

Press Release

Mainawati Steel Industries Private Limited

Rating

Facilities	Amount (Rs. In Million)	Rating	Rating Action
Long Term Bank Facilities	226.61	CARE-NP BBB- [Triple B Minus] (Credit watch with negative implications)	Rating placed on credit watch with negative implications
Short Term Bank Facilities	5,390.81	CARE-NP A3 [A Three] (Credit watch with negative implications)	Rating placed on credit watch with negative implications
Total Facilities	5,617.42		

Details of Facilities in Annexure 1

CARE Ratings Nepal Limited (CRNL) has placed the rating of ‘CARE-NP BBB-’ for the long-term bank facilities and ‘CARE-NP A3’ for the short-term bank facilities assigned to Mainawati Steel Industries Private Limited (MSPL) on credit watch with negative implications.

Detailed Rationale & Key Rating Drivers

The ratings assigned to the bank facilities of Mainawati Steel Industries Private Limited (MSPL) 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 iron & 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 nation-wide lockdown imposed by GoN, manufacturing activities of the company have been suspended as well as shipment of raw materials have been impacted. This has affected the overall operation, revenue generation and cashflows of the company.

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 MSPL. 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

Mainawati Steel Industries Private Limited (MSPL) is a private limited company incorporated on May 17, 1995 for setting up of M.S. Black & Galvanized pipe plant in Sunsari district of Nepal. The company is operating from more than 2 decades and manufacturing wide range of steel products with total installed plant capacity of 90,450 metric tons per annum. MSPL primarily manufactures MS black pipes, galvanized pipes, tubes and its variants. All the shares have been held by individual promoter group shareholders.

Detailed rating rationale of the company is available at www.careratingsnepal.com

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<p>Disclaimer</p> <p>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.</p>

Annexure 1: Details of the Facilities rated

Nature of the Facility	Type of the Facility	Amount (Rs. In Million)	Rating
Long Term Bank Facilities	Term Loan	226.61	CARE-NP BBB- (Credit watch with negative implications)
Short Term Bank Facilities	Working Capital Limit	4,948.11	CARE-NP A3 (Credit watch with negative implications)
Short Term Bank Facilities	Non-Fund Based Limit	442.70	CARE-NP A3 (Credit watch with negative implications)
Total		5,617.42	