



माउन्टेन इनर्जी नेपाल लि. Mountain Energy Nepal Ltd.

पोष्ट 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 Financial Position as on 31st Chaitra, 2081

| Particulars | As at 31st Chaitra, 2081 (Unaudited) | As at 29th Poush, 2081 (Previous Quarter) | As at 30th Chaitra, 2080 (Previous year) |
|--|---|---|---|
| ASSETS | | | |
| Non-current assets | | | |
| Property, plant and equipment | 27,064,910 | 29,190,309 | 28,085,759 |
| Intangible assets | 5,577,697,313 | 5,642,286,533 | 5,836,054,198 |
| Intangible assets under development | 76,875,584 | 76,875,584 | 76,350,134 |
| - Research on Mistri Khola Cascade Project | 76,875,584 | 76,875,584 | 76,350,134 |
| Goodwill (arising on acquisition of Aadhishakti) | 13,581,408 | 13,738,722 | 14,210,663 |
| Deferred tax assets | - | - | 2,782,856 |
| Total non-current assets | 5,695,219,215 | 5,762,091,148 | 5,957,483,610 |
| Current assets | | | |
| Trade and other receivables | 955,808,401 | 1,029,576,157 | 744,778,489 |
| Prepayments | 42,172,283 | 38,558,325 | 35,245,851 |
| Loan and advances | 30,764,010 | 30,020,991 | 25,661,316 |
| Cash and cash equivalents | 348,136,963 | 338,320,865 | 275,516,089 |
| Total current assets | 1,376,881,657 | 1,436,476,338 | 1,081,201,745 |
| Total assets | 7,072,100,872 | 7,198,567,486 | 7,038,685,355 |
| EQUITY AND LIABILITIES | | | |
| Equity | | | |
| Share capital | 2,602,715,708 | 2,602,715,708 | 2,263,231,050 |
| Retained earnings | 1,193,926,409 | 1,240,453,414 | 1,170,438,316 |
| Total equity | 3,796,642,117 | 3,843,169,122 | 3,433,669,366 |
| Liabilities | | | |
| Non-current liabilities | | | |
| Loans and borrowings | 2,775,852,109 | 2,832,089,608 | 3,177,377,471 |
| Deferred tax liabilities | 37,389,414 | 37,656,298 | - |
| Total non-current liabilities | 2,813,241,523 | 2,869,745,906 | 3,177,377,471 |
| Current liabilities | | | |
| Trade and other payables | 57,764,232 | 87,495,458 | 70,851,518 |
| Loans and borrowings | 404,453,000 | 398,157,000 | 356,787,000 |
| Total current liabilities | 462,217,232 | 485,652,458 | 427,638,518 |
| Total liabilities | 3,275,458,755 | 3,355,398,364 | 3,605,015,989 |
| Total equity and liabilities | 7,072,100,872 | 7,198,567,486 | 7,038,685,355 |

Statement of Profit or Loss and other Comprehensive Income For the period ended 31st Chaitra, 2081

| Particulars | As at 31st Chaitra, 2081 (Unaudited) | As at 29th Poush, 2081 (Previous Quarter) | As at 30th Chaitra, 2080 (Previous year) |
|------------------------------------|---|---|---|
| Revenue | 922,766,940 | 798,106,491 | 870,158,979 |
| Insurance Claim for loss of profit | 85,629,646 | 80,629,646 | |
| Cost of sales | | | |
| - Amortization on Project Assets | (193,767,664) | (129,178,444) | (193,767,664) |
| - Other Direct Costs | (122,350,082) | (80,089,537) | (124,593,510) |
| Gross profit | 692,278,840 | 669,468,156 | 551,797,805 |
| Administrative expenses | (28,105,711) | (17,778,978) | (28,495,260) |
| Depreciation and amortisation | (3,306,973) | (871,934) | (1,335,427) |
| Operating profit | 660,866,156 | 650,817,244 | 521,967,118 |
| Finance income | 1,446,526 | 1,441,240 | 7,018,844 |
| Finance costs | (181,782,244) | (124,089,998) | (207,896,416) |
| Staff Bonus | (9,610,609) | (10,563,370) | (6,421,791) |
| Profit before tax | 470,919,829 | 517,605,116 | 314,667,755 |
| Income tax expenses | | | |
| Current tax | (6,632,048) | (6,053,475) | (7,804,380) |
| Deferred tax income/(expense) | 776,628 | 509,743 | 2,255,518 |
| Profit for the period | 465,064,409 | 512,061,384 | 309,118,893 |
| Other comprehensive income | - | - | - |
| Total comprehensive income | 465,064,409 | 512,061,384 | 309,118,893 |

1. Notes to Quarterly Unaudited Financials.

1.1 The unaudited financial statements for the Third Quarter ended Chaitra 31, 2081 of the FY 2081/82 are reviewed by Audit Committee and authorized to publish by Board of Director of the Company.

1.1.1 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.

1.2 Revenue:

1.2.1 Sale of Electricity:

For the Third quarter ended on Chaitra 31st ,2081 of the Financial Year 2081/2082, revenue from sale of electricity generated by Tadi Khola HEP (5 MW) is NRs. 97,637,939 and by Mistri Khola HEP (42 MW) is NRs. 825,129,001. Revenue for the period is based on terms of the PPA agreement with Nepal Electricity Authority.

Insurance Recovery: Mistri Khola HEP was affected by unprecedented flooding resulting in claim for loss of profit, consequently, compensation of Rs. 85,629,646 received for loss of profit as per the term of insurance, which is recognised as revenue.

1.2.2 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.

Moreover, payment from NEA has not been received as per the decision of Tribunal and Patan High Court.

1.3 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.

1.4 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. Accordingly, tax liability on taxable income of Tadi Khola project is calculated applying the concessional rate of 10% from Chaitra 14, 2079. 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.

1.5 Related Party Transitions:

There is no related party transaction during the reporting period.

1.6 Key Financial Ratio:

| In NRs. | | | | |
|---|--------------------------------|---------------------|---------------|-----------|
| Period | Earnings Per Share (Quarterly) | Net Worth Per Share | Current Ratio | P/E Ratio |
| This Quarter End | 17.87 | 145.87 | 2.98 | 32.66 |
| Previous Quarter End | 19.67 | 147.66 | 2.96 | 31.06 |
| Corresponding Previous year's Quarter End (Audited) | 13.66 | 151.72 | 2.53 | 37.70 |

1.7 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

1.8 Management Analysis

Electricity generation from Mistri Khola HEP was halted for the period from 15th Jestha 2081 to 20th Shrawan 2081 due to unprecedented flooding at the project's dam site, adversely affected normal operation of Intake Pond and Settling Basin. Normal generation of electricity at this plant resumed from 21st Shrawan 2081.

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

1.9 Analysis of Share Transactions:

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

| Maximum Price NPR | Minimum Price NPR | Closing Price NPR | Total Turnover | Traded Volume | Transaction Days |
|-------------------|-------------------|-------------------|----------------|---------------|------------------|
| 680.00 | 566.10 | 583.68 | 2,268,726,483 | 3,740,123 | 56 |

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 end on Chaitra 31, 2081 of FY 2081/82 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.