

PRESS RELEASE

GURANS HYDRO LIMITED

January 2026

Ratings

Instrument/Facilities	Amount (NPR Mn)	Ratings	Rating Action
Long Term Bank Facilities	6,150.00 (reduced from 6,250.00)	IRN BB-	Upgraded from IRN B+
Short Term Bank Facilities	250.00	IRN A4	Reaffirmed
Total	6,400.00		

Details of facilities are in Annexure 1 below

Infomerics Credit Rating Nepal Limited (Infomerics Nepal) has upgraded the rating assigned to the long-term bank facilities of NPR 6,150.00 Mn to IRN BB- (Double B Minus) from IRN B+ (Single B Plus). Also, Infomerics Nepal has reaffirmed the rating of IRN A4 assigned to the short-term bank facilities of NPR 250.00 Mn.

Detailed Rationale

The upgradation of the ratings assigned to the bank facilities of Gurans Hydro Limited (GHL) primarily factors in the tie up of debt component required for the project, which substantially mitigates the funding risk associated with the project construction. Furthermore, the ratings continue to derive strength from presence of institutional promoters and experienced Board of Directors (BoD) along with low tariff and offtake risk with the presence of a long-term Power Purchase Agreement (PPA) and high dry energy mix. The ratings also factor in the moderate counter party risk, improving electricity demand and GoN¹ support for the power sector.

However, the ratings are mainly constrained by project implementation risk associated with GHL's under construction 41.06 MW Sankhuwa Khola Hydropower Project (SKHP) given its nascent development stage with ~14% financial progress as of mid-November 2025. The implementation risk is further exacerbated as the company is yet to award major contractual agreements for hydromechanical works, electromechanical works and transmission line works. Furthermore, the project is exposed to the hydrology risk associated with run-of-river (ROR) power generation arrangement and vulnerability to natural calamities. Going forward, the ability of the company to timely award contracts for project construction, infuse equity and complete the project without any time or cost overrun will remain key rating sensitivities.

Detailed Description of Key Rating Drivers

Key Rating Strengths

Presence of institutional promoters and experienced board of directors

The company is mainly promoted by individual promoters from SG Group and other institutional promoters. Mr. Shiva Prasad Ghimire, M/s Barun Investment Limited [[IRN B+ \(Is\)](#)], M/s Neco Insurance Limited [[IRN A+ \(Is\)](#)], Ms. Gita Ghimire and Mr. Sugam Ghimire hold ~64% of the total equity infused as of mid-November 2025. The company is managed under the overall guidance of its five-member Board of Directors (BoD) led by Executive Chairman Mr. Shiva Prasad Ghimire. Mr. Ghimire is also chairman of SG Group and Barun Investment Limited and has over three decades of experience in manufacturing, hydropower and trading sector amongst the others.

Low tariff and offtake risks with presence of a long-term PPA and high dry energy mix

GHL has entered into a long term PPA of 30 years from commercial operation date (COD) or till

¹ Government of Nepal

validity of Generation License, whichever is earlier, for sale of power to be generated from the 41.06 MW project. The tariff for wet season (June to November) and dry season (December to May) is NPR 4.80/ 8.40 per kWh with 3% escalation on base tariff for 8 times in every year after completion of 12 months from COD. Additionally, the project is supported by high dry energy mix of ~31% with an average PLF of ~67%. Power generated from the project is proposed to be transmitted to NEA²'s under construction Sitalpati substation through ~3 km 132 kV single circuit transmission line.

Favorable government policies towards the power sector

The GoN has prioritized the development of the hydropower sector as a means of ensuring energy security, lowering dependency on imported fossil fuels, and positioning Nepal as a significant exporter of electricity in the region. These include attractive tax incentives like income tax holidays and reduced indirect taxes on essential equipment, encouraging investments from the private sector. Additionally, Nepal Rastra Bank (NRB) has designated it as a priority sector for lending and has mandated banks to allocate a minimum share of their advances to the energy sector, ensuring that sufficient financial support is available for the development of hydroelectric projects. This, coupled with the government's strategic partnerships for the generation and export of power makes the long-term demand outlook for the Nepalese hydropower sector promising.

Key Rating Weaknesses

Project implementation risk

The company is constructing 41.06 MW Sankhuwa Khola Hydropower Project (SKHP), which is in nascent stages of construction with ~14% financial progress achieved till mid-November 2025. The total estimated cost of the project is NPR 8,200 Mn (~NPR 200 Mn per MW), proposed to be financed in the debt: equity mix of 75:25. The debt component required for the project has been tied up, significantly mitigating funding risks associated with the project construction, albeit funding risks related to equity component still persists. As of mid-November 2025, promoters have infused ~50% of the total equity required for the project. Also, the company is yet to finalize major contract agreements of the project, leaving it vulnerable to risks associated with project implementation within the envisaged time and cost. However, the Required Commercial Operation date (RCOD) of the project is November 05, 2028, which provides adequate schedule headroom for the project construction.

Hydrology risk associated with run-of-the-river power generation

ROR projects are sensitive to seasonal variations in river flows, producing more electricity during the wet season and less during the dry season as these projects have little or no capacity for water storage and rely on the flow of river water for power generation. SKHP is proposed to utilize discharge from Sankhuwa Khola having catchment area of ~335 km² based on perennial river with design discharge of 15.89m³/s at PoE of 40.8%. Prolonged low water levels resulting from droughts or irregular rainfall can lead to operational strain and thus revenue loss. This exposes the project to risks associated with variations in water discharge from these rivers.

Risk of Natural Calamities

Nepal lies in a seismically active region along the Himalayan belt, making the country vulnerable to earthquakes, landslides, and floods, all of which pose significant threats to hydropower infrastructure. In addition, the country's rugged topography and monsoon rains make it prone to landslides and floods, which can cause structural damage and disrupt project construction and operations. These disasters not only result in costly repairs and prolonged downtime but also affect the financial viability of hydropower projects like SKHP by reducing power generation, thereby impacting their financial performance.

Analytical Approach: Standalone

² Nepal Electricity Authority

Applicable Criteria:

[Private Power Producers Rating Methodology](#)

Past Rating Rationale:

[Gurans Hydro Limited: Bank Facilities Rating Assigned](#)

About the Company:

Gurans Hydro Limited (GHL) was incorporated on July 19, 2020 as a Private Limited Company and later converted into Public Limited Company on May 08, 2024 to build, own and operate 41.06 MW Sankhuwa Khola Hydropower Project (SKHP) in Sankhuwasabha and Bhojpur districts of Nepal, with the entire power generated intended for sale. The project has total catchment area of ~335 km², a design discharge of 15.89 m³/s at 40.8% PoE and a gross head of 315.13m.

Annexure:1 Detail of Facilities:

Name of Instruments/ Facilities	Type of Facilities	Amount (NPR Mn)	Rating
Fund Based Bank Facilities- Term Loan	Long Term	6,150.00	IRN BB-
Fund Based Bank Facilities- Working Capital Loan	Short Term	250.00	IRN A4
Total Facilities		6,400.00	

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About Infomerics Credit Rating Nepal Limited:

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