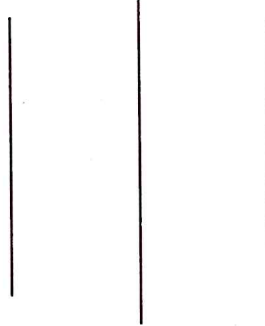


Audit Report

Orbit Energy Ltd.
Kathmandu, Nepal



Statutory Audit
As per NFRS
For the Year Ended Ashad 32, 2082 (July 16, 2025)

Submitted By:
S. D. & Associates

Shrawan, 2082

Independent Auditor's Report
To
The Shareholders of Orbit Energy Limited
Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of **Orbit Energy Limited**, which comprise of Statement of Financial Position as at 32nd Aashadh 2082 (Corresponding to 16 July 2025), Statement of Profit or Loss, Statement of Other Comprehensive Income (OCI), Statement of Cash Flows, Statement of Changes in Equity and Schedules for the period covering 1st Shrawan 2081 to 32nd Aashadh 2082 (Corresponding to 16 July 2024 to 16 July 2025) and Notes to financial statement, including Summary of accounting policies.

In our opinion, the accompanying Financial Statements present fairly, in all material respects, the financial position of **Orbit Energy Limited** as at 16 July 2025 and of its financial performance and its Cash flows for the period covering 16 July 2024 to 16 July 2025, in accordance with Nepal Financial Reporting Standards (NFRS) and other relevant practices.

Basis for Opinion

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

Other information

The directors are responsible for the other information such as "Report of Board of Directors/ Chairman's statements" to be presented in the "Orbit Energy Limited" Annual Report and Accounts for FY 2081/82 (2024-25). Our opinion on the Financial Statements does not cover those other information and, accordingly, we do not express any form of assurance or 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 during the course of our audit or otherwise appears to be materially misstated. As the other information documents are in the process of completion, the management has provided written representations that final version of the documents will be provided when available.



Responsibilities of Management and those charged with Governance for the Financial Statements

The management of Orbit Energy Limited is responsible for the preparation and fair presentation of the financial statements in accordance with Nepal Financial Reporting Standards (NFRS), and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using going concern basis of accounting unless management either intends to liquidate the Company or cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the 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:

- Identify and assess the risks of material misstatements of the financial statements, whether due to fraud or error. We 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 from one resulting from error, as fraud may involve collusion, forgery, intentional omission, misrepresentation, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of the management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosure in the financial statements or, if such disclosure are inadequate, to modify our opinion. Our conclusion are based on the audit evidences obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

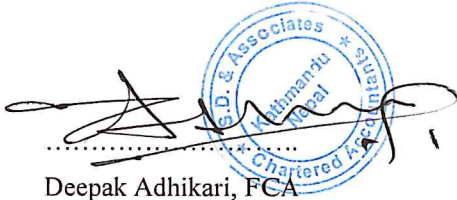
We have communicated with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.



Report on the Other Legal & Regulatory Requirements

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

- a) We have obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the purpose of our audit.
- b) In our opinion the Company has kept proper books of account as required by law so far, as appears from our examinations of those Books
- c) The financial statements are in agreement with the books of account.
- d) In our opinion and to the best of our information and according to the explanation given to us, the financial statement the said Balance Sheet, Income Statement and Cash Flow Statement, read together with the notes forming part of the accounts give the information required by the Companies Act 2063 (First Amendment 2074) in the manner so required and give a true and fair view:
 - i. In the case of Statement of Financial Position, of the state of affairs of the Company as at 32nd Aashadh, 2082; and
 - ii. In the case of Statement of Profit or Loss, of the results of operations of the Company for the year ended on 32nd Aashadh, 2082; and
 - iii. In the case of the Statement of Cash Flows, of Cash inflow and outflow of Company for the year ended on that date.
- e) Neither we have come across any of the information about the misappropriation of fund by the directors or any of the representative or company's staffs during the course of our audit nor have we received any such information from the management.
- f) No accounting fraud has been observed during the course of our audit.



Deepak Adhikari, FCA

Partner

COP- 772

Membership No.- 997

Date: July 28, 2025 (Shrawan 12, 2082)

Place: Kathmandu

UDIN: 250728CA00997NRGUg

Orbit Energy Ltd.
Statement of Financial Position
As at Ashad 32nd, 2082 (16th July 2025)

		Amount In NRs.	
Particulars	Notes	As as Ashadh 32nd, 2082	Restated As at Ashadh 31st, 2081
ASSETS			
Non-current Assets			
Property, Plant & Equipment	4A	2,773,798.89	3,108,073.06
Intangible Assets	4B	1,527,249.39	3,111,679.29
Intangible Assets Under Development (IAUD)	5	2,544,528,829.29	997,629,969.06
Financial Assets			
Investment in Associates and Subsidiary		-	-
Other Investment		-	-
Other non-current assets		-	-
Deferred Tax Assets		-	-
Total Non-current Assets		2,548,829,877.56	1,003,849,721.40
Current Assets			
Inventories		-	-
Financial Assets			
Trade Receivables		-	-
Cash and Cash Equivalents	6	127,653,754.98	5,307,298.98
Investments in Equity Instruments		-	-
Other Financial Assets	7	86,025,335.06	15,964,237.45
Other Current Assets	8	998,268,176.48	755,045,845.89
Current Tax Assets	9	122,830.95	91,963.00
Total Current Assets		1,212,070,097.47	776,409,345.32
Total Assets		3,760,899,975.03	1,780,259,066.72
EQUITY AND LIABILITIES			
Equity			
Equity Share Capital	10	1,600,000,000.00	629,665,000.00
Advance for Share Capital	11	-	352,750,000.00
Other Equity	12	132,341,946.91	28,506,922.68
Total Equity		1,732,341,946.91	1,010,921,922.68
Liabilities			
Non-current Liabilities			
Financial Liabilities			
Borrowings	13	1,966,321,581.21	233,816,628.75
Deferred Tax liabilities		-	-
Total Non-current Liabilities		1,966,321,581.21	233,816,628.75
Current liabilities			
Financial Liabilities			
Borrowings	14	-	503,288,371.25
Other Financial Liabilities	15	54,876,581.59	29,248,651.47
Other Current Liabilities	16	7,359,862.59	2,983,491.59
Current Tax Liabilities		-	-
Provision		-	-
Total Current Liabilities		62,236,444.18	535,520,514.31
Total Liabilities		2,028,558,025.39	769,337,143.06
Total Equity and Liabilities		3,760,899,975.03	1,780,259,066.72

The accompanying notes are integral part of these financial statements.

As per our attached report of even date

Ram Prasad Acharya
Director

Ganesh Karki
Managing Director

Batu Lamichhane
Chairman

CA. Deepak Adhikari
Partner
S.D. & Associates
Chartered Accountants

Milan Devkota
Director

Kapil Gaudel
Accounts Officer



Date: Shrawan 9, 2082
Place: Kathmandu, Nepal

Orbit Energy Ltd.

Statement of profit or loss and Other Comprehensive Income for the year ended 32nd Ashad, 2082

Particulars	Notes	FY. 2081.82	FY. 2080.81
Revenue		-	-
Cost of Sales		-	-
Gross Profit		-	-
Construction Revenue as per IFRIC 12	17	1,546,898,860.23	590,725,012.95
Less: Construction Expenses as per IFRIC 12	17	1,432,313,759.47	546,967,604.58
Construction Net Income as per IFRIC 12		114,585,100.76	43,757,408.37
Other Income	18	205,965.89	110,083.02
Employee Benefits Expense	19	4,564,455.00	4,997,388.00
Depreciation and Amortisation Expense	20	2,452,326.07	2,475,674.04
Administrative and Other General Expenses	21	2,383,227.14	5,593,734.95
Profit Before Interest and Tax		105,391,058.44	30,800,694.40
Finance Income		-	-
Finance Cost	22	292,659.22	448,995.85
Profit Before Bonus and Tax		105,098,399.22	30,351,698.55
Provision For Staff Bonus		-	-
Profit(loss) Before Tax		105,098,399.22	30,351,698.55
Less: Tax Expense		-	-
Current Tax		-	-
Deferred Tax		-	-
Profit/(Loss) for the Period		105,098,399.22	30,351,698.55
Other Comprehensive Income			
(i) Items that will not be reclassified to profit or loss		-	-
(ii) Income tax relating to items that will not be reclassified to profit or loss		-	-
(i) Items that will be reclassified to profit or loss		-	-
(ii) Income tax relating to items that will be reclassified to profit or loss		-	-
Other comprehensive gain/(loss) for the year, net of tax		-	-
Total comprehensive gain/(loss) for the year, net of tax		105,098,399.22	30,351,698.55
Earnings per Equity share of Rs. 100 Each			
Basic Earnings per Share	23	11.22	4.82
Diluted Earnings Per Share	23	11.22	4.82

The accompanying notes are integral part of these financial statements.


Ram Prasad Acharya
Director


Milan Devkota
Director

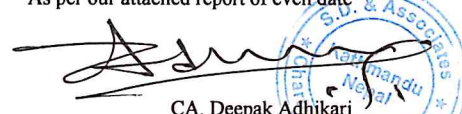

Ganesh Karki
Managing Director


Kapil Gaudel
Accounts Officer


Batu Lamichhane
Chairman



As per our attached report of even date


CA. Deepak Adhikari
Partner
S.D. & Associates
Chartered Accountants

Date: Shrawan 9, 2082
Place: Kathmandu, Nepal

Orbit Energy Ltd.
Statement of cash flows for the year ended 32nd Ashad, 2082
Amount In NRs.

Particulars	FY. 2081.82	FY. 2080.81
Cash Flows From Operating Activities		
Profit For The Year	105,098,399.22	30,351,698.55
Adjustments For:		
Lease Liability Written Back	-	-
Reserve Adjustment	1,125.01	-
Finance Costs	292,659.22	448,995.85
Deffered tax Expenses	-	-
Gain/Loss On Investment Through FVTPL	-	-
Depreciation And Amortization Of Non-Current Assets	2,452,326.07	2,475,674.04
Cash Generated From Operations before working capital changes	107,844,509.52	33,276,368.44
Movements In Operating Assets:		
(Increase)/Decrease In Other Financial Assets	(70,061,097.61)	(10,900,717.45)
(Increase)/Decrease In Other Current Assets	(243,222,330.59)	(275,882,773.09)
(Increase)/Decrease In Current Tax Assets	(30,867.95)	(16,512.45)
Increase/ (Decrease) In Other Financial Liabilities	25,627,930.13	(206,164.11)
Increase/(Decrease) In Other Liabilities	4,376,371.00	476,071.60
Increase/(Decrease) In Current Tax Liabilities	-	-
Cash Generated From Operations	(175,465,485.50)	(253,253,727.07)
Cash Flows From Investing Activities		
Cash Flows From Investing Activities		
Addition on Intangible Assets	-	-
Addition on Intangible Assets Under developments (IAUD)	(1,546,898,860.23)	(590,725,012.95)
Addition on Property, Plant And Equipment	(533,622.00)	(2,168,351.98)
Sale Of Property, Plant And Equipment	-	-
Net Cash (Used In)/Generated By Investing Activities	(1,547,432,482.23)	(592,893,364.93)
Increase (Decrease) Of Borrowings	1,229,216,581.21	387,405,000.00
Increase or Decrease In Share Capital	970,335,000.00	211,000,000.00
Share Issuance Cost	(1,264,500.00)	-
Increase or Decrease In Advance for Share Capital	(352,750,000.00)	240,000,000.00
Finance Costs	(292,659.22)	(448,995.85)
Net Cash Used In Financing Activities	1,845,244,421.99	837,956,004.15
Net Increase In Cash And Cash Equivalents	122,346,454.27	(8,191,087.84)
Cash And Cash Equivalents At The Beginning Of The Year	5,307,298.99	13,498,386.83
Cash And Cash Equivalents At The End Of The Year	127,653,754.99	5,307,298.99

The accompanying notes are integral part of these financial statements.


Ram Prasad Acharya
Director


Milan Devkota
Director

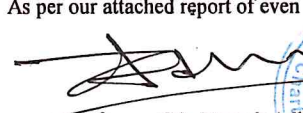

Ganesh Karki
Managing Director


Kapil Gaudel
Accounts Officer


Batu Lamichhane
Chairman



As per our attached report of even date


CA. Deepak Adhikari
Partner
S.D. & Associates
Chartered Accountants



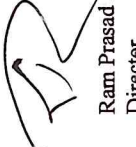
Date: Shrawan 9, 2082
Place: Kathmandu, Nepal

Orbit Energy Ltd.

Statement of Changes in Equity for the year ended 32nd Ashad, 2082

Particulars	Share Capital	Advance for Share Capital	Reserves and Surplus			Total
			Capital Reserve	General Reserve	Retained Earnings	
Balance As At Ashad 31st, 2080	418,665,000.00	112,750,000.00	-	-	(1,562,173.93)	529,852,826.07
Issue of Share Capital	211,000,000.00	-	-	-	-	211,000,000.00
Advance for Share Capital	-	240,000,000.00	-	-	-	240,000,000.00
Profit For The Year	-	-	-	-	30,351,698.55	30,351,698.55
Adjustment to Retained Earning	-	-	-	-	-	-
Other Comprehensive Income For The Year, Net Of Income Tax	-	-	-	-	-	-
Transfer To Retained Earnings	-	-	-	-	-	-
Balance As At Ashad 31st, 2081	629,665,000.00	352,750,000.00	-	-	28,789,524.62	1,011,204,524.62
Prior Period Adjustment	-	-	-	-	(282,601.94)	(282,601.94)
Balance As At Ashad 31st, 2081 (Restated)	629,665,000.00	352,750,000.00	-	-	28,506,922.68	1,010,921,922.68
Issue of Share Capital	970,335,000.00	-	-	-	-	970,335,000.00
Advance for Share Capital	-	(352,750,000.00)	-	-	-	(352,750,000.00)
Profit For The Year	-	-	-	-	105,098,399.22	105,098,399.22
Adjustment to Retained Earning	-	-	-	-	1,125.01	1,125.01
Share Issuance Cost	-	-	-	-	(1,264,500.00)	(1,264,500.00)
Other Comprehensive Income For The Year, Net Of Income Tax	-	-	-	-	-	-
Transfer To Retained Earnings	-	-	-	-	-	-
Balance As At Ashad 32nd, 2082	1,600,000,000.00	-	-	-	132,341,946.91	1,732,341,946.91

The accompanying notes are integral part of these financial statements.


Ram Prasad Acharya
 Director


Ganesh Karki
 Managing Director


Batu Lamichhane
 Chairman


Milan Devkota
 Director


Kapil Ghimel
 Accounts Officer

Date: Shrawan 9, 2082

Place: Kathmandu, Nepal

As per our attached report of even date


CA. Deepak Adhikari
 Partner
S.D. & Associates
 Chartered Accountants

Orbit Energy Ltd.
Notes to Financial Statements for the year ended on 32nd Ashad, 2082

4A. Property, Plant and Equipment

Amount In NRs.

Particulars	Office Equipment	Furnitures and Fixtures	Vehicles	Computers and Printers	Total
Gross Block					
Cost as at 1st Shrawan 2079	172,619.74	1,347,072.22	3,584.00	1,040,092.96	2,563,368.92
Addition During The Year					-
Acquisition	99,914.27	-	-	-	99,914.27
Capitalization	-	-	-	-	-
Disposal During the Year	-	-	-	-	-
Adjustment/Revaluation	-	-	-	-	-
Balance as at Ashad 31st 2080	272,534.01	1,347,072.22	3,584.00	1,040,092.96	2,663,283.19
Additions During the Year					
Acquisition	965,617.98	1,202,734.00	-	-	2,168,351.98
Capitalization	-	-	-	-	-
Disposal During the Year	-	-	-	-	-
Adjustment/Revaluation	-	-	-	-	-
Balance as at Ashad 31st 2081	1,238,151.99	2,549,806.22	3,584.00	1,040,092.96	4,831,635.17
Additions During the Year					
Acquisition	158,084.00	300,538.00	-	75,000.00	533,622.00
Capitalization	-	-	-	-	-
Disposal During the Year	-	-	-	-	-
Adjustment/Revaluation	-	-	-	-	-
Balance as at Ashad 32nd 2082	1,396,235.99	2,850,344.22	3,584.00	1,115,092.96	5,365,257.17
Accumulated Depreciation and Impairment					
As on Shrawan 1, 2079	-	-	-	-	-
Depreciation charge for the year	46,408.59	336,768.06	716.80	260,023.24	643,916.68
Impairment for the year	-	-	-	-	-
Disposal	-	-	-	-	-
Adjustment	-	-	-	-	-
Balance as at Ashad 31st 2080	46,408.59	336,768.06	716.80	260,023.24	643,916.68
Depreciation charge for the year	269,300.50	549,748.25	573.44	260,023.24	1,079,645.43
Impairment for the year	-	-	-	-	-
Disposal	-	-	-	-	-
Adjustment	-	-	-	-	-
Balance as at Ashad 31st 2081	315,709.08	886,516.31	1,290.24	520,046.48	1,723,562.11
Depreciation charge for the year	241,253.23	479,117.77	458.75	147,066.41	867,896.17
Impairment for the year	-	-	-	-	-
Disposal	-	-	-	-	-
Adjustment	-	-	-	-	-
Balance as at Ashad 32nd 2082	556,962.32	1,365,634.08	1,748.99	667,112.89	2,591,458.28
Carrying Amount	839,273.67	1,484,710.14	1,835.01	447,980.07	2,773,798.89
As at Ashad 31st 2081	922,442.91	1,663,289.91	2,293.76	520,046.48	3,108,073.06
As at Ashad 32nd 2082	839,273.67	1,484,710.14	1,835.01	447,980.07	2,773,798.89



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Orbit Energy Ltd.

Notes to Financial Statements for the year ended on 32nd Ashad 2082

4B. Intangible Assets

Amount In NRs.

Particulars	Software	ROU Assets - 1 As per NFRS	ROU Assets - 2 As per NFRS	Total
Cost				
As on Shrawan 01, 2079	81,187.98	-		81,187.98
As on Shrawan 01, 2079- NFRS Adjustment	-	5,634,146.64	753,605.16	6,387,751.81
Addition during the year	-	-	-	-
Acquisition	-	-	-	-
Capitalization	-	-	-	-
Disposal during the year	-	-	-	-
Adjustment/Revaluation	-	-	-	-
Balance as on 31st Ashad 2080	81,187.98	5,634,146.64	753,605.16	6,468,939.79
Addition during the Year	-	-	-	-
Acquisition	-	-	-	-
Capitalization	-	-	-	-
Disposal during the year	-	-	-	-
Adjustment/Revaluation	-	-	-	-
Balance as on 31st Ashad 2081	81,187.98	5,634,146.64	753,605.16	6,468,939.79
Addition during the Year	-	-	-	-
Acquisition	-	-	-	-
Capitalization	-	-	-	-
Disposal during the year	-	-	-	-
Adjustment/Revaluation	-	-	-	-
Balance as on 32nd Ashad 2082	81,187.98	5,634,146.64	753,605.16	6,468,939.79
Amortisation and Impairment				
As on Shrawan 01, 2079	-	-	-	-
As on Shrawan 01, 2079 - NFRS Adjustment Lease	-	-	-	-
Amortisation charge for the year	16,237.00	1,379,791.02	282,601.94	1,678,629.95
Impairment for the year	-	-	-	-
Disposals	-	-	-	-
Adjustment	-	-	-	-
As on 31st Ashad 2080	16,237.00	1,379,791.02	282,601.94	1,678,629.95
Impairment for the year	-	-	-	-
Amortisation charge for the year	16,237.60	1,379,791.02	282,601.94	1,396,028.61
Disposals	-	-	-	-
Adjustment	-	-	-	-
As on 31st Ashad 2081	32,474.60	2,759,582.03	565,203.88	3,074,658.56
Impairment for the year	-	-	-	-
Amortisation charge for the year	16,237.60	1,379,791.02	188,401.29	1,584,429.90
Disposals	-	-	-	-
Adjustment	-	-	-	-
As on 31st Ashad 2081	48,712.19	4,139,373.05	753,605.16	4,659,088.46
Net Book Value	32,475.79	1,494,773.60	-	1,809,851.33
As on 31st Ashad 2081	48,713.38	2,874,564.61	188,401.29	3,111,679.29
As on 32nd Ashad 2082	32,475.79	1,494,773.60	-	1,527,249.39



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Orbit Energy Ltd.

Notes to the financial statements for the year ended Ashad 32nd, 2082

5. Intangible Assets Under Development (IAUD)**Amount In NRs.**

The Project 'Sabha Khola (Project B and C)' is still in the process of construction and all the expenditure which are directly attributable to acquisition, construction or production of the assets are shown as Intangible assets Under Development (IAUD) details as given hereunder:

Particulars	As at Ashad 32nd, 2082	As at Ashad 31st, 2081
Sabha Khola Hydropower Project 'B' - 15.1 MW		
Opening Balance	866,535,336.76	338,614,812.88
Addition During The Year	1,288,617,586.82	527,920,523.88
Deletion		-
Sub Total	2,155,152,923.59	866,535,336.76
Add: IFRIC 12 Margin	172,412,233.89	69,322,826.94
Total IAUD of Project 'B'	2,327,565,157.47	935,858,163.71
Sabha Khola Hydropower Project 'C' - 6.3 MW		
Opening Balance	57,196,116.07	38,149,035.37
Addition During The Year	143,696,172.65	19,047,080.70
Deletion		-
Sub Total	200,892,288.72	57,196,116.07
Add: IFRIC 12 Margin	16,071,383.10	4,575,689.29
Total IAUD of Project 'C'	216,963,671.81	61,771,805.36
Total Intangible Assets Under Development (IAUD) - Project 'B' and 'C'	2,544,528,829.29	997,629,969.06

These expenditures which are now shown as Intangible Assets Under Development in Statement of Financial Position are subject to capitalization upon commencement of generation of electricity or the date on which the plant is ready for put to use, whichever is earlier. Some expenses which are of administrative nature are also included in IAUD as these are directly attributable to the project.



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Orbit Energy Ltd.
Notes to the financial statements for the year ended Ashad 32nd, 2082

6. Cash and Cash Equivalents

Details of cash and cash equivalents is as follows:

Particulars	As at Ashad 32nd, 2082	As at Ashad 31st, 2081
Balances with Banks	127,627,532.15	5,303,708.98
Project 'B'		
Kumari Bank Ltd. - Current Account (0430269127700001)	105,629,265.27	3,983,715.88
Kumari Bank Ltd. - Call Account (0430269127700002)	40,266.34	53,568.35
ADBL - Current Account (0100205312140010)	3,024,616.70	253,086.18
Nabil Bank Ltd. - Current Account (16901017502965)	18,618.37	18,618.37
Siddhartha Bank Ltd. - Non Operating Account (55504988534)	636,619.76	74,627.65
Prime Commercial Bank HO - Current Account -(00101000000571600101)	985,491.22	724,164.87
Prime Commercial Bank - Site Current Account (06901000000093000100)	12,227,399.78	137,245.00
Nepal Bank Ltd. - Current Account	6,050.00	6,050.00
Siddhartha Bank Ltd. - Current Account	52,632.68	52,632.68
Cash in hand (As Certified by Management)	21,222.83	3,590.00
Project 'C'		
Kumari Bank Ltd Sabha C 0430269127700003	4,915,340.12	-
Prime Bank Site A/C 06901000000093000100	88,561.60	-
Siddhartha Bank Non Operative Account. Sabha C	2,670.31	-
Cash in hand (As Certified by Management)	5,000.00	-
Cash and Cash Equivalents as Per Balance Sheet	127,653,754.98	5,307,298.98
Cash and Cash Equivalents as Per Statement of Cash Flows	127,653,754.98	5,307,298.98

7. Other Financial Assets - Current

Particulars	As at Ashad 32nd, 2082	As at Ashad 31st, 2081
Project 'B'		
Cash Margin - EXIM Code	-	30,000.00
NRB Margin - (HM)	-	1,734,500.00
PPA Bank Gurantee Cash Margin-KBL	645,000.00	453,000.00
Cash Margin LC_EM_Troyer Hydro India	36,719,864.23	-
Cash Margin_Transmission Line_Build 360	6,621,575.96	-
LC Cash Margin-Electro Mechanical Works	10,875,299.47	-
Prepaid Access Road Insurance	402,888.03	500,217.00
Prepaid Civil Works Insurance	7,900,107.24	1,955,090.00
Prepaid Tunnel Work Insurance	3,272,806.49	7,879,911.00
Prepaid Vehicle Insurance	164,606.72	73,978.00
Project 'C'		
Cash Margin - Custom (HM)	-	711,000.00
Cash Margin - LC (HM)	-	2,580,661.45
Cash Margin_EM Works_Flovel Energy	13,464,611.25	-
NRB Margin for HM Works Pipe Import	367,000.00	-
NRB Margin-LC250160-Steel Pipes and Plates	1,665,500.00	-
PPA-Cash Margin - Bank Guarantee KBL	188,700.00	125,880.00
Prepaid Civil Work Insurance	3,737,375.67	-
Total	86,025,335.06	15,964,237.45



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Orbit Energy Ltd.
Notes to the financial statements for the year ended Ashad 32nd, 2082

8. Other Assets - Current

Particulars	As at Ashad 32nd, 2082	As at Ashad 31st, 2081
Project 'B' - Sabha Khola		
Advance for Land Procurements	162,953,259.00	124,732,896.00
Advance to Baibhab Power - Mobilization Advance for Civil Works	101,829,402.00	101,829,402.00
Advance to Baibhab Power Nepal - Mobilization Advance for Tunnel Works	87,519,483.68	142,963,152.00
Advance to Cream Hydel Pvt.Ltd. - Mobilization Advance for HM Works	28,035,372.75	20,000,000.00
Advance to Baibhab Power - Mobilization Advance for Transmission Line Works	10,000,000.00	-
Advance to Synex Power - Mobilization Advance for Explosive	-	2,042,000.00
Site Advance	250,000.00	250,000.00
Advance to Nabin Kumar Gauli - Site Work	80,000.00	-
Advance to Contractors - Baibhab Power Nepal Pvt. Ltd.	4,476,596.77	149,173,779.95
Advance to Cangzhou Spiral Steel Pipe Group Co. Ltd.	36,657,428.75	173,300,595.76
Advance to Long Vision Tours and Travels	2,300,000.00	1,800,000.00
Troyer AG SPA-Italy _Advance EM Works	90,224,560.50	-
Advance to Nepal Environment & Development Consultant Pvt. Ltd.	962,000.00	1,000,000.00
Advance to Cream Hydel Pvt Ltd.	7,049,590.16	-
Advance to Kumari Capital	100,000.00	-
Advance to Clean Energy Consultants Pvt. Ltd.	2,200,000.00	-
Build Three Sixty Pvt Ltd Tower and Line Materials	96,320,988.08	-
Staff Advance	1,279,829.00	389,258.00
Project 'C' - Sabha Khola		
Baibhab Power Nepal Mobilization Advance-Civil Work	91,004,379.00	-
Advance for Land	18,000,000.00	16,200,000.00
Flovel EnergyPvt Ltd-EM Supplier	89,764,075.00	-
Nepal Environment and Development Consults Pvt Ltd	300,000.00	-
Oceanic Express LLP	1,601,571.98	-
Advance to Cangzhou Sprial Steel Pipes Co. Ltd. - HM Pipe	165,359,639.81	21,364,762.18
Total	998,268,176.48	755,045,845.89

9. Current Tax Assets

Particulars	As at Ashad 32nd, 2082	As at Ashad 31st, 2081
Advance Income Tax	122,830.95	91,963.00
Total	122,830.95	91,963.00



Orbit Energy Ltd.

Notes to the financial statements for the year ended Ashad 32nd, 2082

10. Equity Share Capital

Particulars	As at Ashad 32nd, 2082	As at Ashad 31st, 2081
Equity Share Capital	1,600,000,000.00	629,665,000.00
Total	1,600,000,000.00	629,665,000.00
i.)		
Authorized Share Capital :		
(20,000,000 Equity Shares of Rs.100 each)	2,000,000,000.00	2,000,000,000.00
Issued Capital:		
(20,000,000 Equity Shares of Rs.100 each)	2,000,000,000.00	1,650,000,000.00
Paid- Up Capital :		
(16,000,000 Equity Shares of Rs.100 each)	1,600,000,000.00	629,665,000.00
Total	1,600,000,000.00	629,665,000.00

ii.) Terms/rights attached to equity shares

The Company has single class of equity shares having face value of Rs. 100 per share. Every member holding equity shares therein shall have voting rights in proportion to the member's share of the paid up equity share capital.

iii.) The Unpaid Share Capital of the company is Rs. 400,000,000.00

iv.) The Details of shareholders holding more than 5% Shares

Particulars	As at Ashad 32nd, 2082	As at Ashad 31st, 2081
Singati Hydro Energy Ltd	40.00%	47.64%
Batu Lamichhane	3.13%	7.92%
Ganesh Karki	3.12%	7.92%
Total	46.24%	63.48%

v.) Reconciliation of number of share outstanding

Particular	As at Ashad 32nd, 2082	As at Ashad 31st, 2081
Balance at the beginning of the year - Share Capital	6,296,650.00	4,186,650.00
Add: Share Capital	9,703,350.00	2,110,000.00
Balance at the end of the year	16,000,000.00	6,296,650.00

11. Advance for Share Capital

Particulars	As at Ashad 32nd, 2082	As at Ashad 31st, 2081
Advance for Share Capital	-	352,750,000.00
Total	-	352,750,000.00



Orbit Energy Ltd.
Notes to the financial statements for the year ended Ashad 32nd, 2082

12. Other Equity

Particulars	As at Ashad 32nd, 2082	As at Ashad 31st, 2081
Balance At Beginning Of Year	28,506,922.68	(1,562,173.93)
Profit and (Loss) For The Year	105,098,399.22	30,351,698.55
Adjustment to Retained Earning	1,125.01	(282,601.94)
Share Issuance Cost	(1,264,500.00)	-
Income Recognized Due to IFRIC 12	-	-
NFRS Adjustment of Administrative Expenses	-	-
Advance Payment of Lease Liability	-	-
Lease Adjustment	-	-
Total	132,341,946.91	28,506,922.68

13. Borrowings

Particulars	As at Ashad 32nd, 2082	As at Ashad 31st, 2081
Measured at amortized cost		
Term Loan From Banks - Secured (Sabha B)	1,643,861,581.21	233,816,628.75
Term Loan From Banks - Secured (Sabha C)	322,460,000.00	-
Less: Payable within 12 months transferred	-	-
Total	1,966,321,581.21	233,816,628.75

14. Borrowings

Particulars	As at Ashad 32nd, 2082	As at Ashad 31st, 2081
Measured at amortized cost		
Current Portion of Term Loan (Payable with in 12 months)	-	-
Bridge Gap/Working Capital Loan	-	503,288,371.25
Total	-	503,288,371.25



Orbit Energy Ltd.

Notes to the financial statements for the year ended Ashad 32nd, 2082

15. Other Financial Liabilities - Current

Particulars	As at Ashad 32nd, 2082	As at Ashad 31st, 2081
Project 'B'		
Audit Fee Payable	111,500.00	111,500.00
Staff Payable	360,255.00	301,995.17
Management Payable	1,128,800.00	341,700.00
Retention Payable	47,501,022.84	17,413,455.91
Payable to Apricity Consultancy Pvt. Ltd.	-	501,750.00
Payable to Dip Auto Engineering Pvt Ltd	9,621.00	-
Payable to City Automobiles	-	43,874.00
Payable to Finman Service Pvt. Ltd	57,500.00	57,500.00
Payable to Gaubeshi Media Pvt. Ltd.	-	24,668.00
Payable to Innovative Engineering Services Pvt Ltd	-	312,200.00
Payable Next Gen Tech Solution	7,565.00	7,565.00
Payable to United Traders Syndicate Pvt. Ltd.	-	15,185.00
Payable to Synex Power Pvt. Ltd.	2,180,261.00	6,653,242.50
LC Comission Payable - ADBL	1,689,650.76	126,269.11
Lease Liability	1,830,405.99	3,337,746.78
Project 'C'		
Total	54,876,581.59	29,248,651.47

16. Other Current Liabilities

Particulars	As at Ashad 32nd, 2082	As at Ashad 31st, 2081
SST and Remuneration Tax Payable	1,057,238.00	270,224.00
Withholding Tax Payable (TDS Payable)	6,089,124.59	2,713,267.59
CIT Payable	213,500.00	-
Total	7,359,862.59	2,983,491.59



17. Revenue During Construction Phase as per IFRIC 12

Amount In NRs.

Particulars	FY. 2081.82	FY. 2080.81
Project B		
Revenue During Construction Phase as per IFRIC 12	1,391,706,993.77	570,154,165.79
Less: Cost During Construction Phase as per IFRIC 12	1,288,617,586.82	527,920,523.88
Construction Income Project B	103,089,406.95	42,233,641.91
Project C		
Revenue During Construction Phase as per IFRIC 12	155,191,866.46	20,570,847.16
Less: Cost During Construction Phase as per IFRIC 12	143,696,172.65	19,047,080.70
Construction Income Project C	11,495,693.81	1,523,766.46
Total Construction Income of Project B and C	114,585,100.76	43,757,408.37

Note: The Project 'Sabha Khola (Project B and C)' is still in the process of construction Phase. It is yet to start generation of hydroelectricity. Revenue and Margin during the construction phase has been recognized using the percentage of completion method. Management best estimates of 8% has been used as the basis for margin for determining the revenue and cost during the construction phase.

18. Other Income

Particulars	FY. 2081.82	FY. 2080.81
Interest income	205,965.89	110,083.02
Total	205,965.89	110,083.02

19. Employee Benefits Expense

Particulars	FY. 2081.82	FY. 2080.81
Salary and Allowances (Sabha B)	4,197,510.00	4,997,388.00
Salary and Allowances (Sabha C)	366,945.00	-
Total	4,564,455.00	4,997,388.00

20. Depreciation And Amortization Expenses

Particulars	FY. 2081.82	FY. 2080.81
Depreciation Of Property, Plant and Equipment (General Assets)	867,896.17	1,079,645.43
Amortization Intangible Assets (Software) and ROU	1,584,429.90	1,396,028.61
Total	2,452,326.07	2,475,674.04



Orbit Energy Ltd.
Notes to the financial statements for the year ended Ashad 32nd, 2082

21. Administrative and Other General Expenses

Particulars	FY. 2081.82	FY. 2080.81
Audit fee	113,000.00	113,000.00
Legal fee expenses	-	88,440.00
Meeting Allowance	105,450.00	69,717.00
Office Expenses	21,975.45	86,464.80
Security Expenses	4,000.20	24,001.20
Travelling Expenses	197,770.95	40,638.20
Cleaner Expenses	159,719.00	96,255.00
Bank comission and Charges	131,830.46	38,531.40
Equity Certification Fee	28,250.00	-
Tiffin & Refreshment Expenses	188,612.55	715,227.00
Advertisement and Notice Publication Expenses	96,816.60	-
Postal and Courier Expenses	1,621.00	-
Travelling Allowance-Int'l	-	55,035.20
ISO Certification Fee	186,450.00	-
Travelling and Ticketing	-	94,909.80
Mobile Recharge Expenses - Staff	-	83,555.00
Repair and Maintenance - Office	6,375.00	6,200.00
Food and Accommodation	171,885.75	-
Miscellaneous Expenses	35,590.05	-
Telephone, Water & Electricity Expenses	54,375.00	89,196.00
Fuel & Transportation Expenses	738,092.00	121,466.20
Printing & Stationary Expenses	31,204.50	47,792.49
Government Tax	-	743,500.00
Written Off Assets	0.90	3,018,004.26
Swift Charge	3,500.00	-
Consulting Fee	56,500.00	28,250.00
Membership Expenses	9,225.00	27,750.00
Project C	-	-
Bank Charge	20,326.08	5,801.40
Fuel Expenses	6,000.00	-
Meeting Expenses	3,750.00	-
Food and Accomodation	2,956.65	-
Travelling Expense	5,700.00	-
Membership Expenses	2,250.00	-
Total	2,383,227.14	5,593,734.95



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Orbit Energy Ltd.
Notes to the financial statements for the year ended Ashad 32nd, 2082

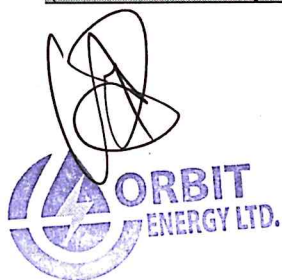
22. Finance Cost

Particulars	FY. 2081.82	FY. 2080.81
Finance Cost - Bank	-	-
Finance Cost - Other (Lease)	292,659.22	448,995.85
Total	292,659.22	448,995.85

Note: The interest expenses is on account of unwinding of lease liability relating to office space taken on lease .

23. Earning Per Share (EPS)

Particulars	FY. 2081.82	FY. 2080.81
Profit / (Loss) for the year	105,098,399.22	30,351,698.55
Weighted average number of equity shares outstanding	9,369,776.25	6,296,650.00
Earning per share - Basic (Face value of Rs. 100 per share)	11.22	4.82
Add: weighted average number of potential equity shares		
Weighted average number of equity shares (including dilutive shares) outstanding	-	-
Earning per share - Diluted (Face value of Rs. 100 per share)	11.22	4.82



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5.1 Intangible Assets Under Development (IAUD) - Summary (Sabha Khola 'B')

Amount In NRs.

Particulars	As at Ashad 32nd, 2082	As at Ashad 31st, 2081
Sabha Khola 'B' Hydropower Project - 15.1 MW		
Pre-Operating and Development Cost	63,565,812.10	63,565,812.10
Civil Construction Works	1,212,723,348.66	355,915,797.43
Hydromechanical Works	240,355,087.33	712,366.55
Electro-mechanical/Substation Equipment	6,551,692.34	-
132 kV Transmission Line/Con power	34,256,430.43	29,305,199.70
Land Lease and Procurement	50,195,300.00	43,140,300.00
Site office Building	28,757,147.50	28,757,147.50
Office Equipment	5,011,760.00	4,889,510.00
Vehicles	30,338,180.65	29,374,234.00
Access Road/Infrastructure	124,272,125.59	124,272,125.59
Social and Environment Cost/Replacement	38,302,319.00	17,007,049.00
Engineering, Management and Supervision	104,505,822.51	63,042,715.31
Project Insurance during Construction	12,137,666.89	4,269,887.22
Misc/Contingency/Provisional Sum	-	-
Interest During Construction	204,180,230.59	102,283,192.37
Total	2,155,152,923.59	866,535,336.76
Add: IFRIC 12 Margin	172,412,233.89	69,322,826.94
Total	2,327,565,157.47	935,858,163.71

5.1.1 Details of Intangible Assets Under Development (IAUD)

Particulars	As at Ashad 32nd, 2082	As at Ashad 31st, 2081
Sabha Khola 'B' Hydropower Project - 15.1 MW		
Pre-Operating and Development Cost		
Bank Commission	3,743,881.00	3,743,881.00
Consultancy Expenses	1,797,100.00	1,797,100.00
Project Promotion Expenses	1,982,919.00	1,982,919.00
Gratuity Expenses	142,170.12	142,170.12
Depreciation	137,460.04	137,460.04
Advertising and consultancy Expenses	151,476.00	151,476.00
Fuel & Transportation Expenses	1,028,147.94	1,028,147.94
Guest Entertainment Expenses	3,626,925.29	3,626,925.29
House Rent	5,533,360.00	5,533,360.00
Meeting Allowance Expenses	3,700,000.00	3,700,000.00
IEE Report Expenses	50,900.00	50,900.00
DPR Report Expenses	4,800,000.00	4,800,000.00
WIP company Registration Exp	256,600.00	256,600.00
Loan processing Fees	4,720,500.00	4,720,500.00
Bidhut Bikash Bibagha (Dod) (Sabha Khola "B")	7,162,000.00	7,162,000.00
Bidhut Byapar Bibagha (PPA) Sabha Khola "B"	602,000.00	602,000.00
Bidhut Bikash Bibagha (Dod)	30,000.00	30,000.00
Salary Expenses	21,145,635.98	21,145,635.98
Travelling Expenses	1,588,018.00	1,588,018.00
Communication	548,240.00	548,240.00
Project development Cost	177,239.99	177,239.99
Stationary & Printing Expenses	410,466.74	410,466.74
Telephone & Mobile Expenses	230,772.00	230,772.00
Sub Total	63,565,812.10	63,565,812.10



Civil Construction Works

Underground Works-TUNNEL	581,533,439.68	183,673,907.49
Army Management Expenses	39,479,375.00	19,739,687.50
Bailey Bridge at Powerhouse	47,718,143.54	47,718,143.54
Construction Of Civil Surface Works	369,213,619.54	-
Bailey Bridge-Headwork's	45,761,365.40	45,761,365.40
Explosives and Detonator	113,151,137.00	43,756,425.00
Army Camp and Bunker House	14,117,837.50	14,117,837.50
Royalty for Crusher	600,000.00	-
Good Purchased and Furnishing for Army camp	1,148,431.00	1,148,431.00
Sub Total	1,212,723,348.66	355,915,797.43

Hydromechanical Works

LC-Commission For HM Works-B	596,663.86	561,146.04
Cargo Vehicle Parking Expenses-HM	148,450.00	-
Clearing & Transporting Charges of Steel Pipes	10,638,604.35	-
Custom Duty of Steel Pipes	2,692,336.00	-
Custom Vehicle Charges	44,065.00	-
Fabrication & Erection of Steel Pipes_HM Works	37,294,797.36	-
Shore Handling Charges of Steel Pipes	665,199.04	-
Steel Pipes & Plates-HM Works	173,300,595.76	-
Transportation of Pipes Brtgr to Sabha B	12,085,350.00	-
Transportation of Steel Pipe Britnagar to Butwal	1,906,875.00	-
Valuation & Other Custom Expenses	350,000.00	-
Vehicle Detention Charges for Steel Pipes	480,930.45	-
Transit Insurance	151,220.51	151,220.51
Sub Total	240,355,087.33	712,366.55

Electro-mechanical/Substation Equipment

Confirmation Charge EM LC Troyer India	500,000.00	-
LC Commission-EM Works	6,051,692.34	-
Sub Total	6,551,692.34	-

132 kV Transmission Line/Con power

Construction Power	21,587,011.50	21,587,011.50
Survey & Design of 132KV Transmission Line	2,632,900.00	2,632,900.00
TOD Meter and IIT Metering Unit Insulation Works.	1,847,871.42	1,481,393.20
Survey License Fee Transmission	130,000.00	130,000.00
IEE Study of 132 KV Transmission Line	1,356,000.00	-
LC Commission for Transmission Line	228,752.51	-
Transmission Line Construction License Fee DOED	3,000,000.00	-
Grid Connection Expenses	150,000.00	150,000.00
DCPT Test at Tower Foundation OF TL	971,800.00	971,800.00
Desk Study Report	141,250.00	141,250.00
Transmission Line Survey	2,210,845.00	2,210,845.00
Sub Total	34,256,430.43	29,305,199.70

Land Lease and Procurement

Land Purchased and Lease	26,193,500.00	26,193,500.00
Land Purchase Project Area (Registration Fee)	130,800.00	130,800.00
Compensation for Land	23,871,000.00	16,816,000.00
Sub Total	50,195,300.00	43,140,300.00

Site office Building

Prefab Camp Works	8,684,050.00	8,684,050.00
RCC Camp Works	20,073,097.50	20,073,097.50
Sub Total	28,757,147.50	28,757,147.50



Office Equipment

500 KVA Distribution Transformer	1,708,560.00	1,708,560.00
Water Current Meter	122,250.00	-
Generator KOEL 250KVA 3PH D.G.	3,180,950.00	3,180,950.00
Sub Total	5,011,760.00	4,889,510.00

Vehicles

Mahindra Bolero - 7196	3,130,000.00	3,130,000.00
Repairs and Maintenance	2,303,180.65	1,339,234.00
Land Cruiser Prado-8758/5373	24,500,000.00	24,500,000.00
Motorcycle-Pulsar	399,900.00	399,900.00
Vehicle Registration Expenses	5,100.00	5,100.00
Sub Total	30,338,180.65	29,374,234.00

Access Road/Infrastructure

Access Road	96,317,589.59	96,317,589.59
Site Development Expenses	2,861,606.00	2,861,606.00
Wages Expenses	25,092,930.00	25,092,930.00
Tiffin and Refreshment Expenses	-	-
Fuel & Transportation Expenses	-	-
Sub Total	124,272,125.59	124,272,125.59

Social and Environment Cost/Replacement

Environmental Social Contribution Expenses	1,547,367.00	1,547,367.00
Corporate Social Responsibility	15,020,794.00	1,756,294.00
Project Promotion Expenses	18,219,158.00	10,218,388.00
Compensation for Forest	125,000.00	95,000.00
IEE Report	3,390,000.00	3,390,000.00
Group Accidental Insurance	-	-
Sub Total	38,302,319.00	17,007,049.00



Engineering, Management and Supervision

Bank Commission	170,136.20	170,136.00
Consultancy Expenses	635,803.00	635,803.00
Advertisement and Notice Publication Expenses	1,093,570.40	544,943.20
Fuel & Transportation Expenses	755,403.20	755,403.20
Kitchen Goods	24,514.00	24,514.00
Office Supply & Miscellaneous Expenses	406,774.15	205,097.20
PPA Expense	197,500.00	-
Legal Fee	323,032.50	323,032.50
Meeting Allowance Expenses	1,485,423.00	408,468.00
Office Expenses	339,570.75	215,043.20
Security Expenses	78,670.60	56,002.80
Food & Accommodation Expenses	2,027,251.48	715,860.03
Salary Expenses	65,312,231.34	41,526,341.34
Printing & Satationery Expenses	288,265.56	111,515.81
LOI Issuance Certificate	100,000.00	-
Travelling Expenses	1,827,114.85	681,412.80
Group Accidental Insurance	542,520.00	287,540.00
Tiffin & Refreshment Expenses	1,287,669.25	218,864.80
Travelling Allowance-Int'l	1,098,063.04	1,098,063.04
Travelling and Ticketing	7,617,343.00	1,629,908.00
Repair and Maintenance	37,030.00	-
Feasibility Study of Shabha Khola B	3,390,000.00	3,390,000.00
Site Overhead Expenses	1,900,682.99	1,325,040.99
DOED Meeting Expenses	478,251.00	478,251.00
DOED & DOI Expenses	1,201,506.00	-
Transportation Expenses	145,005.00	145,005.00
Telephone and Recharge	575,420.00	267,295.00
Food and Accommodation Expenses	-	585,706.50
Food and Accommodation-Site Visit	1,482,377.20	1,234,042.90
Fuel and Lubrication-Project Travelling	150,705.00	54,813.00
Documentation Fee for Bank Guarantee - PPA	500,000.00	500,000.00
Financial Closure Fee	565,000.00	565,000.00
Financial Consulting Fee	1,053,160.00	474,600.00
Membership Expenses	117,025.00	64,750.00
Rating Fee-Bank Facilities	945,810.00	508,500.00
Website Development Expenses	71,190.00	62,150.00
Festival Expenses	1,852,476.00	951,650.00
Motorcycle Insurance	14,065.00	7,785.00
Vehicle Tax-Renew Expense	275,419.00	78,900.00
Due Diligence Study Report	1,474,650.00	1,474,650.00
Technical Bill Verification Fee	1,672,400.00	723,200.00
Water and Electricity Expenses	322,304.00	187,304.00
Fuel Expenses (Site)	48,771.00	21,869.00
Guest Expenses (Site)	548,214.00	293,259.00
Meeting Expensee (Site)	73,505.00	40,995.00

Sub Total	104,505,822.51	63,042,715.31
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Project Insurance during Construction

Access Road Insurance	550,700.91	71,944.36
Civil Works Insurance	2,926,065.78	327,932.62
Tunnel Insurance Cost	8,207,191.58	3,600,087.07
Vehicle Insurance Expenses	453,708.61	269,923.17

Sub Total	12,137,666.89	4,269,887.22
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Misc/Contingency/Provisional Sum

Misc/Contingency/Provisional Cost	-	-
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Sub Total	-	-
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Interest During Construction (IDC)

Interest on Loan	177,300,280.59	76,903,192.37
Agency Fee	2,999,950.00	1,500,000.00
Bank Loan Processing Charge	23,880,000.00	23,880,000.00

Sub Total	204,180,230.59	102,283,192.37
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Grand Total	2,155,152,923.59	866,535,336.76
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Amount In NRs.

5.1.1 Details of Intangible Assets Under Development (IAUD)

Sabha Khola 'C' Hydropower Project - 6.3 MW

Pre-Operating and Development Cost

Civil Construction Works

Hydromechanical Works

Sub-Total

BIT
GY LTD.



Electro-mechanical/Substation Equipment

LC Commission EM Works	1,728,591.34	-
Sub Total	1,728,591.34	-

132 kV Transmission Line/Con power

TOD Meter and Metering Unit	259,358.40	-
Sub Total	259,358.40	-

Land Lease and Procurement

Land Purchased and Lease	300,000.00	-
Sub Total	300,000.00	-

Site office Building

Site Office Building Works	-	-
Sub Total	-	-

Office Equipment

125KVA KILOSKAR Green Three Phase DG	1,702,797.00	-
Sub Total	1,702,797.00	-

Vehicles

Mahendra Bolero- 3708	3,165,000.00	-
Cereta - 5703	6,586,000.00	6,586,000.00
Sub Total	9,751,000.00	6,586,000.00

Access Road/Infrastructure

Access Road & Construction Power Works	19,836,467.43	-
Wages Expenses	6,751,523.74	6,751,523.74
Sub Total	26,587,991.17	6,751,523.74

Social and Environment Cost/Replacement

Corporate Social Responsibility Expenses	20,952,080.00	-
Project Promotion Expenses	4,500,000.00	-
Sub Total	25,452,080.00	-

Engineering, Management and Supervision

IEE & DPR Expenses (4.2 MW)	1,243,000.00	1,243,000.00
License fee & Charges DOED NEA	1,000,000.00	1,000,000.00
Feasibility Study of Shabha Khola C	2,260,000.00	2,260,000.00
Geo Physical Survey (2D-ERT)	395,500.00	395,500.00
Fuel Expenses	34,000.00	-
Meeting Allowance	39,250.00	-
Financial Consulting Fee	103,960.00	-
Food and Accomodation	16,754.35	-
Membership Fee IPPAN	12,750.00	-
PPA Expense	97,500.00	-
Salary Expense	2,079,355.00	-
Due Diligence Study Report	796,650.00	796,650.00
Sub Total	8,078,719.35	5,695,150.00

Project Insurance during Construction

Civil Works Insurance	691,657.19	-
Sub Total	691,657.19	-

Misc/Contingency/Provisional Sum

Misc./Contingency/Provisional	-	-
Sub Total	-	-

Interest During Construction (IDC)

Loan processing Fees	10,260,020.00	10,260,020.00
Interest on Loan	7,543,803.03	-
Sub Total	17,803,823.03	10,260,020.00

Grand Total	200,892,288.72	57,196,116.07
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Orbit Energy Limited
Notes to the Financial Statements
For the Year ended 32nd Ashadh 2082 (16th July 2025)

Note 1

Corporate Information

1.1 General

Orbit Energy Limited was initially incorporated as a private company on Bhadra 03, 2066, with registration number 65270/066/067. The company has been converted to a limited company on Magh 10, 2080, with a new registration number 327281/2080/081, in accordance with the Companies Act of Nepal. The company's registered office is located at Hadigaun, Kathmandu, Nepal. The Company has been established with the objective of construction, generation and distribution of Hydroelectricity in Nepal.

The company is currently engaged in construction of hydroelectricity project named "Sabha Khola B 21.5MW Hydropower Project" & "Sabha Khola C 6.29MW Hydropower Project" Sankhuwasabha district of Nepal.

The company entered into a Power Purchase Agreement (PPA) with the Nepal Electricity Authority (NEA) on for the sale of electricity generated from its project. Currently, the company has not commenced commercial operation, as the project is still in the construction phase.

The project holds a generation license (License No. 187/2073/74 for Project 'B') obtained on 30th Falgun 2073, and Licence No. 419/2080/81 for project 'C') obtained on 1st Poush 2080. The license is granted under a Build-Own-Operate-Transfer (BOOT) arrangement for a duration of 35 years, with the deadline set for 29th Falgun 2108 for project 'B' and 30th Mangsir 2115 for project 'C'.

1.2 Financial Statements

The financial statements of the company comprise the Statement of Financial Position, Statement of Profit or Loss and Other Comprehensive Income, Statement of Cash Flows, Statement of Changes in Equity, and Accounting Policies and Notes to Accounts. The company's financial year starts on 1st Shrawan each year and ends on Ashadh end of the following year.

1.3 Responsibility for the Financial Statement

The Entity is responsible for the fair preparation and presentation of the company's financial statements in accordance with the provisions of the Companies Act and following the Nepal Financial Reporting Standards (NFRS).

1.4 Approval of Financial Statements by Directors

The financial statements presented here have been approved by the Board of Directors (BOD) of the company, as per the resolution dated 09th Shrawan 2082. The BOD has recommended the statements for approval by the Annual General Meeting of the Shareholders. The BOD acknowledges its responsibility for the preparation of these financial statements.

Note 2

Significant Accounting Policies:

2.1 Basis of Preparation and Measurement

I. Statement of Compliance

The financial statements of the company have been prepared in accordance with the applicable Nepal Financial Reporting Standards (NFRS) issued by the Institute of Chartered Accountants of Nepal (ICAN). They also comply with the relevant presentation and disclosure requirements of the Companies Act, 2063 of Nepal.



II. Basis of Preparation

The financial statements have been prepared under the historical cost convention, except where specific NFRS standards require measurement at fair value or amortized cost.

The Company prepares its financial statements on an accrual basis and under the assumption of going concern. All assets and liabilities are classified as current or non-current based on the Company's normal operating cycle, which is considered to be 12 months.

The financial statements are presented in Nepalese Rupees (NPR), which is both the functional and presentation currency of the Company, as it reflects the primary economic environment in which the Company operates.

III. Reporting Period

The reporting period for the company spans from the first day of Shrawan of any year to the last day of Ashadh of the following year, as per the Nepali calendar. The relevant reporting periods are as follows:

Relevant Financial Statement	Nepalese Calendar Date / Period	English Calendar Date / Period
Current Reporting Period	1 st Shrawan 2081 – 32 nd Ashadh 2082	16 July 2024 – 16 July 2025
Comparative Reporting Period	1 st Shrawan 2080 – 31 st Ashadh 2081	17 July 2023 – 15 July 2024

IV. Basis of Measurement

These financial statements have been prepared under the historical cost convention, except for certain material items that are required to be measured at fair value in accordance with relevant NFRS standards. These exceptions and their respective measurement bases are described in the accounting policies provided in subsequent notes.

2.2 Critical accounting estimates and Judgements

The preparation of financial statements in accordance with NFRS requires the use of accounting estimates and assumptions that affect the reported amounts of assets, liabilities, income, and expenses. It also requires management to exercise judgment in applying the Company's accounting policies. Estimates and assumptions are continuously evaluated and are based on historical experience, current and expected future economic conditions, and other relevant factors.

Areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the financial statements, include:

Useful life and residual value of Property, Plant and Equipment

Management reviews the useful life and residual values of property, plant, and equipment at least annually. This review considers both the technical and economic life of the assets, evaluating various internal and external factors such as relative efficiency and operating costs. As a result, the depreciable lives of the assets are reassessed each year using the most accurate information available to management.

Impairment of property plant and equipment

At the end of each reporting period, the company reviews the carrying amounts of its property, plant, and equipment to assess whether there is any indication that these assets may have suffered an impairment loss. If such an indication exists, the recoverable amount of the asset is estimated to determine the extent of any impairment loss. The recoverable amount is the higher of fair value less costs to sell and value in use.

Value in use is typically determined based on discounted estimated future cash flows, which involves management estimates of anticipated commodity prices, market demand and supply, the economic and



regulatory environment, discount rates, and other relevant factors. Any subsequent changes in these factors could affect the carrying value of the assets.

Contingencies

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

Recognition of deferred tax assets

Significant management judgment is required to determine the amount of deferred tax assets that can be recognized, based on the expected timing and level of future taxable profits, as well as future tax planning strategies. The Company bases its assumptions and estimates on the parameters available at the time the financial statements are prepared. However, existing circumstances and assumptions about future developments may change due to market fluctuations or factors beyond the Company's control.

The financial statements have been prepared using the significant accounting policies and measurement bases summarized below:

2.3 Current/ Non-Current Classification

All assets and liabilities are classified as current or non-current based on the company's normal operating cycle and the criteria set out in the relevant legislation. Deferred tax assets and liabilities are classified as non-current assets and liabilities, respectively.

2.4 Property Plant and Equipment

- Property, plant, and equipment are accounted for in accordance with Nepal Accounting Standard (NAS) 16: Property, Plant and Equipment. Items of PPE are initially recognized at cost and subsequently measured at cost less accumulated depreciation and any accumulated impairment losses, except where fair value measurement is required under another standard.
- Freehold land, if any, is carried at historical cost and is not depreciated. All other items of property, plant, and equipment are stated at historical cost less accumulated depreciation and any accumulated impairment losses.
- Cost includes the purchase price and any costs directly attributable to bringing the asset to the location and condition necessary for it to operate as intended by management. This includes duties, freight, installation, professional fees, and estimated costs of dismantling and site restoration in accordance with IFRIC 1: Changes in Existing Decommissioning, Restoration and Similar Liabilities.
- Subsequent costs are included in the asset's carrying amount or recognized as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the company and the cost of the item can be measured reliably. The carrying amount of any component accounted for as a separate asset is derecognized when it is replaced. All other repairs and maintenance are charged to profit and loss in the reporting period in which they are incurred.
- 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 necessary. Changes in estimates are accounted for prospectively in accordance with NAS 36- Impairment of Assets, where applicable.



- The company identifies and determines the cost of each significant component or part of an asset separately, if the component's cost is substantial relative to the total cost of the asset and its useful life differs materially from that of the remaining asset. These components are depreciated over their individual useful lives, while the remaining asset is depreciated over the life of the principal asset.
- When a major inspection or repair occurs, its cost is recognized in the carrying amount of the property, plant, and equipment as a replacement if the recognition criteria are met. Any remaining carrying amount of the cost of the previous inspection or repair is derecognized. All other repairs and maintenance costs are recognized in the statement of profit or loss.
- Assets in the construction phase are capitalized under the capital work-in-progress account. Upon completion of construction, the cost is transferred to the appropriate category of assets, and depreciation begins. When there is an obligation to dismantle or remove an asset or restore a site to its former condition at the end of its useful life, the present value of the estimated cost for dismantling, removing, or restoring the site is capitalized along with the cost of acquisition or construction upon completion. A corresponding liability is also recognized.
- Depreciation is calculated on a written-down value basis over the estimated useful life of the assets. The useful life of property, plant, and equipment (PPE) and the corresponding depreciation rates determined by management are presented in the table below:

S.N.	Classes of Assets	Estimated Useful Life	Depreciation Rate
1.	Office Equipment	10-11 years	25%
2.	Furnitures and Fixtures	10-11 years	25%
3.	Vehicles	13-14 years	20%
4.	Computers and Printers	10-11 years	25%
5.	Plant and Equipment (Other Assets)	18-19 years	15%
6.	Leasehold Assets	As per Lease Term	

Computer software is amortized over an estimated useful life of 5 years on straight line basis.

2.5 Intangible Assets

- Intangible assets are identifiable non-monetary assets without physical substance. They are recognized when it is probable that the expected future economic benefits attributable to the assets will flow to the Company and the cost of the assets can be measured reliably. Internally generated goodwill is not recognized as an intangible asset, in accordance with NFRS 38 – Intangible Assets.
- Intangible assets with finite useful lives that are acquired separately are measured initially at cost of acquisition. This cost includes the purchase price and other directly attributable costs necessary to bring the assets to a working condition for their intended use. After initial recognition, intangible assets are carried at cost less accumulated amortization and any accumulated impairment losses. Assets developed internally — such as those under public-private partnership (PPP) or BOOT models — are capitalized as they are incurred, provided they meet the recognition criteria under IFRIC 12 – Service Concession Arrangements and NAS 38.
- Intangible assets with indefinite useful lives are carried at cost and are not amortized. Instead, they are tested for impairment annually or whenever there is an indication of potential impairment.

- Assets in the construction phase are capitalized under the Intangible Assets Under Development (IAUD) account. These include engineering, civil works, consultancy, licenses, and other related



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costs necessary for project development. Borrowing costs directly attributable to qualifying intangible assets are also capitalized in accordance with NAS 23 – Borrowing Costs. Upon completion of construction, the cost is transferred to the appropriate category of assets, and amortization begins. When there is an obligation to dismantle or remove an asset or restore a site to its former condition at the end of its useful life, the present value of the estimated cost for dismantling, removing, or restoring the site is capitalized along with the cost of acquisition or construction upon completion. A corresponding liability is also recognized.

- Gains or losses arising from the derecognition of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset. These gains or losses are recognized in the statement of profit or loss at the time the asset is derecognized.

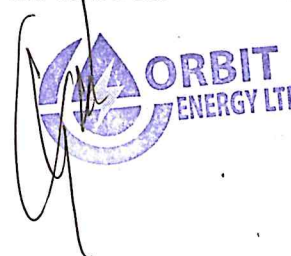
2.6 Depreciation and Amortization

- Depreciation is recognized so as to write off the cost of assets (other than freehold land and properties under construction) less their residual values over their useful lives.
- Amortization is recognized on a straight-line basis over their estimated useful lives. The estimated useful life and amortization method are reviewed at the end of each reporting period, with the effect of any changes in estimate being accounted for on a prospective basis.
- Depreciation is provided on the written down method based on the estimated useful lives of the assets determined by the management. Depreciation on additions to property, plant & equipment is charged on a pro-rata basis in the first year (year when purchase is made).
- Intangible assets acquired under a Build-Own-Operate-Transfer (BOOT) arrangement are amortized over the term of the arrangement once the asset is ready for use. Amortization of other intangible assets, such as software, is calculated on a straight-line basis over their estimated useful life.
- The useful life of an asset is defined as either the period over which the asset is expected to be used or the number of production or similar units expected to be obtained from its use. The estimated useful life, residual values, and depreciation method are reviewed at the end of each reporting period, with any changes in estimates accounted for on a prospective basis.
- Property, plant, and equipment (PPE) and intangible assets costing less than NPR 5,000 are expensed directly to the profit and loss account in the year of purchase.

2.7 Impairment of Tangible and Intangible assets

The company, at the end of each reporting period examines the carrying amounts of its tangible and intangible assets to determine if there is any indication of an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated for determining the extent of the impairment loss. If such estimation is not possible, the company estimates the recoverable amount of the cash-generating unit to which the asset belongs. When a reasonable and consistent basis of allocation is traced, corporate assets are also allocated to individual cash-generating units, or otherwise they are allocated to the smallest identified cash-generating units for which a reasonable and consistent allocation basis can be identified.

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



Recoverable amount is the higher of fair value less costs of disposal and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or cash generating unit) is estimated to be less than the carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in Statement of Profit and Loss.

When an impairment loss subsequently gets reversed, the carrying amount of the asset (or a cash-generating unit) is upped to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised in prior years. A reversal of an impairment loss is recognised immediately in Statement of Profit and Loss.

2.8 Revenue Recognition

Revenue from contract with customer is recognized upon transfer of control of promised products or services to customers on complete satisfaction of performance obligations for an amount that reflects the consideration which the Company expects to receive in exchange for those products or services. Revenue is measured based on the transaction price, which is the consideration, adjusted for discounts and other incentives, if any, as per contracts with the customers. Revenue also excludes taxes or amounts collected from customers in its capacity as agent.

Sale of Electricity

Revenue from sale of products is recognized when the control of products being sold is transferred to customer and when there are no longer any unfulfilled obligations. The performance obligation in contracts are considered as fulfilled in accordance with the terms agreed with the respective customers. Revenue is measured at the fair value of the consideration received or receivable, net of returns, rebates and trade discounts.

Revenue is recognized to the extent that it is probable that economic benefit will flow to the company and that the revenue can be reliably measured. The revenue is recognized by allocating the transaction price to the performance obligations on the basis of satisfaction of each performance obligation.

For each performance obligation identified, the company determines at contract inception whether it satisfies the performance obligation over time or satisfies the performance obligation at a point of time.

Fee from other service is recognized on accrual basis when the right to receive is established.

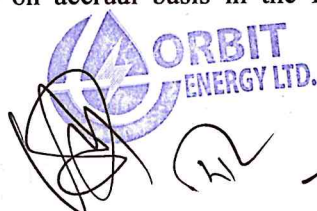
Dividend Income

Revenue is recognised when the company's right to receive the payment is established, which is generally when shareholders approve the dividend.

Interest Income

Interest income is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount on initial recognition.

Other incomes are recognized on accrual basis in the financial statements, except when there is an uncertainty of collection.



Revenue recognition during construction phase of Intangible assets (BOOT arrangement)

As the Company is currently in the construction phase of a hydropower project under a Build-Own-Operate-Transfer (BOOT) arrangement, the following policies apply:

Construction Revenue under Service Concession Arrangement (IFRIC 12)

In accordance with IFRIC 12 – Service Concession Arrangements, the construction of the power plant does not result in revenue from customers in a traditional sales sense. Instead, the Company recognizes an intangible asset representing the right to charge users (e.g., NEA) in future periods.

During the construction phase, costs incurred in building the infrastructure are not recognized as revenue. However, the Company applies the percentage of completion method to recognize construction margin, consistent with industry practice and NFRS guidance.

In the current reporting period, a notional construction revenue is recognized by applying a margin rate of 8% over eligible construction costs incurred, reflecting the Company's expected profit margin from the development phase.

2.9 Borrowing Costs

Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds. Borrowing cost also includes exchange differences to the extent regarded as an adjustment to the borrowing costs.

Borrowing costs directly attributable to the acquisition, construction or production of an asset that necessarily takes a substantial period of time to get ready for its intended use (qualifying assets) or sale are capitalized as part of the cost of the asset until such time as the assets are substantially ready for the intended use or sale. Such capitalization is done when it is probable that future economic benefit will flow to the entity and the costs can be measured reliably. All other borrowing costs that are not directly attributable to a qualifying asset are recognized as an expense in the period in which they are incurred. Capitalization is suspended during the extended periods in which the active development of a qualifying assets is suspended. The company ceases capitalization when substantially all the activities necessary to prepare the qualifying assets for its intended use or sale are complete.

2.10 Cash and Cash Equivalents

Cash and cash equivalents comprise cash and cheques in hand, banks balances, demand deposits with an original maturity of three months or less and other short term highly liquid investments that are readily convertible into known amounts of cash and which are subject to an insignificant risk of changes in value net of outstanding bank overdrafts facilities as they are considered an integral part of the Company's cash management.

2.11 Employment Benefits

Employee benefits cover benefits provided either to employees or their dependents or their beneficiaries. The payment may be in cash or cash equivalent form or by provision of goods or services. Benefits may be short term benefits, post-employment benefits, termination benefits and other long term employee benefits.

Short term employment benefits

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



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

Post-employment benefits:

Depending upon the economic substance of the plan, post-employment benefit plans may be classified either as **defined contribution plans** or **defined benefit plans**.

Defined Contribution plan – Provident Fund.

Under defined contribution plans, provident fund, the company pays pre-defined amounts to separate funds and does not have any legal or informal obligation to pay additional sums. Contributions to defined contribution schemes are charged to the profit or loss statement in the year to which they relate as the company has no further defined obligations beyond monthly contributions.

Defined Benefit plan

A defined benefit plan is a post-employment benefit plan other than a defined contribution plan. The Company's net obligation in respect of defined benefit plans is calculated separately for each plan by estimating the amount of future benefit that employees have earned for their service in the current and prior periods. That benefit is discounted to determine its present value. Any unrecognized past service costs and the fair value of any plan assets are deducted. The Company recognizes all actuarial gains and losses net of deferred tax arising from defined benefit plans immediately in other comprehensive income and all expenses related to defined benefit plans in employee benefit expense in profit or loss. The Company recognizes gains and losses on the curtailment or settlement of a defined benefit plan when the curtailment or settlement occurs. The gain or loss on curtailment or settlement comprises any resulting change in the fair value of plan assets, any change in the present value of the defined benefit obligation, any related actuarial gains and losses and any past service cost that had not previously been recognized. The company doesn't provide for any defined benefit Plan.

2.12 Foreign Currency Transactions

The functional currency of the company is determined on the basis of the primary economic environment in which it operates. The functional currency of the company is Nepalese Rupee (NPR). In preparing the financial statements, transactions in currencies other than the entity's functional currency (foreign currencies) are recorded in functional currency by applying the exchange rate between the functional currency and the foreign currency at the date of the transaction rates of exchange prevailing at the dates of the transactions.

At the end of each reporting period, monetary items denominated in foreign currencies are converted using closing rate. Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing at the date when such fair value was determined.

Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated. Exchange difference arising on monetary items on settlement or restatement as at reporting date are recognised in Statement of Profit and Loss in the year in which they arise.

2.13 Taxation

Significant judgements are involved in estimating profits for the purpose of paying advance tax, determining the provision for income tax, including amount expected to be paid for uncertain tax positions.

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



CURRENT TAX

The commercial operation of the project managed by company is yet to start. The company expects to start commercial operation before Kartik end, 2082. Once the operation starts, the entity is entitled to full income tax exemption for ten years (full tax holiday) followed by partial exemption for next five years of 50% subject to compliance of tax laws of Nepal (Section 11(3d) of the Income Tax Act, 2058). The current tax expense for a given year is determined by applying the applicable tax rate to the company's taxable profit for that year.

Accordingly, no provision for current income tax has been made for the fiscal year ended 32nd Ashadh 2082 (FY 2081/82).

DEFERRED TAX

- i. Deferred tax is provided using the balance sheet liability method, providing for temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. The amount of deferred tax provided is based on the expected realization or settlement of the carrying amount of assets and liabilities using tax rates at the balance sheet date.
- ii. The extent to which deferred tax assets/liabilities can be recognized is based on management's assessment of the probability of the future taxable income against which such deferred tax assets/liabilities can be utilized/adjusted. A deferred tax asset is recognized only to the extent that it is probable that future taxable profits will be available against which the asset can be utilized. The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.
- iii. Deferred tax liabilities and assets are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset realized, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.
- iv. Deferred tax assets or liabilities are not recognized whenever management anticipates that all temporary differences will be resolved within the full duration of the tax holiday period.

Deferred tax assets are not recognized for carried forward losses whenever management is confident that sufficient future profits will arise within the tax holiday period to fully utilize these losses.

2.14 Earnings per share

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

For the purpose of calculating diluted earnings per share, the net profit for the year attributed to equity shareholders and the weighted average number of equity shares outstanding during the period is adjusted for the effects of all potentially dilutive equity shares.

While computing Basic and Diluted EPS, the amount received as advance for share capital has not be considered as a part of share capital.

2.15 Provisions Contingencies and Commitments



Provisions are recognised when the company has a present obligation (legal or constructive) arising because of a past event and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate of the amount of obligation can be made.

At each balance sheet date, on the basis of management judgement, changes in facts and legal aspects, the company assesses requirement of provisions against the outstanding contingent liabilities. However, the actual outcome in future may differ from the original judgement made.

When the company expects some or all of a provision to be reimbursed, the reimbursement is recognised as a separate asset, but only when the realization is virtually certain.

The expense relating to a provision is presented in the statement of profit and loss net of any reimbursement. In case the time value of money is material, provisions are discounted using a current pre-tax rate. The unwinding of discount due to the passage of time is recognised as a finance cost.

A provision for onerous contracts is recognised when the expected benefits to be derived by the company from a contract are lower than the unavoidable cost of meeting its obligations under the contract. The provision is measured at the present value of the lower of the expected cost of terminating the contract and the expected net cost of continuing with the contract. Before a provision is established, the company recognises any impairment loss on the assets associated with that contract.

A contingent liability is a possible obligation that arises from past events whose existence will be confirmed by the occurrence or non-occurrence of one or more 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. 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 each reporting period.

2.16 Financial Instruments

I. Financial Instruments

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

II. Effective Interest Method

The effective interest method is a method of calculating the amortised cost of a financial instrument and of allocating interest income or expense over the relevant period. The effective interest rate is the rate that exactly discounts future cash receipts or payments through the expected life of the financial instrument, or where appropriate, a shorter period. Income/ expense arising on financial instruments after applying an



effective interest rate is recognised in Statement of Profit and Loss and is included in the "Other finance income" or "Other finance cost" line item.

III Financial Assets

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

Financial assets are measured at fair value through other comprehensive income if these financial assets are held within a business model whose objective is to hold these assets in order to collect contractual cash flows or to sell these financial assets and the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Financial asset not measured at amortised cost or at fair value through other comprehensive income is carried at fair value through the statement of profit and loss. For financial assets maturing within one year from the balance sheet date, the carrying amounts approximate fair value due to the shorter maturity of these instruments.

Impairment of financial assets

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

De-recognition of financial assets

The Company de-recognises a financial asset only when the contractual rights to the cash flows from the financial asset expire, or it transfers the financial asset and the transfer qualifies for de-recognition under NFRS 9.

If the Company neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Company recognises its retained interest in the assets and an associated liability for amounts it may have to pay. If the company retains substantially all the risks and rewards of ownership of a transferred financial asset, the company continues to recognise the financial asset. On de-recognition of a financial asset in its entirety, the difference between the carrying amounts measured at the date of de-recognition and the consideration received is recognised in statement of profit or loss.

IV Financial Liabilities and Equity Instruments

Classification as debt or equity

Financial liabilities and equity instruments issued by the Company are classified according to the substance of the contractual arrangements entered into and the definitions of a financial liability and an equity instrument.

Equity Instruments

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



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Financial Liabilities

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

Financial guarantee contracts

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

De-recognition of financial liability

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

Off-Setting of Financial Instruments

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

2.17 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. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

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

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

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest. A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The company uses valuation techniques to determine the fair value of financial instruments. This involves developing estimates and assumptions consistent with how market participants would price the instrument. The company engages third party valuers, where required, to perform the valuation. All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:



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

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

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

2.18 Leases

The Company assesses whether a contract contains a lease, at the inception of the contract. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

Where the company is the lessee

The Company recognises a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the site on which it is located, less any lease incentives received.

Certain lease arrangements include the option to extend or terminate the lease before the end of the lease term. The right-of-use assets and lease liabilities include these options when it is reasonably certain that the option will be exercised.

The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term. In addition, the right-of-use asset is periodically reduced by impairment losses, if any, and adjusted for certain re-measurements of the lease liability.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the Company's incremental borrowing rate. Generally, the Company uses its incremental borrowing rate as the discount rate.

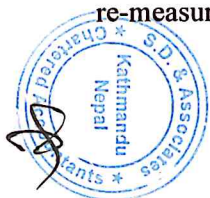
However, the standard provides exceptions for **short-term leases** and **leases of low-value assets**, which the Company has elected to apply, where applicable.

Subsequent measurement

The Company amortizes the right-of-use assets on a straight-line basis from the lease commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term. The Company also assesses the right-of-use asset for impairment when such indicators exist.

At lease commencement date, the company measures the lease liability at the present value of the lease payments unpaid at that date discounted using the interest rate implicit in the lease, if readily available, or the company's incremental borrowing rate otherwise.

After the initial measurement, the liability will be reduced for payments made and increased for accrued interest. It is also re-measured to account for any reassessment or modification. When the lease liability is re-measured, the corresponding adjustment is reflected in the right-of-use asset.



Where the Company is the Lessor

Rental income from operating leases is recognised on a straight-line basis or another systematic basis over the term of the relevant lease. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised over the lease term on the same

basis as rental income. Contingent rent are recognized as revenue in the period in which they are earned. Leases are classified as finance leases when substantially all of the risks and rewards of ownership transfer from the Company to the lessee. Amounts due from lessees under finance leases are recorded as receivables as company's net investment in the leases.

2.19 Government Grants

Government grants are recognised only when there is a reasonable assurance that the grant will be received and company will comply with the conditions attached to them. If the grant relates to an expense item, it is recognised as income on a systematic basis over the periods that the related costs, for which it is intended to compensate, are expensed. If the grant relates to an asset, it is first recognised as deferred income which is then recognized in the statement of profit or loss on a systematic basis over the expected useful life of the related asset. When the company receives grants of non-monetary assets, the asset and grant are recorded at fair value amounts and released to profit or loss over the expected useful life in a pattern of consumption of the benefit of the underlying asset i.e. by equal annual instalments. When loans or similar assistance are provided by governments or related institutions, with an interest rate below the current applicable market rate, the effect of this favourable interest is regarded as a government grant.

2.20 Non-Current Assets held for Sale

The Company classifies non-current assets as held for sale if their carrying amounts will be recovered principally through a sale rather than through their continuing use. Actions required to complete the sale should indicate that it is unlikely that significant changes to the sale will be made or that the decision to sell will be withdrawn. Management must be committed to the plan to sale and sale shall be expected within one year from the date of classification.

The criteria for held for sale classification is held as met only when the assets or disposal group is available for immediate sale in its present condition, subject only to terms that are usual and customary for sales of such assets and its sale is highly probable.

Assets and liabilities classified as held for sale are presented separately in the balance sheet. Property, plant and equipment and intangible assets once classified as held for sale/ distribution to owners are not depreciated or amortised from the date of such classification. Non-current assets held for sale are measured at the lower of their carrying amount and the fair value less costs to sell.

2.21 Service Concession Arrangements

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

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

These arrangements are accounted on the basis of below mentioned models depending on the nature of consideration and relevant contract law.



FINANCIAL ASSET MODEL:

The Financial asset model is used when the company, being an operator, has an unconditional contractual right to receive cash or another financial asset from or at the direction of the grantor for the construction

services. Unconditional contractual right is established when the grantor contractually guarantees to pay the operator (a) specific or determinable amount; (b) the shortfall, if any, between amounts received from the users of the public services and specified or determinable amounts.

INTANGIBLE ASSET MODEL:

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

The Company manages concession arrangements which include power supply from its hydropower plant. The Company maintains and services the infrastructure during the concession period. These concession arrangements set out rights and obligations related to the infrastructure and the services to be provided. The right to consideration gives rise to an intangible asset as there is no unconditional guarantee of receiving payment and receipt varies upon the variation in generation of electricity (in units).

The company follows intangible assets (fair value) model for accounting of the service concession arrangement agreement related to its hydropower plant.

Intangible asset is amortized over its expected useful life in a way that reflects the pattern in which the asset's economic benefits are consumed by the company, starting from the date when the right to operate starts to be used. Based on these principles, the intangible asset is amortized in line with the actual usage of the specific public facility, with a maximum of the duration of the concession.

Any asset carried under concession arrangements is derecognized on disposal or when no future economic benefits are expected from its future use or disposal or when the contractual rights to the financial asset expires.

2.22 Related Party Disclosures

Following are the related parties and transaction entered with related parties for the relevant financial year.

- a) As at the reporting date, Singati Hydro Energy Ltd. holds 40% of the issued share capital of Orbit Energy Ltd. While this represents less than 50% equity interest, an assessment under NFRS 10 – Consolidated Financial Statements indicates that Singati exercises control over the Company for financial reporting purposes. Control is determined not solely by ownership percentage but by evaluating the ability to direct relevant activities, the exposure to variable returns, and the power to affect those returns. Despite its holding, Singati is able to exercise significant influence over strategic and operational decisions of Orbit through board-level representation and alignment with other significant shareholders.

In substance, Singati possesses the practical ability to direct the key activities of Orbit Energy Ltd., thereby meeting the definition of a parent entity under NFRS 10. Accordingly, Singati Hydro Energy Ltd. is treated as the parent company of Orbit Energy Ltd. for the purposes of these financial statements.



- b) The key managerial personnel are following person are charged with governance of the company includes following members of the BOD.

<u>Name</u>	<u>Position in the Company</u>
Batu Lamichhane	Executive Chairman
Ganesh Karki	Managing Director
Ram Prasad Acharya	Director
Milan Devkota	Director
Sudeep Khadka	General Manager

c) Transactions with related parties

The following transactions were carried out with related parties in the ordinary course of business:

<u>Name of the Related Parties</u>	<u>Nature of Relationship</u>	<u>Nature of Transactions</u>	<u>Opening Balances</u>	<u>Transactions During the year</u>	<u>Closing Balances</u>
Batu Lamichhane	Chairman	Salary & Allowances	2,46,500.00 Cr.	62,30,000.00	7,14,000.00 Cr.
Ganesh Karki	Managing Director	Salary & Allowances	61,200.00 Cr.	49,02,000.00	1,90,400.00 Cr.
Ram Prasad Acharya	Director	Salary & Allowances	34,000.00 Cr.	11,02,000.00	1,63,200.00 Cr.

Company hasn't entered any other related party transactions during the reporting period that requires disclosure.

2.23 Financial Risk Management Objectives

The company's main financial liabilities comprise trade and other payables and borrowings. The main purpose of these financial liabilities is to support the operation of the company. Similarly, the main financial assets of the company comprise trade and other receivables, cash and cash equivalents, short

term deposits that are directly derived from its operation. The company is exposed to a variety of financial risk because of its activities i.e., credit risk, liquidity risk, market risk etc. The Board of Directors reviews and agrees policies for managing each of these risks which are summarized below:

Credit Risk:

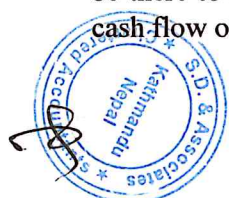
This risk arises when a counterparty defaults on its contractual obligation to pay resulting in financial loss to the company. Company has PPA agreement with NEA and receivables from its business mainly involves receivable from NEA. Hence, default risk is significantly low.

Interest Rate risk:

The company's exposure to short term and long-term debt obligation is affected by changes in the market interest rate. Risk being of external nature it is beyond the power of the company to minimize such risk.

Liquidity risk:

Liquidity risk is a risk that the company may face challenges in fulfilling the obligations associated with the financial liabilities. The company's approach of managing liquidity ensures that sufficient funds will always be there to meet its liabilities even in hard circumstances. However, major and prolonged shortfall in the cash flow of the company may trigger potential risk in continuity of the company.



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Orbit Energy Limited
Notes to the Financial Statements
For the Year ended 32nd Ashadh 2082 (16th July 2025)

Currency Risk:

The company is not subjected to currency risk at present, as it is not involved in any foreign currency transaction during the current year.

Note 3

Prior Period Error – Amortization of Right-of-Use Asset

During the preparation of the financial statements for the year ended 32nd Ashadh 2082 (16 July 2025), it was identified that amortization of Right-of-Use (ROU) assets was not recorded in the financial statements of the previous fiscal year 2080/81.

In compliance with Nepal Accounting Standard (NAS) 8 – “Accounting Policies, Changes in Accounting Estimates and Errors”, the Company has corrected this omission retrospectively. The effect of this correction has been adjusted against the opening balance of retained earnings as at 1st Shrawan 2081 (16 July 2024), and the comparative figures have been restated in the Statement of Financial Position.

The impact of this prior period adjustment is summarized below:

Particulars	As Previously Reported (Rs.)	Adjustment (Dr/Cr) (Rs.)	As Restated (Rs.)
Intangible Asset	33,94,281.23 Dr.	2,82,601.94 Cr.	31,11,679.29 Dr
Retained Earnings (Opening)	2,87,89,524.62 Cr.	2,82,601.94 Dr.	2,85,06,922.68 Cr.

There is no impact on the profit or loss for the current year or cash flows of the entity due to this correction, as the adjustment relates solely to a non-cash amortization expense that was omitted in the prior period.

The accompanying notes are integral part of these financial statements.

As per our attached report of even date


Ram Prasad Acharya
Director


Ganesh Karki
Managing Director


Batu Lamichhane
Chairman


CA. Deepak Adhikari
Partner
S.D. & Associates
Chartered Accountants


Milan Devkota
Director


Kapil Gandel
Accounts Officer

Date: Shrawan 9, 2082
Place: Kathmandu, Nepal