

PRESS RELEASE

MAHALAXMI SOLVENT & REFINERY PRIVATE LIMITED

June 2026

Ratings

Instrument/Facilities	Amount (NPR Mn)	Ratings	Rating Action
Long Term Bank Facilities	493.06 (reduced from 821.42)	IRN BB	Upgraded from IRN BB-/A4 & Removed from Issuer not cooperating category
Short Term Bank Facilities	4,060.00 (enhanced from 1,367.60)	IRN A4	Removed from Issuer not cooperating category
TOTAL	4,553.06		

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 493.06 Mn to IRN BB (Double B) from IRN BB- (Double B Minus) and revised the rating to IRN A4 (A Four) from IRN A4 'INC' (A Four, Issuer Not Cooperating) assigned to the short term bank facilities of NPR 4,060.00 Mn. The ratings have been removed from Issuer Not Cooperating category.

Detailed Rationale

The upgradation of ratings assigned to the bank facilities of Mahalaxmi Solvent & Refinery Private Limited (MSRPL) reflects the strong group support derived from the Triveni Group and Shiv Shakti Group, along with the company's strategic location near the India border, which facilitates efficient procurement and export operations. The ratings also factor in the improvement in operating performance during FY25, with EBITDA turning positive and EBITDA margin improving to 4.1%, compared to operating losses in FY24 coupled with modest PAT margin of 0.9% in FY25 against the net loss in FY24.

Nonetheless, the ratings are constrained by its leveraged capital structure marked by overall gearing ratio of 11.50x as of mid-July 2025. Also, the sustainability of improved working capital metrics (operating cycle of 98 days) remains subject to variability at higher scale of operations. 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 improve its profitability and its capital structure will remain key rating sensitivities.

Detailed Description of Key Rating Drivers

Key Rating Strengths

Strong group support

MSRPL derives significant financial flexibility and operational support from its association with the Triveni Group and Shiv Shakti Group. The company benefits from the groups strong relationships with customers and suppliers, as well as their proven track record of extending support to group entities during periods of financial or operational stress. In addition, the groups diversified presence across sectors such as trading, manufacturing and processing, insurance, hydropower, automobiles, and hospitality, combined with the promoter's extensive experience and a capable management team, further strengthens MSRPL's overall business risk profile.

Strategic location with sizeable export to India

MSRPL's manufacturing plant is strategically located in Lipanimal, Bara District, ~15 km from the Birgunj border point with India. The location provides easy access for importing raw materials and

exporting finished goods, resulting in logistical efficiencies and lower freight costs. Given that export sales to India accounted for ~82% of the company's total revenue in FY25, the plant's proximity to the border supports operational efficiency and strengthens MSRPL's competitiveness in its key market.

Recovery in operating performance and profitability in FY25

Total Operating Income (TOI) registered a CAGR of ~37% over past two years ending FY25. TOI stood at NPR 2,544 Mn in FY24; declined from NPR 3,258 Mn in FY23 due to subdued operating activity. FY25 witnessed a sharp rebound, with TOI increasing to NPR 6,090 Mn, broadly aligning with the company's earlier peak revenue level of NPR 6,492 Mn in FY22, thereby indicating normalization of operations and improved sales traction. MSRPL's profitability remained under pressure with negative EBITDA margin of -18.81% in FY24 and -4.53% in FY23). EBITDA recovered to NPR 251 Mn in FY25 with EBITDA margin marginally improving to ~4%, primarily driven by the recovery in export led refined soybean oil sales, improved product mix and better sales realizations following a weak operating performance in FY24. Moreover, net losses widened to NPR 626 Mn in FY24 (-NPR 347 Mn in FY23) with negative profitability, driven by weak operating performance and elevated interest burden. FY25 marked a turnaround, with positive PAT of NPR 54 Mn, however, PAT margin remained modest at 0.9%. GCA also improved to a marginal positive level of NPR 74 Mn in FY25, compared to negative GCA in earlier years, reflecting improved operating performance and profitability recovery.

Key Rating Weaknesses

Highly leveraged capital structure

MSRPL's capital structure remains leveraged driven by elevated debt levels and modest internal accrual generation. Total debt reported NPR 1,537 Mn in FY24 (NPR 1,956 Mn in FY23) which further elevated to NPR 3,364 Mn in FY25 to support higher operations and working capital requirements. Therefore, overall gearing ratio deteriorated from 2.01x in FY23 to 5.72x in FY24 and 11.50x in FY25, while TOL/TNW increased from 2.13x in FY23 to 5.85x in FY24 and 11.93x in FY25, reflecting heightened leverage and weak capital cushion. Interest coverage ratio and DSCR were negative in FY23 and FY24 due to operating losses, before improving to 1.42x in FY25 following a recovery in profitability, indicating only marginal debt servicing ability.

Working capital intensive nature of business

MSRPL's working capital intensity declined from 75% in FY23 to 53% in FY24 and remained stable at 53% in FY25, reflecting lower funds tied up in operations. The average collection period increased from 55 days in FY23 to 72 days in FY24, suggesting slower receivable realization, but improved sharply to 32 days in FY25 due to enhanced collection efficiency. Inventory holding period reduced from 178 days in FY23 to 69 days in FY25, supported by better inventory management and higher sales throughput, leading to a significant decline in the operating cycle from 227 days in FY23 to 98 days in FY25, underscoring a marked improvement in overall working capital efficiency.

Raw Material Price Volatility, Regulatory, and Competitive Risks

MSRPL 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 31 Mn during FY25. Additionally, MSRPL 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:

[Mahalaxmi Solvent & Refinery Private Limited: Bank Facilities Rating Revised and moved to Issuer Not Cooperating category with notice of withdrawal](#)

About the Company:

Incorporated in 2009 Mahalaxmi Solvent & Refinery Private Limited (MSRPL) is a solvent extraction and oil refinery company having its factory located at Lipanimal, Bara, Nepal. The total installed capacity for refined soybean/ palmolein/ sunflower oil is 56,000 MTPA. The major raw materials for MSRPL are Soybean seeds, crude palm oil which are imported from Brazil, Argentina, Indonesia, Malaysia etc. and sells the refined oil and oiled cake under brands viz. Mahalaxmi, Sadhgi and DOC Super Soya in domestic as well as international market. MSRPL is jointly owned by Triveni and Shiv Shakti Group. The board is led by Mr. Birendra Kumar Sanghai, holding a 35% shareholding, followed by Mr. Raj Kumar Agrawal with a 34.29% shareholding.

Financial Indicators (Standalone)

For the year ended* As on	FY21	FY22	FY23	FY24	FY25
	Audited	Audited	Audited	Audited	Unaudited
Total Operating Income (NPR Mn)	5,076	6,492	3,258	2,544	6,090
EBITDA Margin (%)	16.74	9.67	Negative	Negative	4.11
Interest Coverage Ratio (x)	14.40	10.19	Negative	Negative	1.42
Current Ratio (x)	1.42	1.39	1.90	1.85	1.05
Total Debt/GCA (years)	1.80	0.76	Negative	Negative	45.58
Overall Gearing Ratio (x)	1.31	1.52	2.05	5.72	11.50
TOL/TNW (x)	1.61	1.73	2.13	5.85	11.93

*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/Permanent Working Capital Loan	Long Term	493.06	IRN BB
Fund Based Bank Facilities – Working Capital Loan	Short Term	2,660.00	IRN A4
Non-Fund Based Bank Facilities – Letter of Credit/Bank Guarantee	Short Term	3,950.00	IRN A4
Total Facilities		4,553.06*	

* The consortium bank shall not exceed the total exposure of NPR 4,553.06 Mn, at any point of time.

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About Infomerics Credit Rating Nepal Limited:

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