

Mahabir International Suppliers Private Limited: Rating downgraded and moved to ‘Issuer Not Cooperating’ category with notice for rating withdrawal

April 03, 2023

Summary of rating action:

Instrument*	Rated Amount (NPR Million)	Rating Action
Long-term; fund-based limits	40.0	[ICRANP] LB+ “ ISSUER NOT COOPERATING* ”; downgraded from [ICRANP] LBB- and moved to Issuer not cooperating category with notice for rating withdrawal
Short-term; fund-based limits	530.0	[ICRANP] A4 “ ISSUER NOT COOPERATING* ”; moved to Issuer not cooperating category with notice for rating withdrawal
Total	570.0	

**Issuer did not cooperate; based on best available information.*

Rating action

ICRA Nepal has downgraded and revised the long-term rating assigned to the long-term loan of Mahabir International Suppliers Private Limited (MISPL) to [ICRANP] LB+ ‘Issuer Not Cooperating’ (pronounced ICRA NP L B plus, Issuer Not Cooperating) from [ICRANP] LBB- (pronounced ICRA NP L double B minus). Further, ICRA Nepal has also revised the short-term rating assigned to the short-term loan of MISPL to [ICRANP] A4 ‘Issuer Not Cooperating’ (pronounced ICRA NP A four, Issuer Not Cooperating) from [ICRANP] A4 (pronounced ICRA NP A four).

The rating action has been taken in accordance with the Credit Rating Regulations 2011 following limited cooperation from MISPL for rating information despite multiple follow-ups. The ratings have also been put on notice for withdrawal.

Rationale

The ratings were downgraded because of lack of adequate information about MISPL’s performance and hence the resultant uncertainty around its credit risk. These concerns are likely to remain heightened given the tight banking sector liquidity amid the relatively high gearing level of the company. Given the lack of adequate information from the company in FY2022 and thereafter, the extent of the impact on the 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.

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.

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. 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.

Link to previous detailed rating rationale

[Fresh rating rationale of Mahabir International Suppliers Private Limited-Bank loan ratings](#)

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

Mahabir International Suppliers Private Limited (MISPL), a unit under the Kedia Group, one of the reputed business houses in Nepal with multiple agro-processing units, was incorporated in 2014 as a private limited company. MISPL is mainly involved in the trading of imported pulses and beans. The company imports and processes pulses and beans, which are then packaged and sold under the brand name Yasoda, Uttam and Rajhans. The promoter group, through units such as MISPL and its sister entities like Mahabir Overseas Pvt Ltd, Mahabir holdings Pvt Ltd, is one of the major players in the pulse processing business in the country.

MISPL's entire paid-up capital of NPR 65 million (as of Mid-July 2021) is held in equal proportions by Mr. Mukti Kumar Agrawal and Mr. Ankit Kedia. Mr. Agrawal is also the Chairman and Director of the company.

Key financial indicators (when last rated)

	FY2019	FY2020	FY2021
	(Audited)		(Provisional)
Operating Income-OI (NPR million)	783.2	1,079.0	1,182.3
OPBDITA ¹ /OI (%)	6.8%	6.8%	6.0%
Total Debt/Tangible Net Worth (TNW; times)	21.5	14.3	3.1
Total Outside Liabilities/TNW (times)	32.6	14.5	6.9
Total Debt/OPBDITA (times)	7.2	9.3	4.7
Interest Coverage (times)	1.4	1.3	1.8
NWC ² /OI (%)	46%	62%	28%
Current Ratio (times)	1.0	1.0	1.0

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About ICRA Nepal Limited:

ICRA Nepal Limited, the first credit rating agency of Nepal, is a subsidiary of ICRA Limited (ICRA) of India. It was licenced by the Securities Board of Nepal (SEBON) on October 3, 2012. ICRA Nepal is supported by ICRA Limited through a technical

¹ Operating profit before depreciation, interest, tax and amortization

² Net working capital intensity

support services agreement, which envisages ICRA helping ICRA Nepal in areas such as rating process and methodologies, analytical software, research, training, and technical and analytical skill augmentation.

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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