

Parbat Painyu Khola Hydropower Company Private Limited: Ratings downgraded and moved to ‘Issuer not cooperating’ category with notice of ratings withdrawal

Nov 6, 2023

Summary of rating action

Instrument*/Facility (Amount in NPR Million)	Rated Amount	Rating Action
Long term loans; fund-based	653.8	[ICRANP] LB+ “ISSUER NOT COOPERATING***” ; downgraded from [ICRANP] LBB- and moved to Issuer not cooperating category, with notice of withdrawal
Short term-loans; fund-based	(90.0)	[ICRANP] A4 “ISSUER NOT COOPERATING***” ; revised from [ICRANP] A4 and moved to issuer not cooperating category with notice of withdrawal
Short term-loans; non-fund based	(305.0)	
Total	653.8	

* Instrument details are provided in [Annexure-1](#)

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

Rating action

ICRA Nepal has downgraded and revised the long-term rating assigned to Parbat Painyu Khola Hydropower Company Private Limited (PPKHCPL) 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). ICRA Nepal has also revised 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 action has been taken in accordance with the Credit Rating Regulations 2011, following the non-cooperation from PPKHL 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 PPKHCPL’s 3.5-MW Seti Khola hydroelectric project along with the cost-over run and delayed project completion as evident from the published provisional financial statements. The company’s delay in operation has led to the ratings downgrade. Further, in lack of information from PPKHCPL, 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 rating and reviews the same as per Credit Rating Regulations 2011 as well as ICRA Nepal’s ‘Withdrawal/Suspension Policy’ available at www.icranepal.com. For such ratings, the lenders, investors, and other market participants are thus advised to exercise appropriate caution while using the rating 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, 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:

[Rationale- Parbat Painyu Khola Hydropower Company Private Limited – April 2022](#)

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

Links to applicable criteria:

[Corporate Credit Rating Methodology](#)

[Issuer Not Cooperating Guidelines](#)

About the company

Incorporated on June 11, 2008, as a private limited company, has a paid-up capital of ~NPR 258 million as of mid-Jan 2022; 100% promoter held. The company has been promoted by 81 individual shareholders and as of mid-January 2022, the major promoters include Mr. Lekhnath Kharel (6%), Mr. Ek Narayan Bhattarai (5%), Mr. Shiva Pd. Gaire (4%), Mr. Chhabi Lal Kunwar (4%) and Mr. Raj Kumar Basyal (4%).

The company is developing a 3.5MW Seti Khola HPP in Parbat district, Gandaki Province of Nepal. The project is a run of the river (R-o-R) type and is being developed at 40% probability of exceedance (Q40). The 3.5MW project has been planned to be completed in total cost of ~NPR 935 million (NPR 267 million/MW). As of mid-March-2022, the project has achieved ~80% physical progress.

Annexure-1: Instrument details

Instrument* (Amount in NPR Million)	Rated Amount	Rating Action
Long-term loan limits (A)	653.8	[ICRANP] LB+ “ISSUER NOT COOPERATING***” ; downgraded from [ICRANP] LBB- and moved to Issuer not cooperating category, with notice of withdrawal
Fund-based; Long-term loan	653.8	
Short-term loan limits (B)	0	[ICRANP] A4 “ISSUER NOT COOPERATING***” ; revised from [ICRANP] A4 and moved to issuer not cooperating category with notice of withdrawal
Fund-based; short term loan (Bridge gap loan within long-term loan)	(90.0)	
Non-Fund based; short-term (Letter of credit within long-term loan)	(295.0)	
Non-fund based; short-term (BG within long-term loan)	(10.0)	
Total	653.8	

Analyst Contacts

Mr. Sailesh Subedi (Tel No. +977-1-4419910/20)

sailsh@icranepal.com

Relationship Contacts

Ms. Barsha Shrestha (Tel No. +977-1-4419910/20)

barsha@icranepal.com

About ICRA Nepal Limited

ICRA Nepal Limited, the first Credit Rating Agency of Nepal, is a subsidiary of ICRA Limited (ICRA) of India. It was licensed by the Securities Board of Nepal (SEBON) on October 3, 2012. ICRA Nepal is supported by ICRA Limited through a technical support services agreement, which envisages ICRA helping ICRA Nepal in areas such as rating process and methodologies, analytical software, research, training, technical and analytical skill augmentation.

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.

For more information, visit www.icranepal.com

ICRA Nepal Limited,

Sunrise Bizz Park, 6th Floor, Dillibazar, Kathmandu, Nepal.

Phone:+977 1 4419910/20

Email: info@icranepal.com

Web: www.icranepal.com

All Rights Reserved.

Contents may be used freely with due acknowledgement to ICRA Nepal.

ICRA Nepal ratings should not be treated as recommendation to buy, sell or hold the rated debt instruments. The ICRA Nepal ratings are subject to a process of surveillance which may lead to a revision in ratings. Please visit our website (www.icranepal.com) or contact ICRA Nepal office for the latest information on ICRA Nepal ratings outstanding. All information contained herein has been obtained by ICRA Nepal from sources believed by it to be accurate and reliable. Although reasonable care has been taken to ensure that the information herein is true, such information is provided 'as is' without any warranty of any kind, and ICRA Nepal in particular, makes no representation or warranty, express or implied, as to the accuracy, timeliness or completeness of any such information. All information contained herein must be construed solely as statements of opinion and ICRA Nepal shall not be liable for any losses incurred by users from any use of this publication or its contents.