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○ Sep-Oct

○ 2015

○ Vol 14/ Year 3

HIDCL

Newsletter

A bimonthly email newsletter of

HYDROELECTRICITY INVESTMENT & DEVELOPMENT COMPANY LIMITED

जलविद्युत लगानी तथा विकास कम्पनी लिमिटेड

CREATING OPPORTUNITIES FOR A BRIGHTER, PROSPEROUS NEPAL THROUGH THE DEVELOPMENT OF HYDROPOWER

HIDCL Floats 19 million units of primary Shares to the Public from Kartik 12



HIDCL is floating its Initial Public Offering (IPO) worth NRs. 2 Billion equivalent to 2 crore units of shares at face value of Rs. 100 from Kartik 12, 2072. The offer will be open till Kartik 16 at the earliest and Kartik 19 at the latest. Out of the offered shares, 10 lakhs units of shares have been allocated for six mutual funds and 4 lakhs units of shares to the staff members of HIDCL. The general public can apply for the remaining 1 crore, 86 lakhs units of shares, for which interest individuals or institutions can apply for a minimum of 50 units and a maximum of 50 lakhs units of shares. Citizens Investment Trust is the lead issue manager while NCM Merchant Banking Ltd and NMB Capital Ltd are the co-issue managers of the IPO.

Application forms for applying for the general shares can be collected and submitted from 30 collection centers across the country.

The authorized and issued capital of company is Rs 50 Billion and Rs 10 Billion respectively. The Paid up capital of the company remains at Rs 8 Billion. After the IPO, the paid up will reach Rs 10 Billion.

Disbursement of Loan to Dordi Khola Hydroelectric Project



Headworks Site of the Project
Source: <http://himalayanpowerpartner.synthasite.com/>

HIDCL has made a disbursement of NRs. 2.37 Crores, as part of its committed term loan of NRs. 20 Crores to 27 MW Dordi Khola Hydroelectric Project upon request from Prime Bank Ltd., the leader of the consortium of lenders to the project. The total loan disbursed by the consortium in the first drawdown installment is NRs. 15 Crores. The total committed Term Loan is NRs. 3.17 Arab. The project is being constructed by Himalayan Power Partner Pvt. Ltd. in Lamjung District and is expected to be completed by June 2018. The financing agreement of the project was signed between the lender banks/FI including HIDCL and the developer on November 2013.

ICRA Nepal assigns Grade 3 to the proposed Initial Public Offering of HIDCL

ICRA Nepal has assigned an “[ICRANP] IPO Grade 3”, indicating average fundamentals to the proposed IPO of HIDCL amounting to NPR 2 Billion. ICRA Nepal assigns IPO grading on a scale of IPO Grade 1 through IPO Grade 5, with Grade 1 indicating strong fundamentals and Grade 5 indicating poor fundamentals. For the Grading categories 2, 3 and 4, the sign of + (plus) appended to the Grading symbols indicate their relative position within the Grading categories concerned. The company is soon announcing its IPO of 20,000,000 numbers of equity shares of face value NPR 100/- each to be issued to the general public at par.

In its statement, ICRA Nepal has mentioned that this grading reflects HIDCL’s strong ownership (entirely owned by Government of Nepal either directly or indirectly), its strategically important role as an implementing agency for the power sector development agendas of Government of Nepal (GoN) and GoN’s commitment towards development of hydroelectricity sector by providing subsidies, grants etc. for Hydro power projects. However, the grading is constrained due to HIDCL’s concentrated portfolio towards greenfield power generation projects, lack of regulatory framework considering HIDCL is the first company of its kind in Nepal, inherent risks in infrastructure financing including development risks and power evacuation risks. ICRA Nepal notes the evolving nature of its systems and processes, which would need to be further strengthened. In the statement, ICRA Nepal further mentions that the capability of HIDCL’s team is adequate for the current scale of operations, but expansion in the management team and infusion of sector expertise is essential for scalability. ICRA Nepal favorably takes note of the robust energy demand outlook within the country, limited use of potential hydropower resources of Nepal so far and the possibility of power export to neighboring countries given the Power Trading Agreement signed between the Governments of Nepal and India in October 2014 which provides HIDCL with more financing avenues in the sector.

Supplementary Facilities Agreement for Lower Hewa Hydroelectric Project

A Supplementary Facility Agreement has been signed between the existing consortium of commercial banks/FI led by Prime Bank Ltd. and four commercial banks as new lenders to Lower Hewa HEP, being developed by Mountain Hydro Nepal Pvt. Ltd. The agreement concluded on 5th of November inducts Janata Bank Nepal, Siddhartha Bank, Nepal Investment Bank and Mega Bank Nepal as members of the consortium. Each of the new lenders have agreed to lend NRs. 200 Million to the project, while the lead bank has curbed its share of NRs. 710 Million by NRs. 40 Million, which escalates the total term loan to NRs. 2,560 Million. The Facility Agreement between the developer and seven banks/FI including HIDCL to lend a term loan of NRs. 1,800 Million to the project was concluded last year in July. The project is located in Panchthar District and will utilize the resources of Hewa River to generate electricity.



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