Infomerics Credit Rating Nepal Limited

Press Release

Brajeshwori Overseas Private Limited

July 2026

Ratings

Instrument/Facilities	Amount (NPR Mn)	Ratings	Rating Action
Long Term Bank Facilities	136.68 (reduced from 149.19)	IRN BB-	Upgraded from IRN B+
Short Term Bank Facilities	780.00 (enhanced from 755.00)	IRN A4	Reaffirmed
Total	**916.68**		

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 136.68 Mn to IRN BB- (Double B Minus) from IRN B+ (Single B Plus) and reaffirmed the rating of IRN A4 (A Four) to the short-term bank facilities of NPR 780.00 Mn.

Detailed Rationale

The upgradation of the ratings assigned to the bank facilities of Brajeshwori Overseas Private Limited (BOPL) reflect the company's steady revenue growth in FY26, following its strategic shift towards FMCG distribution, particularly confectionery and gums, as the exclusive national distributor of Perfetti Van Melle (PVM) products in Nepal in FY25. The ratings also continue to derive comfort from established experience of the promoter group and operational synergies from being part of the Brajeshwori Group, which has an established track record in trading and distribution businesses.

However, the ratings remain constrained by BOPL's leveraged capital structure and moderate, though improving, debt coverage indicators. The liquidity profile, has deteriorated and continues to remain stretched owing to an elevated average collection and inventory holding period. Further, the company remains exposed to the threat of counterfeit products in the market, even though stronger marketing initiatives have led to the curbing of such products, which could adversely impact its sales and brand positioning. Going forward, the company's ability to sustain revenue growth, improve operating margins, improve leverage position and coverage metrics through prudent working capital management will remain key rating sensitivities.

Detailed Description of Key Rating Drivers

Key Rating Strengths

Experienced promoter group

The company benefits from being part of the Brajeshwori Group, which has established presence of over two decades in import, trade, and financial services. The group's trading arm, Brajeshwori Trading Unit, has a longstanding track record in the trading of electronic goods and home appliances, while Brajeshwori Industries Private Limited is engaged in the manufacturing and trading of baby pull-up diapers with a wide distribution across Nepal. The promoters' experience, coupled with their established market understanding and strong supplier and customer relationships, is expected to provide operational synergies, support business growth, and strengthen the company's credit risk profile.

Steady growth in scale post business modality shift

BOPL reported a steady increase in its total operating income to ~NPR 1,770 Mn in FY26 from ~NPR 1,468 Mn in FY25, driven by stronger marketing initiatives that have led to the curbing of counterfeit products. While the initiatives enabled the company to strengthen the company's market position and achieve a steady increase in revenue, operating profitability, although increased, remained moderate with EBITDA margin of 3.26% in FY26, albeit an improvement from 2.57% in FY25, reflecting the inherently lower margin profile of the confectionery segment. Consequently, net profitability remained modest with PAT margin of 0.80% in FY26 and 0.43% in FY25.

Key Rating Weaknesses

Leveraged capital structure

BOPL's capital structure remains leveraged with overall gearing increasing to 4.67x as of mid-July 2026 (FY25: 3.93x), primarily on account of higher reliance on working capital borrowings, while Total Outstanding Liabilities/Tangible Net Worth (TOL/TNW) also elevated to 6.10x from 5.40x over the same period. Despite the stretched capital profile, the company's debt servicing ability exhibited improvement on the back of enhanced operating earnings, as reflected by the interest coverage ratio rising to 1.54x in FY26 from 1.10x in FY25 and DSCR improving to 1.42x from 1.22x in FY25.

Stretched liquidity profile

BOPL's liquidity position, showed deterioration in FY26, due to elevated inventory holding and average collection period. The company's working capital intensity remained moderate at ~43% in FY26 from ~41% in FY25. This was contributed by lengthened creditor days, from 23 days in FY25 to 40 days in FY26, which mitigated the effects of increased collection and inventory holding period to an extent. The operating cycle worsened to 146 days in FY26 compared to 105 days in FY25, owing to increased average collection period from 92 days in FY25 to 135 days in FY26 and increased inventory holding period from 37 days in FY25 to 51 days in FY26.

High threat from counterfeit products

The company remains exposed to rising competitive risks stemming from the growing presence of counterfeit and duplicate food products in the domestic market. Such imitation products have led to consumer confusion, thereby diverting sales away from the original brand, which in turn poses a risk of revenue loss and erosion of market share. The proliferation of these products also weighs on the company's brand equity, with potential long-term implications for profitability and financial sustainability. Nevertheless, the risk is partly mitigated by the establishment of Perfetti Van Melle's own manufacturing facility in Nepal, which is expected to strengthen distribution oversight, improve supply chain control, and reduce the circulation of counterfeit products.

Analytical Approach: Standalone

Applicable Criteria:

Corporate Credit Rating Methodology

Past Rating Rationale:

Brajeshwori Overseas Private Limited: Bank Facilities Rating Revised

About the Company:

Brajeshwori Overseas Private Limited (BOPL), incorporated in October 2016, initially operated in the trading of Dulux Paints before strategically diversifying into the fast-moving consumer goods (FMCG) segment in 2024. The company currently serves as the national distributor for the full range of Perfetti Van Melle (PVM) products in Nepal, covering well-known products such as Happydent, Center Fruit, Alpenliebe etc. Mr. Shatrudhan Prasad Dhakal is the single shareholder of the company.

Financial Indicators (Standalone)

For the year ended* As on	FY23	FY24	FY25	FY26
	Audited	Audited	Audited	Unaudited
Total Operating Income (NPR Mn)	259	123	1,468	1,770
EBITDA Margin (%)	12.92	20.33	2.57	3.26
Interest Coverage Ratio (x)	1.10	1.00	1.10	1.54
Current Ratio (x)	1.24	32.17	1.51	1.54
Overall Gearing Ratio (x)	3.72	2.92	3.93	4.67
TOL/TNW (x)	4.15	2.93	5.40	6.10
Working Capital Intensity (%)	101.39	180.43	40.85	43.34

Earnings before Interest Tax Depreciation Amortization (EBITDA)
**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- Permanent Working Capital Loan	Long Term	136.68	IRN BB-
Fund Based Bank Facilities- Working Capital Loan	Short Term	430.00	IRN A4
Non-Fund Based Bank Facilities- Letter of Credit	Short Term	350.00	IRN A4
Total Facilities		**916.68**	

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About Infomerics Credit Rating Nepal Limited:

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