

PRESS RELEASE

PASHUPATI VENTURE LIMITED

March 2026

Rating

Instrument/Facilities	Amount (NPR Mn)	Ratings	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 (Issuer)]. Issuer with this rating is considered to have the moderate risk of default regarding timely servicing of financial obligations.

Detailed Rationale

The rating assigned to Pashupati Venture Limited (PVL) derive strength from its experienced and diversified promoter group, whose collective expertise across hydropower, engineering, business, and social sectors provides strong strategic guidance and sectoral insight. The company's financial profile is robust, with a low leverage level, conservative capital structure, and steadily growing tangible net worth base supported by profit accretion and equity infusion. Its investment portfolio has expanded significantly, enhancing the asset base and offering potential for capital appreciation and dividend income, while the expiry of the promoter lock-in on its listed hydropower holding provides optionality for liquidity support.

Nonetheless, these strengths are constrained by high earnings volatility, as income largely depends on fair value changes and realized gains, and moderate profitability relative to the size of the portfolio, reflecting long-term investments in projects under construction or recently operational. Additionally, sector concentration in hydropower exposes the company to project, regulatory, and hydrological risks, making overall performance dependent on the sector's progress and stability. Going forward, the company's ability to stabilize earnings, improve returns, diversify investments, and strategically monetize holdings along with timely conclusion of IPO issuance and its utilization as envisaged remain key rating sensitivities.

Detailed Description of Key Rating Drivers

Key Rating Strengths

Experienced promoters

The company is supported by a group of experienced promoters with diverse professional backgrounds across hydropower, engineering, business, and social sectors. The Board is chaired by Mr. Bijaya Man Sherchan, who holds an MSc in Mechanical Engineering and brings around four decades of experience in the hydropower sector. Other board members include Dinesh Prasad Shrestha, with over 30 years of business experience, Milan Bikram Shah, an engineering professional with around 35 years of experience, Hem Nidhi Sharma, a civil engineer with 30 years of experience in the civil engineering sector, and Tara Devi Amatya, who has been actively involved in social service activities. The collective experience of the promoters provides strategic guidance and sectoral expertise to the company.

Robust capital structure and growing investment portfolio

PVL demonstrates a robust capital structure and a steadily growing investment portfolio, which underpin its financial stability and capacity for future expansion. Tangible net worth increased from NPR 324 Mn in FY21 to NPR 714 Mn as of mid-January 2026, supported by profit accretion and equity infusion, with paid-up capital rising from NPR 256 Mn to NPR 536 Mn over the period. The company maintains a conservative leverage profile, with total debt limited to NPR 17 Mn and an overall gearing ratio of 0.02x as of mid-January 2026, indicating that investments are largely equity-funded.

Simultaneously, the investment portfolio has expanded significantly, with investments at fair value growing from NPR 300 Mn in FY21 to NPR 1,037 Mn as of mid-January 2026, strengthening its asset base and providing potential for capital appreciation and dividend income over the long term.

Potential exit opportunity from listed hydropower investment

PVL holds equity investment in Maya Khola Hydropower Company Limited [[IRN BB- \(Is\) & IRN BB-/A4](#)], a listed hydropower company. The promoter lock-in period for these shares expired in February 08, 2026. Post the expiry, the company may have the flexibility to monetize its holdings, subject to market conditions and its investment strategy. Any such divestment could support liquidity and result in capital gain realization, however, the timing and quantum of exit remain contingent on market dynamics.

Key Rating Weaknesses

Earnings volatility and market risk exposure

PVL's earnings exhibit high volatility and exposure to market risk, as income is largely driven by realized gains on investment sales and fair value changes. Total income increased from NPR 102 Mn in FY22 to negative in FY23, which recovered to NPR 34 Mn in FY24, and further rose to NPR 57 Mn in FY25, reflecting the sensitivity of earnings to market fluctuations and investment realizations. This underscores the inherent risk in an investment-driven business model, where both earnings and net worth are affected by valuation changes in the equity market and investee companies. Thus, performance of the investment portfolio and investee companies, including realization of investments, valuation movements, and returns from the portfolio will remain a key monitorable.

Moderate profitability relative to asset base

PVL's profitability remains moderate relative to the size of its investment portfolio, with return on net worth remaining in the range of ~4%-8% during FY21-FY25, attributable to the long term nature of strategic investments and exposure to projects under development, which are yet to generate stable income streams. The company has a long-term equity investment in Maya Khola Hydropower Company Limited, which became operational in July 2023 and holds promoter share investments in projects such as Dobhan Khola Hydropower Limited and Club Chaulani Limited as of mid-January 2026, which are currently under construction, limiting near term income generation.

Concentration in hydropower sector

PVL's investment portfolio remains significantly concentrated in the hydropower sector, exposing it to sector-specific risks such as project delays, hydrological variability, and regulatory changes. As of mid-January 2026, the company's total investment stood at NPR 479 Mn at cost, with ~64% allocated to hydropower projects, primarily through investments in Maya Khola Hydropower Company Limited and Khani Khola Hydropower Company Limited, which together constitute a substantial share of the portfolio. The remaining investments are distributed across financial services (31%), banking (3%), and hotel sector (2%), indicating only moderate diversification. Thus, the company's overall portfolio performance remains largely dependent on the performance and progress of the hydropower sector, which could impact earnings stability.

Analytical Approach: Standalone

Applicable Criteria:

[Issuer Rating Methodology](#)

About the Company:

Pashupati Energy Development Company Private Limited was incorporated on December 06, 2001 as a private limited company and subsequently changed its name to Pashupati Venture Capital Private Limited which was converted to a public limited company (Pashupati Venture Limited) on

September 23, 2024. The company holds a 14.19% equity stake in Maya Khola Hydropower Company Limited, a 14.9 MW hydropower project. Additionally, PVL has listed investments in entities such as Khani Khola Hydropower Company Limited with modest holding of NMB Bank Limited, with a total fair value aggregating to NPR 376 Mn as of mid-January 2026. The company also maintains unquoted investments of NPR 170 Mn in unlisted entities including Venture Capital Private Limited, Dobhan Khola Hydropower Limited, and Club Chaulani Limited. The board is led by the Chairman Mr. Bijay Man Sherchan. As of mid-January 2026, Mr. Ram Hari Sharma holds the major shareholdings (34% of total paid up capital).

Financial Indicators (Standalone)

For the year ended* As on	FY22	FY23	FY24	FY25	H1FY26
	Audited	Audited	Audited	Audited	Unaudited
Total Operating Income (NPR Mn)	102	-13	34	57	41
Total Operating Income [@] (NPR Mn)	102	5	50	25	8
Investment Portfolio at Fair Value (NPR Mn)	487	639	754	856	1,037
EBITDA Margin (%)	94.14	113.57	88.25	92.05	93.33
Interest Coverage Ratio (x)	38.43	-5.35	11.63	24.80	55.80
Current Ratio (x)	2.43	4.33	5.61	7.07	3.01
TOL/TNW (x)	0.16	0.22	0.31	0.32	0.26
Overall Gearing Ratio (x)	0.04	0.04	0.04	0.03	0.02

*Classification as per Infomerics Nepal standards

[@] Excluding unrealized fair value gain on re-measurements of financial assets

Earnings before Interest Tax Depreciation Amortization (EBITDA)

Total Outside Liabilities/Tangible Net worth (TOL/TNW)

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About Infomerics Credit Rating Nepal Limited:

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