

Transcript

91st Annual General Meeting of Everest Industries Limited
August 12, 2024 at 3:30 p.m. (IST) through VC

- **Ms. Amruta Avasare - Company Secretary, Everest Industries Limited:**
- Good afternoon to all shareholders. I am Amruta Avasare, Company Secretary, joining this meeting from Mumbai. I welcome you all to the 91st Annual General Meeting of the members of the Company. As per Article 59 of the Articles of Association of Company, Chairman of the Board, Mr. Anant Talaulicar will preside this 91st AGM.
- I now request Mr. Anant Talaulicar Sir, Chairman, to please proceed and chair the meeting. Thank you, Sir.
- **Mr. Anant Talaulicar - Non-Executive Chairman, Everest Industries Limited:**
- Thank you, Amruta. I believe we have a quorum and I call this meeting in order. My warm welcome to all our members to the 91st Annual General Meeting of Everest Industries Limited. I'm attending the meeting from Mumbai and I feel extremely grateful to all of you that you have given me the privilege of chairing this August forum for the fifth time.
- Members may note that this Annual General Meeting is being held through a video conference platform provided by NSDL in accordance with the Companies Act, 2013, SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and circulars issued by the Ministry of Corporate Affairs and SEBI. The facility for joining this meeting through video conferencing is made available for the members on a first come first serve basis.
- The statutory registers and other documents referred to in the notice of this AGM have been made available electronically for inspection by the members during the AGM.
- All the members joining this meeting are by default placed on mute to avoid any background noise disturbance and to ensure smooth and seamless conduct of our meeting. Members are requested to refer to the instructions provided in the notice for seamless participation through video conferencing. During the meeting if the members face any technical issues, please call the NSDL helpline number which has been mentioned in the notice of the AGM.
- Now, I will call each director sequentially followed by the Chief Financial Officer and will ask each one to introduce themselves. So, over to Ms. Padmini Sekhsaria.
- **Ms. Padmini Sekhsaria - Vice Chairperson & Non-Executive Director, Everest Industries Limited:**

- Good afternoon. I am Padmini Sekhsaria. I am Vice Chairperson and Non-Executive Director of Everest Industries and Chairperson of the CSR Committee. I am attending this meeting from London.
- **Mr. Anant Talaulicar - Non-Executive Chairman, Everest Industries Limited:**
- Thank you. Mr. M. L. Gupta.
- **Mr. M.L. Gupta - Independent Director, Everest Industries Limited:**
- Good afternoon everyone, I am M. L. Gupta. I am Independent Director of Everest Industries Limited and Chairman of the Stakeholders Relationship Committee. I am attending this meeting from Jaipur. Thank you.
- **Mr. Anant Talaulicar - Non-Executive Chairman, Everest Industries Limited:**
- Thank you, Mr. Gupta. Mr. Rajendra Chitale.
- **Mr. Mr. Rajendra Chitale - Independent Director, Everest Industries Limited:**
- Hi, I am Rajendra Chitale. I'm an Independent Director on the Board of the Company and I'm the Chairperson of the Audit Committee. I am dialing in from Mumbai. Thank you.
- **Mr. Anant Talaulicar - Non-Executive Chairman, Everest Industries Limited:**
- Thank you. Mr. Alok Nanda.
- **Mr. Alok Nanda - Independent Director, Everest Industries Limited:**
- Good afternoon. I'm Alok Nanda, Independent Director on Everest Industries, attending from Mumbai.
- **Mr. Anant Talaulicar - Non-Executive Chairman, Everest Industries Limited:**
- Thank you. Mr. Ashok Kumar Barat.
- **Mr. Ashok Kumar Barat - Independent Director, Everest Industries Limited:**
- Good afternoon, everyone. I am Ashok Barat, Independent Director of Everest Industries Limited. I am the Chairperson of the Nominations and Remuneration Committee and Risk Committee. Thank you. I am joining the meeting from Kolkata.
- **Mr. Anant Talaulicar - Non-Executive Chairman, Everest Industries Limited:**
- Thank you. Ms. Bijal Ajinkya.
- **Ms. Bijal Ajinkya - Independent Director, Everest Industries Limited:**

- Good evening. I am Bijal Ajinkya, Independent Director at Everest Industries Limited. I am joining this meeting from Mumbai.
- **Mr. Anant Talaulicar - Non-Executive Chairman, Everest Industries Limited:**
- Thank you. Mr. Rajesh Joshi.
- **Mr. Rajesh Joshi - MD & CEO, Everest Industries Limited:**
- Good afternoon, everyone. I am Rajesh Joshi. I'm the MD & CEO of Everest Industries Limited. I am attending the meeting from the company's head office in Mumbai.
- **Mr. Anant Talaulicar - Non-Executive Chairman, Everest Industries Limited:**
- Thank you. The CFO, Mr. Pramod Nair.
- **Mr. Pramod Nair - CFO, Everest Industries Limited:**
- Good afternoon, everyone. I'm Pramod Nair. I'm the Chief Financial Officer of the Company. I'm attending the meeting from the head office of the Company at Mumbai.
- **Mr. Anant Talaulicar - Non-Executive Chairman, Everest Industries Limited:**
- Thank you, Pramod. I would like to place my appreciation to each one of you for the fabulous and responsible way that you have been playing your roles and very ably supporting me on the Board. In particular, I would like to sincerely thank Mr. M. L. Gupta, who will be retiring from our Board at the end of September. I must inform all of our members that Mr. Gupta has had a very special and extended association with Everest, which began in 2002, when ACC acquired Everest from Eternit and Mr. Gupta was appointed then as the Managing Director. He had already worked with ACC at this point for 34 long years. Mr. Gupta continued as the Managing Director until 2010 and then took on a role as a Vice Chairman and Director on the Everest board. In 2020, he relinquished his Vice Chairman role and continued as an Independent Director and will now be retiring at the end of next month. We will solely miss him. He has worked tirelessly and loyally for this institution and we owe him a significant debt of gratitude. I am sure we will continue to engage him as an advisor and well-wisher in times to come.
- Apart from the Directors, we also have Mr. Vinayak Pujare - Partner of S R B C & Co. LLP Statutory Auditors and Mr. Tanuj Vohra from TVA & Co. LLP, Secretarial Auditors and scrutinizer who have also joined this meeting through video conference.
- I thank all the members, colleagues on the boards and auditors for joining this meeting over video conferencing.
- I would now like to give you a little background on the year that has passed by. I believe we have made consistent progress in the pursuit of our vision, which let me remind you

is improving people's lives by reimagining spaces. We believe that the only way to achieving this vision is by adhering in an uncompromising way to our core values of respect, excellence, and integrity. These values guide all our decisions, all our interactions with all our stakeholders, and foster a culture of trust, accountability, transparency, innovation, and performance throughout our organization. While the financial results for fiscal year 23-24 have been much below our expectations, I would like to reassure you that behind the scenes, we have diligently added some more foundational pillars to the earlier ones that we have been investing in since fiscal year 2020-21. These include the following. We production launched a Greenfield boards and panels plant near Mysore to cater to the growing demand in South India. Let me remind you that the boards and panels industry is a sunrise industry in India which has been seeing rapid growth and which will sustain rapid growth based on the fact that it is a superior alternative to all of the incumbent technologies such as gypsum or plywood. This is evidenced by the fact that the India per capita consumption of this technology is only about 0.4 kilograms per person per year as compared to the US which is somewhere in the 14 to 15 kilograms per person per year or even Thailand at about 20 plus kilograms per person per year basis. So, this Greenfield plant is now fully ready for production and we will see the benefits of this in this current fiscal year. In the boards and panels division, we are working very closely with architects and influencers and this has enabled us to address various specialized needs in terms of value-added products, particularly also in the last fiscal year for data center projects by utilizing fiber cement boards to create customized fire rated systems. We have also launched an industry-leading roofing product named Evercool that is capable of lowering temperatures by 7 degrees Celsius. As you can imagine, this is a significant benefit to our customers and at present we cannot make enough to satisfy the strong demand for this product we are of course expanding the capacity for this product and this expansion is also ramping as we speak and should be entirely in place this fiscal year. Aside from Evercool, we strengthened our relationships with retailers based on the principle of partnership and successfully improved our brand and market position in our roofing business. Also, we used to procure our fiber from only one supplier in Russia in the past and in the last fiscal year, we successfully diversified to add two more suppliers, one from Brazil and one from Kazakhstan. This has resulted in a substantial lowering of our cost while also substantially lowering our supply chain risk and you will see the benefits of this in this fiscal year. We have positioned the pre-engineered buildings business or the PEB business for a scale up by setting up a second design engineering center in Hyderabad to add to the one that we already had in place in Mumbai. We have acquired land for expanding our PEB business in Anantapur in Andhra to cater to our customers in South India at lower cost and higher speed. This benefit will be seen in the next fiscal year. We have re-engineered our PEB business to become more customer-centric by overhauling the supply chain approach to a customer pull-based one based on the theory of constraints. We entered the current fiscal year with a very, very healthy order board of prestigious clients. A state-of-the-art research and development center, which we call the Everest Innovation Center, has been established in Mumbai, which will accelerate innovation work at Everest and help differentiate our offerings, leading to profitable market share growth. We have stepped up our Six Sigma deployment significantly to accelerate towards zero defect products and processes. We have made very smart capital investments to improve quality, productivity, and safety across all our plants. And we are clearly beginning to see the impacts in terms of better quality, as well as better

manufacturing costs. You can expect more of the same in future. We have migrated to cloud-based IT systems, such as SAP HANA, Zoho, and Darwin Box. These are now fully operational, and we are on a journey to harnessing their power to automate our processes and improve our productivity. The first quarter results are an indication that the first quarter results of this fiscal year, I am talking about fiscal year 25, are an indication that the pillars that we have been consistently putting in place are beginning to show up. In fact, all the three of our businesses made improved profits in this fiscal quarter, although unfortunately, the exports business tanked because of the geopolitical conflict going on, which is affecting shipping in the Red Sea area. We believe that the Indian economy is positioned for continued growth in the years to come. We believe that we have positioned our company for significant profitable growth.

I am confident that the company will make substantial progress in fiscal year 24-25. In conclusion, I want to extend my heartfelt appreciation to our shareholders, customers, employees, and partners for their steadfast support and commitment as we persist in transforming spaces and contributing positively towards improving the lives of people. I also particularly want to thank Rajesh Joshi, the CEO, along with the management team, which has worked very, very tirelessly to erect many of the pillars that I recounted.

So, with this update, please take note that S R B C & Co. LLP, statutory auditors and TVA & Co. LLP secretarial auditors have expressed an unqualified opinion in their respective audit reports for the financial year ended March 31, 2024. There were no reservations, adverse comments or disclaimers in their audit reports. The statutory auditors report on standalone financial statements as well as consolidated financial statements are available on page number 170 and 231 of the annual report respectively. The secretarial audit report is enclosed as annexure 4 to the board's report on page 104 of the annual report with the permission of members, I take the statutory auditor's reports and secretary auditor's report as read.

As the notice of the 91st AGM is already circulated to all the members, with the permission of the members, I take the notice convening the meeting as read. Before we proceed, I wish to bring to your notice that the company had provided a remote e-voting facility to all members through the NSDL platform. The remote e-voting facility was made available from 9 a.m. on Thursday, August 8, 2024 to 5 p.m. on Sunday, August 11, 2024. Members who have still not casted their vote electronically through this remote e-voting and who are attending this AGM do have an opportunity to cast their vote during this meeting through the e-voting system provided by NSDL. This voting will remain open for 15 minutes from the close of this meeting. Please take advantage of this in case you have not voted as yet. Members are requested to refer to the notice of the AGM for the voting process details.

- I will now take up the resolutions that are included in the notice of the AGM and which have been put up for voting.
- **Item No. 1** - Adoption of the audited standalone and consolidated financial statements for the financial year ended March 31, 2024. The audited standalone financial statements of the company for the financial year ended March 31, 2024, including the reports of the

Board of Directors and auditors thereon and the audited consolidated financial statements of the company for the financial year ended March 31, 2024, including the report of the auditors thereon have already been provided to the members and the resolution is placed for adoption of the said financial statements.

- **Item No. 2** - Declaration of Final Dividend, this resolution is placed for declaration of final dividend of Rs.2.50 per equity share of face value of Rs. 10 each for the financial year ended March 31, 2024. This of course constitutes a payout of almost 30% of the profit after tax despite the stepped up capital investments future profitable growth.
- **Item No. 3** - To appoint a director in place of Ms. Padmini Sekhsaria who retires by rotation and being eligible seeks reappointment.
- **Item No. 4** - Ratification of the remuneration of M/s R. Nanabhoy & Company, cost auditors for the financial year ended March 31, 2025. The members are requested to refer to the explanatory statement for the details on item number 4 of the notice.

As I am an interested party in item number 5 and 6, I request Ms. Padmini Sekhsaria, Vice Chairperson to chair the meeting for these two items.

Ms. Padmini Sekhsaria - Vice Chairperson & Non-Executive Director, Everest Industries Limited:

Thank you, Chairman. I would like to take up now item 5 & 6 of the notice.

- **Item No. 5** - Special resolution for reappointment of Mr. Anant Talaulicar as non-executive independent director chairman of the company for the second consecutive term of five years with effect from November 21, 2024.
- **Item No. 6** - Special resolution for approval for payment of commission to Mr. Anant Talaulicar, non-executive independent chairman for the financial year 24-25.

The text of the aforesaid resolutions along with the explanatory statement is provided in the notice circulated to the members for the aforesaid items. Members are requested to refer the explanatory statement for details on these items and I request the chairman to please resume the chair.

- **Mr. Anant Talaulicar - Non-Executive Chairman, Everest Industries Limited:**

Thank you so much, Padmini. We will now begin with our question and answer session. Let me quickly take you through the protocol, please. During the question and answer session, the name of the registered speaker shareholder will be announced by me one by one. After each name that I call out, the speaker shareholder will be unmuted by the host. Speaker shareholders are requested to click the video button, which appears at the bottom of their screen, before they start speaking. In case a speaker shareholder is enabled through join through video mode for any reason, then he or she can speak through audio.

If there is a connectivity problem at the speaker shareholder's end, then I would move to the next speaker shareholder. At the end, I will come back to that speaker shareholder who may have faced a technical issue, hoping that the connectivity improves. Please note that 10 members have been registered as speakers at the meeting pursuant to their requests, and I will now start this process. It may be noted that the company reserves the right to restrict the number of questions as appropriate for the smooth conduct of the AGM. Also to avoid repetition, the answers to the questions asked by all the speaker members will be provided only at the end of all the questions. So with that, let us begin with the question and answers.

I now request Mr. Tarbir Shahpuri to unmute himself and proceed with his question.

- **Mr. Tarbir Shahpuri - Shareholder:**

Hi, members of the board. Thank you so much for giving me the opportunity to speak. I have emailed my list of questions, but for the benefit of everyone, I will just read them out again. The first question is around the operating margins of the building product division. Over the last few years, we have seen the margins are at the lower end. And you know, before the new management has taken over, the operating margins were at the range of 12%. Just some indication of how much time does the management feel it take to get back there.

The second question is around this capacity expansion on the PEB business. You mentioned that maybe from next year we should see that, but any indication of how are we going to start capacity expansion on that? I think there's land already, but there's no announcement on whether they get back to actually begun. If it's possible to share the utilization on the boards and panels plant. And we were earlier mentioning that we are looking out for more land when it comes to expansion of the boards and panels. Any update on that?

And lastly, I have an email one, but sir, it has been almost five years now since the company has really communicated with, you know, the stock market on analyst meets or presentations. Could we reconsider that going forward? Thank you so much. Thank you.

- **Mr. Anant Talaulicar - Non-Executive Chairman, Everest Industries Limited:**

With that, I will now call on Mr. Deep Gandhi on behalf of Ms. Nikita Gandhi to unmute himself and proceed with his questions.

- **Mr. Deep Gandhi - Shareholder:**

Yes, good afternoon, sir. So, I have divided my questions in three parts. I will start with my boards and panels questions. So, in the annual report, the company has mentioned that the pricing of boards and panels has witnessed an increase during the year. The volumes of the products are also stable. So, the revenues have de-grown by 9% in boards and panels for this year. So, margins have improved significantly this year.

My second question is if you can mention how the margins have improved in boards and panels because in the annual report we did mention that it has improved significantly and what was also the share from value added products for FY24 and also sir if you can mention how much revenue did we currently did in FY24 from the new products which we have launched in this division for last 2 to 3 years.

My next question is we hear the entry of one of the global competitors in the Indian market by setting up their capacities in India. So, if you can mention are we seeing any pricing pressure because of that or any competitive intensity which has changed post their entry. So my next question is how much did we spend on the marketing for boards and panels for this year? What number are we targeting for next financial year?

My last question for this division is what is the target utilization which we are expecting for FY25 for this division? So my next sets of questions are for the PEB division. So sirs if I see the numbers for FY24, both the revenue and profitability have been impacted. So what was the reason for the same? And what is the current order book with which we are operating at? And are we seeing any increased competition in this industry also given the capacity additions which are being announced by the competitors?

My next question is if you can quantify the share of increase in the 5 crores and more orders in this division and how the percentage share change from such orders has in last 2 to 3 years.

And my last question for this division is what was the percentage of our order book which is variable price contracts.

And my last question for roofing division is what were our EBITDA margins in this division for FY24 and how have been the average EBITDA margins in this division for last 4-5 years, just to understand how has been the cyclicity and where are we at the cycle at the current stage. So these are my questions and if you can answer it on point by point basis because this is the only forum we get to communicate with the management. Thank you.

- **Mr. Anant Talaulicar - Non-Executive Chairman, Everest Industries Limited:**

Thank you. I will now call on Mr. Anil Mehta to ask his questions.

- **Mr. Anil Mehta - Shareholder:**

- Good afternoon. This is Anirudh Mehta. I attend this meeting from my residence at Mumbai. Sir, we have already sent the questions, so there is no any further question from my side. We are supporting all the resolutions and thanks to the Secretarial Department for their co-operation and also NSDL, particularly Rimpa for their good services. Thank you. All the best. Thank you.

- **Mr. Anant Talaulicar - Non-Executive Chairman, Everest Industries Limited:**

Thank you, Mr. Mehta. I will, of course, repeat the questions later. I will now call on Mr. Vaibhav Badjatya for his questions.

- **Mr. Vaibhav Badjatya - Shareholder:**

Good afternoon, sir.

- **Mr. Anant Talaulicar - Non-Executive Chairman, Everest Industries Limited:**

Good afternoon

- **Mr. Vaibhav Badjatya - Shareholder:**

Yeah, thank you for giving the opportunity. So my questions are as follows. First, can you please tell us based on the current pricing in southern India, what is the cost of asbestos roof and what is the cost of steel roof to cover an equal amount of roofing area?

Second, given the fact that asbestos supplies have tightened over the years, leading to price increase, do you foresee asbestos roofing losing structurally to steel roofing because of declining cost differential. In asbestos roofing industry, what is your estimate of capacity addition over the next two years by various players based on announced expansion plans?

What are the functional or aesthetic advantages of plywood and gypsum or fiber cement boards and panels? Would it be correct to say that boards and panels are largely used in commercial real estate and adoption in residential is quite low. And what is the reason behind this trend? In spite of large plywood market, boards and panels are not able to gain significant market share from the plywood market. What is the reason behind it and how can it be changed? So, these are my questions. If you could answer them, it would be highly appreciated. Thank you very much.

- **Mr. Anant Talaulicar - Non-Executive Chairman, Everest Industries Limited:**

I will now request Mr. Nikhil Upadhyay to ask his questions.

- **NSDL Support**

I will request Mr. Nikhil please switch on your camera also. Requesting you to please switch on your camera.

- **Mr. Nikhil Upadhyay - Shareholder:**

Sir, I have already mailed a set of questions and most of them have been covered by previous participants. So, I will not try to repeat. I just have two additional questions and this could be based on my understanding which could be wrong.

So, one is we always thought that the asbestos cement sheet was always a product which was substitutable to the steel roofing. So and what we have seen in our numbers also in Q1, steel business has done better than the building products business. So is the low steel prices a reason for our weakness in the asbestos roofing side or if you can just help us understand this dynamics.

And secondly, you said in panels and board, it's still a growing market in India and per capita consumption is low. But in markets where this segment has matured, of the total market between plywood, gypsum and others, generally what percentage of market is taken care by panels and boards?

And lastly, what we understand is the margins in this business have been a challenge. So, how do you see what is the eventual margins and return ratios on which you believe this business should operate once it scales up? Those are the three additional questions, rest has been already asked, so I am not repeating them. Thanks a lot.

- **Mr. Anant Talaulicar - Non-Executive Chairman, Everest Industries Limited:**

Thank you. So, now we will turn to Mr. Rajat Setiya for his questions.

- **NSDL Support**

Mr. Rajat requesting you to please switch on your camera as well.

- **Mr. Rajat Setiya - Shareholder:**

Yeah, I have tried that. I think there is some technical error regarding my video, but am I audible?

- **Mr. Anant Talaulicar - Non-Executive Chairman, Everest Industries Limited:**

Yes, please. You are audible perfectly.

- **Mr. Rajat Setiya - Shareholder:**

Yeah, thank you. Thank you for this opportunity. I have mailed my questions but I will read them aloud so and I hope that management answers them in detail.

My first questions are regarding the steel segment. What led to the sharp improvement in steel division profitability in FY23 and what happened to those factors in FY24?

The second one is in your understanding what the reason for lower volume growth in FY24 was.

The third is how the OB is now compared to the last year and what was the capacity utilization for this division in FY24 and at what level of capacity utilization will we begin the capex?

Then the roofing segment, I want to understand how the market situation now? Is the stress in this segment expected to continue this year? And how is the Q1 going so far?

Plus, if management could help understand that, what is the long term vision for this division?

For the board segment, at what scale the business will start generating 15% margins for us and how much capex would we need to reach that scale?

Then what is the revenue capacity of the new plant? In how many years do you expect to ramp up the plant to optimum levels?

The last question that I have is a firm wide question. Since we have set a sales target of 2800 Crs, how much capex do we need to reach our sales target? Thank you so much.

- **Mr. Anant Talaulicar - Non-Executive Chairman, Everest Industries Limited:**

May I now call on Mr. Aditya Khandelwal for his questions.

- **Mr. Aditya Khandelwal - Shareholder:**

Yeah, so I've already sent my questions and most of them have been covered. Just a couple of more questions which weren't covered by the earlier participants. So in the roofing business, how is the demand outlook for this year considering last year volumes were muted and with better monsoons expected, can we expect mid single digit volume growth this year for the roofing business? Secondly, sir, you know, how are the raw material prices trending this year, especially the fiber prices? We had seen a big spike last year. So have the prices come down or have they remained stable? If you could just elaborate how the price is trending for the fiber. So thirdly, how much was the increase in raw material prices in fiber last year? And how much price hikes this year to get to our historical margins in the roofing business? And so, the last question on this roofing business is, sir, if we look at the largest player, the margins they enjoy is almost 500 to 600 basis points higher than all the other players. So, if we could just elaborate a little, why does the largest player enjoy such high margins as compared to other players in this segment? Because as far as I understand, this product is a pretty commodity. So it shouldn't be possible for a player to make such higher margins than the other established players in the segment. So if you could just elaborate, why does the largest player have such high margins as compared to other players in this segment? That's it, sir. Thank you, sir.

- **Mr. Anant Talaulicar - Non-Executive Chairman, Everest Industries Limited:**

Thank you. I will now call on Mr. Saurabh Jain please to ask his questions.

- **Ms. Amruta Avasare - Company Secretary**

Chairman, Mr. Saurabh Jain is not attending the meeting. So he has just requested to consider his questions if you can, which were sent in advance. He has given his apologies for not being present.

- **Mr. Anant Talaulicar – Non-Executive Chairman, Everest Industries Limited:**

Okay, so fine, we will consider definitely look at his questions and make sure that we avoid any duplication from earlier questions. So with that, we will then move to I think that is all the questions that we have received. There were two other additional players, is not it, Amruta that had requested that they ask questions?

- **Ms. Amruta Avasare – Company Secretary**

Yes, Mr. Sujan Modak and Mr. Yusuf Rangwala.

- **Mr. Anant Talaulicar – Non-Executive Chairman, Everest Industries Limited:**

Yes, we have call on Mr. Sujan Modak in case he is with us.

- **Mr. Sujan Modak – Shareholder:**

Yeah, respected Chairman, other Board of Directors, I am Sujan Modak. I am attending this meeting for my residence in Kolkata. Namaskar, Good afternoon. Sir, my previous speakers they have already asked questions, most of the questions I do not want to repeat it but I got one question sir.

Page 209, miscellaneous expenses you have shown of 1934 lakhs, could you be a little bit to explain what is exactly that and my second question is sir how much is a competition we face from the unorganized sector in our field so that's my second question and sir very lately this turbulence which is now happening in all over the world especially today there is some more information came from China and all. So how much it can affect our bottom line if you can or any supply chain disruptions on that particular side. So if you can please tell us. Nothing to add more over to you for further questions. Thank you.

- **Mr. Anant Talaulicar – Non-Executive Chairman, Everest Industries Limited:**

Thank you very much Mr. Modak. Thank you. will call upon our last registered member to ask his questions. Mr. Yusuf Rangwala, if you are with us, please ask your question.

- **Ms. Amruta Avasare- Company Secretary:**

Chairman, I think Yusuf Rangwala has dropped. So we can proceed.

- **Mr. Anant Talaulicar – Non-Executive Chairman, Everest Industries Limited:**

We can proceed with our answers. So I will try to kind of club some of these questions because some of them obviously are repetitive. But let me begin.

Mr. Shahpuri had asked, the long-term average operating margins for the building products divisions was at about 12 percent. When do we expect that normalization to happen again? When can we regain those levels of margins? You saw what happened to the company essentially got hit by COVID, which was a significant impact to our industry, to our company. And then post- COVID also there were impacts, which was kind of a yo-yoing of the whole supply chain, global supply chain, which also impacted us. So we fully intend to improve margins across all our businesses. And this is already underway, I will say. And we see continued opportunities to do so. We are working on all the appropriate levels that I mentioned and which I call the pillars in my speech. But if I club them into categories, these are basically market share growth because when you look at all three of our businesses, we have significant headroom to grow market share. The roofing business is running in the mid-teens in terms of market share. The boards and panels business is running somewhere in the 20-odd percent range.

And the PEB is less than 10%. So we have significant headroom for market share growth, and we are working on those factors. Differentiation is another key one, and the investments in our technology are all targeted for differentiation to get premium pricing across all of these three. Procurement, you know, efficiency, you know, and the supply chain part and manufacturing cost reduction. So, Mr. Shahpuri, you should hold us accountable to demonstrate these improvements right away. You know, this is not when they will come, right away and we should see that in a continuously improving manner. So, that would be my answer. I do not want to make some predictions, but certainly, we are already on our way and you should continue to see every quarter and quarter an improvement. In terms of the status of the capital expansion plan for the PEB plant, we have acquired the land and that is in Andhra, in Anantapur. We paused the execution specifically because our order board weakened last year, primarily because of our own reasons.

Nothing external, the market kept going, but we lost sight of the ball to some extent and I take accountability for that. So as we saw our order board weaken, obviously it wasn't responsible for us to go ahead with that investment. We said let us take a pause, let us understand the underlying factors, let us address them, which we have done now. And in fact, again, some of the questions are being answered through this, which is now as we speak, our order board is very strong, and it is an order board that will last us for the next six months plus. you know, so we are in a very, very strong position now and therefore, it is our intent to now execute this greenfield project starting this quarter. So, that is what you can expect.

Now, current capacity utilization for the new boards and panels plant in Mysore was the question and essentially I need to remind you that the panels production began at the end of the last fiscal year, so essentially in the February-March time frame, we started to ramp up initially the panels production and then we moved to the boards and that happened in this fiscal year. So, the April-May time frame is when we started that process. But already it is ramping up very briskly and I can tell you that we are on track as far as our plans to ramp up. So, there is no concern at all. By the end of this fiscal year, we will be happy if we achieved about a 50 percent utilization. That will be a good performance from our perspective. If you look at the longer-term picture and say, hey, when will you achieve all

of that utilization? That's a bit of a guess, of course, but that would take three or four years, but of course, we will look to do it faster.

Now your question also was about talking to shareholders. And I'm actually delighted that you find it interesting to talk to folks like me and Rajesh and Padmini, etc. So I'll take that as a compliment. And we will certainly discuss it. But honestly, Mr. Shahpuri, I would rather execute and show excellence rather than talking to you. But I hear you, hear your voice, and we will certainly, in due time, have forums to have maybe more extensive dialogue.

So coming next to Mr. Deep Gandhi's set of questions, where we talk about quantum of margins improvement and board and panel division, revenue share from value added, what I would say is that, you know, actually we made significant improvements in contribution margins last fiscal year in our boards and panels division, and we feel good about it. So now the lever that we are really looking to push, especially now that we have the capacity in place, is volume without impacting pricing. So we're trying to make sure that through our education of our customers, the influencers, the architects, and consulting engineers, interior designers, that we convince them of the value of this technology and continue to garner premium pricing.

If you look at the value-added product side of this business, I would say it's approximately about 25% of the total.

Now, when you talk about this pricing of boards and panels, witness an increase for the volumes, etc. we saw some degrowth. So essentially, when we took the pricing up, we saw some impacts because we started to move towards customers who valued the premium offering. And obviously, that caused some decline in our volumes, which we are now recovering. And we have seen some brisk growths across the board in the domestic demand. What have clouded it, unfortunately, are the exports that went down with the recent strife that we have seen in the Gulf area, which has caused the shipping line problem. So, we saw that impact temporarily.

Hopefully, that will even out and then you will see in the total revenue growth in this segment.

Also, there was a question on the entry of a global competitor. Again, like I said earlier in my speech, there is a huge headroom for many players in this industry. This is a growing industry and I am confident that as long as we continue to educate the influencers in this industry, the customers in this industry of the significant benefits of this technology vis-a-vis all the alternatives, there's enough room for everyone to play here. We are not concerned. Of course, we are taking all the steps proactively to improve our product offering, to improve our technology, to improve our connect with customers, to improve our whole manufacturing processes and so on and so forth. So, we are not worried about it. We respect all our competitors, but we continue to focus on improving ourselves.

Now, in terms of – there was also a question on when we achieve a full capacity utilization of the new boards plant, what can we expect to see in terms of top-line growth? That's

approximately about 200 crores, I would say, is what it is capacized for at full capacity. Those were some of the questions.

I will move now to the next shareholder's question,

Mr. Anil Mehta, who was asking some questions such as, with increased globalization, what, has the company done to increase the international breadth of knowledge and experience on the board? I just want to again clarify that I joined the board in 2019 and I've had a 30-year experience, over 30 years with Cummins Inc., which is a global company. In the last 10 years of that, I have a very extensive exposure into global businesses and how it is done.

My colleague Padmini operates largely or partly out of London. So, she has got also extensive exposure and many of our other board members are on other company boards, which are MNCs. So, I believe we have more than adequate exposure on our board as far as international business goals.

There was also a question on how does our management monitor intercompany transactions. Frankly, this is not a very significant component anyway as compared to many other companies, but I will say that all related party transactions are reviewed in detail and approved by the audit committee of the board. All the intercompany transactions are in the ordinary course of business and done at arm's length. And all the necessary disclosures are made in this regard. So, you should not have to worry at all.

What are the major opportunities and challenges facing the company? How does management plan to respond? What I would say is we are very blessed at Everest, because there are tremendous tailwinds, dear shareholders. One, of course, is simply India's GDP growth, which is here to stay and I believe it is here to stay regardless of governments and we have seen that in the past decade plus. The increased emphasis on the part of the current government on infrastructure also boards very well for this company. Adoption of FCB technology, like I said, is still nascent. Again that boards very well for us. Increasing rural as well as urban consumption in India are all tailwinds for Everest. So all of our three businesses are well positioned to take advantage of all of these tailwinds and on top of that a 91-year trusted brand. And frankly, all our challenges are internal. I do not see frankly any external challenge, especially relative to the competition.

So what are principal objectives for the company's business plan for the next year was the next question. And what is it for the next five years? Essentially, we stay committed to what I indicated in the past, which is we want to double the company's revenues, while more than doubling its profits by leveraging the cost structure of the company.

And how does the company assess its liquidity and availability of funding sources for operations? This was the next question. And let me again point out to you that we are a conservative company. You have seen this, you know, very consistent track record on our part. We do not have substantial debt and believe in plowing internally generated cash flow to fund our investments; we will make sure that we keep the balance sheet very strong by limiting our debt to capital ratio to no more than 30 percent.

So with that, I will move to Mr. Vaibhav Badjatya's questions where he questioned, you know, can you tell us based upon pricing in South India, what the cost of asbestos roof is and how does it compare to steel roofs. Mr. Badjatya, why south?

I would say generally in India, prices do vary a little bit, but broadly speaking, I would say this trend does not change, which is that we are substantially more competitive price wise as compared to steel roofing. So generally, our cement, fiber cement roofing sheets would be priced somewhere in the 185 to 200 rupees per running meter range as compared to steel roofs which are at the 300 to 325 rupees per running meter range. In fact, colored coated steel sheets are priced even higher than 500 rupees. So you know it is really not an apple to oranges comparison. The thing that I also want to point out in this, which is in our favor, is steel roofs are more heat prone, which is a big factor with global warming as you know. The second is the noise that it creates in the rains. So, these things are very much in our favor. So, we are in a very, very strong position, I feel, from a competitive perspective.

Also, you know, I think the question was given the fact that asbestos supplies have tightened over the years leading to price increases, do you foresee asbestos losing structurally? I just like to point out that the asbestos supply situation was a temporary one and it was caused by the Russia-Ukraine war specifically and has largely normalized now. I am not saying it is completely normal, but it has definitely eased. We have further mitigated it as I pointed out by adding two more suppliers who are not from Russia. So, you know I think the concern that was there on the head of the company is much less right now and so I feel we are in a good place, you know, so I do not think you should have to worry.

Your question on the asbestos roofing industry about estimates of capacity addition, etc. There is enough capacity in India as an industry to meet the demand. And we have not seen any major expansions or do not even anticipate seeing any major significant expansions by any of the players.

So, I think those were the key questions that were asked. You know, also I will at this point just point out, you know, that when we talk about the other side which is fiber cement boards, where of course we still have to work through the transition vis-a-vis other technologies like gypsum and plywood. The advantage of those technologies which have been around for a long period of time is of course one is cost, but also these are lighter weight technology. So they are little easier to handle on the part of contractors, but they have significant disadvantages. So, when you look at a gypsum sheet, it is a very lightweight and therefore weak product and our product has much greater strength. Also it is moisture resistant which gypsum is not. It is fire resistant which gypsum is not. These are huge advantages and are being seen by customers just like customers overseas have already seen that. When you talk about plywood, please remember this is wood and cellulose. So this is very termite prone, whereas fiber cement board is not. So I think great advantages and I keep pushing our marketing team to explain this better. We all have to explain this better to our customers and then it becomes a huge turning point for the company. So this is where we are at. So with that, let me turn to some other questions that hopefully are not repetitive in nature.

So I will come to Mr. Nikhil Upadhyay's question. And he talked about steel and then he talked about roofing. So I think I covered that in steel sheets versus roofing sheets. But then I think your question also alluded to our steel business. And there I want to assure you of one thing which should really comfort you that our pricing with the customers on the PEB side is indexed to steel indices. So, it is not a fixed price contract we enter into. So, if steel prices go up, we are sheltered. So, the margins are protected. So, this is one thing that I do want to make it very clear and that appeals to the attractiveness therefore of this business.

In terms of the share of FCB in other markets, I talked about it in per capita terms, and you saw the dramatic difference. So similarly, I mean, I don't have the exact share numbers because they vary by country. But I can tell you that the penetration rate in India is approximately in the 3% range for fiber cement technology, whereas in other countries, it's very well in excess of 20-30%. So we have huge headroom to grow as an industry and grow the sales of Everest. So it's great news for all of us here.

We should all be very happy. You know margins at scale. So what I would say is, on a contribution margin perspective, we can expect some incremental investment, certainly in the FCB business, no doubt.

But I think a lot of the travel has been done. What now we should be focused on is growing the sheer volume of it so that we can leverage the fixed cost structures despite investments in CAPEX. So that is where our game is going to be in the future.

With that, I will turn to the questions by Mr. Rajat Setia. And he asked for what led to the sharp improvement in the steel division profitability in 2023. And then what happened in 24? The simple answer is the volume drop in 24. That is the simple answer to that. In 2023, we made a lot of structural changes to the business that we continue to enjoy. In fact, we even further strengthen it, like I said, by moving to this theory-based, theory of constraints-based method of managing the supply chain. So please stay posted and you will see very good improvements as you go forward in our steel business. So I think that was the gist of your questions because you talk a lot about the order board. I have addressed that also earlier. So hopefully, I have addressed all your questions.

You talked about capacity utilization of this division. Back in 2024, with the drop in our order board, it went down to about 60-65 percent. Currently, I am happy to say we are at full capacity utilization, 100 percent. In fact, we are even outsourcing a little bit to meet the demand. So, that is where things have really improved, I must say.

You talked about in roofing the market situation, the stress on the segment, can we expect it to continue? How is Q1 going? I will say that the market in this season was pretty good and we were also pleasantly surprised. So, I think it was a good season for us. Q1 demand was also generally strong. I will say that the stress of this industry definitely is less. Not that there is no stress. There will always be stress, I suppose. But compared to what we have seen, the crises that we saw during COVID, post-COVID, I believe we are not now in a much more normalized situation for the roofing business.

In terms of the longer term vision for this division, what I would say is we are preparing for a world of new technologies. And one example that you saw was Evercool. So we are making investments in other technologies. We have significantly improved the offering as well as profitability of our non-asbestos sheets. So we are getting ready for, at some point, a non-asbestos world in India. Also, it's a vision of much stronger connects with our customers, a much stronger partnership-based channel approach to gain market share, and as I said, introducing these differentiated products. And when we talk about boards and the question around scale, this business, will it start generating 15% margins for us and how much CAPEX do we need for reaching that kind of scale. So I would say, you know, we even at our current scale, even at the current scale, it is a profitable, good profitable business. Our job is to both sustain and improve the margins by growing more scale. But please do not mistake it as we need scale for profitability. That's not true. We are already profitable.

Now, we talked also about, I think the other questions have been answered in terms of the new plant, etc. But I will answer your question on the sales target at a company level of 2800 crores, whatever, doubling of our revenue. How much capex do we expect to pump in? My answer to that simplistic, again this is a broad number, about a thousand crores. So, you can expect us to pump in that much over the next five years.

Now, I will turn to Mr. Aditya Khandelwal's question and the question was, how is the demand outlook for this year considering last year's revenue was that were muted? And he is specifically asking for the roofing part of it. With better monsoons, do we expect to see mid single digit volume growth this year? So, you know, as I said, I mean, it is not bad. We expect the industry to grow gradually because this is already a very mature industry in the roofing side. We expect the industry to grow anywhere from 1 to 3 percent this fiscal year. Of course, if we execute the kinds of things that I talked about earlier, we expect our growth definitely to be much higher than that, much higher than that. So that is what I would say and so the kind of numbers you are quoting are not impossible to achieve.

How are the raw material price trends this year as compared to last year? In general, I would say they are more favorable, i.e. lower this year as compared to last year. How much of the increase in raw material prices last year and how much price increase hikes were taken last year? Last year is when we saw the increase, of course, another post-COVID spike, if you want to call it. And so we did see an increase in our costs of the raw material going up by anywhere from 5% to 10%. We were not able to pass it on to the marketplace, and you saw that in the squeeze in our margins. That phenomenon is now behind us. How much of the increase in raw material prices? Okay, we touched upon that.

Why does the largest player enjoy higher margins than other players? Because they're executing well, you know, and I congratulate them. I respect them. I think whatever they're achieving is entirely achievable by us, and you're going to see all the pillars, you know, as they take hold, you see that. I do not think there is any structural advantage as such by any player in the marketplace.

With that, I will turn to Mr. Saurabh Jain's question, you know, which is what is the revenue from new products launched in the boards and panels division the last two to three years? I would say it is somewhere in the 10 to 15 percent range, you know, and we expect to ramp that up as we go out in time.

How much did we spend on marketing for boards and panels? It was approximately 10 crores last year.

Utilization that we're operating in, it's very high, which is the reason we set up the new plant. So we were already operating at 95-plus percent levels in the last fiscal year. Now, of course, once we put the new plant on stream, which we have now, that will ease downwards and I mentioned how we are planning to ramp that up earlier.

So, in terms of quantifying the share of increases in greater than 5 crore orders, this is a conscious strategy on our part and you are seeing us move our mix to larger projects and towards very, very reputed companies. And this is a very conscious strategy. We have decided to stop as we were in the past, deal with smaller, if you want to call mom and pop shop or as in India, we say Lala companies. We are really dealing with the premium brands. And you see all of these names now that we are working with. So, you see that most of our portfolio has already shifted to the point that you are making. So, we are very much in line with your thinking.

Mr. Modak, I will come back to your question. One is you asked about this miscellaneous expense. Then you asked about competition from the unorganized sector. It tends to be in about the 25 percent range approximately and we have seen the trend coming down. So, the organized sector is growing, the unorganized sector is declining over time. This is the trend we are seeing. Then you talked about turbulence in the world and what impact it can have on the bottom line. I will leave the answer to that question to much better experts than I am. All I can say is that we are doing everything within our control to shield this company from any turbulence that may come from the geopolitical conflicts that we are seeing in China, in the Middle East, in Russia, Ukraine, and so on and so forth in, of course, our neighborhood recently. And that's all we can do as responsible leaders. And our commitment to you, sir, is to make sure that Everest at least is relatively more shielded than any other player in the industry. That is our commitment and you should hold us accountable to that commitment.

So I think with that, I conclude all of the questions. I will just ask our CFO to answer your specific question on miscellaneous expense. So Pramod, can you take that one question, please?

- **Mr. Pramod Nair - CFO:**

Yeah, sure, and so Mr. Modak on your question around the miscellaneous expenses. This is basically a residual cost head where not so large expenses are clubbed together, but generally it constitutes expenses like security charges for our facilities, depot handling charges, or bank charges, training expenses, etc. So while we club, do club for the presentation purposes, you know, in the financials these are regularly reviewed both by

the management and also present to the board. So that's the composition of the miscellaneous expenses. So over to you Sir.

- **Mr. Anant Talaulicar – Non-Executive Chairman, Everest Industries Limited:**

Thank you Pramod so with this I close the question and answer session. My dear shareholders and other investors. You of course have an opportunity. I know many of you do reach out to our Company Secretary to our CFO, to our MD.

You know, whenever, if you feel you have not answered all the questions sufficiently, but in the interest of time, I hope I've addressed at least the big questions, your big concerns with enough guidance and data, you know, and yet making sure that we don't disclose things that our competitors can use against us. So in effect, I'm trying to protect your interests, please understand that.

So with this, members may note that the voting on the NSDL platform will continue to be available for the next 15 minutes. Therefore, members who have not yet cast their votes, again, I request you to please do so. Mr. Tanuj Vohra, Practicing Company Secretary is the scrutinizer for the e-voting at AGM will be uploaded along with the scrutinizers report on the website of the company as well as on the website of BSE, NSE, NSDL within two working days from the conclusion of this AGM. The resolutions as set forth in the notice shall be deemed to be passed today subject to receipt of the requisite number of votes. I once again thank you sincerely for taking the time for attending this 91st AGM and I hereby declare the proceedings now as closed.

I now request all the panelists and Directors to log out of our portal.

- *E-voting started for 15 minutes.*

End of Transcript