

Oasis Engineers & Builders Private Limited: Ratings downgraded and moved to 'Issuer Not Cooperating' category with notice for ratings withdrawal

January 03, 2024

Summary of rating action:

Instrument	Rated Amount (NPR million)	Rating action
Fund based; long-term limits	106.3	[ICRANP] LB+ "Issuer Not Cooperating*" downgraded from [ICRANP] LBB- and moved to Issuer not cooperating category, with notice of withdrawal.
Fund based; short-term limits	119.0	[ICRANP] A4 "Issuer Not Cooperating*" revised from [ICRANP] A4 and moved to Issuer not cooperating category, with notice of withdrawal.
Non-fund based; short-term limits	1,497.0	
Non-fund based; short-term limits (proposed)	1,277.7	
Total	3,000.0	

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

Rating action

ICRA Nepal has downgraded the long-term loan rating assigned to Oasis Engineers & Builders Private Limited (Oasis) 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 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 rating action has been taken in accordance with the Credit Rating Regulations 2011 following limited cooperation from Oasis 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 Oasis's performance and hence the resultant uncertainty around its credit risk. These concerns are likely to remain heightened given the tight banking sector liquidity and the general economic slowdown during the last 12-15 months. Given the lack of updated information from the company, 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.

As a part of its process and in accordance with its rating agreement with Oasis, 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. For such ratings, the lenders, investors, and other market participants are advised to exercise appropriate caution while using the ratings 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- Oasis Engineers & Builders Private Limited Fresh BLR June 2022](#)

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

Links to the applicable criteria:

[Corporate Credit Rating Methodology](#)

[Issuer Not Cooperating Guidelines](#)

About the company

Oasis Engineers & Builders Private Limited started its operations in 1989. It is classified as a 'Class-A' contractor as per the classification norms of the Government of Nepal. The company mainly deals in civil construction work, primarily related to road projects in the public sector.

As of June 2022 (as available during last rating), Oasis was a closely held company wherein the entire paid-up capital of NPR 60 million was held by four shareholders, Mr. Achyut Raj Pandey (35%), the Managing Director, followed by Mr. Ram Chandra Timilsina (30%), Mr. Bhim Prasad Subedi (30%) and Ms. Rukmini Tripathi Pandey (5%).

Key financial indicators (as available during last rating)

Particulars	Audited				Provisional
	FY2018	FY2019	FY2020	FY2021	9MFY2022
Operating Income-OI (NPR Million)	511	523	687	516	457
OPBDITA/OI (%)	8.8%	12.8%	16.1%	16.9%	24.1%
Total Debt/Tangible Net Worth-TNW (times)	6.4	3.9	2.0	2.6	1.8
Total Outside Liabilities/ TNW (times)	8.7	7.6	3.8	3.8	2.3
Total Debt/OPBDITA (times)	6.7	3.3	2.2	3.7	1.9
Interest Coverage (times)	3.5	2.4	3.1	2.7	3.6
DSCR (times)	2.2	1.5	2.0	1.5	3.2
Current Ratio (times)	0.8	0.9	0.9	1.0	1.2
Working Capital Intensity (NWC/OI)	37%	23%	14%	42%	39%

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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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