



# Sanima Mai Hydropower Ltd.

Dhumbarahi, KMC-4, Kathmandu, Nepal

## Unaudited Financial Reports (Quarterly)

As on 3rd Quarter (2080.12.30) of the Fiscal Year 2080/081

### THIRD QUARTER DISCLOSURE AS OF 2080.12.30 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	Un-Audited Corresponding Previous Year Quarter Ending
<b>Assets</b>			
Non-Current Assets			
Property Plant & Equipment	10,484,726	11,180,557	12,445,317
Intangible Assets	3,184,631,371	3,222,437,129	3,329,341,747
Right of Use Assets	2,856,641	2,856,641	3,756,737
Investment in Associates	565,581,015	596,149,057	687,500,000
Other Investments	2,102,535,100	2,377,666,300	2,942,072,000
Advance towards Investment in Equity	30,000,000	-	28,500,000
Current Assets			
Investment in Term Deposits	175,000,000	162,000,000	538,690,000
Other Financial Assets	447,468,824	477,361,220	466,653,756
Other Assets	4,160,400	5,794,893	3,765,936
Inventories	24,294,990	23,568,372	19,954,728
Cash and Short-term Deposits	542,876,590	598,367,233	45,521,883
Current Tax Assets	17,468,567	17,704,508	2,365,594
<b>Total Assets</b>	<b>7,107,358,224</b>	<b>7,495,085,911</b>	<b>8,080,567,697</b>
<b>Liabilities</b>			
Non-Current Liabilities			
Borrowings	990,504,850	990,504,850	1,351,450,097
Other Financial Liabilities	5,308,720	5,308,720	6,128,340
Other Provisions	10,217,225	9,919,618	1,375,916
Current Liabilities			
Borrowings	95,364,077	187,742,097	97,515,515
Other Financial Liabilities	10,088,641	10,380,970	10,117,883
Other Liabilities	706,738	1,605,347	8,907,594
Deferred Tax Liabilities	378,971,900	447,754,700	-
<b>Total Liabilities</b>	<b>1,491,162,152</b>	<b>1,653,216,303</b>	<b>1,475,495,344</b>
<b>Equity</b>			
Share Capital	3,398,176,100	3,089,251,000	3,089,251,000
Retained Earnings	1,074,484,165	1,402,734,400	1,117,449,290
Other Reserves	1,143,535,808	1,349,884,208	2,398,372,062
<b>Total Equity</b>	<b>5,616,196,073</b>	<b>5,841,869,609</b>	<b>6,605,072,352</b>
<b>Total Liabilities and Equity</b>	<b>7,107,358,224</b>	<b>7,495,085,911</b>	<b>8,080,567,697</b>
<b>STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME</b>	<b>Unaudited This Quarter Ending</b>	<b>Unaudited Previous Quarter Ending</b>	<b>Corresponding Previous Year Quarter Ending</b>
Revenue From Sale of Electricity	596,416,570	499,232,414	620,370,505
Plant Operating Expenses	(65,683,442)	(41,868,164)	(68,057,079)
<b>Gross Profit</b>	<b>530,733,128</b>	<b>457,364,250</b>	<b>552,313,426</b>
Other Income	446,216	-	6,767,129
Administrative and Other Operating Expenses	(131,247,584)	(87,836,099)	(130,323,486)
<b>Net Operating Profit</b>	<b>399,931,760</b>	<b>369,528,151</b>	<b>428,757,070</b>
Financial Costs	(80,438,369)	(50,715,096)	(92,420,485)
Financial Income	41,470,894	27,270,862	37,448,494
<b>Profit/(Loss) before Tax &amp; Bonus</b>	<b>360,964,286</b>	<b>346,083,918</b>	<b>373,785,078</b>
Provision for Staff Bonus	(7,219,286)	(6,921,678)	(7,475,702)
<b>Share of Profit/(Loss) of Associates accounted for using equity method</b>	<b>(29,324,652)</b>	<b>1,243,390</b>	<b>-</b>
<b>Profit/(Loss) before Tax</b>	<b>324,420,348</b>	<b>340,405,630</b>	<b>366,309,377</b>
Income Tax Expense	(9,638,182)	(6,298,328)	(8,078,875)
<b>Net Profit for the Period</b>	<b>314,782,166</b>	<b>334,107,302</b>	<b>358,230,502</b>
<b>Other Comprehensive gain/(loss) for the year, net of tax</b>	<b>397,100,700</b>	<b>603,449,100</b>	<b>-</b>
<b>Total Comprehensive Income for the year, net of tax</b>	<b>711,882,866</b>	<b>937,556,402</b>	<b>358,230,502</b>
<b>Major Financial Highlights</b>			
Earnings Per Share (EPS)	9.26	10.82	11.60
Current Ratio	11.41	6.43	9.24
Return on Assets (ROA)	4.43%	4.46%	4.43%
Net-worth Per Share	165.27	189.10	213.81
Market Value Per Share	340	374	337
Price Earnings Ratio	36.70	34.56	29.06

#### Financial Statements

- The unaudited financial statements for the third quarter have been published along with this report.
- Pursuant to life of the project, the company has amortized intangible assets so that all investments made on electricity generation, transmission, or distribution are paid back in an average of 30 years from the Commercial Operation Date. In case of other fixed assets, depreciation has been calculated based on Written Down Value method.
- At the end of Chaitra 2080, an invoice of NPR. 445,012,657 has been raised for Mai Hydropower Plant (22 MW) and an invoice of NPR. 151,403,913 has been raised for Mai Cascade Hydropower Plant (7 MW). Besides this, interest on deposits has been reported as Financial Income.
- As per the Posted Rate Facility Agreement for Mai Hydropower Project (15.6MW), the company was eligible to claim the additional rate for 7 years from Baisakh, 2072 to Chaitra 2078. The company has claimed NPR 502,820,484 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. 286,011,014 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 9,638,182.
- List of unclaimed cash dividend for FY 2074-075 and FY 2076-77 has been published on company's website: www.maihydro.com under "News and Reports" section and Sanima Capital's website <https://www.sanima.capital/> under result section Pending Cash Dividend. SMS notification has also been sent for unclaimed cash dividend to concerned shareholders. All shareholders are requested to check the list and reach out to Sanima Capital, Naxal for unclaimed dividend, if any.
- SHPC had committed to invest NPR 2,740,700,000 in the following companies and those investments has been shown under the head "Investment in Associates and other investment" below:

Investee Company	Committed to Investment	Investment at cost	Advance for Investment
Investment in Associates Companies			
Swet Ganga Hydropower & Construction Ltd. (SGHC)	450,000,000	450,000,000	-
Mathillo Mailun Khola Jalvidhyut Hydropower Ltd.	237,500,000	237,500,000	-
Other Investments			
Sanima Middle Tamor Hydropower Ltd (TAMOR)	533,200,000	533,200,000	-
Sanima Jum Hydropower Limited.	1,500,000,000	33,447,500	30,000,000
Bavari Construction Pvt. Ltd.	20,000,000	20,000,000	-
<b>Total</b>	<b>2,740,700,000</b>	<b>1,274,147,500</b>	<b>30,000,000</b>

As of Chaitra 30, 2080, the market value per share for TAMOR is NPR. 384.30. Thus, the total investment in the company TAMOR has been presented at the fair value of NPR. 2,049,087,600 at third quarter end, 2080 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 12th Annual General Meeting of the company dated Kartik 23, 2080 has declared bonus dividend of 10% out of total retained earnings. The bonus shares have been transferred to related shareholder's account and already listed at Nepal Stock Exchange.
- 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 3rd quarter of the fiscal year 2080/81.
- Revenue from the Sale of Electricity has decreased by 3.86% compared to the corresponding previous year's quarter ending. The net profit for the third quarter end of FY 2080/081 has decreased by 12.13% compared to the previous year's quarter ending. The major reason for such decrement is due to loss accounted under share of profit/(loss) of associates using equity method.
- Financial income has increased by 10.74% compared to the corresponding previous year's quarter ending.
- The plant operating expenses have decreased by 3.49% compared to the corresponding previous year's quarter ending.
- The financial costs have decreased by 12.96% compared to the corresponding previous year's quarter ending.
- The company has recognized share of profit/(Loss) of associates accounted for using equity method of NPR. (29,324,652) and other comprehensive gain of NPR. 397,100,700 net of tax resulting from fair value measurement of shares invested in Sanima Middle Tamor Hydropower Ltd. (Listed other investment) as on third quarter end, 2080. 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.	383	380	367
Minimum price NPR.	334	282	300
Closing price NPR.	340	374	337
Total Turnover NPR.	837,990,592	626,643,624	1,174,414,548
Total Transactions	10,434	7,415	13,158
No. of transaction Day	58	49	56
Total traded volume	2,375,328	1,801,646	3,589,210

#### 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.

##### 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 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 3rd quarter of FY 2080/081, 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.