



पञ्चकन्या माई हाइड्रोपावर लिमिटेड
Panchakanya Mai Hydropower Limited

Annual Report
FY 2075/2076 , 2076/077 & 2077/78



Board of Directors



Prem Bahadur Shrestha
Chairman

More than 50 years of experience in industries and business operations

Also has more than 10 years of experience in hydropower.

- Chairman of Panchakanya Group
- Chairman of Panchakanya Power Development Pvt. Ltd.



Dhurba Kumar Shrestha
Director

Bachelor Graduate. More than 32 years of experience in industries and business operations

- Vice Chairman of Panchakanya Group
- Past president of Siddhartha Nagar Chamber of Commerce and Industry
- Past president of Western Regional Chamber of Commerce and Industry.



Mr. Udeep Shrestha
Director

Master's degree from SMU

Experienced Director with a demonstrated history of working in building materials industry

Executive Director of Panchakanya Group



Mr. Tikaram Niroula
Director

Bachelor in Civil Engineering from Institute of Engineering , TU

7 Years of Experience in Hydropower Design, Development and Construction



Mr. Prakash Bista
Company Secretary

विषय सूची

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|---|-----|
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पञ्चकन्या माई हाईड्रोपावर लिमिटेड

ल.पु.म.न.पा. वडा नं. ३, पुल्चोक, ललितपुर

फोन नं. ०१-५००५५०२

इमेल: mail.mvhpl@gmail.com

चौथो, पाँचौ तथा छैठौं वार्षिक साधारण सभा सम्बन्धि सूचना

यस पञ्चकन्या माई हाईड्रोपावर लिमिटेडको मिति २०७८।०९।०५ गते वसेको संचालक समितिको बैठकको निर्णय अनुसार कम्पनीको चौथो, पाँचौ र छैठौं वार्षिक साधारण सभा निम्न मिति, स्थान र समयमा देहायका विषयहरूमा छलफल तथा निर्णय गर्न निम्न लिखित मिति, स्थान र समयमा वस्ने भएको हुँदा सम्पूर्ण शेयरधनी महानुभावहरूको जानकारीको लागि कम्पनी ऐन २०६३ को दफा ६७ को उपदफा २ बमोजिम यो सूचना प्रकाशित गरिएको छ।

वार्षिक साधारण सभा हुने मिति, स्थान र समय

मिति : २०७८ पौष २८ तदनुसार जनावरी १२, २०२२, बुधवार

समय : बिहान ठिक ११:०० बजे

स्थान : कुपण्डोल ब्याङ्कवेट, कुपण्डोल, ललितपुर र विद्युतिय Virtual माध्यम ZOOM APP मार्फत एकसाथ सभा सञ्चालन हुनेछ।

(कोभिड १९ रोगको विभिन्न स्वरूपको जोखिम विद्यमान रहेको हुँदा संक्रमण रोकथाम तथा नियन्त्रणका लागि नेपाल सरकारबाट जारी गरिएका स्वास्थ्य सुरक्षा सम्बन्धी निर्देशन तथा मापदण्डको सम्मान एवं परिपालना गर्दै सभा सम्पन्न गर्नु पर्ने विशेष परिस्थितिका कारण शेयर धनी महानुभावहरूको लागि भर्चुअल माध्यमको व्यवस्था गरिएको छ।)

छलफलका विषयहरू

(क) सामान्य प्रस्तावहरू

१. संचालक समितिको तर्फबाट अध्यक्षज्यू द्वारा आ.व. २०७५/०७६, २०७६/०७७ र २०७७/०७८ को वार्षिक प्रतिवेदन प्रस्तुत गर्ने छलफल तथा स्वीकृत गर्ने।
२. लेखापरिक्षकको प्रतिवेदन सहित आ.व. आ.व. २०७५/०७६, २०७६/०७७ र २०७७/०७८ को वित्तिय विवरणहरू उपर छलफल गरी पारित गर्ने।
३. लेखापरिक्षण समितिको सिफारिस अनुसार आ.व. २०७८/०७९ को लागि लेखापरिक्षकको नियुक्ती तथा निजको पारिश्रमिक निर्धारण गर्ने।
४. कम्पनीको संस्थापक समुहबाट प्रतिनिधित्व गर्ने ४ जना (महिला समेत) संचालकको निर्वाचन वा मनोनयन गर्ने।

(ख) विविध।

वार्षिक साधारण सभा सम्बन्धि सामान्य जानकारीहरू

१. विद्युतिय अनलाईन (भर्चुअल) माध्यमबाट सभामा भाग लिन चाहने शेयरधनी महानुभावहरूले कम्पनीको इमेल mail.mvhpl@gmail.com मा इमेल गरी वा फोन नं. ०१५००५५०२ मा सम्पर्क गरी साधारण सभा शुरु हुनु भन्दा कम्तीमा २४ घण्टा अगावै आफ्नो नाम, इमेल ठेगाना टिपाउनु पर्ने छ। भर्चुअल माध्यम मार्फत उपस्थित हुने शेयरधनी महानुभावहरूलाई Meeting ID / Passcode उपलब्ध गराई सभामा सहभागी हुने व्यवस्था मिलाइने छ।
- २) कोराना भाईरस (कोभिड १९) को विभिन्न स्वरूप देखा परिरहेको कारणले यसको जोखिम कायम रहेको हुँदा महाब्याधि नियन्त्रण सम्बन्धमा नेपाल सरकारले तोकेको सिमा भन्दा बढी व्यक्ति भेला हुन नपाईने हुनाले भर्चुअल माध्यमबाट उपस्थित शेयरधनीलाई सभास्थलमा उपस्थित भए सरह मान्यता दिई सभा सञ्चालन गरिने छ र यसरी उपस्थित शेयरधनीहरूको हाजिरीका लागि नीजहरू Login भएको देखिने गरी प्रमाणको निमित्त फोटो खिचेर राखिने र सभा सञ्चालन अवधिभरको भिडियो रेकर्डिग गरिनेछ।
- ३) विद्युतिय अनलाईन (भर्चुअल) माध्यमबाट सभामा सहभागी हुन तथा आफ्नो मन्तव्य राख्न सकिने व्यवस्था मिलाइएको हुँदा कोराना भाईरस (कोभिड १९) को संक्रमणबाट बच्न र बचाउन यथासक्य अनलाईन (भर्चुअल) माध्यमबाट उपस्थित भईदिनु हुन शेयरधनी महानुभावहरूलाई अनुरोध गर्दछौं।
- ४) सभा शुरु हुन भन्दा एक घण्टा अगाडीबाट भर्चुअल माध्यम खुल्ला गरिनेछ। उक्त एक घण्टाको समय भित्र सभामा सहभागी हुने शेयरधनीहरूले दिईएको Meeting ID/ Passcode को माध्यमबाट Login गरी आफ्नो परिचय सहित उपस्थितिको जानकारी सभालाई दिनु पर्नेछ।
- ५) भर्चुअल माध्यमबाट आफ्नो, राय, सुझाव वा जिज्ञासा राख्न चाहनु हुने शेयरधनी महानुभावहरूले सभा शुरु हुनु भन्दा कम्तीमा ४८ घण्टा अगावै फोन नं. ०१५००५५०२ वा कम्पनीको आधिकारी इमेल: mail.mvhpl@gmail.com मा सम्पर्क गरी नाम टिपाउन हुन अनुरोध गर्दछौं। सभामा आफ्नो लिखित राय, सुझाव राख्न चाहनु हुने शेयरधनी महानुभावहरूले उक्त राय सुझाव कम्पनीको इमेलमा पठाउन सक्नु हुनेछ।
- ६) सम्पूर्ण शेयरधनी महानुभावहरूको जानकारीका लागि कम्पनी ऐन, २०६३ को दफा ८४ बमोजिम संक्षिप्त आर्थिक प्रतिवेदन राष्ट्रिय स्तरको दैनिक पत्रपत्रिकामा अलगगै प्रकाशित गरिएको छ र सो प्रतिवेदन सहितको संक्षिप्त वार्षिक प्रतिवेदन तथा कम्पनी सम्बन्धी अन्य जानकारीहरू कम्पनीको रजिष्टर्ड कार्यालय पुल्चोक, ललितपुरबाट तथा साधारण सभाका दिन सभा हलबाट र कम्पनीको website: www.panchakanyamai.com.np मा पनि प्राप्त गर्न सक्नु हुनेछ।
- ७) सभामा आफू उपस्थित नभई प्रतिनिधि नियुक्त गर्न चाहने शेयरधनी महानुभावहरूले सभा शुरु हुने समय भन्दा कम्तीमा ४८ घण्टा अगावै यस कम्पनीको केन्द्रीय कार्यालय पुल्चोक, ललितपुरमा इमेल मार्फत प्रोक्सी फारम दर्ता गरिसक्नु पर्नेछ। सभामा भाग लिन र मतदान गर्नका लागि प्रतिनिधि नियुक्त गरिसकेपछि उक्त प्रतिनिधि बदर गरी अर्कै मुकरर गर्ने भएमा सोको लिखित सूचना सोही अवधि भित्र कम्पनीको रजिष्टर्ड कार्यालयमा दर्ता गरिसक्नु पर्नेछ। यसरी प्रतिनिधि (प्रोक्सी) नियुक्त गरिएको व्यक्ति समेत कम्पनीको शेयरधनी हुनु पर्नेछ।
- ७) एक भन्दा बढी व्यक्तिहरूको संयुक्त नाममा शेयर दर्ता रहेको अवस्थामा सर्वसम्मत वाट प्रतिनिधि चयन गरिएको एक जनाले मात्र वा लगत कितावमा पहिलो नाम उल्लेख भएको व्यक्तिले सभामा भाग लिन सक्नु हुनेछ। कुनै संगठित संस्था वा कम्पनीले शेयर खरिद गरेको हकमा त्यस्ता संगठित संस्था वा कम्पनीले मनोनित गरेको प्रतिनिधिले शेयरवालाको हैसियतले सभामा भाग लिन सक्नु हुनेछ।
- ८) कुनै शेयरधनी महानुभावहरूले छलफलका विषयहरू मध्ये विविध शिर्षक अन्तर्गत कम्पनी सम्बन्धि कुनै विषयमा छलफल गर्न गराउन चाहेमा सभामा हुनु भन्दा ७ कार्य दिन अगावै कम्पनी सचिव मार्फत संचालक समितिको अध्यक्षलाई लिखित रूपमा प्रस्ताव दिनुपर्नेछ तर त्यस्तो प्रस्ताव साधारण सभामा छलफल वा वहसको रूपमा समावेश गर्ने वा नगर्ने अधिकार संचालक समितिको अध्यक्षमा निहित हुनेछ।
- ९) साधारण सभाको प्रयोजनको लागि कम्पनीको शेयरधनी दर्ता पुस्तिका मिति २०७८।१।२० गत शेयरको दर्ता किताव बन्द (Book Close) रहनेछ। २०७८।०९।२० गतेको अघिल्लो दिन मिति २०७८।१।१९ सम्म नेपाल स्टक एक्सचेञ्ज लिमिटेडमा कारोवार भएका शेयरधनीले मात्र यस सभामा भाग लिन र मतदान गर्नका लागि योग्य हुनेछन्।

- ९) संचालक निर्वाचनको विस्तृत कार्यक्रम निर्वाचन अधिकृतको कार्यालय (यस कम्पनीको प्रधान कार्यालय) पुल्चोक, ललितपुरमा प्रकाशित हुने भएकोले त्यस सम्बन्धमा थप जानकारी राख्न ईच्छुक शेयरधनी तथा उम्मेदवारले कार्यालय समय भित्र सम्पर्क राख्न अनुरोध गर्दछौं ।
- १०) संस्थापक शेयरधनीको तर्फबाट संचालक पदमा उम्मेदवार हुन चाहने शेयरधनीले तल उल्लेख भए बमोजिम कम्पनीको प्रधान कार्यालय पुल्चोक, ललितपुरमा प्रकाशित निर्वाचन सम्बन्धि कार्यक्रमको सूचनामा उल्लेखित मितिमा निर्धारित समय भित्र कम्पनीको शेयरधनीहरू मध्ये एकजना शेयरधनी प्रस्तावक र अर्का एक जना शेयर धनी समर्थक सहित तोकिएको ढाँचा बमोजिम आफ्नो उम्मेदवारीको दरखास्त दर्ता गर्नु पर्नेछ । उम्मेदवारीबाट आफ्नो नाम फिर्ता लिन चाहेमा समेत सोहि निर्वाचन सम्बन्धि कार्यक्रम बमोजिम आफ्नो नाम फिर्ता लिन दरखास्त दर्ता गर्नुपर्नेछ । संचालन पदमा उम्मेदवारी दिने शेयरधनी अन्य उम्मेदवारको प्रस्तावक वा समर्थक हुन सक्ने छैन ।
- ११) संचालक पदको निर्वाचनमा उम्मेदवार हने शेयरधनीले कम्पनीको नियमावली बमोजिम आवश्यक शेयर लिई प्रचलिन कानून बमोजिम संचालन हुने योग्य रहेको हुनुपर्दछ ।
- १२) निर्वाचन सम्बन्धि अन्य जानकारी तथा कार्यक्रम सम्बन्धि सूचना कम्पनीको प्रधान कार्यालयको सूचना पाटीमा टाँसिने छ ।
- १३) चौथो, पाँचौं र छैठौं वार्षिक साधारण सभा सम्बन्धि थप जानकारी आवश्यक परेमा कार्यालय समय भित्र कम्पनीको मुख्य कार्यालय पञ्चकन्या भवन, पुल्चोक, ललितपुरमा सम्पर्क राख्नु हुन अनुरोध गरिन्छ । थप जानकारीको लागि कम्पनीको वेब साइट www.panchakanyamai.com.np वाट प्राप्त गर्न सकिनेछ ।

संचालक समितिको आज्ञाले
कम्पनी सचिव

साधारण सभामा आफ्नो प्रतिनिधि नियुक्त गर्ने निवेदन (प्रोक्सी फारम)
कम्पनी ऐन, २०६३ को दफा ७१ को उपदफा (३) संग सम्बन्धित

प्रोक्सी फारम

श्री सञ्चालक समिति
पञ्चकन्या माई हाइड्रोपावर लिमिटेड
पूल्चोक, ललितपुर

बिषय : प्रतिनिधि नियुक्त गरेको बारे ।

महाशय,

.....जिल्ला न.पा./ गा.पा.वडा नं. बस्ने म/ हामी
.....ले त्यस कम्पनीको शेयरधनीको हैसियतले संवत् २०७८ साल पौष महिना २८ गतेको दिन हुने
चौथो, पाँचौं र छैठौं वार्षिक साधारण सभामा म/ हामी स्वयं उपस्थित भई छलफल तथा निर्णयमा सहभागी हुन नसक्ने
भएकोले उक्त सभामा मेरो/ हाम्रो तर्फबाट भाग लिन तथा मतदान गर्नका लागि जिल्ला.....
न.पा./ गा.पा.वडा नं..... बस्ने त्यस कम्पनीका शेयरधनी श्री लाई मेरो/ हाम्रो
प्रतिनिधि मनोनित गरी पठाएको छु/ छौं ।

प्रतिनिधि नियुक्त भएको व्यक्ति :-

हस्ताक्षरको नमुना:

शेयरधनी नं. :

शेयर प्रमाणपत्र नं. :

मिति :

निवेदक

दस्तखत :

नाम :

ठेगाना :

शेयर प्रमाणपत्र नं. :

शेयर संख्या :

दृष्टव्य : यो निवेदन साधारण सभा हुनु भन्दा कम्तिमा ४८ घण्टा अगावै कम्पनीको रजिष्टर्ड कार्यालयमा पेश गरी सक्नु पर्नेछ ।

पञ्चकन्या माई हाइड्रोपावर लिमिटेडको चौथो, पाँचौं र छैठौं वार्षिक साधारण सभामा अध्यक्षको मन्तव्य

श्री आदरणीय शेयरधनी महानुभावहरु,

यस पञ्चकन्या माई हाइड्रोपावर लिमिटेडको चौथो, पाँचौं र छैठौं वार्षिक साधारण सभामा आफ्नो महत्वपूर्ण समय दिएर भौतिक तथा भर्चुअल माध्यमबाट उपस्थित हुनु भएका सम्पूर्ण शेयरधनी महानुभावहरु तथा आमन्त्रित अतिथीहरु, नियामक निकायका प्रतिनिधिहरु, कम्पनीका कर्मचारीहरु लगायत सभामा उपस्थित सम्पूर्ण महानुभावहरुलाई संचालक समिति तथा मेरो व्यक्तिगत तर्फबाट हार्दिक स्वागत तथा अभिवादन गर्दछु। आर्थिक वर्ष २०७५/७६, २०७६/७७ र २०७७/७८ मा कम्पनी द्वारा सम्पन्न गरिएका कार्यहरु तथा व्यवस्थापकीय गतिविधिहरुको साथै आर्थिक तथा वित्तिय विवरणहरुको अभिलेख स्वरुप यहाँहरु समक्ष प्रस्तुत गर्न पाउँदा हामीलाई अत्यन्त खुशी लागेको छ।

सर्वप्रथम चौथो, पाँचौं र छैठौं वार्षिक साधारण सभा संगै गर्नु पर्ने कारण निम्न अनुसार रहेको व्यहोरा जानकारी गराउँदछौं :

यस कम्पनीको आ.व. २०७५/७६ देखि नेपाल वित्तिय प्रतिवेदन मापदण्ड (NFRS) प्रणालिमा लेखा राखि सोहि प्रणालि अनुसार लेखापरीक्षण गर्दा उक्त आ.व.को लेखापरीक्षण प्रतिवेदन मिति २०७६ पौष मसान्तमा मात्र तयार भएको र मिति २०७६ चैत्र महिनामा वार्षिक साधारण सभा बोलाउने निर्णय भएकोमा विश्वव्यापी महामारीको रुपमा फैलिएको कोरोना भाईरसबाट लाग्ने कोभिड १९ रोग रोकथामको लागि नेपाल सरकार, मन्त्रिपरिषद्को निर्णयले मिति २०७६ चैत्र १२ गतेबाट

देशभर लकडाउन गर्नुको साथै कुनै पनि भेला तथा सभा गर्न बन्देज गरेकोले कम्पनीको चौथो साधारण सभा गर्न ढिलो भएकोमा मिति २०७७ असोजमा परेको भिषण वर्षातको कारण कम्पनीको जलविद्युत गृह रहेको स्थानमा जमिनमा धाँजा फाटी भु-क्षय भई टनेल तथा पेनस्टक पाईप वरपर क्षति भएको कारणले प्लान्ट नै बन्द गरी सम्पूर्ण स्रोत साधन नै मर्मत सम्भारमा लागेको हुँदा पाँचौं वार्षिक साधारण सभा पनि समयमा गर्न नसकेको हुँदा उक्त साधारण सभा एकै पटक गर्नु परेको बारे शेयरधनी महानुभावहरुलाई जानकारी गराउन चाहन्छौं साथै आगामी वर्षहरुमा समयमा नै वार्षिक साधारण सभा गर्ने समेत प्रतिवद्धता व्यक्त गर्दछु।

सम्पूर्ण मानव जातीकै शत्रु तथा आधुनिक विज्ञानलाई नै चुनौतिको रुपमा देखापरेको कोरोना भाइरस (कोभिड १९) संक्रमण दरमा हाल कमी भए तापनि यसको विभिन्न स्वरुप अझै सशक्त रुपमा देखापरिरहेको र यसको खतरा अझै कायम रहेकोले सभामा उपस्थित हुन असुविधा हुने शेयरधनी महानुभावहरुलाई हामीले विद्युतिय (भर्चुअल) माध्यमबाट समेत सहभागी गराउने प्रयास गरेका छौं यसबाट कुनै शेयरधनी महानुभावलाई असुविधा भएमा क्षमा याचना गर्दै सम्पूर्ण शेयरधनीको सु-स्वास्थ्यको कामना गर्दछौं।

निजी क्षेत्रबाट जलविद्युत आयोजनाको निर्माण तथा सञ्चालन गरी विद्युत उर्जा उत्पादन तथा वितरण गर्ने उद्देश्यले स्थापित यस कम्पनीले इलाम जिल्ला स्थित माई खोलाको पानी उपयोग गरी सन्दकपुर गाउँ पालिकामा १२ मेगावाट क्षमताको अप्पर माई र ६.९ मेगावाट

क्षमताको माथिल्लो माई सी जल विद्युत आयोजनाहरू सफलतापूर्वक निर्माण सम्पन्न गरी उत्पादित विद्युत केन्द्रिय विद्युत प्रसारण प्रणालीमा जोडी नेपाल विद्युत प्राधिकरणलाई बिक्री गर्दै आईरहेको छ ।

दुई वटा आयोजनाहरू मध्ये अप्पर माई जल विद्युत आयोजनाको व्यवसायिक उत्पादन २०७३ साल आषाढ ९ गते देखि शुरु भई सञ्चालनमा आएको छ । यस कम्पनीलाई उर्जा मन्त्रालय बाट १२ मेगावाट क्षमताको लागि विद्युत उत्पादनको अनुमति पत्र प्राप्त भए पनि नेपाल विद्युत प्राधिकरणको विद्यमान Q40 को प्रावधान अनुसार ९.९८ मेगावाट क्षमताको लागि मात्र विद्युत खरिद बिक्री सम्भौता सम्पन्न भएको छ । त्यसरी नै माथिल्लो माई सी जल विद्युत आयोजनाको २०७४ साल साउन ९ गते देखि व्यवसायिक उत्पादन शुरु भई हाल संचालनमा रहेको छ । यस आयोजनाको लागि पनि उर्जा मन्त्रालयबाट ६.१ मेगावाट क्षमताको विद्युत उत्पादनको अनुमति पत्र प्राप्त भए पनि विद्युत खरीद बिक्री सम्भौता भने ५.१ मेगावाटको मात्र भएको छ । कम्पनीले प्राप्त गरेको अप्पर माई र माथिल्लो माई सी जल विद्युत आयोजनाको विद्युत उत्पादनको अनुमति पत्र क्रमशः वि.स.२१०२ साउन २२ र वि.स.२१०५ असार २० गतेसम्म कायम रहेको छ ।

दुई वटै आयोजनाहरूबाट उत्पादित विद्युत यस कम्पनीले निर्माण गरेको १८.५ कि.मि. लामो माबु-गोदक १३२ के.भी. प्रसारण लाइनबाट नेपाल विद्युत प्राधिकरणको गोदक सबस्टेशनको राष्ट्रिय विद्युत प्रणालीमा जोडिएको छ ।

विद्युत उत्पादन आफैमा एक जटिल प्राविधिक कुरा भएकोले निर्माणका विभिन्न चरणमा र निर्माण पश्चात पनि विभिन्न प्राविधिक तथा प्राकृतिक कारणले विभिन्न चुनौति तथा समस्याहरू देखिनै रहनेछन् । यस समस्या तथा चुनौतिलाई हामीले सहकार्य, समन्वय, सहयोग र

सहभागिताका आधारमा सफलता पूर्वक सम्पन्न गरेका छौं भने भावी चुनौतिहरूलाई पनि हामी सबै मिलेर समाधान गर्ने कुरामा विश्वस्त छु । कम्पनीलाई आईपर्ने चुनौतीहरूको सामना गर्दै अगाडी बढ्नुको अर्को विकल्प हामी सँग छैन ।

शेयरधनी महानुभावहरू

अप्पर माई जल विद्युत आयोजना (१२ मे.वा) संचालनमा आएको यो छैठौं वर्ष र माथिल्लो माई सि आयोजना (६.१ मे.वा.) संचालनमा आएको पाँचौं वर्ष हो । यस आर्थिक वर्षमा आयोजना मर्मत सम्भारको लागि आयोजना बन्द गर्नु परेको कारणले विद्युत उत्पादनमा केही कमी भएको छ । हाल मर्मत सम्भार सम्पन्न भई आयोजना संचालनमा रहेको छ । शेयरधनीहरूले गत साधारण सभा कम्पनीको कर्जालाई पुनः तालिकिकरण गर्नको लागि दिएको सुझाव सरोधार्य गरी सो को लागि बैंक तथा वित्तिय संस्थामा आवश्यक सम्भौता गरी पुनः तालिकिकरण भईसकेको छ । कम्पनीलाई कसरी नाफामा लगी शेयरधनीहरूलाई लाभाशं वितरण गर्न सकिनेछ भन्ने कुरामा सदैव मेरो तथा संचालक समितिको ध्यान केन्द्रित रहेको ब्यहोरा जानकारी गराउदै कम्पनीले आफ्नो खर्चमा मितव्ययीता अपनाई खर्च कटौती गरेको छ ।

नेपाल सरकार उर्जा मन्त्रालय र यस कम्पनी बिच लोडसेडिङ्ग न्यूनीकरण गर्ने उद्देश्यले अपर माई खोला जल विद्युत आयोजनालाई प्रदान गरिने सुविधा सम्बन्धी सम्भौता मिति २०६९।०७।२२ मा सम्पन्न भएको र उक्त सम्भौता अनुसार PPA मा उल्लेख भएको खरीद दरको सट्टा प्राधिकरणले Posted Rate को आधारमा विद्युत खरिद गर्ने भन्ने ब्यहोरा उल्लेख भएको छ । उक्त दररेट कम्पनीले हाल सम्म पनि प्राप्त गर्न नसकेकोले सो प्राप्तिको लागि कम्पनीले सम्बन्धित विभिन्न निकायमा निरन्तर प्रयास गरिरहेको ब्यहोरा जानकारी गराउन

चाहन्छौं । साथै नेपाल सरकारले २०७५ सालसम्म आउने विद्युत गृहहरूलाई प्रति मेगावाट रु. ५५,००,०००/- अक्षरेपी पचपन्न लाख मात्र का दरले दिने भनिएको अनुदान रकम लिनको लागि पटक पटक निवेदन गर्दा पनि हालसम्म पनि उपलब्ध हुन सकेको छैन ।

अप्पर माई जल विद्युत आयोजना (१२ मे.वा) र माथिल्लो माई सि आयोजना (६.१ मे.वा.) निर्माणको लागि नविल बैंक लिमिटेडको अगुवाईमा ४ वटा बैंकहरूसँग सहवित्तियकरण कर्जा सम्झौता भएकोमा सम्झौता अनुसारको साँवा तथा ब्याँज किस्ता तोकिएको समयमा नै कम्पनीले तिर्दै आईरहेको छ ।

आदरणीय शेयरधनी महानुभावहरु

यस कम्पनीको आ.व. २०७५।७६, २०७६।७७ र २०७७।७८ को नेपाल वित्तिय प्रतिवेदन मापदण्ड (NFRS) अनुसार तयार पारिएको वासलात, नाफा नोक्सान हिसाव र नगद प्रवाह विवरण समेतको लेखापरिक्षकबाट पेश गरिएको प्रतिवेदन तथा प्रचलित ऐनले निर्दिष्ट गरे बमोजिम तयार पारिएको संचालक समितिको वार्षिक प्रतिवेदन यस अघि नै अध्ययनको लागि उपलब्ध गराई सकिएकोले छलफल गरी अनुमोदनको लागि प्रस्तुत गर्न चाहन्छौं ।

शेयरधनी तथा शुभचिन्तकहरूलाई कम्पनीको उन्नती, प्रगति र सफलताको लागि आफ्नो अमूल्य राय, सल्लाह, सुभावा दिन हुन अनुरोध गर्दछौं, र सो अनुसार कम्पनीले आफ्नो मार्ग निर्देशको रुपम परिपालना गरि अगाडी बढ्नेछ ।

अन्त्यमा, आफ्नो कार्य ब्यस्तताको बावजुद पनि यस सभामा प्रत्यक्ष तथा विद्युतिय (भर्चुअल) माध्यमबाट सभामा उपस्थिति जनाई दिनु हुने सम्पूर्ण शेयरधनी महानुभावहरूलाई धन्यवाद ज्ञापन गर्दछौं । साथै कम्पनीलाई मार्गदर्शन, सल्लाह तथा सहयोग पुऱ्याउनु हुने नेपाल सरकारका विभिन्न निकायहरु, उर्जा, जलस्रोत तथा सिँचाई मन्त्रालय, विद्युत विकास विभाग, नेपाल विद्युत प्राधिकरण, नेपाल धितोपत्र बोर्ड, नेपाल स्टक एक्सचेञ्ज लिमिटेड, कम्पनी रजिष्ट्रारको कार्यालय, ऋण लगानी कर्ता बैंकहरु, शेयर रजिष्ट्रार सनराईज क्यापिटल लिमिटेड लगायत सम्बद्ध निकायहरु तथा यस कम्पनीका कार्यरत कर्तब्यनिष्ठ कर्मचारीहरु प्रति हार्दिक आभार व्यक्त गर्दछौं ।

धन्यवाद

प्रेम बहादुर श्रेष्ठ

अध्यक्ष

पञ्चकन्या माई हाईड्रोपावर लिमिटेड

पञ्चकन्या माई हाईड्रोपावर लिमिटेडको (चौथो, पाँचौ र छैठौं) वार्षिक साधारण सभामा सञ्चालक समितिको तर्फबाट प्रस्तुत वार्षिक प्रतिवेदन

कम्पनी ऐन, २०६३ को दफा १०९ को उपदफा (४) बमोजिमको विवरणहरु :

(क) विगत बर्षको कारोवारको सिंहावलोकन

विद्युत उत्पादन तथा विक्री गर्ने उद्देश्यका साथ सम्बन्धित निकायबाट अनुमति प्राप्त भई अप्पर माई जल विद्युत आयोजना (१२ मे.वा) र माथिल्लो माई सि आयोजना (६.१ मे.वा.) जल विद्युत आयोजना विभिन्न कठिनाइको बावजूद पनि सफलतापूर्वक निर्माण कार्य सम्पन्न गरी ईलाम जिल्ला सन्दकपुर गाउँपालिकामा सञ्चालनमा रहेको छ। उक्त आयोजनाहरु बाट उत्पादित विद्युत नेपाल विद्युत प्राधिकरणको १३२ के.भी. काबेली करिडोर प्रसारण लाइन मार्फत राष्ट्रिय प्रसारण लाइनमा जोडिएको छ। कम्पनीले आफ्ना जडित क्षमता अनुसार

नै उच्चतम विद्युत उत्पादन गर्ने कार्यलाई निरन्तर प्रयास जारी राखेको छ।

कम्पनीको जलविद्युत गृह रहेको ईलाममा मिति २०७७ असोजमा परेको भिषण वर्षातको कारण जमिनमा धाँजा फाटी भु-क्षय भई टनेल तथा पेनस्टक पाईप वरपर क्षति पुगेको कारणले प्लान्ट नै बन्द गर्नुपर्ने अवस्था सृजना भएको थियो।

शेयरधनी महानुभावहरुको जानीकारीको लागि कम्पनीको आर्थिक वर्ष २०७५/७६, २०७६/७७ र २०७७/७८ मा कम्पनीले गरेको आर्थिक कारोवार निम्न अनुसार रहको छ।

| विवरण | आर्थिक वर्ष (रु.) | | | | वृद्धि/ कमी (२०७७/७८) | | वृद्धि/ कमी (२०७६/७७) | | वृद्धि/ कमी (२०७५/७६) | |
|----------------------------------|--------------------|--------------------|--------------------|--------------------|-----------------------|---------------|-----------------------|----------------|-----------------------|----------------|
| | २०७७/७८ | २०७६/७७ | २०७५/७६ | २०७४/७५ | रकम रु. | प्रतिशत | रकम रु. | प्रतिशत | रकम रु. | प्रतिशत |
| विद्युत विक्रीबाट प्राप्त आमदानी | ३४७,५५५,९०५ | ३६९,७१८,३६० | ३२१,८३०,०५९ | ३६५,४५७,७९१ | (२२,१६२,४५५) | (५.९९) | ४७,८८८,३०१ | १४.८८ | (४३,६२७,७३२) | (११.९४) |
| विविध आमदानी | २,२०५,०८५ | १,५०८,८५४ | ३,७५१,८७० | २,०९६,३९४ | ६९६,२३१ | ४६.१४ | (२,२४३,०१६) | (५९.७८) | १,६५५,४७६ | ७८.९७ |
| जम्मा आमदानी | ३४९,७६०,९९० | ३७१,२२७,२१४ | ३२५,५८१,९२९ | ३६७,५५४,१८५ | (२१,४६६,२२४) | (५.७८) | ४५,६४५,२८५ | (१४.०२) | ४१,९७२,२५६ | (११.४२) |
| घटाउनु पर्ने: | | | | | | | | | | |
| कर्मचारी खर्च | २०,३८९,६२० | २०,०६०,३४३ | २५,४१९,००३ | १८,५४४,४४४ | ५९६,४७५ | २.९७ | (५,३५८,६६०) | (२१.०८) | ६,८७४,५५९ | ३७.०७ |
| प्रशासनिक खर्च | १५,९४४,८३४ | १७,६४१,६१४ | २२,२६०,४७३ | २७,०१३,३०५ | (१,६९६,७८०) | (९.६२) | (४,६१८,८५९) | (२०.७५) | (४,७५२,८३२) | (१७.५९) |
| आयोजना सञ्चालन खर्च | ९,४९२,५७६ | २१,४९७,३१७ | १३,२०५,६६० | २३,५५२,९९७ | (१२,००४,७४३) | (५५.८४) | ८,२९१,६५७ | ६२.७९ | (१०,३४७,३३७) | (४३.९३) |
| वित्तीय खर्च | १७३,६३५,६४८ | २१९,३०१,८२८ | २२३,७६७,७६९ | २३२,२०७,०१३ | (२१,४६६,२२३) | (९.७९) | (४,४६५,९४१) | (२.००) | (८,४३९,२४४) | (३.६३) |
| हासकट्टी | ११६,६५३,६०४ | ११६,६५२,४९८ | ११६,६२०,४७३ | ११६,७१५,८४१ | १,१०६ | ०.००१ | ३२,०२५ | ०.०३ | (९५,३६८) | (०.०८) |

| विवरण | आर्थिक वर्ष (रु.) | | | | वृद्धि/ कमी (२०७७/०७८) | | वृद्धि/ कमी (२०७६/०७७) | | वृद्धि/ कमी (२०७५/०७६) | |
|--------------------------------------|-------------------|---------------------|---------------------|---------------------|------------------------|-----------------|------------------------|----------------|------------------------|----------------|
| | २०७७/०७८ | २०७६/०७७ | २०७५/०७६ | २०७४/०७५ | रकम रु. | प्रतिशत | रकम रु. | प्रतिशत | रकम रु. | प्रतिशत |
| विशेष खर्च | - | - | (३,२७९,७४१) | २५३,०५७ | - | - | ३,२७९,७४१ | (१००.००) | (३,५३२,७९८) | (१३९.६) |
| जम्मा खर्च | ३३६,१३४,२८३ | ३९५,१५३,६०० | ३९७,९९३,६३७ | ४१८,२८६,६५८ | (५८,७५२,१२१) | (१४.८७) | (२,८४०,०३७) | (०.७१) | (२०,२९३,०२१) | (४.८५) |
| संचालन मुनाफा / (नोक्सान) | १३,६२६,७०८ | (२३,९२६,३८६) | (७२,४११,७०८) | (५०,७३२,४७४) | ३७,४८३,०९४ | (१५७.३२) | ४८,४८५,३२२ | (६६.९६) | (२१,६७९,२३४) | ४२.७३ |
| कर्मचारी बोनस व्यवस्था | २६७,१९८ | - | - | - | २६७,१९८ | - | - | ०.०० | - | ०.०० |
| कर अधिको खुद मुनाफा / (नोक्सान) | १३,३५९,५१० | (२३,९२६,३८६) | (७२,४११,७०८) | (५०,७३२,४७४) | ३७,२८५,८९९ | (१५५.८) | ४८,४८५,३२२ | (६६.९६) | (२१,६७९,२३४) | ४२.७३ |
| आयकर व्यवस्था | ५५१,२७१ | ५१५,९०१ | ९४१,७९४ | ५२४,०९८ | ३५,३७० | ६.८६ | (४२५,८९३) | (४५.२२) | ४१७,६९६ | ७९.७० |
| विलम्बित कर | १२,६१६,६२९ | ३०,५९९,८५१ | (१८,६३७,८४२) | ४८,५५५,३२६ | (१७,९८३,२२२) | (५८.७७) | ४९,२३७,६९३ | (२६४.१८) | (६७,१९३,१६८) | (१३८.३) |
| कर पछिको खुद नाफा / (नोक्सान) | १९१,६१० | (५५,०४२,१३८) | (५४,७१५,६६०) | (९९,८११,८९८) | ५५,२३३,७५० | (१००.३) | (३२६,४७८) | (०.६०) | ४५,०९६,२३८ | (४५.१८) |
| शेयर संख्या | ११,०००,००० | ११,०००,००० | ११,०००,००० | ९,९५५,००० | - | - | - | ०.०० | १,०४५,००० | १०.५० |
| प्रति शेयर आमदानी | ०.०२ | (५.००) | (४.९७) | (१०.०३) | ५.०२ | (१००.४) | (०.०३) | ०.६० | ५ | (५०.३९) |

(ख) राष्ट्रिय तथा अन्तरराष्ट्रिय परिस्थितिबाट कम्पनीको कारोबारलाई परेको असर

हाल विश्वव्यापि रूपमा फैलिएको कोरोना भाईरस (कोभिड १९) को महामारीले कम्पनीको विद्युत उत्पादनमा खासै प्रतिकूल असर नपरेता पनि नेपाल सरकारले समय समयमा जारी गरेको लकडाउन तथा निषेधाज्ञाको कारणले कम्पनीको आयोजना मर्मत सम्भार गर्न तथा स्पेयर पार्टस बजारबाट खरिद गरि लानको लागि असहजता सृजना भएको र स्पेयर पार्टसको लागत बढ्न गएको छ। साथै विगत वर्षमा अपेक्षित वर्षा नहुदा र विश्व तापमान बृद्धिको कारण जल प्रवाह घटेको कारणले सुख्खा मौसममा प्रक्षेपण गरिए बमोजिमको क्षमतामा सञ्चालन हुन नसकी विद्युत उत्पादनमा कमी आएको छ। साथै नेपाल विद्युत प्राधिकरणको काबेली प्रसारण लाइनमा आएका समस्याहरूले पनि विद्युत प्रसारण

निरन्तर हुन नसकेकोले पनि कम्पनीको कारोबारलाई केही असर पर्न गएको छ।

(ग) प्रतिवेदन तयार भएको मिति सम्म चालु वर्षको उपलब्धी र भविष्यमा गर्नु पर्ने कुराको सम्बन्धमा सञ्चालक समितिको धारणा

यस कम्पनी बाट निर्माण सम्पन्न गरी सञ्चालनमा रहेको अप्पर माई जल विद्युत आयोजना र माथिल्लो माई सी जल विद्युत आयोजना बाट आ.व. २०७८/७९ को मंसिर मसान्त सम्म विद्युत उत्पादन गरिएको युनिट मध्ये जम्मा १,२६,८८,८८० किलोवाट आवर युनिट नेपाल विद्युत प्राधिकरण लाई विक्री गर्न सफल भई जम्मा रु. १७,३४,०८,६०७/- आमदानी गरेको छ।

यस वर्ष कार्तिक महिनामा भएको अत्याधिक वर्षातको कारणले पहिरो गएको कारणले कम्पनीको १३२ के.भी. को ट्रान्समिसन लाईनको टावर नं. २६ पूर्ण रूपमा क्षती

भई दुवै आयोजनाको उत्पादन २०७८ कार्तिक ११ गते बाट बन्द भएकोमा नेपाल विद्युत प्राधिकरणबाट नीजि क्षेत्रको लागि पहिलो पटक ERS Tower भाडामा लिई अप्पर माई जल विद्युत आयोजना (१२ मे.वा.) मिति २०७८ मंसिर २६ गतेबाट र माथिल्लो माई सी जल विद्युत आयोजना (६.१ मे.वा.) मिति २०७८ पुष १ गते बाट सुचारु भएको छ साथै स्थायी Tower जडानको काम पनि तिब्र गतिमा भइरहेको छ ।

कम्पनीका लगानीकर्ता शेयरधनीहरुलाई दिगो प्रतिफलको सुनिश्चितताको लागि निम्न कार्यहरु अगाडी बढाउने नीति लिएका छौं :

नेपाल सरकार, उर्जा मन्त्रालयबाट यस कम्पनीले अप्पर माई जल विद्युत आयोजनाको लागि १२ मेगावाट र माथिल्लो माई सी जल विद्युत आयोजनाको लागि ६.१ मेगावाट क्षमताको विद्युत उत्पादनको अनुमतिपत्र प्राप्त गरेको र सो क्षमता अनुसार नै कम्पनीले आयोजनाहरु निर्माण सम्पन्न गरी विद्युत उत्पादन गरीरहेको छ ।

कम्पनीले दिर्घकालिन प्रतिफलका लागी थप लगानी गर्न उपयुक्त आयोजनाको खोजी गरिरहेको छ । प्राविधिक अध्ययनबाट उपयुक्त ठहर भई सुभाब गरिएका आयोजनामा थप लगानी गरी आयोजना निर्माण गर्ने कम्पनीको भावि योजना रहेको छ ।

(घ) कम्पनीको औद्योगिक तथा व्यवसायिक सम्बन्ध

यस पञ्चकन्या माई हाइड्रोपावर लिमिटेडले आफ्नो व्यवसायिक तथा औद्योगिक कारोवारलाई पारदर्शी र परिस्कृत बनाउँदै लैजाने नीति अनुरूप संघ संस्था, सरकारी निकाय, शेयरधनी महानुभावहरु, आयोजना निर्माण स्थलका स्थानिय व्यक्तिहरु संग सुमधुर सम्बन्ध

कायम राख्दै आएको छ । कम्पनीको व्यवसायिक क्षेत्र संग सम्बन्धित सरोकारवाला संस्थाहरुमध्ये विद्युत विकास विभाग, उर्जा जलस्रोत तथा सिंचाई मन्त्रालय, नेपाल विद्युत प्राधिकरण, कम्पनी रजिष्ट्रारको कार्यालय, नेपाल धितोपत्र बोर्ड, नेपाल स्टक एक्सचेन्ज, सिडिएस एण्ड किल्यरिङ्ग लिमिटेड तथा आयोजना निर्माणमा वित्तीय सहयोग प्रदान गर्ने बैकहरु, विमा कम्पनी, सम्पूर्ण शेयरधनी महानुभावहरु तथा सरोकारवाला संग मैत्रीपूर्ण र असल व्यवसायिक सम्बन्ध कायम गदै लैजान कम्पनी कटिबद्ध रहेको छ ।

(ङ) सञ्चालक समितिमा भएको हेरफेर र सो को कारण

यस कम्पनीको नियमावली अनुसार कम्पनीका संस्थापक शेयरधनीहरुको समूह “क” बाट ४ जना, सर्वसाधारण शेयरधनीहरुको समूह “ख” बाट १ जना र स्वतन्त्र सञ्चालक १ जना गरी जम्मा ६ जना सञ्चालक ४ वर्षको लागि नियुक्त भई सञ्चालक समितिमा प्रतिनिधित्व गर्ने व्यवस्था रहेको छ । संस्थापक शेयर धनीहरुको समूह “क” बाट नियुक्त ४ जना शेयरधनीहरु मध्ये संचालक/कार्यकारी निर्देशक श्री सन्तोष कुमार प्रधानले आफ्नो कार्य व्यस्तताको कारणले दिनु भएको राजिनामा मिति २०७६।०८।२५ मा कम्पनीको संचालक समितिबाट स्वीकृत भएकोले निजको स्थान हाल रिक्त रहेको र कम्पनीमा हाल तपसील बमोजिमको सञ्चालक समिति रहको छ :

तपसील

| सि.न | सञ्चालक | पद | समूह |
|------|---------------------------|---------|------|
| १ | श्री प्रेम बहादुर श्रेष्ठ | अध्यक्ष | क |
| २ | श्री ध्रुव कुमार श्रेष्ठ | संचालक | क |
| ३ | श्री उदय श्रेष्ठ | संचालक | क |
| ४ | श्री टिकाराम निरौला | संचालक | ख |

संस्थापक शेयरधनीहरूको समूह 'क' बाट प्रतिनिधित्व गर्ने ४ जना संचालकको कार्यकाल समाप्त भएकोले यस साधारण सभाबाट निर्वाचन तथा नियुक्ति हुनेछ।

(व) कारोवारलाई असर पार्ने मुख्य कुराहरू :

नेपालमा राज्य संरचनाका विभिन्न तहगत सरकारबाट जारी हुने नयाँ ऐन, कानून, नियमहरू तथा विद्यमान ऐन, कानूनमा हुन सक्ने संशोधन तथा परिवर्तनहरूले जलविद्युत आयोजनाहरूको निर्माण तथा सञ्चालनमा अनकुल तथा प्रतिकूल असर पर्न सक्ने छ।

- जलस्रोतको मुहानमा अप्रत्याशित परिवर्तन, खडेरी, अनावृष्टि तथा जलवायु परिवर्तन आदिका कारणले पानीको श्रोतमा कमी आएमा विद्युत उत्पादनमा कमी आउन सक्नेछ।
- बाढी पहिरो, अत्याधिक वर्षात, भुकम्प, लगायतका प्राकृतिक प्रकोप तथा काबु बाहिरका परिस्थितिहरू सृजना भई आयोजना स्थल, भौतिक संरचना तथा उपकरणहरूमा क्षति भएमा मर्मत सम्भारमा खर्च बृद्धि हुन सक्ने र व्यवसायिक आम्दानीमा कमी हुन सक्नेछ।
- विद्युत केन्द्रहरूमा जडित मेसिन तथा उपकरणहरू साथै प्रसारण लाइनमा हुन सक्ने प्राविधिक खराबीका कारणहरूले विद्युत उत्पादनमा कमी हुन सक्नेछ।
- राजनैतिक अस्थिरता, बन्द हडताल, विरोध, विभिन्न रोगको महामारी नियन्त्रणको लागि लागु हुने बन्दाबन्दी तथा निषेधाज्ञाको साथै मुद्रास्फिति, बैंकको ब्याजदरमा बृद्धि, विनिमय दरमा परिवर्तन आदि आर्थिक/वित्तीय कारणहरूले पनि आयोजनाको उत्पादन तथा मर्मत सम्भारमा प्रतिकूल असर गर्न सक्नेछ।

माथि उल्लेखित सम्भावित जोखिमहरूलाई न्यूनिकरण गर्न मेशिन तथा उपकरणहरूको ह्यास खर्चको व्यवस्था साथै जलविद्युत केन्द्रहरूको सम्पूर्ण संरचना, मेसिन तथा उपकरणहरूको संभावित जोखिमलाई न्यूनिकरण गर्न बिमा गरिएको छ। साथै निरन्तर विद्युत आपूर्ति गर्नको लागि नियमित तथा आकस्मिक रूपमा मेसिनरी

उपकरणहरू, सिभिल संरचना तथा प्रसारण लाइन आदिको निरीक्षण र मर्मत सम्भार गरिने व्यवस्था मिलाइएको छ। साथै कम्पनीका जल विद्युत केन्द्रहरूको नियमित मर्मत सम्भारको लागि आवश्यक पर्ने जगेडा पार्टपूजा (Spare Parts) को उचित व्यवस्था गरिएको छ। काबु बाहिरको परिस्थिति सृजना भई आयोजना मर्मत सम्भारको लागि बन्द गर्नु परेमा सो अवधिमा हुने उत्पादनको समेत बिमा (Loss of Profit) गरिएको छ।

(छ) लेखा परीक्षण प्रतिवेदनमा कुनै कौफियत उल्लेख भएको भए सो उपर सञ्चालक समितिको प्रतिक्रिया

कम्पनीले आ.व. २०७५/७६ देखिनै नेपाल वित्तीय प्रतिवेदन मापदण्ड (Nepal Financial Reporting Standard- NFRS) लागु गरेको छ। लेखा परीक्षण प्रतिवेदनमा उल्लेख गरिएका नियमित कारोवारमा देखिएका सामान्य कौफियत, प्रतिक्रिया र सुझावहरू माथि कम्पनीका सञ्चालक समितिको ध्यानाकर्षण हुनुको साथै सो को सुधारको लागि आवश्यक कदम चालिएको छ।

(ज) लाभान्श बाँडफाँड गर्न सिफारीस गरिएको रकम

कम्पनीको लाभान्श बाँडफाँड गर्न सिफारिस गरिएको छैन।

(ग) शेयर जफत भएको भए जफत भएको शेयर संख्या, त्यस्तो शेयरको अंकित मूल्य, त्यस्तो शेयर जफत हुनुभन्दा अगावै सो बापत कम्पनीले प्राप्त गरेको जम्मा रकम र त्यस्तो शेयर जफत भएपछि सो शेयर बिक्री गरी कम्पनीले प्राप्त गरेको रकम तथा जफत भएको शेयर बापत रकम फिर्ता गरेको भए सो को वितरण

शेयर जफत सम्बन्धी कार्य भएको छैन।

(अ) विगत आर्थिक वर्षमा कम्पनी र यसको सहायक कम्पनीको कारोबारको प्रगति र सो आर्थिक वर्षको अन्तमा रहेको स्थितिको पुनरावलोकन

यस कम्पनीको अरु कुनै सहायक कम्पनी छैन । यस कम्पनीको कारोबारको प्रगति र स्थिति माथि उल्लेख गरिएको छ ।

(ट) कम्पनी तथा त्यसको सहायक कम्पनीले आर्थिक वर्षमा सम्पन्न गरेको प्रमुख कारोबारहरू र सो अवधिमा कम्पनीको कारोबारमा आएको कुनै महत्वपूर्ण परिवर्तन

यस कम्पनीको अरु कुनै सहायक कम्पनी छैन । कम्पनीले आर्थिक वर्षमा सम्पन्न गरेको प्रमुख कारोबारहरू र सो अवधिमा कम्पनीको कारोबारमा आएको महत्वपूर्ण परिवर्तन प्रतिवेदनमा संलग्न बासलात, नाफा नोक्सान हिसाब, नगद प्रवाह विवरण र लेखा सम्बन्धी टिप्पणीले स्पष्ट पार्दछ ।

(ठ) विगत आर्थिक वर्षमा कम्पनीको आधारभूत शेयरधनीहरूले कम्पनीलाई उपलब्ध गराएको जानकारी

विगत आर्थिक वर्षमा कम्पनीको आधारभूत शेयरधनीहरूले कम्पनीलाई कुनै जानकारी उपलब्ध गराएको छैन ।

(ड) विगत आर्थिक वर्षमा कम्पनीको सञ्चालक तथा पदाधिकारीहरूले लिएको शेयरको स्वामित्वको वितरण र कम्पनीको शेयर कारोबारमा निजहरू संलग्न रहेको भए सो सम्बन्धमा निजहरूबाट कम्पनीले प्राप्त गरेको जानकारी

आर्थिक वर्ष २०७७/७८ को अन्त्य सम्म यस कम्पनीका सञ्चालक तथा पदाधिकारीहरूको शेयरको स्वामित्व निम्न अनुसार रहेको र निजहरू कम्पनीको शेयरको कारोबारमा संलग्न रहेको पाइएको छैन ।

| क्र.स | नाम | पद | शेयर संख्या |
|-------|---------------------------|---------|-------------|
| १ | श्री प्रेम बहादुर श्रेष्ठ | अध्यक्ष | २,७२५,००० |
| २ | श्री ध्रुव कुमार श्रेष्ठ | संचालक | ६२५,००० |
| ३ | श्री उदीप श्रेष्ठ | संचालक | १५,००० |
| ४ | श्री टिकाराम निरौला | संचालक | १,०७० |

(ढ) विगत आर्थिक वर्षमा कम्पनी संग सम्बन्धित सम्भौताहरूमा कुनै सञ्चालक तथा निजको नातेदारको व्यक्तिगत स्वार्थको बारेमा उपलब्ध गराइएको जानकारी व्यहोरा

त्यस प्रकारको जानकारी उपलब्ध भएको छैन ।

(ण) कम्पनीले आफ्नो शेयर आफैले खरिद गरेको भए त्यसरी आफ्नो शेयर खरिद गर्नुको कारण, त्यस्तो शेयरको संख्या र अङ्कित मूल्य तथा त्यसरी खरिद गरे बापत कम्पनीले भुक्तानी गरेको रकम

कम्पनीले आफ्नो शेयर आफैले खरिद गरेको छैन ।

(त) आन्तरिक नियन्त्रण प्रणाली भए वा नभएको र भएको भए सो को विस्तृत विवरण

कम्पनीको आन्तरिक नियन्त्रण प्रणालीलाई सुव्यवस्थित गर्नको लागि आवश्यक विनियमावली बनाई लागु गरिएको छ ।

आन्तरिक लेखा प्रणाली सबल राख्न सञ्चालक समितिको सदस्यको अध्यक्षतामा लेखा परीक्षण समिति गठन गरिएको छ ।

कम्पनीको वित्तिय तथा लेखा सम्बन्धी प्रकृयाहरु र सम्पतीको जोखिम व्यवस्थापन र नियन्त्रणको लागि आ.व. २०७५।७६, आ.व.२०७६।७७ मा स्वतन्त्र लेखा परीक्षक N.A.R.S. Associates का चार्टर्ड एकाउन्टेन्ट नवराज लामिछाने बाट लेखा परीक्षण गराइएको छ भने आ.व.२०७७।७८ मा स्वतन्त्र लेखा परीक्षक D. Kumar & Associates का चार्टर्ड एकाउन्टेन्ट दिपेन्द्र कुमार बाट लेखा परीक्षण गराइएको छ उक्त लेखा परीक्षण प्रतिवदेन कम्पनीको सञ्चालक समिति बाट स्वीकृत गरी आगामी साधारण सभा समक्ष अनुमोदनको लागि सिफारीस गरिएको छ ।

(थ) विगत आर्थिक बर्षको कुल व्यवस्थापन खर्चको विवरण

कम्पनीको आर्थिक बर्ष २०७५।७६ मा कुल व्यवस्थापन खर्च मध्ये प्रशासनिक खर्च अन्तर्गत रकम रु. २२,२६०,४७३- र कर्मचारी खर्च अन्तर्गत रु. २५,४९९,००३- गरी जम्मा रु. ४७,६७९,४७६-।, आ.व. २०७६।७७ मा कुल व्यवस्थापन खर्च मध्ये प्रशासनिक खर्च अन्तर्गत रकम रु. १७,६४९,६९४।- र कर्मचारी खर्च अन्तर्गत रु. २०,०६०,३४३।- गरी जम्मा रु. ३७,७०९,९५७।- र आ.व. २०७७।७८ मा कुल व्यवस्थापन खर्च मध्ये प्रशासनिक खर्च अन्तर्गत रकम रु. १५,९४४,८३४।- र कर्मचारी खर्च अन्तर्गत रु. २०,६५६,८९८।- गरी जम्मा रु. ३६,६०१,६५३।- भएको छ । खर्चको विवरण नाफा नोक्सान हिसाबमा उल्लेख गरिएको छ ।

(द) लेखा परीक्षण समितिका सदस्यहरुको नामावली, निजहरुले प्राप्त गरेको पारिश्रमिक,भत्ता तथा सुविधा, सो समितिले गरेको काम कारवाहीको विवरण र सो समितिले कुनै सुभावा दिएको भए सो को विवरण

लेखा समितिका सदस्यहरुको नामावली :

अध्यक्ष - श्री ध्रुव कुमार श्रेष्ठ
सदस्य - श्री भोलानाथ उपाध्याय
सदस्य - श्री ॐ कार श्रेष्ठ

लेखा परीक्षण समितिको सिफारीस

कम्पनीको आर्थिक बर्ष २०७८।७९ को आर्थिक कारोवारको लेखा परीक्षण गर्न लेखा परीक्षकको नियुक्तिको लागि कम्पनीमा विभिन्न लेखा परीक्षण संस्थाहरुबाट प्रस्तावित दर रेट सहित प्राप्त हुन आएका कोटेशनहरुका आधारमा उपयुक्त र कम मूल्य प्रस्तावित गर्ने लेखापरीक्षक संस्था D. Kumar & Associates, Chartered Accountants लाई लेखापरीक्षण बापतको पारिश्रमिक मूल्य अभिवृद्धि कर बाहेक रु. १,३०,००० (अक्षरेपी एक लाख तीस हजार रुपयाँ मात्र) उपलब्ध गराउने गरी आ.व. २०७८।७९ को लेखापरीक्षक नियुक्तिको लागि साधारण सभा समक्ष सिफारीस गरेको छ ।

लेखा परीक्षण समितिका सदस्यहरुलाई हाल बैठक भत्ता र अन्य कुनै पारिश्रमिक तथा सुविधा उपलब्ध गराइएको छैन ।

(घ) सञ्चालक, प्रबन्ध सञ्चालक, कार्यकारी प्रमुख, कम्पनीका आधारभूत शेयरधनी वा निजको नजिकका नातेदार वा निज संलग्न रहेको फर्म, कम्पनी वा संगठित संस्थाले कम्पनीलाई कुनै रकम बुझाउन बाँकी भए सो कुरा

यस कम्पनीका शेयरधनीहरुले आफ्नो नाममा कायम रहेको शेयर बापतको सम्पूर्ण रकम चुक्ता भुक्तान गरी सकेको र अन्य कुनै पनि पदाधिकारी तथा संस्थाले कम्पनीलाई कुनै रकम बुझाउन बाँकी छैन ।

(न) सञ्चालक प्रबन्ध सञ्चालक, कार्यकारी प्रमुख तथा पदाधिकारीहरू लाई भुक्तानी गरिएको, पारिश्रमिक, भत्ता तथा पदाधिकारीहरू लाई भुक्तानी गरिएको, पारिश्रमिक, भत्ता तथा सुबिधाको रकम

प्रथम साधारण सभाको निर्णय बमोजिम सञ्चालक समितिको बैठक भत्ता वापत प्रति बैठक अध्यक्षलाई रु. ३०००/- र अन्य सदस्यहरूलाई रु. २५००/- का दरले उपलब्ध गराइएको छ । कार्यकारी निर्देशकलाई मिति २०७६।०८।२५ सम्म मासिक पारिश्रमिक वापत रु. २,५०,०००/- उपलब्ध गराइएको छ ।

(प) शेयर धनीले बुझी लिन बाँकी रहेको लाभांशको रकम

यस कम्पनीले हाल सम्म कुनै लाभांश वितरण गरेको छैन ।

(फ) दफा १४१ बमोजिम सम्पत्ती खरिद गरेको कुरा

गत आ.व. हरुमा खरिद गरिएका खर्च भएर नजाने पूँजिगत सामानको विवरण वार्षिक आर्थिक विवरणमा उल्लेख गरिएको छ ।

(ब) दफा १७५ बमोजिम सम्बद्ध कम्पनी बीच भएको कारोबारको विवरण

कम्पनी ऐनको दफा १७५ बमोजिम आ.व. २०७५।७६, आ.व. २०७६।७७ र आ.व. २०७७।७८ मा भएको कारोबार लेखापरीक्षण प्रतिवेदनमा उल्लेख गरिएको छ ।

(म) ऐन तथा प्रचलित कानून बमोजिम सञ्चालक समितिको प्रतिवेदनमा खुलाउनु पर्ने कुरा

ऐन तथा प्रचलित कानून बमोजिम सञ्चालक समितिले वार्षिक प्रतिवेदनमा खुलाउनु पर्ने विषयको सम्बन्धमा पारदर्शी भई सदैव सचेत रहनेछ ।

(म) अन्य आवश्यक कुराहरू

- १) कम्पनीले आयोजना निर्माणको लागि नविल बैक लिमिटेडको अगुवाईमा ५ वटा बैकहरूसंग भएको सहवित्तीयकरण कर्जा सम्झौता अन्तर्गत स्वीकृत कर्जा तथा बैकिङ्ग सुविधा वापतको जम्मा रकम रु. २,१९,२९,५३,०००/- मध्ये आर्थिक वर्ष २०७७।७८ को असार मसान्त सम्म जम्मा साँवा रु. ५६,३६,१८,६७८/- (अक्षरेपी छपन्न करोड छत्तिस लाख अठार हजार छ सय अठहत्तर रुपयाँ) र ब्याज रकम रु. ९३,७८,४३,१३४/- (अक्षरेपी त्रियानब्बे करोड अठहत्तर लाख त्रिचालिस हजार एक सय चौतिस रुपयाँ) भुक्तानी गरि सकिएको र साँवा रकम जम्मा रु. १,६२,९३,३४,३२२/- (अक्षरेपी एक अरब वैसठ्ठी करोड त्रियानब्बे लाख चौतिस हजार तिन सय बाइस मात्र) भुक्तानी गर्न बाँकी रहको छ ।
- २) यस कम्पनीको अप्पर माई जल विद्युत आयोजनाको लागि मिति ०५ अप्रिल २०२१ देखि ०५ अप्रिल २०२२ सम्म एक वर्ष अवधीको लागि कुल विमांक रकम रु. ५२,३३,२०४/- को श्री एनएलजी इन्सुरेन्स कम्पनी लिमिटेड र माथिल्लो माई सी जल विद्युत आयोजनाको लागि मिति ११ अगस्त २०२१ देखि १० अगस्त २०२२ सम्म एक वर्षको लागि कुल विमांक रकम रु. २५,९९,०००/- को श्री एनएलजी इन्सुरेन्स कम्पनी लिमिटेड संग विमा गरिएको छ ।
- ३) लेखापरीक्षण प्रतिवेदनमा उल्लेख भए अनुसार आ.व. २०७५।७६, आ.व. २०७६।७७ र २०७७।७८ मा कम्पनीको विद्युत उत्पादन तथा बिक्री आम्दानी तुलनात्मक रूपमा सन्तोषजनक नै देखिएको आ.व. २०७७।७८ मा कम्पनी रु. १,९९,६९०/- नाफामा गएको छ ।

- ४) माननीय अर्थ मन्त्रीद्वारा आ.व. २०७१।७२ को बजेट वक्तव्यमा विद्युत उत्पादकहरूले विद्युत उत्पादन गरी राष्ट्रिय प्रसारण लाइनमा जोडे पछि प्रति मेगावाट रु.५० लाखका दरले एकमुष्ट अनुदान दिने र आ.व.२०७४।७५ सम्म विद्युत उत्पादन गरी राष्ट्रिय प्रसारण लाइनमा जोडने उत्पादकहरूलाई यस्तो अनुदानमा १० प्रतिशत थप गरिने व्यवस्था अनुसार नेपाल सरकार उर्जा मन्त्रालय बाट मिति २०७२।३।१० मा जारी भएको “निर्माण सम्पन्न जल विद्युत आयोजनाहरूलाई प्रदान गरिने अनुदान सम्बन्धी कार्यविधि २०७२” अनुसार प्राप्त हुनु पर्ने उक्त अनुदान रकम हाल सम्म प्राप्त नभएकोले यस कम्पनी तथा स्वतन्त्र उर्जा उत्पादक संस्था, नेपाल (IPPAN) ले सो अनुदान सरकार बाट उपलब्ध गराउन ताकेता र पहल गरिरहेको छ ।
- ५) यस कम्पनीमा आ.व. २०७७।७८ मा अधिकृत स्तर मा प्राविधिक तर्फ ८ जना तथा प्रशासन तर्फ ३ जना र सहायक स्तरमा प्राविधिक तर्फ २८ जना तथा प्रशासन तर्फ १३ जना गरी कुल ५२ जना कर्मचारीहरू कार्यरत रहेका छन् ।

धन्यवाद ज्ञापन

यस सभामा भाग लिएर कम्पनीको संस्थागत हित तथा प्रगतिको लागि अमूल्य सुभावहरू, सृजनात्मक सल्लाह तथा अटुट साथ दिनु हुने हाम्रा सम्पूर्ण शेयरधनी महानुभावहरू तथा शुभ-चिन्तकहरूलाई हार्दिक धन्यवाद ज्ञापन गर्दछौं। यहाँहरूबाट प्राप्त हौसला, सहयोग, विश्वास र सदभावले हामीलाई आगामी दिनहरूमा दृढताका साथ अगाडी बढ्न प्रेरणा मिलेछ। कम्पनीलाई मार्गदर्शन, परामर्श तथा सहयोग पुर्याउनु हुने नेपाल सरकारका विभिन्न निकायहरू उर्जा जलस्रोत तथा सिंचाई मन्त्रालय, विद्युत विकास विभाग, नेपाल विद्युत प्राधिकरण, नेपाल धितोपत्र बोर्ड, नेपाल स्टक एक्सचेन्ज लिमिटेड, कम्पनी रजिष्ट्रारको कार्यालय, ऋण लगानी कर्ता बैंकहरू, शेयर रजिष्ट्रार सनराइज क्यापिटल लगायत सम्बद्ध निकायहरू तथा यस कम्पनीमा कार्यरत सम्पूर्ण लगनशील कर्मचारीहरू प्रति हार्दिक आभार व्यक्त गर्दै सञ्चालक समिति द्वारा प्रस्तुत प्रतिवेदन सभामा छलफल तथा अनुमोदनको लागि प्रस्तुत गर्दछौं ।

सञ्चालक समितिको तर्फबाट

प्रेम बहादुर श्रेष्ठ

अध्यक्ष

पञ्चकन्यामाई हाइड्रोपावर लिमिटेड

धितोपत्र दर्ता तथा निष्काशन नियमावली, २०७३ को नियम २६ को उपनियम (२) संग सम्बन्धित अनुसूचि १५ बमोजिमको विवरण

१. संचालक समितिको प्रतिवेदन : प्रतिवेदनमा खुलाउनु पर्ने विवरणहरु सम्बन्धित शिर्षक अन्तर्गत राखिएको

२. लेखापरीक्षकको प्रतिवेदन : सम्बन्धित शिर्षक अन्तर्गत राखिएको

३. लेखापरीक्षण भएको वित्तीय विवरण : सम्बन्धित शिर्षक अन्तर्गत राखिएको

४. कानूनी कारवाही सम्बन्धी विवरण :

(क) त्रैमासिक अवधिमा संगठित संस्थाले वा संस्थाको विरुद्ध कुनै मुद्दा दायर भएको भए, कम्पनीले कुनैपनि मुद्दा दायर नगरेको र कम्पनी विरुद्ध पनि कुनै मुद्दा नभएको ।

(ख) संगठित संस्थाको संस्थापक वा सञ्चालकले वा संस्थापक वा सञ्चालकको विरुद्धमा प्रचलित नियमको अवज्ञा वा फौजदारी अपराध गरेको सम्बन्धमा कुनै मुद्दा दायर गरेको वा भएको भए, यस कम्पनीमा जानकारी नभएको

(ग) कुनै संस्थापक वा सञ्चालक विरुद्ध आर्थिक अपराध गरेको सम्बन्धमा कुनै मुद्दा दायर भएको भए, यस कम्पनीमा जानकारी नभएको

५. संगठित संस्थाको शेयर कारोबार तथा प्रगतिको विश्लेषण

(क) धितोपत्र बजारमा भएको संगठित संस्थाको शेयर को कारोबार सम्बन्धमा व्यवस्थापनको धारणा

- नेपाल स्टक एक्सचेञ्ज लिमिटेड र धितोपत्र बोर्डको सुपरिवेक्षण व्यवस्थाको अधिनमा रही कारोबार गरेको ।

(ख) गत वर्षको प्रत्येक त्रैमासिक अवधिमा संगठित संस्थाको शेयर को अधिकतम, न्यूनतम र अन्तिम मूल्यका साथै कुल कारोबार शेयर संख्या र कारोबार दिन ।

| त्रैमासिक | अधिकतम मूल्य | न्यूनतम मूल्य | अन्तिम मूल्य | कुल कारोबारको दिन | कुल कारोबार संख्या | कुल कारोबारको शेयर संख्या |
|--------------|--------------|---------------|--------------|-------------------|--------------------|---------------------------|
| आ.व. २०७५।७६ | | | | | | |
| प्रथम | १४४ | १२७ | १४४ | ४ | ३६,०७४ | ४८,७८,४०० |
| दोश्रो | १२८ | ११० | १२५ | ६० | ९४,०९८ | १,१४,२४,७९४ |
| तेश्रो | ११८ | १०४ | ११८ | ६० | ९४,८३४ | १,०२,८३,७६० |
| चौथो | ११७ | १०२ | १०९ | ६३ | ८१,९९८ | ९०,४५,३११ |

| त्रैमासिक | अधिकतम मुल्य | न्युनतम मुल्य | अन्तिम मुल्य | कुल कारोवारको दिन | कुल कारोवार संख्या | कुल कारोवारको शेयर संख्या |
|--------------|--------------|---------------|--------------|-------------------|--------------------|---------------------------|
| आ.व. २०७६।७७ | | | | | | |
| प्रथम | ११० | ८६ | ८९ | ६३ | २९,२२५ | २९,०७,९८४ |
| दोश्रो | ९५ | ७७ | ९५ | ५२ | १४,४१० | १२,२१,९४० |
| तेश्रो | १०६ | ७४ | ७६ | ४५ | ४४,६९८ | ४०,४६,५६८ |
| चौथो | ७२ | ६९ | ७१ | ११ | ७,८३२ | ५,५७,१२२ |
| आ.व. २०७७।७८ | | | | | | |
| प्रथम | १६८ | ७० | १४० | ६३ | ६,०८,३६३ | ७,८१,३६,६२३ |
| दोश्रो | १५५ | ११९ | १३५ | ५८ | ४,८४,०४१ | ६,७४,२९,६७२ |
| तेश्रो | २०२ | १२९ | १९३ | ५५ | ८,७०,१९८ | १४,१०,६०,७४४ |
| चौथो | ३६४ | १७३ | ३०२ | ६५ | १३,७०,४४३ | ३८,६०,२९,५६१ |

६. समस्या तथा चुनौती

(क) आन्तरिक समस्या तथा चुनौती

- यान्त्रिक उपकरणहरुमा आउन सक्ने प्राविधिक समस्या
- दक्ष जनशक्तिको व्यवस्थापन

(ख) बाह्य समस्या तथा चुनौती

- संघिय संरचनाबाट हुने असर
- सरकारबाट पाइने सहूलियतमा हुने ढिला सुस्ती
- ऐन नियममा हुने परिवर्तन
- खडेरी, बाढी, पहिरो र प्राकृतिक प्रकोप बाट हुन सक्ने जोखिम

आन्तरिक समस्या तथा चुनौती समाधान गर्न व्यवस्थापनले अवलम्बन गरेको रणनीति प्रतिवेदनमा उल्लेख गरिएको छ ।

७. संस्थागत सुशासन

नेपाल धितोपत्र बोर्ड बाट जारी भएको संस्थागत सुशासन निर्देशिका २०७४ लागु भएकोले कम्पनीले यो निर्देशिका कार्यान्वयन प्रारम्भ गरेको छ । प्रचलित ऐन, नियम अनुसार सम्बन्धित नियमनकारी निकायहरु द्वारा जारी गरिएका निर्देशन तथा परिपत्रहरुको पूर्ण रुपमा पालना गर्दै संस्थागत सुशासनलाई उच्च प्राथमिकता दिदै नीति, निर्देशन र नियमको पालना गर्ने प्रतिबद्धता जाहेर गर्दछौं ।

प्रेमबहादुर श्रेष्ठ

अध्यक्ष, सञ्चालक समिति

पञ्चकन्यामाई हाइड्रोपावर लिमिटेड

INDEPENDENT AUDITOR'S REPORT

TO THE SHAREHOLDERS OF Panchakanya Mai Hydropower Limited.

OPINION

We have audited the accompanying financial statements of Panchakanya Mai Hydropower Limited, which comprise statement of financial position as at Ashadh 31, 2076 (July 16, 2019) statement of profit or loss, statement of comprehensive income, statement of changes in equity and statement of cash flow for the year then ended and a summary of significant accounting policies and notes to the financial statements.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the company as at Ashadh 31, 2076, its financial performance and its cash flows for the year then ended in accordance with Nepal Financial Reporting Standards (NFRS).

BASIS FOR OPINION

We conducted our audit in accordance with Nepal Standards on Auditing (NSAs). our responsibilities under those standards are further described in the Auditor's Responsibilities for the audit of the Financial Statements section of our report. we are independent in accordance with the ICAN's Handbook of code of Ethics for Professional Accountants and we have fulfilled our other ethical responsibilities in accordance with 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.

RESPONSIBILITIES OF THE MANAGEMENT AND THOSE CHARGED WITH GOVERNANCE FOR THE FINANCIAL STATEMENTS.

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

In preparing the financial statements management is responsible for assessing the company's ability to continue as a going concern, disclosing as applicable matters related to going and using the going concern basis of accounting unless management either intends to liquidate the company or to cease operations or has no realistic alternative but to do so, those charged with governance are responsible for overseeing the company's financial reporting process.

AUDITOR'S RESPONSIBILITIES 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 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 financial statements.

UDIN Number: 20021 1 CA0081 6skRh1

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

- Identify and assess the risks of material misstatements of financial statements, whether due to fraud or error, 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 Company's 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 policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and based on the audit evidence obtained whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern, if we conclude that a material uncertainty exists we are required to draw attention in our auditor's report to the related disclosures in the financial statements or if such disclosures are inadequate to modify our opinion. Our conclusions are based may on the audit evidence obtained up to the date of our auditor's report. However future events or conditions cause the company to cease to continue as a going concern.

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

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

On the basis of our examination, we would like to further report that:

- I. We have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of audit.
- II. The accounts and records of the company have been maintained as required by law.
- III. Financial statements are in agreement with the books of account maintained by the Company.
- IV. In our opinion and to the best of our information and according to the explanations, given to us the Board of Directors, the representative or any employee of the company has not acted contrary to the provision of law relating to accounts nor caused direct loss or damage to the company deliberately or acted in manner that would jeopardize the interest and security of the Company.
- V. The operations of the Company are within its jurisdiction.
- VI. The company has not acted in a manner to jeopardize the interest and security of its shareholders and other stakeholders.
- VII. we have not come across any fraudulence in the accounts so far as it appeared from our examination of the books of account.

CA. Navaraj Lamichhane
 Patrtner
 N.A.R.S. Associates
 Chartered Accountants

Date: Magh 27, 2076
 Place: Kathmandu

STATEMENT OF FINANCIAL POSITION

As at Ashad 31, 2076 (July 16, 2019)

(Amounts in NRs)

| Particular | Note | " As at Ashad 31, 2076 (July 16, 2019) " | " Restated * As at Ashad 32, 2075 (July 16, 2018) " | " Restated* As at Ashad 31, 2074 (July 15, 2017) " |
|--------------------------------------|--------|--|---|--|
| ASSETS | | | | |
| Non-current assets | | | | |
| Property, plant and equipment-Other | 2.2 | 3,826,170 | 4,778,720 | 5,581,573 |
| Property, plant and equipment-UMHEP | 2.2 | 2,042,682,583 | 2,118,292,531 | 2,193,902,478 |
| Property, plant and equipment-UMHCEP | 2.2 | 1,120,769,300 | 1,160,796,775 | 2,020,948 |
| Capital work in Progress | 2.2 | - | - | 950,862,643 |
| Other intangible assets | 2.3 | - | - | - |
| Total non-current assets | | 3,167,278,053 | 3,283,868,026 | 3,152,367,642 |
| Current assets | | | | |
| Inventory | 2.4 | 14,305,406 | - | - |
| Financial assets | | | | |
| Investment | | - | - | - |
| Trade & Other receivables | 2.10 | 39,837,923 | 49,766,638 | 29,254,413 |
| Cash and bank balances | 2.12 | 961,714 | 13,342,089 | 1,776,033 |
| Other Non- Financial Assets | | | | |
| Advance & Deposit | 2.11 | 6,980,774 | 12,429,402 | 134,873,153 |
| Current Tax Asset | 2.9 | - | 8,464 | 75,710 |
| Total current assets | | 62,085,817 | 75,546,594 | 165,979,309 |
| Total | | 3,229,363,871 | 3,359,414,620 | 3,318,346,951 |
| EQUITY AND LIABILITIES | | | | |
| Equity | | | | |
| Equity share capital | 2.13 | 1,100,000,000 | 995,500,000 | 880,000,000 |
| Other equity | 2.14 | (144,205,145) | (82,661,718) | 21,923,503 |
| Total equity | | 955,794,855 | 912,838,282 | 901,923,503 |
| Liabilities | | | | |
| Non-current liabilities | | | | |
| Financial liabilities | | | | |
| Medium & Long Term Loans | 2.16.1 | 1,827,343,195 | 1,969,949,246 | 2,065,767,870 |
| Non-Financial Liabilities | | | | |
| Retirement Obligation | 2.15 | 2,366,387 | 7,200 | - |
| Deferred tax liabilities (Net) | 2.5 | 29,917,484 | 48,555,326 | - |
| Deffered Income | | 27,729,725 | 29,238,579 | - |
| Total non-current liabilities | | 1,887,356,791 | 2,047,750,351 | 2,065,767,870 |
| Current liabilities | | | | |
| Financial liabilities | | | | |
| Trade and Other payables | 2.16.2 | 64,723,111 | 46,663,322 | 65,127,903 |
| Short Term Loan | 2.16.3 | 34,952,880 | 110,140,750 | 240,187,880 |

| Particular | Note | " As at Ashad 31, 2076 (July 16, 2019) " | " Restated * As at Ashad 32, 2075 (July 16, 2018) " | " Restated* As at Ashad 31, 2074 (July 15, 2017) " |
|----------------------------------|--------|--|---|--|
| Non-financial liabilities | | | | |
| Provision | 2.17 | - | - | 335,283 |
| Other Non-Financial Liabilities | 2.16.2 | 5,560,422 | 1,021,915 | 2,504,512 |
| Short term loan | 2.16.3 | 280,000,000 | 241,000,000 | 42,500,000 |
| Current Tax Liabilities | 2.9 | 975,812 | - | - |
| Total Current Liabilities | | 386,212,225 | 398,825,987 | 350,655,578 |
| Total liabilities | | 2,273,569,016 | 2,446,576,338 | 2,416,423,448 |
| Total | | 3,229,363,871 | 3,359,414,620 | 3,318,346,951 |

Summary of significant accounting policies and notes to account

2.2 to 2.24

For & on behalf of the board

As per our attached report of even date

Prem Bahadur Shrestha
Chairman

Dhurba Kumar Shrestha
Director

For N.A.R.S. Associates CA.
Navaraj Lamichhane
Chartered Accountants

Udeep Shrestha
Director

Tikaram Niroula
Director

Omkar Shrestha
Account Officer

Date: Magh 27, 2076

Place: Kathmandu, Nepal

STATEMENT OF PROFIT AND LOSS

As at Ashad 31, 2076 (July 16, 2019)

(Amounts in NRs)

| Particular | Note | " Year ended Ashad 31, 2076 (July 16, 2019) " | " Year ended Ashad 32, 2075 (July 16, 2018) " |
|---|-------------|---|---|
| Income | | | |
| Revenue from Sale of Electricity | 2.18 | 321,830,059 | 365,457,790 |
| Operating Expenses | 2.19 | (13,205,660) | (23,552,997) |
| Gross Profit | | 308,624,399 | 341,904,793 |
| Employee Expenses | 2.22 | (11,884,464) | (2,150,333) |
| Administrative Expenses | 2.23 | (35,795,012) | (43,407,416) |
| Depreciation and amortization expenses | 2.2 | (116,620,473) | (116,715,842) |
| Operating Profit/ (Loss) | | 144,324,450 | 179,631,202 |
| Prior Period Item | | 3,279,741 | - |
| Other income | 2.21 | 3,751,870 | 2,096,394 |
| Finance (Expense) /Income | 2.20 | (223,767,769) | (232,207,013) |
| Impairment | 2.24 | - | (253,057) |
| Profit/(loss) before tax | | (72,411,708) | (50,732,474) |
| Tax expense: | | | |
| Current tax | | 941,794 | 524,098 |
| Deferred tax (Income)/ Expense | 2.5 | (18,637,842) | 48,555,326 |
| Profit/(loss) for the period | | (54,715,660) | (99,811,898) |
| Basic and diluted Earnings per share (EPS) | | (4.99) | (10.75) |
| Summary of significant accounting policies and notes to account | 2.2 to 2.24 | | |
| For & on behalf of the board | | | As per our attached report of even date |

Prem Bahadur Shrestha
Chairman

Dhurba Kumar Shrestha
Director

For N.A.R.S. Associates CA.
Navaraj Lamichhane
Chartered Accountants

Udeep Shrestha
Director

Tikaram Niroula
Director

Omkar Shrestha
Account Officer

Date: Magh 27, 2076

Place: Kathmandu, Nepal

STATEMENT OF CASH FLOW

for the year ended Ashad 31, 2076 (July 16, 2019)

(Amounts in NRs)

| Particulars | " Year ended Ashad 31, 2076 (July 16, 2019) " | " Year ended Ashad 32, 2075 (July 16, 2018) " |
|---|--|--|
| A. CASH FLOW FROM OPERATING ACTIVITIES | | |
| Profit After tax | (72,411,708) | (50,732,474) |
| Non-cash adjustments | | |
| Depreciation | 116,620,473 | 116,715,842 |
| Write off of Assets | | 776,389 |
| Bank Interest | 223,767,769 | 232,207,013 |
| Prior Period Item | (3,279,741) | - |
| Rental Income From Transmission Line | (1,508,854) | (1,218,274) |
| (Profit)/loss on Sale of Assets | | (878,120) |
| Operating Profits before working capital changes | 263,187,939 | 296,870,376 |
| Movement in Working Capital | | |
| Decrease/(increase) in current assets | | |
| Decrease/(Increase) in Trade Receivables-current | 9,928,715 | (20,512,225) |
| Decrease/(Increase) in Advance & Deposit | 5,457,093 | 122,510,996 |
| Decrease/(Increase) in Inventory | (14,305,406) | |
| (Decrease)/increase in current liabilities | | |
| Increase / (Decrease) in Trade payables-Current | 18,059,789 | |
| Increase / (Decrease) in Retirement benefit-Non-Current | 2,359,187 | 7,200 |
| Increase / (Decrease) in Deferred income Non-Current | | - |
| Increase / (Decrease) in Other non-financial liabilities-current | 43,965,597 | 178,150,295 |
| Cash generated from Operations | 328,652,913 | 577,026,642 |
| Net Cash from operating activities | 328,652,913 | 577,026,642 |
| B. CASH FLOW FROM INVESTING ACTIVITIES | | |
| Purchase of Property, Plant and Equipment | (30,500) | (1,201,874,081) |
| Decrease/(Increase) in Project WIP | - | 950,862,643 |
| Increase in Project WIP (Cost of penstock Pipe Impaired after Land-slide) | | (4,258,057) |
| Investment in fixed deposits | - | - |
| Insurance claim received on damage of Penstock Pipe | | 4,005,000 |
| Rental income from Transmission line | | 30,000,000 |
| Sale of Property, Plant and Equipment | | 3,150,000 |
| Net Cash used in Investing activities | (30,500) | (218,114,495) |
| C. CASH FLOW FROM FINANCING ACTIVITIES | | |
| Increase/(Decrease) in share capital | 104,500,000 | 115,500,000 |
| Share Issue Expenses | (3,941,099) | (4,773,323) |
| Increase/(Decrease) in Advance for share capital | | |
| Interest Paid | (223,767,769) | (232,207,013) |
| Dividend Income | | - |

| Particulars | " Year ended Ashad 31, 2076 (July 16, 2019) " | " Year ended Ashad 32, 2075 (July 16, 2018) " |
|---|--|--|
| Increase/(Decrease) in Short Term Loans | (75,187,870) | (130,047,130) |
| Increase/(Decrease) in Medium & Long Term Loans | (142,606,051) | (95,818,624) |
| Net Cash from Financing activities | (341,002,789) | (347,346,090) |
| Net Increase in Cash & Cash Equivalents (A+B+C) | (12,380,376) | 11,566,057 |
| Cash and cash equivalents at the beginning of the year | 13,342,090 | 1,776,033 |
| Cash and cash equivalents at the end of the year | 961,714 | 13,342,090 |
| Components of cash and cash equivalents | | |
| Cash | 17,476 | 46,490 |
| Bank | 944,238 | 13,295,600 |
| Summary of significant accounting policies and notes to account | 2.2 to 2.24 | |
| For & on behalf of the board | | As per our attached report of even date |

Prem Bahadur Shrestha
Chairman

Dhurba Kumar Shrestha
Director

For N.A.R.S. Associates CA.
Navaraj Lamichhane
Chartered Accountants

Udeep Shrestha
Director

Tikaram Niroula
Director

Omkar Shrestha
Account Officer

Date: Magh 27,2076

Place: Kathmandu, Nepal

STATEMENT OF OTHER COMPREHENSIVE INCOME

for the year ended Ashad 31, 2076 (July 16, 2019)

(Amounts in NRs)

| Particular | Note | "Year ended Ashad 31, 2076 (July 16, 2019)" | "Year ended Ashad 32, 2075 (July 16, 2018)" |
|--|------|--|--|
| Profit/(loss) for the period | | (54,715,660) | (99,811,898) |
| Other comprehensive income (OCI) | | | |
| Fair Value Gain/Loss on investment through other comprehensive income | | - | - |
| Fair Value Gain/Loss on Actuarial Valuation | | - | - |
| Other items that will not be reclassified to statement of profit or loss | | - | - |
| Other comprehensive income (OCI) for the period, net of tax | | - | - |
| Total comprehensive income for the period, net of tax | | (54,715,660) | (99,811,898) |

Summary of significant accounting policies and notes to account 2.2 to 2.24

For & on behalf of the board

As per our attached report of even date

Prem Bahadur Shrestha
Chairman

Dhurba Kumar Shrestha
Director

For N.A.R.S. Associates CA.
Navaraj Lamichhane
Chartered Accountants

Udeep Shrestha
Director

Tikaram Niroula
Director

Omkar Shrestha
Account Officer

Date: Magh 27, 2076
Place: Kathmandu, Nepal

STATEMENT OF CHANGES IN EQUITY

for the year ended Ashad 31, 2076 (July 16, 2019)

(Amounts in NRs)

| | Balance as at Shrawan 1, 2074 (July 16, 2017) | Retained earnings | Total Other Comprehensive Income (OCI) | Impairment at Transition date | Dividend | Total other equity | Total equity |
|---|---|----------------------|--|-------------------------------|----------|----------------------|--------------------|
| Balance as at Shrawan 1, 2074 (July 16, 2017) | 880,000,000 | 2,321,666 | - | (42,413) | - | 22,279,253 | 902,279,253 |
| NFRS Adjustment (Share issue Expenses) | | (355,750) | | | | (355,750) | (355,750) |
| Restated Balance as at Shrawan 1, 2074 (July 16, 2017) | 880,000,000 | 21,965,916 | - | (42,413) | - | 21,923,503 | 901,923,503 |
| Profit for the year (74-75) | - | (99,811,898) | | | | (99,811,898) | (99,811,898) |
| Depreciation on Revalued Assets | - | - | - | | | - | - |
| Interim Dividend paid during the year | - | - | - | | | - | - |
| Changes in Reserve | - | - | - | | | - | - |
| Issue of Share Capital | 115,500,000 | | | | | - | 115,500,000 |
| Share Issue Expenses | | (4,773,323) | | | | (4,773,323) | (4,773,323) |
| Balance as at Ashad 31, 2075 (July 17, 2018) | 995,500,000 | (82,619,305) | - | (42,413) | - | (82,661,718) | 912,838,282 |
| Profit for the year (75-76) | - | (54,715,660) | | | | (54,715,660) | (54,715,660) |
| Depreciation on Revalued Assets | - | - | - | | | - | - |
| Transfer to labour Fund | - | - | - | | | - | - |
| Interim Dividend paid during the year | - | - | - | | | - | - |
| Issue of Share Capital | 104,500,000 | | | | | - | 104,500,000 |
| Share Issue Expenses | | (3,941,099) | | | | (3,941,099) | (3,941,099) |
| Prior Period Adjustment | | (3,279,741) | | | | (3,279,741) | (3,279,741) |
| Previous Year Adjusted Income | | 393,074 | | | | 393,074 | 393,074 |
| Balance as at Ashad 32, 2075 (July 16, 2018) | 1,100,000,000 | (144,162,732) | - | (42,413) | - | (144,205,145) | 955,794,855 |

Summary of significant accounting policies 2.2 to 2.24

The accompanying notes are an integral part of the financial statements.

For and behalf of the Board of Directors

As per our attached report of even date

Prem Bahadur Shrestha
Chairman

Dhurba Kumar Shrestha
Director

For N.A.R.S. Associates CA.
Navaraj Lamichhane
Chartered Accountants

Udeep Shrestha
Director

Omkar Shrestha
Account Officer

Date: Magh 27, 2076
Place: Kathmandu, Nepal

Significant Accounting Policy/ Notes to the Accounts

1. About Company

1.1 Background

Panchakanaya Mai Hydropower Ltd. is a public limited company incorporated in Nepal through registration with the Office of The Company Registrar on Chaitra 2072 B.S with the majority shareholding by group with an aim to develop hydropower projects using appropriate training, technology transfer and human resources. The company has successfully commissioned Upper Mai Hydropower project (12 MW) in Mabu and Upper Mai Cascade Hydropower Project (6.1 MW) in Sulubung of Sandakpur Gaunpalika in Illam district within the stipulated time with its own 132 KV transmission line of approximately 18.5 km to evacuate the generated power at Godak substation of Nepal Electricity Authority.

1.2 Financial Statements:

The Financial Statement of PMHL comprises Statement of Financial Position, Statement of Profit or Loss, Statement of Total Comprehensive Income, Statement of Changes in Equity, Statement of Cash Flows, Notes to the Financial Statements and Significant Accounting Policies.

The primary financial statements of PMHL for the year ended 31 Ashad 2076 have been drawn up consistent with the requirements of NAS 01 and the following key presentation decisions have been made:

A. Statement of Financial Position

The statement of financial position is presented in order of liquidity, with a distinction based on expectations regarding recovery or settlement within 12 months after the reporting date (no more than 12 months) and more than 12 months after the reporting date (more than 12 months), presented in the notes.

B. Statement of Profit or Loss and Statement of Total Comprehensive Income

The Company has elected to present comprehensive income in two separate statements, being the statement of profit or loss and the statement of total comprehensive income. Information about the individual components of other comprehensive

income (OCI) as well as the tax effects have been disclosed in the notes to the financial statements.

C. Statement of Changes in Equity

The Company presents its statement of changes in equity as part of its primary financial statements showing the following items: (a) net profit/loss for the period; (b) the amounts of transactions with owners in their capacity as owners, showing separately contributions by and distributions to owners; and (c) for each component of equity a reconciliation between the carrying amount at the beginning and the end of the period, separately disclosing each change.

D. Statement of Cash Flows

The Company represents its operating cash flows based on the indirect method. For cash flow purposes, the Company classifies the cash flows for the acquisition and disposal of financial assets as investing cash flows. The payment of benefits and claims in relation to insurance contracts is treated as cash flows used in operating activities.

1.3 Principal Activities and Operations

The principal activity of the Company is to generate and transmission of electricity.

2. Basis of Preparation of Financial Statement and Other Significant Accounting Policies:

2.1. Basis of Preparation

2.1.1. STATEMENT OF COMPLIANCE

The Financial Statement of PMHL which comprises components of Financial Statement mentioned above have been prepared in accordance with Nepal Financial Reporting Standards comprising of Nepal Financial Reporting Standards and Nepal Accounting Standards (hereafter referred as NFRS), laid down by the Institute of Chartered Accountants of Nepal and in compliance with the requirements of the Companies Act ,2063.

For all the period up to 32nd Ashad 2075, PMHL prepared its financial statements in accordance with Nepal

Accounting Standards which were effective till that period. These financial statements for the year ended 31 Ashad 2076 are the first set of financial statements PMHL has prepared in accordance with NFRSs and therefore the company has applied NFRS 1 First time adoption of NFRS in preparation & presentation of financial statements. Disclosures required by NFRS 1 (including the reconciliation statements, reclassification & re-measurement) in addition to those required under applicable NFRSs have been disclosed in concerned noted. Date of transition to NFRS has been determined at 01.04.2074.

RESPONSIBILITY FOR FINANCIAL STATEMENTS

The management is responsible for the preparation and presentation of Financial Statements of PMHL as per the provisions of the Companies Act, 2063.

2.1.2. APPROVAL OF FINANCIAL STATEMENTS BY BOARD OF DIRECTORS

The accompanied Financial Statements have been authorized by the Board of Directors vide its resolution dated Magh 27, 2076 and it will be placed at the Annual General Meeting of the shareholders for final approval.

BASIS OF MEASUREMENT

The Financial Statements of PMHL have been prepared on the historical cost basis, except for the following material items in the Statement of Financial Position:

- Employee defined contribution plan of Gratuity Eligibility are measured in accordance with provision contained in NAS 19, no required of actuarial valuation of liability as final liability is calculated as per statutory provision @8.33% of eligible salary.
- Employee defined benefit obligations of Leave Encashment Eligibility are measured in accordance with provision contained in NAS 19.

2.1.3. FUNCTIONAL AND PRESENTATION CURRENCY

The Financial Statements of PMHL are presented in Nepalese Rupees (Rs), which is the currency of the primary economic environment in which the company operates. There was no change in PMHL's presentation and functional currency during the year under review.

2.1.4. REPORTING PERIOD AND APPROVAL OF FINANCIAL STATEMENT

The company follows the Nepalese financial year based on the Nepalese calendar. The corresponding dates for the

English calendar are as follows:

| Relevant Financial Statement | Nepalese Calendar | English Calendar Date/Period |
|------------------------------|--------------------------------|------------------------------|
| Opening SFP Date | 1st Shrawan 2074 | 15 July 2017 |
| Comparative reporting period | 1 Shrawan 2074 - 32 Ashad 2075 | 15 July 2017 - 16 July 2018 |
| NFRS SFP Date | 31 Ashad 2076 | 16 July 2019 |
| NFRS reporting period | 1 Shrawan 2075 - 31 Ashad 2076 | 17 July 2018 - 16 July 2019 |

2.1.5. PRESENTATION OF FINANCIAL STATEMENT

The assets and liabilities of PMHL presented in the Statement of Financial Position are presented on the basis of Current and Non- Current Assets/Liabilities.

2.1.6. CURRENT AND NON- CURRENT DISTINCTION

Assets and Liabilities wherever applicable are bifurcated in current and non-current based on their respective maturity such information has been disclosed in respective notes as applicable.

2.1.7. MATERIALITY AND AGGREGATION

In compliance with Nepal Accounting Standard - NAS 01 (Presentation of Financial Statements), each material class of similar items has been presented separately in the Financial Statements. Items of dissimilar nature or functions too are presented separately unless they are immaterial. Financial Assets and Financial Liabilities are offset and the net amount reported in the Statement of Financial Position only when there is a legally enforceable right to offset the recognized amounts and there is an intention to settle on a net basis, or to realize the assets and settle the liability simultaneously. Income and expenses are not offset in the Statement of Profit or Loss unless required or permitted by an Accounting Standard.

2.1.8. COMPARATIVE INFORMATION

The accounting policies have been consistently applied by Company with those of the previous financial year in accordance with NAS 01 Presentation of Financial Statements, except those which had to be changed as a result of application of NFRS. Further, comparative information is reclassified wherever necessary to comply with the current NFRS presentation.

The management have made an assessment of PMHL's ability to continue as a going concern and satisfied that it has the resources to continue in business for the foreseeable future. Furthermore, the management is

not aware of any material uncertainties that may cast significant doubt upon PMHL's ability to continue as a going concern and they do not intend either to liquidate or to cease operations. Therefore, the Financial Statements continue to be prepared on the going concern basis.

2.1.9. STANDARDS ISSUED BUT NOT YET EFFECTIVE

Standards issued but not yet effective up to the date of issuance of the financial statements are set out below. PMHL will adopt these standards as and when they become effective. Pending a detailed review, the financial impact is not reasonably estimable as at the date of publication of these financial statements.

NFRS 9- Financial Instruments: Classification and Measurement

NFRS 9, as issued reflects the first phase of work on replacement of NAS 39 and applies to classification and measurement of financial assets and liabilities.

Since NFRS 9 consists of mixed sets of standards from NAS 39 and IFRS 9, this standard has been brought to the attention on issuing body and Institute of Chartered Accountants of Nepal. This is under review and will be effective after this has been resolved.

2.2. Property, Plant and Equipment

2.2.1 RECOGNITION OF PROPERTY, PLANT AND EQUIPMENT

Property and equipment, including owner-occupied property, is stated at cost, excluding the costs of day-to-day servicing, less accumulated depreciation and accumulated impairment losses. Replacement or major inspection costs are capitalized when incurred, if it is probable that future economic benefits associated with the item will flow to the entity and the cost of the item can be measured reliably.

Depreciation is provided on a straight line basis over the estimated useful lives of the following classes of assets:

PPE-Other

| Asset Class | Estimated Useful Life |
|------------------------|---|
| Furniture & Fix | Upto 5 Years |
| Computer & Accessories | Upto 5 Years |
| Office equipment | Upto 4 Years |
| Motor Vehicle | Upto 7 Years |
| Leasehold | Upto 1 Years (not exceeding lease term) |

PPE-UMHEP

| Asset Class | Estimated Useful Life |
|----------------------------------|---|
| Construction Equipment and Tools | Upto 3 Years |
| Other Plant Asset | Upto 29.05 Years (not exceeding lease term) |

PPE-UMHCEP

| Asset Class | Estimated Useful Life |
|----------------------------------|--|
| Construction Equipment and Tools | Upto 1 Years |
| Other Plant Asset | Upto 30 Years (not exceeding lease term) |

Depreciation of these assets commence when the assets are available for use, which is generally on commissioning and not when it is put to use. Items of Property, Plant and Equipment are depreciated in a manner that amortizes the cost (or other amount substituted for cost) of the assets after commissioning, less its residual value, over their useful lives on a Straight-Line basis and recognized as an expense in the statement of profit or loss.

The assets' residual values, and useful lives and method of depreciation are reviewed and adjusted, if appropriate, at each financial year end and adjusted prospectively.

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

Explanatory Notes-1

Schedule-2.2

Property, plant and equipment 2074-75

| Account Head | Up to 1st Shrawan 2074 | Addition during the year | Disposal during the Year | Impairment during the year | Total Current Year | Depreciation during the year | Total Assets at year end |
|---|---------------------------|-----------------------------|--------------------------------|----------------------------------|-----------------------|---------------------------------|-----------------------------|
| Fixed Assets | | | | | | | |
| Land | - | - | - | - | - | - | - |
| Buildings | - | - | - | - | - | - | - |
| Office Equipments | 865,152 | - | - | 42,545 | 822,606 | 205,652 | 616,955 |
| Furniture & Fixtures | 347,143 | 364,915 | - | 35,675 | 676,383 | 135,277 | 541,107 |
| Telephone, Photocopy, Computer & Vehicles | 496,365 | - | - | 23,801 | 472,564 | 94,513 | 378,051 |
| | 3,745,673 | 2,315,000 | 2,271,880 | 5,751 | 3,783,043 | 540,435 | 3,242,608 |
| Intangible Assets | - | - | - | - | - | - | - |
| Other Assets | - | - | - | - | - | - | - |
| Lease Hold Improvement expenses | 127,240 | - | - | 127,240 | (0) | - | (0) |
| | 5,581,573 | 2,679,915 | 2,271,880 | 235,012 | 5,754,596 | 975,876 | 4,778,720 |
| UMHEP Fixed Assets | | | | | | | |
| UMHEP-Land | 8,886,028 | - | - | - | 8,886,028 | 305,887 | 8,580,140 |
| UMHEP- 132KV Transmission Line Land | 2,820,843 | - | - | - | 2,820,843 | 97,103 | 2,723,740 |
| UMHEP Staffs Quarters & Buildings | 49,075,548 | - | - | - | 49,075,548 | 1,689,348 | 47,386,200 |
| UMHEP-Main Civil Surface | 624,546,882 | - | - | - | 624,546,882 | 21,499,032 | 603,047,850 |
| UMHEP-Civil Underground Tunnel | 526,501,850 | - | - | - | 526,501,850 | 18,123,988 | 508,377,862 |
| UMHEP- Power Plant Electromechanical | 477,608,106 | - | - | - | 477,608,106 | 16,440,899 | 461,167,208 |
| UMHEP- Hydromechanical Gates & Pipes | 310,863,478 | - | - | - | 310,863,478 | 10,700,980 | 300,162,498 |
| UMHEP- 11KV Power Supply & Power Plant Substation & 132Kv Transmission Line | 23,878,495 | - | - | - | 23,878,495 | 821,979 | 23,056,515 |
| Construction Equipment & Tools | 169,425,684 | - | - | - | 169,425,684 | 5,832,209 | 163,593,475 |
| | 295,565 | - | - | - | 295,565 | 98,522 | 197,043 |
| | 2,193,902,478 | - | - | - | 2,193,902,478 | 75,609,947 | 2,118,292,531 |
| UMC'HEP Fixed Assets | | | | | | | |
| Land | 1,630,084 | 4,611,201.77 | - | - | 6,241,286 | 208,043 | 6,033,243 |
| UMCHEP Staffs Quarters & Buildings | - | 15,481,401.59 | - | - | 15,481,402 | 516,047 | 14,965,355 |
| UMCHEP-Main Civil Surface | - | 455,571,886.48 | - | - | 455,571,886 | 15,185,730 | 440,386,157 |
| UMCHEP-Civil Underground Tunnel | - | 263,089,360.79 | - | - | 263,089,361 | 8,769,645 | 254,319,715 |
| UMCHEP- Hydromechanical Gates & Pipes | - | 175,108,402.70 | - | - | 175,108,403 | 5,836,947 | 169,271,456 |
| UMCHEP- Power Plant Electromechanical | - | 224,937,273.43 | - | - | 224,937,273 | 7,497,909 | 217,439,364 |
| Power Plant Substation & 132Kv Transmission Line | - | 60,394,639.60 | - | - | 60,394,640 | 2,013,155 | 58,381,485 |
| Construction Equipment & Tools | 390,864 | - | - | 288,320 | 102,544 | 102,544 | - |
| | 2,020,948 | 1,199,194,166 | - | 288,320 | 1,200,926,794 | 40,130,019 | 1,160,796,775 |
| Total | 2,201,504,999 | 1,201,874,081 | 2,271,880 | 523,332 | 3,400,583,868 | 116,715,842 | 3,283,868,026 |

Property, plant and equipment
2075-76

| Account Head | Up to 1st Shrawan 2075 | Useful Life | Addition during the year | Disposal during the Year | Impairment upto 2076 | Total Current Year | Depreciation during the year | Total Assets at year end |
|--|-------------------------|-------------|--------------------------|--------------------------|----------------------|-------------------------|------------------------------|--------------------------|
| Fixed Assets | | | | | | | | |
| Land | - | - | - | - | - | - | - | - |
| Buildings | - | - | - | - | - | - | - | - |
| Office Equipments | 616,954.73 | 4.00 | 21,500.00 | - | - | 638,454.73 | 211,026.58 | 427,428.15 |
| Furniture & Fixtures | 541,106.74 | 5.00 | - | - | - | 541,106.74 | 135,276.69 | 405,830.06 |
| Telephone, Photocopy, Computer & Accessories | 378,051.19 | 5.00 | 9,000.00 | - | - | 387,051.19 | 96,312.80 | 290,738.39 |
| Vehicles | 3,242,607.92 | 7.00 | - | - | - | 3,242,607.92 | 540,434.65 | 2,702,173.26 |
| Intangible Assets | - | - | - | - | - | - | - | - |
| Other Assets | - | - | - | - | - | - | - | - |
| Lease Hold Improvement expenses | (0.33) | - | - | - | - | (0.33) | - | (0.33) |
| | 4,778,720.25 | | 30,500.00 | - | - | 4,809,220.25 | 983,050.71 | 3,826,169.54 |
| UMHEP Fixed Assets | | | | | | | | |
| UMHEP-Land | 8,580,140.32 | - | - | - | - | 8,580,140.32 | 305,887.36 | 8,274,252.97 |
| UMHEP- 132KV Transmission Line Land | 2,723,740.00 | - | - | - | - | 2,723,740.00 | 97,103.03 | 2,626,636.97 |
| UMHEP Staffs Quarters & Buildings | 47,386,200.48 | - | - | - | - | 47,386,200.48 | 1,689,347.61 | 45,696,852.87 |
| UMHEP-Main Civil Surface | 603,047,849.63 | - | - | - | - | 603,047,849.63 | 21,499,032.07 | 581,548,817.56 |
| UMHEP-Civil Underground Tunnel | 508,377,861.77 | - | - | - | - | 508,377,861.77 | 18,123,987.94 | 490,253,873.83 |
| UMHEP- Power Plant Electromechanical | 461,167,207.60 | - | - | - | - | 461,167,207.60 | 16,440,898.67 | 444,726,308.93 |
| UMHEP- Hydromechanical Gates & Pipes | 300,162,497.87 | - | - | - | - | 300,162,497.87 | 10,700,980.32 | 289,461,517.55 |
| UMHEP- 11KV Power Supply & Distribution Line | 23,056,515.37 | - | - | - | - | 23,056,515.37 | 821,979.16 | 22,234,536.21 |
| Power Plant Substation & 132Kv Transmission Line | 163,593,474.52 | - | - | - | - | 163,593,474.52 | 5,832,209.43 | 157,761,265.09 |
| Construction Equipment & Tools | 197,043.04 | - | - | - | - | 197,043.04 | 98,521.52 | 98,521.52 |
| | 2,118,292,530.60 | | - | - | - | 2,118,292,530.60 | 75,609,947.10 | 2,042,682,583.50 |
| UMC'HEP Fixed Assets | | | | | | | | |
| Land | 6,033,242.91 | - | - | - | - | 6,033,242.91 | 208,042.86 | 5,825,200.05 |
| UMCHEP Staffs Quarters & Buildings | 14,965,354.87 | - | - | - | - | 14,965,354.87 | 516,046.72 | 14,449,308.15 |
| UMCHEP-Main Civil Surface | 440,386,156.93 | - | - | - | - | 440,386,156.93 | 15,185,729.55 | 425,200,427.38 |
| UMCHEP-Civil Underground Tunnel | 254,319,715.43 | - | - | - | - | 254,319,715.43 | 8,769,645.36 | 245,550,070.07 |
| UMCHEP- Hydromechanical Gates & Pipes | 169,271,455.94 | - | - | - | - | 169,271,455.94 | 5,836,946.76 | 163,434,509.19 |
| UMCHEP- Power Plant Electromechanical | 217,439,364.32 | - | - | - | - | 217,439,364.32 | 7,497,909.11 | 209,941,455.20 |
| Power Plant Substation & 132Kv Transmission Line | 58,381,484.95 | - | - | - | - | 58,381,484.95 | 2,013,154.65 | 56,368,330.29 |
| Construction Equipment & Tools | - | - | - | - | - | - | - | - |
| | 1,160,796,775.35 | | - | - | - | 1,160,796,775.35 | 40,027,475.01 | 1,120,769,300.34 |
| Total | 3,283,868,026.19 | | 30,500.00 | - | - | 3,283,898,526.19 | 116,620,472.83 | 3,167,278,053.37 |

2.2.2 IMPAIRMENT OF PROPERTY, PLANT AND EQUIPMENT

The company applies NAS 36 Impairment of Assets to determine whether its asset have impaired. For the purpose of determination of Impairment Loss, the company treats each reportable segment as a separate Cash Generating Unit.

Any indication giving rise to circumstances that require a detailed impairment test has not occurred during the period and consequently no impairment loss has been charged on the company's property plant and equipment as on 31st Ashad 2076.

The Company assesses at each reporting date whether there is an indication that an asset may be impaired. If any indication exists, or when annual impairment testing for an asset is required, the Company estimates the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's or cash-generating units (CGU) fair value less costs to sell and its value in

use. Where the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining fair value less costs to sell, an appropriate valuation model is used.

An assessment is made at each reporting date as to whether there is any indication that previously recognized impairment losses may no longer exist or may have decreased.

CAPITAL WORK IN PROGRESS

These are expenses of capital nature directly incurred in the construction of buildings, major plant and machinery and system development, awaiting capitalization. Capital work-in-progress would be transferred to the relevant

asset when it is available for use, i.e. when it is in the location and condition necessary for it to be capable of operating in the manner intended by management. Capital work-in-progress is stated at cost.

2.3. Intangible assets

Basis of recognition

Company's intangible asset comprises of accounting, policy servicing, human resource and administration related software which have been separately acquired and therefore measured on initial recognition at cost less any accumulated amortization.

Company does not have any intangible asset in respective financial year.

Subsequent Expenditure

Subsequent to initial recognition, the intangible asset is carried at cost less accumulated amortization and accumulated impairment losses.

Subsequent expenditure on intangibles are capitalized only when it increases the future economic benefits embodied in the specific asset to which it relates. All other expenditure is charged to the statement of profit or loss when incurred.

Amortization

Software (Intangibles) has been classified as having definite useful life and are amortized over estimated useful life of concerned software. Estimation of the useful life is reviewed at each financial year end and changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset are considered to modify the amortization period or method, as appropriate, and are treated as changes in accounting estimates

Amortization expense on intangible assets with finite lives is recognized in the statement of profit or loss in the expense category consistent with the function of the intangible asset.

Amortization is calculated using the straight-line method to write down the cost of intangible assets to their residual values over their estimated useful lives. Estimated useful life of the software currently owned by the company has been determined at 5 years.

De-recognition

An intangible asset is de-recognized on disposal or when no future economic benefits are expected from it. The gain or loss arising from de-recognition of such intangible assets is included in the statement of profit or loss when the item is de-recognized.

Impairment

An impairment review is performed whenever there is an indication of impairment. When the recoverable amount is less than the carrying value, an impairment loss is recognized in the statement of profit or loss.

Assessment of impairment

The management has assessed potential impairment indicators of Intangible assets as at 31 Ashad 2076. Based on the assessment, impairment indicators were not identified.

2.4. Inventories

Cost of inventories include cost of purchase, cost of conversion and other costs incurred in bringing the inventories to their present location and condition. Inventories of stores, spare parts and loose tools are stated at the lower of weighted average cost and net realizable

Inventory

Schedule -2.4

| <u>Particulars</u> | As on Ashad 31, 2076 (July 16, 2019) (NRS) | As on Ashad 32, 2075 (July 16, 2018) (NRS) | As on Ashad 31, 2074 (July 15, 2017) (NRS) |
|---------------------------------------|---|---|---|
| Inventory(As Certified by Management) | 14,305,406.03 | - | - |
| | 14,305,406 | - | - |

value. Net realizable value represents the estimated selling price for inventories in the ordinary course of business less all estimated costs of completion and estimated costs necessary to make the sale.

2.5. Deferred Tax

Deferred tax is provided using the liability method on temporary differences at the reporting date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes. Deferred tax liabilities are recognized for all taxable temporary differences, except;

- a) When the deferred tax liability arises from the initial recognition of goodwill or of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss.
- b) In respect of taxable temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, where the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred Tax Assets and Deferred Tax liabilities

Deferred tax assets are recognized for all deductible temporary differences, carry forward of unused tax credits and unused tax losses, 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 except where the deferred tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss.

Carrying amount of deferred 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. Unrecognized deferred tax assets are reassessed at each reporting date and are recognized to the extent that it has become probable that future taxable profit will allow the deferred tax asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the year 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 relating to items recognized outside the statement of profit or loss is recognized outside statement of profit or loss. Deferred tax items are recognized in correlation to the underlying transaction either in other comprehensive income or directly in equity.

Deferred tax assets and deferred tax liabilities are offset, if a legally enforceable right exists to set-off current tax assets against current income tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

2.6. Financial Instruments

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.

2.7. Financial Assets

As per NFRS 9 Financial instrument are classified into following types;

- a) Financial asset measured at amortized cost
- b) Financial asset at fair value through other comprehensive income. (FVOCI).
- c) Financial asset at fair value through profit and loss (FVTPL)
- d) Other financial Asset

A. Financial asset measured at amortized cost

Financial assets at amortized cost include those non derivative financial assets (debt instruments) that are held by the entity for long term purpose and intend to hold till maturity.

The assets which have been classified as Financial Assets Measured at Amortized Cost are held with an objective to collect their contractual cash flows rather than to sell the assets prior to their contractual maturity dates (business model test), and the contractual terms of these financial assets give rise to cash flows that are solely payments of principal & interest (SPPI) on the outstanding principal amount.

Deferred Tax Asset / (Liabilities)

2075-76

| Description | Carrying Amount | Tax Base | Temporary Difference |
|---|----------------------|----------------------|----------------------|
| Propert, Plant & Equipment and Intangibles | 3,167,278,053 | 2,811,796,558 | 355,481,496 |
| Lease Liability | - | - | - |
| Gratuity Provisions | 1,365,090 | - | 1,365,090 |
| Others | | | |
| Total | 3,168,643,143 | 2,811,796,558 | 354,116,406 |
| Tax Rate @ 12.5% | | | 44,264,551 |
| Reversal During the Period | | | 14,347,067 |
| Deferred Tax Liability/(Asset) 31-03-2076 | | | 29,917,484 |
| Deferred Tax Expenses/(Income) 2075-76 | | | - 18,637,842 |
| Deferred Tax Liability/(Asset) 32-03-2075 | | | 48,555,326 |
| Deferred Tax Expenses/(Income) 2075-76 P&L | | | - 18,637,842 |
| Deferred Tax Expenses/(Income) 2075-76 OCI | | | - |

2074-75

| Description | Carrying Amount | Tax Base | Temporary Difference |
|---|----------------------|----------------------|----------------------|
| Propert, Plant & Equipment and Intangibles | 3,283,868,026 | 3,089,646,723 | 194,221,303 |
| Lease Liability | - | - | - |
| Gratuity Provisions | - | - | - |
| Others | | | |
| Total | 3,283,868,026 | 3,089,646,723 | 194,221,303 |
| Tax Rate @ 25% | | | 48,555,326 |
| Deferred Tax Liability/(Asset) 32-03-2075 | | | 48,555,326 |
| Deferred Tax Expenses/(Income) 2074-75 | | | 48,555,326 |
| Deferred Tax Liability/(Asset) 31-03-2074 | | | - |
| Deferred Tax Expenses/(Income) 2074-75 P&L | | | 48,555,326 |
| Deferred Tax Expenses/(Income) 2074-75 OCI | | | - |

| Particulars | As on Ashad 31, 2076 (July 16, 2019) (NRS) | As on Ashad 32, 2075 (July 16, 2018) (NRS) | As on Ashad 31, 2074 (July 15, 2017) (NRS) |
|----------------------------|---|---|---|
| Deferred Tax Asset | - | - | - |
| Deferred Tax (Liabilities) | (29,917,484.30) | (48,555,326.00) | - |
| | (29,917,484.30) | (48,555,326.00) | - |

Income (interest) on financial assets measured at Amortized Cost is recognized in the profit or loss for the period under Investment Income.

The company does not hold any asset that meet the above criteria and has to be measured at Amortized Cost.

IMPAIRMENT OF FINANCIAL ASSET CARRIED AT AMORTIZED COST

If there is objective evidence that an impairment loss on assets carried at amortized cost has been incurred, the amount of the impairment loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future expected credit losses that have not been incurred) discounted at the financial asset's original effective interest rate. The carrying amount of the asset is reduced and the loss is recorded in the statement of Profit or Loss.

The Company first assesses whether objective evidence of impairment exists individually for financial assets that are individually significant, and individually or collectively for financial assets that are not individually significant. If it is determined that no objective evidence of impairment exists for an individually assessed financial asset, whether significant or not, the asset is included in a group of financial assets with similar credit risk characteristics and that group of financial assets is collectively assessed for impairment. Assets that are individually assessed for impairment and for which an impairment loss is, or continues to be, recognized are not included in a collective assessment of impairment. The impairment assessment is performed at each reporting date.

If, in a subsequent period, the amount of the impairment loss decreases and that decrease can be related objectively to an event occurring after the impairment was recognized, the previously recognized impairment loss is reversed. Any subsequent reversal of an impairment loss is recognized in the statement of profit or loss, to the extent that the carrying value of the asset does not exceed its amortized cost at the reversal date.

There has been no impairment of financial assets measured at amortized cost for the reporting period.

B. Financial asset at fair value through other comprehensive income

Recognition of Financial asset at fair value through other comprehensive income

The company classifies debt instruments that meet the cash flow characteristic tests (SPPI) those are not designated at Fair Value through Profit or Loss (FVTPL) as Financial Assets at Fair Value through Other Comprehensive Income (FVTOCI) if it is held with an objective to hold in order to collect contractual cash flows and sell the financial assets.

The company does not hold any investment that meet the above criteria and has not designated any of the equity investments to be measured at FVTOCI.

Impairment of financial asset at fair value through OCI

If a fair value through OCI financial asset is impaired, an amount comprising the difference between its costs (net of any principal repayment and amortization) and its current fair value, less any impairment loss previously recognized in other comprehensive income, is transferred from equity to the statement of profit or loss. Reversals in respect of equity instruments classified as fair value through OCI are not recognized in the statement of profit or loss.

Reversals of impairment losses on debt instruments classified at fair value through OCI are reversed through the statement of profit or loss, if the increase in the fair value of the instruments can be objectively related to an event occurring after the impairment losses were recognized in the statement of profit or loss.

C. Financial asset at fair value through profit and loss

Recognition of financial asset at fair value through profit and loss

Financial assets at fair value through profit or loss include financial assets held for trading and those designated upon initial recognition at fair value through profit or loss. Investments typically bought with the intention to sell in the near future are classified as held for trading. Attributable transaction costs are recognized in the statement of profit or loss as incurred. These investments are initially recorded at fair value. Subsequent to initial recognition, they are re-measured at fair value.

Dividend income and gain/loss on disposal of financial assets measured at FVTPL are recognized in profit or loss for the period.

The company does not hold any debt instruments that meet the above criteria and has not designated any of the equity investments to be measured at FVTPL.

Fair Value of Financial asset

Where the fair values of financial assets and financial liabilities recorded in the statement of financial position can be derived from active markets, they are derived from observable market data. However, if this is not available, judgment is required to establish fair values.

The financial assets and financial liabilities of the company are recognized at fair value. Fair value of the financial assets is determined on the basis of fair value hierarchy.

Determination of fair values of financial assets and financial liabilities recorded on the statement of financial position for which there is no observable market price are determined using a variety of valuation techniques that include the use of mathematical techniques. The inputs to these models are derived from observable market data where possible, but if this is not available, judgment is required to establish their fair values.

The Company uses the following hierarchy for determining and disclosing the fair value of financial instruments by valuation technique:

- Level 1: Listed/quoted (adjusted) prices in active markets for identical instruments are available. The Company measures the fair value of a financial instrument using active listed/quoted prices or dealer price quotations and managers buying price. A financial instrument is regarded as quoted in an active market if quoted prices are readily and regularly available from an exchange, dealer, broker, industry group, pricing service or regulatory agency and those prices represent actual and regularly occurring market transactions on an arm's length basis.
- Level 2: Other techniques for which all inputs which have a significant effect on the recorded fair value are observable, either directly or indirectly. This category includes instruments valued using; quoted market prices in active markets for similar instruments; quoted prices for identical or similar instruments in markets that are considered less than active; or other valuation techniques in which all significant inputs are directly or indirectly observable from market data.
- Level 3: Techniques which use inputs which have a significant effect on the recorded fair value that are not based on observable market data. Non-

market observable input means that fair values are determined, in whole or in part, using a valuation technique (model) based on assumptions that are neither supported by prices from observable current market transactions in the same instrument, nor are they based on available market data.

D. Other Financial Asset

Financial Asset other than financial asset at amortized cost, financial asset at fair value through other comprehensive income, financial asset at fair value through profit & loss and cash & equivalent is categorized as other financial asset. These assets include accrued income on bank deposits and loans.

Impairment of other Financial Asset

Company assesses recoverability of other financial asset and when it becomes doubtful for the recovery, company impair these financial assets as bad debt.

De-recognition of financial assets

De-recognition is the removal of a previously recognized financial asset (or financial liability) from an entity's statement of financial position. In general, NFRS 9 criteria for de-recognition of a financial asset aim to answer the question whether an asset has been sold and should be derecognized or whether an entity obtained a kind of financing against this asset and simply a financial liability should be recognized.

De-recognition criteria in NFRS 9 should be applied to a part of an asset if, and only if, the part being considered for de-recognition meets one of the following three conditions:

1. The part comprises only specifically identified cash flows from a financial asset or a group of similar financial assets.
2. The part comprises only a fully proportionate (pro rata) share of the cash flows from a financial asset or a group of similar financial assets.
3. The part comprises only a fully proportionate (pro rata) share of specifically identified cash flows from a financial.

2.8. Offsetting of the financial assets and financial liabilities

A financial asset and a financial liability shall be offset and the net amount presented in the statement of financial position only when an entity:

- a) Currently has a legally enforceable right to set off the recognized amounts; and intends either to settle on a net basis, or to realize the asset and settle the liability simultaneously.
- b) Entities are required to offset financial assets and financial liabilities in the balance sheet when the criteria for setoff are met and to qualify for offsetting, all of the counterparties to the contract must currently have a legally enforceable right of setoff.

2.9. Current tax assets and current tax liabilities

Current tax assets of the company include the amount of advance income tax paid to the Inland Revenue department. Similarly, current tax liabilities include income tax provision made for the year.

Current tax assets and liabilities consist of amounts expected to be recovered from or paid to Inland Revenue Department in respect of the current year, using the tax rates and tax laws enacted or substantively enacted on the reporting date and any adjustment to tax payable in respect of prior years.

Current tax assets and current tax liabilities are shown in net in statement of financial position of the company as there exist condition to set off both of the assets and liabilities as permitted by NAS 12.

Current Tax Assets /Liabilities

| <u>Particulars</u> | As on Ashad 31, 2076 (July 16, 2019) (NRS) | As on Ashad 32, 2075 (July 16, 2018) (NRS) | As on Ashad 31, 2074 (July 15, 2017) (NRS) |
|--------------------|---|---|---|
| Advance tax | 97,005.89 | 532,562.89 | 75,709.89 |
| Provision for tax | 1,072,818.00 | 524,098.48 | |
| | (975,812.11) | 8,464.42 | 75,709.89 |

Trade and Other Receivable

| <u>Particulars</u> | As on Ashad 31, 2076 (July 16, 2019) (NRS) | As on Ashad 32, 2075 (July 16, 2018) (NRS) | As on Ashad 31, 2074 (July 15, 2017) (NRS) |
|-----------------------------------|---|---|---|
| Nepal Electricity Authority (NEA) | 39,837,922.74 | 49,766,637.68 | 29,254,412.51 |
| | 39,837,922.74 | 49,766,637.68 | 29,254,412.51 |

2.10. Trade and Other Receivable

2.11. Other Non-Financial Asset

Assets other than financial assets have been classified as non-financial assets. Broad headings under this classification include Property & Equipment, Intangible Assets, Advances and Prepaid Expenses and those assets that are not.

2.12. Cash and Cash Equivalent

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

2.13. Share Capital

Financial instruments issued are classified as equity when there is no contractual obligation to transfer cash, other financial assets or issue a variable number of own equity instruments. Incremental costs directly attributable to the issue of equity instruments are shown in equity as a deduction from the proceeds.

Advance & Deposits

| <u>Particulars</u> | As on Ashad 31, 2076 (July 16, 2019) (NRS) | As on Ashad 32, 2075 (July 16, 2018) (NRS) | As on Ashad 31, 2074 (July 15, 2017) (NRS) |
|---|---|---|---|
| Advance to Staffs (Office Purpose) | 5,607 | 15,000 | 200,112 |
| Advance to Consultant & Contractors | 273,901 | 5,203,917 | 113,538,689 |
| Advance to Land Owner for Land Purchase | 2,388,444 | 2,388,444 | 2,388,444 |
| MVHPL-Advance to Sundry Creditors | 250,000 | 250,000 | 250,000 |
| Advance to Material Supplier | 224,624 | 224,624 | 6,073,799 |
| MVHPL-Prepaid Exp | 1,714,850 | 1,787,686 | 5,580,828 |
| Other Advances | 4,763 | | |
| Deposits & Margins | 2,118,586 | 2,559,732 | 6,841,281 |
| | 6,980,774 | 12,429,402 | 134,873,153 |

Cash & Cash Equivalent

| <u>Particulars</u> | As on Ashad 31, 2076 (July 16, 2019) (NRS) | As on Ashad 32, 2075 (July 16, 2018) (NRS) | As on Ashad 31, 2074 (July 15, 2017) (NRS) |
|---|---|---|---|
| Cash in Hand (As Certified by the Management) | 17,476 | 46,490 | 46,494 |
| Balances with Banks: | | | |
| a. In Commercial Banks | 944,238 | 13,295,600 | 1,729,539 |
| b. In Development Banks | - | - | |
| | 961,714 | 13,342,089 | 1,776,033 |

Equity share capital

| <u>Particulars</u> | As on Ashad 31, 2076 (July 16, 2019) (NRS) | As on Ashad 32, 2075 (July 16, 2018) (NRS) | As on Ashad 31, 2074 (July 15, 2017) (NRS) |
|---|---|---|---|
| Authorised Share Capital 19,500,000 Equity Share of Rs.100.00 each | <u>1,950,000,000</u> | <u>1,950,000,000</u> | <u>1,950,000,000</u> |
| Issued Share Capital 11,000,000 Equity Share of Rs.100.00 each | <u>1,100,000,000</u> | <u>1,100,000,000</u> | <u>1,100,000,000</u> |
| Subscribed and Paid Up Share Capital 11,000,000 Equity Share of Rs.100.00 each | 1,100,000,000 | 995,500,000 | 880,000,000 |
| Paid Up Share Capital 11,000,000 Equity Share of Rs.100.00 each | 1,100,000,000 | 995,500,000 | 880,000,000 |
| | 1,100,000,000 | 995,500,000 | 880,000,000 |

The issue expenses for the issue charged in the year of issue and though the impact from past of the institution's equity the amount has not been adjusted with the share capital and the institution considered the impact to be immaterial.

2.14. Other Equity

- Retained Earnings: Earning made during the current and previous years not distributed has been credited to this reserve.

2.15. Retirement Benefits

Company applies NAS-19 Employee Benefits for accounting most of the components of staff cost.

• Current employee benefits costs

Short-term employee benefits, such as salaries, paid absences, performance-based cash rewards and social security costs are recognized over the period in which the employees provide the related services.

• Post-Employment benefits

The company operates a number of post-employment benefit plans. These plans include both defined benefit and defined contribution plans.

Defined contribution plan

Payments to defined contribution plans where the company's obligations are equivalent to a contribution by employees to the defined contribution plan. These are charged as an expense as the employees render service. The company operates provident fund scheme and gratuity under Defined contribution plan. A percentage

of basic pay is paid on monthly basis to the plan. The company has no further obligation to pay after such contribution even if the plan assets may not be sufficient to pay out to the employees.

The company currently operated defined contribution plans only which includes Provident Fund Contribution of 10% and Gratuity contribution of 8.33%. These contributions are deposited to retirement funds and expensed in the statement of profit or loss for the period in which such contribution becomes payable

Defined benefit plan

The defined benefit plan includes leave payment at the time of retirement. The present value of defined benefit obligations is calculated at the reporting date by the actuaries. The net charge to the profit and loss comprises the service costs and the net interest on the net defined benefit liability and is presented under employee cost.

2.16. Financial Liability

A Financial Liability is any liability that is:

1. Contractual obligation:

- To deliver cash or another financial asset to another entity.
- To exchange financial assets or financial liabilities with another entity under conditions that are potentially unfavorable to entity.

2. A contract that will or may be settled in the entity's own equity instrument and is:

- 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

Other Equity

| Particulars | As on Ashad 31, 2076 (July 16, 2019) (NRS) | As on Ashad 32, 2075 (July 16, 2018) (NRS) | As on Ashad 31, 2074 (July 15, 2017) (NRS) |
|----------------------|---|---|---|
| Retained earning | (144,205,144.99) | (82,661,718.32) | 21,923,503.00 |
| Deferred Tax Reserve | - | - | - |
| | (144,205,144.99) | (82,661,718.32) | 21,923,503.00 |

- 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 instrument

Any Other Asset Other than Financial Liability are Non-Financial Liability

2.16.1 Medium and Long Term Loans

2.16.2 Trade and Other Payables

| <u>Particulars</u> | As on Ashad 31, 2076 (July 16, 2019) (NRS) | As on Ashad 32, 2075 (July 16, 2018) (NRS) | As on Ashad 31, 2074 (July 15, 2017) (NRS) |
|------------------------|---|---|---|
| Gratuity Payable | 1,365,090.00 | - | - |
| Leave Payable | - | - | - |
| Provident Fund Payable | 1,001,297.00 | 7,200.00 | - |
| | 2,366,387.00 | 7,200.00 | - |

Medium & Long Term Loans

| <u>Particulars</u> | As on Ashad 31, 2076 (July 16, 2019) (NRS) | As on Ashad 32, 2075 (July 16, 2018) (NRS) | As on Ashad 31, 2074 (July 15, 2017) (NRS) |
|--|---|---|---|
| A. Secured Medium and Long Term Loan (Secured against mortgaged of immovable properties and charge / hypothecation of the entire current and future fixed assets and current assets) | | | |
| MVHPL-Consortium Term Loan - UMHEP | 1,199,178,648.92 | 1,321,582,159.00 | 1,406,563,865.00 |
| MVHPL-Consortium Term Loan - UM C HEP | 628,164,546.23 | 648,367,087.00 | 659,204,005.00 |
| Total Secured Loans | 1,827,343,195.15 | 1,969,949,246.00 | 2,065,767,870.00 |
| B. Unsecured Loan | | | |
| Total Unsecured Loans | - | - | - |
| Grand Total | 1,827,343,195.15 | 1,969,949,246.00 | 2,065,767,870.00 |

| <u>Particulars</u> | As on Ashad 31, 2076 (July 16, 2019) (NRS) | As on Ashad 32, 2075 (July 16, 2018) (NRS) | As on Ashad 31, 2074 (July 15, 2017) (NRS) |
|--|---|---|---|
| A. Trade and Other Payable | | | |
| Financial Liabilities | | | |
| MVHPL-Sundry Creditors | 3,483,583 | 9,779,405 | 2,608,931 |
| Audit Fee Payable | 139,375 | 139,375 | 139,375 |
| Liabilities to Employee | 5,264 | 5,264 | 605,264 |
| Other Miscellaneous Payables | 265,541 | 3,919,544 | - |
| Municipality Rent Tax Payable | 18,890 | - | - |
| Payables to Consultants & Contractors | - | - | 2,510,775 |
| Citizen Investment Trust Payable (CIT) | 466,002 | - | 1,294,165 |
| Interest Payable | 33,382,620 | - | - |
| Rent & Other Payable | 1,380,000 | - | - |
| MVHPL-Liabilities to Board Directors & Members | 21,035,230 | 77,350 | 4,984,862 |
| Retention Money Payable | 470,015 | 32,742,384 | 50,709,398 |
| Salary Payable | 1,173,390 | - | 2,275,134 |
| Consulting Fees Payable | 109,756 | - | - |
| Agency Fees Payable | 2,793,444 | - | - |
| | <u>64,723,111</u> | <u>46,663,322</u> | <u>65,127,903</u> |
| Other Non Financial Liabilities | | | |
| TDS Payable | 5,560,422 | 1,021,915 | 2,504,512 |
| | 70,283,533 | 47,685,237 | 67,632,415 |

Short Term Loans

| <u>Particulars</u> | As on Ashad 31, 2076 (July 16, 2019) (NRS) | As on Ashad 32, 2075 (July 16, 2018) (NRS) | As on Ashad 31, 2073 (July 15, 2016) (NRS) |
|--|---|---|---|
| Financial Liabilities | | | |
| Nabil Bank Ltd. Current 010101 7500 819 -OD | 15,000,000 | 15,000,000 | 42,750 |
| Nabil Bank Ltd. (UMHEP-C)-970101017500065-OE | - | - | 192,250 |
| Working Capital Loan | 19,952,880 | 19,952,880 | 19,952,880 |
| Short Term Loan | - | 75,187,870.27 | 220,000,000.00 |
| | <u>34,952,880</u> | <u>110,140,750</u> | <u>240,187,880</u> |
| Non Financial Liabilities | | | |
| Advance from shareholder | 280000000 | 241000000 | 42500000 |
| | 314,952,880 | 351,140,750 | 282,687,880 |

2.16.3 Short Term Loans

2.17. Provisions

Provisions are recognized when the Company has a present obligation (legal or constructive) as a result of a past event, and it is probable that an outflow of resources

embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. Where the Company expects some or all of a provision to be reimbursed, the reimbursement is recognized as a separate asset but only when the reimbursement is virtually certain. Expense

relating to any provision is presented in the statement of profit or loss net of any reimbursement.

If the effect of the time value of money is material, provisions are discounting using a current pre-tax rate that reflects, where appropriate, the risks specific to the liability. Where discounting is used, the increase in the provision due to the passage of time is recognized as a finance cost.

2.18. Revenue Recognition Policy

Sale of electricity

The company applies accrual basis of accounting for the recognition in accordance with the requirement of the NAS 18. Revenue is reduced for estimates rebates.

2.19. Operating expenses

An operating expense is an expense a business incurs through its normal business operations. An operating expense is an ongoing cost for running a business. Any cost that are directly attributed to purchase, generations and transmission of electricity are operating expenses.

Provisions

| <u>Particulars</u> | As on Ashad 31, 2076 (July 16, 2019) (NRS) | As on Ashad 32, 2075 (July 16, 2018) (NRS) | As on Ashad 31, 2073 (July 15, 2016) (NRS) |
|------------------------|---|---|---|
| Provision for Bonus | | | |
| Provision for Expenses | - | - | 335,283 |
| | - | - | 335,283 |

Revenue

| <u>Particulars</u> | Year ended Ashad 32, 2076 (July 16, 2019) (NRS) | Year ended Ashad 32, 2075 (July 16, 2018) (NRS) |
|---------------------------------|--|--|
| Electricity Sale to NEA -UMHEP | 200,046,878.28 | 233,790,023.00 |
| Electricity Sale to NEA -UMCHEP | 121,783,180.34 | 131,667,767.00 |
| | 321,830,058.62 | 365,457,790.00 |

Operating Expenses

| <u>Particulars</u> | Year ended Ashad 32, 2076 (July 16, 2019) (NRS) | Year ended Ashad 32, 2075 (July 16, 2018) (NRS) |
|---|--|--|
| Power Plant Expenses-UMHEP | | |
| Electricity Purchased From NEA | 185,519.28 | 22,785.00 |
| Royalties | 5,200,937.57 | 5,875,345.00 |
| Fine and Penalties | 1,835,841.41 | - |
| Power Plant Operation and Maintenance | 1,146,419.75 | 2,254,446.00 |
| Transmission Line and Substation Repair & Maintenance | 25,000.00 | 49,700.00 |
| Power Plant Expenses-UMHEP | | |
| Electricity Purchased From NEA | 40,141.00 | - |
| Royalties | 3,045,663.60 | 3,243,355.00 |
| Fine and Penalties | 1,095,671.76 | 11,369,351.00 |
| Power Plant Operation and Maintenance | 630,465.44 | 303,415.00 |
| Transmission Line and Substation Repair & Maintenance | - | 434,600.00 |
| | 13,205,659.81 | 23,552,997.00 |

2.20. Interest Expenses

Interest expenses is recognized in the statement of profit or loss as it accrues and is calculated by using the effective interest rate method. The effective interest rate is the rate that exactly discounts the estimated future cash receipts or payments through the expected life of the financial asset or liabilities (or, where appropriate, a shorter period) to the carrying amount of the financial asset or liabilities. When calculating the effective interest

rate, the Company estimates future cash flows considering all contractual terms of the financial instrument, but not future credit losses. The calculation of the effective interest rate includes all transaction costs and fees and points paid or received that are an integral part of the effective interest rate. Transaction costs include incremental costs that are directly attributable to the acquisition or issue of a financial asset or liability.

Finance (Expenses)/Income

| <u>Particulars</u> | Year ended Ashad 32, 2076 (July 16, 2019) (NRS) | Year ended Ashad 32, 2075 (July 16, 2018) (NRS) |
|---|--|--|
| Interest on Long Term Loan-UMHEP | 126,830,736.18 | 136,230,707.00 |
| Interest on Working Capital Loan-UMHEP | 3,076,876.20 | 2,888,758.00 |
| Interest on Long Term Loan-UMCHEP | 67,434,423.64 | 63,890,696.00 |
| Interest on Working Capital Loan-UMCHEP | - | 6,626.00 |
| Interest on Short Term Loan-UMHCEP | 26,425,732.61 | 29,190,226.00 |
| | 223,767,768.63 | 232,207,013.00 |

2.21. Other Income

2.22. Employee Benefits

Short-term employee benefits

Short-term employee benefit obligations are measured on an undiscounted basis and are expensed as the related

service is provided. A liability is recognized for the amount expected to be paid under short-term cash bonus or profit-sharing plans if the Company has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.

Other Income

| <u>Particulars</u> | Year ended Ashad 32, 2076 (July 16, 2019) (NRS) | Year ended Ashad 32, 2075 (July 16, 2018) (NRS) |
|--------------------------------------|--|--|
| Rental Income from Transmission Line | 3,751,869.95 | 1,218,274.00 |
| Interest Income | - | - |
| Profit/loss on sale of fixed asset | - | 878,120.00 |
| | 3,751,869.95 | 2,096,394.00 |

Employee Benefit Expenses

| <u>Particulars</u> | Year ended Ashad 32, 2076 (July 16, 2019) (NRS) | Year ended Ashad 32, 2075 (July 16, 2018) (NRS) |
|----------------------|--|--|
| Salary | 6,097,441.00 | 2,084,000.00 |
| Allowance | - | - |
| Provident Fund | - | - |
| Paid in Lue of Leave | 1,091,067.00 | - |
| Daily Wages | 45,540.00 | - |
| Overtime | 104,697.00 | - |
| Fringe Benefit | 543,261.00 | - |
| Gratuity | 2,405,866.30 | - |
| Insurance | 133,393.68 | 16,333.00 |
| Staff Welfare | 7,380.00 | - |
| Dashain Allowance | 1,455,818.50 | 50,000.00 |
| | 11,884,464.48 | 2,150,333.00 |
| Bonus | - | - |
| | 11,884,464.48 | 2,150,333.00 |

2.23. Administrative Expenses

| <u>Particulars</u> | <u>Year ended</u> <u>Ashad 32, 2076</u> <u>(July 16, 2019)</u> <u>(NRS)</u> | <u>Year ended</u> <u>Ashad 32, 2075</u> <u>(July 16, 2018)</u> <u>(NRS)</u> |
|--|--|--|
| <u>UMIHEP Administrative Expenses</u> | | |
| Staff Cost | 8,162,771.00 | 8,576,750.00 |
| Office Overhead | 1,340,827.13 | 1,281,261.00 |
| Vehicle Operation & Maintenance | 123,723.00 | 726,554.00 |
| Insurance | 5,661,563.76 | 5,634,422.00 |
| Power Plant Repair & Maintenance | 579,656.61 | 221,259.00 |
| Environmental, Community & Mitigation | 196,585.00 | 2,859,500.00 |
| Bank Commission & Charges | 3,917,440.17 | 25,467.00 |
| Other Miscellaneous Expenses | - | 617,463.00 |
| Penal Charges | 448,658.69 | - |
| <u>UMCHEP Administrative Expenses</u> | | |
| Staff Cost | 5,371,768.00 | 7,833,694.00 |
| Office Overhead | 847,831.27 | 2,396,433.00 |
| Vehicle Operation & Maintenance | 139,212.00 | 444,627.00 |
| Insurance | 2,447,669.57 | 2,224,550.00 |
| Power Plant Repair & Maintenance | 457,199.69 | 41,734.00 |
| Environmental, Community & Mitigation | 145,841.00 | 3,260,414.00 |
| Bank Commission & Charges | 2,001,898.27 | 713,023.00 |
| Other Miscellaneous Expenses | - | - |
| Penal Charges | 161,309.00 | - |
| <u>Other Administrative Expenses</u> | | |
| Rent | 1,268,892.00 | 1,403,546.00 |
| Electricity and Water | - | 66,512.00 |
| House Keeping | 480,000.00 | 190,983.00 |
| Office Supplies, Equipment & Tools | 9,230.00 | 141,299.00 |
| Repair & Maintenance | 63,966.00 | 190,713.00 |
| Computer Printer & Photocopy Exp | 29,100.00 | 68,305.00 |
| Stationery, Printing, copy & Binding Exp | 115,450.00 | 124,696.00 |
| Communication Related Exp | 74,570.00 | 198,492.00 |
| Postage & Charges | 2,685.00 | 2,430.00 |
| Advertisement, Publicity & Notice Exp | 21,967.00 | 174,177.00 |
| Books Newspaper 7 Magazine | 37,765.00 | 42,685.00 |
| Gift & Donation | - | 469,300.00 |
| Membership & Renewal Fee & Exp | 30,000.00 | 36,000.00 |
| TADA & Travelling Exp | 110,350.00 | 598,260.00 |
| Transportation (Local Conveyance) & taxes | 22,810.00 | 122,834.00 |
| Office Meeting Exp | - | - |
| Training & Seminar | - | 33,740.00 |
| Staff Refreshment Exp | 4,754.00 | 118,028.00 |
| Guest Entertainment Exp | 23,933.00 | 232,227.00 |
| Medical Exp | - | - |
| Insurance Exp | 39,852.71 | 10,109.00 |
| Discard | - | 523,332.00 |
| Consultancy Fee & Others | 708,730.00 | - |
| Bank Charges Mgt Fee & Other Charges | 36,755.73 | 67,648.00 |
| Bank Loan & Commitment Fee | - | - |
| Photo, Audio & video Exp | - | - |
| Vehicle- Fuel & Lubricant | 112,101.00 | 186,854.00 |
| Vehicle-Repair & Maintenance | - | - |
| Vehicle-Insurance Exp | - | - |
| Vehicle-Rates Taxes & Other Exp | 41,400.00 | - |
| Audit Fee & Exp | 141,250.00 | 141,250.00 |
| Board Meeting fee & exp | 134,000.00 | 91,000.00 |
| Rates, Taxes, Legal Fee & Exp | 277,341.00 | 1,315,845.00 |
| Miscellaneous fee & Exp | 4,155.00 | - |
| Deferred Exp | - | - |
| | 35,795,011.60 | 43,407,416.00 |

2.24. Impairment

2.25. Leases

The determination of whether an arrangement is a lease, or contains a lease, is based on the substance of the arrangement at the inception date and requires an assessment of whether the fulfilment of the arrangement is dependent on the use of a specific asset (or assets) and the arrangement conveys a right to use the asset (or assets), even if that asset is (or those assets are) not explicitly specified in an arrangement.

PMHL as a lessee

A lease is classified at the inception date as a finance lease or an operating lease. Leases that do not transfer substantially all of the risks and rewards of ownership of an asset to the Company are classified as operating leases.

Operating lease payments are recognized as an expense in the statement of profit or loss on a straight line basis over the lease term.

2.26. Segment Reporting

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, the geographical areas in which they operate, and their major customers.

The Company has only one segment in respect of geography and services viz. “Generation of Electricity and Sale of Electricity”. Hence the company does not have any reportable segments as per NFRS 8 “Operating Segments”

2.27. Significant Accounting Judgments, Estimates and Assumptions

The preparation of Financial Statements in conformity with Nepal Financial Reporting Standards including Nepal Accounting Standards requires the management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

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

3. Earnings Per Share

Basic earnings per share are calculated by dividing the net profit attributable to equity shareholders by the weighted average number of ordinary shares in issue during the year. For the calculation of diluted earnings per share the weighted average number of ordinary shares in issue is adjusted to assume conversion of all dilutive potential ordinary shares that arise in respect of convertible instrument if any.

Impairment Loss

| <u>Particulars</u> | Year ended Ashad 32, 2076 (July 16, 2019) (NRS) | Year ended Ashad 32, 2075 (July 16, 2018) (NRS) |
|--------------------|--|--|
| Impairment Loss | - | 253,057.00 |
| | - | 253,057.00 |

Earning per Share

| <u>Particulars</u> | Year ended Ashad 32, 2076 (July 16, 2019) (NRS) | Year ended Ashad 32, 2075 (July 16, 2018) (NRS) |
|--|--|--|
| Earning attributable to equity shareholders | (54,715,659.64) | (99,811,898.32) |
| Weighted average number of shares for the period | 10,971,369.86 | 9,287,315.07 |
| Weighted average number of shares for the period | 10,971,369.86 | 9,287,315.07 |
| Basic Earning per share (NPR) | (4.99) | (10.75) |
| Diluted Earning per share (NPR) | (4.99) | (10.75) |

4. Distribution to Equity Share Holder

There is no any distribution to equity shareholders

- (i) has control or joint control of the reporting entity
- (ii) has significant influence over the reporting entity or
- (iii) is a member of the key management personnel of the reporting entity or of a parent of the reporting entity.

5.Related Party Disclosure

Parties are considered to be related if one party has the ability to control the other party or exercise significant influence over the other party in making financial or operation decision or one other party controls both. The definition includes subsidiaries, associates, directors, key management personnel and employee's retirement benefit fund

An entity is related to a reporting entity if any of the following conditions applies:

- (i) The entity and the reporting entity are members of the same group (which means that each parent, subsidiary and fellow subsidiary is related to the others).
- (ii) One entity is an associate or joint venture of the other entity (or an associate or joint venture of a member of a group of which the other entity is a member).
- (iii) Both entities are joint ventures of the same third party.
- (iv) One entity is a joint venture of a third entity and the other entity is an associate of the third entity.
- (v) The entity is a post-employment benefit plan for the benefit of employees of either the reporting entity

Identification of Related Parties

A related party is a person or entity that is related to the entity that is preparing its financial statements

A person or a close member of that person's family is related to a reporting entity if that person:

| <u>Particulars</u> | Year ended Ashad 32, 2076 (July 16, 2019) (NRS) | Year ended Ashad 32, 2075 (July 16, 2018) (NRS) |
|------------------------------|--|--|
| Cash dividend Paid | - | - |
| Bonus Shares Proposed | - | - |
| Bonus Share issue | - | - |
| % of Dividend to Shareholder | - | - |

or an entity related to the reporting entity. If the reporting entity is itself such a plan, the sponsoring employers are also related to the reporting entity.

- (vi) The entity is controlled or jointly controlled by a person identified in (a).
- (vii) A person identified in (a)(i) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity).

The Company Identifies the following as the related parties under the requirement of NAS 24

- 1) Key Managerial Personnel
- 2) Board of Directors

Transaction with Related Parties

6. Fair Value Measurement of Financial Instrument

In accordance with NFRS 13 fair Value Measurement, the company categories instruments carried on the reporting sheet at fair value using a three-level hierarchy.

Determination of fair value hierarchy

For all financial instruments where fair values are determined by referring to externally quoted prices or observable pricing inputs to models, independent price

determination or validation is obtained. In an inactive market, direct observation of a traded price may not be possible. In these circumstances, the institution uses alternative market information to validate the financial instrument's fair value, with greater weight given to information that is considered to be more relevant and reliable.

Fair values of financial assets and liabilities are determined according to the following hierarchy:

Level 1 – Valuation technique using quoted market price: financial instruments with quoted prices for identical instruments in active markets that the group can access at the measurement date.

Level 2 - valuation technique using observable inputs: financial instruments with quoted prices for similar instruments in active markets or quoted prices for identical or similar instruments in inactive markets and financial instruments valued using models where all significant inputs are observable. For the listed securities where the bank holds promoter shares which are priced and traded differently in the market than ordinary shares the bank has considered the valuation of similar promoter's shares traded in the market which approximates to 50% of the price that the ordinary shares are traded.

2075-76

| Board Member | Meeting Allowance | Salary | Outstanding Loan | Interest | Total |
|-----------------------|-------------------|---------------------|-----------------------|----------------------|----------------------|
| Prem Bahadur Shrestha | 54,000.00 | | 280,000,000.00 | 25,810,835.85 | 25,864,835.85 |
| Dhurba Kumar Shrestha | 30,000.00 | | | | 30,000.00 |
| Santosh Kumar Pradhan | 45,000.00 | 3,650,000.00 | | | 3,695,000.00 |
| Udeep Shrestha | 2,500.00 | | | | 2,500.00 |
| Tika Ram Nirouka | 2,500.00 | | | | 2,500.00 |
| Total | 134,000.00 | 3,650,000.00 | 280,000,000.00 | 25,810,835.85 | 29,594,835.85 |

2074-75

| Board Member | Meeting Allowance | Salary | Outstanding Loan | Interest | Total |
|------------------------|-------------------|---------------------|-----------------------|----------------------|----------------------|
| Prem Bahadur Shrestha | 36,000.00 | | 183,000,000.00 | 12,919,891.00 | 12,955,891.00 |
| Dhurba Kumar Shrestha | 20,000.00 | | | | 20,000.00 |
| Pradeep Kumar Shrestha | 5,000.00 | 1,375,333.06 | | | 1,380,333.06 |
| Santosh Kumar Pradhan | 30,000.00 | 3,610,469.68 | | | 3,640,469.68 |
| Total | 91,000.00 | 4,985,802.74 | 183,000,000.00 | 12,919,891.00 | 17,996,693.74 |

2073-74

| Board Member | Meeting Allowance | Salary | Outstanding Loan | Interest | Total |
|------------------------|-------------------|---------------------|----------------------|---------------------|----------------------|
| Prem Bahadur Shrestha | 54,000.00 | | 42,500,000.00 | 4,832,712.33 | 4,886,712.33 |
| Dhurba Kumar Shrestha | 37,500.00 | | | | 37,500.00 |
| Pradeep Kumar Shrestha | 30,000.00 | 3,900,000.00 | | | 3,930,000.00 |
| Santosh Kumar Pradhan | 42,500.00 | 3,263,912.00 | | | 3,306,412.00 |
| Badri Kumar Shrestha | 15,000.00 | | | | 15,000.00 |
| Total | 179,000.00 | 7,163,912.00 | 42,500,000.00 | 4,832,712.33 | 12,175,624.33 |

Level 3 - valuation technique with significant unobservable inputs: financial instruments valued using valuation techniques where one or more significant inputs are unobservable. Where market prices are not available then the bank considers the carrying value and future cash flows from the financial instruments.

Fair Value Measurement of Financial Assets at Fair Value

7. Contingent Liabilities and Commitment

Contingent liabilities: A contingent liability is a liability that may occur depending on the outcome of an uncertain future event. A contingent liability is recorded if the contingency is likely and the amount of the liability can be reasonably estimated. The liability may be disclosed in a footnote on the financial statements unless both conditions are not met.

The Company doesn't have any contingent liabilities.

8.Events after Reporting Date

The company follows NAS 10 Events After Reporting Period for accounting and report for the events that occur after the reporting period. Classifies those events as adjusting and non- adjusting no circumstances have arisen since the reporting date which would require adjustments to or disclosure in the financial statements.

9. Interest in Other Entities

Company has no any interest in other entities

Financial assets and liabilities based on the accounting classification with their carrying values and fair values are tabulated below.

| PMHL | Carrying Value | Quoted Market Value | Obervable Input | Unobservable Inpt | Difference |
|---|----------------|---------------------|-----------------|-------------------|------------|
| | | (Level 1) | (Level 2) | (Level 3) | |
| 2075-76 | - | - | - | - | - |
| Financial Assets | | | | | - |
| Fair Value at amortized Cost | - | - | - | - | - |
| Fair Value Through Profit and Loss | - | - | - | - | - |
| Fair Value Through Other Comprehensive Income | - | - | - | - | - |
| Other Financial Asset | 55,105,043 | - | - | 55,105,043 | - |
| Financial Liabilities | | | | | |
| Other Financial Liabilities | 1,927,019,186 | | | 1,927,019,186 | - |
| 2074-75 | - | - | - | - | - |
| Financial Assets | | | | | - |
| Fair Value at amortized Cost | - | - | - | - | - |
| Fair Value Through Profit and Loss | - | - | - | - | - |
| Fair Value Through Other Comprehensive Income | - | - | - | - | - |
| Other Financial Asset | 63,108,727 | | | 63,108,727 | 0 |
| Financial Liabilities | | | | | |
| Other Financial Liabilities | 2,126,753,318 | | | 2,126,753,318 | 0 |
| 2073-74 | | | | | |
| Financial Assets | | | | | |
| Fair Value at amortized Cost | - | - | - | - | - |
| Fair Value Through Profit and Loss | - | - | - | - | - |
| Fair Value Through Other Comprehensive Income | - | - | - | - | - |
| Other Financial assets | 31,030,446 | | | 31,030,446 | - |
| Financial Liabilities | | | | | |
| Other Financial Liabilities | 2,371,083,653 | | | 2,371,083,653 | - |

10. First Time Adoption of NFRS

These Financial Statements for the year ended 16th July 2019 (31st Asadh 2076) are the first the company has prepared in accordance with NFRS. For period up to and including the year ended 32nd Asadh 2075, the company prepared its Financial Statements in accordance with Local Generally Accepted Accounting Practice (Local GAAP). Accordingly, the Company has prepared financial statements which comply with NFRS applicable for periods ending 31st Asadh 2076, together with the comparative period data as at and for the year ending 32nd Asadh, 2075, as described in accounting policies. In preparing these financial statements, the Company's opening statement of financial position was prepared as at 1st Shrawan 2074 (July 16, 2017), the Company's date of transition to NFRS. This note explains the principal adjustments made by the company in restating its Local

GAAP statement of Financial position as at 1st Shrawan 2074 and its previously adopted/ published Local GAAP financial statement as at and for the year ended 32nd Asadh 2075.

NFRS 1 First Time Adoption of Nepal Financial and Reporting Standard allows first time adopters certain exemptions from the retrospective application of certain NFRS. The Company has not applied exemption except following:

Exceptions to the retrospective application of other NFRSs

- a) de-recognition of financial assets and financial liabilities
- b) non-controlling interests
- c) classification and measurement of financial assets

Reconciliation of Balance Sheet as at Shrawan 1, 2074 (July 16, 2017) (Date of transition to NFRS)

| | Nepal GAAP | Adjustments | NFRS |
|--|----------------------|---------------|----------------------|
| ASSETS | | | |
| Non-current assets | | | |
| Property, plant and equipment-UMHEP | 2,193,902,478 | - | 2,193,902,478 |
| Property, plant and equipment-Other | 7,644,934 | 2,063,361 | 5,581,573 |
| Property, plant and equipment-UMHCEP | - | (2,020,948) | 2,020,948 |
| Capital work in progress | 950,862,643 | - | 950,862,643 |
| Other intangible assets | - | - | - |
| Total non-current assets | 3,152,410,055 | 42,413 | 3,152,367,642 |
| Current assets | | | |
| Financial assets | | | |
| Investments | - | - | - |
| Trade receivables | 29,254,413 | - | 29,254,413 |
| Cash and bank balances | 1,776,033 | - | 1,776,033 |
| Other Non- Financial Assets | | | |
| Advance & Deposit | 134,948,863 | 75,710 | 134,873,153 |
| Current tax Asset | - | (75,710) | 75,710 |
| Total current assets | 165,979,309 | | 165,979,309 |
| Total | 3,318,389,364 | 42,413 | 3,318,346,951 |
| EQUITY AND LIABILITIES | | | |
| Equity | | | |
| Equity share capital | 880,000,000 | - | 880,000,000 |
| Other equity | 21,965,916 | 42,413 | 21,923,503 |
| Total equity | 901,965,916 | 42,413 | 901,923,503 |
| Liabilities | | | |
| Non- current liabilities | | | |
| Financial liabilities | | | |
| Medium & Long Term Loans | 2,065,767,870 | - | 2,065,767,870 |
| Deferred tax liabilities (Net) | - | - | - |
| Total non-current liabilities | 2,065,767,870 | - | 2,065,767,870 |
| Current liabilities | | | |
| Financial liabilities | | | |
| Trade and Other payables | 67,632,415 | 2,504,512 | 65,127,903 |
| Short term loan | 282,687,880 | 42,500,000 | 240,187,880 |
| Other non-financial liabilities | | | |
| Provision | 335,283 | (0) | 335,283 |
| Other non financial liabilities | - | (2,504,512) | 2,504,512 |
| Short Term Loan | - | (42,500,000) | 42,500,000 |
| Total Current Liabilities | 350,655,577 | (0) | 350,655,578 |
| Total liabilities | 2,416,423,447 | (0) | 2,416,423,448 |
| Total | 3,318,389,364 | 42,413 | 3,318,346,951 |

Notes

1. As per the Requirement of NFRS Share issue expenses should be deducted from Retained Earning. As on transition to NFRS share issue expenses has been deducted from Retained Earning.

2. Impairment of Property, Plant and Equipment: Company has carried out comprehensive impairment test of assets as on transition date and certain assets valuing Rs 42,413 has been impaired.

Reconciliation of balance sheet as at Ashad 32, 2075 (July 16, 2018)

| | Note | Nepal GAAP | Adjustments | NFRS |
|--|------|----------------------|--------------------|----------------------|
| ASSETS | | | | |
| Non-current assets | | | | |
| Property, plant and equipment-UMHEP | | 2,115,667,780 | (2,624,751) | 2,118,292,531 |
| Property, plant and equipment-Other | | 4,236,892 | (541,828) | 4,778,720 |
| Property, plant and equipment-UMHCEP | | 1,160,821,147 | 24,371 | 1,160,796,775 |
| Capital work in progress | | - | - | - |
| Other intangible assets | | - | - | - |
| Total non-current assets | | 3,280,725,819 | (3,142,208) | 3,283,868,026 |
| Current assets | | | | |
| Financial assets | | | | |
| Investments | | - | - | - |
| Trade receivables | | 49,766,638 | - | 49,766,638 |
| Cash and bank balances | | 13,342,089 | - | 13,342,089 |
| Other Non- Financial Assets | | | | |
| Advance & Deposit | | 12,961,965 | 532,563 | 12,429,402 |
| Current Tax Asset | | - | (8,464) | 8,464 |
| Total current assets | | 76,070,692 | 524,098 | 75,546,594 |
| Total | | 3,356,796,511 | (2,618,109) | 3,359,414,621 |
| EQUITY AND LIABILITIES | | | | |
| Equity | | | | |
| Equity share capital | | 995,500,000 | - | 995,500,000 |
| Other equity | | (85,018,374) | (2,356,656) | (82,661,718) |
| Total equity | | 910,481,626 | (2,356,656) | 912,838,282 |
| Liabilities | | | | |
| Non-current liabilities | | | | |
| Financial liabilities | | | | |
| Long Term Employee Benefits | | 1,969,949,246 | - | 1,969,949,246 |
| Non- Financial Liabilities | | | | |
| Retirement Benefit Obligation | | - | (7,200) | 7,200 |
| Deferred Income | | 29,238,579 | - | 29,238,579 |
| Deferred tax liabilities (Net) | | 47,769,774 | (785,552) | 48,555,326 |
| Total non-current liabilities | | 2,046,957,599 | (792,752) | 2,047,750,351 |
| Current liabilities | | | | |
| Financial liabilities | | | | |
| Trade and Other payables | | 47,692,437 | 1,029,115 | 46,663,322 |
| Short Term Loan | | 351,140,750 | 241,000,000 | 110,140,750 |
| Other non-financial liabilities | | | | |
| Provision | | - | - | - |
| Other non -financial liabilities | | - | (1,021,915) | 1,021,915 |
| Short Term Loan | | - | (241,000,000) | 241,000,000 |
| Current tax Liabilities | | 524,098 | 524,098 | - |
| Total Current Liabilities | | 399,357,286 | 531,298 | 398,825,987 |
| Total liabilities | | 2,446,314,886 | (261,453) | 2,446,576,339 |
| Total | | 3,356,796,511 | (2,618,110) | 3,359,414,620 |

Notes

1. As require by NFRS new depreciation rate determine as per new remaining useful life of the Property, Plant and Equipment. Therefore, depreciation of 2074-75 decreased by Nrs. 28,36,713.09

2. Impairment of PPE: Company has carried out comprehensive impairment test of assets as on transition date and certain assets valuing Rs. 42413 has been impaired

3. Deferred tax Liabilities has been created on Depreciation on transition to NFRS.

4. As per the Requirement of NFRS Share issue expenses should be deducted from retained earnings. As on transition to NFRS share issue expenses was deducted from retained earnings.

Reconciliation of balance sheet as at Ashad 31, 2076 (July 16, 2019)

| | Note | Nepal GAAP | Adjustments | NFRS |
|--|------|----------------------|---------------------|----------------------|
| ASSETS | | | | |
| Non-current assets | | | | |
| Property, plant and equipment-UMHEP | | 2,037,444,905 | (5,237,679) | 2,042,682,583 |
| Property, plant and equipment-Other | | 3,339,742 | (486,428) | 3,826,170 |
| Property, plant and equipment-UMHCEP | | 1,120,788,797 | 19,497 | 1,120,769,300 |
| Capital work in progress | | - | - | - |
| Other intangible assets | | - | - | - |
| Total non-current assets | | 3,161,573,443 | (5,704,610) | 3,167,278,053 |
| Current assets | | | | |
| Financial assets | | | | |
| Inventory | | 14,305,406 | - | 14,305,406 |
| Investments | | - | - | - |
| Trade receivables | | 39,837,923 | - | 39,837,923 |
| Cash and bank balances | | 961,714 | - | 961,714 |
| Other Non- Financial Assets | | | | |
| Advance & Deposit | | 7,077,780 | 97,006 | 6,980,774 |
| Current Tax Asset | | - | - | - |
| Total current assets | | 62,182,823 | 97,006 | 62,085,817 |
| Total | | 3,223,756,266 | (5,607,604) | 3,229,363,871 |
| EQUITY AND LIABILITIES | | | | |
| Equity | | | | |
| Equity share capital | | 1,100,000,000 | - | 1,100,000,000 |
| Other equity | | (207,095,221) | (62,890,076) | (144,205,145) |
| Total equity | | 892,904,779 | (62,890,076) | 955,794,855 |
| Liabilities | | | | |
| Non- current liabilities | | | | |
| Financial liabilities | | | | |
| Long Term Employee Benefits | | 1,827,343,195 | - | 1,827,343,195 |
| Non- Financial Liabilities | | | | |
| Retirement Benefit Obligation | | - | (2,366,387) | 2,366,387 |
| Deferred Income | | 27,729,725 | - | 27,729,725 |
| Deferred tax liabilities (Net) | | 87,102,949 | 57,185,465 | 29,917,484 |
| Total non-current liabilities | | 1,942,175,869 | 54,819,078 | 1,887,356,791 |
| Current liabilities | | | | |
| Financial liabilities | | | | |
| Trade and Other payables | | 72,649,920 | 7,926,809 | 64,723,111 |
| Short Term Loan | | 314,952,880 | 280,000,000 | 34,952,880 |
| Other non-financial liabilities | | | | |
| Provision | | - | - | - |
| Other non-financial liabilities | | - | (5,560,422) | 5,560,422 |
| Short Term Loan | | - | (280,000,000) | 280,000,000 |
| Current tax Liabilities | | 1,072,818 | 97,006 | 975,812 |
| Total Current Liabilities | | 388,675,618 | 2,463,393 | 386,212,225 |
| Total liabilities | | 2,330,851,488 | 57,282,472 | 2,273,569,017 |
| Total | | 3,223,756,266 | (5,607,605) | 3,229,363,871 |

Notes

1. As require by NFRS new depreciation rate determine as per new remaining useful life of the Property, Plant and Equipment.

2. Impairment of PPE: Company has carried out comprehensive impairment test of assets as on transition date and certain assets valuing Rs. 42413 has been impaired

3. Deferred tax Liabilities has been created on Depreciation on transition to NFRS.

4. As per the Requirement of NFRS Share issue expenses should be deducted from retained earnings. As on transition to NFRS share issue expenses was deducted from retained earnings.

| Reconciliation of statement of profit and loss for the year ended Ashad 32, 2075 (July 16, 2018) | | | | |
|---|-------------|----------------------|--------------------|---------------------|
| | Note | Nepal GAAP | Adjustments | NFRS |
| Income | | | | |
| Revenue from Sale of Electricity | | 365,457,791 | - | 365,457,790 |
| Operating Expenses | | (23,552,997) | - | (23,552,997) |
| Gross Profit | | 341,904,793 | - | 341,904,792 |
| EXPENSES | | | | |
| Employee Expenses | | - | 2,150,333 | (2,150,333) |
| Administrative Overhead | | (50,584,130) | (7,176,714) | (43,407,416) |
| Depreciation | | (119,900,462) | (3,184,621) | (116,715,842) |
| Operating Profit or Loss | | 171,420,201 | (8,211,001) | 179,631,201 |
| Interest Expenses | | (232,207,013) | 0 | (232,207,013) |
| Other Income | | 1,218,274 | (878,120) | 2,096,394 |
| Gain on sale of Fixed asset | | 878,120 | 878,120 | - |
| Impairment | | - | 253,057 | (253,057) |
| Profit/(loss) before tax | | (58,690,418) | (7,957,944) | (50,732,475) |
| Tax expense: | | | | |
| Current tax | | 524,098 | - | 524,098 |
| Deferred tax | | 47,769,774 | (785,552) | 48,555,326 |
| Profit before share of associate's net profit | | | | |
| Profit/(loss) for the period | | (106,984,291) | (7,172,392) | (99,811,898) |

Notes to Reconciliation**1. Property, Plant and Equipment**

On transition to NFRS, the Company has changed the method of depreciation from Written Down Method (WDV) on PPE (other) and Straight Line Method (SLM) on Plant PPE to Useful Life method and depreciation for previous year has been restated under this method. As a result, depreciation and amortization charge for the year ended July 16, 2018 has increased / (Decreased) by NPR 2,836,713

2. Share Issue Expenses

As per GAAP Share issue expenses was charge to profit and loss statement. As per NFRS share issue expenses is deducted from paid up share capital.

3. Deferred Tax Expenses

Due to change in method of Depreciation from WDV to SLM from GAAP to NFRS deferred tax liabilities has been created.

Reconciliation of statement of profit and loss for the year ended Ashad 31, 2076 (July 16, 2019)

| | Note | Nepal GAAP | Adjustments | NFRS |
|--|------|----------------------|---------------------|---------------------|
| INCOME | | | | |
| Revenue from operations | | 321,830,059 | - | 321,830,059 |
| Operating Expenses | | (13,205,660) | - | (13,205,660) |
| Gross Profit | | 308,624,399 | - | 308,624,399 |
| EXPENSES | | | | |
| Employee Expenses | | - | 11,884,464 | (11,884,464) |
| Administrative Overhead | | (51,620,576) | (15,825,564) | (35,795,012) |
| Depreciation | | (119,182,875) | (2,562,402) | (116,620,473) |
| Operating Profit or Loss | | 137,820,948 | (6,503,502) | 144,324,450 |
| Prior Period Item | | 3,279,741 | - | 3,279,741 |
| Interest Expenses | | (223,767,769) | - | (223,767,769) |
| Other Income | | 3,751,870 | - | 3,751,870 |
| Gain on sale of Fixed asset | | - | - | - |
| Impairment | | - | - | - |
| Profit/(loss) before tax | | (78,915,209) | (6,503,502) | (72,411,708) |
| Tax expense: | | | | |
| Current tax | | 941,794 | (0) | 941,794 |
| Deferred tax | | 39,674,448 | 58,312,289 | (18,637,842) |
| Profit before share of associate's net profit | | | | |
| Profit/(loss) for the period | | (119,531,451) | (64,815,791) | (54,715,660) |

Notes to the reconciliation:**1. Property, Plant and Equipment**

On transition to NFRS, Company has changed the method of depreciation from Written Down Method (WDV) on Fixed Asset and Straight Line Method (SLM) on Plant Fixed Asset to Useful Life method and depreciation for previous year has been restated under this method. As a result, depreciation and amortisation charge for the year ended July 16, 2019 has increased by Nrs.2562402. and Deferred tax liabilities has been arise on such difference

2. Share Issue Expenses

As per GAAP Share issue expenses was charge to profit and loss statement. As per NFRS share issue expenses is deducted from paid up share capital.

3. Deferred Tax Expenses

Due to change in method of Depreciation from WDV to SLM from GAAP to NFRS deferred tax liabilities has been created.

INDEPENDENT AUDITOR'S REPORT

TO THE SHAREHOLDERS OF Panchakanya Mai Hydropower Limited.

OPINION

We have audited the accompanying financial statements of Panchakanya Mai Hydropower Limited, which comprise statement of financial position as at Ashadh 31, 2077 (July 15, 2020) statement of profit or loss, statement of comprehensive income, statement of changes in equity and statement of cash flow for the year then ended and a summary of significant accounting policies and notes to the financial statements.

In our opinion and to the best of our information and according to explanation given to us, the financial statements give a true and fair view of the financial position of the company as at Ashadh 31, 2077, its financial performance and its cash flows for the year then ended in accordance with Nepal Financial Reporting Standards (NFRS).

BASIS FOR OPINION

We conducted our audit in accordance with Nepal Standards on Auditing (NSAs). our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. we are independent in accordance with the ICAN's Handbook of code of Ethics for Professional Accountants and we have fulfilled our other ethical requirements in accordance with 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 PARAGRAPH

During the course of audit, we came to found out that the company has been registered in Social Security Fund (SSF). However due to the non-registration of employee in the fund, the company hasn't been depositing the deducted 31 % amount to the fund. As a result of this, the expenses has been disallowed during the calculation of tax and employee are also prohibited from deducting such amount.

The failure to deposit such amount into the fund might result in the additional 10% burden to the company.

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

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

In preparing the financial statements management is responsible for assessing the company's ability to continue as a going concern, disclosing as applicable matters related to going and using the going concern basis of accounting unless management either intends to liquidate the company or to cease operations or has no realistic alternative but to do so, those charged with governance are responsible for overseeing the company's financial reporting process.

AUDITOR'S RESPONSIBILITIES 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 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 financial statements.

AS PART OF AN AUDIT IN ACCORDANCE WITH NSAS, WE EXERCISE PROFESSIONAL JUDGEMENT AND MAINTAIN PROFESSIONAL SKEPTICISM THROUGHOUT THE AUDIT. WE ALSO:

- Identify and assess the risks of material misstatements of financial statements, whether due to fraud or error, 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 Company's 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 policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and based on the audit evidence obtained whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern, if we conclude that a material uncertainty exists we are required to draw attention in our auditor's report to the related disclosures in the financial statements or if such disclosures are inadequate to modify our opinion. Our conclusions are based may on the audit evidence obtained up to the date of our auditor's report. However future events or conditions cause the company to cease to continue as a going concern.

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

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

On the basis of our examination, we would like to further report that:

- I. We have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of audit.
- II. The accounts and records of the company have been maintained as required by law.
- III. Financial statements are in agreement with the books of account maintained by the Company.
- IV. In our opinion and to the best of our information and according to the explanations, given to us the Board of Directors, the representative or any employee of the company has not acted contrary to the provision of law relating to accounts nor caused direct loss or damage to the company deliberately or acted in manner that would jeopardize the interest and security of the Company.
- V. The operations of the Company are within its jurisdiction.
- VI. The company has not acted in a manner to jeopardize the interest and security of its shareholders and other stakeholders.
- VII. we have not come across any fraudulence in the accounts so far as it appeared from our examination of the books of account.

CA. Navaraj Lamichhane

Partner
N.A.R.S. Associates
Chartered Accountants

Date: Poush 28, 2077

Place: Kathmandu

UDIN Number: 210113CA00816Hvuz8

STATEMENT OF FINANCIAL POSITION

As at Ashad 31, 2077 (July 15, 2020)

(Amounts in NRs)

| Particular | Note | As at Ashad 31, 2077 (July 15, 2020) | As at Ashad 31, 2076 (July 16, 2019) |
|--------------------------------------|------|---|---|
| ASSETS | | | |
| Non-current assets | | | |
| Property, Plant and Equipment | 1 | 3,050,703,556 | 3,167,278,053 |
| Intangible Assets | 1 | 80,000 | - |
| Total non-current assets | | 3,050,783,556 | 3,167,278,053 |
| Current assets | | | |
| Inventory | 2 | 12,415,835 | 14,305,406 |
| Financial assets | | | |
| Trade & Other receivables | 3 | 70,562,516 | 39,837,923 |
| Cash and Cash Equivalents | 4 | 1,169,671 | 961,714 |
| Other Non- Financial Assets | | | |
| Advances & Deposit | 5 | 6,565,825 | 6,980,774 |
| Current Tax Asset | 6 | - | - |
| Total current assets | | 90,713,847 | 62,085,817 |
| Total | | 3,141,497,403 | 3,229,363,872 |
| EQUITY AND LIABILITIES | | | |
| Equity | | | |
| Equity share capital | 7 | 1,100,000,000 | 1,100,000,000 |
| Retained Earnings | | (199,204,869) | (144,162,731) |
| Other equity | 8 | (42,413) | (42,413) |
| Total equity | | 900,752,718 | 955,794,856 |
| Liabilities | | | |
| Non- current liabilities | | | |
| Financial liabilities | | | |
| Medium & Long Term Loans | 9 | 1,705,138,150 | 1,827,343,195 |
| Non-Financial Liabilities | | | |
| Retirement Benefit Obligation | 10 | 23,672 | 2,366,387 |
| Deferred Tax Liabilities (Net) | 11 | 60,517,335 | 29,917,484 |
| Deffered Income | | 26,220,871 | 27,729,725 |
| Total non-current liabilities | | 1,791,900,028 | 1,887,356,791 |
| Current liabilities | | | |
| Financial liabilities | | | |
| Trade and Other payables | 12 | 66,760,133 | 64,723,111 |
| Short Term Loan | 13 | 376,114,904 | 314,952,880 |
| Non-financial liabilities | | | |
| Provision | 14 | - | - |
| Other Non-Financial Liabilities | 12 | 5,453,720 | 5,560,421 |

| Particular | Note | As at Ashad 31, 2077 (July 15, 2020) | As at Ashad 31, 2076 (July 16, 2019) |
|----------------------------------|------|---|---|
| Current Tax Liabilities | 6 | 515,901 | 975,812 |
| Total Current Liabilities | | 448,844,658 | 386,212,224 |
| Total liabilities | | 2,240,744,685 | 2,273,569,015 |
| Total | | 3,141,497,403 | 3,229,363,871 |

Summary of significant accounting policies and notes to account

For & on behalf of the board

As per our attached report of even date

Prem Bahadur Shrestha
Chairman

Dhurba Kumar Shrestha
Director

For N.A.R.S. Associates CA.
Navaraj Lamichhane
Chartered Accountants

Udeep Shrestha
Director

Tikaram Niroula
Director

Omkar Shrestha
Account Officer

Date: Magh 27, 2076

Place: Kathmandu, Nepal

STATEMENT OF PROFIT AND LOSS

For the period ended 31st Ashad, 2077 (July 15, 2020)

(Amounts in NRs)

| | Note | Year ended Ashad 31, 2077 (July 15, 2020) | Year ended Ashad 31, 2076 (July 16, 2019) |
|---|------|--|--|
| Income | | | |
| Revenue from Sale of Electricity | 15 | 369,718,360 | 321,830,059 |
| Operating Expenses | 16 | (21,497,317) | (13,205,660) |
| Gross Profit | | 348,221,043 | 308,624,399 |
| Employee Benefit Expenses | 17 | (20,060,343) | (25,419,003) |
| Administrative Expenses | 18 | (17,641,614) | (22,260,473) |
| Depreciation and amortization expenses | 20 | (116,652,498) | (116,620,473) |
| Operating Profit/ (Loss) | | 193,866,588 | 144,324,450 |
| Prior Period Item | | - | 3,279,741 |
| Other income | 19 | 1,508,854 | 3,751,870 |
| Financial Expenses | 21 | (219,301,828) | (223,767,769) |
| Profit/(loss) before tax | | (23,926,386) | (72,411,708) |
| Tax expense: | | | |
| Current tax | 22 | 515,901 | 941,794 |
| Deferred tax (Income)/ Expense | 22 | 30,599,851 | (18,637,842) |
| Profit/(loss) for the period | | (55,042,138) | (54,715,660) |
| Basic and diluted Earnings per share (EPS) | | (5.02) | (4.99) |
| Summary of significant accounting policies and notes to account | | | |
| For & on behalf of the board | | As per our attached report of even date | |

Prem Bahadur Shrestha
Chairman

Dhurba Kumar Shrestha
Director

For N.A.R.S. Associates CA.
Navaraj Lamichhane
Chartered Accountants

Udeep Shrestha
Director

Tikaram Niroula
Director

Omkar Shrestha
Account Officer

Date: Magh 27, 2076
Place: Kathmandu, Nepal

STATEMENT OF CASH FLOW

for the year ended Ashad 31, 2077 (July 15, 2020)

(Amounts in NRs)

| Particulars | Year ended Ashad 31, 2077 (July 15, 2020) | Year ended Ashad 31, 2076 (July 16, 2019) |
|--|--|--|
| A. CASH FLOW FROM OPERATING ACTIVITIES | | |
| Profit before tax | (23,926,386) | (72,411,708) |
| Non-cash adjustments | | |
| Depreciation | 116,652,498 | 116,620,473 |
| Bank Interest | 219,301,828 | 223,767,769 |
| Prior Period Item | - | (3,279,741) |
| Rental Income From Transmission Line | (1,508,854) | (1,508,854) |
| (Profit)/loss on Sale of Assets | | - |
| Operating Profits before working capital changes | 310,519,086 | 263,187,939 |
| Movement in Working Capital | | |
| Decrease/(increase) in current assets | | |
| Decrease/(Increase) in Trade Receivables-current | (30,724,593) | 9,928,715 |
| Decrease/(Increase) in Advance & Deposit | 414,949 | 5,457,093 |
| Decrease/(Increase) in Inventory | 1,889,571 | (14,305,406) |
| (Decrease)/increase in current liabilities | | |
| Increase / (Decrease) in Trade payables-Current | 2,037,022 | 18,059,789 |
| Increase / (Decrease) in Retirement benefit-Non-Current | (2,342,715) | 2,359,187 |
| Increase / (Decrease) in Deferred income Non-Current | - | - |
| Increase / (Decrease) in Other non-financial liabilities-current | (106,701) | 4,965,597 |
| Cash generated from Operations | 281,686,619 | 289,652,913 |
| Net Cash from operating activities | 281,686,619 | 289,652,913 |
| B. CASH FLOW FROM INVESTING ACTIVITIES | | |
| Purchase of Property, Plant and Equipment | (158,000) | (30,500) |
| Investment in fixed deposits | - | - |
| Rental income from Transmission line | | - |
| Sale of Property, Plant and Equipment | | - |
| Net Cash used in Investing activities | (158,000) | (30,500) |
| C. CASH FLOW FROM FINANCING ACTIVITIES | | |
| Increase/(Decrease) in share capital | - | 104,500,000 |
| Share Issue Expenses | - | (3,941,099) |
| Increase/(Decrease) in Advance for share capital | | |
| Income tax paid | (975,812) | - |
| Interest Paid | (219,301,828) | (223,767,769) |
| Dividend Income | | - |
| Increase/(Decrease) in Short Term Loans | 61,162,024 | (36,187,870) |
| Increase/(Decrease) in Medium & Long Term Loans | (122,205,045) | (142,606,051) |

| Particulars | Year ended Ashad 31, 2077 (July 15, 2020) | Year ended Ashad 31, 2076 (July 16, 2019) |
|---|--|--|
| Net Cash from Financing activities | (281,320,662) | (302,002,788) |
| Net Increase in Cash & Cash Equivalents (A+B+C) | 207,957 | (12,380,376) |
| Cash and cash equivalents at the beginning of the year | 961,714 | 13,342,089 |
| Cash and cash equivalents at the end of the year | 1,169,671 | 961,714 |
| Components of cash and cash equivalents | | |
| Cash | - | 17,476 |
| Bank | 1,169,671 | 944,238 |

The accompanying notes are an integral part of the financial statements.

For and behalf of the Board of Directors

As per Our Attached report of even date

Prem Bahadur Shrestha
Chairman

Dhurba Kumar Shrestha
Director

For N.A.R.S. Associates CA.
Navaraj Lamichhane
Chartered Accountants

Udeep Shrestha
Director

Tikaram Niroula
Director

Omkar Shrestha
Account Officer

Date: Magh 27, 2076

Place: Kathmandu, Nepal

STATEMENT OF OTHER COMPREHENSIVE INCOME

for the year ended Ashad 31, 2077 (July 15, 2020)

(Amounts in NRs)

| Particulars | Note | Year ended Ashad 31, 2077 (July 15, 2020) | Year ended Ashad 31, 2076 (July 16, 2019) |
|--|------|--|--|
| Profit/(loss) for the period | | (55,042,138) | (54,715,660) |
| Other comprehensive income (OCI) | | | |
| Fair Value Gain/Loss on investment through other comprehensive income | | - | - |
| Fair Value Gain/Loss on Actuarial Valuation | | - | - |
| Other items that will not be reclassified to statement of profit or loss | | - | - |
| Other comprehensive income (OCI) for the period, net of tax | | - | - |
| Total comprehensive income for the period, net of tax | | (55,042,138) | (54,715,660) |

The accompanying notes are an integral part of the financial statements.

For and behalf of the Board of Directors

As per our attached report of even date

Prem Bahadur Shrestha
Chairman

Dhurba Kumar Shrestha
Director

For N.A.R.S. Associates CA.
Navaraj Lamichhane
Chartered Accountants

Udeep Shrestha
Director

Tikaram Niroula
Director

Omkar Shrestha
Account Officer

Date: Magh 27, 2076

Place: Kathmandu, Nepal

STATEMENT OF CHANGES IN EQUITY

for the year ended Ashad 31, 2077 (July 15, 2020)

(Amounts in NRs)

| Particulars | Equity Share Capital | Retained earnings | Total Other Comprehensive Income (OCI) | Impairment at Transition Date | Total other Equity | Total equity |
|---|----------------------|-------------------|--|-------------------------------|--------------------|--------------|
| Balance as at Shrawan 1, 2075 (July 16, 2018) | 995,500,000 | (82,619,305) | - | (42,413) | (82,661,718) | 912,838,282 |
| NFRS Adjustment(Share issue Expenses) | - | - | - | - | - | - |
| Restated Balance as at Shrawan 1, 2074 (July 16, 2017) | 995,500,000 | (82,619,305) | - | (42,413) | (82,661,718) | 912,838,282 |
| Profit for the year (75-76) | - | (54,715,660) | - | - | (54,715,660) | (54,715,660) |
| Depreciation on Revalued Assets | - | - | - | - | - | - |
| Interim Dividend paid during the year | - | - | - | - | - | - |
| Changes in Reserve | - | - | - | - | - | - |
| Issue of Share Capital | 104,500,000 | - | - | - | - | 104,500,000 |
| Share Issue Expenses | - | (3,941,099) | - | - | (3,941,099) | (3,941,099) |
| Prior Period Adjustment | - | (3,279,741) | - | - | (3,279,741) | (3,279,741) |
| Previous Year Adjusted Income | - | 393,074 | - | - | 393,074 | 393,074 |
| Balance as at Ashad 31, 2075 (July 17, 2018) | 1,100,000,000 | (144,162,731) | - | (42,413) | (144,205,144) | 955,794,856 |
| Profit for the year (76-77) | - | (55,042,138) | - | - | (55,042,138) | (55,042,138) |
| Depreciation on Revalued Assets | - | - | - | - | - | - |
| Dividend paid during the year | - | - | - | - | - | - |
| Issue of Share Capital | - | - | - | - | - | - |
| Share Issue Expenses | - | - | - | - | - | - |
| Balance as at Ashad 31, 2076 (July 16, 2019) | 1,100,000,000 | (199,204,869) | - | (42,413) | (199,247,282) | 900,752,718 |

Summary of significant accounting policies and The accompanying notes are an integral part of the financial statements.

For and behalf of the Board of Directors

As per our attached report of even date

Prem Bahadur Shrestha
Chairman

Dhurba Kumar Shrestha
Director

For N.A.R.S. Associates CA.
Navaraj Lamichhane
Chartered Accountants

Udeep Shrestha
Director

Omkar Shrestha
Account Officer

Date: Magh 27, 2076
Place: Kathmandu, Nepal

PROPERTY, PLANT & EQUIPMENT

(Amounts in NRs)
Schedule-1

| Description | Office Equipment | Furniture and Fixtures | Computer and Accessories | Vehicles | Intangible Assets | UMHEP Fixed Assets | UMHEP Construction Equipment and Tools | UMCHEP Fixed Assets | Total |
|--|---------------------|------------------------|--------------------------|----------------------|-------------------|-------------------------|--|-------------------------|-------------------------|
| Original Cost (at NRs.) | | | | | | | | | |
| As at 01/04/2076 | 1,765,629.39 | 1,301,849.00 | 1,795,352.73 | 10,417,568.72 | - | 2,271,782,498.00 | 1,165,419.70 | 1,200,824,250.77 | 3,489,052,568.31 |
| Additions | 8,500.00 | 6,000.00 | 43,500.00 | - | 100,000.00 | - | - | - | 158,000.00 |
| Adjustment (disposal and sale) | - | - | - | - | - | - | - | - | - |
| As at 31/03/2077 | 1,774,129.39 | 1,307,849.00 | 1,838,852.73 | 10,417,568.72 | 100,000.00 | 2,271,782,498.00 | 1,165,419.70 | 1,200,824,250.77 | 3,489,210,568.31 |
| Depreciation (at NRs.) | | | | | | | | | |
| As at 01/04/2076 | 1,338,201.24 | 896,018.94 | 1,504,614.34 | 7,715,395.46 | - | 229,198,436.02 | 1,066,898.18 | 80,054,950.76 | 321,774,514.94 |
| Charge for the year | 213,151.58 | 136,476.69 | 105,012.80 | 540,434.65 | 20,000.00 | 75,511,425.58 | 98,521.52 | 40,027,475.01 | 116,652,497.83 |
| Impairment Charge | - | - | - | - | - | - | - | - | - |
| Attributable to sale/disposable | - | - | - | - | - | - | - | - | - |
| As at 31/03/2077 | 1,551,352.82 | 1,032,495.63 | 1,609,627.13 | 8,255,830.11 | 20,000.00 | 304,709,861.60 | 1,165,419.70 | 120,082,425.78 | 438,427,012.77 |
| Written Down Value as on 31/03/2077 | 222,776.57 | 275,353.37 | 229,225.60 | 2,161,738.61 | 80,000.00 | 1,967,072,636.40 | - | 1,080,741,824.99 | 3,050,783,555.54 |
| Written Down Value as on 31/03/2076 | 427,428.15 | 405,830.06 | 290,738.39 | 2,702,173.26 | - | 2,042,584,061.98 | 98,521.52 | 1,120,769,300.01 | 3,167,278,053.37 |

Prem Bahadur Shrestha
Chairman

Dhurba Kumar Shrestha
Director

For N.A.R.S. Associates CA.
Navaraj Lamichhane
Chartered Accountants

Udeep Shrestha
Director

Tikaram Niroula
Director

Omkar Shrestha
Account Officer

Date: Magh 27, 2076
Place: Kathmandu, Nepal

SCHEDULES FORMING PART OF THE FINANCIAL STATEMENTS

for the year ended Ashad 31, 2077 (July 15, 2020)

Revenue

(Amounts in NRs)
Schedule - 15

| Particulars | Year ended Ashad 31, 2077(July 15, 2020) | Year ended Ashad 31, 2076 (July 16, 2019) |
|---------------------------------|--|---|
| Electricity Sale to NEA -UMHEP | 225,993,053 | 200,046,878 |
| Electricity Sale to NEA -UMCHEP | 143,725,307 | 121,783,180 |
| | 369,718,360 | 321,830,059 |

Operating Expenses

(Amounts in NRs)
Schedule - 16

| Particulars | Year ended Ashad 31, 2077(July 15, 2020) | Year ended Ashad 31, 2076 (July 16, 2019) |
|--|--|---|
| Power Plant Expenses-UMHEP | | |
| Electricity Purchased From NEA | 139,647 | 185,519 |
| Royalties | 5,598,110 | 5,200,938 |
| Fine and Penalties | 6,087,566 | 1,835,841 |
| Power Plant Operation and Maintenance | 2,116,399 | 1,146,420 |
| Transmission Line and Substation Repair & Maintenance | 2,250 | 25,000 |
| Power Plant Expenses-UMCHEP | | |
| Electricity Purchased From NEA | 59,759 | 40,141 |
| Royalties | 3,434,695 | 3,045,664 |
| Fine and Penalties | 2,490,573 | 1,095,672 |
| Power Plant Operation and Maintenance | 1,562,400 | 630,465 |
| Transmission Line and Substation Repair & Maintenance | 5,920 | - |
| | 21,497,317 | 13,205,660 |

Employee Benefit Expenses

(Amounts in NRs)
Schedule - 17

| Particulars | Year ended Ashad 31, 2077(July 15, 2020) | Year ended Ashad 31, 2076 (July 16, 2019) |
|-------------------------------|--|---|
| Salary | 2,132,123 | 6,097,441 |
| Allowance | 798,297 | - |
| Provident Fund | 121,670 | - |
| Paid in Lue of Leave | 971,599 | 1,091,067 |
| Daily Wages | 401,037 | 45,540 |
| Overtime | 441,443 | 104,697 |
| Fringe Benefit | - | 543,261 |
| Gratuity | 101,352 | 2,405,866 |
| Insurance | 92,486 | 133,394 |
| Staff Welfare | 12,180 | 7,380 |
| Social Security Fund Expenses | 234,262 | - |
| Dashain Allowance | 1,048,143 | 1,455,819 |

| Particulars | Year ended Ashad 31, 2077(July 15, 2020) | Year ended Ashad 31, 2076 (July 16, 2019) |
|--|--|---|
| UMHEP Staff Salary and allowances | 7,320,248 | 8,162,771 |
| UMHEP Staff Social Security Fund Expenses | 1,013,604 | |
| UMCHEP Staff salary and allowances | 4,709,079 | 5,371,768 |
| UMCHEP Staff Social Security Fund Expenses | 662,820 | |
| | 20,060,343 | 25,419,003 |
| Bonus | - | - |
| | 20,060,343 | 25,419,003 |

Administrative Expenses

Amount In NRS
Schedule - 18

| Particulars | Year ended Ashad 31, 2077(July 15, 2020) | Year ended Ashad 31, 2076 (July 16, 2019) |
|--|--|---|
| UMHEP Administrative Expenses | | |
| Office Overhead | 1,016,850 | 1,340,827 |
| Vehicle Operation & Maintinace | 111,036 | 123,723 |
| Insurance | 4,956,351 | 5,661,564 |
| Power Plant Repair & Maintinace | 774,972 | 579,657 |
| Enviromental, Community & Mitigation | 135,873 | 196,585 |
| Bank Comission & Charges | 1,683,305 | 3,917,440 |
| Other Miscellenious Expenses | 38,915 | - |
| Penal Charges | 429,443 | 448,659 |
| UMCHEP Administrative Expenses | | |
| Office Overhead | 597,079 | 847,831 |
| Vehicle Operation & Maintinace | 98,918 | 139,212 |
| Insurance | 1,963,712 | 2,447,670 |
| Power Plant Repair & Maintinace | 59,675 | 457,200 |
| Enviromental, Community & Mitigation | 97,671 | 145,841 |
| Bank Comission & Charges | 919,573 | 2,001,898 |
| Other Miscellenious Expenses | 11,000 | - |
| Penal Charges | 74,491 | 161,309 |
| Other Administrative Expenses | | |
| Rent | 1,080,000 | 1,268,892 |
| Electricity and Water | 2,640 | - |
| House Keeping | 480,000 | 480,000 |
| Office Supplies,Equipment & Tools | 20,570 | 9,230 |
| Repair & Maintenance | 27,400 | 63,966 |
| Computer Printer & Photocopy Exp | - | 29,100 |
| Stationery, Printing, copy & Binding Exp | 49,769 | 115,450 |
| Communication Related Exp | 145,934 | 74,570 |
| Postage & Charges | - | 2,685 |
| Advertismant, Publicity & Notice Exp | 37,019 | 21,967 |

| Particulars | Year ended Ashad 31, 2077(July 15, 2020) | Year ended Ashad 31, 2076 (July 16, 2019) |
|--|--|---|
| Books Newspaper & Magazine | - | 37,765 |
| Gift & Donation | 140,346 | - |
| Membership & Renewal Fee & Exp | 571,900 | 30,000 |
| TADA & Travelling Exp | 64,445 | 110,350 |
| Transportation (Local Conveyance) & taxes | 43,075 | 22,810 |
| Staff Refreshment Exp | - | 4,754 |
| Guest Entertainment Exp | 96,894 | 23,933 |
| Insurance Exp | - | 39,853 |
| Consulatncy Fee & Others | 1,144,029 | 708,730 |
| Bank Charges Mgt Fee & Other Charges | 34,783 | 36,756 |
| Fines and Penalties | 152,444 | - |
| Vehicle- Fuel & Lubricant | 77,368 | 112,101 |
| Vehicle-Repair & Maintenance | 15,481 | - |
| Vehicle-Insurance Exp | 26,865 | - |
| Vehicle-Rates Taxes & Other Exp | - | 41,400 |
| Other Expenses | 200,000 | - |
| Audit Fee & Exp | 141,250 | 141,250 |
| Board Meeting fee & exp | 107,500 | 134,000 |
| Rates, Taxes, Legal Fee & Exp | - | 277,341 |
| Miscellaneous fee & Exp | 13,038 | 4,155 |
| | 17,641,614 | 22,260,473 |

Other Income*Amount In NRS
Schedule - 19*

| Particulars | Year ended Ashad 31, 2077(July 15, 2020) | Year ended Ashad 31, 2076 (July 16, 2019) |
|--------------------------------------|--|---|
| Rental Income from Transmission Line | 1,508,854 | 3,751,870 |
| Interest Income | - | - |
| Profit/loss on sale of fixed asset | - | - |
| | 1,508,854 | 3,751,870 |

Depreciation and Amortization Expenses*Schedule - 20*

| Particulars | Year ended Ashad 31, 2077(July 15, 2020) | Year ended Ashad 31, 2076 (July 16, 2019) |
|----------------------------------|--|---|
| Depreciation on PPE | 116,652,498 | 116,715,842 |
| Amortization on Intangible Asset | - | - |
| | 116,652,498 | 116,715,842 |

Financial Expenses*Schedule - 21*

| Particulars | Year ended Ashad 31, 2077(July 15, 2020) | Year ended Ashad 31, 2076 (July 16, 2019) |
|---|--|---|
| Interest on Long Term Loan-UMHEP | 115,239,074 | 126,830,736 |
| Interest on Working Capital Loan-UMHEP | 2,226,677 | 3,076,876 |
| Interest on Long Term Loan-UMCHEP | 61,545,503 | 67,434,424 |
| Interest on Working Capital Loan-UMCHEP | - | - |
| Interest on Short term loan | 40,290,574 | 26,425,733 |
| | 219,301,828 | 223,767,769 |

Tax Expenses*Schedule - 22*

| Particulars | Year ended Ashad 31, 2077(July 15, 2020) | Year ended Ashad 31, 2076 (July 16, 2019) |
|-----------------------|--|---|
| Current Tax Expenses | 515,901 | 941,794 |
| Deferred Tax Expenses | 30,599,851 | (18,637,842) |
| | 31,115,752 | (17,696,048) |

COMPUTATION OF TAXABLE INCOME

for the Financial year 2076.77- Sale of Electricity

| Particulars | Amount | Reasons |
|------------------------------------|------------------------|--|
| Profit and loss as per books | (56,035,090.78) | |
| Add: Disallowable Expenses | | |
| Fines and Penalties of TDS | 152,443.63 | Fines and Penalties disallowed as per sec.21 1 (b) |
| Social Security Fund Expenses | 1,910,686.00 | Due to non deposit of expenses within time limit |
| Donation Expenses | 140,346.00 | Disallowed as per section 12 |
| Total Disallowable expenses | 2,203,475.63 | |
| Taxable Income | (53,831,615.15) | |

COMPUTATION OF TAXABLE INCOME

for the Financial year 2076.77- Rental Income

| Particulars | Amount | Reasons |
|------------------------------|---------------------|---------|
| Profit and loss as per books | 1,508,854.00 | |
| Add: Disallowable Expenses | | |
| Total Disallowable expenses | - | |
| Taxable Income | 1,508,854.00 | |

COMPUTATION OF TAX LIABILITIES

F.Y. 076-077

Income Tax:

| Sec.3: | Taxable Income | Rate of Tax | Amount |
|------------------|----------------|--------------------------------|------------------|
| | 1,508,854.00 | 25% | 377,214.00 |
| Total (A) | | | 377,214.00 |
| Sec.117 (a) | | Estimated Return Filed in time | 5,000.00 |
| Sec.117 (b) | | | 92,806.80 |
| Total (B) | | | 97,806.80 |

Sec.118: Interest on Installment

| Tax Instalment | Minimum Inst. Dep. | Instal. Dep. | Deposit Date | Receipt No. | Balance | Interest | Period | Amount |
|------------------|--------------------|--------------|--------------|-------------|------------|----------|--------|------------------|
| 150,885.60 | 135,797.04 | - | | | 135,797.04 | 15% | 3/12 | 5,092.00 |
| 264,049.80 | 237,644.82 | - | | | 237,644.82 | 15% | 3/12 | 8,912.00 |
| 377,214.00 | 339,492.60 | - | | | 339,492.60 | 15% | 3/12 | 12,731.00 |
| | | | | | | | | 26,735.00 |
| Total (C) | | | | | | | | 26,735.00 |

Sec. 119:

| Interest on tax not deposited with in time | Tax | Advance Tax | Balance | Interest Rate | Period | Amount |
|--|------------|-------------|------------|---------------|--------|------------|
| | 377,214.00 | 0.00 | 377,214.00 | 15% | 3/12 | 14,145.53 |
| Total (D) | | | | | | 14,145.53 |
| Total (A+B+C+D) | | | | | | 515,901.33 |
| Total Income Tax Round Off (a) | | | | | | 515,901.00 |
| Advance Tax Deposit (b) | | | | | | - |
| To be Deposited (a-b) | | | | | | 515,901.00 |

SCHEDULES FORMING PART OF THE FINANCIAL STATEMENTS

as at Ashad 31, 2077 (July 15, 2020)

Inventory

Amount In NRS
Schedule-2

| Particulars | As on Ashad 31, 2077 (July 15, 2020) | As on Ashad 31, 2076 (July 16, 2019) |
|---------------------------------------|--------------------------------------|--------------------------------------|
| Inventory(As Certified by Management) | 12,415,835 | 14,305,406 |
| | 12,415,835 | 14,305,406 |

Trade and Other Receivable

Schedule-3

| Particulars | As on Ashad 31, 2077 (July 15, 2020) | As on Ashad 31, 2076 (July 16, 2019) |
|-----------------------------------|--------------------------------------|--------------------------------------|
| Nepal Electricity Authority (NEA) | 70,562,516 | 39,837,923 |
| | 70,562,516 | 39,837,923 |

Cash & Cash Equivalent

Schedule-4

| Particulars | As on Ashad 31, 2077 (July 15, 2020) | As on Ashad 31, 2076 (July 16, 2019) |
|---|--------------------------------------|--------------------------------------|
| Cash in Hand (As Certified by the Management) | - | 17,476 |
| Balances with Banks: | | |
| a. In Commercial Banks | 1,169,671 | 944,238 |
| b. In Development Banks | - | - |
| | 1,169,671 | 961,714 |

Advance & Deposits

Schedule-5

| Particulars | As on Ashad 31, 2077 (July 15, 2020) | As on Ashad 31, 2076 (July 16, 2019) |
|---|--------------------------------------|--------------------------------------|
| Advance to Staffs (Office Purpose) | - | 5,607 |
| Advance to Consultant & Contractors | 120,421 | 273,901 |
| Advance to Land Owner for Land Purchase | 2,388,444 | 2,388,444 |
| MVHPL-Advance to Sundry Creditors | 50,000 | 250,000 |
| Advance to Material Supplier | 224,624 | 224,624 |
| MVHPL-Prepaid Exp | 1,435,484 | 1,714,850 |
| Other Advances | 228,266 | 4,763 |
| Deposits & Margins | 2,118,586 | 2,118,586 |
| | 6,565,825 | 6,980,774 |

Current Tax Assets /(Liabilities)

Schedule-6

| Particulars | As on Ashad 31, 2077 (July 15, 2020) | As on Ashad 31, 2076 (July 16, 2019) |
|-------------------|--------------------------------------|--------------------------------------|
| Advance tax | - | 97,006 |
| Provision for tax | 515,901 | 1,072,818 |
| | (515,901) | (975,812) |

Equity share capital*Schedule-7*

| Particulars | As on Ashad 31, 2077 (July 15, 2020) | As on Ashad 31, 2076 (July 16, 2019) |
|---|--------------------------------------|--------------------------------------|
| Authorised Share Capital 19,500,000 Equity Share of Rs.100.00 each | 1,950,000,000 | 1,950,000,000 |
| Issued Share Capital 11,000,000 Equity Share of Rs.100.00 each | 1,100,000,000 | 1,100,000,000 |
| Subscribed and Called Up Share Capital 11,000,000 Equity Share of Rs.100.00 each | 1,100,000,000 | 1,100,000,000 |
| Paid Up Share Capital 11,000,000 Equity Share of Rs.100.00 each | 1,100,000,000 | 1,100,000,000 |
| | 1,100,000,000 | 1,100,000,000 |

Reserves and Surplus*Schedule-8*

| Particulars | As on Ashad 31, 2077 (July 15, 2020) | As on Ashad 31, 2076 (July 16, 2019) |
|----------------------|--------------------------------------|--------------------------------------|
| Retained earning | (199,204,869) | (144,162,731) |
| Other Equity | (42,413) | (42,413) |
| Deferred Tax Reserve | - | - |
| | (199,247,282) | (144,205,144) |

Medium & Long Term Loans*Schedule-9*

| Particulars | As on Ashad 31, 2077 (July 15, 2020) | As on Ashad 31, 2076 (July 16, 2019) |
|--|--------------------------------------|--------------------------------------|
| A. Secured Medium and Long Term Loan (Secured against mortgaged of immovable properties and charge / hypothecation of the entire current and future fixed assets and current assets) | | |
| MVHPL-Consortium Term Loan - UMHEP | 1,102,728,461 | 1,199,178,649 |
| MVHPL-Consortium Term Loan - UM C HEP | 602,409,689 | 628,164,546 |
| Total Secured Loans | 1,705,138,150 | 1,827,343,195 |
| B. Unsecured Loan | | |
| Total Unsecured Loans | - | - |
| Grand Total | 1,705,138,150 | 1,827,343,195 |

Retirement Benefit Obligation*Schedule-10*

| Particulars | " As on Ashad 31, 2077 (July 15, 2020) " | " As on Ashad 31, 2076 (July 16, 2019) " |
|------------------------|--|--|
| Gratuity Payable | 13,027 | 1,365,090 |
| Provident Fund Payable | 10,645 | 1,001,297 |
| | 23,672 | 2,366,387 |

Current Liabilities & Provisions*Amount In NRS
Schedule-12*

| Particulars | As on Ashad 31, 2077 (July 15, 2020) | As on Ashad 31, 2076 (July 16, 2019) |
|---|--------------------------------------|--------------------------------------|
| A. Trade and Other Payable | | |
| Financial Liabilities | | |
| MVHPL-Sundry Creditors | 9,703,234 | 3,483,583 |
| Audit Fee Payable | 139,375 | 139,375 |
| Liabilities to Employee | 5,264 | 5,264 |
| Other Miscellaneous Payables | 493,024 | 265,541 |
| Municipality Rent Tax Payable | - | 18,890 |
| Payable to Staff | 125,529 | - |
| Citizen Investement Trust Payable (CIT) | 368,917 | 466,002 |
| Interest Payable | 19,723,344 | 33,382,620 |
| Rent & Other Payable | 2,760,000 | 1,380,000 |
| Interest Payable to Shareholder | 26,079,583 | 21,035,230 |
| Retention Money Payable | 301,435 | 470,015 |
| Social Security Fund Payable | 2,914,019 | - |
| Wages Payable | 303,178 | - |
| Salary Payable | 1,207,973 | 1,173,390 |
| Consulting Fees Payable | 32,381 | 109,756 |
| Agency Fees Payable | 2,602,878 | 2,793,444 |
| | 66,760,133 | 64,723,111 |
| Other Non Financial Liabilities | | |
| TDS Payable | 5,453,720 | 5,560,421 |
| | 72,213,853 | 70,283,532 |

Short Term Loans*Schedule-13*

| Particulars | As on Ashad 31, 2077 (July 15, 2020) | As on Ashad 31, 2076 (July 16, 2019) |
|--|--------------------------------------|--------------------------------------|
| Financial Liabilities | | |
| Nabil Bank Ltd. Current 010101 7500 819 -OD | 10,162,024 | 15,000,000 |
| Nabil Bank Ltd. (UMHEP-C)- 970101017500065-OD | - | - |
| Working Capital Loan | 19,952,880 | 19,952,880 |
| | 30,114,904 | 34,952,880 |
| Non Financial Liabilities | | |
| Loan from shareholder | 346,000,000 | 280,000,000 |
| | 376,114,904 | 314,952,880 |

Provisions*Schedule-14*

| Particulars | As on Ashad 31, 2077 (July 15, 2020) | As on Ashad 31, 2076 (July 16, 2019) |
|------------------------|--------------------------------------|--------------------------------------|
| Provision for Bonus | - | - |
| Provision for Expenses | - | - |

SCHEDULES FORMING PART OF FINANCIAL STATEMENTS

as at 31 Ashad, 2077 (15th July, 2020)

Deferred Tax Asset/ (Liabilities)

Amount In NRS

2076-77

Schedule - 18

| Description | Carrying Amount | Tax Base | Temporary Difference |
|---|----------------------|----------------------|----------------------|
| Propert, Plant & Equipment and Intangibles | 3,050,783,556 | 2,566,638,085 | 484,145,470 |
| Lease Liability | - | - | - |
| Gratuity Provisions | 13,027 | - | 13,027 |
| Others | | | |
| Total | 3,050,796,583 | 2,566,638,085 | 484,132,443 |
| Tax Rate @ 12.5% | | | 60,516,555 |
| Reversal During the Period | | | (779) |
| Deferred Tax Liability/(Asset) 31-03-2077 | | | 60,517,335 |
| Deferred Tax Expenses/(Income) 2076-77 | | | 30,599,851 |
| Deferred Tax Liability/(Asset) 31-03-2076 | | | 29,917,484 |
| Deferred Tax Expenses/(Income) 2076-77 P&L | | | 30,599,851 |
| Deferred Tax Expenses/(Income) 2076-77 OCI | | | - |

075-76

| Description | Carrying Amount | Tax Base | Temporary Difference |
|--|----------------------|----------------------|----------------------|
| Propert, Plant & Equipment and Intangibles | 3,167,278,053 | 2,811,796,558 | 355,481,495 |
| Lease Liability | - | - | - |
| Gratuity Provisions | 1,365,090 | - | 1,365,090 |
| Others | | | |
| Total | 3,168,643,143 | 2,811,796,558 | 354,116,405 |
| Tax Rate @ 12.5% | | | 44,264,551 |
| Reversal During the Period | | | 14,347,067 |
| Deferred Tax Liability/(Asset) 31-03-2076 | | | 29,917,484 |
| Deferred Tax Expenses/(Income) 2075-76 | | | (18,637,842) |
| Deferred Tax Liability/(Asset) 31-03-2075 | | | 48,555,326 |
| Deferred Tax Expenses/(Income) 2075-76 P&L | | | (18,637,842) |
| Deferred Tax Expenses/(Income) 2075-76 OCI | | | - |

| Particulars | Year ended Ashad 31, 2077(July 15, 2020) | Year ended Ashad 31, 2076 (July 16, 2019) |
|----------------------------|--|---|
| Deferred Tax Asset | - | - |
| Deferred Tax (Liabilities) | 60,517,405 | (29,917,484) |
| | 60,517,405 | (29,917,484) |

1. Corporate Information

1.1 About Company

Panchakanaya Mai Hydropower Ltd. is a public limited company incorporated in Nepal through registration with the Office of The Company Registrar on Chaitra 2072 B.S with the majority shareholding by group with an aim to develop hydropower projects using appropriate training, technology transfer and human resources. The company has successfully commissioned Upper Mai Hydropower project (12 MW) in Mabu and Upper Mai Cascade Hydropower Project (6.1 MW) in Sulbung of Sandakpur Gaunpalika in Illam district within the stipulated time with its own 132 KV transmission line of approximately

18.5 km to evacuate the generated power at Godak substation of Nepal Electricity Authority.

1.2 Financial Statement

The Financial Statement of PMHPL comprises Statement of Financial Position, Statement of Profit or Loss, Statement of Other Comprehensive Income, Statement of Changes in Equity, Statement of Cash Flows, Notes to the Financial Statements and Significant Accounting Policies.

The primary financial statements of PMHPL for the year ended 31 Ashad 2077 have been drawn up consistent with the requirements of NAS 01 and the following key presentation decisions have been made:

A. Statement of Financial Position

The statement of financial position is presented in order of permanency, with a distinction based on expectations regarding recovery or settlement within 12 months after the reporting date (no more than 12 months) and more than 12 months after the reporting date (more than 12 months), presented in the notes.

B. Statement of Profit or Loss and Statement of Other Comprehensive Income

The Company has elected to present comprehensive income in two separate statements, being the statement of profit or loss and the statement of Other Comprehensive Income. Information about the individual components of other comprehensive income (OCI) as well as the tax effects have been disclosed in the notes to the financial statements

C. Statement of Changes in Equity

The Company presents its statement of changes in equity as part of its primary financial statements showing the following items: (a) net profit/loss for the period; (b) the amounts of transactions with owners in their capacity as owners, showing separately contributions by and distributions to owners; and (c) for each component of equity a reconciliation between the carrying amount at the beginning and the end of the period, separately disclosing each change

D. Statement of Cash Flows

The Company represents its operating cash flows based on the indirect method. For cash flow purposes, the Company classifies the cash flows for the acquisition and disposal of non current assets as investing cash flows.

RESPONSIBILITY FOR FINANCIAL STATEMENTS

The management is responsible for the preparation and presentation of Financial Statements of PMHPL as per the provisions of the Companies Act, 2063.

2. Basis of preparation

a) Basis of Preparation

The financial information has been prepared under the historical cost convention, as modified by the revaluation of assets at fair value wherever the standard requires or the company adopts the option given in the standards for such revaluation.

b) Compliance with NFRS

The Financial Statement of PMHPL which comprises components of Financial Statement mentioned above have been prepared in accordance with Nepal Financial Reporting Standards comprising of Nepal Financial Reporting Standards and Nepal Accounting Standards (hereafter referred as NFRS), laid down by the Institute of Chartered Accountants of Nepal and in compliance with the requirements of the Companies Act ,2063.

c) Reporting Period and Approval of Financial Statement

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

| Relevant Financial Statement | Nepalese Calendar | English Calendar Date/Period |
|------------------------------|--------------------------------|------------------------------|
| Comparative reporting period | 1 Shrawan 2075 – 31 Ashad 2076 | 17 July 2018 - 16 July 2019 |
| NFRS SFP Date | 31 Ashad 2077 | 15 July 2020 |
| NFRS reporting period | 1 Shrawan 2076 – 31 Ashad 2077 | 17 July 2019 - 15 July 2020 |

The accompanied Financial Statements have been authorized by the Board of Directors vide its meeting held at 2077/09/27

d) Functional and Presentation Currency

The Financial Statements of PMHPL are presented in Nepalese Rupees (Rs), which is the currency of the primary economic environment in which the Insurance operates. There was no change in PMHPL's presentation and functional currency during the year under review.

Since NFRS 9 consists of mixed sets of standards from NAS 39 and IFRS 9, this standard has been brought to the attention on issuing body and Institute of Chartered Accountants of Nepal. This is under review and will be effective after this has been resolved.

e) Presentation of Financial Statement

The assets and liabilities excepting non-financial asset and liabilities of PMHPL presented in the Statement of Financial Position are presented in the increasing order of liquidity i.e. less liquid to more liquid.

h) Materiality

The Institution for the preparation of financial statements determines materiality based on the nature or magnitude, or both. Materiality is a pervasive constraint in financial reporting because it is pertinent to all of the qualitative characteristics.

f) Materiality and Aggregation

In compliance with Nepal Accounting Standard - NAS 01 (Presentation of Financial Statements), each material class of similar items has been presented separately in the Financial Statements. Items of dissimilar nature or functions too are presented separately unless they are immaterial. Financial Assets and Financial Liabilities are offset and the net amount reported in the Statement of Financial Position only when there is a legally enforceable right to offset the recognized amounts and there is an intention to settle on a net basis, or to realize the assets and settle the liability simultaneously. Income and expenses are not offset in the Statement of Profit or Loss unless required or permitted by an Accounting Standard.

i) Discounting

When the realization of assets and settlement of obligation is for more than one year, the company considers the discounting of such assets and liabilities where the impact is

material, various internal and external factors have been considered for determining the discount rate to be applied to the cash flows of company.

g) New Standard issued but not yet effective

The standards and interpretation that are issued, but not yet effective, up to the date of issuance of the institution's financial statement are discussed below. The institution intends to adopt these standards, if applicable when they become effective.

j) Current and Non-Current Distinction

Assets and Liabilities wherever applicable are bifurcated in current and non-current based on their respective maturity such information has been disclosed in respective notes as applicable

NFRS 9 – FINANCIAL INSTRUMENT

NFRS 9, as issued reflects the first phase of work on replacement of NAS 39 and applies to classification and measurement of financial assets and liabilities.

k) Accounting policies, critical accounting estimates and Judgments

Accounting Policies NFRS requires the company adopt accounting policies that are most appropriate to the company's circumstances- In determining and applying accounting policies, management is required to make judgments in respect to items where the choice of specific policy, accounting estimate or assumption to be followed could materially affect the company's reported financial position, results or cash flows. These accounting policies are consistently applied by the company.

Specific accounting policies have been included in the specific section of the notes for each items of financial statements which requires disclosures of accounting policies or changes in accounting policies. Effect and nature of the changes, if any, have been disclosed.

l) Going Concern

The financial statements are prepared on a going concern basis, as the management of the institution is satisfied that the institution has the resources to continue in business for the foreseeable future. In making this assessment, the Management have considered a wide range of information relating to present and future conditions, including future projections of profitability, cash flows and capital resources.

m) Accounting Estimates and Judgment

The preparation of the financial statements in accordance with NFRS requires the management to make judgments, estimates and assumptions in applying the accounting policies that affect the reported amounts of assets, liabilities, income and expenses, including contingencies and commitments. Due to the inherent uncertainty in making estimates, actual results reported in future periods may differ from those estimates. The estimates and the underlying assumptions are reviewed on ongoing basis based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances revision to accounting estimates are recognized in the period in which the estimates is revised, if the revision affects only that period; they are recognized in the period of revision and the future periods if the revision affects both current and future periods

The significant judgments made by management in applying the company's accounting policies and the key sources of estimation uncertainty in these financial statements, which together are deemed critical to the company's results and financial position, are given in the respective sections of the notes wherever they have been applied

- Impairment of loans and advances
- Valuation of financial instruments
- Provisions
- Estimation of useful life of property and equipment and intangible asset

3. Significant accounting policies and Notes to Accounts

3.1. Property, Plant and Equipment

RECOGNITION OF PROPERTY, PLANT AND EQUIPMENT

Property and equipment, including owner-occupied property, is stated at cost, excluding the costs of day-to-day servicing, less accumulated depreciation and accumulated impairment losses. Replacement or major inspection costs are capitalized when incurred, if it is probable that future economic benefits associated with the item will flow to the entity and the cost of the item can be measured reliably.

Depreciation is provided on a straight line basis over the estimated useful lives of the following classes of assets:

PPE-OTHER

| Asset Class | Estimated Useful Life |
|------------------------|--|
| Furniture & Fix | Up to 5 Years |
| Computer & Accessories | Up to Years |
| Office equipment | Up to 4 Years |
| Motor Vehicle | Up to 7 Years |
| Leasehold | Up to 1 Years (not exceeding lease term) |

PPE-UMHEP

| Asset Class | Estimated Useful Life |
|----------------------------------|--|
| Construction Equipment and Tools | Up to 3 Years |
| Other Plant Asset | Up to 29.05 Years (not exceeding lease term) |

PPE-UMHCEP

| Asset Class | Estimated Useful Life |
|----------------------------------|---|
| Construction Equipment and Tools | Up to 1 Years |
| Other Plant Asset | Up to 30 Years (not exceeding lease term) |

Depreciation of these assets commence when the assets are available for use, which is generally on commissioning and not when it is put to use. Items of Property, Plant and Equipment are depreciated in a manner that amortizes the cost (or other amount

substituted for cost) of the assets after commissioning, less its residual value, over their useful lives on a Straight-Line basis and recognized as an expense in the statement of profit or loss.

The assets' residual values, and useful lives and method of depreciation are reviewed and adjusted, if appropriate, at each financial year end and adjusted prospectively.

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

A. Impairment of property, plant and equipment

The company applies NAS 36 Impairment of Assets to determine whether its asset have impaired. For the purpose of determination of Impairment Loss, the company treats each reportable segment as a separate Cash Generating Unit.

Any indication giving rise to circumstances that require a detailed impairment test has not occurred during the period and consequently no impairment loss has been charged on the company's property plant and equipment as on 31st Ashad 2077.

The Company assesses at each reporting date whether there is an indication that an asset may be impaired. If any indication exists, or when annual impairment testing for an asset is required, the Company estimates the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's or cash-generating units (CGU) fair value less costs to sell and its value in use. Where the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining fair value less costs to sell, an appropriate valuation model is used.

An assessment is made at each reporting date as to whether there is any indication that previously recognized impairment losses may no longer exist or may have decreased.

3.2. Intangible Assets (NAS-38)

Basis of recognition

Company's intangible asset comprises of accounting, policy servicing, human resource and

administration related software which have been separately acquired and therefore measured on initial recognition at cost less any accumulated amortization.

Subsequent Expenditure

Subsequent to initial recognition, the intangible asset is carried at cost less accumulated amortization and accumulated impairment losses.

Subsequent expenditure on intangibles are capitalized only when it increases the future economic benefits embodied in the specific asset to which it relates. All other expenditure is charged to the statement of profit or loss when incurred.

Amortization

Software (Intangibles) has been classified as having definite useful life and are amortized over estimated useful life of concerned software. Estimation of the useful life is reviewed at each financial year end and changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset are considered to modify the amortization period or method, as appropriate, and are treated as changes in accounting estimates

Amortization expense on intangible assets with finite lives is recognized in the statement of profit or loss in the expense category consistent with the function of the intangible asset.

Amortization is calculated using the straight-line method to write down the cost of intangible assets to their residual values over their estimated useful lives. Estimated useful life of the software currently owned by the company has been determined at 5 years.

De-recognition

An intangible asset is de-recognized on disposal or when no future economic benefits are expected from it. The gain or loss arising from de-recognition of such intangible

assets is included in the statement of profit or loss when the item is de-recognized.

Impairment of Intangible Assets

An impairment review is performed whenever there is an indication of impairment. When the recoverable amount is less than the carrying value, an impairment loss is recognized in the statement of profit or loss.

Assessment of impairment

The management has assessed potential impairment indicators of Intangible assets as at 31 Ashad 2077. Based on the assessment, impairment indicators were not identified.

3.3. Deferred tax

Deferred tax is provided using the liability method on temporary differences at the reporting date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes. Deferred tax liabilities are recognized for all taxable temporary differences, except;

- a) When the deferred tax liability arises from the initial recognition of goodwill or of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss.
- b) In respect of taxable temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, where the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred Tax Assets and Deferred Tax liabilities

Deferred tax assets are recognized for all deductible temporary differences, carry forward of unused tax credits and unused tax losses, 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 except where the deferred tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss.

Carrying amount of deferred 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. Unrecognized deferred tax assets are reassessed at each reporting date and are recognized to the extent that it has become probable that future taxable profit will allow the deferred tax asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the year 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 relating to items recognized outside the statement of profit or loss is recognized outside statement of profit or loss. Deferred tax items are recognized in correlation to the underlying transaction either in other comprehensive income or directly in equity.

Deferred tax assets and deferred tax liabilities are offset, if a legally enforceable right exists to set-off current tax assets against current income tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

3.4. Financial Instruments (NFRS-9)

A financial instrument is any contract that gives rise to a financial asset or of one entity and a financial liability or equity instrument of another entity.

3.4.1 Financial assets

As per NFRS 9 Financial instrument are classified into following types;

- a) Financial investment measured at amortized cost
- b) Financial investment at fair value through other comprehensive income. (FVOCI).
- c) Financial investment at fair value through profit and loss (FVTPL)

a) Financial investment measured at amortized cost

Financial assets at amortized cost include those non derivative financial assets (debt instruments) that are held by the entity for long term purpose and intend to hold till maturity.

The assets which have been classified as Financial Assets Measured at Amortized Cost are held with an objective to collect their contractual cash flows rather than to sell the assets prior to their contractual maturity dates (business model test), and the contractual terms of these financial assets give rise to cash flows that are solely payments of principal & interest (SPPI) on the outstanding principal amount.

Income (interest) on financial assets measured at Amortized Cost is recognized in the profit or loss for the period under Investment Income.

The company does not hold any asset that meet the above criteria and has to be measured at Amortized Cost.

IMPAIRMENT OF FINANCIAL INVESTMENT CARRIED AT AMORTIZED COST

If there is objective evidence that an impairment loss on assets carried at amortized cost has been incurred, the amount of the impairment loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future expected credit losses that have not been incurred) discounted at the financial asset's original effective interest rate. The carrying amount of the asset is reduced and the loss is recorded in the statement of Profit or Loss.

The Company first assesses whether objective evidence of impairment exists individually for financial assets that are individually significant, and individually or collectively for financial assets that are not individually significant. If it is determined that no objective evidence of impairment exists for an individually assessed financial asset, whether significant or not, the asset is included in a group of financial assets with similar credit risk characteristics and that group of financial assets is collectively assessed for impairment. Assets that are individually assessed for impairment and for which an impairment loss is, or continues to be, recognized are not included in a collective assessment of impairment. The impairment assessment is performed at each reporting date.

If, in a subsequent period, the amount of the impairment loss decreases and that decrease can be related objectively to an event occurring after the impairment was recognized, the previously recognized impairment loss is reversed. Any subsequent reversal of an impairment loss is recognized in the statement of profit or loss, to the extent that the carrying value of the asset does not exceed its amortized cost at the reversal date.

There has been no impairment of financial assets measured at amortized cost for the reporting period.

b) Financial investment at fair value through other comprehensive income

RECOGNITION OF FINANCIAL INVESTMENT AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME

The company classifies debt instruments that meet the cash flow characteristic tests (SPPI) those are not designated at Fair Value through Profit or Loss (FVTPL) as Financial Assets at Fair Value through Other Comprehensive Income (FVTOCI) if it is held with an objective to hold in order to collect contractual cash flows and sell the financial assets.

IMPAIRMENT OF FINANCIAL INVESTMENT AT FAIR VALUE THROUGH OCI

If a fair value through OCI financial asset is impaired, an amount comprising the difference between its costs (net of any principal repayment and amortization) and its current fair value, less any impairment loss previously recognized in other comprehensive income, is transferred from equity to the statement of profit or loss. Reversals in respect of equity instruments classified as fair value through OCI are not recognized in the statement of profit or loss.

Reversals of impairment losses on debt instruments classified at fair value through OCI are reversed through the statement of profit or loss, if the increase in the fair value of the instruments can be objectively related to an event occurring after the impairment losses were recognized in the statement of profit or loss.

c) Financial investment at fair value through profit and loss

RECOGNITION OF FINANCIAL INVESTMENT AT FAIR VALUE THROUGH PROFIT AND LOSS

Financial assets at fair value through profit or loss include financial assets held for trading and those designated upon initial recognition at fair value through profit or loss. Investments typically bought with the intention to sell in the near future are classified as held for trading. Attributable transaction costs are recognized in the statement of profit or loss as incurred. These investments are initially recorded at fair value. Subsequent to initial recognition, they are re-measured at fair value.

Dividend income and gain/loss on disposal of financial assets measured at FVTPL are recognized in profit or loss for the period.

The company does not hold any debt instruments that meet the above criteria and has not designated any of the equity investments to be measured at FVTPL.

If there is objective evidence that an impairment loss on assets carried at amortized cost has been incurred, the amount of the impairment loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future expected credit losses that have not been incurred) discounted at the financial asset's original effective interest rate. The carrying amount of the asset is reduced and the loss is recorded in the statement of Profit or Loss.

The Company first assesses whether objective evidence of impairment exists individually for financial assets that are individually significant, and individually or collectively for financial assets that are not individually significant. If it is determined that no objective evidence of impairment exists for an individually assessed financial asset, whether significant or not, the asset is included in a group of financial assets with similar credit risk characteristics and that group of financial assets is collectively assessed for impairment. Assets that are individually assessed for impairment and for which an impairment loss is, or continues to be, recognized are not included in a collective assessment of impairment. The impairment assessment is performed at each reporting date.

If, in a subsequent period, the amount of the impairment loss decreases and that decrease can be related objectively to an event occurring after the impairment was recognized, the previously recognized impairment loss is reversed. Any subsequent reversal of an

impairment loss is recognized in the statement of profit or loss, to the extent that the carrying value of the asset does not exceed its amortized cost at the reversal date.

There has been no impairment of financial assets measured at amortized cost for the reporting period.

OFFSETTING OF FINANCIAL ASSET AND LIABILITY

A financial asset and a financial liability shall be offset and the net amount presented in the statement of financial position only when an entity:

- a) Currently has a legally enforceable right to set off the recognized amounts; and intends either to settle on a net basis, or to realize the asset and settle the liability simultaneously.

- b) Entities are required to offset financial assets and financial liabilities in the balance sheet when the criteria for setoff are met and to qualify for offsetting, all of the counterparties to the contract must currently have a legally enforceable right of setoff.

3.4.2 Financial Liability

A Financial Liability is any liability that is:

A) CONTRACTUAL OBLIGATION:

- (i) To deliver cash or another financial asset to another entity.
- (ii) To exchange financial assets or financial liabilities with another entity under conditions that are potentially unfavorable to entity.

B) A CONTRACT THAT WILL OR MAY BE SETTLED IN THE ENTITY'S OWN EQUITY INSTRUMENT AND IS:

- 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 instrument.

3.5. Inventory

Cost of inventories include cost of purchase, cost of conversion and other costs incurred in bringing the inventories to their present location and condition. Inventories of stores, spare parts and loose tools are stated at the lower of weighted average cost and net realizable value. Net realizable value represents the estimated selling price for inventories in the ordinary course of business less all estimated costs of completion and estimated costs necessary to make the sale.

3.6. Other Financial Asset

Financial Asset other than financial asset at amortized cost, financial asset at fair value through other comprehensive income, financial asset at fair value through profit & loss and cash & equivalent is categorized as other financial asset. These assets include accrued income on bank deposits and loans.

Impairment of Financial Asset

Company assesses recoverability of other financial asset and when it becomes doubtful for the recovery, company impair these financial assets as bad debt.

De-recognition of financial assets

De-recognition is the removal of a previously recognized financial asset (or financial liability) from an entity's statement of financial position. In general, NFRS 9 criteria for de-recognition of a financial asset aim to answer the question whether an asset has been sold and should be derecognized or whether an entity obtained a kind of financing against this asset and simply a financial liability should be recognized.

De-recognition criteria in NFRS 9 should be applied to a part of an asset if, and only if, the part being considered for de-recognition meets one of the following three conditions:

- a) The part comprises only specifically identified cash flows from a financial asset or a group of similar financial assets.
- b) The part comprises only a fully proportionate (pro rata) share of the cash flows from a financial asset or a group of similar financial assets.
- c) The part comprises only a fully proportionate (pro rata) share of specifically identified cash flows from a financial.

3.7. Taxes

Current Taxes

PMHPL applies NAs 12 Income Taxes in accounting for taxes on income. Income tax payable on taxable profits (Current tax) is recognized as an expense in the period in which the profits arise. Withholding taxes are also treated as income taxes. Income tax recoverable on tax allowable losses is recognized as a current tax asset only to the extent that it is regarded as recoverable by offset against taxable profits arising in the current or prior period. Current tax is measured using tax rates and tax laws that have been enacted or substantively enacted at the statement of financial position date. Current tax assets and liabilities have been netted off, as there is a legal right to settle those amounts on net basis. The net current tax asset/ liability has been reported separately in the statement of financial position.

3.8. Non- Financial Assets

Assets other than financial assets have been classified as non-financial assets. Broad headings under this classification include Property & Equipment, Intangible Assets, Advances and Prepaid Expenses.

3.9. Cash and Cash Equivalent

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

The majority of cash and cash equivalent comprises of call/current deposits and are subject to insignificant risk of change in value. These also include cash-in-hand and cheques.

3.10. Share Capital

Financial instruments issued are classified as equity when there is no contractual obligation to transfer cash, other financial assets or issue a variable number of own equity instruments. Incremental costs directly attributable to the issue of equity instruments are shown in equity as a deduction from the proceeds.

3.11. Retained Earnings

Earning made during the current and previous years not distributed has been credited to this reserve.

3.12. Employee benefit

3.12.1 Short term employee benefit

Short-term employee benefits, such as salaries, paid absences, performance-based cash awards and social security cost are recognized over the period in which the employee provide the related services.

3.12.2 Retirement Benefit

Company applies NAS-19 Employee Benefits for accounting most of the components of staff cost.

CURRENT EMPLOYEE BENEFITS COSTS

Short-term employee benefits, such as salaries, paid absences, performance-based cash rewards and social security costs are recognized over the period in which the employees provide the related services.

POST-EMPLOYMENT BENEFITS

The company operates a number of post-employment benefit plans. These plans include both defined benefit and defined contribution plans.

DEFINED CONTRIBUTION PLAN

Payments to defined contribution plans where the company's obligations are equivalent to a contribution by employees to the defined contribution plan. These are charged as an expense as the employees render service. The company operates provident fund scheme and gratuity under Defined contribution plan. A percentage of basic pay is paid on monthly basis to the plan. The company has no further obligation to pay after such contribution even if the plan assets may not be sufficient to pay out to the employees.

DEFINED BENEFIT PLAN

The defined benefit plan includes leave payment at the time of retirement. The present value of defined benefit obligations is calculated at the reporting date by the actuaries. The net charge to the profit and loss comprises the service costs and the net interest on the net defined benefit liability and is presented under employee cost.

3.13. Provisions

Provisions are recognized when the Company has a present obligation (legal or constructive) as a result of a past event, and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. Where the Company expects some or all of a provision to be reimbursed, the reimbursement is recognized as a separate asset but only when the reimbursement is virtually certain. Expense relating to any provision is presented in the statement of profit or loss net of any reimbursement.

If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects, where appropriate, the risks specific to the liability. Where discounting is used, the increase in the provision due to the passage of time is recognized as a finance cost.

3.14. Revenue

The Company applies NAS 18 for recognition of revenue. Revenue includes income from sale of goods, for providing services, interest, royalty and dividend. Revenue is recognized when right to receive is established, amount quantified and it is almost certain that the amount(s) is received or will be received.

i. Sale of Electricity

The revenue from the sale of electricity includes the income received from Nepal Electricity Authority for the sale energy produced from the hydropower projects.

ii. Rental Income from Transmission Line

The rental income is from the rental received from the renting of transmission line of PMHPL to another party.

3.15. Operating Expenses

An operating expense is an expense a business incurs through its normal business operations. An operating expense is an ongoing cost for running a business. Any cost that are directly attributed to purchase, generations and transmission of electricity are operating expenses.

3.16. Borrowing Cost

The borrowing costs that directly relate with the acquisition, construction or production of a qualifying asset need to be capitalized as a part of the cost of the asset. Thus, as per AS 16, you need to determine the amount of the borrowing costs that are eligible for capitalization.

Since the construction phase of PMHPL has been completed and production is started, no borrowing cost has been capitalized under this standard.

4. Disclosures and additional information**4.1. Related Party Disclosure**

Parties are considered to be related if one party has the ability to control the other party or exercise significant influence over the other party in making financial or operation decision or one other party's controls both. The definition includes subsidiaries, associates, directors, key management personnel and employee's retirement benefit fund.

4.1.1 Identification of Related Parties

A related party is a person or entity that is related to the entity that is preparing its financial statements

A person or a close member of that person's family is related to a reporting entity if that person:

- (i) has control or joint control of the reporting entity
- (ii) has significant influence over the reporting entity or
- (iii) is a member of the key management personnel of the reporting entity or of a parent of the reporting entity.

An entity is related to a reporting entity if any of the following conditions applies:

- 4.1.1.1. The entity and the reporting entity are members of the same group (which means that each parent, subsidiary and fellow subsidiary is related to the others).
- 4.1.1.2. One entity is an associate or joint venture of the other entity (or an associate or joint venture of a member of a group of which the other entity is a member).
- 4.1.1.3. Both entities are joint ventures of the same third party.
- 4.1.1.4. One entity is a joint venture of a third entity and the other entity is an associate of the third entity.
- 4.1.1.5. The entity is a post-employment benefit plan for the benefit of employees of either the reporting

entity or an entity related to the reporting entity. If the reporting entity is itself such a plan, the sponsoring employers are also related to the reporting entity.

4.1.1.6. The entity is controlled or jointly controlled by a person identified in (a).

4.1.1.7. A person identified in (a)(i) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity).

The Company Identifies the following as the related parties under the requirement of NAS 24

Key Managerial Personnel

Prem Bahadur Shrestha (Chairman)

Dhurba Kumar Shrestha (Director)

Udeep Shrestha (Director)

Tika Ram Niroula (Director)

Santosh Kumar Pradhan (Ex Executive Director)

Transaction With Related Parties 2076/77

| Board Member | Meeting Allowance | Salary | Interest | Total |
|-----------------------|-------------------|---------------------|----------------------|----------------------|
| Prem Bahadur Shrestha | 30,000.00 | | 40,290,574.00 | 40,320,574.00 |
| Dhurba Kumar Shrestha | 25,000.00 | | | 25,000.00 |
| Santosh Kumar Pradhan | 2,500.00 | 1,669,286.00 | | 1,671,786.00 |
| Udeep Shrestha | 25,000.00 | | | 25,000.00 |
| Tika Ram Niroula | 25,000.00 | | | 25,000.00 |
| Total | 107,500.00 | 1,669,286.00 | 40,290,574.00 | 42,067,360.00 |

| Board Member | Meeting Allowance | Salary | Interest | Total |
|------------------------|-------------------|---------------------|----------------------|----------------------|
| Prem Bahadur Shrestha | 54,000.00 | | 25,810,835.85 | 25,864,835.85 |
| Dhurba Kumar Shrestha | 30,000.00 | | | 30,000.00 |
| Pradeep Kumar Shrestha | 45,000.00 | 3,650,000.00 | | 3,695,000.00 |
| Santosh Kumar Pradhan | 2,500.00 | | | 2,500.00 |
| Tika Ram Niroula | 2,500.00 | | | 2,500.00 |
| Total | 134,000.00 | 3,650,000.00 | 25,810,835.85 | 29,594,835.85 |

5. Earnings per share

Earnings per Share is calculated using the earnings attributable to equity shareholders for the period divided by the number of weighted average number of shares as required under NAS 33 Earnings per share.

6. Fair Value Measurement of Financial Instrument

In accordance with NFRS 13 fair Value Measurement, the company categories instruments carried on the reporting sheet at fair value using a three-level hierarchy.

Determination of fair value hierarchy

For all financial instruments where fair values are determined by referring to externally quoted prices or observable pricing inputs to models, independent price determination or validation is obtained. In an inactive market, direct observation of a traded price may not be possible. In these circumstances, the institution uses alternative market information to validate the financial instrument's fair value, with greater weight given to information that is considered to be more relevant and reliable.

Fair values of financial assets and liabilities are determined according to the following hierarchy:

Level 1 – Valuation technique using quoted market price: financial instruments with quoted prices for identical instruments in active markets that the group can access at the measurement date.

Level 2 - valuation technique using observable inputs: financial instruments with quoted prices for similar instruments in active markets or quoted prices for

identical or similar instruments in inactive markets and financial instruments valued using models where all significant inputs are observable. For the listed securities where the bank holds promoter shares which are priced and traded differently in the market than ordinary shares the bank has considered the valuation of similar promoter's shares traded in the market which approximates to 50% of the price that the ordinary shares are traded.

Level 3 - valuation technique with significant unobservable inputs: financial instruments valued using valuation techniques where one or more significant inputs are unobservable. Where market prices are not available then the bank considers the carrying value and future cash flows from the financial instruments.

7. Leases

The determination of whether an arrangement is a lease, or contains a lease, is based on the substance of the arrangement at the inception date and requires an assessment of whether the fulfilment of the arrangement is dependent on the use of a specific asset (or assets) and the arrangement conveys a right to use the asset (or assets), even if that asset is (or those assets are) not explicitly specified in an arrangement.

PMHPL as a lessee

A lease is classified at the inception date as a finance lease or an operating lease. Leases that do not transfer substantially all of the risks and rewards of ownership of an asset to the Company are classified as operating leases.

Operating lease payments are recognized as an expense in the statement of profit or loss on a straight-line basis over the lease term.

Earnings Per Share

| Particulars | Year ended Ashad 31, 2077 (July 15, 2020) (NRS) | Year ended Ashad 31, 2076 (July 16, 2019) (NRS) |
|---|--|--|
| Earning attributable to equity shareholders | (54,903,450.28) | (54,715,659.64) |
| Weighted average number of shares for the period | 10,971,369.86 | 10,971,369.86 |
| Weighted average number of shares for the period (dilutive) | 10,971,369.86 | 10,971,369.86 |
| Basic Earning per share (NPR) | (5.00) | (4.99) |
| Diluted Earning per share (NPR) | (5.00) | (4.99) |

Fair Value Measurement of Financial Instrument

| PMHL | Carrying Value | Quoted Market Value | Observable Input | Unobservable Input | Difference |
|---|----------------|---------------------|------------------|--------------------|------------|
| | | (Level 1) | (Level 2) | (Level 3) | |
| 2076-77 | - | - | - | - | - |
| Financial Assets | | | | | - |
| Fair Value at amortized Cost | - | - | - | - | - |
| Fair Value Through Profit and Loss | - | - | - | - | - |
| Fair Value Through Other Comprehensive Income | - | - | - | - | - |
| Other Financial Asset | 84,148,022 | - | - | 84,148,022 | - |
| Financial Liabilities | | | | | |
| Other Financial Liabilities | 1,802,013,187 | | | 1,802,013,187 | - |
| 2075-76 | - | - | - | - | - |
| Financial Assets | | | | | - |
| Fair Value at amortized Cost | - | - | - | - | - |
| Fair Value Through Profit and Loss | - | - | - | - | - |
| Fair Value Through Other Comprehensive Income | - | - | - | - | - |
| Other Financial Asset | 55,105,043 | | | 55,105,043 | - |
| Financial Liabilities | | | | | |
| Other Financial Liabilities | 1,927,019,186 | | | 1,927,019,186 | - |

8. Operating Segments

Accounting Policies

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

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

9. Contingent Liabilities and commitment

Contingent liabilities: Where the institution undertake to make a payment on behalf of its customers for guarantees issued, such as for performance bonds or as irrevocable letters of credit as part of the institution's transaction instituting business for which an obligation to make a payment has not arisen at the reporting date, those are included in these financial statement as contingent liabilities.

Other contingent liabilities primarily include revocable letters of credit and bonds issued on behalf of customers to customs, for bids or offers.

Commitments: Where the institution has confirmed its intention to provide funds to a customer or on behalf of a customer in the form of loans, overdrafts, future guarantees, whether cancellable or not, or letters of credit and the institution has not made payments at the reporting date, those instruments are included in these financial statement as commitments.

10. Events After Reporting Date Accounting Policies

The Company follows NAS-10 'Events After Reporting Period', for accounting and report for

the events that occur after reporting period. Classifies those events as adjusting and non- adjusting.

No circumstances have arisen since the reporting date which would require adjustments to, or disclosure in the financial statements.

INDEPENDENT AUDITOR'S REPORT

TO THE SHAREHOLDERS OF Panchakanya Mai Hydropower Limited.

OPINION

We have audited the financial statements of Panchakanya Mai Hydropower Limited, which comprises the statement of financial position as at Ashadh 31, 2078 (corresponding to July 15, 2021) and statement of profit and loss, statement of cash flow and statement of changes in for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Panchakanya Mai Hydropower Limited as of Ashadh 31, 2078 (corresponding to July 15, 2021), and its financial performance and its cash flows for the year then ended in accordance with Nepal Financial Reporting Standards (NFRS).

BASIS FOR OPINION

We conducted our audit in accordance with Nepal Standards on Auditing (NSAs). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the company in accordance with the ICAN's Handbook of Code of Ethics for Professional Accountants together with the ethical requirement that are relevant to our audit of the 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.

RESPONSIBILITIES OF MANAGEMENT AND THOSE CHARGED WITH GOVERNANCE FOR THE FINANCIAL STATEMENTS

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

In preparing the financial statements management is responsible for assessing the company's ability to continue as a going concern, disclosing as applicable matters related to going and using the going concern basis of accounting unless management either intends to liquidate the company or to cease operations or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Company's financial reporting process.

AUDITOR'S RESPONSIBILITIES 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 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 user taken on the basis of these financial statements.

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

- Identify and assess the risks of material misstatements of financial statements, whether due to fraud or error, 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 Company's 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 policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and based on the audit evidence obtained whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern, if we conclude that a material uncertainty exists we are required to draw attention in our auditor's report to the related disclosures in the financial statements or if such disclosures are inadequate to modify our opinion. Our conclusions are based may on the audit evidence obtained up to the date of our auditor's report. However future events or conditions cause the company to cease to continue as a going concern.

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

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

We have also observed the compliance of relevant act and other applicable laws, regulations and accordingly, we report that:

- a) We have obtained information and explanations, which to the best of our knowledge and belief were considered necessary for the purpose of our audit;
- b) In our opinion, proper books of accounts are required by law have been maintained by the company so far as appears from our examination of such books;
- c) In our opinion, the accompanying financial statements with explanatory notes dealt with by this report have been prepared from the books of accounts maintained by the company are in agreement with the same;
- d) To the best of our knowledge and according to the 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 their representatives or any employees of the company have acted in contrary to the provisions of law or committed any misappropriation or caused any damage or loss to the company.

For D. Kumar & associates,
Chartered Accountants

FCA. Dipebdra Kumar
COP No.: 583

Date: Poush 01, 2078
Place: Kathmandu, Nepal
UDIN Number: 211216CA00693c6BuA

STATEMENT OF FINANCIAL POSITION

As at Ashad 31, 2078 (July 15, 2021)

(Amounts in NRs)

| Particular | Note | " As at Ashad 31, 2078 (July 15, 2021) " | " As at Ashad 31, 2077 (July 16, 2020) " |
|--------------------------------------|------|---|---|
| ASSETS | | | |
| Non-current assets | | | |
| Property, Plant and Equipment | 1 | 2,936,523,580 | 3,050,703,556 |
| Intangible Assets | 1 | 60,000 | 80,000 |
| Capital WIP | | 145,635,732 | - |
| Total non-current assets | | 3,082,219,313 | 3,050,783,556 |
| Current assets | | | |
| Inventory | 2 | 21,706,845 | 12,415,835 |
| Financial assets | | | |
| Trade & Other receivables | 3 | 78,256,103 | 70,562,516 |
| Cash and Cash Equivalents | 4 | 1,606,306 | 1,169,671 |
| Other Non- Financial Assets | | | |
| Advances & Deposit | 5 | 9,362,491 | 6,565,825 |
| Current Tax Asset | 6 | - | - |
| Total current assets | | 110,931,746 | 90,713,847 |
| Total | | 3,193,151,059 | 3,141,497,403 |
| EQUITY AND LIABILITIES | | | |
| Equity | | | |
| Equity share capital | 7 | 1,100,000,000 | 1,100,000,000 |
| Retained Earnings | 8 | (199,013,259) | (199,204,869) |
| Other equity | 8 | (42,413) | (42,413) |
| Total equity | | 900,944,328 | 900,752,718 |
| Liabilities | | | |
| Non- current liabilities | | | |
| Financial liabilities | | | |
| Medium & Long Term Loans | 9 | 1,629,334,322 | 1,705,138,150 |
| Non-Financial Liabilities | | | |
| Retirement Benefit Obligation | 10 | 23,672 | 23,672 |
| Deferred Tax Liabilities (Net) | 11 | 73,133,964 | 60,517,335 |
| Deffered Income | | 24,712,017 | 26,220,871 |
| Total non-current liabilities | | 1,727,203,974 | 1,791,900,028 |
| Current liabilities | | | |
| Financial liabilities | | | |
| Trade and Other payables | 12 | 130,659,005 | 66,760,133 |
| Short Term Loan | 13 | 426,751,480 | 376,114,904 |
| Non-financial liabilities | | | |
| Provision | 14 | 267,198 | - |
| Other Non-Financial Liabilities | 12 | 7,037,851 | 5,453,720 |

| Particular | Note | " As at Ashad 31, 2078 (July 15, 2021) " | " As at Ashad 31, 2077 (July 16, 2020) " |
|----------------------------------|------|---|---|
| Current Tax Liabilities | 6 | 287,223 | 515,901 |
| Total Current Liabilities | | 565,002,757 | 448,844,658 |
| Total liabilities | | 2,292,206,731 | 2,240,744,685 |
| Total | | 3,193,151,059 | 3,141,497,403 |

Summary of significant accounting policies and notes to account

For & on behalf of the board

As per our attached report of even date

Prem Bahadur Shrestha
Chairman

Dhurba Kumar Shrestha
Director

For D. Kumar & Associates
CA. Dipendra Kumar
Chartered Accountants

Udeep Shrestha
Director

Tikaram Niroula
Director

Omkar Shrestha
Account Officer

Date: Mansir 19, 2078

Place: Kathmandu, Nepal

STATEMENT OF PROFIT AND LOSS

For the period ended 31st Ashad, 2078 (July 15, 2021)

(Amounts in NRs)

| Particulars | Note | " Year ended Ashad 31, 2078 (July 15, 2021) " | " Year ended Ashad 31, 2077 (July 16, 2020) " |
|---|------|--|--|
| Income | | | |
| Revenue from Sale of Electricity | 15 | 347,555,905 | 369,718,360 |
| Operating Expenses | 16 | (9,492,576) | (21,497,319) |
| Gross Profit | | 338,063,329 | 348,221,041 |
| Employee Benefit Expenses | 17 | (20,656,818) | (20,060,343) |
| Administrative Expenses | 18 | (15,944,834) | (17,641,614) |
| Depreciation and amortization expenses | 20 | (116,653,604) | (116,652,498) |
| Operating Profit/ (Loss) | | 184,808,073 | 193,866,586 |
| Prior Period Item | | - | - |
| Other income | 19 | 2,205,085 | 1,508,854 |
| Financial Expenses | 21 | (173,653,648) | (219,301,828) |
| Profit/(loss) before tax | | 13,359,510 | (23,926,388) |
| Tax expense: | | | |
| Current tax | 22 | 551,271 | 515,901 |
| Deferred tax (Income)/ Expense | 22 | 12,616,629 | 30,599,851 |
| Profit/(loss) for the period | | 191,610 | (55,042,140) |
| Basic and diluted Earnings per share (EPS) | | 0.02 | (5.02) |
| Summary of significant accounting policies and notes to account | | | |
| For & on behalf of the board | | As per our attached report of even date | |

Prem Bahadur Shrestha
Chairman

Dhurba Kumar Shrestha
Director

For D. Kumar & Associates
CA. Dipendra Kumar
Chartered Accountants

Udeep Shrestha
Director

Tikaram Niroula
Director

Omkar Shrestha
Account Officer

Date: Mansir 19, 2078
Place: Kathmandu, Nepal

STATEMENT OF CASH FLOW

for the year ended Ashad 31, 2078 (July 15, 2021)

(Amounts in NRs)

| Particulars | " Year ended Ashad 31, 2078 (July 15, 2021) " | " Year ended Ashad 31, 2077 (July 15, 2020) " |
|--|--|--|
| A. CASH FLOW FROM OPERATING ACTIVITIES | | |
| Profit before tax | 13,359,510 | (23,926,386) |
| Non-cash adjustments | | |
| Depreciation | 116,653,604 | 116,652,498 |
| Bank Interest | 173,653,648 | 219,301,828 |
| Provision for Bonus | 267,198 | - |
| Rental Income From Transmission Line | (1,508,854) | (1,508,854) |
| (Profit)/loss on Sale of Assets | (696,231) | - |
| Operating Profits before working capital changes | 301,728,875 | 310,519,086 |
| Movement in Working Capital | | |
| Decrease/(increase) in current assets | | |
| Decrease/(Increase) in Trade Receivables-current | (7,693,587) | (30,724,593) |
| Decrease/(Increase) in Advance & Deposit | (2,796,666) | 414,949 |
| Decrease/(Increase) in Inventory | (9,291,010) | 1,889,571 |
| (Decrease)/increase in current liabilities | | |
| Increase / (Decrease) in Trade payables-Current | 63,898,872 | 2,037,022 |
| Increase / (Decrease) in Retirement benefit-Non-Current | - | (2,342,715) |
| Increase / (Decrease) in Deferred income Non-Current | - | - |
| Increase / (Decrease) in Other non-financial liabilities-current | 1,584,131 | (106,701) |
| Cash generated from Operations | 347,430,615 | 281,686,619 |
| Net Cash from operating activities | 347,430,615 | 281,686,619 |
| B. CASH FLOW FROM INVESTING ACTIVITIES | | |
| Purchase of Property, Plant and Equipment | (2,597,243) | (158,000) |
| Investment in fixed deposits | - | - |
| Capital WIP | (145,635,732) | - |
| Rental income from Transmission line | - | - |
| Sale of Property, Plant and Equipment | 839,844 | - |
| Net Cash used in Investing activities | (147,393,131) | (158,000) |
| C. CASH FLOW FROM FINANCING ACTIVITIES | | |
| Increase/(Decrease) in share capital | - | - |
| Share Issue Expenses | - | - |
| Increase/(Decrease) in Advance for share capital | - | - |
| Income tax paid | (779,949) | (975,812) |
| Interest Paid | (173,653,648) | (219,301,828) |
| Dividend Income | - | - |
| Increase/(Decrease) in Short Term Loans | 50,636,575 | 61,162,024 |
| Increase/(Decrease) in Medium & Long Term Loans | (75,803,828) | (122,205,045) |
| Net Cash from Financing activities | (199,600,850) | (281,320,661) |

| Particulars | " Year ended Ashad 31, 2078 (July 15, 2021) " | " Year ended Ashad 31, 2077 (July 15, 2020) " |
|---|--|--|
| Net Increase in Cash & Cash Equivalents (A+B+C) | 436,634 | 207,958 |
| Cash and cash equivalents at the beginning of the year | 1,169,671 | 961,714 |
| Cash and cash equivalents at the end of the year | 1,606,306 | 1,169,671 |
| Components of cash and cash equivalents | | |
| Cash | 2,668 | - |
| Bank | 1,603,638 | 1,169,671 |

The accompanying notes are an integral part of the financial statements.

For and behalf of the Board of Directors

As per Our Attached report of even date

Prem Bahadur Shrestha
Chairman

Dhurba Kumar Shrestha
Director

For D. Kumar & Associates
CA. Dipendra Kumar
Chartered Accountants

Udeep Shrestha
Director

Tikaram Niroula
Director

Omkar Shrestha
Account Officer

Date: Mansir 19, 2078
Place: Kathmandu, Nepal

STATEMENT OF OTHER COMPREHENSIVE INCOME

for the year ended Ashad 31, 2078 (July 15, 2021)

(Amounts in NRs)

| Particulars | Note | "Year ended Ashad 31, 2078 (July 15, 2021)" | "Year ended Ashad 31, 2077 (July 16, 2020)" |
|--|------|--|--|
| Profit/(loss) for the period | | 191,610 | (55,042,140) |
| Other comprehensive income (OCI) | | | |
| Fair Value Gain/Loss on investment through other comprehensive income | | - | - |
| Fair Value Gain/Loss on Actuarial Valuation | | - | - |
| Other items that will not be reclassified to statement of profit or loss | | - | - |
| Other comprehensive income (OCI) for the period, net of tax | | - | - |
| Total comprehensive income for the period, net of tax | | 191,610 | (55,042,140) |

The accompanying notes are an integral part of the financial statements.

For and behalf of the Board of Directors

As per our attached report of even date

Prem Bahadur Shrestha
Chairman

Dhurba Kumar Shrestha
Director

For D. Kumar & Associates
CA. Dipendra Kumar
Chartered Accountants

Udeep Shrestha
Director

Tikaram Niroula
Director

Omkar Shrestha
Account Officer

Date: Mansir 19, 2078

Place: Kathmandu, Nepal

STATEMENT OF CHANGES IN EQUITY

for the year ended Ashad 31, 2078 (July 15, 2021)

(Amounts in NRs)

| | | Retained earnings | Total Other Comprehensive Income (OCI) | Impairment at Transition Date | Total other Equity | Total equity |
|--|----------------------|----------------------|--|-------------------------------|----------------------|--------------------|
| Balance as at Shrawan 1, 2076 (July 17, 2019) | 1,100,000,000 | (144,162,731) | - | (42,413) | (144,205,144) | 955,794,856 |
| Profit for the year (76-77) | - | (55,042,138) | - | - | (55,042,138) | (55,042,138) |
| Depreciation on Revalued Assets | - | - | - | - | - | - |
| Interim Dividend paid during the year | - | - | - | - | - | - |
| Changes in Reserve | - | - | - | - | - | - |
| Issue of Share Capital | - | - | - | - | - | - |
| Share Issue Expenses | - | - | - | - | - | - |
| Prior Period Adjustment | - | - | - | - | - | - |
| Previous Year Adjusted Income | - | - | - | - | - | - |
| Balance as at Ashad 31, 2077 (July 15, 2020) | 1,100,000,000 | (199,204,869) | - | (42,413) | (199,247,282) | 900,752,718 |
| Profit for the year (77-78) | - | 191,610 | - | - | 191,610 | 191,610 |
| Depreciation on Revalued Assets | - | - | - | - | - | - |
| Dividend paid during the year | - | - | - | - | - | - |
| Issue of Share Capital | - | - | - | - | - | - |
| Share Issue Expenses | - | - | - | - | - | - |
| Balance as at Ashad 31, 2078 (July 15, 2021) | 1,100,000,000 | (199,013,259) | - | (42,413) | (199,055,672) | 900,944,328 |

Summary of significant accounting policies and

The accompanying notes are an integral part of the financial statements.

For and behalf of the Board of Directors

As per our attached report of even date

Prem Bahadur Shrestha
Chairman

Dhurba Kumar Shrestha
Director

For D. Kumar & Associates
CA. Dipendra Kumar
Chartered Accountants

Udeep Shrestha
Director

Tikaram Niroula
Director

Omkar Shrestha
Account Officer

Date: Mansir 19, 2078
Place: Kathmandu, Nepal

PROPERTY, PLANT & EQUIPMENT

(Amount in NRs)
Schedule-1

| Description | Office Equipment | Furniture and Fixtures | Computer and Accessories | Vehicles | Intangible Assets | UMHEP Fixed Assets | UMHEP Construction Equipment and Tools | UMCHEP Fixed Assets | Total |
|--|---------------------|------------------------|--------------------------|----------------------|-------------------|-------------------------|--|-------------------------|-------------------------|
| Original Cost (at NRs.) | | | | | | | | | |
| As at 01/04/2077 | 1,774,129.39 | 1,307,849.00 | 1,838,852.73 | 10,417,568.72 | 100,000.00 | 2,271,782,498.00 | - | 1,200,824,250.77 | 3,488,045,148.61 |
| Additions | 46,500.00 | 14,500.00 | 119,165.33 | - | - | 1,122,695.19 | - | 1,294,381.06 | 2,597,241.58 |
| Adjustment (disposal and sale) | - | - | - | (164,129.10) | - | - | - | - | (164,129.10) |
| As at 31/03/2078 | 1,820,629.39 | 1,322,349.00 | 1,958,018.06 | 10,253,439.62 | 100,000.00 | 2,272,905,193.19 | - | 1,202,118,631.83 | 3,490,478,261.09 |
| Depreciation (at NRs.) | | | | | | | | | |
| As at 01/04/2077 | 1,551,352.82 | 1,032,495.63 | 1,609,627.13 | 8,255,830.11 | 20,000.00 | 304,709,861.60 | - | 120,082,425.78 | 437,261,593.07 |
| Charge for the year | 222,651.58 | 138,176.69 | 120,145.86 | 499,401.85 | 20,000.00 | 75,555,452.84 | - | 40,077,258.90 | 116,633,087.72 |
| Impairment Charge | - | - | - | - | - | - | - | - | - |
| Attributable to sale/disposable | - | - | - | - | - | - | - | - | - |
| As at 31/03/2078 | 1,774,004.40 | 1,170,672.32 | 1,729,772.99 | 8,755,231.96 | 40,000.00 | 380,265,314.44 | - | 160,159,684.68 | 553,894,680.79 |
| Written Down Value as on 31/03/2077 | 222,776.57 | 275,353.37 | 229,225.60 | 2,161,738.61 | 80,000.00 | 1,967,072,636.40 | - | 1,080,741,824.99 | 3,050,783,555.54 |
| Written Down Value as on 31/03/2078 | 46,624.99 | 151,676.68 | 228,245.07 | 1,498,207.66 | 60,000.00 | 1,892,639,878.75 | - | 1,041,958,947.15 | 2,936,583,580.30 |

SCHEDULES FORMING PART OF THE FINANCIAL STATEMENTS

as at Ashad 31, 2078 (July 15, 2021)

Inventory

(Amount In NRS)
Schedule- 2

| Particulars | " As on Ashad 31, 2078 (July 15, 2021) " | " As on Ashad 31, 2077 (July 16, 2020) " |
|--|--|--|
| Inventory (As Certified by Management) | 21,706,845 | 12,415,835 |
| | 21,706,845 | 12,415,835 |

Trade and Other Receivable

(Amount In NRS)
Schedule- 3

| Particulars | " As on Ashad 31, 2078 (July 15, 2021) " | " As on Ashad 31, 2077 (July 16, 2020) " |
|-----------------------------------|--|--|
| Nepal Electricity Authority (NEA) | 78,256,103 | 70,562,516 |
| | 78,256,103 | 70,562,516 |

Cash & Cash Equivalent

(Amount In NRS)
Schedule- 4

| Particulars | " As on Ashad 31, 2078 (July 15, 2021) " | " As on Ashad 31, 2077 (July 16, 2020) " |
|---|--|--|
| Cash in Hand (As Certified by the Management) | 2,668 | - |
| Balances with Banks: | | |
| a. In Commercial Banks | 1,603,638 | 1,169,671 |
| b. In Development Banks | - | - |
| | 1,606,306 | 1,169,671 |

Advance & Deposits

(Amount In NRS)
Schedule- 5

| Particulars | " As on Ashad 31, 2078 (July 15, 2021) " | " As on Ashad 31, 2077 (July 16, 2020) " |
|---|--|--|
| Advance to Consultant & Contractors | 120,421 | 120,421 |
| Advance to Land Owner for Land Purchase | 2,438,444 | 2,388,444 |
| MVHPL-Advance to Sundry Creditors | 50,000 | 50,000 |
| Advance to Material Supplier | 224,624 | 224,624 |
| MVHPL-Prepaid Exp | 4,369,017 | 1,435,484 |
| Other Advances | 223,579 | 228,266 |
| Deposits & Margins | 1,758,248 | 2,118,586 |
| Cash margin | 178,159 | - |
| | 9,362,491 | 6,565,825 |

Current Tax Assets /(Liabilities)

(Amount In NRS)
Schedule- 6

| Particulars | " As on Ashad 31, 2078 (July 15, 2021) " | " As on Ashad 31, 2077 (July 16, 2020) " |
|-------------------|--|--|
| Advance tax | 264,048 | - |
| Provision for tax | 551,271 | 515,901 |
| | (287,223) | (515,901) |

Equity share capital*(Amount In NRS)
Schedule-7*

| Particulars | " As on Ashad 31, 2078 (July 15, 2021) " | " As on Ashad 31, 2077 (July 16, 2020) " |
|---|--|--|
| Authorised Share Capital 19,500,000 Equity Share of Rs.100.00 each | 1,950,000,000 | 1,950,000,000 |
| Issued Share Capital 11,000,000 Equity Share of Rs.100.00 each | 1,100,000,000 | 1,100,000,000 |
| Subscribed and Called Up Share Capital 11,000,000 Equity Share of Rs.100.00 each | 1,100,000,000 | 1,100,000,000 |
| Paid Up Share Capital 11,000,000 Equity Share of Rs.100.00 each | 1,100,000,000 | 1,100,000,000 |
| | 1,100,000,000 | 1,100,000,000 |

Reserves and Surplus*(Amount In NRS)
Schedule-8*

| Particulars | " As on Ashad 31, 2078 (July 15, 2021) " | " As on Ashad 31, 2077 (July 16, 2020) " |
|---------------------------|--|--|
| Retained earning | (199,204,869) | (144,162,731) |
| Other Equity | (42,413) | (42,413) |
| profit & loss of the year | 191,610 | (55,042,138) |
| Deferred Tax Reserve | - | - |
| | (199,055,672) | (199,247,282) |

Medium & Long Term Loans*(Amount In NRS)
Schedule-9*

| Particulars | " As on Ashad 31, 2078 (July 15, 2021) " | " As on Ashad 31, 2077 (July 16, 2020) " |
|--|--|--|
| A. Secured Medium and Long Term Loan (Secured against mortgaged of immovable properties and charge / hypothecation of the entire current and future fixed assets and current assets) | | |
| MVHPL-Consortium Term Loan - UMHEP | 1,032,653,709 | 1,102,728,461 |
| MVHPL-Consortium Term Loan - UM C HEP | 596,680,612 | 602,409,689 |
| Total Secured Loans | 1,629,334,322 | 1,705,138,150 |
| B. Unsecured Loan | | |
| Total Unsecured Loans | - | - |
| Grand Total | 1,629,334,322 | 1,705,138,150 |

Retirement Benefit Obligation*(Amount In NRS)
Schedule-10*

| Particulars | " As on Ashad 31, 2078 (July 15, 2021) " | " As on Ashad 31, 2077 (July 16, 2020) " |
|------------------------|--|--|
| Gratuity Payable | 13,027 | 13,027 |
| Provident Fund Payable | 10,645 | 10,645 |
| | 23,672 | 23,672 |

Current Liabilities & Provisions*(Amount In NRS)*
Schedule-12

| Particulars | " As on Ashad 31, 2078 (July 15, 2021) " | " As on Ashad 31, 2077 (July 16, 2020) " |
|--|--|--|
| A. Trade and Other Payable | | |
| Financial Liabilities | | |
| MVHPL-Sundry Creditors | 6,141,201 | 9,703,234 |
| Audit Fee Payable | 144,950 | 139,375 |
| Liabilities to Employee | 5,264 | 5,264 |
| Other Miscellaneous Payables | 1,089,080 | 493,024 |
| Payable to Staff | 402,276 | 125,529 |
| Citizen Investement Trust Payable (CIT) | 397,380 | 368,917 |
| Interest Payable | 15,807,881 | 19,723,344 |
| Rent & Other Payable | 4,140,000 | 2,760,000 |
| Liabilities to Baord Directors & Members | 52,574,851 | 26,079,583 |
| Retention Money Payable | 5,358,942 | 301,435 |
| Social Security Fund Payable | 244,761 | 2,914,019 |
| Wages Payable | 68,178 | 303,178 |
| Salary Payable | 1,454,680 | 1,207,973 |
| Consulting Fees Payable | 213,076 | 32,381 |
| Payables to Consultants & Contractors | 20,120,414 | - |
| Other advance | 20,000,000 | - |
| Agency Fees Payable | 2,496,070 | 2,602,878 |
| | 130,659,005 | 66,760,134 |
| Other Non Financial Liabilities | | |
| TDS Payable | 7,037,851 | 5,453,720 |
| | 137,696,856 | 72,213,854 |

Short Term Loans*(Amount In NRS)*
Schedule-13

| Particulars | " As on Ashad 31, 2078 (July 15, 2021) " | " As on Ashad 31, 2077 (July 16, 2020) " |
|--|--|--|
| Financial Liabilities | | |
| Nabil Bank Ltd. Current 010101 7500 819 -OD | 14,798,600 | 10,162,024 |
| Nabil Bank Ltd. (UMHEP-C)- 970101017500065-OD | - | - |
| PMHPL - Short Term Loan | 196,000,000 | - |
| Working Capital Loan | 19,952,880 | 19,952,880 |
| | 230,751,480 | 30,114,904 |
| Non Financial Liabilities | | |
| Loan from shareholder | 196,000,000 | 346,000,000 |
| | 426,751,480 | 376,114,904 |

Provisions*(Amount In NRS)*
Schedule-14

| Particulars | " As on Ashad 31, 2078 (July 15, 2021) " | " As on Ashad 31, 2077 (July 16, 2020) " |
|-------------------------|--|--|
| Provision for Bonus | 267,198 | - |
| Prrovision for Expenses | - | - |
| | 267,198 | - |

SCHEDULES FORMING PART OF THE FINANCIAL STATEMENTS

for the year ended Ashad 31, 2078 (July 15, 2021)

Revenue

(Amount In NRS)
Schedule - 15

| Particulars | " Year ended Ashad 31, 2078 (July 15, 2021) " | " Year ended Ashad 31, 2077 (July 16, 2020) " |
|---------------------------------|---|---|
| Electricity Sale to NEA -UMHEP | 205,607,300 | 225,993,053 |
| Electricity Sale to NEA -UMCHEP | 141,948,605 | 143,725,307 |
| | 347,555,905 | 369,718,360 |

Operating Expenses

(Amount In NRS)
Schedule - 16

| Particulars | " Year ended Ashad 31, 2078 (July 15, 2021) " | " Year ended Ashad 31, 2077 (July 16, 2020) " |
|---|---|---|
| Power Plant Expenses-UMHEP | | |
| Electricity Purchased From NEA | 133,236 | 139,647 |
| Royalties | 3,750,603 | 5,598,110 |
| Fine and Penalties | 336,344 | 6,087,566 |
| Power Plant Operation and Maintenance | 1,193,835 | 2,116,399 |
| Transmission Line and Substation Repair & Maintenance | - | 2,250 |
| Power Plant Expenses-UMCHEP | | |
| Electricity Purchased From NEA | 34,358 | 59,759 |
| Royalties | 3,448,972 | 3,434,695 |
| Fine and Penalties | - | 2,490,573 |
| Power Plant Operation and Maintenance | 595,228 | 1,562,400 |
| Transmission Line and Substation Repair & Maintenance | - | 5,920 |
| | 9,492,576 | 21,497,319 |

Employee Benefit Expenses

Amount In NRS
Schedule - 17

| Particulars | " Year ended Ashad 31, 2078 (July 15, 2021) " | " Year ended Ashad 31, 2077 (July 16, 2020) " |
|--|---|---|
| Salary | 1,761,400 | 2,132,123 |
| Allowance | 1,052,767 | 798,297 |
| Provident Fund | - | 121,670 |
| Paid in Lue of Leave | 852,178 | 971,599 |
| Daily Wages | 54,402 | 401,037 |
| Overtime | 689,444 | 441,443 |
| Gratuity | - | 101,352 |
| Insurance | 123,084 | 92,486 |
| Staff Welfare | - | 12,180 |
| Social Security Fund Expenses | 335,580 | 234,262 |
| Dashain Allowance | 821,359 | 1,048,143 |
| UMHEP Staff Salary and allowances | 7,305,892 | 7,320,248 |
| UMHEP Staff Social Security Fund Expenses | 908,392 | 1,013,604 |
| UMCHEP Staff salary and allowances | 5,760,435 | 4,709,079 |
| UMCHEP Staff Social Security Fund Expenses | 724,687 | 662,820 |

| Particulars | " Year ended Ashad 31, 2078 (July 15, 2021) " | " Year ended Ashad 31, 2077 (July 16, 2020) " |
|-------------|--|--|
| | 20,389,620 | 20,060,343 |
| Bonus | 267,198 | - |
| | 20,656,818 | 20,060,343 |

Administrative Expenses*Amount In NRS
Schedule - 18*

| Particulars | " Year ended Ashad 31, 2078 (July 15, 2021) " | " Year ended Ashad 31, 2077 (July 16, 2020) " |
|--|--|--|
| UMHEP Administrative Expenses | | |
| Office Overhead | 1,151,235 | 1,016,850 |
| Vehicle Operation & Maintinance | 273,254 | 111,036 |
| Insurance | 4,576,070 | 4,956,351 |
| Power Plant Repair & Maintinance | 44,447 | 774,972 |
| Enviromental, Community & Mitigation | - | 135,873 |
| Bank Comission & Charges | 1,607,973 | 1,683,305 |
| Other Miscellenious Expenses | 5,520 | 38,915 |
| Penal Charges | 3,087 | 429,443 |
| Transportation Charge | 6,413 | - |
| UMCHEP Administrative Expenses | | |
| Office Overhead | 642,768 | 597,079 |
| Vehicle Operation & Maintinance | 128,771 | 98,918 |
| Insurance | 2,047,395 | 1,963,712 |
| Power Plant Repair & Maintinance | 66,129 | 59,675 |
| Enviromental, Community & Mitigation | - | 97,671 |
| Bank Comission & Charges | 888,097 | 919,573 |
| Other Miscellenious Expenses | 2,760 | 11,000 |
| Penal Charges | - | 74,491 |
| Other Administrative Expenses | | |
| Rent | 1,080,000 | 1,080,000 |
| Electricity and Water | - | 2,640 |
| House Keeping | 480,000 | 480,000 |
| Office Supplies,Equipment & Tools | 35,150 | 20,570 |
| Repair & Maintenance | 20,194 | 27,400 |
| Stationery, Printing, copy & Binding Exp | 49,867 | 49,769 |
| Communication Related Exp | 159,076 | 145,934 |
| Advertismnt, Publicity & Notice Exp | 78,512 | 37,019 |
| Office Meeting Exp | 22,500 | - |
| Gift & Donation | 19,050 | 140,346 |
| Membership & Renewal Fee & Exp | 368,750 | 571,900 |
| TADA & Travelling Exp | 155,760 | 64,445 |
| Transportation (Local Conveyance) & taxes | 20,145 | 43,075 |
| Guest Entertainment Exp | 135,469 | 96,894 |
| Consulatncy Fee & Others | 339,550 | 1,144,029 |
| Bank Charges Mgt Fee & Other Charges | 402,138 | 34,783 |
| Fines and Penalties | 480,304 | 152,444 |

| Particulars | " Year ended Ashad 31, 2078 (July 15, 2021) " | " Year ended Ashad 31, 2077 (July 16, 2020) " |
|------------------------------|--|--|
| Vehicle- Fuel & Lubricant | 44,068 | 77,368 |
| Vehicle-Repair & Maintenance | - | 15,481 |
| Vehicle-Insurance Exp | - | 26,865 |
| Other Expenses | - | 200,000 |
| Audit Fee & Exp | 146,900 | 141,250 |
| Board Meeting fee & exp | 252,000 | 107,500 |
| Miscellaneous fee & Exp | 5,500 | 13,038 |
| Bills Purchase | 205,981 | - |
| | 15,944,834 | 17,641,614 |

Other Income

(Amount In NRS)
Schedule - 19

| Particulars | " Year ended Ashad 31, 2078 (July 15, 2021) " | " Year ended Ashad 31, 2077 (July 16, 2020) " |
|---|---|---|
| Rental Income from Transmission Line | 1,508,854 | 1,508,854 |
| Interest Income | - | - |
| Profit/loss on sale of fixed asset | 696,231 | - |
| | 2,205,085 | 1,508,854 |

Depreciation and Amortization Expenses

(Amount In NRS)
Schedule - 19

| Particulars | " Year ended Ashad 31, 2078 (July 15, 2021) " | " Year ended Ashad 31, 2077 (July 16, 2020) " |
|----------------------------------|---|---|
| Depreciation on PPE | 116,633,604 | 116,632,498 |
| Amortization on Intangible Asset | 20,000 | 20,000 |
| | 116,653,604 | 116,652,498 |

Financial Expenses

(Amount In NRS)
Schedule - 21

| Particulars | " Year ended Ashad 31, 2078 (July 15, 2021) " | " Year ended Ashad 31, 2077 (July 16, 2020) " |
|--|---|---|
| Interest on Long Term Loan-UMHEP | 87,586,136 | 115,239,074 |
| Interest on Working Capital Loan-UMHEP | 1,531,927 | 2,226,677 |
| Interest on Long Term Loan-UMCHEP | 48,588,928 | 61,545,503 |
| Interest on Working Capital Loan-UMCHEP | - | - |
| Interest on Short term loan | 35,946,657 | 40,290,574 |
| | 173,653,648 | 219,301,828 |

Tax Expenses

(Amount In NRS)
Schedule - 22

| Particulars | " Year ended Ashad 31, 2078 (July 15, 2021) " | " Year ended Ashad 31, 2077 (July 16, 2020) " |
|-----------------------|---|---|
| Current Tax Expenses | 551,271 | 515,901 |
| Deferred Tax Expenses | 12,616,629 | 30,599,851 |
| | 13,167,900 | 31,115,752 |

SCHEDULES FORMING PART OF FINANCIAL STATEMENTS

as at 31 Ashad, 2078 (15th July, 2021)

Deferred Tax Asset / (Liabilities)

2077-78

(Amount in NRs)
Schedule-11

| Description | Carrying Amount | Tax Base | Temporary Difference |
|---|----------------------|----------------------|----------------------|
| Property, Plant & Equipment and Intangibles | 2,936,583,580 | 2,351,511,871 | 585,071,709 |
| Lease Liability | - | - | - |
| Gratuity Provisions | - | - | - |
| Others | | | |
| Total | 2,936,583,580 | 2,351,511,871 | 585,071,709 |
| Tax Rate @ 12.5% | | | 73,133,964 |
| Reversal During the Period | | | - |
| Deferred Tax Liability/(Asset) 31-03-2078 | | | 73,133,964 |
| Deferred Tax Expenses/(Income) 2077-78 | | | 12,616,629 |
| Deferred Tax Liability/(Asset) 31-03-2077 | | | 60,517,335 |
| Deferred Tax Expenses/(Income) 2077-78 P&L | | | 12,616,629 |
| Deferred Tax Expenses/(Income) 2077-78 OCI | | | - |

2076-77

| Description | Carrying Amount | Tax Base | Temporary Difference |
|---|----------------------|----------------------|----------------------|
| Property, Plant & Equipment and Intangibles | 3,050,783,556 | 2,566,638,085 | 484,145,470 |
| Lease Liability | - | - | - |
| Gratuity Provisions | 13,027 | - | 13,027 |
| Others | | | |
| Total | 3,050,796,583 | 2,566,638,085 | 484,132,443 |
| Tax Rate @ 12.5% | | | 60,516,555 |
| Reversal During the Period | | | (779) |
| Deferred Tax Liability/(Asset) 31-03-2077 | | | 60,517,335 |
| Deferred Tax Expenses/(Income) 2076-77 | | | 30,599,851 |
| Deferred Tax Liability/(Asset) 31-03-2076 | | | 29,917,484 |
| Deferred Tax Expenses/(Income) 2076-77 P&L | | | 30,599,851 |
| Deferred Tax Expenses/(Income) 2076-77 OCI | | | - |

| Particulars | " As on Ashad 31, 2078 (July 15, 2021) " | " As on Ashad 31, 2077 (July 16, 2020) " |
|----------------------------|--|--|
| Deferred Tax Asset | - | - |
| Deferred Tax (Liabilities) | 73,133,964 | 60,517,335 |
| | 73,133,964 | 60,517,335 |

1. Corporate Information

1.1 About Company

Panchakanaya Mai Hydropower Ltd. is a public limited company incorporated in Nepal through registration with the Office of The Company Registrar on Chaitra 2072 B.S with the majority shareholding by group with an aim to develop hydropower projects using appropriate training, technology transfer and human resources. The company has successfully commissioned Upper Mai Hydropower project (12 MW) in Mabu and Upper Mai Cascade Hydropower Project (6.1 MW) in Sulubung of Sandakpur Gaunpalika in Illam district within the stipulated time with its own 132 KV transmission line of approximately 18.5 km to evacuate the generated power at Godak substation of Nepal Electricity Authority.

1.2 Financial Statement

The Financial Statement of PMHPL comprises Statement of Financial Position, Statement of Profit or Loss, Statement of Other Comprehensive Income, Statement of Changes in Equity, Statement of Cash Flows, Notes to the Financial Statements and Significant Accounting Policies.

The primary financial statements of PMHPL for the year ended 31 Ashad 2078 have been drawn up consistent with the requirements of NAS 01 and the following key presentation decisions have been made:

A. Statement of Financial Position

The statement of financial position is presented in order of permanency, with a distinction based on expectations regarding recovery or settlement within 12 months after the reporting date (no more than 12 months) and more than 12 months after the reporting date (more than 12 months), presented in the notes.

B. Statement of Profit or Loss and Statement of Other Comprehensive Income

The Company has elected to present comprehensive income in two separate statements, being the statement of profit or loss and the statement of Other Comprehensive Income. Information about the individual components of other comprehensive income (OCI) as well as the tax effects have been disclosed in the notes to the financial statements

C. Statement of Changes in Equity

The Company presents its statement of changes in equity as part of its primary financial statements showing the following items: (a) net profit/loss for the period; (b) the amounts of transactions with owners in their capacity as owners, showing separately contributions by and distributions to owners; and (c) for each component of equity a reconciliation between the carrying amount at the beginning and the end of the period, separately disclosing each change.

D. Statement of Cash Flows

The Company represents its operating cash flows based on the indirect method. For cash flow purposes, the Company classifies the cash flows for the acquisition and disposal of non-current assets as investing cash flows.

RESPONSIBILITY FOR FINANCIAL STATEMENTS

The management is responsible for the preparation and presentation of Financial Statements of PMHPL as per the provisions of the Companies Act, 2063.

2. Basis of preparation

a) Basis of Preparation

The financial information has been prepared under the historical cost convention, as modified by the revaluation of assets at fair value wherever the standard requires or the company adopts the option given in the standards for such revaluation.

b) Compliance with NFRS

The Financial Statement of PMHPL which comprises components of Financial Statement mentioned above have been prepared in accordance with Nepal Financial Reporting Standards comprising of Nepal Financial Reporting Standards and Nepal Accounting Standards (hereafter referred as NFRS), laid down by the Institute of Chartered Accountants of Nepal and in compliance with the requirements of the Companies Act ,2063.

c) Reporting Period and Approval of Financial Statement

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

| Relevant Financial Statement | Nepalese Calendar | English Calendar Date/Period |
|------------------------------|--------------------------------|------------------------------|
| Comparative reporting period | 1 Shrawan 2076 – 31 Ashad 2077 | 17 July 2019 - 15 July 2020 |
| NFRS SFP Date | 31 Ashad 2078 | 15 July 2021 |
| NFRS reporting period | 1 Shrawan 2077 – 31 Ashad 2078 | 16 July 2020 - 15 July 2021 |

The accompanied Financial Statements have been authorized by the Board of Directors vide its meeting held at 2078/08/19

d) Functional and Presentation Currency

The Financial Statements of PMHPL are presented in Nepalese Rupees (Rs), which is the currency of the primary economic environment in which the Company operates. There was no change in PMHPL's presentation and functional currency during the year under review.

Since NFRS 9 consists of mixed sets of standards from NAS 39 and IFRS 9, this standard has been brought to the attention on issuing body and Institute of Chartered Accountants of Nepal. This is under review and will be effective after this has been resolved.

e) Presentation of Financial Statement

The assets and liabilities excepting non-financial asset and liabilities of PMHPL presented in the Statement of Financial Position are presented in the increasing order of liquidity i.e. less liquid to more liquid.

h) Materiality

The Institution for the preparation of financial statements determines materiality based on the nature or magnitude, or both. Materiality is a pervasive constraint in financial reporting because it is pertinent to all of the qualitative characteristics.

f) Materiality and Aggregation

In compliance with Nepal Accounting Standard - NAS 01 (Presentation of Financial Statements), each material class of similar items has been presented separately in the Financial Statements. Items of dissimilar nature or functions too are presented separately unless they are immaterial. Financial Assets and Financial Liabilities are offset and the net amount reported in the Statement of Financial Position only when there is a legally enforceable right to offset the recognized amounts and there is an intention to settle on a net basis, or to realize the assets and settle the liability simultaneously. Income and expenses are not offset in the Statement of Profit or Loss unless required or permitted by an Accounting Standard.

i) Discounting

When the realization of assets and settlement of obligation is for more than one year, the company considers the discounting of such assets and liabilities where the impact is material, various internal and external factors have been considered for determining the discount rate to be applied to the cash flows of company.

g) New Standard issued but not yet effective

The standards and interpretation that are issued, but not yet effective, up to the date of issuance of the institution's financial statement are discussed below. The institution intends to adopt these standards, if applicable when they become effective.

j) Current and Non-Current Distinction

Assets and Liabilities wherever applicable are bifurcated in current and non-current based on their respective maturity such information has been disclosed in respective notes as applicable

NFRS 9 – FINANCIAL INSTRUMENT

NFRS 9, as issued reflects the first phase of work on replacement of NAS 39 and applies to classification and measurement of financial assets and liabilities.

k) Accounting policies, critical accounting estimates and Judgments

Accounting Policies NFRS requires the company adopt accounting policies that are most appropriate to the company's circumstances- In determining and applying accounting policies, management is required to make judgments in respect to items where the choice of specific policy, accounting estimate or assumption to be followed could materially affect the company's reported financial position, results or cash flows. These accounting policies are consistently applied by the company.

Specific accounting policies have been included in the specific section of the notes for each items of financial statements which requires disclosures of accounting policies or changes in accounting policies. Effect and nature of the changes, if any, have been disclosed.

l) Going Concern

The financial statements are prepared on a going concern basis, as the management of the institution is satisfied that the institution has the resources to continue in business for the foreseeable future. In making this assessment, the Management have considered a wide range of information relating to present and future conditions, including future projections of profitability, cash flows and capital resources.

m) Accounting Estimates and Judgment

The preparation of the financial statements in accordance with NFRS requires the management to make judgments, estimates and assumptions in applying the accounting policies that affect the reported amounts of assets, liabilities, income and expenses, including contingencies and commitments. Due to the inherent uncertainty in making estimates, actual results reported in future periods may differ from those estimates. The estimates and the underlying assumptions are reviewed on ongoing basis based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances revision to accounting estimates are recognized in the period in which the estimates is revised, if the revision affects only that period; they are recognized in the period of revision and the future periods if the revision affects both current and future periods

The significant judgments made by management in applying the company's accounting policies and the key sources of estimation uncertainty in these financial statements, which together are deemed critical to the company's results and financial position, are given in the respective sections of the notes wherever they have been applied

- Impairment of loans and advances
- Valuation of financial instruments
- Provisions
- Estimation of useful life of property and equipment and intangible asset

3. Significant accounting policies and Notes to Accounts

3.1. Property, Plant and Equipment

Recognition of Property, Plant and Equipment

Property and equipment, including owner-occupied property, is stated at cost, excluding the costs of day-to-day servicing, less accumulated depreciation and accumulated impairment losses. Replacement or major inspection costs are capitalized when incurred, if it is probable that future economic benefits associated with the item will flow to the entity and the cost of the item can be measured reliably.

Depreciation is provided on a straight line basis over the estimated useful lives of the following classes of assets:

PPE-OTHER

| Asset Class | Estimated Useful Life |
|------------------------|--|
| Furniture & Fix | Up to 5 Years |
| Computer & Accessories | Up to 5 Years |
| Office equipment | Up to 4 Years |
| Motor Vehicle | Up to 7 Years |
| Leasehold | Up to 1 Years (not exceeding lease term) |

PPE-UMHEP

| Asset Class | Estimated Useful Life |
|----------------------------------|--|
| Construction Equipment and Tools | Up to 3 Years |
| Other Plant Asset | Up to 29.05 Years (not exceeding lease term) |

PPE-UMHCEP

| Asset Class | Estimated Useful Life |
|----------------------------------|---|
| Construction Equipment and Tools | Up to 1 Years |
| Other Plant Asset | Up to 30 Years (not exceeding lease term) |

Depreciation of these assets commence when the assets are available for use, which is generally on commissioning and not when it is put to use. Items of Property, Plant and Equipment are depreciated in a manner that amortizes the cost (or other amount substituted for cost) of the assets after commissioning, less its residual value, over their useful lives on a Straight-Line basis and recognized as an expense in the statement of profit or loss.

The assets' residual values, and useful lives and method of depreciation are reviewed and adjusted, if appropriate, at each financial year end and adjusted prospectively.

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

A. IMPAIRMENT OF PROPERTY, PLANT AND EQUIPMENT

The company applies NAS 36 Impairment of Assets to determine whether its asset have impaired. For the purpose of determination of Impairment Loss, the company treats each reportable segment as a separate Cash Generating Unit.

Any indication giving rise to circumstances that require a detailed impairment test has not occurred during the period and consequently no impairment loss has been charged on the company's property plant and equipment as on 31st Ashad 2078.

The Company assesses at each reporting date whether there is an indication that an asset may be impaired. If any indication exists, or when annual impairment testing for an asset is required, the Company estimates the asset's recoverable amount. An asset's recoverable amount is the higher of an asset or cash-generating units (CGU) fair value less costs to sell and its value in use. Where the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining fair value less costs to sell, an appropriate valuation model is used.

An assessment is made at each reporting date as to whether there is any indication that previously recognized impairment losses may no longer exist or may have decreased.

3.2. Intangible Assets (NAS-38)

Basis of recognition

Company's intangible asset comprises of accounting, policy servicing, human resource and administration related software which have been separately acquired and

therefore measured on initial recognition at cost less any accumulated amortization.

Subsequent Expenditure

Subsequent to initial recognition, the intangible asset is carried at cost less accumulated amortization and accumulated impairment losses.

Subsequent expenditure on intangibles are capitalized only when it increases the future economic benefits embodied in the specific asset to which it relates. All other expenditure is charged to the statement of profit or loss when incurred.

Amortization

Software (Intangibles) has been classified as having definite useful life and are amortized over estimated useful life of concerned software. Estimation of the useful life is reviewed at each financial year end and changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset are considered to modify the amortization period or method, as appropriate, and are treated as changes in accounting estimates

Amortization expense on intangible assets with finite lives is recognized in the statement of profit or loss in the expense category consistent with the function of the intangible asset.

Amortization is calculated using the straight-line method to write down the cost of intangible assets to their residual values over their estimated useful lives. Estimated useful life of the software currently owned by the company has been determined at 5 years.

De-recognition

An intangible asset is de-recognized on disposal or when no future economic benefits are expected from it. The gain or loss arising from de-recognition of such intangible assets is included in the statement of profit or loss when the item is de-recognized.

Impairment of Intangible Assets

An impairment review is performed whenever there is an indication of impairment. When the recoverable amount is less than the carrying value, an impairment loss is recognized in the statement of profit or loss.

Assessment of impairment

The management has assessed potential impairment indicators of Intangible assets as at 31 Ashad 2078. Based on the assessment, impairment indicators were not identified.

3.3. Deferred tax

Deferred tax is provided using the liability method on temporary differences at the reporting date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes. Deferred tax liabilities are recognized for all taxable temporary differences, except;

- a) When the deferred tax liability arises from the initial recognition of goodwill or of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss.
- b) In respect of taxable temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, where the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred Tax Assets and Deferred Tax liabilities

Deferred tax assets are recognized for all deductible temporary differences, carry forward of unused tax credits and unused tax losses, 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 except where the deferred tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss.

Carrying amount of deferred 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. Unrecognized deferred tax assets are reassessed at each reporting date and are recognized to the extent that it has become probable that future taxable profit will allow the deferred tax asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the year 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 relating to items recognized outside the statement of profit or loss is recognized outside statement of profit or loss. Deferred tax items are recognized in correlation to the underlying transaction either in other comprehensive income or directly in equity.

Deferred tax assets and deferred tax liabilities are offset, if a legally enforceable right exists to set-off current tax assets against current income tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

3.4. Financial Instruments (NFRS-9)

A financial instrument is any contract that gives rise to a financial asset or of one entity and a financial liability or equity instrument of another entity.

3.4.1 Financial assets

As per NFRS 9 Financial instrument are classified into following types;

- a) Financial investment measured at amortized cost
- b) Financial investment at fair value through other comprehensive income. (FVOCI).
- c) Financial investment at fair value through profit and loss (FVTPL)

A) FINANCIAL INVESTMENT MEASURED AT AMORTIZED COST

Financial assets at amortized cost include those non derivative financial assets (debt instruments) that are held by the entity for long term purpose and intend to hold till maturity.

The assets which have been classified as Financial Assets Measured at Amortized Cost are held with an objective to collect their contractual cash flows rather than to sell the assets prior to their contractual maturity dates (business model test), and the contractual terms of these financial assets give rise to cash flows that are solely payments of principal & interest (SPPI) on the outstanding principal amount. Income (interest) on financial assets measured at Amortized Cost is recognized in the profit or loss for the

period under Investment Income. The company does not hold any asset that meet the above criteria and has to be measured at Amortized Cost.

Impairment of financial investment carried at amortized cost

If there is objective evidence that an impairment loss on assets carried at amortized cost has been incurred, the amount of the impairment loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future expected credit losses that have not been incurred) discounted at the financial asset's original effective interest rate. The carrying amount of the asset is reduced and the loss is recorded in the statement of Profit or Loss.

The Company first assesses whether objective evidence of impairment exists individually for financial assets that are individually significant, and individually or collectively for financial assets that are not individually significant. If it is determined that no objective evidence of impairment exists for an individually assessed financial asset, whether significant or not, the asset is included in a group of financial assets with similar credit risk characteristics and that group of financial assets is collectively assessed for impairment. Assets that are individually assessed for impairment and for which an impairment loss is, or continues to be, recognized are not included in a collective assessment of impairment. The impairment assessment is performed at each reporting date.

If, in a subsequent period, the amount of the impairment loss decreases and that decrease can be related objectively to an event occurring after the impairment was recognized, the previously recognized impairment loss is reversed. Any subsequent reversal of an impairment loss is recognized in the statement of profit or loss, to the extent that the carrying value of the asset does not exceed its amortized cost at the reversal date. There has been no impairment of financial assets measured at amortized cost for the reporting period.

B) FINANCIAL INVESTMENT AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME

Recognition of Financial investment at fair value through other comprehensive income

The company classifies debt instruments that meet the cash flow characteristic tests (SPPI) those are not designated at Fair Value through Profit or Loss (FVTPL) as Financial Assets at Fair Value through Other Comprehensive Income (FVTOCI) if it is held with an

objective to hold in order to collect contractual cash flows and sell the financial assets.

Impairment of financial investment at fair value through OCI

If a fair value through OCI financial asset is impaired, an amount comprising the difference between its costs (net of any principal repayment and amortization) and its current fair value, less any impairment loss previously recognized in other comprehensive income, is transferred from equity to the statement of profit or loss. Reversals in respect of equity instruments classified as fair value through OCI are not recognized in the statement of profit or loss.

Reversals of impairment losses on debt instruments classified at fair value through OCI are reversed through the statement of profit or loss, if the increase in the fair value of the instruments can be objectively related to an event occurring after the impairment losses were recognized in the statement of profit or loss.

C) FINANCIAL INVESTMENT AT FAIR VALUE THROUGH PROFIT AND LOSS

Recognition of financial investment at fair value through profit and loss

Financial assets at fair value through profit or loss include financial assets held for trading and those designated upon initial recognition at fair value through profit or loss. Investments typically bought with the intention to sell in the near future are classified as held for trading. Attributable transaction costs are recognized in the statement of profit or loss as incurred. These investments are initially recorded at fair value. Subsequent to initial recognition, they are re-measured at fair value.

Dividend income and gain/loss on disposal of financial assets measured at FVTPL are recognized in profit or loss for the period.

The company does not hold any debt instruments that meet the above criteria and has not designated any of the equity investments to be measured at FVTPL.

If there is objective evidence that an impairment loss on assets carried at amortized cost has been incurred, the amount of the impairment loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future expected credit losses that have not been incurred) discounted at the financial asset's original effective interest rate. The carrying amount of the asset is reduced and the loss is recorded in the statement of Profit or Loss.

The Company first assesses whether objective evidence of impairment exists individually for financial assets that are individually significant, and individually or collectively for financial assets that are not individually significant. If it is determined that no objective evidence of impairment exists for an individually assessed financial asset, whether significant or not, the asset is included in a group of financial assets with similar credit risk characteristics and that group of financial assets is collectively assessed for impairment. Assets that are individually assessed for impairment and for which an impairment loss is, or continues to be, recognized are not included in a collective assessment of impairment. The impairment assessment is performed at each reporting date.

If, in a subsequent period, the amount of the impairment loss decreases and that decrease can be related objectively to an event occurring after the impairment was recognized, the previously recognized impairment loss is reversed. Any subsequent reversal of an impairment loss is recognized in the statement of profit or loss, to the extent that the carrying value of the asset does not exceed its amortized cost at the reversal date.

There has been no impairment of financial assets measured at amortized cost for the reporting period.

Offsetting of Financial Asset and Liability

A financial asset and a financial liability shall be offset and the net amount presented in the statement of financial position only when an entity:

- a) Currently has a legally enforceable right to set off the recognized amounts; and intends either to settle on a net basis, or to realize the asset and settle the liability simultaneously.
- b) Entities are required to offset financial assets and financial liabilities in the balance sheet when the criteria for setoff are met and to qualify for offsetting, all of the counterparties to the contract must currently have a legally enforceable right of setoff.

3.4.2 Financial Liability

A Financial Liability is any liability that is:

A) CONTRACTUAL OBLIGATION:

- (i) To deliver cash or another financial asset to another entity.
- (ii) To exchange financial assets or financial liabilities with another entity under conditions that are potentially unfavorable to entity.

B) A CONTRACT THAT WILL OR MAY BE SETTLED IN THE ENTITY'S OWN EQUITY INSTRUMENT AND IS:

- 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 instrument.

3.5. Inventory

Cost of inventories include cost of purchase, cost of conversion and other costs incurred in bringing the inventories to their present location and condition. Inventories of stores, spare parts and loose tools are stated at the lower of weighted average cost and net realizable value. Net realizable value represents the estimated selling price for inventories in the ordinary course of business less all estimated costs of completion and estimated costs necessary to make the sale.

3.6. Other Financial Asset

Financial Asset other than financial asset at amortized cost, financial asset at fair value through other comprehensive income, financial asset at fair value through profit & loss and cash & equivalent is categorized as other financial asset. These assets include accrued income on bank deposits and loans.

Impairment of Financial Asset

Company assesses recoverability of other financial asset and when it becomes doubtful for the recovery, company impair these financial assets as bad debt.

De-recognition of financial assets

De-recognition is the removal of a previously recognized financial asset (or financial liability) from an entity's statement of financial position. In general, NFRS 9 criteria for de- recognition of a financial asset aim to answer the question whether an asset has been sold and should be derecognized or whether an entity obtained a kind of financing against this asset and simply a financial liability should be recognized.

De-recognition criteria in NFRS 9 should be applied to a part of an asset if, and only if, the part being considered

for de-recognition meets one of the following three conditions:

- a) The part comprises only specifically identified cash flows from a financial asset or a group of similar financial assets.
- b) The part comprises only a fully proportionate (pro rata) share of the cash flows from a financial asset or a group of similar financial assets.
- c) The part comprises only a fully proportionate (pro rata) share of specifically identified cash flows from a financial.

3.7. Taxes

Current Taxes

PMHPL applies NAs 12 Income Taxes in accounting for taxes on income. Income tax payable on taxable profits (Current tax) is recognized as an expense in the period in which the profits arise. Withholding taxes are also treated as income taxes. Income tax recoverable on tax allowable losses is recognized as a current tax asset only to the extent that it is regarded as recoverable by offset against taxable profits arising in the current or prior period. Current tax is measured using tax rates and tax laws that have been enacted or substantively enacted at the statement of financial position date. Current tax assets and liabilities have been netted off, as there is a legal right to settle those amounts on net basis. The nets current tax asset/ liability has been reported separately in the statement of financial position.

3.8. Non- Financial Assets

Assets other than financial assets have been classified as non-financial assets. Broad headings under this classification include Property & Equipment, Intangible Assets, Advances and Prepaid Expenses.

3.9. Cash and Cash Equivalent

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

The majority of cash and cash equivalent comprises of call/current deposits and are subject to insignificant risk of change in value. These also include cash-in-hand and cheques.

3.10. Share Capital

Financial instruments issued are classified as equity when there is no contractual obligation to transfer cash, other financial assets or issue a variable number of own equity instruments. Incremental costs directly attributable to the issue of equity instruments are shown in equity as a deduction from the proceeds.

3.11. Retained Earnings

Earning made during the current and previous years not distributed has been credited to this reserve.

3.12. Employee benefit

3.12.1 Short term employee benefit

Short-term employee benefits, such as salaries, paid absences, performance-based cash awards and social security cost are recognized over the period in which the employee provide the related services.

3.12.2 Retirement Benefit

Company applies NAS-19 Employee Benefits for accounting most of the components of staff cost.

CURRENT EMPLOYEE BENEFITS COSTS

Short-term employee benefits, such as salaries, paid absences, performance-based cash rewards and social security costs are recognized over the period in which the employees provide the related services.

POST-EMPLOYMENT BENEFITS

The company operates a number of post-employment benefit plans. These plans include both defined benefit and defined contribution plans.

DEFINED CONTRIBUTION PLAN

Payments to defined contribution plans where the company's obligations are equivalent to a contribution by employees to the defined contribution plan. These are charged as an expense as the employees render service. The company operates provident fund scheme and gratuity under Defined contribution plan. A percentage of basic pay is paid on monthly basis to the plan. The company has no further obligation to pay after such contribution even if the plan assets may not be sufficient to pay out to the employees.

DEFINED BENEFIT PLAN

The defined benefit plan includes leave payment at the time of retirement. The present value of defined benefit obligations is calculated at the reporting date by the actuaries. The net charge to the profit and loss comprises the service costs and the net interest on the net defined benefit liability and is presented under employee cost.

3.13. Provisions

Provisions are recognized when the Company has a present obligation (legal or constructive) as a result of a past event, and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. Where the Company expects some or all of a provision to be reimbursed, the reimbursement is recognized as a separate asset but only when the reimbursement is virtually certain. Expense relating to any provision is presented in the statement of profit or loss net of any reimbursement.

If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects, where appropriate, the risks specific to the liability. Where discounting is used, the increase in the provision due to the passage of time is recognized as a finance cost.

3.14. Revenue

The Company applies NAS 18 for recognition of revenue. Revenue includes income from sale of goods, for providing services, interest, royalty and dividend. Revenue is recognized when right to receive is established, amount quantified and it is almost certain that the amount(s) is received or will be received.

i. Sale of Electricity

The revenue from the sale of electricity includes the income received from Nepal Electricity Authority for the sale energy produced from the hydropower projects.

ii. Rental Income from Transmission Line

The rental income is from the rental received from the renting of transmission line of PMHPL to another party.

3.15. Operating Expenses

An operating expense is an expense a business incurs through its normal business operations. An operating expense is an ongoing cost for running a business. Any cost that are directly attributed to purchase, generations and transmission of electricity are operating expenses.

3.16. Borrowing Cost

The borrowing costs that directly relate with the acquisition, construction or production of a qualifying asset need to be capitalized as a part of the cost of the asset. Thus, as per AS 16, you need to determine the amount of the borrowing costs that are eligible for capitalization.

Since the construction phase of PMHPL has been completed and production is started, no borrowing cost has been capitalized under this standard.

4. Disclosures and additional information**4.1. Related Party Disclosure**

Parties are considered to be related if one party has the ability to control the other party or exercise significant influence over the other party in making financial or operation decision or one other party's controls both. The definition includes subsidiaries, associates, directors, key management personnel and employee's retirement benefit fund.

4.1.1 Identification of Related Parties

A related party is a person or entity that is related to the entity that is preparing its financial statements. A person or a close member of that person's family is related to a reporting entity if that person:

- (i) has control or joint control of the reporting entity
- (ii) has significant influence over the reporting entity or
- (iii) is a member of the key management personnel of the reporting entity or of a parent of the reporting entity

An entity is related to a reporting entity if any of the following conditions applies:

- 4.1.1.1. The entity and the reporting entity are members of the same group (which means that each parent, subsidiary and fellow subsidiary is related to the others).
- 4.1.1.2. One entity is an associate or joint venture of the other entity (or an associate or joint venture of a member of a group of which the other entity is a member).
- 4.1.1.3. Both entities are joint ventures of the same third party.
- 4.1.1.4. One entity is a joint venture of a third entity and the other entity is an associate of the third entity.
- 4.1.1.5. the entity is a post-employment benefit plan for the benefit of employees of either the reporting entity or an entity related to the reporting entity. If the reporting entity is itself such a plan, the sponsoring employers are also related to the reporting entity.
- 4.1.1.6. The entity is controlled or jointly controlled by a person identified in (a).
- 4.1.1.7. A person identified in (a)(i) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity).

The Company Identifies the following as the related parties under the requirement of NAS 24

Key Managerial Personnel

Prem Bahadur Shrestha (Chairman)

Dhurba Kumar Shrestha (Director)

Udeep Shrestha (Director)

Tika Ram Niroula (Public Director)

5. Earnings per share

Earnings per Share is calculated using the earnings attributable to equity shareholders for the period divided by the number of weighted average number of shares as required under NAS 33 Earnings per share.

Transaction With Related Parties 2077/78

| Board Member | Meeting Allowance | Salary | Interest | Total |
|-----------------------|-------------------|--------|----------------------|----------------------|
| Prem Bahadur Shrestha | 72,000.00 | | 30,918,904.00 | 30,990,904.00 |
| Dhurba Kumar Shrestha | 60,000.00 | | | 60,000.00 |
| Udeep Shrestha | 60,000.00 | | | 60,000.00 |
| Tika Ram Niroula | 60,000.00 | | | 60,000.00 |
| Total | 252,000.00 | | 30,918,904.00 | 31,170,904.00 |

2076/77

| Board Member | Meeting Allowance | Salary | Interest | Total |
|-----------------------|-------------------|---------------------|----------------------|----------------------|
| Prem Bahadur Shrestha | 30,000.00 | | 40,290,574.00 | 40,320,574.00 |
| Dhurba Kumar Shrestha | 25,000.00 | | | 25,000.00 |
| Santosh Kumar Pradhan | 2,500.00 | 1,669,286.00 | | 1,671,786.00 |
| Udeep Shrestha | 25,000.00 | | | 25,000.00 |
| Tika Ram Niroula | 25,000.00 | | | 25,000.00 |
| Total | 107,500.00 | 1,669,286.00 | 40,290,574.00 | 42,067,360.00 |

Earnings Per Share

| Particulars | Year ended Ashad 31, 2078 (July 15, 2021) (NRS) | Year ended Ashad 31, 2077 (July 15, 2020) (NRS) |
|---|--|--|
| Weighted average number of shares for the period | 11,000,000.00 | 10,971,369.86 |
| Weighted average number of shares for the period (dilutive) | 11,000,000.00 | 10,971,369.86 |
| Basic Earning per share (NPR) | 0.02 | (5.02) |
| Diluted Earning per share (NPR) | 0.02 | (5.02) |

6. Fair Value Measurement of Financial Instrument

In accordance with NFRS 13 fair Value Measurement, the company categories instruments carried on the reporting sheet at fair value using a three-level hierarchy.

Determination of fair value hierarchy

For all financial instruments where fair values are determined by referring to externally quoted prices or observable pricing inputs to models, independent price determination or validation is obtained. In an inactive market, direct observation of a traded price may not be possible. In these circumstances, the institution uses alternative market information to validate the financial instrument's fair value, with greater weight given to information that is considered to be more relevant and reliable.

Fair values of financial assets and liabilities are determined according to the following hierarchy:

Level 1 – Valuation technique using quoted market price: financial instruments with quoted prices for identical instruments in active markets that the group can access at the measurement date.

Level 2 - valuation technique using observable inputs: financial instruments with quoted prices for similar instruments in active markets or quoted prices for identical or similar instruments in inactive markets and financial instruments valued using models where all significant inputs are observable. For the listed securities where the bank holds promoter shares which are priced and traded differently in the market than ordinary shares the bank has considered the valuation of similar promoter's shares traded in the market which approximates to 50% of the price that the ordinary shares are traded.

Level 3 - valuation technique with significant unobservable inputs: financial instruments valued using valuation techniques where one or more significant inputs are unobservable. Where market prices are not available then the bank considers the carrying value and future cash flows from the financial instruments.

7. Leases

The determination of whether an arrangement is a lease, or contains a lease, is based on the substance of the arrangement at the inception date and requires an assessment of whether the fulfilment of the arrangement is dependent on the use of a specific asset (or assets) and the arrangement conveys a right to use the asset

| PMHL | Carrying Value | Quoted Market Value | Observable Input | Unobservable Input | Difference |
|---|----------------|---------------------|------------------|--------------------|------------|
| | | (Level 1) | (Level 2) | (Level 3) | |
| 2077-78 | - | - | - | - | - |
| Financial Assets | | | | | - |
| Fair Value at amortized Cost | - | - | - | - | - |
| Fair Value Through Profit and Loss | - | - | - | - | - |
| Fair Value Through Other Comprehensive Income | - | - | - | - | - |
| Other Financial Asset | 101,569,255 | - | - | 101,569,255 | - |
| Financial Liabilities | | | | | |
| Other Financial Liabilities | 1,990,744,807 | | | 1,990,744,807 | - |
| 2076-77 | - | - | - | - | - |
| Financial Assets | | | | | - |
| Fair Value at amortized Cost | - | - | - | - | - |
| Fair Value Through Profit and Loss | - | - | - | - | - |
| Fair Value Through Other Comprehensive Income | - | - | - | - | - |
| Other Financial Asset | 84,148,022 | | | 84,148,022 | - |
| Financial Liabilities | | | | | |
| Other Financial Liabilities | 1,802,013,187 | | | 1,802,013,187 | - |

(or assets), even if that asset is (or those assets are) not explicitly specified in an arrangement.

PMHPL as a lessee

A lease is classified at the inception date as a finance lease or an operating lease. Leases that do not transfer substantially all of the risks and rewards of ownership of an asset to the Company are classified as operating leases.

Operating lease payments are recognized as an expense in the statement of profit or loss on a straight-line basis over the lease term.

8. Operating Segments Accounting Policies

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

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

9. Contingent Liabilities and commitment

Contingent liabilities: Where the institution undertake to make a payment on behalf of its customers for guarantees

issued, such as for performance bonds or as irrevocable letters of credit as part of the institution's transaction instituting business for which an obligation to make a payment has not arisen at the reporting date, those are included in these financial statement as contingent liabilities.

Other contingent liabilities primarily include revocable letters of credit and bonds issued on behalf of customers to customs, for bids or offers.

Commitments: Where the institution has confirmed its intention to provide funds to a customer or on behalf of a customer in the form of loans, overdrafts, future guarantees, whether cancellable or not, or letters of credit and the institution has not made payments at the reporting date, those instruments are included in this financial statement as commitments.

10. Events After Reporting Date Accounting Policies

The Company follows NAS-10 'Events After Reporting Period', for accounting and report for the events that occur after reporting period. Classifies those events as adjusting and non-adjusting.

No circumstances have arisen since the reporting date which would require adjustments to, or disclosure in the financial statements.

पञ्चकन्या माई हाइड्रोपावर लिमिटेड

(कम्पनी ऐन, २०६३ बमोजिम स्थापित संस्था)

ललितपुर महानगरपालिका वडा नं. ३, पुल्चोक, ललितपुरको

संस्थागत सुशासन सम्बन्धी वार्षिक अनुपालना प्रतिवेदन

(नेपाल धितोपत्र बोर्डबाट जारी सूचीकृत संगठित संस्थाहरुको संस्थागत सुशासन सम्बन्धि निर्देशिका, २०७४ बमोजिमको)

| सूचीकृत संगठित संस्थाको नाम | पञ्चकन्या हाइड्रोपावर लिमिटेड |
|-----------------------------|--|
| ठेगाना, ईमेल र वेबसाइट | ल.पु.म.न.पा. वडा नं.३ पुल्चोक, ललितपुर ईमेल:mail.mvhpl@gmail.com वेब साइट www.panchakanyamai.com.np |
| फोन.नं. | ०१-५०००५५०२ |
| प्रतिवेदन पेश गरिएको आ.व. | २०७६।०७ |

१. सञ्चालक समिति सम्बन्धि विवरण:

क) सञ्चालक समितिको अध्यक्षको नाम तथा नियुक्ति मिति: प्रेम बहादुर श्रेष्ठ (२०७३।०९।१४)

ख) संस्थाको शेयर संरचना सम्बन्धी विवरण: प्रतिशेयर रु १००।- का दरले १,१०,००,००० कित्ता शेयरको रु. १,१०,००,००,०००।-

संस्थापक समुहको लगानी (१३ जना) : प्रतिशेयर रु १००।- का दरले ८८,००,००० कित्ता शेयरको रु. ८८,००,००,०००।- (८०%)

सर्व साधारण र अन्य : प्रतिशेयर रु १००।- का दरले २२,००,००० कित्ता शेयरको रु. २२,००,००,०००।- (२०%)

ग) सञ्चालक समिति सम्बन्धि विवरण:

| क्र.सं. | सञ्चालकहरुको नाम र ठेगाना | प्रतिनिधित्व भएको समुह | शेयर संख्या (कित्ता) | नियुक्ति भएको मिति | पद तथा गोपनियताको सपथ लिएको मिति | सञ्चालक नियुक्तिका तरिका (विधि) |
|---------|---------------------------|------------------------|----------------------|--------------------|----------------------------------|---|
| १ | प्रेम बहादुर श्रेष्ठ, | समुह (क) संस्थापक | २७२५००० | २०७३।१।१४ | २०७३।१।१५ | वार्षिक साधारण सभाबाट सर्व सम्मत |
| २ | धुव कुमार श्रेष्ठ | समुह (क) संस्थापक | ६२५००० | २०७३।१।१४ | २०७३।१।१५ | वार्षिक साधारण सभाबाट सर्व सम्मत |
| ३ | उदिप श्रेष्ठ | समुह (क) संस्थापक | १५००० | २०७३।१।१४ | २०७३।१।१५ | वार्षिक साधारण सभाबाट सर्व सम्मत |
| ४ | टिकाराम निरौला | समुह (ख) सर्व साधारण | १०७० | २०७६।२।२० | २०७६।२।२० | तेश्रो वार्षिक साधारण सभाबाट सर्व सम्मत |

नोट संस्थापक समुह तर्फका संचालक सन्तोष कुमार प्रधानले संचालकबाट मिति २०७६।२।२५ राजिनामा गरेको कारणले उक्त पद हाल सम्म रिक्त रहेको)

घ) सञ्चालक समितिको बैठक:

- सञ्चालक समितिको बैठक सञ्चालन सम्बन्धि विवरण:
- कुनै सञ्चालक समितिको बैठक आवश्यक गणपुरक संख्या नपुगी स्थगित भएको भए सो को विवरण: नभएको

| क्र.सं. | यस आ.व.मा बसेको संचालक समितिको बैठकको मिति : | उपस्थित सञ्चालकको संख्या | बैठकको निर्णयमा भिन्न मत राखी हस्ताक्षर गर्ने सञ्चालक संख्या | गत आ.व.मा बसेको बैठकको मिति : |
|---------|--|--------------------------|--|-------------------------------|
| १ | २०७७/०४/०१ | ४ | - | ५ |
| २ | २०७७/०४/०९ | ४ | - | ४ |
| ३ | २०७७/०४/१८ | ४ | - | ४ |
| ४ | २०७७/०४/२८ | ४ | - | ४ |
| ५ | २०७७/०५/१४ | ४ | - | ४ |
| ६ | २०७७/०५/२५ | ४ | - | ४ |
| ७ | २०७७/०६/०७ | ४ | - | ४ |
| ८ | २०७७/०६/१४ | ४ | - | ४ |
| ९ | २०७७/०६/१५ | ४ | - | ४ |
| १० | २०७७/०६/१८ | ४ | - | ४ |
| ११ | २०७७/०६/२३ | ४ | - | |
| १२ | २०७७/०६/२७ | ४ | - | |
| १३ | २०७७/०७/२७ | ४ | - | |
| १४ | २०७७/०८/०७ | ४ | - | |
| १५ | २०७७/०८/११ | ४ | - | |
| १६ | २०७७/०८/२१ | ४ | - | |
| १७ | २०७७/०८/२७ | ४ | - | |
| १८ | २०७७/०८/२९ | ४ | - | |
| १९ | २०७७/०९/०३ | ४ | - | |
| २० | २०७७/०९/१७ | ४ | - | |
| २१ | २०७७/०९/२७ | ४ | - | |
| २२ | २०७७/०९/२८ | ४ | - | |
| २३ | २०७७/१२/०६ | ४ | - | |
| २४ | २०७८/०२/२३ | ४ | - | |

१. सञ्चालक समितिको बैठक सम्बन्धी अन्य विवरण:

| | |
|--|--|
| सञ्चालक समितिको बैठकमा सञ्चालक वा वैकल्पिक सञ्चालक उपस्थित भए/नभएको (नभएको अवस्थामा बैठक मिति सहित कारण खुलाउने) | सञ्चालक समितिको प्रत्येक बैठकमा बहुमत संख्या पुगको । |
|--|--|

| | |
|---|---|
| सञ्चालक समितिको बैठकमा उपस्थित सञ्चालकहरु, छलफल भएको विषय र तत् सम्बन्धमा भएको निर्णयको विवरण (माइन्टको छोट्टै अभिलेख राखे नराखेको) | सञ्चालक समितिको प्रत्येक बैठकको लिखित अभिलेख राखी उपस्थित सञ्चालकहरुको हस्ताक्षरबाट प्रमाणित गरिएको छ । |
| सञ्चालक समितिको दुई लगातार बसेको बैठकको अधिकतम अन्तर (दिनमा): | ७६ दिन |
| सञ्चालक समितिको बैठक भत्ता निर्धारण सम्बन्धमा बसेको वार्षिक साधारण सभाको मिति: | २०७३।०९।१४ |
| सञ्चालक समितिको प्रति बैठक भत्ता रु | अध्यक्ष लाई रु. ३०००।- अन्य सञ्चालकलाई रु. २५००।- |
| आ.व. २०७७/०७८ को सञ्चालक समितिको कूल बैठक खर्च रु | रु. २,५२,०००।- |

२. सञ्चालकको आचरण सम्बन्धी तथा अन्य विवरण:

- सञ्चालकको आचरण सम्बन्धमा सम्बन्धित संस्थाको आचार संहिता भए/ नभएको: भएको
- एकाघर परिवारको एक भन्दा बढी सञ्चालक भए सो को सो सम्बन्धि विवरण: एकाघर परिवारको भएको
- सञ्चालकहरुको वार्षिक रुपमा सिकाई तथा पुर्नताजगी कार्यक्रम सम्बन्धी विवरण:

| क्र.सं. | विषय | मिति | सहभागी सञ्चालकको संख्या | तालिम सञ्चालन भएको स्थान |
|---------|-------|-------|-------------------------|--------------------------|
| | नभएको | नभएको | नभएको | नभएको |

- प्रत्येक सञ्चालकले आफु सञ्चालकको पदमा नियुक्त वा मनोनयन भएको पन्ध्र दिन भित्र देहायका कुराको लिखित जानकारी गराएको/ नगराएको र नगराएको भए सो को विवरण:
कम्पनी ऐन २०६३ को दफा ९२ बमोजिमको विवरण बाहेकका अन्य कुनै लिखित जानकारी प्राप्त नभएको ।
- संस्था संग नीज वा नीजको एकाघरको परिवारको कुनै सदस्यले कुनै किसिमको करार गरेको वा गर्न लागेको भए सो को विवरण : छैन ।
- नीज वा नीजको एकाघरको परिवारको कुनै सदस्यले संस्था वा सो संस्थाको मुख्य वा सहायक कम्पनीमा लिएको शेयर वा डिवेन्चरको विवरण: छैन ।
- नीज अन्य कुनै संगठित संस्थाको आधारभूत शेयरधनी वा सञ्चालक रहेको भए त्यसको विवरण:

| सञ्चालकको नाम | सञ्चालक रहेको संस्था | आधारभूत शेयरधनी रहेको संस्था |
|----------------------|--|------------------------------|
| प्रेम बहादुर श्रेष्ठ | पञ्चकन्या पावर डेभलपमेन्ट प्रा.लि., पञ्चकन्या समुह | व्यक्तिगत रुपमा भएको । |
| ध्रुवकुमार श्रेष्ठ | पञ्चकन्या समुह | व्यक्तिगत रुपमा भएको । |
| उदपि श्रेष्ठ | पञ्चकन्या समुह | व्यक्तिगत रुपमा भएको । |

- निजको एकाघरको परिवारको कुनै सदस्यले संस्थामा पदाधिकारी वा कर्मचारीको हैसियतमा काम गरिरहेको भए सो को विवरण : छैन ।
- सञ्चालक उस्तै प्रकृतिको उद्देश्य भएको सूचीकृत संस्थाको सञ्चालक, तलवी पदाधिकारी, कार्यकारी प्रमुख वा कर्मचारी भई कार्य गरेका भए सो को विवरण: छैन ।
- सञ्चालकहरुलाई नियमन निकाय तथा अन्य निकायहरुबाट कुनै कारवाही गरिएको भए सो को विवरण: छैन ।

३. संस्थाको जोखिम व्यवस्थापन तथा आन्तरिक नियन्त्रण प्रणाली सम्बन्धी विवरण:

- क) जोखिम व्यवस्थापनको लागि कुनै समिति गठन भए/नभएको गठन नभएको भए सो को कारण : हाल संचालक समितिले नै सो सम्बन्धि निरिक्षण गरिरहेको हुँदा गठन नगरिएको
- ख) जोखिम व्यवस्थापन समिति सम्बन्धि जानकारी:
- ग) आन्तरिक नियन्त्रण कार्यविधि भए/नभएको : भएको
- घ) आन्तरिक नियन्त्रण प्रणालीको लागि कुनै समिति गठन भए/ नभएको गठन नभएको भए सोको कारण: आन्तरिक नियन्त्रण प्रणालीका लागि लेखापरिक्षण समिति गठन गरिएको छ ।
- ङ) आन्तरिक नियन्त्रण प्रणाली समिति सम्बन्ध विवरण:
- ञ) समितिको संरचना (संयोजक तथा सदस्यहरूको नाम तथा पद:)

लेखा परिक्षण समिति

| | | |
|---------------|---------------------|--------|
| संचालक | ध्रुव कुमार श्रेष्ठ | संयोजक |
| आयोजना प्रमुख | भोलानाथ उपाध्याय | सदस्य |
| लेखा प्रमुख | ॐ कार श्रेष्ठ | सदस्य |

आ) समितिको बैठक संख्या (आ.व. २०७७/०७८ मा)

- लेखा परिक्षण समिति : २

ई) समितिको कार्य सम्बन्धि छोटो विवरण:

- लेखापरिक्षण समिति : कम्पनीको आन्तरिक लेखापरिक्षण सम्बन्धि निरिक्षण तथा आवश्यक निर्देशन दिने, लेखापरिक्षक नियुक्तीको लागि सिफारिस गर्ने ।

च) आर्थिक प्रशासन विनियमावली भए/ नभएको: भएको

४. सूचना तथा जानकारी प्रवाह सम्बन्धी विवरण:

क) संस्थाले सार्वजनिक गरेको सूचना तथा जानकारी प्रवाहको विवरण: (आ.व. २०७७/०७८ मा)

| विषय | माध्यम | सार्वजनिक गरेको मिति |
|--|--------------------------------------|----------------------|
| त्रैमासिक वित्तिय विवरण प्रकाशन गरेको मिति | पत्रपत्रिका तथा कम्पनीको Website बाट | २०७७/०७/०६ |
| | | २०७७/०९/१९ |
| | | २०७७/१०/३० |
| | | २०७८/०१/३१ |
| अन्य | | |

ख) सूचना सार्वजनिक नगरेको वा अन्य कारणले धितोपत्र बोर्ड तथा अन्य निकायबाट कारवाहीमा परेको भए सो सम्बन्धी जानकारी : छैन ।

ग) पछिल्लो वार्षिक तथा विशेष साधारण सभा सम्पन्न भएको मिति:

- वार्षिक साधारण सभा : २०७६।२।२०
- विशेष साधारण सभा: भएको छैन ।

५. संस्थागत संरचना र कर्मचारी सम्बन्धी विवरण:

क) कर्मचारीको संरचना, पदपूर्ति, वृत्ति विकास, तालिम, तलव, भत्ता तथा अन्य सुविधा, हाजिर र विदा, आचार संहिता लगायतका कुराहरु समेटिएको कर्मचारी सेवा शर्त विनियमावली / व्यवस्था भए नभएको: भएको

ख) सांगठनिक संरचना संलग्न गर्ने:

ग) उच्च व्यवस्थापन तहका कर्मचारीहरुको नाम, शैक्षिक योग्यता तथा अनुभव सम्बन्धी विवरण:

| नाम र पद | शैक्षिक योग्यता | अनुभव |
|-----------------------------------|-------------------------------------|-------------------|
| भोलानाथ उपाध्याय आयोजना प्रमुख | MSC in Electrical Power Engineering | २० वर्ष भन्दा बढी |

घ) कर्मचारी सम्बन्धी अन्य विवरण:

| | |
|--|--|
| संरचना अनुसार कर्मचारी पदपूर्ति गरे/नगरेको | गरेको |
| नयाँ कर्मचारीहरुको पदपूर्ति गर्दा अपनाएको प्रक्रिया | खुल्ला प्रतिस्पर्धा, अनुभव तथा आन्तरिक बढुवा |
| व्यवस्थापन स्तरका कर्मचारीको संख्या | १ |
| कुल कर्मचारीको संख्या | ५२ |
| कर्मचारीहरुको सक्सेसन प्लान भए/नभएको | नभएको |
| आ.व. २०७७/०७८ मा कर्मचारीहरुलाई दिईएको तालिम संख्या तथा सम्मिलित कर्मचारीको संख्या | छैन । |
| आ.व. २०७७/०७८ मा कर्मचारी तालिम खर्च रु | छैन । |
| कुल खर्चमा कर्मचारी खर्चको प्रतिशत | ६.१४% |
| कुल कर्मचारी खर्चमा कर्मचारी तालिम खर्चको प्रतिशत | ० |

६. संस्थाको लेखा तथा लेखापरीक्षण सम्बन्धी विवरण:

क) लेखा सम्बन्धी विवरण:

| | |
|--|--|
| संस्थाको पछिल्लो आ.व. को वित्तिय विवरण NFRS अनुसार तयार गरे/नगरेको, नगरेको भए सो को कारण | गरेको |
| सञ्चालक समितिबाट पछिल्लो वित्तिय विवरण स्वीकृत भएको मिति | मिति २०७८।१।०४ |
| त्रैमासिक वित्तिय विवरण प्रकाशन गरेको मिति | २०७७।०७।०६ २०७७।०९।१९ २०७७।१०।३० २०७८।०१।३१ |
| अन्तिम लेखापरीक्षण सम्पन्न भएको मिति | २०७९।०९।०१ |
| संस्थाको आन्तरिक लेखा परीक्षण सम्बन्धी विवरण | भएको |
| अ) आन्तरिक रुपमा लेखापरीक्षण गर्ने गरिएको वा बाह्य विज्ञ नियुक्त गर्ने गरिएको | आन्तरिक |
| आ) बाह्य विज्ञ नियुक्त गरिएको भए सो को विवरण | |
| ई) आन्तरिक लेखापरीक्षण कति अवधिको गर्ने गरिएको (त्रैमासिक, चौमासिक वा अर्धवासिक) | त्रैमासिक |

ख) लेखापरीक्षण समिति सम्बन्धी विवरण:

- संयोजक तथा सदस्यहरूको नाम, पद तथा योग्यता:

| नाम | पद | योग्यता |
|---------------------|--------|-------------------------------------|
| ध्रुव कुमार श्रेष्ठ | संयोजक | स्नातक |
| ॐ कार श्रेष्ठ | सदस्य | MBS |
| भोलानाथ उपाध्याय | सदस्य | MSC in Electrical Power Engineering |

- बैठक बसेको मिति तथा उपस्थित सदस्य संख्या:

| क्र.सं. | बैठक बसेको मिति | उपस्थित संख्या | कैफियत |
|---------|-----------------|----------------|--------|
| १. | २०७७/०४/२७ | ३ | |
| २. | २०७७/०८/१९ | ३ | |

- प्रति बैठक भत्ता नलिएको ।
- लेखापरीक्षण समितिले आफ्नो काम कारवाहीको प्रतिवेदन सञ्चालक समितिमा पेश गरेको मिति २०७७/०८/१९

७. अन्य विवरण:

| | |
|--|-----------------|
| संस्थाले सञ्चालक तथा निजको एकाघरका परिवारको वित्तीय स्वार्थ भएको व्यक्ति बैंक तथा वित्तीय संस्थाबाट ऋण वा सापटी वा अन्य कुनै रूपमा रकम लिए/नलिएको | संचालकबाट लिएको |
| प्रचलित कानुन बमोजिम कम्पनीको सञ्चालक, शेयरधनी, कर्मचारी, सल्लाहकार, परामर्शदाताका हैसियतमा पाउने सुविधा वा लाभ बाहेक सुचीकृत संगठीत संस्थाको वित्तीय स्वार्थ भएको कुनै व्यक्ति, फर्म, कम्पनी, कर्मचारी, सल्लाहकार वा परामर्शदाताले संस्थाको कुनै सम्पत्ति कुनै किसिमले भोग चलन गरे/नगरेको | नगरेको |
| नियमनकारी निकायले इजाजत पत्र जारी गर्दा तोकेको शर्तहरूको पालना भए/नभएको नियमनकारी निकायले संस्थाको नियमन निरीक्षण वा सुपरिवेक्षण गर्दा संस्थालाई दिईएको निर्देशनको पालना भए/ नभएको | भएको |
| संस्था वा सञ्चालक विरुद्ध अदालतमा कुनै मुद्दा चलिरहको भए सो को विवरण | नभएको |

परिपालना अधिकृतको नाम: ॐ कार श्रेष्ठ

पद: परिपालना अधिकृत

मिति: २०७८/०९/१२

संस्थाको छाप:

सोही मितिको संलग्न प्रतिवेदन अनुसार

.....

डि. कुमार एण्ड एसोसियट्स

चार्टर्ड एकाउन्टेन्ट

संस्थाको छाप:

प्रतिवेदन सञ्चालक समितिबाट स्वीकृत भएको मिति : २०७८/०९/१२

Energy Generation Table

Upper Mai HEP (FY 2075-076)

| S.N. | Month | Contract Energy as per PPA (kWh) | Energy Generation (kWh) | Approved Energy by NEA(kWh) |
|--------------|--------------|----------------------------------|-------------------------|-----------------------------|
| 1 | Sharwan 2075 | 6,535,555.00 | 7,704,330.85 | 7,276,320.00 |
| 2 | Bhadra 2075 | 6,535,555.00 | 7,477,836.50 | 7,276,320.00 |
| 3 | Ashwin 2075 | 6,535,555.00 | 7,750,274.52 | 7,228,528.00 |
| 4 | Kartik 2075 | 6,324,731.00 | 3,931,880.58 | 3,931,880.58 |
| 5 | Mangsir 2075 | 5,065,262.00 | 2,599,043.80 | 2,599,043.80 |
| 6 | Poush 2075 | 3,391,182.00 | 2,107,635.12 | 2,107,635.12 |
| 7 | Magh 2075 | 2,138,824.00 | 1,698,830.86 | 1,698,830.86 |
| 8 | Falgun2075 | 2,053,294.00 | 1,483,025.75 | 1,483,025.75 |
| 9 | Chaitra 2075 | 2,096,401.00 | 1,434,408.56 | 1,434,408.56 |
| 10 | Baisakh 2076 | 3,205,405.00 | 1,911,830.71 | 1,911,830.71 |
| 11 | Jestha 2076 | 5,296,279.00 | 1,836,482.35 | 1,836,482.35 |
| 12 | Ashar 2076 | 6,746,380.00 | 4,170,279.61 | 4,170,279.61 |
| Total | | 55,924,423.00 | 44,105,859.21 | 42,954,585.34 |

Upper Mai HEP (FY 2076-077)

| S.N. | Month | Contract Energy as per PPA (kWh) | Energy Generation (kWh) | Approved Energy by NEA(kWh) |
|--------------|--------------|----------------------------------|-------------------------|-----------------------------|
| 1 | Sharwan 2076 | 6,746,379.00 | 7,871,866.42 | 6,746,379.36 |
| 2 | Bhadra 2076 | 6,535,555.00 | 7,387,920.00 | 7,236,335.70 |
| 3 | Ashwin 2076 | 6,324,731.00 | 8,137,554.36 | 6,680,613.65 |
| 4 | Kartik 2076 | 6,324,731.00 | 4,854,495.00 | 4,854,495.00 |
| 5 | Mangsir 2076 | 5,239,926.00 | 3,109,362.30 | 3,109,362.30 |
| 6 | Poush 2076 | 3,278,143.00 | 2,310,914.02 | 2,310,914.02 |
| 7 | Magh 2076 | 2,138,823.00 | 1,786,339.20 | 1,786,339.20 |
| 8 | Falgun2076 | 2,053,293.00 | 1,581,612.56 | 1,581,612.56 |
| 9 | Chaitra 2076 | 2,096,401.00 | 1,355,656.38 | 1,355,656.38 |
| 10 | Baisakh 2077 | 3,205,406.00 | 1,482,563.47 | 1,482,563.47 |
| 11 | Jestha 2077 | 5,467,127.00 | 2,743,306.09 | 2,743,306.09 |
| 12 | Ashar 2077 | 6,535,556.00 | 6,647,690.66 | 6,535,554.66 |
| Total | | 55,946,071.00 | 49,269,280.46 | 46,423,132.39 |

Upper Mai HEP (FY 2077-078)

| S.N. | Month | Contract Energy as per PPA (kWh) | Energy Generation (kWh) | Approved Energy by NEA(kWh) |
|------|--------------|----------------------------------|-------------------------|-----------------------------|
| 1 | Sharwan 2077 | 6,746,379.00 | 7,947,592.83 | 7,622,400.00 |
| 2 | Bhadra 2077 | 6,535,555.00 | 6,943,740.00 | 6,913,465.78 |
| 3 | Ashwin 2077 | 6,324,731.00 | 2,509,266.77 | 2,509,266.77 |
| 4 | Kartik 2077 | 6,324,731.00 | - | - |
| 5 | Mangsir 2077 | 5,239,926.00 | - | - |
| 6 | Poush 2077 | 3,278,143.00 | - | - |
| 7 | Magh 2077 | 2,212,576.00 | - | - |
| 8 | Falgun 2077 | 1,984,850.00 | - | - |

| S.N. | Month | Contract Energy as per PPA (kWh) | Energy Generation (kWh) | Approved Energy by NEA(kWh) |
|--------------|--------------|----------------------------------|-------------------------|-----------------------------|
| 9 | Chaitra 2077 | 2,166,281.00 | - | - |
| 10 | Baisakh 2078 | 3,205,406.00 | 249,555.87 | 249,555.87 |
| 11 | Jestha 2078 | 5,296,279.00 | 2,491,446.12 | 2,491,446.12 |
| 12 | Ashar 2078 | 6,535,556.00 | 7,371,507.93 | 7,371,507.93 |
| Total | | 55,850,413.00 | 27,513,109.52 | 27,157,642.47 |

* Upper Mai HEP had been shutdown due to tunnel & penstock damage by the land side.

Upper Mai Cascade HEP (FY 2075-076)

| S.N. | Month | Contract Energy as per PPA (kWh) | Energy Generation (kWh) | Approved Energy by NEA(kWh) |
|--------------|--------------|----------------------------------|-------------------------|-----------------------------|
| 1 | Sharwan 2075 | 3,568,633.00 | 3,859,609.15 | 3,720,000.00 |
| 2 | Bhadra 2075 | 3,568,633.00 | 3,570,105.50 | 3,570,103.50 |
| 3 | Ashwin 2075 | 3,568,633.00 | 3,395,263.29 | 3,395,263.29 |
| 4 | Kartik 2075 | 3,453,516.00 | 2,259,535.16 | 2,259,535.16 |
| 5 | Mangsir 2075 | 2,698,192.00 | 1,423,408.16 | 1,423,408.16 |
| 6 | Poush 2075 | 1,824,007.00 | 1,125,226.12 | 1,125,226.12 |
| 7 | Magh 2075 | 1,128,182.00 | 836,046.82 | 836,046.82 |
| 8 | Falgun2075 | 1,073,025.00 | 773,167.95 | 773,167.95 |
| 9 | Chaitra 2075 | 1,101,354.00 | 822,238.12 | 822,238.12 |
| 10 | Baisakh 2076 | 1,714,959.00 | 1,027,863.94 | 1,027,863.94 |
| 11 | Jestha 2076 | 2,914,428.00 | 1,015,308.65 | 1,015,308.65 |
| 12 | Ashar 2076 | 3,683,750.00 | 2,193,068.88 | 2,193,068.88 |
| Total | | 30,297,312.00 | 22,300,841.74 | 22,161,230.59 |

Upper Mai Cascade HEP (FY 2076-077)

| S.N. | Month | Contract Energy as per PPA (kWh) | Energy Generation (kWh) | Approved Energy by NEA(kWh) |
|--------------|--------------|----------------------------------|-------------------------|-----------------------------|
| 1 | Sharwan 2076 | 3,683,750.00 | 4,119,546.97 | 3,683,750.00 |
| 2 | Bhadra 2076 | 3,568,633.00 | 3,919,511.00 | 3,779,520.00 |
| 3 | Ashwin 2076 | 3,453,516.00 | 4,106,363.14 | 3,540,421.81 |
| 4 | Kartik 2076 | 3,453,516.00 | 2,835,592.85 | 2,835,592.85 |
| 5 | Mangsir 2076 | 2,791,233.00 | 1,734,764.27 | 1,734,764.27 |
| 6 | Poush 2076 | 1,763,207.00 | 1,305,505.22 | 1,305,505.22 |
| 7 | Magh 2076 | 1,128,182.00 | 972,456.93 | 972,456.93 |
| 8 | Falgun2076 | 1,073,025.00 | 858,672.90 | 858,672.90 |
| 9 | Chaitra 2076 | 1,101,354.00 | 731,508.46 | 731,508.46 |
| 10 | Baisakh 2077 | 1,714,959.00 | 833,030.59 | 833,030.59 |
| 11 | Jestha 2077 | 3,008,442.00 | 1,819,349.48 | 1,819,349.48 |
| 12 | Ashar 2077 | 3,568,633.00 | 3,504,580.67 | 3,504,580.67 |
| Total | | 30,308,450.00 | 26,740,882.48 | 25,599,153.18 |

Upper Mai Cascade HEP (FY 2077-078)

| S.N. | Month | Contract Energy as per PPA (kWh) | Energy Generation (kWh) | Approved Energy by NEA(kWh) |
|--------------|--------------|----------------------------------|-------------------------|-----------------------------|
| 1 | Sharwan 2077 | 3,683,750.00 | 3,978,654.66 | 3,878,400.00 |
| 2 | Bhadra 2077 | 3,568,633.00 | 3,479,480.00 | 3,464,309.71 |
| 3 | Ashwin 2077 | 3,453,516.00 | 3,374,740.32 | 3,374,740.32 |
| 4 | Kartik 2077 | 3,453,516.00 | 2,970,882.21 | 2,970,882.21 |
| 5 | Mangsir 2077 | 2,698,192.00 | 1,700,943.61 | 1,700,943.61 |
| 6 | Poush 2077 | 1,763,207.00 | 1,188,927.13 | 1,188,927.13 |
| 7 | Magh 2077 | 1,167,085.00 | 934,469.71 | 934,469.71 |
| 8 | Falgun 2077 | 1,037,258.00 | 738,353.14 | 738,353.14 |
| 9 | Chaitra 2077 | 1,138,066.00 | 606,382.69 | 606,382.69 |
| 10 | Baisakh 2078 | 1,714,959.00 | 750,455.04 | 750,455.04 |
| 11 | Jestha 2078 | 2,914,428.00 | 1,525,896.40 | 1,525,896.40 |
| 12 | Ashar 2078 | 3,568,633.00 | 3,631,721.75 | 3,631,721.75 |
| Total | | 30,161,243.00 | 24,880,906.66 | 24,765,481.71 |

Some Glimpses of the Project Sites

1. SECOND & THIRD AGM



▶ AGM Event



▶ AGM Event



▶ AGM Event



▶ AGM Event

2. MAINTENANCE OF PLANT



▶ Maintenance of Bearing



▶ Maintenance of Runner



▶ Maintenance of Nozzle Tip



▶ Maintenance of Spherical Valve

3. PUBLIC RELATION



▶ Covid Relief Distribution to Gaupalika



▶ Meeting With Local Public



▶ Construction of Drainage



▶ Construction of Drain

4. REPAIR OF TUNNEL & PENSTOCK



▶ Repair of Tunnel



▶ Tunnel Inspection by Chirman of Sandakpur Gaupalika



▶ Pipe Insertion for Tunnel Repair



▶ Repair of Tunnel

5. COMPANY'S STAFF



▶ Headworks Staffs



▶ Mai C Staff With MD (Panchakanya Group)



▶ Upper Mai Staff



▶ Upper Mai Staffs



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