

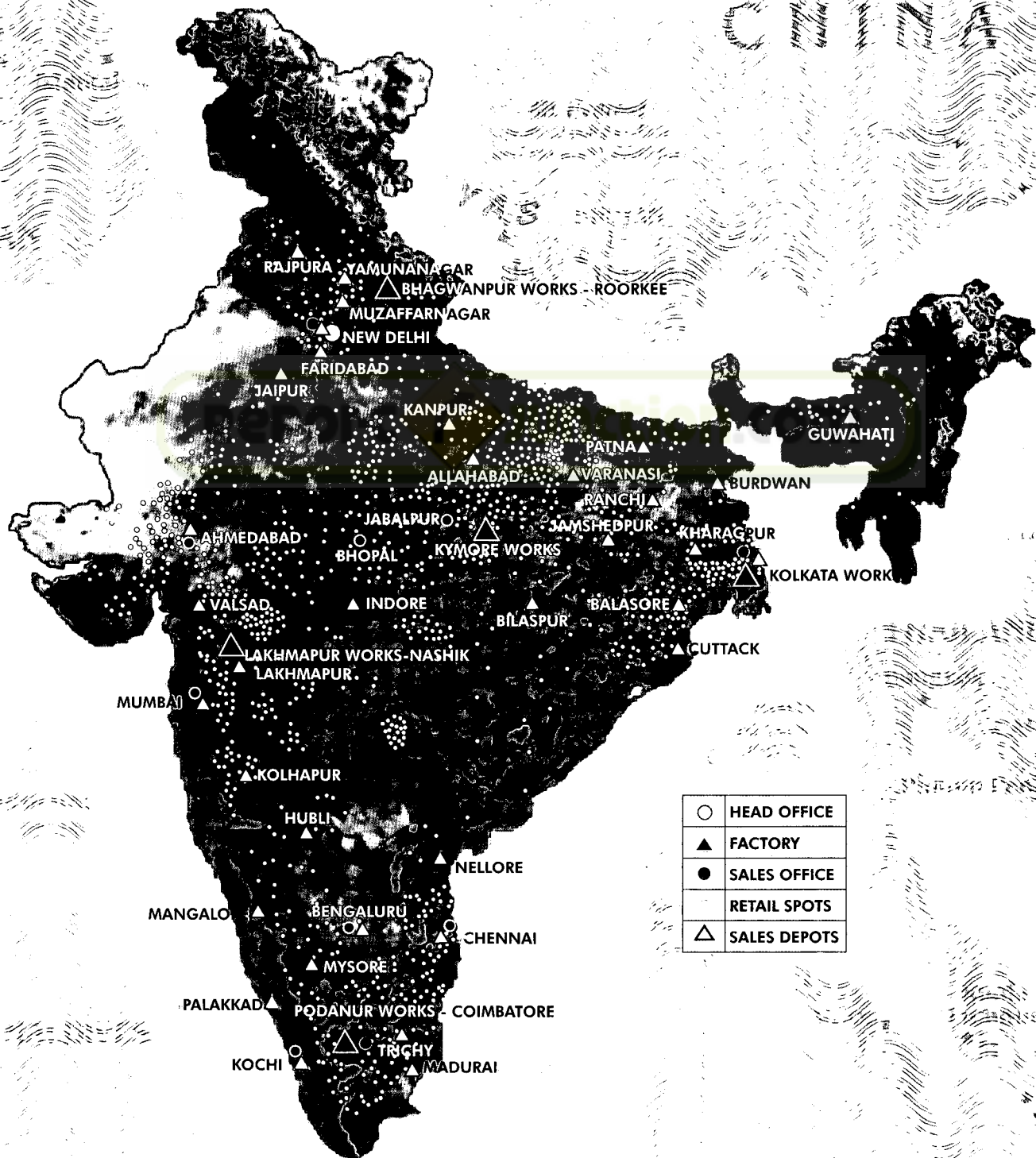


76TH ANNUAL REPORT 2008-09

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Pan India Presence





Board of Directors

| | |
|--------------------------|---------------------------------|
| Mr. M.L. Gupta | Managing Director |
| Mr. Aditya Vikram Somani | Director |
| Mr. Mohanlal Bhandari | Director |
| Mr. Sandeep Junnarkar | Director |
| Mr. M. L. Narula | Director |
| Mr. Manish Sanghi | COO and Director |
| Mr. Y. Srinivasa Rao | Executive Director (Operations) |

Registered Office:

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

Company Secretary and Head - Legal

Mr. Neeraj Kohli

Auditors

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

Bankers

State Bank of India
State Bank of Patiala
ICICI Bank Limited
Axis Bank Limited
HDFC Bank Limited

Head Office:

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

Share Transfer Agents: MCS Limited, F-65, Okhla Industrial Area, Phase - I, New Delhi - 110 020

Date of Annual General Meeting: Wednesday, 29th July, 2009, 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)

Managing Director's Message

It has been an eventful journey through these 75 years, complete with innovation, achievement and growth.

Each member of the Everest family across all our plants, zones and networks has contributed with dedication and sincerity to make Everest a company we are all proud of. Our shareholders, associates, banking and financial institutions have supported and guided us at all times, for which we are grateful.

The world acknowledges that the next 25 years will belong to India. We are aiming high to become a corporation that is globally respected for our building products and services. We are focused on making Everest a stronger company by being most efficient in every operation we perform and most customer oriented to provide Strength, Speed and Safety in all the markets we serve.

Best wishes on our Platinum Jubilee.

M.L. Gupta

Managing Director

Management Discussion and Analysis

Indian economy has witnessed a robust growth this decade accelerating to a 9% growth rate for the last 3 years. India is growing at 6%, despite the current global financial crisis. We are the fastest growing economy in the world, after China. Strong rural demand and a positive industrial climate have been the key contributors. This year, Everest achieved a sales turnover of Rs 529.45 crores, a growth of 85% from the last year.

Construction industry sets in motion the process of economic growth in the country. Governments all over the world are boosting infrastructure spends to stabilise their economies. Investment in this sector contributes 6.5% of the GDP growth. An expenditure of Re 1 in the construction industry yields a GDP of Rs 1.80. The Indian infrastructure sector is expected to expand with planned public and private expenditure in the coming years. There is also a defined Government focus on providing a financial and policy-led impetus for rural infrastructure and development to ensure an all-inclusive growth of the Indian economy. Your company is poised to gain from opportunities arising from the growth of the economy.

Everest has been a leader in the roofing business covering more than 1 billion sq. m. of roofing in India. Everest products have a deep penetration and a strong demand from both industrial applications and rural/agricultural sectors. Apart from roofing, Everest now offers a wide range of ready-to-install products for the building industry and custom made pre-engineered steel buildings for the industrial, commercial and logistic sectors. Our products and services provide strength and safety and can be executed speedily, which is an important requirement in modern project execution.

The fibre cement building products industry is today a 3.5 million MT industry. Since 2006-7 it has grown by 19.5%. During these two years, Everest grew by 25.8%. Industry-wide capacity has increased in anticipation of growth in the infrastructure sector and prosperity in rural and developing areas of the country. Everest's distribution network expanded from 4502 retail points in 2007-08 to 5908 in 2008-09, an increase of 31.2%.

Operations

Bhagwanpur Works in Uttarakhand was commissioned and stabilised to produce roofing, boards and solid wall panels. This also enabled us to have deeper penetration in Northern India, and further reduce freight costs by expanding our dealer network to distribute these products. We now proudly boast a stronger base in the northern states. The Unit is working aggressively to improve productivity and reduce conversion cost.

The Operations Team at all the Works undertook an intensive drive to further enhance quality of products and reduce conversion costs by boosting productivity, implementing innovative waste reduction practices and reducing unit freight costs. Kymore Works, which completed 75 years on April 3, 2009, increased productivity by 2.5% during the year and was also awarded the National Award for Excellence in Cost Management by ICWAI. Kolkata Works increased productivity by 10%. Podanur Works increased efficiency by 4%. Lakhmapur Works enhanced production of Boards by 27% and launched Everest Pearl, painted and designer ceiling tiles, a ready-to-install interior application.

In July 2008 our Steel Pre-engineered Buildings Manufacturing Unit at Bhagwanpur, Uttarakhand was successfully commissioned and stabilised. Everest Steel Buildings Division consists of an experienced Design team in New Delhi and a dedicated team of Sales and Project execution Executives all over India. In the first 9 months since commissioning, we have successfully designed, manufactured and erected factory sheds, logistic parks, warehouses and commercial buildings across the country. Our clients include Ericsson, Vodafone, Walmart, McNally Bharat, Baxter, Tristar Infrastructure, Ramkey Infrastructure, and Jain Irrigation, amongst others. Customers and consulting Architects have commended your company for timely completion and high quality standards.

The steel industry faced a huge volatility in prices during the year and the international financial crisis saw a slowdown in corporate allocation for capital expenditure. In such a turbulent environment, the new division is pleased to announce a turnover of Rs 91.22 crores. Everest has a strong order book of Rs 75 crores at the start of 2009-10.



Mr. M.L. Gupta - Managing Director, receiving the prestigious ICWAI National Award for Excellence in Cost Management, 2008 on behalf of Everest Industries Limited.

Financial Results

The shareholders' funds as on March 31, 2009 stood at Rs 151.33 crores, as compared to Rs 141.34 crores, as on March 31, 2008. The increase is mainly on account of retained profits.

There has been an increase in loan funds from Rs 131.83 crores in the previous year to Rs 169.73 crores as on March 31, 2009. The increase is due to restatement of ECB by Rs 12.21 crores on account of exchange rate fluctuations during the year and additional working capital borrowings of Rs 38.46 crores to cater to new units set up during the year. Your Company also repaid outstanding term loans of USD 1 million and Rs 8.75 crores as per schedule.

Net fixed assets (including capital work-in-progress) increased to Rs 241.52 crores as on March 31, 2009 from Rs 218.58 crores as on March 31, 2008. Over the year net current assets rose from Rs 71.16 crores to Rs 101.41 crores primarily on account of increase in inventory to cater to the needs of the new units operationalised during the year.

Your Company's operational profits before tax (excluding profit on sale of fixed assets) increased from Rs 9.61 crores in the year ended March 31 2008 to Rs 18.71 crores this year, an increase of 95%. The return on average net worth of the Company rose from 6.97% to 12.79% respectively. The operating profits of the Company increased from Rs 23.95 crores in the previous year to Rs 52.33 crores during the year.

The year saw volatility in foreign exchange rates. USD-INR parity which was Rs 40.20 at the start of the year became Rs 51.30 by March 2009. This volatility resulted in an exchange loss of Rs 3.34 crores on account of normal business activity of the Company. This also led to an exchange loss of Rs 13.68 crores on our external commercial borrowing. The Company has opted for accounting the exchange difference arising on reporting of long term foreign currency monetary items in line with the Companies (Accounting Standard) Amendment Rules 2009 on AS 11 notified by the Ministry of Corporate Affairs on March 31, 2009. Accordingly, the Company has capitalised exchange difference amounting to Rs 12.62 crores to the cost of fixed assets and transferred the balance amount of Rs 1.06 crores to Foreign Currency Monetary Item Translation Difference Account. The exchange gain amounting to Rs 0.13 crores credited to Profit & Loss account in the previous year is now reversed through General Reserve. Accordingly the results for the previous year are recast and reported to reflect the said changes.

The Company had entered into derivative transactions in the previous year. A sum of Rs 4.93 crores was accounted for as mark to market losses in the previous year. The Company booked a further sum of Rs 1.21 crores as mark to market loss during the year.

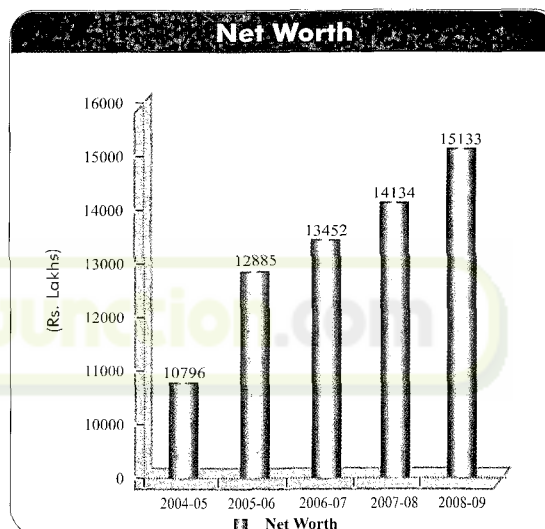
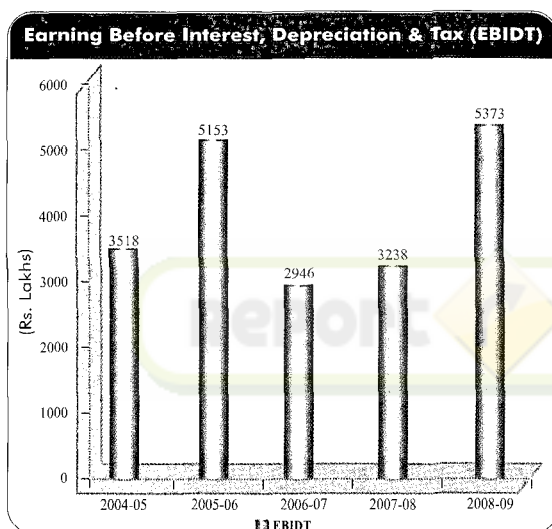
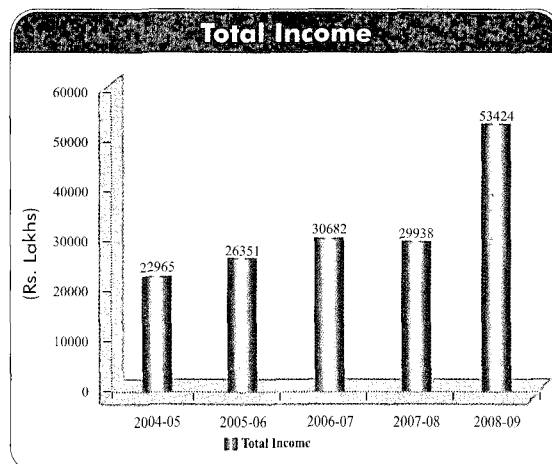
The key features of the Company's financial and operational performance are as follows:

| | (Rs in crores) 2008-09 | (Rs in crores) 2007-08 |
|--|----------------------------------|----------------------------------|
| Net Sales | 529.45 | 285.14 |
| Other Income | 4.79 | 14.24 |
| Total Income | 534.24 | 299.38 |
| Manufacturing and Other Expenses | 489.17 | 277.19 |
| Profit before Depreciation, Interest & Tax* | 53.73 | 32.38 |
| Depreciation | 17.14 | 9.64 |
| Interest | 16.48 | 4.70 |
| Profit before Tax* | 20.11 | 18.03 |
| Current Tax, Deferred Tax & Fringe Benefit Tax | 5.66 | 3.71 |
| Profit after Tax | 14.45 | 14.32 |
| * includes profit on sale of fixed assets | 1.40 | 8.42 |

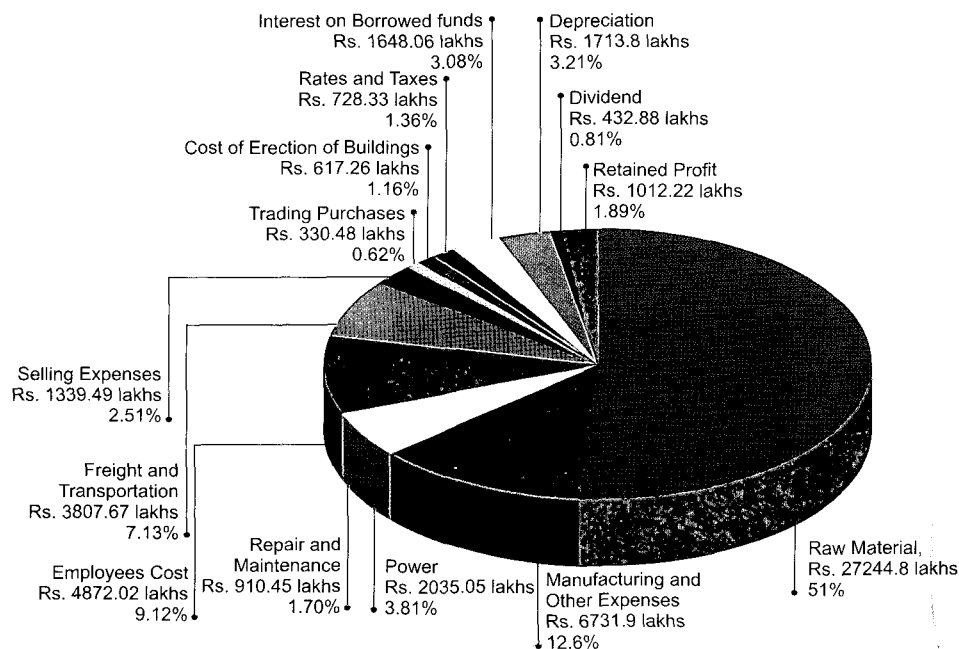
a) Net Sales for the year 2008-09 was Rs.529.45 crores up from Rs.285.14 crores for 2007-08 recording an increase of 85%

b) PBDIT (excluding profit on sale of fixed assets) for the year 2008-09 was Rs. 52.33 crores as compared to Rs. 23.95 crores for 2007-08

Performance at a glance



How each rupee earned has been spent during 2008-09





Discourse by Smt Jaya Row - Founder -Vedanta Vision and Founder - Managing Trustee of Vedanta Trust, on the occasion of Platinum Jubilee celebrations, of Everest Industries Ltd. on 3rd April, 2009 at New Delhi



Everest Award of Excellence being awarded at School of Architecture & Planning, Chennai

Human Resources

Last year, the Company embarked on a drive to increase training hours and innovative HR practices to create a pool of trained manpower. Specialised training programs, goal setting exercises for all officers, Leadership Initiative (ELITE) training program for mid-level technical managers, carpenter and fabricator training workshops and stockist training workshops were organised. Everest offers performance incentives and stock options to its employees to partner in its growth. With the establishment of Bhagwanpur Works and the Steel Building Division, the Company increased its team strength to 1625 (as on March 31, 2009) an increase of 26.5% from the previous year.

Expansion and Growth Plans

The last two quarters have been positive and growth oriented for our industry in an environment that has otherwise been volatile for many sectors. The global financial situation has also been uncertain and has had an impact on India. It would be prudent to observe how the international and domestic situation unfolds and to carefully monitor the pace with which Indian Economy accelerates at its expected pace. Abundant caution will continue to give strength and growth to our industry. This year, your company has decided to focus on further strengthening internal systems and initiating more productivity and efficiency enhancement programs. By undertaking small capital expenditure and establishing improved ERP systems and process

controls, we plan to increase volumes and reduce costs. We believe that strong efficient operations are the foundations for future growth.

Health and Safety

Everest is committed to ensure the safety and health of all its people, customers and our community. All safety measures including provision of safety equipment, daily safety talk, safety training to all operators and safe work practices are followed at each of our plants and construction sites.

Research and Development

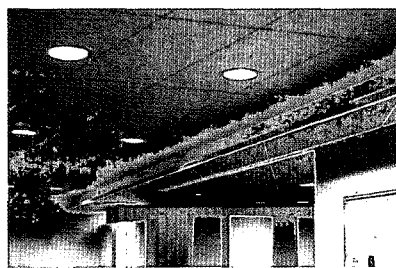
Everest is continuously working towards better products, processes, applications as well as cost reduction initiatives. Our R & D initiatives have resulted in the launch of Everest Pearl Ceilings, ready-to-install ceiling solutions for interiors. There have also been savings through the alternative raw materials in our fibre cement products. Looking forward, we have interesting new product developments in the pipeline.

Corporate Social Responsibility

Nurturing the environment, uplifting the social standards of the region in which our people operate is an important concern. Our plants undertake various projects through the course of the year. These include tree plantation drives, medical check-ups for the underprivileged, blood donation camps and organising regular



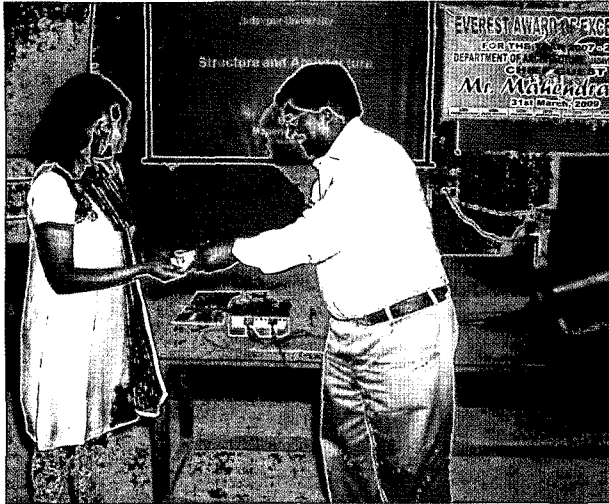
Roofing Solutions



Ceiling Solutions



Wall Solutions



Everest Award of Excellence being awarded at Jadavpur University, Kolkata

educational and medical facilities. We provide assistance to NGOs during local crisis. At Bhagwanpur, where our new plant is situated, Everest has established an NGO to generate employment for women in rural areas. The Everest Award of Excellence in many leading architectural colleges across India continues to recognise and reward outstanding performance by architectural students, who will shape the future of India's infrastructure growth.

Opportunities, Risks, Threats and Concerns

2008-09 was marked by volatile input costs. The year saw increase in the costs of raw material like steel and a major slump in capital spends on industrial projects. The Indian rupee depreciated significantly against the US\$ making our imports costlier. In the year 2008-09, Everest imports amounted to Rs 141.47 crores as against previous year imports of Rs 78.98 crores. The price and availability of Portland cement remains an area of concern. We expect the volatile price pattern of commodities to continue this year. The company has geared itself to face this new reality through better supply chain management and by following lean inventory management systems.

There are many misconceptions about one of our raw materials, asbestos. We use white asbestos (Crysotile) fibre bound in a cement matrix in the manufacture of AC roofing. Crysotile is a naturally occurring mineral, mined and imported in pellets from developed and environmentally conscious countries like Russia, Canada and Brazil.

Since it is not sprayed, fibre emission is fully controlled. Fibre concentration at our production facilities is better than international norms and we have systems to ensure zero discharge of industrial effluent. Regular health check-ups for all workmen confirm the absence of any asbestos-related disease over decades of service. Everest ensures the highest level of safety for our workmen and the community.

Living and working 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.

Internal Control Systems and their Adequacy

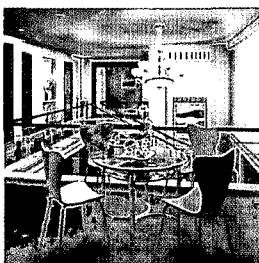
Everest has adequate systems in place to closely monitor and evaluate the efficacy and adequacy of internal control systems, their compliance with operating systems and accounting procedures and policies. The Internal Audit department headed by the Chief Internal Auditor, functions independently to ensure smooth functioning of the organisation. The Audit Committee periodically reviews and implements the suggestions contained in the Audit Report submitted by this Department and by the Statutory Auditors.

Risk Mitigation

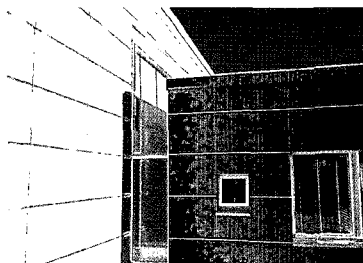
Everest has a formal system to periodically identify risk areas to understand their consequences and to initiate risk mitigation strategies, as required. The company remains optimistic about its prospects in 2009-10.

Cautionary Statement

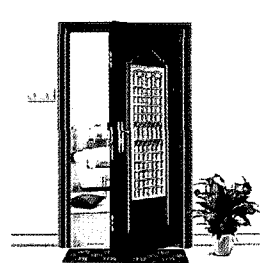
Statements in the Management Discussion and Analysis Report describing the Company's expectations, objectives and industry outlook and opportunities reflect the management's assessment and perception. Actual results may differ materially due to several factors, which may significantly impact the Company's operations. These include changes in government regulations and policies, economic developments within the country, taxation laws, input prices and availability, domestic and global demand and supply conditions, environmental regulations and other factors such as litigations and industrial relations.



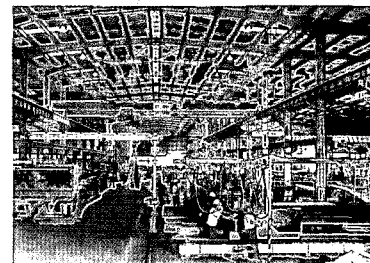
Floor Solutions



Cladding Solutions



Door Solutions



Steel Building Solutions

Everest Pre-Engineered Steel Buildings

Everest now offers Pre-Engineered Steel Buildings from our state-of-the-art plant at Roorkee commissioned in July 2008.

The creativity of mankind is unparalleled. From the pyramids of Egypt to the spectacular Taj Mahal and from modern high-rise marvels to enormous pillar-less factories, building design and construction has continued to evolve and inspire generations.

Building design and execution is an interesting balance of engineering prowess, superior aesthetics and efficient project management. Methods and materials have evolved in variety and efficiency. No customer requirement, however unique, can be considered impossible today. Such is the power of the modern building technique.

Everest Pre-Engineered Steel Buildings have revolutionised how industrialists and service providers look at building and construction. The entire building is custom-designed as per customers' specifications and requirements, using advanced engineering software. Then, the entire building is produced in our factory using high-precision cutting and welding machines. Finally, the components are shipped to customers' factory site for speedy erection, supervised by our team of professional project managers.

The entire process saves time and enables faster project completion. It prevents unexpected costs and on-site problems. Using an Everest Pre-Engineered Building ensures long-lasting **Strength, Speed and Safety**.

