

## Durga Laxmi Steels Private Limited: Ratings downgraded and moved to 'Issuer Not Cooperating' category with notice for ratings withdrawal

November 06, 2023

### Summary of rating action

Instrument	Rated Amount (NPR million)	Rating Action
Long-term loan limits; fund-based	351.9	[ICRANP] LB- <b>"ISSUER NOT COOPERATING"</b> ; downgraded from [ICRANP] LB and moved to Issuer not cooperating category, with notice of withdrawal
Short-term loan limits; fund-based & non-fund based	848.1	[ICRANP] A4 <b>"ISSUER NOT COOPERATING"</b> ; revised from [ICRANP] A4 and moved to Issuer not cooperating category, with notice of withdrawal
<b>Total</b>	<b>1,200.0</b>	

### Rating action

ICRA Nepal has downgraded the long-term rating of Durga Laxmi Steels Private Limited (DLSPL) to [ICRANP] LB- 'Issuer Not Cooperating' (pronounced ICRA NP L B Minus, Issuer Not Cooperating) from [ICRANP] LB (pronounced ICRA NP L B). 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 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 DLSPL for rating information, despite multiple follow-ups.

### Rationale

The ratings revision mainly factors in the uncertainties regarding the company's financial profile, amid the lack of information about DLSPL's performance and hence the resultant concerns around its credit risk. These concerns are heightened following the inflated borrowing rates, moderation in construction sector activities and general economic outlook. However, in lack of any information from DLSPL, 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, 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.

For such ratings, the lenders, investors and other market participants are advised to exercise appropriate caution while using the rating 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\\_Durga Laxmi Steels Private Limited BLR-Surveillance April-2022](#)  
[INC Guidelines of ICRA Nepal](#)

**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 2019, DLSPL is promoted by six individuals from diverse sectors. Mr. Madhav Regmi, the current chairman, has experience in the steel industry through trading activities and operation of small-scale steel fabrication plant. DLSPL is developing its first large-scale steel project (a tube mill plant), which is in its early stages of development. Major shareholders of DLSPL include Mr. Madhav Regmi (Chairman) (46%) Mr. Anurag Pandey (~22%), Mr. Puran Silwal (~13%) and Mr. Siddhi Prasad Adhikari (~13%).

DLSPL is setting up a factory with an installed capacity of 60,000 MT (metric tonne) for manufacturing black pipes, galvanized iron (GI) pipes and cut-to-length products. The production facility will use imported hot rolled coils and zinc as major raw materials to produce the finished goods. DLSPL's production facility is in the Shivraj Municipality of Nawalparasi and is expected to commence operation from the mid of October 2021.

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## About ICRA Nepal Limited:

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