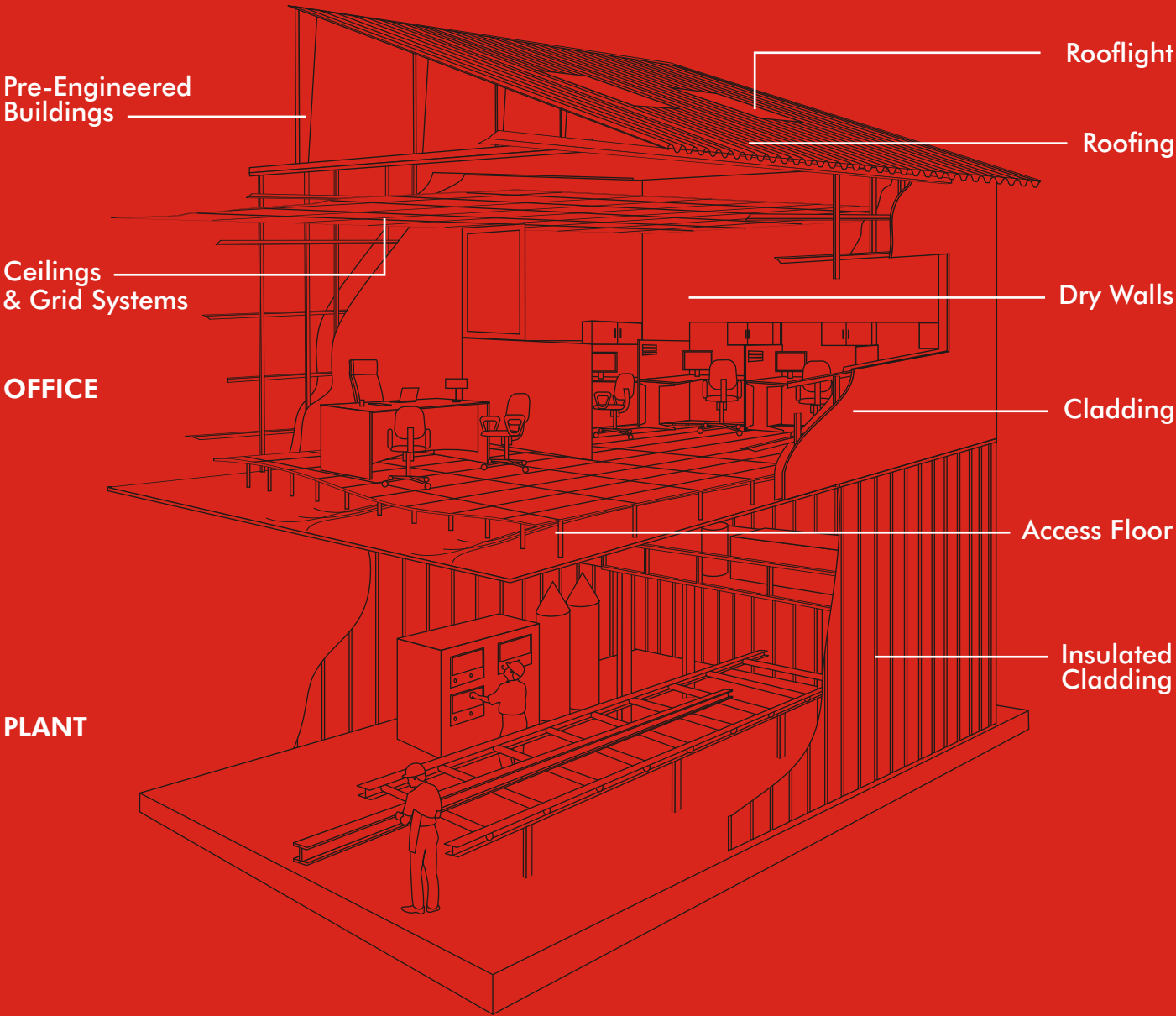


Everest Industries Limited

COMPLETE BUILDING SOLUTIONS



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BOARD OF DIRECTORS

A. V. Somani

M. L. Gupta

Manish Sanghi

Mohanlal Bhandari

Sandeep Junnarkar

M. L. Narula

Amitabh Das Mundhra

Y. Srinivasa Rao

Chairman

Vice Chairman

Managing Director

Director

Director

Director

Director

Executive Director (Operations)

COMPANY SECRETARY

Neeraj Kohli

AUDITORS

M/s Deloitte Haskins & Sells

Chartered Accountants Gurgaon

BANKERS

State Bank of India

State Bank of Patiala

ICICI Bank Limited

Axis Bank Limited

HDFC Bank Limited

REGISTERED OFFICE

Gat No. 152 Lakhmapur Taluka Dindori

Nashik - 422 202 Maharashtra

HEAD OFFICE

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

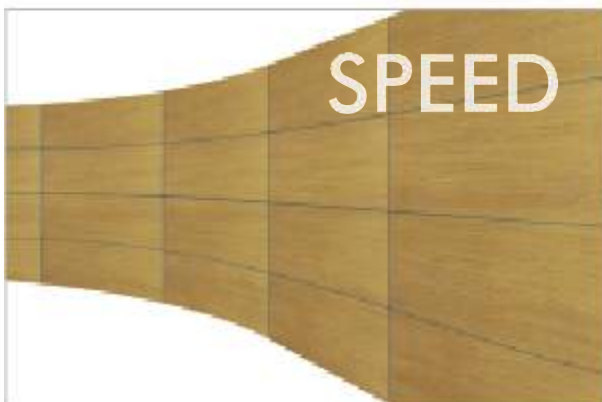
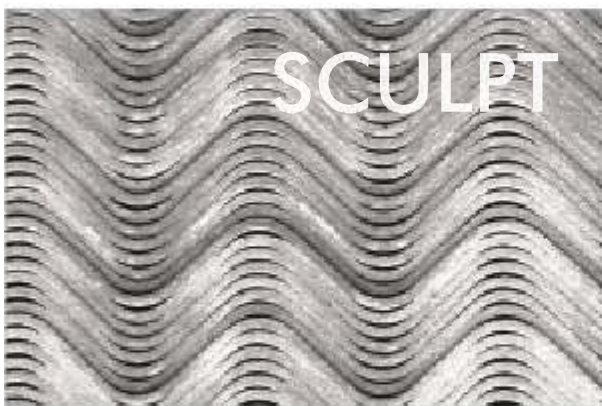
REGISTRAR AND SHARE TRANSFER AGENTS

MCS Limited F-65 Okhla Industrial Area Phase - I New Delhi - 110 020

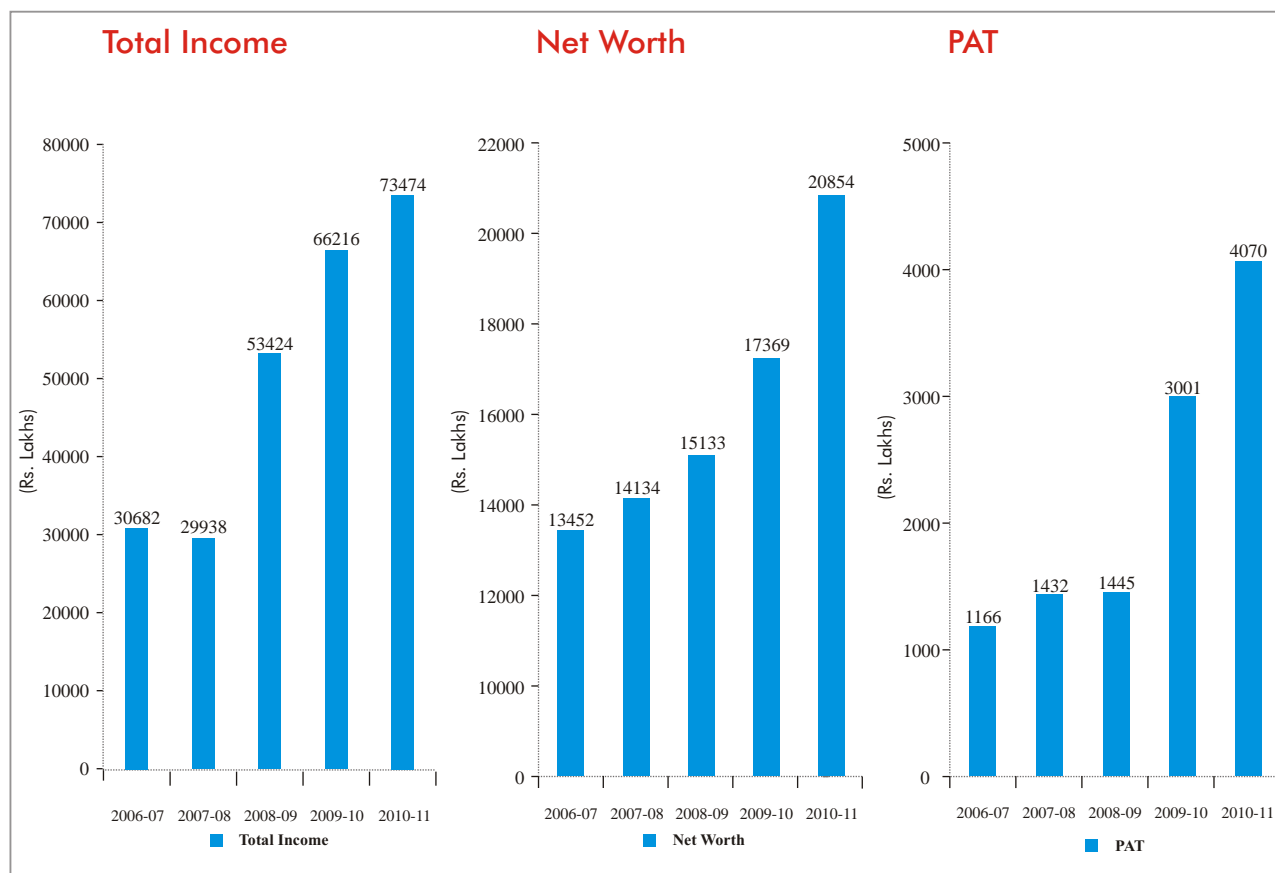
INSPIRING WORDS AT WORK

Some words motivate while others heal. Words can inspire a generation and stop wars. They can mobilize millions to come together for peace and harmony. If chosen rightly, words can invoke extraordinary and magical results. Words nest, in our hearts and souls, only to realize their true value when used at precious moments of our life.

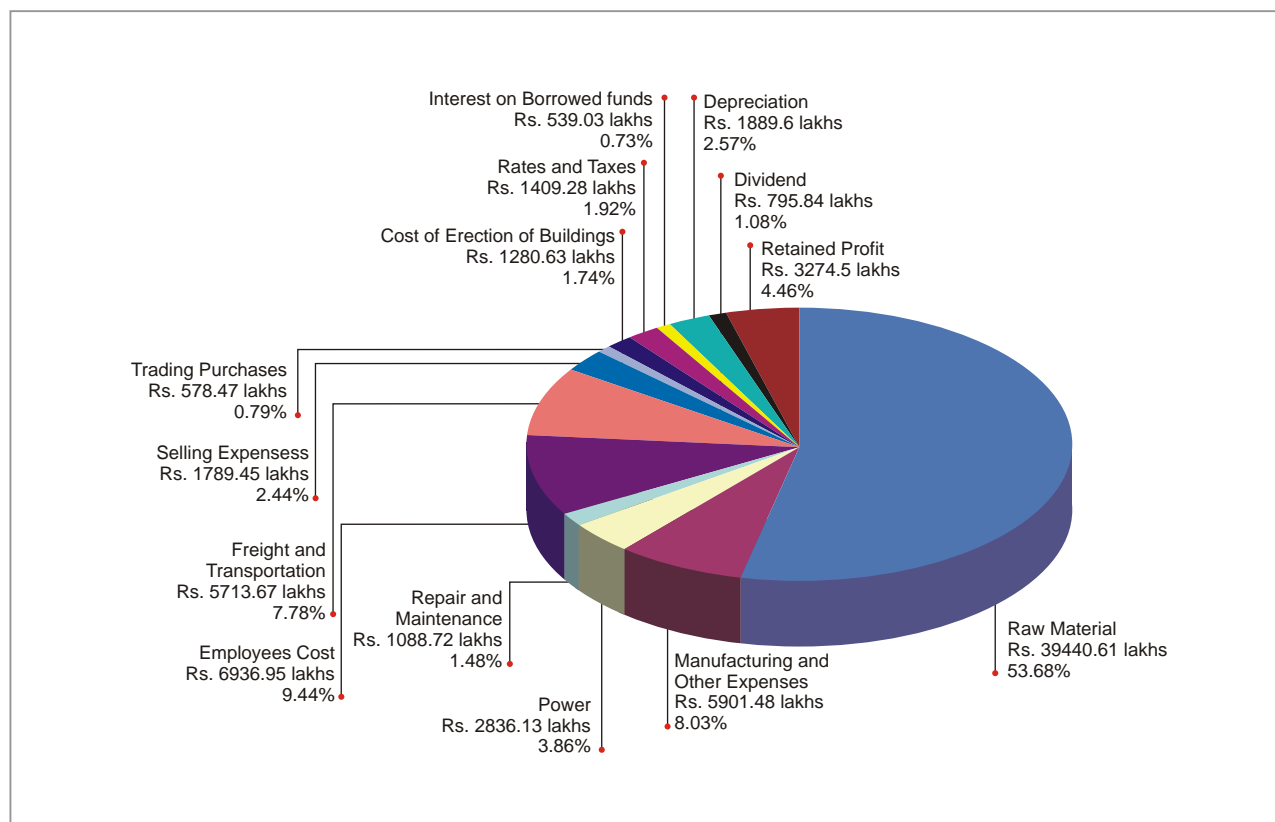
At Everest, we believe in the power of words. At the core of our existence, as one of India's fastest growing building solution companies, these words turn to reality. Words like spark, sketch, sculpt, strength, speed and surge, underpin our work frame and belief system. The spark of an idea that keeps our nationwide network surging towards a common goal. The speed at which we convert a mere sketch into reality. The strength of our products, which allow us to sculpt the future of building solutions across the globe. The incessant support that we give and receive from our partners and customers. The flawless planning that leads to effortless execution of even the most complex projects. And the technology that enables us to constantly deliver the best. On time. Everytime.



PERFORMANCE AT A GLANCE



DETAIL OF EXPENDITURE ON TOTAL EARNING DURING 2010-11



MANAGEMENT DISCUSSION AND ANALYSIS

The Indian economy has sustained its robust growth rate. The GDP grew by 8.60%* this year as compared with 8%* in the previous year.

The construction industry grew by 8%* this year accounting for 8%* of India's GDP. Industrial, Commercial and Residential segments collectively account for 46%** of the construction industry and the balance is the infrastructure spend. While the industrial sector witnessed a growth of 10%* over the previous year, the construction material and building products grew by 10%^.

High inflation ranging from 15%* during the start of the year to 8%* towards the end, caused prices of raw materials, food and fuel to touch an all-time high. The building materials industry too faced an increase in input prices and pressure on volumes from price sensitive segments.

The Government continued to provide an impetus to the construction industry by ensuring inclusive and sustained growth. These successful programs of the Government are likely to continue. Infrastructure spends in the next 5 year plan as outlined by the Planning Commission indicate that public construction activity will see sustained double digit growth.

Everest Industries Ltd. caters to the demands of the construction industry with a strong portfolio of products for industrial and commercial applications and rural housing. This year, your Company's turnover grew by 10.60%.

Sustained demand for Fibre Cement Roofing Sheets comes primarily from rural areas all over the country. Everest serves over 100,000 villages and 600 cities

through 37 sales depots and 6000 retail counters. The Everest brand and its assurance of quality continues to command a price premium in the markets it serves.

Exposure to global aesthetics and modern construction techniques has expanded markets for our fibre cement products, Everest Boards and Solid Wall Panels. The market for modern ready-to-install products like acoustic ceilings, access flooring and dry walling techniques is growing. Your Company understands the needs of the Indian construction market and has introduced new products to cater to this growing demand. These emerging segments provide many opportunities.

Exports of fibre cement building material to various countries all over the globe continued to grow and Everest has been recognised as a Star Export House.

FINANCIAL RESULTS

Your Company's turnover increased to ₹721.59 crores from ₹652.53 crores in FY 10-11, a growth of 10.60%. This was a result of value growth of 6.20% in the Building Products division and 29.30% in the Steel Buildings division. The corresponding volume growth was 4.10% in Building Products division and 7.20% in the Steel Buildings division. Profit before Depreciation and Interest rose from ₹70.03 crores (10.70% of sales) to ₹77.47 crores (10.7% of Sales). PBT stood at ₹53.18 crores, an increase of 27.50%. PAT for the year is ₹40.70 crores, a 35.60% increase over last year. The return on Average Net Worth stood at 21.30% as compared with 18.50% in the previous year.

* Source Economic Survey 2010-11 **Source CIRC report
^ Market Estimates

FINANCIAL PERFORMANCE

The Balance Sheet of Everest Industries Ltd. continued to strengthen in this financial year. Net Worth of the Company stood at ₹208.54 crores as on March 31, 2011 as compared to ₹173.69 crores a year before, a growth of 20% during the year. Company's Borrowings reduced from ₹119.89 crores a year ago to ₹110.79 crores this year. The Debt Equity Ratio as on March 31, 2011 stood at 0.53 as compared with 0.69 on March 31, 2010. Reduction in borrowing due to improved cash flows during the year and optimisation of the sources of borrowing resulted in the reduction of interest costs from ₹9.95 crores in the previous year to ₹5.39 crores in the current year.

During the year, your Company sold a part of its land situated at Peenya Industrial Area, Bengaluru for ₹7.46 crores resulting in a capital gain of ₹6.94 crores.

Your Company entered into a few 'Principal Only Swap' (POS) derivative transactions in the year 2007,

to restate a part of its External Commercial Borrowing from US Dollars (USD) to low interest bearing Japanese Yen (JPY) denomination. Due to unprecedented strengthening of JPY/USD, the Company incurred a cost of ₹4.63 crores in 2010-11. The total cost incurred over the life of all POS derivative transactions stands at ₹14.41 crores. All POS derivative contracts stand extinguished and there will be no further cost on this account in future.

During the year, Raw Material costs (including changes in inventory) stood at ₹386.21 crores (53.50% of sales) as compared to ₹357.97 crores (54.90% of sales) in the previous year.

Freight cost increased from ₹45.37 crores (6.90% of sales) in 2009-10 to ₹57.14 crores (7.90% of sales) in 2010-11 as a result of rising diesel prices and supply constraints of trucks in certain regions.

Key features of the Company's financial and operational performance

	Amount (₹ in Lacs)		
	2010-11	2009-10	Change over Previous Year
Net sales / income from operations	72159	65253	10.60%
Other income	1315	963	36.70%
Total income	73474	66216	11.0%
Expenditure			
Materials (including change in stock)	38621	35797	7.90%
Other expenses	27106	23416	15.80%
Total expenditure	65727	59213	11.00%
Profit before depreciation & interest	7747	7003	10.60%
(Percentage of sales)	10.70%	10.70%	
Depreciation	1890	1837	2.90%
Interest	539	995	-45.80%
Profit before tax	5318	4171	27.50%
(Percentage of sales)	7.40%	6.40%	
Tax expense (including Deferred tax net of MAT credit)	1248	1170	6.60%
Net profit after tax	4070	3001	35.60%
(Percentage of sales)	5.60%	4.60%	

BUILDING PRODUCTS DIVISION

The government is targeting a sustained economic growth of over 9%* this year. This growth would include a 4% growth in the agricultural sector, 10.30% in industrial, 11% in construction and 9.60% in the services sector. Everest operates in these key sectors and will benefit from the anticipated thrust by the government. The demand for Everest Building Products is strong in rural, commercial and industrial sectors.

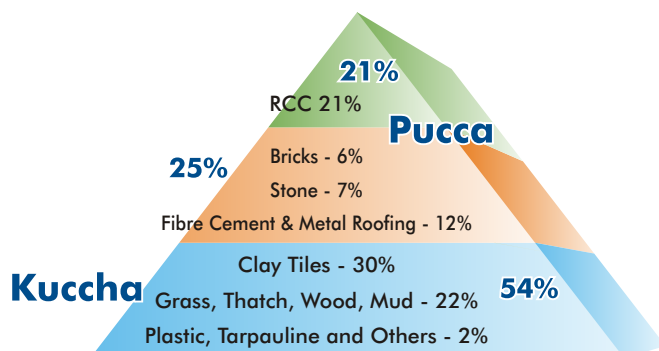
Roofing

Rural prosperity, sound agricultural policies and liquidity give long term strength to the roofing market. There are estimated 25 crore^ buildings in India. Of these, 46% are considered to have pucca roofs. The rest 54% are made of thatch (temporary kuchcha roofing) and clay tiles. Usage of clay tiles is shrinking due to non-availability of raw material. Amongst pucca buildings, less than half have RCC slabs. Majority are made with ready-to-use roofing products which include Fibre Cement Roofing and metal



Metal Roofing

roofing. Some roofs are also made using bricks and stone. A kuchcha roof owner has aspirations, seeks security and desires to graduate to a pucca roof.



* Source PMEAC

** Source www.fipp.org

^ Source Census data

The cost of a pucca roof using Fibre Cement Roofing is 1/3rd the cost of an RCC ceiling slab. The market for Fibre Cement Roofing today is estimated to be ₹3,500 crores and for metal roofing ₹3,600 crores. India's demand for housing and infrastructure continues to grow.



Acoustic Ceilings

The demand for Fibre Cement Roofing during the year was lower than the normal growth rate trend on account of erratic monsoon, delays in housing starts and CAPEX decisions. This year has seen an increase in agricultural production, good crop prices and a buoyant rural economy, which is likely to boost volume growth, to maintain the past trend of CAGR 14%.

Boards and Panels

In the backdrop of rising concerns for green house gas emissions and depleting fossil fuels, the concept of green buildings is gaining momentum in India. Trade acceptance for Fibre Cement Boards as a substitute for plywood and gypsum boards is growing. Increasingly, Fibre Cement Boards and panels are being recommended by architects, interior decorators and contractors due to energy efficient parameters (good sound & thermal insulation), high strength, dimensional stability in interior & exterior applications, and resistance against termite and moisture.

The Indian boards industry is highly fragmented. Boards made of different material such as wood, plywood, gypsum, calcium silicate and fibre cement have been introduced in the market within the last decade. Today, at ₹5000 crores**, the wood based product industry dominates the market.



Designer Ceilings

The usage of other kind of boards in India is yet at a very nascent stage - Fibre Cement Boards (₹225 crores**), Gypsum Boards (₹530 crores**) and Calcium Silicate (₹50 crores**). However, it is growing rapidly with new product variants being introduced everyday to cater to specific customer requirements.

Acceptance level of new age Everest Fibre Cement Boards is increasing against traditional brick wall system. Your company also makes Solid Wall Panels. These high-quality sandwich panels facilitate rapid construction and maximise space utilisation, while offering excellent durability. There is an increase in demand for Everest Fibre Cement Boards and Solid Wall Panels in Infrastructure projects, central & state driven low cost housing, slum rehabilitation, rural sanitation projects, high end hospitals, hotels, corporate buildings and retail segment.

Operations

The fibre cement industry in India has a capacity in excess of 5 million MT. There are 17 players and Everest has a 14% market share, evenly spread across the nation. Everest Roofing Sheets are produced at 5 locations - Bhagwanpur Works, Roorkee, Uttarakhand (North), Lakhmapur Works, Nashik, Maharashtra (West), Kymore Works, Katni, Madhya Pradesh (Central), Calcutta Works, Kolkata, West Bengal (East) and Podanur Works, Coimbatore, Tamil Nadu (South).

During the year, your Company produced 508137 MT of roofing, an increase of 2.66% over last year. The production of Roofing Sheet line at Bhagwanpur Works, Roorkee was disrupted due to heavy rains for 28 days during September-October, 2010.

Everest Fibre Cement Boards are produced at Lakhmapur Works, Nashik, Maharashtra (West), and Bhagwanpur Works, Roorkee, Uttarakhand (North). There are four major players in the Fibre Cement Boards industry, and Everest is a major player. Our installed capacity for Boards and Panels is 1,36,000 MT and markets are expanding. This year witnessed an 11.60% growth in the sales of Boards over last year. The Solid Wall Panel sales grew by 106%.

Your Company received the CAPEXIL Award (Special Exports Award) during the FY2010-11.



Everest Industries Limited received the CAPEXIL Award in 2010-11 (Special Exports Award)

Cost of goods sold increased on account of the increase in fibre prices (10%). Increase in raw material costs was primarily on account of changes in product mix and input costs. Manpower cost during the year was ₹69.36 crores (9.61% of sales) as compared with ₹63.02 crores (9.66% of sales) in the previous year. Freight stood at ₹57.14 crores (7.92% of sales) as compared with ₹45.37 crores (6.95% of sales) in the previous year.

All plants undertook initiatives to improve productivity and reduce costs and rejections. During the year, upgradation of Roofing Line was started at Kymore works. The new Roofing Line will be commissioned by Dec, 2011 and will improve quality and productivity of the Line. Continuous process improvement and training of the workmen has resulted in an increase of production volume upto as high as 18% on some production lines.

Overall the building products division registered a revenue growth of 6.20%.

**Market estimates

Opportunities, Risks, Threats and Concerns

The construction industry accounts for 8% of India's GDP. It is a priority on the Government's agenda to increase industrialisation, infrastructure development and inclusive growth. This, as a result, will increase liquidity, rural prosperity and the demand for building products. Rapid industrialisation and the need for faster construction techniques are creating an opportunity for modern building products. Deeper penetration into these potential markets while encouraging the adoption of modern construction techniques provides unlimited opportunities to your Company. The industry expects stable growth in coming years. Cement, pulp, imported fibres and fly ash are the main raw materials for our fibre cement products. Raw materials form 70% of the cost of goods sold. Crysolite fibre is imported from CIS countries, Brazil and Canada, and witnessed a 10% increase in prices. Everest has a long standing healthy relationship with its raw material vendors to ensure regular and stable supplies.



Hi-Tech Roofing

Everest also manufactures Hi-Tech Roofing Sheets. These are made by substituting Crysolite fibre with imported synthetic fibre. The demand for Everest Hi-Tech Sheets continues to grow. The product requires special handling and erection techniques.

Our technical teams provide regular training to industry known contractors to familiarise them with new products.

To offer a large variety of roofing options to our consumers, we have widened our product portfolio by including polycarbonate sheets, coloured and bare galvanised metal roofing in various profiles, and roof

