectively, over the last year. The freight costs also jumped up by 26%.

The unprecedented increase in cement prices was caused by an inadequate supply by the industry, which has now undertaken capacity expansion plans to meet the demand. We expect cement prices to remain stable in 2007-08.

Globally, fibre prices saw an increase in the last 3 years due to consolidation of suppliers worldwide, large demand from developing countries and increase in ocean freight. Since all our fibre is imported, the strengthening of the Rupee will keep the prices in check.

Freight costs increased due to global fuel prices and loading restrictions imposed on transporters last year. We, however, do not expect the freight costs to increase further.

The increase in input prices was absorbed by the industry.

On the whole, the roofing industry has also seen an incredible year-to-year increase of 20% and is poised for a higher growth to match the pace of development seen in urban India. All players in the building products industry are gearing up for the expected increase in demand. Your Company has initiated various programs to expand the market, offer more choices and solutions to its customers and expand its products range and capacities. This will enable us to meet the huge customer demand and their requirements for strength, speed and safety in building products.

Financial Performance

The key features of your Company's financial and operational performance are as follows:

	(Rs in Lacs)	
	2006-07	2005-06
Net Sales	30,377.30	25,305.82
Other Income	304.38	126.41
Total Income	30,681.68	25,432.23
Manufacturing and Other Expenses	27,735.66	21,198.37
Profit before Depreciation, Interest & Tax	2,946.02	4,233.86
Exceptional Item	—	919.32
Depreciation	891.27	746.32
Interest	272.34	137.25
Profit before Tax	1,782.41	4,269.61
Current Tax, Deferred Tax & Fringe Benefit Tax	616.44	1,156.53
Profit after Tax	1,165.97	3,113.08

- Net Sales for the year 2006-07 was Rs. 303.77 crores up from Rs. 253.06 crores for 2005-06 recording an increase of 20%.
- PBDIT for the year 2006-07 was Rs. 29.46 crores as compared to Rs. 42.33 crores for 2005-06 on account of substantial increase in the cost of raw material (Asbestos Fibre and Cement). Consequently, PAT at Rs. 11.66 crores was lower than that of the previous year i.e. Rs. 31.13 crores.

Operations

Central India - Kymore Works

Our earliest roofing plant saw an increase in efficiency by 3%. During the year, gross raw material yield improved by 2.4%. Kymore Works launched "KSHAN" - Kymore Safety and Health Awareness, successfully this year.

Eastern India - Kolkata Works

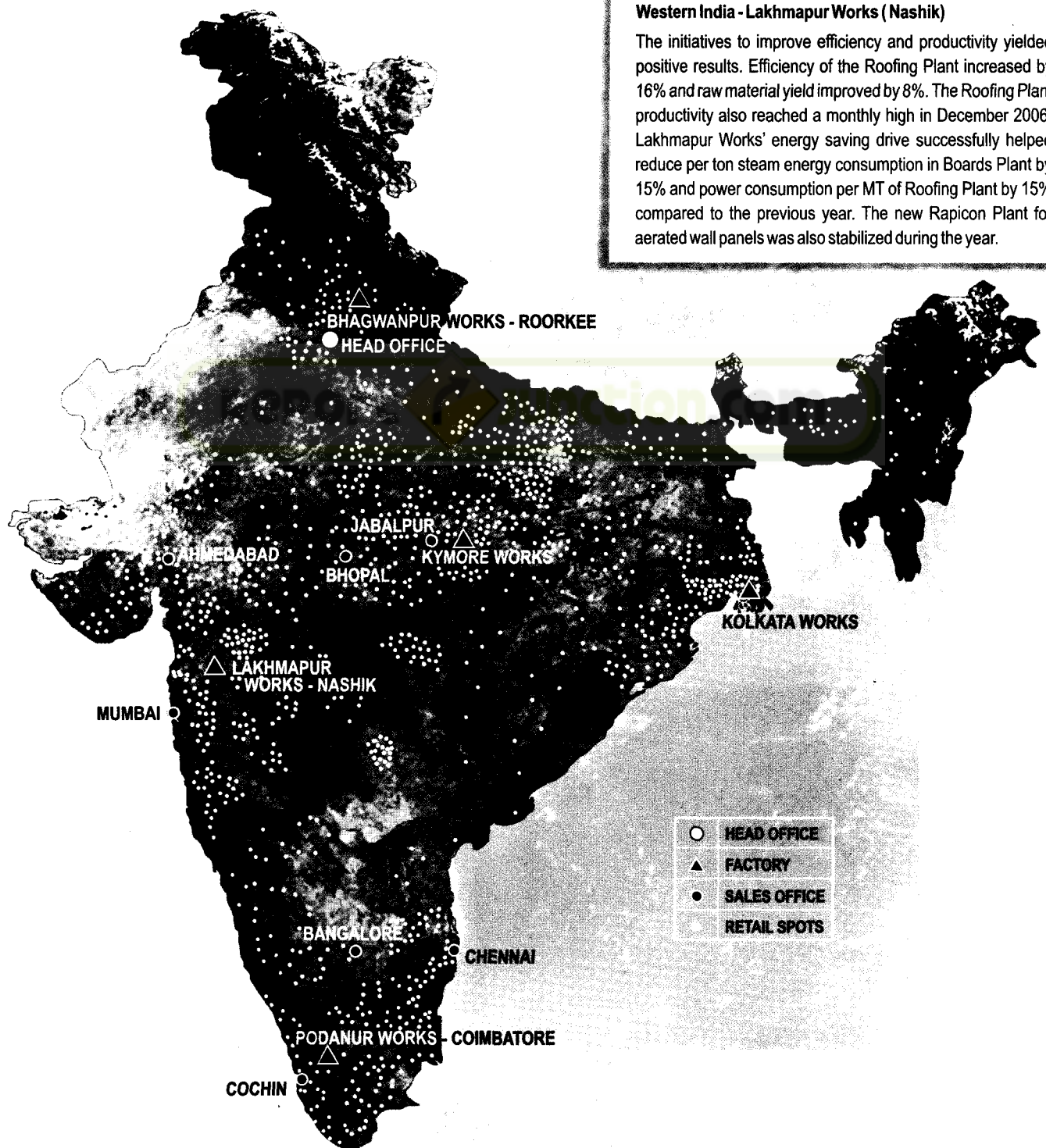
There were no significant changes in production output at Kolkata Works. In this regard, the management is evaluating various plans.

Southern India - Podanur Works (Coimbatore)

The Hi-Tech roofing plant was stabilized and productivity has been scaled up. Efficiency of the plant increased by 4% through small improvements carried out during the year. The plant has been able to increasingly use flyash as a raw material in place of cement.

Western India - Lakhmapur Works (Nashik)

The initiatives to improve efficiency and productivity yielded positive results. Efficiency of the Roofing Plant increased by 16% and raw material yield improved by 8%. The Roofing Plant productivity also reached a monthly high in December 2006. Lakhmapur Works' energy saving drive successfully helped reduce per ton steam energy consumption in Boards Plant by 15% and power consumption per MT of Roofing Plant by 15% compared to the previous year. The new Rapicon Plant for aerated wall panels was also stabilized during the year.



Research and Development

Your Company pioneered research in the fibre cement industry in India. Our research is focused on the development of new products and the upgradation of existing products. New developments during the year are:

- (a) Grey Compressed Boards for external use
- (b) Unpressed Boards for external use
- (c) Special textures on Boards for internal applications
- (d) Development of paints for Everest roofing
- (e) Special raw material mix for Hi-Tech Roofing for Quality Improvement.



Bhagwanpur Works

Expansion and Growth Plans

We have embarked on a strong expansion drive with the new Bhagwanpur Works, at Roorkee, Uttarakhand. This new project will help increase the capacity for our entire existing product range and building solutions, which is a new initiative.

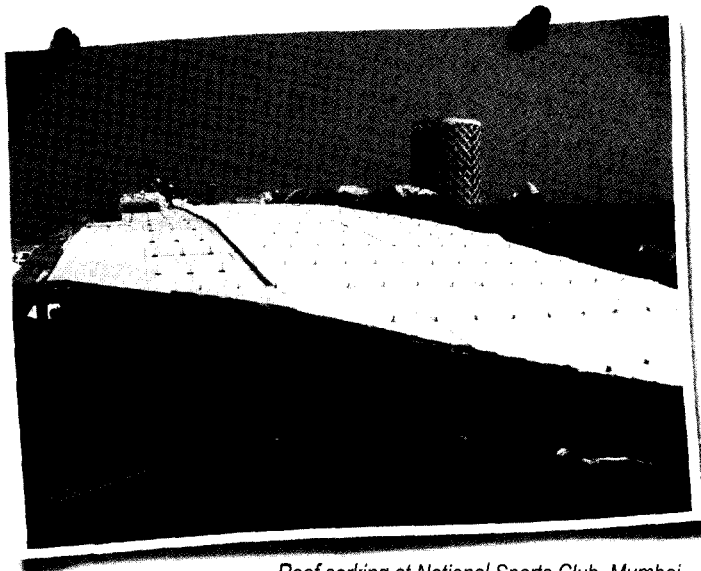
Bhagwanpur Works will enable the Company to expand into the fast-growing untapped North Indian market. Everest had a very small presence here due to the absence of a factory in the Northern States.

The project is in the final stages and is towards completion, and will be commissioned by October, 2007.

Project Contracts

The Everest marketing and application development team procured and successfully executed some interesting project contracts in the year:

- 200,000 sq. ft. Pre-fabricated mass housing complex for Reliance at Jamnagar, Gujarat
- Supply of Everest Solid Walls for Tsunami affected regions of Andaman Islands
- Supply of Roof sarking for Mumbai's NSCI Stadium and Hyderabad airport



Roof sarking at National Sports Club, Mumbai.

Health and Safety

Everest is committed to ensure best health and safety measures for all its people, associates and customers.

There are many misconceptions about Asbestos. In the West, workers inhaled large quantities of asbestos dust whilst spraying it on walls for providing insulation against cold weather. This huge, uncontrolled exposure caused severe lung diseases in workers. The type of asbestos used therein, included the harmful blue and brown variety. In sharp contrast to that, there is a completely different type of Asbestos used in India, which has an entirely distinct usage and application. Such variety of Asbestos is a white (Chrysotile) asbestos fibre, which is mixed in a cement slurry and bound in a cement matrix to prevent inhalation. It is also not sprayed, so fibre emission is controlled. White (Chrysotile) asbestos is mined and imported from developed and environmentally conscious countries like Russia, Canada and Brazil and delivered in packed pallets with no exposure during handling.

Even during production, Everest ensures the highest level of safety for our workmen and the community. Fibre-counts on the shop-floor and stacks are constantly monitored. Fibre concentrations in all Everest production facilities are better than international norms. Regular health check-ups for all workmen confirm zero cases of any asbestos-related diseases over decades of service.

Living under an Everest roof, which contains asbestos, is safe. Fibre Cement Roofing continues to be the most economical form of pucca roofing in India and in other developing nations.

All Works have water treatment plants and measures to ensure zero discharge of industrial effluent into the environment and population in the near vicinity.



Regular Employee Health Check-up

Human Resources

The single largest issue facing corporate India, including Everest, is the scarcity of trained manpower. Our commitment to the welfare and career-growth of our people has created an excellent pool of trained manpower for our factories and our marketing organization.

The Company had a strength of 950 employees as on 31st March 2007. In order to attract and retain talent, Everest offers attractive performance incentive schemes and stock options to its employees to partner in its growth. Whilst continuing to be a professionally managed corporation, the senior management at Everest endeavours to maintain a personal touch and a friendly humane approach in dealing with team members at all levels.



Everest Award of Excellence at Jadavpur University