

Transcript

90th Annual General Meeting of Everest Industries Limited
August 22, 2023 at 3.00 p.m. (IST) through VC

- **Ms. Amruta Avasare - Company Secretary, Everest Industries Limited:**

- Good afternoon, everyone. I am Amruta Avasare, Company Secretary, joining this meeting from our head office at Mumbai. I welcome you all to the 90th Annual General Meeting of the members of the company. As per Article 59 of the Articles of Association of company, Chairman of the Board will preside this 90th 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. Good afternoon, everyone. I welcome the members to the 90th Annual General Meeting of Everest Industries Limited. I'm attending the meeting from Pune. As requisite quorum is present, I am calling now the meeting to order.
 - 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 LODR 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. For the inspection, pardon me.
 - All the members joining this meeting are by default placed on mute mode to avoid any background noise disturbance and to ensure smooth and seamless conduct of the 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, they may call the helpline of NSDL, as mentioned in the notice of the AGM.
 - Before we start the main proceedings of the meeting, I request the other Board members on the video conferencing to introduce themselves, Ms. Padmini Sekhsaria.
- **Ms. Padmini Sekhsaria - Vice Chairperson & Non-Executive Director, Everest Industries Limited:**

- Good afternoon. I am Padmini Sekhsaria. I am the Vice Chairperson and Non-Executive Director of Everest Industries. I'm Chairperson also of the CSR committee and I am attending this meeting from my residence in Mumbai.
- **Mr. Anant Talaulicar - Non-Executive Chairman, Everest Industries Limited:**
- Thank you. Mr. M. L. Gupta.
- **Ms. Amruta Avasare - Company Secretary, Everest Industries Limited:**
- Sir, he is joining in two minutes. You can proceed.
- **Mr. Anant Talaulicar - Non-Executive Chairman, Everest Industries Limited:**
- Okay. Mr. B. L. Taparia.
- **Mr. B. L. Taparia - Independent Director, Everest Industries Limited:**
- Hello, I am B. L. Taparia. I am Independent Director and Chairman of NRC of Everest Industries Limited. I'm attending this Annual General Meeting of Everest from my residence in Mumbai.
- **Mr. Anant Talaulicar - Non-Executive Chairman, Everest Industries Limited:**
- Thank you, Mr. Taparia. Ms. Bhavna Doshi.
- **Ms. Bhavna Doshi - Independent Director, Everest Industries Limited:**
- Good afternoon. I am Bhavna Doshi. I'm attending this meeting from my residence in Mumbai. I serve as an Independent Director on the Board of Everest Industries Limited and I'm a member of Audit committee and NRC.
- **Mr. Anant Talaulicar - Non-Executive Chairman, Everest Industries Limited:**
- Thank you, Bhavna ji. Mr. Rajendra Chitale.
- **Mr. Rajendra Chitale - Independent Director, Everest Industries Limited:**
- Hi, everyone. My name is Rajendra Chitale. I'm an Independent Director and the chair of the Audit Committee of Everest Industries Limited and I'm participating in the AGM from my residence in Mumbai.
- **Mr. Anant Talaulicar - Non-Executive Chairman, Everest Industries Limited:**
- Thank you, Rajendra. Mr. Alok Nanda.
- **Mr. Alok Nanda - Independent Director, Everest Industries Limited:**

- Good afternoon. I am Alok Nanda, Independent Director of the company. I'm attending this meeting from Mumbai.
- **Mr. Anant Talaulicar - Non-Executive Chairman, Everest Industries Limited:**
- Thank you, Alok. Mr. Rajesh Joshi.
- **Mr. Rajesh Joshi - MD & CEO, Everest Industries Limited:**
- Good afternoon, everyone. This is Rajesh Joshi. I'm the MD & CEO of Everest Industries Limited. I am attending the AGM of the company from the company's head office in Mumbai.
- **Mr. Anant Talaulicar - Non-Executive Chairman, Everest Industries Limited:**
- Thank you, Rajesh. I will also call on the CFO of the company, Mr. Pramod Nair.
- **Mr. Pramod Nair - CFO, Everest Industries Limited:**
- Hi. Good afternoon, everyone. My name is Pramod Nair. I am the CFO of the company. I am attending the 90th Annual General Meeting from the company's head office at Mumbai. Thank you.
- **Mr. Anant Talaulicar - Non-Executive Chairman, Everest Industries Limited:**
- Thank you. Amruta, has Mr. Gupta joined us yet?
- **Ms. Amruta Avasare - Company Secretary, Everest Industries Limited:**
- Sir, he is facing some technical issues. I am sorting out. So, once he joins, I will let you know, Sir.
- **Mr. Anant Talaulicar - Non-Executive Chairman, Everest Industries Limited:**
- That's okay. I think I will just inform the members that he is very much with us except he is facing some technical issues and he also chairs the SRC.
- So with that, apart from the Directors I would like to inform you that we also have Mr. Vinayak Pujare - Partner of SRBC & Co. LLP Statutory Auditors as well as Mr. Tanuj Vohra from TVA & Co. LLP, secretarial auditors and scrutinizer who have also joined this meeting through video conference.
- The Chairman of the Audit Committee, NRC and Stakeholders Relationship Committee will be attending this meeting.

- I thank all the members, colleagues on my Board and Auditors for joining this meeting over video conference.
- Please, allow me to give you a little background now on the year that we are concerned about. Dear shareholders, welcome to the 90th AGM of your company. There aren't too many companies in the world who can claim this kind of successful longevity. I feel truly privileged to be able to address you for the fourth time and I take this opportunity to express my gratitude to the Board of Directors as well as all of you for the trust that you have reposed in me. It gives me great satisfaction to inform you that Everest has actually successfully navigated the aftermaths of COVID which, as you know, resulted in significant global demand shocks as well as supply side shocks. Everest has also successfully navigated significant geopolitical, both economic as well as physical, strife to deliver profitable growth to you without debt. This was made possible by the relentless dedication and commitment of every member of the Everest family. In these uncertain times, Everest is guided by its non-changing North Stars, which consist of its vision to improve people's lives by reimagining spaces while adhering to its three core values of Respect, Excellence and Integrity. We believe this vision and values provide the *Praan* or lifeforce to the organization and are at the root, the reasons for its performance as well as longevity.
- Let me now talk about the key highlights for our three businesses. Our traditional Roofing business face the maximum headwinds of unprecedented inflation in input costs as well as supply side shocks in the fiscal year, particularly Fiber which we actually source from Russia. The demand was also tepid, although it picked up in the second half. We implemented a pull based supply chain management system based on the theory of constraints which allowed us to manage inventories outside of some conscious investments we made in the Fiber inventories for strategic reasons and ensure good availability of products to our customers. Also, we focused heavily on strengthening our distribution channel close to our plants and retain market share. Despite these extensive efforts, our margins were squeezed as the industry was not able to pass on the input cost increases to customers. I am also very proud of our Boards and Panels division, which achieved record revenues as well as profits with great engagement with our key architects, interior designers and contractors, especially in the urban centres. We also focused on selling more value added products. With the success of our marketing efforts, we are running now at essentially full capacity and are now adding incremental manufacturing capacity in the South which should be in place by the end of this fiscal year. We have also opened up new export channels that are far more profitable as compared to the past.
- I'm also delighted to relay to you that our management team successfully turned around the PEB business and this business also delivered record revenue and profits. This turnaround is based on addressing the fundamentals such as excellence in design, detailing, manufacturing, sourcing and site execution. The key, in this business is to develop strong dependability as these are very high capital investments that our customers are making. We also have changed the segment of customers we are focused on now to far more professionally run companies that believe in values and partnerships. We are now seeing repeat orders from the same customers, which is a testament to this dependability that we are now starting to build. There is so much upside in this business

as we gain Market Share and with this in mind we are also looking to expand manufacturing capacity in the South again which should be in place by the end of this fiscal year.

- We are in the third year of six sigma deployment to achieve zero defect quality across all our businesses and functions. We have invested in upgrading our IT backbone to SAP HANA and also have begun investing in state-of-the-art systems for CRM as well as Human Resource Management. All of this will help us expand the productivity of our workforce and help us scale profitably. We are investing in our people all the way from significantly expanding our internship programs, our graduate trainee programs from good educational institutions as well as instituting many other managerial excellence programs. The focus is to embed our three core value values deeply within the DNA of our enterprise.
- We have also decided to expand our CSR focus while narrowing the four areas where we want to go deep which is - livelihoods, we are providing skills training initiatives that are relevant to our industry, education at the school level, health, as well as the environment. We're beginning to significantly expand our employee engagement in our CSR work.
- Moving to the financial performance in the year, Everest's consolidated revenues from operations for the year was ₹1648 crores, which was a growth of 21% as compared to ₹1365 crores delivered in the earlier year. We also achieved a Profit After Tax of ₹42 crores versus ₹44 crores in the previous year. The free cashflow was positive despite the headwinds. While the underlying profitability improved in most areas, the profits overall were significantly negatively impacted by this exceptional inflation in Fiber costs caused by the Russia-Ukraine war. We are now expanding our sourcing to other countries and this will be in place in this fiscal year.
- The finance team focused heavily to address various old tax issues and were able to reduce our tax liability by approximately ₹80 crores. Everest's consolidated revenue from operations in Q1 of this fiscal year was ₹484 crores which again is a growth of 7% compared to the same period last year. We achieved a PAT of ₹17.6 crores in Q1 fiscal year 23-24 as compared to ₹21.2 crores in Q1 fiscal year 22-23. Free cashflow in the quarter was a very healthy ₹143 crores. The profits continued to be impacted by high Fiber costs which had not shown up fully in Q1 last year as well as due to low dispatches in our pre-engineered buildings business.
- Our new and diverse leadership team, which you will recall we began putting in place in 2020, has been stable and have been maturing as a team. I am very confident that they along with the passion and dedication of our employees will only continue to improve the performance and longevity of Everest in the coming years.
- I will end by expressing my heartfelt appreciation to my esteem Board members for their wise guidance and for setting highest standards of ethics and performance as well as to our passionate and dedicated leadership team and employees. I would also like to thank our loyal customers, partners and suppliers. And, finally, I would like to thank all of you, our shareholders, who have believed in us. I have no doubts that Everest has a very bright

future and we are committed to doing all that is under our control to deliver on this bright future for all our stakeholders. As we step forward into the new fiscal year, I would like to renew our commitment to our enduring vision to improve people's lives by reimagining spaces by diligently following our three core values of Respect, Excellence and Integrity. Thank you.

- We will now move...Yes, Amruta, do you want to say something?
- **Ms. Amruta Avasare - Company Secretary, Everest Industries Limited:**
- Sir, Gupta Sir has joined.
- **Mr. Anant Talaulicar - Non-Executive Chairman, Everest Industries Limited:**
- Excellent! Excellent! Mr. Gupta, may I ask you to introduce yourself please? Hello, Mr. Gupta?
- **Mr. Rajesh Joshi - MD & CEO, Everest Industries Limited:**
- Sir, you'll need to unmute.
- **Mr. Anant Talaulicar - Non-Executive Chairman, Everest Industries Limited:**
- Yes, Sir, please unmute yourself.
- **Mr. M. L. Gupta - Independent Director, Everest Industries Limited:**
- I am M. L. Gupta calling from my residence in Jaipur. I have all the paper received and I can see and I hear everyone and I'm happy to attend this AGM. Thank you.
- **Mr. Anant Talaulicar - Non-Executive Chairman, Everest Industries Limited:**
- Thank you so much, Mr. Gupta, and welcome.
- SRBC & Co. LLP Statutory Auditors and TV & Co. LLP Secretarial auditors have expressed an unqualified opinion in their respective audit reports for the FY22-23. There were no qualifications, reservations, adverse comments or disclaimers in the said audit reports. The statutory auditor's report on the standalone financial statements as well as consolidated financial statements are available on Page number 159 and 221 of the Annual Report respectively. The Secretarial audit report is enclosed as Annexure 4 to the Board's report on Page 103 of the Annual Report. With the permission of the members, I take the statutory auditor's report as well as secretarial auditor's report as read.
- As the notice of the 90th 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 its members through the NSDL platform. The remote E-voting facility was made available from last Friday the 18th of August, 2023 from 9 a.m. until Monday yesterday, August 21, 2023, up to 5 p.m. Members who have still not casted their vote electronically during this time through remote E-voting and who are attending this AGM have an opportunity to cast their vote during this meeting through the E-voting system provided by NSDL and this voting will remain open for another 15 minutes when I close this meeting. And, therefore, I request all members to refer to the notice of the AGM for voting details and to cast your vote.

- I will now take up the various resolutions that are up for voting, as set out in the notice of the AGM.

- Item Number 1(A) - Adoption of the standalone financial statements. The standalone financial statements of the company for the financial year ended March 31, 2023 including the reports of the Board of Directors and auditors thereon have already been provided to the members and the resolution is placed for adoption of the said standalone financial statements.

- Item Number 1(B) - Adoption of consolidated financial statements. The consolidated financial statements of the company for the financial year ended March 31, 2023 including the report of auditors thereon have already been provided to the members and the resolution is placed for adoption of the said consolidated financial statements.

- Item Number 2 - which is the declaration of the dividend. The resolution is placed for the declaration of a financial dividend of ₹6/- per equity share of face value of ₹10/- each for the financial year ended March 31, 2023.

- Item Number 3 - To appoint a Director in place of Mr. Rajesh Joshi who retires by rotation and being eligible seeks reappointment.

- Item Number 4 - Ratification of remuneration of M/s Chandra Wadhwa & Co., the Cost Auditors, for the financial year ended March 31, 2024.

- Now as I am an interested party in Item 5, I request the Vice Chairman, Ms. Padmini Sekhsaria, to chair the meeting for this particular item.

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

- Thank you. I'll take up Item Number 5.

- Item Number 5 - Special resolution for approval for payment of commission to Mr. Anant Talaulicar, Non-Executive Chairman, for the FY2023-2024.

- I request Mr. Talaulicar to resume the chair, please.

- **Mr. Anant Talaulicar - Non-Executive Chairman, Everest Industries Limited:**
- Thank you. Thank you, Padmini.
- Item Number 6 - Special resolution for reappointment of Mr. Rajendra Chitale as a Non-Executive Independent Director of the company for a second consecutive term of five consecutive years with effect from January 23rd, 2024.
- Item Number 7 - Special resolution for reappointment of Mr. Alok Nanda as a Non-Executive Independent Director of the company for his second consecutive term of five consecutive years with effect from January 23rd, 2024.
- And, finally, Item Number 8 - Special resolution for the reappointment of Mr. Rajesh Joshi as a Managing Director & CEO of the company for a period of three years from September 1st, 2023.
- The text of the resolution along with explanatory statements is provided in the notice circulated to the members.
- Before I now begin with the Question and Answer session with the speakers, let me quickly take you through the protocol. During the Question-Answer session, the name of the registered speaker shareholders will be announced by me one by one. After each name that I call out, the speaker shareholder will be unmuted by a host. Speaker shareholders are requested to click the 'Video' button which appears at the bottom of their screen before they start speaking. If a speaker shareholder is unable to 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 we would ask the next speaker shareholder to join. Once the connectivity improves, the said speaker shareholder will be called once again by me to speak after all the other registered speaker shareholders have completed their questions.
- There are 12 requests from members to register themselves as speakers at this meeting. Hence, I request the speaker shareholders to please limit their questions or comments to three minutes or less to respect the audience and only ask very important questions.
- 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. To avoid repetition, the answers to the questions asked by all speaker members will be provided only at the end.
- So, let us now begin with the question and answers. I request now, Mr. Tarbir Shahpuri to unmute himself and proceed with the questions. Mr. Tarbir Shahpuri.
- **Mr. Tarbir Shahpuri - Shareholder:**
- Yes, Sir. Sir, thank you so much, Sir, for giving me the opportunity. At first, I would just like to say and I can't speak for the others, at least we felt the Annual Report put out by

the company was very informative and very rich and we look forward to more information from the company in the future. I have already emailed my question to the Company Secretary, unless you would like me to repeat them you can move on to the next speaker.

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

- Mr. Tarbir, if you don't mind could you please repeat them for the benefit of our audience?

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

- Oh! Okay. I have to actually pull it up, Sir.

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

- Okay. Well, in that case maybe I can ask Amruta to just, you know...

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

- I do have them here, Sir, I can read them now.

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

- Okay. I'm sorry because...

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

- Okay. No-no, no worries. The first question was, the company's contingent liability has come down significantly from Rs. 149 crores to Rs. 69 crores, we would just like to know if there's a path forward to eventually zero for this number?

- Second question is, of course, as you said the company has announced Capex and you already mentioned in your speech that they should finish the financial year. So, my question was around the timing of that and I think we can skip that.

- And the third one is a little bit more abstract and if you feel that it is not something that you wish to answer that is fine. We would like to know from the MD & CEO, what are the KPIs that the management is setting internally for the senior leadership? So, what is the driving factor for the company moving forward?

- Thank you so much.

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

- Excellent! Very nice questions, thank you.

- Let me now turn to Mr. Vaibhav Badjatya. Mr. Badjatya, could you please unmute yourself and proceed with your questions? I see that Mr. Vaibhav is with us.
- **Mr. Vaibhav Badjatya - Shareholder:**
- Yeah. Hi, Sir. Hope I'm audible. Can you hear me?
- **Mr. Anant Talaulicar - Non-Executive Chairman, Everest Industries Limited:**
- Yes-yes, very good. Very clearly. Thank you. Go ahead, please.
- **Mr. Vaibhav Badjatya - Shareholder:**
- Yeah, thanks. Thanks a lot for giving me the opportunity. So, I have also submitted my list of questions but I will quickly repeat them. So, the first one is that, how is the pricing on delivery to customer bases for the Fiber Cement Board business on per square feet meter basis as compared to Plywood or Gypsum Board, which is our competitive alternative? That's the first question.
- Second, can you please provide the details of raw material used in production of Fiber Cement Board and the ratios in which they are used? This is to understand why, you know, Fiber Cement Boards are expensive or cheaper than alternate materials.
- Third and the last one is that all three divisions of the company have different end customers, different growth drivers and different risk profile. So, do you plan to demerge the three divisions of the company over long term since we see very few synergies between them?
- I think these are the three questions. Great! If you can answer them point by point, that would be helpful.
- **Mr. Anant Talaulicar - Non-Executive Chairman, Everest Industries Limited:**
- Okay-okay. Thank you so much. Thank you.
- **Mr. Vaibhav Badjatya - Shareholder:**
- Yeah.
- **Mr. Anant Talaulicar - Non-Executive Chairman, Everest Industries Limited:**
- So, we will now move to Mr. Nikunj Mehta. Could you please unmute yourself and proceed with your questions?
- **Mr. Nikunj Mehta - Shareholder:**
- Good afternoon, Sir. Sir, I have...

- **Mr. Anant Talaulicar - Non-Executive Chairman, Everest Industries Limited:**
- Please, go ahead.
- **Mr. Nikunj Mehta - Shareholder:**
- Hello? Sir, I had sent my list of questions. I'll repeat some of the questions which I would like to know.
- One is, like we had given a target in FY21 that we would achieve 4 times increase in PBT and 2 times increase in revenue. So, do you think this target is still feasible to do it?
- And if so, what could be the revenue mix of all the three segments which we have?
- The third question is, what would be the share of the Boards and Panels? What would be the revenue and profitability of Boards and Panels in FY23 and in Q1 FY24?
- In steel building, I would like to know that what is your current order book? And what is the average sales value per order?
- Out of the warehousing build in India, how much is the opportunity for us?
- And if you can give us a percentage of value, that would be helpful.
- Overall, I would just like to know over the period of time we have seen a lot of write-offs, writebacks, and adjustments related to income tax, so what is our stable margins we can expect going forward?
- And one more related the Boards and Panels that we have opened of 10 premium outlets. So, what is the plan for that? And what kind of growth rates we are looking at the Boards and Panels business?
- **Mr. Anant Talaulicar - Non-Executive Chairman, Everest Industries Limited:**
- Okay, alright. Thank you. Thank you for your questions.
- May I now request Mr. Saurabh Jain to please unmute yourself and proceed with your questions.
- **Mr. Saurabh Jain - Shareholder:**
- Yeah. Good afternoon, Sir. Can you hear me?
- **Mr. Anant Talaulicar - Non-Executive Chairman, Everest Industries Limited:**
- Yes, yes.

- **Mr. Saurabh Jain - Shareholder:**

- Yeah. Thank you for the opportunity. It's great to interact with the management since this is one of the only forums that we get and it'd be great to actually get you know pointed answers and specific answers as much as possible. Should I proceed?

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

- Please do, please do.

- **Mr. Saurabh Jain - Shareholder:**

- So, I have 6 questions. First, I just wanted to know that across the three different businesses that we do, what are the gross margins? Then specifically for boards and panels what is the realization and margin difference between basic products and value-added products and what is the mix that you're looking at from value added products and basic products three to five years down the line? Third, for boards and panels again that you've talked about raw material price increase under this division, so what was the percentage increase and how much of this increase has been passed on to the customers and how are the gross margins for this division in the year? My next questions are for steel buildings, the fourth question what is the revenue break up across the different solutions you know like warehouses, industrial facilities, multistory buildings etc., and how much of the revenue in steel buildings would you be getting from residential construction? Fifth, again for steel buildings that in the past the margins have been quite volatile over here, so how does the company actually go about maintaining their margins and what percentage of our order book is typically from variable price contracts? My sixth question is related to roofing, that how are our actually margins and revenue impacted because the fiber price increase and how much has the raw material costs gone up by and how much have we actually been able to pass on to the customers? And do you think that the margins will actually go back to the original levels and by when should we expect that to happen or is this something which is a new normal for the raw material prices? That's it from my side. I'd love to get more detailed answers. Thank you.

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

- Thank you, Mr. Jain.

- Now, I request Mr. Deep Gandhi on behalf of Ms. Nikita Gandhi to unmute, please proceed with your questions.

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

- Good afternoon Sir, am I audible?

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

- Yes.

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

- So, I just like to repeat the request which the last participant had make, if you can answer my questions on point by point basis since this is the only forum we get to interact with the management. So, I'll start with my questions and Sir I've divided my questions in two parts. I'll start first with the boards and panels division. Sir, if you can talk about what kind of revenues you are getting in FY23 from the new products which you have launched in last two to three years? So, my next question related to this division is in the annual report, you've talked about making inroads into European and Middle East markets, but if I look at your export revenue it is flat for the year. So, can you please talk about the progress and what kind of export opportunities you see in this division for next few years? And then in the speech you did mention that the margins in exports are better than the past, but if you can talk more about, are they better than the domestic business? And if you can quantify a bit more around that and is also exports a focus area for us in the future? So, then I'll move to my next set of questions which are related to your steel building division. So, Sir here my first question is the average realization per ton for the company used to be ₹1 lakh between FY15 to FY21, which jumped to almost ₹1.3 lakh per ton in FY22, and now is at around ₹1.45 lakh per tons, so sir can you please talk about the reasons behind this and how should we look at this number for the future, what sustainable number should we look around this? Sir, my next question is what is the share of the top five customers in terms of revenue and order book, and also if you can talk about the typical order size in terms of value on a per project basis here? Sir, my last question is if you can talk about the differentiation between Everest and other competitors in this division and also if you can elaborate how does a customer choose one player over another for particular project and what kind of criteria usually does a customer would look at before going ahead with a particular supplier in this division? So, these are my questions. Thank you for the opportunity.

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

- Very good. Thank you.

- May I now request Mr. Sujan Modak to unmute yourself and please proceed with your questions.

- **Mr. Sujan Modak - Shareholder:**

- Yeah sir, can you hear me sir.

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

- Yes please.

- **Mr. Sujan Modak - Shareholder:**

- Hello?

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

- Yes please, we can hear you.
- **Mr. Sujan Modak - Shareholder:**
- Good afternoon. Respected Chairman, other Board of Directors, I'm Sujan Modak. I'm joining this AGM from my residence in Kolkata. Sir, first of all if you see the performance of our company this year, this is a very good performance Sir, absolutely spot on very nice. Our total revenue has gone 21% as you set up and you have given dividend also Sir. This is very nice and absolutely there is no question Sir. What I understand is our management is really very strong management, effective, and result-oriented management and I support all your agendas and already done the voting. Sir, my previous speakers have asked already some questions. I don't want to repeat it, but have some questions I would like to still know that, Sir fiber prices has gone up, so how much is going to impact our bottom line if you can please tell us and since this Russia-Ukraine conflict is going on and our western world is showing that indication of slowing down their economy in this particular context and here also our interest rates are staying high, inflation is also a little bit up, so in all this consideration what is the guidance you give particularly for this year Sir? please give us - and what is the road map for next five years if you can please tell us it will be very good Sir? Sir, in our annual report 125 page Sir engineered steel building project site, I can see there's one fatality, there was some accident, Sir I hope our company is definitely keeping safety in the first priority, so if you can please tell us what exactly happened it will be very nice Sir. And before I finish I'd like to really thank our Company Secretary, Madam Amruta and her whole team for giving very good investor services especially Mr. Rohit he also called me and arranged everything, so Amruta ma'am thank you very much, Rohit Sir, thank you very much. namaskar to all of you. Thank you. Over to you Sir for further proceedings. Thank you.
- **Mr. Anant Talaulicar - Non-Executive Chairman, Everest Industries Limited:**
- Thank you, Mr. Sujan Modak. Amruta, thank you for representing us well with this shareholder and other shareholders also Mr. Modak, thank you for your strong, positive feedback. I can assure you as a Board of Directors, we have even higher expectations of performance, so with that we'll move on to Mr. Anil Mehta, please unmute yourself and proceed with your questions.
- **Mr. Anil Mehta - Shareholder:**
- Hello
- **Mr. Anant Talaulicar - Non-Executive Chairman, Everest Industries Limited:**
- Yes, Mr. Mehta
- **Mr. Anil Mehta - Shareholder:**
- Am I audible?
- **Mr. Anant Talaulicar - Non-Executive Chairman, Everest Industries Limited:**

- Yes absolutely.
- **Mr. Anil Mehta - Shareholder:**
- Thank you, Sir. Good afternoon to all of you, this is Anil Mehta attending this meeting with my family members who are also the shareholders of this company from Kandivali, Mumbai. Sir, we have a few questions. My first question is that is the growth rate comparable with other, in the industry? Sir, my next question is what are the company's Capex plan and present capacity utilization levels? Sir, next question, what is the company doing to improve the shareholders relations? Sir, next question is, how does the company identify the new Directors, has the company used outside recruiting services to find the Directors? What fees were paid to these consultants? Does the company consider nomination from the shareholders? And my last question is that Sir what are the major opportunities and challenges facing the company and how does the management plan to respond? With this, we are supporting all the resolution and thanks to our CS, Ms. Amruta Madam for their cooperative and hard nature. Hello?
- **Mr. Anant Talaulicar - Non-Executive Chairman, Everest Industries Limited:**
- Thank you. Yeah you were very clear Sir. We could hear you. Thank you.
- **Mr. Anil Mehta - Shareholder:**
- Thank you, Sir. Thank you.
- **Mr. Anant Talaulicar - Non-Executive Chairman, Everest Industries Limited:**
- So, may I now request Mr. Badri Vishal Bajaj to unmute himself and proceed with his question.
- **Mr. Badri Vishal Bajaj - Shareholder:**
- Good afternoon, Anant Sir.
- **Mr. Anant Talaulicar - Non-Executive Chairman, Everest Industries Limited:**
- Good afternoon
- **Mr. Badri Vishal Bajaj - Shareholder:**
- Reimagination, space, and action, that is what the slogan this company and you have, Sir. And this is the first AGM of this financial year where I'm seeing Anant Sir, with confidence he has taken the mic and he has justifying all the roles of Company Secretary, CFO, even Rajesh Sir, in full confidence of the shareholder. This is the first meeting Sir, otherwise there will be passing on to this, to this, to this, to this. Congrats Sir, keep it up. This shows that how capable my company has got a Chairman, congrats Sir. Sir, I have only three questions before that on behalf of shareholder, I just respond which you will not be responding because it is Stock Exchange related, this company, I'll say my company, in last four years it's market cap which gives my shareholder value it has gone upwards. In

2020, 400 crores, now it is more than 1,600 crores, so credit goes to four times the market value made, the credit goes to Anant Sir and his team under Rajesh Sir, congrats Sir. Now, question 1, you have told about the revenue generation, you have 21% gain compared year-on-year, but even first quarter console there I have seen it has gone up by 5%, but both the way margins are under stress this is what has been the reason for this margin under surge, one thing that I could get from your speech is, raw material from Ukraine where you're sourcing fiber or asbestos - is it the competition where you have to enter a contract at a concession or some discount level, that is one serious question because last year, year-on-year and first quarter also, but still I expect and I hope with full confidence this FY24 Anant Sir will be closing total revenue above 2,000 crores, I wish Sir along with this question. So, second question is that about the new subsidiary of previous correct Sir, now you have taken a decision on 26th May right Sir, expansion is required and one of them is your pillar is prefab other than roofing and panel board, so where it will be set up location that is one thing. Second thing is, my name is Badri Vishal Bajaj, Sir I'm from Hyderabad, so I am very close to Pennar Industries as a HNI, they have come out with their IPO in prefab long back at very high price. Finally, it was merged with Pennar Industries, now under some share ratio. Same way, we are going in the other way, so can you quantify because I doesn't want to discuss if you allow me, I can have an e-mail on that, so when Pennar has come out as prefab, they have come out IPO and they have demerged in Pennar Industries, we are going as a subsidiary. Now, this work has been undertaken within the company of one of their parts, so, I need answer and we can discuss later Sir. Now, third question is Prime Minister Aavas Yojana, it is going in a big way, houses for weaker sector and you are giving complete house solution with lot of expertise and your annual report which is done by Amruta Madam, I'm thankful to her, it has given all details, all the color so that instead of I go in the market, see the annual report, and just decide yeah I need this, this, this, that's why it has been presentation. Presentation is very high and it gives the customer confidence that yeah, this company has got real imagination what Anant Sir has told. Now, this is a third question Sir, where are we entering as a contract with big contractor, maybe big company are identifying other public sector company, which gives in turn a contract for our household supply in PM Aavas Yojana, complete building solutions, you may associate as a marketing and last question is how are the repeat order Sir, suppose you supply and this word of mouth goes from one to one by your suppliers, workers or the people who are involved in this construction activity, so are you getting through them and how you get a repeat of order or no repeat of order against or change in the design or change in the color of prefab and all, so some light on that? And last one is, I'm in Hyderabad and seeing is believing, so if the permit the showcasing of the Hyderabad showroom where it is and all so, I can visit and I may be one of the marketing man for you as I appreciate you have got the strength as a HNI I appreciate in congrats the complete team and another Sir confidence as leading the company. Thank you, Sir. Good day.

- **Mr. Anant Talaulicar - Non-Executive Chairman, Everest Industries Limited:**
- Thank you so much, Mr. Bajaj. So, Amruta please do follow up with him so that he can visit appropriate channel partners in the Hyderabad area okay, there is no issue there. Later we'll answer all the questions, but there was one here that you asked which I want to take on right now, which was on the IPO etc. and the strategy that was followed by

Pennar. Of course, we can't comment on the veracity, you know, of their decision-making, but as we looked at our expansion plans, we felt that the right approach is to set up these two subsidiaries for a couple of reasons. One is, we are a zero-debt company. We have plenty of capacity to 1 - fund these capacity expansions through our internal cash flows as well as take on perhaps some level of debt, right now we don't have any debt, so plenty of capacity to make appropriate investments on your behalf, so I want to assure you about that without the need to go out into the marketplace, but of course these are decisions, these are financing decisions and the board looks at that every quarter and we will decide as appropriate. So, I just wanted to put that clarity out there. Also, thank you for your recognition of the market cap etc., again like I said you know our board is got very high standards and I promised to quadruple the profit levels of the company which I failed to do in this time period, I'm thankful that I was able to do it in terms of market cap, which is a reflection of your confidence that in the future we will achieve those numbers and I am very positive about them.

- So, with that I will now move to Mr. Rohinton Batiwala. Please unmute yourself and you know ask your question. Mr. Rohinton Batiwala are you with us?
- **Ms. Amruta Avasare - Company Secretary, Everest Industries Limited:**
- Hello, NSDL team?
- **NSDL tech support team**
- The request is already sent.
- **Mr. Rohinton Batiwala - Shareholder:**
- Can you hear me Sir?
- **Mr. Anant Talaulicar - Non-Executive Chairman, Everest Industries Limited:**
- Yes yes we can.
- **Mr. Rohinton Batiwala - Shareholder:**
- Respected Chairman, Mr. Anant Talaulicar, other Board of Directors on dais, Company Secretary - Ms. Amruta Avasare, CFO - Mr. Pramod Nair, Ms. Amruta Avasare and her secretarial team, my fellow shareholders, good afternoon to all of you. Sir, my name is Rohinton Batiwala from Mumbai and thanks for inviting me to speak in front of our learned Chairman and equally efficient Board of Directors. Sir, in starting you said the speaker will get 3 minutes Sir, 364 days belong to you and one day only belongs to shareholders, so let us speak our views out. So, please don't interrupt because 364 days you all are enjoying, only one day we get and that is also on VC. Sir, first let me complement our Company Secretary and her secretarial team for coming out with voluminous AGM report of 282 pages, which is exhaustive, knowledgeable, partly colorful, intelligent, and it has adhered to all the norms of corporate governance. The facts and figures are all at place. Sir, the AGM report is so nicely drafted and presented that

any layman could read and understand it. Sir, I'm 80 years old and very much uncomfortable with e-mail AGM report, so I requested Company Secretary to send me a physical copy of AGM report and Sir very next day it was at my door by courier. Sir, in my family I have 3 folios and all the reports are issued by e-mail beforehand, so that we could go through it and prepare notes for AGM. Sir, on page corporate information, nothing is given, no company's e-mail, no website, no phone numbers, on no page there is phone number, how to contact your office if you have got some problem Sir, at least phone number should be there. Sir, Company Secretary is the backbone between company, management, and the shareholder, and there is no phone number on any page Sir. At least phone numbers should be given, e-mail should be given, only corporate information only this thing is given and the main thing is CFO is important for the company his name is only not there. So, please look at this. Sir, the directors in their capacity as recommended ₹6 as dividend on face value of ₹10 on equity share, but Sir looking and reading of EPS of ₹27, I think the directors could have easily recommended ₹10 to ₹15 as dividend. Sir, I would like to know what the company is going to do with the rest of the money from the EPS, please throw some light on it? Sir, please next financial year please recommend high dividend as senior citizen and senior shareholders after retirement do live on this income. Please think over it in your next board meeting and give interim dividend. Sir, now our share price is high, so why not go for bonus and stock split. Sir, last bonus you had given in 1995 and Sir, now 28 years have passed, the company has not recommended any bonus or split, Sir next board meeting please go for bonus and split, kindly take note of it, Sir. Sir, now COVID 19 has gone, everything has become normal, so why not go for physical meeting because Sir we are very much fed up with VC, that is virtual conference meetings. Next AGM meeting should be physical Sir, so that at least we can meet you and all directors and interact with you all. Sir, on page 8 and 9 title Chairman's message, Sir it is very brave and bold message given to shareholders. After reading it, I think we are in the safe hands of Director, bravo Sir, please keep it up. Sir, on page 10, a short but sweet, MD & CEO 's message, after reading it that we are proud to be part and parcel of Everest Industries family. Sir, as the AGM report is of 282 pages and as there is much more things to talk and discuss about, but due to time constraints I would like to ask some normal queries. Sir, what is the road map and Capex for next 2 -3 financial year and Sir how do you think you will fund it? Sir, what is our R&D program for next financial year? Sir, when are we planning to go for digitization? Sir, what are our future course of action for our company to enhance the shareholders' value? Sir, our company name is Everest, so like that our company should also rise and go up to the peak of Everest under Sir your dynamic and magnificent leadership with the cooperation and coordination from our learned and efficient directors. With this Sir, I end my speech over here, and thanking you once again for allowing me to speak and give patience hearing. Now, Sir the festive season has started with the month of Shravan, I wish one and all happy memorable happy festivals with their families and loved ones. Sir, here I forgot that please take shareholders for the factor visit after Diwali, so that we can see our factory, because seeing is believing. Sir, with this I have supported all your resolutions by e-voting and will do so year after year. Thank you, Sir once again. Jai Maharashtra. Jai Hind.

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

- Thank you, Thank you so much, Mr. Batiwala. I hope you were satisfied with the time given to you and I assure you that we don't speak for 365 days a year, in fact we generally tend to do more listening, but I hear all of your feedbacks, we are not going to necessarily respond to all of them. We clearly understand all the points you said about how to improve various specific items on the annual report etc. We'll take them into account including your suggestion for a planned visit and so on.
- There was one question, I mean we'll answer all the other questions later, but there's one question again I want to take on right now because it concerns the overall sort of board strategy and this is on the dividend size etc. So, as you know these are decisions that are made after deliberating on how much investment we should put right inside the company and how much we should return back to shareholders and this decision changes from time-to-time. When the company is in a situation where it is throwing out a lot of excess cash then obviously, we want to return it back to the shareholders in one-way shape or form. Currently, as I've mentioned also, we are now moving into a slightly higher investment mode for your benefits in order to protect your future cash flows and the longevity of this company, we are significantly stepping up the Capex, we are going to be spending in excess of 300 crores in the two new plants that I've talked about and for that reason we want to be careful. Also, as you've seen we've just come out of the COVID crisis and so we need to ensure that there is adequate reserves you know kept within the company, so for these reasons we've chosen this particular strategy. We hear you, we hear your call, and we will be deliberating these matters on an ongoing basis. Also, your revealed and I thank you for that your age, which is venerable 80 years, and it really puts an onus of great responsibility on me, on my colleagues on the board, as well as Rajesh and team because you're essentially placing your future in our hands and we take that very seriously and I can assure you we'll do everything within our control to make you a happy person in these golden years of your life.
- With that, I'd like to call on Mr. Jahangir Batiwala to unmute yourself and proceed with your question, Sir.
- **Mr. Jahangir Batiwala - Shareholder:**
- Can you hear me Sir?
- **Mr. Anant Talaulicar - Non-Executive Chairman, Everest Industries Limited:**
- Yes, yes.
- **Mr. Jahangir Batiwala - Shareholder:**
- Okay sir now, Chairman, Shri Anant Sir, MD & CFO - Mr. Rajesh Joshi Sir, Vice Chairperson person - Padmini Madam, other very eminent dignitaries on VC platform, Company Secretary - Amruta Avasare Madam, CFO - Mr. Nair, fellow shareholders in VC, good evening to all of you, my name is Jahangir. A pleasure to speak in front of learning board members and the august gathering. Sir, at the outset we thank the management for declaring a dividend of ₹6 per share that is 60% and Sir you did reply to the ₹26 as EPS you've given the reply, but Sir I also feel that Sir yes you might have some

calculations in your mind and you may have some commitments, you are setting up another two factories, so Sir next year once the whole thing is complete, the whole program is complete do reward the shareholders with something good Sir. Sir, compliments to the Company Secretary, Amruta Madam and her team for bringing out an AGM report that is almost 285 pages, colorful, transparent, and neat, detailed with facts and figures, picturistic, and knowledgeable, and above all adhering to all the norms of corporate governance. We received the reports on time and also, we thank her and the whole CS team for rendering excellent investor services. Sir, lots has been spoken, Sir I will just be very brief, that we have got three verticals for business that is roofing, boards and panels business, pre-engineered building business, Sir. Kindly give us the revenue breakup Sir and Sir our results are remarkable and we have surpassed last year's revenue by 21% growth, plus we have registered all round growth in our parameters. The Board of Directors should be complemented by all round performance and equally good results. Sir, lot has been said and I end by putting just some normal queries like the Capex and the funding, R&D Capex in the funding. Now, Sir that you have spoken about two factories that you're putting up for expansion, Sir they will be for all the three verticals or only for roofing or panel Sir? Sir, any joint ventures and acquisitions that you plan our order book value Sir? I end by wishing the board members all the very best for the future and also compliments of the festive season to all the board members and complete family of Everest Industries. Thank you for patient hearings and we have supported all the resolutions through e-voting. Thank you very much, Sir and have a great day, Sir.

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

- Thank you, Mr. Batiwala and thank you for your support to all the resolutions.

- I will now request Mr. Kamlesh Moryani to please unmute yourself and proceed with your questions.

- **Mr. Kamlesh Moryani - Shareholder:**

- Hello. Good afternoon, am I audible?

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

- Yeah

- **Mr. Kamlesh Moryani - Shareholder:**

- So, most of my questions are already been asked by other participants. Just a few that I would like to present to you. What is the market size of cement boards segment considering various arbitrations and what would be the market share of Everest in the same? We have talked about a new greenfield capacity for board, how much are we spending for the same and what will be the revenues at peak utilization levels? Apart from that, what are the gross margins that we are enjoying in the board segment? Regarding the pre-engineered building segment, we have made a bit level profit of 8%, are these numbers sustainable and what will be the order book for PEB segment at present and by when would it be executed? Lastly, I have seen that inventory days have gone up

as per March 23 numbers, what are the reasons for the same and what are the plans to bring it down? Thank you.

- **Mr. Anant Talaulicar - Non-Executive Chairman, Everest Industries Limited:**
- Thank you, Thank you, Mr. Kamlesh. And finally, I request Mr. Anil Parekh to unmute yourself and please ask your questions.
- **Mr. Anil Parekh - Shareholder:**
- Hello, chairman sir, I am audible?
- **Mr. Anant Talaulicar - Non-Executive Chairman, Everest Industries Limited:**
- Yes
- **Mr. Anil Parekh - Shareholder:**
- Chairman sir Anant Talaulicar, Vice Chairperson Padmini ji, other Board members and my fellow shareholders, I'm Anil Parekh here, from Bombay. First of all, I would like to thank our CS team Amruta, Rohit for assisting us with all kind of cooperation in attending this meeting as well as providing us physical copy of annual report. They are good asset to our company. Thank you Amruta for the same.
- Chairman sir I have seen the journey of our company from 1934 to 2023. It is an excellent journey and I don't want to describe. It is already there on page no. 11. Chairman sir, I have also seen our consolidated revenue has gone up to Rs. 1500 crores. Next year I'm sure will cross Rs. 2000 crore mark. However, considering the fact that we have expansion plans and setting up of new factories, you have declared a dividend of 60%. But I'm sure at appropriate time you will reward us handsomely. Chairman sir on page no. 36 and 37, although our turnover, financial has done good but our return on net worth has gone down, even return on capital employed has gone down. And also, operating profit margin has also gone down and PBT margin has gone down, even net profit margin has gone down. So this is little bit of concern for us. So how you will tackle all these parameters I would like to understand from you.
- And many speakers have said many things. I don't want to get into the details. But sir, do we have any kind of exclusive store of Everest here in Bombay anywhere, so that any layman can go and have a look of that store particularly. And sir, if you can give me little bit on about Everest Poultry hub. You have set up five poultry hubs. So what is exactly this business segment I would like to understand from you? There are many more questions to discuss, but I'm constraining myself here not to discuss at length. Thank you for allowing me to speak at this forum and I have supported all the resolution and still, again, I am supporting wholeheartedly all the resolutions strongly. Thank you for patient hearing.
- **Mr. Anant Talaulicar - Non-Executive Chairman, Everest Industries Limited:**

- Thank you so much Mr. Parekh. So, we have now concluded the question session from all our shareholders. I would just like to make a one point for your understanding. As we start answering the questions, some questions are sort of very granular and we just want to make sure that we may not be able to answer them in the level of granularity that you are expecting such as specific business related gross margins etc. and I can assure you they're coming from a very good intent. It's not that we don't know this information but this is what we consider information that is best kept confidential in order to protect you. Because, just as you are now hearing us I can assure you that this is being heard by all our competitors. So we need to make sure that just to protect you, we don't sort of talk about certain kind of information such as the formulation of our products and so on. So, please bear with us on that. Other than that, we will be fully transparent. If there is any specific question we can't answer here and now, we will get back to you through Amruta right away. So, this is what I wanted to also indicate to you.
- So thank you for all your questions. They are very-very good questions. What we'll do is, we'll try to address some of the questions that were sent ahead of time because obviously it gave us a chance to think through them. But we will tackle all the questions, I can assure you. I will actually now request Rajesh Joshi, our CEO, to respond to all the questions and I will supplement the responses as best as we can. For some, we may call on our CFO, Pramod Nair to step in. So we'll do this as a team. In case, as I said, if there's specific data that's in the public domain that we don't have at hand right now, we can pass it on to you very soon.
- So with that, Rajesh, should we begin the responses?
- **Mr. Rajesh Joshi – Managing Director & CEO, Everest Industries Limited:**
- Sure. Good afternoon all shareholders. It was a pleasure to hear all the questions which came up from all of you and we will attempt to answer almost all the questions in one way or the other. Let me start off by looking at the three businesses and take them business by business so that we are able to answer all the points which have been raised about one business and move forward from there.
- Starting with the roofing business. The roofing industry, if you were to see, is growing roughly at about 2% volume annually, and this is I'm talking about the industry in India. So therefore, on a long term basis, if you were to see, this is the kind of volume growth which this industry has seen. The demand therefore is fairly stable. Over the last year, we did see significant cost pressures which were however there. This is primarily on account of the fact that the asbestos mining happens only in a couple of countries. We used to import primarily from Russia, and because of the Ukraine war, the logistics costs went up drastically. Maybe this has hit all the players in the industry at varying level depending on what percentage they source from which country. And therefore, while the costs have gone up for us, the market rates have really not gone up at the same level because it depends on who is sourcing asbestos from where. We have definitely gone ahead and started sourcing the asbestos from the other markets also. Not sure when the prices will come down, not sure whether this is the new normal. We have limited influence on the war end and when the entire thing will end. But yes, we have taken steps to reduce our cost, to expand our supply base, and also, try and provide some differentiated products.

Like, we recently introduced a product like Evercool, which is the first of its kind within the industry. So that idea is to bring out differentiated products which solve a customer need and for which the customer will be willing to pay a premium. We hope that the cost escalation in raw material, which is there, is a transitory phase. Asbestos is almost 50% of the raw material cost. Raw material is about 50% of the cost and in that, asbestos is another 50%. So it has a significant impact on our entire pricing and over the last year, you would have also seen the kind of Rupee depreciation and other impacts which have been there.

- This business is a seasonal business, and given the seasonality, there were some questions about the inventory, the season actually for us is the months of March, April, May and June, which is just prior to the monsoons which are there. We need to therefore build up our inventory. And if you were to look at it, traditionally our inventory peaks at the end of Quarter 4, and then given the high seasonal sales, it drops at the end of Quarter 1. So if you look at our Quarter 1 results also, you will see that the inventory has come down at the end of Quarter 1. In fact, it was almost half of what it was at the end of Quarter 4. And to manage the inventories better, like Anant mentioned, we have actually gone ahead and implemented a new approach which is called Theory of Constraints based Approach and this is helping us to reduce our working capital investment and inventory without compromising on the service levels. So that is as far as the questions which are there on the roofing business.

- If I were to move on to the boards and panels business, this is sunrise business for us. This is a business which has been growing particularly well, especially during the COVID and the post COVID period, which is there. A lot of architects, interior designers have started specifying this particular product. And the entire work for us is more in terms of category awareness, in terms of getting the influencers on board, training, the installers etc. The main raw materials which are there for the board segment are basically cement, silica, flash and wood pulp. There was a question regarding the pricing of the product with respect to certain other competitive products which are there. And if you were to really look at it, gypsum really comes at the bottom of the pyramid in this category of products. Gypsum has got issues. For example, if you were to put a gypsum in terms of the ceiling, the artificial ceilings which are there, it tends to sag, it has watermarks, it really can't take weight and it can be used only for interiors. FCB on the other hand is cement. It is completely waterproof, can be used for exteriors as well. So FCB is a little more expensive compared to Gypsum. Commercial ply on the other hand, is more expensive compared to even the fibre cement boards. In fact, if you were to look at marine ply, this would be almost twice the price of the fibre cement boards. So there is a significant opportunity for the company to work and target customers who are looking at ply and marine ply because FCB is more resistant, more fire resistant, it is much more durable, it can be used for exteriors. So, there was another question in terms of what is it that we have changed on this. Last year if you want to see, we have changed our entire branding, our packaging. We have done a lot of consumer insighting and we focused on taking our margins up as we scale up. So this is one business which was not contributing to our bottom-line. This has started contributing well to our bottom-line and as we scale up, we are confident that the contribution of this business to the bottom-line will only grow.

- In terms of some of the questions which were there regarding the margins, between the basic product and the value added products, the value added products' margin is almost 50-60% more at a contribution margin level compared to the basic product.
- On exports, last year was a little flat, but it had more to do with the fact that we have been constrained by capacities. And we also had a period in between where the supply chain costs, which are the costs of exporting material from India to some of our export markets, had gone up very-very significantly. And therefore, we really could not export what we wanted to. With the new plant coming up and capacity being made available, with the supply chain rates, the shipping rates coming down, we are fairly optimistic that we will be able to meet the requirements of the international markets. But yes, for us the domestic market is definitely going to be the key and we are investing significantly for the domestic market as well.
- There was a question also with respect to price increases in this particular category. Yes, we have had price increases which are there and all the raw material increases have been passed on to the consumers for this particular business.
- Moving to the third business which is the PB business, this is the business where the industry is growing roughly at about 12 to 14% per annum. And with all the focus, which is there in terms of the make in India which the government has been pushing for, there is every chance that this is going to grow well in the years to come. We are amongst the top five players in the organized sector, but we need to do a lot more to consolidate our position and grow in this business. There is also a lot of demand from the Indian corporates, both warehouses and for factories. In fact, someone asked in terms of what is the kind of split which is there. Roughly it would be about 50-50. We are not a player in the residential segment as of now and the segment itself is pretty nascent in India as of now. Over the last year we've done a significant turnaround in this business and if you were to ask me what is it that we've changed, I think we've cleaned up a lot of issues which were there of the past. We've also changed an entire pricing model and we've ensured that we are buffered in terms of the variability in steel pricing which is there. One of the big changes which we have made is, we've brought in a lot of customer centricity in the business and customer centricity both internally and externally. So, we've improved in terms of sales, design, purchasing, manufacturing, erection and safety. And these are some of the key vectors which are important to deliver and ensure that you have a delighted customer. Strategically, the focus is clearly on large projects and corporate customers and therefore, if you were to look at it, the percentage of orders which we get from corporate customers has gone up significantly over the previous years and more and more we are servicing orders which are fairly large. In fact, if you look at the number of orders which we have serviced over the last year which are more than five crores, that has gone up very significantly. The top five customers contribute to about one third of our revenues but we have a very diversified base of customers and we've been doing both factories as well as warehouses. In this particular business, customer satisfaction is the key and therefore you get a lot of business from repeat orders and therefore you need to ensure that whatever projects we do, we execute them really well. Because, what the corporate customer looks at is he looks at quality delivery, he looks at timeliness, he looks at the design efficiency which you have, he looks at safety which is very important to all

the corporates, he looks at the reputation of the vendor and dependability. So it's not just a price game which is there, but it actually goes much beyond looking at it in terms of price and ensuring that they are dealing with a vendor who is able to close the projects efficiently.

- The average realization, there was a question around that, it has gone up and it has gone up primarily on account of the increase in steel prices. And also the customers are now willing to pay a premium to us basis our successful track record which we are building up and a reputation which we are building up in this particular business. The customers however, are definitely becoming more demanding in terms of specification.
- And there was a question around how much time does it take to service an order. It typically takes anywhere between 3 to 6 months from order to execution because the entire design finalization takes quite some time with the customer and then the manufacturing and then the erection. So it's typically 3 to 6 months which it takes. But obviously, with certain customers they run into some issues and the projects do get delayed. So, that is the nature of the business which is there.
- The way forward in the business, and, there were questions around margins. See, we are going to be driving our internal efficiencies quite a bit and we would like to create competitive edges in design, manufacturing, erection. We are looking at strategic partnerships with corporates to become the vendor of choice. We would be looking at growing our presence in the southern market. So as you know, we've got two plants where we are manufacturing the PEB products. One is in the northern part of India and the other is in the western part of India. And to that extent, we are looking at putting up a plant in South India with a capacity of about 40,000 metric tons and the total capital outlay which has been approved by the Board for that is about Rs. 125 crores. We do have a good order book in this particular business.
- Moving on to some issues which are there or some questions which are there regarding the corporate. I think the approach which we have taken over the last couple of years is, for the company to really strengthen its foundation and focus on growth in this year and in the coming years to come. The focus is on the consumer. The focus is in terms of getting in differentiated products. Someone was talking in terms of what are the kind of opportunities which are there. See, in all three businesses, till now we've been dealing mostly in commoditized products. So the focus is going to be to bring out differentiated products and for that we are focusing on consumer insighting. We are also focusing a lot on R&D investments. In fact, R&D has been daily task to deliver on quality, cost and innovation. We are focusing on becoming extremely cost competitive and improving our product quality through initiatives like Six Sigma. We are also adopting technology quite a bit. So we are currently implementing the Zoho CRM. We've just implemented Darwinbox for HR. So there are various application softwares and technologies which we are using to take the company forward and to strengthen it.
- The company has no plans to demerge the three divisions. While the three divisions are different, they serve the rural customer, the urban customer and the institutional customer. To that extent, they are complementary. And some of the divisions were set up as a part of our diversification plan. But they benefit a lot from shared corporate resources

and the combined purchasing power for raw materials. And at times, there is a bit of a cross sell which also happens to the same customer.

- We have set up two independent subsidiaries and there were questions around that. One of the reasons why we have done that is because some of our customers, especially the international customers, were sensitive about the company dealing in asbestos. In terms of CapEx, like I said, the Board has approved two plants. The first one is for the boards and panels business, which is now under construction at Chamrajnagar, which is in Karnataka, south of Mysore, where we've committed a capital spend of about Rs. 187 crores with the capacity of about 70,000 metric tons. And the other, like I said earlier, is Rs. 125 crore capacity expansion for the steel business which is there, which is also going to be coming up in South India. For this, we are looking at all options of internal accruals, borrowings and other avenues.
- In terms of the contingent liabilities, we have been working closely to close the pending assessments and litigations which have been going on for various years at different forums. The reduction in contingent liabilities is on account of the favourable orders which were received by us for certain bad cases during the last financial year.
- There was also a question regarding the employees and how is it that we are taking care of them. So, I think, like any good corporate, we have well defined and transparent processes which are there. There is a fixed compensation. There are KPIs for everyone in terms of the revenue as well as the profit delivery. And the performance link bonus which employees get is linked to these two as well as the individual rating. There is also an ESOP plan for the senior employees within the company which is as per the decision taken by the NRC. So, to that extent, I think I have answered most of the questions which were there.
- So, over to you, Anant to add. On.
- **Mr. Anant Talaulicar – Non-Executive Chairman, Everest Industries Limited:**
- Okay, thank you so much, Rajesh. Great job! There was a specific question on fatality and this is something we experienced in our construction, the PEB business, and related to one of the contract employees who was actually working on a roof when suddenly we had some very heavy winds last monsoon and unfortunately, this person fell off and died. I think you need to appreciate that the contractors that we use are largely part of an unorganized sector. This is not an excuse. We are really trying to change the makeup of our contractors. We are even looking to pay higher rates, but to get really high quality contractors who believe truly in safety, just the way we do is a challenge. I have, along with Rajesh, on a monthly basis, we first cover all safety matters well before financials and other strategic initiatives. So I can assure you. this is something that was terribly painful to me personally. Of course, we've taken care in terms of support to the family and I'm hoping that this is something that we will never experience in the future.
- I think in terms of just an outlook. As I mentioned, we are starting to now enter into a slightly higher investment mode. And that should be music to your ears because for the first 3 or 4 years that I got involved, it was all about trying to fix significant performance

gaps and put a great team in place. That is largely behind us. Now we have confidence in this new management team and so now we are starting to move into more of an expansion mode, and that's what you're seeing. As you mentioned, a lot of it will happen in this fiscal year, although some of the cash flows will probably flow into the next fiscal year also related to these new plants. And also in future, we're going to continue to bring out new products and all of the things that Rajesh talked about. So, I foresee that we are going to be into a major investment cycle in terms of plant capacities in the next 3 to 5 years' time frame. He had quoted certain numbers, but anywhere in the Rs. 150 odd crore range per annum, I think is a reasonable number to stick into your models, unless there's some special circumstances like an acquisition and so on and so forth.

- There was also a question on how we induct new directors on the Board. We have a very extensive set of criteria. We look for people with tremendous experience and credibility in the areas of finance, in the areas of legal, in the areas of marketing, in the areas of operations and general management, in terms of HR and strategy and so on. So, this is something we constantly consider. You mentioned whether we would be open to getting your suggestions, of course. So if you have any specific suggestions, please let us know through Amruta. They will have to follow the same criteria that we have set for our process. We do not use consultants for this process. We have not spent any money for selecting our Board members. This is done through our own visibility and networks that we have in the industry.
- One of you mentioned about key margins getting squeezed and we fully acknowledge it. We are not happy with it. Our standards are very high. But the reasons I think Rajesh and me have explained to you what has happened in the last year and now we are doing everything to sort of correct it using factors that are under our control. The good news is, at least in two of our businesses, not the roofing, but the other two, we have seen that it is possible to convince your customers to take on cost increases, your input cost increases. So we've been able to pass those on. Of course, it's been also a result of improving our capabilities in terms of product differentiation and dependability.
- Also, there was a question on PEB margin sustainability. I believe it is sustainable. In fact, we should see improvements. If we don't see that, I think shame on us. In terms of the overall guidance of doubling the company's revenues and quadrupling its profitability. I think we were on track and then, of course, COVID hit us and then the post COVID impacts. But I do believe, I continue to be extremely excited about the growth potential of this company. I think you have heard our story and why we believe that's the case. So this whole guidance, long term guidance of doubling the company's revenues and quadrupling its profitability is something that we are going after genuinely, and I think you should push us on that. So with that, I think all the questions pretty much have been addressed. If there is something we've overlooked, please certainly contact Amruta and we'll address those.
- Members may note that the voting on this NSDL platform will continue to be available for the next 15 minutes. Therefore, members who have not cast their vote yet are requested to do so, please. Mr. Tanuj Vohra Practicing Company Secretary, is the scrutinizer for the e-voting process. The combined result of the remote e-voting and e-voting at AGM will

be uploaded along with the scrutinizer's report on the website of the company as well as on the BSE, NSE, NSDL websites 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 the receipt of the requisite number of votes. Thank you all for attending the meeting. And with that, I greatly appreciate your support and we thank you for all your positive feedback. I can assure you that the Board members, myself and the management team is fully committed to our vision of improving people's lives, including yours, of course while reimagining spaces, and only by following the core values of respect, excellence and integrity.

- I therefore declare the proceedings of the 90th AGM of Everest Industries as closed. Thank you. You may now log out.
- *E-voting started for 15 minutes.*

End of Transcript