

Ru Ru Jalbidhyut Pariyojana Limited: Rating downgraded and moved to 'Issuer Not Cooperating' category with notice for rating withdrawal

April 03, 2023

Summary of rating action

Facility/Instrument	Rated Amount (NPR Million)	Rating Action
Issuer Rating	NA	[ICRANP-IR] BBB "ISSUER NOT COOPERATING**" ; downgraded from [ICRANP-IR] BBB+ and moved to Issuer not cooperating category

**Issuer did not cooperate; based on best available information.*

Rating action

ICRA Nepal has downgraded and revised the issuer rating assigned to Ru Ru Jalbidhyut Pariyojana Limited (RJPL or the company) to [ICRANP-IR] BBB 'Issuer Not Cooperating' (pronounced ICRA NP IR triple B Issuer Not Cooperating) from [ICRANP-IR] BBB+ (pronounced ICRA NP IR triple B plus). The rating action has been taken in accordance with the Credit Rating Regulations 2011, following non-cooperation from RJPL for rating information despite multiple follow-ups. The rating has also been put on notice for withdrawal.

Rationale

The rating downgrade and move to 'Issuer Not Cooperating' category is because of lack of adequate information regarding the operational performance of RJPL's 5 MW Upper Hugdi Khola Hydropower Project, in Gulmi District of Lumbini Province of Nepal. However, the company's largely steady financial performance, as reflected in FY2022 audited financials, restricts the quantum of downgrade to a single notch.

ICRA Nepal assesses whether the information available about the entity is commensurate with its ratings and reviews the same as per Credit Rating Regulations 2011 as well as ICRA Nepal's 'Issuer Not Cooperating - Guidelines' available at www.icranepal.com.

For such ratings, lenders, investors, and other market participants are thus advised to exercise appropriate caution while using the ratings as it may not adequately reflect the credit risk profile of the entity. The entity's credit risk profile may have changed to a level greater than that represented by the rating symbol.

As part of its process and in accordance with its rating agreement with RJPL, ICRA Nepal has been trying to seek information from the entity to monitor its performance, but despite repeated requests by ICRA Nepal, the entity's management has remained non-cooperative. In the absence of requisite information and in line with the aforesaid policy of ICRA Nepal, a rating view has been taken on the entity based on the best available information.

Link to previous detailed rating rationale

[Ru Ru Jalbidhyut Pariyojana Limited: Issuer Rating Surveillance \(September 2021\)](#)

Analytical approach: For arriving at the ratings, ICRA Nepal has applied its rating methodology as indicated below.

Links to applicable criteria:

[Issuer Rating Methodology](#)

About the company

Incorporated on March 22, 2006, as private limited company, RJPL was converted into a public limited company on July 23, 2015 to facilitate public participation. As on mid-July 2022, the company's paid-up capital stood at ~NPR 408 million with its major promoters being Mr. Bharat Prasad Nepal (12%), M/S. Subhakarma Investment Company (10%) and M/S. Samuchit Investment Company (9%).

RJPL has one operational hydropower project, the 5-MW Upper Hugdi Khola Hydropower Project in the Gulmi District of Province-5 of Nepal. A run-of-the-river (R-o-R) type project, it has been developed at 43% probability of exceedance (Q43). The project came into commercial operation from March 23, 2015, against a required COD of March 28, 2014, and was developed at a total cost of NPR 745 million, which was funded by an initial debt-to-equity ratio of ~63:37.

Key Financial Indicators

Amount in NPR million	Audited				
	FY2018	FY2019	FY2020	FY2021	FY2022
Operating Income (OI)	122	124	147	150	162
OPBDITA/OI (%)	81.26%	80.09%	80.39%	80.28%	79.74%
Total debt/Tangible net worth (TNW; times)	1.09	0.95	0.79	0.42	0.38
Total Outside Liability/TNW (times)	1.11	0.97	0.80	0.43	0.39
Total Debt/OPBDITA (times)	3.95	3.47	2.60	1.89	1.71
Interest coverage (times)	2.23	2.30	3.22	4.78	7.79
DSCR (times)	1.13	1.09	1.28	1.27	1.85
NWC/OI (%)	58%	37%	44%	57%	84%

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About ICRA Nepal Limited

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