



माउन्टेन इनर्जी नेपाल लि. Mountain Energy Nepal Ltd.

पोस्ट बक्स नं. २१७२९, वडा नं. ३०, डिल्लीबजार, काठमाण्डौ, नेपाल | फोन नं. : ०१-४५३७७०५
फ्याक्स नं. ०१-४५३०५६२ | E-mail: info@mountainenergy.com.np | URL: www.mountainenergy.com.np

Statement of Consolidated Financial Position as at Chaitra 31, 2082

Particulars	As at 30th, Chaitra 2082 Group Companies (Unaudited)	As at 30th, Chaitra 2082 (Unaudited)	As at 30th, Poush 2082 (Unaudited)	As at 31st Chaitra, 2081 (Previous Year)
ASSETS				
Non-current assets				
Property, plant and equipment	23,217,575	23,217,575	24,062,882	27,064,910
Intangible assets	5,497,729,641	5,318,730,913	5,383,407,206	5,577,697,313
Investment	11,875,000	469,348,400	11,875,000	-
Intangible assets under development (Mistri khola)	76,875,584	76,875,584	76,875,584	76,875,584
Goodwill (arising on acquisition of Aadhisakti)	12,952,154	12,952,154	13,109,467	13,581,408
Goodwill Dudhkhola	100,435,693	-	-	-
Deferred tax assets	-	-	-	-
Total non-current assets	5,723,085,647	5,901,124,626	5,509,330,139	5,695,219,215
Current assets				
Trade and other receivables	929,444,771	999,444,771	1,004,474,480	955,808,401
Prepayments	153,652,217	153,652,217	461,582,764	42,172,283
Loan and advances	411,652,421	10,925,291	22,906,709	30,764,010
Cash and cash equivalents	404,419,839	353,012,461	420,454,812	348,136,963
Total current assets	1,899,169,248	1,517,034,740	1,909,418,765	1,376,881,657
Total assets	7,622,254,895	7,418,159,366	7,418,748,904	7,072,100,872
EQUITY AND LIABILITIES				
Equity				
Share capital	3,123,258,850	3,123,258,850	3,123,258,850	2,602,715,708
Reserve and Surplus	1,318,557,966	1,319,224,632	1,332,902,906	1,193,926,409
Equity attributable to equity holder of the parent	4,441,816,816	4,442,483,482	4,456,161,756	3,796,642,117
Non-Controlling Interest	202,854,530	-	-	-
Total equity	4,644,671,346	4,442,483,482	4,456,161,756	3,796,642,117
Liabilities				
Non-current liabilities				
Loans and borrowings	2,326,012,316	2,326,012,316	2,389,331,815	2,775,852,109
Deferred tax liabilities	44,307,170	44,307,170	45,803,345	37,389,414
Total non-current liabilities	2,370,319,486	2,370,319,486	2,435,135,160	2,813,241,523
Current liabilities				
Trade and other payables	95,713,063	93,805,398	82,982,988	57,764,232
Loans and borrowings	511,551,000	511,551,000	444,469,000	404,453,000
Total current liabilities	607,264,063	605,356,398	527,451,988	462,217,232
Total liabilities	2,977,583,549	2,975,675,884	2,962,587,148	3,275,458,755
Total equity and liabilities	7,622,254,895	7,418,159,366	7,418,748,904	7,072,100,872

Statement of Profit or Loss and other Comprehensive Income

For the period ended 30th Chaitra 2082

Particulars	Upto 30th Chaitra, 2082 (Current Quarter) Group Companies	Upto 30th Chaitra, 2082 (Current Quarter)	Upto 30th Poush, 2082 (Current Quarter)	"As at 31st Chaitra, 2081 (Previous Year)"
Revenue	1,079,737,867	1,079,737,867	914,447,801	922,766,940
Insurance Claim for loss of profit	900,000	900,000	900,000	85,629,646
Cost of sales	-	-	-	-
-Amortization on Project Assets	(194,028,884)	(194,028,884)	(129,352,591)	(193,767,664)
-Other Direct Costs	(163,879,498)	(163,879,498)	(110,900,385)	(122,350,082)
Gross profit	722,729,485	722,729,485	675,094,825	692,278,840
Other income (Insurance Recovery)				
Administrative expenses	(34,088,114)	(33,138,114)	(23,308,776)	(28,105,711)
Depreciation and amortisation	(3,198,531)	(3,198,531)	(2,130,224)	(3,306,973)
Operating profit	685,442,840	686,392,840	649,655,825	660,866,156
Finance income	29,023,395	29,023,395	29,019,780	1,446,526
Finance costs	(161,527,810)	(161,527,810)	(111,509,231)	(181,782,244)
Staff Bonus	(11,077,769)	(11,077,769)	(11,343,327)	(9,610,609)
Profit before tax	541,860,656	542,810,656	555,823,047	470,919,829
Income tax expenses				
Current tax	(17,413,110)	(17,413,110)	(15,112,888)	(6,632,048)
Previous Year Tax	-	-	-	-
Deferred tax income/(expense)	2,235,564	2,235,564	739,389	776,628
Profit for the period	526,683,110	527,633,110	541,449,548	465,064,409
Other comprehensive income	-	-	-	-
Total comprehensive income	526,683,110	527,633,110	541,449,548	465,064,409
Equity holders of the parent	526,989,378			
Non-controlling interest	(306,268)			
Total comprehensive income	526,683,110			

- A Summary of Significant Accounting Policies and other explanatory notes to quarterly interim financial information.**
 - The unaudited financial statements for the Third quarter ended on 30th Chaitra, 2082 of the FY 2082/83 are reviewed by Audit Committee and authorized to publish by Board of Director of the Company.
 - Commercial Operation Date and Life of Hydropower Project:
Life (License Period):
 - Tadi Khola (Thaprek), license period is valid till 2103 Mangsir 05.
 - Mistri Khola license period is valid till 2103 Kartik 19.
 - Commercial Operation Date (COD):**
 - Tadi Khola (Thaprek) started commercial operation from 2069 Chaitra 14.
 - Mistri Khola started its commercial operation from 2078 Ashadh 03.
- Basis for Accounting:**
These interim financial statements for the nine months period ended on 30th Chaitra 2082 have been prepared in accordance with NAS 34 Interim Financial Reporting, and the accounting policies applied in these interim financial statements are consistent with those applied in the last annual financial statements as at and for the year ended 32 Ashad 2082, and should be read in conjunction with the Company's last annual financial statements as at and for the year then ended. The Company has prepared the financial statements on the basis that it will continue to operate as a going concern. The Directors consider that there are no material uncertainties that may cast significant doubt over this assumption.
- Revenue:**
 - 1.3.1 Sale of Electricity:**
For the second quarter ended on 30th Chaitra, 2082 of the Financial Year 2082/2083, net revenue from sale of electricity generated by Tadi Khola HEP (5 MW) is NRs. 119,050,911 and by Mistri Khola HEP (42 MW) is NRs. 960,686,956. Revenue for the period is based on terms of the PPA agreement with Nepal Electricity Authority. Insurance Recovery: The Mistri Khola Hydroelectric Project (HEP) was impacted by an unprecedented flood resulting in a loss of profit and damage to project assets. In accordance with the terms of the insurance policy, the Company received compensation of NPR 900,000 for loss of profit and the amounts is recognized as revenue in the financial statements.
 - 1.3.2 Arbitral Award by NEPCA (Tribunal) & High Court, Patan**
With regard to the dispute between Mountain Energy Nepal Limited & Nepal Electricity Authority, Nepal Council of Arbitration (NEPCA), the Tribunal has awarded the dispute in favor of Mountain Energy Nepal Limited via letter Ref No. 306/080/81 dated 27 October 2023. Nepal Electricity Authority had appealed against the award of NEPCA to the Honorable High Court, Patan, vide case registration no 080-FJ-0091; for which the Arbitral decision was upheld by the High Court in favor of Mountain Energy Nepal Limited on 05th May 2024.
Payment from NEA
As per the instruction of the Court for execution of decision of the High Court, NEA and deposited following amounts in the court as per its letter dated Shrawan 15, 2082

Particulars	Amount
Total claimed amount under Clause 12 of PPA	174,180,195
Total claimed amount under Clause 38.18 of PPA	89,897,872
Payment for Claim for short payment (Principal) till Shrawan 2079	264,078,067
Interest related to short payment under Clause 12 of PPA	29,012,412
Total Payment made by NEA for the claim till Shrawan 2079 (Rs.)	293,090,479

Balance Claim from NEA

The Company has filed application in the Lalitpur District Court for the full implementation of award from the Arbitrator on 2082.05.29. Updated details of balance receivable as at Chaitra end 2082 are presented below:

Receivables (from Bhadra 2079 to Poush 2082)	Amount
Total claimed amount under Clause 12 of PPA	545,871,790.66
Total claimed amount under Clause 38.18 of PPA	306,618,974.25
Total balance claim from NEA (Without Interest)	852,490,764.91

1.4 Amortization:

Both the Projects, Tadi Khola and Mistri Khola Project have recognized an intangible Asset for the right to sell electricity to NEA as specified in PPA through construction of projects assets under the service concession agreement. Tadi Khola Project Assets, accounted as Intangible assets, are amortized over remaining useful life (Operation License period) of 338 months. The useful life of project asset is the tenure calculated from commercial date of operation. The amortization expense is included in the Cost of Sales. Mistri Khola Project Assets, accounted as Intangible assets, are amortized over remaining useful life (Operation License period) of 304.5 months. The useful life of project asset is the tenure calculated from commercial date of operation. The amortization expense is included in the Cost of Sales. Final project construction completion certificate is dated Ashwin 12, 2078. Hence, all the expenses relating to the project up to Ashwin 12, 2078 are capitalized.

1.5 Taxation:

Mistry Khola project is in tax holiday up to Ashad 02, 2088, then after for next five years, tax concession is 50% of applicable tax rate. 100% tax concession period of Tadi Khola HEP ended on Chaitra 13, 2079 and for the next five years, tax concession at the rate of 50% on applicable tax rate is available till Chaitra 13, 2084. Accordingly, tax liability on taxable income of Tadi Khola project is calculated applying the concessional rate of 12.5% from Ashad-2082. 100% tax concession period of Mistri Khola HEP is available till Ashadh 02, 2088. Interest income is not tax exempted as per Section 11 of Income Tax Act, 2058, consequently tax liability on Interest Income has been calculated at the rate of 25% on proportionate basis after deducting the staff bonus. Tax estimation in Dudhkhola Hydro Power Company Pvt. Ltd. (subsidiary of Mountain Energy Nepal Limited) due to change in ownership is under review and hence the impact of tax in consolidation of account of the subsidiary is not incorporated in the financial statement.

1.6 Related Party Transitions:

There is no related party transaction during the reporting period.

1.7 Key Financial Ratio:

In NRs.

Period	Earnings Per Share (Quarterly)	Net Worth Per Share	Current Ratio	P/E Ratio
This Quarter End	16.89	142.24	2.51	35.46
Previous Quarter End	17.34	142.68	3.62	33.91
Corresponding Previous year's Quarter End (Audited)	17.87	145.87	2.53	37.7

1.8 Challenges

Internal

- Retention of skilled human Resources
- Managing Operational Efficiency

External

- Impact of Climate Change on amount of Rain/Snow Fall in Catchment area
- Supplier Risk as vendors of major project assets is of foreign origin.
- Foreign exchange rate

1.9 Management Analysis

Both the projects (Tadi Khola-HEP and Mistri Khola HEP) are operating satisfactorily. The debt service is regular.

1.10 Analysis of Share Transactions:

The Major Highlights of Share Transactions During the Quarter are as follows:

Maximum Price NPR	Minimum Price	Closing Price NPR	Total Turnover NPR	Traded Volume In No.	Transaction Days
655	565	599	2,32,46,33,777	38,60,028	47

2. Corporate Governance

The Company has regular Board of Directors and Audit Committee meetings. The management team meet regularly for the smooth running of the Company.

3. Declaration from Management

I take the responsibility for the accuracy of financial and other information detailed in this report for the 9 months period ended on 30th Chaitra, 2082 of FY 2082/83 and hereby declare that financial and other information detailed in this report are true, based on records and facts, and are complete to the best of my knowledge and that information necessary for taking informed decision by the investors are not concealed.