PRESS RELEASE

GAURISHANKAR CEMENT PRIVATE LIMITED

November 2026

Ratings

Instruments/ Facilities	Amount (NPR Mn)	Rating	Rating Action
Long Term Bank Facilities	9,499.85	IRN BB-	Assigned
Short Term Bank Facilities	(5,350.00)	IRN A4	Assigned
Total	**9,499.85**		

Details of facilities are in Annexure 1 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 9,499.85 Mn and IRN A4 to the short term bank facilities of NPR 5,350.00 Mn.

Detailed Rationale

The ratings assigned to the bank facilities of Gaurishankar Cement Private Limited (GCPL) factor in the experienced promoter group with over two decades of experience across diverse sectors, the strategic association with Mahashakti Cement Limited [IRN BB-(Is) & IRN BB-/A4], an established cement manufacturer, and the availability of adequate limestone reserves of ~67 Mn tonnes across three mines, providing long-term raw material security. The parent linkage is also expected to ensure a secured clinker offtake arrangement and operational synergies.

Nonetheless, the ratings are constrained by project implementation and funding risks associated with the 2,500 TPD clinker manufacturing unit, reflected in the financial progress of ~66% as of January 2026, partial tie-up of term loans and pending infusion of the remaining promoter contribution. Furthermore, dependence on a single buyer for clinker offtake limits market diversification, while intense competition and ongoing capacity additions in Nepal's cement industry may constrain pricing flexibility. Going forward, GCPL's ability to complete the project within the envisaged cost and timeline, achieve the scheduled commercial operations date (COD) of February 11, 2027, and ensure financial closure of the remaining debt and equity infusion will remain key rating sensitivities.

Detailed Description of Key Rating Drivers

Key Rating Strengths

Experienced Promoters

GCPL's board is chaired by Mr. Shyam Prasad Paudel, who brings over three decades of experience in the real estate sector and more than two decades of involvement across pharmaceuticals, cement manufacturing, hospitality, and hydropower industries. The other directors collectively bring extensive experience in banking and financial services, cement manufacturing, finance and investment, human resource management, academia, logistics, hospitality, hydropower, and trading sectors. Thus, the board possesses diversified professional backgrounds with several members having more than two decades of industry experience across multiple sectors. The board is supported by qualified management team across various functions.

Availability of raw material resources

GCPL has secured limestone supply arrangements from three mines located in Pyuthan and Arghakhanchi districts of Nepal, owned by GCPL as well as Sagar Cement Private Limited, and Buddha Bhumi Mines and Minerals Private Limited; subsidiaries companies of GCPL. The mines are located at a distance of ~50-110 km from the clinker plant and have combined limestone resources of ~67 Mn

tons, with estimated mine lives ranging from ~15 years to ~54 years. These mines have permitted daily production limits of ~8,500 TPD, which provides reasonable visibility over long-term limestone availability for clinker production.

Parent support and strategic linkage
GCPL is promoted by Mahashakti Cement Limited [IRN BB-(Is) & IRN BB-/A4], a prominent participant in Nepal's cement manufacturing sector, which brings industry expertise, operational understanding, and strategic support to the company through its association with the promoter group. GCPL's new clinker plant is being developed to supply clinker directly to the parent company. This ensures a secure off-take channel, reducing market and pricing risks in the competitive domestic cement sector. The association with an established parent also provides potential operational synergies, including cost efficiencies and logistical support, thereby enhancing the company's overall credit profile.

Key Rating Weaknesses

Project execution and funding risk
GCPL is in the process of establishing a 2,500 TPD clinker manufacturing unit at Shivaraj, Kapilvastu, with an estimated project cost of NPR 12,930 Mn. The project is proposed to be financed through term loans of NPR 9,499.85 Mn and promoter's contribution of NPR 3,430.15 Mn, resulting in a debt-equity ratio of 73.50:26.50, indicating a leveraged capital structure. Term loan of NPR 6,732.75 Mn have been tied up under a consortium arrangement, while the remaining NPR 2,767.10 Mn is proposed, exposing the project to funding closure risk. As of mid-March 2026, the promoters had infused NPR 1,762.50 Mn as paid-up capital and NPR 1,148.20 Mn as share application money, representing ~84.86% of the total committed equity. As of January 2026, the company had incurred NPR 8,512.17 Mn (~66% of the total project cost) toward the project. Given that the project remains under construction, it continues to be exposed to project implementation risks, including potential delays in completion, cost overruns, and timely availability of the remaining debt funding, which could impact the overall project timeline and funding requirements. The commercial operations date (COD) for the unit is February 11, 2027. Therefore, timely completion of the project within the envisaged cost and timeline, financial closure of the remaining term loan, and timely infusion of the remaining promoter's equity will remain key monitorable.

Limited market diversification amidst intense industry competition
The Nepalese cement industry is highly competitive, with ~60 cement units and 20 clinker manufacturing units currently operational, and several more planned. While the company primarily supplies its clinker to its parent, Mahashakti Cement Limited, this reliance limits market diversification and exposes the company to the performance and procurement strategies of a single buyer. At the same time, the broader industry is marked by a mix of organized and unorganized players, resulting in limited pricing flexibility. Any significant increase in input costs or shifts in market demand could put pressure on margins, particularly given the ongoing capacity expansions and potential new entrants.

Analytical Approach: Standalone

Applicable Criteria:
Corporate Credit Rating Methodology

About the Company:
Gaurishankar Cement Private Limited (GCPL) is a private limited company incorporated under the Companies Act in April 2021, with its registered office located at Kathmandu Metropolitan City-03, Basundhara, Kathmandu. The company is primarily engaged in the development of a 2,500 TPD clinker manufacturing unit at Shivaraj Municipality-06, Kapilvastu, Lumbini Province. The project is currently under construction, with ~66% of the total project cost incurred as of January 2026, and

is expected to commence commercial operations by February 11, 2027. The company is promoted by Mahashakti Cement Limited. As of mid-March 2026, GCPL had a paid-up capital of NPR 1,762.50 Mn, of which Mahashakti Cement Limited holds a majority stake of 98.30%, while the remaining 1.70% is held by Dinesh Karmacharya.

Annexure:1 Detail of Facilities:

Name of Instruments/ Facilities	Type of Facilities	Amount (NPR Mn)	Ratings
Fund Based Bank Facilities- Term Loan	Long Term	6,732.75	IRN BB-
Fund Based Bank Facilities- Proposed Term Loan	Long Term	2,767.10	IRN BB-
Fund Based Bank Facilities- Bridge Gap Loan	Short Term	(2,050.00)*	IRN A4
Non Fund Based Bank Facilities-Letter of Credit/Bank Guarantee	Short Term	(3,300.00)*	IRN A4
Total Facilities		**9,499.85**	

**within the limit of long term loan*

Analyst Contacts

Ms. Kritagya Pyakurel
Tel No.+977-1-4583304/4585906
kritagya.pyakurel@infomericsnepal.com

Mr. Sujan Rimal
Tel No.+977-1-4583304/4585906
sujan.rimal@infomericsnepal.com

Relationship Contact

Mr. Rabin Pudasaini
Tel No.+977-1-4583304/4585906
rabin.pudasaini@infomericsnepal.com

About Infomerics Credit Rating Nepal Limited:

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Infomerics Credit Rating Nepal Limited
Tanka Prasad Marga, Baneshwor Height, Kathmandu
Phone: +977-1-4583304/4585906
Email: info@infomericsnepal.com
Web: www.infomericsnepal.com

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