

नवीं, दशौं तथा एघारौं

वार्षिक प्रतिवेदन



थ्रीस्टार हाइड्रोपावर लि.

Three Star Hydropower Ltd.

संचालक समिति



श्री आड डिमा शेर्पा
अध्यक्ष



उद्धवराज शिवाकोटी
सञ्चालक



श्री जेन लामा
सञ्चालक



श्री सुवर्ण शाक्य
सञ्चालक



श्री राकेश जोशी
सञ्चालक



श्रीमती दुर्गादेवि ठकाल
सञ्चालक



श्री संदिप अधिकारी
प्रमुख कार्यकारी अधिकृत
एवं कम्पनी सचिव

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श्रीस्टार हाइड्रोपावर लिमिटेड

मध्यपुर थिमी न.पा.-३ भक्तपुर

प्रतिनिधि नियुक्ति फारम

श्री संचालक समिति

श्रीस्टार हाइड्रोपावर लिमिटेड

भक्तपुर ।

विषय : प्रतिनिधि नियुक्त गरिएको सम्बन्धमा ।

महाशय,

..... जिल्लान.पा./गा.पा.वडा नं.....बस्ने म/हामी मिति २०८३/०६/२७ गते मंगलबार (तदनुसार अक्टोबर १३, २०२६) का दिन हुने नवौ, दशौ र एघारौ वार्षिक साधारण सभामा स्वयं उपस्थित भई छलफल तथा निर्णयमा सहभागी हुन नसक्ने भएकोले उक्त सभामा भाग लिन तथा मतदान गर्नका लागि मेरो/हाम्रो प्रतिनिधित्व गरी भाग लिन.....जिल्लान.पा./गा.पा. वडा नं..... बस्ने श्री..... लाई मेरो/हाम्रो प्रतिनिधित्व मनोनयन गरी पठाएको छु/छौं ।

प्रतिनिधि नियुक्ति भएको व्यक्तिको :

निवेदक :

हस्ताक्षरको नमुना :

दस्तखत :

शेयरधनी भए शेयर प्रमाणपत्र, एलोटमेन्ट नं.

वा DMAT खाता विवरण:

नाम :

शेयरधनी नभए ना.प्र.प.नं. :

शेयर प्रमाणपत्र :

मिति :

शेयर संख्या :

मिति :

द्रष्टव्य : यो निवेदन साधारण सभा हुनु भन्दा कम्तीमा ४८ घण्टा अगावै कम्पनीको प्रधान कार्यालयमा पेश गरिसक्नु पर्नेछ ।

श्रीस्टार हाइड्रोपावर लिमिटेड

नवौ, दशौ र एघारौ वार्षिक साधारण सभा

प्रवेश - पत्र

शेयरधनीको नाम :

हितग्राही खाता नं.:

प्रमाण पत्र नं. :

कुल शेयर संख्या :

शेयरधनीको दस्तखत :

.....

कम्पनी सचिव

(यो प्रवेशपत्रमा शेयरधनीको नाम, दस्तखत अनिवार्य रूपमा उल्लेख गरी सभा कक्षमा प्रवेश गर्दा यो प्रवेश-पत्र पेश गर्नुपर्नेछ ।)

नवौ, दशौ र एघारौ वार्षिक साधारण सभा सम्बन्धी सूचना

(प्रथम पटक प्रकाशित मिति २०८३/०६/०३ गते)

(दोस्रो पटक प्रकाशित मिति २०८३/०६/०५ गते)

श्री आदरणीय शेयरधनी महानुभावहरू,

यस कम्पनीको मिति २०८३/०६/०२ गते शुक्रवार दिउँसो ३:३० बजे बसेको सञ्चालक समितिको बैठकको निर्णय अनुसार आ.व. २०८०/०८१, २०८१/०८२ र २०८२/०८३ अर्थात नवौ, दशौ र एघारौ वार्षिक साधारण सभा तथा सञ्चालकको निर्वाचन निम्न मिति, स्थान र समयमा गर्ने भएको हुँदा उक्त वार्षिक साधारण सभामा भाग लिन, प्रस्तावित निम्न लिखित विषयमा छलफल र मतदान गर्नको लागि शेयरधनी स्वयं उपस्थित हुन वा प्रतिनिधी मुकरर गरी पठाइदिनुहुन सम्पूर्ण शेयरधनी महानुभावहरूको जानकारीको लागि कम्पनी ऐन, २०६३ को दफा ६७ (२) बमोजिम यो सूचना प्रकाशित गरिएको छ ।

सभा हुने मिति, स्थान र समय :

मिति : २०८३/०६/२७ गते मंगलबार (तदनुसार अक्टोबर १३, २०२६)

स्थान : स्मार्ट दरबार प्रा.लि., शंखपार्क काठमाण्डौ ।

समय : बिहान १०:०० बजे ।

छलफलका लागि प्रस्तावित विषय:

(क) सामान्य प्रस्तावहरू:

- (१) सञ्चालक समितिको तर्फबाट अध्यक्षज्यूले प्रस्तुत गर्नु हुने आ.व. २०८०/०८१, २०८१/०८२ र २०८२/०८३ को वार्षिक प्रतिवेदन उपर छलफल गरि पारित गर्ने सम्बन्धमा ।
- (२) लेखापरीक्षकको प्रतिवेदन सहितको आ.व. २०८०/०८१, २०८१/०८२ र २०८२/०८३ को लेखापरीक्षण प्रतिवेदन, वासलात, नाफा नोक्सान हिसाव र सोहि अवधिको नगद प्रवाह विवरण लगायतका वित्तीय विवरणहरू छलफल गरि पारित गर्ने सम्बन्धमा ।
- (३) आ.व. २०८१/०८२ र २०८२/०८३ लेखापरीक्षकको नियुक्ति र सोको पारीश्रमिक अनुमोदन गर्ने सम्बन्धमा ।
- (४) आ.व. २०८३/०८४ को लागि लेखापरीक्षण कार्य गर्न लेखापरीक्षक नियुक्ती गर्ने तथा निजको पारिश्रमिक तोक्ने सम्बन्धमा ।
- (५) सञ्चालक समिति गठन गर्ने सम्बन्धमा ।

(ख) विशेष प्रस्तावहरू:

- (१) कम्पनीको ठेगाना परिवर्तन गर्ने सम्बन्धमा ।
- (२) कम्पनीको पूँजी संरचना परिवर्तन गर्ने सम्बन्धमा ।
- (३) हकप्रद शेयर खरिद गर्ने सम्बन्धी हक हस्तान्तरण गर्ने सम्बन्धमा ।
- (४) कम्पनीको प्रबन्ध पत्र तथा नियमावली संशोधन गर्ने सम्बन्धमा ।
- (५) एक शेयर बराबर एकको अनुपातमा हकप्रद शेयर जारी गर्ने सम्बन्धमा ।
- (६) प्रस्तावित संशोधन सम्बन्धमा नियमनकारी निकायहरूबाट कुनै फेरबदल वा सुझाव वा निर्देशन प्राप्त भएमा सोको कार्यान्वयन गर्न सञ्चालक समितिलाई अख्तियारी प्रदान गर्ने सम्बन्धमा ।

(ग) विविध ।

- (घ) एक महिला सहित ३ जना सञ्चालकको निर्वाचन गर्ने सम्बन्धमा ।

सञ्चालक समितिको आज्ञाले,

कम्पनी सचिव

साधारण सभा सम्बन्धी अन्य जानकारी :

- १) सभामा उपस्थित हुने शेयरधनी महानुभावहरूले आ-आफ्नो D-MAT खाताको विवरण वा शेयरधनी प्रमाण पत्रको प्रतिलिपिको साथमा स्पष्ट परिचय खुल्ने परिचयपत्र अनिवार्य रूपमा लिई आउनुहुन अनुरोध गरिन्छ। शेयरधनी बाहेकको व्यक्ति वा समूहलाई सभा हलमा प्रवेश गर्न दिइने छैन।
 - २) कम्पनीको शेयर दाखिल खारेज गर्ने कार्य (Book Close) मिति २०८३/०६/१५ गते बिहीबार एक दिन बन्द रहने छ। नेपाल स्टक एक्सचेन्ज लिमिटेडमा २०८३/०६/१४ गतेसम्म कारोबार भई प्रचलित कानून बमोजिम यस कम्पनीको शेयर रजिष्ट्रार श्री हिमालयन क्यापिटल लि. एचबिएल कर्पोरेट बिल्डिङ, कमलादी, काठमाडौँबाट प्राप्त शेयर दाखिल खारेजको आधारमा शेयरधनी दर्ता कितावमा कायम रहेका शेयरधनीहरूले मात्र यस सभामा भाग लिन, छलफल गर्न र मतदान गर्न सक्नेछन्।
 - ३) कम्पनीको नवौँ, दशौँ र एघारौँ वार्षिक साधारण सभा तथा सञ्चालकको निर्वाचन प्रयोजनका लागि सभामा भाग लिन प्रतिनिधि (प्रोक्सि) नियुक्त गर्न चाहने शेयरधनी महानुभावहरूले सभा शुरु हुने समय भन्दा ४८ घण्टा अगाडी कम्पनीको रजिष्टर्ड कार्यालयमा प्रतिनिधि पत्र दर्ता गराउनु पर्नेछ। प्रतिनिधि भएको व्यक्ति शेयरधनी हुनु पर्नेछ। तर सभामा प्रतिनिधि दिने व्यक्ति स्वयं आफू उपस्थित भएको खण्डमा प्रतिनिधि पत्र स्वतः बदर हुनेछ। एक शेयरधनीको एकभन्दा बढी प्रतिनिधि पत्रलाई मान्यता दिइने छैन, सबै बदर गरिनेछन्। प्रतिनिधि नियुक्त गर्ने फारम कम्पनीको रजिष्टर्ड कार्यालय वा वेबसाइट <https://www.threestarhydro.com> बाट प्राप्त गर्न सकिनेछ। तोकिएको मितिमा दर्ता भएका प्रोक्सी सभा सम्पन्न नभएसम्मका लागि कायम रहनेछन्।
 - ४) संरक्षकको रूपमा नाम दर्ता भएको व्यक्तिले सभामा भाग लिन वा प्रतिनिधि तोकन सक्नेछ। संयुक्त रूपमा शेयर लिएको शेयरधनीको हकमा सर्वसम्मत एक व्यक्ति मात्र सभामा भाग लिन पाउनेछ।
 - ५) सञ्चालकको निर्वाचन सम्बन्धी निर्देशिका, कार्यक्रम तथा कार्यतालिका निर्वाचन हुने मितिभन्दा ७ (सात) दिन अघि कम्पनीको सूचना पाटीमा टाँस गरी कम्पनीको वेबसाइट <https://www.threestarhydro.com> मा समेत राखिनेछ।
 - ६) कम्पनीले स्वीकृत गरेको सञ्चालक निर्वाचन निर्देशिका बमोजिम सञ्चालकको निर्वाचन सम्पन्न हुनेछ। सञ्चालक हुनको लागि उम्मेदवारी दिन इच्छुक शेयरधनीले सञ्चालकको निर्वाचन सम्बन्धी निर्देशिका माग गरेमा निर्वाचन अधिकृतको कार्यालयबाट उपलब्ध गराउन सकिनेछ।
 - ७) वार्षिक साधारण सभा हुने मिति भन्दा कम्तिमा ७ (सात) दिन अघि निर्वाचन अधिकृतको कार्यालय तोकिने छ। सञ्चालकको निर्वाचन सम्बन्धी जानकारीका लागि निर्वाचन अधिकृतको कार्यालयमा सम्पर्क राख्न हुन जानकारी गराइन्छ।
 - ८) साधारणसभामा भाग लिन आउनु हुने शेयरधनीहरूको हस्ताक्षरको लागि उपस्थिति पुस्तिका बिहान ९:०० बजेबाट खुल्ला गरिनेछ।
 - ९) विविध शीर्षकमा छलफल गर्न इच्छुक शेयरधनीले सभा हुनुभन्दा ७ (सात) दिन अगाडि छलफलको विषय सहितको निवेदन कम्पनीको रजिष्टर्ड कार्यालयमा दर्ता गराएको हुनुपर्नेछ। उक्त प्रस्ताव उपर सभामा छलफल गर्ने वा नगर्ने अधिकार सञ्चालक समितिमा निहित रहने छ।
- नोट:** कम्पनीको वार्षिक साधारण सभाको सूचना, वार्षिक प्रतिवेदन, वित्तीय विवरण आदि शेयरधनी महानुभावहरूलाई यथा समयमा उपलब्ध गराइनेछ। सो हुन नसकेको खण्डमा कम्पनीको वेबसाइट <https://www.threestarhydro.com> वा रजिष्टर्ड कार्यालयको मोबाइल नं. ९८५१४२४६६० मा सम्पर्क गरी प्राप्त गर्न सकिनेछ।

अध्यक्षको मन्तव्य

आदरणीय शेयरधनी महानुभावहरू,

यस श्रीस्टार हाइड्रोपावर लिमिटेडको नवौं, दशौं र एघारौं वार्षिक साधारण सभामा उपस्थित हुनु भएका आदरणीय शेयर धनी महानुभावहरूलाई सञ्चालक समिति तथा मेरो व्यक्तिगत तर्फबाट हार्दिक स्वागत गर्दछु ।

यस कम्पनीको लेखापरीक्षकको प्रतिवेदन सहितको आ.व. २०८०/०८१, २०८१/०८२, २०८२/०८३, को आषाढ मसान्तको वासलात, नाफा-नोक्सान हिसाब, नगद प्रवाहको विवरण लगायतका अन्य वित्तीय विवरणहरूका साथै सञ्चालक समितिले तयार पारेको वार्षिक प्रतिवेदन प्रस्तुत गर्न पाउँदा अत्यन्तै खुशी लागेको छ ।

यस श्रीस्टार हाइड्रोपावर लिमिटेड, निजी क्षेत्रबाट जलविद्युतको विकास तथा प्रवर्द्धन गर्ने उद्देशले स्थापना भएको कुरा सर्वविविदै छ । कम्पनीले प्रदेश नम्बर १ को खोटाङ जिल्ला स्थित साप्सुप खोलामा साप्सुप खोला जलविद्युत आयोजना ६.६ मे.वा. (PROR) को पहिचान गरी बि.स. २०७३ साल कार्तिक ५ गते विद्युत उत्पादनको सर्वेक्षण अनुमति पत्र प्राप्त गरि सम्भाव्यता अध्ययन सम्पन्न गरेर बि.स. २०७५ साल आषाढ २५ गते नेपाल विद्युत प्राधिकरणसँग विद्युत खरिदविक्री सम्झौता सम्पन्न गरेको कुरा जानकारी गराउन चाहन्छु । साथै आयोजना निर्माण, उत्पादन तथा सञ्चालन गर्न विद्युत उत्पादनको अनुमति पत्र नेपाल सरकार उर्जा मन्त्रालय (तत्कालीन जलस्रोत मन्त्रालय) बाट मिति वि.सं २०७४ साल मंसिर २९ गते प्राप्त गरेको र मिति २०७८ साल पौष २३ गतेबाट आयोजनाको व्यापारिक उत्पादन गरी विद्युत विक्री गरिरहेको व्यहोरा शेयरधनी महानुभावहरूलाई जानकारी गराउँदछु ।

यस कम्पनीले प्रचलित ऐन, नियम, नीति निर्देशिका तथा विभिन्न मापदण्डहरूलाई आत्मसाथ गर्दै कार्य गरिरहेको छ । कम्पनीले गरेका लगानीहरू राम्रै आयोजनामा गरेको हुँदा यस वर्ष शेयरधनीहरूले सोचेजस्तो लाभान्श नभएता पनि आगामी वर्षमा राम्रै परिणाम हासिल गर्ने तर्फ गम्भिर भएर कार्य गरिरहेको शेयरधनी महानुभावहरूमा विश्वास दिलाउन चाहन्छु ।

कम्पनीको सामाजिक उत्तरदायित्व अन्तर्गत आयोजना प्रभावित क्षेत्रका स्थानीय जनताहरूसँग सहकार्य गरी कुलेसो, खाने पानी, विद्यालय निर्माण, छात्रवृत्ति तथा बाटो मर्मत संभार गर्न आर्थिक, भौतिक रुपमा सहयोग गरेको र यस्ता सामाजिक कार्यलाई निरन्तरता दिने जानकारी गर्दछु ।

यस कम्पनीलाई विभिन्न रुपमा सहयोग पुर्‍याउनु हुने विद्युत् नियमन आयोग, नेपाल विद्युत् प्राधिकरण, नेपाल धितो पत्र बोर्ड, नेपाल स्टक एक्सचेन्ज लिमिटेड, सिडिएस एण्ड क्लियरिङ लि., कम्पनी रजिष्ट्रार कार्यालय, बैंक तथा वित्तीय संस्थाहरु, बीमा कम्पनीहरु, वाह्य लेखापरीक्षक, आन्तरिक लेखापरीक्षक, शेयरधनी महानुभावहरूमा हार्दिक धन्यवाद तथा आभार व्यक्त गर्दै कम्पनीका सम्पूर्ण शेयरधनी महानुभावहरूलाई पुनः धन्यवाद दिदै प्रस्तुत वार्षिक प्रतिवेदन सहितको आर्थिक प्रतिवेदन तथा प्रस्तावहरूमा छलफल गरि पारित गरी दिनुहुन अनुरोध गर्दछु ।

धन्यवाद ।

श्री आङ डिमा शेर्पा

अध्यक्ष

सञ्चालक समिति

मिति : २०८३/०६/२७

कम्पनी ऐन २०६३ दफा १०९ को विवरण :

क) विगत वर्षको कारोबारको सिंहावलोकन :

- जलविद्युत आयोजना निर्माण सम्पन्न भई विद्युत बिक्री हुन थाले पश्चात् कम्पनीको आम्दानी देखिने भएकोले, यस कम्पनीको आ.व. २०८०।०८१ मा अन्य आम्दानी रु १५,०२,८५० र विद्युत बिक्रीबाट रु. ११,३३,१८,८२६ गरी जम्मा रु ११,४८,२१,६७६ रहेको छ, आ.व. २०८१।०८२ वीमाबाट आम्दानी रु ६५,९०,००० र विद्युत बिक्रीबाट रु. १५,०६,६५,६०२ गरी जम्मा रु १५,७२,५५,६०२ रहेको छ र आ.व. २०८२।०८३ मा विद्युत बिक्रीबाट आम्दानी रु. १३,५८,७५,३५७ रहेको छ ।

ख) राष्ट्रिय तथा अन्तराष्ट्रिय परिस्थितीबाट कम्पनीको कारोबारलाई कुनै असर परेको भए सो असर:

- आकस्मिक रुपमा आउने बाढी पहिरो लगायतका दैवी प्रकोप, देशको अस्थिर राजनीतिक अवस्था कारणले यस कम्पनीको आयोजना संचालनमा असर पर्दै आएको छ ।

ग) प्रतिवेदन तयार भएको मिति सम्म चालु वर्षको उपलब्धि र भविष्यमा गर्नु पर्ने कुराको सम्बन्धमा संचालक समितिको धारणा :

- समय समयमा देखिने समस्याका बावजुद कम्पनीले समयमै आयोजना निर्माण तथा मर्मत संभार सम्पन्न गरी विद्युत उत्पादन गरिरहेको छ । साथै आगामी अबधिमा सम्पूर्ण शेयरधनिहरुको हितमा काम गर्दै कम्पनीलाई अगाडी बढाउन संचालक समितिले कार्य गर्दै आएको छ ।

घ) कम्पनीको औद्योगिक वा व्यावसायिक सम्बन्ध

- नेपाल सरकार उर्जा मन्त्रालय, विद्युत नियमन आयोग, विद्युत विकास विभाग, नेपाल विद्युत प्राधिकरण, नेपाल राष्ट्र बैंक, कम्पनी रजिस्ट्रारको कार्यालय, आन्तरिक राजश्व कार्यालय, उद्योग विभाग, नेपाल उद्योग वाणिज्य महासंघ, बैंक तथा वित्तिय संस्थाहरु, बीमा कम्पनीहरु आदिसंग कम्पनीले अपनाउदै आएको व्यवसायिक सम्बन्धका कारण समग्र औद्योगिक तथा व्यवसायिक सम्बन्ध राम्रो रहेको छ ।

ङ) संचालक समितिमा भएको हेरफेर र सोको कारण :

यस श्रीस्टार हाइड्रोपावर लिमिटेडको मिति २०७८/०९/२० को आठौं साधारण सभाबाट निर्वाचित निम्न अनुसारको संचालक समिति रहेको छ :

श्री आङ डिमा शेर्पा	अध्यक्ष
श्री उद्धवराज शिवाकोटी	संचालक
श्री जेन लामा	संचालक
श्री सुवर्ण शाक्य	संचालक
श्री राकेश जोशी	संचालक
श्रीमती दुर्गादेवि ढकाल	संचालक

च) कारोबारलाई असर पार्ने मुख्य कुरा :

- यस कम्पनीको मुख्य कारोबार भनेको विजुली उत्पादन र बिक्री वितरण भएकोले प्राकृतिक प्रकोप बाढी पहिरो तथा मेशिनरी सामानहरुको स्वास्थ्य नै कारोबारलाई असर पार्ने मुख्य कुरा हुन्छ ।

छ) लेखापरिक्षण प्रतिवेदनमा कुनै कैफियत उल्लेख भएको भए सो उपर संचालक समितिको प्रतिक्रिया

- नभएको ।

- ज) लाभांश बाँडफाँड गर्न सिफारिस गरिएको रकम :
- नभएको ।
- झ) शेयर जफत भएको भए जफत भएको शेयर सख्या, त्यस्तो शेयरको अंकित मूल्य, त्यस्तो शेयर जफत हुनु भन्दा अगावै सोचापत कम्पनीले प्राप्त गरेको जम्मा रकम र त्यस्तो शेयर जफत भएपछि सो शेयर बिक्री गरी कम्पनीले प्राप्त गरेको रकम तथा जफत भएको शेयर वापत रकम फिर्ता गरेको भए सो को विवरण :
- नभएको ।
- ञ) विगत आर्थिक वर्षमा कम्पनी र यसका सहायक कम्पनीको कारोबारको प्रगति र सो आर्थिक वर्षको अन्तमा रहेको स्थितीको पुनरावलोकन :
- यस कम्पनीको सहायक कम्पनी नभएको ।
- ट) कम्पनी तथा त्यसको सहायक कम्पनीले आर्थिक वर्षमा सम्पन्न गरेको प्रमुख कारोबार र सो अवधिमा कम्पनीको कारोबारमा आएको कुनै महत्वपूर्ण परिवर्तन :
- नभएको ।
- ठ) विगत आर्थिक वर्षमा कम्पनीको आधारभुत शेयरधनीहरूले कम्पनीलाई उपलब्ध गराएको जानकारी:
- नभएको ।
- ड) विगत आर्थिक वर्षमा कम्पनीका संचालक तथा पदाधिकारीहरूले लिएको शेयरको स्वामित्वको विवरण र कम्पनीको शेयर कारोबारमा निजहरू संलग्न रहेको भए सो सम्बन्धमा निजहरूबाट कम्पनीले प्राप्त गरेको जानकारी :
- कम्पनीका संचालक तथा पदाधिकारीहरूले लिएको शेयरको स्वामित्वको विवरण निम्न अनुसार रहेको छ :

क्र.श.	संचालकको नाम	पद	शेयर संख्या	कैफियत
१	श्री आड डिमा शेर्पा	अध्यक्ष	६,५७,२८०	
२	श्री उद्धवराज शिवाकोटी	संचालक	४,९०,०००	
३	श्री जेन लामा	संचालक	२,४९,७४०	
४	श्री सुवर्ण शाक्य	संचालक	९,३४,८२५	
५	श्री राकेश जोशी	संचालक	९४९	
६	श्रीमती दुर्गा देवि ढकाल	संचालक	९२,०००	

कम्पनीको शेयर कारोबारमा संचालकहरूको कुनै संलग्नता रहेको छैन ।

- ढ) विगत आर्थिक वर्षमा कम्पनीसँग सम्बन्धित सम्भौताहरूमा कुनै संचालक तथा निजको नातेदारको व्यक्तिगत स्वार्थ बारेमा उपलब्ध गराइएको जानकारीको व्यहोरा :
- संचालक तथा निजको नातेदारको व्यक्तिगत स्वार्थ नभएको ।
- ण) कम्पनीले आफ्नो शेयर आफै खरिद गरेको भए त्यसरी आफ्नो शेयर खरिद गर्नुको कारण, त्यस्तो शेयर संख्या र अंकित मुल्य तथा त्यसरी शेयर खरिद गरेबापत कम्पनीले भुक्तानी गरेको रकम :
- कम्पनीले आफ्नो शेयर आफै खरिद गरेको छैन ।
- त) आन्तरिक नियन्त्रण प्रणाली भए वा नभएको र भएको भए सो को विवरण
- नभएको, सो सम्बन्धि कार्य संचालक समितिले गर्दै आएको ।

- थ) विगत आर्थिक वर्षको कूल व्यवस्थापन खर्चको विवरणः
- कम्पनीको कूल व्यवस्थापन खर्च : आ.व. ०८०/८१ रु ७९,७२,९९१ आ.व. ०८१/८२ रु ६४,४२,०१८ र आ.व. ०८२/८३ रु ६२,५३,४९१ ।
- द) लेखापरिक्षण समितिका सदस्यहरूको नामावली, निजहरूले प्राप्त गरेको पारिश्रमिक, भत्ता तथा सुविधा, सो समितिले प्राप्त गरेको काम कारवाहीको विवरण र सो समितिले कुनै सुझाव दिएको भए सो विवरणः
- यस कम्पनीको संचालक श्री राकेश जोशीको संयोजकत्वमा श्री पासाङ गेलजेन लामा र श्री कुसुम तामाङ सदस्य रहेको लेखापरिक्षण समिति गठन भएको ।
- ध) संचालक, प्रबन्धक संचालक, कार्यकारी प्रमुख, कम्पनीका आधारभुत शेयरधनी वा निजको नजिकका नातेदार वा निज संलग्न रहेको फर्म, कम्पनी वा संगठित संस्थाले कम्पनीलाई कुनै रकम बुझाउन बाँकी भए सो कुराः
- सो नभएको ।
- न) संचालक, प्रबन्धक संचालक, कार्यकारी प्रमुख तथा पदाधिकारीहरूलाई भुक्तानी गरिएको पारिश्रमिक, भत्ता तथा सुविधाको रकमः
- कार्यकारी अध्यक्ष तथा अन्य पदाधिकारीहरूलाई भत्ता तथा सेवा सुविधा लगायत वापत आ.व. २०८२/०८३ जम्मा रु. ३००,०००/- भुक्तानी गरिएको छ ।
- प) शेयर धनीहरूले बुझिलिन बाँकी रहेको लाभांशको रकम :
- नभएको ।
- फ) दफा १४१ बमोजिम सम्पत्ति खरिद वा बिक्री गरिएको कुराको विवरण :
- नभएको ।
- ब) दफा १७५ बमोजिम सम्बद्ध कम्पनी बीच भएको कारोबारको विवरण :
- नभएको ।
- भ) प्रचलित कानून बमोजिम संचालक समितिको प्रतिवेदनमा खुलाउनुपर्ने अन्य कुनै कुरा भएः
- नभएको ।
- म) अन्य आवश्यक कुराहरुः
- नभएको

लेखापरीक्षण प्रतिवेदन



E. R. Sigdel & Associates
CHARTERED ACCOUNTANTS

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INDEPENDENT AUDITOR'S REPORT

To the Shareholders,
M/s Three Star Hydropower Ltd.
Madhyapur Thimi -03, Bhaktapur, Nepal

Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying Financial Statement of M/s Three Star Hydropower Ltd (the Company), which comprises the Statement of Financial Position as at 31st Ashadh, 2081 (Corresponding to 15th July, 2024), Income Statement, Cash Flow Statement, Statement of Changes in Equity for the year then ended and schedules to the financial statements, including a summary of Significant Accounting Policies and Notes to Accounts and other explanatory information.

In our opinion, on the accompanying financial statements of Three Star Hydropower Limited as at 31st Ashadh, 2081 (15th July, 2024) presented fairly, in all material respect, except otherwise stated, the financial position of the Company as at 31st Ashadh, 2081 and its financial performance and its cash flows for the year ended in accordance with Nepal Financial Reporting Standard (NFRS).

Basis for the opinion

The financial statements have been prepared on accrual and going concern basis. The accounting policies are applied consistently to all the periods presented in the financial statements, including the preparation of the opening NFRS Balance Sheet as at 1 Shrawan, 2079 being the 'Date of transition to NFRS'. All assets and liabilities have been classified as current or non-current as per the Company's normal operating cycle. The Company has ascertained its operating cycle as 12 months period for the purpose of current or non-current classification of assets and liabilities.

We conducted our audit in accordance with the to Nepal Financial Reporting Standards (NFRS) from Nepal Accounting Standards and other applicable laws of Nepal. 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 the Professional Accountants together with 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 Code of Ethics for the Professional Accountants. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the financial statements.

Emphasis of Matter Paragraph

We draw attention to Schedule - 5 of financial statements regarding the rate of depreciation & amortization on property, plant and equipment & Intangible as per IFRIC 12 (Service Concession Arrangement) which describe the rate of depreciation on plant and equipment/ machinery for 1-8 years & rate of amortization of Intangible (Service Concession Arrangement) for 29 years. We also draw the attention to Schedule - 25 of financial statements regarding the administration &





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operating expense where few expenses were booked without supporting invoices & also irrelevant expense are booked under this heading. The advances should be settled on due course of time in arm length of period. There is also uncertainty about settlements of some advances relating to repairing cost. Our opinion is not further modified concerning these matters.

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 the 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. We have determined the matters described below to be the key audit matters to be communicated in our report.

Key Audit Matter	Auditor's Response
1. Revenue Recognition The revenue of the company has to be recognized as per IFRIC 12. Revenue is mainly derived from the sale of electricity to the Nepal Electricity Authority. Other income will include income from sales of scrap material and income from insurance claim. As a part of our risk assessment, we have considered each individual revenue stream and determined that a significant risk exists in respect of recognition of income under all material revenue streams. Revenue may also be misstated due to errors in system calculations or manual processes.	Our audit approach regarding verification of the process of income recognition included: ▪ We understood and evaluated the controls and processes over the recording of revenue at the system level and control in place for manual processes. ▪ We obtained the details of revenue from the sale of electricity and verified billed amount of energy with the rate of electricity as quoted in the power purchase agreement with NEA. We also verified the total chargeable unit of contract energy based on approved meter readings for each period. ▪ We reviewed the contracts, wherever applicable, to ensure whether revenue as per the power purchase agreement is recognized or not. ▪ For scrap material sales we confirmed whether the right to receive the income has been established before recognizing the revenue and reconciled the recognized revenue with the general ledger. ▪ For income from insurance claim, we confirmed whether the right to receive has been established before recognizing the revenue and reconciled the recognized income with the ledger and statements confirmation received from the bank. ▪ We also assessed the revenue recognition





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	policies adopted for compliance with the relevant accounting standards.
2. Intangible – Project Assets Recognition The Subsequent cost (additional cost) of Intangible assets - project has been recognized at the time they are incurred by following the recognition principle of the company. As a part of our risk assessment, we have considered each subsequent cost incurred and determined that a significant risk exists in respect to the recognition of assets for the reporting period. Subsequent costs of assets may also be misstated due to errors in system calculations or manual processes.	Our audit approach regarding verification of the process of included: ▪ We understood and evaluated the controls and processes over the recording of subsequent costs at the system level and control in place for manual processes. ▪ We obtained the details of the subsequent cost of assets incurred from the concerned parties and verified the billed amount of assets. ▪ We reviewed the recognition criteria of assets whether it is probable that future economic benefits associated with the items will flow to the entity, and whether the cost of the items can be measured reliably or not. ▪ We ensure that the assets recognition principle of the company for all assets is at the time they are incurred is in line with the recognition criteria of IFRIC 12. ▪ We ensure subsequent costs have been recognized in the carrying amount of assets if only the recognition criteria are met.

Other Information

The management of company is responsible for other information, which comprises the information included in the annual report but does not include the financial statements and our opinion thereon. The annual report is expected to be made available to us after the date of this auditor's report. 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 any material misstatement of the other information, we are required to report that fact. We have nothing to report in this regard.

When we read the annual report, if we conclude that there is a material misstatement therein, we are required to communicate the matter to those charged with governance.





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Responsibility 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 the applicable financial reporting framework 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 Organization'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 Organization 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 (audit conducted in accordance with NFRSs) 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 NFRSs, 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 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 financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

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

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Because of the matters described in the *Basis for the audit opinion paragraph*, we are able to obtain sufficient appropriate audit evidence to provide a basis for audit opinion on these financial statements.

Report in the Legal and Other Regulatory requirements

As per the provision of Section 115 of the Company Act, 2063 (First Amendment, 2074), we further report that;

- I. 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 subject to the opinion mentioned enclosed here-with: -
- II. In our opinion, the returns were adequate for the purpose of the audit; proper books of accounts have been produced as supported by annexed statements and operations have been conducted satisfactorily;
- III. In our opinion, the Statement of Financial Position, Statement of Profit or Loss, and Cash Flow Statement including Schedules dealt with by this report have been prepared in accordance with the requirements of laws and agree with the books of account maintained.
- IV. The company has not contributed any sum on Social Security Fund (SSF) by complying the provision of the Social Security Act, 2075;
- V. The company has no practice of maintaining the record of the working hours as such we could not determine the compliance requirement under section 28 of the Labor Act, 2074. Further, we could not determine the compliance requirement under sections 29, 30, and 31 of the Labor Act, 2074 related to not to obliged to work overtime, provision relating to overtime and additional remuneration to be paid respectively during the reporting period.





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- VI. The company has not complied with the requirement of sections 54 and 55 related to medical and accidental insurance respectively of the Labor Act, 2074;
- VII. Neither, we have come across any information about the misappropriation of funds by the members of the Board of Directors, the representatives or employees of the company have acted contrary to the applicable provisions relating to books of accounts and have not committed for any misappropriation of the fund or caused any loss or damage to the company during the course of our audit nor we received any such information from the management subject to the opinion mentioned herewith.
- VIII. We found the accounts, records, books, and ledgers have been maintained accurately following prevailing laws except for the items mentioned herewith.

To the best of our information and according to the explanations given to us, in the course of our audit, we observed the business of the Company was conducted satisfactorily, and the Company's transactions were found to be within the scope of its authority. We did not come across cases of accounting related fraud and the cases where the board of directors or any director or any office bearer of the Company has acted contrary to the provisions of law or caused loss or damage to the Company or committed any misappropriation of the funds of the company. We found the accounts, records, books and ledgers have been maintained accurately in accordance with prevailing laws except the items included in the basis of emphasis of matter paragraph.

UDIN Number : 250604CA00418E9GCD



.....
Eka Raj Sigdel, FCA
Proprietor
E. R. Sigdel & Associates
Chartered Accountants

Date: Jestha - 21, 2082

Place: Madhyapur Thimi - 04, Bhaktapur, Bagmati Province, Nepal.

THREE STAR HYDROPOWER LTD.

Madhyapur Thimi -03, Bhaktapur, Nepal

Statement of Financial Position**As on Ashadh 31, 2081 (July 15, 2024)**

Particulars	Notes	As on Ashadh 31, 2081	As on Ashadh 31, 2080 (Restated)	As on Shrawan 1, 2079 (Restated)
Assets				
Non Current Assets				
Property, Plant and Equipments	5	2,063,463	2,821,960	2,601,778
Intangible Assets	6	1,364,424,799	1,360,748,669	1,360,352,077
Other Assets	12.1	-	-	-
Total Non Current Assets		1,366,488,262	1,363,570,629	1,362,953,855
Current Assets				
Financial Assets				
Inventories	8	-	-	-
Cash and Cash Equivalents	9	44,022	2,860,712	183,785
Other financial Assets	10	11,236,088	23,897,697	12,481,943
Prepayments	11	2,392,106	2,183,663	-
Other Assets	12.2	6,659,371	40,778,448	73,630,865
Total Current Assets		20,331,586	69,720,521	86,296,593
Total Assets		1,386,819,848	1,433,291,150	1,449,250,448
EQUITY AND LIABILITIES				
Equity				
Share Capital	13	492,500,000	492,500,000	369,375,000
Share Application Money	14	-	-	-
Other Equity	15	(151,460,697)	(89,998,874)	(51,380,403)
Total Equity		341,039,303	402,501,126	317,994,597
Non Current Liabilities				
Financial Liabilities				
Long Term Borrowings	16	911,745,748	884,700,000	897,289,955
Advance from Director's	16.1	46,328,124	72,682,062	137,735,400
Other Liabilities	17.1	30,335,453	30,435,453	30,296,078
Total Non Current Liabilities		988,409,325	987,817,515	1,065,321,433
Current Liabilities				
Financial Liabilities				
Other Financial Liabilities	18	167,885	525,527	52,852
Short Term Borrowings	19	30,900,000	40,000,000	40,000,000
Other Liabilities	17.2	26,303,335	2,446,982	25,842,898
Provisions	20	-	-	38,667
Total Current Liabilities		57,371,220	42,972,509	65,934,417
Total Equity and Liabilities		1,386,819,848	1,433,291,150	1,449,250,448

Explanatory notes form integral part of these financial statements.

As per our attached report of even

.....
Uddhav Raj Shivakotee
Director

.....
Ang Tsering Lama (Sherpa)
Director

.....
Ang Nima Sherpa
Chairperson

.....
CA. Eka Raj Sigdel
E. R. Sigdel & Associates
Chartered Accountants

.....
Jen Lama
Director

.....
Subarna Shakya
Director

.....
Durga Devi Dhakal
Director

.....
Rakesh Joshi
Independent Director

.....
Karma Raj Tamang
CEO/ Company Secretary

Date: 2082/01/22

Place: Madhyapur Thimi - 03, Bhaktapur, Nepal.

THREE STAR HYDROPOWER LTD.

Madhyapur Thimi -03, Bhaktapur, Nepal

Statement of Profit or Loss

As on Ashadh 31, 2081 (July 15, 2024)

Particulars	Schedule	Current year	Previous Year (Restated)
Income:			
Revenue from generation of Electricity	21	113,318,826	130,981,320
Less: Cost of Operation	23	12,616,509	4,633,953
Gross Profit		100,702,317	126,347,368
Other Income	22	1,502,850	400,000
Total Revenue		102,205,167	126,747,368
Expenses:			
Employee Cost	24	5,022,949	4,981,681
Administration and Operating Expenses	25	7,972,991	2,914,663
Finance Cost	26	102,144,827	110,672,131
Depreciation & Amortization	5,6	48,526,224	46,797,364
Total Expenditure		163,666,991	165,365,839
Profit/(Loss) Before Tax		(61,461,823)	(38,618,471)
Employee Bonus Expenses		-	-
Current Tax (Tax Holiday)		-	-
Deferred Tax		-	-
Tax expense(Capital gain tax)		-	-
Prior Year Taxes		-	-
Net Profit/(Loss) After Tax		(61,461,823)	(38,618,471)

Explanatory notes form integral part of these financial statements.

As per our attached report of even

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Uddhav Raj Shivakottee
Director

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Ang Tsering Lama (Sherpa)
Director

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Ang Nima Sherpa
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Rakesh Joshi
Independent Director

.....
Karma Raj Tamang
CEO/ Company Secretary

Date: 2082/01/22

Place: Madhyapur Thimi - 03, Bhaktapur, Nepal.

THREE STAR HYDROPOWER LTD.

Madhyapur Thimi -03, Bhaktapur, Nepal

Statement of Cash Flows

For the year ended Ashad 31, 2081 (July 15, 2024)

	Particulars	Current year	Previous Year (Restated)
A	Cash Flow from Operating Activities:		
	Profit/(Loss) After Bonus, CSR & Tax	(61,461,823)	(38,618,471)
	Adjustments for:		
	Depreciation & Amortization	48,526,224	46,797,364
	Cash Used in Operating Activities before W/C changes	(12,935,600)	8,178,893
	Add/Less:		
	(Increase)/Decrease in other Financial assets	12,661,609	(11,415,754)
	(Increase)/Decrease in Inventories	-	-
	(Increase)/Decrease in Other Current Assets	34,119,078	32,852,416
	(Increase)/Decrease in Prepayments	(208,443)	(2,183,663)
	Increase/(Decrease) in Other Financial Liabilities	(357,642)	472,675
	Increase/(Decrease) in Short Term Loans	(9,100,000)	-
	Increase/(Decrease) in Provisions	-	(38,667)
	Increase/(Decrease) in Other Liabilities - Current	23,856,353	(23,395,916)
	Increase/(Decrease) in Advance From Directors	(26,353,938)	(65,053,338)
	Income Tax Paid	-	-
	Cash Generated/(Used) from/for Operating Activities	21,681,418	(60,583,355)
B	Cash Flow from Investing Activities :		
	(Increase)/Decrease in Fixed Asset & Intangible Assets	(51,443,857)	(47,414,138)
	(Increase)/Decrease in Other Assets - Non Current	-	-
	Net Cash Flow From Investing Activities	(51,443,857)	(47,414,138)
C	Cash Flow from Financing Activities :		
	Receipt from Share issue	-	123,125,000
	Decrease in Share Capital	-	-
	Dividend paid	-	-
	Receipt from Share Application Money	-	-
	Increase/(Decrease) in Other Liabilities - Non Current	(100,000)	139,375
	Receipt/(Payment) - Term Loan	27,045,748	(12,589,955)
	Net Cash Flow From Financing Activities	26,945,748	110,674,420
	Net Increase in cash & cash equivalents	(2,816,690)	2,676,928
	Opening Cash & Cash Equivalents	2,860,712	183,785
	Closing Cash & Cash Equivalents	44,022	2,860,712

Explanatory notes form integral part of these financial statements.

.....
Uddhav Raj Shivakotee
Director

.....
Ang Tsering Lama (Sherpa)
Director

.....
Ang Nima Sherpa
Chairperson

As per our attached report of even

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E. R. Sigdel & Associates
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Director

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Director

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Durga Devi Dhakal
Director

.....
Rakesh Joshi
Independent Director

.....
Karma Raj Tamang
CEO/ Company Secretary

Date: 2082/01/22

Place: Madhyapur Thimi - 03, Bhaktapur, Nepal.

THREE STAR HYDROPOWER LTD.

Madhyapur Thimi -03, Bhaktapur, Nepal

Statement of Other Comprehensive Income

For the year ended Ashad 31, 2081 (July 15, 2024)

Particulars	Current year	Previous Year (Restated)
Profit/(Loss) for the Year	(61,461,823)	(38,618,471)
Other Comprehensive Income		
Income that will not be reclassified to profit or loss		
Gains/(losses) on revaluation of Land	-	-
Income Tax Relating to Above Items	-	
Items that are or may be reclassified subsequently to profit or loss	-	-
Total Other Comprehensive Income, net of tax	-	-
Total Comprehensive Income of the year	(61,461,823)	(38,618,471)

Explanatory notes form integral part of these financial statements.

As per our attached report of even

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Director

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Ang Tsering Lama (Sherpa)
Director

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Ang Nima Sherpa
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Rakesh Joshi
Independent Director

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Karma Raj Tamang
CEO/ Company Secretary

Date: 2082/01/22

Place: Madhyapur Thimi - 03, Bhaktapur, Nepal.

THREE STAR HYDROPOWER LTD.

Madhyapur Thimi -03, Bhaktapur, Nepal

Statement of Changes in Equity

For the year ended Ashad 31, 2081 (July 15, 2024)

Particulars	Share Capital	Advance for Share Capital	Accumulated Profit/(Loss)	Total
Balance as at Shrawan 1, 2079	369,375,000	-	(52,991,777)	316,383,223
NFRS Adjustments	-	-	-	-
Restated Balance	369,375,000	-	(52,991,777)	316,383,223
Net Profit for the period	-	-	(38,618,471)	(38,618,471)
Prior year adjustment			-	-
Transfer to Reserve	-	-	-	-
Dividend			-	
Reduction in Share Capital	-	-	-	-
Issue of Share Capital	123,125,000	-	-	123,125,000
Balance as at Ashad 31, 2080	492,500,000	-	(91,610,248)	400,889,752
Change in accounting policy	-	-	-	-
Restated Balance	492,500,000	-	(91,610,248)	400,889,752
Net Profit for the period	-	-	(61,461,823)	(61,461,823)
Prior year adjustment		-	-	-
Transfer to Reserve	-	-	-	-
Dividend	-	-	-	-
Issue of Share Capital	-	-	-	-
Balance as at Ashad 31, 2081	492,500,000	-	(153,072,072)	339,427,928

Explanatory notes form integral part of these financial statements.

As per our attached report of even

.....
Uddhav Raj Shivakotee
Director

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Rakesh Joshi
Independent Director

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Karma Raj Tamang
CEO/ Company Secretary

Date: 2082/01/22

Place: Madhyapur Thimi - 03, Bhaktapur, Nepal.

THREE STAR HYDROPOWER LTD.

Madhyapur Thimi -03, Bhaktapur, Nepal

Significant Accounting Policies and Explanatory Notes

For the Year ended Ashad 31, 2081 (July 15, 2024)

1. Corporate information:

1.1 Reporting Entity

M/S Three Star Hydropower Limited (TSHL) company is registered as per the Company Act, 2063 in 2072 B.S. The registered office address of the company is Madhyapur Thimi, Bhaktapur, Nepal. The company is also registered in the Inland Revenue Department through Permanent Account Number (PAN) # 603559200 on 2072.08.09. The site of the company is located at Haleshi Tuwaching Municipality, Khotang, Koshi Province, Nepal. The objective of the company is to produce hydroelectricity and sell it to the Nepal Electricity Authority following the power purchase agreement held in 2075. The company has a total capacity of 6.6 MW for which a survey license was received on 2073.07.09 B.S. and a power generation license on 2074.09.03 BS.

1.2 Responsibility for Financial Statement

The Board of Directors are responsible for preparation and presentation of these Financial Statements as per Nepal Financial Reporting Standards (NFRS). The accompanied financial statements of the company for the year ended Ashad end 2081 were authorized for issue by board of Directors on 22th Baishakh, 2082 (5 may 2025).

2. Basis of Preparation :

The financial statements have been prepared on accrual and going concern basis. The accounting policies are applied consistently to all the periods presented in the financial statements, including the preparation of the opening NFRS Balance Sheet as at 1 Shrawan, 2079 being the 'Date of transition to NFRS'. All assets and liabilities have been classified as current or non-current as per the Company's normal operating cycle. The Company has ascertained its operating cycle as 12 months period for the purpose of current or non-current classification of assets and liabilities.

2.1 Statement of Compliance :

The financial statements have been prepared in accordance with the Nepal Financial Reporting Standards (NFRS) as issued by the Accounting Standards Board Nepal (ASB) and pronounced by The Institute of Chartered Accountants of Nepal (ICAN).

This section describes the critical accounting judgement that the company has identified as having potentially material impact on the company's financial statements and sets out our significant accounting policies that relate to the financial statements as a whole. Accounting policies along with explanatory notes, wherever such explanation is required, is described in specific relevant sections. The company's accounting policies require the management to exercise judgement in making accounting estimates.

2.2 Basis of Measurement:

The financial statements are prepared under the historical cost convention basis except for those explicitly specified in relevant notes and for following material items in Statement of Financial Position:

- Inventories are measured at cost of net realizable value whichever is lower.
- Financial assets other than those measured at amortized cost, are measured at fair value.

2.3 Critical Accounting Estimates

The preparation of the financial statements in conformity with Nepal Financial Reporting Standards requires the use of certain critical accounting estimates and judgments. It also requires management to exercise judgment in the process of applying the Company's accounting policies. The Company makes certain estimates and assumptions regarding the future events. Estimates and judgments are continuously evaluated based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. In the future, actual result may differ from these estimates and assumptions.

Accounting estimates could change from period to period. Actual results could differ from those estimates. Appropriate changes in estimates are made as the Management becomes aware of the changes in circumstances surrounding the estimates. Changes in estimates are reflected in the financial statements in the period in which changes are made and, if material, their effects are disclosed in the notes to the financial statements.

Specific 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.

2.4 Functional Currency:

The functional currency used in Financial Statement is Local Currency of Nepal denoted as NPR or NRS.

2.5 Foreign Currency:

Transactions entered into by the company entities in a currency other than the currency of the primary economic environment in which they operate (the "functional currency" is Rs.) are recorded at the rates ruling when the transactions occur. Foreign currency monetary assets and liabilities are translated at the rates ruling at the reporting date. Exchange differences arising on the retranslation of unsettled monetary assets and liabilities are recognized immediately in profit or loss.

2.6 Going Concern:

The financial statements are prepared under going concern assumption, as the management of the company is satisfied that the company has the resources to continue in business for the foreseeable future. In making this assessment, 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.

2.7 Comparative Information:

Comparative information for all the periods presented has been disclosed as required under NAS 1.

2.8 Financial Period:

The company prepares financial statements in accordance with the Nepalese financial year using Nepalese calendar. The corresponding dates for Gregorian calendar are as follows:

Particulars	Nepalese Calendar Date/Period	Gergorian Calendar Date/Period
SFP* Date	Ashad 31, 2081	July 15, 2024
Current Reporting Period	Shrawan 01, 2080 to Ashad 31, 2081	July 17, 2023 to July 15, 2024
Comparative SFP Date	Ashad 31, 2080	July 16, 2023
Comparative Reporting Period	Shrawan 01, 2079 to Ashad 31, 2080	July 17, 2022 to July 16, 2023
Transition SFP Date	Shrawan 01, 2079	July 17, 2022

*Statement of Financial Position

2.9 Stand-alone financial statements:

This financial statement is the stand-alone financial statement of the company.

2.10 Prior Period Errors:

Prior Period Errors are omissions or misstatements in an entity's financial statements. Such omissions may relate to one or more prior periods. Correction of an error is done by calculating the cumulative effect of the change on the financial statements of the period as if new method or estimate had always been used for all the effected prior years' financial statements. Sometimes such changes may not be practicable. In such cases, it is applied to the latest period possible by making corresponding adjustment to the opening balance of the period.

2.1 Materiality and Aggregation:

In compliance with NAS 1 Presentation of Financial Statements, each material class of similar item is presented separately in the financial statement. Item of dissimilar nature or functions are presented separately, unless they are material.

2.1 Reporting Pronouncements:

The company for its preparation of financial statement has adopted accounting policies to comply with the pronouncements made by The Institute of Chartered Accountants of Nepal.

2.1 Limitation of NFRS implementation:

If the information is not available and the cost to develop would exceed the benefit derived, such exception to NFRS implementation has been noted and disclosed in respective section.

3. Significant Accounting Policies:

NFRS requires adoption of accounting policies that are most appropriate to the company's circumstances determining and applying accounting policies. Directors and management are 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 Company's reported financial position, results or cash flows.

Specific accounting policies have been included in the specific section of the notes for each items of financial statements which requires disclosures of accounting policies or changes in accounting policies. Effect and nature of the changes have been disclosed wherever required.

3.1 Current Versus Non-Current Classification:

The Company presents assets and liabilities in statement of financial position based on current/non-current classification. Based on the nature of products and the time between 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/non-current classification of assets and liabilities.

The Company classifies an asset as current when it is:

- i. Expected to be realized or intended to be sold or consumed in normal operating cycle,
- ii. Held primarily for the purpose of trading,
- iii. Expected to be realized within twelve months after the reporting period, or
- iv. Cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after reporting date

All other assets are classified as non-current:

The Company classifies a liability as current when:

- i. It is expected to be settled in normal operating cycle,
- ii. It is held primarily for the purpose of trading,
- iii. It is due to be settled within twelve months after the reporting period, or
- iv. There is no unconditional right to defer the settlement of the liability for at least twelve months after reporting period,

The Company classifies all other liabilities as non-current.

Deferred tax assets and liabilities are classified as non-current assets and liabilities.

3.2 Cash Flow Statement

The carrying amount of cash and cash equivalents are measured at cost in the statement of Financial position. Statement of Cash Flow has been prepared by using the "Indirect Method" in accordance with NAS 07 Cash Flow Statements.

3.3 Financial Instruments : Financial asset

Financial asset is any asset that is:

- (a) cash;
- (b) an equity instrument of another entity;
- (c) a contractual right:
 - (i) to receive cash or another financial asset from another entity; or
 - (ii) to exchange financial assets or financial liabilities with another entity under conditions that are potentially favourable to the entity; or
- (d) a contract that will or may be settled in the entity's own equity instruments and is:

- (i) a non-derivative for which the entity is or may be obliged to receive a variable number of the entity's own equity instruments; or
- (ii) a derivative that will or may be settled other than by the exchange of a fixed amount of cash or another financial asset for a fixed number of the entity's own equity instruments.

A Recognition:

All financial assets are initially recognized on the date on which the company becomes a party to the contractual provisions of the instrument. The classification of financial instruments at initial recognition depends on their purpose and characteristics and the management's intention in acquiring them.

B Classification:

The financial assets are measured at amortized cost or fair value on the basis of the company's business model for managing the financial assets and contractual cash flow characteristics of the financial assets.

The two classes of financial assets are as follows:

i. Financial assets measured at amortized cost:

Financial assets are measured at amortized cost if both the following conditions are met:

- The asset is held within a business model whose objective is to hold assets in order to collect contractual cash flows and
- The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

ii. Financial assets measured at fair value:

Financial assets other than those are measured at amortized cost are measured at fair value. Financial assets measured at fair value are further classified into two categories as below:

a) Financial assets at fair value through profit or loss (FVTPL)

Financial assets are classified as fair value through profit or loss if they are held for trading or are designated at fair value through profit or loss. Upon initial recognition, transaction cost is directly attributable to the acquisition are recognised in profit or loss as incurred. such assets are subsequently measured at fair value and changes in fair value are recognised in statement of profit or loss.

b) Financial assets at fair value through Other comprehensive Income (FVTOCI)

Investment in an equity instrument that is not held for trading and at the initial recognition, the company makes an irrevocable election that the subsequent changes in fair value of the instrument to be recognized in other comprehensive income are classified as financial assets at fair value through other comprehensive income. Such assets are subsequently measured at fair value and changes in fair value are recognized in other comprehensive income.

C Measurement:

The financial assets are measured at amortized cost or fair value on the basis of the company's business model for managing the financial assets and contractual cash flow characteristics of the financial assets.

i. Initial Measurement:

A financial asset, other than those are measured at FVTPL, is measured initially at fair value plus any transaction cost. Transaction costs in relation to financial assets those are measured at FVTPL are charged to statement of profit or loss.

ii. Subsequent Measurement:

A financial asset, is subsequently measured at fair value or amortized cost based on the classification of the financial asset. Financial asset those are classified to be measured at amortized cost, are measured at amortized cost using Effective Interest Rate method.

The amortized cost of a financial asset is the amount at which financial asset is measured at initial recognition minus principal repayments, minus cumulative amortization using the Effective interest rate method of any difference between the initial amount and the maturity amount and minus any reduction for impairment or uncollectibility.

Financial asset classified at fair value are subsequently measured at fair value. The subsequent changes in fair value of financial assets at FVTPL are charged to statement of profit or loss whereas financial assets at FVTOCI are charged to other comprehensive income.

D Derecognition:

The company derecognizes a financial asset when the contractual rights to the cash flows from the financial asset expire, or it transfers the right to receive the contractual cash flows in a transaction in which substantially all the risk and rewards of ownership of the financial asset are transferred or in which the company neither transfers nor retains substantially all the risks and rewards of ownership and it does not retain control of the financial asset.

Any interest in such transferred financial assets that qualify for derecognition that is created or retained by the company is recognized as a separate asset or liability. On derecognition of a financial asset, the difference between the carrying amount of the asset (or the carrying amount allocated to the portion of the asset transferred), and the sum of (i) the consideration received (including any new asset obtained less any new liability assumed) and (ii) cumulative gain or loss that had been recognized in other comprehensive income is recognized in profit or loss.

In transactions in which the company neither retains nor transfers substantially all the risks and rewards of ownership of a financial asset and it retains control over the asset, the company continues to recognize the asset to the extent of its continuing involvement, determined by the extent to which it is exposed to changes in the value of the transferred asset.

E Determination of Fair Value

Fair value is the amount for which an asset could be exchanged, or a liability settled, between knowledgeable, willing parties in an arm's length transaction on the measurement date. The fair value of a liability reflects its non-performance risk.

When available, the company measures the fair value of an instrument using quoted prices in an active market for that instrument. A market is regarded as active if quoted prices are readily available and regularly available and represent actual and regularly occurring market transactions on an arm's length basis. If a market for a financial instrument is not active, the company establishes fair value using a valuation technique. Valuation techniques include using recent arm's length transactions between knowledgeable, willing parties (if available), reference to the current fair value of other instruments that are substantially the same, discounted cash flow analysis.

The best evidence of the fair value of a financial instrument at initial recognition is the transaction price - i.e. the fair value of the consideration given or received. However, in some cases, the fair value of a financial instrument on initial recognition may be different to its transaction price. If such fair value is evidenced by comparison with other observable current market transactions in the same instrument (without modification) or based on a valuation technique whose variable include only data observable markets, then the difference is recognized in profit or loss on initial recognition of the instrument. In other cases, the difference is not recognised in profit or loss immediately but is recognized over the life of the instrument on an appropriate basis or when the instrument is redeemed, transferred or sold, or the fair value becomes observable.

All unquoted equity investments are recorded at cost.

F Impairment of Financial Assets

The carrying amounts of the Company's financial assets are reviewed at each balance sheet date to determine whether there is any indication of impairment. If any such indication exists, the asset's recoverable amount is estimated. An impairment loss is recognized when the carrying amount of an asset exceeds its recoverable amount. Impairment losses are recognized in the Statement of Profit or Loss.

The company considers evidence of impairment for loans and advances and held to maturity investment securities at both a specific asset and collective level. All individually significant loans and advances and held-to-maturity instrument securities are assessed for specific impairment. Those found not to be specifically impaired are then collectively assessed for an impairment that has been incurred but not yet identified.

Loans and advances held-to-maturity investment securities that are not individually significant are collectively assessed for impairment by grouping together loans and advances and held-to-maturity investment securities with similar risk characteristics. Impairment test is done on annual basis for trade receivables and other financial assets based on the internal and external indication observed.

In assessing collective impairment, the company uses statistical modelling of historical trends of the probability of

default, the timing of recoveries and the amount of loss incurred, adjusted for management's judgement as to whether current economic and credit conditions are such that the actual losses are likely to be greater or less than suggested by historical trends. Default rates, loss rates and the expected timing of future recoveries are regularly benchmarked against actual outcomes to ensure that they remain appropriate.

3.4 Financial Instruments- Financial liabilities

A financial liability is any liability that is:

- a) contractual obligation:
 - (i) to deliver cash or another financial asset to another entity; or
 - (ii) to exchange financial assets or financial liabilities with another entity under conditions that are potentially unfavorable to the entity; or
- (b) a contract that will or may be settled in the entity's own equity instruments and is:
 - (i) a non-derivative for which the entity is or may be obliged to deliver a variable number of the entity's own equity instruments; or
 - (ii) a derivative that will or may be settled other than by the exchange of a fixed amount of cash or another financial asset for a fixed number of the entity's own equity instruments.

A Recognition:

All financial assets are initially recognized on the date on which the company becomes a party to the contractual provisions of the instrument. The classification of financial instruments at initial recognition depends on their purpose and characteristics and the management's intention in acquiring them.

B Classification:

The company classifies its financial liabilities, other than financial guarantees and loan commitments, as follows:

i. Financial Liabilities at fair value through profit or loss (FVTPL)

Financial liabilities are classified as fair value through profit or loss if they are held for trading or are designated at fair value through profit or loss. Upon initial recognition, transaction costs that are directly attributable to the acquisition are recognised in profit or loss as incurred. Such assets are subsequently measured at fair value and changes in fair value are recognised in statement of profit or loss.

ii. Financial Liabilities measured at amortized cost:

All financial liabilities other than measured at fair value through profit or loss are classified subsequently measured at amortized cost using Effective interest rate method.

C Measurement:

i. Initial Measurement:

A financial liability, other than those measured at FVTPL, is measured initially at fair value plus any transaction cost. Transaction costs in relation to financial assets those are measured at FVTPL are charged to statement of profit or loss.

ii. Subsequent Measurement:

A financial liability, is subsequently measured at fair value or amortized cost based on the classification of the financial liability. Financial liability those are classified to be measured at amortized cost, are measured at amortized cost using Effective Interest Rate method.

Risks associated with Financial Instrument- Financial Liabilities: The company has a risk management framework to monitor, access, mitigate and manage risk. The risk management framework is given in Note 36.

3.5 Provisions

The Company applies NAS 37 Provisions, Contingent Liabilities and Contingent Assets in accounting for non-financial liabilities.

Provisions are recognized for present obligations arising as consequences of past events where it is more likely than not that a transfer of economic benefit will be necessary to settle the obligation, which can be reliably estimated. Provision is made for the anticipated costs when an obligation exists.

3.6 Capital Management

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

3.7 Events after reporting period:

The company monitors and assess events that may have potential impact to qualify as adjusting and/or non-adjusting events after the end of the reporting period. Where necessary, all material events after the reporting date have been considered and appropriate adjustment in the books with additional disclosures have been made in the financial statements as per the NAS 10 Events After the Balance Sheet Date and non-adjusting events are disclosed in the notes with possible financial impact, to the extent ascertainable.

3.8 IFRIC 12 Consideration:

The main objective of the company is to construct and operate Hydropower Projects as a developer after obtaining separate license for each project from the government body. The license for developing these projects is conditional that the company is obliged to hand over the infrastructure to the government at the end of the period specified in the license. The license and other arrangements for operating the project is such that the price to be levied by the company by selling its power production and the consumer of the power produced by the company is regulated by power purchase agreement. The management considers that these arrangements meet the following criteria of IFRIC 12 – Service Concession Arrangements: These arrangements are accounted on the basis of below mentioned models depending on the nature of consideration and relevant contract law.

- a) 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
- b) 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

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 guarantee 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 the operator, receives a right (a license) to charge users of the public service. A right to charge users of a public services is not an unconditional right to receive 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 accounts cost of construction of these project under Intangible asset model as per IFRIC 12.

3.9 Lease:

The company has elected not to apply the requirements of NFRS 16-Leases to short term leases of all assets that have a lease term of 12 months or less and leases for which the underlying asset is of low value. The lease payments associated with these leases are recognized as an expense on a straight line method over the lease term, unless the payments are structured to increase in line with the expected general inflation to compensate the lessor's expected inflationary cost increase.

4 First Time Adoption of NFRS:

The financial statements have been prepared in accordance with applicable Nepal Financial Reporting Standards

(NFRS) as issued by the Institute of Chartered Accountants of Nepal (ICAN) with effect from 1 Shrawan 2074, with a transition date of 1st Shrawan, 2073. These financial statements for the year ended 31st Ashad, 2081 are the first Financial Statement, the Company has prepared under NFRS. For all periods up to and including the year ended 31st Ashad, 2080, the Company prepared its financial statements in accordance with earlier issued Nepal Accounting Standards, (herein after referred to as 'Previous GAAP').

The adoption of NFRS has been carried out in accordance with NFRS 1 "First-time Adoption of NFRS". NFRS 1 requires that all NFRS and interpretations that are issued and effective for the first NFRS financial statements be applied retrospectively and consistently for all financial years presented. Accordingly, the Company has prepared financial statements which comply with NFRS for the year ended 31st Ashad, 2081, together with the comparative information as at and for the year ended 31st Ashad 2080 and the opening NFRS Balance Sheet as at Shrawan 01, 2079, the date of transition to NFRS.

The resulting difference between the carrying values of the assets and liabilities in the financial statements as at the transition date under NFRS and Previous GAAP have been recognised directly in equity (retained earnings or another appropriate category of equity). This note explains the adjustments made by the Company in restating its Previous GAAP financial statements, including the Statement of Financial Position as at Ashad 32nd, 2079 and the financial statements as at and for the year ended Ashad 31st, 2080.

4.1 Significant Changes from the policies adopted in the past

Significant changes from the accounting policies adopted under previous GAAP erstwhile Nepal Accounting Standards) and the adoption of NFRS has been disclosed in the respective segments, including the impact. The detailed impact disclosure is given underneath:

4.2 Transition to NFRS-Reconciliations

The following reconciliations provide the explanations and quantification of the differences arising from the transition from previous GAAP to NFRS in accordance with NFRS 1:

- I. Reconciliation of Equity As on Ashad 31, 2080 and Shrawan 01, 2079
- II. Reconciliation of Statement of Profit or Loss for the year ended 31st Ashad 2080.
- III. Effect of NFRS adoption on Statement of Financial Position As on Ashad 31, 2080 and Shrawan 01, 2079
- IV. Effect of NFRS adoption on Statement of Profit or Loss for the year ended on Ashad 31, 2080

4.2.1 Reconciliation of Equity:

Particulars	Explanatory	As on	Opening As on
	Notes	Ashad 31, 2080	Shrawan 01, 2079
Total Equity under Previous GAAP		399,258,597	316,383,223
<u>NFRS Adjustments:</u>			
Changes in Accumulated Depreciation		3,115,152	1,611,374
Total adjustment to equity		3,115,152	1,611,374
Total Equity as per NFRS		402,373,749	317,994,597
Explanatory Notes:			
1 Total Equity is change due to the change in accounting policy consisting as per NFRS.			

4.3 Effect of NFRS adoption on Statement of Financial Position

4.3.1 Effect of NFRS adoption on Statement of Financial Position as at 31st Ashad 2080:

Particulars	Explanatory Notes	Amount as per NFRS	Cummulative effect of transition to NFRS	Amount as per Previous GAAP
Assets				
Non Current Assets				
Property, Plant and Equipments	1	2,821,960	(182,906)	2,639,054
Intangible Assets	1	1,360,748,669	(2,932,247)	1,357,816,422
Investment Property		-	-	-
Deferred Tax Assets		-	-	-
Investments		-	-	-
Other Assets		-	-	-
Total Non Current Assets		1,363,570,629	(3,115,153)	1,360,455,476
Current Assets				
Inventories		-	-	-
Cash and Cash Equivalents		2,860,712	-	2,860,712
Investments		-	-	-
Other financial Assets	5	23,897,697	509,121	24,406,818
Prepayments	6	2,183,663	0	2,183,663
Other Assets		40,778,448	(509,122)	40,269,327
Total Current Assets		69,720,521	(1)	69,720,520
Total Assets		1,433,291,150	(3,115,153)	1,430,175,997
EQUITY AND LIABILITIES				
Equity				
Share Capital		492,500,000	-	492,500,000
Share Application Money		-	-	-
Other Equity	3	(89,998,874)	(3,242,529)	(93,241,403)
Total Equity		402,501,126	(3,242,529)	399,258,597
Non Current Liabilities				
Long Term Borrowings		884,700,000	-	884,700,000
Deferred Tax Liabilities		-	-	-
Deferred Government Grant		-	-	-
Other Liabilities		30,435,453	-	30,435,453
Total Non Current Liabilities		915,135,453	-	915,135,453
Current Liabilities				
Other Financial Liabilities	4	525,527	-	525,527

Short Term Borrowings		40,000,000	-	40,000,000
Other Liabilities	4	2,446,982	-	2,446,982
Liabilities for Employee Benefits		-	-	-
Provisions		-	127,376	127,376
Lease Liability		-		
Total Current Liabilities		42,972,509	127,376	43,099,885
Total Equity and Liabilities		1,360,609,088	(3,115,153)	1,357,493,935

4.3.2 Effect of NFRS adoption on Statement of Financial Position as at Shrawan 01, 2079 Opening:

Particulars	Explanatory Notes	Amount as per NFRS	Cummulative effect of transition to NFRS	Amount as per Previous GAAP
Assets				
Non Current Assets				
Property, Plant & Equipments	1	2,601,779	(138,174)	2,463,605
Intangible Assets	1	1,360,352,077	(1,473,201)	1,358,878,876
Investment Property		-	-	-
Deferred Tax Assets		-	-	-
Investments		-	-	-
Other Assets		-	-	-
Total Non Current Assets		1,362,953,855	(1,611,374)	1,361,342,481
Current Assets				
Inventories		-	-	-
Cash & Cash Equivalents		183,785	-	183,785
Investments		-	-	-
Other Financial Assets	5	12,481,943	509,121	12,991,064
Prepayments		-	-	-
Other Assets	5	73,630,865	(509,121)	73,121,744
Total Current Assets		86,296,593	0	86,296,593
Total Assets		1,449,250,448	(1,611,374)	1,447,639,074
EQUITY AND LIABILITIES				
Equity				
Share Capital		369,375,000	-	369,375,000
Advance Share Capital		-	-	-
Other Equity	3	(51,380,403)	(1,611,375)	(52,991,777)
Total Equity		317,994,597	(1,611,375)	316,383,223

Non Current Liabilities				
Long Term Borrowings		897,289,955	-	897,289,955
Deferred Tax Liabilities		-	-	-
Advance from Director's		137,735,400	(137,735,400)	
Other Liabilities		30,296,078	(30,296,078)	-
Total Non Current Liabilities		1,065,321,433	(168,031,478)	897,289,955
Current Liabilities				
Other Financial liabilities		52,852	(52,852)	-
Short Term Loans		40,000,000	-	40,000,000
Other Liabilities	7	25,842,898	168,084,331	193,927,230
Provisions	7	38,667	(0)	38,667
Total Current Liabilities		65,934,417	168,031,479	233,965,896
Total Equity and Liabilities		1,449,250,448	(1,611,374)	1,447,639,074

4.3.3 Effect of NFRS adoption on Statement of Profit or Loss for the year ended on Ashad 31st, 2080

Particulars	Explanatory Notes	Amount as per NFRS	Cummulative effect of transition to NFRS	Amount as per Previous GAAP
Income:				
Revenue from generation of Electricity		130,981,320	-	130,981,320
Other Income		400,000	(109,503)	509,503
Total Revenue		131,381,320	(109,503)	131,490,823
Expenses:				
Cost of Operation	8	4,633,953	-	4,633,953
Employee Cost		4,981,681	-	4,981,681
Administration and Operating Expenses	8	2,914,663	-	2,914,663
Borrowing Cost		110,672,131	(109,503)	110,781,634
Depreciation & Amortization	9	46,797,364	(1,503,778)	48,301,142
Total Expenditure		169,999,791	(1,613,281)	171,613,072
Less:				
Profit/(Loss) Before Bonus, CSR & Tax		(38,618,471)	1,503,778	(40,122,250)
Less:				
Employee Bonus		-	-	-
Profit/(Loss) Before Tax		(38,618,471)	1,503,778	(40,122,250)
Less:				
Current Tax		-	-	-

Deferred Tax		-	-	
Capital Gain Tax		-	(127,376)	127,376
Net Profit/(Loss) for the year		(38,618,471)	1,631,155	(40,249,626)

4.3.4 Effect of NFRS adoption on Statement of Cash Flows for the year ended on Ashad 32nd, 2080

Particulars	Explanatory Notes	Amount as per NFRS	Cummulative effect of transition to NFRS	Amount as per Previous GAAP
Net Cash Flow from Operating activities	10	(60,583,355)	(139,375)	(60,443,980)
Net Cash Flow from Investing activities		(47,414,138)	(1)	(47,414,137)
Net Cash Flow from Financing activities	10	110,674,420	139,375	110,535,045
Net increase/(decrease) in cash and cash equivalents		2,676,928	(0)	2,676,928
Cash and cash equivalents at the beginning of the year		183,785	-	183,785
Cash and cash equivalents at the end of the year		2,860,712	(0)	2,860,712

4.4 Explanatory Notes to effect of NFRS adoption:

1. PPE, Intangible Assets & Investment Property:

On the date of Transition to NFRS, Intangible assets and Investment property are separately presented on the face of Statement of Financial Position.

2. Share Capital:

No changes were done in Share Capital on the date of transition

3. Other Equity:

Changes in accounting policy is adjusted in retaining earning.

4. Other Financial Liabilities:

Sundry Creditors were earlier included in under other liability, are now presented as separately.

5. Other Financial Assets:

Other Financial Assets which were earlier included under Other Assets, are now presented on the face of Statement of Financial Position.

6. Prepayments:

Prepayments which were earlier included under Current Assets, are now presented on the face of Statement of Financial Position.

7. Provisions:

Provision which were earlier included in the other liabilities, are now presented as separately presented.

8. Cost of Operation:

Repair & Maintenance Expenses - Project Structure and Insurance Expenses were earlier included in the Administrative Expense, are now included in the Cost of operation.

9. Depreciation:

Depreciation is calculated using Straight Line Method as per NFRS.

10. Cashflow:

Changes appear due to the regrouping and reclassification.

11. Other Expenses

Regrouping of various expenses under NFRS has been done.

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5. Property, Plant and Equipments:

Particulars	Land	Building	Office Equipments, Computers, Printers & Furnitures	Vehicles	Plant & Machineries	Leasehold Improvements	Total
Cost							
Gross Block As on Shrawan 1, 2078	40,457,460	383,436	1,059,176	4,105,846	243,948	-	46,249,865
Additions For the year	-	-	68,180	-	-	-	68,180
Revaluation Surplus of PPE							-
Transfer to Intangible Assest							-
Revaluation & Adjustments							-
Disposals/Adjustments	(40,457,460)		-	(2,473,333)	-	-	(42,930,793)
Gross Block as on Ashad 32, 2079	-	383,436	1,127,356	1,632,512	243,948	-	3,387,252
Additions For the year	-		15,002	-	750,000	-	765,002
Revaluation Surplus of PPE	-		-	-	-	-	-
Transfer to Intangible Assest							-
Revaluation & Adjustments							-
Disposals/Adjustments	-		-	-	-	-	-
Gross Block as on Ashad 31, 2080	-	383,436	1,142,358	1,632,512	993,948	-	4,152,254
Additions For the year	-		360,450	311,900	-		672,350
Revaluation Surplus of PPE	-		-	-	-	-	-
Transfer to Intangible Assest							-
Revaluation & Adjustments							-
Disposals/Adjustments	-		-	(909,050)	-	-	(909,050)
Gross Block as on Ashad 31, 2081	-	383,436	1,502,808	1,035,363	993,948	-	3,915,554
Depreciation & Impairment Losses							
Accumulated Balance as on Shrawan 1, 2078	-				-	-	-

Charge for the year	-	19,172	273,353	468,553	24,395	-	785,473
Adjustment due to Revaluations & others					-		-
Impairment Losses							-
Transfer to Intangible Assest							-
Disposals/Adjustments							-
Accumulated Balance as on Ashad 31, 2079	-	19,172	273,353	468,553	24,395	-	785,473
Charge for the year	-	19,172	276,034	141,887	107,728		544,821
Adjustment due to Revaluations & others							-
Impairment Losses							-
Transfer to Intangible Assest							-
Disposals/Adjustments							-
Accumulated Balance as on Ashad 31, 2080	-	38,344	549,387	610,440	132,123	-	1,330,294
Charge for the year	-	19,172	327,654	67,243	107,728	-	521,797
Adjustment due to Revaluations & others			-	-	-	-	-
Impairment Losses							-
Transfer to Intangible Assest							-
Disposals/Adjustments							-
Accumulated Balance as on Ashad 31, 2081	-	57,515	877,041	677,683	239,851	-	1,852,091
Net Block							
As on Ashad 31, 2081	-	325,921	625,766	357,679	754,097	-	2,063,463
As on Ashad 31, 2080	-	345,092	592,971	1,022,072	861,825	-	2,821,960
As on Shrawan 1, 2079	-	364,264	854,002	1,163,959	219,553	-	2,601,778

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5.1 Recognition & Measurement

Property, Plant and Equipment are initially measured at cost in the Statement of Financial Position and are inclusive of all cost less any subsequent accumulated depreciation and subsequent accumulated impairment losses, if applicable for each class of assets (except Land). Property, Plant & Equipment are recognized as an asset, if and only if it is probable that future economic benefits associated with the item will flow to the company; and the cost of the item can be measured reliably.

Cost includes the purchase price and other directly attributable costs of Property, Plant & Equipment. Cost also includes the cost of replacing part of the plant and equipment and borrowing costs for long-term construction projects if the recognition criteria are met. When significant parts of plant and equipment are required to be replaced at intervals, the Company depreciates them separately based on their specific useful lives. Likewise, when a major inspection is performed, its cost is recognized in the carrying amount of the plant and equipment as a replacement if the recognition criteria are satisfied. All other repair and maintenance costs are recognized in Statement of Profit or Loss as incurred. If an item of Property, Plant & Equipment consists of several components with different estimated useful lives, those components that are significant are depreciated over their individual useful lives. Subsequent costs that do not qualify the recognition criteria under NAS 16 are expensed as and when incurred.

The present value of the expected cost for the decommissioning of an asset after its use is considered for determination of cost of the respective asset if the recognition criteria under NAS 16 and IFRIC 1 are met. Management feels that such cost are difficult to estimate and are not material thus are not considered.

Assets in the course of construction are carried at cost, less any recognised impairment loss. Depreciation on these assets will commence when these assets are ready for their intended use.

Subsequently PPE is stated at cost, net of accumulated depreciation and accumulated impairment losses, if any.

5.2 Depreciation:

The depreciation period is based on the expected useful life of an asset. Depreciation on items of PPE is provided on the straight-line method based on the estimated useful life of the assets determined by the management. Depreciation on additions to PPE is provided on pro-rata basis in the year of purchase. The residual values, useful lives and the depreciation methods of assets are reviewed at least at each financial year end and, if expectations differ from previous estimates are accounted for as a change in accounting estimates in accordance with NAS 8. If an item of PPE consist of several components with different useful lives, those components that are significant are depreciated over their individual useful life.

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. Such changes are reflected in the assumptions when they occur.

The estimated useful lives of assets are as follows:

Particulars	Class of assets	Estimated Useful Life
Office Furniture & Equipment	Block B	1-4 years
Plant & Machinery	Block D	8 years
Vehicles	Block C	8 years
Intangible - Software	Block E	Fully depreciated
Intangible - Service Consession Arrangement	Block E	29 Years

Freehold land is not depreciated. Depreciation on assets under construction does not commence until they are complete and available for use.

5.3 Change in Accounting Estimate:

Change in accounting estimate is an adjustment of the carrying amount of an asset or a liability, or the amount of the periodic consumption of an asset, that results from the assessment of the present status of, and expected future benefits and obligations associated with, assets and liabilities. Changes in accounting estimates result from new information or new developments and accordingly, are not corrections of errors.

5.4 De-recognition:

An item of Property, Plant and Equipment is de-recognized on disposal or when no future economic benefits are expected from the use of that asset. The gain or loss arising from the disposal of an item of Property, Plant and Equipment is the difference between net disposal proceeds, if any, and the carrying amount of that item and is recognized in the statement of profit and loss.

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For the Year ended Ashad 31, 2081 (July 15, 2024)

6. Intangilble Asssets

Particulars	Softwares / Licences	Service Concession Arrrangement	Total
Cost			
Gross Block As on Shrawan 1, 2078	2,185	-	2,185
Additions	-	1,379,776,990	1,379,776,990
Revaluation Surplus of Intangible Assets	-	-	-
Revaluation & Adjustments	-	-	-
Disposals/Adjustments	-	-	-
Gross Block As on Ashad 32, 2079	2,185	1,379,776,990	1,379,779,174
Additions	-	46,649,136	46,649,136
Revaluation Surplus of Intangible Assets	-	-	-
Transfer	-	-	-
Revaluation & Adjustments	-	-	-
Disposals/Adjustments	-	-	-
Gross Block As on Ashad 31, 2080	2,185	1,426,426,126	1,426,428,310
Additions		51,680,557	51,680,557
Revaluation Surplus of Intangible Assets	-	-	-
Revaluation & Adjustments	-	-	-
Disposals/Adjustments	-	-	-
Gross Block As on Ashad 31, 2081	2,185	1,478,106,682	1,478,108,867
Accumulated Amortisation			
Accumulated Balance As on Shrawan 1, 2078			-
Charge for the year	2,185	19,424,913	19,427,098
Adjustment due to Revaluations & others	-	-	-
Impairment Losses	-	-	-
Disposals/Adjustments	-	-	-
Accumulated Balance As on Ashad 32, 2079	2,185	19,424,913	19,427,098
Charge for the year	-	46,252,543	46,252,543
Adjustment due to Revaluations & others	-	-	-
Impairment Losses	-	-	-
Disposals/Adjustments	-	-	-
Accumulated Depreciation as on Ashad 31, 2080	2,185	65,677,456	65,679,641
Charge for the year	-	48,004,427	48,004,427
Adjustment due to Revaluations & others	-	-	-
Impairment Losses	-	-	-

Disposals/Adjustments	-	-	-
Accumulated Depreciation as on Ashad 31, 2081	2,185	113,681,883	113,684,068
Net Block			
As on Ashad 31, 2081	-	1,364,424,799	1,364,424,799
As on Ashad 31, 2080	-	1,360,748,669	1,360,748,669
As on Shrawan 1, 2079	-	1,360,352,077	1,360,352,077

Intangible Assets Recognition, Measurement & Amortization:

Intangible assets are recognised on the basis of costs incurred to acquire and bring to use the specific software and the asset created is expected to provide future economic benefits where it is probable that it will generate future economic benefits in excess of its cost. Computer software cost are amortised on the basis of expected useful life which is estimated as 5 years (to be reviewed periodically). Costs associated with maintaining software are recognised as an expenses when incurred. At each statement of financial position date, these assets are assessed for indication of impairment. In the event that an asset's carrying amount is determined to be greater than its recoverable amount, the assets are written down immediately.

Software is fully amortised on the basis of expected useful life as on the transition date. Costs associated with maintaining software are recognised as an expenses when incurred. At each statement of financial position date, these assets are assessed for indication of impairment. In the event that an asset's carrying amount is determined to be greater than its recoverable amount, the assets is written down immediately.

Service Consession Arrangement is the Project asset recognised under the IFRIC -12, is amortize in the life of the project as specified in the PPA i.e. 35 years from the date of the Issuance of Generation License. 6 years have been already passed on the date of transition. Opening WDV is depreciated in the remaining life of the project on straight line basis.

7. Taxation:

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

7.1 Income Tax Rate Applicable to the Company:

As per Income Tax Act 2058, Company is in tax holidays for the period of 10 year from the date of commercial operation. Therefore no Provision has been made.

7.2 Current Income Tax

Current tax comprises the expected tax payable on the taxable income or loss for the year and any adjustment to the tax payable or receivable in respect of previous years. The amount of current tax payable is the best estimate of the tax amount expected to be paid that reflects uncertainty related to income taxes, if any. It is measured using tax rates enacted or substantively enacted at the reporting date.

7.3 Deferred Tax

Deferred tax is recognised in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes.

Deferred tax assets are recognised for unused tax losses, unused tax credits and deductible temporary differences to the extent that it is probable that future taxable profits will be available against which they can be used. Future taxable profits are determined based on the reversal of relevant taxable temporary differences. If the amount of taxable temporary differences is insufficient to recognise a deferred tax asset in full, then future taxable profits, adjusted for reversals of existing temporary differences, are considered. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised; such reductions are reversed when the probability of future taxable profits improves.

Unrecognised deferred tax assets are reassessed at each reporting date and recognised to the extent that it has become probable that future taxable profits will be available against which they can be used.

Deferred tax is measured at the tax rates that are expected to be applied to temporary differences when they reverse, using tax rates enacted or substantively enacted at the reporting date.

The Company is in tax holiday period due to which no temporary differences arise on carrying amount and tax base and hence no deferred tax assets/liabilities have been recognized.

8. Inventories

Particulars	As on Ashadh 31, 2081	As on Ashadh 31, 2080 (Restated)	As on Shrawan 1, 2079 (Restated)
Inventories	-	-	-
Total	-	-	-

9. Cash and Cash Equivalents

Particulars	As on Ashadh 31, 2081	As on Ashadh 31, 2080 (Restated)	As on Shrawan 1, 2079 (Restated)
Cash Balances (As Certified by Management)	2,959	815	967
Balances with Banks:			
NMB Bank Limited, Babarmal	9,351	9,351	10,701
Himalayan Bank Ltd, Thamel	-	2,712,584	5,000
Rastriya Banijya Bank Ltd, Singa Durbar	31,712	137,962	167,116
Total	44,022	2,860,712	183,785

9.1 Cash and cash equivalents comprises cash balances, call deposits and other short term highly liquid investments. For the purpose, any cash placement deposits, call deposit or other highly liquid items with the maturity period of 90 days or more from the date of transaction is considered as cash equivalent.

9.2 Balances with banks includes balances in all current and call accounts of the company. If any, balances in foreign currency are translated at the exchange rate prevailing at the reporting date and any gain/loss is charged to Statement of profit or loss.

10. Other Financial Assets

Particulars	As on Ashadh 31, 2081	As on Ashadh 31, 2080 (Restated)	As on Shrawan 1, 2079 (Restated)
Receivable from the NEA	11,236,088	20,203,897	12,481,943
Receivable from Himalayan Capital - IPO Amount	-	3,693,800	-
Less: Provision for Doubtful Debts	-	-	-
Total	11,236,088	23,897,697	12,481,943

10.1 Other Financial Assets

Other Financial Assets Net of provision for Doubtful Debts comprises of amount receivable from unsecured customers and are non-interest bearing and are generally receivable on terms of 7 to 90 days in the ordinary course of business.

10.2 Impairment

For allowances, assets with a potential need for a write-down are grouped together on the basis of similar credit risk characteristics, tested collectively for impairment, and written-down, if necessary. Estimated irrecoverable amounts are based on the ageing of the receivable balances, taking previous cases of default into consideration and historical experiences.

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11. Prepayments

Particulars	As on Ashadh 31, 2081	As on Ashadh 31, 2080 (Restated)	As on Shrawan 1, 2079 (Restated)
Prepaid Insurance	2,392,106	2,183,663	-
Prepaid Renewal Exp	-	-	-
Total	2,392,106	2,183,663	-

12. Other Assets

12.1 Other Assets - Non Current

Particulars	As on Ashadh 31, 2081	As on Ashadh 31, 2080 (Restated)	As on Shrawan 1, 2079 (Restated)
Other Non- current assets	-	-	-
Total	-	-	-

12.2 Other Assets - Current

Particulars	As on Ashadh 31, 2081	As on Ashadh 31, 2080 (Restated)	As on Shrawan 1, 2079 (Restated)
EM Fund Created by Bank	48,100	48,100	48,100
HM- Fund Created by Bank	161,000	161,000	161,000
LC Margin - Hydromechanical-HM	21	21	21
Exim Code - Bank Gurantee	300,000.00	300,000	300,000
Total	509,121	509,121	509,121

12.2.1. Advances

Particulars	As on Ashad 31, 2081	As on Ashadh 31, 2080 (Restated)	As on Shrawan 1, 2079 (Restated)
Advance for Purchase of Two Wheeler	-	289,900	-
Advance for Purchase of Land	-	225,000	-
Advance for Repair & Maintenance	-	600,000	4,034,422
Advance for Hydromechanical Work	-	37,502,544	67,222,539
Advance for Project	4,145,750	-	-
Advance for office	43,216	-	-
Advance for house rent	59,400	-	-
Advance for Consultancy Fee	1,656,550	1,406,550	1,619,450
TDS Receivable	71,314	71,314	71,314
Salary Advance	174,019	174,020	174,019
Total	6,150,250	40,269,327	73,121,744

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Schedules forming Part of Financial Statements

For the year ended Ashad 31, 2081 (July 15, 2024)

13. Share Capital

Particulars	As on Ashadh 31, 2081	As on Ashadh 31, 2080 (Restated)	As on Shrawan 1, 2079 (Restated)
<u>Authorised:</u>			
Authorized Share Capital 5,000,000 Share @ 100 each	500,000,000	500,000,000	500,000,000
<u>Issued & Subscribed:</u>			
Issued Share Capital 4,925,000 Share @ 100 each	492,500,000	492,500,000	492,500,000
<u>Subscribed:</u>			
Paid up Share Capital 3,693,750 shares @ 100 each for Promoters	369,375,000	369,375,000	369,375,000
Paid up Share Capital 1,231,250 shares @ 100 each for Public	123,125,000	123,125,000	-
Less: Calls in arrear			
Total	492,500,000	492,500,000	369,375,000

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

13.2. Reconciliation of the number of equity shares outstanding at the beginning and end of the year:

Particulars	Nos of Shares	Face Value	Amount
Shares outstanding As on Shrawan 1, 2079	3,693,750	100	369,375,000.00
Add: Shares issued during the year	1,231,250	100	123,125,000.00
Total Shares outstanding at Ashad 31, 2080	4,925,000	100	492,500,000.00
Add: Shares issued during the year	-	100	-
Total Shares outstanding at Ashad 31, 2081	4,925,000	100	492,500,000.00

14. Advance for Share Capital

Particulars	Amounts in NRs		
	As on Ashadh 31, 2081	As on Ashadh 31, 2080 (Restated)	As on Shrawan 1, 2079 (Restated)
Advance for Share Capital	-	-	-
Total	-	-	-

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15. Other Equity

Particulars	As on Ashadh 31, 2081	As on Ashadh 31, 2080 (Restated)	As on Shrawan 1, 2079 (Restated)
15.1. Retained Earlings			
Upto Last Year	(89,998,874)	(51,380,403)	(15,208,890)
Add/Less: Adjustments	-	-	-
Balance	(89,998,874)	(51,380,403)	(15,208,890)
Change in Accounting Policy		-	1,611,374
For the Year	(61,461,823)	(38,618,471)	(37,782,887)
Reversal of Previous Year Provision	-	-	-
Dividend		-	-
Total	(151,460,697)	(89,998,874)	(51,380,403)

15.2 Refer to Note Number 4.2 regarding Reconciliation of Retained Earnings as on the date of Transition & as on Opening Date of First NFRS Financial Statement.

16. Long Term Borrowings

Long term borrowings are interest bearing financial liabilities consisting of bank borrowings. For these financial liabilities interest charged by the bank approximates effective interest rate and such rate is considered for calculation of amortized cost of liability and the finance cost. The effect of intital charges and its impact on effective rate is considered not material and the carrying value is considered approximate amortized cost.

Particulars	As on Ashadh 31, 2081	As on Ashadh 31, 2080 (Restated)	As on Shrawan 1, 2079 (Restated)
Secured Loans:			
Term Loan - Himalayan Bank Ltd, Thamel	486,645,209.25	443,602,897	449,900,045
Term Loan - Rastriya Banijya Bank Ltd, Singha Durbar	425,100,539.00	441,097,103	447,389,910
Total	911,745,748	884,700,000	897,289,955

16.1 Advance from Director's

Loan & Advance from Director's

Particulars	As on Ashad 31, 2081	As on Ashad 31, 2080 (Restated)	As on Shrawan 1, 2079 (Restated)
Kumar Kharel	-	5,000,000	34,394,100
Uddhav Raj Shivakotee	12,705,839	26,379,000	31,379,000
Ang Nima Sherpa	2,150,000	10,000,000	15,580,100
Ang Tsering Lama (Sherpa)	9536516.00	7,455,516	19,247,000
Dhan Bdr. Shrestha	13974605	15,249,605	22,584,400
Jen Lama	5361164	5,361,886	8,397,300
Subarna Shakya	2600000	3,236,055	6,153,500
Total	46,328,124	72,682,062	137,735,400

17. Other Liabilities

17.1 Other Liabilities - Non Current

Long-term liabilities, are obligations not due within the next 12 months or within the company's operating cycle if it is longer than one year. It includes the Retention money payables & other liabilities which is not due with in the next 12 months.

Particulars	As on Ashadh 31, 2081	As on Ashadh 31, 2080 (Restated)	As on Shrawan 1, 2079 (Restated)
Retention Money Payable	30,335,453.07	30,435,453	30,296,078
Total	30,335,453.07	30,435,453.07	30,296,078.00

17.2 Other Liabilities - Current

Particulars	As on Ashadh 31, 2081	As on Ashadh 31, 2080 (Restated)	As on Shrawan 1, 2079 (Restated)
Lama Clearing Sewa	-	-	37,691
Interest Payable (HBL + RBB Loan)	23,854,657	-	19,813,049
CIT Fund Payable	-	-	50,000
Salary Payable	746,454	996,062	2,057,575
Audit Fee Payable	139,375	139,375	139,375
NFRS Consultancy fee payable	83,625	-	-
TDS - Audit Fee	1,875	1,875	1,875
TDS - NFRS Consultancy Fee	1,125		
TDS - Allowances	11,824	61,717	-
TDS - House Rent Expenses	11,733	16,133	-
SST 1% - Wages Expenses	396,991	37,097	-
SST 1% - Remuneration Expenses	49,484	49,817	310,247
TDS - Other Payable	123,120	373,663	2,037,996
Other Payable	883,071	771,243	1,395,091
Total	26,303,335	2,446,982	25,842,898

18. Other Financial Liabilities

Particulars	As on Ashadh 31, 2081	As on Ashadh 31, 2080 (Restated)	As on Shrawan 1, 2079 (Restated)
Sundry Creditors	167,885	525,527	52,852
Advance From Customer	-	-	-
Total	167,885	525,527	52,852

19. Short Term Borrowings

Particulars	As on Ashadh 31, 2081	As on Ashadh 31, 2080 (Restated)	As on Shrawan 1, 2079 (Restated)
Secured Loans:			
Overdraft / Demand / SDLN Loan, Thamel	30,900,000	40,000,000	40,000,000
Current Maturity of Non-Current Borrowings	-	-	-
Total	30,900,000	40,000,000	40,000,000

20. Provisions

Particulars	As on Ashadh 31, 2081	As on Ashadh 31, 2080 (Restated)	As on Shrawan 1, 2079 (Restated)
Provision for Employee Bonus -This year	-		
Provision - Till Previous Year	-		
Provision For Captial gain tax	-	-	38,667
Total	-	-	38,667

21. Revenue From Operations

Particulars	Current year	Previous Year (Restated)
Revenue form service concession agreement	113,318,826	130,981,320
Total	113,318,826	130,981,320

Revenue Recognition:

The company is a hydropower deals with electricity.

21.1 Revenue from Operation:

Revenue for operation is recognized when the company has transferred the significnat risks and rewards of ownership to the buyer i.e. Nepal Eletricity Authority (NEA) and it is probable that the company will receive the previously agreed upon payment.

22. Other Income

Particulars	Current year	Previous Year (Restated)
Insurance Claim	611,900	-
Income form IPO	-	-
Gain on Disposal of Vehicles	890,950	400,000
Total	1,502,850	400,000

22.1 Interest Income:

Insurance Claim are the income realise form the insurance claim from insurance companies.

22.2 Income from IPO:

Income from IPO (Initial Public Offering) are the income related to the issuance of the shares at primary market.

23. Cost of Operation

Particulars	Current year	Previous Year (Restated)
NEA - Electricity Expenses	302,953	367,308
Project Travelling Expenses	350,357	-
Project Supervision Expenses	131,110	-
Site Fuel Expenses	146,554	500
Site Office-Communication Expenses	60,668	-
Site Office-Mess Expenses	1,019,120	-
Site Office Miscellaneous Expenses	279,736	176,632
Site Office Fooding Expenses	184,646	

Site Office-Setup Materials Expenses	2,195,842	67,000
Royalty Expenses - DOED	7,186,563	2,161,487
Wages Expenses	142,400	-
Transportation Charges	75,000	-
Reservior Cleaning Exp	355,000	-
NEA - 3% Rebet Charge	-	1,201,699
Repair & Maintenance Expenses - Runner	10,000	
Repair & Maintenance Expenses - EM Machine	93,613	580,000
Repair & Maintenance Expenses - Pump	42,500	8,500
Repair & Maintenance Expenses (Others)	40,447	
Site Staff Medical Expenses	-	70,826
Total	12,616,509	4,633,953

24. Employee Cost

Particulars	Current year	Previous Year (Restated)
Short Term Employee benefits:		
Salary & Allowances	5,022,949	4,981,681
Defined Contribution Plan		
Contribution to CIT	-	-
Total	5,022,949	4,981,681

24.1 Employee cost include salaries, wages, contribution to SSF, compensated absences and other terminal benefits. Employee costs are either defined benefit plan or defined contribution plan. Employee costs of the company comprise of gratuity, provident fund and accumulated leave.

25. Administration and Operating Expenses

Particulars	Current year	Previous Year (Restated)
IPO Issue Expenses	3,150,985	-
Advertisement Expenses	-	305,959
Annual General Meeting (AGM) Expenses	347,313	153,100
Audit Fee	141,250	141,250
NFRS Consultancy Fee	84,750	-
Repair & Maintenance Expenses - Automobiles	61,775	37,000
Repair & Maintenance Expenses - Computer & Office Equipment	14,430	2,080
Registration & Renewal Expenses	16,950	30,000
CSR Expenses	-	-
OCR related Work Expenses	99,000	-
Quarterly Report Publishing Expenses	50,725	-
Fuel & Travelling Expenses	35,159	-
RTA Service Charges	100,000	-
House Rent Expenses	117,333	161,333

Internet Expenses	148,030	23,400
Membership Fee Expenses		-
NEA - Meeting Allowances	78,824	127,619
Office Expenses	467,873	549,470
Other Office Expenses (Tiffin / Tea / Coffee)	96,834	160,754
Printing and Stationery Expenses	24,095	84,865
Certification Expenses - Section - 78	-	11,300
Site Visit Allowances Expenses	-	173,705
Telephone and Communication Expenses	-	-
Web Site Design Expenses	-	22,000
Other Office Expenses	113,500	
<u>Insurance Expenses:</u>		
Loss on Disposal of Vehicles		
Bike Insurance Expenses	11,000	-
Insurance Expenses - LOP	616,777	154,589
Project - Property Insurance Expenses	2,196,387	776,239
Total	7,972,991	2,914,663

26. Finance Cost

Particulars	Current year	Previous Year (Restated)
Interest on Short / Long Term loan	102,313,338	109,625,378
Loan Renewal Expenses	1,105,875	1,121,612
Bank Charges	59,413	34,644
BG Loan Transfer Expenses	25,000	-
Less: Rebate on interest	1,358,800	109,503
Total	102,144,827	110,672,131

27. Earnings Per Share

Particulars	Current year	Previous Year (Restated)
Numerator		
Profit/(Loss) for the year	(61,461,823)	(38,618,471)
Denominator (Weighted Avg No. of Shares)		
Basic	4,925,000	4,925,000
Diluted	4,925,000	4,925,000

Particulars	For the year ended	Previous Year (Restated)
Numerator		
Profit/(Loss) for the year	(61,461,823)	(38,618,471)
Denominator (Weighted Avg No. of Shares)		
Basic	4,925,000	4,925,000
Diluted	4,925,000	4,925,000

Earning Per Share (in NRs) (Face Value Rs 100/- each)		
Basic	(12.48)	(7.84)
Diluted	(12.48)	(7.84)

Earning Per Share:

Basic earnings per share are calculated by dividing the net profit or loss for the period attributable to equity shareholders by the weighted average number of equity shares outstanding during the year.

For the purpose of calculating diluted earnings per share, the net profit or loss for the period attributable to equity shareholders and the weighted average number of shares outstanding during the period are adjusted for the effects of all diluted potential equity shares.

28. Contingent Liabilities & Capital Commitment

28.1 Contingent Liabilities

Contingent liabilities are potential future cash out flows, where the likelihood of payment is considered more than remote but is not considered probable or cannot be measured reliably.

29. Related Party Transactions

30.1 Relationship

The company identified related parties on the following lines

- 1 Shareholders having shareholding of 5% or more during the year.
- 2 Companies represented by the Directors.
- 3 Directors and their relatives
- 4 Key management personnel and their relatives

30.2 List of Related Parties

Name of Related Parties	Nature of Relationship
a. Board of Directors and Key Management personnel (KMP):	
Ang Nima Sherpa	Chairperson
Ang Tsering lama (Sherpa)	Director
Uddhav Raj Shivakotee	Director
Jen Lama	Director
Subarna Shakya	Director
Durga Devi Dhakal	Director
Rakesh Joshi	Public Director

30.3 Transactions with Directors & Key Management Personnel

During the year neither any directors nor any key management personnel nor any associate or family member (relative) of the directors and key management personnel was indebted to the company Except the owner of the Company.

31. Financial risk management objectives and policies

The Company's business activities expose to a variety of risks, namely primarily to fluctuations in foreign currency exchange rates, liquidity and credit risk, which may adversely impact the fair value of its financial instruments. The Company's Board and senior management has overall responsibility for the establishment and oversight of the Company's risk management. 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 the Company's activities.

31.1 Credit risk

The company provides reasonable level of credit facilities to debtors and so does it enjoy credit facility from its creditors as well. In case of impact on tourism sector, it may have impact of company debtors' ability to pay the company within reasonable credit period allowed. Accordingly, there exist the credit risks to that extent. The company through its experience over the many years has been managing such risk well through proper way of close monitoring and supervising the regular recoverability position by the management and the Board.

31.2 Liquidity risk

The Company monitors its risk to a shortage of funds on a regular basis through fund forecast. The Company's objective is to maintain a balance between continuity of funding through equity and flexibility through use of bank loans. Access to sources of funding is sufficient.

31.4 Interest Rate Risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company's exposure to the risk of changes in market interest rates relates primarily to the Company's borrowings. The Company manages its interest rate risk by negotiating with highly reputed commercial banks.

31.5 Foreign currency risk

Foreign currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. The Company's exposure to the risk of changes in foreign exchange rates relates primarily to the Company's borrowing in foreign currency. The company manages its foreign currency risk by quoting its tariff and collecting major portion of its revenue in USD.

32. Others

32.1 Proposed Dividend

The board of directors has not yet proposed share dividend on paid up capital from the net profit of the fiscal year 2080/81 and its accumulated reserve & surplus.

32.2 Regrouping and Round off:

Figures have been regrouped and rearranged so as to facilitate comparison. The amounts in the financial statement are rounded off to the nearest Rupees, except where otherwise indicated as permitted by NAS 1 - "*Presentation of Financial Statements*".



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INDEPENDENT AUDITOR'S REPORT

To the Shareholders,
M/s Three Star Hydropower Ltd.
Madhyapur Thimi - 03, Bhaktapur, Nepal

Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying Financial Statement of M/s Three Star Hydropower Ltd (the Company), which comprises the Statement of Financial Position as at 32nd Ashadh, 2082 (Corresponding to 16th July, 2025), Income Statement, Cash Flow Statement, Statement of Changes in Equity for the year then ended and schedules to the financial statements, including a summary of Significant Accounting Policies and Notes to Accounts and other explanatory information.

In our opinion, on the accompanying financial statements of Three Star Hydropower Limited as at 32nd Ashadh, 2082 (16th July, 2025) presented fairly, in all material respect, except otherwise stated, the financial position of the Company as at 32nd Ashadh, 2081 and its financial performance and its cash flows for the year ended in accordance with Nepal Financial Reporting Standard (NFRS).

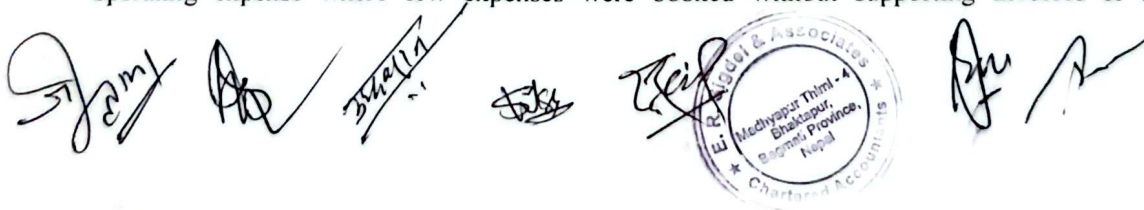
Basis for the opinion

The financial statements have been prepared on accrual and going concern basis. The accounting policies are applied consistently to all the periods presented in the financial statements, including the preparation of the opening NFRS Balance Sheet as at 1st Shrawan, 2081. All assets and liabilities have been classified as current or non-current as per the Company's normal operating cycle. The Company has ascertained its operating cycle as 12 months period for the purpose of current or non-current classification of assets and liabilities.

We conducted our audit in accordance with the to Nepal Financial Reporting Standards (NFRS) from Nepal Accounting Standards and other applicable laws of Nepal. 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 the Professional Accountants together with 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 Code of Ethics for the Professional Accountants. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the financial statements.

Emphasis of Matter Paragraph

We draw attention to Schedule - 5 of financial statements regarding the rate of depreciation & amortization on property, plant and equipment & Intangible as per IFRIC 12 (Service Concession Arrangement) which describe the rate of depreciation on plant and equipment/ machinery for 1-8 years & rate of amortization on Intangible (Service Concession Arrangement) for 28 years. We also draw the attention to Schedule - 25 of financial statements regarding the administration & operating expense where few expenses were booked without supporting invoices & also






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irrelevant expense are booked under this heading. The advances should be settled on due course of time in arm length of period. There is also uncertainty about settlements of some advances relating to repairing cost. Our opinion is not further modified concerning these matters.

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 the 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. We have determined the matters described below to be the key audit matters to be communicated in our report.

Key Audit Matter	Auditor's Response
1. Revenue Recognition The revenue of the company has to be recognized as per NFRS 15. Revenue is mainly derived from the sale of electricity to the Nepal Electricity Authority. Other income will include income from sales of scrap material and income from insurance claim. As a part of our risk assessment, we have considered each individual revenue stream and determined that a significant risk exists in respect of recognition of income under all material revenue streams. Revenue may also be misstated due to errors in system calculations or manual processes.	Our audit approach regarding verification of the process of income recognition included: ▪ We understood and evaluated the controls and processes over the recording of revenue at the system level and control in place for manual processes. ▪ We obtained the details of revenue from the sale of electricity and verified billed amount of energy with the rate of electricity as quoted in the power purchase agreement with NEA. We also verified the total chargeable unit of contract energy based on approved meter readings for each period. ▪ We reviewed the contracts, wherever applicable, to ensure whether revenue as per the power purchase agreement is recognized or not. ▪ For income from insurance claim, we confirmed whether the right to receive has been established before recognizing the revenue and reconciled the recognized income with the ledger and statements confirmation received from the bank. ▪ We also assessed the revenue recognition policies adopted for compliance with the relevant accounting standards.
2. Intangible – Project Assets Recognition The Subsequent cost (additional cost) of Intangible assets - project has been recognized at the time they are incurred by following the recognition principle of the company.	Our audit approach regarding verification of the process of included: ▪ We understood and evaluated the controls and processes over the recording of subsequent costs at the system level and

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As a part of our risk assessment, we have considered each subsequent cost incurred and determined that a significant risk exists in respect to the recognition of assets for the reporting period. Subsequent costs of assets may also be misstated due to errors in system calculations or manual processes.

control in place for manual processes.

- We obtained the details of the subsequent cost of assets incurred from the concerned parties and verified the billed amount of assets.
- We reviewed the recognition criteria of assets whether it is probable that future economic benefits associated with the items will flow to the entity, and whether the cost of the items can be measured reliably or not.
- We ensure that the assets recognition principle of the company for all assets is at the time they are incurred is in line with the recognition criteria of IFRIC 12.
- We ensure subsequent costs have been recognized in the carrying amount of assets if only the recognition criteria are met.

Other Information

The management of company is responsible for other information, which comprises the information included in the annual report but does not include the financial statements and our opinion thereon. The annual report is expected to be made available to us after the date of this auditor's report. 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 any material misstatement of the other information, we are required to report that fact. We have nothing to report in this regard.

When we read the annual report, if we conclude that there is a material misstatement therein, we are required to communicate the matter to those charged with governance.

Responsibility 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 the applicable financial reporting framework 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 Organization'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

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[Circular stamp: E. R. Sigdel & Associates, Madhyapur Thimi-4, Bhaktapur, Bagmati Province, Nepal, Chartered Accountants]



the Organization 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 (audit conducted in accordance with NFRSs) detect a material misstatement when it exists.

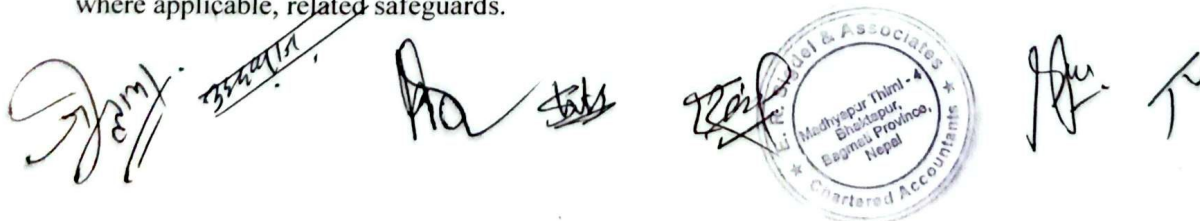
Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with NFRSs, 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 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 financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

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





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From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Because of the matters described in the *Basis for the audit opinion paragraph*, we are able to obtain sufficient appropriate audit evidence to provide a basis for audit opinion on these financial statements.

Report in the Legal and Other Regulatory

As per the provision of Section 115 of the Company Act, 2063 (First Amendment, 2074), we further report that;

- I. 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 subject to the opinion mentioned enclosed here-with: -
- II. In our opinion, the returns were adequate for the purpose of the audit; proper books of accounts have been produced as supported by annexed statements and operations have been conducted satisfactorily;
- III. In our opinion, the Statement of Financial Position, Statement of Profit or Loss, and Cash Flow Statement including Schedules dealt with by this report have been prepared in accordance with the requirements of laws and agree with the books of account maintained.
- IV. The company has not contributed any sum on Social Security Fund (SSF) by complying the provision of the Social Security Act, 2075;
- V. The company has no practice of maintaining the record of the working hours as such we could not determine the compliance requirement under section 28 of the Labor Act, 2074. Further, we could not determine the compliance requirement under sections 29, 30, and 31 of the Labor Act, 2074 related to not to obliged to work overtime, provision relating to overtime and additional remuneration to be paid respectively during the reporting period.
- VI. The company has not complied with the requirement of sections 54 and 55 related to medical and accidental insurance respectively of the Labor Act, 2074;
- VII. Neither, we have come across any information about the misappropriation of funds by the members of the Board of Directors, the representatives or employees of the company have acted contrary to the applicable provisions relating to books of accounts and have not committed for any misappropriation of the fund or caused any loss or damage to the company during the course of our audit nor we received any such information from the management subject to the opinion mentioned herewith.
- VIII. We found the accounts, records, books, and ledgers have been maintained accurately following prevailing laws except for the items mentioned herewith.









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To the best of our information and according to the explanations given to us, in the course of our audit, we observed the business of the Company was conducted satisfactorily, and the Company's transactions were found to be within the scope of its authority. We did not come across cases of accounting related fraud and the cases where the board of directors or any director or any office bearer of the Company has acted contrary to the provisions of law or caused loss or damage to the Company or committed any misappropriation of the funds of the company. We found the accounts, records, books and ledgers have been maintained accurately in accordance with prevailing laws except the items included in the basis of emphasis of matter paragraph.

UDIN : 260224CA00418wHfcj



Eka Raj Sigdel, FCA
Proprietor
E. R. Sigdel & Associates
Chartered Accountants

Date: Falgun - 05, 2082.

Place: Madhyapur Thimi - 04, Bhaktapur, Bagmati Province, Nepal.

THREE STAR HYDROPOWER LTD.

Madhyapur Thimi -03, Bhaktapur, Nepal

Statement of Financial Position

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

Particulars	Notes	As on Ashadh 32, 2082	As on Ashadh 31, 2081
Assets			
Non Current Assets			
Property, Plant and Equipments	5	1,552,950	2,063,463
Intangilble Assets	6	1,327,864,290	1,364,424,799
Other Assets	12.1	-	-
Total Non Current Assets		1,329,417,240	1,366,488,262
Current Assets			
Financial Assets			
Inventories	8	-	-
Cash and Cash Equivalents	9	897,053	44,022
Other financial Assets	10	43,958,928	11,236,088
Prepayments	11	-	2,392,106
Other Assets	12.2	8,127,114	6,659,371
Total Current Assets		52,983,096	20,331,586
Total Assets		1,382,400,336	1,386,819,848
EQUITY AND LIABILITIES			
Equity			
Share Capital	13	492,500,000	492,500,000
Share Application Money	14	-	-
Other Equity	15	(158,423,744)	(151,460,697)
Total Equity		334,076,256	341,039,303
Non Current Liabilities			
Financial Liabilities			
Long Term Borrowings	16	912,485,360	911,745,748
Advance from Director's	16.1	75,730,439	46,328,124
Other Liabilities	17.1	30,335,453	30,335,453
Total Non Current Liabilities		1,018,551,251	988,409,325
Current Liabilities			
Financial Liabilities			
Other Financial Liabilites	18	1,493,778	1,050,956
Short Term Borrowings	19	-	30,900,000
Other Liabilities	17.2	28,279,050	25,420,264
Provisions	20	-	-
Total Current Liabilities		29,772,829	57,371,220
Total Equity and Liabilities		1,382,400,336	1,386,819,848

Explanatory notes form integral part of these financial statements.

As per our attached report of even date

.....
Uddhav Raj Shivakotee
Director

.....
Ang Tsering Lama (Sherpa)
Director

.....
Ang Nima Sherpa
Chairperson

.....
CA. Eka Raj Sigdel
E. R. Sigdel & Associates
Chartered Accountants

.....
Jen Lama
Director

.....
Subarna Shakya
Director

.....
Durga Devi Dhakal
Director

.....
Rakesh Joshi
Independent Director

.....
Karma Raj Tamang
CEO/ Company Secretary

Date: 2082/11/05

Place: Madhyapur Thimi - 03, Bhaktapur, Nepal.

THREE STAR HYDROPOWER LTD.

Madhyapur Thimi -03, Bhaktapur, Nepal

Statement of Profit or Loss

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

Particulars	Schedule	Current year	Previous Year
Income:			
Revenue from generation of Electricity	21	150,665,602	113,318,826
Less: Cost of Operation	23	23,146,342	12,616,509
Gross Profit		127,519,260	100,702,317
Other Income	22	6,590,000	1,502,850
Total Revenue		134,109,260	102,205,167
Expenses:			
Employee Cost	24	6,639,396	5,022,949
Administration and Operating Expenses	25	6,442,018	7,972,991
Finance Cost	26	78,931,215	102,144,827
Depreciation & Amortization	5,6	49,059,678	48,526,224
Total Expenditure		141,072,307	163,666,991
Profit/(Loss) Before Tax		(6,963,047)	(61,461,823)
Employee Bonus Expenses		-	-
Current Tax (Tax Holiday)		-	-
Deferred Tax		-	-
Tax expense(Capital gain tax)		-	-
Prior Year Taxes		-	-
Net Profit/(Loss) After Tax		(6,963,047)	(61,461,823)

Explanatory notes form integral part of these financial statements.

As per our attached report of even date

.....
Uddhav Raj Shivakotee
Director

.....
Ang Tsering Lama (Sherpa)
Director

.....
Ang Nima Sherpa
Chairperson

.....
CA. Eka Raj Sigdel
E. R. Sigdel & Associates
Chartered Accountants

.....
Jen Lama
Director

.....
Subarna Shakya
Director

.....
Durga Devi Dhakal
Director

.....
Rakesh Joshi
Independent Director

.....
Karma Raj Tamang
CEO/ Company Secretary

Date: 2082/11/05

Place: Madhyapur Thimi - 03, Bhaktapur, Nepal.

THREE STAR HYDROPOWER LTD.

Madhyapur Thimi -03, Bhaktapur, Nepal

Statement of Other Comprehensive Income

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

Particulars	Current year	Previous Year
Profit/(Loss) for the Year	(6,963,047)	(61,461,823)
Other Comprehensive Income		
Income that will not be reclassified to profit or loss		
Gains/(losses) on revaluation of Land	-	-
Income Tax Relating to Above Items	-	
Items that are or may be reclassified subsequently to profit or loss	-	-
Total Other Comprehensive Income, net of tax	-	-
Total Comprehensive Income of the year	(6,963,047)	(61,461,823)

.....
Uddhav Raj Shivakottee
Director

.....
Ang Tsering Lama (Sherpa)
Director

.....
Ang Nima Sherpa
Chairperson

.....
CA. Eka Raj Sigdel
E. R. Sigdel & Associates
Chartered Accountants

.....
Jen Lama
Director

.....
Subarna Shakya
Director

.....
Durga Devi Dhakal
Director

.....
Rakesh Joshi
Independent Director

.....
Karma Raj Tamang
CEO/ Company Secretary

Date: 2082/11/05

Place: Madhyapur Thimi - 03, Bhaktapur, Nepal.

THREE STAR HYDROPOWER LTD.

Madhyapur Thimi -03, Bhaktapur, Nepal

Statement of Cash Flows

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

	Particulars	Current year	Previous Year
A	Cash Flow from Operating Activities:		
	Profit/(Loss) After Bonus, CSR & Tax	(6,963,047)	(61,461,823)
	Adjustments for:		
	Depreciation & Amortization	49,059,678	48,526,224
	Cash Used in Operating Activities before W/C changes	42,096,631	(12,935,600)
	Add/Less:		
	(Increase)/Decrease in other Financial assets	(32,722,841)	12,661,609
	(Increase)/Decrease in Inventories	-	-
	(Increase)/Decrease in Other Current Assets	(1,467,744)	34,119,078
	(Increase)/Decrease in Prepayments	2,392,106	(208,443)
	Increase/(Decrease) in Other Financial Liabilities	442,822	(357,642)
	Increase/(Decrease) in Short Term Loans	(30,900,000)	(9,100,000)
	Increase/(Decrease) in Provisions	-	-
	Increase/(Decrease) in Other Liabilities - Current	2,858,787	23,856,353
	Increase/(Decrease) in Advance From Directors	29,402,315	(26,353,938)
	Income Tax Paid	-	-
	Cash Generated/(Used) from/for Operating Activities	12,102,076	21,681,418
B	Cash Flow from Investing Activities :		
	(Increase)/Decrease in Fixed Asset & Intangible Assets	(11,988,657)	(51,443,857)
	(Increase)/Decrease in Other Assets - Non Current	-	-
	Net Cash Flow From Investing Activities	(11,988,657)	(51,443,857)
C	Cash Flow from Financing Activities :		
	Receipt from Share issue	-	-
	Decrease in Share Capital	-	-
	Dividend paid	-	-
	Receipt from Share Application Money	-	-
	Increase/(Decrease) in Other Liabilities - Non Current	-	(100,000)
	Receipt/(Payment) - Term Loan	739,612	27,045,748
	Net Cash Flow From Financing Activities	739,612	26,945,748
	Net Increase in cash & cash equivalents	853,031	(2,816,690)
	Opening Cash & Cash Equivalents	44,022	2,860,712
	Closing Cash & Cash Equivalents	897,053	44,022

.....
Uddhav Raj Shivakotee
Director

.....
Ang Tsering Lama (Sherpa)
Director

.....
Ang Nima Sherpa
Chairperson

.....
CA. Eka Raj Sigdel
E. R. Sigdel & Associates
Chartered Accountants

.....
Jen Lama
Director

.....
Subarna Shakya
Director

.....
Durga Devi Dhakal
Director

.....
Rakesh Joshi
Independent Director

.....
Karma Raj Tamang
CEO/ Company Secretary

Date: 2082/11/05

Place: Madhyapur Thimi - 03, Bhaktapur, Nepal.

THREE STAR HYDROPOWER LTD.

Madhyapur Thimi -03, Bhaktapur, Nepal

Statement of Changes in Equity

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

Particulars	Share Capital	Advance for Share Capital	Accumulated Profit/(Loss)	Total
Balance as at Ashad 31, 2080	492,500,000	-	(89,998,874)	402,501,126
Change in accounting policy	-	-	-	-
Restated Balance	492,500,000	-	(89,998,874)	402,501,126
Net Profit for the period	-	-	(61,461,823)	(61,461,823)
Prior year adjustment		-	-	-
Transfer to Reserve	-	-	-	-
Dividend	-	-	-	-
Issue of Share Capital	-	-	-	-
Balance as at Ashad 31, 2081	492,500,000	-	(151,460,697)	341,039,303
Change in accounting policy	-	-	-	-
Net Profit for the period	-	-	(6,963,047)	(6,963,047)
Prior year adjustment		-	-	-
Transfer to Reserve	-	-	-	-
Dividend	-	-	-	-
Issue of Share Capital	-	-	-	-
Balance as at Ashad 32, 2082	492,500,000	-	(158,423,744)	334,076,256

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Uddhav Raj Shivakotee
Director

.....
Ang Tsering Lama (Sherpa)
Director

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Ang Nima Sherpa
Chairperson

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Karma Raj Tamang
CEO/ Company Secretary

Date: 2082/11/05

Place: Madhyapur Thimi - 03, Bhaktapur, Nepal.

THREE STAR HYDROPOWER LTD.

Madhyapur Thimi -03, Bhaktapur, Nepal

Significant Accounting Policies and Explanatory Notes

For the Year ended Ashad 32, 2082 (July 16, 2025)

1 Corporate information:

1.1 Reporting Entity

M/S Three Star Hydropower Limited (TSHL) company is registered as per the Company Act, 2063 in 2072 B.S. The registered office address of the company is Madhyapur Thimi, Bhaktapur, Nepal. The company is also registered in the Inland Revenue Department through Permanent Account Number (PAN) # 603559200 on 2072.08.09. The site of the company is located at Haleshi Tuwachung Municipality, Khotang, Koshi Province, Nepal. The objective of the company is to produce hydroelectricity and sell it to the Nepal Electricity Authority following the power purchase agreement held in 2075. The company has a total capacity of 6.6 MW for which a survey license was received on 2073.07.09 B.S. and a power generation license on 2074.09.03 BS.

1.2 Responsibility for Financial Statement

The Board of Directors are responsible for preparation and presentation of these Financial Statements as per Nepal Financial Reporting Standards (NFRS). The accompanied financial statements of the company for the year ended Ashad end 2082 were authorized for issue by board of Directors on 17th Poush, 2082 (1 Jan. 2026).

2 Basis of Preparation :

The financial statements have been prepared on accrual and going concern basis. The accounting policies are applied consistently to all the periods presented in the financial statements, including the preparation of the opening NFRS Balance Sheet as at 1 Shrawan, 2079 being the 'Date of transition to NFRS'. All assets and liabilities have been classified as current or non-current as per the Company's normal operating cycle. The Company has ascertained its operating cycle as 12 months period for the purpose of current or non-current classification of assets and liabilities.

2.1 Statement of Compliance :

The financial statements have been prepared in accordance with the Nepal Financial Reporting Standards (NFRS) as issued by the Accounting Standards Board Nepal (ASB) and pronounced by The Institute of Chartered Accountants of Nepal (ICAN).

This section describes the critical accounting judgement that the company has identified as having potentially material impact on the company's financial statements and sets out our significant accounting policies that relate to the financial statements as a whole. Accounting policies along with explanatory notes, wherever such explanation is required, is described in specific relevant sections. The company's accounting policies require the management to exercise judgement in making accounting estimates.

2.2 Basis of Measurement:

The financial statements are prepared under the historical cost convention basis except for those explicitly specified in relevant notes and for following material items in Statement of Financial Position:

- Inventories are measured at cost of net realizable value whichever is lower.
- Financial assets other than those measured at amortized cost, are measured at fair value.

2.3 Critical Accounting Estimates

The preparation of the financial statements in conformity with Nepal Financial Reporting Standards requires the use of certain critical accounting estimates and judgments. It also requires management to exercise judgment in the process of applying the Company's accounting policies. The Company makes certain estimates and assumptions regarding the future events. Estimates and judgments are continuously evaluated based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. In the future, actual result may differ from these estimates and assumptions.

Accounting estimates could change from period to period. Actual results could differ from those estimates. Appropriate changes in estimates are made as the Management becomes aware of the changes in circumstances surrounding the estimates. Changes in estimates are reflected in the financial statements in the period in which changes are made and, if material, their effects are disclosed in the notes to the financial statements.

Specific 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.

2.4 Functional Currency:

The functional currency used in Financial Statement is Local Currency of Nepal denoted as NPR or NRS.

2.5 Foreign Currency:

Transactions entered into by the company entities in a currency other than the currency of the primary economic environment in which they operate (the "functional currency" is Rs.) are recorded at the rates ruling when the transactions occur. Foreign currency monetary assets and liabilities are translated at the rates ruling at the reporting date. Exchange differences arising on the retranslation of unsettled monetary assets and liabilities are recognized immediately in profit or loss.

2.6 Going Concern:

The financial statements are prepared under going concern assumption, as the management of the company is satisfied that the company has the resources to continue in business for the foreseeable future. In making this assessment, 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.

2.7 Comparative Information:

Comparative information for all the periods presented has been disclosed as required under NAS 1.

2.8 Financial Period:

The company prepares financial statements in accordance with the Nepalese financial year using Nepalese calendar. The corresponding dates for Gregorian calendar are as follows:

Particulars	Nepalese Calendar Date/Period	Gergorian Calendar Date/Period
SFP* Date	Ashad 32, 2082	July 16, 2025
Current Reporting Period	Shrawan 01, 2081 to Ashad 32, 2082	July 16, 2024 to July 16, 2025
Comparative SFP Date	Ashad 31, 2081	July 16, 2024
Comparative Reporting Period	Shrawan 01, 2080 to Ashad 31, 2081	July 16, 2023 to July 15, 2024
*Statement of Financial Position		

2.9 Stand-alone financial statements:

This financial statement is the stand-alone financial statement of the company.

2.10 Prior Period Errors:

Prior Period Errors are omissions or misstatements in an entity's financial statements. Such omissions may relate to one or more prior periods. Correction of an error is done by calculating the cumulative effect of the change on the financial statements of the period as if new method or estimate had always been used for all the effected prior years' financial statements. Sometimes such changes may not be practicable. In such cases, it is applied to the latest period possible by making corresponding adjustment to the opening balance of the period.

2.1 Materiality and Aggregation:

In compliance with NAS 1 Presentation of Financial Statements, each material class of similar item is presented separately in the financial statement. Item of dissimilar nature or functions are presented separately, unless they are material.

2.1 Reporting Pronouncements:

The company for its preparation of financial statement has adopted accounting policies to comply with the pronouncements made by The Institute of Chartered Accountants of Nepal.

2.1 Limitation of NFRS implementation:

If the information is not available and the cost to develop would exceed the benefit derived, such exception to NFRS implementation has been noted and disclosed in respective section.

3 Significant Accounting Policies:

NFRS requires adoption of accounting policies that are most appropriate to the company's circumstances determining and applying accounting policies. Directors and management are 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 Company's reported financial position, results or cash flows.

Specific accounting policies have been included in the specific section of the notes for each items of financial statements which requires disclosures of accounting policies or changes in accounting policies. Effect and nature of the changes have been disclosed wherever required.

3.1 Current Versus Non-Current Classification:

The Company presents assets and liabilities in statement of financial position based on current/non-current classification. Based on the nature of products and the time between 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/non-current classification of assets and liabilities.

The Company classifies an asset as current when it is:

- i Expected to be realized or intended to be sold or consumed in normal operating cycle,
- ii Held primarily for the purpose of trading,
- iii Expected to be realized within twelve months after the reporting period, or
- iv Cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after reporting date

All other assets are classified as non-current:

The Company classifies a liability as current when:

- i It is expected to be settled in normal operating cycle,
- ii It is held primarily for the purpose of trading,
- iii It is due to be settled within twelve months after the reporting period, or
- iv There is no unconditional right to defer the settlement of the liability for at least twelve months after reporting period,

The Company classifies all other liabilities as non-current.

Deferred tax assets and liabilities are classified as non-current assets and liabilities.

3.2 Cash Flow Statement

The carrying amount of cash and cash equivalents are measured at cost in the statement of Financial position. Statement of Cash Flow has been prepared by using the "Indirect Method" in accordance with NAS 07 Cash Flow Statements.

3.3 Financial Instruments : Financial asset

Financial asset is any asset that is:

- (a) cash;
- (b) an equity instrument of another entity;
- (c) a contractual right:
 - (i) to receive cash or another financial asset from another entity; or
 - (ii) to exchange financial assets or financial liabilities with another entity under conditions that are potentially favourable to the entity; or
- (d) a contract that will or may be settled in the entity's own equity instruments and is:
 - (i) a non-derivative for which the entity is or may be obliged to receive a variable number of the entity's own equity instruments; or
 - (ii) a derivative that will or may be settled other than by the exchange of a fixed amount of cash or another financial asset for a fixed number of the entity's own equity instruments.

A Recognition:

All financial assets are initially recognized on the date on which the company becomes a party to the contractual provisions of the instrument. The classification of financial instruments at initial recognition depends on their purpose and characteristics and the management's intention in acquiring them.

B Classification:

The financial assets are measured at amortized cost or fair value on the basis of the company's business model for managing the financial assets and contractual cash flow characteristics of the financial assets.

The two classes of financial assets are as follows:

i. Financial assets measured at amortized cost:

Financial assets are measured at amortized cost if both the following conditions are met:

- The asset is held within a business model whose objective is to hold assets in order to collect contractual cash flows and
- The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

ii. Financial assets measured at fair value:

Financial assets other than those are measured at amortized cost are measured at fair value. Financial assets measured at fair value are further classified into two categories as below:

a) Financial assets at fair value through profit or loss (FVTPL)

Financial assets are classified as fair value through profit or loss if they are held for trading or are designated at fair value through profit or loss. Upon initial recognition, transaction cost is directly attributable to the acquisition are recognised in profit or loss as incurred. such assets are subsequently measured at fair value and changes in fair value are recognised in statement of profit or loss.

b) Financial assets at fair value through Other comprehensive Income (FVTOCI)

Investment in an equity instrument that is not held for trading and at the initial recognition, the company makes an irrevocable election that the subsequent changes in fair value of the instrument to be recognized in other comprehensive income are classified as financial assets at fair value through other comprehensive income. Such assets are subsequently measured at fair value and changes in fair value are recognized in other comprehensive income.

C Measurement:

The financial assets are measured at amortized cost or fair value on the basis of the company's business model for managing the financial assets and contractual cash flow characteristics of the financial assets.

i. Initial Measurement:

A financial asset, other than those are measured at FVTPL, is measured initially at fair value plus any transaction cost. Transaction costs in relation to financial assets those are measured at FVTPL are charged to statement of profit or loss.

ii. Subsequent Measurement:

A financial asset, is subsequently measured at fair value or amortized cost based on the classification of the financial asset. Financial asset those are classified to be measured at amortized cost, are measured at amortized cost using Effective Interest Rate method.

The amortized cost of a financial asset is the amount at which financial asset is measured at initial recognition minus principal repayments, minus cumulative amortization using the Effective interest rate method of any difference between the initial amount and the maturity amount and minus any reduction for impairment or uncollectibility.

Financial asset classified at fair value are subsequently measured at fair value. The subsequent changes in fair value of financial assets at FVTPL are charged to statement of profit or loss whereas financial assets at FVTOCI are charged to other comprehensive income.

D Derecognition:

The company derecognizes a financial asset when the contractual rights to the cash flows from the financial asset expire, or it transfers the right to receive the contractual cash flows in a transaction in which substantially all the risk and rewards of ownership of the financial asset are transferred or in which the company neither transfers nor retains substantially all the risks and rewards of ownership and it does not retain control of the financial asset.

Any interest in such transferred financial assets that qualify for derecognition that is created or retained by the company is recognized as a separate asset or liability. On derecognition of a financial asset, the difference between the carrying amount of the asset (or the carrying amount allocated to the portion of the asset transferred), and the sum of (i) the consideration received (including any new asset obtained less any new liability assumed) and (ii) cumulative gain or loss that had been recognized in other comprehensive income is recognized in profit or loss.

In transactions in which the company neither retains nor transfers substantially all the risks and rewards of ownership of a financial asset and it retains control over the asset, the company continues to recognize the asset to the extent of its continuing involvement, determined by the extent to which it is exposed to changes in the value of the transferred asset.

E Determination of Fair Value

Fair value is the amount for which an asset could be exchanged, or a liability settled, between knowledgeable, willing parties in an arm's length transaction on the measurement date. The fair value of a liability reflects its non-performance risk.

When available, the company measures the fair value of an instrument using quoted prices in an active market for that instrument. A market is regarded as active if quoted prices are readily available and regularly available and represent actual and regularly occurring market transactions on an arm's length basis. If a market for a financial instrument is not active, the company establishes fair value using a valuation technique. Valuation techniques include using recent arm's length transactions between knowledgeable, willing parties (if available), reference to the current fair value of other instruments that are substantially the same, discounted cash flow analysis.

The best evidence of the fair value of a financial instrument at initial recognition is the transaction price - i.e. the fair value of the consideration given or received. However, in some cases, the fair value of a financial instrument on initial recognition may be different to its transaction price. If such fair value is evidenced by comparison with other observable current market transactions in the same instrument (without modification) or based on a valuation technique whose variable include only data observable markets, then the difference is recognized in profit or loss on initial recognition of the instrument. In other cases, the difference is not recognised in profit or loss immediately but is recognized over the life of the instrument on an appropriate basis or when the instrument is redeemed, transferred or sold, or the fair value becomes observable.

All unquoted equity investments are recorded at cost.

F Impairment of Financial Assets

The carrying amounts of the Company's financial assets are reviewed at each balance sheet date to determine whether there is any indication of impairment. If any such indication exists, the asset's recoverable amount is estimated. An impairment loss is recognized when the carrying amount of an asset exceeds its recoverable amount. Impairment losses are recognized in the Statement of Profit or Loss.

The company considers evidence of impairment for loans and advances and held to maturity investment securities at both a specific asset and collective level. All individually significant loans and advances and held-to-maturity instrument securities are assessed for specific impairment. Those found not to be specifically impaired are then collectively assessed for an impairment that has been incurred but not yet identified.

Loans and advances held-to-maturity investment securities that are not individually significant are collectively assessed for impairment by grouping together loans and advances and held-to-maturity investment securities with similar risk characteristics. Impairment test is done on annual basis for trade receivables and other financial assets based on the internal and external indication observed.

In assessing collective impairment, the company uses statistical modelling of historical trends of the probability of default, the timing of recoveries and the amount of loss incurred, adjusted for management's judgement as to whether current economic and credit conditions are such that the actual losses are likely to be greater or less than suggested by historical trends. Default rates, loss rates and the expected timing of future recoveries are regularly benchmarked against actual outcomes to ensure that they remain appropriate.

3.4 Financial Instruments- Financial liabilities

A financial liability is any liability that is:

- a) contractual obligation:
 - (i) to deliver cash or another financial asset to another entity; or
 - (ii) to exchange financial assets or financial liabilities with another entity under conditions that are potentially unfavorable to the entity; or
- (b) a contract that will or may be settled in the entity's own equity instruments and is:
 - (i) a non-derivative for which the entity is or may be obliged to deliver a variable number of the entity's own equity instruments; or
 - (ii) a derivative that will or may be settled other than by the exchange of a fixed amount of cash or another financial asset for a fixed number of the entity's own equity instruments.

A Recognition:

All financial assets are initially recognized on the date on which the company becomes a party to the contractual provisions of the instrument. The classification of financial instruments at initial recognition depends on their purpose and characteristics and the management's intention in acquiring them.

B Classification:

The company classifies its financial liabilities, other than financial guarantees and loan commitments, as follows:

i. Financial Liabilities at fair value through profit or loss (FVTPL)

Financial liabilities are classified as fair value through profit or loss if they are held for trading or are designated at fair value through profit or loss. Upon initial recognition, transaction costs that are directly attributable to the acquisition are recognised in profit or loss as incurred. Such assets are subsequently measured at fair value and changes in fair value are recognised in statement of profit or loss.

ii. Financial Liabilities measured at amortized cost:

All financial liabilities other than measured at fair value through profit or loss are classified subsequently measured at amortized cost using Effective interest rate method.

C Measurement:**i. Initial Measurement:**

A financial liability, other than those are measured at FVTPL, is measured initially at fair value plus any transaction cost. Transaction costs in relation to financial assets those are measured at FVTPL are charged to statement of profit or loss.

ii. Subsequent Measurement:

A financial liability, is subsequently measured at fair value or amortized cost based on the classification of the financial liability. Financial liability those are classified to be measured at amortized cost, are measured at amortized cost using Effective Interest Rate method.

Risks associated with Financial Instrument- Financial Liabilities

The company has a risk management framework to monitor, access, mitigate and manage risk. The risk management framework is given in Note 36.

3.5 Provisions

The Company applies NAS 37 Provisions, Contingent Liabilities and Contingent Assets in accounting for non-financial liabilities.

Provisions are recognized for present obligations arising as consequences of past events where it is more likely than not that a transfer of economic benefit will be necessary to settle the obligation, which can be reliably estimated. Provision is made for the anticipated costs when an obligation exists. There is no such any obligation to the Company.

3.6 Capital Management

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

3.7 Events after reporting period:

The company monitors and assess events that may have potential impact to qualify as adjusting and/or non-adjusting events after the end of the reporting period. Where necessary, all material events after the reporting date have been considered and appropriate adjustment in the books with additional disclosures have been made in the financial statements as per the NAS 10 Events After the Balance Sheet Date and non-adjusting events are disclosed in the notes with possible financial impact, to the extent ascertainable.

3.8 IFRIC 12 Consideration:

The main objective of the company is to construct and operate Hydropower Projects as a developer after obtaining separate license for each project from the government body. The license for developing these projects is conditional that the company is obliged to hand over the infrastructure to the government at the end of the period specified in the license. The license and other arrangements for operating the project is such that the price to be levied by the company by selling its power production and the consumer of the power produced by the company is regulated by power purchase agreement. The management considers that these arrangements meet the following criteria of IFRIC 12 – Service Concession Arrangements: These arrangements are accounted on the basis of below mentioned models depending on the nature of consideration and relevant contract law.

- a) 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
- b) 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

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 guarantee 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 the operator, receives a right (a license) to charge users of the public service. A right to charge users of a public services is not an unconditional right to receive 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 accounts cost of construction of these project under Intangible asset model as per IFRIC 12.

3.9 Lease:

The company has elected not to apply the requirements of NFRS 16-Leases to short term leases of all assets that have a lease term of 12 months or less and leases for which the underlying asset is of low value. The lease payments associated with these leases are recognized as an expense on a straight line method over the lease term, unless the payments are structured to increase in line with the expected general inflation to compensate the lessor's expected inflationary cost increase.

THREE STAR HYDROPOWER LTD.

Madhyapur Thimi -03, Bhaktapur, Nepal

Significant Accounting Policies and Explanatory Notes

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

4. Property, Plant and Equipments:

Particulars	Land	Building	Office Equipments, Computers, Printers & Furnitures	Vehicles	Plant & Machineries	Leasehold Improvements	Total
Gross Block as on Ashad 32, 2079	-	383,436	1,127,356	1,632,512	243,948	-	3,387,252
Additions For the year	-		15,002	-	750,000	-	765,002
Revaluation Surplus of PPE	-		-	-	-	-	-
Transfer to Intangible Assest							-
Revaluation & Adjustments							-
Disposals/Adjustments	-		-	-	-	-	-
Gross Block as on Ashad 31, 2080	-	383,436	1,142,358	1,632,512	993,948	-	4,152,254
Additions For the year	-		360,450	311,900	-		672,350
Revaluation Surplus of PPE	-		-	-	-	-	-
Transfer to Intangible Assest							-
Revaluation & Adjustments							-
Disposals/Adjustments	-		-	(909,050)	-	-	(909,050)
Gross Block as on Ashad 31, 2081	-	383,436	1,502,808	1,035,363	993,948	-	3,915,554
Additions For the year			120,890				120,890
Revaluation Surplus of PPE							
Transfer to Intangible Assest							
Revaluation & Adjustments							
Disposals/Adjustments							
Gross Block as on Ashad 32, 2082	-	383,436	1,623,698	1,035,363	993,948	-	4,036,444
Accumulated Balance as on Ashad 31, 2079	-	19,172	273,353	468,553	24,395	-	785,473
Charge for the year	-	19,172	276,034	141,887	107,728		544,821
Adjustment due to Revaluations & others							-
Impairment Losses							-
Transfer to Intangible Assest							-
Disposals/Adjustments							-
Accumulated Balance as on Ashad 31, 2080	-	38,344	549,387	610,440	132,123	-	1,330,294
Charge for the year	-	19,172	327,654	67,243	107,728	-	521,797
Adjustment due to Revaluations & others			-	-	-	-	-

Impairment Losses							-
Transfer to Intangible Assest							-
Disposals/Adjustments							-
Accumulated Balance as on Ashad 31, 2081	-	57,515	877,041	677,683	239,851	-	1,852,091
Charge for the year	-	19,172	437,260	67,243	107,728		631,403
Adjustment due to Revaluations & others			-	-	-	-	-
Impairment Losses							-
Transfer to Intangible Assest							-
Disposals/Adjustments							-
Accumulated Balance as on Ashad 32, 2082	-	76,687	1,314,301	744,926	347,579	-	2,483,494
Net Block							
As on Ashad 32, 2082	-	306,749	309,396	290,436	646,369	-	1,552,950
As on Ashad 31, 2081	-	325,921	625,766	357,679	754,097	-	2,063,463
As on Ashad 31, 2080	-	345,092	592,971	1,022,072	861,825	-	2,821,960

THREE STAR HYDROPOWER LTD.

Madhyapur Thimi -03, Bhaktapur, Nepal

Significant Accounting Policies and Explanatory Notes

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

5.1 Recognition & Measurement

Property, Plant and Equipment are initially measured at cost in the Statement of Financial Position and are inclusive of all cost less any subsequent accumulated depreciation and subsequent accumulated impairment losses, if applicable for each class of assets (except Land). Property, Plant & Equipment are recognized as an asset, if and only if it is probable that future economic benefits associated with the item will flow to the company; and the cost of the item can be measured reliably.

Cost includes the purchase price and other directly attributable costs of Property, Plant & Equipment. Cost also includes the cost of replacing part of the plant and equipment and borrowing costs for long-term construction projects if the recognition criteria are met. When significant parts of plant and equipment are required to be replaced at intervals, the Company depreciates them separately based on their specific useful lives. Likewise, when a major inspection is performed, its cost is recognized in the carrying amount of the plant and equipment as a replacement if the recognition criteria are satisfied. All other repair and maintenance costs are recognized in Statement of Profit or Loss as incurred. If an item of Property, Plant & Equipment consists of several components with different estimated useful lives, those components that are significant are depreciated over their individual useful lives. Subsequent costs that do not qualify the recognition criteria under NAS 16 are expensed as and when incurred.

The present value of the expected cost for the decommissioning of an asset after its use is considered for determination of cost of the respective asset if the recognition criteria under NAS 16 and IFRIC 1 are met. Management feels that such cost are difficult to estimate and are not material thus are not considered.

Assets in the course of construction are carried at cost, less any recognised impairment loss. Depreciation on these assets will commence when these assets are ready for their intended use.

Assets held under finance leases are depreciated over their expected useful lives on the same basis as owned assets or, where shorter, the term of the relevant lease.

Subsequently PPE is stated at cost, net of accumulated depreciation and accumulated impairment losses, if any.

5.2 Depreciation:

The depreciation period is based on the expected useful life of an asset. Depreciation on items of PPE is provided on the straight-line method based on the estimated useful life of the assets determined by the management. Depreciation on additions to PPE is provided on pro-rata basis in the year of purchase. The residual values, useful lives and the depreciation methods of assets are reviewed at least at each financial year end and, if expectations differ from previous estimates are accounted for as a change in accounting estimates in accordance with NAS 8. If an item of PPE consist of several components with different useful lives, those components that are significant are depreciated over their individual useful life.

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. Such changes are reflected in the assumptions when they occur.

The estimated useful lives of assets are as follows:

Particulars	Class of assets	Estimated Useful Life
Office Furniture & Equipment	Block B	1-3 years
Plant & Machinery	Block D	7 years
Vehicles	Block C	7 years
Intangible - Software	Block E	Fully depreciated
Intangible - Service Consession Arrangement	Block E	28 Years

Freehold land is not depreciated. Depreciation on assets under construction does not commence until they are complete and available for use.

5.3 Change in Accounting Estimate:

Change in accounting estimate is an adjustment of the carrying amount of an asset or a liability, or the amount of the periodic consumption of an asset, that results from the assessment of the present status of, and expected future benefits and obligations associated with, assets and liabilities. Changes in accounting estimates result from new information or new developments and accordingly, are not corrections of errors.

5.4 De-recognition:

An item of Property, Plant and Equipment is de-recognized on disposal or when no future economic benefits are expected from the use of that asset. The gain or loss arising from the disposal of an item of Property, Plant and Equipment is the difference between net disposal proceeds, if any, and the carrying amount of that item and is recognized in the statement of profit and loss.

6. Intangible Assets

Particulars	Softwares / Licences	Service Concession Arrangement	Total
Gross Block As on Ashad 32, 2079	2,185	1,379,776,990	1,379,779,174
Additions	-	46,649,136	46,649,136
Revaluation Surplus of Intangible Assets	-	-	-
Transfer	-	-	-
Revaluation & Adjustments	-	-	-
Disposals/Adjustments	-	-	-
Gross Block As on Ashad 31, 2080	2,185	1,426,426,126	1,426,428,310
Additions	-	51,680,557	51,680,557
Revaluation Surplus of Intangible Assets	-	-	-
Revaluation & Adjustments	-	-	-
Disposals/Adjustments	-	-	-
Gross Block As on Ashad 31, 2081	2,185	1,478,106,682	1,478,108,867
Additions	-	11,867,767	11,867,767
Revaluation Surplus of Intangible Assets	-	-	-
Transfer	-	-	-
Revaluation & Adjustments	-	-	-
Disposals/Adjustments	-	-	-
Gross Block As on Ashad 32, 2082	2,185	1,489,974,449	1,489,976,633
Accumulated Amortisation			
Accumulated Balance As on Ashad 32, 2079	2,185	19,424,913	19,427,098
Charge for the year	-	46,252,543	46,252,543
Adjustment due to Revaluations & others	-	-	-
Impairment Losses	-	-	-
Disposals/Adjustments	-	-	-
Accumulated Depreciation as on Ashad 31, 2080	2,185	65,677,456	65,679,641
Charge for the year	-	48,004,427	48,004,427
Adjustment due to Revaluations & others	-	-	-
Impairment Losses	-	-	-

Disposals/Adjustments	-	-	-
Accumulated Depreciation as on Ashad 31, 2081	2,185	113,681,883	113,684,068
Charge for the year	-	48,428,275	48,428,275
Adjustment due to Revaluations & others	-	-	-
Impairment Losses	-	-	-
Transfer to PPE	-	-	-
Disposals/Adjustments	-	-	-
Accumulated Depreciation as on Ashad 32, 2082	2,185	162,110,158	162,112,343
Net Block			
As on Ashad 32, 2082	-	1,327,864,290	1,327,864,290
As on Ashad 31, 2081	-	1,364,424,799	1,364,424,799
As on Ashad 31, 2080	-	1,360,748,669	1,360,748,669

Intangible Assets Recognition, Measurement & Amortization:

Intangible assets are recognised on the basis of costs incurred to acquire and bring to use the specific software and the asset created is expected to provide future economic benefits where it is probable that it will generate future economic benefits in excess of its cost. Computer software cost are amortised on the basis of expected useful life which is estimated as 5 years (to be reviewed periodically). Costs associated with maintaining software are recognised as an expenses when incurred. At each statement of financial position date, these assets are assessed for indication of impairment. In the event that an asset's carrying amount is determined to be greater than its recoverable amount, the assets are written down immediately.

Software is fully amortised on the basis of expected useful life as on the transition date. Costs associated with maintaining software are recognised as an expenses when incurred. At each statement of financial position date, these assets are assessed for indication of impairment. In the event that an asset's carrying amount is determined to be greater than its recoverable amount, the assets is written down immediately.

Service Consession Arrangement is the Project asset recognise under the IFRIC -12, is amortize in the life of the project as specified in the PPA i.e. 35 years from the date of the Issuance of Generation License. 7 years have been already passed on the date of transition. Opening WDV is depreciated in the remaining life of the project on straight line basis.

7. Taxation:

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

7.1 Income Tax Rate Applicable to the Company:

As per Income Tax Act 2058, Company is in tax holidays for the period of 10 year from the date of commercial operation. Therefore no Provision has been made.

7.2 Current Income Tax

Current tax comprises the expected tax payable on the taxable income or loss for the year and any adjustment to the tax payable or receivable in respect of previous years. The amount of current tax payable is the best estimate of the tax amount expected to be paid that reflects uncertainty related to income taxes, if any. It is measured using tax rates enacted or substantively enacted at the reporting date.

7.3 Deferred Tax

Deferred tax is recognised in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes.

Deferred tax assets are recognised for unused tax losses, unused tax credits and deductible temporary differences to the extent that it is probable that future taxable profits will be available against which they can be used. Future

taxable profits are determined based on the reversal of relevant taxable temporary differences. If the amount of taxable temporary differences is insufficient to recognise a deferred tax asset in full, then future taxable profits, adjusted for reversals of existing temporary differences, are considered. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised; such reductions are reversed when the probability of future taxable profits improves.

Unrecognised deferred tax assets are reassessed at each reporting date and recognised to the extent that it has become probable that future taxable profits will be available against which they can be used.

Deferred tax is measured at the tax rates that are expected to be applied to temporary differences when they reverse, using tax rates enacted or substantively enacted at the reporting date.

The Company is in tax holiday period due to which no temporary differences arise on carrying amount and tax base and hence no deferred tax assets/liabilities have been recognized.

8. Inventories

Particulars	As on Ashadh 32, 2082	As on Ashadh 31, 2081
Inventories	-	-
Total	-	-

9. Cash and Cash Equivalents

Particulars	As on Ashadh 32, 2082	As on Ashadh 31, 2081
Cash Balances (As Certified by Management)	138,170	2,959
Balances with Banks:		
NMB Bank Limited, Babarmal	9,351	9,351
Himalayan Bank Ltd, Thamel	746,532	-
Raŕtriya Banijya Bank Ltd, Singa Durbar	3,000	31,712
Total	897,053	44,022

9.1 Cash and cash equivalents comprises cash balances, call deposits and other short term highly liquid investments. For the purpose, any cash placement deposits, call deposit or other highly liquid items with the maturity period of 90 days or more from the date of transaction is considered as cash equivalent.

9.2 Balances with banks includes balances in all current and call accounts of the company. If any, balances in foreign currency are translated at the exchange rate prevailing at the reporting date and any gain/loss is charged to Statement of profit or loss.

10. Other Financial Assets

Particulars	As on Ashadh 32, 2082	As on Ashadh 31, 2081
Receivable from the NEA	43,958,928	11,236,088
Less: Provision for Doubtful Debts	-	-
Total	43,958,928	11,236,088

10.1 Other Financial Assets

Other Financial Assets Net of provision for Doubtful Debts comprises of amount receivable from unsecured customers and are non-interest bearing and are generally receivable on terms of 7 to 90 days in the ordinary course of business.

10.2 Impairment

For allowances, assets with a potential need for a write-down are grouped together on the basis of similar credit risk characteristics, tested collectively for impairment, and written-down, if necessary. Estimated irrecoverable amounts are based on the ageing of the receivable balances, taking previous cases of default into consideration and historical experiences.

11. Prepayments

Particulars	As on Ashadh 32, 2082	As on Ashadh 31, 2081
Prepaid Insurance	-	2,392,106
Prepaid Renewal Exp	-	-
Total	-	2,392,106

12. Other Assets

12.1 Other Assets - Non Current

Particulars	As on Ashadh 32, 2082	As on Ashadh 31, 2081
Other Non- current assets	-	-
Total	-	-

12.2 Other Assets - Current

Particulars	As on Ashadh 32, 2082	As on Ashadh 31, 2081
EM Fund Created by Bank	48,100	48,100
HM- Fund Created by Bank	161,000	161,000
LC Margin - Hydromechanical-HM	21	21
Exim Code - Bank Gurantee	-	300,000
Total	209,121	509,121

12.2.1. Advances

Particulars	As on Ashadh 32, 2082	As on Ashadh 31, 2081
Deposit for Oxygen	36,000	-
Advance for Purchase of Two Wheeler	-	-
Advance for Project	5,980,110	4,145,750
Advance for office	-	43,216
Advance for house rent	-	59,400
Advance for Consultancy Fee	1,656,550	1,656,550
TDS Receivable	71,314	71,314
Salary Advance	174,019	174,019
Total	7,917,993	6,150,250

13. Share Capital

Particulars	As on Ashadh 32, 2082	As on Ashadh 31, 2081
<u>Authorised:</u>		
Authorized Share Capital 5,000,000 Share @ 100 each	<u>500,000,000</u>	<u>500,000,000</u>
<u>Issued & Subscribed:</u>		
Issued Share Capital 4,925,000 Share @ 100 each	<u>492,500,000</u>	<u>492,500,000</u>

Subscribed:		
Paid up Share Capital 3,693,750 shares @ 100 each for Promoters	369,375,000	369,375,000
Paid up Share Capital 1,231,250 shares @ 100 each for Public	<u>123,125,000</u>	<u>123,125,000</u>
Less: Calls in arrear		
Total	492,500,000	492,500,000

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

13.2. Reconciliation of the number of equity shares outstanding at the beginning and end of the year:

Particulars	Nos of Shares	Face Value
Shares outstanding As on Shrawan 1, 2080	4,925,000	100
Add: Shares issued during the year	-	100
Total Shares outstanding at Ashad 31, 2081	4,925,000	100
Add: Shares issued during the year	-	100
Total Shares outstanding at Ashad 32, 2082	4,925,000	100

14. Advance for Share Capital

Particulars	As on Ashadh 32, 2082	As on Ashadh 31, 2081
Advance for Share Capital	-	-
Total	-	-

15. Other Equity

Particulars	As on Ashadh 32, 2082	As on Ashadh 31, 2081	As on Shrawan 1, 2079 (ReStated)
15.1. Retained Earlings			
Upto Last Year	(151,460,697)	(89,998,874)	
Add/Less: Adjustments	-	-	
Balance	(151,460,697)	(89,998,874)	
Change in Accounting Policy		-	
For the Year	(6,963,047)	(61,461,823)	
Reversal of Previous Year Provision	-	-	
Dividend		-	
Total	(158,423,744)	(151,460,697)	

16. Long Term Borrowings

Long term borrowings are interest bearing financial liabilities consisting of bank borrowings. For these financial liabilities interest charged by the bank approximates effective interest rate and such rate is considered for calculation of amortized cost of liability and the finance cost. The effect of intital charges and its impact on effective rate is considered not material and the carrying value is considered approximate amortized cost.

Particulars	As on Ashadh 32, 2082	As on Ashadh 31, 2081	As on Shrawan 1, 2079 (Restated)
Secured Loans:			
Term Loan - Himalayan Bank Ltd, Thamel	500,747,252	486,645,209	
Term Loan - Raſtriya Baniſiya Bank Ltd, Singha Durbar	411,738,108	425,100,539	
Total	912,485,360	911,745,748	

16.1 Advance from Director's

Loan & Advance from Director's

Particulars	As on Ashadh 32, 2082	As on Ashadh 31, 2081	As on Shrawan 1, 2079 (Restated)
Kumar Kharel	5,000,000	-	
Uddhav Raj Shivakotee	16,705,839	12,705,839	
Ang Nima Sherpa	6,944,315	2,150,000	
Ang Tsering Lama (Sherpa)	12,994,516	9,536,516	
Dhan Bdr. Shreſtha	17,974,605	13,974,605	
Jen Lama	9,061,164	5,361,164	
Subarna Shakya	7,050,000	2,600,000	
Total	75,730,439	46,328,124	

17. Other Liabilities

17.1 Other Liabilities - Non Current

Particulars	As on Ashadh 32, 2082	As on Ashadh 31, 2081	As on Shrawan 1, 2079 (Restated)
<u>Retention Money Payable:</u>			
Retention Money-5% on HM Works-Maa Shakti	4,809,798	4,809,798	
Retention Money-Brother/Maa Gauri JV	25,525,655	25,525,655	
Total	30,335,453	30,335,453	

17.2 Other Liabilities - Current

Particulars	As on Ashadh 32, 2082	As on Ashadh 31, 2081	As on Shrawan 1, 2079 (Restated)
Interest Payable (HBL + RBB Loan)	26,162,099	23,854,657	
Salary Payable	950,819	746,454	
Audit Fee Payable	278,750	139,375	
NFRS Consultancy fee payable	83,625	83,625	
SSF Payable	74,803	-	
Sub- Total	27,550,096	24,824,111	
<u>TDS & Other Tax Payable</u>			
TDS - Audit Fee	3,750	1,875	

TDS - NFRS Consultancy Fee	-	1,125	
TDS - Allowances	15,883	11,824	
TDS - House Rent Expenses	44,000	11,733	
SST 1% - Wages Expenses	412,464	396,991	
SST 1% - Remuneration Expenses	115,896	49,484	
TDS Payable -E.R Sigdel & Associates	1,800	-	
TDS - Public Ltd.	4,849	-	
TDS - Private Ltd.	130,312	123,120	
Sub- Total	728,954	596,153	
Total	28,279,050	25,420,264	

18. Other Financial Liabilities

Particulars	As on Ashadh 32, 2082	As on Ashadh 31, 2081
Sundry Creditors	-	167,885
Payable Prabindra Tamang (Advance)	129,750	-
Payable K.P.S Automobiles Pvt.Ltd	212,171	-
Pradip Dahal-Advance	152,804	-
Payable to E.R Sigdel & Associates	77,925	-
Payable to Jen Lama (Office advance)	37,340	-
House Rent Payable	49,500	-
Payable to Karma Raj Tamang (Office advance)	417,030	-
Payable to Keshu Multi Concern	254,250	-
Payable to Subham Traders	30,000	-
Payable to Tech Depot Pvt Ltd	45,087	-
Payable to Dhurba Raj Sharma-Okil	25,000	-
Payable to Nepal Advertising Agency	41,141	-
Payable to Worldlink Communications Ltd	21,780	-
Other Payable	-	883,071
Total	1,493,778	1,050,956

19. Short Term Borrowings

Particulars	As on Ashadh 32, 2082	As on Ashadh 31, 2081
Secured Loans:		
Overdraft / Demand / SDLN Loan, Thamel	-	30,900,000
Current Maturity of Non-Current Borrowings	-	-
Total	-	30,900,000

20. Provisions

Particulars	As on Ashadh 32, 2082	As on Ashadh 31, 2081
Provision for Employee Bonus -This year	-	
Provision - Till Previous Year	-	
Total	-	-

21. Revenue From Operations

Particulars	Current year	Previous Year
Revenue form service concession agreement	150,665,602	113,318,826
Total	150,665,602	113,318,826

Revenue Recognition:

The company is a hydropower deals with electricity.

21.1 Revenue from Operation:

Revenue for operation is recognized when the company has transferred the significnat risks and rewards of ownership to the buyer i.e. Nepal Eletricity Authority (NEA) and it is probable that the company will receive the previously agreed upon payment.

22. Other Income

Particulars	Current year	Previous Year
Insurance Claim	6,590,000	611,900
Income form IPO		-
Gain on Dispoal of Vehicles		890,950
Total	6,590,000	1,502,850

22.1 Interest Income:

Insurance Claim are the income realise form the insurance claim from insurance companies.

22.2 Income from IPO:

Income from IPO (Initial Public Offering) are the income related to the issuance of the shares at primary market.

23. Cost of Operation

Particulars	Current year	Previous Year
NEA - Electricity Expenses	1,598	302,953
Project Travelling Expenses	176,342	350,357
Project Supervision Expenses	-	131,110
Site Fuel Expenses	173,168	146,554
Site Office-Communication Expenses	160,067	60,668
Site Office-Mess Expenses	1,106,607	1,019,120
Site Office Miscellaneous Expenses	212,294	279,736
Site Office Fooding Expenses	214,005	184,646
Site Office-Setup Materials Expenses	335,267	2,195,842

Royalty Expenses - DOED (Including Energy Supply Charge & Fine)	18,802,610	7,186,563
Wages Expenses	1,432,081	142,400
Transportation Charges	10,000	75,000
Reservior Cleaning Exp	-	355,000
Tihar Expenses for Site Office	16,000	-
Repair & Maintenance Expenses - Runner	-	10,000
Repair & Maintenance Expenses - EM Machine	254,250	93,613
Repair & Maintenance Expenses - Pump	76,281	42,500
Repair & Maintenance Expenses (Others)	173,023	40,447
Site Staff Medical Expenses	2,748	-
Total	23,146,342	12,616,509

24. Employee Cost

Particulars	Current year	Previous Year
Short Term Employee benefits:		
Salary & Allowances	6,639,396	5,022,949
Defined Contribution Plan		
Contribution to CIT	-	-
Total	6,639,396	5,022,949

24.1 Employee cost include salaries, wages, contribution to SSF, compensated absences and other terminal benefits. Employee costs are either defined benefit plan or defined contribution plan. Employee costs of the company comprise of gratuity, provident fund and accumulated leave.

25. Administration and Operating Expenses

Particulars	Current year	Previous Year
IPO Issue Expenses	-	3,150,985
Dhuwani Expenses-PL-(Jali)	50,000	-
Annual General Meeting (AGM) Expenses	-	347,313
Audit Fee	141,250	141,250
NFRS Consultancy Fee	-	84,750
Repair & Maintenance Expenses - Automobiles	74,821	61,775
Repair & Maintenance Expenses - Computer & Office Equipment	-	14,430
Registration & Renewal Expenses	-	16,950
Vehicle Renewal Expenses	56,000	-
Computer Repairing Charge	5,500	-
OCR related Work Expenses	100,000	99,000
Quarterly Report Publishing Expenses	108,005	50,725
Quarterly Reprot Review Exp	31,725	-

Fuel & Travelling Expenses	1,200	35,159
RTA Service Charges	100,000	100,000
House Rent Expenses	322,667	117,333
Internet Expenses	67,122	148,030
Local Conveyance Expense	32,675	-
Annual Listing Renew Charge	50,000	-
NEA - Meeting Allowances	27,059	78,824
Office Expenses	70,849	467,873
Other Office Expenses (Tiffin / Tea / Coffee)	52,741	96,834
Printing and Stationery Expenses	13,092	24,095
Electricity, Water, Cleaning Expenses	12,389	-
Legal Consultancy Fee-Eng Mgmt	30,000	-
Software AMC Fee	20,000	-
Tax Expenses Paid	30,178	-
Other Office Expenses	172,075	113,500
<u>Insurance Expenses:</u>		
Loss on Disposal of Vehicles		
Bike Insurance Expenses	12,450	11,000
Insurance Expenses - LOP	2,392,106	616,777
Project - Property Insurance Expenses	2,468,114	2,196,387
Total	6,442,018	7,972,991

26. Finance Cost

Particulars	Current year	Previous Year
Interest on Short / Long Term loan	78,868,659	102,313,338
Loan Renewal Expenses	-	1,105,875
Bank Charges	62,555	59,413
BG Loan Transfer Expenses	-	25,000
Less: Rebate on interest	-	1,358,800
Total	78,931,215	102,144,827

27. Earnings Per Share

Particulars	For the year ended	For the year ended
Numerator		
Profit/(Loss) for the year	(6,963,047)	(61,461,823)
Denominator (Weighted Avg No. of Shares)		
Basic	4,925,000	4,925,000
Diluted	4,925,000	4,925,000

Earning Per Share (in NRs) (Face Value Rs 100/- each)		
Basic	(1.41)	(12.48)
Diluted	(1.41)	(12.48)

Earning Per Share:

Basic earnings per share are calculated by dividing the net profit or loss for the period attributable to equity shareholders by the weighted average number of equity shares outstanding during the year.

For the purpose of calculating diluted earnings per share, the net profit or loss for the period attributable to equity shareholders and the weighted average number of shares outstanding during the period are adjusted for the effects of all diluted potential equity shares.

28. Contingent Liabilities & Capital Commitment

28.1 Contingent Liabilities

Contingent liabilities are potential future cash out flows, where the likelihood of payment is considered more than remote but is not considered probable or cannot be measured reliably.

29. Related Party Transactions

30.1 Relationship

The company identified related parties on the following lines

- 1 Shareholders having shareholding of 5% or more during the year.
- 2 Companies represented by the Directors.
- 3 Directors and their relatives
- 4 Key management personnel and their relatives

30.2 List of Related Parties

Name of Related Parties	Nature of Relationship
a. Board of Directors and Key Management personnel (KMP):	
Ang Nima Sherpa	Chairperson
Ang Tsering lama (Sherpa)	Director
Uddhav Raj Shivakotee	Director
Jen Lama	Director
Subarna Shakya	Director
Durga Devi Dhakal	Director
Rakesh Joshi	Public Director

30.3 Transactions with Directors & Key Management Personnel

During the year neither any directors nor any key management personnel nor any associate or family member (relative) of the directors and key management personnel was indebted to the company Except the owner of the Company.

31. Financial risk management objectives and policies

The Company's business activities expose to a variety of risks, namely primarily to fluctuations in foreign currency exchange rates, liquidity and credit risk, which may adversely impact the fair value of its financial instruments. The Company's Board and senior management has overall responsibility for the establishment and oversight of the Company's risk management. 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 the Company's activities.

31.1 Credit risk

The company provides reasonable level of credit facilities to debtors and so does it enjoy credit facility from its creditors

as well. In case of impact on tourism sector, it may have impact of company debtors' ability to pay the company within reasonable credit period allowed. Accordingly, there exist the credit risks to that extent. The company through its experience over the many years has been managing such risk well through proper way of close monitoring and supervising the regular recoverability position by the management and the Board.

31.2 Liquidity risk

The Company monitors its risk to a shortage of funds on a regular basis through fund forecast. The Company's objective is to maintain a balance between continuity of funding through equity and flexibility through use of bank loans. Access to sources of funding is sufficient.

31.4 Interest Rate Risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company's exposure to the risk of changes in market interest rates relates primarily to the Company's borrowings. The Company manages its interest rate risk by negotiating with highly reputed commercial banks.

31.5 Foreign currency risk

Foreign currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. The Company's exposure to the risk of changes in foreign exchange rates relates primarily to the Company's borrowing in foreign currency. The company manages its foreign currency risk by quoting its tariff and collecting major portion of its revenue in USD.

32. Others

32.1 Proposed Dividend

The board of directors has not yet proposed share dividend on paid up capital from the net profit of the fiscal year 2080/81 and its accumulated reserve & surplus.

32.2 Regrouping and Round off:

Figures have been regrouped and rearranged so as to facilitate comparison. The amounts in the financial statement are rounded off to the nearest Rupees, except where otherwise indicated as permitted by NAS 1 - "*Presentation of Financial Statements*".

Acharya D. & Associates

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Chartered Accountants

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INDEPENDENT AUDITOR'S REPORT

To the Shareholders,

M/s Three Star Hydropower Ltd.

Madhyapur Thimi -03, Bhaktapur, Nepal

Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying Financial Statement of M/s Three Star Hydropower Ltd (the Company), which comprises the Statement of Financial Position as at 32nd Ashadh, 2083 (Corresponding to 16th July, 2026), Statement of Profit or Loss, Statement of Cash Flows, Statement of Changes in Equity for the year then ended and schedules to the financial statements, including a summary of Significant Accounting Policies and Notes to Accounts and other explanatory information.

In our opinion, on the accompanying financial statements of Three Star Hydropower Limited as at 32nd Ashadh, 2083 (16th July, 2026) presented fairly, in all material respect, except otherwise stated, the financial position of the Company as at 32nd Ashadh, 2082 and its financial performance and its cash flows for the year ended in accordance with Nepal Financial Reporting Standard (NFRS).

Basis for the opinion

The financial statements have been prepared on accrual and going concern basis. The accounting policies are applied consistently to all the periods presented in the financial statements, including the preparation of the opening NFRS Balance Sheet as at 1st Shrawan, 2082. All assets and liabilities have been classified as current or non-current as per the Company's normal operating cycle. The Company has ascertained its operating cycle as 12 months period for the purpose of current or non-current classification of assets and liabilities.

We conducted our audit in accordance with the to Nepal Financial Reporting Standards (NFRS) from Nepal Accounting Standards and other applicable laws of Nepal. 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 the Professional Accountants together with 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 Code of Ethics for the Professional Accountants. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the financial statements.

Emphasis of Matter Paragraph

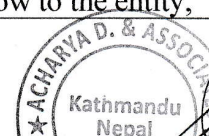
We draw attention to Schedule - 5 of financial statements regarding the rate of depreciation & amortization on property, plant and equipment & Intangible as per IFRIC 12 (Service Concession Arrangement) which describe the rate of depreciation on plant and equipment/ machinery for 1-7 years & rate of amortization on Intangible (Service Concession Arrangement) for 28 years. We also draw the attention to Schedule - 25 of financial statements regarding the administration & operating expense where few expense were booked without supporting invoices & also irrelevant expense are booked under this heading. Also, we draw the attention to schedule -23 of financial statements regarding the cost of operation where 72% of cost of operation is incurred by the fine deducted by NEA. The advances should be settled on due course of time in arm length of period. Our opinion is not further modified concerning these matters.



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 the 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. We have determined the matters described below to be the key audit matters to be communicated in our report.

Key Audit Matter	Auditor's Response
1. Revenue Recognition The revenue of the company has to be recognized as per NFRS 15. Revenue is mainly derived from the sale of electricity to the Nepal Electricity Authority. Other income will include income from sales of scrap material and income from insurance claim. As a part of our risk assessment, we have considered each individual revenue stream and determined that a significant risk exists in respect of recognition of income under all material revenue streams. Revenue may also be misstated due to errors in system calculations or manual processes.	Our audit approach regarding verification of the process of income recognition included: ▪ We understood and evaluated the controls and processes over the recording of revenue at the system level and control in place for manual processes. ▪ We obtained the details of revenue from the sale of electricity and verified billed amount of energy with the rate of electricity as quoted in the power purchase agreement with NEA. We also verified the total chargeable unit of contract energy based on approved meter readings for each period. ▪ We reviewed the contracts, wherever applicable, to ensure whether revenue as per the power purchase agreement is recognized or not. ▪ We also assessed the revenue recognition policies adopted for compliance with the relevant accounting standards.
2. Intangible – Project Assets Recognition The Subsequent cost (additional cost) of Intangible assets - project has been recognized at the time they are incurred by following the recognition principle of the company. As a part of our risk assessment, we have considered each subsequent cost incurred and determined that a significant risk exists in respect to the recognition of assets for the reporting period. Subsequent costs of assets may also be misstated due to errors in system calculations or manual processes.	Our audit approach regarding verification of the process of included: ▪ We understood and evaluated the controls and processes over the recording of subsequent costs at the system level and control in place for manual processes. ▪ We obtained the details of the subsequent cost of assets incurred from the concerned parties and verified the billed amount of assets. ▪ We reviewed the recognition criteria of assets whether it is probable that future economic benefits associated with the items will flow to the entity.



	▪ and whether the cost of the items can be measured reliably or not. ▪ We ensure that the assets recognition principle of the company for all assets is at the time they are incurred is in line with the recognition criteria of IFRIC 12. ▪ We ensure subsequent costs have been recognized in the carrying amount of assets if only the recognition criteria are met.
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Other Information

The management of company is responsible for other information, which comprises the information included in the annual report but does not include the financial statements and our opinion thereon. The annual report is expected to be made available to us after the date of this auditor's report. 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 any material misstatement of the other information, we are required to report that fact. We have nothing to report in this regard.

When we read the annual report, if we conclude that there is a material misstatement therein, we are required to communicate the matter to those charged with governance.

Responsibility 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 the applicable financial reporting framework 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 Organization'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 Organization 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 (audit conducted in accordance with NFRSs) 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 NFRSs, 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 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 financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

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

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Because of the matters described in the *Basis for the audit opinion paragraph*, we are able to obtain sufficient appropriate audit evidence to provide a basis for audit opinion on these financial statements.

Report in the Legal and Other Regulatory

As per the provision of Section 115 of the Company Act, 2063 (First Amendment, 2074), we further report that;

- I. 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 subject to the opinion mentioned enclosed here-with: -
- II. In our opinion, the returns were adequate for the purpose of the audit; proper books of accounts have been produced as supported by annexed statements and operations have been conducted satisfactorily;



- III. In our opinion, the Statement of Financial Position, Statement of Profit or Loss, and Cash Flow Statement including Schedules dealt with by this report have been prepared in accordance with the requirements of laws and agree with the books of account maintained.
- IV. The company has no practice of maintaining the record of the working hours as such we could not determine the compliance requirement under section 28 of the Labor Act, 2074. Further, we could not determine the compliance requirement under sections 29, 30, and 31 of the Labor Act, 2074 related to not to obliged to work overtime, provision relating to overtime and additional remuneration to be paid respectively during the reporting period.
- V. Neither, we have come across any information about the misappropriation of funds by the members of the Board of Directors, the representatives or employees of the company have acted contrary to the applicable provisions relating to books of accounts and have not committed for any misappropriation of the fund or caused any loss or damage to the company during the course of our audit nor we received any such information from the management subject to the opinion mentioned herewith.
- VI. We found the accounts, records, books, and ledgers have been maintained accurately following prevailing laws except for the items mentioned herewith.

To the best of our information and according to the explanations given to us, in the course of our audit, we observed the business of the Company was conducted satisfactorily, and the Company's transactions were found to be within the scope of its authority. We did not come across cases of accounting related fraud and the cases where the board of directors or any director or any office bearer of the Company has acted contrary to the provisions of law or caused loss or damage to the Company or committed any misappropriation of the funds of the company. We found the accounts, records, books and ledgers have been maintained accurately in accordance with prevailing laws except the items included in the basis of emphasis of matter paragraph.

Place: Kathmandu
Date: 2083/06/01 (17 September 2026)



CA. Dipak Acharya
Proprietor
Acharya D. & Associates,
Chartered Accountants

UDIN: 260917CA02233mW2xv

THREE STAR HYDROPOWER LTD.

Madhyapur Thimi -03, Bhaktapur, Nepal

Statement of Financial Position

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

Particulars	Notes	As on Ashadh 32, 2083	As on Ashadh 32, 2082
Assets			
Non Current Assets			
Property, Plant and Equipments	5	1,591,576	1,552,950
Intangilble Assets	6	1,361,587,344	1,327,864,290
Other Assets	12.1	-	-
Total Non Current Assets		1,363,178,920	1,329,417,240
Current Assets			
Financial Assets			
Inventories	8	-	-
Cash and Cash Equivalent	9	52,208	897,053
Other financial Assets	10	38,643,493	43,958,928
Prepayments	11	2,385,259	-
Other Assets	12.2	3,994,587	8,127,114
Total Current Assets		45,075,548	52,983,096
Total Assets		1,408,254,468	1,382,400,336
<u>EQUITY AND LIABILITIES</u>			
Equity			
Share Capital	13	492,500,000	492,500,000
Share Application Money	14	-	-
Other Equity	15	(190,135,795)	(158,423,744)
Total Equity		302,364,205	334,076,256
Non Current Liabilities			
Financial Liabilities			
Long Term Borrowings	16	865,689,943	912,485,360
Advance from Director's	16.1	114,004,781	75,730,439
Other Liabilities	17.1	29,335,453	30,335,453
Total Non Current Liabilities		1,009,030,177	1,018,551,251
Current Liabilities			
Financial Liabilities			
Other Financial Liabilites	18	44,546,491	1,493,778
Short Term Borrowings	19	29,812,602	-
Other Liabilities	17.2	22,500,992	28,279,050
Provisions	20	-	-
Total Current Liabilities		96,860,085	29,772,829
Total Equity and Liabilities		1,408,254,468	1,382,400,336

Explanatory notes form integral part of these financial statements.

As per our attached report of even date

.....
Finance Manager

.....
Uddhav Raj Shivakotee
Director

.....
Ang Nima Sherpa
Chairperson

.....
CA. Dipak Acharya
Acharya D. & Associates
Chartered Accountants

.....
Jen Lama
Director

.....
Subarna Shakya
Director

.....
Durga Devi Dhakal
Director

.....
Rakesh Joshi
Independent Director

Date: 2083/05/31

Place: Madhyapur Thimi - 03, Bhaktapur, Nepal.

THREE STAR HYDROPOWER LTD.

Madhyapur Thimi -03, Bhaktapur, Nepal

Statement of Profit or Loss

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

Particulars	Schedule	Current year	Previous Year
Income:			
Revenue from generation of Electricity	21	135,875,375	150,665,602
Less: Cost of Operation	23	53,425,761	23,146,342
Gross Profit		82,449,614	127,519,260
Other Income	22	-	6,590,000
Total Revenue		82,449,614	134,109,260
Expenses:			
Employee Cost	24	3,422,140	6,639,396
Administration and Operating Expenses	25	6,253,411	6,442,018
Finance Cost	26	52,531,261	78,931,215
Depreciation & Amortization	5,6	51,954,852	49,059,678
Total Expenditure		114,161,665	141,072,307
Profit/(Loss) Before Tax		(31,712,051)	(6,963,047)
Employee Bonus Expenses		-	-
Current Tax (Tax Holiday)		-	-
Deferred Tax		-	-
Tax expense(Capital gain tax)		-	-
Prior Year Taxes		-	-
Net Profit/(Loss) After Tax		(31,712,051)	(6,963,047)

Explanatory notes form integral part of these financial statements.

As per our attached report of even date

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Finance Manager

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Uddhav Raj Shivakotee
Director

.....
Ang Nima Sherpa
Chairperson

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CA. Dipak Acharya
Acharya D. & Associates
Chartered Accountants

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Jen Lama
Director

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Subarna Shakya
Director

.....
Durga Devi Dhakal
Director

.....
Rakesh Joshi
Independent Director

Date: 2083/05/31

Place: Madhyapur Thimi - 03, Bhaktapur, Nepal.

THREE STAR HYDROPOWER LTD.

Madhyapur Thimi -03, Bhaktapur, Nepal

Statement of Other Comprehensive Income

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

Particulars	Current year	Previous Year
Profit/(Loss) for the Year	(31,712,051)	(१,९६३,०६९)
Other Comprehensive Income		
Income that will not be reclassified to profit or loss		
Gains/(losses) on revaluation of Land	-	-
Income Tax Relating to Above Items	-	-
Items that are or may be reclassified subsequently to profit or loss	-	-
Total Other Comprehensive Income, net of tax	-	-
Total Comprehensive Income of the year	(31,712,051)	(6,963,047)

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Finance Manager

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Uddhav Raj Shivakottee
Director

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Ang Nima Sherpa
Chairperson

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Jen Lama
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Subarna Shakya
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Durga Devi Dhakal
Director

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Rakesh Joshi
Independent Director

Date: 2083/05/31

Place: Madhyapur Thimi - 03, Bhaktapur, Nepal.

THREE STAR HYDROPOWER LTD.

Madhyapur Thimi -03, Bhaktapur, Nepal

Statement of Cash Flows

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

	Particulars	Current year	Previous Year
A	Cash Flow from Operating Activities:		
	Profit/(Loss) After Bonus, CSR & Tax	(31,712,051)	(6,963,047)
	Adjustments for:		
	Depreciation & Amortization	51,954,852	49,059,678
	Cash Used in Operating Activities before W/C changes	20,242,801	42,096,631
	Add/Less:		
	(Increase)/Decrease in other Financial assets	5,315,436	(32,722,841)
	(Increase)/Decrease in Inventories	-	-
	(Increase)/Decrease in Other Current Assets	4,132,527	(1,467,744)
	(Increase)/Decrease in Prepayments	(2,385,259)	2,392,106
	Increase/(Decrease) in Other Financial Liabilities	43,052,713	442,822
	Increase/(Decrease) in Short Term Loans	29,812,602	(30,900,000)
	Increase/(Decrease) in Provisions	-	-
	Increase/(Decrease) in Other Liabilities - Current	(5,778,058)	2,858,787
	Increase/(Decrease) in Advance From Directors	38,274,343	29,402,315
	Income Tax Paid	-	-
	Cash Generated/(Used) from/for Operating Activities	132,667,104	12,102,076
B	Cash Flow from Investing Activities :		
	(Increase)/Decrease in Fixed Asset & Intangible Assets	(85,716,532)	(11,988,657)
	(Increase)/Decrease in Other Assets - Non Current	-	-
	Net Cash Flow From Investing Activities	(85,716,532)	(11,988,657)
C	Cash Flow from Financing Activities :		
	Receipt from Share issue	-	-
	Decrease in Share Capital	-	-
	Dividend paid	-	-
	Receipt from Share Application Money	-	-
	Increase/(Decrease) in Other Liabilities - Non Current	(1,000,000)	-
	Receipt/(Payment) - Term Loan	(46,795,417)	739,612
	Net Cash Flow From Financing Activities	(47,795,417)	739,612
	Net Increase in cash & cash equivalents	(844,845)	853,031
	Opening Cash & Cash Equivalents	897,053	44,022
	Closing Cash & Cash Equivalents	52,208	897,053

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Finance Manager

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Uddhav Raj Shivakottee
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Durga Devi Dhakal
Director

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Rakesh Joshi
Independent Director

Date: 2083/05/31

Place: Madhyapur Thimi - 03, Bhaktapur, Nepal.

THREE STAR HYDROPOWER LTD.

Madhyapur Thimi -03, Bhaktapur, Nepal

Statement of Changes in Equity

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

Particulars	Share Capital	Advance for Share Capital	Accumulated Profit/(Loss)	Total
Balance as at Ashad 31, 2081	492,500,000	-	(151,460,697)	341,039,303
Change in accounting policy	-	-	-	-
Restated Balance	492,500,000	-	(151,460,697)	341,039,303
Net Profit for the period	-	-	(6,963,047)	(6,963,047)
Prior year adjustment		-	-	-
Transfer to Reserve	-	-	-	-
Dividend	-	-	-	-
Issue of Share Capital	-	-	-	-
Balance as at Ashad 32, 2082	492,500,000	-	(158,423,744)	334,076,256
Change in accounting policy	-	-	-	-
Net Profit for the period	-	-	(31,712,051)	(31,712,051)
Prior year adjustment		-	-	-
Transfer to Reserve	-	-	-	-
Dividend	-	-	-	-
Issue of Share Capital	-	-	-	-
Balance as at Ashad 32, 2083	492,500,000	-	(190,135,795)	302,364,205

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Finance Manager

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Director

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Durga Devi Dhakal
Director

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Rakesh Joshi
Independent Director

Date: 2083/05/31

Place: Madhyapur Thimi - 03, Bhaktapur, Nepal.

THREE STAR HYDROPOWER LTD.

Madhyapur Thimi -03, Bhaktapur, Nepal

Significant Accounting Policies and Explanatory Notes

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

1. Corporate information:

1.1 Reporting Entity

M/S Three Star Hydropower Limited (TSHL) company is registered as per the Company Act, 2063 in 2072 B.S. The registered office address of the company is Madhyapur Thimi, Bhaktapur, Nepal. The company is also registered in the Inland Revenue Department through Permanent Account Number (PAN) # 603559200 on 2072.08.09. The site of the company is located at Haleshi Tuwachung Municipality, Khotang, Koshi Province, Nepal. The objective of the company is to produce hydroelectricity and sell it to the Nepal Electricity Authority following the power purchase agreement held in 2075. The company has a total capacity of 6.6 MW for which a survey license was received on 2073.07.09 B.S. and a power generation license on 2074.09.03 BS.

1.2 Responsibility for Financial Statement

The Board of Directors are responsible for preparation and presentation of these Financial Statements as per Nepal Financial Reporting Standards (NFRS). The accompanied financial statements of the company for the year ended Ashad end 2083 were authorized for issue by board of Directors on 31 Bhadra, 2083 (16 Sep. 2026).

2. Basis of Preparation :

The financial statements have been prepared on accrual and going concern basis and in accordance with NFRS (Nepal Financial Reporting Standards). 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. The Company has ascertained its operating cycle as 12 months period for the purpose of current or non-current classification of assets and liabilities.

2.1 Statement of Compliance :

The financial statements have been prepared in accordance with the Nepal Financial Reporting Standards (NFRS) as issued by the Accounting Standards Board Nepal (ASB) and pronounced by The Institute of Chartered Accountants of Nepal (ICAN).

This section describes the critical accounting judgement that the company has identified as having potentially material impact on the company's financial statements and sets out our significant accounting policies that relate to the financial statements as a whole. Accounting policies along with explanatory notes, wherever such explanation is required, is described in specific relevant sections. The company's accounting policies require the management to exercise judgement in making accounting estimates.

2.2 Basis of Measurement:

The financial statements are prepared under the historical cost convention basis except for those explicitly specified in relevant notes and for following material items in Statement of Financial Position:

- Inventories are measured at cost of net realizable value whichever is lower.
- Financial assets other than those measured at amortized cost, are measured at fair value.

2.3 Critical Accounting Estimates

The preparation of the financial statements in conformity with Nepal Financial Reporting Standards requires the use of certain critical accounting estimates and judgments. It also requires management to exercise judgment in the process of applying the Company's accounting policies. The Company makes certain estimates and assumptions regarding the future events. Estimates and judgments are continuously evaluated based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. In the future, actual result may differ from these estimates and assumptions.

Accounting estimates could change from period to period. Actual results could differ from those estimates. Appropriate changes in estimates are made as the Management becomes aware of the changes in circumstances surrounding the estimates. Changes in estimates are reflected in the financial statements in the period in which changes are made and, if material, their effects are disclosed in the notes to the financial statements.

Specific 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.

2.4 Functional Currency:

The functional currency used in Financial Statement is Local Currency of Nepal denoted as NPR or NRS.

2.5 Foreign Currency:

Transactions entered into by the company entities in a currency other than the currency of the primary economic environment in which they operate (the "functional currency" is Rs.) are recorded at the rates ruling when the transactions occur. Foreign currency monetary assets and liabilities are translated at the rates ruling at the reporting date. Exchange differences arising on the retranslation of unsettled monetary assets and liabilities are recognized immediately in profit or loss.

2.6 Going Concern:

The financial statements are prepared under going concern assumption, as the management of the company is satisfied that the company has the resources to continue in business for the foreseeable future. In making this assessment, 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.

2.7 Comparative Information:

Comparative information for all the periods presented has been disclosed as required under NAS 1.

2.8 Financial Period:

The company prepares financial statements in accordance with the Nepalese financial year using Nepalese calendar. The corresponding dates for Gregorian calendar are as follows:

Particulars	Nepalese Calendar Date/Period	Gergorian Calendar Date/Period
SFP* Date	Ashad 32, 2083	July 16, 2026
Current Reporting Period	Shrawan 01, 2082 to Ashad 32, 2083	July 17, 2025 to July 16, 2026
Comparative SFP Date	Ashad 32, 2082	July 17, 2025
Comparative Reporting Period	Shrawan 01, 2081 to Ashad 32, 2082	July 16, 2024 to July 16, 2025
*Statement of Financial Position		

2.9 Stand-alone financial statements:

This financial statement is the stand-alone financial statement of the company.

2.10 Prior Period Errors:

Prior Period Errors are omissions or misstatements in an entity's financial statements. Such omissions may relate to one or more prior periods. Correction of an error is done by calculating the cumulative effect of the change on the financial statements of the period as if new method or estimate had always been used for all the effected prior years' financial statements. Sometimes such changes may not be practicable. In such cases, it is applied to the latest period possible by making corresponding adjustment to the opening balance of the period.

2.11 Materiality and Aggregation:

In compliance with NAS 1 Presentation of Financial Statements, each material class of similar item is presented separately in the financial statement. Item of dissimilar nature or functions are presented separately, unless they are material.

2.12 Reporting Pronouncements:

The company for its preparation of financial statement has adopted accounting policies to comply with the pronouncements made by The Institute of Chartered Accountants of Nepal.

2.13 Limitation of NFRS implementation:

If the information is not available and the cost to develop would exceed the benefit derived, such exception to NFRS implementation has been noted and disclosed in respective section.

3 Significant Accounting Policies:

NFRS requires adoption of accounting policies that are most appropriate to the company's circumstances determining and applying accounting policies. Directors and management are 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 Company's reported financial position, results or cash flows.

Specific accounting policies have been included in the specific section of the notes for each items of financial statements which requires disclosures of accounting policies or changes in accounting policies. Effect and nature of the changes have been disclosed wherever required.

3.1 Current Versus Non-Current Classification:

The Company presents assets and liabilities in statement of financial position based on current/non-current classification. Based on the nature of products and the time between 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/non-current classification of assets and liabilities.

The Company classifies an asset as current when it is:

- i Expected to be realized or intended to be sold or consumed in normal operating cycle,
- ii Held primarily for the purpose of trading,
- iii Expected to be realized within twelve months after the reporting period, or
- iv Cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after reporting date

All other assets are classified as non-current:

The Company classifies a liability as current when:

- i It is expected to be settled in normal operating cycle,
- ii It is held primarily for the purpose of trading,
- iii It is due to be settled within twelve months after the reporting period, or
- iv There is no unconditional right to defer the settlement of the liability for at least twelve months after reporting period,

The Company classifies all other liabilities as non-current.

Deferred tax assets and liabilities are classified as non-current assets and liabilities.

3.2 Cash Flow Statement

The carrying amount of cash and cash equivalents are measured at cost in the statement of Financial position. Statement of Cash Flow has been prepared by using the "Indirect Method" in accordance with NAS 07 Cash Flow Statements.

3.3 Financial Instruments : Financial asset

Financial asset is any asset that is:

- (a) cash;
- (b) an equity instrument of another entity;
- (c) a contractual right:
 - (i) to receive cash or another financial asset from another entity; or
 - (ii) to exchange financial assets or financial liabilities with another entity under conditions that are potentially favourable to the entity; or
- (d) a contract that will or may be settled in the entity's own equity instruments and is:
 - (i) a non-derivative for which the entity is or may be obliged to receive a variable number of the entity's own equity instruments; or
 - (ii) a derivative that will or may be settled other than by the exchange of a fixed amount of cash or another financial asset for a fixed number of the entity's own equity instruments.

A Recognition:

All financial assets are initially recognized on the date on which the company becomes a party to the contractual provisions of the instrument. The classification of financial instruments at initial recognition depends on their purpose and characteristics and the management's intention in acquiring them.

B Classification:

The financial assets are measured at amortized cost or fair value on the basis of the company's business model for managing the financial assets and contractual cash flow characteristics of the financial assets.

The two classes of financial assets are as follows:

i. Financial assets measured at amortized cost:

Financial assets are measured at amortized cost if both the following conditions are met:

- The asset is held within a business model whose objective is to hold assets in order to collect contractual cash flows and
- The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

ii. Financial assets measured at fair value:

Financial assets other than those are measured at amortized cost are measured at fair value. Financial assets measured at fair value are further classified into two categories as below:

a) Financial assets at fair value through profit or loss (FVTPL)

Financial assets are classified as fair value through profit or loss if they are held for trading or are designated at fair value through profit or loss. Upon initial recognition, transaction cost is directly attributable to the acquisition are recognised in profit or loss as incurred. Such assets are subsequently measured at fair value and changes in fair value are recognised in statement of profit or loss.

b) Financial assets at fair value through Other comprehensive Income (FVTOCI)

Investment in an equity instrument that is not held for trading and at the initial recognition, the company makes an irrevocable election that the subsequent changes in fair value of the instrument to be recognized in other comprehensive income are classified as financial assets at fair value through other comprehensive income. Such assets are subsequently measured at fair value and changes in fair value are recognized in other comprehensive income.

C Measurement:

The financial assets are measured at amortized cost or fair value on the basis of the company's business model for managing the financial assets and contractual cash flow characteristics of the financial assets.

i. Initial Measurement:

A financial asset, other than those are measured at FVTPL, is measured initially at fair value plus any transaction cost. Transaction costs in relation to financial assets those are measured at FVTPL are charged to statement of profit or loss.

ii. Subsequent Measurement:

A financial asset, is subsequently measured at fair value or amortized cost based on the classification of the financial asset. Financial asset those are classified to be measured at amortized cost, are measured at amortized cost using Effective Interest Rate method.

The amortized cost of a financial asset is the amount at which financial asset is measured at initial recognition minus principal repayments, minus cumulative amortization using the Effective interest rate method of any difference between the initial amount and the maturity amount and minus any reduction for impairment or uncollectibility.

Financial asset classified at fair value are subsequently measured at fair value. The subsequent changes in fair value of financial assets at FVTPL are charged to statement of profit or loss whereas financial assets at FVTOCI are charged to other comprehensive income.

D Derecognition:

The company derecognizes a financial asset when the contractual rights to the cash flows from the financial asset expire, or it transfers the right to receive the contractual cash flows in a transaction in which substantially all the risk and rewards of ownership of the financial asset are transferred or in which the company neither transfers nor retains substantially all the risks and rewards of ownership and it does not retain control of the financial asset.

Any interest in such transferred financial assets that qualify for derecognition that is created or retained by the company is recognized as a separate asset or liability. On derecognition of a financial asset, the difference between the carrying amount of the asset (or the carrying amount allocated to the portion of the asset transferred), and the sum of (i) the consideration received (including any new asset obtained less any new liability assumed) and (ii) cumulative gain or loss that had been recognized in other comprehensive income is recognized in profit or loss.

In transactions in which the company neither retains nor transfers substantially all the risks and rewards of ownership of a financial asset and it retains control over the asset, the company continues to recognize the asset to the extent of its continuing involvement, determined by the extent to which it is exposed to changes in the value of the transferred asset.

E Determination of Fair Value

Fair value is the amount for which an asset could be exchanged, or a liability settled, between knowledgeable, willing parties in an arm's length transaction on the measurement date. The fair value of a liability reflects its non-performance risk.

When available, the company measures the fair value of an instrument using quoted prices in an active market for that instrument. A market is regarded as active if quoted prices are readily available and regularly available and represent actual and regularly occurring market transactions on an arm's length basis. If a market for a financial instrument is not active, the company establishes fair value using a valuation technique. Valuation techniques include using recent arm's length transactions between knowledgeable, willing parties (if available), reference to the current fair value of other instruments that are substantially the same, discounted cash flow analysis.

The best evidence of the fair value of a financial instrument at initial recognition is the transaction price - i.e. the fair value of the consideration given or received. However, in some cases, the fair value of a financial instrument on initial recognition may be different to its transaction price. If such fair value is evidenced by comparison with other observable current market transactions in the same instrument (without modification) or based on a valuation technique whose variable include only data observable markets, then the difference is recognized in profit or loss on initial recognition of the instrument. In other cases, the difference is not recognised in profit or loss immediately but is recognized over the life of the instrument on an appropriate basis or when the instrument is redeemed, transferred or sold, or the fair value becomes observable.

All unquoted equity investments are recorded at cost.

F Impairment of Financial Assets

The carrying amounts of the Company's financial assets are reviewed at each balance sheet date to determine whether there is any indication of impairment. If any such indication exists, the asset's recoverable amount is estimated. An impairment loss is recognized when the carrying amount of an asset exceeds its recoverable amount. Impairment losses are recognized in the Statement of Profit or Loss.

The company considers evidence of impairment for loans and advances and held to maturity investment securities at both a specific asset and collective level. All individually significant loans and advances and held-to-maturity instrument securities are assessed for specific impairment. Those found not to be specifically impaired are then collectively assessed for an impairment that has been incurred but not yet identified.

Loans and advances held-to-maturity investment securities that are not individually significant are collectively assessed for impairment by grouping together loans and advances and held-to-maturity investment securities with similar risk characteristics. Impairment test is done on annual basis for trade receivables and other financial assets based on the internal and external indication observed.

In assessing collective impairment, the company uses statistical modelling of historical trends of the probability of default, the timing of recoveries and the amount of loss incurred, adjusted for management's judgement as to whether current economic and credit conditions are such that the actual losses are likely to be greater or less than suggested by historical trends. Default rates, loss rates and the expected timing of future recoveries are regularly benchmarked against actual outcomes to ensure that they remain appropriate.

3.4 Financial Instruments- Financial liabilities

A financial liability is any liability that is:

- a) contractual obligation:
 - (i) to deliver cash or another financial asset to another entity; or
 - (ii) to exchange financial assets or financial liabilities with another entity under conditions that are potentially unfavorable to the entity; or
- (b) a contract that will or may be settled in the entity's own equity instruments and is:
 - (i) a non-derivative for which the entity is or may be obliged to deliver a variable number of the entity's own equity instruments; or
 - (ii) a derivative that will or may be settled other than by the exchange of a fixed amount of cash or another financial asset for a fixed number of the entity's own equity instruments.

A Recognition:

All financial assets are initially recognized on the date on which the company becomes a party to the contractual provisions of the instrument. The classification of financial instruments at initial recognition depends on their purpose and characteristics and the management's intention in acquiring them.

B Classification:

The company classifies its financial liabilities, other than financial guarantees and loan commitments, as follows:

i. Financial Liabilities at fair value through profit or loss (FVTPL)

Financial liabilities are classified as fair value through profit or loss if they are held for trading or are designated at fair value through profit or loss. Upon initial recognition, transaction costs that are directly attributable to the acquisition are recognised in profit or loss as incurred. such assets are subsequently measured at fair value and changes in fair value are recognised in statement of profit or loss.

ii. Financial Liabilities measured at amortized cost:

All financial liabilities other than measured at fair value through profit or loss are classified subsequently measured at amortized cost using Effective interest rate method.

C Measurement:

i. Initial Measurement:

A financial liability, other than those are measured at FVTPL, is measured initially at fair value plus any transaction cost. Transaction costs in relation to financial assets those are measured at FVTPL are charged to statement of profit or loss.

ii. Subsequent Measurement:

A financial liability, is subsequently measured at fair value or amortized cost based on the classification of the financial liability. Financial liability those are classified to be measured at amortized cost, are measured at amortized cost using Effective Interest Rate method.

Risks associated with Financial Instrument- Financial Liabilities

The company has a risk management framework to monitor, access, mitigate and manage risk. The risk management framework is given in Note 36.

3.5 Provisions

The Company applies NAS 37 Provisions, Contingent Liabilities and Contingent Assets in accounting for non-financial liabilities.

Provisions are recognized for present obligations arising as consequences of past events where it is more likely than not that a transfer of economic benefit will be necessary to settle the obligation, which can be reliably estimated. Provision is made for the anticipated costs when an obligation exists. There is no such any obligation to the Company.

3.6 Capital Management

Capital includes paid up capital and all other reserves attributable to the equity holders of the company. The Company manages its capital so as to safeguard its ability to continue as a going concern and to optimize returns to the shareholders.

The capital structure of the company is based on management's judgement of the appropriate balance of key elements in order to meet its strategic needs. We consider the amount of capital in proportion to risk and manage the capital structure in light of changes in economic conditions and the risk characteristics of the underlying assets.

3.7 Events after reporting period:

The company monitors and assess events that may have potential impact to qualify as adjusting and/or non-adjusting events after the end of the reporting period. Where necessary, all material events after the reporting date have been considered and appropriate adjustment in the books with additional disclosures have been made in the financial statements as per the NAS 10 Events After the Balance Sheet Date and non-adjusting events are disclosed in the notes with possible financial impact, to the extent ascertainable.

3.8 IFRIC 12 Consideration:

The main objective of the company is to construct and operate Hydropower Projects as a developer after obtaining separate license for each project from the government body. The license for developing these projects is conditional that the company is obliged to hand over the infrastructure to the government at the end of the period specified in the license. The license and other arrangements for operating the project is such that the price to be levied by the company by selling its power production and the consumer of the power produced by the company is regulated by power purchase agreement. The management considers that these arrangements meet the following criteria of IFRIC 12 – Service Concession Arrangements: These arrangements are accounted on the basis of below mentioned models depending on the nature of consideration and relevant contract law.

- a) 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
- b) 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

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 guarantee 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 the operator, receives a right (a license) to charge users of the public service. A right to charge users of a public services is not an unconditional right to receive 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 accounts cost of construction of these project under Intangible asset model as per IFRIC 12.

3.9 Lease:

The company has elected not to apply the requirements of NFRS 16-Leases to short term leases of all assets that have a lease term of 12 months or less and leases for which the underlying asset is of low value. The lease payments associated with these leases are recognized as an expense on a straight line method over the lease term, unless the payments are structured to increase in line with the expected general inflation to compensate the lessor's expected inflationary cost increase.

THREE STAR HYDROPOWER LTD.

Madhyapur Thimi -03, Bhaktapur, Nepal

Significant Accounting Policies and Explanatory Notes

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

4. Property, Plant and Equipments:

Particulars	Land	Building	Office Equipments, Computers, Printers & Furnitures	Vehicles	Plant & Machineries	Leasehold Improvements	Total
Gross Block as on Ashad 31, 2080	-	383,436	1,142,358	1,632,512	993,948	-	4,152,254
Additions For the year	-		360,450	311,900	-		672,350
Revaluation Surplus of PPE	-		-	-	-	-	-
Revaluation & Adjustments							-
Disposals/Adjustments	-		-	(909,050)	-	-	(909,050)
Gross Block as on Ashad 31, 2081	-	383,436	1,502,808	1,035,363	993,948	-	3,915,554
Additions For the year			120,890				120,890
Revaluation Surplus of PPE							
Revaluation & Adjustments							
Disposals/Adjustments							
Gross Block as on Ashad 32, 2082	-	383,436	1,623,698	1,035,363	993,948	-	4,036,444
Additions For the year			465,152				465,152
Revaluation Surplus of PPE							
Revaluation & Adjustments							
Disposals/Adjustments							
Gross Block as on Ashad 32, 2083	-	383,436	2,088,850	1,035,363	993,948	-	4,501,596
<u>Depreciation & Impairment Losses</u>							
Accumulated Balance as on Ashad 31, 2080	-	38,344	549,387	610,440	132,123	-	1,330,294
Charge for the year	-	19,172	327,654	67,243	107,728	-	521,797
Adjustment due to Revaluations & others			-	-	-	-	-
Impairment Losses							-
Disposals/Adjustments							-
Accumulated Balance as on Ashad 31, 2081	-	57,515	877,041	677,683	239,851	-	1,852,091
Charge for the year	-	19,172	437,260	67,243	107,728		631,403
Adjustment due to Revaluations & others			-	-	-	-	-
Impairment Losses							-
Disposals/Adjustments							-

Accumulated Balance as on Ashad 32, 2082	-	76,687	1,314,301	744,926	347,579	-	2,483,494
Charge for the year	-	19,172	260,639	38,988	107,728		426,526
Adjustment due to Revaluations & others			-	-	-	-	-
Impairment Losses							-
Disposals/Adjustments							-
Accumulated Balance as on Ashad 32, 2083	-	95,859	1,574,940	783,914	455,307	-	2,910,020
Net Block							
As on Ashad 32, 2083	-	287,577	513,910	251,449	538,641	-	1,591,576
As on Ashad 32, 2082	-	306,749	309,396	290,436	646,369	-	1,552,950
As on Ashad 31, 2081	-	325,921	625,766	357,679	754,097	-	2,063,463

5.1 Recognition & Measurement

Property, Plant and Equipment are initially measured at cost in the Statement of Financial Position and are inclusive of all cost less any subsequent accumulated depreciation and subsequent accumulated impairment losses, if applicable for each class of assets (except Land). Property, Plant & Equipment are recognized as an asset, if and only if it is probable that future economic benefits associated with the item will flow to the company; and the cost of the item can be measured reliably.

Cost includes the purchase price and other directly attributable costs of Property, Plant & Equipment. Cost also includes the cost of replacing part of the plant and equipment and borrowing costs for long-term construction projects if the recognition criteria are met. When significant parts of plant and equipment are required to be replaced at intervals, the Company depreciates them separately based on their specific useful lives. Likewise, when a major inspection is performed, its cost is recognized in the carrying amount of the plant and equipment as a replacement if the recognition criteria are satisfied. All other repair and maintenance costs are recognized in Statement of Profit or Loss as incurred. If an item of Property, Plant & Equipment consists of several components with different estimated useful lives, those components that are significant are depreciated over their individual useful lives. Subsequent costs that do not qualify the recognition criteria under NAS 16 are expensed as and when incurred.

The present value of the expected cost for the decommissioning of an asset after its use is considered for determination of cost of the respective asset if the recognition criteria under NAS 16 and IFRIC 1 are met. Management feels that such cost are difficult to estimate and are not material thus are not considered.

Assets in the course of construction are carried at cost, less any recognised impairment loss. Depreciation on these assets will commence when these assets are ready for their intended use.

Assets held under finance leases are depreciated over their expected useful lives on the same basis as owned assets or, where shorter, the term of the relevant lease.

Subsequently PPE is stated at cost, net of accumulated depreciation and accumulated impairment losses, if any.

5.2 Depreciation:

The depreciation period is based on the expected useful life of an asset. Depreciation on items of PPE is provided on the straight-line method based on the estimated useful life of the assets determined by the management. Depreciation on additions to PPE is provided on pro-rata basis in the year of purchase. The residual values, useful lives and the depreciation methods of assets are reviewed at least at each financial year end and, if expectations differ from previous estimates are accounted for as a change in accounting estimates in accordance with NAS 8. If an item of PPE consist of several components with different useful lives, those components that are significant are depreciated over their individual useful life.

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. Such changes are reflected in the assumptions when they occur.

The estimated useful lives of assets are as follows:

Particulars	Class of assets	Estimated Useful Life
Office Furniture & Equipment	Block B	1-3 years
Plant & Machinery	Block D	7 years
Vehicles	Block C	7 years
Intangible - Software	Block E	Fully depreciated
Intangible - Service Concession Arrangement	Block E	28 Years

Freehold land is not depreciated. Depreciation on assets under construction does not commence until they are complete and available for use.

5.3 Change in Accounting Estimate:

Change in accounting estimate is an adjustment of the carrying amount of an asset or a liability, or the amount of the periodic consumption of an asset, that results from the assessment of the present status of, and expected future benefits and obligations associated with, assets and liabilities. Changes in accounting estimates result from new information or new developments and accordingly, are not corrections of errors.

5.4 De-recognition:

An item of Property, Plant and Equipment is de-recognized on disposal or when no future economic benefits are expected from the use of that asset. The gain or loss arising from the disposal of an item of Property, Plant and Equipment is the difference between net disposal proceeds, if any, and the carrying amount of that item and is recognized in the statement of profit and loss.

6. Intangible Assets

Particulars	Softwares / Licences	Service Concession Arrangement	Total
Gross Block As on Ashad 31, 2080	2,185	1,426,426,126	1,426,428,310
Additions		51,680,557	51,680,557
Revaluation Surplus of Intangible Assets	-	-	-
Revaluation & Adjustments	-	-	-
Disposals/Adjustments	-	-	-
Gross Block As on Ashad 31, 2081	2,185	1,478,106,682	1,478,108,867
Additions		11,867,767	11,867,767
Revaluation Surplus of Intangible Assets	-	-	-
Revaluation & Adjustments	-	-	-
Disposals/Adjustments	-	-	-
Gross Block As on Ashad 32, 2082	2,185	1,489,974,449	1,489,976,633
Additions		85,251,380	85,251,380
Revaluation Surplus of Intangible Assets	-	-	-
Revaluation & Adjustments	-	-	-
Disposals/Adjustments	-	-	-
Gross Block As on Ashad 32, 2083	2,185	1,575,225,828	1,575,228,013
<u>Accumulated Amortization</u>			
Accumulated Depreciation as on Ashad 31, 2080	2,185	65,677,456	65,679,641
Charge for the year	-	48,004,427	48,004,427

Adjustment due to Revaluations & others	-	-	-
Impairment Losses	-	-	-
Disposals/Adjustments	-	-	-
Accumulated Depreciation as on Ashad 31, 2081	2,185	113,681,883	113,684,068
Charge for the year	-	48,428,275	48,428,275
Adjustment due to Revaluations & others	-	-	-
Impairment Losses	-	-	-
Disposals/Adjustments	-	-	-
Accumulated Depreciation as on Ashad 32, 2082	2,185	162,110,158	162,112,343
Charge for the year	-	51,528,326	51,528,326
Adjustment due to Revaluations & others	-	-	-
Impairment Losses	-	-	-
Disposals/Adjustments	-	-	-
Accumulated Depreciation as on Ashad 32, 2083	2,185	213,638,484	213,640,669
Net Block			
As on Ashad 32, 2083	-	1,361,587,344	1,361,587,344
As on Ashad 32, 2082	-	1,327,864,290	1,327,864,290
As on Ashad 31, 2081	-	1,364,424,799	1,364,424,799

Intangible Assets Recognition, Measurement & Amortization:

Intangible assets are recognised on the basis of costs incurred to acquire and bring to use the specific software and the asset created is expected to provide future economic benefits where it is probable that it will generate future economic benefits in excess of its cost. Computer software cost are ammortised on the basis of expected useful life which is estimated as 5 years (to be reviewed periodically). Costs associated with maintaining software are recognised as an expenses when incurred. At each statement of financial position date, these assets are assessed for indication of impairment. In the event that an asset's carrying amount is determined to be greater than its recoverable amount, the assets are written down immediately.

Software is fully ammortised on the basis of expected useful life as on the transition date. Costs associated with maintaining software are recognised as an expenses when incurred. At each statement of financial position date, these assets are assessed for indication of impairment. In the event that an asset's carrying amount is determined to be greater than its recoverable amount, the assets is written down immediately.

Service Consession Arrangemnet is the Project assest recognise under the IFRIC -12, is amortize in the life of the project as specified in the PPA i.e. 35 years from the date of the Issuance of Generation License. 7 years have been already passed on the date of transition. Opening WDV is depreciated in the remaning life of the project on straight line basis.

7. Taxation:

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

7.1 Income Tax Rate Applicable to the Company:

As per Income Tax Act 2058, Company is in tax holidays for the period of 10 year from the date of commercial operation. Therefore no Provision has been made.

7.2 Current Income Tax

Current tax comprises the expected tax payable on the taxable income or loss for the year and any adjustment to the tax payable or receivable in respect of previous years. The amount of current tax payable is the best estimate of the tax amount expected to be paid that reflects uncertainty related to income taxes, if any. It is measured using tax rates enacted or substantively enacted at the reporting date.

7.3 Deferred Tax

Deferred tax is recognised in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes.

Deferred tax assets are recognised for unused tax losses, unused tax credits and deductible temporary differences to the extent that it is probable that future taxable profits will be available against which they can be used. Future taxable profits are determined based on the reversal of relevant taxable temporary differences. If the amount of taxable temporary differences is insufficient to recognise a deferred tax asset in full, then future taxable profits, adjusted for reversals of existing temporary differences, are considered. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised; such reductions are reversed when the probability of future taxable profits improves.

Unrecognised deferred tax assets are reassessed at each reporting date and recognised to the extent that it has become probable that future taxable profits will be available against which they can be used.

Deferred tax is measured at the tax rates that are expected to be applied to temporary differences when they reverse, using tax rates enacted or substantively enacted at the reporting date.

The Company is in tax holiday period due to which no temporary differences arise on carrying amount and tax base and hence no deferred tax assets/liabilities have been recognized.

8. Inventories

Particulars	As on Ashadh 32, 2083	As on Ashadh 32, 2082
Inventories	-	-
Total	-	-

9. Cash and Cash Equivalents

Particulars	As on Ashadh 32, 2083	As on Ashadh 32, 2082
Cash Balances (As Certified by Management)	39,337	138,170
Balances with Banks:		
NMB Bank Limited, Babarmal	9,351	9,351
Himalayan Bank Ltd, Thamel	190	746,532
Rastriya Banijya Bank Ltd, Singa Durbar	3,520	3,000
Total	52,398	897,053

9.1 Cash and cash equivalents comprises cash balances, call deposits and other short term highly liquid investments. For the purpose, any cash placement deposits, call deposit or other highly liquid items with the maturity period of 90 days or more from the date of transaction is considered as cash equivalent.

9.2 Balances with banks includes balances in all current and call accounts of the company. If any, balances in foreign currency are translated at the exchange rate prevailing at the reporting date and any gain/loss is charged to Statement of profit or loss.

10. Other Financial Assets

Particulars	As on Ashadh 32, 2083	As on Ashadh 32, 2082
Receivable from the NEA	38,643,493	43,958,928
Less: Provision for Doubtful Debts	-	-
Total	38,643,493	43,958,928

10.1 Other Financial Assets

Other Financial Assets Net of provision for Doubtful Debts comprises of amount receivable from unsecured customers and are non-interest bearing and are generally receivable on terms of 7 to 90 days in the ordinary course of business.

10.2 Impairment

For allowances, assets with a potential need for a write-down are grouped together on the basis of similar credit risk characteristics, tested collectively for impairment, and written-down, if necessary. Estimated irrecoverable amounts are based on the ageing of the receivable balances, taking previous cases of default into consideration and historical experiences.

11. Prepayments

Particulars	As on Ashadh 32, 2083	As on Ashadh 32, 2082
Prepaid Insurance	2,385,259	-
Prepaid Renewal Exp	-	-
Total	2,385,259	-

12. Other Assets

12.1 Other Assets - Non Current

Particulars	As on Ashadh 32, 2083	As on Ashadh 32, 2082
Other Non- current assets	-	-
Total	-	-

12.2 Other Assets - Current

Particulars	As on Ashadh 32, 2083	As on Ashadh 32, 2082
EM Fund Created by Bank	48,100	48,100
HM- Fund Created by Bank	161,000	161,000
LC Margin - Hydromechanical-HM	21	21
Total	209,121	209,121

12.2.1. Advances

Particulars	As on Ashadh 32, 2083	As on Ashadh 32, 2082
Deposit for Oxygen	-	36,000
Advance for Project	2,091,110	5,980,110
Advance for office	7,398	-
Advance for Runner (Sumit Kumar)	1,250,000	-
Sandeep Adhikari - Advance	27,730	-
Advance for Consultancy Fee	-	1,656,550
TDS Receivable	71,314	71,314
Salary Advance	337,914	174,019
Total	3,785,466	7,917,993

13. Share Capital

Particulars	As on Ashadh 32, 2083	As on Ashadh 32, 2082
Authorised:		
Authorized Share Capital 5,000,000 Share @ 100 each	<u>500,000,000</u>	<u>500,000,000</u>

Issued & Subscribed:		
Issued Share Capital 4,925,000 Share @ 100 each	492,500,000	492,500,000
Subscribed:		
Paid up Share Capital 3,693,750 shares @ 100 each for Promoters	369,375,000	369,375,000
Paid up Share Capital 1,231,250 shares @ 100 each for Public	123,125,000	123,125,000
Less: Calls in arrear		
Total	492,500,000	492,500,000

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

13.2. Reconciliation of the number of equity shares outstanding at the beginning and end of the year:

Particulars	Nos of Shares	Face Value
Shares outstanding As on Shrawan 1, 2080	4,925,000	100
Add: Shares issued during the year	-	100
Total Shares outstanding at Ashad 31, 2081	4,925,000	100
Add: Shares issued during the year	-	100
Total Shares outstanding at Ashad 32, 2082	4,925,000	100

14. Advance for Share Capital

Particulars	As on Ashadh 32, 2083	As on Ashadh 32, 2082
Advance for Share Capital	-	-
Total	-	-

15. Other Equity

Particulars	As on Ashadh 32, 2083	As on Ashadh 32, 2082
15.1. Retained Earlings		
Upto Last Year	(158,423,744)	(151,460,697)
Add/Less: Adjustments	-	-
Balance	(158,423,744)	(151,460,697)
Change in Accounting Policy		-
For the Year	(31,711,860)	(6,963,047)
Reversal of Previous Year Provision	-	-
Dividend		-
Total	(190,135,604)	(158,423,744)

16. Long Term Borrowings

Long term borrowings are interest bearing financial liabilities consisting of bank borrowings. For these financial liabilities interest charged by the bank approximates effective interest rate and such rate is considered for calculation of amortized cost of liability and the finance cost. The effect of intital charges and its impact on effective rate is considered not material and the carrying value is considered approximate amortized cost.

Particulars	As on Ashadh 32, 2083	As on Ashadh 32, 2082
Secured Loans:		
Term Loan - Himalayan Bank Ltd, Thamel	508,991,940	500,747,252
Term Loan - Raṣṭriya Banijya Bank Ltd, Singha Durbar	356,698,003	411,738,108
Total	865,689,943	912,485,360

16.1 Advance from Director's

Loan & Advance from Director's

Particulars	As on Ashadh 32, 2083	As on Ashadh 32, 2082
Kumar Kharel	13,541,314	5,000,000
Uddhav Raj Shivakotee	17,274,230	16,705,839
Ang Nima Sherpa	30,303,684	6,944,315
Ang Tsering Lama (Sherpa)	21,803,601	12,994,516
Dhan Bdr. Shreṣṭha	10,802,086	17,974,605
Jen Lama	6,526,400	9,061,164
Subarna Shakya	13,753,465	7,050,000
Total	114,004,781	75,730,439

17. Other Liabilities

17.1 Other Liabilities - Non Current

Particulars	As on Ashadh 32, 2083	As on Ashadh 32, 2082
<u>Retention Money Payable:</u>		
Retention Money-5% on HM Works-Maa Shakti	4,809,798	4,809,798
Retention Money-Brother/Maa Gauri JV	24,525,655	25,525,655
Total	29,335,453	30,335,453

17.2 Other Liabilities - Current

Particulars	As on Ashadh 32, 2083	As on Ashadh 32, 2082
Interest Payable (HBL + RBB Loan)	19,921,274	26,162,099
Salary Payable	1,613,398	950,819
Audit Fee Payable	139,375	278,750
NFRS Consultancy fee payable	-	83,625
SSF Payable	-	74,803
Sub- Total	21,674,048	27,550,096
<u>TDS & Other Tax Payable</u>		
TDS - Audit Fee	1,875	3,750
TDS - Consultancy Fee	3,750	-
TDS - Allowances	45,000	15,883
TDS - House Rent Expenses	30,667	44,000
SST 1% - Wages Expenses	34,221	412,464

SST 1% - Remuneration Expenses	-	115,896
TDS Payable -E.R Sigdel & Associates	-	1,800
TDS - Public Ltd.	2,845	4,849
TDS - Private Ltd.	708,587	130,312
Sub- Total	826,945	728,954
Total	22,500,992	28,279,050

18. Other Financial Liabilities

Particulars	As on Ashadh 32, 2083	As on Ashadh 32, 2082
Nes Power Company Pvt. Ltd.	2,420,332	-
Payable Prabindra Tamang (Advance)	351,792	129,750
Maa Shakti	6,528,225	-
Payable to Time Media Service	6,021	-
Seti Devi Panchyakanya Construction	27,192,385	-
Thudung Construction	500,000	-
Venus Hydro and Electric (P) Ltd.	38,100	-
Payable K.P.S Automobiles Pvt.Ltd	92,755	212,171
Eastern Electrical Enterprises	35,389	-
Fine Payable-NEA	6,992,683	
Pradip Dahal-Advance	-	152,804
Payable to E.R Sigdel & Associates	-	77,925
Payable to Jen Lama (Office advance)	-	37,340
House Rent Payable	-	49,500
Payable to Karma Raj Tamang (Office advance)	-	417,030
Payable to Keshu Multi Concern	-	254,250
Payable to Subham Traders	-	30,000
Payable to Tech Depot Pvt Ltd	-	45,087
Payable to Dhurba Raj Sharma-Okil	-	25,000
Payable to Nepal Advertising Agency	-	41,141
Payable to Sharada Advertising and Media	13,560	
Other Staff Payable	120,250	
Payable to Worldlink Communications Ltd	-	21,780
BOD Allowance Payable	255,000	-
Total	44,546,491	1,493,778

19. Short Term Borrowings

Particulars	As on Ashadh 32, 2083	As on Ashadh 32, 2082
Secured Loans:		
Short term Loan - Himalayan Bank Ltd, Thamel	29,812,602	-

Current Maturity of Non-Current Borrowings	-	-
Total	29,812,602	-

20. Provisions

Particulars	As on Ashadh 32, 2083	As on Ashadh 32, 2082
Provision for Employee Bonus -This year	-	
Provision - Till Previous Year	-	
Total	-	-

21. Revenue From Operations

Particulars	Current year	Previous Year
Revenue form service concession agreement	135,875,375	150,665,602
Total	135,875,375	150,665,602

Revenue Recognition:

The company is a hydropower deals with electricity.

21.1 Revenue from Operation:

Revenue for operation is recognized when the company has transferred the significnat risks and rewards of ownership to the buyer i.e. Nepal Eletricity Authority (NEA) and it is probable that the company will receive the previously agreed upon payment.

22. Other Income

Particulars	Current year	Previous Year
Insurance Claim	-	6,590,000
Gain on Dispoal of Vehicles	-	-
Total	-	6,590,000

22.1 Interest Income:

Insurance Claim are the income realise form the insurance claim from insurance companies.

22.2 Income from IPO:

Income from IPO (Initial Public Offering) are the income related to the issuance of the shares at primary market.

23. Cost of Operation

Particulars	Current year	Previous Year
NEA - Electricity Expenses	70,008	1,598
Project Travelling Expenses	35,520	176,342
Project Supervision Expenses	-	-
Site Fuel Expenses	347,802	173,168
Site Office-Communication & Internet Expenses	31,201	160,067
Site Office-Mess Expenses	-	1,106,607

Site Office Miscellaneous Expenses	-	212,294
Site Office Fooding Expenses	400,023	214,005
Site Office-Setup Materials Expenses	74,094	335,267
Royalty Expenses - DOED (Including Energy Supply Charge & Fine)	51,880,217	18,802,610
Wages Expenses	65,000	1,432,081
Transportation Charges	-	10,000
Site Office-visit Expenses	97,696	-
Tihar Expenses for Site Office	-	16,000
Repair & Maintenance Expenses - Gear Box	322,050	-
Repair & Maintenance Expenses - EM Machine	-	254,250
Repair & Maintenance Expenses - Pump	67,900	76,281
Repair & Maintenance Expenses (Others)	34,250	173,023
Site Staff Medical Expenses	-	2,748
Total	53,425,761	23,146,342

24. Employee Cost

Particulars	Current year	Previous Year
Short Term Employee benefits:		
Salary & Allowances	3,422,140	6,639,396
Defined Contribution Plan		
Contribution to CIT	-	-
Total	3,422,140	6,639,396

24.1 Employee cost include salaries, wages, contribution to SSF, compensated absences and other terminal benefits. Employee costs are either defined benefit plan or defined contribution plan. Employee costs of the company comprise of gratuity, provident fund and accumulated leave.

25. Administration and Operating Expenses

Particulars	Current year	Previous Year
Board Meeting Allowance	300,000	-
Dhuwani Expenses-PL-(Jali)	-	50,000
NEA Internal Use	109,620	-
Audit Fee	141,250	141,250
Consultancy Fee	282,500	31,725
Repair & Maintenance Expenses - Automobiles	-	74,821
Board Meeting Fooding Exp	36,770	-
Renewal Expenses	20,000	-
Vehicle Renewal Expenses	-	56,000
Computer Repairing Charge	-	5,500
OCR related Work Expenses	100,000	100,000

Quarterly Report Publishing Expenses	40,489	108,005
Fuel & Travelling Expenses	10,835	1,200
RTA Service Charges	400,000	100,000
House Rent Expenses	306,666	322,667
Internet Expenses	22,374	67,122
Local Conveyance Expense or Site visit Expense	44,170	32,675
Annual Listing Renew Charge	140,000	50,000
NEA - Meeting Allowances	-	27,059
Office Expenses	772,878	70,849
Other Office Expenses (Tiffin / Tea / Coffee)	122,719	52,741
Printing and Stationery Expenses	5,100	13,092
Electricity, Water, Cleaning Expenses	5,415	12,389
Legal Consultancy Fee-Eng Mgmt	-	30,000
Software AMC Fee	20,000	20,000
Tax Expenses Paid	762,570	30,178
Repair & Maintainance	1,793,033	-
Other Office Expenses/Miscellaneous	147,476	172,075
<u>Insurance Expenses:</u>		
Bike Insurance Expenses	-	12,450
Insurance Expenses - LOP	-	2,392,106
Project - Property Insurance Expenses	669,547	2,468,114
Total	6,253,411	6,442,018

26. Finance Cost

Particulars	Current year	Previous Year
Interest on Short / Long Term loan	52,470,290	78,868,659
Bank Charges	60,782	62,555
Total	52,531,071	78,931,215

27. Earnings Per Share

Particulars	Current year	Previous Year
Numerator		
Profit/(Loss) for the year	(31,711,860)	(6,963,047)
Denominator (Weighted Avg No. of Shares)		
Basic	4,925,000	4,925,000
Diluted	4,925,000	4,925,000
Earning Per Share (in NRs) (Face Value Rs 100/- each)		
Basic	(6.44)	(1.41)
Diluted	(6.44)	(1.41)

Earning Per Share:

Basic earnings per share are calculated by dividing the net profit or loss for the period attributable to equity shareholders by the weighted average number of equity shares outstanding during the year.

For the purpose of calculating diluted earnings per share, the net profit or loss for the period attributable to equity shareholders and the weighted average number of shares outstanding during the period are adjusted for the effects of all diluted potential equity shares.

28. Contingent Liabilities & Capital Commitment

28.1 Contingent Liabilities

Contingent liabilities are potential future cash out flows, where the likelihood of payment is considered more than remote but is not considered probable or cannot be measured reliably.

29. Related Party Transactions

30.1 Relationship

The company identified related parties on the following lines

- 1 Shareholders having shareholding of 5% or more during the year.
- 2 Companies represented by the Directors.
- 3 Directors and their relatives
- 4 Key management personnel and their relatives

30.2 List of Related Parties

Name of Related Parties	Nature of Relationship	Annual Meeting Allowance
a. Board of Directors and Key Management personnel (KMP):		
Ang Nima Sherpa	Chairperson	50,000
Uddhav Raj Shivakotee	Director	50,000
Jen Lama	Director	50,000
Subarna Shakya	Director	50,000
Durga Devi Dhakal	Director	50,000
Rakesh Joshi	Public Director	50,000

30.3 Transactions with Directors & Key Management Personnel

During the year neither any directors nor any key management personnel nor any associate or family member (relative) of the directors and key management personnel was indebted to the company Except the owner of the Company.

31. Financial risk management objectives and policies

The Company's business activities expose to a variety of risks, namely primarily to fluctuations in foreign currency exchange rates, liquidity and credit risk, which may adversely impact the fair value of its financial instruments. The Company's Board and senior management has overall responsibility for the establishment and oversight of the Company's risk management. 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 the Company's activities.

31.1 Credit risk

The company provides reasonable level of credit facilities to debtors and so does it enjoy credit facility from its creditors as well. In case of impact on tourism sector, it may have impact of company debtors' ability to pay the company within reasonable credit period allowed. Accordingly, there exist the credit risks to that extent. The company through its experience over the many years has been managing such risk well through proper way of close monitoring and supervising the regular recoverability position by the management and the Board.

31.2 Liquidity risk

The Company monitors its risk to a shortage of funds on a regular basis through fund forecast. The Company's objective is to maintain a balance between continuity of funding through equity and flexibility through use of bank loans. Access to sources of funding is sufficient.

31.4 Interest Rate Risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company's exposure to the risk of changes in market interest rates relates primarily to the Company's borrowings. The Company manages its interest rate risk by negotiating with highly reputed commercial banks.

31.5 Foreign currency risk

Foreign currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. The Company's exposure to the risk of changes in foreign exchange rates relates primarily to the Company's borrowing in foreign currency.

32. Others

32.1 Proposed Dividend

The board of directors has not yet proposed share dividend on paid up capital from the net profit of the fiscal year 2082/83 and its accumulated reserve & surplus.

32.2 Regrouping and Round off:

Figures have been regrouped and rearranged so as to facilitate comparison. The amounts in the financial statement are rounded off to the nearest Rupees, except where otherwise indicated as permitted by NAS 1 - "*Presentation of Financial Statements*".

प्रबन्ध-पत्र संशोधन सम्बन्धी

तीन महले

साविकको ब्यवस्था	हाल संशोधित ब्यवस्था	संशोधन गर्नु पर्ने कारण
दफा २. कम्पनीको रजिष्टर्ड कार्यालय रहने ठेगाना: यस कम्पनीको रजिष्टर्ड कार्यालय भक्तपुर जिल्ला, मध्यपुर थिमी न.पा., साविक वडा नं. १५ हाल वडा नं. ३ मा रहनेछ। साथै सम्बन्धित निकायको स्वीकृति लिई अन्य स्थानमा शाखा कार्यालय खोल्न र मुल कार्यालय स्थानान्तरण गर्न सकिनेछ।	दफा २. कम्पनीको रजिष्टर्ड कार्यालय रहने ठेगाना: यस कम्पनीको रजिष्टर्ड कार्यालय काठमाण्डौ जिल्ला, का.म.न.पा., वडा नं. ६, बौद्धमा रहनेछ। कम्पनी रजिष्ट्रारको कार्यालयबाट पूर्व स्वीकृति लिई अन्य ठाउँमा कार्यालय सार्न वा स्थानान्तरण गर्न सकिनेछ।	कम्पनीको रजिष्टर्ड ठेगाना परिवर्तन भएकोले।
दफा ६. कम्पनीको पूँजीको संरचना देहाय बमोजिम हुनेछ। (क) कम्पनीको अधिकृत पूँजी रु.४९,२५,००,०००।- (अक्षरेपी उन्नचास करोड पचिस लाख) हुनेछ। सो पूँजीलाई प्रतिशेयर रु. १००।- दरका ४९,२५,००० थान साधारण शेयरमा विभाजन गरिएको छ। (ख) कम्पनीको तत्काल जारी गर्ने पूँजी रु.४९,२५,००,०००।- (अक्षरेपी उन्नचास करोड पचिस लाख) हुनेछ। सो पूँजीलाई प्रतिशेयर रु. १००।- दरका ४९,२५,००० थान साधारण शेयरमा विभाजन गरिएको छ। (ग) कम्पनीको तत्काल चुक्ता गर्न कबुल गरेको पूँजी रु.४९,२५,००,०००।- (अक्षरेपी उन्नचास करोड पचिस लाख) हुनेछ।	दफा ६. कम्पनीको पूँजीको संरचना देहाय बमोजिम हुनेछ। (क) कम्पनीको अधिकृत पूँजी रु.९८,५०,००,०००।- (अक्षरेपी अन्ठानब्बे करोड पचास लाख) हुनेछ। सो पूँजीलाई प्रतिशेयर रु.१००।- दरका ९८,५०,००० थान साधारण शेयरमा विभाजन गरिएको छ। (ख) कम्पनीको तत्काल जारी गर्ने पूँजी रु.९८,५०,००,०००।- (अक्षरेपी अन्ठानब्बे करोड पचास लाख) हुनेछ। सो पूँजीलाई प्रतिशेयर रु.१००।- दरका ९८,५०,००० थान साधारण शेयरमा विभाजन गरिएको छ। (ग) कम्पनीको तत्काल चुक्ता गर्ने पूँजी रु.९८,५०,००,०००।- (अक्षरेपी अन्ठानब्बे करोड पचास लाख) हुनेछ।	कम्पनीले १:१ को अनुपातमा हकप्रद शेयर जारी गर्ने प्रयोजनको लागि पूँजी वृद्धि गर्ने भएबाट।
दफा ११ अन्य आवश्यक कुराहरु:	दफा ११ अन्य आवश्यक कुराहरु: यस दफाको उपदफा ३ पछि देहाय बमोजिम उपदफा ४ थपिएको छ। ४. शेयरधनीले हकप्रद शेयरमा रहेको आफ्नो हक अन्य व्यक्ति वा कम्पनीलाई हस्तान्तरण गर्न सक्नेछ।	

नियमावलीको तीन महले विवरण

साविकको व्यवस्था	हाल संशोधित व्यवस्था	संशोधन गर्नु पर्ने कारण
नियम २. <u>कम्पनीको रजिष्टर्ड कार्यालय रहने ठेगाना:</u> यस कम्पनीको रजिष्टर्ड कार्यालय भक्तपुर जिल्ला, मध्यपुर थिमी न.पा., साविक वडा नं. १५ हाल वडा नं. ३ मा रहनेछ। साथै सम्बन्धित निकायको स्वीकृति लिई अन्य स्थानमा शाखा कार्यालय खोल्न र मुल कार्यालय स्थानान्तरण गर्न सकिनेछ।	नियम २. <u>कम्पनीको रजिष्टर्ड कार्यालय रहने ठेगाना:</u> यस कम्पनीको रजिष्टर्ड कार्यालय काठमाण्डौ जिल्ला, का.म.न.पा., वडा नं. ०६, बौद्धमा रहनेछ। कम्पनी रजिष्ट्रारको पूर्व स्वीकृति लिएर कार्यालयको रजिष्टर्ड ठेगाना सार्न वा स्थानान्तरण गर्न सकिनेछ।	कम्पनीको रजिष्टर्ड ठेगाना परिवर्तन भएकोले।
२७. <u>सञ्चालक समितिको गठन, संख्या र कार्यकाल:</u> १. सञ्चालकको नियुक्ति वा निर्वाचन कम्पनीको साधारण सभाबाट गरिनेछ। २. यस कम्पनीमा ७ (सात) जनाको सञ्चालक समिति हुनेछ। ३. सञ्चालकहरूको कार्यकाल ४ वर्षको हुनेछ। ४. वार्षिक साधारण सभा हुनु अगावै कुनै सञ्चालकको पद रिक्त हुन आएमा बाँकी अवधिका लागि सञ्चालकको नियुक्ति जुन प्रक्रियाबाट पहिलो सञ्चालक नियुक्ति भएको थियो सोही प्रक्रियाबाट गरिनेछ। कुनै सञ्चालकको कार्यकाल पूरा नहुदै बीचमा पद रिक्त भई सो पदमा नियुक्त भएको सञ्चालकको कार्यकाल जुन सञ्चालकको पद रिक्त भइ नियुक्त भएको हो सो सञ्चालकको बाँकी समयको लागि मात्र हुनेछ। ५. संगठित संस्थाको सञ्चालक नियुक्त गर्दा निजको बैकल्पिक सञ्चालक पनि नियुक्त गर्न सकिनेछ।	२७. <u>सञ्चालक समितिको गठन, संख्या र कार्यकाल:</u> १. सञ्चालकको नियुक्ति वा निर्वाचन कम्पनीको साधारण सभाबाट गरिनेछ। २. यस कम्पनीमा एक महिला र स्वतन्त्र सञ्चालक सहित ५ (पाँच) जनाको सञ्चालक समिति हुनेछ। ३. सञ्चालकहरूको कार्यकाल ४ वर्षको हुनेछ। ४. वार्षिक साधारण सभा हुनु अगावै कुनै सञ्चालकको पद रिक्त हुन आएमा बाँकी अवधिका लागि सञ्चालकको नियुक्ति जुन प्रक्रियाबाट पहिलो सञ्चालक नियुक्ति भएको थियो सोही प्रक्रियाबाट गरिनेछ। कुनै सञ्चालकको कार्यकाल पूरा नहुदै बीचमा पद रिक्त भई सो पदमा नियुक्त भएको सञ्चालकको कार्यकाल जुन सञ्चालकको पद रिक्त भइ नियुक्त भएको हो सो सञ्चालकको बाँकी समयको लागि मात्र हुनेछ। ५. संगठित संस्थाको सञ्चालक नियुक्त गर्दा निजको बैकल्पिक सञ्चालक पनि नियुक्त गर्न सकिनेछ।	साधारण सभाबाट सञ्चालकको संख्या घटाएकोले र उप नियमको सि.नं. मा भएको त्रुटी संशोधन गरिएको।
नियम २९. <u>शेयरधनी बाहेकको अन्य कुनै स्वतन्त्र र व्यवसायीक व्यक्तिलाई सञ्चालक नियुक्ति गर्ने भए निजको संख्या, कार्यकाल तथा नियुक्ति प्रक्रिया सम्बन्धी व्यवस्था:</u> हाल शेयरधनी बाहेक अन्य स्वतन्त्र र व्यवसायीक व्यक्तिलाई सञ्चालकमा नियुक्ति गर्ने व्यवस्था राखिएको छैन।	नियम २९. <u>शेयरधनी बाहेकको अन्य कुनै स्वतन्त्र र व्यवसायीक व्यक्तिलाई सञ्चालक नियुक्ति गर्ने भए निजको संख्या, कार्यकाल तथा नियुक्ति प्रक्रिया सम्बन्धी व्यवस्था:</u> (१) यस कम्पनीमा १ (एक) जना स्वतन्त्र सञ्चालक रहनेछ। स्वतन्त्र सञ्चालकको योग्यता कम्पनी ऐन, २०६३ को दफा ८६ को उपदफा (२) बमोजिमको योग्यता भएको व्यक्ति हुनुपर्नेछ। (२) स्वतन्त्र सञ्चालकको नियुक्ति सञ्चालक समितिले गर्नेछ। (३) स्वतन्त्र सञ्चालकको कार्यकाल ४ (चार) वर्षको हुनेछ।	स्वतन्त्र सञ्चालकको व्यवस्था भएबाट।

संशोधित नियमावली

नियम २. कम्पनीको रजिष्टर्ड कार्यालय रहने ठेगाना:

यस कम्पनीको रजिष्टर्ड कार्यालय काठमाण्डौ जिल्ला, का.म.न.पा., वडा नं. ०६, बौद्धमा रहनेछ। कम्पनी रजिष्ट्रारको पूर्व स्वीकृति लिएर कार्यालयको रजिष्टर्ड ठेगाना सार्न वा स्थानान्तरण गर्न सकिनेछ।

नियम २७. सञ्चालक समितिको गठन, संख्या र कार्यकाल:

१. सञ्चालकको नियुक्ति वा निर्वाचन कम्पनीको साधारण सभाबाट गरिनेछ।
२. यस कम्पनीमा एक महिला र स्वतन्त्र सञ्चालक सहित ५ (पाँच) जनाको सञ्चालक समिति हुनेछ।
३. सञ्चालकहरूको कार्यकाल ४ वर्षको हुनेछ।
४. वार्षिक साधारण सभा हुनु अगावै कुनै सञ्चालकको पद रिक्त हुन आएमा बाँकी अवधिका लागि सञ्चालकको नियुक्ति जुन प्रक्रियाबाट पहिलो सञ्चालक नियुक्ति भएको थियो सोही प्रक्रियाबाट गरिनेछ। कुनै सञ्चालकको कार्यकाल पूरा नहुदै बीचमा पद रिक्त भई सो पदमा नियुक्त भएको सञ्चालकको कार्यकाल जुन सञ्चालकको पद रिक्त भई नियुक्त भएको हो सो सञ्चालकको बाँकी समयको लागि मात्र हुनेछ।
५. संगठित संस्थाको सञ्चालक नियुक्त गर्दा निजको बैकल्पिक सञ्चालक पनि नियुक्त गर्न सकिनेछ।

नियम २९. शेयरधनी बाहेकको अन्य कुनै स्वतन्त्र र व्यवसायीक व्यक्तिलाई सञ्चालक नियुक्ति गर्ने भए निजको संख्या, कार्यकाल तथा नियुक्ति प्रक्रिया सम्बन्धी व्यवस्था:

- (१) यस कम्पनीमा १ (एक) जना स्वतन्त्र सञ्चालक रहनेछ। स्वतन्त्र सञ्चालकको योग्यता कम्पनी ऐन, २०६३ को दफा ८६ को उपदफा (२) बमोजिमको योग्यता भएको व्यक्ति हुनुपर्नेछ।
- (२) स्वतन्त्र सञ्चालकको नियुक्ति सञ्चालक समितिले गर्नेछ।
- (३) स्वतन्त्र सञ्चालकको कार्यकाल ४ (चार) वर्षको हुनेछ।

संशोधित प्रबन्ध पत्र

दफा २. कम्पनीको रजिस्टर्ड कार्यालय रहने ठेगाना:

यस कम्पनीको रजिस्टर्ड कार्यालय काठमाण्डौ जिल्ला, का.म.न.पा., वडा नं. ०६, बौद्धमा रहनेछ। कम्पनी रजिष्ट्रारको पूर्व स्वीकृति लिएर कार्यालयको रजिस्टर्ड ठेगाना सार्न वा स्थानान्तरण गर्न सकिनेछ।

दफा ६ कम्पनीको पूँजीको संरचना:

यस कम्पनीको पूँजीको संरचना देहाय बमोजिम रहेको छ:

(क) कम्पनीको अधिकृत पूँजी रु.९८,५०,००,०००/- (अक्षरेपी अन्ठानब्वे करोड पचास लाख) हुनेछ। सो पूँजीलाई प्रतिशेयर रु.१००/- दरका ९८,५०,००० थान साधारण शेयरमा विभाजन गरिएको छ।

(ख) कम्पनीको तत्काल जारी गर्ने पूँजी रु.९८,५०,००,०००/- (अक्षरेपी अन्ठानब्वे करोड पचास लाख) हुनेछ। सो पूँजीलाई प्रतिशेयर रु.१००/- दरका ९८,५०,००० थान साधारण शेयरमा विभाजन गरिएको छ।

(ग) कम्पनीको तत्काल चुक्ता गर्ने पूँजी रु.९८,५०,००,०००/- (अक्षरेपी अन्ठानब्वे करोड पचास लाख) हुनेछ।

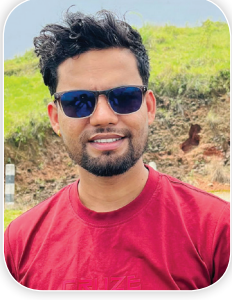
दफा ११ अन्य आवश्यक कुराहरु:

यस दफाको उपदफा ३ पछि देहाय बमोजिम उपदफा ४ थपिएको छ।

४. शेयरधनीले हकप्रद शेयरमा रहेको आफ्नो हक अन्य व्यक्ति वा कम्पनीलाई हस्तान्तरण गर्न सक्नेछ।

टिप्पणी

कम्पनीमा कार्यरत कर्मचारीहरू



प्रदिप दाहाल
प्लान्ट इन्चार्ज



युवराज विश्वकर्मा
सिफ्ट इन्चार्ज



श्याम जीवन सहनी
सिफ्ट इन्चार्ज



जय प्रकाश सरदार
सिफ्ट इन्चार्ज



रण बहादुर वली
प्लान्ट अपरेटर



सुनिल महतो
प्लान्ट अपरेटर



अनिकेश चौधरी
प्लान्ट अपरेटर



सोम रेन्जी शेर्पा
सबस्टेसन अपरेटर



विशाल कार्की
सबस्टेसन अपरेटर



बुद्ध तामाङ
असिष्टेन्ट



कुसुम तामाङ
असिष्टेन्ट



प्रविन्द्र तामाङ
इन्टेक अपरेटर



जीत बहादुर खड्का
इन्टेक अपरेटर



भुवन मगर
इन्टेक अपरेटर



नारायण श्रेष्ठ
डाइभर



लक्ष्मी प्रसाद कार्की
कुक



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