PRESS RELEASE

SAARATHI CABLE INDUSTRIES LIMITED

November 2025

Rating

Instruments/ Facilities	Amount (NPR Mn)	Rating	Rating Action
Issuer Rating	NA	IRN BB- (Is)	Assigned
Long Term Bank Facilities	490.00	IRN BB-	Assigned
Short Term Bank Facilities	310.00	IRN A4	Assigned
Total	**800.00**		

Details of facilities are in Annexure 1 Below

Infomerics Credit Rating Nepal Limited (Infomerics Nepal) has assigned the issuer rating of IRN BB- (Is) [Double B Minus (Issuer)]. Issuers with this rating are considered to have moderate risk of default regarding timely servicing of financial obligations.
Also, Infomerics Nepal has assigned the rating of IRN BB- (Double B Minus) to the long-term bank facilities of NPR 490.00 Mn and IRN A4 (A Four) to the short-term bank facilities of NPR 310.00 Mn.

Detailed Rationale

The rating assigned to Saarathi Cable Industries Limited (SCIL) and its bank facilities derive strength from its experienced promoter group- "Bhusal Group" having presence in industry for over two decades through its trading and manufacturing units among others. The ratings also factor in the company's diverse product portfolio of copper and aluminum-based cables and wires, catering to residential as well as commercial segment. Furthermore, the ratings derive comfort from strategic location of manufacturing unit near the Indo-Nepal border ensuring logistical advantages and cost efficiency in raw material procurement as well as company's well-established distribution network of 215 dealers across five provinces of the country.
However, these rating strengths are constrained by SCIL's moderate financial performance marked by shrinking revenue and profitability during FY21-FY24, albeit improved in FY25; along with the company's leveraged capital structure, characterized by overall gearing ratio of 2.48x as of mid-July 2025. The ratings also factor in the company's working capital intensive nature of business operation marked by elongated operating cycle and risk pertained to input price fluctuations. Going forward, the company's ability to improve its scale of operations and profitability while discreetly handling working capital levels and successfully executing an IPO along with effective utilization of proceeds, will remain key rating sensitivities.

Detailed Description of Key Rating Drivers

Key Rating Strengths

Experienced and resourceful promoters

SCIL is a part of Bhusal Group and derive its strength from promoters having strong presence in Nepal through their group entities in trading, manufacturing, hospitality and other services. SCIL is managed under the overall guidance of the company's 3-member Board of Directors (BoD) members chaired by Mr. Ankit Bhusal. Mr. Bhusal has around 8 years of experience in Bhusal Group. Other directors also bring around a decade of relevant experience. Furthermore, the BoD is supported by a team of technically qualified and experienced management in day-to-day operations of SCIL.

Diverse product portfolio catering to wide spectrum of industries

SCIL is engaged in the manufacturing of a diverse range of wires and cables tailored for various applications categorized into two broad segments- Copper based products and Aluminum based products. SCIL's product portfolio includes Multistrand flexible wire, which are house wiring cables and power cables, widely used in residential as well as commercial segment, Aluminum Conductor

Steel-Reinforced (ASCR) conductors and Aerial Bunched Cable (ABC), which are essential for overhead distribution and high-voltage power transmission. ABC cables offer enhanced safety in challenging terrains. The company's product portfolio also includes telecommunication cables and power cables (both copper and aluminum), available in armored and unarmored variants.

Key Rating Weaknesses

Moderate financial risk profile

Total operating income (TOI) of SCIL amounted to NPR 542 Mn in FY25, y-o-y improvement of ~41% compared to NPR 384 Mn in FY24. However, the company had downward operating revenue trend from FY21-FY24, with revenue almost halved from NPR 750 Mn in FY21 to NPR 384 Mn in FY24. EBITDA margin stood at 16.87% in FY25, improved from 2.96% in FY24. SCIL had decreasing operational profit from FY21 to FY24, mainly due to receding sales. Furthermore, SCIL's PAT margin remained modest below 1% over past three years (FY23-FY25) owing to high interest expenses. Furthermore, the company's Gross Cash Accruals (GCA) stood at NPR 16 Mn in FY25, improved from NPR 11 Mn in FY24. The ability of SCIL to continue to improve operations and profit margins by improving sales and managing its cost will be the key rating monitorable.

The overall gearing ratio stood moderate, albeit improved to 2.48x as of mid-July 2025 from 4.10x at the end of mid-July 2024 (4.92x in FY23). Interest coverage ratio, continued to remain below unity although showed an improvement to 0.92x in FY25 from 0.07x in FY24, marked by improved EBITDA margin in FY25. Similarly, the debt service coverage ratio (DSCR) remained 1.16x at the end of FY25, slightly improved from 1.07x in FY24 (FY23: 1.16x).

Raw material price volatility risk and supplier concentrated business

The input price is largely reliant on supply from international major business. The international copper prices increased by ~11%, and aluminum prices rose by ~19% in CY25 compared to CY24. Given the volatile nature of these commodities, the company remains highly vulnerable to the risks associated with fluctuating raw material prices. Additionally, more than 90% of raw materials were sourced from the top 10 suppliers in FY25, indicating high supply-side dependency. This dependence arises from the procurement of key raw materials, such as copper and aluminum, from well-established companies, thereby exposing SCIL to potential supply-side risks. The company's ability to pass on raw material cost changes to finished product prices remains crucial.

Working Capital intensive nature of business

The operations of the company are working capital intensive in nature. SCIL is involved in manufacturing wide range of wires and cables by majorly raw materials are procured through LC at sight/usance. Also, to ensure smooth operation, the company is required to maintain adequate inventory of raw materials. SCIL had inventory holding period of 67 days in FY25 (FY24: 70 days). The average collection period slightly improved, albeit remained stretched at 125 days in FY25 compared to 134 days in FY24. The longer collection period is primarily due to company's flexible credit policy to remain competitive amid immense market competition. Furthermore, the payable period stood at 59 days and 63 days in FY25 and FY24 respectively. Consequently, company's operating cycle remained high at 133 days in FY25, albeit slightly improved from 141 days in FY24.

Analytical Approach: Standalone

Applicable Criteria:

Issuer Rating Methodology
Corporate Credit Rating Methodology

About the Company:

Saarathi Cable Industries Limited (SCIL), previously known as Bhusal Cable & Wire Industries Private Limited, was incorporated on December 05, 2005 and converted into Public Limited Company on July

09, 2025. SCIL is involved in manufacturing aluminum and copper wires and cables with its factory located at Rupandehi district in Nepal. The total installed capacity (per annum) for SCIL's products include 1,548 MTPA for aluminum-based products and 1,161 MTPA for copper-based products. Mr. Ankit Bhusal is the major shareholder holding 99.76% of total shares as of mid-July 2025.

Financial Indicators (Standalone)

For the year ended* As on	FY21	FY22	FY23	FY24	FY25
	Audited	Audited	Audited	Audited	Unaudited
Total Operating Income (NPR Mn)	750	653	510	384	542
EBITDA Margin (%)	9.75	7.05	4.48	2.96	16.87
Interest Coverage Ratio (x)	1.53	0.58	0.34	0.07	0.92
Current Ratio (x)	16.96	29.55	1.14	2.55	4.19
Overall Gearing Ratio (x)	9.13	4.41	4.92	4.10	2.48
TOL/TNW (x)	9.67	4.57	5.12	4.76	3.12

Earnings before Interest Tax Depreciation Amortization (EBITDA)
Total Outside Liabilities/Tangible Net Worth (TOL/TNW)
**Classification as per Infomerics Nepal standards*

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About Infomerics Credit Rating Nepal Limited:
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