



# Swet Ganga Hydropower & Construction Limited

Dhumbarahi, KMC-4, Kathmandu, Nepal

## Unaudited Financial Reports (Quarterly)

As on 2<sup>nd</sup> Quarter (2082.09.30) of the Fiscal Year 2082/083

### SECOND QUARTER DISCLOSURE AS OF 2082.09.30 AS PER SECURITIES REGISTRATION AND ISSUANCE REGULATION ANNEXURE-14 (RELATED TO SUB REGULATION 1 OF REGULATION 26

| Statement of Financial Position     | Un-Audited This Quarter Ending | Un-Audited Previous Quarter Ending | Un-Audited Corresponding Previous Year Quarter Ending |
|-------------------------------------|--------------------------------|------------------------------------|---|
| <b>Assets</b>                       |                                |                                    |   |
| <b>Non-Current Assets</b>           |                                |                                    |   |
| Property Plant & Equipment          | 17,266,620                     | 18,166,156                         | 18,228,070  |
| Intangible Assets                   | 5,992,328,219                  | 5,975,768,360                      | 6,135,803,779   |
| Intangible Assets Under Development | 9,648,580                      | 9,648,580                          | 5,209,632   |
| Right of Use Asset                  | 8,254,957                      | 8,491,222                          | -   |
| <b>Current Assets</b>               | -                              |                                    |   |
| Advance and Receivables             | 197,112,453                    | 226,702,144                        | 183,162,332   |
| Inventories                         | 10,801,041                     | 5,735,204                          | 5,547,948   |
| Other Current Assets                | 20,725,657                     | 6,886,700                          | 20,080,373  |
| Cash and Cash Equivalents           | 1,876,817                      | 2,580,437                          | 24,571,755  |
| Current Tax Assets                  | 463,734                        | 463,734                            | 463,005   |
| <b>Total Assets</b>                 | <b>6,258,478,077</b>           | <b>6,254,442,537</b>               | <b>6,393,066,894</b>                                  |
| <b>Liabilities</b>                  |                                |                                    |   |
| <b>Non-Current Liabilities</b>      |                                |                                    |   |
| Borrowings                          | 4,429,840,930                  | 4,465,538,581                      | 4,584,172,062   |
| Other Financial Liabilities         | 72,983,830                     | 71,916,616                         | 104,616,478   |
| Provisions                          | 4,429,587                      | 1,183,368                          | 3,011,640   |
| Lease Liabilities                   | 10,108,842                     | 8,905,613                          | -   |
| <b>Current Liabilities</b>          |                                |                                    |   |
| Borrowings                          | 415,768,525                    | 397,090,015                        | 368,062,341   |
| Other Financial Liabilities         | 7,810,350                      | 55,098,144                         | 79,349,297  |
| Other Liabilities                   | 950,220                        | 162,276                            | 797,907   |
| Lease Liabilities                   | 1,939,641                      | 1,900,957                          | -   |
| <b>Total Liabilities</b>            | <b>4,943,831,925</b>           | <b>5,001,795,570</b>               | <b>5,140,009,725</b>                                  |
| <b>Equity</b>                       |                                |                                    |   |
| Share Capital                       | 1,593,000,000                  | 1,593,000,000                      | 1,593,000,000   |
| Less: Calls in Arrears              | (51,000)                       | (52,000)                           | -   |
| Net Share Capital                   | 1,592,949,000                  | 1,592,948,000                      | 1,593,000,000   |
| Retained Earnings                   | (280,936,177)                  | (342,934,362)                      | (342,119,942)   |
| Other Reserves                      | 2,633,329                      | 2,633,329                          | 2,177,111   |
| <b>Total Equity</b>                 | <b>1,314,646,152</b>           | <b>1,252,646,967</b>               | <b>1,253,057,169</b>                                  |
| <b>Total Liabilities and Equity</b> | <b>6,258,478,077</b>           | <b>6,254,442,537</b>               | <b>6,393,066,894</b>                                  |

| Statement of Profit or Loss                 | Un-Audited This Quarter Ending | Un-Audited Previous Quarter Ending | Un-Audited Corresponding Previous Year Quarter Ending |
|---|--------------------------------|------------------------------------|---|
| Revenue (Construction)                      |                                | -                                  | -   |
| Cost of Sales (Construction)                |                                | -                                  | -   |
| Revenue From Sale of Electricity            | 505,741,083                    | 275,156,302                        | 512,657,884   |
| Plant Operating Expenses                    | (40,062,448)                   | (20,039,459)                       | (46,093,768)  |
| <b>Gross profit</b>                         | <b>465,678,635</b>             | <b>255,116,843</b>                 | <b>466,564,115</b>                                    |
| Other Income                                |                                | -                                  | -   |
| Amortization                                | (112,474,509)                  | (57,435,558)                       | (114,928,566)   |
| Depreciation                                | (2,519,835)                    | (1,257,432)                        | (1,869,646)   |
| Administrative and Other Operating Expenses | (13,081,256)                   | (5,771,273)                        | (13,836,459)  |
| <b>Net operating profit</b>                 | <b>337,603,035</b>             | <b>190,652,580</b>                 | <b>335,929,444</b>                                    |
| Financial Costs                             | (170,289,311)                  | (91,130,180)                       | (225,424,490)   |
| Financial Income                            | 331,809                        | 106,303                            | 316,419   |
| Foreign Exchange Gain/(Loss)                | (5,132,908)                    | (2,364,515)                        | (5,446,217)   |
| <b>Profit/(Loss) before tax &amp; bonus</b> | <b>162,512,626</b>             | <b>97,264,188</b>                  | <b>105,375,156</b>                                    |
| Provision for Staff Bonus                   | (3,250,253)                    | -                                  | (2,107,503)   |
| <b>Profit/(Loss) before tax</b>             | <b>159,262,373</b>             | <b>97,264,188</b>                  | <b>103,267,653</b>                                    |
| Income Tax Expense                          | -                              | -                                  | (691,266)   |
| <b>Net Profit for the Year</b>              | <b>159,262,373</b>             | <b>97,264,188</b>                  | <b>102,576,387</b>                                    |

#### Major Financial Highlights

|                          |        |        |        |
|--------------------------|--------|--------|--------|
| Earnings Per Share (EPS) | 10.00  | 6.11   | 6.44   |
| Return on Assets (ROA)   | 2.54%  | 1.56%  | 1.60%  |
| Net worth Per Share      | 82.53  | 78.64  | 78.66  |
| Current Ratio            | 0.54   | 0.53   | 0.52   |
| P/E Ratio                | 37.56  | 55.07  | 79.67  |
| Market Value Per Share   | 375.50 | 336.26 | 513.00 |

\*Considering the seasonality of electricity generation and revenue EPS has not been annualized.

#### Financial Statements

- The Unaudited financial statement for the second quarter have been published as a part of this report.
- Service concession arrangements of Swet Ganga Hydropower & Construction Ltd. (SGHCL) includes Project Work in Progress of Tallo Likhu Jalavidyut Aayojana (28.1 MW). Service concession arrangements are amortized over the contractual period as per the Power Purchase Agreement (PPA) of Tallo Likhu Jalavidyut Aayojana. As per Generation License, life of Tallo Likhu Jalavidyut Aayojana is up to 2108/12/27. Pursuant to the life of the project, the company has amortized the intangible assets. In case of Property Plant & Equipment, depreciation has been calculated on written down value based upon useful life of assets.
- Total disqualified local shares of 1,070 was reallocated during the period to qualifying Local shareholders. Out of which Calls in Arrears remains of 510 shares.
- The financial cost includes interest paid on long term loan and working capital loan amounting NPR 167,854,857 up to 2nd quarter 2082-083.

#### Management Analysis

- Till the end of Poush 2082, Tallo Likhu Jalavidyut Aayojana has generated income of NPR 505,741,083 from Sale of Electricity. The revenue from the sale of electricity has decreased from last year's corresponding figures by 1.35% mostly due to the non-dispatch instruction received from NEA .
- The Administrative and other operating expenses has decreased from last year's corresponding figures by 5.46%.
- The Finance cost has decreased from last year's corresponding figures by 24.46% since the rate of Interest has decreased and principal amount is being repaid.

#### Legal Proceedings

- During the period, no legal cases were raised or pending against the Company and from the company.

#### Analysis of Company's Share Transaction

- The major highlights of Share transactions during the quarter are as follows:

| Particulars            | This Quarter Ending | Previous Quarter Ending | Corresponding Previous Year Quarter Ending |
|------------------------|---------------------|-------------------------|--|
| Maximum Price NPR.     | 448.80              | 501.80                  | 534  |
| Minimum Price NPR.     | 296.00              | 335.00                  | 378.20                                     |
| Closing Price NPR.     | 375.50              | 336.26                  | 513  |
| Total Turnover NPR.    | 922,142,593.60      | 482,468,182.00          | 881,298,491.80                             |
| Total Transactions     | 11,979              | 9,648                   | 13,533                                     |
| No. of Transaction Day | 55                  | 37                      | 55   |
| Total Traded volume    | 2,298,411           | 1,152,382               | 1,878,896                                  |

#### Problems & Challenges

##### Internal Challenges

- Retention of skilled human resources.

##### External Challenges

- Delay of statutory approvals & inconsistent regulatory and policy level commitment from the government regulatory agencies in the development of hydroelectric projects.
- Fluctuating cost of capital and devaluation of local currency.
- Natural disaster such as flood, earthquake, drought, etc.
- Lack of domestic suppliers for hydropower equipment and spare parts.
- Climatic Changes & Hydrological Risk.
- Cascading effect of upstream hydropower projects.

#### Strategies

- Fund management and strategic investment as per the project investment plan.
- Maintaining adequate stock of spare parts & equipment.
- Timely supervision, inspection & maintenance of project assets.
- Adequate insurance policies against the loss due to natural disaster and force majeure.
- Lobbying with government agencies for investment friendly environment.
- Implementation of HR optimization plan.

#### Corporate Governance

The Board of Directors, Audit Committee, other Committees, and Management Team are committed to strengthening good corporate governance within the company. Swet Ganga Hydropower & Construction Ltd. has written manuals, policies, rules & guidelines for the proper functioning of the operation of the company.

#### Declaration

I, the General Manager of this Company, take the responsibility for the accuracy of the information and details mentioned in this report for the period of Second Quarter of FY 2082/083, hereby declare that the information and details provided in this report are true, based on facts, and complete to the best of my knowledge and that information necessary for taking informed decision by the investors are not concealed.

**Please contact on (977-01)4372828/4373030 for further inquiry about the company.**