

PRESS RELEASE

VEDALAYA TRADING PRIVATE LIMITED

February 2026

Rating

Instrument/Facilities	Amount (NPR Mn)	Rating	Rating Action
Short Term Bank Facilities	600.00	IRN A4	Assigned
Total	600.00		

Details of facilities are in Annexure 1 below

Infomerics Credit Rating Nepal Limited (Infomerics Nepal) has assigned the rating of IRN A4 (A Four) to the short-term bank facilities of NPR 600.00 Mn.

Detailed Rationale

The rating assigned to the bank facilities of Vedalaya Trading Private Limited (VTPL) factors in the company's association with the Vedalaya Group, an established business house with a diversified presence across multiple verticals within the construction sector, including several construction entities. The rating also takes comfort from the significant scale-up in its revenue profile, reflected in a strong CAGR of ~136% over the three fiscals ended FY25 and a y-o-y growth of ~95% in FY25, with total operating income reaching ~NPR 1,044 Mn. The growth was primarily supported by higher sales of construction materials to group companies executing various construction projects. The rating further derives strength from the company's diversified product portfolio comprising TMT bars, hardware items, cement, pipes and fittings, sanitary and bath ware, profile and iron, along with windows and doors. Additionally, the Government's continued focus on infrastructure development provides a favorable long-term demand outlook for the company's product offerings.

Nonetheless, the rating remains constrained by the company's modest operating profitability, with the operating margin declining to 1.40% in FY25 from 3.55% in FY24, primarily due to thin margins on sales to group entities without significant value addition. The rating also takes note of the stretched liquidity profile, as reflected in high working capital intensity of ~41% in FY25, largely driven by elongated receivable cycles. Further, the rating is tempered by the company's presence in a highly competitive and fragmented construction material trading sector, which limits pricing flexibility. The rating also factors in the company's dependence on achieving large operating scale to sustain its financial profile, which may pose challenges over the long term, particularly given the construction sector's sensitivity to government spending policies. Going forward, the company's ability to sustain revenue growth, improve operating margins, maintain prudent gearing levels and strengthen liquidity will remain key rating sensitivities.

Detailed Description of Key Rating Drivers

Key Rating Strengths

Experienced promoters and strong group support

VTPL derives strength from its association with the Vedalaya Group, which has an established presence in Nepal's construction sector through multiple group entities. The company is promoted by Mr. Jayaram Aryal, who possesses over two decades of experience in the construction industry and provides strategic oversight, while Mr. Sudarshan Chapagain, Director, brings more than a decade of experience in accounting and financial management. The promoters are supported by an experienced team across key operational and functional areas, which collectively supports the company's business stability and growth prospects.

Improving revenue profile with moderate leverage and coverage indicators

VTPL has witnessed a sharp improvement in its revenue profile, registering a strong CAGR of ~136% over the last three fiscal years ending FY25, with y-o-y growth of ~95% in FY25, resulting in total operating income of ~NPR 1,044 Mn, largely driven by higher sales of construction materials to group construction companies under the Vedalaya Group. However, profitability remains modest, with operating margin declining to 1.40% in FY25 from 3.55% in FY24 due to thin margins on sales to group entities without significant value addition, leading to a subdued PAT margin of 0.25% and moderate Gross Cash Accruals of ~NPR 7 Mn in FY25. The capital structure remained moderate, albeit weakened, with overall gearing increasing to ~1.29x as of mid-July 2025 from ~0.53x as of mid-July 2024, primarily due to higher working capital borrowings in line with scale-up in operations; accordingly, TOL/TNW stood at 2.18x in FY25 (0.74x in FY24). Debt coverage indicators also remained moderate in FY25, with interest coverage and debt service coverage ratios at ~1.13x and ~1.58x, respectively, though these are expected to improve going forward supported by the expected improvement in operating scale, margins, and accretion to reserves.

Diversified product portfolio

VTPL is engaged in the trading of a diversified range of construction-related products, largely procured from India and China, with a relatively smaller proportion sourced domestically, including products such as TMT bars and cement. The company's product portfolio spans a wide spectrum of construction materials, including TMT bars, hardware items, cement, pipes and fittings, sanitary and bath ware, profile and iron, as well as windows and doors. The diversified product mix supports revenue generation across multiple construction segments, although the trading nature of operations continues to result in modest value addition.

Key Rating Weaknesses

Stretched liquidity profile

VTPL's liquidity profile has remained stretched, as reflected by high working capital intensity of ~41% in FY25, albeit improved from ~48% in FY24, primarily on account of elongated receivable cycles. The stretched receivable position is attributable to sales largely being made to group construction companies, wherein payments are realized only after the group entities receive collections from their respective project clients. The inventory holding period, however, improved to 46 days in FY25 from 83 days in FY24, supported by higher sales traction. Further, average creditor days increased to 42 days in FY25 from 27 days in FY24, providing some support to liquidity. Consequently, the overall operating cycle improved to 119 days in FY25 from 170 days in FY24, though it continues to remain elevated.

Existence in a competitive industry with exposure to government regulation

Cyclical nature of the construction products related industry creates uncertainty over demand and cash cycles for VTPL. This could impact the company's revenue and profit margins. Volatility in cash flow due to cyclical nature in the cash cycle could pose challenges, especially during the period of low demand. Furthermore, the fragmented industry is characterized by intense competition due to the presence of several organized/unorganized players aided by low entry barrier, low technology and capital requirement. Moreover, the construction industry as a whole is heavily dependent on government spending and policies, making companies like VTPL susceptible to operational volatility.

Analytical Approach: Standalone

Applicable Criteria:

[Corporate Credit Rating Methodology](#)

About the Company:

Incorporated on November 08, 2021, Vedalaya Trading Private Limited (VTPL) is engaged in the trading of a wide range of construction materials, including UPVC windows and doors, TMT bars, cement, hardware items, pipes and fittings, and sanitary and bath ware products, with its registered office located at Nikoshera, Madhyapur Thimi, Bhaktapur. The company derives operational and business support from its association with the Vedalaya Group, which has an established presence across multiple verticals within the construction sector. The shareholding structure comprises Mr. Jayaram Aryal holding 40% of the total share, while M/s Stream Investment Company Private Limited holds the remaining 60% stake in the company.

Financial Indicators (Standalone)

For the year ended* As on	FY23	FY24	FY25
	Audited	Audited	Audited
Total Operating Income (NPR Mn)	527	533	1,044
EBITDA Margin (%)	3.76	3.55	1.40
Interest Coverage Ratio (x)	1.26	1.08	1.13
Current Ratio (x)	1.77	1.92	1.32
Total Debt/GCA (years)	16.37	20.30	38.14
Overall Gearing Ratio (x)	0.65	0.53	1.29
TOL/TNW (x)	0.84	0.74	2.18
Working Capital Intensity (%)	45.76	48.32	41.37

Earnings before Interest Tax Depreciation Amortization (EBITDA)

Total Outside Liabilities/Tangible Net Worth (TOL/TNW)

**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-Working Capital Loan	Short Term	480.00	IRN A4
Non-Fund Based Bank Facilities-LC/BG ¹	Short Term	420.00	IRN A4
Total Facilities		600.00[#]	

¹Letter of Credit/Bank Guarantee

[#]The combined limit of Working Capital Loan, Letter of Credit, and Bank Guarantee with Nepal Investment Mega Bank Limited is capped at NPR 300.00 Mn, with full interchangeability among the facilities.

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Infomerics Credit Rating Nepal Limited

About Infomerics Credit Rating Nepal Limited:

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