



Sanima Middle Tamor Hydropower Limited

Dhumbarahi, KMC-4, Kathmandu, Nepal

Unaudited Financial Reports (Quarterly)

As on 3rd Quarter (2082.12.30) of the Fiscal Year 2082/083

THIRD QUARTER DISCLOSURE AS OF 2082.12.30 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 As on 30-12-2082 | Unaudited Previous Quarter Ending As on 30-09-2082 | Unaudited Corresponding Previous Year Quarter Ending As on 31-12-2081 |
|---|---|---|--|
| Assets | | | |
| Non-Current Assets | | | |
| Property Plant & Equipment | 60,879,900 | 62,757,391 | 57,391,515 |
| Intangible Assets | 12,861,284,823 | 12,958,666,244 | 12,869,699,184 |
| ROU Assets | 9,886,976 | 9,945,418 | |
| Current Assets | | | |
| Inventories | 87,382,324 | 879,48,679 | 23,759,816 |
| Cash and cash equivalents | 281,276,107 | 300,801,212 | 471,069,704 |
| Other Financial Assets | 714,464,523 | 638,068,655 | 501,577,465 |
| Other Current Assets | 36,381,245 | 47,235,605 | 13,968,563 |
| Current tax assets | 4,664,828 | 4,659,757 | 4,256,371 |
| Total Assets | 14,056,020,725 | 14,110,082,972 | 13,941,722,619 |
| Liabilities | | | |
| Non-Current Liabilities | | | |
| Borrowings (Long Term Loan) | 9,287,138,349 | 9,287,138,349 | 9,658,528,353 |
| Other Financial Liabilities (Retention) | 156,719,176 | 156,639,388 | 660,525,492 |
| Provisions | 1624,381 | 1,719,968 | 1,502,009 |
| Lease Liability | 10,874,621 | 10,874,621 | |
| Current Liabilities | | | |
| Current Borrowings | 46,659,200 | 119,891,200 | 25,560,000 |
| Other Financial Liabilities | 624,616,796 | 676,976,618 | 115,985,277 |
| Other Current Liabilities | 6,929,896 | 5,319,386 | 8,231,336 |
| Lease Current Liabilities | 70,926 | 141,852 | |
| Total Liabilities | 10,134,633,345 | 10,258,701,382 | 10,470,332,467 |
| Equity | | | |
| Share Capital | 3,332,500,000 | 3,332,500,000 | 3,332,500,000 |
| Less Calls In Arrears | (3,000) | (3,000) | (3,000) |
| Net Share Capital | 3,332,497,000 | 3,332,497,000 | 3,332,497,000 |
| Retained Earnings | 584,596,434 | 514,590,644 | 138,401,858 |
| Other Reserves | 4,293,946 | 4,293,946 | 491,294 |
| Total Equity | 3,921,387,380 | 3,851,381,590 | 3,471,390,152 |
| Total Liabilities and Equity | 14,056,020,725 | 14,110,082,972 | 13,941,722,619 |
| Statement of Profit or Loss | Unaudited This Quarter Ending 2082.04.01 to 2082.12.30 | Unaudited Previous Quarter Ending 2082.04.01 to 2082.09.30 | Unaudited Corresponding Previous Year Quarter Ending 2081.04.01 to 2081.12.31 |
| Revenue (Construction) | 25,598,828 | 7,554,346 | 22,765,543 |
| Cost of Sales (Construction) | (25,598,828) | (7,554,346) | (22,765,543) |
| Revenue From Sale of Electricity | 1,311,728,599 | 889,135,340 | 1,380,340,209 |
| Plant operating expenses | (177,970,666) | (109,392,871) | (174,871,506) |
| Gross Profit | 1,134,531,533 | 779,742,469 | 1,205,468,703 |
| Other Income | 76,632 | - | - |
| Administration Expenses | (29,446,366) | (21,071,025) | (29,242,258) |
| Amortization and Depreciation | (360,935,466) | (241,428,381) | (348,664,889) |
| Net operating Profit/(Loss) | 744,226,334 | 517,243,062 | 827,561,556 |
| Financial costs | (462,960,066) | (316,890,967) | (601,215,004) |
| Financial income | 3,419,568 | 2,520,984 | 2,258,864 |
| Foreign exchange gain/(loss) | (28,529,309) | (18,178,399) | (10,620,205) |
| Profit/(Loss) before tax & bonus | 256,147,527 | 184,704,660 | 217,985,211 |
| Provision for Staff Bonus | (5,122,951) | (3,694,093) | (4,359,704) |
| Profit/(Loss) before tax | 251,024,576 | 181,010,566 | 213,625,507 |
| Income Tax Provision | (8,219,18) | - | - |
| Deferred Tax Income/(Expense) | - | - | - |
| Net Profit/(Loss) | 251,016,357 | 181,010,566 | 213,625,507 |
| Major Financial Highlights | | | |
| Period | As on 30-12-2082 | As on 30-09-2082 | As on 31-12-2081 |
| Earnings Per Share (EPS)* | 7.53 | 5.43 | 6.34 |
| Current Ratio (CR) | 1.66 | 1.34 | 6.77 |
| Net Worth Per Share | 117.67 | 115.57 | 104.17 |
| Return on Assets (ROA) | 1.79 | 1.28 | 1.52 |
| Market Value Per Share | 454.00 | 449.00 | 524.75 |
| P/E Ratio | 60.27 | 82.66 | 82.70 |

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

Financial Statements

- The Unaudited financial statements for the third quarter have been published as a part of this report.
- The Construction Revenue and Construction Cost for the reporting period as per IFRIC-12 is NPR. 25,598,828 /-
- Service concession arrangement of Sanima Middle Tamor Hydropower Limited (SMTHL) includes operating Middle Tamor Hydropower Project (MTHP-73 MW). Service Concession arrangements are amortized over the contractual period of the project which is up to 2110/02/21 B.S. The total intangible Assets net of amortization as on 30 Chaitra 2082 is NPR. 12,861,284,823/-
- Previous quarter figures has been rearranged and regrouped whenever necessary.

Management Analysis

- The Company has incurred NPR. 29,446,366/- as administrative expenses during the reporting period and NPR. 360,935,466/- as amortization of project assets and depreciation of fixed assets. The Company has generated an amount of NPR. 1,311,728,599 as a sale of electricity and incurred NPR. 177,970,666 as plant operating expenses during this period. Among such expenses NPR. 26,234,572 is Generation Royalty expense, NPR. 27,891,379 is Plant Insurance expense, NPR. 5,564,517 is Consultancy expenses, NPR. 41,275,706 is Repair & Maintenance, NPR. 37,867,041 as Plant Operating Staff Cost and remaining expense includes administrative and office operating expenses of site which amounts to NPR. 38,363,851
- The Company has earned NPR. 3,419,568 /- as financial income during the reporting period

Legal Proceedings

- During the reporting 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 reporting period are as follows:

| Particulars | This Quarter Ending | Previous Quarter Ending | Corresponding Previous Year Quarter Ending |
|---------------------------|---------------------|-------------------------|--|
| Maximum price NPR. | 475.00 | 502.30 | 637.00 |
| Minimum price NPR. | 396.40 | 437.00 | 495.00 |
| Closing price NPR. | 454.00 | 449.00 | 538.10 |
| Total Turnover NPR. | 2,205,428,921.80 | 317,502,604.90 | 2,470,918,303.70 |
| Total Transactions | 20,554 | 7,593 | 27,913 |
| No. of transaction Day | 53 | 55 | 56 |
| Total traded volume (No.) | 4,935,527 | 681,970 | 4,288,108 |

Problems & Challenges

Internal Challenges

- Finding skilled human resources in required number and their retention.
- Availability of suitable modern equipment for effective operation maintenance.

External Challenges

- Delay of statutory approvals, inconsistent regulatory and policy level commitment from the government regulatory agencies in the operation and maintenance of hydroelectric projects.
- Devaluation of local currency against USD.
- Interest rate may impact the profitability.
- Problem to get appropriate insurances policies for hydroelectric projects in Nepal.
- Natural disaster such as flood, earthquake, landslides, etc.
- Climatic changes and extreme hydrological fluctuations.
- Geological risks.
- Challenges to evacuate full generation due to load dispatch instruction and outages of NEA transmission system.

Strategies

- Mobilize available resources for effective operation and maintenance of the plant to maximize the generation.
- Effective fund management as per the project investment plan.
- Adequate insurance policies against potential losses due to natural disasters and normal business risks.
- Maintenance of required equipment and machineries, and arrangement of multiple suppliers for smooth supply of spare parts and operation & maintenance materials.
- Proper strategies and planning for effective operation and maintenance of the power plant.

Corporate Governance

The Board of Directors, Audit Committee, other Committees, and Management Team are committed to strengthening good corporate governance within the Company. SMTHL has written manuals, policies, rules & guidelines for the proper 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 Third Quarter of FY 2082/083. I 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 any information necessary for taking informed decision by the investors are not concealed.

Please contact at 01-4372828/4373030 for any further inquiry about the Company.