

PRESS RELEASE

SAARATHI CABLE INDUSTRIES LIMITED

October 2026

Ratings

Instruments/ Facilities	Amount (NPR Mn)	Rating	Rating Action
Issuer Rating	NA	IRN BB (Is)	Upgraded from IRN BB- (Is)
Long Term Bank Facilities	478.00 (reduced from NPR 490.00)	IRN BB	Upgraded from IRN BB-
Short Term Bank Facilities	310.00	IRN A4	Reaffirmed
Total	788.00		

Details of facilities are in Annexure 1 Below

Infomerics Credit Rating Nepal Limited (Infomerics Nepal) has upgraded the issuer rating to IRN BB (Is) [Double B (Issuer)] from IRN BB- (Is) [Double B Minus (Issuer)]. Issuers with this rating are considered to have moderate risk of default regarding timely servicing of financial obligations.

Also, Infomerics Nepal has upgraded the rating assigned to the long-term bank facilities of NPR 478.00 Mn to IRN BB (Double B) from IRN BB- (Double B Minus) and reaffirmed the rating of IRN A4 (A Four) assigned to the short-term bank facilities of NPR 310.00 Mn.

Detailed Rationale

The upgrade of the ratings assigned to Saarathi Cable Industries Limited (SCIL) and its bank facilities takes into account the improved gearing profile and debt coverage indicators of the company. The overall gearing ratio improved to 0.92x as on mid-July 2026 from 2.46x as of mid-July 2025, primarily due to increased tangible net worth on account of additional equity infusion in FY26 along with accretion of profits to the reserves. Also, the ratings continue to derive strength from its experienced promoter group- "Bhusal Group" having presence in industry for over two decades through its trading and manufacturing units among others. Furthermore, the ratings factor in the company's diverse product portfolio of copper and aluminum-based cables and wires, catering to residential as well as commercial segment as well as strategic location of manufacturing unit near the Indo-Nepal border ensuring logistical advantages in raw material procurement as well as company's well-established distribution network of dealers across six provinces of the country.

However, these rating strengths are constrained by the company's working capital intensive nature of business operation marked by elongated operating cycle. The ratings also factor in SCIL's modest capacity utilization and risk pertained to input price fluctuations. Going forward, the company's ability to improve its scale of operations and profitability while discreetly handling working capital levels and successfully executing an IPO along with effective utilization of proceeds, will remain key rating sensitivities.

Detailed Description of Key Rating Drivers

Key Rating Strengths

Experienced and resourceful promoters

SCIL is a part of Bhusal Group and derive its strength from promoters having strong presence in Nepal through their group entities in trading, manufacturing, hospitality and other services. SCIL is managed under the overall guidance of the company's 3-member Board of Directors (BoD) members chaired by Mr. Ankit Bhusal. Mr. Bhusal has more than 8 years of experience in Bhusal Group. Other directors also bring around a decade of relevant experience. Furthermore, the BoD is supported by a team of technically qualified and experienced management in day-to-day operations of SCIL.

Moderate financial risk profile

SCIL reported total operating income (TOI) of NPR 681 Mn in FY26, a year-on-year increase of ~26%. The EBITDA margin stood moderate at 14.64% in FY26, albeit declined slightly from 17.51% in FY25, amid input cost pressures. Nonetheless, the PAT margin improved to 4.90% in FY26 compared to 2.44% in FY25, owing to reduced financial costs. Gross Cash Accruals (GCA) continued to improve to NPR 56 Mn in FY26, from NPR 26 Mn in FY25. Furthermore, SCIL's overall gearing ratio improved significantly to 0.92x as on mid-July 2026 compared to 2.46x as on mid-July 2025, primarily on account of equity infusion in FY26 along with accretion of the profit. Interest coverage ratio, improved to 2.21x in FY26 from 0.95x in FY25, primarily owing to lower interest outgo during the year. Similarly, the debt service coverage ratio (DSCR) improved to 2.24x in FY26 from 1.27x in FY25.

Diverse product portfolio catering to wide spectrum of industries

SCIL is engaged in the manufacturing of a diverse range of wires and cables tailored for various applications categorized into two broad segments- Copper based products and Aluminum based products. SCIL's product portfolio includes Multistrand flexible wire, which are house wiring cables and power cables, widely used in residential as well as commercial segment, Aluminum Conductor Steel-Reinforced (ASCR) conductors and Aerial Bunched Cable (ABC), which are essential for overhead distribution and high-voltage power transmission. ABC cables offer enhanced safety in challenging terrains. The company's product portfolio also includes telecommunication cables and power cables (both copper and aluminum), available in armored and unarmored variants.

Key Rating Weaknesses

Working Capital intensive nature of business

SCIL operates in working capital intensive business, manufacturing wide range of wires and cables with primarily import based raw materials which are procured through LC at sight/usance. Also, to ensure smooth operation, the company is required to maintain adequate inventory of raw materials. SCIL's average inventory days accounted for 125 days in FY26, elongated from 57 days in FY25. The average collection period remained at 169 days in FY26 vis-à-vis 204 days in FY25. The longer collection period is primarily due to company's flexible credit policy to remain competitive amid immense market competition. Furthermore, the payable period remained at 97 days in FY26 compared to 68 days in FY25. Consequently, company's operating cycle continued to remain high at 197 days in FY26 vis-à-vis 194 days in FY25.

Modest capacity utilization and raw material price volatility risk

The capacity utilization of the company remained low at 23% and 27% of combined installed capacity of 2,709 MTPA during FY25 and FY26 respectively. Amid the company's long-term goals of expansion, the capacity of the plants remains relatively higher compared to the company's existing scale of operations. The input price, which is a significant cost driver, is largely dependent on the global input prices. The average cost of raw materials increased over four years period (FY23 to FY26), with a significant year-on-year surge of ~60% in FY26. Given the volatile nature of these commodities, the company remains highly vulnerable to the risks associated with fluctuating raw material prices. The company's ability to utilize its capacity to the optimum levels and consequently pass on raw material cost changes to finished product prices remains crucial.

Analytical Approach: Standalone

Applicable Criteria:

[Issuer Rating Methodology](#)

[Corporate Credit Rating Methodology](#)

Past Rating Rationale:

[Saarathi Cable Industries Limited: Issuer Rating and Bank Facilities Rating Assigned](#)

About the Company:

Saarathi Cable Industries Limited (SCIL), previously known as Bhusal Cable & Wire Industries Private Limited, was incorporated on December 05, 2005 and converted into Public Limited Company on July 09, 2025. SCIL is involved in manufacturing aluminum and copper wires and cables with its factory located at Rupandehi district in Nepal. The total installed capacity (per annum) for SCIL's products include 1,548 MTPA for aluminum-based products and 1,161 MTPA for copper-based products. Mr. Ankit Bhusal is the major shareholder holding ~46% of total shares as of mid-July 2026.

Financial Indicators (Standalone)

For the year ended* As on	FY22	FY23	FY24	FY25	FY26
	Audited	Audited	Audited	Audited	Audited
Total Operating Income (NPR Mn)	653	510	384	542	681
EBITDA Margin (%)	7.05	4.48	2.96	17.51	14.64
Interest Coverage Ratio (x)	0.58	0.34	0.07	0.95	2.21
Current Ratio (x)	29.55	1.14	2.55	4.22	2.38
Overall Gearing Ratio (x)	4.41	4.92	4.22	2.46	0.92
TOL/TNW (x)	4.57	5.12	4.93	3.13	1.19

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

Instruments/ Facilities	Type of Facilities	Amount (NPR Mn)	Rating
Fund Based Bank Facilities- PWCL ¹	Long Term	478.00	IRN BB
Fund Based Bank Facilities- Cash Credit	Short Term	10.00	IRN A4
Fund Based Bank Facilities- STL/TR ²	Short Term	(240.00)*	IRN A4
Non-Fund Based Bank Facilities- LC ³	Short Term	300.00	IRN A4
Non-Fund Based Bank Facilities- Acceptance Liabilities/ Bank Guarantee	Short Term	(320.00)*	IRN A4
Total Facilities		788.00	

¹Permanent Working Capital Loan

²Short Term Loan/ Trust Receipt Loan

³Letter of Credit

* STL/TR of NPR 240.00 Mn, Acceptance Liabilities of NPR 300.00 Mn, and Bank Guarantee of NPR 20.00 Mn are within the limit of LC of NPR 300.00 Mn.

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Infomerics Credit Rating Nepal Limited

About Infomerics Credit Rating Nepal Limited:

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