

PRESS RELEASE

YAK BREWING COMPANY PRIVATE LIMITED

June 2026

Ratings

Instrument/Facilities	Amount (NPR Mn)	Ratings	Rating Action
Long Term Bank Facilities	1,089.84 (enhanced from 831.22)	IRN BB	Reaffirmed
Short Term Bank Facilities	1,675.00 (enhanced from 1,525.30)	IRN A4	Reaffirmed
Total	2,764.84		

Details of facilities are in Annexure 1 below

Infomerics Credit Rating Nepal Limited (Infomerics Nepal) has reaffirmed the rating of IRN BB (Double B) assigned to the long-term bank facilities of NPR 1,089.84 Mn and IRN A4 (A Four) assigned to the short-term bank facilities of NPR 1,675.00 Mn.

Detailed Rationale

The reaffirmation of ratings assigned to bank facilities of Yak Brewing Company Private Limited (YBCPL) factor in the significant improvement in the company's scale of operations, reflected in a robust revenue growth of ~72% in FY25 and sustained sales momentum in 9MFY26, driven by higher sales volumes supported by strong market demand and increasing brand acceptance. The ratings also positively consider the substantial improvement in capacity utilization to ~68% in FY25 from ~33% in FY24, indicating enhanced operational efficiency and better absorption of fixed costs. While EBITDA margins moderated due to elevated raw material costs arising from the depreciation of the Nepalese Rupee against major foreign currencies and higher logistics expenses linked to global crude oil prices, the company continued to maintain healthy profitability. The ratings further derive comfort from YBCPL's established brand presence, strategic plant location, and extensive distribution network, which support its competitive position in the domestic beer market. Additionally, the ratings continue to benefit from the extensive experience of the promoters and the financial and operational support from the resourceful promoter group. The ratings also factor in the favourable regulatory environment for domestic liquor manufacturers, characterized by high import duties and other tariff barriers on finished alcoholic beverages, which provide a degree of protection against foreign competition.

Nevertheless, the ratings remain constrained by the company's leveraged capital structure, although there has been a notable improvement in recent periods. The ratings also continue to factor in YBCPL's exposure to raw material price volatility, given its dependence on imported key inputs such as base malts and hops sourced primarily from Europe, thereby exposing the company to both commodity price fluctuations and foreign exchange risks. Further, the ratings remain sensitive to the regulatory risks associated with the alcoholic beverage industry, where changes in taxation, excise duties, or other regulatory policies could impact profitability and growth prospects. The highly competitive nature of the domestic beer market, characterized by the presence of larger and well-established players, also continues to constrain the ratings. Going forward, YBCPL's ability to sustain its revenue growth momentum while maintaining stable profitability, improving its capital structure, and strengthening debt protection metrics will remain key rating sensitivities.

Detailed Description of Key Rating Drivers

Key Rating Strengths

Improving financial profile

YBCPL's operating performance strengthened significantly with revenue growing by ~72% in FY25 to NPR 2,192 Mn from NPR 1,274 Mn in FY24, further sustaining at NPR 2,047 Mn in 9MFY26, primarily driven by higher sales volumes backed by strong demand and brand acceptance. However, EBITDA margin moderated to 18.58% in FY25 from 22.58% in FY24 due to lower average realization and elevated raw material costs arising from NPR depreciation against major foreign currencies and higher global crude oil-linked logistics expenses, before partially recovering to 19.56% in 9MFY26. In contrast, profitability improved at the net level, with PAT margin rising to 3.33% in FY25 and further to 6.87% in 9MFY26, supported by lower interest costs and improved operating efficiency, while gross cash accruals also improved to NPR 290 Mn in 9MFY26 from NPR 257 Mn in FY25, indicating better internal cash generation.

Experienced management team and strong promoter support

The ratings continue to derive comfort from the company's experienced management team, which possesses extensive expertise across manufacturing, distillery operations, and sales, providing a solid foundation for executing its growth strategy and navigating industry complexities. The company also benefits from the financial and operational support of a resourceful promoter group, enhancing its ability to withstand business challenges. Furthermore, its established network of over 100 trusted dealers, inherited from Yeti Distillery Private Limited, has significantly strengthened market penetration and distribution capabilities, supporting the company's competitive positioning and revenue sustainability.

Strategic location and market accessibility

The strategic location of YBCPL's manufacturing facility in Kurintar, ~105 km from Kathmandu Valley, ~175 km from Birgunj dry port, and ~160 km from Bhairahwa customs, serves as a central point for imports and dispatches. This advantageous positioning facilitates efficient transportation and logistics operations. Additionally, with corporate offices situated in Kathmandu, a key economic hub with a concentration of major markets supporting the brewery industry, the company is well-placed to tap into market opportunities and streamline business operations.

Key Rating Weaknesses

Leveraged capital structure albeit improving debt coverage indicators

The company's capital structure continues to remain leveraged, although it has demonstrated a gradual improvement trend over the review period, with overall gearing moderating from 6.83x as of mid-July 2024 to 4.88x as of mid-July 2025 and further to 4.72x as of mid-April 2026, supported by accretion to reserves. Similarly, TOL/TNW improved to 5.85x in 9MFY26 from 6.54x in FY25, though it remains elevated. Debt protection metrics have strengthened meaningfully, with interest coverage ratio improving to 4.19x in 9MFY25 from 3.05x in FY25 (1.66x in FY24), driven by improved EBITDA generation and lower interest costs, while DSCR also improved to 1.95x in 9MFY25 from 1.19x in FY25 (1x in FY24), reflecting enhanced debt servicing capability supported by stronger internal cash flows.

Susceptibility to price fluctuation of seasonal agro products

The company remains exposed to significant price volatility of key raw materials such as broken rice, barley, and husk, which are seasonal agro-products. Their prices are influenced by multiple factors including area under cultivation, annual yield variations, prevailing demand-supply dynamics, and inventory levels carried forward from the previous year. Additionally, the supply side is highly dependent on monsoon performance and overall climatic conditions, rendering the company's operations vulnerable to the uncertainties and fluctuations inherent in agricultural production. This susceptibility to raw material price fluctuations poses a potential risk to the company's profitability and cash flow stability.

Exposure to regulatory risk, however supported by import barriers

YBCPL 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 YBCPL. 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 YBCPL'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 YBCPL.

Analytical Approach: Standalone

Applicable Criteria:

[Corporate Credit Rating Methodology](#)

Past Rating Rationale:

[Yak Brewing Company Private Limited: Bank Facilities Rating Revised](#)

About the Company:

Incorporated on January 2013, Yak Brewing Company Private Limited (YBCPL), a brewing enterprise with its registered office in Naxal, Kathmandu, commenced its operational activities in 2016. YBCPL's factory is located in Kurintar-4, Dare Chowk, Ichhyakamana VDC, Chitwan, Nepal, ~105 km from Kathmandu valley. Spanning across 6.5 bigha (473,850 square meters) of land near the Trishuli riverside, it features a beer garden for visitors to enjoy freshly brewed beers. The approved production capacity stands at 360,000 HL, with installed capacity at 240,000 HL. Ownership of all shares lies with individual promoters, namely Mr. Abhisekh Shrestha (42.50%), Mr. Rabi K.C. (37.50%), Mr. Min Raj Bhusal (15.00%), and Mr. Muskan Shrestha (5.00%).

Financial Indicators (Standalone)

For the year ended* As on	FY23	FY24	FY25	9MFY26
	Audited	Audited	Audited	Unaudited
Total Operating Income (NPR Mn)	927	1,274	2,192	2,047
EBITDA Margin (%)	19.72	22.58	18.58	19.56
Interest Coverage Ratio (x)	0.96	1.66	3.05	4.19
Current Ratio (x)	0.97	0.97	1.07	1.03
DSCR (x)	0.64	1.00	1.19	1.95
Overall Gearing Ratio (x)	7.70	6.83	4.88	4.72
TOL/TNW (x)	9.68	8.55	6.54	5.85
Working Capital Intensity	89%	66%	43%	NA

*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	1,089.84	IRN BB
Fund Based Bank Facilities- Working Capital Loan	Short Term	525.00	IRN A4
Non-Fund Based Bank Facilities- Letter of Credit	Short Term	1,150.00	IRN A4
Total Facilities		2,764.84	



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About Infomerics Credit Rating Nepal Limited:

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