

AUDITED FINANCIAL STATEMENTS

2081-82 (2024-25)

API POWER COMPANY LIMITED

Thapathali, Kathmandu

PAN: 301442912

Auditor:

**Shishir B. & Associates
Chartered Accountants
Baluwatar, Kathmandu**

SHISHIR B. & ASSOCIATES

Chartered Accountants

Firm Registration No.: 1025

Baluwatar
Kathmandu-4, Nepal
Phone : 977 - 9851185267
E-mail: ca.shishirb@gmail.com

INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS OF API POWER COMPANY LIMITED

Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying financial statements of **Api Power Company Limited (the Company)** which comprise the Statement of Financial Position as at Ashadh 32, 2082 (16 July 2025), the Statement of Profit or Loss and Other Comprehensive Income, Statement of Changes in Equity and the Statement of Cash Flow for the year then ended and notes to the financial statements including the summary of significant accounting policies for the year then ended.

In our opinion and to the best of our information and according to the explanations provided to us, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as at Ashadh 32, 2082 (16 July 2025) and its financial performance and its cash flows for the year then ended in accordance with the Nepal Financial Reporting Standards (NFRSs).

Basis for Opinion

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

Key Audit Matters

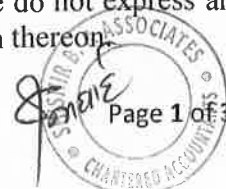
Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements for the year ended Ashadh 32, 2082 (16 July 2025). These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

We have determined that there are no key audit matters to be communicated through this report.

Information other than the financial statements and auditor's report thereon

The management is responsible for other information presented in the Api Power Company Limited's Annual Report and Accounts for FY 2081/82 (FY 2024/25) together with the Financial Statements. Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

This report is expected to be made available to us after the date of our 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, except as explicitly stated below, any form of assurance conclusion thereon.



In connection with our audit of the financial statements, 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. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard as on the date of issuance of this report.

Responsibility of management and those charged with governance for the financial statements

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

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using 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 judgement and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risk of material misstatement of the financial statements, whether due to fraud or error, design and performed 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 omission, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion of 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 the management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cause significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosure in the financial statements or, if such 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.
- 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 identified during our audit.

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

Report on Other Legal and Regulatory Requirements

Based on our examination, we further report that:

- i. We have obtained all the information and explanations, which, to the best of our knowledge and belief, were considered necessary for the purpose of our audit;
- ii. Proper books of accounts as required by law have been kept by the Company as far as appears from our examination of such books;
- iii. The Statement of Financial Position as at Ashadh 32, 2082 (16 July 2025), the Statement of Profit or Loss, the Statement of Changes in Equity and the Statement of Cash Flow for the year then ended are prepared in accordance with the Company Act, 2063 and the same are in agreement with the books of accounts maintained by the Company;
- iv. During our examination of the books of account of the Company and to the best of our information and explanations given to us, we have not come across the cases where the Board of Directors or any member thereof or any representative or any office holder or any employee of the Company has acted deliberately contrary to the provisions of law relating to accounts or committed any misappropriation or caused loss or damage to the Company relating to the accounts in the Company.

Date: 26 Mangshir 2082
Place: Kathmandu, Nepal
UDIN: 251215CA00936q6AYZ


 Shishir Bhattarai
 Proprietor
 Shishir B. & Associates
 Chartered Accountants

API POWER COMPANY LIMITED

Statement of Financial Position

As At 16th July, 2025 (Ashadh 32, 2082)

Particulars	Notes	Current Year	Previous Year
Assets			
Non Current Assets			
Property, plant and equipment	4	17,741,475	18,669,104
Right of use assets	5	42,001,812	10,461,618
Intangible assets	6	11,182,954,058	11,395,156,095
Project work-in-progress	7	263,580,508	111,439,181
Investment in Subsidiaries and Associates	8	1,807,858,309	1,156,803,962
Other investments	9	38,906,706	31,070,077
Other non-current assets	10	-	-
Total Non Current Assets		13,353,042,867	12,723,600,037
Current Assets			
Trade receivables	11	296,452,819	244,338,140
Cash and cash equivalents	12	65,727,988	28,950,204
Other financial assets	13	149,835,899	98,278,926
Other current assets	14	156,848,023	231,244,322
Current tax assets (net)	15	-	224,196
Total Current Assets		668,864,729	603,035,790
Total Assets		14,021,907,597	13,326,635,827
Equity & Liabilities			
Equity			
Equity Share Capital	16	6,075,927,807	5,786,597,912
Other Equity	17	646,407,918	550,509,879
Total Equity		6,722,335,724	6,337,107,790
Liabilities			
Non-Current Liabilities			
Non-Current Borrowings	18	5,727,279,666	5,213,162,093
Deferred tax liabilities (net)	19	144,733,073	114,796,189
Other non-current liabilities	20	42,690,095	13,205,973
Provisions	21	-	7,920,855
Total Non-Current Liabilities		5,914,702,833	5,349,085,110
Current Liabilities			
Current Borrowings	22	981,512,693	550,404,967
Other financial liabilities	23	343,239,536	352,823,758
Other current liabilities	24	54,915,742	732,318,761
Current tax Liabilities (net)	15	1,134,696	-
Provisions	21	4,066,372	4,895,439
Total Current Liabilities		1,384,869,039	1,640,442,926
Total Liabilities		7,299,571,872	6,989,528,036
Total Equity and Liabilities		14,021,907,597	13,326,635,827

The accompanying notes form an Integral Part of Financial Statements.

As per our report of even date attached

[Signature]
Yazu Suwal

Finance Manager

[Signature]
Madhusudan Koirala
Director

[Signature]
Sanjeev Neupane

Managing Director

[Signature]
Mohan Khadka
Director

[Signature]
Shreejara Khadka
Chairman

Dwarika Prasad Neupane
Director

[Signature]
Shishir Bhattarai
Proprietor

Shishir B. & Associates
Chartered Accountants



Date : 26 mangsir 2082
Kathmandu, Nepal



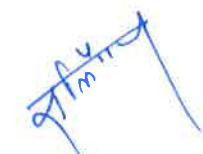
API POWER COMPANY LIMITED
Statement of Profit or Loss and Other Comprehensive Income
For Period 16th July, 2024 - 16th July, 2025
(For the Year Ended Ashadh 32, 2082)

Particulars	Notes	Current Year	Previous Year
Revenue from operations	25	1,650,096,373	1,248,646,553
Cost of sales	26	(288,331,249)	(182,089,941)
Gross Profit		1,361,765,124	1,066,556,612
Other Income	27	19,823,684	9,080,942
Administrative Expenses	28	(48,805,871)	(24,028,757)
Depreciation and Amortisation Expense	29	(424,034,959)	(334,630,704)
Fair Value Gain / (Loss) on Investment through FVTPL	30	107,232,179	353,279,010
Profit from Operation		1,015,980,158	1,070,257,103
Finance Income	31	2,059,936	1,346,593
Finance Costs	32	(570,759,332)	(493,540,635)
Profit before staff bonus and tax		447,280,763	578,063,061
Staff Bonus		(8,945,615)	(11,561,261)
Profit before tax		438,335,147	566,501,800
Current Tax	33	(2,222,394)	(1,131,537)
Deferred Tax	15	(29,475,550)	(115,257,523)
Profit for the year		406,637,203	450,112,739
Other Comprehensive Income			
Items that will not be reclassified to profit or loss			
(a) Remeasurement of defined benefit plans		-	(1,845,339)
(b) Equity instruments classified at FVTOCI		-	-
Income Tax Relating to Above Items		-	461,335
Other Comprehensive Income (net of tax)		-	(1,384,004)
Total Comprehensive Income for the year		406,637,203	448,728,735
Earning Per Share	38		
Basic Earning per share (Restated for 2080-81)		6.69	7.64
Diluted Earning per share (Restated for 2080-81)		6.69	7.64

The accompanying notes form an Integral Part of Financial Statements.

As per our report of even date attached


Yazu Suwal
Finance Manager

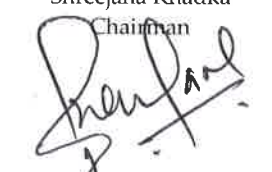

Sanjeev Neupane
Managing Director


Shreejana Khadka
Chairman


Shishir Bhattarai
Proprietor
Shishir B. & Associates
Chartered Accountants


Madhusudan Koirala
Director


Milan Khadka
Director


Dwarika Prasad Neupane
Director

Date : 26 Mangsir 2082
Kathmandu, Nepal



API POWER COMPANY LIMITED
Statement of Changes In Equity
For Period 16th July, 2024 - 16th July, 2025
(For the Year Ended Ashadh 32, 2082)

Fig. in NPR

Particulars	Equity Share Capital	Share Premium	Retained Earnings	Fair Value Reserve	Total
Balance as on 1st Shrawan, 2080	4,133,284,212	-	(66,174,057)	118,766,758	4,185,876,913
Profit/(Loss) For the Year			214,856,133	235,256,606	450,112,739
Defined Benefit Obligation - at the beginning of the year			(5,338,650)		(5,338,650)
Other Comprehensive Income for the Year, Net of Tax					-
i) Changes in fair value of FVOCI Equity Instruments					-
ii) Remeasurement of Post-Employment Benefit Obligations			(1,384,004)		(1,384,004)
NFRS Adjustment			-		-
Write back of CSR Liability			-		-
Provision for CSR			(4,501,127)		(4,501,127)
Share Premium (Right Share Auction)		63,727,781			63,727,781
Share Issue Expenses		(4,699,561)			(4,699,561)
Contribution by/ Distribution to the owners of the Company					-
i) Bonus Share Issued		-	-		-
ii) Right Share Issue	1,653,313,700				1,653,313,700
iii) Cash Dividend					-
iv) Dividend Distribution Tax					-
v) Others (To be specified)					-
Balance as on Ashadh end, 2081	5,786,597,912	59,028,220	137,458,295	354,023,364	6,337,107,790
Profit/(Loss) For the Year			326,115,694	80,521,509	406,637,203
Reversal of Defined Benefit Obligation, Net of Tax			(461,335)		(461,335)
Other Comprehensive Income for the Year, Net of Tax					-
i) Changes in fair value of FVOCI Equity Instruments			-		-
ii) Remeasurement of Post-Employment Benefit Obligations			-		-
Transfer to Retained Earnings from FV Reserve due to disposal			345,652	(345,652)	-
NFRS Adjustment			-		-
Write back of CSR Liability					-
Other Adjustments			(161,053)		(161,053)
Provision for CSR			(4,066,372)		(4,066,372)
Share Premium (Right Share Auction)					-
Share Issue Expenses		(1,492,620)	-		(1,492,620)
Contribution by/ Distribution to the owners of the Company					-
i) Bonus Share Issued	289,329,895	-	(289,329,895)		-
ii) Right Share Issue					-
iii) Cash Dividend			(255,379)		(255,379)
iv) Dividend Distribution Tax			(14,972,510)		(14,972,510)
v) Others (To be specified)			-		-
Balance as on Ashadh end, 2082	6,075,927,807	57,535,600	154,673,096	434,199,222	6,722,335,725

The accompanying notes form an Integral Part of Financial Statements.

Yazu Suwal
Finance Manager

Sanjeev Neupane
Managing Director

Shreejana Khadka
Chairman

Shishir Bhattarai
Proprietor

Madhusudan Koirala
Director

Milan Khadka
Director

Dwarika Prasad Neupane
Director

Shishir B. & Associates
Chartered Accountants

Date: 26 Mangsir 2082
Kathmandu, Nepal



API POWER COMPANY LIMITED
Statement of Cash Flows
For Period 16th July, 2024 - 16th July, 2025
(For the Year Ended Ashadh 32, 2082)

Particulars	Current Year	Previous Year
Cash Flow From Operating Activities:		
Profit For the Year	438,335,147	566,501,800
Adjustments For:		
Finance Costs	570,759,332	493,540,635
Gain/(loss) on sale of Share	(4,175,282)	(271,813)
Gain/ (Loss) on Investment Through FVTPL	(107,232,179)	(353,279,010)
Apportionment of CSR Reserve	(4,066,372)	(4,501,127)
Depreciation and Amortization of Non-Current Assets	424,034,959	334,630,704
Defined Benefit Obligation - at the beginning of the year	(461,335)	(5,338,650)
Remeasurement of Post-Employment Benefit Obligations	-	(1,384,004)
NFRS Adjustment	-	-
Effect of Exchange Rate Changes on Cash and Cash Equivalents	(666)	-
Movements in Working Capital:		
(Increase)/Decrease in Trade and Other Receivables	(52,114,680)	(205,873,878)
(Increase)/Decrease in Other Financial Assets	(51,556,972)	(81,898,529)
(Increase)/Decrease in Other Assets	74,396,299	225,090,625
Increase/ (Decrease) in Other Financial Liabilities	(9,584,222)	178,179,707
Increase/(Decrease) in Current Tax Assets /Liabilities	(863,501)	(913,335)
Increase/(Decrease) in Other Liabilities	(647,457,564)	(169,389,454)
Increase/(Decrease) in Provisions	(8,749,922)	12,816,294
Net Cash Flow From Operating Activities [1]	621,263,042	987,909,966
Cash Flow From Investing Activities		
Sale of Investments	-	-
Purchase of Investments	(547,483,515)	(446,188,918)
(Increase) or Decrease in service concession arrangement	(205,973,097)	(8,283,876,804)
(Increase) or Decrease in Project work in progress	(152,141,326)	7,359,917,405
Purchase of Property, Plant And Equipment	(3,058,097)	(4,000,223)
(Increase)/Decrease of Right of use assets	(33,414,292)	-
Purchase of Intangible Assets	-	(1,921,000)
Total Cash Flow From Investing Activities [2]	(942,070,327)	(1,376,069,540)
Cash Flow From Financing Activities		
Increase or Decrease Of Borrowings	945,225,297	(839,742,172)
Increase or Decrease In Share Capital	289,329,895	1,653,313,700
Share issue Expenses	(1,492,620)	(4,699,561)
Share Premium	-	63,727,781
Dividends Paid On Equity Shares	(304,557,784)	-
Other Adjustment in Equity	(161,053)	-
Finance Expenses	(570,759,332)	(493,540,635)
Total Cash Flow From Financing Activities [3]	357,584,404	379,059,112

[Signature]

[Signature]



[Signature]

[Signature]



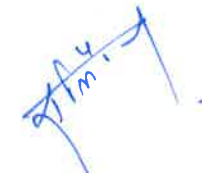
API POWER COMPANY LIMITED
Statement of Cash Flows
For Period 16th July, 2024 - 16th July, 2025
(For the Year Ended Ashadh 32, 2082)

Particulars	Current Year	Previous Year
Net Increase/(Decrease) In Cash & Cash Equivalents [1+2+3]	36,777,118	(9,100,462)
Cash & Cash Equivalents At Beginning of The Year/Period	28,950,204	38,050,667
Effect of Exchange Rate Changes on Cash and Cash Equivalents	666	-
Cash & Cash Equivalents At End of The Year/Period	65,727,989	28,950,204
Components of Cash & Cash Equivalents		
Cash in Hand	2,982	414,792
Bank Balances		
In current accounts	12,891,030	28,367,632
In call accounts	105,820	167,780
In Revenue Trapping Reserve Accounts	52,674,742	
In Dollar Card	53,414	

The accompanying notes form an Integral Part of Financial Statements.

As per our report of even date attached

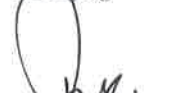

Yazu Suwal
Finance Manager

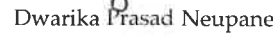

Sanjeev Neupane
Managing Director


Shreejana Khadka
Chairman


Shishir Bhattarai
Proprietor
Shishir B. & Associates
Chartered Accountants


Madhusudan Koirala
Director


Mani Khadka
Director


Dwarika Prasad Neupane
Director

Date : 26 Mangsir 2072
Kathmandu, Nepal



API POWER COMPANY LIMITED

Notes to the Financial Statements for the year ended Ashadh 32, 2082 (July 16, 2025)

1 General Information

Api Power Company Limited is a public limited company under the Companies Act 2063 vide registration number 11447/059/060 registered with the Office of the Company Registrar. It was initially incorporated as a private limited company as on 2060/03/05 B.S. and later converted into public limited company as on 2070/04/06 B.S. The core business of the company is generation of hydroelectricity and solar power, project development and investment in the shares of projects and other companies in related sector.

The company is currently engaged in operating hydropower plants namely, Naugad Gad HEP (8.5 MW), Upper Naugad Gad HEP (8 MW), and Upper Chameliya HEP (40 MW) , solar power plants namely, Chandranigahapur Solar Plant (4 MW), Dhalkebar Solar Plant (1 MW) and Simara Solar Plant (1 MW); and developing Trishuli Galchhi HEP (30 MW) and solar plants at various locations across the country.

The shares of the company are listed and traded on Nepal Stock Exchange Limited (NEPSE) by the stock symbol "API".

The accompanying financial statements apply to the financial year ended 32nd Ashadh 2082 (16th July 2025). In the Financial Statements, Api Power Company Limited has been referred to as "Company".

2 Basis of Preparation

The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

(a) Statement of Compliance

The Financial Statements of the Company comprises of Statement of Financial Position, Statement of Profit or Loss and Other Comprehensive Income, Statement of Changes in Equity, Statement of Cash Flows and Notes to the Financial Statements which have been prepared in accordance with the Nepal Financial Reporting Standards (NFRS) issued by the Nepal Accounting Standards Board (ASB) and in compliance with the requirements of the Companies Act , 2063, and required disclosures as per Securities Board of Nepal.

The Financial Statements have been prepared on a going concern basis. The term NFRS, includes all the standards and the related interpretations which are consistently used.

(b) Reporting Period and approval of financial statements

The Company reporting period is from 1st Shrawan 2081 to 32nd Ashadh 2082 with the corresponding previous year from 1st Shrawan 2080 to 31st Ashadh 2081 . The accompanying financial statements have been approved for publication by the Board of Directors of the company in its meeting held on 26th Mangsir, 2082. The Board of Directors acknowledges the responsibility for the preparation of financial statements.

(c) Basis of Measurement

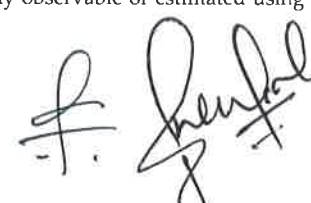
The Financial Statements have been prepared on the historical cost basis except for certain financial instruments which have been measured at Fair value at the end of each reporting period, as explained in the accounting policies below:

i. Historical cost is generally Fair Value of the consideration given in exchange for goods & services.

ii. 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, regardless of whether that price is directly observable or estimated using another valuation technique.







API POWER COMPANY LIMITED

Notes to the Financial Statements for the year ended Ashadh 32, 2082 (July 16, 2025)

In addition, for Financial Reporting purposes, Fair Value measurements are categorized into Level 1, or 2, or 3 based on the degree to which the inputs to the Fair Value measurements are observable & the significance of the inputs to the Fair Value measurement in its entirety, which are described as follows:

- Level 1 - Inputs are quoted prices (unadjusted) in active markets for identical Assets or Liabilities that the entity can access at the measurement date;
- Level 2 - Inputs are inputs, other than quoted prices included within Level 1, that are observable for the Asset or Liability, either directly or indirectly; and
- Level 3 - Inputs are unobservable inputs for the Asset or Liability.

(d) Use of Estimates

The preparation of these Financial Statements in conformity with NFRS requires management to make estimates, judgements and assumptions. These estimates, judgments and assumptions affect the reported balances of Assets & Liabilities, disclosures relating to Contingent Liabilities as at the date of the Financial Statements and the reported amounts of Income & Expenses for the years presented. Actual results may differ from these estimates. Estimates and underlying assumptions are reviewed on an ongoing basis. Changes in estimates are reflected in the Financial Statements in the period in which changes are made and, if material, their effects are disclosed in the Notes to the financial statements.

(e) Functional and Presentation Currency

These Financial Statements are presented in Nepalese Rupees (NPR) which is the Company's functional currency. All financial information presented in NPR has been rounded to the nearest rupee except where indicated otherwise.

(f) Going Concern

The financial statements are prepared on a going concern basis. The Board of Directors have considered a wide range of information relating to present and future conditions, including future projections of profitability, cash flows and capital resources while assessing the going concern basis. Furthermore, Board is not aware of any material uncertainties that may cast significant doubt upon Company's ability to continue as a going concern and they do not intend either to liquidate or to cease operations of it.

(g) Changes in Accounting Policies

Accounting policies are the specific principles, bases, conventions, rules and practices applied by the Company in preparing and presenting financial statements. The Company is permitted to change an accounting policy only if the change is required by a standard or interpretation; or results in the financial statements providing reliable and more relevant information about the effects of transactions, other events or conditions on the entity's financial position, financial performance, or cash flows.

(h) Offsetting

Financial assets and financial liabilities are offset and the net amount reported in the Statement of Financial Position, only when there is a legally enforceable right to offset the recognized amounts and there is an intention to settle on a net basis or to realize the assets and settle the liabilities simultaneously. Income and expenses are not offset in the Statement of Profit or Loss unless required or permitted by Nepal Financial Reporting Standards or Interpretation (issued by the International Financial Reporting Interpretations Committee (IFRIC) and Standard Interpretations Committee (SIC) and as specifically disclosed in the Significant Accounting Policies of the Company.

(i) Materiality and Aggregation

Each material class of similar items is presented separately in the Financial Statements. Items of dissimilar nature or function are presented separately, unless they are immaterial as permitted by the Nepal Accounting Standard-NAS 1 on 'Presentation of Financial Statements'.

Notes to the Financial Statements are presented in a systematic manner which ensures the understandability and comparability of Financial Statements of the Company. Understandability of the Financial Statements is not compromised by obscuring material information with immaterial information or by aggregating material items that have different natures or functions.



API POWER COMPANY LIMITED

Notes to the Financial Statements for the year ended Ashadh 32, 2082 (July 16, 2025)

3 Significant Accounting Policies

This note provides a list of the significant policies adopted in the preparation of these Financial Statements.

(a) Current Non-current classification

The company presents its assets and liabilities in statement of financial position based on current/non-current classification. The company classifies as asset as current when it is :

- (i) expected to be realised or intended to be sold or consumed in normal operating cycle,
- (ii) held primarily for the purpose of trading
- (iii) expected to be realised within twelve months after the reporting period or
- (iv) cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period

All other assets are classified as non-current

The company classifies a liability as current when it is:

- (i) expected to be settled in normal operating cycle,
- (ii) held primarily for the purpose of trading
- (iii) due to be settled within twelve months after the reporting period or
- (iv) there is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period

All other liabilities are classified as non-current

(b) Property, Plant and Equipment (PPE)

i) Recognition

Freehold land is carried at historical cost and other items of property, plant and equipment are stated at cost of acquisition or construction less accumulated depreciation when, it is probable that future economic benefits associated with the item will flow to the Company and it can be used for more than one year and the cost can be measured reliably.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it meets the recognition criteria as mentioned above. The carrying amount of any component accounted for as a separate asset is derecognised when replaced. All other repairs and maintenance are charged to profit or loss during the reporting period in which they are incurred.

ii) Depreciation

Depreciation on Property, Plant and Equipment other than Freehold Land i.e. the Company's Freehold Building, Plant & Machinery, Vehicles & Other Assets is provided on "Written Down Value Method (WDV)" based on useful Life estimated by the management. Part of the month is calculated as a month during additions of the asset.

The Assets Useful Life and Residual Values are reviewed at the Reporting date and the effect of any changes in estimates are accounted for on a prospective basis.

Useful Life of Property, Plant and Equipment and depreciation rate based on WDV is categorised as stated below:

List of Asset Categories	Useful Life (In Years)	Depreciation Rate
Land	Not Applicable	Not Applicable
Buildings	50-60	5%
Furniture & Fixtures	13-15	25%
Computers and IT Equipments	13-15	25%
Office Equipments	13-15	25%
Vehicles	8-10	20%
Plant & Equipment	20-25	15%



Handwritten signature.

Handwritten signature.

Handwritten signature.

API POWER COMPANY LIMITED

Notes to the Financial Statements for the year ended Ashadh 32, 2082 (July 16, 2025)

iv) Derecognition

An item of Property, plant and Equipment is derecognized upon disposal or when no Future Economic Benefits are expected to arise from the continued use of the Asset. Any Gain or Loss arising on the disposal or retirement of an item of Property, plant and Equipment is determined as the difference between the sales proceeds and the carrying amount of the Asset and is recognized in the Statement of Profit or Loss.

v) Impairment of Assets

Assets are tested for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognized for the amount by which the Asset's carrying amount exceeds its recoverable amount. The recoverable amount is higher of an asset's fair value less cost of disposal and value in use. Value in use is based on the estimated future cash flows, discounted to their present value using pre-tax discount rate that reflects current market assessments of the time value of money and risk specific to the assets. Assets that suffer an impairment are reviewed for possible reversal of the impairment at the end of each reporting period. In case of such reversal, the carrying amount of the asset is increased so as not to exceed the carrying amount that would have been determined had there been no impairment loss.

vi) Capital Work-In-Progress

These are expenses of capital nature directly incurred in the construction of buildings, major plant and machinery and system development which are to be capitalized. Capital Work in Progress would be transferred to the relevant asset when it is available for use. Capital Work in Progress is stated at cost less any accumulated impairment losses. However, Company has no capital work-in-progress in the reporting period.

(c) Right of use assets

A lease is a contract in which the right to use an asset (the leased asset) is granted for an agreed-upon period in return for consideration. The company has recognized at present value assets for the right of use received and liabilities for the payment obligation entered into for such leases. Lease liabilities include the following lease payments:

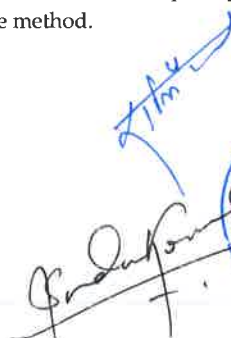
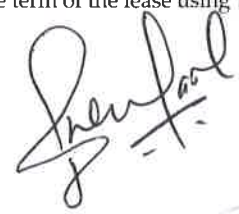
- i) Fixed payments, less lease incentives offered by the lessor
- ii) Variable payment linked to an index or interest rate
- iii) Expected residual payments from residual value guarantee
- iv) The exercise price of call options when exercise is estimated to be sufficiently likely, and
- v) contractual penalties for the termination of lease if the term reflects the exercise of terminable option

Lease payments are discounted at the implicit interest rate underlying the lease to the extent this can be determined. Otherwise, discounting is at the incremental borrowing rate of the company.

Right of use assets are measured at cost, which comprise the following:

- i) Lease liabilities
- ii) Lease payments made at or prior to delivery, less lease incentives received,
- iii) Initial direct costs, and
- iv) Restoration obligations

Right of use assets are subsequently measured at amortized cost. They are depreciated over the term of the lease using the straight line method.





API POWER COMPANY LIMITED

Notes to the Financial Statements for the year ended Ashadh 32, 2082 (July 16, 2025)

(d) Intangible assets

i) Recognition

Intangible assets that the company controls and from which it expects future economic benefits are capitalized upon acquisition and initially measured at cost comprising the purchase price (including custom duties and non refundable taxes) and directly attributable costs to prepare the assets for its intended use.

Intangible assets of the company include computer software and service concession arrangements (in accordance with IFRIC 12). Software includes the cost of computer application development including software cost, direct charges for labor, materials, contracted services and borrowing costs as per NAS 23.

Service concession arrangement of the company include Naugad Gad HEP (8.5 MW), Upper Naugad Gad HEP (8 MW), Upper Chameliya HEP (40 MW), Chandranigahapur Solar Project (4 MW), Dhalkebar Solar Project (1 MW) and Simara Solar Project (1 MW).

ii) Amortization

The useful lives of intangible assets are assessed to be either finite or indefinite. An intangible asset shall be regarded as having an indefinite useful life when, based on an analysis of all of the relevant factors, there is no foreseeable limit to the period over which the asset is expected generate net cash inflow for the entity.

Amortization is recognised in statement of profit or loss on straight line method (SLM) over the estimated useful life of the intangible assets from the date that it is available for use since this most closely reflects the expected pattern of consumption of the future economic benefits embodied in the asset. The amortisation period and the amortisation method for an intangible asset with a finite useful life are reviewed at least at each financial year end. 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 amortisation period or method, as appropriate, and are treated as changes in accounting estimates. The amortisation expense on intangible assets with finite lives is recognised in the statement of profit or loss.

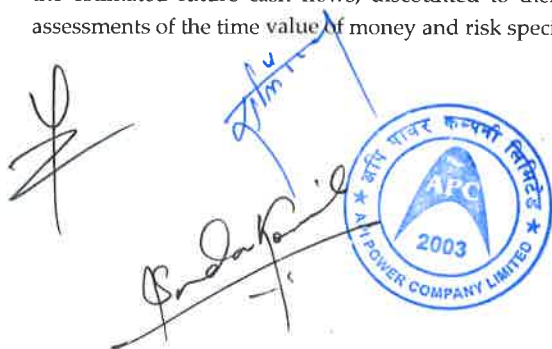
Software used by the company is amortized over a period of five years. Service concession arrangements are amortized over the contractual period of 35 years for HEP and 25 years for Solar Project as per the Generation License.

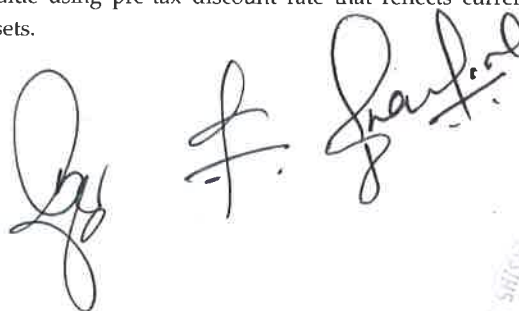
iii) Derecognition

An Intangible Asset is derecognised when no Future Economic Benefits are expected to arise from the continued use of the Asset. Any Gain or Loss arising on the derecognition is determined as the difference between the sales proceeds and the carrying amount of the Asset and is recognized in the Statement of Profit or Loss. However, Company has not derecognised any intangible asset till end of reporting period.

iv) Impairment of Assets

The Company assesses at each reporting date as to whether there is any indication that Intangible Assets may be impaired. If any such indication exists, the recoverable amount of an asset is estimated to determine the extent of impairment, if any. An impairment loss is recognised in the Statement of Profit or Loss to the extent, asset's carrying amount exceeds its recoverable amount. The recoverable amount is higher of an asset's fair value less cost of disposal and value in use. Value in use is based on the estimated future cash flows, discounted to their present value using pre-tax discount rate that reflects current market assessments of the time value of money and risk specific to the assets.







API POWER COMPANY LIMITED

Notes to the Financial Statements for the year ended Ashadh 32, 2082 (July 16, 2025)

(e) Service Concession arrangements

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

- (i) 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
- (ii) 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

The infrastructure used in a public-to-private service concession for its entire useful life (whole of assets life) is within the scope of this interpretation if the following conditions satisfy.

- (i) infrastructure constructed or acquired by the operator from a third party for the purpose of the service arrangement, and
- (ii) 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.

The consideration received by the operator is recognized at fair value, Consideration may result in the recognition of a financial asset or an intangible asset.

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.

The intangible asset model is used to the extent that the Company, being an operator, receives the right (a license) to charge users of the public service. A right to charge users of public service is not an unconditional right to receive cash because the amounts are contingent on to the extent the public uses the services. Both types 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.

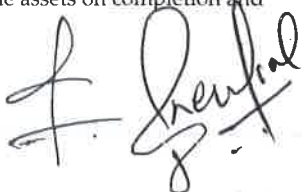
The company manages concession arrangements which include the following power plants:

Concession Arrangement	Capacity	Concession Period(BS)
Naugad Gad HEP	8.5 MW	3/30/2104
Upper Naugad Gad HEP	8 MW	9/14/2108
Chandranigahapur Solar	4 MW	9/29/2101
Dhalkebar Solar	1 MW	12/30/2102
Simara Solar	1 MW	3/6/2102
Upper Chameliya HEP	40 MW	6/11/2111

These concession arrangements set out rights and obligations related to the infrastructure and services to be provided to the public user through NEA. The right to consideration gives rise to an intangible asset and accordingly, the intangible asset model is applied.

(f) Project work-in-progress

The company is currently developing various power plants across the country in both hydropower and solar power segment and these projects are recognized at the capitalized cost including the borrowing cost as per NAS 23 as project work-in-progress. These assets will subsequently be recognised as service concession arrangement under intangible assets on completion and commercial operation of the project.

API POWER COMPANY LIMITED

Notes to the Financial Statements for the year ended Ashadh 32, 2082 (July 16, 2025)

(g) Financial Assets

i) Initial Recognition & Measurement

Financial Assets are recognized when, and only when, the Company becomes a party to the contractual provisions of the Financial Instrument. The Company determines the classification of its Financial Assets at initial recognition.

When Financial Assets are recognized initially, they are measured at Fair Value, plus, in the case of Financial Assets not at fair value through profit or loss, transaction costs that are attributable to the acquisition of the Financial Asset. Transaction costs of Financial Assets carried at Fair Value through Profit or Loss are expensed in the Statement of Profit or Loss.

ii) Subsequent Measurement

a) Financial Assets carried at Amortized Cost (AC)

A Financial Asset is measured at amortized cost if it is held within a business model whose objective is achieved is to hold the asset 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. Interest income in these financial assets is measured using effective interest rate method.

b) Financial Assets at Fair Value through Other Comprehensive Income (FVTOCI)

A Financial Asset is measured at FVTOCI if it is held within a business model whose objective is achieved by both collecting contractual cash flows and selling 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. These financial assets are measured at fair value and changes are taken to statement of other comprehensive income.

c) Financial Assets at Fair Value through Profit or Loss (FVTPL)

A Financial Asset which is not classified in any of the above categories are measured at FVTPL

iii) De-Recognition

A Financial Asset is derecognized only when the Company has transferred the rights to receive cash flows from the Financial Asset. Where the Company has transferred an Asset, the Company evaluates whether it has transferred substantially all risks and rewards of ownership of the Financial Asset. In such cases, the Financial Asset is derecognized. Where the Company has not transferred substantially all risks and rewards of ownership of the Financial Asset, the Financial Asset is not derecognized. Where the Company retains control of the Financial Asset, the Asset is continued to be recognized to the extent of continuing involvement in the Financial Asset.

iv) Impairment of Financial Assets

The Company assesses at each reporting date whether there is objective evidence that a financial asset or group of financial assets is impaired. A financial asset or a group of financial assets is deemed to be impaired if, there is objective evidence of impairment as a result of one or more events that has occurred since the initial recognition of the asset (an incurred 'loss event') and that loss event has an impact on the estimated future cash flows of the financial asset or the group of financial assets that can be reliably estimated. Evidence of impairment may include indications that a financial asset or a group of financial assets is experiencing significant financial difficulty, default or delinquency in interest or principal payments, the probability that they will enter bankruptcy or other financial reorganization and observable data indicating that there is a measurable decrease in the estimated future cash flows, such as changes in arrears or economic conditions that correlate with defaults.

(h) Financial Liabilities

i) Initial Recognition & Measurement

Financial Liabilities are recognized when, and only when, the Company becomes a party to the contractual provisions of the Financial Instrument. The Company determines the classification of its Financial Liabilities at initial recognition.

All Financial Liabilities are recognized initially at Fair Value, plus, in the case of Financial Liabilities not at fair value through profit or loss, transaction costs that are attributable to the issue of the Financial Liability.



API POWER COMPANY LIMITED

Notes to the Financial Statements for the year ended Ashadh 32, 2082 (July 16, 2025)

ii) Subsequent Measurement

After initial recognition, Financial Liabilities are subsequently measured at amortized cost using the Effective Interest Method.

For trade and other payables maturing within one year from the date of Statement of Financial Position, the carrying amounts approximate Fair value due to short maturity of these instruments.

iii) De-Recognition

A Financial Liability is de-recognized 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 a de-recognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts is recognized in the Statement of Profit or Loss.

(i) Offsetting financial instruments

Financial assets and liabilities are offset and the net amount is reported in the Statement of Financial Position where there is legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis or realise the asset and settle the liability simultaneously. The legally enforceable right must not be contingent on future events and must be enforceable in the normal course of business and in the event of default, insolvency or bankruptcy of the Company or the counterparty.

(j) Investments in Subsidiaries, Associates and Joint Ventures

The Company has option to account for investments in subsidiaries, associates and joint ventures either:

- i) at cost
- ii) at fair value
- iii) using the equity method

The Company has opted to account for its investment in subsidiaries, associates and joint ventures at fair value through profit or loss.

(k) Current Tax assets / Liabilities

Current Tax assets and liabilities consists of amounts expected to be recovered from or paid to the Inland Revenue Department in respect of the current year, using the tax rates and tax laws enacted or substantively enacted on the reporting date and any adjustment to tax payable in respect of prior years.

According to section 11 (3)(Gha) of the Income Tax Act, 2058 corporate tax is 100 per cent exempt for first 10 years and 50 per cent exempt for further 5 years as eligible under the current hydropower policy of Government of Nepal. Therefore, the provision for corporate tax has not been made with respect to the operational revenue from the power projects.

However, the required provision has been made in respect of interest income on deposits, rental income, gain from disposal of shares and other taxable income (if any).

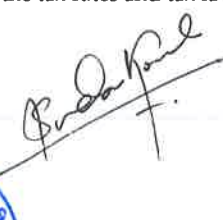
TDS deducted on such interest income and rental income has been shown as current tax assets against the tax payable on such incomes.

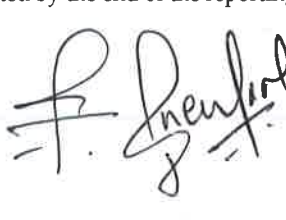
Current tax assets and current tax liabilities are offset when the entity has a legally enforceable right to offset and intends either to settle on net basis, or to realize the asset and settle the liability simultaneously.

(l) Deferred Tax

Deferred Tax is recognized on temporary differences between the carrying amounts of assets and liabilities and the amounts used for taxation purposes (tax base), at the tax rates and tax laws enacted or substantively enacted by the end of the reporting period.









API POWER COMPANY LIMITED

Notes to the Financial Statements for the year ended Ashadh 32, 2082 (July 16, 2025)

Deferred tax assets are recognized for the future tax consequences to the extent it is probable that future taxable profits will be available against which the deductible temporary differences can be utilized.

Deferred tax assets and liabilities are offset when there is legally enforceable right to offset current tax assets and liabilities and when the deferred tax balances related to the same taxation authority.

The company is in tax holiday period due to which no temporary differences arise on carrying amount and tax base of PPE, ROU Assets and Liabilities and hence no deferred tax assets/ liabilities have been recognized. The Deferred Tax Asset/ Liabilities will be recognized from the date when the projects are taxable.

However, the company has recognized Deferred Tax Asset/ Liabilities on the temporary differences arising on the carrying amount and tax base of the other taxable elements.

(m) Trade receivables

Trade receivables includes the receivables of revenue for the month of Jestha 2082 and Ashadh 2082 for the electricity billed from various power plants operated by the company.

(n) Cash and cash equivalent

Cash & Cash Equivalents includes Cash In Hand, Cheques in Hand, Bank Balances and short term deposits with a maturity of three months or less.

(o) Equity

Financial Instruments issued by the Company are classified as Equity only to the extent that they do not meet the definition of a Financial Liability or Financial Asset.

(p) Other Equity

Other Equity includes:

i) **Retained Earning:** This is the free reserves after all the appropriations and available for distribution to the shareholders.

ii) **Share Premium:** If the Company issues share capital at premium it receives extra amount other than share capital such amount is transferred to share premium. The amount in share premium is allowed for distribution subject to provisions of company act & regulatory requirement.

iii) **Fair Value Reserve:** This reserve includes the unrealized gain or losses arising from measurement of assets to Fair Value.

(q) Revenue Recognition

Revenue is recognised to the extent that the economic benefits associated with a transaction will flow to the company and the revenue can be reliably measured in line with NFRS 15 - Revenue.

i) Sale of Electricity

The sale of electricity is the regular course of business of the company, therefore revenue is recognized at the rate(s) given in the Power Purchase Agreement (PPA) based on the approved meter reading from Nepal Electricity Authority (NEA).

ii) Dividend, Interest and Rental Income

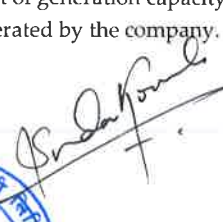
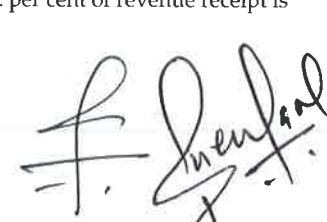
Dividend income from the investment in shares is recognized when the right to receive the payment has established.

Interest income from a financial asset is recognized when it is probable that economic benefits will flow to the entity and the amount can be measured reliably.

All other income are measured on accrual basis.

(r) Royalty

Capacity royalty at NPR 100 per Kilowatt of generation capacity and generation royalty at 2 per cent of revenue receipt is charged for the hydropower projects operated by the company.



API POWER COMPANY LIMITED

Notes to the Financial Statements for the year ended Ashadh 32, 2082 (July 16, 2025)

(s) Employee Benefit Expenses

i) Short Term Obligations

Liabilities for wages and salaries, including non-monetary benefits that are expected to be settled wholly within 12 months after the end of the period in which the employees render the related service are recognized in respect of employees' services up to the end of the reporting period and are measured at the amounts expected to be paid when the liabilities are settled. The liabilities are presented as current employee benefit obligations in the Statement of Financial Position. The liabilities for earned leaves are also settled wholly within 12 months after the end of the period in which the employees render the related service and are accordingly treated as short term obligation.

ii) Post - Employment Benefits

- Defined Contribution Plan

The Company pays Provident Fund contributions to publicly administered Provident Funds as per local regulations. The Company has no further payment obligations once the contributions have been paid. The contributions are accounted for as defined contribution plans and the contribution are recognized as Employee Benefit Expense when they are due.

- Defined Benefit Plan

For Defined Benefit Plan, the cost of providing benefits is determined using the Projected Unit Credit Method, with Actuarial Valuations being carried out at each Statement of Financial Position. Actuarial Gains & Losses are recognized in the Other Comprehensive Income in the period in which they occur. Past service cost is recognized immediately to the extent that the benefits are already vested and otherwise is amortized on a Straight Line Basis over the average period until the benefits become vested. The retirement benefit obligation recognized in the Statement of Financial Position represents the present value of the defined benefit obligation as adjusted for unrecognized past service cost, as reduced by the Fair Value of plan Assets (If Any). Any Asset resulting from this calculation is limited to past service cost, plus the present value of available refunds and reductions in future contributions to the plan.

(t) Provision for Staff Bonus

A 2 per cent of profit before tax and bonus in line with the provisions of the Electricity Act 2049 has been provided as staff bonus in the year the company earns a profit.

(u) Borrowing Costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale.

Interest income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalization.

All other borrowing costs are recognized in statement of profit or loss in the period in which they are incurred.

(v) Cash Flow Statement

The Cash Flow Statement is prepared by the indirect method set out in NAS 7 on Cash Flow Statements and presents the cash flows by operating, investing and financing activities of the Company.

(w) Leases

At inception of a contract, the company assesses whether a contract is, or contains, a lease. 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. To assess whether a contract conveys the right to control the use of an identified asset, the company assesses whether:

the contract involves the use of an identified asset – this may be specified explicitly or implicitly, and should be physically distinct or represent substantially all of the capacity of a physically distinct asset. If the supplier has a substantive substitution right, then the assets is not identified;



API POWER COMPANY LIMITED

Notes to the Financial Statements for the year ended Ashadh 32, 2082 (July 16, 2025)

the Company has the right to obtain substantially all of the economic benefits from the use of the asset throughout the period of use; and

the company has the right to direct the use of the asset. The company has this right when it has the decision-making rights that are most relevant to changing how and for what purpose the asset is used. In rare cases where the decision about how and for what purpose the asset is used is predetermined, the company has the right to direct the use of the asset if either: the company has the right to operate the asset; or the company designated the asset in a way that predetermines how and for what purpose it will be used.

As a Lessee

The lease liability has been accounted for under NFRS 16 "Leases". For all the significant lease, the Right-of-Use assets has been recognized at its initial recognition under cash model. The Lease liability has been recognized at the present value of the lease payments that are not paid at that date. The lease payment has been discounted at the incremental borrowing rate in lease which is 9%.

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 underlying asset or the site on which it is located, less any lease incentives received. 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. The estimated useful lives of the right-of-use assets are determined on the same basis as those of property and equipment. In addition, the right-of-use asset is periodically reduced by impairment losses, if any, and adjusted for certain remeasurements 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 9% interest rate.

The company presents right-of-use asset in 'Right of use asset' and lease liabilities in 'Other non-current liabilities' in the statement of financial position.

Short-term leases and leases of low-value assets: The company has elected to recognize payment for short-term leases that have a lease term of 12 months or less and leases of low-value assets directly in the statement of profit or loss.

Expenses recognized as per NFRS 16:

Particular	Current Year	Previous Year
Depreciation	1,874,099	423,760
Interest Expense	3,533,330	1,175,562

Assets and Liabilities recognized as per NFRS 16:

Particular	Current Year	Previous Year
Total Committed Cash Flow - (A)	46,882,486	11,792,512
Interest Expense - (B)	3,533,330	1,175,562
Rent paid this year - (C)	7,725,721	1,155,270
Adjustment (D)	-	2,527,080
Lease Liability - (E=A+B-C+D)	42,690,095	14,339,883
Right of Use Assets - (F)	11,333,308	11,792,512
Addition This Year - (G)	32,542,602	(35,443)
Total Right of Use Assets - (H=F+G)	43,875,911	11,757,068
Depreciation on ROU Assets - (I)	1,874,099	423,760
Net Right of Use Assets - (J=H-I)	42,001,812	11,333,308

(x) Income Taxes

Income Tax Expense represents the sum of the tax currently payable & Deferred Tax.




API POWER COMPANY LIMITED

Notes to the Financial Statements for the year ended Ashadh 32, 2082 (July 16, 2025)

i) Current Tax

Current Tax Expenses are accounted in the same period to which the revenue and expenses relate. Provision for Current Income Tax is made for the Tax Liability payable on Taxable Income after considering tax allowances, deductions and exemptions determined in accordance with the applicable tax rates and the prevailing tax laws.

ii) Deferred Tax

Deferred Tax is recognized on temporary differences between the carrying amounts of Assets & Liabilities in the Statement of Financial Position and their Tax Base. Deferred tax Assets & Liabilities are recognized for deductible and taxable temporary differences arising between the tax base of Assets & Liabilities and their carrying amount in Financial Statements.

(y) Provisions, Contingent Liabilities & Contingent Assets

(i) Provisions

Provisions are recognized when the Company has a present legal or constructive obligation as a result of past events, for which 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 can be made.

Provisions are measured at the present value of management's best estimate of the expenditure required to settle the present obligation at the end of the reporting period. The discount rate to determine the present value is a Pre-Tax Rate that reflects current market assessments of the time value of money and the risks specific to the liability. The increase in the provision due to the passage of time is recognized as interest expense.

Provisions for Contingent Liability are recognized in the books as a matter of abundant precaution and conservative approach based on management's best estimate. However, Management believes that chances of these matters going against the company are remote and there will not be any probable cash outflow.

(ii) Contingent Liabilities

Contingent liabilities are recognized only when there is a possible obligation arising from past events due to occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Company or where any present obligation cannot be measured in terms of future outflow of resources or where a reliable estimate of the obligation cannot be made. Obligations are assessed on an ongoing basis and only those having a largely probable outflow of resources are provided for.

(iii) Contingent Assets

Contingent assets where it is probable that future economic benefits will flow to the Company are not recognized but disclosed in the Financial Statements.

(z) Functional Currency & Foreign Currency Transactions

The Financial Statements of the Company are presented in Nepalese Rupees, which is the Company's Functional Currency. In preparing the Financial Statements of the Company, transactions in currencies other than the Company's Functional Currency i.e. Foreign Currencies are recognized at the rates of exchange prevailing at the dates of the transactions.

(aa) Earnings Per Share

Basic Earning per share is calculated by dividing the profit attributable to owners of the company by the Weighted Average Number of equity shares outstanding during the Financial Year.

For diluted earning per share, the weighted average number of ordinary shares in issue is adjusted to assume conversion of all dilutive potential ordinary shares.

(ab) Operating Segment

Operating Segments are reported in a manner consistent with the internal reporting provided to the chief operating decision maker (CODM) as defined by NFRS 8, "Operating Segment".

The company has been involved in the production and sale of electricity in two segments namely, Hydropower Segment and Solar Power Segment. Therefore, the Company has two reportable segments in accordance with NFRS 8 "Operating Segments".

The administrative cost of the company and other income have been breakdown in the ratio of the capacity of the segment.



API POWER COMPANY LIMITED
Notes to the Financial Statements

4 Property, plant and equipment

Fig. in NPR

Particulars	Freehold Land	Building	Furniture & Fixtures	Computers and IT Equipments	Office Equipment	Plant & Equipment	Vehicles	Capital work-in-progress	Total
Gross carrying amount									
As on 1st Shrawan, 2080	-	-	1,534,643	2,285,281	2,956,348	12,736,424	23,625,034	-	43,137,730
Additions during the year									
Acquisition	-	-	-	320,700	790,003	230,520	2,659,000	-	4,000,223
Capitalization	-	-	-	-	-	-	-	-	-
Disposals during the year	-	-	-	-	-	-	-	-	-
Balance as on Ashadh 31, 2081	-	-	1,534,643	2,605,981	3,746,351	12,966,944	26,284,034	-	47,137,953
Additions during the year									
Acquisition	-	-	1,100,000	853,251	-	860,946	243,900	-	3,058,097
Capitalization	-	-	-	-	-	-	-	-	-
Disposals during the year	-	-	-	-	-	-	-	-	-
Balance as on Ashadh 32, 2082	-	-	2,634,643	3,459,233	3,746,351	13,827,890	26,527,934	-	50,196,051
Accumulated depreciation									
As on 1st Shrawan, 2080	-	-	878,934	1,741,298	1,850,909	7,998,243	12,053,237	-	24,522,622
Addition during the year	-	-	163,924	182,363	342,194	722,255	2,535,492	-	3,946,228
Disposals during the year	-	-	-	-	-	-	-	-	-
Balance as on Ashadh 31, 2081	-	-	1,042,858	1,923,661	2,193,103	8,720,498	14,588,729	-	28,468,850
Addition during the year	-	-	237,527	287,376	397,265	712,302	2,351,256	-	3,985,726
Disposals during the year	-	-	-	-	-	-	-	-	-
Balance as on Ashadh 32, 2082	-	-	1,280,385	2,211,038	2,590,368	9,432,800	16,939,985	-	32,454,576
Net Carrying Amount									
As on Ashadh 31, 2081	-	-	491,785	682,320	1,553,248	4,246,446	11,695,305	-	18,669,104
As on Ashadh 32, 2082	-	-	1,354,258	1,248,195	1,155,983	4,395,091	9,587,949	-	17,741,475

[Signature]

[Signature]

[Signature]

[Signature]



API POWER COMPANY LIMITED
Notes to the Financial Statements

5 Right of use assets

Fig. in NPR

Particulars	Leasehold Land - Simara	Leasehold Land - Chandranigahapur	Leasehold Land Dhalkebar	Transformer Capitalization- Naugad	Total
Gross carrying amount					
As on 1st Shrawan, 2080	4,006,556	4,271,048	3,843,835	-	12,121,439
Additions during the year	-	-	-	-	-
Deletion during the year	-	-	-	-	-
Balance as on Ashadh 31, 2081	4,006,556	4,271,048	3,843,835	-	12,121,439
Adjustments	499,931	215,941	427,093	-	1,142,965
Additions during the year				32,542,602	32,542,602
Deletion during the year				-	-
Balance as on Ashadh 32, 2082	4,506,487	4,486,989	4,270,927	32,542,602	45,807,006
Accumulated depreciation					
As on 1st Shrawan, 2080	166,940	711,841	357,279	-	1,236,061
Depreciation expense	133,552	142,368	147,840	-	423,760
Deletions	-	-	-	-	-
Balance as on Ashadh 31, 2081	300,492	854,210	505,119	-	1,659,821
Adjustments	171,963	43,188	56,124	-	271,275
Depreciation expense	145,371	149,566	164,266	1,414,896	1,874,099
Deletions					
Balance as on Ashadh 32, 2082	617,825	1,046,964	725,510	1,414,896	3,805,195
Net Carrying Amount					
As on Ashadh 31, 2081	3,706,065	3,416,838	3,338,715	-	10,461,618
As on Ashadh 32, 2082	3,888,663	3,440,025	3,545,417	31,127,707	42,001,812



API POWER COMPANY LIMITED
Notes to the Financial Statements

6 Intangible assets

Fig. in NPR

Particulars	Softwares	Share Issuance Cost	SCA - Naugad	SCA - Upper Naugad	SCA - Upper Chameliya	SCA - Chandranigahapur	SCA - Dhalkebar	SCA - Simara	Total
Gross carrying amount									
As on 1st Shrawan, 2080	306,808	-	1,529,146,560	1,750,048,042	-	354,153,645	96,623,857	95,598,530	3,825,877,442
Additions during the year									
Acquisition/Adjustment	1,921,000	-	-	-	-	-	-	5,845,072	7,766,072
Internal Development	-	-	-	-	8,278,031,732	-	-	-	8,278,031,732
Disposals during the year	-	-	-	-	-	-	-	-	-
Balance as on Ashadh 31, 2081	2,227,808	-	1,529,146,560	1,750,048,042	8,278,031,732	354,153,645	96,623,857	101,443,602	12,111,675,246
Additions during the year									
Acquisition/Adjustment	-	-	-	-	200,804,656	-	-	5,168,441	205,973,097
Internal Development	-	-	-	-	-	-	-	-	-
Disposals during the year	-	-	-	-	-	-	-	-	-
Balance as on Ashadh 32, 2082	2,227,808	-	1,529,146,560	1,750,048,042	8,478,836,388	354,153,645	96,623,857	106,612,043	12,317,648,343
Accumulated amortization and impairment									
As on 1st Shrawan, 2080	212,030	-	207,971,138	139,176,386	-	28,884,872	5,956,265	4,057,744	386,258,435
Additions during the year	137,446	-	55,048,976	56,521,812	195,453,527	15,070,368	3,970,843	4,057,744	330,260,716
Disposals during the year	-	-	-	-	-	-	-	-	-
Impairment during the year	-	-	-	-	-	-	-	-	-
Balance as on Ashadh 31, 2081	349,476	-	263,020,114	195,698,198	195,453,527	43,955,240	9,927,109	8,115,488	716,519,152
Additions during the year	490,933	-	55,048,976	56,521,812	282,789,742	15,070,368	3,970,843	4,282,459	418,175,134
Disposals during the year	-	-	-	-	-	-	-	-	-
Impairment during the year	-	-	-	-	-	-	-	-	-
Balance as on Ashadh 32, 2082	840,409	-	318,069,090	252,220,011	478,243,269	59,025,608	13,897,952	12,397,947	1,134,694,285
Net Carrying Amount									
As on Ashadh 31, 2081	1,878,332	-	1,266,126,445	1,554,349,844	8,082,578,205	310,198,406	86,696,749	93,328,114	11,395,156,095
As on Ashadh 32, 2082	1,387,400	-	1,211,077,470	1,497,828,031	8,000,593,119	295,128,068	82,725,905	94,214,096	11,182,954,058

Note: The Depreciation for Upper Chameliya and Simara has been adjusted prospectively



API POWER COMPANY LIMITED
Notes to the Financial Statements

7 Project work-in-progress

Fig. in NPR

Particulars	Current Year	Previous Year
Hydropower Projects	105,839,567	89,639,567
Trishuli Galchi HEP - 30MW	105,839,567	89,639,567
Solar Projects	157,740,941	21,799,615
Attariya Solar project	-	458,512
Bardaghat Solar project	-	768,002
Chanuata Solar project	-	1,434,229
Kawashoti 1 Solar project	-	899,368
Kawashoti 2 Solar project	-	361,600
Lamki Solar project	-	458,812
Parwanipur Solar PV Project- 8.0 MW	157,740,941	16,535,705
Chapur 2 Solar Project	-	850,000
Maulapur Project 5 MW	-	33,386
Total	263,580,508	111,439,181

Note: Initially, the solar projects were applied for by the company with the intent of construction and commissioning.

Preliminary Expenses including Survey License Application, Desk Study Report were capitalized in the work in progress.

However, the company no longer is developing such projects hence the work in progress have been expensed off in the current fiscal year.

(a) Details of Work In Progress

(i) Parwanipur Solar PV Project- 8.0 MW

Particulars	Current Year	Additions During the Year	Previous Year
Parwanipur Assets	127,591,452	127,591,452	-
Mounting Structures	11,926,765	11,926,765	-
Solar Panels	111,779,609	111,779,609	-
Land and Building	3,885,078	3,885,078	-
Parwanipur Expenses	30,149,489	13,613,784	16,535,705
Bank Charges & Commission- Parwanipur	1,545,334	1,545,334	-
Borrowing Cost- Parwanipur	9,975,102	2,771,786	7,203,317
Employee Benefit Expenses- Parwanipur- Capitalized	1,255,363	1,255,363	-
Environmental & Mitigation- Parwanipur	1,446,066	1,446,066	-
Land Lease- Parwanipur	1,824,115	1,824,115	-
Office and Site Expenses- Parwanipur	8,275,909	4,661,120	3,614,788
Preliminary Expenses- Parwanipur	5,827,600	110,000	5,717,600
Total	157,740,941	141,205,236	16,535,705

(ii) Trishuli Galchi HEP - 30MW

Particulars	Current Year	Additions During the Year	Previous Year
Construction Expenses	1,678,442	-	1,678,442
Office and Site Expenses	977,644	-	977,644
Preliminary Expenses	103,183,480	16,200,000	86,983,480
Total	105,839,567	16,200,000	89,639,567




API POWER COMPANY LIMITED
Notes to the Financial Statements

8 Investment in Subsidiaries and Associates

Particulars	Current Year	Previous Year
Measured at Fair value through profit or loss		
Investment in Quoted Subsidiaries	-	-
Investment in Unquoted Subsidiaries	1,144,445,517	661,123,170
Investment in Quoted Associates	595,182,000	472,500,000
Investment in Unquoted Associates	1,180,792	1,180,792
Advance towards share capital including incidental cost		
Api Chameliya Power Limited	12,000,000	22,000,000
Api Spring Pvt. Ltd.	10,900,000	-
Api Holdings Company Limited	44,150,000	-
Total	1,807,858,309	1,156,803,962

(a) Investment in Quoted Subsidiaries & Associates

Particulars	Current Year		Previous Year	
	Cost	Fair Value	Cost	Fair Value
Associates				
Ingwa Hydropower Ltd.	150,000,000	595,182,000	150,000,000	472,500,000
Total	150,000,000	595,182,000	150,000,000	472,500,000

(b) Investment in Unquoted Subsidiaries & Associates

Particulars	Current Year		Previous Year	
	Cost	Fair Value	Cost	Fair Value
Subsidiaries				
Api Hydro Mechanical Ltd.	70,550,000	129,571,687	70,550,000	132,786,750
Api Infra Limited	237,100,000	229,631,350	210,100,000	209,784,850
Api Chameliya Power Limited	10,000,000	10,000,000	-	-
Suryakunda Hydro Electric Ltd.	221,980,000	311,982,840	221,980,000	313,431,320
Api Springs Pvt. Ltd.	7,500,000	2,065,500	7,500,000	5,120,250
Api Holdings Company Limited	14,000,000	14,003,360	-	-
Darchula Power Limited	431,550,000	430,433,580	-	-
Latinath Power Company Limited	16,757,200	16,757,200	-	-
Associates				
Latinath Agro Company Ltd.	3,933,000	1,180,792	3,933,000	1,180,792
Total	1,013,370,200	1,145,626,309	514,063,000	662,303,962

Note:

The fair value of the unquoted shares have been taken as the book value of the shares of the investee as at the reporting date.

The fair value of the quoted shares is the last traded price of the share in the secondary market. However, as the shares held by the Company in Ingwa Hydropower Limited are currently in lock in period, a mark down of 30 per cent (previous year 30 per cent) of the market value has been done to reach to the fair value of the associate.

(c) Extent of control and influence in Subsidiaries & Associates

Particulars	Percentage of Ownership	
	Current Year	Previous Year
Subsidiaries		
7,05,500 Shares of NPR 100 each of Api Hydro Mechanical Ltd.	70.50%	70.50%
23,71,000 Shares of NPR 100 each of Api Infra Ltd.	100.00%	100.00%
32,92,000 Shares of NPR 100 each of Suryakunda Hydro Electric Ltd.	59.67%	59.67%
75,000 Shares of NPR 100 each of Api Spring Pvt. Ltd.	100.00%	100.00%
100,000 Shares of NPR 100 each of Api Chameliya Power Limited	100.00%	0.00%
43,15,500 Shares of NPR 100 each of Darchula Power Limited	47.13%	0.00%
1,67,572 Shares of NPR 100 each of Latinath Power Company Limited	51.00%	0.00%
140,000 Shares of NPR 100 each of Api Holdings Limited	100.00%	0.00%
Associates		
15,00,000 Shares of NPR 100 each of Ingwa Hydropower Ltd.	25.00%	25.00%
39,330 Shares of NPR 100 each of Latinath Agro Company Ltd.	36.28%	36.28%

[Handwritten signatures and official stamps are present at the bottom of the page, including a circular stamp of the Chartered Accountants.]

API POWER COMPANY LIMITED
Notes to the Financial Statements

(d) Information relating to Subsidiary

Api Hydro Mechanical Limited is a public limited company registered with the Office of the company registrar and having its registered office at Thapathali 11, Kathmandu. The principle business of the company is to undertake the hydromechanical works in various hydropower projects including fabrication of various mechanical inputs from its factory workshop in Hetauda. Api Power Company Limited exercises control over the company by holding 70.50 per cent shares of the company.

Api Infra Limited is a public limited company registered with the Office of the company registrar and having its registered office at Thapathali 11, Kathmandu. The principle business of the company is to construct and sell housing and apartment. The Company is currently set to begin its first apartment project in Jhamshikhel, Lalitpur. Api Power Company Limited exercises control over the company by holding 100 per cent shares of the company.

Suryakunda Hydroelectric Limited is a public limited company registered with the Office of the company registrar and having its registered office at Thapathali 11, Kathmandu. The principle business of the company is to produce and distribute Hydroelectricity, Solar Energy and Wind Energy along with conducting Repair and Maintenance works of equipments used for such production and distribution. The Company is developing 11MW Upper Tadi Khola Hydroelectric project in Nuwakot which has begun the operation from Shrawan 12, 2082. Api Power Company Limited exercises control over the company by holding 59.67 per cent shares of the company.

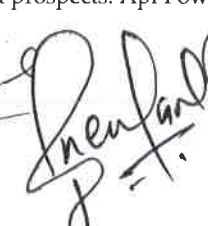
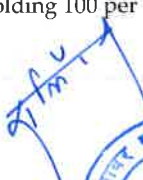
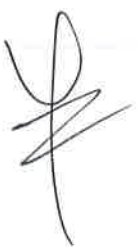
Api Springs Private Limited is a private limited company registered with the Office of the company registrar and having its registered office at Thapathali 11, Kathmandu. The principle business of the company is to provide clean, safe, and refreshing water to communities while adhering to the highest standards of environmental conservation. Api Springs is set up at Chameliya where it has already setup bottling plant for drinking water sourced from local natural water source and has already started selling its products in local market. Api Power Company Limited exercises control over the company by holding 100 per cent shares of the company.

Api Chameliya Power Ltd. is a public limited company registered with the Office of the company registrar and having its registered office at Thapathali 11, Kathmandu. The principle business of the company is to produce and distribute Hydroelectricity, Solar Energy and Wind Energy along with conducting Repair and Maintenance works of equipments used for such production and distribution. Api Chameliya is set up to develop the 30MW Trishuli Galchhi Hydroelectricity project. Api Power Company Limited exercises control over the company by holding 100 per cent shares of the company.

Darchula Power Ltd. is a public limited company registered with the Office of the company registrar and having its registered office at Thapathali 11, Kathmandu. The principle business of the company is to produce and distribute Hydroelectricity, Solar Energy and Wind Energy along with conducting Repair and Maintenance works of equipments used for such production and distribution. Darchula Power is set up to develop the 28.304 MW Madhya Chameliya Hydroelectricity project. Api Power Company Limited exercises control over the company by holding 47.13 per cent shares of the company.

Latinath Power Company Ltd. is a public limited company registered with the Office of the company registrar and having its registered office at Thapathali 11, Kathmandu. The principle business of the company is to produce and distribute Hydroelectricity, Solar Energy and Wind Energy along with conducting Repair and Maintenance works of equipments used for such production and distribution. Latinath Power is set up to develop the 9.68 MW Nwagad Gad Hydroelectricity project. Api Power Company Limited exercises control over the company by holding 51.00 per cent shares of the company.

Api Holdings Company Ltd. is a public limited company registered with the Office of the company registrar and having its registered office at Thapathali 11, Kathmandu. The principle business of the company is to invest in prospective companies and deal in securities listed in NEPSE. Api Holdings is currently engaged in short term trading of the listed securities in the Nepal Stock Exchange and promoter investment in companies with good prospects. Api Power Company Limited exercises control over the company by holding 100 per cent shares of the company.



API POWER COMPANY LIMITED
Notes to the Financial Statements

(e) Classification and fair value measurement

Particulars	Hierarchy	Valuation Technique and key inputs
Ingwa Hydropower Ltd.	Level 2	The shares are valued at 30 per cent markdown from the market value as at the end of the reporting period
Api Hydro Mechanical Ltd.	Level 3	The shares are valued at networth per share obtained from the audited financial statements
Api Infra Limited	Level 3	The shares are valued at networth per share obtained from the audited financial statements
Api Chameliya Power Limited	Level 3	The shares are valued at NPR 100 per share
Suryakunda Hydro Electric Ltd.	Level 3	The shares are valued at networth per share obtained from the audited financial statements
Api Springs Pvt. Ltd.	Level 3	The shares are valued at networth per share obtained from the audited financial statements
Api Holdings Company Limited	Level 3	The shares are valued at networth per share obtained from the audited financial statements
Darchula Power Limited	Level 3	The shares are valued at networth per share obtained from the audited financial statements
Latinath Power Company Limited	Level 3	The shares are valued at NPR 100 per share
Latinath Agro Company Ltd.	Level 3	The shares are valued at book value per share










API POWER COMPANY LIMITED
Notes to the Financial Statements

9 Other investments

Particulars	Current Year	Previous Year
Investments measured at Amortised Cost		-
i) Fixed Deposits in Financial Institutions		-
Investments at FVTPL	38,906,706	31,070,077
i) Investment in Equity Instruments (Quoted)	15,691,206	7,854,577
ii) Investment in Equity Instruments (Unquoted)	23,215,500	23,215,500
Total	38,906,706	31,070,077

a) Information relating to investment in equity instruments

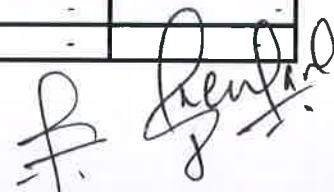
Particulars	Current Year		Previous Year	
	Cost	Fair Value	Cost	Fair Value
Investment in Equity Instruments (Quoted)				
Arun Kabeli Power Ltd. 2,718 shares at the cost of Rs 73.51 Each	199,800	714,752	199,800	502,830
CEDB Holdings Limited (CHDC) 316 Shares at the cost of Rs. 2491.14 Each	787,200	834,869	-	-
Chalcndi Hydro Limited (GHL) 2622 Shares at the cost of Rs. 269.61 Each	706,909	652,380	-	-
Liberty Energy Company Limited (LEC) 3100 Shares at the cost of Rs. 821.24 Each	687,138	666,655	-	-
National Laghubittiya Bittiya Sanstha Ltd 5,712 Promoter shares at the cost of Rs. 300 Each	1,500,000	3,855,600	1,500,000	3,725,000
Radhi Bidyut Company Limited (RADHI) 5849 Shares at the cost of Rs. 821.24 Each	4,803,442	4,739,094	-	-
Ridi Power Company Limited (RIDI) 10,676 shares at the cost of Rs 370.79 Each	3,958,554	2,754,622	3,916,456	2,389,678
Sarbottom Cement Limited (SARBTM) 1053 Shares at the cost of Rs. 890.22 Each	937,406	911,698	-	-
Union Hydropower Limited (UNHPL) 1344 Shares at the cost of Rs. 458.76 Each	616,571	561,537	-	-
Hydroelectricity Investment & Development Company Ltd 6,386 shares of Rs 100 Each	-	-	608,200	1,143,094
Nepal Investment Mega Bank Ltd. 537 shares of Rs 100 Each	-	-	281,468	93,975
Investment in Equity Instruments (Unquoted)				
Nepal Hydropower Academy 1,780 shares at the cost of Rs 100 Each	178,000	178,000	178,000	178,000
Nepal Power Exchange Ltd. 10,000 shares at the cost of Rs 100 Each	1,000,000	1,000,000	1,000,000	1,000,000
Siddhakali Power Limited 2,20,375 shares at the cost of Rs 100 Each	22,037,500	22,037,500	22,037,500	22,037,500

(b) Classification and fair value measurement

Particulars	Hierarchy	Valuation Technique and key inputs
Investment in Equity Instruments (Quoted)	Level 1	The shares are valued at market prices as at the end of the reporting period
Investment in Equity Instruments (Unquoted)	Level 3	The shares are valued at NPR 100 per share

10 Other non-current assets

Particulars	Current Year	Previous Year
Project Capital Advances	-	-
Total	-	-



API POWER COMPANY LIMITED
Notes to the Financial Statements

11 Trade receivables

Fig. in NPR

Particulars	Current Year	Previous Year
Nepal Electricity Authority		
Revenue Receivable - Naugad HEP	29,469,732	21,516,436
Revenue Receivable - Upper Naugad HEP	34,133,702	18,456,196
Revenue Receivable - Chandranigahapur Solar	5,515,167	7,242,531
Revenue Receivable - Dhalkebar Solar	2,015,117	1,730,950
Revenue Receivable - Simara Solar	1,985,467	1,769,441
Revenue Receivable - Upper Chameliya HEP	223,333,635	193,622,586
Total	296,452,819	244,338,140

12 Cash and cash equivalents

Particulars	Current Year	Previous Year
Cash in Hand	2,982	414,792
Bank Balances		
In current accounts	12,891,030	28,367,632
In call accounts	105,820	167,780
In Revenue Trapping Reserve Accounts	52,674,742	-
In Dollar Card	53,414	-
Total	65,727,988	28,950,204

13 Other financial assets

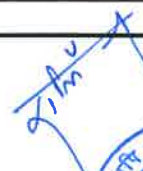
Particulars	Current Year	Previous Year
Loans and advances to Related Parties	98,025,897	62,003,687
Cash Margin	47,927,579	34,258,346
Security Deposits	2,587,308	2,016,893
Interest Receivable	1,295,115	-
Total	149,835,899	98,278,926

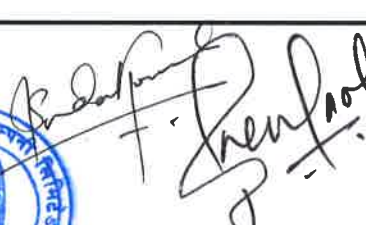
14 Other current assets

Particulars	Current Year	Previous Year
Advance to Contractor	49,525,918	50,828,264
Advance to Creditor	23,906,169	32,531,081
Advance for Custom Clearance	4,693,975	1,060,093
Project Advance	68,743,002	138,479,175
Salary Advances	1,792,633	1,817,633
Prepaid Expenses	6,368,398	6,195,976
Other Receivable	1,817,927	332,100
Total	156,848,023	231,244,322

15 Current Tax Asset/ (Liabilities)

Particulars	Current Year	Previous Year
Income Tax Assets	1,609,014	11,609,887
Income Tax Liabilities	(2,743,710)	(11,385,691)
Total	(1,134,696)	224,196






API POWER COMPANY LIMITED
Notes to the Financial Statements

16 Equity Share Capital

(a) Equity Shares

Fig. in NPR

Particulars	Current Year	Previous Year
Authorised Capital:		
70,000,000 Ordinary Shares of NPR 100 each	7,000,000,000	6,000,000,000
Issued Capital:		
6,07,59,278 Ordinary Shares of NPR 100 each	6,075,927,807	5,786,597,912
Subscribed and Paid Up Capital:		
6,07,59,278 Ordinary Shares of NPR 100 each	6,075,927,807	5,786,597,912
Total	6,075,927,807	5,786,597,912

(b) Movement of equity shares

Particulars	Current Year	Previous Year
As at 1st Shrawan	5,786,597,912	4,133,284,212
Additions during the year		
i) Bonus Share Issue	289,329,895	-
ii) Right Share Issue		1,653,313,700
As at Asadh End	6,075,927,807	5,786,597,912

17 Other Equity

Particulars	Share Premium	Retained Earnings	Total
Balance as on Shrawan 1, 2080	-	52,592,701	52,592,701
Profit/(Loss) For the Year		450,112,739	450,112,739
Defined Benefit Obligation - at the beginning of the year		(5,338,650)	(5,338,650)
Other Comprehensive Income for the Year, Net of Tax		(1,384,004)	(1,384,004)
Issue of right share	-	-	-
Issue of bonus share	-	-	-
Securities Premium (Right Share Auction)	63,727,781		63,727,781
Share Issuance Costs	(4,699,561)		(4,699,561)
NFRS Adjustment	-	-	-
Write back of CSR Liability		-	-
Provision for CSR		(4,501,127)	(4,501,127)
Cash Dividend		-	-
Dividend Distribution Tax		-	-
Balance as on Ashadh end, 2081	59,028,220	491,481,659	550,509,879
Profit/(Loss) For the Year		406,637,203	406,637,203
Adjustment of Defined Benefit Obligation, Net of Tax		(461,335)	(461,335)
Other Comprehensive Income for the Year, Net of Tax			-
Issue of right share			-
Issue of bonus share	-	(289,329,895)	(289,329,895)
Securities Premium (Right Share Auction)	-		-
Share Issuance Costs	(1,492,620)		(1,492,620)
NFRS Adjustment			-
Write back of CSR Liability			-
Provision for CSR		(4,066,372)	(4,066,372)
Cash Dividend		(255,379)	(255,379)
Dividend Distribution Tax		(14,972,510)	(14,972,510)
Restatement of Lease Liability/ ROU Asset		(161,053)	(161,053)
Balance as on Ashadh end, 2082	57,535,600	588,872,318	646,407,919

[Handwritten signature]



[Handwritten signature]

[Handwritten signature]



API POWER COMPANY LIMITED
Notes to the Financial Statements

18 Non-Current Borrowings

Fig. in NPR

Particulars	Current Year	Previous Year
Measured at amortized cost		
Secured		
From Banks		
1. Project Loan		
Term Loan - Naugad HEP	-	198,000,000
Term Loan - Upper Naugad HEP	340,932,748	366,017,652
Term Loan - Upper Chameliya HEP	5,358,580,963	4,776,737,752
Bridge Gap Loan - Upper Chameliya HEP	-	84,397,917
Term Loan- Parwanipur Solar PV Project	92,004,280	
Bridge Gap Loan- Parwanipur Solar PV Project	22,500,000	
2. Refinanced Project Loan		
Refinanced Loan- Hydropower	188,682,309	
Refinanced Loan- Solar Projects	142,941,143	
3. Vehicle Loan		4,631,835
Less: Current Maturities	(418,361,778)	(216,623,062)
Total	5,727,279,666	5,213,162,093

(a) Repayment Schedule of Term Loan and Refinanced Loans

Particulars	Current Year	Previous Year
2-3 Years	1,017,694,747	643,622,836
4-5 Years	1,105,727,330	662,548,629
Above 5 Years	3,489,353,311	3,822,592,711
Total	5,612,775,388	5,128,764,176

Note: Parwanipur Solar PV Project- 8.0 MW is currently under construction and the repayment schedule of the Term Loan- Parwanipur Solar PV Project has not been defined.

19 Deferred tax liabilities (net)

Particulars	Current Year		Previous Year	
	Deferred Tax Assets	Deferred Tax Liabilities	Deferred Tax Assets	Deferred Tax Liabilities
Items of timing differences				
Financial Assets at FVTPL	-	144,733,073	-	118,022,404
Provision for Gratuity	-	-	2,078,792	-
Right of Use Assets	-	-	-	2,615,405
Lease Liabilities	-	-	3,301,493	-
PPE	-	-	-	-
Actuarial Loss in remeasurement of DBO- OCI	-	-	461,335	-
Total	-	144,733,073	5,841,620	120,637,808
Deferred tax assets / liabilities (net)		144,733,073		114,796,189

Movements in deferred tax assets/liabilities

Particulars	Current Year	Previous Year
Opening Balance as at 1st Shrawan	114,796,188	-
Adjustment in Opening Balance	461,335	
Charged / (Credited) to Profit or Loss	29,475,550	115,257,523
Charged / (Credited) to Other Comprehensive Income	-	(461,335)
Closing Balance as at the end of Asadh	144,733,073	114,796,189



20 Other non-current liabilities

Particulars	Current Year	Previous Year
Retention Money	-	-
Lease Liability	42,690,095	13,205,973
Payable to Foreign Supplier	-	-
Total	42,690,095	13,205,973

21 Provisions

Particulars	Current Year		Previous Year	
		Non Current	Current	Non Current
Provision for Gratuity	-	-	394,312	7,920,855
Provision for CSR	4,066,372	-	4,501,127	-
Total	4,066,372	-	4,895,439	7,920,855

Note: The company has registered in Social Security Fund from 2082.04.01 hence the Defined Benefit Obligation recognized has been settled against the actual liability booked as per the internal policy. The Company has carried out the actuarial valuation of its defined benefit obligations towards the gratuity for the first time financial year 2080/81. In the current Fiscal year the Board has decided to settle the Defined Benefit Plan hence no provision is recognized.

[Handwritten signature]

[Handwritten signature]



[Handwritten signature]

[Handwritten signature]

[Handwritten signature]



API POWER COMPANY LIMITED
Notes to the Financial Statements

22 Current Borrowings

Particulars	Current Year	Previous Year
Measured at amortized cost		
Secured		
From Banks	955,495,294	486,600,313
Working Capital Loans		
WCL- Naugad Gad HEP- 8.5 MW	30,000,000	30,000,000
WCL- Upper Naugad Gad HEP- 8.0 MW	-	39,977,251
WCL- Chandranigahpur Solar PV Project- 4.0 MW	-	-
WCL- Upper Chameliya HEP- 40.0 MW	200,000,000	200,000,000
Other Short Term Loans		
Short Term Loan- KBL	87,133,516	
Margin Lending	45,000,000	
Short Term Loan- NBL	175,000,000	
Add: Current Maturities of Non-Current Borrowings	418,361,778	216,623,062
Unsecured		
From Related Parties	26,017,399	63,804,654
Ridi Power Company Limited	-	190,343
Sanjeev Neupane	-	480,000
Siddhakali Power Limited	20,264,073	20,264,073
Arun Kabeli Power Limited	4,753,326	41,870,238
Trade Tower Business Centre	1,000,000	1,000,000
Total	981,512,693	550,404,967

23 Other financial liabilities

Particulars	Current Year	Previous Year
Royalty Payable	-	9,969,625
Payable to Contractor	277,849,667	342,655,964
Interest Payable	28,494,290	198,170
Other Payable	31,296,028	-
Project Payables	5,599,551	-
Total	343,239,536	352,823,758

24 Other current liabilities

Particulars	Current Year	Previous Year
TDS Payable	1,722,091	9,721,821
VAT Payable	-	849,892
Retirement Fund Payable	1,326,354	-
Payable to Employees	21,819,444	15,513,659
Meeting Fee Payable	69,700	224,825
Audit Fee Payable	557,500	574,225
Refundable Share Deposit	12,055,981	12,065,987
Allowance Payable	390,150	500,650
Payable to Foreign Supplier	-	665,753,844
Dividend Tax Payable	-	15,121,308
Miscellaneous Liabilities	5,553,672	11,992,551
Gratuity Payable	11,420,850	-
Total	54,915,742	732,318,761



Handwritten signatures and a blue circular stamp of API POWER COMPANY LIMITED, dated 2003, are visible at the bottom of the page.

API POWER COMPANY LIMITED
Notes to the Financial Statements

25 Revenue from operations

Fig. in NPR

Particulars	Current Year	Previous Year
Electricity Sale to NEA		
From Solar Plant	57,341,364	62,524,751
Chandranigahpur Solar PV Project- 4.0 MW	36,258,188	41,243,653
Dhalkebar Solar PV Project- 1.0 MW	10,378,404	11,111,976
Simara Solar PV Project- 1.0 MW	10,704,772	10,169,122
From Hydropower Plant	1,645,984,113	1,192,680,219
Upper Naugad HEP- 8.0 MW	224,342,991	186,992,153
Naugad HEP- 8.5 MW	233,687,742	209,330,092
Upper Chameliya HEP- 40.0 MW	1,187,953,381	796,357,974
Add: Compensation Received	1,206,777	-
Less: Short Supply Charges (net)	(54,435,881)	(6,558,416)
Total	1,650,096,373	1,248,646,553

26 Cost of sales

Particulars	Current Year	Previous Year
Capacity Royalty	5,650,000	5,316,667
Revenue Royalty	33,820,350	25,323,278
Employee Benefit Expenses (Refer 26.1)	34,907,582	30,260,355
Insurance	32,345,095	31,934,057
Repair and Maintenance	146,151,481	36,085,691
Wages	1,719,603	2,493,600
Environment, Community & Mitigation	8,564,330	-
Plant Operation	1,114,545	1,736,580
Vehicle running cost	2,234,815	2,506,115
VAT Expenses (Reverse VAT on Transportation)	-	823,892
Meter Reading Expense	85,350	108,500
Lease & Rentals	-	1,398,405
Transportation Expenses	2,995,333	6,082,761
Site Running Expenses (Refer 26.2)	18,742,765	38,020,042
Total	288,331,249	182,089,941

26.1 Employee Benefit Expenses

Particulars	Current Year	Previous Year
Salaries & Allowances	20,812,197	15,225,411
EPF Contribution	1,166,653	1,373,796
Site and Food Allowances	8,951,848	9,760,054
Overtime Allowances	2,709,299	2,835,851
Leave Encashment	1,267,586	1,065,243
Total	34,907,582	30,260,355

Employee Benefit Expenses (Project- Wise)

Particulars	Current Year	Previous Year
Employee Benefit Expenses- Chandranigahpur	3,247,503	3,541,299
Employee Benefit Expenses- Dhalkebar	2,012,022	1,903,677
Employee Remuneration - Naugad	7,635,724	7,341,443
Employee Benefit Expenses- Simara	1,658,422	1,813,287
Employee Benefit Expenses- Upper Chameliya	14,368,286	10,007,790
Employee Remuneration- Upper Naugad	5,985,625	5,652,860
Total	34,907,582	30,260,355

SHRUTI D. & ASSOCIATES
CHARTERED ACCOUNTANTS

[Handwritten signature]

API POWER COMPANY LIMITED
2003

[Handwritten signature]

API POWER COMPANY LIMITED
Notes to the Financial Statements

26.2 Site Running Expenses

Particulars	Current Year	Previous Year
Festival Expenses	507,790	1,707,545
Internet, Communication & Courier Expenses	245,441	159,009
Legal and Consultancy Expenses	1,335,820	1,701,104
Medical Expenses	24,906	177,985
Miscellaneous Expenses	3,770,892	9,881,671
Site Office Expenses	5,077,007	7,660,599
Travelling, Lodging and Fooding Expenses	5,310,689	4,283,427
Printing and Stationery Expenses	31,544	22,117
Electricity Charges	1,359,192	2,243,426
Fuel Expenses	1,079,484	10,183,158
Total	18,742,765	38,020,042

Site Running Expenses (Project- wise)

Particulars	Current Year	Previous Year
Site Running Expenses - Chandranigahpur	1,072,726	463,225
Site Running Expenses - Dhalkebar	450,706	272,907
Site Running Expenses - Naugad	3,835,766	8,675,378
Site Running Expenses - Simara	446,338	1,179,072
Site Running Expenses - Upper Chameliya	10,626,792	25,656,344
Site Running Expenses - Upper Naugad	2,310,435	1,773,117
Total	18,742,765	38,020,042

27 Other Income

Particulars	Current Year	Previous Year
Dividend income	150,108	58,842
Rental Income	1,927,527	800,097
Gain / (Loss) on disposal of FVTPL assets	4,175,282	271,813
Foreign Exchange Gain- Liability Settlement	13,304,142	7,927,811
Foreign Exchange Gain- USD Card	666	-
Other Income	265,960	22,380
Total	19,823,684	9,080,942

28 Administrative Expenses

Particulars	Current Year	Previous Year
Employee Benefits Expenses (Refer 28.1)	16,711,091	10,656,155
Head Office Rent Expense	3,425,726	2,841,845
Office Store Rental Expenses	265,796	-
Electricity and Water	699,427	744,322
Repair & Maintenance		
i) Office Premise	38,309	-
ii) Vehicle	242,881	915,648
iii) Office Equipments	171,254	182,452
iv) Generator	36,318	197,088
Bank Loan Rating Fees	922,080	-
Communication Expenses	99,950	5,000



API POWER COMPANY LIMITED
Notes to the Financial Statements

Printing & Stationary	705,170	331,920
Travelling Expenses	27,962	160,368
Insurance Premium	366,460	329,834
Legal & Consultancy Charges	2,119,027	974,368
Advertisement & Promotion Expenses	2,238,681	1,965,475
Guest Entertainment	-	-
Donation	10,000	115,000
Foreign Exchange Loss	-	-
Fines, interest, Late Fees and Penalties	1,787,812	1,624,200
CSR Expenses	-	-
Board Meeting Fees and Expenses	1,125,000	1,063,500
Other Committee/ Sub-committee Expenses	97,500	172,500
General Meeting Expenses	1,018,719	222,221
Audit Fees	565,000	565,000
Audit Expenses	8,530	11,925
Rates & Taxes	200,405	579,715
Company Registrar Expenses	300,000	70,000
Share related Cost	642,040	620,839
Postage & Courier	13,499	3,060
Reverse VAT Expenses	142,357	-
Vehicle Running Expenses	26,775	91,480
Festival Expenses	333,960	298,284
Membership Expenses	470,000	111,000
Website Maintenance Charges	18,000	33,900
Miscellaneous Expense	13,976,143	779,196
Sub Total	48,805,871	25,666,295
Less: Allocation to Project work in Progress	-	(1,637,538)
Total	48,805,871	24,028,757

28.1 Employee Benefit Expenses

Particulars	Current Year	Previous Year
Salaries & Allowances	5,714,034	9,610,684
Provident Fund/ Social Security Fund	480,882	622,459
Leave Encashments	341,453	469,318
Casual and Internship Salary	30,100	235,604
Training Expenses	250,869	-
Gratuity Expenses	7,828,356	1,131,178
Staff Amenities	912,560	824,580
Retirement Bonus	802,200	-
Annual Retreat	350,637	-
Sub Total	16,711,091	12,893,821
Less: Allocation to Project work in Progress	-	(2,237,666)
Total	16,711,091	10,656,155

29 Depreciation and Amortisation Expense

Particulars	Current Year	Previous Year
Depreciation on Property, Plant and Equipment (Refer Note.4)	3,985,726	3,946,228
Depreciation on Right of use assets (Refer Note.5)	1,874,099	423,760
Amortization of Intangible Assets (Refer Note.6)	418,175,134	330,260,716
Total	424,034,959	334,630,704



API POWER COMPANY LIMITED
Notes to the Financial Statements

30 Fair Value Gain / (Loss) on Investment through FVTPL

Particulars	Current Year	Previous Year
Changes in Fair Value of Financial Assets Measured at FVTPL		-
i) Investment in Subsidiaries and Associates	106,697,147	350,915,508
ii) Other Investments	535,032	2,363,502
Total	107,232,179	353,279,010

31 Finance Income

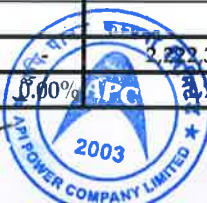
Particulars	Current Year	Previous Year
Interest income on call deposit	487,419	706,059
Interest income on term deposit	-	-
Interest income on others	1,572,517	640,534
Total	2,059,936	1,346,593

32 Finance Costs

Particulars	Current Year	Previous Year
Interest on Term Loan	505,141,707	409,737,545
Interest on Vehicle Loan	144,072	605,541
Interest on Working Capital Loan	19,853,475	27,012,395
Interest on Bridge Gap Loan	-	31,043,072
Interest on Refinance Loan	5,874,987	-
Interest on Margin Lending	3,759,460	-
Bank Commission & Fees	11,580,606	3,370,548
Loan Prepayment Charges	39,339,862	-
Bank Charges	232,630	199,538
NFRS Adjustment	(21,499,718)	4,684,436
Early Payment Charge	915,643	10,180,683
Interest expense related to lease	3,533,330	1,175,562
Other Interest	1,883,279	5,531,314
Total	570,759,332	493,540,635

33 Current Tax

Particulars	Current Year		Previous Year	
	Power Generation	Other Source	Power Generation	Other Source
Accounting Profit Before Tax	1,520,519,704	129,576,669	214,356,515	363,706,545
Applicable Tax Rate	20.00%	25.00%	20.00%	25.00%
Tax at the applicable rate on Accounting Profit	304,103,941	32,394,167	42,871,303	90,926,636
Add: Tax effect of expenses that are not deductible for tax purpose				
i) Depreciation as per books				
ii) Provision for Leave				
iii) Other Provisions				
Less: Tax effect on exempt income and additional deduction				
i) Depreciation as per Act				
ii) Tax Holiday Scheme	(304,103,941)		(42,871,303)	
iii) Non Taxable Income		(37,527)		(14,710)
iv) Proportionate Expense Deduction				
Add: Adjustments to Current Tax for Prior Periods				521,316
Add/ (Less): Others(to be Specified)				
i) Less : Adjustment as per NFRS Tax computation		(30,134,247)		(90,301,705)
ii) Less : Adjustment with carried forward loss				
Income Tax Expense		2,223,394	-	1,131,537
Effective Tax Rate	0.00%	0.72%	0.00%	0.31%



API POWER COMPANY LIMITED
Notes to the Financial Statements

34 Financial Risk

The Company's activities expose it to Credit Risk, Liquidity Risk & Market Risk.

i) Credit Risk

Credit risk is the risk of financial loss as a result of the default or failure of counterparty to meet their payment obligations to the Company. The credit risk for the Company primarily arises from credit exposures to trade receivables.

The following policies and procedures are in place to mitigate the Company's exposure to credit risk:

a) The Company's business is predominantly through sales of power. The Company has PPA agreement with Nepal Electricity Authority (NEA). NEA is government body due to which the risk of credit default is significantly low.

b) The company deals with only creditworthy counterparties and has a practice of obtaining Performance Guarantee and Advance Payment Guarantee in order to secure its risks while providing advances to the contractors and suppliers.

ii) Liquidity Risk

Liquidity risk is the risk that an entity will encounter difficulty in meeting obligations associated with financial liabilities that are settled by delivering cash or another financial asset. The Company's approach to managing liquidity is to ensure, as far as possible, that will always have sufficient liquidity to meet both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Company's reputations.

Maturity of Financial Liabilities:

The table below summarises the Company's Financial Liabilities into Relevant Maturity Groupings based on their Contractual Maturities for all Financial Liabilities.

Particulars	Current Year			Previous Year		
	Upto 1 Year	1 Year to 5 Year	More than 5 Year	Upto 1 Year	1 Year to 5 Year	More than 5 Year
Borrowings	981,512,693	2,123,422,077	3,489,353,311	550,404,967	1,306,171,465	3,822,592,711
Other Financial Liabilities	398,155,278	-	-	1,085,142,519	-	-
Total Financial Liabilities	1,379,667,971	2,123,422,077	3,489,353,311	1,635,547,487	1,306,171,465	3,822,592,711

iii) Market Risk

Market risk is the risk that the fair value of future cash flows of a financial instruments will fluctuate because of changes in market prices. Market prices comprise three type of risk: interest rate risk, currency risk and other price risk such as equity price risk .

a1) Foreign Currency Risk Exposure

Foreign exchange risk is the potential for the Company to experience volatility in the value of its assets, liabilities and solvency and to suffer actual financial losses as a result of changes in value between the currencies of its assets and liabilities and its reporting currency. Operation of the Company has exposed it to foreign exchange risk arising from foreign currency transactions, with respect to the EUR and NPR with one of its foreign supplier. The Company has not undertaken any hedging against such exposure at the end of the reporting period. The liability has been settled in the current year by the way of Forward Cover.

The Company's exposure to foreign currency risk at the end of the reporting period expressed in NPR, are as follows:

Particulars	Current Year		Previous Year	
	EUR	NPR	EUR	NPR
Payable to Foreign Supplier	-	-	4,556,213	665,753,844
Less: Derivative Liabilities	-	-	-	-
Net Exposure to Foreign Currency Risk/ (Liabilities)	-	-	4,556,213	665,753,844

a2) Foreign Currency Risk -

Sensitivity

The sensitivity of profit or loss to changes in the exchange rates arises mainly from foreign currency denominated financial instruments and the impact on the other components of equity arising from foreign forward exchange contracts, foreign exchange option contracts

[Signatures and stamps of API Power Company Limited and Chartered Accountants]

API POWER COMPANY LIMITED
Notes to the Financial Statements

Particulars	Impact on profit after tax		Impact on other component of equity	
	Current Year	Previous Year	Current Year	Previous Year
EUR sensitivity				
NPR/ EUR - Increases by 10% *	-	455,621	-	-
NPR/ EUR - Decreases by 10% *	-	(455,621)	-	-
NPR sensitivity				
NPR/ EUR - Increases by 10% *	-	66,575,384	-	-
NPR/ EUR - Decreases by 10% *	-	(66,575,384)	-	-

* Holding all other variable constant

b1) Interest Rate Risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates.

The major interest rate risk that the Company is exposed to is the floating interest rates in its significant Borrowings.

b2) Interest Rate Sensitivity

Profit or Loss is sensitive to changes in Interest Rate for Borrowings. A change in Market Interest Level by 1% which is reasonably possible based on Management's Assessment would have the following effect on the Profit After Tax if we ignore the capitalization of project work in progress.

Particulars	Current Year	Previous Year
Interest Rate - Increase By 1%*	(67,087,924)	(57,635,671)
Interest Rate - Decrease By 1%*	67,087,924	57,635,671

* Holding all other Variable Constant

c1) Equity Price Risk

Equity price risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in equity prices (other than those arising from interest rate risk or currency risk), whether those changes are caused by factors specific to the individual financial instrument or its issuer, or by factors affecting all similar financial instruments traded in the market.

The Company has invested in equity securities and the exposure is equity securities price risk from investments held by the Company and classified in the statement of financial position as fair value through profit or loss.

35 Operational Risk

Operational Risk is the risk of direct or indirect loss, or damaged reputation resulting from inadequate or failed internal processes, people and systems or external events. When controls fail to perform, operational risks can cause damage to reputation, have legal or regulatory implications or can lead to financial loss. The Company cannot expect to eliminate all operational risks, but by initiating a rigorous control framework and by monitoring and responding to potential risks, the Company is able to manage the risks. Controls include effective segregation of duties, access controls, authorisation and reconciliation procedures, staff education and assessment processes. Business risks such as changes in environment, technology and the industry are monitored through the Company's strategic planning and budgeting process.

36 Climate Risk

Climate Risk is the measure of vulnerability to climate-related impacts that have financial consequences, or that may affect various aspects of financial performance. Those consequences could be anything from minor inconvenience to a complete loss of an asset's value or operability. The Company is highly exposed to extreme weather events such as floods and droughts along with other natural disasters like landslides. With such high stakes, reducing the uncertainty of that outcome is business-critical. The company adheres to stringent design parameters (to address climate risks) while developing new projects.

However, the company being involved in renewable and green energy portfolio has an opportunity to gain advantage of the carbon trade for its impact in lowering of the GHG emissions.



Handwritten signatures of company officials.



API POWER COMPANY LIMITED
Notes to the Financial Statements

37 Capital Management

The Company's objectives when managing Capital are to:

- a) Safeguard their ability to continue as a going concern so that they can continue to provide returns for shareholders and benefits for other stakeholders, and
- b) Maintain an optimal capital structure to reduce the cost of capital.

In order to maintain or adjust the capital structure, the Company may adjust the amount of dividends paid to shareholders, return capital to shareholders or issue new shares.

Dividend

Particulars	Current Year	Previous Year
(i) Dividends recognised		
Final Dividend recognised	289,329,895	-
	289,329,895	-
(ii) Dividends not recognised at the end of the reporting period		
Proposed dividend for 2081-82- Not decided till the date of signing of financial statement. 2080-81: 5% Stock dividend and 0.2632% cash dividend .	N/A	289,329,895
	-	289,329,895

38 Earnings Per Share

Particulars	Current Year	Previous Year
Profit For the Year used for Calculating Basic Earning per Share	406,637,203	450,112,739
Less: Dividend on Preference Share	-	-
Add: Interest saving on Convertible Bonds	-	-
Profit For the Year used for Calculating Diluted Earning per Share	406,637,203	450,112,739
Weighted Average Number of Equity Shares Outstanding During the Year For Basic Earning per Share	60,759,278	56,106,160
Adjustments for calculation of Diluted Earning per Share:		
i) Dilutive Shares	-	-
ii) Options	-	-
iii) Convertible Bonds	-	-
Weighted Average Number of Equity Shares Outstanding During the	60,759,278	56,106,160
Nominal Value of Equity Shares	100	100
Basic Earnings Per Share	6.69	8.02
Diluted Earnings Per Share	6.69	8.02
Proposed Bonus Share	-	-
Weighted Average Number of Equity Shares Outstanding During the Year for Restated Earning Per Share		58,911,468
Restated Basic Earning Per Share		7.64
Restated Diluted Earning Per Share		7.64

39 Employee Benefits

a) Post Employment Benefit - Defined Contribution Plans

For the period ended Ashadh 32, 2082 (July 16, 2025) the company has recognised an amount of NPR 16,42,899.75 (Last Year: NPR 1,996,254) as Provident Fund expense under the defined contribution plans as a whole, out of which NPR 25,698.75 (Last year : NPR. 116,192) has been capitalized to project work in progress.

b) Leave Encashment- Short Term Benefits

The company provides leave encashment to its employees calculated and paid out at the end of every year without the option of accumulation. The Company has recognised a total of NPR 1,643,266 (Last year: NPR 964,344) as leave encashment expense in the Statement of Profit or Loss out of which NPR. 34,228 (Last Year: NPR. 87,606) has been capitalized to project work in progress.




API POWER COMPANY LIMITED
Notes to the Financial Statements

c) Defined Benefit Plans - Gratuity

The Company has paid the Gratuity amount of NPR 4,722,673 in the current fiscal year. The company has registered in Social Security Fund from 2082.04.01 hence the Defined Benefit Obligation recognized has been settled against the actual liability booked as per the internal policy. The Company has carried out the actuarial valuation of its defined benefit obligations towards the gratuity for the first time financial year 2080/81. In the current Fiscal year the Board has decided to settle the Defined Benefit Plan hence no actuarial valuation is made. The movement of the liabilities is presented as below:

Particulars	As at 32 Ashadh 2082	As at 31 Ashadh 2081
Defined benefit obligations at the beginning of the period	8,315,167	5,338,650
Current Service Cost	-	1,131,178
Remeasurements on obligation - (Gain) / Loss	-	1,845,339
Defined benefit obligations at the end of the period	-	8,315,167

Due to the company being registered in SSF, it eliminates the company requirement to make provision for non- funded Gratuity (DBP) since SSF itself has a funded facility for Gratuity. However, the company has calculated the liability for Gratuity for the existing eligible employees as per the internal policy. The Gratuity Liability amounting to NPR 1,14,20,850 has been booked



API POWER COMPANY LIMITED
Notes to the Financial Statements

40 Operating Segment

Segment information is presented in respect of the Company's business segments. Management of the Company has identified portfolio as business segment and the Company's internal reporting structure is also based on portfolio. Performance is measured based on segment profit as management believes that it is most relevant in evaluating the results of segment relative to other entities that operate within these industries.

Segment asset is disclosed below based on total of all asset for each business segment.

The Company operates predominantly in Nepal and accordingly, the Management of the Company is of the view that the financial information by geographical segments of the Company's operation is not necessary to be presented.

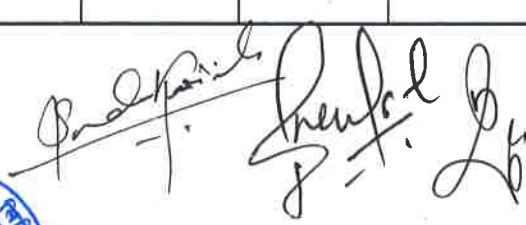
Business Segments of the Company's are:

- Hydropower Segment
- Solar Power Segment

a) Segmental Information for the year ended Ashadh 32, 2082 (July 16, 2025)

Particulars	Hydropower Segment		Solar Power Segment		Total	
	Current Year	Previous Year	Current Year	Previous Year	Current Year	Previous Year
Current Generation Capacity	56.5 MW		6 MW		62.5 MW	
Capacity of Projects under progress	30 MW		8 MW	14 MW	38 MW	44 MW
Total Capacity	86.5 MW		14 MW	20 MW	100.5 MW	106.5 MW
Income:						
Revenue from operations	1,592,755,009	1,186,121,803	57,341,364	62,524,750	1,650,096,373	1,248,646,553
Cost of sales	(268,847,239)	(166,485,976)	(19,484,010)	(15,603,965)	(288,331,249)	(182,089,941)
Gross Profit	1,323,907,770	1,019,635,826	37,857,354	46,920,785	1,361,765,124	1,066,556,612
Administrative Expenses	(44,120,507)	(21,721,996)	(4,685,364)	(2,306,761)	(48,805,871)	(24,028,757)
Depreciation and Amortisation Expense	(399,822,326)	(310,715,956)	(24,212,633)	(23,914,748)	(424,034,959)	(334,630,704)
Profit from Operation	879,964,937	687,197,874	8,959,357	20,699,276	888,924,295	707,897,150
Finance Costs	(562,747,819)	(483,415,574)	(8,011,512)	(10,125,061)	(570,759,332)	(493,540,635)
Profit before staff bonus and tax	317,217,118	203,782,300	947,845	10,574,215	318,164,963	214,356,514
Staff Bonus	(8,086,836)	(8,788,172)	(858,779)	(2,773,089)	(8,945,615)	(11,561,261)
Profit before tax	309,130,282	194,994,128	89,066	7,801,126	309,219,348	202,795,254
Deferred Tax	(1,879,228)	1,879,228	(885,653)	885,653	(2,764,880)	2,764,880
Total Segmental Results	307,251,054	196,873,356	(796,587)	8,686,778	306,454,467	205,560,134
Segment Assets						
Right of use assets	31,127,707	-	10,874,105	10,461,618	42,001,812	10,461,618
Intangible assets	10,709,498,619	10,903,054,494	472,068,039	490,223,268	11,181,566,658	11,393,277,762
Project work-in-progress	105,839,567	89,639,567	157,740,941	21,799,615	263,580,508	111,439,181
Trade receivables	286,937,069	233,595,218	9,515,751	10,742,922	296,452,819	244,338,140
Other current assets	114,204,883	132,729,695	42,643,140	14,095,189	156,848,023	146,824,884
Total Segment Assets	11,247,607,844	11,359,018,974	692,841,975	547,322,612	11,940,449,819	11,906,341,585
Segment Liabilities						
Borrowings	6,380,329,536	5,752,809,979	257,445,423	6,125,247	6,637,774,959	5,758,935,226
Other non-current liabilities	28,245,533	-	14,444,561	13,205,973	42,690,095	13,205,973
Other financial liabilities	272,137,299	352,823,758	5,897,708	-	278,035,006	352,823,758
Other Current Liabilities	2,053,688	-	482,097	-	2,535,786	-
Provisions	-	10,389,706	-	2,426,588	-	12,816,294
Total Segment Liabilities	6,680,712,368	6,105,633,737	277,787,692	19,331,220	6,961,035,846	6,137,781,251









API POWER COMPANY LIMITED
Notes to the Financial Statements

b) Reconciliation of Profit

Particulars	Current Year	Previous Year
Segment Result	306,454,467	205,560,134
Add/ (Less): Other Profit/ (Loss)		
Other Income	19,823,684	9,080,942
Fair Value Gain / (Loss) on Investment through FVTPL	107,232,179	353,279,010
Finance Income	2,059,936	1,346,593
Current Tax	(2,222,394)	(1,131,537)
Deferred Tax	(26,710,670)	(118,022,404)
Net Profit/ (Loss)	406,637,203	450,112,739

c) Reconciliation of Assets

Particulars	Current Year	Previous Year
Segment Assets	11,940,449,819	11,906,341,585
Add/ (Less): Other Assets		
Property, plant and equipment	17,741,475	18,669,104
Intangible assets	1,387,400	1,878,332
Investment in Subsidiaries and Associates	1,807,858,309	1,156,803,962
Other investments	38,906,706	31,070,077
Other non-current assets	-	2,016,893
Cash and cash equivalents	65,727,988	28,950,204
Other financial assets	149,835,899	180,681,471
Current tax assets (net)	-	224,196
Total Assets	14,021,907,599	13,326,635,827

d) Reconciliation of Liabilities

Particulars	Current Year	Previous Year
Segment Liabilities	6,961,035,846	6,137,781,251
Add/ (Less): Other Liabilities		
Borrowings	71,017,399	4,631,835
Deferred Tax Liability	144,733,073	114,796,189
Other Financial Liability	65,204,530	-
Other Current Liabilities	52,379,956	-
Current Liabilities	4,066,372	732,318,762
Current Tax Liabilities	1,134,696	-
Total Liabilities	7,299,571,872	6,989,528,037

Handwritten signatures and initials are present above the stamps.



API POWER COMPANY LIMITED
Notes to the Financial Statements

41 Related Party Disclosure

(a) Relationship

Relationship	Related Parties	
Subsidiaries	Api Hydro Mechanical Ltd.	
	Api Spring Pvt. Ltd.	
	Api Chameliya Power Ltd.	
	Suryakunda Hydroelectric Limited	
	Api Infra Limited	
	Darchula Power Limited	
	Latinath Power Company Limited	
	Api Holdings Company Limited	
Associates	Ingwa Hydropower Ltd.	
	Tallo Ingwa Power Company Limited(a subsidiary of Ingwa Hydropower Ltd.)	
	Latinath Agro Company Ltd.	
Company with common directors	Makalu Developers Limited	
	Nirvik Tours and Travel Pvt Ltd.	
	Arun Valley Hydropower Development Co. Ltd.	
	Siddhakali Power Limited	
Those Charged with Governance (Key Management Personnel)	Name	Designation
	Mrs. Shreejana Khadka	Chairman
	Mr. Sanjeev Neupane	Managing Director
	Mr. Dwarika Prasad Neupane	Director
	Mr. Shashwat Chalisey	Director (from Jestha 27, 2081 till Kartik 11, 2081)
	Mr. Madhusudhan Koirala	Director
	Mr. Sujan Adhikari	Company Secretary
Relatives of those charged with governance	Mr. Guru Prasad Neupane	Advisor, father of MD
	Mrs. Sumitra Devi Neupane	Mother of MD

(b) Key Management Personnel Compensation to Managing Director:

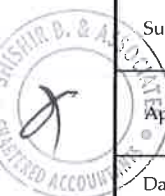
Particulars	Current Year	Previous Year
Short-term employee benefits	4,768,000	4,069,672
Total	4,768,000	4,069,672

(c) Transactions with those charged with governance:

Particulars	Current Year	Previous Year
Meeting Fees	525,000	483,500
Director Allowance	600,000	580,000
Total	1,125,000	1,063,500

(d) Other Related Party Transactions:

Name of the related party	Nature of Transaction	Transaction		Outstanding Balance	
		Current Year	Previous Year	Current Year	Previous Year
Api Hydro Mechanical Ltd.	Construction Services	-	7,646,884	(57,796,285)	(86,767,693)
Api Spring Pvt. Ltd.	Rental Income	96,000	96,000	180,000	93,600
	Land Lease Income	50,000	25,000	67,500	22,500
	Investment in shares	7,500,000	7,500,000	7,500,000	7,500,000
	Share Application money	4,900,000	6,000,000	10,900,000	6,000,000
Api Chameliya Power Ltd.	Investment in shares	10,000,000	-	10,000,000	-
	Share Application money	(10,000,000)	22,000,000	12,000,000	22,000,000
	Short Term Loan	(1,750,000)	53,556,832	51,806,832	53,556,832
	Advance Granted	100,000	-	100,000	-
	Rental Income	120,000	-	108,000	-
Suryakunda Hydroelectric Limited	Investment in shares	221,980,000	221,980,000	221,980,000	221,980,000
	Short Term Loan	(37,939,525)	-	37,939,525	-
	Interest Income	1,016,403	-	863,942	-
Api Infra Limited	Investment in shares	(27,000,000)	210,100,000	237,100,000	210,100,000
	Rental Income	672,000	-	604,800	-
	Interest Income/ (Expense)	(191,890)	-	(163,107)	-
Darchula Power Limited	Investment in shares	(431,550,000)	-	431,550,000	-
	Interest Income/ (Expense)	(31,456)	-	-	-
Latinath Power Company Limited	Investment in shares	(16,757,200)	-	16,757,200	-
	Short Term Loan	5,232,200	-	(5,232,200)	-



API POWER COMPANY LIMITED
Notes to the Financial Statements

41 Related Party Disclosure

Api Holdings Company Limited	Investment in shares	(14,000,000)	-	14,000,000	-
	Rental Income	25,000	-	22,500	-
	Share Application money	(44,150,000)	-	44,150,000	-
Ingwa Hydropower Ltd.	Investment in shares	-	-	150,000,000	150,000,000
	Rental Income	240,000	120,000	216,000	-
	Short Term Loan	(5,270,185)	(18,350,000)	7,717,039	2,446,854
	Interest Income/ (Expense)	507,261	(1,013,084)	431,172	-
Tallo Ingwa Power Company Limited	Rental Income	70,000	-	63,000	-
Latinath Agro Company Ltd.	Investment in shares	-	-	3,933,000	3,933,000
	Share Application money	110,000	-	570,280	680,280
	Rental Income	234,527	-	211,127	-
Makalu Developers Limited	Construction Services	(6,500,000)	99,527,943	(105,272,735)	(111,772,735)
Nirvik Tours and Travel Pvt Ltd.	Ticket Purchase	(1,211,424)	(1,791,674)	37,792	186,479
Siddhakali Power Limited	Advance Received	-	-	(20,264,073)	(20,264,073)
Mr. Guru Prasad Neupane	Advisory services	535,294	494,118	(35,000)	(35,000)



API POWER COMPANY LIMITED
Notes to the Financial Statements

42 Leases

(a) Leases as Lessee

(i) The company has entered into a short term rent agreement of 1 year for its corporate office premises. The rent payment for such property has been charged to profit or loss as it is a short term lease. The company has recognised NPR 3,425,726 (PY: NPR 2,841,845) as rent expense in the statement of profit or loss.

(ii) Other Leases:

The Company has entered into lease for the land to install solar panels for its Chandranigahapur, Dhalkebar and Simara Project for a period of 30 years, 25 years and 30 years respectively with an escalation of 3% every year. The company has applied NFRS 16 Leases for these lease agreements. The company has restated the ROU asset and Lease Liability booked.

The company has also recognized a finance lease for the Transformer and Associated Switch gear cost charged by NEA as per the clause of connection agreement. The said cost is related to the cost sharing of transformer constructed by NEA at its substation used by various project including Naugarh Gad HPP- 8.5 MW for power evacuation. The payments are made in advance in 5 installment starting from Asadh 2082. The company has recognized lease liability to paid for 5 years and the ROU asset recognized will be amortized for a period of 23 years (remaning life of the project- Naugad HPP 8.5 MW as at 31.03.2081) starting from FY 2081/82.

Future Minimum Lease Payments	Current Year	Previous Year
i) Not Later than 1 year	10,037,455	1,062,356
ii) Later than 1 year and not later than 5 years	28,241,805	4,577,836
iii) Later than 5 years	32,779,551	31,932,045
Total Future Minimum Lease Payments	71,058,811	37,572,238
Less: Effect of Discounting	(28,368,716)	(24,366,265)
Finance lease liability recognised	42,690,095	13,205,973

The company has also entered into a Lease Agreement with various parties for different years for construction of Parwanipur Solar PV Project- 8.0 MW. The company has not applied NFRS 16- Lease for these agreements as the project is currently in development stage and any finance cost and amortization booked will be capitalized in the project.

(b) Leases as Lessor

(i) The company has leased out the excess space in its corporate office to its sister companies.. The company has recognised NPR 1,927,527 (PY: NPR 800,097) as Rental income in the statement of profit or loss.

43 Capital Commitments

The Capital Commitments of the company is as follows:

Company Name	Amount Committed	Amount Invested	Remaining Amount
Api Infra Limited	300,000,000	237,100,000	62,900,000
Api Springs Pvt. Ltd.	20,000,000	7,500,000	12,500,000
Api Chameliya Power Limited	100,000,000	10,000,000	90,000,000
Latinath Agro Company Limited	10,000,000	3,933,000	6,067,000
Latinath Power Company Limited	50,000,000	16,757,200	33,242,800
Api Holdings Company Limited	58,150,000	14,000,000	44,150,000
Darchula Power Limited	730,000,000	431,550,000	298,450,000
Total	1,268,150,000	720,840,200	547,309,800




API POWER COMPANY LIMITED
Notes to the Financial Statements

44 Contingent Liabilities

- (a) The company has provided corporate guarantee to the lending consortium in favour of its subsidiary, Suryakunda Hydro Electric Limited. The total approved funding for the company is NPR 162.20 Crores
- (b) The company has provided corporate guarantee to the lending consortium in favour of its subsidiary, Api Infra Limited. The total approved funding for the company is NPR 66.0 Crores
- (c) The company has provided corporate guarantee to the lending consortium in favour of its subsidiary, Darchula Power Limited. The total approved funding for the company is NPR 435.50 Crores
- (d) The company has provided corporate guarantee to the lending consortium in favour of its associate, Ingwa Hydropower Limited. The total approved funding for the company is NPR 176.80 Crores

45 Litigation

The company has filed a case against Employee Provident Fund (EPF) for deduction of prepayment charges in excess than mentioned in the Syndicated Loan Agreement (SLA). As per the facilities agreement, the parties are bound to follow the NRB directives and its amendment from time to time. The Prepayment Charges applicable at the time of loan swap was 0.375% but the institution charged the prepayment charges @ 3% bringing the disputed amount to NPR 22,615,124.91.

46 Assets Pledged as Security

The company has pledged its movable and immovable assets in entirety to various lending banks for the consortium loan to develop its power projects.

47 Corporate Social Responsibility

New Industrial Enterprises Act 2076 makes it mandatory to allocate 1% of the annual profit to be utilized towards corporate social responsibility. The fund created for CSR is to be utilized on the basis of annual plans and programs but in the sectors, that are prescribed under the Act. Accordingly, the company has made a provision towards CSR in the current period.