

**Bhujung Hydropower Limited**  
Tokha-10, Kathmandu, Nepal

**Financial Statements**  
**FY 2081-82**

**For B.R.B.S. & Associates**  
*Chartered Accountants*



# B.R.B.S. & Associates

## Chartered Accountants

### 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 32<sup>nd</sup> Ashadh 2082 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 32<sup>nd</sup> Ashadh 2082 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

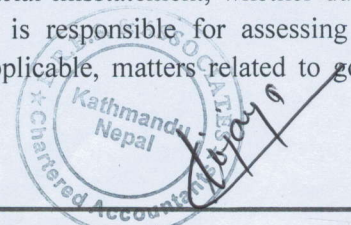
We conducted our audit in accordance with Nepal Standard on Auditing (NSAs). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Company in accordance with the International 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.

#### **AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF FINANCIAL STATEMENTS**

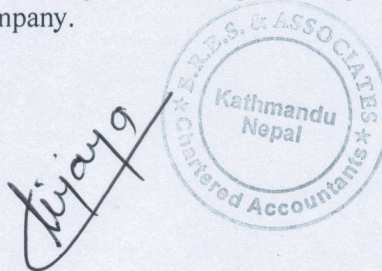
Our objectives are to obtain reasonable assurance about whether the financial statement as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes the opinion. Reasonable assurance is a high level of assurance, but is not a guarantee 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.

#### **REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS**

We have obtained all the information and explanations, which were considered necessary for the purpose for our audit. In our opinion, the accompanying financial statements are prepared in accordance with the provisions of Companies Act 2063 and are in agreement with the books of account maintained by the Company. During the course of our audit, we did not come across any cases where the board of directors or any representative or any employee has acted contrary to law or misappropriated any property of the company or caused any loss or damage to the company. As per our information, any accounting fraud has not been committed in the company.

**For B.R.B.S. & Associates**

Chartered Accountants  
Bijaya Sukupayo  
(Partner)  
Address: Kathmandu, Nepal  
Date: 2082.08.03  
UDIN: 251119CA00767vmS3K



**Bhujung Hydropower Limited**  
Tokha-10, Kathmandu, Nepal  
**Statement of Financial Position**  
As on 32nd Ashadh, 2082 (July 16, 2025)

Particulars	Note	As on 32nd Ashadh 2082	As on 31st Ashadh 2081
<b>Equity &amp; Liabilities</b>			
<b>Equity</b>			
Equity Share Capital	1	800,000,000	354,500,000
Other Equity	2	(79,663,313)	(26,989,171)
<b>Total Equity</b>		<b>720,336,687</b>	<b>327,510,829</b>
<b>Non-Current Liabilities</b>			
Financial Liabilities			
Long Term Loan	3	1,118,251,277	1,139,078,938
Lease Liability- Non Current		9,112,691	-
<b>Total Non-Current Liabilities</b>		<b>1,127,363,968</b>	<b>1,139,078,938</b>
<b>Current Liabilities</b>			
Financial Liabilities			
Short Term loan	4	20,827,661	339,102,460
Trade & Other Payable	5	2,165,533	17,374,363
Other Current Liabilities	6	1,244,834	70,059,806
<b>Total Current Liabilities</b>		<b>24,238,029</b>	<b>426,536,630</b>
<b>Total Equity &amp; Liabilities</b>		<b>1,871,938,683</b>	<b>1,893,126,397</b>
<b>Assets</b>			
<b>Non Current Assets</b>			
Property, Plant and Equipment	7	5,532,742	6,142,564
Intangible Assets Under Service Concession Agreement		1,732,559,422	1,791,171,919
Right of Use Assets	Note A-25	9,047,802	-
<b>Total Non Current Assets</b>		<b>1,747,139,966</b>	<b>1,797,314,483</b>
<b>Current Assets</b>			
Financial Assets			
Cash & Cash Equivalents	8	23,559,372	11,887,622
Trade & Other Receivable	9	64,705,053	5,298,905
Loans, Advance & Deposits	10	28,995,808	73,846,031
Other Current Assets	11	7,538,484	4,779,356
<b>Total Current Assets</b>		<b>124,798,717</b>	<b>95,811,914</b>
<b>Total Assets</b>		<b>1,871,938,683</b>	<b>1,893,126,397</b>

Significant Accounting Policies and Notes to Account

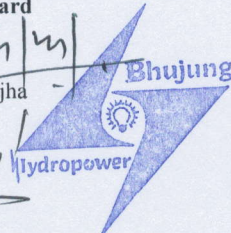
Note A

As per our attached report of even date

For & On Behalf of Board

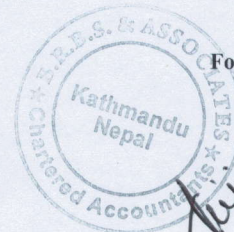
Dr. Khagendra Prasad Ojha  
(Chairman)

Madhav Raj Acharya  
(Managing Director)



Dr. Himal Bhattarai  
(Director)

Prakash Bhatta  
(Sr. Admin and Finance Officer)



For B.R.B.S. & Associates  
Chartered Accountants

Bijaya Sukupayo  
(Partner)

Kathmandu, Nepal  
Date: 2082/08/03

**Bhujung Hydropower Limited**  
Tokha-10, Kathmandu, Nepal  
**Statement of Profit or Loss**  
For the year ended 32nd Ashadh, 2082 (July 16, 2025)

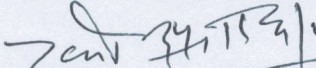
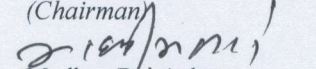
Particulars	Note	For the year ended 32nd Ashadh 2082	For the year ended 31st Ashadh 2081
<b>Revenue</b>			
Revenue from Electricity Sales	12	132,642,027	11,413,051
Income recognized under IFRIC 12		-	280,799,345
<b>Direct Cost</b>			
Cost Recognized under IFRIC 12	13	-	(275,293,475)
Direct Expenses	14	(36,351,658)	(13,071,987)
<b>Gross Profit/(Loss)</b>		<b>96,290,370</b>	<b>3,846,933</b>
Other Income	15	40,000,000	384,085
Administrative Expenses	16	(9,215,376)	(5,355,184)
Depreciation & Amortization	17	(62,494,710)	(15,042,029)
<b>Net Profit from Operation</b>		<b>64,580,284</b>	<b>(16,166,194)</b>
Finance Income		-	-
Finance Cost	18	(115,282,038)	(40,984,349)
<b>Net Profit Before Tax (NPBT)</b>		<b>(50,701,754)</b>	<b>(57,150,543)</b>
<b>Tax Expense</b>			
Current Tax		-	-
Deferred Tax		-	-
<b>Net Profit after Tax (NPAT)</b>		<b>(50,701,754)</b>	<b>(57,150,543)</b>
<b>Earnings per equity share of of Rs. 100 each</b>			
Basic Earning per share		(10.81)	(16.12)
Diluted Earnings per share		(10.81)	(16.12)

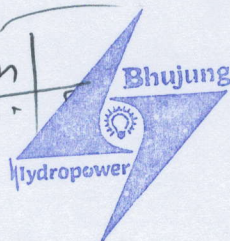
Significant Accounting Policies and Notes to Account

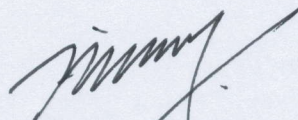
Note A

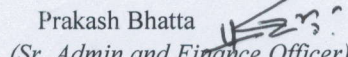
As per our attached report of even date

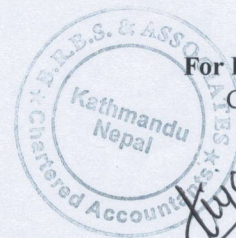
For & On Behalf of Board

  
Dr. Khagendra Prasad Ojha  
(Chairman)  
  
Madhav Raj Acharya  
(Managing Director)

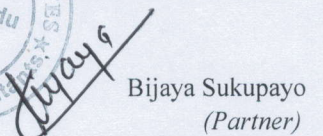


  
Dr. Himal Bhattarai  
(Director)

  
Prakash Bhatta  
(Sr. Admin and Finance Officer)



For B.R.B.S. & Associates  
Chartered Accountants

  
Bijaya Sukupayo  
(Partner)

Kathmandu, Nepal  
Date: 2082/08/03

## Bhujung Hydropower Limited

Tokha-10, Kathmandu, Nepal

### Statement of Cash Flow

For the year ended 32nd Ashadh, 2082 (July 16, 2025)

Particulars	For the year ended 32nd Ashadh 2082	For the year ended 31st Ashadh 2081
<b>Cash Flow From Operating Activities:</b>		
Profit/(Loss) for the year	(50,701,754)	(57,150,543)
Adjustment for:		
Depreciation & Amortization	62,494,710	15,042,029
Finance Cost	115,282,038	40,984,349
Finance Income	-	-
Profit/(Loss) on Disposal of Property, Plant & Equipment	-	-
<b>Cash Flow from Operating activities before changes in W/C</b>	<b>127,074,994</b>	<b>(1,124,165)</b>
<b>Cash Flow From Operating Activities:</b>		
Decrease/ (Increase) in Current Asset	(17,315,053)	(18,085,220)
Increase/ (Decrease) in Current Liabilities & Provisions	(402,298,601)	(25,424,913)
<b>Cash Flow From Operating Activities</b>	<b>(292,538,661)</b>	<b>(44,634,298)</b>
Prior year adjustments	-	-
<b>Net Cash Flow From Operating Activities</b>	<b>(292,538,661)</b>	<b>(44,634,298)</b>
<b>Cash Flow from Investing Activities</b>		
Acquisition of Property, Plant & Equipment	(2,381,030)	(793,409)
Acquisition of ROU Assets	(9,952,582)	-
Acquisition of Intangibles under SCA	-	(1,805,849,601)
Disposal of Property, Plant & Equipment	-	-
(Increase)/Decrease in WIP	-	1,526,147,360
<b>Net Cash Flow From Investing Activities</b>	<b>(12,333,611)</b>	<b>(280,495,650)</b>
<b>Cash Flow from Financing Activities</b>		
Increase in Share Capital	445,500,000	-
Share Issue Cost	(1,958,970)	-
Increase/(Decrease) of Bank Loan	(20,827,661)	374,128,557
Increase/(Decrease) of Lease Liability	9,112,691	-
Underwriting Fee	-	-
Finance Cost	(115,282,037.58)	(40,984,349)
Finance Income	-	-
<b>Net Cash Flow From Financing Activities</b>	<b>316,544,022</b>	<b>333,144,208</b>
<b>Total Cash Flow From All Activities</b>	<b>11,671,750</b>	<b>8,014,260</b>
Cash & Cash Equivalent at the beginning of the year	11,887,622	3,873,362
<b>Cash &amp; Cash Equivalent at the end of the year</b>	<b>23,559,372</b>	<b>11,887,622</b>

Significant Accounting Policies and Notes to Account

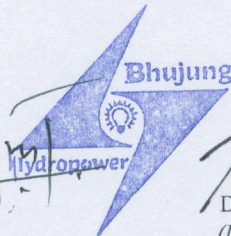
Note A

As per our attached report of even date

For & On Behalf of Board

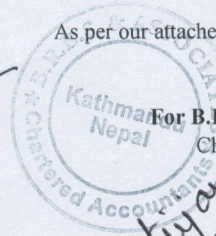
Dr. Khagendra Prasad Ojha  
(Chairman)

Madhav Raj Acharya  
(Managing Director)



Dr. Himlal Bhattarai  
(Director)

Prakash Bhatta  
(Sr. Admin and Finance Officer)



For B.R.B.S. & Associates  
Chartered Accountants

Bijaya Sukupayo  
(Partner)

Kathmandu, Nepal  
Date: 2082/08/03

**Bhujung Hydropower Limited**

Tokha-10, Kathmandu, Nepal

**Statement of Changes in Equity**

For the year ended 32nd Ashadh, 2082 (July 16, 2025)

Particulars	Equity Share Capital	Share Premium	Revaluation Reserves	Reserves & Retained Earnings	Other Reserves	Total
Opening Balance as on 01.04.2080	354,500,000	-	-	(26,989,171)	-	327,510,829
Adjustment of Amortization of Intangible Assets of F.Y. 2080-81	-	-	-	(13,419)	-	(13,419)
Profit/(Loss) for the Year	-	-	-	(50,701,754)	-	(50,701,754)
Other Comprehensive Income	-	-	-	-	-	-
<b>Total Comprehensive Income</b>	<b>354,500,000</b>	<b>-</b>	<b>-</b>	<b>(77,704,343)</b>	<b>-</b>	<b>276,795,657</b>
Dividend to shareholders	-	-	-	(1,958,970)	-	(1,958,970)
Share Issue Cost	445,500,000	-	-	-	-	445,500,000
Equity Shares Issued	800,000,000	-	-	(79,663,313)	-	720,336,687
<b>Closing Balance as on 31.03.2081</b>						

Significant Accounting Policies and Notes to Account

Note A

As per our attached report of even date

For & On Behalf of Board

*Zent*  
Dr. Khagendra Prasad Ojha  
(Chairman)

*Madhav Raj Acharya*  
Madhav Raj Acharya  
(Managing Director)



Dr. Himel Bhatkerei  
(Director)

Prakash Bhatta  
(Sr. Admin and Finance Officer)



For B.B.S. & Associates  
Chartered Accountants

*Bijaya Sukupayo*  
Bijaya Sukupayo  
(Partner)

Kathmandu, Nepal  
Date: 2082/08/03

## Bhujung Hydropower Limited

Tokha-10, Kathmandu, Nepal

### Notes to and forming part of Statement of Financial Position (SOFP)

As on 32nd Ashadh, 2082 (July 16, 2025)

#### Equity Share Capital

Note 1

Particulars	As on 32nd Ashadh 2082	As on 31st Ashadh 2081
Authorized Share Capital	100,00,00,000	500,000,000
Issued Share Capital	100,00,00,000	500,000,000
Paid up Share Capital	800,000,000	354,500,000
<b>Total</b>	<b>800,000,000</b>	<b>354,500,000</b>

#### Other Equity

Note 2

Particulars	As on 32nd Ashadh 2082	As on 31st Ashadh 2081
Opening Reserve & Retained Earnings	(26,989,171)	29,904,613
Add: Net profit/(loss) during the year	(50,701,754)	(57,150,543)
Less:-Share Issue Cost	(1,958,970)	-
Less:- Adjustment of Prior Year amortization of intangible Assets	(13,419)	-
<b>Adjustments/Restatements</b>		
Add:- Reimbursement of Short Supply Charges of F.Y. 2080-81	-	24,715
Add:- Reimbursement of COD Penalty of F.Y. 2080-81	-	237,686
Less:- Royalty Expenses of FY 2080-81	-	(5,642)
<b>Total</b>	<b>(79,663,313)</b>	<b>(26,989,171)</b>

#### Long Term Loan

Note 3

Particulars	As on 32nd Ashadh 2082	As on 31st Ashadh 2081
Term Loan-Kumari Bank	728,940,832	852,437,632
Term Loan-Sangrilla Bank	410,138,106	534,243,766
Less:- Current Portion of Long Term Loan	(20,827,661)	(247,602,460)
<b>Total</b>	<b>1,118,251,277</b>	<b>1,139,078,938</b>

#### Short Term Loan

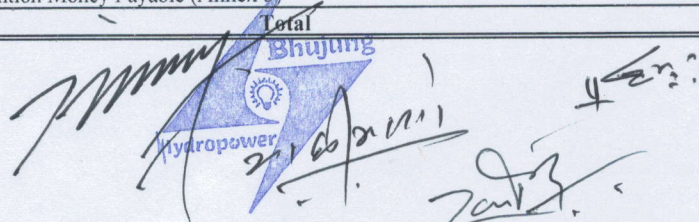
Note 4

Particulars	As on 32nd Ashadh 2082	As on 31st Ashadh 2081
Loan from Directors	-	91,500,000
Current Portion of Long Term Loan	20,827,661	247,602,460
<b>Total</b>	<b>20,827,661</b>	<b>339,102,460</b>

#### Trade & Other Payable

Note 5

Particulars	As on 32nd Ashadh 2082	As on 31st Ashadh 2081
Sundry Creditors (Annex 1)	1,475,018	724,750
Consultants Payable (Annex 2)	690,516	184,500
Retention Money Payable (Annex 3)	-	16,465,113
<b>Total</b>	<b>2,165,533</b>	<b>17,374,363</b>

  
Bhujung  
Hydropower  
20/07/2025



**Bhujung Hydropower Limited**

Tokha-10, Kathmandu, Nepal

**Notes to and forming part of Statement of Financial Position (SOFP)**

**Other Current Liabilities**

**Note 6**

<b>Particulars</b>	<b>As on 32nd Ashadh 2082</b>	<b>As on 31st Ashadh 2081</b>
Audit Fee Payable	167,250	167,250
Board Meeting Payable	339,150	266,050
Provision for Expenses	-	13,984,373
Duties and Taxes Payable (Annex 4)	302,336	3,841,836
Share Application Money Pending Allotment	-	48,200,000
Short Term Employee Benefit Payable (Annex 5)	-	3,600,298
Lease Liability- Current	436,097	-
<b>Total</b>	<b>1,244,833</b>	<b>70,059,806</b>

**Cash and Cash Equivalent**

**Note 8**

<b>Particulars</b>	<b>As on 32nd Ashadh 2082</b>	<b>As on 31st Ashadh 2081</b>
Cash in Hand	24,177	376,919
Balance with Banks (Local Currency) in Current Accounts	23,535,195	11,510,703
in Call Accounts	-	-
<b>Total</b>	<b>23,559,372</b>	<b>11,887,622</b>

**Trade & Other Receivable**

**Note 9**

<b>Particulars</b>	<b>As on 32nd Ashadh 2082</b>	<b>As on 31st Ashadh 2081</b>
Nepal Electricity Authority (NEA)	27,205,053	5,042,145
Prior Period NEA Balance Adjustment	-	256,760
Madhya Midim Jalvidhut Company Pvt Ltd	37,500,000	-
<b>Total</b>	<b>64,705,053</b>	<b>5,298,905</b>

*[Handwritten signatures and scribbles]*



## Bhujung Hydropower Limited

Tokha-10, Kathmandu, Nepal

### Notes to and forming part of Statement of Financial Position (SOPF)

#### Loans, Advance & Deposits

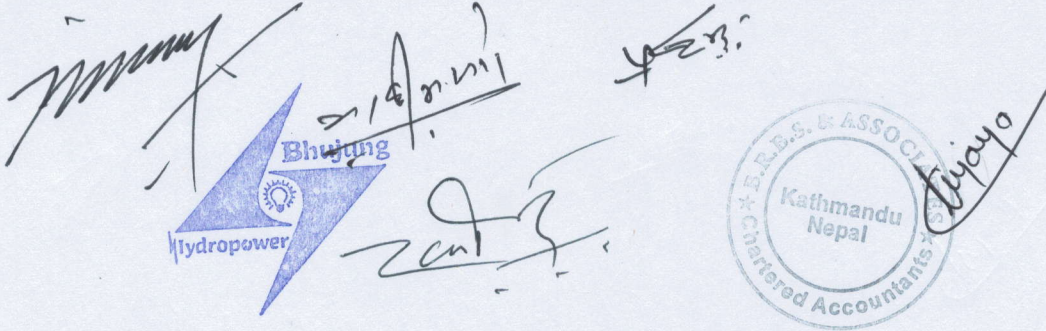
Note 10

Particulars	As on 32nd Ashadh 2082	As on 31st Ashadh 2081
<b>Project Advance/ Mobilization Advance</b>		
Contractor's & Consultants Advance (Annex 6)	19,274,250	68,336,170
Site Office Advance (Annex 7)	5,801,602	1,368,659
Land Purchase Advance	3,024,000	3,916,702
Staff Advance	736,456	-
Other Advance	158,000	208,000
<b>Deposits</b>		
Bank Guarantee Margin	-	15,000
Other Deposit	1,500	1,500
<b>Total</b>	<b>28,995,808</b>	<b>73,846,031</b>

#### Other Current Assets

Note 11

Particulars	As on 32nd Ashadh 2082	As on 31st Ashadh 2081
<b>Inventories</b>		
Loose Tools & Consumables	2,502,700	-
<b>Prepaid Expense</b>		
Prepaid Insurance	5,026,806	4,534,359
Prepaid Internet	8,979	-
Prepaid NEA Operation and Space Charge	-	244,997
<b>Total</b>	<b>7,538,484</b>	<b>4,779,356</b>

The bottom section of the document contains several handwritten signatures and a circular stamp. On the left, there is a blue logo for 'Bhujung Hydropower' featuring a stylized lightning bolt and a gear. To the right of the logo are several handwritten signatures in blue ink. Further to the right is a circular stamp from the 'Kathmandu Nepal Chartered Accountants Association'. The stamp contains the text 'Kathmandu Nepal' and 'Chartered Accountants' around the perimeter. A signature, possibly 'Dipak', is written across the stamp.

## Bhujung Hydropower Limited

Tokha-10, Kathmandu, Nepal

### Note forming Part of Statement of Profit and Loss (SOPL)

For the year ended 32nd Ashadh, 2082 (July 16, 2025)

#### Revenue from Electricity Sales

Note 12

Particulars	For the year ended 32nd Ashadh 2082	For the year ended 31st Ashadh 2081
Income from Electricity Sales	132,677,956	12,424,714
Less: Short Supply Penalty	(35,929)	(1,011,664)
<b>Total</b>	<b>132,642,027</b>	<b>11,413,051</b>

#### Cost of Sales

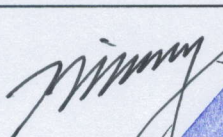
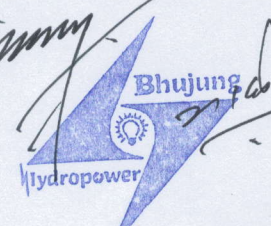
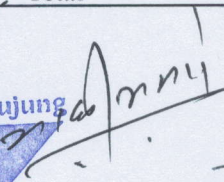
Note 13

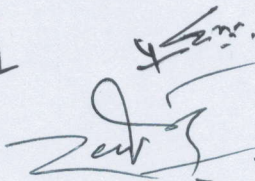
Particulars	For the year ended 32nd Ashadh 2082	For the year ended 31st Ashadh 2081
Cost Recognized Under IFRIC 12	-	275,293,475
<b>Total</b>	<b>-</b>	<b>275,293,475</b>

#### Direct Expenses

Note 14

Particulars	For the year ended 32nd Ashadh 2082	For the year ended 31st Ashadh 2081
<b>Site Office Expenses</b>		
Environment & Social Mitigation Expenses (CSR)	100,005	-
Plant Operation & Maintenance Expenses	13,939,824	2,923,099
Repair & Maintenance Expenses- Other	3,268,604	-
Equipments and Loose Tools	80,959	301,406
Electricity Expenses	24,000	6,000
Fuel & Lubricant Expenses	213,750	1,421,397
Machinery and Equipment Hire Charges	-	13,500
Internet & Communication Expenses	111,870	27,968
Kitchen Expenses	-	33,501
Office Supplies & Accessories Expenses	92,275	48,110
Miscellaneous Expenses	227,862	-
Plantation Works Expenses	1,286,079	-
Staff Salary and Allowance Expenses	3,002,167	990,152
Wages Expenses	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	-
<b>NEA Charges</b>		
Late COD Penalty	3,455,235	5,401,965
NEA Electricity Charge	83,052	285,120
NEA Operation and Space Charge	324,000	79,003
Project Insurance Expenses	5,734,249	547,975
<b>Royalty Expenses</b>		
Revenue Royalty 2%	2,653,559	242,792
Fixed Royalty-DOED	750,000	750,000
<b>Total</b>	<b>36,351,658</b>	<b>13,071,987</b>





# Bhujung Hydropower Limited

Tokha-10, Kathmandu, Nepal

## Note forming Part of Statement of Profit and Loss (SOPL)

For the year ended 32nd Ashadh, 2082 (July 16, 2025)

### Other Income

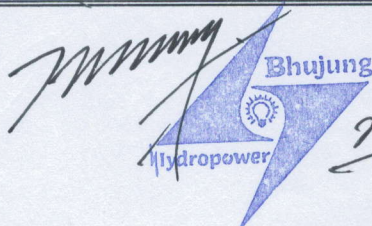
Note 15

Particulars	For the year ended 32nd Ashadh 2082	For the year ended 31st Ashadh 2081
Revenue From Sharing of Transmission Line	40,000,000	-
Generator Hire Income	-	376,544
Miscellaneous Income	-	7,541
	<b>40,000,000</b>	<b>384,085</b>

### Administrative Cost

Note 16

Particulars	For the year ended 32nd Ashadh 2082	For the year ended 31st Ashadh 2081
Advertisement Expense	15,000	11,526
Website Development & Webhosting Charges	119,102	-
AGM Expenses	183,628	-
Software AMC Charge	6,780	-
Audit Expense	56,500	56,500
Audit Fee	113,000	113,000
Bank Charges and Commission	13,119	131,241
Board Meeting Allowance Expenses	399,000	54,000
Office Equipment & Accessories Expenses	10,750	-
Consultancy Fee Expenses	-	186,450
Postage & Courier Expenses	3,483	4,435
Drinking Water Expenses	26,415	5,130
Financial Projection Fee	101,700	45,200
Fuel Expenses	193,269	68,003
Insurance Expenses	28,281	945
Internet & Communication Expenses	117,389	34,155
Kitchen & Sanitary Expenses	255,605	52,405
Fine & Penalty Expenses	2,950	-
Medical Compensation Expenses	25,000	260,100
Meeting Allowance Expenses	48,000	72,942
Office Expenses	45,455	9,977
Office Rent Expenses	-	300,000
Parking Expenses	330	160
Printing and Stationery expenses	198,344	57,853
Rating Fee Expenses	259,222	272,361
Registration & Renewal Expenses	57,990	44,550
Repair & Maintenance Expenses	719,337	710,670
Staff Salary and Allowance- Head Office	4,575,364	1,714,297
Staff Tiffin Expenses	95,317	37,451
Ticketing & Travelling Expenses	1,545,046	889,006
Vehicle Rental Expenses	-	54,240
Wages Expenses	-	168,588
<b>Total</b>	<b>9,215,376</b>	<b>5,355,185</b>



## Bhujung Hydropower Limited

Tokha-10, Kathmandu, Nepal

### Note forming Part of Statement of Profit and Loss (SOPL)

For the year ended 32nd Ashadh, 2082 (July 16, 2025)

#### Depreciation and Amortization


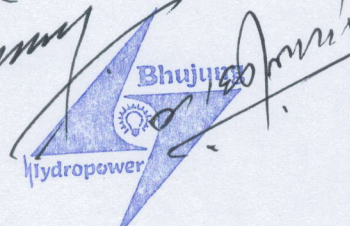
Note 17

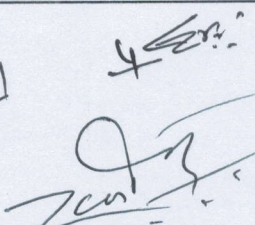
Particulars	For the year ended 32nd Ashadh 2082	For the year ended 31st Ashadh 2081
Depreciation on Property, Plant and Equipment	1,339,912	360,805
Amortization of Intangible Assets	-	3,542
Amortization of Intangible under Service Concession Agreement	60,250,018	14,677,682
Depreciation on ROU Assets	904,780	-
<b>Total</b>	<b>62,494,710</b>	<b>15,042,029</b>

#### Finance Cost

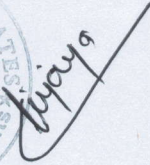
Note 18

Particulars	For the year ended 32nd Ashadh 2082	For the year ended 31st Ashadh 2081
Interest Expenses on Consortium Term Loan	113,099,150	39,901,381
Agency / Loan Processing Fee	1,386,681	1,082,968
Finance Cost on Lease Liability	796,207	-
<b>Total</b>	<b>115,282,038</b>	<b>40,984,349</b>

  
  
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**Bhujung Hydropower Limited**

Tokha-10, Kathmandu, Nepal

For the year ended 32nd Ashadh, 2082 (July 16, 2025)

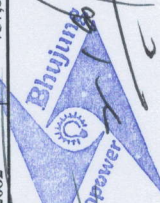
Note: 7

Particulars	Property, Plant & Equipment				Intangibles	Total
	Office Equipments & Furniture	Vehicle	Plant & Machinery and Other Assets	Software		
<b>Cost</b>						
Opening Balance as on 01.04.2081	3,895,124	10,036,000	1,145,828	-	15,076,953	
Addition	581,357	-	148,733	-	730,090	
Disposal	-	-	-	-	-	
Closing Balance as on 32.03.2082	4,476,481	10,036,000	1,294,561	-	15,807,042	
<b>Accumulated Depreciation</b>						
Rate of Depreciation Method	25% WDV	20% WDV	15% WDV	20% SLM		
Estimated Useful Life	5-8 years	10-15 years	10-15 years	5 years		
Opening Balance as on 01.04.2081	2,628,294	6,149,612	156,483	-	8,934,389	
Depreciation	409,223	777,278	153,412	-	1,339,912	
Disposal	-	-	-	-	-	
Closing Balance as on 32.03.2082	3,037,516	6,926,890	309,895	-	10,274,301	
<b>Net Book Value</b>						
Net Book Value as on 31.03.2081	1,266,831	3,886,388	989,345	-	6,142,564	
Net Book Value as on 32.03.2082	1,438,965	3,109,110	984,666	-	5,532,742	

Particulars	Intangibles under Service Concession agreement				
	Civil Construction Cost	Hydro Mechanical	Electro Mechanical	Transmission Line & Interconnection	Land Purchase & Development
<b>Cost</b>					
Opening Balance as on 01.04.2081	790,616,326	364,280,256	394,931,351	198,723,798	57,297,869
Addition	-	-	-	-	1,650,940
Disposal	-	-	-	-	-
Closing Balance as on 32.03.2082	790,616,326	364,280,256	394,931,351	198,723,798	58,948,809
<b>Amortization</b>					
Rate of Depreciation Method	3.33% SLM	3.33% SLM	3.33% SLM	3.33% SLM	3.33% SLM
Estimated Useful Life	30 years	30 years	30 years	30 years	30 years
Annual Amortization	26,353,877.55	12,142,675.21	13,164,378.36	6,624,126.61	1,964,960.30
Opening Balance as on 31.03.2081	6,426,013.98	2,960,816.69	3,209,944.31	1,615,197.99	465,708.71
Amortization	26,353,877.55	12,142,675.21	13,164,378.36	6,624,126.61	1,964,960.30
Adjustment of Prior Year Depreciation	-	-	-	-	13,418.60
Disposal	-	-	-	-	-
Closing Balance as on 32.03.2082	32,779,891.52	15,103,491.90	16,374,322.67	8,239,324.60	2,444,087.61
<b>Net Book Value</b>					
Net Book Value as on 31.03.2081	784,190,312	361,319,440	391,721,406	197,108,600	56,832,160
Net Book Value as on 32.03.2082	757,836,435	349,176,764	378,557,028	190,484,474	56,504,721



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# Bhujung Hydropower Limited

Tokha-10, Kathmandu, Nepal

## Note- A: Significant Accounting Policies and Notes to Accounts Forming part of Financial Statements

Fiscal Year 2081/82 (2024/25AD)

### 1. Reporting Entity: General Information:

Bhujung Hydropower Limited is a Public Limited Company registered pursuant to sub-section (1) of section 13 of the Companies Act, 2063 of Nepal vide Regn. No. 284055/078/079. It has obtained PAN from IRD Balaju on date 2072.02.27 (PAN 603497991). The company has obtained Generation license from Department of Electricity Development (DOED) on date 2076.05.26 for the period from 2076.05.26 to 2111.05.25 (35 years). The company is currently engaged in the generation of Hydropower from Midim Khola and Akhora Khola named Upper Midim Hydropower Project of capacity 7.5 MW.

### 2. Basis of Preparation

#### 2.1 Statement of Compliance

The financial statements are prepared in accordance with Nepal Financial Reporting Standards (NFRS) as issued by Accounting Standards Board, Nepal except otherwise stated. The financial statements include Statement of Financial Position, Statement of Profit or Loss & other comprehensive Income, Statement of Cash flows, Statement of Changes in Equity and Notes to Accounts.

#### 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 and explained in the ensuing policies below.

#### 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:

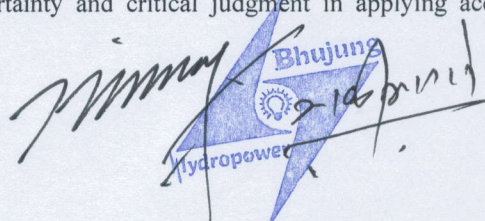
The financial statements are prepared in Nepalese Rupees (NRs.) which is the functional currency. All financial information presented in Nepalese Rupees has been rounded to the nearest rupee except otherwise indicated.

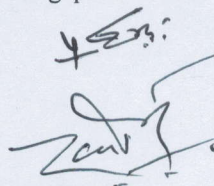
#### 2.6 Fiscal Year

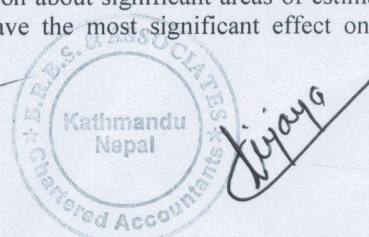
The financial statements relate to the fiscal year 2081/82 i.e. 1st Shrawan 2081 to 32<sup>nd</sup> Ashadh 2082 corresponding to Gregorian calendar 16th July 2024 to 16th July 2025. The previous year was 1st Shrawan 2080 to 31<sup>st</sup> Ashadh 2081 corresponding to Gregorian calendar 17th July 2023 to 15th July 2024.

#### 2.7 Use of Estimates, Assumptions or Judgments:

The preparation of the financial statements in conformity with NFRS requires management to make judgment, estimates and assumption 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 are 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

  
Bhujung  
Hydropower



  
F.R.B.S. & ASSOCIATES  
Chartered Accountants  
Kathmandu  
Nepal

## Bhujung Hydropower Limited

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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 Controlling Body

The details of Shareholders holding more than 1% of share capital and percentage of holding is given below:

S.No	Name	No of Share	Percentage
1	Madhab Raj Acharya	406,350	5.08%
2	Purna Bhaka Pradhananga	300,000	3.75%
3	Anu Khanal	215,250	2.69%
4	Aarju Shrestha	165,000	2.06%
5	Saurav Shrestha	135,000	1.69%
6	Anshul Acharya	112,050	1.40%
7	Gopal Prashad Banjara	110,000	1.38%
8	Mridul Acharya	109,150	1.36%
9	Bhupesh Chatkuli	100,000	1.25%
10	Mina Karki Sapkota	100,000	1.25%
11	Ramraja Thapa	100,000	1.25%
12	Bibek Pradhananga	100,000	1.25%
13	Sunil Shrestha	100,000	1.25%
14	Asharam Suwal	93,000	1.16%

### 3. Significant Accounting Policies

#### 3.1 Basis of Measurement

The financial statements are prepared on a historical cost basis.

#### 3.2 Revenue Recognition

##### I) Sale of Electricity

Revenue is recognized to the extent that it is probable that economic benefit 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, charges and other similar allowances.

##### II) Finance 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.

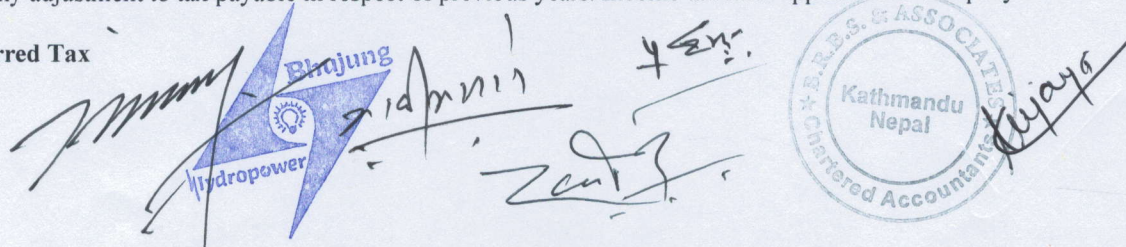
#### 3.3 Income tax

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

##### 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 rates applicable to company.

##### Deferred Tax

The bottom section of the page contains several handwritten signatures and stamps. On the left, there is a blue logo for 'Bhujung Hydropower' with a star and gear icon. To its right are several handwritten signatures in black ink. On the far right, there is a circular blue stamp that reads 'B.R.B.S. & ASSOCIATES Chartered Accountants Kathmandu Nepal'. A signature is written across the bottom right of this stamp.

## Bhujung Hydropower Limited

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- I. 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.
- II. 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.
- III. 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.

### 3.4 Cash and Cash Equivalents

Cash and cash equivalents include Cash in hand, unrestricted balances held with Banks and Financial Institutions that are subject to an insignificant risk of changes in their fair value.

### 3.5 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 computed 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.

### 3.6 Investment Property

Investment property is property held either to earn rental income or for capital appreciation or for both but not for sale in the ordinary course of business, use in the supply of services or for administrative purpose.

### 3.7 Property, Plant and Equipment

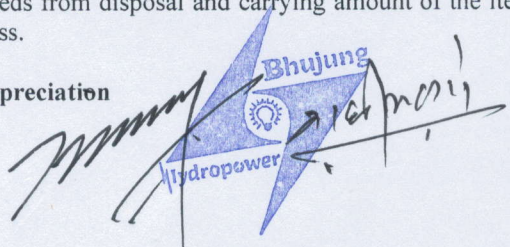
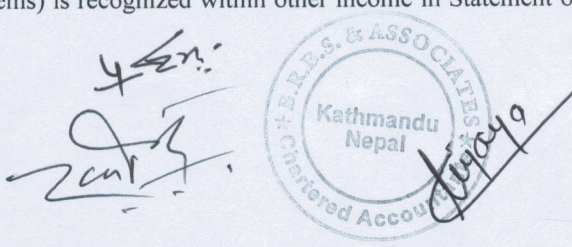
#### i. Recognition and Measurement

Property, Plant and equipment are measured at cost less accumulated depreciation and any accumulated impairment losses. Cost comprises purchase price including nonrefundable duties and taxes; and any directly attributable cost incurred in bringing the asset to their present location and condition necessary for it to be capable of operating in the manner intended by the management but excluding trade discounts and rebates. Subsequent expenditure is capitalized only when it is probable that future economic benefits associated with the expenditure will flow in to the Company. Ongoing repair and maintenance are expensed in the Statement of Profit or Loss as incurred.

If significant part of an item of property or equipment has different useful lives, then they are accounted for as separate items (major components) of property and equipment.

Any gain or loss on disposal of an item of property and equipment (calculated as the difference between the net proceeds from disposal and carrying amount of the items) is recognized within other income in Statement of Profit or Loss.

#### ii. Depreciation

## Bhujung Hydropower Limited

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Property, Plant & Equipment and Intangible assets other than Service concession agreement are depreciated using Written down value method over its estimated Useful life from the date they are available for use. Service concession agreement is amortized over the life of agreement on Straight Line basis. The estimated useful lives of the significant items of Property & Equipment and Intangibles are as follows

Office Equipment	5-8 years	25%
Furniture & Fixtures	5-8 years	25%
Vehicles	10-15 years	20%
Intangibles Software	5 years	20%
Intangibles-Service Concession agreement	30 years	SLM
Other Assets	10-15 years	15%

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

### 3.8 Intangible Assets

The intangible assets that are acquired by the Company and have definite useful lives are measured at cost less accumulated amortization and any impairment losses. Intangible assets include Service Concession agreement and Software assets.

Gain Loss on De recognition of Intangible Assets are measured at the difference between Net disposal proceeds and carrying amount of the asset as on the date of de recognition and the difference is recognized in Statement of Profit or Loss.

Costs incurred in the ongoing maintenance of software are expensed immediately as incurred. Subsequent cost on software is capitalized only when it increases the future economic benefits embodied in the specific asset to which it relates. Software, useful life of which have been defined by terms of contract or conditions for use are amortized on straight-line basis over the useful life of asset.

Software, useful life of which have not been clearly defined by terms of contract or condition of use as well have a definite useful lives due to technological obsolescence are amortized on straight-line basis over estimated useful life of ten years and five years for business application software and other software respectively.

### Service concession arrangements

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

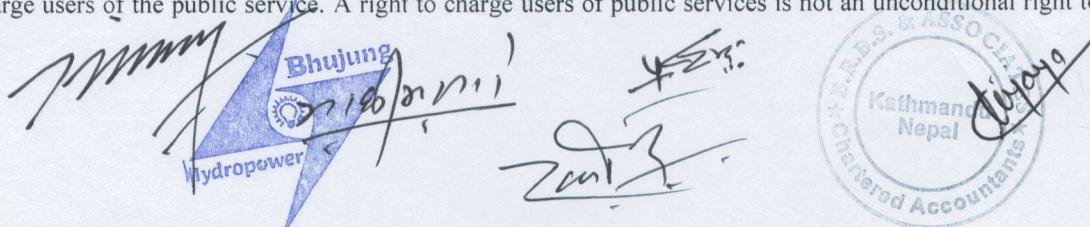
- The grantor controls or regulates what services the operator must provide with the infrastructure, to whom it must provide them, and at what prices: and
- The grantor controls through ownership, beneficial entitlement or otherwise any significant residual interest in the infrastructure at the end of the term of the arrangement
- Is the infrastructure constructed or acquired by the operator from a third party for the purpose of the service arrangement or is the infrastructure 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 right is 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 Group, being an operator, receives a right (a license) to charge users of the public service. A right to charge users of public services is not an unconditional right to receive



## Bhujung Hydropower Limited

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cash because the amounts are contingent on 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. 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 models is applied. Income from the concession arrangements earned under the intangible asset model consists of the

- (i) Fair Value of the contract revenue, which is deemed to be fair value of consideration transferred to acquire the asset; and
- (ii) 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 asset's 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.

### 3.9 Impairment of Non-Financial Asset

At each reporting date, the Company reviews the carrying amounts of its non-financial assets to determine where there is an indication of impairment. If such indication exists, then the asset's recoverable amount is estimated. Impairment losses are recognized in Statement of Profit or Loss. Impairment loss is reversed only to the extent that assets carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortization, if no impairment loss has been recognized.

### 3.10 Contingencies

In the normal course of business, contingent liabilities may arise from litigation and other claims against the Company. Potential liabilities that are possible but not probable of crystallizing or are very difficult to quantify reliably are treated as contingent liabilities. Such liabilities are disclosed in the notes but are not recognized.

### 3.11 Defined Benefit Plans

The cost of defined benefit plan and other postemployment benefits and the present value of such obligations are determined using actuarial valuations. An actuarial valuation involves making various assumptions that may differ from actual development in the future. These include the determination of the discount rate, future salary escalations and mortality rates etc. Due to the complexities involved in the valuation and its long term nature, a defined benefit obligation is highly sensitive to changes in these assumptions. All assumptions are reviewed at each reporting date.

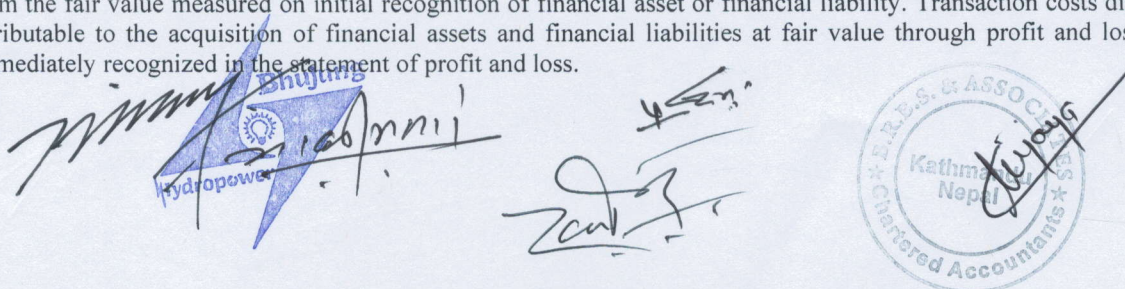
### 3.12 Recognition of deferred tax assets

Significant management judgment is required to determine the amount of deferred tax assets that can be recognized, based upon the likely timing and the level of future taxable profits together with future tax planning strategies. The Company based its assumptions and estimates on parameters available when the financial statements were prepared. Existing circumstances and assumptions about future developments, however, may change due to market changes or circumstances arising beyond the control of the Company.

### 3.13 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.



# Bhujung Hydropower Limited

Tokha-10, Kathmandu, Nepal

## *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**

### *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.

### *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 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 asset 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.

### *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 of 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.

### *De-recognition of financial assets*

The Company de-recognizes a financial asset only when the contractual rights to the cash flows from the financial asset expire, or it transfers the financial asset and the transfer qualifies or 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 asset, 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 also 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 is recognized in statement of profit or loss.

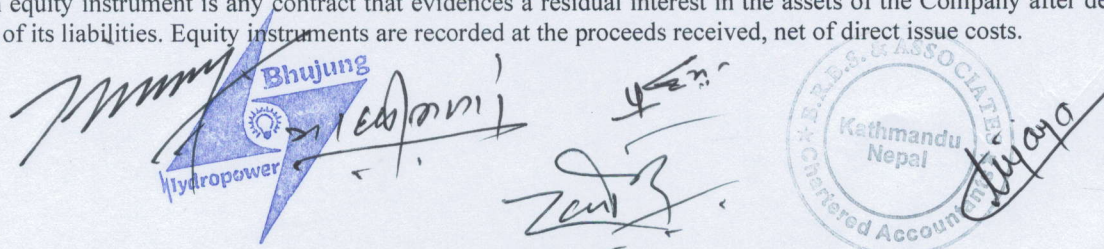
## **Financial Liabilities & Equity**

### *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 a financial liability and an equity instrument.

### *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 direct issue costs.



The bottom of the page features several handwritten signatures in blue ink. On the left, there is a blue stamp for 'Bhujung Hydropower' with a gear icon. To the right, there is a circular blue stamp for 'B.P.S. & ASSOCIATES Chartered Accountants Kathmandu Nepal' with a signature written across it.

## Bhujung Hydropower Limited

Tokha-10, Kathmandu, Nepal

### *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.

### *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.

### *De-recognition of financial liability*

A 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.

### **Off Setting of Financial Instruments**

Financial assets and financial liabilities are offset and the net amount is reported in the standalone balance sheet if there is a currently enforceable legal right to offset the recognized amounts and there is an intention to settle on a net basis, to realize the assets and settle the liabilities simultaneously.

### **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.

### **3.15 Provisions**

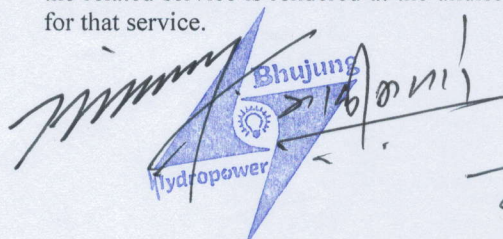
A provision is recognized if as a result of a past event, the Company has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are determined by discounting the expected future cash flows at the pre-tax rate that reflects current market assessment of the time value of money and the risks specific to the liability. The unwinding of the discount is recognized as finance cost.

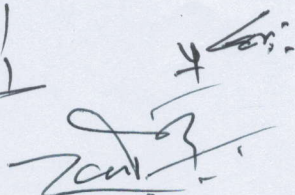
### **3.16 Employee Benefits**

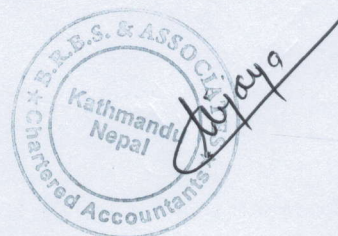
The Company does not have any schemes of Post-employment/Long term benefit plans for its employees. The company has not provided for Gratuity as per Labor Act 2074 and has not been registered with Social Security Fund as per Social Security Act 2074.

### **Short Term Employee Benefits**

- i. A liability is recognized for benefits accruing to employees in respect of wages and salaries, in the period the related service is rendered at the undiscounted amount of the benefits expected to be paid in exchange for that service.

A handwritten signature in blue ink is written over a blue circular stamp. The stamp contains the text "Bhujung Hydropower" and a small logo of a sun and water. The signature is written in a cursive style.

A handwritten signature in black ink, appearing to be "Zan...", written in a cursive style.



## Bhujung Hydropower Limited

Tokha-10, Kathmandu, Nepal

- ii. Liabilities recognized in respect of short-term employee and contractual employees, benefits are measured at the undiscounted amount of the benefits expected to be paid in exchange for the related service.

### 3.17 Leases

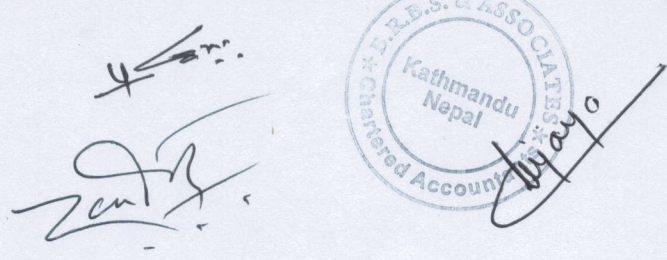

Payments made under operating leases are recognized in Statement of Profit or Loss as "Office rent expense". The lease rental is recognized as per the expense incurred by the Company in the financial year. The lease expense is not recognized on straight line method considering the inflation in future.

### 3.18 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 Welfare Funds as per the provisions of Bonus Act 2030.

### 3.19 Presentation

The presentation of certain line items of previous year financial statements have been changed (regrouped or rearranged) to align the financial statement and facilitate better presentation and comparison.



The image shows four handwritten signatures and two official stamps. On the left, there is a large, stylized signature. Next to it is a blue stamp with a lightning bolt graphic and the text "Bhujung Hydropower". To the right of that is another signature. Further right is a circular blue stamp with the text "Chartered Accountants", "Kathmandu Nepal", and "ASSOCIATES". A final signature is written over the right side of the circular stamp.

## Bhujung Hydropower Limited

Tokha-10, Kathmandu, Nepal

### Other Explanatory Notes

#### **Note-19: Intangible Asset Model**

The company has elected to choose Intangible Asset model under IFRIC 12 (Service concession agreement) for the recognition of Assets arising from Construction of the project. The Commercial operation date of the project is 2081.01.06 and the generation license is effective up to 2111.05.25 which is approximately 365 months or 30.42 years. However, the duration of PPA is lower than Generation License period i.e. 30 years. Hence, the rate of Amortization is arrived at 3.33 % per annum. The Intangible asset has been written off at the rate of 3.33% using straight line method.

#### **Note-20: Income Tax**

Current Tax: Provision for Income tax has not been made due to the lack of taxable profit during the year. The company is assessed at 0% tax rates for first 10 years and concessional rates for later 5 years.

Deferred Tax: Provision for deferred tax has not been made since the company is assessed at 0% tax rates for first 10 years and concessional rates for later 5 years and there will be substantial time gap for the actual realization of deferred tax.

#### **Note-21: Post- Employment Benefits**

Since, the Company does not have any schemes for termination benefits of its employees; provision for post-employment benefits has not been made.

#### **Note-22: Earning per Share**

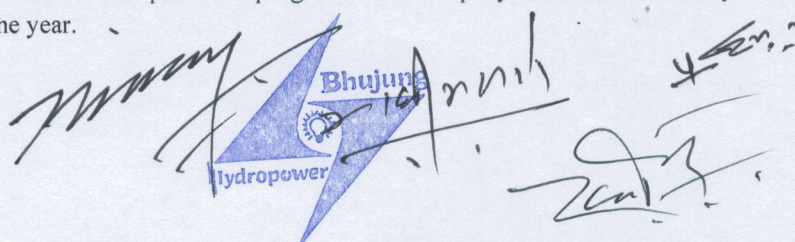

Particulars	2081-82	2080-81
<b>Profit attributable to equity holders</b>	<b>(50,701,754)</b>	<b>(57,150,543)</b>
Weighted average number of equities shares outstanding	4,692,315	3,545,000
Earnings Per Share (Rs.) - Basic (Face value of Rs. 100 per share)	<b>(10.81)</b>	<b>(16.12)</b>
Add: Weighted average number of potential equity shares	-	-
Weighted average number of Equity shares (including dilutive shares) outstanding	4,692,315	3,545,000
Earnings Per Share (Rs.) - Diluted (Face value of Rs. 100 per share)	<b>(10.81)</b>	<b>(16.12)</b>

#### **Note-23: Segment Reporting**

Since, the Company is engaged in only one segment "Generation and sale of electricity" the company does not have any reportable segments as per NFRS 8.

#### **Note-24: 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. The company has not allocated any amount on CSR due to lack of profits during the year.

## Bhujung Hydropower Limited

Tokha-10, Kathmandu, Nepal

### Note-25: Recognition of Lease Liability and ROU Assets

The lease liability, Finance Cost, ROU Assets and Depreciation on ROU Assets has been recognized as per the provisions of NFRS 16 "Leases". Current WABR of the Company is 8% which is considered for unwinding of discount on Lease liability. The detailed calculation is provided below.

#### Lease Liability

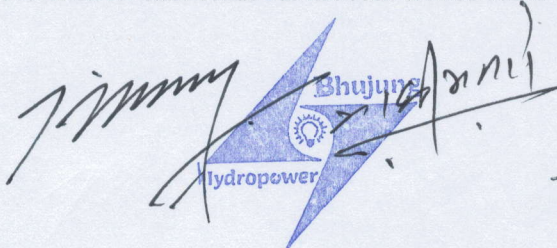
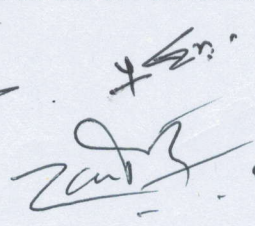

FY	Lease Liability			
	Outstanding Balance	Interest @ 8%	Payment	Closing
2081-82	9,952,581.85	796,206.55	1,200,000.00	9,548,788.40
2082-83	9,548,788.40	763,903.07	1,200,000.00	9,112,691.47
2083-84	9,112,691.47	729,015.32	1,200,000.00	8,641,706.79
2084-85	8,641,706.79	691,336.54	1,320,000.00	8,013,043.33
2085-86	8,013,043.33	641,043.47	1,320,000.00	7,334,086.80
2086-87	7,334,086.80	586,726.94	1,452,000.00	6,468,813.74
2087-88	6,468,813.74	517,505.10	1,452,000.00	5,534,318.84
2088-89	5,534,318.84	442,745.51	1,597,200.00	4,379,864.35
2089-90	4,379,864.35	350,389.15	1,597,200.00	3,133,053.50
2090-91	3,133,053.50	250,644.28	1,756,920.00	1,626,777.78
2091-92	1,626,777.78	130,142.22	1,756,920.00	(0.00)

#### ROU Assets

FY	Opening	Depreciation	Closing
2081-82	9,952,581.85	904,780.17	9,047,801.68
2082-83	9,047,801.68	904,780.17	8,143,021.51
2083-84	8,143,021.51	904,780.17	7,238,241.35
2084-85	7,238,241.35	904,780.17	6,333,461.18
2085-86	6,333,461.18	904,780.17	5,428,681.01
2086-87	5,428,681.01	904,780.17	4,523,900.84
2087-88	4,523,900.84	904,780.17	3,619,120.67
2088-89	3,619,120.67	904,780.17	2,714,340.50
2089-90	2,714,340.50	904,780.17	1,809,560.34
2090-91	1,809,560.34	904,780.17	904,780.17
2091-92	904,780.17	904,780.17	0.00

### Note-26: Staff Bonus

Provision for staff bonus has not been created due to the lack of Net Profit available for Bonus.

## Bhujung Hydropower Limited

Tokha-10, Kathmandu, Nepal

### Note-27: Previous year figures

Figures of Previous year has been rearranged / Restated wherever necessary to facilitate better comparison and presentation of financial statement. The restatement made to reserves and retained earnings of previous year is provided below:

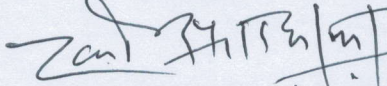
Particulars	As on 32nd Ashadh 2082	As on 31st Ashadh 2081
Opening Reserve & Retained Earnings	(26,989,171)	29,904,613
Add: Net profit/(loss) during the year	(50,701,754)	(57,150,543)
Less:-Share Issue Cost	(1,958,970)	-
Less:- Adjustment of Prior Year amortization of intangible Assets	(13,419)	-
<b>Adjustments/Restatements</b>		
Add:- Reimbursement of Short Supply Charges of F.Y. 2080-81	-	24,715
Add:- Reimbursement of COD Penalty of F.Y. 2080-81	-	237,686
Less:- Royalty Expenses of FY 2080-81	-	(5,642)
<b>Total</b>	<b>(79,663,313)</b>	<b>(26,989,171)</b>

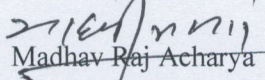
### Note-28: Details of Key Management personnel

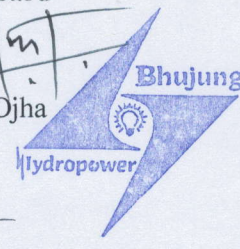
The details of Key Management Personnel are as follows:

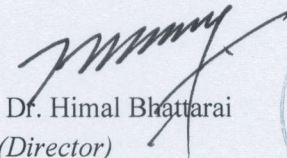
S. No	Name	Position
1	Dr. Khagendra Prasad Ojha	Chairman of BOD
2	Dr. Himal Bhattarai	Director
3	Madhav Raj Acharya	Managing Director

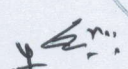
#### For & On Behalf of Board

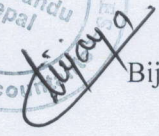
  
Dr. Khagendra Prasad Ojha  
(Chairman)

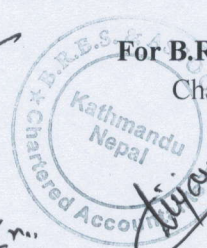
  
Madhav Raj Acharya  
(Managing Director)



  
Dr. Himal Bhattarai  
(Director)

  
Prakash Bhatta  
(Sr. Admin and Finance Officer)

  
Bijaya Sukupayo  
(Partner)



Kathmandu, Nepal

Date: 2082/08/03

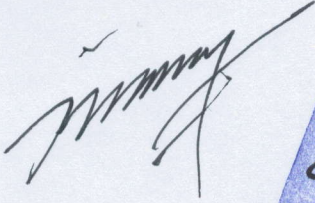
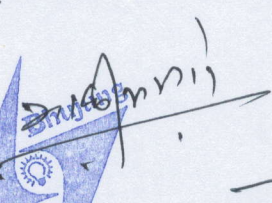

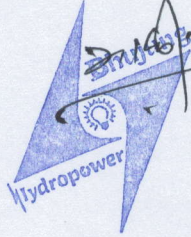
**Bhujung Hydropower Limited**

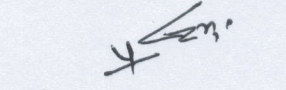
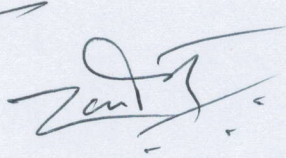
Tokha-10, Kathmandu, Nepal

**Calculation of Taxable Profit/(Loss)**

F.Y. 2081-82

Particulars	Amount (Rs)
Net Profit/Loss Before Tax as per SOPL	(50,701,754)
<b>Add: Disallowable Expenses</b>	
Depreciation as per books of Accounts	62,494,710
Fine and Penalty	2,950
Repair and Maintenance as per Sec 16 of ITA,2058	358,995
Tax Expense	-
<b>Total</b>	<b>12,154,902</b>
<b>Less: Allowable Expenses</b>	
Depreciation as per Income Tax Act	(229,966,609)
Depreciation on ROU Assets	(904,780)
<b>Total Taxable Profit/(Loss)</b>	<b>(218,716,488)</b>
Add: Previous year unabsorbed loss	Not Allowed to Carry
<b>Total Taxable Loss C/f to Next Year</b>	forward during tax


**Bhujung Hydropower Limited**  
Tokha-10, Kathmandu, Nepal

**Annexures Forming Part of Financial Statements**

**Sundry Creditors**

*Annex-1*

Particulars	As on 32nd	As on 31st
	Ashadh 2082	Ashadh 2081
CEPAD Hydro Consultants Pvt. Ltd.	-	724,750
Vidhyut Supplier and Engineering Service Pvt. Ltd.	18,955	-
Driveway Vehicles Service Pvt. Ltd.	50,175	-
Jade Infra Pvt. Ltd.	1,363,213	-
Shrestha Bahuuddeshye Nursery Firm	18,925	-
Trishuli River Side Resort	23,750	-
<b>Total</b>	<b>1,475,018</b>	<b>724,750</b>

**Consultant Payable**

*Annex-2*

Particulars	As on 32nd	As on 31st
	Ashadh 2082	Ashadh 2081
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	-
<b>Total</b>	<b>690,516</b>	<b>184,500</b>

**Retention Money Payable**

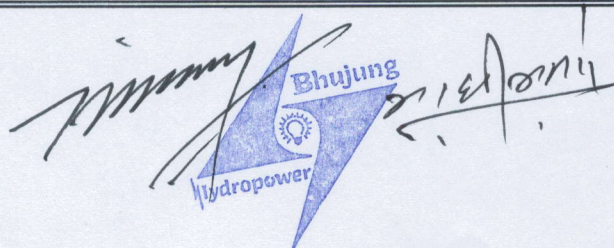
*Annex-3*

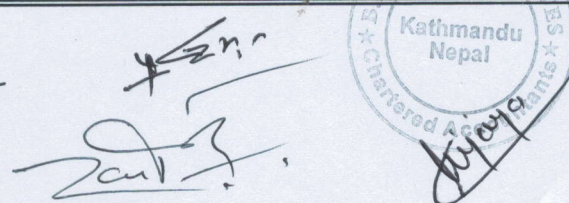
Particulars	As on 32nd	As on 31st
	Ashadh 2082	Ashadh 2081
Luna Builders & Contractor Pvt. Ltd.	-	13,234,296
TPES Construction Pvt. Ltd.	-	3,230,818
<b>Total</b>	<b>-</b>	<b>16,465,113</b>

**Duties and Taxes Payable**

*Annex-4*

Particulars	As on 32nd	As on 31st
	Ashadh 2082	Ashadh 2081
Tds Payable On Audit Fees	2,250	2,250
Tds Payable On Advertisement	-	153
Tds Payable Others	14,094	-
Tds Payable On Service	141,492	462,706
Tds Payable On Consultant Fee/Contractor's	3,968	1,299,465
Tds Payable On Office Rent	42,000	84,000
Tds Payable On Meeting Allowance	19,950	652,104
Tds Payable On Hiring Of Equipment	-	6,404
Tds Payable On Transportation	-	1,613
Tds Payable On Salary	63,225	1,235,223
SST Payable On Salary	10,592	92,805
SST Payable On Wages	4,767	5,114
<b>Total</b>	<b>302,336</b>	<b>3,841,836</b>





**Short term Employee Benefit Payable***Annex-5*

Particulars	As on 32nd	As on 31st
	Ashadh 2082	Ashadh 2081
Salary Payable	-	3,600,298
<b>Total</b>	<b>-</b>	<b>3,600,298</b>

**Contractor's and Consultant's Advances***Annex-6*

Particulars	As on 32nd	As on 31st
	Ashadh 2082	Ashadh 2081
<b>Advance to Consultants</b>		
KRS Engineering Pvt. Ltd.	-	30,000
Kumari Capital Ltd	49,250	49,250
<b>Advance to Contractors</b>		
TPES Construction Pvt. Ltd.	-	1,080,000
Luna Builders & Contractor Pvt. Ltd.	19,225,000	66,940,134
Advance/(Payable) to Custom Clearing Agent	-	236,786
<b>Total</b>	<b>19,274,250</b>	<b>68,336,170</b>

**Site Office & Other Advances***Annex-7*

Particulars	As on 32nd	As on 31st
	Ashadh 2082	Ashadh 2081
<b>Site Office Advance</b>		
Binam Gyanwali- Environment and Social Cost	1,245,000	468,659
Mathillo Midim Jal Bidhut Ayojana Sarokar Samiti	4,496,450	900,000
<b>Other Advance</b>		
Shikhar Insurance Company LTD	60,152	-
<b>Total</b>	<b>5,801,602</b>	<b>1,368,659</b>

