



Sanima Mai Hydropower Ltd.

Dhumbarahi, KMC-4, Kathmandu, Nepal

Unaudited Financial Reports (Quarterly)

As on 3rd Quarter (2081.12.31) of the Fiscal Year 2081/082

THIRD QUARTER DISCLOSURE AS OF 2081.12.31 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	12,195,097	12,477,580	10,484,726
Intangible Assets	3,034,782,002	3,072,553,008	3,184,631,371
Right of Use Assets	1,956,546	1,956,546	2,856,641
Investment in Associates	562,780,744	576,468,672	565,581,015
Other Investments	3,057,967,000	3,129,149,200	2,102,535,100
Advance towards Investment in Equity	360,000,000	360,000,000	30,000,000
Current Assets			
Investment in Term Deposits	90,000,000	90,000,000	175,000,000
Other Financial Assets	446,424,120	497,653,773	447,468,824
Other Assets	2,861,883	4,861,397	4,160,400
Inventories	27,186,904	27,297,003	24,294,990
Cash and Short-term Deposits	133,808,581	158,245,778	542,876,590
Current Tax Assets	7,086,178	4,029,899	17,468,567
Total Assets	7,737,049,055	7,934,692,856	7,107,358,224
Liabilities			
Non-Current Liabilities			
Borrowings	577,181,096	577,181,096	990,504,850
Other Financial Liabilities	5,308,720	6,922,046	5,308,720
Other Provisions	2,698,372	2,698,372	10,217,225
Current Liabilities			
Borrowings	108,331,144	213,251,067	95,364,077
Other Financial Liabilities	10,619,058	11,250,660	10,088,641
Other Liabilities	5,472,041	14,614,154	706,738
Deferred Tax Liabilities	566,191,750	583,987,300	378,971,900
Total Liabilities	1,275,802,181	1,409,904,696	1,491,162,152
Equity			
Share Capital	3,737,993,710	3,398,176,100	3,398,176,100
Retained Earnings	1,016,263,499	1,366,235,746	1,074,484,165
Other Reserves	1,706,989,664	1,760,376,314	1,143,535,808
Total Equity	6,461,246,873	6,524,788,161	5,616,196,073
Total Liabilities and Equity	7,737,049,055	7,934,692,856	7,107,358,224
STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME	Unaudited This Quarter Ending	Unaudited Previous Quarter Ending	Corresponding Previous Year Quarter Ending
Revenue From Sale of Electricity	512,954,570	406,356,179	596,416,570
Plant Operating Expenses	(73,697,417)	(46,301,861)	(65,683,442)
Gross Profit	439,257,154	360,054,318	530,733,128
Other Income	112,582	112,582	446,216
Administrative and Other Operating Expenses	(133,573,530)	(89,203,870)	(131,247,584)
Net Operating Profit	305,796,206	270,963,030	399,931,760
Financial Costs	(54,518,721)	(40,062,031)	(80,438,369)
Financial Income	8,006,559	6,329,366	41,470,894
Profit/(Loss) before Tax & Bonus	259,284,044	237,230,365	360,964,286
Provision for Staff Bonus	(5,185,681)	(4,744,607)	(7,219,286)
Share of Profit/(Loss) for Associates accounted for using equity method	23,742,734	37,430,662	(29,324,652)
Profit/(Loss) before Tax	277,841,098	269,916,420	324,420,348
Income Tax Expense	(930,025)	(735,847)	(9,638,182)
Net Profit for the period	276,911,072	269,180,572	314,782,166
Other Comprehensive gain/(loss) for the period, net of tax	298,925,250	352,311,900	397,100,700
Total Comprehensive Income for the period, net of tax	575,836,322	621,492,472	711,882,866
Major Financial Highlights			
Earnings Per Share (EPS) *	7.41	7.92	9.26
Current Ratio	5.69	3.27	11.41
Return on Assets (ROA)	3.58%	3.39%	4.43%
Net worth Per Share	172.85	192.01	165.27
Market Value Per Share	474.91	456.30	340.00
Price Earnings Ratio	62.90	57.57	36.70

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

Financial Statements

- The unaudited financial statements for third quarter have been published along with this report.
 - At the end of Chaitra 2081, an invoice of NPR. 384,471,444 has been raised for Mai Hydropower Plant (22 MW) and an invoice of NPR. 128,483,125 has been raised for Mai Cascade Hydropower Plant (7 MW). Besides this, interest on deposits of NPR. 8,006,559 has been reported as Financial Income. Income tax provision on the interest income from term deposit has been accounted @ 25% totaling NPR 930,025.
 - The Mai Hydropower Plant (22 MW) successfully completed ten years of commercial operation on Fagun 14, 2081. In accordance with the provisions of the 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 Fagun 15, 2081, the Mai Hydropower Plant shall be subject to 50% of the applicable income tax rate on its taxable profits, in line with the prevailing tax laws.
- 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		Advance for Investment
	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	-	-
Other Investments			
Sanima Middle Tamor Hydropower Ltd (TAMOR)	533,200,000	-	-
Sanima Jum Hydropower Limited.	-	240,000,000	360,000,000
Bavari Construction Pvt. Ltd.	-	20,000,000	-
Total	1,220,700,000	260,000,000	360,000,000

As of Chaitra 31, 2081, the market value per share for TAMOR is NPR. 524.75 Thus, the total investment in the company TAMOR has been presented at the fair value of NPR. 2,797,967,000 at third quarter end, 2081 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 13th Annual General Meeting of the company dated Poush 28, 2081 has declared bonus dividend of 10% of share capital 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 2081/82.
- Revenue from the Sale of Electricity has decreased by 13.99% compared to the corresponding previous year's quarter ending. Decrease in energy is caused due to damage of four numbers of NEA's 132 kV Kabeli corridor line. NEA could not offtake power from Sanima Mai as well as almost 20 more IPPs during the maintenance of those four damaged towers which lasted for a period of 37 days from Ashwin 12, 2081 to Kartik 19, 2081.
- The net profit for the third quarter end of FY 2081/082 has decreased by 12.03% compared to the previous year's quarter ending.
- Financial income has decreased by 80.69% and financial costs has decreased by 32.22% 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. 23,742,734 and other comprehensive gain of NPR. 298,925,250 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, 2081/82. 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.	514.60	612.00	383.00
Minimum price NPR.	443.10	438.00	334.00
Closing price NPR.	474.91	456.30	340.00
Total Turnover NPR.	2,953,835,629	3,644,225,545	837,990,592
Total Transactions	21,012	23,588	10,434
No. of transaction Day	56	55	58
Total traded volume	5,951,238	6,714,157	2,375,328

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 3rd quarter of FY 2081/082, 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.