Asian Distributors Private Limited: Ratings downgraded and removed from 'Watch with Negative Implications'

October 15, 2026

Summary of rating action

Instrument (Amounts in NPR million)	Last rated amount	Current rated amount	Rating action
Long-term loan limits	110	97	[ICRANP] LBB+; downgraded from [ICRANP] LBBB-@; and removed from 'Watch with Negative Implications'
Short-term loan limits (funded and non-funded)	1,090	1,600	[ICRANP] A4+; downgraded from [ICRANP] A3@ and removed from 'Watch with Negative Implications'
Total	**1,200**	**1,697**	

**The symbol '@' indicates 'Rating Watch with Negative Implications'. Please refer here for further details on rating watch.*

Rating action

ICRA Nepal has downgraded the long-term loan rating of Asian Distributors Private Limited (ADPL/ the company) to [ICRANP] LBB+ (pronounced ICRA NP L Double B Plus) from [ICRANP] LBBB-@ (pronounced ICRA NP Triple B Minus; on 'Watch with Negative Implications'). ICRA Nepal has also downgraded the company's short-term loan rating to [ICRANP] A4+ (pronounced ICRA NP A Four Plus) from [ICRANP] A3@ (pronounced ICRA NP A Three; on 'Watch with Negative Implications'). The ratings have also been removed from 'Watch with Negative Implications'.

Rationale

The rating action mainly factors in the sustained high working capital intensity (net working capital to operating income ratio - NWC/OI), with only minor improvements since last rating exercise, which continues to constrain ADPL's liquidity position. While the available headroom in working capital drawing power (~32% as of mid-July 2026) and controlled dividend payout remains positive, the absence of meaningful improvement in working capital cycle remains a concern, mainly given the growing scale of operations. The ratings also remain constrained by the higher-than-anticipated moderation in operating profit margins (OPM) during FY2026, which had weakened the coverage metrics and increased the total debt to OPBDITA ratio (TD/OPBDITA) to 7.7 times from 5.0 times in FY2025. While the interest coverage ratio (ICR) and debt service coverage ratio (DSCR) remained comfortable at 2.7 times and 3.8 times respectively, the latter was supported by sizable non-operating income and the prevailing low interest rate environment in the country. Hence, the elevated leverage has constrained the company's financial flexibility, especially given ADPL's working capital-intensive operations and planned business expansion. Rating concerns also stem from the relatively concentrated customer profile (~40-43% of revenues in the last two years ending mid-July 2026 accounted by top ten distributors/customers), especially when viewed in the light of the high debtor days. The ratings also remain constrained due to the fragmented fast-moving consumer goods (FMCG) trading landscape with multiple competing/substitute products in the market amid low entry barriers. The import-based business would also remain subject to the export/import duty regulations of both the origin as well as the destination countries.

Nonetheless, the ratings derive comfort from ADPL's ability to report an improving revenue trajectory, with a notable revenue growth of ~22% in FY2026, however, partly aided by the flexibility adopted in OPM to achieve the volumetric growth. The ratings also positively factor in the promoters' long experience in the trading businesses in Nepal, their established supply chain and good linkages with foreign suppliers. ADPL is a part of the Vishal Group, one of the major business houses in Nepal with significant investments across multiple sectors of the economy. The ratings also continue to draw comfort from the company's affiliation with strong FMCG brands such as PepsiCo, Nivea, Zydus (Glucon-D, Nycil, Complan etc), McVitie's (Digestive), among others, along with its established sales channel (over 200 distributors).

Going forward, the company's ability to lower its working capital intensity and improve the OPM, commensurate with

the growth targets will remain the key rating sensitivities.

Key rating drivers

Credit strengths

Growing scale of operations – ADPL reported a 22% y-o-y operating income growth in FY2026, mainly driven by full year contribution of PepsiCo's products (mainly Lays). While the global brand recall of PepsiCo remains a positive, the low margin and high-volume nature of this product segment leading to OPM drop to ~5% for FY2026 (~9% for FY2025) remains a concern. Meanwhile, largely stable demand for other major products, including Nivea and McVitie's (Digestive), provides support to the company's overall revenue profile. However, the planned expansion and its impact on OPM and overall profitability will remain a key monitorable.

Experienced promoters – The company is a unit under the Vishal Group, which has a long track record in multiple sectors of the Nepalese economy across the trading, manufacturing and financial services segments, among others. This, coupled with ADPL's track record of over two decades in the trading of FMCG products and the linkages developed by the company with its distribution network and suppliers, continue to support the ratings.

Established distribution network and good brand recall – ADPL holds exclusive rights for the import and distribution of established brands like Nivea, Zydus (Glucon-D, Nycil, Complan, Sugarfree etc), McVitie's (Digestive), Wipro (Enchanteur & Romano), Lindt chocolate etc. in Nepal. These products have relatively stable demand throughout the year which translates into steady revenue performance for ADPL, along with boost from addition of brands over the years. The company's pan-Nepal distribution network comprising of 200+ dealers and distributors also remains a positive for future growth prospects.

Credit challenges

Sustained high working capital intensity – The company's operations continue to remain highly working capital-intensive, with a high proportion of funds tied up in inventory and receivables, constraining overall liquidity and increasing reliance on bank borrowings to finance the working capital requirements. While the NWC/OI moderated to ~58% in FY2026 from ~63% in FY2025, the impact of improvement was offset by the company's growing scale of operations. Further, while the available headroom in drawing power (~32% as of mid-July 2026) provides some liquidity cushion, the company's ability to manage incremental working capital requirements amid planned business expansion, while maintaining adequate liquidity and limiting dividend payouts, will remain a monitorable.

Weakening coverage metrics and concentrated customer profile – ADPL's debt coverage metrics weakened in FY2026, with TD/OPBDITA ratio increasing to 7.7 times from 5.0 times in FY2025, following the moderation in OPM in recent years. While the DSCR remained comfortable at 3.8 times, it was partly supported by sizable non-operating income (mainly support from principal brand companies) and the current favourable interest rate environment in the country. Further, the company's customer concentration remains relatively high, with the top 10 customers accounting for ~40-43% of total revenue in the last two years ending mid-July 2026. While ADPL's long track record with leading customers and strong brand recall of its product offsets the concentration risk to some extent, it nonetheless could lead to volatility in revenue in the event of any attrition of top customers.

Intense competition and regulatory risks – The company operates in the FMCG trading segment, which is highly competitive with the presence of several established distributors of competing brands, resulting in margin pressures. Further, Import-based businesses like ADPL remains exposed to the risk of regulatory changes by Government of Nepal as well as the government of the exporting countries. Any unfavourable change in duty structure and/or other terms could have a bearing on the business dynamics.

Rating Sensitivities

Positive factors – The ratings could be upgraded in case of meaningful improvements in working capital cycle, and

strengthening of the OPM, thereby improving the debt protection metrics.

Negative factors – Further deterioration in OPM, inability to streamline the working capital cycle resulting in added liquidity pressure amid the growing scale would create negative pressure on company's credit profile.

Analytical approach
For arriving at the ratings, ICRA Nepal has applied its rating methodology as indicated below.

Link to the applicable criteria:
Corporate Credit Rating Methodology

Link to the last rating rationale:
Rationale-Asian Distributors Private Limited_BLR surveillance_October 2025

About the company

Incorporated in 2011, Asian Distributors Private Limited imports and trades FMCG products, mainly dealing with brands like PepsiCo, Nivea, Zydus (Glucon-D, Nycil, Everyuth, Sugar Free Gold, Nutralite etc.), McVities's (biscuits and chocolates), Wipro, among others. At present, the company has pan-Nepal coverage with over 200 dealers. The company's major shareholders include Mr. Ashish Kumar Agrawal (~26%), Ms. Kavita Sanghai (~22%), Mr. Vishal Agrawal (~11%), Ms. Sanchita Agrawal (~11%), and Ms. Shilpa Agrawal (~11%), among others. The company's registered office is in Naxal, Kathmandu.

Key financial indicators

	Audited				Provisional
	FY2022	FY2023	FY2024	FY2025	FY2026
Operating Income-OI (revenues in NPR Million)	1,490	1,250	1,415	1,750	2,127
OPBDITA/OI (%)	9.4%	12.7%	12.5%	9.1%	4.9%
Total Debt/Tangible Net Worth TNW (times)	0.4	0.5	1.0	1.2	1.2
Total Outside Liabilities/ TNW (times)	0.5	0.6	1.2	1.4	1.4
Total Debt/OPBDITA (times)	1.7	1.5	3.0	4.7	7.7
Interest Coverage (times)	4.7	3.6	4.9	3.6	2.7
Debt service coverage ratio (times)*	6.1	3.4	4.1	3.9	3.8
NWC/OI	32%	40%	55%	63%	58%
Current Ratio (times)	2.1	2.0	1.4	1.4	1.6

Source: Company data
**DSCR supported by non-operating income (mainly support from principal brand companies, which remain in erratic trend vis-à-vis the revenues) resulting in higher DSCR vs ICR in some years.*

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About ICRA Nepal Limited:

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