

PRESS RELEASE

YETI BREWERY LIMITED

March 2026

Ratings

Instrument/Facilities	Amount (NPR Mn)	Ratings	Rating Action
Issuer Rating	NA	IRN BBB+ (Is)	Upgraded from IRN BBB (Is)
Long Term Bank Facilities	1,240.25 (reduced from 1,385.15)	IRN BBB+	Upgraded from IRN BBB
Short Term Bank Facilities	1,954.22 (enhanced from 1,454.22)	IRN A2	Upgraded from IRN A3+
Total	3,194.47		

Details of facilities are in Annexure 1 below

Infomerics Credit Rating Nepal Limited (Infomerics Nepal) has upgraded the issuer rating from IRN BBB (Is) [Triple B (Issuer)] to IRN BBB+ (Is) [Triple B Plus (Issuer)]. Issuer with this rating is considered to have a moderate degree of safety regarding timely servicing of financial obligations. Such issuers carry moderate credit risk.

Also, Infomerics Nepal has upgraded the ratings from IRN BBB (Triple B) to IRN BBB+ (Triple B Plus) assigned to long-term bank facilities of NPR 1,240.25 Mn and IRN A3+ (A Three Plus) to IRN A2 (A Two) assigned to short term bank facilities of NPR 1,954.22 Mn.

Detailed Rationale

The upgrade in ratings assigned to Yeti Brewery Limited (YBL) and its banking facilities reflect the company's strengthened financial performance in FY25, marked by a healthy improvement, with total operating income rising y-o-y by ~17% to NPR 7,877 Mn, mainly driven by higher sales volumes. The revenue mix continues to be led by Arna 8, which accounted for ~63% of total revenues in FY25, with its sales volumes increasing by ~25% during the year while maintaining largely stable average realizations. Operating profitability witnessed a material improvement, supported by operating leverage benefits from higher volumes, easing of key raw material costs, particularly bottle prices, and improved control over selling and distribution expenses. The ratings also factor in the company's improved capital structure, aided by accretion of profits to reserves and lower utilisation of working capital borrowings, along with healthy debt coverage indicators supported by stronger operating profitability and reduced interest costs. The ratings continue to derive comfort from the experienced and resourceful promoters, backed by the Vishal Group and Everest Group, which have established track records across trade, manufacturing, hospitality, and financial services in Nepal. Further, YBL's diversified product portfolio, comprising established beer brands such as Arna, Yeti, and Kingfisher, supports its stable market position among the top three brewing companies in Nepal, while its association with United Breweries Ltd. enhances brand strength and distribution reach.

Nonetheless, the ratings remain constrained by YBL's relatively stretched liquidity position largely on account of an elongated inventory cycle and elevated receivable levels. This, when coupled with intense competition from other established players in the brewing industry, could exert pressure on the company's operating margins over the medium term. Further, margins may remain susceptible to the impact of steadily increasing excise duties and other taxes on alcoholic beverages, alongside the company's limited ability to fully pass on cost escalations to consumers amid a competitive market environment. The ratings also take cognizance of the inherent regulatory risks associated with the brewery industry in Nepal. Going forward, YBL's ability to sustain the recent improvement in sales volumes and operating margins, further strengthen its capital structure and debt coverage indicators, and successfully execute the proposed IPO within the envisaged timeline and its utilization will remain key rating sensitivities.

Detailed Description of Key Rating Drivers

Key Rating Strengths

Moderate financial profile

YBL's financial performance witnessed a healthy improvement in FY25, with total operating income increasing y-o-y by ~17% to NPR 7,877 Mn, primarily driven by higher sales volumes. The revenue profile continues to be supported by Arna 8, which contributed ~63% of total revenues in FY25, with its sales volume increasing by ~25% during the year while maintaining relatively stable average realizations. YBL has maintained the momentum with sales of ~NPR 4,204 in H1FY26. Operating profitability improved materially, with EBITDA margin rising to 10.15% in FY25 from 6.84% in FY24, and further strengthening to 12.72% in H1FY26. The improvement in margins was mainly aided by operating leverage benefits from higher volumes, moderation in key raw material costs, particularly bottle prices, and better control over selling and distribution expenses. Consequently, PAT margin improved to 3.99% in FY25 from 1.59% in FY24 and further to 5.83% in H1FY26. Cash accruals also strengthened, with gross cash accruals increasing to NPR 470 Mn in FY25 from NPR 218 Mn in FY24, reflecting improved profitability and internal cash generation.

Moderate capital structure coupled with healthy debt coverage indicators

YBL's capital structure improved in FY25, with overall gearing moderating to 1.75x as on mid-July 2025 from 2.39x as on mid-July 2024, supported by accretion of profits to reserves and lower utilisation of working capital borrowings; the gearing level further marginally improved to 1.70x as on mid-January 2026. Leverage, as reflected by TOL/TNW, also improved to 2.35x in FY25 from 3.04x in FY24, although it increased marginally to 2.81x in H1FY26. Debt coverage indicators strengthened during FY25 and H1FY26, driven by improved operating profitability and lower interest expense. Interest coverage improved to 4.17x in FY25 from 2.10x in FY24 and further strengthened to 7.31x in H1FY26, while DSCR improved to 2.04x in FY25 from 1.39x in FY24 and further to 2.68x in H1FY26, reflecting comfortable debt servicing ability.

Experienced and resourceful Promoters with experienced management team

YBL is promoted by individuals associated with reputed business houses in Nepal, namely the Vishal Group and the Everest Group, which provide strong managerial depth and business acumen. The Vishal Group has an established presence in Nepal across diverse sectors including trade, manufacturing, hospitality, insurance, and banking, while the Everest Group has a long-standing industrial presence in the country. The company is governed by a four-member Board of Directors, led by Mr. Vishal Agrawal as the Chairperson and Mr. Sanjeev Saraff as the Managing Director, who together provide strategic oversight and operational direction. Further, YBL is supported by a seasoned management team with adequate experience in the brewing industry and allied functions.

Strong brand presence with diversification in products and regions

YBL benefits from a strong brand profile supported by a diversified product portfolio comprising five established brands Arna, Yeti, Shikhar, YB, and Kingfisher with multiple variants catering to different consumer segments. The company has gradually expanded its geographic reach across Nepal and has also expanded into export markets, including India, Japan, Australia, and the USA, which has supported wider market penetration and reduced regional concentration risk. YBL's brand acceptance is further reinforced by sustained promotional and social initiatives, while its association with United Breweries Ltd. for manufacturing and distribution of the Kingfisher brand in Nepal adds to brand strength and portfolio diversification.

Key Rating Weaknesses

Working capital intensive nature

YBL's liquidity profile continues to remain moderate, with working capital intensity at ~21% in FY25, improved from ~25% in FY24, primarily aided by better receivable management. The average collection period moderated to 76 days in FY25 from 90 days in FY24, supported by incentives and schemes offered for timely customer payments. Inventory management also improved, with the average inventory holding period reducing to 108 days in FY25 from 125 days in FY24. Average creditor period remained stable at 50 days in FY25 (53 days in FY24). Consequently, the operating cycle shortened to 134 days in FY25 from 162 days in FY24; nevertheless, it remains elongated, continuing to exert pressure on the company's liquidity position.

Exposure to regulatory risk, however supported by import barriers

YBL remains exposed to regulatory risks inherent in the alcoholic beverages industry. While the prevailing high import duties on beer provide protection against cheaper imports and the stringent licensing norms act as entry barriers for new domestic players, any reduction or withdrawal of import tariffs could adversely impact the revenue profile, profitability and debt coverage indicators of domestic breweries, including YBL. Further, alcoholic beverages continue to be among the highest taxed commodities in Nepal, with excise duties increasing steadily on a year-on-year basis. In a competitive market environment, sustained increases in excise tariffs could limit YBL's ability to fully pass on the incremental cost to consumers, thereby constraining operating margins. Additionally, notwithstanding liquor being a significant contributor to government revenues through duties and taxes, any regulatory restriction on production or consumption could negatively affect the operating performance of players such as YBL.

Analytical Approach: Standalone

Applicable Criteria:

[Issuer Rating Methodology](#)

[Corporate Credit Rating Methodology](#)

Past Rating Rationale

[Yeti Brewery Limited: Bank Facilities Rating Reaffirmed](#)

[Yeti Brewery Limited: Issuer Rating Assigned](#)

About the Company:

Yeti Brewery Limited (YBL) was incorporated on January 02, 2013, with the objective of establishing a beer manufacturing facility in Chitwan district, Nepal, and was subsequently converted into a public limited company on May 20, 2022. The company commenced commercial operations in March 2017 with an initial installed capacity of ~13 Mn liters per annum, which has since been expanded in phases to ~43 Mn liters per annum, reflecting its scale-up in operations. YBL is an ISO 22000:2018 and ISOQAR certified company, engaged primarily in the manufacturing and sale of beer under five brands—Arna, Yeti, Shikhar, YB, and Kingfisher—offering around 10 product variants differentiated by alcohol content. The major stakeholders include Mr. Sanjeev Saraff (33.33%), Mr. Jayjeev Saraff (11.66%) and Vishal Agrawal (6.86%).

Financial Indicators (Standalone)

For the year ended* As on	FY23	FY24	FY25	H1FY26
	Audited	Audited	Audited	Unaudited
Total Operating Income ¹ (NPR Mn)	6,679	6,716	7,877	4,204

¹ Gross Sales inclusive of excise duty

For the year ended* As on	FY23	FY24	FY25	H1FY26
	Audited	Audited	Audited	Unaudited
Total Operating Income ² (NPR Mn)	2,565	2,651	3,126	1,713
EBITDA Margin ³ (%)	7.88	6.84	10.15	12.72
Interest Coverage Ratio (x)	2.36	2.10	4.17	7.31
Total Debt/ EBITDA (x)	4.57	5.63	2.84	3.90
Current Ratio (x)	1.34	1.25	1.37	1.24
Overall Gearing Ratio (x)	1.83	2.39	1.75	1.70
TOL/TNW (x)	2.23	3.04	2.35	2.81
DSCR (x)	1.50	1.39	2.04	2.68

*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	1,240.25	IRN BBB+
Fund Based Bank Facilities- Working Capital Loan	Short Term	1,490.00	IRN A2
Non-Fund Based Bank Facilities- LC/BG*	Short Term	464.22	IRN A2
Total Facilities		3,194.47	

*Letter of Credit/Bank Guarantee

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About Infomerics Credit Rating Nepal Limited:

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² After deducting excise duty

³ Based on Gross Sales inclusive of excise duty



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