

PRESS RELEASE

GOENKA FOODS PRIVATE LIMITED

May 2025

Ratings

Instrument/Facilities	Amount (NPR Mn)	Ratings	Rating Action
Long Term Bank Facilities	199.94	IRN BB-	Assigned
Short Term Bank Facilities	390.74	IRN A4	Assigned
Total	590.68		

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 199.94 Mn, and IRN A4 (A Four) to the short-term bank facilities of NPR 390.74 Mn.

Detailed Rationale

The ratings assigned to the bank facilities of Goenka Foods Private Limited (GFPL) primarily draw strength from its experienced promoter group backed by the established BL Goenka Group, a stable revenue profile anchored by a diversified portfolio of wheat-milled products, Maida, Aata, Suji, and Chokar, which are sold under the "DIYO" brand, and a strategically located manufacturing facility near the Indo-Nepal border at Sonauli that facilitates efficient raw material sourcing and distribution. Total Operating Income (TOI) of the company has remained broadly stable at around NPR 1.00 Bn, with a CAGR of ~17% from FY21 to FY25.

However, the ratings are constrained by a highly leveraged capital structure with an overall gearing ratio of 8.40x as of mid-July 2025 (12.12x as of mid-July 2024), and declining profitability trajectory with EBITDA margins declining from 7.73% in FY23 to ~5% in FY24 and FY25. The company's operations are working capital intensive, with an operating cycle of 138 days in FY25, reflecting significant reliance on external bank financing. GFPL is also exposed to inherent industry risks including raw material price volatility, agro-climatic risks, regulatory changes in Nepal and India affecting wheat import policies, and intense competition from both organized and unorganized players in the highly fragmented flour milling industry. 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

Experienced promoter group and strategic locational advantage

GFPL benefits from a strong promoter background of BL Goenka Group, which is guided by a three-member Board of Directors, Mr. Shree Chand Goenka, Mr. Govind Prasad Goenka, and Mr. Manoj Goenka, each bringing over two decades of experience in the trading and food processing industry, with the group's long operating history in wheat processing spanning multiple entities across the Lumbini and Terai. Further, GFPL's manufacturing facility in Manigram-06, Rupandehi is strategically situated approximately 15 km from the Indo-Nepal border at Sonauli, significantly reducing transit times and logistics costs and enabling efficient sourcing of raw materials and smooth distribution of finished goods across Nepal via the Krishna Nagar–Kapilvastu and Bhairawaha-Sunauli logistics corridors.

Product diversification with stable demand of supplied products

GFPL's business model benefits from natural product diversification inherent in the wheat milling process. A single raw material, wheat, yields four distinct output grades: Maida (refined white flour), Aata (whole wheat flour), Suji (semolina), and Chokar (wheat bran), with each product serving a

distinct customer segment. All four products are marketed under the unified "DIYO" brand, which has established satisfactory market acceptance in Nepal. Established brand image backed by the longstanding experience of promoters is further expected to reduce the impact of competition induced volatility in prices and maintain a significant presence in the Nepalese market with healthy turnover. Also, the supplied products are the staple diet of Nepalese cuisine; hence demand prospects remain largely stable.

Key Rating Weaknesses

Moderate financial profile characterized by fluctuating profitability

GFPL's financial performance has been characterized by thin and volatile margins. EBITDA margins declined from 7.73% in FY23 to 4.70% in FY25, primarily reflecting rising raw material costs amid the company's limited flexibility to pass through higher input prices in a highly competitive, price-driven market. Also, PAT margin remained thin at 1.14% in FY25, albeit improved from 0.32% in FY24, aided by lower interest expenses. Gross Cash Accruals (GCA) fluctuated from NPR 23 Mn in FY23 to NPR 6 Mn in FY24 before rebounding to NPR 15 Mn in FY25. In 6MFY26, the company recorded TOI of NPR 495 Mn with EBITDA margins of 4.71%.

Highly leveraged capital structure with modest debt service coverage indicators

GFPL's capital structure remains highly leveraged, with an overall gearing ratio of 8.40x as of mid-July 2025, though this improved from 12.12x in FY24, primarily driven by a reduction in total debt from NPR 411 Mn to NPR 380 Mn and accretion of NPR 11 Mn to tangible net worth, bringing it to NPR 45 Mn. The Total Outside Liabilities to Tangible Net Worth (TOL/TNW) ratio moderated to 9.89x from 13.39x over the same period. Interest coverage ratio, while improved to 1.59x in FY25 from 1.18x in FY24. As of mid-January, the overall gearing ratio and TOL/TNW ratio deteriorated to 9.97x and 11.02x primarily on account of rise in working capital loans to fund the operations of the company. GFPL's ability to improve its net worth base and sustain improvement in coverage indicators will remain a key monitorable.

Working capital intensive nature of business

GFPL's operations are inherently working capital intensive. Due to the seasonal nature of wheat procurement, the company typically maintains 2-3 months of raw material stock, resulting in average inventory days of 69 in FY25. The company also extends 2-3 months of credit to its customers, with average collection days of 81 in FY25. The total operating cycle stood at 138 days in FY25, marginally improved from 146 days in FY24.

Raw material price volatility risk and moderate-capacity utilization

The major raw materials for GFPL are purchased locally. The raw material cost contributed ~95% of the TOI of the company and hence any fluctuation in the price is expected to significantly impact the profitability of the company. Also, GFPL's capacity utilization is on the moderate side with an average utilization of ~63% of the total installed capacity of 311,280 MTPA in the last three years ending FY25.

Analytical Approach: Standalone

Applicable Criteria:

[Corporate Credit Rating Methodology](#)

About the Company:

Goenka Foods Private Limited (GFPL) is a private limited company incorporated in 1997 for processing and trading, having plant in Manigram-6, Rupandehi, Nepal. The total installed capacity is 180,000 MTPA for Maida, 45,000 MTPA for Aata, 15,000 MTPA for Suji and 71,280 MTPA for Chokar. GFPL is under BL Goenka Group, having more than three decades of operational track record across various sectors. As of March 15, 2026, Mr. Manoj Kumar Goenka holds the majority stake at 45%.

Financial Indicators (Standalone)

For the year ended* As on	FY22	FY23	FY24	FY25	6MFY26
	Audited	Audited	Audited	Audited	Unaudited
Total Operating Income (NPR Mn)	570	977	988	1038	495
EBITDA Margin (%)	6.34	7.73	4.91	4.70	4.71
Interest Coverage Ratio (x)	1.37	1.66	1.17	1.59	1.65
Total Debt/ EBITDA (x)	8.46	5.09	8.46	7.79	10.71
Current Ratio (x)	1.04	1.02	1.71	1.60	1.48
Overall Gearing Ratio (x)	5.78	7.51	12.12	8.40	9.97

*Classification as per Infomerics Nepal standards

EBITDA: Earnings Before Interest Tax Depreciation Amortization

Annexure:1 Detail of Facilities:

Name of Instruments/ Facilities	Type of Facilities	Amount (NPR Mn)	Ratings
Fund Based Bank Facilities- Term Loan	Long Term	6.75	IRN BB-
Fund Based Bank Facilities- Permanent Working Capital Loan	Long Term	190.00	IRN BB-
Fund Based Bank Facilities- Hire Purchase Loan	Long Term	3.19	IRN BB-
Fund Based Bank Facilities- Working Capital Loan	Short Term	390.00	IRN A4
Non-Fund Based Bank Facilities- BG ¹	Short Term	0.74	IRN A4
Total Facilities		590.68	

¹Bank Guarantee

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About Infomerics Credit Rating Nepal Limited:

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