

## PRESS RELEASE

### **SUSHMIT ENERGY PRIVATE LIMITED**

June 2026

#### Rating

Instrument/Facilities	Amount (NPR Mn)	Ratings	Rating Action
Long Term Bank Facilities	2,860.00	IRN B+	Assigned
Short Term Bank Facilities	140.00	IRN A4	Assigned
<b>Total</b>	<b>3,000.00</b>		

Details of facilities are in Annexure 1 below

Infomerics Credit Rating Nepal Limited (Infomerics Nepal) has assigned the rating of IRN B+ (Single B Plus) to the long-term bank facilities of NPR 2,860.00 Mn and IRN A4 (A Four) to short term bank facilities of NPR 140.00 Mn.

#### Detailed Rationale

The ratings assigned to the bank facilities of Sushmit Energy Private Limited (SEPL) derive strength from its experienced Board of Directors (BoD) along with low tariff and offtake risk with the presence of a long-term Power Purchase Agreement (PPA). The ratings also factor in the moderate counter party risk, improving electricity demand and Government of Nepal (GoN) support for the power sector. However, the ratings are primarily constrained by project implementation risk associated with the 20 MW Kunaban Khola Hydroelectric Project (KKHEP), which is in a nascent stage of development with only ~2% financial progress as of late December 2025. The debt component of NPR 3,000 Mn has been fully tied up via a syndicated loan agreement signed in April 2026. Execution concerns are heightened by unawarded major contracts for hydro-mechanical and electro-mechanical works. Furthermore, the project has already surpassed its original Required Commercial Operation Date (RCOD) of February 2026, and while an extension to 2028 has been requested, the delay risks revenue penalties and reduced tariff escalations. Also, the project is exposed to hydrology risk associated with run-of-river (ROR) power generation arrangement and vulnerability to natural calamities. Going forward, the ability of the company, to finalize major contracts, and ensure timely completion of the project without further time or cost overruns, as well as secure an extension of RCOD from Nepal Electricity Authority (NEA) will be 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 and institutional promoters from the Bizbell and Machhapuchhre groups. The top 10 shareholders, which primarily comprise individuals and entities belonging to these groups, collectively held approximately 87% of the equity infused (total paid-up capital of NPR 250 Mn) as of February 17, 2026. Key shareholders include Mr. Sushil Pokharel (19.08%), Mr. Kaji Lama (16.00%), Bizbell Limited (11.52%), Mr. Shakti Pandey (11.20%), and Mr. Basanta Pandey (11.20%). The board is led by Chairman Mr. Basanta Pandey, a civil engineer with expertise in over 35 hydropower projects. The leadership team is further strengthened by Managing Director Mr. Sushil Pokharel, the founder of Bizbell Limited, and Director Mr. Kaji Lama, a well-known developer and investor in hydropower sector.

##### Low tariff and offtake risks with presence of a long-term PPA

SEPL has entered into a long-term PPA of 30 years from the commercial operation date (COD) or until the validity of the Generation License, whichever is earlier, for the sale of power to be generated from the 20 MW project. The tariff for the wet season and dry season is NPR 4.80 and NPR 8.40 per kWh, respectively, with a 3% annual escalation on the base tariff for 8 times starting 12 months

after the COD. However, the dry energy mix of the project remains at 15.20% with a calculated average PLF of approximately 66.07%. Power generated from the project is proposed to be transmitted to NEA's Dadakhet Substation through a dedicated 8.5 km long 132 kV single-circuit transmission line.

## **Favorable government policies towards the power sector**

According to the NEA's Annual Report, the annual system peak demand increased significantly in FY 2024/25 compared to FY 2023/24. Total exports to India soared to 2,380 GWh in FY 2024/25, compared to 1,946 GWh in the previous year, enabling NEA to become a net electricity exporter for the first time. The Government of Nepal (GoN) has prioritized the hydropower sector to ensure energy security, reduce dependency on fossil fuels, and position the nation as a clean energy leader in South Asia. Favorable fiscal policies remain in place, including income tax holidays (typically a full 10-year holiday followed by a 50% concession for the next five years) and reduced duties on essential equipment. Furthermore, the Nepal Rastra Bank (NRB) continues to designate hydropower as a priority sector for lending, mandating banks to allocate a minimum share of advances to energy projects. These initiatives, coupled with expanding cross-border transmission infrastructure make the demand outlook for the Nepalese hydropower sector highly promising.

## **Key Rating Weaknesses**

### **Project implementation risk**

The company is constructing the 20 MW Kunaban Khola Hydroelectric Project (KKHEP), which is in nascent stages of construction with ~2% financial progress achieved till April 02, 2026. The total estimated cost of the project is NPR 4,190 Mn (NPR ~209.95 Mn per MW), which is being financed in a debt-equity mix of ~68:32. As of May 2026, the debt required for the project has been fully tied up. However, the company is yet to finalize the hydro-mechanical and electro-mechanical contract agreements, which exposes the company to risks associated with project implementation within the envisaged time and cost. The RCoD specified in the PPA was February 14, 2026; however, the project currently targets an expected Commercial Operation Date (COD) of February 14, 2028. The company is currently in the process of seeking an extension for the RCoD from NEA, which is yet to be formally confirmed. The inability to obtain the RCoD extension until the expected commercial operation date could result in delay penalty as well as losses from reduced tariff escalations. The extension of the RCoD is vital for the company's financial outlook and also remains key monitorable.

### **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. KKHEP is proposed to utilize discharge from the Kunaban Khola, which is a perennial, snow-fed river and features a total catchment area of approximately 76.80 sq. km at the intake site with a design discharge of 3.80 m<sup>3</sup>/s at a 40% probability of exceedance (Q40). While the project benefits from a sustained base flow due to snowmelt from high-altitude areas (with over 74% of the intake catchment area located above 5,000 m), it remains exposed to risks associated with variations in water discharge. Prolonged low water levels resulting from droughts, erratic rainfall, or changing snowmelt patterns can lead to operational strain and subsequent revenue loss.

### **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 KKHEP by reducing power generation, thereby impacting their financial performance.

**Analytical Approach:** Standalone

**Applicable Criteria:**

[Private Power Producers Rating Methodology](#)

**About the Company:**

Sushmit Energy Private Limited (SEPL) was incorporated on June 29, 2016, as a Private Limited Company to build, own, and operate the 20 MW Kunaban Khola Hydroelectric Project (KKHEP) in the Myagdi district of Nepal, with the entire power generated intended for sale. The project features a total catchment area of 76.80 km<sup>2</sup> at the intake site, a design discharge of 3.80 m<sup>3</sup>/s at 40% probability of exceedance (PoE), and a gross head of 626.05 m. As of late December 2025, key shareholders and their current investments include Mr. Sushil Pokharel (NPR 47.7 Mn), Mr. Kaji Lama (NPR 40.0 Mn), Bizbell Limited (NPR 28.8 Mn), Mr. Shakti Pandey (NPR 28.0 Mn), and Mr. Basanta Pandey (NPR 28.0 Mn), who collectively hold approximately 69% of the total NPR 250 Mn paid-up capital.

**Annexure:1 Detail of Facilities:**

Name of Instruments/ Facilities	Type of Facilities	Amount (NPR Mn)	Rating
Fund Based Bank Facilities- Term Loan	Long Term	2,860.00	IRN B+
Fund Based Bank Facilities- Working Capital Limits	Short Term	140.00	IRN A4
<b>Total Facilities</b>		<b>3,000.00</b>	

**Analyst Contacts**

**Mr. Girish Bhatta**

Tel No.+977-1-4583304/4585906

[girish.bhatta@infomericsnepal.com](mailto:girish.bhatta@infomericsnepal.com)

**Ms. Neha Tamrakar**

Tel No.+977-1-4583304/4585906

[neha.tamrakar@infomericsnepal.com](mailto:neha.tamrakar@infomericsnepal.com)

**Relationship Contact**

**Mr. Rabin Pudasaini**

Tel No.+977-1-4583304/4585906

[rabin.pudasaini@infomericsnepal.com](mailto: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](mailto:info@infomericsnepal.com)

Web: [www.infomericsnepal.com](http://www.infomericsnepal.com)

**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.