



Infomerics Valuation And Rating Pvt. Ltd.

Press Release

Everest Metals FZE

March 28, 2019

Rating

Instrument/ Facility	Amount (Rs. Crores)	Current Rating	Rating Action
Long Term Fund Based Limits – OD – Existing	76.70 (11.80 MN USD)	IVR BBB/Stable Outlook (IVR Triple B with Stable Outlook) ISSUER NOT COOPERATING*	Moved to ISSUER NOT COOPERATING Category from IVR A- with Stable Outlook
Long Term Fund Based Limits – OD – Proposed	63.30 (9.74 MN USD)		
Total	140.00		

**Issuer did not cooperate; based on best available information*

Details of Facility are in Annexure 1

Detailed Rationale

The revision in the rating is on account of the change in the analytical approach. The bank facilities of Everest Metals FZE were earlier rated under consolidated approach. Infomerics has revised its analytical approach and now considers standalone risk profile of each of the group companies as the flagship companies may not be able to support the operations of the company due to extraneous factors resulting in stretched liquidity position of the group's flagship companies.

The ratings factors in the experienced promoters along with long track record of the entity and comfortable capital structure. The ratings, however, are tempered by moderate profitability margins and working capital intensive operations. Profitability margins and capital structure and impact of stretched liquidity in few of the group companies remain the key rating sensitivities.

Non cooperation by Issuer

Infomerics has repeatedly followed up with the company to provide information to monitor the rating(s) vide e-mails dated February 28, 2019, March 05, 2019, March 07, 2019 and March 14, 2019 and concurrently several phone calls. However, despite repeated requests, the company has failed to submit the relevant details. In the absence of the relevant information, in consonance with SEBI guidelines, Infomerics has moved the long term rating for bank loan facilities of Everest Metals FZE aggregating to Rs. 140.00 crore to the 'ISSUER NOT COOPERATING' category. The rating is now denoted as IVR BBB/Stable Outlook ISSUER NOT COOPERATING (IVR Triple B with Stable Outlook ISSUER NOT COOPERATING). Accordingly, the lenders, investors and other market participants are advised to exercise appropriate caution while using this rating as the rating may not adequately reflect the credit risk profile of the company.



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The company has also not paid the fees for conducting rating surveillance as agreed to in the rating agreement.

Analytical Approach & Applicable Criteria

Standalone

Rating Methodology for Trading Companies

Financial Ratios & Interpretation – (Non-Financial Sector)

Guidelines on what constitutes Non-Cooperation by clients

About the Company

Everest Metals FZE (EMF) was established in 2008 by engaging experienced professionals of Metal Scrap Trade. EMF was the first international and multinational set up of the Group, which was established in Hamriyah Free Zone, Sharjah (United Arab Emirates) and is engaged in the trading of containerized metal scrap, with core competence in steel scrap and related alloyed products including Heavy Melting Scrap (HMS), Shredded, Light Melting Scrap (LMS), Plates & Structures Grades (P&S grades) and other non-ferrous scrap. The Dubai-based company has its presence in 20 countries spread in 3 continents including South Africa, U.K., Germany, Latin America, Dubai, West Africa, Kingdom of Saudi Arabia, Bahrain, Ghana, Cameroon and Senegal.

Financials

(Rs. Crores)

For the year ended / As on	CY16	CY17
	Audited	Audited
Total Operating Income	1330.46	1493.14
EBITDA	56.44	59.35
PAT	43.19	46.99
Total Debt	124.35	88.72
Tangible Net Worth	276.98	282.36
Ratios		
a. EBITDA Margin	4.24	3.97
b. PAT Margin	3.25	3.15
c. Overall Gearing ratio	0.45	0.31

Note: Classification as per Infomerics' standards

Status of non-cooperation with previous CRA: Nil

Any other information: Nil



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Rating History for last three years:

Name of Instrument/Facilities	Current Rating (Year 2018-19)			Rating History for the past 3 years		
	Type	Amount outstanding (Rs. crore)	Rating	Date(s) & Rating(s) assigned in FY18	Date(s) & Rating(s) assigned in FY17	Date(s) & Rating(s) assigned in FY16
Long Term Fund Based Limits – OD – Existing	Long Term	76.70 (11.80 MN USD)	IVR BBB/Stable Outlook (IVR Triple B with Stable Outlook) ISSUER NOT COOPERATING*	IVR A-/ Stable Outlook (Mar 20, 2018)	--	--
Long Term Fund Based Limits – OD – Proposed		63.30 (9.74 MN USD)				

*Issuer did not cooperate; based on best available information

Note on complexity levels of the rated instrument: Infomerics has classified instruments rated by it on the basis of complexity and a note thereon is available at www.infomerics.com.

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About Infomerics:

Infomerics commenced rating & grading operations in April 2015 after having spent over 25 years in various segments of financial services. Infomerics is registered with the Securities and Exchange Board of India (SEBI) and accredited by Reserve Bank of India. Company's long experience in varied spectrum of financial services is helping it to fine tune its product offerings to best suit the market.

Disclaimer: Infomerics ratings are based on information provided by the issuer on an 'as is where is' basis. Infomerics credit ratings are an opinion on the credit risk of the issue / issuer and not a recommendation to buy, hold or sell securities. Infomerics reserves the right to change, suspend or withdraw the credit ratings at any point in time. Infomerics ratings are opinions on financial statements based on information provided by the management and information obtained from sources believed by it to be accurate and reliable. The credit quality ratings are not recommendations to sanction, renew, disburse or recall the concerned bank facilities or to buy, sell or hold any security. We, however, do not guarantee the accuracy, adequacy or completeness of any information which we accepted and presumed to be free from misstatement, whether due to error or fraud. We are not responsible for any errors or omissions or for the results obtained from the use of such information. Most entities whose bank facilities/instruments are rated by us have paid a credit rating fee, based on the amount and type of bank facilities/instruments. In case of partnership/proprietary concerns/Association of Persons (AOPs), the rating assigned by Infomerics is based on the capital deployed by the partners/proprietor/AOPs and the financial strength of the firm at present. The rating may undergo change in case of withdrawal of capital or the unsecured loans brought in by the partners/proprietor/AOPs in addition to the financial performance and other relevant factors.

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Annexure 1: Details of Facility

Name of Facility	Date of Issuance	Coupon Rate/IRR	Maturity Date	Size of Facility (Rs. Crores)	Rating Assigned/Outlook
Long Term Fund Based Limits – OD – Existing	NA	NA	NA	76.70 (11.80 MN USD)	IVR BBB/Stable Outlook (IVR Triple B with Stable Outlook) ISSUER NOT COOPERATING*
Long Term Fund Based Limits – OD – Proposed	NA	NA	NA	63.30 (9.74 MN USD)	

**Issuer did not cooperate; based on best available information*