

PRESS RELEASE

SARIA GREEN BRICKS INDUSTRIES PRIVATE LIMITED

April 2026

Ratings

Instrument/Facilities	Amount (NPR Mn)	Ratings	Rating Action
Long Term Bank Facilities	546.71 (reduced from 585.25)	IRN BB-	Reaffirmed
Short Term Bank Facilities	110.00 (reduced from 110.30)	IRN A4	Reaffirmed
Total	656.71		

Details of facilities are in Annexure 1 below

Infomerics Credit Rating Nepal Limited (Infomerics Nepal) has reaffirmed the rating of IRN BB- (Double B Minus) assigned to the long-term bank facilities of NPR 546.71 Mn and IRN A4 (A Four) assigned to the short-term bank facilities of NPR 110.00 Mn.

Detailed Rationale

The reaffirmation of the ratings assigned to the bank facilities of Saria Green Bricks Industries Private Limited (SGBI) factor in the commencement of full-scale operations in September 2025, against the earlier expectation of February 2025, indicating delays in project stabilization. Although production remained halted during FY25 due to operational/technical inefficiencies, the company commenced limited sales using inventory generated during the brief operational phase in FY24. The ratings continue to derive comfort from the experienced promoter group, the Saria Group, which has an established presence in the trading segment, though with limited exposure to manufacturing. Further, the company's strategic location near the Indian border is expected to support regional market access and cross-border trade opportunities, albeit with inherent trade-related risks. The ratings also take note of the adoption of advanced technology, including a fully automated system with integrated dust control and a vertical chimney with water sprinkling mechanism, supporting operational efficiency and environmental compliance.

Nonetheless, the ratings remain constrained by SGBI's exposure to project stabilization risks, given its limited track record of operations. The financial performance in FY25 remained subdued, impacted by operational and technical inefficiencies as well as delayed stabilization, reflected in low revenue (~NPR 9 Mn) and negative operating margins. The ratings are further constrained by volatility in raw material costs, particularly coal imported from India, which may affect pricing flexibility and margin stability. The industry also remains susceptible to evolving regulatory requirements, especially with regard to environmental compliance, exposing the company to potential operational and financial risks. Going forward, SGBI's ability to scale up operations, achieve targeted revenues and margins, efficiently manage working capital, and ensure consistent product quality will remain key rating sensitivities.

Detailed Description of Key Rating Drivers

Key Rating Strengths

Experienced promoter group

SGBI is promoted by 24 individuals, including local stakeholders, with key support from the Saria Group, an established business house in Nepal with over two decades of experience in trading, albeit with limited exposure to manufacturing. The company is chaired by Mr. Kailash Chandra Saria. The promoters' established market presence and business networks are expected to support sourcing efficiencies and customer linkages, thereby aiding operational stability.

A Modern technology-based brick factory, one off kind in a larger scale in Nepal

SGBI benefits from its status as a modern, large-scale brick manufacturing facility in Nepal, distinguished by advanced technology and eco-friendly production processes. The plant's automated machinery, tunnel kiln-based manufacturing, and long vertical chimney equipped with a water sprinkling system significantly reduce emissions, aligning with sustainable practices and environmental standards. These technological advancements are expected to enhance operational efficiency, productivity, and ensure consistent product quality upon stabilization, positioning the company to meet growing market demand while promoting long-term sustainability.

Strategic location of plant

SGBI manufacturing facility is located in Mechinagar, Jhapa, ~5 km from the Bhadrapur customs point along the Indo–Nepal border. The proximity to the border facilitates easier import of raw materials and results in savings in freight and logistics costs, thereby providing logistical advantages for the company's operations.

Key Rating Weaknesses

Limited track record of operations

SGBI commenced full-fledged operations from September 2025, resulting in a limited operational track record. The company's ability to scale up operations in a sustained manner while achieving stable capacity utilisation remains to be demonstrated. Further, improvement in profitability margins over the medium term will be a key monitorable.

Modest financial performance

The company reported subdued financial performance in FY25, impacted by operational inefficiencies and delayed stabilization, resulting in low revenue (~NPR 9 Mn) and negative operating margins. Sales for FY25 represent the limited output during the trial phase. The capital structure remains moderately leveraged due to project cost overruns, with gearing at 2.58x and TOL/TNW at 2.82x, while debt coverage indicators stayed weak, marked by negative interest coverage and DSCR.

Volatility in raw material costs

The brick industry in Nepal, including SGBI, faces the challenge of fluctuating raw material costs, particularly clay and coal, which are critical to the manufacturing process. Price volatility in these materials, driven by supply-demand imbalances, regulatory changes, or transportation disruptions, can significantly impact production costs and profit margins. SGBI's exposure to such fluctuations may result in higher operating costs, affecting the company's ability to maintain competitive pricing and stable profit margins, especially during periods of rising input costs.

Regulatory and environmental compliance risks:

The brick industry in Nepal, like other manufacturing sectors, is subject to stringent environmental regulations that require compliance with pollution control norms. While SGBI has adopted eco-friendly measures such as dust control mechanisms and water sprinkling systems, the industry is still vulnerable to potential regulatory changes or stricter enforcement of environmental standards. Any failure to adhere to evolving environmental policies or delays in upgrading facilities could lead to operational disruptions, financial penalties, or reputational risks, affecting the company's long-term sustainability.

Analytical Approach: Standalone

Applicable Criteria:

[Corporate Credit Rating Methodology](#)

Past Rating Rationale:

[Saria Green Bricks Industries Private Limited: Bank Facilities Rating Reaffirmed](#)

About the Company:

Incorporated in April 2019, Saria Green Bricks Industries Private Limited (SGBI), is a tunnel brick manufacturing unit located in Mechinagar, Jhapa, leveraging advanced Chinese technology. The company features a tunnel kiln setup, incorporating continuous ware kiln technology, which enhances product quality, operational efficiency, and scalability. With an annual production capacity of 20.00 MPPA¹, the factory commenced trial operations in May 2024. The top three shareholders are Mr. Kailash Chandra Saria (14.00%), Nitish Saria (23.00%) and Rajnish Karnaki (13%).

Financial Indicators (Standalone)

For the year ended* As on	FY25
	Audited
Total Operating Income (NPR Mn)	9
EBITDA Margin (%)	Negative
Interest Coverage Ratio (x)	Negative
Current Ratio (x)	1.07
Overall Gearing Ratio (x)	2.58
TOL/TNW (x)	2.82

Earnings before Interest Tax Depreciation Amortization (EBITDA)

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

**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	Term Loan	546.71	IRN BB-
Fund Based Bank Facilities-Working Capital Loan	Short Term	60.00	IRN A4
Non-Fund Based Bank Facilities-LC/CA*	Short Term	50.00	IRN A4
Total Facilities		656.71	

*Letter of Credit/Customer Acceptance

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¹ Million Pieces Per Annum



Infomerics Credit Rating Nepal Limited

About Infomerics Credit Rating Nepal Limited:

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