

Independent Auditor's Report to the Shareholder of

M/S Dordi Khola Jala Bidyut Company Ltd. *On the Financial Statements.*

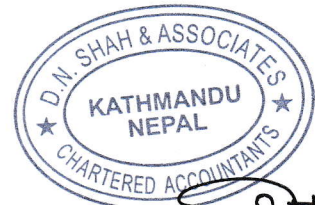
We have audited the attached Balance Sheet of M/s **Dordi Khola Jala Bidyut Company Ltd., Kathmandu**, as at Ashadh End 2072 (July 16, 2015), Profit & Loss Statement for the year ended Ashadh End 2072 and Cash Flow Statement for the year Ended Ashadh 2072.

It is the responsibility of the company management to prepare these statements. This responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of these financial statements that are free from materials misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances. Our responsibility is to express opinion on these financial statements

We conducted our audit in accordance with generally accepted auditing standards in Nepal. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosure in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion and based on above we report that:

1. We have obtained prompt replies to the queries and explanations asked for.
2. The enclosed Balance Sheet, Profit & Loss Statement, Project in progress Expenses and Cash Flow Statement have been prepared as per provisions of the law and the same are in agreement with the books of account maintained by the Company.
3. In our opinion and to the best of our information and according to the explanations given to us, the enclosed Balance Sheet as at Ashadh End 2072 shows true and fair view of the state of affairs of the Company and The Profit & Loss Statement for the Year ended on that date show true Loss.
4. In our opinion and to the best of our information and according to the explanations given to us, the Directors and Staffs of the Company do not appear to have acted against law.

Date: - 2072/07/21
Place: - Kathmandu



(Signature)

(CA, Dip Narayan Shah)
For: D.N. Shah & Associates
Chartered Accountants

DORDI KHOLA JALA BIDYUT COMPANY LIMITED

Bluestar Complex, Tripureshwor, Kathmandu

Balance Sheet

as on Ashadh 31, 2072 (July 16, 2015)

S.No.	Particulars	Schedules	Ashadh 31, 2072 Nrs	Ashadh 32, 2071 Nrs
	CAPITAL & LIABILITIES			
1	Shareholder's Fund		30,419,873.84	21,937,090.25
a	Share Capital	1	31,240,000.00	22,400,000.00
b	Reserves & Surplus		(820,126.16)	(462,909.75)
	Total Shareholder's fund		30,419,873.84	21,937,090.25
2	Current Liabilities and Provisions			
a	Sundry Creditors and Payables	2	22,684,604.82	2,065,412.42
b	TDS Payables	3	606,731.13	620,035.44
	Total Current Liabilities & Provisions		23,291,335.95	2,685,447.86
	Total		53,711,209.79	24,622,538.11
	ASSETS			
3	Non Current Assets			
	Property, Plant & Equipment (land)		-	-
	Less: Accumulated Depreciation		-	-
	Net Property, Plant & Equipment		-	-
4	Current Assets			
a	Cash & Bank Balances	4	440,339.54	111,179.23
b	Sundry Debtors and Receivables	5	10,443,390.82	673,414.40
	Total Current Assets		10,883,730.36	784,593.63
5	Pre-operating Expenditure	6	42,827,479.43	23,837,944.48
	Total		53,711,209.79	24,622,538.11

Significant Accounting Policies & Notes to Accounts

8

The aforementioned schedules and notes to the accounts from an integral part of this balance sheet.

As per our report of even date

Dikendra Raj Kandel
Chairperson

Vinay Bhandari
Managing Director

Hari Kanta Khanal
Director

Basanta Raj Raut
Director

Dipendra Lal Karn
Director

Ajay Acharya
Asst. Manager

D.N. Shah
D.N. Shah & Associates
Chartered Accountant

Date: 2072/07/20



DORDI KHOLA JALA BIDYUT COMPANY LIMITED

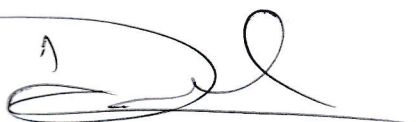
Income Statement

For the year ended as on Ashadh 31, 2072 (July 16, 2015)

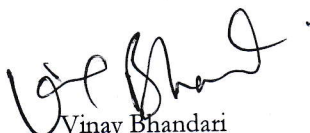
S.No.	Particulars	Schedules	Ashadh 31, 2072 Nrs	Ashadh 32, 2071 Nrs
1	Others Income		13,668.16	6230.02
2	Administrative Expenses	7	(370,884.57)	(241,042.66)
3	Depreciation			
	Total Expenses for the Year			
	Profit /Loss (This year)		(357,216.41)	(234,812.64)
	Accumulated Profit / Loss (Last year)		(462,909.75)	(228,097.11)
	Total Cost Transferred to Balance Sheet		(820,126.16)	(462,909.75)

The aforementioned schedules and notes to the accounts from an integral part of this balance sheet.

As per our report of even date



Dikendra Raj Kandel
Chairperson



Vinay Bhandari
Managing Director



Hari Kanta Khanal
Director



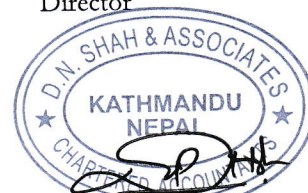
Basanta Raj Raut
Director



Dipendra Lal Karn
Director



Ajay Acharya
Asst. Manager



D.N. Shah
D.N. Shah & Associates
Chartered Accountant

Date: 2072/07/20



DORDI KHOLA JALA BIDYUT COMPANY LIMITED

Cash Flow Statement as on Ashadh 31, 2072 (July 16, 2015)

S.No.	Particulars	Ashadh 31, 2072 Nrs	Ashadh 32, 2071 Nrs
(A)	Cash Flow from Operating Activities		
	Profit/(loss) for the year	(357,216.41)	(234,812.64)
	Adjustment for:		
	Depreciation	-	-
	Interest	-	-
	Income Tax Liability	-	-
	Cash flow from operating activities before changes in Working Capital	(357,216.41)	(234,812.64)
	Increase/(Decrease) in Current Liabilities	20,605,888.09	(211,635.16)
	(Increase)/Decrease in Current Assets	(9,769,976.42)	(642,025.57)
	Net Cash Flow from Operating activities (A)	10,478,695.26	(1,088,473.37)
(B)	Cash Flow from Investing Activities		
	Pre-operating Expenditure	(18,989,534.95)	(11,318,809.29)
	Net Cash Flow from Investing Activities (B)	(18,989,534.95)	(11,318,809.29)
(C)	Cash Flow from Financing Activities		
	Issuance of Equity Share Capital	8,840,000.00	12,400,000.00
	Loan	-	-
	Net Cash Flow from Financing Activities (C)	8,840,000.00	12,400,000.00
	NET CASH FLOW DURING THE YEAR (A+B+C)	329,160.31	(7,282.66)
	Opening Cash & Bank Balances	111,179.23	118,461.89
	Cash and Bank Balances at the end of the year	440,339.54	111,179.23

As per our report of even date

Dikendra Raj Kandel
Chairperson

Vinay Bhandari
Managing Director

Hari Kanta Khanal
Director

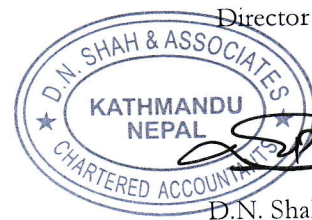
Basanta Raj Raut
Director

Dipendra Lal Karn
Director

Ajay Acharya
Aaat. Manager

D.N. Shah
D.N. Shah & Associates
Chartered Accountant

Date: 2072/07/20



DORDI KHOLA JALA BIDYUT COMPANY LIMITED

Schedules forming part of the Balance Sheet
as on Ashadh 31, 2072 (July 16, 2015)

Schedule 1 : Share Capital

S.No.	Particulars	Ashadh 31, 2072 Nrs	Ashadh 32, 2071 Nrs
A.	Authorised capital 5,000,000 shares of NRs.100 each	500,000,000.00	500,000,000.00
B.	Issued Capital 5,000,000 shares of NRs.100 each	500,000,000.00	500,000,000.00
C.	Paid up capital 312400 shares of NRs.100 each LEDCO 265400 @ Nrs. 100.00 Khudi 10000 @ Nrs. 100.00 Individuel 37000 @ Nrs. 100.00	31,240,000.00	22,400,000.00
	Total	31,240,000.00	22,400,000.00

Schedule 2 : Sundry Creditors and Payables

S.No.	Particulars	Ashadh 31, 2072 Nrs	Ashadh 32, 2071 Nrs
1	Audit Fee Payable	21,185.00	21,185.00
2	Advance for Investment	12,039,730.00	-
3	LEDCO and Others Payable	10,419,342.82	2,044,227.42
4	Board meeting allowance payable	11,900.00	-
5	Share Advance	90,400.00	-
6	Payable to Staff	102,047.00	-
	Total	22,684,604.82	2,065,412.42

Schedule 3 : TDS Payables

S.No.	Particulars	Ashadh 31, 2072 Nrs	Ashadh 32, 2071 Nrs
1	TDS on Service fee	342,999.16	19,537.28
2	TDS on Individual firm	166.10	360,808.57
3	TDS on remuneration	50,189.76	20,860.59
4	TDS on rent	27,511.11	-
5	TDS on Audit fee	285.00	285.00
6	TDS on Salary	185,580.00	218,544.00
	Total	606,731.13	620,035.44



DORDI KHOLA JALA BIDYUT COMPANY LIMITED

Schedules forming part of the Balance Sheet
as on Ashadh 31, 2072 (July 16, 2015)

Schedule 4: Cash and Bank balances

S.No.	Particulars	Ashadh 31, 2072 Nrs	Ashadh 32, 2071 Nrs
1	Cash	-	406.00
2	Bank of Kathmandu	10,000.00	10,000.00
3	Clean energy development bank	365,995.70	19,545.93
4	Reliable Finance Ltd.	39,490.61	37,845.99
5	Sunrise Bank Ltd.	23,851.26	23,381.31
6	Sanima Bank Ltd	1,001.97	20,000.00
	Total	440,339.54	111,179.23

Schedule 5: Sundry Debtors & Receivables

S.No.	Particulars	Ashadh 31, 2072 Nrs	Ashadh 32, 2071 Nrs
1	Work Advance	653,000.00	643,000.00
2	Advance to Consultancy	475,893.80	-
3	Gurantee Margin	618,000.00	-
4	Advance for Land	8,662,200.00	-
5	Others Receivable	1,833.00	-
6	Advance Tax	32,464.02	30,414.40
	Total	10,443,390.82	673,414.40

Schedule 6 : Pre-operating Expenditure

S.No.	Particulars	Ashadh 31, 2072 Nrs	Ashadh 32, 2071 Nrs
	Opening Pre-operating Expenditure	23,837,944.48	12,519,135.19
1	Consultancy service fee exp	3,234,279.00	878,575.00
2	Bank Charges	324,000.00	-
3	Board Meeting Expenses	-	28,000.00
4	Training expenses	6,000.00	-
5	Fuel	37,541.50	-
6	House Rent	264,000.00	240,000.00
7	Project Management Consultancy Expenses	5,049,000.00	1,920,000.00
8	Membership Fee	-	36,000.00
9	PPA Processing expenses	-	180,000.00
10	Transportation Expenses	-	56,027.00
11	Access road	-	4,867,082.29
12	Wages	-	24,000.00
13	Project Development Expenses	10,074,714.45	3,089,125.00
	Total	42,827,479.43	23,837,944.48





DORDI KHOLA JALA BIDYUT COMPANY LIMITED


Statement of Changes in Equity as on Ashadh 31, 2072 (July 16, 2015)

Particulars	Share Capital	Share Premium	Revaluation Reserve	Translation Reserve	Accumulated Profit/(Loss)	Amount in NRs.
						Total
Balance as at Ashadh 31, 2071	22,400,000.00					22,400,000.00
Changes in accounting policy						
Restated Balance	22,400,000.00	-	-	-	-	22,400,000.00
Deficit on Revaluation of properties						
Surplus on Revaluation of Investments						
Currency Translation Differences						
Net Gains & Losses not recognised in the Income Statement						
Net profit/(loss) for the period					(820,126.16)	(820,126.16)
Dividend Paid						
Issue of Share Capital	8,840,000.00					8,840,000.00
Balance as at Ashadh 32, 2072	31,240,000.00	-	-	-	(820,126.16)	30,419,873.84

As per our report of even date



Dikendra Raj Kandel
Chairperson

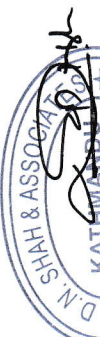

Vinay Bhandari
Managing Director


Hari Kanta Khanal
Director


Basanta Raj Raut
Director


Dipendra Lal Karn
Director


Ajay Acharya
Asst. Manager


D.N. Shah & Associate
Chartered Accountant



Date: 2072/07/20

Schedule 7: Administrative Expenses

SN	Details	Current Year (NRs.) Ashadh 31, 2072	Current Year (NRs.) Ashadh 32, 2071
1	Advertisement Expenses		
2	AGM Expenses	29,527.00	24,242.66
3	Allowances	36,000.00	25,127.00
4	Bank Charge	780.00	200.00
5	Audit Fees	21,470.00	21,470.00
6	Audit expenses	-	1,300.00
7	Dashain Allowance	1,667.00	5,000.00
8	Board Meeting allowance	38,000.00	-
9	Condolence Expenses	-	8,033.00
10	Office expenses	-	500.00
11	Business Promosion	35,000.00	-
12	Office Maintenance	16,237.50	-
13	Housekeeping expenses	4,800.00	-
14	Membership expenses	37,000.00	-
15	Miscellaneous	5,580.00	-
16	Communication Expenses	13,313.07	18,859.00
17	Legal Expenses	38,894.00	31,859.00
18	Office Meeting Expenses	9,940.00	10,974.00
19	Printing & Stationery	2,395.00	2,275.00
20	Salary	60,000.00	57,702.00
21	Transportation Expenses	-	9,900.00
22	Water & Electricity	17,981.00	23,601.00
23	Accomodation expenses	2,300.00	-
	Total	370,884.57	241,042.66



Dordi Khola Jal Bidyut Company Limited

Bluestar Complex, Tripureshwor, Kathmandu

Schedule 8 : Significant Accounting Policies & Notes to Accounts

1. Introduction

Dordi Khola Jal Bidyut Company Ltd., is a public company incorporated under Company Act, 2063 on Falgun 14, 2066

(Feb.26, 2010) having it's registered office at Ward no.2, Lazimpat, Kathmandu, Nepal.

The main objective of the company is to generate and distribute hydropower electricity.

It is promoted by Lamjung Electricity Development Company Ltd. and Khudi hydropower Ltd. It has obtained it's certificate of commencement from Company Registrar office on

2. Accounting policies

Accounting concept (except as specifically mentioned in this schedule) in accordance with applicable Nepal Accounting Standards and generally accepted accounting principles and as per the applicable provisions of Company Act, 2063.

3. Fixed Assets

The company has not purchased any fixed assets till the reported period.

4. Depreciation

No depreciation has been charged since no fixed assets have been purchased by the Company.

5. Pre- Operating Expenditure

Since the project is not in operation and not started the revenue generating activities, all the direct expenses and other preliminary expenses related to the project are booked under the account head 'Pre-operating costs'. The total amount as on Ashad 31,

6. Previous year figures have been regrouped and/ or re-arranged, wherever necessary.

