

Independent Auditor's Report to the Shareholder of

M/S CEDB HYDRO FUND LIMITED.

On the Financial Statements.

We have audited the attached Balance Sheet of M/s CEDB Hydro Fund Ltd., Kathmandu, Nepal, as at Ashadh End 2073 (July 15, 2016), Profit & Loss Statement for the year ended Ashadh End 2073 and Cash Flow Statement for the year Ended Ashadh 2073.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express opinion on these financial statements based on our audit. We conducted our audit in accordance with generally accepted auditing standards in Nepal. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

An audit includes examining, on a test basis, evidence supporting the amounts and disclosure in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a reasonable basis for our opinion.

Opinion

In our opinion, the attached financial statements give true and fair view, in all material respect, the financial position of M/S CEDB Hydro Fund Ltd., Nepal as at Ashadh End 2073, and of its financial performance and its cash flows for the year then ended in accordance with the Nepal Accounting Standards, comply with applicable prevailing laws.

Report on other legal and Regulatory Requirements

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

1. We have obtained prompt replies to the queries and explanations asked for.
2. The enclosed Balance Sheet as at Ashadh End 2073 shows true and fair view of the state of affairs of the Company, The Profit & Loss Statement for the Year ended on that date show true Profit and Cash Flow Statement have been prepared as per provisions of the law and the same are in agreement with the books of account maintained by the Company.
3. The accounts and records of the company have been accurately maintained in accordance with the law.
4. In our opinion and to the best of our information and according to the explanations given to us, the Directors and Staffs of the Company do not appear to have acted against law.

Date: - 2073/10/24

Place: - Kathmandu


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



CEDB Hydro Fund Limited

Tripureshwor, Kathmandu, Nepal

BALANCE SHEET

As on Ashadh 31, 2073 (July 15, 2016)

(Amount in Nepalese Rupees)

Particulars	Sch	Ashadh 31, 2073	Ashad 31, 2072
Equities and Liabilities			
Equity			
Share Capital	1	410,900,000.00	327,461,000.00
Reserve and Surplus	2	23,233,037.45	34,500,236.39
		434,133,037.45	361,961,236.39
Non Current Liabilities			
Loan From Machhapuchhre Bank			
		2,684,000.00	-
Current liabilities			
Sundry Creditors and Payables	3	12,922,837.79	6,130,971.64
Advance for Shares		-	647,500.00
Dividend for 1% Cumulative Preference Shares			2,313,150.00
Total Current Liabilities		12,922,837.79	9,091,621.64
Total Equities and Liabilities		449,739,875.24	371,052,858.03
Assets			
Non Current Assets			
Property, Plant & Equipment	4	7,895,553.14	1,727,395.34
Less : Accumulated Depreciation		(1,781,119.21)	(913,899.15)
Net of Property, Plant & Equipment		6,114,433.93	813,496.19
Investments in shares	5	152,406,500.00	151,156,800.00
Advance for Investments	6	8,000,000.00	16,000,000.00
Deffered Tax Asset		16,196.24	22,354.36
Total Non Current Assets		166,537,130.17	167,992,650.55
Current Assets			
Project under Progress	7	45,502,526.79	34,438,869.88
Sundry Debtors and Receivables	8	51,132,292.06	40,066,246.10
Loans, advance and deposits	9	148,406,329.82	67,404,701.59
Cash and bank balances	10	38,161,596.40	61,150,389.92
Total Current Assets		283,202,745.07	203,060,207.49
Total Assets		449,739,875.24	371,052,858.04

Significant Accounting Policies and Notes to the Accounts

As per our report of even date

12



Anil K. Rungta
Anil Kumar Rungta
Chairman

Barsha Shrestha
Barsha Shrestha
Director

Vijay Singh Baidya
Vijay Singh Baidya
Director

Uttam Bhlon (Lama)
Uttam Bhlon (Lama)
Director

Ramesh Prasad Nepal
Ramesh Prasad Nepal
Director

Winay Kumar Bhandari
Winay Kumar Bhandari
Chief Executive Officer

Dipendra Lal Karn
Dipendra Lal Karn
Account & Admin

Dip Narayan Shah
Dip Narayan Shah & Associates
Chartered Accountants

Date: 2073-10-24
Place: Kathmandu



CEDB Hydro Fund Limited

Tripureshwor, Kathmandu, Nepal

INCOME STATEMENT

For the year ended Ashadh 31, 2073 (July 15, 2016)

(Amount in Nepalese Rupees)

Particulars	Sch	Ashadh 31, 2073	Ashad 31, 2072
Revenue			
Management and other Service Fees		33,342,014.88	13,753,289.04
Interest Income		3,225,510.33	6,048,299.12
Rental Income		432,000.00	-
Dividend Income		828,280.50	-
Total Revenue		37,827,805.71	19,801,588.16
Administrative Expenses	11	(7,059,611.10)	(5,293,650.26)
Depreciation		(867,220.04)	(165,451.90)
Net Profit Before Tax		29,900,974.57	14,342,486.00
Provision for Tax		(7,262,015.39)	(3,591,241.81)
Deffered Tax Income/(loss)		(6,158.12)	5,302.80
Net Profit After Tax		22,632,801.06	10,756,546.99

As per our report of even date



Anil K. Rungta
Chairman

Barsha Shrestha
Director

Vijay Singh Baidya
Director

Uttam Bhlon (Lama)
Director

Ramesh Prasad Nepal
Director

Vinay Kumar Bhandari
Chief Executive Officer

Dipendra Lal Karn
Account & Admin

Date: 2073-10-24
Place: Kathmandu

Dip Narayan Shah
D N Shah & Associates
Chartered Accountants



CEDB Hydro Fund Limited

Tripureswor, Kathmandu, Nepal

CASH FLOW STATEMENT

As on Ashadh 31, 2073 (July 15, 2016)

(Amount in Nepalese Rupees)

Particulars	Ashadh 31, 2073	Ashad 31, 2072
Cash flows from operating activities		
Net Profit before Tax	29,900,974.57	14,342,486.00
Adjustment for:		
Depreciation	867,220.04	165,451.90
Interest Income	(3,225,510.33)	(6,048,299.12)
Dividend Income	(828,280.50)	
Cash flow before changes in working capital	26,714,403.78	8,459,638.78
Cash flows from changes in working capital		
(Increase)/ Decrease in current assets	(92,067,674.19)	(43,232,235.58)
Increase in Projects under process	(11,063,656.91)	(20,882,742.35)
Increase/(Decrease) in current liabilities	160,442.57	3,187,009.58
Cash Generated from Operation	(76,256,484.75)	(52,468,329.57)
Interest received	3,225,510.33	6,048,299.12
Dividend Received	828,280.50	
Prevoius year tax Paid	(3,591,241.81)	
Cash flows from operating activities (A)	(75,793,935.73)	(46,420,030.45)
Cash flow on investing activities		
Advance for Investment (Clean Developers)	8,000,000.00	34,000,000.00
Investment in shares	(1,249,700.00)	(9,375,000.00)
Purchase/Capitalisation of fixed assets	(6,168,157.80)	(409,325.62)
Cash flows on investing activities (B)	582,142.20	24,215,674.38
Cash flows on financing activities		
Issuance of Equity Capital	49,539,000.00	67,461,000.00
Issue of Bank Loan	2,684,000.00	
Advance for shares		647,500.00
Cash flows from financial activities (C)	52,223,000.00	68,108,500.00
Total cash generated in the year (A+B+C)	(22,988,793.52)	45,904,143.93
Opening cash and bank balances	61,150,389.92	15,246,245.99
Cash and bank balance at the end of the year	38,161,596.40	61,150,389.92

As per our report of even date

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Anil Kumar Rungta
Chairman



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Date: 2073-10-24
Place: Kathmandu

CEDB Hydro Fund Limited

Tripureshwor, Kathmandu, Nepal

PROFIT AND LOSS APPROPRIATION ACCOUNT

As on Ashadh 31, 2073 (July 15, 2016)

(Amount in Nepalese Rupees)

Particulars	Ashadh 31, 2073	Ashad 31, 2072
Net Profit/(Loss) transferred to Profit(Loss) Appropriation Account	22,632,801.06	10,756,546.99
Reserve and Surplus as on 31-3-2072	600,236.39	10,743,689.40
Proposed Bonus Share	-	13,000,000.00
Net Profit/(Loss) transferred to Balance sheet	23,233,037.45	34,500,236.39

As per our report of even date



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Date: 2073-10-24
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CEDB Hydro Fund Limited

Tripureshwor, Kathmandu, Nepal

Statement of Changes in Equity

As on Ashadh 31, 2073 (July 15, 2016)

(Amount in Nepalese Rupees)

Particulars	Share Capital (Rs)	Accumulated Profit (Rs)	Total (Rs)
Shareholder's Equity as on Ashadh 31, 2072	327,461,000.00	34,500,236.39	361,961,236.39
Changes made during the year			-
Bonus Share Issued	33,900,000.00	(33,900,000.00)	
Net profit during the year		22,632,801.06	22,632,801.06
Addition of Equity Capital	49,539,000.00		49,539,000.00
Shareholder's Equity as on Ashadh 31, 2073	410,900,000.00	23,233,037.45	434,133,037.45

Anil K. Rungta
Anil Kumar Rungta
Chairman



Uttam Bhlon (Lama)
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Account & Admin

Date: 2073-10-24
Place: Kathmandu

Barsha Shrestha
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CEDB Hydro Fund Limited

Tripureshwor, Kathmandu, Nepal

Schedule annexed to and forming part of Financial statementt for FY 2072/73

(Amount in Nepalese Rupees)

Particulars	Ashadh 31, 2073	Ashad 31, 2072
Schedule 1: Share Capital		
<u>Authorized Capital</u>		
10,000,000 Ordinary Shares of Rs. 100 each	1,000,000,000.00	1,000,000,000.00
Total	1,000,000,000.00	310,000,000.00
<u>Issued Capital</u>		
76,31,000 Ordinary Shares of Rs. 100 each	763,100,000.00	400,000,000.00
Total	763,100,000.00	260,000,000.00
<u>Paid up Capital</u>		
41,09,000 Ordinary Shares of Rs. 100 each	410,900,000.00	327,461,000.00
Total	410,900,000.00	327,461,000.00
Schedule 2: Reserve and Surplus		
During the year	23,233,037.45	34,500,236.39
Total	23,233,037.45	34,500,236.39
Schedule 3: Sundry Creditors and Payables		
Payable to Gandhi & Associates	118,200.00	133,800.00
Payable to Clean Energy Dev. Bank Ltd.		12,780.00
Payable to Gandaki Energy Ltd	1,344,249.04	686,936.84
Payable to Airtech Industries P Ltd	10,170.00	10,170.00
Payable to Airvent Industries P Ltd	-	239,077.39
Retention of Aayan Interior	126,681.00	-
Meeting allowance payable	178,500.00	142,800.00
Payable to Globelink Pvt Ltd	-	3,390.00
Payable to Shree Shuva Laxmi Traders	42,228.35	69,289.64
Audit fee payable	98,500.00	147,000.00
Payable to Staff for salary & expenses	74,560.11	1,994.33
Communication Expenditure payable	9,215.02	13,379.45
Electricity and Housekeeping Expenditure payable	11,673.38	41,181.95
Payable to International Electronic Concern P Ltd	-	15,290.00
Payable to Innovative Business Solution P Ltd	148,133.26	2,056.01
Payable to IT Business Service P Ltd	2,938.00	2,938.00
Payable to CMS Nepal P Ltd	16,664.49	17,413.39
Payable to Nayapatrika	3,281.40	-
Payable to Share holder	529,542.50	-
TDS payable :		
i) Audit fee	1,500.00	1,050.00
ii) Salary- Tax	169,577.48	-
iii) Salary Social Security Tax	1,401.66	248.75
iv) Service Fee	141,233.79	142,310.14
v) Consultancy fees	-	35,392.70
vi) Meeting Fee	24,150.00	31,500.00
vii) Rental	6,637.53	15,437.53
VAT Payable	2,594,345.39	700,194.81
Income tax payable	7,262,015.39	3,591,241.81
Miscellaneous Payable	7,440.00	74,098.90
Total	12,922,837.79	6,130,971.64



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CEDB Hydro Fund Limited

Tripureshwor, Kathmandu, Nepal

Schedule annexed to and forming part of financial statement for FY 2072/73

(Amount in Nepalese Rupees)

Particulars	Ashadh 31, 2073	Ashad 31, 2072
Schedule 5: Investements in Shares		
Bagmati Energy Limited	10,575,000.00	575,000.00
Morang Energy Limited	450,000.00	450,000.00
Rapti Hydro & General Construction Ltd	9,500,000.00	9,500,000.00
Gandaki Energy Limited	72,020,000.00	72,020,000.00
Radhi Bidyut Company Limited	9,554,900.00	18,611,800.00
Dordi Khola Jal Bidyut Co. Ltd	306,600.00	-
Khare Investment Limited	50,000,000.00	50,000,000.00
Total	152,406,500.00	151,156,800.00
Schedule 6: Advance for Investments		
Advance for shares in hydropower Projects	8,000,000.00	16,000,000.00
Total	8,000,000.00	16,000,000.00
Schedule 7: Projects Under Progress		
Kasuwa Khola Hydropower Project	41,136,266.91	32,076,855.00
Upper Tatopani Hydro Power Project	744,924.90	744,924.90
Soti Khola Hydro Power Project	497,181.23	497,181.23
Lower Rukum Gad	2,004,245.00	-
Upper Rigdi Hydro Power Project	1,119,908.75	1,119,908.75
Total	45,502,526.79	34,438,869.88
Schedule 8: Sundry Debtors and Receivables		
Receivable from Essel-Clean Solu Hydropower P. Ltd.	9,239,043.70	9,239,043.70
Receivable from Bagmati Energy Limited	13,319,103.08	1,934,679.38
Receivable from Universal Power Company Limited	8,023,942.00	10,610,315.91
Receivable from Morang Energy Limited	1,640,367.19	1,586,017.19
Receivable from Rapti Hydro & General Construction Ltd.	16,152,532.75	9,967,084.27
Receivable from Clean Developers Pvt. Ltd.	1,801,311.43	1,730,739.75
Receivable from Dordi Khola Jal Bidyut Co. Ltd	25.00	3,179,499.99
Receivable from Lamjung Electricity Development Co. Ltd	-	919,875.00
Receivable from Khare Investment Limited	955,966.91	898,990.91
Total	51,132,292.06	40,066,246.10
Schedule 9: Loans, Advance and Deposits		
Advance tax paid	4,659,304.81	1,743,893.58
Telephone Deposit	5,500.00	5,500.00
Deposit for License	86,000.00	86,000.00
Advance for shares	143,304,900.00	64,084,400.00
Advance to Suppliers/Contractors/Consultants	251,820.81	1,419,535.85
Prepaid expenses	47,471.24	-
Miscellaneous Advance and Deposit	51,332.96	65,372.16
Total	148,406,329.82	67,404,701.59
Schedule 10: Cash and Bank Balance		
Cash	5,336.00	5,336.00
Prime Commercial Bank Ltd	5,000.00	-
Machhchhapuchhre Bank Ltd	7,500.00	-
Bank Ltd	38,143,760.40	61,145,053.92
Total	38,161,596.40	61,150,389.92



CEDB Hydro Fund Limited

Tripureshwor, Kathmandu, Nepal

Schedule annexed to and forming part of financial statement for FY 2072/73

4

Particulars	Ashadh 31, 2073	Ashad 31, 2072
Schedule 11: Administrative Expenses		
Salary	1,208,552.03	759,273.12
Allowance	902,824.95	717,619.71
Provident Fund	196,228.97	151,595.89
Dashain Allowance	495,666.67	365,046.92
Rent	834,375.00	317,125.84
Electricity and Water	99,864.08	321,501.96
Housekeeping	44,942.92	129,902.99
Insurance Premium	42,117.60	50,467.99
Repair and Maintenance	45,537.82	64,570.80
Domain Registration & Mail Service Exp.	10,750.00	-
Advertisement & Publicity	3281.80	34,425.00
Printing and Designing Expenses	13,360.00	7,820.00
Stationery Expenses	83,589.50	30,872.00
Communication Related Expenses	63,301.87	34,303.30
Plant & Decoration	4,500.00	-
Office shifting exp	5,940.00	-
Books, Newspapers and Magazines	6,082.73	7,540.00
Fees, Renewal and Membership	116,000.00	63,500.00
Transportation and Fares	38,126.00	51,855.00
Pantry Expenses	28,649.50	100,896.83
Office Goods(short period)	14,164.88	7,925.00
Share Related Expenses	27,368.00	313,470.00
Staff Outsourcing Expenses	-	27,290.60
External Audit Fees	100,000.00	70,000.00
Management Fee	900,000.00	900,000.00
Legal Service Fee	240,000.00	87,000.00
Misc exp	4,431.91	-
Training fee	19,500.00	-
Official meeting	14,709.00	-
Fuel	147,537.33	-
General Meeting Exp	156,349.00	124,492.05
Business Development Expenses	1,050.00	208,729.45
Board Meeting Allowance	427,000.00	294,000.00
Consultancy fees and Expenses	202,388.33	23,225.81
Certification Fee	6,000.00	6,000.00
Bank charge	2,440.00	-
HP Loan processing charge	13,670.00	-
Taxes & Other	539,311.21	23,200.00
Total	7,059,611.10	5,293,650.26



Rajyal

Kushal

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CEDB Hydro Fund Limited

Tripureshwor, Kathmandu, Nepal

Schedule annexed to and forming part of financial statement for FY 2072/73

Schedule 4: Property, Plant and Equipment

(Amount in Nepali Rupees)

Particulars	Dep. Rate	Gross Block				Depreciation			Net Block as on	
		Opening	Absorbed Addition	Unabsorbed Addition	Total	Opening	Additions	Total	Ashadh 31, 2073	Ashad 31, 2072
Block A										
Leasehold Property	5.00%	53,517.60	-	-	53,517.60	9,162.43	2,217.76	11,380.19	42,137.41	44,355.17
Block A Total		53,517.60	-	-	53,517.60	9,162.43	2,217.76	11,380.19	42,137.41	44,355.17
Block B										
Furniture and Fixtures	25.00%	433,453.75	2,444,201.59	78,875.69	2,956,531.03	281,893.68	451,829.92	733,723.60	2,222,807.43	151,560.07
Photocopy, Fax and Telephone	25.00%	129,036.73	48,350.00	29,380.52	206,767.25	86,689.59	21,093.50	107,783.09	98,984.17	42,347.14
Computer and Accessories	25.00%	611,878.74	43,450.00	193,925.00	849,253.74	430,167.02	68,830.01	498,997.03	350,256.71	181,711.72
Surveying Equipments	25.00%	30,000.00	-	-	30,000.00	22,089.85	1,977.54	24,067.39	5,932.61	7,910.15
Electrical & Mechanical Equipments	25.00%	339,925.62	95,975.00	-	435,900.62	30,416.72	93,373.06	123,789.78	312,110.84	309,508.90
Other office Equipments	25.00%	22,632.90	-	-	22,632.90	16,219.88	1,603.26	17,823.14	4,809.77	6,413.03
Block B. Total		1,566,927.74	2,631,976.59	302,181.21	4,501,085.54	867,476.74	638,707.28	1,506,184.02	2,994,901.52	699,451.01
Block D										
Vehicle	20.00%	-	-	3,234,000.00	3,234,000.00	-	215,600.00	215,600.00	3,018,400.00	-
Block E										
Softwar TALLY. ERP 9	10 years	87,450.00	-	-	87,450.00	35,310.00	8,745.00	44,055.00	43,395.00	52,140.00
HR Software		19,500.00	-	-	19,500.00	1,950.00	1,950.00	3,900.00	15,600.00	17,550.00
Block E Total		106,950.00	-	-	106,950.00	37,260.00	10,695.00	47,955.00	58,995.00	69,690.00
Grand Total		1,727,395.34	2,631,976.59	3,536,181.21	7,895,553.14	913,899.17	867,220.04	1,781,119.21	6,114,433.93	813,496.18



R. Nepal

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CEDB Hydro Fund Limited
Tripureshwor, Kathmandu, Nepal

Schedule annexed to and forming part of financial statements as on Ashad 31, 2073 (July 16, 2016)

Schedule 12 : Significant accounting policies and Notes to the accounts

Introduction of Company

CEDB Hydro Fund Ltd. is a public company incorporated under the Companies Act, 2063 as on Mangsir 15, 2066 (November 30, 2009) having its registered office at Ward no. 1 of Sitapaila, Kathmandu, Nepal. Address of the company has been changed to Kathmandu Metropolitan City ward no 11. The main objective of the company is to generate and distribute hydro power and alternative energy and providing consultancy for development and expansion of hydro power and alternative energy. It obtained its certificate for business commencement from Company Registrar's office on Poush 7, 2066 (December 22, 2009).

A. Significant Accounting Policies

1. Accounting conventions

The financial statements are prepared under the historical cost convention in accordance with framework prescribed by the Nepal Accounting Standards.

2. Fixed Assets

The fixed assets are taken on the cost basis including all the direct expenses up to ready to use condition. These assets are classified into blocks as per the provision of Income Tax Act, 2058.

3. Depreciation

Depreciation is charged on Diminishing Balance Method and the depreciation rates applied are as prescribed by the Income Tax Act, 2058. The management has decided that the rates prescribed by Income Tax Act, 2058, are appropriate and may not make a material difference if calculated as per the Accounting Standards.

4. Vat Reconciliation

A sales bill for Rs 71,96,361.00 issued to Universal Power Co Ltd in the month of Ashadh was missing in VAT report of Ashadh, 2073. So, the sales amount has been adjusted in the Financial statement during the same financial year but vat on such sales has been adjusted in the month of Bhadra 2073.

5. Income Tax

Income tax has been provided at the tax rate of 25%. During the course of final tax assessment, if the tax provision amount is found to be different the same thing will be adjusted in the year of assessment.

• Deferred Tax

Deferred tax is calculated as per the NAS 09 for "Income Taxes" on the temporary difference between carrying amount and tax base of assets and liabilities.

Deferred tax assets at the end of Financial year are Rs. 16,196.24 Deferred Tax calculation is given below:



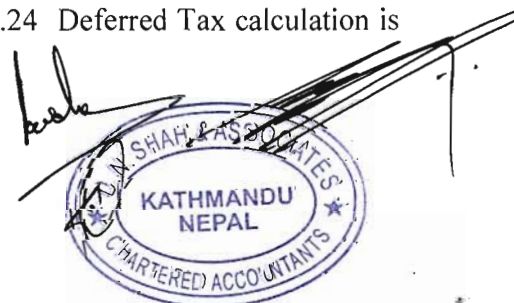
Prakash K. Kharel

Prakash K. Kharel

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Particulars	Carrying Amount (NRs)	Tax base (NRs)	Deductible/(Taxable) Difference (NRs)	Deferred Tax Assets (Liabilities) (NRs)
Fixed Assets	6,114,433.93	6,179,218.89	64,784.96	16,196.24

6. Project under progress

The company has undertaken some projects for investment, promotion and development with an ultimate aim to develop and transfer the rights. So, the projects are treated as inventory under Nepal Accounting Standards 04 'Inventories' and all the direct and indirect attributable expenditures relating to particular projects are treated as cost of projects. The general administrative costs are not considered as part of cost of inventory

7. Proposed Dividend

Board has proposed cash dividend of Rs 21,366,800.00 which is 4% of paid up capital Rs 534,170,000 as on date of declaration of dividend.

8. Investment

The company has invested in various companies which are its subsidiary/associate and the percentage holding of CEDB Hydro Fund Limited in those companies is mentioned below:

Name of Subsidiary/Associate	Percentage holding of CEDB Hydro Fund Ltd.	Value of holding (NRs.)	Advance for Shares (NRs.)
Bagmati Energy Limited	100%	10,575,000.00	225,000.00
Gandaki Energy Limited	100%	72,020,000.00	121,020,900.00
Morang Energy Limited	100%	450,000.00	75,000.00
Khare Investment Limited	100%	50,000,000.00	11,999,000.00
Rapti Hydro & General Construction Limited	95%	9,500,000.00	9,985,000.00
Radhi Bidyut Company Limited	3.47%	9,554,900.00	-
Dordi Khola Jal Bidyut Co Ltd	1%	306,600.00	-
Total		152,406,500.00	143,304,900.00

The company has sold 272,700 kitta shares of Radhi Bidyut Co Ltd at par to it's share holders and obtained 11,156 kitta shares of Radhi Bidyut Co Ltd as bonus share.

B. Notes to the accounts

The company has made investment in following companies:

1. Bagmati Energy Limited
 2. Gandaki Energy Limited
 3. Morang Energy Limited
 4. Khare Investment Limited
 5. Rapti Hydro & General Construction Limited
 6. Radhi Bidyut Company Limited
- Dordi Khola Jal Bidyut Co Ltd



K. Rungta

R. Nepal

2009



199

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1. Related Party Disclosures

The transaction between CEDB Hydro Fund Ltd. and its Subsidiary and associate companies are as follows:

- Management Service fee paid to subsidiary company of CEDB Hydro Fund Ltd.

A.*	Monthly management service, NRs. 75,000 (inclusive of tax) paid to Gandaki Energy Limited, 100% subsidiary company.	NRs. 900,000
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- Management and other Service fee collected from subsidiary/associate companies of CEDB Hydro Fund Ltd.

S.N	Particulars	Amount in RS
1	Lamjung Electricity Development Company Ltd.	3,300,000.00
2	Bagmati Energy Ltd	10,000,000.00
3.	Dordi Khola Jal Bidyut Company Limited	3,300,000.00
4.	Universal Power Company Limited	11,996,361.00
5.	Rapti Hydro & General Construction Ltd	4,745,653.88

- Rental income obtained from subsidiary/associate companies of CEDB Hydro Fund Ltd.



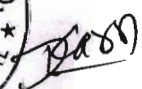



S.N	Particulars	Amount in RS
1	Bagmati Energy Limited	60,000.00
2.	Morang Energy Limited	60,000.00
3.	Gandaki Energy Limited	60,000.00
4.	Khare Investment Limited	60,000.00
5.	Rapti Hydro & General Construction Ltd.	192,000.00

- Amount receivable and payable from subsidiary/ companies of CEDB Hydro Fund Ltd.

S. No.	Subsidiary/Associate Company	Receivable Amount (Rs)	Payable Amount (Rs)
1.	Bagmati Energy Limited	13,319,103.08	-
2.	Morang Energy Limited	1,640,367.19	-
3.	Gandaki Energy Limited	-	1,344,249.04
4.	Khare Investment Limited	9,55,966.91	-
5.	Rapti Hydro & General Construction Ltd.	16,152,532.75	-
6.	Universal Power Company Limited	8,023,942.00	-

During the financial year, Rapti Hydro & General Construction Pvt. Ltd. has been converted into public limited.

2. CEO's Salary & Benefit



The company has provided its Chief Executive Officer a total salary of NRs 5,271,654.10 which is inclusive of salary, allowance, dashain and contribution to retirement fund. Further, the company is paying the charges for the mobile phone. Company has also provided him vehicle and is providing fuel and maintenance of the vehicle.

3. Staff Bonus

According to the Bonus Act 2030, a profit making company having a minimum of ten employees has to make provision for staff bonus. Since, the total number of employees in the company in the fiscal year being reproduced is less than ten, it is not mandatory upon the company to make provision for staff bonus.

4. Staff Retirement Benefits

As none of the staff of the company are eligible for retirement benefits no such reserves have been created.

5. Advance for Investment

A sum of NRs. 8 million has been provided to Clean Developers P Ltd as advance for investment in hydro power projects which is interest bearing.

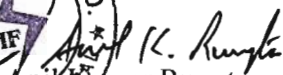
6. Regrouping of figures


Previous year figures have been regrouped where necessary.

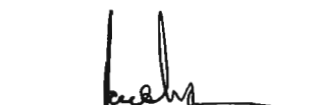
7. Forfeiture of shares and particulars thereof


No shares were forfeited.





Anil Kumar Rungta
Chairman



Uttam Bhlon (Lama)
Director


Barsha Shrestha
Director


Ramesh Prasad Nepal
Director


Dipendra Lal Karn
Head-Account & Admin


Vijay Singh Baidya
Director


Vinay Kumar Bhandari
Chief Executive Officer


Dip Narayan Shah
D N Shah & Associates
Chartered Accountants



Date: 2073-10-24

Place : Kathmandu