

Press Release

Himal Energy Acquires Further 10% in Bhote Koshi

Kathmandu, March 28- Himal International Energy Pvt. Ltd. (HIEPL), holding 75% shares in Bhote Koshi Power Company Pvt. Ltd. (BKPC) has acquired further 10% shares in BKPC from the International Finance Corporation (IFC). The deal was closed on March 28.

Consequent to this deal HIEPL along with its sister concern, HIPC, now owns 95% of the shares in BKPC, while RDC of Nepal, owned by Montgomery Watson Harza (MWH), an American engineering company, continues to own its 5% equity in BKPC. IFC and DEG-Deutsche Investitions-und Entwicklungsgesellschaft mbH, remain the lead lenders of the Company.

IFC has divested its investment in BKPC by virtue of exercising its Put Option, under the Shareholders' Agreement, to sell its shares consequent to change in control in BKPC brought about by acquisition of Panda of Nepal shares in BKPC by HIEPL last year. A Purchase and Sale Agreement had already been entered into between IFC and HIEPL in March 2006.

About BKPC

BKPC, a 36MW run of river hydro power project in the Sindhupalchowk district, commissioned in January 2001 with a total investment of US \$ 98 million and selling power to the Nepal Electricity Authority under a Power Purchase Agreement, is a leading Independent Power Producer (IPP) in Nepal. BKPC is managed by Tara Management Pvt. Ltd.

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