

PRESS RELEASE

SUPER MAI HYDROPOWER LIMITED

April 2026

Rating

Instrument/Facilities	Amount (NPR Mn)	Rating	Rating Action
Issuer Rating	NA	IRN BBB- (Is)	Assigned

Infomerics Credit Rating Nepal Limited (Infomerics Nepal) has assigned the issuer rating of IRN BBB- (Is) [Triple B Minus (Issuer)]. Issuers with this rating are considered to have moderate degree of safety regarding timely servicing of financial obligations.

Detailed Rationale

The rating assigned to Super Mai Hydropower Limited (SMH) derives strength from the experienced board of directors and management team along with the project's established operational track record since its commercial operations began in October 2018. The rating also factors in the company's healthy financial profile, characterized by prudent capital structure, strong profitability margins and adequate interest coverage indicators. The rating also factors in the presence of a long-term power purchase agreement (PPA) with sufficient period coverage, moderate counterparty risk, and favorable government policies towards the power sector.

These rating strengths are partially offset by the moderation in SMH's operational and financial performance during FY23-FY25 and H1FY26, primarily due to flood related disruptions at the project site. The project also remains exposed to hydrology risks inherent in run-of-the-river (ROR) power generation, where energy output is dependent on the seasonal river flows. Furthermore, the company faces single-project concentration risk, and the presence of a 10% reserve margin clause in the PPA may constrain its revenue profile. Going forward, the ability of the company to improve its operational performance on a sustained basis with the timely receipt of payments from the NEA will be the key rating sensitivities. Furthermore, the timely completion of the proposed 1:1 right share issuance and the utilization of proceeds towards the repayment of outstanding term debt, as planned, will remain a key monitorable.

Detailed Description of Key Rating Drivers

Key Rating Strengths

Experienced board of directors and management team

SMH is governed under the overall guidance of a 7-member Board of Directors chaired by Mr. Buddhi Bahadur Thapa, who possesses more than two decades of experience in various businesses, including the hydropower sector. The other board members also bring significant expertise from diverse fields. The management team is led by the Chief Executive Officer, Mr. Ravi Paudel, who possesses over 16 years of experience in the banking sector at the managerial level and also serves as the company secretary.

Prudent capital structure

The company's capital structure has shown sustained improvement, with its overall gearing ratio declining from 1.58x as of mid-July 2023 to 0.91x as of mid-January 2026. The interest coverage ratio also strengthened to ~3x during FY25 and H1FY26, compared to 2.53x in FY24 (FY23: 2.12x). Additionally, the company's DSCR remained above unity, indicating a moderate ability to service its debt obligations. Furthermore, the proposed issuance of rights shares in a 1:1 ratio, with proceeds earmarked for debt repayment, is expected to significantly improve the company's leverage profile.

Power Purchase Agreement covering significant life of the project, at predetermined tariffs

SMH entered into a Power Purchase Agreement (PPA) with the Nepal Electricity Authority (NEA) on March 19, 2017 for the sale of 7.8 MW of power generated from the project. The period of the PPA is 30 years from the Commercial Operation Date (COD) or until the validity of the Generation License, whichever is earlier. The Generation License was obtained on March 13, 2017 and is valid for 35 years. The tariff for the wet season (mid-April to mid-December) is NPR 4.80 per kWh, and for the dry season (mid-December to mid-April), it is NPR 8.40 per kWh. This includes a 3% annual escalation on the base tariff for five years after the completion of 12 months from the COD. The annual contracted energy for the project is 47.40 million units (MU), consisting of approximately 8.33 MU for the dry season and 39.07 MU for the wet season, at a design Plant Load Factor (PLF) of ~69.37%. Power generated by the project is evacuated through a 12.5 km long 33 kV transmission line connecting the powerhouse to the NEA Godak Substation in Ilam. Despite low offtake risk under a long term PPA, a 10% reserve margin clause allows NEA to cut generation by up to 10% from mid-July to mid-December annually until FY32, without compensation.

Key Rating Weaknesses

Moderation in operational and financial performance

The operational performance of Super Mai Hydropower Limited (SMH) has shown a moderating trend in recent years, with the Plant Load Factor (PLF) decreasing from ~81% in FY23 to 79% in FY24 and 80% in FY25. This moderation was primarily driven by hydrological variations and extreme weather events. Furthermore, the project was shut down for a period of 66 days following a flood on October 04, 2025 severely impacting the power generation during H1FY26. During FY25, SMH reported a total operating income (TOI) of NPR 198.7 Mn, decreased by 9.53% from NPR 219.62 Mn in FY24. During H1FY26, company earned TOI of NPR 93.83 Mn compared to NPR 116.64 Mn during the same period in FY25. EBITDA margin of the company decreased slightly to ~84.46% in FY25 and 83.25% during H1FY26, from ~87.05% in FY24. PAT margin was 32.83% in FY25 and 30.83% FY24, however, the same decreased to 28.95% in H1FY26. Consequently, Gross Cash Accruals of the company decreased slightly to NPR 116 Mn in FY25 from NPR 118 Mn in FY24 (H1FY26: NPR 51 Mn). Also, Total Debt to GCA stood at 5.94x in FY25 vis-à-vis 6.69x in FY24 (H1FY26: 6.15x).

Climatic and revenue concentration risk

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 operations. On October 4, 2025, continuous heavy rainfall caused a severe flood in the Mai River, resulting in significant damage to critical project infrastructure of SMH. Due to the extent of this damage, electricity generation was completely disrupted for 66 days. Management has conducted a preliminary assessment of the loss and estimated the total flood-related damage at ~NPR 170 Mn and have received an initial insurance advance of NPR 20 Mn in November 2025. Despite these significant challenges, the plant successfully returned to full operational status in late 2025. Furthermore, SMH derives its income from single operational project which exposed the company towards concentration risk as its financial and liquidity profile remain exposed to operational and financial performance of the project.

Analytical Approach: Standalone

Applicable Criteria:

[Issuer Rating Methodology](#)

About the Company:

Super Mai Hydropower Limited (SMH) is a public limited company, incorporated on October 13, 2014, as a private limited company and was converted to public limited company on July 2, 2017. The

company is operating a 7.8 MW run-of-river, Super Mai Hydropower Project (SMHP) in Ilam district of Nepal. The project successfully achieved its Commercial Operation Date (COD) on October 28, 2018, well ahead of its Required Commercial Operation Date (RCOD) of July 16, 2020. SMH is promoted by a group of private individual investors. As on mid-April 2026, ~11% of SMH's shares belonged to Mohan Bikram Karki.

Financial Indicators (Standalone)

For the year ended* As on	FY23	FY24	FY25	H1FY26
	Audited	Audited	Audited	Unaudited
Total Operating Income (NPR Mn)	217	220	199	94
EBITDA Margin (%)	86.65	87.05	84.46	83.25
Interest Coverage Ratio (x)	2.12	2.53	3.02	2.97
Current Ratio (x)	1.07	1.09	0.74	0.71
Overall Gearing Ratio (x)	1.58	1.27	1.04	0.91

Earnings before Interest Tax Depreciation Amortization (EBITDA)

**Classification as per Infomerics Nepal standards*

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