

Buddhabhumi Nepal Hydropower Company Limited: Ratings downgraded and moved to 'Issuer not cooperating' category with notice of ratings withdrawal

October 3, 2023

Summary of rating action:

Instrument	Rated Amount (NPR Million)	Rating Action
Issuer Rating	NA	[ICRANP-IR] B+ "ISSUER NOT COOPERATING*"; downgraded from [ICRANP-IR] BB- and moved to Issuer not cooperating category with notice for rating withdrawal.
Long-term loans; fund-based	886.3	[ICRANP] LB+ "ISSUER NOT COOPERATING*"; downgraded from [ICRANP] LBB- and moved to Issuer not cooperating category with notice for rating withdrawal.
Short-term loans; fund-based	20.0	[ICRANP] A4 "ISSUER NOT COOPERATING*"; moved to Issuer not cooperating category with notice for rating withdrawal.
Short-term loans; non-fund based	(370.0)	
Total	906.3	

**Issuer did not cooperate fully/timely; based on limited available information.*

Rating action

ICRA Nepal has downgraded and revised the issuer rating assigned to Buddhabhumi Nepal Hydropower Company Limited (BNHCL) to [ICRANP-IR] B+ 'Issuer not Cooperating' (pronounced ICRA NP Issuer Rating B plus, Issuer Not Cooperating) from [ICRANP-IR] BB- (pronounced ICRA NP Issuer Rating double B minus).

ICRA Nepal has also downgraded and revised the long-term rating assigned to BNHCL to [ICRANP] LB+ 'Issuer not Cooperating' (pronounced ICRA NP L B plus, Issuer Not Cooperating) from [ICRANP] LBB- (pronounced ICRA NP L double B minus) and short-term loan rating to [ICRANP] A4 'Issuer Not Cooperating' (pronounced ICRA NP A four, Issuer Not Cooperating) from [ICRANP] A4 (pronounced ICRA NP A four). The rating actions have been taken in accordance with the Credit Rating Regulations 2011, following the non-cooperation from BNHCL for rating information despite multiple follow-ups. The ratings have also been put on notice for withdrawal.

Rationale

The rating downgrade is mainly due to lack of adequate information regarding the operational performance of BNHCL's 4.99 MW Upper Balephi A hydroelectric project along with the cost-over run and delayed project completion as evident from the published provisional financial statements. Further, in lack of information from BNHCL, the extent of the impact on the financial profile and debt coverage indicators cannot be ascertained.

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 'Withdrawal/Suspension Policy' available at www.icranepal.com.

As part of its process and in accordance with its rating agreement, 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 remained largely non-cooperative till the extended deadline for rating surveillance. In the absence of requisite information on a timely manner 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.

For such ratings, the lenders, investors, and other market participants are 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.

Link to the previous detailed rating rationale:

[Rationale – Buddhabhumi Nepal Hydropower Company Limited –Issuer Rating and BLR Surveillance March 2022](#)

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

Links to the applicable criteria:

[Corporate Credit Rating Methodology](#)

[Issuer Not Cooperating Guidelines](#)

About the company

Incorporated in Oct 2007 as a private limited company, Buddhabhumi Nepal Hydropower Company Limited (BNHCL) was converted to public limited company in Aug 2017 to facilitate public participation. The company has developed a 4.993MW Lower Tadi Khola HPP in Nuwakot District, Province 3 of Nepal. The project is a run of the river (R-o-R) type and has been developed at 53.80% probability of exceedance (Q53.8).

The paid-up capital of the company as of mid-Jan 2022 was NPR 400 million. As on same date, the major promoters include being Mr. Purna Lal Shrestha with ~8% stake, Mr. Pramod Khadka with ~8% stake, Mr. Anil Kumar Thapa with ~5%, Mr. Balram Khadka, Mr. Das Lal Amatya and Mr. Raju Kumar Amatya with ~4% stake each. The company raised 30% of equity capital i.e. NPR 120 million from general shareholders through an IPO issue back in October 2021.

Key financial indicators

	FY2022 (Audited)	FY2023 (Provisional)
	Updates during current exercise	
Operating income (OI; NPR million)	14	173
OPBDITA/OI (%)	8.0%	78.4%
Profit after taxes (NPR million)	-15	11
Total debt/Tangible net worth (TNW)	2.61	2.69
Total outside liabilities/TNW (times)	2.93	2.99
Total debt/OPBDITA (times)	810.79	7.20
Interest coverage (times)		1.69
DSCR (times)		1.69

Source: Company's website

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About ICRA Nepal Limited

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Our parent company, ICRA Limited, was set up in 1991 by leading financial/investment institutions, commercial banks and financial services companies as an independent and professional investment Information and Credit Rating Agency. Today, ICRA and its subsidiaries together form the ICRA Group of Companies.

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