

**Independent Auditor's Report
To the Shareholders of
Bindhyabasini Hydropower Development Co. Ltd.**

Disclaimer of Opinion

We were appointed to audit the financial statements of **Bindhyabasini Hydropower Development Co. Ltd.**, which comprises Statement of Financial Position as at Ashadh 32, 2079 (corresponding to July 16, 2022), Statement of Profit or Loss, Statement of Cash Flows, Statement of Changes in Equity for the period ended on Ashadh 32, 2079 and accounting policies and notes to the annual financial statements.

Because of the significance of the matters as described in the basis for opinion paragraph, we have not been able to obtain sufficient appropriate audit evidence for cumulative effect of non-restating financial information and making additional disclosure as required by first time adoption of Nepal Financial Reporting Standards to provide a basis for an audit opinion. Accordingly, we do not express an opinion on the financial statements as per the Nepal Financial Reporting Standards. Accompanying financial Statements are prepared by the management in accordance with the Accounting Policies and disclosure made in Schedule 18 to the financial statements which are not in line with Nepal Financial Reporting Standards.

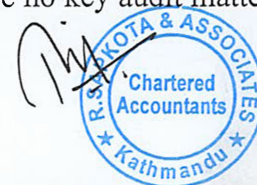
Basis for Disclaimer of Opinion

The applicable financial reporting framework for the company was changed to Nepal Financial Reporting Standards from Nepal Accounting Standards (Previous local GAAP). Change in financial reporting framework required transition to Nepal Financial Reporting Standard and presentation of at least three financial position. Two consolidated statement of comprehensive income, two statement of cash flows, two statement of change in equity and related notes, including comparative information. However financial statement has not been prepared based on transitional provision of Nepal Financial Reporting Standards 1 which requires identification, restatement, presentation and disclosure of financial information based on new accounting policies as per Nepal Financial Reporting Standards.

The cumulative effect of not restating, presenting and disclosing financial information based on transitional provision of Nepal Financial Reporting Standards is uncertain and could be material and persuasive. Also, we draw attention on Para 3 (D) of schedule 18 to the financial statements related to Rudi "B" hydropower projects of company where the project has commenced its commercial operation from 5th Falgun, 2076, however; project development cost of Rudi "B" hydropower project is yet to be capitalized and accordingly no depreciation has been calculated. Company has incurred Rs. 1,318,663,145.72 till Ashadh end 2079 for the project development cost and shown under Project WIP in the financial statements.

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 of the current period. 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. There were no key audit matters to be reported in our audit report.



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

Management of **Bindhyabasini Hydropower Development Co. Ltd.** ('the company'), is responsible for the preparation and fair presentation of the Financial Statements in accordance with the Nepal Financial Reporting Standards and other accounting principles generally accepted, including the accounting policies as adopted and for such internal control as management determines, is necessary to enable preparation of the financial statements that are free from material misstatements, 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 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.

Auditors' Responsibilities for the Audit of Financial Statements

Our objectives are to obtain reasonable assurance about whether the Financial Statements as a whole are free from material misstatements, 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 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 aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these Financial Statements.

As part of an audit in accordance with NSAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the Financial Statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal 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 on the effectiveness of the entity's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosure in the financial statement or, if such disclosure 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 as a going concern.



- Evaluate the overall presentation of the Financial Statements including disclosures, and whether the Financial Statements represent the underlying transactions and events in a manner that achieves fair presentation,
- Obtain sufficient appropriate audit evidences regarding the financial information of the entities or business activities within the Company to express an opinion on the Financial Statements.

Report on Other Legal and Regulatory Requirements

On the basis of our examination, we would like to report that: Company has not complied the employee related benefit as per the requirement of applicable labor laws and has not allocated at least 1% of net profit to corporate social responsibility related expenses.



Rabin Sapkota, FCA

Proprietor

R. Sapkota & Associates,

Chartered Accountants

Place: Miterimarg, Baneshwor, Kathmandu

Date: 2079/09/01

UDIN Number: 221216CA00395te1ns

Bindhyabasini Hydropower Development Co. Ltd.

New Baneshwor, Kathmandu, Nepal

Statement of Financial Position

As at Ashadh 32, 2079 (16 July, 2022)

Amounts in Rs.


<u>Particulars</u>	<u>Schedules</u>	<u>2079/03/32</u> <u>(16/07/2022)</u>	<u>2078/03/31</u> <u>(15/07/2021)</u>
I. Sources of Fund			
A. Capital and Reserves			
Share Capital	1	1,000,000,000.00	750,000,000.00
Accumulated Profit/(Loss)		132,234,529.32	85,032,847.47
Shareholders Fund		<u>1,132,234,529.32</u>	<u>835,032,847.47</u>
B. Non-Current Liabilities			
Advance for share capital	2	-	155,269,214.76
Secured Loan	3	1,842,693,713.89	1,904,779,522.23
Total Non-current Liabilities		<u>1,842,693,713.89</u>	<u>2,060,048,736.99</u>
C. Current Liabilities & Provisions			
Trade and Other Accounts Payables	4	85,065,526.15	25,637,900.70
Short Term loan	5	12,702,936.59	21,064,290.43
Provisions	6	4,408,094.66	8,679,946.04
Total Current Liabilities & Provisions		<u>102,176,557.40</u>	<u>55,382,137.17</u>
Total Sources of Funds (A+B+C)		<u>3,077,104,800.62</u>	<u>2,950,463,721.63</u>
II. Application of Funds			
Non-Current Assets			
Property, Plant and Equipment (Project)			
A. Property, Plant and Equipment(WDV)(A)	7	<u>1,407,955,359.47</u>	<u>1,451,895,683.61</u>
B. Project WIP (Rudi B)	8	<u>1,318,663,145.72</u>	<u>1,276,366,960.21</u>
Total Non-Current Assets (A+B)		<u>2,726,618,505.19</u>	<u>2,728,262,643.82</u>
C. Investment	9	<u>146,224,938.00</u>	<u>13,540,100.00</u>
D. Current Assets			
Trade Receivables	10	72,010,537.90	136,944,515.35
Cash and Bank Balances	11	99,149,969.88	32,539,916.39
Advances & Deposits	12	33,100,849.65	39,176,546.07
Total Current Assets (D)		<u>204,261,357.43</u>	<u>208,660,977.81</u>
Total Application of Funds (A+B+C+D)		<u>3,077,104,800.62</u>	<u>2,950,463,721.63</u>


Significant Accounting Policies and Other Explanatory Notes

18


As per our report of even date
For R. Sapkota & Associates,
Chartered Accountants



Sita Acharya
Chairman

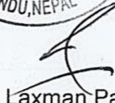

Dil Sundar Shrestha
Director

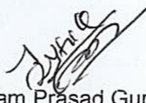

Bharat Bahadur Pandey
Director

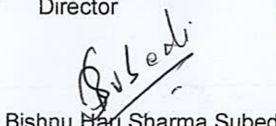


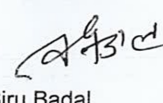

Rabin Sapkota, FCA
Proprietor


Sandeep Acharya
Director


Laxman Paudel
Director


Tam Prasad Gurung
Director


Bishnu Hari Sharma Subedi
Director


Biru Badal
Accountant

Bindhyabasini Hydropower Development Co. Ltd.
Kathmandu, Nepal
Statement of Profit or Loss
For the period from Shrawan 01, 2078 to Ashadh 32, 2079

<u>Particulars</u>	<u>Schedule</u>	<u>Amount in Rs.</u>	
		<u>Current Year</u>	<u>Previous Year</u>
Income			
Revenue from Sale of Electricity	13	400,254,324.98	221,797,006.15
Other Income	14	7,557,841.95	207,178,087.23
Total Revenue		407,812,166.93	428,975,093.38
Cost of Sales	15	9,545,086.50	13,745,239.89
General Administrative Expenses	16	73,340,894.72	115,580,534.07
Depreciation	7	54,932,980.08	55,434,190.02
Total		137,818,961.31	184,759,963.98
Profit from Operations		269,993,205.62	244,215,129.40
Financial Charges	17	143,383,429.11	162,914,330.14
Net Profit/(Loss)		126,609,776.51	81,300,799.26
Provision for Staffs Bonus		(2,532,195.53)	(1,626,015.99)
Net profit after Provision for Staffs Bonus		124,077,580.98	79,674,783.28
Current Year Tax		(1,875,899.13)	(7,053,930.05)
Provision for Income Tax		(1,875,899.13)	(7,053,930.05)
Deferred Tax Income/(Expense)		-	-
Previous Year Tax		-	-
Profit/(Loss) for the Current Year		122,201,681.85	72,620,853.22
Profit/(Loss) up to Previous Year		85,032,847.47	12,411,994.25
Dividend Declared and Distributed of FY 2077.78		(75,000,000.00)	-
Profit/(Loss) Transferred to Statement of Financial Position		132,234,529.32	85,032,847.47

As per our report of even date
For R.Sapkota & Associates,
Chartered Accountants

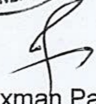

Sita Acharya
Chairman


Dil Sundar Shrestha
Director

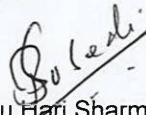

Bharat Bahadur Pandey
Director

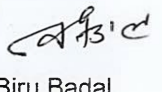

Rabin Sapkota, FCA
Proprietor


Sandeep Acharya
Director


Laxman Paudel
Director


Tam Prasad Gurung
Director


Bishnu Hari Sharma Subedi
Director


Biru Badal
Accountant

Bindhyabasini Hydropower Development Co. Ltd.
Kathmandu, Nepal
Statement of Cash Flows
For the period from Shrawan 01, 2078 to Ashadh 32, 2079

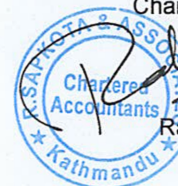
<u>Particulars</u>	<u>Current Year</u>	<u>Amount in Rs. Previous Year</u>
<u>Cash Flows from Operating Activities</u>		
Net Profit Before Taxation	124,077,580.98	79,674,783.28
<u>Adjustment for:</u>		
Depreciation	54,932,980.08	55,434,190.02
Pre Operating Expenses W/Off	-	-
Dividend of FY 2077.78 declared	(75,000,000.00)	-
Income Tax	(7,053,930.05)	-
Dividend Income	(181,604.28)	(767,095.00)
Foreign Exchange Gain/Loss	-	-
Loss/Gain from Disposal of Assets	-	-
Cash Flow from before Changes in Working Capital	96,775,026.74	134,341,878.30
(Increase)/Decrease in current assets	71,009,673.87	(3,807,355.09)
Increase/(Decrease) in current liabilities	51,972,451.15	(175,574,343.41)
Cash Flows from Operating Activities (A)	219,757,151.76	(45,039,820.20)
<u>Cash Flow on Investing Activities</u>		
Decrease/Increase in Work In Progress	(42,296,185.51)	(58,406,552.38)
Sales/Purchase of Project Development Assets	(10,185,414.61)	-
Purchase/Capitalization of Fixed Assets	(807,241.33)	674,899.49
Investments Increase/(Decrease)	(132,684,838.00)	13,474,066.00
Dividend Received	181,604.28	767,095.00
Less: Disposals During the Year	-	-
Cash Flows on Investing Activities (B)	(185,792,075.17)	(43,490,491.89)
<u>Cash Flows on Financing Activities</u>		
Issue of Share Capital	250,000,000.00	-
Increase/(Decrease) of Loan from Banks	(62,085,808.34)	114,641,078.16
Advance for Share Capital	(155,269,214.76)	(17,168,754.58)
Cash Flows from Financial Activities (C)	32,644,976.90	97,472,323.58
Total Cash Generated During the Year (A+B+C)	66,610,053.49	8,942,011.49
Opening Cash and Bank Balances	32,539,916.39	23,597,904.90
Cash and Bank Balance at the End of the Year	99,149,969.88	32,539,916.39



Sita Acharya
Chairman

Dil Sundar Shrestha
Director

Bharat Bahadur Pandey
Director



Rabin Sapkota, FCA
Proprietor

Sandeep Acharya
Director

Laxman Paudel
Director

Tam Prasad Gurung
Director

Bishnu Hari Sharma Subedi
Director

Biru Badal
Accountant

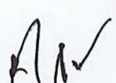
As per our report of even date
For R.Sapkota & Associate,
Chartered Accountants


Bindhyabasini Hydropower Development Co. Ltd.
Kathmandu, Nepal
Statement of Changes in Equity
For the year ended 32 Ashadh, 2079


Amount in Rs.


Particulars	Share Capital	Accumulated Profit/(Loss)	Other Reserve	Total
Balance as at 01 Shrawan, 2076	750,000,000.00	(22,464,056.54)	-	727,535,943.46
Issue of Share Capital	-	-	-	-
Deferred Tax Assets	-	-	-	-
Profit/(Loss) Account for the period	-	34,876,050.78	-	34,876,050.78
Dividends	-	-	-	-
As at 31 Ashadh, 2077	750,000,000.00	12,411,994.25	-	762,411,994.25
Balance as at 01 Shrawan, 2077	750,000,000.00	12,411,994.25	-	762,411,994.25
Issue of Share Capital	-	-	-	-
Deferred Tax Assets	-	-	-	-
Profit/(Loss) Account for the period	-	72,620,853.22	-	72,620,853.22
Dividends	-	-	-	-
As at 31 Ashadh, 2078	750,000,000.00	85,032,847.47	-	835,032,847.47
Balance as at 01 Shrawan, 2078	750,000,000.00	85,032,847.47	-	835,032,847.47
Issue of Share Capital	250,000,000.00	-	-	250,000,000.00
Deferred Tax Assets	-	-	-	-
Profit/(Loss) Account for the period	-	122,201,681.85	-	122,201,681.85
Dividends	-	(75,000,000.00)	-	(75,000,000.00)
As at 32 Ashadh, 2079	1,000,000,000.00	132,234,529.32	-	1,132,234,529.32


As per our report of even date
For R. Sapkota & Associates
Chartered Accountants

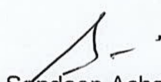

Sita Acharya
Chairman



Dil Sundar Shrestha
Director



Bharat Bahadur Pandey
Director

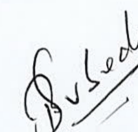

Rabin Sapkota, FCA
Proprietor





Sandeep Acharya
Director


Laxman Paudel
Director


Tam Prasda Gurnung
Director


Bishnu Hari Sharma Subedi
Director


Biru Badal
Accountant

Bindhyabasini Hydropower Development Co. Ltd.
Kathmandu, Nepal
Schedules Forming Integral Part of the Financial Statements

Share Capital

Schedule - 1

<u>Particulars</u>	<u>2079/03/32</u> <u>(16/07/2022)</u>	<u>2078/03/31</u> <u>(15/07/2021)</u>
Authorized Share Capital		
20,000,000 Ordinary shares of Rs. 100 each.	2,000,000,000.00	2,000,000,000.00
Issued Share Capital		
10,000,000 Ordinary shares of Rs. 100 each.	1,000,000,000.00	1,000,000,000.00
Paid Up Share Capital		
1,00,00,000 Ordinary shares of Rs. 100 each.	1,000,000,000.00	
75,00,000 Ordinary shares of Rs. 100 each.		750,000,000.00
Total Share Capital:	1,000,000,000.00	750,000,000.00

Advance for Share Capital

Schedule - 2

<u>Particulars</u>	<u>2079/03/32</u> <u>(16/07/2022)</u>	<u>2078/03/31</u> <u>(15/07/2021)</u>
Advance for Share Capital	-	155,269,214.76
Total	-	155,269,214.76

Secured Loan

Schedule - 3

<u>Particulars</u>	<u>2079/03/32</u> <u>(16/07/2022)</u>	<u>2078/03/31</u> <u>(15/07/2021)</u>
Bank Term Loan - Rudi A	1,006,626,068.05	1,050,752,325.60
GBL IME Bank Ltd.	-	485,057.55
Kumari Bank Ltd.	105,848,000.00	110,100,500.00
Lumbini Bikash Bank Ltd.	80,747,868.08	84,051,768.08
NMB Bank Ltd.	128,878,299.97	134,495,999.97
Sanima Bank Ltd.	374,220,900.00	389,435,000.00
Siddhartha Bank Ltd.	316,931,000.00	332,184,000.00
Bank Term Loan - Rudi B	836,067,645.84	854,027,196.63
GBL IME Bank Ltd.	-	708,550.79
Kumari Bank Ltd.	84,726,399.51	86,277,399.51
Lumbini Bikash Bank Ltd.	69,308,914.76	70,577,914.76
NMB Bank Ltd.	117,230,267.99	119,373,467.99
Sanima Bank Ltd.	353,602,439.58	361,561,739.58
Siddhartha Bank Ltd.	211,199,624.00	215,528,124.00
Total	1,842,693,713.89	1,904,779,522.23

Trade and Other Accounts Payables

Schedule - 4

<u>Particulars</u>	<u>2079/03/32</u> <u>(16/07/2022)</u>	<u>2078/03/31</u> <u>(15/07/2021)</u>
a) Duties & Taxes (TDS Payables)		
Audit Fee TDS Payable	3,750.00	1,500.00
Rent TDS	7,350.00	-
Salary TDS Payable	341,248.00	232,790.25
SST 1%	14,121.33	32,316.00
TDS on Allowances	411,036.10	4,414.99
TDS on Contract (North Hydro & Engineering Pvt.)	-	301,056.66
TDS on Meeting Allowances	22,500.00	194,999.22
TDS on Service	63,616.50	1,050.57
TDS on Contract (Construction Impex Pvt. Ltd))	75,618.96	-
TDS on Contract (DL Structure)	46,278.39	-
TDS On Transportation	2,935.90	282.53



[Handwritten signatures]

[Handwritten signatures]

[Handwritten signatures]



Bindhyabasini Hydropower Development Co. Ltd.

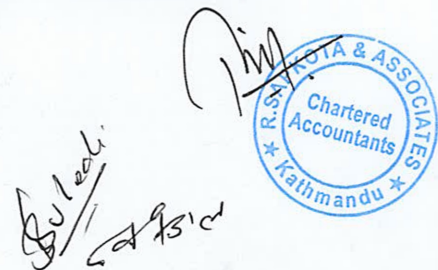
Kathmandu, Nepal

Schedules Forming Integral Part of the Financial Statements

TDS on Vehicle Rent	5,076.40	(386.15)
Wages TDS	8,535.77	3,628.74
b) Advance from Directors	-	-
c) Payable to Contractors		
North Hydro & Engineering Pvt Ltd	16,414,757.48	9,530,357.25
High Himalaya Hydro Construction Pvt. Ltd.	2,860,011.03	-
Hydro Equipment	-	26,761.04
Wood & Steel Furniture	-	49,160.00
Pailyaa Construction Pvt. Ltd.	270,912.07	-
Puja & Amrit Construction Pvt.Ltd.	-	507,662.87
Construction Impex Pvt. Ltd.	1,801,484.76	-
DL Structure & Building Pvt. Ltd	2,285,748.81	-
d) Retention Money		
Retention Money -Rudi A		
High Himalaya Hydro Construction Pvt. Ltd.	170,742.46	170,742.46
Rabin Nirman Sewa Pvt. Ltd.	1,623,434.95	1,623,434.95
Retention Money Rudi B		
High Himalaya Hydro Construction Pvt. Ltd.	1,017,304.84	22,590.84
North Hydro & Engineering Pvt. Ltd.	4,795,092.56	4,795,092.56
DL Structures and Builders Pvt. Ltd.	479,977.98	-
Cream Hydel Pvt. Ltd.	23,427.43	-
Tune Gear Pvt.Ltd.	29,500.00	29,500.00
e) Others Payable		
A Qore Software Pvt Ltd	-	44,600.25
BM Enterprises	14,009.84	10,438.84
Bouddhanath Nirman Sewa	-	28,250.00
Kausiki Infosys	6,000.00	-
T.N Acharya & Co.	-	1,297,910.00
Axis International Travel & Tours	145,215.00	-
Design Hub & Print Solution Pvt. Ltd.	47,247.37	-
Dev Auto Mobiles	53.92	-
Dividend Payable to Share Holders of BHDC	6,878,294.50	-
Harati Auto Trading	28,001.40	-
Professional System Pvt. Ltd.	74,147.00	-
Ripoo Mardenee Pvt. Ltd.	82,030.00	-
Saniya Enterprises	14,146.00	-
Self Drive Nepal Pvt. Ltd.	75,820.00	-
Staff Welfare Fund	330,033.99	-
Time Media Service Pvt. Ltd	198,281.52	-
TPSC (India) Pvt. Ltd.	448,420.00	55,384.00
Royalty Payable-Rudi A	870,372.22	1,040,856.07
Royalty Payable-Rudi B	569,838.35	856,113.80
Neupane Engineering	-	697,395.86
Elite Automotives Pvt. Ltd.	-	151,554.76
Kaizen Auto Parts	-	1,283.10
Unique Ideal Automobiles Pvt. Ltd.	900.61	-
Tyre International Pvt. Ltd.	23,567.50	-
Urd Auto	-	3,164.40
Meeting & Other Allowances Payables	2,048,748.32	1,222,052.32
R.Sapkota & Associates.	278,750.00	111,500.00
Salary Payable	2,330,025.71	2,161,488.50
CIT Payable	502,554.00	342,166.00
Site Payable	404,922.94	-
P&P Traders	11,865.00	11,865.00
Party Payable (Sub Schedule-4.1)	103,207.95	74,923.02
Other payable	36,804,611.29	-
Total	85,065,526.15	25,637,900.70



Handwritten signatures and initials, including names like 'Rajendra', 'S. P.', 'R.', and 'S. P.', scattered across the bottom of the page.



Bindhyabasini Hydropower Development Co. Ltd.
Kathmandu, Nepal
Schedules Forming Integral Part of the Financial Statements

Party Payable

Sub Schedule - 4.1

<u>Particulars</u>	2079/03/32 (16/07/2022)	2078/03/31 (15/07/2021)
Saroj Bhattarai	75,332.95	-
Batas Brother	-	47,048.02
Suraj Pandey NHC	27,875.00	27,875.00
Total	103,207.95	74,923.02

Short Term Loan

Schedule - 5

<u>Particulars</u>	2079/03/32 (16/07/2022)	2078/03/31 (15/07/2021)
Bank Overdraft-Rudi A		
Sanima Bank Ltd-OD A	5,295,673.37	6,060,626.24
Bank Overdraft- Rudi B		
Sanima Bank Ltd-OD B	7,407,263.22	15,003,664.19
Total	12,702,936.59	21,064,290.43

Provisions

Schedule - 6

<u>Particulars</u>	2079/03/32 (16/07/2022)	2078/03/31 (15/07/2021)
Provision for Income Tax	1,875,899.13	7,053,930.05
Provision for Staffs Bonus	2,532,195.53	1,626,015.99
Total	4,408,094.66	8,679,946.04

Investment

Schedule - 9

<u>Particulars</u>	2079/03/32 (16/07/2022)	2078/03/31 (15/07/2021)
Peoples Energy Limited	138,183,638.00	10,000,000.00
Nepal Power Exchange Limited	5,000,000.00	-
United Modi Hydropower Ltd.	-	2,091,900.00
Jalabidhyut Lagani Tatha Bikash Company	3,041,300.00	1,448,200.00
Total	146,224,938.00	13,540,100.00

Trade Receivables

Schedule - 10

<u>Particulars</u>	2079/03/32 (16/07/2022)	2078/03/31 (15/07/2021)
Nepal Electricity Authority (Rudi A)	43,518,610.99	40,134,782.51
Nepal Electricity Authority (Rudi B)	28,491,926.91	26,966,732.84
Ajod Insurance (Rudi A)	-	20,061,000.00
Ajod Insurance (Rudi B)	-	49,782,000.00
Total	72,010,537.90	136,944,515.35

Cash & Bank Balance

Schedule - 11

<u>Particulars</u>	2079/03/32 (16/07/2022)	2078/03/31 (15/07/2021)
Cash In Hand	6,711.85	3,200.95
Global IME Bank Ltd. 959	223.87	284,213.70
Global IME Bank Ltd. 608	907.47	907.47
Global IME Bank Ltd. 945	-	515,566.76
Kumari Bank Ltd.	400,469.56	-
Lumbini Bikas Bank Account.(Rudi A)	28,516.61	10,484.01



Handwritten signatures and a blue circular stamp of R. S. ANJANA & ASSOCIATES Chartered Accountants, Kathmandu. The stamp includes the text 'R. S. ANJANA & ASSOCIATES Chartered Accountants Kathmandu' around a central emblem.

Bindhyabasini Hydropower Development Co. Ltd.**Kathmandu, Nepal****Schedules Forming Integral Part of the Financial Statements**

Lumbini Bikas Bank Account. (Rudi B)	25,215.42	10,000.06
NMB Bank Account. (Rudi A)	119,468.23	116,320.77
NMB Bank Account. (Rudi B)	58,594.91	54,429.24
Prime Bank Ltd.	45,151.08	44,958.20
Sanima Bank Ltd. Non Operative (Rudi A)	20,000,000.00	10,000,000.00
Sanima Bank Ltd. (Rudi B)	387,267.37	385,100.33
Sanima Bank Ltd. 3974	1,000.00	7,667,403.28
Sanima Bank Ltd. (Rudi A)	1,000.00	6,822,508.17
Sanima Bank Ltd. (Rudi B)	1,000.00	4,624,726.34
Sanima Bank Call A/c 412	77,173,416.61	-
Siddhartha Bank Account. (Rudi A)	687,623.92	1,455,783.74
Siddhartha Bank Account. (Rudi B)	213,402.98	544,313.37
Total	99,149,969.88	32,539,916.39

Advances & Deposits**Schedule - 12****Particulars****2079/03/32****2078/03/31****(16/07/2022)****(15/07/2021)****Deposits (Asset)****a) Advance and Loan**

Short term loan to Employee

- 9,910.00

b) Margins & Deposits

LC Margin Rudi A

598,488.37 1,336,179.15

LC Margin & Deposit B

9,604,602.49 9,575,602.49

Bhurungdi Khola HEP

50,000.00 50,000.00

Hugdi Khola HEP

- 50,000.00

Kaligandaki oxygen Gas

- 2,800.00

Togo Khola HEP

50,000.00 50,000.00

Margin for Exim Code

300,000.00 300,000.00

Margin for Performance Guarantee

80,000.00 80,000.00

Shankar Oxygen Gas Pvt. Ltd

- 16,000.00

c) Advance to Suppliers/ Contractors

IPC Advance to Rabin Nirman Sewa

3,663,215.76 3,663,215.76

IPC Advance to High Himalaya Hydro Construction Pvt. Ltd.-Rudi B

- 4,863,659.76

Advance to Interstate Multi Model Transport Pvt. Ltd.

3,291,429.00 3,291,429.00

Others Suppliers

- 21,183.00

d) Other Advance

Advance Income Tax

1,915,567.58 3,291,717.03

Bohara Enterprises

- 720,000.00

Sanima Capital Ltd.

- 275,000.00

Prepaid Insurance- Rudi A

5,849,875.52 2,894,673.70

Prepaid Insurance- Rudi B

3,811,510.81 1,937,347.10

Prepaid Annual Fee for CDSC

150,000.00 -

Prepaid RTGS Fee

131,918.00 -

Advance for EM Consignment

- -

Advances to Locals at Site

2,790,000.00 -

Century Capital Ltd

- 312,500.00

Laxmi Capital Market

- 312,500.00

Clean Energy Consultant Pvt. Ltd.

26,549.00 26,549.00

Machinery & Electric Pvt. Ltd.

316.70 316.70

Mayur Faucets Pvt. Ltd.

834.42 -

CDS & Clearing Ltd

22,642.00 -

Site Payable

- 60,106.95

Advance for Investment

- 5,000,000.00

Advance to Party (Sub Schedule-12.1)

763,900.00 1,035,856.43

Total**33,100,849.65****39,176,546.07**

[Handwritten signature]

[Handwritten signature]

[Handwritten mark]

[Handwritten signature]

[Handwritten signature]



Bindhyabasini Hydropower Development Co. Ltd.
Kathmandu, Nepal
Schedules Forming Integral Part of the Financial Statements

Advance to Party

Sub Schedule-12.1

<u>Particulars</u>	<u>2079/03/32</u> <u>(16/07/2022)</u>	<u>2078/03/31</u> <u>(15/07/2021)</u>
Advance to Mahesh Ghimire	400,000.00	400,000.00
Advance to Indra GC	-	177,674.38
Advance to Rishi Shrestha	363,900.00	363,900.00
Saroj Bhattarai	-	34,873.05
Krishna Pd. Pandit	-	47,143.00
Advance to B.J. Tamang	-	12,266.00
Total	763,900.00	1,035,856.43

Revenue from Sale of Electricity

Schedule-13

<u>Particulars</u>	<u>2079/03/32</u> <u>(16/07/2022)</u>	<u>2078/03/31</u> <u>(15/07/2021)</u>
Revenue from Sale of Electricity (Rudi A)	244,238,711.25	120,325,546.75
Revenue from Sale of Electricity (Rudi B)	156,015,613.73	101,471,459.40
Total	400,254,324.98	221,797,006.15

Other Income

Schedule-14

<u>Particulars</u>	<u>2079/03/32</u> <u>(16/07/2022)</u>	<u>2078/03/31</u> <u>(15/07/2021)</u>
Rudi A		
Insurance Claimed Amount (Loss of Profit)	-	95,061,000.00
Insurance Claimed Amount (Maintenance)	-	34,519,200.00
Interest on Deposit	126,689.05	4,005.14
Rudi B		
Insurance Claimed Amount (Loss of Profit)	-	49,782,000.00
Interest on Deposit	3,129.32	3,962.92
Other Income		
Dividend Income	181,604.28	767,095.00
Gain on Sale of Investment	7,246,419.30	26,590,783.89
	7,557,841.95	207,178,087.23

Cost of Sales

Schedule-15

<u>Particulars</u>	<u>2079/03/32</u> <u>(16/07/2022)</u>	<u>2078/03/31</u> <u>(15/07/2021)</u>
Rudi A		
Installed Capacity Royalty	880,000.00	880,000.00
Revenue Royalty	4,884,774.23	2,406,510.94
Charge for Short Supply (Rudi A)	-	4,946,942.94
Rudi B		
Installed Capacity Royalty	660,000.00	660,000.00
Revenue Royalty	3,120,312.27	2,029,429.19
Charge for Short Supply (Rudi B)	-	1,605,999.47
Energy Loss (Rudi B)	-	1,216,357.35
	9,545,086.50	13,745,239.89

General Administrative Expenses

Schedule - 16

<u>Particulars</u>	<u>2079/03/32</u> <u>(16/07/2022)</u>	<u>2078/03/31</u> <u>(15/07/2021)</u>
Rudi A		
AGM Expenses	150,835.21	18,144.57
Audit Fees and Expenses	161,428.57	64,568.20



[Handwritten signatures]

[Handwritten signatures]

[Handwritten signatures]



Bindhyabasini Hydropower Development Co. Ltd.
Kathmandu, Nepal
Schedules Forming Integral Part of the Financial Statements

Bank Charge & Commission	1,421,903.97	1,827,532.36
Canteen Expenses	958,800.00	1,285,530.42
Communication Expenses	261,592.62	324,684.71
Consultant fee	-	1,000,000.00
Consumable Goods	291,077.38	214,953.45
CSR Expenses	2,224,282.14	692,142.86
Dashain Expenses	215,767.00	490,812.39
Employer's contribution	-	462,267.14
Festival Celebration	64,872.58	28,199.16
Financial Consultancy Expenses	19,371.43	25,828.57
Fuel & Transportation Expenses	636,770.96	247,806.37
IPO Processing Expenses	4,239,577.71	237,300.00
Kitchen & Guest Expenses	137,430.29	204,966.86
Medical & Mourning Expenses	21,325.94	20,716.74
Meeting & Other Expenses	1,839,785.20	1,024,796.98
		Contd.
Miscellaneous Expenses	-	92,183.43
Office Rent & Other Expenses	615,153.14	577,385.71
Office Setup Expenses	-	3,189.77
Operating Expenses	230,711.83	267,778.99
Overtime Salary	533,609.00	218,690.00
Printing & Stationery	93,190.14	86,637.54
Insurance Expenses	5,522,827.44	3,971,122.05
Renewal & Other Expenses	374,882.78	242,904.58
Repair & Maintenance Expenses	6,354,902.30	63,994,773.99
Salary Expenses	8,622,396.87	8,525,791.91
Security Guard Expenses	-	396,262.45
Site Lodging & Fooding Expenses	100,073.71	-
Walky Talky Royalty	76,802.86	8,850.00
Wages	202,020.20	-
RUDI B		
AGM Expenses	113,126.41	13,608.43
Audit Fee	121,071.43	48,431.80
Bank Charge & Commission	1,307,659.35	2,068,321.12
Canteen Expenses	1,317,210.00	-
Communication Expenses	216,496.75	213,356.84
Consumable Goods	189,303.76	214,197.49
CSR Expenses	4,869,282.35	-
Dashain Allowances	-	517,126.24
Employer's contribution	-	434,962.86
Festival Celebration	48,654.43	12,555.84
Financial Consultancy Expenses	14,528.57	19,371.43
Fuel & Transportation	497,832.76	273,724.30
Head Works Clearance	-	-
Insurance Expenses	4,632,916.70	537,982.82
IPO Processing Expenses	3,179,683.29	-
IPPAN Membership OP	-	25,000.00
Kitchen & Guest Expenses	103,072.71	181,505.61
Late COD Penalty	-	4,419,434.57
Medical & Mourning Expenses	15,994.46	-
Meeting & Other Expenses	1,379,838.90	770,652.07
Office Rent & Other Expenses	461,364.86	433,039.29
Operating Expenses	173,033.87	1,146,963.92
Overtime Salary	359,749.00	165,996.00
Printing & Stationery	117,776.36	39,138.26
Renewal & Other Expenses	260,743.22	163,428.42
Salary Expenses	9,390,934.46	9,456,028.11



[Handwritten signatures]

[Handwritten signatures]

[Handwritten signature]


**Bindhyabasini Hydropower Development Co. Ltd.
Kathmandu, Nepal**

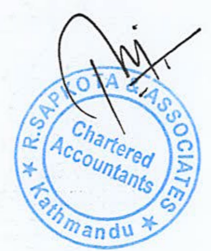
Schedules Forming Integral Part of the Financial Statements

Repair & Maintenance Expenses	8,326,117.82	596,943.05
Servo / Hydraulic Oil	-	6,544.40
Site Lodging & Fooding Expenses	75,055.29	160,850.00
Walky Talkie Royalty	57,602.14	8,750.00
Wages	740,454.56	-
Advance for Investment written off	-	7,096,800.00
Total	73,340,894.72	115,580,534.07

Financial Charges

<u>Particulars</u>	2079/03/32	Schedule-17
	(16/07/2022)	2078/03/31 (15/07/2021)
Rudi A		
Interest Global Bank Ltd.	796,540.60	16,608,401.13
Interest Kumari Bank Ltd.	8,536,915.51	10,706,665.14
Interest Lumbini Bikas Bank Ltd.	6,505,558.29	7,533,382.66
Interest NMB Bank Ltd.	10,405,834.33	11,770,808.81
Interest on OD Loan	323,659.30	690,247.61
Interest Sanima Bank Ltd.	23,567,957.38	28,006,744.00
Interest Siddhartha Bank Ltd.	25,359,024.12	12,566,417.39
Interest On BG Loan	-	2,652,667.43
Rudi B		
Interest Global Bank Ltd.	683,666.50	14,129,040.52
Interest Kumari Bank Ltd.	6,767,179.16	8,062,196.61
Interest Lumbini Bikas Bank Ltd.	5,531,599.35	6,170,167.59
Interest Manjushree Bank Ltd.	-	6,590,680.60
Interest NMB Bank Ltd.	9,358,858.54	10,237,022.16
Interest Sanima Bank Ltd.	28,269,117.08	20,834,530.87
Interest on BG Loan	-	1,402,295.23
Interest on OD Loan	418,658.51	428,152.76
Interest Siddhartha Bank Ltd.	16,858,860.44	4,524,909.63
	143,383,429.11	162,914,330.14

[Handwritten signature]



[Handwritten signature]

[Handwritten signature]

[Handwritten signature]

[Handwritten signature]



[Handwritten signature]

Bindhyabasini Hydropower Development Co. Ltd.
Kathmandu, Nepal
Schedules Forming Part of Annual Financial Statements

Fixed Assets & Depreciation
Rudi A

SCHEDULE-7

Particulars	Land	Building	Office Equipment & Furniture	Vehicle	Intangible Assets	Total
At Cost						
Opening Balance	-	-	2,805,825.46	8,536,531.95	1,551,447,135.45	1,562,789,492.86
Addition	-	-	99,146.50	264,900.00	10,185,414.61	10,549,461.11
Deletion During The Year	-	-	-	-	-	-
Total Rs. At Cost	-	-	2,904,971.96	8,801,431.95	1,561,632,550.06	1,573,338,953.97
Depreciation						
Depreciation Up To Previous Year	-	-	1,228,251.57	2,533,016.96	116,290,033.51	120,051,302.04
Depreciation For The Year	-	-	414,538.43	940,262.25	51,820,291.41	53,175,092.09
Total Accumulated Depreciation	-	-	1,642,790.00	3,473,279.21	168,110,324.92	173,226,394.13
WDV As On 32.03.2079	-	-	1,262,181.96	5,328,152.74	1,393,522,225.14	1,400,112,559.84
WDV As On 31.03.2078	-	-	1,577,573.89	6,003,514.99	1,435,157,101.94	1,442,738,190.82

Rudi B

Particulars	Land	Building	Office Equipment & Furniture	Vehicle	Intangible Assets	Total
At Cost						
Opening Balance	-	-	5,298,817.47	7,620,025.35	-	12,918,842.82
Addition	-	-	443,194.83	-	-	443,194.83
Deletion During The Year	-	-	-	-	-	-
Total Rs. At Cost	-	-	5,742,012.30	7,620,025.35	-	13,362,037.65
Depreciation						
Depreciation Up To Previous Year	-	-	1,970,644.07	1,790,705.96	-	3,761,350.03
Depreciation For The Year	-	-	883,490.09	874,397.91	-	1,757,888.00
Total Accumulated Depreciation	-	-	2,854,134.16	2,665,103.87	-	5,519,238.02
WDV As On 32.03.2079	-	-	2,887,878.14	4,954,921.48	-	7,842,799.63
WDV As On 31.03.2078	-	-	3,328,173.40	5,829,319.39	-	9,157,492.79

Total

Particulars	Land	Building	Office Equipment & Furniture	Vehicle	Intangible Assets	Total
At Cost						
Opening Balance	-	-	8,104,642.93	16,156,557.30	1,551,447,135.45	1,575,708,335.68
Addition	-	-	542,341.33	264,900.00	10,185,414.61	10,992,655.94
Deletion During The Year	-	-	-	-	-	-
Total Rs. At Cost	-	-	8,646,984.26	16,421,457.30	1,561,632,550.06	1,586,700,991.62
Depreciation						
Depreciation Up To Previous Year	-	-	3,198,895.64	4,323,722.92	116,290,033.51	123,812,652.07
Depreciation For The Year	-	-	1,298,028.52	1,814,660.16	51,820,291.41	54,932,980.08
Total Accumulated Depreciation	-	-	4,496,924.16	6,138,383.07	168,110,324.92	178,745,632.15
WDV As On 32.03.2079	-	-	4,150,060.10	10,283,074.23	1,393,522,225.14	1,407,955,359.47
WDV As On 31.03.2078	-	-	4,905,747.29	11,832,834.38	1,435,157,101.94	1,451,895,683.61



[Handwritten signatures]

[Handwritten signature]

[Handwritten signature]



[Handwritten signature]

Bindhyabasini Hydropower Development Co. Ltd.
Kathmandu, Nepal
Schedule forming a part of Financial Statements as at Ashadh 32, 2079

Project Development Cost (Rudi A)

Sub Schedule - 7.1

Particulars	Depreciation Rate	Cost				Amortization					Balance			
		2078/03/31 (15/07/2021)	Current year (Rs.)	Sales Adjustment/ Disposal(Rs.)	2079/03/32 (16/07/2022)	Upto Previous Year (Rs.)	Current year (Rs.)		Current year (Rs.)	Sales Adjustment/ Disposal (Rs.)	Upto Current year (Rs.)	2079/03/32 (16/07/2022)	2078/03/31 (15/07/2021)	
							Existing	Additional						
Project Development Cost	3.33%	71,344,535.84	-	-	71,344,535.84	5,350,840.19	2,378,151.19	-	2,378,151.19	-	7,728,991.38	63,615,544.46	65,993,695.65	
Civil Construction Works		520,062,820.25	-	-	520,062,820.25	39,004,711.52	17,335,427.34	-	17,335,427.34	-	56,340,138.86	463,722,681.39	481,058,108.73	
Metal Works/ Hydromechanical Works		350,386,754.78	10,185,414.61	-	360,572,169.39	26,212,171.63	11,679,558.49	105,386.89	11,784,945.39	-	37,997,117.01	322,575,052.38	324,174,583.15	
Plant & Machinery & Equipments		212,677,209.61	-	-	212,677,209.61	15,890,790.72	7,089,240.32	-	7,089,240.32	-	23,040,031.04	189,637,178.57	196,726,418.89	
Transmission Line & Switchyard		59,763,279.00	-	-	59,763,279.00	4,482,245.93	1,992,109.30	-	1,992,109.30	-	6,474,355.23	53,288,923.78	55,281,033.08	
Land Purchased & Development		21,426,060.40	-	-	21,426,060.40	1,606,354.53	714,202.01	-	714,202.01	-	2,321,156.54	19,104,903.86	19,819,105.87	
Site Office Building & Camping Facilities		13,263,824.43	-	-	13,263,824.43	884,786.83	442,127.48	-	442,127.48	-	1,436,914.31	11,826,910.12	12,269,037.60	
Infrastructure & Access		62,960,836.67	-	-	62,960,836.67	4,722,362.75	2,098,694.56	-	2,098,694.56	-	6,820,757.31	56,140,079.36	58,238,773.92	
Environment Mitigation & Social Contribution		29,428,505.33	-	-	29,428,505.33	2,205,471.23	980,950.18	-	980,950.18	-	3,186,421.41	26,242,083.92	27,223,034.10	
Project Supervision, Engineering & Management		63,667,631.86	-	-	63,667,631.86	4,775,072.39	2,122,254.40	-	2,122,254.40	-	6,897,326.78	56,770,305.07	58,892,559.47	
Interest During Construction		146,465,677.28	-	-	146,465,677.28	10,964,925.80	4,882,189.24	-	4,882,189.24	-	15,867,115.04	130,598,562.24	135,480,751.48	
Total			1,551,447,135.45	10,185,414.61	-	1,561,632,550.06	116,250,033.51	51,714,904.52	105,386.89	51,820,291.41	-	168,110,324.92	1,393,522,225.14	1,435,157,101.94



Handwritten signatures and initials:
 - A large signature at the top left.
 - A signature in the middle left.
 - A signature in the middle right.
 - A signature at the bottom right.



Bindhyabasini Hydropower Development Co. Ltd.
Kathmandu, Nepal
Schedule forming a part of Financial Statements as at Ashadh 32, 2079

Project WIP (Rudi B)

Schedule - 8

Particulars	2078/03/31 (15/07/2021)	Addition during the Year	2079/03/32 (16/07/2022)
Pre-Operating Expenses	36,111,269.60	-	36,111,269.60
Civil Construction Works	465,047,982.72	30,698,858.09	495,746,840.81
Metal Works/ Hydromechanical Works	216,050,968.35	11,597,327.42	227,648,295.77
Plant & Machinery & Equipments	196,504,029.62	-	196,504,029.62
Transmission Line & Switchyard	40,766,266.68	-	40,766,266.68
Land Purchased & Development	14,029,909.82	-	14,029,909.82
Site Office Building & Camping Facilities	11,681,651.87	-	11,681,651.87
Infrastructure & Access	83,701,007.90	-	83,701,007.90
Environment Mitigation & Social Contribution	22,787,258.39	-	22,787,258.39
Project Supervision, Engineering & Management	75,141,240.49	-	75,141,240.49
Interest During Construction	114,545,374.77	-	114,545,374.77
Total	1,276,366,960.21	42,296,185.51	1,318,663,145.72



A. P. ...
...
...
...



Bindhyabasini Hydropower Development Co. Ltd.
New-Baneshwor, Kathmandu

Schedule Forming Part of Financial Statements for the Year Ended Ashadh 32, 2079

Schedule No.: 18- Significant Accounting Policies and Other Explanatory Notes

1. General Information

Bindhyabasini Hydropower Development Co. Ltd. is registered on 2057/09/03 in Company Registrar Office with registration no. 14541 and registered in Inland Revenue Department with PAN 303439675. The company is converted into Public Limited Company on 30th Falgun, 2073 with registration no. 165341/073/074. The main objective of the company is to develop hydropower projects. The company has operated two projects namely Rudi Khola A Hydropower Project of 8.8 MW & Rudi Khola B Hydropower Project of 6.6 MW in Kaski & Lamjung District. The Rudi A and Rudi B Hydropower project of Company have commenced their operation from 5th Chaitra, 2075 & 5th Falgun, 2076 respectively.

The Financial Statements were adopted by the Board of Directors on Mangshir 29, 2079.

2. Summary Significant Accounting Policies:

The Financial Statements have been prepared under Going Concern Assumption. The principle 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 have been prepared in accordance with Nepal Accounting Standards ("NAS"), except otherwise stated, and to comply with the requirement of Companies Act, 2063.

B. Method of Accounting

- i) The accounts have been prepared on accrual basis, in accordance with Nepal Accounting Standards (NAS), which have been prescribed by the Companies Act, 2063, to the extent applicable and other relevant practices.
- ii) The Financial Statements are prepared on the historical cost convention. The preparation of Financial Statements in conformity with NAS requires the use of certain critical accounting estimates. It also requires management to exercise judgment in process of applying the Company's accounting policies and accounting estimates.

C. Going Concern

At the Balance Sheet date, the company has been engaged in the two projects and as per the provision of the license granted to the company by the Department of Electricity Development (DOED) the project life is for 30 years excluding construction period.

D. Project WIP (Work in Progress)

Project WIP arising from construction of project has been stated at cost price. Common expenses of the administrative and corporate office are treated as administrative expenses of a particular project based on the decision made by the management.

E. Revenue Recognition

- i) **Hydroelectricity Sales:** Company has the policy to recognize income from sale of hydroelectricity on accrual basis and based on the invoice issued to Nepal Electricity Authority (NEA), which is subject to confirmation from Nepal Electricity Authority (NEA). Any subsequent disputed amount deducted by NEA, if any, will be recognized as an expense on the year of confirmation.
- ii) **Other Revenue:**
Interest Income on bank balances have been recognized on cash basis. Dividend Income from investment in shares have been recognized on the basis of right to receive such dividend income.



[Handwritten signatures and initials]



F. Revenue Expenditure

Expenditure incurred for the operation and management of projects which have already started the commercial operation is recognized as revenue expenditure and treated as operation and administrative costs. Whereas, direct expenditures incurred for the project which is yet to be completed even though the commercial operation has been commenced, has been capitalized as project development cost under the related project head.

G. Fixed Assets, Project Assets (Self Developed) & Depreciation

- i) Fixed assets have been valued at cost of construction/acquisition inclusive of incidental expenses related to construction/acquisition. They are measured at Cost Model after their initial recognition.
- ii) Project Development Cost are the assets that are capitalized at the time of completion of construction of hydropower project and amortized over the period of thirty years of period.
- iii) Depreciation of project related assets is charged off to the Capital Work in Progress (Project Cost).

H. Capitalization of Borrowing Costs and other Expenditure

Interest and other borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset are capitalized as part of the cost of that asset. And interest and other borrowing costs that are not directly attributable to the acquisition, construction or production of a qualifying asset are charged as financial expenses on accrual basis. (A qualifying asset is an asset that necessarily takes a substantial period of time to get ready for its intended use or sale.)

I. Cash and Cash Equivalent

Cash and Cash Equivalent represent cash in hand and balance in bank accounts at the year end.

J. Income Taxes

Provision for current tax is made with reference to taxable profit for the financial year determined under the provisions of Income Tax Act, 2058 and Rules thereof.

K. Use of Estimates, Assumptions & Judgments

The preparation of Financial Statements requires management to make judgements, estimates and assumptions that affect the application of policies and reported amount of assets and liabilities, income and expenses.

Estimates and assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised and in any future period affected.

L. Sundry Debtors and Loans & Advances

Amount recoverable from sundry debtors and loans and advances are stated at book value less provision for doubtful debt.

M. Retirement Benefit

i. Gratuity

Company has not yet formulated any formal plan for employee benefits and accordingly, no provision for the gratuity has been provided during the year.

ii. Leave Encashment

Company has not formulated any formal plan for employee benefits and thus, no provision towards the leave encashment has been provided during the year.

iii. Provident Fund

Company has contributed towards the provident fund for the purpose of employee retirement payment.



[Handwritten signature]

[Handwritten signature]

[Handwritten signature]

[Handwritten signature]
[Handwritten signature]



N. Employees' Bonus and Housing Fund

Staff is provided annual bonus under the provision of the Electricity Act and Rules 2049 (at the rate of 2% of Profit Before Income Tax and after Bonus).

O. Administrative Policies

Financial Administration & Task Operation Rules, 2076 incorporating Policies such as Procurement Policy, Employee's Byelaws, Financial Administration Policy has been adopted by the Annual General Meeting (FY 2075/076).

3. Notes to Account

A. Share Capital

The Company has Authorized Share Capital of Rs. 2,000,000,000, Issued Capital of Rs. 1,000,000,000 and Paid-up Share Capital has increased from NPR 750,000,000 to NPR 1,000,000,000 during the FY 2078/79 through Initial Public Offering (IPO).

B. Revenues

Company has total Net Income from sale of electricity is Rs. 400,254,324.98 during the Financial Year. Net Income from sale of electricity has been determined after deducting energy purchased from NEA for internal operation of powerhouse.

Company has total other income of Rs. 7,757,841.95 during the financial year which comprises of Interest Income amounting Rs. 129,818.37, Dividend Income amounting Rs. 181,604.28 and Gain on sale of investment in shares amounting Rs 7,246,419.30.

C. Fixed Assets, Project Assets and Depreciation

Fixed assets, based on their nature, are classified into four groups and depreciation is charged on diminishing balance method, except project assets (Rudi A) which is being depreciated on SLM basis over remaining license period of the project, at the following rates:

Office Equipment & Furniture	25%
Vehicle	15%

D. Capital Work in Progress (Project Under Development)

Total Project WIP (Rudi B) of Rs. 1,318,663,145.72 till 32nd Ashadh, 2079 is cumulative from beginning of construction of project.

The Rudi "A" and Rudi "B" hydropower projects of company have commenced their operation from 5th Chaitra, 2075 and 5th Falgun, 2076 respectively. Though, operation of project Rudi "B" has been commenced from 5th Falgun, 2076, construction of project Rudi "B" is yet to be completed and project development cost of Rs. 42,296,185.51 incurred during this year has been capitalized to Project WIP during the year.

Furthermore, interest expenses up to date of commencement of commercial operation of Rudi "B" has been shown under Capital WIP (Project under development) Rudi "B" and interest expenses and other all operating expenses other than construction related expenses after commencement of commercial operation date has been charged to Statement of Profit or Loss as finance cost.

E. Investment

During the year, Company has disposed the shares investment in United Modi Hydropower Ltd amounting Rs. 20,91,900 with a gain of Rs. 7,246,419.30.

F. Impairment Losses

An indication of impairment of individual assets has been assessed at the reporting date and there is no material indication of impairment that requires assessment of recoverable amount of those assets as required under Nepal Accounting Standard 36 on Impairment Losses. So, no impairment loss has been recognized during the year.



[Handwritten signatures and a blue circular stamp of 'KAPOTA & ASSOCIATES Chartered Accountants Kathmandu' are present at the bottom of the page.]

G. Repair & Maintenance Expenses

During the year, the company has incurred repair & maintenance expenses amounting Rs. 14,681,020.12 relating to Rudi "A" and Rudi "B". The detail is as below:

Repair Type	Rudi A	Rudi B	Total
Civil Repair	2,237,288.55	5,190,422.90	7,427,711.45
Other Assets Repair	19,630.29	59,587.71	79,218.00
TL Repair	958,502.38	488,283.49	1,446,785.87
EM Repair	2,464,489.55	2,136,065.78	4,600,555.33
HM Repair	178,483.51	-	178,483.51
Vehicle Repair	496,508.02	451,757.94	948,265.96
Total	6,354,902.30	8,326,117.82	14,681,020.12

H. Accounts receivables and payables

Accounts receivables and payables are subject to direct confirmation from concerned parties as at balance sheet date.

I. Income Tax Liability

Income tax for the year comprises current tax and deferred tax. Income tax is recognized in the income statement, except to the extent that it relates to items directly in equity, in which case it is recognized in equity.

- Current Tax: The Company has provided current tax liability based on the provision of Income Tax Act, 2058.
- During the year deferred tax assets/liability has not been recognized as entity is fully tax exempt for first ten years of operation and 50% for next five years and opening deferred tax liability has been transferred to statement of profit or loss of current year.

J. Proposed Dividend

For the current year 2078/79 the board of directors have proposed 5% dividend, which is subject to approval by shareholders at the Annual General Meeting.

K. Related Party Disclosure

Currently there are seven directors of the company. During the period the company has provided allowances, salary and other benefits to its key management personnel. Following are the details:

Name of Key Management Personnel	Position	Annual Salary	Board Meeting Allowance	Other Allowances	Total
Ms Sita Acharya	Chairman	2,310,938.00	260,000.00	-	2,570,938.00
Mr. Bharat Bahadur Pandey	Director	-	260,000.00	382,356.00	642,356.00
Mr. Dil Sundar Shrestha	Director	-	260,000.00	-	260,000.00
Mr. Sandeep Acharya	Director	-	260,000.00	-	260,000.00
Mr. Laxman Paudel	Director	-	260,000.00	-	260,000.00
Mr. Bishnu Hari Sharma Subedi	Director	-	260,000.00	-	260,000.00
Mr. Tam Prasad Gurung	Director	-	260,000.00	-	260,000.00
Mr. Janardan Aryal	Company Secretary	734,000.00	260,000.00	-	994,000.00
Mr. Hari Prasad Sharma Kafle	Former Director	-	75,000.00	-	75,000.00
Mr. Om Prasad Gurung	Former Director	-	80,000.00	-	80,000.00
Total		3,044,938.00	2,235,000.00	382,356.00	56,62,294.00



Handwritten signatures and a blue circular stamp of "B. S. POKOTA & ASSOCIATES Chartered Accountants Kathmandu". The stamp includes the text "B. S. POKOTA & ASSOCIATES Chartered Accountants Kathmandu". There are several handwritten signatures in black ink, including one that appears to be "Subedi" and another that looks like "A. S. P. Gurung".

L. Payable to Promoters

Trade and Other Accounts Payables includes amounting to Rs. 36,804,611.29 is payables to promoter shareholders/investors against advance for share capital.

M. Events after the balance sheet date

There are no any adjusting and non-adjusting events occurred during the period.

N. Contingent Liability

Company does not have contingent liability till Ashadh end, 2079.

[Handwritten signatures and initials]

