

## PRESS RELEASE

### GOOD KARMA GROUP OF COMPANIES PRIVATE LIMITED

December 2025

#### Rating

Instruments/ Facilities	Amount (NPR Mn)	Rating	Rating Action
Long Term Bank Facilities	2,081.46 (enhanced from 1,950.00)	IRN BB-	Upgraded from IRN B+
<b>Total</b>	<b>2,081.46</b>		

*Details of facilities are in Annexure 1 below*

Infomerics Credit Rating Nepal Limited (Infomerics Nepal) has upgraded the rating assigned to long term bank facilities of NPR 2,081.46 Mn from IRN B+ (Single B Plus) to IRN BB- (Double B Minus).

#### Detailed Rationale

The upgradation of the rating assigned to the bank facilities of Good Karma Group of Companies Private Limited (GKGC) primarily takes into account the healthy execution progress of its project "Karma Residencies" with ~78% financial progress and ~57% of saleable area booked as of mid-December 2025, along with the projects strategic location at Maharajgunj, Kathmandu. The rating also factors in the experienced promoters and management team along with sustained urban housing demand inside the Kathmandu valley, supporting steady sales visibility.

However, the rating remains constrained by the residual execution risk associated with the project and the project's exposure to macroeconomic conditions and intense competition from other residential developments, which could impact sales velocity and cash flows. Thus, GKGC's ability to timely complete the project within the estimated cost and timelines and sustain booking momentum, convert sales into collections, and timely sale the balance inventory will remain key rating sensitivities.

#### Detailed Description of Key Rating Drivers

##### Key Rating Strengths

##### Strategic location coupled with substantial progress in the project

The project benefits from a prime location in Maharajgunj, Kathmandu, situated on the eight-lane Ring Road in a premium diplomatic zone. Being the only luxury apartment in the area and located close to major embassies including the US, Australian, Thai, and Saudi Embassies, the project enjoys strong residential demand and high commercial viability. The project has also achieved advanced stages of development with ~78% financial progress as of mid-December 2025 and in terms of bookings, ~57% of the of saleable area has been booked. Thus, GKGC's ability to timely complete the project and improve the sales momentum, particularly the booking of the remaining ~43% saleable area, along with conversion of bookings into collections will remain a key monitorable.

##### Experienced promoter and management team

GKGC is led by Mr. Karma Tenzing, Chairman, who brings extensive international experience in finance and entrepreneurship. He holds a Ph.D. in Economics from Fordham University (USA) and also leads the Good Karma Group, which has diversified interests across real estate, education, and hospitality sectors. Furthermore, the management team also comprises of experienced and qualified individuals in the related fields, which remains positive to GKGC.

##### Favourable demand outlook for urban residential housing

Demand for residential real estate in urban centres such as Kathmandu remains structurally strong, supported by urbanization, availability of infrastructure, proximity to employment hubs, and preference for organized housing. Residential real estate is also viewed as a relatively safe long-term investment avenue, supporting steady end-user and investor demand. The project's location, quality

positioning, and configuration are well aligned with this demand trend, which supports sales visibility over the medium term.

## Key Rating Weaknesses

### High dependence on market conditions

The project's sales performance remains highly sensitive to prevailing macroeconomic conditions such as interest rate movements, income growth, employment stability, and overall consumer confidence. Any increase in borrowing costs or slowdown in economic activity can adversely impact the customers' sentiment, leading to slower booking momentum and delayed decision making by customers. Additionally, fluctuations in disposable income levels and tighter liquidity conditions may affect affordability and demand for residential units. Given the cyclical nature of the real estate sector, periods of economic slowdown or subdued market sentiment could result in elongated sales cycles, lower cash inflows, and pressure on project cash flows and debt servicing capability.

### Rising competitive pressure in the real estate market

The project operates in a highly competitive residential real estate market in the region, with multiple organized and unorganized developers offering similar apartments. The increasing presence of such players limits pricing flexibility. Competition is further heightened if nearby projects provide better amenities, promotional discounts, or faster possession timelines, which could divert potential buyers. Slower sales absorption due to competitive pressures can delay the realization of cash inflows, impacting the project's liquidity position. Thus, the company's ability to timely sell and monetize the remaining inventory remains a key factor in sustaining project cash flows and financial performance.

**Analytical Approach:** Standalone

### Applicable Criteria:

[Corporate Credit Rating Methodology](#)

### Past rating rationale:

[Good Karma Group of Companies Private Limited: Bank Facilities Rating Reaffirmed](#)

### About the Company:

Incorporated in September 2020, GKGC is a special purpose vehicle (SPV) that owns and proposes to construct a 162- keys luxury apartment- "Karma Residencies" located at Maharajgunj, Kathmandu. The property shall include three wings A, B and C consisting of both 2.5 BHK and 3.5 BHK apartments. The commercial handover is expected to commence from FY27. Mr. Karma Tenzing is the major shareholder holding ~94% stake in the company.

### Annexure:1 Detail of Facilities:

Name of Instruments/ Facilities	Type of Facilities	Amount (NPR Mn)	Ratings
Fund Based Bank Facilities- Permanent Working Capital Loan	Long Term	2,081.46	IRN BB-
<b>Total Facilities</b>		<b>2,081.46</b>	

*\*Short term bank facilities of NPR 835 Mn are within the limit of Permanent Working Capital Loan*

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### About Infomerics Credit Rating Nepal Limited:

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