

Pathibhara Steel Industries Private Limited: Ratings downgraded and withdrawn

January 03, 2024

Summary of rating action

Instrument	Last rated amount (NPR Million)	Rating Action
Long-term – fund-based limits	210	[ICRANP] LD; downgraded from [ICRANP] LB+ “ISSUER NOT COOPERATING” and withdrawn
Short-term – fund/non-fund based limits	740	[ICRANP] D; downgraded from [ICRANP] A4 “ISSUER NOT COOPERATING” and withdrawn
Total	950	

Rating action

ICRA Nepal has withdrawn the long-term loan rating assigned to Pathibhara Steel Industries Private Limited (PSI or the company) after downgrading it to [ICRANP] LD (pronounced ICRA NP L D) from [ICRANP] LB+ “ISSUER NOT COOPERATING” (pronounced ICRA NP L B plus, Issuer Not Cooperating). Further, ICRA Nepal has also withdrawn the company’s short-term loan rating assigned after downgrading it to [ICRANP] D (pronounced ICRA NP D) from [ICRANP] A4 “ISSUER NOT COOPERATING” (pronounced ICRA NP A four, Issuer Not Cooperating). The rating action has been taken in accordance with the Credit Rating Regulations 2011 following limited cooperation from PSI for rating information despite multiple follow-ups. The rating was kept on notice for withdrawal for a period of six months, during which period also, there was no cooperation from the company for rating surveillance.

Rationale

The ratings downgrade factors in the delays in servicing of debt obligations by PSI. As reported, there has been a delay in debt servicing by the company for a period of over 30 days. Accordingly, the rating action has been taken based on ICRA Nepal’s [Default Recognition Policy](#).

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](#).

As a part of its process and in accordance with its rating agreement with PSI, ICRA Nepal had 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 In the absence of requisite information and in line with the aforesaid policy of ICRA Nepal, the ratings have been withdrawn.

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](#)

Link to the previous detailed rating rationale:

[Pathibhara Steel Industries Private Limited -Bank loan rating surveillance: December 27, 2021](#)

[Pathibhara Steel Industries Private Limited -Bank loan ratings Issuer Not Cooperating: July 3, 2023](#)

About the company

Pathibhara Steel Industries Private Limited (PSI) was incorporated in December 2012 as a partnership firm with six individual partners and later registered as a private limited company on July 15, 2018, with the same set of partners as shareholders. As of mid-July 2021 (as available during last rating), major promoters of PSI included Mr. Arjun Mainali, Mr. Kapil Bimali, Mr. Manorath Bhetwal, Mr. Hem Raj Sangraula and Mr. Om Prakash Bimali.

PSI has been involved in iron and steel processing and trading activities since 2013. PSI's rolling mill operation started in 2013 with an installed capacity of 10 metric tonnes per day (MTPD). The company started producing TMT bars (8–20 mm in diameter) from Q4FY2018. When last rated, the manufacturing portfolio of PSI comprised TMT bars (under the brand name of PSI TMT) and steel sections. The estimated capacity of the rolling mill was ~70,000 metric tonnes per annum (MTPA).

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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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