



## Sanima Middle Tamor Hydropower Limited

Dhumbarahi, KMC-4, Kathmandu, Nepal

### Unaudited Financial Reports (Quarterly)

 As on 2<sup>nd</sup> Quarter (2082.09.30) of the Fiscal Year 2082/083

#### SECOND QUARTER DISCLOSURE AS OF 2082.09.30 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	Unaudited Previous Quarter Ending	Unaudited Corresponding Previous Year Quarter Ending
	As on 30-09-2082	As on 31-06-2082	As on 29-09-2081
<b>Assets</b>			
Non-Current Assets			
Property Plant & Equipment	62,757,391	62,100,193	56,809,506
Intangible Assets	12,958,666,244	13,070,826,786	13,000,990,206
Current Assets			
Inventories	87,948,679	25,226,697	10,995,554
Cash and cash equivalents	300,801,212	169,761,452	418,092,595
Other Financial Assets	638,068,665	872,359,169	575,136,304
Other Current Assets	47,235,605	51,987,082	26,485,359
Current tax assets	4,659,757	4,659,695	4,070,784
ROU Assets	9,945,418	10,222,718	
<b>Total Assets</b>	<b>14,110,082,972</b>	<b>14,267,143,791</b>	<b>14,092,580,308</b>
<b>Liabilities</b>			
Non-Current Liabilities			
Borrowings (Long Term Loan)	9,287,138,349	9,287,138,349	9,100,281,775
Other Financial Liabilities ( Retention)	156,639,388	163,970,476	660,252,284
Provisions	1,719,968	1,740,057	1,517,428
Lease Liability	10,874,621	10,874,621	
Current Liabilities			
Current Borrowings	119,891,200	251,708,800	572,932,380
Other Financial Liabilities	676,976,618	669,170,133	214,051,985
Other Current Liabilities	5,319,386	1,902,624	11,962,123
Lease Current Liabilities	141,852	251,301	
<b>Total Liabilities</b>	<b>10,258,701,382</b>	<b>10,386,756,361</b>	<b>10,560,997,974</b>
<b>Equity</b>			
Share Capital	3,332,500,000	3,332,500,000	3,332,500,000
Less Calls In Arrears	(3,000)	(3,000)	(3,000)
<b>Net Share Capital</b>	<b>3,332,497,000</b>	<b>3,332,497,000</b>	<b>3,332,497,000</b>
Retained Earnings	514,590,644	543,596,484	198,594,040
Other Reserves	4,293,946	4,293,946	491,294
<b>Total Equity</b>	<b>3,851,381,590</b>	<b>3,880,387,430</b>	<b>3,531,582,334</b>
<b>Total Liabilities and Equity</b>	<b>14,110,082,972</b>	<b>14,267,143,791</b>	<b>14,092,580,308</b>
<b>Statement of Profit or Loss</b>	<b>Unaudited This Quarter Ending</b>	<b>Unaudited Previous Quarter Ending</b>	<b>Unaudited Corresponding Previous Year Quarter Ending</b>
	<b>2082.04.01 to 2082.09.30</b>	<b>2082.04.01 to 2082.06.31</b>	<b>2081.04.01 to 2081.09.29</b>
Revenue (Construction)	7,554,346	4,447,010	246,066,366
Cost of Sales (Construction)	(7,554,346)	(4,447,010)	(246,066,366)
Revenue From Sale of Electricity	889,135,340	574,666,865	1,070,364,000
Plant operating expenses	(109,392,871)	(56,284,644)	(108,912,997)
<b>Gross profit</b>	<b>779,742,468</b>	<b>518,382,221</b>	<b>961,451,004</b>
Other Income	-	-	-
Administration Expenses	(21,071,025)	(11,825,775)	(18,954,098)
Amortization and Depreciation	(241,428,381)	(123,247,764)	(233,537,991)
<b>Net operating profit/(Loss)</b>	<b>517,243,062</b>	<b>383,308,682</b>	<b>708,958,915</b>
Financial costs	(316,880,987)	(166,622,146)	(419,663,374)
Financial income	2,520,984	1,315,990	1,021,876
Foreign exchange gain/(loss)	(18,178,399)	(7,986,119)	(10,278,411)
<b>Profit/(Loss) before tax &amp; bonus</b>	<b>184,704,660</b>	<b>210,016,407</b>	<b>280,039,006</b>
Provision for Staff Bonus	(3,694,093)	-	(5,600,780)
<b>Profit/(Loss) before tax</b>	<b>181,010,566</b>	<b>210,016,407</b>	<b>274,438,226</b>
Income Tax Expense	-	-	-
Deferred Tax Income/(Expense)	-	-	-
<b>Net Profit/(Loss)</b>	<b>181,010,566</b>	<b>210,016,407</b>	<b>274,438,226</b>
<b>Major Financial Highlights</b>			
Period	As on 30-09-2082	As on 31-06-2082	As on 29-09-2081
Earnings Per Share (EPS)*	5.43	6.30	8.15
Current Ratio (CR)	1.34	1.22	1.77
Net Worth Per Share	115.57	116.44	105.97
Return on Assets (ROA)	1.28	1.47	1.93
Market Value Per Share	449.00	454.20	538.10
P/E Ratio	82.66	72.07	66.02

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

#### Financial Statements

- The Unaudited financial statements for the second 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. 7,554,346/-.
- 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 Poush 2082 is NPR. 12,958,666,244/-.
- During the period, the Company incurred a loss of revenue due to factors beyond its control, primarily arising from system dispatch instructions issued by the Nepal Electricity Authority (NEA) in the month of Kartik 2082. Although the plant remained technically available and capable of generating electricity, power generation was curtailed in compliance with NEA's dispatch directives, resulting in reduced energy evacuation and lower electricity sales.
- Further, revenue loss was aggravated by damage of 220 kV XLPE power cable at the Dhunghesanghu Substation. The said damage caused interruption and restriction in power evacuation from Mangsir 28th 2082 to Poush 18th 2082, thereby preventing the Company from sale of electricity to the national grid for the affected duration.
- Previous quarter figures has been rearranged and regrouped whenever necessary.

#### Management Analysis

- The Company has incurred NPR. 21,071,025/- as administrative expenses during the reporting period and NPR. 241,428,381/- as amortization of project assets and depreciation of fixed assets. The Company has generated an amount of NPR. 889,135,340/- as a sale of electricity and incurred NPR. 109,392,871/- as plant operating expenses during this period. Among such expenses NPR. 17,782,707/- is Generation Royalty expense, NPR. 18,731,480/- is Plant Insurance expense, NPR. 3,310,789/- is Consultancy expenses, NPR. 17,239,976/- is Repair & Maintenance, NPR. 26,043,573/- as Plant Operating Staff Cost and remaining expense includes administrative and office operating expenses of site which amounts to NPR. 26,284,347/-.
- The Company has earned NPR. 2,520,984/- 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.	502.30	576.00	582
Minimum price NPR.	437.00	443.00	465.10
Closing price NPR.	449.00	454.20	538.10
Total Turnover NPR.	317,502,604.90	614,681,492.50	1,535,244,923.80
Total Transactions	7,593	12,340	19,997
No. of transaction Day	55	51	55
Total traded volume (Nos)	681,970	1,173,181	2,907,540

#### 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.
- Evaluation of local currency against USD.
- Interest rate may impact the profitability.
- Problem to get appropriate insurance 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 Second Quarter of F.Y 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.