Nyadi Hydropower Limited

Buddha Nagar, Kathmandu, Nepal

UNAUDITED STATEMENT OF FINANCIAL POSITION AS AT 31ST CHAITRA 2081

Figures in NPR '000

Particulars	This Quarter Ending (Chaitra End 2081)	Previous Quarter Ending (Poush End 2081)	Corresponding Previous Year Quarter Ending (Chaitra End 2080)
ASSETS			
Non-Current Assets			
Property, Plant and Equipment	14,120	15,225	6,642
Intangible Assets	5,605,961	5,660,772	5,828,351
Other Non Current Assets	246	177	63
Total Non-Current Assets	5,620,327	5,676,174	5,835,057
Current Assets			
Cash and Cash Equivalents	197,932	55,559	12,062
Bank Balance Other than Cash and Cash Equivalents	14,258	974	1,272
Other Financial Assets	104,296	117,311	100,485
Other Current Assets	26,643	6,502	21,792
Total Current Assets	**343,129**	**180,346**	135,611
Total Assets	**5,963,456**	**5,856,520**	**5,970,668**
EQUITY AND LIABILITIES			
Equity			
Equity Share Capital	1,500,000	1,500,000	1,500,000
Advance for share capital	150,000	150,000	150,000
Other Equity	(578,699)	(544,451)	(494,237)
Total Equity	**1,071,301**	**1,105,549**	**1,155,763**
Liabilities			
Non-Current Liabilities			
Borrowings	4,421,391	4,432,843	4,474,460
Other Financial Liabilities	127,095	127,162	190,253
Provisions	2,450	2,539	1,762
Total Non-Current Liabilities	**4,550,936**	**4,562,544**	**4,666,475**
Current Liabilities			
Borrowings	100,000	100,000	100,000
Trade Payables	1,231	389	4,701
Provisions	151,700	50,660	40,293
Other Financial Liabilities	-	-	-
Other Current Liabilities	88,288	37,378	3,436
Total Current Liabilities	**341,219**	**188,427**	148,430
Total Liabilities	**4,892,155**	4,750,971	4,814,905
Total Equity and Liabilities	**5,963,456**	**5,856,520**	**5,970,668**

UNAUDITED STATEMENT OF PROFIT & LOSS AND OTHER COMPREHENSIVE INCOME FOR THE PERIOD ENDED 31ST CHAITRA 2081

Figures in NPR '000

Particulars	This Quarter (Chaitra End 2081)	Previous Quarter (Poush End 2081)	Corresponding Previous Year Quarter (Chaitra End 2080)
Revenue from Operations	507,167	364,879	430,562
Project Operating Expenses	(204,215)	(136,910)	(197,083)
Gross profit	**302,952**	**227,969**	**233,479**
Other Income	28	28	78
Administrative and Other Operating Expenses	(26,415)	(18,689)	(23,744)
Net Operating Profit	276,565	209,308	209,813
Finance Cost	(321,226)	(218,570)	(361,228)
Finance Income	1,758	607	234
Profit / (Loss) before Tax & Bonus	**(42,903)**	**(8,655)**	**(151,180)**
Provision for Staff Bonus	-	-	-
Provision for Reserves	-	-	-
Profit / (Loss) before Tax	(42,903)	(8,655)	(151,180)
Income Tax Expense	-	-	-
Net Profit for the year	**(42,903)**	**(8,655)**	**(151,180)**
Other Comprehensive Income	-	-	-
Total Comprehensive Gain/(Loss), Net of Tax	(42,903)	(8,655)	(151,180)

THIRD QUARTER DISCLOSURE AS OF CHAITRA 31, 2081 AS PER SECURITIES REGISTRATION AND ISSUANCE REGULATION Annexure -14 (Related to Sub-Regulation 1 of Regulation 26)

1 FINANCIAL STATEMENTS

- The Unaudited Financial Statements for the third quarter and key financial ratios have been published along with this report.
- Transactions with related parties: Business Transactions were conducted with related parties at arm's length in line with section 93(3c) of the Company Act, 2063. NHL has been availing promoter's loan and rental and other associated facilities from Butwal Power Company Limited and using various consultancy service as an when needed from Hydro Consult Engineering Ltd.
- **Key Financial Indicators**

Period	Earning per share	Net Worth Per Share	Current Ratio	Price Earning Ratio	Return on Assets
This Quarter End	(2.86)	71.42	1.01	(199.54)	-0.72%
Previous Quarter End	(0.58)	73.70	0.96	(1,126.56)	-0.15%
Corresponding Previous Year Quarter End	(13.44)	67.05	0.45	(22.55)	-2.53%

2 MANAGEMENT ANALYSIS

- "Any changes in the Stock, Income and Liquidity during the quarter and the reason for change, if any": Stock/spare parts of the power plants equipments has been maintained at a sufficient level as provided by the Contractor as per the terms of the EPC Contract. Finance cost on Term Loan of the project do have serious impact on the company's profitability as it covers a majority portion of company's expense. Similarly, amortization of Intangible Assets during the period also affects the profitability of the company.
- "Statement of Management Analysis on the Company's upcoming Business Plans": The Company has not any such plan for other project developments other than for effective/efficient operation of the project rather than lobbying for the construction of 132 kV Tarikuna substation and reversal of "Take and Pay" clause to "Take and Pay" with Nepal Electricity Authority.
- "Analytical Statement on the possible effect on Company's Profitability, Stock and Cash Flows based on the past experience.": Due to the contingency plan with NEA i.e. Sale of energy on "Take and Pay Basis", NEA has not taken full generation of the project during the last quarter and the company has to abide with the dispatch instruction from Load Dispatch Centre, NEA. This has made a serious impact on current financial year's profitability.

3 **LEGAL PROCEEDINGS**

- Case filed by or filed against the Company during the quarter, if any: None
- Case filed by or filed against the Company or its Promoter or Director for violation of the prevaling regulation or committing the criminal offense, if any: None
- Case filed against the Promoter or Director on Financial crime, if any: None

4 ANALYSIS OF COMPANY'S SHARE TRANSACTIONS

- NHL shares were actively traded during this quarter.
- The major highlights of share transactions during the quarter are as follows:
- Maximum Price - NPR 880 ; Minimum Price - NPR 527.30 ; Closing Price - NPR 570.72 ; No. of Transaction Days - 56 ; Total Transactions - 42,377 ; Total Traded Volume - 6,381,240 and Total Traded Value- NPR. 4,291,740,002.30

5 PROBLEMS AND CHALLENGES

Internal

- Optimization and Retention of skilled human resources;
- Fund Management problem due to liquidity problem in financial market resulting increase in finance cost
- Managing the operational efficiency of the project

External

- Impact of Global Warming and Climate change effects and the amount of rain/snow fall in the project catchment area.
- Foreign Exchange Risk exposures in payment to contractrors due to fluctuation of currecy in the International Foreign Exchange Markets.
- Delay in construction of Tarikuna Substation & 132 kV Transmission Line by Nepal Electricty Authority and the financial impact to project due to Line loss and Generation loss for the evacuation of energy generated from the project as per the Contingency plan with NEA.

Strategies

- To maximize generation of powerplant with at least maintaining the contract energy of Power Purchase Agreement.
- To operate the powerplant efficiently and effectively.

6 CORPORATE GOVERNANCE

Board of Directors, Project Steering Committee, Audit Committee, Other Committees and Management Team are committed towards strengthening good corporate governance within the company. NHL has written manual, policies, rules & guidelines for proper functioning of the operation of the company.

7 **DECLARATION OF CHIEF EXECUTIVE OFFICER ON TRUTH, TACTFULNESS**

I, the Chief Executive Officer of this Company, take the responsibility of accuracy of the information and details mentioned in this report for the third quarter of FY 2081/82, 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.