

PRESS RELEASE

TELE DIRECT PRIVATE LIMITED

August 2025

Ratings

Instrument/Facilities	Amount (NPR Mn)	Ratings	Rating Action
Long Term Bank Facilities	(200.00)*	IRN BBB-	Reaffirmed
Short Term Bank Facilities	2,500.00	IRN A3	Reaffirmed
Total	2,500.00		

*Permanent Working Capital Loan of NPR 200.00 Mn is within the Short Term Non-Fund Based Limits.

Details of facilities are in Annexure 1 below

Infomerics Credit Rating Nepal Limited (Infomerics Nepal) has reaffirmed the rating of IRN BBB- (Triple B Minus) assigned to the long term bank facilities of NPR 200.00 Mn and reaffirmed the rating of IRN A3 (A Three) assigned to the short term bank facilities of NPR 2,500.00 Mn.

Detailed Rationale

The reaffirmation of ratings assigned to the bank facilities of Tele Direct Private Limited (TDPL) factors in ~27% growth in total operating income (TOI) in FY24 over FY23 following sustained downturn in the same during FY21-23. The ratings also consider improved profitability of TDPL following stabilization of EBITDA margin (~4.53% in FY24 and ~4.67% in FY23) coupled with reduced interest expenses owing to excess liquidity leading to PAT margin improving to ~2.24% in FY24 from ~1.32% in FY23. The ratings also factor in healthy coverage indicators with Interest Coverage Ratio (ICR) improving to 3.47x in FY24 from 1.75x in FY23 and DSCR improving to 2.15x in FY24 from 1.58x in FY23. The ratings also continue to take note of TDPL's parentage of experienced promoter group "Ramesh Corp", supported by proficient and experienced management team, group's financial flexibility, association with established brands, existence of established dealership network and market presence across Nepal (excluding Kathmandu Valley).

However, these rating strengths are constrained by the stagnation in units sold and sales volume during FY25, with TDPL recording only ~3% and ~1% annualized growth in sales volume and units sold, respectively. This was further compounded by a decline in average realization price per handset in FY25 (based on data available up to Q3FY25). Also, the overall gearing ratio of and TOL/TNW (Total Outside Liability/Tangible Net Worth) ratios moderated to 2.27x and 2.57x respectively as of mid-July 2024 (2.01x and 2.32x in FY23 respectively) amid significant dividend distribution amounting to ~NPR 158 Mn in FY24. The rating also takes note of increased working capital intensive nature of operations (~13% in FY24 vis-à-vis ~11% in FY23) primarily due to significant advances provided by TDPL to suppliers leading to a higher working capital requirement as indicated by high utilization of working capital limits (Average utilization of 70-80% over past 12 months ending June 2025). The ratings also remain constrained due to TDPL's non-exclusive agreements with its supplier which is subjected to renewal every year, presence in competitive industry with technological linkages, exposure to regulations and foreign exchange risks.

Going forward, the ability of the company to improve scale of operations and the profitability margins & improve its capitalization profile with prudent working capital management will remain key rating sensitivities.

Detailed Description of Key Rating Drivers

Key Rating Strengths

Parentage of Ramesh Corp with experienced promoter and experienced management team

TDPL is an integral part of Ramesh Corp and derives its strength from promoters having strong presence in Nepal through their group entities in broad sectors including manufacturing, service, trading businesses etc. The directors of TDPL have over one decade of experience in trading

businesses associated with consumer electronics like mobile phones, home appliances etc. TDPL's Chairman, Mr. Rohit Gupta, is also the Vice Chairman of Ramesh Corp and holds directorship in various other group companies. Furthermore, the board is supported by proficient and experienced team across various functions leading to a better understanding of the market dynamics, enabling a sound relationship with the suppliers and customers.

Robust growth and margin expansion in FY24 albeit offset by slower volume growth in FY25

TDPL's revenue profile demonstrated notable improvement in FY24, with total operating income (TOI) increasing by ~27% to NPR 5,617 Mn from NPR 4,432 Mn in FY23. This growth was primarily supported by Xiaomi's timely launch of Helio-based handsets, which resonated strongly with the value-conscious segment of the Nepali market, offering enhanced features at competitive price points. While the EBITDA margin witnessed a slight moderation to 4.53% from 4.67% in FY23, the company reported a significant improvement in PAT margin—expanding by over 90 basis points—largely driven by a reduction in finance costs due to lower interest rates amid surplus liquidity in the domestic financial system. Consequently, PAT more than doubled, registering a growth of ~115% year-on-year, which also translated into stronger gross cash accruals and enabled the company to declare a dividend of NPR 157.89 Mn during the year. However, the same growth trajectory could not be achieved by TDPL in FY25 with TDPL recording only ~3% and ~1% annualized growth in sales volume and units sold, respectively till Q3FY25. Going forward, continuous improvement in scale of operation with improvement in overall margins, coverage & capitalization indicator remains crucial.

Improving coverage ratios albeit moderately leveraged gearing profile

TDPL maintains a moderately leveraged capital structure, with improving and adequate debt coverage indicators. During FY24, the company distributed ~NPR 158 Mn in dividends, resulting in a depletion of reserves. Consequently, the overall gearing ratio moderated to 2.27x as of mid-July 2024, compared to 2.01x in FY23, while the TOL/TNW ratio increased to 2.57x from 2.32x. On the coverage front, total debt to gross cash accrual (TD/GCA) improved to 4.57x in FY24 from 6.60x in the previous year, supported by higher profitability. Interest coverage also improved significantly to 3.47x in FY24 from 1.75x in FY23, while DSCR strengthened to 2.15x from 1.58x. The improvement in debt protection metrics reflects enhanced earnings and more efficient interest servicing capacity. Going forward, the company's ability to further strengthen its capital structure while scaling up operations and maintaining healthy coverage metrics remains a key rating sensitivity.

Established dealership network, brand and market presence across the country

TDPL is one of two authorized distributors of Xiaomi smartphone for Nepal. In FY24, Xiaomi smartphones accounted for approximately 28% of the total market share in Nepal, making it the mobile brand with largest market share which is indicative of the strong traction towards the Xiaomi brand. Furthermore, TDPL has an adequate and established dealership network across the country, with 32 dealers in FY24. These dealers cover around 1,300 outlets across major cities.

Key Rating Weaknesses

Moderate track record of operations with non-exclusive distributorship agreement

TDPL has been in the smartphone distributorship business since 2010 for mobile phones of Nokia and Color¹. After the distributorship agreement with Xiaomi in 2019, these brands being shifted to a sister concern within Ramesh Corp. Furthermore, the nature of agreement between TDPL and Xiaomi is non-exclusive and short-term one (current agreement is annually renewable) and TDPL is one of two authorized distributors for Xiaomi products and has jurisdiction to operate outside of Kathmandu Valley. Therefore, the continuation of the current terms of agreement will Xiaomi also remain a key monitorable.

¹ Color Mobile is Ramesh Corp's in house OEM brand which has been discontinued from FY24 onwards.

Working capital intensive nature of operations

The operations of the company are working capital intensive in nature. The company generally extends a credit period ranging from 30-45 days based on nature of products. Likewise, the company also provides advances to suppliers for procuring the materials upfront. Consequently, TDPL's working capital intensity has increased to ~13% in FY24 from ~11% in FY23 primarily due to heavy amount of advances provided by TDPL to suppliers leading to a higher working capital requirement as indicated by heavy utilization of working capital limits in past year. TDPL has an average utilization of 70-80% of the sanctioned limit over past 12 months ending June 2025. TDPL's working capital cycle stood at ~34 days in FY24 with average collection period at 18 days and inventory holding days at 17 days in FY24.

Existence in competitive smartphone industry coupled with technological, regulatory and foreign exchange risks

TDPL operates in a highly competitive and rapidly evolving smartphone industry, characterized by short product life cycles and continuous technological advancements. As the exclusive distributor of Xiaomi smartphones in Nepal, TDPL's financial performance remains closely tied to Xiaomi's ability to consistently introduce innovative and competitively priced products to retain global and domestic market share. This concentration poses a risk to the company's revenue visibility in the short to medium term. Additionally, TDPL remains exposed to regulatory risks associated with policies and compliance requirements applicable to the consumer electronics sector in Nepal. The company also faces foreign exchange risk due to a natural currency mismatch—imports are denominated in USD, while sales are realized in NPR. While TDPL's current pricing strategy provides a partial hedge against forex volatility, significant currency fluctuations could still impact margins. The company's ability to navigate evolving regulatory landscapes and manage forex-related exposures will remain important from a credit perspective.

Analytical Approach: Standalone

Applicable Criteria:

[Corporate Credit Rating Methodology](#)

Link to past rating rationale:

[Tele Direct Private Limited: Bank Facilities Rating Reaffirmed](#)

About the Company:

Tele Direct Private Limited (TDPL) is a private limited company incorporated on December 24, 2009 and is an integral part of Ramesh Corp. TDPL operates as a non-exclusive authorized distributor of Xiaomi smartphones and accessories since September, 2018. TDPL operates through its corporate office coupled with market presence throughout major cities of Nepal (excluding Kathmandu Valley) supported by its extensive distribution channel.

Financial Indicators (Standalone)

For the year ended* As on	FY22	FY23	FY24
	Audited	Audited	Audited
Total Operating Income (NPR Mn)	6,819	4,432	5,617
EBITDA Margin (%)	3.21	4.67	4.53
PAT Margin (%)	1.70	1.32	2.24
Interest Coverage Ratio (x)	3.58	1.75	3.47
Total Debt/GCA (years)	6.06	6.60	4.57
Overall Gearing Ratio (x)	3.34	2.01	2.27
TOL/TNW (x)	3.83	2.32	2.57

Earnings before Interest Tax Depreciation Amortization (EBITDA)

**Classification as per Infomerics Nepal standards*

Annexure:1 Detail of Facilities:

Name of Instruments/ Facilities	Type of Facilities	Amount (NPR Mn)	Ratings
Fund Based Bank Facilities- Permanent Working Capital Loan	Long Term	(200.00)	IRN BBB-
Fund Based Bank Facilities- Working Capital Loan	Short Term	500.00	IRN A3
Non Fund Based Bank Facilities- LC & BG ²	Short Term	2,000.00	IRN A3
Total Facilities		2,500.00	

Analyst Contacts

Mr. Raunak Mulmi

Tel No.+977-1-4583304/4585906

raunak.mulmi@infomericsnepal.com

Ms. Ruchata Shrestha

Tel No.+977-1-4583304/4585906

ruchata.shrestha@infomericsnepal.com

Relationship Contact

Mr. Rabin Pudasaini

Tel No.+977-1-4583304/4585906

rabin.pudasaini@infomericsnepal.com

About Infomerics Credit Rating Nepal Limited:

Infomerics Credit Rating Nepal Ltd. is Nepal's third Credit Rating Agency licensed by the Securities Board of Nepal (SEBON) on March, 2022. Infomerics Nepal is a subsidiary of Infomerics Valuation and Rating Private Limited (Infomerics India) which is a SEBI registered and RBI accredited Credit Rating Agency licensed in 2015. Infomerics Nepal aims to provide investors with objective analysis and evaluation of credit worthiness of Banks, NBFCs, Large Corporates and Small and Medium Scale Units (SMUS) via its rating and grading services. Thus, it is playing a key role in serving the financial markets by reducing the information asymmetry among varied lenders and investors and facilitating borrowers/issuers to various fundraising opportunities/avenues. Infomerics observes and maintains ethical standards in its activities. For more information, visit <https://infomericsnepal.com/>

Infomerics Credit Rating Nepal Limited

Tanka Prasad Marga, Baneshwor Height, Kathmandu

Phone: +977-1-4583304/4585906

Email: info@infomericsnepal.com

Web: www.infomericsnepal.com

Disclaimer: Ratings assigned by Infomerics Nepal are an opinion on the credit risk of the issue / issuer and not a recommendation to buy, hold or sell securities. Infomerics Nepal reserves the right to change, suspend or withdraw the credit ratings at any point in time. Ratings assigned by Infomerics Nepal are opinions on financial statements based on information provided by the management and information obtained from sources believed by it to be accurate and reliable. The credit quality ratings are not recommendations to sanction, renew, disburse or recall the concerned bank facilities or to buy, sell or hold any security. We, however, do not guarantee the accuracy, adequacy or completeness of any information, which we accepted and presumed to be free from misstatement, whether due to error or fraud. We are 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 us have paid a credit rating fee, based on the amount and type of bank facilities/instruments. In case of partnership/proprietary concerns/Association of Persons (AOPs), the rating assigned by Infomerics Nepal is based on the capital deployed by the partners/proprietor/ AOPs 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/ AOPs in addition to the financial performance and other relevant factors.