



“Everest Industries Limited Q2 FY15 Earnings
Conference Call”

October 21, 2014



**MANAGEMENT: MR. MANISH SANGHI– MANAGING DIRECTOR, EVEREST
INDUSTRIES LIMITED
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LIMITED**



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Moderator

Ladies and gentlemen good day and welcome to the Everest Industries Limited Q2 FY15 Earnings Conference call. As a reminder all participants' 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 now hand the conference over to Mr. Manish Sanghi – Managing Director, Everest Industries Limited. Thank you and over to you, sir.

Manish Sanghi

Thanks and good morning friends. We welcome you once again to the discussion on our quarter and six months ending September 30th, 2014. Along with me I have our CFO – Mr. Rakesh Gupta; and Strategic Growth Advisors; our Investment Relations Advisor. We have prepared and circulated the result update presentation and that is also uploaded on our website.

We continue to have a positive momentum in all our business segments. The majority government at the center is taking steps for revival of economic growth and the consumer and business confidence has started improving. The consumers are definitely more confident now and have started thinking of buying and building. The performance in H1 as well as Q2 FY15 has been better as compared to the same period last year in terms of both revenue and profitability.

Let me talk about each of the business segments now. The building product segment, the earnings in Q2 FY15 continued to grow compared to the same quarter last year. With a withdrawal of a fairly good Monsoon, we expect a good agriculture growth which would help increase the volume further. The government has taken some initiatives and a lot more are in the offing and we expect that they should also spur the demand for all our products. And as a factor which we expect to support the roofing demand will be the "Swachh Bharat Abhiyan" taken up by the Prime Minister and where in the government has promised total sanitation by 2019. By which every household in India will have a toilet by this particular timeline.

Our Boards & Panels division continued to grow in Q2 FY15. The demand in domestic market is growing at a fairly healthy rate and this definitely augers well for the expansion which we are taking up in this business. As you also read in our release to the stock exchange, we are extremely excited about setting up large Fiber Cement Boards Plant in UAE through our wholly owned subsidiary in Mauritius this of course subject to grant of the necessary approvals from the local authorities. The new manufacturing plant in UAE will get into the international market which is growing at a healthy rate and is currently being catered by our plants in Nasik to somehow extend the plant in Roorkee. Our planning capacity of 72,000 metric tons at this plant and we expect to take the location advantage and it should significantly help us in reducing our logistic cost. It is the first venture for Everest outside India and we have the marketing side of it fully seeded because we sell even today more than what we expect to produce over there.



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On the Steel Buildings segment, the pre-engineer Steel Building are continuing to grow at a healthy pace due to the economic revival. The Make in India campaign should definitely be helping us to revive and boost this particular sector quite significantly. We expect the industrial CAPEX cycle will revive and we are already seeing early signs of that.

The PEB industry would be immediately benefit due to this revival as a perception toward the PEB has been changing and today it is very well accepted in almost all sector of economy like FMCG, logistics, warehousing, food, pharma, infrastructure, et cetera. Incidentally the scope of PEB has increased significantly over the last few years. Earlier it was for simple buildings but today we are doing very complex and large building the PEB way. We have witnessed a significant increase in our order enquiry which gives us the confidence that we will be able to grow over order book at a healthy rate.

Our current order book stand at 28,000 metric ton this is lower than what it was but this is due to a good factor. The good factor being that the off take from customers which was low during earlier quarter has started picking. And the kind of inquiries we are getting from our current as well as prospective customer indicates that our decisions of setting up our Steel Building capacity of 30,000 tons at Dahej in Gujarat was timely and appropriate.

Coming to the situation on the key raw material that I have often mentioned – we basically talk of three key raw materials the first being the chrysotile fiber. There is no change in status vis-à-vis the last quarter the pricing is stable, the dollar is stable so not much is happening on that front. The second big raw material for us is cement and we expect demand to pick-up as the infrastructure and construction picks up but we believe that there is enough capacity in the country that the pricing would remain stable. The third big raw material for us is steel. Once again we expect demand to pick up but a lot of the capacity is lying with government right now and we believe that this government capacity would kick in and the pricing should remain fairly stable in the next few months.

This is what I had to say initially and I would now hand over to our CFO, Rakesh, for his comments.

Rakesh Gupta

Thank you Manish and good morning friends. I will now take you through our results which we have circulated in the presentation that has been mailed to you. Let us first discuss the quarter numbers.

Q2 FY15 we recorded revenue of Rs. 246 crores which is up by around 23% as compared to Rs. 200 crores in the corresponding quarter last year. The EBITDA for this quarter Q2 FY15 is approximately Rs. 9 crore as compared to a loss of similar number of Rs. 9 crores, loss in the corresponding quarter last year. The EBITDA for Q2 FY15 is 3.5%. In terms of segment financial, our building product segment contributed approximately Rs. 174 crores or 71% of the total topline of the company whereas steel building segment contributed approximately Rs. 72 crores or 29% of the topline. In building product segment our volume at around 141,000 metric



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tons in Q1 FY15 as compared to 117,000 metric tons Q2 FY14 recorded a growth of around 20%.

The sale revenue at 174 crore was up by around 23% as compared to Rs. 142 crores in the corresponding quarter last year. EBIT for Q2 FY15 was Rs. 15 crores as compare to a loss of 56 crore in the corresponding quarter. EBIT margin was 8.5% in Q2 FY15. In steel building segment, the revenues at Rs. 72 crore for Q2 FY15 as compared to 58 crore in the corresponding quarter last year the volume are 8,000 metric tons as compared to 7,200 metric ton in same quarter last year EBIT was a loss of Rs. 6 crore mainly effected by higher steel prices and other increased cost. The order book for this segment as Manish mentioned in his address is 28,000 metric tons valued at around 238 crore as on 30th September, 2014. In the current year the interest cost has gone up because of the capitalization of the Somnathpur which happened and there was no corresponding interest cost in the corresponding quarter last year corresponding quarter and half year last year.

For the half year we recorded a revenue of 635 crore up by 27%, as compared to 498 crore in the corresponding half year last year. EBITDA at 47 crore as compared to 19 crore last year. EBITDA margin 7.3% as compared to 3.8% an increase of around 350 basis points.

In terms of segment for the half year, our building product segment recorded turnover of 466 crore or 73% of the topline whereas steel building segment contributed 169 crores or 27% of the topline. In building product segment, our volumes were up by 20% at 371,000 metric tons as compared to 309,000 metric tons in the last year. Sales revenue is up by 25% at 466 crore during H1 FY15 as compared to 374 crores in the same period last year. EBIT was 53 crores this year as compared to 20 crore in H1 FY14. EBIT margin recorded a healthy growth of 605 basis points or 6.05% over last year. Steel building segment revenue for the H1 FY15 was 169 crore which was up by 36% as compared to 124 crore in the same period last year. The volume in current year was 19,000 metric tons as compared to 15,000 metric ton in the same period last year. EBIT this year was a loss of Rs. 5 crores as a compared to a profit of 3 crore last year this was again mainly effected by the higher steel prices and other cost that were incurred during this half year.

On the balance sheet our gross debt is 206 crore which include 45 crore of ECB and 17 crores of buyers' credits. ECB is fully hedged for principal and interest repayment and the overall cost of the ECB that we have taken is 10.4% all toll cost.

In terms of CAPEX, our ongoing CAPEX at Dahej in Gujarat is progressing well and the trial production on the equipment installed so far has already started and is progressing well. We expect to put the plant in commercial operation in next few months. The Fiber Cement Boards CAPEX in UAE which we have recently announced will cost us around USD 15 million and will be funded by ECB borrowing of around USD 12 million and internal accrual of around USD 3 million. The main advantage of the new Fiber Cement Plant in UAE will be in terms of cost logistics and other savings as the new plant will cater primarily to the international and the



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existing plants in India will create to the domestic demand which is also growing at a healthy pace.

I think that is briefly what I have to share and we can now have if Manish if permit the question answer from the participants. Yeah, thank you.

Moderator Thank you. Ladies and gentlemen, we will now begin with the question and answer session. We have first question from the line of Neeraj Marathe from HU Consultancy. Please go ahead.

Neeraj Marathe Sir, two questions one on the CAPEX in UAE and we have taking up just wanted to understand first and foremost what is the kind of expenses what is the total quantum of expenses that we are incurring on this? And secondly, just wanted to understand whether see in a lot of countries there is certain mind block against use of Fiber Cement sheets specifically because asbestos or so. How are we looking at this here?

Manish Sanghi I think Rakesh mentioned that we are doing a CAPEX of \$15 million.

Neeraj Marathe Yeah, I missed that figure sorry.

Manish Sanghi And we actually already export something like 5,000-6,000 tons a month. This product is not with asbestos. In asbestos free product and its use is increasing in virtually across the world. It is a very large product across the world be it U.S., Europe, Australia, Japan everywhere this is preferred building method for wet area lining, for mezzanine flooring, for prefab construction, for facade cladding and frankly even in India when you want quick construction this is the preferred choice. So we are tapping into that particular demand and so the market is already there it established and growing and we are chasing to that market we are by far the market leader in most of the geographies.

Neeraj Marathe And roughly what is the estimated timeline that we are looking for setting this up?

Manish Sanghi We are working out on the finer details we just got a mandate from the board. But I expect it to take anywhere between 18 months onwards.

Neeraj Marathe Sir, the second question was on the steel buildings segment. There is bit of the confusion on the numbers. If you look at the previous year numbers in the presentation that have been circulated for the previous year for second quarter we have had a volume of 7,200 metric tons and revenue of 57.5 crores. But if you look at the previous year's presentation it mentions the volume of 6,300 tons and revenue of 56.6 so it does not match it has been....

Rakesh Gupta It was at 9 in the previous presentation the current presentation that we have send has the correct numbers.



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Neeraj Marathe And on the same steel building segment are there any exceptional cost of anything like that that has come in because in spite of stable steel prices

Rakesh Gupta I am sure that this a question which would be on an everybody's mind let me just take a little time and explain it in some bit of detail. We were having a large inventory of orders and even though for the last three four months the steel prices have been stable there was in spike of around Rs. 4,000-5,000 percentage ton in steel going back seven-eight months. Now we carry a large inventory of orders most of them are a fixed price contract. People were not listing these orders because of the economic slowdown now suddenly these customers are picking up their building. So those low price when they were taken they were great price but over a period of time they become bad prices those got mature in this period which resulted into lower contributions than normal, that is point number one. The point number two is that we have set up we have doubled our capacity and everything associated with doubling that is my design, my project, my marketing, in terms of people as well as advertising and all, all those expenses are there in my P&L while the corresponding revenue is not there in my P&L and that is what is causing the situation to the worst then what it really is. As we expect this improve because we have significantly reduced this inventory of the low contribution order and the new order which are there are of significantly better margin.

Moderator Thank you. We have next question from the line of Parag Pai from Indsec Securities & Finance Limited. Please go ahead.

Parag Pai My question is regarding the sales side. I just wanted to know like you mentioned that there is an increase of 23% in sales. So what did you know if you can just give us major regions in terms of whether it was the increase in volume or realization? And secondly, what is the order book position in both the segments?

Manish Sanghi Farad your voice was a little low so what I understood you are asking is why is what are the reasons behind this increase in sale?

Parag Pai Yeah, correct. Is it because of the high realizations or in terms of volumes?

Manish Sanghi It is a mixture of both but I would put it more on volumes. We saw an abnormally low 2013-2014 and if we look at the two segments separately we saw a major perk up happening virtually across country with an exception of Tamil Nadu that sales volume have pick-up everywhere on the roofing as well as on the board side. We believe this is sustainable and we should see that in coming quarters as well because we are we are seeing virtually across the industry not just limited to this. On the steel building side, the enquiry level which I am I mean if you are saying what has happened in the past we shipped more we shipped significantly higher quantities and before as I say look at the first six months as a whole 19,000 tons versus 15,000 tons but has been so far limited by capacity concern and with my new capacity kicking in I expect this situation to become better as we go forward in the year. But not really much of the change in the realization it is much more by way of volume right now.



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- Parag Pai** And if you could just give us the total order book position if possible?
- Manish Sanghi** There is an order book only in the case of steel buildings. In the case of building products it is a regularly moving item. So there is nothing like in order book, we get an order and service it within the next I mean we try to do within 24 hours actually. In the case of steel building we initially mentioned we are having the order book of around 28,000 metric ton with a value of around 238 crores.
- Moderator** Thank you. We have next question from the line of Arjun Sengar from Reliance Mutual Fund. Please go ahead.
- Arjun Sengar** Yes, I just wanted to ask you, you said that your new capacity in Dahej trial production was started in Q4 FY14. Just wanted to know when is that plant becoming completely operational?
- Manish Sanghi** There is some balancing equipment which is on order. I am expecting that to come in the next two-three months and after that we will take a call on declaring it fully operational.
- Moderator** Thank you. We have next question from the line of Devanshi Dhruva from Dolat Capital. Please go ahead.
- Devanshi Dhruva** Sir, I just wanted to ask that if you could give us the bifurcation of revenue between roofing and Boards & Panels in the building products.
- Manish Sanghi** Normally we club them together as building product and we don't treat them separately in our P&L. They belong to the same segment. We are not sharing these numbers.
- Moderator** Thank you. We have next question from the line of P Sachdev from P&Y Estates Private Limited. Please go ahead.
- P Sachdev** In the Middle East plant, what will be total sale at full utilization over there?
- Manish Sanghi** The revenue?
- P Sachdev** Yeah, revenue potential at 100% utilization from their plant.
- Manish Sanghi** Just give me a second. It should be I am working the details it should be around \$20 odd million.
- P Sachdev** And what kind of EBITDA can we work around the margins?
- Manish Sanghi** I am not sharing that number right now in this forum. But it will be a healthier EBITDA then the Indian operations. I am not sharing specific numbers right now.



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- Moderator** Thank you. We have next question from the line of Dhiraj Sachdev from HSBC. Please go ahead.
- Dhiraj Sachdev** Just a related question total CAPEX for Dahej and UAE put together is how much if I have just recollect the figure?
- Manish Sanghi** Dahej CAPEX is in the tune of around 50 odd crores and the Middle East Plant would be \$15 million.
- Dhiraj Sachdev** And this has been spread across two years right?
- Manish Sanghi** Dahej is almost done there is virtually very little CAPEX which is less over there major CAPEX is already done. And Dahej and Middle East will happen over the next one and half and two years.
- Dhiraj Sachdev** And you mentioned that full capacity it will be about \$20 million so it is about 1.3x assets terms for the Middle East plant?
- Manish Sanghi** Yes.
- Dhiraj Sachdev** And margins will be higher. Any specific reasons for it? Is the realization is better out there or mix is better?
- Manish Sanghi** We already sell over there at a fairly good margin. Right, so the capacity of that plant is already sold by us from India and once we start making it over there I would be saving on the logistics cost which is fairly significant.
- Dhiraj Sachdev** So that will obviously give some kind of margin difference, right?
- Rakesh Gupta** Yeah, it would be fairly big yes.
- Dhiraj Sachdev** Thank you. We have next question from the line of Sunny Agrawal from Aditya Birla Money. Please go ahead.
- Sunny Agarwal** Sir my question is from industry prospective with a government initiative of housing for all by 2022 I think the major focus will be on a semi-pucca kind of house and in that case our roofing segment will be I think the key beneficiary so can you spell out what is opportunity over there over the period of 5 to 10 year overall for industry prospective?
- Manish Sanghi** The detail frankly have not been spelled out by the government but purely in terms of potential there is still very-very large number of people who lives in hut and that number in terms of the housing population would still be on the order of 15% to 20% as a population. So when we say that this will upgrade. Normally this upgradation happens if we monitor the figures by censuses at the rate of something like 3% or 4% in a decade. What we are saying is that instead of this



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3%-4% this will become 20%. So if large part of it were to translate into sloping roof of the Fiber Cement collaboration ties we should be seeing a very-very large jump in the consumption of fiber cement sheets but as I said the fine print and the detailed policy is not yet there and action on it has not really started on the ground but I am absolutely certain that this is going to be a huge bigger and virtually a metamorphosis kind of a point for the roofing industry.

Sunny Agarwal

Sir in that case the major beneficiary will be cement board not I mean the steel or aluminum sheet, is my assumption right?

Manish Sanghi

It will be the cement collaborated sheet. I believe so though I would not be surprise if some of the share went into metal and probably some small part may go into concrete. But we are talking of the poorest of the poor so the possibly of them going straight away into concrete is very low. So I expect even I go conservative I would say it will be at least 50 or 60-40 between fiber cement and metal.

Sunny Agarwal

And sir my next question presets competitive scenario in this industry I think since it is a commodity I mean what is the differentiating factor between top two-three pair as far as this cement sheet or roofing is concern?

Manish Sanghi

It is a commodity to some extent in the sense that the products look the same but there are two-three factors which come into play and I think brand is one major-major factor. Over a period of time, Everest has become the predominant brand. It is a premium brand in the roofing sector. In virtually every part of the country except for maybe a couple of space where we do not operate like Andhra our operations are very small so they are other dominant who enjoy a premium on their product. The second is related to the kind of a mix which is their in the product portfolio. So in Everest today the portfolio which we carry in roofing is far more than anybody else. Let me just take a minute and tell you we make the standard old fashion grey colored fiber cement roof. We make a non-asbestos high-tech roof. We market polycarbonate roof. We have metal roofs, we have fixing accessory, the washers and the screws and very recently in North India we have introduced a very-very interesting kind of roof which we call as Everest Super Color which is the colored roof but not just colored it, it will remain bright, it will not absorb moisture, and it will not be affected the black algae and fungus so it will remain looking new for a very-very long period of time. This is as far as that path breaking kind of product innovation which nobody else has in the business probably they will copy but it should yield their dividends to us.

Sunny Agarwal

Usually if some person puts as asbestos sheet as a roofing solution in evenly how many years you need to replace that?

Manish Sanghi

Typically around 50 years. I mean it is a permanent roof it will last life time.

Moderator

Thank you. We have next question from the line of Aksh Vora from Praj Financials. Please go ahead.



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- Aksh Vora** The revenue break-up geography wise geography mix North, East?
- Manish Sanghi** I actually do not do a revenue break-up but I were to broadly say we are particularly strong in East and Southern India as far as our roofing business is concerned. As far as our steel building is concerned I am very strong in North and Western India. And I suppose because it varies byproduct a lot in general I would say East is my strongest area.
- Aksh Vora** In West we do not have proper hold in building product?
- Manish Sanghi** I am saying relatively, I have two plants in East and I have higher merchandizing capacity in South so I am stronger over there compare to that I have only one roofing line in West. I have more of goods and my panel product line in West so; I am stronger in that particular product line in West.
- Aksh Vora** How is the demand panning out we had seen a very rough patch last year so, in terms of demand how is it panning out currently sir and going forward what your view?
- Manish Sanghi** We are seeing demand in improving in most part of the country except for South and I say particularly Tamil Nadu where the demand continues to be very sluggish the monsoon has failed there now for three years in succession. We are hoping for a good monsoon to happen it has a winter monsoon as you all know and we are hoping in fact today is holiday in schools in Tamil Nadu on account of very heavy rain fall expected throughout Tamil Nadu. I hope that folds because that will rather extremely well for the roofing business over there but past few year have very-very bad over there for virtually every kind of construction product. But all other areas we are seeing a definite buck up of demand.
- Aksh Vora** Sir what could be our market share currently?
- Manish Sanghi** In roofing our market share is also in order of around 14% to 15%.
- Aksh Vora** Okay. And who would be the leader sir?
- Manish Sanghi** The leader is Hyderabad Industries.
- Aksh Vora** Okay. And that would be differential of how much points?
- Manish Sanghi** I am guessing their number but I expect there would be something around 20%-21% somewhere in that range.
- Moderator** Thank you. We have next question from the line of Arjun Sengar from Reliance Mutual Fund. Please go ahead.
- Arjun Sengar** This quarter you had a loss of around 6 crores and 3 million, I just want to ask you when do you expect to return to profitability. Will it be next quarter or Q4?



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- Manish Sanghi** I am hoping that it will start happening this quarter but I expect that fourth quarter onwards we should be having better results. This quarter we will have to wait and watch.
- Moderator** Thank you. We have next question from the line of Shrenik Mehta from HDFC Securities. Please go ahead.
- Shrenik Mehta** As of FY14 your revenue contributions from building product were 72% and rest 28% was from steel building. I just want to know what is the potential of the steel building business as in can it lead the next leg of growth for this company? So what is the potential for next 5 to 10 years down the line?
- Manish Sanghi** See we treat each one of them as an independent business within the company and we want all of them to grow. In the immediate short-term we will see the steel building capacity is doubling from something like 30,000 tons to 60,000 tons. So and if I include steel roofing then it will probably more like 70,000 odd tons. So purely in terms of revenue and in terms of capacity this business can grow to something like Rs. 600 crore. But then there is cyclical kind of a CAPEX which happens all CAPEX does not happen at the same time. The year after that I suspect '16-'17 we would be seeing the building products growing much more because of the new capacity in Dubai which will probably come on stream. But steel building business is going to be very significant in our portfolio of products that is how it appears because people want their construction to be completed quickly and nobody has time for site fabrication. And if India growth story continues and Made in India becomes reality we should be seeing a very huge demand for factory building in the coming five six years so, I expect that business to do very well.
- Moderator** Thank you. We have next question from the line of Aksh Vora from Praj Financial. Please go ahead.
- Aksh Vora** Yeah sir just wanted to know other income has increased significantly compared to last couple of quarters so any specific reasons what are the bifurcations of other income?
- Manish Sanghi** What you are saying the other income has increased significantly is there any reasons for it?
- Rakesh Gupta** Actually this other income includes the incentive that we are getting at Somnathpur and at Lakhmapur Works. Previously Lakhmapur Works we had an exemption now we have a sales tax subsidy comes back to us now that is basically going into other income.
- Aksh Vora** So can you quantify the amount or benefit?
- Rakesh Gupta** For the quarter this both taken together will be in the vicinity of around upward of 4 crore.
- Aksh Vora** Okay. The major part of that is coming from that.



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- Manish Sanghi** Yeah that is really operational in nature by but accounting it gets factored in over there.
- Aksh Vora** For how many quarter the benefit would be coming sir?
- Manish Sanghi** The Orissa subsidiary therefore fairly long period of time something like 10 years.
- Manish Sanghi** Lakhmapur would laps very soon.
- Aksh Vora** Another question sir there has been some amount of reduction in freight cost I think so, can you elaborate in that what is the main reason for that?
- Manish Sanghi** There is a very definite effort from our side to sell closer. That we want to sell product line closer to our factory so we have been constantly working in that particular direction. I expect that with the diesel prices actually for now decontrolled and reducing that we should also be seeing further gain. But we are seeing logistics as a major focus item within the company and we will be putting special efforts to bring down this particular cost.
- Aksh Vora** Okay. Any number you would say like how much percentage of sale that would be in the near future?
- Manish Sanghi** Little difficult for me to say simply because it is mix of what I sell and where I sell. If my exports goes up my freight bill goes up. So, even if I earn more but freight bill would still go up so it is likely tricky question for me answer. I do not have a good straight forward answer for it.
- Aksh Vora** Okay. We are focused to bring it down further?
- Manish Sanghi** We are focused on bringing it down; we are doing a lot of different steps but despite that in case my exports will go then you will see an increase.
- Moderator** Thank you. We have next question from the line of Parag Pai from Indsec Securities & Financial Limited. Please go ahead.
- Parag Pai** Sir if you just could provide some guidance numbers in terms of sales and EBITDA for FY15 and as well FY16?
- Manish Sanghi** As a policy we have not been giving guidance numbers but purely in terms of ability and in terms of capacity which will be there in house we are talking about steel building by that in '15-'16 ramping up to full capacity of something like 70,000 odd I shared the number 550-600 crore coming from there. And I am assuming no inflation. Right now I am considering it at current price level. I am expecting that roofing situation will definitely improve if the current trends continues and both those roofing and boards put together should be contributing upward of around 900 odd crores. We have started some small businesses which we are expecting to ramp-up. There is a business which we call as a smart steel business. There are some access



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floors there are some new businesses which are very-very small but are expecting them to ramp-up so they should also add to the bottom-line over there. Going forward in the '16-'17 we should have the new boards plant in Dubai in UAE coming into the revenue stream. This is frankly based on what we have on capacity. If we add more product line then the number would change but we are wanting to maintain our growth of rate of something 20% plus sales what our target it.

Moderator Thank you. We have next question from the line of Shrenik Mehta from HDFC Securities. Please go ahead.

Shrenik Mehta Sir as I understand in Monsoon quarters are generally weaker quarters for the company and the industry so, with this monsoon extending till October so is there is any negative impact on the Q3 results or any impact on demand in Q3?

Manish Sanghi I do not think there would be very significant Monsoon impact. The Monsoon most of it is over in Q2 so I do not really see Q3 being badly affected. October because there are too many festivals happening both Dussehra and Diwali happening in the same month probably it might get affected a little bit but then hopefully it should recover in November I do not see any reason why it should effect that is how it looks as of today.

Moderator Thank you. As there are no further questions from 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. We are extremely excited with the plans which we have made. We are generally very excited with the business environment which we are seeing being shaped, and we are excited about the hope which the business and industrial community is having. We are also excited about some of the campaigns which the government has started particularly the "Swacch Bharat Campaign" and "Housing for All" and as in the next few months we definitely want to have very definite plants to be able to cater to the new demand which is going to be generated by this.

As I mentioned earlier, we are very excited about the new project which we are setting up outside India. This is the first foray outside we are trying to cover all our basis in terms of particularly on the demand side of it. Special teams have been set up within the company to handle this particular product line. We expect that things should improve going forward. I am sure we will see some impact of that by the time we meet in three months' time from now. And let's see how it pans out and let me all Wish you all a very Happy Dhanteras for today and a very Happy Diwali. Yeah, thank you.

Rakesh Gupta Thank you.



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Moderator

Thank you very much, sir, Ladies and gentlemen on behalf of Everest Industries Limited that concludes today's conference. Thank you for joining us and you may now disconnect your lines.