

Sanima Mai Hydropower Limited

Dhumbarahi, KMC-4, Kathmandu, Nepal

Unaudited Financial Reports (Quarterly)

As on 1st Quarter (2079.06.31) of the Fiscal Year 2079/080

FIRST QUARTER DISCLOSURE AS OF 2079.06.31

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	Audited Previous Quarter Ending	Un-Audited Corresponding Previous Year Quarter Ending
	as on 31-06-2079	as on 32-03-2079	as on 31-06-2078
Assets			
Non-Current Assets			
Property Plant & Equipment	13,874,442	14,570,363	14,999,384
Intangible Assets	3,404,740,682	3,441,876,732	3,549,130,391
Right of Use Assets	3,756,737	3,756,737	-
Held to Maturity Financial Assets	272,200,000	352,300,000	60,000,000
Investment in associates	1,761,200,000	1,225,700,000	1,225,700,000
Advance towards Investment in Equity	40,875,000	35,875,000	86,750,000
Current Assets			
Other Financial Assets	603,800,685	556,298,545	557,859,471
Other Assets	10,407,068	15,152,804	9,150,722
Inventories	18,985,105	18,985,105	19,062,885
Cash and Short-term Deposits	296,524,318	73,081,444	139,361,629
Current Tax Assets	1,738,929	2,948,331	489,133
Total Assets	6,428,102,966	5,740,545,061	5,662,503,614
Liabilities			
Non-Current Liabilities			
Borrowings	1,351,450,097	1,351,450,097	1,713,412,048
Other Financial Liabilities	6,128,340	6,128,340	-
Other Provisions	1,375,916	1,375,916	1,851,431
Current Liabilities			
Borrowings	254,677,409	334,334,356	196,810,913
Other Financial Liabilities	13,213,474	14,183,130	20,413,056
Other Liabilities	12,775,727	12,511,214	9,862,673
Total Liabilities	1,639,620,963	1,719,983,053	1,942,350,121
Equity			
Share Capital	3,089,251,000	3,089,251,000	2,808,410,000
Retained Earnings	1,154,230,940	921,810,946	905,196,996
Other Reserves	545,000,062	9,500,062	6,546,497
Total Equity	4,788,482,003	4,020,562,008	3,720,153,493
Total Liabilities and Equity	6,428,102,966	5,740,545,061	5,662,503,614
Statement of Profit or Loss & Other Comprehensive Income	Unaudited This Quarter Ending	Audited Previous Quarter Ending	Un-Audited Corresponding Previous Year Quarter Ending
Revenue From Sale of Electricity	321,738,394	935,026,594	343,862,130
Plant Operating Expenses	(21,735,476)	(88,882,937)	(19,763,501)
Gross Profit	300,002,918	846,143,657	324,098,629
Other Income	-	51,843	1,374
Administrative and Other Operating Expenses	(43,580,372)	(175,269,870)	(43,572,500)
Net Operating Profit	256,422,546	670,925,630	280,527,504
Financial Costs	(33,292,441)	(146,080,994)	(38,233,854)
Financial Income	11,934,589	42,678,825	1,059,495
Profit/(Loss) before Tax & Bonus	235,064,694	567,523,461	243,353,145
Provision for Staff Bonus	-	(11,350,469)	-
Profit/(Loss) before Tax	235,064,694	556,172,992	243,353,145
Income Tax Expense	(2,644,699)	(10,002,682)	(177,308)
Net Profit for the Year	232,419,994	546,170,309	243,175,836
Other Comprehensive gain/(loss) for the year, net of tax	535,500,000	-	-
Total Comprehensive Income for the year, net of tax	767,919,994	546,170,309	243,175,836

Major Financial Highlights

Earnings Per Share (EPS)	7.52	17.68	8.66
Current Ratio	3.32	1.85	3.20
Return on Assets (ROA)	3.62%	9.51%	4.29%
Networth Per Share	155.00	130.15	132.46
Market Value Per Share	252	306	383

Financial Statements

- The unaudited financial statements for the first quarter have been published along with this report.
- Pursuant to the Life of the project, the company has amortized the intangible assets so that all the investments made on electricity generation, transmission, or distribution are paid back in an average of 30 years from the Commercial Operation Date. In the 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 Ashwin 2079, Mai Hydropower Plant (22 MW) has generated the invoice of NPR. 241,094,525 and Mai Cascade Hydropower Plant (7 MW) has generated the invoice of NPR. 80,643,869. Besides this, interest on deposits is also reported as Financial Income.
- As per the Posted Rate Facility Agreement for Mai Hydropower Project (15.6MW), the company is eligible to claim the additional rate for 7 years from Baisakh, 2072 to Chaitra 2078. The company has claimed NPR 502,804,068 with Nepal Electricity Authority during the eligible period. Out of the total claimed amount, NPR. 216,809,470 has already been received from NEA on different dates while NPR. 285,994,598 is yet to be received.
- As per Budget for F/Y 2071-72, Under the topic "Urja Ujyalo Nepal Sambhridha Nepal" point 61 'For Projects completed and connected to National Grid by 2079-80, the Lump sum amount of NPR. 50 lakhs/MW is to be provided as Government Grant. An additional 10% will be provided to those projects which will be completed and connected to National Grid by 2074-75.' Mai Hydropower Plant (22MW) and Mai Cascade hydropower plant (7MW) were completed and connected to National Grid on 2071-11-14 and on 2072-10-29 respectively which makes the company eligible for the above-mentioned grant from GON. However, such income has not been included in Revenue/Income since the same has not been received yet.
- Income tax provision on the interest income from term deposit has been accounted @ 25% totaling NPR 2,644,699.
- The 11th AGM of Sanima Mai Hydropower Ltd. (SHPC) held on 2nd Kartik, 2079 approved 5.2632% cash dividend, which has been already distributed to the shareholders. However, the event occurring after the quarter end is yet to be adjusted in the financial statements present above.
- SHPC has committed to invest NPR 1,740,700,000 in the following companies and which have been shown under the heads as "Investment in Associates" & "Advance for Investment" below:

Associate Company	Committed to Investment	Investment at cost in associates	Advance for Investment
Swet Ganga Hydropower & Construction Ltd.	450,000,000	450,000,000	-
Sanima Middle Tamor Hydropower Ltd	533,200,000	533,200,000	-
Mathillo Mailun Khola Jalvidhyut Hydropower Ltd.	237,500,000	237,500,000	-
Bavari Construction Pvt. Ltd.	20,000,000	5,000,000	7,375,000
Sanima Jum Hydropower Limited.	500,000,000	-	28,500,000
Total	1,740,700,000	1,225,700,000	35,875,000

Swet Ganga Hydropower & Construction Ltd. has been listed in the share market as a public company. The market value as on Ashwin 31, 2079 is NPR. 219 per share. Thus, the investment in the company has been presented at the fair value of total NPR. 985,500,000 (Cost was NPR 450,000,000) at the first quarter end, 2079 under the heading investment in associates.

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

Management Analysis

- Mai and Mai Cascade Hydropower Plant have evacuated its power on the basis of dispatch availability in the 1st quarter of the fiscal year 2079/80.
- Financial income has increased by 1026.4% compared to the corresponding previous year's quarter ending.
- The plant operating expenses have increased by 10% and financial costs have decreased by 12.9% compared to the corresponding previous year's quarter ending.
- Revenue from the Sale of Electricity has decreased by 6.4% compared to the corresponding previous year's quarter ending. This negative impact is due to completion of the Posted Rate Facility Agreement which ended on Chaitra 2078 for Mai Hydropower Project (15.6 MW). As a result, the net profit for the first quarter end of FY 2079/080 has decreased by 4.4% compared to the previous year's quarter ending.
- The company has recognized other comprehensive gain of NPR. 535,500,000 resulting from fair value measurement of shares invested in Swet Ganga Hydropower and Construction Ltd. (Listed Associate Company) as on First Quarter end, 2079. The gain has also been shown under 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.	352	406	675
Minimum price NPR.	250	269	377.40
Closing price NPR.	252	306	383
Total Turnover NPR.	1,166,975,307	1,121,077,776	7,444,774,652
Total Transactions	17,632	16,561	59,152
No. of transaction Day	66	65	57
Total traded volume	3,730,195	3,438,904	12,741,588

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 measure issue, etc.
- Lack of domestic suppliers and vendors for hydropower equipment and spare parts.
- Hydrological Risk.

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 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 up to the 1st quarter of F.Y 2079/080, 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 Company Secretary Mr. Jayanta Kumar Regmi cell no. 9841221570 for further inquiry about the company.