Sanima Mai Hydropower Limited

Dhumbarahi, KMC-4, Kathmandu, Nepal

Unaudited Financial Reports (Quarterly)

As on 2nd 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	Unaudited This Quarter Ending	Unaudited Previous Quarter Ending	Unaudited Corresponding Previous Year Quarter Ending
Assets			
Non-Current Assets			
Property Plant & Equipment	12,174,308	13,015,027	12,477,580
Intangible Assets	2,920,324,494	2,958,092,887	3,071,406,786
Capital WIP	-	-	1,146,222
Right of Use Assets	10,081,965	10,324,967	1,956,546
Investment in Associates	1,186,178,509	1,164,901,839	577,050,220
Other Investments	2,414,068,000	2,441,794,400	3,129,149,200
Advance towards Investment in Equity	-	-	360,000,000
Current Assets			
Investment in Term Deposits	-	-	90,000,000
Other Financial Assets	377,876,049	514,609,510	497,653,773
Other Assets	4,773,680	8,887,952	4,861,397
Inventories	24,932,767	24,074,144	27,297,003
Cash and Short-term Deposits	288,981,397	234,925,984	158,245,778
Current Tax Assets	5,997,250	-	4,029,899
Total Assets	**7,245,388,419**	**7,370,626,709**	**7,935,274,405**
Liabilities			
Non-Current Liabilities			
Borrowings	107,747,000	107,747,000	577,181,096
Other Financial Liabilities	14,228,218	14,228,218	6,922,046
Other Provisions	3,221,603	3,289,042	2,698,372
Current Liabilities			
Borrowings	242,199,740	357,628,120	213,251,067
Other Financial Liabilities	89,768,496	10,752,288	11,250,660
Other Liabilities	7,213,625	7,166,609	14,614,154
Current Tax Liabilities	-	12,931,871	
Deferred Tax Liabilities	463,892,089	479,798,648	583,987,300
Total Liabilities	**928,270,771**	**993,541,796**	**1,409,904,696**
Equity			
Share Capital	3,737,993,710	3,737,993,710	3,398,176,100
Retained Earnings	1,174,440,322	1,213,612,788	1,366,817,295
Other Reserves	1,404,683,616	1,425,478,415	1,760,376,314
Total Equity	**6,317,117,648**	**6,377,084,913**	**6,525,369,709**
Total Liabilities and Equity	**7,245,388,418**	**7,370,626,709**	**7,935,274,405**
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	220,207,497	406,356,179
Plant Operating Expenses	(47,636,202)	(23,195,011)	(46,301,861)
Gross Profit	**172,571,294**	**197,012,486**	**360,054,318**
Other Income	-	-	112,582
Amortization Expenses	(75,539,575)	(37,771,182)	(75,542,012)
Depreciation Expenses	(2,225,190)	(1,110,670)	(1,564,279)
Administrative and Other Operating Expenses	(10,496,959)	(5,583,017)	(12,097,579)
Net Operating Profit	**84,309,570**	**152,547,616**	**270,963,030**
Financial Costs	(17,565,534)	(9,796,986)	(40,062,031)
Financial Income	2,285,161	1,068,736	6,329,366
Profit/(Loss) before Tax & Bonus	**69,029,197**	**143,819,366**	**237,230,365**
Provision for Staff Bonus	**(1,380,584)**	-	**(4,744,607)**
Share of Profit/(Loss) of Associates accounted for using equity method	**62,496,909**	**41,220,239**	**37,430,662**
Profit/(Loss) before Tax	**130,145,522**	**185,039,605**	**269,916,420**
Current Tax	(8,673,386)	(15,420,045)	(735,847)
Deferred Tax	4,146,611	(4,828,347)	
Net Profit for the period	**125,618,748**	**164,791,213**	**269,180,572**
Other Comprehensive gain/(loss) for the period, net of tax	**(274,051,470)**	**(337,675,560)**	**352,311,900**
Total Comprehensive Income for the period, net of tax	**(148,432,722)**	**(172,884,347)**	**621,492,472**
Major Financial Highlights			
Earnings Per Share (EPS) *	3.36	4.41	7.92
Current Ratio	2.1	2.1	3.3
Return on Assets (ROA)	1.73%	2.24%	3.39%
Net worth Per Share	169.00	170.60	192.03
Market Value Per Share	552	487	627
Price Earnings Ratio	164.11	110.47	79.14

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

Financial Statements

- Unaudited financial statements for second 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 18, 2082. This decline was due to damages to various headworks structures caused by heavy rainfall, which resulted in both plants remaining non-operational since 18th Ashwin, 2082 and the plants are under repair and maintenance as of the reporting date.
- Interest income on deposits amounting to NPR. 2,285,161 has been reported as Financial Income.
- 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	**533,200,000**	-
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 Poush 30, 2082, the market value per share for TAMOR is NPR. 449. Thus, the total investment in TAMOR has been presented at the fair value of NPR. 2,394,068,000 at second 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 evacuated power in accordance with dispatch availability during the first quarter of fiscal year 2082/83 up to Ashwin 18, 2082.
- Net profit for the second quarter declined by 53.06% compared to the corresponding quarter of the previous fiscal year. This decline was due to damages to various headworks structures caused by heavy rainfall, which resulted in both plants remaining non-operational since 18th Ashwin, 2082. Repair and maintenance work are currently underway, and operations are expected to resume in the first week of Fagun, 2082.
- Financial costs have decreased by 56.15% compared to the corresponding previous year's quarter ending.
- During the second quarter of FY 2082/83, the Company recognized a share of profit/(loss) of associates accounted for using the equity method amounting to NPR 62,496,909. In addition, other comprehensive loss of NPR 274,051,470 (net of tax) arose from the fair value measurement of shares invested in Sanima Middle Tamor Hydropower Ltd. (listed as other investment) as at the quarter end. The resulting loss has been adjusted in other reserves under 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.	562	665	685
Minimum price NPR.	475	476	469
Closing price NPR.	552	487	627
Total Turnover NPR.	2,372,826,419	6,567,515,907	21,499,255,374
Total Transactions	15,856	38,019	103,913
No. of transaction Day	55	51	63
Total traded volume	4,523,349	10,919,210	36,005,469

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 2nd 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.