

**Madhya Bhotekoshi Jalavidyut Company Ltd.**  
**Maharajgunj, Kathmandu, Nepal**

**Financial Statements of Fiscal Year- 2078/079**  
As per Nepal Financial Reporting Standards (NFRS)

## INDEPENDENT AUDITOR'S REPORT

### TO THE SHAREHOLDERS OF MADHYA BHOTEKOSHI JALVIDYUT COMPANY LIMITED

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

We have audited the accompanying financial statement of Madhya Bhotekoshi Jalvidyut Company Limited (the 'Company') which comprise the Statement of Financial Position as at Ashadh 32, 2079 (July 16, 2022), the Statement of Profit or Loss (including Other Comprehensive Income), the Statement of Change in Equity and the Statement of Cash Flow for the Year then ended on that date, and a summary of the significant accounting policies and other explanatory information (here after referred to as "the financial statement").

#### Opinion

In our opinion, and to the best of our information and according to the explanations given to us, and subject to the effect of matters mentioned in 'Basis of Qualified Opinion' section, the aforesaid financial statements presents fairly, in all material respects, the financial position of the company as at Ashadh 32, 2079 (July 16, 2022) and its financial performance, change in equity, cash flow for the year then ended, and a summary of significant accounting policies and other explanatory information, in accordance with Nepal Financial Reporting Standards and comply with Companies Act, 2063.

#### Basis of Opinion

We conduct our audit of the financial statement 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 on the Company according with the 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 audit opinion in the financial statements.

#### Information Other than the financial Statements and Auditor's Report Thereon

The Company Management is responsible for the preparation of other information. The other information comprises the information included in the Management Report, Report of the Board of Directors and Chairman's Statement but does not include the financial statement and our auditor's report thereon.

Our opinion in the financial statements does not cover the other information and we don't 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 of our knowledge obtained during the course of our audit or otherwise appears to be materially misstated.



If, based on the work we have performed we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

**Responsibility of Management and those Charges with Governance for the Financial Statements**

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

In preparing the financial statement, management is responsible for assessing the Company'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 company or to cease the operation, or has no realistic alternative but to do so.

The Board of Directors is responsible for overseeing the Company's financial reporting process.

**Key Audit Matters**

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statement of the current period. These matters were addressed in the context of our audit of the financial statement as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. We have determined the matter described below to be the key audit matter to communicate in our report.

Key Audit Matters	The Risk	Audit Procedure involved
Due to various factors like COVID-19, flood and other many procedural delays and complexity of the project, Commercial Operation Date (COD) of the project has been extended multiple times. Accordingly, contract with contractors has been revised/extended. As per the latest amendment in PPA agreement with Nepal Electricity Authority COD of the project will start from 17 <sup>th</sup> Chaitra, 2079.	As per the PPA Agreement-latest revision (Cost version), the COD starts from 17 <sup>th</sup> Chaitra, 2079. But, project is not in the condition to start commercial operation from this date due to which IDC (Interest Direct Cost) & Other Costs associated with the project may be increased which will increase Overall Project Cost. Moreover, the company will get less numbers of price increments as mentioned in clause no. 12.1 of the PPA.	Our audit procedures performance includes following: 1. Review of the contracts including revised contracts for extension of dates and Power Purchase Agreement (PPA) with NEA (Nepal Electricity Authority) including latest amendment. 2. Review of project status report prepared by the technical professional. 3. Site inspection to ascertain whether the project is actually at the stages shown by the project status reports.



### **Auditors Responsibility for the Audit of the Financial Statements**

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue and auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not guarantee that an audit conducted in accordance with NSAs will always detect a material misstatement when it exists. Misstatement 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 decision of user taken on the basis of these financial statements.

As part of an audit in accordance with NSAs, we exercise professional judgment and maintain professional skepticism through the audit.

We also:

- Identify and assess the risk of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risk, and
- obtain audit evidence that is sufficient and appropriate to provide the basis of our opinion. The risk of not detecting a material misstatement resulting from a fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentation or the override of internal control.
- Obtain an understanding of internal controls 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 Company's internal control.
- Evaluate the appropriateness of accounting policy used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of the management's use of the going concern basis of accounting and based on the audit evidence obtain whether a material on uncertainty exist related to event or condition that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusion are based on the audit evidence obtain up to the date of an auditor's report. However, further events or condition may cause the Company to cease to continue as a going concern.
- Evaluate overall presentation, structure and content of the financial statements; include the disclosures, and whether the financial statements represent the underlying transaction and event in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the business activities within the Company to express an opinion in the Financial Statements. We are responsible for the direction, suspension and performance of the company audit. We remain solely responsible for our audit opinion.



We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit finding, including any significant deficiency in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with the relevant ethical requirement regarding independence and communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

### **Report on Other Legal and Regulatory Requirements**

The Statement of Financial position as at Ashadh 32, 2079 corresponding 16<sup>th</sup> July, 2022 and Statement of Profit or Loss Account and other comprehensive Income, Statement of Cash Flow and Statement of changes in equity and for the year the ended, and notes to the financial statements deal with by this report are prepared in accordance with Nepal Financial Reporting Standard (NFRS).

Company Act 2063, and in agreement with the books of account maintained by the company.

- I. We have obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the purpose of our audit;
- II. In our opinion, proper books of accounts as required by law have been kept by the company so far as it appears from our examination of such books of accounts;
- III. In our opinion, the Balance Sheet, Income Statement and Statement of Changes in Equity dealt with by this report are in agreement with the books of accounts;
- IV. To the best of our information and according to explanation given to us and from our examination of the books of account of the company necessary for the purpose of our audit, we have not come across cases where the board of directors or any representative or any employee of the company have acted contrary to the provisions of laws relating to accounts or committed any misappropriation or caused any loss or damage to the company.

For, H. K. S. D. Associates  
Chartered Accountants



*Suraj Kumar Dhakal*  
CA. Suraj Kumar Dhakal  
Partner

Dated: Mangsir 14, 2079  
Kathmandu, Nepal  
UDIN No: 221211CA01566kkixT

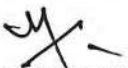
**Madhya Bhotekoshi Jalavidyut Company Limited**

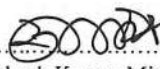
**Statement of Financial Position**


**As at 32nd Ashadh 2079 (16th July 2022)**


NRs.


Particulars	Notes	31.03.2079 (16.07.2022)	31.03.2078 (15.07.2021)
<b>Assets</b>			
<b>Non Current Assets</b>			
Property, Plant and Equipment	1.1	475,944,433	480,936,154
Capital Work in Progress	1.2	12,203,735,156	9,388,251,011
		<b>12,679,679,589</b>	<b>9,869,187,166</b>
<b>Current Assets</b>			
Investments	2	690,000,000	250,000,000
Inventory	3	516,141	274,190
Prepayments	4	-	4,026,850
Advances, Deposits and Other Assets	5.1.1	220,141,007	453,116,596
Cash and Cash Equivalents	5.1.2	155,756,837	121,151,761
Total Current assets		<b>1,066,413,985</b>	<b>828,569,397</b>
<b>Total Assets</b>		<b>13,746,093,574</b>	<b>10,697,756,563</b>
<b>Equity and Liabilities</b>			
<b>Equity</b>			
Share Capital	6	6,000,000,000	4,500,000,000
Retained Earnings	7	(346,748,776)	(287,227,447)
Total Equity		<b>5,653,251,224</b>	<b>4,212,772,553</b>
<b>Non Current Liabilities</b>			
<b>Other Non Current Liabilities</b>			
Long Term Loans	10	7,795,287,324	6,247,558,723
Provisions	11	2,646,614	2,314,457
		<b>7,797,933,938</b>	<b>6,249,873,180</b>
<b>Current Liabilities</b>			
Trade and Other Payables	5.2.1	294,908,412	235,110,830
<b>Total Liabilities</b>		<b>8,092,842,350</b>	<b>6,484,984,011</b>
<b>Total Equity and Liabilities</b>		<b>13,746,093,574</b>	<b>10,697,756,563</b>


  
.....  
Tulsi Ram Dhakal  
Member

  
.....  
Subhash Kumar Mishra  
Chairman

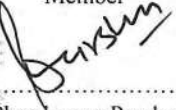
  
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Dhurba Bhattarai  
Member

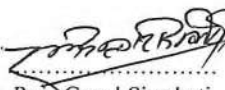
  
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Shreeram Raj Pandey  
Member

  
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Narayan Prasad Acharya  
Member

  
.....  
Subhas Karmacharya  
Member



  
.....  
Pharsuram Pandey  
Chief Finance Officer

  
.....  
Ram Gopal Siwakoti  
Chief Executive Officer

As per our report of even date

  
.....  
C.A. Suraj Kumar Dhakal  
H. K. S. D. Associates  
Chartered Accountants



Date : 2079.08.14 (30th November 2022)


Place: Maharajgunj, Kathmandu

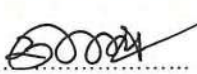
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**Madhya Bhotekoshi Jalavidyut Company Limited**  
**Statement of Profit or Loss and other Comprehensive Income**  
**For the year ended 32<sup>nd</sup> Ashadh 2079 (16<sup>th</sup> July 2022)**

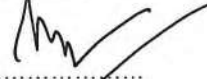
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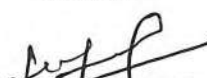
Particulars	Notes	FY2078/079 (2021/022)	FY2077/078 (2020/021)
<b>Income</b>			
Revenue from Sale of Electricity		-	-
<b>Expenses</b>			
Administrative and Other Operating Expenses	8,13	34,543,162	28,314,197
Depreciation	1.1	686,211	715,048
<b>Operating Profit/ (Loss)</b>		<b>(35,229,373)</b>	<b>(29,029,245)</b>
Finance Income	14	-	-
Other Income	15	104,632	8,083
Finance Charge	16	(8,462,919)	(5,679,584)
<b>Profit/ (Loss) before Tax</b>		<b>(43,587,660)</b>	<b>(34,700,746)</b>
<b>Less: Tax</b>			
Current Tax	9	-	-
Deferred Tax Income (Expense)	9	-	-
<b>Net Profit/ (Loss) For the Year</b>		<b>(43,587,660)</b>	<b>(34,700,746)</b>
<b>Earnings Per Share</b>			
Basic (Net Profit/(Loss)/Share Capital)	17	(0.73)	(0.77)
Diluted		(0.73)	(0.77)
<b>Other Comprehensive Income:</b>			
Changes in revaluation surplus		-	-
Actuarial Gain (Loss) on remeasurements of defined benefit plans		-	-
Gains and Losses on financial assets measured at fair value through other comprehensive income		-	-
Income Tax relating to items that will not be reclassified		-	-
<b>Other Comprehensive Income for the Year</b>		<b>-</b>	<b>-</b>
<b>Total Comprehensive Income</b>		<b>(43,587,660)</b>	<b>(34,700,746)</b>


  
 .....  
 Tulsi Ram Dhakal  
 Member

  
 .....  
 Subhash Kumar Mishra  
 Chairman


  
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 Dhurba Bhattarai  
 Member

  
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 Shreeram Raj Pandey  
 Member


  
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 Narayan Prasad Acharya  
 Member

  
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 Subhas Karmacharya  
 Member

  
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 Pharsuram Pandey  
 Chief Finance Officer

  
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 Ram Gopal Siwakoti  
 Chief Executive Officer

As per our report of even date

  
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 H. K. S. D. Associates  
 Chartered Accountants



Date : 2079.08.14 (30th November 2022)

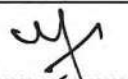
Place: Maharajgunj, Kathmandu

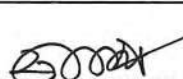
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**Madhya Bhotekoshi Jalavidyut Company Limited**  
**Statement of Cash Flows**  
**For the year ended 32nd Ashadh 2079 (16th July 2022)**

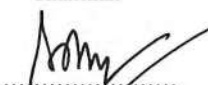
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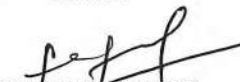
Particulars	31.03.2079 (16.07.2022)	31.03.2078 (15.07.2021)
<b>Cash Flow from Operating Activities</b>		
Profit before Tax	(43,587,660)	(34,700,746)
<b>Adjustments</b>		
Depreciation	7,054,686	8,095,609
Income from Investment and Bank Deposit	-	-
Finance Charge	8,462,919	5,679,584
Share issue expenses	(15,933,668)	-
<b>Movements in Working Capital</b>		
(Increase)/Decrease in Inventory	(241,951)	(35,774)
(Increase)/Decrease in Prepayments	4,026,850	(3,541,334)
(Increase)/Decrease in Advances, Deposits and Other Receivables	232,975,589	465,049,092
Increase/(Decrease) in Provisions	332,157	(43,289)
Increase/(Decrease) in Trade and other payable	51,334,662	(1,943,681)
Income Taxes Paid	-	-
<b>Total Adjustments</b>	<b>288,011,244</b>	<b>473,260,207</b>
<b>Net Cash flow from Operating Activities (A)</b>	<b>244,423,584</b>	<b>438,559,461</b>
<b>Cash Flow from Investing Activities</b>		
Increase in Property, Plant and Equipment	(2,062,966)	(842,903.00)
Increase in CWIP	(2,815,484,144)	(1,689,711,272)
Proceeds from Sale of Asset	-	-
Decrease/ (Increase) in Investment	(440,000,000)	-
Income from Investment and Bank Deposit	-	-
<b>Net Cash Flow from Investing Activities (B)</b>	<b>(3,257,547,110)</b>	<b>(1,690,554,175)</b>
<b>Cash Flow from Financing Activities</b>		
Increase/ (Decrease) in Capital	1,500,000,000	-
Increase/ (Decrease) in Long Term Borrowings	1,547,728,601	1,237,910,534
<b>Net Cash Flow from Financing Activities ( C )</b>	<b>3,047,728,601</b>	<b>1,237,910,534</b>
<b>Net Increase in Cash (A+B+C)</b>	<b>34,605,075</b>	<b>(14,084,178)</b>
<b>Cash at Beginning of the Year</b>	<b>121,151,762</b>	<b>135,235,940</b>
<b>Cash at the End of the Year</b>	<b>155,756,837</b>	<b>121,151,762</b>

  
 .....  
 Tulsi Ram Dhakal  
 Member

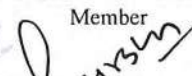
  
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 Subhash Kumar Mishra  
 Chairman

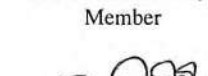
  
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As per our report of even date

  
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 A. Suraj Kumar Dhakal  
 H. K. S. D. Associates  
 Chartered Accountants



Date : 2079.08.14 (30th November 2022)


Place: Maharajgunj, Kathmandu





**Madhya Bhotekoshi Jalavidyut Company Limited**  
**Statement of Changes in Equity**  
**For the year ended 32nd Ashadh 2079 (16th July 2022)**

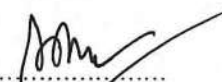
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Particulars	Share Capital	Retained Earning	Total
<b>Opening Balance as on 1 Shrawan 2077 (15 July 2020)</b>	4,500,000,000	(252,526,701)	4,247,473,299
<b>Adjustments</b>			
<b>Adjusted Opening Balance</b>	4,500,000,000	(252,526,701)	4,247,473,299
Receipt of Call Amount of Equity Shares	-	-	-
Net Profit after Tax	-	(34,700,746)	(34,700,746)
Adjustments	-	-	-
<b>Closing Balance as on 31 Ashadh 2078 (15 July 2021)</b>	4,500,000,000	(287,227,447)	4,212,772,553
<b>Opening Balance as on 1 Shrawan 2078 (16 July 2021)</b>	4,500,000,000	(287,227,447)	4,212,772,553
<b>Adjustments</b>			
<b>Adjusted Opening Balance</b>	4,500,000,000	(287,227,447)	4,212,772,553
Receipt of Call Amount of Equity Shares	1,500,000,000	-	1,500,000,000
Net Profit after Tax	-	(43,587,660)	(43,587,660)
Share Issue Expenses	-	(15,933,668)	(15,933,668)
<b>Closing Balance as on 32 Ashadh 2079 (16 July 2022)</b>	6,000,000,000	(346,748,776)	5,653,251,224


  
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 Tulsi Ram Dhakal  
 Member

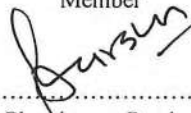
  
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 Subhash Kumar Mishra  
 Chairman

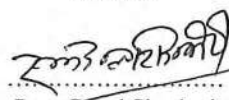
  
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 Dhurba Bhattarai  
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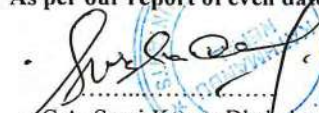
  
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 Subhas Karmacharya  
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 Chief Finance Officer

  
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 Ram Gopal Siwakoti  
 Chief Executive Officer

**As per our report of even date**  
  
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 C.A. Suraj Kumar Dhakal  
 H. K. S. D. Associates  
 Chartered Accountants



Date : 2079.08.14 (30th November 2022)

Place: Maharajgunj, Kathmandu

**Madhya Bhotekoshi Jalavidyut Company Limited**

*Figures in NPR*

Particulars	Land	Building(Other (Project)	Building (Project)	Furniture and Fixtures	Other Assets	Vehicles	Office Equipment	Capital Work-in- Progress	Civil Works	Heavy Equipment	Tools & Equipment	Total
<b>Cost</b>												
Balance at 1 Shrawan 2077	376,312,214	812,761	80,270,843	8,833,224	2,520,169	62,311,382	9,102,879	-	-	29,896,075	2,701,844	572,761,390
Additions	-	413,178	-	315,225	-	-	114,500	-	-	-	-	842,903
Transfer From CWIP	-	-	-	-	-	-	-	-	-	-	-	-
Disposals	-	-	-	-	-	-	-	-	-	-	-	-
<b>Balance at 31 Ashad 2078</b>	376,312,214	812,761	80,684,021	9,148,449	2,520,169	62,311,382	9,217,379	-	-	29,896,075	2,701,844	573,604,293
Additions	-	-	355,710	20,905	230,934	324,900	1,130,517	-	-	-	-	2,062,966
Disposals	-	-	-	-	-	-	-	-	-	-	-	-
Transfer From CWIP	-	-	-	-	-	-	-	-	-	-	-	-
<b>Balance at 32 Ashad 2079</b>	376,312,214	812,761	81,039,731	9,169,354	2,751,103	62,636,282	10,347,895	-	-	29,896,075	2,701,844	575,667,258
<b>Accumulated Depreciation</b>												
Balance at 1 Shrawan 2077	-	102,898	4,028,310	6,434,017	1,018,081	44,491,257	7,464,170	-	-	19,184,549	1,849,247	84,572,529
Charge for The Year	-	30,928	1,526,677	606,093	226,498	3,564,025	406,770	-	-	1,606,729	127,890	8,095,609
Disposals	-	-	-	-	-	-	-	-	-	-	-	-
<b>Balance at 31 Ashad 2078</b>	-	133,826	5,554,987	7,040,110	1,244,579	48,055,282	7,870,940	-	-	20,791,278	1,977,136	92,668,138
Charge for The Year	-	29,382	1,603,417	528,686	228,440	2,911,389	276,949	-	-	1,365,719	108,705	7,054,686
Disposals	-	-	-	-	-	-	-	-	-	-	-	-
<b>Balance at 32 Ashad 2079</b>	-	163,208	7,160,404	7,568,796	1,473,019	50,966,671	8,147,889	-	-	22,156,997	2,085,841	99,722,825
<b>Net Book Value</b>												
At 1 Shrawan 2077	376,312,214	709,863	76,242,533	2,399,207	1,502,088	17,820,125	1,638,708	-	-	10,711,526	852,597	488,188,860
At 31 Ashad 2078	376,312,214	678,935	75,129,034	2,108,339	1,275,590	14,256,100	1,346,438	-	-	9,104,797	724,708	480,936,154
At 32 Ashad 2079	376,312,214	649,553	73,879,327	1,600,558	1,278,084	11,669,611	2,200,007	-	-	7,739,078	616,003	475,944,433



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**Madhya Bhotekoshi Jalavidyut Company Limited**  
**Notes to the financial statements**  
**For the year ended 31st Ashadh 2078 (15 July 2021)**

**Note 1.2: Capital Work in Progress**

NRs.

Particulars	31.03.2079 (16.07.2022)	31.03.2078 (15.07.2021)
Capital Expenditure	8,843,239,871	6,720,295,261
Revenue Expenditure	3,360,495,285	2,667,955,750
<b>Total</b>	<b>12,203,735,156</b>	<b>9,388,251,011</b>

**Note 2: Investments**

NRs.

Particulars	31.03.2079 (16.07.2022)	31.03.2078 (15.07.2021)
Fixed Deposits to different BFIs	690,000,000	250,000,000
<b>Total</b>	<b>690,000,000</b>	<b>250,000,000</b>

**Note 3: Inventories**

NRs.

Particulars	31.03.2079 (16.07.2022)	31.03.2078 (15.07.2021)
Miscellaneous Store-Central Office	489,820	204,702
Miscellaneous Store-Project Office	26,321	69,488
<b>Total</b>	<b>516,141</b>	<b>274,190</b>

**Note 4: Prepayments**

NRs.

Particulars	31.03.2079 (16.07.2022)	31.03.2078 (15.07.2021)
Prepaid Insurance	-	-
Share Issue Expenses	-	4,026,850
<b>Total</b>	<b>-</b>	<b>4,026,850</b>

**Note 5.1.1: Advances, Deposits and Other Assets**

NRs.

Particulars	31.03.2079 (16.07.2022)	31.03.2078 (15.07.2021)
<b>Advances</b>		
Employee Loan/Advances	1,394,362	2,580,540
Advance Tax (on Bank Interest)	35,775,560	26,028,651
Accured Interest Receivables	6,606,296	-
Andritz Hydro	115,608,392	123,382,322
Guangxi Hydroelectric Construction Bureau	31,746,369	275,705,860
Urza ACJV	4,341,906	6,424,870
Other advances	7,920,995	317,598
<b>Sub-total</b>	<b>203,393,880</b>	<b>434,439,841</b>
<b>Deposits</b>		
Deposit	15,769,850	14,022,750
Sindhupalchok District Office	977,277	977,277
Others	-	3,676,728
<b>Sub-total</b>	<b>16,747,127</b>	<b>18,676,755</b>
<b>Other Assets</b>		
Deferred Share Issue Expenditure	-	-
<b>Sub-total</b>	<b>-</b>	<b>-</b>
<b>Grand Total</b>	<b>220,141,007</b>	<b>453,116,596</b>

**Madhya Bhotekoshi Jalavidyut Company Limited**  
**Notes to the financial statements**  
**For the year ended 31st Ashadh 2078 (15 July 2021)**

**Note 5.1.2: Cash and Cash Equivalents**

<b>Balance With Banks</b>		<b>NRs.</b>	
Particulars	31.03.2079 (16.07.2022)	31.03.2078 (15.07.2021)	
Everest Bank Ltd	92,911,860	13,395,030	
Nepal Investment Bank Ltd	1,208,479	3,295,174	
Himalayan Bank Ltd	5,588,633	4,075,480	
Siddhartha Bank Limited	5,709,001	-	
Sanima Bank Ltd	50,338,863	100,386,077	
<b>Total</b>	<b>155,756,837</b>	<b>121,151,761</b>	

**Note 6: Equity Share Capital** **NRs.**

Particulars	31.03.2079 (16.07.2022)	31.03.2078 (15.07.2021)	
<b>Authorized Capital</b>			
621,00,000 Shares @ RS 100 each	<b>6,210,000,000</b>	<b>6,210,000,000</b>	
<b>Issued Capital</b>			
600,00,000 Shares @ Rs 100 each	<b>6,000,000,000</b>	<b>6,000,000,000</b>	
<b>Paid Up Capital</b>			
450,00,000 Shares @ Rs 100 each		4,500,000,000	
600,00,000 Shares @ Rs 100 each	6,000,000,000		
<b>Total</b>	<b>6,000,000,000</b>	<b>4,500,000,000</b>	

**Note 7: Retained Earnings** **NRs.**

Particulars	31.03.2079 (16.07.2022)	31.03.2078 (15.07.2021)	
Opening Balance	(287,227,447)	(252,526,701)	
Adjustments for NFRS	-	-	
<b>Opening Balance (Restated)</b>	<b>(287,227,447)</b>	<b>(252,526,701)</b>	
Net Profit after tax	(43,587,660)	(34,700,746)	
Share Issue Expenses	(15,933,668)		
<b>Closing Balance</b>	<b>(346,748,776)</b>	<b>(287,227,447)</b>	

**Note 10: Long Term Loans** **NRs.**

Particulars	31.03.2079 (16.07.2022)	31.03.2078 (15.07.2021)	
Employee Provident Fund	6,247,558,723	4,277,080,000	
Interest payable on Loan	1,547,728,601	1,970,478,723	
<b>Total</b>	<b>7,795,287,324</b>	<b>6,247,558,723</b>	

**Note 11: Provisions** **NRs.**

Particulars	31.03.2079 (16.07.2022)	31.03.2078 (15.07.2021)	
Employee Leave Provision	2,646,614	2,314,457	
<b>Total</b>	<b>2,646,614</b>	<b>2,314,457</b>	



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**Madhya Bhotekoshi Jalavidyut Company Limited**  
**Notes to the financial statements**  
**For the year ended 31st Ashadh 2078 (15 July 2021)**

**Note 5.2.1: Trade and Other Payables**

NRs.

Particulars	31.03.2079 (16.07.2022)	31.03.2078 (15.07.2021)
Retention Money	289,307,989	230,360,096
Sundry Payables	5,516,284	4,723,440
Payable to employees	-	16,844
SST payable	-	
TDS payable	-	
Other Liabilities	84,139	10,450
<b>Total</b>	<b>294,908,412</b>	<b>235,110,830</b>

**Note 13: Administrative and Other Operating Expenses**

NRs.

Particulars	FY2078/079 (2021/022)	FY2077/078 (2020/021)
Salary	7,334,316	6,540,356
Wages	-	-
Allowances and Benefits	7,943,787	6,563,117
Contribution to Social security Fund	1,027,537	-
Overtime Allowance	1,124,618	871,913
Provident Fund	176,996	691,978
Gratuity	56,484	-
Leave Encashment	610,384	536,601
Employee Insurance	128,351	135,540
Medical Benefits	541,021	573,865
Other Services	938,234	740,579
Water & Electricity	193,399	188,689
Fuel	1,456,832	829,340
Consultancy Service	-	-
Other Repairs	159,834	179,092
Mobile & Lubricants	91,921	51,167
Repair - Vehicles	865,954	710,637
Repairs - Civil	200,207	-
Insurance	160,634	86,228
License Fee	486,400	102,293
Postage and Courier	4,510	-
Telephone	241,311	262,546
Corporate Development Expense	99,800	-
Training	60,000	384,338
Legal Expenses	744,218	495,668
Printing and Stationery	208,899	142,617
Magazine & Newspaper	42,701	60,444
Advertisement	395,038	230,064
Annual Functions and Workshop	13,000	81,871
Guest Entertainment	299,815	272,155
Other Expenses	239,236	255,804
Meeting Allowance	2,126,000	1,050,500
Meeting Management Expense	1,072,304	703,598

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**Madhya Bhotekoshi Jalavidyut Company Limited**  
**Notes to the financial statements**  
**For the year ended 31st Ashadh 2078 (15 July 2021)**

Travel	36,450	31,080
Bank Charges & Commission	10,382	782,515
Director Allowance	1,912,000	1,735,000
Audit Fee	496,070	370,540
Audit Expense	128,165	134,109
House Rent	2,172,720	2,108,880
Financial Assistance, Donation and Prizes	164,500	17,000
Share issue expenses	-	-
Other Site Expenses	579,135	394,072
<b>Total</b>	<b>34,543,162</b>	<b>28,314,197</b>

**Note 14: Finance Income**

NRs.

Particulars	FY2078/079 (2021/022)	FY2077/078 (2020/021)
Interest Income	-	-
<b>Total</b>	-	-

**Note 15 : Other Income**

NRs.

Particulars	FY2078/079 (2021/022)	FY2077/078 (2020/021)
Other Income	104,632	8,083
<b>Total</b>	<b>104,632</b>	<b>8,083</b>

**Note 16: Finance Charge**

Particulars	FY2078/079 (2021/022)	FY2077/078 (2020/021)
Finance Charge for Retention Deposit	8,462,919	5,679,584
<b>Total</b>	<b>8,462,919</b>	<b>5,679,584</b>



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**Note: 1.2: Capital Work in Progress**  
**For the year ended 32nd Ashadh 2079 (16th July 2022)**

**Note 1.2.1: Capital Nature**

Particulars	31.03.2078 (15.07.2021)	Addition During the Year 78-79	Transferred to PPE	31.03.2079 (16.07.2022)
Distribution Line	2,736,073	59,397	-	2,795,469
Residential Building (Camp Facilities)	690,342	14,030,597	-	14,720,939
Initial Project Expenditure (Drilling)	1,993,654	-	-	1,993,654
Initial Project Expenditure (Explosive Management)	26,977,906	-	-	26,977,906
Test Adit	42,742,667	-	-	42,742,667
Diversion Tunnel	185,342,191	-	-	185,342,191
Core Drilling	1,733,700	-	-	1,733,700
Other Civil Work at Site	3,602,249	-	-	3,602,249
Camp Protection Work	19,261,213	-	-	19,261,213
Contractor Site office and Storage Construction	463,725,601	-	-	463,725,601
Main Civil Work	608,339,572	1,918,729,666	-	2,527,069,238
MS 1 to 16 Hydromechanical Parts	3,362,701	-	-	3,362,701
Powerhouse Equipments and Machinery	1,425,268,509	44,428,593	-	1,469,697,102
Powerhouse Construction Support Work	409,355,834	-	-	409,355,834
Headrace Tunnel Work	1,168,603,845	-	-	1,168,603,845
Headrace Tunnel Supporting Work	321,231,960	-	-	321,231,960
Tunnel 3 excavation work	116,418,140	-	-	116,418,140
Excavation work at Intek	82,244,296	-	-	82,244,296
Transmission Line Work	29,150,174	26,314,107	-	55,464,280
Excavation ware	40,113,144	-	-	40,113,144
Concrete and Decender	993,252,187	-	-	993,252,187
Ceiling element cut off wall board complete	16,178,426	-	-	16,178,426
Feasibility Study Cost	2,858,538	-	-	2,858,538
Consulting Expenses	753,170,650	119,382,251	-	872,552,900
Social Development Expenditure	1,941,690	-	-	1,941,690
<b>Total</b>	<b>6,720,295,261</b>	<b>2,122,944,610</b>	<b>-</b>	<b>8,843,239,871</b>

  
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**Note 1.2.2: Revenue Expenses at Project Office**

	31.03.2078 (15.07.2021)	Addition During the Year 78-79	Transferred to PPE	31.03.2079 (16.07.2022)
Salary	143,543,808	20,507,293	-	164,051,102
Wages	7,971,218	567,520	-	8,538,738
Allowance and Facilities	113,845,507	15,717,339	-	129,562,846
Contribution to Social security fund	-	3,830,236	-	3,830,236
Overtime Allowance	13,590,279	3,576,189	-	17,166,468
Employee Provident Fund	12,297,113	178,278	-	12,475,392
Employee Leave Expenses	7,777,191	1,621,951	-	9,399,142
Contribution to Gratuity Fund	387,118	64,421	-	451,539
Nepal Electricity Authority Overhead	13,761,855	1,982,532	-	15,744,387
Employee Insurance	1,114,077	272,745	-	1,386,822
Medical Expenses	9,877,444	1,698,764	-	11,576,208
Water and Electricity	3,875,451	639,479	-	4,514,930
Consultancy Expenses	16,501,144	3,418,941	-	19,920,085
Other Services	11,653,661	1,294,526	-	12,948,187
Repair - Civil	7,387,428	321,618	-	7,709,046
Repair - Vehicle	15,106,047	5,521,781	-	20,627,828
Repair - Other	1,318,383	586,731	-	1,905,114
Power	22,321,403	4,929,346	-	27,250,749
Mobil and Lubricant	1,776,145	118,851	-	1,894,996
Other Expenses related to Vehicle	92,692	-	-	92,692
Rental Expenses - Building	7,483,648	171,996	-	7,655,644
Rental Expenses - Land	35,870,372	7,571,508	-	43,441,880
Other Rent	119,453	49,946	-	169,399
Land & Property taxes	-	73,428	-	73,428
Renewal Expenses - Vehicle	7,009,057	506,200	-	7,515,257
Insurance	5,589,373	785,326	-	6,374,699
Telephone and Internet	5,186,958	674,204	-	5,861,162
Legal Expenses	480,923	-	-	480,923
Audit Expenses	174,520	32,333	-	206,853
Transportation Expenses	2,104,211	58,080	-	2,162,291
Travelling Expenses	3,133,807	122,550	-	3,256,357
Training	1,054,807	-	-	1,054,807
Printing Expenses	2,595,606	166,547	-	2,762,153
Newspaper and Magazine	178,350	-	-	178,350
Notice Expenses	4,942,954	29,750	-	4,972,704
Meeting Allowance	1,274,150	401,000	-	1,675,150
Meeting Management Expenses	71,214	-	-	71,214
Compensation Expenses	17,965,028	1,692,230	-	19,657,257
Other Expenses	5,967,363	523,244	-	6,490,607
Interest Expenses	1,809,663,635	577,911,232	-	2,387,574,867
Bank Charge	4,383,381	206	-	4,383,587
Bank Service Charge	9,542,700	2,260,500	-	11,803,200
Share Issue Expenses	-	-	-	-
Depreciation	77,421,992	6,368,475	-	83,790,467
Relief and Rescue Expenses	3,319,123	-	-	3,319,123
Foreign Exchange Loss	6,586	-	-	6,586
Guest expenses	-	-	-	-
Donation	-	-	-	-
Ceremonial Expenses	-	28,600	-	28,600
CSR Expenses	258,218,575	26,263,639	-	284,482,214
<b>Total</b>	<b>2,667,955,750</b>	<b>692,539,535</b>	<b>-</b>	<b>3,360,495,285</b>



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# Madhya Bhotekoshi Jalavidyut Company Ltd.

Maharajgunj, Kathmandu

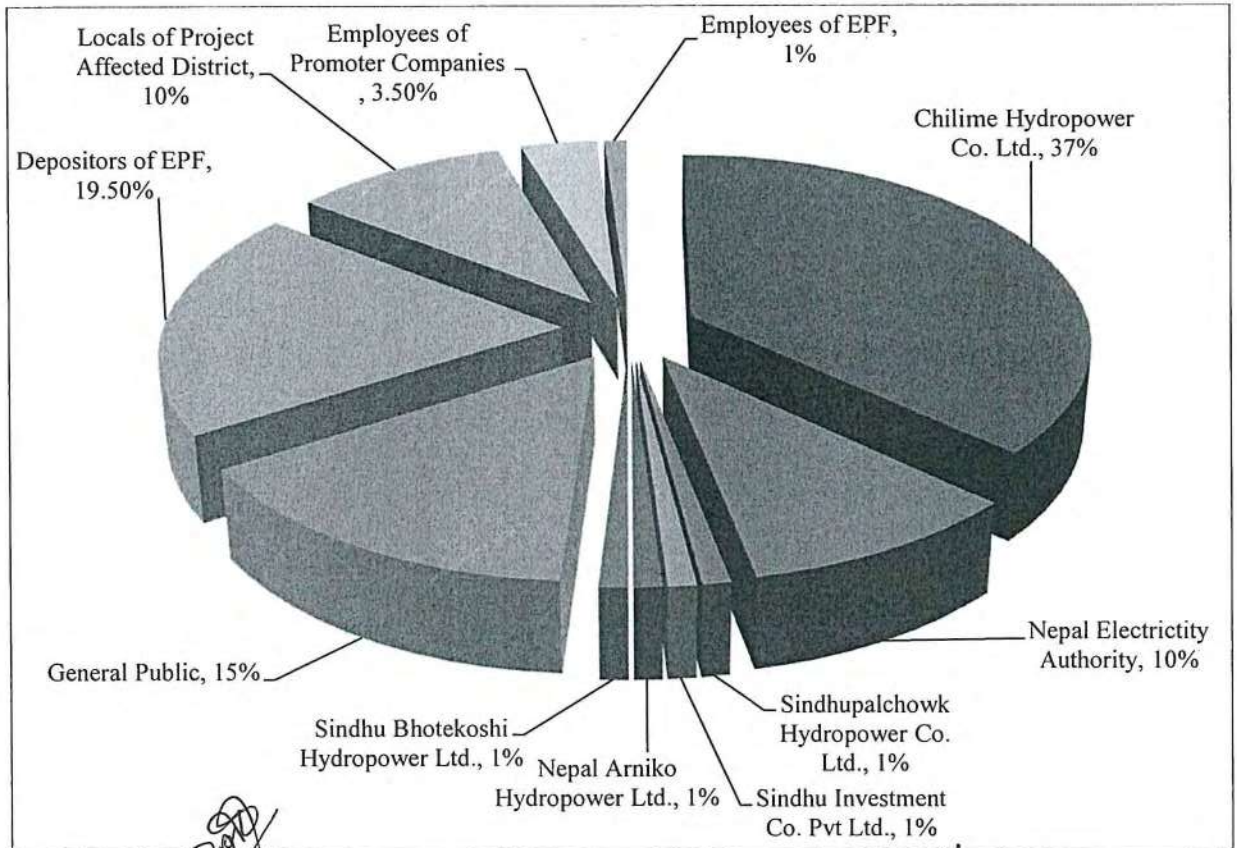
## Explanatory Notes FY 2078-79 (2021/22)

### 1. General Information of the Company

Madhya Bhotekoshi Jalavidyut Company Ltd (MBJCL or the Company) was incorporated in 2067 BS with the objective of hydroelectricity generation through optimal utilization of resources available within the country. The Company is registered with the Office of the Company Registrar as a Public Limited Company.

Chilime Hydropower Company Limited (CHPCL) holds majority ownership with 37% shareholding. Remaining 63% shareholding is from Nepal Electricity Authority (NEA), four local companies, Local Public of Project Affected District, Depositors of EPF, Employees of Promoter companies & EPF, and General Public.

The detailed structure of Equity of the Company is given as below:



The Company is handling the project of Middle Bhotekoshi Hydroelectric Project (MBKHEP) with 102 MW installed capacity power plant. The construction of project was started on February 11, 2014 (2070/10/28). The project is located in Barhabise Municipality & Bhotekoshi Gaunpalika. It has entered into an agreement with NEA for bulk electricity supply at rates agreed upon in Power Purchase Agreement (PPA). The annual energy generation from the plant is estimated to be approximately 542,297,900 KWh.

## 2. Statement of Compliance

The Financial Statements have been prepared in accordance with Nepal Financial Reporting Standards (NFRS) to the extent applicable and as published by the Accounting Standards Board (ASB) Nepal and is approved by the 286<sup>th</sup> Meeting of Board of Directors held 2079.08.14 on and have been recommended for approval by shareholders in the upcoming Annual General Meeting.

## 3. IFRIC 12 Considerations

The company has considered applicability of IFRIC 12 Service Concession Agreement, issued by International Accounting Standard Board (IASB) for preparation and presentation of financial statements. Madhya Bhotekoshi Jalavidyut Company Ltd. (MBJCL), after due consideration has not applied IFRIC 12 while preparing these financial statements on the following grounds.

- a. The company sells electricity to Nepal Electricity Authority at price independent of the price charged by NEA to general public. NEA for the ultimate sale of electricity is bound by the rates determined by Electricity Tariff Commission set up by the government, whereas NEA purchases electricity on the basis of different commercial agreement with the power producers. Electricity Tariff Commission does not determine the rate at which NEA purchases or has to purchase 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.
- b. The license agreement with Department of Electricity Development (DoED) for Middle Bhotekoshi Hydroelectric Project being developed by MBJCL does not obligate the company to sell electricity to NEA or any specific buyer.
- c. 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.
- d. The company under Power Purchase Agreement (PPA) sells energy to NEA and not directly to the general public.
- e. 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 right to pledge the assets as lien for availing finances from financial institutions.

## 4. Basis of Preparation and Reporting Pronouncements

The Company has, for the preparation and presentation of Financial Statements, opted to adopt Nepal Financial Reporting Standards (NFRSS) from the erstwhile Nepal Accounting Standards (NASs) both

pronounced by Accounting Standards Board (ASB) Nepal. NFRS was pronounced by ASB Nepal as effective on September 13, 2013.

The relevant financial and disclosure impacts have been detailed and disclosed in relevant sections.

A number of new standards and amendments to the existing standards and interpretations have been issued by IASB after the pronouncements of NFRS with varying effective dates. Those only become applicable when ASB Nepal incorporates them within NFRS.

## 5. Accounting Convention

The Financial Statements have been prepared on a historical cost convention except for certain financial elements that have been measured at fair value, wherever NFRS requires or allowed such measurement. The fair values, wherever used, are discussed in relevant Notes.

The Financial Statements are prepared on accrual basis.

The Financial Statements have been prepared on a going concern basis. The company has a reasonable expectation that it has adequate resources to continue in operational existence for the foreseeable future.

## 6. Presentations

### Presentation Currency

The Company operate within the jurisdiction of Nepal. Nepalese Rupees (NRs) is the presentation and functional currency of the Company. Accordingly, the Financial Statements are prepared and presented in Nepalese Rupees and rounded off to the nearest Rupee.

### Rearrangement and Reclassification

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

### Statement of Financial Position

The elements of Statement of Financial Position other than equity is presented in order of their liquidity by considering current and non-current nature which are further detailed in relevant sections.

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

The elements of Statement of Profit or Loss and Other Comprehensive Income has been prepared using classification 'by function' method. The details of revenue, expenses, income, gains and/ or losses have been disclosed in the relevant section of this notes.

Earnings per share has been disclosed in the face of 'Statement of Profit or Loss and Other Comprehensive Income' in accordance with the NAS 33.

### Statement of Cash Flows

The statement of Cash Flows has been prepared using indirect method and the activities has 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.



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## Statements of Changes in Equity

The Statements of Changes in Equity has been prepared disclosing changes in each elements of equity.

## 7. Accounting Policies and Accounting Estimates

### Accounting Polices

The Company, under NFRS, is required to apply accounting policies to most appropriately suit its circumstances and operating environment. The preparation of Financial Statements in conformity with the Policy requires management to make judgments, estimates and assumptions in respect of the application of accounting policies and the reported amounts of assets, liabilities, income and expenses.

Specific accounting policies have been included in the relevant notes for each item of the Financial Statements. The effect and nature of the changes, if any, have been disclosed.

### Accounting Estimates

The preparation of Financial Statements in line with NFRS requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of Financial Statements and the reported amounts of revenue and expenses during the reporting period.

Management has applied estimation in preparing and presenting the Financial Statements. The estimates and the underlying assumptions are reviewed on an on-going basis. Revision to accounting estimates are recognised in the period in which the estimates are revised, if the revisions affect only that period; they are recognised in the period of revision and the future periods if the revisions affect both current and future periods.

Specific accounting estimates have been included in the relevant section of the notes wherever the estimates have been applied along with the nature and effect of changes of accounting estimates, if any.

## Notes

### 1. Property, Plant and Equipment

Property, Plant and Equipment (PPE) are those tangible assets used for generation and supply of energy, for administrative purpose or for rentals to others. These are recognised as PPE, if and only if it is probable that future (i.e., for more than one accounting period) economic benefits associated with the items will flow to the Company; and the cost of the item can be measured reliably.

PPE are stated in the SFP at their cost less accumulated depreciation and accumulated impairment losses, if applicable.

### Cost

The initial cost of PPEs includes purchase price and directly attributable cost to bringing the asset to the location and conditions necessary for it to be capable of operating in the manner intended by management. Subsequent costs that do not qualify the recognition criteria under NAS 16 are expensed as and when incurred.

NAS 16 and IFRIC 1 require cost of PPE to include the estimated cost for dismantling and removal of the assets and restoring the site on which they are located. Management perceives that such costs are difficult



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to estimate and considering the past practice the amount of such costs will not be material to affect the economic decision of the user as a result of such non- inclusion. Therefore, asset retirement obligation has not be recognised.

### Depreciation

If an item of PPE consists of several significant components with different estimated useful lives and if the cost of each component can be measured reliably, those components are depreciated separately over their individual useful lives.

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.

If the management considers the assets have an indefinite useful life, no amortisation / depreciation is charged.

### De-recognition

Assets that have been decommissioned or identified as damaged beyond economic repair or rendered useless due to obsolescence, are derecognised whenever identified. On disposal of an item of PPE or when no economic benefits are expected from its use or disposal, the carrying amount of an item is derecognised. The gain or loss arising from the disposal of an item of PPE is the difference between net disposal proceeds, if any, and the carrying amount of that item and is recognised in the Statement of Profit or Loss.

## 1.1 Change in Classification, Useful Lives and Depreciation Method

### 1.1.1 Re-classification

Assets have been reclassified wherever required for compliance with NFRS. Capital work in progress, are assets that are in the process of construction or installation have been reported under PPE without charging depreciation. These were previously being shown separately from property plant and equipment.

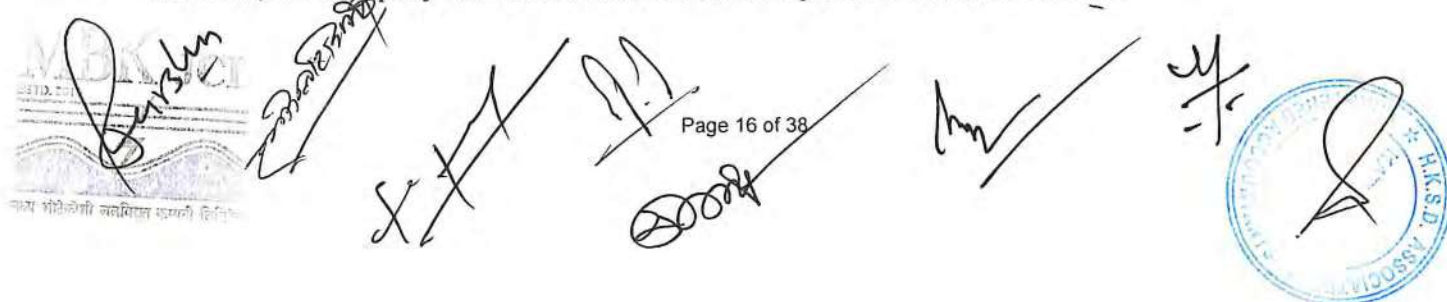
The Company used to carry the costs of access road as a separate component of PPE even though direct control and ownership of such road is not with the Company. However, under the provisions of NFRS, costs that are directly attributable to bringing asset to the location and condition necessary for it to be capable of operating in manner intended are to be included in the cost of PPE. Therefore, once the project is completed and depreciation on project assets is started, the cost of access road will be systematically apportioned to the assets at the generation site as directly attributable costs.

### 1.1.2 Estimation of Useful Lives and Depreciation Method used

The useful life of assets has been reassessed and adjusted as at the date of opening NFRS SFP. Depreciation method has been selected considering the pattern of inflow of economic benefits to the organization and thereby depreciated using Diminishing Balance Method (DBM).

The Project is still in construction and, therefore, the depreciation on Project assets have not been started and estimation of life of project assets is not viable.

However, the Company has estimated the life of completed assets of as follows:

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Assets Class/ Sub Class	Prior to adoption of NFRS			Revised for NFRS Adoption		
	Depreciation Rate	Useful Life (In years)	Depreciation Method Applied	Depreciation Rate	Useful Life (In years)	Depreciation Method Applied
Land – Project	-	-	None	-	35	None
Land – Not related to project	-	-	None	-	-	None
Office Building (Kathmandu)	-	-	None	-	-	None
Building - Others	5	20	DBM	5	20	DBM
Office Building (Project)	2	35	DBM	2	35	DBM
Distribution Line	-	-	None	-	-	None
Diversion Tunnel						
Head Works	2	50	DBM	2	50	DBM
Headrace Tunnel						
Power House	3.33	30	DBM	3.33	30	DBM
Transmission Line						
Hydro Mechanical Works	-	-	None	-	-	None
Heavy Equipment	15	7	DBM	15	7	DBM
Electro Mechanical Works	-	-	None	-	-	None
Tools and Equipment	15	7	DBM	15	7	DBM
Office Equipment	25	4	DBM	25	4	DBM
Furniture & Fixture	25	4	DBM	25	4	DBM
Vehicles	20	5	DBM	20	5	DBM
Other Assets	15	7	DBM	15	7	DBM

### 1.1.3 Useful life of Electromechanical Works

The assets under Electromechanical Works heading comprise of various components and sub-component which have different useful lives.

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The electromechanical assets will be grouped, and life will be estimated once the project will be completed. Management has estimated the useful lives as follows;

Particulars	Expected Life (Years)	Particular	Expected Life - Years
Turbine	50	Ancillary Equipment	50
	40		40
	30		35
Generator	30		30
Power Transformers	30		25
Station Transformers & Other Transformers	30		20
66KV Switchgear Equipment	50		15
Relay & Control switchboards	30	Cables	50
	20		35
Instrument Transformers	30		30
12 KV Switchgear	40	Miscellaneous Materials	40
Low Voltage Distribution Panel	50		15
Lightning Arrestor	35	Steel Structures	50
Storage Battery & Battery Charger	15	Communication Equipment	20
Grounding Material	50		15

#### Other notes on PPE

##### 1.1.4 Land

Land properties with ownership documents (i.e. in occupation and with valid documentation) have been recognised meeting the asset recognition criteria.



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### Land under BOOT Arrangement

MBJCL has obtained the licence for operation from the Ministry of Energy for a period of 35 years (i.e. from 2070-08-18 to 2105-08-17), therefore the useful life of assets of the project cannot exceed 35 years even if the economic life of the asset is more as the entire generation unit needs to be transferred to the Government of Nepal at the end of this licence term.




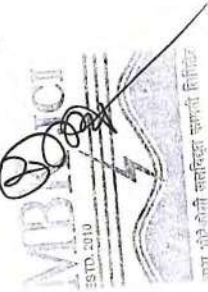

Location	Area	Cost upto 2078-79 (NRs.)
Barhabise Municipality and Bhotekoshi-Gaunpalika (Ropani-Aana-Paisa-Dam)	266-12-1-3	376,312,214

### 1.1.5 Building and Civil Structure

All civil infrastructures of Project site have been classified on the basis of their built type.

### 1.1.6 Capital Work in Progress

Assets in the course of acquisition and installation of new plant and equipment till the date of commissioning, or civil works under construction till the date of completion are recognized as Capital Work in Progress (CWIP) and are carried at cost, less accumulated impairment losses, if any.





  
  
  
  
  
  
  
  




**Capital Expenditure upto 2078-79**

(NRs.)

Particulars	31.03.2078 (16.07.2021)	Addition During the Year 78-79	Transferred to PPE	32.03.2079 (16.07.2022)
Distribution Line	2,736,073	59,397	-	2,795,469
Residential Building (Camp Facilities)	690,342	14,030,597	-	14,720,939
Initial Project Expenditure (Drilling)	1,993,654	-	-	1,993,654
Initial Project Expenditure (Exploisive Management)	26,977,906	-	-	26,977,906
Test Adit	42,742,667	-	-	42,742,667
Diverston Tunnel	185,342,191	-	-	185,342,191
Core Drilling	1,733,700	-	-	1,733,700
Other Civil Work at Site	3,602,249	-	-	3,602,249
Camp Protection Work	19,261,213	-	-	19,261,213
Contractor Site office and Storage Construction	463,725,601	-	-	463,725,601
Main Civil Work	608,339,572	1,918,729,666	-	2,527,069,238
MS 1 to 16 Hydromechanical Parts	3,362,701	-	-	3,362,701
Powerhouse Equipments and Machinery	1,425,268,509	44,428,593	-	1,469,697,102
Powerhouse Construction Support Work	409,355,834	-	-	409,355,834
Headrace Tunnel Work	1,168,603,845	-	-	1,168,603,845
Headrace Tunnel Supporting Work	321,231,960	-	-	321,231,960
Tunnel 3 excavation work	116,418,140	-	-	116,418,140
Excavation work at Intek	82,244,296	-	-	82,244,296
Transmission Line Work	29,150,174	26,314,107	-	55,464,280
Excavation ware	40,113,144	-	-	40,113,144
Concrete and Decender	993,252,187	-	-	993,252,187
Ceiling element cut off wall board complete	16,178,426	-	-	16,178,426
Feasibility Study Cost	2,858,538	-	-	2,858,538
Consulting Expenses	753,170,650	119,382,251	-	872,552,900
Social Development Expenditure	1,941,690	-	-	1,941,690
<b>Total</b>	<b>6,720,295,261</b>	<b>2,122,944,610</b>	<b>-</b>	<b>8,843,239,871</b>

Other Direct Cost Capitalised in 2078-79

(NRs.)

Particulars	31.03.2078 (15.07.2021)	Addition During the Year 78-79	Transferred to PPE	32.03.2079 (16.07.2022)
Salary	143,543,808	20,507,293	-	164,051,102
Wages	7,971,218	567,520	-	8,538,738
Allowance and Facilities	113,845,507	15,717,339	-	129,562,846
Contribution to Social security fund	-	3,830,236	-	3,830,236
Overtime Allowance	13,590,279	3,576,189	-	17,166,468
Employee Provident Fund	12,297,113	178,278	-	12,475,392
Employee Leave Expenses	7,777,191	1,621,951	-	9,399,142
Contribution to Gratuity Fund	387,118	64,421	-	451,539
Nepal Electricity Authority Overhead	13,761,855	1,982,532	-	15,744,387
Employee Insurance	1,114,077	272,745	-	1,386,822
Medical Expenses	9,877,444	1,698,764	-	11,576,208
Water and Electricity	3,875,451	639,479	-	4,514,930
Consultancy Expenses	16,501,144	3,418,941	-	19,920,085
Other Services	11,653,661	1,294,526	-	12,948,187
Repair - Civil	7,387,428	321,618	-	7,709,046
Repair - Vehicle	15,106,047	5,521,781	-	20,627,828
Repair - Other	1,318,383	586,731	-	1,905,114
Power	22,321,403	4,929,346	-	27,250,749
Mobil and Lubricant	1,776,145	118,851	-	1,894,996
Other Expenses related to Vehicle	92,692	-	-	92,692
Rental Expenses - Building	7,483,648	171,996	-	7,655,644
Rental Expenses - Land	35,870,372	7,571,508	-	43,441,880
Other Rent	119,453	49,946	-	169,399
Land & Property taxes	-	73,428	-	73,428
Renewal Expenses - Vehicle	7,009,057	506,200	-	7,515,257
Insurance	5,589,373	785,326	-	6,374,699
Telephone and Internet	5,186,958	674,204	-	5,861,162
Legal Expenses	480,923	-	-	480,923
Audit Expenses	174,520	32,333	-	206,853



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Particulars	31.03.2078 (15.07.2021)	Addition During the Year 78-79	Transferred to PPE	32.03.2079 (16.07.2022)
Transportation Expenses	2,104,211	58,080	-	2,162,291
Travelling Expenses	3,133,807	122,550	-	3,256,357
Training	1,054,807	-	-	1,054,807
Printing Expenses	2,595,606	166,547	-	2,762,153
Newspaper and Magazine	178,350	-	-	178,350
Notice Expenses	4,942,954	29,750	-	4,972,704
Meeting Allowance	1,274,150	401,000	-	1,675,150
Meeting Management Expenses	71,214	-	-	71,214
Compensation Expenses	17,965,028	1,692,230	-	19,657,257
Other Expenses	5,967,363	523,244	-	6,490,607
Interest Expenses	1,809,663,635	577,911,232	-	2,387,574,867
Bank Charge	4,383,381	206	-	4,383,587
Bank Service Charge	9,542,700	2,260,500	-	11,803,200
Share Issue Expenses	-	-	-	-
Depreciation	77,421,992	6,368,475	-	83,790,467
Relief and Rescue Expenses	3,319,123	-	-	3,319,123
Foreign Exchange Loss	6,586	-	-	6,586
Guest expenses	-	-	-	-
Donation	-	-	-	-
Ceremonial Expenses	-	28,600	-	28,600
CSR Expenses	258,218,575	26,263,639	-	284,482,214
Total	2,667,955,750	692,539,535	-	3,360,495,285












Depreciation on these assets commence when these assets are ready for their intended use. These items are shown at cost and disclosed as CWIP under PPE.

All the costs directly related to the development of the projects are charged to the CWIP and carried until the assets are ready to be used to be recognised under property plant and equipment. Any charges are subsequently transferred to CWIP as they directly and indirectly contribute toward creation of those assets. Expenses that are of administrative nature are also included in the cost of CWIP as these expenses are considered directly attributable to the project cost by the Management.

### 1.1.7 Restriction on PPE

MBJCL has obtained the licence for operation from the Ministry of Energy for a period of 35 years (i.e., from B.S 2070-08-18 to B.S. 2105-08-17), the useful life of assets of the project cannot exceed 35 years even if the economic life of the asset is more. After the end of 35 years of operation, MBJCL will have to transfer the entire generation unit to Government of Nepal under BOOT provision.



1.2 Details of Property, Plant and Equipment

Schedule of 2078-79

(NRs.)

Particulars	Land	Building (Other)	Building (Project)	Furniture and Fixtures	Other Assets	Vehicles	Office Equipment	Heavy Equipments	Tools & Equipment	Total
<b>Cost</b>										
Balance at 1 Shrawan 2077	376,312,214	812,761	80,270,843	8,833,224	2,520,169	62,311,382	9,102,879	29,896,075	2,701,844	572,761,390
Additions			413,178	315,225			114,500			842,903
Transfer From CWIP										-
Disposals										-
<b>Balance at 31 Ashad 2078</b>	<b>376,312,214</b>	<b>812,761</b>	<b>80,684,021</b>	<b>9,148,449</b>	<b>2,520,169</b>	<b>62,311,382</b>	<b>9,217,379</b>	<b>29,896,075</b>	<b>2,701,844</b>	<b>573,604,293</b>
Additions	-	-	355,710	20,905	463,234	324,900	898,217			2,062,966
Disposals										-
Transfer From CWIP										-
<b>Balance at 32 Ashad 2079</b>	<b>376,312,214</b>	<b>812,761</b>	<b>81,039,731</b>	<b>9,169,354</b>	<b>2,983,403</b>	<b>62,636,282</b>	<b>10,115,595</b>	<b>29,896,075</b>	<b>2,701,844</b>	<b>575,667,258</b>
<b>Accumulated Depreciation</b>										
<b>Balance at 1 Shrawan 2077</b>	-	102,898	4,028,310	6,434,017	1,018,081	44,491,257	7,464,170	19,184,549	1,849,247	84,572,529
Charge for The Year		30,928	1,526,677	606,093	226,498	3,564,025	406,770	1,606,729	127,890	8,095,609
Disposals										-
<b>Balance at 31 Ashad 2078</b>	-	133,826	5,554,987	7,040,110	1,244,579	48,055,282	7,870,940	20,791,278	1,977,136	92,668,138
Charge for The Year		29,382	1,605,417	528,686	228,440	2,911,389	276,949	1,365,719	108,705	7,054,686
Disposals										-
<b>Balance at 32 Ashad 2079</b>	-	163,208	7,160,404	7,568,796	1,473,019	50,966,671	8,147,889	22,156,997	2,085,841	99,722,825
<b>Net Book Value</b>										
At 1 Shrawan 2077	376,312,214	709,863	76,242,533	2,399,207	1,502,088	17,820,125	1,638,708	10,711,526	852,597	488,188,860
At 31 Ashad 2078	376,312,214	678,935	75,129,034	2,108,339	1,275,590	14,256,100	1,346,438	9,104,797	724,708	480,936,154
At 32 Ashad 2079	376,312,214	649,553	73,879,327	1,600,558	1,510,384	11,669,611	1,967,707	7,739,078	616,003	475,944,433



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The above statement of Property, Plant and Equipment comprise assets of both project office and corporate office. The assets of Project office are directly related with the project and the depreciation on the project site assets form part of project cost and, therefore, capitalized to Capital Work in Progress. However, on the other hand, depreciation on assets of corporate office is of administrative nature and hence expensed off to Income Statement.

**The details of depreciation capitalized and expensed off to Income Statement is as follows:**

	(NRs.)	
	32.03.2079 (16.07.2022)	31.03.2078 (15.07.2021)
Capitalized to CWIP	6,368,475	7,380,561
Expensed off to income statement	686,211	715,048
<b>Total</b>	<b>7,054,686</b>	<b>8,095,609</b>

### 1.3 Impairment of Property, Plant and Equipment

#### 1.3.1 Application of Impairment Tests

Impairment of an item of PPE is identified by comparing the carrying amount with its recoverable amount. If individual asset does not generate future cash flows independently of other assets, recoverability is assessed on the basis of cash generating unit (CGU) to which the asset can be allocated.

At each reporting date, the Company assesses whether there is any indication that an asset may have been impaired. If such indication exists, the recoverable amount is determined. The recoverable amount of a CGU is determined at the higher of fair value less cost to sell on disposal and value-in-use. Generally recoverable amount is determined by means of discounted cash flows unless it can be determined on the basis of a market price. Cash flow calculations are supported by past trend and external sources of information and discount rate is used to reflect the risk specific to the asset or CGU.

#### 1.3.2 Impairment Indication

There has been no apparent indication of impairment of PPE taken as cash generating units (CGU). The recoverability of economic benefits from the existing PPE is considered more than the carrying amount.

## 2. Investments

	(NRs.)	
Particulars	32.03.2079 (16.07.2022)	31.03.2078 (15.07.2021)
Fixed Deposits to different BFIs	690,000,000	250,000,000
<b>Total</b>	<b>690,000,000</b>	<b>250,000,000</b>



### 3. Inventory

Inventories are carried at the lower of cost or net realisable value (NRV). Cost comprises of all costs of purchase, costs of conversion and other costs incurred in bringing the inventories to their present location and condition.

Cost is measured using First In First Out (FIFO) method.

The details about inventory of the Company is as under:

Particulars	(NRs.)	
	31.03.2079 (15.07.2022)	31.03.2078 (15.07.2021)
Miscellaneous Store-Corporate Office	489,820	204,702
Miscellaneous Store-Project Office	26,321	69,488
Total	516,141	274,190

### Store, Spare Parts and Loose Tools

NAS 16, paragraph 8 and 9 specifically says that,

- Spare parts and servicing equipment are usually carried as inventory and recognised in Statement of Profit or Loss when consumed.
- Major spare parts and stand-by equipment qualify as PPE when an entity expects to use them for more than one period.
- The standard does not prescribe the unit measure for recognition and judgement is to be applied in determining what constitutes an item of PPE

Management determines that these stores and spare parts are of consumable nature and are held for consumption in the production (generation) of electrical energy. These are either expected to be used within one year or the economic values will be obtained when consumed. Therefore, these stores, spare parts and loose tools have been considered as inventory and presented accordingly.

### 4. Prepayments

These are expenses paid for the period beyond the financial period covered by the financial statement. These will be charged off as expenses in the respective period for which such expenses pertain to. MBJCL's prepayments pertain to insurance premium.



The details about Prepayments is as under:

(NRs.)

Particulars	32.03.2079 (16.07.2022)	31.03.2078 (15.07.2021)
Share Issue Expense		4,026,850
Total	-	4,026,850

Share issue expense (expenses for Initial Public Offering- IPO) incurred during the FY under audit is presented under prepayments which is adjusted with the equity during FY 2078/79 (the year in which proceeds of IPO realised by the company).

## 5. Financial Instrument

The company classifies financial assets and financial liabilities in accordance with the categories specified in NFRS 9 ,NAS 32 and NAS 39.

### 5.1 Financial Instruments: Financial Assets

Financial asset is any asset that is:

(a) Cash

(b) An equity instrument of another entity;

(c) A contractual right:

(i) To receive cash or another financial asset from another entity; or

(ii) To exchange financial assets or financial liabilities with another entity under conditions that are potentially favourable to the entity; or

(d) A contract that will or may be settled in the entity's own equity instruments and is:

(i) A non-derivative for which the entity is or may be obliged to receive a variable number of the entity's own equity instruments;

or

(ii) A derivative that will or may be settled other than by the exchange of a fixed amount of cash or another financial asset for a fixed number of the entity's own equity instruments.

Financial Assets of the Company comprises of Advances, Deposits, Other Receivables, Trade Receivables and Cash/Bank Balances.

These instruments are interest bearing and non-interest bearing. Where interest component is present, the implicit interest rate approximates effective interest rate. It is assumed that the carrying amount represents the amortised cost of the assets.





## Loans and Receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market and it is expected that substantially all of the initial resource will be recovered, other than because of credit deterioration.

### 5.1.1 Advances, Deposits and Other Assets

These comprise advances, deposits, prepayments and other Assets. Details are as given below:

#### Advances

(NRs.)

Particulars	32.03.2079 (16.07.2022)	31.03.2078 (15.07.2021)
Employee Loan/Advances	1,394,362	2,580,540
Advance tax on interest	35,775,560	26,028,651
Accrued Interest	6,606,296	
Andritz Hydro	115,608,392	123,382,322
Guangxi Hydroelectric Construction Bureau	31,746,269	275,705,860
Urja ACJV	4,341,906	6,424,870
Other Advances	7,920,995	317,598
<b>Total</b>	<b>203,393,880</b>	<b>434,439,841</b>

The cumulative effect of foreign exchange gain incurred on settlement of mobilization advance in dollar against the Dollar Portion of Running Bills of Guangxi Hydroelectric Construction Bureau for up to FY 2078/79 has been given (in this year) amounting of NRs. 126,799,952. This amount has been deducted from CWIP (Main Works) while preparing the financial statement.

However, effect of foreign exchange gain incurred on settlement of mobilization advance in dollar against the Running Bills of Andritz Hydro Pvt. Ltd. for up to FY 2078/79 has not been given till now.

#### Deposits

(NRs.)

Particulars	32.03.2079 (16.07.2022)	31.03.2078 (15.07.2021)
Deposits	15,769,850	14,022,750
District Administration Office, Sindhupalchowk	977,277	977,277
Others		3,676,728
<b>Total</b>	<b>16,747,127</b>	<b>18,676,755</b>

#### Tax Deposits and Advance Tax

There are no tax deposits of the company for the year.

Details of advance tax is as follows:

(NRs.)

Particulars	32.03.2079 (16.07.2022)	31.03.2078 (15.07.2021)
Advance Tax (on Bank Interest)	35,775,560	26,028,651
<b>Total</b>	<b>35,775,560</b>	<b>26,028,651</b>



## Impairment of Advances, deposits and other receivables

Impairment of advances, deposits and other receivables are tested if any indication is known. The Company has a system of tracking the recoverability of these assets.

### 5.1.2 Cash and Cash Equivalent

Cash and cash equivalents include deposits account balances maintained with banks and financial institutions. These enable the Company to meet its short-term liquidity requirements.

The carrying amount of cash and cash equivalents approximates their fair value. They are readily convertible to known amount of cash and are subject to insignificant risk of change in value.

These balances have been used as Cash and Cash Equivalents for the presentation of Statement of Cash Flows as well.

Banks and financial institution in Nepal are closely regulated by the Nepal Rastra Bank. The Company closely assesses the risks of these instruments and there is no apparent indication of impairment of these balances.

The Company discourages the use and holding of cash balances therefore there are no cash balances as on the reporting dates.

The details of Cash and Cash Equivalents are given below:

Particulars	(NRs.)	
	32.03.2079 (16.07.2022)	31.03.2078 (15.07.2021)
Everest Bank Ltd.	92,911,860	13,395,030
Nepal Investment Bank Ltd.	1,208,479	3,295,174
Himalayan Bank Ltd.	5,588,633	4,075,480
Siddhartha Bank Ltd.	5,709,001	-
Sanima Bank Ltd.	50,338,863	100,386,079
Total	155,756,837	121,151,763

### 5.1.3 Risk Associated with Financial Assets

The Company closely monitors the risks associated with the financial assets. The Company has an enterprise risk management system commensurate with the nature and the size of the business, which the management considers sufficient to identify, manage and monitor risks.

## 5.2 Financial Instruments: Financial Liabilities

A financial liability is any liability that is:

a) Contractual obligation:

(i) To deliver cash or another financial asset to another entity; or

(ii) To exchange financial assets or financial liabilities with another entity under conditions that are potentially unfavourable to the entity; or

b) A contract that will or may be settled in the entity's own equity instruments and is:



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(i) A non-derivative for which the entity is or may be obliged to deliver a variable number of the entity's own equity instruments;

or

(ii) A derivative that will or may be settled other than by the exchange of a fixed amount of cash or another financial asset for a fixed number of the entity's own equity instruments.

Financial Liabilities under NFRS 9 are to be classified as Fair Value through Profit or Loss (FVTPL) and those held at Amortised Cost.

### 5.2.1 Trade and Other Payables

Trade and other payables mainly consist of amounts the Company owes to suppliers and government authority that have been invoiced or are accrued. These also include taxes due in relation to the Company's role as an employer. These amounts have been initially recognized at cost and it is continued at cost as it fairly represents the value to be paid since it does not include interest on payment.

Retention Money is presented on discounted value taking the discounted rate of 12% p.a. The discounted year in which retention money for FY 2076/77 & FY 2077/78 has been revised and adjusted accordingly with respect to revision in the estimated payable financial year. Further, the entity hasn't considered the effect of foreign exchange gain/loss in dollar portion of security retained amount due to ambiguity in actual payment clause of dollar portion security retention running bills.

Detail schedule of trade and other payables is as follows:

Particulars	(NRs.)	
	32.03.2079 (16.07.2022)	31.03.2078 (15.07.2021)
Retention Money	289,307,989	230,360,096
Sundry Payables	5,516,284	4,723,440
Payable to employees		16,844
Other Liabilities	84,139	10,450
<b>Total</b>	<b>294,908,412</b>	<b>235,110,830</b>

### 6. Share Capital

The company's registered share capital structure is as follows:

(NRs.)

Note 5: Equity Share Capital		
Particulars	(NRs.)	
	32.03.2079 (16.07.2022)	31.03.2078 (15.07.2021)
Authorized Capital		
621,00,000 Shares @ RS 100 each	6,210,000,000	6,210,000,000
Issued Capital		
600,00,000 Shares @ Rs 100 each	6,000,000,000	6,000,000,000
Paid Up Capital		
600,00,000 Shares @ Rs 100 each	6,000,000,000	4,500,000,000
<b>Total</b>	<b>6,000,000,000</b>	<b>4,500,000,000</b>



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The company has issued the first Initial Public Offerings (IPO) of Rs. 600,000,000.00 to the Local Public from 2078-01-21 to 2078-01-23 in first stage. And due to COVID-19 situation, the same was offered from 2078-04-05 to 2078-04-32 in second stage.

The company has issued the second Initial Public Offerings (IPO) of Rs.900,000,000.00 to the General Public from 2078.06.20 to 2078.06.25.

## 7. Retained Earnings

The details of retained earning is as given below:

(NRs.)

Particulars	31.03.2079 (15.07.2022)	31.03.2078 (15.07.2021)
Opening Balance	(287,227,447)	(252,526,701)
Adjustments for NFRS (Refer Below)		
Opening Balance (Restated)	(287,227,447)	(256,553,551)
Net Profit after tax	(42,883,135)	(34,700,745)
Share Issue Expenses	(15,933,668)	
Closing Balance	(346,044,251)	(287,227,447)

Share Issues Expenses occurred in FY 2077/78 and FY 2078/79 has been adjusted with equity (Retained Earning) as per NFRS requirements.

## 8. Employee Benefits

The company provides employee benefits in accordance to its by-laws in compliance with the local laws and regulations. The employee benefits are classified as current benefits and post-employment benefits.

### 8.1 Current Employee Benefits

Current period Employee benefit costs are as follows:

(NRs.)

Particulars	32.03.2079 (16.07.2022)	31.03.2078 (15.07.2021)
Salary	7,334,316	6,540,356
Wages	-	-
Allowances and Benefits	7,943,787	6,563,117
Contribution to Social Security Fund	1,027,537	-
Overtime Allowance	1,124,618	871,913
Provident Fund	176,996	691,978
Gratuity	56,484	-
Leave Encashment	610,384	536,601
Employee Insurance	128,351	135,540
Medical Benefits	541,021	573,865
Total	18,943,494	15,913,371

## 8.2 Post-Employment Benefits

The company has deputed 3 permanent employees of NEA and post-employment benefit will not be incurred by the Company. Provident fund will be contributed for employee on contract basis.

## 8.3 Others

Staff Loan facilities: The Company does not provide loans to its staffs.

## 9. Income Tax

The company has adopted the policy of accounting and reporting tax related elements of Financial Statements in accordance with NAS 12 and it represents current tax and deferred tax for the year.

### 9.1 Current Tax

Current tax payable (or recoverable) is based on the taxable profit for the year. Taxable profit differs from the profit reported in the Statement of Profit or Loss, because some item of income or expense are taxable or deductible in different years or may never be taxable or deductible.

The Company is still in the phase of construction because of which it has no obligation for current tax. The company has been granted 100% tax holiday for 10 years and 50% tax holiday for subsequent 5 years by the tax authorities under Income Tax Act, 2058. However, the company has provided for income tax liability pertaining to other incomes except electricity income in accordance with the Income Tax Act, 2058 enacted and as applicable in Nepal.

### 9.2 Deferred Tax

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

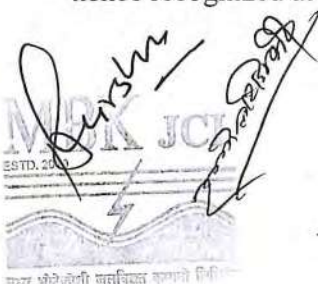
- a. Temporary differences between the carrying amounts of assets and liabilities in the Financial Statements and the corresponding tax bases used in computation of taxable profit,
- b. Unused tax losses and/or
- c. Unused tax credits.

Currently, The Company has not recognized deferred tax due to its accumulated loss and the project is still in construction phase.

## 10. Long Term Loan

MBJCL has obtained long term loan for project construction from Employees Provident Fund (EPF) against corporate guarantee.

NFRS 9 requires loans to be measured and recognised at amortised cost using Effective Interest Rate. Due to the uncertainty of administrative charges related to loan and also the timing of the arisen of the charges, also no immediate repayment obligation is due, discounting of long term loan is not done and hence recognized at face value and administrative charges are written off to profit and loss account.



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Amount owed by the Company to the EPF in relation to the loan is as follows:

(NRs.)

Particulars	32.03.2079 (16.07.2022)	31.03.2078 (15.07.2021)
Employee Provident Fund	6,247,558,723	4,277,080,000
Interest payable on Loan	1,547,728,601	1,970,478,723
<b>Total</b>	<b>7,795,287,324</b>	<b>6,247,558,723</b>

### 11. Provisions

When the Company has a present obligation (legal or constructive) as a result of a past event, provisions are recognized only if it is probable that a transfer of economic benefits will be required to settle the obligation and a reliable estimate of the amount of obligation can be made.

Provision upto 2078-79 is as follows:

(NRs.)

Particulars	32.03.2079 (16.07.2022)	31.03.2078 (15.07.2021)
Employee Leave Provision	2,646,614	2,314,457
<b>Total</b>	<b>2,646,614</b>	<b>2,314,457</b>

### 12. Revenue from Sale of Electricity

The Company is still in construction phase and, therefore, commercial transaction has not been started. Therefore, the Company has no any revenue from Sale of Electricity.

### 13. Administrative Expenses (Excluding Employee Benefit Expenses)

(NRs.)

Particulars	FY2078/079 (2021/022)	FY2077/78 (2020/021)
Other Services	938,234	740,579
Water & Electricity	193,399	188,689
Fuel	1,456,832	829,340
Consultancy Service	-	-
Other Repairs	159,834	179,092
Mobile & Lubricants	91,921	51,167
Repair - Vehicles	865,954	710,637
Repairs - Civil	200,207	-
Insurance	160,634	86,228
License Fee	486,400	102,293
Postage and Courier	4,510	-
Telephone	241,311	262,546
Corporate Development Expense	99,800	-
Training	60,000	384,338

Particulars	FY2078/079 (2021/022)	FY2077/78 (2020/021)
Legal Expenses	744,218	495,668
Printing and Stationery	208,899	142,617
Magazine & Newspaper	42,701	60,444
Advertisement	395,038	230,064
Annual Functions and Workshop	13,000	81,871
Guest Entertainment	299,815	272,155
Other Expenses	239,236	255,804
Meeting Allowance	2,126,000	1,050,500
Meeting Management Expense	1,072,304	703,598
Travel	36,450	31,080
Bank Charges & Commission	10,382	782,515
Director Allowance	1,912,000	1,735,000
Audit Fee	496,070	370,540
Audit Expense	128,165	134,109
House Rent	2,172,720	2,108,880
Financial Assistance, Donation and Prizes	164,500	17,000
Share issue expenses	-	-
Other Site Expenses	579,135	394,072
<b>Total</b>	<b>15,599,669</b>	<b>12,400,826</b>

#### 14. Finance Income


Finance Income is comprised of the interest income received or receivable from bank(s) on temporary deposits. The interest income is adjusted with the interest expenses capitalised in CWIP. The details of which are as follows

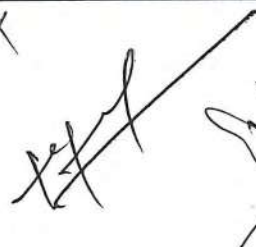
Particulars	(NRs.) Interest Income
Finance income adjusted to interest expenses 2078-79	65,617,369
<b>Total</b>	<b>65,617,369</b>

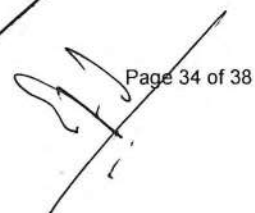
#### 15. Other Income

Other income comprises sale of tender form and other miscellaneous income. The details of other income are presented as below:

Particulars	FY2078/079 (2021/022)	FY2077/78 (2020/021)
Other Income	104,632	8,083
<b>Total</b>	<b>104,632</b>	<b>8,083</b>

  
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## 16. Finance Charge

Finance charge comprise the interest component of retention money measured at amortised cost. Retention money payable in the future was discounted and recorded at amortised cost and annual interest cost is expensed off to income statement.

Finance charge has been calculated considering the repayment of security deposit shall be made from the FY 2082/83. i.e. 2 years after the completion of project completion date. The management has considered the project to be completed by FY 2079/80.

Finance charges details is as follows:

(NRs.)

Particulars	FY2078/079 (2021/022)	FY2077/78 (2020/021)
Finance Charge for Retention Deposit	8,462,919	5,679,584
Total	8,462,919	5,679,584

## 17. Earnings Per Share (EPS)

Earnings per share has been disclosed on the face of 'Statement of Profit or Loss and Other Comprehensive Income' in accordance with the NAS 33.

## 18. Related Parties

The Company identifies the following as its related parties:

### 18.1 Parent

Chilime Hydropower Company Limited (CHPCL) controls the Company through majority control in its Board of Directors.

No any transactions took place with the parent company during the year.

### 18.2 Directors and their Relatives

The Company has 11-membered Board of Directors (BoD) appointed under the provisions of Companies Act 2073. Except for the following transactions, the Company has not conducted any other transaction with directors or their relatives during the financial year 2078-79 (2021/022).


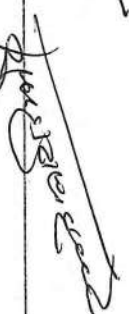







Transaction with BoD of the Company for the year 2078-79 is as follows:  
(NRs.)

S N	Name of BoD	Role/Position	Meeting Allowance (NRs.)	Other Compensation (NRs.)	Balance at Year end	Remarks
1	Mr. Hara Raj Neupane	BoD Chairman	150,000	30,000	180,000	
2	Mr. Lekhanath Koirala	BoD Member	41,000	5,000	46,000	Upto Bhadra 22, 2078
3	Mr. Dhurba Bhattacharai	BoD Member	365,000	30,000	395,000	
4	Mr. Tulsi Ram Dhakal	BoD Member	332,000	30,000	362,000	
5	Mr. Subhash Kumar Mishra	BoD Member	210,000	30,000	240,000	
6	Mr. Shreeram Raj Pandey	BoD Member	182,000	30,000	212,000	
7	Mr. Naresh Lal Shrestha	BoD Member	136,000	15,000	151,000	Upto Poush end, 2078
8	Mr. Subhas Karmacharya	BoD Member	76,000	15,000	91,000	Appointed from Magh 2, 2078
9	Mr. Narayan Prasad Acharya	BoD Member	253,000	25,000	278,000	Appointed from Ashoj 20, 2078





### 18.3 Key Management Personnel and Their Relatives

The Company considers its Chief Executive Officer (CEO), Project Manager (PM) to be Key Management Personnel. The company has not conducted any transaction (other than payment of employee benefits) with the Key Management Personnel or their relatives during the year.

**Key Management Personnel compensation comprised the following:**

S.N.	Name	Position	Total Salary Paid (NRs.)	Balance at Year end	Remarks
1	Mr Ram Gopal Shiwakoti	CEO	2,728,120.79	-	
2	Mr. Suryanath Bhurtyal	Project Manager	2,088,684.60	-	

### 18.4 Employee Retirement Benefit Plans

The Company considers a retirement benefit plan to be a related party if the entity is a post-employment defined benefit plan for the benefit of employees of either the Company or an entity related to the Company. As the Company has not made any investments with respect to the liability on account of defined benefit obligation, it does not have any related party with regards to Defined Benefit Plan.

### 18.5 Operating Segment

NFRS 8 Operating Segments requires particular classes of entities (essentially those with publicly traded securities) to disclose information about their operating segments, products and services, th--e geographical areas in which they operate, and their major customers.

The Company has only one reportable operating segment (both in terms of geography and products) and therefore, identification, classification and disclosure of separate reportable operating segments in accordance with NFRS 8 is not disclosed separately.

## 19. Interim Reports

Interim reports have been publicly reported in accordance with the requirement of Securities Board of Nepal (SEBON) and Nepal Stock Exchange Ltd. (NEPSE). These requirements are materially aligned with the requirements of NAS 34.

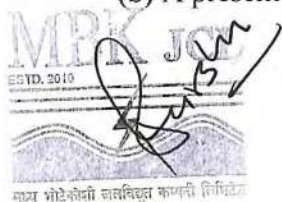
## 20. Contingent Liabilities and Commitments

### 21.1 Contingent Liabilities

A contingent liability is identified as follows:

(a) A possible obligation that 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

(b) A present obligation that arises from past events but is not recognised because:



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(i) It is not probable that an outflow of resources embodying economic benefits will be required to settle the obligation; or

(ii) The amount of the obligation cannot be measured with sufficient reliability.

The Company discloses contingent liabilities unless the possibility of an outflow of resources embodying economic benefits is remote. Followings are the details of contingent liabilities which has the possibility of outflow of resources:

**21.1.1 Contingent Liability due to extension in Commercial Date of Operation (COD):**

As per section 10 of Power Purchase Agreement (PPA) entered into between the Company and NEA, if the Company could not supply the agreed power to NEA, it will be penalised as per said section. The Required Commercial date of Operation (RCoD) was agreed with NEA to be extended to 2076-12-28 BS from 2074-03-01 BS as on 2074-03-01 BS which was further extended to February 28, 2021. Again it was extended to 2022 May. The RcoD further extended to 31<sup>st</sup> March 2023.

However, no any agreement is entered into regarding waiver of penalties to be imposed by NEA due to extension of CoD. Therefore, the company may have to incur substantial penalty amount due to extension of CoD.

**21.1.2 Contingent Liability due to irrevocable capital commitments:**

The project has affected 5 local VDCs, for which it has committed to give Rs 30,00,000 per year to each VDC until the completion of the project.

**21.1.3 Contingent Liability due to irrevocable Agreements:**

The Company has entered into agreement with Tractebel Engineering GmbH, Andritz Hydropower Ltd. and Guangxi Hydroelectric Construction Bureau for consulting, electromechanical work and civil & hydromechanical construction work respectively. The details of such contingent liabilities are as follows:

S. N	Particulars	Agreement Amount in USD	Total Agreement Amount in NPR	Paid till date in NPR	Remaining amount to be paid
1	Lot -1, Civil & Hydromechanical Works	USD 62,091,674.14	NPR 2,579,4079.782	NPR 193,734,965.65	NPR 167,940,886.87
2	Lot-2, Electromechanical Works	USD 20,461,253.67	NPR 407,044,417.87	NPR 191,240,742.28	NPR 215,803,675.59
3	Tractebel Engineering GmbH	USD 7,638,554.34	NPR 278,182,408.01	NPR 242,985,037.72	NPR 35,197,370.29
4	Urja AC JV	INR 1,35,24,223.20 USD 64,407.70	NPR 8,29,63,809	NPR 4,12,86,436.02	NPR 4,167,372.98