

## Everest Industries Ltd.

Instrument	Amount Rated (Rs. Crore)	Rating Action
Fund based Limits	190 (enhanced from 163)	[ICRA]A+ (Negative)/ [ICRA]A1 (Rating reaffirmed; outlook changed from 'Stable')
External Commercial Borrowings (ECB)	\$8.4 million (revised from \$14.8 million)	[ICRA]A+ (Negative) (Rating reaffirmed; outlook changed from 'Stable')
Working Capital Term Loan	74.2	[ICRA]A+ (Negative)/ [ICRA]A1 (Assigned)
Non Fund Based Limits	300 (enhanced from 250)	[ICRA]A1 (Reaffirmed)
Commercial Paper	40	[ICRA]A1 (Reaffirmed)

ICRA has re-affirmed its long-term rating of [ICRA]A+ (pronounced ICRA A plus) and its short term rating of [ICRA]A1 (pronounced ICRA A one) on the Rs. 490 Cr. bank lines of Everest Industries Limited (EIL).<sup>†</sup> ICRA has also reaffirmed its long term rating of [ICRA]A+ (pronounced ICRA A plus) on the 8.4 million \$ ECB and its rating of [ICRA]A1 (pronounced ICRA A one) on the Rs. 40 Cr. Commercial Paper facility of EIL. ICRA has assigned a rating of [ICRA]A+(negative)/[ICRA]A1 on the Rs. 74.2 Cr. working capital term loan of EIL. The outlook on the long term rating has been revised to 'Negative'.

The revision in outlook takes into account the sub-par performance of both the divisions i.e. Building Products and PEB during H1 FY17 which has impacted the top line as well as profitability from operations. While the building products was primarily impacted by low export volumes and a one time major expenditure on 'Project Parivartan', losses in the PEB segment arose due to increase in the prices of steel post the imposition of MIP by Government of India. While revising the outlook, ICRA also factors in the short term impact of the recent demonetization of Indian currency which may impact offtake and pricing of FC sheets.

The ratings, however continue to factor in the established position of EIL in the domestic fibre cement (FC) industry backed by its strong brand, distribution capabilities and geographic spread of its plants enabling better customer reach. ICRA continues to positively factor in the diversification of revenues owing to the presence of PEB division which accounts for ~35% of the turnover. The ratings also factor in the healthy financial profile of EIL as reflected by healthy profitability margins, comfortable capital structure and strong coverage indicators. In ICRA's view the demand in both the divisions is expected to be robust over the medium to long term which will help EIL in improvising its scale of operations.

The ratings continue to be tempered by vulnerability of both the businesses to cyclical trends in the main consuming segments (real estate, construction and rural housing) and high competitive intensity of the industry which besides exerting pressure on EIL's margins, limits its ability to pass on cost increases to customers. The ratings are also constrained by threats of restrictions on the usage of asbestos in the domestic market as well as restrictions on mining of asbestos in asbestos producing countries (as asbestos is imported) in the long term which can affect EIL's business. The profitability of the company continues to be vulnerable to variations in the prices of key raw materials of any adverse fluctuations in exchange rates.

Going forward, with the monsoons being on expected lines, the roofing segment is expected to generate sufficient demand, however owing to the demonetisation initiative of Government of India, there may be some deferment in demand. The PEB division is expected to report satisfactory performance during H2 FY17 driven by healthy order book and execution of past orders which had not factored in for the increased steel prices. The ability of the company to report healthy top line, improve profitability from operations and maintain comfortable debt protection metrics would be the key rating sensitivities.

<sup>†</sup> For complete rating scale and definitions, please refer to ICRA's website [www.icra.in](http://www.icra.in) or other ICRA Rating Publications

**Company Profile**

Incorporated in 1934, EIL is an established player in the domestic Fibre Cement (FC) sheet industry with experience of over seven decades of operations. The company's operations can be classified into two divisions – 'Building Products' and 'Steel Buildings/PEB'. Building products division includes products for providing roofing solutions (asbestos as well as non-asbestos fibre cement sheets), ceiling solutions, wall solutions, floor solutions, cladding solutions and door solutions. The Steel buildings divisions provides end to end solutions from designing, manufacturing to installation of steel buildings mainly used for industrial buildings and warehouses. EIL has a capacity of 8,65,000 MTPA for Building Products and 72,000 MTPA for Steel Buildings.

**Recent Results**

In FY16, EIL reported an operating income of Rs. 1313 crore and net profit of Rs. 35.31 crore as against an operating income of Rs. 1231 crore and net profit of Rs. 34.21 crore. For 6M FY17, the company reported profit after tax of Rs. 2.41 crore on an operating income of Rs. 580 crore as against profit after tax of Rs. 20.65 crore on an operating income of Rs. 694 crore for 6M FY16.

**December 2016**

*For further details please contact:*

**Analyst Contacts**

**Mr. Sabyasachi Majumdar** (Tel No +91-124-4545-304)  
sabyasachi@icraindia.com

**Mr. Jatin Arya** (Tel No +91 124 4545313)  
jatin.arya@icraindia.com

**Relationship Contacts**

**Mr. Jayanta Chatterjee** (Tel No +91-80-4332-6401)  
jayantac@icraindia.com

© Copyright, 2016, ICRA Limited. All Rights Reserved  
Contents may be used freely with due acknowledgement to ICRA

ICRA ratings should not be treated as recommendation to buy, sell or hold the rated debt instruments. ICRA ratings are subject to a process of surveillance, which may lead to revision in ratings. An ICRA rating is a symbolic indicator of ICRA's current opinion on the relative capability of the issuer concerned to timely service debts and obligations, with reference to the instrument rated. Please visit our website [www.icra.in](http://www.icra.in) or contact any ICRA office for the latest information on ICRA ratings outstanding. All information contained herein has been obtained by ICRA from sources believed by it to be accurate and reliable, including the rated issuer. ICRA however has not conducted any audit of the rated issuer or of the information provided by it. While reasonable care has been taken to ensure that the information herein is true, such information is provided 'as is' without any warranty of any kind, and ICRA in particular, makes no representation or warranty, express or implied, as to the accuracy, timeliness or completeness of any such information. Also, ICRA or any of its group companies may have provided services other than rating to the issuer rated. All information contained herein must be construed solely as statements of opinion, and ICRA shall not be liable for any losses incurred by users from any use of this publication or its contents.

**Registered Office****ICRA Limited**

1105, Kailash Building, 11th Floor, 26, Kasturba Gandhi Marg, New Delhi 110001  
Tel: +91-11-23357940-50, Fax: +91-11-23357014

**Corporate Office****Mr. Vivek Mathur**

Mobile: +91 9871221122

Email: [vivek@icraindia.com](mailto:vivek@icraindia.com)

Building No. 8, 2nd Floor, Tower A, DLF Cyber City, Phase II, Gurgaon 122002  
Ph: +91-124-4545310 (D), 4545300 / 4545800 (B) Fax; +91- 124-4050424

**Mumbai****Mr. L. Shivakumar**

Mobile: +91 9821086490

Email: [shivakumar@icraindia.com](mailto:shivakumar@icraindia.com)

3rd Floor, Electric Mansion  
Appasaheb Marathe Marg, Prabhadevi  
Mumbai—400025,  
Board : +91-22-61796300; Fax: +91-22-24331390

**Kolkata****Mr. Jayanta Roy**

Mobile: +91 9903394664

Email: [jayanta@icraindia.com](mailto:jayanta@icraindia.com)

A-10 & 11, 3rd Floor, FMC Fortuna  
234/3A, A.J.C. Bose Road  
Kolkata—700020  
Tel +91-33-22876617/8839 22800008/22831411,  
Fax +91-33-22870728

**Chennai****Mr. Jayanta Chatterjee**

Mobile: +91 9845022459

Email: [jayantac@icraindia.com](mailto:jayantac@icraindia.com)

5th Floor, Karumuttu Centre  
634 Anna Salai, Nandanam  
Chennai—600035  
Tel: +91-44-45964300; Fax: +91-44 24343663

**Bangalore****Mr. Jayanta Chatterjee**

Mobile: +91 9845022459

Email: [jayantac@icraindia.com](mailto:jayantac@icraindia.com)

'The Millenia'  
Tower B, Unit No. 1004, 10th Floor, Level 2 12-14, 1 & 2,  
Murphy Road, Bangalore 560 008  
Tel: +91-80-43326400; Fax: +91-80-43326409

**Ahmedabad****Mr. L. Shivakumar**

Mobile: +91 9821086490

Email: [shivakumar@icraindia.com](mailto:shivakumar@icraindia.com)

907 & 908 Sakar -II, Ellisbridge,  
Ahmedabad- 380006  
Tel: +91-79-26585049, 26585494, 26584924; Fax:  
+91-79-25569231

**Pune****Mr. L. Shivakumar**

Mobile: +91 9821086490

Email: [shivakumar@icraindia.com](mailto:shivakumar@icraindia.com)

5A, 5th Floor, Symphony, S.No. 210, CTS 3202, Range  
Hills Road, Shivajinagar, Pune-411 020  
Tel: + 91-20-25561194-25560196; Fax: +91-20-  
25561231

**Hyderabad****Mr. Jayanta Chatterjee**

Mobile: +91 9845022459

Email: [jayantac@icraindia.com](mailto:jayantac@icraindia.com)

4th Floor, Shobhan, 6-3-927/A&B. Somajiguda, Raj  
Bhavan Road, Hyderabad—500083  
Tel:- +91-40-40676500