

Press Release

Global Trading Concern Private Limited

Rating

Facilities	Amount (Rs. In Million)	Rating	Rating Action
Long Term Bank Facilities	225.46	CARE-NP BBB- [Triple B Minus] (Credit watch with negative implications)	Rating placed on credit watch with negative implications
Short Term Bank Facilities	970.30	CARE-NP A3 [A Three] (Credit watch with negative implications)	Rating placed on credit watch with negative implications
Total Facilities	1,195.76		

Details of Facilities in Annexure 1

CARE Ratings Nepal Limited (CRNL) has placed the rating of ‘CARE-NP BBB-’ for the long-term bank facilities and ‘CARE-NP A3’ for the short-term bank facilities assigned to Global Trading Concern Private Limited (GTCPL) on credit watch with negative implications.

Detailed Rationale & Key Rating Drivers

The ratings assigned to the bank facilities of Global Trading Concern Private Limited (GTCPL) have been placed on credit watch with negative implications, following the ongoing pandemic of COVID-19 and its expected impact on the operational and financial performance of the company and Nepalese liquor trading companies. As a measure to combat the pandemic, GoN imposed travel restrictions and countrywide lockdown since March 24, 2020 closing most of the organizations and slowing down the economic activities. The lockdown has been extended multiple times with current extension till April 27, 2020. With recent outbreak of COVID-19, GoN with an objective to safeguard the balance of foreign exchange reserve had banned the import of various items which included alcoholic beverages until further notice via press release as on March 31, 2020. As a result of this, revenue and cash flow of the company is likely to be negatively impacted affecting debt-servicing capability of the company. Strong financial profile of the promoters of GTCPL shall be crucial to support financial profile of the company in the near future.

Impact of COVID-19 is expected to be seen in Nepalese economy in coming months. Though, the Central Bank of Nepal has provided an extension of 3 months for the repayment of loans falling due in mid-April 2020 to provide some temporary relief. With the continuation of lockdown at domestic as well as global level, the exact impact of the pandemic to the operational and financial performance of the company is not ascertainable. CRNL shall be continuously monitoring the COVID-19 crisis and its impact on the business, financial risk profile and liquidity position of the company during this period. CRNL may

remove the ratings from watch, and would take a final action on the ratings once clarity emerges on these issues.

About the Company

Global Trading Concern Private Limited (GTCPL) is a private company, incorporated on November 30, 1998. It is an authorized exclusive distributor of Assorted Spirits (which include Whiskey, Vodka, Rum, Gin, brandy and Tequila) of Diageo Plc United Kingdom (UK) and its associate companies. The company is also distributor for wine from different countries, Beer of Heineken International and Bira91 of India for Nepal. It imports liquor products from various countries and distribute to dealers and key accounts all around Nepal.

Detailed rating rationale of the company is available at www.careratingsnepal.com

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Disclaimer

CRNL's ratings are opinions on credit quality and are not recommendations to sanction, renew, disburse or recall the concerned bank facilities or to buy, sell or hold any security. CRNL has based its ratings on information obtained from sources believed by it to be accurate and reliable. CRNL does not, however, guarantee the accuracy, adequacy or completeness of any information and is not responsible for any errors or omissions or for the results obtained from the use of such information. Most entities whose bank facilities/instruments are rated by CRNL have paid a credit rating fee, based on the amount and type of bank facilities/instruments.

Annexure 1: Details of the Facilities rated

Nature of the Facility	Type of the Facility	Amount (Rs. In Million)	Rating
Long Term Bank Facilities	Term Loan	225.46	CARE-NP BBB- (Credit watch with negative implications)
Short Term Bank Facilities	Working Capital Limit	700.00	CARE-NP A3 (Credit watch with negative implications)
Short Term Bank Facilities	Non-Fund Based Limit	270.30	CARE-NP A3 (Credit watch with negative implications)
Total		1,195.76	