

## PRESS RELEASE

### ANNAPURNA MACHHA DANA UDHYOG LIMITED

January 2026

#### Rating

Instrument/Facilities	Amount (NPR Mn)	Rating	Rating Action
Issuer Rating	NA	IRN BB- (Is)	Assigned

Infomerics Credit Rating Nepal Limited (Infomerics Nepal) has assigned the issuer rating of IRN BB- (Is) [Double B Minus (Issuer)]. Issuers with this rating are considered to have the moderate risk of default regarding timely servicing of financial obligations.

#### Detailed Rationale

The rating assigned to Annapurna Machha Dana Udyog Limited (AMDU) derives strength from its experienced and resourceful promoters and management team. The rating also factors in the company's improving capital structure marked by steadily lowered overall gearing ratio of 1.06x as of mid-October 2025, compared to 1.21x and 1.84x at the end of FY25 and FY24 respectively. The rating also takes a positive note of governmental support towards the agriculture sector with declaration of 2024–2034 as the "Decade of Investment in Agriculture" further providing much needed boost to agribusinesses including entities like AMDU.

These rating strengths are, however, constrained by operating stabilization risk, amid intensifying market competition, albeit exhibiting increasing sales and EBITDA margin (~15% in FY25) in its initial years of operation. The business remains exposed to raw material price volatility, as well as inherent risks associated with fisheries and agro-climatic conditions. Going forward, the ability of the company to scale up and stabilize its operations while improving its profitability and debt service coverage indicators along with prudent working capital management will remain key rating sensitivities.

#### Detailed Description of Key Rating Drivers

##### Key Rating Strengths

###### Experienced Board of Directors and management team

AMDU is managed under 5-member Board of Directors (BOD) chaired by Mr. Niranjan Thapa. Mr. Thapa brings business acumen through his other businesses in aquaculture industry as well as other sectors. Other directors are also involved in related agri-business ventures, indicating sectoral alignment and synergy. The BOD's profile is further strengthened by representation of institutional promoter namely Team Ventures Limited [[IRN BB+ \(Is\)](#)], bringing institutional expertise. Moreover, the management team is led by Chief Executive Officer - Mr. Yash Puri, who brings around a decade of managerial experience.

###### Moderate capital structure

The company has moderate capital structure with overall gearing ratio of 1.21x at the end of FY25, improved from ~1.84x at the end of FY24, which further improved to 1.06x as of mid-October 2025. The improvement is primarily accounted to improved tangible net worth base resulted from promoter's equity infusion. Interest coverage indicator remains moderate at 1.39x albeit improved from 1.17x in FY24 while Debt Service Coverage Ratio (DSCR) stood at 1.18x in FY25 vis-à-vis 1.30x in FY24. Additionally, Gross Cash Accruals (GCA) of the company stood at NPR 18 Mn in FY25 (FY24: NPR 1 Mn) which is expected to improve with scale-up of business operations going forward.

## Government support and initiative in agri-business

AMDU experience benefit from growing government focus on agricultural development. With 66% of the population engaged in farming and aquaculture accounting for over 80% of the country's total fish production, the fishery sector plays a vital role in the economy. The GoN<sup>1</sup> has declared 2024–2034 as the Decade of Investment in Agriculture, aiming to attract investment across public, private, and cooperative sectors. Furthermore, the recent budget announcement included the development of a dedicated fishery corridor in Bara, utilization of underused land for fish and livestock farming, and provision of subsidies to boost production. These measures are expected to enhance productivity, market access, and long-term growth prospects for the fisheries industry.

## Key Rating Weaknesses

### Operation stabilization risk albeit improving operational traction

AMDU began its commercial operations in mid-April 2024, reporting Total Operating Income (TOI) of NPR 80 Mn in FY24, which increased to NPR 398 Mn in FY25, its first full year of operations. The company's EBITDA margin improved to 15.18% in FY25 from 8.57% in FY24. The company's PBT and PAT margin remained below 1% in FY25, albeit improved from negative profitability in FY24 on account of increased sales and improved EBITDA margin. During 3MFY26, the company generated TOI of NPR 183 Mn, with EBITDA margin of 15.63%. Despite improving scale of operations, risks associated with operational stabilization persists, with the company still being in its initial years of commercial operations along with low entry barriers in agro industry, increasing the likelihood of new competitors entering an already competitive market. These dynamics could exert pressure on the company's scalability and profitability, which remains key rating monitorable.

### Working capital intensive nature of business

The operations of the company are working capital intensive in nature, characterized by elongated inventory holding and average collection cycle. AMDU has to procure and maintain adequate inventory, due to seasonality in raw materials. Average Inventory holding Period extended to 96 days in FY25 vis-à-vis 56 days in FY24, resulting from the company's increasing scale of operation. Average collection period stood at 60 days in FY25 and 65 days in FY24. Consequently, operating cycle of AMDU extended to 114 days in FY25 from 65 days in FY24. The ability of the company to manage its working capital needs prudently will remain critical for the company's liquidity position.

### Price volatility risk and exchange fluctuation risk

AMDU sources its raw materials both locally and through imports, with key suppliers from India, China, and Latvia. These imports are priced in US dollars, exposing the company to foreign exchange risk. Additionally, since a significant portion of the raw materials are agricultural products, their prices are inherently volatile and subject to fluctuations due to changing climatic conditions. With raw material costs representing ~78% of the company's Total Operating Income (FY25), any price volatility poses a significant risk to profitability. While bulk seasonal purchasing and price hedging strategies have helped mitigate these risks to some extent, the company remains vulnerable to both price and exchange rate fluctuations.

### Inherent risk in fishery and agro climatic risk

The fishery industry, which represents the primary customer base for the feed industry, faces significant risks related to disease outbreaks, including Ich, Columnaris Disease, Aeromonas Infection, viral diseases, fungal infections, and gill disease. Effectively managing these health issues in Nepal's aquaculture sector is crucial for enhancing both productivity and sustainability. Additionally, the raw materials used in feed production, such as maize, soybean, and wheat, are vulnerable to agro-climatic risks due to unpredictable weather conditions, which could negatively impact the quality of fish feed.

<sup>1</sup> Government of Nepal

## **Analytical Approach:** Standalone

### **Applicable Criteria:**

[Issuer Rating Methodology](#)

### **About the Company:**

Annapurna Machha Dana Udyog Limited (AMDU), incorporated on November 28, 2021 as a private limited company and converted into public limited company on May 02, 2025, is a manufacturing company established to produce and supply fish feed. The company has its manufacturing unit located in Khairahani, Chitwan. AMDU operates with 5 Tons per Hour (TPH) Floating Fish Feed Plant with full functional SCADA automation system, which has wide range of product compatibility- from micro feed to 4 MM Standard Feed. The installed capacity of the plant is 24,000 MTPA. The company sells its products under the brand name "Mastya Raja". CA Umesh Jung Thapa is the majority shareholder as of mid-November 2025, holding ~26% of the equity shareholding.

### **Financial Indicators (Standalone)**

For the year ended* As on	FY24#	FY25	3MFY26
	Audited	Audited	Unaudited
Total Operating Income (NPR Mn)	79	398	183
EBITDA Margin (%)	8.57	15.18	15.63
Interest Coverage Ratio (x)	1.17	1.39	3.63
Current Ratio (x)	0.81	0.95	1.49
Overall Gearing Ratio (x)	1.83	1.21	1.06

\*Classification as per Infomerics Nepal standards

#Operation for 3 months.

EBITDA: Earnings before Interest, Tax, Depreciation and Amortisation

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### **About Infomerics Credit Rating Nepal Limited:**

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