



Sanima Mai Hydropower Ltd.

Dhumbarahi, KMC-4, Kathmandu, Nepal

Unaudited Financial Reports (Quarterly)

As on 3rd Quarter (2076.12.30) of the Fiscal Year 2076/077

THIRD QUARTER DISCLOSURE AS OF 2076.12.30

AS PER SECURITIES REGISTRATION AND ISSUANCE REGULATION
ANNEXURE-14 (RELATED TO SUB REGULATION 2 OF REGULATION 22)

Particulars	Unaudited This Quarter Ending	Unaudited Previous Quarter Ending	Unaudited Corresponding Previous Year Quarter Ending
	as on 30-12-2076	as on 29-09-2076	as on 30-12-2075
Assets	NRs	NRs	NRs
Non-Current Assets			
Property Plant & Equipment	19,751,119	15,505,470	12,278,152
Intangible Assets	3,773,940,917	3,812,373,037	3,907,175,814
Capital work in progress	2,669,385	2,669,385	2,612,935
Investment in associates	242,500,000	242,500,000	140,000,000
Other Financial Assets	10,013,282	10,013,282	5,094,833
Other Assets	3,995,492	4,035,051	4,153,729
Advance towards Investment in Equity	930,750,000	900,750,000	653,250,000
Current Assets			
Current tax assets	1,596,853	1,112,453	8,018,522
Cash and short-term deposits	219,130,890	213,747,989	426,119,958
Other Financial Assets	290,025,568	332,001,180	260,298,660
Inventories	12,436,327	12,457,322	17,786,552
Current other Assets	2,797,493	7,680,597	3,266,992
Total Assets	5,509,607,326	5,554,845,768	5,440,056,147
Liabilities			
Non-Current Liabilities			
Borrowings	2,234,549,815	2,234,549,815	2,470,100,354
Other Financial Liabilities	8,501,116	8,501,116	24,366,139
Other provisions	2,330,502	1,689,751	3,641,055
Current Liabilities			
Borrowings	65,550,091	123,965,019	54,417,204
Other Financial Liabilities	39,561,250	33,452,300	22,773,969
Other Liabilities	1,181,268	19,133,299	1,749,493
Current Tax liabilities	1,032,406	604,032	8,798,685
Total Liabilities	2,352,706,448	2,421,895,331	2,585,846,899
Equity			
Share Capital	2,321,000,000	2,321,000,000	2,321,000,000
Advance to Equity Share Capital	232,100,000	232,100,000	-
Other Reserves	241,670	241,670	69,688,668
Retained Earnings	603,559,208	579,608,767	463,520,580
Total Equity	3,156,900,878	3,132,950,437	2,854,209,248
Total Liabilities and Equity	5,509,607,326	5,554,845,768	5,440,056,147

Particulars	Unaudited This Quarter Ending	Unaudited Previous Quarter Ending	Unaudited Corresponding Previous Year Quarter Ending
	from 01/04/2076 to 30/12/2076	from 01/04/2076 to 29/09/207	from 01/04/2075 to 30/12/2075
Revenue From Sale of Electricity	670,162,024	527,678,716	602,823,884
Plant operating expenses	(44,803,541)	(30,392,094)	(54,678,434)
Gross profit	625,358,483	497,286,622	548,145,450
Other Income	773,300	43,629	12,904
Other operating and administrative expenses including plant insurance & Depreciation	(139,174,605)	(88,658,349)	(142,143,187)
Net operating profit	486,957,178	408,671,901	406,015,166
Financial costs	(184,708,123)	(127,572,331)	(209,078,186)
Financial income	10,645,442	7,416,111	41,243,476
Profit/(Loss) before tax & bonus	312,894,497	288,515,682	238,180,456
Provision for Staff Bonus	-	-	-
Profit/(Loss) before tax	312,894,497	288,515,682	238,180,456
Income Tax Expense	(1,032,406)	(604,032)	(8,798,685)
Net Profit For the Period	311,862,091	287,911,650	229,381,771

1. Financial Statements

- The unaudited financial statements for third quarter have been published along with this report.
- Pursuant to Life of the project, the company has amortized the intangible assets so that all the investments made on electricity generation, transmission or distribution is paid back in average of 30 years from Commercial Operation Date. In case of other Fixed Assets, depreciation has been calculated based on Written Down Value as per the Provisions of the Income Tax Act, 2058.
- Till the end of Chaitra 2076, Mai Hydropower Project (22 MW) has generated the invoice of NPR. 514,569,651 and Mai Cascade Hydropower Project (7 MW) has generated the invoice of NPR. 155,592,373. Beside this, interest on deposit is also reported as revenue/ Income.
- Company has claimed NPR 345,304,599 for 20% additional claim till Chaitra end 2076 as per "Posted Rate" of facility agreement 2071 with Nepal Electricity Authority for Mai Hydropower Project (15.6MW). Posted rate receivable amount NPR. 169,825,535 has already received from NEA on different dates. Current Other Financial Assets includes NPR 175,479,063 receivables for posted rate claim.
- As per Budget for FY 2071-72, Under topic "Urja Ujyalo Nepal Sambhridha Nepal" point 61 "For Projects completed and connected to National Grid by 2079-80, Lump sum amount of Nrs.50 lakhs/MW to be provided as Government Grant. Additional 10% will be provided to those project which will be completed and connected to National Grid by 2074-75." Mai Hydropower Plant (22MW) and Mai Cascade hydropower plant (7MW) have been completed and connected to National Grid on 2071-11-14 and on 2072-10-29 respectively, this income has not been included in Revenue/Income as it is not received yet.
- 10% bonus share and 0.5263% cash dividend for tax purpose declared by 8th AGM has been adjusted on retained earnings. Tax on dividend has been paid and amount equivalent to bonus share has been shown as Advance to Equity Share Capital. The amount will be transferred to equity share capital after approval from the concerned authorities. It is in legal process.
- Income tax provision on interest income from term deposit has been accounted i.e. 25% of NPR. 4,129,624 = NPR 1,032,406.
- SMHL has committed to invest NPR 1,230,750,000 in below company and out of which, it has provided the funds as "Investment in Associates" & "Advance for Investment" below.

Associate Company	Investment in associates*	Advance for Investment**
Swet Ganga Hydropower & Construction Ltd.	-	450,000,000
Sanima Middle Tamor Hydropower Ltd	120,000,000	360,000,000
Mathillo Mailun Khola Jalvidhyut Hydropower Ltd.	117,500,000	62,500,000
Tamor Sanima Energy Pvt. Ltd.	-	55,000,000
Bavari Construction Pvt. Ltd.	5,000,000	3,250,000
Total	242,500,000	930,750,000

Major Financial Highlights

Earnings Per Share (EPS) till 3rd quarter	12.20	Net-worth Per Share	123.65
Current Ratio	5.00	Market Value Per Share	198.00

Management Analysis

- Mai and Mai cascade hydropower plant has evacuated its power on the basis of dispatch availability in 3rd quarter of fiscal year 2076/077.
- Revenue has been increased by 11.17% as compared to corresponding previous year quarter ending due to favorable rainfall during the period.
- Plant operating expenses, administrative expenses and financial costs have been decreased as compared to corresponding previous year quarter ending.
- As a result, profit has increased by 36% as compared to corresponding previous year quarter ending.
- 10% bonus share as approved by 8th AGM will be dematerialize soon after getting approval from concerned authorities. SMHL has applied for necessary approvals immediately after the AGM. It will be completed as soon as lock down due to COVID-19 is opened.

2. Legal Proceedings

- During the period there are no legal cases against the Company and from the company.

Analysis of Company's Share Transaction

- SMHL shares were actively traded during second quarter.
- The major highlights of Share transactions during the quarter are as follows:

Maximum price NPR.	272	Total Transactions	4,924
Minimum price NPR.	189	No. of transaction Day	46
Closing price NPR.	198	Total traded volume	1,949,882
Turnover NPR.	442,157,983		

3. Problems & Challenges

Internal Challenges

- Retention of skilled human resource.
- To maintain the operational efficiency.

External Challenges

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

4. Corporate Governance

Board of Directors, Audit Committee, other Committees and Management Team are committed for strengthening good corporate governance within the company. Sanima Mai has written manual, policies, rules & guidelines for proper functioning of the operation of the company.

5. Declaration

I the General Manager of this Company, take the responsibility of accuracy of the information and details mentioned in this report for the period up to third quarter of F.Y 2076/077, 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.