

Khilung Kalika Agro Farm Private Limited

Rating

Facilities/Instrument	Amount	Ratings ¹	Rating Action
Long Term Bank Facilities	319.28	CARE-NP B+: ISSUER NOT COOPERATING* [Single B Plus; ISSUER NOT COOPERATING*]	"Issuer not cooperating; Based on best available information" (Notice of Withdrawal)
Short Term Bank Facilities	200.72	CARE-NP A4: ISSUER NOT COOPERATING* [A Four; ISSUER NOT COOPERATING*]	"Issuer not cooperating; Based on best available information" (Notice of Withdrawal)
Total Facilities	520.00 (Five Hundred Twenty Million Only)		

CARE Ratings Nepal Limited (CRNL) has been seeking information from Khilung Kalika Agro Farm Private Limited (KKPL) to monitor the ratings vide e-mail communications/ letters dated June 15, 2022, June 28, 2022, July 04, 2022, August 01, 2022, August 05, 2022 and September 04, 2022 along with numerous phone calls. However, despite our repeated requests, the company has not provided the requisite information for monitoring the ratings. In line with the extant Securities Board of Nepal (SEBON) guidelines, CRNL has reviewed the rating on the basis of the best available information which however, in CRNL's opinion is not sufficient to arrive at a fair rating. CRNL will monitor/watch the rating once for a minimum period of 6 months and notify the Securities Board of Nepal (SEBON) and public with regards to the withdrawal of rating. If after the monitoring of the rating there is no cooperation from the Client, then after, CRNL may withdraw the rating.

The ratings of Khilung Kalika Agro Farm Private Limited will now be denoted as **CARE-NP B+ /A4: ISSUER NOT COOPERATING*, (Notice of withdrawal)**.

Users of this rating (including investors, lenders and the public at large) are hence requested to exercise caution while using the above rating.

Detailed description of the key rating drivers

Please refer for detailed rationale published in June 2021 on www.careratingsnepal.com

Key Updates

Financial Risk Profile

During FY21 (audited, refers to the twelve-month period ended mid-July 2021), KKPL reported total income of Rs. 481 Mn as compared to Rs.181 Mn during FY20. PBILDT margin increased to 16.19% during FY21 from 4.60% during FY20, however, the company achieved very nominal net profitability of Rs. 3 Mn during FY21 (PY: Rs 143 Mn net loss) on account of higher interest and depreciation cost. KKPL suffered abnormal loss of Rs. 16 Mn during FY21 (PY: Rs. 92 Mn). Furthermore, the capital structure of the company stood leveraged as on mid-July 2021 with overall gearing ratio of 3.45x, which improved from negative gearing ratio during FY20.

¹Complete definitions of the ratings assigned are available at www.careratingsnepal.com and in other CRNL publications.

*Issuer did not cooperate; based on best available information

About the Company

Khilung Kalika Agro Farm Private Limited (KKPL) is a private limited company incorporated on March 27, 2014 having registered office in Syangja, Nepal. KKPL is engaged in layer poultry farming and wholesale trading of eggs. The company has four breeding sheds, each with 50,000 layers' capacity as on mid-April 2021. It sells its products like eggs, retired layers and organic fertilizer to the customers located in Bagmati, Lumbini and Gandaki provinces of Nepal.

Brief financials of KKPL for last three years for period ending FY21 are as under:

Financial Performance

For the Period	(Rs. Million)		
	FY19(A)	FY20 (A)	FY21 (A)
Income from Operations	303	181	481
PBILDT Margin (%)	27.99	4.54	16.19
Overall Gearing (times)	5.80	Negative	3.45
Interest Coverage (times)	2.41	0.17	1.86
Current Ratio (times)	1.29	0.99	0.99

A: Audited

Contact us

Analyst Contact

Ms. Anusha Thapa
+977-01-4012628
anusha.thapa@careratingsnepal.com

Senior Analyst Contact

Mr. Santosh Pudasaini
+977-01-4012629
pudasaini.santosh@careratingsnepal.com

Relationship Contact

Mr. Achin Nirwani
+977-9818832909
achin.nirwani@careratingsnepal.com

About CARE Ratings:

CARE Ratings Nepal Limited (CRNL) is licensed by the Securities Board of Nepal w.e.f. November 16, 2017. CRNL is supported by CARE Ratings Limited through a technical services agreement to provide technical support in the areas such as rating systems and procedures, methodologies, etc. from CARE Ratings on an ongoing basis. The technical support shall ensure that CRNL has adequate resources to provide high quality credit opinions in Nepal.

Our parent company, CARE Ratings Limited commenced operations in April 1993 and over two decades, it has established itself as one of the leading credit rating agencies in India. CARE is registered with the Securities and Exchange Board of India (SEBI) and also recognized as an External Credit Assessment Institution (ECAI) by the Reserve Bank of India (RBI).

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.

In case of partnership/proprietary concerns, the rating assigned by CARE is, inter-alia, based on the capital deployed by the partners/proprietor and the financial strength of the firm at present. The rating may undergo change in case of withdrawal of capital or the unsecured loans brought in by the partners/proprietor in addition to the financial performance and other relevant factors. CARE is not responsible for any errors and states that it has no financial liability whatsoever to the users of CARE's rating.