

PRESS RELEASE

R.P. AGRO INDUSTRIES PRIVATE LIMITED

June 2026

Ratings

Instrument/Facilities	Amount (NPR Mn)	Ratings	Rating Action
Long Term Bank Facilities	141.67	IRN B+	Assigned
Short Term Bank Facilities	702.00	IRN A4	Assigned
Total	843.67		

Details of facilities are in Annexure 1 below

Infomerics Credit Rating Nepal Limited (Infomerics Nepal) has assigned the rating of IRN B+ [Single B Plus] to long term bank facilities of NPR 141.67 Mn and IRN A4 [A Four] to short term bank facilities of NPR 702.00 Mn.

Detailed Rationale

The ratings assigned to the bank facilities of R.P. Agro Industries Private Limited (RPAPL) draw comfort from promoter's extensive industry exposure along with the proficient management team. The ratings also derive comfort from the company's moderate debt coverage indicators, as reflected in the interest coverage ratio of $\sim 1.42x$ in FY25 and $\sim 1.69x$ in H1FY26. The ratings also take into account the growth in Total Operating Income (TOI) of the company, albeit at a modest CAGR of $\sim 3\%$ during FY22-FY25 along with improvement in operating profitability, with EBITDA margins increasing to $\sim 8\%$ in FY25 from $\sim 6\%$ in FY24. The ratings further factor in the inherently stable demand for the company's product range, which comprises staple food items widely consumed across Nepal. Owing to the essential nature and consistent household use of these products, demand visibility remains firm, lending stability to the company's revenue profile over the medium term.

However, the ratings remain constrained by the company's highly leveraged capital structure as reflected in overall gearing ratio of $\sim 8.14x$ as of mid-July 2025 (FY24: $\sim 8.00x$) and weak debt coverage indicator indicated by DSCR of 0.90x in FY25 from 0.71x in FY24. Although the gearing profile of the company has eased slightly to 6.71x as of mid-January 2026, it remains elevated. The ratings also take into account the working capital intensive nature of operations reflected in working capital intensity of $\sim 82\%$ in FY25. Additionally, the company remains exposed to raw material price volatility, the seasonal nature of agro-based commodities in a fragmented market, and regulatory risks. Going forward, the company's ability to scale up revenues while improving margins, and strengthen its capital structure through prudent cash flow management will remain key rating sensitivities.

Detailed Description of Key Rating Drivers

Key Rating Strengths

Experienced promoters

RPAPL benefits from a strong leadership and experienced Board of Directors comprising seasoned professionals with extensive industry experience. The Board is chaired by Mr. Raj Kumar Agrawal who brings over five decades of experience in manufacturing and trading businesses. Mr. Aaditya Vikram Agrawal, Director, has around three decades of experience across trading and manufacturing sectors. Also, the company supplies its products under established brand name Ramailo mainly in Western part of Nepal. Furthermore, the promoters are further supported by a team of technically qualified and experienced professionals overseeing day-to-day operations.

Moderate financial performance

RPAPL's total operating income (TOI) registered a growth albeit on a modest CAGR of ~3% over FY22–FY25. The company demonstrated a recovery in FY25, with TOI rebounding to ~NPR 1,038 Mn from NPR 822 Mn in FY24, supported by push-driven sales and improved realization levels. This improving trend continued into H1FY26, with ~10% annualized growth in operating income. Profitability metrics also showed improvement, with EBITDA margins increasing to ~8% in FY25 from ~6% in FY24, albeit still below ~11% in FY23, reflecting partial recovery in operating efficiency driven by better realizations. The PAT margin remained modest at ~1% in FY25 albeit improved to ~2% in H1FY26 from negative levels in FY24, supported by lower interest expenses and improved operating performance. Consequently, gross cash accruals (GCA) improved significantly to ~NPR 24 Mn in FY25 from negative levels in FY24, indicating strengthening internal cash generation.

Stable demand for supplied products

RPAPL benefits from the inherently stable demand for its product portfolio, which includes flour, refined wheat flour, semolina and related items that form staple components of the Nepalese diet. Given the essential nature and regular consumption of these products, demand visibility remains strong, supporting revenue stability over the medium term.

Key Rating Weaknesses

Highly leveraged capital structure albeit improving coverage metrics

RPAPL's capital structure remained highly leveraged, reflected in an overall gearing of 8.14x as of mid-July 2025 (8.00x in FY24), driven by the increase in working capital borrowings. However, the ratio moderated to 6.71x as of mid-January 2026 following a reduction in debt levels. The Total Outside Liabilities to Tangible Net Worth ratio also remained elevated at 8.29x in FY25 (8.17x in FY24 and 4.80x in FY23), indicating a high dependence on external liabilities, which shows slightly moderation in H1FY26 at 8.05x. However, Interest coverage ratio improved to 1.42x in FY25 from 0.67x in FY24, and further improving to 1.69x in H1FY26, primarily supported by operating profitability. Likewise, Debt service coverage ratio (DSCR) remained subdued at 0.90x in FY25 from 0.71x in FY24.

Working capital intensive nature of operations

The operations of the company are working capital intensive in nature in line with the nature of industry which requires substantial inventory holding. The working capital intensity although improved, still remain stretched at ~82% in FY25 (FY24: ~88%, FY23: ~67%). The high working capital intensity was primarily attributable to the elongated average collection period of 122 days in FY25 (FY24: 110 days; FY23: 90 days). The inventory holding period though improved, still remain high at 118 days in FY25 (136 days in FY24 and 126 days in FY23), primarily due to substantial wheat procurement during the end of financial years. Correspondingly, operating cycle has reached to 237 days in FY25 from 234 days in FY24 and 207 days in FY23 owing to the increased collection period in FY25.

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:

R.P. Agro Industries Private Limited (RPAPL) was incorporated on July 02, 2017 A.D. as a private limited company following the merger of R.P. Flour Mill and R.P. Modern Industries. The company is engaged in the processing of wheat into refined wheat flour, flour, suji, chokar and related products. RPAPL's manufacturing facility is located at Godawari 05, Kailali, Nepal with total installed capacity (Per annum) of 43,500 MT. RPAPL markets its products under various registered brand names, including Ramailo Chakki Atta, Ramailo Suji, Ramailo Maida, Ramailo Premix. RPAPL is a part of "R.P. Group" where Mr. Raj Kumar Agrawal holds majority of share (96%) followed by Mr. Aaditya Vikram Agrawal (2%).

Financial Indicators (Standalone)

For the year ended* As on	FY22	FY23	FY24	FY25	H1FY26
	Audited	Audited	Audited	Audited	Unaudited
Total Operating Income (NPR Mn)	953	900	822	1,038	571
EBITDA Margin (%)	8.27	10.98	5.65	7.90	6.63
Interest Coverage Ratio (x)	1.46	1.24	0.67	1.42	1.69
Current Ratio (x)	2.10	2.92	1.19	1.14	1.17
Total Debt/GCA (years)	34.43	31.39	Neg.	20.61	29.27
Overall Gearing Ratio (x)	5.01	4.47	8.00	8.14	6.71
TOL/TNW (x)	5.09	4.80	8.17	8.29	8.05

*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	Term Loan	141.67	IRN B+
Fund Based Bank Facilities-Working Capital Loan	Short Term	700.00	IRN A4
Non-Fund Based Bank Facilities- Bank Guarantee	Short Term	2.00	IRN A4
Total Facilities		843.67	

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About Infomerics Credit Rating Nepal Limited:

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Infomerics Credit Rating Nepal Limited

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