

PRESS RELEASE

SATYAM AGRO PRIVATE LIMITED

February 2026

Ratings

Instrument/Facilities	Amount(NPR Mn)	Ratings	Rating Action
Long Term Bank Facilities	133.00	IRN BB-	Assigned
Short Term Bank Facilities	1,640.44	IRN A4	Assigned
Total	1,773.44		

Details of facilities are in Annexure 1 below

Infomerics Credit Rating Nepal Limited (Infomerics Nepal) has assigned the rating of IRN BB- (Double B Minus) to the long-term bank facilities of NPR 133.00 Mn and IRN A4 (A Four) to the short-term bank facilities of NPR 1,640.44 Mn.

Detailed Rationale

The ratings assigned to bank facilities of Satyam Argo Private Limited (SAP) derive strength from experienced promoter namely Mr. Pawan Kumar Shah having a decade of experience in trading business. The rating also derive comfort from SAP's association with renowned business house, the Shivam Group, which provides financial flexibility, demonstrated operational support, and managerial expertise. Also, the ratings consider the moderate financial performance of the company evident from a CAGR of ~24% in its TOI during past five financial years ending FY25 and stable operating margins. Furthermore, the ratings also factor in the proximity to Indo-Nepal border resulting saving in freight cost in imports. The ratings also take positive note of diversified product portfolio constituting various construction materials including Bitumen, TMT Bars and Cements among others coupled with majority of such being sourced domestically, and agro related products. The ratings also take positive note of government's continued emphasis on infrastructure sector, which supports for long term demand outlook for its products.

However, the ratings are constrained by the company's leveraged capital structure evident by an overall gearing ratio of 2.99x as of mid-July 2025 vis-à-vis 2.79x in FY24. The increment in overall gearing ratio is primarily attributable to the higher utilization of working capital loans. Likewise, Total Outside Liabilities to Tangible Net worth (TOL/TNW) remains elevated at 7.49x at the end of FY25 in comparison to 5.11x in FY24. The ratings are further constrained by the increasing working capital intensity, standing at ~44% in FY25 compared to FY24: ~40%, due to increase in average collection period to 330 days in FY25 from 216 days in FY24. Going forward, sustained improvement in the scale of operations and profitability, improvement in leverage profile with prudent working capital management will be key rating sensitivities.

Detailed Description of Key Rating Drivers

Key Rating Strengths

Parentage of Shivam Group with experienced promoter and management team

SAP is an integral part of the Shivam Group, led by Mr. Pawan Kumar Shah. The company benefits from its promoter who is active in different sectors in Nepal, like manufacturing, imports, and trading. With Mr. Pawan Kumar Shah as Chairman, SAP gains from his expertise in various industries. Furthermore, Mr. Shah is supported by a team of qualified and experienced professionals, leading to a better understanding of the market dynamics, enabling a sound relationship with suppliers and customers.

Moderate financial performance

The company's total operating income recovered to ~NPR 1,201 Mn in FY24 following COVID-19-related disruptions, supported by construction material supply projects, however declined marginally to ~NPR 1,154 Mn in FY25 amid a industry wide slowdown in associated industries. EBITDA margin remained stable at over 5% during the past three financial years ending FY25, improved by 60 bps during FY25. Consequently, PAT margin improved to 1.47% in FY25 from 1.14% in FY24, aided by lower interest costs. Furthermore, Gross cash accruals (GCA) improved to ~NPR 18 Mn in FY25 (FY24:~NPR 14 Mn), indicating gradual strengthening in cash generation.

Proximity to Indo-Nepal border

The storage facility of SAP is located in Birgunj, Nepal, which is very close to the Raxaul border with India. This strategic location allows SAP to efficiently import products from India, minimize transportation costs, and ensure timely delivery to its customers. Being near a major trade route also enables the company to respond quickly to customer demand and manage logistics effectively. Additionally, the proximity supports SAP's business model of sourcing products on demand, as it can maintain a smooth supply chain without holding excessive inventory.

Key Rating Weaknesses

Leveraged capital structure

The capital structure of SAP is leveraged characterized by overall gearing ratio of 2.99x at the end of FY25 (FY24: 2.79x). The increase in overall gearing in FY25 is primarily attributable to higher utilization of working capital loans to fund its working capital requirements. Similarly, TOL/TNW remained elevated at 7.49x in FY25 (FY24: 5.11x). The interest coverage ratio stood at 1.55x in FY25 (FY24:1.39x ; FY23:1.20x). This marginal improvement was due to decrease in interest expenses. Likewise, DSCR remained moderate at 1.42x in FY25 compared to 1.31x in FY24.

Working capital intensive nature of business

The working capital intensity of the company stretched to ~44% in FY25 from ~40% in FY24, primarily driven by slower debtor realization evident from an elevated average collection period of 330 days in FY25 which increased from 216 days in FY24. Consequently, the operating cycle is elongated to 198 days in FY25 compared to 126 days in FY24. However, the inventory holding of the company remained almost Nil at the end of FY25 reflecting the company's demand driven business model.

Fragmented industry with cyclical nature

Cyclical nature of the construction products related industry creates uncertainty over demand and cash cycles for SAP. This could impact the company's revenue and profit margins. Volatility in cash flow due to cyclical nature in the cash cycle could pose challenges, especially during the period of low demand. Furthermore, the fragmented industry is characterized by intense competition due to the presence of several organized/unorganized players aided by low entry barrier, low technology and capital requirement.

Analytical Approach: Standalone

Applicable Criteria:

[Corporate Credit Rating Methodology](#)

About the Company:

Incorporated in April 2012, Satyam Agro Private Limited (SAP) is a private limited company, specialized in the trading of construction materials such as Bitumen, TMT Steels, Cements along with the agro products such as Lentils, Garlic, wheat and so on. Operating Primarily in Nepal, SAP import goods from India and also source from the local market thereby acting as an intermediary

between suppliers and customers. The company also belongs to the Shivam Group, which has its presence in multiple sectors including food processing, imports and trading. The entire shareholding of the company is held by a sole individual promoter, namely Mr. Pawan Kumar Shah.

Financial Indicators (Standalone)

For the year ended* As on	FY21	FY22	FY23	FY24	FY25
	Audited	Audited	Audited	Audited	Unaudited
Total Operating Income (NPR Mn)	499	917	992	1,201	1,154
EBITDA Margin (%)	10.40	7.07	5.81	5.27	5.87
Interest Coverage Ratio (x)	1.21	1.27	1.20	1.39	1.55
Current Ratio (x)	1.30	1.16	1.28	1.77	1.34
Overall Gearing Ratio (x)	3.15	3.79	2.84	2.79	2.99
DSCR (x)	1.16	1.23	1.17	1.31	1.42
Working Capital Intensity (%)	76	56	44	40	44

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)	Rating
Long Term Bank Facilities - Term Loan	Long-Term	133.00	IRN BB-
Short Term Bank Facilities - Working Capital Loan	Short Term	465.32	IRN A4
Short Term Bank Facilities - Letter of Credit	Short Term	1,175.12	IRN A4
Total Facilities		1,773.44	

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About Infomerics Credit Rating Nepal Limited:

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