





ANNUAL REPORT FOR FISCAL YEAR 2081/2082 (2024/25)

AMADABLAM MINI HYDRO LIMITED

ESTD. 2023

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Company Profile

Amadablam Mini Hydro Limited is a Nepal-based energy sector company established with the vision of delivering clean, reliable, and sustainable electricity to some of the country's most remote and environmentally sensitive regions. The company was originally incorporated as a private limited entity and was formally converted into a public limited company on 10 October 2023 to facilitate a robust Public–Private Partnership (PPP) framework, particularly in collaboration with Khumbu Pasanglhamu Rural Municipality. Headquartered in Kathmandu, the company functions as a dedicated Energy Service Company (ESCO), responsible for the development, ownership, operation, and long-term management of its hydropower assets.

The flagship undertaking of Amadablam Mini Hydro Limited is the 911 kW Amadablam Mini Hydropower Project, a run-of-river scheme located in Ward No. 4 of Khumbu Pasanglhamu Rural Municipality, Solukhumbu District, within the core area of Sagarmatha National Park. The project harnesses the perennial waters of Cholonche Khola, a tributary of the Imja River, to generate clean electricity for 451 households and a wide range of energy users, including tourism enterprises, businesses, and community facilities along the Everest Base Camp trekking corridor. Designed with a gross head of 471.87 meters and a design discharge of 250 liters per second, the project represents one of the highest-altitude mini hydropower developments in the world.

Amadablam Mini Hydro Limited is implementing the project under an innovative blended financing and PPP model, with a total investment of approximately NPR 618.9 million. The financial structure integrates government subsidies and viability gap funding through the Alternative Energy Promotion Centre (AEPD) under the Mini Grid Energy Access Project (MGEAP), concessional support from the Central Renewable Energy Fund (CREF), commercial lending from Siddhartha Bank Limited, equity investment from the company and strategic partners such as Beyul Hydro Investment Pvt. Ltd., and direct investment from the local rural municipality.



The project is further supported by international development partners, including the World Bank and the Foreign, Commonwealth and Development Office (FCDO), reflecting strong national and international confidence in the company's governance and technical capacity. The company places strong emphasis on environmental stewardship, social responsibility, and regulatory compliance. Operating within a UNESCO World Heritage site, Amadablam Mini Hydro Limited strictly adheres to approved Environmental and Social Management Plans (ESMP), Environmental Impact Assessments (EIA), and national protected-area procedures. Key commitments include maintaining a minimum of 50% environmental flow, extensive waste management practices, occupational health and safety standards for workers, community engagement, and biodiversity conservation measures such as plantation of 9,150 seedlings to offset land use impacts. Through continuous coordination with government agencies, local communities, and development partners, the company ensures that infrastructure development proceeds without compromising the Outstanding Universal Value of Sagarmatha National Park.

Through its technical innovation, inclusive partnership model, and commitment to sustainability, Amadablam Mini Hydro Limited exemplifies a new generation of Nepali hydropower developers focused on rural electrification, climate resilience, and community-centered development. The company's work not only enhances energy security and economic opportunity in high-altitude regions but also establishes a replicable model for renewable energy deployment in Nepal's most challenging terrains, contributing meaningfully to national development goals and global climate commitments.

Corporate Information

Name : Amadablam Mini Hydro Limited

Registration Number : 321664/080/081

Date Incorporated: 7 May 2019 (2076/01/25 BS)

Date Converted into a Public Limited Company:

10 October 2023 (2080/06/24 BS)

Registered / Corporate Office: Dhumbarahi,
Kathmandu, Nepal



Mission

Vision

Mission

The mission of the Amadablam Mini Hydro project is to provide reliable and sustainable electricity to remote off-grid communities in the Khumbu Pasang Lhamu Rural Municipality. By harnessing clean hydropower energy, the project aims to improve the quality of life for local residents, promote economic development, and enhance tourism sustainability while ensuring environmental and social responsibility.

Vision

The vision of the Amadablam Mini Hydro project is to be a model for sustainable and eco-friendly energy development in Nepal, empowering indigenous communities and supporting local economic growth. The project envisions fostering self-sufficiency in energy, preserving the ecological integrity of Sagarmatha National Park, and contributing to a greener and more resilient future.



Objectives

Assess Environmental & Social Impact – Conduct a detailed study of the existing environmental and social conditions to guide responsible project implementation.

Define Influence Area – Identify communities and ecosystems affected by the project to ensure effective impact management.

Impact Analysis & Mitigation – Evaluate both positive and negative effects on the environment, economy, and society, and implement strategies to minimize risks while maximizing benefits.

Alternative Analysis – Explore and compare different energy solutions, including solar, grid extension, and site alternatives, to select the most sustainable approach.

Regulatory Compliance & Financing Eligibility – Ensure alignment with Nepal's legal framework, financial regulations, and international environmental standards, including World Bank policies.

Environmental & Social Management Plan (ESMP) – Develop a comprehensive plan with monitoring, reporting, and auditing mechanisms to ensure long-term sustainability.

Institutional & Safety Framework – Establish necessary structures for effective project execution, including Occupational Health & Safety, Emergency Preparedness, Labour Management, Gender Development, and Transport Management Plans.

Stakeholder Engagement & Benefit Sharing – Actively involve local communities, ensure transparent communication, and implement a fair benefit-sharing mechanism.



Board

Members



Chairperson
Laxman Adhikari



Chhering Tashi Sherpa
Secretary



Phuthundu Sherpa
Member



Padma Gurung
Independent Director



Tenzing Jangbu Sherpa
Representatives from Beyual Hydro
Limited



Lhakpa Doma Sherpa
Member



Khumbu Pasanglhamu Rural Municipality Chairperson's Message

It is my pleasure to extend warm greetings to all the shareholders, board members, members attending the Annual General Meeting of Amadablam Mini Hydro Limited. The is currently in its construction phase, and we progress despite the challenging geographical and climatic conditions. This project is an rural municipality, as it will greatly support local development and improve access to clean and reliable energy in the future.



Mingma Chhiri Sherpa

I commend the company's management, technical team, and field staff for their dedication and hard work, and extend appreciation to the local community for their continued cooperation, which is vital for the smooth progress of the project; as the work moves forward, the company is encouraged to uphold transparency, safety, and environmental responsibility, while the rural municipality remains committed to providing the necessary support to ensure timely completion, and with these collective efforts, I wish the AGM every success and look forward to positive outcomes and meaningful progress in the coming year.



Amadablam Mini Hydro Chairperson's Message

I would also like to sincerely express my heartfelt gratitude to our valued investors—Khumbu Pasanglhamu Rural Municipality and Beyul Hydro Investment Pvt. Ltd.—as well as to our dedicated financing partners for their continued trust, confidence, and steadfast support. Your belief in this project has been instrumental in sustaining our momentum and strengthening our collective resolve, particularly while operating under the demanding geographical, climatic, and logistical challenges of a high-altitude Himalayan environment. The confidence you have placed in this initiative has not only enabled steady progress but has also reaffirmed the shared commitment to responsible investment and long-term regional development. Together, we are not only powering the future of the Khumbu region but also laying the foundation for inclusive and sustainable growth.



Laxman Adhikari

This project contributes meaningfully to economic upliftment by enhancing local opportunities, supporting environmentally responsible tourism, and improving the overall quality of life for mountain communities. With each milestone achieved, we are lighting the Himalayas, reinforcing community resilience, and strengthening local capacity, helping to build a brighter, more secure, and sustainable future for generations to come. Our collective efforts today will serve as a lasting legacy of clean energy, environmental stewardship, and shared prosperity for the region.



Messages From Board Members

Phuthundu Sherpa

My best wishes to Amadablam Mini Hydro on the occasion of its AGM. The efforts made to provide reliable energy in such a remote region are truly commendable. I wish the team continued success.

Chhering Tashi Sherpa

Warm congratulations to Amadablam Mini Hydro on its AGM. The dedication and hard work shown in bringing clean energy to high-altitude communities is highly commendable. Best wishes for continued achievements in the years ahead.

Padma Gurung

On the occasion of the AGM, I extend my sincere best wishes to Amadablam Mini Hydro. The project stands as an inspiring example of commitment, resilience, and sustainable development in remote regions. Wishing the team every success.

Lhakpa Doma Sherpa

I would like to convey my best wishes to Amadablam Mini Hydro during its AGM. The effort to ensure reliable power supply in such a difficult terrain deserves great appreciation. May the project continue to grow and serve the community successfully.

Tenzing Jangbu Sherpa

My best wishes to Amadablam Mini Hydro on the occasion of its AGM. Delivering reliable and sustainable energy in such a challenging and remote region is truly admirable. I wish the entire team continued progress and success.



AGM

Notice

अमादब्लम मिनि हाईड्रो लि.
काठमाडौं महानगरपालिका-०८, काठमाडौं, बागमती

तेस्रो वार्षिक साधारण सभाको सूचना (आ.व. २०८२/८३)

प्रथम पटक प्रकाशित मिति: २०८२/०९/०१

शेयरधनी महानुभावहरू,

अमादब्लम मिनि हाईड्रो लि.

मिति २०८२/०८/२५ गते बसेको यस कम्पनीको संचालक समितिको बैठकको निर्णयानुसार यस कम्पनीको वार्षिक साधारण सभा निम्न मिति, स्थान तथा समयमा निम्न विषयहरूमा छलफल गर्न बस्ने भएकोले सम्पूर्ण शेयरधनी महानुभावहरूलाई उपस्थितिको लागि अनुरोध गरिएको छ।

स्थान : सिद्धार्थ बुटिक होटल, बौद्ध, काठमाडौं

मिति : २०८२/०९/२३

समय : दिनको १:०० बजे

साधारण प्रस्तावहरू

१. संचालक समितिको प्रतिवेदन माथि छलफल।
२. आर्थिक वर्ष २०८१/८२ को लेखापरीक्षण प्रतिवेदन उपर छलफल गर्ने।
३. चालू आर्थिक वर्ष २०८२/८३ लेखापरीक्षक नियुक्त गर्ने बारे।
४. विविध सम्बन्धमा।

विविध प्रस्तावहरू:

तेस्रो वार्षिक साधारण सभा सम्बन्धी अन्य जानकारी

१. वार्षिक साधारण सभाको सूचना तथा सक्षिप्त प्रतिवेदन प्रत्येक शेयरधनीको उपलब्ध ठेगानामा हुलाक/कुरियर/इमेल/मेसेन्जर मार्फत पठाइने छ। वार्षिक साधारण सभा सम्बन्धी कुनै जानकारी आवश्यक भएमा कम्पनीको रजिष्टर्ड कार्यालयमा सम्पर्क गर्नहुन अनुरोध छ।
२. साधारण सभामा उपस्थित हुँदा प्रवेशपत्र वा शेयर प्रमाणपत्र लिई उपस्थित हुन अनुरोध गरिन्छ।
३. शेयरधनी महानुभावहरूको उपस्थिती पुस्तिकामा दस्तखत गर्ने शेयरधनी पुस्तिका बिहान ११:३० बजे देखि खुल्ला गरिनेछ।
४. साधारण सभामा भाग लिनको लागि प्रतिनिधि (प्रोक्सी) नियुक्त गर्न चाहने शेयरधनीहरूले प्रतिनिधि पत्र (प्रोक्सी) फारम भरी सभा सुरु हुन भन्दा कमिमा ४८ घण्टा अगावै कम्पनीको रजिष्टर्ड कार्यालय कामकाजको समयमा दर्ता गराई सक्नु पर्ने छ।

संचालक समितिको आज्ञाले,
कम्पनीको सचिव

AGM Notice First time Published



AGM

Notice

तेस्रो वार्षिक साधारण सभाको सूचना (आ.व. २०८२/८३)

दोस्रो पटक प्रकाशित मिति: २०८२।१०।०५

शेयरधनी महानुभावहरू,

अमादब्लम मिति हाईड्रो लि.

मिति २०८२/०८/२५ गते बसेको यस कम्पनीको संचालक समितिको बैठकको निर्णयानुसार यस कम्पनीको वार्षिक साधारण सभा निम्न मिति, स्थान तथा समयमा निम्न विषयहरूमा छलफल गर्न बस्ने भएकोले सम्पूर्ण शेयरधनी महानुभावहरूलाई उपस्थितिको लागि अनुरोध गरिएको छ।

स्थान : सिद्धार्थ बुटिक होटल, बौद्ध, काठमाडौं

मिति : २०८२/०९/२३

समय : दिनको १:०० बजे

साधारण प्रस्तावहरू

१. संचालक समितिको प्रतिवेदन माथि छलफल।
२. आर्थिक वर्ष २०८१/८२ को लेखापरीक्षण प्रतिवेदन उपर छलफल गर्ने।
३. चालू आर्थिक वर्ष २०८२/८३ लेखापरीक्षक नियुक्त गर्ने बारे।
४. विविध सम्बन्धमा।

विविध प्रस्तावहरू:

तेस्रो वार्षिक साधारण सभा सम्बन्धी अन्य जानकारी

१. वार्षिक साधारण सभाको सूचना तथा संक्षिप्त प्रतिवेदन प्रत्येक शेयरधनीको उपलब्ध ठेगानामा हुलाक/कुरियर/इमेल/मेसेन्जर मार्फत पठाइने छ। वार्षिक साधारण सभा सम्बन्धी कुनै जानकारी आवश्यक भएमा कम्पनीको रजिष्टर्ड कार्यालयमा सम्पर्क गर्नहुन अनुरोध छ।
२. साधारण सभामा उपस्थित हुँदा प्रवेशपत्र वा शेयर प्रमाणपत्र लिई उपस्थित हुन अनुरोध गरिन्छ।
३. शेयरधनी महानुभावहरूको उपस्थिति पुस्तिकामा दस्तखत गर्ने शेयरधनी पुस्तिका बिहान ११:३० बजे देखि खुल्ला गरिनेछ।
४. साधारण सभामा भाग लिनको लागि प्रतिनिधि (प्रोक्सी) नियुक्त गर्न चाहने शेयरधनीहरूले प्रतिनिधि पत्र (प्रोक्सी) फारम भरी सभा सुरु हुन भन्दा कमिमा ४८ घण्टा अगावै कम्पनीको रजिष्टर्ड कार्यालय कामकाजको समयमा दर्ता गराई सक्नु पर्ने छ।

संचालक समितिको आज्ञाले,
कम्पनीको सचिव

**AGM Notice Second time
Published**



Need &

Importance of Project

Remote mountain regions such as Khumbu Pasanglhamu Rural Municipality continue to experience persistent energy shortages due to challenging terrain, dispersed settlements, and the high cost of extending the national electricity grid. As a result, local households and businesses often rely on firewood, diesel, and other inefficient energy sources that are costly, unreliable, and environmentally harmful. The Amadablam Mini Hydropower Project has been thoughtfully developed to address this pressing need by supplying reliable, locally generated electricity to communities along the Everest Base Camp trekking corridor. Access to dependable power is vital for meeting daily household requirements, ensuring safe lighting, improving communication, supporting education and health services, and enabling tourism facilities that are central to the local economy.

The project holds significant importance for promoting sustainable development while safeguarding the fragile ecosystem of Sagarmatha National Park. By generating clean and renewable energy, it helps reduce pressure on forest resources, lowers greenhouse gas emissions, and improves local air quality, all while strictly complying with environmental conservation standards. In addition to its environmental contributions, the project supports local economic growth through employment opportunities, skill development, and improved infrastructure. It also demonstrates an effective Public-Private Partnership model tailored to Nepal's high-altitude regions, serving as a respectful and replicable example of how renewable energy initiatives can foster inclusive, climate-resilient rural transformation across the country.



Physical Progress



Significant work has been completed across civil, hydro-mechanical, electro-mechanical, and transmission systems. RCC construction for the gravel trap, desander, and flushing sections is nearly complete, intake excavation is underway, and 351 penstock pipes have been successfully airlifted to high-altitude locations. Powerhouse excavation continues, and construction materials such as reinforcement, aggregates, pipes, gabion boxes, and structural steel have been transported despite challenging weather. Hydro-mechanical components are being fabricated and delivered, and electro-mechanical works including generator and turbine production are progressing, with Factory Acceptance Testing (FAT) scheduled for early 2026. Transmission and distribution systems are advancing with transformer procurement, LT cable delivery, and planned factory inspections.





Civil Work



Concrete works are ongoing at the project site. The gravel trap base has been completed. For the desander basin, 24.9 m length has been completed, including completion of base and walls for the inlet zone (5.70 m). The headpond base for a length of 1.95 m has also been completed.

Penstock alignment works are in progress, with approximately 700 m of track opening ongoing.

At the powerhouse area, excavation works have continued up to a depth of 2.0 m. Pipe and canal works are at the site clearance stage.

Collection of construction materials is continuing as per schedule.



Concreting works of desanding basin



Hydro-Mechanical



Hydro-Mechanical (HM) works of Amadablam Mini Hydro Limited progressed in accordance with the approved design, contract provisions, and construction schedule. Manufacturing and procurement of major HM components, including penstock pipes and associated fittings, were substantially completed. A significant portion of the penstock pipes has been transported to the project site, while the remaining pipes are under fabrication and bend preparation. Quality inspections were carried out to ensure compliance with technical specifications. Coordination among the employer, contractor, and consultant remained effective, facilitating timely approvals and partial payment releases aligned with actual progress achieved on site.





Electro-Mechanical

Electro-Mechanical (EM) works for Amadablam Mini Hydro Limited progressed in accordance with the contract agreement and approved technical specifications. Detailed engineering designs for the turbine, generator, and associated auxiliary systems were submitted and reviewed in line with contractual performance guarantees. Manufacturing of major EM equipment advanced satisfactorily, with key components either completed or in advanced stages of fabrication. Quality control documentation and manufacturing progress reports were reviewed to ensure compliance with required standards. Coordination between the EM contractor, employer, and consultant remained effective, supporting timely approvals and smooth implementation of EM works.





Transmission & Distribution

Transmission and Distribution component of Amadablam Mini Hydro Limited progressed satisfactorily in accordance with approved designs and contractual provisions. Factory inspections and Transformer Factory Acceptance Tests (FAT) were conducted to ensure conformity with technical specifications. Site verification activities were undertaken to validate alignment, foundations, and installation conditions.





Distribution User Area





Environment &

Social Safeguard

The subproject is located within Sagarmatha National Park (SNP), an ecologically sensitive area and UNESCO World Heritage Site. It therefore requires a detailed environmental assessment. Accordingly, an Environmental Impact Assessment (EIA) was conducted in compliance with Nepal's Environment Protection Act (EPA) 2019 and Environment Protection Rules (EPR) 2020. Additionally, an Environmental and Social Impact Assessment (ESIA) was prepared to meet World Bank requirements. It identifies potential environmental and social (E&S) impacts, and outlines an environmental and social management plan to ensure safeguard compliance during project implementation and operation. The subproject is actively implementing all EIA/ESIA mitigation measures and ESMP activities to minimize adverse impacts on local physical, chemical, biological, social, economic, and cultural aspect during construction and operation phases.

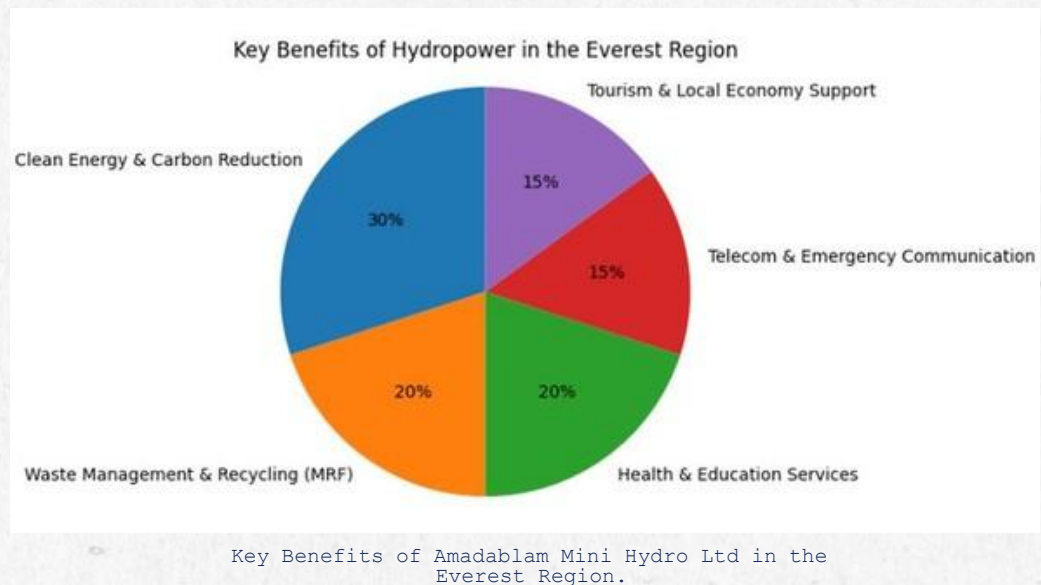
Environmental and social safeguards have been implemented at the project site, where environmental, health, and safety (EHS) rules have been followed at all construction sites. Workers have been provided with personal protective equipment (PPE) and life insurance to keep them safe and protected. First aid boxes have been maintained on-site following clear guidelines to ensure that all medicines are properly stored and not expired. Project area delineation and construction signage have been installed at the site. The project information board has been installed in a visible place accessible to everyone at the construction site. Labor camps consisting of tents have been established in accordance with site conditions. Housekeeping and waste management practices are being maintained effectively to ensure a safe and clean working environment.





To strengthen project governance and address potential grievances during construction and implementation, a Grievance Redress Committee (GRC 1) has been established. Additionally, the subproject has coordinated with Pangboche Health Post to provide immediate emergency care in case of accidents at the project site, as well as medical check-ups for laborers and staff.

The subproject will provide a number of benefits during construction and the operational stages. During construction, some of the beneficial impacts include employment generation, increase in local economy and enhancement of technical skills. It will have long-term beneficial impact for the development of the local area along with fulfillment of clean energy demand replacing biomass-based energy.

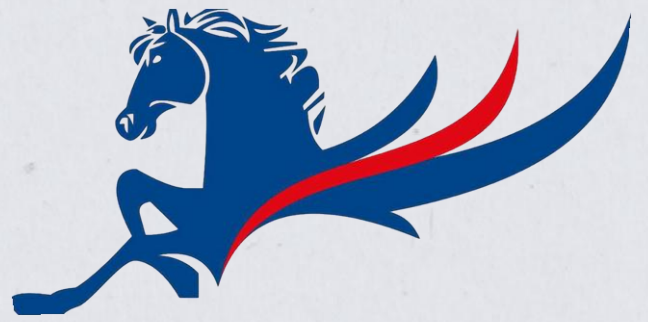


Renewable hydropower drives village development by powering health facilities (X-ray machines, surgical equipment, etc.), education (Wi-Fi for location tracking, Zoom classes, online resources, etc.), and business growth by simplifying daily life, boosting efficiency, reducing labor needs, and other infrastructure development activities. Ultimately, it safeguards Sagarmatha National Park's (SNP) ecological integrity, cuts the Everest region's carbon footprint, and channels royalty revenues into community infrastructure.



Project Board Information

Sub-Project Name:	Amadablam Mini Hydro Sub-project
Location:	Khumbu Pasanglhamu Rural Municipality-04, Solukhumbu, Koshi Province, Nepal
Water Source:	Cholunche Khola
Capacity:	911 kilowatts
Type of Sub-Project:	Run-of-River
Elevation:	Intake at 4,422 meters, Powerhouse at 3,951.18 meters
Owner/Operator	Amadablam Mini Hydro Limited
Implementing Agency:	Ministry of Energy, Water Resources and Irrigation (MoEWRI), Alternative Energy Promotion Centre (AEPC)/, Private Sector-Led Mini-Grid Energy Access Project (MGEAP) and Amadablam Mini Hydro Limited (AMHL)
Agreement Date:	29th March 2024
Completion Period Date:	1st September 2026
Project Cost:	NPR 618,901,638.89
Funding Sources:	Government of Nepal, Alternative Energy Promotion Centre (AEPC)/Mini-Grid Energy Access Project (MGEAP) , World Bank Loan and Grant (via Siddhartha Bank Limited) , British mbassy Kathmandu (from SECF Fund),Equity Investment and Khumbu Pasanglhamu Rural Municipality
Beneficiaries:	451 households and businesses (hotels, restaurants, hospitals, shops etc.) located in Ward No. 4, Khumbu Pasanglhamu Rural Municipality, Khumbu region
Contact Details:	Amadablam Mini Hydro Ltd.
	Dhumbarai-04, Kathmandu, Nepal
	Phone: 9852842344
	Email: amadablamhydro@gmail.com info@amadablamhydro.com.np



**FINANCIAL STATEMENTS AS PER NEPAL
FINANCIAL REPORTING STANDARD (NFRS)
FOR CAL YEAR 2081/2082 (2024/25)**





CONFIDENTIAL

**AUDIT REPORT AND AUDITED FINANCIAL
STATEMENTS**

OF

**AMADABLAM MINI HYDRO LIMITED
DHUMBARAHI-4, KATHMANDU, NEPAL**

(FOR THE FISCAL YEAR 2081/82)



Audited By:

**Raj Dhakal & Associates, Chartered Accountants
Kathmandu, Nepal**



INDEPENDENT AUDITOR'S REPORT

To the Shareholders, Amadablam Mini Hydro Ltd. Dhumbarahi-4, Kathmandu, Nepal
Report on the Audit of the Financial Statements Qualified Opinion We have audited the financial Statements of **Amadablam Mini Hydro Ltd**, which comprise the Statement of Financial Position as at Ashadh end, 2082 (Corresponding to July 16, 2025) and the statement of Profit and Loss and Other Comprehensive Income, statement of Cash flows and statement of Changes in equity for the year then ended, and notes to the financial statements, including a summary of significant accounting policies and other explanatory information (hereinafter referred to as "the financial statements").

In our opinion, except for the effects of matter described in the basis for qualified opinion paragraph, the accompanying financial statements present fairly, in all material respects, (or give a true and fair view of) the financial position of the Company as at Ashadh end, 2082 (Corresponding to July 16, 2025) and its financial performance and its cash flows for the year then ended in accordance with Nepal Financial Reporting Standards (NFRSS) and comply with Company Act, 2063 and other prevailing laws.

Basis for Qualified Opinion

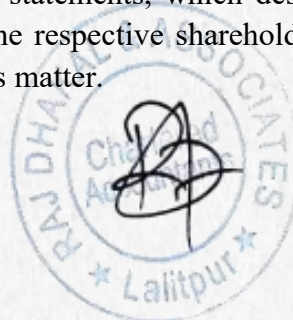
Qualified opinion is based on the matter as mentioned below:

- a) The Company has not complied with Social Security Fund regulation requirements.

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

Emphasis of Matters (EOM)

We draw attention to Note 1.1 and Note 5.4 to the financial statements, which describe the shareholding structure and the distribution of shares among the respective shareholders as of the reporting date. Our opinion is not modified in respect of this matter.





Other Matter (OM)

We draw attention to the following matters:

- Predecessor Auditor and Prior Year Qualification:** The financial statements of the Company for the year ended 31st Ashadh, 2081 (15th July, 2024), were audited by another auditor who expressed a qualified opinion on those statements on 1st Poush, 2081. The predecessor auditor's qualification pertained to the Company's non-compliance with the Social Security Fund (SSF) regulations. This matter remains unresolved as of the date of this report and has been addressed in our Basis for Qualified Opinion paragraph.
- Project Funding and Disbursement Mechanism:** Pursuant to Amendment 1 of the Multiparty Memorandum of Understanding (MOU) dated 14th February 2025, executed between the Alternative Energy Promotion Center (AEPC), Siddhartha Bank Ltd, the Company, and Khumbu Pasanglhamu Rural Municipality, a significant source of funding for the 911 kW Amadablam Mini Hydro Subproject is a direct investment of NPR 80,000,000 (Eight Crores) from the Rural Municipality. Under this specific arrangement, these funds are disbursed by the Municipality directly to the designated contractor rather than through the Company's financial channels.
- Contractor Status and Operational Risk:** We draw attention to the fact that Koju Engineering and Builders Pvt. Ltd., one of the primary contractor for the subproject, was blacklisted by the Credit Information Bureau of Nepal dated on 2082-01-28 and 2082-03-31. This blacklisting from Credit Information Bureau may lead to substantial delays in project completion, potential termination or restructuring of existing construction arrangements, and legal challenges regarding the future disbursement of municipal funds.

Our opinion is not modified in respect of these matters.

Key Audit Matters

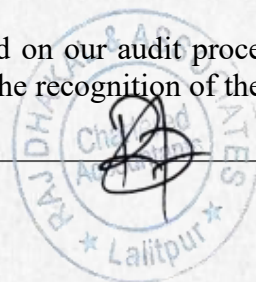
Key audit matters are those matters that, in our professional judgment, were of the most significant in our audit of financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

We have determined that the following as the Key Audit Matters and how these matters were addressed in our audit:

S.N.	Key Audit Matters	Auditor's Response
1.	<u>Construction WIP:</u> The expenses incurred directly for development of the hydropower project during the year has been capitalized to Project Under Development.	Our Audit Approach Our audit approach includes. Assessing if the project is still in progress, the costs incurred are directly related to the construction of hydropower project. Our Results: Since hydropower project is still under



		development, we found the treatment of Project Under Development to be acceptable.
2.	<p><u>Borrowing Facilities and Utilization:</u></p> <p>The Company has obtained sanctioned borrowing facilities aggregating to Rs. 170 million from Siddhartha Bank Limited, comprising a Fixed Term Loan limit of Rs. 150 million, Bank Guarantee-II limit of Rs. 15 million, and Working Capital/Overdraft limit of Rs. 5 million. As at the reporting date, the Company has availed Rs. 8.80 million from the Fixed Term Loan facility.</p>	<p>Our Audit Approach</p> <p>Our audit approach includes reviewing sanction letters and loan agreements to understand the terms, limits, interest rates, and repayment conditions of the borrowing facilities. We verified the amount availed during the year by reconciling loan balances with bank confirmations and lender statements. We also assessed whether the borrowings have been appropriately classified between current and non-current portions and whether related disclosures have been made in accordance with applicable accounting standards.</p> <p>Our Results:</p> <p>Based on our audit procedures, we found that the borrowing facilities and the amount availed thereunder have been appropriately recorded, classified, and disclosed in the financial statements in accordance with applicable accounting standards.</p>
3.	<p><u>Government Grant – Amadablam Mini Hydro Project:</u></p> <p>The Company has received a government grant amounting to NRs. 9,26,38,514.09 from the Natural Rural and Renewable Energy Programme/Central Renewable Energy Fund (NRREP/CREF) towards the construction of the Amadablam Mini Hydro Project. NRREP/CREF has committed to provide a total grant of NRs. 29,83,57,000 till completion of the project, subject to fulfillment of prescribed conditions.</p> <p>Management has recognized the grant received as Deferred Government Grant and is amortizing the same to the</p>	<p>Our Audit Approach</p> <p>Our audit approach includes assessing the terms and conditions of the grant agreement with NRREP/CREF, verifying the amount of grant received during the year, evaluating whether the grant relates to depreciable assets, and assessing the appropriateness of recognizing the grant as deferred income and amortizing it in proportion to depreciation charged on the related assets. We also assessed the treatment and disclosure of the committed but unreceived portion of the grant.</p> <p>Our Results:</p> <p>Based on our audit procedures, we found that the recognition of the government</p>





	statement of profit or loss over the useful life of the related depreciable assets in proportion to depreciation charged, in accordance with applicable accounting standards.	grant as Deferred Government Grant and its amortization over the useful life of the related assets in proportion to depreciation is appropriate and in accordance with applicable accounting standards. The disclosure relating to the committed grant amount was also found to be adequate.
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Information other than the Financial Statements and Auditor's Report Thereon

The Company's management is responsible for other information presented in the Company's Annual Report and Accounts FY 2081/082 together with Financial Statements. The other information comprises the information included in the "Annual Report" (as defined in NSA 720), but does not include the financial statements and our auditor's report thereon. The Annual Report, if prepared by management, is expected to be made available to us after the date of auditor's report. Our opinion on the financial statements does not cover the other information and, accordingly, we do not express and audit opinion or, expect as explicitly stated below, 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 inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to communicate the matter to those charged with governance and exercise appropriate actions as per the relevant laws and regulations. We have nothing to report in this regard as on the date of issuance of this report.

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

Management is responsible for the preparation and fair presentation of the financial statements in accordance with Nepal Financial Reporting Standards (NFRSs), and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error. In preparing the financial statements, management is responsible for assessing the 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 Organization's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements





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

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

1. 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.
2. 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 Organization's internal control.
3. Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
4. 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 Organization'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 Organization to cease to continue as a going concern.
5. 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.

Report on other Legal and Regulatory Requirements

In our opinion and to the best of our information and explanations given to us and based on the audit work carried out by us, we report that;

a. We have obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the purpose of our audit.

b. The accounts and records of the Company have been maintained as required by law and practice in a manner to reflect the real affairs of the Company.

c. The statement of financial position, statement of profit or loss and other comprehensive income and the statement of cash flow dealt with by this report are in agreement with the books of account of the Company, and these statements follow prevailing accounting standards.

d. Based on the explanations and information made available during the course of audit, financial statements read together with notes to accounts, properly reflect the financial situation, profit and loss and cash flow of the Company.

e. The company has not complied with the requirements of The Social Security Act, 2075.

f. In our opinion and to the best of our information and according to the explanation given to us, we did not come across any such instances other than mentioned where the Board of Directors, the representative or any employee of the Company has acted contrary to the provision of law relating to accounts or caused direct loss or damage to the Company deliberately or acted in a manner that would jeopardize the interest and security of the Company.

g. In our opinion and to the best of information provided to us, and as confirmed by the management through Management Representation Letter, we did not obtain any information that substantiate there is accounts-related forgery in the company.

For Raj Dhakal & Associates



Raj Dhakal
Chartered Accountant
Membership Number: 1717
COP: 1172
UIDN No:
Date: 2081/08/21
Place: Lalitpur, Nepal



Amadablam Mini Hydro Limited
Kathmandu Metropolitan City-4, Kathmandu

Statement of Financial Position
As on 32nd Ashad 2082 (16th July 2025)

		<i>Amount in NPR</i>		
PARTICULARS	Notes	As on Ashad 32, 2082	Restated as on Ashad 31, 2081	Restated as on Shrawan 1, 2080
Assets				
Non- Current Assets				
Property, Plant & Equipment	4.1	83,647,302	8,551,312	3,120,222
Intangible Assets	4.1	38,608	-	-
Right of Use (ROU) Asset	4.2	-	112,814	225,629
Financial Assets	4.3	-	-	-
Total Non Current Assets		83,685,910	8,664,126	3,345,851
Current Assets				
Financial Assets	4.4			
Loans and Advances		-	-	-
Other Financial Assets		9,305,000	2,239,000	-
Other Current Assets	4.5	31,034,775	1,185,000	300
Inventories	4.6	-	-	-
Cash and Cash Equivalents	4.7	60,528,810	51,269,150	435,653
Current Tax Assets	4.8	-	-	-
Total Current Assets		100,868,585	54,693,150	435,953
Total Assets		184,554,496	63,357,276	3,781,804
Equity and Liabilities				
Equity				
Share Capital	4.9	41,030,000	29,330,000	2,000,000
Retained Earnings	4.10	(2,897,030)	(1,540,332)	(535,097)
Reserves	4.11	-	-	-
Total Equity		38,132,970	27,789,668	1,464,903
Non Current Liabilities				
Financial Liabilities	4.12	8,798,208	-	116,190
Other Liabilities	4.13	93,573,451	30,770,637	934,937
Provisions	4.14	-	-	-
Total Non Current Liabilities		102,371,659	30,770,637	1,051,127
Current Liabilities				
Financial Liabilities	4.12	43,931,553	4,653,621	1,221,093
Other Current Liabilities	4.13	118,313	143,350	44,681
Current Tax Liabilities	4.8	-	-	-
Total Current Liabilities		44,049,866	4,796,971	1,265,774
Total Equity and Liabilities		184,554,496	63,357,276	3,781,804

The accompanying notes form an integral part of the financial statements.

Date: 2082/08/15

Place: Kathmandu

For & On Behalf of the Board

As per our attached report of even date

.....
Laxman Adhikari
Chairman

.....
Phuthundu Sherpa
Director

For: Raj Dhakal and Associates
Chartered Accountants

.....
Yuvraj Basnet
Chief Finance Officer

.....
CA. Raj Dhakal
Proprietor



Amadablam Mini Hydro Limited
Kathmandu Metropolitan City-4, Kathmandu

Statement of Profit or Loss

For the Period commencing on Shrawan 1, 2081 and ending on Ashad 32, 2082

		<i>Amount in NPR</i>	
PARTICULARS	Notes	F.Y 2081.82	Restated F.Y 2080.81
Revenues	4.15	-	-
Less: Cost of Goods sold		-	-
Gross Profit		-	-
Add: Other Income	4.16	136,117	10,000
Total Revenue		136,117	10,000
Administrative Expenses	4.17	(1,328,789)	(891,860)
Depreciation and Amortization	4.18	(160,216)	(112,814)
Profit before Finance Cost		(1,352,887)	(994,674)
Financial Costs	4.19	(3,811)	(10,561)
Profit/(loss) before Tax & Bonus		(1,356,698)	(1,005,235)
Provision for Staff Bonus		-	-
Profit/loss before tax		(1,356,698)	(1,005,235)
Income Tax Expense	4.20	-	-
Net profit/(loss) for the year		(1,356,698)	(1,005,235)
Earning per share			
Basic		(7.54)	(12.35)
Diluted		(4.01)	(8.24)

The accompanying notes form an integral part of the financial statements.

Date: 2082/08/15

Place: Kathmandu

For & On Behalf of the Board

As per our attached report of even date

.....
Laxman Adhikari
Chairman

.....
Phuthundu Sherpa
Director

For: Raj Dhakal and Associates
Chartered Accountants

.....
Yuvraj Basnet
Chief Finance Officer

.....
CA. Raj Dhakal
Proprietor

Amadablam Mini Hydro Limited

Kathmandu Metropolitan City-4, Kathmandu

Statement of Other Comprehensive Income

For the Period commencing on Shrawan 1, 2081 and ending on Ashad 32, 2082

<i>Amount in NPR</i>		
Particulars	F.Y 2081.82	Restated F.Y 2080.81
Profit for the Year	(1,356,698)	(1,005,235)
a) Items that will not be reclassified to Profit or loss		
Gain/(Losses) On re-measuring available for sale Financial Assets	-	-
Gain/(Losses) On Actuarial Valuation of defined benefit liability	-	-
Income Tax Relating to above items	-	-
b) Items that May be reclassified to Profit or Loss		
Gain/(Losses) on Cash flow hedge	-	-
Exchange Gain/(Losses) (Arising from translating financial assets of foreign Operation)	-	-
Income Tax relating to above Items	-	-
Other Comprehensive Income For the Year, Net of Tax	-	-
Total Comprehensive Income For the Year, Net of Tax	(1,356,698)	(1,005,235)

The accompanying notes form an integral part of the financial statements.

Date: 2082/08/15

Place: Kathmandu

For & On Behalf of the Board

As per our attached report of even date

.....
Laxman Adhikari
Chairman

.....
Phuthundu Sherpa
Director

.....
Yuvraj Basnet
Chief Finance Officer

For: Raj Dhakal and Associates
Chartered Accountants

.....
CA. Raj Dhakal
Proprietor



Amadablam Mini Hydro Limited
Kathmandu Metropolitan City-4, Kathmandu

Statement of Cash Flows

For the Period commencing on Shrawan 1, 2081 and ending on Ashad 32, 2082

Particulars	Amount in NPR	
	As on Ashad 32, 2082	Restated as on Ashad 31, 2081
CASH FLOW FROM OPERATING ACTIVITIES		
Net profit for the year	(1,356,698)	(1,005,235)
Adjustments		
Depreciation on Property, Plant & Equipment	47,401	-
Finance Cost	3,811	10,561
Interest Income	-	-
Working Capital Adjustments:		
(Increase)/Decrease in Current Financial Assets	(7,066,000)	(2,239,000)
(Increase)/Decrease in Other Current Assets	(29,849,775)	(1,184,700)
(Increase)/Decrease in Inventories	-	-
Increase/(Decrease) in Financial Liabilities	48,076,140	3,316,338
(Increase) /Decrease in ROU Asset	112,814	112,814
Increase/(Decrease) in Other Current Liabilities	(25,037)	98,669
Increase/(Decrease) in Other Non-Current Liabilities	62,802,814	29,835,700
NET CASH FLOW FROM OPERATING ACTIVITIES (A)	72,745,471	28,945,147
CASH FLOW FROM / (USED IN) INVESTING ACTIVITIES		
(Increase) /Decrease in Work in Progress	(74,434,514)	(5,431,090)
Capitalization/Purchase of Fixed assets	(747,486)	-
Available for Sale Financial Assets	-	-
Realization of Financial Assets	-	-
Advance towards Investment in Equity	-	-
Interest Income	-	-
NET CASH FLOW FROM INVESTING ACTIVITIES (B)	(75,182,000)	(5,431,090)
CASH FLOW FROM FINANCING ACTIVITIES		
Increase/(Decrease) in share capital/advance for share capital	11,700,000	27,330,000
Borrowing (repaid)/ taken (net)	-	-
Dividend Paid	-	-
Interest Paid	(3,811)	(10,561)
Transaction cost incurred in respect of issuance of equity share	-	-
NET CASH FLOW FROM FINANCING ACTIVITIES (C)	11,696,189	27,319,439
INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS (A+B+C)	9,259,660	50,833,497
Cash and Cash Equivalents at Beginning of the Year	51,269,150	435,653
Cash and Cash Equivalents, end of period	60,528,810	51,269,150

Date: 2082/08/15

Place: Kathmandu

For & On Behalf of the Board

As per our attached report of even date

.....
Laxman Adhikari
Chairman

.....
Phuthundu Sherpa
Director

For: Raj Dhakal and Associates
Chartered Accountants

.....
Yuvraj Basnet
Chief Finance Officer

.....
CA. Raj Dhakal
Proprietor

Amadablam Mini Hydro Limited
Notes to Financial Statements
Kathmandu Metropolitan City-4, Kathmandu

Statement of Changes in Equity

For the Period commencing on Shrawan 1, 2081 and ending on Ashad 32, 2082

Amount in NPR

Particulars	Equity Share Capital	Advance Against Share Capital	Reserves	Retained Earning	Total
Balance as at 31 Ashad, 2080 (15 July, 2023)	2,000,000	-	-	(535,097)	1,464,903
Changes in accounting policies/restatement	-	-	-	-	-
Restated balance as at 1 Shrawan, 2080 (16 July, 2023)	2,000,000	-	-	(535,097)	1,464,903
Profit/ (loss) for the year	-	-	-	(1,005,235)	(1,005,235)
Other Comprehensive income/ (expenses) for the year	-	-	-	-	-
Total comprehensive income	-	-	-	(1,005,235)	(1,005,235)
Issue Share Capital	8,000,000	-	-	-	8,000,000
Advance Share Capital	-	19,330,000	-	-	19,330,000
Balance as at 1 Shrawan, 2081 (17 July, 2024)	10,000,000	19,330,000	-	(1,540,332)	27,789,668
Profit/ (loss) for the year	-	-	-	(1,356,698)	(1,356,698)
Other Comprehensive income/ (Expenses) for the year	-	-	-	-	-
Total comprehensive income	-	-	-	(1,356,698)	(1,356,698)
Issue Share Capital	23,530,000	-	-	-	23,530,000
Advance Share Capital	-	(11,830,000)	-	-	(11,830,000)
Transaction cost incurred in respect of issuance of equity share	-	-	-	-	-
Balance as at 31 Ashad, 2082 (16 July, 2025)	33,530,000	7,500,000	-	(2,897,030)	38,132,970

The accompanying notes form an integral part of the financial statements.

Date: 2082/08/15

Place: Kathmandu

For & On Behalf of the Board

As per our attached report of even date

.....
Laxman Adhikari
Chairman

.....
Phuthundu Sherpa
Director

For: Raj Dhakal and Associates
Chartered Accountants

.....
Yuvraj Basnet
Chief Finance Officer

.....
CA. Raj Dhakal
Proprietor



Amadablam Mini Hydro Limited Kathmandu Metropolitan City-4, Kathmandu

Significant Accounting Policies and Notes to Financial Statements For the year ended on Ashadh 32, 2082

1 Introduction

1.1 Reporting Entity: General Information

Amadablam Mini Hydro Limited (AMHP) (hereinafter referred to as the “Company”) was originally incorporated as a Private Limited Company on Baisakh 25, 2076 (May 8, 2019) at the Office of Company Registrar under registration number 214570/075/076. Subsequently, on Asoj 23, 2080 (October 10, 2023), the Company was converted into a Public Limited Company with registration number 321664/080/081.

The primary objective of the Company is to produce, transmit, and distribute mini-hydroelectricity in Nepal. In addition, the Company aims to study and design alternative energy sources such as wind and solar energy, as well as undertake the construction and management of such projects.

The Company is presently involved in developing hydropower project and contributing to electricity generation in Nepal, with a focus on construction, transmission, and distribution in the Khumbu, Pashanlhamu Rural Municipality, ward no 4, Solukhumbu district. It is currently undertaking the construction of the high-altitude electricity supply system, located at 4,400 meters above sea level in the Everest Region. The hydropower project has an installed capacity of 911 kW and is situated at Pangboche, Solukhumbu, Nepal (hereinafter referred to as the “Project”).

The Project is designed to provide electricity to 451 consumers, including residential households, recreational centers, retail shops, hospitality establishments ranging from small restaurants and medium hotels to large hotels and resorts, as well as community institutions, healthcare facilities, and commercial bakeries.

The accompanying financial statements have been approved for publication by the Board of Directors in its meeting held on Ashwin 05, 2082 (September 21, 2025). The Board of Directors acknowledges the responsibility for the preparation of financial statements.

As per Office of Company Registrar (OCR)- processed Share Register dated 2081/12/22, Beyul Investment Private Limited holds 57.29% of the share capital of Amadablam Mini-Hydro Limited. Considering share capital advances, the effective ownership reduces to 40.12%.

Beyul Investment Private Limited has only one representative on the five-member Board of Directors, which does not provide the ability to govern the financial and operating policies of the company.

Accordingly, Beyul Investment Private Limited does not exercise control over Amadablam Mini-Hydro Limited and is not the parent. The investment represents an entity with significant influence, consistent with the principles of NFRS 10 and NFRS 28.

1.2 Board of Directors

The present composition of board of director of AMHP is presented below;

Members	Designation
Mr. Laxman Adhikari	Chairman
Mr. Chhering Tashi Sherpa	Secretary
Mrs. Padma Gurung	Independent Director
Mr. Phuthunda Sherpa	Member
Mr. Tenzing Jangbu Sherpa	Representative from Beyul Hydropower Pvt. Ltd.
Mrs. Lakpa Doma Sherpa	Member



Amadablam Mini Hydro Limited Kathmandu Metropolitan City-4, Kathmandu

Significant Accounting Policies and Notes to Financial Statements For the year ended on Ashadh 32, 2082

2 Basis of Preparation

The financial statements of the company have been prepared on accrual basis of accounting. The financial statements comprise the Statement of Financial Position, Statement of Profit or Loss and Statement of Other Comprehensive Income, the Statement of Changes in Equity, the Statement of Cash Flows and Notes to Financial Statement of the company.

The management of the Company has voluntarily prepared and presented the notes to the financial statements in accordance with Nepal Financial Reporting Standards (NFRS), with the objective of enhancing transparency, comparability, and the overall quality of financial reporting.

While the Company is not mandatorily required to fully comply with NFRS for the reporting period, management believes that voluntary alignment of disclosures with NFRS represents good governance and provides more useful information to users of the financial statements.

2.1 Statement of Compliance

The financial statements have been prepared in accordance with applicable Nepal Financial Reporting Standards (NFRS) as issued by the Accounting Standard Board of Nepal (ASBN). The Financial Statements have also been prepared in accordance with the relevant presentational requirements of the Companies Act, 2063 of Nepal.

These policies have been consistently applied to all the years presented except otherwise stated.

2.2 Reporting period and approval of financial statements

2.2.1 Reporting Period

The Company has, for the preparation of financial statements, adopted the NFRS pronounced by ASB with effect from fiscal year 2081-82. To comply the NFRS provisions following dates have been considered, in terms of first-time adoption.

Relevant Financial Statement	Nepalese Calendar	English Calendar
Opening NFRS SFP* date	Shrawan 1, 2080	July 17, 2023
Comparative SFP* Date	Ashad 31, 2081	July 15, 2024
Comparative reporting period	1 Shrawan 2080 - 31 Ashad 2081	July 18, 2023 - July 15, 2024
First NFRS SFP* Date	Ashad 32, 2082	July 16, 2025
First NFRS reporting period	1 Shrawan 2081 - 32 Ashad 2082	July 16, 2024 - July 16, 2025

*SFP- Statement of Financial Position

2.2.2 Responsibility of Preparation of Financial Statements

The Board of Directors acknowledges the responsibility for the preparation and fair presentation of the financial statements of "Amadablam Mini Hydro Ltd" in accordance with NFRS and in conformity with applicable laws.

2.2.3 Presentation of Financial Statements

The assets and liabilities of the entity are presented in the statement of financial position based on their classification as non-current and current, with non-current items presented first.

The statement of profit or loss has been prepared using classification 'by nature' method. The cash flows from operation within the statement of cash flows have been derived using the indirect method.

The accounting financial policies have been consistently applied by entity with those of the year in accordance with NAS 01 Presentation of Financial statements, except those which had to be changed as a result of application of the new NFRS. Further, comparative information is reclassified wherever necessary to comply with the current presentation.

2.3 Functional and Presentation Currency

The financial statements are presented in Nepalese Rupees (NPR) which is the Company's functional currency. All financial information presented in NPR has been rounded to the nearest rupee except where indicated otherwise.



Amadablam Mini Hydro Limited Kathmandu Metropolitan City-4, Kathmandu

Significant Accounting Policies and Notes to Financial Statements For the year ended on Ashadh 32, 2082

2.4 Materiality and Aggregation

In compliance with Nepal Accounting Standard presentation' - NAS 01 Presentation of Financial Statements, each material class of similar items is presented separately in the Financial statements. Items of dissimilar nature or functions too are presented separately unless they are immaterial'.

Financial Assets and Financial Liabilities are offset and the net amount reported in the Statement of Financial position only when there is a legally enforceable recognized amounts and there is an intention to settle on a net basis, or to realize the assets and settle the liability simultaneously. Income and expenses are not offset in the statement of Profit or Loss unless required or permitted by an accounting Standard.

2.5 Use of Estimates, Assumptions and Judgements

The Company, under NFRS, has applied accounting policies that are most appropriate and suit its circumstances and operating environment. Further, the Company has made judgments in respect of items where the choice of specific policy, accounting estimate or assumption to be followed could materially affect the financial statements. This may later be determined that a different choice could have been more appropriate.

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

The Company has made estimates and assumptions that will affect the assets, liabilities, disclosure of contingent assets and liabilities, and profit or loss as reported in the financial statements. The Company applies estimates in preparing and presenting the financial statements and such estimates and underlying assumptions are reviewed periodically. The revision to accounting estimates are recognized in the period in which the estimates are revised and are applied prospectively.

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

2.6 Going Concern

The financial statements of the Company have been prepared on a going concern basis. The Board of Directors is confident that the Company possesses the necessary resources and strategic direction to continue its operations in the foreseeable future.

While the Company has encountered temporary challenges in raising the targeted equity capital, management is proactively engaged in multiple initiatives to address this. These include active engagement with potential investors, ongoing efforts to mobilize equity from the public, and pursuit of funding opportunities through relevant government programs.

The Board remains optimistic that these initiatives will enable the Company to secure the required financial resources in a timely manner. Supported by positive future projections of profitability, cash flows, and capital adequacy, management reaffirms its strong belief in the Company's ability to meet its obligations and successfully achieve its project objectives.

2.7 Useful life of Property, Plant and Equipment

Depreciation and amortization is calculated over the estimated useful lives of the assets. An item of property, plant and equipment and any significant part initially recognized is derecognized upon disposal or when no future economic benefits are expected from its use or disposal. The residual values, useful lives and methods of depreciation of property, plant and equipment are reviewed at each financial year end and adjusted prospectively, if appropriate.

Depreciation and amortization are computed based on management's estimates of the useful lives of assets. Depreciation is computed on a monthly basis in accordance with management's estimate. Any asset that is put to use at any point during a month is considered to have been used for the full month for depreciation purposes. The estimated useful lives of major assets are as follows:

Assets	Useful Life
Furniture and Fixtures	7 years
Computer Equipments	3 years
Office Equipments	5 years
Tally Prime	3 years

Assets that are in the course of construction and capitalized as "Projects Under Development" are not depreciated until they are available for use.



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2.8 Changes in Accounting Policies

The company has applied several amendments to standards for the first time during the year ended 32 Ashad 2082. The company has prepared the opening statement of financial position as per Nepal Financial Reporting Standard (NFRS) as at Shrawan 1, 2080 (16 July 2023) (the transition date) by recognizing all assets and liabilities whose recognition is required by NFRS, not recognizing the items of assets or liabilities which are not permitted by NFRS, by reclassifying items from previous GAAP to NFRS as required by NFRS and applying NFRS in measurement of recognized assets and liabilities.

2.12 Reporting Pronouncements

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

2.13 New Reporting Standards in issue but not yet effective

For the reporting of financial instruments, NAS 32 Financial Instruments-Presentation, NAS 39 Financial Instruments-Recognition and Measurements and NFRS 7 Financial Instruments-Disclosures have been applied. NFRS 9 has been complied for the classification of Financial Instruments.

A number of new standards and amendments to the existing standards and interpretations have been issued by IASB after the pronouncements of IFRS with varying effective dates. Those become applicable when ASB Nepal incorporates them within NFRS.

A significant impact on classification and measurement including impairment of financial instruments, will arise as a result of application of NFRS 9.

2.14 Discounting

Discounting has been applied where assets and liabilities are non-current and the impact of the discounting is material. The discounting rate taken is 6% being the incremental cost of bank borrowings rate.

2.15 Limitation of NFRS Implementation

Wherever the information is not adequately available, and/or it is impracticable to develop the, such exception to NFRS implementation has been noted and disclosed in respective sections.



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3.1 Property, Plant and Equipment

Property, plant and equipment are tangible items that are held for use in the production or purposes and supply of goods or services or for administrative purposes and are expected to be used during more than one period.

Recognition and Measurement

Items of property, plant and equipment are measured at cost less accumulated depreciation and any accumulated impairment losses.

Purchased software that is integral to the functionality of the related equipment is capitalized as part of that equipment.

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

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

As per Section 29 of the Electricity Act, 2049 (1992), land, buildings, equipment, and structures related to electricity generation, transmission, or distribution shall not be nationalized. The Act provides an exception only for hydropower projects of 1,000 kilowatt capacity or less, where the Government of Nepal may, for extensive public use, take over such property and develop it on its own. Accordingly, for projects below or equal to 1,000 kilowatt, unless the Government specifically exercises this takeover right, such projects also do not fall under a BOOT arrangement.

Accordingly, the Company's project, with an installed capacity of 911 kilowatt, falls within this threshold. However, such projects are not subject to automatic transfer or nationalization. A takeover by the Government would arise only if the Government expressly exercises its right for extensive public use. Unless such action is taken, the Company retains ownership and control over its land, buildings, equipment, and structures. Therefore, the project does not fall under a BOOT (Build-Own-Operate-Transfer) arrangement. The recognition and presentation of these assets in the financial statements have been made on the basis that they remain under the Company's ownership and will continue to generate future economic benefits for the Company.

The Project follows NAS 16 Property, Plant and Equipment. All costs incurred during the development phase that meet the recognition criteria have been capitalised as Property, Plant and Equipment – Project Under Development. These assets are not depreciated during the construction period. Depreciation will commence upon project completion and will be charged systematically over their estimated useful lives, in line with the Company's accounting policies.

Other administrative assets, which do not meet the definition of Project Under Development, are depreciated and the related expense is charged to the Statement of Profit or Loss (SOPL).

Subsequent Costs

Subsequent expenditure is capitalized only when it is probable that the future economic benefits of the expenditure will flow to the Entity. Repairs and maintenance are expensed as and when incurred.

Depreciation

Depreciation is calculated to write off the cost of items of property and equipment less their estimated residual values using the straight-line method over their estimated useful lives, and is generally recognized in profit or loss. Leased assets are depreciated over the shorter of the lease term and their useful lives unless it is reasonably certain that the Entity will obtain ownership by the end of the lease term.

Derecognition

The carrying amount of an item of property, plant and equipment is derecognized on disposal or when no future economic benefits are expected from its use or disposal. The gain or loss arising from derecognition of an item of property, plant and equipment is included in profit or loss when the item is derecognized.

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

3.2 Intangible Assets

Software acquired by the Company is measured at cost less accumulated amortization and any accumulated impairment losses.

Subsequent expenditure on software assets is capitalized only when it increases the future economic benefits embodied in the specific asset to which it relates. All other expenditure is expensed as and when incurred.



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Software is amortized on straight line basis in statement of profit or loss over its estimated useful life, from the date on which it is available for use. Management has estimated the useful life of intangible for the current and comparative periods which are as follows:

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

The Tally software is expected to be in use for 3 years before replacement or major upgrade is required.

3.3 Financial Instruments - Initial Recognition, Classification and Subsequent Measurement
Initial Recognition

All financial assets and liabilities are initially recognized on Entity becomes a party to the contractual provisions of the instrument. This includes 'regular way trades' which means purchases or sales of financial assets that require delivery of assets within the time frame generally established by regulation or convention in the market place.

Recognition and Initial Measurement of Financial Instruments

The classification of financial instruments at initial recognition depends on their nature, purpose, and management's intention in acquiring them. All financial instruments are initially measured at fair value, plus any directly attributable transaction costs, except for financial assets or liabilities measured at fair value through profit or loss, where transaction costs are recognized directly in the Statement of Profit or Loss. This is in accordance with Nepal Accounting Standard – Financial Instruments: Recognition and Measurement.

Classification and Subsequent Measurement of Financial Assets

At the inception, a financial asset is classified into one of the following:

- a. Financial assets at fair value through profit or loss
 - i. Financial Assets Held for Trading
 - ii. Financial Assets designated at fair value through profit or loss
- b. Held to Maturity Financial Assets
- c. Loans and Receivables
- d. Financial Assets Available for Sale

The subsequent measurement of financial assets depends on their classification.

a Financial Assets at Fair Value through Profit or Loss

A financial asset is classified as fair value through profit or loss if it is held for trading or is designated at fair value through profit or loss.

i. Financial Assets Held for Trading

Financial assets are classified as held for trading if they are acquired primarily for short-term sale or repurchase, or are part of a portfolio managed for short-term profit or position taking. This category also includes derivative financial instruments that are not designated as hedging instruments under NAS 39 – Financial Instruments: Recognition and Measurement.

Financial assets classified as held for trading are recorded in the Statement of Financial Position at fair value, with changes in fair value recognized in Net Trading Income. Dividend income is recognized in Net Trading Income when the right to receive payment is established, and interest income is recorded under Interest Income: Financial Assets Held for Trading using the effective interest rate.

The Company regularly evaluates its held-for-trading portfolio (excluding derivatives) to ensure that the intention to sell in the near term remains appropriate. If market conditions or management's intentions change, certain financial assets may be reclassified. Typical held-for-trading instruments include government securities and equity instruments acquired principally for short-term sale or repurchase.

The Company has not designated any financial assets as held for trading till the reporting period.



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ii. Financial Assets designated at fair value through profit or loss

The Company may designate financial assets at fair value through profit or loss (FVTPL) in the following circumstances:

- a) To eliminate or significantly reduce accounting mismatches that would otherwise arise from measuring the assets.
- b) When the assets are part of a portfolio managed and evaluated on a fair value basis in accordance with a documented risk management or investment strategy.
- c) When the assets contain embedded derivatives that significantly modify the contractual cash flows.

Financial assets designated at FVTPL are recorded in the Statement of Financial Position at fair value, with changes in fair value recognized in "Net gain or loss on financial instruments designated at FVTPL" in the Statement of Profit or Loss. Interest income is accrued under "Interest Income" using the effective interest rate method, while dividend income is recorded under Other Operating Income when the right to receive payment is established.

The Company has not designated any financial assets at fair value through profit or loss upon initial recognition till now.

b. Held to Maturity Financial Assets

Held-to-maturity (HTM) financial assets are non-derivative instruments with fixed or determinable payments and fixed maturities, which the Company has the intention and ability to hold to maturity.

After initial recognition, HTM financial assets are measured at amortized cost using the effective interest rate method, less any impairment. The amortization of interest is recorded under "Interest Income" in the Statement of Profit or Loss, while losses arising from impairment are recognized in the Statement of Profit or Loss.

c. Loans and Receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They exclude assets that the Company intends to sell immediately or in the near term, assets designated at fair value through profit or loss, assets designated as available-for-sale, and assets for which the Company may not recover substantially all of its initial investment other than due to credit deterioration.

After initial recognition, loans and receivables are measured at amortized cost using the effective interest rate, less any allowance for impairment. The interest income arising from these assets is recorded in the Statement of Profit or Loss under "Interest Income."

The Company has classified its LC deposits as Loans and Receivables. The amortized cost of these deposits is equal to their nominal value, as discounting is not required due to their maturity being less than one year.

d Financial Assets Available for Sale

Available-for-sale (AFS) financial assets include equity and debt securities that are neither classified as held for trading nor designated at fair value through profit or loss.

After initial recognition, AFS financial assets are measured at fair value, with unrealized gains and losses recognized directly in equity under the Available-for-Sale Reserve. Upon disposal, the cumulative gain or loss previously recognized in equity is transferred to the Statement of Profit or Loss under "Other Operating Income." For multiple investments in the same security, disposals are accounted for on a first-in-first-out (FIFO) basis. Interest earned on AFS financial assets is recorded under Interest Income using the effective interest rate.

The Company has not classified any financial assets as available-for-sale during this reporting period.

Classification and Subsequent Measurement of Financial Liabilities

At the inception, a financial liabilities is classified into one of the following:

- a. Financial liabilities at fair value through profit or loss
 - i. Financial Liabilities Held for Trading
 - ii. Financial Liabilities designated at fair value through profit or loss
- b. Financial Liabilities at amortized cost



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a Financial Liabilities at Fair Value through Profit or Loss

Financial liabilities at fair value through profit or loss (FVTPL) include liabilities held for trading and liabilities designated as FVTPL upon initial recognition. After initial recognition, these liabilities are measured at fair value, with changes in fair value recognized in profit or loss.

i. Financial Liabilities Held for Trading

Financial liabilities are classified as held for trading if they are acquired primarily for short-term sale or repurchase, or form part of a portfolio managed for short-term profit or position taking. This category also includes derivative financial instruments that are not designated as hedging instruments under NAS 39 – Financial Instruments: Recognition and Measurement.

The company has not classified any liabilities as Financial Liabilities held for trading.

ii. Financial Liabilities designated at fair value through profit or loss

Under NFRS, certain financial liabilities may be designated at fair value through profit or loss to eliminate accounting mismatches, manage a portfolio on a fair value basis, or when they contain embedded derivatives.

The Company has not designated any financial liabilities under this category.

b Financial Liabilities at Amortized Cost

Financial instruments issued by the Company that are not classified as fair value through profit or loss are recognized as financial liabilities at amortized cost. These represent obligations to deliver cash, other financial assets, or exchange financial instruments under potentially unfavourable conditions. After initial recognition, such liabilities are measured at amortized cost using the effective interest rate method, with interest expense recognized in the Statement of Profit or Loss. Gains or losses are recognized in profit or loss upon derecognition of the liabilities.

The Company has classified the term loan as a financial liability measured at amortized cost in accordance with NFRS 9 Financial Instruments. Loan processing fees and other directly attributable transaction costs have been deducted from the carrying amount of the loan and will be amortized over the term of the loan using the effective interest rate (EIR) method. As per the financing arrangement, only interest is payable during the project's construction phase, with principal repayment commencing after the commercial operation date. Accordingly, no distinction has been made between current and non-current portions of the liability during the construction period, and the classification and presentation will be reassessed once the project becomes operational and principal repayment begins.

Since the repayment schedule of the loan is dependent on the completion of the hydropower project and the commercial operation date has not yet been finalized, the effective interest rate cannot be reliably determined at this stage. During the construction phase, the Company is therefore recognizing actual interest incurred as the finance cost (and capitalizing it into the cost of the project in accordance with NFRS 23 Borrowing Costs). The difference between the actual interest cost and the effective interest cost is currently assessed as negligible. Once the project becomes operational and the repayment schedule is established, the effective interest rate will be calculated and applied prospectively, with the amortization of loan processing fees and other transaction costs adjusted accordingly.

De-recognition of Financial Assets and Liabilities

a De-recognition of Financial Assets

The Company derecognizes a financial asset (or a portion thereof) when the rights to receive cash flows have expired, or the Company has transferred its rights to receive cash flows, or has entered into a pass-through arrangement. Derecognition occurs when the Company has transferred substantially all risks and rewards of the asset, or has neither retained nor transferred substantially all risks and rewards but has lost control, in which case the asset is recognized to the extent of the Company's continuing involvement along with an associated liability. On derecognition, the difference between the carrying amount of the asset and the consideration received, including any cumulative gain or loss previously recognized in other comprehensive income, is recognized in profit or loss.



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b De-recognition of Financial Liability

A financial liability is derecognized when the obligation under the liability is discharged or cancelled or expired, Where an existing financial liability is replaced by another from the same lender on substantially different terms or the terms of an existing liability are substantially modified, such an exchange or modification is treated as de-recognition of the original liability and the recognition of a new liability, The difference between the carrying value of the original financial liability and the consideration paid is recognized in profit or loss.

Offsetting of Financial Instruments

Financial assets and liabilities are offset and the net amount reported in the Statement of Financial Position when the Company has a legally enforceable right to set off the recognized amounts and intends either to settle on a net basis or to realize the asset and settle the liability simultaneously. The legally enforceable right must not be contingent on future events and must be enforceable in the normal course of business, as well as in the event of default, insolvency, or bankruptcy.

Income and expenses are presented on a net basis only when permitted under NFRS/NAS or for gains and losses arising from a group of similar transactions, such as the Company's trading activity.

Fair Value Measurement

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date in the principal market, or in its absence, the most advantageous market accessible to the Company. The fair value of a liability reflects the entity's non-performance risk.

When available, the Company measures the fair value of a financial instrument using the quoted price in an active market for that instrument. A market is considered active if transactions occur with sufficient frequency and volume to provide ongoing pricing information.

If a quoted price in an active market is not available, the Company uses valuation techniques that maximize the use of relevant observable inputs and minimize the use of unobservable inputs. The selected technique incorporates all factors that market participants would consider in pricing the transaction.

The best evidence of fair value at initial recognition is normally the transaction price, i.e., the fair value of the consideration given or received. If the transaction price differs from fair value, and fair value is not evidenced by a quoted price in an active market or by a valuation technique using only observable data, the financial instrument is initially measured at fair value, adjusted to defer the difference. This difference is subsequently recognized in profit or loss over the life of the instrument or when the valuation is fully supported by observable market data or the transaction is closed out.

Identification and Measurement of Impairment

At each reporting date, the Company assesses whether there is objective evidence that financial assets not carried at fair value through profit or loss are impaired. A financial asset or a group of financial assets is considered impaired when objective evidence demonstrates that a loss event has occurred after the initial recognition of the asset(s) and that the loss event has an impact on the future cash flows of the asset(s) that can be estimated reliably.

Objective evidence that financial assets are impaired includes, but is not limited to:

Significant financial difficulty of the borrower or issuer;
Default or delinquency of the borrower or issuer;
Restructuring of a loan or advance on terms the Company would not otherwise consider;
Indications that a borrower or issuer will enter bankruptcy;
Disappearance of an active market for a security; or
Observable data relating to a group of assets such as adverse changes in payment status of borrowers or economic conditions correlated with defaults.



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For investments in equity securities, a significant or prolonged decline in fair value below cost is considered objective evidence of impairment. The Company assesses impairment for loans, advances, and held-to-maturity investment securities at both specific asset and collective levels. All individually significant loans and receivables and held-to-maturity investment securities are assessed for specific impairment.

Impairment losses on assets measured at amortized cost are calculated as the difference between the carrying amount and the present value of estimated future cash flows, discounted at the asset's original effective interest rate.

If the terms of a financial asset are renegotiated, modified, or replaced due to financial difficulties of the borrower, the Company assesses whether the financial asset should be derecognized. If the expected cash flows of the renegotiated asset are substantially different, the original financial asset is derecognized, and the new financial asset is recognized at fair value.

Impairment loss before an expected restructuring is measured as follows:

- a) If the expected restructuring does not result in derecognition of the existing asset, the estimated cash flows from the modified asset are included in the measurement of the existing asset, discounted at the original effective interest rate.
- b) If the expected restructuring does result in derecognition of the existing asset, the expected fair value of the new asset is treated as the final cash flow from the existing asset at the time of derecognition, discounted to the reporting date using the original effective interest rate.

Impairment losses are recognized in profit or loss and reflected in an allowance account against loans, receivables, or held-to-maturity investment securities. If an event occurring after the impairment causes a decrease in the loss, the decrease is reversed through profit or loss.

Impairment losses on available-for-sale investment securities are recognized by reclassifying the losses accumulated in the fair value reserve in equity to profit or loss. The cumulative loss reclassified is the difference between acquisition cost (net of principal repayment and amortization) and current fair value, less any previously recognized impairment loss in profit or loss. Changes in impairment arising from application of the effective interest method are reflected as a component of interest income.

If, in a subsequent period, the fair value of an impaired available-for-sale debt security increases and the increase can be objectively linked to an event occurring after the impairment, the loss is reversed through profit or loss; otherwise, any increase is recognized in other comprehensive income. Any subsequent recovery in the fair value of an impaired available-for-sale equity security is always recognized in other comprehensive income.

The Company assesses financial assets for impairment at each reporting date in accordance with its accounting policy. As of the reporting date, the Company has not identified any impairment losses on its financial assets.

3.5 Investment in Associates

An associate is an entity over which the Company has significant influence. Significant influence is the power to participate in the financial and operating policy decisions of the investee, but does not constitute control or joint control. Holding, directly or indirectly, 20% or more of the voting power of the investee is presumed to indicate significant influence.

The company does not have any Investment in Associates as on the reporting date.



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3.6 Leases

The Company has adopted NFRS 16 *Leases* using the modified retrospective approach, with comparative information for the previous two years restated. On transition, lease liabilities were recognized at the present value of future lease payments, discounted using the Company's incremental borrowing rate of 6% as the implicit rate in the lease contracts was not readily determinable, and corresponding right-of-use assets were recognized at amounts equal to the lease liabilities, adjusted for any prepaid or accrued lease payments. Lease liabilities are subsequently measured by unwinding the discount using the effective interest method, with the resulting finance cost recognized in profit or loss, while right-of-use assets are depreciated over the lease term. Adjustments were made where new leases commenced immediately after the expiry of previous leases to ensure continuity of recognition and measurement. Presentation has been made in accordance with the financing lessee provisions of NFRS 16, with right-of-use assets presented under property, plant and equipment (or separately disclosed, depending on materiality) and lease liabilities presented as financial liabilities split between current and non-current portions, while related disclosures include the breakdown of right-of-use assets by class of underlying asset, maturity analysis of lease liabilities, and expenses relating to short-term, low-value, and variable lease payments where applicable. Management considers that the adoption of NFRS 16 provides a more faithful representation of the Company's financial position by recognizing lease-related assets and liabilities on the balance sheet, with the incremental borrowing rate of 6% reflecting the Company's best estimate of the cost of borrowing in the absence of an implicit rate in the lease contracts.

3.7 Receivables and Payables

Receivables and payables are recognized on an accrual basis. Year-end balances are presented in the Statement of Financial Position under 'Other Financial Assets' and 'Other Financial Liabilities'.

3.8 Inventory

Cost of inventories comprise of cost of purchase, costs of conversion and other costs in bringing the asset to the location and condition intended to be used by management. Inventories are stated at lower of cost or Net realizable value as per NAS 2. Net Realizable value represents the estimated selling price of the inventory less any estimated costs to sell.

The company has no noticable inventories to be disclosed till date. All the materials and consumables are capitalized in the Project under Construction (Ref. Property Plant and Equipment).

3.9 Cash and Cash Equivalent

Cash and short-term deposits in the Statement of Financial Position comprise cash in hand, cash at bank, and short-term deposits with a maturity of three months or less.

3.10 Revenue Recognition

3.10.1 Sale of Electricity

NFRS 15 on 'Revenue from Contract with customers', requires the Company to recognize revenue when control of goods or services transfers to the customer, and the amount can be measured reliably. Revenue is measured at the transaction price agreed in the contract. For contracts with multiple performance obligations, revenue is allocated to each obligation and recognized as it is satisfied. This ensures that revenue is recorded only when the Company earns it, reflecting the economic benefits from its activities.

Sale of electricity is the regular course of business of Amadablam Mini Hydro Limited. Revenue will be recognized based on the approved meter readings at the rates specified in the DFS/DED report, once the project is operational. This ensures that revenue reflects the actual electricity delivered and is measured reliably in accordance with NFRS 15 – Revenue from Contracts with Customers.

3.10.2 Connection Fee

Connection fee income represents charges collected from consumers for providing access to the mini-hydro electricity supply system. This income is recognized as revenue upon completion of the connection service.

3.10.3 Dividend Income, Interest Income and Other Income

Dividend Income

Dividend income is recognized in the Statement of Profit or Loss when the Company's right to receive the dividend is established. Management considers this right to be established when the shareholders approve the dividend distribution at the general meeting of shareholders.



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Interest Income and Expenses

Interest income from a financial asset is recognized when it is probable that the economic benefits will flow to the Company and the amount can be measured reliably.

Other Income

Other income is recognized when it is probable that the consideration associated with the transaction will flow to the Company and the amount can be measured reliably.

3.10.4 Income Tax

As per Nepal Accounting Standard- NAS 12 (Income Taxes) tax expense is the aggregate amount included in determination of profit or loss for the period in respect of current and deferred taxation. Income Tax expense is recognized in the statement of Profit or Loss, except to the extent it relates to items recognized directly in equity or other comprehensive income in which case it is recognized in equity or in other comprehensive income. Income Tax expenses comprises of current and deferred tax. It is recognized in profit or loss except to the extent that it relates to items recognized directly in Equity or Other Comprehensive Income (OCI).

3.10.4.1 Current Tax

Current tax is the expected tax payable on the taxable income for the year, using tax rates applicable on the reporting date, and any adjustment to tax payable in respect of previous years.

The Income Tax Act, 2058, specifies a tax rate of 25% for hydropower companies. However, as hydropower falls under the definition of "Special Industry" in Section 11(2)(Kha), it enjoys a concessional tax rate of 20%. In addition, under Section 11(3)(Gha)(Ka), the Company is entitled to a 100% income tax exemption for the first 10 years from the date of commercial operation and a 50% exemption for the subsequent 5 years.

Since the Company is still in the construction phase and has not commenced commercial operations, no income tax has been recognised in the financial statements.

3.10.4.2 Deferred Tax

Deferred Tax is computed for temporary differences between the carrying amounts of assets and liabilities, which is the amount attributed to those assets and liabilities for tax purposes. The amount of deferred tax provided is based on the expected manner of realization or settlement of the carrying amount of assets and liabilities, using tax rates enacted or substantively enacted on the reporting date.

Deferred tax assets are recognized 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. 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 realized.

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

Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets, and they relate to taxes levied by the same tax authority on the same taxable entity, or on different tax entities, but they intend to settle current tax liabilities and assets on a net basis or their tax assets and liabilities will be realized simultaneously.

Deferred tax is provided using the balance sheet liability method, providing for temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. The amount of deferred tax provided is based on the expected realization or settlement of the carrying amount of assets and liabilities using tax rates at the balance sheet date.

The principal temporary difference arise from depreciation of fixed assets, provision for retirement benefit, provision for leave encashment, allowance for inventory obsolescence and other provisions.

A deferred tax asset is recognized only to the extent that it is probable that future taxable profits will be available against which the asset can be utilized. Deferred tax assets are reduced to the extent that it is no longer probable that the related tax benefit will be realized.



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For the year ended on Ashadh 32, 2082

The Company is currently in the construction phase and has not yet commenced commercial operations. Pursuant to Section 11 of the Income Tax Act, 2058, the Company will be eligible for a tax holiday of 10 years from the date of commercial operation. As a result, deferred tax assets or liabilities arising from temporary differences on property, plant, and equipment have not been recognised, since these differences are expected to reverse during the tax holiday period when no income tax will be payable. In addition, under Section 20, tax losses incurred during the tax holiday period cannot be carried forward, and therefore, no deferred tax has been recognised in the financial statements.

The potential deferred tax effect on these temporary differences, if any, has been disclosed for information purposes only and is not expected to have a material impact on the financial statements.

3.11 Employee Benefits

Currently, employee benefits other than regular salary and allowances are accounted for on an accrual basis. However, liabilities relating to accumulated leave and gratuity have not been recognized. The provisions of the Labour Act regarding such employee benefit obligations are under consideration, and management is in the process of assessing appropriate alternatives. Management is committed to ensuring compliance with applicable statutory requirements in the near future.

3.11.1 Defined Contribution Plan

A defined contribution plan is a post-employment plan under which an entity pays fixed contributions into a separate entity and will have no legal or constructive obligations to pay a further amount. Obligations for contributions to defined contribution plans are recognized as expense in the profit or loss as and when due.

Social Security Fund

The hydropower company has not yet registered with the Social Security Fund under the Social Security Act, 2074, and therefore no contribution of 31% of basic salary (employer and employee portions) has been made to the Fund. Similarly, the Company has not participated in other retirement schemes such as the Citizen Investment Trust (CIT) or Provident Fund (PF). Management is assessing the available alternatives and is committed to ensuring compliance with the applicable statutory requirements in the near future.

3.12 Provisions and Contingencies

In accordance with Nepal Accounting Standards (NAS) 37- Provisions, Contingent Liabilities and Contingent Assets, a provision is required to be recognized where there is a present legal or constructive obligation as a result of a past event that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation, the timing or amount of which are uncertain.

The company has made provisions for all those obligations meeting the definition of NAS 37.

A contingent liability is a possible obligation that arises from past events whose existence will be combined by the occurrence or non-occurrence of one or more uncertain future events beyond the control of the Company or a present obligation that is not recognized because it is not probable that an outflow of resources will be required to settle the obligation. A contingent liability also arises in extremely rare cases where there is a liability that cannot be recognized because it cannot be measured reliably. The Company does not recognize a contingent liability but discloses its existence in the financial statements.

A contingent asset is a possible asset that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the entity.

Provisions, contingent liabilities, contingent assets and commitments are reviewed at end of each reporting period.

3.13 Royalty for Generation of Electricity

As per provisions of Electricity Act and Regulations, the company has to pay royalty to the Government of Nepal.

As per section 11 (1) of Nepal Electricity Act Company has to pay royalty for installed capacity @ Rs.100/- per each installed kilowatt and 2% of sales amount as royalty for sales of energy from the date of commercial operation till fifteen years of date of commercial operation.

As per section 11 (2) of Nepal Electricity Act, after fifteen years of commercial production, company has to pay royalty for installed capacity @ Rs.1000/- per installed kilowatt and 10 % of sales amount as royalty for sales of energy.



Amadablam Mini Hydro Limited **Kathmandu Metropolitan City-4, Kathmandu**

Significant Accounting Policies and Notes to Financial Statements For the year ended on Ashadh 32, 2082

3.14 Government Grants

Government grants are assistance by government in the form of transfers of resources to an entity in return for past or future compliance with certain conditions relating to the operating activities of the entity.

Government grants can be Grants related to assets or Grants related to income. Under Grants related to assets, there is a condition that the entity shall purchase, construct or otherwise acquire long-term assets. Grants related to income are grants other than grants related to assets.

Government grants are recognized when there is reasonable assurance they will be received and the corporation will comply with the conditions associated with the grant. Government grants that compensate the corporation for expenses incurred are recognized in profit or loss in the same period in which the expenses are recognized. Grants that compensate the corporation for the cost of an asset are recorded as deferred revenue and recognized in other revenue over the service life of the related asset.

Government grants shall be recognized as income over the Periods necessary to match them with the related costs which they are intended to compensate, on a systematic basis.

Once a government grant is recognized, any related contingent liability or contingent asset is treated in accordance with NAS 37: Provisions, Contingent Liabilities and Contingent Assets.

The Alternative Energy Promotion Center (AEPCC) has the mandate to support mini-hydro projects ranging from 100 kW to 10 MW. In line with the Renewable Energy Subsidy Policy, 2078, subsidies are available for community/cooperative-owned mini-hydro off-grid projects (100 kW to 1 MW) as well as for mini-hydro projects connected to the national grid.

The Company has received a grant of NRs. 9,26,38,514.09 from the Natural Rural and Renewable Energy Programme/Central Renewable Energy Fund (NRREP/CRF) for the construction of the Amadablam Mini Hydro Project. In line with accounting standards, grants related to depreciable assets are recognized as deferred income and systematically amortized to the profit and loss account over the useful life of the related assets in proportion to the depreciation charged.

As per Clause 37 of the Agreement entered into between Government of Nepal (GoN), Ministry of Energy, Water Resources and Irrigation (MoEWRI), Alternative Energy Promotion Centre (AEPCC), Mid-Baneshwor, Kathmandu, Nepal and Amadablam Mini Hydro Ltd., Dhumbarahi-7, Kathmandu, Nepal, it has been specified that in case of default or non-completion of the project by the Company, AEPCC may, at its sole discretion, require the Company to refund all or part of the unspent or excess funds received under the Contract Price.

Accordingly, management acknowledges that the grant fund received is subject to refund obligations in case of non-performance or non-completion of the project, and hence the Company bears a contingent liability with respect to unutilized or excess funds.

Management is closely monitoring the disbursement process and is committed to utilizing the subsidy in compliance with AEPCC guidelines and statutory requirements. In line with NAS 20, Accounting for Government Grants and Disclosure of Government Assistance, the Company has categorized such subsidy amount as deferred revenue.

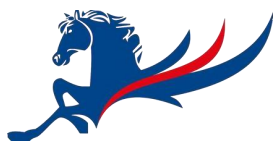
3.15 Borrowing cost

As per NAS 23, Borrowing costs are the costs incurred by the company in borrowing loans for construction of assets or any capital goods. Borrowing cost also includes exchange differences to the extent regarded as an adjustment to the borrowing costs. Borrowings can be general or specific. Borrowing costs are capitalized till the construction of asset is complete and is ready for use.

The costs have been charged to "Project under construction", since the asset is yet to come into operation.

3.16 Corporate Social Responsibility (CSR)

As per Industrial Enterprises Act 2076, 1% of net profit shall be allocated to Corporate Social Responsibility Fund and such amount shall be utilized as prescribed. This provision doesn't apply to Amadablam Mini Hydro Limited as the company's commercial operation has not started yet.



Amadablam Mini Hydro Limited Kathmandu Metropolitan City-4, Kathmandu

Significant Accounting Policies and Notes to Financial Statements For the year ended on Ashadh 32, 2082

3.17 Earnings per share

Earnings per share represent the portion of the Company's profit attributable to each outstanding equity share. Basic earnings per share are calculated by dividing the net profit or loss for the year attributable to equity shareholders by the weighted average number of equity shares outstanding during the year.

Basic earnings per share are calculated by dividing the net profit for the year attributable to equity holders of the parent by the weighted average number of ordinary shares outstanding during the year, in accordance with Nepal Accounting Standard (NAS) 33 Earnings Per Share.

3.18 Statement of Cash Flows

The Statement of Cash Flow has been prepared using the "*Indirect Method*" of preparing Cash Flows in accordance with the Nepal Accounting Standard-(NAS 7) "statement of Cash Flows".

Cash and cash equivalents comprise short term, highly liquid investments that are readily convertible for known amounts of cash and are subject to an insignificant risk of changes in value.

3.19 Subsequent Events

Events after the reporting period are those events, favourable and unfavourable, that occur between the reporting date and the date the Financial Statements are authorized for issue.

All material and important events that occurred after the reporting date have been considered and appropriate disclosures if any are made in Note to the Financial Statements.

3.20 Segment Reporting

NFRS 08 Segment Reporting is applicable to:

- a) the separate or individual financial statement of an entity:
- i) whose debt or equity instruments are traded in public market or
- ii) that files, or is in the process of filing its financial statement with security commission or other regulatory organization for the purpose of issuing any class of instruments in public market.

As Amadablam Mini Hydropower Limited does not fall under these categories, the requirements of NFRS 08 are not applicable to the Company. Accordingly, segment reporting has not been presented in these financial statements.

3.21 Comparative Information

The comparative information are re-classified wherever necessary to conform with the current year's classification in order to provide a better presentation. The details of such re-classifications have been provided in Notes to the financial statements wherever required.

3.22 Term Loan

Siddhartha Bank Limited has approved financial assistance to support the construction and operation of the hydropower project. The sanctioned facilities are summarized as follows:

Term Loan Facility of Rs. 150,000,000 has been approved to part-finance the overall project cost.

Within the above term loan facility, the Bank has also extended the following sub-limits:

Bridge Gap Loan of Rs. 50,000,000 to meet the temporary funding gap arising between fund requirement and project cost verification.
Letter of Credit (LC) Facility of Rs. 80,000,000 to facilitate import of electro-mechanical and hydro-mechanical equipment, transmission line materials, construction inputs, spare parts, and related project requirements.

In addition, the Bank has sanctioned:

Performance Bank Guarantee Facility of Rs. 15,000,000 in favor of AEPC/SECF to ensure compliance for project commencement.
Advance Payment Bank Guarantee Facility of Rs. 30,000,000 in favor of the World Bank for release of subsidy loan advance to ease initial project implementation.

Current Status:

As of the reporting date, the Company has availed term Loan of Rs. 8,798,208 from Siddhartha Bank under the approved facility.

Amadablam Mini Hydro Limited

Kathmandu Metropolitan City-4, Kathmandu

Depreciation Schedule

As on 32nd Ashad 2082 (16th July 2025)

Amount in NPR
Note 4.1

Property, Plant & Equipment

Particulars	Furniture & Fixtures	Office Equipments	Computer and Accessories	Project under development	Intangible Assets	Total
As on Shrawan 1, 2080	-			3,120,222		3,120,222
Addition during the Year						-
Acquisition	-	-	-	-	-	-
Capitalization	-	-	-	5,431,090	-	5,431,090
Disposal during the year						-
Adjustment/Revaluation						-
Balance as on Ashad End 2081	-	-	-	8,551,312	-	8,551,312
Addition during the Year						
Acquisition	206,511	18,645	476,000	-	46,330	747,486
Capitalization				74,434,514		74,434,514
Disposal during the year						-
Adjustment/Revaluation						-
Balance as on Ashad End, 2082	206,511	18,645	476,000	82,985,826	46,330	83,733,312
Depreciation/Amortization and Impairment						
As on Shrawan 1, 2080	-	-	-	-	-	-
Amortization/Depreciation charge for the Year	-	-	-	-	-	-
Impairment for the year						-
Disposals	-		-	-	-	-
Adjustment	-		-	-	-	-
As on Ashad End 2081	-	-	-		-	-
Amortization/Depreciation charge for the Year	12,457	1,323	25,900	-	7,722	47,401
Impairment for the year						-
Disposals	-		-	-	-	-
Adjustment	-		-	-	-	-
As on Ashad End, 2082	12,457	1,323	25,900	-	7,722	47,401
Net Book Value						
As on Shrawan 1, 2080	-	-	-	3,120,222	-	3,120,222
As on Ashad End 2081	-	-	-	8,551,312	-	8,551,312
As on Ashad End, 2082	194,054	17,322	450,100	82,985,826	38,608	83,685,910

Amadablam Mini Hydro Limited
Kathmandu Metropolitan City-4, Kathmandu

Fixed Asset Register FY 2081-82

S.No.	Category	Coding	Status	Purchase date	Opening	Addition	Accumulated Depreciation till 2080-81	Useful Life (years) on 1.4.2081	Depreciation Month	Depreciation (FY 2081-82)	Accumulated Depreciation till 2081-82	Closing Balance 32 Ashadh 2082
1	Furniture & Fixture											
	Sofa Set		Addition	2025-01-06		75,710		7	7	6,309	6,309	69,401
	Cabinet		Addition	2025-01-24		50,000		7	6	3,571	3,571	46,429
	cabinet		Addition	2025-04-16		67,800		7	3	2,421	2,421	65,379
	Steel office Cup Board		Addition	2025-07-16		13,001		7	1	155	155	12,846
2	Laptops											
	DeLL Laptop I3		Addition	2024-07-24		98,000		5	12	19,600	19,600	78,400
	Lenovo IP I5		Addition	2025-07-13		75,000		5	1	1,250	1,250	73,750
	Hp Victrus I5		Addition	2025-07-13		90,000		5	1	1,500	1,500	88,500
	Lenovo IP I7		Addition	2025-07-13		88,000		5	1	1,467	1,467	86,533
	Macbook Air M2		Addition	2025-07-13		125,000	-	5	1	2,083	2,083	122,917
3	Office Equipments											
	Office Utensils		Addition	2025-01-17		5,870	-	5	6	587	587	5,283
	Office Utensils		Addition	2025-02-10		6,275		5	6	628	628	5,648
	Office fan		Addition	2025-06-23		6,500		5	1	108	108	6,392
4	Intangible Assets											
	Tally Prime		Addition	2025-01-27		46,330		3	6	7,722	7,722	38,608
			TOTAL			747,486	-			47,401	47,401	700,085

Amadablam Mini Hydro Limited
Kathmandu Metropolitan City-4, Kathmandu
For the year ended 32 Ashadh 2082 (Corresponding 16 July, 2025)

Property, Plant and Equipment As per Tax

Amount in NPR.

Particulars	Rate	Gross Block as on For the year ended 1 Shrawan 2081	Unabsorbed Addition Last Year	Additions			Disposal	Gross Block at Cost at 32.03.2082	Accumulated Depreciation as at For the year ended 1 Shrawan 2081	Depreciation for the year 2081.82	Accumulated Depreciation as at 32.03.2082	Net Block as on 01.04.2081	Unabsorbed Repair	Net Block as on 32.03.2082
				Upto Poush end of 2081.82	Upto Chaitra end of 2081.82	Upto Asad end of 2081.82								
Block A														
Project under Development (WIP)	0%	8,551,312	-	-	-	74,434,514		82,985,826	-	-	-	8,551,312	-	82,985,826
Sub Total		<u>8,551,312</u>	-	-	-	<u>74,434,514</u>		<u>82,985,826</u>	-	-	-	<u>8,551,312</u>	-	<u>82,985,826</u>
Block B														
Furniture & Fixture	25%	-	-	75,710	50,000	80,801		206,511	118,487	4,372	122,860	(118,487)	-	83,651
Office Equipments	25%	-	-	-	12,145	6,500		18,645	19,878	-	19,878	(19,878)	-	(1,233)
Computer Equipments	25%	-	-	98,000	-	378,000		476,000	-	56,000	56,000	-	-	420,000
Sub Total		-	-	<u>173,710</u>	<u>62,145</u>	<u>465,301</u>		<u>701,156</u>	<u>138,366</u>	<u>60,372</u>	<u>198,738</u>	<u>(138,366)</u>	-	<u>502,418</u>
Block C														
4 Wheeler Vehicle	20%	-	-	-	-	-	-	-	-	-	-	-	-	-
Motorcycle	20%	-	-	-	-	-	-	-	-	-	-	-	-	-
Sub Total		-	-	-	-	-	-	-	-	-	-	-	-	-
Block D														
Plant and Machinery	15%	-	-	-	-	-	-	-	-	-	-	-	-	-
Other Assets	15%	-	-	-	-	-	-	-	-	-	-	-	-	-
Sub Total		-	-	-	-	-	-	-	-	-	-	-	-	-
Block E														
Software	20%	-	-	-	46,330	-	-	46,330	-	6,177	-	-	-	46,330
Sub Total		-	-	-	<u>46,330</u>	-	-	<u>46,330</u>	-	-	-	-	-	-
Total		<u>8,551,312</u>	-	<u>173,710</u>	<u>62,145</u>	<u>74,899,814</u>	-	<u>83,733,312</u>	<u>138,366</u>	<u>60,372</u>	<u>198,738</u>	<u>8,412,946</u>	-	<u>83,488,244</u>



Amadablam Mini Hydro Limited
NOTES TO THE FINANCIAL STATEMENTS
For The Year Ended On Ashad 32, 2082 (16th July, 2025)

4.2 Right of Use Asset

At the commencement date, a lessee shall measure the right-of-use asset at cost. The cost of the right-of-use asset shall comprise:

- (a) the amount of the initial measurement of the lease liability, as described in paragraph 26;
- (b) any lease payments made at or before the commencement date, less any lease incentives received;
- (c) any initial direct costs incurred by the lessee; and
- (d) an estimate of costs to be incurred by the lessee in dismantling and removing the underlying asset, restoring the site on which it is located or restoring the underlying asset to the condition required by the terms and conditions of the lease, unless those costs are incurred to produce inventories.

The company has entered into a lease agreement for its office premises commencing from 2080.04.01 for a period of two years, at a monthly rental of Rs. 10,000, payable on an accrual basis. The lease will expire on 2082.03.32.

In line with applicable accounting standards, the lease has been recognized as a Right-of-Use (ROU) asset along with a corresponding lease liability. The ROU asset is depreciated, and the lease liability is measured using an incremental borrowing rate of 6%.

Figures in NPR

Particulars	Total ROU
Balance As on Shrawan 1, 2080	225,629
Depreciation on ROU Assets for FY 2080.81	112,814
Balance as on Ashad End, 2081	112,814
As on Shrawan 1, 2081	112,814
Balance as on Shrawan 1, 2081	112,814
Depreciation on ROU Assets-Site for FY 2081.82	112,814
<u>Balance as on Ashadh End, 2082</u>	<u>=</u>



Amadablam Mini Hydro Limited
Kathmandu Metropolitan City-4, Kathmandu

Notes to Financial Statements
For the year ended on Ashadh 32, 2082

Amount in NPR

Financial Assets

Note 4.3

Particulars	As on Ashad 32, 2082	Restated as on Ashad 31, 2081	Restated as on Shrawan 1, 2080
Non Current:			
Sundry Receivables	-	-	-
Sub-Total	-	-	-
Current:			
Advances			
Other Financial Assets			
Cash Margin and Deposits	9,305,000	2,239,000	-
Sub-Total	9,305,000	2,239,000	-
Total	9,305,000	2,239,000	-

Other Current Assets

Note 4.4

Particulars	As on Ashad 32, 2082	Restated as on Ashad 31, 2081	Restated as on Shrawan 1, 2080
Advances- Party	29,973,389	60,000	300
Deferred Loan Processing Fee	1,058,515	1,125,000	-
Prepaid Expenses	2,871	-	-
Total	31,034,775	1,185,000	300

Inventories

Note 4.5

Particulars	As on Ashad 32, 2082	Restated as on Ashad 31, 2081	Restated as on Shrawan 1, 2080
Inventories	-	-	-
Total	-	-	-



Amadablam Mini Hydro Limited
Kathmandu Metropolitan City-4, Kathmandu

Notes to Financial Statements
For the year ended on Ashadh 32, 2082

Amount in NPR

Cash and Cash Equivalents

Note 4.7

Cash and Short term deposits includes cash and bank balance and other short term deposits of financial assets having maturity of 3 months or less.

Particulars	As on Ashad 32, 2082	Restated as on Ashad 31, 2081	Restated as on Shrawan 1, 2080
Cash Balance			
Cash -In - Hand	1,096	1,096	1,166
Balance at Bank			
Kumari Bank Ltd.	7,720	38,693	434,487
Siddharath Bank-4567	2,013,953	3,493,873	-
AEPC Amadablam Equity A/c - 4006450	16,455,188	47,735,488	-
AEPC Amadablam Loan A/C - 8914379	20	-	-
AEPC Amadablam Subsidy A/c - 8914281	42,050,833	-	-
Total	60,528,810	51,269,150	435,653

Current Tax Assets/Liabilities

Note 4.8

Particulars	As on Ashad 32, 2082	Restated as on Ashad 31, 2081	Restated as on Shrawan 1, 2080
Advance Tax	-	-	-
Income Tax Liabilities	-	-	-
Total	-	-	-

The company is currently engaged in a single project that remains under the development phase. As the project has not yet commenced commercial operations, no revenue has been generated, and consequently, there are no income tax liabilities during the period.



Amadablam Mini Hydro Limited

Kathmandu Metropolitan City-4, Kathmandu

Notes to Financial Statements

For the year ended on Ashadh 32, 2082

			Amount in NPR Note 4.9
Share Capital			
Particulars	As on Ashad 32, 2082	Restated as on Ashad 31, 2081	Restated as on Shrawan 1, 2080
Authorised Capital			
10,00,000 Equity Shares of Rs.100 each			100,000,000
20,00,000 Equity Shares of Rs.100 each	200,000,000	200,000,000	
Issued Capital			
400,000 Equity Shares of Rs.100 each			40,000,000
20,00,000 Equity Shares of Rs.100 each	200,000,000	200,000,000	40,000,000
Paid Up Capital			
20,000 Equity Shares of Rs. 100 each			2,000,000
100,000 Equity Shares of Rs. 100 each		10,000,000	
335,300 Equity Shares of Rs. 100 each	33,530,000		
Advance for Share Capital			
Advance for Share Capital	7,500,000	19,330,000	
Total	41,030,000	29,330,000	2,000,000

			Note 4.9.1
Reconciliation of No. of Shares			
Particulars	As on Ashad 32, 2082	Restated as on Ashad 31, 2081	Restated as on Shrawan 1, 2080
Ordinary Share as at Shrawan 1st	33,530,000	10,000,000	2,000,000
Add: Bonus Share Issue	-	-	-
Add: Right Share Issue	-	-	-
Add: Advance for Share Capital	7,500,000	19,330,000	
Ordinary Share as at Ashad End	41,030,000	29,330,000	2,000,000

			Note 4.10
Retained Earnings			
Particulars	As on Ashad 32, 2082	Restated as on Ashad 31, 2081	Restated as on Shrawan 1, 2080
Balance at the beginning of the year	(1,540,332)	(535,097)	(410,948)
Add: Profit during the year	(1,356,698)	(1,005,235)	(124,149)
Add: Adjustment as per NFRS	-	-	-
Balance as at Ashad End	(2,897,030)	(1,540,332)	(535,097)

			Note 4.11
Reserves			
Particulars	As on Ashad 32, 2082	Restated as on Ashad 31, 2081	Restated as on Shrawan 1, 2080
General Reserves	-	-	-
CSR Reserves	-	-	-
Total	-	-	-

New Industrial Enterprises Act 2076 (the "Act") has been introduced with effect from Mangshir 28, 2076 repealing the Industrial Enterprises Act 2073 (the "Previous Act"). Section 54 of Industrial Enterprises Act 2076 makes it mandatory to allocate 1% of the annual profit to be utilized towards corporate social responsibility (the "CSR Requirement"). The fund created for CSR is to be utilized on the basis of annual plans and programs but in the sectors, that are prescribed under the Act. Since the entity has not yet operate it's commercial operation thus no profit has been realized due to which no CSR allocations has been provisioned till date.



Amadablam Mini Hydro Limited

Kathmandu Metropolitan City-4, Kathmandu

Notes to Financial Statements

For the year ended on Ashadh 32, 2082

Amount in NPR

Long and Mid Term Borrowings

Note 4.12

This Includes the amount borrowed by the company from Promoters as promotor loan against which company had been providing interest hence, considered as financial liability and also includes the amount borrowed from Bank as a loan hereby treated as financial liabilities at amortized cost as per NAS 39. The Book Costs have been taken as deemed amortized cost for NFRS purpose. AIR on loan, if any, is shown as borrowings.

Financial Liabilities

Particulars	As on Ashad 32, 2082	Restated as on Ashad 31, 2081	Restated as on Shrawan 1, 2080
Non Current:			
Long and Mid Term Borrowings			
Promoter Loan	-	-	-
Term Loan- Siddhartha Bank	8,798,208	-	-
Sub-Total	8,798,208	-	-
Less: Transferred to Current Liabilities, Long term liabilities which will be paid within Next 12 months			-
Sub Total		-	-
Lease Liability- Head Office			
Non-Current Portion of Lease Liability	-	-	116,189
Subtotal	-	-	116,189
Total	8,798,208	-	116,189
Current:			
Party Payable	42,109,703	3,378,018	953,575
Other Payable	1,821,850	1,159,414	158,079
Lease Liability	-	116,189	109,439
Payable to Contractors (Retention money)	-	-	-
Subtotal	-	116,189	109,439
Total	43,931,553	4,653,621	1,221,093

Other Liabilities

Note 4.13

Particulars	As on Ashad 32, 2082	Restated as on Ashad 31, 2081	Restated as on Shrawan 1, 2080
Non-Current Liabilities:			
Government Grants			
Alternative Energy Promotion Center	934,937	934,937	934,937
National Rural And Renewable Energy Programme/ Central Renewable Energy Fund (NRREP/CREF)	92,638,514	29,835,700	-
Sub Total	93,573,451	30,770,637	934,937
Current Liabilities:			
TDS on Salary	67,971	80,791	7,742
TDS - Others	50,342	19,979	36,939
Reverse VAT payable	-	42,580	-
Sub Total	118,313	143,350	44,681
Total	93,691,764	30,913,987	979,618

Provision

Note 4.14

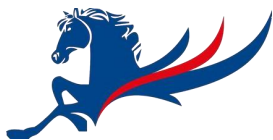
Particulars	As on Ashad 32, 2082	Restated as on Ashad 31, 2081	Restated as on Shrawan 1, 2080
Staff Bonus Payable	-	-	-
Total	-	-	-



Amadablam Mini Hydro Limited
Notes to Financial Statements
For the Period commencing on Shrawan 1, 2081 and ending on Ashad 32, 2082

Amount in NPR

Revenues			Note 4.15
Particulars	FY 2081.82	FY 2080.81	
Sales of Energy	-	-	
Connection fee Income	-	-	
Total	-	-	
Other Income			Note 4.16
Particulars	FY 2081.82	FY 2080.81	
Bidding Income	135,000	10,000	
Discount Received	1,115	-	
Miscellaneous Income	2	-	
Total	136,117	10,000	
Administrative Expenses			Note 4.17
Particulars	FY 2081.82	FY 2080.81	
Admin- Salary Exp	250,000	-	
Audit Fee	79,100	79,100	
Bank Charge	1,484	3,400	
Certification Exp	11,300	-	
Consultancy Exp	163,850	450,000	
Fine and Penalty	24,520	10,454	
Fuel Expense	46,380	10,860	
Insurance Expenses	2,871	-	
Internet and Communication Expenses	26,294	-	
Lodging and Fooding	338,538	16,937	
Meeting Allowance	-	30,000	
Miscellaneous Expense	-	3,910	
Office Expense	154,540	31,455	
Printing and Stationary Expense	70,350	245,944	
Rental Tax Expense	12,000	-	
Repair and Maintenance Exp	24,108	9,800	
Travelling & Tours Expenses	123,453	-	
Total	1,328,789	891,860	
Depreciation and Amortization Charges			Note 4.18
Particulars	FY 2081.82	FY 2080.81	
Depreciation on ROU Asset	112,814	112,814	
Depreciation on Tangible Assets	39,680	-	
Amortization on Intangible Assets	7,722	-	
Total	160,216	112,814	
Financial Costs			Note 4.19
Particulars	FY 2081.82	FY 2080.81	
Interest on Retention	-	-	
Lease Interest Expenses	3,811	10,561	
Total	3,811	10,561	
Income Tax Expense			Note 4.20
Particulars	FY 2081.82	FY 2080.81	
Income Tax	-	-	
Deferred Tax Income/(Expense)	-	-	
Total	-	-	



Amadablam Mini Hydro Limited

Kathmandu Metropolitan City-4, Kathmandu

Notes to Financial Statements

For the Period commencing on Shrawan 1, 2081 and ending on Ashad 32, 2082

5.1 Financial Risk Management, Objective and Policies

The Company's financial risk management is an integral part of how to plan and execute its business strategies.

The Risk Management is done by the Company's management that provides assurance that the Company's financial risk activities are governed by appropriate policies and procedures and that financial risks are identified, measured and managed in accordance with the Company's policies and risk objectives.

The Board of Directors reviews and agrees policies for managing each of these risks which are summarized below:-

A. CURRENCY RISK

The Company is exposed to potential foreign currency risk arising from the import of raw materials and Property, Plant, and Equipment. To address this, the Company has entered into a contract with Poseidon S.A., 4th km N.R. Farsala – Volos, Farsala, Greece, for the design, manufacturing, supply, factory testing, delivery, erection, testing, and commissioning of electromechanical equipment.

In connection with this arrangement, the Company has opened a Letter of Credit (LC) with Siddhartha Bank Limited amounting to USD 550,903.94. During the reporting period, the Company incurred related charges, including SWIFT and issuance fees. However, the advance payment has not been processed as the supplier had not provided the requisite bank guarantee up to the reporting date; this process is currently underway.

Accordingly, while the Company did not encounter significant foreign currency risk exposure during the current financial year, such risk is expected to materialize in the subsequent financial year once payments under the LC become due.

B. CREDIT RISK

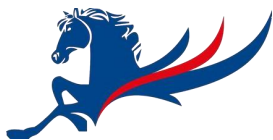
Credit risk refers to the risk that a counterparty including its subsidiaries and associates will default on its contractual obligations resulting in financial loss to the Company. The Company has adopted a policy of only dealing with creditworthy counterparties and obtaining sufficient collateral, where appropriate, as a means of mitigating the risk of financial loss from defaults. The Company's exposure and the credit ratings of its counterparties are continuously monitored. In addition, the Company is exposed to credit risk in relation to financial guarantees given to banks provided by the Company. The Company's maximum exposure in this respect is the maximum amount the Company could have to pay if the guarantee is called on. No amount has been recognized in the financial position as financial liabilities.

C. 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. In order to balance the Company's position with regards to interest income and interest expense and to manage the interest rate risk, it performs a comprehensive interest rate risk management. The Company is not exposed to significant interest rate risk as at the respective reporting dates.

D. LIQUIDITY RISK

Liquidity risk is the risk that the Company will face in meeting its obligations associated with its financial liabilities. The Company's policy is to maintain adequate funding and working capital arrangements so that liabilities can be settled when due without incurring unacceptable losses, both under normal and stressed conditions. The Company is not exposed to significant liquidity risk as at the respective reporting dates.



Amadablam Mini Hydro Limited

Kathmandu Metropolitan City-4, Kathmandu

Notes to Financial Statements

For the Period commencing on Shrawan 1, 2081 and ending on Ashad 32, 2082

5.2 CAPITAL MANAGEMENT

For the purpose of the Company's capital management, capital includes issued capital and all other equity 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 and day-to-day 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.

The Company's aim to translate profitable growth to superior cash generation through efficient capital management. The Company's policy is to maintain a stable and strong capital structure with a focus on total equity so as to maintain investor, creditor, and market confidence and to sustain future development and growth of its business. The Company's focus is on keeping strong total equity base to ensure independence, security, as well as a high financial flexibility for potential future borrowings, if required, without impacting the risk profile of the Company. The Company will take appropriate steps in order to maintain, or if necessary adjust, its capital structure. The management monitors the return on capital as well as the level of dividends to shareholders. The Company's goal is to continue to be able to return excess liquidity to shareholders by continuing to distribute dividends in future periods.

5.3 SEGMENT REPORTING

The Chief Executive Officer and functional managers have been identified as the Chief Operating Decision Maker (CODM) for the company, and they evaluate performance and allocate resources based on an analysis of various indicators. However, since the company is engaged in a single business segment—the generation and sale of electricity—and all of its operations are conducted within a single geographical location, Nepal, it does not have any reportable segments as defined by NFRS 8, Operating Segments.



Amadablam Mini Hydro Limited

Kathmandu Metropolitan City-4, Kathmandu

Notes to Financial Statements

For the Period commencing on Shrawan 1, 2081 and ending on Ashad 32, 2082

5.4 Related Party Transactions

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

i) Transactions with directors/KMPs/ Shareholders of the company

During the year, the following transactions have occurred with the Directors/Key Managerial Personnel (KMPs) of the Company and entities in which they have significant influence:

Transactions with directors

Particulars	2081/82	Transaction During the year	2080/81
Director's Advance	846,001 DR	3,034,451 DR	2,188,450 CR

Salary to Key Management Personnel

Particulars	2081/82	2080/81
Salary to KMP /PM	1,052,072	1,065,205

Advance share capital from the shareholder's of the company is tabulated below;

Advance Share Capital	Till 2081/82	Till 2080/81
Beyul Hydropower Pvt. Ltd.	2,000,000	15,230,000
Finjo Jangbu Sherpa	2,000,000	-
Laxman Adhikari	2,100,000	2,100,000
Pashi Sherpa	700,000	-
Phuthundu Sherpa	-	2,000,000
Tashi Jangbu Sherpa	200,000	-
Tendi Wongbu Sherpa	500,000	-
Total	7,500,000	19,330,000

These amounts have been received with the mutual understanding that they will be converted into equity share capital of the Company upon completion of the necessary legal and procedural formalities.

Management recognizes the said receipts as Share Capital Advance under equity and confirms that the same will be reclassified to paid share capital once the allotment of shares is duly completed in accordance with applicable laws and regulatory requirements.

Below is the official record of shareholder status for AMHL, sourced from the most recent OCR-processed share register dated 2081/12/22.

Shareholder	No of Shares	Share Capital
Laxman Adhikari	55,100	5,510,000
Phuthundu Sherpa	57,100	5,710,000
Beyul Hydro Investment Pvt. Ltd.	192,100	19,210,000
Ang Pasang Sherpa	10,000	1,000,000
Pemba Thundu Sherpa	10,000	1,000,000
Lhakpa Doma Sherpa	10,000	1,000,000
Doma Chhiri Sherpa	1,000	100,000
Total	335,300	33,530,000



Amadablam Mini Hydro Limited

Kathmandu Metropolitan City-4, Kathmandu

Notes to Financial Statements

For the Period commencing on Shrawan 1, 2081 and ending on Ashad 32, 2082

5.6.1 Current Tax

Current Tax which comprises expected tax payable or receivables is based on taxable profit or loss for the year based on Nepalese Tax Laws and any adjustments to the tax payable or receivable in respect of previous years. Company's liability for current tax is calculated using the tax rates that has been enacted or substantively enacted by the end of the reporting period.

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

Company has not recognized any current tax expenses with respect to income from sale of electricity.

5.6.2 Deferred Tax Assets/Liabilities

Deferred Tax Recognition Policy

Deferred tax assets and liabilities are recognized for temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes, in accordance with NAS 12 "Income Taxes". Deferred tax is measured at the tax rates expected to apply when the asset is realized or the liability is settled, based on tax rates and laws that have been enacted or substantively enacted by the reporting date.

Tax Holiday and Management Judgment

The company's operations are subject to tax holiday as per section 11(3gha) of the Income Tax Act 2058. The company enjoys:

100% tax exemption for the first 10 years of operation.

50% of the applicable tax rates for the next 5 years.

Deferred Tax Not Recognized

Deferred tax has not been recognized on timing differences that will arise during the tax holiday period, including the current financial year, because:

Based on management's best estimate, the temporary differences as at the reporting date will reverse within the tax holiday period.

As per Section 20(8) of the Income Tax Act 2058, any losses incurred during the tax holiday period shall not be allowed to be carried forward. Such differences are therefore permanent differences, and no deferred tax asset or liability is recognized on them, in accordance with NAS 12.

5.7 Contingent Liabilities, and Commitments

(i) Provisions are recognized when the Company has a present obligation (legal or constructive) as a result of a past event, it is probable that the Company will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation. The amount recognized as a provision is the best estimate of the expenditure required to settle the present obligation at the reporting date, taking into account the risks and uncertainties surrounding the obligation.

When a provision is measured using estimated future cash flows, its carrying amount is determined by discounting those cash flows at a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability, when the effect of the time value of money is material.

When some or all of the expenditure required to settle a provision is expected to be reimbursed by a third party, the reimbursement is recognized as a separate asset if it is virtually certain that it will be received and the amount can be measured reliably.

(ii) A contingent liability is a possible obligation arising from past events whose existence will be confirmed only by the occurrence or non-occurrence of uncertain future events not wholly within the control of the Company, or a present obligation that is not recognized because it is not probable that an outflow of resources will be required to settle the obligation, or because the amount of the obligation cannot be measured reliably. Contingent liabilities are not recognized as provisions but are disclosed, unless the possibility of an outflow of resources is remote.

Contingent assets are not recognized in the financial statements. However, they are continually assessed, and when it becomes virtually certain that an inflow of economic benefits will arise, the related asset and income are recognized in the period in which the change occurs.



Amadablam Mini Hydro Limited
Kathmandu Metropolitan City-4, Kathmandu

Notes to Financial Statements

For the Period commencing on Shrawan 1, 2081 and ending on Ashad 32, 2082

6 First Time Adoption of Nepal Financial Reporting Standard (NFRS)

The Company has adopted Nepal Reporting Financial Standards (NFRS) in the current year F.Y 2081-82 for the first time. Accordingly, comparative financial statement of F.Y 2080-81 and opening of F.Y 2080-81 (i.e. 01.04.2080) has been restated whenever required.

Disclosure of effect of transition from previous GAAP to NFRSs:

6.1. Reconciliation of Equity

PARTICULARS	As at 31.03.2080 (Comparative Period)	As at 01.04.2080 (Date of Transition)
Total Equity under GAAP	2,000,000	2,000,000
Adjustments:		
Opening balance of retained earning	(535,097)	(535,097)
Net Expenses	-	-
Total Equity under NFRS	1,464,903	1,464,903

6.2. Reconciliation of Profit or Loss

PARTICULARS	As at 31.03.2081 (Comparative Period)
Profit or Loss after Tax (as per Previous GAAP)	(1,001,860)
Add: Rental Expenses	120,000
Less: Depreciation on ROU Assets	(112,814)
Less: Interest on lease	(10,561)
Profit or Loss under NFRS	(1,005,235)
Other Comprehensive Income	-
Total Comprehensive income under NFRS as at 31.03.2081	(1,005,235)



Amadablam Mini Hydro Limited
Kathmandu Metropolitan City-4, Kathmandu

Notes to Financial Statements

For the Period commencing on Shrawan 1, 2081 and ending on Ashad 32, 2082

6.3 Reconciliation of Statement of Financial Position

6.3.a Reconciliation of Statement of Financial Position as on Ashad 31, 2081

PARTICULARS	Explanatory Notes	As per GAAP	Remeasurement	As per NFRS
ASSETS				
NON CURRENT ASSETS				
Property, Plant & Equipment	1	9,676,311 -	1,124,999.20	8,551,312
Intangible Assets				-
ROU Assets	2	-	112,814.33	112,814
Financial Assets				-
Current Assets				
Financial Assets				-
Loans and Advances				-
Other Financial Assets		2,239,000	-	2,239,000
Other Current Assets	1	60,000	1,125,000.00	1,185,000
Inventories		-	-	-
Cash and Cash Equivalents		51,269,150	-	51,269,150
Current Tax Assets			-	-
TOTAL ASSETS		63,244,461	112,815	63,357,276
EQUITY & LIABILITIES				
EQUITY				
Share Capital		29,330,000	-	29,330,000
Retained Earning	2	(1,536,957)	(3,375)	(1,540,332)
Reserves		-	-	-
NON CURRENT LIABILITIES				
Financial Liabilities		30,770,637	-	30,770,637
Provisions		-	-	-
CURRENT LIABILITIES				
Financial Liabilities	3	-	4,653,621	4,653,621
Other Current Liabilities		4,680,782	(4,537,432)	143,350
Current Tax Liabilities			-	-
TOTAL EQUITY & LIABILITIES		63,244,462	112,814	63,357,276

Explanatory Notes

- 1 "Management reviewed the capitalization of borrowing costs under NAS 23 and determined that the loan processing fee initially recorded under PPE does not meet the definition of costs directly attributable to a qualifying asset at inception. Accordingly, the fee has been reclassified to other current assets and will be capitalized to PPE on a pro-rata basis as the related borrowings are utilized for qualifying expenditures."
- 2 ROU assets and lease liabilities are recognized under NFRS 16, whereas under previous GAAP, lease payments were expensed and no ROU asset was recorded.
- 3 Retained earnings under NFRS reflect lease interest expense on recognized lease liabilities, which was not present under prior GAAP, resulting in the observed difference.



Amadablam Mini Hydro Limited
Kathmandu Metropolitan City-4, Kathmandu

Notes to Financial Statements

For the Period commencing on Shrawan 1, 2081 and ending on Ashad 32, 2082

6.3.b Reconciliation of Statement of Financial Position as on Shrawan 1, 2080

PARTICULARS	Explanatory Notes	As per GAAP	Remeasurement	As per NFRS
ASSETS				
NON CURRENT ASSETS				
Property, Plant & Equipment		3,120,222	-	3,120,222
Intangible Assets		-	-	-
Right of Use (ROU) Asset	1	-	225,629	225,629
Financial Assets		-	-	-
CURRENT ASSETS				
Financial Assets		-	-	-
Loans and Advances		-	-	-
Other Financial Assets		-	-	-
Other Current Assets		300	-	300
Inventories		-	-	-
Cash and Cash Equivalents		435,653	-	435,653
Current Tax Assets		-	-	-
TOTAL ASSETS		3,556,175	225,629	3,781,804
EQUITY & LIABILITIES				
EQUITY				
Share Capital		2,000,000	-	2,000,000
Retained Earning		(535,097)	-	(535,097)
Reserves		-	-	-
NON CURRENT LIABILITIES				
Financial Liabilities	1	934,937	(818,747)	116,190
Provisions		-	-	-
CURRENT LIABILITIES				
Financial Liabilities	1	-	1,221,093	1,221,093
Other Current Liabilities		1,156,335	(1,111,654)	44,681
Current Tax Liabilities		-	-	-
TOTAL EQUITY & LIABILITIES		3,556,175	(709,308)	2,846,867

Explanatory Notes

- 1 Under NFRS 16, the Company recognizes Right-of-Use (ROU) assets and corresponding lease liabilities. Lease liabilities are classified and presented separately as short-term (due within 12 months) and long-term (due after 12 months) in the financial statements. Under previous GAAP, lease payments were expensed as incurred, and no ROU asset or lease liability was recognized.



Amadablam Mini Hydro Limited Kathmandu Metropolitan City-4, Kathmandu

Notes to Financial Statements

For the Period commencing on Shrawan 1, 2081 and ending on Ashad 32, 2082

6.4 Reconciliation of Statement of Profit or Loss for the period ended Asahd 31, 2081

PARTICULARS	Explanatory Notes	As per GAAP	Remeasurement	As per NFRS
Revenues		-	-	-
Less: Cost of Goods sold		-	-	-
Gross Profit		-	-	-
Add: Other Income		10,000	-	10,000
Total Revenue		10,000	-	10,000
Personnel Expenses		-	-	-
Administrative Expenses	1	(1,011,860)	(120,000)	(891,860)
Depreciation and Amortization	1	-	112,814	(112,814)
Profit before Finance Cost		(1,001,860)	(7,186)	(994,674)
Financial Costs	2	-	10,561	(10,561)
Profit/(loss) before Tax & Bonus		(1,001,860)	3,375	(1,005,235)
Provision for Staff Bonus		-	-	-
Profit/loss before tax		(1,001,860)	3,375	(1,005,235)
Income Tax Expense		-	-	-
Net profit/(loss) for the year		(1,001,860)	3,375	(1,005,235)

Explanatory Notes

1. The variance in administrative expenses between GAAP and NFRS arises primarily because NFRS 16 excludes rental expense recognized under GAAP. Under NFRS, lease-related expenses are recognized as depreciation on Right-of-Use (ROU) assets and interest on lease liabilities, calculated by discounting future lease payments.

2. The variance in finance cost is due to the recognition of finance charges on lease liabilities, which were not accounted for under the previous GAAP framework.

6.5 Effect of NFRS Adoption in Cash Flow Statement for the period ended on Ashad 31, 2081

PARTICULARS	Explanatory Notes	As per GAAP	Effect of Transition to NFRS	As per NFRS
Cash Flows From Operating Activities	1	30,059,587	(1,114,440)	28,945,147
Cash Flows From Investing Activities	1	(6,556,090)	1,125,000	(5,431,090)
Cash Flows From Financing Activities	2	27,330,000	(10,560)	27,319,439
Net Cash Flow		50,833,497	-	50,833,497
Opening Cash and Cash Equivalents		435,653	-	435,653
Closing Cash and Cash Equivalents		51,269,150	-	51,269,150

1. The variance mainly arises from the reclassification of Rs. 1,125,000 related to the Prepaid Loan Processing Fee. Previously, this amount was recognized as Loan Processing Fee and capitalized as part of Borrowing Costs for the project. It has now been reclassified as a prepaid expense to be utilized against future loan facilities. In addition, Rs. 10,560 has been recognized as interest expense resulting from the unwinding of the lease liability under NFRS 16, which did not arise under the previous GAAP.

2. The difference in financing activities of the cash flow is due to the recognition of Rs. 10,560 as unwinding interest arising from the introduction of lease liability in accordance with NFRS 16, which was not applicable under the previous GAAP.

Amadablam Mini Hydro Limited
Kathmandu Metropolitan City-4, Kathmandu
Sub-schedules forming part of the Financial Statements
As on 32nd Ashad 2082 (16th July 2025)

Project Work Under Development

Particulars	Sub-Sch	Balance as on 32.03.2082	Addition During the Year	Balance as on 31.03.2081	Addition During the Year(80/81)	Balance as on 01.04.2080
Civil Construction	1	1,161,591	86,500	1,075,091	1,075,091	-
Mechanical Works	2	70,578,741	69,092,724	1,486,017	1,486,017	-
Electrical, Transmission and Distribution Works	3	-	-	-	-	-
Financing and Interest During Construction	4	2,784,436	1,721,540	1,062,897	1,062,897	-
Project Management and Engineering Cost	5	5,854,529	2,915,457	2,939,072	1,705,385	1,233,687
Engineering and Study Costs	6	2,606,528	618,293	1,988,235	101,700	1,886,535
Project Work in Progress		82,985,826	74,434,514	8,551,312	5,431,090	3,120,222

Sub Note:1 Civil Construction

Particulars	Balance as on 32.03.2082	Addition During the Year	Balance as on 31.03.2081	Addition During the Year(80/81)	Balance as on 01.04.2080
Weir, Undersluice, Intake and Flood Wall	259,091	61,500	197,591	197,591	-
Transportation and Insurance Upto Site	902,500	902,500	877,500	877,500	-
Headrace pipe	-	-	-	-	-
Gravel Trap	-	-	-	-	-
Desanding Basin	-	-	-	-	-
Protection (Flood and Landslide)	-	-	-	-	-
Penstock Alignment	-	-	-	-	-
Powerhouse	-	-	-	-	-
Tailrace	-	-	-	-	-
Civil works related to Tnd	-	-	-	-	-
Transportation and Insurance upto site	-	-	-	-	-
Total	1,161,591	964,000	1,075,091	1,075,091	-

Sub- Note 2: Mechanical Works

Particulars	Balance as on 32.03.2082	Addition During the Year	Balance as on 31.03.2081	Addition During the Year(80/81)	Balance as on 01.04.2080
Penstock pipes and accessories	66,588,942	66,588,942	-	-	-
Gates and Trashracks and other accessories	907,390	-	907,390	907,390	-
Transportation and Insurance upto site	578,627	-	578,627	578,627	-
LC Charges for Turbine Import	2,503,783	2,503,783	-	-	-
Turbine and Accessories	-	-	-	-	-
Custom Duty (1%) on mechanical imports	-	-	-	-	-
Total	70,578,741	69,092,724	1,486,017	1,486,017	-

Sub Note 3: Eletrical, Transmission and Distribution Works

Particulars	Balance as on 32.03.2082	Addition During the Year	Balance as on 31.03.2081	Addition During the Year(78/79)	Balance as on 01.04.2080
Electrical Component at Powerhouse	-	-	-	-	-
Transmission and Distribution components	-	-	-	-	-
Transportation and Insurance up to site	-	-	-	-	-
Cable laying cost	-	-	-	-	-
Custom Duty (1%) on Electrical, transmission and Distribution impots	-	-	-	-	-
Total	-	-	-	-	-

Sub Note 4: Financing and Interest During Construction

Particulars	Balance as on 32.03.2082	Addition During the Year	Balance as on 31.03.2081	Addition During the Year(80/81)	Balance as on 01.04.2080
Loan Processing Fee	66,485	66,485	-	-	-
Bank Guarantee Commission	2,632,271	1,569,374	1,062,897	1,062,897	-
Interest Expense on bridge gap loan	82,788	82,788	-	-	-
Interest Expense on Term Loan	2,893	2,893	-	-	-
Less: Interest Income	-	-	-	-	-
Total	2,784,436	1,721,540	1,062,897	1,062,897	-

Sub-Note 5: Project Management and Engineering Cost

Particulars	Balance as on 32.03.2082	Addition During the Year	Balance as on 31.03.2081	Addition During the Year(80/81)	Balance as on 01.04.2080
Advertisement Expense	400,337	136,052	264,285	264,285	-
Fee & Other	109,700	-	109,700	-	109,700
Salary, Wages and other Benefit	4,820,031	2,718,698	2,101,333	1,327,166	774,167
Site Visit Expenses	457,881	36,707	421,174	71,354	349,820
Travel Allowance	24,000	24,000	-	-	-
Reverse VAT Expense	42,580	-	42,580	42,580	-
Total	5,854,529	2,915,457	2,939,072	1,705,385	1,233,687

Sub- Note 6: Engineering and Study Costs

Particulars	Balance as on 32.03.2082	Addition During the Year	Balance as on 31.03.2081	Addition During the Year(80/81)	Balance as on 01.04.2080
Consultancy Fee	2,606,528	618,293	1,988,235	101,700	1,886,535
Total	2,606,528	618,293	1,988,235	101,700	1,886,535



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Kathmandu Metropolitan City-4, Kathmandu
Schedules forming part of the Financial Statements

Sub-Note 4.13.1 Duties & Taxes

Particulars	As on Ashad 32, 2082	Restated as on Ashadh 31, 2081	Restated as on Shrawan 1st, 2080
TDS- Salary	41,352	73,041	
TDS-SST	26,619	7,750	7,742
Total	67,971	80,791	7,742

TDS-Others

Particulars	As on Ashad 32, 2082	Restated as on Ashadh 31, 2081	Restated as on Shrawan 1st, 2080
TDS on Audit Fees	-	750	1,050
TDS - Individual & Firms	26,568	-	-
TDS - Private	15,774	-	-
TDS for Rent	8,000	12,000	15,217
TDS for Consultancy	-	1,350	18,000
TDS On Other Services	-	5,879	2,672
Total	50,342	19,979	36,939

Sub-Note 4.13.2 Party Payable

Particulars	As on Ashad 32, 2082	Restated as on Ashadh 31, 2081	Restated as on Shrawan 1st, 2080
Company Payables	42,059,703	1,090,567	386,250
Audit Fee Payable	78,050	78,050	27,875
AR & Associates	-	4,777	-
Finance Job Nepal Pvt. Ltd	-	100,350	-
Monjo Khola Mini Hydro Pvt.Ltd	-	-	200,000
N.Y.S Engineering and Construction	-	907,390	-
Pradhan & Shakya Associates	-	-	27,875
Mahashakti Engineering and Hydropower Limited	41,897,407	-	-
S.S. Media Pvt. Ltd.	84,246	-	-
Yeti Airlines Pvt Ltd	-	-	130,500
Individual Payables	50,000	2,287,451	567,325
Tenzing Jangbu Sherpa	-	-	567,325
Director Advance	-	2,188,451	-
Rent payable	-	99,000	-
Phutundra Sherpa	50,000	-	-
Total	42,109,703	3,378,018	953,575



Sub-Note 4.13.3 Salary Payable

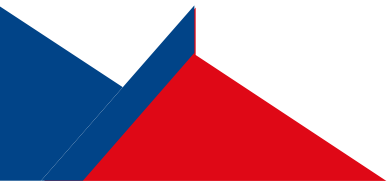
Particulars	As on Ashad 32, 2082	Restated as on Ashadh 31, 2081	Restated as on Shrawan 1st, 2080
Kalpana Dangol	86,802	-	-
Mingma Yangji Sherpa	63,750	-	-
Rajeeb Maharjan	112,071	-	-
Rukesh Maharjan	190,935	-	-
Samrat Raj Satyal	812,649	986,164	-
Sanjeev Maharjan	80,000	-	-
Srijana Sunuwar-Admin	183,508	-	158,079
Srijana Sunuwar-Project	23,392	173,250	-
Surendra Maharjan	143,859	-	-
Tseten Jangbu Sherpa	89,144	-	-
Yuvraj Basnet	35,741	-	-
Total	1,821,850	1,159,414	158,079

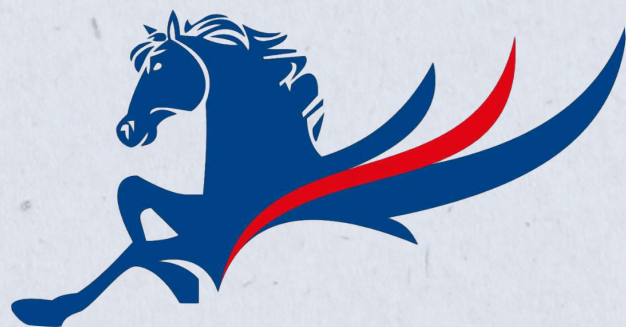
Sub-Note 4.4.1 Advance- Party

Particulars	As on Ashad 32, 2082	Restated as on Ashadh 31, 2081	Restated as on Shrawan 1st, 2080
Clean Energy Investment Pvt.Ltd	-	-	300
Phuthundu Sherpa	-	60,000	-
Koju Engineering & Builders Pvt. Ltd.	8,798,208	-	-
Director Advance	846,001	-	-
CRC Nepal DL Structure and Builders JV	19,629,180	-	-
Advance to stakeholder - Pashi sherpa	700,000	-	-
Total	29,973,389	60,000	300

Sub-Note 4.3.1 Deposits, Margins and Sub-Note Advance Tax

Particulars	As on Ashad 32, 2082	Restated as on Ashadh 31, 2081	Restated as on Shrawan 1st, 2080
Cash Margin - 001GTAP240526001	1,492,000	1,492,000	-
Cash Margin - 001GTPB240329003	426,000	426,000	-
Cash Margin - 001GTPB240329004	321,000	321,000	-
Cash Margin - 001GTAP250303001	2,984,000	-	-
Cash Margin - 001GTPB250418016	300,000	-	-
Cash Margin - 001ILSF250702002	3,782,000	-	-
Total	9,305,000	2,239,000	-





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