

PRESS RELEASE

R.M.C. FOODS PRIVATE LIMITED

April 2026

Ratings

Instrument/Facilities	Amount (NPR Mn)	Ratings	Rating Action
Long Term Bank Facilities	1,254.44 (enhanced from 1,138.64)	IRN BB	Upgraded from IRN BB-
Short Term Bank Facilities	10,388.57 (enhanced from 4,847.50)	IRN A4	Reaffirmed
Total	11,643.01		

Details of facilities are in Annexure 1 below

Infomerics Credit Rating Nepal Limited (Infomerics Nepal) has upgraded the rating assigned to the long-term facilities of NPR 1,254.44 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 facilities of NPR 10,388.57 Mn.

Detailed Rationale

The revision of ratings assigned to the bank facilities of R.M.C. Foods Private Limited (RFPL) primarily factor in its strong turnaround in FY25, with TOI increasing by ~272% driven by sharp rise in export sales to India amid favorable duty differentials under SAFTA agreement and healthy profitability reflected in EBITDA margin of 11.07% and PAT margin at 6.86%. The ratings continue to derive strength from its experienced promoters and strategically located plant near the Birgunj border, enabling efficient sourcing and distribution.

However, the ratings are constrained by its leveraged capital structure marked by overall gearing ratio of 4.06x as of mid-July 2025 although eased from a year earlier. Also, the sustainability of improved working capital metrics (operating cycle of 81 days) remains subject to variability at higher scale of operation. Furthermore, the company is exposed to inherent industry risks such as raw material price volatility, foreign exchange fluctuations due to import dependence, seasonal availability of agro-based raw materials and intense competition from both organized and unorganized players. Going forward, the ability of the company to sustain its profitability and improve its capital structure will remain key rating sensitivities.

Detailed Description of Key Rating Drivers

Key Rating Strengths

Experienced promoters and strategic locational advantage

RFPL benefits from a strong promoter background along with a strategically located manufacturing facility. The company is guided by two seasoned directors with extensive industry experience across manufacturing, trading, and services. Mr. Rajesh Kumar Agrawal, Chairman and Executive Director of the RMC Group, brings over 30 years of experience and oversees the finance function, while Mr. Vishnu Kumar Agrawal, Director, with over 25 years of experience, manages sales, marketing, and production. Additionally, RFPL's manufacturing facility in Jeetpur, Bara District, is strategically located approximately 30 km from the Birgunj border, enabling efficient import of raw materials and export of finished goods to India and other markets. The plant's central location within Nepal further ensures smooth nationwide distribution, collectively enhancing the company's operational efficiency and overall market competitiveness.

Improvement in financial performance

RFPL reported a significant turnaround in financial performance in FY25 compared to FY24, with Total Operating Income (TOI) increasing sharply by ~272% to NPR 17,698 Mn from NPR 4,760 Mn in FY24. The growth was primarily driven by higher exports to India following an increase in India's import duties on refined oils, which improved Nepal's competitive positioning supported by duty free SAFTA agreement. This resulted in improvement in export sales to NPR 10,418 Mn in FY25 from NPR 164 Mn in FY24. EBITDA improved substantially to NPR 1,960 Mn in FY25 from a marginal loss of NPR 18 Mn in FY24, translating into a healthy EBITDA margin of 11.07% (FY24: 0.38%). Consequently, profitability improved with PAT margin rising to 6.86% from negative levels in FY24, and Gross Cash Accruals (GCA) strengthening to NPR 1,451 Mn. In H1FY26, the company continued to report strong scale of operations with TOI of NPR 12,395 Mn which constitutes ~62% of export sales, with profitability remaining healthy as reflected in EBITDA and PAT margins of 7.18% and 4.78%, respectively. Going forward, the company's ability to sustain export growth and maintain margins, given heightened dependence on international market conditions will remain a key monitorable.

Key Rating Weaknesses

Leveraged capital structure

RFPL's capital structure remained leveraged albeit improved in FY25 following strong profitability and accretion to tangible net worth, with overall gearing declining to 4.06x as of mid-July 2025 from elevated levels of 14.14x as of mid-July 2024. Similarly, Total Outside Liabilities/Tangible Net worth (TOL/TNW) moderated to 4.80x in FY25 (FY24: 15.92x). Debt protection metrics also improved, with interest coverage ratio rising to 5.32x in FY25 (FY24: negative) and DSCR improving to 3.33x in FY25 from 0.18x in FY24, supported by improved operating profitability. The capital structure further strengthened with gearing declining to 2.72x and TOL/TNW to 4.19x as of mid-January 2026 due to continued tangible net worth accretion and slight reduction in debt levels. However, coverage indicators moderated, with DSCR declining to 1.84x and interest coverage marginally softening to 5.23x, in line with lower profitability during the period.

Moderate working capital profile with risk of stretch at higher scale

While RFPL reported a notable improvement in working capital intensity to 38% in FY25 (FY24: 83%), the sustainability of such efficiency remains subject to moderation given the company's growing scale of operations. The sharp reduction in collection period to 59 days and inventory days to 24 days in FY25 from 141 days and 34 days respectively in FY24 may not be fully sustainable, especially in a competitive and credit-driven industry environment. Any moderation in receivables realization or increase in inventory holding could elongate the operating cycle and lead to higher reliance on working capital borrowings. Thus, the company's ability to sustain improved working capital efficiency, particularly timely receivables collection and inventory management at higher scale of operations will remain a key monitorable.

Raw Material Price Volatility, Regulatory, and Competitive Risks

RFPL faces raw material price volatility as its primary input, crude edible oil, is imported at market linked prices, impacting profitability. Being denominated in US dollars, imports also expose the company to foreign exchange risks. The company has reported the foreign exchange loss of ~NPR 62 Mn during FY25 and ~NPR 92 Mn in H1FY26. Additionally, RFPL is vulnerable to regulatory changes in Nepal, India, and third countries, where shifts in trade policies or import duties could impact operations. As an agro-based commodity, crude edible oil is seasonal and affected by weather conditions, crop yields, and pests, making production and pricing unpredictable. The industry remains highly competitive and fragmented, with low entry barriers intensifying pricing pressures.

Analytical Approach: Standalone

Applicable Criteria:

[Corporate Credit Rating Methodology](#)

Past Rating Rationale:

[R.M.C. Foods Private Limited: Bank Facilities Rating Revised](#)

About the Company:

Incorporated in August 2021, RMC Foods Private Limited (RFPL) is a private limited company established for processing of Refined Oils, Rice Bran Oil, Vegetable Ghee, Acid Oil, Rice, Pulses, Bakery Shortening, Margarine and Fat Spreads, Oil-Cake (By-product). Its plant is located in Jeetpur-07, Bara, Nepal and has installed capacity of 90,000 MTPA in refined oil segment. RFPL sells edible oils under major brand "Nutriplus". RFPL belongs to RMC Group where Mr. Rajesh Kumar Agrawal and Mr. Vishnu Kumar Agrawal are the major promoters with stake holdings of 45% each as of mid-January 2026.

Financial Indicators (Standalone)

For the year ended* As on	FY23	FY24	FY25	H1FY26
	Audited	Audited	Audited	Unaudited
Total Operating Income (NPR Mn)	4,133	4,760	17,698	12,395
EBITDA Margin (%)	Negative	Negative	11.07	7.18
Interest Coverage Ratio (x)	Negative	Negative	5.32	5.23
Current Ratio (x)	1.03	1.17	1.28	1.31
Total Debt/EBITDA (x)	Negative	Negative	3.47	6.94
Overall Gearing Ratio (x)	2.37	14.14	4.06	2.72
TOL/TNW (x)	4.68	15.92	4.80	4.19

*Classification as per Infomerics Nepal standards

Earnings before Interest Tax Depreciation Amortization (EBITDA)

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

Annexure:1 Detail of Facilities:

Name of Instruments/ Facilities	Type of Facilities	Amount (NPR Mn)	Ratings
Long Term Bank Facilities- Term Loan	Long Term	976.94	IRN BB
Long Term Bank Facilities- Permanent Working Capital Loan	Long Term	277.50	IRN BB
Short Term Bank Facilities- Short Term Loan	Short Term	638.57	IRN A4
Short Term Bank Facilities- Letter of Credit/Bank Guarantee	Short Term	9,750.00	IRN A4
Total Facilities		11,643.01	

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About Infomerics Credit Rating Nepal Limited:

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Infomerics Credit Rating Nepal Limited

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