

*15th*  
*Annual Report*  
*2007- 2008*



**EVEREST ORGANICS LIMITED**



EVEREST ORGANICS LIMITED

## BOARD OF DIRECTORS

Mr. Krishnam Raju Kakarlapudi	Director
Mr. Raju S. Kakarlapudi	Director
Dr. K. Eswar Reddy	Director
Mr. A. Parvathisem	Technical Director
Mr. M. Bangara Raju	Director
Mr. G. Raghunadhan	Nominee Director of APIDC.
Dr. S. K. Srihari Raju	Managing Director
Mr. S.K. Hari Krishna	Executive Director

### REGISTERED OFFICE

Aroor Village, Sadasivpet Mandal  
Medak District, Andhra Pradesh - 502 291  
Telephone: 08455-250113  
Facsimile: 08455-250114  
E-mail: srihari\_everest@rediffmail.com  
www.everestorganicsltd.com

### CORPORATE OFFICE

8-3-214/50, Srinagar Colony (West)  
Hyderabad – 500 038  
Telephone: 040-23737138, 137  
Facsimile: 040-66820511  
E-mail: srihari\_everest@rediffmail.com  
www.everestorganicsltd.com

### BANKERS

State Bank of Hyderabad  
Citi Bank

### STATUTORY AUDITORS

M/s. P. S. N. Ravi Shanker & Associates  
Chartered Accountants  
Hyderabad.

### SHARE TRANSFER AGENT

M/s. Venture Capital and Corporate Investments Pvt. Limited  
12-10-167, Bharat Nagar Colony, Hyderabad - 500 018  
Ph. 23818475, 23818476, 23868023 Fax : 040-23868024  
Email: info@vccilindia.com Website: www.vccilindia.com

### LISTING

The Bombay Stock Exchange Limited



**NOTICE**

Notice is hereby given that the 15<sup>th</sup> Annual General Meeting of the members of EVEREST ORGANICS LIMITED will be held on Saturday, the 30<sup>th</sup> day of August 2008 at the Registered Office of the Company at Aroor Village, Sadasivpet Mandal Medhak District, Andhra Pradesh – 502 291 at 3.00 P.M. to transact the following business:

1. To receive, consider and adopt the Balance Sheet of the Company as at March 31, 2008 and Profit & Loss Account for the year ended on that date together with the Reports of the Directors and Auditors thereon.
2. To appoint a Director in place of Mr. S. K. Hari Krishna, who retires by rotation and being eligible offers himself for re-appointment.
3. To appoint a Director in place of Mr. M. Bangara Raju, who retires by rotation and being eligible offers himself for re-appointment.
4. To consider and if thought fit, to pass, with or without modification(s), the following resolution as an Ordinary Resolution:

“RESOLVED THAT M/s. M/s. P. S. N. Ravishanker & Associates, Chartered Accountants, Hyderabad, be and are hereby re-appointed as Auditors of the Company to hold office from the conclusion of this Annual General Meeting until the conclusion of the next Annual General Meeting at a remuneration to be fixed by the Board of Directors of the Company in addition to actual out of pocket expenses incurred by them for the purpose of audit.”

**Special Business:**

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

“RESOLVED THAT pursuant to the provisions of sections 198, 269, 309 and 310 of the Companies Act, 1956 as amended or re-enacted from time to time read with Schedule XIII to the Act, approval of the Members be and is hereby accorded to the increase in remuneration of Dr. S. K. Srihari Raju, Managing Director to Rs.1,25,000/- per month inclusive of all benefits, perquisites except the contribution to provident fund, superannuation fund or annuity fund, Gratuity, which will be paid as per the rules of the Company.”

“RESOLVED FURTHER THAT in the event of loss or inadequacy of profits in any financial year of the Company, the remuneration set out in the aforesaid resolution be paid to Dr. S. K. Srihari Raju as minimum remuneration provided that the total remuneration by way of salary, perquisites and any other allowances shall not exceed the ceiling provided in Section II of Part II of Schedule XIII to the said Act.”

“RESOLVED FURTHER THAT in the event of adequacy of profits in any financial year of the Company Dr. S. K. Srihari Raju be eligible to draw the remuneration up to 5% of the net profits as provided in the provisions of Sections 198, 269, 309 and 310 read with Schedule XIII of the Companies Act, 1956, inclusive of the remuneration set out in the aforesaid resolution.”

6. To consider and if thought fit, to pass, with or without modification(s), the following resolution as an Ordinary Resolution:

“RESOLVED THAT pursuant to the provisions of sections 198, 269, 309 and 310 of the Companies Act, 1956 as amended or re-enacted from time to time read with Schedule XIII to the Act, approval of the Members be and is hereby accorded to the payment of sitting fee at the discretion of the Board within the limits prescribed in the Companies Act, 1956 to each Director other than the Managing or Whole time Directors of the Company for their services in attending each of the meeting of the Board/Committee of Directors of the company.”

**NOTICE**

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

“RESOLVED THAT pursuant to the provisions of Section 94(1)(a) and other applicable provisions if any, of the Companies Act, 1956, the Authorised Share Capital of the Company be and is hereby increased from the existing capital of Rs.10,00,00,000 (Rupees Ten Crores only) divided into 1,00,00,000 (One Crore only) equity shares of Rs.10/- (Rupees Ten only) each to Rs.15,00,00,000 (Rupees Fifteen Crores only) divided into 1,50,00,000 (One Crore Fifty Lakhs only) equity shares of Rs.10/- (Rupees Ten only) each by creation of 50,00,000 (Fifty Lakhs only) equity shares of Rs.10/- (Rupees Ten only) each, ranking pari-passu with the existing shares of the Company and Clause V of the Memorandum of Association be hereby amended accordingly.”

8. To consider and if thought fit, to pass, with or without modification(s), the following resolution as a Special Resolution:

“RESOLVED THAT subject to the provisions of Section 31 and other applicable provisions, if any of the Companies Act, 1956, new **Article 4** to the Articles of Association be and is hereby substituted in the place of existing article in the following manner:

**Article: 4**

The Authorised Share Capital of the Company is Rs. 15,00,00,000/- (Rupees Fifteen Crores Only) divided into 1,50,00,000 (One Crore Fifty Lakhs only) equity shares of Rs.10/- (Rupees Ten only) each.

9. To consider and if thought fit to pass the following, resolution with or without modification(s) as a Special Resolution:

“RESOLVED THAT pursuant to the provisions of Section 81(1A) and all other applicable provisions, if any, of the Companies Act, 1956 (including any amendment thereto or reenactment thereof) and the Articles of Association of the Company, and subject to the regulations/rules/guidelines issued by the Securities and Exchange Board of India (herein after referred to as “the SEBI”), recognized Stock Exchanges in India, Foreign Investment Promotion Board (herein after referred to as “FIPB”), Secretariat for Industrial Assistance (herein after referred to as “SIA”), Government of India, Reserve Bank of India (herein after referred to as “the RBI”) and / or under Foreign Exchange Management Act, 1999 (herein after referred to as “FEMA”), such approvals, permissions, sanctions and consents as may be necessary and required under applicable laws, rules, regulations and contracts, and on such terms, conditions, alterations, modifications, corrections, changes and variations, if any, that may be stipulated under such approvals, permissions, sanctions and consents, ( which may be accepted by the Board of Directors of the Company), as the case may be, consent of the Company, be and is hereby accorded to the Board of Directors ( which term shall include any duly constituted and authorised committee thereof) for offering, issuing, and allotting on a private placement and/or preferential basis, to Promoters,(and / or their nominees, associates or affiliate) and other interested public shareholders, cumulatively up to 55,00,000 Convertible Warrants on preferential placement basis through offer letter and/or circular and/or information memorandum and/or private placement memorandum and/or such other documents/writings, in such form, manner and upon such terms and conditions as may be determined by the Board in its absolute discretion, provided that the aggregate number of resultant equity shares of the Company to be issued against such warrants shall not exceed 55,00,000 (Fifty Five lakhs) fully paid up equity shares of the face value of Rs.10/-each at price of Rs.10/- per share each being not less than the price calculated in accordance with the subsisting SEBI (DIP) Guidelines in this behalf, aggregating

**NOTICE**

to Rs. 5,50,00,000/- and which can be convertible into equity shares with in a period not exceeding eighteen months from the date of allotment of Equity Warrants in accordance with SEBI (DIP) Guidelines.”

“RESOLVED FURTHER THAT an amount equivalent to 10% of the Conversion price or such higher percentage as board may decide shall be payable at the time of making application for the warrants, which shall be adjusted and appropriated against the Conversion price payable by the warrant holders at the time of exercising the option to convert the warrants into equity shares, and that in the event the option for such conversion is not exercised within the prescribed time, the warrants shall lapse, and the amount paid on the allotment of the warrants shall stand forfeited.”

“RESOLVED FURTHER that the equity shares issued on conversion of the warrants shall rank pari passu with the existing equity shares of the company in all respects including payment of dividend.”

“RESOLVED FURTHER THAT the Board be and is hereby authorized to take necessary steps for listing of above mentioned Convertible Warrants upon conversion on the stock exchanges where the company’s shares are listed, as per the terms and conditions of the listing and other applicable guidelines, rules and regulations.”

“RESOLVED FURTHER THAT the Relevant Date as per the SEBI (Disclosure and Investor Protection) Guidelines, 2000 as applicable from time to time for the determination of applicable price for issue of Convertible Warrants is July 31, 2008.”

“RESOLVED FURTHER THAT for the purpose of giving effect to this Resolution, the Board hereby authorized to issue and allot such number of equity shares as may be required to be issued and allotted upon conversion of Warrants in accordance with the terms of the offer and subject to the provisions of the company’s Memorandum and Articles of Association.”

“RESOLVED FURTHER THAT for the purpose of giving effect to the above Resolution, the Board be and is hereby authorized to do all such acts, deeds and things and resolve any doubts or questions that may arise in the issue and allotment of said Warrants and equity shares, arising there from, including utilizations of the proceeds, without being required to seek any further consent or approval of members or otherwise to the end and intent that members shall be deemed to have given their approval thereto expressly by the authority of this resolution.”

10. To consider and if thought fit, to pass, with or without modification(s), the following resolution as an Ordinary Resolution:

“RESOLVED THAT pursuant to the provisions of Section 94(1) (a) and other applicable provisions if any, of the Companies Act, 1956, the Authorised Share Capital of the Company be and is hereby increased by creation of 20,00,000 (Twenty Lakhs only) Redeemable Preference Shares of Rs.10/- (Rupees Ten only) each, and Clause V of the Memorandum of Association be hereby amended accordingly.”

11. To consider and if thought fit, to pass, with or without modification(s), the following resolution as a Special Resolution:

“RESOLVED THAT subject to the provisions of Section 31 and other applicable provisions, if any of the Companies Act, 1956, new **Article 4A** to the Articles of Association be and is hereby inserted after the existing Article 4 in the following manner:

**NOTICE****Article: 4A**

The Authorised Share Capital of the Company includes 20,00,000 Redeemable Preference Shares of Rs.10/- each in addition to the Equity Share Capital.

12. To consider and if thought fit, to pass, with or without modification(s), the following resolution as a Special Resolution:

“RESOLVED THAT pursuant to the provisions of Section 80,81(1A) and other applicable provisions of the Companies Act, 1956, the Articles of Association of the Company and subject to the regulations/guidelines issued by the Securities and Exchange Board of India herein after referred to as “the SEBI”) recognized Stock Exchanges in India, Reserve Bank of India (herein after referred to as “RBI”) and such approvals, permissions, sanctions and consents as may be necessary and required under applicable laws, rules, regulations, the Board of Directors do issue in one or more tranches 20,00,000 (Twenty Lakhs only) 12% redeemable preference shares of Rs.10/- (Rupees Ten only) each aggregating to Rs.2,00,00,000 (Rupees Two Crores only) as the Board of Directors (The Board) may deem fit to issue or allot whether cumulative or non cumulative, with the rights attached thereto under the Articles of Association of the Company carrying dividend @12% per annum or such other rate(s) as may be agreed to by the Board or Committee thereof and to offer the said shares for subscription for cash at par by way of private placement with Overseas Bodies Corporate/NRIs/Promoters/Financial Institutions/ Banks or other persons as the Board or Committee thereof may deem proper and on such terms as may be agreed to between the Company and such persons as the Board or Committee thereof may deem fit”.

“RESOLVED FURTHER THAT the said 20,00,000 (Twenty Lakhs only) Redeemable Preference Shares subject to any regulations, be redeemable at par at the expiry of 3 years from the date of allotment or till such period as may be agreed to by the subscribing persons and agreed to by the Board or Committee thereof”.

“RESOLVED FURTHER THAT the Board and the Committee thereof constituted to deal with issue and allotment of shares be and is hereby authorised to do all such acts, deeds, matters and things as may be necessary, usual, proper or expedient to give effect to this resolution including allotment of the said preference Shares”.

“RESOLVED FURTHER THAT for the purpose of giving effect to the Special Resolutions passed for this purpose, the Board of Directors of the Company be and are hereby authorised to take such steps and to do all such acts, deeds, matters and things and accept any alteration(s) or amendment(s) or modification(s) as they may deem fit and appropriate and give such directions/ instructions as may be necessary to settle any question or difficulty that may arise in regard to offer, issue and allotment of the said instruments, including power to allot the unsubscribe instrument(s), if any in such manner as may be deemed fit and appropriate to the Board of Directors and or any legal/ regulatory body, in the best interests of the Company”.

By Order of the Board of Directors  
Of Everest Organics Limited

sd/-

Dr.S.K.Srihari Raju  
Managing Director

Place : Hyderabad  
Date : 31.07.2008



**NOTES**

- a. A member of the Company entitled to attend and vote at a meeting is entitled to appoint a proxy to attend and vote instead of himself/herself and the proxy need not be a member of the Company. Proxies in order to be effective must be received by the Company, not less than 48 hours before the commencement of the meeting.
- b. M/s. Venture Capital And Corporate Investments Private Limited is the Registrar and Share Transfer Agent for the physical shares of the Company. Share Transfer documents and all correspondence relating thereto, should be addressed to the RTA.
- c. Members/proxies should bring the attendance slips duly filled in and signed for attending the meeting. Members desiring any information as regards the Accounts are requested to write to the Company at an early date so as to enable the Management to keep the information ready at the meeting.
- d. The Register of Members and the Share Transfer Books will remain closed from 27-08-2008 to 30-08-2008 both days inclusive.

**Explanatory Statement as required under Section 173 of the Companies Act, 1956.**

**Item No.5:**

The Remuneration Committee of the Board of Directors of the Company at the meeting held on July 31, 2008 recommended increase in remuneration of Dr. S. K. Srihari Raju, Managing Director with effect from 1st July, 2008.

The terms and conditions in the Resolution may also be treated as an abstract under Section 302 of the Companies Act, 1956.

None of the Directors of the Company except Dr. S.K. Srihari Raju, Mr. S. K. Hari Krishna, Mr. Krishnam Raju Kakarlapudi and Mr. Raju S. Kakarlapudi is in any way concerned or interested in the resolution.

The Board recommends the adoption of the resolution under item no. 5 set out in the Notice.

**Item No. 6:**

The Remuneration Committee of the Board of Directors of the Company at the meeting held on July 31, 2008 recommended to the payment of sitting fee at the discretion of the Board within the limits prescribed in the Companies Act, 1956 to each Director other than the Managing or Whole time Directors of the Company for their services in attending each of the meeting of the Board/ Committee of Directors of the company.

The above terms and conditions may also be treated as an abstract under Section 302 of the Companies Act, 1956.

None of the Directors of the Company is in any way concerned or interested in the resolution except to the extent of sitting fee being paid.

**EXPLANATORY STATEMENT**

The Board recommends the adoption of the resolution under item no. 6 set out in the Notice.

**Item Nos. 7 and 8:**

The Board of Director of the Company intend to issue on a private placement and/or preferential basis, to promoters and other interested public shareholders, cumulatively up to 55,00,000 Equity Share Warrants of Rs.10/- each towards financing the long term and working capital margin requirements and for the future expansion of the company's' activities.

In order to facilitate expansion of capital base for the said purpose, it is proposed to increase authorised share capital of the Company from the existing Rs. 10 crores to Rs. 15 Crores. As a consequence of the above, it is necessary to alter the capital clause of the Memorandum and Articles of Association of the Company. As per Section 94 and 31 of the Companies Act, 1956, increase in authorised share capital and alteration of articles of association of the Company respectively, requires the consent of shareholders by special resolution.

The Board of Directors recommends the said resolutions set out under items 7 and 8 for the approval of the members.

None of the directors except to the extent of their share holding may be treated as concerned or interested in proposed resolution.

**Item Nos. 9:**

The Board of Director of the Company proposes to issue 55,00,000 convertible warrants at a price of Rs. 10/- each per warrant to the Promoters and Non-Promoters on Preferential basis. The aggregate amount of the issue of share warrants will be Rs. 5,50,00,000/-.

Each warrant shall give a right to the holder to apply for an equivalent number of fully paid equity shares of Rs.10/-each of the Company at a price of Rs. 10/- per share at any time during 18 months from the date of issue.

**As per regulation 13.1A of the SEBI (Disclosure and Investor Protection) Guidelines, 2000 the required details are furnished as under:**

**a) Object of the issue:**

To fund the expansion plans of the company

**b) Pricing:**

The pricing of equity warrants is done in accordance with the guidelines stipulated under SEBI (Disclosure and Investor Protection) Guidelines, 2000 as applicable from time to time in respect of the pricing of the issues.

**c) Payment & Conversion Terms:**

10% or such higher percentage as decided by the Board for the value of warrants is to be paid together with application. The balance is payable at the time of conversion. In case the option is not exercised within a period of 18 months from the date of allotment, the application money will be forfeited by the company. The warrants are converted at the option of the allottee on payment of the balance amount of the issue price at any time during the period of 18 months. The amount received from the allottees can be adjusted towards outstanding dues if any, payable by the company on such terms and conditions and in such manner as the Board may think fit.



**EXPLANATORY STATEMENT**

**d) Intention of Promoters/Directors /Key Management persons to subscribe to the offer:**

The intention of the Promoter and Directors to subscribe this offer to provide funds for the expansion plans of the Company.

**e) Relevant Date:**

“Relevant Date” for this purpose is July 31, 2008 which is the date 30 days prior to the date of this meeting of the Members of the Company.

**f) Shareholding pattern before and after the issue:**

The Shareholding pattern before and one likely to emerge after the proposed allotment of Equity Warrants upon conversion would be as under:

Name	Pre-issue		Post-issue	
	No. of shares	% of holding	No. of shares	% of holding
(A) Share holding of promoter and promoter Group				
(1) Indian Promoters				
a) Individuals	970300	10.46	1658600	11.23
b) Body Corporates	1312800	14.16	3591100	24.31
(2) Foreign Promoters				
<b>Total shareholding of promoter and promoter Group</b>	<b>2283100</b>	<b>24.62</b>	<b>5055300</b>	<b>34.22</b>
(B) Public Shareholding				
(1) Institutions				
(a) Mutual Funds/UTI	1600	0.02	1600	0.01
(b) Financial Institutions/Banks	9450	0.10	9450	0.06
(c) State Government Undertaking	350000	3.77	350000	2.37
(d) Venture Capital Funds	Nil	Nil	Nil	Nil
(e) Foreign Institutional investors	Nil	Nil	Nil	Nil
Sub-Total(B) (1)	361050	3.89	361050	2.44
(2) Non Institutions				
(a) Bodies Corporate	1316084	14.19	1316084	8.91
(b) Individuals	4022966	43.39	6556366	44.38
(c) Others Non-Residents	1289800	8.91	1289800	8.73
Sub-Total(B) (2)	6628850	71.49	9162250	62.02
<b>Total Public Shareholding (B)=(B)(1)+(B)(2)</b>	<b>6989900</b>	<b>75.38</b>	<b>9523300</b>	<b>64.46</b>
<b>TOTAL (A)+(B)</b>	<b>92,73,000</b>	<b>100</b>	<b>14773000</b>	<b>100</b>
(C) Share held by Custodians and against which Depository Receipts have been issued.	Nil	Nil	Nil	Nil
<b>Grand Total (A)+ (B)+(C)</b>	<b>92,73,000</b>	<b>100</b>	<b>14773000</b>	<b>100</b>

**EXPLANATORY STATEMENT**

The percentage etc. has been worked out after assuming that all warrants are converted into shares.

**g) Proposed time within which the allotment shall be complete:**

The Board proposes to allot the Warrants within a period 15 days from the date of this Extra-Ordinary General Meeting. As per the said SEBI Guidelines, the warrant holders have the option to subscribe for one equity share of Rs.10 each per warrant upon the fulfillment of certain identified financial parameters at any time within 18 months from the date of allotment of the warrants. The warrants may be converted into equity shares of the Company in one or more tranches.

**h) The identity of the proposed allottees and the percentage of the preferential issue that may held by the allottee:**

The list of proposed allottees will be Annual Report

**i) Auditor's Certificate:**

A certificate as required under SEBI Guidelines certifying that the proposed issue is being made in accordance therewith.

**j) Lock-in**

The share warrants to be allotted on preferential basis shall be subject to lock-in as per applicable SEBI Guidelines in this behalf.

**k) Change in management:**

The issue of Equity share will not result in any change in the management or control of the Company.

The consent of the members is being sought under Section 81(1A) of the Companies Act, 1956, and other applicable provisions of the Companies Act, 1956, if any and in terms of the provisions of the Listing Agreements executed by the company with the Stock Exchanges where the company's shares listed.

None of the directors excepting to the extent of their share holding may be treated as concerned or interested in proposed resolution.

The Board of Directors recommends the said resolutions set out under items 9 for the approval of the members.

**Item Nos. 10 & 11:**

The Company is planning to issue on a private placement and/or preferential basis, to Promoters and other interested public shareholders, cumulatively up to 20,00,000 Redeemable Preference Shares of Rs.10/- each towards financing the long term and working capital margin requirements and for the future expansion of the company's activities.

As a consequence of the above, it is necessary to alter the capital clause of the Memorandum and Articles of Association of the Company. As per Section 94 and 31 of the Companies Act, 1956, increase in authorised share capital and alteration of articles of association of the Company respectively, requires the consent of shareholders by special resolution.

**EXPLANATORY STATEMENT**

The Board of Directors recommends the said resolutions set out under items 10 and 11 for the approval of the members.

None of the directors excepting to the extent of their share holding may be treated as concerned or interested in proposed resolution.

**Item No. 12**

In order to meet additional long term working Capital requirements of the Company, the Board of Directors contemplates to issue additional shares for cash at par by way of Preferential allotment on private placement basis Preferences Shares, as per the applicable provisions as they may deem fit to the strategic investors. Your Directors envisages that consequent to the aforesaid allotment does not result in the change of management. The shares of the company are not traded on the stock exchanges. Accordingly, your Directors propose the resolution for the approval of members as a Special Resolution.

None of the directors excepting to the extent of their share holding may be treated as concerned or interested in proposed resolution.

By Order of the Board of Directors,  
Of Everest Organics Limited

Place: Hyderabad  
Date: 31.07.2008

Dr. S. K. Srihari Raju  
Managing Director

Details of Directors retiring by rotation seeking re-appointment at the forthcoming Annual General Meeting to be held on August 30, 2008.

Name of the Director	Mr. S.K. Hari Krishna	Mr. M. Bangara Raju
Date of appointment	31.07.2007	31.07.2007
Qualifications	B.Tech.	M.Sc., Geology
Expertise in specific functional areas	10 Years experience in Pharma Industry	Over 40 years experience in various Government Organisations
Directorships held in other Public Companies (excluding foreign companies)	Nil	Nil
Memberships/ ships of committees across public companies (excluding foreign companies)	Nil	Nil
Shareholding in the Company	25,300	Nil

**DIRECTORS REPORT**

Dear Members,

Your Directors take pleasure in presenting their report for the year 2007-08.

The Financial Highlights:

(Rs. in Lakhs)

<b>Particulars</b>	<b>2007-08</b>	<b>2006-07</b>
Turnover	2157.88	1387.64
Other Income	101.01	95.57
<b>Total Income</b>	<b>2258.89</b>	<b>1483.21</b>
<b>Operating Expenses</b>	<b>1763.38</b>	<b>1342.69</b>
Excise Duty	202.29	107.25
Operating Profit / Loss (PBDIT)	293.22	33.27
Interest	12.85	4.15
Depreciation	123.13	121.79
Profit / (Loss) before Tax	111.09	(92.68)
Provision for taxation		
- Fringe Benefit Tax	4.30	Nil
- Tax on Profit	13.70	Nil
Profit/Loss after Tax	93.09	(92.68)
Prior Period Adjustments	(1.00)	(25.87)
Profit/(Loss) on account of extraordinary items	0	135.89

**REVIEW OF OPERATIONS FOR THE FINANCIAL YEAR 2007-2008**

During the financial year 2007-2008, the operations have improved substantially by about 38%. The turnover including conversion has increased from Rs.14.96 crores to Rs.20.70 crores. This improvement in the business has become possible with the increase in demand for existing products of the Company complied with more effective use of the existing machinery, manpower and financial resources and the economies of scale in terms of volume of production, sales for existing products.

The company has introduced one more new product by name Eesomeprazole Magnesium by creating additional facility by making investment in plant & machinery. The product is well accepted in the market & achieved the required quality standards.

During the year the promoters have brought in additional funds in the form of unsecured loans, which have helped in improving the cash flow, to facilitate larger volumes of production and sales.

The Company has made additional investment in pollution control treatment facilities and made improvement in pollution control, to meet the statutory norms set by the Honourable Supreme Court of India.

**DIRECTORS REPORT****FUTURE OUTLOOK FOR FINANCIAL YEAR 2008-2009**

During the present financial year, the business prospects seem to be improving with the changing economic scenario, both nationally and internationally.

During the present year, the enhanced capacities of omeprazole have come to reality. In the rest of three quarters, the company is confident of achieving higher turnovers with enhanced profits.

The management has drawn plans to double the turnover during the year when compared to previous year.

**Management Discussions and Analysis:**

Management Discussions and Analysis is annexed to this Report.

**Directors:**

During the year under review Mr. S. K. Hari Krishna and Mr. M. Bangara Raju retire by rotation at the forthcoming Annual General Meeting and being eligible offer themselves for re-appointment.

**Auditors:**

M/s. P. S. N. Ravi Shanker & Associates, Chartered Accountants, Hyderabad, the Statutory Auditors of the Company hold office till the conclusion of forthcoming Annual General Meeting. Your directors recommend their appointment at the ensuing Annual General Meeting as Statutory Auditors.

**Corporate Governance:**

The report on Corporate Governance is annexed to this report.

**Directors' Responsibility Statement:**

In terms of the provisions of section 217(2AA) of the Companies Act, 1956 (Act), your Directors confirm as under.

1. That, in the preparation of the annual accounts, the applicable Accounting Standards had been followed along with the proper explanation relating to material departures;
2. That, the Directors had selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the financial year and of the profit or loss of the Company for that period.
3. That, the Directors had taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
4. That, the Directors had prepared the annual accounts on a going concern basis. Convenience

**Deposits:**

During the year under review, the Company has not accepted any deposits within the meaning of Section 58A of the Companies Act, 1956 and the rules made there under. As such no amount of principle or interest was outstanding on the date of the Balance Sheet.

**DIRECTORS REPORT****Conservation of Energy, Research & Development, Technology Absorption:**

Particulars required to be disclosed under Section 217(1)(e) of the Companies Act, 1956 read with the Companies (Disclosure of Particulars in the report of Board of Directors) Rules, 1988 are annexed hereto as Annexure – A to the Directors' Report.

**Foreign Exchange earnings and outgo:**

Total foreign exchange earnings during the year was Rs. 584.62 lakhs (Previous year Rs.532.55 lakhs) and foreign exchange outgo was Rs.83.28 lakhs (Previous year Rs. 1.63 Lakhs)

**Particulars of Employees:**

Information as per Section 217(2A) of the Companies Act, 1956 read with the Companies (Particulars of Employees) Rules, 1975 is not required as no employee falls under the category.

**Internal Control Systems:**

Internal controls implemented by your Company are adequate to ensure that the financial statement is correct, sufficient and credible.

**Insider Trading Regulations:**

Your Company has implemented Model code of conduct for prevention of insider trading. Directors and senior management people of your Company have complied with the code of conduct.

**Listing:**

The Equity shares of the Company are listed at The Stock Exchange, Mumbai (presently trading was suspended). Your Company has not paid the annual listing fees for the year 2006-07 and 2007-08 to the stock exchange.

**Personnel**

The Company has maintained cordial relations with the employees during the year under review. The Company has been giving greater emphasis for restructuring the human resources according to the business requirements of the Company.

**Acknowledgements:**

Your Directors take this opportunity to thank all investors, business partners, clients, banks, regulatory and governmental authorities, stock exchanges and employees for their continued support.

By Order of the Board of Directors  
of Everest Organics Limited  
Sd/-

Dr. S. K. Srihari Raju  
Managing Director

Place : Hyderabad  
Date : 31.07.2008

**CORPORATE GOVERNANCE****REPORT ON CORPORATE GOVERNANCE****1. COMPANY'S PHILOSOPHY ON CORPORATE GOVERNANCE**

The Company's philosophy on Corporate Governance is to adopt best practices of governance in all facets of its activities with a motive to enhance overall stake holder's value.

**2. BOARD OF DIRECTORS****Composition and Category:**

The Company has an optimum combination of Executive and Non-Executive Directors. The Board comprises of three whole time Directors and five non-executive Directors. The composition of the Board is in conformity with the listing agreement of stock exchanges. All Independent Non-Executive Directors comply with the legal requirements of being "Independent." Except the Managing Director and Nominee Director all other directors are liable to retire by rotation as per the provisions of the Companies Act, 1956.

The composition of the Board and other relevant details relating to Directors are given below:

Sl.No.	Name	Category	Designation	* No. of Memberships of other Boards	No. of Memberships of other Committees#	No. of Chairmanships in other Committees#
1.	Dr. S. K. Srihari Raju	Promoter Executive Director	Managing Director	Nil	Nil	Nil
2.	Mr. S.K. Hari Krishna	Promoter Executive Director	Executive Director	Nil	Nil	Nil
3.	Mr. S.K. Krishnam Raju	Promoter Non Executive Director	Director	Nil	Nil	Nil
4.	Mr. G. Raghunadhan	Independent Nominee Director	Nominee Director	2	Nil	Nil
5.	Mr. Raju S.Kakarlapudi	Promoter Non Executive Director	Director	Nil	Nil	Nil
6.	Dr. K. Eswar Reddy	Independent Non- Executive Director	Director	Nil	Nil	Nil
7.	Mr. A. Parvarthisem	Independent Executive Director	Technical Director	Nil	Nil	Nil
8.	Mr. M. Bangara Raju	Independent Non Executive Director	Director	Nil	Nil	Nil

\* Directorship details exclude private companies, foreign companies and alternate directorships.

# Membership/Chairmanship of only Audit Committee and Share Transfers & Shareholders Grievance Committee has been considered.

**CORPORATE GOVERNANCE****Details of Board Meetings and Attendance:**

Dates of Board Meetings are fixed in advance and agenda papers are circulated to Directors at least seven days before the meeting.

During the financial year, Board of Directors of the Company met 5 times on 30-04-2007, 30-06-2007, 31-07-2007, 31-10-2007 and 31-01-2008. The attendance details of the directors at the Board Meetings and last Annual General Meeting is as follows:

Name of the Director	No. of Board Meetings held	No. of Board Meetings attended	Whether attended last AGM
Dr. S. K. Srihari Raju	5	5	Yes
Mr. S.K. Krishnam Raju	5	2	No
Mr. G. Raghunadhan	5	2	No
Mr. Raju S. Kakarlapudi	5	1	No
Dr. K. Eswar Reddy	5	Nil	No
Mr. A. Parvathisem	5	5	Yes
Mr. S.K. Hari Krishna	5	5	Yes
Mr. M. Bangara Raju	5	5	Yes

**Code of Conduct:**

The Board has laid down a code of conduct for all Board members and senior management of the Company. All the Board members and senior management of the Company have affirmed compliance with their respective Codes of Conduct for the Financial Year ended March 31, 2008. A declaration to this effect, duly signed by the Managing Director is annexed hereto.

**Shareholding details of Directors:** Details of the shares of the Company held by directors of the Company is as follows:

Name of the Director	No. of shares held as on 31-03-2008
Dr. S.K. Srihari Raju	Nil
Mr. S.K. Krishnam Raju	Nil
Mr. G. Raghunadhan	Nil
Mr. Raju S. Kakarlapudi	315300
Dr. K. Eswar Reddy	Nil
Mr. A. Parvathisem	Nil
Mr. S.K. Hari Krishna	25300
Mr. M. Bangara Raju	Nil

**3. Board Committees**

The Board has three committees viz. the Audit Committee, the Remuneration Committee and the Share transfers and Shareholders Grievance Committee.

**CORPORATE GOVERNANCE****a) Audit Committee:**

The Audit Committee of the Company is constituted in line with the provisions of Clause 49 of the Listing Agreement read with Section 292A of the Companies Act, 1956. The terms of reference include:

- Overseeing financial reporting process.
- Recommending the appointment and removal of external auditor, fixation of audit fee and also approval for payment for any other services.
- Reviewing with management the annual financial statements before submission to the board, focusing primarily on compliance with accounting standards and provisions of the Listing Agreements.
- Reviewing with the management and external auditors for adequacy of internal control systems.
- Discussion with external auditors before the audit commences, nature and scope of audit as well as post-audit discussion to ascertain any area of concern.
- To seek information from any employee;
- To obtain outside legal or other professional advice;
- To secure attendance of outsiders with relevant expertise, if it considers necessary.

**Composition and Attendance:**

The Audit Committee of the Board comprises of two non-executive independent directors one executive director. Members are Mr. A. Parvathisem, Mr. M. Bangara Raju and Mr. S.K. Krishnam Raju. Mr. M. Bangara Raju is the Chairman of the Committee. Members of the Committee are well versed in finance, accounts, company law and general business practices.

During the financial year 2006-07 Audit Committee met 4 times on 30-06-2007, 31-07-2007, 31-10-2007 and 31-01-2008.

**The attendance details of the members of the audit committee is as follows:**

Name of the Committee Members	No. of Meetings held	No. of Meetings attended
Mr. A. Parvatheesam	4	4
Mr. M. Bangara Raju	4	4
Mr. S. K. Krishnam Raju	4	4

**b) Remuneration Committee:**

The members of the Remuneration Committee of the Board of directors are Mr. M. Bangara Raju and Mr. S.K. Krishnam Raju and Mr. Raju S. Kakarlapudi. Mr. M. Bangara Raju is the Chairman of the Committee.

**Terms of Reference:**

The terms of reference of the Remuneration Committee are review of the compensation policy for the Executive Directors & senior Management. Accordingly, they are authorised to negotiate,

**CORPORATE GOVERNANCE**

finalise and approve the terms of appointment for Managing Director and senior management on behalf of the Company. The Committee will discharge such other functions or exercise such powers as may be delegated to the Committee by the Board from time to time.

During the year one meeting held on 31<sup>st</sup> October 2007 and all the members attended the meeting.

**Remuneration Policy for Directors:**

No director other than Dr. S. K. Srihari Raju, Mr. A. Parvathisem and Mr. S. K. Hari Krishna is drawing remuneration from Company. They are drawing the remuneration for the services rendered in the capacity of whole time directors. No sitting fee is being paid to any of the director.

The details of remuneration and sitting fees paid or provided to each of the Directors during the year 2007-08 are as follows: -

(In Rs.)

Name of the Director	Designation	Salary & Perks	Commission	Sitting Fees	Total
Dr. S. K. Srihari Raju	Managing Director	5,40,000	Nil	Nil	5,40,000
Mr. S.K. Hari Krishna	Executive Director	1,50,000	Nil	Nil	1,50,000
Mr. S.K. Krishnam Raju	Director	Nil	Nil	Nil	Nil
Mr. G. Raghunadhan	Director	Nil	Nil	Nil	Nil
Mr. Raju S. Kakarlapudi	Director	Nil	Nil	Nil	Nil
Dr. K. Eswar Reddy	Director	Nil	Nil	Nil	Nil
Mr. A. Parvathisem	Technical Director	5,10,000	Nil	Nil	5,10,000
Mr. M. Bangara Raju	Director	Nil	Nil	Nil	Nil

No other benefits, bonuses, stock options, pensions or performance-linked incentives are paid to directors except as mentioned above.

**c) Share Transfers and Investor Grievance Committee:**

Share Transfers and Investors' Grievance Committee is to look into and investigate investors complaints like share transfers, transmissions, dematerializations and rematerialisation of shares, dividend, change of address, and other miscellaneous matters.

There are total three members of the Share transfers and Investor grievance committee. Members consist of Dr. S. K. Srihari Raju, Mr. A. Parvatheesam and Mr. M. Bangara Raju. Dr. S. K. Srihari Raju is the Chairman of the Committee and is the Compliance Officer.

During the year Company has not received any complaints from the shareholders and there are no pending shareholder complaints or share transfers as on date of this report.

During the financial year 2006-07 the Committee met 4 times on 30-06-2007, 31-07-2007, 31-10-2007 and 31-01-2008.

**CORPORATE GOVERNANCE****4. General Body Meetings**

Details of the last three Annual General Meetings (AGM) are as follows:

Year/Period	Day, Date and Time	Location
2004-05	Friday, 23 <sup>rd</sup> September 2005 at 3.00 PM	Registered Office of the Company Aroor Village, Sadasivpet Mandal Medak District, Andhra Pradesh-502291
2005-06	Wednesday, 27 <sup>th</sup> September 2006 at 3.00 PM	Registered Office of the Company Aroor Village, Sadasivpet Mandal Medak District, Andhra Pradesh-502291
2006-07	Saturday 29 <sup>th</sup> September 2007 at 3.00 PM	Registered Office of the Company Aroor Village, Sadasivpet Mandal Medak District, Andhra Pradesh-502291

No Special Resolution was passed at the last three AGM's and no business was transacted through postal ballot at the last three AGM's. There was no business is required to be transacted through postal ballot at the forthcoming annual general meeting.

**5. Disclosures:**

- The Company has not entered into any transaction of material nature with the promoters, the Directors or the management, their subsidiaries or relatives, etc., that may have any potential conflict with the interests of the Company.
- There are no pecuniary relationship or transactions with non-executive director's vis-à-vis the Company, which has potential conflict with the interests of the Company at large.
- The Company has complied with the requirements of the Stock Exchanges, SEBI and other statutory authorities on all matters relating to capital markets during the last three years. No penalties or strictures has been imposed on the Company by Stock Exchange(s) or SEBI or any statutory authority on any matter related to capital markets during last three years.
- The Company has complied with all the applicable mandatory requirements of the revised Clause 49 of the Listing Agreement.

**6. Means of Communication:**

The Company regularly intimates Un-audited as well as audited financial results to the Stock Exchanges immediately after these are taken on record by the Board. These financial results are normally published in English daily and a vernacular news paper.

Management Discussion and Analysis Report forms part of the Report of the Directors.

**7. CEO/CFO Certification:**

The requisite certification from the Managing Director required to be given under Clause 49(V) was placed before the Board of Directors of the Company.

**CORPORATE GOVERNANCE****8. General Shareholder Information:****Registered Office & address for Correspondence:**

Aroor Village, Sadasivpet Mandal  
Medhak District, Andhra Pradesh – 502 291

**Annual General Meeting: (Date, Time and Venue)**

August 30, 2008; 3.00 P.M  
Aroor Village, Sadasivpet Mandal  
Medhak District, Andhra Pradesh – 502 291

**Book Closure:**

August 27, 2008 to August 30, 2008 (both days inclusive)

**Listing of Shares:**

The Bombay Stock Exchange Limited.

**Share Transfer Agents:**

M/s. Venture Capital and Corporate Investments Pvt. Limited  
12-10-167, Bharat Nagar, Hyderabad, 500018,  
Phone : +91 040-23818475/23818476/23868023  
Fax : +91 040-23868024  
Email: info@vccilindia.com

**Share Transfer System:**

Equity Shares lodged for transfer in physical mode are normally registered within 15 days from the date of receipt. The Share Transfer Agent is handling all the Share Transfers and related transactions.

As on March 31, 2008, no share transfer or complaints were pending.

**Listing Fee:**

The Company has not paid listing fees for the financial year 2006-07 and 2007-08 to the Stock Exchanges where its securities are listed due to paucity of funds.

**Market Price Data:**

The Company shares were not traded on Stock Exchanges during the financial year 2007-08.

**Distribution of Shareholding as on March 31, 2008.**

Number of Equity Shares held	Shareholders (Numbers)	Shareholders (Percentage)	Shares (Numbers)	Shares (Percentage)
1 – 500	9287	88.14	1381617	14.37
501 – 1000	541	5.13	459600	4.78
1001 – 2000	251	2.38	387044	4.02
2001 – 3000	188	1.78	482365	5.02
3001 – 4000	49	0.46	179000	1.86
4001 – 5000	57	0.54	271512	2.82
5001 – 10000	71	0.67	486517	5.06
10001 & above	92	0.87	5625345	62.03
Total	10536	100	9273000	100

**CORPORATE GOVERNANCE****Financial Calendar:**

The Company follows April-March as its financial year. The results for every quarter beginning from April are declared in the month following the quarter.

**Shareholding Pattern as on March 31, 2008.**

Category	No. of Shares	% of Shareholding
<b>Indian Promoters</b>		
- Individuals	970300	10.46
- Body Corporates	1312800	14.16
Non-Resident Indians	1289800	13.91
FII's/Banks etc.	350000	3.77
Mutual Funds and UTI	11050	0.12
Foreign Institutional Investors	Nil	Nil
Body Corporates	1316084	14.19
Indian Public	4022966	43.39
Total	9273000	100

**Dematerialization of Shares:**

Shares of the Company are under compulsory demat list and nearly 31.96 % of total Equity Share Capital is held in dematerialized form with NSDL and CDSL as on 31.03.2008.

Identification Number of scrip given by NSDL and CDSL is INE 334C01011.

**Electronic Connectivity:**

National Securities Depository Limited  
Trade world, Kamala Mills Compound  
Senapati Bapat Marg, Lower parel  
Mumbai – 400 013.

Central Depository Services (India) Limited  
Phiroze Jeejeebhoy Towers, 28<sup>th</sup> Floor  
Dalal Street, Mumbai – 400 023.

**Shareholders' General Correspondence:**

The Compliance Officer, Everest Organics Limited,  
Aroor Village, Sadasivpet Mandal, Medhak District, Andhra Pradesh – 502 291.

**Declaration**

As provided under Clause 49 of the Listing Agreement with the Stock Exchanges, the Board Members and the Senior Management Team have confirmed compliance with the Code of Conduct for the Financial Year ended March 31, 2008.

BY ORDER OF THE BOARD OF DIRECTORS  
of EVEREST ORGANICS LTD.

Sd/-

Place: Hyderabad  
Date : 31.07.2008

Dr. S.K.Srihari Raju  
Managing Director



**CORPORATE GOVERNANCE**

**CERTIFICATE OF COMPLIANCE WITH THE CONDITIONS OF CORPORATE GOVERNANCE  
UNDER CLAUSE 49 OF THE LISTING AGREEMENT**

To  
The members of  
Everest Organics Limited

1. We have examined the compliance of conditions of Corporate Governance by Everest Organics India Limited (the Company) for the year ended March 31, 2008, as stipulated in clause 49 of the listing agreement of the said Company with the stock exchanges in India.
2. The compliance of conditions of Corporate Governance is the responsibility of the Management. Our examination was limited to procedures and implementation thereof, adopted by the Company for ensuring the compliance of the conditions of Corporate Governance. It is neither an audit nor an expression of opinion on the financial statements of the Company.
3. In our opinion and to the best of our information and explanations given to us, we certify that the Company has complied with the conditions of Corporate Governance as stipulated in the above-mentioned listing agreement.
4. We further state that such compliance is neither an assurance as to the future viability of the Company nor the efficiency or effectiveness with which the Management has conducted the affairs of the Company.

for **P.S.N.RAVISHANKER & ASSOCIATES**  
Chartered Accountants

Sd/-  
**P. RAVISHANKER**  
Partner

Place: Hyderabad  
Date : 31.07.2008

**MANAGEMENT DISCUSSION AND ANALYSIS REPORT****GENERAL PHARMA INDUSTRIAL SCENARIO**

In the present day environment the pharmaceutical industry has grown multifold from an infant industry to an industry serving the global needs.

The Pharmaceutical industry in India has catered to all major therapeutic segments / areas like anti inflammatory, gastroenterology, oncology drugs and antiviral, retroviral.

The domestic industry is presently worth around Rs.75000 crores and is expected to grow at an average rate 10 – 15% p.a. The global market has evolved into different segments like generics, authorized generics, Crams, New Chemical Entities and Para IV filings and the pharmaceutical industry in India has gained adequate and admirable expertise covering all therapeutic areas like oncology, gastroenterology, central nervous system, psychosomatic viral, life style diseases

The industry in spite of various constraints on the regulator, statutory fronts and in the midst of high global volatility in terms of supply demand mismatch, high crude prices and infrastructure constraints has still managed to evolve into a high growth foreign exchange earner for the country and also established India as a dominant player.

We at Everest Organics Ltd have tuned ourselves to suit the ever-changing and dynamic scenario.

**OPPORTUNITIES, THREATS, RISKS AND CONCERNS:**

Everest Organics is strong in Prazole series i.e., OMEPRAZOLE, LANSAPRAZOLE, PANTAPRAZOLE SODIUM, RABIPRAZOLE SODIUM, and ESOMEPRAZOLE MAGNICIUM etc. We have completed all the development works for the future launching products already and can be launched as and when funds are available. Recently we got ISO-9001-2000 certification and we are in the path of ISO-14000-2000 to increase the business opportunities in the competitive market.

This Company has threat from A.P.P.C.B. To meet the norms of the Joint Action Plan Committee directed by Hon'ble Supreme Court of India. Further more, we have to spend another 60 to 80 Lakhs on Effective Effluent Treatment facility to meet the Compliances which were passed by the Hon'ble Supreme Court.

The Company has a threat from ARCIL, if the quarterly payments are not made in time.

During the Financial year 2007-08 we made a turnover 21.02 crores and for 2008-09 we set ourselves a target 40 crores turnover. For this we have enhanced the Omeprazole facility by April, 2008 and we are doing the turnover at the rate of 3 crores per month.

Further, we have launched an intermediate for Fexofenadine and the samples are under approval at M.N.Cs. We hope we can add another 6 crores turnover on this product for this financial year. In the second half of this financial year we plan to launch Pelletization facility as a part of forward integration to Omeprazole – API. This will strengthen the company in the International market, to do good turnover for the next financial year.

**FINANCIAL PERFORMANCE FOR THE FINANCIAL YEAR 2007-2008**

During the financial year 2007-2008, the operations have improved substantially by about 38%. The turnover including conversion income from Neuland Laboratories had increased from Rs.14.96 crores to Rs.20.70 crores. This implement has been possible with the improve in the trend of business for our existing products assisted by more effective use of the existing machinery,

**MANAGEMENT DISCUSSION AND ANALYSIS REPORT**

manpower and financial resources and the economies of scale in terms of volume of production, produced and sold for the existing products. During this time, the reference to BIFR is abated. So, we are no more under BIFR protection.

Your company has introduced one more new product by name Esomeprazole Magnesium by creating additional facility at a cost of Rs. 30 lakhs. The product is well accepted in the market with superior quality.

During the same period the promoters had brought in Rs. 90 lakhs as unsecured loans, which have cascading effect in improving the cash flow, to facilitate larger volumes of production and sales.

During the year under review, the Supreme Court of India has imposed additional stringency on pollution abatement. The company was forced to spend about Rs. 30 lakhs to improve the pollution treatment facilities. To go to into the statistical data, the turnover has increased by about 38% from Rs. 13.6 crores to Rs.21.02 crores, whereas the expenditure has gone up only marginally by 25% from Rs. 5.25 crores to Rs.6.54 crores. This resulted in a higher profit before taxes and after depreciation of Rs. 1.11 crores for the entire financial year.

**OUTLOOK FOR FINANCIAL YEAR 2008-2009**

During the present financial year, the business prospects seem to be improving with the changing economic scenario, both nationally and internationally.

During the 1<sup>st</sup> quarter ended 30/06/2008, the company made a net turnover of Rs. 6.15 crores. The improving volumes and margins are likely to result in a net profit of Rs. 50 lakhs or above for the 1<sup>st</sup> Quarter.

During the present year, the enhanced capacities of omeprazole have come to reality. In the rest of three quarters, the company is confident of achieving higher turnovers with enhanced profits.

The management projects annual net turnover of about Rs. 40 crores and is likely to achieve the same with the same kind of margins.

**INTERNAL CONTROLS & SYSTEMS**

The internal control systems of the Company are implemented with a view to achieve good ethical culture in the organization. The internal control systems of the Company would ensure that any vulnerability in the achievement of the Company's objectives caused by risk factors whether internal or external, existing or emerging, is detected and reported in a timely manner and is meted out with appropriate corrective action.

The Company has monthly quarterly Internal Audit, an independent appraisal function to evaluate the effectiveness of the Company's internal control system. The findings of internal audit are periodically placed before the Audit committee and the Board of Directors of the Company

**HUMAN RESOURCE DEVELOPMENT & INDUSTRY RELATIONS**

The Company understands the significance of human resources in the growth of an organization and is committed to build a highly motivated and committed Human Resource team.



**ANNEXURE TO DIRECTORS REPORT**

**FORM – A**

A. Power and consumption

	Current year 2007-2008	Previous year 2006-2007
1. Electricity	2661050 units	1961130 units
a) Purchased		
Units KW/H		
Total amount	Rs.10105965	Rs.7615484
Rate/Units	Rs. 3.80	Rs. 3.88
b) Own generation		
i) Through diesel generator		
Units KW/h	48950	31864
Diesel consumed (liters)	20463	13283
Total Amount	Rs. 700971	Rs. 515925
Unit per lit.of diesel oil	2.39	2.40
Cost/Units	Rs. 14.32	Rs. 16.19
ii) Through Steam turbine/generator	Nil	Nil
2. Coal C Grade		
Quantity (in tones)	3186	2686
Total Cost	Rs. 9265414	Rs. 6342180
Average Rate	Rs. 2907.97	Rs. 2361.24
3. Furnace Oil	Nil	NIL
4. Other /internal Generation	Nil	NIL
B. Consumption per unit of production	9.89	14.17
Standards (If any)	Current year	Previous year

PRODUCT (WITH DETAILS ) UNITS

Ciprofloxacin (kgs)	}		
Enrofloxacin	}	271005 kgs	139342 kgs
Omeprazole (incl petals)	}		
Chloro Compound	}		
Electricity (units)		9.89	14.07
Furnace Oil		Nil	NIL
Coal (specify quantity) C grade (mts)		3186	2686
Consumption per unit of production		11.76	19.28

**ANNEXURE TO DIRECTORS REPORT****FORM - B****FORM FOR DISCLOSURE OF PARTICULARS WITH RESPECT TO TECHNOLOGICAL ABSORPTION ADAPTION AND INNOVATION**

- A. Research and Development(R&D)
1. Specify areas in which R&D Carried out by the company
2. Benefits derived as a result of the above R&D
3. Expenditure on R&D
- (a) Capital  
(b) Recurring  
(c) Total  
(d) Total R&D expenditure as a percentage of total turnover.
- B. Efforts in brief, made towards Technology absorption, adoption And innovation.
1. Benefits derived as result of the above efforts., e.g., Production Improvement, cost reduction Product development, import Substitution, etc.
2. In case of imported technology (imported during the last 5 years reckoned from the beginning of the financial year) following information may be furnished.
- (a) Technology imported  
(b) Year of import  
(c) Has technology been fully absorbed?  
(d) If not fully absorbed, areas where this Has not taken place reasons therefore And future plans of action.
- a. Reduction in quantity of effluents.  
b. Treatment and disposal of effluents.  
c. Process improvement and adoption to suit export market requirements.
- a. Water content in liquid effluent has come down to acceptable levels.  
b. New export market is developed.
- Rs. - NIL -  
Rs. 4.36 in lakhs  
Rs. 4.36 in lakhs  
0.22%
- a. Technology for manufacture of existing products fully localized  
b. Innovation as on going process continues
- a) Developed technology for manufacture of new products.  
b) Products are ready to start production on commercial scale.
- NOT APPLICABLE

**AUDITORS' REPORT**

To	From
The Members M/s. EVEREST ORGANICS LIMITED 8-3-214/50, 4th Floor Opp. MCH Park, Srinivasa Colony (West) Madhura Nagar HYDERABAD – 500 038.	P.S.N. RAVISHANKER & ASSOCIATES Chartered Accountants Flat No. 205, B-Block , Kushal Towers Khairatabad, HYDERABAD – 500 004.

- 1) We have audited the attached Balance Sheet of M/s. Everest Organics Limited as at 31<sup>st</sup> March, 2008, and also the Profit and Loss Account and the cash flow statement of the company for the year ended on that date annexed thereto. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.
- 2) We conducted our audit in accordance with auditing standards generally accepted in India. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.
- 3) As required by the Companies (Auditor's Report) Order, 2003, issued by the Government of India in terms of sub-section (4A) of section 227 of the Companies Act, 1956, we enclose in the Annexure a Statement on the matters specified in paragraphs 4 and 5 of the said order to the extent applicable.
- 4) Further to our statement referred to in paragraph 3 above, we report that:
  - a) We have obtained all the information and explanations, which to the best our knowledge and belief were necessary for the purposes of our audit;
  - b) In our opinion, proper books of accounts as required by law have been kept by the Company so far as it appears from our examination of those books;
  - c) The Balance Sheet and Profit and Loss Account and Cash Flow Statement dealt with by this report are in agreement with the books of account;
  - d) In our opinion, the Balance Sheet, Profit and Loss Account and Cash Flow Statement dealt with by this report comply with the Accounting Standards referred to in Sub-Section (3C) of Section 211 of the Companies Act , 1956;
  - e) On the basis of written representations received from the directors, as on 31.03.2008, and taken on record by the Board of Directors, we report that none of the directors is disqualified as on 31.03.2008 from being appointed as a director in terms of clause (g) of sub-section (1) of Section 274 of the Companies Act, 1956; and



**AUDITORS' REPORT**

- f) In our opinion and to the best of our information and according to the explanation given to us, the said accounts give the information required by Companies Act, 1956, in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:
- i) In the case of the Balance Sheet, of the state of affairs of the company as at 31st March, 2008
  - ii) In the case of the Profit & Loss Account of the profit for the year ended on that date.; and
  - iii) In the case of the Cash Flow Statement, of the cash flows for the year ended as on that date.

For P.S.N. RAVI SHANKER & ASSOCIATES  
Chartered Accountants

Place : Hyderabad,  
Date : 20.06.2008

P. RAVI SHANKER  
Partner

**STATEMENT REFERRED TO IN THE AUDIT REPORT**

1. a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets but the fixed assets register is to be updated for the additions made.
- According to the information and explanations furnished to us, the fixed assets of the company have been broadly verified during the year by the management and we are informed that no material discrepancies between the book records and the inventory have been noticed. However the documentation for the physical verification process may be further improved.
- b) During the year the company has not disposed off substantial part of its fixed assets.
2. a) As explained to us, Physical verification of inventories has been conducted by the management during the year in respect of majority of the high value items at reasonable intervals.
- b) The procedures of physical verification of inventory followed by the Management appears to be generally reasonable and adequate in relation to the size of the company and the nature of its business. However the documentation for the physical verification process may be further improved.
- c) The company is maintaining proper records of inventory and we are informed that there were no material discrepancies noticed on physical verification and the discrepancies noticed on such verification have been properly dealt with.
3. a) During the year the company has taken unsecured loans outstanding at Rs.49.46 lakhs from 5 parties (Previous year outstanding at Rs.18.78 lakhs from 4 parties) covered in the

**AUDITORS' REPORT**

register maintained under Sec.301 of the Companies Act, 1956. The company has not granted any granted any loans secured or unsecured loans or provided any guarantees to parties coming under the provision of sec.301 of the Companies Act, 1956.

- b) The unsecured loans taken are interest free and other terms and conditions of unsecured loans are, prima facie, do not appear to be prejudicial to the interest of the company.
  - c) As per the information and explanations furnished to us, no Specific repayment program has been fixed for the unsecured loans.
4. In our opinion and according to the information and explanations given to us, the internal control procedures existing in the company with regard to purchase of Inventory and Fixed Assets and for the sale of goods, prima facie, appear to be commensurate with the size of the company and the nature of its business.
  5. As per the information and explanations given to us, during the year, there are no such contracts or arrangements that are required to be entered in to the register in pursuance of section 301 of the Act.
  6. As per the information and explanations furnished to us, the Company has not accepted any deposits from the Public during the year to which the directives issued by the Reserve Bank of India and the provisions of Sec.58A and Sec.58AA of the Companies Act, 1956 and Rules framed there under apply. However the Company has taken/accepted the unsecured loans (outstanding at 31-03-2008 to the tune of Rs.246.43 lakhs and outstanding as on 31.03.2007 at Rs.157.31 Lakhs) and share application money (pending allotment outstanding on 31.03.2008 at Rs.388.81 lakhs and outstanding as on 31.03.2007 at Rs.388.81 Lakhs) from various parties coming under the category of promoters, their friends, relatives, employees and sister concerns and it has been explained to us that unsecured loans/share application money have been brought into the company to meet the financial obligations of the company to the Financial Institutions / Banks.
  7. The company does not have formal internal audit system from the external agency. As per the information and explanations furnished to us by the management the existing internal control procedures covers the internal audit aspects.
  8. In our opinion and as per the information and explanations given to us the stock records made and maintained by the company broadly meet the specifications given by the Central Government U/s.209(1)(d) of the Companies Act, 1956. However, the contents of these accounts and records have not been examined by us in detail.
  9. a) The undisputed dues including Provident fund, Employees State Insurance, Income- Tax, Sales-Tax, Excise-Duty, Ceases and other statutory dues have been deposited by the company during the year with the appropriate authorities with delays. However, Provident Fund dues to the tune of Rs.5.05 lakhs, ESI dues to the tune of Rs.0.15 lakhs, Income-Tax & Tax deducted at Source totaling to Rs.18.61 lakhs, and other statutory dues to the tune of Rs.4.78 lakhs were outstanding as at 31st March, 2008 for a period of more than 6 months from the date they became payable.  
b) We are informed that there are no dues in respect of Sales tax/Customs Duty/Excise duty/Cess which have not been deposited on accounts of any disputes.



**AUDITORS' REPORT**

10. The accumulated losses of the company as on 31.03.2008 amounts to about Rs.1099.88 Lakhs (previous year Rs. 1191.97 lakhs). However, the accumulated losses at the end of the financial year are not less than fifty percent of its net worth. During the year 2007-08 and in the immediately preceding financial year the company has not incurred cash losses.
11. The dues of the company to ICICI, SBI & SBT were settled under OTS with ARCIL, as the loans taken earlier from the respective Banks had become overdue and doubtful assets in the earlier year. However the company has been making the payments to ARCIL, as per the repayment schedule, as per the terms of OTS.
12. As per the information and explanations furnished to us, during the year the company has not granted loans and advances on the basis of security by way of pledge of shares, debentures and other securities.
13. As per the information and explanations furnished to us, the company has not dealt with or traded in shares, securities, debentures or other investments.
14. As per the information and explanations furnished to us, the company has not given any guarantee for loans taken by others from Bank or financial institutions.
15. During the year the company has not availed any new term loans.
16. The examination of the Financial Statements, prima facie, indicates that the net working capital of the company is negative to the tune of about Rs.59.73 lakhs(Previous year negative Net working capital of Rs.101.59 lakhs), which, prima facie, indicates that the short term funds raised by the company appear to have been used for long term purposes and vice versa to some extent.
17. As per the information and explanations furnished to us, during the year the company has not made preferential allotment of shares to parties and companies covered in the register maintained under section 301 of the Act.
18. The company has not raised any funds in the form of debentures.
19. The company has not raised any funds during the year in the form of public issue.
20. According to the information and explanations furnished to us, during the year 2007-08, there was no fraud on or by the company that has been noticed or reported during the year by the management.
21. The company is governed by the Companies Act, 1956 and no other special statute is applicable to the company.
22. The other particulars of this order are not applicable to the company.

For P.S.N.RAVISHANKER & ASSOCIATES  
Chartered Accountants

Sd/-  
(P. RAVI SHANKER)  
Partner

Place : Hyderabad,  
Date : 20.06.2008



<b>BALANCE SHEET AS AT 31.03.2008</b>					
	<b>SCH. No.</b>	<b>In Rs.</b>	<b>AS AT 31.03.2008 In Rs.</b>	<b>In Rs.</b>	<b>AS AT 31.03.2007 In Rs.</b>
<b><u>SOURCES OF FUNDS</u></b>					
<b>I. Share Holders Funds</b>					
a) Share Capital	A		92,730,000		92,730,000
b) Share Application Money			38,881,000		38,881,000
c) Reserves & Surplus	B		1,000,000		1,000,000
<b>II. Loan Funds</b>					
a) Secured Loans	C		76,401,054		95,714,887
b) Unsecured Loans	D		24,721,826		15,810,254
<b>Total</b>			<b>233,733,881</b>		<b>244,136,141</b>
<b><u>APPLICATION OF FUNDS</u></b>					
III. Fixed Assets - Net Block	E		128,873,565		134,252,695
IV. Investments	F		845,408		845,408
V. Current Assets, Loans & Advances	G	75,430,500		53,570,443	
Less : Current Liabilities & Provisions	H	81,403,320		63,729,138	
Net Current Assets			(5,972,820)		(10,158,695)
VI. Miscellaneous Expenditure Profit and Loss Account- Dr.balance			109,987,728		119,196,733
<b>Total</b>			<b>233,733,881</b>		<b>244,136,141</b>
Notes forming part of accounts P					
As per our report even date <b>for P.S.N.RAVISHANKER &amp; ASSOCIATES</b> Chartered Accountants			for and on behalf of the Board <b>EVEREST ORGANICS LIMITED</b>		
Sd/- P. RAVISHANKER Partner			Sd/- Dr. S.K. SRIHARI RAJU Managing Director		
			Sd/- Sri. S.K. HARI KRISHNA Executive Director		
Place : HYDERABAD Date : 20.06.2008					



<b>PROFIT &amp; LOSS ACCOUNT FOR THE YEAR ENDED 31.03.2008</b>							
	Sch.	As on 31.03.2008		As on 31.03.2007			
		In	Rs.	In	Rs.	In	Rs.
<b>INCOME</b>							
Domestic Sales		146,177,374		78,334,537			
Export Sales		69,610,488		60,429,309			
		<u>215,787,862</u>		<u>138,763,846</u>			
Less: Excise Duty		20,228,977		10,725,452			
Net Turnover			195,558,885			128,038,394	
Conversion Income			9,345,365			8,943,135	
Other Income			755,798			614,297	
Increase/Decrease in Stocks	I		4,554,091			(1,512,057)	
<b>TOTAL INCOME :</b>			<b>210,214,139</b>			<b>136,083,769</b>	
<b>EXPENDITURE</b>							
Raw Material Consumed	J		121,400,470			80,658,227	
Manufacturing Expenses	K		38,802,560			29,771,783	
Taxes & Duties			91,014			103,212	
Salaries, Wages & Other Benefits	L		13,979,742			10,156,321	
Administrative Expenses	M		5,418,081			5,920,891	
Selling & Other Expenses	N		4,615,472			4,100,613	
Interest & Financial charges	O		1,284,968			415,028	
Directors Remuneration			1,200,000			920,407	
1. Loss by fire net of Insurance claim-Stock		-			1,041,119		
2. -Buildings		-			61,353		
3. -Plant & Machinery		-			23,067	1,125,539	
Depreciation	E		12,312,667			12,179,398	
<b>TOTAL EXPENDITURE :</b>			<b>199,104,973</b>			<b>145,351,418</b>	
Profit/(Loss) for the year before taxation			11,109,166			(9,267,649)	
Less: Prior Period Adjustment Items			100,161			2,586,706	
Profit/(Loss) for the period year							
Extra-Ordinary Items			11,009,005			(11,854,355)	
Less: Provision for Income Tax			-		-	-	
Less: Provision for MAT		1,370,000					
Less Provision for FBT		230,000	1,600,000				
Profit After Tax			<u>9,409,005</u>			<u>(11,854,355)</u>	
Less: Provision for FBT for prior years			200,000			-	
			<u>9,209,005</u>			<u>(11,854,355)</u>	
Add : Extra Ordinary Items							
Benefits under OTS Scheme by ARCIL							
Principal Waiver			-		13,589,030	13,589,030	
			<u>9,209,005</u>			<u>1,734,675</u>	
Add/(Less): Debit balance in Profit & Loss							
A/c. brought forward			(199,196,733)			(120,931,408)	
Total balance of Loss transferred to Balance Sheet			<u>(109,987,728)</u>			<u>(119,196,733)</u>	
Profit/(Loss) per Share :							
Basic			0.99			(1.28)	
Diluted			0.99			(1.28)	
As per our report even date <b>for P.S.N.RAVISHANKER &amp; ASSOCIATES</b> Chartered Accountants				for and on behalf of the Board <b>EVEREST ORGANICS LIMITED</b>			
Sd/- P.RAVISHANKER Partner Place : HYDERABAD Date : 20.06.2008		Sd/- Dr.S.K.SRIHARI RAJU Managing Director		Sd/- S.K. HARI KRISHNA Executive Director			



<b>SCHEDULES FORMING PART OF THE BALANCE SHEET</b>		
<b>In Rs.</b>	<b>As at 31.03.2008 In Rs.</b>	<b>As at 31.03.2007</b>
<b><u>SCHEDULE - A</u></b>		
<b><u>SHARE CAPITAL :</u></b>		
<b>I. <u>AUTHORISED CAPITAL</u></b>		
1,00,00,000 Equity Shares of Rs.10/- each	<u>100,000,000</u>	<u>100,000,000</u>
<b>II. <u>ISSUED, SUBSCRIBED &amp; PAID UP CAPITAL</u></b>		
92,73,000 Equity Shares of Rs.10/- each fully paid up	92,730,000	92,730,000
<b>Total :</b>	<u><b>92,730,000</b></u>	<u><b>92,730,000</b></u>
<b><u>SCHEDULE - B</u></b>		
<b><u>RESERVES &amp; SURPLUS :</u></b>		
Investment Subsidy from Govt. of Andhra Pradesh	1,000,000	1,000,000
<b>Total :</b>	<u><b>1,000,000</b></u>	<u><b>1,000,000</b></u>

**SCHEDULES FORMING PART OF THE BALANCE SHEET**

	As at 31.03.2008 In Rs.	As at 31.03.2007 In Rs.
<b>SCHEDULE - C</b>		
<b>SECURED LOANS :</b>		
<b>I. Asset Reconstruction Company (India) Ltd.</b>		
(Transferred from ICICI, SBI & SBT)		
Opening Balance at the beginning of the year	72,500,000	70,848,000
Add: Transfers During the year		
a. Cash Credit	-	14,147,238
b. E P C	-	14,510,220
c. Overdue Term Loan	-	13,093,018
	<u>72,500,000</u>	<u>41,750,474</u>
		112,598,474
Less: Waiver as per OTS agreement with ARCIL during the year	<u>-</u>	<u>13,589,030</u>
	72,500,000	99,009,444
Less: Payments made during the year	<u>23,000,000</u>	<u>26,509,444</u>
Closing Balance at the end of the year	49,500,000	72,500,000
Others		
- Sales Tax Deferment Liability	<u>26,901,054</u>	<u>23,214,887</u>
Total	<u>76,401,054</u>	<u>95,714,887</u>
<b>SCHEDULE - D</b>		
<b>UNSECURED LOANS :</b>		
(From the promoters brought under obligation to the Financial Institutions / Banks/ARCIL)	24,643,285	15,731,713
Others(Employees Security Deposit)	78,541	78,541
<b>Total :</b>	<u><b>24,721,828</b></u>	<u><b>15,810,254</b></u>



EVEREST ORGANICS LIMITED



EVEREST ORGANICS LIMITED

SCHEDULES FORMING PART OF THE BALANCE SHEET											
Amount in Rupees											
S.No. Particulars	GROSS BLOCK				DEPRECIATION				NET BLOCK		
	As at 01.04.2007	Additions during the year	Deletion during the year	As at 31.03.2008	As at 01.04.2007	For the year	Deletions during the year	As at 31.03.2008	As at 31.03.2008	As at 31.03.2008	As at 31.03.2007
1. Land & Site Development	5,359,816	-	-	5,359,816	-	-	-	-	-	5,359,816	5,359,816
2. Buildings	27,883,709	-	-	27,883,709	10,089,110	931,316	-	11,020,426	16,863,283	17,794,590	17,794,590
3. Plant & Machinery & Utilities	208,655,470	5,843,983	-	214,499,453	98,672,688	11,108,400	-	109,781,088	104,718,365	109,982,782	109,982,782
4. Office Equipment	1,306,417	40,988	-	1,347,405	1,290,396	3,158	-	1,293,554	53,851	16,021	16,021
5. Computers	2,709,942	80,237	-	2,790,179	2,415,109	8,147	-	2,423,256	366,923	294,833	294,833
6. Furniture & Fittings	922,802	32,626	-	955,428	559,894	59,201	-	619,095	336,333	362,908	362,908
7. Vehicles	1,511,138	935,703	-	2,446,841	1,069,402	202,445	-	1,271,847	1,174,994	441,736	441,736
<b>Total:</b>	<b>248,349,294</b>	<b>6,933,537</b>	<b>-</b>	<b>255,282,831</b>	<b>114,096,599</b>	<b>12,312,667</b>	<b>-</b>	<b>126,409,266</b>	<b>128,873,565</b>	<b>134,252,695</b>	<b>134,252,695</b>



<b>SCHEDULES FORMING PART OF THE BALANCE SHEET</b>				
	<b>AS AT 31.03.2008 In Rs.</b>		<b>AS AT 31.03.2007 In Rs.</b>	
<b>SCHEDULE - F</b>				
<b>INVESTMENTS</b>				
Shares with P.E.T.L.		815,408		815,408
Shares with SBT		30,000		30,000
		<u>845,408</u>		<u>845,408</u>
<b>SCHEDULE - G</b>				
<b>CURRENT ASSETS, LOANS &amp; ADVANCES :</b>				
<b>A. CURRENT ASSETS :</b>				
1. Inventories(As valued and Certified by the Management)				
a. Finished Goods (at cost or Market Price whichever is lower)	3,845,822			-
b. Work-In-Process ( at Cost of Raw materials & proportionate Overheads)	4,315,496		3,607,227	
c. Raw Material(at cost or market value whichever is lower)				
i) at factory	6,848,434		4,008,270	
ii) With Job Workers	1,263,774		542,975	
d. Stores and Spares	1,074,625		1,175,895	
e. Packing Material	34,856		-	
f. Coal Stock	<u>2,211,496</u>	19,594,503	<u>1,390,000</u>	10,724,367
2. Sundry Debtors (Unsecured, Considered Good)				
i) Above 6 Months	813,252		778,358	
ii) Below 6 Months	<u>43,145,185</u>	43,958,437	<u>27,749,721</u>	28,528,079
3. Insurance Claim Receivable		-		-
4. Interest on Insurance Claim receivable		-		-
5. Cash on Hand		3,971		63,665
6. Balance with Schedule Banks :				
In Current Accounts		323,918		440,178
7. Tax Deducted at Source		654,623		490,870
		<u>64,535,453</u>		<u>40,247,160</u>
<b>B. LOANS &amp; ADVANCES :</b>				
1. Advances recoverable in Cash or kind for the value to be recovered				
		6,227,145		6,464,991
2. Prepaid Insurance				
		84,590		48,184
3. Deposits with various Departments				
		2,641,603		2,595,103
4. Excise duty under protest				
		160,013		160,013
5. Cenvat Credit				
		614,940		846,428
6. Other Receivables				
		1,166,757		3,208,564
<b>Total (B)</b>		<u>10,895,048</u>		<u>13,323,283</u>
<b>Grand Total (A) + (B)</b>		<u>75,430,500</u>		<u>53,570,443</u>



<b>SCHEDULES FORMING PART OF THE BALANCE SHEET</b>		
	<b>AS AT 31.03.2008 In Rs.</b>	<b>AS AT 31.03.2007 In Rs.</b>
<b><u>SCHEDULE - H</u></b>		
<b><u>CURRENT LIABILITIES &amp; PROVISIONS :</u></b>		
<b>A. CURRENT LIABILITIES</b>		
1. Creditors for Raw Materials	45,874,370	35,828,927
2. Creditors for Expenses	4,056,009	3,172,398
3. Creditors for Capital Goods	2,534,971	3,210,038
4. Other Creditors	19,836,544	17,074,446
5. Statutory Dues	6,713,974	4,424,620
6. Cess Payable	64,327	18,709
<b>TOTAL A:</b>	<b>79,080,195</b>	<b>63,729,138</b>
<b>B. PROVISIONS</b>		
1. Provisions for Income Tax MAT	1,370,000	-
2. Provision for FBT	230,000	-
3. Provisions for FBT for prior years	200,000	-
4. Provision for Gratuity	523,125	-
<b>TOTAL B:</b>	<b>2,323,125</b>	<b>-</b>
<b>TOTAL A + B</b>	<b>81,403,320</b>	<b>63,729,138</b>
<b><u>SCHEDULE - J</u></b>		
<b><u>INCREASE /(DECREASE) IN STOCKS</u></b>		
<b><u>Closing Stocks</u></b>		
Work-in-Process	4,315,496	3,607,227
Finished Goods	3,845,822	-
	<u>8,161,318</u>	<u>3,607,227</u>
<b><u>Opening Stock</u></b>		
Work-in-Process	3,607,227	3,364,062
Finished Goods	-	7,019,592
	<u>3,607,227</u>	<u>10,383,654</u>
Increase/(Decrease) in Stocks	4,554,091	(6,776,427)
Less: Stocks lost in fire	-	5,264,370
<b>Total :</b>	<b>4,554,091</b>	<b>(1,512,057)</b>



<b>SCHEDULES FORMING PART OF THE BALANCE SHEET</b>		
	<b>AS AT 31.03.2008 In Rs.</b>	<b>AS AT 31.03.2007 In Rs.</b>
<b><u>SCHEDULE - J</u></b>		
<b><u>RAW MATERIAL CONSUMED</u></b>		
Opening Stock of Raw Materials	4,008,270	6,701,971
Opening Stock of Job Workers	542,975	0
Purchase Raw Materials	124,961,433	78,884,941
<b>Total : A</b>	<b>129,512,678</b>	<b>85,586,912</b>
Less :		
Closing Stock of Raw-materials	6,848,434	4,008,270
With Job Workers	1,263,774	542,975
<b>Total : B</b>	<b>8,112,208</b>	<b>4,551,245</b>
<b>Total : A +B</b>	<b>121,400,470</b>	<b>81,035,667</b>
Less: Stocks lost in fire	-	377,440
<b>Total :</b>	<b>121,400,470</b>	<b>80,658,227</b>
<b><u>SCHEDULE - K</u></b>		
<b><u>MANUFACTURING EXPENSES:</u></b>		
1. Material Conversion Charges	3,492,695	3,452,355
2. Power & Fuel	19,371,379	14,198,416
3. Stores Consumables	1,694,552	1,282,843
4. R & D Expenses	436,118	178,355
5. Effluent Charges	3,140,272	3,919,931
6. Plant Repairs & Maintenance Charges	5,177,047	3,446,021
7. Production Contract Charges	5,490,497	3,293,861
<b>Total :</b>	<b>38,802,560</b>	<b>29,771,783</b>
<b><u>SCHEDULE - L</u></b>		
<b><u>SALARIES, WAGES &amp; BENEFITS TO STAFF</u></b>		
Salaries	9,337,149	6,699,113
Wages	513,982	400,323
Statutory and other benefits	3,605,486	2,759,885
Provision for Gratuity	523,125	-
<b>TOTAL :</b>	<b>13,979,742</b>	<b>10,156,321</b>



<b>SCHEDULES FORMING PART OF THE BALANCE SHEET</b>		
	<b>AS AT 31.03.2008 In Rs.</b>	<b>AS AT 31.03.2007 In Rs.</b>
<b><u>SCHEDULE - M</u></b>		
<b><u>ADMINISTRATIVE EXPENSES :</u></b>		
Travelling & conveyance	659,726	1,016,182
Postage & telephone Charges	419,791	356,743
Rent, Rates & Taxes	958,403	356,333
Audit Fees		
a) Statutory Audit fees	60,000	50,000
b) Tax Audit fees	20,000	15,000
c) Others	20,000	12,000
Insurance	821,250	677,880
Deferred Revenue Expenditure Written off	-	30,921
Consultancy Charges	192,464	378,722
Other Administrative Expenses	2,266,477	3,027,109
<b>TOTAL :</b>	<b>5,418,081</b>	<b>5,920,890</b>
<b><u>SCHEDULE - N</u></b>		
<b><u>SELLING &amp; OTHER EXPENSES :</u></b>		
Postage & Telegrams	140,586	18,230
Business Promotion	1,696,338	721,959
Travelling & Conveyance	183,742	172,539
Commission & Cash Discounts	495,123	641,474
Freight - Outward	1,218,124	1,797,725
Packing Material	866,429	688,346
DEPB fee & ECGC premium	15,130	60,340
<b>TOTAL :</b>	<b>4,615,472</b>	<b>4,100,613</b>
<b><u>SCHEDULE - O</u></b>		
<b><u>INTEREST &amp; FINANCIAL CHARGES:</u></b>		
1. Bill Discounting Charges	304,822	28,311
2. Other Finance Charges	980,146	386,716
<b>TOTAL :</b>	<b>1,284,968</b>	<b>415,027</b>



## NOTES FORMING PART OF THE ACCOUNTS

## SCHEDULE - P

**1. ACCOUNTING POLICIES**a) Accounting Assumptions

These Financial Statements have been prepared under the historical cost convention in accordance with the generally accepted accounting principles and the provisions of the Companies Act, 1956 as adopted consistently by the company and the accounting standards prescribed by the Institute of Chartered Accountants of India with revenues recognized and expenses accounted for on their accrual including provisions / adjustments for committed obligations and amount determined as payable or receivable during the year.

b) Fixed Assets

Fixed Assets are stated at historical cost of acquisition net of CENVAT, net of APVAT, which is inclusive of freight, installation charges, duties and incidental expenses and the proportionate expenditure incurred during the installation period capitalized as per the "Guidance Note on the expenditure incurred during the construction period" issued by the Institute of Chartered Accountants of India as in earlier years.

c) Depreciation

Depreciation on fixed assets is provided on the basis of straight line method at the rates provided for in the Schedule - XIV of the Companies Act, 1956 for the actual period of the usage of the assets. Depreciation on Plant & Machinery is charged at the special rates applicable to the continuous processing machinery at the rates provided for in the Schedule - XIV of the Companies Act, 1956.

d) Inventories

Raw materials are valued at the lower of the cost or market value. Work-in-process is valued at cost of raw materials and proportionate overheads. Finished goods are valued at lower of the cost or market value / net realizable value. Cost includes all charges incurred for bringing the goods to the point of use.

e) Research & Development Expenditure

It is the policy of the company to transfer the Research & Development Expenditure on capital items to assets and depreciation is charged thereon accordingly at the applicable rates and Revenue expenditure on Research and development to deferred revenue expenditure and then charged off to Profit & Loss over a period of 5 years. During the year the Company has not incurred such expenditure.

f) Impairment of Assets

As required by AS-28 on Impairment of Assets issued by the Institute of Chartered Accounts of India, the company assesses at each balance sheet date. Whether there is any indication that an asset is impaired. There has been no impairment loss during the year.

2. The outstandings in the M/s.Asset Reconstruction Company (India) Ltd (ARCIL) account (on account of transfer of dues from SBI, SBT, & ICICI), with which the company entered into the OTS agreement is shown under the Secured Loans, after deducting the payments made as per the repayment schedule as per the terms of the agreement.

**NOTES FORMING PART OF THE ACCOUNTS**

3.	a) Foreign Exchange Expenditure	(Rs. in lakhs)	
		2007-08	2006-07
	i) Payments to Raw Material Creditors	78.67	-NIL-
	ii) Traveling expenses	4.41	1.63
	b) Foreign Exchange received on Exports	584.62	532.55

4. In view of the substantial carried forward losses and unabsorbed depreciation no deferred tax asset has been recognized as provided in AS-22 on Taxes on Income, on a conservative principle.

5. The dues and outstandings to ARCIL (on account of transfer of dues by the company to SBI, SBT & ICICI) and sales tax deferment liability are secured by the first charge by way of equitable mortgage by deposit of Titles Deeds of the Company's immovable properties situated at Aroor Village, Sadasivapet Mandal, Medak District, both present and future and Hypothecation/ pledge of company's movable properties both present and future and also by the personal guarantee of promoter directors.

6. The total CENVAT available on Raw Materials amounting to Rs.153.15 Lakhs (previous year Rs.122.24 lakhs) has been adjusted in the cost of raw materials and the unavailed Cenvat credit amounting Rs.6.14 Lakhs (previous year Rs.8.46 lakhs) has been shown in the "Current Assets" in the Balance Sheet.

7. **Investment**

Investment of Rs.8.45 Lakhs represents fully paid Equity Shares of M/s.Patancheru Envirotech Limited made as contribution for utilizing their services of common Effluent Treatment Plant set up by the M/s.Patancheru Envirotech Ltd. to the tune of Rs.8.15 Lakhs and shares in the State Bank of Travancore amounting to Rs.0.30 Lakhs and the same are valued at cost.

8. Particulars of Managerial Remuneration (Salary, Allowances,etc.) :

(Amount – Rs. In lakhs)

Particulars	2007-08	2006-07
Managing Director & Other Directors	12.00	9.25



**NOTES FORMING PART OF THE ACCOUNTS**

9. Details of production, Turnover (As certified by the management )

Year	2007-2008			2006-2007		
Name of the Product	Installed Capacity	Operating Capacity	% of capacity Achieved	Installed Capacity	Operating Capacity	% of capacity Achieved
Ciprofloxacin } Enrofloxacin }	150 TPA	90.00 TPA	60.00	150 TPA	109 TPA	72.67
Omeprazole } Op. Sulphide } Op. Magnesium }	80 TPA	78.00 TPA	97.50	50 TPA	45 TPA	90.00
Benzimidazole	120 TPA	96.79 TPA	80.66	120 TPA	90 TPA	75.00
DMPA *	60 TPA	11.38 TPA	18.97	-	-	-
Esomeprazole *	12 TPA	01.04 TPA	8.67	-	-	-

\* Put to use in Jan '08.

b. Details of production, Turnover (As certified by the management )

Description	Production (Qty./Kgs.)		Sales Qty. (Qty./Kgs)		Sales Value (Rs in lacs)	
	2007-08	2006-07	2007-08	2006-07	2007-08	2006-07
Product						
Omeprazole Powder	46374	18303	45918	19714	1096.94	47.65
Benzimidazole	97994	60305	62425	47635	301.45	225.3
Chloro Compound	71442	39400	32503	27735	664.90	583.44
Op. Sulphide	53218	21214	4	1427	0.09	27.52
Op. Magnesium	387	120	524	115	114.58	3.08
Omepraole Pellets	-	-	400	523	1.53	2.06
Omeprazole Sodium	280	-	242	-	9.39	-
Esomeprazole Magnesium	1310	-	1230	-	64.22	-
Others	-	-	-	-	4.80	98.58
<b>Total</b>	-	-	-	-	<b>2157.88</b>	<b>1387.63</b>



**NOTES FORMING PART OF THE ACCOUNTS**

c. Details of Major Raw - Material consumed (As certified by the management)

Description	2007-2008		2006-2007	
	(Qty/Kgs)	Value (Rs. lacs)	Qty./Kgs)	Value (Rs. lacs)
3.5 Lutidine	74760	210.37	45445	172.05
MDC	85151	20.83	150936	56.99
Acetone	110157	65.67	61709	30.62
Acetic Acid	178973	70.58	126370	47.77
Toluene	96147	48.71	43412	21.89
Para Ansidine	66676	54.05	74275	79.19
Methanol	292906	47.40	146650	42.15
DMS	63755	13.97	47592	10.30
APS	136327	79.20	82589	38.42
Other Materials	-	603.22	-	307.19
<b>Total</b>	<b>-</b>	<b>1214.00</b>	<b>-</b>	<b>806.57</b>

d. Value of Imported and indigenous Raw Material consumed (As certified by the Management)  
(Rs. in lacs)

Item	2007-2008		2006-2007	
	Percentage	Value	Percentage	Value
Imported	16.85	204.60	-	-
Indigenous	83.15	1009.40	100.00	806.58
<b>Total</b>	<b>100.00</b>	<b>1214.00</b>	<b>100.00</b>	<b>806.58</b>

10. Contingent Liabilities (As certified by the management)

In the event of the Company making default in adhering to the repayment schedule and other terms and conditions as stipulated by ARCIL for OTS of dues to SBI, ICICI Bank Ltd and SBT, liability may arise equivalent to the entire outstandings transferred to ARCIL including the accrued interest thereon.

11. Amount due to small Scale Industrial Undertaking during the year ended 31.03.2008 could not be identified as specific information regarding SSI Status is not forthcoming from parties.





**CASH FLOW STATEMENT FOR THE YEAR ENDED 31.03.2008**

	Year Ended 31-03-2008	(Rs.in.Lakhs) Year Ended 31-03-2007
<b>Cash Flow from Operating Activities</b>		
Profit/(Loss) as per the Profit & Loss A/c.	111.09	(92.68)
Adjustment for Depreciation	123.13	121.79
Fringe Benefit Tax Provision	0.00	0.00
Interest and financial charges Paid	12.85	4.15
Loss on Sale of Fixed Assets	0.00	0.84
Interest Earned	(0.22)	(0.04)
Operating Profit/(Loss) before working Capital Charges	246.84	34.06
<b>Add Extra-Ordinary Items</b>		
Benefits under OTS-Principal Waiver	0.00	135.89
Insurance Claim Received	0.00	0.00
Interest on Insurance Claim Received	0.00	0.00
Creditors written off	0.00	0.00
Profit before Extra-ordinary items but before working capital charges	246.84	169.95
<b>Adjustments for :</b>		
(Increase)/Decrease in Sundry Debtors	(154.30)	(45.52)
(Increase)/Decrease in Inventories	(88.71)	78.82
Increase/(Decrease) in Current Liabilities	153.51	36.34
(Increase)/Decrease in Loans & Advances & other current assets	22.64	118.43
<b>Cash Generated From Operations</b>	179.98	358.02
Net Cash from Operating Activities	179.98	358.02
<b>Cash flow from Investing Activities</b>		
Purchase of fixed assets including Capital Works in Progress	(69.34)	(25.86)
Proceeds from Sale of fixed assets	0.00	5.13
Interest Earned	0.22	0.04
Deferred Revenue expenditure	0	0.31
Cash used in Investing activities	(69.11)	(20.38)
<b>Cash flow from Financing Activities</b>		
Increase/(Decrease) Loans from Banks/Financial Institutions	0	0.00
Principal and Interest waiver from Banks	0	(135.89)
Increase in Share Application Money	0	0.00
Amount paid under OTS	(230.00)	(265.09)
Increase/(Decrease) in other secured loans	36.86	16.82
Prior period adjustments	1.00	(25.87)
Increase/(Decrease) Unsecured Loans	89.12	74.61
Interest and financial charges Paid	(12.85)	(4.15)
Cash used in financing activities	(115.87)	(339.57)
Net Increase/(Decrease) in Cash & Cash Equivalent	(5.00)	(1.93)
Opening Cash & Cash Equivalent	5.04	6.97
Closing Cash & Cash Equivalent	0.04	5.04

**AUDITORS CERTIFICATE**

We have examined the cash flow statement of M/s Everest Organics Limited, for the year ending 31st March, 2008. The statement has been prepared by the Company in accordance with the requirements of clause 32 of the Listing Agreement with Mumbai Stock Exchange and is based on and is in agreement with the corresponding Profit & Loss Account and Balance sheet of Company by our report of 30.06.2008, to the Members of the Company.

As Per our report even date  
For **P.S.N. Ravi Shankar & Associates**  
**Chartered Accountants**

**P.Ravi Shanker**  
Partner.

Date : 20.06.2008  
Place : HYDERABAD

For and on behalf of the Board  
**EVEREST ORGANICS LIMITED**

Sd/-  
**(Dr.S.K.SRIHARI RAJU)**  
Managing Director

**BALANCE SHEET ABSTRACT AND COMPANY GENERAL BUSINESS PROFILE****I. REGISTRATION DETAILS**

i. Registration No.	:	015426
ii. State code	:	01
iii. Balance Sheet Date	:	31.03.2008

**II. CAPITAL RELEASED DURING THE YEAR (Amount Rs' 000)**

i. Public Issue	:	NIL	ii. Rights	:	NIL
ii. Bonus Issue	:	NIL	iv. Private Placement	:	NIL

**III. POSITION OF MOBILATION AND DEPLOYMENT OF FUNDS (Amount Rs' 000)**

Total Liabilities	:	Rs.233734	Total Assets	:	Rs.233734
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**SOURCES OF FUNDS**

i. Paid up Capital	:	92730	ii. Reserves & Surplus	:	1000
iii. Secured Loans	:	76401	iv. Unsecured Loans	:	24722
v. Share Application Money	:	38881			

**APPLICATION OF FUNDS**

i. Net Fixed Assets	:	128874	ii. Investments	:	845
iii. Net Current Assets	:	(-) 5973	iv. Misc.Expenses	:	-
v. Accumulated Losses	:	109988			

**IV. PERFORMANCE OF THE COMPANY (AMOUNT Rs. '000)**

i. Turnover including other income	:	205660
ii. Total Expenditure	:	199105
iii. Loss before tax	:	11009
iv. Loss after tax	:	9209
v. Earnings per share	:	Rs.0.99
vi. Dividend rate (%)	:	NIL

**V. GENERIC NAMES OF THREE PRINCIPLE PRODUCTS/SERVICES OF THE COMPANY (AS PER MONEY MONETARY TERMS)**

I. Item Code No: (ITC Code)	:	29419003
Product Description	:	CIPROFLOXACIN
II. Item Code No (ITC Code)	:	29420029
Product Description	:	OMEPRAZOLE
III. Item Code (ITC Code)	:	294420090
Product Description	:	BENZIMEDAZOLE



**EVEREST ORGANICS LIMITED**  
ARoor VILLAGE, SADASIVPET MANDAL  
MEDAK DISTRICT,  
ANDHRA PRADESH - 502 291

**PROXY FORM**

I/We \_\_\_\_\_ of \_\_\_\_\_  
\_\_\_\_\_ in the district of \_\_\_\_\_ being  
a member/members of the above named company, hereby appoint \_\_\_\_\_ as may  
proxy to vote for me/us on my/our behalf of the 15<sup>th</sup> Annual General Meeting of the Company to be  
held on Thursday the 30<sup>th</sup> August 2008, at 3 P.M. at the Aroor Village, Sadasivpet Mandal, Medak  
District, Andhra Pradesh - 502 291

Signed this \_\_\_\_\_ day of \_\_\_\_\_ 2008.

Ledger Folio No \_\_\_\_\_ No.of Shares \_\_\_\_\_

Signature \_\_\_\_\_

Affix  
Revenue  
Stamp

Note: The proxy duly completed must be deposited at the Registered Office of the Company not  
less than 48 hours before the time for holding the meeting. A proxy need not be a member

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**EVEREST ORGANICS LIMITED**  
ARoor VILLAGE, SADASIVPET MANDAL  
MEDAK DISTRICT,  
ANDHRA PRADESH - 502 291

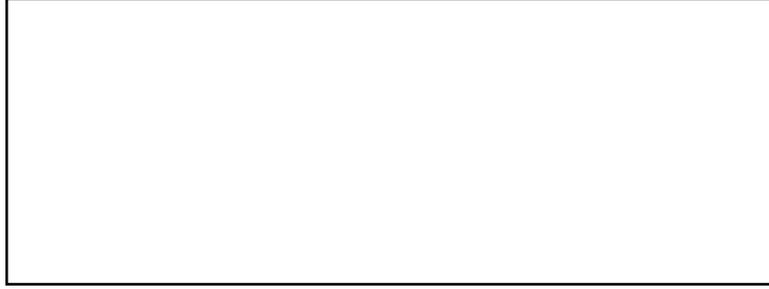
**ATTENDANCE SLIP**

I hereby record my presence at the 15<sup>th</sup> Annual General Meeting of Everest Organics Limited at  
the Aroor Village, Sadasivpet Mandal, Medak District, Andhra Pradesh - 502 291 on Thursday the  
30<sup>th</sup> August 2008, at 3 P.M.

1. Full Name of the Member : \_\_\_\_\_  
(in Block Letters)
2. Full Name of the Proxy : \_\_\_\_\_
3. Ledger Folio No. : \_\_\_\_\_
4. Number of Shares Held : \_\_\_\_\_

NOTE: Members attending must fill in this attendance slip and hand it over at the entrance of  
the venue of the meeting.

**PRINTED MATTER  
BOOK - POST**



*If Undelivered, please return to:*

**EVEREST ORGANICS LIMITED**

Corporate Office: 8-3-214/50

Srinivas Colony (West)

Opp.MCH Park, Madhura Nagar

Hyderabad - 500 038.