

## PRESS RELEASE

### JYOTI CAPITAL LIMITED

April 2026

#### Rating

Instruments	Amount (NPR Mn)	Rating	Rating Action
Fund Management Quality Rating	NA	IRN AMC Quality 4+	Assigned

Infomerics Credit Rating Nepal Limited (Infomerics Nepal) has assigned the fund management quality rating of IRN AMC Quality 4+ [Asset Management Company Quality Four Plus].

#### Detailed Rationale

The rating assigned to Jyoti Capital Limited (JCL) factors in the company's strong promoter profile with majority shares being held by Jyoti Bikas Bank Limited (JBBL) (~72.86%), a B Class Development Bank and remaining shares owned by various individual and institutional promoters spanning various sectors providing various technical and managerial support. The rating further derives comfort from presence of experienced board of directors, fund supervisors and well-experienced management team. The rating also factors in the positive outlook in the benchmark index, Nepal Stock Exchange (NEPSE), which could favor the initial performance of the company's proposed mutual fund (MF) scheme. Additionally, ongoing and proposed regulatory improvements alongside expectation of political stability with election of majority government are expected to enhance investment diversification opportunities and improve the depth and liquidity of the capital market.

Nonetheless, the rating remains constrained by the company's lack of a track record in MF management, which offers less autonomy compared to private fund management, as MF operations are governed by regulatory frameworks and the scheme's prospectus. The rating also takes note of limited track record of Portfolio Management Service (PMS) management by JCL (since 2024) and modest AUM of the company (~NPR 111 Mn as on Mid-February 2026) coupled with modest returns in PMS provided by the company. The ability of JCL to effectively navigate market volatility and build a sustainable scale of operations over the long term remains untested and is a rating concern. These challenges are further exacerbated by a weakening asset quality and profitability outlook for banks and financial institutions (BFIs), which represent a substantial portion of NEPSE. The rating also takes into account the volatile investment and regulatory environment and limited avenues available for fund managers for diversification of investment, leading to a concentrated portfolio. Consequently, the company's ability to maintain prudent asset allocation (i.e., a balanced mix of equities, fixed-income investments, and cash) aligned with anticipated market movements will be pivotal in driving the performance of the proposed mutual fund scheme (Jyoti Sampanna Lagani Yojana). Furthermore, the rating also remains constrained due to highly fragmented and competitive MF industry and moderate level of attraction of investors towards mutual fund.

The ability of management to achieve fund's objectives and full subscription of proposed schemes while safeguarding the proposed scheme's Net Asset Value (NAV) by navigating in a volatile market, and balancing risk and reward, will be key rating sensitivity.

#### Detailed Description of Key Rating Drivers

##### Key Rating Strengths

#### Strong ownership profile with experienced fund supervisors, BOD and management team

JCL is a subsidiary of JBBL with a stake of ~72.86% followed by various institutional and individual promoters spanning various sectors as of mid- February 2026. JBBL has assumed the role of fund sponsor for the proposed "Jyoti Sampanna Lagani Yojana" with a fund size of NPR 1,000 Mn. The

fund sponsor's commitment to its subsidiary is exemplified by sharing of the brand name and commitment for the seed capital for the proposed mutual fund scheme. Furthermore, the experienced management of the fund sponsor is expected to support the operations of the proposed mutual fund scheme. The rating also takes notes of strong guidance provided by Board of Directors (BOD) led by Mr. Prakash Baral, Chairman having more than two decades of experience in the insurance and financial sector. The board is well supported by experienced management team led by CEO, Mr. Bikash Dhakal.

## **Regulatory support for development of mutual fund industry and financial markets**

The regulatory body for capital markets have introduced new regulations and multiple reform measures in recent years that have supported the growth of the financial markets along with mutual fund industry. The planned reforms for the industry by regulatory bodies such as participation of Non-Resident Nepalese in secondary market is expected to further support the growth and maturity of financial markets. The mandatory regulatory allocation to mutual fund schemes in IPOs along with tax exemption on their income has supported the performance of these schemes. Moreover, the Budget for FY23 has made a provision that requires companies with capital of NPR 1 Bn or above, turnover of NPR 5 Bn or above, or those that mobilize natural resources to be listed in the stock exchange and entry of established companies from the non-financial sector especially through book building process or IPO with premium is likely to increase the scope of investment diversification for mutual funds beyond the banking, insurance, and hydropower sectors. Hence, any moderation in such regulatory support would impact incremental fund performance.

## **Key Rating Weaknesses**

### **No track record in MF management and limited track record in PMS services**

JCL is a recent entrant in Nepal's capital market, having received its operating license and commenced operations from FY24. As a result, the company has a limited operational track record and lacks experience in managing sizable asset portfolios, with no prior history in MF management. JCL has proposed to launch its first mutual fund scheme— Jyoti Sampanna Lagani Yojana —a close-ended fund with a proposed issue size of NPR 1 Bn and a tenure of 10 years. JCL has a modest AUM (~NPR 111 Mn in as of Mid-February 2026) coupled with modest returns in PMS provided by the company and its ability to effectively navigate market volatility and build a sustainable scale of operations over the long term remains untested and is a rating concern. The ability of management to foresee healthy NAV growth in its first ever mutual fund scheme remains key rating sensitivity. However, the appointment of key management personnel with substantial experience in mutual fund operations offers comfort regarding the company's capability to effectively manage and navigate its mutual fund activities to an extent.

### **Volatile operating environment**

The income and profitability of JCL and the managed funds are closely tied with the movement of the stock market, which has remained volatile over the years. Furthermore, the stock market is closely-linked with macroeconomic factors, liquidity, market sentiment, interest rates on fixed income securities along with various other external factors which are subject to change. Additionally, the stock market is highly cyclical and seasonal in nature, further aggravating the already volatile operating environment for JCL and its managed funds. Given the current market scenario, the ability to make prudent investment decisions while effectively navigating the stock market's volatility remains a key challenge for AMCs like JCL.

### **Limited investment diversification avenues**

The mutual fund schemes launched so far mostly have made equity investments through the primary and secondary markets, predominantly in banks, financial institutions and hydro sector. Further, limited secondary transactions for bonds, debentures and other fixed income securities has created limitation in scope for investment and risk diversification. In this context, the ability of JCL to diversify investment across asset classes and sectors within equity segment, safeguard its NAV during

significant market downtrends and ability to adapt strategy as per evolving market conditions remains a challenge.

## **Evolving mutual fund industry with moderate attraction amongst investors**

The mutual fund industry of Nepal is in its development phase with track record of just over a decade and represents ~1.68% of the Market Capitalization of NEPSE as on mid-February 2026. A total of 70 mutual fund schemes have been launched till date in Nepal, with 14 schemes having liquidated after maturity. Currently, there are 43 close ended mutual funds and 13 open ended mutual funds with total AUM of ~NPR 75.34 Bn (Face Value ~NPR 75.80 Bn). Furthermore, 8 other mutual fund schemes are schemes awaiting approval from the Securities Board of Nepal (SEBON) to raise ~NPR 8.00 bn. The introduction of these funds is significantly expected to increase the competition further. Additionally, the development and retention of skilled and qualified human resources considering the current status of the industry remains a challenge for investment/merchant bankers like JCL

**Analytical Approach:** Infomerics Nepal has applied its fund management quality rating methodology as indicated below.

## **Applicable Criteria:**

[Fund Management Quality Review Methodology](#)

## **About the Company:**

Jyoti Capital Limited (JCL), a subsidiary of Jyoti Bikas Bank Limited (JBBL), is a new entrant to merchant banker sector in Nepal and have been licensed by the Securities Board to offer underwriting, portfolio management, corporate advisory, RTA/RTS, Issue management services and depository participant services. JCL received license of Issue Management from the Securities Board of Nepal (SEBON) on December 09, 2025. JCL is in process of issuing its first Mutual Fund Scheme- 10 Year Close Ended "Jyoti Sampanna Lagani Yojana" of issue size NPR 1 Bn. JCL plans to operate in the capacity of fund manager and depository participant for the proposed close ended scheme "Jyoti Sampanna Lagani Yojana".

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## **About Infomerics Credit Rating Nepal Limited:**

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