

March 19, 2025

<b>1</b>	<b>National Stock Exchange of India Limited</b> Exchange Plaza Plot No. C/1, G Block Bandra – Kurla Complex Bandra (E), Mumbai – 400 051 Scrip Code: EVERESTIND	<b>2</b>	<b>BSE Limited</b> Phiroze Jeejeebhoy Towers Dalal Street, Mumbai – 400 001. Scrip Code: 508906
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**Subject: Intimation of Revision of credit ratings by Crisil Ratings**

Dear Sir/Madam,

Pursuant to the Regulation 30 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, we wish to inform you that Crisil Ratings vide its Rating Rationale dated March 19, 2025, has revised the credit rating on Company's Long Term Bank Facilities and reaffirmed rating on Short Term Bank Facilities as under:

<b>Rating/Facilities</b>	<b>Revised Rating</b>	<b>Rating Action</b>
Long Term Rating	Crisil A / Negative	Downgraded from 'Crisil A+'; and Outlook revised from 'Stable'
Short Term Rating	Crisil A1	Crisil A1 (Reaffirmed)
Total Bank Loan Facilities Rated	Rs. 440 crores	

A copy of Crisil Rating Rationale dated March 19, 2025 is enclosed.

This is for your information and records.

Thanking you,

Yours faithfully,

For **Everest Industries Limited**

**Amruta Avasare**  
**Company Secretary & Compliance Officer**  
**Membership No: A18844**

Encl: A/a

## Rating Rationale

March 19, 2025 | Mumbai

### Everest Industries Limited

*Long-term rating downgraded to 'Crisil A/Negative'; Short-term rating reaffirmed*

#### Rating Action

Total Bank Loan Facilities Rated	Rs.440 Crore
Long Term Rating	Crisil A/Negative (Downgraded from 'Crisil A+/Stable')
Short Term Rating	Crisil A1 (Reaffirmed)

*Note: None of the Directors on Crisil Ratings Limited's Board are members of rating committee and thus do not participate in discussion or assignment of any ratings. The Board of Directors also does not discuss any ratings at its meetings.*

*1 crore = 10 million*

*Refer to Annexure for Details of Instruments & Bank Facilities*

#### Detailed Rationale

Crisil Ratings has downgraded its rating on the long-term bank facilities of Everest Industries Limited (EIL) to '**Crisil A/Negative**' from 'Crisil A+/Stable' while reaffirmed the short-term rating at 'Crisil A1'.

The rating downgrade reflects the longer than expected recovery in the business risk profile marked by lower-than-expected profitability in fiscal 2024 which is likely to stay low in fiscal 2025 as well. As against Crisil's earlier expectations of ~4-5% operating profitability in FY25, the company has reported 1.6% EBITDA margins in 9M'25 on account of lower-than-expected ramp up in Boards and Panel (B&P) segment which led to lower fixed cost absorption and execution of low margin Pre-Engineered Building (PEB) contracts. Although the topline is expected to improve in line with Crisil's expectations, Net Cash Accruals will get impacted on account of lower operating profitability. Over the medium term, 300-400 bps improvement in margin is expected with ramp up in Building Products (BP) segment (including Asbestos Roofing and B&P segments) and focus on higher margin PEB orders in addition to continued efforts of the management in cost cutting and process optimization.

Further, the company has added new suppliers for asbestos which has reduced its dependence on Russian suppliers and de-risked the supply chain. It has also focused on increasing its footprint in the Boards and Panels segment, which is relatively higher margin fetching business. Healthy double digit revenue growth and improvement in profitability will remain key monitorable going forward.

Financial risk profile is marked by a healthy networth of above ~Rs 580-600 crore and a gearing of 0.3-0.4 times. Owing to subdued operating profitability, interest coverage is expected to moderate to ~3.3 times in fiscal 2025 (5.7 times in fiscal 2024 and 12.3 times in fiscal 2023). Net cash accruals estimated at ~36-40 crore in fiscal 2025 should be adequate to meet capital expenditure and working capital requirements partially in the absence of any term debt repayment.

Capex of Rs 169 crore in the B&P plant (of the total Rs 187 crore) was incurred over fiscals 2024 and YTD fiscal 2025. For the same, debt of Rs 95 crore has been availed till the third quarter of fiscal 2025. Going forward, improvement in profitability and net accruals will be a key monitorable as repayments of existing loans will start (Rs.5-7 crore in fiscal 2027 and Rs.12-15 crore in fiscal 2028). Further, the company has capex plans of ~Rs. 160-170 crore (including Rs. 138 crores for new B&P plant at Assam and ~Rs. 25 crores for the recently commenced B&P plant at Karnataka) for which additional finance will be undertaken.

The ratings continue to reflect EIL's established position in the domestic Asbestos Cement (AC) roofing and boards & panel market and increasing diversity in revenue mix. These strengths are partially offset by exposure to intense competition in the AC roofing and PEB businesses in India, and volatility in operating margin. Besides, the AC roofing business is subject to regulatory risks pertaining to the manufacture/use of asbestos in India, and key asbestos-producing nations (as the raw material is fully imported) and the same remains a monitorable.

#### Analytical Approach

For arriving at the ratings, Crisil Ratings has combined the business and financial risk profiles of EIL and its wholly owned subsidiaries.

Please refer Annexure - List of Entities Consolidated, which captures the list of entities considered and their analytical treatment of consolidation.

## **Key Rating Drivers & Detailed Description**

### **Strengths:**

- **Established position in the domestic AC roofing segment:** Backed by track record of 90 years and a wide pan-India reach, EIL is one of India's largest manufacturers of AC roofing sheets. It has a well-established brand in the rural market, supported by a strong distribution network of about 11,000 retail outlets and over 32 sales depots. Strategic location of plants across the country help enhance overall market reach and enable the group to compete effectively with regional players. This is reflected in its increased market share over the past two years.
- **Increase diversification in revenue mix:** Everest Industries Limited started primarily as an asbestos roofing player. However, to pursue growth, they had diversified into PEB segment whose share is currently at ~30-35-% of overall revenues compared to 19-20% 5 years back. Further, the company has also been ramping up its presence in the Board and Panels segment (part of BP division) which is expected to have a better margin profile as the clientele is primarily urban in nature. EIL has increased its capacity in the B&P segment by 91,000 MT in fiscal 2024. Furthermore, a capex of Rs.138 crore to set up B&P plant in Assam to increase their footprint in Eastern markets is also announced by the company.

### **Weaknesses:**

- **Dependence on rural spending, and exposure to intense competition from peers and substitute products:** Demand for AC roofing is derived from household construction in rural areas and investment in industrial construction. This exposes the Everest group to fluctuations in rural purchasing power and change in economic cycles. The group also faces intense competition not only from other strong AC roofing players but also from manufacturers of galvanised iron (GI) roofing sheets that are seen as a viable alternative. Any sharp decline in price of GI sheets will impact demand for AC sheets.

Prices of key raw materials for AC roofing and PEBs - asbestos and steel, respectively - form ~50-60% of the total input cost; hence, the operating margin remains vulnerable to any sharp price volatility or currency fluctuations as seen in the recent past. However, the company has started sourcing asbestos from suppliers in Brazil and Kazakhstan apart from the older supplier in Russia which will help the company in keeping the raw material prices in check. Overall, the ability of the company to pass on increase raw material costs to end customers remains low in BP segment. Some contracts in SB business have price escalation clauses, however a large number are fixed priced in nature impacting profitability in case of sudden spikes in raw material prices.

- **Exposure to regulatory ban on manufacture or use of asbestos in end-user markets and key asbestos-producing nations:** As sale of all roofing products account for more than 50% of revenue, the company remains vulnerable to risk of a ban on mining of asbestos in Russia, Brazil, and Kazakhstan (the largest exporters of the mineral) and use of the same in end-user market. Canada which was among the world's largest producers, have already banned mining and sale of asbestos in 2018. This led to a spike in asbestos prices. In India too, only white asbestos (known as chrysotile) fibre is used, as blue and brown asbestos have been banned. Furthermore, all forms of asbestos mining are banned in the country. Regulatory changes concerning asbestos mining and usage will remain a key monitorable.

### **Liquidity: Adequate**

Liquidity remains comfortable with a sufficient cushion in bank limits and availability of sufficient drawing power. Fund-based limit of Rs.200 crores, remained utilized at an average of 44% over the past 6 months ending February 2025. Further, the company is also exploring to monetize its non-core assets. Unencumbered cash balance stood at ~Rs. 4-5 crore as on February 28, 2025.

### **Outlook: Negative**

Crisil Ratings believes a slower than expected recovery in operating performance might impact on the business risk profile of the company and will also negatively impact on the financial risk profile.

### **Rating sensitivity factors**

#### **Upward factors**

- Healthy revenue growth and operating profitability improving to over 8-9% on a sustained basis
- Sustaining comfortable capital structure along with healthy liquidity

#### **Downward factors:**

- Weakening of business performance and inability to improve operating margin above 5%, resulting in lower-than-expected cash accruals
- Significant increase in debt due to higher-than-expected capex or sizeable stretch in the WC cycle, leading to a sharp rise in gearing

### **About the Company**

Incorporated in 1934, EIL is one of India's largest manufacturers of AC roofing. The company has also diversified into non-asbestos building products (roofing sheets, flooring, cladding, and other boards); and design, manufacture, and erection of

PEBs. It has eight plants across India.

Income from AC roofing and non-asbestos building products currently accounts for around 67% of total revenue, while the PEB segment accounts for the balance. The company has an installed production capacity of 10,76,000 tonne per annum (tpa) for conventional building products (including AC roofing) and 54,000 tpa for PEBs.

For the nine months ended December 31, 2024, revenue was Rs 1,270 crore and PAT loss of Rs 11 crore, against Rs 1,143 crore and net profit of Rs 13 crore, respectively, for the corresponding period of the previous fiscal.

#### Key Financial Indicators (Consolidated)

As on March 31,	Unit	2024	2023
Revenue from operations	Rs. Cr	1,575	1,648
PAT	Rs. Cr	18	42
PAT margin	%	1.1	2.6
Adjusted debt/adjusted networth	Times	0.08	0.11
Interest Coverage	Times	5.65	12.26

**Any other information:** Not Applicable

#### Note on complexity levels of the rated instrument:

Crisil Ratings' complexity levels are assigned to various types of financial instruments and are included (where applicable) in the 'Annexure - Details of Instrument' in this Rating Rationale.

Crisil Ratings will disclose complexity level for all securities - including those that are yet to be placed - based on available information. The complexity level for instruments may be updated, where required, in the rating rationale published subsequent to the issuance of the instrument when details on such features are available.

For more details on the Crisil Ratings' complexity levels please visit [www.crisilratings.com](http://www.crisilratings.com). Users may also call the Customer Service Helpdesk with queries on specific instruments.

#### Annexure - Details of Instrument(s)

ISIN	Name Of Instrument	Date Of Allotment	Coupon Rate (%)	Maturity Date	Issue Size (Rs.Crore)	Complexity Levels	Rating Outstanding with Outlook
NA	Cash Credit	NA	NA	NA	145.00	NA	Crisil A/Negative
NA	Letter of Credit <sup>&amp;</sup>	NA	NA	NA	240.00	NA	Crisil A1
NA	Letter of Credit <sup>#</sup>	NA	NA	NA	55.00	NA	Crisil A1

*&Fully Interchangeable with bank guarantee*

*#Fully interchangeable with Cash Credit and Bank Guarantee (Fund based)*

#### Annexure – List of Entities Consolidated

Names of Entities Consolidated	Extent of Consolidation	Rationale for Consolidation
Everest Industries Limited	Full	Parent
Everest Building Products (Mauritius)	Full	Subsidiary
Everest Buildpro Private Limited	Full	Subsidiary
Everest Steel Building Private Limited	Full	Subsidiary

#### Annexure - Rating History for last 3 Years

		Current		2025 (History)		2024		2023		2022		Start of 2022
Instrument	Type	Outstanding Amount	Rating	Date	Rating	Date	Rating	Date	Rating	Date	Rating	Rating
Fund Based Facilities	LT	145.0	Crisil A/Negative		--	24-09-24	Crisil A+/Stable	04-04-23	Crisil A+/Stable	28-02-22	Crisil A+/Stable	Crisil A+/Stable
					--	12-03-24	Crisil A+/Stable		--		--	--
Non-Fund Based Facilities	ST	295.0	Crisil A1		--	24-09-24	Crisil A1	04-04-23	Crisil A1	28-02-22	Crisil A1	Crisil A1

			--		--	12-03-24	Crisil A1		--		--	--
<b>Commercial Paper</b>	ST		--		--		--		--	28-02-22	Withdrawn	Crisil A1

All amounts are in Rs.Cr.

#### Annexure - Details of Bank Lenders & Facilities

Facility	Amount (Rs.Crore)	Name of Lender	Rating
Cash Credit	30	Kotak Mahindra Bank Limited	Crisil A/Negative
Cash Credit	30	HDFC Bank Limited	Crisil A/Negative
Cash Credit	50	State Bank of India	Crisil A/Negative
Cash Credit	15	Axis Bank Limited	Crisil A/Negative
Cash Credit	20	ICICI Bank Limited	Crisil A/Negative
Letter of Credit <sup>&amp;</sup>	65	HDFC Bank Limited	Crisil A1
Letter of Credit <sup>&amp;</sup>	55	Kotak Mahindra Bank Limited	Crisil A1
Letter of Credit <sup>%</sup>	55	HDFC Bank Limited	Crisil A1
Letter of Credit <sup>&amp;</sup>	115	ICICI Bank Limited	Crisil A1
Letter of Credit <sup>&amp;</sup>	5	Axis Bank Limited	Crisil A1

& - Fully Interchangeable with bank guarantee

% - Fully Interchangeable with Cash Credit and Bank Guarantee (Fund based)

#### Criteria Details

<b>Links to related criteria</b>
<a href="#">Basics of Ratings (including default recognition, assessing information adequacy)</a>
<a href="#">Criteria for manufacturing, trading and corporate services sector (including approach for financial ratios)</a>
<a href="#">Criteria for consolidation</a>

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