PRESS RELEASE

MANOJ FOODS PRIVATE LIMITED

May 2026

Ratings

Instrument/Facilities	Amount (NPR Mn)	Ratings	Rating Action
Long Term Bank Facilities	171.60	IRN B	Assigned
Short Term Bank Facilities	410.00	IRN A4	Assigned
Total	**581.60**		

Details of facilities are in Annexure 1 below

Infomerics Credit Rating Nepal Limited (Infomerics Nepal) has assigned the rating of IRN B (Single B) to the long-term bank facilities of NPR 171.60 Mn, and IRN A4 (A Four) to the short-term bank facilities of NPR 410.00 Mn.

Detailed Rationale

The ratings assigned to the bank facilities of Manoj Foods Private Limited (MFPL) derive strength from its long track record in the pulses processing and trading industry, supported by an experienced promoter group. With more than three decades of operations, MFPL benefits from being a part of the BL Goenka Group, a well-established corporate group with presence across food processing, manufacturing, trading industries. The group association provides operational synergies, market access and financial flexibility. MFPL also benefits from established brand recognition through brands such as Gopi, BG, 502 Brand, Sikka Brand in both domestic market and export to the Indian market, supporting its revenue diversification and market reach.

However, the ratings remain constrained by MFPL's highly leveraged capital structure, reflected in negative overall gearing ratios during FY24-FY25, amid the erosion of tangible net worth resulting from the losses incurred by the company. Also, the ratings take into account the fluctuating revenue and profitability, and working capital-intensive nature of operations, marked by an elongated operating cycle of 280 days in FY25 as against 238 days in FY24. Further, the company remains exposed to raw material price volatility, foreign exchange fluctuation risk due to import dependence, seasonal availability of agro-based raw materials and intense competition from both organized and unorganized players. Going forward, MFPL's ability to improve capacity utilization, sustain profitability, improve its tangible net worth position, rationalize debt levels, manage working capital efficiently and mitigate risks related to raw material price and currency movements will remain key rating sensitivities.

Detailed Description of Key Rating Drivers

Key Rating Strengths

Long track record of operations along with experienced promoter group

MFPL has been in operation for more than three decades in processing and manufacturing of different varieties of pulses. Further, MFPL is a part of BL Goenka Group (operation from 1992) and takes on the role of main trading and manufacturing of pulses. The company is managed under the overall guidance of its two promoters, who also serve on the Board of Directors (BoD) and possess extensive experience in the manufacturing and trading sectors. Further, BoD is supported by experienced management team with expertise in the food processing industry.

Proximity to Indian border and product diversification with stable demand of supplied products

The manufacturing plant site is located in Manigram-6, Rupandehi, Lumbini Province, approximately 15 km from the Indo-Nepal border at Sonauli. As the majority of the company's raw material requirements are imported through India from Australia, the plant's proximity to the border provides logistical advantages and savings in freight costs. MFPL sells its products under one major brand "Gopi" with 25kg package. 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

Fluctuating financial performance

MFPL generates revenue from the sale of various pulses and its by-products. The company's financial performance exhibited fluctuating trend during FY21-FY25, with Total Operating Income (TOI) increasing from NPR 611 Mn in FY21 to NPR 763 Mn in FY22, before declining to NPR 396 Mn in FY23 and further to NPR 268 Mn in FY25. The decline was mainly due to lower realization, increased competition and government policy. However, TOI stood at around NPR 206 Mn in 8MFY26, indicating some improvement. Profitability also remained volatile, with EBITDA margin declining to negative 10.09% in FY23 from 7.18% in FY22 due to temporary operational disruption caused by maintenance activities for around three months. Although EBITDA margin turned positive in FY24 and FY25, it remained modest due to higher raw material cost amid 10% advance income tax on imported goods and fluctuation in raw material prices. However, EBITDA margin improved significantly to 17.53% in 8MFY26, supported by reduction in advance income tax to 2.5% and stabilization in raw material prices.

Leveraged capital structure and weak debt service coverage indicators

MFPL's capital structure remains highly leveraged, marked by negative tangible net worth (TNW) due to continuous accumulation of losses. The company's high reliance on short-term borrowings to fund working capital requirements has further kept debt levels elevated, resulting in negative overall gearing. Further, debt protection metrics remained weak, with interest coverage and DSCR below unity during FY23-25. However, interest coverage improved to 1.80x in 8MFY26, supported by improvement in operating profitability. Going forward, MFPL'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

The operations of the company are working capital intensive in nature. MFPL is involved in processing of various pulses by importing raw materials from foreign countries and domestic as well. These raw materials are imported mainly from Australia which are procured through LC Sight. The operating cycle lengthened to 280 days in FY25 from 238 days in FY24, driven by increase in average receivables to 278 days in FY25 from 237 days. As a result, working capital intensity increased to 95% in FY25 from 62% in FY24. Liquidity remained stretched, with a current ratio of 0.83x and a quick ratio of 0.12x at the end of FY25.

Raw material price volatility risk and low-capacity utilization

The major raw materials for MFPL are mostly imported from Australia constituting ~74% of import in FY25. The raw material cost contributed ~92% of the TOI of the company and hence any fluctuation in the price is expected to impact the profitability of the company. Also, MFPL capacity utilization is on lower side with an average utilization of ~31% in last three years ending FY25. MFPL has the total installed capacity of 75,000 MTPA.

Seasonal agro products in competitive industry

Being an agricultural commodity, planting, production, and prices are highly influenced by the timing and intensity of the monsoon rain, as well as the area being produced, the yield for the year, the demand-supply situation, and inventory carryover from the previous year. Further, milling industry is highly fragmented due to presence of several organized/ unorganized players owing to low entry barrier and low capital requirement.

Analytical Approach: Standalone

Applicable Criteria:
Corporate Credit Rating Methodology

About the Company:
Manoj Foods Private Limited (MFPL) is a private limited company incorporated in 1992 for processing and trading, having plant in Manigram-6, Rupandehi, Nepal. The total installed capacity for pulses is 75,000 MTPA, and by product cattle feed is 22,000 MTPA. MFPL is under BL Goenka Group, having more than three decades of operational track record across various sectors. As of March 15, 2026, Mr. Govinda Prasad Goenka holds the majority stake at 54%.

Financial Indicators (Standalone)

For the year ended* As on	FY22	FY23	FY24	FY25	8MFY26
	Audited	Audited	Audited	Audited	Unaudited
Total Operating Income (NPR Mn)	763	396	259	268	206
EBITDA Margin (%)	7.18	Neg	1.06	0.81	17.53
Interest Coverage Ratio (x)	1.45	Neg	0.05	0.05	1.80
Total Debt/ EBITDA (x)	8.08	Neg	144.53	231.61	14.29
Current Ratio (x)	1.12	1.22	0.91	0.83	0.86
Overall Gearing Ratio (x)	4.50	49.36	Neg	Neg	Neg

**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	82.50	IRN B
Fund Based Bank Facilities- Permanent Working Capital Loan	Long Term	89.00	IRN B
Fund Based Bank Facilities- Hire Purchase Loan	Long Term	0.10	IRN B
Fund Based Bank Facilities- Working Capital Loan	Short Term	320.00	IRN A4
Non-Fund Based Bank Facilities- LC[1]	Short Term	90.00	IRN A4
Total Facilities		**581.60**	

[1]*Letter of Credit*

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About Infomerics Credit Rating Nepal Limited:
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