PRESS RELEASE

NIVIX PHARMACEUTICALS LIMITED

July 2026

Rating

Instrument	Amount (NPR Mn)	Rating	Rating Action
Issuer Rating	NA	IRN B+ (Is)	Reaffirmed

Infomerics Credit Rating Nepal Limited (Infomerics Nepal) has reaffirmed the rating of IRN B+ (Is) [Single B Plus (Issuer)]. Issuers with this rating are considered to have the high risk of default regarding timely servicing of financial obligations.

Detailed Rationale

The reaffirmation of the rating assigned to Nivix Pharmaceuticals Limited (NIVIX) primarily factors in the company's modest scale of operations, in spite of improving revenue profile, given its limited operational track record, limiting operational flexibility and increasing vulnerability to external shocks. The rating continues to derive strength from experienced promoters and management team, providing strong strategic direction and operational oversight along with the company's expanding product portfolio across multiple segments. Also, the rating takes into account the moderate capital structure of the company evidenced by overall gearing ratio of 0.98x as of mid-July 2025 and 1.04x as of mid-April 2026.

However, the rating is constrained by the company's operations in a working capital-intensive sector driven by high inventory levels as the backward supply chain is primarily dependent in imports, which may exert pressure on the company's liquidity profile. Furthermore, NIVIX faces regulatory risks inherent to the pharmaceutical industry and a highly competitive environment with limited pricing power. Going forward, the ability of the company to scale up its operations, improve profitability along with prudent working capital management and consequently improving its debt protection metrics will be key rating sensitivities. Furthermore, the company's ability to complete the IPO issuance process on timely manner with effective utilization of IPO proceeds as envisaged will remain key monitorable.

Detailed Description of Key Rating Drivers

Key Rating Strengths

Experienced board of directors

NIVIX is managed under the overall guidance of six-member Board of Directors (BOD), chaired by Mr. Kalidas Poudel. Mr. Poudel has around two decades of experience in diverse sector, primarily, financial sector. Additionally, Mr. Indra Baniya (Managing Director) and Dr. Sujan Chandra Sigdel (Director), have expertise of over around two decades in pharmaceutical industry. Other directors also have relevant experience. The BOD is involved directly in the management of the company along with a team of professionally qualified and experienced management team.

Broadening product portfolio

As of June 2026, NIVIX has obtained manufacturing license for 109 products and marketing license for 78 products, increased from manufacturing license for 84 products and marketing license for 45 products in May 2025. The company has 72 products active in the Nepalese market in the form of tablets and capsules. The product portfolio is anticipated to further expand in the near term.

Moderate capital structure

NIVIX's capital structure remained moderately leveraged, marked by overall gearing ratio of 0.98x as of mid-July 2025, improving from 1.96x in FY24, mainly due to infusion of capital amounting to

~NPR 206 Mn in FY25 by the promoters. Overall gearing ratio slightly moderated to 1.04x as of mid-April 2026, due to reduced Tangible Net Worth resulted from loss incurred during the period along with slight increase in debt level. The interest coverage ratio stood at 1.08x in FY25 and 1.36x in FY26 (as of mid-April 2026), improved from negative in FY24. Similarly, DSCR stood at 1.09x in FY25, improving from below unity during FY24.

Key Rating Weaknesses

Modest scale of operations given nascent stage of operations
NIVIX's scale of operations remained modest, despite improving Total Operating Income (TOI). The company came into commercial operations from June 2024, reporting ~NPR 1 Mn during the year (FY24), which improved to NPR 81 Mn in FY25 (first full year of commercial operations) with the EBITDA margin at ~41%. However, substantial financial costs resulted in negative PAT margin and Gross Cash Accruals (GCA) during the year. During 9MFY26, the company recorded NPR 113 Mn TOI at the EBITDA margin of ~28%. PAT margin and GCA continued to remain negative. While the overall revenue base is still developing, the overall capacity utilization continued to remain modest at ~24% (annualized) in 10MFY26. The current scale continues to present some limitations in operational flexibility and exposes the company to higher vulnerability from external shocks or sectoral downturns. The ability of the company to scale up its operations remains crucial for overall improvement in its financial profile.

Working capital intensive nature of business
NIVIX operates in the inherently working capital-intensive pharmaceutical sector, characterized by significant inventory holding and generous credit period to the distributors. Amid the intense competition in the Nepalese pharmaceutical industry, it has been a general practice for the pharmaceutical manufacturers for flexible credit term resulting in elongated collection cycles. The operating cycle of the company is expected to remain elevated in the near-term owing to company's expansion strategy.

Exposure to regulatory risks and dependence on import
The company faces significant competitive pressures due to the presence of numerous well-established players in the domestic market. The industry's highly regulated nature, driven by its implications for public health, leaves the company vulnerable to potential adverse changes in government or regulatory policies, which could impact its business risk profile. Moreover, intense competition in the generic pharmaceutical market limits pricing flexibility. Key challenges in the sector include pricing pressures, stricter regulatory compliance, and increased sensitivity to product quality and performance. Additionally, NIVIX's reliance on imported raw materials exposes it to risks associated with supply chain disruptions.

Analytical Approach: Standalone

Applicable Criteria:
Issuer Rating Methodology

Past Rating Rationale:
Nivix Pharmaceuticals Limited: Issuer Rating Assigned

About the Company:
Nivix Pharmaceuticals Limited (NIVIX) was initially established as a private limited company in July 2017, and later converted into public limited company in December, 2024. Initially, the company was established as Pokhara Pharmaceuticals Private Limited, and later converted into Nivix Pharmaceuticals Private Limited. The company is licensed by Department of Drug Administration (DDA) for production and distribution of allopathic drugs. NIVIX has its corporate office located in

Pokhara, Kaski and its manufacturing plant located at Byas-10, Tanahun. As of June 2026, NIVIX holds manufacturing license for 109 products and marketing license for 78 products, out of which it offers 72 products in the Nepalese market. The major shareholder of NIVIX is Mr. Indra Baniya, holding ~17% of total shares as of August 24, 2025.

Financial Indicators (Standalone)

For the year ended* As on	FY24#	FY25	9MFY26
	Audited	Audited	Unaudited
Total Operating Income (NPR Mn)	1	81	113
EBITDA Margin (%)	Negative	40.96	27.89
Interest Coverage Ratio (x)	Negative	1.08	1.36
Overall Gearing Ratio (x)	1.96	0.98	1.04
Total Outside Liabilities/Tangible Net-Worth	2.15	1.07	1.12
Total Debt/ EBITDA (x)	Negative	12.85	10.69
Current Ratio (x)	0.69	3.25	3.02

*Classification as per Infomerics Nepal standards
#The company was operational for ~one month in FY24
Earnings before Interest Tax Depreciation Amortization (EBITDA)

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