

PRESS RELEASE

JAGDAMBA HIRE PURCHASE LIMITED

January 2026

Ratings

Instrument/Facilities	Amount (NPR Mn)	Ratings	Rating Action
Long Term Bank Facilities	1,722.50	IRN BB	Assigned
Short Term Bank Facilities	(50.00)*	IRN A4	Assigned
Total	1,722.50		

* Short term bank facilities are within the limit of long term bank facilities

Details of facilities are in Annexure 1 below

Infomerics Credit Rating Nepal Limited (Infomerics Nepal) has assigned the rating of IRN BB (Double B) to long-term bank facilities of NPR 1,722.50 Mn and IRN A4 (A Four) to the short term bank facilities of NPR 50.00 Mn.

Detailed Rationale

The ratings assigned to bank facilities of Jagdamba Hire Purchase Limited (JHPL) derive their strength from the long track record of operations (since 2016) and presence of strong and experienced promoter group namely 'Shanker Group'. The presence of sister concern M/S Jagdamba Motors Private Limited ([IRN BBB+/A2](#)), authorized dealer for vehicles of TVS and Proton and other institutions of Shanker Group across various industries provides JHPL with competitive advantage. JHPL's diverse product offerings, presence across all seven provinces of Nepal, and secure lending model further support its risk profile and business growth. Also leveraging its long track record of operation, JHPL has built a free reserve of ~NPR 242 Mn as of Mid-July 2025, resulting in strong net worth and ample regulatory headroom as evidenced in lower gearing ratio of 1.43x (against regulatory ceiling of 10x). This robust capital position enhances financial flexibility and supports the company's capacity for future business expansion. The rating also factors in rebound of operational metrics during FY25 following lull in FY23-24 as evidenced by significant expansion in loan portfolio and PAT (~34% and ~102% Y-O-Y growth) owing to combination of lowered interest expense on backdrop of excess liquidity in Nepalese economy and expansion into new segments including low-value consumer electronics and mobile segments. Furthermore, JHPL's loan portfolio constitutes of granular loans, averaging NPR 0.106 Mn per customer which supports risk diversification.

However, these rating strengths are constrained by the company's modest customer base of ~15,000 as of the end of FY25. This risk is further accentuated by geographical concentration, with nearly 50% of the loan portfolio concentrated in Bagmati Province. The rating strengths are further constrained by JHPL's modest scale of operations as evidenced by loan portfolio of ~NPR 1,532 Mn as of FY25 and net interest income of ~NPR 100 Mn (~NPR 1,139 Mn and ~NPR 88 Mn respectively in FY24). However, the rapid expansion in loan portfolio during FY25 and availability of regulatory headroom to further expand its portfolio in near future provides some comfort. The ratings are also constrained due to increasing asset slippages in latest years as evidenced by GNPA ratio increasing to ~4.42% in FY25 from ~3.17% in FY24 and ~1.18% in FY23 with 90+ days delinquency portfolio reaching ~6.38% as of mid-July 2025. Further, the limited regulatory oversight for the sector and tough competition from BFI's which also target similar customers and restriction on accepting deposits from customers creates strategic challenge to NBFC's like JHPL. Going forward, the company's ability to maintain asset quality, liquidity, leverage and profitability indicators while increasing its loan portfolio by extending new loans and product diversification, will be key rating sensitivities.

Detailed Description of Key Rating Drivers

Key Rating Strengths

Experienced promoter and management team with long track record in different industries

JHPL is a part of Shankar Group and derives its strength from promoters having strong presence through their group entities in manufacturing of steel, cement, polymers, trading, hospitality, insurance, automobiles etc. The presence of sister concern M/S Jagdamba Motors Private Limited, authorized dealer for vehicles of TVS and Proton and other institutions of Shanker Group across various industries provides JHPL with competitive advantage. The relationship of OHPL with its sister concern facilitates integrated value creation and synergy among both companies enhancing financial and operational sustainability. Furthermore, JHPL is led by Mr. Shahil Agrawal who has over two decades of experience in trade and industry. Further, the directors are supported by a team of technically qualified and experienced professionals to run the day-to-day operations of the company and is a rating positive.

Diversified loan portfolio and adequate capitalization levels

JHPL has a diversified loan portfolio across six key segments viz. 2 Wheeler Loan, 3 Wheeler loan, 4 Wheeler Loan, Heavy Vehicle Loan, commercial vehicles and consumer electronics segments — financing a wide range of brands including TVS and Proton vehicles and Realme brand mobiles. The company maintains a presence across all seven provinces, with a notable concentration in Bagmati Province, which accounts for ~50% of outstanding loans in FY25. Likewise, JHPL has maintained a paid up capital base of ~NPR 300 Mn. Leveraging its long track record of operations of around a decade, the company has accumulated free reserves of ~NPR 242 Mn. This healthy reserve position has strengthened JHPL's net worth, enhancing its capacity to raise significant borrowings for business investment and operational expansion. The company's current leverage position (overall gearing ratio of ~1.43x as on FY25 against regulatory ceiling of 10x) provides ample regulatory headroom, offering considerable financial flexibility and enabling the potential for rapid loan portfolio growth under a favorable operating environment. The presence of a strong capital base and large regulatory cushion is a rating positive. However, the company's ability to utilize this financial flexibility and manage the expansion of its loan portfolio in contrast to prevailing contractionary trends remain a key rating monitorable.

Key Rating Weaknesses

Modest scale of operations

JHPL's scale of operations remain modest as of latest period. JHPL's outstanding loans peaked in FY19 (~NPR 1,606 Mn) and have gradually declined to NPR 1,434 Mn in FY22, NPR 1,396 Mn in FY23 and NPR 1,145 Mn in FY24. Likewise, the net interest income also remains modest with JHPL recording NII of ~NPR 140 Mn in FY22 and declining to ~NPR 83 Mn in FY23 and ~NPR 88 Mn in FY24. However, owing to combination of lowered interest expense on backdrop of excess liquidity in Nepalese economy and expansion into new segments including low-value consumer electronics and mobile segments, the operational metrics have improved as evidenced by ~34% increase in loan portfolio to ~NPR 1,532 Mn, ~13% increase in NII to ~NPR 100 Mn and ~104% increase in PAT during FY25. Despite such improvements, the scale of operation along with operational metrics of JHPL remains modest. Going forward, the ability of management to upscale its scale of operations proportionately whilst maintaining its profitability indicators are key rating monitorable.

Increasing asset slippages

JHPL's asset slippages have continuously increased during FY23-25 as evidenced by continuous and gradual increase in GNPA ratio from 1.18% in FY23 to 3.17% in FY24 and ~4.42% in FY25. The 90+days delinquent portfolio have reached ~6.38% in FY25. Owing to such steady increase in asset slippages, the provision coverage ratio has fallen to ~41% in FY25 from ~71% in FY24, indicating only partial provisioning against elevated delinquent assets. The combination of increasing GNPA levels, a modest loan book, and moderate provisioning continues to weigh on the company's credit

profile and constrains the rating.

Emerging risk and liquidity management practices coupled with limited regulatory oversight

JHPL and other hire purchase businesses are licensed and subject to regulation by Nepal Rastra Bank. Even though the hire purchase companies have riskier profile than banks and other financial institutions, they are comparatively less regulated than their counterparts, particularly in areas that are crucial to these NBFCs, such as the recognition of bad debts, the provisioning for bad debts, the maintenance of the capital adequacy ratio, Asset-Liability maturity assessment and other risk and liquidity management procedures. Any significant changes to the current regulatory framework by the regulatory body is expected to have an impact on the performance of hire purchase companies going forward.

Analytical Approach: Standalone

Applicable Criteria:

[Corporate Credit Rating Methodology](#)

About the Company:

Jagdamba Credit and Investment Private Limited was incorporated as a private limited company in May 2016 and was later converted into public limited company in July 2022. It was renamed Jagdamba Hire Purchase Limited in February 2024. The company received its license from Nepal Rastra Bank (NRB) to operate as a Hire Purchase company in February 2017. The primary objective of the company is to provide hire purchase loans for two wheelers, three wheelers (Tempo), four wheelers (auto loan) and heavy equipment. The majority owner of the company is Mr. Shahil Agrawal (~99.80% of total shareholding) as of Mid-July 2025, who is also the Managing Director and Chairman of Jagdamba Group.

Financial Indicators (Standalone)

For the year ended* As on	FY21	FY22	FY23	FY24	FY25
	Audited				
Total Income (NPR Mn)	290	274	230	219	231
Profit after Tax (NPR Mn)	77	73	26	22	45
Tangible Net Worth (NPR Mn)	394	468	494	497	542
Total Managed Portfolio (in NPR Mn)	1,418	1,434	1,396	1,139	1,532
Total Debt (NPR Mn)	1,067	604	715	765	776
Overall Gearing Ratio (x)	2.71	1.29	1.45	1.54	1.43
Interest Coverage Ratio (x)	2.17	2.22	1.34	1.42	1.83
Return on average managed assets (%)	6.92	6.75	2.38	2.80	3.59
Gross NPA (%)**	4.38	4.06	1.18	3.17	4.42
Net NPA (%)**	1.55	1.58	0.21	0.95	2.69
Net NPA/ Net Worth (%)	5.57	4.86	0.61	2.17	7.61

*Classification as per Infomerics Nepal standards

** If any loans are delayed by more than 6 months, entire outstanding loan is classified under non-performing loans

Annexure:1 Detail of Facilities:

Name of Instruments/ Facilities	Type of Facilities	Amount (NPR Mn)	Rating
Fund Based Bank Facilities- Term Loan	Long Term	1,200.00	IRN BB
Fund Based Bank Facilities- Term Loan (Proposed)	Long Term	400.00	IRN BB

Name of Instruments/ Facilities	Type of Facilities	Amount (NPR Mn)	Rating
Fund Based Bank Facilities- Permanent Working Capital Loan	Long Term	122.52	IRN BB
Fund Based Bank Facilities- Short Term Loan	Short Term	50.00*	IRN A4
Total Facilities		1,722.50	

*within revolving Term Loan

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About Infomerics Credit Rating Nepal Limited:

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