

Seed Energy Limited: Rating reaffirmed

February 13, 2026

Summary of rating action

Instrument	Rated Amount	Rating Action
Issuer Rating	NA	[ICRANP-IR] BB; reaffirmed

Rating action

ICRA Nepal has reaffirmed the issuer rating of Seed Energy Limited (Seed/the company) at [ICRANP-IR] BB (pronounced ICRA NP Issuer Rating Double B). Issuers with this rating are considered to have moderate risk of default regarding timely servicing of financial obligations. The rating is only an opinion on the general creditworthiness of the rated entity and not specific to any debt instrument.

Rationale

The rating reaffirmation continues to factor in the company's debt-free status and its diversified investment portfolio (real estate, quoted/unquoted shares, etc.), resulting in adequate base line revenues to cover its operating expense, which remains a long-term rating positive. ICRA Nepal also takes note of the company's sizable liquidity prospects (based on market price at ~4-5 times the cost of its one freely tradeable investee company), which provides it with cushion (albeit subject to market risk), should it choose to square off the same to honour its future funding requirements. Further, the company plans to fund its future investment growth entirely through equity (including the proposed initial public offering, IPO), and hence its incremental credit profile is likely to remain adequate vis-à-vis the rating level. The rating also positively factors in near operational stage of Seed's two investee companies viz. Multi Energy Development Private Limited (developer of 20 MW project; rated at [\[ICRANP\] LBB/A4+](#)) and Peoples Energy Limited (developer of 48.8 MW project; rated at [\[ICRANP\] LBB-/A4](#)) which partially mitigates development and execution risks and provides visibility on incremental revenue profile. The rating continues to take comfort from the prior experience of its directors and management team in multiple sectors including the financial sector, hydropower, and capital market. The company's modus-operandi, akin to that of private equity fund, with focus on shareholder's/investor's wealth maximization, is also likely to shield it from volatility associated with investment companies focused solely on secondary market investment.

Nonetheless, the rating is constrained by the company's limited operational track record, its ~18¹% investments which is yet to generate revenue (given the back-ended nature of returns from infrastructure projects) and its modest return on capital employed (RoCE) being in assets build-up phase (although improved to ~6% for FY2025 with the first time NFRS adoption from this year). The rating concern also arise from the sizeable investment in less liquid shares (~93% as of mid-July, 2025) which could limits a company's readily available cash during systemic shocks, albeit this risk is partly mitigated by the steady rental income covering its baseline expenses. The company's ability to continue to generate return (including from few advanced stage HPPs) over a longer period will remain a key monitorable. ICRA Nepal also notes the company's stance of dividend pay-out policy (~82% of FY2025 profits distributed in FY2026) despite the long gestation nature of its investments and ongoing equity commitments. Further, the financial/credit profile of the investee companies of Seed are generally moderate (total impairment of ~23% on its total equity investment of ~NPR 222 million as of mid-July 2025). As such, Seed's ability to support these investee companies till they are profitable and/or form a suitable exit strategy remains to be seen. The rating concern also arise from the sizeable corporate guarantees extended by the company on behalf of some of its investee companies (in proportion to its shareholding (albeit for total loan exposure for one entity, however the risk is moderating with the project under this entity being operational and loan quantum gradually declining). The rating also takes note of Seed's sectoral concentration in hydropower sector (~27% investment as of mid-October 2025, albeit in line with its strategic sectoral investment plan, given revenue visibility amid lower offtake/tariff risks) which exposes it to regulatory challenges associated with the sector.

¹ Consists of near operational stage projects under companies like Peoples Energy Limited., Multi Energy Development Private Limited and early-stage project under Balephi Energy Pvt. Ltd.

Going forward, the company's ability to demonstrate and maintain sustainable investment profits will remain a key rating sensitivity. Also, any major changes in the capital market regulations, which can impact on the company's exit strategies/timeline from investee companies, will remain a rating monitorable.

Key rating drivers

Credit strengths

Debt free status and adequate base-line revenues – The company's current investment portfolio remains entirely equity funded, with no near-term plans to add debt to the funding mix. This remains a positive as the company has limited track record of investment profits. Similarly, the company's revenue comprises mainly of the rental yield (from self-owned building) which largely covers its baseline operating expense and hence remains a positive from operational liquidity standpoint. The company also has a lending portfolio of interest-bearing short-term advances to two of its investee companies, which contributes to its base-line revenue, albeit with exposure to counterparty risk.

Experienced promoters and management team – Seed has a diversified promoter profile comprising of individuals/ private institutions from various sectors. Additionally, its directors have prior experience in sectors like investment management, real estate, banks, education, hotels & restaurants, etc. Furthermore, the company's management team is led by Mr. Ashish Shrestha, who has over two decades of experience across capital markets, management consulting and hydropower sector. The prior experience of directors and management team remain a credit positive.

Credit challenges

Limited track record and subdued profitability so far – Incorporated in 2017, Seed has a low track record in terms of business growth and profitability so far. As the company has been building its investment portfolio and has not exited from any of its major investments, its profitability profile remains largely untested (despite potential to realise the unrealised gain available in some investee companies; average RoCE of ~3% in last five years (albeit improved to ~6% for FY2025, benefitted by NFRS implementation). The company's ability to demonstrate sustainable investment profits over a longer timeframe, forming suitable exit plans and strengthen its base-line revenues to enhance operational liquidity, will remain key monitorable going forward. Also, given the limited track record of profitability and moderate base-line revenue, any significant uptake of debt (if it chooses so) could stretch the company's financial position.

Sectoral concentration of investment portfolio and sizeable proportion of less liquid assets – The company has a sizeable portion of its investment in hydropower sector (~27% as at mid-October 2025) which is likely to increase further going forward (unfulfilled equity commitment of ~NPR 348 million in another hydropower project). While this is reflection of its strategic sectoral focus given low tariff/offtake risks, this also exposes the portfolio to sector-specific risks including regulatory changes, hydrological/geological risks, project execution/operational risks, and power evacuation constraints among others. Seed also has a sizeable amount of less liquid equity investment (unlisted promoter shares) in its portfolio which could limit its ability to manage liquidity during unfavourable credit or market conditions. Although ICRA Nepal positively takes note of unrealized capital gain on one of its investments, its ability to realize the same from actual exit remains to be tested.

Exposure to market and regulatory risks – Seed concentrates its investment in capital-market instruments (mainly listed or proposed to be listed equities). As these sectors remain exposed to market risks, Seed's portfolio valuation, profitability and liquidity profile remains vulnerable to market volatility. Further, the capital market remains exposed to various policies implemented by regulatory bodies such as the SEBON, the Nepal Rastra Bank (NRB) and the Central Government. Hence, any major regulatory changes and/or prolonged correction in the capital market could have a significant impact on the company's profitability and investment valuation. Also, majority of Seed's equity investments are in infrastructure development project which are subjected to lock-in period (three years after listing of investee companies), any change in which, could have an impact of the liquidity and valuation position of players like Seed.

Analytical approach: For arriving at the rating, ICRA Nepal has applied its rating methodology as indicated below.

Link to the applicable criteria:
[Issuer rating methodology](#)
Link to the previous rating rationale:
[Rationale Seed Energy Limited Issuer rating surveillance December 2024](#)

About the company

Incorporated in 2017 as a private limited and converted to a public limited on July 2022, Seed Energy Limited is an investment company with diversified investments across energy, tangible property, hospitality and manufacturing sector, mainly in the form of equity. The company's registered and corporate office is in Lalitpur, Nepal. As at mid-October 2025, its paid-up capital was NPR 990 million, ~21% of which was held by five institutional investors, with the remaining stake held by 73 individual shareholders. As on the same date, ~6% of its investment was in listed securities, while the rest was tied up in less liquid investments such as real estate, promoter shares and loans and advances.

Key financial Indicators

	FY2022	FY2023*	FY2024*	FY2025	Q1FY2026
	Audited				Provisional
Operating Income (OI; Revenues in NPR million)	8	15	67	76	18
OPBITDA/OI (%)	42%	30%	79%	85%	73%
Total debt (TD) /Tangible net worth (TNW; times)	-	-	-	-	-
Total Outsider Liabilities/TNW (times)	0.00	0.29	0.03	0.04	0.05
TD/OPBITDA (times)	-	-	-	-	-
Interest coverage (times)#	NA	NA	NA	NA	NA
Debt service coverage ratio (times)#	NA	NA	NA	NA	NA
Net working capital/OI (%)	685%	-1,065%	325%	285%	193%
Return on capital employed (RoCE)	1%	1%	6%	6%	4%

*Restated balance amid transition into Nepal Financial Reporting Framework (FY2025 onwards), from erstwhile Nepal Accounting Standard.

#Not applicable; debt free entity

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