**PRESS RELEASE**

**FUTURE MOTORS PRIVATE LIMITED**

**September 2026**

**Rating**

| Instrument/Facility | Amount (NPR Mn) | Rating | Rating Action |
|---|---|---|---|
| Short Term Bank Facilities | 800.00 | IRN A4 | Assigned |
| **Total** | **800.00** | | |

*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 the short-term bank facilities of NPR 800.00 Mn.

**Detailed Rationale**

The rating assigned to the bank facilities of Future Motors Private Limited (FMPL) derive strength from its experienced promoter with a decade of experience in the automobile industry. The rating also factors in strong growth in scale of operations with increasing total operating income (TOI) from NPR 219 Mn to NPR 1,965 Mn from FY23 to FY25, primarily driven by strong dealership backing from CG Motors, which enhanced sales volumes and market penetration, along with rising demand for electric passenger vans in Nepal's commercial transport segment. The rating also factors in low leveraged capital structure with overall gearing ratio of 0.69x as of mid-July 2026 (0.87x in FY25) and strong interest coverage ratio of 8.70x in FY26 (9.22x in FY25). The rating further derives comfort from the company's moderate financial profile, as reflected by its consistently positive EBITDA over the past three years ending FY26.
However, the rating remains constrained due to nascent track record of operations of around 4 years as it began commercial operation from FY23. The rating also remains constrained by low operating margins of FMPL (~1-3% margin across FY24-FY26). Despite a significant scale of operations, the company's thin margins have resulted in limited gross cash accruals (GCA) over the years. Consequently, even a marginal increase in operating costs or a slight decline in revenue could materially compress profitability and potentially lead to losses, which remains a key rating concern. The rating also factors in the intense competition in the domestic automobile industry, particularly in the four-wheeler segment from established brands such as Foton, KYC, King Long and DFSK(Dongfeng), all of which maintain a strong presence in the growing EV passenger van segment. Going forward, FMPL's ability to sustain growth in its scale of operations while improving profitability, maintain prudent debt coverage indicators through efficient working capital management, will remain key rating sensitivities.

**Detailed Description of Key Rating Drivers**

**Key Rating Strengths**

**Experienced promoter**

FMPL derives its strength from promoters having a decade of experience in the automobile industry, particularly in vehicle sales, dealership operations, and service management. FMPL is managed by Mr. Govinda Ghimire and has significant experience in the automobile trading and dealership sector, with exposure to vehicle sales, operations management, and customer service functions. Further, the promoters are supported by a team of technically qualified and experienced professionals to run the day-to-day operations of the company.

**Strong growth in scale of operations**

The company's Total Operating Income (TOI) increased significantly to NPR 1,965 Mn in FY25 from NPR 219 Mn in FY23, followed by a decline of ~18% to NPR 1,599 Mn in FY26. The decline was primarily driven by the suspension of new registrations for public transport vehicles nationwide by the Department of Transport Management (DoTM), effective May 22, 2026. The growth in operating income was mainly supported by strong dealership backing from CG Motors, which enhanced sales volumes and market penetration, along with rising demand for electric passenger vans in Nepal's commercial transport segment. Improved access to product supply and distribution channels further supported higher vehicle turnover. The growth was partly due to a low base, as the company is still in its early stage, where even small increases in sales lead to a significant rise in TOI.

**Low leveraged capital structure**

FMPL's capital structure low leveraged with an overall gearing ratio of 0.69x as of mid-July 2026. The improvement in capital structure is further reflected in the TOL/TNW ratio, which declined significantly to 3.98x in FY26 from 10.97x in FY23. The company's coverage indicators have strengthened considerably, with the interest coverage ratio improving from -1.17x in FY23 to 8.7x in FY26, supported by lower leverage and a reduced interest burden relative to operating profits. The DSCR, although moderating to 4.27x in FY26 from 8.93x in FY23, remains comfortable, aided by healthy growth in GCA from NPR 5 Mn in FY23 to NPR 29 Mn in FY26. Leverage metrics have also improved, with Total Debt to EBITDA declining to 1.66x in FY26 from negative 19.21x in FY23, driven by enhanced operational performance. Similarly, Total Debt to GCA remained moderate at around 2.52x during FY23–FY26, indicating improved debt servicing capability.

## Key Rating Weaknesses

**Nascent track record of operations**

FMPL has nascent track record of operations of around 4 years as it began commercial operation from FY23. The company deals with multiple electric passenger vehicles (EV vans), including 11-seater, 14-seater, and 16-seater models sourced from international brands. The vehicles are designed for commercial and institutional transport segments, such as schools, corporate staff movement, and tourism. The ability of company to sustain its operation over long run while navigating intense competition remains to be seen.

**Modest operating margin**

FMPL has achieved a substantial scale of operations, with total operating income (TOI) increasing to ~NPR 1,599 Mn in FY26 from NPR 219 Mn in FY23, reflecting a healthy CAGR of ~93%, driven by branch expansion and improved market penetration in nearby regions. However, despite the sizeable revenue base, profitability remains thin, with EBITDA margins remaining modest at around 1.99%–2.75% over FY24–FY26. At the net level, PAT margins stood at ~1.43% in FY25 and marginally declined to around 1.34% in FY26. This has led to lower cash generation, with gross cash accruals (GCA) declining to ~NPR 29 Mn in FY26 from NPR 36 Mn in FY25. The company's tight margin profile remains a key credit constraint, as even minor fluctuations in costs or revenues could materially impact profitability. The ability of management to scale operations while simultaneously improving margins remains a key monitorable.

**Exposure to economic cyclicality and intense competition in the automobile industry**

FMPL'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 four-wheelers, thereby affecting sales volumes. Further, the presence of several established players such as MAW Vriddhi Company, VG Motors, ECO Auto Nepal, Hengshun Traders Private Limited 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 FMPL against other automobile dealers and distributors. Consequently, the company's business risk profile remains susceptible to economic cycles and competitive dynamics within the sector.

**Analytical Approach:** Standalone

**Applicable Criteria:**
Corporate Credit Rating Methodology

**About the Company:**
Future Motors Private Limited (FMPL) incorporated on March 16, 2022. The company is a Nepal-based automobile company engaged in the distribution, and servicing of electric vehicles (EVs), with a primary focus on electric passenger vans. The company has positioned itself as a specialized EV dealer catering to the growing demand for sustainable public and institutional transport solutions in Nepal. As Mid-July 2026, FMPL had paid up capital of NPR 40.00 Mn. Mr. Govinda Ghimire and Mr. Birendra Mandal are the major shareholder of FMPL holding 81% of total shares.

**Financial Indicators (Standalone)**

| For the year ended* As on | FY23 | FY24 | FY25 | FY26 |
|---|---|---|---|---|
| | Audited | Audited | Audited | Unaudited |
| Total Operating Income (NPR Mn) | 219 | 1,302 | 1,965 | 1,599 |
| EBITDA Margin (%) | Neg. | 1.99 | 2.94 | 2.75 |
| Interest Coverage Ratio (x) | Neg. | 7.93 | 9.22 | 8.70 |
| Total Debt/ EBITDA (x) | Neg. | 1.86 | 0.99 | 1.66 |
| Current Ratio (x) | 1.09 | 1.05 | 1.06 | 1.15 |
| Overall Gearing Ratio (x) | 0.59 | 1.29 | 0.87 | 0.69 |
| TOL/TNW (x) | 10.97 | 15.31 | 12.19 | 3.98 |

**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 Facilities | Types of Facilities | Amount (Mn) | Rating |
|---|---|---|---|
| Fund Based Bank Facilities- Working Capital Loan | Short Term | 15.00 | IRN A4 |
| Non-Fund Based Bank Facilities – LC/CA* | Short Term | 468.98 | IRN A4 |
| Non-Fund Based Bank Facilities – LC/CA* (Proposed) | Short Term | 316.02 | IRN A4 |
| **Total Loans** | | **800.00** | |

* *Letter of Credit/Customer Acceptance*

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**About Infomerics Credit Rating Nepal Limited:**
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