

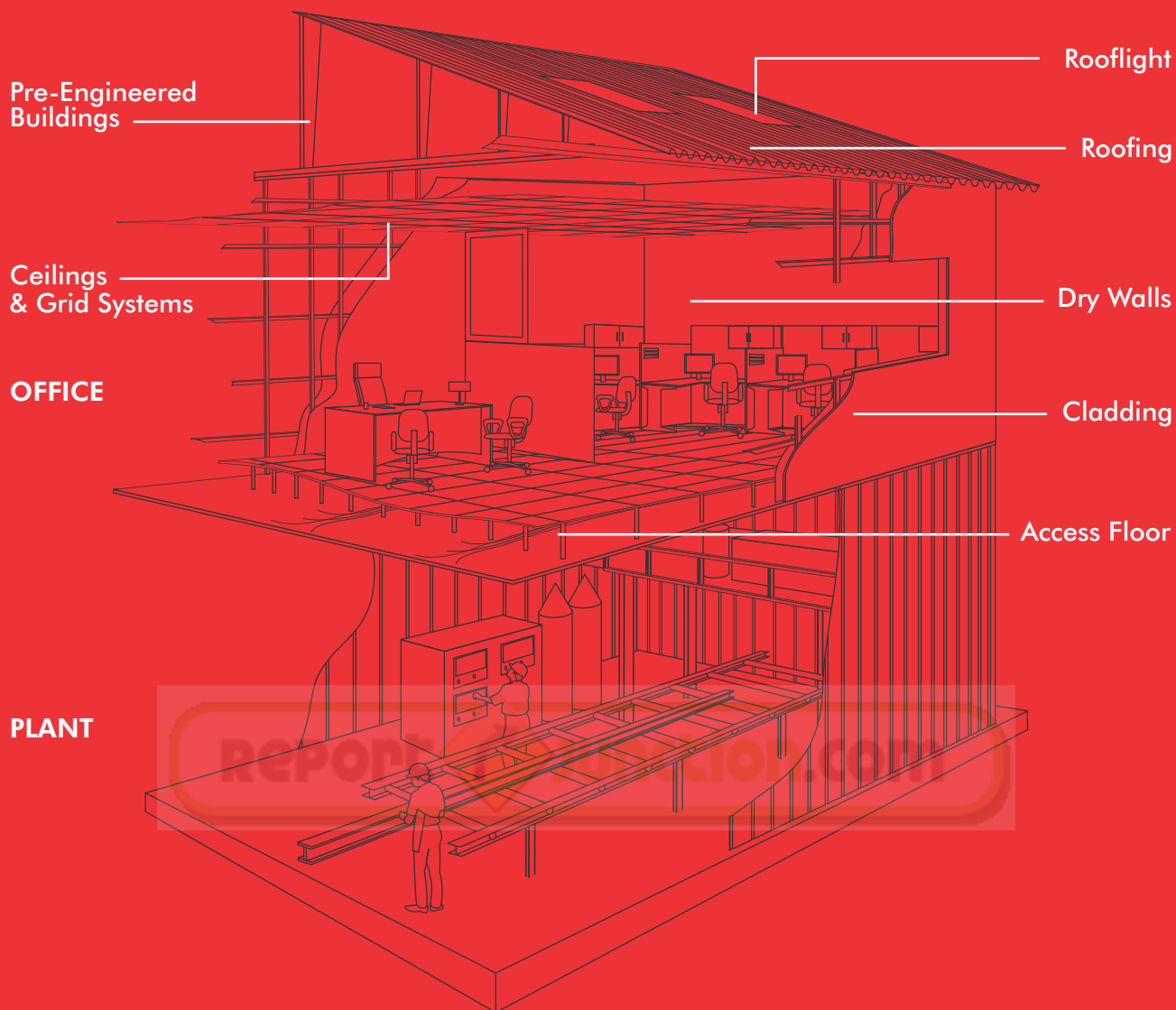


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EVEREST

EVEREST INDUSTRIES LIMITED

COMPLETE BUILDING SOLUTIONS



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BOARD OF DIRECTORS

A. V. Somani	Chairman
M. L. Gupta	Vice Chairman
Manish Sanghi	Managing Director
Mohanlal Bhandari	Director
Sandeep Junnarkar	Director
M. L. Narula	Director
Amitabh Das Mundhra	Director
Y. Srinivasa Rao	Executive Director (Operations)

COMPANY SECRETARY

Neeraj Kohli

AUDITORS

M/s Deloitte Haskins & Sells
Chartered Accountants Gurgaon

BANKERS

State Bank of India
ICICI Bank Limited
Axis Bank Limited
HDFC Bank Limited
Kotak Mahindra Bank Limited

REGISTERED OFFICE

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

CORPORATE OFFICE

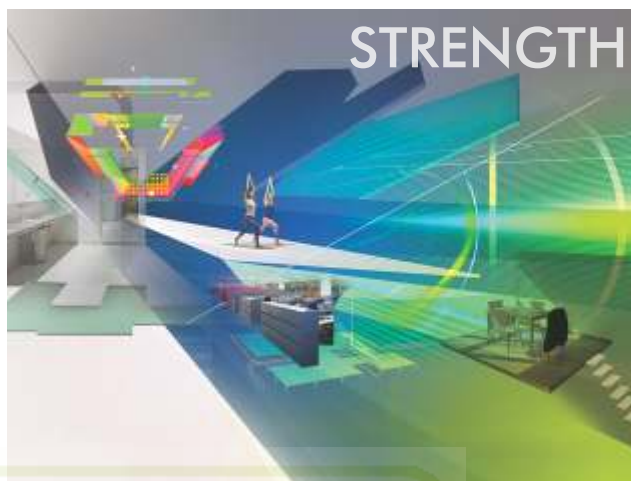
Genesis A-32 Mohan Co-operative Industrial Estate Mathura Road New Delhi - 110 044

REGISTRAR AND SHARE TRANSFER AGENTS

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

BUILDING A STRONGER INDIA, FASTER.

India is growing rapidly. Surging with youthful zest and passion, India shines on the global map. With stories of enterprise, achievement and success, Everest is committed to building India on a foundation of Strength, and that too at unprecedented Speed. Providing security and Safety to over a billion Indians, Everest is one of India's fastest growing building solutions companies, and is proud to be a part of the great Indian growth story in this landscape of progress and style. Architects, Interior Designers and Builders in India and 25 other countries trust Everest's sustainable and ready-to-build products for industrial, commercial and residential applications.



MANAGEMENT DISCUSSION AND ANALYSIS

The Indian economy grew 6.9% this year and remained strong amidst a global slowdown. It is expected to grow at 7.6% in 2012¹ led by an increase in consumption in the large middle class, a growing labour force and strong rural demand.

Rural demand and the Agriculture sector play an important role in the growth of our economy. 70% of our population lives in rural India and consumes more than 40% of consumer products and durables. Agricultural sector continued to perform well and contributed 13.9% to India's GDP. Food grain production at 250 million MT this year was the highest ever and disposable income in rural areas increased. Government initiatives for inclusive growth and employment guarantee gave an impetus to greater productivity, higher disposable income and spending in rural India.

The Indian industrial sector faced high input costs due to inflation and high interest rates. Depreciation of the Indian Rupee against the US Dollar significantly increased cost of imports and freight due to higher fuel prices. Even in such global uncertainty and volatility, India's strong fundamentals made her one of the fastest growing economies in the world.

Changing trends In Building Products

Infrastructure and construction segments are fundamental to economic development and normally grow at twice the rate of GDP. The Indian consumer prefers better quality building materials and needs faster construction methods due to fast economic growth, greater disposable income and high

exposure to media. In the construction industry there is rapid migration from conventional techniques and products. Modern products of superior quality and technology are being adopted. They enable faster speed, greater strength and higher safety.

Everest caters to the growing demand of the building and construction industry with a strong portfolio of products for industrial and commercial applications and rural housing. From a single product roofing manufacturer, Everest is evolving into a building solutions company with 40% of revenues derived from products other than fibre cement roofing.

Everest's fibre cement roofing is preferred in rural and agriculture based housing markets as an affordable and durable roofing solution. Dry wall construction methods using Everest fibre cement boards and solid wall panels are being specified by architects and interior designers in commercial establishments, malls and hotels. Everest pre-engineered and smart steel buildings provide superior design, faster speed and a high degree of certainty for project completion. They are replacing conventional construction methods for warehouses and factory sheds. High performance products like access floors, polycarbonate roofing and fixing accessories are being adopted by builders and contractors.

Your company offers a range of ready-to-use high quality products and superior services for the construction industry. Everest is proud to be an integral part of the strong Indian growth story.

¹Economic Survey 2011-12

Financial Results

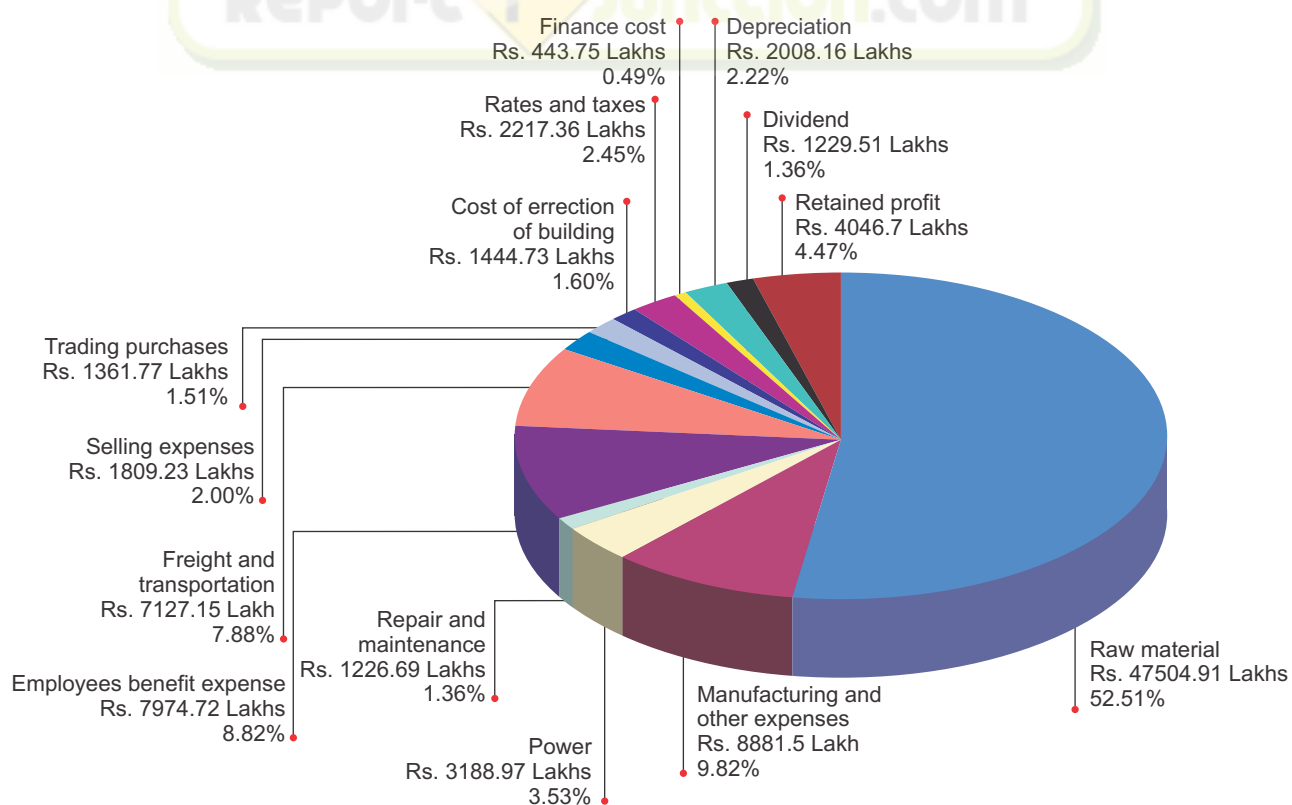
Your Company's Net Sales increased to ₹881.54 crores from ₹721.59 crores in FY 11-12, a growth of 22.2%. Building Products Division contributed 75% of the total turnover while Steel Buildings contributed 25%. Building Product Division registered 11.1% volume growth and strong pricing in the market led to 18.1% growth in value terms. Steel Buildings Division registered 36.2% value growth with 21.2% volume growth. Operating Profit rose from ₹77.70 crores (10.8 % of sales) to ₹98.55 crores (11.2% of Sales). PAT for the year was ₹52.76 crores, a 29.6 % increase from ₹40.70 crores last year. The return on net worth was 21.1% as compared to 19.5% in the previous year.

Raw material cost (including changes in inventory) was ₹489.85 crores (55.6% of sales) as compared to

₹386.21 crores (53.5% of sales) in the previous year. Cost of goods sold were impacted by an increase in cement prices across the country and higher cost of imported fibre. Manpower cost during the year was ₹79.75 crores (9.05% of sales) as compared to ₹69.36 crores (9.61% of sales) in the previous year. Freight charges were ₹71.27 crores (8.08% of sales) as compared to ₹57.14 crores (7.92% of sales) last year, a result of rising freight rates and fuel prices.

The Balance Sheet of Everest Industries Ltd. continues to strengthen. Net worth of the Company stood at ₹249.51 crores as on March 31, 2012 as compared to ₹208.54 crores a year before, a growth of 19.6%. Your Company's borrowings reduced from ₹101.76 crores to ₹70.66 crores this year.

DETAIL OF EXPENDITURE ON TOTAL EARNING DURING 2011-12



Key Features of the Company's Financial and Operational Performance

	Amount (₹ in Lacs)		
	2011-12	2010-11	Change over Previous Year
Net Sales / Income from operations	88154	72159	22.2%
Other Operating Income	2311	1315	75.7%
Total Income	90465	73474	23.1%
Expenditure			
Materials (including change in stock)	48985	38621	26.8%
Other expenses	31625	27083	16.7%
Total expenditure	80610	65704	22.6%
Profit from operations before depreciation & Finance Cost	9855	7770	26.8%
% to sales	11.2%	10.8%	
Depreciation	2008	1890	6.3%
Finance Cost	444	562	-21.0%
Profit from ordinary activities before tax	7403	5318	39.2%
% to sales	8.4%	7.4%	
Tax expense	2127	1248	70.5%
Net Profit from ordinary activities after tax	5276	4070	29.6%
% to sales	6.0%	5.6%	

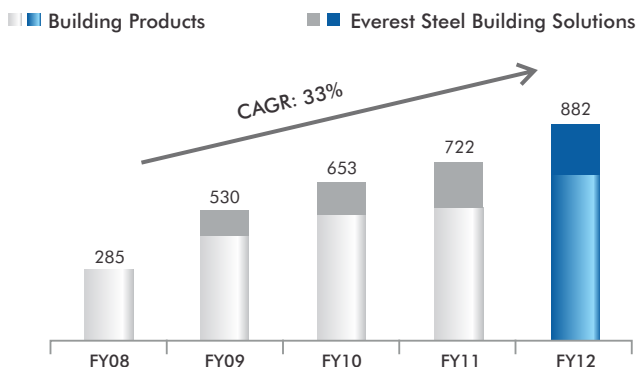


Cement Planks

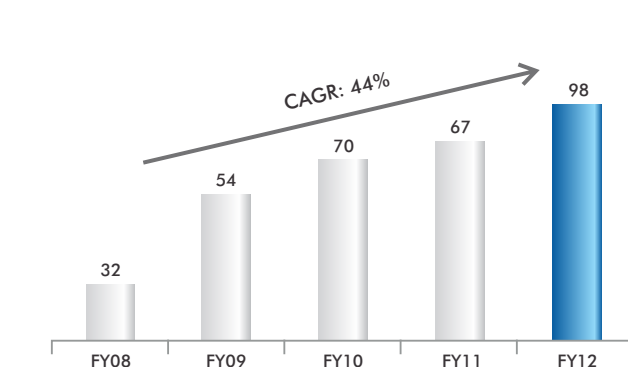
Consistent Financial Performance

The performance of Everest Industries Ltd has been consistent and growth oriented over several years. The following graphs represent the compounded annual growth rate of key performance parameters over last 5 years:

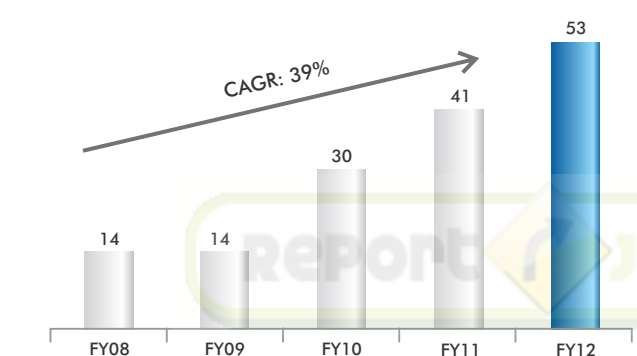
Sales Revenue (₹ in crores)



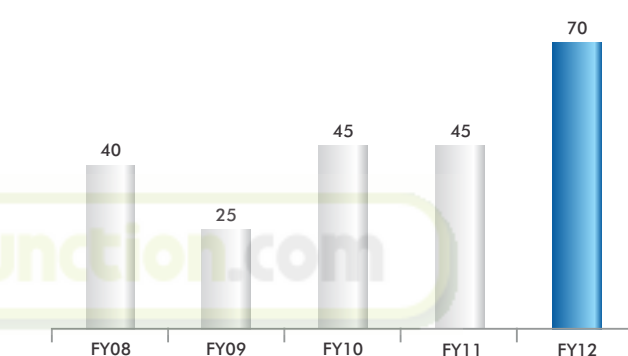
EBITDA (₹ in crores)



Net Profit (₹ in crores)

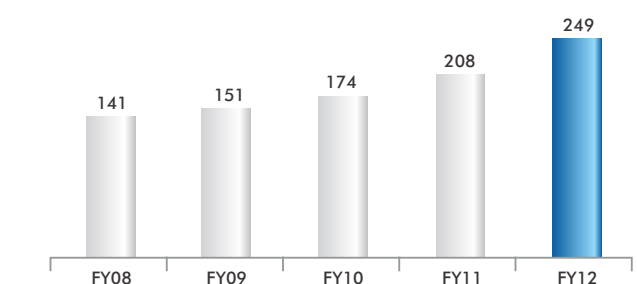


Dividend (%)

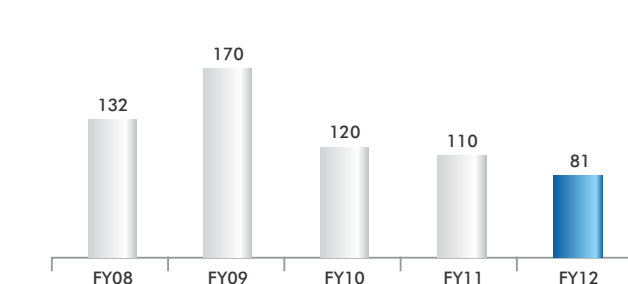


In the last five years, since 2007-8, Net Worth of the company has increased significantly. Return on net worth stands at 21.1% on March 31, 2012. Return (PBIT) on capital employed is 21.2%.

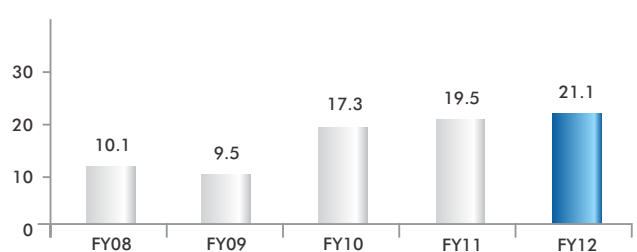
Net worth (₹ in crores)



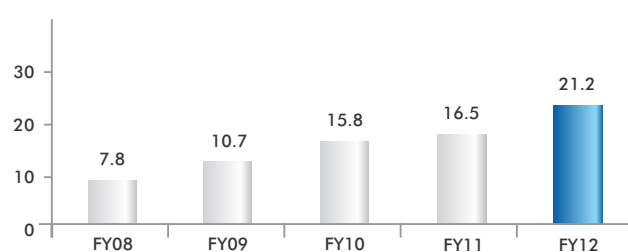
Total Debt (₹ in crores)



Return on Net Worth (%)



Return on Capital Employed (%)



BUILDING PRODUCTS DIVISION

The Building Products division of your company comprises fibre cement roofing sheets, fibre cement boards and solid wall panels.

Roofing

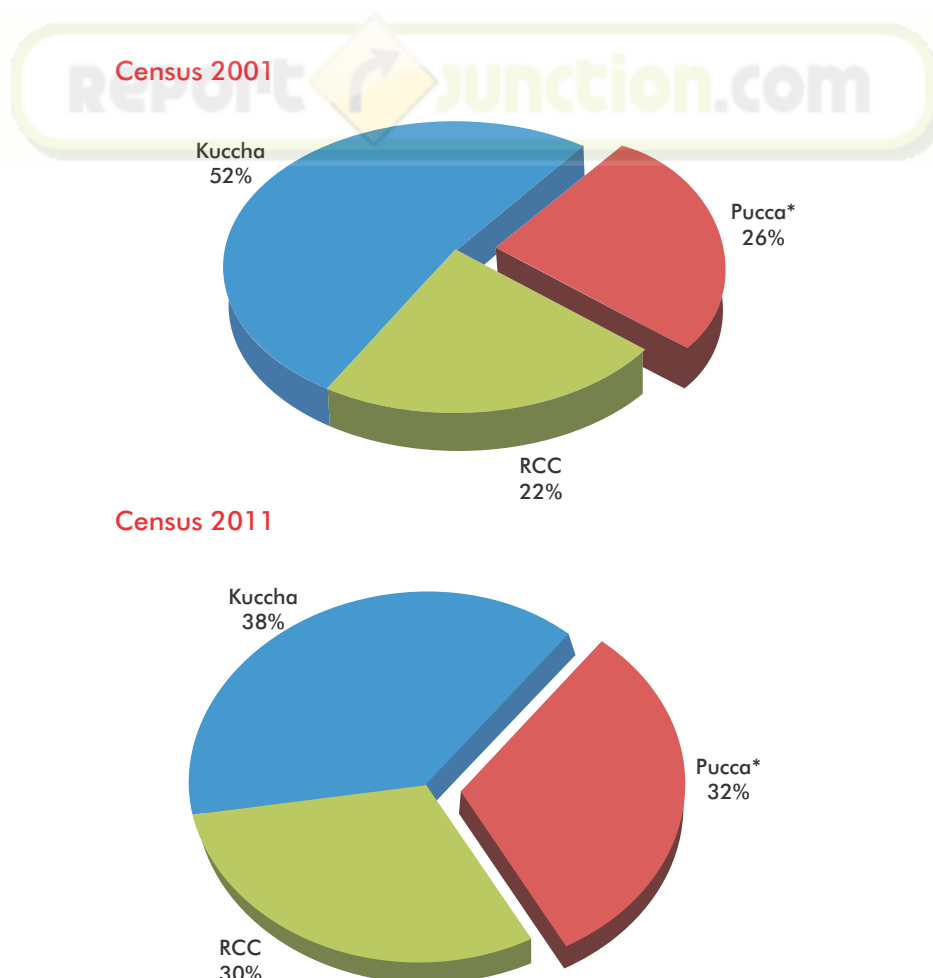
Census 2011 highlights that people are migrating from kuccha roofing of thatch and tiles to more durable pucca roofing products and RCC structures. In the last 10 years, since Census 2001, total share of kuccha roofing has reduced from 52% to 38% while pucca roofing and RCC has increased from 48% to 62%. Census 2011 highlights that more than 3.3 crore households have a Kuccha roof, indicating the potential for migration to pucca fibre cement roofing sheets. Home owners in semi-urban and rural India aspire to improve their living conditions.

Government schemes like Mahatma Gandhi National

Rural Employment Guarantee Scheme, National Rural Livelihood Mission and various proposals made in the Union Budget 2012-13 like capitalization of rural banks, allocation for Rural Housing Fund will increase disposable income in the rural economy. Better agricultural revenue will boost the trend of migrating to more durable and comfortable roofing systems in the coming years. Everest offers a wide variety of roofing solutions including AC roofing, hi-tech roofing, metal roofing and polycarbonate rooflights.

Everest has five manufacturing units for fibre cement roofing sheets spread across the country and caters to its markets through a network of 6,000 retail points. Everest has a market share of 13.2% in the AC roofing segment. To meet the growing demand in eastern India the Company is setting up a greenfield manufacturing unit for fibre cement roofing of 100,000 MT per annum at Balasore, Odisha.

People migrating from Kuccha houses to Pucca & RCC Structures



Boards and Panels

Boards and panels are used for walling, cladding and internal ceiling solutions. They are also used for flooring applications and wet area lining applications in modern construction methods.

The Indian boards industry for building and construction comprises many different products like plywood, gypsum, calcium silicate and fibre cement. Wood based products dominate the market with annual sales of ₹12,000 crores** but are unable to meet specific customer needs for applications which require resistance from fire, moisture, dampness and termites. Boards of different material like fibre cement, calcium silicate and gypsum meet these specific growing requirements. Architects and builders adopt modern products and building technologies in their projects. Markets for these applications and products are yet at a growth stage. Fibre cement boards (₹225 crores**), gypsum boards (₹530 crores**) and calcium silicate (₹70 crores**) are being increasingly used today as the construction industry experiences the benefits of using these products for specific applications.

The acceptance of fibre cement boards as substitute for plywood and gypsum boards is gaining momentum. Fibre cement boards and panels are recommended by architects, interior designers and contractors due to energy efficient parameters, good sound and thermal insulation, high strength, dimensional stability in various applications and resistance against termite and moisture. The



Designer Ceilings

** Market Estimates

preference for Everest dry wall systems in the hospitality and health care segment is also increasing for its performance and speed of erection.

Everest fibre cement boards are a certified green product by the Indian Green Building Congress (IGBC) and contribute to obtaining Green Building certification by LEED and GRIHA.

Operations

The building products division of Everest produced about 6.5 lac MT of fibre cement products (roofs and boards), an increase of 5.1% over last year and grew by 18.1% in value terms.

Everest fibre cement roofing sheets are produced at 5 locations across the country – Bhagwanpur (Uttarakhand), Kolkata (West Bengal), Kymore (Madhya Pradesh), Lakhmapur (Maharashtra), Podanur (Tamil Nadu). To cater to the growing demand in eastern India, Everest will set up a greenfield manufacturing unit for fibre cement roofing sheets of 100,000 MT at Balasore, Odisha. It will be operational in mid-2013. The installed capacity of the fibre cement roofing industry today is approximately 55 lac MT.

During the year, the plant and machinery at Kymore Works was successfully upgraded for quality and productivity enhancement. This has been well received by our customers in central India.

The labour union at Lakhmapur Works went on strike in November 2011, during long term settlement discussions. The management is in discussion with the union workers to resume work and is hopeful of settling the matter at the earliest.

Fibre cement boards and panels are produced at Bhagwanpur (Uttarakhand) and Lakhmapur (Maharashtra).

At Bhagwanpur Works a de-bottlenecking exercise was undertaken in the fibre cement boards line to successfully achieve a consistent production level of 4000 MT per month. In the endeavour to reduce the carbon footprint at Bhagwanpur Works, a biomass boiler was commissioned during the year.