

Kabeli Cement Industries Private Limited: Ratings downgraded to [ICRANP] LD/D and moved to ‘Issuer Not Cooperating’ category with notice for ratings withdrawal

September 04, 2023

Summary of rating action:

| Instrument | Rated Amount (NPR million) | Rating Action |
|------------------------|----------------------------|--|
| Long-term loan limits | 250 | [ICRANP] LD “ ISSUER NOT COOPERATING ”; downgraded from [ICRANP] LBB- and moved to Issuer not cooperating category, with notice of withdrawal |
| Short-term loan limits | 345 | [ICRANP] D “ ISSUER NOT COOPERATING ”; downgraded from [ICRANP] A4 and moved to Issuer not cooperating category, with notice of withdrawal |
| Total | 595 | |

Rating action

ICRA Nepal has downgraded and revised the long-term loan rating of Kabeli Cement Industries Private Limited (KCIPL) to [ICRANP] LD “Issuer not Cooperating” (pronounced ICRA NP L D, Issuer Not Cooperating) from [ICRANP] LBB- (pronounced ICRA NP L double B minus). ICRA Nepal has also downgraded the company’s short-term loan rating to [ICRANP] D “Issuer Not Cooperating” (pronounced ICRA NP D, Issuer Not Cooperating) from [ICRANP] A4 (pronounced ICRA NP A four). The ratings have also been put on notice for withdrawal. The rating action has been taken in accordance with the Credit Rating Regulations 2011, following the non-cooperation from KCIPL for rating information, despite multiple follow-ups.

Rationale

The rating revision factors in the delays in servicing of debt obligations by KCIPL. As reported, there has been a delay in servicing of debt obligations for a period of over 30 days. Accordingly, the rating action has been taken based on ICRA Nepal’s [Default Recognition Policy](#). Going forward, a track record of timely debt servicing will be the key rating sensitivity.

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.

As a part of its process and in accordance with its rating agreement with KCIPL, ICRA Nepal has been trying to seek information from the entity to monitor its performance, but despite repeated requests by ICRA Nepal, the entity’s management has remained non-cooperative. In the absence of requisite information 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.

Link to the previous detailed rating rationale

[Rationale Kabeli-Cement Fresh-BLR Feb-2022](#)

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

Links to applicable criteria

[Corporate Credit Rating Methodology](#)

About the company

Incorporated in October 2018, Kabeli Cement Industries Private Limited (KCIPL) is involved in the production and sales of cement, with current installed grinding capacity of 165,000 MTPA. When last rated, the shares of the company were held by 15 individuals. KCIPL produces Ordinary Portland Cement (OPC) under one brand and Pozzolana Portland Cement (PPC) under five brands. Its factory is located at Haldibari -03, in Jhapa district of Nepal.

Key financial indicators (as available during last rating exercise)

| Amount in NPR million | FY2021 (Audited) |
|---|------------------|
| Operating Income-OI (Sales; NPR million) | 433 |
| OPBDITA/OI (%) | 13.3% |
| Total debt/ Tangible net worth TNW (times) | 3.29 |
| Total Outside Liabilities/TNW (times) | 3.87 |
| Total Debt/OPBDITA (times) | 7.74 |
| OPBDITA/Interest (Interest coverage; times) | 1.64 |
| DSCR (times) | 1.46 |
| Net Working Capital-NWC/OI (%) | 54% |
| Current ratio | 1.04 |

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About ICRA Nepal Limited:

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