

## Everest Solvent Private Limited: Ratings placed on ‘Issuer Not Cooperating’ category with notice for withdrawal

January 03, 2024

### Summary of rating action

Instrument	Rated Amount (NPR million)	Rating Action
Long-term loan limits	105	[ICRANP] LB- “ <b>ISSUER NOT COOPERATING*</b> ”; placed under Issuer not cooperating category, with notice of withdrawal
Short-term loan limits	2,380	[ICRANP] A4 “ <b>ISSUER NOT COOPERATING*</b> ”; placed under Issuer not cooperating category with notice of withdrawal
<b>Total</b>	<b>2,485</b>	

*\*Issuer did not cooperate timely; based on best available information.*

### Rating action

ICRA Nepal has revised the long-term loan rating of Everest Solvent Private Limited (Everest) to **[ICRANP] LB- ‘Issuer Not Cooperating’** (pronounced ICRA NP L B minus, Issuer Not Cooperating) from **[ICRANP] LB-** (pronounced ICRA NP L B minus). ICRA Nepal has also revised the company’s short-term loan rating to **[ICRANP] A4 ‘Issuer Not Cooperating’** (pronounced ICRA NP A four, Issuer Not Cooperating) from **[ICRANP] A4** (pronounced ICRA NP A four). The rating action has been taken in accordance with the Credit Rating Regulations 2011, following limited cooperation from Everest for rating information despite multiple follow-ups. The ratings have also been put on notice for withdrawal.

### Rationale

The ratings revision mainly factors in the uncertainties regarding the company’s financial profile, amid the lack of information about Everest’s performance and hence the resultant concerns around its credit risk. These concerns are further heightened by the inflated borrowing rates during the last 12-15 months, raw material price volatility, along with the company’s modest financial profile and stretched liquidity profile, when last rated. The ongoing economic slowdown might have impacted Everest’s operational and financial indicators. However, in lack of any information from Everest, the exact extent of the impact on the company’s financial profile and debt coverage indicators could not be ascertained.

ICRA Nepal assesses whether the information available about the entity is commensurate with its rating and reviews the same as per Credit Rating Regulations 2011 as well as ICRA Nepal’s ‘Withdrawal/Suspension Policy’ available at [www.icranepal.com](http://www.icranepal.com).

As a part of its process and in accordance with its rating agreement with Everest, ICRA Nepal has been trying to seek comprehensive information from the entity to monitor its performance, but despite repeated requests by ICRA Nepal, the entity’s management remained largely non-cooperative till the extended deadline for surveillance. In the absence of the requisite information on a timely manner and in line with the aforesaid policy of ICRA Nepal, a rating view has been taken on the entity based on the best available information.

For such ratings, the lenders, investors, and other market participants are advised to exercise appropriate caution while using the ratings as it may not adequately reflect the credit risk profile of the entity. The entity’s credit risk profile may have changed to a level greater than that represented by the rating symbol.

**Link to the previous detailed rating rationale:**

[Rationale of Everest Solvent Private Limited Fresh BLR June-2022](#)

**Analytical approach:** For arriving at the ratings, ICRA Nepal has applied its rating methodologies as indicated below.

**Links to the applicable criteria:**

[Corporate Credit Rating Methodology](#)

[Applicable INC Guidelines](#)

## About the company

Incorporated in March 1984, Everest Solvent Private Limited (Everest) is the producer/refiner of various types of edible oil viz. sunflower oil, soybean oil, rice bran oil and palm oil under the brand name of “Choice”. When last rated, the company had an installed refinery capacity of ~72,000 MTPA. Its registered office was in Khanar VDC in Sunsari district of Nepal. When last rated, the company’s shares were held by seven individuals with Mr. Abinash Bohra being the largest shareholder with 45% stake.

## Key financial indicators (as available during last rating exercise)

	FY2018 (Audited)	FY2019 (Audited)	FY2020 (Audited)	FY2021 (Audited)	9MFY2022 (Provisional)
Operating income (OI; NPR million)	429	578	1,107	1,629	2,480
OPBDITA/OI (%)	15.1%	14.1%	14.0%	14.5%	21.6%
Total debt/tangible net worth (TNW; times)	7.2	6.8	8.2	5.6	3.6
Total outside liabilities/TNW (times)	7.9	10.4	12.2	6.1	3.8
Total debt/OPBDITA (times)	13.1	9.9	6.4	5.9	3.0
Interest coverage (times)	1.0	1.0	1.4	2.3	5.5
DSCR (times)	1.1	1.1	1.2	2.0	4.2
Net working capital/OI (%)	187%	117%	78%	88%	75%

Source: Company avail data

## Analyst Contacts:

**Mr. Sailesh Subedi** (Tel No. +977-1-4519910/20)

[sailesh@icranepal.com](mailto:sailesh@icranepal.com)

**Mr. Rajib Maharjan** (Tel No. +977-1-4519910/20)

[rajib@icranepal.com](mailto:rajib@icranepal.com)

**Mr. Bigyan Bhattarai** (Tel No. +977-1-4519910/20)

[bigyan.bhattarai@icranepal.com](mailto:bigyan.bhattarai@icranepal.com)

## Relationship Contacts:

**Ms. Barsha Shrestha** (Tel No. +977-1-4519910/20)

[barsha@icranepal.com](mailto:barsha@icranepal.com)

## About ICRA Nepal Limited:

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For more information, visit [www.icranepal.com](http://www.icranepal.com)

**ICRA Nepal Limited,**

Sunrise Bizz Park, 6th Floor, Dillibazar, Kathmandu, Nepal.

**Phone:** +977 1 4519910/20

**Email:** [info@icranepal.com](mailto:info@icranepal.com)

**Web:** [www.icranepal.com](http://www.icranepal.com)

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