

Ref: JPNK/PK/SL/15/2013

Date: February 18, 2013

1.	National Stock Exchange of India Limited Exchange Plaza Plot No. C/1, G Block Bandra - Kurla Complex Bandra (E), Mumbai - 400 051 Tel: 2659 8452 Fax No.: 2659 8237-38 & 26598347/48.	2.	Bombay Stock Exchange Limited Corporate Relationship Department 1 st Floor, Pheroze Jeejeebhoy Towers Dalal Street, Fort Mumbai -400001. Fax: 022-2272 2082/3121/2037/2041/3719/2039/2061.
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Sub: Letter dated February 15, 2013, received from the Everest Staff Welfare Trust disclosing details of the employee welfare scheme instituted by it

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Sub: SEBI Circular No. CIR/CFD/DIL/3/2013 dated January 17, 2013

Dear Sirs,

This is with reference to the captioned subject.

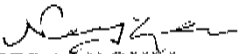
In connection with the requirement under paragraph 6(i) of the SEBI Circular No. CIR/CFD/DIL/3/2013 dated January 17, 2013 (the "**SEBI ESOP Circular**"), we are hereby forwarding the enclosed disclosure, sent to us on behalf of the Everest Staff Welfare Trust (the "**ESWT**"), for your reference and records.

Please note that the scheme whose details are disclosed herein have not been framed by Everest Industries Limited (the "**Company**"). It has been instituted and is administered by the ESWT - an independent trust which is an independent public shareholder of the Company.

This disclosure is being made by way of abundant caution, and without any prejudice to any submission by the Company or ESWT as to the applicability of the SEBI ESOP Circular to the scheme.

Thanking you,

Yours faithfully,
For EVEREST INDUSTRIES LIMITED


NEERAJ KOHLI
COMPANY SECRETARY & HEAD - LEGAL

Encl: As above.

CC: Everest Staff Welfare Trust
21, Shankar Vihar, Vikas Marg
New Delhi - 110092

Everest Industries Limited

Complex A-32, Mohan Cooperative Industrial Estate, Mathura Road, New Delhi-110 044, India
Tel: +91 11 4173191/50 Fax: +91 11 46566370 Helpline: 09950037777 info@everestind.com www.everestind.com
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EVEREST STAFF WELFARE TRUST

21, Shankar Vihar, Vikas Marg, New Delhi 110092 TEL: 91-11-23460990 FAX: 91-11-22508300

February 15, 2013

To
Everest Industries Limited
Gat No 152
Lakhimpur
Tahuka Dindori
Nashik
Maharashtra - 422 202

Re: Securities and Exchange Board of India Circular No. CIR/CFD/DIL/3/2013 dated January 17, 2013 (the "SEBI Circular")

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Re: Disclosure of details of the employee welfare scheme instituted by the Everest Staff Welfare Trust

Dear Sir,

This is with reference to the captioned matter. At the outset, we the Everest Staff Welfare Trust (the "ESWT"), for the reasons set forth in detail below, wish to record that the said SEBI Circular would not be applicable to the ESWT. This disclosure is being made only as a matter of transparency and without prejudice to our position as stated below.

A. BACKGROUND

1. Everest Finvest (India) Private Limited ("EFIPL"), an erstwhile promoter of Everest Industries Limited (the "Company"), acquired 7,400,020 equity shares, representing approximately 50% of the equity share capital of the Company, from Associated Cement Companies Limited ("ACCL") by way of a share purchase agreement dated October 14, 2005.
2. Simultaneously with the aforesaid transaction, ACCL agreed to transfer a further 1,480,000 equity shares, representing approximately 10% of the equity share capital of the Company, to be applied for the benefit of the employees of the Company (the "Employee Shares").
3. The acquisition of the Employee Shares was made in an off-market transaction by the Everest Staff Welfare Trust (the "ESWT"), which was settled by EFIPL on February 8, 2006 to apply the trust property for the benefit of the employees of the Company. This acquisition was financed by ESWT through a loan obtained from EFIPL, which loan has since been paid off in entirety through the sale of 6,53,122 shares owned by ESWT at the prevailing market price.



4. ESWT periodically announces schemes in terms of which it grants employees of the Company the option to purchase the Employee Shares. ESWT has instituted four schemes till date for the benefit of the employees, of which three are no longer operational and have closed. ESWT has transferred the following Employee Shares under these three schemes.

Serial No.	Name of Scheme	Number of Shares Transferred
1.	Scheme of Offer - I	3,25,400 Equity Shares
2.	Scheme of Offer - II	65,000 Equity Shares
3.	Scheme of Offer - III	1,00,000 Equity Shares

5. The Scheme of Offer - IV (the "Scheme") is currently operational and all of the remaining 336,478 Employee Shares held by ESWT have been earmarked to eligible employees of the Company under this Scheme.
6. Except for the above, ESWT has not in the past, and will not in the future, deal in the Shares of the Company on the secondary market.
7. We hereby submit that the requirements specified in the Securities and Exchange Board of India Circular No. CIR/CFD/DIL/3/2013 dated January 17, 2013 (the "SEBI ESOP Circular") do not apply to ESWT or the Scheme for the following reasons:

- (i) Paragraph 1 of the SEBI ESOP Circular states that the Securities and Exchange Board of India (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999 (the "SEBI ESOP Guidelines") were issued to enable listed companies to reward employees within a prescribed regulatory framework. Further, Paragraph 2 of the SEBI ESOP Circular notes that listed companies have been framing employee benefit schemes, involving the setting up of trusts to deal in the securities of such company on the secondary market, in a manner not contemplated by the SEBI ESOP Guidelines.

The Scheme has been instituted by an independent public shareholder of the Company, i.e. ESWT, and not by the Company itself. The Company did not settle ESWT and is not involved in the framing of ESWT's schemes. ESWT is not a listed company and, therefore, the Scheme is not governed by the SEBI ESOP Guidelines. Therefore, the question of applicability of the SEBI ESOP Guidelines does not arise.

- (ii) Paragraph 3 of the SEBI ESOP Circular notes the apprehension of the Securities and Exchange Board of India (the "SEBI") that listed companies may frame employee benefit schemes "with the purpose of dealing in its own securities with the object of inflating, depressing, maintaining or causing fluctuation in the price of the securities by engaging in fraudulent and unfair trade practices." The SEBI ESOP Circular notes that such dealing may constitute violations under the SEBI

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(Prohibition of Fraudulent and Unfair Trade Practices relating to the Securities Market) Regulations, 2003 and SEBI (Prohibition of Insider Trading) Regulations, 1992

Given that the Company did not settle ESWT, is not involved in the framing of ESWT's schemes and since ESWT is an independent third party public shareholder of the Company, there is no question of the Scheme being framed with a view of the Company dealing in its own securities.

ESWT has not acquired any shares in the secondary market. Its initial corpus was acquired from ACCIL as part of a larger transaction, and was an off-market transaction.

ESWT has sold part of its initial corpus in order to repay the loan it obtained from EFPII, to fund the acquisition of the initial corpus. These transactions were at the prevailing market price. All other transfers have been made to employees of the Company by way of off-market transfers, and in accordance the terms and conditions of the schemes instituted by the ESWT. It has not undertaken any further sale of shares, either on or off the market.

Therefore, there is no scope for ESWT to deal in the shares of the Company with a view to inflate, depress, maintain or cause fluctuation in the prices of the shares.

In light of the above, there is no risk of the Scheme resulting in any practice that would constitute a fraudulent or unfair trade practice, or amount to insider trading.

- (iii) Paragraph 4 of the SEBI ESOP Circular provides that the SEBI has decided to prohibit listed companies from framing employee benefit schemes involving acquisitions of shares of such companies from the secondary market.

As stated above, the Company has not settled ESWT or framed the Scheme. Further, the Scheme framed by ESWT does not involve the acquisition of shares of the Company from the secondary market.

- (iv) Paragraph 5 of the SEBI ESOP Circular amends the equity listing agreement to reflect the above decision of the SEBI.

Since ESWT is an independent trust and not a listed entity or a trust set up by a listed entity, the provisions of the equity listing agreement (including Clause 35C) are not applicable to ESWT, including with respect to the operation of the Scheme.

- (v) It is further submitted that the SEBI ESOP Circular is not intended to affect private arrangements between shareholders of a listed company, which arrangements have not originated from or been incentivized by the listed company. Therefore, the SEBI ESOP Circular has no application to the Employee Shares presently held by ESWT which have all been earmarked in favour of

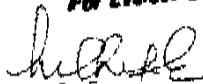
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employees of the Company on a *bona fide* basis and in accordance with the law prevailing at the time.

- (v) To the extent that the SEBI ESOP Circular seeks to address independent shareholder trusts or has retrospective effect, it would be *ultra vires* the Securities and Exchange Board of India Act, 1992. Accordingly, to ensure a harmonious and constructive interpretation, it is our understanding that the SEBI Circular will not be applicable to ESWT or the Scheme.
8. Paragraph 6 of the SEBI ESOP Circular requires listed companies which have already framed and implemented employee benefit schemes involving dealing in their securities to: (i) notify the stock exchanges of the details of such schemes within 30 days of the date of the SEBI ESOP Circular, as well as disseminate this information on their websites; and (ii) align their schemes with the SEBI ESOP Guidelines on or before June 30, 2013.
9. In light of the submissions made in paragraph 7 above, it is submitted that the SEBI ESOP Circular does not apply to ESWT or the Scheme. Therefore, the requirement under paragraph 6(ii) of the SEBI ESOP Circular requiring listed companies to align their employee benefit schemes with the SEBI ESOP Guidelines does not apply to the ESWT or the Scheme.
10. It may also be noted that Paragraph 6(i) of the SEBI ESOP Circular does not apply to ESWT either. However, in the interests of transparency, and pursuant to a request from the Company, please see enclosed the details of the Scheme as Annexure - A for onward submission to the stock exchanges, as required.
11. Please note that this information is provided without prejudice to the aforesaid submissions as to the non-applicability of the SEBI ESOP Circular and the SEBI ESOP Guidelines to the Scheme.

Thanking you,
Yours faithfully,

For EVEREST STAFF WELFARE TRUST
For Everest Staff Welfare Trust



Trustee

M. L. Gupta
Trustee

ANNEXURE - A

Format for furnishing the details of employee benefit schemes involving dealings in secondary market, not covered under SEBI (ESOS and ESPS) Guidelines 1999

1. Name of the Issuer:	Everest Industries Limited (the "Company")
	<p><i>Note:</i> The equity shares of Rs. 10/- (Rupees Ten only) each of the Company (the "Employee Shares") were acquired by an independent shareholder trust, namely the Everest Staff Welfare Trust ("ESWT"), through a private arrangement and not pursuant to an issuance by the Company or through dealings in the secondary market.</p>
2. Name of the Scheme	Scheme of Offer-IV (the "Scheme")
	<p><i>Note:</i> The Scheme has been instituted by ESWT. ESWT is a trust settled by an erstwhile promoter of the Company viz. Everest Finvest (India) Private Limited ("EFIPIL"). The Trust holds the Employee Shares, which it has acquired at the time of settlement from an exiting shareholder of the Company, Associated Cement Companies Limited, pursuant to a loan given by the incoming EFIPIL.</p>
	<p>ESWT periodically announces schemes in terms of which it gives employees of the Company the option to purchase the Employee Shares held by it. The timing and content of these schemes are determined by the trustees themselves. Further, the trustees determine the eligible employees to whom grants should be made, after requisite consultation as it deems necessary.</p>
	<p>ESWT has announced three schemes in the past which are not in operation and have lapsed. ESWT currently does not hold any free Employee Shares earmarked under these schemes.</p>
	<p>All existing Employee Shares have been earmarked in favour of employees of the Company under the Scheme.</p>
	<p>ESWT has not in the past, and will not, in the future, purchase shares on the secondary market.</p>
3. Date of implementation	15.01.2013
4. Mode of Implementation (Trust/Direct)	<p>The Scheme has been instituted, and is administered, by an independent trust, i.e. ESWT. The trustees of ESWT are not related to the promoters of the Company.</p>

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Brief particulars about the Scheme (modus operandi)	Please see response to (2) above for brief particulars of the Scheme
Details of Trust, Trustees, and their relationship with Promoters or Directors of the company	<p>Date of settlement of ESWT: 08.03.2006</p> <p>Purpose of the Trust : ESWT was settled to provide benefits to the employees of the Company.</p> <p>Details of Current Trustees:</p> <p>The trustees of ESWT are:</p> <ol style="list-style-type: none"> 1. Mr. Suhail Nathani (independent trustee) 2. Mr. Jagdish Sagar (independent trustee) 3. Mr. Dilip Swadi (independent trustee) 4. Mr. Muralihal Gupta (independent trustee, also a non-promoter and non-executive director of the Company) <p>ESWT is an independent trust, and the trustees of ESWT are not related to the promoters of the Company</p> <p>Except for Mr. Muralihal Gupta, who is a non-executive director, the trustees are not related to the directors of the Company.</p>
6. Whether promoters/persons belonging to the promoter group/directors, are also beneficiaries in the scheme. If so, the details thereof and their entitlements	<p>None of the promoters or members of the promoter group are beneficiaries under the Scheme</p> <p>Two non-promoter and executive directors of the Company are beneficiaries under the Scheme, namely:</p> <ol style="list-style-type: none"> 1. Mr. Manish Sanghi (Managing Director) - 75,000 Employee Shares earmarked under the Scheme. 2. Mr. V.S. Rao (Whole-Time Director) - 50,000 Employee Shares earmarked under the Scheme.
7. No. of shares held by Trust/any other agency managing the scheme as on the date of the circular	336,478 Employee Shares of the Company.

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8. How the Trust/agency is proposing to deal with the existing holding (whether to be transferred to the employees, or to be sold in the market for transferring the benefits to the employees, if so, details regarding proposed date of such transfer or sale shall be given) Such date shall not be later than June 30, 2013

Not applicable for the reasons stated in the covering letter.

9. Details of persons who are entitled to shares or benefits accruing out of the shares, which form part of more than 1 percent of the paid up share capital, as on the date of the circular in the following format: None

Name of the employee	Whether falling under Promoter/ promoter group/ directors	No. of entitled shares	% of such entitlement over the paid-up share capital	No. of shares transferred/ allotted to them/ benefits of which is passed on to them out of
(1)	(2)	(3)	(4)	(5)
NIL				

10. Details of secondary market purchases/sales by the company/Trust/ any other agency managing the scheme if any, since April 01, 2012: None

Sr. No.	Date/ Time	Type of Transaction (Purchase/Sale)	No. of Securities	Price at which Purchased/ Sold
NIL				

For Everest Staff Welfare Trust

[Handwritten Signature]

Trustee