Swet Ganga Hydropower & Construction Limited

Dhumbarahi, KMC-4, Kathmandu, Nepal

Unaudited Financial Reports (Quarterly)

As on 1st Quarter (2083.06.31) of the Fiscal Year 2083/084

FIRST QUARTER DISCLOSURE AS OF 2083.06.31
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	Audited Previous Quarter Ending	Un-Audited Corresponding Previous Year Quarter Ending
Assets			
Non-Current Assets			
Property Plant & Equipment	13,765,683	14,266,103	18,166,156
Intangible Assets	5,927,124,198	5,886,489,768	5,975,768,360
Intangible Assets Under Development	9,648,580	9,648,580	9,648,580
Right of Use Asset	7,529,556	7,769,142	8,491,222
Current Assets			
Advance and Receivables	242,158,278	185,829,276	226,702,144
Inventories	13,631,268	11,434,790	5,735,204
Other Current Assets	6,841,298	13,613,435	6,886,700
Cash and Cash Equivalents	17,571,674	3,486,177	2,580,437
Current Tax Assets	464,915	464,340	463,734
Total Assets	**6,238,735,450**	**6,133,001,611**	**6,254,442,537**
Liabilities			
Non-Current Liabilities			
Borrowings	4,337,408,263	4,319,916,682	4,465,538,581
Other Financial Liabilities	37,478,058	38,251,705	71,916,616
Provisions	1,237,955	8,488,279	1,183,368
Lease Liabilities	8,488,279.09	1,237,955	8,905,613
Current Liabilities			
Borrowings	334,534,347	379,873,961	397,090,015
Other Financial Liabilities	44,663,320	47,490,436	55,098,144
Other Liabilities	4,940,452	3,918,331	162,276
Lease Liabilities	1,228,324	1,341,915	1,900,957
Total Liabilities	**4,769,978,999**	**4,800,519,264**	**5,001,795,570**
Equity			
Share Capital	1,593,000,000	1,593,000,000	1,593,000,000
Less: Calls in Arrears	(21,000)	(21,000)	(52,000)
Net Share Capital	1,592,979,000	1,592,979,000	1,592,948,000
Retained Earnings	(129,261,165)	(265,535,270)	(342,934,362)
Other Reserves	5,038,617	5,038,617	2,633,329
Total Equity	**1,468,756,452**	**1,332,482,347**	**1,252,646,967**
Total Liabilities and Equity	**6,238,735,450**	**6,133,001,611**	**6,254,442,537**
Statement of Profit or Loss	**Un-Audited This Quarter Ending**	**Audited Previous Quarter Ending**	**Un-Audited Corresponding Previous Year Quarter Ending**
Revenue From Sale of Electricity	288,319,147	847,095,435	275,156,302
Plant Operating Expenses	(21,177,724)	(88,133,658)	(20,039,459)
Gross profit	**267,141,422**	**758,961,777**	**255,116,843**
Other Income	50,000	1,680,211	-
Amortization	(58,495,368)	(226,953,828)	(57,435,558)
Depreciation	(1,011,016)	(5,038,107)	(1,257,432)
Administrative and Other Operating Expenses	(6,700,039)	(24,635,599)	(5,771,273)
Net operating profit	**200,984,999**	**504,014,454**	**190,652,580**
Financial Costs	(65,952,269)	(314,792,694)	(91,130,180)
Financial Income	94,167	766,381	106,303
Foreign Exchange Gain/(Loss)	1,147,208	(10,020,881)	(2,364,515)
Profit/(Loss) before tax & bonus	**136,274,105**	**179,967,259**	**97,264,188**
Provision for Staff Bonus	-	(3,599,345)	-
Profit/(Loss) before tax	**136,274,105**	**176,367,914**	**97,264,188**
Income Tax Expense		-	-
Net Profit for the Year	**136,274,105**	**176,367,914**	**97,264,188**
Major Financial Highlights			
Earnings Per Share (EPS)	8.55	11.07	6.11
Return on Assets (ROA)	2.18%	2.88%	1.56%
Net worth Per Share	92.20	83.65	78.64
Current Ratio	0.73	0.50	0.54
P/E Ratio	35.54	28.90	55.07
Market Value Per Share	304.00	320.00	336.26

Financial Statements

- The Unaudited financial statement for the first quarter have been published as a part of this report.
- Service concession arrangements of Swet Ganga Hydropower & Construction Ltd. (SGHCL) includes 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.
- During the period, 1,070 disqualified local shares were reallotted to eligible local shareholders. As at the reporting date, calls in arrears relate to 210 of these shares.
- The financial cost includes interest paid on long term loan and working capital loan amounting NPR 65,731,090 up to 1st quarter 2083-084.

Management Analysis

- Till the end of Ashoj 2083, Tallo Likhu Jalavidyut Aayojana has generated income of NPR 288,319,147 from Sale of Electricity. The revenue from the sale of electricity has increased from last year's corresponding figures by 4.78%.
- The Administrative and other operating expenses have increased from last year's corresponding figures by 16.09%.
- The Finance cost has decreased from last year's corresponding figures by 27.44%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.	344.00	408.00	501.80
Minimum Price NPR.	280.00	315.10	335.00
Closing Price NPR.	304.00	320.00	336.26
Total Turnover NPR.	698,051,843.80	299,370,454.20	482,468,182.00
Total Transactions	9,709	7,157	9,648
No. of Transaction Day	61	64	37
Total Traded volume	2,262,240	810,673	1,152,382

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 First Quarter of FY 2083/084, 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.