

PRESS RELEASE

LALITPUR BISHAL BAZAR MULTIPLEX COMPANY PRIVATE LIMITED

July 2025

Ratings

Instrument/Facilities	Amount (NPR Mn)	Ratings	Rating Action
Long Term Bank Facilities	600.65	IRN BB	Assigned
Short Term Bank Facilities	30.00	IRN A4	Assigned
Total	630.65		

Details of facilities are in Annexure 1 below

Infomerics Credit Rating Nepal Limited (Infomerics Nepal) has assigned the rating of IRN BB (Double B) to the long-term bank facilities of NPR 600.65 Mn and the rating of IRN A4 (A Four) to the short-term bank facilities of NPR 30.00 Mn.

Detailed Rationale

The ratings assigned to bank facilities of Lalitpur Bishal Bazar Multiplex Company Private Limited (LABIM) derive strength from its experienced promoter group and management team, strong brand positioning and strategic location of its commercial property-LABIM Mall. The comfort is further supported by the consistent financial performance in recent years, supported by healthy occupancy levels and stable rental income. The company's post-pandemic financial recovery has been strong, supported by healthy footfall and robust gross cash accruals, enhancing cash flow visibility.

However, these rating strengths remain constrained by the company's moderately leveraged capital structure and reliance on a single commercial property, which exposes it to asset-specific risk. The ratings also take note of LABIM's exposure to competition and the cyclical nature of the business. Going forward, the ability of LABIM to maintain the stable occupancy levels, improve rental yields and improve its capital structure while improving profitability and financial indicators will remain key rating sensitivities.

Detailed Description of Key Rating Drivers

Key Rating Strengths

Experienced promoters and management team

LABIM is managed by a three-member Board of Directors, all of whom bring over four decades of entrepreneurial and business experience. The strategic oversight provided by the board is well supported by a qualified and capable management team. The company is led by Mr. Deepeksha Bikram Rana, General Manager, who brings over a decade of experience. In addition, LABIM has built a strong in-house team of professionals across various departments, enabling effective operations and supporting its long-term success.

Stable financial performance

The financial performance has shown a strong recovery and consistent growth since the pandemic-affected period, supported by improved footfall and healthy occupancy. The total operating income improved steadily, reaching ~NPR 356 Mn in FY24. This represents a compound annual growth rate of ~20% over the last four FYs (FY21-FY24). This is mainly attributable to healthy occupancy ratio of ~99% in FY24 and increment in rentals. EBITDA remained stable at ~NPR 239 Mn in both FY23 and FY24, indicating consistent operating performance. Although the EBITDA margin slightly reduced to 67.17% in FY24 from 69.21% in FY23, it still reflects healthy profitability. PAT margin saw a marginal decline to 14.52% in FY24 from 16.50% in FY23. Gross cash accruals were stable at ~NPR 121 Mn in both FY23 and FY24, highlighting the company's strong cash-generating ability.

Strategic Location with healthy occupancy

LABIM benefits from its highly strategic location in Pulchowk, Lalitpur—one of the most prominent and affluent commercial zones in the Kathmandu Valley ensuring consistent footfall from both local consumers and international visitors. This positioning enhances its attractiveness for retailers and service providers, supporting high occupancy levels and stable rental income. The occupancy of LABIM stood healthy at ~99% in FY24 improving from ~96% in FY23. LABIM continues to maintain a healthy occupancy rate of ~96% as of 9M FY25 indicating continued demand for the leased spaces.

Key Rating Weaknesses

Moderately leveraged capital structure

The company's capital structure remains moderately leveraged. The company's gearing ratio, though reduced to 2.21x at the end of FY24 from 2.44x at the end of FY23, remains high, indicating reliance on external borrowings. Similarly, TOL/TNW improved to 2.47x at the end of FY24 from 2.74x at the end of FY23, yet continues to reflect a sizable liability burden relative to net worth. Although the average collection period has improved over the years—from a peak of 136 days in FY21 to 88 days in FY23, and further to 71 days in FY24—the elevated leverage remains a key constraint on the company's credit metrics.

Single property concentration risk and limited life of the project

LABIM operates as a single-asset entity, entirely dependent on the performance of its only commercial complex—Labim Mall. Any operational, regulatory, or natural disruption affecting the property would directly impact the company's revenues and cash flows. Furthermore, the property operates under a leasehold arrangement, with the lease period of 25 years, after which the asset will be handed back to the lessor.

Exposure to increasing competition and external shocks in retail real estate

With the rise in new commercial and retail spaces in Kathmandu and Lalitpur, LABIM faces competition which could pressure occupancy and rental growth over time. Additionally, the mall format remains vulnerable to external shocks—such as pandemics or economic slowdowns—due to its dependence on in-person consumer interaction, making revenue generation sensitive to broader market disruptions.

Analytical Approach: Standalone

Applicable Criteria:

[Corporate credit rating methodology](#)

About the Company:

Lalitpur Bishal Bazar Multiplex Company Limited was initially established in December 2001. The company was later converted to private limited company in May 2012 with the primary goal of developing a commercial complex on the leased land in Pulchowk, Lalitpur District. The property started in commercial operations with brand name "Labim Mall" from April 2016 with full-fledged commercial operations starting from FY17. The company entered into a leasing agreement for land with Patan Multiple Campus and the lease term is valid for 25 years starting from March 2016. The major shareholder of the company is Mr. Rajesh Kumar Siddhi, holding ~37% of shareholding of the company as on mid-July 2024.

Financial Indicators (Standalone):

For the year ended* As on	FY21	FY22	FY23	FY24
	Audited	Audited	Audited	Audited
Total Operating Income (NPR Mn)	205	281	345	356
EBITDA Margin (%)	64.55	64.51	69.21	67.17

For the year ended* As on	FY21	FY22	FY23	FY24
	Audited	Audited	Audited	Audited
Interest Coverage Ratio (x)	1.79	2.22	2.44	2.81
Current Ratio (x)	0.93	1.31	1.43	1.37
Total Outside Liabilities/Tangible Net Worth	4.15	3.63	2.74	2.47
Overall Gearing Ratio (x)	3.62	3.10	2.44	2.21

*Classification as per Infomerics Nepal standards

Earnings before Interest Tax Depreciation Amortization (EBITDA)

Annexure:1 Detail of Facilities:

Name of Instruments/ Facilities	Type of Facilities	Amount (NPR Mn)	Ratings
Fund Based Bank Facilities- Term Loan	Long Term	600.65	IRN BB
Fund Based Bank Facilities- Working Capital Loan	Short Term	30.00	IRN A4
Total Facilities		630.65	

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About Infomerics Credit Rating Nepal Limited:

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