

PRESS RELEASE

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VELCAN HOLDINGS: EXTENSION OF TIME FOR THE LAND ACQUISITION PROCEDURE OF THE INDIAN HYDROPOWER PROJECTS

Under the land acquisition regulations applicable to the Heo-Tato1 hydropower tandem project (426 MW) in India, the “*Section 19 notification*” was due by 26th September 2019. Such notification is the act by which the State Government declares further that the concerned land is needed for public purpose, based on the completion of the second phase of the acquisition procedure.

This second phase starts after the Section 11 notification, which was issued on 26th September 2019, and includes all activities required by applicable regulations such as onsite land survey, the marking of land boundaries on the ground in view of the establishment of the final list of land owners, the hearing of individual objections, the ruling on such objections, the detailed census of affected families, the preparation and publication of Rehabilitation & Resettlement schemes to the benefit of affected families and public hearings on such proposed schemes in affected villages.

The above activities, which are under the exclusive purview of the State Government, could not be completed on time. The land survey and marking of boundaries was scheduled between 10th February and 14th March 2020, to be conducted by District Administration. On 10th February 2020, several land owners physically prevented the District administration team to start the survey and claimed notably the immediate payment of benefits and that land disputes should be settled in court separately. Following this incident, the District Administration suspended the survey until further notice and constituted a special committee of Government officials, for the purpose of handling the land survey and settling issues. A first meeting was held, between the local land owners and the committee, on 24th February 2020 but without positive outcome. Another committee meeting was scheduled on 24th March 2020. However such meeting could not be held due to COVID-19 lockdown and related restriction measures, and was postponed indefinitely by a Government order dated 19th March 2020.

Since then COVID-19 restrictions have been extended numerous times, the State Government has not yet restarted the procedure, and could therefore not complete the activities required by Law to reach the “*Section 19 notification*” on time. As a result, in compliance with the possibility offered by applicable regulations, the State Government has decided a time extension of 12 months, **until 25th September 2021**, to issue the “*Section 19 Notification*”.

Under the concession agreement and applicable regulations, the land is to be acquired by the State Government itself, and then leased to the project developer. The completion of section 19 activities is essential, especially establishing the final land owners consent as it is the basis of the financial allocations under the future rehabilitation plan and land compensations. After the completion of the



Section 19, the State Government will have to carry on another set of activities and procedural steps such as the computation of land values, enquiries on claims made by owners, issuance of individual financial awards (Sections 23 to 30), rehabilitation plan implementation, payment procedures and taking physical possession of the Land (Section 38).

The stoppage of the administration-led land survey by some owners is a major concern as it highlights again the acute difficulties and delays faced by the hydropower projects due to the absence of proper land registry, and the inability of the local Government to settle land disputes and guarantee Law and Order. The completion of the land acquisition procedure by the local government remains a prerequisite for the next development phases of the project, which are the negotiation of a power purchase agreement (PPA) and the financing of the construction.

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About Velcan:

Velcan Holdings is a Luxemburg headquartered investment holding company founded in 2005, operating as an independent power producer in emerging countries and managing a global portfolio of financial assets.

The company owns and operates a 15MW hydro power plant in Brazil that it developed and built in 2009. The company is developing a cascade of hydropower concessions located in India and totalling 571 MW.

Hydropower concessions provide long periods of cash generation but their development outcome is uncertain and many years are needed to bring these projects to maturity in emerging countries: it involves field studies in remote places, obtaining the necessary authorizations and permits, and land acquisition in political and regulatory environments that can be unstable or heavily hampering. Meanwhile Velcan Holdings actively manages its treasury, investing in listed and unlisted financial instruments.

Velcan Holdings' headquarters are in Luxemburg, with administrative and financial offices in Singapore and Mauritius. The team dedicated to the development of the Indian hydropower cascade is based in New Delhi and at the project site (Arunachal Pradesh). The team dedicated to the Rodeio Bonito plant is based in Sao Paulo and Chapeco (Santa Catarina State).

The company was launched more than 15 years ago by its reference shareholder Luxembourg Hydro Power SA, owned by Velcan Holdings' management team.

Velcan Holdings is listed on the Euro MTF Stock Market in Luxemburg (Ticker VLCN/ISIN FR0010245803).

Velcan Holdings never performed any Public Offer as understood under Directive 2003/71/CE of the European Parliament and Council.



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