PRESS RELEASE

HILLTAKE PLASTIC AND PIPE INDUSTRIES PRIVATE LIMITED

April 2026

Ratings

Instrument/Facilities	Amount (NPR Mn)	Ratings	Rating Action
Long Term Bank Facilities	432.32 (reduced from 630.00)	IRN BB	Reaffirmed
Short Term Bank Facilities	160.00 (reduced from 170.00)	IRN A4	Reaffirmed
Total	**592.32**		

Details of facilities are in Annexure 1 below

Infomerics Credit Rating Nepal Limited (Infomerics Nepal) has reaffirmed the rating of IRN BB (Double B) to the long-term bank facilities of NPR 432.32 Mn and IRN A4 (A Four) to the short-term bank facilities of NPR 160.00 Mn.

Detailed Rationale

The reaffirmation of ratings assigned to the bank facilities of Hilltake Plastic and Pipe Industries Private Limited (HIL) continue to derive strength from its experienced promoters and a strong operational foundation built over more than a decade of operations. Further, the company also benefits from strong growth prospects driven by rising infrastructure demand and limited competition in the PVCO segment.

Nonetheless, these rating strengths are constrained by a sharp decline in PAT by ~96% in FY25, despite TOI growth of ~21% and an improvement in EBITDA margin to 31.26%. The ratings are further constrained by a weakened capital structure as of mid-July 2025 with higher debt undertaken for the PVCO plant elevating the overall gearing ratio to 3.13x despite equity infusion, along with an elongated operating cycle. HIL also has high dependence on import and exposure to raw material price volatility and cyclicality in the construction sector. Furthermore, HIL is exposed to foreign exchange fluctuation risk, as well as intense competition in the industry. Going forward, HIL's ability to improve its revenue profile, profitability margins, capital structure and manage its working capital efficiently will remain key rating sensitivities.

Detailed Description of Key Rating Drivers

Key Rating Strengths

Experienced promoters with long track record of operations

HIL, established in 2009, is managed by its promoters, who also serve as the Board of Directors, consisting of experienced businessmen and industrialists. Mr. Jitendra Baid, the managing director, who possess over two decades of experience in the relevant sector, is involved in manufacturing electronics, plumbing items, garments, and overseeing various goods trading. Directors Mr. Kamal Jain and Mr. Sayar Jain, both with over two decades of experience, have brought valuable expertise contributing significantly to HIL's growth and its establishment as a well-known household brand in Nepal.

Rising demand for PVCO, HDPE and PPR[1] pipes in Nepal

The demand for PVCO pipes, HDPE pipes, and PPR pipes has been steadily increasing in Nepal, driven by the country's expanding infrastructure and construction sectors. These pipes are widely used in water supply, drainage systems, irrigation, and plumbing, with PVCO pipes, in particular, gaining

[1] Molecularly Oriented Polyvinyl Chloride, High Density Polyethylene and Polypropylene Random Copolymer

popularity due to their superior performance in high-pressure systems. HIL is among the very few players in Nepal manufacturing PVCO pipes, positioning the company to capitalize on this growing demand. Several government projects have contributed to the rising demand for these pipes, including the national drinking water supply and sanitation projects, such as the Melamchi Water Supply Project and the Kathmandu Valley Water Supply Improvement Project. Additionally, the government's focus on expanding irrigation networks and improving urban infrastructure has further driven the need for HDPE and PPR pipes. With the continuous growth in construction and public works, HIL is well-positioned to benefit from these ongoing and upcoming projects, solidifying its market presence.

Key Rating Weaknesses

Moderate financial performance

HIL's financial performance improved in FY25 compared to FY24, with Total Operating Income (TOI) increasing to NPR 422 Mn from NPR 350 Mn, mainly driven by higher sales volumes, especially in the DWC segment, indicating recovery in scale after the previous year's decline. EBITDA also rose to NPR 132 Mn in FY25 (FY24: NPR 94 Mn), leading to an improvement in EBITDA margin to 31.26% from 26.77%, due to lower prices of key inputs. However, profitability at the net level weakened significantly, with PAT declining sharply to NPR 1 Mn in FY25 (FY24: NPR 28 Mn), resulting in a PAT margin of 0.30% (FY24: 8.01%), primarily due to higher depreciation and interest costs. Despite this, Gross Cash Accruals (GCA) improved to NPR 93 Mn in FY25 from NPR 60 Mn in FY24, supported by stronger operating earnings.

Elevated capital structure

The capital structure weakened in FY25, with a significant increase in debt levels for the instalment of PVCO plant, despite an equity infusion of NPR 4.61 Mn, as reflected in the overall gearing ratio rising to 3.13x as of mid-July 2025 from 1.64x as of mid-July 2024, and TOL/TNW increasing to 3.53x in FY25 from 1.96x in FY24. Debt protection metrics showed moderate pressure, as interest coverage ratio declined to 3.78x in FY25 from 4.36x in FY24, though still at a comfortable level. DSCR remained relatively stable at 3.66x in FY25 (FY24: 3.78x), indicating adequate debt servicing ability supported by cash accruals.

Working capital intensive nature of business

HIL's working capital utilization remained high, averaging over 80% as of mid-January 2026, indicating significant reliance on external borrowings for funding working capital requirements. Also, the working capital intensity increased to 159% in FY25 from 136% in FY24, indicating relatively higher working capital requirements during the year. The average collection period improved slightly to 124 days in FY25 from 131 days in FY24, however, it remained elevated, indicating continued pressure in receivables. Inventory days remained high at 210 days in FY25 (FY24: 211 days), because of strategic stock maintenance. Thus, the operating cycle elongated to 299 days in FY25 from 288 days in FY24.

Raw material price volatility, cyclicality, forex and intense competition

HIL's operating profile remains exposed to raw material price volatility and import related risks as imports accounted for ~86% of the total raw material procurement in FY25. Similarly, HIL remains exposed to the inherent cyclicality of the construction sectors, which can lead to volatility in profitability and cash flows, further exacerbated by the highly fragmented nature of the industry. Furthermore, the industry remains exposed to foreign exchange risk, as a significant portion of key raw materials are imported and priced in foreign currency, exposing to the foreign currency fluctuation risk. HIL incurred foreign exchange loss of NPR 2.16 Mn in FY25. Additionally, the industry is characterized by intense competition, marked by the presence of numerous organized and unorganized players, low product differentiation in standard pipe segments, and price based competition, which constrains pricing power and profitability, especially during demand slowdowns.

Analytical Approach: Standalone

Applicable Criteria:
Corporate Credit Rating Methodology

Past Rating Rationale:
Hilltake Plastic and Pipe Industries Private Limited: Bank Facilities Rating Assigned

About the Company:
Hilltake Plastic and Pipe Industries Private Limited (HIL) located in Balaju, Kathmandu, was incorporated in June 18, 2009. It is a leading manufacturer of plastic-based water storage solutions and plumbing products in Nepal. It operates under ISO 9001:2008 certification, reflecting adherence to international quality management standards. With a well-established distribution network covering all 77 districts of Nepal, Hilltake maintains a strong brand presence. The shareholding of HIL is held by Mr. Jitendra Baid with 42.44%, Mr. Sayar Jain with 31.68%, and Mr. Kamal Jain with 25.88% stake in the company as of mid-July 2025.

Financial Indicators (Standalone)

For the year ended* As on	FY22 Audited	FY23 Audited	FY24 Audited	FY25 Audited
Total Operating Income (NPR Mn)	332	444	350	422
EBITDA Margin (%)	21.10	27.66	26.77	31.26
Interest Coverage Ratio (x)	4.22	4.69	4.36	3.78
Current Ratio (x)	1.26	1.82	2.78	1.83
Overall Gearing Ratio (x)	4.09	2.64	1.64	3.13
TOL/TNW (x)	4.99	3.60	1.96	3.53

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

Annexure:1 Detail of Facilities:

Name of Instruments/ Facilities	Type of Facilities	Amount (NPR Mn)	Ratings
Fund Based Bank Facilities- Term Loan	Long Term	432.32	IRN BB
Fund Based Bank Facilities- Short Term Loan	Short Term	35.00	IRN A4
Non-Fund Based Bank Facilities- Short Term	Short Term	125.00	IRN A4
Total Facilities		**592.32**	

Analyst Contacts

Mr. Utshav Bikram Malla
Tel No.+977-1-4583304/4585906
utshav.malla@infomericsnepal.com

Ms. Kritagya Pyakurel
Tel No.+977-1-4583304/4585906
kritagya.pyakurel@infomericsnepal.com

Relationship Contact

Mr. Rabin Pudasaini
Tel No.+977-1-4583304/4585906
rabin.pudasaini@infomericsnepal.com

About Infomerics Credit Rating Nepal Limited:
Infomerics Credit Rating Nepal Ltd. is Nepal's third Credit Rating Agency licensed by the Securities Board of Nepal (SEBON) on March, 2022. Infomerics Nepal is a subsidiary of Infomerics Valuation and Rating Private Limited (Infomerics India) which is a SEBI registered and RBI accredited Credit Rating Agency

licensed in 2015. Infomerics Nepal aims to provide investors with objective analysis and evaluation of credit worthiness of Banks, NBFCs, Large Corporates and Small and Medium Scale Units (SMUS) via its rating and grading services. Thus, it is playing a key role in serving the financial markets by reducing the information asymmetry among varied lenders and investors and facilitating borrowers/issuers to various fundraising opportunities/avenues. Infomerics observes and maintains ethical standards in its activities. For more information, visit https://infomericsnepal.com

Infomerics Credit Rating Nepal Limited

Tanka Prasad Marga, Baneshwor Height, Kathmandu
Phone: +977-1-4583304/4585906
Email: info@infomericsnepal.com
Web: www.infomericsnepal.com

Disclaimer: Ratings assigned by Infomerics Nepal are an opinion on the credit risk of the issue / issuer and not a recommendation to buy, hold or sell securities. Infomerics Nepal reserves the right to change, suspend or withdraw the credit ratings at any point in time. Ratings assigned by Infomerics Nepal are opinions on financial statements based on information provided by the management and information obtained from sources believed by it to be accurate and reliable. The credit quality ratings are not recommendations to sanction, renew, disburse or recall the concerned bank facilities or to buy, sell or hold any security. We, however, do not guarantee the accuracy, adequacy or completeness of any information, which we accepted and presumed to be free from misstatement, whether due to error or fraud. We are not responsible for any errors or omissions or for the results obtained from the use of such information. Most entities whose bank facilities/instruments are rated by us have paid a credit rating fee, based on the amount and type of bank facilities/instruments. In case of partnership/proprietary concerns/Association of Persons (AOPs), the rating assigned by Infomerics Nepal is based on the capital deployed by the partners/proprietor/ AOPs and the financial strength of the firm at present. The rating may undergo change in case of withdrawal of capital or the unsecured loans brought in by the partners/proprietor/ AOPs in addition to the financial performance and other relevant factors.