

PRESS RELEASE

S.N. ENERGY LIMITED

April 2026

Rating

Instrument/Facilities	Amount (NPR Mn)	Ratings	Rating Action
Long Term Bank Facilities	3,780.00	IRN BB-	Reaffirmed
Short Term Bank Facilities	120.00	IRN A4	Assigned
Total	3,900.00		

Details of facilities are in Annexure 1 below

Infomerics Nepal has reaffirmed the rating of IRN BB- (Double B Minus) to the long-term bank facilities of NPR 3,780.00 Mn. and assigned the rating A4 to the short term bank Facilities of NPR 120.00 Mn

Detailed Rationale

The rating reaffirmed to the bank facilities of S.N. Energy Limited (SNEL) derives strength from its strong promoter profile mainly [Neco Insurance Limited \(NIL\) \[IRN A+\(Is\)\]](#), experienced board of directors & management team along with low tariff and offtake risk with the presence of a long term Power Purchase Agreement (PPA) and high dry energy mix of the project. The rating also factors in moderate counter party risk, low power evacuation risk, improving electricity demand and GoN support for the power sector. Also, the debt component for the project has been tied up coupled with the major contracts for the project being awarded reducing project execution risk to an extent. However, the rating is mainly constrained by the execution risk associated with the under construction 24 MW Super Seti Hydropower Project given it is in nascent stages of construction with project achieving ~17% financial progress as of February 2026. Also, the project is exposed to the hydrology risk connected with run-of-river (ROR) power generation arrangement and vulnerability to natural calamities. Going forward, the ability of the company to timely secure the debt component required for the project and subsequently manage the timely completion of the project without any time or cost overrun will remain key rating sensitivities.

Detailed Description of Key Rating Drivers

Key Rating Strengths

Experienced promoters and management

SNEL has six-member Board of Directors, chaired by Mr. Ashok Kumar Khadka (representative of NIL) who has experience of more than a decade in energy sector and over two decades in finance industry. NIL is a key promoter of SNEL having ~18% of shareholding in SNEL as of Mid-February 2026. Remaining directors also possess relevant experience in energy sector, management sector and construction sector. The management team is led by CEO, Mr. Dinesh Kumar Bartaula, possessing over a decade of experience in relevant sector. Furthermore, the board is aptly supported by the experienced management team.

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

SNEL had entered into a long term PPA of 30 years from commercial operation date (COD) or till validity of Generation License, whichever is earlier, for sale of power to be generated from the 24 MW project. Furthermore, the tariff for wet/ dry season (6-6 months) 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 ~67.55%. Power generated from the project is proposed to be transmitted to NEA's operational Lahachowk substation through 21 km 132 kV 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 24 MW Super Seti Hydropower Project, which is in nascent stages of construction with 17% financial progress achieved till February 27, 2026. The original total estimated cost of the project for 24 MW was NPR 5,040 Mn which was recently revised to NPR 5,179 Mn on account of increased cost due to gradual weakening of NPR against USD, which is equivalent to NPR 216 Mn per MW, which is proposed to be financed in the debt: equity mix of 73:27 (i.e., NPR 3,780 Mn term loan and NPR 1,399 Mn equity). Financial closure for the entire loan amount of NPR 3,780 Mn has been achieved. Out of total equity of NPR 1,399 Mn, NPR 608.64 Mn (~43.52% of the total equity) had been infused by the promoters till February 27, 2026 including advance share capital of NPR 329.64 Mn. The Required Commercial Operation date (RCOD) of the project is October 23, 2027 which provides adequate schedule headroom for the project construction.

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

ROR projects face direct exposure to the risks linked to fluctuations in water discharge from rivers, given that they lack the capacity for water storage. SSHP is intended to utilize discharge from Seti Khola having catchment area of 156 sq kms based on Perennial River with design discharge of the project is 8.5 m³/s at PoE of 43.7%. Insufficient water flow may lead to reduced energy output, affecting project performance and financial viability. Therefore, the project is exposed to risks linked with fluctuations in river water discharge. Furthermore, the lack of a deemed generation clause in the PPA leaves the project vulnerable to revenue losses during adverse conditions without compensation, which may have an impact on company's financial health.

Risk of Natural Calamities

Hydropower projects are prone to risk from natural disasters, such as floods, landslides and earthquakes, as the projects are generally located in challenging terrains with uncertain geology. These occurrences can significantly disrupt infrastructure, leading to construction delays and inflated costs. Moreover, they may disrupt power generation and evacuation, consequently affecting the financial performance of the projects. Hydropower projects like SSHP are inherently exposed to risk of these natural calamities, which may affect the project's execution, functioning and financial performance.

Analytical Approach: Standalone

Applicable Criteria:

[Corporate Credit Rating Methodology](#)

Link to past rating rationale:

[S.N. Energy Private Limited: Bank Facilities Ratings Assigned](#)

About the Company:

S.N. Energy Limited (SNEL) was established on September 29, 2016 as a private limited company which was later converted to a public limited company on February 28, 2024. The company is established to develop, own and operate "Super Seti Hydropower Project" with a capacity of 24 MW¹ in the Kaski district of Nepal, with the entire power generated intended for sale. SNEL boasts a 156 km² catchment area, a design discharge of 8.50m³/s at 43.70% PoE and a gross head of 344m. SNEL is mainly promoted by NIL holding 17.96% of shareholding as of February 27 2026.

Annexure:1 Detail of Facilities:

Name of Instruments/ Facilities	Type of Facilities	Amount (NPR Mn)	Rating
Fund Based Bank Facilities- Term Loan	Long Term	3,780.00	IRN BB-
Fund Based Bank Facilities- Short Term Loan	Short Term	120.00	IRN A4
Non-Fund Based Facilities- LC/BG [^]	Short Term	(1,914.00)	IRN A4
Total Facilities		3,900.00	

[^] Letter of Credit/Bank Guarantee

Analyst Contacts

Mr. Raunak Mulmi

Tel No.+977-1-4583304/4585906

raunak.mulmi@infomericsnepal.com

Ms. Ruchata Shrestha

Tel No.+977-1-4583304/4585906

ruchata.shrestha@infomericsnepal.com

Relationship Contact

Mr. Rabin Pudasaini

Tel No.+977-1-4583304/4585906

rabin.pudasaini@infomericsnepal.com

About Infomerics Credit Rating Nepal Limited:

Infomerics Credit Rating Nepal Ltd. is Nepal's third Credit Rating Agency licensed by the Securities Board of Nepal (SEBON) on March, 2022. Infomerics Nepal is a subsidiary of Infomerics Valuation and Rating Private Limited (Infomerics India) which is a SEBI registered and RBI accredited Credit Rating Agency licensed in 2015. Infomerics Nepal aims to provide investors with objective analysis and evaluation of credit worthiness of Banks, NBFCs, Large Corporates and Small and Medium Scale Units (SMUS) via its rating and grading services. Thus, it is playing a key role in serving the financial markets by reducing the information asymmetry among varied lenders and investors and facilitating borrowers/issuers to various fundraising opportunities/avenues. Infomerics observes and maintains ethical standards in its activities. For more information, visit <https://infomericsnepal.com/>

Infomerics Credit Rating Nepal Limited

Tanka Prasad Marga, Baneshwor Height, Kathmandu

Phone: +977-1-4583304/4585906

Email: info@infomericsnepal.com

Web: www.infomericsnepal.com

¹ The company has applied for approval of additional 6 MW, which is under review by NEA

Disclaimer: Ratings assigned by Infomerics Nepal are an opinion on the credit risk of the issue / issuer and not a recommendation to buy, hold or sell securities. Infomerics Nepal reserves the right to change, suspend or withdraw the credit ratings at any point in time. Ratings assigned by Infomerics Nepal are opinions on financial statements based on information provided by the management and information obtained from sources believed by it to be accurate and reliable. The credit quality ratings are not recommendations to sanction, renew, disburse or recall the concerned bank facilities or to buy, sell or hold any security. We, however, do not guarantee the accuracy, adequacy or completeness of any information, which we accepted and presumed to be free from misstatement, whether due to error or fraud. We are not responsible for any errors or omissions or for the results obtained from the use of such information. Most entities whose bank facilities/instruments are rated by us have paid a credit rating fee, based on the amount and type of bank facilities/instruments. In case of partnership/proprietary concerns/Association of Persons (AOPs), the rating assigned by Infomerics Nepal is based on the capital deployed by the partners/proprietor/ AOPs and the financial strength of the firm at present. The rating may undergo change in case of withdrawal of capital or the unsecured loans brought in by the partners/proprietor/ AOPs in addition to the financial performance and other relevant factors.