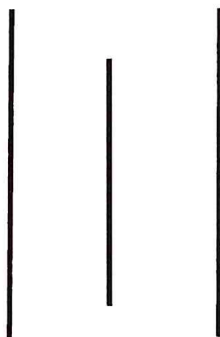
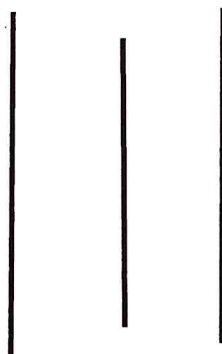

Audit Report

Habitat Power Company Ltd.
Kathmandu, Nepal



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



Submitted By:
G. & G. Associates, Chartered Accountants

Shrawan, 2082

INDEPENDENT AUDITORS' REPORT

TO THE SHAREHOLDERS OF HABITAT POWER COMPANY LIMITED

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Habitat Power Company Ltd., which comprise the Statement of Financial Position as at Ashadh 32, 2082, Statement of Profit or Loss and Other Comprehensive Income, Statement of Cash Flows and Statement of Change in Equity 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 firm as at Ashadh 32, 2082 and its financial performance and its cash flows for the year then ended in accordance with Nepal Financial Reporting Standards (NFRS).

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

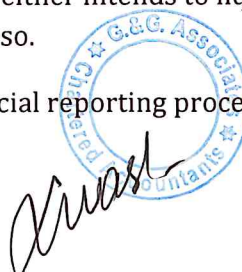
Key audit matters are those matters that, in the auditor's professional judgment, were of most significance in the audit of the financial statements; and these matters were addressed in the context of the audit of the financial statements as a whole, and in forming the auditor's opinion thereon, and the auditor does not provide a separate opinion on these matters. However, we have determined that there are no key audit matters to communicate in our report.

Responsibilities of Management for the financial statements

Management is responsible for the preparation and fair presentation of financial statements in accordance with NFRS, 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 firm'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 firm or to cease operations, or have no realistic alternative but to do so.

Management is responsible for overseeing the firm's financial reporting process.



Auditor's responsibilities for the audit of the financial statements

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

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

- 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 Requirements of the Companies Act, 2063

We report, based on our audit, on the requirements of the Companies Act, 2063, 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 Statement of Financial Position, Statement of Profit or Loss and Other Comprehensive Income, Statement of Cash Flows and Statement of Change 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 the 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.

For G. & G. Associates,
Chartered Accountants,


CA. Avash Gautam
Partner

Date : 2082/04/09
Place : Kathmandu

COP : 1000
UDIN : 250728CA014496pKGA

Habitat Power Company Ltd.
Statement of Financial Position
As at Ashadh 32nd, 2082 (16th July 2025)

Amount In NRs.			
Particulars	Notes	As At Ashadh 32nd, 2082	As At Ashadh 31st, 2081
ASSETS			
Non-Current Assets			
Property, Plant & Equipment	4A	1,362,621.08	960,112.71
Intangible Assets	4B	22,967.79	30,651.79
Intangible Assets Under Development (IAUD)	5	1,771,021,105.18	687,293,164.94
Financial Assets			
Investment in Associates and Subsidiary		-	-
Other Investment		-	-
Other non-current assets		-	-
Deferred Tax Assets		-	-
Total Non-Current Assets		1,772,406,694.05	688,283,929.44
Current Assets			
Inventories		-	-
Financial Assets			
Trade Receivables		-	-
Cash and Cash Equivalents	6	30,381,806.42	27,718,570.30
Bank Balance Other than Cash and Cash Equivalents	7	8,641,050.00	16,403,000.00
Investments in Equity Instruments		-	-
Other Financial Assets	8	4,027,437.11	3,363,492.22
Other Current Assets	9	156,124,192.38	211,079,040.28
Current Tax Assets		-	-
Total Current Assets		199,174,485.91	258,564,102.80
Total Assets		1,971,581,179.96	946,848,032.24
EQUITY AND LIABILITIES			
Equity			
Equity Share Capital	10	568,000,000.00	300,215,100.00
Advance for Share Capital	11	-	26,800,000.00
Other Equity	12	116,010,342.33	43,900,117.52
Total Equity		684,010,342.33	370,915,217.52
Liabilities			
Non-Current Liabilities			
Financial Liabilities			
Borrowings	13	750,000,000.00	534,000,000.00
Deferred Tax liabilities		-	-
Total Non-Current Liabilities		750,000,000.00	534,000,000.00
Current liabilities			
Financial Liabilities			
Borrowings	14	501,010,656.44	20,000,000.00
Other Financial Liabilities	15	36,301,992.68	21,417,938.76
Other Current Liabilities	16	258,188.00	514,875.65
Provision		-	-
Current Tax Liabilities		-	-
Total Current Liabilities		537,570,837.12	41,932,814.41
Total Liabilities		1,287,570,837.12	575,932,814.41
Total Equity and Liabilities		1,971,581,179.96	946,848,032.24

The accompanying notes are integral part of these financial statements.

As per our attached report of even date

Mandeep Khanal
General Manager

Ganesh Karki
Director

Batu Lamichhane
Chairman

FCA. Avash Gautam
Partner
G. & G. Associates
Chartered Accountants

Madhu Sudan Poudyal
Director

Rajani Thapa
Director

Bele Raj Gautam
Director

Santosh Belbase
Accounts Officer

Date: Shrawan 09, 2082
Place: Kathmandu, Nepal



Habitat Power Company Ltd.

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

Particulars	Notes	Amount In NRs.	
		FY. 2081.82	FY. 2080.81
Revenue		-	-
Cost of Sales		-	-
Gross Profit/(Loss)		-	-
Construction Revenue as per IFRIC 12	17	1,083,727,940.24	648,261,204.10
Less: Construction Expenses as per IFRIC 12	17	1,003,451,796.52	600,241,855.65
Construction Income as per IFRIC 12		80,276,143.72	48,019,348.45
Other Income		-	-
Employee Benefits Expense	18	2,460,944.20	775,000.00
Depreciation and Amortization Expense	19	405,855.17	968,411.57
Administrative and Other General Expenses	20	4,949,119.55	2,362,806.33
Profit Before Interest and Tax		72,460,224.81	43,913,130.55
Finance Income		-	-
Finance Cost	21	-	44,553.29
Profit Before Bonus and Tax		72,460,224.81	43,868,577.26
Provision For Staff Bonus		-	-
Profit(loss) Before Tax		72,460,224.81	43,868,577.26
Less: Tax Expense		-	-
Current Tax		-	-
Deferred Tax		-	-
Profit/(Loss) for the Period		72,460,224.81	43,868,577.26
Other Comprehensive Income			
(i) Items that will not be reclassified to profit or loss	-	-	-
(ii) Income tax relating to items that will not be reclassified to profit or loss	-	-	-
(i) Items that will be reclassified to profit or loss	-	-	-
(ii) Income tax relating to items that will be reclassified to profit or loss	-	-	-
Other comprehensive gain/(loss) for the year, net of tax		-	-
Total comprehensive gain/(loss) for the year, net of tax		72,460,224.81	43,868,577.26
Earnings per Equity share of Rs. 100 Each			
Basic Earnings per Share	22	17.72	14.61
Diluted Earnings Per Share	22	17.72	14.61

The accompanying notes are integral part of these financial statements.

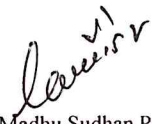
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Mandeep Khanal
General Manager


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Rajani Thapa
Director


Belove Raj Gautam
Director


Santosh Belbase
Accounts Officer

Date: Shrawan 09, 2082

Place: Kathmandu, Nepal

A1 Habitat Power Company Ltd.

Statement of Cash Flow for the year ended Ashadh 32nd, 2082

Amount In NRs.

Particulars	FY. 2081.82	FY. 2080.81
Cash Flows From Operating Activities		
Profit For The Year	72,460,224.81	43,868,577.26
Adjustments For:		
Finance Costs	-	44,553.29
Gain/Loss On Investment Through FVTPL	-	-
Depreciation And Amortization Of Non-Current Assets	405,855.17	968,411.57
Cash Generated From Operations before working capital changes	72,866,079.97	44,881,542.12
(Increase)/Decrease In Other Financial Assets	(663,944.89)	2,912,888.78
(Increase)/Decrease In Other Assets	62,716,797.90	(165,970,853.69)
(Increase)/Decrease In Current Tax Assets	-	-
Increase/ (Decrease) In Other Financial Liabilities	14,884,053.92	12,909,179.06
Increase/(Decrease) In Other Liabilities	(256,687.65)	70,997.65
Increase/(Decrease) In Current Tax Liabilities	-	-
Cash Generated From Operations	149,546,299.25	(105,196,246.08)
Cash Flows From Investing Activities		
Addition on Intangible Assets	-	-
Addition on Intangible Assets Under developments (IAUD)	(1,083,727,940.24)	(648,261,204.10)
Addition on Property, Plant And Equipment	(800,679.53)	(379,075.66)
Net Cash (Used In)/Generated By Investing Activities	(1,084,528,619.77)	(648,640,279.76)
Increase (Decrease) Of Borrowings	697,010,656.44	554,000,000.00
Increase or Decrease In Share Capital	267,784,900.00	215,878,000.00
Share Issuance Cost	(350,000.00)	-
Increase or Decrease In Advance for Share Capital	(26,800,000.00)	9,335,000.00
Finance Costs	-	(44,553.29)
Net Cash Used In Financing Activities	937,645,556.44	779,168,446.71
Net Increase In Cash And Cash Equivalents	2,663,235.92	25,331,920.87
Cash And Cash Equivalents At The Beginning Of The Year	27,718,570.30	2,386,649.59
Cash And Cash Equivalents At The End Of The Year	30,381,806.42	27,718,570.30

The accompanying notes are integral part of these financial statements.

As per our attached report of even date


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General Manager


Ganesh Karki
Director


Batu lamichhane
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Rajani Thapa
Director




Belove Raj Gautam
Director


Santosh Belbase
Accounts Officer

Date: Shrawan 09, 2082
Place: Kathmandu, Nepal

Habitat Power Company Ltd.
Statement of Changes in Equity for the year ended 32nd Ashadh, 2082

Particulars	Share Capital	Advance for Share Capital	Reserves and Surplus			Total
			Capital Reserve	General Reserve	Retained Earnings	
Balance As At Ashadh 31st, 2080	84,337,100.00	17,465,000.00	-	-	31,540.26	101,833,640.26
Issue of Share Capital	215,878,000.00	-	-	-	-	215,878,000.00
Advance for Share Capital	-	9,335,000.00	-	-	-	9,335,000.00
Profit For The Year	-	-	-	-	43,868,577.26	43,868,577.26
Transfer To Retained Earnings	-	-	-	-	-	-
Balance As At Ashadh 31st, 2081	300,215,100.00	26,800,000.00	-	-	43,900,117.52	370,915,217.52
Issue of Share Capital	267,784,900.00	-	-	-	-	267,784,900.00
Advance for Share Capital	-	(26,800,000.00)	-	-	-	(26,800,000.00)
Profit For The Year	-	-	-	-	72,460,224.81	72,460,224.81
Transfer To Retained Earnings	-	-	-	-	-	-
Share Issuance Cost	-	-	-	-	(350,000.00)	(350,000.00)
Balance As At Ashadh 32nd, 2082	568,000,000.00	-	-	-	116,010,342.33	684,010,342.33

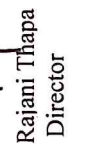
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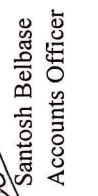
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Director


FCA. Avash Gautam
Partner
G. & G. Associates
Chartered Accountants

Date: Shrawan 09, 2082
Place: Kathmandu, Nepal

4A. Property, Plant and Equipment

Amount In NRs.

Particulars	Office Equipment	Furnitures and Fixtures	Vehicles	Computers and Printers	Plant and Machinery	Total
Gross Block						
Cost as at 1st Shrawan 2079	-	-	-	21,750.00	7,561.03	29,311.03
Addition During The Year						
Acquisition	146,448.00	448,654.13	-	254,500.00	-	849,602.13
Capitalization	-	-	-	-	-	-
Disposal During the Year	-	-	-	-	-	-
Adjustment/Revaluation	-	-	-	-	-	-
Balance as at Ashad 31st 2080	146,448.00	448,654.13	-	276,250.00	7,561.03	878,913.16
Additions During the Year						
Acquisition	86,500.46	118,898.20	-	173,677.00	-	379,075.66
Capitalization	-	-	-	-	-	-
Disposal During the Year	-	-	-	-	-	-
Adjustment/Revaluation	-	-	-	-	-	-
Balance as at Ashad 31st 2081	232,948.46	567,552.33	-	449,927.00	7,561.03	1,257,988.82
Additions During the Year						
Acquisition	187,099.75	255,354.78	-	358,225.00	-	800,679.53
Capitalization	-	-	-	-	-	-
Disposal During the Year	-	-	-	-	-	-
Adjustment/Revaluation	-	-	-	-	-	-
Balance as at Ashad 32nd 2082	420,048.21	822,907.11	-	808,152.00	7,561.03	2,058,668.35
Accumulated Depreciation and Impairment						
As on Shrawan 1, 2079	-	-	-	-	-	-
Depreciation charge for the year	601.84	40,958.66	-	20,106.68	1,134.15	62,801.34
Impairment for the year	-	-	-	-	-	-
Disposal	-	-	-	-	-	-
Adjustment	-	-	-	-	-	-
Balance as at Ashad 31st 2080	601.84	40,958.66	-	20,106.68	1,134.15	62,801.34
Depreciation charge for the year	42,755.15	109,880.60	-	81,474.99	964.03	235,074.77
Impairment for the year	-	-	-	-	-	-
Disposal	-	-	-	-	-	-
Adjustment	-	-	-	-	-	-
Balance as at Ashad 31st 2081	43,356.99	150,839.27	-	101,581.67	2,098.19	297,876.11
Depreciation charge for the year	70,146.34	160,297.83	-	166,907.58	819.43	398,171.17
Impairment for the year	-	-	-	-	-	-
Disposal	-	-	-	-	-	-
Adjustment	-	-	-	-	-	-
Balance as at Ashad 32nd 2082	113,503.32	311,137.09	-	268,489.25	2,917.61	696,047.27
Net Book Value						
As on Shrawan 2079	-	-	-	21,750.00	7,561.03	29,311.03
As at Ashad 31st 2080	145,846.16	407,695.47	-	256,143.32	6,426.88	816,111.82
As at Ashad 31st 2081	189,591.47	416,713.06	-	348,345.33	5,462.84	960,112.71
As at Ashad 32nd 2082	306,544.89	511,770.02	-	539,662.75	4,643.42	1,362,621.08

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	Plant and Machinery	Total
Gross Block as on 1st Shrawan 2079	-	-	-	29,000.00	13,441.83	42,441.83
Accumulated Depreciation as 1st Shrawan 2079	-	-	-	(7,250.00)	(5,880.80)	(13,130.80)
Deemed Cost as at 1st Shrawan 2079	-	-	-	21,750.00	7,561.03	29,311.03



4B. Intangible Assets

Particulars	Software	Right of Use Assets (ROU)	Total
Cost			
As on Shrawan 01, 2079	-	-	-
Addition during the year			
Acquisition	38,420.00	907,066.00	945,486.00
Capitalization	-	-	-
Disposal during the year	-	-	-
Adjustment/Revaluation	-	-	-
Balance as on 31st Ashad 2080	38,420.00	907,066.00	945,486.00
Addition during the Year			-
Acquisition	-	-	-
Capitalization	-	-	-
Disposal during the year			-
Adjustment/Revaluation			-
Balance as on 31st Ashad 2081	38,420.00	907,066.00	945,486.00
Addition during the Year			-
Acquisition	-	-	-
Capitalization	-	-	-
Disposal during the year			-
Adjustment/Revaluation			-
Balance as on 32nd Ashad 2082	38,420.00	907,066.00	945,486.00
Amortization and Impairment			
As on Shrawan 01. 2079	-	-	-
Amortization charge for the year	84.21	181,413.20	181,497.41
Impairment for the year	-	-	-
Disposals	-	-	-
Adjustment	-	-	-
As on 31st Ashad 2080	84.21	181,413.20	181,497.41
Impairment for the year			-
Amortization charge for the year	7,684.00	725,652.80	733,336.80
Disposals			-
Adjustment			-
As on 31st Ashad 2081	7,768.21	907,066.00	914,834.21
Impairment for the year			-
Amortization charge for the year	7,684.00	-	7,684.00
Disposals			-
Adjustment			-
As on 32nd Ashad 2082	15,452.21	907,066.00	922,518.21
Net Book Value			
As on Shrawan 2079	-	-	-
As on 31st Ashad 2080	38,335.79	725,652.80	763,988.59
As on 31st Ashad 2081	30,651.79	-	30,651.79
As on 32nd Ashad 2082	22,967.79	-	22,967.79

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

Particulars	Software		Total
Gross Block as on 1st Shrawan 2079	-		-
Accumulated Amortization as 1st Shrawan 2079	-		-
Deemed Cost as of 1st Shrawan 2079	-		-

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



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

The Project 'Hewa Khola A Small Hydropower Project' 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 Ashadh 32nd, 2082	As at Ashadh 31st, 2081
Hewa Khola A Small Hydropower Project - 5 MW		
Opening Balance	636,382,560.13	36,140,704.48
Addition During The Year	1,003,451,796.52	600,241,855.65
Deletion	-	-
Sub Total	1,639,834,356.65	636,382,560.13
Add: IFRIC 12 Adjustment	131,186,748.53	50,910,604.81
Total	1,771,021,105.18	687,293,164.94

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 Ashadh 32nd, 2082	As at Ashadh 31st, 2081
Balances with Banks	30,377,567.00	27,715,971.88
Machhapuchchhre Bank Ltd. - H.O. Current Account (0390991616500010)	29,620,893.28	26,411,724.50
NMB Bank Ltd. - Current Account (0010044794800011)	4,445.90	4,445.90
Machhapuchchhre Bank - Site Office Current Account (0380991616500013)	724,840.42	1,272,414.08
Kumari Bank Ltd. - Current Account (2400294577500001)	1,000.00	1,000.00
Lumbini Bikas Bank Ltd. - Current Account (01100120326026000001)	10,000.00	10,000.00
Citizen Bank International Ltd. - Current Account	16,387.40	16,387.40
Cash in hand (As Certified by Management)	4,239.42	2,598.42
Cash and Cash Equivalents as Per Balance Sheet	30,381,806.42	27,718,570.30
Cash and Cash Equivalents as Per Statement of Cash Flows	30,381,806.42	27,718,570.30

7. Bank Balance other Cash and Cash Equivalents

Particulars	As at Ashadh 32nd, 2082	As at Ashadh 31st, 2081
Cash Margin - NEA Performance Bond Guarantee	1,500,000.00	1,500,000.00
Cash Margin - EM	-	14,573,000.00
Cash Margin (RCOD Extention)	432,000.00	300,000.00
Cash Margin for BG (EXIM Code)	-	30,000.00



Habitat Power Company Ltd.

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

Cash Margin (BG For Custom)	4,500,000.00	-
Cash Margin (Diamant)	24,600.00	-
Cash Margin (NRB For HM)	2,180,250.00	-
Cash Margin (Mehru CT/PT)	4,200.00	-
Total	8,641,050.00	16,403,000.00

8. Other Financial Assets

Particulars	As at Ashadh 32nd, 2082	As at Ashadh 31st, 2081
Pre - Paid Insurance (Camp, Power House)	-	239,023.16
Pre - Paid Insurance (Civil Works)	1,691,374.57	3,124,469.06
Pre - Paid Insurance (EM/HM)	2,336,062.54	-
Total	4,027,437.11	3,363,492.22

9. Other Assets - Current

Particulars	As at Ashadh 32nd, 2082	As at Ashadh 31st, 2081
Advance for Vehicle Purchase	-	2,331,060.00
Advance for Land Acquisition	21,600,512.00	12,674,591.00
Advance to Sita Sabjee Pashal	519,890.00	-
Prepaid Insurance	290,838.78	-
Advance to Contractor - Mobilization - Baibhav	72,361,964.73	72,361,964.73
Advance to Contractor - Mobilization - Cream Hydel	15,812,311.75	25,900,000.00
Advance to Contractor - Baibhav Construction Pvt. Ltd.	37,304,832.86	82,216,128.60
Staff Advance	898,577.65	192,722.65
Site Advance	3,523,700.74	3,183,431.30
Advance to Rejina Stores	71,264.87	-
Advance to Bailee International Pvt. Ltd.	-	7,150,000.00
Advance to Car Boutique Inn	270,000.00	100,000.00
Advance to Laxmi Trade and Enterprises	2,200,000.00	1,200,000.00
Advance to Times Business Pvt. Ltd.	-	1,458,000.00
Advance to Long Vision Tours & Travels Pvt. Ltd.	-	1,886,142.00
Advance to Nepal Environment and Development Consultant Pvt. Ltd.	-	425,000.00
Advance to Samriddhi and Brothers	17,730.00	-
Advance to Clean Energy Consultants Pvt. Ltd.	1,000,000.00	-
Advance to Muktinath Capital Limited	50,000.00	-
Advance to S.K Suppliers	202,569.00	-
Total	156,124,192.38	211,079,040.28

The miscellaneous advance are the amount which are provided in normal course of business and are expected to be settled within a



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10. Equity Share Capital

Amount In NRs.

Particulars	As at Ashadh 32nd, 2082	As at Ashadh 31st, 2081
Equity Share Capital	568,000,000.00	300,215,100.00
Total	568,000,000.00	300,215,100.00
i.)		
Authorized Share Capital : (8,000,000 Equity Shares of Rs.100 each)	800,000,000.00	800,000,000.00
Issued Capital: (7,100,000 Equity Shares of Rs.100 each)	710,000,000.00	550,000,000.00
Paid- Up Capital : (5,680,000 Equity Shares of Rs.100 each)	568,000,000.00	300,215,100.00
Total	568,000,000.00	300,215,100.00

ii.)Terms/rights attached to equity shares

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

iii.) The Unpaid Share Capital of the company is Nil.

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

Particulars	As at Ashadh 32nd, 2082	As at Ashadh 31st, 2081
Singati Hydro Energy Ltd.	28.2%	53.3%
Batu lamichhane	6.3%	8.2%
Ganesh Karki	7.7%	8.2%
Gaurav Dewan	3.2%	6.0%
Total	47.04%	75.64%

v.) Reconciliation of number of share outstanding

Particular	As at Ashadh 31st, 2082	As at Ashadh 31st, 2081
Balance at the beginning of the year - Share Capital	3,002,151.00	843,371.00
Addition During The Year	2,677,849.00	2,158,780.00
Balance at the end of the year	5,680,000.00	3,002,151.00

11. Advance for Share Capital

Particulars	As at Ashadh 31st, 2082	As at Ashadh 31st, 2081
Advance for Share Capital	-	26,800,000.00
Total	0.00	26,800,000.00

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12. Other Equity

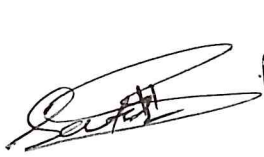
Particulars	As at Ashadh 31st, 2082	As at Ashadh 31st, 2081
Opening Balance	43,900,117.52	31,540.26
Less: Share Issuance Cost	(350,000.00)	
Add: Transfer from Statement of Profit or Loss Account	72,460,224.81	43,868,577.26
Total	116,010,342.33	43,900,117.52

13. Borrowings

Particulars	As at Ashadh 31st, 2082	As at Ashadh 31st, 2081
Measured at Amortized Cost - Secured Loan		
Term Loan From Banks	750,000,000.00	534,000,000.00
Less: Payable within 12 months transferred	-	-
Total	750,000,000.00	534,000,000.00

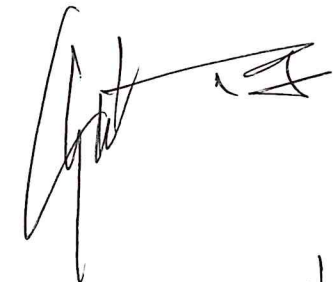
14. Borrowings

Particulars	As at Ashadh 31st, 2082	As at Ashadh 31st, 2081
Measured at Amortized Cost - Secured Loan		
Bridge Gap Loan (BGL) From Banks	391,010,656.44	20,000,000.00
BGL Against IPO	110,000,000.00	-
Current Portion of Loan - Term Loan (Payable with in 12 months)	-	-
Total	501,010,656.44	20,000,000.00







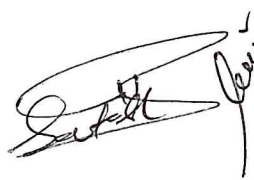



15. Other Financial Liabilities - Current

Particulars	As at Ashadh 32nd, 2082	As at Ashadh 31st, 2081
Audit Fee Payable	111,500.00	155,903.00
Payable to Gaurav Dewan	-	292,302.50
Payable to City Automobiles	-	48,419.37
Payable to Dip-Auto Engineering Pvt. Ltd.	-	31,018.50
Payable to Hotel Adarsha Sargam	142,966.29	-
Payable to Bojini Company Pvt. Ltd.	-	391,355.00
Retention Money Payable - Civil	24,222,635.60	7,601,411.21
Retention Money Payable - Construction Power	506,404.96	269,352.29
Retention Money Payable - Access Road	1,918,058.81	1,918,058.81
Retention Money Payable - Hydromechanical	4,727,121.52	-
Retention Money Payable - Transmission Line	1,268,228.01	-
Management Payable	-	1,622,486.64
Staff Payable	604,701.00	428,609.00
Payable to ICNS Suppliers	11,310.00	-
Payable to MK Incorporated Pvt. Ltd.	-	250,959.91
Payable to Samriddhi and Brothers Auto Pvt. Ltd.	-	160,625.00
Payable to Clean Energy Pvt. Ltd.	-	894,500.00
Payable to Oceanic Express - Transportation	-	6,891,937.54
Payable to Finman Service Pvt. Ltd.	-	119,000.00
Payable to Technoquarry Consults Pvt. Ltd	-	7,500.00
Payable to Bailee International Pvt. Ltd	1,235,077.50	-
Payable to Sarsij Travels & Tours Pvt. Ltd	28,389.00	-
Payable to Nepal Environment and Development Consultant Pvt. Ltd.	1,074,000.00	-
Other Payable	451,600.00	334,500.00
Total	36,301,992.68	21,417,938.76

16. Other Current Liabilities

Particulars	As at Ashadh 32nd, 2082	As at Ashadh 31st, 2081
SST and Remuneration Tax Payable	688.00	505.00
Withholding Tax Payable (TDS Payable)	257,500.00	514,370.65
Total	258,188.00	514,875.65










17. Revenue during Construction Phase as per IFRIC 12

Amount In NRs.

Particulars	FY. 2081.82	FY. 2080.81
Revenue During Construction Phase as per IFRIC 12	1,083,727,940.24	648,261,204.10
Less: Cost During Construction Phase as per IFRIC 12	1,003,451,796.52	600,241,855.65
Construction Income	80,276,143.72	48,019,348.45

Note: The Project 'Hewa Khola A Small Hydropower Project' 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. Revenue and cost amount recognized even though no cash consideration has been realized or cost incurred.

18. Employee Benefits Expense

Amount In NRs.

Particulars	FY. 2081.82	FY. 2080.81
Salary and Allowances	2,460,944.20	775,000.00
Total	2,460,944.20	775,000.00

19. Depreciation And Amortization Expenses

Amount In NRs.

Particulars	FY. 2081.82	FY. 2080.81
Depreciation of Property, Plant and Equipment (General Assets)	398,171.17	235,074.77
Amortization of Intangible Assets (Software and ROU)	7,684.00	733,336.80
Total	405,855.17	968,411.57

20. Administrative and Other General Expenses

Amount In NRs.

Particulars	FY. 2081.82	FY. 2080.81
Bank Charges	8,783.99	11,716.00
Software AMC	5,650.00	-
Water and Electricity Expenses	151,000.00	86,196.00
Office Expenses	281,469.00	106,010.00
Insurance Expenses	20,710.41	-
ISO Certification	186,450.00	-
Audit Fee	113,000.00	113,000.00
Food and Accommodation	628,966.87	892,815.21
Fuel Expenses	262,263.10	333,301.00
Printing and Stationery Expenses	42,805.74	38,308.16
Repairs and Maintenance Expenses	206,045.44	306,077.96
Meeting Expenses	643,256.00	-
Advertisement Expenses	126,130.00	142,348.00
Parking Expenses	25,320.00	2,221.00
SEBON Application Fee	45,000.00	-
Written off Assets	954,015.00	169,500.00
Office Rent Expenses	1,200,000.00	-
Tax Expenses	48,254.00	161,313.00
Total	4,949,119.55	2,362,806.33

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21. Finance Cost		Amount In NRs.
Particulars	FY. 2081.82	FY. 2080.81
Interest Expenses - Other (Lease)	-	44,553.29
Total	-	44,553.29

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

22. Earning Per Share (EPS)		Amount In NRs.
Particulars	FY. 2081.82	FY. 2080.81
Profit / (Loss) for the year	72,460,224.81	43,868,577.26
Weighted average number of equity shares outstanding	4,089,040	3,002,151.00
Earning per share - Basic (Face value of Rs. 100 per share)	17.72	14.61
Add: weighted average number of potential equity shares		
Weighted average number of equity shares (including dilutive shares) outstanding	-	-
Earning per share - Diluted (Face value of Rs. 100 per share)	17.72	14.61

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5.1. Intangible Assets Under Development (IAUD) - Summary

Amount In NRs.

Particulars	As at Ashadh 32nd, 2082	As at Ashadh 31st, 2081
Pre-Operating Expenses (Pre Implementation Cost)	31,837,411.64	31,837,411.64
Civil Construction Works	522,431,563.95	171,791,893.21
Hydromechanical Works	389,314,167.48	259,935,186.41
Electro-mechanical (Plant & Machinery)	259,489,932.36	875,100.00
Transmission Line	49,741,241.31	6,853,691.75
Land Purchase and Development	32,082,239.00	25,964,849.00
Site office Building and Camping	3,134,216.47	1,620,432.47
Office Equipment and Furniture	2,643,815.80	1,651,110.80
Vehicle	76,743,068.14	19,886,260.73
Infrastructure Development/ Access Road	41,727,696.73	41,727,696.73
Environmental Mitigation and Social Contribution	39,159,653.00	12,862,500.00
Project Management and Supervision	75,024,201.87	33,575,585.89
Miscellaneous /Contingency	9,213,499.71	2,075,007.52
Interest During Construction (IDC) and Loan Arrangement Fee	107,291,649.19	25,725,833.98
Sub Total	1,639,834,356.65	636,382,560.13
Add: IFRIC 12 Adjustment	131,186,748.53	50,910,604.81
Total	1,771,021,105.18	687,293,164.94

5.1.1 Details of Intangible Assets Under Development (IAUD)

Amount In NRs.

Particulars	As at Ashadh 32nd, 2082	As at Ashadh 31st, 2081
Hewa A Small Khola Hydropower Project - 5 MW		
<u>Pre-Operating Expenses (Pre Implementation Cost)</u>		
Staff Salary	1,328,232.32	1,328,232.32
Registration and Renewal	1,530,000.00	1,530,000.00
Interest Expenses	14,832.00	14,832.00
Legal Charge	90,000.00	90,000.00
CRO Expenses	42,000.00	42,000.00
Printing and Stationery	30,871.00	30,871.00
Meeting Expenses	327,015.20	327,015.20
Depreciation Expenses	75,213.98	75,213.98
Consultancy Fee	90,400.00	90,400.00
Travelling Allowances	199,370.00	199,370.00
Travelling Expenses	99,253.00	99,253.00
Site Visit Expenses	204,573.00	204,573.00
Site Expenses	1,479,246.00	1,479,246.00
Repair and Maintenance	274,720.14	274,720.14
Internet Expenses	14,205.00	14,205.00
Donation	256,250.00	256,250.00
Project Development Cost	4,418,330.00	4,418,330.00
DOED & NEA Fee and Charges	6,306,000.00	6,306,000.00
Food and Accomodaion	1,761,600.00	1,761,600.00
Fuel and Lubricants	800,000.00	800,000.00
Site Visit Expenses	2,352,500.00	2,352,500.00
Wages Expenses	10,027,800.00	10,027,800.00
Promotion Expenses	115,000.00	115,000.00
Sub Total	31,837,411.64	31,837,411.64









<u>Civil Construction Works</u>		
Civil Works	547,431,563.95	171,791,893.21
Less: Loss due to flood	(25,000,000.00)	
Sub Total	522,431,563.95	171,791,893.21
<u>Hydromechanical Works</u>		
Pipe and Plate	239,093,639.65	239,093,639.65
Transportation Charges	36,876,242.54	14,899,437.54
LC Charges & Commission	1,540,213.93	1,540,213.93
Custom Duty Charges	3,288,066.00	3,263,066.00
Land Lease	575,000.00	50,000.00
Parking Charges	139,715.00	139,715.00
Patake Charges	139,715.00	139,715.00
Remit Charges	41,248.59	22,018.75
Telex Charges	6,410.06	6,410.06
Transit Insurance	780,970.48	780,970.48
Fabricaion & Erection	106,832,946.23	-
Sub Total	389,314,167.48	259,935,186.41
<u>Electro-Mechanical (Plant & Machinery)</u>		
LC Charges & Commission EM	1,231,483.50	875,100.00
Custom Duty Charges	272,425.00	-
Food & Accomodation	439,816.00	-
EM Plant	255,969,345.00	-
Metering Panel CT/PT	138,129.38	-
Parking & Yard Charges	1,303,447.00	-
Remit Charges	5,511.48	-
Water Current Meter	127,525.00	-
Telex Charges	2,250.00	-
Sub Total	259,489,932.36	875,100.00
<u>Transmission Line</u>		
Construction Power Works IPC #1	3,096,394.36	3,096,394.36
Construction Power Works IPC #2	2,990,958.39	2,990,958.39
Construction Power Works IPC #3	5,357,389.66	-
Transmission Line Pole Installation (Land Compensation)	3,528,600.00	-
Grid Connection Application Fee	102,000.00	102,000.00
TOD Meter Charge	2,651,352.49	664,339.00
Transmission Line IPC #1	13,877,255.98	-
Transmission Line IPC #2	14,784,696.83	-
Transmission Line Charges	740,000.00	-
Line Relay/ Metering Panel	804,593.60	-
Transmission Line IEE	1,808,000.00	-
Sub Total	49,741,241.31	6,853,691.75
<u>Land Purchase and Development</u>		
Land Acquisition Cost	27,081,238.00	23,336,238.00
Land Registration Charges	509,001.00	197,611.00
Compensation for Land (Household)	385,000.00	250,000.00
Compensation for Land (Alaichi Farming)	2,546,000.00	2,181,000.00
Compensation for Crops	167,000.00	-
Compensation for Gitti Baluwa	900,000.00	-
Land Lease	434,000.00	-
Compensation for Tree (Private)	60,000.00	-
Sub Total	32,082,239.00	25,964,849.00










Site office Building and Camping

Camp Facilities Works	1,620,432.47	1,620,432.47
Camp Furnishing	778,819.00	-
Site Camp Expenses	734,965.00	-
Sub Total	3,134,216.47	1,620,432.47

Office Equipment and Furniture

KOEL 125KVA DG Generator	1,598,950.00	1,598,950.00
Office Equipment	52,160.80	52,160.80
40KVA DG	992,705.00	-
Sub Total	2,643,815.80	1,651,110.80

Vehicle

Toyata Rav4 - 7159	16,000,000.00	16,000,000.00
Mahindra Bolero 4WD - 7189	3,130,000.00	3,130,000.00
Motor Bike	598,800.00	598,800.00
Bolero Insurance	66,450.86	64,270.73
ISUZU Insurance	100,102.37	93,190.00
ISUZU V CROSS (PICK - UP)	7,290,000.00	-
Rav 4 Insurance	57,714.91	-
Toyota Land Cruiser 300(Ba 031 CHA 1121)	49,500,000.00	-
Sub Total	76,743,068.14	19,886,260.73

Infrastructure Development/ Access Road

Access Road Construction Works - IPC #1	18,562,696.73	18,562,696.73
Access Road Construction Works - IPC #2	23,165,000.00	23,165,000.00
Sub Total	41,727,696.73	41,727,696.73

Environmental Mitigation and Social Contribution

CSR Expenses	15,683,578.00	2,600,000.00
Forest Development Fund (Tree Compensation)	5,559,000.00	5,534,000.00
Project Promotion Expenses	17,917,075.00	4,728,500.00
Sub Total	39,159,653.00	12,862,500.00

Project Management and Supervision

IEE Expenses	1,280,000.00	150,000.00
China Visit Expenses	256,415.00	-
India Visit Expenses	135,490.00	-
Custom BG Issuance Charge	557,000.00	-
Foreign TADA	1,729,671.00	-
Processing Fee-Adhoc PBG	225,000.00	-
Food & Accomodation	3,622,155.49	2,252,942.42
Fuel Expenses	340,168.00	288,568.00
Medical Expenses	49,643.50	24,880.00
DDA of HKASHP	847,500.00	-
Membership Fee	113,500.00	55,000.00
Company Expenses	88,000.00	88,000.00
Printing & Stationary Expenses	76,885.69	67,089.60
Repair & Maintenance	481,542.40	481,542.40
Salary Expenses	22,706,534.80	12,862,758.00
Travelling Expenses	10,585,494.00	-
Insurance Expenses	150,450.65	62,549.00
Insurance Expenses-Site	3,294.00	3,294.00
Vehicle Rent	24,444.00	24,444.00
Site Rent	4,000.00	4,000.00
Site Expenses	2,592,598.20	1,853,794.20
Dashain Allowance	1,331,500.00	610,000.00
Dashain Festival Expenses	1,335,450.00	808,887.00



DOED & DOI Expenses	800,000.00	-
ERC Deposit for PPA	57,500.00	-
Fuel & Telecom Expenses	1,648,103.90	533,204.00
Furnishing Expenses	218,382.00	218,382.00
Legal Expenses	20,000.00	20,000.00
Kitchen Expenses	960,066.40	102,604.00
Rating Charges	879,140.00	237,300.00
Security Guard	323,632.00	296,964.00
Snacks Office	572,157.60	193,085.60
Stationery & Printing Expenses	230,294.80	102,391.84
Transportation Expenses	29,660.00	18,300.00
Visa Expenses	17,100.00	17,100.00
Website Development & Hosting	65,540.00	56,500.00
400 VA Hybrid Inverter , 80 AH Battery, Solar Panel	31,000.00	31,000.00
Infrarated Cooker	13,500.00	13,500.00
Prining and Stationery -Site	80,296.80	46,772.80
Repair and Maintenance -Site	154,573.00	140,573.00
Repair and Maintenance - Vehicle	2,049,929.61	876,867.86
TP Link Router	19,510.00	8,210.00
Travelling Exp. - Site	73,894.00	54,894.00
Water Purifier/ Filter	45,800.00	45,800.00
Site Visit - TADA	1,441,100.00	188,500.00
BG Amend Charge NEA	72,000.00	72,000.00
BG Amend Charges (Custom BG)	552,000.00	-
Bill Verification Charge	2,062,250.00	627,150.00
Detail Design Services	4,859,000.00	4,859,000.00
Discharge Measurement Expenses	28,000.00	28,000.00
EXIM Code BG Issuance Charges	12,750.00	12,750.00
Financial Consultancy Fee	1,961,680.00	1,313,060.00
Fuel & Telecommunication Site	1,405,983.17	754,973.17
Internet Site	169,310.00	14,500.00
Kitchen Site	3,456,831.85	1,009,955.00
Likhit Charges	50,000.00	-
Local Government Tax	102,500.00	102,500.00
LOI Charge	50,000.00	50,000.00
Malpot Dristibandaki	150,000.00	150,000.00
NEA BG Issuance Charge	40,680.00	9,000.00
Technical Consultancy Charges	1,695,000.00	1,695,000.00
Vehicle Renewal Charges	88,300.00	38,000.00
Sub Total	75,024,201.87	33,575,585.89
Miscellaneous /Contingency		
Camp, Power House and Construction Power - Insurance	602,748.15	55,361.98
Civil Works - Insurance	6,836,242.51	2,019,645.54
EM/HM - Insurance	1,774,509.05	-
Sub Total	9,213,499.71	2,075,007.52
Interest During Construction (IDC) and Loan Arrangement Fee		
Interest on Loan	94,566,649.19	15,900,833.98
Loan Arrangement Fee	12,725,000.00	9,825,000.00
Sub Total	107,291,649.19	25,725,833.98
Total	1,639,834,356.65	636,382,560.13







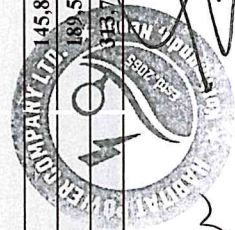





Habitat Power Company Ltd.
Notes to Financial Statements for the year ended on 32nd Ashadh 2082

4A. Property, Plant and Equipment

Particulars	Amount In NRs.					
	Office Equipment	Furnitures and Fixtures	Vehicles	Computers and Printers	Plant and Machinery	Total
Gross Block						
Cost as at 1st Shrawan 2079	-	-	-	21,750.00	7,561.03	29,311.03
Addition During The Year						
Acquisition	146,448.00	448,654.13	-	254,500.00	-	849,602.13
Capitalization	-	-	-	-	-	-
Disposal During the Year	-	-	-	-	-	-
Adjustment/Revaluation	-	-	-	-	-	-
Balance as at Ashad 31st 2080	146,448.00	448,654.13	-	276,250.00	7,561.03	878,913.16
Additions During The Year						
Acquisition	86,500.46	118,898.20	-	173,677.00	-	379,075.66
Capitalization	-	-	-	-	-	-
Disposal During the Year	-	-	-	-	-	-
Adjustment/Revaluation	-	-	-	-	-	-
Balance as at Ashad 31st 2081	232,948.46	567,552.33	-	449,927.00	7,561.03	1,257,988.82
Additions During The Year						
Acquisition	187,099.75	255,354.78	-	358,225.00	-	800,679.53
Capitalization	-	-	-	-	-	-
Disposal During the Year	-	-	-	-	-	-
Adjustment/Revaluation	-	-	-	-	-	-
Balance as at Ashad 32nd 2082	420,048.21	822,907.11	-	808,152.00	7,561.03	2,058,668.35
Accumulated Depreciation and Impairment						
As on Shrawan 1, 2079	-	-	-	-	-	-
Depreciation charge for the year	601.84	40,958.66	-	20,106.68	1,134.15	62,801.34
Impairment for the year	-	-	-	-	-	-
Disposal	-	-	-	-	-	-
Adjustment	-	-	-	-	-	-
Balance as at Ashad 31st 2080	601.84	40,958.66	-	20,106.68	1,134.15	62,801.34
Depreciation charge for the year	42,755.15	109,880.60	-	81,474.99	964.03	235,074.77
Impairment for the year	-	-	-	-	-	-
Disposal	-	-	-	-	-	-
Adjustment	-	-	-	-	-	-
Balance as at Ashad 31st 2081	43,356.99	150,839.27	-	101,581.67	2,098.19	297,876.11
Depreciation charge for the year	62,989.51	168,016.96	-	176,642.58	819.43	408,468.48
Impairment for the year	-	-	-	-	-	-
Disposal	-	-	-	-	-	-
Adjustment	-	-	-	-	-	-
Balance as at Ashad 32nd 2082	106,346.50	318,856.23	-	278,224.25	2,917.61	706,344.59
Net Book Value						
As on Shrawan 2079	-	-	-	21,750.00	7,561.03	29,311.03
As at Ashad 31st 2080	145,846.16	407,695.47	-	256,143.32	6,426.88	816,111.82
As at Ashad 31st 2081	189,591.47	416,713.06	-	348,345.33	5,462.84	960,112.71
As at Ashad 32nd 2082	313,701.71	504,050.88	-	529,927.75	4,643.42	1,352,323.76



Habitat Power Company Limited
Notes to the Financial Statements
For the Year ended 32nd Ashadh 2082 (16th July 2025)

Note 1

Corporate Information

1.1 General

Habitat Power Company Limited was originally incorporated as a private company on Ashoj 03, 2065, with registration number 56350/065/066. The company has been converted to a limited company on Shrawan 18, 2080, with a new registration number 316172/2080/081, 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.

Currently, the company is constructing the "Hewa Khola A Small Hydropower Project," with an installed capacity of 5 MW, situated in Panchthar District.

The company entered into a Power Purchase Agreement (PPA) with the Nepal Electricity Authority (NEA) on 7th Magh 2075 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. 235/2075/76) obtained on 14th Shrawan 2075. The license is granted under a Build-Own-Operate-Transfer (BOOT) arrangement for a duration of 35 years, with the deadline set for 13th Shrawan 2110.

1.2 Financial Statements

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

1.3 Responsibility for the Financial Statement

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

1.4 Approval of Financial Statements by Directors

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

Note 2

Significant Accounting Policies:

2.1 Basis of Preparation and Measurement

I. Statement of Compliance

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

II. Basis of Preparation

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



The bottom of the page features several signatures and official stamps. From left to right: a signature, a circular stamp of the Nepal Electricity Authority (NEA) with a lightning bolt logo and the text 'NEA', a signature, a large circular stamp of the Institute of Chartered Accountants of Nepal (ICAN) with the text 'Institute of Chartered Accountants of Nepal' and 'Chartered Accountants', and another signature.

Habitat Power Company Limited
Notes to the Financial Statements
For the Year ended 32nd Ashadh 2082 (16th July 2025)

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

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

III. Reporting Period

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

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

IV. Basis of Measurement

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

2.2 Critical accounting estimates and Judgements

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

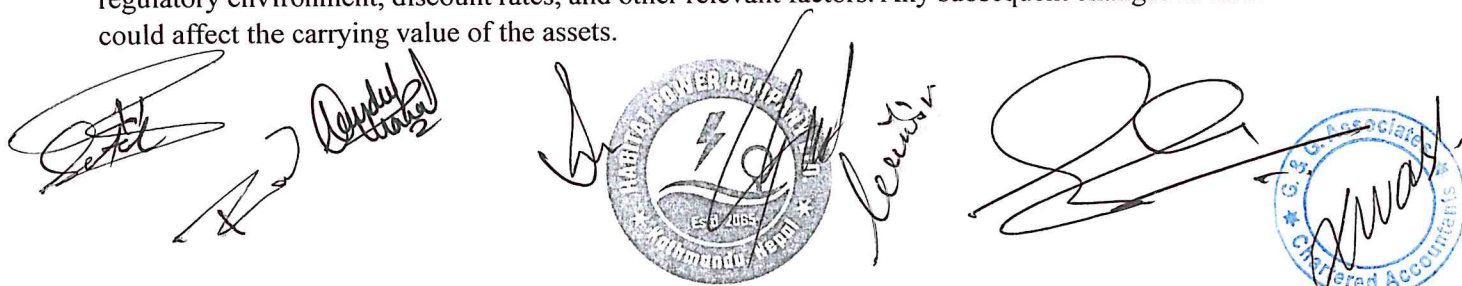
Areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the financial statements, include:

Useful life and residual value of Property, Plant and Equipment

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

Impairment of property plant and equipment

At the end of each reporting period, the company reviews the carrying amounts of its property, plant, and equipment to assess whether there is any indication that these assets may have suffered an impairment loss. If such an indication exists, the recoverable amount of the asset is estimated to determine the extent of any impairment loss. The recoverable amount is the higher of fair value less costs to sell and value in use. Value in use is typically determined based on discounted estimated future cash flows, which involves management estimates of anticipated commodity prices, market demand and supply, the economic and regulatory environment, discount rates, and other relevant factors. Any subsequent changes in these factors could affect the carrying value of the assets.



Habitat Power Company Limited
Notes to the Financial Statements
For the Year ended 32nd Ashadh 2082 (16th July 2025)

Contingencies

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

Recognition of deferred tax assets

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

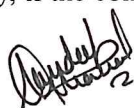
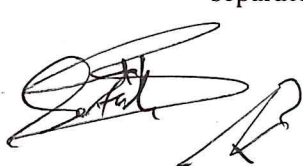
The financial statements have been prepared using the significant accounting policies and measurement bases summarized below:

2.3 Current/ Non-Current Classification

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

2.4 Property Plant and Equipment

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



Habitat Power Company Limited
Notes to the Financial Statements
For the Year ended 32nd Ashadh 2082 (16th July 2025)

life differs materially from that of the remaining asset. These components are depreciated over their individual useful lives, while the remaining asset is depreciated over the life of the principal asset.

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

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

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

2.5 Intangible Assets

- Intangible assets are identifiable non-monetary assets without physical substance. They are recognized when it is probable that the expected future economic benefits attributable to the assets will flow to the Company and the cost of the assets can be measured reliably. Internally generated goodwill is not recognized as an intangible asset, in accordance with NFRS 38 – Intangible Assets.
- Intangible assets with finite useful lives that are acquired separately are measured initially at cost of acquisition. This cost includes the purchase price and other directly attributable costs necessary to bring the assets to a working condition for their intended use. After initial recognition, intangible assets are carried at cost less accumulated amortization and any accumulated impairment losses. Assets developed internally — such as those under public-private partnership (PPP) or BOOT models — are capitalized as they are incurred, provided they meet the recognition criteria under IFRIC 12 – Service Concession Arrangements and NAS 38.
- Intangible assets with indefinite useful lives are carried at cost and are not amortized. Instead, they are tested for impairment annually or whenever there is an indication of potential impairment.
- Assets in the construction phase are capitalized under the Intangible Assets Under Development (IAUD) account. These include engineering, civil works, consultancy, licenses, and other related costs necessary for project development. Borrowing costs directly attributable to qualifying intangible assets are also capitalized in accordance with NAS 23 – Borrowing Costs. Upon completion of construction, the cost is transferred to the appropriate category of assets, and

Habitat Power Company Limited
Notes to the Financial Statements
For the Year ended 32nd Ashadh 2082 (16th July 2025)

amortization begins. When there is an obligation to dismantle or remove an asset or restore a site to its former condition at the end of its useful life, the present value of the estimated cost for dismantling, removing, or restoring the site is capitalized along with the cost of acquisition or construction upon completion. A corresponding liability is also recognized

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

2.6 Depreciation and Amortization

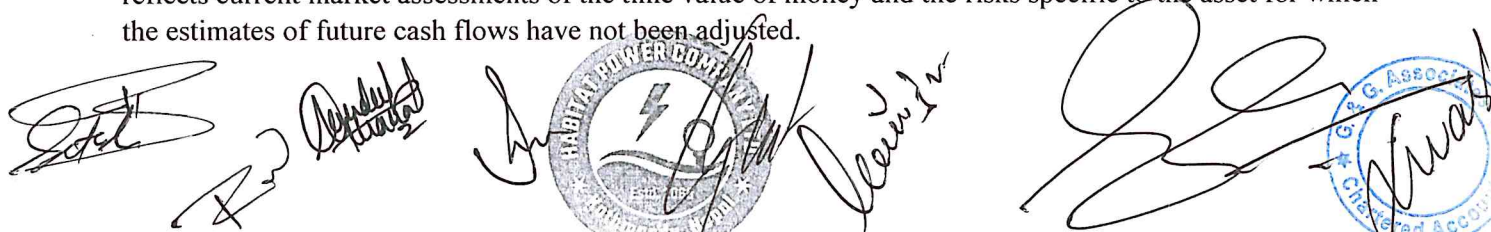
- Depreciation is recognized so as to write off the cost of assets (other than freehold land and properties under construction) less their residual values over their useful lives.
- Amortization is recognized on a straight-line basis over their estimated useful lives. The estimated useful life and amortization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

2.7 Impairment of Tangible and Intangible assets

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

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

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



Habitat Power Company Limited
Notes to the Financial Statements
For the Year ended 32nd Ashadh 2082 (16th July 2025)

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

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

2.8 Revenue Recognition

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

Sale of Electricity

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

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

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

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

Dividend Income

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

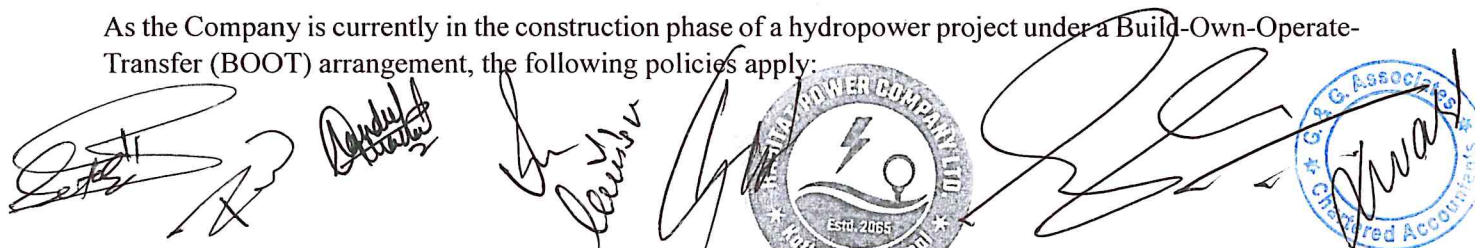
Interest Income

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

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

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

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



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Construction Revenue under Service Concession Arrangement (IFRIC 12)

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

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

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

2.9 Borrowing Costs

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

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

2.10 Cash and Cash Equivalents

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

2.11 Employment Benefits

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

Short term employment benefits

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

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



Habitat Power Company Limited
Notes to the Financial Statements
For the Year ended 32nd Ashadh 2082 (16th July 2025)

Post-employment benefits:

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

Defined Contribution plan – Provident Fund.

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

Defined Benefit plan

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

2.12 Foreign Currency Transactions

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

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

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

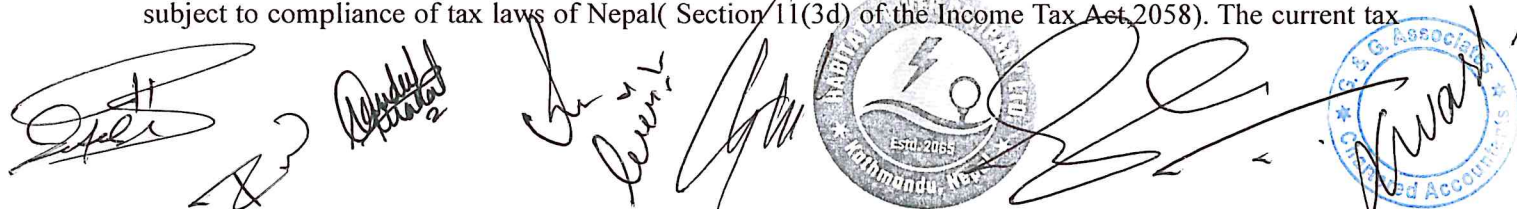
2.13 Taxation

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

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

CURRENT TAX

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

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Habitat Power Company Limited
Notes to the Financial Statements
For the Year ended 32nd Ashadh 2082 (16th July 2025)

expense for a given year is determined by applying the applicable tax rate to the company's taxable profit for that year.

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

DEFERRED TAX

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

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

2.14 Earnings per share

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

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

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

2.15 Provisions Contingencies and Commitments

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



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

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

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

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

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

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

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

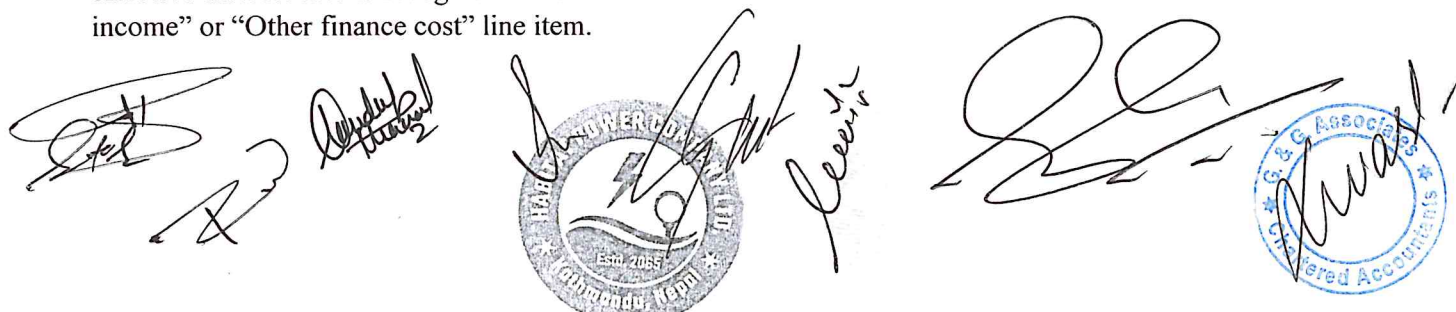
2.16 Financial Instruments

I. Financial Instruments

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

II. Effective Interest Method

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



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III Financial Assets

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

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

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

Impairment of financial assets

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

De-recognition of financial assets

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

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

IV Financial Liabilities and Equity Instruments

Classification as debt or equity

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

Equity Instruments

An equity instrument is any contract that evidences a residual interest in the assets of the company after deducting all 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

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

Financial guarantee contracts

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

De-recognition of financial liability

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

Off-Setting of Financial Instruments

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

2.17 Fair Value Measurement

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

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

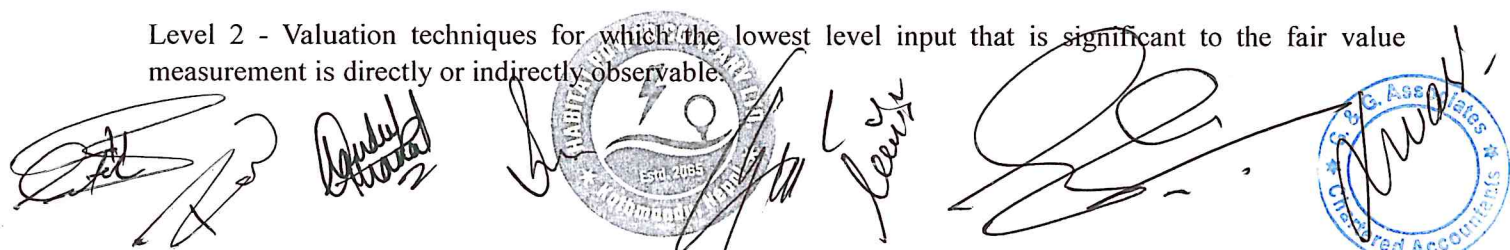
The principal or the most advantageous market must be accessible by the Company.

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

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

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

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

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

2.18 Leases

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

Where the company is the lessee

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

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

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

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

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

Subsequent measurement

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

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

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

Where the Company is the Lessor

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

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Habitat Power Company Limited
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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.

During the reporting period, the Company entered into a short-term lease agreement for office premises, with a lease term of 12 months. Since the lease qualifies as a short-term lease under NFRS 16 (i.e., the lease term is 12 months or less and does not contain a purchase option), the Company has elected not to recognize a right-of-use asset or a lease liability.

2.19 Government Grants

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

2.20 Non-Current Assets held for Sale

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

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

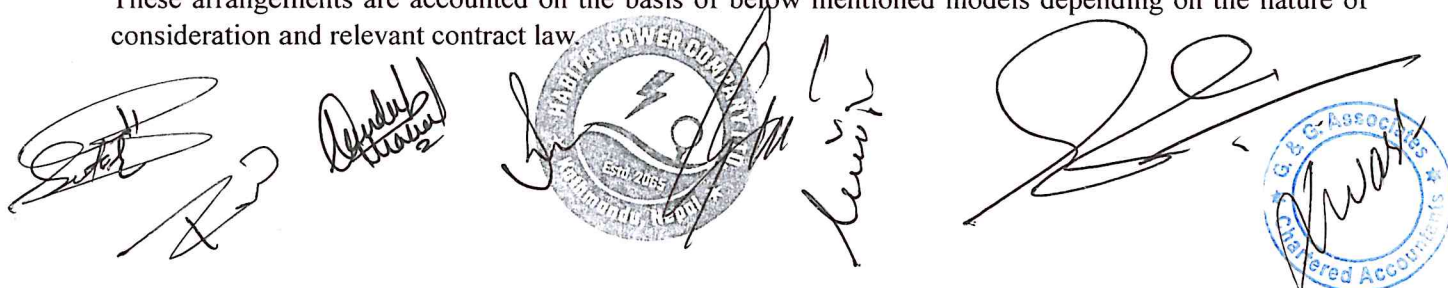
Assets and liabilities classified as held for sale are presented separately in the balance sheet. Property, plant and equipment and intangible assets once classified as held for sale/ distribution to owners are not depreciated or amortised from the date of such classification. Non-current assets held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

2.21 Service Concession Arrangements

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

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

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



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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.

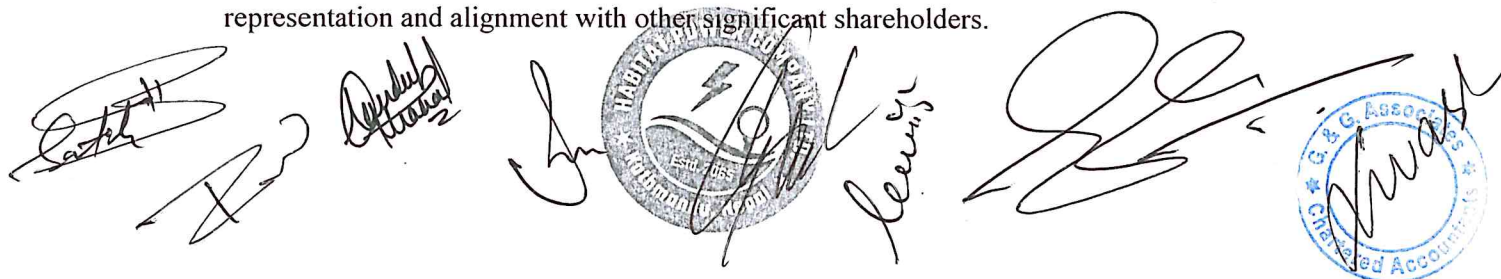
Any asset carried under concession arrangements is derecognized on disposal or when no future economic benefits are expected from its future use or disposal or when the contractual rights to the financial asset expires.

The generation license (License No. 235/2075/76) for the project was obtained on 14th Shrawan 2075 under a BOOT arrangement for 35 years, with the deadline set for 13th Shrawan 2110.

2.22 Related Party Disclosures

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

- a) As at the reporting date, Singati Hydro Energy Ltd. holds 28.17% of the issued share capital of Habitat Power Company Ltd. While this represents a minority equity interest, an assessment under NFRS 10 – Consolidated Financial Statements indicates that Singati exercises control over the Company for financial reporting purposes. Control is determined not solely by ownership percentage but by evaluating the ability to direct relevant activities, the exposure to variable returns, and the power to affect those returns. Despite its minority holding, Singati is able to exercise significant influence over strategic and operational decisions of Habitat through board-level representation and alignment with other significant shareholders.



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

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

<u>Name</u>	<u>Position in the Company</u>
Batu Lamichhane	Chairman
Ganesh Karki	Managing Director
Madhu Sudan Poudyal	Director
Belove Raj Gautam	Director (Singati Hydro Energy Ltd. Representative)
Rajani Thapa	Director (Singati Hydro Energy Ltd. Representative)
Mandeep Khanal	General Manager

c) Transactions with related parties

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

<u>Name of the Related Parties</u>	<u>Nature of Relationship</u>	<u>Nature of Transactions</u>	<u>Opening Balances</u>	<u>Transactions During the year</u>	<u>Closing Balances</u>
Batu Lamichhane	Chairman	Salary & Allowances	0.00	1,275,000	0.00
Ganesh Karki	Managing Director	Salary & Allowances	0.00	1,275,000	0.00
Madhu Sudan Poudyal	Project Director	Salary & Allowances	1,622,486.64 Cr.	1,275,000	0.00
Mandeep Khanal	General Manager	Salary & Allowances	0.00	1,331,200	0.00

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.

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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.

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.

The accompanying notes are integral part of these financial statements.

As per our attached report of even date


Mandeep Khanal
General Manager


Ganesh Karki
Director

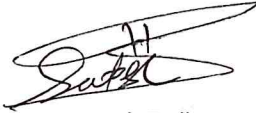

Batu Lamichhane
Chairman


FCA. Avash Gautam
Partner
G. & G. Associates
Chartered Accountants


Madhu Sudan Poudyal
Director


Rajani Thapa
Director


Belove Raj Gautam
Director


Santosh Belbase
Accounts Officer

Date: Shrawan 09, 2082
Place: Kathmandu, Nepal

