

## PRESS RELEASE

### **KAMALA ROLLING MILLS PRIVATE LIMITED**

June 2026

#### Ratings

Instrument/Facilities	Amount (NPR Mn)	Ratings	Rating Action
Long Term Bank Facilities	1,449.00	IRN BB-	Reaffirmed
Short Term Bank Facilities	976.00 (reduced from 1,396.00)	IRN A4	Reaffirmed
<b>Total</b>	<b>2,425.00</b>		

*Details of facilities are in Annexure 1 below*

Infomerics Credit Rating Nepal Limited (Infomerics Nepal) has reaffirmed the rating of IRN BB- (Double B minus) to the long-term bank facilities of NPR 1,449.00 Mn and IRN A4 (A Four) to the short-term bank facilities of NPR 976.00 Mn.

#### Detailed Rationale

The reaffirmation of ratings assigned to the bank facilities of Kamala Rolling Mills Private Limited (KRMPL) continue to derive strength from its long operational track record of over three decades, experienced management, and strong backing from the Vishal Group. The company also benefits from a diversified steel product portfolio and established brand presence, supporting steady market demand. Furthermore, the capital structure has improved significantly, with overall gearing declining to 1.07x at the end of FY25 from 1.32x in FY24 and further to 0.45x as of mid-April 2026, while DSCR improved from 0.18x in FY24 to 1.35x in FY25, indicating strengthening financial risk profile and improved debt servicing ability. The company also benefits from supportive government policies focused on infrastructure development and production incentives, aiding demand for steel products. Nonetheless, the ratings remain constrained by continued net losses, albeit an improvement in operating profitability, as reflected in the EBITDA margin, which improved to 2.32% in FY25 from an operating loss in FY24 and remained stable at 2.36% in 9MFY26, indicating a gradual operational recovery. The ratings also factor in the working capital intensive nature of the business, reflected in an operating cycle of 221 days in FY25. Further, the company's high dependence on imports exposes it to raw material price volatility and inherent cyclicality in the construction sector. KRMPL is also exposed to foreign exchange fluctuation risk, regulatory changes, and intense industry competition. Going forward, the company's ability to improve its scale of operations & profitability, sustain its leverage position, and efficiently manage working capital will remain key rating sensitivities.

#### Detailed Description of Key Rating Drivers

##### Key Rating Strengths

##### **Established and long track record of operations with experienced promoters and management team**

KRMPL boasts an operational track record spanning more than three decades, specializing in the manufacturing of diverse steel products. The company derives its strength from its affiliation with the Vishal Group, which has a strong presence in Nepal across multiple industries such as steel, cement, polymers, trading, hospitality, and insurance. Mr. Jagadish Prasad Agrawal, chairman of the company possesses extensive experience of over six decades in the different industry. Additionally, the board is supported by a team of technically qualified and experienced professionals across various functions to efficiently operate the regular business.

##### **Improving capital structure with reduced leverage**

KRMPL's total debt declined to NPR 971 Mn in FY25 from NPR 1,248 Mn in FY24 and further reduced

to NPR 404 Mn in 9MFY26, reflecting deleveraging. Therefore, overall gearing ratio improved to 1.07x in FY25 from 1.32x in FY24 and further to 0.45x in 9MFY26. Total Outside Liabilities/Tangible Net worth (TOL/TNW) also improved to 1.22x in FY25 from 1.48x in FY24 and sharply to 0.51x in 9MFY26. Interest coverage ratio improved to 1.89x in FY25 from a weak 0.46x in FY24 and moderated to 1.47x in 9MFY26, while DSCR improved to 1.35x in FY25 from 0.18x in FY24, indicating recovery in debt servicing ability.

### **Diversified products and robust market presence**

KRMPL boasts a diversified product portfolio, offering a wide range of iron and steel products such as TMT bars, Galvion box, GI wires, Barbed wires etc. These items are designed to meet the diverse needs of multiple industries, reducing dependency on any single sector and broadening the company's market reach. Additionally, KRMPL's strong brand recognition under the "Kamala Gold-Thermax" name across Nepal ensures consistent demand and product differentiation, mitigating competitive price volatility. This strategic approach has secured a significant market presence and healthy turnover, primarily through direct sales channels nationwide.

### **Government support for production based industry and demand outlook of Steel Industries**

Nepal is a growing economy and continues to focus on the development of infrastructure, energy, industry, and urban facilities. The budget for FY26 has emphasized economic reforms, industrial promotion, and private sector-led growth. The Government has allocated NPR 431 Bn towards capital expenditure in FY26, with significant investments planned in roads, bridges, hydropower projects, transmission lines, urban infrastructure, and other public facilities. These initiatives are expected to support construction activities and, consequently, sustain demand for steel products. Accordingly, the policy support for industrial development and continued infrastructure spending are expected to benefit domestic steel manufacturers over the medium term.

## **Key Rating Weaknesses**

### **Continued weak profitability**

KRMPL's total operating income (TOI) increased marginally to NPR 1,467 Mn in FY25 from NPR 1,442 Mn in FY24 and stood at NPR 883 Mn in 9MFY26. Operating profitability improved during the period, with EBITDA turning positive at NPR 34 Mn in FY25 from a loss of NPR 35 Mn in FY24, primarily supported by lower production costs and inventory adjustments following a year end physical stock verification. EBITDA remained positive at NPR 21 Mn in 9MFY26. Thus, the EBITDA margin improved to 2.32% in FY25 from operating loss in FY24 and remained stable at 2.36% in 9MFY26. Despite the improvement in operating profitability, the company continued to report net losses, although at a reduced level. PAT loss declined to NPR 31 Mn in FY25 from NPR 97 Mn in FY24 and further reduced to NPR 6 Mn in 9MFY26, resulting in a negative PAT margin. Further, Gross Cash Accruals (GCA) improved significantly, turning positive at NPR 6 Mn in FY25 from a negative position in FY24 and increasing further to NPR 20 Mn in 9MFY26.

### **Working capital intensive nature of business**

KRMPL's business continues to remain working capital intensive reflected by elevated working capital intensity of ~72% as of mid-July 2025 increased from ~50% a year earlier. The company's working capital utilization remained moderate, averaging ~34% as of mid-July 2025, indicating comfortable liquidity and adequate buffer available under the sanctioned working capital limits. Moreover, the operating cycle, which had stretched significantly to 248 days in FY24, improved to 221 days in FY25, indicating better inventory and receivable management, although it remains elevated. The average collection period improved slightly to 52 days in FY25 from 60 days in FY24, while inventory holding period declined to 175 days from 193 days, reflecting better inventory management. Creditors period remained low and stable at 5 days in FY25, indicating limited supplier credit support.

## Exposure to regulatory changes and import tariff risks

KRMPL remains exposed to regulatory risks, given its reliance on import tariff protection for sustaining profitability and financial stability. The company benefits from high import duties imposed by the Government of Nepal on finished steel products such as TMT bars and billets, which provide a competitive advantage to domestic manufacturers. Any reduction or removal of these import barriers could significantly impact KRMPL's revenue, profitability, and debt coverage indicators by intensifying competition from cheaper imports. The company's ability to navigate potential regulatory changes and maintain its cost competitiveness will be a key monitorable from a credit perspective.

## Cyclicality, forex, and regulatory risks

KRMPL remains exposed to the inherent cyclicality of the steel and construction industries, which can lead to volatility in profitability and cash flows, further exacerbated by the highly fragmented nature of the industry. Steel prices are susceptible to fluctuations in global markets and movements in the US dollar exchange rate, given the company's reliance on dollar-denominated raw material imports while generating revenue in domestic currency, exposing it to forex risks. KRMPL incurred the exchange loss of NPR 3.82 Mn in FY25. Additionally, frequent regulatory changes in import duties and excise structures pose a risk to profitability. While integrated steel manufacturers are expected to retain some cost advantages, the company's ability to cope up with the frequent regulatory changes remain crucial.

**Analytical Approach:** Standalone

## Applicable Criteria:

[Corporate Credit Rating Methodology](#)

## Past Rating Rationale:

[Kamala Rolling Mills Private Limited: Bank Facilities Rating Assigned](#)

## About the Company:

Kamala Rolling Mills Private Limited (KRMPL), part of the Vishal Group, is a steel manufacturing company incorporated on December 02, 1992. The company is chaired by Mr. Jagdish Prasad Agrawal, who holds ~24.54% equity in the company. KRMPL, located in Budhiganga-03, Morang, manufactures TMT bars, GI wires, barbed wires, and Galvion boxes. The company has over three decades of operational track record with an installed capacity of 80,000 MTPA.

## Financial Indicators (Standalone)

For the year ended* As on	FY22	FY23	FY24	FY25	9MFY26
	Audited	Audited	Audited	Audited	Unaudited
Total Operating Income (NPR Mn)	2,710	2,843	1,442	1,467	883
EBITDA Margin (%)	7.53	2.89	Negative	2.32	2.36
Interest Coverage Ratio (x)	3.75	1.09	Negative	1.89	1.47
Current Ratio (x)	1.04	1.09	1.03	1.62	2.55
Overall Gearing Ratio (x)	0.64	0.79	1.32	1.07	0.45
TOL/TNW (x)	0.88	1.32	1.48	1.22	0.51

\*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)	Rating
Fund Based Bank Facilities- Permanent Working Capital Loan	Long Term	1,449.00	IRN BB-
Fund Based Bank Facilities-Working Capital Loan	Short Term	976.00	IRN A4
Non-Fund Based Bank Facilities- LC/BG	Short Term	(2,110.00)**	IRN A4
<b>Total Facilities</b>		<b>2,425.00</b>	

LC= Letter of Credit; BG= Bank Guarantee

\*\*Non-fund-based loan is within the limit of combined fund based working capital loan and PWCL.

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## About Infomerics Credit Rating Nepal Limited:

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