



Sanima Mai Hydropower Ltd.

Dhumbarahi, KMC-4, Kathmandu, Nepal

Unaudited Financial Reports (Quarterly)

As on 3rd Quarter (2082.12.30) of the Fiscal Year 2082/083

THIRD QUARTER DISCLOSURE AS OF 2082.12.30 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	12,183,176	12,453,990	12,195,097
Intangible Assets	2,975,888,534	2,895,536,232	3,034,782,002
Right of Use Assets	9,838,963	10,081,965	1,956,546
Investment in Associates	1,818,008,951	1,802,400,043	1,118,203,649
Other Investments	20,000,000	20,000,000	260,000,000
Advance towards Investment in Equity			360,000,000
Current Assets			
Investment in Term Deposits	-	-	90,000,000
Other Financial Assets	402,741,598	377,876,049	446,424,120
Other Assets	3,083,815	4,773,680	2,861,883
Inventories	31,497,213	24,932,767	27,186,904
Cash and Short-term Deposits	128,646,565	288,981,397	133,808,581
Current Tax Assets	16,119,080	5,997,250	7,086,178
Total Assets	5,418,007,895	5,443,033,374	5,494,504,959
Liabilities			
Non-Current Liabilities			
Borrowings	107,747,000	107,747,000	577,181,096
Other Financial Liabilities	14,228,218	14,228,218	5,308,720
Other Provisions	3,221,603	3,221,603	2,698,372
Current Liabilities			
Borrowings	123,029,400	242,199,740	108,331,144
Other Financial Liabilities	161,911,813	89,278,324	10,619,058
Other Liabilities	1,024,811	7,213,625	5,472,041
Deferred Tax Liabilities	20,688,438	3,964,442	-
Total Liabilities	431,851,283	467,852,952	709,610,431
Equity			
Share Capital	3,737,993,710	3,737,993,710	3,737,993,710
Retained Earnings	1,238,598,500	1,227,467,065	1,038,407,796
Other Reserves	9,564,401	9,719,647	8,493,021
Total Equity	4,986,156,611	4,975,180,422	4,784,894,528
Total Liabilities and Equity	5,418,007,895	5,443,033,374	5,494,504,959

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	311,275,475	220,207,497	512,954,570
Plant Operating Expenses	(76,107,774)	(47,636,202)	(73,697,417)
Gross Profit	235,167,701	172,571,294	439,257,154
Other Income	82,192	-	112,582
Amortization Expenses	(114,823,726)	(75,176,028)	(113,313,018)
Depreciation Expenses	(2,983,825)	(1,945,508)	(2,407,763)
Administrative and Other Operating Expenses	(41,844,203)	(35,648,768)	(17,852,749)
Net Operating Profit	75,598,140	59,800,991	305,796,206
Financial Costs	(22,949,117)	(17,565,534)	(54,518,721)
Financial Income	3,205,829	2,285,161	8,006,559
Profit/(Loss) before Tax & Bonus	55,854,852	44,520,618	259,284,044
Provision for Staff Bonus	(1,117,097)	(890,412)	(5,185,681)
Share of Profit/(Loss) of Associates accounted for using equity method	106,300,173	91,458,600	57,574,039
Profit/(Loss) before Tax	161,037,928	135,088,805	311,672,402
Current Tax	(7,689,657)	(8,673,386)	(930,025)
Deferred Tax	(17,866,738)	(1,142,741)	-
Net Profit for the period	135,481,534	125,272,678	310,742,377

Major Financial Highlights			
Earnings Per Share (EPS) *	3.62	3.35	8.31
Current Ratio	2.0	2.1	5.69
Return on Assets (ROA)	2.50%	2.30%	5.66%
Net worth Per Share	133.39	133.10	128.01
Market Value Per Share	529	552	466
Price Earnings Ratio	145.93	164.56	56.06

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

Financial Statements

- Unaudited financial statements for third quarter have been published along with this report.
- An invoice of NPR. 245,489,871 for Mai Hydropower Plant (22 MW) and an invoice of NPR. 65,785,604 for Mai Cascade Hydropower Plant (7 MW) has been raised till Chaitra, 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 to 10th Falgun, 2082. After repairing essential and major components, both the plants resumed their operation from Falgun 10, 2082 (10:46 AM). Other auxiliary structures' repair works are ongoing.
- Following the incident on Ashwin 18, 2082, the Company has written off the damaged assets and capitalized the cost of replacement assets in accordance with the applicable accounting standards. Accordingly, the necessary adjustments have been incorporated in the financial statements.
- Interest income on deposits amounting to NPR. 3,205,829 has been reported as Financial Income.
- Mai Hydropower Plant (22 MW) and Mai Cascade Hydropower Plant (7 MW) successfully completed ten years of commercial operation on Falgun 14, 2081 and Magh 29, 2082 respectively. 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 for Mai Hydropower Plant and Magh 29, 2082 for Mai Cascade Hydropower Plant are 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%.
- During the period, the Company classified its investment in Sanima Middle Tamor Hydropower Limited as an investment in associate on the basis of significant influence. Consequently, the investment previously recognized under other investments at fair value through reserves has been reclassified as investment in associate, and the related accounting adjustments have been reflected in the financial statements.
- 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 and Other 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
Sanima Middle Tamor Hydropower Ltd (TAMOR)	533,200,000	-
Other Investments		
Bavari Construction Pvt. Ltd.	-	20,000,000
Total	1,220,700,000	620,000,000

- 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. After repairing major structures and essential components required for safe and functional plant operation, following the construction, the plant was resumed successfully from Falgun 10, 2082 at 10:46 AM, after.
- Net profit for the third quarter declined by 39.32% 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 to 10th Falgun, 2082. After repairing essential and major components, both the plants resumed their operation from Falgun 10, 2082 (10:46 AM). Other auxiliary structures' repair works are ongoing. Financial costs have decreased by 57.91% compared to the corresponding previous year's quarter ending.
- During the third quarter of FY 2082/83, the Company recognized a share of profit/(loss) of associates accounted for using the equity method amounting to NPR 106,301,779.

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.	588.00	562.30	515
Minimum price NPR.	495.20	475.00	443
Closing price NPR.	528.90	551.50	466
Total Turnover NPR.	3,885,928,831.50	2,372,826,419.30	2,953,835,629
Total Transactions	24,586.00	15,856.00	21,012
No. of transaction Day	53.00	55.00	56
Total traded volume	7,075,742.00	4,523,349.00	5,951,238

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 devaluing 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.
- Challenges in obtaining cost-effective insurance coverage.

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 3rd quarter of FY 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.