

PRESS RELEASE**NEPAL INFRASTRUCTURES INVESTMENT FUND LIMITED****November 2025****Rating**

Instruments/ Facilities	Amount (Mn)	Rating	Rating Action
Issuer Rating	NA	IRN BB+(Is)	Assigned

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

Detailed Rationale

The issuer rating assigned to Nepal Infrastructures Investment Fund Limited (NIIF) derives strength from its strong parentage, comprising prominent national-level insurance institutions such as Himalayan Life Insurance Limited [[IRN A+\(Is\)](#)], Himalayan Everest Insurance Limited, Prabhu Mahalaxmi Life Insurance Limited and Nepal Reinsurance Company Limited, among others. The involvement of these reputable promoters has facilitated the appointment of representative directors from each institution, resulting in a well-experienced and diverse Board of Directors (BOD) led by Executive Chairman Dr. Manish Thapa. The rating also factors in NIIF's well-diversified investment portfolio spanning multitude of sectors including renewable energy, media, hospitality, among others and strategic allocation across ordinary equity shares, preference shares, and convertible debentures, enabling an effective balance of risk, return, and liquidity. This prudent strategy has allowed NIIF to generate operating revenues from its first year of operation, which is uncommon for businesses with typically longer project gestation periods. The rating also takes positive note of NIIF's debt-free capital structure, with all investments to date made entirely through equity and similar funding plans envisaged going forward. Additionally, the entity's strong liquidity position (cash and bank balances of ~NPR 295 Mn as of October end 2025) provides financial flexibility to capitalize on favorable investment opportunities in the near term amidst minimal operating expenses. The rating also reflects improvements in the investment policy framework and the establishment of a robust internal governance structure, supported by Intellect Advisory of the Aavishkaar Capital Group, which enables NIIF to make more efficient and well-informed decisions and is a rating strength.

However, these rating strengths are partially constrained by NIIF's limited operational track record (commencing in 2022) and nascent experience in portfolio management. NIIF is yet to establish a track record of successful investment exit, a key performance benchmark for investment entities. Additionally, a significant concentration in illiquid, large-scale projects within the renewable energy (~51%) and hospitality (~16%) sectors exposes NIIF to inherent execution and implementation risks, given that most projects are still in the construction phase and the magnitude and timing of returns remain uncertain. Moreover, the modest financial profile of certain investee companies, reflected in book values per share (BVPS) below NPR 100, indicates a continued need for financial support over the near to medium term, reducing revenue visibility over the period. The rating is further constrained by exposure to market volatility, macroeconomic fluctuations, and other external factors, which may adversely impact the performance of investee companies and, consequently, NIIF's ability to generate sustainable returns from its investments.

Going forward, the company's ability to effectively nurture its investee projects and execute timely exits at favorable valuations to realize actual profits will remain a key rating sensitivity. Additionally, efficient deployment of IPO proceeds into viable investment opportunities and the capacity to adapt to evolving business and regulatory environments surrounding its investee projects will be critical to sustaining its credit profile and liquidity profile in long run and will remain key monitorable.

Detailed Description of Key Rating Drivers

Key Rating Strengths

Experienced and large scaled institutional promoters, each appointed well experienced representative directors

NIIF operates under the guidance of its Board of Directors (BOD), led by Mr. Manish Thapa, who serves as the Chairman of NIIF and Global Equity Fund. Mr. Thapa is a Founding Managing Partner of Global Equity Fund which is the first local institutional Private Equity and Venture Capital Fund based in Nepal. NIIF is primarily promoted by leading insurance institutions in Nepal, representing key segments of the life, non-life, and reinsurance sectors. As of mid-July 2025, its major shareholders include Himalayan Life Insurance Limited and Prabhu Mahalaxmi Life Insurance Limited (two large life insurer conglomerates), Himalayan Everest Insurance Limited (a prominent non-life insurer), and Nepal Reinsurance Company Limited (one of the country's two reinsurance companies). Each of these institutions has appointed representative directors to NIIF's Board, resulting in a well-experienced and diverse governing body with expertise spanning multiple industries.

Debt free capital structure and adequate liquidity

At the end of October 2025, NIIF has no outstanding debt with banks or financial institutions (BFIs), with its total investment of ~NPR 911 Mn financed entirely through promoters' equity contributions. The Fund is expected to maintain its debt-free capital structure over the medium term, continuing to rely primarily on shareholder equity to support future investments. NIIF's liquidity position remains strong, with cash and bank balances of around ~NPR 295 Mn as of mid-July 2025 and minimal external obligations, providing the company with ample financial flexibility to capitalize on attractive investment opportunities in the near term.

Diversified investment portfolio and prudent financial investment strategy

Although still in its early stages of operation, NIIF has demonstrated strong investment momentum across multiple sectors, including energy, hospitality, media, information technology, asset management, ICT, and logistics. As of October end 2025, the energy sector constitutes the largest share of NIIF's portfolio, accounting for ~51% of total investments, followed by hospitality (~16%), media (~14%), and smaller exposures to unquoted equity shares of entities engaged in asset management, ICT, and logistics. NIIF has also adopted a prudent and diversified financial instrument strategy, deploying funds through a balanced mix of ordinary equity shares, preference shares, and convertible debentures. This structured approach enables the Fund to optimize risk-return trade-offs, enhance liquidity management, and ensure revenue continuity across short, medium, and long-term horizons. The Fund's emphasis on diversification across both sectors and instruments reflects strong management foresight and contributes to its financial resilience, and is a rating positive.

Key Rating Weaknesses

Nascent stages of operation

NIIF commenced operations in 2022 and remains in the nascent stages of its business, with a limited track record in fund management. The Fund has yet to establish a track record of successful exits from its venture projects; a critical revenue driver and a key performance benchmark for investment companies given its historically limited number of exits from investee firms. Additionally, NIIF's ability to navigate complex operational and market challenges over the long term remains untested. Sustaining consistent profitability while investing across diverse sectors and ensuring the successful commercialization of its investee projects represents a significant challenge that has yet to be demonstrated and is key rating sensitivity.

Sizeable and concentrated investment in illiquid assets

As of mid-October 2025, the energy sector constitutes the largest portion of NIIF's portfolio, accounting for ~51% of total investments¹, followed by hospitality (~16%), media (~14%), and smaller allocations to unquoted equity shares in asset management, ICT, and logistics. The Fund's investments are predominantly illiquid, with most investee companies unlisted and several projects still under construction, which are expected to remain illiquid over the next few years. This concentration in large-scale, illiquid projects, particularly in the renewable energy and hospitality sectors, exposes NIIF to inherent execution and implementation risks, causing the magnitude and timing of returns to remain uncertain. Going forward, the company's ability to efficiently diversify its portfolio, manage ongoing construction projects, and generate steady income from its investments will be critical to its financial performance and is a rating monitorable.

Project Identification and execution risk for prospective investments

Although NIIF has developed strategic investment projection, 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, NIIF 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 is yet to be seen and remains a key rating sensitivity.

Analytical Approach: Standalone

Applicable Criteria:

[Corporate Credit Rating Methodology and Issuer Rating Methodology](#)

About the Company:

Established in 2022 AD, Nepal Infrastructures Investment Fund Limited (NIIF) is one of the pioneer venture capital firms in Nepal, established with aim of investing across multitude of sectors including hospitality, energy, media, IT among others. The company's investment portfolio is worth ~NPR 911 Mn at the end of October 2025. The major promoters of NIIF include M/s Himalayan Life Insurance Limited (17.48%), M/s Himalayan Everest Insurance Limited (17.48%), M/s Nepal Reinsurance Company Limited (17.48%) and Prabhu Mahalaxmi Life Insurance Limited (8.33%) as of mid-July 2025.

Financial Indicators (Standalone)

For the year ended * As on	FY23	FY24	FY25
	Audited		
Total Operating Income (NPR Mn)	14	38	38
Investment Portfolio (NPR Mn)	241	411	780
EBITDA Margin (%)	49.76	73.40	63.65
Current Ratio (x)	65.09	4.13	87.29
Overall Gearing Ratio on Book TNW (x)	-	-	-
Interest Coverage Ratio (x) [#]	-	14.76	-

* Classification as per Infomerics Nepal Standard

[#] Interest paid on advance share capital to shareholders

Earnings before Interest, Tax, Depreciation, Amortization (EBITDA)

¹ The energy sector is further categorized into two primary subsectors: solar energy, which accounts for ~22%, and hydroelectric projects, which represent ~29%.



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About Infomerics Credit Rating Nepal Limited:

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