

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

January 03, 2024

Summary of rating action

Instrument	Rated Amount (NPR million)	Rating Action
Long-term loan limits	9,547	[ICRANP] LD "ISSUER NOT COOPERATING" ; downgraded from [ICRANP] LB+ and moved to Issuer not cooperating category, with notice of withdrawal
Short-term loan limits	3,000	[ICRANP] D "ISSUER NOT COOPERATING" ; downgraded from [ICRANP] A4 and moved to Issuer not cooperating category, with notice of withdrawal
Total	12,547	

Rating action

ICRA Nepal has downgraded and revised the long-term loan rating of CG Cement Industries Palpa Private Limited (CG Palpa) to [ICRANP] LD "Issuer not Cooperating" (pronounced ICRA NP L D, Issuer Not Cooperating) from [ICRANP] LB+ (pronounced ICRA NP L B plus). 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 CG Palpa for rating information, despite multiple follow-ups.

Rationale

The ratings downgrade mainly factors in the delays in servicing of debt obligations by CG Palpa. As reported, there has been instances of delays in servicing of debt obligations for a period of over 30 days during the last 12 months. 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 CG Palpa, 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 till the extended deadline for surveillance. 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_CG-Cement-Industries-Palpa_Fresh-BLR_July-2022](#)

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

Link to the applicable criteria

[Corporate Credit Rating Methodology](#)

About the company

Incorporated in 2011, CG Cement Industries Palpa Private Limited (CG Palpa) was an under-construction cement manufacturing plant when last rated, with a capacity of 2,950 TPD for clinker and 2,800 TPD for cement. The plant is located in Sardewa, Rainadevi Chharaha Rural Municipality VDC of Palpa district. CG Palpa belongs to the CG Group, a renowned business house in Nepal, which is also present across various countries in the world. The company's registered office is in Sanepa, Kathmandu, Nepal

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About ICRA Nepal Limited:

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Our parent company, ICRA Limited, was set up in 1991 by leading financial/investment institutions, commercial banks and financial services companies as an independent and professional investment information and credit rating agency. Today, ICRA and its subsidiaries together form the ICRA Group of Companies.

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