

PRESS RELEASE

CHANDRA SHIV RICE AND OIL MILLS PRIVATE LIMITED

June 2026

Ratings

Instrument/Facilities	Amount (NPR Mn)	Ratings	Rating Action
Long Term Bank Facilities	352.00 (enhanced from 282.50)	IRN BB-	Reaffirmed
Short Term Bank Facilities	483.00 (enhanced from 467.50)	IRN A4	Reaffirmed
Total	835.00		

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 352.00 Mn, and IRN A4 (A Four) to the short-term bank facilities of NPR 483.00 Mn.

Detailed Rationale

The reaffirmation of ratings assigned to the bank facilities of Chandra Shiv Rice and Oil Mill Private Limited (CSRO) continue to derive strength from its long track record in the edible oil processing industry, supported by experienced promoters, with more than six decades of operations. The ratings further factor in CSRO's improving financial profile, marked by a ~27% growth in total operating income (TOI) to NPR 1,087 Mn in FY25 supported by greater average realization and increased market presence, along with positive gross cash accruals (GCA) over FY21-FY25 and improved interest coverage ratio of 2.58x in FY25, from 1.80x in FY24.

However, the ratings remain constrained by the implementation and stabilization risk associated with CSRO's under-construction mustard oil manufacturing unit, which is being funded through a debt-heavy mix of ~78:22 and is pressurizing the company's capital structure, as reflected in the overall gearing ratio rising to 2.98x as of Mid-July 2025 from 1.67x in FY24. Also, the ratings take into account the working capital-intensive nature of operations, marked by an operating cycle of 131 days in FY25. Further, the company remains exposed to raw material price volatility, foreign exchange fluctuation risk due to import dependence, seasonal availability of agro-based raw materials and intense competition from both organized and unorganized players. Going forward, CSRO's ability to improve capacity utilization, sustain profitability, improve its leverage position through rationalization of debt levels and effective working capital management along with timely completion and stabilization of the new plant within budget, will be key rating sensitivities.

Detailed Description of Key Rating Drivers

Key Rating Strengths

Experienced promoters with long track record of operations

Established in 1960, CSRO has more than six decades of experience in the edible oil processing sector. The company is managed under the overall guidance of a four-member Board of Directors (BoD), chaired by Mr. Santosh Prasad Rijal, who has more than five decades of experience in oil processing. Mr. Sushil Rijal, Director, has over four decades of experience in the sector, while Mr. Naresh Rathi, Director and General Manager, has more than three decades of experience. The BoD is further supported by an experienced management team.

Improving financial profile characterized by increased TOI and profitability

CSRO's revenue is derived primarily from the sale of mustard oil, along with its by-product mustard cake and traded mustard seeds. TOI stood at ~NPR 1,086 Mn in FY25, increasing by ~27% over FY24, driven

by greater average realization per unit and increased market presence in Koshi and Madhesh provinces, along with higher exports to India. The company achieved a CAGR of ~10% over FY21-FY25, and revenue for 9MFY26 stood at NPR 1,081 Mn. EBITDA margin fluctuated in the range of ~4-7% between FY22 and FY25 on account of mustard seed price movements, while PBT margin improved to 2.29% in FY25 from 1.58% in FY24, and PAT margin rose to 1.68% from 1.12% over the same period. GCA remained positive throughout FY21-FY25.

Positive and stable demand outlook

The demand outlook for mustard oil in Nepal remains stable, driven by its entrenched use in local diets and limited availability of substitutes. Consumption is supported by consistent household usage and growing awareness of traditional and natural oils. Moreover, the by-product mustard cake, a high-protein cattle feed, enjoys strong cross-border demand from India, contributing to revenue diversification and supporting overall profitability.

Key Rating Weaknesses

Moderately leveraged capital structure

CSRO's capital structure remains moderately leveraged, with the overall gearing ratio at 2.98x as of mid-July 2025, up from 1.67x in FY24, primarily driven by an increase in debt to fund short-term working capital requirements alongside the under-construction mustard oil unit. The Total Outside Liabilities to Tangible Net Worth (TOL/TNW) ratio correspondingly weakened to 3.04x from 1.79x over the same period. Interest coverage ratio, however, improved to 2.58x in FY25 from 1.80x in FY24. As of 9MFY26, the overall gearing ratio and TOL/TNW ratio improved to 2.73x and 2.82x respectively, primarily on account of an increase in the net worth base to NPR 240 Mn, while interest coverage ratio improved further to 5.80x, supported by stronger operating profitability.

Implementation and stabilization risk of under-construction plant; pressurizing capital structure

CSRO is in the latter stages of setting up a new mustard oil manufacturing unit in Biratnagar, spread over ~4 bighas of land, intended to relocate and expand the company's existing production capacity. The estimated project cost of ~NPR 294 Mn is being funded through a debt-equity mix of ~78:22, and as of June 2026 the project had achieved ~76% financial progress, with the facility expected to be operational from the start of FY27. Timely completion of the project within the estimated cost, along with successful stabilization of operations, will remain key to mitigating financial risk and improving the company's credit profile.

Working capital intensive nature of business

CSRO's operations are working capital intensive, given its policy of holding 3-4 months of mustard seed inventory to avoid production disruptions. While average inventory holding period improved to 72 days in FY25 from 127 days in FY24, the average debtor period lengthened to 63 days in FY25 from 42 days in FY24, reflecting delayed realization from debtors. Consequently, the operating cycle stood at 131 days in FY25, an improvement from 164 days in FY24 driven by the lower inventory holding period.

High import dependence and exposure to forex and regulatory risks

CSRO's operations are highly dependent on imported mustard oilseeds. The company sources its entire raw material requirement from countries such as Australia, India, and Ukraine, leading to high reliance on imports and supplier concentration risk. The complete dependence on imported raw materials also exposes the company to foreign exchange risks, stemming from currency fluctuations and global commodity price volatility. Additionally, the edible oil industry remains vulnerable to regulatory changes, given its classification as an essential commodity. Any revisions in customs duties affecting the cost of oilseed imports or the pricing of imported edible oils could impact CSRO's profitability and financial position. Furthermore, as the company's oil cake is exported to India, CSRO is also exposed to potential trade policy changes by the Indian government, which could affect its export revenues and overall financial stability.

Analytical Approach: Standalone

Applicable Criteria:

[Corporate Credit Rating Methodology](#)

Past Rationale:

[Chandra Shiv Rice and Oil Mills Private Limited: Bank Facilities Rating Assigned](#)

About the Company:

Chandra Shiv Rice and Oil Mills Private Limited (CSRO) is a private limited company established on July 31, 1960, and is one of the oldest companies established in Koshi province of Nepal. CSRO manufactures mustard oil under the brand name "GHAILA", with a manufacturing plant located in Biratnagar-19, Morang, Nepal, and an installed capacity of 9,000 MTPA. The main raw material, mustard seed, is imported from India, Australia and Ukraine, and is processed into oil using oil expeller machines and wooden ghani. The company also sells mustard cake, a by-product, and trades mustard seeds. As of July 15, 2025, the paid-up capital stood at NPR 85 Mn, equally held by four promoter shareholders – Mr. Santosh Prasad Rijal, Mr. Sushil Prasad Rijal, Mr. Haribansha Rathi and Mr. Naresh Rathi, each holding a 25% stake.

Financial Indicators (Standalone)

For the year ended* As on	FY22	FY23	FY24	FY25	9MFY26
	Audited	Audited	Audited	Audited	Unaudited
Total Operating Income (NPR Mn)	952	767	857	1,087	1,081
EBITDA Margin (%)	6.43	6.65	4.40	4.77	5.19
Interest Coverage Ratio (x)	2.62	1.29	1.80	2.58	5.80
Total Debt/ EBITDA (x)	6.00	7.71	8.42	11.77	11.61
Current Ratio (x)	1.63	1.63	1.53	1.14	1.39
Overall Gearing Ratio (x)	2.27	2.17	1.67	2.97	2.73

*Classification as per Infomerics Nepal standards

EBITDA: Earnings Before Interest Tax Depreciation Amortization

Annexure:1 Detail of Facilities:

Name of Instruments/ Facilities	Type of Facilities	Amount (NPR Mn)	Ratings
Fund Based Bank Facilities- Term Loan	Long Term	165.00	IRN BB-
Fund Based Bank Facilities- Permanent Working Capital Loan	Long Term	182.00	IRN BB-
Fund Based Bank Facilities- Hire Purchase Loan	Long Term	5.00	IRN BB-
Fund Based Bank Facilities- Working Capital Loan	Short Term	30.00	IRN A4
Non-Fund Based Bank Facilities	Short Term	453.00	IRN A4
Total Facilities		835.00	

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About Infomerics Credit Rating Nepal Limited:

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