

Paramount Motors Private Limited

Ratings

Facilities	Amount (Rs. Million)	Rating	Rating Action
Long Term Bank Facilities	150.00	CARE-NP BBB-	Removed from credit watch with developing implications and Put on Notice of Withdrawal
Short Term Bank Facilities	1,400.00	CARE-NP A3	Removed from credit watch with developing implications and Put on Notice of Withdrawal
Total Bank Facilities	1,550.00 (One Thousand Five Hundred and Fifty Million Only)		

CARE Ratings Nepal Limited (CRNL) has removed from credit watch with developing implications ratings of "CARE-NP BBB-" assigned to the long-term facilities and "CARE-NP A3" assigned to the short-term facilities of Paramount Motors Private Limited (PMPL). CRNL has subsequently put the above ratings on notice of withdrawal at the request of PMPL and 'No Objection Certificate' received from the banks that have extended the facilities rated by CRNL.

Key Updates

The removal from credit watch with developing implications factors in the Government of Nepal's (GoN's) announcement to lift the restriction of import of various non-essential items including certain passenger vehicles. The impact of the restriction on the company's profile was limited as majority of PMPL's income was from electric vehicles (not impacted by the earlier import restriction). However, near-term demand scenario for automobiles remains muted amid the slow pace of economic growth and high funding cost leading to higher cost of ownership.

During FY22, the company has reported substantial growth in total operating income to Rs. 3,469 Mn. Furthermore, PBILDT margin of the company also improved to 12.62% in FY22 with PAT margin of 8.75%. Consequently, the capital structure of the company stood comfortable with overall gearing of around 0.15x at the end of FY22. Additionally, interest coverage ratio of the company also improved to 20.31x during FY22 on account of higher profitability margins.

About the Company

PMPL was incorporated on April 28, 2016 to deal in automobiles as well as spare parts. The company started its operations from August 2018 as an authorized distributor for MG Vehicles in Nepal. In March 2020, the company also entered into dealership agreement with Mazda Motor Corporation, Japan as authorized distributor of Mazda vehicles in Nepal.

Contact us

Analyst Contact

Ms. Poonam Agarwal
+977-01-4012630

poonamagarwal@careratingsnepal.com

Mr. Santosh Pudasaini

Contact No.: +977-01-4012630

Email: pudasaini.santosh@careratingsnepal.com

Relationship Contact

Mr. Achin Nirwani

Contact No.: +977 9818832909

Email: achin.nirwani@careratingsnepal.com

About CARE Ratings Nepal Limited:

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.

Disclosure: Shareholders of Paramount Motors Private Limited are also amongst the shareholders of CARE Ratings Nepal Limited (CRNL). None of the shareholders of CRNL (Including shareholders of Paramount Motors Private Limited) are part of CRNL's rating committee and they do not participate in the rating process. And hence, they didn't have any role in assignment of credit rating of Paramount Motors Private Limited by CRNL.