

PRESS RELEASE

D.L.F. NEPAL BUILDERS PRIVATE LIMITED

May 2026

Ratings

Instrument/Facilities	Amount (NPR Mn)	Ratings	Rating Action
Short Term Bank Facilities	1,115.00	IRN A4	Reaffirmed
Total	1,115.00		

Details of facilities are in Annexure 1 below

Infomerics Credit Rating Nepal Limited (Infomerics Nepal) has reaffirmed the rating of IRN A4 (A Four) to the short-term bank facilities of NPR 1,115.00 Mn.

Detailed Rationale

The reaffirmation of rating assigned to the bank facilities of D.L.F. Nepal Builders Private Limited (DLFN) continues to derive strength from the strategic location of its project in the Bishalnagar area of Kathmandu, which is well-suited for a hotel and apartment complex. Spanning 205,170 sq. ft., the project benefits from proximity to key landmarks such as the Embassy of Finland, Bhatbhateni Supermarket, and prominent hotels like Marriott. With the Pashupatinath Temple and Tribhuvan International Airport located within 3.5 km, the project is ideally positioned to attract residents, tourists, and business travelers. DLFN also benefits from the diverse qualifications and sectoral experience of its promoters, along with an experienced management team, which has driven a healthy booking value of NPR 291 Mn (related to advance customer booking for 15 units out of 46) as of Mid-April 2026, ensuring short-term revenue visibility.

However, DLFN's rating remains constrained by risks related to the timely execution of its debt-funded project, estimated at ~NPR 3,909 Mn with a debt-to-equity ratio of 60:40. The project is exposed to execution risk given its moderate financial progress of ~44% till Mid-April 2026 (compared to ~20% as of December 2024) with works ongoing in civil structures, and works relating to Mechanical, Equipment's and Plumbing (MEP) still pending. The project's scale and complexity, coupled with reliance on external funding, expose the company to potential cost and time overruns, which could impact cash flows and debt repayment ability. Additionally, the company faces intense competition in Kathmandu's real estate market, characterized by established players offering competitive pricing. With no completed projects, DLFN's medium-term revenue visibility is limited. The cyclicity of the real estate sector, driven by macroeconomic factors, further heightens these challenges. Going forward, the company's ability to ensure timely project completion, maintain sales momentum, and navigate market risks will remain key rating sensitivities.

Detailed Description of Key Rating Drivers

Key Rating Strengths

Strategic location of the project

The project, spanning 205,170 sq. ft. in the Bishalnagar area of Kathmandu, is strategically located for a hotel and apartment complex. It offers excellent proximity to key landmarks and essential services, including the Embassy of Finland (190 meters), Bhatbhateni Supermarket and European Bakery (750–800 meters), and Hotel Marriott (2 km). The renowned Pashupatinath Temple is just 3 km away, while Tribhuvan International Airport is 3.5 km from the site, ensuring easy access for international and domestic visitors. This central positioning makes the project a prime destination for residents, visitors, and investors, offering unparalleled convenience and connectivity to business, travel, and cultural hubs.

Healthy booking owing to promoters' qualification & involvement in different sectors coupled with experience of management team

DLFN is affiliated under KC Group. Mr. Satya Narayan Kyal is the chairman of DLFN and founder of Kyal Group having over 35 years of experience in manufacturing field. He became a partner in KC Group in sector of real estate and hydropower since FY22. Similarly, Mr. Pramod Raj Adhikari holds over 40 years of experience in relevant sector. Mr. Roshan KC is also the chairman of KC Group. So, DLFN benefits significantly from its promoter's diverse qualifications and active involvement across various sectors, including educational services, mountain trekking expeditions, and social and humanitarian organizations. This extensive experience is expected to contribute to a strong and reliable client base, further supporting the company's overall business profile. Additionally, the company is backed by a management team comprising highly experienced and qualified professionals with expertise in relevant fields, ensuring effective operational execution. Since commencing bookings in its first year, the company has advance booking of approximately NPR 291 Mn within first couple of years of construction itself, reflecting healthy market demand and ensuring a steady revenue stream over the period. This robust foundation positions the company well for sustainable growth and operational stability.

Key Rating Weaknesses

Risk related to timely project implementation and funding tie-up

DLFN is implementing a majorly debt-funded project at a cost of ~NPR 3,909 Mn for setting up an apartment project at Kathmandu city with debt of NPR 1,115 Mn, Equity of NPR 100 Mn and remaining funded through customers' advances. As of mid-April 2026, financial progress of ~44% has been achieved. As per management, the company has achieved ~45-50% physical progress with civil works achieving ~60% completion. However, works relating to Mechanical, Equipment's and Plumbing (MEP) is still pending and has not commenced yet and remains key execution risk. The project is roped with K.C Construction Firm Private Limited [Rating] as its Civil, Machinery, Equipment and Plumbing (MEP) contractor. The project faces implementation risk, given its scale and scope, uncertainty regarding technical output and efficiency. Any significant cost or time overrun may affect cash flow and debt protection matrices and therefore remains a key rating sensitivity factor.

Exposure to intense market competition constraining scalability

The real estate industry is highly fragmented in nature with the presence of a large number of organized and unorganized players spread across various regions. There are already well-established players in the market coming with projects at affordable prices, thereby giving competition to DLFN which is in the nascent stage of construction. Also, with no other projects in hand, revenue visibility of DLFN for medium term is low. Hence improvement in scale amid higher project flow will remain a key monitorable.

Cyclicality and seasonality associated with real estate industry and exposure to local demand-supply dynamic

The company is exposed to the real estate sector's cyclicality, which is directly linked with the present macroeconomic environment, interest rates and disposable income with individuals. The cyclical nature of the real estate sector may have a substantial impact on the company's operations and profit margins. Given the company's heavy reliance on debt, any volatility in the cash flows due to the cyclicality could pose challenges, especially during periods of weak demand.

Analytical Approach: Standalone

Applicable Criteria:

[Corporate Credit Rating Methodology](#)

Link to past rating rationale:

[D.L.F. Nepal Builders Private Limited: Bank Facilities Rating Assigned](#)

About the Company:

D.L.F. Nepal Builders Private Limited, incorporated on August 17, 2021, under the Companies Act, is based in Kupandole-01, Lalitpur, Nepal. The company is involved in real estate development, construction, and operations, along with auxiliary services related to infrastructure development. Its flagship project, "DLF Greens," is a premium real estate initiative featuring 46 residential units across two towers. The apartments range from 2,500 sq. ft. (3 BHK) to 5,800 sq. ft. (penthouses), each offering private green terraces or balconies to promote eco-friendly luxury living. This project reflects the company's focus on sustainable and modern design to meet the evolving market demand.

Annexure:1 Detail of Facilities:

Name of Instruments/ Facilities	Type of Facilities	Amount (NPR Mn)	Rating
Fund Based Bank Facilities- Working Capital Loan	Short Term	1,115.00	IRN A4
Total Facilities		1,115.00	

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About Infomerics Credit Rating Nepal Limited:

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