Ventures International: [ICRANP] LB+/A4 assigned

October 08, 2026

Summary of rating action

Instrument*	Rated Amount (NPR million)	Rating Action
Long-term loan limits	219.65	[ICRANP] LB+; assigned
Short-term loan limits	340.35	[ICRANP] A4; assigned
Total	**560.00**	

** Instrument details are provided in Annexure-1*

Rating action

ICRA Nepal has assigned a long-term loan rating of [ICRANP] LB+ (pronounced ICRA NP L B Plus) to the long-term loan limits of Ventures International (Ventures/the firm) and a short-term loan rating of [ICRANP] A4 (pronounced ICRA NP A Four) to its short-term loan limits.

Rationale

The assigned ratings are constrained by the firm's leveraged capital structure, with stretched TD/OPBDITA[1] of 8.4 times and high TOL/TNW[2] of 2.7 times as of mid-July 2026. The ratings also remain subdued by the firm's moderate debt service coverage ratio (DSCR) of 1.2 times for FY2026 (despite the benefit of lowering borrowing rates), stretched liquidity with elevated working capital intensity (net working capital to operating income ratio; NWC/OI) of ~93% as of mid-July 2026 (amid slow debtor realisation and elevated inventory holding, despite an improving trajectory). Furthermore, the competitive pressures from other established players/brands, low entry barriers and exposure to regulatory risks arising from potential changes in import duty/tax regime also remain the areas of concern. In addition, inherent replacement risks from original equipment suppliers, risks of technological obsolescence (given high inventory level), particularly in the smart-appliances segment, are among other rating considerations.

Nonetheless, the ratings derive comfort from the firm's experienced promoter groups, namely the Rathi Group and the Sharda Group, which have an established presence across diverse sectors. This has aided the firm's healthy operating income growth, with a four-year compound annual growth rate (CAGR) of ~19% through mid-July 2026, alongside a fair operating profit margin (OPM) of ~8% during the past two years ending in FY2026. The ratings also consider the positive industry outlook, supported by increasing adoption of smart home appliances amid rising urbanisation and rapid expansion of distribution reach across cities.

Going forward, the firm's ability to improve revenue trajectory/margins, maintain comfortable capitalisation and coverage indicators while controlling its working capital cycle will remain the key rating sensitivities.

Key rating drivers

Credit strengths

Experienced promoters – The firm is backed by individuals from the Rathi and Sharda Groups with an established track record in the Nepalese business arena, with presence across diverse manufacturing and trading sectors. Thus, the

[1] *Total Debt/ Operating Profit Before Interest, Tax, Depreciation and Amortisation*
[2] *Total Outside Liabilities/Total Net Worth*

business acumen of the promoters is expected to provide comfort in terms of incremental business performance for Ventures.

Fair operating profit margins and positive industry outlook – Ventures witnessed healthy business growth, with operating income registering a CAGR of ~19% over the four-year period ending in mid-July 2026. The growth rose by ~89% in FY2025, supported by the introduction of 'Hisense' brand in its product portfolio. Similarly, the OPM has remained fair at ~8% during the last two years ending in FY2026, although it moderated from the 12–18% levels reported in earlier years. Its ability to sustain/improve the sales and margins incrementally is yet to be seen. However, given the increasing adoption of smart home appliances favoured by rapid urbanisation and fast-paced distribution reach, near-term demand outlook for its product lines is expected to remain positive.

Credit challenges

Leveraged financial profile and high working capital intensity – The firm's financial profile remains leveraged, with TD/OPBDITA of ~8.4 times and moderate capitalisation, reflected by TOL/TNW at ~2.7 times, as of mid-July 2026. Further, the firm has sustained elevated working capital intensity over the years (NWC/OI at ~93% in FY2026, average of ~152% in the earlier three years ending in mid-July 2025) amid slow debtor recovery and high inventory holding. Given this backdrop, the coverage indicators are modest, with DSCR of ~1.2 times for FY2026. While these metrics have benefitted from declining borrowing rates in recent years, the impact of reversal of the same would also be monitorable. Going forward, improvement in the firm's financial profile and coverage metrics will depend upon its ability to scale up, protect/improve its margins and effectively manage the working capital cycle.

Intense competition; regulatory, technological and replacement risks – The competition in the electronic home appliance segments is high, given the presence of multiple established brands and low entry barriers for any new player/brands. However, the presence of multiple brands in the firm's portfolio catering to a wide range of price segments provides some comfort. Nonetheless, frequent changes in taxation and import-related policies expose the firm to regulatory risks, potentially impacting the business performance. Also, the risks of technological obsolescence entailed by rapidly evolving smart appliances market and changing brand preferences among consumers increases the perils of technological obsolescence for its inventories. As such, its ability to effectively manage the inventory remains crucial in minimising the impacts of such risks. ICRA Nepal also takes note of the absence of a long-term distributorship agreement with original equipment suppliers that signals the firm's vulnerability to inherent replacement-related risks.

Rating sensitivities

Positive factors – The ratings could be upgraded in case of sustained improvements in revenue trajectory/margins, alongside maintenance of comfortable capitalisation/coverage and liquidity indicators.

Negative factors – Persistently elevated working capital intensity resulting in high liquidity pressures, and margin pressures (OPM <7%) can adversely affect the ratings. While ICRA Nepal anticipates timely promoter support to address any liquidity exigencies, any deviation from this expectation could also negatively impact the ratings.

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

Link to the applicable criteria:
Corporate Credit Rating Methodology

About the firm

Ventures International (Ventures), established in 2020, is an importer and distributor of various consumer electronics and home appliances brands for Nepal such as Hisense, Voltas, Havells, Lloyd, Reo, OnePlus and Aisen. The firm's head office is located in Biratnagar, Morang, Nepal. It is promoted by individuals from the Rathi Group and the Sharda Group,

both with a well-established presence across diverse sectors. Mr. Bibek Rathi, Mr. Sourav Sharda and Mr. Dewesh Goyal respectively hold 57%, 34% and 9% of the firm's shares as of mid-July 2026.

Key financial indicators

	Audited				Provisional
	FY2022	FY2023	FY2024	FY2025	FY2026
Operating income (OI; revenues in NPR million)	312	282	332	629*	615
OPBDITA/OI (%)	11.7%	17.7%	16.9%	7.8%	8.2%
Total debt/tangible net worth (TNW; times)	3.9	3.8	5.3	3.4	2.5
Total outside liabilities/TNW (times)	5.0	4.3	5.9	3.6	2.7
Total debt/OPBDITA (times)	9.8	6.8	9.7	11.1	8.4
Interest coverage ratio (times)	1.2	1.0	1.0	1.2	1.3
DSCR (times)	1.1	0.9	1.0	0.6	1.2
NWC/OI (%)	143%	152%	192%	111%	93%
Current ratio (times)	1.3	1.4	1.5	1.7	2.5

**Shot-up with the addition of Hisense brand products*

Source: Firm data

Annexure-1: Instrument details

Instrument (Amounts in NPR million)	Rated Amount	Rating Action
Long-term loan limits (A)	**219.65**	[ICRANP] LB+; assigned
Fund-based facilities; working capital term loan	219.65	
Short-term loan limits (B)	**340.35**	[ICRANP] A4; assigned
Fund-based facilities; cash credit/trust receipt (TR)/ short term demand loan (STDL)	140.00	
Non-fund-based facilities; letter of Credit	200.35	
Total (A+B)	**560.00**	

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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, and technical and analytical skill augmentation.

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