

## PRESS RELEASE

### **GABION WIRETECH PRIVATE LIMITED**

May 2026

#### Ratings

Instrument/Facilities	Amount (NPR Mn)	Ratings	Rating Action
Long Term Bank Facilities	169.10 (reduced from 199.00)	IRN BB-	Upgraded from IRN B+
Short Term Bank Facilities	655.34 (enhanced from 500.00)	IRN A4	Reaffirmed
<b>Total</b>	<b>824.44</b>		

*Details of facilities are in Annexure 1 below*

Infomerics Credit Rating Nepal Limited (Infomerics Nepal) has revised the rating assigned to the long-term bank facilities of NPR 169.10 Mn to IRN BB- (Double B Minus) from IRN B+ (Single B Plus) and reaffirmed the rating of IRN A4 (A Four) to the short-term bank facilities of NPR 655.34 Mn.

#### Detailed Rationale

The revision of ratings assigned to the bank facilities of Gabion Wiretech Private Limited (GWPL) primarily factor in the improvement in operating profitability in FY25, marked by significant improvement in EBITDA and PAT margin. The ratings continue to derive strength from its experienced promoter and management team, led by Mr. Samrat Singh, and a skilled technical workforce. The ratings also factor in locational advantage and strategic growth of company by expanding product portfolio. Additionally, improving capacity utilization, debt service indicators and strong demand for construction materials further support its growth prospects.

However, the ratings are constrained by GWPL's leveraged capital structure and working capital intensive nature of business. Additionally, the ratings also factor in risk of fluctuations in raw material prices and regulatory uncertainties.

Going forward, the company's ability to scale up its operations, improve profitability, reduce financial leverage, expand market reach and manage working capital will remain key rating sensitivities.

#### Detailed Description of Key Rating Drivers

##### Key Rating Strengths

##### Experienced promoter and management team

GWPL operates under the leadership of its Managing Director, Mr. Samrat Singh, who is the sole director and holds 100% of the shareholding. With over a decade of experience in the industry, Mr. Singh provides strategic direction and oversight for the company's operations. He is supported by a team of highly skilled and experienced professionals. Mr. Mukesh Kumar Thakur, the Plant Engineer, brings over 28 years of expertise in the steel manufacturing sector, while Mr. Jayesh Shah, the Factory Manager, has more than 20 years of experience in various organizations. The team of technically qualified and experienced professionals contribute to the efficient management and growth of GWPL.

##### Locational advantage and strategic expansion with moderate capacity utilization

GWPL benefits from a strategic location, with its manufacturing facility situated in the Hetauda Industrial District of Makawanpur, Nepal. The plant is ~50 kilometers from the Birgunj customs point at the Indo-Nepal border, enabling cost savings in freight and logistics, as the majority of the company's raw materials are imported from India. In addition to its existing operations, GWPL has expanded its operations by establishing a gabion box manufacturing plant in Nepalgunj, Banke. This strategic expansion enhances the company's market reach, particularly in western Nepal,

strengthening its competitive position. Furthermore, the company has demonstrated improved operational efficiency, with average capacity utilization of its plant reaching ~70% in last three years ending FY25.

## **Improvement in operating profitability**

GWPL reported increase in TOI by ~26% in FY25, reaching ~NPR 1,067 Mn. The company demonstrated improved operating efficiency with EBITDA margin rising significantly to 9.16% in FY25 from 2.45% in FY24, primarily due to higher sales volume of its key product, Heavy Coated GI Eire 3.00 MM, along with reduction in cost of production. Similarly, PAT margin also improved to 3.81% in FY25 from negative levels in FY24, driven by higher operating profitability. Gross Cash Accruals (GCA) increased materially to NPR 63 Mn in FY25 (Negative in FY24). In H1FY26, GWPL maintained a stable operating scale with TOI of NPR 381 Mn, while sustaining healthy profitability with EBITDA margin and PAT margin of 13.40% and 7.70% respectively, supported by better cost management and stabilization in raw material prices.

## **Key Rating Weaknesses**

### **Leveraged capital structure**

The capital structure of GWPL stood moderately leveraged with overall gearing ratio of 1.79x at the end of FY25 improved from 3.38x in FY24. The overall gearing ratio further increased to 4.41x as of mid-January 2026 due to increased utilization of working capital loans for funding its working capital needs. However, the interest coverage ratio improved to 3.13x in FY25 from 0.34x in FY24, and moderating to 2.89x in H1 FY26, indicating some improvement in the company's profitability. Further, DSCR improved to 2.91x in FY25 and 3.17x in H1 FY26 from 0.47x in FY24, indicating improvement in the company's profitability and debt servicing ability. Likewise, GWPL's working capital cycle has shortened significantly from 69 days in FY24 to 37 days in FY25. This was primarily driven by a decline in raw material holding, receivable days, and finished goods inventory levels. Despite improved sales, efficient management of working capital will be crucial for sustaining future growth and financial stability.

### **Exposure to Market and Regulatory Risks**

GWPL's product prices are highly sensitive to market fluctuations, as they are influenced by changes in raw material costs and external economic factors. The company primarily relies on key raw materials such as MS wire rods and zinc, which are mostly imported from India and other third countries. These raw materials have market-linked prices that are periodically revised, leading to cost volatility that directly impacts GWPL's product pricing and profitability. Since raw material expenses typically constitute ~89% of the company's total operating income (TOI), even minor price fluctuations can significantly affect its profit margins. Moreover, GWPL faces regulatory risks due to policy changes in both Nepal and India, which may impact raw material procurement and overall business operations. The absence of long-term pricing agreements and the necessity to adjust product prices based on market conditions add further uncertainty to revenue predictability. This inherent price sensitivity remains a key weakness for the company, as it limits pricing stability and affects profitability.

**Analytical Approach:** Standalone

### **Applicable Criteria:**

[Corporate Credit Rating Methodology](#)

### **Past Rating Rationale:**

[Gabion Wiretech Private Limited: Bank Loan Rating Assigned](#)

### **About the Company:**

Gabion Wiretech Private Limited (GWPL) is a manufacturer of GI wires, incorporated as a private

limited company on December 23, 2020. The company commenced operations in 2022 from its manufacturing facility in Hetauda Industrial Area, Makawanpur, Nepal, with a total installed capacity of 12,000 MTPA wires as of mid-July 2024. GWPL has also undertaken forward integration by establishing a new manufacturing plant in Janaki-06, Nepalgunj, Banke, which commenced operations from March 2025 with an annual production capacity of 2,400,000 square meters of gabion boxes. Mr. Samrat Singh is the single shareholder of GWPL holding 100% of the shareholding.

## Financial Indicators (Standalone)

For the year ended* As on	FY23	FY24	FY25	H1FY26
	Audited	Audited	Audited	Unaudited
Total Operating Income (NPR Mn)	684	841	1,067	381
EBITDA Margin (%)	7.30	2.45	9.16	13.40
Interest Coverage Ratio (x)	1.59	0.34	3.11	2.87
Total Debt/ EBITDA (x)	6.50	12.08	2.13	12.72
Current Ratio (x)	1.21	1.02	2.01	1.17
Overall Gearing Ratio (x)	3.02	3.38	1.79	4.41

\*Classification as per Infomerics Nepal standards

EBITDA: Earnings Before Interest, Depreciation, Amortization and Tax

## Annexure:1 Detail of Facilities:

Name of Instruments/ Facilities	Type of Facilities	Amount (NPR Mn)	Ratings
Fund Based Bank Facilities- Term Loan	Long Term	169.10	IRN BB-
Fund Based Bank Facilities- Short Term Loan	Short Term	355.34	IRN A4
Non-Fund Based Bank Facilities- LC <sup>1</sup>	Short Term	300.00	IRN A4
<b>Total Facilities</b>		<b>824.44</b>	

<sup>1</sup>Letter of Credit

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## About Infomerics Credit Rating Nepal Limited:

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