

PRESS RELEASE

SHREE TIRUPATI BALAJI FLOUR MILL PRIVATE LIMITED

July 2026

Ratings

Instrument/Facilities	Amount (NPR Mn)	Ratings	Rating Action
Long Term Bank Facilities	63.15	IRN BB	Assigned
Short Term Bank Facilities	845.79	IRN A4	Assigned
Total	908.94		

Details of facilities are in Annexure 1 below

Infomerics Credit Rating Nepal Limited (Infomerics Nepal) has assigned the rating of IRN BB (Double B) to the long-term bank facilities of NPR 63.15 Mn, and IRN A4 (A Four) to the short-term bank facilities of NPR 845.79 Mn.

Detailed Rationale

The ratings assigned to the bank facilities of Shree Tirupati Balaji Flour Mill Private Limited (SBT) derive comfort from its experienced promoters, stable revenue profile, and diversified portfolio of wheat processed products including Maida, Aata, Suji, and Chokar. These products are sold under the established "Mahalaxmi" brand in various packaging sizes, enabling the company to serve both wholesale and retail customers and maintain product differentiation in a competitive market. The ratings also factor in SBT's strategic location near the Indian border, which provides logistical advantages for raw material procurement, along with healthy capacity utilization and broadly stable Total Operating Income (TOI), which registered a modest CAGR of around 3% from FY21 to FY25. However, the ratings remain constrained by the company's fluctuating profitability due to volatility in wheat prices, changes in sales realization, and intense competition in the fragmented flour milling industry. The business is working capital intensive, requiring maintenance of inventory and credit extension to customers, resulting in reliance on short-term borrowings. The ratings are further constrained by SBT's leveraged capital structure, with overall gearing deteriorating to 4.07x as of mid-July 2025 from 3.24x as of mid-July 2024. SBT also remains exposed to agro-climatic risks and regulatory changes in Nepal and India affecting wheat import policies. Going forward, the ability of the company to manage revenue growth, improve profitability margins and rationalize its debt position through efficient working capital management will remain key rating sensitivities.

Detailed Description of Key Rating Drivers

Key Rating Strengths

Experienced promoters

STB is promoted and managed by a two-member Board of Directors comprising individuals with established experience in the manufacturing sector. The Board includes Mr. Bikash Agrawal and Mr. Harish Chaudhary, both of whom have over a decade of industry experience. Mr. Chaudhary is an engineer by qualification, which further supports the company's technical and operational oversight. The promoters' experience in the industry is expected to aid STB's business operations and strategic decision-making.

Average financial profile characterized by fluctuating profitability

STB derives its revenue from the sale of wheat-processed products, primarily maida, aata, suji, and chokar. The company's total operating income registered a modest CAGR of ~3% during FY21-FY25 with revenue declined by ~11% in FY24 over FY23 before recovering by ~7% in FY25, supported mainly by higher sales of chokar and maida. STB's operating profitability remained susceptible to fluctuations in domestic crop production, crop quality, and wheat prices, resulting in a volatile EBITDA

margin during the review period. Nevertheless, the EBITDA margin improved marginally to 5.20% in FY25 from 4.97% in FY24. Consequently, PAT margins also remained modest and fluctuating, standing at 0.83% in FY25 and 0.75% in 9MFY26. In line with earnings performance, gross cash accruals witnessed fluctuations over the years before improving to ~NPR 23 Mn in FY25.

Product diversification with stable demand of supplied products

STB's business model benefits from the natural product diversification inherent in the wheat milling process. A single raw material, wheat, yields four distinct output grades: Maida (refined flour), Aata (whole wheat flour), Suji (semolina), and Chokar (wheat bran/cattle feed), with each product catering to different customer segments. The products are marketed under the unified "Mahalaxmi" brand, which has established satisfactory market acceptance in Nepal. The company also offers varied packaging, including 50 kg, 10 kg, and 5 kg packs for wholesale customers, and 1 kg and 0.5 kg packs for retail buyers. This diversified product and packaging strategy enables STB to serve a wider customer base while reducing dependence on any single product segment. Further, as the supplied products are staple items in Nepalese cuisine, their demand prospects remain largely stable.

Key Rating Weaknesses

Leveraged capital structure with slightly improved coverage indicators

SBT's capital structure remains leveraged, with an overall gearing ratio of 4.07x as of mid-July 2025 which increased from 3.24x in FY24, primarily driven by higher utilization of working capital loans and moderated at 3.81x as of mid-April, 2026. Similarly, in FY25 the Total Outside Liabilities to Tangible Net Worth (TOL/TNW) ratio increased to 4.29x from 3.52x in FY24. Despite the leveraged capital structure, the company's debt coverage indicators showed some improvement. The interest coverage ratio of the company improved to 1.56x in FY25 from 1.20x in FY24 and further to 1.70x in 9M FY26, mainly supported by lower interest expenses. Similarly, the debt service coverage ratio also improved to 1.64x in 9MFY26 from 1.49x in FY25 and 1.13x in FY24, backed by improved profitability and lower interest costs.

Working capital intensive nature of business

The operations of STB are working capital intensive in nature. The company's working capital intensity elongated to ~54% in FY25 from ~42% in FY24, mainly due to an increase in the average collection period to ~127 days in FY25 from ~100 days in FY24. Despite reduction in inventory holding days to ~60 days in FY25 from ~72 days in FY24 due, the elongated average collection period has increased the operating cycle to ~184 days in FY25 from ~165 days in FY24. Consequently, the company's dependence on working capital borrowings remained high.

Raw material price volatility risk and exposure to regulatory risk

The major raw materials for SBT are purchased locally. The raw material costs accounting for ~91% of the company's total operating income. As a result, fluctuations in input prices have a direct bearing on profitability. The company is also exposed to regulatory risks stemming from policy changes in both Nepal and India.

Analytical Approach: Standalone

Applicable Criteria:

[Corporate Credit Rating Methodology](#)

About the Company:

Shree Tirupati Balaji Flour Mill Private Limited (STB), is a wheat processing company incorporated on December 18, 2013. STB, located in Rampur Tokani-3, Bara, processes wheat into maida, atta, suji and chokar under the "Mahalaxmi" brand. The company has over a decade of operational track record with an installed crushing capacity of 27,300 MT per annum. As of April 15, 2026, Mr. Bikash Agrawal holds the majority stake at ~94%.

Financial Indicators (Standalone)

For the year ended* As on	FY22	FY23	FY24	FY25	9MFY26
	Audited	Audited	Audited	Audited	Unaudited
Total Operating Income (NPR Mn)	1,026	1,402	1,249	1,331	1,035
EBITDA Margin (%)	8.05	7.63	4.97	5.20	4.43
Interest Coverage Ratio (x)	2.18	1.83	1.20	1.56	1.70
Total Debt/ EBITDA (x)	4.56	4.49	8.02	9.69	14.36
Current Ratio (x)	1.20	1.77	1.42	1.32	1.28
Overall Gearing Ratio (x)	2.86	3.06	3.24	4.07	3.81

*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	63.15	IRN BB
Fund Based Bank Facilities- Working Capital Loan	Short Term	845.79	IRN A4
Total Facilities		908.94	

Analyst Contacts

Mr. Utshav Bikram Malla

Tel No. +977-1-4583304/4585906

utshav.malla@infomericsnepal.com

Ms. Jyoti Rana Tharu

Tel No. +977-1-4583304/4585906

jyoti.rana@infomericsnepal.com

Relationship Contact

Mr. Rabin Pudasaini

Tel No. +977-1-4583304/4585906

rabin.pudasaini@infomericsnepal.com

About Infomerics Credit Rating Nepal Limited:

Infomerics Credit Rating Nepal Ltd. is Nepal's third Credit Rating Agency licensed by the Securities Board of Nepal (SEBON) on March, 2022. Infomerics Nepal is a subsidiary of Infomerics Valuation and Rating Private Limited (Infomerics India) which is a SEBI registered and RBI accredited Credit Rating Agency licensed in 2015. Infomerics Nepal aims to provide investors with objective analysis and evaluation of credit worthiness of Banks, NBFCs, Large Corporates and Small and Medium Scale Units (SMUS) via its rating and grading services. Thus, it is playing a key role in serving the financial markets by reducing the information asymmetry among varied lenders and investors and facilitating borrowers/issuers to various fundraising opportunities/avenues. Infomerics observes and maintains ethical standards in its activities. For more information, visit <https://infomericsnepal.com/>

Infomerics Credit Rating Nepal Limited

Tanka Prasad Marga, Baneshwor Height, Kathmandu

Phone: +977-1-4583304/4585906

Email: info@infomericsnepal.com

Web: www.infomericsnepal.com

Disclaimer: Ratings assigned by Infomerics Nepal are an opinion on the credit risk of the issue / issuer and not a recommendation to buy, hold or sell securities. Infomerics Nepal reserves the right to change, suspend or withdraw the credit ratings at any point in time. Ratings assigned by Infomerics Nepal are opinions on financial statements based on information provided by the management and information obtained from sources believed by it to be accurate and reliable. The credit quality ratings are not recommendations to sanction, renew, disburse or recall the concerned bank facilities or to buy, sell or hold any security. We, however, do not guarantee the accuracy, adequacy or completeness of any information, which we accepted and presumed to be free from misstatement, whether due to error or fraud. We are not responsible for any errors or omissions or for the results obtained from the use of such information. Most entities whose bank facilities/instruments are rated by us have paid a credit rating fee, based on the amount and type of bank facilities/instruments. In case of partnership/proprietary concerns/Association of Persons (AOPs), the rating assigned by Infomerics Nepal is based on the capital deployed by the partners/proprietor/ AOPs and the financial strength of the firm at present. The rating may undergo change in case of withdrawal of capital or the unsecured loans brought in by the partners/proprietor/ AOPs in addition to the financial performance and other relevant factors.