

PRESS RELEASE

S.G. NEPAL PRIVATE LIMITED

March 2026

Ratings

Facilities	Amount (NPR Mn)	Ratings	Rating Action
Long Term Bank Facilities	190.70	IRN BB+	Assigned
Short Term Bank Facilities	745.00	IRN A4+	Assigned
Total	935.70		

Details of facilities are in Annexure 1 below

Infomerics Credit Rating Nepal Limited (Infomerics Nepal) has assigned the rating of IRN BB+ (Double B Plus) to the long term bank facilities of NPR 190.70 Mn and IRN A4+ (A Four Plus) to the short term bank facilities of NPR 745.00 Mn.

Detailed Rationale

The ratings assigned to the bank facilities of S.G. Nepal Private Limited (SGN) derive strength from parentage of experienced promoter group "Sarawagi" coupled with an established and long track record of operations supported by proficient management team. Furthermore, the ratings also factor the improving financial performance characterized by growth of its Total Operating Income (TOI) with CAGR of ~39% over FY21-FY25 period. SGN had also achieved ~14% annualized growth in TOI as of H1FY26. The ratings also derive comfort from moderate coverage indicators as indicated by healthy level of Interest coverage ratio (4.04x in H1FY26 and 2.03x in FY25) and DSCR of 1.49x in FY25 (FY24: 0.96x). Further, the ratings factor in SGN's product diversification with established brand in domestic market and established marketing setup.

These rating strengths are partially offset by leveraged capital structure evident by overall gearing ratio of 3.27x as of mid-January 2026 and 3.99x as of mid-July 2025 (FY24: 4.60x). The ratings also factor in the working capital intensive nature of operations, reflected in increasing working capital intensity of ~47% in FY25 from ~41% in FY24, primarily driven by high average collection period of 117 days. Furthermore, the ratings remain constrained by the commodity price fluctuation risk and foreign exchange fluctuation risk coupled with the fragmented industry with competition from domestic and international players. Going forward, the ability of the company to manage growth in the operations and profitability and rationalization of its debt with prudent working capital management will remain key rating sensitivities.

Detailed Description of Key Rating Drivers

Key Rating Strengths

Established and long track record of operations with experienced promoters and management personnel

SGN has been in operation for more a decade since January 2013 in import/trading of various items/brands from food products to hardware and industrial products. Further, SGN is a part of Sarawagi Group having strong presence in Nepal through their group entities in various FMCG industry. Mr. Ajay Kumar Sarawagi, Managing Director, possess over 3 decades of experience in business leadership and strategic management of F&B industry. He is also the founder of Sarawagi Group. Furthermore, the board is aptly supported by experienced team members.

Product diversification with established brand in domestic market

SGN involves in trading of industrial products, bakery products, FMCG, retailing, hotel, restaurant and catering products. SGN sells its product under the registered brand Maxi Choco, Maxi Pan and Maxi Premium. Furthermore, it also utilizes suppliers brand like Cargil. The diversified product sector

aids in product differentiation from the competitors. This has helped to reduce the impact of price volatility brought on by competition over the years and also provides leverage to the company in front of new players entering the industry.

Improving financial performance driven by increasing sales

The company reported a Total Operating Income (TOI) of ~NPR 2,069 Mn in FY25, increasing from ~NPR 1,924 Mn in FY24. In H1FY26, the company recorded ~NPR 1,180 Mn, reflecting an annualized growth of ~14%. Overall, the company has exhibited a healthy revenue trajectory, registering a CAGR of ~39% during FY21–FY25, supported by rising consumer demand for bakery products and improved product realizations. Profitability also witnessed improvement, with EBITDA margin increasing to ~7.64% in FY25 from ~5.33% in FY24, and further to ~8.96% in H1FY26, primarily driven by better realizations and improved cost management. Consequently, PAT margin improved to ~3% in FY25 from ~0.06% in FY24, and further to ~5% in H1FY26, supported by improved operating performance and relatively lower interest expenses. As a result, the company's gross cash accruals (GCA) increased to ~NPR 68 Mn in FY25 from ~NPR 14 Mn in FY24, reflecting improvement in overall profitability.

Key Rating Weaknesses

Leveraged capital structure albeit improving coverage metrics

The capital structure remains leveraged, with overall gearing ratio of 3.99x as of mid-July 2025 (FY24: 4.60x), though it moderated to 3.27x as of mid-January 2026 supported by improvement in tangible net worth to ~NPR 303 Mn from ~NPR 244 Mn in FY25 driven by accretion of profits to the reserves. Consequently, the TOL/TNW ratio also moderated but remained elevated at 3.87x in H1FY26 from 4.88x in FY25 (FY24: 5.44x). However, SGN's coverage indicators improved, with interest coverage increased to 2.03x in FY25 (FY24: 1.12x) and further to 4.04x in H1FY26, primarily driven by improvement in EBITDA. Similarly, DSCR also improved to 1.49x in FY25 from 0.96x in FY24. Further, SGN's ability to improve its capital structure will remain key monitorable.

Working capital intensive nature of business

The operations of the company are working capital intensive in nature. The operating cycle remains slightly stretched indicated by working capital intensity of ~47% in FY25 (FY24: 41%), primarily driven by elevated average collection period which increased to 117 days in FY25 (FY24: 110 days). The inventory holding period though improved, still remain high at 65 days in FY25 from 72 days in FY24 supported by the improved inventory turnover amid increased scale of operations. The creditors period remained stable across FY24 and FY25 at 20 days. The operating cycle also remained stable across FY24 and FY25 at 163 days, primarily supported by the improvement in inventory holding period.

Exposure to commodity price and foreign exchange fluctuation amid fragmented and competitive industry

SGN operates in a highly fragmented industry characterized by intense competition from both domestic traders and international players engaged in similar import and distribution activities. Additionally, the company remains exposed to commodity price fluctuations and agro-climatic risks, as it is also involved in the sale of food products. Changes in government policies related to international trade, such as minimum support prices or export restrictions, may further impact operations. The company's operations are largely import-oriented, with imports accounting for ~50% of total purchases in FY25 and ~53% in FY24, sourced from countries such as India, China, Malaysia, and Belgium. Consequently, any adverse movement in foreign exchange rates may increase procurement costs and affect profitability.

Analytical Approach: Standalone

Applicable Criteria: [Corporate Credit Rating Methodology](#)

About the Company:

Incorporated in January 2013, S.G. Nepal Private Limited (SGN) is a private limited company established with an objective of importing/trading of various products/brands. The firm's registered office is located at Birgunj-16, Parsa, Nepal. SGN sells its product under the registered brand Maxi Choco, Maxi Pan and Maxi Premium. SGN is a part of Sarawagi Group. Mr. Ajay Kumar Sarawagi is the major shareholder holding 22.5% of total shares as of mid-December 2025.

Financial Indicators (Standalone)

For the year ended* As on	FY23	FY24	FY25	H1FY26
	Audited	Audited	Audited	Unaudited
Total Operating Income (in NPR Mn.)	1,992	1,924	2,069	1,180
EBITDA Margin (%)	5.15	5.33	7.64	8.96
Interest Coverage Ratio (x)	1.63	1.12	2.03	4.04
Current Ratio (x)	1.19	1.31	1.48	1.48
Overall Gearing Ratio (x)	3.64	4.60	3.99	3.27
TOL/TNW (x)	5.45	5.44	4.88	3.87

*Classification as per Infomerics Nepal standards

Total Outside Liabilities/Tangible Net Worth (TOL/TNW)

Earnings before Interest Tax Depreciation Amortization (EBITDA)

Annexure:1 Detail of Facilities:

Name of Instruments/ Facilities	Type of Facilities	Amount (NPR Mn)	Rating
Fund Based Bank Facilities- Hire Purchase Loan	Long Term	3.20	IRN BB+
Fund Based Bank Facilities- Permanent Working Capital Loan	Long Term	187.50	IRN BB+
Fund Based Bank Facilities- Overdraft	Short Term	590.00	IRN A4+
Non Fund Based Bank Facilities- LC/BG*	Short Term	155.00	IRN A4+
Total Facilities		935.70	

*Letter of credit/Bank Guarantee

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About Infomerics Credit Rating Nepal Limited:

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