

**Press Release**

**Kamala Rolling Mills Private Limited**

**Rating**

Facilities	Amount (Rs. In Million)	Rating	Rating Action
Short Term Bank Facilities	2,526.02	CARE-NP A3 [A Three] (Credit watch with negative implications)	Rating placed on credit watch with negative implications
<b>Total Facilities</b>	<b>2,526.02</b>		

*Details of Facilities in Annexure 1*

CARE Ratings Nepal Limited (CRNL) has placed the rating of ‘CARE-NP A3’ for the short-term bank facilities assigned to Kamala Rolling Mills Private Limited (KMPL) on credit watch with negative implications.

**Detailed Rationale & Key Rating Drivers**

The ratings assigned to the bank facilities of Kamala Rolling Mills Private Limited (KMPL) have been placed on credit watch with negative implications, following the ongoing pandemic of COVID-19 and its expected impact on the operational and financial performance of the company and overall steel manufacturing sector. As a measure to combat the pandemic, GoN imposed travel restrictions and countrywide lockdown since March 24, 2020 closing most of the organizations and slowing down the economic activities. The lockdown has been extended multiple times with current extension till April 27, 2020. With lockdown imposed by the GoN, KMPL had suspended all its manufacturing activities from March 24, 2020 which may impact the operational performance of the company. However, lately, the GoN has provided some relaxation to the manufacturing industries to commence production with some conditions. Considering the same, from April 19, 2020, KMPL has partially started its operations. Majority of raw material requirements of the company are met through import from India. With lockdown imposed in India up to May 3 2020, the shipment of raw material is unlikely to happen which may impact operations of the company in the near future. The company currently has raw material stock for around 1.5 months which may reduce the impact to certain extent.

Impact of COVID-19 is expected to be seen in Nepalese economy in coming months. Though, the Central Bank of Nepal has provided an extension of 3 months for the repayment of loans falling due in mid-April 2020 to provide some temporary relief. With the continuation of lockdown and travel restriction imposed at national as well as global levels, a long-term impact could be seen in the production and sales to maintain the profitability and debt servicing capability of KMPL. CRNL shall be continuously monitoring the COVID-19 crisis and its impact on the business, financial risk profile and liquidity position of the company during this period. CRNL may remove the ratings from watch, and would take a final action on the ratings once clarity emerges on these issues.

### About the Company

Kamala Rolling Mills Private Limited (KMPL) is a private limited company incorporated on December 2, 1991 for manufacturing TMT Bars, Flat, Sections, Galvanized Iron/Hard Bright (GI/HB) Wires, Shutter Spring, Barbed Wire, etc., having plant in Biratnagar, Morang, Nepal. The company is promoted by different individuals belonging to the Vishal group of companies. Currently, the total installed capacity of the plant is 80,000 Metric Tons Per Annum (MTPA) out of which the capacity for Rolling Mills is 60,000 MTPA and Wire Section is 20,000 MTPA.

Detailed rating rationale of the company is available at [www.careratingsnepal.com](http://www.careratingsnepal.com)

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#### Disclaimer

CRNL's ratings are opinions on credit quality and are not recommendations to sanction, renew, disburse or recall the concerned bank facilities or to buy, sell or hold any security. CRNL has based its ratings on information obtained from sources believed by it to be accurate and reliable. CRNL does not, however, guarantee the accuracy, adequacy or completeness of any information and is not responsible for any errors or omissions or for the results obtained from the use of such information. Most entities whose bank facilities/instruments are rated by CRNL have paid a credit rating fee, based on the amount and type of bank facilities/instruments.

### Annexure 1: Details of the Facilities rated

Nature of the Facility	Type of the Facility	Amount (Rs. In Million)	Rating
Short Term Bank Facilities	Working Capital Limit	1,120.00	CARE-NP A3 (Credit watch with negative implications)
Short Term Bank Facilities	Non-Fund Based Limit	1,406.02	CARE-NP A3 (Credit watch with negative implications)
<b>Total</b>		<b>2,526.02</b>	