माउन्टेन इनर्जी नेपाल लि.
Mountain Energy Nepal Ltd.
पोष्ट बक्स नं. २९७२९, वडा नं. ३०, डिल्लीबजार, काठमाण्डौं, नेपाल । फोन नं : ०१-४५३७७०५
फ्याक्स नं. ०१-४५३०५६२ । E-mail: info@mountainenergy.com.np | URL: www.mountainenergy.com.np

Consolidated Statement of Financial Position as at Ashoj 31st, 2083

Particulars	Group		Company		
	This Quareter Ending (Ashoj 31, 2083)	Previous Quareter Ending (Ashad 32, 2083) (Audited)	This Quareter Ending (Ashoj 31, 2083)	Previous Quareter Ending (Ashad 32, 2083) (Audited)	Corresponding Previous Quareter Ending (Ashoj 31, 2082)
ASSETS					
Non-current assets					
Property, plant and equipment	21,333,685	22,315,600	21,333,685	22,315,600	24,905,807
Right of Use Asset	8,282,902	9,183,981	8,282,902	9,183,981	-
Intangible assets	5,220,628,290	5,253,024,890	5,220,628,290	5,253,024,890	5,448,083,499
Investment in Equity	13,375,000	11,875,000	13,375,000	11,875,000	-
Investment in Subsidary	-	-	457,473,400	457,473,400	-
Intangible assets under development	334,758,770	286,564,286	78,836,986	78,836,986	76,875,584
Goodwill (arising on acquisition of Aadhishakti)	12,637,527	12,794,841	12,637,527	12,794,841	13,266,781
Goodwill Dudhkhola	101,355,787	101,355,787	-	-	-
Deferred tax assets	-	-	-	-	-
Total non-current assets	**5,712,371,961**	**5,697,114,385**	**5,812,567,790**	**5,845,504,698**	**5,563,131,671**
Current assets					
Trade and other receivables	1,172,563,314	1,222,606,124	1,292,563,314	1,292,606,124	1,148,047,407
Prepayments	570,019,083	526,916,544	187,321,220	154,218,681	388,059,215
Loan and advances	15,595,256	11,592,044	15,560,256	11,557,044	19,379,510
Current Tax Assets	109,077	-	109,077	-	-
Cash and cash equivalents	387,579,205	317,897,495	372,149,079	292,618,437	404,274,595
Total current assets	**2,145,865,935**	**2,079,012,207**	**1,867,702,946**	**1,751,000,286**	**1,959,760,727**
Total assets	**7,858,237,896**	**7,776,126,592**	**7,680,270,736**	**7,596,504,984**	**7,522,892,398**
EQUITY AND LIABILITIES					
Equity					
Share capital	3,123,258,850	3,123,258,850	3,123,258,850	3,123,258,850	2,602,715,708
Reserve and Surplus	1,873,683,771	1,585,199,333	1,875,618,422	1,585,940,190	1,764,069,728
Equity attributable to equity holder of the parent	**4,996,942,621**	**4,708,458,183**	**4,998,877,272**	**4,709,199,040**	**4,366,785,436**
Non-Controlling Interest	179,772,824	180,000,830	-	-	-
Total equity	**5,176,715,445**	**4,888,459,013**	**4,998,877,272**	**4,709,199,040**	**4,366,785,436**
Liabilites					
Non-current liabilities					
Loans and borrowings	1,998,171,119	2,236,799,217	1,998,171,119	2,236,799,217	2,484,526,913
Lease Liability	8,376,328	9,130,756	8,376,328	9,130,756	-
Deferred tax liabilites	45,102,501	43,348,164	45,102,501	43,348,164	46,777,578
Total non-current liabilities	**2,051,649,948**	**2,289,278,137**	**2,051,649,948**	**2,289,278,137**	**2,531,304,491**
Current liabilities					
Trade and other payables	78,678,407	73,266,460	78,549,420	72,904,825	87,883,471
Current Tax Liabilities	-	490,886	-	490,886	-
Lease Liability	3,121,096	3,121,096	3,121,096	3,121,096	-
Loans and borrowings	548,073,000	521,511,000	548,073,000	521,511,000	536,919,000
Total current liabilities	**629,872,503**	**598,389,442**	**629,743,516**	**598,027,807**	**624,802,471**
Total liabilities	**2,681,522,451**	**2,887,667,579**	**2,681,393,464**	**2,887,305,944**	**3,156,106,962**
Total equity and liabilities	**7,858,237,896**	**7,776,126,592**	**7,680,270,736**	**7,596,504,984**	**7,522,892,399**

Consolidated Statement of Profit or Loss and other Comprehensive Income For the quarter ended Ashoj 31st, 2083

Particulars	Group		Company		
	This Quareter Ending (Ashoj 31, 2083)	Previous Quareter Ending (Ashad 32, 2083) (Audited)	This Quareter Ending (Ashoj 31, 2083)	Previous Quareter Ending (Ashad 32, 2083) (Audited)	Corresponding Previous Quareter Ending (Ashoj 31, 2082)
Revenue	465,319,622	1,533,543,692	465,319,622	1,533,543,692	613,559,246
Insurance Claim for loss of profit	-	900,000	-	900,000	900,000
Cost of sales					
- Amortization on Project Assets	(65,084,902)	(258,705,180)	(65,084,902)	(258,705,180)	(64,676,298)
- Amortization of Goodwill on Acquisition	(157,314)	(629,254)	(157,314)	(629,254)	-
- Other Direct Costs	(48,096,185)	(223,559,851)	(48,096,185)	(223,559,851)	(65,571,414)
Gross profit	**351,981,221**	**1,051,549,407**	**351,981,221**	**1,051,549,407**	**484,211,534**
Other income (Insurance Recovery)	-	-	-	-	-
Administrative expenses	(12,236,202)	(42,218,599)	(10,814,402)	(42,218,599)	(11,501,092)
Depreciation and amortisation	(1,938,495)	(7,206,711)	(1,938,495)	(7,206,711)	(1,062,300)
Operating profit	**337,806,524**	**1,002,124,097**	**339,228,324**	**1,002,124,097**	**471,648,142**
Finance income	379	29,263,850	379	29,263,850	29,016,173
Finance costs	(38,862,676)	(201,951,153)	(38,862,676)	(201,951,153)	(57,036,109)
Staff Bonus	(6,007,321)	(16,588,736)	(6,007,321)	(16,588,736)	(8,872,564)
Other Income	-	-	-	-	-
Other Expenses	-	-	-	-	-
Profit before tax	**292,936,906**	**812,848,058**	**294,358,706**	**812,848,058**	**434,755,642**
Current tax	(94)	(18,999,863)	(94)	(18,999,863)	(11,024,105)
Deferred tax income/(expense)	(1,754,337)	3,194,570	(1,754,337)	3,194,570	(234,844)
Profit for the period	**291,182,475**	**797,042,765**	**292,604,275**	**797,042,765**	**423,496,693**
Other comprehensive income	-	-	-	-	-
Total comprehensive income	**291,182,475**	**797,042,765**	**292,604,275**	**797,042,765**	**423,496,693**
Total Comprehensive Income attributable to:					
Equity Shareholders of Parent	291,573,470	796,236,166	292,604,275	797,042,765	423,496,693
Non-Controlling Interest	(390,995)	(341,585)	-	-	-
	291,182,475	**795,894,581**	**292,604,275**	**797,042,765**	**423,496,693**
Earnings Per Share					
Basic EPS	9.34	25.49	9.37	25.52	13.56
Diluted EPS	9.34	25.49	9.37	25.52	13.56

1. A Summary of Significant Accounting Polices and other explanatory notes to quarterly interim financial information.

1.1 The unaudited financial statements for the 1st quarter ended on 31st Asoj, 2083 of the FY 2083/84 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 Basis for Accounting:

These interim financial statements for the three months period ended on 31st Asoj, 2083 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 quarterly financial statements as at end for the period ended 32nd Ashad 2083, and should be read in conjunction with the Company's last annual financial statements as at end 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.

1.3 Basis for Consolidation:

1.3.1 In accordance with NFRS 10 Consolidated Financial Statements, Mountain Energy Limited has consolidated Dudh Khola Hydro Power Company Private Limited following the acquisition of a 67% stake in on Falgun 11, 2082. For the SEBON reporting date of Asoj 31, 2083, such consolidation relies on unaudited financial statements certified by the management of Dudh Khola Hydro Power Company Private Limited.

1.3.2 In accordance with NFRS 3 Business Combinations, the acquisition of Dudh Khoila Hydro Power Company Private Limited resulted in the recognition of goodwill which is presented in unaudited Consolidated Statement of the Financial Position.

1.3.3 The hydropower project of the subsidiary is in preliminary stages of development and the project construction work has not commenced. Project development cost incurred at the reporting date is not material, consequently, revenue under IFRIC 12 is not recognized by Dudh Khola Hydro Power Company Private Limited while preparing financial statements.

1.3.4 Tax estimation in Dudh Khola 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 statements hence the figures recognized in the consolidated financial statements as of Asoj 31, 2083, may be subject to subsequent adjustment.

1.4 Revenue:

1.4.1 Sale of Electricity:

For the 1st quarter ended on 31st Asoj, 2083 of the Financial Year 2083/2084, net revenue from sale of electricity generated by Tadi Khola HEP (5 MW) is NRs. 27,262,095 and by Mistri Khola HEP (42 MW) is NRs. 438,057,527, net of Tatopani compensation.

Revenue for the period is based on terms of the PPA agreement with Nepal Electricity Authority.

1.4.2 Effect on Revenue due to Flood:

Sale of energy from Tadi Khola Project is partially achieved due to damage of transmission line of NEA by Flash Flood in Bhotekoshi Revier from Bhadra 10, 2083.

Sale of energy from Mistri Project was suspended from Ashwin 11 to Ashwin 31, 2083 due to damage of transmission line of NEA by flood in Kaligandagi River.

1.4.3 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 Asoj end 2083 are presented below:

Receivables (from Bhadra 2079 to Asoj 2083)	Amount
Total claimed amount under Clause 12 of PPA	652,185,216.12
Total claimed amount under Clause 38.18 of PPA	352,690,045.29
Total balance claim from NEA (Without Interest)	**1,004,875,261.41**

1.5 Transition to NFRS 16 Leases

During previous year, the company adopted NFRS 16 Leases using the modified retrospective approach.

On the transition date, the company recognized Lease Liability amounting to NPR 15,017,975.53, measured at the present value of the lease payments, discounted using the company's incremental borrowing rate. Accordingly, the existing Office Rent Payable balance of NPR 2,933,789.67, previously recognized under NAS 17, was derecognized and Right of Use Asset was recognized at NPR 12,084,185.86. Subsequently, Lease Liability is measured using the company's incremental borrowing rate and less lease payments made. Right Of Use Asset is measured at cost less accumulated depreciation and impairment loss, if any. The company depreciates Right of Use Asset on a straight-line basis over the remaining lease term of 50 months.

The transition had no impact on comparative information; hence, the comparative information has not been restated.

1.6 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.

1.7 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-end 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.

1.8 Related Party Transitions:

There is no related party transaction during the reporting period.

1.9 Key Financial Ratio:

In NRs.

Period	Earnings Per Share (Quarterly)	Net Worth Per Share	Current Ratio	P/E Ratio
This Quarter End	9.37	160.05	2.97	59.68
Previous Quarter End	25.52	150.78	2.93	22.29
Corresponding Previous year's Quarter End (Audited)	16.27	167.78	3.14	36.77

1.10 Challenges

Internal

- Retention of skilled human Resources
- Managing Operational Efficiency

External

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

1.11 Management Analysis

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

1.12 Analysis of Share Transactions:

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

Maximum Price NPR	Minimum Price	Closing Price NPR
675	573	671
Total Turnover NPR	**Traded Volume In No.**	**Transaction Days**
3,408,110,498	5,377,143	61

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 3 months period ended on 31st Asoj, 2083 of FY 2083/84 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.