



Sanima Mai Hydropower Ltd.

Dhumbarahi, KMC-4, Kathmandu, Nepal

Unaudited Financial Reports (Quarterly)

As on 2nd Quarter (2080.09.29) of the Fiscal Year 2080/081

SECOND QUARTER DISCLOSURE AS OF 2080.09.29 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
Assets			
Non-Current Assets			
Property Plant & Equipment	11,180,557	11,192,992	12,852,309
Intangible Assets	3,222,437,129	3,260,242,885	3,367,041,215
Right of Use Assets	2,856,641	2,856,641	3,756,737
Investment in Associates	596,149,057	601,847,063	640,244,018
Other Investments	2,377,666,300	1,322,463,500	553,200,000
Advance towards Investment in Equity	-	-	28,500,000
Current Assets			
Investment in Term Deposits	162,000,000	237,000,000	462,500,000
Other Financial Assets	477,361,220	602,300,958	487,851,318
Other Assets	5,794,893	10,412,151	5,888,670
Inventories	23,568,372	23,568,372	19,512,445
Cash and Short-term Deposits	598,367,233	395,291,591	106,583,190
Current Tax Assets	17,704,508	2,401,609	2,508,687
Total Assets	7,495,085,911	6,469,577,762	5,690,438,588
Liabilities			
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	9,919,618	3,093,241	1,375,916
Current Liabilities			
Borrowings	187,742,097	277,227,411	172,447,437
Other Financial Liabilities	10,380,970	13,475,744	10,861,450
Other Liabilities	1,605,347	10,181,330	8,206,815
Deferred Tax Liabilities	447,754,700	183,954,000	-
Total Liabilities	1,653,216,303	1,483,745,296	1,550,470,055
Equity			
Share Capital	3,089,251,000	3,089,251,000	3,089,251,000
Retained Earnings	1,402,734,400	1,338,084,356	1,040,914,124
Other Reserves	1,349,884,208	558,497,110	9,803,409
Total Equity	5,841,869,609	4,985,832,466	4,139,968,533
Total Liabilities and Equity	7,495,085,911	6,469,577,763	5,690,438,588
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	499,232,414	329,879,168	504,930,392
Plant Operating Expenses	(41,868,164)	(22,880,863)	(40,637,072)
Gross Profit	457,364,250	306,998,305	464,293,320
Other Income	-	-	5,006,489
Administrative and Other Operating Expenses	(87,836,099)	(43,732,201)	(87,404,321)
Net Operating Profit	369,528,151	263,266,104	381,895,488
Financial Costs	(50,715,096)	(26,769,952)	(63,625,900)
Financial Income	27,270,862	12,710,794	22,850,876
Profit/(Loss) before Tax & Bonus	346,083,918	249,206,946	341,120,463
Provision for Staff Bonus	(6,921,678)	-	(6,822,409)
Share of Profit/(Loss) of Associates accounted for using equity method	1,243,390	7,367,604	(6,115,418)
Profit/(Loss) before Tax	340,405,630	256,574,550	328,182,636
Income Tax Expense	(6,298,328)	(2,935,298)	(5,043,389)
Net Profit for the Period	334,107,302	253,639,252	323,139,247
Other Comprehensive gain/(loss) for the year, net of tax	603,449,100	(187,953,000)	-
Total Comprehensive Income for the year, net of tax	937,556,402	65,686,252	323,139,247
Major Financial Highlights			
Earnings Per Share (EPS)	10.82	8.21	10.46
Current Ratio	6.43	4.22	5.66
Return on Assets (ROA)	4.46%	3.92%	5.68%
Net worth Per Share	189.10	161.39	134.01
Market Value Per Share	374	285	346
Price Earnings Ratio	34.56	34.71	33.08

Financial Statements

- The unaudited financial statements for the second 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 Poush 2080, an invoice of NPR. 374,861,048 has been raised for Mai Hydropower Plant (22 MW) and an invoice of NPR. 124,371,367 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 6,298,328.
- List of unclaimed cash dividend for FY 7074-075 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
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
Bavari Construction Pvt. Ltd.	20,000,000	20,000,000
Total	2,740,700,000	1,274,147,500

As of Poush 29, 2080, the market value per share for TAMOR is NPR. 435.90. Thus, the total investment in the company TAMOR has been presented at the fair value of NPR. 2,324,218,800 at the second quarter end, 2080 under the heading other investment. The investment in associates 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 however are still in the process of listing at Securities Exchange Board of Nepal and has not been shown in the financial statements above.
- 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 2nd quarter of the fiscal year 2080/81.
- Revenue from the Sale of Electricity has decreased by 1.13% compared to the corresponding previous year's quarter ending. The net profit for the second quarter end of FY 2080/081 has increased 3.39% compared to the previous year's quarter ending.
- Financial income has increased by 19.34% compared to the corresponding previous year's quarter ending.
- The plant operating expenses have increased by 3.03% compared to the corresponding previous year's quarter ending.
- The financial costs have decreased by 20.29% 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. 1,243,390 and other comprehensive gain of NPR. 603,449,100 net of tax resulting from fair value measurement of shares invested in Sanima Middle Tamor Hydropower Ltd. (Listed other investment) as on second 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.	380	380	375
Minimum price NPR.	282.3	283	250
Closing price NPR.	373.8	285	346
Total Turnover NPR.	626,643,624	833,812,215	854,704,441
Total Transactions	7,415	10,177	10,801
No. of transaction Day	49	61	52
Total traded volume	1,801,646	2,376,247	2,794,909

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 2nd 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.