



# Sanima Mai Hydropower Limited

Dhumbarahi, KMC-4, Kathmandu, Nepal

## Unaudited Financial Reports (Quarterly)

As on 2nd Quarter (2079.09.30) of the Fiscal Year 2079/080

### SECOND QUARTER DISCLOSURE AS OF 2079.09.30 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 as on 30-09-2079	Unaudited Previous Quarter Ending as on 31-06-2079	Un-Audited Corresponding Previous Year Quarter Ending as on 30-09-2078
<b>Assets</b>			
Non-Current Assets			
Property Plant & Equipment	12,852,309	13,874,442	15,224,400
Intangible Assets	3,367,041,215	3,404,740,682	3,510,642,525
Right of Use Assets	3,756,737	3,756,737	
Held to Maturity Financial Assets	462,500,000	272,200,000	317,600,000
Investment in associates	2,341,850,000	1,761,200,000	1,225,700,000
Advance towards Investment in Equity	28,500,000	40,875,000	86,750,000
Current Assets			
Other Financial Assets	487,851,318	603,800,685	500,748,932
Other Assets	5,888,670	10,407,068	4,554,303
Inventories	19,512,445	18,985,105	19,062,885
Cash and Short-term Deposits	106,583,190	296,524,318	18,172,083
Current Tax Assets	2,508,687	1,738,929	3,241,847
<b>Total Assets</b>	<b>6,838,844,570</b>	<b>6,428,102,966</b>	<b>5,701,696,974</b>
<b>Liabilities</b>			
Non-Current Liabilities			
Borrowings	1,351,450,097	1,351,450,097	1,713,412,048
Other Financial Liabilities	6,128,340	6,128,340	-
Other Provisions	1,375,916	1,375,916	1,871,608
Current Liabilities			
Borrowings	172,447,437	254,677,409	124,347,635
Other Financial Liabilities	10,861,450	13,213,474	22,020,657
Other Liabilities	8,206,815	12,775,727	1,527,439
<b>Total Liabilities</b>	<b>1,550,470,055</b>	<b>1,639,620,963</b>	<b>1,863,179,387</b>
<b>Equity</b>			
Share Capital	3,089,251,000	3,089,251,000	3,089,251,000
Retained Earnings	1,088,473,453	1,154,230,940	742,720,090
Other Reserves	1,110,650,062	545,000,062	6,546,497
Total Equity	5,288,374,515	4,788,482,003	3,838,517,587
Total Liabilities and Equity	6,838,844,570	6,428,102,966	5,701,696,974

STATEMENT OF PROFIT OR LOSS	Unaudited This Quarter Ending	Unaudited Previous Quarter Ending	Corresponding Previous Year Quarter Ending
Revenue From Sale of Electricity	504,930,392	321,738,394	576,575,873
Plant Operating Expenses	(40,637,072)	(21,735,476)	(37,775,111)
<b>Gross Profit</b>	<b>464,293,320</b>	<b>300,002,918</b>	<b>538,800,762</b>
Other Income	5,006,489	-	51,374
Administrative and Other Operating Expenses	(87,404,321)	(43,580,372)	(89,783,726)
<b>Net Operating Profit</b>	<b>381,895,488</b>	<b>256,422,546</b>	<b>449,068,411</b>
Financial Costs	(63,625,900)	(33,292,441)	(73,155,153)
Financial Income	22,850,876	11,934,589	3,931,018
<b>Profit/(Loss) before Tax &amp; Bonus</b>	<b>341,120,463</b>	<b>235,064,694</b>	<b>379,844,275</b>
Provision for Staff Bonus	(6,822,409)	-	(7,596,886)
Profit/(Loss) before Tax	334,298,054	235,064,694	372,247,390
Income Tax Expense	(5,043,389)	(2,644,699)	(793,416)
<b>Net Profit for the period</b>	<b>329,254,665</b>	<b>232,419,994</b>	<b>371,453,973</b>
Other Comprehensive gain/(loss) for the period, net of tax	1,101,150,000	535,500,000	-
<b>Total Comprehensive Income for period, net of tax</b>	<b>1,430,404,665</b>	<b>767,919,994</b>	<b>-</b>

#### Major Financial Highlights

Earnings Per Share (EPS)	10.66	7.52	12.02
Current Ratio	3.25	3.32	3.69
Return on Assets (ROA)	4.81%	3.62%	6.51%
Net worth Per Share	171.19	155.00	124.25
Market Value Per Share	346	252	459
Price Earnings Ratio	32.46	33.50	38.17

#### Financial Statements

- The unaudited financial statements for the second quarter have been published along with this report.
- Pursuant to the Life of the project, the company has amortized the intangible assets so that all the investments made on electricity generation, transmission, or distribution are paid back in an average of 30 years from the Commercial Operation Date. In the case of other Fixed Assets, depreciation has been calculated based on Written Down Value as per the provisions of the Income Tax Act, 2058.
- Till the end of Poush 2079, Mai Hydropower Plant (22 MW) has generated the invoice of NPR. 378,552,097 and Mai Cascade Hydropower Plant (7 MW) has generated the invoice of NPR. 126,378,295. 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 is eligible to claim the additional rate for 7 years from Baisakh, 2072 to Chaitra 2078. The company has claimed NPR 502,804,068 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. 285,994,598 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 5,043,389.
- The insurance Claim for the damages to the civil structure caused by heavy rainfall in Kartik, 2078 has been received from Insurance company and recorded as other income in this quarter of FY 2079-80.
- The 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. All the shareholders are kindly requested to check the list and reach out to Sanima Capital, Naxal for unclaimed dividend, if any.
- SHPC has committed to invest NPR 1,740,700,000 in the following companies and which have been shown under the heads as "Investment in Associates" & "Advance for Investment" below:

Associate Company	Committed to Investment	Investment at cost in associates	Advance for Investment
Swet Ganga Hydropower & Construction Ltd.	450,000,000	450,000,000	-
Sanima Middle Tamor Hydropower Ltd	533,200,000	533,200,000	-
Mathillo Mailun Khola Jalvidhyut Hydropower Ltd.	237,500,000	237,500,000	-
Bavari Construction Pvt. Ltd.	20,000,000	20,000,000	-
Sanima Jum Hydropower Limited.	500,000,000	-	28,500,000
<b>Total</b>	<b>1,740,700,000</b>	<b>1,240,700,000</b>	<b>28,500,000</b>

Swet Ganga Hydropower & Construction Ltd. has been listed in the share market as a public company. The market value as on Poush 30, 2079 is NPR. 344.70 per share. Thus, the investment in the company has been presented at the fair value of total NPR. 1,551,150,000 (Cost was NPR 450,000,000) at the second quarter end, 2079 under the heading investment in associates.

- The previous period's figures are regrouped and re-arranged wherever necessary.

#### Management Analysis

- Mai and Mai Cascade Hydropower Plant have evacuated its power on the basis of dispatch availability in the 2nd quarter of the fiscal year 2079/80.
- Revenue from the Sale of Electricity has decreased by 12.4% compared to the corresponding previous year's quarter ending. The decreased revenue is due to the end of Posted Rate Facility Agreement for Mai Hydropower Project (15.6 MW) as well as unfavorable hydrological condition during this quarter. As a result, the net profit for the second quarter end of FY 2079/080 has decreased by 11.4% compared to the previous year's quarter ending.
- Financial income has increased by 481.3% compared to the corresponding previous year's quarter ending.
- The plant operating expenses have increased by 7.6% and administrative expenses has decreased by 2.7% compared to the corresponding previous year's quarter ending.
- The financial costs have decreased by 13% compared to the corresponding previous year's quarter ending.
- The company has recognized other comprehensive gain of NPR. 1,101,150,000 resulting from fair value measurement of shares invested in Swet Ganga Hydropower and Construction Ltd. (Listed Associate Company) as on second quarter end, 2079. 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.	375	352	406
Minimum price NPR.	250	250	269
Closing price NPR.	346	252	306
Total Turnover NPR.	854,704,441	1,166,975,307	1,121,077,776
Total Transactions	10,801	17,632	16,561
No. of transaction Day	52	66	65
Total traded volume	2,794,909	3,730,195	3,438,904

#### 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 measure 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 2079/080, 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)4372828/30 for further inquiry about the company.