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Everest Industries Ltd— BUY—93—INR

Sector — Cement & Construction
Regd.Off.— The ACC Limited, CRS Complex, LBS Marg, Thane (West), MH-400604
Listed — NSE, BSE.

Company Overview—

The Tatas and the Eternit Group of Belgium set up the pioneer of asbestos fibre products in India, Eternit Everest Ltd . The company is a pioneer in the manufacture of fibre cement roofing products and flat sheets. Eternit enjoys a market share of over 20%. Everest Industries Limited provides you with the world-class building solutions to meet your construction requirements, in the Industrial, Commercial and Residential sectors. Historically, Everest has provided rural shelters by making corrugated roofing sheets available to farmers at a competitive price. The company is poised to capitalize on the opportunities in rural India where various housing and infrastructure initiatives are envisaged by the Government.

Products & Services

Everest offers a complete range of building solutions which includes Ceilings, Walls, Flooring, Cladding, Doors, Roofing and Pre-Engineered Steel Buildings. These are produced at Everest's state-of-the-art ISO: 14000 certified manufacturing facilities at Kymore, Nashik, Coimbatore, Kolkata and Roorkee. With over 4000 retail points spread across the nation together with the strength of over 1285 highly qualified and experienced engineers, designers and technicians, Everest provides you building solutions that successfully meet the highest standards of quality and durability.

Everest, the second largest player in the roofing industry, manufactures various asbestos and non-asbestos based products like roofing sheets, flats and boards that find application in housing, false ceiling, partitioning, interior etc. The company has embarked on a project to add capacities of non-asbestos products that also demand higher margins. It expects to capture square meter corrugated sheet market in the country. Following the break through in exporting this product in the Sri Lankan market, the company plans to tap the export market as well.

However the company is increasingly looking at international markets to widen its revenue base; it expects exports to increase in the coming years. Everest is actively looking at opportunities in African and European markets (where asbestos is banned) to widen its geographical reach. With the increasing share of exports in its total sales, the operating profit margin of the company will improve, as exports fetch better margins than domestic sales.

Financials—

Annual Results for FY2008-09

Description	Amount(Rs. million)
Net Sales / Income from Operations	5,303.50
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Other Operating Income	9.00
Expenditure	-4,961.00
(Increase) / Decrease In Stock In Trade & WIP	86.60
Consumption of Raw Materials	-2,724.50
Depreciation	-171.40
Employees Cost	-487.20
Freight	-380.80
Other Expenditure	-1,250.70
Purchase of Traded Goods	-33.00
Profit from Operations before Other Income, Interest and Exceptional Items	342.50
Other Income	39.00
Profit before Interest and Exceptional Items	381.50
Interest	-164.80
Profit after Interest but before Exceptional Items	216.70
Exceptional Items	-15.60
Marked to Market (Gain)/Loss on Deravative Transactions & Exchange Fluctuation on ECB	-15.60
Profit (+)/ Loss (-) from Ordinary Activities before Tax	201.10
Tax	-56.60
Net Profit (+)/ Loss (-) from Ordinary Activities after Tax	144.50
Extraordinary Items	0.00
Net Profit	144.50
Minority Interest	0.00
Share of Profit & Loss of Asso	0.00
Net Profit after Mino Inter & Share of P & L	144.50
Any Other	0.00
Income Attributable to Consolidated Group	144.50
Cost of Investment In Sub	0.00
Equity Capital	148.00
Face Value (in Rs)	10.00
Reserves	1,365.30
Basic & Diluted EPS after Extraordinary items	9.76
Number of Public Shareholding	7,386,550
Percentage of Public Shareholding	49.91

Valuation—

At current market price, stock is trading at 7.82 P/E multiple of its FY2010 estimated earnings. We recommend investors to buy “Everest industries Limitd” with medium to long term investment horizon.

We invite Readers to send Valuable feedback, stock and subscription queries at E-mail Id- investment_guru1@yahoo.com

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