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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

Allotment of IPO; Small Investors Benefitted with 11.4 %, Big Investors Get 2.9%



The shares were allotted amidst a program held in the premises of District Development Committee, Kathmandu

HIDCL has concluded its IPO allotment on January 13th 2016 at the premises of District Development Committee, Kathmandu.

For the first time in Nepal, every valid applicants of an IPO have got shares and there is no lottery at all! Every valid applicant will get at least 10 units of shares. The IPO was oversubscribed by 21.58 times. The Investors who had applied from Rs 9,000 or 90 units to Rs 50,000 or 500 units were allotted on an average of 11.4 % of the applied shares. The big investors who had applied above Rs 50,000 were allocated 2.9% of the applied shares.

Applicants who applied for up to 80 units of shares got 10 units of shares, applicants who applied from 90 units to 500 units got at the rate of 11.4% and above 510 units got at the rate of 2.9% and there were only 534 invalid applicants.

The company had floated Initial Public Offering (IPO) worth Rs. 2 Billion (20 Million units of shares) from Kartik 12 to Kartik 26, 2072. The issue managers for the IPO are Citizen Investment Trust, NCM Merchant Banking Limited and NMB Capital Limited.

Financial Closure of 30 MW Nyadi

Hydropower Project



A glimpse of the financial closure program

Financing arrangement has been made for the 30 MW Nyadi Hydropower Project. Financial closure for the Project has been recently concluded in Kathmandu.

The 30 MW Nyadi Hydropower Project, located in Lamjung District of Western Development Region has been financed by a local consortium led by Everest Bank Ltd. The financial closure for the project was concluded on 3rd

Project Location	Bahundanda VDC, Lamjung District
Diversion Structure	RCC Gravity Free Flow
Water Conveyance Structure	3.94 km long concrete lined tunnel
Project Capacity	30 MW
Annual Energy Generation	172.14 GWh
Project Cost	NRs. 5.86 Billion

of February. Six banks and financial institutions including HIDCL with a debt share of NRs. 500 Million have teamed up to form a consortium to provide a long term debt of NRs. 4,400 Million for the development of the project.

Participation in the Hydropower Development Study Tour of Bhutan

The Hydropower Development Study Tour was organized by South Asia Regional Initiative for Energy Integration (SARI/EI) of U.S. Agency for International Development (USAID) from February 1-4. The executives from organizations of Nepal, Bangladesh and Pakistan were invited and the CEO of HIDCL was one of them. The main objective of the tour was to examine the environmental and economic aspects of hydro development in Bhutan and to hold meetings with the CEO and other Senior Executives of SAARC Development Fund (SDF) on joint project finance.

The visit of 1,200-MW Punatsangchu 1 hydroelectric project - a joint venture of the governments of India and Bhutan was to learn to gain first hand information on the different aspects of the project. Meetings with senior officials and executives of the Ministry of Economic Affairs of the Government of Bhutan, Druk Green Power Corporation, Bhutan Power Corporation Limited were also organized to interact and gain firsthand information on the overall situation of hydropower development in the country.

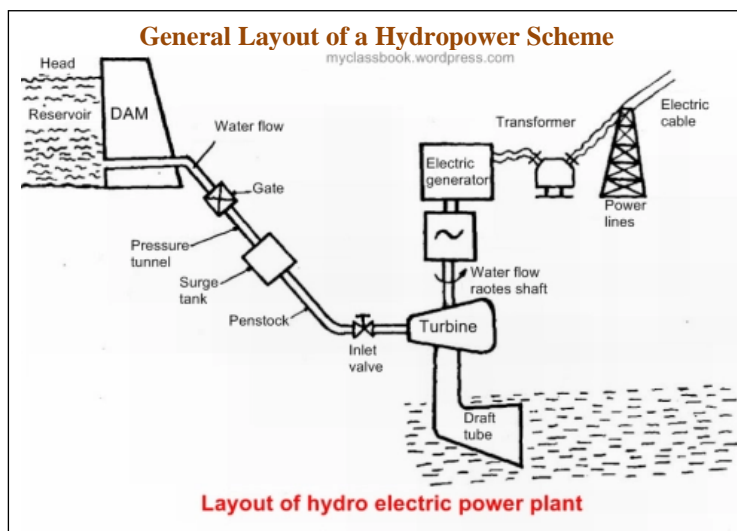
The main agenda of the meetings with the CEO and other Senior Executives of SAARC Development Fund (SDF) on joint project finance was to contribute to regional cooperation and integration through project collaboration. SDF intends to collaborate with HIDCL on joint financing of hydro projects in Nepal. Talks at the senior executive level on institutional collaboration and candidate hydro projects for joint financing have been going on. To formalize the association between the two institutions, HIDCL has already prepared and proposed a draft Memorandum of Understanding that can be reached between the two institutions to make the expectations, roles and responsibilities clear before embarking on joint project finance. A meeting with the CEO and other senior management of SDF was also organized at SDF head office in Thimpu to discuss the same.

Recruitment of New Staff



Recruitment of four positions including two key positions in the top management level has been done in the company. Mr. Arun Rajauria has been appointed as the Deputy General Manager (Hydropower) of the Company. Prior to joining HIDCL, Mr. Rajauria was Deputy General Manager (Projects and Plants) at Himal Hydro and General Construction Ltd. He has an experience of over 18 years in the hydropower and energy sector in Nepal. Mr. Rajauria possesses a Masters in Technology (Hydropower Development) from the Norwegian University of Science and Technology. Similarly, Mr. Ashish Ghimire has been appointed in the position of Chief Hydropower Engineer (Level 10). Prior to joining HIDCL, Mr. Ghimire was working as Hydropower Engineer in NMB Bank Ltd. He has an experience of over 12 years in the hydropower sector. He has a Masters Degree in Water Science and Engineering (Specialization in Hydraulic Engineering and River Basin Development from UNESCO IHE.

Other staffs appointed are Mr. Rajaram Duwal as Legal Officer (Level 7) and Mr. Deepak Poudel, as Account Officer (Level 6).



Participation in Nepal Bangladesh Business Forum

Chief Executive Officer of HIDCL, Mr. Deepak

Rauniar participated in the Nepal Bangladesh Business Seminar organized by the Embassy of the People's Republic of Bangladesh in Kathmandu on January 22-23, 2016. Honorable Deputy Prime Minister & Minister of Foreign Affairs, Mr. Kamal Thapa was the chief guest at the inaugural ceremony of the seminar, organized with the theme "Strengthening Bangladesh-Nepal Business Ties-Engage, Explore and Invest from the Seas to the Himalayas". The seminar was divided into six sessions each of which covered several topics focusing on the scope to enhance bilateral trade and investment between Nepal and Bangladesh. There were presentations and panel discussions on issues related to road connectivity, investment in hydropower and tourism, exchange of technology and culture, trade opportunities in pharmaceuticals, garment, textiles, etc. Mr. Rauniar was the keynote speaker in the 2nd session on 'Investment in Hydro Power for Sustainable Energy and Exploring Viable Alternative Energy'. In his presentation, Mr. Rauniar drew attention of the participants and the panel on the journey of HIDCL so far. He shed light on the status and recent development trend of power sector in Nepal. He talked about the possibilities of hydro power development in Nepal with joint efforts from Nepal and Bangladesh and energy trade between the two countries. He also pointed out the need of setting up of the Power Trading Company and Power Generation Company in Nepal. The panel consisted of representatives of the energy industry of both the countries. They discussed the prospects of partnership between Nepal and Bangladesh in the energy sector for future prosperity and economic development of both the countries.

The seminar was attended by policy makers, representatives of think tanks, Chambers of Commerce and business houses.

Indo Nepal Secretary level Meeting on Power Trade

ENERGY secretaries of Nepal and India have signed an agreement on 29th January for the supply of 300 MW of electricity to Nepal from India in the next one-and- a-half year. The two sides also decided to expedite construction of cross-border transmission lines and boost bilateral cooperation including in power trade.

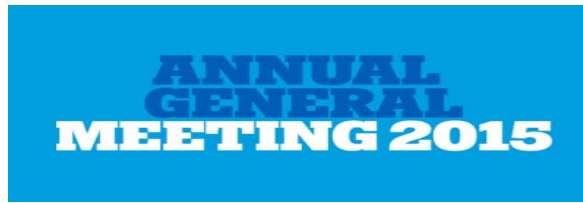
During the two-day meeting of Joint Working Committee (JWC) and Joint Steering Committee on Nepal-India Cooperation in Power Sector organized in Kathmandu, it was agreed to import 80 MW electricity from India through Muzaffarpur- Dhalkebar transmission line in the next three weeks and to increase the import of electricity from the transmission line to 200 MW by next winter by increasing its capacity and to run it in full capacity by December, 2017.

The high-level meeting was co-chaired by Nepal Energy Secretary Suman Prasad Sharma and India's Power Secretary Pradip Kumar Pujari. The meeting stressed on the need to expedite the construction works relating to 132 KV Kataiya-Kushwaha and Raxaul-Parwanipur transmission lines so as to enable import of additional 100 MW of electricity from India by September, 2016.

The meeting discussed implementation of Power Trade Agreement the two countries signed in 2014 and matters relating to expediting construction works of cross- border transmission lines, grid connectivity and power trade between Nepal and India.

Both sides expressed hope that India will prepare necessary policy arrangements for power trading purposes under the free market concept within 6 to 8 months so as to allow Nepalese power producers to have access to Indian market for exporting power generated by them in future.

4th AGM of the Company Held



THE fourth Annual General Meeting (AGM) of HIDCL was held in Kathmandu on Poush 24, 2072 at the company premise. The meeting was chaired by the Chairman of the Board of Directors of the Company, also the Secretary of the Ministry of Energy Government of Nepal Mr. Suman Prasad Sharma. The meeting was attended by all the shareholders of the company and had representation from regulatory and related institutions such as the office of the Company Registrar, Nepal Rastra Bank etc. The CEO of the company, in his capacity as the company secretary of HIDCL, announced the quorum and the validity of the meeting. He then went on to welcome all the participants of the meeting. The Chairman presented the annual report of the company on behalf of the Board of Directors.

After presenting his report, he opened the meeting for discussions on the report as well as on other matters related with company operations. The AGM discussed the overall annual performance of the company. The attendees expressed satisfaction on the performance of the company. The AGM also approved the annual report of the Board of Directors, the Financial Statements of Fiscal Year 2071-72 and the appointment of CA Shailendra Uprety as the Statutory Auditor for the Fiscal Year (FY) 2072-73 on the recommendation of the Office of the Auditor's General. The AGM also approved the amendments in the Article of Association and the Memorandum of Association of the company.

Participation in 13th Annual Conference on Hydropower in India

CHIEF Hydropower Engineer, Mr. Ashish Ghimire and Civil Engineer (Hydro), Mr. Sagar Shiwakoti participated in the 13th Annual Conference on Hydropower in India organized by Powerline Magazine of Indian Infrastructure Publishing Ltd. in New Delhi on 20-21 January. HIDCL had received invitation for participation in the conference from the organizers. Accordingly, a decision was made in Board of Directors of the company for representation of HIDCL in the conference. The conference is an annual event organized by Indian Infrastructure Publishing Ltd., with focus on different issues and aspects related to development of hydropower, particularly in India and in the entire SAARC region, in general. Discussions are conducted on new trends of hydropower development and construction, issues of power evacuation, hydropower financing and cross-border energy trade.

The conference was divided into 18 sessions, each with diverse topics of presentation and discussion on key trends of hydropower development in India in the last few years. Keynote speeches/presentations were delivered by representatives of CEA, NHPC and SJVNL of India. They talked about the status of current projects being developed by the Government entities, the challenges in the sector causing delays and possible measures to address the challenges.

A session was dedicated to the private hydropower developers in India. Representatives of the private sector put their views forward about the state of hydropower sector, the challenges they are faced with and their future plans.

There were focused discussions on renovation and modernization measures in hydropower plants and on the latest civil construction methodologies that help address

Status of Loan Disbursement by HIDCL

Project	Capacity (MW)	Project Cost (NRs. Crore)	Approved HIDCL Loan (NRs. Crore)	Loan Disbursed till Date (NRs. Crore)
Solu Hydroelectric Project, Solukhumbu	23.5	409.0	20	2.25
Dordi Khola Hydroelectric Project, Lamjung	27	423.5	50	2.37

Topics on power evacuation status of India and future plans related to developing transmission facilities were also covered. Discussions were held on cross-border opportunities that India can work on to develop power projects in neighboring countries, especially in Nepal and Bhutan.

The conference gave insight on the financiers' perspective on hydropower sector and the risks involved in hydro power project financing. There were representatives from Banking and Non-Banking Financing Institutions of India in the session. Discussions were held on cost economics and tariffs of hydropower projects. There were deliberations on best practices in operation and maintenance, cross border opportunities and best practices in geotechnical investigation. Several hydropower projects (under construction and operating) in India were also showcased during the two day event.



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