

PRESS RELEASE

GREEN PLY INDUSTRIES NEPAL PRIVATE LIMITED

May 2026

Ratings

Instrument/Facilities	Amount (NPR Mn)	Ratings	Rating Action
Long Term Bank Facilities	303.52	IRN B+	Assigned
Short Term Bank Facilities	369.00	IRN A4	Assigned
Total	672.52		

Details of facilities are in Annexure 1 below

Infomerics Credit Rating Nepal Limited (Infomerics Nepal) has assigned the rating of IRN B+(Single B Plus) to the long-term bank facilities of NPR 303.52 Mn and IRN A4 (A Four) to the short term bank facilities of NPR 369.00 Mn.

Detailed Rationale

The ratings assigned to the bank facilities of Green Ply Industries Nepal Private Limited (GIPL) are supported by its long operational track record since August 2012 and the presence of experienced promoters and management personnel. The company has demonstrated steady growth, with Total Operating Income (TOI) registering a CAGR of 12.12% over FY21–FY25, driven by increased customer demand following the acquisition of Bureau of Indian Standards (BIS) certification, which enabled exports to India.

However, the ratings are constrained by GIPL's moderately leveraged capital structure with modest coverage indicators as of mid-July 2025. Also the ratings take into account the GIPL's working capital-intensive nature of operations, as indicated by an elevated working capital intensity of ~87% in FY25 (~90% in FY24), driven by high inventory holding (~192 days in FY25 and ~242 days in FY24) and receivable days (~125 days in FY25 and ~134 days in FY24). The ratings also remain constrained due to expected decrease in operating income in FY26 owing to delays in renewing the BIS certificate owing to which GIPL was barred from exporting to India during FY26 as evident by lower TOI of ~NPR 166 Mn till Mid-April 2026. The ratings also factor in industry-related risks, including intense competition, availability of substitutes, environmental regulations, foreign exchange exposure due to import of raw materials, and sustainability concerns. Going forward, the company's ability to scale up operations, improve profitability margins, strengthen debt coverage indicators, and manage working capital efficiently will remain key rating sensitivities.

Detailed Description of Key Rating Drivers

Key Rating Strengths

Experienced Board of Directors

GIPL benefits from a long operational track record since its inception in August 2012 and is guided by an experienced Board of Directors (BoD), chaired by Mr. Jiwan Raj Rijal, who has been associated with the company since the commencement of its operations. The Board is further supported by a team of qualified and experienced management personnel, contributing to effective oversight and execution of business strategies.

Steady revenue growth with improving profitability

GIPL's Total Operating Income (TOI) has exhibited steady growth, increasing from ~NPR 305 Mn in FY21 to around ~NPR 482 Mn in FY25, translating into a CAGR of about 12.12% over the period. The company's EBITDA margins improved from ~19% in FY21 to ~23% in FY23, reflecting efficient operational performance; however, margins moderated to ~14% in FY25 (FY24: ~19%) due to high raw material costs, especially Resin and Core Veneer. Despite the continued impact of relatively high

depreciation and finance costs on overall profitability, net profitability has shown improvement, with PAT margins recovering to ~1.49% in FY25 (~2.35% in FY24) from negative ~2.16% in FY23, supported by a moderation in depreciation and finance expenses.

Key Rating Weaknesses

Moderately leveraged capital structure

GIPL's capital structure remained moderately leveraged in FY25, with overall gearing improving significantly to 2.44x from 7.41x in FY21. This improvement was largely driven by a strengthening of the Tangible Net Worth (TNW), which increased to ~NPR 226 Mn in FY25 from around NPR 82 Mn in FY21, supported primarily by an equity infusion of about NPR 60 Mn in FY22 and addition to retained earnings following first time implementation of NFRS framework. The Total Outside Liabilities to TNW (TOL/TNW) ratio also improved to 2.82x in FY25 from 7.62x in FY21, indicating a better capital structure position. However, the company's coverage indicators continue to remain on deteriorating trend with the interest coverage ratio declining to 1.47x in FY25 from 1.78x in FY21 and DSCR moderating to 0.45x in FY25 from above 1x in FY22-25. Going forward, GIPL's ability to maintain further improve its leverage levels and improve its debt coverage metrics will remain a key monitorable.

Working capital intensive nature of business

The operations of the company are working capital intensive in nature. The company continues to face liquidity pressures due to a stretched receivables cycle, with collection days remaining high at 125–136 days during FY21–FY25. While the inventory holding period has improved to 192 days in FY25 from 244 days in FY21, supported by increased scale and better inventory management, it still remains elevated. Consequently, the overall operating cycle continues to remain significantly stretched, ranging between 277 to 428 days over FY21–FY25, highlighting the structurally working capital-intensive nature of the business and its continued reliance on external funding to support operations. The average utilization of fund-based working capital limit has remained above 80% of approved limit as of April 2026. Timely collection from its customers remains critical from liquidity perspective.

Intense competition along with sustainability and environment risk

The plywood industry is intensely competitive with several organized and unorganized players coupled with the availability of substitute products and low entry barrier. Plywood industry faces competition from other building materials, such as steel, and plastics. These materials may offer advantages over plywood in terms of cost, durability, and environmental sustainability. The plywood industry, including companies like GIPL, is facing pressure to adopt sustainable practices and source raw materials responsibly. The primary raw material used in plywood production is core veneer, which is directly sourced from forests, making sustainability a significant concern. Also, the industry's production process involves several stages, such as logging, veneer peeling, drying, gluing, pressing, and finishing, each of which has the potential to cause environmental damage, including deforestation, greenhouse gas emissions etc. Given the potential environmental impact, any unfavourable changes in environmental regulations could significantly affect business operations. The capacity utilization of GIPL increased at ~54.88% in FY25 from ~32.57% in FY21, primarily driven by the installation of a new dryer to offset production losses arising from the unavailability of dry core veneer.

Analytical Approach: Standalone

Applicable Criteria:

[Corporate Credit Rating Methodology](#)

About the Company:

Incorporated on March 04, 2010, and commencing operations in August 08, 2012, Green Ply Industries Nepal is a private limited company based in Biratnagar Metropolitan City-2, Morang, Koshi Province, Nepal. The company was initially registered as Kitply Industries Nepal Private Limited and was subsequently renamed Green Ply Industries Nepal Private Limited on August 15, 2011. The company is involved in the production and sale of plywood boards, doors, and other related products. GIPL's factory unit is located in Biratnagar of Morang district and has an installed capacity of 1,500,000 sq. m. per annum for plywood. As of July 16, 2025, Mr. Diwakar Rathi holds the majority stake at 32.50%, followed by Mr. Manish Khetan with a 22.50% shareholding.

Financial Indicators (Standalone)

For the year ended* As on	FY21	FY22	FY23	FY24	FY25#
	Audited	Audited	Audited	Audited	Audited
Total Operating Income (NPR Mn)	305	369	353	409	482
EBITDA Margin (%)	19.75	19.45	23.15	19.46	14.35
Interest Coverage Ratio (x)	1.78	1.64	1.39	1.47	1.47
Current Ratio (x)	1.03	1.08	1.27	0.91	0.90
Total Debt/GCA (years)	21.24	16.93	23.27	17.95	20.69
Overall Gearing Ratio (x)	7.41	3.21	2.41	2.24	2.44
DSCR (x)	-	1.63	1.24	1.40	0.45
Working Capital Intensity (%)	116	104	113	90	87

Earnings before Interest Tax Depreciation Amortization (EBITDA)

Debt Service Coverage Ratio (DSCR)

**Classification as per Infomerics Nepal standards*

#GIPL had carried out first time adoption of Nepal Financial Reporting Standard (NFRS) from FY25 onwards resulting which the financial metrics for FY23 and FY24 has changed according to "NFRS 1- First Time Adoption of NFRS"

Annexure:1 Detail of Facilities:

Name of Instruments/ Facilities	Type of Facilities	Amount (NPR Mn)	Ratings
Fund Based Bank Facilities- Term Loan	Long Term	150.02	IRN B+
Fund Based Bank Facilities- Permanent Working Capital Loan	Long Term	143.50	IRN B+
Fund Based Bank Facilities- Hire Purchase Term Loan	Long Term	10.00	IRN B+
Fund Based Bank Facilities- Working Capital Loan	Short Term	289.00	IRN A4
Non Fund Based Bank Facilities- LC & BG ¹	Short Term	80.00	IRN A4
Total Facilities		672.52	

¹Letter of credit / Bank Guarantee

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Infomerics Credit Rating Nepal Limited

About Infomerics Credit Rating Nepal Limited:

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