Vidhyut Utpadan Company Limited

Buddhanagar, Kathmandu-10

AUDITOR'S REPORT

&

STANDALONE FINANCIAL STATEMENT

Fiscal Year 2077.078
For the period 1st Shrawan to 31st Ashad 2078 (16th July 2020 to 15th July 2021)

Submitted by

Nava Raj Thapaliya and Associates

Chartered Accountants

Nava Raj Thapaliya & Associates Chartered Accountants

House No. 197, KMC-4, Suyog Marg Maharajgunj , Kathmandu, Nepal Tel: 01-4432552 E-mail: thapaliyanr@gmail.com

Independent Auditor's Report to the Shareholders of

Vidhyut Utpadan Company Limited (VUCL)

Report on the Audit of the Consolidated Financial Statements

Opinion

We have audited the accompanying Consolidated Financial Statements of Vidhyut Utpadan Company Limited and subsidiaries (collectively referred as "VUCL & Group") which comprises Consolidated Statement of Financial Position as at 31st Ashad 2078 (15th July 2021), Consolidated Statement of Profit or Loss and Other Comprehensive Income, Consolidated Statement of Cash Flows, Consolidated Statement of Changes in Equity and Notes to the Consolidated Financial Statements and Significant Accounting Policies for the year then ended 31st Ashad 2078 (15th July 2021).

In our opinion, the accompanying Consolidated financial statements present fairly, in all material respects, the consolidated financial position of the VUCL & Group as at 31st Ashad 2078, and its consolidated financial performance and its consolidated cash flows 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 Consolidated Financial Statements section of our report. We are independent of the VUCL & Group in accordance with the ICAN's Handbook of Code of Ethics for Professional Accountants together with the ethical requirements that are relevant to our audit of the consolidated financial statements, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the ICAN's Handbook of The Code of Ethics For Professional Accountants. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Emphasis of Matter

VUCL is yet to comply with the provisions of Labor Act 2074 regarding staff facilities. Our opinion is not modified in respect of this matter.

Key Audit Matter

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current year. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.



Key Audit Matter

Current tax expenses:

The VUCL & Group's current tax expenses is Rs. 34.59 million (there is no current tax for subsidiaries). Current tax rate for the year has been changed to 25% from the previously used 20%. Current tax expenses is 10.82% of total consolidated expenses and 23.77% of total stand alone expenditure, hence considered Key Audit Matter.

How our audit addressed the key audit matter

For current tax expenses, our key audit procedures included the following:

-We verified the provision of Income Tax Act 2058 regarding income tax rate applied,

-We verified whether disallowed expenditure existed or not,

-We inquired with management regarding changes made in the income tax with effect from the current year,

-We checked whether segregation of interest income & electricity related income as separate business has been made for separate claim of expenses under specific income,

-We verified adequacy of income tax expenses booked in previous years,

-Other procedures as required for obtaining assurance for adequacy of booking of current tax expenses.

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

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

In preparing the consolidated financial statements, management is responsible for assessing the VUCL & Group's ability to continue as going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the VUCL and Group or to cease operation, or has not realistic alternative but to do so.

Those charged with governance are responsible for overseeing the VUCL & Group's financial reporting process.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with NSAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated 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 consolidated 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 internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the management regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Report on the requirements of the Companies Act, 2063

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We have obtained information and explanations asked for, which, to the best of our knowledge and belief, were necessary for the purpose of our audit. In our opinion, the consolidated financial statements have been prepared in accordance with the requirements of the Companies Act, 2063. To the best of our information and according to explanations given to us and from our examination of the books of accounts of the VUCL & Group necessary for the purpose of our audit to the extent for the scope of our audit, we have not come across cases where the Board of Directors or any employees of the VUCL & Group have acted contrary to the provisions of law relating to the accounts or committed any misappropriation or caused loss or damage to the VUCL & Group relating to the accounts in the VUCL & Group.

CA. Nava Raj Thapaliya

Place: Maharajgung, Nepal.

Date: 07 Poush 2078 (22 December, 2021)

UDIN: 220103CA00267Q2v5W

Buddhanagar, Kathmandu 10, Nepal

STATEMENT OF FINANCIAL POSITION

As at 31st Ashad 2078 (15th July 2021)

Figures in NPR

Particulars	D. I		Figures in NP
	Note	31.03.2078	31.03.2077
ASSETS			
Non-Current Assets			
Property, Plant and Equipment	4.1	159,119,334.01	162 207 0 40 02
Capital Work In Progress	4.2	100,637,555.08	163,287,848.83
Intangible Assets	4.3	51,489.71	70.254.70
Financial Assets	,,,,	31,409.71	70,254.79
Investment in Subsidiaries	4.4.1	590,000,000.00	100 000 000 00
Investment in Associates	4.4.2	95,500,000.00	490,000,000.00
Other investment in Equity Shares	4.4.3	2,550,000.00	87,000,000.00
Advance Tax (net)	4.5	100,890,327.50	2,550,000.00
Total Non- Current Assets	1.0	1,048,748,706.30	102,329,682.74
Current Assets		1,040,740,700.50	845,237,786.36
Other Current Assets	4.6	33,355,315.14	10 421 201 10
Inventories	4.7	911,668.20	10,421,281.10
Financial Assets		711,000.20	-
Investment in Fixed Deposit	4.4.4	3,104,306,705.70	2 200 000 000 00
Cash and Cash Equivalents	4.4.5	309,118,065.15	3,200,000,000.00
Other Financial Assets	4.4.6	324,704.00	183,964,959.93
Total Current Assets	111.0	3,448,016,458.19	200,000.00
Total Assets		4,496,765,164.49	3,394,586,241.03
EQUITY AND LIABILITIES		1,120,703,104.49	4,239,824,027.39
Equity			
Equity Share Capital	4.8	1.055.000.000.00	
Advance Towards Share Capital	4.8	4,055,800,000.00	4,055,800,000.00
Retained Earnings and Reserve	4.10	250,000,000.00	-
Total Equity	4.10	165,502,044.44	66,142,071.79
Non Current Liabilities		4,471,302,044.44	4,121,942,071.79
Deferred Tax Liabilities	4.11	1.040.041.05	
Financial Liabilities	4.11	1,048,041.25	1,037,035.65
Employee Benefit Liabilities	4.12.1	2.162.402.46	1
Total Non Current Liabilities	7,14,1	2,162,403.46	1,174,686.46
Current Liabilities		3,210,444.71	2,211,722.11
inancial Liabilities			
Employee Benefit Liabilities	4.12.1	169 102 00	
Trade & other Payable	4.12.1	168,193.00	117.670.005
otal Current Liabilities	1,12,4	22,084,482.33	115,670,233.49
otal Liabilities		22,252,675.33	115,670,233.49
Total Equity and Liabilities		25,463,120.04 4,496,765,164.49	117,881,955.60
otes 1-5.11 are integral part of these financial statement	ente	7,470,703,104.49	4,239,824,027.39

Notes 1-5.11 are integral part of these financial statements.

Bhim Lal Shrestha Sr. Accounts Officer Heeraman Waiba
Act. Managing Director

Madhu Prasad Bhetuwal

Director

Devendra Karki Chairman

Kul Man Ghising Director As per our report of even date

CA. Nava Raj Thapaliya Nava Raj Thapaliya & Associates

Chartered Accountants

ManestyRimal Director

Rameshwor Dangal Director

Date: 2078.09.06 Place: Kathmandu

Buddhanagar, Kathmandu 10, Nepal

STATEMENT OF PROFIT & LOSS

For the Period ended 31st Ashad 2078 (15th July 2021)

Figures in NPR

			Figures in NPK
Particulars Particulars	Notes	FY 2077-78	FY 2076-77
Revenue from Operations		-	
Cost of Sales		-	
Gross Profit		-	
Other Income	4.13	36,755.24	346,000.00
Personnel Expenses	4.14	(19,760,651.52)	(12,723,609.98)
General Administrative Expenses	4.15	(17,465,711.45)	(14,618,255.93)
License fee, Feasibility, Environmental Study and other			
cost of Projects	4.16	(66,987,125.31)	(211,262,826.06)
Depreciation and amortization	4.17	(6,697,007.47)	(5,481,777.05)
Profit from Operations		(110,873,740.51)	(243,740,469.02)
Finance Income	4.18	221,027,526.53	301,376,789.12
Profit Before Income Tax		110,153,786.02	57,636,320.10
Current Tax Expenses	4.19	(34,593,484.17)	(10,968,806.18)
Deferred Tax (Expense)/Reversal	4.11	(11,005.60)	(371,739.64)
Net Profit/(Loss) for the year		75,549,296.25	46,295,774.28
Earning per Equity share of Rs. 100 each			
Basic Earning Per Share-Rs.	4.20	1.86	1.14
Diluted Earning Per Share -Rs.	4.20	1.86	1.14

Notes 1-5.11 are integral part of these financial statements.

As per our report of even date

Bhim Lal Shrestha Sr.Accounts Officer

Heeraman WaibaAct. Managing Director

Rameshwer Dangal

Director

Date: 2078.09.06 Place: Kathmandu Madhu Prasad Bhetuwal

Director

Devendra Karki

Chairman

Kul Man Ghising

Director

CA. Nava Raj Thapaliya

Nava Raj Thapaliya & Associates

Chartered Accountants

Manesh Rimal Director

Buddhanagar, Kathmandu 10, Nepal

STATEMENT OF OTHER COMPREHENSIVE INCOME

For the Year ended 31st Ashad 2078 (15th July 2021)

Figures in NPR

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Particulars	FY 2077-78	FY 2076-77
Net Profit for the year as per Profit or Loss statement	75,549,296.25	46,295,774.28
Other comprehensive income		_
Items that will be reclassified to profit or loss, net of tax	-	_
Items that will not be reclassified to profit or loss, net of tax	-	_
Total other comprehensive income	_	_
Total Comprehensive gain/(loss) for the year, net of tax	75,549,296.25	46,295,774.28

As per our report of even date

Bhiro Lal Shrestha Sr. Accounts Officer **Heeraman Waiba**Act. Managing Director

Devendra Karki Chairman CA. Nava Raj Thapaliya Nava Raj Thapaliya & Associates

Chartered Accountants

Rameshwor Dangal

Director

Madhu Prasad Bhetuwal

Director

Kul Man Ghising Director Mahesh Rimal Director

Date: 2078.09.06 Place: Kathmandu

Buddhanagar, Kathmandu 10, Nepal

STATEMENT OF CASH FLOWS

For the Period ended 31st Ashad 2078 (15th July 2021)

Figures in NPR

	A STATE OF THE PROPERTY OF THE	Figures in NPR
Particulars	FY 2077-78	FY 2076-77
CASH FLOWS FROM OPERATING ACTIVITIES		and the control of th
Profit/(loss) for the Year before income tax	110,153,786.02	57,264,580.46
Adjustments for:		
Depreciation on Property, Plant and Equipment	6,661,292.39	5,450,347.27
Amortization	35,715.08	32,000.00
Interest Income Received	(221,027,526.53)	(301,376,789.12)
Working capital adjustments		
(Increase)/ decrease in other financial assets	(124,704.00)	3,370,620.18
(Increase)/ decrease in other current assets	(22,934,034.04)	(10,099,946.02)
(Increase)/ decrease in Inventories	(911,668.20)	-
Increase/ (decrease) in employee liabilities	1,155,910.00	607,887.00
Increase/ (decrease) in trade and other payables	(93,585,751.16)	97,712,278.59
Cash generated from operations	(220,576,980.44)	(147,039,021.64)
Bonus Paid	-	The state of the s
Income Tax paid	(33,154,128.93)	(40,605,423.31)
Net cash flows from operating activities	(253,731,109.37)	(187,644,444.95)
CASH FLOWS FROM/ (USED IN) INVESTING ACTIVITIES		
Acquisition of Property, Plant and Equipment	(2,492,777.57)	(24,928,232.22)
Purchase of Intangible Assets	(16,950.00)	-
Capital Work in Progress	(76,826,878.67)	-
Investment in Fixed Deposit	95,693,294.30	(1,900,000,000.00)
Investment in Subsidiary	(100,000,000.00)	(290,000,000.00)
Investment in Associates	(8,500,000.00)	-
Investment in Other Equity Shares	-	
Interest Received	221,027,526.53	301,376,789.12
Net cash flows from/(used in) investing activities	128,884,214.59	(1,913,551,443.10)
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds towards share capital	250,000,000.00	250,000,000.00
Net cash flows from/(used in) financing activities	250,000,000.00	250,000,000.00
INCREASE /(DECREASE) IN CASH AND CASH EQUIVALENTS	125,153,105.22	(1,851,195,888.05)
CASH AND CASH EQUIVALENTS, Beginning of period	183,964,959.93	2,035,160,847.98
CASH AND CASH EQUIVALENTS, End of Period	309,118,065.15	183,964,959.93

As per our report of even date

Bhim La Shrestha Sr. Accounts Officer

Heeraman Waiba Act. Managing Director Devendra Karki Chairman CA. Nava Raj Thapaliya Nava Raj Thapaliya & Associates Chartered Accountants

Rameshwor Dangal

Director

Madhu Prasad Bhetuwal

Director

Kul Man Ghising

Director

Mahesh Rimal Director

Date: 2078.09.06 Place: Kathmandu

Buddhanagar, Kathmandu 10, Nepal

STATEMENT OF CHANGES IN EQUITY

For the Period ended 31st Ashad 2078 (15th July 2021)

Figures in NPR

Particulars	Share Capital	Advance Towards Share Capital	Retained Earnings	Total
Balance as at 1st Shrawan 2076	3,805,800,000.00		19,846,297.51	3,825,646,297.51
Profit for the year	-		46,295,774.28	46,295,774.28
Other comprehensive Income	-		-	-
Total Comprehensive Income		-	46,295,774.28	46,295,774.28
Share Capital pending allotment	250,000,000.00			250,000,000.00
Dividends to shareholders	- 1		-	
Balance as at 31st Ashad 2077	4,055,800,000.00		66,142,071.79	4,121,942,071.79
Profit for the year	-		75,549,296.25	75,549,296.25
Other comprehensive Income			-	-
Total Comprehensive Income			75,549,296.25	75,549,296.25
Adjustment of prior period error			23,810,676.41	23,810,676.41
Share Capital				-
Advance towards share capital		250,000,000.00		250,000,000.00
Dividends to shareholders				Labello de la Carte
Balance as at 31st Ashad 2078	4,055,800,000.00	250,000,000.00	165,502,044.44	4,471,302,044.44

Bhim Val Shrestha Sr. Accounts Officer

Rameshwor Dangal

Date: 2078.09.06 Place: Kathmandu

Director

Heeraman

Heeraman WaibaAct. Managing Director

Madhu Prasad Bhetuwal Director **Devendra Karki** Chairman

Kul Man Ghising Director As per our report of even date

CA. Nava Raj Thapaliya

Nava Raj Thapaliya & Associates

Chartered Accountants

Manesh kimal Director

Buddhanagar, Kathmandu 10, Nepal Notes to the financial statements For the Period ended 31st Ashad 2078 (15th July 2021)

1 General Information of Company

Vidhyut Utpadan Company Limited (VUCL) is a public limited company incorporated under Companies Act, 2063 on 2073.08.05. The main objective of the Company is to engage in survey, development, electricity generation, operation and management of hydropower projects intended to be developed by Nepal Government. The company also plans to develop other hydropower projects. The company has registered office at Buddhanagar, Kathmandu.

The Company is promoted by the different Ministries of the Government of Nepal and public sector undertakings.

2 Responsibility of Financial Statement

Management and those charged with governance is responsible for preparation and presentation of Financial Statements as per the provisions of Company Act, 2063 and other relevant regulations.

The responsibility for preparation of following Financial Statements is inherent with the management.

- a. Statement of Financial Position showing financial position of the company.
- b. Statement of Profit or Loss and other comprehensive income showing financial performance of the company.
- c. Cash flow Statements for assessing the company's ability to generate Cash and Cash equivalents.
- d. Statement of Changes in Equity.
- e. Notes comprising a summary of significant accounting policies and other explanatory notes.

2.1 Date of Authorization for Issue

The Financial Statements were authorized for issue by the resolution of the Board of Directors on 2078-09-06.

2.2 Reporting Period

The Company follows the Nepalese financial year based on the Nepalese calendar. The corresponding dates for the English calendar are as follows:

Particulars	Period
Comparative Reporting Period	1 Shrawan 2076 - 31 Ashad 2077
Primary Reporting Period	1 Shrawan 2077 - 31 Ashad 2078

3 Significant Accounting Policies

3.1 Basis of Preparation

The financial statements are prepared on accrual and going concern basis. The accounting policies are applied consistently to all the periods presented in the financial statements. All assets and liabilities have been classified as current or non-current as per the Company's normal operating cycle.

3.2 Statement of Compliance

The financial statements are prepared in line with Nepal Financial Reporting Standards (NFRS) as issued by Accounting Standards Board Nepal and pronounced by The Institute of Chartered Accountants of Nepal (ICAN).

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Buddhanagar, Kathmandu 10, Nepal Notes to the financial statements For the Period ended 31st Ashad 2078 (15th July 2021)

3.3 Critical accounting estimates and 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 the 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. 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:-

The most significant areas of estimation, uncertainty and critical judgments in applying accounting policies that have most significant effect in the Financial Statements are as follows:

i) Useful life and residual value of property, plant and equipment

Management reviews the useful life and residual values 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.

ii) 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.

iii) Contingencies

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.

iv) Fair value measurements

Some of the Company's assets are measured at fair value for financial reporting purposes. 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, else moves to level 2 and level 3 inputs. The management works closely with the qualified external values to establish the appropriate valuation techniques and inputs to the model.

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Buddhanagar, Kathmandu 10, Nepal Notes to the financial statements

For the Period ended 31st Ashad 2078 (15th July 2021)

v) Recognition of deferred tax assets

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 are prepared. Existing circumstances and assumptions about future developments, however, may change due to market changes or circumstances arising beyond the control of the Company.

3.4 Discounting

Discounting has been applied where assets and liabilities are non-current and the impact of the discounting is material.

3.5 Limitation of NFRS Implementation

Wherever the information is not adequately available and the cost to develop the same would exceed the benefit derived, such exception to NFRS implementation has been noted and disclosed in respective sections.

3.6 Functional and presentation currency

The Company operates within the jurisdiction of Nepal. Nepalese Rupees (NPR.) is the presentation and functional currency of the Company. Accordingly, the Financial Statements are prepared and presented in Nepalese Rupees.

3.7 Current versus non-current classification

The Company presents assets and liabilities in statement of financial position based on current/non-current classification. Based on the nature of service/product and the time between acquisition of assets for processing and their realization in cash and cash equivalents, the Company has ascertained its operating cycle as 12 months for the purpose of current/non-current classification of assets and liabilities.

The Company classifies an asset as current when it is:

- Expected to be realized or intended to be sold or consumed in normal operating cycle
- Held primarily for the purpose of trading
- Expected to be realized within twelve months after the reporting period, or
- Cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period.

All other assets are classified as non-current.

The Company classifies a liability as current when:

- It is expected to be settled in normal operating cycle
- It is held primarily for the purpose of trading
- It is due to be settled within twelve months after the reporting period, or
- There is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period.

The Company classifies all other liabilities as non-current.

Deferred tax assets and liabilities are classified as non-current assets and liabilities.

3.8 Operating Cycle

The Company considers its operating cycle to be of 12 months.

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Buddhanagar, Kathmandu 10, Nepal Notes to the financial statements For the Period ended 31st Ashad 2078 (15th July 2021)

4.1 Property, Plant and Equipment (PPE)

Recognition and Measurement:

Initially, items of PPE are measured at cost. Cost includes expenditure that are directly attributable to the acquisition of the items.

Subsequently, PPE is measured at cost less accumulated depreciation and accumulated impairment losses. 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 these will flow to the Company and the cost of the item can be measured reliably. All other costs are charged to statement of profit and loss during the reporting period in which they are incurred.

Property, plant and equipment costing up to Rs. 25,000.00 are expensed off in the year of acquisition.

Depreciation methods, estimated useful lives and residual value:

Depreciation is calculated using the Straight Line Method to allocate their cost, net of their residual value, over their estimated useful life, from the date the assets are ready for its intended use. Leasehold assets are amortized over the primary period of lease. When parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment.

The residual values, useful lives and the depreciation methods of assets are reviewed at least annually, and if expectations differ from previous estimates, changes are made in the estimates and are accounted for as a change in accounting estimates in accordance with NAS 8.

Management's estimate of the economic useful lives and salvage value are as follows:

S.N.	Assets Type	Life (in Year)	Salvage (in %)
1	Computers	3	5
2	Furniture and Fixtures	10	5
3	Office Equipment	5	5
4	Vehicles	8	5
5	Machinery and Electrical Plant	15	5
6	Electrical Structure and Transmission Line	Lease period	
7	Public Structure	Lease period	
8	Other Assets	5	5

The cost and related accumulated depreciation are eliminated from the financial statements upon sale or disposition of the asset and the resultant gains or losses are recognized in the statement of profit and loss within other gains/ (losses).

Impairment

At the end of each reporting period, the Company reviews the carrying amounts of its tangible 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 component of cash-generating units for which a reasonable and consistent allocation basis can be identified.

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Buddhanagar, Kathmandu 10, Nepal Notes to the financial statements For the Period ended 31st Ashad 2078 (15th July 2021)

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 Statement of Profit and Loss.

De-recognition

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 or disposal. Any gain or loss arising on derecognition 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.

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VIDHYUT UTPADAN COMPANY LIMITED Buddhanagar, Kathmandu 10, Nepal Notes to the financial statements For the Period ended 31st Ashad 2078 (15th July 2021)

Note: 4.1, Details of Property, Plant and Equipment

	- 12 - 16 - 16 - 16 - 16 - 16 - 16 - 16	adambundunka da da d								Figures in NPR
Particulars	Land	Buildings	Public Construction	Machinery & Electric Plant	Electrical Structure and Transmissi on Line	Office Equipment	Furniture and Fixture	Vehicle	Others Assets	Total
Balance as at 1 Shrawan 2077 Additions	121,284,149.00	1 1			1 1	4,858,146.74	938,609.00	45,872,600.00		172,953,504.74
Transfer to PPE		,			i		07:717,000	ı		7,492,111.51
Revaluation and Adjustments	1	r					1	1 1		1
Disposals	1	1			,	1	1	i		1 1
Balance as at 31st Ashad 2078	121,284,149.00	-		1	1	6,847,652.11	1,441,881.20	45,872,600.00	-	175,446,282.31
Accumulated Depreciation and Impairment Losses	Impairment Losses									
Balance as at 1 Shrawan 2077		•			ı	2,009,610.49	139,308.07	7,516,737.35		9,665,655.91
Charge for the year	•	1			1	1,118,135.43	95,785.71	5,447,371.25		6,661,292.39
Discourse to PPE	ı	ī			ı	1	I	ī		T
Uisposals	1	1			ı			1		ı
Balance as at 31st Ashad 2078	ı		1		I	3,127,745.92	235,093.78	12,964,108.60	1	16,326,948.30
Net Book Value										
As at 1st Shrawan 2077	121,284,149.00	1	ı	ı	1	2,848,536.25	799,300.93	38,355,862.65	1	163,287,848.83
balance as at 31st Ashad 20/8	121,284,149.00	-	1	ı	t	3,719,906.19	1,206,787.42	32,908,491.40	1	159,119,334.01
mold for		Ì	d	1	1		ı			

Buddhanagar, Kathmandy 10, Nepal Notes to the financial statements For the Period ended 31st Ashad 2078 (15th July 2021)

4.2 Capital Work in Progress

Assets in the course of construction are capitalized in the assets under capital work in progress account (CWIP). 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 or intangible assets under IFRIC-12, as the case may be, and depreciation/amortization 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 estimate 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 production during the trial period is capitalized. Costs related to project in the course of undergoing technical design, pre-construction activities etc. after completion of feasibility study are recognized as Capital Work in Progress (CWIP) and are carried at cost, less accumulated impairment losses, if any. Expenses till feasibility of the project is established is charged to statement of profit or loss.

		Figures in NPR
Particulars	31.03.2078	31.03.2077
Balance as at 1 Shrawan 2077 Additions		
Phukot Karnali HE Project	100,637,555.08	
Balance as at 31st Ashad 2078	100,637,555.08	-

The detailed feasibility study of Phukot Karnali HE Project was completed in previous year and the technical designs and other pre-construction works have been started. The costs incurred that have been presented under CWIP are as follows:

Particulars	Amount (NPR)
Personnel Expenses	5,749,870.06
Detail Engineering Study	74,648,528.41
Test Tunnel	11,819,829.30
Others	5,858,553.55
Land Acquisition*	2,560,773.76
Total	100,637,555.08

^{*} Regarding the notice of 'muabja bitaran of land acquisition of innundation area of Phukot Karnali Hydroelectric project has been published including the rate and amount on 2078/03/22. The partial cost of land Rs. 248,552,000.00 has been presented in progress report as work in progress as per the allocated budget for the land acquisition of innundation area of Phukot karnali project.

Impairment

At each reporting period, Company performs test as to whether the subsequent information or other events have led to the valuation of CWIP in such amount that it exceeds its recoverable amount or its apparent that CWIP will not longer be completed, then impairment test is done and any loss arising is booked in profit or loss.

4.3 Intangible Assets

Recognition and Measurement:

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, except software.

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. The software generally have one time installation/acquisition charge and are run on annual renewal basis. On such scenario, a fixed period is determined to the purpose of amortization of software.

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Buddhanagar, Kathmandu 10, Nepal Notes to the financial statements

For the Period ended 31st Ashad 2078 (15th July 2021)

Amortization methods, estimated useful lives and residual value:

Amortization is recognized on a straight line basis over their estimated useful lives, without nil residual value. 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.

Assets Type	Estimated useful life
Software	4 to 8 Years

Impairment

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

Details of Intangible Assets

		Figures in NPR
Particulars	Software	Total
Balance as at 1 Shrawan 2077	128,000.00	128,000.00
Additions - Externally Acquired	16,950.00	16,950.00
Other acquisitions internally generated	-	-
Balance as at 31st Ashad 2078	144,950.00	144,950.00
Amortization and impairment losses		
Balance as at 1 Shrawan 2077	57,745.21	57,745.21
Charge for the year	35,715.08	35,715.08
Impairment losses	-	
Balance as at 31st Ashad 2078	93,460.29	93,460.29
Net Book Value		
As at 1st Shrawan 2077	70,254.79	70,254.79
Balance as at 31st Ashad 2078	51,489.71	51,489.71

4.4 Financial Assets

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity. Financial assets and financial liabilities are recognized when company becomes a party to the contractual provisions of the instruments.

Financial assets 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 (other than financial assets at fair value through profit and loss) are added to or deducted from the fair value measured on initial recognition of financial asset. Transaction costs directly attributable to the acquisition of financial assets at fair value through profit and loss are immediately recognized in the statement of profit and loss. In case of interest free or concession loans/debentures/preference shares given to subsidiaries, associates and joint ventures, the excess of the actual amount of the loan over initial measure at fair value is accounted as an equity investment.

A Effective interest 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 Statement of Profit and Loss and is included in the "Other finance income" or "Other finance cost" line item.

For financial assets maturing within one year from the balance sheet date, the carrying amounts approximates amortized cost due to the shorter maturity of these instruments.

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Buddhanagar, Kathmandu 10, Nepal Notes to the financial statements

For the Period ended 31st Ashad 2078 (15th July 2021)

B Classification and Measurement of Financial Assets

i. 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.

ii. 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 asset not measured at amortized cost or at fair value through other comprehensive income is carried at fair value through the statement of profit and 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.

C Impairment of financial assets

Financial assets, measured at amortized cost, are assessed at each Reporting date to determine whether there is objective evidence of impairment. If there is objective evidence that an impairment loss on financial assets measured at amortized cost has been incurred, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not been incurred) discounted at the financial asset's original EIR. The losses arising from impairment are recognized in the Statement of Profit or Loss and Other Comprehensive Income.

D 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 difference between the carrying amounts measured at the date of de-recognition and the consideration received is recognized in statement of profit or loss.

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Buddhanagar, Kathmandu 10, Nepal Notes to the financial statements For the Period ended 31st Ashad 2078 (15th July 2021)

E Fair Value Measurement

The Company measures financial instruments, such as, investment in equity instruments at fair value at each balance sheet date. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- i) In the principal market for the asset or liability, or
- ii) In the absence of a principal market, in the most advantageous market for the asset or liability.

The principal or the most advantageous market must be accessible by the Company.

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

The Company uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximizing the use of relevant observable inputs and minimizing the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorized within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

- Level 1 Quoted (unadjusted) market prices in active markets for identical assets or liabilities
- Level 2 Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable

Level 3 — Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable

For the purpose of fair value disclosures, the Company has determined classes of assets and liabilities on the basis of the nature, characteristics and risks of the asset or liability and the level of the fair value hierarchy as explained above.

F Offsetting of Financial Assets

Financial assets are offset with financial liabilities and the net amount is reported in the financial statements 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.

During the financial year, company have not offsetted financial assets with financial liabilities.



Buddhanagar, Kathmandu 10, Nepal Notes to the financial statements For the Period ended 31st Ashad 2078 (15th July 2021)

4.4.1 Investment in Subsidiaries

As the Company's extent of investment in the invested companies allows it to have effective control over the governance and functions, the investment is treated as investment in subsidiaries.

All the subsidiaries of the company are non-listed and are just in the initial phases of operation with none of the company having commercial production till reporting date. Accordingly, company has estimated that the cost of such subsidiaries resembles the fair value at the reporting

		Figures in NPR
Details of Investment in subsidiaries	31.03.2078	31.03.2077
Nalgad Hydropower Company Limited	10,000,000.00	10,000,000,00
Jagadulla Hydropower Company Limited	580,000,000.00	480,000,000.00
Total	590,000,000.00	490,000,000.00

Details of subsidiaries with shareholding patterns are as follows:-

Name of the Subsidiary Da	te of Incorporation	Business Address	Date of acquisition of shares	Ownership as on Ashad 31, 2078
Jagdulla Hydropower Company Ltd.	2074.02.14	Midbaneswor, Kathmandu	2074.03.19	100%
Nalgad Hydropower Company Ltd.	2074.02.14	Midbaneswor, Kathmandu	2074.03.19	100%

However, as per the provisions of Memorandum of Association of both the subsidiary companies, there is an arrangement to issue shares in the following proportion. This arrangement will come into effect once the subsidiaries make public issue of shares.

Group	Shareholder	Percentage(%)
A	Vidhyut Utpadan Company Ltd (the Company)	75
	General Public	13
В	Locals affected by the project	10
	Deprived/Disadvantaged Families	2
Total		100

The extent of control of the company over the subsidiaries will change over the coming years as the proportion of shares held by it will be diluted after the subsidiaries make public offering of shares as per the above arrangement. However, the Company will continue to retain control.

Name of the Subsidiary	Number of equity shares	Value (Cost) of investments	% of Holding
Jagdulla Hydropower Company Ltd.	4,800,000	480,000,000	100%
Nalgad Hydropower Company Ltd.	100,000	10,000,000	100%
Total	4,900,000	490,000,000	

4.4.2 Investment in Associates

If the investment of the company or other matters provide significant influence over the operating and financial decision making of the company, such investment is treated as associate.

Associates are valued at cost in line with NAS 28 in standalone financial statements. Company has Board representation in the following companies, hence are treated as associates.

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Buddhanagar, Kathmandu 10, Nepal Notes to the financial statements

For the Period ended 31st Ashad 2078 (15th July 2021)

Details 61		Figures in NPR
Details of Investment in Associates	31.03.2078	31.03.2077
Betan Karnali Sanchaya Karta Hydro Power Company Ltd	70,000,000.00	70,000,000.00
NEA Engineering Company Limited	25,500,000.00	17,000,000.00
Total	95,500,000.00	87,000,000.00
Equity value of associates	31.03.2078	31.03.2077
Betan Karnali Sanchaya Karta Hydro Power Company Ltd	57,113,505.55	59,199,240.02
NEA Engineering Company Limited	32,861,941.19	21,563,086.16

4.4.3 Other investment in Equity Shares

Investment made on strategic purpose where company neither has significant influence nor control, are included under investment in equity shares. The shares are valued at fair value through OCI.

The company under such category are non-listed and without active commercial operation. Accordingly, company has estimated that the cost of such subsidiaries resembles the fair value at the reporting date.

		Figures in NPR
Details of Other investment in Equity Shares	31.03.2078	31.03.2077
Nepal Power Trading company Limited	2,550,000.00	2,550,000.00
Total	2,550,000.00	2,550,000.00

4.4.4 Investment in Fixed Deposit

Investment in fixed deposits are the short term investment normally with maturity less than or equal to one year. The fixed deposit are measured at amortized cost.

Company has held various fixed deposits in various banks, the details of which has been presented in the table below:

			Figures in NPR
Detail of Investment in Fixed deposit	Int. Rate	31.03.2078	31.03.2077
Nepal SBI Bank Ltd # 062068		_	250,000,000.00
Machhapuchhre Bank Ltd # MBLFD 0083352		457	500,000,000.00
Century Commercial Bank Ltd # FD	6.50%	100,000,000.00	100,000,000.00
Mega Bank Nepal Ltd # FD 0010070551568	6.00%	300,000,000.00	100,000,000.00
NMB Bank Ltd # F1070058980400011		-	100,000,000.00
Sanima bank Ltd -FD 001012010001275	6.75%	450,000,000.00	250,000,000.00
Everest Bank Ltd FD	6.50%	500,000,000.00	750,000,000.00
Nepal Bank Ltd FD	6.50%	-	450,000,000.00
Rastriya Banijya Bank Ltd	7.00%	700,000,000.00	700,000,000.00
NIC Asia Bank Ltd	7.10%	200,000,000.00	
Prime Commercial Bank -FD	7.50%	100,000,000.00	
Nepal Credit and Commerce Bank-FD	7.51%	300,000,000.00	
Sunrise Bank Ltd	6.60%	100,000,000.00	_
Civil Bank Ltd FD	7.00%	100,000,000.00	
Nepal Bangladesh Bank Ltd	6.50%	50,000,000.00	
Citizen Bank International Ltd	7.55%	200,000,000.00	
Sub-Total		3,100,000,000.00	3,200,000,000.00
Add: Interest Receivable using EIR		4,306,705.70	
Total		3,104,306,705.70	3,200,000,000.00

4.4.5 Cash and Cash Equivalents

Cash and short-term deposits in the statement of financial position comprise cash at banks and on hand and short-term deposits with a maturity of three months or less, which are subject to an insignificant risk of changes in value.

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Buddhanagar, Kathmandu 10, Nepal Notes to the financial statements

For the Period ended 31st Ashad 2078 (15th July 2021)

For the purposes of the cash flow statement, cash and cash equivalents include cash on hand, in banks and demand deposits with banks, net of outstanding bank overdrafts that are repayable on demand, book overdraft and are considered part of the Company's cash management system. Cash and cash equivalents of the company as on 31st Ashad, 2078 is as follows:

		Figures in NPR
Detail of Cash and Cash Equivalents	31.03.2078	31.03.2077
Petty Cash	50,000.00	50,000.00
Cash at Banks		
Everest bank Ltd # 001001052-01956	1,552,768.90	19,535,48
Everest bank Ltd # 001001052-01921	95,628,625.02	11,144,959.39
Sanima Bank Ltd # 001010510000090	24,378,315.57	90,209,234.68
NMB Bank Ltd # 0010058980400013	2,920,965.76	1,969,792.36
Nepal SBI Bank Ltd # 17725240200865	2,322,148.93	4,782,314.80
Machhapuchhre Bank Ltd # 0101524634447016	635,232.78	11,942,589.33
Century Commercial Bank Ltd # 0010003505CA	17,039,900.80	10,585,633.38
Mega Bank Nepal Ltd # 0010010500465	10,655,184.33	3,032,066.01
NIC Asia Bank Ltd # 5441000958152402	25,461,432.95	20,049,929.43
Siddhartha Bank Ltd # 01715499382	10,763,859.45	15,544,481.43
Nepal Bank Ltd # 00200106753709000001	678,493.23	7,328,409.69
Rastriya Banijya Bank Ltd # 142000526701	21,271,108.25	7,306,013.95
Sunrise Bank Ltd # 0020794938701001	2,633,369.85	-
NCC Bank Ltd # 00030000077115	93,126,659.33	
Total	309,118,065.15	183,964,959.93

4.4.6 Other Financial Assets

Items where company has right to receive cash or other financial assets and that have not been separately presented under specific heading of financial assets are included in financial assets.

		Figures in NPR
Other Financial Assets	31.03.2078	31.03.2077
Sanja Sewa (Sahakari Sastha) Ltd	200,000.00	200,000.00
Nepal Telecom	40,320.00	-
Accounts Receivable	84,384.00	
Total	324,704.00	200,000.00

4.5 Advance Tax (net)

Advance tax consists of tax deducted at source by various banks while making payment of interest on Fixed Deposit accounts held on various banks.

As advance tax settled on net basis with tax liability, net position of advance tax has been presented. The net amount of advance tax is estimated to be recovered/adjusted with tax liability of next year, hence is considered as non-current assets.

Details of such advance tax has been presented below in the table:

		Figures in NPR
Particulars	31.03.2078	31.03.2077
Advance Tax	135,483,811.67	113,351,605.13
Less: Current tax liability	(34,593,484.17)	(11.021,922.39)
Add: Previous Year interest on tax		
Advance Tax (net)	100,890,327.50	102,329,682.74

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Buddhanagar, Kathmandu 10, Nepal Notes to the financial statements

For the Period ended 31st Ashad 2078 (15th July 2021)

4.6 Other Current Assets

Other current assets consists of prepaid insurance amount and amount receivable from NEA Engineering Company Ltd. Other current assets also includes mobilization advance provided to Waiba Infratech Pvt. Ltd. for construction of Test Adit tunnels and Fewa Acharya J/V for the construction of office building and Road in of Phukot Karnali Hydro Power Project under heading other advance. The detail of such other current assets has been illustrated below: -

		Figures in NPR
Detail of Other Current Assets	31.03.2078	31.03.2077
NEA Engineering Ltd.	-	63,213.59
Advance for Expenses	387,463.98	-
Prepaid Expenses (Insurance)	223,851.16	206,067.51
Other Advance	32,744,000.00	10,152,000.00
Total	33,355,315.14	10,421,281.10

4.7 Inventories

Inventories are carried at the lower of cost and net realizable value. Cost comprises of all cost of purchase, cost of conversion and other costs incurred in bringing the inventories to their present location and conditions. The detail of such inventories has been illustrated below:

		Figures in NPR
Detail of Inventories	31.03.2078	31.03.2077
Stationary and other Stock	911,668.20	-
Total	911,668.20	

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Buddhanagar, Kathmandu 10, Nepal Notes to the financial statements For the Period ended 31st Ashad 2078 (15th July 2021)

4.8 Share Capital

Financial instruments issued by the Company are classified as equity only to the extent that they do not meet the definition of a financial liability or financial assets. The Company's equity shares are classified as equity instruments.

Details of share Capital of the Company is as under:		
Authorized Capital	200,000,000 Ordinary Shares of NPR 100 each	NPR 20,000,000,000
Issued Capital	100,000,000 Ordinary Shares of NPR 100 each	NPR 10,000,000,000
Called up Capital	52,712,000 Ordinary Shares of NPR 100 each	NPR 5,212,200,000
Less: Call in Arrears		NPR (1,465,400,000)
Paid up Capital	40,558,000 Ordinary Shares of NPR 100 each	NPR 4,055,800,000

Call in Arrears

The following called amount have not been received by the company till reporting date.

Shareholder	Amount (Figures in NPR)
Nepal Electricity Authority	342,000,000.00
Employees Provident Fund	342,000,000.00
Citizen Investment Trust	171,000,000.00
Nepal Doorsanchar Company Limited	542,000,000.00
Rastriya Beema Sansthan	68,400,000.00
	1,465,400,000,00

The Shares of the Company is held by different Ministries of the Government of Nepal and public sector undertakings listed below:

Group	Shareholder	Ownership % *	Actual Holding %**
	Ministry of Energy, water resources and irrigation	20	44
Α	Ministry of Finance	5	12
	Ministry of Law, Justice and Parliamentary Affairs	5	12
	Nepal Electricity Authority	10	8
	Employees Provident Fund	10	8
В	Citizen Investment Trust	5	4
D	Hydroelectricity Investment and Development Company Limited	4	7
	Nepal Doorsanchar Company Limited	10	3
	Rastriya Beema Sansthan	2	2
	General Public	17	-
C	Locals affected by the project	10	1
	Deprived/Disadvantaged families	2	
	Called Amount Pending Allotment		
Total		100.0	0 100.00

* Shareholding as per Memorandum of Association (based on authorized capital)

** Shareholding based on paid up share capital as on Ashad end 2078 (based on paid up capital)

		Figures in NPR
Detail of Paid up Share Capital is as follows: -	31.03.2078	31.03.2077
Ministry of France, Water Daniel	1,000,222,200,00	1 (55 222 222 222
Ministry of Energy, Water Resources and Irrigation	1,802,333,300.00	1,677,333,300.00
Ministry of Finance	481,833,400.00	419,333,400.00
Ministry of Law, Justice and Parliamentary Affairs	481,833,300.00	419,333,300.00
Nepal Electricity Authority	330,000,000.00	330,000,000.00
Employees Provident Fund	330,000,000.00	330,000,000.00
Citizen Investment Trust	165,000,000.00	165,000,000.00
Hydroelectricity Investment and Development Company Limited	268,800,000.00	268,800,000.00
Nepal Doorsanchar Company Limited	130,000,000.00	130,000,000.00
Rastriya Beema Sansthan	66,000,000.00	66,000,000.00
Call amount pending allotment		250,000,000.00
Total	4,055,800,000.00	4,055,800,000.00

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Buddhanagar, Kathmandu 10, Nepal Notes to the financial statements

For the Period ended 31st Ashad 2078 (15th July 2021)

Reconciliation of no. of shares

No. of Shares	31.03.2078	31.03.2077
Opening	40,558,000.00	38,058,000.00
Addition during the year	-	
Fresh Issue		2,500,000.00
Bonus Issue	-	-,0,000,00
Right Issue	-	
Closing	40,558,000.00	40,558,000.00

4.9 Advance Towards Share Capital

Company has received amount from one of its shareholder during the year without making formal call on such shares. Such amount is presented under advance towards share capital. Once the company makes call, the amount shall be transferred to share capital.

Details of Advance Towards Share Capital	31.03.2078	31.03.2077
Government of Nepal	250,000,000.00	-
Total	250,000,000.00	

4.10 Retained Earning and Reserve

Retained earnings (RE) is the amount of net income left over for the business from profit generated after it has paid out dividends to its shareholders. Reserve is allocation of amount from retained earning for specific purpose or created by way of specific transaction through other comprehensive income. Detail of such retained earning and reserve has been tabulated below:

		Figures in NPR
Detail of Retained Earning and Reserve	31.03.2078	31.03.2077
Retained Earnings	165,502,044.44	66,142,071.79
Reserves	1	-
Total	165,502,044.44	66,142,071.79

Please refer statement of changes in equity for movement in retained earning and reserve.

4.11 Deferred Tax

Deferred income tax is provided in full, using the liability method, on temporary difference arising between the tax base of assets and liabilities and their carrying amount in financial statements, except when the deferred income tax arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and affects neither accounting nor taxable profits or loss at the time of the transaction.

Deferred income tax asset is recognized to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilized.

Deferred income tax liabilities are recognized for all taxable temporary differences.

The carrying amount of deferred income tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred income tax asset to be utilized.

Deferred income tax assets and liabilities are measured at the tax rates that are expected to apply in the period when the asset is realized or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the reporting date. Deferred tax has been computed using tax rate of 25%.

		Figures in NPR
Detail of Deferred Tax	31.03.2078	31.03.2077
Deferred Tax (Assets*)	(432,480.69)	(234,937.29)
Deferred Tax Liabilities	1,480,521.94	1,271,972.94
Net Deferred Tax Liability	1,048,041.25	1,037,035.65

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Buddhanagar, Kathmandu 10, Nepal Notes to the financial statements For the Period ended 31st Ashad 2078 (15th July 2021)

Movement in deferred tax for the current year is as follows:

Particulars	As at 31.3.2077	Adjustment	As at 31.3.2078
Property, plant & equipment and intangible assets	1,271,972.94	208,549.00	1,480,521.94
Leave liability	(234,937.29)	(197,543.40)	(432,480.69)
Total	1,037,035.65	11,005.60	1,048,041.25

^{(*}Negative amount relates to deferred tax assets)

4.12 Financial Liabilities

Financial liabilities are recognized when the Company becomes a party to the contract embodying the related financial instruments. All financial liabilities 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 issue of financial liabilities (other than financial liabilities at fair value through profit and loss) are added to or deducted from the fair value measured on initial recognition of financial liability. Transaction costs directly attributable to the acquisition of financial liabilities at fair value through profit and loss are immediately recognized in the statement of profit and loss.

A Classification as liability 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.

B 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.

4.12.1 Employee Benefit Liabilities

The Company has schemes of employment benefits namely provident fund, employee gratuity, salaries and allowances and accumulated leave payable as per Karmachari Prasashan Biniyamawali, 2073.

Defined contribution plan

Under defined contribution plans, provident fund, the Company pays pre-defined amounts to separate funds and does not have any legal or informal obligation to pay additional sums. Contributions to defined contribution schemes (Provident fund) are charged to the profit or loss statement in the year to which they relate as the company has no further defined obligations beyond monthly contributions. Contributions to defined contribution schemes are deposited with Employees Provident Fund (Karmachari Sanchaya Kosh).

Defined Benefit Plan

Company provides gratuity facility to employee based on its employee service regulation. Such is provided based on completed years of service method. All staffs who have completed three years in service are entitled to a gratuity of one month salary for each completed year. As none of the employees have completed such period, gratuity has not been booked and considering the amount to be involved, actuarial valuation has not been done.

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Buddhanagar, Kathmandy 10, Nepal Notes to the financial statements For the Period ended 31st Ashad 2078 (15th July 2021)

Short term and long-term employment benefits

- i. A liability is recognized for benefits accruing to employees in respect of wages and salaries and allowances in the period the related service is rendered at the undiscounted amount of the benefits expected to be paid in exchange for that service.
- ii. Liabilities recognized in respect of short-term employee benefits are measured at the undiscounted amount of the benefits expected to be paid in exchange for the related service.
- iii. Compensated absences which are not expected to occur within twelve months after the end of the period in which the employee renders the related services are recognized as a liability at the present value of the obligation as at the Balance sheet date determined based on an actuarial valuation. However, the company has not carried out actuarial valuation this year considering cost benefit analysis, it believes that current estimates based on accrued method are nearest approximate to such valuation.

Details of Employee Benefit Liabilities are as follows:

	Figures in NPR
31.03.2078	31.03.2077
2.162.403.46	1,174,686.46
2,162,403.46	1,174,686.46
168,193.00	
168,193.00	
2 330 506 46	1,174,686.46
	2,162,403.46 2,162,403.46 168,193.00

4.12.2 Trade and Other Payables

Trade and Other Payables includes short term liabilities of the company such as TDS payable, salary payable, audit fee payable, payable to creditors etc. These have been booked on undiscounted amount as these are likely to be settled within coming fiscal year. The detail of such payables of the company as on 31st Ashad 2078 has been depicted in the table below:

		Figures in NPR
Detail of Trade and Other Payables	31.03.2078	31.03.2077
TDS Payable	1,485,324.58	2,298,684.19
Salary and allowance payable	973,348.50	3,145.50
PF Payable		699.00
Meeting Allowance Payable	202,725.00	
Ministry of Energy, Water resources and Irrigation	150,000.00	150,000.00
VAT Accounts	4,629,301.05	8,574,686.52
Deposit or Retention	521,676.05	-
Contractor Association fund	10,433.52	-
Topaz Computer Service Center	2,775.00	2,775.00
NEA Engineering Company Ltd	13,133,618.78	104,341,543.27
Audit fee Payable- Final audit	226,000.00	282,500.00
Anuj Shrestha		4,500.00
Shree Airline		11,700.00
TN Acharya and Com.	169,500.00	
Ageno Bakery P Ltd	18,630.53	-
Aroll P Ltd	309,750.00	
Nawa Durga Tailoring	10,000.00	-
Human Fit Craft	227,480.28	
Chokchek Bhote	7,229.03	
Trilok Chandra Bhatta	6,690.00	
Total	22,084,482.33	115,670,233.49

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Buddhanagar, Kathmandu 10, Nepal Notes to the financial statements For the Period ended 31st Ashad 2078 (15th July 2021)

4.13 Other Income

Other income consists of insurance claim received from insurance company and amount received from sale of tender form. Detail of such income has been presented in the table below: -

		Figures in NPR	
Particulars	2077-078	2076-077	
Tender form sale	-	211,000.00	
Insurance Claim	31,800.00	135,000.00	
Miscellaneous Income	4,955.24	-	
Total	36,755.24	346,000.00	

4.14 Personnel Expenses

This includes employee benefit as mentioned in note 4.12.1 for the current period.

		Figures in NPR
Particulars	2077-078	2076-077
Salary	6,401,221.76	4,866,339.28
Provident Fund Contribution	640,122.18	466,355.98
Responsibility Allowance	6,085,961.43	5,284,307.17
Performance Allowance	3,840,000.00	
Dashain Incentive	540,608.00	391,704.00
Medical Allowance	518,538.00	819,990.83
Overtime Allowance	302,402.15	254,905.72
Annual and Sick leave	1,431,798.00	640,007.00
Total	19,760,651.52	12,723,609.98

4.15 General Administrative Expenses

General and administrative expenses represent the necessary costs to maintain a company's daily operations and administer its business, but these costs are not directly attributable to the production of goods and services. Details of such expenses has been illustrated below:

		Figures in NPR
Particulars	2077-078	2076-077
Travell and Perdiem in Country		
Domestic	654,927.02	839,069.50
International		177,931.50
Office Rent	4,451,073.00	4,341,048.00
Printing and Stationery	256,111.55	262,454.01
Postage and Telephone	495,069.12	203,830.00
Water and Electricity	145,258.00	209,629.00
Fuel and Lubricats	1,026,592.17	786,452.82
Expendable Office Materials	356,608.87	168,059.53
Books and News paper	49,451.25	43,670.00
Office expenses	153,169.03	120,525.43
Repair and Maintenance Equipment	100,679.90	92,572.18
Repair and maintenance Vehicle	1,022,420.67	552,876.95
Repair and Maintenance Furniture	23,075.00	10,487.75
Insurance Premium- Assets	489,113.86	346,480.12
Insurance Premium- Employee	80,735.95	118,004.03
Training and development	972,969.12	681,206.59
Meeting Allowance	3,282,400.00	2,475,000.00
Meeting Expenses	162,259.35	160,655.93

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Buddhanagar, Kathmandu 10, Nepal Notes to the financial statements

Particulars	Service of the servic	2077-078	2076-077
Audit Fee		-	
External Audit fee		226,000.00	226,000.00
Internal & Tax Audit fee		354,250.00	326,000.00
Audit Expenses		7,450.00	9,978.00
License and Renewal Expenses		276,825.00	95,140.00
Business Promotion		606,584.00	413,015.00
Advertisement and Publicity		233,689.35	352,249.54
Annual General meeting & Anniversary		175,211.85	66,054.99
Guest Entertained and Public Relation		94,239.74	149,767.11
Consultancy Fee		651,290.00	344,725.00
Bank Charges		699.10	1,725.00
Recruitment Expenses		381,540.00	543,814.50
Staffs Uniform		489,656.32	405,692.99
Miscellaneous Expenses		246,362.23	94,140.46
Total		17,465,711.45	14,618,255.93

4.16 License fee, Feasibility, Environmental Study and other cost of Projects

Various project related expenses has been incorporated within this heading. Project wise detail has been tabulated as below:

		Figures in NPR	
Particulars	2077-078	2076-077	
Phukot Karnali Hydro Electric Project	1,191,350.79	69,691,931.03	
Kimathanka Hydro Electric Project	44,038,086.11	58,114,295.55	
Mugu Karnali Hydro Electric Project	21,757,688.41	83,456,599.48	
Total	66,987,125.31	211,262,826.06	

4.17 Depreciation and amortization

In line with note 4.1 and 4.3, depreciation and amortization is as follows:

		Figures in NPR
Particulars	2077-078	2076-077
Depreciation	6,661,292.39	5,449,777.05
Amortization	35,715.08	32,000.00
Total	6,697,007.47	5,481,777.05

4.18 Finance Income

Finance income includes interest income earned from call account opened in various bank and interest income earned from fixed deposits opened in various bank. The detail of such income has been presented below in the table:

		Figures in NPR
Particulars	2077-078	2076-077
Interest Income on call deposit	1,450,643.38	94,984,133.48
Interest Income from FD	219,576,883.15	206,392,655.64
Total	221,027,526.53	301,376,789.12

4.19 Current Tax

Current income tax for the current and prior periods are measured at the amount expected to be paid to the taxation authorities based on the taxable income for the period. The tax rates and tax laws used to compute the current tax amount are those that are enacted or substantively enacted by the reporting date and applicable for the period.

Tax rate of 25% has been considered on taxable income from this year.

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Buddhanagar, Kathmandu 10, Nepal Notes to the financial statements

	and the same of th		Figures in NPR
Current Tax		2077-078	2076-077
Income tax on current year taxable profit		33,477,358.72	11,021,922.39
Prior year tax adjustment		1,116,125.46	(53,116.21
Total		34,593,484.17	10,968,806.18
Current year income tax expenses has been as	rived in the followi	ng manner:	
Particulars		2077-078	2076-077
Profit as per Financial Statement (Before Tax)	110,153,786.02	57,636,320.10
Add: Inadmissible Expenses		MATERIAL SECTION OF SECTION AND SECTION OF PRICE SECTION SECTI	
Depreciation as per book		6,697,007.47	5,481,777.05
Provision for leave encashment		1,170,824.43	640,007.00
Disallowed Expenses			288,368.00
Previous Year Project Expenses (Phukot)		23,810,676.41	-
Less: Deductible Expenses			
Depreciation as per Income tax Act		(7,739,752.46)	(8,936,860.23)
Leave paid		(183,107.00)	
Carried forward loss of last year			
Net Taxable Income		133,909,434.87	55,109,611.92
Tax Rate 25%		25%	20%
Total Tax of current year		33,477,358.72	11,021,922.39
Interest on tax of previous year		1,116,125.46	entre annual de santa de la companya de la company Na la companya de la
Total Tax		34,593,484.17	11,021,922.39

4.20 Earning Per Share

Basic earnings per share is computed by dividing the profit attributable to owners of the Company by the weighted average number of equity shares outstanding during the period.

Diluted earnings per share adjusts the figures used in determination of basic earnings per share to take into account the after income tax effect of interest and other financing costs associated with dilutive potential equity shares and the weighted average number of additional equity shares that would have been outstanding assuming the conversion of all dilutive potential equity shares.

Earning per equity share (EPS) of the company is calculated as under	:	Figures in NPR
Paticulars	Year ended Ashad 31, 2078	Year Ended Ashad 31, 2077
Net Profit	75,549,296.25	46,295,774.28
Number of shares for Basic EPS	40,558,000.00	40,558,000.00
Number of shares for diluted EPS	40,558,000.00	40,558,000.00
Basic EPS	1.86	1.14
Diluted EPS	1.86	1.14

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Buddhanagar, Kathmandu 10, Nepal Notes to the financial statements For the Period ended 31st Ashad 2078 (15th July 2021)

5 Explanatory Notes

5.1 Related Party Transaction

Subsidiaries

The company has made investments in Nalgad Hydropower Company Limited and Jagdulla Hydropower Company Limited. As the Company has control over these entities, these companies are considered to be related parties. There is no commercial transaction with the companies during the year.

Directors and their relatives

The total composition of Board of Directors as per the Articles of Association of the Company is nine, as below:

Directors appointed by shareholders of Group A	3
Directors appointed by shareholders of Group B	2
From General Public	2
Independent Director (Hydropower Expert)	1
Independent Director (Finance Expert)	1
Total	9

Currently there are seven directors in the Company. One of the Independent directors is yet to be appointed. Since the company has not made public issue of shares, there is no representation in the Board from the public. Board members are paid meeting allowances when attending meetings. Any other facilities are not provided.

Name of Directors	Position	Board Meeting allowance	Other committee meeting allowance	Total (NPR)
Existing committee at Reporting		anowanee	meeting anowance	Total (MTX)
Mr Devendra Karki	Chairman	35,000.00	-	35,000.00
Mr. Rameshwor Dangal	Director	56,000.00	42,000.00	98,000.00
Mr. Madhu Prasad Bhetuwal	Director	28,000.00	63,000.00	91.000.00
Mr. Hitendra Dev Shakya	Director	175,000.00	-	175,000.00
Mr. Dilliram Adhikari	Director	189,000.00	63,000.00	252,000.00
Mr. Anant Raj Ghimire	Managing Director	70,000.00	91,000.00	161,000.00
Previous Committee				_
Mr. Dinesh Kumar Ghimire	Ex chairman	182,000.00		182,000,00
Mr. Toyanath Adhikari	Ex Director	161,000.00	371,000.00	532,000.00
Mr. Uttar Kumar Khatri	Ex Director	28,000.00	133,000.00	161,000.00
Mr. Yamlal Bhusal	Ex Director	56,000.00	133,000.00	189,000.00
Mr. Kul Man Ghising	Ex Director	7,000.00	· · · · · · · · · · · · · · · · · · ·	7,000.00
Mr. Lekhnath Koirala	Ex Director			-
Dr. Surendra Kumar Uprety	Ex Director	49,000.00	112,000.00	161,000.00
Mr. Mohan Raj Panta	Ex. Managing Director	63,000.00	203,000.00	266,000.00
Mr. Heeraman Waiba	Act. Managing Director	70,000.00	21,000.00	91,000.00
Total		1,169,000.00	1,232,000.00	2,401,000.00

Key Management Personnel

Following officials are considered to be Key Management personnel of the Company. There has been no transaction with the key management personnel other than payment of salary and benefits as per the personnel policy of the Company.

Name of Personnel	Designation	Short term Benefits	Other Benefits
Mr. Anant Raj Ghimire*	Managing Director	1,057,655.17	25,000.00
Mr. Mohan Raj Panta	Ex. Managing Director	5,153,653.80	219,728.00

^{*} Salary and allowances have not been paid to Mr. Anant Raj Ghimire.

At the date of authorization of issue of financial statements, Mr. Heeraman Waiba has been deputed as Acting Managing Director of the company, owing to vacant position of Managing Director.

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Buddhanagar, Kathmandu 10, Nepal Notes to the financial statements

5.2 Lease & Lease Rental Expenses

A lease is classified at the inception date as a finance lease or an operating lease. A lease that transfers substantially all the risks and rewards incidental to ownership to the Company is classified as a finance lease. When all the risks and rewards incidental to ownership are not transferred to the Company (an "operating lease"), the total rentals payable under the lease are taken to the profit or loss statement over the lease term. The future minimum lease payment under non-cancellable operating leases, where the Company is lessee is NIL.

5.3 Events after the Reporting Date

There were no material events that occurred after the reporting date that require adjustments to or disclosure in the Financial Statements.

5.4 Regrouping and Rearranging of figures

Previous year's figures have been regrouped or rearranged wherever necessary.

5.5 Dividend

No any dividend has been proposed by the Board.

5.6 Corporate Social Responsibility, Labor Act and Social Security Act

Company has not provided 1% of net profit as Corporate Social Responsibility, as required by Industrial Enterprises Act. Company has not provided several facilities as required by Labour Act and Social Security Act.

5.7 Risk Management objectives and policies

The Company's business activities expose to a variety of risks, namely primarily to fluctuations in liquidity risk, interest rate risk and credit risk. The Company's Board and senior management has overall responsibility for the establishment and oversight of the Company's risk management. The Company's risk management policies are established to identify and analyses the risks faced by the Company, to set appropriate risk limits and controls and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Company's activities.

i. Credit Risk

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the Company. As the company has not started generation of core revenue, this risk is assumed to be negligible.

ii. Liquidity Risk

Liquidity risk is the risk that the Company will face in meeting its obligations associated with its financial liabilities. The Company's approach to managing liquidity is to ensure that it will have sufficient funds to meet its liabilities when due without incurring unacceptable losses. In doing this, management considers both normal and stressed conditions. A material and sustained shortfall in our cash flow could create potential business continuity risk.

In order to control liquidity risk and for better working capital management, the Company's Finance department regularly monitors the cash position to ensure it has sufficient cash on-going basis to meet operational needs. Any short term surplus cash received or created, over and above the amount required for working capital management, investment in companies and other operational requirements, are investment in the form of fixed deposit.

iii. Interest Rate Risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company's exposure to the risk of changes in market interest rates relates primarily to the Company's investment in fixed deposit and surplus cash kept in call deposit. Since, the interest rate risk is influenced by market forces, company has little role to play for minimizing this risk.

5.8 Capital Management

For the purpose of the Company's capital management, capital includes issued capital and all other equity reserves attributable to the equity holders of the company. The Company manages its capital so as to safeguard its ability to continue as a going concern, create funds for investment to be made in companies and in future, to provide for dividend to shareholders. Company issues call for payment of share capital based on fund requirement for making investment in companies related to hydropower generation.

Till date, no any dividend has been paid out to shareholders.

No changes were made in the objectives, policies or processes for managing capital during the current and previous year.

Buddhanagar, Kathmandu 10, Nepal Notes to the financial statements

5.9 Fair Value Hierarchy

The fair value measurements of financial assets and liabilities on fair value hierarchy is as follows:

As at 31.03.2078				Figures in NPR
Particulars	Measured at	Carrying Amount	Fair Value	Level
Financial Assets				
Investment in Subsidiaries	Fair Value	590,000,000.00	590,000,000.00	Level 3
Investment in Associates	Fair Value	95,500,000.00	95,500,000.00	Level 3
Other investment in Equity Shares	Fair Value	2,550,000.00	2,550,000.00	Level 3
Investment in Fixed Deposit	Amortized Cost	3,104,306,705.70	3,104,306,705.70	Level 3
Cash and Cash Equivalents	Fair Value	309,118,065.15	309,118,065.15	Level 1
Other Financial Assets	Amortized Cost	324,704.00	324,704.00	Level 3
Total Financial Assets		4,101,799,474.85	4,101,799,474.85	
Financial Liabilities				TO THE PARTY OF TH
Employee Benefit Liabilities	Amortized Cost	2,330,596.46	2,330,596.46	Level 3
Trade & other Payable	Amortized Cost	22,084,482.33	22,084,482.33	Level 3
Total Financial Liabilities		24,415,078.79	24,415,078.79	

As at 31.03.2077				Figures in NPR
Particulars	Measured at	Carrying Amount	Fair Value	Level
Financial Assets				THE CONTRACTOR OF SECURE SECUR
Investment in Subsidiaries	Fair Value	490,000,000.00	490,000,000.00	Level 3
Investment in Associates	Fair Value	87,000,000.00	87,000,000.00	Level 3
Other investment in Equity Shares	Fair Value	2,550,000.00	2,550,000.00	Level 3
Investment in Fixed Deposit	Amortized Cost	3,200,000,000.00	3,200,000,000.00	Level 3
Cash and Cash Equivalents	Fair Value	183,964,959.93	183,964,959.93	Level 1
Other Financial Assets	Amortized Cost	200,000.00	200,000.00	Level 3
Total Financial Assets		3,963,714,959.93	3,963,714,959.93	
Financial Liabilities				
Employee Benefit Liabilities	Amortized Cost .	1,174,686.46	1,174,686.46	Level 3
Trade & other Payable	Amortized Cost	115,670,233.49	115,670,233.49	Level 3
Total Financial Liabilities		116,844,919.95	116,844,919.95	

5.10 Lien on company's assets

The company's assets have not been pledged anywhere.

5.11 Contingent Liability

The Company recognizes contingent liability when a possible obligation arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the entity or company as a present obligation as a result of past events which is not recognized because it is not probable that an outflow of resources embodying economic benefits will be required to settle the obligation; or the amount of the obligation cannot be measured with sufficient reliability. All adjusting events are considered for appropriate reflection in the current financial year.

a) Bank Guarantee

There is no unexpired bank guarantee.

b) Litigations or legal cases

A legal case with Department of Electricity Development (DoED) regarding license of Veri-1 Reservoir HE project is pending. Company obtained license for survey of the project for which Company deposited NPR. 12,000,000.00 license fee as per decision made by DoED and requested vide Pa.Sa. 2074/075 (Permission letter) Cha.No. 02 dated 02.04.2074 for deposit of NPR. 12,000,000.00 against license fee. However, later DoED has issued the license for different area than requested by company. Company submitted a letter notifying that the company is not interested in the area determined by DoED and requested to refund the license fee. DoED responded as being unable to refund the fee deposited by company. Company has lodged a case for mandamus, certiorari at Supreme Court on 11.02.2075. The case is under process at supreme court.

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c) Capital Commitment

Capital contract remaining to be executed on various works amounts to NPR. 3,27,44,000.00:

As	at	31	.03	2.0	78

As at 31.03.20/8				Figures in NPR
Particulars	Commitment amount	Advance release amount	Advance Settlement	Balance
WAIBA Infratech P Ltd	15,228,000.00	15,228,000.00	7.614.000.00	7,614,000.00
Fewa - Acharya J/V	12,180,000.00	12,180,000.00	-	12,180,000.00
Paradise-Pabita JV	19,425,000.00	12,950,000.00	-	12,950,000.00
Total	46,833,000.00	40,358,000.00	7,614,000.00	32,744,000.00







