PRESS RELEASE

RIDDHI SIDDHI CEMENT LIMITED

July 2026

Ratings

Instrument/Facilities	Amount (NPR Mn)	Ratings	Rating Action
Issuer Rating	NA	IRN BBB- (Is)	Reaffirmed
Long Term Bank Facilities	8,149.18 (reduced from 8,275.92)	IRN BBB-	Reaffirmed
Short Term Bank Facilities	4,065.28 (enhanced from 3,661.59)	IRN A3	Reaffirmed
Total	**12,214.46**		

Details of facilities are in Annexure 1 below

Infomerics Credit Rating Nepal Limited (Infomerics Nepal) has reaffirmed the issuer rating of IRN BBB- (Is) [Triple B Minus (Issuer)]. Issuers with this rating are considered to have moderate degree of safety regarding timely servicing of financial obligations.
Also, Infomerics Nepal has reaffirmed the rating of IRN BBB- (Triple B Minus) assigned to the long-term bank facilities of NPR 8,149.18 Mn and IRN A3 (A Three) to the short-term bank facilities of NPR 4,065.28 Mn.

Detailed Rationale

The reaffirmation of ratings assigned to Riddhi Siddhi Cement Limited (RSCL) and its bank facilities factor in RSCL's established market position, operational synergies arising from its association with the Shanker Group and the Ambe Group coupled with backward integrated operations supported by adequate limestone reserves. The ratings also derive comfort from the company’s modest improvement in scale during FY25, with Total Operating Income (TOI) increasing to NPR 5,981 Mn from NPR 5,812 Mn in FY24. Although EBITDA margin moderated to 20.9% in FY25 from 25.0% in FY24 due to higher raw material consumption and selling expenses, lower finance costs supported an improvement in PAT and gross cash accruals. Further, the ratings also consider infusion of equity share capital from PE/VC[1] firms at premium at the beginning of FY25.
Nonetheless, the ratings remain constrained by the company's leveraged capital structure, although the overall gearing ratio improved to 2.79x as of mid-July 2025 from 3.80x a year earlier following equity infusion. The ratings are further constrained by the company's working capital intensive operations, with the operating cycle elongating to 202 days in FY25. The ratings also consider the company's moderate debt protection metrics and its exposure to the cyclical and seasonal nature of the cement industry, regulatory changes, foreign exchange fluctuations, raw material price volatility, and intense industry competition. Going forward, the company's ability to scale up its operations while maintaining a healthy profitability, strengthen its capital structure and debt coverage indicators, and improve working capital efficiency will remain key rating sensitivities Also, the company’s ability to successfully execute an IPO on timely basis and utilization of the proceeds as envisaged will remain key monitorable.

Detailed Description of Key Rating Drivers

Key Rating Strengths

Operational synergies expected being a venture of Shanker Group and Ambe Group

RSCL continues to benefit from its association with the Shanker Group and the Ambe Group, particularly through their well-established supply and distribution networks. The promoter groups have a diversified presence across manufacturing, trading, insurance, hydropower, and other sectors,

[1] Private Equity and Venture Capitalist

with over four decades of business experience, providing strong market knowledge and operational expertise. Additionally, RSCL derives comfort from the financial flexibility and established market presence of its promoter groups, which support its overall business profile.

Backward Integration; secured by adequate limestone reserves

RSCL has strategically integrated its operations through the establishment of a clinker manufacturing unit with a capacity of 0.84 Mn MTPA, which commenced commercial operations in late 2019. The company owns multiple limestone mines located in proximity to its manufacturing facility in Hetauda, Makwanpur, ensuring a stable supply of the key raw material. While several mines are currently operational, additional mines are under development and are expected to become operational in the coming years, strengthening raw material security and supporting the company's future capacity and operational growth.

Stable revenue profile

RSCL reported a modest improvement in scale during FY25, with Total Operating Income (TOI) increasing to NPR 5,981 Mn from NPR 5,812 Mn in FY24. However, profitability moderated as EBITDA declined to NPR 1,250 Mn in FY25 from NPR 1,451 Mn in FY24, resulting in a contraction in EBITDA margin to 20.9% in FY25 from 25.0% in FY24 due to significant increase in raw material consumption and higher selling expenses. Despite the decline in operating profitability, PAT improved significantly to NPR 82 Mn in FY25 from NPR 41 Mn in FY24, supported primarily by lower finance costs, leading to an improvement in PAT margin to 1.34% from 0.69%. Furthermore, Gross Cash Accruals (GCA) increased to NPR 499 Mn in FY25 from NPR 446 Mn in FY24. During 9MFY26, the company reported TOI of NPR 3,893 Mn and EBITDA of NPR 738 Mn, with EBITDA margin further moderating to 19.0%. PAT stood at NPR 20 Mn with a PAT margin of 0.5%, indicating relatively subdued profitability during the period. GCA remained adequate at NPR 313 Mn during the nine-month period.

Key Rating Weaknesses

Leveraged capital structure with moderate debt coverage indicators

RSCL's total debt remained largely stable at NPR 10,815 Mn in FY25 compared to NPR 10,983 Mn in FY24. The overall gearing ratio improved to 2.79x as of mid-July 2025 from 3.80x as of mid-July 2024, while the Total Outside Liabilities/Tangible Net worth (TOL/TNW) ratio moderated to 3.23x as of mid-July 2025 from 4.44x as of mid-July 2024; primarily supported by the strengthening of the net worth base through equity infusion in FY25. Debt servicing indicators also improved, with DSCR increasing to 1.46x in FY25 from 1.34x in FY24 and interest coverage ratio improving to 1.44x in FY25 from 1.31x in FY24. As of mid-April 2026, total debt increased to NPR 11,266 Mn due to higher working capital borrowings, resulting in a marginal increase in overall gearing ratio and TOL/TNW to 2.89x and 3.34x, respectively. While the interest coverage ratio improved slightly to 1.50x, the company's debt protection metrics remained moderate.

Working capital intensive nature of business

RSCL continues to operate with a working capital intensive business model, with working capital intensity increasing to 61% in FY25 from 53% in FY24, primarily driven by elevated inventory levels with average inventory holding days rising to 258 days from 234 days, while collection days remained largely stable at 53 days in FY25 (FY24: 54 days). Further, creditor days declined to 109 days from 121 days, resulting in the operating cycle elongating to 202 days from 167 days.

Vulnerability to cyclical trend and seasonal demand; risk of regulatory changes, volatility in foreign exchange rates and raw material price

The cement industry is affected by cyclical trends in supply and demand, which in turn are linked to the economic growth of the country. Hence, the company is exposed to cyclical trends in supply and demand in the industry, impacting the capacity utilization, revenues and margins. Additionally, seasonality in construction and development expenditures can impact the industry's operation and overall demand for cement in Nepal. Moreover, cement industry in Nepal are also benefitted by the high custom levied on import, also being a volumetric production, transportation cost also remains high. Hence, any changes in the government regulations will have a huge impact on overall cement industry. Moreover, the prices of raw materials, such as iron ore, dry slag, fly ash, coal, and gypsum are highly volatile due to their global linkages, which exposes the company to raw material price volatility risk.

Intense competition in the industry

In the cement industry, market dominance is typically held by large producers with strong brand recognition. However, the market landscape is characterized by a mix of organized and unorganized players, resulting in limited pricing power for new entrants and impacting profitability amidst fierce competition. Currently, there are approximately 60 cement industry and 20 clinker manufacturing units operational, with several additional units in the pipeline. The impending influx of new units, alongside existing units undergoing capacity expansions, is anticipated to further constrain pricing flexibility in the future. Consequently, any notable increase in input material costs is likely to exert pressure on the industry's overall margins in the face of heightened competition.

Analytical Approach: Standalone

Applicable Criteria:

Issuer Rating Methodology

Corporate Credit Rating Methodology

Past Rating Rationale:

Riddhi Siddhi Cement Limited: Issuer Rating and Bank Facilities Rating reaffirmed and removed from watch with negative implications

About the Company:

Established in 2013, Riddhi Siddhi Cement Limited (RSCL) is a joint venture of Shanker Group and Ambe Group. RSCL is involved in production and sells of cement and clinker with an installed grinding capacity of 0.73 Mn MTPA (excluding 0.24 Mn MTPA for PSC Cement which is closed) and clinker installed capacity of 0.84 Mn MTPA. The company produces Ordinary Portland Cement (OPC) and Portland Pozzolana Cement (PPC) under the brand of Riddhi Siddhi and Makwanpur cement. The manufacturing plant is located in Ratomate, Hetauda of Makwanpur district while RSCL's registered corporate office is situated in Central Business Park, Thapathali, Kathmandu. As of mid-April 2026, Sulav Agrawal is the majority shareholder with a 51.79% stake in the company.

Financial Indicators (Standalone)

For the year ended* As on	FY22	FY23	FY24	FY25	9MFY26
	Audited	Audited	Audited	Audited	Unaudited
Total Operating Income (NPR Mn)	6,481	5,467	5,812	5,981	3,893
EBITDA Margin (%)	18.03	18.72	24.96	20.90	18.96
Interest Coverage Ratio (x)	1.38	0.89	1.31	1.44	1.50
Current Ratio (x)	0.80	1.13	1.06	1.22	1.17
Total Debt/GCA (years)	31.09	29.51	24.62	21.69	35.94
DSCR (x)	0.84	1.11	1.34	1.46	NA
Overall Gearing Ratio (x)	3.43	3.59	3.80	2.79	2.89
TOL/TNW (x)	4.28	4.25	4.44	3.23	3.34

**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	Long Term	7,936.37	IRN BBB-
Fund Based Bank Facilities- Permanent Working Capital Loan	Long Term	212.81	IRN BBB-
Fund Based Bank Facilities-Fluctuating Working Capital Loan	Short Term	3,542.47	IRN A3
Non-Fund Based Bank Facilities-Letter of Credit	Short Term	522.81	IRN A3
Total Facilities		**12,214.46**	

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About Infomerics Credit Rating Nepal Limited:
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