

Kathmandu Marketing and Trading House Private Limited: Ratings downgraded and moved to ‘Issuer not cooperating’ category with notice of rating withdrawal

November 6, 2023

Summary of rating action

Instrument*	Rated Amount (NPR Million)	Rating Action
Short-term; fund-based limits	405.0	[ICRANP] A4+ “ISSUER NOT COOPERATING”; downgraded from [ICRANP] A3 and moved to Issuer not cooperating category
Short-term; non-fund-based limits	655.0	
Total	1,060.0	

* Instrument details are provided in [Annexure-1](#)

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

Rating action

ICRA Nepal has downgraded and revised the short-term rating assigned to Kathmandu Marketing and Trading House Private Limited (KTMKT) to [ICRANP] A4+ ‘Issuer Not Cooperating’ (pronounced ICRA NP A four Plus Issuer Not Cooperating) from [ICRANP] A3 (pronounced ICRA NP A three). The rating action has been taken in accordance with the Credit Rating Regulations 2011, following the non-cooperation from KTMKT for rating information despite multiple follow-ups. The ratings have also been put on notice for withdrawal.

Rationale

The rating downgrade is mainly due to lack of adequate information regarding the operational performance of KTMKT a national importer and distributor of Fast-moving-consumer (FMCG) goods. Further, in lack of information from KTMKT, the extent of the impact on the financial profile and debt coverage indicators cannot 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 thus 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 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.

Link to previous detailed rating rationale:

[Rationale – Kathmandu Marketing and Trading House Private Limited – April 2022](#)

Analytical approach: For arriving at the ratings, ICRA Nepal has applied its rating methodologies as indicated below.

Links to applicable criteria:

[Issuer Rating Methodology](#)

[Corporate Credit Rating Methodology](#)

[Issuer Not Cooperating Guidelines](#)

About the company

Incorporated in 1992 as a proprietorship business and was converted into a private company in 2004, Kathmandu Marketing and Trading House Private Limited is a national importer and distributor of Fast-moving-consumer (FMCG) goods. The company deals in processed foods, toiletries, cosmetics, over the counter (OTC)-medications related to foreign brands mainly Colgate-Palmolive, Reckitt Benckiser, Bikano, Tiffany and Savannah, among others. The company is run by three individuals viz. Mr. Ballabh Raj Sigdel, his brothers-Mr. Bijay Raj Sigdel and Mr. Sameer Bikram Thapa. Mr. Ballabh Raj Sigdel is the Executive Chairman and looks after the regular operations of the company.

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

	Audited				
	FY17	FY18	FY19	FY20	FY21
Operating Income-OI; sales (NPR million)	1,985	2,227	2,513	2,641	2,893
OPBDITA/OI (%)	2.10%	1.80%	2.70%	4.10%	3.20%
Total Debt/Tangible net worth-TNW (times)	1.9	3.2	3.7	2.4	0.8
Total Outside Liabilities /TNW (times)	3	5.5	5.3	4	2.1
Interest Coverage (times)	2.6	1.3	1.2	1.9	4.6
DSCR (times)	2.1	1.2	1.1	1.6	3.6
Net working capital/OI (times)	0.16	0.18	0.21	0.18	0.11
Current ratio (times)	1.2	1.1	1.1	1.1	1.3

Annexure-1: Instrument details

Instrument	Rated Amount (NPR in Million)	Ratings
Fund-based (Overdraft/TR/Ad-hoc loan)	405.0	[ICRANP] A4+ "ISSUER NOT COOPERATING"; downgraded from [ICRANP] A3 and moved to Issuer not cooperating category
Non-fund Based (Letter of Credit-LC/ Customer's acceptance)	655.00	
Fund Based limits; (within LC)	(392.0)	
Total limits	1,060.00	

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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 licensed by the Securities Board of Nepal (SEBON) on October 3, 2012. ICRA Nepal is supported by ICRA Limited through a technical support services agreement, which envisages ICRA helping ICRA Nepal in areas such as rating process and methodologies, analytical software, research, training, 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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