

## PRESS RELEASE

### AMUDI FOODS LIMITED

April 2026

#### Rating

Instruments/ Facilities	Amount (NPR Mn)	Rating	Rating Action
Issuer Rating	NA	IRN B+ (Is)	Assigned

Infomerics Credit Rating Nepal Limited (Infomerics Nepal) has assigned the issuer rating of IRN B+ (Is) [Single B Plus (Issuer)]. Issuers with this rating are considered to have the high risk of default regarding timely servicing of financial obligations.

#### Detailed Rationale

The rating assigned to Amudi Foods Limited (AFL) derives its strength from a long operational track record of ~20 years under the well-known brand 'U-n-Me' in the Nepalese food snacks market, along with an experienced promoters and management team having long experience in the relevant industry. The rating also factors in improving capital structure of the company, marked by significant improvement in its overall gearing ratio of 2.09x as of mid-January 2026 vis-à-vis 2.17x at the end of FY25 and 5.39x at the end of FY24, along with improving debt coverage indicators.

However, these rating strengths are constrained by substantial revenue decline during FY22-FY25, with total operating income shrinking ~58% during the four-year period. Although, the EBITDA margin improved, the PAT margin remained negligible during FY22-FY24, before improving to 4.45% in FY25. Furthermore, AFL's working capital-intensive operations, indicated by an elongated operating cycle of 746 days in FY25, pose liquidity challenges. The increase in collection and inventory holding periods strained working capital, despite an improved current ratio of 2.53x (FY24:2.28x). Additionally, the company is exposed to intense market competition due to the presence of domestic and international brands as well as risks associated with the availability and price fluctuations pertaining to its agro-based raw materials. Going forward, the company's ability to strengthen its revenue base and sustained profitability while optimizing working capital utilization, and successfully executing its IPO issuance and effective utilization of proceeds thereafter will remain key sensitivities.

#### Detailed Description of Key Rating Drivers

##### Key Rating Strengths

##### Experienced promoters and management team

AFL is managed under 3-member Board of Directors (BOD) chaired by Mr. Achyut Basnet, who has around three decades of experience in business ventures, including involvement in multiple food-based ventures. Similarly, other directors have prior experience in business administration in the relevant industry. The BOD is directly involved in the management of the company, and is aptly supported by experienced management team.

##### Established track record of operation with strong brand recognition

The company has been involved in manufacturing food snacks since 2007 in Nepal and offers its products under the well-known brand 'U-n-Me'. The company's market presence is predominated by its flagship product 'U-n-Me Cheesy Cheese Rings', one of the pioneer products in the segment. This strong brand recognition is expected to enhance the product visibility of existing as well as new products being offered by the company.

##### Improving capital structure of the company

AFL's capital structure remained moderately leveraged at the end of FY25, marked by overall gearing ratio of 2.17x at the end of FY25 improved from 5.39x at the end of FY24 and 4.88x at the end of

FY23. The overall gearing ratio continued to improve in FY26, standing at 2.09x as of mid-January 2026. The improvement in overall gearing ratio of the company is primarily attributable to broader tangible net worth base of the company resulting from promoter's equity infusion. Similarly, TOL/TNW ratio improved to 2.67x as of mid-January 2026 vis-à-vis 2.92x at the end of FY25 and 7.42x at the end of FY24 (FY23: 6.67x). Interest coverage ratio improved from 1.47x in FY24 to 1.89x in FY25 and 2.02x in 6MFY26, supported by lowered interest outgo.

## Key Rating Weaknesses

### Declining revenue trajectory

AFL's revenue has declined over the past four-year period ending FY25. The company's Total Operating Income (TOI) dwindled from NPR 152 Mn in FY22 to NPR 65 Mn in FY25, including a significant single-year decline of ~45% in FY24. The EBITDA margin, however, improved during the same period, rising from 15.06% in FY22 to 35.82% in FY24 and 38.47% in FY25. Profit after Tax (PAT) margin remained negligible (0.07%-0.08%) during FY22-FY24, which improved to 4.45% in FY25. The lower PAT margin of the company during FY22-FY24 is attributable to increased finance costs of the company. Furthermore, Gross Cash Accruals (GCA) steadily improved to NPR 12 Mn in FY25 from NPR 9 Mn in preceding two years (FY23 and FY24). During 6MFY26, the company reported TOI of NPR 33 Mn at EBITDA margin of 38.40% and PAT margin of 6.85%. GCA of the company stood at NPR 6 Mn during 6MFY26. The revenue trajectory and profitability trend of the company remains key rating monitorable.

### Working capital intensive nature of business

AFL operates in the inherently working capital-intensive industry, characterized by significant inventory holding and elevated collection period. The operating cycle of the company stood high at 746 days in FY25, stretched from 456 days in FY24, attributed by prolonged inventory holding of 902 days and average collection period of 126 days in FY25 and average inventory holding of 599 days and average collection period of 93 days in FY24. The operating cycle of the company is expected to remain elevated in the near-term owing to company's volume driven sales strategy. The ability of the company to manage its working capital needs prudently and improve its operating cycle will remain crucial.

### Competitive industry and vulnerability to raw material price volatility

AFL operates in a highly fragmented and competitive food snacks industry, with the presence of both domestic and multinational brands. The price-sensitive nature of the consumer base, combined with limited pricing flexibility, puts pressure on margins, especially during periods of raw material cost escalation. The company's key raw materials, including refined grit, pellet, palm oil, cheese powder, seasonings, etc. are agro-based commodities and remain vulnerable to seasonal availability, climatic variations, and global price fluctuations. Furthermore, any regulatory changes in duty structure or import policy may adversely impact AFL's cost competitiveness.

**Analytical Approach:** Standalone

### Applicable Criteria:

[Issuer Rating Methodology](#)

### About the Company:

Amudi Foods Limited (AFL) was initially incorporated as Marigold Foods in 2007 and later changed its name in 2013. The company was converted into Public Limited on June 12, 2025. The company is involved in manufacturing snacks food products including cheese balls, cheese rings, potato crackers etc. under the brand name 'U-n-Me'. AFL has its corporate office located in Kathmandu, Nepal and its manufacturing unit located in Chitwan, Nepal. As of mid-July 2025, Mr. Achyut Basnet is the major shareholder of the company, holding ~95% of total shares.

## Financial Indicators (Standalone)

For the year ended* As on	FY22	FY23	FY24	FY25	6MFY26
	Audited	Audited	Audited	Audited	Unaudited
Total Operating Income (NPR Mn)	152	141	77	65	33
EBITDA Margin (%)	15.06	18.10	35.82	38.47	38.40
Interest Coverage Ratio (x)	1.48	1.54	1.47	1.89	2.02
Overall Gearing Ratio (x)	4.48	4.88	5.39	2.17	2.09
Total Debt/EBIDTA (x)	6.39	6.24	6.40	7.53	7.27
TOL/TNW (x)	6.40	6.67	7.42	2.92	2.67

Earnings before Interest Tax Depreciation Amortization (EBITDA)

Total Outside Liabilities/Tangible Net Worth (TOL/TNW)

\*Classification as per Infomerics Nepal standards

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## About Infomerics Credit Rating Nepal Limited:

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