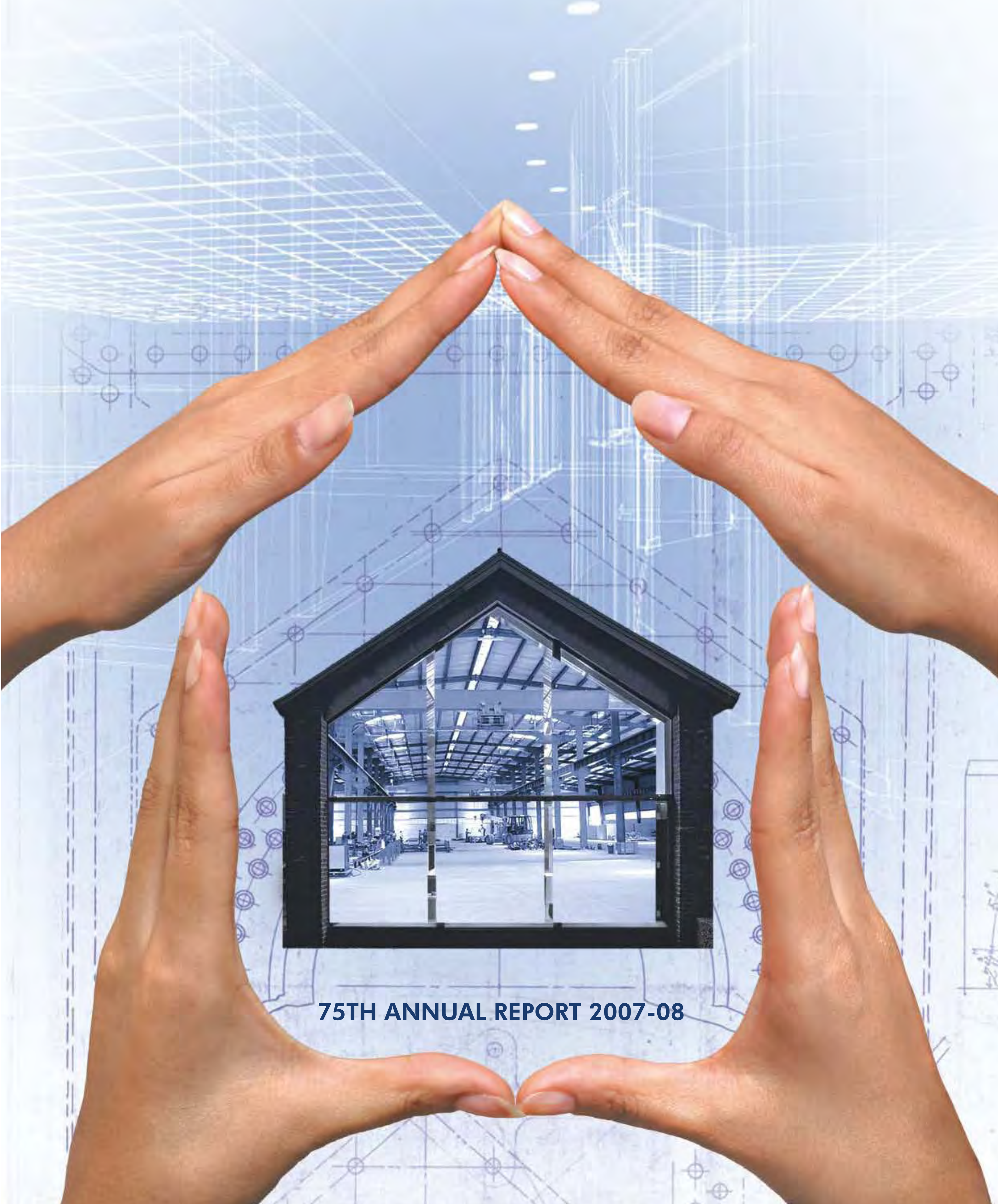
EVEREST

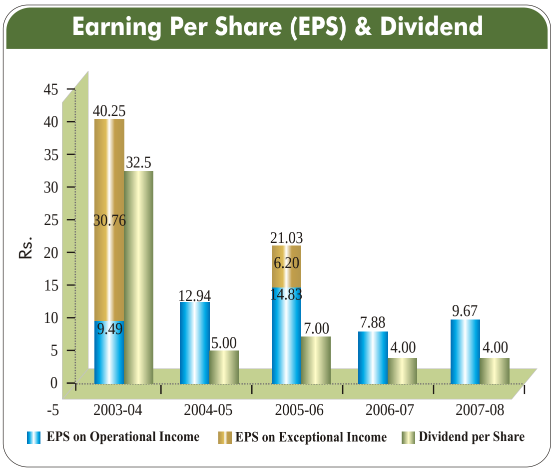
# Everest Industries Limited

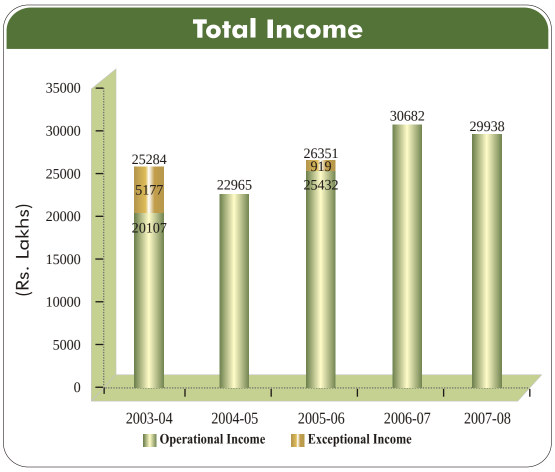


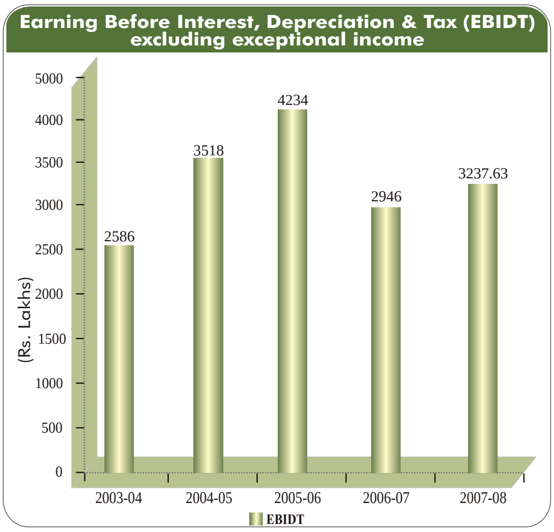
## 75TH ANNUAL REPORT 2007-08

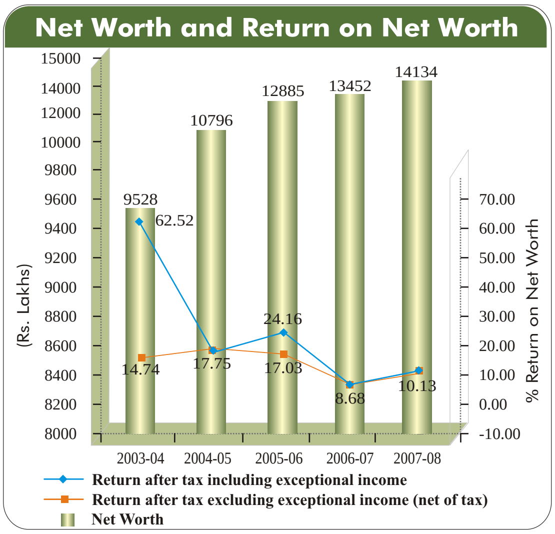
# Contents

# Performance at a glance

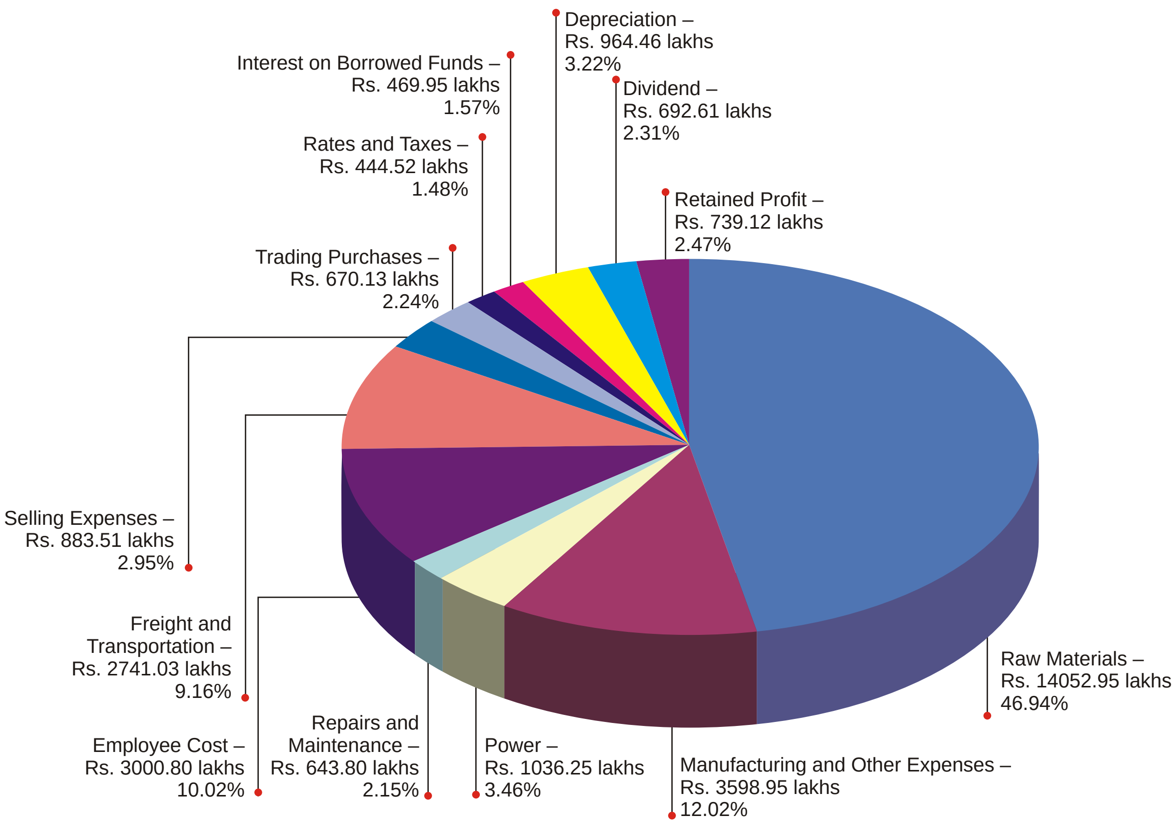



# How each rupee earned has been spent during 2007-08



**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 | Executive Director |
| Mr. Y. Srinivasa Rao | Executive Director (Operations) |

**Company Secretary & Head - Legal**

Mr. Neeraj Kohli

**Auditors**

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

**Bankers**

State Bank of India
ICICI Bank Limited
Axis Bank Limited

| | |
|---|---|
| **Registered Office:** | GAT No. 152, Lakhmapur,<br>Taluka Dindori,<br>Nashik - 422 202, Maharashtra. |
| **Head Office:** | G-1, Genesis,<br>A-32, Mohan Co-operative Industrial Estate,<br>Mathura Road, New Delhi - 110 044 |
| **Website:** | www.everestind.com |
| **Share Transfer Agents:** | MCS Limited, Sri Venkatesh Bhawan,<br>W-40, Okhla Industrial Area, Phase - II<br>New Delhi - 110 020. |
| **Date of Annual General Meeting:** | Friday, 25th July, 2008, at 11.30 a.m.<br>at GAT No. 152, Lakhmapur, Taluka Dindori,<br>Nashik - 422 202 (Maharashtra)<br>(Members are requested to kindly bring their<br>copies of the Annual Report to the Meeting) |

# Management Discussion and Analysis

Supported by strong fundamentals, the Indian Economy reached the trillion dollar mark in 2007-2008. Real GDP growth is in excess of 9%. This makes India the second fastest growing major economy in the world. Services and manufacturing sectors are the main growth drivers of this rapid growth and have a positive impact on housing, commercial and infrastructure sectors. Everest operates in these sectors. We see exciting times ahead.

To make the growth process more inclusive, the 11th Five Year Plan indicates a strong focus on infrastructure investment, social development and agriculture and rural development. To improve credit availability to farmers the Government is providing Rs. 280,000 crore for the year 2008-09 and an outlay of Rs. 20,000 crore has been made for irrigation. Further, the Government has provided an expenditure of Rs. 31,280 crore for rural development through its flagship programme Bharat Nirman. This will bring renewed vigour and infrastructural growth in India's rural and agricultural economy. This sector comprises18.5% of India's GDP and directly affects the lives of 70% of India's population.

Everest is a trusted brand for corrugated roofing sheets and is distributed through a retail network of more than 5000 outlets across India. Fibre cement roofing sheets are the most economical roofing material in the country and provide shelter and durability with a life of more than 50 years. The company has geared up to meet the increase in demand which will arise from the Government's initiative and rural prosperity.

The industrial and construction sector in India has recorded high growth rates in the last five years. New projects in segments such as ports, railways, roads, airports, manufacturing, power, oil and gas, and urban infrastructure are on the anvil. The need of the hour is **Speed**. Everest fulfills the need for faster construction with a variety of offerings like Roofing Solutions, Ceiling Solutions, Wall Solutions, Cladding Solutions, Floor Solutions, Door Solutions and Steel Building Solutions. Everest has also focused on export markets in Middle East, Africa, Europe and Asia Pacific.

The year under review has been a challenging year for Everest. Cement prices increased by 23% and fibre prices by 7%. Thus input costs increased by 9%.

Demand for building products grew, as anticipated by our industry, and continues to expand rapidly. The last two years saw a spurt in Industry capacity and supply which has put pressure on sales realisations. Production for the industry increased 10% from 29.63 lac MT_to 32.5 lac MT and Sales volumes were 31.80 lac MT as compared to 28.4 lac MT last year, an increase of 12% but realisations declined by 9%. The new financial year has already started with increase in demand and improved sales realisations. Demand is expected to see strong growth rates. Your company has initiated several programmes to expand the market, offer more choices and solutions to its customer and further expand the product range, service capability and production capacity. The positive impact of these initiatives will be visible in coming years.

# Financial Performance

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

(Rs in Lacs)

| | 2007-08 | 2006-07 |
|---|---|---|
| Net Sales | **28,513.54** | 30,377.30 |
| Other Income | **1,424.54** | 304.38 |
| Total Income | **29,938.08** | 30,681.68 |
| Manufacturing and Other Expenses | **26,700.45** | 27,735.66 |
| Profit before Depreciation, Interest & Tax | **3,237.63** | 2,946.02 |
| Exceptional Item | – | – |
| Depreciation | **964.46** | 891.27 |
| Interest | **469.95** | 272.34 |
| Profit before Tax | **1,803.22** | 1,782.41 |
| Current Tax, Deferred Tax & Fringe Benefit Tax | **371.49** | 616.44 |
| Profit after Tax | **1,431.73** | 1,165.97 |

a) Net Sales for the year 2007-08 was Rs.285.14 crores down from Rs. 303.77 crores for 2006-07 recording a decrease of 6.13%.

b) PBDIT for the year 2007-08 was Rs.32.38 crores as compared to Rs. 29.46 crores for 2006-07. Consequently, PAT at Rs.14.32 crores was higher than that of the previous year i.e. Rs. 11.66 crores.

# Operations

**Central India - Kymore Works :**

Kymore Works, the first fibre-cement roofing plant of the country, continues to excel in production efficiency. During the year production volumes increased by 5.3% over previous year. Products from Kymore Works dispatched to high-freight northern markets will now be replaced by supplies from our new Bhagwanpur Works in Uttarakhand. This will reduce outward freight cost in Financial Year 2008-09.

**Eastern India – Kolkata Works :**

Kolkata Works performance remained stable . Capacity enhancement and quality improvement projects are planned in Financial Year 2008-09.

**Southern India - Podanur Works (Coimbatore):**

Podanur Works improved machine productivity and efficiency during the year by 9%. A capacity improvement project is under implementation and results will be visible in FY 2008-09. The Hi-Tech roofing plant has been stabilized in productivity and quality through various R&D initiatives.

**Western India - Lakhmapur Works ( Nashik):**

Roofing line at Lakhmapur Works improved production volumes by 5.2% and raw material yield by 4% during the year.

**Northern India - Bhagwanpur Works (Roorkee):**

Everest has set up a state-of-the-art plant at Roorkee, Uttarakhand. Everest Bhagwanpur's Rs 86 crore project comprises 3 production lines –

1. Corrugated Fibre Cement Roofing Line : Installed capacity of 100,000MT which increases the company's roofing capacity by 20%
2. Flat Cement Boards Line : Installed capacity of 50000MT which enhances the company's boards capacity by 50%
3. Solid Wall Panel line : Installed capacity of 10,000 panels per month, which doubles the company's production capability.

Bhagwanpur Works has commenced commercial production in April 2008. It will supply our products to the northern markets which were hitherto high freight markets for Everest.

Dealer training programme organized by Everest

## Human Resources

Everest is committed to the welfare and career growth of its people. Team Everest comprises of a manpower resource of 1285 employees as on 31st March, 2008. Our strength lies in our ability to attract and retain talent. We believe in engaging this resource effectively by means of Cross Functional Teams, training initiatives, active ladies clubs and ESOP and reward schemes. Senior management keeps constant personal touch and a friendly human approach in dealing with their colleagues. We encourage families to participate in community celebration of achievements, festivals and distinctions.

## Expansion and Growth Plans

Everest has embarked on a vigorous growth phase with the establishment of Everest Steel Building Solutions. The concept of metal frame buildings is taking root amongst corporate India and the industry is growing at 40 % annually. Everest's Steel Building Solutions Division will have a strong design team of structural engineers and will manufacture and erect customized steel rigid frame buildings .

A greenfield plant at Everest's Bhagwanpur Unit at Uttarakhand with a production capacity of 30,000 MT per annum, will cater to the growing demand for pre-engineered factories, warehouses, workshops, railway stations, aircraft hangers, sports halls and distribution centres.

The project is underway as per target and is expected to be completed this financial year.

## Health and Safety

Everest is committed to ensure safety and health to all its people, associates, customers and the community. All existing factories are certified for ISO:14000 for its environmental management systems. And now, the new unit at Bhagwanpur, is also poised to get the ISO certification.

## Research and Development

Everest is continuously upgrading products and processes through R&D initiatives. The emphasis is on product variants and their applications. R&D initiated a number of projects for substitute raw materials for fibre-cement products in order to have cost leadership. Our R&D team works closely with various technical experts to enhance the quality of our products and applications to deliver our promise of Strength, Speed and Safety.

## Information Technology and Management of Information Systems

Everest is continuously upgrading its service to suppliers and customers. The installation of VPN (Virtual Private Network) linking all factories, depots and marketing offices aids faster decision making. Everest is currently developing an integrated system to leverage the best of today's software and technology for better servicing.

## Corporate Social Responsibility

Everest Award of Excellence at Mumbai University

Everest has instituted "Everest Award of Excellence" at leading Architectural Colleges across India to promote young talent. The company organises seminars on architectural developments and modern practices to encourage young architects. All our Plants and Marketing establishments are empowered to undertake various projects in the communities they operate in.

## Risks, Threats and Concerns

High inflation has a major impact on both, our input costs and demand. We expect that various RBI and Government initiatives, to reign in the prices of steel and cement, will result in stable prices in 2008-09. Increasing fuel cost remains a matter of great concern.

The depreciation of the Indian Rupee against the US Dollar can adversely impact the import bill. Everest imports in 2007-08 were Rs 78.98 crores. Everest now has a natural hedge with exports of Rs 15.51 crores, which will reduce the impact.

Global inflation, pressures on shipping lines, port congestion and high international demand have pushed up Crysotile Fibre prices by 7%. We are ensuring regular supply at reasonable cost of raw materials, through better supply chain management.

## Risk Management

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 2008-09.

## 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 organization. The Audit Committee periodically reviews and implements the suggestions contained in the Audit Reports submitted by this Department and by the Statutory Auditors.

## Complete Building Solutions Range

### Roofing Solutions

### Corrugated Fibre Cement Roofing System

Everest Corrugated Sheets are made from high quality cement and fibre through a specially developed fibre orientation process. They undergo rigorous quality controls, higher than ISI, giving a product of lasting value and high durability. Your brand is trusted by customers and the strong dealer network across India.

### Modern Roofing System with HIPP Technology

Everest Hi-Tech is a modern non-asbestos roofing system using specially developed HIPP technology (High Impact Poly Propylene) with technology imported from Brasilit, a division of St Gobain. It is manufactured in a world class production facility, conforming to all relevant international standards.

Everest Hi-Tech is an ideal roofing and cladding solution for factories and warehouses, especially preferred by sectors such as petrochemicals, food, pharmaceuticals, automobiles, engineering, metallurgy, chemicals, textiles etc.

## Ceiling Solutions

Everest Ceiling Solutions help you create smooth surfaces and clean lines, which are typical characteristics of contemporary interior design. Our products blend functionality with aesthetics for commercial spaces, retail outlets, industrial false ceilings and homes.

Everest Ceiling Solutions are available in the form of :

- Everest Acoustic Ceilings
- Everest Designer Ceilings
- Everest Standard Ceilings

Everest Ceiling Solutions are complimented with Everest Ceiling Grid Systems.

## Wall Solutions

Everest Wall Solutions are synonymous with hassle-free, speedy construction. Dry-wall construction allows for maximum space utilization and fastest erection time. While offering design flexibility, these solutions maintain resistance to moisture, termites and fire. Everest Wall Solutions are available in the form of :

- Everest Wall Boards
- Everest Designer Wall Boards
- Everest Heavy Duty Wall Boards
- Everest Solid Wall Panels

## Cladding Solutions

Modern construction techniques prefer the use of external wall claddings as the key design element in commercial and industrial buildings. Everest Cladding Solutions help architects create buildings that possess inimitable style and supreme functionality. Everest Cladding Solutions are available in the form of :

- Everest Siding
- Everest Colour Cladding

## Everest Steel Building Solutions

Everest Steel Building Solutions provide multiple customized possibilities in steel construction. These can be used for industries, airports, stations, residential complexes, stadiums, warehouses, villas, resorts, sports facilities, site office, canteen and utility buildings.

Everest Steel Buildings are structurally designed with a dedicated Metal Building software. These Buildings are 100% pre-engineered and pre fabricated in our manufacturing facility. We undertake complete erection and finishing of the building at the client's site. Everest Steel Building Solutions ensure high strength of the completed building, fast speed in designing, delivery and erection and maximum safety for your plant, equipment and workforce for decades. These buildings are of two kinds:

• Everest Pre-engineered Steel Buildings

• Everest Smart Steel Buildings

## Floor Solutions

Made using highly sophisticated technological processes, Everest Floor Solutions offer ultimate resistance, ease of installation and dimensional stability. With the use of fibre cement formulation, they resist termites, do not rot or deteriorate, promising long term durability and strength.

Everest Floor Solutions are available in the form of:

• Everest Floor Boards

• Everest Heavy Duty Floor Boards

• Everest Super Heavy Duty Floor Boards

## Looking ahead

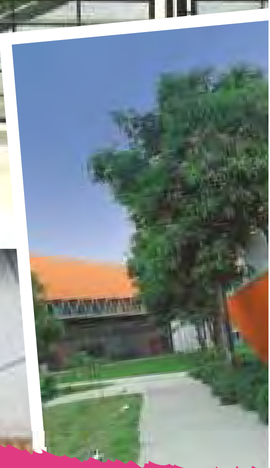
From a roofing sheet manufacturing Company, Everest is evolving into a complete building solutions organisation. Everest follows a solutions approach: where various products and services are integrated to meet customer needs. This customer oriented approach has resulted in substantial brand recall for brand Everest. Your Company offers a complete range of building solutions like Roofing, Ceilings, Walls, Flooring, Cladding, Doors and Pre-Engineered Steel Buildings for the Industrial, Commercial and Residential sectors.

## 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.

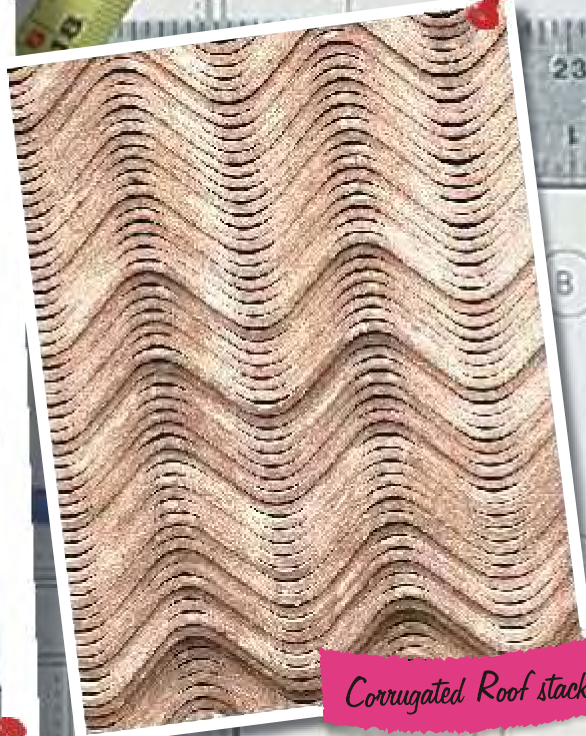
Security
complete

50m wide,
pillarless shed



Cafeteria, seating capac
Smart Steel & Corrug


cabin. Construction
d in 10 days



Corrugated Roof stack

Open moulded goods

ity 80. Made using
ated Roofing Sheets

**Bhagwanpur Plant**

Everest Industries Limited has set up a state-of-the-art production facility at Roorkee, Uttarakhand. A project worth Rs. 86 crore, Everest's Bhagwanpur plant broadly comprises 3 production lines, viz. Corrugated Fibre Cement Roofing Line, Flat Cement Boards Line and Solid Wall Panels Line.

Corrugated Fibre Cement Roofing Line has an installed capacity of 100,000MT which increases Everest's roofing capacity by 20%. Flat Cement Boards Line has an installed capacity of 50,000MT which increases Everest's boards capacity by 50%. Similarly, Solid Wall Panel Line has an installed capacity of manufacturing 10,000 panels per month, which doubles Everest's production capability.

In April 2008, Bhagwanpur works commenced commercial production ensuring that Everest's products will now be supplied across the northern markets.

**Notice** is hereby given that the Seventy Fifth Annual General Meeting of the Members of Everest Industries Limited will be held at the Registered Office of the Company at GAT No.152, Lakhmapur, Taluka Dindori, Nashik-422202 (Maharashtra) on Friday, the 25th July, 2008 at 11.30 A.M., to transact the following business:

## ORDINARY BUSINESS

1. To receive, consider and adopt the audited Profit & Loss Account for the financial year ended 31st March 2008, the Balance Sheet as at that date, the Auditors' Report and the Directors' Report thereon.
2. To declare a dividend on Equity Shares of the Company.
3. To appoint a Director in place of Mr. Mohanlal Bhandari, who retires by rotation and, being eligible, offers himself for re-appointment.
4. To consider and if thought fit, to pass, with or without modification, the following Resolution as an **Ordinary Resolution:**

   "RESOLVED THAT M/s. Deloitte Haskins & Sells, Chartered Accountants, be and are hereby appointed as Statutory Auditors of the Company to hold office from the conclusion of this Annual General Meeting till the conclusion of the next Annual General Meeting at the remuneration to be determined by the Audit Committee/ Board of Directors of the Company."

## SPECIAL BUSINESS

5. To consider and, if thought fit, to pass, with or without modification, the following Resolution as an **Ordinary Resolution:**

   "RESOLVED THAT Mr. Madan Lal Narula, who was appointed by the Board of Directors as an Additional Director of the Company w.e.f. 30.01.2008, pursuant to Article 117(a) of the Articles of Association of the Company, and who holds office upto the date of this Annual General Meeting under Section 260 of the Companies Act, 1956, but who is eligible for re-appointment and in respect of whom a notice in writing, alongwith the requisite deposit, pursuant to Section 257 of the Companies Act, 1956 has been received, from a member proposing his candidature for the office of Director, be and is hereby appointed a Director of the Company liable to retire by rotation."

6. To consider and if thought fit, to pass with or without modification, the following Resolution as a **Special Resolution:**

   "RESOLVED THAT in accordance with the provisions of Section 81(1A) and other applicable provisions, if any, of the Companies Act, 1956 [including any statutory modification(s) or re-enactment thereof] and in accordance with the provisions of the Articles of Association of the Company and the Regulations/Guidelines prescribed by the Securities and Exchange Board of India or any other relevant authority, from time to time, to the extent applicable and subject to such other approvals, permissions and sanctions, as may be necessary and subject to such conditions and modifications as may be considered necessary by the Board of Directors of the Company (hereinafter to be referred to as the "Board" which expression shall also include a Committee thereof), or as may be prescribed or imposed while granting such approvals, permissions and sanctions, which may be agreed to or accepted by the Board in its sole discretion, the consent of the Company be and is hereby accorded to the Board to grant to such employees as are in the permanent employment of the Company in the management staff, at the time the grant is made including to the Managing /Whole-time Directors of the Company, as may be decided solely by the Board, not exceeding 180,000 (One Lac Eighty Thousand) Options under the Employees' Stock Option Scheme (ESOS-2008) during the financial year 2008-2009, each such Option being convertible into one Equity Share of face value of Rs.10/- each on payment of such exercise price as may be decided by the Board and therefore to issue or allot such number of Equity Shares of the Company, at such price, in such manner, during such period, in one or more tranches and on such terms and conditions, as the Board may decide, provided that the Shares so allotted shall not exceed 180,000 (One Lac Eighty Thousand) Equity Shares in the Company.

   RESOLVED FURTHER THAT the Board be and is hereby authorized to issue and allot such number of Equity Shares as may be required in pursuance of the above issue, and that the Equity Shares so issued or allotted shall rank in all aspects pari passu with the existing Equity Shares of the Company.

   RESOLVED FURTHER THAT for the purpose of giving effect to the above, the Board be and is hereby authorized to determine the form and terms of the Issue, the Issue price and all other terms and matters connected therewith, and to do all such acts, deeds, matters and things as it may in its absolute discretion, deem necessary or desirable for such purpose, and to make and accept any modifications in the proposal, including to withdraw, suspend or revive the Scheme from time to time, as may be required by the authorities entrusted with the power to regulate such issues and to settle any questions or difficulties that may arise in regard to the Issue."

7. To consider and if thought fit, to pass with or without modification, the following Resolution as an **Ordinary Resolution:**

   "RESOLVED THAT in partial modification of the ordinary Resolution passed in the Annual General Meeting of the Company held on 26th July, 2006 and pursuant to Sections 198, 309, 310, 311 read with Schedule XIII and other applicable provisions, if any, of the Companies Act, 1956 (Act) and subject to the approval of the Central Government, approval be and is hereby granted for payment of Performance Incentive amounting to Rs.30 lakhs to Mr.M.L.Gupta, Managing Director for the Financial Year 2007-08, as determined and recommended by the Remuneration Committee of the Company in its meeting held on 23rd April, 2008, notwithstanding that the overall remuneration paid/payable to Mr.M.L.Gupta, Managing Director exceeds the limits specified in the Act.

   RESOLVED FURTHER THAT all other terms & conditions of his appointment and remuneration shall remain same."

8. To consider and if thought fit, to pass with or without modification, the following Resolution as an **Ordinary Resolution:**

   "RESOLVED THAT in partial modification of the ordinary Resolution passed in the Annual General Meeting of the Company held on 26th July, 2006 and pursuant to Sections 198, 309, 310, 311 read with Schedule XIII and other applicable provisions, if any, of the Companies Act, 1956 (Act) and subject to the approval of the Central Government, approval be and is hereby granted for payment of Performance Incentive amounting to Rs.26 lakhs to Mr.Manish Sanghi, Executive Director for the Financial Year 2007-08, as determined and recommended by the Remuneration Committee of the Company in its meeting held on 23rd April, 2008, notwithstanding that the overall remuneration paid/payable to Mr.Manish Sanghi, Executive Director exceeds the limits specified in the Act.

   RESOLVED FURTHER THAT all other terms & conditions of his appointment and remuneration shall remain same."

9. To consider and if thought fit, to pass with or without modification, the following Resolution as an **Ordinary Resolution:**

   "RESOLVED THAT in partial modification of the ordinary Resolution passed in the Annual General Meeting of the Company held on 27th July, 2007 and pursuant to Sections 198, 309, 310, 311 read with Schedule XIII and other applicable provisions, if any, of the Companies Act, 1956 (Act) and subject to the approval of the Central Government, approval be and is hereby granted for payment of Performance Incentive amounting to Rs.22

lakhs to Mr.Y.Srinivasa Rao, Executive Director (Operations) for the Financial Year 2007-08, as determined and recommended by the Remuneration Committee of the Company in its meeting held on 23rd April, 2008, notwithstanding that the overall remuneration paid/payable to Mr.Y.Srinivasa Rao, Executive Director (Operations) exceeds the limits specified in the Act.

RESOLVED FURTHER THAT all other terms & conditions of his appointment and remuneration shall remain same."

By Order of the Board
For EVEREST INDUSTRIES LIMITED

NEERAJ KOHLI
Company Secretary & Head-Legal

Mumbai, 23rd April 2008

NOTES:

1. The Explanatory Statement pursuant to Section 173(2) of the Companies Act, 1956 in respect of the business set out under Item Nos. 5 to 9 is annexed hereto.
2. A MEMBER ENTITLED TO ATTEND AND VOTE IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE INSTEAD OF HIMSELF, AND A PROXY NEED NOT BE A MEMBER. PROXY IN ORDER TO BE EFFECTIVE MUST BE RECEIVED BY THE COMPANY NOT LESS THAN 48 HOURS BEFORE THE MEETING.
3. The Register of Members and Share Transfer Books of the Company will remain closed from July 19, 2008 to July 25, 2008 (both days inclusive), in connection with the Annual General Meeting and payment of Dividend.
4. The dividend as recommended by the Board of Directors, if approved by the Shareholders at their 75th Annual General Meeting, shall be paid to those members whose names appear on the Register of Members of the Company on July 25, 2008. In respect of shares held in electronic form, the dividend will be payable to the beneficial owners of the shares as on the closing hours of business on July 18, 2008 as per the details furnished by the respective Depositories for this purpose.
5. In accordance with the Circular issued by SEBI that the ECS facility should mandatorily be used by Companies for distribution of dividend to its members, your Company has sent the required forms and details to all the members on various occasions. Those members, who have not yet sent the duly filled in ECS form to avail of the benefits of this facility are once again requested to send the same at the earliest.
6. Pursuant to the provisions of Section 205A of the Companies Act, 1956, the amount of dividend which remains unpaid/unclaimed for a period of 7 years would be transferred to the "Investor Education and Protection Fund (IEPF)", constituted by the Central Government and Member(s) would not be able to claim any amount of dividend so transferred to the Fund from the Fund. As such, Member(s) who have not yet encashed his/their dividend warrant(s) is/are requested in his/their own interest to write to the Company immediately for claiming the outstanding dividend declared by the Company for the year ended 31.12.2000 and onwards.
7. As per the provisions of the Companies Act, 1956, the facility for making nominations is now available to the Shareholders in respect of the equity shares held by them. Nomination forms can be obtained from the Company's Registrars and Share Transfer Agents, viz. M/s. MCS Ltd., Sri Venkatesh Bhawan, W-40, Okhla Industrial Area, Phase-II, New Delhi-110020.
8. A brief resume, expertise, shareholding in the Company and other disclosures pursuant to Clause 49 of the Listing Agreement with respect to the Directors seeking appointment and re-appointment at the forthcoming Annual General Meeting, are given in the annexure to this Notice.
9. Members wishing to seek further information or clarification on the Annual Accounts or operations of the Company at the Meeting are requested to send their queries at least a week in advance of the date of the Meeting addressed to the Company Secretary & Head-Legal at the following address:

   Everest Industries Limited,
   'Genesis', G-1, A-32, Mohan Co-operative Industrial Area, Mathura Road,
   New Delhi - 110 044.

## EXPLANATORY STATEMENT

The following Explanatory Statement in terms of Section 173(2) of the Companies Act, 1956 is annexed to and forms part of the Notice convening the Seventy Fifth Annual General Meeting:

### Item No.5

Mr.Madan Lal Narula was appointed as Additional Director by the Board of Directors w.e.f. 30th January, 2008. Pursuant to Section 260 of the Companies Act, 1956 read with Article 117 (a) of the Articles of Association of the Company, Mr.Narula holds office upto the date of this Seventy Fifth Annual General Meeting. The Company has received a Notice in writing from a member of the Company under Section 257 of the Companies Act, 1956, proposing the candidature of Mr. Narula as Director of the Company liable to retire by rotation.

Mr. Madan Lal Narula graduated with B.Sc. Engineering (Electrical) from Punjab University and is Fellow of Institute of Engineers. He was the Managing Director of M/s.ACC Limited. He is a Director on the Board of various Companies. The Board of Directors feels that his knowledge and experience would be of benefit and value to the Company.

The Board, therefore, commends the appointment of Mr. Madan Lal Narula as Director liable to retire by rotation as set out in the Item No. 5 of the accompanying Notice.

Mr. Madan Lal Narula is concerned or interested in this item of business. No other Director is concerned or interested in this item of business.

### Item No. 6

The Board of Directors of your Company has decided to introduce an Employees' Stock Option Scheme for the Financial Year 2008-2009 (ESOS-2008) in accordance with SEBI (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999 (hereafter referred to as "SEBI Guidelines") with the objective of strengthening employee bonds with the Company and creating a sense of ownership. Your Board felt it appropriate to extend ESOS to management staff, including Managing Director and Whole-time Directors in order to motivate and retain the best talents.

Clause 6.1 of SEBI Guidelines requires the approval of the Company's Shareholders by means of a Special Resolution for allotment of shares to employees of the Company under ESOS. The Special Resolution is set out at Item No. 6 of the Notice.

The information required as per Clause 6.2 of SEBI Guidelines for ESOS-2008, is given below:

(a) Total number of Options to be granted -

The aggregate number of Options to be granted under the said Scheme is 180,000 (One Lac Eighty Thousand). Each Option shall entitle the holder thereof to apply for and be allotted one fully paid Equity Share of Rs.10/- at a price determined in accordance with the formula stated in para (e) below.

(b) Class of employees eligible for ESOS -

Such employees as are in the permanent employment of the Company in the management staff including the Managing/Whole-time Directors at the time the grant is made and as may be decided by the Remuneration Committee, are eligible to participate in the said Scheme.

(c) Vesting of Options -

The vesting period is one year from the date of grant of Options to the concerned employees. The requirements of vesting and period of vesting shall be mentioned in the Grant Letter. No employee can exercise his/her right during this vesting period. The basic condition for vesting is continued employment.

(d) Exercise period and process of exercise -

The exercise period shall commence from the date of expiry of vesting period and will expire after four years from the date of expiry of vesting period. In respect of employees who resign from the services of the Company or whose services have been terminated they should exercise their Options, which had vested with them prior to their resignation/termination, within 3 months from the date of resignation/termination from the service of the Company. If these Options are not exercised within 3 months as stated above, these Options shall lapse. Special provisions shall apply in case of death, disability, retirement or misconduct of any employee. Any eligible employee may exercise the Options vested in him/her during the exercise period by submitting an acceptance in writing.

(e) Exercise Price -

The exercise price for the Options will be decided by the Remuneration Committee, but such a price shall not be less than the previous two weeks' average closing price or closing price of the Company's shares on the Stock Exchange on the date prior to the date of grant of the Options, whichever is less. The Remuneration Committee shall be authorized to grant a further discount not exceeding 15% on the above price.

(f) Appraisal process for determining the number of Options to be granted -

The appraisal process to be followed for grant of Options would inter alia take into consideration the performance rating, individual contribution towards the Company's business performance and potential for growth.

(g) Maximum number of Options to be granted per employee and in the aggregate -

An employee may be granted Options not exceeding 20,000 (Twenty Thousand) Options and the aggregate of all such Options to the employees shall not exceed 180,000 (One Lac Eighty Thousand) Options.

(h) Adjustments in case of Corporate Actions -

A fair and reasonable adjustment shall be made by the Remuneration Committee to the number of Options and to the exercise price in case of Corporate Actions such as Rights Issue, Bonus Issue, Merger, Sale of Divisions and others between the date of grant of Options and the exercise of the Options.

(i) The Company shall conform to the accounting policies specified in the said SEBI Guidelines, as may be applicable.

(j) The Company will value its Options on the basis of intrinsic value.

(k) The difference between the employee compensation cost computed on the basis of the intrinsic value method and the employee compensation cost calculated on the basis of the fair value method for the Options and also the impact of this difference on the Profits and on Earnings Per Share (EPS) of the Company, shall be disclosed in the Directors' Report.

Monitoring and Administration:

The Board has already in place Compensation Committee referred to as 'Remuneration Committee' which shall be responsible for formulation of Policy and Rules. However, certain members of Senior Management will be empowered to administer and monitor the Scheme as per the approved Policy and Rules.

The decision of the Remuneration Committee of Directors on all matters/issues pertaining to said ESOS-2008 scheme shall be final and binding on the concerned employees of the Company.

Section 81 of the Companies Act, 1956 provides, inter alia, that whenever it is proposed to increase the Subscribed Capital of a Company by the allotment of further shares, such further shares shall be offered to the persons who on the date of offer are holders of the Equity Shares of the Company in proportion to the paid-up capital unless the Members in General Meeting decide otherwise. The consent of the Members is, therefore, sought to authorize the Board of Directors to issue the Equity Shares in the manner set out in the Resolution at Item No. 6. The Special Resolution proposed to be passed is as per and in accordance with the said Guidelines.

The Board commends the Resolution at Item No.6 for approval by the Members.

The Managing Director and Whole-time Directors of the Company may be deemed to be concerned or interested in the Resolution at Item No.6 to the extent of the Equity Shares that may be offered to them under the said Scheme. None of the other Directors are concerned or interested in the said Item of business.

Item Nos. 7 to 9

In the Annual General Meeting of the Company held on 26th July, 2006, the members had approved the re-appointment and remuneration of Mr.M.L.Gupta, Managing Director, for a period of 3 years w.e.f. 1st March, 2006 to 28th February, 2009 at the remuneration of Rs.1,25,000 per month in the grade of Rs.1,25,000 - 25,000 - 2,50,000 as Basic Salary together with usual perquisites and allowances and such Performance Incentive as may be determined by the Board of Directors or Remuneration Committee at the end of each Financial Year. During the Financial Year 2007-08, Mr.M.L.Gupta, Managing

Director has been paid basic salary, perquisites and allowances as were approved by the members in the said Annual General Meeting. In addition, considering the performance of Mr.M.L.Gupta, Managing Director, the Remuneration Committee of the Company has determined and recommended a payment of Rs.30 lakhs as Performance Incentive for the Financial Year 2007-08.

In the Annual General Meeting of the Company held on 26th July, 2006, the members had approved the re-appointment and remuneration of Mr. Manish Sanghi, Executive Director, for a period of 5 years w.e.f. 8th July, 2006 to 7th July, 2011 at the remuneration of Rs.1,00,000 per month in the grade of Rs.1,00,000 - 10,000 - 1,50,000 as Basic Salary together with usual perquisites and allowances and such Performance Incentive as may be determined by the Board of Directors or Remuneration Committee at the end of each Financial Year. During the Financial Year 2007-08, Mr.Manish Sanghi, Executive Director has been paid basic salary, perquisites and allowances as were approved by the members in the said Annual General Meeting. In addition, considering the performance of Mr.Manish Sanghi, Executive Director, the Remuneration Committee of the Company has determined and recommended a payment of Rs.26 lakhs as Performance Incentive for the Financial Year 2007-08.

In the Annual General Meeting of the Company held on 27th July, 2007, the members had approved the appointment and remuneration of Mr. Y. Srinivasa Rao, Executive Director (Operations), for a period of 5 years w.e.f. 23rd April, 2007 to 22nd April, 2012 at the remuneration of Rs.80,000 per month in the grade of Rs.80,000 - 10,000 - 1,30,000 as Basic Salary together with usual perquisites and allowances and such Performance Incentive as may be determined by the Board of Directors or Remuneration Committee at the end of each Financial Year. During the Financial Year 2007-08, Mr. Y. Srinivasa Rao, Executive Director (Operations) has been paid basic salary, perquisites and allowances as were approved by the members in the said Annual General Meeting. In addition, considering the performance of Mr.Y.Srinivasa Rao, Executive Director (Operations), the Remuneration Committee of the Company has determined and recommended a payment of Rs.22 lakhs as Performance Incentive for the Financial Year 2007-08.

During the Financial Year 2007-08, the Company was able to achieve almost the same profitability levels as compared to the previous financial year notwithstanding severe competition and stagnation in the industry. The year to year profits as per section 349 of the Companies Act, 1956, barring the following unusual items relating to the financial year 2007-08 :

| | | | |
|---|---|---|---|
| 1. | Swap Loss* | - | Rs.493.50 lacs |
| 2. | Higher Interest Cost | - | Rs.197.61 lacs |
| 3. | Higher Depreciation | - | Rs.73.19 lacs |
| 4. | Higher managerial remuneration on account of the President being inducted as a Board Member | - | Rs.44.71 lacs |
| | Total | - | Rs. 809.01 lacs |

shows a net profit of Rs.1961.84 lacs as compared to Rs.1991.57 lacs during the previous Financial Year.

*Swap Loss is a provision for mark-to-market loss on derivative transaction. This provision has to be made on the basis of guidelines issued by the Institute of Chartered Accountants of India as late as March 29, 2008.

The results despite lower sales can certainly be attributed to the contribution made by the entire team and more particularly by the Managing Director & Executive Directors of the Company. Besides the focus on profitability despite severe competition the Directors ensured the erection of two new plants i.e. Fibre Cement Plant and PEB Plant within the time frame. These two new plants are expected to substantially contribute to the Company's bottom line in the coming years.

In view of these factors, the Board of Directors based on the recommendations of the Remuneration Committee considered it prudent to recommend a higher performance incentive for the financial year 2007-08 to the above mentioned Managing Director / Executive Directors to compensate them for their efforts and recognize that the Company rewards and appreciates the contribution made by the Directors.

Except Mr.M.L.Gupta, Managing Director, Mr.Manish Sanghi, Executive Director and Mr.Y.Srinivasa Rao, Executive Director (Operations) themselves no other Director of the Company is concerned or interested in their proposed respective resolutions at item nos.7 to 9.

This may also be treated as notice under Section 302 of the Companies Act, 1956 regarding the variation in the terms & conditions of the appointment of Mr.M.L.Gupta, Managing Director, Mr.Manish Sanghi, Executive Director and Mr.Y.Srinivasa Rao, Executive Director (Operations) and memorandum of interest of the Directors.

By Order of the Board
For EVEREST INDUSTRIES LIMITED

NEERAJ KOHLI
Company Secretary & Head-Legal

Mumbai, 23rd April 2008

ANNEXURE TO NOTICE DATED 23RD APRIL, 2008 - ITEM NOS. 3 & 5
DETAILS OF DIRECTORS SEEKING APPOINTMENT/RE-APPOINTMENT AT THE FORTHCOMING ANNUAL GENERAL MEETING
(IN PURSUANCE OF CLAUSE 49 OF THE LISTING AGREEMENT)

| Name of Director | Mr.Mohanlal Bhandari | Mr.Madan Lal Narula |
|---|---|---|
| Date of Birth | 15.11.1948 | 25.10.1940 |
| Date of appointment | 07.07.2004 | 30.01.2008 |
| Expertise in specific functional areas | Finance, Accounts & Taxation | General Management |
| Qualifications | B.Com., FCA | B.Sc.Engineering (Electrical) |
| List of Directorship held in other Companies as on 31st March, 2008 | 1) MGB Consulting Pvt. Ltd.<br>2) The Ratnakar Bank Ltd. | 1) ACC Limited<br>2) ACC Machinery Co. Ltd.<br>3) Ambuja Cement India Pvt. Ltd.<br>4) Axis Holdings Pvt. Ltd.<br>5) Holcim (Lanka) Ltd., Colombo.<br>6) PT Holcim Indonesia Tbk, Jakarta (Commissioner) |
| Chairman / Member of the Committees of the Board of Public Companies on which he is a Director as on 31st March, 2008 (Mandatory only) | N.A. | ACC Limited - Shareholders' / Investors' Grievance Committee (Member) |
| Shareholding in the Company | NIL | NIL |
| Relationship with other Directors | None | None |

By Order of the Board
For EVEREST INDUSTRIES LIMITED

NEERAJ KOHLI
Company Secretary & Head-Legal

Mumbai, 23rd April 2008

TO THE MEMBERS OF EVEREST INDUSTRIES LIMITED

Dear Members,

Your Directors have pleasure in presenting their Seventy Fifth Annual Report together with the Audited Statement of Accounts for the financial year ended March 31, 2008.

FINANCIAL RESULTS (Rs. in lakhs)

| Particulars | Year Ended 31.03.08 | Year Ended 31.03.07 |
|---|---|---|
| Net Sales Turnover | 28,513.54 | 30,377.30 |
| Other Income | 1,424.54 | 304.38 |
| Profit before Depreciation & Interest | 3,237.63 | 2,946.02 |
| Less: | | |
| – Depreciation | 964.46 | 891.27 |
| – Interest | 469.95 | 272.34 |
| Profit before Tax | 1,803.22 | 1,782.41 |
| Less: | | |
| – Current Tax | 241.60 | 501.35 |
| – Deferred Tax | 67.37 | 68.59 |
| – Fringe Benefit Tax | 62.52 | 46.50 |
| Profit after Tax | 1,431.73 | 1,165.97 |
| Add: Surplus of earlier years brought forward | 4,787.71 | 4,431.35 |
| Profit available for Appropriation | 6,219.44 | 5,597.32 |
| Appropriations: | | |
| General Reserve | 150.00 | 117.00 |
| Dividend | 592.00 | 592.00 |
| Tax on Distributed Profits | 100.61 | 100.61 |
| Surplus carried to Balance Sheet | 5,376.83 | 4,787.71 |

DIVIDEND

After considering Company's profitability, future expansion needs and business working capital requirements, your Directors are pleased to recommend a dividend of 40% (Rs.4/- per equity share of Rs.10/- each). The total quantum of dividend, if approved by members, will be Rs.592 Lacs, while Rs.100.61 Lacs will be paid by the Company towards dividend tax and surcharge on the same. Dividend will be tax free in the hands of the Shareholders.

OPERATIONS REVIEW

Net Sales Turnover was Rs.285.14 crores as compared to Rs.303.77 crores during the previous year. However, the net profit during the year at Rs.14.31 crores was higher as compared to the previous year.

Your Company is now a complete building solutions company from roofing to exterior cladding to ceiling to flooring to walling to doors and even the complete structure. The Company is continuously expanding its product portfolio and penetrating new markets.

COMMENCEMENT OF COMMERCIAL PRODUCTION

As you are aware Company has already completed the erection of new multi-manufacturing facility at Bhagwanpur (near Roorkee), Distt. Haridwar to manufacture fibre cement roofing sheets, flat boards, light gauge steel frames and Rapicon panels. The commercial production of fibre cement roofing sheets has commenced w.e.f. 1st April, 2008.

DIRECTORS' RESPONSIBILITY STATEMENT

Pursuant to Section 217(2AA) of the Companies Act, 1956 and to the best of their knowledge and belief and according to the information and explanations obtained by them, the Directors confirm:

i) that the preparation of the annual accounts for the year ended 31st March 2008, the applicable accounting standards have been followed alongwith proper explanation relating to material departures, if any;

ii) that appropriate accounting policies have been selected and applied consistently and judgments and estimates have been made that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company as at 31st March, 2008 and of the profit of the Company for the year ended 31st March, 2008;

iii) that proper and sufficient care has been taken for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956, for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;

iv) that the annual accounts have been prepared on a going concern basis.

DIRECTORS

The Board of Directors, at its meeting held on January 30, 2008 appointed Mr. Madan Lal Narula as an Independent Director, he holds the office upto the date of the ensuing Annual General Meeting. Your Directors feel that his presence as Director on the Board would be of immense benefit to the Company and hence be appointed as Director of the Company liable to retire by rotation. Resolution proposing his appointment will be placed before the Shareholders for their approval at the ensuing Annual General Meeting of the Company.

Mr.Mohanlal Bhandari, Director, retires by rotation and being eligible, offers himself for re-appointment at the forthcoming Annual General Meeting.

## SUBSIDIARY COMPANY

As required under Section 212 of the Companies Act, 1956, the audited annual accounts of Everest Building Solutions Limited alongwith the statement under Section 212 of the Companies Act, 1956, is attached.

## FIXED DEPOSITS

Your Company has not invited or accepted any fixed deposits from the public and, as such, no amount of Principal or interest was outstanding on the date of the Balance Sheet.

## AUDITORS

The Statutory Auditors of the Company, M/s Deloitte Haskins & Sells, New Delhi, retire at the conclusion of the ensuing Annual General Meeting and being eligible, offer themselves for re-appointment. They have confirmed that their re-appointment, if made would be within the limits in accordance with Section 224(1B) of the Companies Act, 1956. The Audit Committee and the Board recommend the re-appointment of M/s.Deloitte Haskins & Sells, Chartered Accountants, as Statutory Auditors of the Company.

## AUDITORS' OBSERVATIONS

The Auditors observations are self explanatory and are suitably explained in Notes to the Accounts. As regards the Auditors' observation in para 4 of their Report, it is stated that the salary, perks and allowances have been paid to the Mr.M.L.Gupta, Managing Director, Mr.Manish Sanghi, Executive Director and Mr.Y.Srinivasa Rao, Executive Director (Operations) in accordance with the approvals accorded by the shareholders in the Annual General Meeting of the Company held on 26th July, 2006 [for Mr.M.L.Gupta, Managing Director and Mr.Manish Sanghi, Executive Director] and in their Annual General Meeting of the Company held on 27th July, 2007 [for Mr.Y.Srinivasa Rao, Executive Director (Operations)]. The shareholders had also approved payment of Performance Incentive to them as may be determined by the Remuneration Committee/Board of Directors at the end of each financial year. In respect of Financial Year 2007-08, the Board of Directors have approved payment of Performance Incentive aggregating to Rs.78 lakhs to them. After considering the amount of Performance Incentive the total remuneration paid/payable to them exceeds the limits prescribed in section 309 of the Companies Act, 1956.

The profits have marginally been less on account of stiff competition in the industry and also due to provision for Swap Loss and higher depreciation and interest cost. The Company intends to make applications to Central Government seeking its approval for increase in remuneration of Mr.M.L.Gupta, Managing Director, Mr.Manish Sanghi, Executive Director and Mr.Y.Srinivasa Rao, Executive Director (Operations).

## CORPORATE GOVERNANCE

Your Company continues to be committed to good corporate governance and ethical corporate practices. A separate Report on Corporate Governance along with Auditors' Certificate on compliance with the conditions of Corporate Governance as per Clause 49 of the Listing Agreement with Stock Exchanges is provided as part of this Annual Report, besides Management Discussion and Analysis, Risk Management and Shareholders Information.

## CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION, FOREIGN EXCHANGE EARNINGS AND OUTGO

The required particulars under Section 217(1)(e) of the Companies Act, 1956 read with Companies (Disclosure of Particulars in the Report of Board of Directors) Rules, 1988 are furnished in the Annexure - A forming an integral part of this Report.

## PARTICULARS OF EMPLOYEES

As required by the provisions of Section 217(2A) of the Companies Act, 1956 read with Companies (Particulars of Employees) Rules, 1975, as amended, the names and other required particulars of the employees are set out in the Annexure - B forming an integral part of this Report.

## EMPLOYEES' STOCK OPTION SCHEME (ESOS-2006)

Your Company has already implemented the Employees' Stock Option Scheme (ESOS-2006) and 1,47,420 Options had been granted to the eligible employees during the Financial Year 2006-07. Details of ESOS-2006 as required under the SEBI Guidelines are set out in Annexure - C to the Directors' Report.

## EMPLOYEES' STOCK OPTION SCHEME (ESOS-2007)

Your Company has already implemented the Employees' Stock Option Scheme (ESOS-2007) and 1,48,000 Options had been granted to the eligible employees during the Financial Year 2007-08. Details of ESOS-2007 as required under the SEBI Guidelines are set out in Annexure - C to the Directors' Report.

## INDUSTRIAL RELATIONS

The industrial relations at all the works of the Company, during the year were cordial.

## ACKNOWLEDGEMENT

Your Directors place on record their gratitude to the Company's business associates, trade partners all over India and overseas, dealers, customers, shareholders, vendors, bankers, technology providers and other stakeholders for the continuous support and co-operation extended by them to the Company. Your Board also thanks the Government of India, State Governments and Government Authorities for their continuous support and encouragement to the Company and look forward to their support in future as well.

Your Directors especially wish to place on record their appreciation of the efficient services rendered by the Company's motivated team members from all Zones, Works and Offices.

For and on behalf of the Board

| | |
|---|---|
| MANISH SANGHI<br>Executive Director | M.L. GUPTA<br>Managing Director |

Mumbai, 23rd April 2008

# ANNEXURE - A TO DIRECTORS' REPORT

STATEMENT PURSUANT TO SECTION 217(1)(e) OF THE COMPANIES ACT, 1956 READ WITH COMPANIES (DISCLOSURE OF PARTICULARS IN THE REPORT OF BOARD OF DIRECTORS) RULES, 1988.

A) Conservation of Energy

a) Energy conservation measures taken:

- Optimization of power consumption of Hydropulper, Refiner, Backwater & Vacuum Pumps.
- Installed soft starters, AC Drives, Automatic Power Factor Correction Panels & Capacitors and efficient lightings.

(b) Additional Investments and Proposals, if any, being implemented for reduction of consumption of energy:

- Installation of Automatic Power Factor Correction Panels & Capacitors and energy efficient devices for factory lighting at different works.
- Installation of energy efficient motors.

(c) Impact of the Measures at (a) and (b) above for reduction of consumption of energy Consumption:

- Reduction in specific power consumption for production.
- Cost reduction.

(d) Total energy consumption and energy consumption per unit of Production as per "Form-A" of the Rules in respect of specified Industries:

Information is given in prescribed Form-A hereunder:

## Form - A

| A Power and fuel consumption | | |
|---|---|---|
| | 2007-08 | 2006-07 |
| 1 Electricity | | |
| (a) Purchased (Units in Lakhs) | 230.91 | 264.64 |
| Total amount (Rs. in Lakhs) | 994.61 | 1141.11 |
| Rate/unit | 4.31 | 4.31 |
| (b) Own generation | | |
| (i) Through diesel generators (Units in Lakhs) | 12.55 | 9.90 |
| Total amount (Rs. in Lakhs) | 170.88 | 144.69 |
| Rate/unit | 13.61 | 14.62 |
| 2 Furnance oil | | |
| Quantity (In k. Litres) | 970.87 | 1176.96 |
| Total amount (Rs. in Lakhs) | 188.48 | 192.42 |
| Average rate | 19.41 | 16.35 |
| B Consumption per unit of production | | |
| (a) CBS UT Roofing sheets | | |
| Electricity (kWh/000'm2n)* | 373 | 382 |
| (b) Non-Asbestos Hitech Roofing sheets Electricity (kWh/000'm2n)* | 884 | 859 |
| (c) Flat Boards | | |
| Electricity (kWh/000'm2n)*^ | 945 | 756 |
| Furnance oil (k Litres/000'm2n)* | 0.13 | 0.14 |

* 1m2n = 1 Sq.m. of 5mm thick sheet/board

^ including Compressed Boards

B) TECHNOLOGY ABSORPTION

Efforts made in technology absorption as per "Form-B" of the Annexure to the Rules:

Information is given in prescribed Form - B hereunder:

## FORM - B

RESEARCH AND DEVELOPMENT (R&D)

a) Specific areas in which R & D carried out by the Company:

- Development of stronger and thinner ceiling boards.
- Development of new formulation for Hitech roofing sheets.
- Development of paint/coating for exterior applications.

b) Benefits derived as a result of the above R & D:

- Increase in acceptance of Hitech roofing sheets in market.
- Cost reduction and import substitution.

c) Future Plan of Action:

- Development of new technologies for fibre-cement boards, product variants and special surface textures and coatings.
- Enhance and develop characteristics of Non-asbestos roofing sheets.

d) Expenditure on R & D: (Rs. In Lacs)

| | Current Year | Previous Year |
|---|---|---|
| (i) Capital | 3.23 | 14.04 |
| (ii) Recurring | 62.87 | 52.09 |
| (iii) Total | 66.10 | 66.15 |
| (iv) Total R & D expenditure as a percentage of total turnover. | 0.23% | 0.20% |

TECHNOLOGY ABSORPTION, ADAPTATION AND INNOVATION

1) Efforts, in brief, made towards technology absorption, adaptation and innovation:
   - Stabilized production and quality of Hi-tech roofing sheets.
   - Stabilized production and quality of Grey Compressed Boards.
2) Benefits derived as a result of the above efforts, e.g. product improvement, cost reduction, product development, import substitution, etc.:
   - Improvement in productivity and quality of products.
   - Reduction in manufacturing costs.
3) In case of imported technology (imported during the last 5 years reckoned from the beginning of the financial year), following information may be furnished -
   - PP fibre technology from M/s Brasilit, Brazil for manufacturing Non-asbestos roofing sheets in year 2004-05. Production of Hitech non-asbestos roofing sheets stabilized.
   - Compressed Boards plant & technology from M/s Dansk Eternit A/s, Denmark in 2004-05. Production of Endura - Grey Compressed Boards stabilized. Color compressed boards are being developed.

C) FOREIGN EXCHANGE EARNINGS AND OUTGO

a) Activities relating to exports; initiatives taken to increase exports; development of new export markets for products and services; and export plans:

During the year under review, export volumes have more than doubled from the previous year, and this can be attributed to the hard work done for the specifications and increase in distribution network in export markets. The Company's products were introduced in the Middle East countries, United Kingdom, African countries, South East Asia and South Asia (Indian Subcontinent) and within a short span of time these products have received very good market acceptance due to their superior attributes and now these products are used widely for interior and exterior applications in pre-fabricated structures, false ceiling, partitioning, paneling, doors, etc.

b) Total Foreign Exchange Used and Earned: (Rs. In Lacs)

| | Current Year | Previous Year |
|---|---|---|
| Foreign Exchange Earnings | 1,551.20 | 729.38 |
| Foreign Exchange Used | 7,990.31 | 6,657.95 |

For and on behalf of the Board

MANISH SANGHI
Executive Director

M.L. GUPTA
Managing Director

Mumbai, 23rd April 2008

# ANNEXURE - B TO DIRECTORS' REPORT

STATEMENT PURSUANT TO SECTION 217(2A) OF THE COMPANIES ACT, 1956 READ WITH THE COMPANIES (PARTICULARS OF EMPLOYEES) RULES, 1975 AND FORMING PART OF THE DIRECTORS' REPORT FOR THE FINANCIAL YEAR ENDED MARCH 31, 2008.

1) Employed for full year and in receipt of remuneration of not less than Rs.24,00,000/- per year

| S.No. | Name | Designation & Nature of duties | Qualification | Age in years | Experience in years | Remuneration Gross (Rs.) | Date of commencement of Employment | Last Employment / Designation |
|---|---|---|---|---|---|---|---|---|
| (1) | (2) | (3) | (4) | (5) | (6) | (7) | (8) | (9) |
| 1. | Gupta M.L. | Managing Director | B.Tech. (Hons) | 67 | 45 | 70,37,785.00 | 08.07.2002 | ACC Ltd. (President) |
| 2. | Sanghi Manish | Executive Director | B.E. (Mech), PGDM (IIM) | 45 | 22 | 56,57,279.00 | 16.01.2001 | Delphi Automotive Systems Ltd. (General Manager- Marketing & Planning) |
| 3. | Rao Y. Srinivasa | Executive Director (Operations) | B.Sc. Engg. (Mech) | 44 | 22 | 30,45,062.25 | 20.08.1997 | Samcor Glass Ltd. (Manager) |

2) Employed for part year and in receipt of remuneration of not less than Rs.2,00,000/- per month.

| S.No. | Name | Designation & Nature of duties | Qualification | Age in years | Experience in years | Remuneration Gross (Rs.) | Date of commencement of Employment | Last Employment / Designation |
|---|---|---|---|---|---|---|---|---|
| (1) | (2) | (3) | (4) | (5) | (6) | (7) | (8) | (9) |
| 1. | Garg Manish Kumar | President (EBS) | Diploma in Engineering, AMIE | 35 | 17 | 36,96,125.00 | 20.04.2007 | Interarch Building Products P. Ltd. (General Manager- Marketing) |
| 2. | Gupta Rakesh Kumar | Sr. Vice President (Finance) | B.Com (Hon), CA, ICWA | 47 | 24 | 12,89,398.00 | 01.10.2007 | G4S Corporate Services (India) P. Ltd. (CFO) |

Notes: (i) Gross Remuneration shown above is subject to tax and comprises salary, allowances, incentives, monetary value of perquisites, company's contribution to provident fund, officer's superannuation fund, performance incentives/commission.

(ii) In addition to above remuneration, employees are entitled to gratuity, medical benefits etc. in accordance with the Company's rules.

(iii) All the above employments are contractual in nature.

(iv) None of the above employees are related to any Director of the Company.

For and on behalf of the Board

Mumbai, 23rd April 2008

MANISH SANGHI
Executive Director

M.L. GUPTA
Managing Director

# ANNEXURE - C TO DIRECTORS' REPORT

STATEMENT PURSUANT TO CLAUSE 12 (DISCLOSURE IN THE DIRECTORS' REPORT) OF SEBI (EMPLOYEES' STOCK OPTION SCHEME AND EMPLOYEES' STOCK PURCHASE SCHEME) GUIDELINES, 1999.

Pursuant to the Special Resolutions passed by the Shareholders through Postal Ballot result of which was declared on 8th September, 2006 and in the Annual General Meeting held on 27th July, 2007, the Remuneration Committee of the Directors have granted Stock Options to eligible employees and Wholetime Directors for the financial years 2006-2007 and 2007-2008 respectively. The employees are entitled to get one Equity Share per Option. The details of the Stock Options are given here below :

| Sr. No. | Description | Particulars of ESOS - 2006 | Particulars of ESOS - 2007 |
|---|---|---|---|
| A | Options granted | 147,420 Options were granted to the employees and Directors of Company on 22.03.2007 | 1,48,000 options were granted to the employees and Directors of the Company on 30.01.2008. |
| B | Pricing formula | @ Rs. 90/- (Being the average of the two weeks high and low price of the share preceding the date of grant of options on BSE/NSE or closing price of the Company's share on that Exchange on the date prior to the date of grant of options, whichever is less. Accordingly, the exercise price has been determined at Rs.90/- per share, the closing price on BSE on March 21, 2007 was Rs.89.75) | @ Rs.98/- (Being the average of the two weeks high and low price of the share preceding the date of grant of options on BSE/NSE or closing price of the Company's share on that Exchange on the date prior to the date of grant of options, whichever is less. Accordingly, the exercise price has been determined at Rs.98/- per share, the closing price on BSE on January 29, 2008 was Rs.98.00) |
| C | Options vested | 1,32,350 | NIL |
| D | Options exercised | NIL | NIL |
| E | The Total number of Shares arising as a result of exercise of Options | NIL | NIL |
| F | Options lapsed | 15,070 | NIL |

| Sr. No. | Description | Particulars of ESOS - 2006 | Particulars of ESOS - 2007 |
|---|---|---|---|
| G | Variation of terms of Options | NIL | NIL |
| H | Money realized by exercise of Options | NIL | NIL |
| I | Total number of Options in force | 1,32,350 | 1,48,000 |
| J | Details of options granted to :<br>i) Senior Managerial Personnel :<br>(a) Mr. M.L.Gupta, Managing Director<br>(b) Mr. Manish Sanghi, Executive Director<br>(c) Mr. Y.Srinivasa Rao, Executive Director (Operations)<br>(d) Mr. Manish Garg, President (ESBS)<br>ii) Any other employee who receives a grant in any one year of option amounting to 5% or more of option granted during that year. | <br><br>16,000<br>16,000<br>10,000<br>–<br>None | <br><br>16,000<br>16,000<br>16,000<br>10,000<br>None |
| | iii) Identified employees who were granted option during any one year, equal to or exceeding 1% of the issue capital (excluding outstanding warrants and conversions) of the company at the time of grant. | None | None |
| K | Diluted Earnings Per Share (EPS) pursuant to issue of shares on exercise of option calculated in accordance with Accounting Standard (AS) 20 Earnings Per Share. | Rs.9.67 | |
| L | i) Method of calculation of employee compensation cost. | The Company has calculated the employee compensation cost using the intrinsic value method of accounting to account for stock-based compensation cost as per the intrinsic value method for the financial year 2007-08. | |
| | ii) Difference between the employee compensation cost so computed at (i) above and the employee compensation cost that shall have been recognized if it had used the fair value of the Options. | The employee compensation cost would have been increased by Rs. 42.81 lakhs. | |
| | iii) The impact of this difference on Profits and on EPS of the Company. | The effect of adopting the fair value method on the net income and earnings per share is presented below: | |

| | | (Rs.in lakhs) |
|---|---|---|
| Net Income reported | | 1,431.73 |
| Add: Intrinsic Value Compensation Cost | | |
| – Employees Stock Option Scheme 2006 | | – |
| – Employees Stock Option Scheme 2007 | | – |
| Less: Fair value Compensation Cost (Black Scholes Model) | | |
| – Employees Stock Option Scheme 2006 | | 33.25 |
| – Employees Stock Option Scheme 2007 | | 9.56 |
| Adjusted Net Income | | 1,388.92 |
| Earning Per share | Basic (Rs) | Diluted (Rs) |
| As reported | 9.67 | 9.67 |
| As adjusted | 9.38 | 9.38 |

| Sr. No. | Description | Particulars of ESOS - 2006 | Particulars of ESOS - 2007 |
|---|---|---|---|
| M | Weighted average exercise price and weighted average fair value of Options for options whose exercise price either equals or exceeds or is less than the market price of the stock. | Options whose exercise price is equal to the market price:<br>Weighted average exercise price: Rs.90.00<br>Weighted average fair value: Rs.25.83 | Options whose exercise price is equal to the market price:<br>Weighted average exercise price: Rs.98.00<br>Weighted average fair value: Rs.38.16 |

| Sr. No. | Description | Particulars of ESOS - 2006 | Particulars of ESOS - 2007 |
|---|---|---|---|
| N | A description of the method and significant assumptions used during the year to estimate the fair values of options : | The fair value of each options estimated using the Black Scholes Options Pricing Model after applying the following key assumptions | The fair value of each options estimated using the Black Scholes Options Pricing Model after applying the following key assumptions |
| | (i) risk free interest rate : | 7.97% | 7.59% |
| | (ii) expected life : | 4 years | 5 years |
| | (iii) expected volatility : | 49.93% | 54.83% |
| | (iv) expected dividends : | 7.80% | 4.22% |
| | (v) the price of the underlying share in market at the time of option grant : | Rs.89.75 | Rs.98.00 |

For and on behalf of the Board

Mumbai, 23rd April, 2008

MANISH SANGHI
Executive Director

M.L. GUPTA
Managing Director

## COMPANY'S PHILOSOPHY ON CORPORATE GOVERNANCE

Your Company remains resolute in its commitment to conduct business in accordance with the highest ethical standards and sound Corporate Governance practices. Our Corporate Governance practices are driven by strong Board overview, timely disclosures, transparent accounting policies and high levels of integrity in decision-making. The Company will continue to adopt best-in-class Corporate Governance standards while enhancing the efficiency of its business to maximize long-term shareholder value and serve the interest of our multiple stakeholders.

## BOARD OF DIRECTORS (COMPOSITION, STATUS, ATTENDANCE AT BOARD MEETINGS & LAST ANNUAL GENERAL MEETING)

1. The Board consists of 7 Directors out of whom three are Executive Directors and others being Non-Executive Directors. The day to day management of the Company is conducted by the Managing Director subject to the supervision and control of the Board of Directors of the Company. None of the Directors is related with each other.
2. In the Financial Year ended 31.03.2008, the Board met 4 times [on 23.4.2007, 27.7.2007, 25.10.2007 and 30.01.2008] with clearly defined agenda, circulated well in advance before each meeting.
3. Attendance record of the Directors for the year ended 31.03.2008 and the number of Directorship and Committee Chairmanship/Membership held by them in other companies is as follows :

| Name of Director | No. of Board Meetings attended | Attendance at previous AGM on 27.07.2007 | No. of other Directorships held | No. of Membership/ Chairmanship in other Board/ Committees (Mandatory only) | Executive/ Non-Executive/ Independent |
|---|---|---|---|---|---|
| Mr. M.L.Gupta | 4 | Present | 1 | Nil | Executive |
| Mr. Mohanlal Bhandari | 4 | Present | 2 | Nil | Independent Non Executive |
| Mr. Manish Sanghi | 4 | Present | 1 | Nil | Executive |
| Mr. A.V.Somani | 4 | Present | 4 | Nil | Non Executive |
| Mr. Sandeep Junnarkar | 4 | Present | 10 | 6 (1 as Chairman) | Independent Non Executive |
| Mr. M.L.Narula* | 1 | N.A. | 6 | 1 | Independent Non Executive |
| Mr. Y.Srinivasa Rao# | 3 | Present | 1 | Nil | Executive |

* Mr.M.L.Narula was appointed on the Board as Additional Director w.e.f. 30.01.2008.

\# Mr.Y.Srinivasa Rao was appointed on the Board as Additional Director and also as Wholetime Director w.e.f. 23.04.2007.

4. <u>Code of Business Conduct and Ethics</u>

   The Board w.e.f. January 12, 2006, has adopted and laid down the Code of Business Conduct and Ethics for all Directors and Senior Management Personnel, which comprises of all members of Management one level below the Executive Director, including all Functional, Works and Zonal Heads.

   The Code of Conduct has been designed to put values into practice. This Code isn't merely a set of rules for specific circumstances but an intentionally expansive statement of principles meant to inform all the actions of the Board of Directors and Senior Management.

   The Code is posted and available at the website of the Company (www.everestind.com). The declaration signed by the Managing Director to this effect that all Board Members and Senior Management Personnel have affirmed compliance with the Code of Conduct for the financial year 2007-08 is appended to this Corporate Governance Report and forms part of the Annual Report.

5. The Company has the following Committees of the Board :

   (a) <u>INVESTOR GRIEVANCE / SHARE TRANSFER COMMITTEE</u>

   Investor Grievance/Share Transfer Committee of the Board consists of Mr. Mohanlal Bhandari, Chairman, Mr.Aditya Vikram Somani, Non Executive Director and Mr.M.L.Gupta, Managing Director. The Committee is responsible for approving the transfer, transmission of shares, issuance of duplicate share certificates etc. The Committee approved transfers etc. 22 times in the financial year ended March 31, 2008 and there are no pending shares to be transferred. During the year April 01, 2007 to March 31, 2008, the Company received 43 complaints from shareholders & investors. All the complaints have been resolved to the satisfaction of the complainants except for disputed cases and sub-judice matters, which would be solved on final disposal by the courts. Mr.Neeraj Kohli, Company Secretary & Head-Legal is the Compliance Officer of the Company.

   (b) <u>AUDIT COMMITTEE</u>

   As at April 01, 2007, the Audit Committee of the Board comprised of Mr.Mohanlal Bhandari (Chairman), Mr.Sandeep Junnarkar (Member) and Mr.Aditya Vikram Somani (Member) and all are financially literate, with Mr.Bhandari and Mr.Somani having accounting or related financial management expertise. Mr. Neeraj Kohli, Company Secretary & Head-Legal is the Secretary to the Committee. The head of internal audit and the representative of the statutory auditors, attend the meetings as invitees. The Audit Committee is responsible for the areas specified by Clause 49 of the Listing Agreement and Section 292-A of the Companies Act, 1956, besides other roles as may be referred by the Board of Directors. The dates on which the Audit Committee Meetings were held and the attendance of the Members at the said Meetings are as under :

| Sr. No. | Dates on which Audit Committee Meetings were held | Attendance Record of the Members | | |
|---|---|---|---|---|
| | | Mr. Mohanlal Bhandari | Mr. Sandeep Junnarkar | Mr. Aditya Vikram Somani |
| 1. | 23rd April, 2007 | Attended | Attended | Attended |
| 2. | 27th July, 2007 | Attended | Attended | Attended |
| 3. | 25th October, 2007 | Attended | Attended | Attended |
| 4. | 30th January, 2008 | Attended | Attended | Attended |

c) REMUNERATION COMMITTEE

As at April 01, 2007, the Remuneration Committee of the Board comprised of Mr.Mohanlal Bhandari (Chairman), Mr.Sandeep Junnarkar (Member) and Mr.Aditya Vikram Somani (Member). The dates on which the Remuneration Committee Meetings were held and the attendance of the Members at the said Meetings are as under :

| Sr. No. | Dates on which Remuneration Committee Meetings were held | Attendance Record of the Members | | |
|---|---|---|---|---|
| | | Mr. Mohanlal Bhandari | Mr. Sandeep Junnarkar | Mr. Aditya Vikram Somani |
| 1. | 23rd April, 2007 | Attended | Attended | Attended |
| 2. | 30th January, 2008 | Attended | Attended | Attended |

The Remuneration Committee has been constituted to recommend / review the remuneration package including Employees Stock Options of Managing Director / Wholetime Director(s) in line with the Company's remuneration policy and the requirement of the Companies Act, 1956.

d) BANKING FACILITY COMMITTEE

As at April 01, 2007, the Banking Facility Committee of the Board comprised of Mr.Aditya Vikram Somani (Chairman), Mr.M.L.Gupta (Member) and Mr.Manish Sanghi (Member).

During the year, the Committee met only once i.e. on 19.11.2007, in which all the above members were present.

REMUNERATION OF WHOLE-TIME DIRECTORS

| Name and Designation | Mr. M.L.Gupta, Managing Director | Mr. Manish Sanghi, Executive Director | Mr. Y.Srinivasa Rao, Executive Director (Operations) |
|---|---|---|---|
| Tenure of Appointment | Current tenure is upto 28th February, 2009. | Current tenure is upto 7th July, 2011. | Current tenure is upto 22nd April, 2012 |
| Salary (Rs.) | 18,00,000 | 14,40,000 | 9,01,333 |
| Perquisites/Allowances (Rs.) | 22,50,000 | 18,00,000 | 11,26,666 |
| Performance Incentive/ Commission (Rs.) | 30,00,000 | 26,00,000 | 22,00,000 |
| Contributions to Provident Fund / Superannuation Fund (Rs.) | 4,86,000 | 3,88,800 | 2,43,360 |
| Total (Rs.) | 75,36,000 | 62,28,800 | 44,71,359 |
| Employee Stock Options Granted (ESOS-2007) | 16,000 | 16,000 | 16,000 |

REMUNERATION OF NON-EXECUTIVE DIRECTORS

| Name | Mr. Mohanlal Bhandari | Mr. Aditya Vikram Somani | Mr. Sandeep Junnarkar | Mr. M.L. Narula* |
|---|---|---|---|---|
| Commission (paid / payable) (Rs.) | 4,50,000 | – | 4,50,000 | 50,000 |
| Sitting fees (Rs.) | 1,40,000 | 1,40,000 | 1,40,000 | 20,000 |
| Total (Rs.) | 5,90,000 | 1,40,000 | 5,90,000 | 70,000 |

* Mr.M.L.Narula was appointed on the Board as Additional Director w.e.f. 30.01.2008.

Remuneration Policy

Subject to the approval of the Board and of the Company in General Meeting and such other approvals as may be necessary, the Managing/ Wholetime Directors are paid remuneration as per the Agreements entered into between them and the Company. The remuneration structure of the Managing / Wholetime Directors comprises of salary, perquisites and allowances, performance incentive, contributions to Provident Fund, Superannuation / Annuity Fund and Gratuity.

The Remuneration Committee of the Board, at its meeting held on January 30, 2008, have granted 1,48,000 Stock Options under the ESOS-2007, to the eligible employees of the Company, at a price of Rs.98/- per option, which includes granting of 16,000 Stock Options each to Mr. M.L. Gupta, Managing Director, Mr. Manish Sanghi, Executive Director and Mr.Y.Srinivasa Rao, Executive Director (Operations).

Notice period for termination of appointment of Managing Director / Wholetime Director is three months on either side.

The Non-Executive Directors do not draw any remuneration from the Company. However, the Non-Executive Directors are paid Sitting Fees at the rate of Rs.20,000/- for each Board Meeting; Rs.10,000/- for each Audit Committee Meeting / Remuneration Committee Meeting; and Rs.5,000/- for each Investor Grievance / Share Transfer Committee Meeting. The Non Executive Independent Directors are also entitled to commission which is decided by the Board of Directors.

Shareholding of Non-Executive Directors

Mr. Aditya Vikram Somani, Non-Executive Director holds 500 equity shares in the Company.

6. GENERAL BODY MEETINGS (HELD IN LAST 3 YEARS)

| Year | AGM / EGM | Venue | Date | Time |
|---|---|---|---|---|
| 2007 | AGM | GAT No.152, Lakhmapur, Taluka Dindori, Nashik-422 202 (Maharashtra) | 27.07.2007 | 11.30 a.m. |
| 2006 | AGM | Indian Merchants Chamber, Conference Hall (Walchand Hirachand Hall), 76, Veer Nariman Road, Near Churchgate Station, Mumbai-400 020. | 26.07.2006 | 11.30 a.m. |
| 2005 | AGM | Indian Merchants Chamber, Conference Hall (Walchand Hirachand Hall), 76, Veer Nariman Road, Near Churchgate Station, Mumbai 400 020 | 01.07.2005 | 11.30 a.m. |

There was no other General Body Meeting in the last three years.

Details of Special Resolution(s) passed at General Meetings during the last three years

(i) At the 72nd Annual General Meeting held on July 01, 2005, a Special Resolution was passed, authorising the Board of Directors of the Company to issue and allot shares under Employees' Stock Option Scheme (ESOS) to the specified employees during the financial year 2005-2006.

(ii) At the 73rd Annual General Meeting held on July 26, 2006, a Special Resolution was passed, authorising the Board of Directors of the Company, for payment of commission to the Non Executive Directors for a period of five years commencing from 1st April, 2006, provided the total commission payable shall not exceed one per cent of the net profits of the Company.

(iii) At the 74th Annual General Meeting held on July 27, 2007, a Special Resolution was passed, authorising the Board of Directors of the Company to issue and allot shares under Employees' Stock Option Scheme (ESOS) to the specified employees during the financial year 2007-2008.

Postal Ballot

No resolutions were passed by Postal Ballot in the year under review.

7. DISCLOSURES

During the financial year ended March 31, 2008, there has been no materially significant transaction entered by the Company with any party, which is considered to have potential conflict with the interests of the Company at large.

No employee has been denied access to Audit Committee. The particulars of transactions between the Company and its related parties are as per the Accounting Standard 18 "Related Party Disclosure" issued by the Institute of Chartered Accountants of India (ICAI) are disclosed in the Annual Accounts (Note No.11 of "Notes to Accounts" - Schedule 19). However, these are not likely to have any conflict with the Company's interest.

There have not been any non-compliance, penalties or strictures imposed on the Company by the Stock Exchanges, SEBI or any other statutory authority, on any matter relating to the capital markets, during the last three years.

There is no deviation in following the treatments prescribed in any Accounting Standards in the preparation of financial statements.

Adoption of non-mandatory requirements under Clause 49 of the Listing Agreement are being reviewed by the Board from time to time.

8. MEANS OF COMMUNICATION

The Company is sending to its shareholders a full version of Annual Report, despite there being a regulatory exemption.

The Board of Directors of the Company approves and takes on record the Unaudited Financial Results in the proforma prescribed by the Stock Exchange within one month of the close of the quarter/half year and announces forthwith the results to all the Stock Exchanges where the shares of the Company are listed. The quarterly/half yearly results are published within 48 hours after the Board meeting in Newspapers as prescribed

(Business Standard & Sakal, Mumbai). The Company publishes the Annual Audited Results within the stipulated period of three months as required by the listing agreement with the Stock Exchanges. These results are also uploaded on the Company's website (www.everestind.com). The Company also informs by way of a press release all matters which in its opinion are material and of relevance to the Shareholders. The Report on Management Discussion and Analysis (MDA) forms part of the Annual Report.

Further, pursuant to clause 51 of the Listing Agreement, all the data related to financial information like annual and quarterly statements, shareholding pattern etc. is electronically filed on the EDIFAR website within the prescribed timeframe are available on the SEBI web-site, www.sebiedifar.nic.in.

9. In compliance with the amended SEBI Regulations on prevention of insider trading, the Company has already in place a comprehensive Code of Conduct for its Directors, Management and the designated employees as described under the regulations. The code advises them on procedures to be followed and disclosures to be made, while dealing in shares of the Company and cautioning them on consequences of non-compliances.

10. CEO / CFO CERTIFICATION

Chief Executive Officer (CEO) and Chief Financial Officer (CFO) certification on Financial Statements is issued pursuant to the provisions of Clause 49 of the Listing Agreement and is annexed to the Corporate Governance Report and forms part of the Annual Report.

## SHAREHOLDERS INFORMATION

| | |
|---|---|
| 1. Annual General Meeting Day, Date, Time and Venue | Friday, the 25th July, 2008 at 11.30 a.m. at GAT No.152, Lakhmapur, Taluka Dindori, Nashik-422202 (Maharashtra) |
| 2. Financial Year | 1st April, 2007 to 31st March, 2008 |
| 3. Date of Book Closure | 19.07.2008 to 25.07.2008 (both days inclusive) |
| 4. Posting of Annual Report | On or before 01.07.2008 |
| 5. Dividend Payment date | Dividend, if any, declared in the forthcoming 75th Annual General Meeting will be paid within 30 days of the date of declaration. |
| 6. Last date for receipt of proxy forms | 23.07.2008 before 11.30 AM. |
| 7. Unclaimed/Unpaid Dividend for the previous years. | All unclaimed/unpaid dividends upto the financial year ended December 31, 1999 have been either transferred to the General Revenue Account of the Central Government pursuant to Section 205A of the Companies Act, 1956 or transferred to the Investor Education & Protection Fund established and notified by the Central Government, in view of the amendments in Section 205A of the Companies (Amendment) Act, 1999. Members who have not encashed their dividend warrants for the year w.e.f. 2000 onwards may approach the Company for obtaining demand drafts in lieu of unpaid dividend warrant. |
| 8. Financial Calendar (Tentative) | |
| a) Financial reporting for the quarter ending June 30, 2008, Quarter and half year ending September 30, 2008, Quarter and nine months period ending December 31, 2008. | Within one month from the end of each quarter as stipulated under the Listing Agreement |
| b) Financial reporting for the financial year ending March 31, 2009 (Audited). | Within three months from the end of the last quarter as stipulated under the Listing Agreement. |
| 9. Listing of Equity Shares | Bombay Stock Exchange Limited & The National Stock Exchange of India Ltd. at Mumbai. The Listing fees have been paid to the Exchanges. |

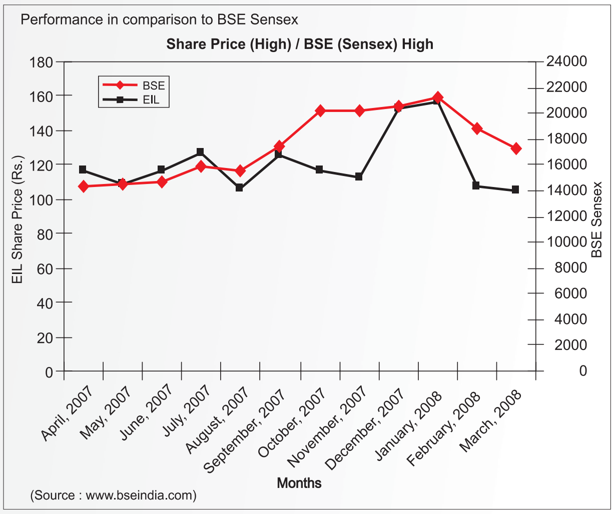
10. Stock Code

- 508906 on the Bombay Stock Exchange Ltd.
- EVERESTIND on the National Stock Exchange of India Ltd.
- ISIN No.INE295A01018 for Central Depository Services (India) Limited (CDSL) and National Securities Depository Limited (NSDL) for dematerialized shares.

11. Stock Market Data

MONTHLY HIGH/LOW SHARE PRICE* (01.04.2007 TO 31.03.2008)

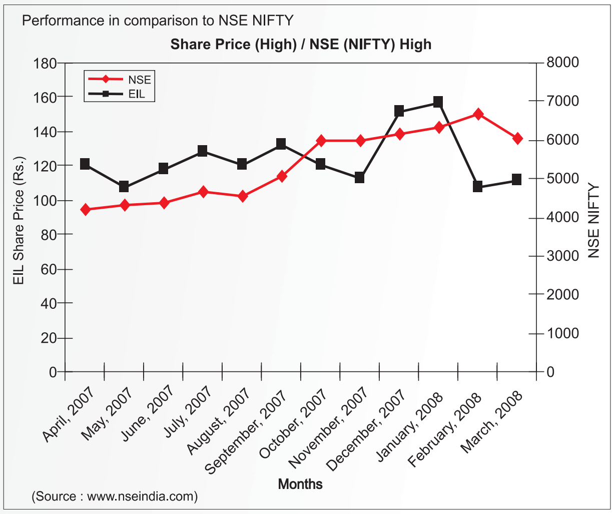
| Month | Bombay Stock Exchange Ltd., Mumbai (BSE) | | BSE Sensex | |
|---|---|---|---|---|
| | High (Rs.) | Low (Rs.) | High | Low |
| April, 2007 | 116.80 | 83.00 | 14,383.72 | 12,425.52 |
| May, 2007 | 108.70 | 100.00 | 14,576.37 | 13,554.34 |
| June, 2007 | 117.00 | 99.05 | 14,683.36 | 13,946.99 |
| July, 2007 | 127.00 | 97.20 | 15,868.85 | 14,638.88 |
| August, 2007 | 105.95 | 96.55 | 15,542.40 | 13,779.88 |
| September, 2007 | 125.00 | 100.50 | 17,361.47 | 15,323.05 |
| October, 2007 | 117.00 | 98.10 | 20,238.16 | 17,144.58 |
| November, 2007 | 113.00 | 89.00 | 20,204.21 | 18,182.83 |
| December, 2007 | 153.00 | 101.30 | 20,498.11 | 18,886.40 |
| January, 2008 | 156.90 | 82.65 | 21,206.77 | 15,332.42 |
| February, 2008 | 106.85 | 85.00 | 18,895.34 | 16,457.74 |
| March, 2008 | 104.45 | 81.00 | 17,227.56 | 14,677.24 |




* Based on Stock Exchange website.

MONTHLY HIGH/LOW SHARE PRICE* (01.04.2007 TO 31.03.2008)

| Month | National Stock Exchange of India Ltd. (NSE) | | S&P CNX NIFTY Index | |
|---|---|---|---|---|
| | High (Rs.) | Low (Rs.) | High | Low |
| April, 2007 | 120.00 | 84.00 | 4217.90 | 3617.00 |
| May, 2007 | 108.00 | 100.15 | 4306.75 | 3981.15 |
| June, 2007 | 117.40 | 85.00 | 4362.95 | 4100.80 |
| July, 2007 | 128.50 | 97.50 | 4647.95 | 4304.00 |
| August, 2007 | 120.00 | 91.25 | 4532.90 | 4002.20 |
| September, 2007 | 132.00 | 100.00 | 5055.80 | 4445.55 |
| October, 2007 | 120.00 | 95.10 | 5976.00 | 5000.95 |
| November, 2007 | 112.05 | 91.90 | 6011.95 | 5477.50 |
| December, 2007 | 152.00 | 103.00 | 6185.40 | 5676.70 |
| January, 2008 | 156.85 | 80.00 | 6357.10 | 4448.50 |
| February, 2008 | 108.00 | 81.25 | 6672.07 | 5886.53 |
| March, 2008 | 111.95 | 80.30 | 6027.69 | 5481.22 |




* Based on Stock Exchange website.

12. Share Transfer Agent

M/s. MCS Limited, Sri Venkatesh Bhawan,
W-40, Okhla Industrial Area, Phase-II, New Delhi-110020.
Ph. No. 011-41406149, 41406151, 41406152
Fax No.011-41709881

13. Share Transfer System

Meetings of the Investor Grievance/Share Transfer Committee of the Board are held twice a month. All the requests received from Shareholders for transfer, transmission etc. are processed by the Share Transfer Agent of the Company within the time limit (one month) as stipulated in the Listing Agreement with the Stock Exchanges.

14. Distribution of Shareholding as on March 31, 2008

The Company had a shareholders base of 8852, including members holding their shares in demat form.

| No. of Shares Held | No. of Shareholders | % of Shareholders | Aggregate Shares held | % of Shareholding |
|---|---|---|---|---|
| 1 to 500 | 7786 | 87.96 | 1170199 | 7.91 |
| 501 to 1000 | 724 | 8.18 | 511998 | 3.46 |
| 1001 to 2000 | 174 | 1.97 | 247854 | 1.67 |
| 2001 to 3000 | 43 | 0.49 | 109294 | 0.74 |
| 3001 to 4000 | 27 | 0.30 | 95557 | 0.65 |
| 4001 to 5000 | 18 | 0.20 | 85889 | 0.58 |
| 5001 to 10000 | 38 | 0.43 | 284916 | 1.92 |
| 10001 to 50000 | 33 | 0.37 | 802018 | 5.42 |
| 50001 to 100000 | 4 | 0.04 | 226651 | 1.53 |
| 100000 and above | 5 | 0.06 | 11265644 | 76.12 |
| Total | 8852 | 100.00 | 14800020 | 100.00 |

The shareholding pattern of the Company as on March 31, 2008 is as follows :

| | |
|---|---|
| Name of the Company : EVEREST INDUSTRIES LIMITED | |
| SCRIP CODE : 508906 (BSE) / EVERESTIND (NSE) | Quarter ended: 31-March-2008 |

| Category code | Category of Shareholder | Number of Shareholders | Total number of shares | Number of shares held in dematerialized form | Total Shareholding as a percentage of total number of shares | |
|---|---|---|---|---|---|---|
| | | | | | As a percentage of (A+B) | As a percentage of (A+B+C) |
| (A) | Shareholding of Promoter and Promoter Group | | | | | |
| (1) | Indian | | | | | |
| (a) | Individuals / Hindu Undivided Family | – | – | – | – | – |
| (b) | Central Government/ State Government(s) | – | – | – | – | – |
| (c) | Bodies Corporate | 1 | 7413470 | 7413470 | 50.09 | 50.09 |
| (d) | Financial Institutions/ Banks | – | – | – | – | – |
| (e) | Any Other (specify) | – | – | – | – | – |
| | Sub-Total (A)(1) | 1 | 7413470 | 7413470 | 50.09 | 50.09 |
| (2) | Foreign | | | | | |
| (a) | Individuals (Non-Resident Individuals/ Foreign Individuals) | – | – | – | – | – |
| (b) | Bodies Corporate | – | – | – | – | – |
| (c) | Institutions | – | – | – | – | – |
| (d) | Any Other (specify) | – | – | – | – | – |
| | Sub-Total (A)(2) | – | – | – | – | – |
| | Total Shareholding of Promoter and Promoter Group (A)= (A)(1)+(A)(2) | 1 | 7413470 | 7413470 | 50.09 | 50.09 |
| (B) | Public shareholding | | | | | |
| (1) | Institutions | | | | | |
| (a) | Mutual Funds/ UTI | 9 | 2252562 | 2251462 | 15.22 | 15.22 |
| (b) | Financial Institutions/ Banks | 3 | 325 | 275 | 0.00 | 0.00 |
| (c) | Central Government/ State Government(s) | 1 | 200 | – | 0.00 | 0.00 |
| (d) | Venture Capital Funds | – | – | – | – | – |
| (e) | Insurance Companies | 2 | 187 | 0 | 0.00 | 0.00 |
| (f) | Foreign Institutional Investors | 7 | 24550 | 23275 | 0.17 | 0.17 |
| (g) | Foreign Venture Capital Investors | – | – | – | – | – |
| (h) | Any Other (specify) | – | – | – | – | – |
| | Sub-Total (B)(1) | 22 | 2277824 | 2275012 | 15.39 | 15.39 |
| (2) | Non-institutions | | | | | |
| (a) | Bodies Corporate | 273 | 529522 | 523495 | 3.58 | 3.58 |
| (b) | i. Individuals - Individual shareholders holding nominal share capital up to Rs. 1 lakh. | 8472 | 2289532 | 1843208 | 15.47 | 15.47 |
| | ii. Individual shareholders holding nominal share capital in excess of Rs. 1 lakh. | 28 | 808713 | 808713 | 5.46 | 5.46 |
| (c) | Any Other - Trusts & Foundations | 4 | 1458312 | 1458262 | 9.86 | 9.86 |

| Category code | Category of Shareholder | Number of Shareholders | Total number of shares | Number of shares held in dematerialized form | Total Shareholding as a percentage of total number of shares | |
|---|---|---|---|---|---|---|
| | | | | | As a percentage of (A+B) | As a percentage of (A+B+C) |
| | Non-Resident Individuals | 52 | 22647 | 22047 | 0.15 | 0.15 |
| | Sub-Total (B)(2) | 8829 | 5108726 | 4655725 | 34.52 | 34.52 |
| | Total Public Shareholding (B)= (B)(1)+(B)(2) | 8851 | 7386550 | 6930737 | 49.91 | 49.91 |
| | TOTAL (A)+(B) | 8852 | 14800020 | 14344207 | 100.00 | 100.00 |
| (C) | Shares held by Custodians and against which Depository Receipts have been issued | – | – | – | xxx | – |
| | GRAND TOTAL (A)+(B)+(C) | 8852 | 14800020 | 14344207 | 100.00 | 100.00 |

(I)(b) Statement showing Shareholding of persons belonging to the category "Promoter and Promoter Group"

| Sr. No. | Name of the shareholder | Number of shares | Shares as a percentage of total number of shares {i.e., Grand Total (A)+(B)+(C) indicated in Statement at para (I)(a) above} |
|---|---|---|---|
| 1. | Everest Finvest (India) Pvt. Ltd. | 7413470 | 50.091 |
| | TOTAL | 7413470 | 50.091 |

(I)(c) Statement showing Shareholding of persons belonging to the category "Public" and holding more than 1% of the total number of shares

| Sr. No. | Name of the shareholder | Number of shares | Shares as a percentage of total number of shares {i.e., Grand Total (A)+(B)+(C) indicated in Statement at para (I)(a) above} |
|---|---|---|---|
| 1. | Everest Staff Welfare Trust | 1457787 | 9.850 |
| 2. | Reliance Capital Trustee Co. Ltd. - Reliance Long-term Equity Fund. | 1176648 | 7.950 |
| 3. | Franklin India Smaller Companies Fund. | 1070739 | 7.235 |
| | TOTAL | 3705174 | 25.035 |

(I)(d) Statement showing details of locked-in shares

| Sr. No. | Name of the shareholder | Number of locked-in shares | Locked-in shares as a percentage of total number of shares {i.e., Grand Total (A)+(B)+(C) indicated in Statement at para (I)(a) above} |
|---|---|---|---|
| 1. | NIL | NIL | NIL |
| | TOTAL | NIL | NIL |

(II)(a) Statement showing details of Depository Receipts (DRs)

| Sr. No. | Type of outstanding DR (ADRs, GDRs, SDRs, etc.) | Number of outstanding DRs | Number of shares underlying outstanding DRs | Shares underlying outstanding DRs as a percentage of total number of shares {i.e., Grand Total (A)+(B)+(C) indicated in Statement at para (I)(a) above} |
|---|---|---|---|---|
| 1. | NIL | NIL | NIL | NIL |
| | TOTAL | NIL | NIL | NIL |

(II)(b) Statement showing Holding of Depository Receipts (DRs), where underlying shares are in excess of 1% of the total number of shares

| Sr. No. | Name of the DR Holder | Type of outstanding DR (ADRs, GDRs, SDRs, etc.) | Number of shares underlying outstanding DRs | Shares underlying outstanding DRs as a percentage of total number of shares {i.e., Grand Total (A)+(B)+(C) indicated in Statement at para (I)(a) above} |
|---|---|---|---|---|
| 1. | NIL | NIL | NIL | NIL |
| | TOTAL | | NIL | NIL |

15. Dematerilization of Shares

The Equity Shares of the Company are available for dematerialization under the Depository System operated by Central Depository Services (India) Limited as well as National Securities Depository Limited. The percentage of shares in demat form as on 31.03.2008 is 96.92 % to total shareholding of the Company.

16. Nomination facility for Shareholders

In accordance with the provisions of the Companies (Amendment) Act, 1999, facility for making nomination is now available for shareholders in respect of the shares held by them. Nomination forms can be obtained from the Company Secretary at 'Genesis', G-1, A-32, Mohan Cooperative Industrial Area, Mathura Road, New Delhi-110044.

17. Payment of Dividend through Electronic Clearing Service

The Securities and Exchange Board of India (SEBI) has made it mandatory for all Companies to use the bank account details furnished by the depositories for depositing dividend through Electronic Clearing Service (ECS) to the Investors wherever ECS and bank details are available. A blank mandate form for payment of dividend through Electronic Clearing Service (ECS) for Shareholders holding shares in physical form is enclosed in this Annual Report.

18. Location of the Plants of the Company

Kymore Works
Everest Nagar, P.O. Kymore
Distt. Katni - 438 880 (Madhya Pradesh)

Kolkata Works
'Everest House'
1, Taratola Road, Garden Reach, Kolkata – 700 024

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

Podanur Works
Podanur
P.O. Coimbatore – 641 023 (Tamil Nadu)

Bhagwanpur Works
Khasra Nos.158 & 159, Village Lakesari, Pargana Bhagwanpur,
Tehsil Roorkee, Distt.Haridwar - 247661 (Uttarakhand)

19. Address for Correspondence - Investor Services

a) For any complaints relating to non-receipt of shares after transfer, transmission, change of address, mandate etc., dematerialization of shares or any other query relating to shares shall be forwarded to the Share Transfer Agents directly at the address given hereunder. Members are requested to provide complete details regarding their queries quoting folio number/DP ID no., number of shares held etc.

M/s. MCS Limited, (Unit: Everest Industries Limited)
Sri Venkatesh Bhawan, W-40, Okhla Industrial Area, Phase-II,
New Delhi-110020. Ph. No.011-41406149, 41406151 Fax No.011-41709881
Email: mcscomplaintsdel@mcsdel.com

Members may recall that the Company through a note below the Notice under Section 192A of the Companies Act, 1956, (Postal Ballot) informed all that M/s.Intime Spectrum Registry Limited (ISRL) shall be the Registrar & Transfer Agent of the Company, w.e.f. August 01, 2006, pursuant to the sale of Share Registry business by MCS Ltd. to ISRL. The said sale between MCS & ISRL did not take place and the matter has become sub-judice, pursuant to MCS having filed a suit before the Alipore Civil Court, Kolkata.

Members are advised that MCS Ltd shall continue to be the Registrar and Transfer Agent of the Company and all correspondence should be addressed at the above mentioned address.

b) For any query on any point in Annual Report, non-receipt of Annual Report, non-receipt of dividend etc., the complaint should be forwarded to the kind attention of Mr.Neeraj Kohli, Company Secretary & Head-Legal (Compliance Officer) at the following address :

Everest Industries Limited,
'Genesis', G-1, A-32, Mohan Co-operative Industrial Area, Mathura Road, New Delhi-110044.

Members can also register their complaints at compofficer@everestind.com; an exclusive email ID, designated by the Company for the purpose of registering complaints by investors, in compliance of clause 47(f) of the Listing Agreement.

This is to certify that the information given above is true & correct.

For Everest Industries Limited

Mumbai, 23rd April 2008

M. L. Gupta
Managing Director

---

# DECLARATION OF COMPLIANCE WITH CODE OF CONDUCT

(As required under Clause 49 of the Listing Agreement, the CEO declaration for Code of Conduct)

The Members of
Everest Industries Limited

This is to certify that as provided under Clause 49 of the Listing Agreement with the Stock Exchanges, the Board Members and the Senior Management personnel have affirmed to the compliance with the Code of Conduct and Ethics for the twelve months period ended March 31, 2008.

For Everest Industries Limited

Mumbai, 23rd April 2008

M. L. Gupta
Managing Director

# CEO / CFO CERTIFICATION

We have reviewed financial statements and the cash flow statement for the year and that to the best of our knowledge and belief :

i. these statements do not contain any materially untrue statement or omit any material fact or contain statements that might be misleading;

ii. these statements together present a true and fair view of the company's affairs and are in compliance with existing accounting standards, applicable laws and regulations.

There are, to the best of our knowledge and belief, no transactions entered into by the company during the year which are fraudulent, illegal or violative of the company's code of conduct.

We accept responsibility for establishing and maintaining internal controls for financial reporting and that we have evaluated the effectiveness of internal control systems of the company pertaining to financial reporting and we have disclosed to the auditors and the Audit Committee, deficiencies in the design or operation of such internal controls, if any, of which we are aware and the steps we have taken or propose to take to rectify these deficiencies.

We have indicated to the auditors and the Audit Committee :

i. significant changes in internal control over financial reporting during the year;

ii. significant changes in accounting policies during the year and that the same have been disclosed in the notes to the financial statements; and

iii. instances of significant fraud of which we have become aware and the involvement therein, if any, of the management or any employee having a significant role in the company's internal control system over financial reporting.

For Everest Industries Limited

Mumbai, 23rd April 2008

R.K. Gupta
Sr. Vice President (Finance)

M. L. Gupta
Managing Director

---

# COMPLIANCE CERTIFICATE

TO THE MEMBERS OF EVEREST INDUSTRIES LIMITED

1. We have examined the compliance of conditions of Corporate Governance by Everest Industries Limited (the Company), for the year ended 31 March, 2008, as stipulated in Clause 49 of the Listing Agreement of the said Company with stock exchanges.

2. The compliance of conditions of Corporate Governance is the responsibility of the Management. Our examination was limited to procedures and implementation thereof, adopted by the Company for ensuring the compliance of the conditions of Corporate Governance. It is neither an audit nor an expression of opinion on the financial statements of the Company.

3. In our opinion and to the best of our information and according to the explanations given to us and the representations made by the Directors and the Management, we certify that the Company has complied with the conditions of Corporate Governance in all material aspects, as stipulated in the abovementioned Listing Agreement.

4. We state that such compliance is neither an assurance as to the future viability of the Company nor of the efficiency or effectiveness with which the Management has conducted the affairs of the Company.

For DELOITTE HASKINS & SELLS
Chartered Accountants

Mumbai, 23rd April 2008

JITENDRA AGARWAL
Partner
(Membership No. 87104)

TO THE MEMBERS OF EVEREST INDUSTRIES LIMITED

1. We have audited the attached Balance Sheet of **Everest Industries Limited**, as at 31 March, 2008, the Profit and Loss Account and the Cash Flow Statement of the Company for the year ended on that date, both annexed thereto. These financial statements are the responsibility of the Company's Management. Our responsibility is to express an opinion on these financial statements based on our audit.

2. We conducted our audit in accordance with auditing standards generally accepted in India. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatements. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by the Management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

3. As required by the Companies (Auditor's Report) Order, 2003 issued by the Central Government of India in terms of sub-section (4A) of section 227 of the Companies Act, 1956, we enclose in the Annexure a statement on the matters specified in paragraphs 4 & 5 of the said Order.

4. Without qualifying our opinion, attention is invited to Note 10 of Schedule 19, wherein the managerial remuneration paid/payable for the year is in excess of the limits set out in the Companies Act, 1956 and is subject to the approval of the shareholders /Central Government.

5. Further to our comments in the Annexure referred to above, we report that:

   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 those books;

   c) the Balance Sheet, Profit and Loss Account and Cash Flow Statement dealt with by this report are in agreement with the books of account;

   d) in our opinion, the Balance Sheet, Profit and Loss Account and Cash Flow Statement dealt with by this report comply with the accounting standards referred to in sub-section (3C) of section 211 of the Companies Act, 1956;

   e) on the basis of written representations received from the directors, as at 31 March, 2008, and taken on record by the Board of Directors, we report that none of the directors is disqualified as at 31 March, 2008, from being appointed as a director in terms of clause (g) of sub-section (1) of section 274 of the Companies Act, 1956;

   f) in our opinion and to the best of our information and according to the explanations given to us, the said accounts read together with the notes thereon give the information required by the Companies Act, 1956, in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:

      i. in the case of the Balance Sheet, of the state of affairs of the Company as at 31 March, 2008;

      ii. in the case of the Profit and Loss Account, of the profit of the Company for the year ended on that date; and

      iii. in the case of the Cash Flow Statement, of the cash flows of the Company for the year ended on that date.

For DELOITTE HASKINS & SELLS
Chartered Accountants

JITENDRA AGARWAL
Partner
(Membership No. 87104)

Mumbai
23 April, 2008

---

# ANNEXURE TO THE AUDITORS' REPORT

(Referred to in Paragraph 3 of our report of even date)

i. In respect of its fixed assets:

   a. The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.

   b. The Company has a programme of physically verifying 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 business. In accordance with this programme, the Management had carried out a physical verification of fixed assets at some locations during the year and the discrepancies noted on such verification were not material and have been suitably dealt with in the books.

   c. The fixed assets disposed off during the year, in our opinion, do not constitute a substantial part of the fixed assets of the Company and such disposal has, in our opinion, not affected the going concern status of the Company.

ii. In respect of its inventories:

   a. As explained to us, all inventories have been physically verified during the year by the Management at reasonable intervals.

   b. In our opinion, the procedures of physical verification of inventories followed by the Management are reasonable and adequate in relation to the size of the Company and the nature of its business.

   c. In our opinion, the Company has maintained proper inventory records. The discrepancies noticed between the physical stocks and book records were not material and the same have been properly dealt with in the books of account.

iii. The Company has not granted or taken any loans, secured or unsecured, to or from companies, firms or other parties listed in the register maintained under Section 301 of the Companies Act, 1956. Accordingly, the provisions of clause 4(iii) of the Order are not applicable to the Company.

iv. In our opinion and according to the information and explanations given to us, there is adequate internal control system commensurate with the size of the Company and the nature of its business for the purchase of inventory and fixed assets and for the sale of goods and services.

v. Based on the examination of the books of account and related records and according to the information and explanations provided to us, there are no contracts or arrangements with companies, firms or other parties which need to be listed in the register maintained under Section 301 of the Companies Act, 1956.

vi. The Company has not accepted any deposits from the public, within the meaning of Sections 58A and 58AA or any other relevant provisions of the Companies Act, 1956 and the Companies (Acceptance of Deposits) Rules, 1975.

vii. In our opinion the Company has an adequate internal audit system commensurate with the size of the Company and nature of its business.

viii. According to the information and explanations given to us, the Central Government has not prescribed maintenance of cost records under clause (d) of sub-section (1) of Section 209 of the Companies Act, 1956 for the Company.

ix. According to the information and explanations given to us and the records of the Company examined by us:

a. the Company has generally deposited its statutory dues including Provident Fund, Investor Education and Protection Fund, Employees' State Insurance, Income Tax, Sales Tax, Wealth Tax, Service Tax, Custom Duty, Excise duty, Cess and any other material statutory dues within the prescribed time with the appropriate authorities during the year and there are no undisputed amounts payable in respect of these dues which have remained outstanding as at 31 March, 2008 for a period of more than six months from the date they became payable.

b. dues of Income Tax, Sales Tax, Excise duty and Service Tax aggregating to Rs. 6,463.25 lakhs have not been deposited on account of various disputes as set out in the Attachment. We are informed that there are no dues in respect of Customs Duty, Wealth Tax and Cess which have not been deposited on account of any dispute.

x. The Company does not have any accumulated losses nor has incurred any cash losses during the current and the immediately preceding financial year.

xi. Based on the examination of the books of account and related records and according to the information and explanations provided to us, the Company has not defaulted in repayment of dues to the banks. The Company has not taken any loans from financial institutions nor has it issued any debentures.

xii. According to the information and explanations given to us, the Company has not granted loans and advances on the basis of security by the way of pledge of shares, debentures and other securities. Accordingly, the provisions of clause 4(xii) of the Order are not applicable to the Company.

xiii. In our opinion and according to the information and explanations given to us, the Company is not a chit fund or a nidhi/mutual benefit fund/society. Accordingly, provisions of clause 4(xiii) of the Order are not applicable to the Company.

xiv. In our opinion and according to the information and explanations given to us, the Company is not dealing in shares, securities and debentures and other investments. Accordingly, the provisions of clause 4(xiv) of the Order are not applicable to the Company.

xv. According to the information and explanations given to us, the Company has not given any guarantee for loans taken by others from banks or financial institutions.

xvi. In our opinion and according to the information and explanations given to us, term loans have been applied for the purpose for which they were raised.

xvii. According to the information and explanations given to us, and on an overall examination of the Balance Sheet of the Company, funds raised on short term basis have prima facie, not been utilised for long term investment.

xviii. According to the information and explanations given to us, the Company has not made any preferential allotment of shares to parties and companies covered in the register maintained under Section 301 of the Companies Act, 1956.

xix. According to the information and explanations given to us, the Company has not issued any debentures during the period covered by our report. Accordingly, the provisions of clause (xix) of the Order are not applicable to the Company.

xx. The Company has not raised any money by way of public issues during the year.

xxi. According to the information and explanations given to us and to the best of our knowledge and belief, no fraud on or by the Company has been noticed or reported during the year.

For DELOITTE HASKINS & SELLS
Chartered Accountants

JITENDRA AGARWAL
Partner
(Membership No. 87104)

Mumbai
23 April, 2008

Information pursuant to clause 4 (ix) (c) of Companies (auditor's Report) Order, 2003 in respect of disputed dues of Sales Tax, Income Tax Act, Central Excise Act and Service Tax, not deposited with various authorities:

| Particulars | Amount (Rs./Lakhs) | Period to which the amount relates | Forum where the dispute is pending | Nature of dues |
|---|---|---|---|---|
| Sales Tax | 162.00 | 1979-2003 | Commissioner Appeals | Demand on account of non collection of statutory forms etc. |
| | 11.38 | 1998-2002 | Appellate Tribunal | |
| | 486.30 | 1988-1999 | High Court | Demand on account of stock transfers being considered as local sales |
| | 2828.51 | 1994 -1998, 1979-1980 | Supreme Court | Demand on account of stock transfers being considered as inter state sales |
| | 3,488.19 | | | |
| Income Tax | 226.50 | 2004-2005 | Commissioner Appeals | Demand on account of disallowances of certain claims |
| | 281.33 | 2003-2004 | Appellate Tribunal | |
| | 507.83 | | | |
| Central Excise | 2.35 | 1995-97 | Commissioner Appeals | Demand on duty under section 11D of the Central Excise Act, 1944 |
| | 2,462.40 | 1992-96 | Appellate Tribunal | |
| Service Tax | 2.48 | April, 2005 to September, 2006 | Appellate Tribunal | Demand on account of wrong availment of Cenvat credit |
| | 2467.23 | | | |

## AS AT 31 MARCH, 2008

| | Schedules Reference | Rs./Lakhs | As at 31.03.2008 Rs./Lakhs | As at 31.03.2007 Rs./Lakhs |
|---|---|---|---|---|
| **SOURCES OF FUNDS** | | | | |
| 1. SHAREHOLDERS' FUNDS | | | | |
| a. Share capital | 1 | 1,480.00 | | 1,480.00 |
| b. Reserves and surplus | 2 | 12,654.12 | | 11,971.80 |
| | | | 14,134.12 | 13,451.80 |
| 2. LOAN FUNDS | | | | |
| a. Secured loans | 3 | 11,277.05 | | 6,836.88 |
| b. Unsecured loans | 4 | 2,000.00 | | 0.00 |
| | | | 13,277.05 | 6,836.88 |
| 3. STOCKISTS' DEPOSITS (UNSECURED) | | | 339.06 | 297.70 |
| 4. DEFERRED TAX LIABILITY (Net) (see note 9) | | | 1,323.36 | 1,285.23 |
| | | | 29,073.59 | 21,871.61 |
| **APPLICATION OF FUNDS** | | | | |
| 1. FIXED ASSETS | 5 | | | |
| a. Gross block | | 19,891.07 | | 17,835.59 |
| b. Less: Depreciation | | 8,313.68 | | 7,432.68 |
| c. Net block | | 11,577.39 | | 10,402.91 |
| d. Capital work in progress (see note 12) | | 10,280.38 | | 6,729.46 |
| | | | 21,857.77 | 17,132.37 |
| 2. INVESTMENTS | 6 | | 5.97 | 0.97 |
| 3. CURRENT ASSETS, LOANS AND ADVANCES | | | | |
| a. Inventories | 7 | 7,899.82 | | 5,799.34 |
| b. Sundry debtors | 8 | 688.94 | | 1,039.80 |
| c. Cash and bank balances | 9 | 3,152.95 | | 1,722.53 |
| d. Interest occured but not due | | 19.06 | | 11.13 |
| e. Loans and advances | 10 | 2,016.88 | | 1,698.95 |
| | | 13,777.65 | | 10,271.75 |
| 4. LESS - CURRENT LIABILITIES AND PROVISIONS | | | | |
| a. Current liabilities | 11 | 5,545.90 | | 4,215.57 |
| b. Provisions | 12 | 1,021.90 | | 1,317.91 |
| | | 6,567.80 | | 5,533.48 |
| 5. NET CURRENT ASSETS | | | 7,209.85 | 4,738.27 |
| 6. MISCELLANEOUS EXPENDITURE | 13 | | – | – |
| | | | 29,073.59 | 21,871.61 |
| Notes forming part of the accounts | 19 | | | |

The schedules referred to above are integral part of the accounts.

As per our report of even date attached.

For DELOITTE HASKINS & SELLS
Chartered Accountants

JITENDRA AGARWAL
Partner
Membership No. 87104

Mumbai
23 April, 2008

For and on behalf of
EVEREST INDUSTRIES LIMITED

M.L. GUPTA
Managing Director

MANISH SANGHI
Executive Director

RAKESH K. GUPTA
Sr. Vice President (Finance)

NEERAJ KOHLI
Company Secretary & Head-Legal

Mumbai
23 April, 2008

# FOR THE YEAR ENDED 31 MARCH, 2008

| | Schedules Reference | Rs./Lakhs | Year ended 31.03.2008 Rs./Lakhs | Year ended 31.03.2007 Rs./Lakhs |
|---|---|---|---|---|
| INCOME | | | | |
| 1. Sale of products | 14 | 30,701.08 | | 32,579.32 |
| Less: excise duty | | | | |
| (including education cess) recovered | | 2,187.54 | | 2,202.02 |
| | | | 28,513.54 | 30,377.30 |
| 2. Other income | 15 | | 1,424.54 | 304.38 |
| | | | 29,938.08 | 30,681.68 |
| EXPENDITURE | | | | |
| 3. Manufacturing, operating and selling expenses | 16 | 27,718.85 | | 28,650.02 |
| 4. (Increase)/ decrease in inventory | 17 | (1,018.40) | | (914.36) |
| 5. Depreciation | 5 | 964.46 | | 891.27 |
| 6. Interest | 18 | 469.95 | | 272.34 |
| | | | 28,134.86 | 28,899.27 |
| PROFIT BEFORE TAX | | | 1,803.22 | 1,782.41 |
| 7. Provision for taxation | | | | |
| a. Current tax | | 241.60 | | 501.35 |
| b. Deferred tax (see note 9) | | 67.37 | | 68.59 |
| c. Fringe benefit tax | | 62.52 | | 46.50 |
| | | | 371.49 | 616.44 |
| PROFIT AFTER TAX | | | 1,431.73 | 1,165.97 |
| 8. Balance brought forward from previous year | | | 4,787.71 | 4,431.35 |
| 9. Amount Available for Appropriation | | | 6,219.44 | 5,597.32 |
| APPROPRIATIONS | | | | |
| 10. General reserve | | 150.00 | | 117.00 |
| 11. Proposed dividend | | 592.00 | | 592.00 |
| 12. Tax on distributed profits | | 100.61 | | 100.61 |
| | | | 842.61 | 809.61 |
| BALANCE CARRIED TO RESERVE & SURPLUS | | | 5,376.83 | 4,787.71 |
| Earnings Per Equity Share<br>(Face value of Rs. 10 per share - see note 14) | | | | |
| Basic and diluted earnings per share (Rupees) | | | 9.67 | 7.88 |
| Notes forming part of the accounts | 19 | | | |

The schedules referred to above are integral part of the accounts.

As per our report of even date attached.

For DELOITTE HASKINS & SELLS
Chartered Accountants

JITENDRA AGARWAL
Partner
Membership No. 87104

Mumbai
23 April, 2008

For and on behalf of
EVEREST INDUSTRIES LIMITED

M.L. GUPTA
Managing Director

MANISH SANGHI
Executive Director

RAKESH K. GUPTA
Sr. Vice President (Finance)

NEERAJ KOHLI
Company Secretary & Head-Legal

Mumbai
23 April, 2008

| | | Year ended 31.03.2008 Rs./Lakhs | Year ended 31.03.2007 Rs./Lakhs |
|---|---|---|---|
| A. | **Cash flow from Operating Activities** | | |
| | Net Profit / ( Loss ) before Tax | 1,803.22 | 1,782.41 |
| | Adjustments for : | | |
| | Depreciation | 964.46 | 891.27 |
| | (Profit)/ loss on sale of other fixed assets (net) | (842.25) | (6.20) |
| | Unrealised foreign exchange (gain)/ loss | – | – |
| | Interest income | (127.96) | (15.10) |
| | Interest expense | 469.95 | 272.34 |
| | Excess provisions made in previous years written back | (384.80) | (142.10) |
| | Miscellaneous expenditure | – | 93.82 |
| | Deferred tax liability | 67.38 | – |
| | Provision for leave encashment and gratuity | (132.73) | 70.07 |
| | **Operating profit before working capital changes** | 1,817.27 | 2,946.51 |
| | Adjustments for : | | |
| | Trade receivables | 350.87 | (751.89) |
| | Inventories | (2,100.48) | (578.42) |
| | Other receivables | (289.52) | 323.34 |
| | Trade payables | 2,002.64 | 1,399.13 |
| | Cash generated from operations | 1,780.78 | 3,338.67 |
| | Direct taxes - refund/ (paid) | (749.83) | (464.75) |
| | **Net Cashflow from Operating activities** | 1,030.95 | 2,873.92 |
| B. | **Cash flow from investing activities-** | | |
| | Purchase of fixed assets/ capital advances | (5,956.70) | (6,592.35) |
| | Sale of fixed assets | 963.96 | 12.30 |
| | Investment | (5.00) | – |
| | Interest received | 120.03 | 8.55 |
| | **Net cash used in Investing activities** | (4,877.71) | (6,571.50) |
| C. | **Cash flow from financing activities-** | | |
| | Interest paid | (469.95) | (272.34) |
| | Proceeds from/ (repayment of) short term borrowings (net) | 2,272.42 | 1,294.34 |
| | Proceeds from/ (repayment of) long term borrowings (net) | 4,167.75 | 3,500.00 |
| | Dividend paid | (592.43) | (442.48) |
| | Dividend tax paid | (100.61) | (62.27) |
| | **Net cash used in Financing activities** | 5,277.18 | 4,017.25 |
| | **Net increase/(decrease) in cash and cash equivalents (A+B+C)** | 1,430.42 | 319.67 |
| | – Opening balance | 1,722.53 | 1,402.86 |
| | – **Closing balance** | 3,152.95 | 1,722.53 |

Notes :

1. All figures in brackets are outflow.
2. Figures for the Period 1st April, 2006 to 31st March, 2007 have been regrouped / restated wherever necessary to make them comparable.
3. Direct Taxes paid are treated as arising from Operating Activities and are not bifurcated between Investing and Financing activities.
4. Cash and Cash Equivalent is Cash and Bank Balances as per Balance Sheet.

As per our report of even date attached.

For DELOITTE HASKINS & SELLS
Chartered Accountants

JITENDRA AGARWAL
Partner
Membership No. 87104

Mumbai
23rd April, 2008

For and on behalf of
EVEREST INDUSTRIES LIMITED

M.L. GUPTA
Managing Director

MANISH SANGHI
Executive Director

RAKESH K. GUPTA
Sr. Vice President (Fin.)

NEERAJ KOHLI
Company Secretary & Head-Legal

Mumbai
23rd April, 2008

| | | Rs./Lakhs | As at 31.03.2008 Rs./Lakhs | As at 31.03.2007 Rs./Lakhs |
|---|---|---|---|---|
| **SCHEDULE – 1** | | | | |
| **SHARE CAPITAL** | | | | |
| 1. Authorised | | | | |
| 1,70,00,000 | Equity shares of Rs. 10 each (previous year 1,70,00,000 equity shares of Rs. 10 each) | | 1,700.00 | 1,700.00 |
| 2. Issued | | | | |
| 1,48,00,020 | Equity shares of Rs. 10 each (previous year 1,48,00,020 equity shares of Rs. 10 each) | | 1,480.00 | 1,480.00 |
| 3. Subscribed and paid up | | | | |
| 1,48,00,020 | Equity shares of Rs. 10 each fully paid up (previous year 1,48,00,020 equity shares of Rs. 10 each fully paid up) | | 1,480.00 | 1,480.00 |
| | Of the above: | | | |
| | a. 15,000 (previous year -15,000) equity shares are alloted as fully paid up pursuant to a contract without payment being received in cash | | | |
| | b. 1,33,50,020 (previous year - 1,33,50,020) equity shares are alloted as fully paid up by way of bonus shares by capitalisation of general reserve | | | |
| | c. 74,13,470 (previous year - 74,13,470) equity shares are held by M/s Everest Finvest (India) Private Limited, the holding company | | | |
| **SCHEDULE – 2** | | | | |
| **RESERVES AND SURPLUS** | | | | |
| 1. General Reserve | | | | |
| | Opening Balance | 7,184.09 | | 7,067.09 |
| | Add : Amount transferred from Profit and Loss Account | 150.00 | | 117.00 |
| | Add : Deferred tax adjustment due to retirement benefits transitional liability (see note 9) | 29.24 | | – |
| | | 7,363.33 | | 7,184.09 |
| | Less : Retirement benefits transitional liability [see note 8(c)(i)] | 86.04 | | – |
| | | | 7,277.29 | 7,184.09 |
| 2. | Profit and loss account | | 5,376.83 | 4,787.71 |
| | | | 12,654.12 | 11,971.80 |
| **SCHEDULE – 3** | | | | |
| **SECURED LOANS FROM BANKS** | | | | |
| 1. | Term loans (Secured/ to be secured by way of creation of a first pari passu charge on all fixed assets of the company excluding fixed assets situated at Podanur and Kolkata plants and second pari passu charge on all current assets of the company.) | | 2,843.75 | 3,500.00 |
| 2. | External commercial borrowings (Secured/ to be secured by a first pari passu charge to be created over all the immovable and movable fixed assets other then the assets situated at the plant in Podanur and second pari passu charge on the current assets of the company). | | 4,824.00 | – |
| 3. | On cash credit accounts (Secured by a first pari passu charge by way of hypothecation of stocks, present and future, book debts and receivables and second pari-passu charge on all fixed assets, land and buildings both present and future, except land and building situated at Podanur (on which State Bank of India has an exclusive charge) and at Kolkata). | | 3,609.30 | 3,336.88 |
| | | | 11,277.05 | 6,836.88 |
| **SCHEDULE – 4** | | | | |
| **UNSECURED LOANS** | | | | |
| 1. | Commercial paper [Maximum amount outstanding during the year - Rs 2,000.00 Lakhs (previous year - Rs. Nil)] | | 2,000.00 | – |

## SCHEDULE – 5

FIXED ASSETS

Rs./Lakhs

| Particulars | Gross Block | | | | Depreciation | | | | Net Block | |
|---|---|---|---|---|---|---|---|---|---|---|
| FIXED ASSETS | As at 31-03-07 | Additions during the year | Deductions/ Adjustments | As at 31-03-08 | As at 31-03-07 | For the Year | Deductions/ Adjustments | As at 31-03-08 | As at 31-03-08 | As at 31.03.07 |
| TANGIBLE ASSETS | | | | | | | | | | |
| LAND | | | | | | | | | | |
| Land - Freehold | 303.18 | 1,136.43 | 36.14 | 1,403.47 | 31.54 | – | – | 31.54 | 1,371.93 | 271.64 |
| Land - Leasehold | 73.71 | – | – | 73.71 | 38.12 | 6.10 | – | 44.22 | 29.49 | 35.59 |
| BUILDING | | | | | | | | | | |
| Building - On freehold land | 3,744.04 | 20.29 | 108.08 | 3,656.25 | 1,144.46 | 179.98 | 30.07 | 1,294.37 | 2,361.88 | 2,599.58 |
| Building- On leasehold land | 126.69 | – | – | 126.69 | 103.75 | 2.69 | – | 106.44 | 20.25 | 22.94 |
| Leasehold improvements | 123.26 | 0.97 | – | 124.23 | 9.97 | 12.03 | – | 22.00 | 102.23 | 113.29 |
| Railway siding | 1.39 | – | – | 1.39 | 1.39 | – | – | 1.39 | – | – |
| Roads | 176.20 | 1.70 | – | 177.90 | 39.01 | 5.84 | – | 44.85 | 133.05 | 137.19 |
| PLANT & MACHINERY | 12,011.24 | 856.74 | 1.82 | 12,866.16 | 5,309.82 | 611.12 | 1.82 | 5,919.12 | 6,947.04 | 6,701.42 |
| FURNITURE, FIXTURES & OFFICE EQUIPMENT | 841.65 | 203.87 | 1.75 | 1,043.77 | 573.96 | 77.20 | 1.30 | 649.86 | 393.91 | 267.69 |
| VEHICLES | | | | | | | | | | |
| Own vehicles | 147.92 | 40.66 | 48.89 | 139.69 | 103.76 | 19.17 | 41.77 | 81.16 | 58.53 | 44.16 |
| Leased vehicle | 8.50 | – | 8.50 | – | 8.50 | – | 8.50 | – | – | – |
| INTANGIBLE | | | | | | | | | | |
| Computer software | 28.06 | – | – | 28.06 | 2.61 | 9.35 | – | 11.96 | 16.10 | 25.45 |
| Technical knowhow | 249.75 | – | – | 249.75 | 65.79 | 40.98 | – | 106.77 | 142.98 | 183.96 |
| Total | 17,835.59 | 2,260.66 | 205.18 | 19,891.07 | 7,432.68 | 964.46 | 83.46 | 8,313.68 | 11,577.39 | 10,402.91 |
| Previous year | 16,513.10 | 1,376.15 | 53.66 | 17,835.59 | 6,588.97 | 891.27 | 47.56 | 7,432.68 | 10,402.91 | 9,924.13 |

Notes :

1. Cost of freehold land as at 31 March 2008 includes Rs. 166.54 Lakhs (previous year - Rs 166.54 Lakhs) representing freehold land held for sale. This freehold land costing Rs. 166.54 Lakhs was revalued at Rs. 135.00 Lakhs based on an independent valuation and accordingly Rs 31.54 lakhs was provided for "Loss on impairment of fixed assets" in earlier years.
2. Building on leasehold land includes buildings constructed on land taken on lease from the port trust authorities at Kolkata,which is under the process of renewal.
3. Cost of plant & machinery as at 31 March 2008 and depreciation thereon upto 31 March 2008 includes Rs. 122.57 Lakhs (previous year - Rs. 122.57 Lakhs) and Rs. 122.57 Lakhs (previous year - Rs. 122.57 Lakhs) respectively in respect of plant and machinery of Kymore works held for disposal.

| | Rs./Lakhs | As at 31.03.2008 Rs./Lakhs | As at 31.03.2007 Rs./Lakhs |
|---|---|---|---|
| **SCHEDULE – 6** | | | |
| INVESTMENTS - (AT COST) | | | |
| Other Investments, Long Term, Unquoted | | | |
| 1. Government securities | | 0.97 | 0.97 |
| 2. Investment in subsidary company 50,000 (previous year Nil) equity shares of Rs 10 each fully paid up of M/ s Everest Building Solutions Limited | | 5.00 | – |
| | | 5.97 | 0.97 |
| **SCHEDULE – 7** | | | |
| INVENTORIES | | | |
| 1. Raw materials | | | |
| a. On Hand | 2,284.80 | | 1,031.75 |
| b. In Transit | 425.25 | | 755.42 |
| | | 2,710.05 | 1,787.17 |
| 2. Stores and spare parts | | | |
| a. Packing materials | 6.73 | | 3.47 |
| b. Stores and spares | 559.13 | | 403.20 |
| | | 565.86 | 406.67 |
| 3. Work-in-progress (Including trial run inventory Rs. 710.00 Lakhs (previous year Rs. Nil)) | | 2,883.05 | 2,174.02 |
| 4. Finished Goods | | | |
| a. Manufactured products | 1,477.09 | | 1,242.02 |
| b. Traded products | 263.77 | | 189.46 |
| | | 1,740.86 | 1,431.48 |
| | | 7,899.82 | 5,799.34 |

| | Rs./Lakhs | As at 31.03.2008 Rs./Lakhs | As at 31.03.2007 Rs./Lakhs |
|---|---|---|---|
| **SCHEDULE – 8** | | | |
| SUNDRY DEBTORS | | | |
| 1. Debts exceeding six months (unsecured) | | | |
| – Considered good | 71.18 | | – |
| – Considered doubtful | 33.03 | | 19.74 |
| Less: Provision for doubtful debts | (33.03) | 71.18 | (19.74) |
| 2. Other debts (unsecured, considered good) | | 617.76 | 1,039.80 |
| | | 688.94 | 1,039.80 |

| | As at 31.03.2008 Rs./Lakhs | As at 31.03.2007 Rs./Lakhs |
|---|---|---|
| **SCHEDULE – 9** | | |
| CASH AND BANK BALANCES | | |
| 1. Cash on hand | 21.57 | 7.87 |
| 2. Cheques on hand | 238.99 | 299.47 |
| 3. Balances with scheduled banks | | |
| – Current accounts | 1,443.99 | 1,258.76 |
| – Deposit accounts * | 1,448.40 | 156.43 |
| * Includes Rs. 242.68 Lakhs (previous year Rs. 156.43 Lakhs) as margin for bank gurantees/ letters of credit | | |
| | 3,152.95 | 1,722.53 |

| | As at 31.03.2008 Rs./Lakhs | As at 31.03.2007 Rs./Lakhs |
|---|---|---|
| **SCHEDULE – 10** | | |
| LOANS AND ADVANCES - (Unsecured, Considered Good) | | |
| 1. Balances with Excise, Customs and Port Trust Authorities | 614.63 | 640.91 |
| 2. Advances recoverable in Cash or Kind or for Value to be Received | 871.77 | 787.47 |
| 3. Advances to Suppliers | 502.07 | 270.57 |
| 4. Advance Taxes (Net of provision for Tax - Rs. 4,077.32 Lakhs (Previous Year Rs. 3,865.48 Lakhs) | 28.41 | – |
| | 2,016.88 | 1,698.95 |

| | Rs./Lakhs | As at 31.03.2008 Rs./Lakhs | As at 31.03.2007 Rs./Lakhs |
|---|---|---|---|
| **SCHEDULE – 11** | | | |
| CURRENT LIABILITIES | | | |
| 1. Sundry Creditors | | | |
| a. For capital expenditure | 85.39 | | 230.50 |
| b. For goods supplied | 2,686.76 | | 1,861.35 |
| c. Others | 1,050.04 | | 1,255.15 |
| | | 3,822.19 | 3,347.00 |
| 2. Advances from customers | | 605.63 | 373.42 |
| 3. Retention monies | | 115.09 | 113.73 |
| 4. Unpaid dividend * | | 37.98 | 38.41 |
| 5. Interest accured but not due | | 41.33 | – |
| 6. Provision for loss on derivative transactions | | 493.50 | – |
| 7. Other liabilities | | 430.18 | 343.01 |
| | | 5,545.90 | 4,215.57 |

* Unpaid dividend does not include any amount outstanding as on 31 March 2008 required to be credited to the Investor Education Proctection Fund

| | | |
|---|---|---|
| **SCHEDULE – 12** | | |
| PROVISIONS | | |
| 1 . Gratuity | 106.14 | 206.76 |
| 2 . Leave encashment | 223.15 | 169.22 |
| 3 . Proposed dividend | 592.00 | 592.00 |
| 4. Provision for taxation & fringe benefit tax | – | 249.32 |
| (Net of advance tax - Rs. 4,168.25 Lakhs, (previous year “Rs. 3,662.66 lakhs)) | | |
| 5. Provision for dividend distribution tax | 100.61 | 100.61 |
| | 1,021.90 | 1,317.91 |

| | | |
|---|---|---|
| **SCHEDULE – 13** | | |
| MISCELLANEOUS EXPENDITURE | | |
| (To the extent not written off or adjusted) | | |
| Deferred Revenue Expenditure {See Note 1 (xii)} | | |
| Opening Balance | – | 93.82 |
| Less: Amortised during the Year | – | 93.82 |
| | – | – |

| | | Rs./Lakhs | Year Ended 31.03.2008 Rs./Lakhs | Year Ended 31.03.2007 Rs./Lakhs |
|---|---|---|---|---|
| **SCHEDULE – 14** | | | | |
| SALE OF PRODUCTS | | | | |
| a. | Fibre cement products | | 31,304.20 | 30,673.36 |
| b. | Others | | 774.82 | 1,905.96 |
| | | | 32,079.02 | 32,579.32 |
| Less: Realisation from sale of trial run production transferred to CWIP (See note 12) | | | 1,377.94 | – |
| | | | 30,701.08 | 32,579.32 |
| **SCHEDULE – 15** | | | | |
| OTHER INCOME | | | | |
| a. | Sale of scrap | | 56.72 | 102.33 |
| b. | Excess provisions made in earlier years written back | | 384.80 | 142.10 |
| c. | Profit on sale of fixed assets (net) | | 842.25 | 6.20 |
| d. | Interest from bank and others * | | 127.96 | 15.10 |
| e. | Foreign exchange gain (net) | | – | 28.79 |
| f. | Miscellaneous income | | 12.81 | 9.86 |
| | | | 1,424.54 | 304.38 |
| | * Income tax deducted at source Rs. 19.56 Lakhs (previous year Rs. 0.13 Lakhs) | | | |
| **SCHEDULE – 16** | | | | |
| MANUFACTURING, OPERATING AND SELLING EXPENSES | | | | |
| 1. | Purchase of other products | | 670.13 | 1,714.58 |
| 2. | Consumption of raw materials | | 15,773.31 | 14,460.98 |
| 3. | Payments to and provisions for employees | | | |
| | a. Salaries, wages and bonus | 2,847.12 | | 2,116.43 |
| | b. Contributions to provident and other funds | 269.54 | | 374.73 |
| | c. Workmen and staff welfare expenses | 264.38 | | 204.47 |
| | d. Compensation under VRS | – | | 10.00 |
| | | | 3,381.04 | 2,705.63 |
| 4. | Operation and other expenses | | | |
| | a. Stores and spares consumed | 1,657.82 | | 1,593.43 |
| | b. Packing materials consumed | 167.72 | | 146.07 |
| | c. Power and fuel | 1,406.78 | | 1,190.52 |
| | d. Repairs & Maintenance | | | |
| | – Building | 133.90 | | 107.95 |
| | – Machinery | 540.50 | | 465.37 |
| | – Others | 70.34 | | 76.34 |
| | e. Rent | 322.53 | | 266.80 |
| | f. Rates and taxes | 86.03 | | 146.62 |
| | g. Insurance | 62.79 | | 76.90 |
| | h. Depot handling expenses | 186.99 | | 170.48 |
| | i. Discount, rebates and allowances | 64.69 | | 104.99 |
| | j. Commission on sales | 172.24 | | 163.85 |
| | k. Travelling | 483.22 | | 375.27 |
| | l. Advertisement and sales promotion expenses | 462.53 | | 435.42 |
| | m. Bad debts written off | 13.29 | | – |
| | n. Exchange loss (net) (see note 4) | 350.18 | | – |
| | o. Work done by outside contractor | 374.79 | | 356.04 |
| | p. Other expenses | 1,220.35 | | 709.28 |
| | q. Outward freight charges on finished goods | 2,881.89 | | 3,571.51 |
| | r. Excise duties | 111.00 | | 141.20 |
| | s. Miscellaneous expenditure written off | | 10769.58 | 93.82 |
| | | | 30594.06 | 10191.86 |
| | Less: Stores and Spares Capitalised | | 41.49 | 1676.4 |
| | Less: Pre operative expenses transferred to CWIP (see note 12) | | 2,833.72 | 253.39 |
| | | | 27,718.85 | 28,650.02 |

| | Rs./Lakhs | As at 31.03.2008 Rs./Lakhs | As at 31.03.2007 Rs./Lakhs |
|---|---|---|---|
| **SCHEDULE – 17** | | | |
| REDUCTION/ (ACCRETION) TO STOCK - IN - TRADE AND WORK IN PROGRESS | | | |
| 1. Closing stocks - | | | |
| i. Stock - in - trade | 1,740.86 | | 1,431.49 |
| ii. Work in progress | 2,883.05 | | 2,174.02 |
| | 4,623.91 | | 3,605.51 |
| 2. Opening stocks - | | | |
| i. Stock - in - trade | 1,431.49 | | 1,342.16 |
| ii. Work in progress | 2,174.02 | | 1,348.99 |
| | 3,605.51 | | 2,691.15 |
| | | (1,018.40) | (914.36) |
| **SCHEDULE – 18** | | | |
| INTEREST | | | |
| 1. Cash credit accounts | | 233.36 | 192.11 |
| 2. Others | | 666.19 | 257.90 |
| | | 899.55 | 450.01 |
| Less : Pre operative expenses transferred to CWIP (see note 12) | | 429.60 | 177.67 |
| | | 469.95 | 627.68 |

## SCHEDULE – 19

NOTES FORMING PART OF THE ACCOUNTS

1. Significant Accounting Policies

(i) Accounting Convention

These financial statements have been prepared under the historical cost convention, on the accrual basis of accounting and in accordance with the Generally Accepted Accounting Principles ('GAAP') in India and comply with the accounting standards prescribed by the Companies (Accounting Standards) Rules, 2006 to the extent applicable and in accordance with the provisions of the Companies Act, 1956, as adopted consistently by the Company.

(ii) Use of Estimates

The preparation of financial statements requires the management of the Company to make estimates and assumptions that affect the reported balances of assets and liabilities and disclosures relating to the contingent liabilities as at the date of the financial statements and reported amounts of income and expenses during the period. Example of such estimates include provisions for doubtful debts, employee retirement benefit plans, provision for income taxes, accounting for contract costs expected to be incurred to complete construction and the useful lives of fixed assets.

(iii) Fixed Assets and Depreciation

Fixed assets are stated at cost less accumulated depreciation. Cost includes purchase price and all other attributable costs of bringing the assets to working condition for intended use.

Depreciation on assets is charged proportionately from the month of acquisition/ installation on a straight line basis on rates prescribed by schedule XIV of the Companies Act 1956 other than for the following assets, where higher rates are used based on the useful life of the assets as determined by the Company:

| | |
|---|---|
| Furniture, fixtures and office equipment (except Data Processing Equipment) | 10% |
| Buildings | 5% |
| Factory roads | 3.34% |
| Vehicles | 20% |
| Pallets used for autoclaving | 20% |

Leasehold land and improvements are amortised over the term of the lease.

Technical know-how is amortised over the term of the agreement. Computer software is amortised over a period of 3 years.

Assets acquired under finance lease are recognised at the lower of the fair value of the leased assets at inception and the present value of minimum lease payments and are depreciated over the lease term or useful life, whichever is shorter. Lease payments are apportioned between the finance charges and the reduction of the outstanding liability. The finance charge is allocated to periods during the lease term at a constant periodic rate of interest on the remaining balance of the liability.

(iv) Revenue Recognition

Revenue from sale of products is recognised on dispatch of goods to customers which coincides with the transfer of risk and rewards associated with the ownership of goods. Sales are net of rebates and sales taxes, wherever applicable.

Revenue from construction business on fixed price contracts is recognised in accordance with the percentage of completion method based on the work completed. Profit is not recognised in the financial statements unless the outcome of the contract can be reliably estimated.

(v) Investments

Investments are stated at cost. Provision is made for other than temporary diminution in the value of investments.

(vi) Inventories

Inventories are valued at cost or net realisable value, whichever is lower and includes all applicable costs incurred in bringing goods to their present location and condition. The basis for determining cost for various categories of inventories is as follows:

| | | |
|---|---|---|
| Stores and spare parts | - | Weighted average |
| Raw materials | - | Weighted average |
| Materials in transit | - | At cost |
| Work in process and Finished goods | - | Material cost plus appropriate share of labour, manufacturing and other overheads. |

(vii) Research and Development Costs

Research and development costs of revenue nature are charged to the Profit and Loss account when incurred. Expenditure of capital nature is capitalised and depreciated in accordance with the rates set out in paragraph 1 (iii) above.

(viii) Employee Benefits (See also Note 8)

a. Short-term employee benefits

The undiscounted amount of short-term employee benefits expected to be paid in exchange of services rendered by employees is recognised during the period when the employee renders the services. These benefits include compensated absences and performance incentives.

b. Post-employment benefit plans

The Company has various schemes of retirement benefits namely provident fund, superannuation schemes and gratuity, which are administered by trustees of independently constituted trusts recognised by the Income-tax authorities.

The Company's superannuation scheme and the employee's provident fund scheme are defined contribution schemes. The Company's contribution paid/ payable under the schemes are recognised as expenses in the profit and loss account during the period in which the employee renders the related service.

The Company's gratuity scheme is a defined benefit scheme. For defined benefit schemes, the cost of providing benefits is determined using projected unit credit method, with actuarial valuation being carried out at each balance sheet date. Actuarial gains and losses are recognised in full in the profit & loss account for the period in which they occur. Past service cost is recognized to the extent the benefits are already vested, and otherwise is amortised on a straight-line method over the average period until the benefits become vested.

The retirement benefit obligation recognised in the balance sheet represents the present value of the defined benefit obligations as adjusted for unrecognised past service cost, and as reduced by the fair value of scheme assets. Any asset resulting from this calculation is limited to past service cost, plus the present value of available refunds and reductions in future contributions to the scheme.

Benefits comprising compensated absences constitute other long term employee benefits. The liability for compensated absences is provided on the basis of an actuarial valuation done by an independent actuary at the year end. Actuarial gains and losses are recognised immediately in the profit and loss account.

(ix) Borrowing Costs

Borrowing costs that are attributable to the acquisition or construction of qualifying assets are capitalised as part of the cost of such assets. A qualifying asset is one that necessarily takes substantial period of time to get ready for intended use. All other borrowing costs are charged to revenue.

(x) Foreign Exchange Transactions

Transactions in foreign currencies are recorded at the exchange rate prevailing on the date of the transaction. Monetary items denominated in foreign currency and outstanding at the balance sheet date are translated at the exchange rate ruling on that date. Exchange differences arising on foreign currency transactions are recorded as income or expense in the period in which they arise.

In respect of forward contracts taken by the Company, the difference between the forward rate and the exchange rate at the date of the transaction is recognised as expense over the life of the forward contract.

(xi) Taxation (See also Note 9)

Income tax comprises current tax, fringe benefit tax and deferred tax. Deferred tax assets and liabilities are recognised for the tax consequences of timing differences, subject to the consideration of prudence. Deferred tax assets and liabilities are measured using the tax rates enacted or substantively enacted at the balance sheet date.

(xii) Deferred Revenue Expenditure

The Company has started charging compensation under voluntary retirement scheme (VRS) to the profit and loss account from 1 April, 2003. Prior to 1 April, 2003, the Company was amortising VRS payments over a period of five years and continue to do so for the VRS payments made prior to 1 April, 2003.

(xiii) Earnings Per Share (See also Note 14)

The Company reports basic and diluted earnings per equity share in accordance with Accounting Standard 20, Earnings Per Share issued by the Institute of Chartered Accountants of India (ICAI). Basic earnings per equity share has been computed by dividing net profit after tax by the weighted average number of equity shares outstanding for the year.

(xiv) Impairment of Assets

At each balance sheet date, the Company reviews the carrying amount of its assets to determine whether there is any indication that those assets suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of impairment loss. Recoverable amount is the higher of an assets net selling price and value in use. In assessing value in use the estimated future cash flows expected from the continuing use of the asset and from its disposal are discounted to their present value using a discount rate that reflects the current market assessments of time value of money and the risks specific to the asset.

Reversal of impairment loss is recognised as income in the profit and loss account.

(xv) Contingencies / Provisions

Provision is recognised when the Company has a present obligation as a result of past event; it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, in respect of which a reliable estimate can be made. Provisions are not discounted to its present value and are determined based on best estimate of the expenditure required to settle the obligation at the Balance Sheet date. These are reviewed at each Balance Sheet date and adjusted to reflect the current best estimate. A contingent liability is disclosed, unless the possibility of an outflow of resources embodying the economic benefit is remote.

(xvi) Employee Stock Option Scheme (See also Note 20)

Stock options granted to the employees under the stock options schemes are accounted as per the accounting treatment prescribed by the Employee Stock Option and Employees Stock Purchase Scheme Guidelines 1999 issued by Securities and Exchange Board of India. Accordingly, the excess of average market value of the shares over the preceding 2 weeks of the date of grant of options over the exercise price of the options is recognised as deferred employee compensation and is charged to the profit and loss account on straight line wise basis over the vesting year of the options.

(viii) Leases

*Operating Lease*

Leases where the lessor effectively retains substantially all the risks and benefits of ownership of the leased asset are classified as operating leases. Operating lease charges are recognised as an expense in the profit and loss account on a straight-line basis over the lease term.

*Finance Lease*

Leases under which the Company assumes substantially all the risks and rewards of ownership are classified as finance leases. The lower of fair value of asset and present minimum lease rentals is capitalised as fixed assets with corresponding amount shown as lease liability. The principal component in the lease rentals is adjusted against the lease liability and interest component is charged to profit and loss account.

2. Contingent Liabilities

a) Claims against the Company not acknowledged as liabilities in respect of:

| | Particulars | As at 31.03.2008 Rs./Lakhs | As at 31.03.2007 Rs./Lakhs |
|---|---|---|---|
| i. | Sales tax matters | 3488.19 | 3,675.12 |
| ii. | Customs and excise matters | 2,467.23 | 2,480.40 |
| Iii | Income Tax matters<br>(Net of Tax paid/Adjusted Rs.Nil, Previous Year Rs.1,159.82 Lakhs) | 507.83 | 1,627.11 |
| iv. | Claims against the Company not acknowledged as debts | 109.45 | 94.93 |

b) Guarantees and letter of credits issued by bank have been secured by a first pari-passu charge on the entire current assets, present and future, including receivables of the Company and second pari-passu charge on all fixed assets, land and buildings present and future, except land and building situated at Podanur (on which State Bank of India has exclusive charge) and at Kolkata, to the extent of Rs. 1,615.19 Lakhs (previous year Rs. 398.35 Lakhs).

c) Estimated amount of contracts to be executed on capital account - Rs. 1,257.08 Lakhs (net of advances - Rs. 257.23 Lakhs), [previous year - Rs. 1,763.01 Lakhs (net of advances Rs. 608.44 Lakhs)].

3. Other expenses includes amount contributed to Bhartiya Janta Party Rs. Nil (previous year Rs. 3.00 Lakhs) and to All India Congress Committee Rs. Nil (previous year Rs. 4.00 Lakhs).

4. Based on the Institute of Chartered Accountants of India's announcement on 29 March, 2008 dealing with the accounting for derivatives and keeping in view the application of "prudence" as enunciated in AS-1 the Company has recognised losses on derivative transactions for the year ended 31 March, 2008. Loss on foreign exchange comprises of loss on derivative transactions aggregating to Rs. 493.50 Lakhs (previous year Rs. Nil) and net foreign exchange gain of Rs. 143.32 Lakhs (previous year Rs. 28.79 Lakhs).

5. Other expenses include the auditors remuneration (excluding service tax) as follows:

| Particulars | Year ended 31.03.2008 (Rs./Lakhs) | Year ended 31.03.2007 (Rs./Lakhs) |
|---|---|---|
| Audit Fees (Including Fees for limited review) | 19.75 | 16.75 |
| Tax Audit Fee | 2.25 | 2.25 |
| Fees for Other Services | 2.00 | – |
| Reimbursement of Expenses | 0.57 | 0.59 |
| | 24.57 | 19.59 |

6. Construction Contracts

a. Sales of products - others include Rs. 321.39 Lakhs recognised as contract revenue for the year ended 31 March, 2008.

b. As required by Accounting Standard-7 (Revised) on 'Construction Contracts', the break-up of the contracts in progress at the reporting dates are as under:

(Rs. / Lakhs)

| Project Code | Revenue Recognised | Cost Incurred | Advance Received |
|---|---|---|---|
| Summary of All Projects | 225.75 | 184.82 | 153.22 |
| | (–) | (–) | (–) |

*Figures in bracket () indicate previous year numbers.*

7. Foreign Exchange Disclosure

The year end foreign currency exposures that have not been hedged by derivative instruments or otherwise are as under:

| Project Code | Amount in Indian Rupees | | Currency | Amount in Foreign Currency | |
|---|---|---|---|---|---|
| | As at 31.03.2008 | As at 31.03.2007 | | As at 31.03.2008 | As at 31.03.2007 |
| Receivables | 3,02,14,706 | 1,16,65,594 | USD | 7,64,542 | 2,65,429 |
| Payables | 8,27,51,841 | 5,69,54,205 | USD | 19,96,480 | 11,03,093 |
| | | | EURO | 36,000 | 25,864 |
| ECB Loan | 48,24,00,000 | Nil | USD | 1,20,00,000 | Nil |

8. Disclosure of Retirement Benefits under AS 15-Employee Benefits

a. Defined contribution plan

The Company's contributions towards provident fund for qualifying employees and towards superannuation fund for specific employees are defined contribution retirement plans. The Company's contributions towards provident fund are deposited in trusts formed by the Company under the Employees Provident Fund and Miscellaneous Provisions Act, 1952. Contributions to superannuation fund are deposited in a separate trust. These trusts are recognised by the Income Tax authorities. The contributions to the trusts are managed by the trustees of the respective trusts.

The Company's contributions of Rs. 140.92 Lakhs (previous year Rs. 131.15 Lakhs) towards provident fund and Rs. 69.48 Lakhs (previous year Rs. 70.95 Lakhs) towards superannuation fund are charged to Profit & Loss account. The contributions payable to the plan by the Company are at a rate specified in rules to the schemes.

b. Defined Benefit plan

Gratuity plan

The Company's contribution towards its gratuity liability is a defined benefit retirement plan. The Company makes contributions to the trust from time to time which in turn makes contributions to the Employee's Group Gratuity-cum-Life Assurance scheme of the Life Insurance Corporation of India. The scheme provides for lump sum payment to vested employees at retirement, death while in employment or on termination of employment of an amount equivalent to 15 days salary payable for each completed year of service or part thereof in excess of 6 months. Vesting occurs upon completion of 5 years of service.

The present value of the defined benefit obligation and the related current service cost were measured using the Projected Unit Credit Method with actuarial valuations being carried out at each balance sheet date.

c. The following tables set out the funded status of the gratuity plan and amounts recognised in the Company's financial statements as at 31 March, 2008:

(i) Movement in net liability

| Particulars | | Gratuity (Rs. /Lakhs) |
|---|---|---|
| Present value of obligations as on 01.04.2007 | (A) | 563.29 |
| Adjustment for increase in opening provision for retirement benefits * | (B) | – |
| Liabilities assumed on transfer of employees from holding Company | (C) | – |
| Interest Cost | (D) | 55.15 |
| Current service cost | (E) | 51.27 |
| Benefits paid | (F) | (11.90) |
| Actuarial (gain)/loss on obligations | (G) | 86.83 |
| Present value of obligations as on 31.03.2008 (A+B+C+D+E+F+G) | (H) | 744.64 |

*In compliance with the revised Accounting Standard relating to "Employee Benefits" (AS- 15), issued by the Institute of Chartered Accountants of India, the Company has recomputed the liability for retirement benefits as of 31 March 2007. The difference between the liability as recomputed and as per the old Accounting Standard - 15 as of 31 March 2007 amounting to Rs. 86.04 Lakhs has been adjusted against the opening balance of General Reserve.

(ii) The amounts recognised in the Balance Sheet and Profit & Loss account are as follows:

| Particulars | | Gratuity (Rs. /Lakhs) |
|---|---|---|
| Present value of funded defined benefit obligations as on 31.03.2008 | (A) | 744.64 |
| Present value of unfunded obligation | (B) | – |
| Estimated fair value of plan assets | (C) | 638.50 |
| Net liability/ (asset) (D=A+B-C) | (D) | 106.14 |
| Amounts in the Balance Sheet | | |
| a. Liabilities | | 106.14 |
| b. Assets | | – |
| c. Net liability/ (asset) | | 106.14 |
| Amount charged to Profit & Loss Account | | |
| Service cost | (E) | 51.27 |
| Interest cost | (F) | 55.15 |
| Expected return on plan assets | (G) | 45.76 |
| Net Actuarial (gain)/ loss * | (H) | (23.94) |
| Expense Recognised in P& L (I=E+F-G+H) | (I) | 36.72 |

*Actuarial gain is net of actuarial loss of Rs. 86.04 Lakhs which has been adjusted against the opening balance of General Reserve, in compliance with revised AS-15 relating to employee benefits

(iii) Principal actuarial assumptions

| Assumptions | Year ended 31.03.2008 |
|---|---|
| Discount rate | 8.00% |
| Rate of return on plan assets | 8.00% |
| Salary escalation Rate | 8.00% |

(iv) Fair value of plan assets

| Particulars | As at 31.03.2008 (Rs. /Lakhs) |
|---|---|
| Fair value of plan assets at the beginning of the year | 381.61 |
| Expected return on plan assets | 45.76 |
| Contributions | 198.30 |
| Benefits paid | (11.90) |
| Actuarial gain/ (loss) on plan assets | 0.93 |
| Fair value of plan assets at the end of the year | 638.50 |

(v) Actual return on plan assets

| Particulars | As at 31.03.2008 (Rs. /Lakhs) |
|---|---|
| Expected return on plan assets | 45.76 |
| Actuarial gain/ (loss) on plan assets | 0.93 |
| Actual return on plan assets | 46.69 |

9. Deferred Taxation

| Particulars | As at 31.03.2008 Rs./Lakhs | Charged/ (Credited) to P&L Rs./Lakhs | As at 31.03.2007 Rs./Lakhs |
|---|---|---|---|
| a. Deferred tax assets | | | |
| Tax impact of: | | | |
| i. Expenditure covered by section 43B of Income-tax Act, 1961 | 116.00 | (19.07) | 135.07 |
| ii. Excess of voluntary retirement expenses (VRS) provided in accounts over expenses allowed in Income-tax. | 5.84 | (8.08) | 13.92 |
| Total deferred tax assets | 121.84 | (27.15) | 148.99 |
| b. Deferred tax liabilities | | | |
| Tax impact of: | | | |
| i. Excess of depreciation allowable under Income-tax law over depreciation provided in accounts. | 1,474.44 | 70.52 | 1,403.92 |
| ii. Excess of customs duty on closing stock allowable under Income-tax laws over custom duty provided in accounts. | – | (30.30) | 30.30 |
| Total deferred tax liability | 1,474.44 | 40.22 | 1,434.22 |
| Deferred tax liability (net) before reinstatement | 1,352.60 | 67.37 | 1,285.23 |
| Deferred tax liability reversed against the opening liability on reinstatement on gratuity in compliance with revised AS 15 (Employee Benefit) | 29.24 | – | – |
| Deferred tax liability (net) | 1,323.36 | 67.37 | 1285.23 |

10. Managerial remuneration

a. Remuneration paid to directors:

| Particulars | Year ended 31.03.2008 Rs./Lakhs | Year ended 31.03.2007 Rs./Lakhs |
|---|---|---|
| Whole Time Directors | | |
| 1. Salaries and perquisites | 93.18 | 59.46 |
| 2. Contributions to provident and superannuation fund | 11.18 | 7.07 |
| 3. Performance Incentive to whole time directors | 78.00 | 45.00 |
| Non-executive directors | | |
| 4. Commission/ performance incentive to non executive directors | 9.50 | Nil |
| 5. Sitting fees | 4.40 | 5.80 |

Note:

i. Contribution to group gratuity scheme has not been considered, as person- wise details are not available.

ii. Payment of performance incentive to whole time directors is subject to the approval from the shareholders by way of special resolution and from the Central Government.

b. Computation of net profits as per section 349 of the Companies Act, 1956:

| Particulars | Year ended 31.03.2008 Rs./Lakhs | Year ended 31.03.2007 Rs./Lakhs |
|---|---|---|
| Profit before tax as per Profit and Loss account | 1,803.22 | 1,782.41 |
| Add: Managerial remuneration | 191.86 | 111.53 |
| Compensation under Voluntary Retirement Scheme | 0.00 | 103.82 |
| | 1,995.08 | 1,997.76 |
| Less: Profit on sale of fixed assets | 842.25 | 6.19 |
| Net profit for the year | 1,152.83 | 1,991.57 |
| Maximum remuneration payable to whole time directors under section 309 of the Comanies Act 1956 @ 10% of net profit | 115.28 | 199.16 |
| Actual remuneration paid | 182.36 | 111.53 |
| Maximum commission payable to non-executive directors under Section 309 of the Companies Act, 1956 @ 1% of net profit | 11.52 | 19.91 |
| Actual commission/performance incentive paid to non-executive directors | 9.50 | NIL |

Note: The provision for payment of managerial remuneration for the year is as recommended by the Board of Directors and exceeds the limits prescribed under sections 198/ 309 read with schedule XIII of the Companies Act, 1956 and is subject to the approval of shareholders and Central Government.

11. Related party disclosures

a. List of related parties

i. Holding Company
   - M/s Everest Finvest (India) Private Limited

ii. Subsidiary Company
   - M/s Everest Building Solutions Ltd.

iii Key Management Personnel and relatives
   - Mr. M. L. Gupta, Managing Director
   - Mr. Manish Sanghi, Executive Director
   - Mr. Y. Srinivasa Rao, Executive Director

b. Transactions with related parties during the year:

| S. No. | Particulars | Year ended 31.03.2008 (Rs. /Lakhs) | Year ended 31.03.2007 (Rs. /Lakhs) |
|---|---|---|---|
| i | Dividend paid to holding company M/s Everest Finvest (India) Private Limited | 222.40 | 296.54 |
| ii | Investment in subsidiary company M/s Everest Building Solutions Ltd | 5.00 | Nil |
| iii | Remuneration to key management personnel | | |
| | Mr. M L Gupta | 75.36 | 62.08 |
| | Mr. Manish Sanghi | 62.29 | 48.73 |
| | Mr. Y. Srinivasa Rao | 44.71 | – * |

* Mr. Y. Srinivasa Rao was not a director in the previous year.

c. Balances outstanding with related parties at the year end:

| S. No. | Particulars | As at 31.03.2008 (Rs. /Lakhs) | As at 31.03.2007 (Rs. /Lakhs) |
|---|---|---|---|
| i | Share capital from holding company M/s Everest Finvest (India) Private Limited | 741.35 | 741.35 |
| ii | Investment in equity of subsidiary company M/s Everest Building Solutions Limited | 5.00 | Nil |
| iii | Performance incentive due to key management personnel * | | |
| a | Mr. M. L. Gupta | 30.00 | 25.00 |
| b | Mr. Manish Sanghi | 26.00 | 20.00 |
| c | Mr. Y. Srinivasa Rao | 22.00 | ** |

* Amounts payable to key managerial personnel on account of performance incentive are subject to the approval of the shareholders and the Central Government.

** Mr. Y. Srinivasa Rao was not a director in the previous year.

12. Capital Work in Progress and Preoperative expenditure

Capital work in progress and pre-operative expenditure comprises of the following:

a. Capital work in progress

| | Particulars | As at 31.03.2008 (Rs./Lakhs) | As at 31.03.2007 (Rs./Lakhs) |
|---|---|---|---|
| i | Project Assets | 7,241.48 | 5,732.82 |
| ii | Capital Advances | 727.85 | 559.18 |
| iii | Unallocated Project Preoperative Expenditure (see b below) | 2,311.05 | 437.46 |
| | | 10,280.38 | 6,729.46 |

b. Preoperative expenditure

| Particulars | As at 31.03.2007 (Rs./Lakhs) | 01.04.07 to 31.03.08 (Rs./Lakhs) | As at 31.03.2008 (Rs./Lakhs) |
|---|---|---|---|
| Raw material consumed | | 1,720.36 | 1,720.36 |
| Consumables, stores & spares | | 210.51 | 210.51 |
| Salaries | 77.54 | 335.20 | 412.74 |
| Contribution to provident & other funds | 0.75 | 18.92 | 19.67 |
| Staff welfare expenditure | 2.03 | 26.12 | 28.15 |
| Rent | 9.95 | 18.72 | 28.67 |
| Repair & maintenance | 2.25 | 100.94 | 103.19 |
| Traveling and conveyance | 54.65 | 97.98 | 152.63 |
| Power and fuel | 16.15 | 370.53 | 386.68 |
| Rate and taxes | 2.62 | – | 2.62 |
| Freight | 14.59 | 140.86 | 155.45 |
| Advertisement and selling expenses | 2.88 | 2.94 | 5.82 |
| Excise | | 124.00 | 124.00 |
| Insurance | 31.44 | 22.37 | 53.81 |
| Others | 44.94 | 354.27 | 399.21 |
| Less: Charged to closing inventory resulting from trial production on account of loading of overhead | | (710.00) | (710.00) |
| | 259.79 | 2833.72 | 3093.51 |
| Interest and finance expenses | 177.67 | 429.60 | 607.27 |
| Less : Store & Spares Capitalised to fixed assets during the year | | (11.79) | (11.79) |
| Unallocated preoperative expenditure | 437.46 | 1,873.59 | 2,311.05 |

13. The Company is in the business of manufacture of building materials used for roofing, partitioning and paneling and all its products fall in the same segment. As the Company operates in a single business and geographical segment, the reporting requirements for primary and secondary segment disclosures prescribed by paragraphs 39 to 51 of Accounting Standard 17 Segment reporting, have not been provided in these financial statements.

14. Earning Per Share

| | Particulars | Year ended 31.03.2008 | Year ended 31.03.2007 |
|---|---|---|---|
| i. | Number of equity shares of Rs. 10 each fully paid up, at the year beginning and year end | 1,48,00,020 | 1,48,00,020 |
| ii. | Weighted average of the number of shares issued under options | 1,48,000 | 147,420 |
| iii. | Adjustment for number of shares issued at fair value | 1,48,000 | 147,420 |
| iv. | Net profit for the year - (Rs. /Lakhs) | 1431.73 | 1,165.97 |
| v. | Basic earnings per share (Rupees) | 9.67 | 7.88 |
| vi. | Nominal value of equity share (Rupees) | 10.00 | 10.00 |
| vii. | Diluted earnings per share (Rupees) | 9.67 | 7.88 |

15. Capacity, Production and Sales

| Particulars | Year ended 31.03.2008 (Tonnes) | Year ended 31.03.2007 (Tonnes) |
|---|---|---|
| Fibre Cement Products: | | |
| (a) Licensed capacity | Not Applicable | Not Applicable |
| (b) Installed capacity (certified by the management, being a technical matter) | 4,55,000 | 4,55,000 |
| (c) Production* | 4,08,164 | 3,85,857 |
| (d) Sales** | 4,18,667 | 3,98,463 |

* Includes production of 29,928 tonnes (previous year Nil) during trial runs.

** Includes 10,202 tonnes (previous year 19,170 tonnes) on account of net breakages/ salvages and materials used for internal consumption/ capitalised and sale of 20,043 tonnes (previous year Nil) from goods produced during trial runs.

16. Stock - Fibre Cement Products

| Particulars | Year ended 31.03.2008 | | Year ended 31.03.2007 | |
|---|---|---|---|---|
| | Quantity (Tonnes) | Amount (Rs./Lakhs) | Quantity (Tonnes) | Amount (Rs./Lakhs) |
| a. Closing stock | | | | |
| i. Finished goods | 21,607 | 1,477.09 | 21,908 | 1,242.02 |
| ii. Resale materials | | 263.77 | | 189.46 |
| | | 1,740.86 | | 1,431.48 |
| iii. Work in process * | | 2,883.05 | | 2,174.02 |
| | | 4,623.91 | | 3,605.50 |
| b. Opening stock | | | | |
| i. Finished goods | 21,908 | 1,242.02 | 15,344 | 1,087.16 |
| ii. Resale materials | | 189.46 | | 254.99 |
| | | 1,431.48 | | 1,342.15 |
| iii. Work in process | | 2,174.02 | | 1,348.99 |
| | | 3,605.50 | | 2,691.14 |

* Includes Rs. 710.00 Lakhs (previous year Rs. Nil) on account of goods produced during trial runs.

17. Raw Materials Consumed

| Particulars | Year ended 31.03.2008 | | Year ended 31.03.2007 | |
|---|---|---|---|---|
| | Quantity (Tonnes) | Amount (Rs./Lakhs) | Quantity (Tonnes) | Amount (Rs./Lakhs) |
| Raw fibre | 30,367 | 6,937.19 | 26,407 | 6,257.29 |
| Cement | 1,69,060 | 5,727.21 | 1,65,273 | 4,565.39 |
| Other materials | 1,45,083 | 3,108.91 | 1,39,034 | 3,638.30 |
| | | 15,773.31 | | 14,460.98 |

18. Value of all imported/indigenous raw materials stores, spare parts and components consumed.

| Particulars | Year ended 31.03.2008 | | Year ended 31.03.2007 | |
|---|---|---|---|---|
| | Rs. /Lakhs | % | Rs./Lakhs | % |
| a. Raw materials | | | | |
| (i) Imported | 7,565.89 | 47.97 | 7,370.46 | 50.97 |
| (ii) Indigenous | 8,207.42 | 52.03 | 7,090.52 | 49.03 |
| | 15,773.31 | 100.00 | 14,460.98 | 100.00 |
| b. Stores, spare parts and components (including packing materials) | | | | |
| (i) Imported | 8.33 | 0.46 | 24.13 | 1.39 |
| (ii) Indigenous | 1,817.21 | 99.54 | 1,715.37 | 98.61 |
| | 1,825.54 | 100.00 | 1,739.50 | 100.00 |

19. Other additional information

| Particualrs | Year ended 31.03.2008 Rs./Lakhs | Year ended 31.03.2007 Rs./Lakhs |
|---|---|---|
| a. Imports (CIF) value | | |
| (i) Raw materials | 7,460.27 | 6,011.13 |
| (ii) Traded items | 232.12 | 96.04 |
| (iii) Capital goods (including capital work-in-progress) | 199.58 | 447.86 |
| (iv) Stores and spares | 6.33 | 22.90 |
| b. Expenditure in foreign currency (on cash basis) | | |
| (i) Travelling expenses | 31.58 | 24.64 |
| (ii) Professional fee | 3.68 | 31.50 |
| (iii) Others | 56.75 | 23.88 |
| c. Earnings in foreign exchange | | |
| FOB value of goods exported | 1,551.20 | 729.38 |

20. Employee Stock Option Scheme

The Company has granted 1,48,000 options up to 31 March 2008. The exercise price per each option shall be the average of the two weeks high and low price of the share preceding the date of grant of options on BSE/NSE or closing price of the Company's share on that stock exchange on the date prior to the date of grant of options, whichever is less. Options granted shall vest with the grantee after a period of one year from the date of grant. The exercise period of the options is a period of four years after the vesting of the options.

Option activity during the year under the plans is set out below:

| Particulars | ESOS (2006) | ESOS(2007) |
|---|---|---|
| i. Opening balance | 1,47,420 | – |
| ii. Options granted during the year | – | 1,48,000 |
| iii. Exercised during the year | – | – |
| iv. Forfeited during the year | – | – |
| v. Expired during the year | (15,070) | – |
| vi. Options granted outstanding at the year end | | |
| vii. Options exercisable at the year end | 1,32,350 | 1,48,000 |
| viii. Weighted average | 1,32,350 | 1,48,000 |
| ix. Remaining contractual life (years) at the year end | 4 Years | 5 Years |

The Company has accounted the above options using the intrinsic value method. As noted by the Compensation Committee, the exercise price has been determined at the Rs. 98.00 and thus there is no stock compensation expenses under for the intrinsic value method for the options granted.

The guidance note issued by the Institute of Chartered Accountants of India requires the disclosure of pro forma net results and EPS both basic & diluted, had the Company adopted the fair value method. Had the Company accounted the option under fair value method, amortising the stock compensation expense thereon over the vesting period, the reported profit for the year ended March 31, 2008 would have been lower by Rs. 42.81 Lakhs (previous year Rs. 1.04 Lakhs) and the Basic and diluted EPS would have been revised to Rs. 9.38 and Rs. 9.38 (Previous year Rs. 7.87 and Rs. 7.87) respectively. The fair value of stock based awards to employees is calculated through the use of option pricing models, requiring subjective assumptions which greatly affect the calculated values. The said fair value of the options have been calculated using Black-Scholes option pricing model, considering the expected term of the options to be 4 years, an expected dividend rate of 40 % (previous year 40 %) on the underlying equity shares, volatility in the share price of 54.83% (previous year 49.93%) and a risk free rate of 7.59% (previous year 7.97%). The Company's calculations are based on a single option valuation approach, and forfeitures are recognised as they occur. The expected volatility is based on historical volatility of the share price during the year after eliminating the abnormal price fluctuations.

21. As per information available with the Company, none of its creditors comprise small scale industrial undertakings to which the Company owes dues, which are outstanding for more than 30 days as at the Balance Sheet date and none of the creditors comprises micro, small and medium enterprises which comprise amounts outstanding for more than 45 days as at the Balance Sheet date.

| Particulars | Year ended 31.03.2008 (Rs. /Lakhs) | Year ended 31.03.2007 (Rs. /Lakhs) |
|---|---|---|
| Delayed payments due as at the end of each accounting year on account of principal and interest thereon | Nil | Nil |
| Total interest paid on all delayed payments during the year under the provisions of the Act | Nil | Nil |
| Interest due on principal amounts paid beyond the due date during the year but without the interest amounts under the Act | Nil | Nil |
| Interest accrued but not due | Nil | Nil |
| Total interest due but not paid | Nil | Nil |

22. Previous year figures have been recast/ regrouped wherever necessary to conform to current years' presentation

For and on behalf of
EVEREST INDUSTRIES LIMITED

M.L. GUPTA
Managing Director

MANISH SANGHI
Executive Director

RAKESH K. GUPTA
Sr. Vice President (Finance)

NEERAJ KOHLI
Company Secretary & Head-Legal

Mumbai 23 April, 2008

# ADDITIONAL INFORMATION PURSUANT TO PART IV OF SCHEDULE VI TO THE COMPANIES ACT, 1956
# BALANCE SHEET ABSTRACT AND COMPANY'S GENERAL BUSINESS PROFILE

## I. Registration Details

Registration No. 2093 State Code 11

Balance Sheet Date 31-03-08 (Date Month Year)

## II. Capital raised during the year (Amount in Rs. '000)

Public Issue: NIL

Rights Issue: NIL

Bonus Issue: NIL

Private Placement: NIL

## III. Position of mobilisation and deployment of funds (Amount in Rs. '000)

Total Liabilities: 3564139

Total Assets: 3564139

Sources of funds

Paid-Up Capital: 148000

Reserves & Surplus: 1265412

Secured Loans: 1127705

Unsecured Loans**: 233906

*** Includes Stockists Deposits*

Deferred Tax Liability (Net): 132336

Application of funds

Net Fixed Assets: 2185777

Investments: 597

Net Current Assets: 720985

Miscellaneous Expenditure: 0000

## IV. Performance of the Company (Amount in Rs. '000)

Turnover (Including other income): 2993808

Total Expenditure: 2813486

Profit/(Loss) Before Tax: 180322

Profit/(Loss) After Tax: 143173

Earning Per Share in Rs.: 9.67

Dividend Rate (%): 40%

## V. Generic Names of three Principal Products / Services of the Company (as per monetary terms)

Item Code No. (ITC Code): 6811 10 00

Product Description: ASBESTOS CEMENT CORRUGATED SHEETS

Item Code No. (ITC code): 6811 20 90

Product Description: FIBRE CEMENT SHEETS OTHER THAN CORRUGATED

Item Code No. (ITC code): 6811 10 00

Product Description: FIBRE CEMENT CORRUGATED SHEETS

For and on behalf of
EVEREST INDUSTRIES LIMITED

M.L. GUPTA
Managing Director

MANISH SANGHI
Executive Director

RAKESH K. GUPTA
Sr. Vice President (Fin.)

NEERAJ KOHLI
Company Secretary & Head-Legal

Mumbai 23rd April, 2008

## STATEMENT PURSUANT TO SECTION 212 OF THE COMPANIES ACT, 1956, RELATING TO SUBSIDIARY COMPANY

| | | | |
|---|---|---|---|
| 1. | Name of the Company | | EVEREST BUILDING SOLUTIONS LIMITED |
| 2. | Financial year of the subsidiary Company | | 31.03.2008 |
| 3. | (a) Number of equity shares held in the subsidiary Company by holding Company at the above date. | (Nos.) | 50,000 of Rs.10/- each |
| | % Holding (equity) | | 100% |
| | (b) Number of preference shares Held in the Company by holding Company by holding Company at the above date. | (Nos.) | Nil |
| | % Holding (preference) | | |
| 4. | The net aggregate of profits less losses of the subsidiary Company so far as it concerns the members of hold Company. | | |
| | (i) Dealt with in the accounts of the holding Company amounted to: | | |
| | (a) for the subsidiary's financial year ended on 31.3.1999 | (Rs.) | Nil |
| | (b) for the previous financial years of the subsidiary since it became subsidiary | (Rs.) | Nil |
| | (ii) Not dealt with in the accounts of the holding Company amounted to: | | |
| | (a) for the subsidiary's financial year ended 31.03.2008 | (Rs./lacs) | Nil |
| | (b) for the previous financial years of the subsidiary since it became subsidiary | (Rs./lacs) | Nil |

5. As the financial year of subsidiary Company coincides with the financial year of the holding Company, section 212(5) of the Companies Act, 1956, is not applicable.

To

The Members

Your Directors have pleasure in presenting their first Annual Report of the Company together with the Audited Accounts for the financial year ended March 31, 2008.

During the period the Company incurred expenses of Rs. 50,456/-.The Company has not yet started its business operations.

DIRECTORS' RESPONSIBILITY STATEMENT

In terms of sub section 2AA of Section 217 of the Companies Act, 1956, your Directors state and confirm :

1. That in the preparation of Annual accounts for the year ended 31st March, 2008, the applicable accounting standards have been followed.
2. That Directors have selected such accounting policies, applied them consistently and made judgement and estimates that are reasonable and prudent to give a true and fair view of the state of affairs of the company for the financial year ended 31st March, 2008 and also of the profits or loss of the company for the year ended 31st March, 2008.
3. That proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956 for safeguarding the assets of the company and for preventing and detecting frauds and irregularity have been ensured.
4. That the Accounts for the year ended 31st March, 2008, have been prepared on a going concern basis.

The company did not invite or accept any deposit from the public during the period under review.

Mr.Manish Sanghi and Mr.Y.Srinivasa Rao were appointed as first Directors on the Board of the Company and hold office upto the date of the ensuing Annual General Meeting. The Company has received notices under section 257 of the Companies Act, 1956 from members proposing their candidature as Directors of the Company. The Board commends their appointment as Directors of the Company.

Mr.Rakesh Kumar Gupta, was appointed as Additional Director by the Board and holds office upto the forthcoming Annual General Meeting of the Company. The Company has received a notice under section 257 of the Companies Act, 1956 from a member signifying his intention to propose Mr.Rakesh Kumar Gupta for the office of Director.

In terms of the provisions of sec. 217 (2A) of the Companies Act, 1956 there were no employees who were in receipt of remuneration of not less than Rs.2,00,000/- per month.

The Directors have nothing to report on conversation of energy etc. in pursuance of subsection (1) (e) of Section 217 of the Companies Act, 1956 read with the Companies (Disclosure of Particulars in the report of Board of Directors) Rules, 1988 as the Company is yet to commence the business.

The Auditors of the Company, M/s.S.L.Agarwal & Co., Chartered Accountants, hold office till the conclusion of the ensuing Annual General Meeting and being eligible offer themselves for re-appointment. It is proposed to appoint the present auditors to hold office from the conclusion of the ensuing Annual General Meeting till the conclusion of the next Annual General Meeting.

For and on Behalf of the Board of Directors

Manish Sanghi
Director

Y. Srinivasa Rao
Director

Place : New Delhi
Dated : April 21, 2008

To

The Members,

Everest Building Solutions Limited

1. We have audited the attached Balance Sheet of M/S Everest Building Solutions Limited, as at 31 March, 2008. These financial statements are responsibility on the Company's Management. Our responsibility is to express an opinion on these financial statements based on our audit.

2. We conducted our audit in accounting with auditing standards generally accepted in India. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatements. An audit includes (a) examining, on a test basis, evidence to support the finacial statement amounts and disclosures in the financial statements, (b) assessing the accounting principles in the preparation of financial statements, (c) Assessing significant estimates made by the management in the preparation of the financial statement and (d) evaluating overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

3. The Companies (Auditor's Report) Order, 2003 issued by the Central Government of India in terms of Section 227(4A) of the Companies Act, 1956, is not applicable to the company.

   Further we report that :

   a. We have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose 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 those books of the Company;

   c) The Balance Sheet referred to in this report is in agreement with the books of account of the Company;

   d) In our opinion the complies with the Accounting Standards referred to in Section 211(3C) of the Companies Act, 1956;

   e) On the basis of the written representations received from the directors, and taken on record by the Board of Directors, in our opinion, none of the directors is disqualified from being appointed as a director under section 274(1)(g) of the Companies Act, 1956.

   In our opinion and to the best of our information and according to the explanations given to us, the said Balance Sheet read together with other notes thereon give the informations required by the Companies Act, 1956, in the manner so required and give a true and fair view of the state of affairs of the Company in conformity with the accounting principles generally accepted in India.

For S L AGRAWAL & CO.
Chartered Accountants

Place : New Delhi
Dated : 21 April, 2008

S L AGRAWAL
Partner

## AS AT 31 MARCH, 2008

| | Schedules Reference | Rupees | As at 31.03.2008 Rupees |
|---|---|---|---|
| SOURCES OF FUNDS | | | |
| 1. SHAREHOLDERS' FUNDS | | | |
| (a) Share Capital | 1 | 500,000.00 | |
| | | | 500,000.00 |
| APPLICATION OF FUNDS | | | |
| 2. CURRENT ASSETS, LOANS AND ADVANCES | | | |
| (a) Cash and Bank Balances | 2 | 459,544.00 | |
| | | 459,544.00 | |
| 3 LESS - CURRENT LIABILITIES AND PROVISIONS | | | |
| a) Current Liabilities | 3 | 10,000.00 | |
| | | 10,000.00 | |
| 4 NET CURRENT ASSETS | | | 449,544.00 |
| 5 MISCELLANEOUS EXPENDITURE | 4 | | 50,456.00 |
| | | | 500,000.00 |
| Notes forming part of the accounts | 5 | | |

For and on behalf of
EVEREST BUILDING SOLUTIONS LIMITED

For S.L. AGRAWAL & CO
Chartered Accountants

S.L. AGRAWAL
Partner

MANISH SANGHI
Director

Y.SRINIVASA RAO
Director

Place : New Delhi
21 April, 2008

| | | As at 31.03.2008 Rupees |
|---|---|---|

## SCHEDULE – 1

SHARE CAPITAL

| | | |
|---|---|---|
| 1. | AUTHORISED | |
| | 50,000 Equity Shares of Rs. 10 each | 500,000.00 |
| 2. | ISSUED, SUBSCRIBED AND PAID UP | |
| | 50,000 Equity Shares of Rs. 10 each | 500,000.00 |

## SCHEDULE – 2

CASH AND BANK BALANCES

| | | |
|---|---|---|
| 1. | CURRENT ACCOUNTS WITH BANKS | 459,544.00 |
| | Balance with Scheduled Banks | |
| | | 459,544.00 |

## SCHEDULE – 3

CURRENT LIABILITIES

| | | |
|---|---|---|
| 1. | SUNDRY CREDITORS | |
| | (a) Others | 10,000.00 |
| | | 10,000.00 |

## SCHEDULE – 4

MISCELLANEOUS EXPENDITURE

(To the extent not written off or adjusted)

| | | |
|---|---|---|
| 1. | Preliminery Expensess | 23,450.00 |
| 2. | Preoperative Expensess | 27,006.00 |
| | | 50,456.00 |

| | | Month ended 31.03.2008 Rupees |
|---|---|---|
| A. | Cash flow from Operating Activities | |
| | Net Profit / ( Loss ) before Tax | – |
| | Adjustments for : | |
| | Operating profit before working capital changes | – |
| | Adjustments for : | |
| | Pre-operative Expensess | (50,456.00) |
| | Trade payables | 10,000.00 |
| | Cash generated from operations | (40,456.00) |
| | Net Cashflow from Operating activities | (40,456.00) |
| B. | Cash flow from investing activities- | |
| | Received against Share Capital | 500,000.00 |
| | Net cash used in Investing activities | 500,000.00 |
| C. | Cash flow from financing activities | – |
| | Net cash used in Financing activities | – |
| | Net increase/(decrease) in cash and cash equivalents ( A + B + C ) | 459,544.00 |
| | – Opening Balance | – |
| | – Closing Balance | 459,544.00 |

Notes :

1. All figures in brackets are outflow
2. Cash and Cash Equivalent is Cash and Bank Balances as per Balance Sheet.

As per separate report of attached

For and on behalf of
EVEREST BUILDING SOLUTIONS LIMITED

For S.L. AGRAWAL & CO
Chartered Accountants

S.L. AGRAWAL
Partner

MANISH SANGHI
Director

Y.SRINIVASA RAO
Director

Place : New Delhi
21 April, 2008

## SCHEDULE – 5

ACCOUNTING POLICIES & NOTES TO THE ACCOUNTS

[A]. Significant Accounting Policies

General:

1. The accounts of the Company are prepared under the historical cost convention using the accrual method of the accounting and are in accordance with requirement of the Companies Act, 1956.
2. This being the first financial period of the Company, no prior period figures have been given.
3. No profit and loss account is prepared as the Company has not started business activities.

[B]. NOTES ON ACCOUNTS

1. In the opinion of the Board of Directors, the current assets, loans & advance have a value on realisation in the ordinary course of business at least equal to the amount at which they have been stated in the Balance Sheet.

| | | | | |
|---|---|---|---|---|
| 2. | A. | Earning in the foreign Currency | Nil | |
| | B. | Expenditure in the foreign Currency | Nil | |
| 3. | Payment to directors : | | | |
| | Salary and allowance | | NIL | |
| 4. | Payment to Auditors | | Current Year | |
| | Audit Fees (Rupees) | | 10000 | |
| 5. | Preoperative Expenses | | | |
| | Legal & Professional Charges | | 16500 | |
| | Audit Fee | | 10000 | |
| | Rates & Tax | | 506 | |
| | | | 27006 | |

6. Additional information pursuant to the provisions of Paragraphs 3 and 4 the part II of the Schedule VI of the Companies Act, 1956.

| | | | |
|---|---|---|---|
| a. | Licensed & Installed Capacity | N.A. | |
| b. | Particulars of Goods manufactured | Qty | |
| | | Nil | |
| c. | Stock of Finished Goods | Qty | Value |
| | | Nil | Nil |
| d. | Turnover of Finished Goods | Qty | Value |
| | | Nil | Nil |
| e. | Break up of Consumption of Raw Material | | |
| | Indigenous As % of TOTAL | Nil | |
| | Imported As % of TOTAL | Nil | |
| f. | Value of Imports on CIF Basis | Nil | |

For and on behalf of
EVEREST BUILDING SOLUTIONS LIMITED

For S.L. AGRAWAL & CO
Chartered Accountants

S.L. AGRAWAL
Partner

MANISH SANGHI
Director

Y.SRINIVASA RAO
Director

Place : New Delhi
21 April, 2008

# ADDITIONAL INFORMATION PURSUANT TO PART IV OF SCHEDULE VI TO THE COMPANIES ACT, 1956
# BALANCE SHEET ABSTRACT AND COMPANY'S GENERAL BUSINESS PROFILE

## I. Registration Details

Registration No. U45201MH2007PLC171720

State Code 11

Balance Sheet Date 31-03-08 (Date Month Year)

## II. Capital raised during the year (Amount in Rs. '000)

| | |
|---|---|
| Public Issue | NIL |
| Rights Issue | NIL |
| Bonus Issue | NIL |
| Private Placement | 500 |

## III. Position of mobilisation and deployment of funds (Amount in Rs. '000)

| | |
|---|---|
| Total Liabilities | 500 |
| Total Assets | 500 |

**Sources of funds**

| | |
|---|---|
| Paid-Up Capital | 500 |
| Reserves & Surplus | NIL |
| Secured Loans | NIL |
| Unsecured Loans * | NIL |
| Deferred Tax Liability (Net) | NIL |

*(Stockists' Deposits)*

**Application of funds**

| | |
|---|---|
| Net Fixed Assets | NIL |
| Investments | NIL |
| Net Current Assets | 450 |
| Miscellaneous Expenditure | 50 |

## IV. Performance of the Company (Amount in Rs.)

| | |
|---|---|
| Turnover (Including other income) | NIL |
| Total Expenditure | NIL |
| Profit/(Loss) Before Tax | NIL |
| Profit/(Loss) After Tax | NIL |
| Earning Per Share in Rs. | NIL |
| Dividend Rate (%) | NIL |

## V. Generic Names of three Principal Products / Services of the Company (as per monetary terms)

Item Code No. (ITC Code)

Product Description

Item Code No. (ITC code)

Product Description

Item Code No. (ITC code)

Product Description

For and on behalf of
EVEREST BUILDING SOLUTIONS LIMITED

| | | |
|---|---|---|
| Place : New Delhi | MANISH SANGHI | Y.SRINIVASA RAO |
| 21 April, 2008 | Director | Director |

TO THE BOARD OF DIRECTORS OF EVEREST INDUSTRIES LIMITED

1. We have examined the attached Consolidated Balance Sheet of Everest Industries Limited ("the Company") and its subsidiary as at 31 March, 2008 and the consolidated Profit and Loss Account and the Cash Flow Statement for the year ended on that date annexed thereto.

2. These financial statements are the responsibility of the Company's Management. Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with generally accepted auditing standards in India. Those standards require that we plan and perform the audit to obtain reasonable assurance whether the financial statements are prepared, in all material respects, in accordance with an identified financial reporting framework and are free of material misstatements. An audit includes, examining on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statements. We believe that our audit provides a reasonable basis for our opinion.

3. We did not audit the financial statements of the Company's subsidiary, whose financial statements reflect total assets of Rs. (000s) 500 as at 31 March, 2008 and total revenues of Rs. Nil for the year then ended. These financial statements have been audited by other auditors whose reports have been furnished to us, and our opinion, insofar as it relates to the amounts included in respect of the Company's subsidiary, is based solely on the report of the other auditors.

4. We report that the consolidated financial statements have been prepared by the Company in accordance with the requirements of Accounting Standard (AS) 21, Consolidated Financial Statements and on the basis of the separate audited financial statements of the Company and its subsidiary included in the consolidated financial statements.

5. Without qualifying our opinion, attention is invited to Note 8 of Schedule 19, wherein the managerial remuneration paid/payable for the year is in excess of the limits set out in the Companies Act 1956 and is subject to the approval of the shareholders /Central Government.

6. On the basis of the information and explanations given to us and on the consideration of the separate audit reports on individual audited financial statements of the Company and its subsidiary, we are of the opinion that:

   a. the Consolidated Balance Sheet gives a true and fair view of the consolidated state of affairs of the Company and its subsidiary as at 31 March, 2008;

   b. the Consolidated Profit and Loss Account gives a true and fair view of the consolidated results of operations of the Company and its subsidiary for the year ended on that date; and

   c. the Consolidated Cash Flow Statement gives a true and fair view of the consolidated cash flows of the Company and its subsidiary for the year ended on that date.

For DELOITTE HASKINS & SELLS
Chartered Accountants

JITENDRA AGARWAL
Partner
(Membership No. 87104)

Mumbai
23 April, 2008

## AS AT 31 MARCH, 2008

| | Schedules Reference | Rs./Lakhs | As at 31.03.2008 Rs./Lakhs |
|---|---|---|---|
| **SOURCES OF FUNDS** | | | |
| 1. SHAREHOLDERS' FUNDS | | | |
| a. Share Capital | 1 | 1,480.00 | |
| b. Reserves and Surplus | 2 | 12,654.12 | |
| | | | 14,134.12 |
| 2. LOAN FUNDS | | | |
| a. Secured loans | 3 | 11,277.05 | |
| b. Unsecured loans | 4 | 2,000.00 | |
| | | | 13,277.05 |
| 3. STOCKISTS' DEPOSITS (UNSECURED) | | | 339.06 |
| 4. DEFERRED TAX LIABILITY (Net) (see note 7) | | | 1,323.36 |
| | | | 29,073.59 |
| **APPLICATION OF FUNDS** | | | |
| 1. FIXED ASSETS | 5 | | |
| a. Gross block | | 19,891.07 | |
| b. Less: Depreciation | | 8,313.68 | |
| c. Net block | | 11,577.39 | |
| d. Capital work in progress (see note 10) | | 10,280.38 | |
| | | | 21,857.77 |
| 2. INVESTMENTS | 6 | | 0.97 |
| 3. CURRENT ASSETS, LOANS AND ADVANCES | | | |
| a. Inventories | 7 | 7,899.82 | |
| b. Sundry debtors | 8 | 688.94 | |
| c. Cash and bank balances | 9 | 3,157.55 | |
| d. Interest account but not due | | 19.06 | |
| e. Loans and advances | 10 | 2,016.88 | |
| | | 13,782.25 | |
| 4. LESS - CURRENT LIABILITIES AND PROVISIONS | | | |
| a. Current liabilities | 11 | 5,546.00 | |
| b. Provisions | 12 | 1,021.90 | |
| | | 6,567.90 | |
| 5. NET CURRENT ASSETS | | | 7,214.35 |
| 6. MISCELLANEOUS EXPENDITURE | 13 | | 0.50 |
| | | | 29,073.59 |
| Notes forming part of the accounts | 19 | | |

The schedules referred to above are ineqral part of the accounts.

As per our report of even date attached.

For DELOITTE HASKINS & SELLS
Chartered Accountants

JITENDRA AGARWAL
Partner
Membership No. 87104

Mumbai
23 April, 2008

For and on behalf of
EVEREST INDUSTRIES LIMITED

M.L. GUPTA
Managing Director

MANISH SANGHI
Executive Director

RAKESH K. GUPTA
Sr. Vice President (Finance)

NEERAJ KOHLI
Company Secretary & Head-Legal

Mumbai
23 April, 2008

## FOR THE YEAR ENDED 31 MARCH, 2008

| | Schedules Reference | Rs./Lakhs | Year ended 31.03.2008 Rs./Lakhs |
|---|---|---|---|
| INCOME | | | |
| 1. Sale of products | 14 | 30,701.08 | |
| Less: excise duty (including education cess) recovered | | 2,187.54 | |
| | | | 28,513.54 |
| 2. Other income | 15 | | 1,424.54 |
| | | | 29,938.08 |
| EXPENDITURE | | | |
| 3. Manufacturing, operating and selling expenses | 16 | 27,718.85 | |
| 4. (Increase)/ decrease in inventory | 17 | (1,018.40) | |
| 5. Depreciation | 5 | 964.46 | |
| 6. Interest | 18 | 469.95 | |
| | | | 28,134.86 |
| Profit Before Tax | | | 1,803.22 |
| 7. Provision for taxation | | | |
| a. Current tax | | 241.60 | |
| b. Deferred tax (see note 7) | | 67.37 | |
| c. Fringe benefit tTax | | 62.52 | |
| | | | 371.49 |
| Profit After Tax | | | 1,431.73 |
| 8. Balance brought forward | | | 4,787.71 |
| 9. Amount available for appropriation | | | 6,219.44 |
| APPROPRIATIONS | | | |
| 10. General reserve | | 150.00 | |
| 11. Proposed dividend | | 592.00 | |
| 12. Tax on distributed profits | | 100.61 | |
| | | | 842.61 |
| BALANCE CARRIED TO RESERVE & SURPLUS | | | 5,376.83 |
| Earnings Per Equity Share | | | |
| (Face value of Rs. 10 per share - see note 12) | | | |
| Basic and diluted earnings per share (Rupees) | | | 9.67 |
| Notes forming part of the accounts | 19 | | |

The schedules referred to above are inegral part of the accounts.

As per our report of even date attached.

For DELOITTE HASKINS & SELLS
Chartered Accountants

JITENDRA AGARWAL
Partner
Membership No. 87104

Mumbai
23 April, 2008

For and on behalf of
EVEREST INDUSTRIES LIMITED

M.L. GUPTA
Managing Director

MANISH SANGHI
Executive Director

RAKESH K. GUPTA
Sr. Vice President (Finance)

NEERAJ KOHLI
Company Secretary & Head-Legal

Mumbai
23 April, 2008

| | Year ended 31.03.2008 (Rs. /Lakhs) |
|---|---|
| **A. Cash flow from Operating Activities** | |
| Net profit/ (loss) before tax | 1,803.22 |
| Adjustments for: | |
| Depreciation | 964.46 |
| (Profit)/ loss on sale of other fixed assets (net) | (842.25) |
| Interest income | (127.96) |
| Interest expense | 469.95 |
| Excess provisions made in previous years written back | (384.80) |
| Miscellaneous expenditure | (0.50) |
| Deferred tax liability | 67.38 |
| Provision for leave encashment and gratuity | (132.73) |
| Operating profit before working capital changes | 1,816.77 |
| Adjustments for: | |
| Trade receivables | 350.87 |
| Inventories | (2,100.48) |
| Other receivables | (289.52) |
| Trade payables | 2,002.74 |
| Cash generated from operations | 1,780.38 |
| Direct taxes - refund/ (paid) | (749.83) |
| Net cashflow from operating activities | 1,030.55 |
| **B. Cash flow from investing activities** | |
| Purchase of fixed assets/ capital advances | (5,956.70) |
| Sale of fixed assets | 963.96 |
| Interest received | 120.03 |
| Net cash used in investing activities | (4,872.71) |
| **C. Cash flow from financing activities** | |
| Interest paid | (469.95) |
| Proceeds from/ (repayment of) short term borrowings (net) | 2,272.42 |
| Proceeds from/ (repayment of) long term borrowings (net) | 4,167.75 |
| Dividend paid | (592.43) |
| Dividend tax paid | (100.61) |
| Net cash used in financing activities | 5,277.18 |
| Net increase/ (decrease) in cash and cash equivalents (A + B + C) | 1,435.02 |
| – Opening balance | 1,722.53 |
| – Closing balance | 3,157.55 |

As per our report of even date attached.

For DELOITTE HASKINS & SELLS
Chartered Accountants

JITENDRA AGARWAL
Partner
Membership No. 87104

Mumbai
23 April, 2008

For and on behalf of
EVEREST INDUSTRIES LIMITED

M.L. GUPTA
Managing Director

MANISH SANGHI
Executive Director

RAKESH K. GUPTA
Sr. Vice President (Finance)

NEERAJ KOHLI
Company Secretary & Head-Legal

Mumbai
23 April, 2008

| | | Rs./Lakhs | As at 31.03.2008 Rs./Lakhs |
|---|---|---|---|
| **SCHEDULE – 1** | | | |
| SHARE CAPITAL | | | |
| 1. AUTHORISED | | | |
| 1,70,00,000 | Equity Shares of Rs. 10 each | | 1,700.00 |
| 2. ISSUED | | | |
| 1,48,00,020 | Equity Shares of Rs. 10 each | | 1,480.00 |
| 3. SUBSCRIBED AND PAID UP | | | |
| 1,48,00,020 | Equity Shares of Rs. 10 each Fully paid up | | 1,480.00 |
| | Of the above: | | |
| | a. 15,000 Equity Shares are allotted as fully paid up pursuant to a contract without payment being received in cash | | |
| | b. 1,33,50,020 Equity Shares are allotted as fully paid up by way of Bonus Shares by capitalisation of General Reserve | | |
| | c. 74,13,470 Equity Shares are held by M/s Everest Finvest (India) Private Limited, the holding Company | | |
| **SCHEDULE – 2** | | | |
| RESERVES AND SURPLUS | | | |
| 1. GENERAL RESERVE | | | |
| Opening Balance | | 7,184.09 | |
| Add: Amount transferred from Profit and Loss Account | | 150.00 | |
| Add: Deferred tax adjustment due to retirement benefits transitional liability (see note 7) | | 29.24 | |
| | | 7,363.33 | |
| Less: Retirement benefits transitional liability [see note 6(c)(i)] | | 86.04 | |
| | | | 7,277.29 |
| 2. PROFIT AND LOSS ACCOUNT | | | 5,376.83 |
| | | | 12,654.12 |
| **SCHEDULE – 3** | | | |
| SECURED LOANS | | | |
| 1. Term loans (Secured/ to be secured by way of creation of a first pari passu charge on all fixed assets of the company excluding fixed assets situated at Podanur and Kolkata plants and second pari passu charge on all current assets of the company.) | | | 2,843.75 |
| 2. External commercial borrowings (Secured/ to be secured by a first pari passu charge to be created over all the immovable and movable fixed assets other then the assets situated at the plant in Podanur and second pari passu charge on the current assets of the company). | | | 4,824.00 |
| 3. Cash credit accounts (Secured by a first pari passu charge by way of hypothecation of stocks, present and future, book debts and receivables and second pari-passu charge on all fixed assets, land and buildings both present and future, except land and building situated at Podanur (on which State Bank of India has an exclusive charge) and at Kolkata). | | | 3,609.30 |
| | | | 11,277.05 |
| **SCHEDULE – 4** | | | |
| UNSECURED LOANS | | | |
| 1. Commercial paper (Maximum amount outstanding during the year - Rs 2,000 Lakhs) | | | 2,000.00 |

## SCHEDULE – 4

FIXED ASSETS

Rs./Lakhs

| | GROSS BLOCK | | | | DEPRECIATION | | | | NET BLOCK | |
|---|---|---|---|---|---|---|---|---|---|---|
| Particulars | As at 31-03-07 | Additions during the year | Deletions/ Adjustments | As at 31-03-08 | As at 01-03-07 | For the Year | Deletions/ Adjustments | As at 31-03-08 | As at 31-03-08 | As at 31-03.07 |
| TANGIBLE ASSETS | | | | | | | | | | |
| LAND | | | | | | | | | | |
| Land - Freehold | 303.18 | 1,136.43 | 36.14 | 1,403.47 | 31.54 | – | – | 31.54 | 1,371.93 | 271.64 |
| Land - Leasehold | 73.71 | – | – | 73.71 | 38.12 | 6.10 | – | 44.22 | 29.49 | 35.59 |
| BUILDING | | | | | | | | | | |
| Building - On freehold land | 3,744.04 | 20.29 | 108.08 | 3,656.25 | 1,144.46 | 179.98 | 30.07 | 1,294.37 | 2,361.88 | 2,599.58 |
| Building- On leasehold land | 126.69 | – | – | 126.69 | 103.75 | 2.69 | – | 106.44 | 20.25 | 22.94 |
| Leasehold improvements | 123.26 | 0.97 | – | 124.23 | 9.97 | 12.03 | – | 22.00 | 102.23 | 113.29 |
| Railway siding | 1.39 | – | – | 1.39 | 1.39 | – | – | 1.39 | – | – |
| Roads | 176.20 | 1.70 | – | 177.90 | 39.01 | 5.84 | – | 44.85 | 133.05 | 137.19 |
| PLANT & MACHINERY | 12,011.24 | 856.74 | 1.82 | 12,866.16 | 5,309.82 | 611.12 | 1.82 | 5,919.12 | 6,947.04 | 6,701.42 |
| FURNITURE, FIXTURES & OFFICE EQUIPMENT | 841.65 | 203.87 | 1.75 | 1,043.77 | 573.96 | 77.20 | 1.30 | 649.86 | 393.91 | 267.69 |
| VEHICLES | | | | | | | | | | |
| Own vehicles | 147.92 | 40.66 | 48.89 | 139.69 | 103.76 | 19.17 | 41.77 | 81.16 | 58.53 | 44.16 |
| Leased vehicle | 8.50 | – | 8.50 | – | 8.50 | – | 8.50 | – | – | – |
| INTANGIBLE ASSETS | | | | | | | | | | |
| Computer software | 28.06 | – | – | 28.06 | 2.61 | 9.35 | – | 11.96 | 16.10 | 25.45 |
| Technical knowhow | 249.75 | – | – | 249.75 | 65.79 | 40.98 | – | 106.77 | 142.98 | 183.96 |
| Total | 17,835.59 | 2,260.66 | 205.18 | 19,891.07 | 7,432.68 | 964.46 | 83.46 | 8,313.68 | 11,577.39 | 10,402.91 |
| Previous Year | 16,513.10 | 1,376.15 | 53.66 | 17,835.59 | 6,588.97 | 891.27 | 47.56 | 7,432.68 | 10,402.91 | 9,924.13 |

Notes :

1. Cost of freehold land as at 31 March 2008 includes Rs. 166.54 Lakhs representing freehold land held for sale. This freehold land costing Rs. 166.54 Lakhs was revalued at Rs. 135.00 Lakhs based on an independent valuation and accordingly Rs 31.54 lakhs was provided for "Loss on impairment of fixed assets" in earlier years.
2. Building on leasehold land includes buildings constructed on land taken on lease from the port trust authorities at Kolkata,which is under the process of renewal.
3. Cost of plant & machinery as at 31 March 2008 and depreciation thereon upto 31 March 2008 includes Rs. 122.57 Lakhsand Rs. 122.57 Lakhs respectively in respect of plant and machinery of Kymore works held for disposal.

| | | As at 31.03.2008 |
|---|---|---|
| | Rs./Lakhs | Rs./Lakhs |
| **SCHEDULE – 6** | | |
| INVESTMENTS - (At Cost) | | |
| Other investments, long term, unquoted | | |
| Government Securities | | 0.97 |

| | | As at 31.03.2008 |
|---|---|---|
| | Rs./Lakhs | Rs./Lakhs |
| **SCHEDULE – 7** | | |
| INVENTORIES | | |
| 1. Raw materials | | |
| a. On hand | 2,284.80 | |
| b. In transit | 425.25 | |
| | | 2,710.05 |
| 2. Store and spare parts | | |
| a. Packing materials | 6.73 | |
| b. Store and spares | 559.13 | |
| | | 565.86 |
| 3. Work-in-progress (Including trial run inventory Rs. 710.00 Lakhs) | | 2,883.05 |
| 4. Finished goods | | |
| a. Manufactured products | 1,477.09 | |
| b. Traded products | 263.77 | |
| | | 1,740.86 |
| | | 7,899.82 |
| **SCHEDULE – 8** | | |
| SUNDRY DEBTORS | | |
| 1. Debts exceeding six months (unsecured) | | |
| – Considered good | 71.18 | |
| – Considered doubtful | 33.03 | |
| Less: Provision for doubtful debts | (33.03) | 71.18 |
| 2. Other debts (unsecured, considered good) | | 617.76 |
| | | 688.94 |
| **SCHEDULE – 9** | | |
| CASH AND BANK BALANCES | | |
| 1. Cash on hand | | 21.57 |
| 2. Cheques on hand | | 238.99 |
| 3. Balances with scheduled banks | | |
| – Current accounts | | 1,448.59 |
| – Deposit accounts * | | 1,448.40 |
| * Includes Rs. 242.68 Lakhs as margin for bank gurantees/ letters of credit | | |
| | | 3,157.55 |
| **SCHEDULE – 10** | | |
| LOANS AND ADVANCES - (Unsecured, Considered Good) | | |
| 1. Balances with excise, customs and port trust authorities | | 614.63 |
| 2. Advances recoverable in cash or kind or for value to be received | | 871.77 |
| 3. Advances to suppliers | | 502.07 |
| 4. Advance taxes (Net of provision for tax - Rs. 4,077.32 Lakhs) | | 28.41 |
| | | 2,016.88 |

| | | Rs./Lakhs | As at 31.03.2008 Rs./Lakhs |
|---|---|---|---|

## SCHEDULE – 11

CURRENT LIABILITIES

| | | | |
|---|---|---|---|
| 1. | Sundry creditors | | |
| | a. For capital expenditure | 85.39 | |
| | b. For goods supplied | 2,686.76 | |
| | c. Others | 1,050.14 | |
| | | | 3,822.29 |
| 2. | Advances from customers | | 605.63 |
| 3. | Retention monies | | 115.09 |
| 4. | Unpaid dividend * | | 37.98 |
| 5. | Interest accured but not due | | 41.33 |
| 6. | Provision for loss on derivative transactions | | 493.50 |
| 7. | Other liabilities | | 430.18 |
| | | | 5,546.00 |

* Unpaid dividend does not include any amount outstanding as on 31 March 2008 required to be credited to the Investor Education Proctection Fund

## SCHEDULE – 12

PROVISIONS

| | | | |
|---|---|---|---|
| 1. | Gratuity | | 106.14 |
| 2. | Leave encashment | | 223.15 |
| 3. | Proposed dividend | | 592.00 |
| 4. | Provision for dividend distribution tax | | 100.61 |
| | | | 1,021.90 |

## SCHEDULE – 13

MISCELLANEOUS EXPENDITURE

(To the extent not written off or adjusted)

| | | |
|---|---|---|
| PRILIMNERY EXPENSES | | |
| Opening Balance | – | |
| Add: Addition during the year | 0.23 | |
| Less: Amortised during the Year | – | |
| | | 0.23 |
| PREOPERATIVE EXPENSES | | |
| Opening Balance | – | |
| Add: Addition during the year | 0.27 | |
| Less: Amortised during the Year | – | |
| | | 0.27 |
| | | 0.50 |

| | | As at 31.03.2008 Rs./Lakhs |
|---|---|---|
| **SCHEDULE – 14** | | |
| SALE OF PRODUCTS | | |
| a. | Fibre cement products | 31,304.20 |
| b. | Others | 774.82 |
| | | 32,079.02 |
| Less: Realisation from sale of trial run finished goods transferred to CWIP (see note 10) | | 1,377.94 |
| | | 30,701.08 |
| **SCHEDULE – 15** | | |
| OTHER INCOME | | |
| a. | Sale of scrap | 56.72 |
| b. | Excess provisions made in earlier years written back | 384.80 |
| c. | Profit on sale of fixed assets (net) | 842.25 |
| d. | Interest from bank and others * | 127.96 |
| e. | Miscellaneous income | 12.81 |
| | | 1,424.54 |

* Income tax deducted at source Rs. 19.56 Lakhs

| | | Rs./Lakhs | As at 31.03.2008 Rs./Lakhs |
|---|---|---|---|
| **SCHEDULE – 16** | | | |
| MANUFACTURING, OPERATING AND SELLING EXPENSES | | | |
| 1. | Purchase of other products | | 670.13 |
| 2. | Consumption of raw materials | | 15,773.31 |
| 3. | Payments to and provisions for employees | | |
| | a. Salaries, wages and bonus | 2,847.12 | |
| | b. Contributions to provident and other funds | 269.54 | |
| | c. Workmen and staff welfare expenses | 264.38 | |
| | | | 3,381.04 |
| 4. | Operation and other expenses | | |
| | a. Stores and spares consumed | 1,657.82 | |
| | b. Packing materials consumed | 167.72 | |
| | c. Power and fuel | 1,406.78 | |
| | d. Repairs and maintainance | | |
| | – Building | 133.90 | |
| | – Machinery | 540.50 | |
| | – Other items | 70.34 | |
| | e. Rent | 322.53 | |
| | f. Rates and taxes | 86.03 | |
| | g. Insurance | 62.79 | |
| | h. Depot handling expenses | 186.99 | |
| | i. Discount, rebates and allowances | 64.69 | |
| | j. Commission on sales | 172.24 | |
| | k. Travelling | 483.22 | |
| | l. Advertisement and sales promotion expenses | 462.53 | |
| | m. Bad debts written off | 13.29 | |
| | n. Exchange loss (net) (see note 4) | 350.18 | |
| | o. Work done by outside contractor | 374.79 | |
| | p. Other expenses | 1,220.35 | |
| | q. Outward freight charges on finished goods | 2,881.89 | |
| | r. Excise duties | 111.00 | |
| | | | 10,769.58 |
| | | | 30,594.06 |
| | Less: Stores and Spares Capitalised | | 41.49 |
| | Less: Pre operative expenses transferred to CWIP (see note 10) | | 2,833.72 |
| | | | 27,718.85 |
| **SCHEDULE – 17** | | | |
| REDUCTION/ (ACCRETION) TO STOCK - IN - TRADE AND WORK IN PROGRESS | | | |
| 1. | Closing stocks - | | |
| | i. Stock - in - trade | 1,740.86 | |
| | ii. Work in progress | 2,883.05 | |
| | | 4,623.91 | |
| 2. | Opening stocks - | | |
| | i. Stock - in - trade | 1,431.49 | |
| | ii. Work in progress | 2,174.02 | |
| | | 3,605.51 | |
| | | | (1,018.40) |
| **SCHEDULE – 18** | | | |
| INTEREST | | | |
| 1. | Cash credit accounts | | 233.36 |
| 2. | Others | | 666.19 |
| | | | 899.55 |
| | Less : Pre operative expenses transferred to CWIP (see note 10) | | 429.60 |
| | | | 469.95 |

## SCHEDULE – 19

NOTES FORMING PART OF THE CONSOLIDATED ACCOUNTS

1. Significant Accounting Policies

(i) Accounting Convention

These Consolidated financial statements have been prepared under the historical cost convention, on the accrual basis of accounting and in accordance with the Generally Accepted Accounting Principles ('GAAP') in India and comply with the accounting standards prescribed by the Companies (Accounting Standards) Rules, 2006 to the extent applicable and in accordance with the provisions of the Companies Act, 1956, as adopted consistently by the Company.

(ii) Principles of Consolidation

The consolidated financial statements relate to Everest Industries Limited (the Company) and its 100% Indian subsidiary M/s Everest Building Solutions Limited which was incorporated on June 16, 2007. The consolidated financial statements have been prepared on the following basis:

- the financial statements of the Company and its subsidiary have been consolidated on a line by line basis by adding together the book values of like items of assets and liabilities after fully eliminating intra group balances.
- the consolidated financial statements have been prepared using uniform accounting policies for like transactions.

(iii) Use of Estimates

The preparation of financial statements requires the management of the Company to make estimates and assumptions that affect the reported balances of assets and liabilities and disclosures relating to the contingent liabilities as at the date of the financial statements and reported amounts of income and expenses during the period. Example of such estimates include provisions for doubtful debts, employee retirement benefit plans, provision for income taxes, accounting for contract costs expected to be incurred to complete construction and the useful lives of fixed assets.

(iv) Fixed Assets and Depreciation

Fixed assets are stated at cost less accumulated depreciation. Cost includes purchase price and all other attributable costs of bringing the assets to working condition for intended use.

Depreciation on assets is charged proportionately from the month of acquisition/ installation on a straight line basis on rates prescribed by schedule XIV of the Companies Act 1956 other than for the following assets, where higher rates are used based on the useful life of the assets as determined by the Company:

| | |
|---|---|
| Furniture, fixtures and office equipment (except data processing equipment) | 10% |
| Buildings | 5% |
| Factory roads | 3.34% |
| Vehicles | 20% |
| Pallets used for autoclaving | 20% |

Leasehold land and improvements are amortised over the term of the lease.

Technical know-how is amortised over the term of the agreement. Computer software is amortised over a period of 3 years.

Assets acquired under finance lease are recognised at the lower of the fair value of the leased assets at inception and the present value of minimum lease payments and are depreciated over the lease term or useful life, whichever is shorter. Lease payments are apportioned between the finance charges and the reduction of the outstanding liability. The finance charge is allocated to periods during the lease term at a constant periodic rate of interest on the remaining balance of the liability.

(v) Revenue Recognition

Revenue from sale of products is recognised on dispatch of goods to customers which coincides with the transfer of risk and rewards associated with the ownership of goods. Sales are net of rebates and sales taxes, wherever applicable.

Revenue from construction business on fixed price contracts is recognised in accordance with the percentage of completion method based on the work completed. Profit is not recognised in the financial statements unless the outcome of the contract can be reliably estimated.

(vi) Investments

Investments are stated at cost. Provision is made for other than temporary diminution in the value of investments.

(vii) Inventories

Inventories are valued at cost or net realisable value, whichever is lower and includes all applicable costs incurred in bringing goods to their present location and condition. The basis for determining cost for various categories of inventories is as follows:

| | | |
|---|---|---|
| Stores and spare parts | – | Weighted average |
| Raw materials | – | Weighted average |
| Materials in transit | – | At cost |
| Work in process and Finished goods | – | Material cost plus appropriate share of labour, manufacturing and other overheads. |

(viii) Research and Development Costs

Research and development costs of revenue nature are charged to the Profit and Loss account when incurred. Expenditure of capital nature is capitalised and depreciated in accordance with the rates set out in paragraph 1 (iv) above.

(ix) Employee Benefits (See also Note 6)

a. Short-term employee benefits

The undiscounted amount of short-term employee benefits expected to be paid in exchange of services rendered by employees is recognised during the period when the employee renders the services. These benefits include compensated absences and performance incentives.

b. Post-employment benefit plans

The Company has various schemes of retirement benefits namely provident fund, superannuation schemes and gratuity, which are administered by trustees of independently constituted trusts recognised by the Income-tax authorities.

The Company's superannuation scheme and the employee's provident fund scheme are defined contribution schemes. The Company's contribution paid/ payable under the schemes are recognised as expenses in the profit and loss account during the period in which the employee renders the related service.

The Company's gratuity scheme is a defined benefit scheme. For defined benefit schemes, the cost of providing benefits is determined using projected unit credit method, with actuarial valuation being carried out at each balance sheet date. Actuarial gains and losses are recognised in full in the profit & loss account for the period in which they occur. Past service cost is recognized to the extent the benefits are already vested, and otherwise is amortised on a straight-line method over the average period until the benefits become vested.

The retirement benefit obligation recognised in the balance sheet represents the present value of the defined benefit obligations as adjusted for unrecognised past service cost, and as reduced by the fair value of scheme assets. Any asset resulting from this calculation is limited to past service cost, plus the present value of available refunds and reductions in future contributions to the scheme.

Benefits comprising compensated absences constitute other long term employee benefits. The liability for compensated absences is provided on the basis of an actuarial valuation done by an independent actuary at the year end. Actuarial gains and losses are recognised immediately in the profit and loss account.

(x) Borrowing Costs

Borrowing costs that are attributable to the acquisition or construction of qualifying assets are capitalised as part of the cost of such assets. A qualifying asset is one that necessarily takes substantial period of time to get ready for intended use. All other borrowing costs are charged to revenue.

(xi) Foreign Exchange Transactions

Transactions in foreign currencies are recorded at the exchange rate prevailing on the date of the transaction. Monetary items denominated in foreign currency and outstanding at the balance sheet date are translated at the exchange rate ruling on that date. Exchange differences arising on foreign currency transactions are recorded as income or expense in the period in which they arise.

In respect of forward contracts taken by the Company, the difference between the forward rate and the exchange rate at the date of the transaction is recognised as expense over the life of the forward contract.

(xii) Taxation (See also Note 7)

Income tax comprises current tax, fringe benefit tax and deferred tax. Deferred tax assets and liabilities are recognised for the tax consequences of timing differences, subject to the consideration of prudence. Deferred tax assets and liabilities are measured using the tax rates enacted or substantively enacted at the balance sheet date.

(xiii) Deferred Revenue and Preoperative Expenditure

The Company has started charging compensation under voluntary retirement scheme (VRS) to the profit and loss account from 1 April, 2003. Prior to 1 April, 2003, the Company was amortising VRS payments over a period of five years and continue to do so for the VRS payments made prior to 1 April, 2003.

(xiv) Earnings Per Share (See also Note 12)

The Company reports basic and diluted earnings per equity share in accordance with Accounting Standard 20, Earnings Per Share issued by the Institute of Chartered Accountants of India (ICAI). Basic earnings per equity share has been computed by dividing net profit after tax by the weighted average number of equity shares outstanding for the year.

(xv) Impairment of Assets

At each balance sheet date, the Company reviews the carrying amount of its assets to determine whether there is any indication that those assets suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of impairment loss. Recoverable amount is the higher of an assets net selling price and value in use. In assessing value in use the estimated future cash flows expected from the continuing use of the asset and from its disposal are discounted to their present value using a discount rate that reflects the current market assessments of time value of money and the risks specific to the asset.

Reversal of impairment loss is recognised as income in the profit and loss account.

(xvi) Contingencies / Provisions

Provision is recognised when the Company has a present obligation as a result of past event; it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, in respect of which a reliable estimate can be made. Provisions are not discounted to its present value and are determined based on best estimate of the expenditure required to settle the obligation at the Balance Sheet date. These are reviewed at each Balance Sheet date and adjusted to reflect the current best estimate. A contingent liability is disclosed, unless the possibility of an outflow of resources embodying the economic benefit is remote.

(xvii) Employee Stock Option Scheme

Stock options granted to the employees under the stock options schemes are accounted as per the accounting treatment prescribed by the Employee Stock Option and Employees Stock Purchase Scheme Guidelines 1999 issued by Securities and Exchange Board of India. Accordingly, the excess of average market value of the shares over the preceding 2 weeks of the date of grant of options over the exercise price of the options is recognised as deferred employee compensation and is charged to the profit and loss account on straight line wise basis over the vesting year of the options.

(xviii) Leases

*Operating Lease*

Leases where the lessor effectively retains substantially all the risks and benefits of ownership of the leased asset are classified as operating leases. Operating lease charges are recognised as an expense in the profit and loss account on a straight-line basis over the lease term.

*Finance Lease*

Leases under which the Company assumes substantially all the risks and rewards of ownership are classified as finance leases. The lower of fair value of asset and present minimum lease rentals is capitalised as fixed assets with corresponding amount shown as lease liability. The principal component in the lease rentals is adjusted against the lease liability and interest component is charged to profit and loss account.

2. Contingent Liabilities

a) Claims against the Company not acknowledged as liabilities in respect of:

| | Particulars | As at 31.03.2008 Rs./Lakhs |
|---|---|---|
| i. | Sales tax matters | 3,488.19 |
| ii. | Customs and excise matters | 2,467.23 |
| iii | Income Tax matters (Net of tax paid/adjusted Rs. Nil) | 507.83 |
| iv. | Claims against the Company not acknowledged as debts | 109.45 |

b) Guarantees and letter of credits issued by bank have been secured by a first pari-passu charge on the entire current assets, present and future, including receivables of the Company and second pari-passu charge on all fixed assets, land and buildings present and future, except land and building situated at Podanur (on which State Bank of India has exclusive charge) and at Kolkata, to the extent of Rs. 1,615.19 Lakhs.

c) Estimated amount of contracts to be executed on capital account - Rs. 1,257.08 Lakhs (net of advances - Rs. 257.23 Lakhs).

3. Based on the Institute of Chartered Accountants of India's announcement on 29 March, 2008 dealing with the accounting for derivatives and keeping in view the application of "prudence" as enunciated in AS-1 the Company has recognised losses on derivative transactions for the year ended 31 March, 2008. Loss on foreign exchange comprises of loss on derivative transactions aggregating to Rs. 493.50 Lakhs and net foreign exchange gain of Rs. 143.32 Lakhs.

4. Construction Contracts

a. Sales of products - others include Rs. 321.39 Lakhs recognised as contract revenue for the year ended 31 March, 2008.

b. As required by Accounting Standard-7 (Revised) on 'Construction Contracts', the break-up of the contracts in progress at the reporting dates are as under:

(Rs. / Lakhs)

| Project Code | Revenue Recognised | Cost Incurred | Advance Received |
|---|---|---|---|
| Summary of All Projects | 225.75 | 184.82 | 153.22 |

5. Foreign Exchange Disclosure

The year end foreign currency exposures that have not been hedged by derivative instruments or otherwise are as under:

| Particulars | Amount in Indian Rupees As at 31.3.2008 | Currency | Amount in Foreign Currency As at 31.3.2008 |
|---|---|---|---|
| Receivables | 3,02,14,706 | USD | 7,64,542 |
| Payables | 8,27,51,841 | USD | 19,96,480 |
| | | EURO | 36,000 |
| ECB Loan | 48,24,00,000 | USD | 1,20,00,000 |

6. Disclosure of Retirement Benefits under AS 15-Employee Benefits

a. Defined contribution plan

The Company's contributions towards provident fund for qualifying employees and towards superannuation fund for specific employees are defined contribution retirement plans. The Company's contributions towards provident fund are deposited in trusts formed by the Company under the Employees Provident Fund and Miscellaneous Provisions Act, 1952. Contributions to superannuation fund are deposited in a separate trust. These trusts are recognised by the Income Tax authorities. The contributions to the trusts are managed by the trustees of the respective trusts.

The Company's contributions of Rs. 140.92 Lakhs towards provident fund and Rs. 69.48 Lakhs towards superannuation fund are charged to Profit & Loss account. The contributions payable to the plan by the Company are at a rate specified in rules to the schemes.

b. Defined Benefit plan

Gratuity plan

The Company's contribution towards its gratuity liability is a defined benefit retirement plan. The Company makes contributions to the trust from time to time which in turn makes contributions to the Employee's Group Gratuity-cum-Life Assurance scheme of the Life Insurance Corporation of India. The scheme provides for lump sum payment to vested employees at retirement, death while in employment or on termination of employment of an amount equivalent to 15 days salary payable for each completed year of service or part thereof in excess of 6 months. Vesting occurs upon completion of 5 years of service.

The present value of the defined benefit obligation and the related current service cost were measured using the Projected Unit Credit Method with actuarial valuations being carried out at each balance sheet date.

c. The following tables set out the funded status of the gratuity plan and amounts recognised in the Company's financial statements as at 31 March, 2008:

(i) Movement in net liability

| Particulars | | Gratuity (Rs. /Lakhs) |
|---|---|---|
| Present value of obligations as on 01.04.2007 | (A) | 563.29 |
| Adjustment for increase in opening provision for retirement benefits * | (B) | – |
| Liabilities assumed on transfer of employees from holding Company | (C) | – |
| Interest Cost | (D) | 55.15 |
| Current service cost | (E) | 51.27 |
| Benefits paid | (F) | (11.90) |
| Actuarial (gain)/loss on obligations | (G) | 86.83 |
| Present value of obligations as on 31.03.2008 (H=A+B+C+D+E+F+G) | (H) | 744.64 |

*In compliance with the revised Accounting Standard relating to "Employee Benefits" (AS- 15), issued by the Institute of Chartered Accountants of India, the Company has recomputed the liability for retirement benefits as of 31 March 2007. The difference between the liability as recomputed and as per the old Accounting Standard - 15 as of 31 March 2007 amounting to Rs. 86.04 Lakhs has been adjusted against the opening balance of General Reserve.

(ii) The amounts recognised in the Balance Sheet and Profit & Loss account are as follows:

| Particulars | | Gratuity (Rs. /Lakhs) |
|---|---|---|
| Present value of funded defined benefit obligations as on 31.03.2008 | (A) | 744.64 |
| Present value of unfunded obligation | (B) | – |
| Estimated fair value of plan assets | (C) | 638.50 |
| Net liability/ (asset) (D=A+B-C) | (D) | 106.14 |
| Amounts in the Balance Sheet | | |
| a. Liabilities | | 106.14 |
| b. Assets | | – |
| c. Net liability/ (asset) | | 106.14 |
| Amount charged to Profit & Loss Account | | |
| Service cost | (E) | 51.27 |
| Interest cost | (F) | 55.15 |
| Expected return on plan assets | (G) | 45.76 |
| Net Actuarial (gain)/ loss * | (H) | (23.94) |
| Expense Recognised in P& L (I=E+F-G+H) | (I) | 36.72 |

*Actuarial gain is net of actuarial loss of Rs. 86.04 Lakhs which has been adjusted against the opening balance of General Reserve, in compliance with revised AS-15 relating to employee benefits

(iii) Principal actuarial assumptions

| Assumptions | Year ended 31.03.2008 |
|---|---|
| Discount rate | 8.00% |
| Rate of return on plan assets | 8.00% |
| Salary escalation Rate | 8.00% |

(iv) Fair value of plan assets

| Particulars | As at 31.03.2008 (Rs. /Lakhs) |
|---|---|
| Fair value of plan assets at the beginning of the year | 381.61 |
| Expected return on plan assets | 45.76 |
| Contributions | 198.30 |
| Benefits paid | (11.90) |
| Actuarial gain/ (loss) on plan assets | 0.93 |
| Fair value of plan assets at the end of the year | 638.50 |

(v) Actual return on plan assets

| Particulars | |
|---|---|
| Expected return on plan assets | 45.76 |
| Actuarial gain/ (loss) on plan assets | 0.93 |
| Actual return on plan assets | 46.69 |

7. Deferred Taxation

| Particulars | Charged/ (Credited) to P&L Rs./Lakhs | As at 31.03.2008 Rs./Lakhs |
|---|---|---|
| a. **Deferred tax assets** | | |
| Tax impact of: | | |
| i. Expenditure covered by section 43B of Income-tax Act, 1961 | (19.07) | 116.00 |
| ii. Excess of voluntary retirement expenses (VRS) provided in accounts over expenses allowed in Income-tax. | (8.08) | 5.84 |
| **Total deferred tax assets** | (27.16) | 121.84 |
| b. **Deferred tax liabilities** | | |
| Tax impact of: | | |
| i. Excess of depreciation allowable under Income-tax law over depreciation provided in accounts. | 70.51 | 1,474.44 |
| ii. Excess of customs duty on closing stock allowable under Income-tax laws over custom duty provided in accounts. | (30.30) | – |
| **Total deferred tax liability** | 40.21 | 1,474.44 |
| Deferred tax liability (net) before reinstatement | 67.37 | 1,352.60 |
| Deferred tax liability reversed against the opening liability on reinstatement on gratuity in compliance with revised AS 15 (Employee Benefit) | – | 29.24 |
| **Deferred tax liability (net)** | 67.37 | 1,323.36 |

8. Managerial remuneration

a. Remuneration paid to Directors:

| Particulars | Year ended 31.03.2008 Rs./Lakhs |
|---|---|
| Whole time Director | |
| 1. Salaries and perquisites | 93.18 |
| 2. Contributions to provident and superannuation fund | 11.18 |
| 3. Performance incentive to whole time directors | 78.00 |
| Non-executive directors | |
| 4. Commission/ performance incentive to non executive directors | 9.50 |
| 5. Sitting fees | 4.40 |

Note:

i. Contribution to group gratuity scheme has not been considered, as person- wise details are not available.

ii. Payment of performance incentive to directors is subject to the approval from the shareholders by way of special resolution and from the Central Government.

b. Computation of net profits as per section 349 of the Companies Act, 1956:

| Particulars | Year ended 31.03.2008 Rs./Lakhs |
|---|---|
| Profit before tax as per Profit and Loss account | 1,803.22 |
| Add: Managerial remuneration | 191.86 |
| Compensation under voluntary retirement scheme | 0.00 |
| | 1,995.48 |
| Less: Profit on sale of fixed assets | 842.25 |
| Net profit for the year | 1,152.83 |
| Maximum remuneration to executive directors @ 10% of net profit | 115.28 |
| Actual remuneration paid to whole time director | 182.36 |
| Maximum commission payable to non-executive directors under Section 309 of the Companies Act, 1956 @ 1% | 11.52 |
| Actual commission/performance incentive paid to non-executive directors | 9.50 |

Note:

The provision for payment of managerial remuneration for the year is as recommended by the Board of Directors and exceeds the limits prescribed under sections 198/ 309 read with schedule XIII of the Companies Act, 1956 and is subject to the approval of shareholders and Central Government.

9. Related party disclosures

a. List of related parties

i. Holding Company

- M/s Everest Finvest (India) Private Limited

ii. Key Management Personnel and relatives

- Mr. M. L. Gupta, Managing Director
- Mr. Manish Sanghi, Executive Director
- Mr. Y. Srinivasa Rao, Executive Director

b. Transactions with related parties during the year:

| S. No. | Particulars | Year ended 31.03.2008 (Rs. /Lakhs) |
|---|---|---|
| i | Dividend paid to holding company | |
| | M/s Everest Finvest (India) Private Limited | 222.40 |
| ii | Remuneration to key management personnel | |
| | Mr. M L Gupta | 75.36 |
| | Mr. Manish Sanghi | 62.29 |
| | Mr. Y. Srinivasa Rao | 44.71 |

Mr. Y. Srinivasa Rao was not a director in the previous year.

Note: The provision for payment of managerial remuneration for the year is as recommended by the Board of Directors and exceeds the limits prescribed under sections 198/ 309 read with schedule XIII of the Companies Act, 1956 and is subject to the approval of shareholders and Central Government.

c. Balances outstanding with related parties at the year end:

| S.No. | | Particulars | As at 31.03.2008 (Rs. /Lakhs) |
|---|---|---|---|
| i | Share capital from holding company | | |
| | Everest Finvest (India) Private Limited | | 741.35 |
| ii | Performance incentive due to key management personnel * | | |
| | a | Mr. M. L. Gupta | 30.00 |
| | b | Mr. Manish Sanghi | 26.00 |
| | c | Mr. Y. Srinivasa Rao | 22.00 |

* Amounts payable to key managerial personnel on account of performance incentive are subject to the approval of the shareholders and the Central Government.

10. Capital Work in Progress and Preoperative Expenditure

Capital work in progress and pre-operative expenditure comprises of the following:

a. Capital work in progress

| | Particulars | As at 31.03.2008 (Rs./Lakhs) |
|---|---|---|
| i. | Project assets | 7,241.48 |
| ii. | Capital advances | 727.85 |
| iii. | Unallocated project preoperative expenditure (see b below) | 2,311.05 |
| | | 10,280.38 |

b. Preoperative expenditure

| Particulars | 01.04.2007 to 31.03.2008 | As at 31.03.2008 |
|---|---|---|
| | (Rs./Lakhs) | (Rs./Lakhs) |
| Raw material consumed | 1,720.36 | 1,720.36 |
| Consumables, stores & spares | 210.51 | 210.51 |
| Salaries | 335.20 | 412.74 |
| Contribution to provident & other funds | 18.92 | 19.67 |
| Staff welfare expenditure | 26.12 | 28.15 |
| Rent | 18.72 | 28.67 |
| Repair & maintenance | 100.94 | 103.19 |
| Traveling and conveyance | 97.98 | 152.63 |
| Power and fuel | 370.53 | 386.68 |
| Rate and taxes | – | 2.62 |
| Freight | 140.86 | 155.45 |
| Advertisement and selling expenses | 2.94 | 5.82 |
| Excise | 124.00 | 124.00 |
| Insurance | 22.37 | 53.81 |
| Others | 354.27 | 399.21 |
| Less: Charged to closing inventory resulting from trial production on account of loading of overhead | (710.00) | (710.00) |
| | 2,833.72 | 3,093.51 |
| Interest and finance expenses | 429.60 | 607.27 |
| Less : Stores and spairs capitalised to fixed assets during the year | (11.79) | (11.79) |
| Less : Realisation from sale of trial run production | (1,377.94) | (1,377.94) |
| Unallocated preoperative expenditure | 1,873.59 | 2,311.05 |

11. The Company is in the business of manufacture of building materials used for roofing, partitioning and paneling and all its products fall in the same segment. As the Company operates in a single business and geographical segment, the reporting requirements for primary and secondary segment disclosures prescribed by paragraphs 39 to 51 of Accounting Standard 17 Segment reporting, have not been provided in these financial statements.

12. Earnings Per Share

| | Particulars | Year ended 31.03.2008 |
|---|---|---|
| i. | Number of equity shares of Rs. 10 each fully paid up, at the year beginning and year end | 1,48,00,020 |
| ii. | Weighted average of the number of shares issued under options | 1,48,000 |
| iii. | Adjustment for number of shares issued at fair value | 1,48,000 |
| iv. | Net profit for the year - (Rs. /Lakhs) | 1431.73 |
| v. | Basic earnings per share (Rupees) | 9.67 |
| vi. | Nominal value of equity share (Rupees) | 10.00 |
| vii. | Diluted earnings per share (Rupees) | 9.67 |

13. Employee Stock Option Scheme

The Company has granted 1,48,000 options up to 31 March 2008. The exercise price per each option shall be the average of the two weeks high and low price of the share preceding the date of grant of options on BSE/NSE or closing price of the Company's share on that stock exchange on the date prior to the date of grant of options, whichever is less. Options granted shall vest with the grantee after a period of one year from the date of grant. The exercise period of the options is a period of four years after the vesting of the options.

Option activity during the year under the plans is set out below:

| Particulars | | ESOS (2006) | ESOS(2007) |
|---|---|---|---|
| i. | Opening balance | 1,47,420 | – |
| ii. | Options granted during the year | – | 1,48,000 |
| iii. | Exercised during the year | – | – |
| iv. | Forfeited during the year | – | – |
| v. | Expired during the year | (15,070) | – |
| vi. | Options granted outstanding at the year end | | |
| vii. | Options exercisable at the year end | 1,32,350 | 1,48,000 |
| viii. | Weighted average | 1,32,350 | 1,48,000 |
| ix. | Remaining contractual life (years) at the year end | 4 Years | 5 Years |

The Company has accounted the above options using the intrinsic value method. As noted by the Compensation Committee, the exercise price has been determined at the Rs. 98.00 and thus there is no stock compensation expenses under for the intrinsic value method for the options granted.

The guidance note issued by the Institute of Chartered Accountants of India requires the disclosure of pro forma net results and EPS both basic & diluted, had the Company adopted the fair value method. Had the Company accounted the option under fair value method, amortising the stock compensation expense thereon over the vesting period, the reported profit for the year ended March 31, 2008 would have been lower by Rs. 42.81 Lakhs (previous year Rs. 1.04 Lakhs) and the Basic and diluted EPS would have been revised to Rs. 9.38 and Rs. 9.38 (Previous year Rs. 7.87 and Rs. 7.87) respectively. The fair value of stock based awards to employees is calculated through the use of option pricing models, requiring subjective assumptions which greatly affect the calculated values. The said fair value of the options have been calculated using Black-Scholes option pricing model, considering the expected term of the options to be 4 years, an expected dividend rate of 40 % (previous year 40 %) on the underlying equity shares, volatility in the share price of 54.83% (previous year 49.93%) and a risk free rate of 7.59% (previous year 7.97%). The Company's calculations are based on a single option valuation approach, and forfeitures are recognised as they occur. The expected volatility is based on historical volatility of the share price during the year after eliminating the abnormal price fluctuations.

14. This is the first year for which consolidated financial statements have been prepared hence no previous year figures have been given.

For and on behalf of
EVEREST INDUSTRIES LIMITED

M.L. GUPTA
Managing Director

MANISH SANGHI
Executive Director

RAKESH K. GUPTA
Sr. Vice President (Finance)

NEERAJ KOHLI
Company Secretary & Head-Legal

Mumbai
23 April, 2008

# ADDITIONAL INFORMATION PURSUANT TO PART IV OF SCHEDULE VI TO THE COMPANIES ACT, 1956
# BALANCE SHEET ABSTRACT AND COMPANY'S GENERAL BUSINESS PROFILE

## I. Registration Details

Registration No. 2093 State Code 11

Balance Sheet Date 31-03-08 (Date Month Year)

## II. Capital raised during the year (Amount in Rs. '000)

| | |
|---|---|
| Public Issue: NIL | Rights Issue: NIL |
| Bonus Issue: NIL | Private Placement: NIL |

## III. Position of mobilisation and deployment of funds (Amount in Rs. '000)

| | |
|---|---|
| Total Liabilities: 3564149 | Total Assets: 3564149 |

**Sources of funds**

| | |
|---|---|
| Paid-Up Capital: 148000 | Reserves & Surplus: 1265412 |
| Secured Loans: 1127705 | Unsecured Loans *: 233906 |

*(Stockists' Deposits)*

Deferred Tax Liability (Net): 132336

**Application of funds**

| | |
|---|---|
| Net Fixed Assets: 2185777 | Investments: 97 |
| Net Current Assets: 721435 | Miscellaneous Expenditure: 50 |

## IV. Performance of the Company (Amount in Rs. '000)

| | |
|---|---|
| Turnover (Including other income): 2993808 | Total Expenditure: 2813486 |
| Profit/(Loss) Before Tax: 180322 | Profit/(Loss) After Tax: 143173 |
| Earning Per Share in Rs.: 9.67 | Dividend Rate (%): 40% |

## V. Generic Names of three Principal Products / Services of the Company (as per monetary terms)

| | |
|---|---|
| Item Code No. (ITC Code) | 6811 10 00 |
| Product Description | ASBESTOS CEMENT CORRUGATED SHEETS |
| Item Code No. (ITC code) | 6811 20 90 |
| Product Description | FIBRE CEMENT SHEETS OTHER THAN CORRUGATED |
| Item Code No. (ITC code) | 6811 10 00 |
| Product Description | FIBRE CEMENT CORRUGATED SHEETS |

For and on behalf of
EVEREST INDUSTRIES LIMITED

| | |
|---|---|
| M.L. GUPTA<br>Managing Director | MANISH SANGHI<br>Executive Director |
| RAKESH K. GUPTA<br>Sr. Vice President (Finance) | NEERAJ KOHLI<br>Company Secretary & Head-Legal |

Mumbai 23 April, 2008

EVEREST

# ELECTRONIC CLEARING SERVICES (ECS) MANDATE FORM
## (For Shares held in physical form)

From :

Date:

To : M/s. MCS Limited, (Unit: Everest Industries Limited)
Sri Venkatesh Bhawan,
W-40, Okhla Industrial Area, Phase - II
New Delhi - 110020

Dear Sirs,

Please fill-in the information in CAPITAL LETTERS in ENGLISH ONLY. Please TICK wherever is applicable

Folio No.

Name of First Holder

Bank Name

Branch Name

Bank & Branch Code

(9 digits code Number appearing on the MICR Band of the cheque supplied by the Bank. Please attach a photocopy of a cheque issued by your bank relating to your above account for verifying the accuracy of the code number.

| | | | |
|---|---|---|---|
| Account Type | Savings | Current | Cash Credit |

A/c No. (as appearing in the cheque book)

I, hereby, declare that particulars given above are correct and complete. If any transaction is delayed or not effected at all for reasons of incompleteness or incorrectness of information supplied as above, the Company / Registrar will not be held responsible. I agree to avail the ECS facility provided by RBI as and when implemented by the Company.

I further undertake to inform the Company/Registrar any change in my Bank/Branch and account number.

Signature of the first holder

EVEREST

**Everest Industries Limited**
Corporate Office: Genesis A-32 Mohan Co-operative Industrial Estate Mathura Road New Delhi 110 044 (India).
Tel.: +91-11-41731951/52 Fax: +91-11-46566370 Website: www.everestind.com