PRESS RELEASE

POOJA CONSTRUCTION NEPAL PRIVATE LIMITED

November 2026

Ratings

Instruments/Facilities	Amount (NPR Mn)	Ratings	Rating Action
Long Term Bank Facilities	120.30	IRN BB	Assigned
Short Term Bank Facilities	1,705.55	IRN A4	Assigned
Total	**1,825.85**		

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 the long term bank facilities of NPR 120.30 Mn, and IRN A4 [A Four] to the short term bank facilities of NPR 1,705.55 Mn.

Detailed Rationale

The ratings assigned to the bank facilities of Pooja Construction Nepal Private Limited (PCNPL) derive strength from its established promoter group having strong presence in Nepal through the group entities in various sectors. The ratings also factor in strong growth in scale of operations with total operating income (TOI) increasing at a CAGR of ~25% to NPR 1,916 Mn during FY22 to FY26, primarily driven by the company's diversification into the electric vehicle (EV) segment, alongside its existing business of heavy equipment, lubricants, spare parts, and accessories. The ratings also factor in moderate capital structure with overall gearing ratio of 1.30x as of mid-July 2026 (3.71x in FY25) and interest coverage ratio of 2.44x in FY26 (3.32x in FY25).

However, the ratings remain constrained by the declining operating margins of PCNPL, which moderated from ~14% in FY24 to ~9.54% in FY25 and ~6% in FY26. Despite the increasing scale of operations, the sustained margin compression has resulted in relatively modest gross cash accruals (GCA), limiting the company's financial flexibility. Consequently, any marginal increase in operating costs or decline in revenue could further erode profitability, remaining a key rating concern. The ratings are also constrained by intense competition in Nepal's domestic automobile industry. Going forward, PCNPL's ability to sustain its increasing scale of operations while improving profitability, strengthen debt coverage indicators, and maintain efficient working capital management will remain key rating sensitivities.

Detailed Description of Key Rating Drivers

Key Rating Strengths

Parentage of experienced Vishal Group

PCNPL is a part of Vishal Group and derives its strength from promoters having strong presence in Nepal through their group entities in manufacturing of iron and steel, trading, hospitality, insurance etc. The company is promoted and managed by experienced promoters, including Mr. Vishal Agrawal and Mr. Nikunj Agrawal, who have been serving as Managing Director and Director, respectively, in various trading and manufacturing companies, bringing relevant business and management expertise. The company is further supported by Mr. Bibek Bijukchhe, CEO, who has over 15 years of experience in the automobile industry, contributing to operational management and execution capabilities.

Strong growth in scale of operations

PCNPL's Total Operating Income (TOI) increased significantly to NPR 1,710 Mn in FY25 from NPR 985 Mn in FY24, primarily driven by its diversification into the electric vehicle (EV) segment alongside its existing business of heavy equipment, lubricants, spare parts, and accessories. TOI further increased

to NPR 1,916 Mn in FY26, reflecting continued growth in business operations. Going forward, the planned introduction of new products, including Sinomach ICE excavators, Sinomach EV loaders, KAMA Sunlong 1.5T, and Loadking Sunlong 4.5T, is expected to support further growth in the company's TOI.

Moderate capital structure and debt coverage indicators

PCNPL's capital structure remained moderate in FY26, with an overall gearing ratio of 1.30x. The improvement in capital structure is further reflected in the TOL/TNW ratio, which declined to 2.66x in FY26 from 3.51x in FY22. The company's coverage indicators have strengthened considerably, with the interest coverage ratio improving from 1.33x in FY22 to 2.44x in FY26, supported by lower leverage and a reduced interest burden relative to operating profits. The DSCR, although moderating to 1.46x in FY26 from 2.64x in FY24, remains comfortable, aided by healthy growth in GCA from NPR 8 Mn in FY22 to NPR 50 Mn in FY26. Leverage metrics have also improved, with Total Debt to EBITDA declining to 3.78x in FY26 from negative 8.82x in FY22, driven by enhanced operational performance. Similarly, Total Debt to GCA improved to 9.05x in FY26 from negative 6.18x in FY24, indicating improved debt servicing capability.

Key Rating Weaknesses

Declining operating margins

The company's profitability remains under pressure, with EBITDA margin declining from ~14% in FY24 to ~9.54% in FY25 and ~6% in FY26, primarily due to introductory pricing to penetrate the EV segment, a shift in product mix towards EVs, exchange-rate fluctuations and higher customs/excise costs, despite significant growth in TOI. The PAT margin also moderated to ~1.72% in FY26 from ~8.74% in FY24, resulting in a decline in GCA from NPR 91 Mn to NPR 50 Mn over the same period. To address the margin pressure, management is focusing on introducing higher-margin product lines, including Sinomach equipment, renegotiating principal terms and expanding revenue from spare parts and after-sales services. However, the sustained pressure on profitability and cash accruals remains a key credit constraint. The company's ability to effectively implement these measures and improve margins while sustaining revenue growth remains a key rating monitorable.

Exposure to economic cyclicality and intense competition in the automobile industry

PCNPL's business profile remains exposed to the inherent cyclicality of the automobile sector, which is closely linked to prevailing economic conditions and consumer purchasing power. The industry is highly price-sensitive, and any increase in vehicle prices or fuel costs could adversely affect demand for four-wheelers, thereby impacting sales volumes. In the four-wheeler EV segment, PCNPL faces competition from established players such as Foton, KYC, King Long and DFSK (Dongfeng), which have a strong presence in Nepal's growing electric passenger van market. Similarly, the heavy machinery segment faces intense competition from established brands such as Komatsu, JCB, Hyundai and Tata Hitachi, alongside the entry of new market participants. These competitive pressures could constrain operating margins and limit PCNPL's pricing flexibility and bargaining power as a dealer and distributor. Consequently, the company's business risk profile remains susceptible to economic fluctuations and evolving competitive dynamics within the automobile and heavy machinery sectors.

Analytical Approach: Standalone

Applicable Criteria:

Corporate Credit Rating Methodology

About the Company:

Pooja Construction Nepal Private Limited (PCNPL) incorporated on December 15, 2014, is the exclusive importer and distributor of Shineray (SRM) electric vehicles (EVs) and Kobelco construction

equipment in Nepal. As of mid-July 2026, PCNPL had a paid-up capital of NPR 80.00 Mn held primarily by M/s Pooja International Private Limited (25%), and Mr. Vishal Agrawal, Mr. Ashok Kumar Agrawal, and Mr. Anuj Agrawal each holding an 18.75%. Collectively, these shareholders account for 81.25% of the company's total share capital.

Financial Indicators (Standalone)

For the year ended* As on	FY22	FY23	FY24	FY25	FY26
	Audited				Unaudited
Total Operating Income (NPR Mn)	773	305	985	1,710	1,916
EBITDA Margin (%)	5.79	3.38	14.38	9.54	6.19
Interest Coverage Ratio (x)	1.33	0.26	4.20	3.32	2.44
Total Debt/ EBITDA (x)	8.82	17.64	2.06	6.84	3.78
Current Ratio (x)	1.24	2.18	1.51	1.19	1.43
Overall Gearing Ratio (x)	2.63	1.71	1.51	3.71	1.30
TOL/TNW (x)	3.51	2.57	3.66	6.09	2.66

**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 (NPR Mn)	Rating
Fund Based Bank Facilities- Permanent Working Capital Loan	Term Loan	120.30	IRN BB
Fund Based Bank Facilities- Working Capital Loan	Short Term	586.00	IRN A4
Non-Fund Based Bank Facilities – LC/CA*	Short Term	1,119.55	IRN A4
Total Loans		**1,825.85**	

* *Letter of Credit/Customer Acceptance*

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About Infomerics Credit Rating Nepal Limited:
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