

**Independent Auditor's Report**

To the shareholders

Sahas Urja Limited

Kathmandu

**Report on the audit of the Financial Statements****Opinion**

We have audited the accompanying financial statements of Sahas Urja Limited ("the Company"), which comprise the statement of financial position as at 31 Ashad 2078 (15 July 2021), and the statement of profit or loss and other comprehensive income, the statement of changes in equity and the statement of cash flows for the year then ended, and a summary of significant accounting policies and explanatory information.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of Sahas Urja Limited as at 31 Ashad 2078 (15 July 2021), and (of) its financial performance and its cash flows for the year then ended in accordance with Nepal Financial Reporting Standards.

**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 The Code of Ethics for Professional Accountants together with the ethical requirements 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 basis for our opinion.

**Key Audit Matters**

Key Audit Matters are those matters that, in our professional judgement, were of most significance in the audit of the financial statements of the financial year ended on 31 Ashad 2078 (15 July 2021). These matters were addressed in the context of our audit of the financial statements, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. We have determined the following matters to be the key audit matters to be communicated in our report.

Key Audit Matters	How our audit addressed the key audit matters
<b>Intangible Asset Under Development</b> The Company recognizes an asset arising from a service concession arrangement when it has a right to charge for use of the concession infrastructure. An intangible asset received as consideration for providing construction services in a service concession arrangement is measured at fair value on initial recognition with reference to the	Our audit approach in verification of intangible asset under development included: a. Obtaining understanding of the company's nature of business. b. Reviewing the Power Purchase Agreement. c. Reviewing the contracts with contractors. d. Verification of contractors' invoices. e. Verification of payment to contractors.



fairvalue of the services provided. Subsequent to initial recognition, the intangible asset is measured at cost, which includes capitalized borrowing cost, less accumulated amortization and accumulated impairment losses.

The Company has classified an arrangement for sale of power as a service concession arrangement. Accordingly, the carrying amount of assets under construction and capital advances has been reclassified as an intangible asset in accordance with IFRIC 12 on Service Concession Arrangement.

f. Reviewing the reports of technical and financial consultants.

Our results:

No material exceptions were noted.

#### **Other information**

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

#### **Responsibilities of Management and those Charged with Governance for the Financial Statements**

Management is responsible for the preparation and fair presentation of these 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 concern and using going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

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

#### **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 judgment and maintain professional skepticism throughout the planning and performance of the audit. We also;

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error,





as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the 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 disclosure in the financial statement or, if such disclosure are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

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

We further report that we have obtained information and explanations asked for, which, to the best of our knowledge and belief, were necessary for the purpose of our audit. In our opinion, the statement of financial position, the profit or loss and other comprehensive income, the changes in equity, and the cash flows have been prepared in accordance with the requirements of the Companies Act 2063 and conform to the books of accounts of the Company; and the books of accounts and records are properly maintained in accordance with the prevailing laws.

During the course of our audit, we did not come across cases where the Board of Directors or the representative or any employee of the Company has acted deliberately contrary to the provisions of the law or caused loss or damage to the Company or misappropriated funds of the Company, nor have we been informed of any such case by the management. We have not come across any accounting fraud, so far as it appeared from our examination of the books of accounts.


Ananda Raj Sharma Wagle  
Partner

Wagle & Associates  
Chartered Accountants

Kathmandu

3 April, 2022

UDIN: 220403CA00465wdhks

**Sahas Urja Ltd.**  
Kathmandu-01, Hattisar  
**Statement of Financial Position**  
As on 31st Ashad 2078 (15th July 2021)





**SAHAS URJA** Amount In NRs.

<u>Equity &amp; Liabilities</u>	<u>Schedule</u>	<u>As on 31st Ashad 2078</u>	<u>As on 31st Ashad 2077</u>
<b>Shareholder's Fund</b>			
Share Capital	1	2,450,000,000	2,450,000,000
Advance for Share Capital		-	-
Reserve and Accumulated Profit/(Loss)	2	1,399,475,283	854,688,196
<b>Total Shareholder's Fund</b>		<b>3,849,475,283</b>	<b>3,304,688,196</b>
<b>Revaluation Surplus</b>		<b>5,396,290</b>	<b>5,396,290</b>
<b>Non Current Liabilities</b>			
Medium & Long Term Loan	3	4,700,305,902	2,431,280,582
Withholding & Retentions	5B	216,661,595	59,841,599
<b>Total Non Current Liabilities</b>		<b>4,916,967,497</b>	<b>2,491,122,181</b>
<b>Current Liabilities</b>			
Accounts Payables	4	196,175,172	183,759,019
Withholding & Retentions	5A	47,538,935	21,297,893
Bridge Gap Loan		772,588,462	488,574,012
<b>Total Current Liabilities</b>		<b>1,016,302,568</b>	<b>693,630,924</b>
<b>Total Equity &amp; Liabilities</b>		<b>9,788,141,638</b>	<b>6,494,837,591</b>
<b>Assets</b>			
<b>Non-Current Assets</b>			
Property, Plant and Equipments	6	175,224,674	141,029,903
Less: Accumulated Depreciation		(55,598,987)	(43,100,717)
<b>Total Property, Plant and Equipments</b>		<b>119,625,688</b>	<b>97,929,187</b>
Intangible Assets	7	287,020	287,020
Less: Accumulated Amortization		(287,020)	(287,020)
<b>Total Intangible Assets</b>		<b>-</b>	<b>-</b>
Intangible Assets under Development	8	8,915,828,722	5,454,233,426
Prepayments	9	5,516,379	5,292,104
Receivables (Advance for Share)	10B	-	-
<b>Total Non Current Assets</b>		<b>9,040,970,789</b>	<b>5,557,454,717</b>
<b>Current Assets</b>			
Other Current Assets	10A	579,926,859	830,570,467
Cash And Cash Equivalents	11	160,111,350	99,679,767
Financial Assets measured at Amortized Cost	12	-	-
Financial Assets held at at fair value through Profit or Loss	13	7,132,640	7,132,640
<b>Total Current Assets (A)</b>		<b>747,170,849</b>	<b>937,382,874</b>
<b>Total Assets</b>		<b>9,788,141,638</b>	<b>6,494,837,591</b>

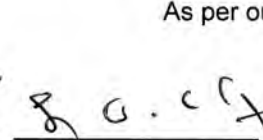
Schedule 1 to 14 forms an integral part of this Financial Statements

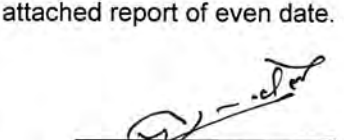
As per our attached report of even date.


  
Milan Dhakal  
Sr. Account Officer

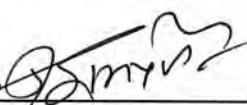
  
Noble Adhikari  
Sr. Finance Officer

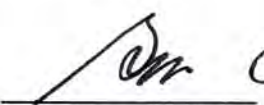
  
Paritosh Paudyal  
Director


  
Mahendra Kumar Giri  
Director


  
Min Raj Kadel  
Director

  
Bhoj Bahadur Shah  
Director

  
Mukti Ram Pandey  
Director

  
Sushil Thapa  
Managing Director

  
Him Prasad Pathak  
Chairman

  
Ananda Raj Sharma Wagle  
Wagle & Associates  
Chartered Accountants

Date: 2078/12/20

Place: Kathmandu



**Sahas Urja Ltd.**

Kathmandu-01, Hattisar

**Statement of Profit or Loss and other Comprehensive Income**


For the Period from 1st Shrawan 2077 to 31st Ashad 2078 (16th July 2020 to 15th July 2021)

Particulars	Schedule	Amount in NRs.	
		For the Year Ended 31st Ashad 2078	For the Year Ended 31st Ashad 2077
Revenue		-	-
Less: Cost of Goods Sold		-	-
<b>Gross Profit</b>		-	-
Construction Revenue as per IFRIC 12		3,461,595,296	3,437,115,801
Less: Construction expenses as per IFRIC 12		(2,910,860,491)	(2,569,355,152)
Add: Interest Income		-	-
<b>Total Income</b>		<b>550,734,805</b>	<b>867,760,649</b>
Less: Administrative Expenses	14	(3,612,800)	(2,616,719)
Less: Depreciation		-	-
Less: Amortisation		-	-
<b>Operating Profit/(Loss)</b>		<b>547,122,005</b>	<b>865,143,931</b>
Finance income		-	-
Finance costs		-	-
Impairment		-	-
<b>Net Finance Cost</b>		-	-
<b>Profit Before Tax</b>		<b>547,122,005</b>	<b>865,143,931</b>
Deferred Tax - Surplus (Expenses)		-	-
Income Tax Expenses		-	-
Other Comprehensive Income		-	-
<b>Total Comprehensive Income</b>		<b>547,122,005</b>	<b>865,143,931</b>

Total profit and comprehensive income is attributable to the owners of the company.

Schedule 1 to 14 forms an integral part of this Financial Statements

As per our attached report of even date.

  
Mitran Dhakal  
Sr. Account Officer

  
Noble Adhikari  
Sr. Finance Officer

  
Paritosh Paudyal  
Director

  
Mahendra Kumar Giri  
Director

  
Min Raj Kadel  
Director

  
Bhoj Bahadur Shah  
Director

  
Mukti Ram Pandey  
Director

  
Sushil Thapa  
Managing Director

  
Him Prasad Pathak  
Chairman

  
Ananda Raj Sharma Wagle  
Wagle & Associates  
Chartered Accountants

Date: 2078/12/20  
Place: Kathmandu

**Sahas Urja Ltd.**  
Kathmandu-01, Hattisar  
**Statement of Cash Flow**

For the Period from 1st Shrawan 2077 to 31st Ashad 2078 (16th July 2020 to 15th July 2021)



Amount in NRs.

Particulars	For the Year Ended 31st Ashad 2078	For the Year Ended 31st Ashad 2077
<b>Cash Flow From Operating Activities</b>		
Net Profit/(Loss) As Per Income Statement	547,122,005	865,143,931
Add: Depreciation For The Period	-	-
Add: Amortisation For The Period	-	-
Add: Non-Cash Expenses	-	-
Cash Flow from operating activities before changes in WC	547,122,005	865,143,931
(Increase)/Decrease In Current Assets	250,643,608	184,113,133
Increase/ (Decrease) In Current Liabilities	38,657,194	161,864,561
<b>Net Cash Flow From Operating Activities (Sub-Total-A)</b>	<b>836,422,806</b>	<b>1,211,121,624</b>
<b>Cash Flow From Investing Activities</b>		
Add: Revaluation Surplus	-	-
Sale/(Purchase) of Tangible Fixed Assets	(34,194,771)	(5,979,977)
Sale/(Purchase) of Intangible Assets	-	-
Increase/(Decrease) In Non Current Liabilities	156,819,996	58,498,964
(Increase)/Decrease In Non Current Assets	(224,275)	(274,817)
(Purchase)/Disposal of Fixed Assets/Investment	-	-
Less: WIP Assets Capitalized (Project Cost)	(3,461,595,296)	(3,437,115,801)
Add: Depreciation for the period charged to Project Cost	12,498,270	11,930,195
Add: Amortization for the period charged to Project Cost	-	70,179
<b>Net Cash Flow From Investing Activities (Sub-Total-B)</b>	<b>(3,326,696,076)</b>	<b>(3,372,871,257)</b>
<b>Cash Flow From Financing Activities</b>		
Issue Of Share Capital	-	-
Advance for Share Capital Received	-	-
Less: Expenses relating to Public Issue	-	-
Prior Period	(787,500)	-
Current Period	(1,547,418)	-
Loan taken from Bank	2,553,039,771	1,913,674,212
<b>Net Cash Flow From Financing Activities (Sub-Total-C)</b>	<b>2,550,704,853</b>	<b>1,913,674,212</b>
<b>Total Cash Generated In The Year (A+B+C)</b>	<b>60,431,582</b>	<b>(248,075,421)</b>
Cash And Equivalent At The Beginning Of The Year	99,679,767	347,755,187
<b>Cash And Equivalent At The End Of The Year</b>	<b>160,111,350</b>	<b>99,679,767</b>

As per our attached report of even date.

 <b>Milan Dhakal</b> Sr. Account Officer	 <b>Noble Adhikari</b> Sr. Finance Officer	 <b>Paritosh Paudyal</b> Director	 <b>Mahendra Kumar Giri</b> Director	 <b>Min Raj Kadel</b> Director
 <b>Bhoj Bahadur Shah</b> Director	 <b>Mukti Ram Pandey</b> Director	 <b>Sushil Thapa</b> Managing Director	 <b>Him Prasad Pathak</b> Chairman	 <b>Ananda Raj Sharma Wagle</b> Wagle & Associates Chartered Accountants

Date: 2078/12/20  
Place: Kathmandu





**SAHAS URJA**

**Sahas Urja Ltd.**  
Kathmandu-01, Hattisar

**Statement of Changes in Equity**

For the Period from 1st Shrawan 2077 to 31st Ashad 2078 (16th July 2020 to 15th July 2021)

Amount In NRs.

Particular	Share Capital	Accumulated Profit/ Loss	General Reserve	Capital Reserve	Deferred Tax Reserve	Total
Balance at the Beginning of the Period	2,450,000,000	(10,455,735)	-	-	-	2,439,544,265
<b>Transactions with owners recorded directly in equity</b>						
Issue of Share Capital	-	-	-	-	-	-
Share Advance	-	-	-	-	-	-
<b>Total Comprehensive income for the year</b>						
Profit for the Year	-	865,143,931	-	-	-	865,143,931
<b>Balance at the End of the FY 2076/77</b>	<b>2,450,000,000</b>	<b>854,688,196</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>3,304,688,196</b>
<b>Balance as on 2077/04/01</b>	<b>2,450,000,000</b>	<b>854,688,196</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>3,304,688,196</b>
<b>Transactions with owners recorded directly in equity</b>						
Issue of Share Capital	-	-	-	-	-	-
Share Advance	-	-	-	-	-	-
<b>Less: Expense Relating to Public Issue</b>						
Prior Period		(787,500)				(787,500)
Current Period		(1,547,418)				(1,547,418)
<b>Total Comprehensive income for the year</b>						
Transfer to Intangible assets	-	-	-	-	-	-
Profit for the Year	-	547,122,005	-	-	-	547,122,005
<b>Balance as at 31st Ashad 2078</b>	<b>2,450,000,000</b>	<b>1,399,475,283</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>3,849,475,283</b>

As per our report of even date

Milan Dhakal  
Sr. Account Officer

Noble Adhikari  
Sr. Finance Officer

Paritosh Paudyal  
Director

Mahendra Kumar Giri  
Director

Min Raj Kadel  
Director

Bhoj Bahadur Shah  
Director

Mukti Ram Pandey  
Director

Sushil Thapa  
Managing Director

Him Prasad Pathak  
Chairman



Ananda Raj Sharma Wagley  
Wagley & Associates  
Chartered Accountants

Date: 2078/12/20  
Place: Kathmandu

# Sahas Urja Ltd.

Kathmandu-01, Hattisar



SAHAS URJA

## Schedules Forming Parts Of The Financial Statements as on 31st Ashad, 2078

### Schedule 1: Share Capital

#### Particulars

#### Authorized Share Capital

No. of Authorized Share Capital  
Ordinary shares of NPR 100 each

As on 31st  
Ashad 2078

35,000,000  
3,500,000,000

As on 31st  
Ashad 2077

35,000,000  
3,500,000,000

#### Issued Share Capital

No. of Issued Share Capital  
Ordinary shares of NPR 100 each

35,000,000  
3,500,000,000

35,000,000  
3,500,000,000

#### Subscribed & Fully Paid Up Share Capital

No. of Subscribed and fully paid up Share Capital  
Ordinary shares of NPR 100 each

24,500,000  
2,450,000,000

24,500,000  
2,450,000,000

**Total**

-

-

### Schedule 2: Reserves and Surplus

#### Particulars

Balance as at the opening date

As on 31st  
Ashad 2078

854,688,196

As on 31st  
Ashad 2077

(10,455,735)

Add: Profit during the year

547,122,005

865,143,931

Less: Expense relating to Public issue

Prior Period

Issue & Sales Management Expenses

(787,500)

-

Current Period

Issuer Rating Expenses A/c

(902,418)

Service Fee for IPO Issuance A/c

(645,000)

-

**Balance as at the closing date**

1,399,475,283

854,688,196

### Schedule 3 : Medium & Long Term Loan

#### Particulars

Agriculture Development Bank Ltd.

As on 31st  
Ashad 2078

408,407,312

As on 31st  
Ashad 2077

222,044,798

Civil Bank Ltd.

270,795,171

146,635,056

Hydroelectricity Investment and Development Company Ltd.

506,456,489

265,504,309

Nepal Credit & Commerce Bank Ltd.

406,363,519

220,084,502

Nepal Investment Bank Ltd.

814,868,665

334,392,491

Prabhu Bank Ltd.

270,173,830

146,001,308

Rastriya Baniya Bank Ltd.

805,186,416

436,494,736

Sunrise Bank Ltd.

406,430,844

220,148,549

Sanima Bank Ltd.

403,966,747

218,589,491

Century Bank Ltd.

407,656,910

221,385,342

**Total**

4,700,305,902

2,431,280,582

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**Sahas Urja Ltd.**

Kathmandu-01, Hattisar

**Schedules Forming Parts Of The Financial Statements as on 31st Ashad, 2078****Schedule 4 : Accounts Payable****Particulars****A. Withholding Tax Payable:**

TDS on Individual & Firms  
TDS on Public Ltd.  
TDS on Private Ltd.  
TDS on Meeting Allowance  
TDS on Rental Fees  
TDS on Salary  
TDS on Wages

**As on 31st  
Ashad 2078**

**As on 31st  
Ashad 2077**

8,175  
301,936  
5,228,808  
84,998  
91,411  
1,075,598  
7,166

101,740  
352,951  
5,706,664  
93,000  
41,317  
2,916,461  
8,270

**B. Other Payables:**

Audit Fee  
CE Construction Pvt. Ltd.  
Machhapuchhre Metal & Machinery Works Pvt. Ltd.  
Payable-S4 System  
Payable-Voith Hydro Pvt. Ltd. A/c  
Mehta & Mehta Trade Link  
Hydro Consult Engineering Ltd.  
Learned and Lawyers Company Pvt. Ltd.  
Radha Krishna & Brothers Construction Pvt. Ltd.  
Spark Tours Pvt. Ltd.  
Wagle & Associates Chartered Accountants  
Salary Payable  
Office Rent Payble  
Other Payable  
Provision for Gratuity Expenses  
VAT Payable

178,400  
144,622,649  
-  
3,044,603  
21,608,129  
500,000  
17,101,207  
295,698  
-  
1,000,155  
-  
174,085  
437,661  
13,000  
401,491  
-

334,500  
97,735,411  
27,654,533  
-  
500,000  
13,536,444  
-  
166,144  
22,600  
22,300  
245,866  
203,661  
316,578  
1,974,708  
31,825,871

**Total**

**196,175,172** **183,759,019**

**Schedule 5: Withholding & Retention****A: Current in Nature****Particulars**

Retention-CE Construction Pvt. Ltd.  
Retention-Machhapuchhre Metal & Machinery Works Pvt. Ltd.  
Retention-Nepal Adarsha Nirman Co. Pvt. Ltd.  
Retention-Radha Krishna & Brothers Const. Pvt. Ltd. - Road  
Holding-CE Constructions Pvt. Ltd.

**As on 31st  
Ashad 2078**

**As on 31st  
Ashad 2077**

42,728,376  
2,770,559  
-  
-  
2,040,000

18,904,601  
902,968  
636,756  
853,568  
-

**Total**

**47,538,935** **21,297,893**

**B: Non-Current in Nature****Particulars**

Retention-CE Construction Pvt. Ltd.  
Retention-Machhapuchhre Metal & Machinery Works Pvt. Ltd.

**As on 31st  
Ashad 2078**

**As on 31st  
Ashad 2077**

203,468,457  
13,193,138  
**216,661,595**

57,113,597  
2,728,001  
**59,841,599**

**Total**

*[Handwritten signatures and stamps]*

*[Circular stamp: Wagle & Associates Chartered Accountants Kathmandu]*

**Schedules Forming Parts Of The Financial Statements as on 31st Ashad, 2078**

### **Schedule 6: Property, Plants and Equipments**

Amount In NRs.

Particulars	Land	Building	Furniture, Fixtures and Office Equipment	Vehicles	Total
<b>At Cost</b>					
Balance at 31 Ashad 2076	41,676,511	56,395,470	14,450,870	22,527,075	135,049,926
Additions during the year	3,198,570	317,850	2,217,657	245,900	5,979,977
Balance at 31st Ashad 2077	44,875,081	56,713,320	16,668,527	22,772,975	141,029,903
Additions during the year	-	870,860	2,423,911	30,900,000	34,194,771
<b>Balance at 31st Ashad 2078</b>	<b>44,875,081</b>	<b>57,584,180</b>	<b>19,092,438</b>	<b>53,672,975</b>	<b>175,224,674</b>
<b>Depreciation</b>					
Balance at 31 Ashad 2076	-	10,511,425	10,606,869	10,052,227	31,170,521
Depreciation for the year	-	5,674,864	2,532,207	3,723,124	11,930,195
Balance at 31st Ashad 2077	-	16,186,289	13,139,076	13,775,352	43,100,717
Depreciation for the year	-	5,761,950	1,755,427	4,980,893	12,498,270
<b>Balance at 31st Ashad 2078</b>	<b>-</b>	<b>21,948,239</b>	<b>14,894,503</b>	<b>18,756,245</b>	<b>55,598,987</b>

Particulars	Carrying Amounts
As at 31st Ashad 2076	103,879,405
As at 31st Ashad 2077	97,929,187
As at 31st Ashad 2078	119,625,688

### Schedule 7 : Intangible Assets

Particulars	Computer Software
<b>At Cost</b>	
Balance at 31 Ashad 2076	287,020
Additions during the year	-
Balance at 31st Ashad 2077	287,020
Additions during the year	-
<b>Balance at 31st Ashad 2078</b>	<b>287,020</b>
<b>Amortization</b>	
Balance at 31 Ashad 2076	216,841
Amortization for the year	70,179
Balance at 31st Ashad 2077	287,020
Amortization for the year	-
<b>Balance at 31st Ashad 2078</b>	<b>287,020</b>

Particulars	Carrying Amounts
As at 31st Ashad 2076	70,179
As at 31st Ashad 2077	-
As at 31st Ashad 2078	-

As at 31st Ashad 2077	-
As at 31st Ashad 2078	-

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**Sahas Urja Ltd.**

Kathmandu-01, Hattisar

**Schedules Forming Parts Of The Financial Statements as on 31st Ashad, 2078****Schedule 8: Intangible Assets Under Construction**

Amount In NRs.

Particulars	As on 31st Ashad 2078	Addition during the Year	As on 31st Ashad 2077
<b>Schedule 8.1: Pre-operating Cost</b>	645,063,488	-	645,063,488
<b>Schedule 8.2: Infrastructure Development Cost</b>	433,626,998	-	433,626,998
<b>Schedule 8.3: Civil Construction Cost</b>	3,923,144,572	1,923,018,574	2,000,125,998
<b>Schedule 8.4: Project Supervision, Management &amp; Engineering Cost</b>	751,406,534	181,221,672	570,184,862
Less: Interest Income	(29,684,213)	(765,168)	(28,919,045)
Less: Rent Income	(3,197,655)	(1,109,850)	(2,087,805)
Less: Expenses relating to Public Issue (Prior Period)	(787,500)	(787,500)	-
<b>Total Project Supervision/Management &amp; Engineering Cost</b>	717,737,167	178,559,154	539,178,012
<b>Schedule 8.5: Environment/Social Mitigation Cost</b>	102,026,828	2,946,164	99,080,664
<b>Schedule 8.6: Miscellaneous &amp; Insurance Cost</b>	106,933,058	883,719	106,049,339
<b>Schedule 8.7: Interest During Construction Cost</b>	709,568,438	374,598,222	334,970,215
<b>Schedule 8.8: Transmission Line &amp; Switchard Cost</b>	3,500,000	-	3,500,000
<b>Schedule 8.9: Hydro Mechanical Work Cost</b>	725,352,283	309,036,912	416,315,371
<b>Schedule 8.10: Electromechanical Work Cost</b>	130,380,437	121,817,746	8,562,691
<b>Add: Intangible Assets recognised as per IFRIC 12</b>	1,418,495,454	550,734,805	867,760,649
<b>Total Intangible Assets Under Construction (WIP Assets)</b>	8,915,828,722	3,461,595,296	5,454,233,426

**Schedule 8.1 Pre-operating Expenses**

Particulars	As on 31st Ashad 2078	Addition during the Year	As on 31st Ashad 2077
Feasibility Study Expenses	67,968,494	-	67,968,494
Project Overhead Capitalized as R&D	119,770,412	-	119,770,412
<b>Pre-operating expenses</b>	187,738,906	-	187,738,906
Add: Premium for share capital	433,879,104	-	433,879,104
Add: Accumulated Reserve & Surplus upto 72/73	23,589,148	-	23,589,148
Less: Interest Income	(143,669)	-	(143,669)
<b>Total Pre-operating Expenses</b>	645,063,488	-	645,063,488

**Schedule 8.2: Infrastructure Development Cost**

Particulars	As on 31st Ashad 2078	Addition during the Year	As on 31st Ashad 2077
Access Road Construction Work Expenditure	384,479,403	-	384,479,403
Bailey Bridge Construction Expenditure	49,003,629	-	49,003,629
Crack A Mite Materials Expenses	91,078	-	91,078
JCB Hire for Loading/Unloading Bailey Bridge	52,888	-	52,888
<b>Total Infrastructure Development Cost</b>	433,626,998	-	433,626,998

**Schedule 8.3: Civil Construction Cost**

Particulars	As on 31st Ashad 2078	Addition during the Year	As on 31st Ashad 2077
Civil Works	3,867,902,612	1,923,018,574	1,944,884,038
Explosive Works	55,241,960	-	55,241,960
<b>Total Civil Construction Cost</b>	3,923,144,572	1,923,018,574	2,000,125,998

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**Sahas Urja Ltd.**

Kathmandu-01, Hattisar

**Schedules Forming Parts Of The Financial Statements as on 31st Ashad, 2078****Schedule 8.4: Project Supervision, Management & Engineering Cost**

Particulars	As on 31st Ashad 2078	Addition during the Year	As on 31st Ashad 2077
<b>A. Management Cost</b>			
Advertisement & Notice Publication Expenses	1,547,595	120,157	1,427,438
Annual General Meeting Expenses	5,138,328	930,415	4,207,913
Certification Expenses	2,017,050	774,050	1,243,000
Bank Charges	135,678	68,951	66,727
Bank Guarantee Commission	1,052,922	737,922	315,000
Bank Locker Expenses	27,000	9,000	18,000
Business Promotion Expenses	4,085,793	1,636,414	2,449,379
Project Governance Meeting Allowances	173,500	23,000	150,500
Chairman Remuneration Expenses	23,574,940	5,695,200	17,879,740
CTO Remuneration Expenses	4,337,288	-	4,337,288
Depreciation Expenses	62,559,974	12,498,270	50,061,704
Amortization Expenses	267,584	-	267,584
Donation to COVID Relief Fund	400,000	200,000	200,000
Director Facility Expenses	5,539,120	900,000	4,639,120
Director Meeting Allowance	7,994,000	1,608,000	6,386,000
Drivers Salary	8,145,000	-	8,145,000
Festival Expenses	449,110	113,283	335,827
Fines & Penalties	9,347,727	1,470,625	7,877,102
Fuel Expense	2,991,629	688,585	2,303,044
Gratuity Expenses	2,993,426	1,018,718	1,974,708
Internet Expenses	2,904,882	1,084,120	1,820,762
Kitchen Expenses	2,898,541	630,016	2,268,525
Kitchen Utensils	64,059	-	64,059
Lab-Test Expenses	94,298	59,268	35,030
Local Conveyance Expenses	3,350	-	3,350
Lunch & Refreshment Expenses	3,013,946	176,148	2,837,798
Medical Expenses	343,395	343,395	-
MD Remuneration	18,190,064	3,559,500	14,630,564
Membership Fees IPPAN	164,000	-	164,000
Office Accessories Expenses	120,656	-	120,656
Office Expenses	1,817,314	303,016	1,514,298
Office Meeting Tiffin Expenses	565,844	66,135	499,709
Office Rent	1,740,000	-	1,740,000
Outsourcing- Staff Expenses	2,556,907	477,312	2,079,595
Outsourcing-Security Guard Expenses	2,804,150	698,450	2,105,700
Parking Rent Expenses	4,221,000	861,000	3,360,000
Printing And Stationery Expenses	1,342,473	96,769	1,245,704
Promoter Share Collection Expenses	211,600	-	211,600
Renewal & Registration Expenses	1,702,248	267,915	1,434,333
Repair & Maintenance Consultancy	397,500	67,500	330,000
Repair & Maintenance Expenses	4,683,095	1,294,504	3,388,591
Program Sponsorship, Participation & Seminar Fee	303,020	9,500	293,520
Staff Salary And Allowances	92,666,343	20,916,663	71,749,680
Software support & Installation Expenses	130,670	33,900	96,770
Tax Expenses	3,222,733	-	3,222,733
Telephone And Communication Expenses	1,346,734	372,010	974,724
Travelling And Daily Allowances	672,710	256,472	416,238
Vehicle Parts and Accessories	99,218	-	99,218
Waste Management Expenses	86,000	18,700	67,300
Water & Electricity	810,492	128,423	682,069





**Sahas Urja Ltd.**  
Kathmandu-01, Hattisar



**Schedules Forming Parts Of The Financial Statements as on 31st Ashad, 2078**

Particulars	As on 31st Ashad 2078	Addition during the Year	As on 31st Ashad 2077
<b>B. Site Overhead Cost</b>			
Labor, Porter & Transportation Expenses	3,742,162	429,302	3,312,860
Land Separation (Amin) Expenses	45,454	-	45,454
Land Tax	108	-	108
Site Allowances	2,026,600	406,800	1,619,800
Site- Kitchen Utensils Expenses	300,141	42,000	258,141
Site Visit Expenses	2,886,035	726,340	2,159,695
Site Water & Electricity Expenses	86,087	-	86,087
Site-Bus Fare & Travel Expenses	82,900	-	82,900
Site-Donation Expenses	3,500	-	3,500
Site-Fuel Expenses	9,035,768	4,341,125	4,694,643
Site-Lodging & Fooding Expenses	4,372,075	2,234,730	2,137,345
Site-Lunch Expenses	1,311,680	223,731	1,087,949
Site-Medical Expenses	37,860	37,860	-
Site-Office Expenses	1,734,605	33,105	1,701,500
Site-Office Mesh Expenses	1,689,932	149,035	1,540,897
Site-Pooja Expenses	169,855	24,500	145,355
Site-Printing & Stationery Expenses	39,121	110	39,011
Site-Rent of Equipments Fair	80,734	-	80,734
Site-Repair & Maintenance Expenses	688,553	70,930	617,623
Repair & Maintenance Expenses- Boomer A/c	5,366,542	520,312	4,846,229
Site-Telephone & Communication Expenses	44,550	14,050	30,500
Site-Vehicle Hire Expenses	277,223	86,111	191,112
Site-Outsourcing Expenses of Driver	1,839,828	584,210	1,255,618
Site-Safety & Engineering Tools expenses	2,402,683	1,074,012	1,328,671
Crusher Plant Expenses	218,672	-	218,672
Survey Work for Access Road Expenses	881,399	-	881,399
Transportation Expenses	58,500	-	58,500
Travelling Expenses	1,936,433	147,500	1,788,933
Vehicle Hire for Project Expenses	11,120,621	5,100,820	6,019,801
Project Land Lease	7,730,712	381,833	7,348,879
Sports items for site expenses	153,238	-	153,238
Wages Expenses	1,194,547	459,415	735,132

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# Sahas Urja Ltd.

Kathmandu-01, Hattisar



SAHAS URJA

## Schedules Forming Parts Of The Financial Statements as on 31st Ashad, 2078

<b>C. Consultants, Supervision &amp; Investigation Cost</b>			
3D Animated Presentation Work Expenses	359,750	84,750	275,000
Bankable Document Preparation Expenses	12,000	-	12,000
Borrower Rating Fees	1,130,000	1,130,000	
Civil Tender Document Review Work Expenses	30,000	-	30,000
Construction Planning Work Expenses	1,678,000	-	1,678,000
Construction Supervision for Road Expenses	5,689,769	-	5,689,769
Consultancy Fees For Technical Input On Project	5,636,613	826,563	4,810,050
Consultancy Fee For Drafting EPC Bidding Documents	410,000	-	410,000
Consultancy Fee For EM Tender Document Review	630,688	-	630,688
Claim on Truck Detention Expenses	120,000	-	120,000
Consultancy Fee For DPR Preparation Expenses	13,380,281	-	13,380,281
Details Survey Work Expenses	1,544,392	28,250	1,516,142
Financial and Accounting Document Review	363,000	-	363,000
Consultancy Fee For HM Tender Document Review	264,700	-	264,700
Land Valuations Expenses	30,000	-	30,000
Legal Work Expenses	1,505,059	993,176	511,883
MASW,SRT,ERT Study Work Expenses	3,276,616	-	3,276,616
Physical Hydraulic Model Study Expenses	16,276,520	-	16,276,520
Preparation of Tender Document Expenses	858,800	-	858,800
Project Identification Expenses	692,844	692,844	-
Review of Fesibility Study Expenses	559,630	-	559,630
Site Selection & Guage Establishment Work Expenses	421,385	85,880	335,505
Supplementary Geological & Geotechnical Investigation Expenses	5,742,773	-	5,742,773
Consultancy Fees For Technical Work Support At Office	407,000	-	407,000
Consultancy Fee For Due Diligence Audit	254,250	-	254,250
Consultancy Fee For Issue & Sales Management Fee	787,500	-	787,500
Vehicle Rent for Consultants	23,724,350	6,915,600	16,808,750
Project Documentary Expenses	113,000	-	113,000
Technical Consultancy Fee	2,689,400	1,028,300	1,661,100
Design Modification of Settling Basin Expenses	2,385,023	-	2,385,023
Design Review & Construction Supervision (Fichtner)	132,558,940	31,456,330	101,102,609
Design Review & Construction Supervision (HCEL)	174,361,231	60,678,841	113,682,390
<b>Total Project Supervision, Management &amp; Engineering Cost</b>	<b>751,406,534</b>	<b>181,221,672</b>	<b>570,184,862</b>

### Schedule 8.5: Environment/Social Mitigation Expenses

Particulars	As on 31st Ashad 2078	Addition during the Year	As on 31st Ashad 2077
Crop Compensation Expenses	1,784,950	124,000	1,660,950
Land Compensation & Settlement Expenses	5,283,407	186,667	5,096,740
Donation Expenses	246,000	-	246,000
Payment for Community Forest Use	1,802,582	-	1,802,582
Irrigation & Water Supply Expenses	863,324	-	863,324
Public Hearing Expenses	319,159	-	319,159
Social Mitigation Expenses	3,856,452	3,955	3,852,497
Social Road Construction & Repair Expenses	80,334,758	795,404	79,539,354
Staff for Panchan Health Post	1,110,667	288,000	822,667
Education Support Program Expenses	177,958	-	177,958
Health Institution Support Expenses A/c	800,000	800,000	-
Environmental Monitoring Report Expenses A/c	175,715	175,715	-
Environmental Management Plan Expenses	185,320	185,320	-
Training Expenses to Project Affected Areas	1,844,450	-	1,844,450
Plantation Expenses	625,965	-	625,965
Contribution to Community Units	546,510	160,360	386,150
Forest Cost	315,287	226,743	88,544
GON Land Acquisition & Tree Cutting Permission	937,900	-	937,900
IEE 132 KV Transmission Line Expenses	816,425	-	816,425
<b>Total Environment/Social Mitigation Expenses</b>	<b>102,026,828</b>	<b>2,946,164</b>	<b>99,080,664</b>

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**Sahas Urja Ltd.**

Kathmandu-01, Hattisar

**Schedules Forming Parts Of The Financial Statements as on 31st Ashad, 2078****Schedule 8.6: Miscellaneous And Insurance Cost**

Particulars	As on 31st Ashad 2078	Addition during the Year	As on 31st Ashad 2077
Burglary & Breaking Insurance Cost	15,770	5,480	10,290
Fire Insurance Cost	781,816	273,388	508,429
GPA & Medical Insurance Cost	738,927	150,351	588,576
Travel Insurance Cost	9,187	1,862	7,325
Vehicle Insurance Cost	1,598,530	452,639	1,145,891
Consumables and Equipment acquired from CMC di Ravenna	103,788,827	-	103,788,827
<b>Total Miscellaneous And Insurance Cost</b>	<b>106,933,058</b>	<b>883,719</b>	<b>106,049,339</b>

**Schedule 8.7: Interest During Construction Cost**

Particulars	As on 31st Ashad 2078	Addition during the Year	As on 31st Ashad 2077
Agency Fee	2,687,900	2,687,900	-
Bank Loan Management Fee	60,750,000	-	60,750,000
Interest On Term Loan	447,063,305	312,323,351	134,739,954
Interest On Bridge Gap Loan	199,067,233	59,586,972	139,480,262
<b>Total Interest During Construction Cost</b>	<b>709,568,438</b>	<b>374,598,222</b>	<b>334,970,215</b>

**Schedule 8.8: Transmission Line & Switchard Cost**

Particulars	As on 31st Ashad 2078	Addition during the Year	As on 31st Ashad 2077
TL Generation License Fee	3,000,000	-	3,000,000
Transmission Line & Switchard Cost	500,000	-	500,000
<b>Total Transmission Line &amp; Switchard Cost</b>	<b>3,500,000</b>	<b>-</b>	<b>3,500,000</b>

**Schedule 8.9: Hydromechanical Work Cost**

Particulars	As on 31st Ashad 2078	Addition during the Year	As on 31st Ashad 2077
Hydromechanical Works	360,779,529	278,719,627	82,059,902
Cost of Steel Plates	323,645,509	77,719	323,567,790
(Gain)/Loss on Foreign Exchange	(632,311)	(632,311)	-
LC Charges & Commission	670,926	3,100	667,826
Sediment System Works	40,888,630	30,868,778	10,019,853
<b>Total Hydromechanical Work Cost</b>	<b>725,352,283</b>	<b>309,036,912</b>	<b>416,315,371</b>

**Schedule 8.10: Electromechanical Work Cost**

Particulars	As on 31st Ashad 2078	Addition during the Year	As on 31st Ashad 2077
Supply of Electromechanical Equipment	124,088,471	121,489,964	2,598,508
LC Charges & Commission	6,291,965	327,782	5,964,183
<b>Total Electromechanical Work Cost</b>	<b>130,380,437</b>	<b>121,817,746</b>	<b>8,562,691</b>

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# Sahas Urja Ltd.

Kathmandu-01, Hattisar



## Schedules Forming Parts Of The Financial Statements as on 31st Ashad, 2078

### Schedule 9 : Prepayments

#### Particulars

Advance Tax

Total

As on 31st  
Ashad 2078

5,516,379

5,516,379

As on 31st  
Ashad 2077

5,292,104

5,292,104

### Schedule 10 : Other Current Assets

#### Particulars

#### A. Other Current Assets

##### Advance for Civil Works

CE Construction Pvt. Ltd.

260,146,231

568,909,870

##### Advance-Metal Works

Machhapuchhre Metal & Machinery Works P Ltd.

90,388,591

139,719,499

##### Advance-Plant & Machinery

Voith Hydro Pvt. Ltd. A/c

171,602,575

79,252,500

##### Advance-Transmission Line

Gaura Construction Pvt. Ltd.

40,935,497

-

##### Advance to Consultants

Fichtner GmbH & Co. KG

1,409,827

1,699,022

ICRA Nepal Ltd.

-

880,850

##### Advance for Sediment Systems

Sediment Systems Dr. Ing H. Stole AS

-

11,751,732

##### Advance for Social Mitigation & Environment

Social Mitigation

6,131,106

5,693,843

##### Advance for Office Equipment & Furniture

Sepals-International Pvt. Ltd.

400,000

400,000

National Computer World

272,900

-

##### Advance for Vehicle

Delta Motor Works Pvt. Ltd. A/c

-

150,000

Kishore Gears Pvt. Ltd. A/c

-

20,000,000

##### Advance-Solu Krishi Farm Pvt. Ltd.

50,800

45,000

##### Advance-Citizen Investment Trust

1,312,500

##### Advance-IMS Consultancy Pvt. Ltd.

4,000,000

-

##### Nepal Power Exchange Ltd.

100,000

100,000

##### Advance for Land Purchase

2,556,860

900,000

##### Advance to employees

315,779

599,062

##### Advance to Site Office

262,906

358,251

##### Other Receivables

41,287

110,838

Total

579,926,859

830,570,467

#### B. Non Current Assets

Advance for share capital

-

-

Unwinding of interest

-

-

Total

-

-

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**Sahas Urja Ltd.**

Kathmandu-01, Hattisar

**Schedules Forming Parts Of The Financial Statements as on 31st Ashad, 2078****Schedule 11 : Cash and Cash Equivalents****Particulars**

	<b>As on 31st Ashad 2078</b>	<b>As on 31st Ashad 2077</b>
Cash In Hand	182,788	157,249
<b>Balances In Bank</b>		
Century Commercial Bank Ltd.	5,244	367,643
Citizens Bank International Ltd.	50,000	50,000
Nabil Bank Ltd.	76,974	76,974
Nepal Investment Bank Ltd	97,831,170	72,530,248
Civil Bank Ltd.	1,298,461	49,847
Prabhu Bank Ltd.	844,663	48,820
Rastriya Banijya Bank Ltd.	169,420	-
Bank Margin at Prabhu Bank Ltd.	5,000,000	5,000,000
Cash Margin at Nepal Investment Bank Ltd.	19,296,553	15,169,286
Cash Guarantee for Custom	25,099,215	-
Deposits	10,256,862	6,229,700
<b>Total</b>	<b>160,111,350</b>	<b>99,679,767</b>

**Schedule 12 :Financial Assets measured at Amortized Cost****Particulars**

	<b>As on 31st Ashad 2078</b>	<b>As on 31st Ashad 2077</b>
Fixed Deposit for Performance Bank Guarantee in Prabhu Bank Ltd.	-	-
<b>Total</b>	<b>-</b>	<b>-</b>

**Schedule 13 : Financial Assets held at at fair value through Profit or Loss****Particulars**

	<b>As on 31st Ashad 2078</b>	<b>As on 31st Ashad 2077</b>
Investment in Share in Solu Krishi Farm Pvt. Ltd.	7,132,640	7,132,640
<b>Total</b>	<b>7,132,640</b>	<b>7,132,640</b>

**Schedule-14- Administrative & General Expenses****Particulars**

	<b>For the Year Ended 31st Ashad 2078</b>	<b>For the Year Ended 31 Asadh 2076 (Audited)</b>
Office Rent Expenses as per NFRS	3,432,000	2,447,219
Audit Fee	180,800	169,500
<b>Total</b>	<b>3,612,800</b>	<b>2,616,719</b>

**1. Reporting entity**

Sahas Urja Ltd. was established and registered in 2070 as a Private Limited Company under Company Act 2063 with an aim to invest & develop hydropower projects. It was converted into Public Limited Company in 2071/05/29 under Company Act 2063 (Regd.126624/071/072). The main objective of the company is to generate electricity through optimum utilization of solar energy, wind energy and water resources available within the country. The Corporate office of the company is located at KMC – 01, Hattisar, Kathmandu, Nepal.

**2. Statement of compliance**

The financial statements have been prepared in accordance with Nepal Financial Reporting Standards (NFRSs).

The financial statements were authorized for issue by the Board of Directors on 24<sup>th</sup> March, 2022.

**3. Basis of Preparation**

The company while complying with the reporting standards, make critical accounting judgement as having potentially material impact on the financial statements. The significant accounting policies that relate to the financial statements as a whole along with the judgements made are described herein.

Where an accounting policy is generally applicable to a specific item, the policy is described within that relevant note. NFRS requires the company to exercise judgement in making accounting estimates. Description of such estimates has been given in the relevant sections wherever they have been applied.

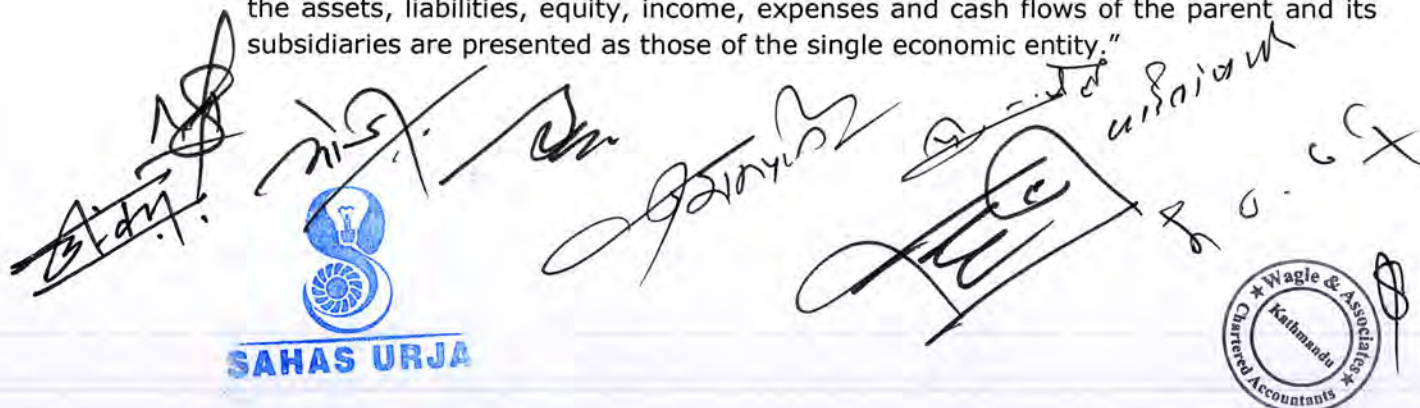
**3.1 Reporting Pronouncements**

The company has, for the preparation of financial statements, adopted the NFRS pronounced by ASB as effective on September 13, 2013. NFRS conform, in all material respect, to Nepal Financial Reporting Standards (NFRS) as issued by the Nepal Accounting Standards Board (NASB).

**3.1.1 NAS 27: Consolidated and Separate Financial Statements**

Para 4 of NAS 27 states "Separate Financial Statements are those presented by a parent that (i.e. an investor with a control of a subsidiary) or an investor with joint control of, or significant influence over an investee, in which the investments are accounted for at cost."

"Consolidated Financial Statement are the financial statements of a group in which the assets, liabilities, equity, income, expenses and cash flows of the parent and its subsidiaries are presented as those of the single economic entity."

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**Sahas Urja Ltd.****Notes to the financial statements**

All amount in Nepalese Rupees

The company has prepared a Consolidated Financial Statement of a group consisting of a subsidiary Solu Krishi Farm Pvt. Ltd. and this statement is a Separate Financial Statement.

**3.1.2 NFRS 9: Financial Instrument**

The NFRS 9: Financial Instrument has been accounted for in this financial statement and it replaces the previous NAS 39: Financial Instruments Recognition and Measurements and NFRS 7: Financial Instruments – Disclosures where applicable.

NFRS 9: Financial Instrument has been applied to the Retention amounts held of different contractors as mentioned in the table below. The retention amounts are expected to be paid after 2 years, so the retention amounts are discounted for two years using the rate applicable by bank.

Particulars	Amount in Rs.	Discounting Rate	Discounted Amount	Unwinding of Interest
Retention - CE Construction Pvt. Ltd.	246,196,833	10%	203,468,457	42,728,376
Retention - Machhapuchhre Metal and Rworks Pvt. Ltd.	15,963,697	10%	13,193,138	2,770,559
<b>Total</b>	<b>262,160,529</b>	<b>-</b>	<b>216,661,595</b>	<b>45,498,935</b>

The discounted amount of Rs. 216,661,595 has been charged to the Non-Current Liabilities while the unwinding of interest amounting Rs. 45,498,935 has been charged to Current Liabilities.

As the company has accounted for the interest in subsidiary in accordance with the NAS 27, the interest in subsidiary (Solu Krishi Farm Pvt. Ltd.) is not accounted for equity investment in accordance with NFRS 9: Financial Instrument.

**3.2 Accounting Conventions**

The financial statements have been prepared on a historical cost basis, as modified by the revaluation of financial assets and liabilities at fair value through profit or loss.

The financial statements have been prepared on a going concern basis where the accounting policies and judgements as required by the standards are consistently used and in case of deviations disclosed specifically.

**3.3 New reporting standards in issue but not yet effective**

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





### **3.4 Presentation**

The financial statements have been presented in the nearest Nepalese Rupees.

For presentation of the statement of financial position assets and liabilities have been bifurcated into current and non- current distinction.

The statement of profit or loss and other comprehensive income has been prepared using classification 'by nature' method.

The cash flows from operation within the statement of cash flows have been derived using the indirect method.

#### **3.4.1 Presentation currency**

Financial statements are denominated in Nepalese Rupees, which is the functional and presentation currency of the company.

#### **3.4.2 Current and Non-Current distinction**

##### **Assets**

Apart from the property, plant and equipment and deferred taxes assets all the assets are taken as current assets unless specific additional disclosure is made in the notes for current and non-current distinction.

##### **Liabilities**

Apart from the defined benefit plan obligations, all the liabilities are taken as current liabilities unless specific additional disclosure is made in the notes for current and non-current distinction.

### **3.5 Accounting Policies and accounting estimates**

The company, under NFRS, is required to apply accounting policies to most appropriately suit its circumstances and operating environment. Further the company is required to make judgement in respect of items where the choice of specific policy, accounting estimate or assumption to be followed could materially affect the financial statements. This may later be determined that a different choice could have been more appropriate and actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized prospectively.

Further, management uses valuation techniques to determine the fair value of financial instruments. This involves developing estimates and assumptions consistent with how market participants would price the instrument. Management bases its assumptions in observable data as far as possible. Estimated fair values may vary from the actual prices that would be achieved in an arm's length transaction at the reporting date.

Accounting policies have been included in the relevant notes for each item of the financial statements. The effect and nature of the changes, if any, have been disclosed.

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**Sahas Urja Ltd.**  
**Notes to the financial statements**  
All amount in Nepalese Rupees

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NFRS requires the company to make estimates and assumptions that will affect the assets, liabilities, disclosure of contingent assets and liabilities, and profit or loss as reported in the financial statements.

The company applies estimates in preparing and presenting the financial statements. The estimates and underlying assumptions are reviewed periodically. Revision to accounting estimates are recognised in the period in which the estimates are revised and applied prospectively.

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

### **3.6 Financial Periods**

The company follows the Nepalese financial year based on the Nepalese calendar.

### **3.7 Discounting**

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

### **3.8 Limitation of NFRS implementation**

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

## **4. Risk Management Framework**

The Company's board of directors has overall responsibility for the establishment and oversight of the Company's risk management framework. The Company's risk management policies are established to identify and analyses the risks faced by the Company to set appropriate risk limits and controls and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and Company's activities. The Company aims to maintain a disciplined and constructive control environment in which all employees understand their roles and obligations.

The Board of Directors oversees how management monitors compliance with the Company's risk management policies and procedures, and reviews the adequacy of the risk management framework in relation to the risks faced by the Company.

### **(i) Credit risk management**

Credit risk is the risk of financial loss to the Company if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the Company's receivables from customers. All the trade and other receivables as at the reporting date are not due for payment. The receivables will be due for payment from Nepal Electricity Authority in the forthcoming years after the Commercial Operation

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**Sahas Urja Ltd.**  
**Notes to the financial statements**  
All amount in Nepalese Rupees

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Date of Solu Khola (DudhKoshi) Hydroelectric Project 86 MW which is being constructed by the Company. The management accordingly, does not believe that the Company has any exposure to credit risk.

**(ii) Market risk management**

Market risk is the risk that changes in market price, such as foreign exchange rates, interest rates and equity prices will affect the Group's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimizing the return. The Company currently has no transactions which expose it primarily to the financial risks of changes in interest rates, equity prices etc.

**(iii) Liquidity risk management**

Liquidity risk is the risk that the Company will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. The Company's approach to managing liquidity is to ensure, as far as possible, that will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Company's reputation.

**5. Property, plant and equipment**

Property, plant and equipment are tangible items that are held for use in the production or supply of goods or services, for rental to others, or for administrative purposes; and are expected to be used during more than one period. Property, plant and equipment are stated at the cost less accumulated depreciation and accumulated impairment losses.

Subsequent expenditure is capitalized only if it is probable that the future economic benefits associated with the expenditure will flow to the Company.

Depreciation is recognized so as to write off the cost of assets less their residual values over their estimated useful lives using the straight-line method.

In the previous years, the depreciation was charged using Written Down Value Method. Such effect of a change in an accounting estimate has been recognized prospectively as per Nepal Accounting Standards 08 "Accounting Policies, Changes in Accounting Estimates and Errors". The estimated useful lives, residual values and depreciation method are reviewed at the end of each reporting period, with the effect of any changes in estimate accounted for on a prospective basis. The estimate useful lives of various assets are as follows:

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**Sahas Urja Ltd.****Notes to the financial statements**

All amount in Nepalese Rupees

S.N.	Types of assets	Estimated useful lives
1	Furniture-Partitions	3 years
2	Computers	3 years
3	Office Equipment	5 years
4	Vehicles at site	4 years
5	Motorbikes at site	3 years
6	Vehicles at office	7 years
7	Vehicle for travelling to site	5 years
8	Motorbikes at office	5 years
9	Computer software	4 years
10	Site Office Building	10 years

As item of property, plant and equipment is derecognized upon disposal or when no future economic benefits are expected to arise from the continued use of asset. Any gain or loss arising on the disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognized in profit or loss.

As per the paragraph-49 of NAS 16 Property, Plant and Equipment, the depreciation charge for a period is usually recognized in Statement of Profit or Loss. However, sometimes, the future economic benefits embodied in an asset are absorbed in producing other assets. In this case, the depreciation charge constitutes part of the cost of the other asset and is included in its carrying amount. Hence, the depreciation on property, plant and equipment is charged to Intangible assets under development.

Particulars	Land	Building	Furniture, Fixtures and Office Equipment	Vehicles	Total
<b>At Cost</b>					
<b>Balance at 16 July 2019</b>	<b>41,676,511</b>	<b>56,395,470</b>	<b>14,450,870</b>	<b>22,527,075</b>	<b>135,049,926</b>
Additions during the period	3,198,570	317,850	2,217,657	245,900	5,979,977
<b>Balance at 15 July 2020</b>	<b>44,875,081</b>	<b>56,713,320</b>	<b>16,668,527</b>	<b>22,772,975</b>	<b>141,029,903</b>
Additions during the period	-	870,860	2,423,911	30,900,000	34,194,771
<b>Balance at 15 July 2021</b>	<b>44,875,081</b>	<b>57,584,180</b>	<b>19,092,438</b>	<b>53,672,975</b>	<b>175,224,674</b>
<b>Depreciation</b>					
<b>Balance at 16 July 2019</b>	-	<b>10,511,425</b>	<b>10,606,869</b>	<b>10,052,227</b>	<b>31,170,521</b>
Depreciation for the year	-	5,674,864	2,532,207	3,723,124	11,930,195
<b>Balance at 15 July 2020</b>	-	<b>16,186,289</b>	<b>13,139,076</b>	<b>13,775,352</b>	<b>43,100,717</b>
Depreciation for the period	-	5,761,950	1,755,427	4,980,893	12,498,270
<b>Balance at 15 July 2021</b>	-	<b>21,948,239</b>	<b>14,894,503</b>	<b>18,756,245</b>	<b>55,598,987</b>

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*Wagle & Associates*  
Chartered Accountants  
Kathmandu

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**Sahas Urja Ltd.**  
**Notes to the financial statements**  
All amount in Nepalese Rupees

Particulars	Carrying Amounts
As on 16 July 2019	103,879,405
As on 15 July 2020	97,929,187
As on 15 July 2021	119,625,688

**6. Intangible assets**

An intangible asset is recognized if it is probable that the extended future economic benefits that are attributable to the asset will flow to the entity and the cost of the asset can be measured reliably.

Computer softwares are amortized over an estimated useful life of 4 years. The amortization expense is charged to Intangible assets under development.

Particulars	Computer Software
At Cost	
Balance at 16 July 2019	287,020
Additions during the period	-
Balance at 15 July 2020	287,020
Additions during the period	-
Balance at 15 July 2021	287,020
Balance at 16 July 2019	216,841
Amortization for the year	70,179
Balance at 15 July 2020	287,020
Amortization for the year	-
Balance at 15 July 2021	287,020

Particulars	Carrying Amounts
As at 16 July 2019	70,179
As at 15 July 2020	-
As at 15 July 2021	-

**7. Intangible assets under development**

The Company recognizes an asset arising from a service concession arrangement when it has a right to charge for use of the concession infrastructure. An intangible asset received as consideration for providing construction services in a service concession arrangement is measured at fair value on initial recognition with reference to the fair value of the services provided. Subsequent to initial recognition, the intangible asset is measured at cost, which includes capitalized borrowing cost, less accumulated amortization and accumulated impairment losses.

The Company has classified an arrangement for sale of power as a service concession arrangement. Accordingly, the carrying amount of assets under construction and capital advances has been reclassified as an intangible asset in accordance with IFRIC 12 on Service Concession Arrangement.

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**Sahas Urja Ltd.**  
**Notes to the financial statements**  
All amount in Nepalese Rupees

	15-Jul-21	15-Jul-20
Pre-Operating Cost	645,063,488	645,063,488
Infrastructure Development cost	433,626,998	433,626,998
Civil Construction Cost	3,923,144,572	2,000,125,998
Environment/Social Mitigation Cost	102,026,828	99,080,664
Project Supervision and Management Cost	751,406,534	570,184,862
Rent Income	(3,197,655)	(2,087,805)
Interest Income	(29,684,213)	(28,919,045)
Less: Expenses relating to Public Issue (Prior Period)	(787,500)	-
Miscellaneous and Insurance Cost	106,933,058	106,049,339
Interest During construction Cost	709,568,438	334,970,215
Transmission Line & Switchyard Cost	3,500,000	3,500,000
Hydromechanical Work Cost	725,352,283	416,315,371
Electromechanical Work Cost	130,380,437	8,562,691
Add: Intangible Assets recognised as per IFRIC 12	1,418,495,454	867,760,649
	<b>8,915,828,722</b>	<b>5,454,233,426</b>

**8. Prepayments**

The prepaid expenses that fall under the classification of financial instruments are carried at amortized costs and those other assets that do not fall within the definition are carried at cost. These instruments are regularly monitored for impairment. The advance tax will only be settled against the income when the company will start to generate income. Hence, the advance tax is classified as non-current assets as it is not expected to be settled within next financial year.

	15-Jul-21	15-Jul-20
Advance Tax	5,516,379	5,292,104
	<b>5,516,379</b>	<b>5,292,104</b>

**9. Receivables**

The trade receivables that fall under the classification of financial instruments are carried at amortized costs and those other assets that do not fall within the definition are carried at cost. These instruments are regularly monitored for impairment.

- a. The receivables that are to be settled within a year is current assets:

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**Sahas Urja Ltd.**  
**Notes to the financial statements**  
All amount in Nepalese Rupees

	15-Jul-21	15-Jul-20
Advance- CE Construction Pvt. Ltd.	260,146,231	568,909,870
Advance- Machhapuchhre Metal & Machinery Works Pvt. Ltd.	90,388,591	139,719,499
Advance- Voith Hydro Pvt. Ltd.	171,602,575	79,252,500
Advance- Gaura Construction Pvt. Ltd.	40,935,497	-
Advance- ICRA Nepal Ltd.	-	880,850
Advance-Fichtner GmbH & Co. KG	1,409,827	1,699,022
Advance- Citizen Investment Fund	1,312,500	-
Advance-Sediment Systems Dr. Ing H. Stole AS	-	11,751,732
Advance to employees	315,779	599,062
Advance for Vehicle purchase	-	20,150,000
Advance for Land purchase	2,556,860	900,000
Advance-Office Equipment & Furniture	672,900	400,000
Advance-Site Office	262,906	358,251
Advance-Social Mitigation & Environment	6,131,106	5,693,843
Advance-IMS Consultancy Pvt. Ltd.	4,000,000	-
Other advances and receivables	192,087	255,838
	<b>579,926,859</b>	<b>830,570,467</b>

**10. Cash and cash equivalents**

Cash and cash equivalents comprise cash on hand and demand deposits, together with other short-term, highly liquid investments maturing within 90 days from the date of acquisition that are readily convertible into known amounts of cash and which are subject to an insignificant risk of changes in value.

	15-Jul-21	15-Jul-20
Cash in hand	182,788	157,249
Balance with banks	100,275,932	73,123,532
Deposits and Margins	59,652,630	26,398,986
	<b>160,111,350</b>	<b>99,679,767</b>

**11. Financial Assets held at fair value through Profit or Loss**

This category has two sub-categories: financial assets and liabilities held for trading, and those designated at fair value through profit or loss at inception. A financial asset or liability is classified as held for trading if acquired principally for the purpose of selling in the short term. Financial assets and liabilities may be designated at fair value through profit or loss when:

- The designation eliminates or significantly reduces a measurement or recognition inconsistency that would otherwise arise from measuring assets or liabilities on a different basis
- A group of financial assets and/or liabilities is managed and its performance evaluated on a fair value basis.

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**Sahas Urja Ltd.****Notes to the financial statements**

All amount in Nepalese Rupees

The assets or liabilities include embedded derivatives and such derivatives are required to be recognised separately.

	15-Jul-21	15-Jul-20
Investment in Share in Solu Krishi Farm Pvt. Ltd.	7,132,640	7,132,640
	<b>7,132,640</b>	<b>7,132,640</b>

**12. Financial Assets measured at Amortized cost**

Financial assets, not classified held at fair value through profit or loss includes payables which are classified as amortised cost instruments. There are no such Financial Assets held by the company.

**13. Share Capital**

Share Capital represents the nominal (par) value of ordinary equity shares that have been issued.

	Number of Shares	
	15-Jul-21	15-Jul-20
<b>Authorized</b>	<b>35,000,000</b>	<b>35,000,000</b>
Ordinary shares of NPR 100 each	3,500,000,000	3,500,000,000
<b>Issued</b>	<b>35,000,000</b>	<b>35,000,000</b>
Ordinary shares of NPR 100 each	3,500,000,000	3,500,000,000
<b>Subscribed and fully paid up</b>	<b>24,500,000</b>	<b>24,500,000</b>
<b>Ordinary shares of NPR 100 each</b>	<b>2,450,000,000</b>	<b>2,450,000,000</b>

**Rights, preferences and restrictions attached to equity shares**

The company has a single class of equity shares. Accordingly, all equity shares rank equally with regard to dividends and shares in the Company's residual assets. The equity shares are entitled to receive dividend as declared from time to time.

**14. Reserve and Surplus**

	15-Jul-21	15-Jul-20
Balance as at the opening date	854,688,196	(10,455,735)
Add: Profit during the period	547,122,005	865,143,931
Less: Expenses relating to Public Issue		
Prior Period	(787,500)	-
Current Period	(1,547,418)	-
	<b>1,399,475,283</b>	<b>854,688,196</b>

Incremental costs that are directly attributable to issuing new shares should be deducted from equity. Accordingly, expenses amounting to NPR 1,547,418 for current year and NPR 787,500 for previous year have been deducted from equity.

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**Sahas Urja Ltd.**  
**Notes to the financial statements**  
All amount in Nepalese Rupees

**15. Term Loan**

The company has been borrowing loans from consortium banks for the purpose of funding the project being developed. The banks provide term loan with respect to the expenses being made for the project. The term loan has been classified as non-current liability as it is not expected to be settled within the next financial year.

	15-Jul-21	15-Jul-20
Agriculture Development Bank Ltd.	408,407,312	222,044,798
Civil Bank Ltd.	270,795,171	146,635,056
Hydroelectricity Investment and Development Company Ltd.	506,456,489	265,504,309
Nepal Credit & Commerce Bank Ltd.	406,363,519	220,084,502
Nepal Investment Bank Ltd.	814,868,665	334,392,491
Prabhu Bank Ltd.	270,173,830	146,001,308
Rastriya Banijya Bank Ltd.	805,186,416	436,494,736
Sunrise Bank Ltd.	406,430,844	220,148,549
Sanima Bank Ltd.	403,966,747	218,589,491
Century Bank Ltd.	407,656,910	221,385,342
<b>Total</b>	<b>4,700,305,902</b>	<b>2,431,280,582</b>

Civil Bank Ltd. had disbursed the term loan amounting Rs. 21,053,302.99 on 14<sup>th</sup> July, 2021 and transferred the said amount into Pool Account of Nepal Investment Bank Ltd. However, the disbursed amount was not debited in the company's account maintained at Nepal Investment Bank Ltd. due to miscommunication between the banks. As the loan was already disbursed by Civil Bank and the borrowing cost will incur from the date of disbursement, the company has booked the loan on the disbursed date itself.

**16. Trade and Other Payables**

Non-financial liabilities are recorded and reported at cost based on legal and constructive obligation to the Company.

Provisions are recognized when the Company has a present legal or constructive obligation as a result of past events; it is more likely than not that an outflow of resources will be required to settle the obligation and the amount can be reliably estimated.

	15-Jul-21	15-Jul-20
Audit Fee Payable	178,400	334,500
Salary Payable	174,085	245,866
Other Payable	13,000	316,578
Duties and Taxes	6,798,092	41,046,274
Rent Payable	437,661	203,661
Payable - Contractors	171,315,381	125,389,944
Payable - Consultant & Suppliers	18,897,060	14,247,488
Provision for Gratuity Expenses	401,491	1,974,708
Retention	262,160,529	81,139,492
	<b>460,375,701</b>	<b>264,898,511</b>

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Kathmandu  
Chartered Accountants



**17. Administrative Expenses**

Expenses incurred for the company during the reporting period for administrative purpose are classified under administrative expenses:

	For the year ended 15-Jul-21	For the year ended 15-Jul-20
Audit Fee	180,800	169,500
Premises Cost	3,432,000	2,447,219
	<b>3,612,800</b>	<b>2,616,719</b>

**18. Profit and Loss**

With significant work completed of the project, it can now be estimated that the project will provide the future benefits as expected during the initial phase of construction of the project. Hence, the profit is recognized during the reporting period with regard to the Internal Rate of Return (IRR) of the project estimated during the initial phase.

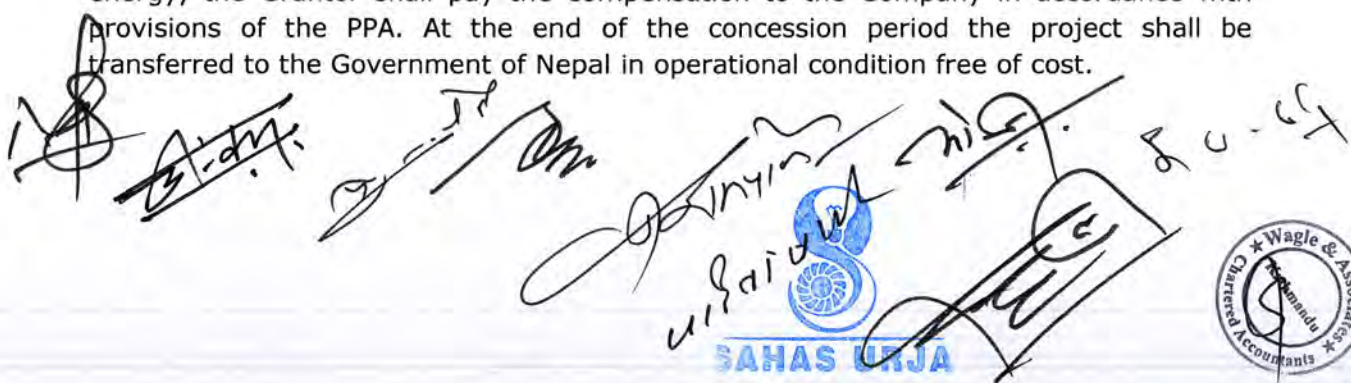
**19. Service concession arrangement**

*(i) Service concession arrangement revenue*

Revenue from service concession arrangement is recognized based on the principles laid down in IFRIC 12. Revenue relating to construction services under a service concession arrangement is recognized based on the stage of completion of the work performed, consistent with the Company's accounting policy on recognizing revenue on construction contracts (see (ii) below). Operations or service revenue is recognized in the period in which the services are provided by the company, When the company provides more than one service in a service concession arrangement, the consideration received is allocated by reference to the relative fair values of the services delivered.

On 13 Falgun 2071, the Company entered into a power purchase agreement (PPA) with the Nepal Electricity Authority (the grantor) to construct and operate an 86 MW hydropower plant on SoluRiver in Solukhumbu district, Province no. 1 of Nepal. Under the terms of the agreement, the Company will operate and sell the energy generated from the plant to grantor for a period of 30 years from the Commercial Operation Date or the expiry of generation license whichever is earlier. The company has obtained a generation license on 2<sup>nd</sup> Ashwin 2071 which is valid till 1<sup>st</sup> Ashwin 2106. The sale price of energy will be as per the PPA. The company doesn't expect major repairs to be necessary during the concession period. The construction of the plant is currently under progress.

The grantor shall purchase the minimum contracted energy as specified in the PPA subject to the company making available such minimum contracted energy to the Grantor. In the case of inability of the Grantor to purchase the specified quantum of energy, the Grantor shall pay the compensation to the Company in accordance with provisions of the PPA. At the end of the concession period the project shall be transferred to the Government of Nepal in operational condition free of cost.

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**Sahas Urja Ltd.**  
**Notes to the financial statements**  
All amount in Nepalese Rupees

The service concession agreement does not contain a renewal option. The standard rights of the grantor to terminate the agreement include non-delivery of energy, delay in construction of the plant by the company and in the event of a material breach in the terms of the agreement.

The company has recognized an intangible asset with respect to the consideration arising out of the management. The company has recorded revenue of NPR 3,461,595,296 representing revenue from the construction activities carried out by the company during the year with respect to the aforesaid project. The revenue recognized in relation to construction during the year represents the fair value of the construction services provided in constructing the project. The company has recognized an intangible asset received as consideration for providing construction services concession arrangement of NPR 8,915,828,722 representing the right to charge users a fee for the use of the infrastructure of the arrangement.

*(ii) Construction contracts*

Revenue from construction contracts is recognized in accordance with NAS 11: Construction Contracts. Contract revenue represents the fair value of consideration to be received for the contract. As soon as the outcome of a construction contract can be estimated reliably, contract revenue is recognized in profit or loss in proportion to the stage of completion of contract. Contract expenses are recognized as incurred unless they create an asset related to future contract activity.

As per para 25 of NAS 11: Construction Contracts, the stage of completion of project is determined by the proportion of that contract costs incurred for work performed up to the balance sheet date bear to the estimated total contract costs. The recognition of revenue and expenses by reference to the stage of completion of project is often referred to as percentage of completion method. Under this method, contract revenue is matched with the contract costs incurred in reaching the stage of completion, resulting in the reporting of revenue, expenses and profit which can be attributed to the proportion of work completed.

The company has recognized the contract cost incurred during the reporting period as expenses and has matched the contract revenue to the total contract cost incurred in reaching the stage of completion, so as that the profit is recognized to the extent of IRR of the project (i.e. 18.92%).

Information in accordance with NAS 11 on Construction contract is as follow:

	For the year ended 15-Jul-21	For the year ended 15-Jul-20
i. Contract revenue recognized		
Aggregate amount of contract costs incurred and recognized profits (less recognized losses) for all the contracts in progress	8,915,828,722	5,454,233,426
ii. Amount of customer advances outstanding for contracts in progress	564,482,722	802,213,472

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Wagle & Co. Chartered Accountants Kathmandu

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iii. Gross amount due from customers for contracts in progress	-	-
iv. Amount of retention due to customers for contracts in progress	262,160,529	81,139,492
v. Gross amount due to customers for contracts in progress.	186,376,588	139,592,532

**20. Lease Payments**

Leases where the lessor retains substantially all the risks and benefits of ownership of the asset are classified as operating leases. Payments made under operating leases are to be recognized on a straight-line basis over the term of the lease. The company has renewed the rent agreement for further 5 years on Magh 2076.

**21. Taxation**

Income Tax expense represents the sum of the current tax and deferred tax.

Under section 11(3d) of the Income Tax Act, 2058, 100% of the income from the hydropower project for the first 10 years is exempted. Further, 50% income for additional 5 years is exempted.

*(i) Current Tax*

Current tax which comprises expected tax payable or receivables is based on taxable profit or loss for the year based on Nepalese tax laws and any adjustments to the tax payable or receivable in respect of previous years. The Company's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the end of the reporting period.

Current tax assets and liabilities are offset if certain criteria are met.

As per the Nepalese tax laws in absence of taxable profits, the Company has not recognized any current tax expenses.

*(ii) Deferred Tax*

Deferred tax is recognized on temporary difference between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit. Deferred tax liabilities are generally recognized for all taxable temporary differences. Deferred Tax Assets (DTA) are generally recognized for all deductible temporary differences to the extent that is probable that taxable profits will be available against which those deductible temporary differences can be utilized.

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

Deferred Tax Liabilities (DTL) and assets are measured at the tax rates that are expected to apply in the period in which the liability is settled or the assets realized, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period. The measurement of deferred tax liabilities and assets

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reflects the tax consequences that would follow from the manner in which the company expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

The company has no any deferred tax assets and liabilities as on reporting period.

**(iii) Tax holiday**

The Company's operations are subject to tax holiday as per the Nepalese tax laws. The temporary differences that reverse during a tax holiday period are not recognized.

**22. Foreign currency transaction**

In preparing the financial statements of the Company, transaction in currencies other than the Company's functional currency (foreign currencies) are recognized at the rates of exchange prevailing at the dates of transactions.

At the end of each reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing at the date. Non-monetary items carried at the fair value that are denominated in foreign currencies are retranslated at the rates prevailing at the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in foreign currency are not retranslated.

The company has opened two separate LCs (Letter of Credits) for purchasing Prime Quality Steel Plates (Hot Rolled Sheet Not in Coil) and Serpent Sediment Sluicing System in US Dollar respectively while the LC for Supply of EM Equipments has been opened in INR. Payment has been made during the period in foreign currency.

**23. Impairment**

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

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

Recoverable amount is the higher of fair value less cost to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset or cash generating unit.

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

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

The company has no such tangible or intangible assets that requires impairment.

## **24. Employee benefits**

### *Short term employee benefits*

Short-term employee benefits are expensed as the related service is provided. A liability is *recognized* for the amount expected to be paid if the Company has present or constructive obligation to pay this amount as a result of past service provided by the employees and the obligation can be estimated reliably.

### *Long term employee benefits*

The company creates provision for the Gratuity expenses for staff on yearly basis as required by the Labour Act, 2074. The provision is transferred to a Gratuity Fund.

## **25. Provisions and contingent liabilities**

(i) Provisions are recognized when the Company has a present obligation (legal or constructive as a result of as past event, it is probable that the Company will be required to settle the obligation, and a reliable estimate can be made the amount of the obligation.

The amount recognized as a provision is the best estimate of the consideration required to settle the present obligation at the end of the reporting period, taking in to account the risks and uncertainties surrounding the obligation. When a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessment of time value of money and the risks specific to the liability (when the effect of the time value of money is material).

When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, a receivable is recognized as an asset if it is virtually certain that reimbursement will be received and the amount of the receivable can be measured reliably.

(ii) A contingent liability exists when there is a possible but not probable obligation, or a present obligation that may, but probably will not, require an outflow of resources, or a present obligation whose amount cannot be estimated reliably. Contingent liabilities do



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not warrant provisions, but are disclosed unless the possibility of outflow of resources is remote. Contingent assets are neither recognized nor disclosed in the financial statements. However, contingent assets are assessed continually and if it is virtually certain that an inflow of economic benefits will arise, the asset and related income are recognized in the period in which the change occurs.

There are no reportable contingent liabilities or commitments as at the year end.

**26. Financial Instruments**

Financial assets and financial liabilities are recognized when the Company becomes a party to the contractual provisions of the instrument.

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

**(i) Financial assets**

Financial assets are classified into the following specified categories: financial assets at fair value through profit or loss (FVTPL), 'held to maturity' investments, 'available for sale' (AFS) financial assets and 'loans receivables' based on the characteristics of each instrument. The classification depends on the nature and purpose of the financial assets and is determined at the time of initial recognition. Of these categories, the company only has loans and receivables.

**(a) Loans and receivables**

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in active market. Loans and receivables including other receivables and bank balances and cash are measured at amortized cost using the effective interest method, less any impairment.

Interest income is recognized by applying the effective interest rate, except for short-term receivables when the recognition of interest would be immaterial.

**(b) Effective interest method**

The effective interest method is a method of calculating the amortized cost of a debt instrument and of allocating interest income over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts (including all fees paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial instrument, or, where appropriate, a shorter period, to the net carrying amount of the financial instrument.



(c) Impairment of financial assets

Financial assets, being loans and receivables, are assessed for indicators of impairment at the end of each reporting period. Financial assets are considered to be impaired when there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows of the investment have been affected.

For all financial assets other than available for sale assets, objective evidence of impairment could include:

- Significant financial difficulty of the issuer or counterparty; or
- Breach of contract, such as a default or delinquency in interest or principal payments; or
- It becoming probable that the borrower will enter bankruptcy or financial re-organization; or
- The disappearance of an active market for that financial asset because of financial difficulties.

For financial assets carried at amortized cost, the amount of the impairment loss recognized is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the financial asset's original effective interest rate.

For financial assets carried at cost, the amount of the impairment loss is measured as the difference between the asset's carrying amount and the present value of the estimated future cash flows discounted at the current market rate of return for a similar financial asset. Such impairment loss will not be reversed in subsequent periods.

The carrying amount of the financial asset is reduced by the impairment loss directly for all financial assets.

For financial assets measured at amortized cost, if, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment is reversed does not exceed what the amortized cost would have been had the impairment not been recognized.

(d) Derecognition of financial assets

The company de-recognizes financial asset only when the contractual right to the cash flows from the assets expire, or when it transfers the financial asset and substantially all the risk and rewards of ownership of the asset to another entity. If the Company recognizes its retained interest in the asset and an associated liability for amounts it may have to pay.

On derecognition of a financial asset in its entirety, the difference between the asset's carrying amount and the sum of the consideration received and receivable and the cumulative gain or loss that had been recognized in other comprehensive income and accumulated in equity is recognized in profit or loss.

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*(ii) Financial liabilities and equity*

Debt and equity instruments issued by the Company are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument.

**(a) Equity Instruments**

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

Borrowings from promoter which are not intended to be repaid are treated as equity (additional paid capital) in the financial statements.

**(b) Financial Liabilities**

Financial liabilities are classified as either financial liabilities "at fair value through profit and loss" or "other financial liabilities". Of these categories, the Company only has "other financial liabilities".

**(c) Other financial liabilities**

Other financial liabilities (including other payables) are subsequently measured at amortized cost using the effective interest method. The effective interest method is method of calculating the amortized cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial liability, of (where appropriate) a shorter period, to the net carrying amount on initial recognition.

**(d) Derecognition of financial liabilities**

The company derecognizes financial liabilities when, and only when, the Company's obligations are discharged, cancelled or they expire. The difference between the carrying amount of the financial liability derecognized and the consideration paid and payable is recognized in profit or loss.

**Capital Management**

The company manages its capital to ensure that the Company will be able to continue as a going concern while maximizing the returns to stakeholders. Currently, the company is not subject to any externally imposed capital requirements.

The Company's management reviews the capital structure of the Company on a regular basis. As part of this review, the management considers the cost of capital and the risk associated with the capital.

As the company is into construction of the hydropower plant, significant amount of capital has been invested. The company has also entered into debt arrangements for funding significant portion of the total capital requirement for the project. Drawdown of the debts will be done as per the terms of the arrangements.

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**Categories of financial instruments**

Particulars	15-Jul-2021	15-Jul-2020
<b>Financial assets</b>		
Loans and Receivables	579,926,859	830,570,467
Cash and cash equivalents	160,111,350	99,679,767
<b>Financial liabilities</b>		
Trade and other payables	460,375,701	264,898,511

**Determination of fair values**

The Company's accounting policies and disclosures require the determination of fair value, for both financial and non-financial assets and liabilities. When applicable, further information about the assumptions made in determining fair values is disclosed in or disclosure purposes based on the following methods:

**Loans and receivables**

The fair value of trade and other receivables is estimated as the present value of future cash flows, discounted at market rate of interest at the reporting date.

**Risk management**

The Company's operations expose the Company to various risks. These risks include market risk (including currency risks, interest rate risk and other price risk), credit and liquidity risk.

**27. New standards and interpretations not yet effective**

NFRSs, interpretations and amendments to published NFRSs that are not effective for the reporting period:

A number of new standards, amendments to standards and interpretations are not yet effective for the year ended 16 July 2019 and have not been applied in preparing these separate financial statements. These standards and amendments are as below:

**NFRS-15: Revenue from contract with customers:**

The NASB issued a new standard for revenue recognition which overhauls the existing revenue recognition standards. The standard requires the following five step model framework to be followed for revenue recognition:

- Identification of the contracts with the customer
- Identification of the performance obligations in the contract
- Determination of the transaction price
- Allocation of the transaction price to the performance obligations in the contract (as identified in step ii)
- Recognition of revenue when the entity satisfies a performance obligation.

The new standard would be effective for annual periods starting from 1 January 2018 and early application is allowed. The management is assessing the potential impact on its financial statements resulting from application of NFRS 15.

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## 28. Operating Segments

The company is engaged in the business of generation of electricity from its hydropower project situated in Nepal. The generated electricity will be sold to the Nepal Electricity Authority. Accordingly, the company has only one operating segment. Since the relevant information is available from the Statement of Financial Position and the Statement of Profit or Loss and Other Comprehensive Income itself, there are no additional disclosures, to be provided in terms of NFRS 8: Operating Segments.

## 29. Related Party Transactions

The Company identifies following as the related parties under the requirements of NAS 24.

- Subsidiary of the company.
- Shareholders having shareholding of 5% or more during the year.
- Companies represented by the Directors.
- Directors of the Company and their close family members if any

### 29.1 Transaction with Subsidiary

The company owns a fully subsidiary company, **Solu Krishi Farm Pvt. Ltd.** and invested **Rs. 7,132,640**. Further, the company has provided Rs. 50,800 as an advance to the subsidiary.

### 29.2 Significant Shareholders

The company has 7953 promoter shareholders while none of them holds 5% or more shares in the company to be a significant shareholder. However, the shareholding of the directors of the company is as below:

Share Holder	31 <sup>st</sup> Ashad 2078	31 <sup>st</sup> Ashad 2077
	% of holding	% of holding
Him Prasad Pathak	1.94	1.94
Sushil Thapa	2.01	2.11
MinRaj Kadel	0.61	0.64
Paritosh Paudyal	0.61	0.61
Mahendra Kumar Giri	1.45	2.29
Bhoj Bahadur Shah	0.55	0.55
MuktiRam Pandey	0.61	0.61



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**29.3 Transaction with Subsidiary of Significant Shareholders**

No balance lies with the related parties as at the end of the financial year.

**29.4 Transactions with and payments to directors of the Company**

Following payments have been made to the directors of the Company:

Particulars	For the period ended 15-Jul-21		For the year ended 15-Jul-20	
	Facilities	Meeting Allowances	Facilities	Meeting Allowances
Him Prasad Pathak	5,695,200	280,000	5,303,840	240,000
Sushil Thapa	3,559,500	208,000	3,314,900	197,000
MinRaj Kadel	180,000	224,000	180,000	168,000
Paritosh Paudyal	180,000	224,000	180,000	204,000
Mahendra Kumar Giri	180,000	152,000	180,000	120,000
Bhoj Bahadur Shah	180,000	232,000	180,000	188,000
MuktiRam Pandey	180,000	232,000	180,000	192,000

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