PRESS RELEASE

MOHIT AGRO INDUSTRIES PRIVATE LIMITED

September 2026

Ratings

Instrument/Facilities	Amount (NPR Mn)	Rating	Rating Action
Short-Term Bank Facilities	800.00	IRN A4	Assigned
Total	**800.00**		

**Details of facilities are in Annexure I below*

Infomerics Credit Rating Nepal Limited (Infomerics Nepal) has assigned the rating of IRN A4 (A Four) to the short-term bank facilities of NPR 800.00 Mn.

Detailed Rationale

The rating assigned to the bank facilities of Mohit Agro Industries Private Limited (MAPL) derives strength from its experienced promoter group having decades of experience in the agro-processing sector. The rating also factors in the moderate capital structure of the company marked by overall gearing ratio of 1.12x as of mid-July 2026 along with improving coverage metrics, as well as strategic location of the company and stable demand prospect for essential food products.
These rating strengths, however, are constrained by downward revenue trend over the past two years ending FY26, along with diminishing EBITDA margin. Also, stretched liquidity profile in FY26 and high reliance on external financing reflects the working capital-intensive nature of operations. The company also remains exposed to intense competition amid low entry barriers, and seasonality and agro-climatic risks affecting paddy availability and prices. Going forward, the ability of the company to improve scale of operations and profitability along with coverage and capitalization indicators will remain key rating sensitivities.

Detailed Description of Key Rating Drivers

Key Rating Strengths

Experienced promoter

MAPL is managed under the overall guidance of its four-member Board of Directors (BoD), who are well experienced in the paddy and rice milling business. Dr. Subodh Kumar Gupta, Chairman, has over 18 years of experience in agro industry, primarily rice processing mill and soya chunks manufacturing. The company is a part of "Mohit Group" which is involved in agro processing business for over three decades, which bodes well for the overall business prospects of the firm in an increasingly competitive industry.

Moderate capital structure

MAPL's capital structure remained relatively stable with an overall gearing ratio of 1.12x as of mid-July 2026 vis-à-vis 1.23x as of mid-July 2025, primarily due to accretion of profits to reserves. Total Outside Liabilities/Tangible Net Worth (TOL/TNW) improved from 1.31x in FY24 to 1.26x in FY25 and further to 1.19x in FY26. Debt Service Coverage Ratio (DSCR) improved from 1.36x in FY24 to 1.99x in FY25 and 2.28x in FY26, while interest coverage ratio improved from 1.45x in FY24 to 2.33x in FY25 and 2.60x in FY26, supported by lower finance costs.

Strategic location and stable demand for supplied products

The plant site is located in Birgunj-17, Parsa, around 5 km from Indo-Nepal border ICP at Birgunj and nearby its domestic suppliers. The factory's proximity to the border remains a positive point leading to savings in freight in imports. Also, MAPL benefits from the inherently stable demand profile of its product, which primarily comprises rice and its by-products, staple components of the Nepalese diet ensuring consistent consumption. The essential nature of these products supports strong demand visibility, thereby supporting revenue stability over the medium term.

Key Rating Weaknesses

Moderate revenue profile

MAPL's Total Operating Income has moderated over FY24-FY26 period, contracting from NPR 1,039 Mn in FY24 to NPR 802 Mn in FY26. The EBITDA margin also followed a similar trajectory, dwindling from 5.19% in FY24 to 3.80% in FY25 and further to 3.49% in FY26, as the sales mix gradually shifted towards lower margin rice products, driven by demand prospects and paddy availability, which has resulted in sustained pressure on operating profitability. PAT margin remained stable at 1.28% in FY25 and FY26, improved from 0.97% in FY24, supported by lower finance costs. GCA remained modest at NPR 14 Mn in FY26 and NPR 16 Mn in FY25 (FY24: NPR 13 Mn).

Working capital intensive nature of operations

MAPL's operations are working capital intensive, with average working capital utilization of ~50% over the 12-month period ending July 2026. The operating cycle extended to 104 days in FY26 from 71 days in FY25 (FY24: 83 days), driven by an increase in inventory days to 49 days in FY26 from 35 days in FY25 and 47 days in FY24, reflecting higher inventory levels maintained for smooth operations and benefit from favorable market prices. Furthermore, collection period increased to 56 days in FY26 from 41 days and 44 days in FY25 and FY24 respectively, indicating higher funds being tied up in inventory and receivables.

Competitive industry coupled with seasonality and low entry barriers

MAPL operates in a highly competitive rice milling industry characterized by the presence of both large and small players, which exerts competitive pressure on the company. The agro-industry is inherently exposed to agro-climatic risks, as paddy, the primary raw material is harvested in November and July and is vulnerable to unpredictable weather events such as floods, droughts, and pest infestations, which can adversely impact production. Additionally, the absence of significant entry barriers in the Nepalese agro-sector increases the risk of new entrants, further intensifying competition from both organized and unorganized regional players. These factors collectively underline the industry's competitive and operational risks.

Analytical Approach: Standalone

Applicable Criteria:

Corporate Credit Rating Methodology

About the Company:

Mohit Agro Industries Private Limited (MAPL), a part of Mohit Group, was incorporated on March 14, 2018. MAPL is involved in processing of paddy into rice, with installed plant capacity of 12MTPH. The company has its plant located in Birgunj-17, Parsa, Nepal. MAPL sells its products under the brands such as Mohit, Triloki, Sahil and Basudev. Dr. Subodh Kumar Gupta is the major shareholder of the company, holding ~27% of paid-up capital as of mid-July 2026.

Financial Indicators:

For the year ended* As on	FY24	FY25	FY26
	Audited	Audited	Unaudited
Total Operating Income (NPR Mn)	1,039	1,015	802
EBITDA Margin (%)	5.19	3.80	3.49
Interest Coverage Ratio (x)	1.45	2.33	2.60
Current Ratio (x)	2.42	1.28	1.35
Total Debt/GCA (years)	9.51	10.64	12.43

Overall Gearing Ratio (x)	0.99	1.23	1.12
TOL/TNW (x)	1.31	1.26	1.19

**Classification as per Infomerics Nepal standards*
Earnings Before Interest Tax Depreciation Amortization (EBITDA)
TOL/TNW: Total Outside Liabilities/Tangible Net Worth (TOL/TNW)

Annexure:1 Detail of Facilities

Instruments/ Facilities	Type of Facilities	Amount (NPR Mn)	Rating
Fund Based Bank Facilities- STL/CC[1]	Short Term	495.00	IRN A4
Fund Based Bank Facilities- Proposed	Short Term	305.00	IRN A4
Non-Fund Based Bank Facilities- LC[2]	Short Term	(100.00)	IRN A4
Total Facilities		**800.00**	

[1]Short Term Loan/Cash Credit
[2]Letter of Credit (LC Limit of NPR 100.00 Mn is within the limit of STL)

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