PRESS RELEASE

KALINCHOWK INVESTMENT COMPANY LIMITED

November 2025

Rating

Instrument/Facilities	Amount (NPR Mn)	Ratings	Rating Action
Issuer Rating	NA	IRN B (Is)	Assigned

Infomerics Credit Rating Nepal Limited (Infomerics Nepal) has assigned the issuer rating of IRN B (Is) [Single B (Issuer)]. Issuers with this rating are considered to have high risk of default regarding timely servicing of financial obligations.

Detailed Rationale

The rating assigned to Kalinchowk Investment Company Limited (KICL) derives strength from experienced promoters having extensive experience across diverse industries. Furthermore, the rating also factors in debt-free capital structure of the company and formalized investment policy with active risk management.

Nonetheless, these rating strengths are constrained by KICL's nascent track record of operations since June 2023. The company's investment remains majorly concentrated towards illiquid assets primarily land. Also, the other investments as of mid-July 2025 are concentrated in the projects in nascent stage of development having long gestation period. Also, the company is exposed to inherent risk of project identification, execution and strategic exit associated with investment companies. Also, the financial performance of the company is modest with meager income since its inception given its investment in under construction projects. Going forward, the ability of company to successfully conclude its IPO, navigate its funds through strategic projects, and generate envisioned returns over long-term along with ensuring liquidity to fulfill short-term obligations remain key rating sensitivities.

Detailed Description of Key Rating Drivers

Key Rating Strengths

Experienced promoters

The key promoter of KICL is Kalinchowk Darshan Limited with a shareholding of ~38% while the remaining shares held by Trust Equity Fund Limited (~7%) and other individual promoters. KICL is governed by the seven-member Board of Directors (BoD), chaired by Mr. Balkrishna Siwakoti, who is also the chairman at Kalinchowk Darshan Limited (KDL). Mr. Siwakoti has decades of experience in the banking and other tourism sectors. Similarly, other directors have extensive experience in various industries and public sector.

Debt-free capital structure

As of mid-July 2025, KICL has not availed any debt from BFIs. The entire investment has been solely funded through promoters' equity. Also, the proposed IPO is projected to aid the proposed investments. This unleveraged position enhances financial flexibility, allowing the company to allocate resources more efficiently and maintain robust liquidity buffers. Additionally, the absence of debt obligations reduces the risk of default, thereby ensuring greater stability and resilience during economic downturns. Furthermore, the company has implemented formalized investment policy with active risk management through diversification and rigorous due diligence enhancing effective investment profile of the company.

Key Rating Weaknesses

Nascent track record of operations

Established in 2023, KICL has a modest history as an investment company. At the end of FY25, the company has investments of NPR 319 Mn with major investments in Land and short-term fixed deposits with BFIs. In addition to those investments, the company has invested in Sano Pathivara Cable Car Private Limited and Tamor Energy Private Limited. Also, the projects being developed by the investee companies are in nascent stages of development.

Sizeable and highly concentrated investment in illiquid assets

The company had its entire investment in land as of mid-July 2024 and around two-third of its total investment in FY25. Other investments in FY25 include investment in under construction hydro energy company, cable car company and short-term fixed deposits. KICL's investment remains illiquid with the investee company being unlisted. Furthermore, KICL's other investments are largely directed towards under construction projects, which is expected to remain illiquid over next couple of years. As the projects are under construction, timely completion of the projects within the estimated cost will remain crucial. Going forward, the ability of the company to broaden its scope by venturing into companies from diverse sectors ensuring return with active risk management remains key rating monitorable.

Project Identification and execution risk coupled with long gestation period for prospective investments

KICL remains exposed to inherent risk pertaining to project identification and execution risk associated with the company's investment. Although KICL has developed mid-term strategic investment projection towards couple of cable car companies and energy sector, investment in other strategic assets is yet to be identified. This includes identification of prospective companies and assets, negotiating investment terms, assessing risk-reward ratios, and formalizing agreements such as MOUs, which could impact the company's performance over the mid-term. Furthermore, KICL plans to invest its funds into segments like infrastructure development and energy sectors, which entails risk associated with project implementation along with longer gestation period. Going forward the timely and adequate deployment of funds, coupled with the company's ability to efficiently manage its investment as well as generate adequate returns from these projects remains to be seen.

Analytical Approach: Standalone

Applicable Criteria:

Issuer Rating Methodology

About the Company:

Kalinchowk Investment Company Limited (KICL), incorporated on June 06, 2023, is an investment company having its controlling office located at Gaushala, Kathmandu. KICL makes long-term investment in diverse sectors including real estate, tourism, energy and IT sector. As of mid-July 2025, the company has made majority of its investments in land and unquoted equity shares. As of August 28, 2025, Kalinchowk Darshan Limited is the major shareholder of the company holding ~38% of total shares.

Financial Indicators (Standalone)

For the year ended* As on	FY24	FY25
	Audited	Audited
Total Operating Income (NPR Mn)	1	1
EBITDA Margin (%)	82.38	64.66
Interest Coverage Ratio (x)	-	-

Total Debt/ EBITDA (x)	-	-
Current Ratio (x)	0.14	8.97
Overall Gearing Ratio (x)	-	-

**Classification as per Infomerics Nepal standards*
Earnings before Interest Tax Depreciation Amortization (EBITDA)

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