

## PRESS RELEASE

### YUWARANI AGRO INDUSTRIES LIMITED

April 2026

#### Rating

Instruments/ Facilities	Amount (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 issuer rating assigned to Yuwarani Agro Industries Limited (YAIL) derives comfort from experienced promoters and management personnel with decades of experience in agro-industry business sector. The rating factors in management strategic vision to developing a fully integrated supply chain that spans from the production of animal and fish feed to the processing of final products, including slaughtered meat spanning four verticals- aquaculture, feed production, animal husbandry and proposed slaughterhouse. The rating also factors in gradual increase in Total Operating Income (TOI) at a CAGR of ~85% over FY21-25 owing to gradual addition of verticals thereby diversifying its revenue mix and customer base. The rating also factors in strategic location of its plant across plains of Terai province proving YAIL with locational and geographic advantage. The rating also positively factors in healthy capital structure with overall gearing ratio at 1.09x as of mid-July 2025 (1.86x in FY24) and adequate coverage indicators as indicated by interest coverage ratio of 2.62x in FY25 (1.40x in FY24) supported by increased accretion of profit to reserves and healthy increase in TOI following addition of new verticals. 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 YAIL.

However, these rating strengths are partially offset by the implementation and execution risk related to its proposed fourth vertical-slaughterhouse and cold storage as the construction is yet to begin as of Mid-April 2026, with the funding being scheduled from proposed IPO proceeds. The rating also remains constrained due to smaller scale of operations amidst limited track record of operations. The company’s scalability and its marketability on larger scale being untested with YAIL’s brand yet to be established and recognized. The rating also factors in working capital intensive nature of operations as indicated by higher working capital intensity of ~36% in FY25 (~66% in FY24) owing to elevated collection period and lengthier inventory holding period. The business remains exposed to raw material price volatility, as well as inherent risks associated with fisheries and agro-climatic conditions, disease outbreaks in the poultry business and interest rate volatility risk. 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. Also, the company’s ability to timely conclude its IPO issuance and utilization of proceeds as envisaged will remain key monitorable.

#### Detailed Description of Key Rating Drivers

##### Key Rating Strengths

##### Experienced promoter group

YAIL is governed by its promoters, who also serve as the Board of Directors (BoD) and bring extensive experience across manufacturing, trading, and service sectors. The company is chaired by Mrs.

Sushila Kumar Yadav, who has strong expertise in fisheries and aquaculture and has been actively overseeing day-to-day operations since 2021, with a focus on quality control. Mr. Md. Kamare Allam, the Managing Director, plays a central role in driving the company's strategic direction and development. He also holds leadership and advisory positions in multiple organizations, demonstrating broad capabilities in financial management, strategic planning, and corporate structuring across diverse industries. The BoD is well supported by other experienced members of board and well diverse management personnel

## **Improving scale of operations following addition of new verticals**

YAIL has demonstrated strong financial growth driven by the continuous addition of new business verticals across fish, feed, and livestock segments. Revenue has grown at a robust CAGR of ~85% over FY21–FY25, supported by expansion in aquaculture, diversification into cattle and poultry feed, and the initiation of hatchery and poultry farming operations in FY25. Further capacity expansion, including a large hatchery in FY26 and planned entry into slaughterhouse and cold storage segments from FY27, is expected to support future growth. TOI increased significantly from ~NPR 56 Mn in FY21 to ~NPR 651 Mn in FY25, with profitability also improving, as reflected in EBITDA margins rising to 13.52% and PAT margins to ~5% in FY25 from 3.59% and 0.65% in FY24 respectively. However, performance in 9MFY26 moderated due to seasonality, with declines in revenue and profitability, though recovery is expected in the harvest season. Sustaining growth momentum while maintaining profitability margins remains crucial amidst the stabilization concerns.

## **Improving capital structure and coverage indicators**

YAIL's capital structure improved in FY25, with the overall gearing ratio declining to 1.09x from 1.86x in FY24, supported by significant equity infusion of ~NPR 150 Mn and profit accretion to reserves, despite an increase in total debt to ~NPR 401 Mn due to debt-funded capex. Debt protection metrics also strengthened, with interest coverage improving to 2.62x from 1.40x, driven by higher profitability and relatively lower interest costs. The Total Outside Liabilities to Tangible Net Worth (TOL/TNW) ratio also moderated to 1.32x from 1.90x, reflecting a stronger net worth base. In 9MFY26, leverage indicators further improved, with gearing declining to 0.51x and TOL/TNW to 0.59x, while interest coverage remained stable at around 2.50x.

## **Government support towards agriculture sector**

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 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**

### **Limited track record of operation and project execution risk**

YAIL has limited track record of operation and thereby lower scale of operations as evident by low albeit improving TOI. The fish related vertical started only in FY21, expanded in FY26 due to addition of new lease pond. Regarding feed, company initially had only feed for fishes, which now in FY25 expanded to feed for cattle as well as poultry. The hatchery and poultry farming started only in FY25. Added capacity is expected in FY26 following completion of large hatchery in coming months. With addition of slaughter house and cold storage, company expects new vertical starting from FY27 onwards. While the company has demonstrated growth through expansion into new segments, its ability to successfully scale up and market products across these expanded verticals remains untested and remains key rating monitorable. Furthermore, the funding for its fourth vertical is proposed via IPO proceeds and ability of management to successfully raise its capital in timely manner to complete the project in time remains key rating sensitivity.

## **Working capital intensive nature of operations**

The operations of the company are working capital intensive in nature, characterized by elongated inventory holding and average collection cycle. YAIL has to procure and maintain adequate inventory, due to seasonality in raw materials. Average Inventory holding Period remains elongated at 72 days in FY25 albeit decreased from 98 days in FY24. Similarly, average collection period is also lengthy at ~64 days in FY25 (~62 days in FY24) resulting from the company's increasing scale of operation and expanding verticals. Consequently, working capital intensity of YAIL is on a higher side at ~36% in FY25 despite reducing from ~66% in FY24. The ability of the company to manage its working capital needs whilst business expands scalability will remain critical for the company's liquidity position

## **Exposure to Disease Outbreaks and Agro-Climatic Risks in Aquaculture and Poultry Operations**

YAIL's operations remain exposed to inherent risks in the aquaculture and poultry industries, particularly disease outbreaks that can adversely impact productivity and demand. The fishery segment, which forms a key customer base for the feed business, is vulnerable to infections such as Ich, Columnaris, Aeromonas, and other bacterial, viral, and fungal diseases, necessitating effective health management practices. Additionally, key feed raw materials like maize, soybean, and wheat are subject to agro-climatic risks, with unpredictable weather potentially affecting availability and quality. The poultry segment also faces similar challenges, including the risk of outbreaks such as avian influenza (bird flu), which can significantly disrupt operations and overall industry performance

## **Raw material price volatility risk and moderate capacity utilization**

YAIL's cost structure is highly sensitive to raw material prices, with such costs accounting for ~85–87% of total operating income, making profitability vulnerable to price fluctuations despite the company's reliance on largely local sourcing. On the operational front, capacity utilization has shown improvement but remains a key monitorable, especially amid ongoing expansions. The fish segment has demonstrated steady growth, with utilization rising from ~60% in FY22 to ~80% in FY25; however, sustaining similar levels as capacity expands through additional pond leasing remains uncertain. In the feed segment, while fish feed utilization was healthy at ~80% in FY23–FY24, the addition of poultry feed in FY25 significantly increased installed capacity, resulting in low overall utilization of ~11% and indicating near-term stabilization challenges. The poultry segment reported relatively strong utilization of ~75%, though maintaining these levels post expansion of bird capacity in FY26–FY27 will be critical

**Analytical Approach:** Standalone

## **Applicable Criteria:**

[Corporate Credit Rating Methodology and Issuer Rating Methodology](#)

## **About the Company:**

Yuwarani Agro Industries Limited was incorporated on February 11, 2020. YAIL process and manufacture different varieties of animal feed. Its feed production plant is located in Gausala - 01, Malahaniya Pokhari, Mahottari, Nepal. Management envisions developing a fully integrated supply chain that spans from the production of animal and fish feed to the processing of final products, including slaughtered meat. As part of this long-term strategy, management has divided the business into 4 verticals or segments- aquaculture, animal feed production with installed capacity of 30,000 MTPA, poultry farming and hatchery with capacity of 40,000-50,000 chicks/year and proposed slaughterhouse and cold storage facility. As on November 13, 2025, YAIL had paid up capital of NPR 324.10 Mn. Majority of the shares have been held by Ms. Sushila Kumari Yadav (~69.42%) and Mr. Rajnish Kumar Yadav (~13.88%).

## Financial Indicators (Standalone)

Amount in NPR Mn*	FY22	FY23	FY24	FY25	9MFY26
	Audited	Audited	Audited	Audited	Unaudited
Total Operating Income	78	282	305	651	418
EBITDA Margin (%)	10.26	3.75	3.59	13.52	13.47
Current Ratio (x)	1.49	1.70	1.66	1.13	2.41
Overall Gearing Ratio on Book TNW (x)	7.05	2.54	1.86	1.09	0.51
TOL/TNW (x)	7.10	2.59	1.90	1.32	0.59
Interest Coverage Ratio (x)	1.28	1.34	1.40	2.62	2.50
Working Capital Intensity (%)	95	43	66	36	49

\* Classification as per Infomerics Nepal Standard

Earnings before Interest, Tax, Depreciation, Amortization (EBITDA)

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## About Infomerics Credit Rating Nepal Limited:

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