

PRESS RELEASE

Dumkibas Poultry Farm Private Limited

June 2026

Ratings

Instrument/Facilities	Amount (NPR Mn)	Ratings	Rating Action
Long Term Bank Facilities	472.13 (reduced from 506.15)	IRN BB	Upgraded from IRN BB-
Short Term Bank Facilities	229.64 (enhanced from 219.76)	IRN A4	Reaffirmed
Total	701.77		

Details of facilities are in Annexure 1 below

Infomerics Credit Rating Nepal Limited (Infomerics Nepal) has upgraded the rating from IRN BB- (Double B Minus) to IRN BB (Double B) assigned to long-term bank facilities of NPR 472.13 Mn and reaffirmed IRN A4 (A Four) to the short-term bank facilities of NPR 229.64 Mn.

Detailed Rationale

The upgradation of ratings assigned to bank facilities of Dumkibas Poultry Farm Private Limited (DPFPL) factor the company's improved financial risk profile, supported by a significant enhancement in profitability, cash accrual generation, capital structure, and debt coverage indicators. While the company's operating income moderated by ~11% to NPR 895 Mn in FY25 due to production disruptions arising from manure management issues, operational performance showed signs of recovery with revenue of NPR 726 Mn achieved in 9MFY26. The company reported a substantial improvement in operating profitability, with EBITDA margin increasing to 18.68% in FY25 and further strengthening to 26.67% in 9MFY26, primarily driven by favourable egg price realizations and improved operational efficiencies. The ratings continue to derive strength from DPFPL's experienced promoters with an established track record in the poultry sector, vertically integrated operations supporting stable feed availability, and the growing market acceptance of its "Vizu Brown Eggs" brand, which collectively support its business profile and earnings prospects.

Nonetheless, the ratings remain constrained by DPFPL's exposure to supplier concentration risk, given its reliance on a single major supplier for a significant portion of raw material requirements, which could affect both operational continuity and cost competitiveness in the event of supply disruptions. The ratings also continue to factor in the inherent susceptibility of the poultry business to disease outbreaks, volatility in egg and feed prices, and exposure to interest rate fluctuations. Further, the poultry industry in Nepal is characterized by relatively low entry barriers, resulting in intense competition and the risk of new entrants, which could exert pressure on market share and profitability. Going forward, DPFPL's ability to sustain revenue growth, maintain healthy profitability margins, efficiently manage its working capital requirements, and further strengthen its capital structure and debt coverage indicators will remain key rating sensitivities.

Detailed Description of Key Rating Drivers

Key Rating Strengths

Moderation in revenue offset by improved profitability

The company's operating performance moderated in FY25 with Total Operating Income (TOI) declining by ~11% to NPR 895 Mn due to manure management related production disruptions; however, revenue rebounded to NPR 726 Mn in 9MFY26, indicating partial recovery in operational activity. Nevertheless, the company demonstrated a significant improvement in profitability, with EBITDA margin increasing to 18.68% in FY25 from the previous year and further improving to

26.67% in 9MFY26, largely supported by favourable egg price realizations. Consequently, PAT margin improved to 5.79% in FY25 and further strengthened to 13.55% in 9MFY26. Supported by the improved earnings profile, gross cash accruals also increased to NPR 150 Mn in 9MFY26 from NPR 107 Mn in FY25, reflecting enhanced internal cash generation capacity.

Improvement in capital structure and debt coverage indicators

The company's capital structure has witnessed a significant improvement, as reflected by the moderation in overall gearing to 1.93x as of mid-April 2026 from 3.07x as of mid-July 2025, primarily driven by accretion of profits to reserves. Correspondingly, TOL/TNW improved to 3.12x in 9MFY26 from 4.67x in FY25, indicating a strengthening of the net worth base relative to total liabilities. Debt protection metrics also improved notably, supported by higher profitability and reduced interest burden, with interest coverage ratio improving to 6.39x in 9MFY26 from 3.18x in FY25. Further, DSCR strengthened to 1.94x in 9MFY26 from 1.11x in FY25, reflecting enhanced ability of the company to service its debt obligations from operating cash flows.

Raw material procurement

All raw materials are sourced from the Nepalese market, ensuring both cost-effectiveness and quality control. The primary raw material, feed, is supplied by Nepal Wellhope Agri-Tech Private Limited, located in Chitwan district. Mr. Vaidya, a significant stakeholder with a 50% share in this feed company, provides a strategic advantage in terms of feed quality, directly influencing egg production. The secondary raw material, chicks of the BOVANS BROWN breed, is procured from Vizu Poultry Farm, another enterprise fully funded by Mr. Vaidya, ensuring reliable quality and production standards.

Key Rating Weaknesses

Raw material and price volatility risk

DPFPL's cost structure is predominantly driven by locally sourced raw materials, with feed and related inputs accounting for more than 70% of total operating income, thereby rendering the company's profitability highly sensitive to fluctuations in input prices. Additionally, the selling price of eggs remains inherently volatile, being largely dependent on market demand-supply dynamics, which may exert pressure on margin stability during periods of adverse price movements. Furthermore, the company's reliance on a single major supplier for a significant portion of its raw material requirements exposes it to supplier concentration risk, which could potentially impact both cost competitiveness and operational continuity in the event of supply disruptions.

Inherent risk of disease outbreaks in the poultry business

Overall poultry industry, is exposed to the inherent industry risk of disease outbreaks like bird flu (H5N1 influenza virus). Avian influenza with high pathogenic value can have a severe effect in the business of the overall industry including that of DPFPL.

No major entry barriers lead to highly competitive intensity of the industry:

There are no any major entry barriers for the poultry 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.

Analytical Approach: Standalone

Applicable Criteria:

[Corporate Credit Rating Methodology](#)

Past Rating Rationale:

[Dumkibas Poultry Farm Private Limited: Bank Facilities Rating Revised](#)

About the Company:

Incorporated in February 2018, Dumkibas Poultry Farm Private Limited (DPFPL) is producers of high-quality eggs in Nepal, operating under the brand name "Vizu Brown Eggs". With its corporate office in Kathmandu and farm in Nawalparasi, DPFPL produces 300,000 fresh eggs daily from its ~500,000 birds housed in closed facilities. 100% ownership of all shares lies with individual promoter, namely Mr. Suresh Vaidya.

Financial Indicators (Standalone)

For the year ended* As on	FY23	FY24	FY25	9MFY26
	Audited	Audited	Audited	Unaudited
Total Operating Income (NPR Mn)	944	1,007	895	726
EBITDA Margin (%)	10.98	14.01	18.68	26.67
Interest Coverage Ratio (x)	1.52	2.17	3.18	6.39
Current Ratio (x)	1.36	0.89	0.90	1.17
DSCR (x)	0.85	1.07	1.11	1.94
Total Debt/GCA (years)	22.65	10.58	6.37	4.12
Overall Gearing Ratio (x)	5.59	4.48	3.07	1.93
TOL/TNW (x)	6.72	5.95	4.67	3.12

*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	Term Loan	472.13	IRN BB
Fund Based Bank Facilities - Cash Credit Loan	Short Term	150.00	IRN A4
Non-Fund Based Bank Facilities - Letter of Credit	Short Term	79.64*	IRN A4
Total Facilities		701.77	

* Specific LC II are USD denominated loans which when converted into USD using selling exchange rate of NPR 153.19/\$ prevalent of June 03, 2026 is equivalent to USD 95,554.00.

Analyst Contacts

Mr. Utshav Bikram Malla

Tel No.+977-1-4583304/4585906

utshav.malla@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:

Infomerics Credit Rating Nepal Ltd. is Nepal's third Credit Rating Agency licensed by the Securities Board of Nepal (SEBON) on March, 2022. Infomerics Nepal is a subsidiary of Infomerics Valuation and Rating Private Limited (Infomerics India) which is a SEBI registered and RBI accredited Credit Rating Agency licensed in 2015. Infomerics Nepal aims to provide investors with objective analysis and evaluation of credit worthiness of Banks, NBFCs, Large Corporates and Small and Medium Scale Units (SMUS) via its



Infomerics Credit Rating Nepal Limited

rating and grading services. Thus, it is playing a key role in serving the financial markets by reducing the information asymmetry among varied lenders and investors and facilitating borrowers/issuers to various fundraising opportunities/avenues. Infomerics observes and maintains ethical standards in its activities. For more information, visit <https://infomericsnepal.com/>

Infomerics Credit Rating Nepal Limited

Tanka Prasad Marga, Baneshwor Height, Kathmandu

Phone: +977-1-4583304/4585906

Email: info@infomericsnepal.com

Web: www.infomericsnepal.com

Disclaimer: Ratings assigned by Infomerics Nepal are an opinion on the credit risk of the issue / issuer and not a recommendation to buy, hold or sell securities. Infomerics Nepal reserves the right to change, suspend or withdraw the credit ratings at any point in time. Ratings assigned by Infomerics Nepal are opinions on financial statements based on information provided by the management and information obtained from sources believed by it to be accurate and reliable. The credit quality ratings are not recommendations to sanction, renew, disburse or recall the concerned bank facilities or to buy, sell or hold any security. We, however, do not guarantee the accuracy, adequacy or completeness of any information, which we accepted and presumed to be free from misstatement, whether due to error or fraud. We are not responsible for any errors or omissions or for the results obtained from the use of such information. Most entities whose bank facilities/instruments are rated by us have paid a credit rating fee, based on the amount and type of bank facilities/instruments. In case of partnership/proprietary concerns/Association of Persons (AOPs), the rating assigned by Infomerics Nepal is based on the capital deployed by the partners/proprietor/ AOPs and the financial strength of the firm at present. The rating may undergo change in case of withdrawal of capital or the unsecured loans brought in by the partners/proprietor/ AOPs in addition to the financial performance and other relevant factors.