

PRESS RELEASE

BARAH MULTIPOWER LIMITED

August 2025

Rating

Instrument/Facilities	Amount (NPR Mn)	Ratings	Rating Action
Long Term Bank Facilities	2,158.58	IRN BB-	Upgraded from IRN B+
Total	2,158.58		

Details of facilities are in Annexure 1 below

Infomerics Credit Rating Nepal Limited (Infomerics Nepal) has upgraded the rating assigned to the long-term bank facilities of NPR 2,158.58 Mn to IRN BB- (Double B Minus) from IRN B+ (Single B Plus).

Detailed Rationale

The upgradation of the rating assigned to the bank facilities of Barah Multipower Limited (BML) primarily factors in the company securing partial debt component required for its under construction 15.524 MW Irkhuwa Khola (B) Hydropower Project (IKBHPP) (Consortium arrangement under process with lead bank approving the loan, albeit the participating banks pending finalization), thereby reducing funding risk to an extent associated with the project construction. Furthermore, the rating also accounts ~24% financial progress and ~36% physical progress (management certified) achieved by the company till August 08, 2025, an increase from ~14% financial progress and ~29% physical progress (management certified) as of May 08, 2025. The company continues to derive its strength from strong and experienced promoters and management team along with Power Purchase Agreement (PPA) covering the majority of the project's lifespan, at predetermined rates. The rating also factors in the moderate counter party risk and improving demand for electricity and Government of Nepal (GoN) support for the power sector.

However, the rating is constrained by project implementation risk associated with under construction IKBHPP. Furthermore, the project is exposed to the hydrology risk associated with run-of-river (ROR) power generation arrangement and vulnerability to natural calamities and geological risk. Also, the project is behind its Required Commercial Operation Date (RCOD) of May 03, 2025 and could be liable for delay penalty and loss of tariff escalations (depending on Commercial Operation Date and further extension of ROCOD by Nepal Electricity Authority (NEA), if any). Going forward, the ability of the company to secure extension ROCOD extension and complete the project without any time or cost overrun will remain key rating sensitivities.

Detailed Description of Key Rating Drivers

Key Rating Strengths

Experienced Board of Directors

The company is promoted by individual promoters and managed under 5-member Board of Directors chaired by Mr. Balaram Khatiwada. Mr. Khatiwada has over seventeen years of experience in hydropower and construction sector and is also the current general secretary of Independent Power Producers Association Nepal (IPPAN). In addition to that, other directors also bring in experience of leading hydropower projects. The board of directors are further supported by experienced management team members.

Low tariff and offtake risks with presence of a long-term PPA

BML has entered into a long term PPA of 30 years from commercial operation date (COD) or till validity of Generation License, whichever is earlier, for sale of power to be generated from the 15.524 MW project. The tariff for wet/ dry season (8-4 months) is NPR 4.80/ 8.40 per kWh with 3%

escalation on base tariff for 8 times in every year after completion of 12 months from COD. The project is being developed with average Plant Load Factor (PLF) of 63.32%. Power generated from the project is proposed to be transmitted to NEA's Sitalpati substation through 5.65 km long 33 kV transmission line.

Favorable government policies towards the power sector

The GoN has prioritized the development of the hydropower sector as a means of ensuring energy security, lowering dependency on imported fossil fuels, and positioning Nepal as a significant exporter of electricity in the region. These include attractive tax incentives like income tax holidays and reduced indirect taxes on essential equipment, encouraging investments from the private sector. Additionally, Nepal Rastra Bank (NRB) has designated it as a priority sector for lending and has mandated banks to allocate a minimum share of their advances to the energy sector, ensuring that sufficient financial support is available for the development of hydroelectric projects. This coupled with the government's strategic partnerships for the generation and export of power makes the long-term demand outlook for the Nepalese hydropower sector promising.

Key Rating Weaknesses

Project implementation risk

The company is constructing 15.524 MW Irkhuwa Khola (B) Hydropower Project, with ~24% financial progress achieved till August 08, 2025. The total estimated cost of the project is NPR 3,084 Mn (~NPR 198.64 Mn per MW), proposed to be financed in the debt: equity mix of 70:30. As of mid-July 2025, promoters have infused ~57% of the total equity component required for the project. The partial debt component has been secured, which reduces the funding risk to an extent. Furthermore, the company has awarded major contracts associated with the project construction, which mitigates project implementation risk to a certain extent. RCOD of the project was May 03, 2025, and the company has applied for extension for the same. The company securing RCOD extension remains key monitorable as the company will be liable for late COD penalty (5% of revenue that could be generated in the period between RCOD and COD) and restriction in tariff escalations, in the event the company is unable to achieve the extension, which could adversely impact income prospects of BML. Also, any further delays in construction than envisaged could impact project returns and debt servicing capabilities.

Hydrology risk associated with run-of-the-river power generation

ROR projects are sensitive to seasonal variations in river flows, producing more electricity during wet season and less during dry season as these projects have little or no capacity for water storage and rely on the flow of river water for power generation. IKBHPP is proposed to utilize discharge from Irkhuwa Khola having catchment area of 175.37 km² based on perennial river with design discharge of 11.70 m³/s at PoE of 40%. Prolonged low water levels resulting from droughts or irregular rainfall can lead to operational strain and thus revenue loss. This exposes the project to risks associated with variations in water discharge from these rivers.

Risk of Natural Calamities

Nepal lies in a seismically active region along the Himalayan belt, making the country vulnerable to earthquakes, landslides, and floods, all of which pose significant threats to hydropower infrastructure. In addition, the country's rugged topography and monsoon rains make it prone to landslides and floods, which can cause structural damage and disrupt project construction and operations. These disasters not only result in costly repairs and prolonged downtime but also affect the financial viability of hydropower projects like IKBHPP by reducing power generation, thereby impacting their financial performance.

Analytical Approach: Standalone

Applicable Criteria:

[Private Power Producers Rating Methodology](#)

Past Rating Rationale:

[Barah Multipower Limited: Bank Facilities Rating Assigned](#)

About the Company:

Barah Multipower Limited (BML) was incorporated as a Private Limited Company on June 29, 2009, and later converted into Public Limited Company on March 31, 2023. The company has been set up to build, own and operate 15.524 MW Irkhuwa Khola (B) Hydropower Project (IKBHPP) in Bhojpur district of Nepal, with the entire power generated intended for sale. The project is intended to utilize water from Irkhuwa Khola with total catchment area of 175.37 km², a design discharge of 11.70 m³/s at 40% PoE and a gross head of 159.50m. BML is promoted by individual promoters from different background with Mr. Dipendra Bhandari (~16% holding) being major shareholder as on July 28, 2025.

Annexure:1 Detail of Facilities:

Name of Instruments/ Facilities	Type of Facilities	Amount (NPR Mn)	Rating
Fund Based Bank Facilities- Term Loan (Proposed)	Long Term	2,158.58	IRN BB-
Total Facilities		2,158.58	

Analyst Contacts**Mr. Girish Bhatta**

Tel No.+977-1-4583304/4585906

girish.bhatta@infomericsnepal.com

Mr. Sujan Rimal

Tel No.+977-1-4583304/4585906

sujan.rimal@infomericsnepal.com

Relationship Contact**Mr. Rabin Pudasaini**

Tel No.+977-1-4583304/4585906

rabin.pudasaini@infomericsnepal.com

About Infomerics Credit Rating Nepal Limited:

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Infomerics Credit Rating Nepal Limited

Tanka Prasad Marga, Baneshwor Height, Kathmandu

Phone: +977-1-4583304/4585906

Email: info@infomericsnepal.com

Web: www.infomericsnepal.com

Tanka Prasad Marg, Baneshwor Height, Kathmandu, Nepal
+977-1-4583304, 4585906; info@infomericsnepal.com; www.infomericsnepal.com

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