PRESS RELEASE

SHREE SHIVAM INTERNATIONAL PRIVATE LIMTIED

September 2026

Ratings

Instrument/Facilities	Amount (NPR Mn)	Ratings	Rating Action
Long Term Bank Facilities	115.56	IRN BB-	Assigned
Short Term Bank Facilities	685.00	IRN A4	Assigned
Total	**800.56**		

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 115.56 Mn, and IRN A4 (A Four) to the short-term bank facilities of NPR 685.00 Mn.

Detailed Rationale

The ratings assigned to the bank facilities of Shree Shivam International Private Limited (SSI) derive strength from the extensive experience of its promoters and the company's association with the established Shivam Group, supported by a proficient management team. The ratings also factor in SSI's diversified product portfolio, which spans food products, construction materials, electrical goods, and hardware products, thereby reducing dependence on any single product segment. Further, the company benefits from its strategic location near the Indian border, which provides logistical advantages in the procurement and transportation of traded goods. SSI's operating scale has also expanded over the years, with Total Operating Income (TOI) registering a compound annual growth rate of ~22% during FY21-FY25.

The ratings, however, remain constrained by volatility in the company's revenue, given the trading nature of its operations and its exposure to fluctuations in demand and product prices. SSI's capital structure remains leveraged, with overall gearing deteriorating to 3.82x as of mid-July 2025 from 3.19x as of mid-July 2024, mainly due to increased reliance on external borrowings to fund working capital requirements. The business is also working capital intensive, primarily due to the elevated collection period and the need to maintain adequate inventory across its diversified product categories. The liquidity position also remains stretched, although working capital intensity improved to ~44% in FY25 from ~57% in FY24. Going forward, the ability of the company to manage revenue growth, improve profitability margins and rationalize its debt position through efficient working capital management will remain key rating sensitivities.

Detailed Description of Key Rating Drivers

Key Rating Strengths

Parentage of Shivam Group with experienced promoter and management team

SSI is an integral part of the Shivam Group, led by Mr. Pawan Kumar Shah. The company benefits from its promoter who is active in different sectors in Nepal, like manufacturing, imports, and trading. With Mr. Pawan Kumar Shah as Director, SSI gains from his expertise in various industries. Furthermore, Mr. Shah is supported by a team of qualified and experienced professionals, leading to a better understanding of the market dynamics, enabling a sound relationship with suppliers and customers.

Diversified product portfolio

The company has diversified its product portfolio from food products to construction materials, electrical goods, and hardware products. While the company was initially engaged mainly in the sale of food products, it has gradually expanded into new product segments such as bitumen, TMT bars,

ACs, and other construction and hardware-related items. This diversification has enabled SSI to cater to a wider customer base and reduce dependence on a single product category. The firm does not rely on a fixed product mix and instead follows an opportunistic trading approach, allowing it to shift across commodities based on market demand, supply conditions, and pricing dynamics. This flexibility supports revenue generation and enables the company to capitalize on emerging trading opportunities. Although periodic concentration in certain products may be observed, the diversified and adaptable product portfolio remains a key strength for the company's business profile.

Proximity to Indo-Nepal border

The storage facility of SSI is located in Birgunj, Nepal, which is very close to the Raxaul border with India. This strategic location allows SSI to efficiently import products from India, minimize transportation costs, and ensure timely delivery to its customers. Being near a major trade route also enables the company to respond quickly to customer demand and manage logistics effectively. Additionally, the proximity supports SSI's business model of sourcing products on demand, as it can maintain a smooth supply chain without holding excessive inventory.

Key Rating Weaknesses

Volatile revenue profile with moderate operating profitability

SSI derives revenue from the trading of food products, construction materials, hardware, and electronic goods. The company's TOI grew at a CAGR of ~22% during FY21-FY25, though performance remained volatile. TOI increased from NPR 397 Mn in FY21 to NPR 704 Mn in FY23, declined to NPR 595 Mn in FY24, and recovered sharply to NPR 1,054 Mn in FY25. The revenue profile remains exposed to economic and political conditions as well as market demand. The decline in FY24 was partly due to the company's recent entry into construction products, which required time for market penetration. Sales grew by ~77% in FY25, supported by higher volumes and contracts for supplying construction materials to fast-track road construction projects. Growth remained largely volume-driven rather than price-led. EBITDA margin remained broadly stable at ~6-7% in prior years but declined to 5.38% in FY25 due to lower realization. PAT margin remained volatile, declining from 4.91% in FY21 to 0.50% in FY23 due to higher interest expenses, before improving to 1.81% in FY25 with reduced interest costs. GCA also improved to NPR 19 Mn in FY25 from NPR 4 Mn in FY23.

Leveraged capital structure

SSI's capital structure remains leveraged, with total debt increasing from NPR 223 Mn in FY21 to NPR 373 Mn in FY25, mainly due to higher reliance on external borrowings for working capital requirements. Although TNW increased from NPR 60 Mn in FY21 to NPR 98 Mn in FY25, the increase was not sufficient to offset the rise in debt. Consequently, the overall gearing ratio increased to 3.82x as of mid-July 2025 from 3.19x as of mid-July 2024, reflecting a stretched capital structure. Debt protection metrics remain moderate, though they improved in FY25. Interest coverage improved to 1.83x in FY25 from 1.23x in FY24, while DSCR improved to 1.62x from 1.18x during the same period, indicating adequate but moderate debt servicing ability. Further, TOL/TNW remained high at 5.87x in FY25 compared to 5.63x in FY24, mainly due to an increase in short-term borrowings and current liabilities.

Moderate working capital

SSI's working capital intensity moderated during FY21-FY25, as reflected in the decline in working capital intensity from ~71% to ~44%. The operating cycle also improved to 153 days in FY25 from 242 days in FY24, primarily driven by a reduction in the average collection period to 161 days from 229 days, indicating faster receivable recovery. The inventory holding period also improved to 32 days in FY25 from 67 days in FY24, suggesting better inventory management. Meanwhile, creditor days declined to 40 days in FY25 from 54 days in FY24. Despite these improvements, the operating cycle remains elongated, indicating continued dependence on working capital borrowings.

Fragmented industry with cyclical nature

Cyclical nature of the construction products related industry creates uncertainty over demand and cash cycles for SSI. This could impact the company's revenue and profit margins. Volatility in cash flow due to cyclicality in the cash cycle could pose challenges, especially during the period of low demand. Furthermore, the fragmented industry is characterized by intense competition due to the presence of several organized/unorganized players aided by low entry barrier, low technology and capital requirement.

Analytical Approach: Standalone

Applicable Criteria:

Corporate Credit Rating Methodology

About the Company:

Shree Shivam International Private Limited (SSI) is a trading company incorporated on April 27, 2012. The company is engaged in the sourcing and supply of agricultural products, construction materials, hardware, electrical goods and industrial products, including pulses, dry fruits, spices, bitumen, steel pipes, furnace oil, sanitary goods, air conditioners, generators, tiles and water pumps. SSI operates from its head office in Birgunj and controlling office in Balkhu, Lalitpur. The company is part of the Shivam Group and is wholly owned by Mr. Pawan Kumar Shah 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)	397	605	704	595	1,054
EBITDA Margin (%)	6.47	6.71	6.72	7.38	5.38
Interest Coverage Ratio (x)	2.33	1.50	1.16	1.23	1.83
Total Debt/ EBITDA (x)	8.66	6.41	6.74	5.89	6.57
Current Ratio (x)	1.25	1.19	1.60	1.74	1.56
Overall Gearing Ratio (x)	3.71	3.65	4.27	3.19	3.82
TOL/TNW	3.94	5.35	5.00	5.63	5.87
Working Capital Intensity	71%	55%	56%	57%	44%

**Classification as per Infomerics Nepal standards*
EBITDA: Earnings Before Interest Tax Depreciation Amortization
TOL/TNW: Total Outside Liabilities/Tangible Net Worth

Annexure:1 Detail of Facilities:

Name of Instruments/ Facilities	Type of Facilities	Amount (NPR Mn)	Ratings
Fund Based Bank Facilities- Term Loan	Long Term	115.56	IRN BB-
Fund Based Bank Facilities- Working Capital Loan	Short Term	185.00	IRN A4
Non-Fund Based Bank Facilities-Letter of Credit	Short Term	500.00	IRN A4
Total Facilities		**800.56**	

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