

PRESS RELEASE

HIM PARBAT HYDROPOWER LIMITED

June 2026

Ratings

Instrument/Facilities	Amount (NPR Mn)	Ratings	Rating Action
Long Term Bank Facilities	3,061.00 (Reduced from 3,255)	IRN BB+	Upgraded from IRN BB
Short Term Bank Facilities	620.00 (Enhanced from 150)	IRN A4+	Upgraded from IRN A4
Total	3,681.00		

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 3,061.00 Mn from IRN BB (Double B) to IRN BB+ (Double B Plus) and upgraded to IRN A4+ (A Four Plus) from IRN A4 (A Four) to the short-term bank facilities of NPR 620.00 Mn.

Detailed Rationale

The upgradation of ratings assigned to the bank facilities of Him Parbat Hydropower Limited (HPhL) reflects successful commissioning of both the projects of 20MW and 5.5 MW¹. The ratings also derive comfort from moderate operational performance of the project since commercial operation date (COD) with the project generating moderate plant load factor (PLF) of ~79% of contracted energy for 20MW and ~ 94% of contracted energy for 5.5MW for the 10 months ending FY2026. The ratings are also supported from healthy EBITDA margin of the project (~88.3% in H1FY26) alongside moderate interest coverage indicators (3.10x in H1FY26). The ratings continue to derive strengths from HPhL's experienced promoters and management team, low tariff and offtake risks with presence of a long-term Power Purchase Agreement (PPA) and high dry energy mix of the projects. Also, the ratings factor in improving market demand for electricity with GON² support for the power sector.

However, these rating strengths are constrained by leveraged capital structure (Overall gearing ratio of 2.95x as of mid-January 2026) owing to high debt portion of the project. The ratings remain further constrained by the hydrology risk associated with run-of-the-river (ROR) power generation, risk of natural calamities inherent in hydropower projects. Going forward, the company's ability to further improve the operational efficiency alongside reducing the gap between contracted PLF and operational PLF on a sustained basis, strengthen its coverage indicators and improve gearing ratios will remain key rating sensitivities.

Detailed Description of Key Rating Drivers

Key Rating Strengths

Experienced promoters and management team

HPhL has five-membered Board of Directors, chaired by Mr. Himlal Gurung, who has more than two decades of experience and is associated with various capacities at management levels with various hydro power companies. He is supported by other experienced directors along with a team of

¹ The commercial operation for projects of 20MW was on October 11 2025 and for 5.5 MW was on July 24, 2025. (Delay by around 2.5 months for 20MW and delay by 9 days for 5.5MW from RCOD of Mid-July,2025)

² Government of Nepal

experienced management team lead by Mr. Sunil Regmi, Project Manager, who has over a decade of experience in hydropower sector.

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

HPHL had entered into a PPA with NEA³ for sale of power to be generated from both the projects under take or pay system. The project's tariff and offtake risks remain low as the company has a 30-year PPA with the NEA from commercial operation date (COD) or till validity of Generation License, whichever is earlier (expiry date of 5.5-MW is 2111-10-20 BS and 20-MW is 2111-08-11 BS). 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 the COD date. Management expects to achieve commercial operation of both projects by July 16, 2025. Further, project is supported by high dry energy mix of ~30% with an average PLF of ~66%.

Favorable Government policies towards 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.

Satisfactory operational performance so far

HPHL is operating two hydropower projects i.e., 20MW name of project and 5.5MW name of project. The commercial operation date for 20MW was on October 11, 2025 and for 5.5 MW was on July 24, 2025. The annual contracted PLF of the plant for 20MW is 77.79% and for 5.5MW is 94.15% during 10MFY2026. Consequently, HPHL has generated revenue from electricity sales of NPR 270 Mn in H1FY26. EBITDA margin of the company stood healthy at ~88% and has generated PAT of NPR 102 Mn and GCA of NPR 154 Mn during H1FY2026.

Key Rating Weaknesses

Leveraged capital structure

The company's capital structure remains leveraged, reflecting the project's original debt-to-equity funding mix of 75:25, with overall gearing ratio of 2.95x as of mid-January 2026. The gearing level is expected to improve progressively from FY27 onwards, supported by full-year operations and continued debt repayments. Debt servicing indicators remain adequate, with a DSCR of 1.20x and a comfortable interest coverage ratio of 3.10x.

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

ROR projects are directly exposed to risk associated with variation in discharge of water from the river. SKHP is proposed to utilize discharge from Sagu Khola and Pegu Khola having catchment area of 37.04 sq kms for Pegu Khola based on Perennial River with design discharge of the project is 1.85m³/s Pegu Khola and 4.65 m³/s Sagu Khola-1 at exceedance flow of 40%. Similarly, S1KHP is proposed to utilize discharge from Sagu Khola and Syakhu Khola having catchment area of 60.17 sq kms for Sagu Intake and 14.75 sq kms for Syakhu Intake based on Perennial River. The design discharge of the projects is 4.68m³/s at exceedance flow of 40%. Further, the lack of a deemed generation clause in the PPA exposes the project to hydrology risk in case of adverse river flow scenarios without receiving any compensation for such losses.

³ Nepal Electricity Authority

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 operations. These disasters not only result in costly repairs and prolonged downtime but also affect the financial viability of hydropower projects by reducing power generation, thereby impacting their financial performance.

Analytical Approach: Standalone

Applicable Criteria:

[Private Power Producers Rating Methodology](#)

Past Rating Rationale:

[Him Parbat Hydropower Limited: Bank Facilities Rating Reaffirmed](#)

About the Company:

Incorporated in June 2014, as a Private Limited was later converted to Him Parbat Hydropower Limited (HPHL) in June 2021. The company has been set up to build, own and operate two Hydroelectric Project (HEP) of 5.5 MW and 20 MW both in Dolakha district of Nepal, for the sale of entire power. M/S Avasar Equity Fund (43.61%), Mr. Himlal Gurung (19.59%), and Ms. Bhumika Gurung (9.10%) are the major shareholders as on January 25, 2026.

Financial Indicators (Standalone)

For the year ended* As on	H1FY26
	Unaudited
Total Operating Income (NPR Mn)	270
EBITDA Margin (%)	88.32
Interest Coverage Ratio (x)	3.10
Current Ratio (x)	0.33
Overall Gearing Ratio (x)	2.95

Earnings before Interest Tax Depreciation Amortization (EBITDA)

**Classification as per Infomerics Nepal standards*

Annexure 1: Detail of Facilities

Name of Instruments/ Facilities	Type of Facilities	Amount (NPR Mn)	Rating
Fund Based Bank Facilities- Term Loan	Long Term	3,061.00	IRN BB+
Fund Based Bank Facilities- Working Capital Loan	Short Term	620.00	IRN A4+
Non-Fund Based Bank Facilities- LC/BG*	Short Term	(1,400.00)	IRN A4+
Total Facilities		3,681.00	

*LC= Letter of Credit and BG= Bank Guarantee

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