



# KANDEL & ASSOCIATES

## Chartered Accountants

### Independent Auditor's Report

ICAN Regd. No.: 775  
Shreedham Society, Patangri Marg,  
Thapathali Height, Kathmandu, Nepal  
E-mail: canarayankandel@gmail.com

To the Shareholders,

**Super Mai Hydropower Limited**

KMC-30, Gyaneshwor, Kathmandu, Nepal

#### Report on the Audit of the Financial Statements

##### Opinion

We have audited the financial statements of **M/s Super Mai Hydropower Limited**, which comprises the Statement of Financial Position as on 31<sup>st</sup> Ashad, 2080 (16<sup>th</sup> July 2023), Statement of Profit or Loss and Other Comprehensive Income, Statement of Cash Flows and Statement of Changes in Equity for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion and to the best of our information and according to the explanations given to us except for the effects of the matter described in the Basis of Opinion section of our report, the aforesaid financial statements give a true and fair view of the financial position of the company as at Ashad 31, 2080, and statement of comprehensive income and its cash flow for the year then ended in accordance with Nepal Financial Reporting Standards (NFRSs).

##### Basis for Opinion

We conducted our audit in accordance with Nepal Standards on Auditing (NSAs). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in Nepal, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide basis for our opinion.

##### Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were most significance in our audit of the financial statements of the financial year ended on 31<sup>st</sup> Ashad, 2080 (16<sup>th</sup> July 2023). These matters were addressed in the context of our audit of the financial statements, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

##### Other information

Management is responsible for the other information. The other information comprises all information in the annual report other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon. In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements, or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work we have performed, we found that there is a material inconsistency or that the other information appears to be materially misstated, we have nothing to report in this regard.

**Super Mai Hydropower Limited**  
KMC-30, Gyaneshwor, Kathmandu, Nepal

**Statement of Financial Position**  
As on Ashad 31, 2080 (July 16, 2023)

Amount in NPR			
Particulars	Note	As on 31st Ashad, 2080	As on 32nd Ashadh, 2079
<b>ASSETS</b>			
<b>Non Current Assets</b>			
Property, Plant and Equipment	7	2,661,718	2,952,952
Intangible Assets		1,318,364,246	1,358,049,940
Other Non Current Assets	8	10,000,000	-
<b>Total Non Current Assets</b>		<b>1,331,025,964</b>	<b>1,361,002,892</b>
<b>Current Assets</b>			
Cash & Cash Equivalents	9	42,850,670	59,154,687
Inventory	10	4,704,696	1,411,005
Trade Receivable	11	39,462,131	48,224,285
Other Current Assets	12	8,533,339	2,696,149
<b>Total Current Assets</b>		<b>95,550,836</b>	<b>111,486,126</b>
<b>Total Assets</b>		<b>1,426,576,800</b>	<b>1,472,489,018</b>
<b>EQUITY AND LIABILITIES</b>			
<b>Equity</b>			
Share Capital	13	500,000,000	400,000,000
Reserve & Surplus	14	51,761,068	123,021,887
<b>Total Equity</b>		<b>551,761,068</b>	<b>523,021,887</b>
<b>Non-Current Liabilities</b>			
Medium & Long Term Loan	15	785,345,000	864,490,000
Other Non Current Liabilities		-	-
<b>Total Non-Current Liabilities</b>		<b>785,345,000</b>	<b>864,490,000</b>
<b>Current Liabilities</b>			
Short Term Loan	16	84,145,000	77,000,000
Trade & Other Payable	17	250,906	1,726,356
Other Current Liabilities	18	5,074,826	6,250,775
<b>Total Current Liabilities</b>		<b>89,470,732</b>	<b>84,977,131</b>
<b>Total Equity &amp; Liabilities</b>		<b>1,426,576,800</b>	<b>1,472,489,018</b>

The accompanying Significant Accounting Policies and Explanatory Notes form an integral part of the Financial Statements.

  
Amar Paikara  
Accountant


  
Dinesh Kumar Bartaula  
Chief Executive Officer

  
Buddhi Bahadur Thapa  
Director

  
Diwash Lal Maskey  
Director

  
Navaraj Raut  
Director

  
Sabita Bartaula  
Director

  
Shivaraj Joshi  
Director

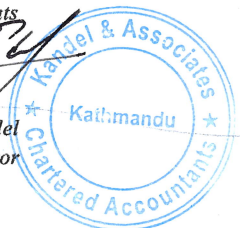
  
Kaikashman Rajbhandari  
Director

  
Ashok Kumar Khadka  
Chairman

For Kandel & Associates  
Chartered Accountants

CA Narayan Kandel  
Proprietor

Date : 24th Bhadra, 2080  
Place : Kathmandu, Nepal





# Super Mai Hydropower Limited

KMC-30, Gyaneshwor, Kathmandu, Nepal

## Statement of Profit or Loss and Other Comprehensive Income

For the Period from 1st Shrawan, 2079 to 31st Ashad, 2080 (17th July, 2022 to 16th July, 2023)

Amount in NPR			
Particulars	Note	For the Year Ended on 31st Ashad, 2080	For the Year Ended on 32nd Ashad, 2079
Revenue from Operation	19	217,123,692	245,413,850
Cost of Sales	20	21,540,493	17,526,016
<b>Gross Profit / (Loss)</b>		<b>195,583,199</b>	<b>227,887,834</b>
Add: Other Income	21	2,754,392	20,459,647
<b>Total Income</b>		<b>198,337,591</b>	<b>248,347,481</b>
Employee Benfit Expenses	22	1,628,000	1,691,675
Administrative and Other Expenses	23	6,185,453	3,945,140
Depreciation & Amortization	7	46,874,012	45,891,839
<b>Net Profit from Operation</b>		<b>143,650,126</b>	<b>196,818,827</b>
Finance Cost	24	89,914,825	69,078,084
<b>Profit before Bonus, Tax Expenses and CSR</b>		<b>53,735,301</b>	<b>127,740,743</b>
Provision for Staff Bonus	25	1,074,706	2,530,019
<b>Profit Before Tax and CSR Expenses</b>		<b>52,660,595</b>	<b>125,210,724</b>
Provision for CSR Expenses	26	526,606	1,239,792
<b>Profit Before Tax and CSR Expenses</b>		<b>52,133,989</b>	<b>123,970,932</b>
Current Tax Expenses		-	-
Deferred Tax-Income (Expense)		-	-
<b>Net Profit / (Loss) for the Year</b>		<b>52,133,989</b>	<b>123,970,932</b>
<b>Other Comprehensive Income</b>			
Profit/(Loss) on Revaluation of PPE		-	-
Profit/(Loss) on Revaluation of Intangible Assets		-	-
Income Tax relating to above		-	-
<b>Total Other Comprehensive Income / (Loss) for the Year</b>		<b>-</b>	<b>-</b>
<b>Total Comprehensive Income</b>		<b>52,133,989</b>	<b>123,970,932</b>
<b>Earnings per equity shares of NRs. 100 each</b>			
Basic Earnings per share-NRs.	27	10.43	30.99
Diluted Earnings per share-NRs.	27	10.43	30.99

The accompanying Significant Accounting Policies and Explanatory Notes form an integral part of the Financial Statements.

  
Amar Paikara  
Accountant

  
Dinesh Kumar Bartaula  
Chief Executive Officer

  
Buddhi Bahadur Thapa  
Director


  
Diwash Lal Maskey  
Director

  
Navaraj Raut  
Director

  
Sabita Bartaula  
Director

  
Shivaraj Joshi  
Director

  
Kailashman Rajbhandari  
Director

  
Ashok Kumar Khadka  
Chairman

For Kandel & Associates  
Chartered Accountants

CA Narayan Kandel  
Proprietor



Date : 24th Bhadra, 2080  
Place : Kathmandu, Nepal



**Super Mai Hydropower Limited**

KMC-30, Gyaneshwor, Kathmandu, Nepal

**Statement of Cash Flows**

For the Period from 1st Shrawan, 2079 to 31st Ashad, 2080 (17th July, 2022 to 16th July, 2023)

Particulars	Amount in NPR	
	For the Year Ended on 31st Ashad, 2080	For the Year Ended on 32nd Ashad, 2079
<b>A) Cash Flow From Operating Activities:</b>		
Profit/(Loss) for the year	52,133,989	123,970,932
Adjustment for:		
Depreciation & Amortization	46,874,012	45,891,839
Finance Cost	89,914,825	69,078,084
Other Income	-	(20,459,647)
Decrease/ (Increase) in Current Assets	(368,727)	(9,209,427)
Increase/ (Decrease) in Current Liabilities & Provisions	(2,651,399)	2,959,791
<b>Cash Flow From Operating Activities</b>	<b>185,902,700</b>	<b>212,231,572</b>
Other Prior Year Adjustment	-	-
<b>Net Cash Flow From Operating Activities (A)</b>	<b>185,902,700</b>	<b>212,231,572</b>
<b>B. Cash Flow from Investing Activities</b>		
Acquisition of Property, Plant & Equipment	(494,162)	(872,233)
Addition to Intangible Assets	(6,402,921)	(26,913,623)
Change in Investment	(10,000,000)	-
<b>Net Cash Flow From Investing Activities (B)</b>	<b>(16,897,083)</b>	<b>(27,785,856)</b>
<b>C. Cash Flow from Financing Activities</b>		
Increase in Share Capital	100,000,000	-
Share Issue Cost	(3,394,808)	(1,119,911)
Dividend to Shareholders	(120,000,000)	(46,000,000)
Increase/(Payment) of Bank Loan	(72,000,000)	(67,430,000)
Finance Cost	(89,914,825)	(69,078,084)
Finance Income	-	20,459,647
<b>Net Cash Flow From Financing Activities (C)</b>	<b>(185,309,633)</b>	<b>(163,168,348)</b>
<b>Net Increase/(Decrease) in Cash and Cash Equivalents (A+B+C)</b>	<b>(16,304,017)</b>	<b>21,277,368</b>
Cash & Cash Equivalent at the beginning of the year	59,154,687	37,877,319
<b>Cash &amp; Cash Equivalent at the end of the year</b>	<b>42,850,670</b>	<b>59,154,687</b>

The accompanying Significant Accounting Policies and Explanatory Notes form an integral part of the Financial Statements.

  
Amar Paikara  
Accountant

  
Dinesh Kumar Bartaula  
Chief Executive Officer


  
Buddhi Bahadur Thapa  
Director


  
Divyash Lal Maskey  
Director

  
Navaraj Raut  
Director

  
Sabita Bartaula  
Director

  
Shivaraj Joshi  
Director

  
Kailashman Rajbhandari  
Director

  
Ashok Kumar Khaadka  
Chairman

Date : 24th Bhadra, 2080  
Place : Kathmandu Nepal



For Kandel & Associates  
Chartered Accountants

CA Narayan Kandel  
Proprietor





# Super Mai Hydropower Limited

KMC-30, Gyaneshwor, Kathmandu, Nepal

## Statement of Changes in Equity

For the Period from 1st Shrawan, 2079 to 31st Ashad, 2080 (17th July, 2022 to 16th July, 2023)

Amount in NRs			
Particulars	Share Capital	Retained Earnings	Total
Balance as on 1st Shrawan, 2079	400,000,000	123,021,887	523,021,887
Issue of Shares	100,000,000	-	100,000,000
Net Profit for the period	-	52,133,989	52,133,989
Dividend to Shareholders	-	(120,000,000)	(120,000,000)
Share Issuance Cost	-	(3,394,808)	(3,394,808)
Balance as on 32nd Ashadh, 2079	500,000,000	51,761,068	551,761,068

The accompanying Significant Accounting Policies and Explanatory Notes form an integral part of the Financial



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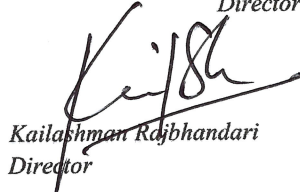
Navaraj Raut  
Director



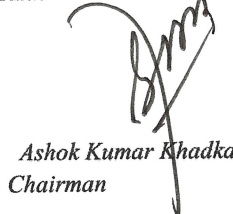
Sabita Bartaula  
Director



Shivaraj Joshi  
Director



Kailashman Rajbhandari  
Director



Ashok Kumar Khadka  
Chairman

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Chartered Accountants



CA Narayan Kandel  
Proprietor

Date : 24th Bhadra, 2080  
Place : Kathmandu Nepal



# Super Mai Hydropower Limited

KMC-30, Gyaneshwor, Kathmandu, Nepal

## Notes Forming Part of Statement of Financial Statements

As on Ashad 31, 2080 (July 16, 2023)

Other Non Current Assets		Note 8
Particulars	As on 31st Ashad, 2080	As on 32nd Ashadh, 2079
Investment*	10,000,000	-
Deferred Tax Assets	-	-
<b>Total</b>	<b>10,000,000</b>	<b>-</b>

\* Company has made investment of NPR 1 crore in M/s Him River Power Ltd. The company has plan to hold the investment for long term and not for sale. Investments are measured at cost using equity method of accounting as per NAS-25.

Cash & Cash Equivalents		Note 9
Particulars	As on 31st Ashad, 2080	As on 32nd Ashadh, 2079
<b>Cash</b>		
Cash in Hand	2,544	35,001
<b>Balances with Banks</b>		
Machhapuchhre Bank Ltd-Head Office	22,511	22,511
Machhapuchhre Bank Ltd-Site A/c	22,245	22,245
Century Bank Ltd	765	765
Rastriya Banijaya Bank Ltd	3,692	175,292
Rastriya Banijaya Bank Ltd-Control Account	3,320	7,225,911
Rastriya Banijaya Bank Ltd-Ilam Bazar	3,025	3,215
Sanima Bank Ltd -Control Account	61,458	68,683
Sanima Bank Ltd	156,939	192,639
Sanima Bank Ltd -Maintenance Account	1,000	1,000
Siddhartha Bank Ltd- Fixed Deposit	20,000,000	50,000,000
Samridhi Finnace Company Ltd-Fixed Deposit	20,000,000	-
Samridhi Finnace Company Ltd-Operating Account	510,463	-
Siddhartha Bank Ltd -Operating Account	1,150,628	1,063,345
<b>Margin and Deposits with Bank</b>		
Bank Guarantee Deposit	300,000	300,000
LC & TT Margin	612,080	44,080
<b>Total</b>	<b>42,850,670</b>	<b>59,154,687</b>

BG margin has been retained by Sanima Bank Ltd for issue of Bank Guarantee for Exim Code to Department of Custom.

LC & TT Margin has been retained by Rastriya Banijaya Bank Ltd against LC issued for import of Electromechanical Items and spare parts from Flovel Energy Pvt Ltd.

Inventory		Note 10
Particulars	As on 31st Ashad, 2080	As on 32nd Ashadh, 2079
Spare Parts	4,704,696	1,411,005
<b>Total</b>	<b>4,704,696</b>	<b>1,411,005</b>

The company has stock of Electromechanical related spares parts as on reporting date.

Trade Receivable		Note 11
Particulars	As on 31st Ashad, 2080	As on 32nd Ashadh, 2079
Nepal Electricity Authority (NEA)	39,462,131	48,224,285
<b>Total</b>	<b>39,462,131</b>	<b>48,224,285</b>

Income from sale of electricity is booked on monthly as per the invoice raised by company and issued to Nepal Electricity Authority (NEA). The amount is receivable from NEA within 45 days of issue of invoice. Accordingly, the receivable amount from NEA as on reporting date represents the income from sale of energy for the month of Jestha and Ashad, 2080.



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# Super Mai Hydropower Limited

KMC-30, Gyaneshwor, Kathmandu, Nepal

## Notes Forming Part of Statement of Financial Statements

### Other Current Assets

Note 12

Particulars	As on 31st Ashad, 2080	As on 32nd Ashadh, 2079
<b>Loans &amp; Advances</b>		
Staff Advance (Annexure 1)	869,793	406,330
Advance for Vehicle Loan	1,450,500	-
Advance against Project		
Quality Smart Construction and Suppliers Pvt. Ltd	-	340,000
Flovel Energy Pvt Ltd	3,408,000	-
Venus Hydro & Electric Pvt Ltd	25,125	-
Pal Engineering Trade Centre Pvt. Ltd	625	-
Delta Hydro Solution Ltd	-	153,600
<b>Other Advances</b>		
CCTV Station and Smart Home Pvt. Ltd	100,000	-
Other Deposit	10,300	10,300
Rental Service Pvt. Ltd (Security Deposit)	-	3,000
Other Advances	1,500	100,000
<b>Prepaid Expenses</b>		
Prepaid Insurance	1,535,142	806,474
Prepaid Fixed Royalty Expenses	195,000	195,000
Prepaid Bay Charge	108,000	-
Prepaid Credit Rating	168,301	-
Prepaid RTS Fee (Sanima Capital Limited)	58,904	400,000
TDS Receivable	602,149	281,444
<b>Total</b>	<b>8,533,339</b>	<b>2,696,149</b>

Advance to Flovel Energy Pvt Ltd has been made for import of electromechanical items and spares parts required for the project.

### Equity Share Capital

Note 13

Particulars	As on 31st Ashad, 2080	As on 32nd Ashadh, 2079
<b>Authorized Share Capital</b>		
Ordinary Shares 50,00,000 @ 100 each	500,000,000	500,000,000
<b>Issued</b>		
Ordinary Shares 5,000,000 @ 100 each	500,000,000	500,000,000
<b>Subscribed and Paid Up Capital</b>		
Paid up Capital 4,000,000 Equity Shares @100 each-Promoter Share	400,000,000	400,000,000
Paid up Capital 1,000,000 Equity Shares @100 each-Public Issue	100,000,000	-
<b>Total</b>	<b>500,000,000</b>	<b>400,000,000</b>

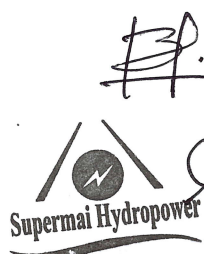
The company has issued shares of NRs. 10 crore to public during the financial year. The company has appointed Muktinath Capital Ltd as underwriting agent and Sanima Capital Ltd as issuer agent for issue for public issue of shares.

### Reserve & Surplus

Note 14

Particulars	As on 31st Ashad, 2080	As on 32nd Ashadh, 2079
Opening Balance	123,021,887	46,170,866
Add: Net Profit /(Loss) for the Year	52,133,989	123,970,932
Less: Dividend to Shareholders	(120,000,000)	(46,000,000)
Less: Share Issuance Cost	(3,394,808)	(1,119,911)
<b>Closing Reserve &amp; Surplus</b>	<b>51,761,068</b>	<b>123,021,887</b>

The company has appointed Muktinath Capital Ltd as underwriting agent and Sanima Capital Ltd as issuer agent for issue for public issue of shares.



# Super Mai Hydropower Limited

KMC-30, Gyaneshwor, Kathmandu, Nepal

## Notes Forming Part of Statement of Financial Statements

### Medium & Long Term Loan

Note 15

Particulars	As on 31st Ashad, 2080	As on 32nd Ashadh, 2079
Rastriya Banijya Bank-Term Loan	864,490,000	941,490,000
Less: Current Maturity of Term Loan	(79,145,000)	(77,000,000)
<b>Total</b>	<b>785,345,000</b>	<b>864,490,000</b>

Company has availed credit facility from the Rastriya Banijya Bank Ltd. for the project finance of the Super Mai Hydro Power Project (7.8 MW) located at Illam District, Nepal.

Loan repayable within one year from reporting date are classified as short term loans and borrowings.

Loan has been secured against registered mortgage over of the entire assets of the project.

### Short Term Loan

Note 16

Particulars	As on 31st Ashad, 2080	As on 32nd Ashadh, 2079
Rastriya Banijya Bank-Current Maturity of Term Loan	79,145,000	77,000,000
Samriddhi Finance Company Ltd	5,000,000	-
<b>Total</b>	<b>84,145,000</b>	<b>77,000,000</b>

The company has obtained loan of NRs. 50 lakh from Samriddhi Finance Company Ltd. The loan is repayable within 16th July, 2024. The loan is secured against Fixed Deposit of NRs. 2 crore maintained at Samriddhi Finance Company Ltd.

### Trade & Other Payable

Note 17

Particulars	As on 31st Ashad, 2080	As on 32nd Ashadh, 2079
Mai Pokhari Grill and Suppliers	-	99,361
Maila Bro Construction/Suppliers	-	1,626,995
Neo Engineering Services and Solutions	72,475	-
DHL Express	178,431	-
<b>Total</b>	<b>250,906</b>	<b>1,726,356</b>

### Other Current Liabilities

Note 18

Particulars	As on 31st Ashad, 2080	As on 32nd Ashadh, 2079
Audit Fee Payable	334,500	111,500
Bay Charges Payable	-	432,000
Duties & Taxes Payable (Annexure 2)	632,289	383,367
IPAN Membership Fee Payable	-	60,000
Royalty Payable	789,444	964,538
Staff Salary Payable (Annexure 3)	13,810	-
Tax Audit Fee Payable	223,000	111,500
PF Payable	95,600	-
Other Payables	-	71,000
<b>Provisions</b>		
Provision for Current Tax*	-	-
Provision for Staff Bonus**	1,141,884	2,749,178
Provision for CSR***	1,844,298	1,367,693
<b>Total</b>	<b>5,074,826</b>	<b>6,250,775</b>

\*Although, the company is in profit, the company has not made provision for current tax subject to the provision of Income Tax Act, 2058. The company is entitled to Tax holiday of 10 years from commencement of commercial operation as per the provision of Income Tax Act, 2058. The commercial operation of company was started on 11th Kartik, 2075.

\*\*The company has made provision for staff bonus as per the Electricity Act, 2049 and Electricity Regulation, 2050 (i.e. 2% of net profit before tax). The company has made bonus payment of NRs.2,682,000 during the year and out of provision made till last financial year, the company has bonus payable of NRs. 67,178.

\*\*\*The company has made provision for CSR expenses as per The Industrial Enterprises Act, 2076 (i.e. 1% of net profit). The company has made CSR expenses of NRs.50,000 during the year and out of provision made till last financial year, the company has unspent CSR provision of NRs. 1,317,692.



## Super Mai Hydropower Limited

KMC-30, Gyaneshwor, Kathmandu, Nepal

### Note forming Part of Statement of Profit or Loss For the Period from 1st Shrawan 2078 to 32nd Ashadh 2079

Revenue	Note 19	
Particulars	For the Year Ended on 31st Ashad, 2080	For the Year Ended on 32nd Ashad, 2079
Revenue from Energy Sales	217,123,692	245,413,850
Less: Short Supply Charges	-	-
<b>Total</b>	<b>217,123,692</b>	<b>245,413,850</b>

Revenue from operation refers to income from sale of electricity. Revenue is booked on monthly basis as per the invoice raised by company and issued to Nepal Electricity Authority (NEA). The amount is receivable within 45 days of issue of invoice. The company receives payment as per internal memo of NEA. There is no such material difference between invoice raised by company and MEMO issued by NEA.

Cost of Sales	Note 20	
Particulars	For the Year Ended on 31st Ashad, 2080	For the Year Ended on 32nd Ashad, 2079
Opening Stock	1,411,005	-
Add: Purchase of Material	3,293,691	1,411,005
Less: Closing Stock	4,704,696	1,411,005
<b>Cost of Materials</b>	<b>-</b>	<b>-</b>

<b>Other Direct Expenses</b>		
Revenue Royalty Expenses	4,342,474	4,908,276
Fixed Royalty Expenses	780,000	585,000
Backfeed Energy Charges	19,182	31,491
Bay Charges	324,000	432,000
Project Insurance Expense	3,045,615	2,632,145
Custom Clearing Expenses	-	110,985
Site office Salary and Admin Expenses (Annexure -4)	10,326,792	8,406,746
Repair & Maintenance Expenses-Site (Annexure -5)	2,702,430	419,373
<b>Total</b>	<b>21,540,493</b>	<b>17,526,016</b>

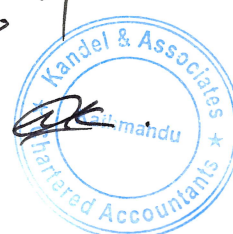
<b>Other Income</b>	Note 21	
Particulars	For the Year Ended on 31st Ashad, 2080	For the Year Ended on 32nd Ashad, 2079
Interest Income	2,138,031	1,944,789
Other Income	616,361	18,514,858
<b>Total</b>	<b>2,754,392</b>	<b>20,459,647.35</b>

<b>Employee Benefit Expenses</b>	Note 22	
Particulars	For the Year Ended on 31st Ashad, 2080	For the Year Ended on 32nd Ashad, 2079
Salary and Allowances	1,628,000	1,691,675
<b>Total</b>	<b>1,628,000</b>	<b>1,691,675.00</b>

The company has made contribution to the Provident Fund as per the provision of The Labor Act, 2074 and has done Group Medical Insurance for the employees. However, the company has not made provision for Gratuity. The company has not been registered with Social Security Fund as per Social Security Act, 2074 as of the reporting date.

Bonus to staff has been provided separately in note 25.

Employment benefit expenses related to the site office staff are charged in the cost of sales (details provided in note 20).



# Super Mai Hydropower Limited

KMC-30, Gyaneshwor, Kathmandu, Nepal

## Note forming Part of Statement of Profit or Loss

For the Period from 1st Shrawan 2078 to 32nd Ashadh 2079

### Administrative and Other Expenses

Note 23

Particulars	For the Year Ended on 31st Ashad, 2080	For the Year Ended on 32nd Ashad, 2079
Advertisement Expenses	75,229	70,367
AGM Expense	497,748	70,000
Audit Fee	339,000	113,000
Charity and Donation	37,000	650,000
Credit Rating Fee	188,090	117,398
Fine & Penalty	-	4,510
Fuel Expenses	127,043	57,540
Insurance Expenses	390,086	-
Internet and Communication Expenses	140,429	55,616
Legal & Professional Fee	75,710	-
Loss of Disposal Vehicle	213,197	-
Meeting Allowance	1,878,000	1,167,000
Membership Fee	-	30,000
Miscellaneous Expenses	137,775	57,860
Office Rent Expenses*	600,000	449,999
Office Expenses	42,360	88,682
Printing and Stationery Expenses	170,502	164,463
Puja Expenses	38,030	7,880
Rates and Tax	1,500	43,300
Refreshment and Hospitality Expenses	229,350	221,400
Repair & Maintenance Expenses (Annexure 6)	80,010	29,261
Staff Fooding Expenses	433,540	334,519
Tax Audit Fee	113,000	113,000
Travelling & Transportation Expenses	284,050	40,823
Vehicle Insurance and Renewal Expenses	83,092	47,180
Water and Electricity Expenses	10,712	11,343
<b>Total</b>	<b>6,185,453</b>	<b>3,945,140</b>

\*The company's kathmandu office is located in rental property with monthly rental expenses of NRs. 50,000/-. As rent amount is considered to be nominal as compared to revenue generated from its business, management has decided to measure rent expenses at cost.

### Finance Cost

Note 24

Particulars	For the Year Ended on 31st Ashad, 2080	For the Year Ended on 32nd Ashad, 2079
Bank Charge	56,436	6,536
Interest on Bank Loan	89,858,389	69,071,549
<b>Total</b>	<b>89,914,825</b>	<b>69,078,084</b>

Interest of NRs. 457,083 reversed (credited in the bank account) by the bank during the period has been deducted from interest expenses and net interest expenses for the period has been considered.





## Super Mai Hydropower Limited

KMC-30, Gyaneshwor, Kathmandu, Nepal

### Note forming Part of Statement of Profit or Loss

For the Period from 1st Shrawan 2078 to 32nd Ashadh 2079

#### Provision for Staff Bonus

Note 25

Particulars	For the Year Ended on 31st Ashad, 2080	For the Year Ended on 32nd Ashad, 2079
Staff Bonus	1,074,706	2,530,019
<b>Total</b>	<b>1,074,706</b>	<b>2,530,019</b>

The company has made provision for staff bonus as per the Electricity Act, 2049 and Electricity Regulation, 2050 (i.e. 2% of net profit before tax).

#### Provision for CSR Expenses

Note 26

Particulars	For the Year Ended on 31st Ashad, 2080	For the Year Ended on 32nd Ashad, 2079
Provision for CSR Expenses	526,606	1,239,792
<b>Total</b>	<b>526,606</b>	<b>1,239,792</b>

The company has made provision for CSR expenses as per The Industrial Enterprises Act, 2076 (i.e. 1% of net profit).

#### Earnings Per Share

Note 27

Particulars	For the Year Ended on 31st Ashad, 2080	For the Year Ended on 32nd Ashad, 2079
Net Profit	52,133,989	123,970,932
No of Shares Outstanding	5,000,000	4,000,000
Basic Earnings per Share	10.43	30.99
Diluted Earnings per Share	10.43	30.99

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# Super Mai Hydropower Limited

KMC-30, Gyaneshwor, Kathmandu, Nepal

## Annexures for Notes forming the part of Financial Statements

### Staff Advance

Annexure 1

Particulars	As on 31st Ashad, 2080	As on 32nd Ashadh, 2079
Dinesh Kumar Bartaula -Salary & Travelling	237,129	15,189
Kishore Gutta	54,115	-
Amar Paikara	302,278	-
Sujan Adhikari	4,565	-
Sujan Adhikari-Er	8,600	-
Bhisma Khadka	1,550	-
Dipak Singh	30,166	9,500
Niranjana Karki	140,988	140,988
Topraj Siwakoti	50,663	50,663
Ramesh Kandel	39,739	39,739
Ambika Aale	-	90,545
Laxmi Paudel	-	10,000
Lok Bahadur Rai	-	(1,000)
Sujan Gautam	-	706
Trilochan Paudel	-	50,000
<b>Total</b>	<b>869,793</b>	<b>406,330</b>

### Duties & Taxes Payable

Annexure 2

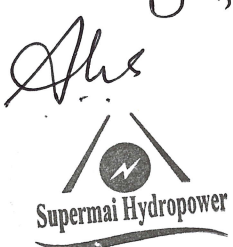
Particulars	As on 31st Ashad, 2080	As on 32nd Ashadh, 2079
TDS -Service	7,131	1,140
TDS -Advertisement	613	560
TDS on Audit Fee	4,500	1,500
TDS on Board Meeting	136,200	59,850
TDS on Civil Works	50,189	209,896
TDS on Tax Audit Fee	1,500	1,500
SST-Salary	105,929	106,505
SST-Wages	-	2,415
TDS on Share Issue Cost	1,500	-
TDS on Vehicle Rent	6,667	-
TDS-Remuneration	318,060	-
<b>Total</b>	<b>632,289</b>	<b>383,367</b>

### Salary Payable

Annexure 3

Particulars	As on 31st Ashad, 2080	As on 32nd Ashadh, 2079
Madhab Karki	5,700	-
Dik Bahadur Nogu	110	-
Hemant Jha	8,000	-
<b>Total</b>	<b>13,810</b>	<b>-</b>

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# Super Mai Hydropower Limited

KMC-30, Gyaneshwor, Kathmandu, Nepal

## Annexures for Notes forming the part of Financial Statements

### Site office Salary and Admin Expenses

Annexure 4

Particulars	As on 31st Ashad, 2080	As on 32nd Ashadh, 2079
Dashain and Tihar Expenses	223,500	241,280
Fuel Cost-Site Office	339,814	251,483
Godak Meter Reading Expenses	113,300	73,000
Indirect Material Cost-Site	169,626	246,665
Internet and Communication -Site	96,330	57,146
Kitchen Expenses-Site	955,724	979,166
Medical Expenses-Site	68,243	2,460
Meter Installation Cost	-	11,178
Printing and Stationary Expenses	28,397	16,820
Puja Expenses-Site	22,000	23,720
Rates and Taxes- Site	-	400
Salary and Allowance Expenses-Site Office	7,887,560	6,425,466
Travelling Expenses-Site	87,555	24,241
Wages Expenses- Site	-	1,414
Water and Electricity Expenses- Site	47,831	20,681
Miscellaneous Expenses -Site	286,912	31,626
<b>Total</b>	<b>10,326,792</b>	<b>8,406,746</b>

### Repair & Maintenance Expenses-Site

Annexure 5

Particulars	As on 31st Ashad, 2080	As on 32nd Ashadh, 2079
Repair and Maintenance Expenses-Vehicle	430,561	217,386
Repair and Maintenance Expenses-Transmission Line	270,785	44,173
Repair and Maintenance Plant -Civil	1,722,633	-
Repair and Maintenance Plant -General	278,451	157,814
<b>Total</b>	<b>2,702,430</b>	<b>419,373</b>

### Repair & Maintenance Expenses-Head Office

Annexure 6

Particulars	As on 31st Ashad, 2080	As on 32nd Ashadh, 2079
Repair and Maintenance Vehicle	60,310	21,891
Repair and Maintenance-Office	19,700	6,170
Repair and Maintenance-Office Equipments	-	1,200
<b>Total</b>	<b>80,010</b>	<b>29,261</b>

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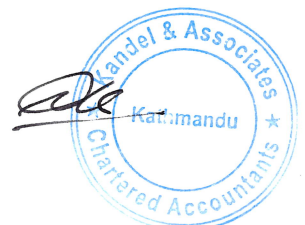
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**Super Mai Hydropower Limited**  
KMC-30, Gyaneshwor, Kathmandu, Nepal

**Financial Assets & Liabilities**

Annexure-7

Particulars	As on 31st Ashad, 2080			As on 32nd Ashadh, 2079		
	Fair Value		Amortized Cost	Fair Value		Amortized Cost
	FVTPL	FVOCI		FVTPL	FVOCI	
<b>Financial Assets</b>						
Cash & Cash Equivalents	-	-	42,850,670	-	-	59,154,687
Inventory	-	-	4,704,696	-	-	1,411,005
Trade Receivable	-	-	39,462,131	-	-	48,224,285
Other Current Assets	-	-	8,533,339	-	-	2,696,149
<b>Total Financial Assets</b>	-	-	<b>95,550,837</b>	-	-	<b>111,486,126</b>
<b>Financial Liabilities</b>						
Trade & Other Payables	-	-	250,906	-	-	1,726,356
Loans & Borrowings	-	-	869,490,000	-	-	941,490,000
Other Current Liabilities	-	-	5,074,826	-	-	6,250,775
<b>Total Financial Liabilities</b>	-	-	<b>874,815,732</b>	-	-	<b>949,467,130.89</b>











**Super Mai Hydropower Limited**  
KMC-30, Gyaneshwor, Kathmandu, Nepal

As on Ashad 31, 2080 (July 16, 2023)  
Property, Plant & Equipment & Intangible Assets

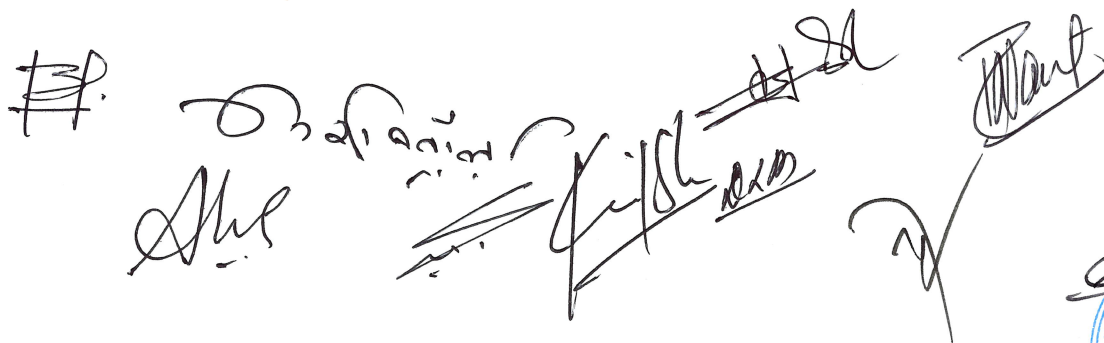
Note 7

**7.1 Property, Plant & Equipment**

Particulars	Office Equipment, Furniture & Fixtures	Computer & Accessories	Vehicle	Total
<b>Written Down Value</b>				
Balance as at 01.04.2079	1,823,668	-	1,100,331	2,923,999
Additions	93,111	192,709	421,539	707,359
Disposals	-	-	(213,197)	(213,197)
<b>Total Cost</b>	<b>1,916,779</b>	<b>192,709</b>	<b>1,308,673</b>	<b>3,418,161</b>
<b>Depreciation</b>				
Rate of Depreciation	25%	25%	20%	
Method	WDV	WDV	WDV	
Estimated Useful Life	5-8 Years	5 Years	10-15 Years	
Depreciation for the Year	470,398	21,828	264,216	756,442
<b>Total Depreciation</b>	<b>470,398</b>	<b>21,828</b>	<b>264,216</b>	<b>756,442</b>
<b>Carrying Amount at 31.03.2080</b>	<b>1,446,380</b>	<b>170,881</b>	<b>1,044,457</b>	<b>2,661,718</b>

**7.2 Intangible Assets**

Particulars	Project Assets	Other Intangible Assets	Total
<b>Cost</b>			
Balance as at 01.04.2079	1,522,205,470	80,230	1,522,285,700
Additions	6,372,411	30,510	6,402,921
Disposal	-	-	-
<b>Total Cost</b>	<b>1,528,577,881</b>	<b>110,740</b>	<b>1,528,688,621</b>
<b>Amortization</b>			
Rate of Depreciation	3.03%	20%	
Method	SLM	SLM	
Estimated Useful Life	33.39 Years	5-8 Years	
Remaining Useful Life (Upto 2108/11/29 BS)	29.67 Years		
Amortization Upto Previous Year	164,155,530	51,276	164,206,806
Amortization for the Year	46,108,076	9,494	46,117,570
<b>Total Amortization</b>	<b>210,263,606</b>	<b>60,769</b>	<b>210,324,375</b>
<b>Carrying Amount at 31.03.2080</b>	<b>1,318,314,275</b>	<b>49,971</b>	<b>1,318,364,246</b>







**SUPER MAI HYDROPOWER LTD**  
**KMC-30, Gyaneshwor, Kathmandu, Nepal**

**Notes forming part of Financial Statements for FY 2079/80**

**Significant Accounting Policies and Explanatory Notes**

**1. Corporate Overview**

**M/s Super Mai Hydropower Limited** (The “Company”) is a company incorporated under Companies Act, 2063 having registered office at KMC-30, Gyaneshwor, Kathmandu, Nepal. The company was registered with Office of Company Registrar in 2071 BS with Registration No. 127379/071/072 and with Income Tax Office on 14<sup>th</sup> Kartik, 2071 BS with PAN 602424750. The company was converted from Private Limited to Public Limited on 18<sup>th</sup> Ashad, 2074 BS with registration number 170437/73/74.

This company was established with the objective of development of hydropower sector and generation, transmission, and distribution of hydro energy.

The energy generation capacity of the plant is 7.08 MW. The project of company is located at Illam District of Nepal. The commercial operation of the company was started on 11<sup>th</sup> Kartik, 2075.

**2. Basis of Preparation**

**2.1 Statement of Compliance**

The financial statements are prepared in accordance with Nepal Financial Reporting Standards (NFRS) as issued by Accounting Standards Board, Nepal which are generally in compliance with the International Financial Reporting Standards as issued and applicable, except mentioned hereinafter. NFRS also includes interpretations (IFRIC and SIC) as issued by the International Accounting Standards Board.

The Financial Statements have also been prepared in accordance with the Companies Act, 2063 (revised 2074) of Nepal.

The financial statements include Statement of Financial Position, Statement of Profit or Loss and Other Comprehensive Income, Statement of Changes in Equity, Statement of Cash Flows and Notes to Accounts.

**2.2 Basis of Preparation:**

The financial statements have been prepared on an accrual and going concern basis. The accounting policies are applied consistently to all the periods presented in the financial statements.

**2.3 Responsibility of Financial Statements:**

The Board of Directors of the company is responsible for the preparation and presentation of the Company's financial statements and for the estimates and judgments used in them.

**2.4 Presentation:**

**Presentation Currency**

The financial statements are prepared in Nepalese Rupees (NRs.) which is the functional currency. All financial information presented in Nepalese Rupees has been rounded to the nearest rupee except otherwise indicated.

**Rearrangement / Reclassification and Remeasurement**

The figures for the previous year are rearranged, reclassified, and/or restated wherever necessary for the purpose of facilitating comparison. Reconciliations and appropriate disclosures are made wherever necessary.



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### **Statement of Financial Position**

The elements of Statement of Financial Position (SoFP) other than equity (Assets and Liabilities, where applicable) are bifurcated in Current and Non-Current based on their respective maturity as well as the company's normal operating cycle.

### **Statement of Profit or Loss and Other Comprehensive Income**

The elements of Statement of Profit or Loss (SoPL) and Other Comprehensive Income (OCI) has been prepared using classification 'by function' method. The details of revenue, expenses, gain and/or losses have been disclosed in the relevant section.

### **Statement of Cash Flows**

The Statement of Cash Flows (SCF) has been prepared using indirect method and the activities have been grouped under three major categories (Cash flows from operating activities, Cash flows from investing activities and Cash flows from financing activities) in accordance with NAS 07.

### **Statements of Changes in Equity**

The Statement of Changes in Equity (SCE) has been prepared disclosing changes in each element of equity.

### **2.5 Financial Period:**

The company prepares financial statements in accordance with Nepalese Financial year. The financial year starts from 1<sup>st</sup> Shrawan and ends on Ashad end of next calendar year. The corresponding dates for the English calendar are as follows:

Relevant Financial Statements	Nepalese Calendar/Period	Gregorian Calendar Date / Period
Reporting Date	31 <sup>st</sup> Ashad, 2080	16 <sup>th</sup> July, 2023
Comparative Reporting Date	32 <sup>nd</sup> Ashad, 2079	16 <sup>th</sup> July, 2022
Reporting Period	1 <sup>st</sup> Shrawan, 2079 -31 <sup>st</sup> Ashad, 2080	17 <sup>th</sup> July, 2022-16 <sup>th</sup> July, 2023
Comparative Reporting Period	1 <sup>st</sup> Shrawan, 2078 -32 <sup>nd</sup> Ashad, 2079	16 <sup>th</sup> July, 2021-16 <sup>th</sup> July, 2022

### **2.6 Basis of Measurement:**

These financial statements are prepared under historical cost convention except for certain material items that have been measured at fair value as required by the relevant NFRS and explained in the ensuing policies below.

### **2.7 IFRIC 12 Consideration:**

IFRIC (International Financial Reporting Interpretation Committee) 12 gives guidance on the accounting by operators for public-to-private service concession arrangements. This interpretation sets out general principles on recognizing and measuring obligations and related rights in service concession arrangements. The company has not considered the applicability of IFRIC 12 Service Concession Arrangement, issued by International Accounting Standard Board (IASB) for preparation and presentation of financial statements.

Super Mai Hydropower Company Ltd, after due consideration has not applied IFRIC 12 while preparing these financial statements on following ground:

- The company sells electricity to Nepal Electricity Authority at a price independent of the price charged by NEA to the general public. NEA, for the ultimate sale of electricity, is bound by the rates determined by the Electricity tariff commission set up by the government, whereas NEA purchases electricity on the basis of different commercial agreements with the power producers. The Electricity Tariff Commission does not determine the rate at which NEA purchases or has to purchase electricity from the power producers. There have been instances where the rates charged by NEA to the general public is lower than it paid to some of the power producers.





- The company does not receive any specific concession for the use of the natural resource. The company has to pay to the government for the use of the natural resources in the form of royalty.
- The company under Power Purchase Agreement (PPA) sells energy to NEA and not directly to the general public.
- Though the project is to be transferred to the government at the end of the licence period the legal title of the project is with the company, including the control of access to the project site. In addition, the company has the right to pledge the assets as lien for availing finances from financial institutions.

### 3 Use of Estimates, Assumptions or Judgments:

The preparation of the financial statements in conformity with Nepal Financial Reporting Standards requires the use of certain critical accounting estimates and judgments. It also requires management to exercise judgment in the process of applying the company's accounting policies. The Company makes certain estimates and assumptions regarding future events. Estimates and judgments are continuously evaluated based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. Management believes that the estimates used in the preparation of the financial statements are prudent and reasonable. Future results could differ from these estimates. Any revision to accounting estimates is recognized prospectively in current and future periods, except otherwise stated. Specific accounting estimates have been included in the relevant section of the note, wherever have been applied along with the nature and effect of the changes of accounting estimates, if any. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year primarily includes: -

#### 3.1. Useful life and residual value of Property, Plant and Equipment:

Management reviews the useful life of property, plant and equipment at least once a year. Such life is dependent upon an assessment of both the technical life of the assets and also their likely economic life, based on various internal and external factors including relative efficiency and operating costs. Accordingly, depreciable lives are reviewed annually using the best information available to the Management.

#### 3.2. Impairment of Property, Plant and Equipment:

At the end of each reporting period, the company reviews the carrying amounts of its property, plant and equipment to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Recoverable amount is the higher of fair value less costs to sell and value in use. Value in use is usually determined on the basis of discounted estimated future cash flows. This involves management estimates on anticipated commodity prices, market demand and supply, economic and regulatory environment, discount rates and other factors. Any subsequent changes to cash flow due to changes in the above-mentioned factors could impact the carrying value of assets.

#### 3.3. Fair Value Measurements:

The management determines the appropriate valuation techniques and inputs for fair value measurements. In estimating the fair value of an asset or a liability, the Company uses market-observable data to the extent it is available. Where Level 1 inputs are not available, the Company engages third party qualified valuers to perform the valuation. The management works closely with the qualified external valuers to establish the appropriate valuation techniques and inputs to the model.

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### 3.4. Recognition of Deferred Tax Assets/Liabilities:

Deferred Tax is the tax expected to be payable or recoverable in future arising from:

- temporary differences between the carrying amounts of assets and liabilities in the Financial Statements and the corresponding tax bases used in computation of taxable profit,
- unused tax losses and/or
- unused tax credits

The significant management judgment is required to determine the amount of deferred tax assets that can be recognized, based upon the likely timing and the level of future taxable profits together with future tax planning strategies. The Company based its assumptions and estimates on parameters available when the financial statements were prepared. Existing circumstances and assumptions about future developments, however, may change due to market changes or circumstances arising beyond the control of the Company.

### 4. Significant Accounting Policies:

The Significant accounting policies of the company are explained below:

#### 4.1. Property, Plant & Equipment:

##### Recognition & Measurement

All other items of property, plant and equipment are stated at historical cost less accumulated depreciation and accumulated impairment losses, if any. Historical cost includes expenditure that is directly attributable to the acquisition of the items. Subsequent costs are included in the asset's carrying amount or recognized as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the company and the cost of the item can be measured reliably. The carrying amount of any component accounted for as a separate asset is derecognized when replaced. All other repairs and maintenance are charged to profit and loss during the reporting period in which they are incurred. The Company identifies and determines cost of each component/part of the asset separately, if the component/part has a cost which is significant to the total cost of the asset having useful life that is materially different from that of the remaining asset. These components are depreciated over their useful lives; the remaining asset is depreciated over the life of the principal asset. The residual values, useful lives and methods of depreciation of property, plant and equipment are reviewed at each financial year end and adjusted, if appropriate.

An item of property, plant and equipment and any significant part initially recognized is derecognized upon disposal or when no future economic benefits are expected from its use. Any gain or loss arising on de-recognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the statement of profit and loss when the asset is derecognized.

##### Depreciation and Amortization

- Depreciation is recognized so as to write off the cost of assets (other than project asset & Intangible asset) less their residual values over their useful lives, using the Written down value (WDV) method.
- Leasehold Improvements are depreciated over the period of lease or estimated useful life, whichever is lower, on a straight line basis.
- Amortization is recognized so as to write off Intangible Assets on a Straight Line basis over their estimated useful lives.
- The project asset and additions on project assets shall be amortized over the remaining useful life of the project on straight line method.
- The estimated useful life and amortization method are reviewed at the end of each reporting period, with the effect of any changes in estimate being accounted for on a prospective basis, except otherwise stated in the notes to accounts.



The estimated useful lives of the significant items of Property & Equipment and Intangibles are as follows:

S.N.	Assets Block	Estimated Useful Life	Depreciation Rate	Depreciation Method
1	Land (other than classified under project assets)	NA	NA	NA
2	Building (other than classified under project assets)	20 Years	5%	WDV
3	Computers and Accessories	5 Years	25%	WDV
4	Office Equipment, Furniture & Fixtures	5-8 Years	25%	WDV
5	Vehicles	10-15 Years	20%	WDV
6	Intangible Software	5-8 Years	20%	SLM
8	Intangible-Service Concession Agreement (Project Assets)	29.67 Years*	3.03%	SLM

Only those items having value more than 5,000 per items are capitalized.

#### **\*Restriction on PPE**

The company has to transfer the entire generation unit to Government of Nepal under BOOT arrangement after expiry of period of generation license i.e. till 29<sup>th</sup> Falgun, 2108 or 35 years from the date of commercial operation whichever is earlier. The Commercial Operation Date (COD) date is 11<sup>th</sup> Kartik 2075. Thus, the useful life of project assets is 33.39 years from the Commercial Operation Date (COD). The remaining useful life of assets is 29.67 years.

#### **4.2 Intangible Assets-Project Assets:**

All the costs which are directly attributable to acquisition, construction project are charged to project assets. At the point when an asset is operating at management's intended use, the cost of construction is transferred to the appropriate category of property, plant and equipment and depreciation commences. Where an obligation (legal or constructive) exists to dismantle or remove an asset or restore a site to its former condition at the end of its useful life, the present value of the estimated cost of dismantling, removing or restoring the site is capitalized along with the cost of acquisition or construction upon completion and a corresponding liability is recognized. Revenue generated from generation during the trial period is capitalized.

Assets/Costs that are directly related to the project, while the project was in progress, had been capitalized and at the date of completion of the project, the project cost has been transferred to Project Assets under Intangible Assets.

The company has not considered the applicability of IFRIC 12 Service Concession Arrangement, issued by International Accounting Standard Board (IASB) for preparation and presentation of financial statements.

#### **Service concession arrangements**

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

- The grantor controls or regulates what services the operator must provide with the infrastructure, to whom it must provide them, and at what prices: and
- The grantor controls through ownership, beneficial entitlement or otherwise any significant residual interest in the infrastructure at the end of the term of the arrangement
- Is the infrastructure constructed or acquired by the operator from a third party for the purpose of the service arrangement or is the infrastructure existing infrastructure of the grantor to which the operator is given access for the purpose of the service arrangement? Infrastructure used in a public-to-private service concession arrangement for its entire useful life (whole life of assets) is within the scope of this IFRIC, if the conditions in (a) above are met. These arrangements are accounted on the basis of below mentioned models depending on the nature of consideration and relevant contract law.





### Financial Asset Model

The Financial asset model is used when the Company, being an operator, has an unconditional contractual right to receive cash or another financial asset from or at the direction of the grantor for the construction services. Unconditional contractual right is established when the grantor contractually guarantees to pay the operator (a) specific or determinable amount; (b) the shortfall, if any, between amounts received from the users of the public services and specified or determinable amounts.

### Intangible Asset Model

The intangible asset model is used to the extent that the Group, being an operator, receives a right (a license) to charge users of the public service. A right to charge users of public services is not an unconditional right to receive cash because the amounts are contingent on to the extent that public uses the services. Both type of arrangements may exist within a single contract to the extent that the grantor has given an unconditional guarantee of payment for the construction and the operation i.e. considered as a Financial asset and to the extent that the operator has to rely on the public using the service in order to obtain payment, the operation has an intangible asset. The Company manages concession arrangements which include power supply from its two hydro power plants. The Company maintains and services the infrastructure during the concession period. These concession arrangements set out rights and obligations related to the infrastructure and the services to be provided. The right to consideration gives rise to an intangible asset and accordingly, the intangible asset models is applied. Income from the concession arrangements earned under the intangible asset model consists of the

- (i) Fair Value of the contract revenue, which is deemed to be fair value of consideration transferred to acquire the asset; and
- (ii) Payments actually received from the users.

The intangible asset is amortized over its expected useful life in a way that reflects the pattern in which the asset's economic benefits are consumed by the Company, starting from the date when the right to operate starts to be used. Based on these principles, the intangible asset is amortized in line with the actual usage of the specific public facility, with a maximum of the duration of the concession. Any asset carried under concession arrangements is de-recognized on disposal or when no future economic benefits are expected from its future use or disposal or when the contractual rights to the financial asset expire.

### 4.3 Other Intangible Assets:

Intangible assets with finite useful lives that are acquired separately are carried at cost less accumulated amortization and accumulated impairment losses. Intangible assets with indefinite useful lives are carried at cost less accumulated impairment losses.

Certain computer software costs are capitalized and recognized as intangible assets based on materiality, accounting prudence and significant benefits expected to flow there from for a period longer than one year. Gains or losses arising from de-recognition of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognized in the statement of profit and loss when the asset is derecognized.

### 4.4 Impairment of Tangible and Intangible Assets:

At the end of each reporting period, the Company reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). When it is not possible to estimate the recoverable amount of an individual asset, the Company estimates the recoverable amount of the cash-generating unit to which the asset belongs. When a reasonable and consistent basis of allocation can be identified, corporate assets are also allocated to individual cash-generating units, or otherwise they are allocated to the smallest Company of cash-generating units for which a reasonable and consistent allocation basis can be identified.

Intangible assets with indefinite useful lives and intangible assets not yet available for use are tested for impairment at least annually, and impairment loss is recognized whenever there is an indication that the asset may be impaired.



Recoverable amount is the higher of fair value less costs of disposal and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or cash generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognized immediately in the Statement of Profit and Loss.

When an impairment loss subsequently reverses, the carrying amount of the asset (or a cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognized for the asset (or cash-generating unit) in prior years. A reversal of an impairment loss is recognized immediately in the Statement of Profit and Loss.

#### **4.5 Borrowing Cost:**

Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds. Borrowing cost also includes exchange differences arising from foreign currency borrowings to the extent they are regarded as an adjustment to interest costs.

Borrowing costs directly attributable to the acquisition, construction or production of an asset that necessarily takes a substantial period of time to get ready for its intended use or sale are capitalized as part of the cost of the asset until such time as the assets are substantially ready for the intended use or sale. All other borrowing costs are expensed in the period in which they occur. Any investment income on the temporary investment of borrowed funds has been deducted from borrowing costs.

#### **4.6 Cash and Cash Equivalents:**

Cash and cash equivalents in the balance sheet comprise cash at banks, cash in hand, cheques in hand considered good and demand deposits with an original maturity of three months or less and highly liquid investments that are readily convertible into known amounts of cash and which are subject to an insignificant risk of changes in value.

#### **4.7 Inventories:**

Inventories are carried at lower of the cost and net realizable value (NRV). Cost comprises of cost of purchase, cost of conversion and other cost incurred in bringing the inventories to their present location and condition. Cost is measured using First in First out (FIFO) method.

#### **4.8 Other Current Assets:**

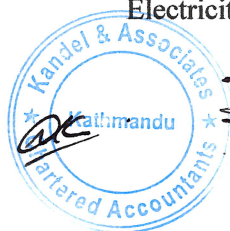
Other current assets include current assets other than inventories and cash and cash equivalents, which are unsecured and considered good, unless otherwise stated.

#### **4.9 Revenue Recognition**

##### **4.9.1 Sale of Electricity:**

Revenue is recognized to the extent that it is probable that the economic benefits will flow to the company and the revenue and associated costs incurred or to be incurred can be reliably measured. Revenue is measured at the fair value of the consideration received or receivable. Revenue is reduced for estimated rebates, charges and other similar allowances. Revenue is recognized when substantial risks and rewards of ownership are transferred to the buyer under the terms of contract.

The main business of the company is generation and sale of electricity. Revenue is recognized based on energy supplied to NEA at the rate given in the Power Purchase Agreement (PPA). Energy supplied to NEA is based on the approved meter reading from Godak (Ilam) Substation of Nepal Electricity Authority (NEA).



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#### 4.9.2 Interest Income:

Interest income from a financial asset is recognized when it is probable that the economic benefits will flow to the Company and the amount of income can be measured reliably. Interest income is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount on initial recognition.

#### 4.10 Foreign Currency Transactions:

The functional currency of the company is determined on the basis of the primary economic environment in which it operates. The functional currency of the Company is Nepalese Rupee (NPR). In preparing the financial statements of the Company, transactions in currencies other than the entity's functional currency (foreign currencies) are recognized at the rates of exchange prevailing at the dates of the transactions.

Foreign exchange gain/loss occurring from the activity has been charged to Statement of Profit or Loss.

At the end of each reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing at that date. Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing at the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency shall be translated using the exchange rate at the date of the transaction.

#### 4.11 Employment Benefits:

A liability is recognized for benefits accruing to employees in respect of wages and salaries, in the period the related service is rendered at the undiscounted amount of the benefits expected to be paid in exchange for that service.

The company has made contributions to the Provident Fund as per the provision of The Labor Act, 2074 and has done Group Medical Insurance for the employees. However, the company has not made provision for Gratuity. The company has not been registered with the Social Security Fund as per the Social Security Act, 2074 as of the reporting date.

#### 4.12 Staff Bonus

Provision for employee bonus is provided as per the provisions of the Electricity Act, 2049 and Electricity Regulation 2050 (i.e. 2% of net profit). Provision is created as per annual profit and paid in the subsequent period as per the provisions of Bonus Act, 2030. Unspent amounts are transferred to Welfare Funds as per the provisions of Bonus Act, 2030.

#### 4.13 Income tax

Income tax on the profit or loss for the year comprises current taxes and deferred taxes. Income tax is recognized in the statement of financial performance except to the extent that it relates to items recognized directly to equity.

##### Current Tax

Current tax is the expected tax payable on the taxable income for the year using tax rates at the balance sheet date and any adjustment to tax payable in respect of previous years.

The Company is involved in the commercial generation, distribution, and transmission of electricity in the fiscal year 2079/80. The company entitled to tax exemption as per the provisions of section 11 (3 Gha) of Income Tax Act, 2058. ( i.e. the company is assessed at 0% tax rates for first 10 years of operation and 50% tax rate for later 5 years). Accordingly, the tax rate applicable to the company for the year is 0%.

##### Deferred Tax

Provision for deferred tax has not been made since the company is assessed at 0% tax rates for first 10 years of operation and 50% tax rate for later 5 years.



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#### 4.14 Earnings per share

- I. Basic earnings per share is computed by dividing the profit/ (loss) for the year by the weighted average number of equity shares outstanding during the year. The weighted average number of equity shares outstanding during the year is adjusted for bonus issue, bonus element in a rights issue to existing shareholders, share split and reverse share split (consolidation of shares).
- II. Diluted earnings per share is computed by dividing the profit/ (loss) for the year as adjusted for dividend, interest and other charges to expense or income (net of any attributable taxes) relating to the dilutive potential equity shares, by the weighted average number of equity shares considered for deriving basic earnings per share and the weighted average number of equity shares which could have been issued on the conversion of all dilutive potential equity shares. Potential equity shares are deemed to be dilutive only if their conversion to equity shares would decrease the net profit per share from continuing ordinary operations. Potential dilutive equity shares are deemed to be converted as at the beginning of the period, unless they have been issued at a later date.

#### 4.15 Provisions, Contingencies and Commitments:

A provision is recognized as a result of a past event, the Company has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are determined by discounting the expected future cash flows at the pre-tax rate that reflects current market assessment of the time value of money and the risks specific to the liability. The unwinding of the discount is recognized as a finance cost.

In the normal course of business, contingent liabilities may arise from litigation and other claims against the Company. Potential liabilities that are possible but not probable of crystallizing or are very difficult to quantify reliably are treated as contingent liabilities. Such liabilities are disclosed in the notes but are not recognized.

Commitments include the amount of purchase order (net of advances) issued to parties for completion of assets.

Provisions, contingent liabilities, contingent assets and commitments are reviewed at each reporting period.

#### 4.16 Investment Property

Investment property is property held either to earn rental income or for capital appreciation or for both but not for sale in the ordinary course of business, use in the supply of services or for administrative purpose.

#### 4.17 Financial Instruments:

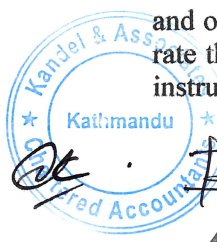
##### Recognition and Measurement

Financial assets and financial liabilities are recognized when the Company becomes a party to the contract embodying the related financial instruments. All financial assets, financial liabilities and financial guarantee contracts are initially measured at *transaction cost* and where such values are different from the fair value, *at fair value*.

Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit and loss) are added to or deducted from the fair value measured on initial recognition of financial asset or financial liability. Transaction costs directly attributable to the acquisition of financial assets and financial liabilities at fair value through profit and loss are immediately recognized in the statement of profit and loss.

##### Effective Interest Rate Method

The effective interest method is a method of calculating the amortized cost of a financial instrument and of allocating interest income or expense over the relevant period. The effective interest rate is the rate that exactly discounts future cash receipts or payments through the expected life of the financial instrument, or where appropriate, a shorter period. Income/ expense arising on financial instruments





after applying an effective interest rate is recognized in the Statement of Profit and Loss and is included in the "Other finance income" or "Other finance cost" line item. Where interest component is present in the financial instruments, the implicit interest rate approximates the effective interest rate.

#### **4.18 Financial Assets:**

##### **Financial assets at amortized cost**

Financial assets are subsequently measured at amortized cost if these financial assets are held within a business model whose objective is to hold these assets in order to collect contractual cash flows and the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

##### **Financial assets measured at fair value**

Financial assets are measured at fair value through *other comprehensive income* if these financial assets are held within a business model whose objective is to hold these assets in order to collect contractual cash flows or to sell these financial assets and the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

The Company in respect of equity investments (other than in subsidiaries, associates and joint ventures) which are not held for trading has made an irrevocable election to present in other comprehensive income subsequent changes in the fair value of such equity instruments. Such an election is made by the Company on an instrument-by-instrument basis at the time of initial recognition of such equity investments.

Financial assets not measured at amortized cost or at fair value through other comprehensive income are carried at fair value through the *statement of profit or loss*. For financial assets maturing within one year from the balance sheet date, the carrying amounts approximate fair value due to the shorter maturity of these instruments.

##### **Impairment of Financial Assets**

Loss allowance for expected credit losses is recognized for financial assets measured at amortized cost and fair value through the statement of profit or loss.

The company recognizes impairment loss on trade receivables using expected credit loss model. For financial assets whose credit risk has not significantly increased since initial recognition, loss allowance equal to twelve months expected credit losses is recognized. Loss allowance equal to the lifetime expected credit losses is recognized if the credit risk on the financial instruments has significantly increased since initial recognition.

##### **De-recognition of financial assets**

The Company de-recognizes a financial asset only when the contractual rights to the cash flows from the financial asset expire, or it transfers the financial asset and the transfer qualifies for de-recognition under NFRS 9. If the Company neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Company recognizes its retained interest in the assets and an associated liability for amounts it may have to pay. If the Company retains substantially all the risks and rewards of ownership of a transferred financial asset, the Company continues to recognize the financial asset and also recognizes a collateralized borrowing for the proceeds received. On de-recognition of a financial asset in its entirety, the differences between the carrying amounts measured at the date of de-recognition and the consideration received is recognized in the statement of profit or loss.

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#### **4.19 Financial Liabilities & Equity:**

##### **Classification as debt or equity**

Financial liabilities and equity instruments issued by the Company are classified according to the substance of the contractual arrangements entered into and the definitions of a financial liability and an equity instrument.

##### **Equity Instruments**

An equity instrument is any contract that evidences a residual interest in the assets of the Company after deducting all of its liabilities. Equity instruments are recorded at the proceeds received, net of direct issue costs.

##### **Financial Liabilities**

Financial liabilities are initially measured at fair value, net of transaction costs, and are subsequently measured at amortized cost, using the effective interest rate method where the time value of money is significant. Interest bearing bank loans, overdrafts and issued debt are initially measured at fair value and are subsequently measured at amortized cost using the effective interest rate method. Any difference between the proceeds (net of transaction costs) and the settlement or redemption of borrowings is recognized over the term of the borrowings in the statement of profit and loss. For trade and other payables maturing within one year from the balance sheet date, the carrying amounts approximate fair value due to the short maturity of these instruments.

##### **Financial guarantee contracts**

Financial guarantee contracts issued by the Company are those contracts that require a payment to be made to reimburse the holder for a loss it incurs because the specified debtor fails to make a payment when due in accordance with the terms of a debt instrument. Financial guarantee contracts are recognized initially as a liability at fair value, adjusted for transaction costs that are directly attributable to the issuance of the guarantee.

##### **De-recognition of financial liability**

A financial liability is derecognized when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the de-recognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognized in the statement of profit and loss.

##### **Offsetting of Financial Instruments**

Financial assets and financial liabilities are offset and the net amount is reported in the standalone balance sheet if there is a currently enforceable legal right to offset the recognized amounts and there is an intention to settle on a net basis, to realize the assets and settle the liabilities simultaneously.

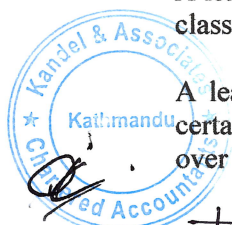
#### **4.20 Leases**

The determination of whether an arrangement is (or contains) a lease is based on the substance of the arrangement at the inception of the lease. The arrangement is, or contains, a lease if fulfillment of the arrangement is dependent on the use of a specific asset or assets and the arrangement conveys a right to use the asset or assets, even if that right is not explicitly specified in an arrangement. A lease is classified at the inception date as a finance lease or an operating lease.

##### **The Company as a Lessee**

A lease that transfers substantially all the risks and rewards incidental to ownership to the Company is classified as a finance lease.

A leased asset is depreciated over the useful life of the asset. However, if there is no reasonable certainty that the Company will obtain ownership by the end of the lease term, the asset is depreciated over the shorter of the estimated useful life of the asset and the lease term.





Finance leases are capitalized at the commencement of the lease at the inception date fair value of the leased asset or, at the present value of the minimum lease payments at the inception of the lease, whichever is lower. Lease payments are apportioned between finance charges and reduction of the lease liability so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are recognized in finance costs in the statement of profit and loss, unless they are directly attributable to qualifying assets, in which case they are capitalized in accordance with the Company's general policy on the borrowing costs.

Operating lease payments are recognized as an expense in the statement of profit and loss on a straight-line basis over the lease term unless either:

- Another systematic basis is more representative of the time pattern of the user's benefit even if the payments to the lessors are not on that basis; or
- The payments to the lessor are structured to increase in line with expected general inflation to compensate for the lessor's expected inflationary cost increases. If payments to the lessor vary because of factors other than general inflation, then this condition is not met.

Rent amount is considered to be nominal as compared to revenue generated from its business and management has decided to measure rent expenses at cost in the statement of Profit & Loss and Other Comprehensive Income.

#### **The Company as a Lessor**

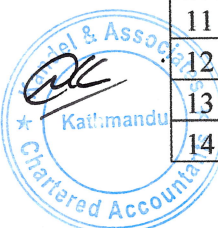
Rental income from operating leases is generally recognized on a straight-line basis over the term of the relevant lease except where another systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognized on a straight-line basis over the lease term.

Payments made under operating leases are recognized in the Statement of Profit or Loss as "Office rent expense". The lease rental is recognized as per the expense incurred by the Company in the financial year. The lease expense is not recognized on a straight-line method considering the inflation in future.

#### **5. Controlling Body**

There are a total of 47 promoter shareholders in the company as on 31.03.2080. The details of promoter shareholders holding more than 1% of share capital and percentage of holding is given below:

S.N.	Name	Share Qty	Percentage
1	Mohan Bikram Karki	556,250	11.13%
2	Sabita Bartaula	510,892	10.22%
3	Kriti Kumari Mahato	250,000	5.00%
4	Bam Bahadur Thapa	247,571	4.95%
5	Bed Bahadur Shrestha	185,715	3.71%
6	Dal Bahadur Rumba	185,714	3.71%
7	Rajendra Kumar BC	181,072	3.62%
8	Ashok Kumar Khadka	170,000	3.40%
9	Subas Pradhan	143,108	2.86%
10	Navaraj Raut	140,000	2.80%
11	Suchitra Sijapati	130,000	2.60%
12	Kalina Lama	100,000	2.00%
13	Rameshor Singh Sijapati	100,000	2.00%
14	Kailashman Rajbhandari	89,464	1.79%





15	Moti Ram Oli	80,000	1.60%
16	Gopal Prasad Niure	76,470	1.53%
17	Shreesh Khadka	76,371	1.53%
18	Purna Dhoj Karki	75,000	1.50%
19	Kiran Kumar Shrestha	63,875	1.28%
20	Tara Bahadur Karki	56,468	1.13%
21	Santosh Neupane	56,000	1.12%
22	Meghnath Dhungana	50,000	1.00%
23	Sanni Agrawal	50,000	1.00%

## 6. Composition of Board of Directors

The company's Board of Directors plays a primary role in ensuring good governance and function of the company. All statutory and other significant and material information is placed before the board to enable it to discharge its responsibility of strategic supervision of the company and decision making as trustees of the shareholder.

Total 21 meetings were held in FY 2079-80. The composition of Board of Directors of the company as on reporting date as follows:

S.N.	Name	Designation	Share Qty	Percentage
1	Ashok Kumar Khadka	Chairman	170,000	3.40%
2	Sabita Bartaula	Director (Women)	510,892	10.22%
3	Kailashman Rajbhandari	Director	89,464	1.79%
4	Navaraj Raut	Director	140,000	2.80%
5	Diwash Lal Maskey	Director (Independent)	NA	NA
6	Buddhi Bahadur Thapa	Director	33,875	0.01%
7	Shivaraj Joshi	Director (Public holding)	NA	NA

The board of directors of company was changed during the year. The new Board of director (except Shiva Raj Joshi) was appointed by the Eighth Annual General Meeting of the company. The previous board of directors of the company was as below:

S.N.	Name	Designation
1	Mohan Bikram Karki	Chairman
2	Sabita Bartaula	Director (Women)
3	Ashok Kumar Khadka	Director
4	Rajendra Kumar BC	Director
5	Buddhi Bahadur Thapa	Director
6	Navaraj Raut	Director
7	Kailashman Rajbhandari	Director

## Explanatory Notes Forming part of Financial Statements

### Note 28: Income Tax

**Current Tax:** The Company has been involved in the commercial generation, distribution, and transmission of electricity in the current fiscal year 2079/80. Hence, the tax exemption as per the provisions of section 11 (3 Gha) of Income Tax Act, 2058 is applicable for the financial year 2079/80 (i.e. the company is assessed at 0% tax rates for first 10 years of operation and 50% tax rate for later 5 years). The commercial operation of company was started on 11<sup>th</sup> Kartik, 2075. Accordingly, the tax rate applicable to the company for the year is 0% and hence, no amount is made as provision for tax.

**Deferred Tax:** Provision for deferred tax has not been made since the company is assessed at 0% tax rates for first 10 years of operation and 50% tax rate for later 5 years.

### Note 29: Depreciation charged on Land

As per Income Tax Directive example 18.6.21, if any project is developed under BOOT method and later is transferrable to Nepal Government, land has to be classified under Group "E" and the value of land has to be written off over the license period. Hence, depreciation of NRs. 1,779,333 has been charged on Land assuming the remaining term of license as the life of land on SLM basis.

### Note 30: Employment Benefits

The company has made a contribution to the Provident Fund as per provision of The Labour Act, 2074 and has done Group Medical Insurance for the employees. However, the company has not made provision for Gratuity as per the provision of the Labor Act, 2074. The company has not been registered with the Social Security Fund as per Social Security Act, 2074 as of the reporting date and has not made any post-employment/long term benefit plan for its employees.

### Note 31: Provision for Bonus

Provision for employees bonus is provided as per the provisions of the Electricity Act, 2049 and Electricity Regulation 2050 (i.e. 2% of net profit). Provision is created as per annual profit and paid in the subsequent period as per the provisions of Bonus Act, 2030. Unspent amounts are transferred to Welfare Funds as per the provisions of Bonus Act, 2030.

However, unspent amounts of NRs.67,178 has not been transferred to welfare fund as on reporting date.

### Note 32: Provision for CSR Expenses

As per Section 54 of the Industrial Enterprises Act, 2076, medium, large industries, or cottage and small industries with annual turnover of more than 15 crores shall allocate at least 1% of the annual net profit of each fiscal year to be utilized towards corporate social responsibility. The company has made provision for CSR according to the provisions of the Industrial Enterprises Act, 2076.

The funds created for CSR shall be spent in such areas upon making annual plans and programs. The company has allocated NRs. 1,367,693 CSR Fund till the end of the previous financial year. However, during the financial year, the company has spent NRs. 50,000 only towards CSR expenses.

### Note 33: Royalty

As per the provision of Nepal Electricity Act, 2049, the company has to pay fixed royalty of Rs.100 per kilowatt for each installed kilowatt of electricity per year and 2% of average tariff per unit for the term up to 15 years from the date of generation of electricity for commercial purpose.

The company has paid royalty to Government of Nepal as per provision of Electricity Act and Regulation.

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**Note 34: Related Party Transactions**

Related Party Transactions are identified by the management. The related Party transactions other than dividend distributed during the year are as follows:

SN	Name	Nature of Transactions	During the Period	Outstanding as on 31st Ashad, 2080	Nature of Relations
1	Dinesh Kumar Bartaula	Salary, Allowances and Bonus	1,023,000	41,490	Chief Executive Officer
		Meeting Allowance	252,000	-	
		Travel advance	248,400	195,639	
		Loan for Vehicle	1,500,000	1,450,500	
2	Ashok Kumar Khadka	Board Meeting Allowances	290,000	-	Director
3	Sabita Bartaula		228,000	-	Director
4	Navaraj Raut		252,000	-	Director
5	Kailashman Rajbhandari		252,000	-	Director
6	Diwash Lal Maskey		228,000	-	Director
7	Buddhi Bahadur Thapa		252,000	-	Director
8	Mohan Bikram Karki		52,000	-	Director
9	Rajendra Kumar B.C		24,000	-	Director
10	Shiva Raj Joshi		48,000	-	Director

**Note 35: Segment Reporting**

Since the Company is engaged in only one segment "Generation and sale of electricity" the company does not have any reportable segments as per NFRS 8.

**Note 36: Subsequent Events**

There has not been any significant reportable event after the reporting date which requires to be either Adjusted or disclosed.

**Note 37: Sharing of Cost**

The company has entered cost sharing agreement with M/s Panchakanya Mai Hydropower Ltd on 22<sup>nd</sup> Ashad, 2074 for sharing joint cost towards repair and maintenance of transmission line and related cost on the ratio of installed capacity.

**Note 38: Contingent Liabilities and Other Commitments:**

Contingent liabilities are possible obligations whose existence will be confirmed by uncertain future events that are not wholly within the control of the entity. Company during the course of its business has given the following bank guarantee and LCs:

S.N.	Particulars	Purpose	Issued to	Amount
1	Bank Guarantee	For EXIM Code	Department of Customs	300,000
2	Letter of Credit	For import of Electromechanical Items	Flovel Energy Pvt Ltd (India)	11,360,000





**Note 39: Public Issue**

The Company has signed an agreement with Sanima Capital Ltd herein referred as Issue and Sales Manager Firm on 2074.04.16 for issuing Public Shares of Rs. 80,000,000 (800,000 shares having face value of Rs. 100/- each) which was later amended to Rs. 100,000,000 (1,000,000 shares having face value of Rs. 100/- each) on date 2077.08.10. The company has entered agreement with Muktinath Capital Ltd as Underwriting Agent Firm. During the year company has raised additional capital of NRs. 10 crore through issue of shares to public.

**Note 40: Dividend**

During the year, the Company has paid dividend of Rs. 120,000,000 for the FY 2078-79 to its shareholders at the rate of 30% of paid up capital.

**Note 41: Reclassification**

The following items have been reclassified for the purpose of facilitating better comparison and presentation:

S.N.	Items	Current Classification	Previous Classification	Amount (FY 2078-79)	Remarks
1	Bank Guarantee Deposit	Cash & Cash Equivalents	Other Current Assets	300,000	Margin retained by bank
2	LC & TT Margin	Cash & Cash Equivalents	Other Current Assets	44,080	
3	Rastriya Banijya Bank-Term Loan	Short Term Loan	Medium & Long Term Loan	77,000,000	Repayable within one year
4	Provision for Staff Bonus	Other Current Liabilities	Provisions	2,749,178	Provisions to be spent during next financial year
5	Provision for CSR	Other Current Liabilities	Provisions	1,367,693	
6	Corporate Social Responsibility Cost	Provision for CSR Expenses (OCI)	Administrative Cost (OCI)	1,239,792	

**Note 42: Miscellaneous**

- All the figures stated on the financial statements are Nepalese Rupees and rounded up to the nearest rupee.
- Notes form the integral part of financial statements.
- Confirmation from most of the parties has obtained and confirmation from few parties are yet to obtain.

