

## PRESS RELEASE

### HIMGIREE FOOD PRODUCT PRIVATE LIMITED

June 2026

#### Ratings

Instrument/Facilities	Amount (NPR Mn)	Ratings	Rating Action
Long Term Bank Facilities	126.50 (enhanced from 120.00)	IRN B+	Upgraded from IRN B and removed from "Issuer not cooperating" category
Short Term Bank Facilities	664.00 (enhanced from 540.30)	IRN A4	Reaffirmed & removed from "Issuer not cooperating" category
<b>Total</b>	<b>790.50</b>		

*Details of facilities are in Annexure 1 below*

Infomerics Credit Rating Nepal Limited (Infomerics Nepal) has upgraded the rating assigned to the long-term bank facilities of NPR 126.50 Mn to IRN B+ (Single B Plus) from IRN B 'INC' (Single B, Issuer not cooperating) and reaffirmed the rating assigned to short term bank facilities of NPR 664.00 Mn to IRN A4 (A Four). The ratings have been removed from Issuer Not Cooperating category.

#### Detailed Rationale

The upgradation of ratings assigned to the bank facilities of Himgiree Food Product Private Limited (HFPL) factor in the company's improving scale of operations, as reflected in the healthy revenue growth of ~13% in FY25, supported by increased sales volume of refined flour and improvement in operating profitability. Refined flour continued to remain the key revenue contributor, accounting for ~81% of total revenue in FY25, while sugar trading contributed ~12%, providing some diversification to the revenue profile. Although the contribution from beaten rice declined to ~7% owing to maintenance activities at the beaten rice mill, the company continues to benefit from a diversified product portfolio comprising staple food products with steady demand characteristics. The ratings also draw comfort from the extensive experience of the promoters and the established management team, which have demonstrated a sustained track record in the industry and supported the company's operational growth over the years.

The ratings, however, continue to remain constrained by the company's leveraged capital structure, albeit with some improvement in FY25 supported by scheduled repayment of term loans and accretion of profits to reserves. The debt coverage indicators also remain modest, as reflected by a DSCR below unity in FY25 (0.94x). Further, the liquidity profile remains stretched, with working capital intensity remaining high at ~40% in FY25, although improved from ~46% in FY24, primarily due to elevated inventory holding requirements. The ratings are also tempered by the company's exposure to volatility in raw material prices, the seasonal nature of agro-based commodities, intense competition in a fragmented market, and vulnerability to changes in government policies and regulations. Going forward, HFPL's ability to sustain growth in scale of operations while maintaining profitability, along with improvement in its capital structure, debt coverage indicators, and liquidity profile through efficient working capital management, will remain key rating sensitivities.

#### Detailed Description of Key Rating Drivers

##### Key Rating Strengths

##### Improvement in scale of operations and profitability

HFPL reported total operating income (TOI) of NPR 1,375 Mn in FY25, registering a year-on-year growth of ~13%, primarily driven by an increase in refined flour sales volume by ~7%. Refined flour

remained the key revenue contributor, accounting for ~81% of total revenue in FY25, followed by sugar trading at ~12%. The contribution from beaten rice declined to ~7% from ~12% in FY24, largely due to maintenance activities at the beaten rice mill. The company's operating profitability improved, with the operating profit margin increasing to 5.23% in FY25 from 4.11% in FY24, supported by improved average realization from refined flour sales. Consequently, HFPL reported a modest net profit margin of 1.03% in FY25 against a net loss margin of 1.08% in FY24. The improvement in earnings also translated into positive gross cash accruals of NPR 27 Mn in FY25 compared to negative NPR 7 Mn in the previous year, reflecting enhanced cash generation from operations.

### **Experienced promoters and directors**

HFPL is managed by the overall guidance of its five-member Board of Directors, who have wide experience in trading and manufacturing sectors, especially in readymade garments, electronics, food and grains, etc. Mr. Tarun Agrawal, Chairman, has over 25 years of experience in the trading and manufacturing sector. Similarly, other directors of HFPL also have extensive experience in manufacturing of food products. Additionally, the BoD are supported by a team of technically qualified and experienced professionals.

### **Diversified product portfolio with stable demand of supplied products**

HFPL specializes in a variety of wheat-based products, including maida, aata, suji, and choker, and operates another unit for processing paddy into beaten rice. HFPL sells its products under the brand name of "Bansi". HFPL offers an extensive range of packaging options to cater the demands from different customer segments, allowing the company to appeal to both household consumers and industrial clients. Furthermore, the supplied products are the staple diet of Nepalese cuisine; hence demand prospects remain largely stable.

## **Key Rating Weaknesses**

### **Leveraged capital structure and weak debt service coverage indicators of the company**

HFPL's capital structure remained leveraged, albeit with improvement in FY25, supported by scheduled repayment of term loans and profit accretion to reserves. Consequently, the overall gearing ratio improved to 2.86x as of mid-July 2025 from 3.42x as of mid-July 2024, while the TOL/TNW ratio moderated to 3.10x from 3.69x during the same period. The company's debt coverage indicators also witnessed improvement, driven by higher operating profitability and lower interest expenses. Interest coverage improved to 1.57x in FY25 from 0.89x in FY24, reflecting enhanced ability to service interest obligations. Nevertheless, the coverage metrics continued to remain modest, with the DSCR improving to 0.94x in FY25 from lower levels in the previous year, indicating limited cushion in debt servicing capability despite the recent improvement.

### **Working Capital intensive nature of operations**

HFPL continues to operate under a working capital-intensive business model, reflected in its dependence on external working capital borrowings. As of mid-January 2026, utilization of working capital limits remained moderate at ~58% of sanctioned facilities. The inherently seasonal nature of raw material procurement necessitates maintenance of elevated inventory levels of around three months and above to ensure uninterrupted production. Consequently, average inventory holding increased to 120 days in FY25 from 115 days in FY24. However, the company witnessed improvement in receivable management, with average collection period reducing significantly to 46 days in FY25 from 68 days in FY24, thereby partially offsetting the inventory build-up. Supported by improved collection efficiency, overall working capital intensity moderated to ~40% in FY25 from ~46% in FY24, indicating a gradual improvement in working capital management despite the structurally intensive nature of operations.

## Seasonal agro products in a competitive industry

The major raw materials for HFPL are wheat and paddy. 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. Additionally, industry challenges have been exacerbated by supply chain disruptions resulting from the export prohibition by India and the Russia-Ukraine conflict over the past few years. Furthermore, the milling industry exhibits a high degree of fragmentation, attributed to the presence of numerous organized and unorganized players, facilitated by low entry barriers and minimal capital requirements.

**Analytical Approach:** Standalone

## Applicable Criteria:

[Corporate Credit Rating Methodology](#)

## Past Rating Rationale:

[Himgiree Food Product Private Limited: Bank Facilities Rating Revised & moved to Issuer Not Cooperating Category with notice of withdrawal](#)

## About the Company:

Incorporated in 2013, Himgiree Food Product Private Limited (HFPL) operates wheat and paddy processing units producing maida, aata, suji, choker, beaten rice and other aligned products. The company's registered office and manufacturing units are located in Rohini-4, Rupandehi, Nepal. The total installed capacity for wheat products is 36,240 MTPA and beaten rice is 7,500 MTPA.

## Financial Indicators (Standalone)

For the year ended* As on	FY22	FY23	FY24	FY25
	Audited	Audited	Audited	Audited
Total Operating Income (NPR Mn)	921	1,317	1,214	1,375
EBITDA Margin (%)	6.53	9.21	4.11	5.23
Interest Coverage Ratio (x)	1.41	1.83	0.89	1.57
Current Ratio (x)	0.98	1.03	1.04	0.99
Overall Gearing Ratio (x)	4.17	2.89	3.24	2.81
TOL/TNW (x)	4.44	3.22	3.69	3.10

\*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
Fund Based Bank Facilities- Term Loan	Long Term	89.00	IRN B+
Fund Based Bank Facilities- Permanent Working Capital Loan	Long Term	37.50	IRN B+
Fund Based Bank Facilities-Working Capital Loan	Short Term	664.00	IRN A4
Non-Fund Based Bank Facilities- LC/BG*	Short Term	(90.00) <sup>1</sup>	IRN A4
<b>Total Facilities</b>		<b>790.50</b>	

\*Letter of Credit / Bank Guarantee

<sup>1</sup>Within Structure Short Term Loan limit

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## About Infomerics Credit Rating Nepal Limited:

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