PRESS RELEASE

SHREE RAM REFINE OIL PRODUCTS PRIVATE LIMITED

July 2026

Rating

Instrument/Facilities	Amount (NPR Mn)	Rating	Rating Action
Short Term Bank Facilities	2,024.00	IRN A4+	Assigned
Total	**2,024.00**		

Details of facilities are in Annexure 1 below

Infomerics Credit Rating Nepal Limited (Infomerics Nepal) has assigned the rating of IRN A4+ (A Four Plus) to the short-term bank facilities of NPR 2,024.00 Mn.

Detailed Rationale

The rating assigned to the bank facilities of Shree Ram Refine Oil Products Private Limited (SRROP) derives strength from the company's established operational track record of over four decades, supported by the experienced promoters of the Murarka Group and a seasoned management team, which have enabled it to maintain an established position in the edible oil industry. The rating further factors in the company's improving revenue profile, with operations recovering in FY25 and sustaining growth in 9MFY26 following the resumption of exports to India after favourable revisions in import duty policies. However, operating profitability continues to remain under pressure, as reflected in the moderation of the EBITDA margin to 5.57% in 9MFY26 due to volatility in global edible oil prices, elevated freight costs, and geopolitical developments affecting raw material procurement. The rating also considers SRROP's prudent capital structure and healthy debt protection metrics. Further comfort is derived from the stable demand characteristics of the edible oil industry, given its essential nature, and the company's strategically located manufacturing facility near the Indo–Nepal border, which provides logistical advantages for both imports of raw materials and exports of finished products, although the business remains exposed to geopolitical and cross-border trade policy risks.

Nonetheless, the rating remains constrained by SRROP's high exposure to regulatory risks arising from frequent changes in India's import policies and duty structure, as the company's revenue profile is significantly dependent on exports to the Indian market. Any adverse regulatory developments could materially impact export volumes, resulting in moderation in revenue, pressure on profitability, and weakening of the overall financial profile. The rating is further tempered by the intensely competitive and fragmented nature of the edible oil industry, which limits pricing flexibility. Additionally, the company remains exposed to foreign exchange, supply chain, and raw material price risks due to its dependence on imported crude edible oils. Any inability to timely pass on increases in procurement costs to customers could adversely affect operating margins and debt protection metrics. The business is also susceptible to agro-climatic risks affecting the production of soybean and palmolein oils, which can lead to fluctuations in the availability, quality, and prices of key raw materials. Going forward, SRROP's ability to sustain the improvement in its revenue profile while maintaining healthy operating margins, liquidity, and satisfactory debt coverage indicators amid a volatile operating environment will remain the key rating sensitivities.

Detailed Description of Key Rating Drivers

Key Rating Strengths

Experienced promoters and long operational track record

SRROP benefits from the experienced promoters of the Murarka Group, a well-established Nepalese business house with diversified interests in edible oils, paints, wires, tea, trading etc. The company over four decades of operational history since its incorporation in 1983, coupled with the strategic guidance of its Chairman, Mr. Ashok Kumar Murarka, supports its established market presence, customer relationships, and operational stability.

Revenue recovery with moderate profitability
SRROP's operating performance remains susceptible to fluctuations in export demand from India and changes in India's import duty policies, resulting in significant volatility in revenue over the years. Albeit revenue rebounded in FY25 & 9MFY26 following favorable duty revisions, operating profitability remained under pressure, with the EBITDA margin declining to 5.57% in 9MFY26 due to volatile global edible oil prices, freight costs, and geopolitical factors. However, the company maintained moderate net profitability and healthy cash accruals, providing support to its financial profile.

Prudent capital structure and healthy debt coverage indicators
SRROP continues to maintain a prudent capital structure, reflected in the improvement of its overall gearing ratio to 0.88x as of mid-April 2026 from 1.76x as of mid-July 2025, supported by lower utilization of working capital borrowings and the accretion of profits to reserves. The company's leverage profile is further evidenced by the improvement in TOL/TNW to 1.18x in 9MFY26 from 2.05x in FY25. Debt protection metrics also remain comfortable, aided by low finance costs and improved operating performance. The interest coverage ratio improved to 5.21x in FY25 from a negative 4.13x in FY24 and further strengthened to 5.34x in 9MFY26, while the DSCR remained healthy at 4.90x in FY25 and 4.65x in 9MFY26, indicating adequate debt servicing capability.

Strategic location and stable industry demand
SRROP's manufacturing facility in Biratnagar, located ~20 km from the Jogbani Indo-Nepal border, provides a logistical advantage by reducing freight costs for imported raw materials and facilitating exports to India. Additionally, the company operates in the edible oil industry, which benefits from stable demand as cooking oil is an essential consumer commodity.

Key Rating Weaknesses

Exposure to raw material price and regulatory risks
SRROP remains exposed to volatility in international crude edible oil prices, as it relies entirely on imported raw materials. Fluctuations in global supply-demand dynamics, freight costs, and geopolitical developments can significantly impact operating margins, given the high share of raw material costs in total expenses. Additionally, the company's performance remains vulnerable to regulatory changes in Nepal and India, particularly revisions in India's import duty structure, which could affect the competitiveness of Nepalese edible oil exports.

Working capital intensive nature of business
SRROP's operations remain inherently working capital intensive due to its dependence on imported crude edible oils, which are primarily procured through sight/usance letters of credit. The company's operating cycle improved significantly to 48 days in FY25 from 164 days in FY24, supported by a reduction in average receivable days to 18 days from 67 days following the adoption of cash-based sales for major customers, and a decline in average inventory holding period to 56 days from 177 days driven by higher sales volumes and faster inventory turnover. Despite the improved operating cycle, working capital intensity increased to ~88% in FY25 from ~34% in FY24, primarily due to higher advances paid to suppliers for raw material procurement.

Seasonal agro products in competitive industry
Prices of edible crude oils are highly volatile in nature and being an agro product, these are seasonal in nature with production and prices dependent on various factors like area under production, yield for the year, demand supply scenario and inventory carry forward of last year. Further, import and processing/refining of edible oils 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:
Incorporated on March 2, 1983, Shree Ram Refine Oil Products Private Limited (SRROP) is engaged in the refining and processing of soybean and palmolein edible oils. The company operates its manufacturing facility at Godhara Road-09, Biratnagar, Morang, with an installed refining capacity of 45,000 metric tonnes per annum (MTPA) each for soybean oil and palmolein oil. SRROP markets its products under the Kuber brand, catering to both domestic and international markets. The company is promoted by the Murarka Group, with its equity ownership equally held by Mr. Ashok Kumar Murarka, Mr. Pradip Kumar Murarka, Mr. Pashupati Murarka, and Mr. Mahesh Kumar Murarka as of mid-April 2026.

Financial Indicators (Standalone)

For the year ended* As on	FY23	FY24	FY25	9MFY26
	Audited	Audited	Audited	Unaudited
Total Operating Income (NPR Mn)	2,347	620	2,061	3,218
EBITDA Margin (%)	7.88	Negative	7.45	5.57
Interest Coverage Ratio (x)	18.86	Negative	5.21	5.34
Current Ratio (x)	2.57	2.67	1.36	1.63
DSCR (x)	23.84	4.65	4.90	4.65
Overall Gearing Ratio (x)	0.15	0.01	1.76	0.88
TOL/TNW (x)	0.39	0.25	2.05	1.18
Working Capital Intensity	34%	34%	88%	NA

**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 – Trust Receipt Loan (TR)	Short Term	(1,000.00)[1]	IRN A4+
Fund Based Bank Facilities – Demand Loan (DL)	Short Term	(1,000.00)[2]	IRN A4+
Fund Based Bank Facilities – Cash Credit-H	Short Term	(30.00)[1]	IRN A4+
Fund Based Bank Facilities – Loan against Fixed Deposit	Short Term	24.00	IRN A4+
Fund Based Bank Facilities – TR/DL (Proposed)	Short Term	(500.00)[3]	IRN A4+
Non-Fund Based Bank Facilities – Letter of Credit	Short Term	1,500.00	IRN A4+
Non-Fund Based Bank Facilities – Letter of Guarantee	Short Term	(1,500.00)[1]	IRN A4+
Non-Fund Based Bank Facilities – Letter of Credit (Proposed)	Short Term	500.00	IRN A4+
Total Facilities		**2,024.00**	

[1]*Within Letter of Credit Limit*
[2]*Within Trust Receipt Loan Limit*
[3]*Within Proposed LC Limit*
Note:
For EBL, Total funded and non-funded limit shall not exceed NPR 1,500.00 Mn, and Total Fund Based limit shall not exceed NPR 1,000.00 Mn. After proposed limit, total funded and non-funded limit shall not exceed NPR 2,000.00 Mn.

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About Infomerics Credit Rating Nepal Limited:
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