PRESS RELEASE

SHIVA PARBATI AGRO PRIVATE LIMITED

August 2026

Ratings

Instrument/Facilities	Amount (NPR Mn)	Ratings	Rating Action
Long Term Bank Facilities	488.00 (enhanced from 447.00)	IRN BB	Upgraded from IRN BB-
Short Term Bank Facilities	950.00 (enhanced from 903.00)	IRN A4	Reaffirmed
Total	**1,438.00**		

Details of facilities are in Annexure 1 below

Infomerics Credit Rating Nepal Limited (Infomerics Nepal) has upgraded the rating assigned to the long-term bank facilities of NPR 488.00 Mn to IRN BB (Double B) from IRN BB- (Double B Minus) and reaffirmed the rating of IRN A4 (A Four) to the short-term bank facilities of NPR 950.00 Mn.

Detailed Rationale

The upgradation of the ratings assigned to the bank facilities of Shiva Parbati Agro Private Limited (SPAP) factor in the improving revenue profile, marked by a y-o-y growth of ~28% in FY26 supported by higher sales volume, improved marketing arrangements, and enhanced quality assurance albeit marginal moderation in operating profit margin primarily due to higher raw material costs. The ratings continue to draw comfort from the experienced promoter group with long-standing presence in the agro-processing segment. The ratings derive comfort from SPAP's product portfolio comprising rice-based products, which constitute a staple in the Nepalese diet, thereby ensuring sustained demand visibility. The company's strategy of offering multiple registered brands in varied packaging sizes has enabled effective product differentiation in a highly competitive market. Further, the company benefits from its strategic location near the Indian border, facilitating timely and cost-effective procurement of key raw materials, a majority of which are sourced from India.

Nonetheless, the ratings remain constrained by the leveraged capital structure marked by overall gearing ratio of 3.15x as of mid-July 2026, though improved marginally with accretion of profits to reserves. Liquidity position remains stretched, albeit improved, as reflected by elevated working capital intensity of ~77% in FY26 (~85% in FY25), driven by higher receivables. The ratings further remain constrained by exposure to raw material price volatility, seasonal nature of agro commodities in a fragmented market, and susceptibility to changes in government regulations. Going forward, the company's ability to enhance revenue and margins, coupled with prudent cash flow management to improve its overall gearing ratio and debt coverage metrics, will remain key rating sensitivities.

Detailed Description of Key Rating Drivers

Key Rating Strengths

Experienced promoter

SPAP is managed under the overall guidance of its one-member Board of Director (BoD) who has wide experience in the manufacturing and trading sectors, especially in rice mill. Mr. Manoj Kumar Gupta is the Managing Director and single shareholder of the company and is involved in food industry (rice segment) for over 25 years. Further, the promoter is supported by experienced team across various functions.

Improving revenue profile

The company's financial performance improved, with revenue increasing by ~28% y-o-y to NPR 1,838 Mn in FY26, supported by higher sales volumes, improved marketing arrangements, and enhanced quality assurance, which more than offset the decline in average realization amid lower industry prices. However, EBITDA margin moderated to 8.66% in FY26 from 10.68% in FY25, primarily due to higher raw material costs. PAT margin improved marginally to 2.67% in FY26 from 2.60% in FY25, supported by lower interest expenses. Gross cash accruals also improved to NPR 77 Mn in FY26 from NPR 68 Mn in FY25.

Stable demand for supplied products

SPAP benefits from the inherently stable demand profile of its product portfolio, primarily comprising rice and its by-products such as bran, broken rice, and husk, which are staple components of the Nepalese diet. The company's engagement in paddy processing and value addition through rice ageing further enhances market acceptability. Given the essential nature of these products in daily consumption, demand visibility remains strong, supporting revenue stability over the medium term.

Strategic location for imports

The plant site is located in Parsauni, Bara around 14 Kms from Indo-Nepal borders ICP Raxual and nearby its domestic suppliers. Since majority of the raw materials requirements of SPAP are imported from India, the factory's proximity to the border remains a positive point leading to savings in freight cost. ~90% of the total purchase made by SPAP during FY26 consisted of imported goods. The company procures its domestic purchases from nearby districts or the same districts.

Key Rating Weaknesses

Leveraged capital structure albeit improving coverage metrics

SPAP's capital structure remains leveraged with an overall gearing of 3.15x at the end of FY26, though improved from 3.23x in FY25, primarily due to accretion of profits to reserves. Debt coverage indicators witnessed improvement in FY26, with interest coverage ratio rising to 2.29x from 1.98x and DSCR improving to 1.86x from 1.46x, driven by reduced interest expenses. Furthermore, TOL/TNW improved but remained elevated at 3.21x in FY26, from 3.31x in FY25, reflecting continued reliance on external borrowings.

Stretched liquidity profile

SPAP's liquidity profile remained stretched, albeit showing some improvement in FY26, with working capital intensity declining to ~77% from ~85% in FY25, supported by lower inventory holding. Inventory days reduced to 174 days from 195 days, aided by improved sales volume. However, debtor days increased to 104 days from 88 days, reflecting the company's prevailing credit period of 90–120 days. Given the seasonal nature of paddy procurement, the company maintains adequate raw material inventory, while procurement is undertaken from domestic farmers, stockiest and traders, as well as through imports from India. Consequently, the operating cycle, although improved, remained elongated at 274 days in FY26 compared with 281 days in FY25.

No major entry barriers lead to highly competitive intensity of the industry:

There are no any major entry barriers for the agro industry in the country due to which there are risks of new entrants in the already competitive segment. Also, the competitive intensity can be felt from the various regional organized and unorganized players.

Analytical Approach: Standalone

Applicable Criteria:

Corporate Credit Rating Methodology

Past Rating Rationale:
Shiva Parbati Agro Private Limited: Bank Facilities Rating Reaffirmed and removed from Issuer Not Cooperating category

About the Company:
Incorporated in September 2019, Shiva Parbati Agro (SPAP) is a private limited company established for the processing of paddy into rice and value addition through ageing of purchased rice and its by-products. Its plant is located in Parsauni-04, Bara, Nepal, and has an installed capacity of 11 MTPH. SPAP sells its products under registered brands such as Kamal, Starline, Gorakhnath, Yomari and Bansbari. Mr. Manoj Kumar Gupta is the single shareholder of the company.

Financial Indicators (Standalone)

For the year ended* As on	FY23 Audited	FY24 Audited	FY25 Audited	FY26 Unaudited
Total Operating Income (NPR Mn)	1,219	1,716	1,440	1,838
EBITDA Margin (%)	10.46	9.37	10.86	8.66
Interest Coverage Ratio (x)	1.62	1.67	1.98	2.29
Current Ratio (x)	2.00	1.83	1.65	1.61
DSCR (x)	1.36	0.99	1.46	1.86
Overall Gearing Ratio (x)	3.12	3.56	3.23	3.15
TOL/TNW (x)	3.52	3.65	3.31	3.21
Working Capital Intensity	51%	49%	85%	77%

**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	Term Loan	488.00	IRN BB
Fund Based Bank Facilities- Working Capital Loan	Short Term	950.00	IRN A4
Non-Fund Based Bank Facilities- Irrevocable Letter of Credit	Short Term	(105.00)*	IRN A4
Total Facilities		**1,438.00**	

**Within revolving short-term loan*
Non-Fund Based also includes bank guarantee loan of NPR 5.00 Mn within irrevocable LC of NPR 105.00 Mn.

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About Infomerics Credit Rating Nepal Limited:
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