

Integrated Mobility Solutions Private Limited: Rating moved to ‘Issuer Not Cooperating’ category with notice for rating withdrawal

February 5, 2024

Summary of rating action

Instrument* (Amount in NPR Million)	Rated Amount	Rating Action
Fund-based; long-term limits	1.25	[ICRANP] LD “ ISSUER NOT COOPERATING** ”; moved to ‘Issuer not cooperating’ category with notice of withdrawal
Fund-based; short-term limits	70.00	[ICRANP] D; “ ISSUER NOT COOPERATING** ”; moved to ‘Issuer not cooperating’ category with notice of withdrawal
Non-fund based; short-term limits	4,730.00	
Total	4,801.25	

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

Rating action

ICRA Nepal has revised the long-term ratings of Integrated Mobility Solutions Private Limited (IMS) to [ICRANP] LD ‘Issuer Not Cooperating’ (pronounced ICRA NP L D, Issuer Not Cooperating) from [ICRANP] LD (pronounced ICRA NP L D). The short-term ratings are also revised to [ICRANP] D ‘Issuer Not Cooperating’ (pronounced ICRA NP D, Issuer Not Cooperating) from [ICRANP] D (pronounced ICRA NP D). The rating action has been taken in accordance with the Credit Rating Regulations 2011, following lack of timely cooperation from IMS for rating information despite multiple follow-ups. The rating has 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 IMS’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 moderation in the economic outlook. Given the lack of adequate 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.

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.

Links to previous rating rationale:

[Integrated Mobility Solutions Private Limited- BLR Surveillance July 2022](#)

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

Links to applicable criteria:

[Corporate Credit Rating Methodology](#)

[Applicable INC Guidelines](#)

About the company

Integrated Mobility Solutions Private Limited (IMS) (erstwhile International Marketing Services Private Limited) was established in 1993. IMS started to import and distribute mobile phones from 1998 and was the sole authorised distributor of Samsung mobiles, tablets, and accessories for the Nepalese market (during 2001-2019), under a non-exclusive dealership agreement with Samsung Electronics Co. Limited. Currently it is one of the two authorised importers and distributors for Samsung mobiles, tablets, and accessories.

IMS is the oldest and the largest unit under the IMS Group led by Mr. Dipak Malhotra. The equity stake in IMS is held by Mr. Malhotra (51%) and Krishna International Private Limited (49%). The IMS Group has its presence in various sectors like agriculture, automobile, e-commerce, real estate, hospitality, hospitals and medicine, hydropower, educational institutions, banks and financial organisations, insurance, etc.

IMS imports Samsung mobiles, tablets, and accessories from Samsung Electronics Co. Limited. It has its presence all over central and western Nepal with around 11 retail stores and 12 service centres and over 100 distributors.

Key financial indicators *(as available during last rating exercise)*

Amount in NPR million	Audited		
	FY2019	FY2020	FY2021
Operating Income- OI (NPR Million)	8,330	5,838	8,388
OPBDITA/OI (%)	6.0%	6.7%	5.1%
Total debt/Tangible net-worth-TNW (times)	13.1	10.0	4.0
Total Outside Liabilities/TNW (times)	22.2	15.5	7.4
Total Debt/OPBDITA (times)	5.2	6.9	5.1
Interest Coverage (times)	1.8	1.2	2.1
DSCR (times)	1.5	1.1	2.2
Net-working capital/OI (%)	27%	39%	30%
Current Ratio (times)	1.0	1.0	1.1

Source: Company data

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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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