Bhujung Hydropower Limited
Tokha-10, Kathmandu, Nepal

Audited
Financial Statements

FY 2082/83

S. Bhandari & Associates
Chartered Accountants

S. Bhandari & Associates
Chartered Accountants
Kathmandu, Nepal

Firm Regn. No. 598
PAN 103770998

INDEPENDENT AUDITOR's REPORT TO THE SHAREHOLDERS OF BHUJUNG HYDROPOWER LIMITED

OPINION

We have audited the accompanying financial statements of **M/s Bhujung Hydropower Limited** which comprises the Statement of Financial Position as at 32nd Ashadh 2083 and the related statement of Profit or Loss & Other Comprehensive Income, Statement of Cash Flows, Statement of Changes in Equity and Significant Accounting Policy and Notes for the year then ended.

In our opinion, the accompanying financial statements present fairly, in all material respects, except otherwise stated, the financial position of the Company as at 32nd Ashadh 2083 and of its financial performance and its cash flows for the year then ended in accordance with Nepal Financial Reporting Standard (NFRS).

BASIS FOR OPINION

We conducted our audit in accordance with Nepal Standard on Auditing (NSAs). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Company in accordance with the International Ethics Standard Board for Accountant's Code of Ethics for Professional Accountants (IESBA Code) together with the ethical requirements that are relevant to our audit of the financial statements in Nepal, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

KEY AUDIT MATTERS

Key audit matters are those audit matters that, in our professional judgment, were of most significance in our audit of the financial statement of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. There are no key audit matters that need to be reported for the year under audit.

RESPONSIBILITIES OF MANAGEMENT AND THOSE CHARGED WITH GOVERNANCE FOR THE FINANCIAL STATEMENTS

Management is responsible for the preparation and fair presentation of these financial statements in accordance with NASs/NFRS, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error. In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so. Those charged with governance are responsible for overseeing the Company's financial reporting process.

S. BHANDARI & ASSOCIATES * Kathmandu Nepal * Chartered Accountants

Email: sagar.sbhandari2023@gmail.com

AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF FINANCIAL STATEMENTS

Our objectives are to obtain reasonable assurance about whether the financial statement as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes the opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with NSAs will always detect a material misstatement when it exists. Misstatement can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with NSAs, we exercise professional judgement and maintain professional skepticism throughout the planning and performance of the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosure in the financial statement or, if such disclosure is inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease as a going concern.

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

As required by section 115 of the Companies Act, 2063 (First Amendment 2074), we further report that:

- We have obtained information and explanations asked for, which, to the best of our knowledge and belief, were necessary for the purpose of our audit.
- In our opinion, the company has kept proper books of account as required by law so far as appears from our examinations of those books.

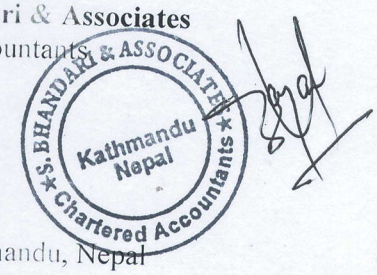
S. BHANDARI & ASSOCIATES Kathmandu Nepal Chartered Accountants

- In our opinion, the statement of financial position, the statements of profit or loss and other comprehensive income, statement of cash flows, statements of changes in equity and summary of significant accounting policies and notes forming an integral part of financial statements give information required by the Companies Act, 2063.
- Neither have we come across any information about the misappropriation of the fund by the directors or any of the representatives of the company's staff during the course of our audit nor have we received any such information from the management.
- Based on our examination, we have observed the following instances of non-compliance with other legal and regulatory requirements:

  i) As per Section 164(1) of Companies Act, 2063, a listed company with paid up capital of thirty million rupees (3 crores) or more or a Company which is fully or partly owned by the Government of Nepal, shall form an audit committee under the chairpersonship of a director who is not involved in the day-to-day operations of the Company and consisting of at least three members. However, the company has not formed an audit committee.

  ii) As per Sections 52 and 53 of the Labour Act, 2074, the Company is required to comply with the applicable provident fund and gratuity provisions for its employees (overall employee benefits). However, the Company has neither made the required provision nor made the applicable contributions towards gratuity and Social Security Fund. Accordingly, the Company is not in compliance with the applicable provisions of the Labour Act, 2074.

For S. Bhandari & Associates
Chartered Accountants



Sagar Bhandari
(Proprietor)
Address: Kathmandu, Nepal
Date: 2083.06.06
UDIN: 260928CA00900Wk8nn

Bhujung Hydropower Limited

Tokha-10, Kathmandu, Nepal

Statement of Financial Position

As on 32nd Ashadh, 2083 (July 16, 2026)

Amount in NPR

Particulars	Note	As on 32nd Ashadh 2083	As on 32nd Ashadh 2082
Assets			
Non Current Assets			
Property, Plant and Equipment	4	5,390,018	5,532,742
Intangible Assets	5	1,709,837,407	1,732,559,422
Right of Use Assets	6	9,572,956	9,047,802
Total Non Current Assets		**1,724,800,381**	**1,747,139,966**
Current Assets			
Inventories	7	2,591,802	2,502,700
Financial Assets			
Cash & Cash Equivalents	8	15,754,205	23,559,372
Trade & Other Receivables	9	67,702,396	64,705,053
Other Current Assets	10	12,826,690	34,031,593
Total Current Assets		**98,875,093**	**124,798,717**
Total Assets		**1,823,675,474**	**1,871,938,683**
Equity and Liabilities			
Equity			
Equity Share Capital	11	1,000,000,000	800,000,000
Other Equity	12	(109,012,312)	(79,663,313)
Total Equity		**890,987,688**	**720,336,687**
Non-Current Liabilities			
Financial Liabilities			
Long Term Borrowings	13	886,578,877	1,118,251,277
Lease Liability	14	8,641,707	9,112,691
Deferred Tax Liability	15	-	-
Total Non-Current Liabilities		**895,220,583**	**1,127,363,968**
Current Liabilities			
Financial Liabilities			
Short Term Borrowings	16	32,500,000	20,827,661
Trade & Other Payable	17	2,917,257	2,165,533
Lease Liability	14	470,985	436,097
Other Financial Liabilities	18	334,500	506,400
Other Current Liabilities	19	1,244,461	302,337
Total Current Liabilities		**37,467,203**	**24,238,028**
Total Equity and Liabilities		**1,823,675,474**	**1,871,938,683**

The accompanying notes are an integral part of the Financial Statements

Madhav Raj Acharya
(Chairman)

Dr. Himal Bhattarai
(Managing Director)

As per our report of even date

For S. Bhandari & Associates
Chartered Accountants

Binam Gyawali
(Sr. Admin officer/ Company Secretary)

Bibek Rawal
(Chief Executive Officer)

Sagar Bhandari
(Proprietor)
Date: 2083/06/06
Kathmandu, Nepal

Bhujung Hydropower Limited
Tokha-10, Kathmandu, Nepal
Statement of Profit or Loss
For the year ended 32nd Ashadh, 2083 (July 16, 2026)

Amount in NPR

Particulars	Note	For the year ended 32nd Ashadh 2083	For the year ended 32nd Ashadh 2082
Revenue			
Revenue from Sales of Electricity	20	170,084,202	132,642,027
Cost of Sales			
Direct Expenses	21	(37,216,129)	(36,351,658)
Gross Profit/(Loss)		**132,868,073**	**96,290,370**
Other Income	22	-	40,000,000
Administrative Expenses	23	(9,079,328)	(9,215,376)
Depreciation and Amortization Expenses	24	(62,652,986)	(62,494,710)
Net Profit/(Loss) from Operation		**61,135,759**	**64,580,284**
Finance Income/(Loss)		-	-
Finance Cost	25	(85,635,068)	(115,282,038)
Net Profit/(Loss) Before Bonus, CSR and Tax		**(24,499,308)**	**(50,701,754)**
Provision for Employee Bonus		-	-
Net Profit/(Loss) Before CSR and Tax		**(24,499,308)**	**(50,701,754)**
Provision for CSR		-	-
Net Profit/(Loss) Before Tax (NPBT)		**(24,499,308)**	**(50,701,754)**
Tax Expenses			
Current Tax Expense		-	-
Deferred Tax Income/(Expense)	15	-	-
Net Profit after Tax (NPAT)		**(24,499,308)**	**(50,701,754)**
Earnings per Share of NPR 100 each			
Basic Earnings per Share	26	(2.74)	(10.81)
Diluted Earnings per Share	26	(2.74)	(10.81)

The accompanying notes are an integral part of the Financial Statements

Madhav Raj Acharya
(Chairman)

Dr. Himal Bhattarai
(Managing Director)

As per our report of even date

For S. Bhandari & Associates
Chartered Accountants

Binam Gyawali
(Sr. Admin officer/ Company Secretary)

Bibek Rawal
(Chief Executive Officer)

Sagar Bhandari
(Proprietor)
Date: 2083/06/06
Kathmandu, Nepal

Bhujung Hydropower Limited
Tokha-10, Kathmandu, Nepal
Statement of Other Comprehensive Income

Amount in NPR

Particulars	For the year ended 32nd Ashadh 2083	For the year ended 32nd Ashadh 2082
Net profit/(Loss) for the year	(24,499,308)	(50,701,754)
Other Comprehensive Income not to be classified to Profit or Loss in Subsequent periods		
Revaluation Gain/(Loss) on Property, Plant & Equipment	-	-
Fair Value Gain/Loss on investment through OCI	-	-
Fair Value Gain/Loss on acturial Valuation	-	-
Income Tax relating to above	-	-
Other Comprehensive Income to be classified to Profit or Loss in Subsequent periods		
Fair value changes of debt instruments measured at FVOCI	-	-
Income Tax relating to above	-	-
Total Comprehensive Income for the year	**(24,499,308)**	**(50,701,754)**

The accompanying notes are an integral part of the Financial Statements

Madhav Raj Acharya
(Chairman)

Dr. Himal Bhattarai
(Managing Director)

Binam Gyawali
(Sr. Admin officer/ Company Secretary)

Bibek Rawal
(Chief Executive Officer)

As per our report of even date

For S. Bhandari & Associates
Chartered Accountants

Sagar Bhandari
(Proprietor)
Date: 2083/06/06
Kathmandu, Nepal

Bhujung Hydropower Limited

Tokha-10, Kathmandu, Nepal

Statement of Changes in Equity

For the year ended 32nd Ashadh, 2083 (July 16, 2026)

Amount in NPR

Particulars	Equity Share Capital	Share Premium	Revaluation Reserves	Retained Earnings	Total Equity
Balance as on 01.04.2081	**354,500,000**	-	-	**(26,989,170)**	**327,510,830**
Adjustment of Amortization of Intangible Assets	-	-	-	(13,419)	(13,419)
Restated Balance as on 01.04.2081	**354,500,000**	-	-	**(27,002,589)**	**327,497,411**
Profit/(Loss) for the Year	-	-	-	(50,701,754)	(50,701,754)
Other Comprehensive Income	-	-	-	-	-
Total Comprehensive Income	-	-	-	**(50,701,754)**	**(50,701,754)**
Share Issue Costs	-	-	-	(1,958,970)	(1,958,970)
Equity Shares Issued	445,500,000	-	-	-	445,500,000
Balance as on 32.03.2082	**800,000,000**	-	-	**(79,663,313)**	**720,336,687**
Profit/(Loss) for the Year	-	-	-	(24,499,308)	(24,499,308)
Other Comprehensive Income	-	-	-	-	-
Total Comprehensive Income	-	-	-	**(24,499,308)**	**(24,499,308)**
Share Issue Cost	-	-	-	(4,849,691)	(4,849,691)
Equity Shares Issued	200,000,000	-	-	-	200,000,000
Balance as on 32.03.2083	**1,000,000,000**	-	-	**(109,012,312)**	**890,987,688**

The accompanying notes are an integral part of the Financial Statements

Madhav Raj Acharya
(Chairman)

Dr. Himal Bhattarai
(Managing Director)

Binam Gyawali
(Sr. Admin officer/ Company Secretary)

Bibek Rawal
(Chief Executive Officer)

As per our report of even date

For S. Bhandari & Associates
Chartered Accountants

Sagar Bhandari
(Proprietor)
Date: 2083/06/06
Kathmandu, Nepal

Bhujung Hydropower Limited
Tokha-10, Kathmandu, Nepal
Statement of Cash Flows
For the year ended 32nd Ashadh, 2083 (July 16, 2026)

Amount in NPR

Particulars	For the year ended 32nd Ashadh 2083	For the year ended 32nd Ashadh 2082
Cash Flow From Operating Activities:		
Net Profit/(Loss) for the year	(24,499,308)	(50,701,754)
Adjustment for:		
Depreciation and Amortization Expenses	62,652,986	62,494,710
Finance Cost	85,635,068	115,282,038
Cash Flow from Operating activities before changes in W/C	**123,788,745**	**127,074,994**
(Increase)/ Decrease in Current Assets	18,118,458	(17,315,053)
Increase/ (Decrease) in Current Liabilities & Provisions	1,521,948	(84,459,901)
Cash Flow From Operating Activities	**143,429,152**	**25,300,040**
Prior year adjustments	-	-
Net Cash Flow From Operating Activities	**143,429,152**	**25,300,040**
Cash Flow from Investing Activities		
Acquisition of Property, Plant & Equipment	(1,020,241)	(2,381,030)
Acquistion of Intangible Assets under Service Concession Agreement	(37,806,861)	-
Acquisition of Intangible Assets	(11,300)	-
Acquisition of ROU Leasehold Land	(1,475,000)	-
Net Cash Flow From Investing Activities	**(40,313,401)**	**(2,381,030)**
Cash Flow from Financing Activities		
Increase/(Decrease) in Share Capital	200,000,000	445,500,000
Increase/(Decrease) in Borrowings	(220,000,061)	(339,102,460)
Payment of Lease Liability	(436,097)	(403,793)
Share Issue Costs	(4,849,691)	(1,958,970)
Finance Cost	(85,635,068)	(115,282,038)
Net Cash Flow From Financing Activities	**(110,920,916)**	**(11,247,261)**
Total Cash Flow From All Activities	**(7,805,166)**	**11,671,750**
Cash & Cash Equivalent at the beginning of the year	23,559,372	11,887,622
Cash & Cash Equivalent at the end of the year	**15,754,205**	**23,559,372**

The accompanying notes are an integral part of the Financial Statements

Madhav Raj Acharya
(Chairman)

Dr. Himal Bhattarai
(Managing Director)

As per our report of even date

For S. Bhandari & Associates
Chartered Accountants

Binam Gyawali
(Sr. Admin officer/ Company Secretary)

Bibek Rawal
(Chief Executive Officer)

Sagar Bhandari
(Proprietor)
Date: 2083/06/06
Kathmandu, Nepal

Bhujung Hydropower Limited
Tokha-10, Kathmandu, Nepal
Notes forming part of Financial Statements for the year ended Ashadh 32, 2083 (July 16, 2026)

1.Reporting Entity: General Information
Bhujung Hydropower Limited (from herein referred to "BJHL" or the "Company") is a limited liability company registered under the Companies Act, 2063, with registration number 284055/78/079. BJHL was registered with the office of Company Registrar Nepal on 2072.02.21 as a private limited company and was subsequently converted into a public limited company on 2078.11.02. The Company is registered with the Inland Revenue Department since 2072.02.27 with PAN 603497991.

The central office of company is located at Tokha -10, Kathmandu. The company has developed Upper Midim Hydropower Project (UMHPP), a run-of-river type project with the licensed capacity of 7.5 MW. The project is located on Kwhlosothar Rural Municipality, Lamjung district of Nepal lies in Gandaki province. The Company has concluded its power purchase agreement on 2074/05/29 with Nepal Electricity Authority. Company received generation license on 2076/05/26 which is valid till 2111/05/25. The commercial operation was started from 6th Baisakh, 2081.

The Board of Directors of the company has approved the financial statements in its meeting held on ___ Bhadra 2083, (August__, 2026). The board of directors acknowledges the responsibility of preparation of financial statements.

2.Basis of Preparation and Measurement

2.1 Statement of Compliance
The Financial Statements have been prepared in accordance with Nepal Financial Reporting Standards (NFRS) as issued by Accounting Standards Board (ASB), Nepal which are generally in compliance with International Financial Reporting Standards as issued and applicable, except mentioned hereinafter. NFRS also includes Interpretations issued by the International Financial Reporting Interpretation Committee (IFRIC) and Standing Interpretation Committee (SIC) as issued by International Accounting Standards Board (IASB).

The Financial Statements have also been prepared in accordance with the provisions of Companies Act, 2063 of Nepal.

The Financial Statements of the company comprises of Statement of Financial Position, Statement of Profit or Loss and Other Comprehensive Income, Statement of Changes in Equity, Statement of Cash Flows and Notes forming part of Financial Statements.

2.2 Basis of Preparation
The financial statements have been prepared on an accrual and going concern basis. The accounting policies are applied consistently to all the periods presented in the financial statements. All assets and liabilities have been classified as current or non-current as per the Company's normal operating cycle. Based on the nature of products and the time between the acquisition of assets for processing and their realization in cash and cash equivalents, the Company has ascertained its operating cycle as 12 months for the purpose of current or non-current classification of assets and liabilities.

2.3 Basis of measurement:
These financial statements are prepared under historical cost convention except for certain material items that have been measured at fair value as required by the relevant NFRS.

Bhujung Hydropower Limited
Tokha-10, Kathmandu, Nepal
Notes forming part of Financial Statements for the year ended Ashadh 32, 2083 (July 16, 2026)

2.4 Responsibility of Financial Statements:
The Board of Directors of the Company is responsible for preparation and presentation of the Company's financial statements and for the estimates and judgments used in them.

2.5 Functional and Presentation Currency:
The financial statements are presented in Nepalese Rupees (NPR) which is the company's functional currency. All financial information presented in Nepalese Rupees has been rounded to the nearest rupee except otherwise indicated.

2.6 Fiscal Year
The Company prepares financial statements in accordance with Nepalese financial year. The financial year starts from 1st Shrawan and ends on Ashadh end of next calendar year. The corresponding dates for the English calendar are as follows:

Particulars	Nepali Calendar Date/ Period	Gregorian Calendar Date / Period
Reporting Date	32nd Ashadh, 2083	16th July, 2026
Comparative Reporting Date	32nd Ashadh, 2082	16th July, 2025
Reporting Period	1st Shrawan, 2082 – 32nd Ashadh, 2083	17th July, 2025 – 16th July, 2026
Comparative Reporting Period	1st Shrawan, 2081 – 32nd Ashadh, 2082	16th July, 2024 – 16th July, 2025

2.7 Use of Estimates, Assumptions or Judgments:
The preparation of the financial statements is in conformity with NFRS requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual result may differ from these estimates. Estimated and underlying assumptions are reviewed on an ongoing basis. Revision to accounting estimates is recognized in the period in which the estimates are revised and in any future period affected. Information about significant areas of estimates, uncertainty and critical judgment in applying accounting policies that have the most significant effect on the amounts recognized in the financial statements are: provisions and contingencies, determination of useful life of the property, plants and equipment, determination of capitalization value and useful life of the intangible assets etc.

2.8 Going Concern
The Board of Directors have considered a wide range of information relating to present and future conditions, including future projections of profitability, cash flows and capital resources while assessing the going concern basis. Furthermore, Board is not aware of any material uncertainties that may cast significant doubt upon Company's ability to continue as a going concern, and they do not intend either to liquidate or to cease.

2.9 Materiality and Aggregation
Each material class of similar items is presented separately in the financial statement. Item of dissimilar nature or function are presented separately unless that are material.

Bhujung Hydropower

S. BHANDARI & ASSOCIATES Chartered Accountants Kathmandu Nepal

2.10 Offsetting

Financial assets and financial liabilities are offset, and the net amount is reported in the Statement of Financial Position, only when the Company has a legally enforceable right to offset the recognized amounts and intends either to settle on a net basis or to realize the asset and settle the liability simultaneously.
Income and expenses are presented on a net basis only when permitted by Nepal Financial Reporting Standards (NFRS), including interpretations issued by the International Financial Reporting Interpretations Committee (IFRIC) and the former Standing Interpretations Committee (SIC), or as specifically disclosed in the Company's significant accounting policies.

2.11 Controlling Body

The details of Shareholders holding 1% or more of the paid-up equity share capital and percentage of holding are given below:

S.No	Name of Equity Shareholders	No. of Shares	Percentage
1	Madhav Raj Acharya	406,350	4.06%
3	Purna Bhakta Pradhanang	300,000	3.00%
4	Anu Khanal	215,250	2.15%
5	Aarju Shrestha	165,000	1.65%
6	Saurabh Shrestha	135,000	1.35%
7	Anshul Acharya	112,050	1.12%
8	Gopal Prasad Banjara	110,000	1.10%
9	Mridul Acharya	109,150	1.09%
10	Sunil Shrestha	100,000	1.00%
11	Bhupesh Chhatkuli	100,000	1.00%
12	Bkesh Pradhanang	100,000	1.00%
13	Meena Karki Sapkota	100,000	1.00%
14	Ram Raja Thapa	100,000	1.00%
	Total	**2,052,800**	**20.53%**

3 Significant Accounting Policies

The significant accounting policies adopted in the presentation of Financial Statements of the company are explained below: -

3.1 Property, Plant and Equipment

i. Recognition and Measurement

An item of property, plant and equipment is recognized as an asset if, and only if, it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably. Spare parts, stand-by equipment and servicing equipment are recognized as property, plant and equipment when they meet this definition; otherwise, they are classified as inventory.

Property, Plant and equipment are measured at cost less accumulated depreciation and any accumulated impairment losses if any. Cost comprises purchase price, including import duties and non-refundable purchase taxes, after deducting trade discounts and rebates. Any costs directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management,

Bhujung Hydropower

S. BHANDARI & ASSOCIATES Chartered Accountants Kathmandu Nepal

including site preparation, initial delivery and handling, installation and assembly, and professional fees and the initial estimate of the costs of dismantling and removing the item and restoring the site on which it is located, where the company has a present obligation to do so as a consequence of installing or using the asset for purposes other than to produce inventories.

Subsequent expenditure is capitalized only when it is probable that future economic benefits associated with the expenditure will flow to the Company and the cost can be measured reliably. All other subsequent expenditure is recognized as an expense in the period in which it is incurred.

ii. Depreciation

Property, Plant and Equipment other than Intangible asset and Intangible asset under service concession agreement are depreciated using written down value method from the date they are available for use. Intangible asset and Intangible asset under service concession agreement are amortized over the life of agreement on Straight Line basis. The estimated useful lives of the significant items of Property & Equipment and Intangible assets are as follows:

S.No	Particulars	Estimated Useful Life	Rate of Depreciation
1	Furniture, Fixture and Office Equipment	5-8 years (WDV)	25%
2	Vehicles	10-15 years (WDV)	20%
3	Plant and Machinery	10-15 years (WDV)	15%

Depreciation methods, useful lives, and residual values are reviewed at each reporting date and adjusted if appropriate.

iii. Derecognition

An item of property, plant and equipment, including any significant component recognized separately, is derecognized on disposal or when no future economic benefits are expected from its use or disposal. The gain or loss arising on derecognition (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the Statement of Profit or Loss in the period in which the asset is derecognized.

3.2 Intangible Assets

i) Recognition

Intangible assets that the company controls and from which it expects future economic benefits are capitalized upon acquisition and initially measured at cost comprising the purchase price (including custom duties and non-refundable taxes) and directly attributable costs to prepare the assets for its intended use.

Subsequent expenditure is capitalized only when it is probable that future economic benefits associated with the expenditure will flow to the Company and the cost can be measured reliably. All other subsequent expenditure is recognized as an expense in the period in which it is incurred.

Service concession arrangements

Under IFRIC 12 – Service Concession Arrangements applies to public-to-private service concession arrangements if:

- The grantor controls or regulates what services the operator must provide with the infrastructure, to whom it must provide them, and at what prices: and
- The grantor controls through ownership, beneficial entitlement or otherwise any significant residual interest in the infrastructure at the end of the term of the arrangement

Bhujung Hydropower

S. BHANDARI & ASSOCIATES * Chartered Accountants * Kathmandu Nepal

- Is the infrastructure constructed or acquired by the operator from a third party for the purpose of the service arrangement or is the existing infrastructure of the grantor to which the operator is given access for the purpose of the service arrangement. Infrastructure used in a public-to-private service concession arrangement for its entire useful life (whole life of assets) is within the scope of this IFRIC, if the conditions in (a) above are met. These arrangements are accounted on the basis of below mentioned models depending on the nature of consideration and relevant contract law.

Financial Asset Model
The Financial asset model is used when the Company, being an operator, has an unconditional contractual right to receive cash or another financial asset from or at the direction of the grantor for the construction services. Unconditional contractual rights are established when the grantor contractually guarantees to pay the operator (a) specific or determinable amount; (b) the shortfall, if any, between amounts received from the users of the public services and specified or determinable amounts.

Intangible Asset Model
The intangible asset model is used to the extent that the operator receives a right (a license) to charge users of public service. The right to charge users of public services is not an unconditional right to receive cash because the amounts are contingent to the extent that public uses the services. Both type of arrangements may exist within a single contract to the extent that the grantor has given an unconditional guarantee of payment for the construction and the operation i.e. considered as a financial asset and to the extent that the operator has to rely on the public using the service in order to obtain payment, the operation has an intangible asset.

Company has elected to choose Intangible Assets model under Service Concession Arrangement (SCA)
The Company manages concession arrangements which include power supply from its hydro power plant. The Company maintains and services the infrastructure during the concession period. These concession arrangements set out rights and obligations related to the infrastructure and the services to be provided. The right to consideration gives rise to an intangible asset and accordingly, the intangible asset model is applied. Income from the concession arrangements earned under the intangible asset model consists of the

- Fair Value of the contract revenue, which is deemed to be fair value of consideration transferred to acquire the asset; and
- Payments actually received from the users.

The intangible asset is amortized over its expected useful life in a way that reflects the pattern in which the assets' economic benefits are consumed by the Company, starting from the date when the right to operate starts to be used. Based on these principles, the intangible asset is amortized in line with the actual usage of the specific public facility, with a maximum of the duration of the concession. Any asset carried under concession arrangements is de-recognized on disposal or when no future economic benefits are expected from its future use or disposal or when the contractual rights to the financial asset expire.

ii) Amortization
The useful lives of intangible assets are assessed to be either finite or indefinite. An intangible asset shall be regarded as having an indefinite useful life when, based on an analysis of all of the relevant factors, there is no foreseeable limit to the period over which the asset is expected to generate net cash inflow for the entity.
Amortization is recognized in statement of profit or loss on straight line method (SLM) over the estimated useful life of the intangible assets from the date that it is available for use since this most closely reflects the expected pattern of consumption of the future economic benefits embodied in the asset. The amortization period and the amortization method for an intangible asset with a finite useful life are reviewed at least at each financial year

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end. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset are considered to modify the amortization period or method, as appropriate, and are treated as changes in accounting estimates. The amortization expense on intangible assets with finite lives is recognized in the statement of profit or loss.

S.No	Particulars	Estimated Useful Life	Rate of Depreciation
1	Intangible Asset-Software	5 years (SLM)	20%
2	Intangible Asset under SCA	Project Life 30 years (SLM)	3.33%

iii) Derecognition
An Intangible Asset is derecognized when no Future Economic Benefits are expected to arise from the continued use of the Asset. Any Gain or Loss arising on the derecognition is determined as the difference between the sales proceeds and the carrying amount of the Asset and is recognized in the Statement of Profit or Loss.

3.3 Impairment of Tangible and Intangible Assets
The Company assesses, at each reporting date, whether there is any indication that an asset may be impaired. If any such indication exists, the Company estimates the recoverable amount of the asset. An impairment loss is recognized in the Statement of Profit or Loss to the extent that the carrying amount of an asset exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value, less costs of disposal and its value in use.
Value in use is determined by estimating the future cash flow expected to be derived from the assets and discounting them on their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.
At each reporting date, the Company reviews whether there is any indication that an impairment loss previously recognized may no longer exist or may have decreased. If such indication exists, the recoverable amount is estimated. A previously recognized impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognized.

3.4 Leases
The determination of whether an arrangement is (or contains) a lease is based on the substance of the arrangement at the inception of the lease. If an arrangement is, or contains, a lease if fulfillment of the arrangement is dependent on the use of a specific asset or assets and the arrangement conveys a right to use the asset or assets, even if that right is not explicitly specified in an arrangement.
The company recognizes a right-of-use asset and a lease liability for the remaining period of the lease. The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove any improvements made to office premises.
The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the end of the lease term. In addition, the right-of-use asset is periodically reduced by impairment losses, if any, and adjusted for certain re-measurement of the lease liability.
The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the company's incremental borrowing rate.
The cost of borrowing of the company till the date of signing any lease contract has been considered as its incremental borrowing rate.
Lease payments included in the measurement of the lease liability comprise the following:

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- Fixed payment, including in-substance fixed payments, less any lease incentives receivable.
- Variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date.
- Amounts expected to be payable under a residual value guarantee and
- The exercise price under a purchase option that the company is reasonably certain to exercise, lease payments in an optional renewal period if the company is reasonably certain to exercise an extension option, and penalties for early termination of a lease unless the company is reasonably certain not to terminate early.

The lease liability is measured at amortized cost using an effective interest method. It is re-measured when there is change in future lease payments arising from a change in an index or rate, if there is a change in the company's estimate of the amount expected to be payable under a residual value guarantee, if the company changes its assessment of whether it will exercise a purchase, extension or termination option or if there is a revised in-substance fixed lease payment.
When the lease liability is re-measured in this way, a corresponding adjustment is made to the carrying amount of right-of-use asset or is recorded in profit or loss if the carrying amount of right-of-use asset has been reduced to zero.

3.5 Financial Instruments- Recognition and Measurement
Financial assets and financial liabilities are recognized when the company becomes a party to the contract embodying the related financial instruments. All financial assets, financial liabilities and financial guarantee contracts are initially measured at *transaction cost* and where such values are different from the fair value, *at fair value*.
Transaction costs that is directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit and loss) are added to or deducted from the fair value measured on initial recognition of financial asset or financial liability. Transaction costs directly attributable to the acquisition of financial assets and financial liabilities at fair value through profit and loss are immediately recognized in the statement of profit and loss.

Effective Interest Rate Method
The effective interest method is a method of calculating the amortized cost of a financial instrument and of allocating interest income or expense over the relevant period. The effective interest rate is the rate that exactly discounts future cash receipts or payments through the expected life of the financial instrument, or where appropriate, a shorter period. Income/ expense arising on financial instruments after applying an effective interest rate is recognized in Statement of Profit and Loss and is included in the "Other finance income" or "Other finance cost" line item.

Financial Assets
i) Financial assets at amortized cost
Financial assets are subsequently measured at amortized cost if these financial assets are held within a business model whose objective is to hold these assets in order to collect contractual cash flows and the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

ii) Financial assets measured at fair value
Financial assets are measured at fair value through *other comprehensive income* if these financial assets are held within a business model whose objective is to hold these assets in order to collect contractual cash flows or to sell

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these financial assets and the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.
The Company in respect of equity investments (other than in subsidiaries, associates and joint ventures) which are not held for trading has made an irrevocable election to present in other comprehensive income subsequent changes in the fair value of such equity instruments. Such an election is made by the Company on an instrument-by-instrument basis at the time of initial recognition of such equity investments.
Financial assets not measured at amortized cost or at fair value through other comprehensive income is carried at fair value through the *statement of profit or loss*. For financial assets maturing within one year from the balance sheet date, the carrying amounts approximate fair value due to the shorter maturity of these instruments.

iii) Impairment of financial assets
Loss allowance for expected credit losses is recognized for financial assets measured at amortized cost and fair value through the statement of profit or loss. The company recognizes impairment loss on trade receivables using expected credit loss model. For financial assets whose credit risk has not significantly increased since initial recognition, loss allowance equal to twelve months expected credit losses is recognized. Loss allowance equal to the lifetime expected credit losses is recognized if the credit risk on the financial instruments has significantly increased since initial recognition.

iv) De-recognition of financial assets
The Company de-recognizes a financial asset only when the contractual rights to the cash flow from the financial asset expire, or it transfers the financial asset, and the transfer qualifies for de-recognition under NFRS 9. If the Company neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred assets, the Company recognizes its retained interest in the assets and an associated liability for amounts it may have to pay. If the Company retains substantially all the risks and rewards of ownership of a transferred financial asset, the Company continues to recognize the financial asset and recognizes a collateralized borrowing for the proceeds received. On de-recognition of a financial asset in its entirety, the differences between the carrying amounts measured at the date of de-recognition and the consideration received are recognized in statement of profit or loss.

Financial Liabilities & Equity
i) Classification as debt or equity
Financial liabilities and equity instruments issued by the Company are classified according to the substance of the contractual arrangements entered into and the definitions of financial liability and equity instruments.

ii) Equity Instruments
An equity instrument is any contract that evidences a residual interest in the assets of the Company after deducting all of its liabilities. Equity instruments are recorded at the proceeds received, net of dsirect issue costs.

iii) Financial Liabilities
Financial liabilities are initially measured at *fair value*, net of transaction costs, and are subsequently measured at amortized cost, using the effective interest rate method where the time value of money is significant. Interest bearing bank loans, overdrafts and issued debt are initially measured at fair value and are subsequently measured at amortized cost using the effective interest rate method. Any difference between the proceeds (net of transaction costs) and the settlement or redemption of borrowings is recognized over the term of the borrowings in the statement of profit and loss. For trade and other payables maturing within one year from the balance sheet date, the carrying amounts approximate fair value due to the short maturity of these instruments.

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iv) Financial guarantee contracts

Financial guarantee contracts issued by the Company are those contracts that require a payment to be made to reimburse the holder for a loss it incurs because the specified debtor fails to make a payment when due in accordance with the terms of a debt instrument. Financial guarantee contracts are recognized initially as a liability at fair value, adjusted for transaction costs that are directly attributable to the issuance of the guarantee.

v) De-recognition of financial liability

Financial liability is derecognized when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the de-recognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognized in the statement of profit and loss.

3.6 Fair Value measurement:

The Company measures financial instruments, such as, investment in equity instruments, at fair value at each balance sheet date. Fair value is the price that would be received to sell an asset or paid to transfer liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer liability takes place either:

- In the principal market for the asset or liability, or
- In the absence of a principal market, in the most advantageous market for the asset or liability.

The principal or most advantageous market must be accessible by the Company.

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interests.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Company uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximizing the use of relevant observable inputs and minimizing the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorized within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

Level 1 – Quoted (unadjusted) market prices in active markets for identical assets or liabilities

Level 2 – Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable

Level 3 – Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable

For the purpose of fair value disclosures, the Company has determined classes of assets and liabilities on the basis of nature, characteristics and risks of the asset or liability and the level of the fair value hierarchy as explained ab

3.7 Cash and Cash Equivalents

Cash and cash equivalents comprise cash in hand, balances with banks, and other short-term highly liquid investments with original maturities of three months or less from the date of acquisition, which are readily convertible into known amounts of cash and are subject to an insignificant risk of changes in value. The carrying amount of cash and cash equivalents approximates their face value.

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These balances have been used as cash and cash equivalents for the presentation of Statement of Cashflows as well.

3.8 Inventories

Cost of inventories includes cost of purchase, costs of conversion and other costs incurred in bringing the inventories to their present location and condition. Inventories shall be measured at the lower of cost and net realizable value (NRV).

The Company's inventories primarily comprise stores, spares and consumables held for the purpose of operation and maintenance of the power plant. The cost of such inventories is determined on a weighted average basis.

3.9 Revenue Recognition

3.9.1 Sale of Electricity

Revenue is recognized to the extent that it is probable that economic benefits will flow to the Company and that the revenue can be reliably measured. Revenue is measured at the fair value of the consideration received or receivable. Revenue is reduced for estimated rebates and other similar allowances. Revenue is recognized when substantial risks and rewards of ownership is transferred to the buyer under the terms of the contract.

3.9.2 Interest Income

Interest income from a financial asset is recognized when it is probable that the economic benefits will flow to the Company and the amount of income can be measured reliably. Interest income is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount on initial recognition.

3.9.3 Dividend Income

Dividend income (net of withholding taxes) from investments is recognized when the shareholder's right to receive payment has been established, provided that it is probable that the economic benefits will flow to the company and the amount of income can be measured reliably. In case of stock dividends only the number of shares increases.

3.10 Employee Benefits

i) Short Term Obligations

Liabilities for wages and salaries, including non-monetary benefits that are expected to be settled wholly within 12 months after the end of the period in which the employees render the related service are recognized in respect of employees' services up to the end of the reporting period and are measured at the amounts expected to be paid when the liabilities are settled. The liabilities are presented as current employee benefit obligations in the Statement of Financial Position. The liabilities for earned leaves are also settled wholly within 12 months after the end of the period in which the employees render the related service and are accordingly treated as short term obligation.

ii) Post Employment Benefits

The Company does not have any schemes of Post-employment/Long term benefit plans for its employees. The company has not provided for Gratuity as per Labor Act 2074 and has not been registered with Social Security Fund as per Social Security Act 2074.

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3.11 Provision for Staff Bonus

Provision for Employee bonus is provided as per the provisions of the Electricity Act and Rules 2049 (at the rate of 2% of Net profit before transfer to CSR Fund). Provision is created as per annual profit and paid in the subsequent period as per the provisions of Bonus Act 2030. Unspent amounts are transferred to Employees Welfare Funds.

As the Company has not earned any profit during the year, no provision for employee bonus has been made in accordance with the Electricity Act and Rules, 2049.

3.12 Royalty

Capacity royalty at NPR 100 per Kilowatt of generation capacity and generation royalty at 2 per cent of revenue receipt is charged for the hydropower projects operated by the company.

3.13 Income tax

Income tax on the profit or loss for the year comprises **current taxes** and **deferred taxes**. Income tax is recognized in the Statement of profit or loss except to the extent that it relates to items recognized directly to equity.

i) Current Tax

Current tax is the expected tax payable on the taxable income for the year using tax rates at the balance sheet date and any adjustment to tax payable in respect of previous years. Income tax rate applicable to company is 20%. The company is assessed at 0% tax rates for first 10 years (from FY 2080-81 to FY 2089-90) and 10% for subsequent 5 years (from FY 2090-91 to FY 2094-95).

ii) Deferred Tax

- Deferred tax is provided using the balance sheet liability method, providing for temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. The amount of deferred tax provided is based on the expected realization or settlement of the carrying amount of assets and liabilities using tax rates at the balance sheet date.
- A deferred tax asset is recognized only to the extent that it is probable that future taxable profits will be available against which the asset can be utilized. The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.
- Deferred tax liabilities and assets are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset realized, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

3.14 Borrowings Cost

Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds. Borrowing cost also includes exchange differences to the extent regarded as an adjustment to the borrowing costs. Borrowing costs directly attributable to the acquisition, construction or production of an asset that necessarily takes a substantial period of time to get ready for its intended use or sale are capitalized as part of the cost of the asset until such time as the assets are substantially ready for the intended use or sale. All other borrowing costs are expensed in the period in which they occur.

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3.15 Earnings per share

Basic earnings per share is computed by dividing the profit/ (loss) for the year by the weighted average number of equity shares outstanding during the year. The weighted average number of equity shares outstanding during the year is adjusted for bonus issue, bonus element in a rights issue to existing shareholders, share split and reverse share split (consolidation of shares).

Diluted earnings per share is calculated by dividing the profit/ (loss) for the year as adjusted for dividend, interest and other charges to expense or income (net of any attributable taxes) relating to the dilutive potential equity shares, by the weighted average number of equity shares considered for deriving basic earnings per share and the weighted average number of equity shares which could have been issued on the conversion of all dilutive potential equity shares. Potential equity shares are deemed to be dilutive only if their conversion to equity shares would decrease the net profit per share from continuing ordinary operations. Potential dilutive equity shares are deemed to be converted as at the beginning of the period, unless they have been issued at a later date.

3.16 Provisions, Contingent Liabilities & Contingent Assets

(i) Provisions

Provisions are recognized when the Company has a present legal or constructive obligation as a result of past events, for which it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate of the amount can be made.

Provisions are measured at the present value of management's best estimate of the expenditure required to settle the present obligation at the end of the reporting period. The discount rate to determine the present value is a Pre-Tax Rate that reflects current market assessments of the time value of money and the risks specific to liability. The increase in the provision due to the passage of time is recognized as interest expense.

Provisions for Contingent Liability are recognized in the books as a matter of abundant precaution and conservative approach based on management's best estimate. However, Management believes that chances of these matters going against the company are remote and there will not be any probable cash outflow.

(ii) Contingent Liabilities

Contingent liabilities are recognized only when there is a possible obligation arising from past events due to occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Company or where any present obligation cannot be measured in terms of future outflow of resources or where a reliable estimate of the obligation cannot be made. Obligations are assessed on an ongoing basis and only those having a largely probable outflow of resources are provided for.

(iii) Contingent Assets

Contingent assets where it is probable that future economic benefits will flow to the Company are not recognized but disclosed in the Financial Statements.

3.17 Event after reporting period

There are no events after the reporting period requiring adjustments in the financial statement.

3.18 Segment Reporting

The Company is engaged in only one segment "Generation and Sale of Electricity" from its Power Plant. Hence the Company does not have any reportable segments as per NFRS 8 "Operating Segments".

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3.19 CSR expenses as per Industrial Enterprises Act 2076

Industrial Enterprises Act 2076; Section 54 makes it mandatory to allocate 1% of the annual profit to be utilized towards corporate social responsibility (the "CSR Requirement"). The fund created for CSR is to be utilized on the basis of annual plans and programs.

As the Company has not earned any profit during the year, no provision for CSR expenses has been made in accordance with Section 54 of the Industrial Enterprises Act, 2076.

3.20 Risk Management

The Company's business activities expose itself to a variety of risks, namely primarily to liquidity risk and fluctuations in interest rates, which may adversely impact the operation of Company. The Company's Board and management have overall responsibility for the establishment and oversight of the Company's risk management. The Company's risk management policies are established to identify and analyse the risks faced by the Company, to set appropriate risk limits and controls and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Company's activities.

a) Liquid Risk

Liquidity risk is the risk that the Company will face in meeting its obligations associated with financial liabilities. The Company's approach to managing liquidity is to ensure that it will have sufficient funds to meet its liabilities when due without incurring unacceptable losses. A material and sustained shortfall in cash flow could create potential business continuity risk. The Company is fully dependent on Nepal Electricity Authority for its revenue based on the PPA. Any delay in settlement of dues by NEA will make it difficult for the Company to operate smoothly. The Company monitors its risk to a shortage of funds on a regular basis through fund forecasts. The Company's objective is to maintain a balance between continuity of funding through equity and cash flows from operations to meet its operational cost and debt servicing. The Company estimates that it will generate sufficient revenue from sale of electricity to meet its fund requirements.

b) Interest Rate Risk

Interest Rate Risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company's exposure to the risk of changes in market interest rates relates primarily to the Company's long-term debt obligations. Since the interest rate is influenced by market forces, the Company has little role in minimizing the risk. Company's interest rate on such borrowings is determined based on the quarterly base rate published by the bank. Hence the Company is exposed to Interest Rate Risk.

c) Capital Management

Capital includes issued capital and all other reserves attributable to the equity holders of the Company. The Company manages its capital so as to safeguard its ability to continue as a going concern and to optimize returns to the shareholders. The capital structure of the Company is based on management's judgement of the appropriate balance of key elements in order to meet its strategic needs. We consider the amount of capital in proportion to risk and manage the capital structure in light of changes in economic conditions and the risk characteristics of the underlying assets.

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3.21 Reclassification

The Following items have been reclassified for the purpose of facilitating better comparison and presentation:

Items	Current Classification	Previous Classification	Amount (NPR)
Contractor's & Consultants Advance	Other Current Assets	Loans advance & Deposits	19,274,250
Site Office Advance	Other Current Assets	Loans advance & Deposits	5,801,602
Land Purchase Advance	Other Current Assets	Loans advance & Deposits	3,024,000
Staff Advance	Other Current Assets	Loans advance & Deposits	736,456
Other Advance	Other Current Assets	Loans advance & Deposits	158,000
Other Deposit	Other Current Assets	Loans advance & Deposits	1,500
Loose Tools & Consumables	Inventories	Other Current Assets	2,502,700
Audit Fee Payable	Other Financial Liability	Other Current Liabilities	167,250
Board Meeting Payable	Other Financial Liability	Other Current Liabilities	339,150
Lease Liability- Current	Current Lease Liability	Other Current Liabilities	436,097

3.22 Related Party Disclosure

(a) Details of Key Management Personnel

S. No	Name	Position
1	Madhav Raj Acharya	Chairman
2	Dr. Himal Bhattarai	Managing Director
3	Tanka Prasad Subedi	Director
4	Rajeshowr Duwal	Director
5	Santosh Shrestha	Director
6	Jelina Shrestha	Director
7	Rita Gautam	Independent Director
8	Bibek Rawal	CEO
9	Binyam Gyawali	Admin Officer/Company Secretary

(b) Other Related Party

S. No	Name	Position
1	Luna Builders and Contractor Pvt. Ltd.	Company in which close relative of Chairman is interested

(c)Transactions with those charged with governance

S. No	Particulars	Amount (NPR)
1	Board Meeting Allowance	182,000
2	Employee Benefit Expenses	2,746,750

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Notes forming part of Financial Statements for the year ended Ashadh 32, 2083 (July 16, 2026)

(d)Transactions with other related parties

Related Party transactions are identified by the management. As per the requirements of NFRS 24, the names of related parties, transactions and the nature of their relationships during the year are as follows

S.No	Name of Party	Nature of transactions	Opening Balance	Transaction during the year	Closing Balance
1	Madhav Raj Acharya	Office Lease Expenses	0.00	1,200,000	0.00
2	Luna Builders and Contractor Pvt.Ltd.	Civil Construction Cost	19,225,000 (Receivable)	37,806,861	0.00

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Calculation of Current Tax Expense for Financial Year 2082-83

Particulars	Amount (NPR)
Net Profit/(Loss) before tax as per SOPL	**(24,499,308)**
Add: Inadmissiable Expenses	
Depreciation and Amortization Expenses as per books of accounts	62,652,986
Repair and Maintenance as per Sec 16 of Income Tax Act, 2058	259,197
Interest Expenses on Lease Liabilty	763,903
Miscellaneous Expenses	102,265
Total	**39,279,042**
Less: Allowable Expenses	
Depreciation as per Income Tax Act	(191,339,657)
Rent Expenses during the year	(1,245,065)
Total Taxable Profit/(Loss)	**(153,305,681)**
Add: Previous year unabsorbed loss (not allowed to brought forward loss u/s 20 during fully exemption period	-
Taxable Profit/(Loss)	**(153,305,681)**
Tax Rate (Full income tax exemption u/s 11(3gha)	0.00%
Current Tax Expenses	-

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Amount in NPR

Property, Plant and Equipment **Note: 4**

Particulars	Furniture, Fixtures and Office Equipments	Vehicles	Plant and Machinery	Total
Gross Carrying Amount				
Balance as on 01.04.2081	**3,895,124**	**10,036,000**	**1,145,828**	**15,076,953**
Add: Addition during the year	581,357	-	148,733	730,090
Less: Disposal/Adjustment	-	-	-	-
Balance as on 32.03.2082	**4,476,481**	**10,036,000**	**1,294,561**	**15,807,042**
Add: Addition during the year	315,507	-	704,734	1,020,241
Less: Disposal/Adjustment	-	-	-	-
Balance as on 32.03.2083	**4,791,988**	**10,036,000**	**1,999,295**	**16,827,283**
Rate of Depreciation	25%	20%	15%	
Method	WDV	WDV	WDV	
Estimated Useful Life	5-8 years	10-15 years	10-15 years	
Accumulated Depreciation				
Accumulated Depreciation as on 01.04.2081	**2,628,294**	**6,149,612**	**156,483**	**8,934,389**
Depreciation during the year	409,223	777,278	153,412	1,339,912
Less: Disposal/Adjustment	-	-	-	-
Accumulated Depreciation as on 32.03.2082	**3,037,516**	**6,926,890**	**309,895**	**10,274,301**
Depreciation during the year	375,812	621,822	165,330	1,162,964
Less: Disposal/Adjustment	-	-	-	-
Accumulated Depreciation as on 32.03.2083	**3,413,328**	**7,548,712**	**475,225**	**11,437,265**
Net Carrying Amount				
As on 32.03.2082	**1,438,965**	**3,109,110**	**984,666**	**5,532,742**
As on 32.03.2083	**1,378,659**	**2,487,288**	**1,524,070**	**5,390,018**

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Amount in NPR

Intangible Assets **Note-5**

Particulars	Intangible Assets under SCA	Software	Total
Gross Carrying Amount			
Balance as on 01.04.2081	**1,805,849,601**	**-**	**1,805,849,601**
Add: Additions during the year	1,650,940	-	1,650,940
Less: Disposal/ Adjustment during the year	-	-	-
Balance as on 32.03.2082	**1,807,500,541**	**-**	**1,807,500,541**
Add: Addition during the year	37,806,861	11,300.00	37,818,161
Less: Disposal/ Adjustment during the year	-	-	-
Balance as on 32.03.2083	**1,845,307,402**	**11,300.00**	**1,845,318,702**
Rate of Depreciation	3.33%	20%	
Method	SLM	SLM	
Estimated Useful Life	30 years	5 years	
Amortization			
Accumulated Amortization as on 01.04.2081	**14,677,682**	**-**	**14,677,682**
Add: Amortization during the year	60,250,018	-	60,250,018
Less: Disposal/ Adjustment during the year	13,419	-	13,419
Accumulated Amortization as on 32.03.2082	**74,941,118**	**-**	**74,941,118**
Add: Amortization during the year	60,538,770	1,406	60,540,176
Less: Disposal/ Adjustment during the year	-	-	-
Accumulated Amortization as on 32.03.2083	**135,479,888**	**1,406**	**135,481,294.31**
Net Carrying Amount			
As on 32.03.2082	**1,732,559,422**	**-**	**1,732,559,422**
As on 32.03.2083	**1,709,827,513**	**9,894**	**1,709,837,407**

The company has developed and is currently operating the Upper Midim Hydropower Project(UMHPP) , with an installed capacity of 7.5 MW. Construction and development of the project were completed on 6th Baisakh 2081 during the financial year 2080/81 (B.S.).

The Company has elected to apply the Intangible Asset Model under IFRIC 12, Service Concession Arrangements, for recognition of the assets arising from the construction of the project. The commercial operation date (COD) of the project is 2081.01.06, while the generation license is valid up to 2111.05.25 and the Power Purchase Agreement (PPA) is valid up to 2111.01.05. Accordingly, the useful life of the project is determined based on the earlier of the generation license expiry date and the PPA expiry date, i.e., 2111.01.05 (30 years). The intangible asset is amortized on a straight-line basis over its estimated useful life, resulting in an annual amortization rate of approximately 3.33%. As at the reporting date, the remaining useful life of the project is approximately 27.78 years.

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Right of Use Assets **Note-6**

Particulars	Leasehold Land	Leasehold Office	Total
Gross Carrying Amount			
Balance as on 01.04.2081	-	**9,952,582**	**9,952,582**
Add: Additions during the year	-	-	-
Less: Disposal/Adjustments during the year	-	-	-
Balance as on 32.03.2082	-	**9,952,582**	**9,952,582**
Add: Additions during the year	1,475,000	-	1,475,000.00
Less: Disposal/Adjustments during the year	-	-	-
Balance as on 32.03.2083	**1,475,000**	**9,952,582**	**11,427,582**
Method	SLM	SLM	
Estimated Useful Life	28.5 Years	10 Years	
Accumulated Amortization			
Accumulated Amortization as on 01.04.2081	-	-	-
Amortization during the year	-	904,780	904,780
Less: Disposal/Adjustments during the year	-	-	-
Accumulated Amortization as on 32.03.2082	-	**904,780**	**904,780**
Amortization during the year	45,065	904,780	949,846
Less: Disposal/Adjustments during the year	-	-	-
Accumulated Amortization as on 32.03.2083	**45,065**	**1,809,560**	**1,854,626**
Net Carrying Amount			
As on 32.03.2082	-	**9,047,802**	**9,047,802**
As on 32.03.2083	**1,429,935**	**8,143,022**	**9,572,956**

The company has taken Corporate Office of the Company located at Tokha-10 , Kathmandu, as leasee and has been recognized as a Right-of-Use (ROU) Asset. The lease liability, finance cost, ROU Asset and amortization on the ROU Asset have been recognized in accordance with the provisions of NFRS 16 "Leases". The lease agreement commenced on 2081.04.01 and has a total lease term of 11 years. The annual lease rental is NPR 1,200,000 p.a, with a 10% escalation in the lease rental every two years, commencing from 2082.04.01.As at the reporting date, the remaining lease term is 9 years. The Weighted Average Incremental Borrowing Rate (WAIBR) of the Company is 8%, which has been used for the measurement of the lease liability and unwinding of the discount on the lease liability.

The Company has taken Land located at Marsyangdi-1, Lamjung / Kwholasothar-4,Lamjung /Madhyanepal-7,Lamjung on Lease and has been recognized as Right-of-Use (ROU) Asset.The ROU Asset and its amortization has been recognized in accordance with the provisions of NFRS 16"Leases". No Lease Liability has been regonized since the payment for the lease has been made in advance.The Term of lease is 40 years but since PPA expiry date is earlier of lease end date, ROU Asset is Amortized upto 2111.01.25 i.e 28.5 Years.

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Inventories **Note 7**

Particulars	As on 32nd Ashadh 2083	As on 32nd Ashadh 2082
Loose Tools and Consumables	2,591,802	2,502,700
Total	**2,591,802**	**2,502,700**

As on reporting date, the company has maintained stock of spare parts at site office, which are in accordance with the physical verification made by management. These stocks are valued at cost as the management estimates that the net realizable value of these items are almost same with minimal differences.

Cash and Cash Equivalents **Note 8**

Particulars	As on 32nd Ashadh 2083	As on 32nd Ashadh 2082
Cash in Hand	134,401	24,177
Balance with Banks (Local Currency)		
in Current Accounts	15,619,804	23,535,195
in Call Accounts	-	-
Total	**15,754,205**	**23,559,372**

Cash and cash equivalents include cash balances and current account , capex reserve account, debt service reserve account, operation and maintenance account, loan operating account balances maintained with Kumari bank and Sangrilla development Bank. These balances enable the Company to meet its short-term liquidity requirements. They are readily convertible into known amounts of cash and are subject to an insignificant risk of changes in value. Accordingly, the carrying amount of cash and cash equivalents approximates their fair value. These balances have also been considered as cash and cash equivalents for the purpose of presenting the Statement of Cash Flows.

Trade & Other Receivable **Note 9**

Particulars	As on 32nd Ashadh 2083	As on 32nd Ashadh 2082
Nepal Electricity Authority (NEA)	30,202,396	27,205,053
Madhya Midim Jalvidhut Company Pvt. Ltd.	37,500,000	37,500,000
Total	**67,702,396**	**64,705,053**

The Company raises monthly invoices to NEA for energy sales, which are collectible within 45 days. Receivables at year-end represent revenue for the month of Jestha and Ashadh 2083. These receivables are non-interest bearing and carried at amortized cost.

Other Current Assets **Note 10**

Particulars	As on 32nd Ashadh 2083	As on 32nd Ashadh 2082
Advance to Contractors and Consultants (Note 10.1)	138,500	19,274,250
Site Office and Other Advances (Note 10.2)	4,504,450	5,959,602
Advance for Land Purchase	2,974,000	3,024,000
Staff Advance	42,901	736,456
Other Deposit	-	1,500
Prepayments		
Prepaid Insurance	5,144,721	5,026,806
Prepaid Internet	22,118	8,979
Total	**12,826,690**	**34,031,593**

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Advance to Contractors and Consultants **Note 10.1**

Particulars	As on 32nd Ashadh 2083	As on 32nd Ashadh 2082
Kumari Capital Ltd.	98,500	49,250
Luna Builders and Contractor Pvt. Ltd.	-	19,225,000
Kaji Holdings Pvt. Ltd.	40,000	-
Total	**138,500**	**19,274,250**

Site Office and Other Advances **Note 10.2**

Particulars	As on 32nd Ashadh 2083	As on 32nd Ashadh 2082
Site Office Advances		
Binam Gyanwali- Environment and Social Cost	-	1,245,000
Other Advances		
Shikhar Insurance Company Ltd.	-	60,152
Mathillo Midim Jal Bidhut Ayojana Sarokar Samiti	4,496,450	4,496,450
Other Advance	8,000	158,000
Total	**4,504,450**	**5,959,602**

Equity Share Capital **Note 11**

Financial instruments issued by the company are classified as equity only to the context that they do not meet the definition of a financial liability or financial asset. The company's equity shares are classified as equity instruments.

Particulars	As on 32nd Ashadh 2083	As on 32nd Ashadh 2082
Authorized Share Capital:		
1,00,00,000 Equity Shares of 100 each	100,00,00,000	100,00,00,000
Issued Share Capital:		
1,00,00,000 Equity Shares of 100 each	100,00,00,000	100,00,00,000
Paid up Share Capital:		
1,00,00,000/80,00,000 Equity Shares of 100 each	1,000,000,000	800,000,000
Total	**1,000,000,000**	**800,000,000**

Reconciliation of Number of share outstanding **Note 11.1**

Particulars	As on 32nd Ashadh 2083	As on 32nd Ashadh 2082
Balance at the beginning of the year	8,000,000	3,545,000
Add: Issue of fully paid-up equity shares to Promoters	-	4,455,000
Add: Issue of fully paid-up equity shares through Initial Public Offering	2,000,000	-
Total	**10,000,000**	**8,000,000**

The three-year lock-in period applicable to certain shares after the allotment of Company's Initial Public Offering (IPO)
The lock-in restrictions applied to the following ordinary equity share categories:

Particulars	No of Shares	Lock-in period End Date
Promoters	8,000,000	27/10/2085
Local affected people of the project	1,000,000	02/10/2085
Employees	20,000	23/10/2085
Total	**9,020,000**	

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Following expiry, these shares have become eligible for sale or transfer, subject to compliance with applicable SEBON and Nepal Stock Exchange (NEPSE) regulations. The end of the lock-in period may increase the trading liquidity of the Company's shares in the secondary market.

Terms/rights attached to equity shares

The Company has only one class of equity shares having par value of NPR 100 per share. Every member holding equity shares therein shall have voting rights in proportion to the member's share of the paid up equity share capital. The Company declares and pays dividend in Nepalese rupees. The dividend proposed by the Board of Directors is subject to the approval of the shareholders in the ensuing Annual General Meeting. In the event of liquidation of the Company, the holders of equity shares will be entitled to receive remaining assets of the Company, after distribution of all preferential amounts. The distribution will be in proportion to the number of equity shares held by the equity shareholders.

Other Equity **Note 12**

Particulars	As on 32nd Ashadh 2083	As on 32nd Ashadh 2082
Opening Reserve & Retained Earnings	(79,663,313)	(26,989,171)
Add: Net Profit/(Loss) during the year	(24,499,308)	(50,701,754)
Less:-Share Issue Cost	(4,849,691)	(1,958,970)
Less:- Adjustment of prior year amortization of Intangible Assets	-	(13,419)
Total	**(109,012,312)**	**(79,663,313)**

Long Term Borrowings **Note 13**

Particulars	As on 32nd Ashadh 2083	As on 32nd Ashadh 2082
Term Loan-Kumari Bank Ltd.	588,924,330	728,940,832
Term Loan-Sangrilla Development Bank Ltd.	330,154,547	410,138,106
Total Consortium Loan	**919,078,877**	**1,139,078,938**
Less:- Current Portion of Long Term Loan	(32,500,000)	(20,827,661)
Total	**886,578,877**	**1,118,251,277**

The Company has been availing loan facilities from Kumari Bank Limited as the Lead Bank and Shangrila Development Bank Limited as the Participating Bank for the development of the Upper Midim Hydropower Project (7.5 MW) at Klwoholasothar Rural Municipality, Lamjung District. The credit facility is utilized exclusively for construction and development of the project as per the Syndicated Credit Facilities Agreement dated 20 October 2020 and its subsequent Supplementary Facility Agreements (I, II & III), with the Company servicing the loan through periodic repayments as per the agreed schedule.

Borrowings are secured by a first pari-passu charge over all present and future fixed and current assets of the Company, assignment of the Power Purchase Agreement with Nepal Electricity Authority and the Generation License, an escrow arrangement over project revenue, pledge of promoters' shares, and personal guarantees of the promoter directors. Loans scheduled for repayment within one year from the reporting date are classified as the current portion of long-term borrowings to present a true picture of the Company's near-term obligations.

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Non-Current Lease Liability **Note 14**

Particulars	As on 32nd Ashadh 2083	As on 32nd Ashadh 2082
Opening Lease Liability	9,548,788	-
Add: Lease Liability Recognized on New Leases During the Year	-	9,952,582
Add: Interest / Unwinding of Discount on Lease Liability	763,903	796,207
Less: Lease Payments made during the year	(1,200,000)	(1,200,000)
Closing Lease Liability	**9,112,691**	**9,548,788**
Less: Current Lease Liability	(470,985)	(436,097)
Non-Current Lease Liability	**8,641,707**	**9,112,691**

Under NFRS 16 – Leases, the Company has recognized significant leases as ROU Assets and lease liabilities. ROU assets are presented under non-current assets, and lease liabilities are classified into current and non-current portions. Lease expenses are recognized as amortization of ROU assets and finance cost on lease liabilities, with related impacts and disclosures provided in the financial statements.

Deferred Tax Liability (Asset) **Note 15**

Particulars	As on 32nd Ashadh 2083	As on 32nd Ashadh 2082
Property, Plant and Equipment and Intangible Assets		
Carrying amount of PPE & Intangible Assets	1,715,227,425	1,738,092,164
Tax Base as per Income Tax Act	1,317,037,110	1,469,279,169
Taxable/ (Deductible) Temporary Difference-A	**398,190,316**	**268,812,995**
Right of Use Asset		
Carrying Amount		
Lease Liability	9,112,691	9,548,788
Right of Use Asset	9,572,956	9,047,802
Tax Base of the Liability	-	-
Taxable/ (Deductible) Temporary Difference-B	**460,265**	**(500,987)**
Net Taxable / (Deductible) Temporary Difference (A+B)	**398,650,580**	**268,312,008**
Applicable Tax Rate	0%	0%
Deferred Tax Liability/ (Asset)	-	-
Movement during the Year		
Deferred Tax Liability/ (Asset) at the beginning of the year	-	-
Deferred Tax Liability/ (Asset) at the end of the year	-	-
Deferred Tax Income/ (Expense) recognized in Statement of Profit or Loss during the year	-	-

Short Term Borrowings **Note 16**

Particulars	As on 32nd Ashadh 2083	As on 32nd Ashadh 2082
Current Portion of Long Term Borrowings	32,500,000	20,827,661
Total	**32,500,000**	**20,827,661**

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Trade & Other Payable — **Note 17**

Particulars	As on 32nd Ashadh 2083	As on 32nd Ashadh 2082
Sundry Creditors (Note 17.1)	2,732,757	1,475,018
Consultants Payable (Note 17.2)	184,500	690,516
Total	**2,917,257**	**2,165,533**

Sundry Creditors — **Note 17.1**

Particulars	As on 32nd Ashadh 2083	As on 32nd Ashadh 2082
Vidhyut Supplier and Engineering Service Pvt. Ltd.	18,955	18,955
Driveway Vehicles Service Pvt. Ltd.	-	50,175
Jade Infra Pvt. Ltd.	1,150,602	1,363,213
Shrestha Bahuuddeshiya Nursery Firm	-	18,925
Trishuli River Side Resort	-	23,750
Madan Singh Gurung	80,000	-
TPES Construction Pvt. Ltd.	1,429,704	-
ICRA Nepal Ltd.	3,267	-
Nees Engineers Pvt. Ltd.	500	-
Surya Enterprises	13,984	-
Sunrise Hotel and Lodge	21,250	-
AAR Engineer Works	11,150	-
Ad Pro Media Pvt. Ltd.	3,345	-
Total	**2,732,757**	**1,475,018**

Consultant Payable — **Note 17.2**

Particulars	As on 32nd Ashadh 2083	As on 32nd Ashadh 2083
Darshan Consulting Services Pvt. Ltd.	184,500	184,500
Acharya and Associates	-	396,193
Siddhartha Legal Consultancy Pvt. Ltd.	-	98,673
S. Bhandari & Associates	-	11,150
Total	**184,500**	**690,516**

Other Financial Liabilities — **Note 18**

Particulars	As on 32nd Ashadh 2083	As on 32nd Ashadh 2082
Audit Fee Payable	334,500	167,250
Board Meeting Payable	-	339,150
Total	**334,500**	**506,400**

Other Current Liabilities — **Note 19**

Particulars	As on 32nd Ashadh 2083	As on 32nd Ashadh 2082
Duties and Taxes Payable	1,193,707	302,337
Employee Benefit Payable	50,754	-
Total	**1,244,461**	**302,337**

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Revenue from Sales of Electricity **Note 20**

Particulars	For the year ended 32nd Ashadh 2083	For the year ended 32nd Ashadh 2082
Income from Electricity Sales	170,703,536	132,677,956
Less: Short Supply Penalty	(619,334)	(35,929)
Total	**170,084,202**	**132,642,027**

The Company invoices the Nepal Electricity Authority (NEA) on a monthly basis for energy supplied under the Power Purchase Agreement (PPA). As per NEA's internal billing procedures, amounts are generally receivable within 45 days from the date of invoice.

Accordingly, revenue from the sale of energy for the month of Ashadh 2083 has been recognized based on energy supplied and invoiced to NEA, using meter readings. Such revenue is subject to adjustment, if any, upon finalization of NEA's internal memo.

Direct Expenses **Note 21**

Particulars	For the year ended 32nd Ashadh 2083	For the year ended 32nd Ashadh 2082
Site Office Expenses	**27,146,812**	**23,351,563**
Environment, Social Mitigation and CSR Expenses	1,368,686	100,005
Plant Operation and Maintenance Expenses	6,428,340	13,939,824
Repair and Maintenance Expenses (Note 21.1)	9,802,172	3,268,604
Equipment's and Loose Tools	-	80,959
Electricity Expenses	24,000	24,000
Fuel & Lubricant Expenses	2,227,657	213,750
Internet & Communication Expenses	102,548	111,870
Office Supplies and Accessories Expenses	299,562	92,275
Miscellaneous Expenses	102,265	227,862
Plantation Work Expenses	18,000	1,286,079
Printing and Stationary Expenses	17,065	-
Staff Salary and Allowance Expenses	4,860,655	3,002,167
Site Visit Expenses	5,050	-
Mesh Expenses	744,586	-
Security Guard Expenses	325,440	-
Wages Expenses	625,215	542,582
Bio-Engineering Works	-	13,360
Custom Clearing Expenses	-	225,335
Compensation Expenses for Transmission Line	-	171,000
Staff Safety Equipment Expenses	-	51,891
Transportation Expenses	195,572	-
NEA Charges	**484,596**	**3,862,287**
Late COD Penalty	-	3,455,235
NEA Electricity Charge	160,596	83,052
NEA Operation and Space Charge	324,000	324,000
Royalty Expenses	**4,164,131**	**3,403,559**
Revenue Royalty (2% of Income from Electricity Sales)	3,414,131	2,653,559
Capacity Royalty-NPR 100/Kw per year	750,000	750,000

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Other Expenses	**5,420,590**	**5,734,249**
Project Insurance Expenses	5,420,590	5,734,249
Total	**37,216,129**	**36,351,658**

Repair and Maintenance Expenses **Note 21.1**

Particulars	For the year ended 32nd Ashadh 2083	For the year ended 32nd Ashadh 2082
Repair and Maintenance Expenses (Civil Works)	1,564,981	578,019
Repair and Maintenance Expenses (Hydromechanical Works)	804,560	192,100
Repair and Maintenance Expenses (Electromechanical Works)	2,764,878	99,676
Repair and Maintenance Expenses (Transmission Line)	4,456,669	2,398,809
Repair and Maintenance Expenses (Plant and Machinery)	211,084	-
Total	**9,802,172**	**3,268,604**

Other Income **Note 22**

Particulars	For the year ended 32nd Ashadh 2083	For the year ended 32nd Ashadh 2082
Revenue From Sharing of Transmission Line	-	40,000,000
Total	-	**40,000,000**

Administrative Expenses **Note 23**

Particulars	For the year ended 32nd Ashadh 2083	For the year ended 32nd Ashadh 2082
Advertisement Expenses	173,184	15,000
Financial Advisory Expenses	84,750	-
Legal Expenses	45,000	-
Website Development and Webhosting Charges	-	119,102
AGM Expenses	195,575	183,628
Software AMC Charge	-	6,780
Audit Expenses	-	56,500
Audit Fee	339,000	113,000
Bank Charges and Commission	4,238	13,119
Board Meeting Allowance Expenses	182,000	399,000
Office Equipment & Accessories Expenses	-	10,750
Postage & Courier Expenses	3,470	3,483
Drinking Water Expenses	21,560	26,415
Financial Projection Fee	-	101,700
Fuel Expenses	298,750	193,269
Insurance Expenses	26,517	28,281
Internet & Communication Expenses	165,579	117,389
Kitchen & Sanitary Expenses	265,541	255,605
Fine & Penalty Expenses	-	2,950
Medical Compensation Expenses	-	25,000
Meeting Allowance Expenses	32,000	48,000
Office Expenses	304,135	45,455
Parking Expenses	115	330

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Printing and Stationery expenses	75,648	198,344
Credit Rating/Surveillance Fee	242,847	259,222
Registration & Renewal Expenses	482,275	57,990
Repair & Maintenance Expenses	514,333	719,337
Staff Salary and Allowance- Head Office	4,471,550	4,575,364
Staff Tiffin Expenses	20,816	95,317
Ticketing & Travelling Expenses	1,130,447	1,545,046
Total	**9,079,328**	**9,215,376**

Depreciation and Amortization Expenses **Note 24**

Particulars	For the year ended 32nd Ashadh 2083	For the year ended 32nd Ashadh 2082
Depreciation of Property, Plant and Equipment	1,162,964	1,339,912
Amortization of Intangible Assets	60,540,176	60,250,018
Amortization of ROU Assets	949,846	904,780
Total	**62,652,986**	**62,494,710**

Finance Cost **Note 25**

Particulars	For the year ended 32nd Ashadh 2083	For the year ended 32nd Ashadh 2082
Interest Expenses on Consortium Term Loan	83,732,086	113,099,150
Agency / Loan Processing Fee	1,139,079	1,386,681
Finance Cost on Lease Liability	763,903	796,207
Total	**85,635,068**	**115,282,038**

Earnings per Share of NPR 100 each **Note 26**

Particulars	For the year ended 32nd Ashadh 2083	For the year ended 32nd Ashadh 2082
Profit attributable to ordinary equity holders	(24,499,308)	(50,701,754)
Number of ordinary shares outstanding	10,000,000	80,000,000
Weighted average number of ordinary shares outstanding	8,942,822	4,692,315
Basic Earning Per Share	**(2.74)**	**(10.81)**
Diluted Earning Per Share	**(2.74)**	**(10.81)**

Earnings per share has been disclosed on the face of "Statement of Profit or Loss and Other Comprehensive Income" in accordance with the NAS 33.

Basic EPS is calculated by dividing the profit or loss attributable to ordinary shareholders of the company by the weighted average number of ordinary shares outstanding during the period. Diluted EPS is determined by adjusting the profit or loss attributable to ordinary shareholders and the weighted average number of ordinary shares outstanding for the effects of all dilutive potential ordinary shares, which comprise share options granted on convertible preference shares, debentures or to employees. Since, the company does not have any convertible instruments and has not granted any options to its employees, diluted EPS is considered the same as basic EPS.

S. BHANDARI & ASSOCIATES ★ Chartered Accountants ★ Kathmandu Nepal

Bhujung Hydropower

Bhujung Hydropower Limited

Tokha-10, Kathmandu, Nepal

Calculation of Current Tax Expense for Financial Year 2082-83

Particulars	Amount (NPR)
Net Profit/(Loss) before tax as per SOPL	**(24,499,308)**
Add: Inadmissiable Expenses	
Depreciation and Amortization Expenses as per books of accounts	62,652,986
Repair and Maintenance as per Sec 16 of Income Tax Act, 2058	259,197
Interest Expenses on Lease Liabilty	763,903
Miscellaneous Expenses	102,265
Total	**39,279,042**
Less: Allowable Expenses	
Depreciation as per Income Tax Act	(191,339,657)
Rent Expenses during the year	(1,245,065)
Total Taxable Profit/(Loss)	**(153,305,681)**
Add: Previous year unabsorbed loss (not allowed to brought forward loss u/s 20 during fully exemption period	-
Taxable Profit/(Loss)	**(153,305,681)**
Tax Rate (Full income tax exemption u/s 11(3gha)	0.00%
Current Tax Expenses	-

Bhujung Hydropower

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