

PRESS RELEASE

BIJAYA SHREE SUGAR MILLS PRIVATE LIMITED

April 2026

Ratings

Instrument/Facilities	Amount (NPR Mn)	Rating	Rating Action
Long Term Bank Facilities	934.96	IRN BB	Assigned
Short Term Bank Facilities	80.30	IRN A4	Assigned
Total	1,015.26		

Details of facilities are in Annexure 1 below

Infomerics Credit Rating Nepal Limited (Infomerics Nepal) has assigned the rating of IRN BB (Double B) to long term bank facilities of NPR 934.96 Mn and IRN A4 (A Four) to short term bank facilities of NPR 80.30 Mn.

Detailed Rationale

The ratings assigned to the bank facilities of Bijaya Shree Sugar Mills Private Limited (BSSMPL) primarily reflect the promoters' extensive entrepreneurial experience which provides strong support in developing the customer base and strengthening marketing and sales arrangements. These factors are expected to enhance utilizations capacity and support productions levels, even during the initial phase of operations, thereby providing significant synergistic benefits. Furthermore, the property's favorable location in Parsa District which is located ~25 km from the Birgunj Dry Port, significantly supporting efficient cross-border logistics and movement of raw materials and finished products. Also, the ratings take into account the strong growth prospects of Nepal's Sugar industry and sugar being staple food product in Nepal.

However, these strengths are partially offset by the execution risks associated with BSSMPL's ongoing plant construction (~90% Physical progress as on Mid-March 2026). The ratings are further constrained by the inherently long gestation period, characteristic of the sugar mill. The operational and financial profile of domestic sugar mills, including BSSMPL also remains exposed to volatility in global sugar prices, particularly following the recent significant reduction in import duty protection by the GoN¹, which could exert pressure on realizations and profitability margins. Furthermore, the anticipated leveraged capital structure and repayment obligations upon commencement of operations are likely to exert pressure on the company's financial profile during the initial years of operation. Going forward, the company's ability to complete the project within envisaged time without incurring any cost overruns, stabilize operations swiftly and realize the expected benefits from its industries will be key rating sensitivities.

Detailed Description of Key Rating Drivers

Key Rating Strengths

Experienced Promoters

The company is managed under the overall guidance of a 5-person Board of Directors led by chairman Mrs. Kabita Agrawal. She has over 15 years of business experience. The managing director Mr. Pawan Kumar Garg, has over 20 years of entrepreneurship experience in the tobacco industry supports for business operations. They are well supported by other directors including Mr. Virochan Khanal, with over 15 years of experience in finance, consultancy and other business ventures.

¹ Government of Nepal

Strategic locational advantage

The factory site is located ~25 km from the Birgunj Dryport, which significantly supports efficient cross-border logistics and movement of raw materials and finished products. About 1,35,452.6 sq. meters of land is available at the proposed location, providing sufficient space for the project as well as scope for future expansion and is a rating positive.

Consistent demand amid policy challenges

BSSMPL is involved in production of sugar and other aligned sugar products. Although the main reason for the use of sugar is its sweet taste, sugar has many other functions in food technology. The most important among these are that added sugar in foods acts as a sweetener, preservative, texture modifier, fermentation substrate, flavoring and coloring agent, bulking agent. The Government has reduced the customs duty on imported sugar from 30% to 15%, exposing domestic producers to increased competition from cheaper imports. At the same time, the subsidy provided to farmers has been halved to NRP 35 per quintal of sugarcane, which has discouraged cultivation and raised concerns over future raw material availability. While the demand outlook for sugar remains inherently stable due to its regular use, policy shifts and weakening farmer incentives continue to weigh on the medium-term prospects of the industry.

Key Rating Weaknesses

Project implementation risk and operation stabilization risk along with long gestation period associated with Sugar industry

The Plant commenced construction in January 2024 and expects to begin its commercial operations from July-August 2026. Generally, plant requires longer gestation period to recover the fixed costs associated with it and become profitable. As the project is still under construction, it is exposed to implementation risk. Plant has long gestation period since construction of a plant takes to two to three years while stabilization of operations may take another two to three years. Going forward, the ability of the company to timely complete construction work and thereafter attract customers, maintain capacity utilizations, establish its brand and derive benefit from the Plant as envisaged will be crucial rating factor.

Regulatory and import driven challenges to domestic players

The domestic companies including BSSMPL remain vulnerable to competitive pressures from imported sugar, as domestic sugar prices are largely influenced by the landed cost of imports. Although the high customs duty had previously provided a pricing cushion to local producers, the recent reduction in import duty on sugar to 15% from 30% in the FY26 budget by the GoN is likely to intensify competition and exert pressure on the realizations and margins of domestic players, including BSSMPL. The continuation of adequate duty protection, coupled with stability in global sugar prices, will remain critical to sustaining profitability in the near term.

Susceptibility to industry cyclicity and agro-climatic risks

The sugar industry remains inherently cyclical and exposed to agro-climatic factors such as erratic rainfall, pest infestations, and variations in crop yield and recovery rates. As sugarcane is an agro-based commodity, any adverse weather conditions or crop damage directly impact cane availability and production efficiency. The decline in sugar recovery rates observed in FY24 and FY25 highlights the sector's vulnerability to such risks.

Analytical Approach: Standalone

Applicable Criteria:

[Corporate Credit Rating Methodology](#)

About the Company:

Bijaya Shree Sugar Mills Private Limited (BSSMPL) was incorporated on December 27, 2022 with an objective to own and operate a 33,750 MT sugar production unit with an annual sugarcane crushing capacity with it producing by product such as Molasses and Electricity. It is expected to produce 18,750 MT of molasses and 10 MW of energy. The major shareholding of BSSMPL is held by Ms. Kabita Agrawal (44%) as on Mid-February 2026.

Annexure:1 Detail of Facilities:

Instrument/Facilities	Type of Facilities	Amount (NPR Mn)	Rating
Fund Based Bank Facilities-Term Loan	Long-Term	730.96	IRN BB
Fund Based Bank Facilities-Term Loan (Proposed)	Long-Term	204.00	IRN BB
Fund Based Bank Facilities-Cash Credit	Short-Term	80.00	IRN A4
Non-Fund Based Bank Facilities-Bank Guarantee	Short-Term	0.30	IRN A4
Total		1,015.26	

Analyst Contacts

Mr. Raunak Mulmi

Tel No.+977-1-4583304/4585906

raunak.mulmi@infomericsnepal.com

Ms. Ruchata Shrestha

Tel No.+977-1-4583304/4585906

ruchata.shrestha@infomericsnepal.com

Relationship Contact

Mr. Rabin Pudasaini

Tel No.+977-1-4583304/4585906

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

Web: 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.