

## PRESS RELEASE

### **ATHARV TEXTILES PRIVATE LIMITED**

June 2026

#### Ratings

Instruments/Facilities	Amount (NPR Mn)	Rating	Rating Action
Long Term Bank Facilities	516.90 (reduced from 521.67)	IRN BB-	Reaffirmed
Short Term Bank Facilities	200.00	IRN A4	Reaffirmed
<b>Total</b>	<b>716.90</b>		

*Details of facilities are in Annexure 1*

Infomerics Credit Rating Nepal Limited (Infomerics Nepal) has reaffirmed the rating of IRN BB- (Double B Minus) to the long-term bank facilities of NPR 516.90 Mn and IRN A4 (A Four) to the short-term bank facilities of NPR 200.00 Mn.

#### Detailed Rationale

The reaffirmation of the ratings assigned to the bank facilities of Atharv Textiles Private Limited (ATPL) continues to derive strength from its experienced promoters in the related field, strategic location of the plant as well as positive demand outlook of textiles industry.

However, the ratings are mainly constrained by execution risk associated with ATPL's under construction plant in Rautahat district. The project, albeit in its final stage of development, has faced substantial execution and cost challenges, with construction timeline delayed by ~13 months than previously projected and project cost escalated further ~10% than previously revised budget. Although debt has been tied up, equity component for the project is yet to be fully infused, posing funding risks associated with project construction. The ratings also factor in the company's expected exposure to raw materials price fluctuations as well as expected leveraged financial profile. Going forward, the ability of the company to complete ongoing construction without any further cost or time overrun and generate sufficient operating income and profit margins and improve its debt coverage indicators once the project is fully operational will remain key rating sensitivities.

#### Detailed Description of Key Rating Drivers

##### Key Rating Strengths

##### Experienced promoters in the related field

The company is managed under the overall guidance of its two-member Board of Directors, also the shareholders of the company, chaired by Dr. Shambhu Kumar Chaudhary. Dr. Chaudhary, along with Dr. Madhu Jaiswal (Director) look after the overall project implementation. Dr. Chaudhary has over 5 years of experience in textiles trading industry through his other ventures. The promoters are supported by an experienced management team.

##### Strategic locational advantage

The plant site is in Rautahat District of Nepal which is around 36 km from Indo-Nepal border and is expected to result in saving the freight cost as the majority of raw materials requirements of ATPL are planned to be imported through Indian borders. The factory's proximity to Indian border is expected to ease the export as well.

##### Positive demand outlook

The textile industry in Nepal, particularly in shirting, suiting, and knitting fabric manufacturing, benefits from several positive factors driving its growth in upcoming years. A steady recovery in domestic and export demand, driven by improving consumer preferences and enhanced global trade linkages, supports the sector's prospects. Nepal's relatively low Labor costs and growing adoption of

modern manufacturing techniques further enhance cost efficiency and productivity. Additionally, the proximity to large markets like India and China offers logistical advantages, while increasing awareness of sustainable and eco-friendly practices aligns with global textile trends, opening avenues for niche markets. These factors collectively strengthen the industry's outlook, particularly for well managed firms.

## Key Rating Weaknesses

### **Funding Risk, Project implementation and stabilization risk**

The company is setting up a textile manufacturing unit which has achieved ~98% financial progress as of mid-March 2026. The management had projected the commercial operations from mid-June 2025; however, the construction timeline has been derailed by ~13 months (commercial operations expected from mid-July 2026) and the project budget has been further escalated by ~10% to NPR 828 Mn (~28% project cost escalation from initially budgeted ~NPR 645 Mn). The debt component required for the project has been tied up, however, the equity component pertaining to escalated cost is yet to be infused, leaving project vulnerable to funding risk. As the project is still under construction, it is exposed to implementation risk. The successful commissioning of trial production, and thereafter commercial operation and stabilization of operations will be key monitorable. Going forward, higher construction costs resulting from budget overruns, along with intense competition in the textile industry could pose challenges to scalability, pricing power, and profitability, potentially impacting the project's financial performance.

### **Expected leveraged financial profile**

The project has leveraged capital structure as reflected in the debt equity ratio of ~62:38 (revised from ~69:31) for the project with the estimated cost of ~NPR 828 Mn. Overall gearing ratio is expected to be 1.85x at the end of FY27. With improving profitability and scheduled repayment of loans, the overall gearing ratio is expected to improve gradually. The debt servicing indicators is expected to improve once the project commences its operations.

### **Expected exposure to price fluctuation risk in raw materials**

The Nepalese textile industry faces significant exposure to price fluctuation risk and foreign exchange rate fluctuation risk, primarily concerning raw materials sourcing. Raw materials such as cotton, yarns, dyes, and chemicals are often imported, exposing manufacturers to currency exchange rate fluctuations. Sudden shifts in exchange rates can lead to increased costs for imported materials, impacting profit margins and overall competitiveness. Moreover, global market dynamics, such as changes in commodity prices and geopolitical factors, can further exacerbate price volatility in raw materials.

**Analytical Approach:** Standalone

### **Applicable Criteria:**

[Corporate Credit Rating Methodology](#)

### **Past Rating Rationale:**

[Atharv Textiles Private Limited: Bank Facilities Rating Assigned](#)

### **About the Company:**

Atharv Textiles Private Limited (ATPL), incorporated as a private limited company on September 10, 2021, is a textile manufacturing company having its corporate office located at Sanepa, Lalitpur and factory at Harsaha, Rautahat. The company is setting up knitting unit, dyeing unit and processing unit with installed capacity of 3,600 metric ton per annum (MTPA), planned to manufacture textiles, including cotton, synthetic and blended fabrics. ATPL is promoted by Dr. Shambhu Kumar Chaudhary and Dr. Madhu Jaiswal, holding entire shareholding of the company.

## Annexure:1 Detail of Facilities:

Name of Instruments/Facilities	Type of Facilities	Amount (NPR Mn)	Rating
Fund Based Bank Facilities- Term Loan	Long Term	516.90	IRN BB-
Short Term Bank Facilities- Cash Credit	Short Term	200.00	IRN A4
<b>Total Facilities</b>		<b>716.90</b>	

## Analyst Contacts

### Mr. Girish Bhatta

+977-1-4583304/4585906

[girish.bhatta@infomericsnepal.com](mailto:girish.bhatta@infomericsnepal.com)

### Mr. Sujan Rimal

+977-1-4583304/4585906

[sujan.rimal@infomericsnepal.com](mailto:sujan.rimal@infomericsnepal.com)

## Relationship Contact

### Mr. Rabin Pudasaini

+977-1-4583304/4585906

[rabin.pudasaini@infomericsnepal.com](mailto: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](mailto:info@infomericsnepal.com)

Web: [www.infomericsnepal.com](http://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.