

5TH ANNUAL REPORT
2079/080

पाँचौ वार्षिक प्रतिवेदन

आर्थिक वर्ष २०७९/०८०

भापा इनर्जी लिमिटेड
Jhapa Energy Limited

बिर्तामोड, भापा

संचालक समिति



लालप्रसाद सांवा लिम्बु
अध्यक्ष



सुवास भट्टराई
प्रबन्ध संचालक



पवित्रा महतारा
संचालक



द्विराज शर्मा शिवाकोटी
संचालक



रामचन्द्र उप्रेती
संचालक



गणेश ढकाल
संचालक



नारायण प्र. पोखरेल
संचालक



नरहरी फूयाँल
संचालक



केदार प्रसाद संजेल
संचालक



भिम बहादुर लिवाङ्ग
संचालक

कम्पनी सचिव
सरोज श्रेष्ठ

लेखापरीक्षक
N.Thapa & Associates
Chartered Accountants

कम्पनी ऐन २०६३ अन्तर्गत स्थापित (शेयरमा सिमित दायित्व भएको)

भापा इनर्जी लिमिटेड

विर्तामोड न.पा. वडा नं.-४, भापा

पाँचौ वार्षिक साधारण सभा बस्ने सम्बन्धी सूचना

यस भापा इनर्जी लिमिटेडको मिति २०८०/०९/२८ मा बसेको संचालक समितिको बैठकको निर्णयानुसार कम्पनीको पाँचौ वार्षिक साधारण सभा मिति २०८०/१०/२३ मा निम्न मिति, समय र स्थानमा निम्न बिषयहरू उपर छलफल तथा निर्णय गर्न बस्ने भएकोले सम्पूर्ण शेयरधनी महानुभावहरूको जानकारीको लागि यो सूचना प्रकाशित गरिएको छ।

सभा हुने मिति, स्थान र समय

मिति : २०८० साल माघ २३ गते मंगलबार (फेब्रुअरी ६, २०२४)
समय : दिनको १० बजे
स्थान : परियोजना स्थल, शिवसताक्षी -४, बुलुचोक भापा

छलफलका विषयहरू

क) सामान्य प्रस्तावहरू

- १ अध्यक्षज्युको मन्तव्य तथा पाँचौ वार्षिक साधारण सभाका लागि संचालक समितिको तर्फबाट प्रस्तुत वार्षिक प्रतिवेदन उपर छलफल गरि पारित गर्ने।
- २ लेखापरीक्षकद्वारा प्रस्तुत आ.व. २०७९/८० को लेखापरीक्षण प्रतिवेदन सहितको आय व्यय विवरण र वासलात माथि छलफल गरि पारित गर्ने।
- ४ आगामि आ.व २०८०/८१ का लागि लेखापरीक्षकको नियुक्ति गर्ने र पारिश्रमिक तोक्ने।
- ५ संचालक समितिको आ.व २०७९/८० मा गरेका निर्णयहरू अनुमोदन गर्ने।
- ६ यस कम्पनीको नियमावलीको नियम २७ बमोजिम संस्थापक समुहबाट ७ जना संचालकको निर्वाचन/चयन गर्ने
- ७ विविध।

विशेष प्रस्तावहरू

- १ कम्पनिको जारी तथा चुक्ता पूँजी बृद्धि गर्ने सम्बन्धमा।
- २ आयोजना प्रभावित स्थानियवासी र सर्वसाधारणलाई प्राथमिक शेयर निष्काशन (IPO) जारी गर्ने सम्बन्धमा।
- ३ प्राथमिक शेयर निष्काशन (IPO) को काम कारवाहीका लागि सम्पूर्ण अख्तियारी संचालक समितीलाई प्रदान गर्ने सम्बन्धमा।
- ४ विविध।

संचालक समितिको आज्ञाले,

कम्पनी सचिव

वार्षिक साधारणसभा सम्बन्धी सामान्य जानकारीहरू:

१. वार्षिक साधारणसभामा भाग लिन आउनु हुने शेयरधनी महानुभावहरूले आफ्नो परिचय खुल्ने प्रमाण कागज वा शेयर प्रमाणपत्र साथमा लिई आउनु हुन अनुरोध छ ।
२. सम्पूर्ण शेयरधनी महानुभावहरूको जानकारीका लागि कम्पनीको संक्षिप्त आर्थिक विवरण यसै सुचनासँग प्रकाशित गरिएको छ । पठाउन नसकिएको अवस्थामा साधारणसभा स्थलमै पनि उपलब्ध गराइनेछ ।
३. सभामा आफू उपस्थित नभई प्रतिनिधि नियुक्त गर्न चाहने शेयरधनी महानुभावहरूले सभा शुरु हुने समय भन्दा कम्तीमा २४ घण्टा अगावै यस कम्पनीको केन्द्रिय कार्यालय, बिर्तामोड, भ्रुपामा प्रोक्सी फाराम दर्ता गरिसक्नुपर्नेछ । नियुक्त प्रोक्सी सभामा आउन नसक्ने भइ अर्कोलाइ नियुक्त गर्नु पर्ने भएमा सोही अवधिमा कार्यालयमा जानकारी गराउनु पर्नेछ । कम्पनीको शेयरधनीभन्दा अन्य ब्यक्तिलाई प्रोक्सी दिन पाइनेछैन ।
४. संरक्षकको हैसियतका व्यक्तीहरूले सभामा भाग लिन तथा प्रोक्सी नियुक्त गर्न पाउनेछन् ।
५. संयुक्त रुपमा शेयर खरिद गरिएको अवस्थामा शेयर लगत किताबमा पहिले नाम उल्लेख भएको व्यक्ती वा सर्वसम्मतीबाट प्रोक्सी नियुक्त गरिएको एक व्यक्तीले सभामा भाग लिन पाउनेछ ।
६. संगठित संस्था शेयरधनी रहेकोमा संस्थाको प्रतिनिधी वा निजले नियुक्त गरेको प्रोक्सीले मतदान गर्न पाउने छ ।
७. प्रबन्ध पत्र तथा नियमावलीमा भएको व्यवस्था बमोजिमको योग्यता भएको व्यक्ती संचालक पदको उम्मेदवार हुनेछ ।
८. निर्वाचन गर्नुपर्ने अवस्था आइपरेमा निर्वाचन अधिकृतले तोकेको प्रक्रिया बमोजिम निर्वाचन हुनेछ ।
९. शेयरधनी महानुभावहरूको सुविधाका लागि सभास्थलमा सभा हुने दिन बिहान १० बजेदेखि शुरु हुनेछ ।

संचालक समितिको आज्ञाले

कम्पनी सचिव

साधारणसभामा आफ्नो प्रतिनिधि नियुक्त गर्ने निवेदन (प्रोक्सी फाराम)

(कम्पनी ऐन २०६३ को दफा ७१ को उपदफा ३ सँग सम्बन्धित)

श्री संचालक समिति
श्री भूपा इनर्जी लिमिटेड
बिर्तामोड, भूपा

विषय : प्रतिनिधि नियुक्त गरेको बारे ।

महाशय,

उपर्युक्त सम्बन्धमाजिल्ला, म.न.पा./न.पा./गा.पा./ वडा नं. बस्ने म/हामीले त्यस कम्पनीको शेयरधनीको हैसियतले २०८० साल माघ महिना २३ गतेका दिन हुन गइरहेको साधारण सभामा स्वयम् उपस्थित भई छलफल तथा निर्णयमा सहभागी हुन नसक्ने भएको हुँदा उक्त सभामा भागलिन तथा मतदान समेत गर्नुपर्नेमा सो समेत गर्न म/हाम्रो सट्टामाजिल्ला, म.न.पा./न.पा./गा.पा./ वडा नं..... बस्ने त्यस कम्पनीका शेयरधनी श्रीलाई प्रतिनिधि मनोनित गरि पठाएको छु/छौं ।

प्रतिनिधिको व्यक्तीको:

हस्ताक्षरको नमुना:

शेयरधनी नं. तथा शेयर प्रमाणपत्र: तथा

मिति :

निवेदक

दस्तखत:

नाम:

ठेगाना:

शेयर प्रमाणपत्र नं.

सेयर संख्या:

नोट: यो निवेदन साधारण सभा हुनुभन्दा कम्तीमा २४ घण्टा अगाडि कम्पनीमा दाखिल गराउनु पर्नेछ ।

पुस्तिकामा समाविष्ट सामाग्रीहरू

क्र.सं.	विवरण	
१.	वार्षिक साधारणसभाको सूचना	१
२.	वार्षिक साधारणसभा सम्बन्धि सामान्य जानकारीहरू	२
३.	प्रोक्सी फाराम तथा प्रवेश पत्र	३
४.	अध्यक्षको मन्तव्य	५
५.	आयोजनाको मुख्य रूपरेखा	७
६.	लेखापरीक्षकको प्रतिवेदन	९
७.	वासलात	१२
८.	नाफा नोक्सान तथा नाफा नोक्सान बाँडफाँड हिसाब	१३
९.	नगद प्रवाह विवरण	१४
१०.	इक्विटीमा भएको परिवर्तन सम्बन्धी विवरण	१५
११.	अनुसुचीहरू	१६

झापा इजर्जी लि. को पाँचौ वार्षिक साधारण सभामा अध्यक्षको मन्तव्य

यस झापा इनर्जी लि.को पाँचौ वार्षिक साधारण सभामा उपस्थित हुन भएका आदरणीय शेरधनी महानुभावहरु, कम्पनीको निमन्त्रणालाई स्वीकार गरी पाल्नु भएका अतिथि महानुभावहरु, कम्पनीमा कार्यरत कर्मचारी साथीहरु लगायत उपस्थित सम्पूर्ण महानुभावहरुलाई संचालक समिति र मेरो व्यक्तिगत तर्फबाट पनि हार्दिक स्वागत गर्न चाहान्छु। कम्पनीको यस साधारण सभामा उपस्थित भएर संचालक समितिको तर्फबाट कम्पनीको वार्षिक प्रतिवेदन तथा भावी कार्य योजना प्रस्तुत गर्ने अवसर पाउँदा मलाई अत्यन्तै खुशी लागेको छ।

शेरधनी महानुभावहरु,

झापा जिल्लामा हामी भ्रूपात्रीहरुद्वारा भ्रूपात्री जिल्ला तथा समग्र राष्ट्रको आर्थिक विकासमा योगदान पुऱ्याउन सक्ने कुनै परियोजना निर्माण गरौं भन्ने परिकल्पना बनेपछि विभिन्न सम्भावित क्षेत्रहरुको अध्ययन तथा विश्लेषण गर्दै जाँदा भ्रूपात्री जिल्ला शिवसताक्षी न.पा. वडा न. ४ को बुलुचोकमा १० मेगावाटको सौर्य उर्जा (सोलार) परियोजना निर्माण गर्ने योजना बनेको हो। देशको समग्र आर्थिक वृद्धिमा उर्जाको महत्वपूर्ण योगदान रहने कुरामा दुईमत छैन। उर्जाको पर्याप्त उपलब्धता नभएकै कारणले हाम्रो देश नेपाल आर्थिक विकासमा छिमेकी राष्ट्रहरु भन्दा पछाडि परेको यहाँहरुलाई अवगत नै छ। ११४ वर्षको जलविद्युत उर्जाको इतिहास बोकेको हाम्रो देशमा हाल करिब ३,००० मेगावाट मात्र उर्जा उत्पादन भई रहेको छ। साथै सौर्य उर्जाको कुरा गर्ने हो भने हाल ११० मेगावाट मात्र उत्पादन भई रहेको अवस्था छ। हिउँदका महिनाहरुमा उर्जाको माग पूरा गर्न हामी भारतबाट विद्युत आयात गरिरहेको छौं। त्यस्तै आर्थिक वर्ष २०७९/८० मा हामीले करिब रु. ३०९ अर्बको पेट्रोलियम पदार्थ भारतबाट आयात गरेका छौं। छिमेकी राष्ट्र चीनले सौर्य उर्जाबाट ३,९३,०३२ मेगावाट विद्युत

उत्पादन गरिरहेको छ भने सन् २०२२ मा मात्रै ८६,००० मेगावाट सौर्य उर्जा थप गरेको छ। त्यस्तै हाम्रो अर्को छिमेकी राष्ट्र भारतले सौर्य उर्जाबाट ६३,१४६ मेगावाट विद्युत उत्पादन गरि सकेको छ भने सन् २०२२ मा मात्रै १३,४६२ मेगावाट सौर्य उर्जा थप गरेको छ।

संयुक्त राष्ट्र संघद्वारा पारित दिगो विकासका लक्ष्य (Sustainable Development Goals) को लक्ष्य नं. ७ खर्चले धान्न सक्ने स्वच्छ उर्जा (Affordable & Clean Energy) अन्तर्गत नेपाल सरकारले २०३० को अन्त्य सम्ममा १० हजार मेगावाट विद्युत जलस्रोतबाट र १ हजार मेगावाट वैकल्पिक उर्जा जस्तै सोलार र विन्ड (हावा) बाट उत्पादन गर्ने लक्ष्य लिएको छ। प्रति व्यक्ति विद्युत खपत हालको २६५ युनिटबाट वृद्धि गरी २०३० को अन्त्यमा १,५०० युनिट प्रति व्यक्ति प्रति वर्ष पुऱ्याउने लक्ष्य लिएको छ। त्यस्तै ९९ प्रतिशत जनताको पहुँचमा विद्युत शक्ति पुऱ्याउने र ५० प्रतिशत सार्वजनिक सवारी साधन विद्युतिय सवारी साधन प्रयोग गर्ने लक्ष्य राखेको छ। हाम्रो देशमा उर्जाको यही आवश्यकतालाई मध्यनजर गर्दै १० मेगावाटको सोलार परियोजना निर्माण गर्ने योजना बनाएका थियौं।

हालसम्म भएका महत्वपूर्ण कार्य प्रगतिहरु :-

- आयोजनाको ग्रिड कनेक्सन एग्रिमेन्ट (Grid Connection Agreement) बुलुचोक सब-स्टेशनमा हुने गरी २०७६।०४।२४ मा सम्पन्न भएको।
- आयोजनाको प्रारम्भिक वातावरणिय अध्ययन (IEE) प्रतिवेदन मिति २०७८।०७।०७ मा स्वीकृति भएको।
- भ्रूपात्री इनर्जी लिमिटेड र नेपाल विद्युत प्राधिकरण बीच विद्युत खरिद बिक्रीको सम्झौता (PPA) मिति २०७८।०८।१२ मा सम्पन्न भएको।

- आयोजना निर्माणका लागि आवश्यक २१ विधा १३ कट्टा १२ धुर जमिन भूपा इनर्जी लिमिटेड र भूपा एग्रो इण्डस्ट्रिज प्रा.लि.को नाममा खरिद गरी आयोजना निर्माण गरिएको ।
- विद्युत विकास विभागबाट मिति २०७९/०१/११ मा विद्युत उत्पादनको अनुमति पत्र (Generation License) प्राप्त भएको ।
- विद्युत प्रसारण लाइनको अनुमति पत्र मिति २०७९/०८/०८ मा प्राप्त भएको ।
- यस सौर्य आयोजना निर्माणका लागि कूल लागतको ७५ प्रतिशत अर्थात रु.५९.९० करोड माछापुच्छे बैंक र सिभिल बैंक (हाल हिमालयन बैंक) को सहवित्तिय कर्जामा लगानी गर्ने गरी वित्तिय व्यवस्थापन (Financial Closure) सम्पन्न भई सकेको छ ।
- आयोजना स्थलबाट बुलुचोक सब-स्टेशनसम्म करिब ९६६ मिटर प्रसारण लाइन निर्माण गरिएको छ ।
- आयोजना Engineering, Procurement & Construction (EPC) आधारमा U-Solar Clean Energy Solutions Pvt. Ltd., India ले निर्माण गरेको हो ।
- आयोजना उच्च प्रविधियुक्त सोलार प्यानल तथा उपकरणहरू जडान गरि निर्माण गरिएको जानकारी गराउँदछु ।
- आयोजनाको व्यवसायिक उत्पादन (Commercial Operation) मिति २०८०/१०/०९ सुरु भएको ।

शेयरधनी महानुभावहरू,

आयोजनाको कुल लागत रु. ८५ करोड रहेको छ । संस्थापक पूँजी रु.२५.१० करोड र बैंक कर्जा रु.५९.९० करोड गरी वित्तीय स्रोत व्यवस्था गरिएको छ । आयोजनाको विद्युत खरिद बिक्री संभौता २५ वर्षका लागि हुनेछ । विद्युत खरिद गर्ने मूल्य रु.७.३० प्रति युनिट रहेको छ । आयोजनाले वार्षिक १ करोड ७६ लाख १० हजार युनिट विद्युत उत्पादन गर्नेछ जसबाट वार्षिक आमदानी रु.१२ करोड ८५ लाख हुनेछ । आयोजनाको आन्तरिक प्रतिफलको दर (IRR) १४.४७

प्रतिशत रहेको छ भने पूँजीको आन्तरिक प्रतिफलको दर (EIRR) १९.१३ प्रतिशत रहेको छ । आयोजनाको लगानी फिर्ता हुने अवधी (Payback Period) करिब ७ वर्ष रहेको छ ।

आयोजना निर्माण सम्पन्न भई व्यवसायिक उत्पादन सुरु भइसकेको हुँदा भूपा इनर्जी लिमिटेडले आयोजना प्रभावित स्थानिय वासिन्दा र सर्वसाधारणहरूका निमित्त प्राथमिक शेयर (IPO) निष्काशन गरी नेपाल स्टक एक्सचेन्जमा सूचिकृत गर्नेछ । हाल जलविद्युत तथा उर्जा कम्पनीका शेयरहरू नेप्सेमा उच्च मूल्यमा कारोबार भैरहेको हुँदा यस कम्पनीको पनि शेयर सूचिकृत पश्चात् राम्रो मूल्यमा कारोबार हुने र लगानीकर्ता साथीहरूलाई राम्रो पूँजीगत लाभ प्राप्त हुने विश्वास हामीले लिएका छौं ।

आदरणीय शेयरधनी महानुभावहरू,

संस्थागत हितको लागि यहाँहरूबाट प्राप्त हुने सृजनात्मक तथा बौद्धिक सल्लाह, सुझावहरूलाई कम्पनीले सदाभैँ मार्ग दर्शनका रूपमा लिई अगाडि वढ्नेछ । आ.वं. २०७९/०८० को संस्थाको वासलात, नाफा नोक्सान हिसाव, नगद प्रवाह विवरण लगायत लेखापरीक्षकबाट पेश गरिएको प्रतिवेदन अधि नै अध्ययनका लागि यहाँहरूलाई उपलब्ध गराई सकिएको हुनाले अनुमोदनको लागि प्रस्तुत गर्न चाहन्छौं ।

अन्तमा कम्पनी माथिको अपार विश्वासका कारण आफ्नो लगानी मार्फत कम्पनीको उद्देश्य पुरा गर्न सहयोग गर्नुहुने सम्पूर्ण शेयरधनी महानुभावहरू, उर्जा मन्त्रालय, नेपाल विद्युत प्राधिकरण, विद्युत विकास विभाग, कम्पनी रजिष्ट्रारको कार्यालय, उद्योग विभाग, लगायतका अन्य सम्बद्ध सरकारी तथा गैह्रसरकारी निकायहरू, प्रभावित क्षेत्रका बासिन्दाहरू, लगनशील तथा इमान्दारीताका साथ काम गर्ने कम्पनीका कर्मचारीहरूलाई हृदयदेखि नै धन्यवाद दिन चाहान्छु । आफ्नो अमूल्य समय दिई हौसला बढाईदिनु भएकोमा यहाँ उपस्थित सम्पूर्ण महानुभावहरूलाई धन्यवाद दिन चाहान्छु ।

धन्यवाद !!

लालप्रसाद साँवा लिम्बू

आयोजनाको मुख्य रूपरेखा (Salient Feature of the Project):

1 Project Location

Province	:	Province no 1
Zone	:	Mechi
District	:	Jhapa
Project Site	:	Sibsatakshi
Geographical Co-ordinates		
Latitude	:	26°32'39"N-26°33'16"N
Longitude	:	87°47'45"E-87°48'22"E

2 General

Average Annual Insolation Data(GHI)	:	5.02kWh/m ² /day
Average Annual Temperature	:	29°C
Humidity	:	40 to 95%
Wind Speed	:	0.7 m/s
Installed Capacity	:	10000kW AC
Average Annual Energy	:	17610448 kWh

3 Generation

Type	:	Monocrystalline
Rated Output Capacity per Panel	:	555 Wp
Area Of Each Panel	:	2.583 m ²
Total Area of Panels	:	52715 m ²
Voltage(DC)	:	1500V
Module Efficiency	:	21.98%

4 Inverter

Capacity of each Inverter	:	5Mw, 0.85pf
Number of Units	:	2(Two)
Rated Output Voltage	:	550 V
Power Factor	:	0.85 lag to 0.95 lead(Customizable)
Power Factor	:	0.85 lag to 0.95 lead
Frequency	:	50 Hz
Total Harmonic Distortion(THD)	:	Less than 3%
DC Current Injection	:	Less than 0.5% of Full rated output a the inter-connection point or <(equal to or less than) 5 mA
Efficiency	:	98.80 (Maximum Efficiency)

(Inverter has the capacity to generate dynamic reactive power during sunshine & non-sunshine hours)

5 Transformer

Type	:	Outdoor, ONAN
Rated Capacity	:	5 MVA
Voltage Ratio	:	690/33000V
No of Units	:	2(Two) No.
Vector Group	:	YNd11
Efficiency	:	99.01%

6 Transmission Line

Voltage	:	33 kV
Length	:	966m, DOG Conductor
From	:	Project Site
To	:	Buluchowk Sub-station

7 Project Cost Estimate

Total cost of the Project	:	81.71 Crore
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8 Construction period : 18 Months

9 Others:

Note: Dimensions given above are approximate values. Dimensions and other minor details given above which do not adversely effect the performance of the Project as required by or envisaged in this PPA, may change during details engineering and construction phase, provided that such deviation/changes are approved by Coordination Committee.

INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS OF JHAPA ENERGY LIMITED

Opinion

We have audited the accompanying financial statements of **JHAPA ENERGY LIMITED** (“the **Company**”), which comprises the Balance sheet as at 31 Ashad 2080 (16 July 2023), Profit or Loss account, the Statement of Changes in Equity and the Statement of Cash Flows for the year then ended, and the notes to the financial statements, including a summary of the significant accounting policies.

In our opinion and to the best of our information and according to the explanations given to us, the accompanying financial statements presents fairly, in all material respects, the financial position of the Company, as at 31 Ashad 2080 (16 July 2023), and its financial performance, and the cash flows for the year then ended, in accordance with Nepal Financial Reporting Standards. (NFRS)

Basis for Opinion

We conducted our audit of the financial statements 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 Handbook of The Code of Ethics for Professional Accountants issued by The Institute of Chartered Accountants of Nepal (ICAN), and we have fulfilled our other ethical responsibilities in accordance with the ICAN’s Handbook of The Code of Ethics for Professional Accountants. We believe that the audit evidence we have obtained

is sufficient and appropriate to provide a basis for our audit opinion on the financial statements.

Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significant in our audit of financial statements of the financial year ended on 31 Ashad 2080 (16 July 2023). These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

We have determined that there are no key audit matters that need to be communicated in our report.

Other Information

The management is responsible for the other information presented in the Jhapa Energy Limited’s Annual Report together with the Financial Statements. This report is expected to be made available to us after the date of this auditor’s report. Our opinion on the Financial Statements does not cover the other information and, accordingly, we do not express an audit opinion or, expect as explicitly stated below, any form of assurance conclusion thereon. In connection with our audit of the financial statement, our responsibility is to read the other information identified above when it becomes available and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

Responsibility of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial Statements in accordance with Nepal Financial Reporting Standards, and for such internal control as management determines is necessary to enable the preparation of the financial statements that are free from material misstatement, whether due to fraud and error.

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

Those charged with governance are responsible for overseeing the Company's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that 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:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and

perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal controls relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.

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

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and

other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of the most significance in the audit of the financial statements of the current period and the therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter.

Report on Other Legal and Regulatory Requirements

On the basis of our examination, we would like to further report that:

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

- ii. In our opinion, The Statement of Balance Sheet, Profit or Loss account, Change in Equity and Cash Flows have been prepared in accordance with the provisions of companies Act 2063 and conform to the books of accounts of the company and the books of accounts and records are properly maintained in accordance with the prevailing laws.
- iii. During the course of our audit, we did not come across the cases where the Board of Directors or the representative or any employee of the company has acted deliberately contrary to the provisions of the law or caused loss or damage to the company or misappropriated funds of the company, nor have we been informed of any such case by the management.
- iv. We have not come across any accounting fraud so far as it appeared from our examination of the books of accounts.

Date : 2080 Poush 08

Place : Kathmandu

UNDIN : 231224CA009622GGQ8

CA. Nabina Thapa

Proprietor

N.Thapa and Associates

Chattered Accountants

JHAPA ENERGY LIMITED

Birtamode, Jhapa

BALANCE SHEET

As on 31 Ashad, 2080 (16 July, 2023)

Equity and Liabilities	Schedule	FY 2079/80	FY 2078/79
Equity			
Share Capital	7	100,398,800	100,398,800
Reserve and Surplus	8	(1,069,310)	(1,302,580)
Advance from Shareholders		95,113,239	26,154,570
Total Equity		194,442,729	125,250,790
Non Current Liabilities			
Long Term Loan	9	253,545,672	-
Total Non Current Liabilities		253,545,672	-
Current Liabilities			
Short Term Loan	10	28,374,700	-
Trade and other Payable	11	26,574,385	2,307,847
Provisions	12	95,899	74,096
Total Current Liabilities		55,044,984	2,381,943
Total Non Current Liabilities & Current Liabilities		308,590,656	2,381,943
Total Equity and Liabilities		503,033,385	127,632,733
Assets			
Non current Assets			
Net Fixed Assets	1	782,003	1,080,723
Work In Progress (Project Expenditure)	2	427,081,165	86,600,598
Investments	3	20,000,000	-
Total Non current Assets		447,863,167	87,681,321
Current Assets			
Cash & Bank	4	8,576,851	8,374,040
Deposit & cash Margin	5	38,569,000	-
Advance & Receivables	6	8,024,367	31,577,373
Total Current Assets		55,170,218	39,951,413
Total Assets		503,033,385	127,632,733

Schedules 1 to 14 form integral part of this Financial Statement.

As per our report of even date.

Lal Prasad Sanwa Limbu
Chairman

Subash Bhattarai
Managing Director

CA. Nabina Thapa
Proprietor
N. Thapa & Associates
Chartered Accountants

Saroj Shrestha
Admin & Finance Manager

Date: 2080 Poush 08
Place: Birtamode, Jhapa

JHAPA ENERGY LIMITED

Birtamode, Jhapa

PROFIT OR LOSS ACCOUNT

For The Period Ending On 31 Ashad 2080 (16 July, 2023)

Equity and Liabilities	Schedule	FY 2079/80	FY 2078/79
Revenue		-	-
Generation Expenses		-	-
Gross income		-	-
Administrative and operating expenses		-	-
Depreciation and Amortization		-	-
Total expenses		-	-
Other Income	13	317,247	153,404
Net Profit before Interest and Tax		317,247	153,404
Finance cost		-	-
Provision For Staff Bonus		6,221	3,008
Net profit before Tax		311,027	150,396
Provision for Income Tax		77,757	37,599
Net Profit after Tax		233,270	112,797

Schedules 1 to 14 form integral part of this Financial Statement.

As per our report of even date.

Lal Prasad Sanwa Limbu
Chairman

Subash Bhattarai
Managing Director

CA. Nabina Thapa
Proprietor
N. Thapa & Associates
Chartered Accountants

Saroj Shrestha
Admin & Finance Manager

Date: 2080 Poush 08
Place: Birtamode, Jhapa

JHAPA ENERGY LIMITED

Birtamode, Jhapa

CASH FLOW STATEMENT

For The Period Ending On 31 Ashad 2080 (16 July, 2023)

Particulars	FY 2079/80	FY 2078/79
CASHFLOW FROM OPERATING ACTIVITIES		
Net profit before tax	311,027	150,396
Adjustments:		
Add: Depreciation	298,720	298,720
(Increase)/Decrease in current assets	(15,015,994)	(8,849,523)
Increase/(Decrease) in current liabilities	52,663,041	(3,163,695)
Cash generated from operation	38,256,793	(11,564,102)
Income tax paid	(77,757)	(23,011)
Net cash from operating activities (A)	38,179,036	(11,587,113)
CASHFLOW FROM INVESTING ACTIVITIES		
Purchase of property, plant and equipment	-	(90,420)
Increase / Decrease in Capital Work in Progress	(340,480,567)	(59,666,424)
Investment	(20,000,000)	
Interest received		
Dividends received		
Net cash used in investing activities (B)	(360,480,567)	(59,756,844)
CASHFLOW FROM FINANCING ACTIVITIES		
Proceeds from issue of share capital	-	81,898,800
Advance for Share Capital	68,958,669	(3,434,750)
Borrowing/(repayment) of bank loan	253,545,672	
Dividends paid		
Interest on long term loan paid		
Net cash from financing activities (C)	322,504,341	78,464,050
Net increase in cash and cash equivalents (A+B+C)	202,811	7,120,094
Cash and cash equivalents at beginning of period	8,374,040	1,253,946

Schedules 1 to 14 form integral part of this Financial Statement.

As per our report of even date.

Lal Prasad Sanwa Limbu
Chairman

Subash Bhattarai
Managing Director

CA. Nabina Thapa
Proprietor

Saroj Shrestha
Admin & Finance Manager

N. Thapa & Associates
Chartered Accountants

Date: 2080 Poush 08
Place: Birtamode, Jhapa

JHAPA ENERGY LIMITED

Birtamode, Jhapa

STATEMENT OF CHANGE IN EQUITY

For The Period Ending On 31 Ashad 2080 (16 July, 2023)

Particulars	Share Capital	Retained Earning	Advance For Share Capital	Total
Balance as on 1 Shrawan 2078	18,500,000	(1,415,377)	29,589,320	46,673,943
Issue of Share Capital	81,898,800			81,898,800
Net Profit/Loss		112,797		112,797
Dividend				
Advance Received/Transferred to share capital			(3,434,750)	(3,434,750)
Balance as on 31 Ashad 2079	100,398,800	(1,302,580)	26,154,570	125,250,790
Balance as on 1 Shrawan 2079	100,398,800	(1,302,580)	26,154,570	125,250,790
Issue of Share Capital				-
Net Profit/Loss		233,270		233,270
Dividend				-
Advance Received/Transferred to share capital			68,958,669	68,958,669
Balance as on 31 Ashadh 2080	100,398,800	(1,069,310)	95,113,239	194,442,729

Schedules 1 to 14 form integral part of this Financial Statement.

As per our report of even date.

Lal Prasad Sanwa Limbu
Chairman

Subash Bhattarai
Managing Director

CA. Nabina Thapa
Proprietor
N. Thapa & Associates
Chartered Accountants

Saroj Shrestha
Admin & Finance Manager

Date: 2080 Poush 08
Place: Birtamode, Jhapa

JHAPA ENERGY LIMITED

Birtamode, Jhapa

As on 31 Ashad, 2080 (16 July, 2023)

SCHEDULE 1: FIXED ASSETS AND DEPRECIATION

Particulars	Rate	Gross Book Value				Depreciation				Net Book value This Year	Net Book value Previous Year	
		Opening balance	Addition	Absorbed Addition	Disposal	Depreciation Base	Opening accumulated depreciation	Depreciation this year	Depreciation Disposal			Total
Furniture & Fixtures	25%	49,720	-	-	-	49,720	24,860	12,430	-	37,290	12,430	24,860
Computer & Office Equipments	25%	133,825	-	-	-	133,825	48,569	33,456	-	82,025	51,800	85,256
Vehicles	20%	269,400	-	-	-	269,400	107,760	53,880	-	161,640	107,760	161,640
Plant and Machinery	15%	156,000	-	-	-	156,000	46,800	23,400	-	70,200	85,800	109,200
Other Assets	20%	839,349	-	-	-	839,349	170,318	167,870	-	338,188	501,161	669,031
ERP Software Tally	5 Years	38,420	-	-	-	38,420	7,684	7,684	-	15,368	23,052	30,736
Total		1,486,714	-	-	-	1,486,714	405,991	298,720	-	704,711	782,003	1,049,987

JHAPA ENERGY LIMITED

Birtamode, Jhapa

SCHEDULES FORMING PART OF FINANCIAL STATEMENTS

SCHEDULE 2: WORK IN PROGRESS (PROJECT EXPENDITURE)

Particulars	Schedule	FY 2079/80	FY 2078/79
Land Cost		21,989,889	20,990,889
Total EPC cost including Civil and Transmission line Structure	Sub Schedule 1.1	332,015,504	32,000,000
Licensing, PPA and security deposit	Sub Schedule 1.2	15,500,782	13,153,800
Office Management Expenses	Sub Schedule 1.3	14,158,070	7,673,028
Connection Road, Box culvert, Deep Boring and River Protection	Sub Schedule 1.4	10,005,609	4,895,487
Bank Fees and LC charges	Sub Schedule 1.5	7,462,388	4,987,710
Miscellaneous Expenses	Sub Schedule 1.6	5,346,056	2,699,683
Social Risk Mitigation Expenses		4,909,313	200,000
Customs Clearing Expenses	Sub Schedule 1.7	5,778,699	-
Interest During Construction	Sub Schedule 1.8	9,914,855	-
Project Commissioning Expenses		-	-
Total		427,081,165	86,600,598

SCHEDULE 3: INVESTMENT

Particulars	FY 2079/80	FY 2078/79
Investment in Jhapa Agro Industries Pvt. Ltd. (2,00,000 kittas Ordinary Share at Par Rs. 100)	20,000,000	-
Total	20,000,000.00	-

SCHEDULE 4: CASH AND BANK BALANCE

Particulars	FY 2079/80	FY 2078/79
Cash in hand	20,000	29,470
Bank Balance	<u>8,556,851</u>	<u>8,344,570</u>
Excel Development Bank	813	6,446
Sanima Bank	17,144	1,017,724
Rastriya Banijya Bank	21,059	287,326
Machapuchchhre Bank	8,498,049	6,327,336
Guheshwori Merchant & Finance	19,786	705,737
Total	8,576,851	8,374,040

JHAPA ENERGY LIMITED

Birtamode, Jhapa

SCHEDULES FORMING PART OF FINANCIAL STATEMENTS

SCHEDULE 5: DEPOSIT AND MARGIN

Particulars	FY 2079/80	FY 2078/79
Deposits(sub Schedule 5.1)	4,000,000	3,700,000
LC Cash Margin	34,320,000	-
NRB Margin	249,000	-
Total	38,569,000.00	3,700,000.00

SCHEDULE 6: ADVANCE AND RECEIVABLE

Particulars	FY 2079/80	FY 2078/79
LC Advance	5,658,399	500,000
Ram Chandra Aryal	-	459,700
Pratima Construction	-	3,000,000
Advance to Khemnath Misra	-	500,000
Advance to Gorakshya Hydropower P L	1,000,000	1,000,000
Advance to Minal Timsina	1,000,000	1,000,000
Advance Salary	239,167	1,755,376
TDS Receivable	-	5,232
Payable to Puspala Investment Co .	-	57,150
Payable to Puspala Memorial Coop.	-	21,874
Jhapa Agro Industries Pvt. Ltd.	-	19,578,041
Advance to Sakushal Tradelink Pvt Ltd	100,000	-
Ram Chandra Phyyal	25,000	-
Advance to Megawatt Energy Pvt Ltd.	1,800	-
Total	8,024,367	27,877,373

JHAPA ENERGY LIMITED

Birtamode, Jhapa

SCHEDULES FORMING PART OF FINANCIAL STATEMENTS

SCHEDULE 7: SHARE CAPITAL

Particulars	FY 2079/80	FY 2078/79
Authorized Capital	<u>40,00,00,000</u>	<u>40,00,00,000</u>
Issued Share Capital	<u>20,00,00,000</u>	<u>20,00,00,000</u>
Paidup Share Capital	100,398,800	100,398,800
Total	100,398,800	100,398,800

SCHEDULE 8: RESERVE & SURPLUS

Particulars	FY 2079/80	FY 2078/79
Opening balance	(1,302,580)	(1,415,377)
Prior Period Adjustment		
Profit/Loss During this Year	233,270	112,797
Total	(1,069,310)	(1,302,580)

SCHEDULE 9: LONG TERM LOAN

Particulars	FY 2079/80	FY 2078/79
Term Loan From Machhapuchhre Bank Limited	139,643,262	-
Term Loan From Himalayan Bank Limited	113,902,410	
Total	253,545,672	-

SCHEDULE 10: SHORT TERM LOAN

Particulars	FY 2079/80	FY 2078/79
Bridge Gap Loan From Machhapuchhre Bank Limited	28,374,700	-
Total	28,374,700	-

JHAPA ENERGY LIMITED

Birtamode, Jhapa

SCHEDULES FORMING PART OF FINANCIAL STATEMENTS

SCHEDULE 11: TRADE AND OTHER PAYABLE

Particulars	FY 2079/80	FY 2078/79
TDS Payable (Sub Schedule 11.1)	590,183	866,638
Payable to U Solar Clean Energy P L	25,013,826	-
House Rent Payable	20,000	20,000
Salary Payable	346,380	327,346
Payable to Bond Consultants Pvt Ltd.	203,625	203,625
Payable to Janak Traders	24,425	-
Jhapa Agro Industries Pvt. Ltd.	288,034	-
Others Payable	87,913	890,238
Total	26,574,386	2,307,847

SCHEDULE 12: PROVISIONS

Particulars	FY 2079/80	FY 2078/79
Provision for tax liability net off advance tax	30,170	14,588
Provision for Staff Bonus	9,228	3,008
Provision for Audit Fee	56,500	56,500
Total	95,899	74,096

SCHEDULE 13: OTHER INCOME

Particulars	FY 2079/80	FY 2078/79
Interest Income	317,247	153,404
Total	317,247	153,404

JHAPA ENERGY LIMITED

Birtamode, Jhapa

SCHEDULES FORMING PART OF FINANCIAL STATEMENTS

SUB-SCHEDULE 1.1: TOTAL EPC COST INCLUDING CIVIL AND TRANSMISSION LINE STRUCTURE

Particulars	FY 2079/80	FY 2078/79
Cables	40,282,369	-
Civil Foundation & Transmission Line	32,000,000	32,000,000
Earthing Strips	14,367,761	-
Earthing System	13,740,870	-
GI Strips	1,237,255	-
LA	4,003,750	-
Miscellaneous Goods	4,556,268	-
Mouldle Mounting Structure	212,026,044	-
String Combiner Box	9,801,186	-
Total	332,015,504	32,000,000

SUB-SCHEDULE 1.2: LICENSING, PPA AND SECURITY DEPOSIT

Particulars	FY 2079/80	FY 2078/79
Pre Feasibility Study expenses	1,384,250	1,384,250
Feasibility Study Expenses	4,689,800	4,689,800
Geo Technical Investigation Expenses	650,000	650,000
Technical and Financial Consulting Fee	5,852,000	3,645,200
Due Diligence Expenses	604,550	604,550
PPA License	400,000	400,000
Survey License fee paid to DOED	300,000	300,000
Generation License Fee	740,000	740,000
Transmission Line Fee	856,182	740,000
Meeting Allowance	24,000	-
Total	15,500,782	13,153,800

JHAPA ENERGY LIMITED

Birtamode, Jhapa

SCHEDULES FORMING PART OF FINANCIAL STATEMENTS

SCHEDULE 1.3: OFFICE MANAGEMENT EXPENSES

Particulars	FY 2079/80	FY 2078/79
Advertisement Expenses	344,264	322,857
Cleaning Expenses.	84,363	12,000
Computer Service Expenses	7,000	7,000
Documentation Fee	20,000	20,000
Electricity Expense	223,750	82,719
House Rent Expenses	743,555	476,889
Lunch Expenses	312,154	266,404
Office Expenses	203,499	126,666
Petty Cash Expenses	528,750	100,530
Printing and Stationery Expenses	310,560	246,420
Salary Expenses	9,899,467	4,787,967
Audit Fee	161,900	105,400
Telephone & Internet Expenses	47,500	15,000
Travelling Expenses	1,102,046	938,415
Vechicle Service and Fuel Exp	169,262	164,762
Total	14,158,070	7,673,028

SUB-SCHEDULE 1.4: CONNECTION ROAD,BOX CULVERT, DEEP BORING AND RIVER PROTECTION

Particulars	FY 2079/80	FY 2078/79
Access Bridge Construction	2,678,205.08	1,275,080
Land Development & Protection	4,212,333.95	2,070,415
Road Access	2,153,117.00	1,549,992.00
Site Office Expenses	961,952.76	-
Total	10,005,609	4,895,487

JHAPA ENERGY LIMITED

Birtamode, Jhapa

SCHEDULES FORMING PART OF FINANCIAL STATEMENTS

SUB-SCHEDULE 1.5: BANK CHARGE & LC CHARGES

Particulars	FY 2079/80	FY 2078/79
Loan Processing Fee	4,922,250	4,922,250
Bank Charges	993,634	65,460
Lc Charge & Commission	1,546,505	-
Total	7,462,388	4,987,710

SUB-SCHEDULE 1.6: MISCELLANEOUS EXPENSES

Particulars	FY 2079/80	FY 2078/79
AGM Expenses	159,070	-
Ceremony Expense	459,676	438,974
Guest Entertainment Expenses	425,533	341,126
Interest and Other Charges	526,824	526,824
Notary Expenses	10,326	10,326
Legal Expenses	65,000	65,000
Registration & Renewal Expenses	887,772	235,664
Silanyas Expenses	100,540	100,540
Wages Expense	548,030	155,977
Depreciation	718,723	420,003
Field Visit Expenses	840,012	320,500
Rating Expenses	226,000	-
Certification Expense	378,550	84,750
Total	5,346,056	2,699,683

SUB-SCHEDULE 1.7: CUSTOMS CLEARING EXPENSES

Particulars	FY 2079/80	FY 2078/79
Customs Clearing Expenses	5,778,699	-
Total	5,778,699	-

JHAPA ENERGY LIMITED

Birtamode, Jhapa

SCHEDULES FORMING PART OF FINANCIAL STATEMENTS

SUB-SCHEDULE 1.8: INTEREST DURING CONSTRUCTION(IDC)

Particulars	FY 2079/80	FY 2078/79
Interest on term loan	9,454,672	-
Interest on bridge gap loan	460,183	-
Total	9,914,855	-

SUB-SCHEDULE 5.1: DEPOSITS

Particulars	FY 2079/80	FY 2078/79
BG Margin for PPA	3,000,000	3,000,000
Deposit to DOED	700,000	700,000
BG Cash Margin for EXIM Code	300,000	-
Total	4,000,000	3,700,000

SUB-SCHEDULE 11.1: TDS PAYABLE

Particulars	FY 2079/80	FY 2078/79
House Rent Tax Payable	34,355	28,889
Salary Tax Payable	205,202	322,930
TDS Payable Individual & Sole Proprietorship	290,260	383,499
TDS Payable - PVT Ltd	56,602	131,321
TDS Payable - Public Limited	3,764	-
Total	590,183	866,638

JHAPA ENERGY LIMITED

Birtamode, Jhapa

F/Y 2079/80

SCHEDULE 14: ACCOUNTING POLICIES AND NOTES TO THE FINANCIAL STATEMENTS

1. Corporate Information

Jhapa Energy Limited (JEL) is a company registered in Office of Company Registrar of Nepal. The objective of the company is to develop solar and other renewable energy projects and sell energy to Nepal Electricity Authority and to fulfill energy requirements of the country. The company is developing 10 MW Photo Voltaics (PV) Solar project at Buluchowk, Shivsatakshi Municipality Ward No. – 4 of Jhapa.

2. Basis of Preparation of Financial Statements

2.1 Statement of Compliance

Financial statements have been prepared in accordance with Nepal Financial Reporting Standards (NFRS) issued by the Institute of Chartered Accountants of Nepal. The company has consistently applied the accounting policies used in the preparation for all period presented.

2.2 Basis of Preparation

The significant accounting policies used in preparing the Financial Statements are set out in Note no. 3 of the Notes to the Financial Statements. Company's Financial Statements are presented in Nepalese Rupees, which is also its functional currency.

2.3 Basis of Measurement

The Financial Statements have been prepared on accrual basis and under the historical cost convention except for the items that have been measured at fair value as required by relevant NFRS.

2.4 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 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 in to 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.

For the purpose of fair value disclosures, the Company has determined classes of assets and liabilities on the basis of the nature, characteristics and risks of the asset or liability and the level of the fair value hierarchy in which they fall.

2.5 Current and Non-Current Classifications

All Assets and Liabilities have been classified as current or non-current as per the Company's normal operating cycle and other criteria set out in the NFRS. Based on the nature of product & activities of the Company and their realization in cash and cash equivalent, the Company has determined its operating cycle as twelve months for the purpose of current and non-current classification of assets and liabilities. Deferred tax assets and liabilities are classified as non-current assets and liabilities.

2.6 Use of Estimates, Assumptions and Judgments

The preparation of financial statements in conformity with the recognition and measurement principles of NFRS requires management of the Company to make estimates, assumptions and judgments that affect the reported balances of assets and liabilities, disclosures of contingent liabilities as at the date of standalone financial statements and the reported amounts of income and expenses for the periods presented. Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimates are revised and future periods are affected.

3 Significant Accounting Policies

3.1 Property, Plant & Equipment

Property, Plant and Equipment (PPE) are stated at cost net of tax/duty credit availed, less accumulated depreciation and accumulated losses, if any. Cost includes expenses directly attributable to bringing the Asset to their location and conditions necessary for it to be capable of operating in the manner intended by the management.

Subsequent cost are included in the asset's carrying amount or recognized as 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 replaced. All other repairs and maintenance are charged to profit or loss during the reporting period in which they are incurred.

Assets in the course of construction are capitalized in capital work in progress account. At the point when an asset is capable of operating in the manner intended by the management, the cost of erection/construction is transferred to the appropriate category of property, plant and equipment cost (net of income and including pre-operative cost / expenses) associated with the commissioning of an asset are capitalized until the period of commissioning has been completed and the asset is ready of its intended use.

Property, Plant and Equipment are eliminated from financial statement, either on disposal or when retired from active use. Losses arising in the case of retirement of Property, plant and equipment and gains or losses arising from disposal of property, plant and equipment are recognized in Statement of Profit and Loss in the year of occurrence.

Depreciation methods, estimated useful lives and residual value.

Depreciation is calculated using the Straight Line Method (SLM) to allocate their cost, net of their residual values, over their estimated useful lives.

The assets residual values, useful lives and methods of depreciation are reviewed at each financial year end and adjusted prospectively, if appropriate.

Gains and losses on disposals are determined by comparing proceeds with carrying amount. These are included in Statement of Profit or Loss within other gains / (losses).

Depreciation on impaired assets is provided on the basis of their residual useful life.

3.2 Intangible Assets

Intangibles Assets are recognized if the future economic benefits attributable to the Assets are expected to flow to the Company and the cost of the asset can be measured reliably.

Internally generated intangibles, excluding capitalized developments costs, are not capitalized and the related expenditure is reflected in Statement of Profit and Loss in the period in which the expenditure is incurred.

The useful lives of Intangibles Assets are assessed as either finite or indefinite. The amortization period and the amortization method for an Intangible Asset with a finite useful life are reviewed at least at the end of each reporting period. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset are considered to modify the amortization period or method, as appropriate, and are treated as changes in accounting estimates.

Intangible Asset with finite lives are amortized over the useful economic life and assessed for impairment whenever there is an indication that the Intangible Asset may be impaired.

Gain or losses arising from derecognition of an Intangible Asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognized in the statement of profit and loss when the asset is derecognized.

3.3 Cash and Cash Equivalents

The statement of cash flows have been prepared under indirect method, whereby profit or loss is adjusted for the effects of transactions of a non-cash nature, any deferrals or accruals of past or future operating cash receipts or payments and items of income or expense associated with investing or financing cash flows. The cash flows from operating, investing and financing activities of the Company are segregated. The Company considers all highly liquid investments that are readily convertible to known amounts of

cash and are subject to an insignificant risk of changes in value to be cash equivalents.

3.4 Advances, Deposits and Other Receivables

Advances, Deposits and Other Receivables are stated at their cost less provision for impairment. The amount of the provision is recognized in the income statement.

3.5 Trade and Other Payables

Trade and Other Payables are stated at their cost.

3.6 Provisions

A provision is recognized in the financial statements when the Company has a legal or constructive obligation as result of a past event, and it is probable that an outflow of economic benefits will be required to settle the obligation.

3.7 Revenue Recognition

Income and expenditure is recognized on accrual basis unless otherwise stated.

3.8 Employee Cost

Salaries are recognized when they are accrued to employees. Other benefits are recognized as and when paid to employees. They have been capitalized under project expenditure.

3.9 Taxation

3.9.1 Current Income Tax

Solar Energy companies are entitled for tax exemptions for 10 years form the date of commercial operation. Since, the Company has not commenced commercial operation, the tax exemption period has not commenced yet. The Company has earned incomes which are not exempted from tax. However, in view of accumulated losses, the Company is not liable for tax. Hence, no provision for tax has been made in the current year.

3.9.2 Deferred Income Tax

As the Company enjoys tax exemptions for 10 years from the date of commencement of commercial operations, extent of deferred income tax assets that is probable that future taxable profit will be available against which the temporary differences can be utilized can be ascertained only after tax exemption period is over. Hence, deferred income tax is not provided.

4 Related Party Disclosure

4.1 Those Charged with Governance

Those Charged with governance of Jhapa energy Limited includes member of Board of Directors namely:

Name	Designation
Lal prasad Sanwa Limbu	Chairperson
Subash Bhattraï	Managing Director
Dwiraj Sharma Siwakoti	Director
Pabitra Devi Mahatara	Director
Ram Chandra Upreti	Director
Ganesh Dhakal	Director
Narahari Phyuäl	Director
Narayan Prasad Pokhrel	Director
Kedar Prasad Sanjel	Independent Director
Bhim Bahadur Liwang	Independent Director

The Company has paid following benefits to TCWG during this fiscal year:

Name	Amount(NRs.)
Lal prasad Sanwa Limbu	Rs. 13,00,000
Subash Bhattraï	Rs 6,50,000
Narayan Prasad Pokhrel	Rs. 6,50,000

5 Statement of Change in Equity

The statement of changes in equity has been prepared disclosing changes in each element of equity.

Particulars	Share Capital	Retained Earning	Advance For Share Capital	Total
Balance as on 1 Shrawan 2078	18,500,000	(1,415,377)	29,589,320	46,673,943
Issue of Share Capital	81,898,800			81,898,800
Net Profit/Loss		112,797		112,797
Dividend				
Advance Received/Transferred to share capital			(3,434,750)	(3,434,750)
Balance as on 31 Ashad 2079	100,398,800	(1,302,580)	26,154,570	125,250,790
Balance as on 1 Shrawan 2079	100,398,800	(1,302,580)	26,154,570	125,250,790
Issue of Share Capital				-
Net Profit/Loss		233,270		233,270
Dividend				-
Advance Received/Transferred to share capital			68,958,669	68,958,669
Balance as on 31 Ashadh 2080	100,398,800	(1,069,310)	95,113,239	194,442,729

6 Investments

The company has its investment in Jhapa Agro Industries Pvt Ltd for the purpose of purchasing of land required for the project. Jhapa Energy Limited could not purchase all the land required for the project due to land acquisition Limit. Hence, for the purpose of acquiring the remaining land for the project, Rs. 2,00,00,000 is invested and purchased the required land. Now, Jhapa Agro Industries Pvt. Ltd. is a fully owned subsidiary company of Jhapa Energy Limited.

Schedules 1 to 14 form integral part of this Financial Statement.

As per our report of even date.

Lal Prasad Sanwa Limbu
Chairman

Subash Bhattarai
Managing Director

CA. Nabina Thapa
Proprietor
N. Thapa & Associates
Chartered Accountants

Saroj Shrestha
Admin & Finance Manager

Date: 2080 Poush 08
Place: Birtamode, Jhapa

