

Rairang Hydropower Development Company Limited

Ratings

Facilities/Instrument	Amount (Rs. in Million)	Ratings ¹	Rating Action
Long Term Bank Facilities	1,250.61	CARE-NP BBB-: ISSUER NOT COOPERATING* [Triple B Minus; ISSUER NOT COOPERATING*]	"Issuer not cooperating; Based on best available information" (Notice of Withdrawal)
Short Term Bank Facilities	50.00	CARE-NP A3: ISSUER NOT COOPERATING* [A Three; ISSUER NOT COOPERATING*]	"Issuer not cooperating; Based on best available information" (Notice of Withdrawal)
Total Facilities	1,300.61		

Details of Facilities in Annexure 1

CARE Ratings Nepal Limited (CRNL) has been seeking information from Rairang Hydropower Development Company Limited (RHDCL) to monitor the ratings vide e-mail communications/ letters dated January 05, 2022 and March 25, 2022 along with numerous phone calls. However, despite our repeated requests, the company has not provided the requisite information for monitoring the ratings. In line with the extant Securities Board of Nepal (SEBON) guidelines, CRNL has reviewed the rating on the basis of the best available information which however, in CRNL's opinion is not sufficient to arrive at a fair rating. CRNL will monitor/watch the rating once for a minimum period of 6 months and notify the Securities Board of Nepal (SEBON) and public with regards to the withdrawal of rating. If after the monitoring of the rating there is no cooperation from the Client, then after, CRNL may withdraw the rating.

The rating of Rairang Hydropower Development Company Limited's bank facilities will now be denoted as **CARE-NP BBB- / CARE-NP A3: ISSUER NOT COOPERATING*, (Notice of withdrawal)**.

Users of this rating (including investors, lenders and the public at large) are hence requested to exercise caution while using the above rating(s).

Detailed description of the key rating drivers

Please refer to the previously published press release [here](#)

Key updates

Financial Risk profile

During FY21 (audited, refers to the twelve-month period ended mid-July 2021), RHDCL reported total income of Rs. 242.36 Mn as compared to Rs 171.03 Mn in FY20. However, the PBILDT margin of the company declined to 82.31% in FY21 as compared to 86.59% in FY20 mainly on account of increase in operational expenses. During FY21, the PAT of the company improved to Rs 57.12 Mn from Rs 16.22 Mn in FY20. Overall gearing ratio of the company stood at 2.07x at the end of FY21 compared to 2.17x at the end of FY20. Total debt to Gross Cash Accrual (GCA) ratio improved to 17.21x during FY21 as compared to 38.42x in FY20 due to increase in gross cash accruals as a result of higher net profits during FY21.

¹Complete definitions of the ratings assigned are available at www.careratingsnepal.com and in other CRNL publications.

*Issuer not cooperating; based on best available information

About the Company

RHDCL is a public limited company, incorporated in May 09, 2002 as a private limited company and later converted to public limited company in May 04, 2014. It is promoted by institutional investors and individual promoters having long experience in the hydropower sector for setting up Hydroelectric Project in Nepal. RHDCL had acquired 0.5 MW run-of-the-river Rairang Hydropower Project (RHP) at Dhading District which has been in commercial operation since 2011 and also it has been involved in the operation of 9.9 MW Iwakhola Hydropower Project (IKHP) at Taplejung & Panchthar district which has been in commercial operation since October 2019. The total paid up capital of the company as on July 15, 2021 was Rs. 560 Mn with promotor and public contribution ratio of 75:25. The major shareholders of the company as on July 15, 2020 were Ridi Hydropower Development Co. Ltd (25.00%), Mr. Guru Prasad Neupane (11.90%), Mr. Shiv Ratan Sharda (7.14%) and Mr. Bachha Raj Tater (7.14%). IKHP is constructed under BOOT (Build, own, Operate and Transfer) mechanism. As per the Generation License, from Government of Nepal – Ministry of Energy, obtained on July 13, 2015 for IKHP, the project shall be handed, on whatever conditions the project is, to the Government of Nepal after expiry of Generation License, which is 35 years respectively.

Brief financials of RHPC for last two years ending FY21 are given below:

(Rs. In Million)

Particulars	FY20(A)	FY21(A)
Income from Operations	171	242
PBILDT Margin (%)	86.59	82.31
PAT	16	57
Overall Gearing (times)	2.17	2.07
Total Debt/GCA (times)	38.42	17.21

A: Audited

Annexure 1: Details of the Facilities Rated

Nature of the Facility	Type of the Facility	Amount (Rs. in Million)	Rating
Long Term Bank Facilities	Term Loan	1,250.61	CARE-NP BBB-: Issuer Not Cooperating* (Notice of Withdrawal)
Short Term Bank Facilities	Overdraft Loan	50.00	CARE-NP A3: Issuer Not Cooperating* (Notice of Withdrawal)
Total		1,300.61	

*Issuer did not cooperate; based on best available information

Contact us

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About CARE Ratings:

CARE Ratings Nepal Limited (CRNL) is licensed by the Securities Board of Nepal w.e.f. November 16, 2017. CRNL is supported by CARE Ratings Limited through a technical services agreement to provide technical support in the areas such as rating systems and procedures, methodologies, etc. from CARE Ratings on an ongoing basis. The technical support shall ensure that CRNL has adequate resources to provide high quality credit opinions in Nepal.

Our parent company, CARE Ratings Limited commenced operations in April 1993 and over two decades, it has established itself as one of the leading credit rating agencies in India. CARE is registered with the Securities and Exchange Board of India (SEBI) and also recognized as an External Credit Assessment Institution (ECAI) by the Reserve Bank of India (RBI).

Disclaimer

CRNL's ratings are opinions on credit quality and are not recommendations to sanction, renew, disburse or recall the concerned bank facilities or to buy, sell or hold any security. CRNL has based its ratings on information obtained from sources believed by it to be accurate and reliable. CRNL does not, however, guarantee the accuracy, adequacy or completeness of any information and is 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 CRNL have paid a credit rating fee, based on the amount and type of bank facilities/instruments.

In case of partnership/proprietary concerns, the rating assigned by CARE is, inter-alia, based on the capital deployed by the partners/proprietor 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 in addition to the financial performance and other relevant factors. CARE is not responsible for any errors and states that it has no financial liability whatsoever to the users of CARE's rating.