



“Everest Industries Limited Q1 FY-16 Earnings
Conference Call”

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INDUSTRIES LIMITED**
**MR. RAKESH GUPTA – CFO, EVEREST INDUSTRIES
LIMITED**

Moderator:

Ladies and gentlemen good day and welcome to the Everest Industries Limited Q1 FY-16 Earnings Conference Call. We have with us on the call today Mr. Manish Sanghi – Managing Director, Everest Industries; and Mr. Rakesh Gupta – CFO, Everest Industries. As a remainder, all participant lines will be in the listen-only mode and there will be an opportunity for you to ask questions after the presentation concludes. Should you need assistance during the conference call, please signal an operator by pressing “*” then “0” on your touchtone phone. Please note that this conference is being recorded. I would now like to hand the conference over to Mr. Manish Sanghi. Thank you and over to you, sir.

Manish Sanghi:

Thanks and good morning friends. We welcome you all to the conference call to discuss the financial performance of the quarter ended June 30th, 2015. I have with me Mr. Rakesh Gupta - CFO and Stellar Investor Relations our advisors for Investor Relations. I hope you have received the updated investor presentation of the quarter. We have also uploaded the same on our website.

Let me start by highlighting few key points. First is we expect the program of housing for all to provide a boost to demand for building products. We believe that the concern which was there on the weak monsoon has receded significantly on account of the performance so far. The capacity expansion in UAE is progressing as planned. The steel building segment reported healthy growth in revenue and earnings after the commissioning of the plant in Bharuch, Dahej. The commitment to have housing for all by 2022 is a vision of the new government this will entail development of around 11 crore housing units across the country including 3 crore units in rural India. This development should improve demand for building products across sectors significantly.

In addition to this we have seen steps towards economic development of the country and wider financial inclusion. We believe that these efforts are likely to pay dividends in the coming year. The IMF continues to project a growth rate of 7.5% for the current year which is higher than China and this revival in growth is expected to benefit us across all our business segments. The campaigns of “Swachh Bharat”, “Make in India” should be the next big driver for both building products and steel building businesses. One of the focuses is the construction sector as the current level of urban’s infrastructure are inadequate to meet the demands of the existing urban population. The government is in process of launching New Urban Development Mission. This will help develop 500 cities which will include cities with a population of more than 100 thousand and some cities of religious and tourist importance. The need for speed and ease of application is paramount in these smart cities and this

should be a good demand driver for both our steel building as well as the boards and panel business.

Let me talk about each of the business segments. On the Building product side we witness good volume growth in roofing in April to start with and that is what I shared with you in the last conference call. However growth taper down as it progressed during the quarter. The low demand was primarily on account of the heavy winter rainfall which considerably damaged the crops and reduce consumption of all kinds of capital goods in rural market in many markets across the country. The slowdown in demand also adversely affected our ability to increase prices.

Our Boards and Panels business continues to grow in FY-15 as compared to FY-14. The demand in domestic and overseas market is growing consistently which augers well for the expansion we are talking up for this business. As mentioned earlier, we are setting up a 72,000 metric ton per annum plant for boards in UEA. The new plant when UAE will cater to the international market which is currently being catered by manufacturing facilities in India. We will be able to take location advantage of the new capacity and this should help us in expanding the market and saving logistics cost. The project is progressing as per schedule and we are targeting to complete the project in mid of 2016.

Roofing business in particular did see a small growth in the tonnage but it shall fall short of our expectations particularly the way April had started off. However, we believe that the good monsoon which is happening now should result into good crops and steady volumes and hopefully a growth in volumes in the coming few months.

The Steel Building segment. The quarter was the first full quarter for our Dahej plant which we call as Narmada Works which is stabilizing well in its operations. We achieved improve turnover and profitability in this segment. Pre-engineered Steel Buildings continues to grow at a healthily pace. The economic revival will drive the growth of the segment, the policy initiatives are expected to revive the economy, and in turn the industrial CAPEX cycle should start.

The PEB industry will be immediately benefited due to this revival as a perception to our PEB has been changing and it is very well accepted in all sectors today be it FMCG, logistics, auto, warehousing, pharmaceutical, infrastructure. We are also finding that PEB is finding acceptance in newer segments like education, guest houses, industrial accommodations, and others. We have given one particular case study to tell you about what are the benefits of a pre-engineered building. We constructed a school in Faridabad in a record four months' time. We had a discussion

with the client in November. The timeline given was challenging, there was extreme Delhi winter and unseasonal rain which also increase the challenges significant. However, we met all the challenges and had a clause of execution of the project and it got completed in less than four months and the school was operational by mid-April, 2015. We have shared some pictures of the progress of the project in the presentation. We believe that acceptability of pre-engineered buildings and smart steel buildings will increase rapidly based on the examples which we just saw.

Recently, we have witnessed an increase in order enquiry which gave us the confidence that we would continue to grow our order book at a healthy rate. We expect to improve utilization of steel building facilities going forward.

These are few of the key points I wanted to share with you. I will hand over the call to Mr. Rakesh Gupta our CFO and he will take you through the financial performance of first quarter and then we will take up your questions. Over to you, Rakesh.

Rakesh Gupta:

Thank you, Manish and good morning friends. I will take you through our results which we have circulated in the presentation that has been mailed to you.

In Q1 FY-16 we recorded a revenue of around 407 crore, which is higher by around 5% as compared to 388 crores recording in corresponding quarter last year. During the quarter in the building product segment our sales volume were around 438,000 tons and in the steel building segment 13,000 odd tons. We have witnessed strong growth of 27% in steel building segment mainly due to commencement of production at Dahej plant.

In building product segment, we have witnessed volume growth. However the sales realization dropped on account of change in product mix and slightly subdued market condition.

The EBITDA for the quarter is Rs. 38 crores which remained flat as compared to Q1 of FY-15. The EBITDA margin is 9.3% in the current quarter. Our low margin projects in steel building as mentioned in our earlier earnings calls are mostly over. Accordingly the margin in steel building business has improved. We achieved an ROC, return on capital employed of around 21% on trailing 12 months basis as compared to around 11% in the previous year.

On going CAPEX we are investing Rs. 100 in the board plant at UEA which will be funded by debt of Rs. 75 crore and internal accrual of Rs. 25 crore. We have already

... tied up a term loan for the project. The new plant will cater to international market. The advantage of the new board plant in UAE will be enabling further expansion of overseas market, saving in logistics cost and better service to customer.

I think this is briefly what I had to share and we can take questions. Thank you.

Moderator: Thank you very much, sir. Ladies and gentleman, we will now begin the question and answer session. We have first question from the line of Rajesh Suri from Centrum Broking. Please go ahead.

Rajesh Suri: Sir, first few housing keeping question. What is your order book position currently in value and volume terms?

Manish Sanghi: Currently, our order is around 28,000 tons. In terms of value it will be close to 250 crore.

Rajesh Suri: 250 crores, okay. So this order book generally Q1 is lower on Q-on-Q basis like last year June how much was the same number sir?

Manish Sanghi: The number was similar, slightly higher but because we have started meeting the customer requirements from two plant so the order book is getting more optimal.

Rakesh Gupta: Can I answer this question in a slightly different way?

Rajesh Suri: Yes.

Rakesh Gupta: Ideally I would want an order book of not more than 25,000 tons because I have a capacity of 5,000 tons a month and my promise to my customers is speed and if I have an order book beyond that, that means I will not be able to keep up that particular promise. My order book swelled at times last year because while we were taking orders there were whole a lot of customers who are not picking up the building for which they had paid in advance but probably their finances did not get tied up or some other issues. That particular scenario has changed today. The scenario has changed to the extent that we have customers falling over each other that please supply our building site the earliest. And in such a scenario I would prefer to keep order book not really going beyond this particular number.

Rajesh Suri: Okay. So around five months of order book is what you believe is a serious order which could result into execution rather getting deferred?

Rakesh Gupta: That is right. Executable orders not orders which are there and we really call orders as orders only those which are accompanied by advance and so on.

Rajesh Suri: Okay, great, sir. Sir and on the margins front in the PEB segment steel prices is correcting by more than 20% now. How would that, would that be margin accretive for you in terms of retention?

Rakesh Gupta: See we take fix price orders. So in a fix price order, if the order is executed in a short-term steel becomes a pass through. The problems start happening only if an order gets extended over a long period of time and the steel prices are not stable and then you get either adversely or positively impacted by the change in steel. So some orders which were taken when steel prices were higher will probably be a little more profitable to us. But orders being taken today are on the current steel prices.

Rajesh Suri: Okay, great, sir. And like on this building this product segment say Q1 was muted right around 3.5% volume growth. For the year as a whole what sort of numbers you are looking at internally that you would be factoring in?

Manish Sanghi: I am still looking for a growth which is higher than that as a first quarter simply because I believe that the first quarter was muted because of the very certain weather phenomena which took place. This time not merely limited to one geography but in many places. Actually it happened in Maharashtra, in Andhra, it happen virtually the whole of Northern India, we saw in Bengal. There were very heavy crop damages due to unseasonal rain and standing crops got damaged. It has resulted into a very-very low customer footfall into the market place and we are told and you would probably know better than us that this adversely affected demand for all capital goods in the rural sector and by that I would mean building products as well as some of agricultural implements which are sold. But if I were to continue further but the monsoon has been great so far and great monsoon normally means great crops and with money in hand a farmer what he has not done now will do it few months down the line. So I am still keeping my plans the same I am not altering them so far.

Rajesh Suri: Okay, great, sir. Sir on the pricing front this weak demand which you witnessed in the latter half of the quarter. Did this lead to any sequential moderation in prices realization for the roofing segment or your prices remain stable during the quarter?

Manish Sanghi: In the quarter they remain stable but normally we expect them to increase as the quarter proceeds that did not happen.

Rajesh Suri: Okay. But now dollar on a sequential basis has remained soft so, would that benefit on your import cost fiber import cost?

Manish Sanghi: Yes, a stable dollar is always good for us. I mean it is moving as per our plan. We have budgeted some movement for dollar and it is happening as per that.

Rajesh Suri: Okay. And sir in the building products cement, boards and panel, how has been the demand? Has there been any different then what normal growth only or there has been some changes in the boards and panels?

Manish Sanghi: The one big difference has been the "Swachh Bharat Abhiyan". On the ground actually there is a lot of stuffs happening and our Rapicon Panel as well as boards are probably one of the best ways to make a small structure quickly. And this has been the spec and it has been used in many thousands of toilets in various geographies and that has helped increase the domestic demand. And we believe that this is also good in the long-term because is while the number of the toilets 500,000 of whatever is the number they are talking is good but on a pan India basis it is still a small number and we believe that this particular campaign will go on. Secondly, what it does is that it introduces our product line to a very large number of erector, fabricator, carpenter, and so on. And once they have used to this particular product line they can put it to other applications as well. So there is a short-term benefit in terms of the immediate demand I believe this will lead to a long-term benefit for modern construction methods as well.

Rajesh Suri: Okay, great, sir. And lastly if I may ask on your debt numbers, sequentially the interest cost came down so any particular on account of your short-term debts working capital debt reducing in this quarter?

Rakesh Gupta: Typically in Q1 our cash flows improved and that results in reduction in interest cost. So it is only the cyclical kind of a thing which happens in the as usual kind of a course. March normally it is higher because I am building up inventory for the sales in the season.

Rajesh Suri: So for the subsequent quarter what could be interest run rate sir as against 4 crore that we have seen in Q1?

Rakesh Gupta: Actually my borrowings are I am not taking any further borrowing but do not expect my interest cost to go up. And neither my size of borrowing is increasing nor my rate of interest has gone up so, it should be in line with the earlier quarter.

- Rajesh Suri:** Okay, great, sir. And what you would be the short-term debt currently on this?
- Rakesh Gupta:** There could be one reduction because of the cash flow that we have generated and some further cash flows that we are expecting there could be some bit of reduction there.
- Rajesh Suri:** Okay. What sort of cash flow you are expecting sir?
- Rakesh Gupta:** We believe we will manage our inventories and all. Yes, so it should result into better we are working hard on that.
- Rajesh Suri:** And sir on your short-term debt position what would be that currently?
- Rakesh Gupta:** My short-term debt is around 140 crores.
- Rajesh Suri:** 140 crores, okay. So it was 190 odd crores in March quarter so that has come down to 140 crores.
- Rakesh Gupta:** Yes, it has come down to 140 crore.
- Rajesh Suri:** Okay. So this is where you have seen the savings in the interest cost.
- Rakesh Gupta:** Yes, that is what I was mentioning.
- Moderator:** Thank you. Next question is from the line of Kaushal Shah from Dhanki Securities Limited. Please go ahead.
- Kaushal Shah:** Sir a few questions. In building products sir we have seen a muted first quarter. Generally as far as a building product is concerned first quarter is a very strong quarter for us. So what would be the outlook for the remaining part of the year given that the first quarter has been fairly modest as far as volumes are concerned? The second question was on the building products realizations I mean this is the third quarter where we have seen a drop in realizations and I think for a variety of reasons realizations have remained under pressure so, your views on that also sir.
- Rakesh Gupta:** Let me first start by saying that one, Everest is changing, okay. It is reliance on first quarter as the driver for rest of the year is not the same as it used to be in the past. The only business which is dependent on first quarter is in terms of product line is roofing business. There is no such seasonality which we observe in our boards as well as the steel building business. So to that extent the impact of the first quarter is lower today and what it used to be in the past because the product mix of the

company has been changing and that is evident from the segmental and numbers which you are seeing. The second part of it is what do I see going forward? I think I talked about it. I expect boards and panels business to remain strong. I expect steel building to continue with the kind of growth rate which we are having we are working hard on the production side of it to improve our capacities our capacity utilization. We have the order book we have to really gear up our production line. On the roofing side as I mentioned, the good monsoon hopefully should result into better demand and we really would need to see how it tapers out, how it pans out. But normally a good monsoon almost always is followed by a good demand structure. The pricing is a very and we are talking I assume we are really talking about roofing pricing because the pricing realization did go up as far as the boards is concern we took price increases. Is it curious mix of many factors? One is obviously the demand part of it that a stronger demand results into better prices. But we are also linked with prices of other raw material which are there in the marketplace. So it is not merely our product line but I am also in many ways guided by the price of steel and the price of cement. And both of them were muted or if I may say they were low in fact they declined and that did not create an environment in which prices could be pushed up. Steel very directly simply because we compete with steel products the GI in many markets and cement because we are somehow seeing as a cement sheet. And if cement prices are not going up our ability to increase the price of the cement sheet gets somewhat reduced. So to that extent realization depends for me on a number of factors it is not one factor. And going forward I am not really expecting that the prices will go up very significant though, on the volume front I continue to remain optimistic.

Kaushal Shah: Sure. Sir coming to the outlook for PEB, we have had a very strong quarter in terms of volumes our realizations are improving. So how is the outlook on that part of the business for this year and let's our medium term maybe two years or three years?

Rakesh Gupta: PEB is a business very-very closely linked with the industrialization in the country. So somewhere that linkage is extremely strong, what is happening on the industrial front? Even though we do businesses for logistics and schools and so on but the big part of the business really comes from industry. So if the industrial revival does take place and we are betting actually on that happening our order book will be strong and our ability to deliver speed is what customer would come to us for. My belief is that today any entrepreneur or any industrialist is not ready to wait for a building for one year to start his manufacturing activities. Today he is not counting that the cost of money only in terms of interest but he is seeing it in terms of what the competitive advantage it is giving him if he comes into the market early and the profits which he

might be able to make by coming early into the marketplace. So the whole decision making or whether he should go with the PEB or with the conventional construction has under gone a change. In almost every sphere I am seeing today that people are adopting PEB as the method rather than conventional. So for example, in the past the textile industry would typically go for conventional construction but today they would almost always opt for the PEB way. Large car companies why if ancillary is PEB was okay but for a large car company it was not the case today that is happening. It is happening in shopping malls, it is happening across. People say I want a definite, defined, and almost confirmed date for getting my building. And if that is going to be the driver I believe that the market and our business subsequently will see a very significant growth going forward. We have today a capacity of 5,000 tons a month. The fact is that we have set-up a plant in Bharuch. It is in the mid stop to industrialization zone and we can very easily increase capacities over there as demanded by the customer. We have taken as large piece of plan and we should be able to do it fairly quickly it would not take us too long to increase capacities. But I continue to remain very bullish on the PEB sector.

Kaushal Shah: So would you like to share your views on your likely estimate for volumes for the roofing and the PEB segment given that these two segments have had contrasting performances in the first quarter. PEB has done very well in terms of volume while building products have been a little slag. So for the entire year as a whole what would be your estimate for volume number or volume growth?

Rakesh Gupta: I am still looking for a growth of at least around 10% as far as building product go compared to the growth which we had in the first quarter it was 5%.

Kaushal Shah: First quarter was 3.5%.

Rakesh Gupta: Yes, in terms of volume 3.5, I still believe we should be able to log a growth of close to 10% and as far as steel building is concerned we have a 22% growth. We think that we should be able to keep up this particular growth rate for rest of the year.

Moderator: Thank you. Next question is from the line of Rahul Soni from Baljit Securities. Please go ahead.

Rahul Soni: Just two questions from side. Sir if you can please repeat the volume for building product and steel buildings I do not have the presentation actually.

Manish Sanghi: You do not have the presentation with you? But we will send it across to you. Just ask Stellar people they will do that. But since you asked for in April-June quarter the building products volumes were 238,351 ton and steel building was 13,313.

Rahul Soni: Okay. And second question is sir why the other income is higher during the quarter?

Rakesh Gupta: The other income is higher on account of a one-time interest which we got so this is a non-recurring kind of income which has happened.

Moderator: Thank you. Next question is from the line of Falguni Datta from Jet Age Securities. Please go ahead.

Falguni Datta: Sir on the steel building segment just wanted to understand the potential in terms of generating profits with the current capacity. So assuming that now that all our old orders more or less must be through so, how much, this is again to your mind given the current condition, the maximum we can generate in EBIT terms from the steel building with our current capacity just to understand that business in relation to our building product, how much can it grow to in best of time? I am looking for annual EBIT number for steel building assuming the way things are and growth picks up and as it is we must be utilizing almost entirely our full capacity.

Manish Sanghi: Okay. Number one, we have exhausted some of the old orders but not all of them. As I said last time it will take two quarters to exhaust them all. So some of them will happen I assume by the end of this quarter to that particular order book should be over. The second part it is what is the kind of number which we can have our segment results for the three months first, 3.8 crores on a revenue of 122 crores which comes to a small something like 2.5%-3%.

Falguni Datta: Yes, what I meant to say like just to clarify the first part you said by Q2 we should be done with the old orders?

Manish Sanghi: That is right.

Falguni Datta: And since Q1 will be having an impact of the old order so this 4 crore EBIT should not be the right EBIT to judge in the steel segment. We should have done better had the old orders not been there. So just to understand that potential a yearly EBIT number meaning is it like 20 crore can be generated annually from the steel segment with our current capacity?

Manish Sanghi: It should be eminently possible for us to do that if we do not see any major spike in the steel prices which we are not anticipating as of now.

Falguni Datta: Yes. And I mean assuming a status quo in all what is the number which you would best case which we can do.

Manish Sanghi: Best case I will put the number which you mentioned actually 20 crores that much should be possible, yes.

Falguni Datta: Okay. And sir I just joined in late. So in this roofing segment, how was the performance in the first quarter meaning demand wise?

Manish Sanghi: I mentioned that we saw an exceptional kind of April. So we were very optimistic. We had the highest ever sale of by virtually every company not just us in the month of April. But after April it was downhill and the demand tapered down.

Falguni Datta: Okay. Could it have been due to these monsoon forecasts and all?

Manish Sanghi: My belief was that some bit of it maybe the monsoon forecast but a lot of it might be actually the after effects of the winter rainfalls. And the money which was to come into the marketplace did not come through, a lot of crops are damaged and that slow down the demand significantly. But I also mentioned that going forward I expect things to change because of this rainfall itself which should result into good crops.

Falguni Datta: And sir how is it now as we speak compare to the month?

Manish Sanghi: July is not a good month. July, August are from a roofing perspective are bad months.

Falguni Datta: But if we compare YoY? Let us compare it.

Manish Sanghi: On a YoY basis it was bad last year, it is bad this year. It is similar, let us put it this way.

Falguni Datta: And sir finally on the liquidity front, broadly how do you find the liquidity situation as you deal within the steel building segment of yours? Overall liquidity of people like our people making timely payments because we often hear this in other segments like steel and all so just wanted to check in this?

Manish Sanghi: We saw a liquidity issue in the last two quarters where in a lot of times people would postpaid their dispatches because our terms normally are that you have to make payment and then the dispatches would be done and that would keep getting delayed. That trend is still happening but it is significantly lesser than in the last two quarters. Having said that when I talked to bankers and not to my customer they continue to

talk of issue with loans, with NPAs, with new RBI policies regarding loans being an issue so, what I am hearing from bank is frankly a little different from what I am experiencing in the field so far.

Falguni Datta: Okay. And sir sorry sir one more question, on this building product roofing would be what percentage or rather boards and panel would be what percentage of this quarterly top-line that we have? You can even tell me annual figure will also do meaning annually how much should it be for the building product boards and panels?

Manish Sanghi: Ratio between the boards and panels would be in volume terms will be roughly around 20%.

Falguni Datta: And value term?

Manish Sanghi: Value front it will be higher up to 25%.

Moderator: Thank you. Next question is from the line of Arvind Gupta from B&K Securities. Please go ahead.

Arvind Gupta: My first question is how much revenue we are expecting from our UAE plant?

Manish Sanghi: The UAE plant is to produce 72,000 metric tons per annum and we are expecting a net revenue over there of around Rs. 150 crore.

Arvind Gupta: Okay. So what kind of realization difference would be there from exports market and the domestic market for cement panel, give me the difference only?

Manish Sanghi: See understand the realization the pricing will remain the same. So realization is frankly no different. The difference is only going to be in terms of the costing part because we produce over there so we will save our logistics cost and hopefully because we are locally there we will be able to service our customers faster and better.

Arvind Gupta: Right. And other thing is that we have increased our stake in one company called Everest Building Solutions Limited. Can you throw some light on it?

Manish Sanghi: Actually it was company which we had started some time back with the intention of taking contracts through this company. We did not do it but we are feeling the need to do it again. It is so far actually a non-operational company and it is now a 100% subsidiary. But as of today it is a non-operational company.

- Arvind Gupta:** Okay, still it is a non-operational?
- Manish Sanghi:** Yes, it is a non-operational there is nothing more to it. Having a subsidiary available to take some orders and root some transactions.
- Arvind Gupta:** Okay. And we had invested a very small amount in this we have increased any...
- Manish Sanghi:** It is an insignificant....
- Moderator:** Thank you. Next question is from the line of Rajesh Suri from Centrum Broking. Please go ahead.
- Rajesh Suri:** On your volume guidance front the same that you are targeting 10% growth in the roofing segment Q1 has been muted and as per your commentary Q2...
- Manish Sanghi:** I am targeting 10% in my building products.
- Rajesh Suri:** Yes, in the building products, okay. And the building products so you are saying the seven boards and panel you see a much higher growth?
- Manish Sanghi:** Yes, that is right.
- Rajesh Suri:** Okay. So that should also be driven by better margins in that segment CVP improvement in your margins?
- Manish Sanghi:** I believe we should be able to do that, yes.
- Rajesh Suri:** And this PEB you are saying you own around 22 odd percent volume growth which we have seen in Q1. So that would imply just in incremental volume of 8,000 tons which is almost compared to the new capacity of 30,000 ton which come on board. So why do you see a lower volume growth in this segment sir compare to the new capacity and good demand traction that you are witnessing?
- Manish Sanghi:** One is that the capacity while it is we have not reached those numbers, we are not able to produce at the 2,500 metric ton capacity. We are still ramping up and so we would not get the benefit of the full capacity for the full year that is one. Second is that by the end of last year towards the middle we had started doing a lot of outsourcing in anticipation of our own capacity coming in we will obviously not be doing that.

- Rajesh Suri:** Okay. On your EBITDA, could you have an EBITDA break up between the two segments for the quarter out of this 38 crores?
- Rakesh Gupta:** EBITDA for steel building is 5% and for the building product it is 14%.
- Rajesh Suri:** Okay. And this 5% EBITDA margin could be sustained?
- Manish Sanghi:** Yes.
- Rajesh Suri:** Yes, because some of the old order books which are lying and which you would now be executing. I believe you will deliver better margins on this also is it possible? Because those order books were earlier and now the steel prices corrected much beyond the prices at which these order books were booked which these orders were taken?
- Manish Sanghi:** Yes, it depends on at what point of time the particular order was taken but you are not entirely wrong.
- Rajesh Suri:** Okay. And sir just cash numbers that we have currently cash on books?
- Rakesh Gupta:** We had taken the ECB for UAE project which is keeping in fix deposit if we include that my cash and bank balances will be in the vicinity of around 20 crore - 25 crore. Towards the end of the month there are whole a lot of collection which takes place in the cash and bank balances normally, it corrects towards the beginning of the next month.
- Rajesh Suri:** Okay. So this ECB related to the UAE plant so that will only get capitalized?
- Rakesh Gupta:** That is when the ECB I cannot use it for any other purpose and has to be kept in earmarked account actually that we have parked in our fixed deposit.
- Rajesh Suri:** So your fixed deposit will that reflect in your other income?
- Rakesh Gupta:** The interest from that will reflect in other income.
- Rajesh Suri:** How much would that be sir?
- Rakesh Gupta:** That for this current quarter will be in the vicinity of about 80 lakh - 90 lakh.
- Moderator:** Thank you. Next question is from the line of Arjun Sengar from Reliance Mutual Fund. Please go ahead.

- Arjun Sengar:** Sir you said that you have a 14% EBITDA margin in building products. Can you please tell us margin separately for boards and panels and for roofing?
- Manish Sanghi:** No, we consider it as one segment and we do not talk of these numbers separately.
- Arjun Sengar:** Okay. And sir the reason I ask that was because to model your UAE plant for boards what kind of EBITDA margins could we be getting there for that purpose?
- Manish Sanghi:** It is boards and panels are typically better EBITDA margin but I would not be able to share specific numbers.
- Moderator:** Thank you. Next question is from the line of Dhavan Shah from Indsec Securities. Please go ahead.
- Dhavan Shah:** Yes, I just wanted to know the utilization number for building product and the steel building plant for Q1?
- Manish Sanghi:** Yes, as far as the first quarter is concerned the utilization is 100%.
- Dhavan Shah:** For building product segment?
- Manish Sanghi:** Yes.
- Dhavan Shah:** And for steel building?
- Manish Sanghi:** For steel building we are producing as much as we can. So if you ask me in terms of capacity we should have done 15,000 ton and against it is 11,000 tons but my sale volume was 13,300.
- Dhavan Shah:** Okay. But I mean what is your expectation for the utilization level for the new capacity that is Dahej for FY-16 and FY-17 will it be around 50 percentage?
- Manish Sanghi:** No, I am hoping that by the end of the year I will be reaching full capacity so, the average for the year should be more in the region of 75% odd.
- Dhavan Shah:** Fine. And one more question is about the UAE plant when will it be commissioned?
- Manish Sanghi:** We expect the commissioning to happen in the first quarter of next fiscal.
- Dhavan Shah:** And any kind of CAPEX lined-up for this year and the next year?



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Manish Sanghi: As of now other than the routine, maintenance and upgradation CAPEX there is nothing else which is lined-up as of now.

Moderator: Thank you. As there are no further questions from the participants, I would now like to hand over the floor back to Mr. Manish Sanghi for his closing comments. Over to you, sir.

Manish Sanghi: Thanks for your participation. As always, your questions gave us a lot of insight into what we should be doing and pointers on the specific issues which we should be addressing. The good monsoon, the lowering of interest rates, low petroleum prices, dropping Chinese growth rates, all of them auger well for the Indian economic. We are deeply connected with the state of Indian economy and all these factors should give us a boost as well. Added to these macroeconomic factors are the drive for “Swachh Bharat”, “Smart Cities”, “Make in India”, “Skill India” and so on which should help smart building solution company like Everest in their quest for growth. We are excited about the coming times. We believe strongly that we have a large role to play in the development and the growth of the country and we will be an active participant in that. I once again thank you for your interest in Everest and your participation on the call. Thanks a lot.

Rakesh Gupta: Thank you.

Moderator: Thank you very much, sir. Ladies and gentlemen, on behalf of Everest Industries, that concludes this conference call. Thank you for joining us and you may now disconnect your lines.