PRESS RELEASE

SHANTA PLYWOOD LIMITED

(Formerly Bhusal Plywood and Bamboo Industries Private Limited)

January 2026

Ratings

Instrument/Facilities	Amount (NPR Mn)	Ratings	Rating Action
Long Term Bank Facilities	596.28 (Reduced from 698.15)	IRN BB-	Upgraded from IRN B+
Short Term Bank Facilities	255.00 (Enhanced from 245.00)	IRN A4	Reaffirmed
Total	**851.28**		

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 596.28 Mn to IRN BB- (Double B Minus) from IRN B+ (Single B Plus). Also, Infomerics Nepal has reaffirmed the rating of IRN A4 assigned to the short term bank facilities of NPR 255.00 Mn.

Detailed Rationale

The upgradation of ratings assigned to the bank facilities of Shanta Plywood Limited (Formerly Bhusal Plywood and Bamboo Industries Private Limited) derives comfort from its experienced promoter along with group- “Bhusal Group” having presence in industry for over two decades through its trading and manufacturing units among others. The ratings also factor in healthy scale-up in operations in FY25, with total operating income registering a ~38% y-o-y growth to NPR 554 Mn, driven by a surge in customer demand following the acquisition of Bureau of Indian Standard (BIS) certification, that allows export to India. The ratings also derive comfort from the improvement in capital structure, with overall gearing ratio improving to 2.17x as of mid-July 2025 (3.23x in FY24) following the equity infusion by the promoters and moderate DSCR of 2.29x as of mid-July 2025 (4.22x in FY24). Further, the ratings continue to factor in SPL’s the backward integration for supply of “core veneer” through its group company supporting an effective supply chain management.

These rating strengths are however constrained by the SPL’s working capital intensive nature of business reflected in an elevated working capital intensity of ~88% in FY25 primarily driven by a high inventory period of ~83 days and collection period of ~29 days. Further, SPL’s capacity utilization also remained at ~38% in FY25, declined from ~48% in FY24 due to halt of production in the wet season. The ratings also factors the intense competition & presence of substitutes, environment regulation, foreign exchange risk associated with the import of chemicals and sustainability risk. Hence, the company’s ability to scale up its operations and profitability margins and improvement of debt coverage indicators with efficient working capital management will remain key rating sensitivities.

Detailed Description of Key Rating Drivers

Key Rating Strengths

Experienced promoters and management team

SPL 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. SPL is led by Mr. Balkrishna Bhusal, Chairman, having over three decades of experience in trade and industry and Mr. Amrit Bhusal, Managing Director, having over half a decade of experience in the industry. Further, the promoters are assisted by a group of qualified management personnel.

Improvement in financial profile

Total Operating Income (TOI) increased y-o-y by ~38% to ~NPR 554 Mn in FY25 primarily driven by a surge in customer demand following the acquisition of Bureau of Indian Standard (BIS) certification, enhancing products credibility and expanding demand. EBITDA margin also showed inclination in FY25 to ~20% from 5% in FY24 owing to introduction of sales of Grade A Plywood and operating leverage stemming from increased scale of operations. Consequently, PAT margin also improved in FY25 to ~11% from ~1% in FY24. SPL's capital structure shows moderate improvement in FY25 with overall gearing easing to 2.17x in FY25 (FY24: 3.23x), aided by an increase in tangible net worth base to ~NPR 378 Mn following equity infusion by a promoters. Total Outside Liabilities to Tangible Net Worth (TOL/TNW) also declined from 3.34x in FY24 to a 2.22x in FY25. DSCR moderated to 2.29x in FY25 from 4.22x in FY24. Also, interest coverage ratio declined to 1.78x in FY25 from 3.19x in FY24 on account of increase in interest expenses. Going forward, SPL's ability to maintain its leverage levels and improve its debt coverage metrices will remain a key monitorable.

Backward integration through its group company ensures raw materials availability

The sister concern "Bishal Veneer Udhyog Private Limited" facilitates the procurement of core veneer required for plywood manufacturing. This is expected to improve the supply chain management with uninterrupted raw material supply along with cost savings and quality control.

Key Rating Weaknesses

Working capital intensive nature of business

The operations of the company are working capital intensive in nature. The collection period was 29 days during FY25 slightly deteriorating from 16 days during FY24 owing to expansion in scale of operations. The inventory holding period also rose to 83 days in FY25 from 75 days in FY24 on account of requirement of stock for fulfilling increasing demand. However, the payment period decreased to 4 days in FY25 from 52 days in FY24. The higher receivables and inventory levels resulted in an elongated operating cycle of 109 days in FY25 (FY24: 39 days). The average utilization of fund-based working capital limit has remained above 90% of approved limit as of mid-Jan 2026.

Intense competition

The plywood industry is intensely competitive with several organized and unorganized players coupled with the availability of substitute products and low entry barrier. Plywood industry faces competition from other building materials, such as steel, and plastics. These materials may offer advantages over plywood in terms of cost, durability, and environmental sustainability.

Sustainability and Environment risk

The plywood industry, including companies like SPL, is facing pressure to adopt sustainable practices and source raw materials responsibly. The primary raw material used in plywood production is core veneer, which is directly sourced from forests, making sustainability a significant concern. Also, the industry's production process involves several stages, such as logging, veneer peeling, drying, gluing, pressing, and finishing, each of which has the potential to cause environmental damage, including deforestation, greenhouse gas emissions etc. Given the potential environmental impact, any unfavourable changes in environmental regulations could significantly affect business operations. The capacity utilization of SPL remained at ~38% in FY25 from ~48% in FY24 owing to the no volume of production in wet season leading to procurement of semi-finished goods.

Analytical Approach: Standalone

Applicable Criteria:

[Corporate Credit Rating Methodology]

Past Rating Rationale:
Bhusal Ply and Bamboo Industries Private Limited: Bank Facilities Rating Reaffirmed

About the Company:
The company was incorporated in January 2013 as Evergreen Industries Private limited and was later in January 2021 acquired by Bhusal Group and renamed as Bhusal Ply and Bamboo Industries Private limited. BPBI has changed its name to Shanta Plywood Limited (SPL) and converted into public limited company on July 16, 2025. The company is involved in the production and sale of bamboo-based products, including plywood boards, doors, and other bamboo- related products. SPL's factory unit is located in Ramgram of Nawalparasi district and has an installed capacity of 30,459,000 sq. ft. per annum for plywood. SPL belongs to Bhusal group, where Mr. Balkrishna Bhusal is the chairman who holds majority of share (45.95%) followed by Ms. Shanta Kumari Kandel Bhusal (18.68%).

Financial Indicators (Standalone)

For the year ended* As on	FY22	FY23	FY24	FY25
	Audited	Audited	Audited	Audited
Total Operating Income (NPR Mn)	108	133	403	554
EBITDA Margin (%)	3.80	3.27	4.92	19.59
Interest Coverage Ratio (x)	0.79	NA	3.19	1.78
Current Ratio (x)	0.57	0.37	3.94	1.96
Total Debt/GCA (years)	167.25	103.31	38.73	12.07
Overall Gearing Ratio (x)	3.76	3.49	3.23	2.17
DSCR (x)	1.42	NA	4.22	2.29
Working Capital Intensity (%)	149	12	59	88

Earnings before Interest Tax Depreciation Amortization (EBITDA)
Debt Service Coverage Ratio (DSCR)
**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- Term Loan	Long Term	371.63	IRN BB-
Fund Based Bank Facilities- Permanent Working Capital Loan	Long Term	218.57	IRN BB-
Fund Based Bank Facilities- Hire Purchase Loan	Long Term	6.08	IRN BB-
Fund Based Bank Facilities- Overdraft	Short Term	20.00	IRN A4
Non Fund Based Bank Facilities- LC & BG[1]	Short Term	235.00	IRN A4
Total Facilities		**851.28**	

[1]*Letter of credit / Bank Guarantee*

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About Infomerics Credit Rating Nepal Limited:

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