

PRESS RELEASE

RISHIYANA GLOBAL TRADERS PRIVATE LIMITED

June 2026

Ratings

Instrument/Facilities	Amount (NPR Mn)	Ratings	Rating Action
Long Term Bank Facilities	215.78 (reduced from 416.71)	IRN BB-	Upgraded from IRN B+
Short Term Bank Facilities	960.00 (reduced from 1,583.29)	IRN A4	Reaffirmed
Total	1,175.78		

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 215.78 Mn to IRN BB- (Double B Minus) from IRN B+ (Single B Plus) and reaffirmed the rating of IRN A4 (A Four) to the short-term bank facilities of NPR 960.00 Mn.

Detailed Rationale

The upgradation of ratings assigned to bank facilities of Rishiyana Global Traders Private Limited (RGT) primarily factor in healthy increase in Total Operating Income (TOI) as exhibited by ~19% Y-On-Y growth in FY25 over FY24 at expanded operating margins (~6.90% in 8MFY26, ~5.55% in FY25 vis-à-vis ~1.85% in FY24) owing to company's increased focus on less costly imports rather than local procurement coupled with increase in varieties of items being traded attracting larger customer base. Likewise, the ratings continue to derive strength from its experienced promoters and moderate track record of operations (since 2020). Also, the ratings factor in good and stable demand outlook for rice and oil, given them being a staple food in Nepalese cuisine, which are the major items being traded by RGT (~88% of sales in FY25).

However, the ratings remain constrained by RGT's weakening capital structure, with the overall gearing ratio increasing to 3.46x as of mid-July 2025 from 3.08x in FY24 (3.06x as of 8MFY26). Coverage indicators also deteriorated, with the interest coverage ratio and DSCR declining to 1.06x and 1.04x, respectively, in FY25 from 1.12x and 1.09x in FY24. This deterioration was primarily driven by higher working capital borrowings undertaken to support rising working capital requirements amid the expanding scale of operations, with working capital intensity remaining broadly stable at around 30% during FY23-FY25, despite TOI growing by ~69% over the same period. Owing to such increase, the finance expense has risen and bottom line is modest and has shrunk (PAT margin of ~0.19% in FY25 vis-à-vis ~0.21% in FY24). Also, the agro industry is fragmented and highly competitive due to low entry barriers. Going forward, the ability of the company to scale up the business managing working capital needs while improving the profitability margins and capital structure will be key rating sensitivities.

Detailed Description of Key Rating Drivers

Key Rating Strengths

Experienced promoters

RGT, incorporated in December 2020, operates under the leadership of a three-member board of directors, chaired by Mr. Yuddha Bahadur Chauhan, who possess over a decade of experience in import and trading, as well as marketing. Mr. Nabendu Kumar Gupta, director, possess more than two decades of expertise in trading and marketing, while Ms. Supriya Gaire, director, has over five years of experience in finance and the trading sector. The board is well-supported by experienced team.

Increasing operating income albeit modest profitability

RGT's TOI has shown consistent growth with TOI increasing by ~19% in FY25 reaching NPR 1,750 Mn and has stabilized growth during 8MFY26 with TOI reaching NPR 1,186 Mn reflecting annualized growth of ~2%. With the increase in total operating income, EBITDA also increased NPR 43 Mn in FY24 to NPR 97 Mn in FY25. Owing to improved scale of operations alongside company's increased focus on less costly imports rather than local procurement, the EBITDA margin have risen to 5.55% in FY25, 6.90% in 8MFY26 from 2.89% in FY24. However, due to increasing size of working capital due to scale of operations, the company has been forced to rely on debt resulting in significant rise in finance expenses. Thus, PBT and PAT margin is quite modest. PAT margin has decreased to 0.19% in FY25 from 0.21% in FY24 and 0.36% in FY23 (0.19% in 8MFY26). Amid PAT margin, GCA remains modest at NPR 4 Mn across FY23-25 and ~NPR 3 Mn in 8MFY26. The company's ability to stabilize operations, increase profitability while passing on the increased costs to the final consumer remains crucial for the financial stability of the company, going forward.

Key Rating Weaknesses

Leveraged capital structure

RGT's capital structure has deteriorated due to increase in working capital requirements as company's scale of operation has expanded along with its inability to collect the receivables in a timely manner, which is a problem that is occurring almost across entire industry in Nepal. To fund the large working capital requirement bolstered by increased sales, the working capital loan has been taken and is increasing continuously (NPR 279 Mn in FY25 vs NPR 46 Mn in FY22). Owing to such rapid advances in loans to fund the ever growing working capital needs, the gearing ratio has deteriorated to 3.46x in FY25 from 3.08x in FY24 and 1.50x in FY23. DSCR remains modest at 1.04x in FY25 and 1.09x in FY24. The interest coverage ratio has also deteriorated at 1.06x in FY25 vs 1.12x in FY24 and 1.42x in FY23. In 8MFY26, overall gearing ratio stood at 3.06x, interest coverage at 1.05x and DSCR at 1.04x. The ability of management to improve its capital structure and ultimately coverage indicators remain key rating monitorable.

Working capital intensive nature of operations

RGT's operations remain inherently working capital intensive due to the trading nature of its agro-based products business. The company's working capital intensity has remained elevated at around 30% during FY23-FY25 (29% in 8MFY26), driven primarily by stretched receivable cycles and higher inventory holding requirements. The average collection period increased significantly to around 131 days in FY24 amid industry-wide credit default issues before moderating to ~98 days in FY25 and ~90 days in 8MFY26. Inventory holding days also increased to around 85 days in FY24 and 99 days in FY25 from 61 days in FY23, owing to management's strategy of retaining inventory to capitalize on favorable market pricing and enhance margins. Consequently, the operating cycle lengthened to around 85 days in FY24 and 97 days in FY25 from 61 days in FY23, whilst remaining elevated at ~96 days in 8MFY26. Management's ability to reduce working capital intensity, shorten the collection period and operating cycle, and thereby lower financing requirements and interest expenses, will remain a key rating monitorable.

No major entry barriers lead to highly competitive intensity of the industry

There are no any major entry barriers for the agro industry in the country due to which there are risks of new entrants in the already competitive segment. Also, the competitive intensity can be felt from the various regional organized and unorganized players.

Analytical Approach: Standalone

Applicable Criteria:

[Corporate Credit Rating Methodology](#)

Link to past rating rationale:

[Rishiyana Global Traders Private Limited: Bank Facilities Rating Assigned](#)

About the Company:

Rishiyana Global Traders Private Limited (RGT) is a wholesale-based business, established in 2020 for manufacturing and trading of agro-products. The registered office of RGT is located in Kathmandu-14, Nepal. RGT currently operates four warehouses (combined area of ~2 ropanis) located in Chovar, Kathmandu, with a combined estimated storage capacity valued at NPR 200 million. Ownership of shares lies with individual promoters, namely Mr. Yuddha Bahadur Chauhan (54.43%), Mr. Navendu Kumar Gupta (23.10%) and Ms. Supriya Gaire (22.47%).

Financial Indicators (Standalone)

For the year ended* As on	FY23	FY24	FY25	8MFY26
	Audited	Audited	Audited	Unaudited
Total Operating Income (NPR Mn)	1,034	1,471	1,750	1,186
EBITDA Margin (%)	1.82	2.89	5.55	6.90
Interest Coverage Ratio (x)	1.42	1.12	1.06	1.05
Current Ratio (x)	1.19	1.42	1.33	1.25
DSCR (x)	1.31	1.09	1.04	1.04
Overall Gearing Ratio (x)	1.49	3.08	3.45	3.06
Working Capital Intensity (%)	30	30	30	29

*Classification as per Infomerics Nepal standards

Earnings Before Interest, Tax, Depreciation and Amortization (EBITDA)

Annexure:1 Detail of Facilities:

Name of Instruments/ Facilities	Type of Facilities	Amount (NPR Mn)	Ratings
Fund Based Bank Facilities- Term Loan	Long Term	111.68	IRN BB-
Fund Based Bank Facilities- Permanent Working Capital Loan	Long Term	102.28	IRN BB-
Fund Based Bank Facilities- Auto Loan	Long Term	1.82	IRN BB-
Fund Based Bank Facilities-Working Capital Loan/Cash Credit Loan	Short Term	205.00	IRN A4
Non-Fund Based Bank Facilities-LC/BG*	Short Term	605.00	IRN A4
Non-Fund Based Bank Facilities- LC/BG (Proposed)	Short Term	150.00	IRN A4
Total Facilities		1,175.78	

* Letter of Credit/Bank Guarantee

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About Infomerics Credit Rating Nepal Limited:

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