

## PRESS RELEASE

### **SHAKTI MINERALS PRIVATE LIMITED**

April 2026

#### Ratings

Instrument/Facilities	Amount (NPR Mn)	Ratings	Rating Action
Long Term Bank Facilities	422.36	IRN BB-	Assigned
Short Term Bank Facilities	440.00	IRN A4	Assigned
<b>Total</b>	<b>862.36</b>		

*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 422.36 Mn and IRN A4 (A Four) to the short-term bank facilities of NPR 440.00 Mn.

#### Detailed Rationale

The ratings assigned to the bank facilities of Shakti Minerals Private Limited (SMPL) are supported by its experienced promoter group, diversified mining presence across multiple sites, and a moderate yet improving financial profile. The company has demonstrated healthy growth, with a total operating income (TOI) CAGR of ~25% over FY21-FY25, along with improving debt protection metrics, reflected in an interest coverage ratio of 3.07x and DSCR of ~1.24x in FY25. Additional comfort is derived from operational linkages with group entities engaged in limestone mining and cement manufacturing. Nonetheless, the ratings are constrained by the working capital intensive nature of operations, marked by stretched receivable cycles and a volatile operating cycle. Further, dependence on third party mining contracts exposes the company to risks such as project delays, sub-optimal equipment utilization, and regulatory challenges. Going forward, SMPL's ability to manage its working capital efficiently, sustain profitability amid cost pressures, and maintain medium-term revenue visibility will remain key rating sensitivities.

#### Detailed Description of Key Rating Drivers

##### Key Rating Strengths

##### Experienced promoters with established track record

SMPL benefits from the extensive experience of its promoters, Mr. Binod Kumar Shrestha and Mr. Deepak Kumar Jha, each having over 18 years of experience in Nepal's mining sector. Their expertise across limestone mining, mine development, and exploration supports the company's operational capabilities. Additionally, their involvement in group entities engaged in limestone extraction and cement manufacturing reflects an established track record and provides operational synergies, thereby lending comfort to the company's business profile.

##### Diversified operations

The company's operations span multiple mining sites, reducing dependence on any single location and mitigating operational risks. This geographical diversification provides flexibility in sourcing and production, ensuring a steady supply to clients even if one site faces disruptions.

##### Moderate financial performance

SMPL's financial performance remains moderate over FY21-FY25, with TOI registering a CAGR of ~25% over four years ending FY25, with TOI increasing from NPR 302 Mn in FY21 to NPR 300 Mn in FY24 and sharply to NPR 742 Mn in FY25, driven by higher mining and service contracts. EBITDA improved from NPR 49 Mn in FY23 to NPR 71 Mn in FY24 and NPR 89 Mn in FY25, albeit the EBITDA margin moderated from 15.16% in FY23 and 23.61% in FY24 to 11.96% in FY25 due to elevated

fuel and transportation costs which in total accounts for ~54% of total cost. The company has made significant investments in property, plant, and equipment, largely funded through long-term debt, resulting in overall gearing of 1.46x in FY25, improved from 2.25x in FY23, due to equity injection by promoters and improved profitability. Debt servicing metrics remain adequate, with DSCR improved from below unity in FY23 to ~1.2x in FY24-FY25, indicating moderate but stable debt servicing capacity. Interest coverage strengthened to 3.07x in FY25 from 2.20x in FY24, reflecting improved comfort in meeting interest obligations. The company's ability to pass on increased input costs amid West Asia tensions will remain a key monitorable, as fuel is its primary expense.

## Key Rating Weaknesses

### Working capital intensive nature of business

SMPL, being primarily a service provider with marginally involved in the purchase and sale of limestone, its working capital is largely receivable driven. The company's working capital intensity recorded 69%, 84%, and 17% in FY23, FY24, and FY25, respectively. The average collection period stood at 168 days in FY23, peaked at 282 days in FY24, and improved to 122 days in FY25, resulting in operating cycles of 202 days, 354 days, and 135 days over the same period. Inventory holding also varied, at 153 days in FY23, 176 days in FY24, and 77 days in FY25, reflecting project schedules and raw material requirements. Going forward, the company's ability to timely realize the receivables to manage the operating cycle and maintain liquidity, will be a key monitorable.

### Dependence on third-party mining contracts

SMPL benefits from providing excavation services to other mining companies, which introduces certain operational and market risks. The company depends on timely contracts, machinery availability, and skilled labor to execute mining services efficiently. Any delays or cancellations in client projects could lead to underutilization of equipment and idle labor costs. Furthermore, operating across multiple sites exposes SMPL to seasonal disruptions, and logistics challenges, including road access and fuel supply fluctuations. Regulatory compliance is also critical; excavation services for third parties require adherence to each client's license conditions, environmental norms, and local authority approvals. Failure to meet these requirements could result in fines, operational stoppages, or reputational damage, thereby impacting revenue stability.

**Analytical Approach:** Standalone

### Applicable Criteria:

[Corporate Credit Rating Methodology](#)

### About the Company:

Shakti Minerals Private Limited (SMPL), incorporated on April 03, 2007 under the Companies Act, 2063, is engaged in mineral prospecting, exploration, and development, with a strong presence in Nepal's limestone-based industrial sector. Backed by over a decade of experience, the company operates through two key segments: a limestone processing unit at SEZ, Bhairahawa (operational since May 2019), where it undertakes value addition by processing procured limestone and mine waste into marketable products, and a mining support services segment, wherein it provides excavation, loading, and transportation services across multiple third-party mine sites. SMPL is promoted by Mr. Binod Kumar Shrestha and Mr. Deepak Kumar Jha with equal stake holdings as of mid-July 2025.

### Financial Indicators (Standalone)

For the year ended* As on	FY21	FY22	FY23	FY24	FY25
	Audited	Audited	Audited	Audited	Audited
Total Operating Income (NPR Mn)	302	151	320	300	742
EBITDA Margin (%)	28.55	-4.63	15.16	23.61	11.96

For the year ended* As on	FY21	FY22	FY23	FY24	FY25
	Audited	Audited	Audited	Audited	Audited
Interest Coverage Ratio (x)	3.39	-0.27	2.13	2.20	3.07
Current Ratio (x)	0.95	0.68	1.94	2.39	1.23
TOL/TNW (x)	4.01	3.82	3.37	2.40	2.57
Overall Gearing Ratio (x)	3.02	2.69	2.25	1.61	1.46
Total Debt/EBITDA (x)	4.97	-61.81	8.55	5.67	4.65

\*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)	Ratings
Fund Based Bank Facilities- Term Loan/Permanent Working Capital Loan	Long Term	422.36	IRN BB-
Fund Based Bank Facilities - Short Term Loan/Overdraft/Import Loan	Short Term	30.00	IRN A4
Non-Fund Based Bank Facilities- Letter of Credit/Bank Guarantee/Customer Acceptance	Short Term	410.00	IRN A4
<b>Total Facilities</b>		<b>862.36</b>	

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## About Infomerics Credit Rating Nepal Limited:

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