Sanima Mai Hydropower Ltd.

Dhumbarahi, KMC-4, Kathmandu, Nepal

Unaudited Financial Reports (Quarterly)

As on 1st Quarter (2082.06.31) of the Fiscal Year 2082/083

FIRST QUARTER DISCLOSURE AS OF 2082.06.31
AS PER SECURITIES REGISTRATION AND ISSUANCE REGULATION
ANNEXURE-14 (RELATED TO SUB REGULATION 1 OF REGULATION 26)

Statement of Financial Position	Unaudited This Quarter Ending	Unaudited Previous Quarter Ending	Unaudited Corresponding Previous Year Quarter Ending
Assets			
Non-Current Assets			
Property Plant & Equipment	13,015,027	13,684,071	13,567,478
Intangible Assets	2,958,092,887	2,995,864,069	3,109,177,792
Capital WIP	-	-	1,146,222
Right of Use Assets	10,324,967	10,567,969	1,956,545
Investment in Associates	1,164,901,839	1,123,681,600	567,944,516
Other Investments	2,441,794,400	2,779,469,960	2,650,131,500
Advance towards Investment in Equity	-	-	206,552,500
Current Assets			
Investment in Term Deposits	-	-	20,000,000
Other Financial Assets	514,609,510	522,656,386	538,663,390
Other Assets	8,887,952	14,245,365	9,216,115
Inventories	24,074,144	24,074,144	22,956,481
Cash and Short-term Deposits	234,925,984	153,940,047	549,169,421
Current Tax Assets	-	2,328,486	2,733,211
Total Assets	**7,370,626,709**	**7,640,512,097**	**7,693,215,171**
Liabilities			
Non-Current Liabilities			
Borrowings	107,747,000	107,747,000	577,181,096
Other Financial Liabilities	14,228,218	14,228,218	5,308,721
Other Provisions	3,289,042	3,295,449	2,720,238
Current Liabilities			
Borrowings	357,628,120	469,449,378	314,873,724
Other Financial Liabilities	10,752,288	13,515,865	14,018,101
Other Liabilities	7,166,609	7,336,626	9,778,737
Current Tax Liabilities	12,931,871		
Deferred Tax Liabilities	479,798,648	559,389,191	515,871,000
Total Liabilities	**993,541,796**	**1,174,961,726**	**1,439,751,618**
Equity			
Share Capital	3,737,993,710	3,737,993,710	3,398,176,100
Retained Earnings	1,213,612,788	1,048,821,575	1,299,261,382
Other Reserves	1,425,478,415	1,678,735,085	1,556,026,073
Total Equity	**6,377,084,913**	**6,465,550,370**	**6,253,463,554**
Total Liabilities and Equity	**7,370,626,709**	**7,640,512,096**	**7,693,215,172**
STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME	**Unaudited This Quarter Ending**	**Unaudited Previous Quarter Ending**	**Unaudited Corresponding Previous Year Quarter Ending**
Revenue From Sale of Electricity	220,207,497	684,802,299	261,221,563
Plant Operating Expenses	(23,195,011)	(101,495,138)	(22,901,629)
Gross Profit	197,012,486	583,307,161	238,319,934
Other Income	-	597,737	
Amortization Expenses	(37,771,182)	(151,084,729)	(37,771,006)
Depreciation Expenses	(1,110,670)	(4,142,670)	(796,818)
Administrative and Other Operating Expenses	(5,583,017)	(23,587,470)	(6,747,962)
Net Operating Profit	**152,547,616**	**405,090,028**	**193,004,147**
Financial Costs	(9,796,986)	(69,007,588)	(22,441,429)
Financial Income	1,068,736	9,580,266	2,435,797
Profit/(Loss) before Tax & Bonus	143,819,366	345,662,706	172,998,515
Provision for Staff Bonus	-	(6,913,254)	-
Share of Profit/(Loss) of Associates accounted for using equity method	**41,220,239**	**(4,692,718)**	**29,017,961**
Profit/(Loss) before Tax	**185,039,605**	**334,056,734**	**202,016,476**
Current Tax	(15,420,045)	(10,923,097)	(227,568)
Deferred Tax	(4,828,347)	(2,712,913)	-
Net Profit for the period	**164,791,213**	**320,420,724**	**201,788,908**
Other Comprehensive gain/(loss) for the period, net of tax	**(337,675,560)**	**270,052,470**	**147,963,000**
Total Comprehensive Income for the period, net of tax	**(172,884,347)**	**590,473,194**	**349,751,908**
Major Financial Highlights			
Earnings Per Share (EPS) *	4.41	8.57	5.94
Current Ratio	2.1	1.5	3.37
Return on Assets (ROA)	2.24%	4.19%	2.62%
Net worth Per Share	170.60	172.97	184.02
Market Value Per Share	487	627	559
Price Earnings Ratio	110.47	73.13	94
***Considering the seasonality of electricity generation and revenue EPS has not been annualized.**			

Financial Statements

- Unaudited financial statements for first quarter have been published along with this report.
- An invoice of NPR. 176,655,346 for Mai Hydropower Plant (22 MW) and an invoice of NPR. 43,552,150 for Mai Cascade Hydropower Plant (7 MW) has been raised till Ashwin end, 2082. Besides this, interest on deposits of NPR. 1,068,736 has been reported as Financial Income. Due to heavy rainfall in eastern Nepal, particularly in Ilam, from 17th to 19th Ashwin 2082, various structures at the headworks of the Mai Hydropower Plant sustained significant damages. As a result, the plants remain shut down since 18th Ashwin 2082 and is under repair and maintenance as of the reporting date.
- Mai Hydropower Plant (22 MW) successfully completed ten years of commercial operation on Falgun 14, 2081. In accordance with the provisions of Income Tax Act, 2058, hydropower companies are granted a full income tax exemption for the first ten years of commercial operation, followed by a 50% tax concession for the subsequent five years. Therefore, effective from Falgun 15, 2081, Mai Hydropower Plant is subject to 50% of the applicable income tax rate i.e. 12.5% on its taxable profits. Besides this, income tax on the interest income for term deposit has been provisioned @ 25%.
- As per the Posted Rate Facility Agreement for Mai Hydropower Project (15.6MW), the claimed amount NPR. 286,011,014 is yet to be received.
- All shareholders are requested to check the unclaimed cash dividend on Sanima Capital website and reach out to Sanima Capital, Naxal for unclaimed dividend, if any.
- SHPC has invested NPR 1,840,700,000 in the following companies and those investments are shown under the head "Investment in Associates, Other investment and Advance for Investment" as below:

Investee Company	Investment at cost	
	Listed	Non-Listed
Investment in Associates Companies		
Swet Ganga Hydropower & Construction Ltd. (SGHC)	450,000,000	-
Mathillo Mailun Khola Jalvidhyut Hydropower Ltd. (MMKJL)	237,500,000	-
Sanima Jum Hydropower Limited.	-	600,000,000
Other Investments		
Sanima Middle Tamor Hydropower Ltd (TAMOR)	533,200,000	-
Bavari Construction Pvt. Ltd.	-	20,000,000
Total	1,220,700,000	620,000,000

As of Ashwin 31, 2082, the market value per share for TAMOR is NPR. 454.2 Thus, the total investment in TAMOR has been presented at the fair value of NPR. 2,421,794,400 at first quarter end, 2082-083 under the heading "other investment". The investment in associates has been valued using equity method and unlisted other investments have been presented at cost.

- The previous period's figures are regrouped and re-arranged wherever necessary.

Management Analysis

- Mai and Mai Cascade Hydropower Plants have evacuated its power on the basis of dispatch availability in the 1st quarter of the fiscal year 2082/83.
- Revenue from the Sale of Electricity has decreased by 15.7% compared to the corresponding previous year's quarter ending. Decrease in energy is due to continuous dispatch instruction from Nepal Electricity authority from Shrawan 2082 and damages to various headworks structures of the Mai Hydropower Plant caused by heavy rainfall and flooding on Ashwin 18, 2082. As a result, both plants remain shut-down from Ashwin 18, 2082 to till date.
- The net profit of first quarter has decreased by 20.13% compared to the previous year's quarter ending.
- Financial income has decreased by 56.12% and financial costs has decreased by 56.34% compared to the corresponding previous year's quarter ending as a result of decreased interest rate.
- The company has recognized share of profit/(Loss) of associates accounted for using equity method of NPR. 41,220,239 and other comprehensive gain/(loss) of NPR. (337,675,560) net of tax resulting from fair value measurement of shares invested in Sanima Middle Tamor Hydropower Ltd. (Listed other investment) as on first quarter end, 2082/83. The loss has also been adjusted in other reserves as Fair Value Reserve.

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.	665	685	680
Minimum price NPR.	476	469	335.40
Closing price NPR.	487	627	559
Total Turnover NPR.	6,567,515,907	21,499,255,374	11,817,702,083
Total Transactions	38,019	103,913	69,855
No. of transaction Day	51	63	57
Total traded volume	10,919,210	36,005,469	22,003,694

Problems & Challenges

Internal Challenges

- Retention of skilled human resources.
- To maintain operational efficiency.

External Challenges

- Inconsistent regulatory and policy level commitment from the government regulatory agencies in the development of hydroelectric projects.
- Fluctuating cost of capital and devaluating local currency.
- Delay of statutory approvals.
- Loss due to a natural disaster –flood, Earthquake, drought, force majeure issue, etc.
- Lack of domestic suppliers and vendors for hydropower equipment and spare parts.
- Hydrological Risk.

Strategies

- Implementation of HR optimization plan.
- Lobbying with government agencies for investment friendly environment.
- Adequate insurance policies against the loss due to natural disaster.
- Maintenance of stock of spare parts & equipment.

Corporate Governance

The Board of Directors, Audit Committee, other Committees, and Management Team are committed to strengthening good corporate governance within the company. Sanima Mai has written manuals, policies, rules & guidelines for the proper functioning 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 up to 1st quarter of F.Y 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.