

PRESS RELEASE

MAHALAXMI MOBILES PRIVATE LIMITED

December 2025

Rating

Instruments/ Facilities	Amount (NPR Mn)	Rating	Rating Action
Short Term Bank Facilities	780.00	IRN A4	Assigned
Total	780.00		

Details of Facilities are in Annexure 1 below

Infomerics Credit Rating Nepal Limited (Infomerics Nepal) has assigned the rating of IRN A4 (A Four) to short term bank facilities of NPR 780.00 Mn.

Detailed Rationale

The rating assigned to the short-term bank facilities of Mahalaxmi Mobiles Private Limited (MMPL) factors in the company's experienced promoters and management team. MMPL benefits from the Ambe Group's diversified business presence and managerial expertise, which supports business stability and operational execution. The company also derives strength from its established position in the Nepali smartphone market as the exclusive distributor of the ITEL brand and a non-exclusive distributor of the Tecno brand. Its wide distribution network, comprising over 128 dealers across the country, enhances market reach, supports steady demand in the budget smartphone segment, and provides revenue visibility over the short to medium term.

These strengths, however, are moderated by MMPL's fluctuating revenue profile and weakening profitability indicators. The company's EBITDA margin declined to ~ 4% in FY25 from ~5% in FY24, reflecting reduced margin support from manufacturers and competitive pricing pressures in the market. Furthermore, net profitability margins of the company stood strained at below 1% during FY24-FY25. The moderate operating margin continues to constrain internal accruals and limits financial flexibility. MMPL's working capital requirements remain relatively high, with working capital intensity at around 40% in FY25 (FY24 ~43%). The stretch is primarily driven by elevated inventory holding, with inventory days increasing to 64 days in FY25 from 57 days in FY24, as the company maintains higher stock levels to support sales and mitigate supply-side uncertainties. The capital structure remains moderately leveraged, with overall gearing increasing to 2.09x as of mid-July 2025 from 1.69x in FY24. Debt coverage metrics remain moderate, with interest coverage at 1.37x in FY25 (FY24: 1.38x) and DSCR of 1.17x in FY25 and 1.26x in FY24. Going forward, MMPL's ability to improve profitability, optimize its working capital cycle particularly inventory management and continuation of the exclusive distributorship arrangement for the ITEL brand and prudent management of leverage will be key rating sensitivities.

Detailed Description of Key Rating Drivers

Key Rating Strengths

Experienced promoter profile and management team

MMPL is promoted by the individual shareholders from Ambe Group along with other individual promoters. Ambe Group is a diversified Nepal-based conglomerate with established presence in cement and steel manufacturing, providing operational and distribution synergies. The group's strong market position and credit profile of key group entities support MMPL's business strength. MMPL is managed by an experienced board and professional management team. The chairman, Mr. Shovakar Neupane, has over four decades of experience in manufacturing and trading. Also, Mr. Santosh Bhandari, CEO, has over a decade of experience in various industries. He is further supported by an experienced team member across various functions.

Established market position and wide distribution network

MMPL holds a strong position in the Nepalese smartphone market as the exclusive distributor of ITEL brand mobiles and a non-exclusive distributor of the Tecno brand mobiles. The company primarily caters to the niche segment of budget-conscious customers, and its exclusive rights for the ITEL brand support revenue sustainability over the short to medium term. MMPL's extensive distribution network, consisting of more than 128 dealers as of mid-July 2025 along with after-sales service providers across the country, further enhances its market reach.

Key Rating Weaknesses

Fluctuating revenue profile with declining profitability

MMPL derives its income from sale of ITEL and Tecno mobile phones since FY18. The company reported highest annual sales in FY22 (~NPR 4,024 Mn) driven by pandemic-led demand and uninterrupted imports, followed by moderation in FY23 (~NPR 2,090 Mn) and further decline in FY24 (~NPR 1,581 Mn). The declination was primarily due to increased price competition and underperformance of some models. However, TOI shows recovery in FY25 at ~NPR 2,455 Mn aided by introduction of new models and favorable pricing. Likewise, profitability has been following a declining trend with MMPL's EBITDA margin gradually declining from xx% in FY22 to xx% in FY25. Similarly, PAT margin remains low at below 1% during FY24 and FY25, impacted by elevated interest expenses.

Moderately leveraged capital structure

MMPL's capital structure remains moderately leveraged, with an overall gearing of 2.09x as of mid-July 2025 (FY24: 1.61x; FY23: 1.79x). The increase in overall gearing in FY25 is primarily attributable to higher utilization of short-term borrowings to fund working-capital requirements. Similarly, the Total Outside Liabilities to Tangible Net worth (TOL/TNW) ratio elevated to 2.31x in FY25 from 1.75x in FY24 (FY23: 1.90x), driven by elevated short-term liabilities. The company's coverage indicators also remain moderate with the interest coverage ratio of 1.37x in FY25 (FY24: 1.38x; FY23: 1.06x). The marginal deterioration in FY25 was mainly due to an increase in interest expenses. Likewise, the DSCR moderated to 1.17x in FY25 compared to 1.26x in FY24 (FY23: 1.01x).

Stretched working capital intensity

The company's working capital intensity although improved, still remain stretched indicated by ~40% in FY25 ((FY24: ~45%; FY23: ~33%), primarily elevated by inventory holding period which increased to 64 days in FY25 (FY24: 57 days; FY23: 52 days). The average collection period though improved, still remain high at 53 days in FY25 from 89 days in FY24 and 66 days in FY23. The improvement in receivable days, coupled with consistently low creditor days, resulted in a shorter operating cycle of 116 days in FY25 compared to 146 days in FY24 and 118 days in FY23. The utilization of working capital limits also moderated to ~60% as of mid-October 2025, indicating reduced reliance on bank borrowings, although the limits were fully utilized during the period from mid-October 2024 to mid-April 2025.

Competitive smartphone industry coupled with technological risks

The product life cycle of smartphone is typically short due to rapid changes in technology and intense competition between mobile phone manufacturers. Hence, the ability of MMPL to launch innovative products at a competitive rate and maintain market share globally would have a bearing on the MMPL's short term financial outlook as presently the fortunes of MMPL is linked with ITEL and Tecno.

Analytical Approach: Standalone

Applicable Criteria:

[Corporate Credit Rating Methodology](#)

About the Company:

Mahalaxmi Mobiles Private Limited (MMPL), established in 2017, is the exclusive distributor of ITEL mobile phones and a non-exclusive distributor of Tecno mobile phones in Nepal. Both ITEL and Tecno are manufactured by companies based in Shenzhen, China. MMPL operates an extensive sales network comprising over 128 dealers across the country. The company's registered office is located at Teku-12, Kathmandu. The majority shareholding is held by Mr. Prakash Bahadur Swar with 54.95% equity, followed by Mr. Shiwaj Neupane, Mr. Purnabhadra Paudyal and Mr. Shovakar Neupane with an 18.38%, 14.42% and 12.25% stake respectively, as of mid-July 2025.

Financial Indicators (Standalone)

For the year ended* As on	FY22	FY23	FY24	FY25
	Audited	Audited	Audited	Unaudited
Total Operating Income (NPR Mn)	4,024	2,090	1,581	2,455
EBITDA Margin (%)	7.70	6.66	4.99	4.00
Interest Coverage Ratio (x)	3.80	1.06	1.38	1.37
Current Ratio (x)	1.49	1.51	1.56	1.42
Overall Gearing Ratio (x)	1.72	1.79	1.61	2.09
DSCR (x)	3.06	1.01	1.26	1.17

Earnings before Interest Tax Depreciation Amortization (EBITDA)

Debt Service Coverage Ratio (DSCR)

**Classification as per Infomerics Nepal standards*

Annexure 1: Details of Facilities:

S. N.	Facilities	Type of Facilities	Amount (NPR Mn)	Rating
1.	Fund Based Bank Facilities-Working Capital Loan	Short Term	780.00	IRN A4
2.	Non Fund Based Bank Facilities-LC	Short Term	(700.00)**	IRN A4
Total Bank Facilities			780.00	

**** Furthermore, the maximum limit for Trust Receipt Loan and Short-Term Time Loan will be NPR 560.00 Mn and the borrower will be allowed to use the credit limit of NPR 700.00 Mn in the form of Letter of Credit, Trust Receipt Loan, and Short-Term Time Loan (L/C, Trust Receipt & Short-Term Time Loan) as an interchangeable limit. However, the maximum limit for the Letter of Credit will be NPR 700.00 Mn**

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Infomerics Credit Rating Nepal Limited

About Infomerics Credit Rating Nepal Limited:

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