G. PRAKASH & ASSOCIATES

Sankhamul-31, Kathmandu, Bagmati, Nepal

Report on Projected Financial Statement

To the Shareholders of Molung Hydropower Company Ltd.

Auditors Opinion

We have examined the projection in accordance with the Nepal Standards on Assurance Engagements applicable to the examination of prospective financial information. Management is responsible for the projection including the assumptions set out in the basis of opinion on which it is based. The projection has been prepared for Initial Public Offerings (IPO). The projection has been prepared using set of assumptions that include hypothetical assumptions about future events and managements actions that are not necessarily expected to occur. Consequently, readers are cautioned that this projection may not be appropriate for other purposes than IPO.

In our opinion, the projected financial statements of Molung Hydropower Company Ltd. "the company" from the fiscal year 2079-80 to 2081-82 are prepared on the reasonable basis using the best estimates from the trend analysis of up to the audited financial statement of fiscal year 2078/79. The financial statements present best estimates for the projected years as per our best knowledge to matters as per the documents and estimates furnished to us by the management. Further, in our opinion the projection is properly prepared on the basis of the assumptions and is presented in accordance to the Nepal Financial Reporting Frameworks.

Even if the events anticipated under the hypothetical assumptions described occur, actual results are still likely to be different from the projection since other anticipated events frequently do not occur as expected and variation may be material.

Basis of Opinion

In our opinion and based on the explanations and estimates used by the management for the preparation of the projected financial statements, we believe the projected financial statements are true and fair to the best of our knowledge.

The projected financial statement uses the actual financial data of the company till Ashadh end 2079 for the purpose of projection. Other major aspects of projections include relevant dependencies form;

Particulars	Dependency/Projection Basis
Revenue from Electricity Sales	As per the PPA agreement with the Nepal Electricity Authority for supply of electricity at agreed rates, hydrology studies and increment in the production efficiency of the company. The projection of electricity generation is well within the operation capacity of the company.
Cost of Operation	As per the trend analysis of up to audited financial statement of fiscal year 2078-79 and estimated inflation of Nepal.
Administrative Expenses	As per the trend analysis of up to audited financial statement of fiscal year 2078/79 and estimated inflation of Nepal. Committed liabilities are estimated based on the agreements/contracts.
Forced outage	The Forecast do not include forced outage for future years as the management do not expect such events to happen in the future.
Depreciation	As per the Property plant and equipment chart. No any significant changes in the disposal of fixed assets. The company has increased its operation efficiency by upgrading its basic site infrastructure.
Amortization	As per the Intangible asset chart. No significant changes in the disposal of fixed assets.

G. Prakash & Associates Chartered Accountants ★ Kathmandu ★

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Financial Cost and Borrowings	Company has availed overdraft loan as short term working capital financing. The projection of overdraft loan in the financial statement is within the limit approved from the bank. The company has availed the loan from the respective banks as its core external source. Projections includes repayment of such loan from the capital raised from Initial Public Offerings (IPO). The company has projected its financial cost as per the interest rate agreed in the agreement with financial institutions.
Capital	Share capital increment is as per the IPO planning and approval from the Annual General Meeting of the company.

G. Prakash & Associates ★ Chartered Accountants ★ Kathmandu

Prakash Gautam, CA
Proprietor
G. Prakash and Associates
Kathmandu, Nepal

Place:Kathmandu
Date: 2079.07.01
UDIN: 221021CA01158CkWeB

Molung Hydropower Company Ltd
Financial Projection
Key Financial Indicators

Particulars	Audited 2075-76	Audited 2076-77	Audited 2077-78	Audited 2078-79	Projection 2079-80	Projection 2080-81	Projection 2081-82
Net Profit	(103,446,657)	(27,534,664)	(13,236,729)	48,456,960	57,983,782	73,573,418	78,537,413
Earnings per Share	(25.86)	(6.32)	(2.95)	10.78	7.23	9.17	9.79
Return on Equity	-48.0%	-12.3%	-5.9%	17.8%	8.5%	9.7%	9.4%
Return on Assets	-7.8%	-2.1%	-1.1%	3.7%	4.6%	5.8%	6.0%
Net Worth per Share	53.83	51.27	49.84	60.62	85.17	94.34	104.13
Net Current Assets Ratio	0.12	0.25	0.27	1.07	2.84	6.25	6.13
Total Assets per Share	333	300	279	288	157	159	164

Pay Back Period	8.1	Years
Discounted Pay Back Period	19.5	Years
Internal Rate of Return of Project (IRR)	12%	Over the PPA period
Discounted Internal Rate of Return of Project (DIRR)	1%	
Net Present Value (NPV) of Cash Flow at 11%	95,999,610	Over the PPA period
Total Project Cost	1,459,761,203	[In words: Rupees One Arba fourty five Crores Ninety seven Lakh sixty one Thousand Two Hundred and three Only]
Per Megawatt Development Cost	208,537,314.71	[In words: Rupees Twenty Crore eighty five Lakh thirty seven Thousand Three Hundred and fourteen Only]

Shreeram Maharjan
Chairman

MOLUNG HYDROPOWER COMPANY LTD. 2076 Kathmandu

Sahan Maharjan
Secretary

Prakash Gautam, CA
Proprietor
G. Prakash & Associates
Chartered Accountants

G. Prakash & Associates Chartered Accountants Kathmandu

Molung Hydropower Company Ltd.
Statement of Financial Position
As at the end of the fiscal year

Particulars	Note	Audited 2075-76	Audited 2076-77	Audited 2077-78	Audited 2078-79	Projected 79-80	Projected 80-81	Projected 81-82
Capital and Reserve and Surplus								
Share Capital	6	400,000,000	435,484,000	449,400,000	449,400,000	802,500,000	802,500,000	802,500,000
Retained Earnings	7	(184,669,614)	(212,204,280)	(225,441,008)	(176,984,048)	(119,000,267)	(45,426,849)	33,110,564
Total Capital and Reserve and Surplus (A)		**215,330,386**	**223,279,720**	**223,958,992**	**272,415,952**	**683,499,733**	**757,073,151**	**835,610,564**
Non-Currrent Liabilities								
Long term Loans and Borrowings	8	943,806,124	911,553,065	928,062,683	927,590,849	535,438,349	493,348,349	435,699,599
Deferred Tax Liabilities		36,461,137	40,912,881	-	-	-	-	-
Total Non-Current Liabilities (B)		**980,267,261**	**952,465,946**	**928,062,683**	**927,590,849**	**535,438,349**	**493,348,349**	**435,699,599**
Current Liabilities								
Short term Loans and Borrowings	9	61,699,010	83,854,500	52,000,000	48,196,800	30,000,000	15,000,000	-
Trade and Other Payables	10	74,863,642	44,698,804	51,719,743	40,337,358	8,298,445	12,627,956	41,122,054
Provisions	11	-	122,650	257,565	6,346,159	405,403	654,193	802,943
Total Current Liabilities (C)		**136,562,652**	**128,675,954**	**103,977,308**	**94,880,317**	**38,703,848**	**28,282,150**	**41,924,998**
Total Liabilities (B)+(C)		**1,116,829,913**	**1,081,141,900**	**1,032,039,991**	**1,022,471,166**	**574,142,197**	**521,630,499**	**477,624,597**
Total Equity and Liabilities (A)+(B)+(C)		**1,332,160,300**	**1,304,421,620**	**1,255,998,983**	**1,294,887,118**	**1,257,641,930**	**1,278,703,650**	**1,313,235,161**
Non-Current Assets								
Property, Plant and Equipment	15	1,296,085,683	1,252,922,201	2,534,320	2,450,272	1,934,001	1,527,538	1,207,283
Intangible Assets	16	19,515,182	18,830,190	1,225,662,232	1,191,252,753	1,145,871,696	1,100,490,638	1,055,109,581
Other Non-Current Assets	14	30,000	30,000	-	-	-	-	-
Total Non-Current Assets (D)		**1,315,630,865**	**1,271,782,391**	**1,228,196,552**	**1,193,703,025**	**1,147,805,696**	**1,102,018,176**	**1,056,316,864**
Current Assets								
Cash and Cash Equivalents	12	1,149,548	3,063,326	2,199,341	1,272,602	21,837,907	42,740,033	66,428,511
Advances, Deposits and Trade Receivables	13	15,379,887	29,575,904	25,603,091	99,911,491	87,998,327	133,945,441	190,489,785
Short Term Investment	17	-	-	-	-	-	-	-
Total Current Assets (E)		**16,529,436**	**32,639,230**	**27,802,432**	**101,184,093**	**109,836,233**	**176,685,473**	**256,918,296**
Total Assets (D)+(E)		**1,332,160,300**	**1,304,421,621**	**1,255,998,983**	**1,294,887,118**	**1,257,641,930**	**1,278,703,650**	**1,313,235,161**

Shreeram Maharjan
Chairman

Sahan Maharjan
Secretary

Prakash Gautam, CA
Proprietor
G. Prakash and Associates
Kathmandu, Nepal

Date: Nov 15, 2022

Molung Hydropower Company Ltd.
Statement of Profit or Loss and Other Comprehensive Income
For the period ended fiscal year

Particulars	Note	Audited 2075-76	Audited 2076-77	Audited 2077-78	Audited 2078-79	Projected 79-80	Projected 80-81	Projected 81-82
Revenue	1	112,591,095	141,327,992	115,006,761	156,095,067	186,007,503	189,848,176	189,848,176
Operation Expenses	2	(17,725,343)	(14,854,941)	(18,475,591)	(9,761,798)	(10,034,530)	(10,423,472)	(10,750,991)
Gross Profit		**94,865,752**	**126,473,051**	**96,531,171**	**146,333,269**	**175,972,973**	**179,424,704**	**179,097,185**
Other Income	3	6,200	607,153	821,798	73,008,449	337,028	353,879	371,573
Administrative Expenses	4	(23,542,010)	(17,256,513)	(18,170,904)	(19,482,121)	(17,580,772)	(17,512,978)	(17,451,091)
Depreciation	15, 16	(44,123,701)	(43,945,016)	(643,557)	(611,439)	(516,271)	(406,463)	(320,255)
Amortization				(43,190,134)	(45,386,481)	(45,381,057)	(45,381,057)	(45,381,057)
Profit Before Interest and Taxes		**27,206,241**	**65,878,675**	**35,348,374**	**153,861,677**	**112,831,900**	**116,478,086**	**116,316,356**
Financial Cost	5	(94,191,761)	(88,961,595)	(89,497,984)	(99,193,473)	(54,848,118)	(42,904,668)	(37,778,943)
Profit Before Taxes		**(66,985,520)**	**(23,082,921)**	**(54,149,610)**	**54,668,204**	**57,983,782**	**73,573,418**	**78,537,413**
Income Tax		-	-	-	(6,211,244)	-	-	-
Deferred tax		(36,461,137)	(4,451,744)	40,912,881	-	-	-	-
Net Profit / (Loss)		**(103,446,657)**	**(27,534,664)**	**(13,236,729)**	**48,456,960**	**57,983,782**	**73,573,418**	**78,537,413**
Number of Shares		4,000,000	4,354,840	4,494,000	4,494,000	8,025,000	8,025,000	8,025,000
Earning Per Share		(25.86)	(6.32)	(2.95)	10.78	7.23	9.17	9.79

Shreeram Maharjan
Chairman

MOLUNG HYDROPOWER COMPANY LTD. 2076 Kathmandu

Sahan Maharjan
Secretary

Prakash Gautam, CA
Proprietor
G. Prakash and Associates
Kathmandu, Nepal

G. Prakash & Associates Chartered Accountants Kathmandu

Date: Nov 15, 2022

Molung Hydropower Company Ltd.
Statement of Cash Flow
For the period ended fiscal year

Particulars	Audited 2075-76	Audited 2076-77	Audited 2077-78	Audited 2078-79	Projected 79-80	Projected 80-81	Projected 81-82
Cash Flow from Operating Activities							
Profit/ (Loss) after tax	(103,446,657)	(27,534,664)	(13,236,729)	48,456,960	57,983,782	73,573,418	78,537,413
Adjustments:							
Deferred Tax	36,461,137	4,451,744	(40,912,881)	-	-	-	-
Depreciation	44,123,701	43,945,016	643,557	611,439	516,271	406,463	320,255
Amortization			43,190,133	45,386,481	45,381,057	45,381,057	45,381,057
Financing Cost	94,191,761	88,961,595	89,497,984	99,193,473	54,848,118	42,904,668	37,778,943
Prior Period Adjustment	-	-	-	-	-	-	-
Operating profit before working capital changes	**71,329,942**	**109,823,691**	**35,991,931**	**193,648,353**	**158,729,228**	**162,265,606**	**162,017,667**
Decrease/ (Increase) in trade and other receivables	84,973,867	(14,196,017)	4,002,814	(74,308,400)	11,913,164	(45,947,114)	(56,544,344)
Increase/ (Decrease) in trade and other payables	(116,424,723)	(30,164,838)	7,020,939	(11,382,384)	(32,038,913)	4,329,512	28,494,098
Increase/ (Decrease) in provisions	-	122,650	134,915	6,088,594	(5,940,756)	248,790	148,750
Net Cash Flow from Operating Activities (A)	**39,879,086**	**65,585,485**	**90,340,733**	**114,046,162**	**132,662,723**	**120,896,794**	**134,116,171**
Cash Flow from Investing Activities							
Purchase of fixed assets	(648,443)	(96,544)	(277,850)	(11,504,394)	-	-	-
Decrease/ (Increase) in other investment	-	-	-				
Net Cash Flow from Investing Activities (B)	**(648,443)**	**(96,544)**	**(277,850)**	**(11,504,394)**	-	-	-
Cash Flows from Financing Activities							
Increase/ (Decrease) in Loans and Borrowings	55,809,340	(10,097,569)	(15,344,882)	(4,275,034)	(410,349,300)	(57,090,000)	(72,648,750)
Proceed for Share Capital	-	35,484,000	13,916,000	-	353,100,000	-	-
Financial Cost	(94,191,761)	(88,961,595)	(89,497,984)	(99,193,473)	(54,848,118)	(42,904,668)	(37,778,943)
Net Cash Flow from Financing Activities (C)	**(38,382,421)**	**(63,575,164)**	**(90,926,866)**	**(103,468,507)**	**(112,097,418)**	**(99,994,668)**	**(110,427,693)**
Net Increase / (Decrease) in Cash and Cash Equivalents (A)+(B)+(C)	**848,222**	**1,913,777**	(863,984)	(926,739)	20,565,306	20,902,126	23,688,478
Cash and cash equivalents at the beginning of the year	301,327	1,149,547	3,063,325	2,199,341	1,272,602	21,837,908	42,740,034
Cash and Cash Equivalents as at the end of the year	1,149,549	3,063,325	2,199,341	1,272,602	21,837,908	42,740,034	66,428,512

Shreeram Maharjan
Chairman

Date: Nov 15, 2022

Sahan Maharjan
Secretary

Prakash Gautam, CA
Proprietor
G. Prakash and Associates
Kathmandu, Nepal

Molung Hydropower Company Ltd.
Statement of Changes in Equity
For the fiscal year ended

	Audited 2075-76	Audited 2076-77	Audited 2077-78	Audited 2078-79	Projected 79-80	Projected 80-81	Projected 81-82
Opening Balances							
Share Capital	400,000,000	400,000,000	435,484,000	449,400,000	449,400,000	802,500,000	802,500,000
Retained Earnings	(81,222,957)	(184,669,614)	(212,204,278)	(225,441,007)	(176,984,047)	(119,000,265)	(45,426,848)
Other Reserves	-	-	-	-	-	-	-
	318,777,043	**215,330,386**	**223,279,722**	**223,958,993**	**272,415,953**	**683,499,735**	**757,073,152**
Adjustment During the Year							
Increment in Share Capital	-	35,484,000	13,916,000	-	353,100,000		
Net Profit / (Loss) for the year	(103,446,657)	(27,534,664)	(13,236,729)	48,456,960	57,983,782	73,573,418	78,537,413
Changes in Other Reserves							
Closing Balances							
Share Capital	400,000,000	435,484,000	449,400,000	449,400,000	802,500,000	802,500,000	802,500,000
Retained Earnings	(184,669,614)	(212,204,278)	(225,441,007)	(176,984,047)	(119,000,265)	(45,426,848)	33,110,565
Other Reserves	-	-	-	-			
Total	**215,330,386**	**223,279,721.96**	**223,958,993**	**272,415,953**	**683,499,735**	**757,073,152**	**835,610,565**

Shreeram Maharjan
Chairman

Date: Nov 15, 2022

MOLUNG HYDROPOWER COMPANY LTD. * Kathmandu * 2075

Sahan Maharjan
Secretary

Prakash Gautam, CA
Proprietor
G. Prakash and Associates
Kathmandu, Nepal

G. Prakash & Associates * Chartered Accountants * Kathmandu

Molung Hydropower Company Ltd

Loan Repayment Chart

Quarter	Opening Principal	Interest Pay	Principal Pay	Total Pay	Outstanding	FY
1	927,590,849	18,551,817	366,652,500	385,204,317	560,938,349	
2	560,938,349	11,218,767	8,500,000	19,718,767	552,438,349	
3	552,438,349	11,048,767	8,500,000	19,548,767	543,938,349	
4	543,938,349	10,878,767	8,500,000	19,378,767	535,438,349	2079-80
5	535,438,349	16,063,150.48	16,590,000	27,298,767	518,848,349	
6	518,848,349	15,565,450.48	8,500,000	18,876,967	510,348,349	
7	510,348,349	15,310,450.48	8,500,000	18,706,967	501,848,349	
8	501,848,349	15,055,450.48	8,500,000	18,536,967	493,348,349	2080-81
9	493,348,349	14,800,450.48	18,648,750	28,515,717	474,699,599	
10	474,699,599	14,240,987.98	9,500,000	18,993,992	465,199,599	
11	465,199,599	13,955,987.98	9,500,000	18,803,992	455,699,599	
12	455,699,599	13,670,987.98	20,000,000	29,113,992	435,699,599	2081-82
13	435,699,599	13,070,987.98	20,152,500	28,866,492	415,547,099	
14	415,547,099	12,466,412.98	10,000,000	18,310,942	405,547,099	
15	405,547,099	12,166,412.98	10,000,000	18,110,942	395,547,099	
16	395,547,099	11,866,412.98	12,877,728	20,788,670	382,669,371	2082-83
17	382,669,371	11,480,081.14	21,622,500	29,275,888	361,046,871	
18	361,046,871	10,831,406.14	20,000,000	27,220,938	341,046,871	
19	341,046,871	10,231,406.14	20,000,000	26,820,938	321,046,871	
20	321,046,871	9,631,406.14	20,000,000	26,420,938	301,046,871	2083-84
21	301,046,871	9,031,406.14	24,450,000	30,470,938	276,596,871	
22	276,596,871	8,297,906.14	20,000,000	25,531,938	256,596,871	
23	256,596,871	7,697,906.14	20,000,000	25,131,938	236,596,871	
24	236,596,871	7,097,906.14	20,000,000	24,731,938	216,596,871	2084-85
25	216,596,871	6,497,906.14	25,942,500	30,274,438	190,654,371	
26	190,654,371	5,719,631.14	20,000,000	23,813,088	170,654,371	
27	170,654,371	5,119,631.14	20,000,000	23,413,088	150,654,371	
28	150,654,371	4,519,631.14	20,000,000	23,013,088	130,654,371	2085-86
29	130,654,371	3,919,631.14	28,815,000	31,428,088	101,839,371	
30	101,839,371	3,055,181.14	20,000,000	22,036,788	81,839,371	
31	81,839,371	2,455,181.14	20,000,000	21,636,788	61,839,371	
32	61,839,371	1,855,181.14	20,000,000	21,236,788	41,839,371	2086-87
33	41,839,371	1,255,181.14	29,130,000	29,966,788	12,709,371	
34	12,709,371	381,281.14	12,709,371	12,963,577	-	
	Total	**329,009,122**	**927,590,849**			

MOLUNG HYDROPOWER COMPANY LTD. 2076 Kathmandu

G. Prakash & Associates Chartered Accountants Kathmandu

Molung Hydropower Company Ltd

Calculation of Payback and discounted payback

Period	Year	Cash Flow	Cumulative Cash Flows	Discount Factor @ 11%	Discounted Cash Flows	Cumulative Discounted Cash Flows
	Net Wort	(1,418,736,473)		1	(1,418,736,473)	(1,418,736,473)
1	2080	456,981,110	456,981,110	0.9009	411,694,694	(1,007,041,779)
2	2081	119,360,938	576,342,048	0.8116	96,876,015	(910,165,764)
3	2082	124,238,724	700,580,773	0.7312	90,842,285	(819,323,480)
4	2083	119,843,368	820,424,141	0.6587	78,944,538	(740,378,941)
5	2084	129,892,543	950,316,683	0.5935	77,084,902	(663,294,039)
6	2085	140,160,868	1,090,477,551	0.5346	74,935,724	(588,358,316)
7	2086	150,732,493	1,241,210,044	0.4817	72,601,573	(515,756,743)
8	2087	162,017,667	1,403,227,712	0.4339	70,303,759	(445,452,984)
9	2088	162,017,667	1,565,245,379	0.3909	63,336,720	(382,116,264)
10	2089	162,017,667	1,727,263,046	0.3522	57,060,108	(325,056,157)
11	2090	162,017,667	1,889,280,714	0.3173	51,405,502	(273,650,654)
12	2091	162,017,667	2,051,298,381	0.2858	46,311,263	(227,339,391)
13	2092	162,017,667	2,213,316,048	0.2575	41,721,859	(185,617,532)
14	2093	162,017,667	2,375,333,716	0.2320	37,587,260	(148,030,271)
15	2094	162,017,667	2,537,351,383	0.2090	33,862,397	(114,167,875)
16	2095	162,017,667	2,699,369,051	0.1883	30,506,664	(83,661,211)
17	2096	162,017,667	2,861,386,718	0.1696	27,483,481	(56,177,730)
18	2097	162,017,667	3,023,404,385	0.1528	24,759,893	(31,417,837)
19	2098	162,017,667	3,185,422,053	0.1377	22,306,210	(9,111,628)
20	2099	162,017,667	3,347,439,720	0.1240	20,095,684	10,984,057
21	2100	162,017,667	3,509,457,388	0.1117	18,104,220	29,088,277
22	2101	162,017,667	3,671,475,055	0.1007	16,310,108	45,398,385
23	2102	162,017,667	3,833,492,722	0.0907	14,693,791	60,092,176
24	2103	162,017,667	3,995,510,390	0.0817	13,237,650	73,329,826
25	2104	162,017,667	4,157,528,057	0.0736	11,925,811	85,255,636
26	2105	162,017,667	4,319,545,724	0.0663	10,743,973	95,999,610

MOLUNG HYDROPOWER COMPANY LTD. 2076 Kathmandu

G. Prakash & Associates Chartered Accountants Kathmandu