Sanima Middle Tamor Hydropower Limited

Dhumbarahi, KMC-4, Kathmandu, Nepal

Unaudited Financial Reports (Quarterly)

As on 2nd Quarter (2081.09.29) of the Fiscal Year 2081/082

SECOND QUARTER DISCLOSURE AS OF 2081.09.29
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	Unaudited Corresponding Previous Year Quarter Ending
Assets	**As on 29-09-2081**	**As on 30-06-2081**	**As on 29-09-2080**
Non-Current Assets			
Property Plant & Equipment	56,809,506	58,630,226	61,309,566
Intangible Assets	13,000,990,206	13,062,476,507	11,589,320,596
Deferred Tax Assets	-	-	575,133
Current Assets			
Inventories	10,995,554	1,419,746	-
Cash and cash equivalents	418,092,595	227,662,465	237,760,896
Other Financial Assets	575,136,304	585,454,660	442,455,180
Other Current Assets	26,485,359	23,922,811	30,856,070
Current tax assets	4,070,784	3,951,764	3,713,381
Total Assets	**14,092,580,308**	**13,963,518,178**	**12,365,990,823**
Liabilities			
Non-Current Liabilities			
Borrowings (Long Term Loan)	9,100,281,775	9,062,305,954	8,032,193,795
Other Financial Liabilities (Retention)	660,252,284	653,239,938	688,998,752
Provisions	1,517,428	1,603,214	1,461,189
Deferred Tax Liabilities		-	
Other Non Current Liabilities		-	
Current Liabilities			
Current Borrowings (Bridge Gap Loan)	572,932,380	694,095,821	289,890,110
Other Financial Liabilities	214,051,985	138,552,324	107,570,524
Other Current Liabilities	11,962,123	5,012,435	3,895,955
Total Liabilities	**10,560,997,974**	**10,554,809,685**	**9,124,010,326**
Equity			
Share Capital	3,332,500,000	3,332,500,000	3,332,500,000
Less Calls In Arrears	(3,000)	(3,000)	(3,000)
Net Share Capital	**3,332,497,000**	**3,332,497,000**	**3,332,497,000**
Retained Earnings	198,594,040	75,747,520	(91,460,517)
Other Reserves	491,294	463,973	944,014
Total Equity	**3,531,582,334**	**3,408,708,493**	**3,241,980,498**
Total Liabilities and Equity	**14,092,580,308**	**13,963,518,178**	**12,365,990,823**
Statement of Profit or Loss	**Un-Audited This Quarter Ending**	**Un-Audited Previous Quarter Ending**	**Unaudited Corresponding Previous Year Quarter Ending**
	2081.04.01 to 2081.09.29	**2081.04.01 to 2081.06.30**	**2080.04.01 to 2080.09.29**
Revenue (Construction)	246,066,366	192,970,110	1,473,739,855
Cost of Sales (Construction)	(246,066,366)	(192,970,110)	(1,473,739,855)
Revenue From Sale of Electricity	1,070,364,000	557,778,204	
Plant operating expenses	(108,912,997)	(59,786,508)	
Gross profit	**961,451,004**	**497,991,696**	**-**
Other Income	-	-	50,000
Administrative and Other operating expenses including amortization and depreciation	(252,492,089)	(128,112,462)	(19,139,847)
Net operating profit/(Loss)	**708,958,915**	**369,879,234**	**(19,089,847)**
Financial costs	(419,663,374)	(222,155,636)	-
Financial income	1,021,876	228,410	2,602,177
Foreign exchange gain/(loss)	(10,278,411)	(2,169,726)	145,984
Profit/(Loss) before tax & bonus	**280,039,006**	**145,782,282**	**(16,341,686)**
Provision for Staff Bonus	(5,600,780)	-	
Provision for CSR	(2,800,390)		
Profit/(Loss) before tax	**271,637,836**	**145,782,282**	**(16,341,686)**
Income Tax Expense			
Deferred Tax Income/(Expense)	-	-	
Net Profit/(Loss)	**271,637,836**	**145,782,282**	**(16,341,686)**

Major Financial Highlights

Period	2081.04.01 to 2081.09.29	2081.04.01 to 2081.06.30	2080.04.01 to 2080.09.29
Earnings Per Share (EPS)	**8.15**	**4.37**	**(0.49)**
Current Ratio (CR)	**1.77**	**5.86**	**6.41**
Net Worth Per Share	**105.97**	**102.29**	**97.28**
Return on Assets (ROA)	1.93%	1.04%	-0.13%
MarketValue Per Share (as on Poush End 2081)	538.10	487.00	435.90
P/E Ratio	66.02	111.33	(888.91)

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

Financial Statements

- The Unaudited financial statements for the Second quarter have been published as a part of this report.
- The Construction Revenue and Construction Cost for the reporting period as per IFRIC-12 is NPR. 246,066,366/-
- Service concession arrangement of Sanima Middle Tamor Hydropower Limited (SMTHL) includes Project Work in Progress of Middle Tamor Hydropower Project (MTHP - 73 MW). Service Concession arrangements are amortized over the contractual period of 30 years from the commercial operation date or as per the term of Generation License of SMTHL, whichever is lower. As per Generation License, the life of Middle Tamor Hydropower Project is up to 2110/02/21 B.S. The total Intangible Assets net of amortization as on 29 Poush 2081 is NPR. 13,000,990,206 /-
- Previous quarter figures has been rearranged and regrouped whenever necessary.

Management Analysis

- The Company has incurred NPR 252,492,089/- as administrative and other operating expenses during the reporting period. Among such expenses NPR. 228,263,574.91 has been charged as amortization cost of Intangible Assets. NPR. 5,274,416.22 is depreciation of fixed assets and remaining expenses includes administrative and office operating expenses which amount to NPR. 18,954,097.49
- The Company has generated an amount of NPR. 1,070,364,000 as a sale of electricity and incurred NPR. 108,912,997 as plant operating expenses during this period. Among such expenses NPR. 21,407,280.01 is charged as Generation Royalty, NPR. 18,292,767 as Plant Insurance expense, NPR. 9,384,344 as Consultancy expenses NPR. 9,919,411 as Repair & Maintenance, NPR. 25,604,804 as Plant Operating Staff Cost and remaining expense includes administrative and office operating expenses of site which amounts to NPR. 24,304,390.99
- The Company has earned NPR. 1,021,876/- as financial income during the reporting period

Legal Proceedings

- During the reporting 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 reporting period are as follows:

Particulars	This Quarter Ending	Previous Quarter Ending	Corresponding Previous Year Quarter Ending
Maximum price NPR.	582.00	596.00	439.80
Minimum price NPR.	465.10	439.20	230.50
Closing price NPR.	538.10	487.00	435.90
Total Turnover NPR.	1,535,244,923.80	1,998,552,366.90	953,511,135
Total Transactions	19,997	37,912	32,448
No. of transaction Day	55	57	49
Total traded volume (Nos)	2,907,540	3,879,734	2,884,423

Problems & Challenges

Internal Challenges

- Finding skilled human resources in required number and their retention.
- Availability of suitable modern equipment for effective operation maintenance.
- Maintaining high level of operational efficiency.

External Challenges

- Delay of statutory approvals, inconsistent regulatory and policy level commitment from the government regulatory agencies in the operation and maintenance of hydroelectric projects.
- Devaluation of local currency against USD.
- Volatility in Interest rate may impact on profitability.
- Increasing costs of insurances, spare parts, transportation, rental charges of equipment and other services.
- Lack of domestic suppliers for spare parts and difficulties in logistics management.
- Problem to get appropriate insurances policies for hydroelectric projects in Nepal.
- Natural disaster such as flood, earthquake, landslides, etc.
- Climatic changes and extreme hydrological fluctuations.
- Geological risks.
- Challenges to evacuate full generation due to load dispatch instruction and outages of NEA transmission system.

Strategies

- Mobilize available resources for effective operation and maintenance of the plant to maximize the generation.
- Effective fund management as per the project investment plan.
- Adequate insurance policies against potential losses due to natural disasters and normal business risks.
- Maintenance of required equipment and machineries, and arrangement of multiple suppliers for smooth supply of spare parts and operation & maintenance materials.
- Proper strategies and planning for effective operation and maintenance of the power plant.

Corporate Governance

The Board of Directors, Audit Committee, other Committees, and Management Team are committed to strengthening good corporate governance within the Company. SMTHL has written manuals, policies, rules & guidelines for the proper 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 upto the Second Quarter of F.Y 2081/082. I 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 any information necessary for taking informed decision by the investors are not concealed.

Please contact at 01-4372828/4373030 for any further inquiry about the Company.