

PRESS RELEASE

BAGMATI WATER ENERGY PRIVATE LIMITED

December 2025

Rating

Instrument/Facilities	Amount (NPR Mn)	Ratings	Rating Action
Long Term Bank Facilities	1,024.00 (reduced from NPR 1,027.53 Mn)	IRN B+	Reaffirmed
Short Term Bank Facilities	(492.83) *	IRN A4	Assigned
Total	1,024.00		

* Short Term Bank Facilities are within Long-Term Bank Facilities Limit of NPR 1,024.00 Mn.

Details of facilities are in Annexure 1 below

Infomerics Credit Rating Nepal Limited (Infomerics Nepal) has reaffirmed the rating of IRN B+ (Single B Plus) assigned to long-term bank facilities of NPR 1,024.00 Mn. Also, Infomerics Nepal has assigned the rating of IRN A4 to the short-term bank facilities of NPR 492.83 Mn.

Detailed Rationale

The reaffirmation of the ratings assigned to the bank facilities of Bagmati Water Energy Private Limited (BWPL) primarily factor in the tie up of debt required for the project, which substantially mitigates the funding risk associated with the project construction. Furthermore, the company continues to derive strength from experienced Board of Directors (BoD) along with low tariff and offtake risk with the presence of a long-term Power Purchase Agreement (PPA) and high dry energy mix. The rating also factors in the moderate counter party risk, improving electricity demand and GoN¹ support for the power sector.

However, the ratings are mainly constrained by project implementation risk associated with BWPL's under construction 6.5 MW Malta Bagmati Hydropower Project (MBHP) given its nascent development stage with ~5% financial progress as of November 07, 2025. Albeit the debt component required for the project has been tied up, funding risk related to equity component still persists. Furthermore, the project is exposed to the hydrology risk associated with run-of-river (ROR) power generation arrangement and vulnerability to natural calamities. Going forward, the ability of the company to timely infuse equity 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

BWPL has three-member Board of Directors, chaired by Mr. Hom Bahadur Basnet, who has experience of more than two decades in trading, construction, hydropower and tourism. Also, Mr. Prakash Baral, Managing Director, has over 18 years of experience in renowned telecommunication company and also has been previously involved as a director in a hydropower company. Similarly, Mr. Dipak Chudali, Director, has prior experience in administrative roles in GoN as well as directorship at other hydropower and investment companies.

Low tariff and offtake risks with presence of a long-term PPA and high dry energy mix

BWPL 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 6.5 MW project. The tariff for wet/ dry season (6-6 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.

¹ Government of Nepal

Additionally, the project is supported by high dry energy mix of ~31% with an average PLF of ~67%. The power generated from the project is proposed to be transmitted to NEA²'s operational Malta substation through ~5 km 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 and funding risk

The company is constructing 6.5 MW hydropower project, which is in nascent stages of construction with ~5% financial progress till November 07, 2025. The total estimated cost of the project of NPR 1,462 Mn (revised from NPR 1,468 Mn), equivalent to ~NPR 225 Mn per MW, is set to be financed in the debt: equity mix of 70:30. The company has secured debt financing for the project, which substantially alleviates the funding risk associated with the project construction, although funding risk associated to the equity component persists. As of November 07, 2025, promoters have infused ~29% of the total equity component required for the project. Also, the company is yet to finalize few contractual agreements which exposes the company to the risks associated with project implementation within the envisaged time and cost. However, the Required Commercial Operation date (RCOD) of the project is July 20, 2027, providing adequate schedule headroom for the project construction.

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

ROR projects are sensitive to seasonal variations in river flows, producing more electricity during the wet season and less during the dry season as these projects have little or no capacity for water storage and rely on the flow of river water for power generation. MBHP is proposed to utilize discharge from Bagmati River having catchment area of 786 km² based on perennial river with design discharge of 14.15m³/s at PoE of 41.41%. 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 MBHP by reducing power generation, thereby impacting their financial performance.

Analytical Approach: Standalone

Applicable Criteria:

[Private Power Producers Rating Methodology](#)

² Nepal Electricity Authority

Past Rating Rationale:

[Bagmati Water Energy Private Limited: Bank Facilities Rating Assigned](#)

About the Company:

Bagmati Water Energy Private Limited (BWPL) was incorporated on February 01, 2017 to build, own and operate "6.5 MW Malta Bagmati Hydropower Project (MBHP)" in Lalitpur and Makwanpur districts of Nepal, with the entire power generated intended for sale. The project has total catchment area of 786 km² catchment area, a design discharge of 14.15 m³/s at 41.41% PoE and a gross head of 55m. Majority shareholding of the company is held by Mr. Hom Bahadur Basnet (~33%), Mr. Prakash Baral (~30%) and Mr. Dipak Chudali (~17%) as of November 07, 2025.

Annexure:1 Detail of Facilities:

Name of Instruments/ Facilities	Type of Facilities	Amount (NPR Mn)	Rating
Fund Based Bank Facilities- Term Loan	Long Term	1,024.00	IRN B+
Fund Based Bank Facilities- Fund Based	Short Term	(100.00) *	IRN A4
Fund Based Bank Facilities- Non-Fund Based	Short Term	(392.83) *	IRN A4
Total Facilities		1,024.00	

* Short Term Bank Facilities are within Long-Term Bank Facilities Limit of NPR 1,024.00 Mn

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About Infomerics Credit Rating Nepal Limited:

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