

## PRESS RELEASE

### RASUWA HYDROPOWER LIMITED

June 2026

#### Rating

Instrument/Facilities	Amount (NPR Mn)	Ratings	Rating Action
Long Term Bank Facilities	952.00	IRN BB-	Assigned
<b>Total</b>	<b>952.00</b>		

*Details of facilities are in Annexure 1 below*

Infomerics Credit Rating Nepal Limited (Infomerics Nepal) has assigned the rating of IRN BB- (Double B Minus) to the long-term bank facilities of NPR 952.00 Mn.

#### Detailed Rationale

The rating assigned to the bank facilities of Rasuwa Hydropower Limited (RHL) derives strength from presence of an experienced Board of Directors (BoD) along with low tariff and offtake risk with the presence of a long-term Power Purchase Agreement (PPA). Also, the rating factors in infusion of ~52% equity share capital required for the project by the promoters along with financial closure achieved as of May 2026. The rating also factors in the moderate counter party risk, improving electricity demand and Government of Nepal (GoN) support for the power sector.

However, the rating is mainly constrained by project implementation risk associated with RHL's under construction 7.29 MW Phalakhola Khola Hydropower Project (PKHP) given its nascent development stage. Also, the company has not awarded the electromechanical and hydromechanical contracts for the project as of mid-May 2026. Furthermore, the project is exposed to the hydrology risk associated with run-of-river (ROR) power generation arrangement and vulnerability to natural calamities. Also, the rating takes note of notable project delays from its Required Commercial Operation Date (RCOD), which could lead to substantial penalties and may impact the company's overall financial profile. Going forward, the ability of the company to complete the project without any further time or cost overruns, as well as to secure an extension of RCOD from NEA, will remain key rating sensitivities.

#### Detailed Description of Key Rating Drivers

##### Key Rating Strengths

##### Experienced board of directors

The company is mainly promoted by a group of individual promoters with diverse experience in sectors including hydropower, construction and education. As of late December 2025, the promoters have infused NPR 269.94 Mn in equity, representing 52.46% of the total required project equity of NPR 518 Mn. The company is managed under the overall guidance of its Board of Directors, led by Executive Chairman Mr. Deepak Thapa. Mr. Thapa is a seasoned businessman with over 23 years of successful experience across various sectors. The board is further strengthened by Director Mr. Bisham Rimal, a veteran developer well-acquainted with hydropower development since 2005. Other directors Mr. Myangdung Moktan, Mr. Thakur Panta and Mr. Tarka Raj Sharma also possess relevant experience across various sectors, and BoD remain supported by an experienced management team.

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

RHL 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 7.29 MW project. The tariff for wet season (April to November) and dry season (December to March) is NPR 4.80/ 8.40 per kWh. The agreement includes a 3% annual escalation on the base tariff starting 12 months after the COD, which is applied five times for the initial 5 MW capacity and eight times for the additional 2.29 MW capacity. Additionally, the project is supported by a significant dry energy mix of 16.85% with a calculated Plant Factor (PF) of ~64%. Power generated from the project is

proposed to be transmitted to Nepal Electricity Authority (NEA)'s Trishuli 3B Hub substation through a dedicated 10 km long, 33 kV single-circuit transmission line.

## **Favorable government policies towards the power sector**

According to the NEA's Annual Report, the annual system peak demand increased significantly in FY 2024/25 compared to FY 2023/24. Total exports to India soared to 2,380 GWh in FY 2024/25, compared to 1,946 GWh in the previous year, enabling NEA to become a net electricity exporter for the first time. The Government of Nepal (GoN) has prioritized the hydropower sector to ensure energy security, reduce dependency on fossil fuels, and position the nation as a clean energy leader in South Asia. Favourable fiscal policies remain in place, including income tax holidays (typically a full 10-year holiday followed by a 50% concession for the next five years) and reduced duties on essential equipment. Furthermore, the Nepal Rastra Bank (NRB) continues to designate hydropower as a priority sector for lending, mandating banks to allocate a minimum share of advances to energy projects. These initiatives, coupled with expanding cross-border transmission infrastructure make the demand outlook for the Nepalese hydropower sector highly promising.

## **Key Rating Weaknesses**

### **Project implementation risk**

The company is constructing 7.29 MW Phalakhu Khola Hydropower Project (PKHP), which is in nascent stages of construction with ~21% financial progress achieved till April 2026. The total estimated cost of the project is NPR 1,470 Mn (NPR ~202 Mn per MW), which is being financed in a debt-equity mix of ~65:35. As of May 2026, the company has achieved financial closure for the debt required for the project, alleviating funding risk to some extent. As the company is yet to finalize the major contractual agreements of the project, it is exposed to the risks associated with project implementation within the envisaged time and cost. The RCOD for the upgraded 7.29 MW capacity specified in the amended PPA was November 4, 2024; however, the project currently targets an expected Commercial Operation Date (COD) of July 14, 2027. The company is currently in the process of seeking extension for the RCOD from NEA, however, is yet to be confirmed. The inability to obtain RCOD extension until the expected commercial operation date could result in significant penalty as well as escalation losses. The extension of the RCOD is vital for the company's financial outlook and is also crucial to monitor from credit perspective.

### **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. PKHP is proposed to utilize discharge from the Phalakhu Khola and Gochyang Khola, which are perennial, snow-fed rivers and features a total catchment area of approximately 103.85 sq. km with design discharge of 5.03 m<sup>3</sup>/s at a 40%. While the project benefits from a sustained base flow due to snowmelt from high-altitude areas, it remains exposed to risks associated with variations in water discharge. Prolonged low water levels resulting from droughts, erratic rainfall, or changing snowmelt patterns can lead to operational strain and subsequent revenue loss.

### **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 PKHP by reducing power generation, thereby impacting their financial performance.

### **Analytical Approach:** Standalone

## Applicable Criteria:

[Private Power Producers Rating Methodology](#)

## About the Company:

Rasuwa Hydropower Limited (RHL) was incorporated on May 17, 2009 as a Private Limited Company and later converted into Public Limited Company on July 15, 2018 to build, own and operate 7.29 MW Phalakhu Khola Hydropower Project (PKHP) in Rasuwa district of Nepal, with the entire power generated intended for sale. The project has total catchment area of ~104 km<sup>2</sup>, a design discharge of 5.03 m<sup>3</sup>/s at 40% PoE and a gross head of 181.95 m. As of Mid-January 2026, key shareholders and their current investments include Mr. Deepak Thapa (NPR 88.0 Mn), Mr. Bisham Rimal (NPR 32.5 Mn), Mr. Deepak Kumar Ray (NPR 15.0 Mn), and Mr. Sujan Poudel (NPR 10.0 Mn), who collectively hold approximately 53.9% of the already invested capital.

## Annexure:1 Detail of Facilities:

Name of Instruments/ Facilities	Type of Facilities	Amount (NPR Mn)	Rating
Fund Based Bank Facilities- Term Loan	Long Term	952.00	IRN BB-
<b>Total Facilities</b>		<b>952.00</b>	

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## About Infomerics Credit Rating Nepal Limited:

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