

PRESS RELEASE

NUTRI FOODS PRIVATE LIMITED

July 2026

Ratings

| Instrument/Facilities | Amount (NPR Mn) | Ratings | Rating Action |
|---|----------------------------------|-------------|----------------------------|
| Long Term Bank Facilities | 156.96 (reduced from 162.48) | IRN BB+ | Upgraded from IRN BB |
| Short Term Bank Facilities | 555.00 (enhanced from 545.00) | IRN A4+ | Upgraded from IRN A4 |
| Long Term/Short Term Bank Facilities | 101.60 (enhanced from 100.80) | IRN BB+/A4+ | Upgraded from IRN BB/A4 |
| Total | 813.56 | | |

Details of facilities are in Annexure 1 below

Infomerics Credit Rating Nepal Limited (Infomerics Nepal) has upgraded the rating to IRN BB+ (Double B Plus) from IRN BB (Double B) assigned to the long-term bank facilities of NPR 156.96 Mn and upgraded the rating to IRN A4+ (A Four Plus) from IRN A4 (A Four) assigned to the short-term bank facilities of NPR 555.00 Mn. Similarly, Infomerics Nepal has upgraded the ratings to IRN BB+/A4+ (Double B Plus/A Four Plus) from IRN BB/A4 (Double B/A Four) assigned to long term/short term bank facilities of NPR 101.60 Mn.

Detailed Rationale

The upgradation of ratings assigned to the bank facilities of Nutri Foods Private Limited (NFPL) factor in the company's improved operating performance in FY25, marked by a ~13% y-o-y increase in total operating income to NPR 1,536 Mn and improved operating profitability, with the EBITDA margin rising to 9.19%, supported by higher sales volumes driven by improved demand and better product realizations despite continued pressure from elevated raw material costs. The ratings also consider the company's moderate capital structure and improving debt coverage indicators. Further comfort is drawn from NFPL's established presence in the flour and agro-processing industry, backed by the long operational track record of the Sharda Group and its diversified business interests across multiple sectors in Nepal. The ratings additionally benefit from the company's diversified product portfolio comprising wheat flour, lentils, maize, baby food, and animal feed, which supports stable revenue generation, along with its strategic location near the Indian border that facilitates timely and cost-effective procurement of key raw materials.

Nevertheless, the ratings remain constrained by the company's modest capacity utilisation of ~31% in 9MFY26, reflecting demand constraints. The ratings also take note of company's stretched liquidity profile, as indicated by elongated working capital intensity arising from high inventory holding requirements inherent to the nature of its business, albeit with marginal improvement over the previous year. The ratings are further tempered by the company's exposure to volatility in the availability and prices of key raw materials, particularly wheat and lentils, which remain susceptible to agro-climatic conditions and commodity price fluctuations, thereby impacting operating margins. Additionally, the highly fragmented nature of Nepal's agro-processing industry, characterized by low entry barriers and intense competition from established as well as regional players, continues to exert pressure on profitability. Going forward, the company's ability to improve capacity utilisation, scale up revenues while maintaining profitability, strengthen its liquidity position through efficient working capital management, and sustain improvement in its capital structure and debt coverage indicators will remain the key rating sensitivities.

Detailed Description of Key Rating Drivers

Key Rating Strengths

Improving operating performance and profitability

NFPL's operating performance improved in FY25, with total operating income increasing by ~13% y-o-y to NPR 1,536 Mn from NPR 1,363 Mn in FY24, supported by higher sales volumes driven by improved demand and better product realizations. Operating profitability strengthened, with the EBITDA margin improving to 9.19% in FY25 from 6.16% in FY24, despite continued pressure from elevated raw material costs. Consequently, the PAT margin improved significantly to 4.48% from 0.19%, aided by stronger operating profitability and lower finance costs.

Moderate capital structure with improved debt coverage indicators

The company's capital structure remained moderate, with the overall gearing ratio improving marginally to 1.72x as of mid-July 2025 from 1.76x as of mid-July 2024, supported by scheduled repayment of term debt and profit accretion to reserves. The TOL/TNW ratio also remained largely stable at 2.03x compared to 2.05x in FY24. Debt protection metrics improved during the year, driven by higher operating profitability and lower interest costs. Accordingly, the interest coverage ratio strengthened to 3.28x in FY25 from 1.57x in FY24, while the DSCR improved to 2.34x from 1.30x over the same period.

Experienced promoters and a resourceful group with long operational history

NFPL, formerly known as Pashupati Flour Mills Private Limited, has been in operation for over two decades, specializing in the processing and manufacturing of a diverse range of flour products including baby food (Litto), lentils, and cattle feed. The company also engages in trading various crops. As part of the Sharda Group, NFPL benefits from a robust presence in Nepal across multiple sectors such as food grain, cement, packaging, spirits, TMT bars, rubber, vehicle trading, and mobile phone accessories.

Diversified product portfolio and strategic location

NFPL benefits from a diversified product portfolio comprising wheat flour, maize products, lentils, baby food, and animal feed, which supports stable revenue generation by reducing dependence on any single product segment and catering to a broad customer base. The company also benefits from the relatively stable domestic demand for staple food products, providing resilience across business cycles. Further, the plant's strategic location near the Indo-Nepal border provides a logistical advantage by facilitating timely procurement of key raw materials imported from India while reducing transportation and freight costs, thereby supporting operational efficiency and cost competitiveness.

Key Rating Weaknesses

Modest capacity utilisation

The company's overall capacity utilisation improved modestly to ~30% in FY25 from ~27% in FY24 and further to ~31% in 9MFY26, supported by higher production in line with improved demand. Capacity utilisation of the Maida, Atta, Suji and Bran segment increased to ~39% in FY25 from ~36% in FY24 and remained at a similar level in 9MFY26. Meanwhile, utilisation of the lentils segment improved significantly to ~22% in 9MFY26 from ~9% in FY25, driven by higher export demand from Bangladesh, although the overall capacity utilisation remained modest.

Stretched liquidity profile

NFPL's liquidity profile remained stretched, albeit with some improvement in working capital intensity. Working capital intensity moderated to ~55% in FY25 from ~65% in FY24, supported by improved operating performance. The average collection period improved to 54 days from 57 days, indicating better receivables management. However, the average inventory holding period increased to 178 days from 170 days, resulting in a marginal elongation of the operating cycle to 223 days in FY25

from 220 days in FY24. Despite the improvement in working capital intensity, the liquidity profile continues to remain constrained by the relatively long operating cycle.

Exposure to intense competition and raw material price volatility

The ratings remain constrained by the intense competition in Nepal's highly fragmented agro-processing industry, characterized by low entry barriers and the presence of numerous organized and regional players. NFPL has also witnessed increased competitive intensity in its key operating geography in recent years, which may exert pressure on pricing power and operating margins. The company is further exposed to fluctuations in the availability and prices of key raw materials, particularly wheat and lentils, which are influenced by agro-climatic conditions, global commodity price movements, and import regulations. As the company primarily procures wheat and lentils from India, with lentils also sourced from Australia and Canada, any adverse movement in input prices, foreign exchange rates, or regulatory changes affecting imports could impact profitability, especially given the competitive market environment that limits the company's ability to fully pass on cost increases to customers.

Analytical Approach: Standalone

Applicable Criteria:

[Corporate Credit Rating Methodology](#)

Past Rating Rationale:

[Nutri Foods Private Limited: Bank Facilities Rating Revised](#)

About the Company:

Nutri Foods Private Limited (NFPL), formerly incorporated as Pashupati Flour Mills in September 2001 as a partnership firm, was converted into Pashupati Flour Mills Private Limited in December 2004 before being renamed NFPL in July 2006. The company operates a manufacturing facility located at Duhabi-02, Sunsari, Nepal, and is engaged in the processing and marketing of flour, lentils, maize products, baby food, and animal feed. NFPL is certified under HACCP, ISO 22000:2018, and GMP standards. The company markets its products across Nepal under the SUPERMAN, FORTUNE, and ANCHOR brands, while its baby food products are sold under the NUTRILAC brand.

Financial Indicators (Standalone)

| For the year ended* As on | FY22 | FY23 | FY24 ¹ | FY25 |
|---------------------------------|---------|---------|-------------------|---------|
| | Audited | Audited | Audited | Audited |
| Total Operating Income (NPR Mn) | 1,292 | 1,541 | 1,363 | 1,536 |
| EBITDA Margin (%) | 7.21 | 9.78 | 6.16 | 9.19 |
| Interest Coverage Ratio (x) | 2.30 | 2.35 | 1.57 | 3.28 |
| Current Ratio (x) | 1.17 | 1.30 | 1.55 | 1.43 |
| DSCR (x) | 2.03 | 2.14 | 1.30 | 2.34 |
| Overall Gearing Ratio (x) | 2.23 | 1.56 | 1.76 | 1.72 |
| TOL/TNW (x) | 2.43 | 1.70 | 2.05 | 2.03 |
| Working Capital Intensity | 61% | 46% | 65% | 55% |

*Classification as per Infomerics Nepal standards

Earnings before Interest Tax Depreciation Amortization (EBITDA)

Total Outside Liabilities/Tangible Net Worth (TOL/TNW)

¹NFPL had carried out first time adoption of Nepal Financial Reporting Standard (NFRS) from FY25 onwards resulting with the financial metrics for FY24 has changed according to "NFRS 1- First Time Adoption of NFRS"

Annexure:1 Detail of Facilities:

| Name of Instruments/ Facilities | Type of Facilities | Amount (NPR Mn) | Ratings |
|---|--------------------------|-----------------|-------------|
| Fund Based Bank Facilities - Term Loan | Term Loan | 156.96 | IRN BB+ |
| Fund Based Bank Facilities - Working Capital Loan | Short Term | 555.00 | IRN A4+ |
| Non-Fund Based Bank Facilities - LC/BG ¹ | Long Term/ Short Term | 101.60 | IRN BB+/A4+ |
| Total Facilities | | 813.56 | |

¹ LC= Letter of Credit, BG= Bank Guarantee

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About Infomerics Credit Rating Nepal Limited:

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