

## Unaudited Financial Reports (Quarterly)

As at 2nd Quarter (2077.09.29) of the Fiscal Year 2077/78

Particulars	This Quarter Ending	Previous Quarter Ending	Corresponding Previous Year Quarter Ending
	as on 29.09.2077	as on 30.06.2077	as on 29.09.2076
<b>Assets</b>			
<b>Non Current Assets</b>			
Property Plant & Equipment-UMHEP	1,929,267,663	1,948,170,150	2,004,877,610
Property Plant & Equipment-UMCHEP	1,060,728,088	1,070,734,957	1,100,755,563
Property Plant & Equipment-Other	2,447,294	2,698,856	3,373,795
	<b>2,992,443,044</b>	<b>3,021,603,963</b>	<b>3,109,006,967</b>
<b>Current Assets</b>			
Commercial & Other Receivables	35,324,222	79,898,548	41,563,408
Cash & Bank	12,797,980	563,018	1,576,438
Advance & Deposits	22,444,478	5,418,993	7,060,912
Inventory	19,268,247	20,343,260	14,305,406
	<b>89,834,927</b>	<b>106,223,819</b>	<b>64,506,165</b>
<b>Total Assets</b>	<b>3,082,277,971</b>	<b>3,127,827,782</b>	<b>3,173,513,132</b>
<b>Equity &amp; Liabilities</b>			
<b>Equity</b>			
Share Capital	1,100,000,000	1,100,000,000	1,100,000,000
Reserve & Surplus	(226,952,094)	(154,519,389)	(115,864,551)
Other Equity	(42,413)		
	<b>873,005,493</b>	<b>945,480,611</b>	<b>984,135,449</b>
<b>Other Funds &amp; Liabilities</b>			
Deferred Income	25,466,443	25,843,658	26,975,298
Deferred Tax	53,274,786	50,759,346	39,080,695
Secured Loan	1,678,891,347	1,678,890,442	1,723,281,092
Unsecured Loan			
	<b>1,757,632,576</b>	<b>1,755,493,445</b>	<b>1,789,337,084</b>
<b>Current Liabilities &amp; Provisions</b>			
Commercial & Other Payables	72,250,952	69,391,166	21,423,300
Short Term Loan	378,684,443	356,991,042	377,452,880
Provisions	704,508	471,517	1,164,419
	<b>451,639,903</b>	<b>426,853,725</b>	<b>400,040,599</b>
<b>Total Liabilities</b>	<b>3,082,277,971</b>	<b>3,127,827,782</b>	<b>3,173,513,132</b>
Particulars	This Quarter Ending Poush End 2077	Previous Quarter Ending Ashwin End 2077	Corresponding Quarter Ending Poush End 2076
<b>Operating Income</b>			
Electricity Sale to NEA -UMHEP	80,015,562	80,015,562	150,265,223
Electricity Sale to NEA -UMCHEP	90,337,152	55,012,931	89,578,896
<b>Total Operating Income</b>	<b>170,352,715</b>	<b>135,028,493</b>	<b>239,844,119</b>
<b>Operating Expenses</b>			
Power Plant Expenses - UMHEP	3,440,500	3,116,164	10,264,170
Power Plant Expenses - UMCHEP	3,626,909	2,696,308	4,215,409
<b>Total Operating Expenses</b>	<b>7,067,410</b>	<b>5,812,473</b>	<b>14,479,579</b>
<b>Gross Operating Profit</b>	<b>163,285,305</b>	<b>129,216,020</b>	<b>225,364,539</b>
<b>Administrative and Other Expenses</b>			
Employee Expenses	4,202,771	2,988,978	4,513,578
Administrative Expenses	29,445,554	9,960,774	17,009,847
Interest on Loan	95,113,210	54,832,885	108,588,544
Depreciation	58,321,836	29,160,918	58,314,586
Loss on Sale of Assets	-	-	-
<b>Total Administrative &amp; Other Expenses</b>	<b>187,083,371</b>	<b>96,943,555</b>	<b>188,426,555</b>
<b>Income from Other Sources</b>			
Other Income			
Deferred Income	754,428	377,214	754,427
Gain on Sale of Assets	-	-	-
<b>Total Income From Other Sources</b>	<b>754,428</b>	<b>377,214</b>	<b>754,427</b>
<b>Profit (Loss) before Employees Bonus and Tax</b>	<b>(23,043,638)</b>	<b>32,649,679</b>	<b>37,692,411</b>
Provision for Employee's Bonus			
Provision for Corporate Tax	188,607	94,303	188,607
Deferred Tax Expenses /(Income)	5,030,881	2,515,440	9,163,210
<b>Net Profit (Loss) after Tax</b>	<b>(28,263,126)</b>	<b>30,039,935</b>	<b>28,340,594</b>
Profit brought forward from last Year	(198,688,968)	(184,559,324)	(144,205,145)
<b>Balance Transferred to Balance Sheet</b>	<b>(226,952,094)</b>	<b>(154,519,389)</b>	<b>(115,864,551)</b>

### SECOND QUARTER DISCLOSURE AS OF 2077.09.30

#### AS PER SECURITIES REGISTRATION AND ISSUANCE REGULATION

#### ANNEXURE-14 (RELATED TO SUB REGULATION 2 OF REGULATION 22)

##### 1. Financial Statements

- The unaudited financial statements for first quarter have been published along with this report.
- Pursuant to Life of the Project, the company has deducted depreciation on Upper Mai HEP at 3.44% and Upper Mai Cascade at 3.33% so that all the investment made on electricity generation, transmission or distribution is paid back in average of 30 Years. In case of Other Fixed Assets, depreciation has been calculated based on Written-down Value as per the Provision of the Income Tax Act, 2058.
- As per Budget for F/Y 2071-72, Under topic "Ujyalo Nepal Sambhridha Nepal" point 61 'For Projects completed and connected to National Grid by 2079-80, Lump-sum amount of Nrs.50 lakhs/MW to be provided as Government Grant. Additional 10% will be provided to those project which will be completed and connected to National Grid by 2074-75.' However, we have not received any amount till date. If received, it will improve the company cash-flow and will impact profitability.

##### Major Financial Highlights

Earnings Per Share (EPS)	(2.57)	Net-worth Per Share	79.36
Current Ratio	0.20	Market Value Per Share	135

##### Management Analysis

During the construction phase the company has matched the entire requirement and now the project is evacuating its power on the basis of dispatch availability.

##### 2. Legal Proceedings

- During the period there are no legal cases against the Company and from the company.

##### Analysis of Company's Share Transaction

- PMHL shares were actively traded during first quarter (until the lock-down).
- The major highlights of share transactions during the quarter are as follows:

Maximum Price NPR.	155	Minimum Price NPR.	119	Closing Price NPR.	135
No. of Transaction Day	58	Total Traded Volume	4,84,041	Turnover NPR.	6,74,29,672

##### 3. Problems & Challenges

###### Internal Risk

- Retention of skilled human resource
- To maintain the operational efficiency.
- To manage the fund for bank installment during dry season.

###### External Risk

- Lack of political commitment in development of hydroelectric projects.
- Fluctuation of water flow.
- Possibility of flood in monsoon season in the rivers at power-plant locations.
- Loss due to natural disaster – Earthquake, Landslide etc.

##### 4. Corporate Governance

Board of Directors, Audit Committee, other Committees and Management Team are committed for strengthening good corporate governance within the company. The company has written manual, policies, rules & guidelines for proper functioning of the operation of the company.

##### 5. Miscellaneous

Power Plant of Upper Mai HEP is currently under Maintenance due to problems encountered in the Tunnel and Penstock Alignment by the natural disaster of land movement. The Company is taking it very seriously and expediting the repair works from all aspects. Insured with the Loss of Profit Insurance can be treated as a strength of the company.

##### 6. Declaration

I the Director of this Company, take the responsibility of accuracy of the information and details mentioned in this report for the period up to second quarter of F.Y 2077/078, hereby declare that the information and details provided in this report are true, based on facts, and complete to the best of my knowledge.