

## Raman Construction Private Limited: Ratings downgraded and moved to ‘Issuer Not Cooperating’ category with notice for rating withdrawal

November 6, 2023

### Summary of rating action

Instrument*	Rated Amount (NPR million)	Rating action
Fund-based; long-term limits	550.0	[ICRANP] LB+ “ <b>ISSUER NOT COOPERATING*</b> ”; downgraded from [ICRANP] LBB- and moved to Issuer not cooperating category with notice for rating withdrawal
Fund-based; short-term limits	2,446.3	[ICRANP] A4 “ <b>ISSUER NOT COOPERATING*</b> ”; moved to Issuer not cooperating category with notice for rating withdrawal
Non-fund based; short-term limits	7,945.1	
<b>Total</b>	<b>10,941.4</b>	

*\*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 loans of Raman Construction Private Limited (RCPL) 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). ICRA Nepal has also revised the company’s short-term loan rating to [ICRANP] A4 ‘Issuer Not Cooperating’ (pronounced ICAR NP A four, Issuer Not Cooperating).

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

### Rationale

The ratings are moved to ‘Issuer not cooperating’ category with notice for rating withdrawal because of lack of adequate information about RCPL’s performance and hence the resultant uncertainty around its credit risk. These concerns are likely to remain heightened given the tight banking sector liquidity, general moderation in economic outlook as well as delays in payments by the Government to public contractors like RCPL relating to public projects. Given the lack of adequate information from the company in recent periods, 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](http://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**

[Raman-Construction-Pvt-Ltd\\_Fresh-BLR\\_Rationale\\_April-2022\\_Final.pdf](#)

**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**

Raman Construction Private Limited is a class-A contractor that primarily deals with public infrastructure projects, such as roads, bridges, and water supply, as well as projects spanning various Government segments. The company was established as a sole proprietorship in 1990 and was subsequently converted into a private limited company in 1999. Mr. Bal Ram Mahato, Mr. Raman Mahato and Mr. Pawan Mahato are the shareholders of the company with stakes of 20%, 40% and 40%, respectively. Mr. Raman Mahato is the Executive Director of the company.

**Key financial indicators (standalone, as available at the time of last rating exercise)**

	<b>FY2017 (Audited)</b>	<b>FY2018 (Audited)</b>	<b>FY2019 (Audited)</b>	<b>FY2020 (Audited)</b>	<b>FY2021 (Audited)</b>
Operating income (OI; NPR million)	1,450.6	1,783.1	2,032.8	1,802.8	1,116.2
OPBDITA/OI (%)	18.5%	17.3%	17.4%	16.7%	25.0%
Total debt/Tangible net worth (TNW; times)	2.7	2.1	2.0	2.5	3.7
Total outside liabilities/TNW (times)	4.2	3.8	3.3	3.4	4.5
Total debt/OPBDITA (times)	3.6	3.9	3.7	5.3	8.6
Interest coverage (times)	3.1	2.1	2.0	1.5	1.4
DSCR (times)	2.3	1.5	1.4	1.2	1.2
Net working capital/OI (%)	60%	73%	38%	56%	123%
Current ratio (times)	1.6	1.7	1.0	1.3	1.4

Source: Company data

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### **About ICRA Nepal Limited:**

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For more information, visit [www.icranepal.com](http://www.icranepal.com)

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