

TRISHULI JAL VIDHYUT COMPANY LTD.

Issue Units (G.Public): 3,593,850 units Minimum Units: 100 Issue Open Date: 13/11/2075 Rating: Not Required
 Issue Price: Rs.10 Maximum Units: 10,000 Issue Close Date: 16/11/2075 Issue Manager: Global IME Capital Ltd.

Of the Rs.2,470,000,000 Issued capital, 15% which is Rs. 370,500,000 is made for general public. Out of the 15% made to general public, 3% is secured for employees of the institution and remaining 12% is issued for general public only. Trisuli Jal Bidhyut Company Ltd is the first company to issue IPO under the "Citizen's Hydropower Project" scheme introduced by the government lately. Under this provision, investors are required to pay only 10% of the share value and the remaining 90% will be paid later. Hence, the amount expected to receive from the IPO issuance is only Rs. 37,050,000 (10% of the par) which is the call deposit.

Project Name: Upper Trishuli 3 "B" Hydro Electric Project

Project Capacity: 37 MW

PROJECT PROFILE

Project Type	Run of River, Cascade of Trishuli 3A
Project Model	BOOT
Project Site	Nuwakot -03,
Status	Not Completed
RCOD	2078/11/17
Avg. Annual Energy Generation	304.78 GWh
Avg. Annual Energy after outage	292.59 GWh
Total Cost of Project (excl. IDC)	Rs. 7.45 arba
Total Cost of Project (incl. IDC)	Rs. 8.22 arba
Per Megawatt Cost	Rs. 22.24 crores
Issue date of Gen. License	2070/04/27
Validity of Gen. License	2105/04/26
PPA date	2074/05/06
Payback Period	7.95 yrs
Disc. Payback Period	11.82 yrs

Ownership	Promoters (A)	30%
	Promoters (B)	30%
	General	15%

Financial Highlights (in millions)

Financial Years	75/76E	76/77E	77/78E	78/79E
Paid Up Cap.	1,519.5	2,470	2,470	2,470
Reserve & Surplus	(98.85)	(120.33)	(142.33)	130.09
Rev. from Sale of Energy	-	-	-	772.44
Net Profits	(20.92)	(21.48)	(21.99)	272.42

Ratios	75/76E	76/77E	77/78E	78/79E
EPS	(1.38)	(0.87)	(0.89)	11.03
BVPS	93.49	95.13	94.24	105.27

Peer Projects Comparisons

Projects	Capacity (MW)	Cost / MW	Rating (ICRA)
Sanjen	42.5	209.69	4+
Chameliya	30		
Kulekhani II	32		
Modi Khola	14.8		

Valuation: We project the company to be worth at most Rs.193.21 over its entire valid periods.

Snapshots...

- **Company Profile:** The Company was registered on Office of Company Registrar on 29th of Baisakh, 2068. It obtained generation license on 27th of Shrawan, 2070 and signed the PPA with NEA on 6th of Bhadra, 2075. The company has not yet started its commercial operation but the required commercial date of operation is dated to be on 29th of Falgun, 2077.
- **Ownership of the company:** The Company is promoted by NEA and NTC which are both owned by the government. The board of directors is chaired by Er. Kul Man Ghising who has an experience of 24 years working in NEA.
- **Features of the Citizen Hydropower Project:** After the 10% issue called currently, the remaining 90% of the par is to be called after 75% completion of the project. The completion of the project is expected to take a further 2 years. The projects under this scheme is not required to gain rating from credit rating agency hence, no rating is provided
- **Utilization of IPO proceeds:** Total IPO proceeds of Rs. 3.70 crores is projected to be used for infrastructure development, and the payment of consultation services amounting to Rs. 25,935,000, and Rs. 7410,000 respectively. Furthermore, the remaining amount is to be used in the payment of administrative expenses incurred.
- **Distribution and Transmission Line:** The 1.3 km long 132 KV transmission line from Powerhouse switchyard to Trishuli 3B Hub is to be used in the evacuation of the power generated from the project. The transmission line will be constructed as per the MOU between NEA and TJVCL where the 45% expenses incurred in construction will be financed by NEA and the rest 55% by the company itself.
- **Risk Factor of the project:** There is a contractual obligation of USD 31.85 million and NPR 1.91 arba which related to the works of the project regarding civil work, electro-mechanical and hydro mechanical works. There is a foreign exchange risk associated with this obligation that can prove to be a hindrance in the future prospects. Furthermore, the project also has other systematic risk related to its nature.
- **Briefing Financial Statements with projections:** Company has a debt equity ratio of 70:30 after the loan taken for the construction of the project. The interest expenses comprises of 46.23% and 56.82% of the total expenses for the FY 78/79E and 79/80E respectively. The projected financials published by the company is only expected to generate electricity in the FY 78/79E which is 3 years from now. However, the investors would be receiving an interest rate of 8% annually until the company is listed for trading in NEPSE. However, the projected financials seems to be over optimistic in its calculation of expenses which appears rather unrealistic. The company does not have expenses segregated for the repairs and maintenance which is deemed necessary in this sector. Likewise, the delay in the construction of 132 kV transmission line will prove to be a sensitive factor while generating future income of the project.

Disclaimers: Not to be inferred as Investment recommendations.