

The British College Private Limited: Ratings downgraded and moved to 'Issuer Not Cooperating' category with notice for ratings withdrawal

November 06, 2023

Summary of rating action

Instrument	Rated Amount (NPR million)	Rating Action
Long-term loan limits	600.0	[ICRANP] LBB- “ ISSUER NOT COOPERATING ”; downgraded from [ICRANP] LBB and moved to Issuer not cooperating category, with notice of withdrawal
Short-term loan limits	5.0	[ICRANP] A4 “ ISSUER NOT COOPERATING ”; revised from [ICRANP] A4 and moved to Issuer not cooperating category, with notice of withdrawal
Total	605.0	

Rating action

ICRA Nepal has downgraded the long-term rating of The British College Private Limited (TBC) to [ICRANP] LBB- 'Issuer Not Cooperating' (pronounced ICRA NP L Double B Minus, Issuer Not Cooperating) from [ICRANP] LBB (pronounced ICRA NP L Double B). ICRA Nepal has also revised the company's short-term loan rating to [ICRANP] A4 'Issuer Not Cooperating' (pronounced ICRA NP A four, Issuer Not Cooperating) from [ICRANP] A4 (pronounced ICRA NP A four). The ratings have also been put on notice for withdrawal.

The rating action has been taken in accordance with the Credit Rating Regulations 2011, following the non-cooperation from TBC for rating information, despite multiple follow-ups.

Rationale

The ratings revision mainly factors in the uncertainties regarding the company's financial profile, amid the lack of information about TBC's performance and hence the resultant concerns around its credit risk. These concerns are heightened following the inflated borrowing rates and moderation in general economic outlook. However, in lack of any information from TBC, the exact extent of the impact on the company's 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.

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, 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, a rating view has been taken on the entity based on the best available information.

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.

Link to the previous detailed rating rationale

[Rationale_ The British College Private Limited_ Fresh BLR_ April-2022](#)

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](#)

[INC Guidelines of ICRA Nepal](#)

About the company (when last rated)

Established in 2011, The British College Private Limited (TBC) offers various undergraduate and graduate level courses relating to management and information technology. Currently, all the courses offered by the college are affiliated to two British universities, University of the West of England (UWE) and Leeds Beckett University (LBU). TBC has also invested in various schools and colleges across the country. The college is located at Thapathali, Kathmandu.

Entire stake of the college remains within a single family wherein Mr. Upendra Sharma, the chairman, holds ~7% stake and his two sons, Mr. Rajendra Kandel and Mr. Mahendra Raj Kandel holds ~49% and 44% stake, respectively.

Key financial indicators (when last rated)

	FY2019 (Audited)	FY2020 (Audited)	FY2021 (Audited)
Operating income-OI (sales in NPR million)	289.5	317.8	342.7
OPBDITA/OI (%)	20.8%	22.7%	28.6%
Total debt/Tangible net worth (TNW; times)	0.1	0.1	1.9
Total outside liabilities/TNW (times)	0.8	1.2	3.2
Total debt/OPBDITA (times)	0.2	0.2	4.5
Interest coverage (times)	70.6	46.3	4.2
DSCR (times)	38.2	13.7	3.2
NWC/OI (%)	19%	-13%	-54%
Current ratio*	1.5	1.1	0.8

Source: Company data

(* - Excluding advances paid for acquisition of shares in other colleges)

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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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