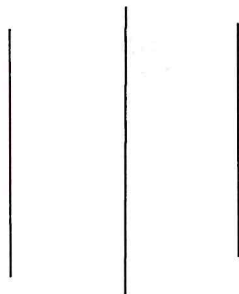


## **Audit Report**

**Orbit Energy Ltd.**  
Kathmandu, Nepal



**Statutory Audit**  
**As per NFRS**  
For the Year Ended Ashadh 31, 2081 (July 16, 2024)

**Submitted By:**  
**G. & G. Associates**

**Mangsir, 2081**

INDEPENDENT AUDITOR'S REPORT  
TO THE SHAREHOLDERS OF ORBIT ENERGY LTD.

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Orbit Energy Ltd. (the 'Company') which comprise the Statement of Financial Position as at Ashad 31, 2081, Statement of Profit or Loss, Statement of Other Comprehensive Income, Statement of Changes in Equity, Statement of Cash Flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the company as at Ashad 31, 2081 and its financial performance and its cash flows for the year then ended in accordance with Nepal Financial Reporting Standards (NFRSs).

Basis for opinion

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

Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our audit opinion thereon, and we do not provide a separate opinion on these matters. We have determined that there are no other key audit matters to communicate in our report.

Information Other than Financial Statements and Auditor's Report Thereon

Management is responsible for the other information.

The other information comprises the financial or non-financial information included in the annual report but does not include the financial statements and our auditor's report thereon. The annual report is expected to be made available for our review after the date of this auditor's report.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of financial statements, our responsibility is to read the other information identified above when it becomes available and, in doing so, we will consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.



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

#### Responsibilities of Management and Those Charged with Governance for the financial statements

Management is responsible for the preparation and fair presentation of financial statements in accordance with NFRSs, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Board of Directors are responsible for overseeing the Company's financial reporting process.

#### Auditor's responsibilities for the audit of the financial statements

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

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

- i) Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- ii) Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the company's internal control.
- iii) Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- iv) Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the company to cease to continue as a going concern.



- v) Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

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

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

On examination of the financial statements as aforesaid, we further report that:

- i) We have obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the purpose of our audit;
- ii) In our opinion, proper books of accounts as required by law have been kept by the company so far as it appears from our examination of such books of accounts;
- iii) In our opinion, the Balance Sheet, Income and Expenditure Statement and Statement of Changes in Equity dealt with by this report are in agreement with the books of accounts.
- iv) To the best of our information and according to explanation given to us and from our examination of the books of account of the company necessary for the purpose of our audit, we have not come across cases where the board of directors or any representative or any employee of the company have acted contrary to the provisions of laws relating to accounts or committed any misappropriation or caused any loss or damage to the company.


CA Avash Gautam

Partner

G. & G. Associates, Chartered Accountants

UDIN: 241126CA01449PacJN

Place: Kathmandu

Date: 2081/08/09



**Orbit Energy Ltd.**  
**Statement of Financial Position**  
As at Asadh 31st, 2081 (15th July 2024)

| Amount In NRs.                                    |       |                         |                                    |                                     |
|---------------------------------------------------|-------|-------------------------|------------------------------------|-------------------------------------|
| Particulars                                       | Notes | As at Asadh 31st, 2081  | Restated<br>As at Ashad 31st, 2080 | Restated<br>As at Shrawan 1st, 2079 |
| <b>ASSETS</b>                                     |       |                         |                                    |                                     |
| <b>Non-current Assets</b>                         |       |                         |                                    |                                     |
| Property, Plant & Equipment                       | 4A    | 3,108,073.06            | 2,019,365.51                       | 2,563,368.92                        |
| Intangible Assets                                 | 4B    | 3,394,281.23            | 4,790,309.84                       | 6,468,939.79                        |
| Intangible Assets Under Development (IAUD)        | 5     | 997,629,969.06          | 414,017,836.11                     | 214,717,432.91                      |
| Financial Assets                                  |       |                         |                                    |                                     |
| Investment in Associates and Subsidiary           |       | -                       | -                                  | -                                   |
| Other Investment                                  |       | -                       | -                                  | -                                   |
| Other non-current assets                          |       | -                       | -                                  | -                                   |
| Deferred Tax Assets                               |       | -                       | -                                  | -                                   |
| <b>Total Non-current Assets</b>                   |       | <b>1,004,132,323.34</b> | <b>420,827,511.46</b>              | <b>223,749,741.62</b>               |
| <b>Current Assets</b>                             |       |                         |                                    |                                     |
| Inventories                                       |       | -                       | -                                  | -                                   |
| Financial Assets                                  |       |                         |                                    |                                     |
| Trade Receivables                                 |       | -                       | -                                  | -                                   |
| Cash and Cash Equivalents                         | 6     | 5,307,298.98            | 6,912,386.83                       | 238,101.89                          |
| Bank Balance other than Cash and Cash Equivalents | 7     | 5,555,041.45            | 5,063,520.00                       | 5,033,520.00                        |
| Investments in Equity Instruments                 |       | -                       | -                                  | -                                   |
| Other Financial Assets                            | 8     | 10,409,196.00           | -                                  | -                                   |
| Other Current Assets                              | 9     | 755,045,845.89          | 479,163,072.80                     | 241,921,968.13                      |
| Current Tax Assets                                | 10    | 91,963.00               | 75,450.55                          | 75,294.73                           |
| <b>Total Current Assets</b>                       |       | <b>776,409,345.32</b>   | <b>491,214,430.18</b>              | <b>247,268,884.75</b>               |
| <b>Total Assets</b>                               |       | <b>1,780,541,668.66</b> | <b>912,041,941.64</b>              | <b>471,018,626.37</b>               |
| <b>EQUITY AND LIABILITIES</b>                     |       |                         |                                    |                                     |
| <b>Equity</b>                                     |       |                         |                                    |                                     |
| Equity Share Capital                              | 11    | 629,665,000.00          | 418,665,000.00                     | 208,375,000.00                      |
| Advance for Share Capital                         | 12    | 352,750,000.00          | 112,750,000.00                     | 246,590,000.00                      |
| Other Equity                                      | 13    | 28,789,524.62           | (1,035,293.93)                     | (7,333,732.03)                      |
| <b>Total Equity</b>                               |       | <b>1,011,204,524.62</b> | <b>530,379,706.07</b>              | <b>447,631,267.97</b>               |
| <b>Liabilities</b>                                |       |                         |                                    |                                     |
| <b>Non-current Liabilities</b>                    |       |                         |                                    |                                     |
| Financial Liabilities                             |       |                         |                                    |                                     |
| Borrowings                                        | 14    | 233,816,628.75          | -                                  | -                                   |
| Deferred Tax liabilities                          |       | -                       | -                                  | -                                   |
| <b>Total Non-current Liabilities</b>              |       | <b>233,816,628.75</b>   | <b>-</b>                           | <b>-</b>                            |
| <b>Current liabilities</b>                        |       |                         |                                    |                                     |
| Financial Liabilities                             |       |                         |                                    |                                     |
| Borrowings                                        | 15    | 503,288,371.25          | 349,700,000.00                     | -                                   |
| Other Financial Liabilities                       | 16    | 29,248,651.47           | 29,454,815.58                      | 20,423,868.04                       |
| Other Current Liabilities                         | 17    | 2,983,491.59            | 2,507,419.99                       | 2,963,490.36                        |
| Current Tax Liabilities                           |       | -                       | -                                  | -                                   |
| Provision                                         |       | -                       | -                                  | -                                   |
| <b>Total Current Liabilities</b>                  |       | <b>535,520,514.31</b>   | <b>381,662,235.57</b>              | <b>23,387,358.40</b>                |
| <b>Total Liabilities</b>                          |       | <b>769,337,143.06</b>   | <b>381,662,235.57</b>              | <b>23,387,358.40</b>                |
| <b>Total Equity and Liabilities</b>               |       | <b>1,780,541,668.66</b> | <b>912,041,941.64</b>              | <b>471,018,626.37</b>               |

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. Avash Gautam  
Partner  
G & G Associates  
Chartered Accountants

Kapil Gaudel  
Accounts Officer

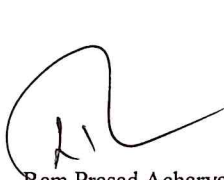
Date: Mangsir 09, 2081  
Place: Kathmandu, Nepal

**Orbit Energy Ltd.**

**Statement of profit or loss and Other Comprehensive Income for the year ended Ashad 31st, 2081**

| Particulars                                                                       | Notes | Amount In NRs.       |                         |
|-----------------------------------------------------------------------------------|-------|----------------------|-------------------------|
|                                                                                   |       | FY. 2080.81          | Restated<br>FY. 2079.80 |
| Revenue                                                                           |       | -                    | -                       |
| Cost of Sales                                                                     |       | -                    | -                       |
| <b>Gross Profit</b>                                                               |       | -                    | -                       |
| Construction Revenue as per IFRIC 12                                              | 18    | 583,612,132.95       | 199,300,403.20          |
| Less: Construction Expenses as per IFRIC 12                                       | 18    | 540,381,604.58       | 184,537,410.37          |
| <b>Construction Net Income as per IFRIC 12</b>                                    |       | <b>43,230,528.37</b> | <b>14,762,992.83</b>    |
| Other Income                                                                      | 19    | 110,083.02           | 2,978.36                |
| Employee Benefits Expense                                                         | 20    | 4,997,388.00         | 2,987,900.00            |
| Depreciation and Amortization Expense                                             | 21    | 2,475,674.04         | 2,322,546.63            |
| Administrative and Other General Expenses                                         | 22    | 5,593,734.95         | 2,534,549.95            |
| <b>Profit Before Interest and Tax</b>                                             |       | <b>30,273,814.40</b> | <b>6,920,974.61</b>     |
| Finance Income                                                                    |       | -                    | -                       |
| Finance Cost                                                                      | 23    | 448,995.85           | 618,077.73              |
| <b>Profit Before Bonus ND Tax</b>                                                 |       | <b>29,824,818.55</b> | <b>6,302,896.88</b>     |
| Provision For Staff Bonus                                                         |       | -                    | -                       |
| <b>Profit(loss) Before Tax</b>                                                    |       | <b>29,824,818.55</b> | <b>6,302,896.88</b>     |
| Less: Tax Expense                                                                 |       | -                    | -                       |
| Current Tax                                                                       |       | -                    | -                       |
| Deferred Tax                                                                      |       | -                    | -                       |
| <b>Profit/(Loss) for the Period</b>                                               |       | <b>29,824,818.55</b> | <b>6,302,896.88</b>     |
| <b>Other Comprehensive Income</b>                                                 |       |                      |                         |
| (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     | -     | -                    | -                       |
| <b>Other comprehensive gain/(loss) for the year, net of tax</b>                   |       | <b>-</b>             | <b>-</b>                |
| <b>Total comprehensive gain/(loss) for the year, net of tax</b>                   |       | <b>29,824,818.55</b> | <b>6,302,896.88</b>     |
| Earnings per Equity share of Rest. 100 Each                                       |       |                      |                         |
| Basic Earnings per Share                                                          | 24    | 4.74                 | 1.51                    |
| Diluted Earnings Per Share                                                        | 24    | 4.74                 | 1.51                    |

The accompanying notes are integral part of these financial statements.

  
 Ram Prasad Acharya  
 Director  
  
 Ganesh Karki  
 Managing Director  
  
 Kapil Gaudal  
 Accounts Officer

  
 Bata Lamichhane  
 Chairman

As per our attached report of even date

  
 CA. Avash Gautam  
 Partner  
 G & G Associates  
 Chartered Accountants

Date: Mangsir 09, 2081  
 Place: Kathmandu, Nepal



**Orbit Energy Ltd.**

**Statement of cash flows for the year ended Ashad 31st, 2081**

Amount In NRs.

| Particulars                                                          | FY. 2080.81             | Restated<br>FY. 2079.80 |
|----------------------------------------------------------------------|-------------------------|-------------------------|
| <b>Cash Flows From Operating Activities</b>                          |                         |                         |
| Profit For The Year                                                  | 29,824,818.55           | 6,302,896.88            |
| Adjustments For:                                                     |                         |                         |
| Lease Liability Written Back                                         | -                       | (12,369.92)             |
| Reserve Adjustment                                                   | -                       | 7,912.36                |
| Finance Costs                                                        | 448,995.85              | 618,077.73              |
| Deffered tax Expenses                                                | -                       | -                       |
| Gain/Loss On Investment Through FVTPL                                | -                       | -                       |
| Depreciation And Amortization Of Non-Current Assets                  | 2,475,674.04            | 2,322,546.63            |
| <b>Cash Generated From Operations before working capital changes</b> | <b>32,749,488.44</b>    | <b>9,239,063.68</b>     |
| Movements In Operating Assets:                                       |                         |                         |
| (Increase)/Decrease In Other Financial Assets                        | (10,900,717.45)         | (30,000.00)             |
| (Increase)/Decrease In Other Current Assets                          | (275,882,773.09)        | (237,241,104.67)        |
| (Increase)/Decrease In Current Tax Assets                            | (16,512.45)             | (155.82)                |
| Increase/ (Decrease) In Other Financial Liabilities                  | (206,164.11)            | 9,030,947.54            |
| Increase/(Decrease) In Other Liabilities                             | 476,071.60              | (456,070.37)            |
| Increase/(Decrease) In Current Tax Liabilities                       | -                       | -                       |
| <b>Cash Generated From Operations</b>                                | <b>(253,780,607.07)</b> | <b>(219,457,319.64)</b> |
| Cash Flows From Investing Activities                                 |                         |                         |
| <b>Cash Flows From Investing Activities</b>                          |                         |                         |
| Addition on Intangible Assets                                        | -                       | -                       |
| Addition on Intangible Assets Under developments (IAUD)              | (583,612,132.95)        | (199,300,403.20)        |
| Addition on Property, Plant And Equipment                            | (2,168,351.98)          | (99,914.27)             |
| Sale Of Property, Plant And Equipment                                | -                       | -                       |
| <b>Net Cash (Used In)/Generated By Investing Activities</b>          | <b>(585,780,484.93)</b> | <b>(199,400,317.47)</b> |
| Increase (Decrease) Of Borrowings                                    | 387,405,000.00          | 349,700,000.00          |
| Increase or Decrease In Share Capital                                | 211,000,000.00          | 210,290,000.00          |
| Increase or Decrease In Advance for Share Capital                    | 240,000,000.00          | (133,840,000.00)        |
| Finance Costs                                                        | (448,995.85)            | (618,077.73)            |
| <b>Net Cash Used In Financing Activities</b>                         | <b>837,956,004.15</b>   | <b>425,531,922.27</b>   |
| <b>Net Increase In Cash And Cash Equivalents</b>                     | <b>(1,605,087.84)</b>   | <b>6,674,285.16</b>     |
| Cash And Cash Equivalents At The Beginning Of The Year               | 6,912,386.83            | 238,101.89              |
| <b>Cash And Cash Equivalents At The End Of The Year</b>              | <b>5,307,298.98</b>     | <b>6,912,386.83</b>     |

The accompanying notes are integral part of these financial statements.

  
Ram Prasad Acharya  
Director

  
Ganesh Karki  
Managing Director

  
Batri Lamichhane  
Chairman

As per our attached report of even date

  
CA. Avash Gautam  
Partner  
G & G Associates  
Chartered Accountants

  
Kapil Gaudal  
Accounts Officer

**ORBIT**  
ENERGY LTD.

Date: Mangsir 09, 2081  
Place: Kathmandu, Nepal



Orbit Energy Ltd.

Statement of Changes in Equity for the year ended 31Asadh, 2081

| Particulars                                               | Share Capital         | Advance for Share Capital | Reserves and Surplus |                 |                       | Total                   |
|-----------------------------------------------------------|-----------------------|---------------------------|----------------------|-----------------|-----------------------|-------------------------|
|                                                           |                       |                           | Capital Reserve      | General Reserve | Retained Earnings     |                         |
| Balance As At Shrawan 1, 2079                             | 208,375,000.00        | 246,590,000.00            | -                    | -               | (7,333,732.03)        | 447,631,267.97          |
| Issue of Share Capital                                    | 210,290,000.00        | -                         | -                    | -               | -                     | 210,290,000.00          |
| Advance for Share Capital                                 | -                     | (133,840,000.00)          | -                    | -               | -                     | (133,840,000.00)        |
| Share Premium                                             | -                     | -                         | -                    | -               | -                     | -                       |
| Profit For The Year                                       | -                     | -                         | -                    | -               | 6,302,896.88          | 6,302,896.88            |
| Adjustment to Retained Earning                            | -                     | 0                         | -                    | -               | (4,457.62)            | (4,457.62)              |
| Other Comprehensive Income For TheYear, Net of Income Tax | -                     | -                         | -                    | -               | -                     | -                       |
| Transfer To Retained Earnings                             | -                     | -                         | -                    | -               | -                     | -                       |
| <b>Balance As At Ashad 31st, 2080</b>                     | <b>418,665,000.00</b> | <b>112,750,000.00</b>     | <b>-</b>             | <b>-</b>        | <b>(1,035,293.93)</b> | <b>530,379,706.07</b>   |
| 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                                       | -                     | -                         | -                    | -               | 29,824,818.55         | 29,824,818.55           |
| Adjustment to Retained Earning                            | -                     | 0                         | -                    | -               | -                     | -                       |
| Other Comprehensive Income For TheYear, Net Of Income Tax | -                     | -                         | -                    | -               | -                     | -                       |
| Transfer To Retained Earnings                             | -                     | -                         | -                    | -               | -                     | -                       |
| <b>Balance As At Ashad 31st, 2081</b>                     | <b>629,665,000.00</b> | <b>352,750,000.00</b>     | <b>-</b>             | <b>-</b>        | <b>28,789,524.62</b>  | <b>1,011,204,524.62</b> |

The accompanying notes are integral part of these financial statements.



As per our attached report of even date

*Avash*  
CA. Avash Gautam  
Partner  
G & G Associates  
Chartered Accountants

*Badr Lamichhane*  
Badr Lamichhane  
Chairman

*Ganesh Karki*  
Ganesh Karki  
Managing Director

*Ram Prasad Acharya*  
Ram Prasad Acharya  
Director



Date: Mangsir 09, 2081

Place: Kathmandu, Nepal

**Orbit Energy Limited**  
**Notes to the Financial Statements**  
**For the Year ended 31<sup>st</sup> Asadh 2081 (15 July 2024)**

**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 15.1MW Hydropower Project" & "Sabha Khola C 6.3MW 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 1<sup>st</sup> 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 30<sup>th</sup> 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 Board of Directors 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 for publication by the Board of Directors (BOD) of the company, as per the resolution dated 09<sup>th</sup> Mangsir 2081. 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**

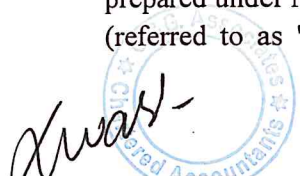
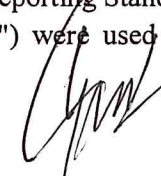
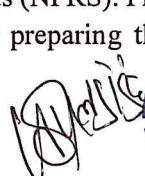
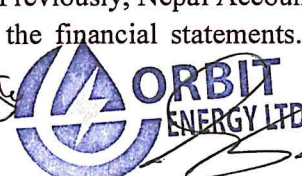
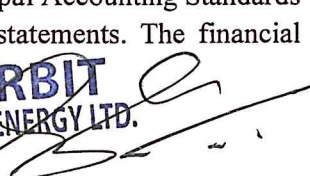
**Significant Accounting Policies:**

**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 have also been prepared in compliance with the relevant presentation requirements of the Companies Act, 2063 of Nepal.

The financial statements for the year ended 31<sup>st</sup> Ashadh 2081 are the company's first set of statements prepared under Nepal Financial Reporting Standards (NFRS). Previously, Nepal Accounting Standards (referred to as "Previous GAAP") were used for preparing the financial statements. The financial



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**For the Year ended 31<sup>st</sup> Asadh 2081 (15 July 2024)**

statements for the year ended 31<sup>st</sup> Ashadh 2080, as well as the opening Balance Sheet as of 1<sup>st</sup> Shrawan 2079, have been restated in accordance with NFRS to provide comparative information. Reconciliations and explanations of the effects of the transition from Previous GAAP to NFRS on the company's Statement of Financial Position, Statement of Profit or Loss, and Statement of Cash Flows are provided in Note 3.

**II. Basis of Preparation**

The financial statements have been prepared on an accrual basis and a going concern basis. The accounting policies have been applied consistently to all periods presented, including the preparation of the opening NFRS Balance Sheet as at 1<sup>st</sup> Shrawan 2079, which is the 'date of transition to NFRS'. All assets and liabilities have been classified as current or non-current according to the company's normal operating cycle. The company has determined its operating cycle to be 12 months for the purpose of classifying assets and liabilities as current or non-current, based on the nature of its products and the period between the acquisition of assets for processing and their realization in cash and cash equivalents.

The financial statements have been presented in the functional and presentation currency of the Company, which is the Nepalese Rupee (NPR). This is the currency of 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:

| <b>Relevant Statement</b>    | <b>Financial</b> | <b>Nepalese Calendar</b>                                    | <b>English Calendar</b>     |
|------------------------------|------------------|-------------------------------------------------------------|-----------------------------|
|                              |                  | <b>Date / Period</b>                                        | <b>Date / Period</b>        |
| Reporting Date               |                  | 31 <sup>st</sup> Ashad 2081                                 | 15 July 2024                |
| Comparative Reporting Date   |                  | 31 <sup>st</sup> Ashad 2080                                 | 16 July 2023                |
| Reporting period             |                  | 01 <sup>st</sup> Shrawan 2080 – 31 <sup>st</sup> Ashad 2081 | 17 July 2023 - 15 July 2024 |
| Comparative Reporting Period |                  | 01 <sup>st</sup> Shrawan 2079 – 31 <sup>st</sup> Ashad 2080 | 17 July 2022 - 16 July 2023 |
| Date of Transition to NFRS   |                  | 01 <sup>st</sup> Shrawan 2079                               | 17 July 2022                |

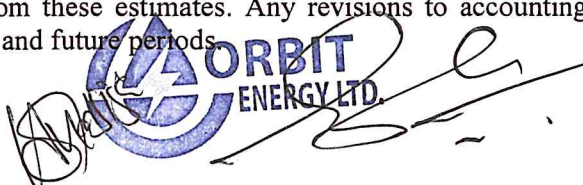
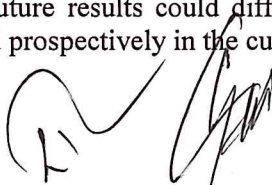
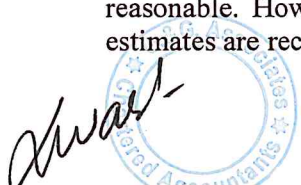
**IV. Basis of Measurement**

These financial statements are prepared under the historical cost convention, except for certain material items that are measured at fair value as required by the relevant NFRS. These exceptions are explained in the accounting policies detailed below.

**2.2 Critical accounting estimates and Judgements**

The preparation of the financial statements in conformity with Nepal Financial Reporting Standards (NFRS) requires the use of certain critical accounting estimates and judgments. It also necessitates management's judgment in applying the Company's accounting policies. The Company makes estimates

and assumptions about future events, which are continually evaluated based on historical experience and other factors, including expectations of future events deemed reasonable under the circumstances. Management believes that the estimates used in preparing the financial statements are prudent and reasonable. However, future results could differ from these estimates. Any revisions to accounting estimates are recognized prospectively in the current and future periods.





## **Orbit Energy Limited**

### **Notes to the Financial Statements**

**For the Year ended 31<sup>st</sup> Asadh 2081 (15 July 2024)**

#### **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**

- On transition to NFRS, the Company has elected to retain the carrying value of all its property, plant, and equipment recognized as of 31<sup>st</sup> Ashadh 2079, measured according to the previous GAAP. This carrying value has been used as the deemed cost of the property, plant, and equipment as of 1<sup>st</sup> Shrawan 2079.
- 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 comprises the purchase price, freight, duties, taxes, and other expenses directly attributable to the acquisition of the asset, bringing it to its present location, and installing it, including site restoration, until the asset is ready for its intended use.

- 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



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**Notes to the Financial Statements**  
**For the Year ended 31<sup>st</sup> Asadh 2081 (15 July 2024)**

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.

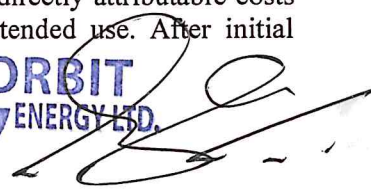
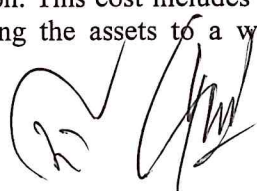
- The residual values, useful lives, and methods of depreciation of property, plant, and equipment are reviewed at each financial year-end and adjusted prospectively, if necessary.
- The company identifies and determines the cost of each significant component or part of an asset separately, if the component's 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. No. | 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 in the books when it is probable that the expected future economic benefits attributable to the assets will flow to the entity and the cost of the assets can be measured reliably. Internally generated goodwill is not recognized as an intangible asset, as it does not constitute an identifiable resource.
- 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





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**Notes to the Financial Statements**  
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recognition, intangible assets are carried at cost less accumulated amortization and any accumulated impairment losses.

- 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. 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.

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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 recognised 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.





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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)**

The company recognizes the construction cost incurred during the reporting period for construction of the project as an expense and matches the contract revenue to the related contract cost, in a way that the profit is recognized in proportion to the cost of construction, as per the accounting requirements of service concession arrangements. The company uses percentage of completion method and management estimate 8 % as a base for the purpose of recognizing such profit as well as for calculating fair value of resultant Intangible asset under development.

**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. Other borrowing costs are expensed in the period in which they occur. 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.

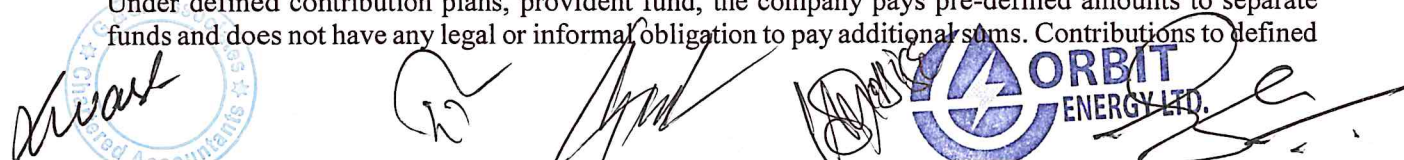
Liability is recognised in respect of short-term employee and contractual employees, benefits are measured at the undiscounted amount of the benefits expected to be paid in exchange for the related service.

**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

The bottom of the page features several handwritten signatures in black ink. To the right of the signatures is the Orbit Energy Ltd. logo, which consists of a stylized blue 'O' with a white star inside, followed by the text 'ORBIT ENERGY LTD.' in blue capital letters.



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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. The company doesn't provide for any defined benefit scheme.

**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.

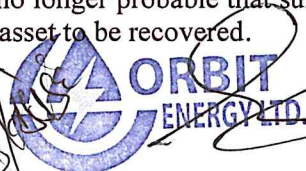
**CURRENT TAX**

The commercial operation of the project managed by company is yet to start. The company expects to start commercial operation before Jestha 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.

During the current year unrealized gains are recognized as per IFRIC 12 arrangements, hence provision for tax has not been made.

**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.





**Orbit Energy Limited**  
**Notes to the Financial Statements**  
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- 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 Basis 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.



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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**

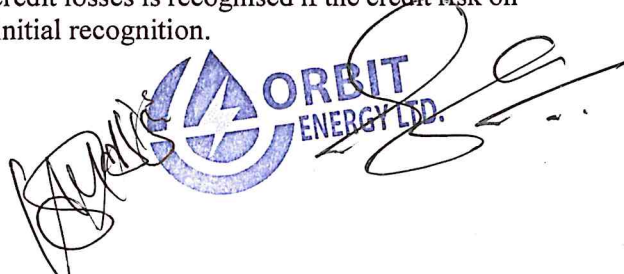
Financial assets are subsequently measured at amortised cost if these financial assets are held within a business model whose objective is to hold these assets in order to collect contractual cash flows and the contractual terms of the financial asset give rise on specified dates to cash flows that are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





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**Notes to the Financial Statements**  
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**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 of its liabilities. Equity instruments are recorded at the proceeds received, net of direct issue costs.

**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.





**Orbit Energy Limited**  
**Notes to the Financial Statements**  
**For the Year ended 31<sup>st</sup> Asadh 2081 (15 July 2024)**

**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





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**Notes to the Financial Statements**  
**For the Year ended 31<sup>st</sup> Asadh 2081 (15 July 2024)**

readily determined, the Company's incremental borrowing rate. Generally, the Company uses its incremental borrowing rate as the discount rate.

**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 the 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.



**Orbit Energy Limited**  
**Notes to the Financial Statements**  
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**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.

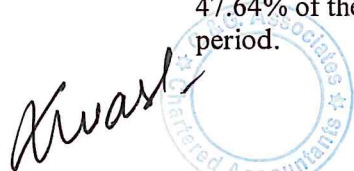
Intangible asset is amortized over its expected useful life in a way that reflects the pattern in which the asset's economic benefits are consumed by the company, starting from the date when the right to operate starts to be used. Based on these principles, the intangible asset is amortized in line with 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) During the reporting period, Singati Hydro Energy Ltd. acquired a majority stake by investing in shares of the Orbit Energy Ltd. The shareholding of Singati Hydro Energy Ltd. is stands 47.64% of the total number of shares issued by the company capital at the end of the reporting period.





**Orbit Energy Limited**  
**Notes to the Financial Statements**  
**For the Year ended 31<sup>st</sup> Asadh 2081 (15 July 2024)**

- 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     | Chairman                       |
| Ganesh Karki        | Managing Director              |
| Ram P rasad Acharya | Director                       |
| Sudip 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> |
|------------------------------------|-------------------------------|-------------------------------|-------------------------|-------------------------------------|-------------------------|
| Mr. Batu Lamichhane                | Chairman                      | Salary & Allowances           | 46,50,422.00 CR         | 50,00,000.00                        | 2,46,500.00CR           |
| Mr. Ganesh Karki                   | Managing Director             | Salary & Allowances           | 42,25,962.00 CR         | 40,77,000.00                        | 61,200.00CR             |
| Mr. Ram Prasad Acharya             | Director                      | Salary & Allowances           | 1,63,200.00CR           | 9,90,000.00                         | 34,000.00CR             |

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:**

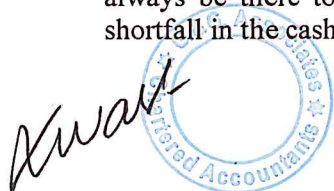
This risk arises when a counterparty defaults on its contractual obligation to pay resulting in financial loss to the company. Company has PPA agreement with NEA and receivables from its business mainly involves receivable from NEA. Hence, default risk is significantly low.

**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 31<sup>st</sup> Asadh 2081 (15 July 2024)**

**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**

**First Time Adoption of NFRS**

The financial statements have been prepared in accordance with applicable Nepal Financial Reporting Standards (NFRS) as issued by the Institute of Chartered Accountants of Nepal (ICAN) and pronounced by Accounting Standard Board (ASB). These financial statements for the year ended 31 Ashadh, 2081

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

In preparing these NFRS financial statements, the company has availed certain exemptions and exceptions in accordance with NFRS 1, as explained below. The resulting difference between the carrying values of the assets and liabilities in the financial statements as at the transition date under NFRS and Previous GAAP have been recognized directly in equity (retained earnings or another appropriate category of equity). This note explains the adjustments made by the Company in restating its Previous GAAP financial statements, including the Statement of Financial Position as at 1 Shrawan, 2079 and the financial statements as at and for the year ended 31 Ashadh, 2080.

As part of the company's transition to NFRS, we have reviewed our previous accounting policies and identified adjustments necessary to comply with NFRS requirements.

**Reclassification of administrative related expenses:**

Prior to the transition, administrative expenses that were of a nature to be shown under the profit and loss account were capitalized as part of the construction costs of the project. However, under NFRS, such costs are to be expensed rather than capitalized. Consequently, retrospective reclassification has been made for such expenses from project costs to the relevant expense account. This reclassification has resulted in a decrease in the carrying amount of capitalized project costs as well as other equity.

Expenses relating to Salary and Allowances, Fuel, Repairs & Maintenance, Food and Accommodation, Printing and Stationery which have been incurred for project as well as general administrative purpose of the company, have been apportioned in the ratio of 80:20 between the project and general administration. The management considers the basis of apportion appropriate and the accounting has been done accordingly.

**A). Exemptions from Retrospective Application**

NFRS 1 allows first-time adopters certain exemptions from retrospective application of certain requirements under NFRS. The Company has elected to apply the following optional exemptions from retrospective application:

**I). Deemed cost for property, plant and equipment and intangible assets**

The Company has elected to measure all its property, plant and equipment, intangible assets including under progress at the Previous GAAP carrying amount as its deemed cost on the date of transition to NFRS.



**Orbit Energy Limited**  
**Notes to the Financial Statements**  
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**II). Estimates**

On the assessment of estimates made on financial statements prepared under previous GAAP's, no need has been felt to revise the estimates under NFRS in the absence of any error in the original estimates made. Estimates not required as per previous GAAP's but now required as per NFRS have been made by the company for the relevant reporting dates reflection conditions prevailing on that date.

**III). Transition to NFRS - Reconciliations**

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

- ✓ Reconciliation of Equity.
- ✓ Reconciliation of Statement of Profit or Loss and other Comprehensive income.
- ✓ Adjustments to Statement of Cash Flows.
- ✓ Reconciliation of statement of financial position.

Previous GAAP information has been reclassified/regrouped in accordance with NFRS, wherever necessary, based on the audited financial statements of the Company for the year ended 31<sup>st</sup> Ashadh, 2080 and 31<sup>st</sup> Ashadh, 2079.




**Orbit Energy Ltd.**

**Disclosure effect of transition from previous GAAP to NFRSs**

**3.1 Reconciliation of Equity**

| Particulars                                              | Explanatory Notes | As at 31st Ashad 2080<br>(Last period presented under previous GAAP) | As at 1st Sharwan 2079 (Date of Transition) |
|----------------------------------------------------------|-------------------|----------------------------------------------------------------------|---------------------------------------------|
| <b>Total Equity under previous GAAP</b>                  |                   | <b>531,451,924.88</b>                                                | <b>454,991,034.22</b>                       |
| <b><u>Adjustments under NFRSs:</u></b>                   |                   |                                                                      |                                             |
| Dividend and Tax Paid                                    |                   | -                                                                    | -                                           |
| Income Recognized due to application of IFRIC 12         | 1                 | 30,667,987.86                                                        | 15,904,995.03                               |
| Depreciation, Amortization and Finance Cost              |                   | (2,940,624.36)                                                       | -                                           |
| Lease Adjustment - ROU Assets 1                          | 2                 | (1,915,486.56)                                                       | (1,915,486.56)                              |
| Lease Adjustment - ROU Assets 2                          |                   | (105,064.76)                                                         | (105,064.76)                                |
| Adjustment of Advance Payment of Lease Liability - ROU 2 |                   | (12,369.92)                                                          | -                                           |
| NFRS Adjustment of Administrative Nature Expenses        | 3                 | (26,766,659.92)                                                      | (21,244,209.97)                             |
| Deferred Tax                                             |                   | -                                                                    | -                                           |
| Revaluation of property & equipment                      |                   | -                                                                    | -                                           |
| Recognition of investment property                       |                   | -                                                                    | -                                           |
| Defined benefit obligation of employees                  |                   | -                                                                    | -                                           |
| <b>Total Adjustment to Equity</b>                        |                   | <b>(1,072,218.81)</b>                                                | <b>(7,359,766.25)</b>                       |
| <b>Total Equity under NFRSs</b>                          |                   | <b>530,379,706.07</b>                                                | <b>447,631,267.97</b>                       |

**Explanatory Notes:**

**1. IFRIC 12 Fair Value Adjustment of Intangible Assets (BOOT Model)**

The difference between cost based carrying amount of Intangible Assets under development (BOOT Model) as per previous GAAP and fair value of the above assets as per NFRS has been adjusted to equity and respective Intangible Assets Under Development (IAUD).

**2. Changes in Depreciation/Amortization/Finance Cost**

a. As per previous GAAP, the depreciation was calculated as per Income tax act only. However, after the transition to NFRS, the depreciation/amortization has been calculated complying the provision of NFRS and Companies Act also. The adjustment in the value of Depreciation/Amortization has been adjusted with Equity.

b. As per previous GAAP, ROU and Lease liability were not recognized. Additionally there was no recognition of amortization of ROU and finance cost associated with lease liability. After transition to NFRS ROU and lease liability with amortization of ROU and finance cost on lease has been recognized and adjustment has been made to equity.

**3. Administrative and Other General Expenses**

As per Previous GAAP Administrative expenses related to project were capitalized to Project Assets. However on transition to NFRS these expenses are transferred to Profit or Loss account and adjustment has been made to Equity.

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**Orbit Energy Ltd.**

**3.2 Reconciliation of Statement of profit or loss and other comprehensive income for the year ended Ashad 31st, 2080**

| Particulars                               | Explanatory Notes | Year ended Ashad 31st, 2080                   |                              |                      |
|-------------------------------------------|-------------------|-----------------------------------------------|------------------------------|----------------------|
|                                           |                   | (Latest period presented under previous GAAP) |                              |                      |
|                                           |                   | Previous GAAP                                 | Effect of transition to NFRS | Amount as per NFRS   |
| Revenue From Operations                   |                   | -                                             | -                            | -                    |
| Cost of Sales                             |                   | -                                             | -                            | -                    |
| <b>Gross Profit</b>                       |                   | -                                             | -                            | -                    |
| <b>Construction Revenue</b>               |                   |                                               |                              |                      |
| Construction Revenue as per IFRIC 12      | 4                 | -                                             | 199,300,403.20               | 199,300,403.20       |
| Construction Cost as per IFRIC 12         |                   |                                               | 184,537,410.37               | 184,537,410.37       |
| <b>Construction Net Income</b>            |                   |                                               | <b>14,762,992.83</b>         | <b>14,762,992.83</b> |
| Other Income                              |                   | 2,978.36                                      | -                            | 2,978.36             |
| Employee Benefits Expense                 |                   | -                                             | 2,987,900.00                 | 2,987,900.00         |
| Depreciation And Amortization Expense     | 5                 | -                                             | 2,322,546.63                 | 2,322,546.63         |
| Administrative and Other General Expenses |                   | -                                             | 2,534,549.95                 | 2,534,549.95         |
| <b>Profit Before Interest and Tax</b>     |                   | <b>2,978.36</b>                               | <b>6,917,996.25</b>          | <b>6,920,974.61</b>  |
| Finance Income                            |                   | -                                             | -                            | -                    |
| Finance Cost                              | 6                 | -                                             | 618,077.73                   | 618,077.73           |
| <b>Profit Before Interest and Tax</b>     |                   | <b>2,978.36</b>                               | <b>6,299,918.52</b>          | <b>6,302,896.88</b>  |
| Provision For Staff Bonus                 |                   | -                                             | -                            | -                    |
| Less: Tax Expense                         |                   | -                                             | -                            | -                    |
| (1) Current Tax                           |                   | -                                             | -                            | -                    |
| (2) Deferred Tax                          |                   | -                                             | -                            | -                    |
| <b>Profit or Loss For the Period</b>      |                   | <b>2,978.36</b>                               | <b>6,299,918.52</b>          | <b>6,302,896.88</b>  |

**Explanatory Notes:**

**4. Revenue arising due to IFRIC 12 arrangement**

As per previous GAAP no revenue was recognized on construction service provided under BOOT Model. On transition to NFRS revenue has been recognized on such arrangements during construction phase.

**5.Changes in administrative expenses/ depreciation/amortization of Assets**

As per previous GAAP, the administrative nature expenses and depreciation/amortization amount was added to the capital assets. However, on transition to NFRS these amounts are recognized and has been transferred to Profit or Loss account.

**6. Finance cost on lease liability**

Finance cost arising on unwinding of lease liability has been transferred to Profit or Loss account on transition to NFRS.









Orbit Energy Ltd.

3.3 Effect of NFRSs adoption in Statement of Cash Flow for the year ended 31st, 2080

| Particulars                                                | Explanatory Note | Year Ended 31st Asadh 2080<br>(Latest period presented under previous GAAP) |                               |                     |
|------------------------------------------------------------|------------------|-----------------------------------------------------------------------------|-------------------------------|---------------------|
|                                                            |                  | Previous GAAP                                                               | Effect of Transition to NFRSs | Amount as per NFRSs |
| Net cash flows from operating activities                   |                  | (227,171,495.47)                                                            | 7,714,175.83                  | (219,457,319.64)    |
| Net cash flows from investing activities                   | 7                | (192,304,219.59)                                                            | (7,096,097.88)                | (199,400,317.47)    |
| Net cash flows from financing activities                   |                  | 426,150,000.00                                                              | (618,077.73)                  | 425,531,922.27      |
| <b>Net increase/(decrease) in cash and cash equivalent</b> |                  | <b>6,674,284.94</b>                                                         | <b>(0.00)</b>                 | <b>6,674,284.94</b> |
| Cash and cash equivalent at the beginning of the period    |                  | 238,101.89                                                                  | -                             | 238,101.89          |
| <b>Cash and cash equivalent at the end of the period</b>   |                  | <b>6,912,386.83</b>                                                         | <b>(0.00)</b>                 | <b>6,912,386.83</b> |

Explanatory Notes:

7. Difference is due to regrouping of assets and profit or loss line items.

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Amount In NRs.

| Particulars                                       | Explanatory Notes | As at Ashad 31st, 2080                             |                              |                           |
|---------------------------------------------------|-------------------|----------------------------------------------------|------------------------------|---------------------------|
|                                                   |                   | (End of last period presented under previous GAAP) |                              |                           |
|                                                   |                   | Previous GAAP                                      | Effect of transition to NFRS | As per NFRS Balance Sheet |
| <b>Non-Current Assets</b>                         |                   |                                                    |                              |                           |
| Property, Plant and Equipment                     | 8/12              | 2,066,782.03                                       | (47,416.52)                  | 2,019,365.51              |
| Intangible Assets - Software/ROU                  |                   | -                                                  | 4,790,309.84                 | 4,790,309.84              |
| Capital Work In Progress (CWIP)                   | 9                 | 415,144,197.31                                     | (415,144,197.31)             | -                         |
| Intangible Assets Under Development (IAUD)        |                   | -                                                  | 414,017,836.11               | 414,017,836.11            |
| Financial Assets                                  |                   |                                                    |                              |                           |
| Investments in Associates and Subsidiary          |                   | -                                                  | -                            | -                         |
| Other Investment                                  |                   | -                                                  | -                            | -                         |
| Other Non Current Assets                          |                   | -                                                  | -                            | -                         |
| Deffered Tax Assets                               |                   | -                                                  | -                            | -                         |
| <b>Total Non-Current Assets</b>                   |                   | <b>417,210,979.34</b>                              | <b>3,616,532.12</b>          | <b>420,827,511.46</b>     |
| <b>Current Assets</b>                             |                   |                                                    |                              |                           |
| Financial Assets                                  |                   |                                                    |                              |                           |
| Trade Receivables                                 |                   | -                                                  | -                            | -                         |
| Cash And Cash Equivalents                         |                   | 6,912,386.83                                       | -                            | 6,912,386.83              |
| Investments in Equity Instruments                 |                   | -                                                  | -                            | -                         |
| Other Financial Assets                            | 10                | 5,063,520.00                                       | (5,063,520.00)               | 5,063,520.00              |
| Bank Balance Other than Cash and Cash Equivalents |                   | -                                                  | 5,063,520.00                 | 5,063,520.00              |
| Other Current Assets                              |                   | 479,238,523.35                                     | (75,450.55)                  | 479,163,072.80            |
| Current Tax Assets                                |                   | -                                                  | 75,450.55                    | 75,450.55                 |
| <b>Total Current Assets</b>                       |                   | <b>491,214,430.18</b>                              | <b>-</b>                     | <b>491,214,430.18</b>     |
| <b>Total Assets</b>                               |                   | <b>908,425,409.52</b>                              | <b>3,616,532.12</b>          | <b>912,041,941.64</b>     |
| <b>Equity and Liabilities</b>                     |                   |                                                    |                              |                           |
| Equity Share Capital                              |                   | 418,665,000.00                                     | -                            | 418,665,000.00            |
| Share Advance                                     |                   | 112,750,000.00                                     | -                            | 112,750,000.00            |
| Reserve and Surplus                               | 11                | 36,924.88                                          | (36,924.88)                  | -                         |
| Other Equity                                      |                   | -                                                  | (1,035,293.93)               | (1,035,293.93)            |
| <b>Total Equity</b>                               |                   | <b>531,451,924.88</b>                              | <b>(1,072,218.81)</b>        | <b>530,379,706.07</b>     |
| <b>Non-Current Liabilities</b>                    |                   |                                                    |                              |                           |
| Financial Liabilities                             |                   |                                                    |                              |                           |
| Borrowings                                        |                   | -                                                  | -                            | -                         |
| Deferred Tax Liabilities                          |                   | -                                                  | -                            | -                         |
| <b>Total Non-Current Liabilities</b>              |                   | <b>-</b>                                           | <b>-</b>                     | <b>-</b>                  |
| <b>Current Liabilities</b>                        |                   |                                                    |                              |                           |
| Financial Liabilities                             |                   |                                                    |                              |                           |
| Borrowings                                        |                   | 349,700,000.00                                     | -                            | 349,700,000.00            |
| Trade And Other Payables                          |                   | -                                                  | -                            | -                         |
| Other Financial Liabilities                       | 12                | 24,766,064.65                                      | 4,688,750.93                 | 29,454,815.58             |
| Other Current Liabilities                         |                   | 2,507,419.99                                       | -                            | 2,507,419.99              |
| Current Tax Liabilities                           |                   | -                                                  | -                            | -                         |
| <b>Total Current Liabilities</b>                  |                   | <b>376,973,484.64</b>                              | <b>4,688,750.93</b>          | <b>381,662,235.57</b>     |
| <b>Total Liabilities</b>                          |                   | <b>376,973,484.64</b>                              | <b>4,688,750.93</b>          | <b>381,662,235.57</b>     |
| <b>Total Equity And Liabilities</b>               |                   | <b>908,425,409.52</b>                              | <b>3,616,532.12</b>          | <b>912,041,941.64</b>     |

**Explanatory Notes:****8. Property, Plant and Equipment/Intangible Assets**

Earlier PPE includes general assets and Software which has been reclassified into PPE and Intangible Assets as per NFRS Presentation.

**9. Capital Work In Progress (CWIP)/Project Assets**

Capital Work In Progress (CWIP) includes project assets has been reclassified to Intangible Assets Under Development (IAUD) as per NFRS Presentation.

**10. Advance and Deposit**

Other Financial Assets includes Cash Margin has been reclassified to Bank Balances other cash and cash equivalents as per NFRS Presentation.

**11. Retained Earnings**

Under the previous GAAP retained earnings were recoded which has been clasified as other equity as per NFRS Presentation.

**12. Right of Use Assets (ROU)/Lease Liability**

As per previous GAAP no Right of Use Assets was recognized on lease rent agreement however after transition to NFRS, ROU and Lease Liability has been recognized in respect of lease arrangement.



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| Particulars                                       | Explanatory Notes | Amount In NRs.          |                              |                           |
|---------------------------------------------------|-------------------|-------------------------|------------------------------|---------------------------|
|                                                   |                   | As at Shrawan 1st, 2079 |                              |                           |
|                                                   |                   | (Date of transition)    |                              |                           |
|                                                   |                   | Previous GAAP           | Effect of transition to NFRS | As per NFRS Balance Sheet |
| <b>Non-Current Assets</b>                         |                   |                         |                              |                           |
| Property, Plant And Equipment                     | 13/17             | 2,644,556.90            | (81,187.98)                  | 2,563,368.92              |
| Intangible Assets - Software/ROU                  |                   | -                       | 6,468,939.79                 | 6,468,939.79              |
| Capital Work In Progress (CWIP)                   | 14                | 222,262,202.85          | (222,262,202.85)             | -                         |
| Intangible Assets Under Development (IAUD)        |                   | -                       | 214,717,432.91               | 214,717,432.91            |
| Financial Assets                                  |                   |                         |                              |                           |
| Investments in Associates and Subsidiary          |                   | -                       | -                            | -                         |
| Other Investment                                  |                   | -                       | -                            | -                         |
| Other Non Current Assets                          |                   | -                       | -                            | -                         |
| Deffered Tax Assets                               |                   | -                       | -                            | -                         |
| <b>Total Non-Current Assets</b>                   |                   | <b>224,906,759.75</b>   | <b>(1,157,018.13)</b>        | <b>223,749,741.62</b>     |
| <b>Current Assets</b>                             |                   |                         |                              |                           |
| Financial Assets                                  |                   |                         |                              |                           |
| Trade Receivables                                 |                   | -                       | -                            | -                         |
| Cash And Cash Equivalents                         |                   | 238,101.89              | -                            | 238,101.89                |
| Investments in Equity Instruments                 |                   | -                       | -                            | -                         |
| Other Financial Assets                            | 15                | 5,033,520.00            | (5,033,520.00)               | -                         |
| Bank Balance Other than Cash and Cash Equivalents |                   | -                       | 5,033,520.00                 | 5,033,520.00              |
| Other Current Assets                              |                   | 241,997,262.86          | (75,294.73)                  | 241,921,968.13            |
| Current Tax Assets                                |                   | -                       | 75,294.73                    | 75,294.73                 |
| <b>Total Current Assets</b>                       |                   | <b>247,268,884.75</b>   | <b>-</b>                     | <b>247,268,884.75</b>     |
| <b>Total Assets</b>                               |                   | <b>472,175,644.50</b>   | <b>(1,157,018.13)</b>        | <b>471,018,626.37</b>     |
| Equity                                            |                   |                         |                              |                           |
| Equity Share Capital                              |                   | 208,375,000.00          | -                            | 208,375,000.00            |
| Advance for Share Capital                         |                   | 246,590,000.00          | -                            | 246,590,000.00            |
| Reserve and Surplus                               | 16                | 26,034.22               | (26,034.22)                  | -                         |
| Other Equity                                      |                   | -                       | (7,333,732.03)               | (7,333,732.03)            |
| <b>Total Equity</b>                               |                   | <b>454,991,034.22</b>   | <b>(7,359,766.25)</b>        | <b>447,631,267.97</b>     |
| <b>Non-Current Liabilities</b>                    |                   |                         |                              |                           |
| Financial Liabilities                             |                   |                         |                              |                           |
| Borrowings                                        |                   | -                       | -                            | -                         |
| <b>Total Non-Current Liabilities</b>              |                   | <b>-</b>                | <b>-</b>                     | <b>-</b>                  |
| <b>Current Liabilities</b>                        |                   |                         |                              |                           |
| Financial Liabilities                             |                   |                         |                              |                           |
| Borrowings                                        |                   | -                       | -                            | -                         |
| Trade And Other Payables                          |                   | -                       | -                            | -                         |
| Other Financial Liabilities                       | 17                | 14,221,119.92           | 6,202,748.12                 | 20,423,868.04             |
| Other Current Liabilities                         |                   | 2,963,490.36            | -                            | 2,963,490.36              |
| Current Tax Liabilities                           |                   | -                       | -                            | -                         |
| <b>Total Current Liabilities</b>                  |                   | <b>17,184,610.28</b>    | <b>6,202,748.12</b>          | <b>23,387,358.40</b>      |
| <b>Total Liabilities</b>                          |                   | <b>17,184,610.28</b>    | <b>6,202,748.12</b>          | <b>23,387,358.40</b>      |
| <b>Total Equity And Liabilities</b>               |                   | <b>472,175,644.50</b>   | <b>(1,157,018.13)</b>        | <b>471,018,626.37</b>     |

## Explanatroy Notes:

## 13. Property, Plant and Equipment/Intangible Assets

Earlier PPE includes general assets and Software which has been reclassified into PPE and Intangible Assets as per NFRS Presentation.

## 14. Capital Work In Progress (CWIP)/Project Assets

Capital Work In Progress (CWIP) includes project assets has been reclassified to Intangible Assets Under Development (IAUD) as per NFRS Presentation.

## 15. Other Financial Assets

Other Financial Assets includes Cash Margin has been reclassified to Bank Balances other cash and cash equivalents as per NFRS Presentation.

## 16. Retained Earnings

Under the previous GAAP retained earnings were recoded which has been classified as other equity as per NFRS Presentation.

## 17. Right of Use Assets (ROU)/Lease Liability

As per previous GAAP no Right of Use Assets was recognized on lease rent agreement however after transition to NFRS, ROU and Lease Liability has been recognized in respect of lease arrangement.

Orbit Energy Ltd.

Notes to Financial Statements for the year ended on 31st Ashad 2081

4A. Property, Plant and Equipment

Amount In NRs.

| Particulars                                    | Office Equipment    | Furnitures and Fixtures | Vehicles        | Computers and Printers | Total               |
|------------------------------------------------|---------------------|-------------------------|-----------------|------------------------|---------------------|
| <b>Gross Block</b>                             |                     |                         |                 |                        |                     |
| 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                         | -                   | -                       | -               | -                      | -                   |
| <b>Balance as at Ashad 31st 2080</b>           | <b>272,534.01</b>   | <b>1,347,072.22</b>     | <b>3,584.00</b> | <b>1,040,092.96</b>    | <b>2,663,283.19</b> |
| Additions During the Year                      |                     |                         |                 |                        |                     |
| Acquisition                                    | 965,617.98          | 1,202,734.00            | -               | -                      | 2,168,351.98        |
| Capitalization                                 | -                   | -                       | -               | -                      | -                   |
| Disposal During the Year                       | -                   | -                       | -               | -                      | -                   |
| Adjustment/Revaluation                         | -                   | -                       | -               | -                      | -                   |
| <b>Balance as at Ashad 31st 2081</b>           | <b>1,238,151.99</b> | <b>2,549,806.22</b>     | <b>3,584.00</b> | <b>1,040,092.96</b>    | <b>4,831,635.17</b> |
| <b>Accumulated Depreciation and Impairment</b> |                     |                         |                 |                        |                     |
| 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                                     | -                   | -                       | -               | -                      | -                   |
| <b>Balance as at Ashad 31st 2080</b>           | <b>46,408.59</b>    | <b>336,768.06</b>       | <b>716.80</b>   | <b>260,023.24</b>      | <b>643,916.68</b>   |
| 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                                     | -                   | -                       | -               | -                      | -                   |
| <b>Balance as at Ashad 31st 2081</b>           | <b>315,709.08</b>   | <b>886,516.31</b>       | <b>1,290.24</b> | <b>520,046.48</b>      | <b>1,723,562.11</b> |
| <b>Net Book Value</b>                          |                     |                         |                 |                        |                     |
| As on Shrawan 2079                             | 172,619.74          | 1,347,072.22            | 3,584.00        | 1,040,092.96           | 2,563,368.92        |
| As at Ashad 31st 2080                          | 226,125.42          | 1,010,304.17            | 2,867.20        | 780,069.72             | 2,019,365.51        |
| As at Ashad 31st 2081                          | 922,442.91          | 1,663,289.91            | 2,293.76        | 520,046.48             | 3,108,073.06        |

a.) The company has availed the deemed cost exemption in relation to the Property Plant and Equipment on the date of the transition and hence the net block carrying amount has been considered as the gross block carrying amount on that date.

b.) Refer table below for the gross block value and the accumulated depreciation on 1st Shrawan, 2079 under the previous GAAP.

| Particulars                                         | Office Equipment  | Furnitures and Fixtures | Vehicles        | Computers and Printers | Total               |
|-----------------------------------------------------|-------------------|-------------------------|-----------------|------------------------|---------------------|
| <b>Gross Block as on 1st Shrawan 2079</b>           | 698,123.57        | 3,240,282.05            | 7,500.00        | 1,211,824.73           | 5,157,730.35        |
| <b>Accumulated depreciation as 1st Shrawan 2079</b> | (525,503.83)      | (1,893,209.83)          | (3,916.00)      | (171,731.77)           | (2,594,361.43)      |
| <b>Deemed Cost as at 1st Shrawan 2079</b>           | <b>172,619.74</b> | <b>1,347,072.22</b>     | <b>3,584.00</b> | <b>1,040,092.96</b>    | <b>2,563,368.92</b> |

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ORBIT ENERGY LTD.

Chartered Accountants



**Orbit Energy Ltd.**

Notes to Financial Statements for the year ended on 31st Ashad 2081

**4B. Intangible Assets**

Amount In NRs.

| Particulars                             | Software         | ROU Assets - 1<br>As per NFRS | ROU Assets - 2<br>As per NFRS | Total               |
|-----------------------------------------|------------------|-------------------------------|-------------------------------|---------------------|
| <b>Cost</b>                             |                  |                               |                               |                     |
| 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                  | -                | -                             | -                             | -                   |
| <b>Balance as on 31st Ashad 2080</b>    | <b>81,187.98</b> | <b>5,634,146.64</b>           | <b>753,605.16</b>             | <b>6,468,939.79</b> |
| Addition during the Year                | -                | -                             | -                             | -                   |
| Acquisition                             | -                | -                             | -                             | -                   |
| Capitalization                          | -                | -                             | -                             | -                   |
| Disposal during the year                | -                | -                             | -                             | -                   |
| Adjustment/Revaluation                  | -                | -                             | -                             | -                   |
| <b>Balance as on 31st Ashad 2081</b>    | <b>81,187.98</b> | <b>5,634,146.64</b>           | <b>753,605.16</b>             | <b>6,468,939.79</b> |
| <b>Amortization and Impairment</b>      |                  |                               |                               |                     |
| As on Shrawan 01, 2079                  | -                | -                             | -                             | -                   |
| Amortization charge for the year        | 16,237.00        | 1,379,791.02                  | 282,601.94                    | 1,678,629.95        |
| Impairment for the year                 | -                | -                             | -                             | -                   |
| Disposals                               | -                | -                             | -                             | -                   |
| Adjustment                              | -                | -                             | -                             | -                   |
| <b>As on 31st Ashad 2080</b>            | <b>16,237.00</b> | <b>1,379,791.02</b>           | <b>282,601.94</b>             | <b>1,678,629.95</b> |
| Impairment for the year                 | -                | -                             | -                             | -                   |
| Amortization charge for the year        | 16,237.60        | 1,379,791.02                  | 282,601.94                    | 1,396,028.61        |
| Disposals                               | -                | -                             | -                             | -                   |
| Adjustment                              | -                | -                             | -                             | -                   |
| <b>As on 31st Ashad 2081</b>            | <b>32,474.60</b> | <b>2,759,582.03</b>           | <b>565,203.88</b>             | <b>3,074,658.56</b> |
| <b>Net Book Value</b>                   |                  |                               |                               |                     |
| As on Shrawan 2079                      | 81,187.98        | 5,634,146.64                  | 753,605.16                    | 6,468,939.79        |
| As on 31st Ashad 2080                   | 64,950.98        | 4,254,355.63                  | 471,003.23                    | 4,790,309.84        |
| As on 31st Ashad 2081                   | 48,713.38        | 2,874,564.61                  | 188,401.29                    | 3,394,281.23        |

a.) The company has availed the deemed cost exemption in relation to the Intangible Assets on the date of the transition and hence the net block carrying amount has been considered as the gross block carrying amount on that date.

b.) Refer table below for the gross block value and the accumulated amortization on 1st Shrawan, 2079 under the previous GAAP.

| Particulars                                  | Software         | Total            |
|----------------------------------------------|------------------|------------------|
| Gross Block as on 1st Shrawan 2079           | 138,650.00       | 138,650.00       |
| Accumulated amortization as 1st Shrawan 2079 | (57,462.02)      | (57,462.02)      |
| <b>Deemed Cost as on 1st Shrawan 2079</b>    | <b>81,187.98</b> | <b>81,187.98</b> |

The software appearing under Property Plant and Equipments as on transition date as per previous GAAPs has been transferred to Intangibles

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**ORBIT ENERGY LTD.**

*[Circular stamp: Chartered Accountants]*

**Orbit Energy Ltd.**
**Notes to the financial statements for the year ended Ashad 31st, 2081**
**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<br>31st, 2081 | As at Ashad<br>31st, 2080 | As at Shrawan<br>01st, 2079 |
|-------------------------------------------------------------------------------|---------------------------|---------------------------|-----------------------------|
| <b>Sabha Khola Hydropower Project 'B' - 15.1 MW</b>                           |                           |                           |                             |
| Opening Balance                                                               | 345,200,812.88            | 164,431,902.51            | 164,431,902.51              |
| Addition During The Year                                                      | 521,334,523.88            | 180,768,910.37            | -                           |
| Deletion                                                                      | -                         | -                         | -                           |
| <b>Sub Total</b>                                                              | <b>866,535,336.76</b>     | <b>345,200,812.88</b>     | <b>164,431,902.51</b>       |
| Add: IFRIC 12 Margin                                                          | 69,322,826.94             | 27,616,065.03             | 13,154,552.20               |
| <b>Total IAUD of Project 'B'</b>                                              | <b>935,858,163.71</b>     | <b>372,816,877.91</b>     | <b>177,586,454.72</b>       |
| <b>Sabha Khola Hydropower Project 'C' - 6.3 MW</b>                            |                           |                           |                             |
| Opening Balance                                                               | 38,149,035.37             | 34,380,535.37             | 34,380,535.37               |
| Addition During The Year                                                      | 19,047,080.70             | 3,768,500.00              | -                           |
| Deletion                                                                      | -                         | -                         | -                           |
| <b>Sub Total</b>                                                              | <b>57,196,116.07</b>      | <b>38,149,035.37</b>      | <b>34,380,535.37</b>        |
| Add: IFRIC 12 Margin                                                          | 4,575,689.29              | 3,051,922.83              | 2,750,442.83                |
| <b>Total IAUD of Project 'C'</b>                                              | <b>61,771,805.36</b>      | <b>41,200,958.20</b>      | <b>37,130,978.20</b>        |
| <b>Total Intangible Assets Under Development (IAUD) - Project 'B' and 'C'</b> | <b>997,629,969.06</b>     | <b>414,017,836.11</b>     | <b>214,717,432.91</b>       |

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.

**6. Cash and Cash Equivalents**

Details of cash and cash equivalents is as follows:

| Particulars                                                         | As at Ashad<br>31st, 2081 | As at Ashad<br>31st, 2080 | As at Shrawan<br>01st, 2079 |
|---------------------------------------------------------------------|---------------------------|---------------------------|-----------------------------|
| <b>Balances with Banks</b>                                          | <b>5,303,708.98</b>       | <b>6,912,075.83</b>       | <b>238,101.89</b>           |
| Kumari Bnak Ltd. - Current Account (0430269127700001)               | 3,983,715.88              | 5,939,910.10              | -                           |
| Kumari Bnak Ltd. - Call Account (0430269127700002)                  | 53,568.35                 | -                         | -                           |
| ADBL - Current Account (0100205312140010)                           | 253,086.18                | -                         | -                           |
| Nabil Bank Ltd. - Current Account (16901017502965)                  | 18,618.37                 | 15,135.83                 | 13,679.29                   |
| Siddhartha Bank Ltd. - Non Operating Account (55504988534)          | 74,627.65                 | -                         | -                           |
| Prime Commercial Bank HO - Current Account -( 00101000000571600101) | 724,164.87                | 451,563.50                | 165,751.20                  |
| Prime Commercial Bank - Site Current Account (06901000000093000100) | 137,245.00                | 446,795.00                | -                           |
| Nepal Bank Ltd. - Current Account                                   | 6,050.00                  | 6,050.00                  | 6,050.00                    |
| Siddhartha Bank Ltd. - Current Account                              | 52,632.68                 | 52,621.40                 | 52,621.40                   |
| <b>Cash in hand (As Certified by Management)</b>                    | <b>3,590.00</b>           | <b>311.00</b>             | <b>-</b>                    |
| <b>Cash and Cash Equivalents as Per Balance Sheet</b>               | <b>5,307,298.98</b>       | <b>6,912,386.83</b>       | <b>238,101.89</b>           |
| <b>Cash and Cash Equivalents as Per Statement of Cash Flows</b>     | <b>5,307,298.98</b>       | <b>6,912,386.83</b>       | <b>238,101.89</b>           |

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**Orbit Energy Ltd.**

Notes to the financial statements for the year ended Ashad 31st, 2081

**7. Bank Balances Other than Cash and Cash Equivalents**

Amount In NRs.

| Particulars                          | As at Ashad<br>31st, 2081 | As at Ashad<br>31st, 2080 | As at Shrawan<br>01st, 2079 |
|--------------------------------------|---------------------------|---------------------------|-----------------------------|
| <b>Project 'B'</b>                   |                           |                           |                             |
| PPA Cash Margin - Bank Guarantee     | -                         | 4,530,000.00              | 4,530,000.00                |
| Cash Margin - EXIM Code              | 30,000.00                 | 30,000.00                 | -                           |
| Cash Margin - Custom (HM)            | 1,734,500.00              | -                         | -                           |
| PPA Bank Guarantee Cash Margin-KBL   | 453,000.00                | -                         | -                           |
| <b>Project 'C'</b>                   |                           |                           |                             |
| Cash Margin - Custom (HM)            | 711,000.00                | -                         | -                           |
| Cash Margin - LC (HM)                | 2,500,661.45              | -                         | -                           |
| PPA-Cash Margin - Bank Guarantee KBL | 125,880.00                | 503,520.00                | 503,520.00                  |
| <b>Total</b>                         | <b>5,555,041.45</b>       | <b>5,063,520.00</b>       | <b>5,033,520.00</b>         |

**8. Other Financial Assets**

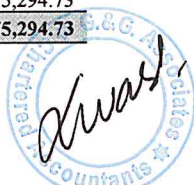
| Particulars                   | As at Ashad<br>31st, 2081 | As at Ashad<br>31st, 2080 | As at Shrawan<br>01st, 2079 |
|-------------------------------|---------------------------|---------------------------|-----------------------------|
| <b>Project 'B'</b>            |                           |                           |                             |
| Prepaid Access Road Insurance | 500,217.00                | -                         | -                           |
| Prepaid Civil Works Insurance | 1,955,090.00              | -                         | -                           |
| Prepaid Tunnel Work Insurance | 7,879,911.00              | -                         | -                           |
| Prepaid Vehicle Insurance     | 73,978.00                 | -                         | -                           |
| <b>Total</b>                  | <b>10,409,196.00</b>      | <b>-</b>                  | <b>-</b>                    |

**9. Other Assets - Current**

| Particulars                                                            | As at Ashad<br>31st, 2081 | As at Ashad<br>31st, 2080 | As at Shrawan<br>01st, 2079 |
|------------------------------------------------------------------------|---------------------------|---------------------------|-----------------------------|
| <b>Project 'B' - Sabha Khola</b>                                       |                           |                           |                             |
| Advance for Land Procurements                                          | 124,732,896.00            | 87,815,326.00             | 57,822,485.00               |
| Advance to Baibhab Power - Mobilization Advance for Civil Works        | 101,829,402.00            | 101,829,402.00            | 163,725,000.00              |
| Advance to Baibhab Power Nepal - Mobilization Advance for Tunnel Works | 142,963,152.00            | 142,963,152.00            | -                           |
| Advance to Cream Hydel Pvt.Ltd. - Mobilization Advance for HM Works    | 20,000,000.00             | 20,000,000.00             | -                           |
| Advance to Synex Power - Mobilization Advance for Explosive            | 2,042,000.00              | 18,542,000.00             | -                           |
| Site Advance                                                           | 250,000.00                | -                         | 11,798,204.52               |
| Advance to Apex Energy Pvt.Ltd.                                        | -                         | -                         | 1,170,000.00                |
| Advance to Nabin Kumar Gauli - Site Work                               | -                         | -                         | 4,335,177.00                |
| Advance to Contractors - Baibhab Power Nepal Pvt. Ltd.                 | 149,173,779.95            | 64,859,386.54             | -                           |
| Advance to Contractors - Bailee International                          | -                         | 24,500,000.00             | -                           |
| Advance to Cangzhou Spiral Steel Pipe Group Co. Ltd.                   | 173,300,595.76            | -                         | -                           |
| Advance to Long Vision Tours and Travels                               | 1,800,000.00              | -                         | -                           |
| Advance to Nepal Environment & Development Consultant Pvt. Ltd.        | 1,000,000.00              | 1,000,000.00              | -                           |
| Advance to Technoquary Pvt. Ltd.                                       | -                         | 1,000,000.00              | -                           |
| Advance to We Link Pvt. Ltd.                                           | -                         | -                         | 53,097.35                   |
| Advance to Finman Service Pvt. Ltd.                                    | -                         | 500,000.00                | -                           |
| Advance to Clean Energy Consultants Pvt. Ltd.                          | -                         | 349,000.00                | -                           |
| Advance to Arun Iron Store                                             | -                         | 152,150.00                | -                           |
| Staff Advance                                                          | 389,258.00                | 134,652.00                | -                           |
| <b>Project 'C' - Sabha Khola</b>                                       |                           |                           |                             |
| Advance for Land                                                       | 16,200,000.00             | 12,500,000.00             | -                           |
| Advance to Cangzhou Spiral Steel Pipes Co. Ltd. - HM Pipe              | 21,364,762.18             | -                         | -                           |
| <b>Total</b>                                                           | <b>755,045,845.89</b>     | <b>476,145,068.54</b>     | <b>238,903,963.87</b>       |

**10. Current Tax Assets**

| Particulars        | As at Ashad<br>31st, 2081 | As at Ashad<br>31st, 2080 | As at Shrawan<br>01st, 2079 |
|--------------------|---------------------------|---------------------------|-----------------------------|
| Advance Income Tax | 91,963.00                 | 75,450.55                 | 75,294.73                   |
| <b>Total</b>       | <b>91,963.00</b>          | <b>75,450.55</b>          | <b>75,294.73</b>            |





**Orbit Energy Ltd.**
**Notes to the financial statements for the year ended Ashad 31st, 2081**
**11. Equity Share Capital**

| Particulars                                                                     | As at Ashad<br>31st, 2081 | As at Ashad<br>31st, 2080 | As at Shrawan<br>01st, 2079 |
|---------------------------------------------------------------------------------|---------------------------|---------------------------|-----------------------------|
| Equity Share Capital                                                            | 629,665,000.00            | 418,665,000.00            | 208,375,000.00              |
| <b>Total</b>                                                                    | <b>629,665,000.00</b>     | <b>418,665,000.00</b>     | <b>208,375,000.00</b>       |
| <b>i.)</b>                                                                      |                           |                           |                             |
| <b>Authorized Share Capital :</b><br>(20,000,000 Equity Shares of Rs.100 each ) | 2,000,000,000.00          | 2,000,000,000.00          | 800,000,000.00              |
| <b>Issued Capital:</b><br>(1,650,000 Equity Shares of Rs.100 each )             | 1,650,000,000.00          | 1,200,000,000.00          | 500,000,000.00              |
| <b>Paid- Up Capital :</b><br>(3,714,125 Equity Shares of Rs.100 each )          | 629,665,000.00            | 418,665,000.00            | 208,375,000.00              |
| <b>Total</b>                                                                    | <b>629,665,000.00</b>     | <b>418,665,000.00</b>     | <b>208,375,000.00</b>       |

**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. 1,020,335,000

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

| Particulars              | As at Ashad<br>31st, 2081 | As at Ashad<br>31st, 2080 | As at Shrawan<br>01st, 2079 |
|--------------------------|---------------------------|---------------------------|-----------------------------|
| Singati Hydro Energy Ltd | 47.64%                    | 0.00%                     | 0.00%                       |
| Batu Lamichhane          | 7.92%                     | 23.85%                    | 0.00%                       |
| Ganesh Karki             | 7.92%                     | 23.85%                    | 0.00%                       |
| Pasang Sherpa            | 0.00%                     | 6.70%                     | 13.47%                      |
| Aatmaram Ghimire         | 0.00%                     | 5.77%                     | 11.59%                      |
| Kumar Keshar Bista       | 0.00%                     | 0.00%                     | 9.12%                       |
| Ishwor Prasad Rimal      | 0.00%                     | 0.00%                     | 8.71%                       |
| Hom Bahadur Basnet       | 0.00%                     | 0.00%                     | 6.01%                       |
| <b>Total</b>             | <b>63.48%</b>             | <b>60.17%</b>             | <b>48.90%</b>               |

**v.) Reconciliation of number of share outstanding**

| Particular                                           | As at Ashad<br>31st, 2081 | As at Ashad<br>31st, 2080 | As at Shrawan<br>01st, 2079 |
|------------------------------------------------------|---------------------------|---------------------------|-----------------------------|
| Balance at the beginning of the year - Share Capital | 4,186,650.00              | 2,083,750.00              | 1,898,750.00                |
| Add: Share Capital                                   | 2,110,000.00              | 2,102,900.00              | 185,000.00                  |
| <b>Balance at the end of the year</b>                | <b>6,296,650.00</b>       | <b>4,186,650.00</b>       | <b>2,083,750.00</b>         |

**12. Advance for Share Capital**

| Particulars               | As at Ashad<br>31st, 2081 | As at Ashad<br>31st, 2080 | As at Shrawan<br>01st, 2079 |
|---------------------------|---------------------------|---------------------------|-----------------------------|
| Advance for Share Capital | 352,750,000.00            | 112,750,000.00            | 246,590,000.00              |
| <b>Total</b>              | <b>352,750,000.00</b>     | <b>112,750,000.00</b>     | <b>246,590,000.00</b>       |

**13. Other Equity**

| Particulars                                | As at Ashad<br>31st, 2081 | As at Ashad<br>31st, 2080 | As at Shrawan<br>01st, 2079 |
|--------------------------------------------|---------------------------|---------------------------|-----------------------------|
| Balance At Beginning Of Year               | (1,035,293.93)            | (7,333,732.03)            | 26,034.22                   |
| Profit and (Loss) For The Year             | 29,824,818.55             | 6,302,896.88              | -                           |
| Adjustment to Retained Earning             | -                         | 7,911.31                  | -                           |
| Income Recognized Due to IFRIC 12          | -                         | -                         | 15,904,995.03               |
| NFRS Adjustment of Administrative Expenses | -                         | -                         | (21,244,209.97)             |
| Advance Payment of Lease Liability         | -                         | (12,369.92)               | -                           |
| Lease Adjustment                           | -                         | -                         | (2,020,551.31)              |
| <b>Total</b>                               | <b>28,789,524.62</b>      | <b>(1,035,293.93)</b>     | <b>(7,333,732.03)</b>       |





## Orbit Energy Ltd.

Notes to the financial statements for the year ended Ashad 31st, 2081

## 14. Borrowings

Amount In NRs.

| Particulars                                | As at Ashad<br>31st, 2081 | As at Ashad<br>31st, 2080 | As at Shrawan<br>01st, 2079 |
|--------------------------------------------|---------------------------|---------------------------|-----------------------------|
| <b>Measured at amortized cost</b>          |                           |                           |                             |
| Term Loan From Banks - Secured             | 233,816,628.75            | -                         | -                           |
| Less: Payable within 12 months transferred | -                         | -                         | -                           |
| <b>Total</b>                               | <b>233,816,628.75</b>     | <b>-</b>                  | <b>-</b>                    |

## 15. Borrowings

Amount In NRs.

| Particulars                                              | As at Ashad<br>31st, 2081 | As at Ashad<br>31st, 2080 | As at Shrawan<br>01st, 2079 |
|----------------------------------------------------------|---------------------------|---------------------------|-----------------------------|
| <b>Measured at amortized cost</b>                        |                           |                           |                             |
| Current Portion of Term Loan (Payable with in 12 months) | -                         | -                         | -                           |
| Bridge Gap/Working Capital Loan                          | 503,288,371.25            | 349,700,000.00            | -                           |
| <b>Total</b>                                             | <b>503,288,371.25</b>     | <b>349,700,000.00</b>     | <b>-</b>                    |

## 16. Other Financial Liabilities - Current

Amount In NRs.

| Particulars                                        | As at Ashad<br>31st, 2081 | As at Ashad<br>31st, 2080 | As at Shrawan<br>01st, 2079 |
|----------------------------------------------------|---------------------------|---------------------------|-----------------------------|
| <b>Project 'B'</b>                                 |                           |                           |                             |
| Audit Fee Payable                                  | 111,500.00                | 207,212.39                | 103,606.19                  |
| Staff Payable                                      | 301,995.17                | 10,543,135.00             | 7,082,416.00                |
| Management Payable                                 | 341,700.00                | 932,792.00                | 1,704,073.00                |
| Retention Payable                                  | 17,413,455.91             | 2,499,972.61              | -                           |
| Payable to Apricity Consultancy Pvt. Ltd.          | 501,750.00                | -                         | 133,800.00                  |
| Payable to Infosys Pvt. Ltd.                       | -                         | -                         | 192,139.73                  |
| Payable to Himal Stationery                        | -                         | -                         | 5,085.00                    |
| Payable to BG Group                                | -                         | 3,453,841.00              | -                           |
| PF and Gratuity Payable                            | -                         | 375,000.00                | -                           |
| Payable to City Automobiles                        | 43,874.00                 | -                         | -                           |
| Payable to Finman Service Pvt. Ltd                 | 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                  | -                         | -                           |
| Payable to United Traders Syndicate Pvt. Ltd.      | 15,185.00                 | -                         | -                           |
| Payable to Synex Power Pvt. Ltd.                   | 6,653,242.50              | -                         | -                           |
| Other Payable                                      | 126,269.11                | 1,027,611.65              | -                           |
| Sundry Creditors'                                  | -                         | 5,726,500.00              | -                           |
| Lease Liability                                    | 3,337,746.78              | 4,688,750.93              | 6,202,748.12                |
| <b>Project 'C'</b>                                 |                           |                           |                             |
| Other Payable                                      | -                         | -                         | 5,000,000.00                |
| <b>Total</b>                                       | <b>29,248,651.47</b>      | <b>29,454,815.58</b>      | <b>20,423,868.04</b>        |

## 17. Other Current Liabilities

| Particulars                           | As at Ashad<br>31st, 2081 | As at Ashad<br>31st, 2080 | As at Shrawan<br>01st, 2079 |
|---------------------------------------|---------------------------|---------------------------|-----------------------------|
| SST and Remuneration Tax Payable      | 270,224.00                | 359,738.00                | 2,301,846.00                |
| Withholding Tax Payable (TDS Payable) | 2,713,267.59              | 2,147,681.99              | 661,644.36                  |
| <b>Total</b>                          | <b>2,983,491.59</b>       | <b>2,507,419.99</b>       | <b>2,963,490.36</b>         |



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**Orbit Energy Ltd.**

Notes to the financial statements for the year ended Ashad 31st, 2081

**18. Revenue During Construction Phase as per IFRIC 12**

**Amount In NRs.**

| Particulars                                          | FY. 2080.81          | FY. 2079.80          |
|------------------------------------------------------|----------------------|----------------------|
| <b>Project B</b>                                     |                      |                      |
| Revenue During Construction Phase as per IFRIC 12    | 563,041,285.79       | 195,230,423.20       |
| Less: Cost During Construction Phase as per IFRIC 12 | 521,334,523.88       | 180,768,910.37       |
| <b>Construction Income Project B</b>                 | <b>41,706,761.91</b> | <b>14,461,512.83</b> |
| <b>Project C</b>                                     |                      |                      |
| Revenue During Construction Phase as per IFRIC 12    | 20,570,847.16        | 4,069,980.00         |
| Less: Cost During Construction Phase as per IFRIC 12 | 19,047,080.70        | 3,768,500.00         |
| <b>Construction Income Project C</b>                 | <b>1,523,766.46</b>  | <b>301,480.00</b>    |
| <b>Total Construction Income of Project B and C</b>  | <b>43,230,528.37</b> | <b>14,762,992.83</b> |

*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.*

**19. Other Income**

**Amount In NRs.**

| Particulars     | FY. 2080.81       | FY. 2079.80     |
|-----------------|-------------------|-----------------|
| Interest income | 110,083.02        | 2,978.36        |
| <b>Total</b>    | <b>110,083.02</b> | <b>2,978.36</b> |

**20. Employee Benefits Expense**

| Particulars           | FY. 2080.81         | FY. 2079.80         |
|-----------------------|---------------------|---------------------|
| Salary and Allowances | 4,997,388.00        | 2,987,900.00        |
| <b>Total</b>          | <b>4,997,388.00</b> | <b>2,987,900.00</b> |

**21. Depreciation And Amortization Expenses**

**Amount In NRs.**

| Particulars                                                   | FY. 2080.81         | FY. 2079.80       |
|---------------------------------------------------------------|---------------------|-------------------|
| Depreciation Of Property, Plant and Equipment(General Assets) | 1,079,645.43        | 643,916.68        |
| Amortization Intangible Assets (Software) and ROU             | 1,396,028.61        | 1,678,629.95      |
| <b>Total</b>                                                  | <b>2,475,674.04</b> | <b>643,916.68</b> |

  
ORBIT ENERGY LTD.





  
G&G Associates  
Chartered Accountants



**Orbit Energy Ltd.**
**Notes to the financial statements for the year ended 31st Asadh 2081**
**22. Administrative and Other General Expenses**

| Particulars                             | FY. 2080.81         | FY. 2079.80         |
|-----------------------------------------|---------------------|---------------------|
| Audit fee                               | 113,000.00          | 105,000.00          |
| Legal fee expenses                      | 88,440.00           | 50,002.50           |
| Meeting Allowance                       | 69,717.00           | 29,600.00           |
| Office Expenses                         | 86,464.80           | 199,542.15          |
| Security Expenses                       | 24,001.20           | 80,004.00           |
| Travelling Expenses                     | 40,638.20           | 7,180.00            |
| Cleaner Expenses                        | 96,255.00           | 64,000.00           |
| Bank comission and Charges              | 38,531.40           | 62,456.54           |
| Tiffin & Refreshment Expenses           | 715,227.00          | 128,280.70          |
| Travelling Allowance-Int'l              | 55,035.20           | 219,480.56          |
| Travelling and Ticketing                | 94,909.80           | 313,112.20          |
| Mobile Recharge Expenses - Staff        | 83,555.00           | 33,000.00           |
| Repair and Maintenance - Office         | 6,200.00            | 34,654.00           |
| Food and Accommodation                  | -                   | 343,757.10          |
| Telephone, Water & Electricity Expenses | 89,196.00           | 97,690.00           |
| Fuel & Transportation Expenses          | 121,466.20          | 67,384.60           |
| Printing & Stationary Expenses          | 47,792.49           | 39,742.60           |
| Government Tax                          | 743,500.00          | 546,413.00          |
| Balances Written Off                    | 3,018,004.26        | -                   |
| Consultancy Fee                         | 28,250.00           | 98,250.00           |
| Membership Expenses                     | 27,750.00           | -                   |
| <b>Project C</b>                        |                     |                     |
| Bank Charge                             | 5,801.40            |                     |
| Membership Expenses                     | -                   | 15,000.00           |
| <b>Total</b>                            | <b>5,593,734.95</b> | <b>2,534,549.95</b> |

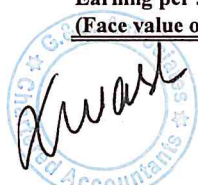
**23. Finance Cost**
**Amount In NRs.**

| Particulars                   | FY. 2080.81       | FY. 2079.80       |
|-------------------------------|-------------------|-------------------|
| Finance Cost - Bank           | -                 | -                 |
| Finance Cost - Other ( Lease) | 448,995.85        | 618,077.73        |
| <b>Total</b>                  | <b>448,995.85</b> | <b>618,077.73</b> |

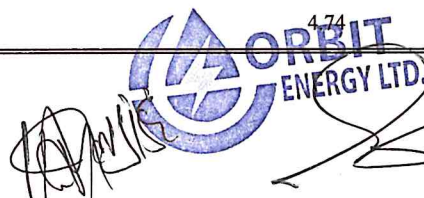
Note: The interest expenses is on account of unwinding of lease liability relating to office space taken on lease .

**24. Earning Per Share (EPS)**

| Particulars                                                                      | FY. 2080.81   | FY. 2079.80  |
|----------------------------------------------------------------------------------|---------------|--------------|
| Profit / (Loss) for the year                                                     | 29,824,818.55 | 6,302,896.88 |
| Weighted average number of equity shares outstanding                             | 6,296,650.00  | 4,186,650.00 |
| <b>Earning per share - Basic</b><br><b>(Face value of Rs. 100 per share)</b>     | <b>4.74</b>   | <b>1.51</b>  |
| Add: weighted average number of potential equity shares                          |               |              |
| Weighted average number of equity shares (including dilutive shares) outstanding | -             | -            |
| <b>Earning per share - Diluted</b><br><b>(Face value of Rs. 100 per share)</b>   | <b>4.74</b>   | <b>1.51</b>  |



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

Amount In NRs.

| Particulars                                         | As at Ashad<br>31st, 2081 | As at Ashad<br>31st, 2080 | As at Shrawan<br>1st, 2079 |
|-----------------------------------------------------|---------------------------|---------------------------|----------------------------|
| <b>Sabha Khola 'B' Hydropower Project - 15.1 MW</b> |                           |                           |                            |
| Pre-Operating and Development Cost                  | 63,565,812.10             | 63,565,812.10             | 63,034,898.11              |
| Civil Construction Works                            | 355,915,797.43            | 15,266,268.50             | -                          |
| Hydromechanical Works                               | 712,366.55                | -                         | -                          |
| 132 kV Transmission Line/Con power                  | 29,305,199.70             | 24,943,337.55             | 20,000.00                  |
| Land Lease and Procurement                          | 43,140,300.00             | 32,594,300.00             | 28,489,300.00              |
| Site office Building                                | 28,757,147.50             | 8,684,050.00              | -                          |
| Office Equipment                                    | 4,889,510.00              | -                         | -                          |
| Vehicle                                             | 29,374,234.00             | 10,344,600.28             | 69,704.00                  |
| Access Road/Infrastructure                          | 124,272,125.59            | 112,852,475.63            | 56,521,165.50              |
| Social and Environment Cost/Replacement             | 17,007,049.00             | 9,739,417.00              | 4,986,387.00               |
| Engineering, Management and Supervision             | 63,042,715.31             | 31,048,556.20             | 11,310,447.91              |
| Project Insurance during Construction               | 4,269,887.22              | -                         | -                          |
| Misc/Contingency/Provisional Sum                    | -                         | -                         | -                          |
| Interest During Construction                        | 102,283,192.37            | 36,161,995.63             | -                          |
| <b>Total</b>                                        | <b>866,535,336.76</b>     | <b>345,200,812.88</b>     | <b>164,431,902.51</b>      |
| <b>Add: IFRIC 12 Margin</b>                         | <b>69,322,826.94</b>      | <b>27,616,065.03</b>      | <b>13,154,552.20</b>       |
| <b>Total</b>                                        | <b>935,858,163.71</b>     | <b>372,816,877.91</b>     | <b>177,586,454.72</b>      |

5.1.1 Details of Intangible Assets Under Development (IAUD)

Amount In NRs.

| Particulars                                         | As at Ashad<br>31st, 2081 | As at Ashad<br>31st, 2080 | As at Shrawan<br>1st, 2079 |
|-----------------------------------------------------|---------------------------|---------------------------|----------------------------|
| <b>Sabha Khola 'B' Hydropower Project - 15.1 MW</b> |                           |                           |                            |
| <b><u>Pre-Operating and Development Cost</u></b>    |                           |                           |                            |
| Bank Commission                                     | 3,743,881.00              | 3,743,881.00              | 3,743,881.00               |
| Consultancy Expenses                                | 1,797,100.00              | 1,797,100.00              | 1,797,100.00               |
| Project Promotion Expenses                          | 1,982,919.00              | 1,982,919.00              | 1,474,870.00               |
| Gratuity Expenses                                   | 142,170.12                | 142,170.12                | 142,170.12                 |
| Depreciation                                        | 137,460.04                | 137,460.04                | 137,460.04                 |
| Advertising and consultancy Expenses                | 151,476.00                | 151,476.00                | 151,476.00                 |
| Fuel & Transportation Expenses                      | 1,028,147.94              | 1,028,147.94              | 1,028,147.94               |
| Guest Entertainment Expenses                        | 3,626,925.29              | 3,626,925.29              | 3,626,925.29               |
| House Rent                                          | 5,533,360.00              | 5,533,360.00              | 5,533,360.00               |
| Meeting Allowance Expenses                          | 3,700,000.00              | 3,700,000.00              | 3,700,000.00               |
| IEE Report Expenses                                 | 50,900.00                 | 50,900.00                 | 50,900.00                  |
| DPR Report Expenses                                 | 4,800,000.00              | 4,800,000.00              | 4,800,000.00               |
| WIP company Registration Exp                        | 256,600.00                | 256,600.00                | 256,600.00                 |
| Loan processing Fees                                | 4,720,500.00              | 4,720,500.00              | 4,720,500.00               |
| License fee & Charges DOED NEA                      | 7,162,000.00              | 7,162,000.00              | 7,162,000.00               |
| PPA Expense                                         | 602,000.00                | 602,000.00                | 602,000.00                 |
| Grid Connection Expense                             | 30,000.00                 | 30,000.00                 | 30,000.00                  |
| Salary Expenses                                     | 21,145,635.98             | 21,145,635.98             | 21,145,635.98              |
| Travelling Expenses                                 | 1,588,018.00              | 1,588,018.00              | 1,588,018.00               |
| Communication                                       | 548,240.00                | 548,240.00                | 548,240.00                 |
| Project development Cost                            | 177,239.99                | 177,239.99                | 154,375.00                 |
| Stationary & Printing Expenses                      | 410,466.74                | 410,466.74                | 410,466.74                 |
| Telephone & Mobile Expenses                         | 230,772.00                | 230,772.00                | 230,772.00                 |
| <b>Sub Total</b>                                    | <b>63,565,812.10</b>      | <b>63,565,812.10</b>      | <b>63,034,898.11</b>       |



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**Orbit Energy Ltd**  
Notes to the financial Statement for the year ended 31st Asadh , 2081

**Civil Construction Works**

|                                             |                       |                      |          |
|---------------------------------------------|-----------------------|----------------------|----------|
| Underground Works-TUNNEL                    | 183,673,907.49        | -                    | -        |
| Army Management Expenses                    | 19,739,687.50         | -                    | -        |
| Bailey Bridge at Powerhouse                 | 47,718,143.54         | -                    | -        |
| Bailey Bridge-Headwork's                    | 45,761,365.40         | -                    | -        |
| Explosives and Detonator                    | 43,756,425.00         | -                    | -        |
| Army Camp and Bunker House                  | 14,117,837.50         | 14,117,837.50        | -        |
| Good Purchased and Furnishing for Army camp | 1,148,431.00          | 1,148,431.00         | -        |
| <b>Sub Total</b>                            | <b>355,915,797.43</b> | <b>15,266,268.50</b> | <b>-</b> |

**Hydromechanical Works**

|                              |                   |          |          |
|------------------------------|-------------------|----------|----------|
| LC-Commission For HM Works-B | 561,146.04        | -        | -        |
| Transit Insurance            | 151,220.51        | -        | -        |
| <b>Sub Total</b>             | <b>712,366.55</b> | <b>-</b> | <b>-</b> |

**Electro-mechanical/Substation Equipment**

|                  |          |          |          |
|------------------|----------|----------|----------|
| EM - Works       | -        | -        | -        |
| <b>Sub Total</b> | <b>-</b> | <b>-</b> | <b>-</b> |

**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. | 1,481,393.20         | 553,426.05           | -                |
| Survey Expenses - TL                              | 130,000.00           | 20,000.00            | 20,000.00        |
| Grid Connection Expenses                          | 150,000.00           | 150,000.00           | -                |
| DCPT Test at Tower Foundation OF TL               | 971,800.00           | -                    | -                |
| Desk Study Report                                 | 141,250.00           | -                    | -                |
| Transmission Line Survey                          | 2,210,845.00         | -                    | -                |
| <b>Sub Total</b>                                  | <b>29,305,199.70</b> | <b>24,943,337.55</b> | <b>20,000.00</b> |

**Land Lease and Procurement**

|                                               |                      |                      |                      |
|-----------------------------------------------|----------------------|----------------------|----------------------|
| Land Purchased and Lease                      | 26,193,500.00        | 26,193,500.00        | 26,158,500.00        |
| Land Purchase Project Area (Registration Fee) | 130,800.00           | 130,800.00           | 130,800.00           |
| Compensation for Land                         | 16,816,000.00        | 6,270,000.00         | 2,200,000.00         |
| <b>Sub Total</b>                              | <b>43,140,300.00</b> | <b>32,594,300.00</b> | <b>28,489,300.00</b> |

**Site office Building**

|                   |                      |                     |          |
|-------------------|----------------------|---------------------|----------|
| Prefab Camp Works | 8,684,050.00         | 8,684,050.00        | -        |
| RCC Camp Works    | 20,073,097.50        | -                   | -        |
| <b>Sub Total</b>  | <b>28,757,147.50</b> | <b>8,684,050.00</b> | <b>-</b> |

**Office Equipment**

|                                  |                     |          |          |
|----------------------------------|---------------------|----------|----------|
| 500 KVA Distribution Transformer | 1,708,560.00        | -        | -        |
| Generator KOEL 250KVA 3PH D.G.   | 3,180,950.00        | -        | -        |
| <b>Sub Total</b>                 | <b>4,889,510.00</b> | <b>-</b> | <b>-</b> |

**Vehicle**

|                               |                      |                      |                  |
|-------------------------------|----------------------|----------------------|------------------|
| Cereta - 5703                 | -                    | 6,586,000.00         | -                |
| Mahindra Bolero - 7196        | 3,130,000.00         | 3,130,000.00         | -                |
| Repairs and Maintenance       | 1,339,234.00         | 628,600.28           | 69,704.00        |
| Land Cruiser Prado-8758/5373  | 24,500,000.00        | -                    | -                |
| Motorcycle-Pulsar             | 399,900.00           | -                    | -                |
| Vehicle Registration Expenses | 5,100.00             | -                    | -                |
| <b>Sub Total</b>              | <b>29,374,234.00</b> | <b>10,344,600.28</b> | <b>69,704.00</b> |

 **ORBIT**  
ENERGY LTD.








**Orbit Energy Ltd**  
**Notes to the financial Statement for the year ended 31st Asadh , 2081**

**Access Road/Infrastructure**

|                                 |                       |                       |                      |
|---------------------------------|-----------------------|-----------------------|----------------------|
| Access Road                     | 96,317,589.59         | 84,897,939.63         | 28,398,558.51        |
| Site Development Expenses       | 2,861,606.00          | 2,861,606.00          | 2,841,606.00         |
| Wages Expenses                  | 25,092,930.00         | 25,092,930.00         | 25,092,930.00        |
| Tiffin and Refreshment Expenses | -                     | -                     | 164,829.99           |
| Fuel & Transportation Expenses  | -                     | -                     | 23,241.00            |
| <b>Sub Total</b>                | <b>124,272,125.59</b> | <b>112,852,475.63</b> | <b>56,521,165.50</b> |

**Social and Environment Cost/Replacement**

|                                            |                      |                     |                     |
|--------------------------------------------|----------------------|---------------------|---------------------|
| Environmental Social Contribution Expenses | 1,547,367.00         | 1,547,367.00        | 1,547,367.00        |
| Corporate Social Responsibility            | 1,756,294.00         | 200,000.00          | -                   |
| Project Promotion Expenses                 | 10,218,388.00        | 4,507,050.00        | -                   |
| Compensation for Forest                    | 95,000.00            | 95,000.00           | -                   |
| IEE Report                                 | 3,390,000.00         | 3,390,000.00        | 3,390,000.00        |
| Group Accidental Insurance                 | -                    | -                   | 49,020.00           |
| <b>Sub Total</b>                           | <b>17,007,049.00</b> | <b>9,739,417.00</b> | <b>4,986,387.00</b> |

**Engineering, Management and Supervision**

|                                               |                      |                      |                      |
|-----------------------------------------------|----------------------|----------------------|----------------------|
| Bank Commission                               | 170,136.00           | -                    | 508,058.54           |
| Consultancy Expenses                          | 635,803.00           | -                    | -                    |
| Advertisement and Notice Publication Expenses | 544,943.20           | -                    | -                    |
| Fuel & Transportation Expenses                | 755,403.20           | 269,538.40           | -                    |
| Kitchen Goods                                 | 24,514.00            | 24,514.00            | -                    |
| Office Supply & Miscellaneous Expenses        | 205,097.20           | 74,281.20            | -                    |
| Legal Fee                                     | 323,032.50           | 116,672.50           | -                    |
| Meeting Allowance Expenses                    | 408,468.00           | 129,600.00           | 11,200.00            |
| Office Expenses                               | 215,043.20           | -                    | -                    |
| Security Expenses                             | 56,002.80            | -                    | -                    |
| Food & Accommodation Expenses                 | 715,860.03           | 715,860.03           | 715,860.03           |
| Salary Expenses                               | 41,526,341.34        | 21,536,789.34        | 9,585,189.34         |
| Printing & Stationery Expenses                | 111,515.81           | -                    | -                    |
| Travelling Expenses                           | 681,412.80           | 518,860.00           | 490,140.00           |
| Group Accidental Insurance                    | 287,540.00           | 116,540.00           | -                    |
| Tiffin & Refreshment Expenses                 | 218,864.80           | 218,864.80           | -                    |
| Travelling Allowance-Int'l                    | 1,098,063.04         | 877,922.24           | -                    |
| Travelling and Ticketing                      | 1,629,908.00         | 1,250,268.80         | -                    |
| Feasibility Study of Shabha Khola B           | 3,390,000.00         | 3,390,000.00         | -                    |
| Site Overhead Expenses                        | 1,325,040.99         | 646,926.99           | -                    |
| DOED Meeting Expenses                         | 478,251.00           | 118,000.00           | -                    |
| Transportation Expenses                       | 145,005.00           | 110,005.00           | -                    |
| Mobile Recharge Expenses - Staff              | 267,295.00           | 77,000.00            | -                    |
| Food and Accommodation Expenses               | 585,706.50           | -                    | -                    |
| Food and Accommodation-Site Visit             | 1,234,042.90         | 802,099.90           | -                    |
| Fuel and Lubrication-Project Travelling       | 54,813.00            | 54,813.00            | -                    |
| Documentation Fee for Bank Guarantee - PPA    | 500,000.00           | -                    | -                    |
| Financial Closure Fee                         | 565,000.00           | -                    | -                    |
| Financial Consulting Fee                      | 474,600.00           | -                    | -                    |
| Membership Expenses                           | 64,750.00            | -                    | -                    |
| Rating Fee-Bank Facilities                    | 508,500.00           | -                    | -                    |
| Website Development Expenses                  | 62,150.00            | -                    | -                    |
| Festival Expenses                             | 951,650.00           | -                    | -                    |
| Motorcycle Insurance                          | 7,785.00             | -                    | -                    |
| Vehicle Tax-Renew Expense                     | 78,900.00            | -                    | -                    |
| Due Diligence Study Report                    | 1,474,650.00         | -                    | -                    |
| Technical Bill Verification Fee               | 723,200.00           | -                    | -                    |
| Water and Electricity Expenses                | 187,304.00           | -                    | -                    |
| Fuel Expenses                                 | 21,869.00            | -                    | -                    |
| Guest Expenses                                | 293,259.00           | -                    | -                    |
| Meeting Expensee                              | 40,995.00            | -                    | -                    |
| <b>Sub Total</b>                              | <b>63,042,715.31</b> | <b>31,048,556.20</b> | <b>11,310,447.91</b> |

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Orbit Energy Ltd  
Notes to the financial Statement for the year ended 31st Asadh , 2081

Project Insurance during Construction

|                            |                     |          |          |
|----------------------------|---------------------|----------|----------|
| Access Road Insurance      | 71,944.36           | -        | -        |
| Civil Works Insurance      | 327,932.62          | -        | -        |
| Tunnel Insurance Cost      | 3,600,087.07        | -        | -        |
| Vehicle Insurance Expenses | 269,923.17          | -        | -        |
| <b>Sub Total</b>           | <b>4,269,887.22</b> | <b>-</b> | <b>-</b> |

Misc/Contingency/Provisional Sum

|                                   |          |          |          |
|-----------------------------------|----------|----------|----------|
| Misc/Contingency/Provisional Cost | -        | -        | -        |
| <b>Sub Total</b>                  | <b>-</b> | <b>-</b> | <b>-</b> |

Interest During Construction (IDC)

|                             |                       |                      |          |
|-----------------------------|-----------------------|----------------------|----------|
| Interest on Loan            | 76,903,192.37         | 12,281,995.63        | -        |
| Agency Fee                  | 1,500,000.00          | -                    | -        |
| Bank Loan Processing Charge | 23,880,000.00         | 23,880,000.00        | -        |
| <b>Sub Total</b>            | <b>102,283,192.37</b> | <b>36,161,995.63</b> | <b>-</b> |

|                    |                       |                       |                       |
|--------------------|-----------------------|-----------------------|-----------------------|
| <b>Grand Total</b> | <b>866,535,336.76</b> | <b>345,200,812.88</b> | <b>164,431,902.51</b> |
|--------------------|-----------------------|-----------------------|-----------------------|



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

Amount In NRs.

| Particulars                             | As at Ashad<br>31st, 2081 | As at Ashad<br>31st, 2080 | As at Shrawan<br>1st, 2079 |
|-----------------------------------------|---------------------------|---------------------------|----------------------------|
| Pre-Operating and Development Cost      | 27,629,011.63             | 27,629,011.63             | 27,629,011.63              |
| Civil Construction Works                | -                         | -                         | -                          |
| Hydromechanical Works                   | 274,410.70                | -                         | -                          |
| Electro-mechanical/Substation Equipment | -                         | -                         | -                          |
| 132 kV Transmission Line/Con power      | -                         | -                         | -                          |
| Land Lease and Procurement              | -                         | -                         | -                          |
| Site office Building                    | -                         | -                         | -                          |
| Office Equipment                        | -                         | -                         | -                          |
| Vehicle                                 | 6,586,000.00              | -                         | -                          |
| Access Road/Infrastructure              | 6,751,523.74              | 6,751,523.74              | 6,751,523.74               |
| Social and Environment Cost/Replacement | -                         | -                         | -                          |
| Engineering, Management and Supervision | 5,695,150.00              | 3,768,500.00              | -                          |
| Project Insurance during Construction   | -                         | -                         | -                          |
| Misc/Contingency/Provisional Sum        | -                         | -                         | -                          |
| Interest During Construction            | 10,260,020.00             | -                         | -                          |
| <b>Total</b>                            | <b>57,196,116.07</b>      | <b>38,149,035.37</b>      | <b>34,380,535.37</b>       |
| <b>Add: IFRIC 12 Margin</b>             | <b>4,575,689.29</b>       | <b>3,051,922.83</b>       | <b>2,750,442.83</b>        |
| <b>Total</b>                            | <b>61,771,805.36</b>      | <b>41,200,958.20</b>      | <b>37,130,978.20</b>       |

5.1.1 Details of Intangible Assets Under Development (IAUD)

Amount In NRs.

| Particulars | As at Ashad<br>31st, 2081 | As at Ashad<br>31st, 2080 | As at Shrawan<br>1st, 2079 |
|-------------|---------------------------|---------------------------|----------------------------|
|-------------|---------------------------|---------------------------|----------------------------|

**Sabha Khola 'C' Hydropower Project - 6.3 MW**

**Pre-Operating and Development Cost**

|                                |                      |                      |                      |
|--------------------------------|----------------------|----------------------|----------------------|
| Consultancy Expenses           | 100,000.00           | 100,000.00           | 100,000.00           |
| House Rent Office              | 2,880,000.00         | 2,880,000.00         | 2,880,000.00         |
| Gratuity Expenses              | 39,567.50            | 39,567.50            | 39,567.50            |
| IEE & DPR Expenses (4.2 MW)    | 7,905,643.85         | 7,905,643.85         | 7,905,643.85         |
| DPR Report Expenses            | 1,000,000.28         | 1,000,000.28         | 1,000,000.28         |
| Bidhut Byapar Bibhag (4.2 MW)  | 90,000.00            | 90,000.00            | 90,000.00            |
| WIP company Registration Exp   | 5,000.00             | 5,000.00             | 5,000.00             |
| License fee & Charges DOED NEA | 12,000,000.00        | 12,000,000.00        | 12,000,000.00        |
| PPA Expense                    | 60,000.00            | 60,000.00            | 60,000.00            |
| Grid Connection Expense        | 52,000.00            | 52,000.00            | 52,000.00            |
| Bonus                          | 84,700.00            | 84,700.00            | 84,700.00            |
| CIT Contribution               | 47,500.00            | 47,500.00            | 47,500.00            |
| Salary Expenses                | 3,364,600.00         | 3,364,600.00         | 3,364,600.00         |
| <b>Sub Total</b>               | <b>27,629,011.63</b> | <b>27,629,011.63</b> | <b>27,629,011.63</b> |

**Civil Construction Works**

|                  |          |          |          |
|------------------|----------|----------|----------|
| Civil Works      | -        | -        | -        |
| <b>Sub Total</b> | <b>-</b> | <b>-</b> | <b>-</b> |

**Hydromechanical Works**

|                                |                   |          |          |
|--------------------------------|-------------------|----------|----------|
| LC Commission-for HM Works C   | 213,060.22        | -        | -        |
| Transit Insurance for HM Works | 61,350.48         | -        | -        |
| <b>Sub Total</b>               | <b>274,410.70</b> | <b>-</b> | <b>-</b> |

**Electro-mechanical/Substation Equipment**

|                  |          |          |          |
|------------------|----------|----------|----------|
| EM - Works       | -        | -        | -        |
| <b>Sub Total</b> | <b>-</b> | <b>-</b> | <b>-</b> |

**132 kV Transmission Line/Con power**

|                  |          |          |          |
|------------------|----------|----------|----------|
| TL - Works       | -        | -        | -        |
| <b>Sub Total</b> | <b>-</b> | <b>-</b> | <b>-</b> |

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**ORBIT ENERGY LTD.**

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G.G. Associates  
Chartered Accountants



**Land Lease and Procurement**

|                                               |          |          |          |
|-----------------------------------------------|----------|----------|----------|
| Land Purchased and Lease                      | -        | -        | -        |
| Land Purchase Project Area (Registration Fee) | -        | -        | -        |
| Compensation for Land                         | -        | -        | -        |
| <b>Sub Total</b>                              | <b>-</b> | <b>-</b> | <b>-</b> |

**Site office Building**

|                            |          |          |          |
|----------------------------|----------|----------|----------|
| Site Office Building Works | -        | -        | -        |
| <b>Sub Total</b>           | <b>-</b> | <b>-</b> | <b>-</b> |

**Office Equipment**

|                           |          |          |          |
|---------------------------|----------|----------|----------|
| Office Equipment Expenses | -        | -        | -        |
| <b>Sub Total</b>          | <b>-</b> | <b>-</b> | <b>-</b> |

**Vehicle**

|                  |                     |          |          |
|------------------|---------------------|----------|----------|
| Cereta - 5703    | 6,586,000.00        | -        | -        |
| <b>Sub Total</b> | <b>6,586,000.00</b> | <b>-</b> | <b>-</b> |

**Access Road/Infrastructure**

|                  |                     |                     |                     |
|------------------|---------------------|---------------------|---------------------|
| Wages Expenses   | 6,751,523.74        | 6,751,523.74        | 6,751,523.74        |
| <b>Sub Total</b> | <b>6,751,523.74</b> | <b>6,751,523.74</b> | <b>6,751,523.74</b> |

**Social and Environment Cost/Replacement**

|                             |          |          |          |
|-----------------------------|----------|----------|----------|
| Social and Environment Cost | -        | -        | -        |
| <b>Sub Total</b>            | <b>-</b> | <b>-</b> | <b>-</b> |

**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        | 1,130,000.00        | -        |
| Geo Physical Survey (2D-ERT)        | 395,500.00          | 395,500.00          | -        |
| Due Diligence Study Report          | 796,650.00          | -                   | -        |
| <b>Sub Total</b>                    | <b>5,695,150.00</b> | <b>3,768,500.00</b> | <b>-</b> |

**Project Insurance during Construction**

|                        |          |          |          |
|------------------------|----------|----------|----------|
| Project Insurance Cost | -        | -        | -        |
| <b>Sub Total</b>       | <b>-</b> | <b>-</b> | <b>-</b> |

**Misc/Contingency/Provisional Sum**

|                               |          |          |          |
|-------------------------------|----------|----------|----------|
| Misc./Contingency/Provisional | -        | -        | -        |
| <b>Sub Total</b>              | <b>-</b> | <b>-</b> | <b>-</b> |

**Interest During Construction (IDC)**

|                      |                      |          |          |
|----------------------|----------------------|----------|----------|
| Loan processing Fees | 10,260,020.00        | -        | -        |
| <b>Sub Total</b>     | <b>10,260,020.00</b> | <b>-</b> | <b>-</b> |

|                    |                      |                      |                      |
|--------------------|----------------------|----------------------|----------------------|
| <b>Grand Total</b> | <b>57,196,116.07</b> | <b>38,149,035.37</b> | <b>34,380,535.37</b> |
|--------------------|----------------------|----------------------|----------------------|

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**Orbit Energy Limited**  
**Notes to the Financial Statements**  
**For the Year ended 31<sup>st</sup> Asadh 2081 (15 July 2024)**

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

  
Biju Lamichhane  
Chairman

CA. Avash Gautam  
Partner  
G & G Associates  
Chartered Accountants

  
Kapil Gaudel  
Accounts Officer

Date: Mangsir 09, 2081  
Place: Kathmandu, Nepal

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