

## PRESS RELEASE

### ENERGY MANAGEMENT PRIVATE LIMITED

April 2026

#### Rating

Instrument	Amount (NPR Mn)	Rating	Rating Action
Long Term Bank Facilities	1,548.38	IRN BB-	Assigned
<b>Total</b>	<b>1,548.38</b>		

\*Details of facilities are in Annexure I below

Infomerics Credit Rating Nepal Limited (Infomerics Nepal) has assigned the rating of IRN BB- (Double B Minus) to the long-term bank facilities of NPR 1,548.38 Mn.

#### Detailed Rationale

The rating assigned to the bank facilities of Energy Management Private Limited (EMPL) derives its strength from parentage of Sarbottam Steels Limited ([IRN BB+/A4+](#)), a part of experienced Saurabh Group, supported by an experienced management team. Also, the rating factors in low tariff and offtake risk with the entire energy intended to be utilized by the parent company- SSL, as well as Government of Nepal (GoN)'s support for the power sector.

However, the rating is mainly constrained by the execution and funding risk associated with EMPL's under construction 39.22 MW (~33 MW AC power) Bagahi Solar PV Project (BSP), nonetheless the risk is moderated to an extent with the company awarding major contract for the project construction. Also, the project is exposed to solar irradiance risk inherent to solar powered project, which could impact the energy output. Going forward, the ability of the company to manage the funding of debt portion, timely completion of the project without any time or cost overrun and satisfactory power generation thereafter will remain key rating sensitivities.

#### Detailed Description of Key Rating Drivers

##### Key Rating Strengths

###### **Institutional promoter supported by experienced promoter group**

EMPL is promoted by Sarbottam Steels Limited (SSL). SSL is a part of Saurabh Group, with its strength derived from promoters' strong presence in Nepal through their group entities engaged in manufacture of steel, cement, spinning mills, tea estates, etc. The extensive experience of the group with business acumen across wide range of business segments is also expected to support the energy generation business.

###### **Captive consumption by SSL at predetermined tariff lowering tariff and offtake risk**

The energy generated by 39.22 MW (~33 MW AC energy output) Bagahi Solar PV Project (BSP) is proposed to be utilized entirely for captive consumption of Sarbottam Steels Limited (the parent company) at tariff rate of NPR 8 per kWh for the power consumed. BSP is expected to commence its operations from mid-July 2027. The energy generated from BSP is proposed to be evacuated through 4 km long 33 kV single-circuit transmission line to the switchyard at SSL.

##### Key Rating Weaknesses

###### **Project funding and implementation risk**

EMPL is constructing 39.22 MW (~33 MW AC energy) solar power project, which is in initial stages of construction with ~12% financial progress achieved till March 2026. The total estimated cost of the project is ~NPR 2,135 Mn, equivalent to NPR 64.71 Mn per MW of AC energy output, which is proposed to be financed in the debt: equity mix of ~72:28. As on January 26, 2026, the promoter

has infused ~67% of the total equity component required for the project. The debt component of the project is yet to be tied up, albeit the company is in later stages of discussion with the banks to secure debt components. This exposes the company to the risks associated with project implementation as well as funding risk associated with setting up the project within the envisaged time and cost, although the project implementation risk is moderated to an extent with the company awarding contracts for construction of major project components.

### **Solar irradiance risk associated with solar powered plant**

The company is setting up the solar power plant with 59,878 units of bifacial module PV array, with estimated 1% annual degradation in its first year and 0.4% annual degradation in subsequent years. The solar induced power generating project is exposed to risk associated with irradiation variability induced by seasonality and climatic assumptions, which could impact the overall energy generation of the plant. However, the company has provisioned guaranteed annual energy generation along with shortfall compensation against any shortfall in energy generation.

**Analytical Approach:** Standalone

### **Applicable Criteria:**

[Power Projects Rating Methodology](#)

### **About the Company:**

Energy Management Private Limited, a wholly owned subsidiary of Sarbottam Steels Limited (SSL), [IRN BB+/A4+](#), was incorporated on September 26, 2025 as a Special Purpose Vehicle (SPV) to develop, own and operate 39.22 MW (~33 MW AC converted energy) grid-connected solar photovoltaic power plant – Bagahi Solar PV Project (BSP) in Birgunj, Nepal. The entire power generated from the plant is intended for captive consumption of SSL. As on January 26, 2026, M/s Sarbottam Steels Limited holds entire shares of the company.

### **Annexure:1 Detail of Facilities**

Instruments/ Facilities	Type of Facilities	Amount (NPR Mn)	Rating
Fund Based Bank Facilities-Term Loan (Proposed)	Long Term	1,548.38	IRN BB-
<b>Total Facilities</b>		<b>1,548.38</b>	

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### **About Infomerics Credit Rating Nepal Limited:**

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