

## INDEPENDENT AUDITOR'S REPORT

To the Shareholders,  
Mabilung Energy Ltd Ltd  
Kathmandu Nepal

### Report on the Audit of the Financial Statements

#### Opinion

We have audited the financial statements of Mabilung Energy Ltd, which comprise the Statement of Financial Position as at Ashadh 32<sup>nd</sup> 2082, and the Statement of Comprehensive Income, Statement of Changes in Equity and Statement of Cash Flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, *give a true and fair view* of the financial position of the Company as at Ashadh 32<sup>nd</sup> 2082, and of its financial performance and its cash flows for the year then ended in accordance with Nepal Financial Reporting Standards (NFRSs).

#### Basis for Opinion

We conducted our audit in accordance with Nepal Standards 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 ICAN's *Handbook of Code of Ethics for Professional Accountants* 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 ICAN's *Handbook of The Code of Ethics For Professional Accountants*. 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 matters that, in our professional judgment, were of most significance in our audit of the financial statements 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.

#### Other

Management is responsible for the other information. The other information comprises the information included in the "Annual Report", but does not include the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information, and in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information; we are required to report that fact. We have nothing to report in this regard.

#### Responsibilities of Management and Those Charged with Governance for the Financial Statements.

Management is responsible for the preparation and fair presentation of the financial statements in accordance with NFRSs, 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 the Financial Statements**

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our 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.

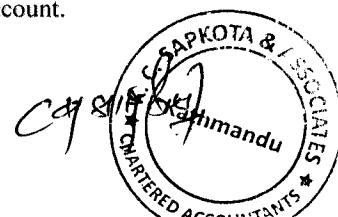
Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements. As part of an audit in accordance with NSAs, we exercise professional judgment and maintain professional skepticism throughout 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 in order 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 a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are 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 to continue as a going concern.
- Evaluate the overall presentation, structure, and content of the financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the company to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the company audit. We remain solely responsible for our audit opinion.
- 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.

### **Report on Other Legal and Regulatory Requirements**

As per the requirements of Section 115 of the Companies Act, 2063 (First Amendment 2074), we further report that:

- a) We have obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the purpose of our audit.
- b) 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.
- c) The financial statements are in agreement with the books of account.

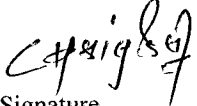


- d) In our opinion and to the best of our information and according to the explanation given to us, the financial statement the said Balance Sheet, Income Statement and Cash Flow Statement, read together with the notes forming part of the accounts give the information required by the Companies Act 2063 (First Amendment 2074) in the manner so required and give a true and fair view:
- i. In the case of Balance Sheet, of the state of affairs of the Company as at 32<sup>nd</sup> Ashadh, 2082; and
  - ii. In the case of Income Statement, of the results of operations of the Company for the year ended on 32<sup>nd</sup> Ashadh, 2082 and
  - iii. In the case of the Cash Flow Statement, of Cash inflow and outflow of Company for the year ended on that date.
- e) Neither we have come across any of the information about the misappropriation of fund by the directors or any of the representative or company's staffs during the course of our audit nor have we received any such information from the management.
- f) No accounting fraud has been observed during the course of our audit.

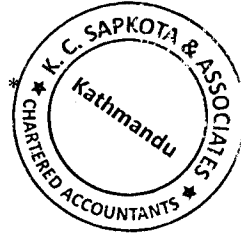
Place: Kathmandu

Date: 2082.09.01

For K.C Sapkota & Associates  
Chartered Accountants

  
Signature

Name of Member: Bikash K.C Sapkota  
Designation: Proprietor  
Membership No: 1978  
COP No: 1318  
UDIN No: 260112CA01978n8cEG



# Mabilung Energy Ltd.

Lalitpur-10

## Statement of Financial Position

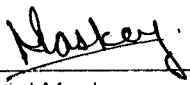
As at 32nd Asadh 2082 (16th July 2025)

Amount In NRs.


<u>Equity &amp; Liabilities</u>	Schedule	As on 32nd Asadh 2082	As on 31st Asadh 2081
<b>Shareholder's Fund</b>			
Share Capital	1	196,771,000	196,771,000
Advance For Share Capital	2	-	-
Reserve and Accumulated Profit/(Loss)	3	13,057,853	11,604,908
<b>Total Share Holders Fund</b>		<b>209,828,853</b>	<b>208,375,908</b>
<b>Non Current Liabilities</b>			
Medium & Long Term Loan	4	739,777,000	598,205,125
<b>Total Non Current Liabilities</b>		<b>739,777,000</b>	<b>598,205,125</b>
<b>Current Liabilities</b>			
Accounts Payables	5	252,273,486	184,468,052
Withholding & Retentions	6	9,423,354	27,255,951
<b>Total Current Liabilities</b>		<b>261,696,840</b>	<b>211,724,003</b>
<b>Total Equity &amp; Liabilities</b>		<b>1,211,302,693</b>	<b>1,018,305,037</b>
<b>Assets</b>			
<b>Non-Current Assets</b>			
Property, Plant and Equipments	7	5,684,464	5,354,280
Less: Accumulated Depreciation		(4,811,868)	(3,423,655)
<b>Total Property, Plant and Equipments</b>		<b>872,596</b>	<b>1,930,625</b>
Intangible Assets	8	28,928	28,928
Less: Accumulated Amortization		(28,928)	(23,140)
<b>Total Intangible Assets</b>		<b>-</b>	<b>5,788</b>
Intangible Assets under Development	9	1,157,831,847	914,118,026
Prepayments	10	2,976,830	15,593
<b>Total Non Current Assets</b>		<b>1,161,681,273</b>	<b>916,070,032</b>
<b>Current Assets</b>			
Other Current Assets	11	48,506,042	98,868,238
Cash And Cash Equivalents	12	1,115,377	3,366,767
<b>Total Current Assets (A)</b>		<b>49,621,420</b>	<b>102,235,005</b>
<b>Total Assets</b>		<b>1,211,302,693</b>	<b>1,018,305,037</b>

Schedule 1 to 13 forms an integral part of this Financial Statements

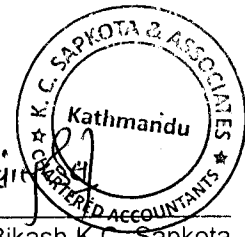
As per our attached report of Even Date

  
Sajal Maskey  
Chief Executive Officer

  
Anchal Maskey  
Director

  
Shivaraj Bhandari  
Director

  
Hom Bahadur Shrestha  
Chairman

  
CA. Bikash K.C. Sapkota  
K.C. Sapkota & Associates  
Chartered Accountants

# Mabilung Energy Ltd.

Lalitpur-10

## Statement of Profit or Loss and other Comprehensive Income

For the Period from 1st Shrawan 2081 to 32nd Asadh 2082 (16th July 2024 to 16th July 2025)

Amount In NRs.

Particulars	Schedule	For the Year Ended 32nd Asadh 2082	For the Year Ended 31st Asadh 2081
Revenue		-	-
Less: Cost of Goods Sold		-	-
<b>Gross Profit</b>		-	-
Construction Revenue as per IFRIC-12		243,713,821	222,129,937
Less: Construction Expenses as per IFRIC-12		(238,935,119)	(217,774,448)
<b>Construction Revenue less Construction Expenses as per IFRIC-12</b>		<b>4,778,702</b>	<b>4,355,489</b>
Add: Interest Income		26,161	16,456
<b>Total Income</b>		<b>4,804,864</b>	<b>4,371,945</b>
Less: Administrative Expenses	13	(3,351,919)	(1,374,900)
Less: Depreciation		-	-
Less: Amortisation		-	-
<b>Operating Profit/(Loss)</b>		<b>1,452,945</b>	<b>2,997,045</b>
Finance income		-	-
Finance costs		-	-
Impairment		-	-
<b>Net Finance Cost</b>		<b>-</b>	<b>-</b>
<b>Profit Before Tax</b>		<b>1,452,945</b>	<b>2,997,045</b>
Deferred Tax - Surplus (Expenses)		-	-
Income Tax Expenses		-	-
Other Comprehensive Income		-	-
<b>Total Comprehensive Income</b>		<b>1,452,945</b>	<b>2,997,045</b>

Total profit and comprehensive income is attributable to the owners of the company.  
Schedule 1 to 13 forms an integral part of this Financial Statements

As per our attached report of Even Date

*Maskey*

Sajal Maskey  
Chief Executive Officer

*Maskey*

Anchal Maskey  
Director

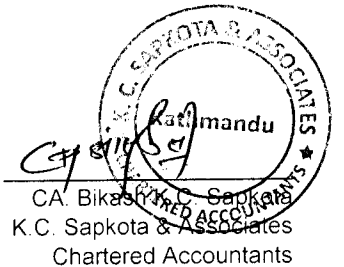
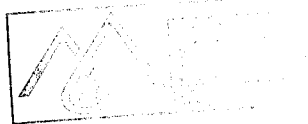
*Shivaraj Bhandari*

Shivaraj Bhandari  
Director

*Hom Bahadur Shrestha*

Hom Bahadur Shrestha  
Chairman

Date: 2082/09/01  
Place: Lalitpur



# Mabilung Energy Ltd.

Lalitpur-10

## Statement of Cash Flow

For the Period from 1st Shrawan 2081 to 32nd Asadh 2082 (16th July 2024 to 16th July 2025)

<u>Particulars</u>	<u>Amount In NRs.</u>	
	<u>For the Year Ended 32nd Asadh 2082</u>	<u>For the Year Ended 31st Asadh 2081</u>
<b><u>Cash Flow From Operating Activities</u></b>		
Net Profit/(Loss) As Per Income Statement	1,452,945	2,997,045
Add: Depreciation For The Year	1,388,213	1,385,956
Add: Amortisation For The Year	5,788	5,785
Add: Non-Cash Expenses	-	-
Cash Flow from operating activities before changes in WC	<u>2,846,946</u>	<u>4,388,786</u>
(Increase)/Decrease In Prepayments		
(Increase)/Decrease In Current Assets	50,362,196	6,840,771
Increase/ (Decrease) In Current Liabilities	49,972,837	80,007,354
<b>Net Cash Flow From Operating Activities (Sub-Total-A)</b>	<u>103,181,979</u>	<u>91,236,912</u>
<b><u>Cash Flow From Investing Activities</u></b>		
Add: Revaluation Surplus	-	-
Sale/(Purchase) of Tangible Fixed Assets	(330,184)	(1,665,210)
Sale/(Purchase) of Intangible Assets	-	-
(Increase)/Decrease In Non Current Assets	(2,961,237)	(2,468)
(Increase)/Decrease In Non Current Liabilities	-	-
(Purchase)/Disposal of Fixed Assets/Investment	-	-
Less: WIP Assets Capitalized (Project Cost)	(243,713,821)	(222,129,936)
<b>Net Cash Flow From Investing Activities (Sub-Total-B)</b>	<u>(247,005,242)</u>	<u>(223,797,615)</u>
<b><u>Cash Flow From Financing Activities</u></b>		
Issue Of Share Capital	-	1,000
Advance Against Share Capital Received	-	-
Changes in Medium & Long Term Loan	141,571,875	135,142,579
<b>Net Cash Flow From Financing Activities (Sub-Total-C)</b>	<u>141,571,875</u>	<u>135,143,579</u>
<b>Total Cash Generated In The Year (A+B+C)</b>	<u>(2,251,389)</u>	<u>2,582,876</u>
Cash And Equivalent At The Beginning Of The Year	3,366,767	783,891
<b>Cash And Equivalent At The End Of The Year</b>	<u>1,115,378</u>	<u>3,366,767</u>

*Maskey*

Sajal Maskey  
Chief Executive Officer

*Maskey*

Anchal Maskey  
Director

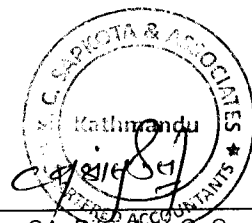
*Shivaraj Bhandari*

Shivaraj Bhandari  
Director

*Hom Bahadur Shrestha*

Hom Bahadur Shrestha  
Chairman

Date: 2082/09/01  
Place: Lalitpur



CA. Bikash K. C. Sapkota  
K.C. Sapkota & Associates  
Chartered Accountants

# Mabilung Energy Ltd.

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## Statement of Changes in Equity

For the Period from 1st Shrawan 2081 to 32nd Asadh 2082 (16th July 2024 to 16th July 2025)


Particular	Share Capital	Accumulated Profit/ Loss	General Reserve	Capital Reserve	Deferred Tax Reserve	Amount In NRs.
						Total
Balance as on 2080/04/01	96,770,000	8,607,863	-	-	-	205,377,863
Transactions with owners recorded directly in equity						
Issue of Share Capital	1,000	-	-	-	-	1,000
Share Advance	-	-	-	-	-	-
<b>Total Comprehensive income for the year</b>						
Profit for the Year	-	2,997,045	-	-	-	2,997,045
<b>Balance at the End of the FY 2080/81</b>	<b>196,771,000</b>	<b>11,604,908</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>208,375,908</b>
Balance as on 2081/04/01	196,771,000	11,604,908	-	-	-	208,375,908
Transactions with owners recorded directly in equity						
Issue of Share Capital	-	-	-	-	-	-
Share Advance	-	-	-	-	-	-
<b>Total Comprehensive income for the year</b>						
Transfer to Intangible assets	-	-	-	-	-	-
Profit for the Year	-	1,452,945	-	-	-	1,452,945
<b>Balance at 32 Asadh 2082</b>	<b>196,771,000</b>	<b>13,057,853</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>209,828,853</b>

As per our report of even date

  
Sajal Maskey  
Chief Executive Officer

Shivaraj Bhandari  
Director

Date: 2082/09/01  
Place: Lalitpur

  
Anchal Maskey  
Director

  
Hom Bahadur Shrestha  
Chairman



CA. Bikash Sapkota  
K.C. Sapkota & Associates  
Chartered Accountants

# Mabilung Energy Ltd.

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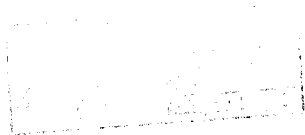
Schedules Forming Parts Of The Financial Statements As at 32nd Asadh 2082 (16th July 2025)

## Annexure-13- Administrative & General Expenses

Restated

Particulars	For the Year Ended 32nd Asadh 2082	For the Year Ended 31st Asadh 2081
Office Rent Expenses	1,200,000	1,216,700
Audit Fee	339,000	45,200
Issuer Rating Fee	113,000	113,000
Securities Issue Fee & Registration Expenses	771,648	-
Underwriting Expenses	756,216	-
Property Insurance Expenses	172,055	-
<b>Total Rs.:</b>	<b>3,351,919</b>	<b>1,374,900</b>

*Maskey*

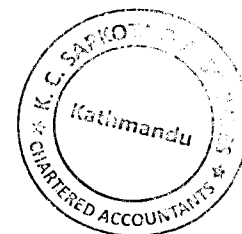


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*Maskey*

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## Mabilung Energy Ltd.

Lalitpur-10

Schedules Forming Parts Of The Financial Statements As at 32nd Asadh 2082 (16th July 2025)

Amount In NRs.

### Schedule 1: Share Capital

<u>Particulars</u>	<u>As on 32nd Asadh 2082</u>	<u>As on 31st Asadh 2081</u>
<b><u>Authorized Share Capital</u></b>		
No. of Authorized Share Capital	4,000,000	4,000,000
Ordinary shares of NPR 100 each	400,000,000	400,000,000
<b><u>Issued Share Capital</u></b>		
No. of Issued Share Capital	3,858,240	3,858,240
Ordinary shares of NPR 100 each	385,824,000	385,824,000
<b><u>Subscribed &amp; Fully Paid Up Share Capital</u></b>		
No. of Subscribed and fully paid up Share Capital	1,967,710	1,967,710
Ordinary shares of NPR 100 each	<b>196,771,000</b>	<b>196,771,000</b>

### Schedule 2 : Advance for Share Capital

Advance Share Capital	-	-
<b>Total</b>	<b>-</b>	<b>-</b>

### Schedule 3: Reserves and Accumulated Profit/(Loss)

<u>Particulars</u>	<u>As on 32nd Asadh 2082</u>	<u>As on 31st Asadh 2081</u>
Balance as at the opening date	11,604,908	8,607,863
Add: Profit during the year	1,452,945	2,997,045
<b>Balance as at the closing date</b>	<b>13,057,853</b>	<b>11,604,908</b>

### Schedule 4 : Medium & Long Term Loan

<u>Particulars</u>	<u>As on 32nd Asadh 2082</u>	<u>As on 31st Asadh 2081</u>
Himalayan Bank Ltd.	250,377,000	228,959,996
Laxmi Sunrise Bank Ltd.	489,400,000	369,245,130
<b>Total</b>	<b>739,777,000.00</b>	<b>598,205,125.47</b>

### Schedule 5 : Accounts Payables

<u>Particulars</u>	<u>As on 32nd Asadh 2082</u>	<u>As on 31st Asadh 2081</u>
<b><u>A. Withholding Tax Payable:</u></b>		
TDS Payable-Individual & Firms	9,180	20,433
TDS Payable-Public Ltd	3,052	2,484
TDS Payable-Private Limited	25,362	-
TDS Payable-Other Entities	503,794	-
TDS Payable-Rental	120,000	-
TDS Payable-Staff Salary & Wages	-	3,675
<b><u>B. Other Payables:</u></b>		
Audit Fee	334,500	44,600
Bridge Gap Loan	87,002,457	61,282,858
Bridge Gap Loan against IPO	149,900,000	121,400,000
TP Adhikari & Associates	424,750	390,250
Nepal Shipping and Air Logistics Pvt. Ltd.	266,571	566,571
Zetwerk Manufacturing Biz. Pvt. Ltd.	47,148	47,148
Slesha Engineering Consultancy Pvt Ltd	100,000	100,000
S & U Consult Pvt. Ltd.	22,300	22,300
Grow Capital Pvt. Ltd.	12,333,938	-
Harit Engineering Traders Pvt. Ltd.	877,534	-
K. C. Sapkota & Associates	45,715	-
Goyal Ispat Pvt.Ltd.	-	148,453
U.B.Construction	-	284,514.00
Three Jewels Construction Pvt. Ltd.	115,000.00	-
Chandachha Nirman Sewa And Suppliers	-	142,510
Lingthep Dhuwani Sewa	27,185	-
Rent Payable	90,000	-
Provision for Income Tax	-	12,256
Salary & CIT Payable	25,000	-
<b>Total</b>	<b>252,273,486</b>	<b>184,468,052</b>

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## Mabilung Energy Ltd.

Lalitpur-10

Schedules Forming Parts Of The Financial Statements As at 32nd Asadh 2082 (16th July 2025)

Amount In NRs.

### Schedule 6 : Withholding & Retentions

#### A. Current

B Fouress Private Limited, India	7,527,050	7,035,788
Growth/PES JV	-	15,866,821
Precise Hydro Eng. & Const. Pvt. Ltd.	1,896,305	4,353,342
<b>Total</b>	<b>9,423,354</b>	<b>27,255,951</b>

### Schedule 10 : Prepayments

#### Particulars

	As on 32nd Asadh 2082	As on 31st Asadh 2081
Advance Tax	8,877	15,593
Prepaid Insurance	2,967,953	
<b>Total</b>	<b>2,976,830</b>	<b>15,593</b>

### Schedule 11 : Other Current Assets

#### Particulars

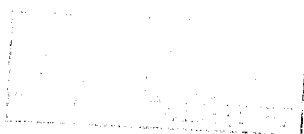
	As on 32nd Asadh 2082	As on 31st Asadh 2081
<b>A. Other Current Assets</b>		
<b>Advance for Civil Works</b>		
Growth PES/JV	38,954,367	52,592,918
<b>Advance for Hydro Mechanical Works</b>		
Precise Hydro Engineering & Construction Pvt. Ltd.	6,053,362	15,095,598
<b>Advance for Electro Mechanical Works</b>		
B Fouress Private Limited	-	2,456,298
<b>Advance for Transmission Line &amp; Substations Works</b>		
New Siddhakali Dhuwani Sewa	419,500	419,500
Three Jewels Construction Pvt. Ltd.	-	500,000
Advance for TL Land Compensation	-	252,052
UB Construction	402,001	-
Chandachha Nirman Sewa And Suppliers	257,490	-
<b>Advance Danfe and Munal Architecture Company Pvt. Ltd.</b>	200,000	-
<b>Advance to Growth Construction Pvt. Ltd.</b>	-	900,000
<b>Advance Three Dimensional Freight and Cargo Pvt.Ltd</b>	53,612	-
<b>Advance for Land Purchase</b>	-	16,954,443
<b>Advance to Employees</b>	-	576,801
<b>Advance for Site Office</b>	-	6,643,398
<b>Advance Jade Consult Pvt. Ltd,</b>	47,525	-
<b>Margins at Bank</b>		
Bank Margin for NEA at Laxmi Sunrise Bank Ltd.	148,500	148,500
Cash & Stat Margin at Laxmi Sunrise Bank Ltd.	1,969,686	2,328,730
<b>Total</b>	<b>48,506,042</b>	<b>98,868,238</b>

### Schedule 12 : Cash and Cash Equivalents

#### Particulars

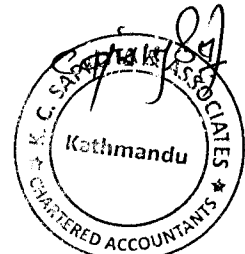
	As on 32nd Asadh 2082	As on 31st Asadh 2081
Cash In Hand	10,415	3,695
<b>Balances In Bank</b>		
Guheswori Merchant Banking & Finance Ltd.	412,699	1,233,576
Laxmi Sunrise Bank Ltd.	665,263	2,129,496
Himalayan Bank Ltd.	27,000	
<b>Total</b>	<b>1,115,377</b>	<b>3,366,767</b>

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## Mabilung Energy Ltd.

Lalitpur-10

Schedules Forming Parts Of The Financial Statements As at 32nd Asadh 2082 (16th July 2025)

### Schedule 7: Property, Plants and Equipments

Amount In NRs.

Particulars	Land	Building	Furniture, Fixtures and Office Equipment	Vehicles	Total
<b>At Cost</b>					
Balance at 31 Asadh 2080		-	3,304,170	384,900	3,689,070
Additions	-	-	165,210	1,500,000	1,665,210
<b>Balance at 31 Asadh 2081</b>	-	-	<b>3,469,380</b>	<b>1,884,900</b>	<b>5,354,280</b>
Additions during the period		-	11,284	318,900	330,184
<b>Balance at 32nd Asadh 2082</b>	-	-	<b>3,480,664</b>	<b>2,203,800</b>	<b>5,684,464</b>
<b>Depreciation</b>					
Balance at 31 Asadh 2080	-	-	1,960,719	76,980	2,037,699
Depreciation for the year	-	-	693,876	692,080	1,385,956
<b>Balance at 31 Asadh 2081</b>	-	-	<b>2,654,595</b>	<b>769,060</b>	<b>3,423,655</b>
Depreciation for the period	-	-	696,133	692,080	1,388,213
<b>Balance at 32nd Asadh 2082</b>	-	-	<b>3,350,728</b>	<b>1,461,140</b>	<b>4,811,868</b>

Particulars	Carrying Amounts
As at 31 Asadh 2080	1,651,371
As at 31 Asadh 2081	1,930,625
As at 32 Asadh 2082	872,596

### Schedule 8 : Intangible Assets

Particulars	Computer Software
<b>At Cost</b>	
Balance at 31 Asadh 2080	28,928
Additions	-
<b>Balance at 31 Asadh 2081</b>	<b>28,928</b>
Additions during the period	-
<b>Balance at 32 Asadh 2082</b>	<b>28,928</b>
<b>Amortization</b>	
Balance at 31 Asadh 2080	17,355
Depreciation for the year	5,785
<b>Balance at 31 Asadh 2081</b>	<b>23,140</b>
Depreciation for the period	5,788
<b>Balance at 32 Asadh 2082</b>	<b>28,928</b>

Particulars	Carrying Amounts
As at 31 Asadh 2080	11,573
As at 31 Asadh 2081	5,788
As at 32 Asadh 2082	-



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Mabilung Energy Ltd.  
Lalitpur-10

Schedules Forming Parts Of The Financial Statements As at 32nd Asadh 2082 (16th July 2025)

Schedule 9: Intangible Assets Under Construction

SN	Particulars	As on 32nd Asadh 2082	Addition during the period	As on 31st Asadh 2081
9.01	Preoperating Expenses	28,411,738	-	28,411,738
9.02	Civil Works Expenses	438,965,043	80,034,131	358,930,912
9.03	Hydro Mechanical (HM) Work Expenses	153,907,401	31,249,757	122,657,644
9.04	Electro Mechanical (EM) Work Expenses	158,451,634	11,528,431	146,923,204
9.05	Transmission Line and Interconnection Expenses	43,738,544	19,252,738	24,485,806
9.06	Land Purchase and Development Expenses	33,122,297	-	33,122,297
9.07	Site Office Building Expenses	Refer to Schedule 7: Property, Plant & Equipments		
9.08	Logistics and Equipment Expenses	Refer to Schedule 7: Property, Plant & Equipments		
9.09	Vehicle Cost	Refer to Schedule 7: Property, Plant & Equipments		
9.10	Social & Environmental Mitigation Expenses	12,424,068	3,110,911	9,313,157
9.11	Project Management, Supervision, Study-Design & Consultancy Expenses	58,416,239	11,452,853	46,963,385
9.12	Project Insurance During Construction	634,405	-	634,405
9.13	Interest During Construction Cost	210,582,233	82,306,298	128,275,936
	Add: Intangible Assets recognised as per IFRIC 12	19,178,245	4,778,702	14,399,542
	<b>Total Intangible Assets Under Construction Till Date (WIP Assets)</b>	<b>1,157,831,847</b>	<b>243,713,821</b>	<b>914,118,026</b>

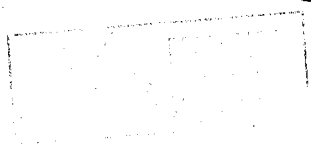
Schedule 9.01: Preoperating Expenses

SN	Particulars	As on 32nd Asadh 2082	Addition during the period	As on 31st Asadh 2081
1	Audit Fee	90,000	-	90,000
2	Bank Charges	30,245	-	30,245
3	Depreciation Expenses	870,528	-	870,528
4	DPR & Feasibility Study Expenses	1,676,725	-	1,676,725
5	Environmental Impact Assessment Expenses	565,000	-	565,000
6	Fuel & Transportation Expenses	283,254	-	283,254
7	Fuel Expenses	119,967	-	119,967
8	Labour, Porter & Transportation Expenses	3,022,050	-	3,022,050
9	Legal & Accounting Expenses	32,000	-	32,000
10	License Fee, Renewal & Registration Expenses	4,000,000	-	4,000,000
11	Lodging Fooding Expenses	501,276	-	501,276
12	Office Expenses	324,285	-	324,285
13	Office Kitchen/Entertainment Expenses	396,155	-	396,155
14	Office Rent Expenses	1,047,500	-	1,047,500
15	PPA Related Expenses	90,000	-	90,000
16	Printing and Stationery Expenses	334,676	-	334,676
17	Registration and Renewal Expenses	26,500	-	26,500
18	Salary Expenses	9,465,000	-	9,465,000
19	Site Office Expenses	542,845	-	542,845
20	Site Visit/ Travelling Expenses	2,764,311	-	2,764,311
21	Survey License Fee	2,000,000	-	2,000,000
22	Telephone & Communication Expenses	130,030	-	130,030
23	Water & Electricity Expenses	101,394	-	101,394
24	Less: Interest Income	(2,003)	-	(2,003)
	<b>Total</b>	<b>28,411,738</b>	<b>-</b>	<b>28,411,738</b>

Schedule 9.02 : Civil Works

SN	Particulars	As on 32nd Asadh 2082	Addition during the period	As on 31st Asadh 2081
1	Civil Works Expenditure	438,624,331.00	80,034,131.00	358,590,200.00
2	Access Road Construction Expenditure	200,000.00	-	200,000.00
3	Temporary Store Construction	140,712.00	-	140,712.00
	<b>Total</b>	<b>438,965,043.00</b>	<b>80,034,131.00</b>	<b>358,930,912.00</b>

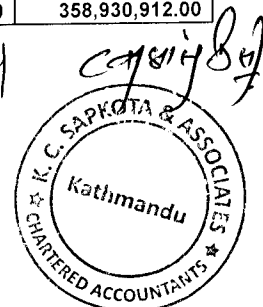
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Mabilung Energy Ltd.

Lalitpur-10

Schedules Forming Parts Of The Financial Statements As at 32nd Asadh 2082 (16th July 2025)

**Schedule 9.03 : Hydro Mechanical (HM) Works**

SN	Particulars	As on 32nd Asadh 2082	Addition during the period	As on 31st Asadh 2081
1	Custom Charges for HM Equipments	11,627,097.25	-	11,627,097.25
2	Installation Testing & Commissioning of HM Works	42,856,484.94	24,895,950.22	17,960,534.72
3	LC Commission & Ammendment Charges-HM	409,455.03	19,813.75	389,641.28
4	LC Issuance Charge- HM	2,500.00	-	2,500.00
5	Supply of HM Plates & Pipes	106,366,880.01	5,469,033.33	100,897,846.68
6	Transportation Charge of Plates & Pipes	7,927,314.63	864,959.63	7,062,355.00
7	Less: Amount received from Insurance Claim	(15,282,331.00)	-	(15,282,331.00)
	<b>Total</b>	<b>153,907,400.86</b>	<b>31,249,756.93</b>	<b>122,657,643.93</b>

**Schedule 9.04 : Electro Mechanical (EM) Works**

SN	Particulars	As on 32nd Asadh 2082	Addition during the period	As on 31st Asadh 2081
1	Bank Guarantee Issuance Charge	146,835.00	9,652.50	137,182.50
2	Cost of NEEK Transformer	602,290.00	-	602,290.00
3	Custom Expenses of EM Equipment	3,134,530.65	634,148.65	2,500,382.00
4	EM Materials	156,075.47	156,075.47	-
5	Equipments Lifting Belt	67,800.00	-	67,800.00
6	LC Commission & Ammendment Charges-EM	1,715,237.31	22,632.67	1,692,604.64
7	LC Issuance Charge-EM	13,500.00	4,500.00	9,000.00
8	Logistics Services of EM Equipments	848,388.00	43,263.00	805,125.00
9	Review of Electromechanical Works	341,825.00	-	341,825.00
10	Supply & Installation of EM Equipments	151,165,028.00	10,449,223.50	140,715,804.50
11	TOD Meter Expenses	51,190.00	-	51,190.00
12	Survelience Camera	208,935.00	208,935.00	-
	<b>Total</b>	<b>158,451,634.43</b>	<b>11,528,430.79</b>	<b>146,923,203.64</b>

**Schedule 9.05 : Transmission Line and Switchyard Cost**

SN	Particulars	As on 32nd Asadh 2082	Addition during the period	As on 31st Asadh 2081
1	33KV Transmission Line Work	1,925,113.33	1,130,045.33	795,068.00
2	Compensation of Land for TL Works	4,030,052.00	1,356,052.00	3,474,000.00
3	Compensation Paid for Tree for TL Works	3,893,000.00	3,132,900.00	760,100.00
4	Compensation Paid for Tree for TL Works	1,781,199.00	1,130,000.00	651,199.00
5	Desk Study Report for Survey License of TL	75,145.00	-	75,145.00
6	Detail Feasibility Study, Design & IEE-TL	2,502,950.00	-	2,502,950.00
7	Insulator and Accessories for TL	5,166,678.00	2,716,443.00	2,450,235.00
8	Poles Digging & Installation Works	2,876,633.00	2,217,800.00	658,833.00
9	Supply of 33kv Transmission Poles and Accessories	28,934,626.70	1,992,986.25	26,941,640.45
10	Survey Equipments	20,340.00	-	20,340.00
11	Switchyard Expenses	206,420.00	-	206,420.00
12	Transmission Line Cable Wire	15,505,406.73	5,109,406.73	10,396,000.00
13	Transportation Charge of TL Poles & Cables	692,480.68	138,605.00	553,875.68
14	TL Bush Cutting Expenses	328,500.00	328,500.00	-
15	Less: Expenses reimbursed by Milkey Jaljaley HPP	(25,000,000.00)	-	(25,000,000.00)
	<b>Total</b>	<b>43,738,544.44</b>	<b>19,252,738.31</b>	<b>24,485,806.13</b>

**Schedule 9.06 : Land Acquisition**

SN	Particulars	As on 32nd Asadh 2082	Addition during the period	As on 31st Asadh 2081
1	Land Purchase	33,122,297.00	-	33,122,297.00
	<b>Total</b>	<b>33,122,297.00</b>	<b>-</b>	<b>33,122,297.00</b>

**Schedule 9.10: Environment/Social Mitigation Expenses**

SN	Particulars	As on 32nd Asadh 2082	Addition during the period	As on 31st Asadh 2081
1	Community Support Program Expenses	194,871	-	194,871
2	Environmental Impact Assessment Expenses	1,154,775	25,000	1,129,775
3	Forest Cost Expenses	6,379,949	400,000	5,979,949
4	Land Compensation & Settlement Expenses	1,234,374	884,374	350,000
5	Land & Crop Compensation Expenses	650,000	170,000	480,000
6	Land Lease at Site	272,500	55,000	217,500
7	Site Office Rent Expenses	59,056	3,500	55,556
8	Social and Cultural Expense	153,500	-	153,500
9	Social Mitigation Expenses	2,325,043	1,573,037	752,006
	<b>Total</b>	<b>12,424,068</b>	<b>3,110,911</b>	<b>9,313,157</b>

**Mabilung Energy Ltd.**  
Lalitpur-10

**Schedules Forming Parts Of The Financial Statements As at 32nd Asadh 2082 (16th July 2025)**

**Schedule 9.11: Project Management, Supervision, Study-Design & Consultancy Expenses**

SN	Particulars	As on 32nd Asadh 2082	Addition during the period	As on 31st Asadh 2081
<b>A. Project Management Expenses</b>				
1	Advertisement & Notice Publication Expenses	360,517	-	360,517
2	Amortization Expenses	28,928	5,788	23,140
3	Audit Fee	40,000	-	40,000
4	Bank Charges	52,446	6,070	46,376
5	Business Promotion Expenses	19,110	-	19,110
6	Certification Expenses	28,250	-	28,250
7	Depreciation Expenses	4,811,868	1,388,213	3,423,655
8	Donation Expenses	20,000	-	20,000
9	Fines & Penalties	24,624	-	24,624
10	Food and Accommodation	174,746	83,330	91,416
11	Fuel Expenses	1,510,289	701,105	809,184
12	Generation License Fee	500,000	-	500,000
13	Internet Expenses	72,001	24,000	48,001
14	Labour & Porter Expenses	2,319,982	226,925	2,093,057
15	Legal & Accounting Expenses	468,411	117,271	351,140
16	License Fee, Deposit & Registration Expenses	704,066	10,000	694,066
17	Lodging Fooding Expenses	1,506,095	272,720	1,233,375
18	Office Expenses	401,885	60,637	341,248
19	Office Kitchen/Entertainment Expenses	1,066,625	158,140	908,485
20	Office Meeting Expenses	128,239	7,212	121,027
21	Office Rent Expenses	2,400,000	-	2,400,000
22	Printing and Stationery Expenses	540,121	63,332	476,789
23	Program Sponsorship Participation Expenses	65,000	-	65,000
24	Registration and Renewal Expenses	827,892	93,700	734,192
25	Regulatory Meeting Allowances	953,592	222,200	731,392
26	Repair and Maintenance Expenses	1,273,859	678,242	595,617
27	Safety, Medical & Engineering Expenses	80,593	72,285	8,308
28	Salary Expenses	22,834,445	5,099,202	17,735,243
29	Site Office Expenses	779,678	385,658	394,020
30	Site Visit/ Travelling Expenses	3,268,325	338,172	2,930,153
31	Survey License Fee	30,000	-	30,000
32	Telephone & Communication Expenses	99,890	19,360	80,530
33	Vehicle Insurance Expenses	54,861	31,003	23,858
34	Water & Electricity Expenses	1,411,180	780,279	630,901
<b>B. Project Consultants &amp; Supervision Expenses</b>				
35	Borrowers Rating Fee	477,815	122,111	355,704
36	Review of Contract Documents	105,000	-	105,000
37	Due Diligence Audit Expenses	724,104	-	724,104
38	DPR & Feasibility Study Expenses	3,093,375	-	3,093,375
39	Financial Consulting Service Fee	1,885,970	395,500	1,490,470
40	Geophysical Investigation Expenses	1,671,835	-	1,671,835
41	Issue Management Fee	269,500	-	269,500
42	Layout Marking Expenses	229,373	-	229,373
43	Technical Consultancy Service Fee	1,101,750	90,400	1,011,350
	<b>Total</b>	<b>58,416,239</b>	<b>11,452,853</b>	<b>46,963,385</b>

**Schedule 9.12: Project Insurance During Construction**

SN	Particulars	As on 32nd Asadh 2082	Addition during the period	As on 31st Asadh 2081
1	Accidental Insurance Expenses	45,820.00	-	45,820.00
2	Insurance of EM Equipments	588,584.95	-	588,584.95
	<b>Total</b>	<b>634,404.95</b>	<b>-</b>	<b>634,404.95</b>

**Schedule 9.13: Interest During Construction Cost**

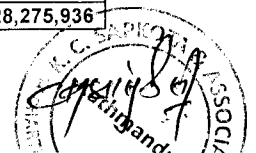
SN	Particulars	As on 32nd Asadh 2082	Addition during the period	As on 31st Asadh 2081
1	Agency Fee	3,787,138	2,441,699	1,345,440
2	Interest During Construction	196,565,647	78,722,349	117,843,298
3	Loan Management Fee	10,229,448	1,142,250	9,087,198
	<b>Total</b>	<b>210,582,233</b>	<b>82,306,298</b>	<b>128,275,936</b>

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**1. General Information of Reporting entity**

Mabilung Energy Ltd. is a Limited liability company established and registered in 2071 BS as a Private Limited Company under Company Act 2063 with an aim to invest & develop hydropower projects. It was then converted into Public Limited Company in 2076/11/12 under Company Act 2063 (Regd.235243/076/077). The Corporate office of the company is located at Lalitpur-10, Nepal. The main objective of the company is to generate electricity through optimum utilization of resources available within the country. The Corporate office of the company is located at Lalitpur-10, Nepal.

**2. Statement of compliance**

The financial statements have been prepared in accordance with Nepal Financial Reporting Standards (NFRSs). Company has adopted Nepal Financial Reporting Standard (NFRS) in FY 2080/81 for the first time. 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 to the Financial Statements.

The financial statements were authorized for issue by the Board of Directors on 16th December, 2025.

**3. Basis of Preparation**

The company while complying with the reporting standards, make critical accounting judgement as having potentially material impact on the financial statements. The significant accounting policies that relate to the financial statements as a whole along with the judgements made are described herein.

Where an accounting policy is generally applicable to a specific item, the policy is described within that relevant note. NFRS requires the company to exercise judgement in making accounting estimates. Description of such estimates has been given in the relevant sections wherever they have been applied.

**3.1 Reporting Pronouncements**

The company has, for the preparation of financial statements, adopted the NFRS pronounced by ASB as effective on September 13, 2013. NFRS conform, in all material respect, to Nepal Financial Reporting Standards (NFRS) as issued by the Nepal Accounting Standards Board (NASB).

**3.1.1 NFRS 9: Financial Instruments**

NFRS 9: Financial Instruments has been applied to the Retention amounts held of different contractors as mentioned in the table below. The retention amounts are expected to be paid within a year, so the retention amounts are not discounted and presented under Current Liabilities. Details of retention money are as follows:

Particulars	Amount In Rs.	Discounting Rate	Discounted Amount	Unwinding of Interest
B Fouress Private Limited, India	7,527,050			7,527,050

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**Mabilung Energy Ltd.**  
**Notes to the financial statements**  
All amount in Nepalese Rupees

Precise Hydro Eng. & Const. Pvt. Ltd.	1,896,305			1,896,305
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### 3.2 Accounting Conventions

The financial statements have been prepared on a historical cost basis., except for certain financial instruments which have been measured at Fair value at the end of each reporting period.

The financial statements have been prepared on a going concern basis where the accounting policies and judgements as required by the standards are consistently used and in case of deviations disclosed specifically. 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 operations of it.

### 3.3 Presentation

The financial statements have been presented in the nearest Nepalese Rupees. All financial information presented in NPR has been rounded to the nearest rupee except where indicated otherwise.

For presentation of the statement of financial position assets and liabilities have been classified into current and non- current distinction.

The statement of profit or loss and other comprehensive income has been prepared using classification 'by nature' method

The cash flows from operation within the statement of cash flows have been derived using the indirect method.

#### 3.3.1 Presentation currency

Financial statements are denominated in Nepalese Rupees, which is the functional and presentation currency of the company.

#### 3.3.2 Current and Non-Current distinction

##### Assets

Apart from the property, plant and equipment and deferred taxes assets all the assets are taken as current assets unless specific additional disclosure is made in the notes for current and non-current distinction.

##### Liabilities

Apart from the defined benefit plan obligations, all the liabilities are taken as current liabilities unless specific additional disclosure is made in the notes for current and non-current distinction.

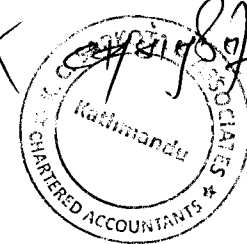
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### 3.4 Accounting Policies and accounting estimates

The company, under NFRS, is required to apply accounting policies to most appropriately suit its circumstances and operating environment. Further the company is required to make judgement in respect of items where the choice of specific policy, accounting estimate or assumption to be followed could materially affect the financial statements. This may later be determined that a different choice could have been more appropriate and actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized prospectively.

Further, management uses valuation techniques to determine the fair value of financial instruments. This involves developing estimates and assumptions consistent with how market participants would price the instrument. Management bases its assumptions in observable data as far as possible. Estimated fair values may vary from the actual prices that would be achieved in an arm's length transaction at the reporting date.

Accounting policies have been included in the relevant notes for each item of the financial statements. The effect and nature of the changes, if any, have been disclosed.

NFRS requires the company to make estimates and assumptions that will affect the assets, liabilities, disclosure of contingent assets and liabilities, and profit or loss as reported in the financial statements.

The company applies estimates in preparing and presenting the financial statements. The estimates and underlying assumptions are reviewed periodically. Revision to accounting estimates are recognized in the period in which the estimates are revised and applied prospectively.

Disclosures of the accounting estimates have been included in the relevant section of the notes wherever the estimates have been applied along with the nature and effect of changes of accounting estimates, if any.

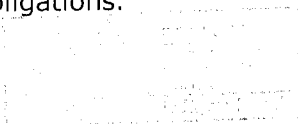
### 3.5 Financial Periods

The company follows the Nepalese financial year based on the Nepalese calendar. The Company reporting period is from 1st Shrawan 2081 to 32<sup>nd</sup> Ashadh 2082 (16<sup>th</sup> July 2024 to 16<sup>th</sup> July 2025) with the corresponding previous year.

## 4. Risk Management Framework

The Company's board of directors has overall responsibility for the establishment and oversight of the Company's risk management framework. The Company's risk management policies are established to identify and analyses 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 Company's activities. The Company aims to maintain a disciplined and constructive control environment in which all employees understand their roles and obligations.

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The Board of Directors oversees how management monitors compliance with the Company's risk management policies and procedures, and reviews the adequacy of the risk management framework in relation to the risks faced by the Company.

**(i) Credit risk management**

Credit risk is the risk of financial loss to the Company if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the Company's receivables from customers. All the trade and other receivables as at the reporting date are not due for payment. The receivables will be due for payment from Nepal Electricity Authority in the forthcoming years after the Commercial Operation Date of Upper Puluwa Khola-3 Hydropower Project 4.95 MW which is being constructed by the Company. The company deals with only creditworthy counterparties and has a practice of obtaining Performance Guarantee and Advance Payment Guarantee in order to secure its risks while providing advances to the contractors and suppliers. The management accordingly, does not believe that the Company has any exposure to credit risk.

**(ii) Liquidity risk management**

Liquidity risk is the risk that the Company will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. The Company's approach to managing liquidity is to ensure, as far as possible, that will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Company's reputation.

**(iii) Market risk management**

Market risk is the risk that changes in market price, such as foreign exchange rates, interest rates and equity prices will affect the Group's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimizing the return. 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 major interest rate risk that the Company is exposed to is the floating interest rates in its significant Borrowings. The company has planned to pay off its loan liabilities from the issue of Initial Public Offering of share in order to reduce the exposure of the interest risk. The Company currently has no transactions which expose it primarily to the financial risks of changes in equity prices.

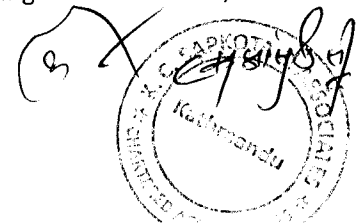
**(iv) Climate Risk**

Climate Risk is the measure of vulnerability to climate-related impacts that have financial consequences, or that may affect various aspects of financial performance. Those consequences could be anything from minor inconvenience to a complete loss of an asset's value or operability. The Company is highly exposed to extreme weather events such as floods and droughts along with other natural disasters like landslides. With such high stakes, reducing the uncertainty of that

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outcome is business-critical. However, the company being involved in renewable energy has an opportunity to gain advantage of the carbon trade for its impact in lowering of the Green House Gas emissions.

**5. Property, plant and equipment**

Property, plant and equipment are tangible items that are held for use in the production or supply of goods or services, for rental to others, or for administrative purposes; and are expected to be used during more than one period. Property, plant and equipment are stated at the cost less accumulated depreciation and accumulated impairment losses.

Subsequent expenditure is capitalized only if it is probable that the future economic benefits associated with the expenditure will flow to the Company.

Depreciation is recognized so as to write off the cost of assets less their residual values over their estimated useful lives using the straight-line method.

The estimated useful lives, residual values and depreciation method are reviewed at the end of each reporting period, with the effect of any changes in estimate accounted for on a prospective basis. The estimate useful lives of various assets are as follows:

S.N.	Types of assets	Estimated useful lives
1	Furniture-Partitions	5 years
2	Computers	5 years
3	Office Equipment	5 years
4	Vehicles at site	3 years
5	Motorbikes at site	3 years
6	Vehicles at office	5 years
7	Motorbikes at office	5 years
8	Site Office Building	10 years

As item of property, plant and equipment is derecognized upon disposal or when no future economic benefits are expected to arise from the continued use of asset. Any gain or loss arising on the disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognized in profit or loss.

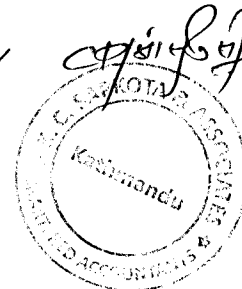
As per NAS 16 Property, Plant and Equipment, the depreciation charge for a period is usually recognized in Statement of Profit or Loss. However, sometimes, the future economic benefits embodied in an asset are absorbed in producing other assets. In this case, the depreciation charge constitutes part of the cost of the other asset and is included in its carrying amount. Hence, the depreciation on property, plant and equipment is charged to Intangible assets under development.

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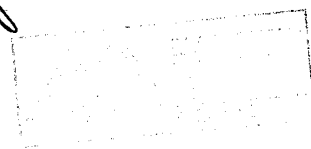


**Mabilung Energy Ltd.**  
**Notes to the financial statements**  
All amount in Nepalese Rupees

Particulars	Land	Building	Furniture, Fixtures and Office Equipment	Vehicles	Total
<b>At Cost</b>					
Balance at 31 Asadh 2080	-	-	3,304,170	384,900	3,689,070
Additions	-	-	165,210	1,500,000	1,665,210
<b>Balance at 31 Asadh 2081</b>	-	-	3,469,380	1,884,900	5,354,280
Additions during the period	-	-	11,284	318,900	330,184
<b>Balance at 32nd Asadh 2082</b>	-	-	<b>3,480,664</b>	<b>2,203,800</b>	<b>5,684,464</b>
<b>Depreciation</b>					
Balance at 31 Asadh 2080	-	-	1,960,719	76,980	2,037,699
Depreciation for the year	-	-	693,876	692,080	1,385,956
<b>Balance at 31 Asadh 2081</b>	-	-	2,654,595	769,060	3,423,655
Depreciation for the period	-	-	696,133	692,080	1,388,213
<b>Balance at 32nd Asadh 2082</b>	-	-	<b>3,350,728</b>	<b>1,461,140</b>	<b>4,811,868</b>

Particulars	Carrying Amounts
As at 31 Asadh 2080	1,651,371
As at 31 Asadh 2081	1,930,625
As at 32 Asadh 2082	872,596

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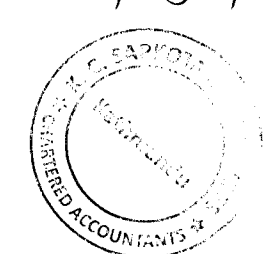


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**6. Intangible assets (Software)**

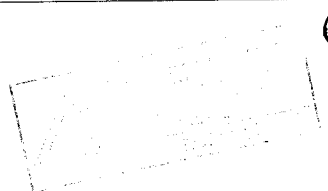
An intangible asset is recognized if it is probable that the extended future economic benefits that are attributable to the asset will flow to the entity and the cost of the asset can be measured reliably.

Computer software are amortized over an estimated useful life of 4 years. The amortization expense is charged to Intangible assets under development.

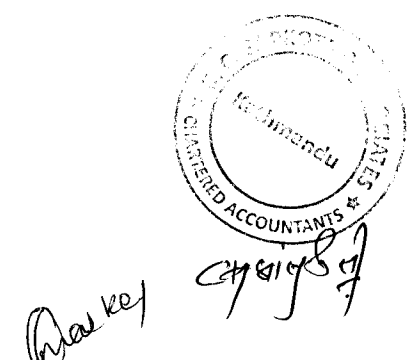
Particulars	Computer Software
<b>At Cost</b>	
Balance at 31 Asadh 2080	28,928
Additions	-
<b>Balance at 31 Asadh 2081</b>	<b>28,928</b>
Additions during the period	-
<b>Balance at 32 Asadh 2082</b>	<b>28,928</b>
<b>Amortization</b>	
Balance at 31 Asadh 2080	17,355
Depreciation for the year	5,785
<b>Balance at 31 Asadh 2081</b>	<b>23,140</b>
Depreciation for the period	5,788
<b>Balance at 32 Asadh 2082</b>	<b>28,928</b>

Particulars	Carrying Amounts
As at 31 Asadh 2080	11,573
As at 31 Asadh 2081	5,788
As at 32 Asadh 2082	-

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**7. Intangible assets under development (Project Assets)**

The company is currently developing Upper Piluwa Khola-3 Hydro Power Project-4.95 MW and the project costs are recognized at the capitalized cost including the borrowing cost as per NAS 23 as project work-in-progress. The Company recognizes an asset arising from a service concession arrangement (in accordance with IFRIC-12) when it has a right to charge for use of the concession infrastructure. An intangible asset received as consideration for providing construction services in a service concession arrangement is measured at fair value on initial recognition with reference to the fair value of the services provided. Subsequent to initial recognition, the intangible asset is measured at cost, which includes capitalized borrowing cost, less accumulated amortization and accumulated impairment losses.

The Company has classified an arrangement for sale of power as a service concession arrangement. Accordingly, the carrying amount of assets under construction and capital advances has been reclassified as an intangible asset in accordance with IFRIC 12 on Service Concession Arrangement.

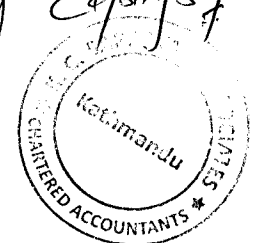
Particulars	As on 32nd Asadh 2082	As on 31st Asadh 2081
Pre Operating Expenses	28,411,738	28,411,738
Civil Works Expenses	438,965,043	358,930,912
Hydro Mechanical (HM) Work Expenses	153,907,401	122,657,644
Electro Mechanical (EM) Work Expenses	158,451,634	146,923,204
Transmission Line and Interconnection Expenses	43,738,544	24,485,806
Land Purchase and Development Expenses	33,122,297	33,122,297
Social & Environmental Mitigation Expenses	12,424,068	9,313,157
Project Management, Supervision, Study-Design & Consultancy Expenses	58,416,239	46,963,385
Project Insurance During Construction	634,405	634,405
Interest During Construction Cost	210,582,233	128,275,936
Add: Intangible Assets recognized as per IFRIC 12	19,178,245	14,399,542
<b>Total Intangible Assets Under Construction Till Date (WIP Assets)</b>	<b>1,157,831,847</b>	<b>914,118,026</b>

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**8. Prepayments**

The prepaid expenses that fall under the classification of financial instruments are carried at amortized costs and those other assets that do not fall within the definition are carried at cost. These instruments are regularly monitored for impairment.

<u>Particulars</u>	<b>As on 32nd Asadh 2082</b>	<b>As on 31st Asadh 2081</b>
Advance Tax	8,877	15,593
Prepaid Insurance	2,967,953	
<b>Total</b>	<b>2,976,830</b>	<b>15,593</b>

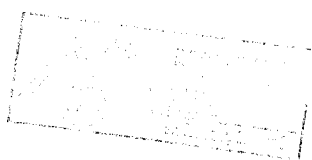
**9. Receivables**

The trade receivables that fall under the classification of financial instruments are carried at amortized costs and those other assets that do not fall within the definition are carried at cost. These instruments are regularly monitored for impairment.

The receivables that are to be settled within a year is current assets:

<u>Particulars</u>	<b>As on 32nd Asadh 2082</b>	<b>As on 31st Asadh 2081</b>
<b>A. Other Current Assets</b>		
<b>Advance for Civil Works</b>		
Growth PES/JV	38,954,367	52,592,918
<b>Advance for Hydro Mechanical Works</b>		
Precise Hydro Engineering & Construction Pvt. Ltd.	6,053,362	15,095,598
<b>Advance for Electro Mechanical Works</b>		
B Fouress Private Limited	-	2,456,298
<b>Advance for Transmission Line &amp; Substations Works</b>		
New Siddhakali Dhuwani Sewa	419,500	419,500
Three Jewels Construction Pvt. Ltd.	-	500,000
Advance for TL Land Compensation	-	252,052
UB Construction	402,001	-
Chandachha Nirman Sewa And Suppliers	257,490	-
<b>Advance Danfe and Munal Architecture Company Pvt. Ltd.</b>	200,000	-
<b>Advance to Growth Construction Pvt. Ltd.</b>	-	900,000
<b>Advance Three Dimensional Freight and Cargo Pvt.Ltd</b>	53,612	-
<b>Advance for Land Purchase</b>	-	16,954,443

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**Mabilung Energy Ltd.**  
**Notes to the financial statements**  
All amount in Nepalese Rupees

<b>Advance to Employees</b>	-	576,801
<b>Advance for Site Office</b>	-	6,643,398
<b>Advance Jade Consult Pvt. Ltd,</b>	47,525	-
<b>Margins at Bank</b>		
Bank Margin for NEA at Laxmi Sunrise Bank Ltd.	148,500	148,500
Cash & Stat Margin at Laxmi Sunrise Bank Ltd.	1,969,686	2,328,730
<b>Total</b>	<b>48,506,042</b>	<b>98,868,238</b>

**10. Cash and cash equivalents**

Cash and cash equivalents comprise cash on hand and demand deposits, together with other short-term, highly liquid investments maturing within 90 days from the date of acquisition that are readily convertible into known amounts of cash and which are subject to an insignificant risk of changes in value.

<b>Particulars</b>	<b>As on 32nd Asadh 2082</b>	<b>As on 31st Asadh 2081</b>
Cash in hand	10,415	3,695
Balance with banks	11,04,962	33,63,072
	<b>1,115,377</b>	<b>3,366,767</b>

**11. Share Capital**

Share Capital represents the nominal (par) value of ordinary equity shares that have been issued.

<b>Particulars</b>	<b>Number of Shares</b>	
	<b>As on 32nd Asadh 2082</b>	<b>As on 31<sup>st</sup> Asadh 2081</b>
<b>Authorized</b>	<b>4,000,000</b>	<b>30,000,000</b>
Ordinary shares of NPR 100 each	400,000,000	3,000,000,000
<b>Issued</b>	<b>3,858,240</b>	<b>3,858,240</b>
Ordinary shares of NPR 100 each	385,824,000	385,824,000
<b>Subscribed and fully paid up</b>	<b>1,967,710</b>	<b>1,967,710</b>
<b>Ordinary shares of NPR 100 each</b>	<b>196,771,000</b>	<b>196,771,000</b>

**Rights, preferences and restrictions attached to equity shares**

The company has a single class of equity shares. Accordingly, all equity shares rank equally with regard to dividends and shares in the Company's residual assets. The equity shares are entitled to receive dividend if declared from time to time.

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**Mabilung Energy Ltd.**  
**Notes to the financial statements**  
All amount in Nepalese Rupees

**12. Reserve and Surplus**

<b>Particulars</b>	<b>As on 32nd Asadh 2082</b>	<b>As on 31<sup>st</sup> Asadh 2081</b>
Balance as at the opening date	11,604,908	8,607,863
Add: Profit during the year	1,452,945	2,997,045
<b>Balance as at the closing date</b>	<b>13,057,853</b>	<b>11,604,908</b>

**13. Term Loan and Bridge Gap Loan**

The company has been borrowing loans from consortium banks for the purpose of funding the project being developed. The banks provide term loan with respect to the expenses being made for the project. The term loan has been classified as non-current liability as it is not expected to be settled within the next financial year.

<b>Particulars</b>	<b>As on 32nd Asadh 2082</b>	<b>As on 31<sup>st</sup> Asadh 2081</b>
Himalayan Bank Ltd.	250,377,000	228,959,996
Laxmi Sunrise Bank Ltd.	489,400,000	369,245,130
<b>Total</b>	<b>739,777,000</b>	<b>598,205,125.47</b>

The company borrows Bridge Gap Loans from consortium banks for the purpose of funding the project in the short term basis. The banks provide the Bridge Gap Loan for payment to be made for the project. Once, the expenses are certified by the financial consultant of the consortium members, the bridge gap loan is converted to the Term Loan. The Bridge Gap Loan has been classified as current liability as it is expected to be settled within the next financial year. Bridge Gap Loan against IPO shall be settled after Issuing Share to the public through Initial Public Offering.

<b>Particulars</b>	<b>As on 32nd Asadh 2082</b>	<b>As on 31<sup>st</sup> Asadh 2081</b>
Bridge Gap Loan	87,002,457	61,282,858
Bridge Gap Loan against IPO	149,900,000	121,400,000
<b>Total</b>	<b>236,902,457</b>	<b>182,682,858</b>

**14. Trade and Other Payables**

Non-financial liabilities are recorded and reported at cost based on legal and constructive obligation to the Company.

Provisions are recognized when the Company has a present legal or constructive obligation as a result of past events; it is more likely than not that an outflow of resources will be required to settle the obligation and the amount can be reliably estimated.

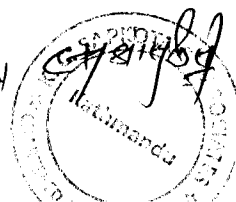
<b>Particulars</b>	<b>As on 32nd Asadh 2082</b>	<b>As on 31<sup>st</sup> Asadh 2081</b>
TDS Payable	661,388	26,592
Audit Fee	334,500	44,600
Bridge Gap Loan	87,002,457	61,282,858
Bridge Gap Loan against IPO	149,900,000	121,400,000
TP Adhikari & Associates	424,750	390,250

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**Mabilung Energy Ltd.**  
**Notes to the financial statements**  
All amount in Nepalese Rupees

Nepal Shipping and Air Logistics Pvt. Ltd.	266,571	566,571
Zetwerk Manufacturing Biz. Pvt. Ltd.	47,148	47,148
Slesha Engineering Consultancy Pvt Ltd	100,000	100,000
S & U Consult Pvt. Ltd.	22,300	22,300
Grow Capital Pvt. Ltd.	12,333,938	-
Harit Engineering Traders Pvt. Ltd.	877,534	-
K. C. Sapkota & Associates	45,715	-
Goyal Ispat Pvt.Ltd.	-	148,453
U.B.Construction	-	284,514.00
Three Jewels Construction Pvt. Ltd.	115,000.00	-
Chandachha Nirman Sewa And Suppliers	-	142,510
Lingthep Dhuwani Sewa	27,185	-
Rent Payable	90,000	-
Provision for Income Tax	-	12,256
Staff Salary & CIT Payable	25,000	-
<b>Total</b>	<b>252,273,486</b>	<b>184,468,052</b>

**15. Administrative Expenses**

Expenses incurred for the company during the reporting period for administrative purpose are classified under administrative expenses:

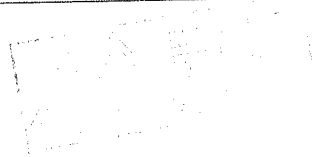
<b>Particulars</b>	<b>As on 32nd Asadh 2082</b>	<b>As on 31st Asadh 2081</b>
Office Rent Expenses	1,200,000	1,216,700
Audit Fee	339,000	45,200
Issuer Rating Fee	113,000	113,000
Securities Issue Fee & Registration Expenses	771,648	-
Underwriting Expenses	756,216	-
Property Insurance Expenses	172,055	-
<b>Total</b>	<b>3,351,919</b>	<b>1,374,900</b>

**16. Profit and Loss as per IFRIC-12**

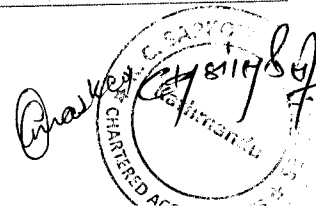
With Significant work completed of the project, it is now estimated that the project will provide the future benefits as expected during the initial phase of Construction of the Project. Hence the Construction Revenue Less Construction Expenses as per IFRIC-12 is recognized during the reporting period considering management decision for rate of return of 2%.

<b>Particulars</b>	<b>As on 32nd Asadh 2082</b>	<b>As on 31st Asadh 2081</b>
Construction Revenue as per IFRIC-12	243,713,821	222,129,937
Less: Construction Expenses as per IFRIC 12	(238,935,119)	(217,774,448)
<b>Construction Revenue less Construction Expenses as per IFRIC- 12</b>	<b>4,778,702</b>	<b>4,355,489</b>

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**17. Service concession arrangement**

*(i) Service concession arrangement revenue*

The company is currently developing Upper Piluwa Khola Hydropower Project-4.95 MW in Sankhwasabha district, Province no. 1 of Nepal. On 12 Chaitra 2075, the Company entered into a power purchase agreement (PPA) with the Nepal Electricity Authority (the grantor) to construct and operate hydropower Project. Under the terms of the agreement, the Company will operate and sell the energy generated from the plant to grantor for a period of 30 years from the Commercial Operation Date or the expiry of generation license whichever is earlier. The company has obtained a generation license on 9th Shrawan 2077 which is valid till 8<sup>th</sup> Shrawan 2112 BS. The sale price of energy will be as per the PPA. The company doesn't expect major repairs to be necessary during the concession period. The construction of the plant is currently under progress.

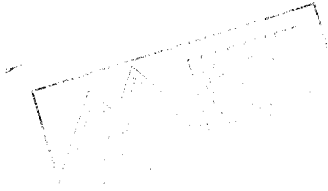
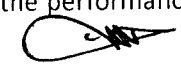


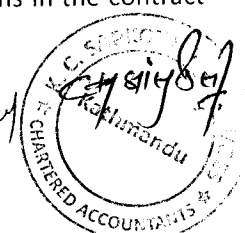
Revenue from service concession arrangement is recognized based on the principles laid down in IFRIC 12. Revenue relating to construction services under a service concession arrangement is recognized based on the stage of completion of the work performed, consistent with the Company's accounting policy on recognizing revenue on construction contracts (see (ii) below). Operations or service revenue is recognized in the period in which the services are provided by the company, When the company provides more than one service in a service concession arrangement, the consideration received is allocated by reference to the relative fair values of the services delivered.

The grantor shall purchase the minimum contracted energy as specified in the PPA subject to the company making available such minimum contracted energy to the Grantor. In the case of inability of the Grantor to purchase the specified quantum of energy, the Grantor shall pay the compensation to the Company in accordance with provisions of the PPA. At the end of the concession period the project shall be transferred to the Government of Nepal in operational condition free of cost.

The company has recognized an intangible asset with respect to the consideration arising out of the management. The company has recorded revenue of NPR 243,713,821 representing revenue from the construction activities carried out by the company during the year with respect to the aforesaid project. The revenue recognized in relation to construction during the year represents the fair value of the construction services provided in constructing the project. The company has recognized an intangible asset received as consideration for providing construction services concession arrangement of NPR 1,157,831,847 representing the right to charge users a fee for the use of the infrastructure of the arrangement.

**NFRS-15: Revenue from contract with customer**

The Accounting Standard Board of Nepal issued a new standard for revenue recognition which overhauls the existing revenue recognition standards. The standard requires the following model framework to be followed for revenue recognition: Identification of the contracts with the customer Identification of the performance obligations in the contract Determination of the transaction price Allocation of the transaction price to the performance obligations in the contract

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**Mabilung Energy Ltd.**  
**Notes to the financial statements**  
All amount in Nepalese Rupees

(as identified in step ii) Recognition of revenue when the entity satisfies a performance obligation. The company has recognized the contract cost incurred during the reporting period up to Commercial Operation Date (COD) of the project as expenses and has matched the contract revenue to the total contract cost incurred, so as that the profit is recognized to the extent of management decision of 2% on total cost. The calculation of the revenue and profit recognized for the year is as below:

Total Cost incurred for Project Development during the year up to Commercial Operation Date	Rs. 238,935,119
Add: Profit recognized as per IFRIC 12 (Management Decision @ 2%)	Rs. 4,778,702
<b>Revenue recognized as per IFRIC 12 for the Year</b>	<b>Rs. 243,713,821</b>

Contract related disclosures:

<b>Particulars</b>	<b>For the year ended 32 Asadh 2082</b>	<b>For the year ended 31 Asadh 2081</b>
i. Contract revenue recognized: Aggregate amount of contract costs incurred and recognized profits (less recognized losses) for all the contracts in progress	1,157,831,847	914,118,026
ii. Amount of customer advances outstanding for contracts in progress	45,427,230	71,064,314
iii. Gross amount due from customers for contracts in progress	-	-
iv. Amount of retention due to customers for contracts in progress	9,423,354	27,255,951
v. Gross amount due to customers for contracts in progress.	15,371,028	17,72,938

**18. Lease Payments**

Leases where the lessor retains substantially all the risks and benefits of ownership of the asset are classified as operating leases. Payments made under operating leases are to be recognized on a straight-line basis over the term of the lease. The company has entered into the rent agreement in 2081 Shrawan for the period of 1 year.

**19. Taxation**

Income Tax expense represents the sum of the current tax and deferred tax.

Under section 11(3d) of the Income Tax Act, 2058, 100% of the income from the hydropower project for the first 10 years is exempted. Further, 50% income for additional 5 years is exempted.

(i) *Current Tax*

Current tax which comprises expected tax payable or receivables is based on taxable profit or loss for the year based on Nepalese tax laws and any adjustments to the tax

payable or receivable in respect of previous years. The Company's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the end of the reporting period.

Current tax assets and liabilities are offset if certain criteria are met.

As per the Nepalese tax laws in absence of taxable profits, the Company has not recognized any current tax expenses.

*(ii) Deferred Tax*

Deferred tax is recognized on temporary difference between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit. Deferred tax liabilities are generally recognized for all taxable temporary differences. Deferred Tax Assets (DTA) are generally recognized for all deductible temporary differences to the extent that is probable that taxable profits will be available against which those deductible temporary differences 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 is no longer probable that sufficient taxable profit will be available to allow all or part of the asset to be recovered.

Deferred Tax Liabilities (DTL) and assets are measured at the tax rates that are expected to apply in the period in which the liability is settled or the assets realized, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period. The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the company expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

The company has no any deferred tax assets and liabilities as on reporting period.

*(iii) Tax holiday*

The Company's operations are subject to tax holiday as per the Nepalese tax laws. The temporary differences that reverse during a tax holiday period are not recognized.

**20. Foreign currency transaction**

In preparing the financial statements of the Company, transaction in currencies other than the Company's functional currency (foreign currencies) are recognized at the rates of exchange prevailing at the dates of transactions.

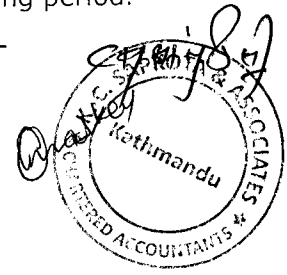
At the end of each reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing at the date. Non-monetary items carried at the fair value that are denominated in foreign currencies are retranslated at the rates prevailing at the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in foreign currency are not retranslated.

The company has no any foreign currency transaction in the reporting period.

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**21. Impairment**

At the end of each reporting period, the Company reviews the carrying amount of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss, if any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). When it is not possible to estimate the recoverable amount of an individual asset, the company estimates the recoverable amount of the cash generating unit to which the asset belongs.

Intangible assets with indefinite useful lives and intangible assets not yet available for use are tested for impairment at least annually, and whenever there is an indication that the asset may be impaired.

Recoverable amount is the higher of fair value less cost to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to 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 or cash generating unit.

If the recoverable amount of an asset (or cash generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash generating unit) is reduced to its recoverable amount. An impairment loss is recognized immediately in the statement of profit and loss.

When an impairment loss subsequently reverses, the carrying amount of the asset (or cash generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognized for the asset (or cash generating unit) in prior years. A reversal of an impairment loss is recognized immediately in the statement of profit and loss.

**22. Employee benefits**

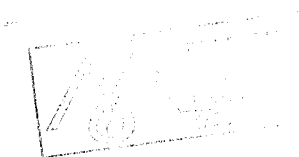
*Short term employee benefits*

Short-term employee benefits are expensed as the related service is provided. 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.

*Long term employee benefits*

The company has not provided Long term employee benefits (Gratuity benefits & Other Post-Employment Benefits) as required by Labour Act, 2074 Nepal.

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**23. Provisions and contingent liabilities**

(i) Provisions are recognized when the Company has a present obligation (legal or constructive as a result of as past event, it is probable that the Company will be required to settle the obligation, and a reliable estimate can be made the amount of the obligation.

The amount recognized as a provision is the best estimate of the consideration required to settle the present obligation at the end of the reporting period, taking in to account the risks and uncertainties surrounding the obligation. When a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessment of time value of money and the risks specific to the liability (when the effect of the time value of money is material).

When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, a receivable is recognized as an asset if it is virtually certain that reimbursement will be received and the amount of the receivable can be measured reliably.

(ii) A contingent liability exists when there is a possible but not probable obligation, or a present obligation that may, but probably will not, require an outflow of resources, or a present obligation whose amount cannot be estimated reliably. Contingent liabilities do not warrant provisions, but are disclosed unless the possibility of outflow of resources is remote. Contingent assets are neither recognized nor disclosed in the financial statements. However, contingent assets are assessed continually and if it is virtually certain that an inflow of economic benefits will arise, the asset and related income are recognized in the period in which the change occurs.

There are no reportable contingent liabilities or commitments as at the year end.

**24. Financial Instruments**

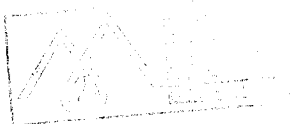
Financial assets and financial liabilities are recognized when the Company becomes a party to the contractual provisions of the instrument.

Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are 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 or loss) are added to or deducted from the fair value of the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognized immediately in profit or loss.

*(i) Financial assets*

Financial assets are classified into the following specified categories: financial assets at fair value through profit or loss (FVTPL), 'held to maturity' investments, 'available for sale' (AFS) financial assets and 'loans receivables' based on the characteristics of each instrument. The classification depends on the nature and purpose of the financial assets

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and is determined at the time of initial recognition. Of these categories, the company only has loans and receivables.

(a) Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in active market. Loans and receivables including other receivables and bank balances and cash are measured at amortized cost using the effective interest method, less any impairment.

Interest income is recognized by applying the effective interest rate, except for short-term receivables when the recognition of interest would be immaterial.

(b) Effective interest method

The effective interest method is a method of calculating the amortized cost of a debt instrument and of allocating interest income over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts (including all fees paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial instrument, or, where appropriate, a shorter period, to the net carrying amount of the financial instrument.

(c) Impairment of financial assets

Financial assets, being loans and receivables, are assessed for indicators of impairment at the end of each reporting period. Financial assets are considered to be impaired when there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows of the investment have been affected.

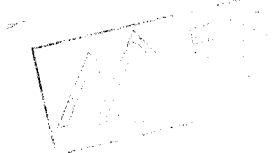
For all financial assets other than available for sale assets, objective evidence of impairment could include:

- Significant financial difficulty of the issuer or counterparty; or
- Breach of contract, such as a default or delinquency in interest or principal payments; or
- It becoming probable that the borrower will enter bankruptcy or financial re-organization; or
- The disappearance of an active market for that financial asset because of financial difficulties.

For financial assets carried at amortized cost, the amount of the impairment loss recognized is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the financial asset's original effective interest rate.

For financial assets carried at cost, the amount of the impairment loss is measured as the difference between the asset's carrying amount and the present value of the

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estimated future cash flows discounted at the current market rate of return for a similar financial asset. Such impairment loss will not be reversed in subsequent periods.

The carrying amount of the financial asset is reduced by the impairment loss directly for all financial assets.

For financial assets measured at amortized cost, if, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment is reversed does not exceed what the amortized cost would have been had the impairment not been recognized.

(d) Derecognition of financial assets

The company de-recognizes financial asset only when the contractual right to the cash flows from the assets expire, or when it transfers the financial asset and substantially all the risk and rewards of ownership if the asset to another entity. If the Company recognizes its retained interest in the asset and an associated liability for amounts it may have to pay.

On derecognition of a financial asset in its entirety, the difference between the asset's carrying amount and the sum of the consideration received and receivable and the cumulative gain or loss that had been recognized in other comprehensive income and accumulated in equity is recognized in profit or loss.

(ii) Financial liabilities and equity

(a) Classification as debt or equity

Debt and equity instruments issued by the Company are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument.

(b) Equity Instruments

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments issued by the Company are recognized at the proceeds received, net of direct issue costs.

Borrowings from promoter which are not intended to be repaid are treated as equity (additional paid capital) in the financial statements.

(c) Financial Liabilities

Financial liabilities are classified as either financial liabilities "at fair value through profit and loss" or "other financial liabilities". Of these categories, the Company only has "other financial liabilities".

(d) Other financial liabilities

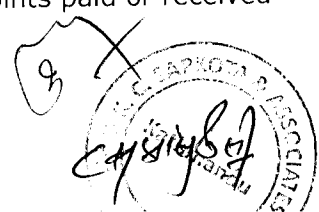
Other financial liabilities (including other payables) are subsequently measured at amortized cost using the effective interest method. The effective interest method is method of calculating the amortized cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments (including all fees and points paid or received

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that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial liability, of (where appropriate) a shorter period, to the net carrying amount on initial recognition.

(e) Derecognition of financial liabilities

The company derecognizes financial liabilities when, and only when, the Company's obligations are discharged, cancelled or they expire. The difference between the carrying amount of the financial liability derecognized and the consideration paid and payable is recognized in profit or loss.

**25. Capital Management**

As the company is into construction of the hydropower plant, significant amount of capital has been invested. The Company's management reviews the capital structure of the Company on a regular basis. As part of this review, the management considers the cost of capital and the risk associated with the capital.

The Company's objectives when managing Capital are to:

- (a) Safeguard their ability to continue as a going concern so that they can continue to provide returns for shareholders and benefits for other stakeholders, and
- (b) Maintain an optimal capital structure to reduce the cost of capital.

The company has also entered into debt arrangements for funding significant portion of the total capital requirement for the project. Drawdown of the debts will be done as per the terms of the arrangements.

**Categories of financial instruments**

Particulars	32 <sup>nd</sup> Asadh 2082	31 <sup>st</sup> Asadh 2081
<b>Financial assets</b>		
Loans and Receivables	48,506,042	98,868,238
Cash and cash equivalents	1,115,377	3,366,767
<b>Financial liabilities</b>		
Trade and other payables	261,696,840	211,724,003

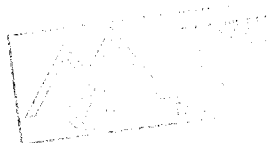
**Determination of fair values**

The Company's accounting policies and disclosures require the determination of fair value, for both financial and non-financial assets and liabilities. When applicable, further information about the assumptions made in determining fair values is disclosed in or disclosure purposes based on the following methods:

**Loans and receivables**

The fair value of trade and other receivables is estimated as the present value of future cash flows, discounted at market rate of interest at the reporting date.

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**26. Related Party Transactions**

The Company identifies following as the related parties under the requirements of NAS 24.

- i) Subsidiary of the company.
- ii) Shareholders having shareholding of 5% or more during the year.
- iii) Companies represented by the Directors.
- iv) Directors of the Company and their close family members if any

**26.1 Shareholders having shareholding of 5% or more during the year:**

The company has 15 promoter shareholders. Shareholders holding 5% or more of the shares in the company are the significant shareholders.

Shareholders	31 <sup>st</sup> Ashad 2082	31 <sup>st</sup> Ashad 2081
	% of holding	% of holding
Asian Life Insurance Company Limited	25.41%	25.41%
Guheshwori Merchant Banking And Finance Company Limited	20.33%	20.33%
Asian Capital Limited	5.08%	5.08%
Trust Energy Limited	7.62%	7.62%
Glory Capital Limited	28.71%	0%
Indra Mandan Rai	5.08%	5.08%

**26.2 Companies represented by the Directors:**

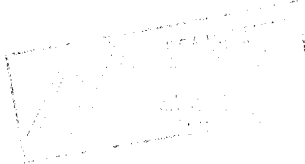
There are three directors representing shareholders in the company. The director consists of the following shareholding Structure:

Directors	31 <sup>st</sup> Ashad 2082	31 <sup>st</sup> Ashad 2081
	% of holding	% of holding
Anchal Maskey	0.76%	0.76%
Shivaraj Bhandari representing Guheshwori Merchant Banking And Finance Company Limited. Percent of holding is of company only.	20.33%	20.33%
Hom Bahadur Shrestha representing Asian Life Insurance Company Ltd. Percent of holding is of company only.	25.41%	25.41%

**26.3 Transactions with and payments to directors of the Company**

No any facilities in Cash or Kind has been made to directors of the company.

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