

Upper Hewakhola Hydropower Company Limited

Ratings

Facilities/ Instrument	Amount (Rs. in Million)	Ratings ¹	Rating Action
Long Term Bank Facilities	986.50	CARE-NP BB-: ISSUER NOT COOPERATING* (Credit watch with Negative Implications)	Placed on Credit Watch with Negative Implications; Continues to be in Issuer not Cooperating category and on notice of withdrawal
Total Facilities	986.50 (Nine Hundred Eighty-six Million and Five Hundred Thousand Only)		
Issuer Rating	NA	CARE-NP BB- (Is): ISSUER NOT COOPERATING* (Credit watch with Negative Implications)	Placed on Credit Watch with Negative Implications; Continues to be in Issuer not Cooperating category and on notice of withdrawal

CARE Ratings Nepal Limited (CRNL) has been seeking information from Upper Hewakhola Hydropower Company Limited (UHHCL) to monitor the ratings vide several e-mail communications/ phone calls. However, despite our repeated requests, the company continues to not provide 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 continue to monitor/ watch the rating for a minimum period of 6 months and if there is continued non-cooperation from the client, then, CRNL may withdraw the rating as per the credit rating regulations.

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

Key Update

The credit watch with negative implications factors in significant damages in UHHCL's 8.5MW Upper Hewakhola Hydropower Project (UHPP) due to the massive flood that occurred on June 17, 2023. Timelines regarding possible resumption of operations and full assessment of damages including coverage from insurance are yet to be ascertained as per publicly disclosed information. The company's ability to timely and adequately secure the funds to repair the plant, service debt obligations, and re-operate the project will remain key rating monitorable.

About the Company

Upper Hewakhola Hydropower Company Ltd. (UHHCL) is a public company, incorporated on March 13, 2012 as Upper Hewakhola Hydropower Pvt. Ltd. Later on, it converted to a public company on June 6, 2018. It is promoted by institutional as well as individual promoters from different backgrounds for setting up of an 8.5 MW run-of-river Upper Hewakhola Small Hydropower Project under BOOT (Build, Own, Operate and Transfer) model located at Sankhuwasabha district of Nepal.

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

*Issuer did not cooperate; based on best available information

Financial Performance

(Rs. In Million)

Particulars	FY23 (UA)
Income from Operations	178
PBILDT Margin (%)	84.94
Overall Gearing (times)	1.95
Interest Coverage (times)	1.42
Total Debt/ Gross Cash Accruals (times)	18.88

UA: Unaudited

Please refer to www.careratingsnepal.com for earlier versions of rationales.

Contact us

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About CARE Ratings:

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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).

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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.