

February 19, 2021

Everest Organics Limited: Update on Entity

Summary of rating(s) outstanding

Instrument*	Previous Rated Amount (Rs. crore)	Current Rated Amount (Rs. crore)	Rating Outstanding
Long term - Fund based/CC/OD	4.50	4.50	[ICRA]BBB- (Stable)
Long term - Fund based/TL	5.27	5.27	[ICRA]BBB- (Stable)
ST - Non Fund Based	5.60	5.60	[ICRA]A3
LT/ST-Fund Based	7.00	7.00	[ICRA]BBB- (Stable)/[ICRA]A3
LT/ST-Unallocated	24.63	24.63	[ICRA]BBB- (Stable)/[ICRA]A3
Total	47.00	47.00	

*Instrument details are provided in Annexure-1

Rationale

Material Event

On February 09, 2021, Everest Organics Limited (EOL) declared its 9MFY2021 provisional numbers via press release on stock exchange. Further, it was mentioned in the release that the company had received closure order from Telangana State Pollution Control Board (TSPCB) for its Aroor facility on December 22, 2020.

Post the receipt of closure order, the company had taken the corrective steps at the plant and had given representation to TSPCB on December 30, 2020. Post this, TSPCB had revoked the closure order on February 11, 2021 and the same was disclosed on the stock exchange. Further, ICRA notes that there was no adverse impact of the closure order on EOL's operations.

Please refer to the following link for the previous detailed rationale that captures Key rating drivers and their description, Liquidity position, Rating sensitivities,: [Click here](#)

Analytical approach

Analytical Approach	Comments
Applicable Rating Methodologies	Corporate Credit Rating Methodology
Parent/Group Support	Not Applicable
Consolidation/Standalone	For arriving at the ratings, ICRA has considered the standalone financials of the rated entity

About the company

Everest Organics Limited (EOL) was established in 1993 by Dr Srihari Raju. Initially incorporated as a private limited company, it went public and was listed on the BSE in 1995. The company manufactures APIs and intermediates such as Omeprazole, Esomeprazole, Pantaprazole, Chloro compound and Benzimidazole. Its manufacturing facility is located at Aroor Village in Medak district of Telangana with an installed capacity of 720 MTPA. The company is ISO 9001-2008 certified while the plant is WHO-GMP certified. The manufacturing facility also received US FDA approval in June 2017.

Key financial indicators

	FY2019	FY2020	9MFY2021*
Operating Income (Rs. crore)	156.3	168.3	137.3
PAT (Rs. crore)	7.5	10.9	11.5
OPBDIT/OI (%)	11.7%	12.0%	14.1%
RoCE (%)	34.1%	31.8%	
Total Outside Liabilities/Tangible Net Worth (times)	3.1	2.5	NA
Total Debt/OPBDIT (times)	1.3	1.1	
Interest Coverage (times)	5.7	6.1	8.5
DSCR (times)	2.5	3.1	NA

PAT: Profit after Tax; OPBDIT: Operating Profit before Depreciation, Interest, Taxes and Amortisation; ROCE: PBIT/Avg (Total Debt + Tangible Net Worth + Deferred Tax Liability - Capital Work in Progress); DSCR: (PBIT + Mat Credit Entitlements - Fair Value Gains through P&L - Non-cash Extraordinary Gain/Loss)/(Interest + Repayments made during the Year); *provisional; NA- Not Available

Status of non-cooperation with previous CRA: Not Applicable

Any other information: None

Rating history for past three years

	Instrument	Current Rating (FY2021)				Chronology of Rating History		
		Type	Amount Rated (Rs. crore)	Amount Outstanding (Rs. crore)	Date & Rating in Feb 19, 2021	FY2021	FY2021	FY2019
						Sep 09, 2020	Aug 31, 2020	Feb 28, 2019
1	Cash credit	Long-term	4.50	-	[ICRA]BBB-(Stable)	[ICRA]BBB-(Stable)	[ICRA]BBB-(Stable)	[ICRA]BB (Positive)
2	Term loan	Long-term	5.27	4.5	[ICRA]BBB-(Stable)	[ICRA]BBB-(Stable)	[ICRA]BBB-(Stable)	[ICRA]BB (Positive)
3	Non-fund based	Short-term	5.60	-	[ICRA]A3	[ICRA]A3	[ICRA]A3	[ICRA]A4+
4	Fund based	Long-term/Short-term	7.00	-	[ICRA]BBB-(Stable) / [ICRA]A3	[ICRA]BBB-(Stable) / [ICRA]A3	[ICRA]BBB-(Stable) / [ICRA]A3	[ICRA]BB (Positive) / [ICRA]A4+
5	Unallocated	Long-term/Short-term	24.63	-	[ICRA]BBB-(Stable) / [ICRA]A3	[ICRA]BBB-(Stable) / [ICRA]A3	[ICRA]BBB-(Stable) / [ICRA]A3	[ICRA]BB (Positive) / [ICRA]A4+

Complexity level of the rated instrument

ICRA has classified various instruments based on their complexity as "Simple", "Complex" and "Highly Complex". The classification of instruments according to their complexity levels is available on the website [click here](#)

Annexure-1: Instrument details

ISIN No	Instrument Name	Date of Issuance / Sanction	Coupon Rate	Maturity Date	Amount Rated (Rs. Crore)	Current Rating and Outlook
NA	Cash credit/Overdraft	NA	NA	NA	4.50	[ICRA]BBB- (Stable)
NA	Term loan	2017	NA	2024	5.27	[ICRA]BBB- (Stable)
NA	Non-Fund based	NA	NA	NA	5.60	[ICRA]A3
NA	Fund based	NA	NA	NA	7.00	[ICRA]BBB- (Stable) / [ICRA]A3
NA	Unallocated limits	NA	NA	NA	24.63	[ICRA]BBB- (Stable) / [ICRA]A3

Source: EOL

Annexure-2: List of entities considered for consolidated analysis: NA

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