Sanima Mai Hydropower Limited

Dhumbarahi, KMC-4, Kathmandu, Nepal

Unaudited Financial Reports (Quarterly)

As on 4th Quarter (2083.03.32) of the Fiscal Year 2082/083

Statement of Financial Position	Unaudited This Quarter Ending	Unaudited Previous Quarter Ending	Corresponding Previous Year Quarter Ending (Audited)
Assets			
Non-Current Assets			
Property Plant & Equipment	11,561,698	12,183,176	13,684,071
Intangible Assets	3,010,781,173	2,975,888,534	2,995,864,069
Right of Use Assets	10,091,889	9,838,963	10,567,968
Investment in Associates	1,882,033,557	1,818,008,951	1,123,681,600
Other Investments	20,000,000	20,000,000	2,779,469,960
Current Assets			
Other Financial Assets	446,935,438	402,741,598	522,656,387
Other Assets	19,524,691	3,083,815	14,245,365
Inventories	26,846,856	31,497,213	24,074,144
Cash and Short-term Deposits	23,702,921	128,646,565	153,940,047
Current Tax Assets	3,027,050	16,119,080	2,328,486
Total Assets	**5,454,505,271**	**5,418,007,895**	**7,640,512,097**
Liabilities			
Non-Current Liabilities			
Borrowings	-	107,747,000	107,747,000
Other Financial Liabilities	16,727,813	14,228,218	14,228,218
Other Provisions	3,737,556	3,221,603	3,295,449
Current Liabilities			
Borrowings	107,747,000	123,029,400	469,449,378
Other Financial Liabilities	152,101,862	161,911,813	13,515,865
Other Liabilities	2,993,818	1,024,811	7,336,626
Deferred Tax Liabilities	31,485,965	20,688,438	559,389,191
Total Liabilities	**314,794,014**	**431,851,283**	**1,174,961,727**
Equity			
Share Capital	3,737,993,710	3,737,993,710	3,737,993,710
Retained Earnings	1,388,228,686	1,238,598,500	1,048,821,575
Other Reserves	13,488,860	9,564,401	1,678,735,085
Total Equity	**5,139,711,256**	**4,986,156,611**	**6,465,550,370**
Total Liabilities and Equity	**5,454,505,271**	**5,418,007,895**	**7,640,512,097**

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	512,739,994	311,275,475	684,802,299
Plant Operating Expenses	(96,603,505)	(76,107,774)	(101,495,138)
Gross Profit	**416,136,489**	**235,167,701**	**583,307,161**
Other Income	154,283	82,192	597,737
Amortization Expenses	(161,718,729)	(114,823,726)	(151,084,729)
Depreciation Expenses	(4,169,143)	(2,983,825)	(4,142,670)
Administrative and Other Operating Expenses	(49,519,711)	(41,844,203)	(23,587,470)
Net Operating Profit	**200,883,190**	**75,598,140**	**405,090,028**
Financial Costs	(25,529,149)	(22,949,117)	(69,007,588)
Financial Income	3,582,468	3,205,829	9,580,266
Profit/(Loss) before Tax & Bonus	**178,936,509**	**55,854,852**	**345,662,706**
Provision for Staff Bonus	(3,578,730)	(1,117,097)	(6,913,254)
Share of Profit/(Loss) of Associates accounted for using equity method	**170,695,083**	**106,300,173**	**(4,692,718)**
Profit/(Loss) before Tax	**346,052,862**	**161,037,928**	**334,056,734**
Current Tax	(23,938,182)	(7,689,657)	(10,923,097)
Deferred Tax	(28,664,264)	(17,866,738)	(2,712,913)
Net Profit for the period	**293,450,415**	**135,481,534**	**320,420,724**
Other Comprehensive gain/(loss) for the period, net of tax	**-**	**-**	270,052,470
Total Comprehensive Income for the period, net of tax	**293,450,415**	**135,481,534**	**590,473,194**

Major Financial Highlights			
Earnings Per Share (EPS) *	7.85	3.62	8.57
Current Ratio	1.98	2.04	1.5
Return on Assets (ROA)	5.38%	2.50%	4.19%
Net worth Per Share	137.50	133.39	172.97
Market Value Per Share	490.00	528.90	627.00
Price Earnings Ratio	62.42	145.93	73.15

FOURTH QUARTER DISCLOSURE AS OF 2083.03.32
AS PER SECURITIES REGISTRATION AND ISSUANCE REGULATION
ANNEXURE-14 (RELATED TO SUB REGULATION 1 OF REGULATION 26)

Financial Statements

- The unaudited financial statements for fourth quarter have been published along with this report.
- An invoice of NPR. 397,153,929 for Mai Hydropower Plant (22 MW) and an invoice of NPR. 115,586,065 for Mai Cascade Hydropower Plant (7 MW) has been raised till Ashadh, 2083. The decline in revenue was primarily attributable to damage to various headworks structures caused by heavy rainfall, resulting in both plants remaining non-operational from 18th Ashwin 2082 to 10th Falgun 2082. Following the repair and replacement of essential and major components, both plants resumed operation on 10th Falgun 2082 at 10:46 AM.
- Following the incident of 18th Ashwin 2082, Company wrote off damaged assets of around NPR. 2.54 Crores and capitalized the cost of replacement assets of NPR. 20.18 Crores in accordance with applicable accounting standards. Accordingly, the necessary accounting adjustments have been incorporated into financial statements.
- Interest income on deposits amounting to NPR. 3,582,468 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 14th Falgun 2081 and 29th Magh 2082, respectively. In accordance with the provisions of Income Tax Act, 2058, hydropower companies are entitled to a full income tax exemption for first ten years of commercial operation, followed by a 50% tax concession for subsequent five years. Accordingly, effective from 15th Falgun 2081 for Mai Hydropower Plant and from 29th Magh 2082 for Mai Cascade Hydropower Plant, taxable profits are subject to income tax at 50% of applicable rate, i.e., 12.5% which have been duly provisioned for. In addition, income tax on interest income from term deposits has been provided at the rate of 25%.
- During the fiscal year, Company reclassified its investment in Sanima Middle Tamor Hydropower Limited as an investment in an associate based on Company's significant influence. Consequently, the investment previously recognized under **other investments** at fair value through reserves has been reclassified as an **investment in associate**, and the related accounting adjustments have been reflected in financial statements.
- Under the Posted Rate Facility Agreement for Mai Hydropower Project (15.6 MW), claimed amount of NPR 286,011,014 remains outstanding and is yet to be received.
- An insurance claim for revenue loss incurred during the period from 18th Ashwin 2082 to 10th Falgun 2082, together with the property damage caused by heavy rainfall, has been submitted to the insurance company. The claim is currently under process for settlement.
- Loan obtained for construction of Mai Hydropower Plant (22 MW) was fully repaid in Ashadh 2083. Loan for Mai Cascade Hydropower Plant (7 MW) is expected to be fully settled by Chaitra 2083.
- All shareholders are requested to check 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 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**

- During FY 2082/83, Mai and Mai Cascade Hydropower Plants evacuated power in accordance with the dispatch availability. However, both plants remained non-operational from 18th Ashwin 2082 to 10th Falgun 2082 due to damage to major headworks structures caused by heavy rainfall. Following the repair and replacement of major structures and essential components required for safe and functional operation, both plants successfully resumed operation on 10th Falgun 2082 at 10:46 AM.
- Net profit for fourth quarter declined by 8.42% compared to the corresponding quarter of previous fiscal year. The decline was primarily attributable to the damage to various headworks structures caused by heavy rainfall, which resulted in both plants remaining non-operational from 18th Ashwin 2082 to 10th Falgun 2082. Following the completion of necessary repairs to major structures and essential components, both plants resumed operation on 10th Falgun 2082 at 10:46 AM.
- The financial costs decreased by 63.01% compared to the corresponding quarter of previous fiscal year.
- During the fourth quarter of FY 2082/83, Company recognized its share of profit/(loss) from associates accounted for under the equity method amounting to NPR 170,695,083.

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.	555	588	685
Minimum price NPR.	482.1	495.2	469
Closing price NPR.	490	528.9	627
Total Turnover NPR.	1,231,008,276	3,885,928,832	21,499,255,374
Total Transactions	9,271	24,586	103,913
No. of transaction Day	64	53	63
Total traded volume	2,399,827	7,075,742	36,005,469

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 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.
- 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 responsibility for accuracy of the information and details mentioned in this report for the period up to 4th quarter of F.Y 2082/083, hereby declare that information and details provided in this report are true, based on facts, and complete to 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.