PRESS RELEASE

NAMASTE AGRO INDUSTRIES PRIVATE LIMITED

September 2026

Ratings

Instrument/Facilities	Amount (NPR Mn)	Ratings	Rating Action
Long Term Bank Facilities	766.58	IRN BB+	Assigned
Short Term Bank Facilities	820.00	IRN A4+	Assigned
Total	**1,447.83***		

Details of facilities are in Annexure 1 below

**The total sanctioned limit of Working Capital Loan – Non-Revolving I, II and III of NPR 539.25 Mn, classified under long term bank facilities, and Letter of Credit of NPR 300.00 Mn, classified under short term bank facilities, shall be maintained at an aggregate limit of NPR 700.50 Mn.*

Infomerics Credit Rating Nepal Limited (Infomerics Nepal) has assigned the rating of IRN BB+ (Double B Plus) to the long-term bank facilities of NPR 766.58 Mn and IRN A4+ (A Four Plus) to the short-term bank facilities of NPR 820.00 Mn.

Detailed Rationale

The ratings assigned to the bank facilities of Namaste Agro Industries Private Limited (NAI) derive strength from its experienced promoters and significant growth in operating scale, with Total Operating Income (TOI) increasing from NPR 14 Mn in FY22 to NPR 2,925 Mn in FY26, translating into a CAGR of ~280%, albeit from a low base. EBITDA margin improved from 2.79% in FY23 to 8.72% in FY26, supported by higher sales volumes, favorable product mix and improved operating efficiency. The company's capital structure and debt protection metrics have also improved, with overall gearing ratio and Total Outside Liabilities/Tangible Net Worth (TOL/TNW) declining to 3.12x and 3.57x, respectively, as of mid-July 2026, while interest coverage ratio and DSCR improved to 2.56x and 2.09x, respectively.

However, the ratings remain constrained by NAI's limited operating track record, intense competition and working capital-intensive operations, with the operating cycle increasing to 161 days in FY26, driven by higher inventory and collection days and limited supplier financing. The company also remains exposed to agro-climatic risks and volatility in raw material prices, which could exert pressure on margins. Going forward, the company's ability to sustain profitability, strengthen the capital structure and debt servicing indicators, and improve working capital efficiency will remain key rating sensitivities.

Detailed Description of Key Rating Drivers

Key Rating Strengths

Experienced promoters

NAI is managed under the overall guidance of two-member Board of Directors, chaired by Mr. Bharat Bahadur Chalaune, who possess over a decade of experience in agro-industry. Similarly, Mr. Nirajan Bahadur Chalaune also possesses over a decade of experience in agro-industry. The board is adequately supported by experienced team across various functions.

Significant improvement in financial performance

NAI's financial performance has improved significantly over the period, with Total Operating Income (TOI) increasing from NPR 14 Mn in FY22 to NPR 2,925 Mn in FY26, translating into a strong CAGR of ~280%, albeit from a low base. Similarly, EBITDA margin improved from 2.79% in FY23 to 8.72% in FY26, supported by the significant increase in sales volume, favorable product mix, particularly the increased contribution from Anar Moong Dal, and improved operating efficiency with increasing scale of operations, rather than being driven by higher overall realization, which remained broadly stable during FY25 and FY26. Subsequently, PAT margin improved from 0.11% in FY23 to 3.25% in FY26, supported by improved operating profitability and relatively stable finance costs. Gross Cash Accruals (GCA) also improved consistently from NPR 6 Mn in FY23 to NPR 50 Mn in FY24, NPR 62 Mn in FY25 and NPR 109 Mn in FY26, indicating strengthening internal cash generation. Thus, the company has demonstrated a sustained improvement in its operating scale, profitability and cash accruals over the past few years.

Key Rating Weaknesses

Leveraged capital structure albeit improving debt protection metrics

NAI's total debt increased significantly from NPR 268 Mn in FY22 to NPR 1,321 Mn in FY26. The increase in debt reflects the company's increased reliance on borrowings to support the expansion in its scale of operations. The capital structure of the company stood leveraged with overall gearing ratio of 3.29x-3.12x during FY23-26. Also, TOL/TNW stood at 4.01x-3.57x, over the same period Interest coverage ratio improved steadily from 1.74x in FY24, 1.85x in FY25 and 2.56x in FY26, while DSCR stood at 1.58x, 1.60x and 2.09x, respectively. Going forward, the company's ability to manage debt levels and sustain improvement in leverage and debt servicing capacity will remain a key monitorable.

Operations stabilization risk along with seasonality and agro-climatic risk

NAI commenced its commercial operations in 2021, resulting in a limited operational track record of approximately six years. 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. Climatic condition remains uncertain, with sudden flood, drought, pest etc., agro-industry are prone to the agro-climatic risk which affect the pulses production, ultimately affecting agro-industry. NAI import raw materials from Singapore, Tanzania, South Africa and Australia. Hence crop productivity in such region also remains a major concern and may have a bearing on the profitability margins.

Working capital intensive nature of business

NAI's operations remain working capital intensive, which is typical for the agro industry. The average inventory period increased from 31 days in FY24 to 41 days in FY25 and 57 days in FY26, reflecting higher inventory holding to support smooth business operations. The average collection period stood at 102 days, 124 days and 117 days, respectively, while average creditor period remained low at 20 days, 10 days and 13 days, indicating limited supplier financing. Thus, the operating cycle increased from 113 days in FY24 to 155 days in FY25 and 161 days in FY26, reflecting increasing funds tied up in inventory and receivables. The company's working capital utilization remains fully utilized, indicating continued reliance on bank borrowings to finance working capital requirements. While adequate inventory levels are necessary to ensure smooth and uninterrupted operations, the increasing inventory holding and elongated operating cycle will remain key monitorable.

Analytical Approach: Standalone

Applicable Criteria:

Corporate Credit Rating Methodology

About the Company:

Namaste Agro Industries Private Limited (NAI) is established in 2020 for processing and trading of agro-products (pulses). It currently possesses two plants, having capacity of 2.5 MT per hour each, located in Birgunj, Parsa. Ownership of shares lies with two individual promoters, namely Mr. Bharat Bahadur Chalaune (50.00%) and Mr. Nirajan Bahadur Chalaune (50.00%).

Financial Indicators (Standalone)

For the year ended* As on	FY22	FY23	FY24	FY25	FY26
	Audited	Audited	Audited	Audited	Unaudited
Total Operating Income (NPR Mn)	14	1,806	2,316	2,467	2,925
EBITDA Margin (%)	Neg	2.79	6.22	7.75	8.72
Interest Coverage Ratio (x)	Neg	1.14	1.74	1.85	2.56
Current Ratio (x)	0.98	1.28	1.23	1.22	1.29
Total Debt/GCA (years)	Neg	126.61	19.81	20.48	12.14
Overall Gearing Ratio (x)	10.48	3.29	3.75	3.93	3.12
TOL/TNW (x)	11.64	4.01	4.18	4.20	3.57

**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	194.33	IRN BB+
Fund Based Bank Facilities- Non Revolving Working Capital Loan	Long Term	539.25#	IRN BB+
Fund Based Bank Facilities-Term Loan (Proposed)	Long Term	33.00	IRN BB+
Fund Based Bank Facilities-Working Capital Loan/Cash Credit/Term Receipt/Short Term Loan	Short Term	170.00	IRN A4+
Non-Fund Based Bank Facilities-Letter of Credit	Short Term	650.00#	IRN A4+
Total Facilities		**1,447.83**	

#The total sanctioned limit of Working Capital Loan – Non-Revolving of NPR 539.25 Mn, classified under fund-based long-term loans, and Letter of Credit of NPR 300.00 Mn, classified under non-fund-based short-term loans, shall be maintained at an aggregate limit of NPR 700.50 Mn.

Analyst Contacts

Ms. Kritagya Pyakurel
Tel No.+977-1-4583304/4585906
kritagya.pyakurel@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:
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Infomerics Credit Rating Nepal Limited
Tanka Prasad Marga, Baneshwor Height, Kathmandu
Phone: +977-1-4583304/4585906
Email: info@infomericsnepal.com
Web: www.infomericsnepal.com