PRESS RELEASE

LALITPUR BISHAL BAZAR MULTIPLEX COMPANY LIMITED

September 2026

Ratings

Instrument/Facilities	Amount (NPR Mn)	Ratings	Rating Action
Long Term Bank Facilities	533.54	IRN BBB-	Upgraded from IRN BB
Short Term Bank Facilities	5.00	IRN A3	Upgraded from IRN A4
Total	**538.54**		

Details of facilities are in Annexure 1 below

Infomerics Credit Rating Nepal Limited (Infomerics Nepal) has upgraded the rating assigned to the long-term bank facilities of NPR 533.54 Mn to IRN BBB- (Triple B Minus) from IRN BB (Double B) and to IRN A3 (A Three) from IRN A4 (A Four) assigned to the short-term bank facilities of NPR 5.00 Mn.

Detailed Rationale

The upgradation of ratings assigned to the bank facilities of Lalitpur Bishal Bazar Multiplex Company Limited (LABIM) reflects its strong post-merger revenue expansion, and strengthened credit metrics. LABIM's single commercial mall's premier Pulchowk location, stable ~96% occupancy (FY26), and successful integration of direct multiplex cinema operations drove Total Operating Income (TOI) to ~NPR 645 Mn in FY26, enhancing cash flow visibility. Also, EBITDA margin of the company continues to be robust at ~49%, albeit recorded a decline from ~67% in FY25 amid relatively higher operating cost of the cinema operations. Also, the ratings take into account the improvement in capital structure, with overall gearing ratio improving to 1.05x as of mid-July 2026 from 1.77x at the end of FY25 and Total Outside Liabilities to Tangible Net Worth (TOL/TNW) to 1.31x in FY26 (2.05x in FY25) through consistent profit retention. Furthermore, debt coverage indicators have risen to robust levels, with interest coverage reaching ~6.65x in FY26 (4.20x in FY25).
However, the ratings remain constrained by LABIM's reliance on a single commercial property, albeit this vulnerability is mitigated by diversified revenue streams from cinema sales to some extent. The ratings also factor in LABIM's exposure to competitive pressures and the cyclical nature of its business, particularly amid the increasing supply of commercial spaces and cinema halls. Going forward, maintaining stable occupancy, managing cinema operating costs, and sustaining this deleveraged structure 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, CEO, 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.

Improving financial performance with healthy occupancy

LABIM's total operating income demonstrated an upward trajectory, rising from ~NPR 356 Mn in FY24 to ~NPR 372 Mn in FY25, and ~NPR 645 Mn in FY26. The mall maintained a healthy occupancy of ~98% in FY24, ~96% in FY25 and FY26. In FY26, the company's revenue streams were expanded and diversified following the integration of cinema operations, which contributed ~NPR 226 Mn to gross sales. Operating efficiency and profitability remained robust over this period, with EBITDA growing from ~NPR 239 Mn in FY24 to ~NPR 248 Mn in FY25 and reaching ~NPR 315 Mn in FY26. The EBITDA margin stood at ~67% in FY25, before adjusting to ~49% in FY26 due to the direct operational expenses of the newly integrated cinema business. Despite this margin adjustment, bottom-line profitability experienced growth, with Profit After Tax (PAT) increasing from ~NPR 87 Mn in FY25, and reaching ~NPR 140 Mn in FY26. Consequently, the PAT margin rose from ~15% in FY24 to ~23% in FY25, settling at ~22% in FY26. This performance translated into strong cash-generating capability, as gross cash accruals (GCA) climbed from ~NPR 121 Mn in FY24 to ~NPR 153 Mn in FY25, and reached ~NPR 215 Mn in FY26.

Moderate capital structure

The company's overall gearing ratio decreased from ~1.77x as of mid-July 2025 to ~1.05x at the end of FY26; however, absolute debt levels remain significant, reflecting continued reliance on external bank borrowings. Similarly, the TOL/TNW ratio was ~1.31x in FY26, which indicates a notable liability burden relative to tangible net worth.

Key Rating Weaknesses

Single asset operational dependency and limited life of the project

LABIM continues to face geographic and asset concentration risks, as its core operations remain entirely centered on its single commercial property, Labim Mall, in Pulchowk, Lalitpur. Any significant operational, regulatory, or natural disruption affecting this specific location would directly and materially impact the company's consolidated revenues and cash flows. The company has recently mitigated its single-income profile through its formal acquisition of Lalit Cinemas Private Limited, diversifying into movie exhibition and providing a significant buffer to traditional rental income. However, the company still lacks a multi-location real estate portfolio to balance geographic risks. 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

LABIM operates in an increasingly competitive retail landscape within the Kathmandu Valley. The rise of new commercial complexes offering modern infrastructure and aggressive pricing poses a continuous threat to its market share, potentially pressuring occupancy and rental growth if LABIM fails to innovate. Additionally, the physical mall format remains structurally vulnerable to external shocks, such as economic downturns or pandemics. Because revenue generation depends heavily on in-person consumer interactions, the company's financial performance remains highly sensitive to broader market disruptions.

Analytical Approach: Standalone

Applicable Criteria:

Corporate credit rating methodology

Past Rating Rationale:

Lalitpur Bishal Bazar Multiplex Company Private Limited: Bank Facilities Rating Assigned

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. LABIM successfully transitioned from a private to a public limited company on July 07, 2026 and formally acquired Lalit Cinemas Private Limited in May 2026, integrating the operations of the mall's multiplex cinema halls and movie exhibition services operated under the prominent QFX brand. The major shareholder of the company remains Mr. Rajesh Kumar Siddhi, holding ~33% of shareholding of the company as on mid-July 2026.

Financial Indicators (Standalone)

For the year ended* As on	FY22	FY23	FY24	FY 25	FY26#
	Audited	Audited	Audited	Audited	Unaudited
Total Operating Income (NPR Mn)	281	345	356	372	645
EBITDA Margin (%)	64.51	69.21	67.17	66.73	48.81
Interest Coverage Ratio (x)	2.22	2.41	2.81	4.20	6.65
Current Ratio (x)	1.31	1.43	1.37	1.13	2.00
Total Outside Liabilities/Tangible Net Worth	3.63	2.74	2.47	2.05	1.31
Overall Gearing Ratio (x)	3.19	2.44	2.21	1.77	1.05

Classification as per Infomerics Nepal standards
#*After acquisition of Lalit Cinemas Private Limited*
Earnings before Interest Tax Depreciation Amortization (EBITDA)

Annexure:1 Detail of Facilities:

Name of Instruments/ Facilities	Type of Facilities	Amount (NPR Mn)	Rating
Fund Based Bank Facilities- Term Loan	Long Term	533.54	IRN BBB-
Fund Based Bank Facilities- Working Capital Loan	Short Term	5.00	IRN A3
Total Facilities		**538.54**	

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