

PRESS RELEASE

LIANA TRADE CONCERN PRIVATE LIMITED

June 2026

Ratings

Instrument/Facilities	Amount (NPR Mn)	Ratings	Rating Action
Long Term Bank Facilities	144.36 (reduced from 180.35)	IRN BBB-	Reaffirmed
Short Term Bank Facilities	475.00 (enhanced from 355.00)	IRN A3	Reaffirmed
Total	619.36		

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 144.36 Mn and IRN A3 (A Three) assigned to the short-term bank facilities of NPR 475.00 Mn.

Detailed Rationale

The reaffirmation of ratings assigned to the bank facilities of Liana Trade Concern Private Limited (LTC) factors in the company's sustained scale-up in operations, reflected in a healthy revenue growth of ~17% in FY25, supported by successful addition of new products, expansion of its stockiest network, and augmentation of warehousing capacity through the addition of a new godown. The growth momentum remained strong in 10MFY26, with the company reporting revenue of NPR 2,388 Mn, further aided by the commencement of a new business division. The ratings continue to derive comfort from LTC's moderate capital structure, adequate debt coverage indicators, and strong liquidity profile. Further rating strengths include the company's long operational track record since 1994, experienced promoter group, and established procurement and distribution network, which are expected to support business growth over the medium term. The ratings also draw comfort from LTC's long-standing relationship of over three decades with Sun Pharmaceuticals Industries Limited (SPI), under which it enjoys exclusive distributorship rights, ensuring supply stability and access to a diversified portfolio of quality pharmaceutical products catering to chronic disease segments such as cardiovascular, neurological, osteoporosis, and oncology therapies.

Nonetheless, the ratings remain constrained by the company's dependence on a limited number of foreign suppliers for procurement of finished pharmaceutical products, exposing it to supplier concentration, supply chain disruptions, and regulatory risks. The ratings are further constrained by the company's low, albeit stable, operating profitability, with EBITDA margins remaining moderated by its procurement model wherein pricing is largely determined through cost-plus markup arrangements with suppliers. Additionally, the highly competitive and fragmented nature of the Nepalese pharmaceutical distribution industry, characterized by low entry barriers and intense competition, continues to limit pricing flexibility and margin expansion prospects. Going forward, the company's ability to sustain its revenue growth trajectory, maintain stable profitability, improve working capital efficiency, and preserve comfortable capitalization and debt coverage indicators will remain the key rating sensitivities.

Detailed Description of Key Rating Drivers

Key Rating Strengths

Healthy revenue growth and stable profitability indicators

The company has demonstrated a healthy financial profile, supported by consistent revenue growth and stable profitability over the last five fiscal years ending FY25. Total operating income increased

to NPR 2,589 Mn in FY25, registering a year-on-year growth of ~17%, driven by successful addition of new products, expansion of the stockiest network, and enhancement of warehousing capacity through the addition of a new godown. The growth momentum remained intact in 10MFY26, with revenue of NPR 2,388 Mn, aided by the commencement of a new business division. Profitability indicators remained comfortable, with EBITDA margin sustaining at 5.13% in FY25 despite the supplier-controlled markup structure limiting gross margins to 5.68%. Further, the PAT margin remained stable at 3.09% in FY25 against 3.20% in FY24, reflecting the company's ability to maintain earnings despite a competitive operating environment. The sustained revenue growth, coupled with stable profitability, supports the company's overall financial risk profile.

Moderate capital structure with adequate coverage indicators

The company continues to maintain a moderate capital structure, albeit with some moderation in leverage indicators during FY25. The overall gearing ratio increased to 1.32x as of mid-July 2025 from 0.90x as of mid-July 2024, primarily due to additional borrowings availed for the construction of a godown. Consequently, the TOL/TNW ratio also moderated to 3.68x in FY25 from 2.65x in FY24. Despite the increase in debt levels, the company's debt coverage metrics remained comfortable, supported by improved profitability and lower interest expenses. The interest coverage ratio improved to 5.22x in FY25 from 4.53x in FY24, indicating adequate debt-servicing ability. The DSCR witnessed a marginal moderation to 1.86x in FY25 compared to 1.97x in FY24; however, it remained at a satisfactory level. Overall, the company's financial risk profile continues to derive comfort from its moderate leverage and adequate debt protection metrics.

Healthy liquidity profile

The company maintains a strong liquidity profile, supported by healthy on-balance sheet liquidity and adequate cushion available in its drawing power limits. Working capital intensity witnessed a marginal increase to ~14% in FY25 from ~13% in FY24, primarily on account of higher inventory holding levels, with average inventory days increasing to 74 days in FY25 from 63 days in the previous year. Despite the moderation in working capital efficiency, the liquidity position remains comfortable, aided by sufficient internal accruals and financial flexibility to support operational requirements. The company's ability to maintain adequate liquidity buffers while supporting business growth continues to provide comfort to its overall credit profile.

Key Rating Weaknesses

Exposure to supply chain and regulatory risk

LTC's dependency on a single foreign supplier for major portion of finished medicines creates significant supply chain and regulatory risks. While long-standing relationships with this supplier help mitigate the risk, the company remains vulnerable to potential disruptions in the supply chain, which could impact its revenue stream. Additionally, any increase in tariffs on imported medicines poses a threat to the company's profitability and financial performance, especially considering its import-based operations. The lack of diversification in suppliers and exposure to regulatory changes, particularly tariff hikes, could strain LTC's revenue generation capacity and adversely affect its debt coverage metrics.

Fragmented and competitive Pharma market

The Nepalese pharmaceutical industry remains highly competitive due to its fragmented market structure and the presence of numerous players across both manufacturing and trading segments. The sector's low entry barriers intensify competition, limiting pricing power for distributors and import-based businesses. Additionally, the growing presence of domestic manufacturers, supported by government initiatives and cost advantages, poses a long-term challenge for import-dependent firms. In this context, companies with diverse product portfolios, strong supplier relationships, and efficient working capital management will be better positioned to sustain profitability and mitigate margin pressures.

Analytical Approach: Standalone

Applicable Criteria:

[Corporate Credit Rating Methodology](#)

Past Rating Rationale:

[Liana Trade Concern Private Limited: Bank Facilities Rating Assigned](#)

About the Company:

Incorporated in June 1994, Liana Trade Concern Private Limited (LTC) is one of the leading importer and national distributor of pharmaceuticals and consumer products in Nepal. LTC's registered office is in Adarshnagar-10, Birgunj, Parsa with a liaison office in Kathmandu handling regulatory matters. LTC holds the exclusive distributorship of SPI for Nepal, distributing over 250 registered chronic disease medications, including treatments for cardiovascular, neurological, osteoporosis, and oncology conditions. 100% ownership of all shares lies with individual promoters, namely Mrs. Bhuwan Rajbhandari (30%), Mr. Rajendra Amatya (30%), Mrs. Mona Maskey (20%), Mr. Raj Kishor Prasad Kalwar (20%).

Financial Indicators (Standalone)

For the year ended* As on	FY22	FY23	FY24	FY25
	Audited	Audited	Audited	Audited
Total Operating Income (NPR Mn)	1,766	1,846	2,200	2,589
EBITDA Margin (%)	4.61	4.82	5.20	5.13
Interest Coverage Ratio (x)	3.59	3.21	4.53	5.22
Current Ratio (x)	1.24	1.24	1.56	1.33
DSCR (x)	0.63	1.05	1.97	1.86
Overall Gearing Ratio (x)	1.44	1.05	0.90	1.32
TOL/TNW (x)	2.55	2.67	2.65	3.68
Working Capital Intensity	18%	14%	13%	14%

*Classification as per Infomerics Nepal standards

Earnings before Interest Tax Depreciation Amortization (EBITDA)

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

Annexure:1 Detail of Facilities:

Name of Instruments/ Facilities	Type of Facilities	Amount (NPR Mn)	Ratings
Fund Based Bank Facilities-Term Loan	Term Loan	144.36	IRN BBB-
Fund Based Bank Facilities-Working Capital Loan	Short Term	200.00	IRN A3
Non-Fund Based Bank Facilities- Bank Guarantee	Short Term	275.00	IRN A3
Total Facilities		619.36	

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About Infomerics Credit Rating Nepal Limited:

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