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# 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*

## Program Organized to Discuss 'Remittance Hydro'



*Hon. Minister of Energy, Mrs. Radha Kumari Gyawali, Secretary the Ministry, Mr. Rajendra Kishore Kshatri among others in the program*



*Minister Gyawali and Governor of NRB Dr. Yuvraj Khatiwada sharing thoughts*

**WITH** the objective to unveil its concept of 'Remittance Hydro' and seek suggestions from stakeholders, HIDCL organized an interaction program in Kathmandu of 27th Bhadra, 2071 (12 September, 2014). The chief guest of the program was Honorable Minister of Energy Mrs. Radha Kumari Gyawali. Other eminent personalities included Honorable Member of Legislative Parliament Mr. Gokarna Bista, Honorable Vice Chairman of the National Planning Commission (NPC) Dr. Govinda Raj Pokharel, Honorable Member of NPC Dr. Govinda Nepal, Secretary of Ministry of Energy, Mr. Rajendra Kishore Kshatri, Governor of Nepal Rastra Bank Dr. Yuvraj Khatiwada, senior officials of the Government, Employees Provident Fund, Citizen Investment Trust, National Insurance Company, Nepal Electricity Authority, representatives from the multilateral banks, local financial institutions, media etc.

Chief Executive Officer Mr. Deepak Rauniar presented the concept paper titled Remittance Hydro, where he argued developing a sizeable hydropower project by tapping remittance as a strong source of financing.

Explaining the current situation of large number of Nepalese youth working abroad, mainly in Middle East Asia and the enormous amount of money coming in Nepal as remittance, he focused on the urgent need of utilizing this resource and giving such remitting people an opportunity to get involved in the nation development. The concept proposed as a part of the company's plan to execute a project under its own leadership was welcomed by the participants in the program.

Issues related to the choice and size of the project to be implemented under this concept was discussed with intense participation. Speakers pointed out on the need of strengthening of the technical capacity of HIDCL and developing the company as the financial wing of the government before such concept could be truly materialized. They also discussed on the challenges in making the people working abroad aware on the need of saving and contributing a part of their savings in infrastructure development.

## HIDCL Announces On lending/Refinancing Policy

- **Objective: To provide a source of fund to banks willing to finance attractive projects**
- **Targeted Project Size: 10-15 MW**
- **Tenure of facility: 3 years to 5 years**
- **Eligibility: Class A Commercial Banks**
- **Maximum Facility Amount: NRs. 400 Million for a single project and NRs. 1,000 Million for a group of hydro power projects**

### Key Features of the Announced On lending/Refinancing Policy

IN a press conference organized on 22nd August, 2014, HIDCL announced its On lending/Refinancing Policy for hydro projects. The policy is aimed at providing refinancing facility to commercial banks for investment in hydro projects of capacity 10 MW to 15 MW.

This facility is in line with HIDCL's mandate to also support hydro projects indirectly by providing on lending/refinancing facility to commercial banks willing to finance hydro projects and looking for long term avenues of raising finance for the financing of projects. The objective of the facility is to provide a source of fund to banks at their own risk willing to finance attractive projects.

The tenure of such facility will be from 3 to 5 years and the facility is only available to class A commercial banks fulfilling the eligibility criteria of HIDCL. Under this facility, banks can apply for on lending/refinancing facility from HIDCL of up to NRs. 400 Million for a single project that it has financed and up to NRs. 1000 Million for a group of hydro projects finance by it. The policy has been developed in broader consultation with banks and financial institutions. Earlier in March, 2014 the company had organized a discussion program in Kathmandu with an objective to collect suggestions and opinions from the concerned banks and financial institutions and other stakeholders of the energy sector in formulating the policy.

## HIDCL Seeks EOI from Merchant Bankers to float 2 Crore Units of Public Share

With the purpose of issuing 20 Million units of ordinary shares to the public, HIDCL has invited Expression of Interest (EOI) from eligible issue managers to indicate their expression of interest in providing the issue management and underwriting services. Issuing a notice in the national newspaper, HIDCL has stated that the eligible bidders must submit their EOI by October 12, 2014.

HIDCL has already started consultation with Securities Board of Nepal (SEBON) for the Initial Public Offering (IPO), which will be floated soon after the issue manager is appointed. The IPO will lift the paid up capital of the organization to NRs. 10 Billion, which is also its issued capital.

### HIDCL Commits to Invest in Two Hydropower Projects of Capacity 25 MW and 82 MW

HIDCL has made commitment to finance two hydropower generation projects in the Eastern Development Region of Nepal, namely the 25 MW Kabeli B-1 Hydroelectric Project (HEP) located in Taplejung and Panchthar districts, and the 82 MW Solu HEP located in Solukhumbu district, as a member of the consortiums formed for financing the projects.

The Board of Directors of HIDCL approved to provide a debt of Rs. 200 Million as a part of the consortium for the development of Kabeli B-1 HEP being developed by M/s Arun Valley Hydropower and Rs. 600 Million for the construction of Lower Solu HEP being developed by Essel Clean Solu Hydroopwer Limited. The consortium of Kabeli B-1 is being lead by M/S Nepal Investment Bank Ltd, while Lower Solu HEP is being led by M/S Prime Bank Limited. Key salient features of the projects are presented here.

With these two projects, the number of projects that HIDCL has already decided to provide financing as part of consortium has reached six, totaling to 231 MW in capacity and a total debt commitment of Rs. 2,900 Million.

Project	Lower Solu Hydroelectric Project	Kabeli B-1 Hydroelectric Project
Location	82	25
Size	Solukhumbu District	Taplejung and Panchthar Districts
Total Annual Energy	444.674 GWh	141.75 GWh
Project Cost (Including IDC)	NRs. 18.32 Billion	NRs. 4 Billion
IRR on Project	8 %	16.52 %
Developer	Essel Clean Solu Hydropower Pvt. Ltd.	Arun Kabeli Power Ltd.
Expected Commissioning Date	January 2018	May, 2016

*Salient features of the two projects, for which HIDCL has recently approved loans*



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