

PRESS RELEASE

JAGDAMBA AUTO GROUP PRIVATE LIMITED

March 2026

Ratings

Instrument/Facilities	Amount (NPR Mn)	Ratings	Rating Action
Long Term Bank Facilities	40.00 (enhanced from 39.67)	IRN BBB	Upgraded from IRN BBB-
Short Term Bank Facilities	2,665.00 (enhanced from 1,457.00)	IRN A3+	Upgraded from IRN A3
Total	1,910.00*		

* At any time, the combined limit of Fund Based and Non-Fund Based Loan shall not exceed NPR 1,910.00 Mn.

Details of facilities are in Annexure 1 below

Infomerics Credit Rating Nepal Limited (Infomerics Nepal) has upgraded the rating to IRN BBB (Triple B) from IRN BBB- (Triple B Minus) assigned to the long-term bank facilities of NPR 40.00 Mn and upgraded the rating to IRN A3+ (A Three Plus) from IRN A3 (A Three) assigned to the short-term bank facilities of NPR 2,665.00 Mn.

Detailed Rationale

The upgrade in the ratings assigned to the bank facilities of Jagdamba Auto Group Private Limited (JAPL) factors in the improvement in the company's operational profile in FY25, reflected in a y-o-y revenue growth of ~44% with stable operating margins. The scale expansion and healthy operating cash accruals, supported by moderation in working capital intensity, have strengthened the company's debt coverage indicators and liquidity position. Further, the improvement in profitability has led to moderation in leverage levels in H1FY26, although the impact of incremental dividend outflows remains to be monitored. The ratings continue to factor in the company's established operational profile as the sole assembler of TVS-branded two-wheelers (2Ws) and three-wheelers (3Ws) in Nepal, which enjoys a strong presence in the domestic market. JAPL derives its entire revenues from its group entity and sole distributor, Jagdamba Motors Private Limited (JMPL), which has a sizeable market share in the 2W segment, thereby supporting steady demand for JAPL. Accordingly, the improvement in JMPL's market demand profile remains favorable for the company's incremental revenue growth. The ratings also continue to derive comfort from the established promoter profile, with JAPL being a part of the Shanker Group.

However, JAPL remains exposed to supplier and customer concentration risks, as the company sources vehicles and components solely from TVS Motor Company, India and sells the assembled products entirely to JMPL, thereby limiting business diversification. The ratings further take note of the company's relatively moderate track record of operations and its reliance on duty rebates for maintaining commercially viable operations. Moreover, the ratings also factor in the increasing competitive intensity within the industry with the gradual addition of local assembly facilities by other established brands in the two-wheeler segment. Going forward, JAPL's ability to sustain the improvement in revenue and margins, maintain the reduced working capital intensity and manage its dividend plans would remain among the key rating sensitivities.

Detailed Description of Key Rating Drivers

Key Rating Strengths

Experienced promoter group and established operational linkage with JMPL

JAPL benefits from the established parentage of the Shanker Group, which has a diversified presence across multiple sectors in Nepal including manufacturing of steel, cement, polymers, trading, hospitality, and insurance. The company is led by Mr. Shahil Agrawal, the sole Director, who possesses over two decades of experience in trade and industry. The management is further supported by a team of technically qualified and experienced professionals responsible for overseeing the day-to-day operations of the company. JAPL also derives operational strength from its strategic linkage with Jagadamba Motors Pvt. Ltd. (JMPL) [[IRN BBB+/A2](#)], which remains the company's sole customer, providing operational continuity and business visibility.

Healthy financial profile supported by strong revenue growth

JAPL reported strong financial performance in FY25 with revenue increasing by ~44% y-o-y to ~NPR 6,999 Mn, primarily supported by increased demand across the industry, with the growth not limited to the company alone. The growth momentum continued in H1FY26 with revenue reaching ~NPR 4,422 Mn. Operating profitability remained stable with EBITDA margin maintained above ~8% in FY25 and continuing at a similar level in H1FY26. Profitability further improved as PAT margin increased to 7.09% in FY25 from 6.02% in FY24 and further to 8.15% in H1FY26, supported by lower interest expenses and healthy operating profit. Consequently, gross cash accruals improved to NPR 407 Mn in FY25 from NPR 245 Mn in FY24.

Comfortable capital structure and debt coverage indicators

JAPL's capital structure remained adequate with improvement in leverage indicators supported by accretion of profits to reserves. Overall gearing improved to 0.68x as of mid-Jan 2026 from 1.14x as of mid-July 2025, primarily due to strengthening of tangible net worth. Similarly, TOL/TNW moderated to 0.93x in H1FY26 from 1.84x in FY25. Debt protection metrics also strengthened supported by improved operating profitability and lower interest expenses, with interest coverage ratio improving to 11.57x in H1FY26 from 11.32x in FY25 and DSCR improving to 9.42x from 7.34x over the same period.

Moderate liquidity profile

JAPL's liquidity profile remains moderate considering the inherently working capital-intensive nature of its import-based trading operations, which require maintaining relatively higher inventory levels while creditor support remains limited due to payments through sight letter of credit. Consequently, the company remains dependent on working capital borrowings and inventory funding channels. However, supported by overall improvement in the auto trading industry, the company's working capital cycle moderated in FY25 with inventory holding period improving to 43 days from 54 days in FY24 and operating cycle moderating to 42 days from 75 days over the same period. Debtor days also improved to 7 days in FY25 from 21 days in FY24, which includes receivables from its sister concern, JMPL. Consequently, working capital intensity improved to ~10% in FY25 from ~20% in FY24 supported by higher operating income.

Key Rating Weaknesses

Exposure to concentration risk

JAPL's business profile is characterized by a highly concentrated supplier and customer base. The company imports two-wheelers and three-wheelers along with their spare parts and accessories solely from TVS Motor Company (TVSM) in completely knocked down (CKD) condition and undertakes assembly before delivering the finished vehicles exclusively to Jagadamba Motors Private Limited. (JMPL), the authorized distributor. While such arrangements provide operational continuity and established business linkages, the company's complete dependence on a single supplier and a single customer exposes it to counterparty concentration risk.

Exposure to economic cyclicality and intense competition in the automobile industry

JAPL's business profile remains exposed to the inherent cyclicality of the automobile sector, which is closely linked to overall economic conditions and consumer purchasing power. The industry is highly price sensitive, and any increase in vehicle prices or fuel costs could adversely impact demand for two-wheelers, thereby affecting sales volumes. Further, the presence of several established players such as Honda Motor Company, Bajaj Auto, Hero MotoCorp and Yamaha Motor Company, along with the entry of new competitors in the market, intensifies competition within the industry. Such competitive pressures may constrain operating margins and limit bargaining power for entities such as JMPL and JAPL against other automobile assemblers and distributors. Consequently, the company's business risk profile remains susceptible to economic cycles and competitive dynamics within the sector.

Exposure to regulatory risk, albeit supported by Government incentives for assembly industry

JAPL's operations remain exposed to regulatory risks arising from changes in government policies related to automobile imports, including revisions in customs duties, tariffs, and other regulatory restrictions. In the past, policy measures such as restrictions on the import of certain motorcycles have demonstrated the sector's vulnerability to regulatory interventions, which could directly impact the company's revenue profile and margins. Nevertheless, the Government of Nepal has extended certain incentives to promote domestic assembly industries, including exemptions of 50% in excise duty and 25% in import duty on spare parts or raw materials used for vehicle manufacturing, subject to the establishment of assembly operations within the country. The company's ability to effectively manage and adapt to such regulatory changes would remain a key rating sensitivity going forward.

Analytical Approach: Standalone

Applicable Criteria:

[Corporate Credit Rating Methodology](#)

Past Rating Rationale

[Jagdamba Auto Group Private Limited: Bank Loan Rating Revised](#)

About the Company:

Incorporated in 2014, Jagdamba Auto Group Private Limited (JAPL) operates as the authorized assembly unit for TVS-branded two-wheelers and three-wheelers in Nepal. The assembled vehicles are sold entirely to its group entity, Jagdamba Motors Private Limited (JMPL), the authorized distributor of these products in Nepal. JAPL is a part of the Shanker Group, which has a diversified presence across manufacturing and trading sectors within the country. The company is wholly owned by Mr. Shahil Agrawal, who also serves as the sole director.

Financial Indicators (Standalone)

For the year ended* As on	FY23	FY24	FY25	H1FY26
	Audited	Audited	Audited	Audited
Total Operating Income (NPR Mn)	2,737	4,850	6,999	4,422
EBITDA Margin (%)	8.16	8.22	8.05	8.28
Interest Coverage Ratio (x)	1.64	4.36	11.32	11.57
Total Debt/ EBITDA (x)	3.14	1.35	0.92	1.38
Current Ratio (x)	1.38	1.83	1.28	1.75
Overall Gearing Ratio (x)	2.01	0.92	1.14	0.68
TOL/TNW (x)	2.15	0.98	1.84	0.93
DSCR (x)	1.43	2.33	7.34	9.42

Earnings before Interest Tax Depreciation Amortization (EBITDA)

Total Outside Liabilities/Tangible Net Worth (TOL/TNW)

**Classification as per Infomerics Nepal standards*

Annexure:1 Detail of Facilities:

Name of Instruments/ Facilities	Type of Facilities	Amount (NPR Mn)	Ratings
Fund Based Bank Facilities- Permanent Working Capital Loan	Long Term	40.00	IRN BBB
Fund Based Bank Facilities- Working Capital Loan	Short Term	1,185.00	IRN A3+
Non-Fund Based Bank Facilities – LC/BG ¹	Short Term	1,480.00	IRN A3+
Total Facilities		1,910.00*	

¹Letter of Credit / Bank Guarantee

* At any time, the combined limit of Fund Based and Non-Fund Based Loan shall not exceed NPR 1,910.00 Mn.

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About Infomerics Credit Rating Nepal Limited:

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