

**Independent Auditor's Report
To the shareholders of Sahas Urja Limited,**

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 Ashadh 31, 2080 (Corresponding to July 16, 2023), Statement of Profit or Loss and Other Comprehensive Income, Statement of Cash Flows, Statement of Changes in Equity for the year then ended on that date, and a summary of Significant Accounting Policies and other explanatory information (hereinafter referred to as "the Financial Statements").

In our opinion and to the best of our information and explanations provided to us, the accompanying Financial Statements referred to above present fairly, in all material respects, the Financial Position of the Company as at Ashah 31, 2080 and its financial performance and its cash flows for the year then ended in accordance with Nepal Financial Reporting Standards and comply with Company Act, 2063 and other prevailing laws.

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 Financial Statements section of our report. We are independent of the company in accordance with the ICAN's Handbook of Code of Ethics for Professional Accountants together with the ethical 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 Code of Ethics for Professional Accountants. We believe that the audit evidence we have obtained is sufficient and appropriate to provide for the basis of our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the Financial Statements of the current period. These matters were addressed in the context of our audit of the Financial Statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

We have determined that there are no key audit matters to communicate in our report.



Information Other than the Financial Statements and Auditor's Report Thereon

The Company's Management is responsible for other information presented in the Company's Annual Report and Accounts FY 2079/80 (FY 2022/23) together with the Financial Statements. Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon. This report is expected to be made available to us after the date of our auditor's report.

Our opinion on the Financial Statements does not cover the other information and, accordingly, we do not express an audit opinion or, except as explicitly stated below, any form of assurance conclusion thereon.

In connection with our audit of the Financial statements, our responsibility is to read the other information identified above when it becomes available 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 as on the date of this issuance of this report.

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

Management is responsible for the preparation and fair presentation of the Financial Statements in accordance with the Nepal Financial Reporting Standards and for such internal control as management determines is necessary to enable preparation of the financial statements that are free from material misstatements, 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.

Auditors' Responsibilities for the Audit of Financial Statements

Our objectives are to obtain reasonable assurance about whether the Financial Statements as a whole are free from material misstatements, 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 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 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 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 entity'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 disclosures 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 of the financial statements including 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 identified during our audit.

We also provide Those Charged With Governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.



Report on Other Legal and Regulatory Requirements

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

- a) We have obtained all the information and explanations, which, to the best of our knowledge and belief, were considered necessary for the purpose for our audit.
- b) Proper books of accounts as required by law have been kept by the company as far as appears from our examination of such books.
- c) The Statement of Financial Position as at Ashadh 32, 2080 (Corresponding to July 16, 2023), the Statement of Profit or Loss and other Comprehensive Income, Statement of Cash Flow, Statement of Changes in Equity for the year then ended are prepared as per the provision of Company Act, 2063 and the same are in agreement with the books of accounts maintained by the company.
- d) To the best of our knowledge and in accordance with explanations given to us and from our examination of the books of accounts of the Company, necessary for the purpose of our audit, we have not come across the cases where the Board of Directors, representative or any employee of the company has acted contrary to the provisions of law or committed any misappropriation or caused loss or damage to the company deliberately.
- e) Our suggestions for improvement in the company's internal controls and accounting system have been presented in a separate management letter.



Idip Dhakal, FCA
Proprietor
I. Dhakal & Associates,
Chartered Accountants

Place: Kathmandu, Nepal
Date: 2080/08/29
UDIN No.: 231215CA00725koLN4

Sahas Urja Ltd.
Kathmandu-01, Hattisar
Statement of Financial Position
As on 31st Ashad 2080 (16th July, 2023)

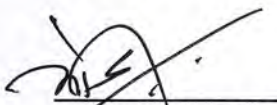


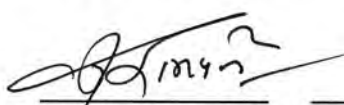
SAHAS URJA Amount In NRs.

<u>Equity & Liabilities</u>	<u>Schedule</u>	<u>As on 31st Ashad 2080</u>	<u>As on 32nd Ashad 2079</u>
Shareholder's Fund			
Share Capital	1	3,500,000,000	3,500,000,000
Reserve and Accumulated Profit/(Loss)	2	2,145,234,434	2,038,045,354
Total Shareholder's Fund		5,645,234,434	5,538,045,354
Revaluation Surplus		5,396,290	5,396,290
Non Current Liabilities			
Medium & Long Term Loan	3	9,882,854,327	7,719,785,109
Total Non Current Liabilities		9,882,854,327	7,719,785,109
Current Liabilities			
Accounts Payables	4	224,890,676	251,575,627
Withholding & Retentions	5	542,470,329	444,699,024
Bridge Gap Loan		806,828,110	549,949,008
Total Current Liabilities		1,574,189,116	1,246,223,659
Total Equity & Liabilities		17,107,674,166	14,509,450,412
Assets			
Non-Current Assets			
Property, Plant and Equipments	6	139,739,951	136,230,384
Less: Accumulated Depreciation		(85,533,184)	(69,956,735)
Total Property, Plant and Equipments		54,206,767	66,273,649
Intangible Assets	7	287,020	287,020
Less: Accumulated Amortization		(287,020)	(287,020)
Total Intangible Assets		-	-
Intangible Assets (Project Assets)	8	16,365,739,410	13,688,422,963
Less: Accumulated Amortization		(224,589,503)	-
Total Intangible Assets (Project Assets)		16,141,149,907	13,688,422,963
Prepayments	9	29,120,733	5,634,380
Right of Use Assets	10	4,342,990	7,238,317
Total Non Current Assets		16,228,820,398	13,767,569,309
Current Assets			
Other Current Assets	11	720,356,270	593,614,394
Cash And Cash Equivalents	12	151,177,098	140,946,309
Financial Assets measured at Amortized Cost	13	-	-
Financial Assets held at fair value through Profit or Loss	14	7,320,400	7,320,400
Total Current Assets		878,853,768	741,881,103
Total Assets		17,107,674,166	14,509,450,412


Schedule 1 to 16 forms an integral part of this Financial Statements

As per our attached report of even date.

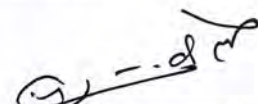

Bhoj Bahadur Shah
Director



Mukti Ram Pandey
Director

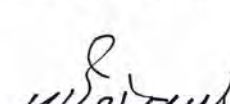

Sushil Thapa
Managing Director


Him Prasad Pathak
Chairman

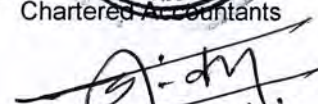

Him Prasad Pathak
Chairman


Min Raj Kadel
Director


Mahendra Kumar Giri
Director


Paritosh Paudyal
Director


Noble Adhikari
Assistant Manager
(Finance and Admin)


Milan Dhakal
Sr. Account Officer

Date: 2080/08/28
Place: Kathmandu

Statement of Profit or Loss and other Comprehensive Income
For the Period from 1st Shrawan 2079 to 31st Ashad 2080 (17th July 2022 to 16th July 2023)

Amount In NRs.

Particulars	Schedule	For the Year Ended 31st Ashad 2080	For the Year Ended 32nd Ashad 2079
Revenue from Sales of Electricity		610,720,105	-
Less: Direct Expenses	15	(45,405,393)	-
Less: Amortisation of Project Assets		(224,589,503)	-
Gross Profit		340,725,210	-
Construction Revenue as per IFRIC 12		1,915,587,711	4,793,142,437
Less: Construction expenses as per IFRIC 12		(1,624,205,283)	(4,064,051,583)
Add: Other Income		-	-
Total Income		632,107,638	729,090,854
Less: Administrative Expenses	16	(42,720,221)	(4,444,169)
Less: Depreciation		(5,889,178)	-
Operating Profit/(Loss)		583,498,239	724,646,685
Finance income		-	-
Finance costs		(476,309,159)	-
Impairment		-	-
Net Finance Cost		(476,309,159)	-
Profit Before Tax and Staff Bonus		107,189,080	724,646,685
Deferred Tax - Surplus (Expenses)		-	-
Income Tax Expenses		-	900
Other Comprehensive Income		-	-
Total Comprehensive Income		107,189,080	724,645,785

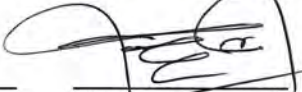
Total profit and comprehensive income is attributable to the owners of the company.
Schedule 1 to 16 forms an integral part of this Financial Statements

As per our attached report of even date


Bhoj Bahadur Shah
Director


Mukti Ram Pandey
Director

Sushil Thapa
Managing Director


Him Prasad Pathak
Chairman

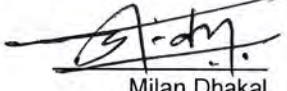

Dhakal & Associates
Chartered Accountants
Kathmandu, Nepal


Min Raj Kadel
Director

Mahendra Kumar Giri
Director


Paritosh Paudyal
Director


Noble Adhikari
Assistant Manager
(Finance and Admin)


Milan Dhakal
Sr. Account Officer

Date: 2080/08/28
Place: Kathmandu

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



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

Amount In NRs.

<u>Particulars</u>	<u>For the Year Ended 31st Ashad 2080</u>	<u>For the Year Ended 32nd Ashad 2079</u>
<u>Cash Flow From Operating Activities</u>		
Net Profit/(Loss) As Per Income Statement	107,189,080	724,645,785
Add: Depreciation For The Period	5,889,178	-
Add: Amortisation For The Period	224,589,503	-
Add: Non-Cash Expenses	-	-
Cash Flow from operating activities before changes in WC	337,667,761	724,645,785
(Increase)/Decrease In Current Assets	(126,741,876)	45,965,096
Increase/ (Decrease) In Current Liabilities	71,086,354	452,950,545
Net Cash Flow From Operating Activities (Sub-Total-A)	282,012,238	1,223,561,425
<u>Cash Flow From Investing Activities</u>		
Sale/(Purchase) of Tangible Fixed Assets	(3,509,568)	(5,880,790)
Sale/(Purchase) of Intangible Assets	-	-
Increase/(Decrease) In Non Current Liabilities	-	(216,661,595)
(Increase)/Decrease In Prepayments	(20,591,026)	(118,001)
(Purchase)/Disposal of Fixed Assets/Investment	-	(187,760)
Less: WIP Assets Capitalized (Project Cost)	(2,677,316,447)	(4,793,142,437)
Add: Depreciation for the period charged to Project Cost	9,687,271	14,357,748
(Increase)/Decrease In Other Assets	-	(7,238,317)
Net Cash Flow From Investing Activities (Sub-Total-B)	(2,691,729,770)	(5,008,871,151)
<u>Cash Flow From Financing Activities</u>		
Issue Of Share Capital	-	1,050,000,000
Less: Expenses relating to Public Issue		
Prior Period	-	-
Current Period	-	(21,042,437)
Loan taken from Bank	2,419,948,320	2,796,839,752
Net Cash Flow From Financing Activities (Sub-Total-C)	2,419,948,320	3,825,797,315
Total Cash Generated In The Year (A+B+C)	10,230,789	40,487,589
Cash And Equivalent At The Beginning Of The Year	140,946,309	100,458,720
Cash And Equivalent At The End Of The Year	151,177,098	140,946,309

As per our attached report for above date.


Bhaj Bahadur Shah
Director



Mukti Ram Pandey
Director

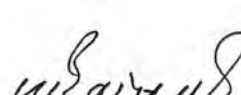

Sushil Thapa
Managing Director



Him Prasad Pathak
Chairman

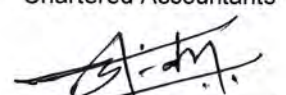

I. Dhakal, FCA
I. Dhakal & Associates
Chartered Accountants


Min Raj Kadel
Director


Mahendra Kumar Giri
Director


Paritosh Paudyal
Director


Noble Adhikari
Assistant Manager
(Finance and Admin)


Milan Dhakal
Sr. Account Officer

Date: 2080/08/28
Place: Kathmandu



Sahas Urja Ltd.
Kathmandu-01, Hattisar

SAHAS URJA

Statement of Changes in Equity

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

Particular	Share Capital	Accumulated Profit/ Loss	General Reserve	Reserve from IFRIC 12	Capital Reserve	Deferred Tax Reserve	Total
Balance at the Beginning of the Period	2,450,000,000	1,334,442,006	-	-	-	-	3,784,442,006
Transactions with owners recorded directly in equity							
Issue of Share Capital	1,050,000,000	-	-	-	-	-	1,050,000,000
Share Advance	-	-	-	-	-	-	-
Less: Expense Relating to Public issue	-	-	-	-	-	-	-
Total Comprehensive income for the year	-	(21,042,437)	-	-	-	-	(21,042,437)
Profit for the Year	-	724,645,785	-	-	-	-	724,645,785
Adjustment for IFRIC Reserve	-	(2,082,163,032)	-	2,082,163,032	-	-	-
Balance at the End of the FY 2078/79	3,500,000,000	(44,117,678)	-	2,082,163,032	-	-	5,538,045,354
Balance as on 2079/04/01	3,500,000,000	(44,117,678)	-	2,082,163,032	-	-	5,538,045,354
Transactions with owners recorded directly in equity							
Issue of Share Capital	-	-	-	-	-	-	-
Share Advance	-	-	-	-	-	-	-
Total Comprehensive income for the year	-	-	-	-	-	-	-
Transfer to Intangible assets	-	-	-	-	-	-	-
Profit for the Period	-	107,189,080	-	-	-	-	107,189,080
Adjustment for IFRIC Reserve	-	(291,382,428)	-	291,382,428	-	-	-
Add: Depreciation adjustment for IFRIC-12	-	32,572,521	-	(32,572,521)	-	-	-
Balance as at 31st Ashad 2080	3,500,000,000	(195,738,504)	-	2,340,972,938	-	-	5,645,244,434

As per report of the date



Him Prasad Pathak
Chairman

Sushil Thapa
Managing Director

Mukti Ram Pandey
Director

Bhol Bahadur Shah
Director

Milan Dhakal
Sr. Account Officer

Noble Adhikari
Assistant Manager
(Finance and Admin)

Paritosh Paudyal
Director

Mahendra Kumar Giri
Director

Min Raj Kadel
Director

Date: 2080/08/28
Place: Kathmandu

Sahas Urja Ltd.

Kathmandu-01, Hattisar



Schedules Forming Parts Of The Financial Statements as on 31st Ashad, 2080

Schedule 1: Share Capital

Particulars	As on 31st Ashad 2080	As on 32nd Ashad 2079
Authorized Share Capital		
No. of Authorized Share Capital	35,000,000	35,000,000
Ordinary shares of NPR 100 each	3,500,000,000	3,500,000,000
Issued Share Capital		
No. of Issued Share Capital	35,000,000	35,000,000
Ordinary shares of NPR 100 each	3,500,000,000	3,500,000,000
Subscribed & Fully Paid Up Share Capital		
No. of Subscribed and fully paid up Share Capital	35,000,000	35,000,000
Ordinary shares of NPR 100 each	3,500,000,000	3,500,000,000
Total	-	-

Schedule 2: Reserves and Surplus

Particulars	As on 31st Ashad 2080	As on 32nd Ashad 2079
Balance as at the opening date	2,038,045,354	1,334,442,006
Add: Profit during the year	107,189,080	724,645,785
Less: Expense relating to Public issue		
Prior Period		
Issue & Sales Management Expenses	-	-
Current Period		
Issuer Rating Expenses A/c	-	(556,525)
Service Fee for IPO Issuance A/c	-	(7,000,000)
IPO Issuance Charges	-	(12,698,412)
Issue & Sales Management Expenses	-	(787,500)
Balance as at the closing date	2,145,234,434	2,038,045,354

Schedule 3 : Medium & Long Term Loan

Particulars	As on 31st Ashad 2080	As on 32nd Ashad 2079
Agriculture Development Bank Ltd.	733,409,575	677,151,078
Himalayan Bank Ltd.	461,867,392	424,361,727
Hydroelectricity Investment and Development Company Ltd.	1,408,690,060	830,899,335
Kumari Bank Ltd.	730,914,826	674,656,328
Nepal Investment Mega Bank Ltd.	1,444,153,660	1,331,636,665
Nepal Infrastructure Bank Ltd.	957,224,872	-
Prabhu Bank Ltd.	1,194,477,692	1,117,966,401
Rastriya Banijya Bank Ltd.	1,454,295,370	1,341,393,964
Laxmi Sunrise Bank Ltd.	794,938,909	648,770,671
Sanima Bank Ltd.	702,881,969	672,948,940
Total	9,882,854,327	7,719,785,109



Sahas Urja Ltd.

Kathmandu-01, Hattisar

**Schedules Forming Parts Of The Financial Statements as on 31st Ashad, 2080****Schedule 4 : Accounts Payable**

Particulars	As on 31st Ashad 2080	As on 32nd Ashad 2079
A. Withholding Tax Payable:		
TDS-Individual & Firms	13,020	13,500
TDS on Public Ltd.	88,176	261,190
TDS on Private Ltd.	5,863,573	2,030,775
TDS on Meeting Allowance	53,074	54,625
TDS on Rental Fees	20,222	63,301
TDS on Salary	550,761	1,016,072
TDS on Wages	30,570	6,143
B. Other Payables:		
Audit Fee	1,115,000	557,500
CE Construction Pvt. Ltd.	6,746	-
Macchapuchhre Metal and Machinery Works Pvt. Ltd.	-	-
S4 System	-	3,044,603
Voith Hydro Pvt. Ltd.	197,167,956	219,105,093
Mehta & Mehta Trade Link	500,000	500,000
Hydro Consult Engineering Ltd.	4,218,961	14,400,819
Hydro Operation and Maintenance Services Pvt. Ltd.	4,336,715	-
Smile for Miles Travel Tour and Suppliers Pvt. Ltd.	951,518	-
Learned and Lawyers Company Pvt. Ltd.	-	334,500
Caravan Media Pvt. Ltd.	32,500	-
Civil Desk Engineering Consultancy Pvt. Ltd.	-	131,570
Pact Consultant Pvt. Ltd.	-	1,040,295
S R Pandey & Co.	-	446,000
Spark Tours Pvt. Ltd.	-	195,082
Units Engineering Consultancy Pvt. Ltd.	122,650	-
Salary Payable	2,236,852	-
Lease Liability (NFRS-16)	5,040,919	7,763,486
Office Rent Payble	299,000	-
Payable-Site Office	-	-
Other Payable	583,533	208,681
Provision for Gratuity Expenses	1,658,030	401,491
Provision for Taxation	900	900
Total	224,890,676	251,575,627

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

Particulars	As on 31st Ashad 2080	As on 32nd Ashad 2079
Retention-CE Construction Pvt. Ltd.	465,913,247	399,524,631
Retention-Machhapuchhre Metal & Machinery Works Pvt. Ltd.	44,647,169	34,497,434
Retention-Gaura Construction Pvt. Ltd.-Auxiliary Civil Works	24,570,909	4,783,721
Retention-Gaura Construction Pvt. Ltd.- Transmission Line Work	7,339,004	1,893,239
Holding-CE Construction Pvt. Ltd.	-	4,000,000
Total	542,470,329	444,699,024

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Sahas Urja Ltd.

Kathmandu-01, Hattisar

**Schedules Forming Parts Of The Financial Statements as on 31st Ashad, 2080****Schedule 9 : Prepayments**

Particulars	As on 31st Ashad 2080	As on 32nd Ashad 2079
Advance Tax	5,757,290	5,634,380
Prepaid Project Insurance	23,363,443	-
Total	29,120,733	5,634,380

Schedule 10 : Right of Use Assets

Particulars	As on 31st Ashad 2080	As on 32nd Ashad 2079
Right of Use Assets (NFRS-16)	10,133,644	10,133,644
Less: Accumulated Depreciation on Right of Use Assets	(5,790,654)	(2,895,327)
Total	4,342,990	7,238,317

Schedule 11 : Other Current Assets

Particulars	As on 31st Ashad 2080	As on 32nd Ashad 2079
A. Other Current Assets		
Advance for Civil Works		
CE Construction Pvt. Ltd.	266,155,522	224,999,982
Gaura Construction Pvt. Ltd.	5,154,907	90,994,866
Ultimate EX-IN Painting Solution Pvt. Ltd.	-	6,100,000
Doors and Windows for Headworks Control Building and PH	8,300,000	-
Advance-Metal Works		
Machhapuchhre Metal & Machinery Works P Ltd.	5,000,000	51,253,642
Advance-Plant & Machinery		
Voith Hydro Pvt. Ltd.	338,579	30,422,612
Advance for Communication System	739,705	-
Advance-Transmission Line		
Advance-Gaura Construction Pvt. Ltd.	49,888,511	131,146,974
Advance for 11kV Transmission Line	6,246,000	-
Advance - Site Administration	10,754,890	-
Advance for Land Lease	263,778	263,778
Advance for Land Purchase	6,306,679	8,432,679
Advance to employees	1,600,771	1,491,901
Advance to Site Office	-	172,528
Amount Receivable from NEA against Sale of Electricity	313,603,129	-
Other Receivables	162,930	302,500
Closing Stock of Consumables of EM Equipment	664,738	-
Margins and Deposits		
Bank Margin	5,000,000	5,000,000
Cash and Stat Margin	10,212,282	13,189,083
Cash Guarantee for Custom	25,099,215	25,099,215
Deposits	4,864,634	4,744,634
Total	720,356,270	593,614,394



Sahas Urja Ltd.

Kathmandu-01, Hattisar

**Schedules Forming Parts Of The Financial Statements as on 31st Ashad, 2080****Schedule 12 : Cash and Cash Equivalents**


<u>Particulars</u>	As on 31st Ashad 2080	As on 32nd Ashad 2079
Cash In Hand	270,184	246,060
Balances at Bank		
Agricultural Development Bank Ltd.	265,355	30,833
Citizens Bank International Ltd.	50,000	50,000
Nabil Bank Ltd.	76,974	76,974
Nepal Investment Mega Bank Ltd	79,871,098	134,057,537
Prabhu Bank Ltd.	424,793	13,569
Prabhu Bank Ltd. (Site Office Account)	96,032	686,407
Himalayan Bank Ltd.	1,022,200	1,048,576
NIMB Escrow Account	61,451,776	-
Kumari Bank Ltd.	1,378,248	-
Rastriya Banijya Bank Ltd.	3,682,162	2,765,744
Nepal Infrastructure Bank Ltd.	207,086	1,473,684
Laxmi Sunrise Bank Ltd.	2,381,191	-
Sanima Bank Ltd.	-	496,926
Total	151,177,098	140,946,309

Schedule 13 : Financial Assets measured at Amortized Cost


<u>Particulars</u>	As on 31st Ashad 2080	As on 32nd Ashad 2079
Fixed Deposit for Performance Bank Guarantee	-	-
Total	-	-


Schedule 14 : Financial Assets held at fair value through Profit or Loss

<u>Particulars</u>	As on 31st Ashad 2080	As on 32nd Ashad 2079
Investment in Share in Solu Krishi Farm Pvt. Ltd.	7,220,400	7,220,400
Investment in Share in Nepal Power Exchange Ltd.	100,000	100,000
Total	7,320,400	7,320,400









Sahas Urja Ltd.

Kathmandu-01, Hattisar



Schedules Forming Parts Of The Financial Statements as on 31st Ashad, 2080

Schedule-15- Direct Expenses

<u>Particulars</u>	<u>As on 31st Ashad 2080</u>	<u>As on 32nd Ashad 2079</u>
Project Operation Expenses	18,975,308	-
Vehicle Hire for Project Operation	3,782,105	-
Royalty on Revenue Expenses	12,502,878	-
Royalty on Capacity Expenses	8,600,000	-
Consumables of EM Equipments	1,545,102	-
Total	45,405,393	-

Schedule-16- Administrative & General Expenses

<u>Particulars</u>	<u>For the Year Ended 31st Ashad 2080</u>	<u>For the Year Ended 32nd Ashad 2079</u>
Office Rent Expenses as per NFRS	-	-
Depreciation on Right of Use Assets (NFRS-16)	2,895,327	2,895,327
Interest Expenses on Right of Use Assets (NFRS-16)	787,432	983,842
Project Insurance Expenses	16,672,504	-
Audit Fee	565,000	565,000
COD Programme Expenses	4,155,384	-
Advertisement & Notice Publication Expenses	285,750	-
BOD Meeting Allowances	258,000	-
Miscellaneous Expenses	527,538	-
Chairman Remuneration	1,801,600	-
Director Facilities Expenses	300,000	-
Fuel Expenses	1,263,690	-
Gratuity Expenses	11,875	-
Kitchen Expenses	228,380	-
Lunch and Refreshment Expenses	779,300	-
Managing Director Remuneration	1,126,000	-
Materials & Equipments Transportation Expenses	70,000	-
Medical Expenses	280	-
Office Expenses	205,411	-
Office Meeting Tiffin Expenses	29,458	-
Printing and Photocopy Expenses	11,610	-
Program Sponsorship, Participation & Seminar Fee	36,000	-
Renewal and Registration Expenses	73,500	-
Repair and Maintenance Expenses	88,580	-
Repair & Maintenance Expenses of Vehicle	590,434	-
Site- Office Expenses	67,842	-
Site Visit Expenses	129,771	-
Staff Salary Expenses	8,715,193	-
Stationery Expenses	30,090	-
Telephone & Communication Expenses	96,194	-
Travelling Expenses	44,935	-
Vehicle Hire Expenses	49,500	-
Wages Expenses	16,000	-
Water & Electricity Expenses	62,369	-
Internet Expenses	395,274	-
Parking Rent Expenses	350,000	-
Total	42,720,221	4,444,169





Sahas Urja Ltd.

Kathmandu-01, Hattisar

SAHAS URJA

Schedules Forming Parts Of The Financial Statements as on 31st Ashad, 2080

Schedule 6: Property, Plants and Equipments

Amount In NRs.

Particulars	Building	Furniture, Fixtures and Office Equipment	Vehicles	Tools and Tackles	Total
At Cost					
Balance at 31st Ashad 2078	57,584,180	19,092,438	53,672,975	-	130,349,594
Additions during the year	3,289,568	2,591,222	-	-	5,880,790
Balance at 32nd Ashad 2079	60,873,748	21,683,660	53,672,975	-	136,230,384
Additions during the period	1,115,439	1,551,499	-	842,630	3,509,568
Balance at 31st Ashad 2080	61,989,187	23,235,159	53,672,975	842,630	139,739,951
Depreciation					
Balance at 31st Ashad 2078	21,948,239	14,894,503	18,756,245	-	55,598,987
Depreciation for the year	5,870,100	1,574,811	6,912,837	-	14,357,748
Balance at 32nd Ashad 2079	27,818,339	16,469,314	25,669,082	-	69,956,735
Depreciation for the period	6,239,001	2,295,920	6,830,871	210,658	15,576,449
Balance at 31st Ashad 2080	34,057,340	18,765,234	32,499,953	210,658	85,533,184

Particulars	Carrying Amounts
As at 31st Ashad 2078	74,750,607
As at 32nd Ashad 2079	66,273,649
As at 31st Ashad 2080	54,206,767

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Schedule 7: Intangible Assets (Computer Software)

Particulars	Computer Software
At Cost	
Balance at 31st Ashad 2078	287,020
Additions during the year	-
Balance at 32nd Ashad 2079	287,020
Additions during the period	-
Balance at 31st Ashad 2080	287,020
Amortization	
Balance at 31st Ashad 2078	287,020
Amortization for the year	-
Balance at 32nd Ashad 2079	287,020
Amortization for the period	-
Balance at 31st Ashad 2080	287,020

Particulars	Carrying Amounts
As at 31st Ashad 2078	-
As at 32nd Ashad 2079	-
As at 31st Ashad 2080	-

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Sahas Urja Ltd.

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**Schedules Forming Parts Of The Financial Statements as on 31st Ashad, 2080****Schedule 8: Intangible Assets (Project Assets)**

Amount In NRs.

Particulars	As on 31st Ashad 2080	Addition during the period	As on 32nd Ashad 2079
Schedule 8.1: Pre-operating Cost	645,063,488	-	645,063,488
Schedule 8.2: Infrastructure Development Cost	433,626,998	-	433,626,998
Schedule 8.3: Civil Construction Cost	6,697,291,689	986,421,886	5,710,869,803
Schedule 8.4: Project Supervision, Management & Engineering Cost	1,028,065,790	105,704,364	922,361,425
Less: Interest Income	(29,695,766)	(7,380)	(29,688,386)
Less: Rent Income	(5,589,442)	(1,218,037)	(4,371,405)
Less: Expenses relating to Public Issue (Prior Period)	(787,500)	-	(787,500)
Total Project Supervision/Management & Engineering Cost	991,993,082	104,478,947	887,514,134
Schedule 8.5: Environment/Social Mitigation Cost	150,533,775	41,727,322	108,806,453
Schedule 8.6: Miscellaneous & Insurance Cost	108,237,220	549,728	107,687,492
Schedule 8.7: Interest During Construction Cost	1,951,160,022	653,030,922	1,298,129,100
Schedule 8.8: Transmission Line & Switchard Cost	170,333,185	124,583,452	45,749,734
Schedule 8.9: Hydro Mechanical Work Cost	1,394,600,652	232,839,917	1,161,760,735
Schedule 8.10: Electromechanical Work Cost	1,352,819,482	221,386,299	1,131,433,183
Schedule 8.11: Project Land Cost	96,534,358	20,915,546	75,618,812
Add: Intangible Assets recognised as per IFRIC 12	2,373,545,459	291,382,428	2,082,163,032
Total Intangible Assets (Project Assets)	16,365,739,410	2,677,316,447	13,688,422,963

Schedule 8.1 Pre-operating Expenses

Particulars	As on 31st Ashad 2080	Addition during the period	As on 32nd Ashad 2079
Feasibility Study Expenses	67,968,494	-	67,968,494
Project Overhead Capitalized as R&D	119,770,412	-	119,770,412
Pre-operating expenses	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)
Total Pre-operating Expenses	645,063,488	-	645,063,488

Schedule 8.2: Infrastructure Development Cost

Particulars	As on 31st Ashad 2080	Addition during the period	As on 32nd Ashad 2079
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
Total Infrastructure Development Cost	433,626,998	-	433,626,998

Schedule 8.3: Civil Construction Cost

Particulars	As on 31st Ashad 2080	Addition during the period	As on 32nd Ashad 2079
Civil Works	6,364,398,458	762,826,661	5,601,571,797
Auxiliary Civil Works	277,651,272	223,595,225	54,056,046
Explosive Works	55,241,960	-	55,241,960
Total Civil Construction Cost	6,697,291,689	986,421,886	5,710,869,803

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Sahas Urja Ltd.

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SAHAS URJA

Schedules Forming Parts Of The Financial Statements as on 31st Ashad, 2080

Schedule 8.4: Project Supervision, Management & Engineering Cost

Particulars	As on 31st Ashad 2080	Addition during the period	As on 32nd Ashad 2079
A. Management Cost			
Advertisement & Notice Publication Expenses	2,106,581	323,898	1,782,683
Annual General Meeting Expenses	5,138,328	-	5,138,328
Certification Expenses	3,096,200	452,000	2,644,200
Bank Charges	174,715	17,025	157,690
Bank Guarantee Commission	2,045,735	726,193	1,319,542
Bank Locker Expenses	45,000	9,000	36,000
Project Governance Meeting Allowances	430,500	63,000	367,500
Chairman Remuneration Expenses	33,163,740	3,893,600	29,270,140
CTO Remuneration Expenses	4,337,288	-	4,337,288
Depreciation Expenses	86,604,993	9,687,271	76,917,722
Amortization Expenses	267,584	-	267,584
Donation to COVID Relief Fund	400,000	-	400,000
Director Facility Expenses	7,039,120	600,000	6,439,120
Director Meeting Allowance	9,943,000	645,000	9,298,000
Festival Expenses	621,593	93,681	527,912
Fines & Penalties	9,348,427	-	9,348,427
Fuel Expense	4,611,155	766,508	3,844,647
Gratuity Expenses	5,301,153	1,256,539	4,044,614
Internet Expenses	6,402,953	1,835,594	4,567,359
Kitchen Expenses	4,288,141	581,270	3,706,871
Kitchen Utensils	70,159	6,100	64,059
Lab-Test Expenses	251,024	83,163	167,861
Lunch & Refreshment Expenses	4,775,231	586,153	4,189,078
Medical Expenses	531,220	39,705	491,515
MD Remuneration	24,183,064	2,433,500	21,749,564
Membership Fees IPPAN	164,000	-	164,000
Miscellaneous Expenses	7,254,723	1,086,947	6,167,776
Office Accessories Expenses	120,656	-	120,656
Office Expenses	2,556,915	294,557	2,262,358
Office Rent	1,740,000	-	1,740,000
Outsourcing- Staff Expenses	2,556,907	-	2,556,907
Outsourcing-Security Guard Expenses	3,977,546	474,946	3,502,600
Parking Rent Expenses	5,761,000	637,000	5,124,000
Printing And Stationery Expenses	1,598,835	80,995	1,517,840
Promoter Share Collection Expenses	211,600	-	211,600
Renewal & Registration Expenses	2,677,238	638,580	2,038,658
Repair & Maintenance Consultancy	570,000	82,500	487,500
Repair & Maintenance Expenses	7,606,578	1,043,697	6,562,881
RTS Fee	353,111	203,111	150,000
Program Sponsorship, Participation & Seminar Fee	493,020	175,000	318,020
Staff Salary And Allowances	139,895,840	17,043,489	122,852,351
Software support & Installation Expenses	153,270	-	153,270
Tax Expenses	-	(3,222,733)	3,222,733
Telephone And Communication Expenses	2,209,094	297,835	1,911,259
Travelling And Daily Allowances	2,134,793	668,295	1,466,498
Vehicle Parts and Accessories	99,218	-	99,218
Underwriting Commission Expenses	2,625,000	-	2,625,000
Waste Management Expenses	160,400	32,500	127,900
Water & Electricity	1,063,456	108,019	955,437

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Sahas Urja Ltd.

Kathmandu-01, Hattisar

**SAHAS URJA****Schedules Forming Parts Of The Financial Statements as on 31st Ashad, 2080**

Particulars	As on 31st Ashad 2080	Addition during the period	As on 32nd Ashad 2079
B. Site Overhead Cost			
Labor, Porter & Transportation Expenses	6,427,604	880,876	5,546,728
Land Separation (Amin) Expenses	45,454	-	45,454
Land Tax	1,107,193	-	1,107,193
Site Allowances	2,449,400	342,800	2,106,600
Site- Kitchen Utensils Expenses	330,011	29,870	300,141
Site Visit Expenses	9,088,768	3,253,009	5,835,759
Site Water & Electricity Expenses	97,957	-	97,957
Site-Donation Expenses	3,500	-	3,500
Site-Fuel Expenses	9,507,052	422,567	9,084,485
Site-Lodging & Fooding Expenses	9,916,447	2,427,068	7,489,379
Site-Lunch Expenses	2,037,761	301,243	1,736,518
Site-Medical Expenses	55,860	-	55,860
Site-Office Expenses	2,715,941	506,225	2,209,716
Site-Office Mesh Expenses	2,623,864	610,963	2,012,901
Site-Pooja Expenses	258,075	39,040	219,035
Site-Printing & Stationery Expenses	43,221	4,100	39,121
Site-Rent of Equipments Fair	130,734	50,000	80,734
Site-Repair & Maintenance Expenses	893,045	105,212	787,833
Repair & Maintenance Expenses- Boomer A/c	5,366,542	-	5,366,542
Site-Telephone & Communication Expenses	48,310	3,760	44,550
Site-Outsourcing Expenses of Driver	2,520,454	90,400	2,430,054
Site-Safety & Engineering Tools expenses	2,794,304	102,130	2,692,174
Crusher Plant Expenses	218,672	-	218,672
Survey Work for Access Road Expenses	881,399	-	881,399
Travelling Expenses	3,031,870	328,987	2,702,883
Vehicle Hire for Project Expenses	20,624,892	3,691,010	16,933,882
Project Land Lease	8,667,290	589,778	8,077,512
Sports items for site expenses	153,238	-	153,238

Sahas Urja Ltd.

Kathmandu-01, Hattisar



SAHAS URJA

Schedules Forming Parts Of The Financial Statements as on 31st Ashad, 2080

C. Consultants, Supervision & Investigation Cost			
3D Animated Presentation Work Expenses	359,750	-	359,750
Bankable Document Preparation Expenses	12,000	-	12,000
Borrower Rating Fees	1,931,546	-	1,931,546
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	7,980,420	506,000	7,474,420
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	-	1,544,392
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	2,413,545	522,428	1,891,117
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	3,260,645	1,954,673	1,305,972
Review of Fesibility Study Expenses	559,630	-	559,630
Services for Communication & Automation System	1,695,000	1,695,000	-
Site Selection & Guage Establishment Work Expenses	1,484,997	1,029,712	455,285
Supplementary Geological & Geotechnical Investigation Expenses	5,742,773	-	5,742,773
Consultancy Fee For Due Diligence Audit	1,045,250	-	1,045,250
Consultancy Fee For Issue & Sales Management Fee	787,500	-	787,500
Vehicle Rent for Consultants	35,677,502	4,613,802	31,063,700
Project Documentary Expenses	480,250	367,250	113,000
Technical Consultancy Fee	4,878,825	1,115,925	3,762,900
Design Modification of Settling Basin Expenses	2,385,023	-	2,385,023
Design Review & Construction Supervision (Fichtner)	147,836,605	-	147,836,605
Design Review & Construction Supervision (HCEL)	271,782,804	36,376,598	235,406,206
Total Project Supervision, Management & Engineering Cost	1,028,065,790	105,704,364	922,361,425

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Sahas Urja Ltd.

Kathmandu-01, Hattisar

**SAHAS URJA****Schedules Forming Parts Of The Financial Statements as on 31st Ashad, 2080****Schedule 8.5: Environment/Social Mitigation Expenses**

Particulars	As on 31st Ashad 2080	Addition during the period	As on 32nd Ashad 2079
Compensation to Downstream Micro Hydropower Plants	21,342,000	21,342,000	-
Compensation for Tree Cutting	1,431,000	1,431,000	-
Crop Compensation Expenses	1,989,528	154,578	1,834,950
Land Compensation & Settlement Expenses	22,220,414	12,242,382	9,978,032
Donation Expenses	246,000	-	246,000
Payment for Community Forest Use	2,127,406	324,824	1,802,582
Irrigation & Water Supply Expenses	1,019,895	91,570	928,325
Public Hearing Expenses	319,159	-	319,159
Social Mitigation Expenses	4,741,452	885,000	3,856,452
Social Road Construction & Repair Expenses	81,250,758	716,000	80,534,758
Staff for Panchan Health Post	1,691,467	292,800	1,398,667
Education Support Program Expenses	177,958	-	177,958
Health Institution Support Expenses A/c	800,000	-	800,000
Environmental Monitoring Report Expenses A/c	2,648,720	1,243,000	1,405,720
Environmental Management Plan Expenses	231,650	-	231,650
Training Expenses to Project Affected Areas	1,844,450	-	1,844,450
Plantation Expenses	625,965	-	625,965
Contribution to Community Units	1,140,747	530,737	610,010
Forest Cost	2,930,882	2,473,431	457,451
GON Land Acquisition & Tree Cutting Permission	937,900	-	937,900
IEE 132 KV Transmission Line Expenses	816,425	-	816,425
Total Environment/Social Mitigation Expenses	150,533,775	41,727,322	108,806,453

Schedule 8.6: Miscellaneous And Insurance Cost

Particulars	As on 31st Ashad 2080	Addition during the period	As on 32nd Ashad 2079
Burglary & Breaking Insurance Expenses A/c	37,509	-	37,509
Fire Insurance Expenses A/c	1,055,204	-	1,055,204
GPA & Medical Insurance Expenses	1,081,373	199,481	881,891
Travel Insurance	26,992	-	26,992
Vehicle Insurance Cost	2,247,315	350,246	1,897,069
Consumables and Equipment acquired from CMC di Ravenna	103,788,827	-	103,788,827
Total Miscellaneous And Insurance Cost	108,237,220	549,728	107,687,492

Schedule 8.7: Interest During Construction Cost

Particulars	As on 31st Ashad 2080	Addition during the period	As on 32nd Ashad 2079
Agency Fee	7,382,519	-	7,382,519
Bank Loan Management Fee	64,137,447	360,931	63,776,516
Interest On Term Loan	1,625,763,845	639,912,714	985,851,131
Interest On Bridge Gap Loan	253,876,211	12,757,278	241,118,933
Total Interest During Construction Cost	1,951,160,022	653,030,922	1,298,129,100

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I Dhakal & Associates
Chartered Accountants
Kathmandu, Nepal

Sahas Urja Ltd.

Kathmandu-01, Hattisar

**Schedules Forming Parts Of The Financial Statements as on 31st Ashad, 2080****Schedule 8.8: Transmission Line & Switchard Cost**

Particulars	As on 31st Ashad 2080	Addition during the period	As on 32nd Ashad 2079
TL Generation License Fee	3,000,000	-	3,000,000
Inspection of TL Tower	283,499	283,499	-
Transmission Line Works	161,810,169	119,560,436	42,249,734
Transmission Line & Switchard Cost	500,000	-	500,000
TOD Meter Expenses	2,058,273	2,058,273	-
11kV Transmission Line Works	258,012	258,012	-
Wages for Tree Cutting	2,423,232	2,423,232	-
Total Transmission Line & Switchard Cost	170,333,185	124,583,452	45,749,734

Schedule 8.9: Hydromechanical Work Cost

Particulars	As on 31st Ashad 2080	Addition during the period	As on 32nd Ashad 2079
Hydromechanical Works	1,009,026,006	229,384,016	779,641,990
Cost of Steel Plates	323,645,509	-	323,645,509
Customs of HM Plates	4,586,968	-	4,586,968
(Gain)/Loss on Foreign Exchange	(267,318)	364,993	(632,311)
LC Charges & Commission	821,279	87,051	734,228
Sediment System Works	56,788,209	3,003,858	53,784,351
Total Hydromechanical Work Cost	1,394,600,652	232,839,917	1,161,760,735

Schedule 8.10: Electromechanical Work Cost

Particulars	As on 31st Ashad 2080	Addition during the period	As on 32nd Ashad 2079
Supply of Electromechanical Equipment	1,252,087,646	152,275,563	1,099,812,083
Service of Electromechanical Works	86,074,078	62,505,668	23,568,410
On the Job Training	5,145,793	5,145,793	-
LC Charges & Commission	9,116,031	1,063,341	8,052,690
EM Works	395,935	395,935	-
Total Electromechanical Work Cost	1,352,819,482	221,386,299	1,131,433,183

Schedule 8.11: Project Land Cost

Particulars	As on 31st Ashad 2080	Addition during the period	As on 32nd Ashad 2079
Land Acquisition for Project	96,534,358	20,915,546	75,618,812
Total Project Land Cost	96,534,358	20,915,546	75,618,812

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1. Reporting entity

Sahas Urja Ltd. was established and registered in 2070 as a Private Limited Company under Companies 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 14th December, 2023.

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

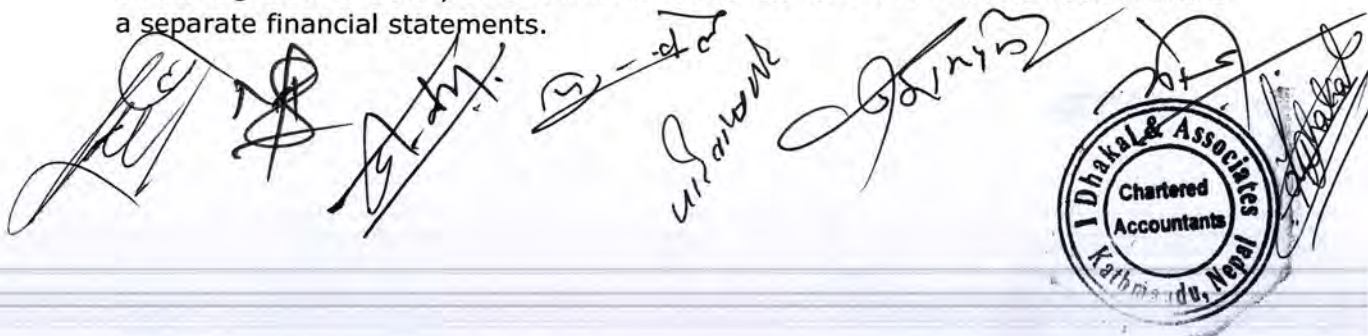
The company has, for the preparation of financial statements, adopted the NFRS pronounced by ASB as effective on September 13, 2013. NFRS conform, in all material respect, to Nepal Financial Reporting Standards (NFRS) as issued by the Nepal Accounting Standards Board (NASB).

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 Statements 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."

The company has prepared a Consolidated Financial Statements of a group consisting of a subsidiary Solu Krishi Farm Pvt. Ltd. and this financial statements is a separate financial statements.





3.1.2 NFRS 9: Financial Instruments

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

NFRS 9: Financial Instruments 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 within a year, so the retention amounts are not discounted and presented under Current Liabilities. Details of retention money are as follows:

Particulars	Amount in Rs.	Discounting Rate	Discounted Amount	Unwinding of Interest
Retention - CE Construction Pvt. Ltd.	465,913,247	-	-	465,913,247
Retention - Machhapuchhre Metal and Machinery Works Pvt. Ltd.	44,647,169	-	-	44,647,169
Retention - Gaura Construction-Auxiliary Civil Works	24,570,909	-	-	24,570,909
Retention - Gaura Construction Transmission Line Work	7,339,004	-	-	7,339,004
Total	542,470,329	-	-	542,470,329

As the company has accounted for the interest in subsidiary in accordance with the NAS 27 at cost, 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 financial 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 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.

3.3.1 Presentation currency

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

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3.3.2 Current and Non-Current distinction

Assets

Apart from the property, plant and equipment and other assets considered as non-current by its nature, 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 and Banks' term loans, all the liabilities are taken as current liabilities unless specific additional disclosure is made in the notes for current and non-current distinction.

3.4 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.

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 recognized 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.

3.5 Financial Periods

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

3.6 Discounting

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





3.7 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 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 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

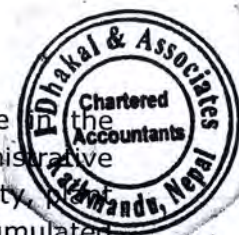
Market risk is the risk that changes in market price, such as foreign exchange rates, interest rates and equity prices will affect the Group's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable 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 manage 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.



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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:

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
11	Tools and Tackles	4 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 assets 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 accrued on property, plant and equipment till the start of Commercial Operation Date (COD) of the project (i.e. 1st March, 2023) is charged to Intangible assets under development while the remaining depreciation is recognized in Statement of Profit or Loss.

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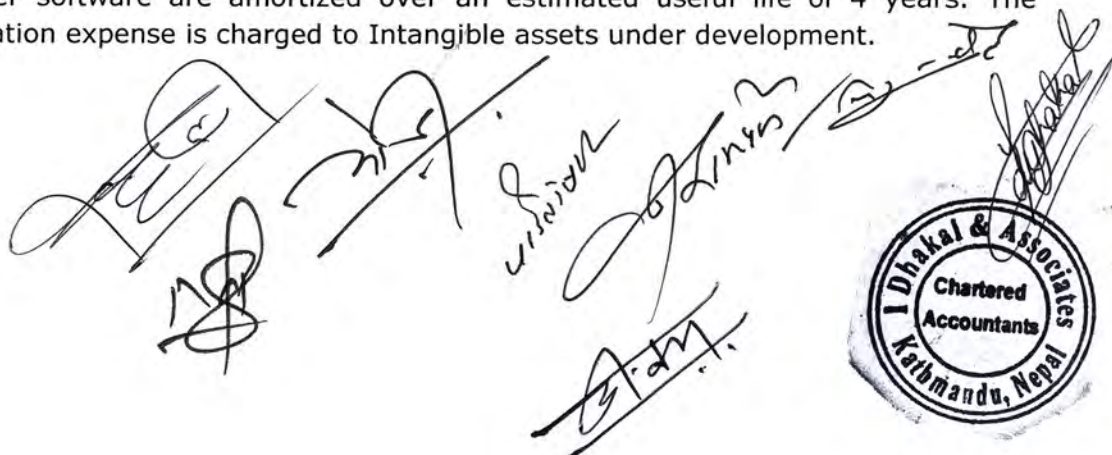
Particulars	Building	Furniture, Fixtures and Office Equipment	Vehicles	Tools and Tackles	Total
At Cost					
Balance at 15 July 2021	57,584,180	19,092,438	53,672,975	-	130,349,594
Additions during the year	3,289,568	2,591,222	-	-	5,880,790
Balance at 16 July 2022	60,873,748	21,683,660	53,672,975	-	136,230,384
Additions during the year	1,115,439	1,551,499	-	842,630	3,509,568
Balance at 16 July 2023	61,989,187	23,235,159	53,672,975	842,630	139,739,951
Depreciation					
Balance at 15 July 2021	21,948,239	14,894,503	18,756,245	-	55,598,987
Depreciation for the year	5,870,100	1,574,811	6,912,837	-	14,357,748
Balance at 16 July 2022	27,818,339	16,469,314	25,669,082	-	69,956,735
Depreciation for the year	6,239,001	2,295,920	6,830,871	210,658	15,576,449
Balance at 16 July 2023	34,057,340	18,765,234	32,499,953	210,658	85,533,184

Particulars	Carrying Amounts
As at 15 July 2021	74,750,607
As at 16 July 2022	66,273,649
As at 16 July 2023	54,206,767

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



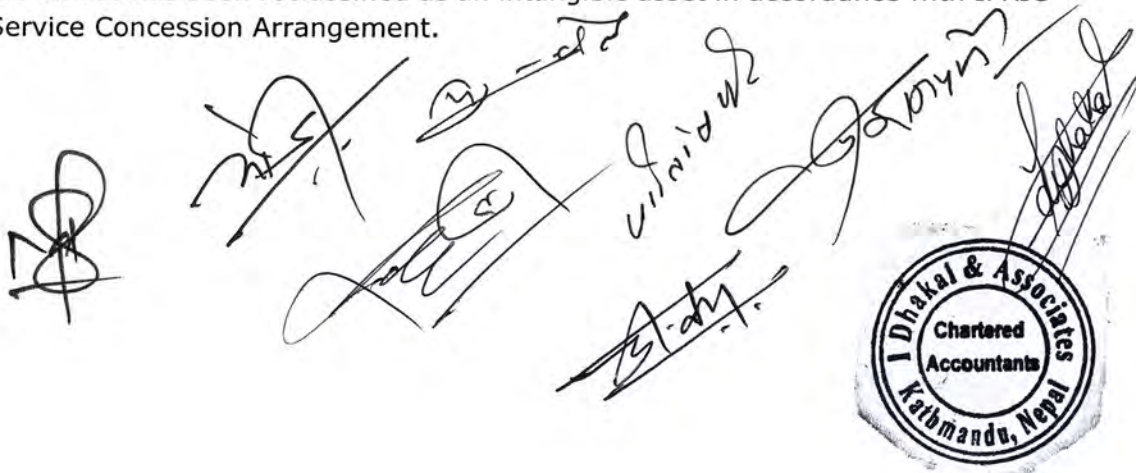
Particulars	Computer Software
At Cost	
Balance at 15 July 2021	287,020
Additions during the year	-
Balance at 16 July 2022	287,020
Additions during the year	-
Balance at 16 July 2023	287,020
Balance at 15 July 2021	287,020
Amortization for the year	-
Balance at 16 July 2022	287,020
Amortization for the year	-
Balance at 16 July 2023	287,020

Particulars	Carrying Amounts
As at 15 July 2021	-
As at 16 July 2022	-
As at 16 July 2023	-

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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Particulars	16-Jul-23	16-Jul-22
Pre-Operating Cost	645,063,488	645,063,488
Infrastructure Development cost	433,626,998	433,626,998
Civil Construction Cost	6,697,291,689	5,710,869,803
Project Supervision and Management Cost	1,028,065,790	922,361,425
Rent Income	(29,695,766)	(29,688,386)
Interest Income	(5,589,442)	(4,371,405)
Less: Expenses relating to Public Issue (Prior Period)	(787,500)	(787,500)
Environment/Social Mitigation Cost	150,533,775	108,806,453
Miscellaneous and Insurance Cost	108,237,220	107,687,492
Interest During construction Cost	1,951,160,022	1,298,129,100
Transmission Line & Switchyard Cost	170,333,185	45,749,734
Hydromechanical Work Cost	1,394,600,652	1,161,760,735
Electromechanical Work Cost	1,352,819,482	1,131,433,183
Project Land	96,534,358	75,618,812
Add: Intangible Assets recognized as per IFRIC 12	2,373,545,459	2,082,163,032
Total	16,365,739,410	13,688,422,963

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. The advance tax will only be settled against the income when the company has taxable income. Hence, the advance tax is classified as non-current assets as it is not expected to be settled within next financial year. Premium for Project Insurance is paid for a period of one year in advance, hence, the amount attributable to current year is recognized in Statement of Profit and Loss while the amount attributable to next fiscal year is recognized as Prepaid expenses.

Particulars	16-Jul-23	16-Jul-22
Advance Tax	5,757,290	5,634,380
Prepaid Project Insurance	23,363,443	-
Total	29,120,733	5,634,380

9. Other Current Assets

The Other current assets (advances and deposits) 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.

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

Particulars	16-Jul-23	16-Jul-22
Advance- CE Construction Pvt. Ltd.	266,155,522	224,999,982
Advance-Gaura Construction Pvt. Ltd. - Auxiliary Civil Works	5,154,907	90,994,866
Advance-Machhapuchhre Metal & Machinery Works Pvt. Ltd.	5,000,000	51,253,642
Advance- Voith Hydro Pvt. Ltd.	338,579	30,422,612
Advance- Gaura Construction Pvt. Ltd. – TL Works	49,888,511	131,146,974
Advance-Gaura Construction Pvt. Ltd. – 11kV Line	6,246,000	-
Advance-Ultimate EX-IN Painting Solution Pvt. Ltd.	-	6,100,000
Advance-Doors and Windows for Headworks Control Building and PH	8,300,000	-
Advance to Employees	1,600,771	1,491,901
Advance for Land purchase	6,306,679	8,432,679
Advance for Land Lease	263,778	263,778
Advance-Office Equipment & Furniture	-	-
Advance-Site Office	-	172,528
Advance-Social Mitigation & Environment	10,754,890	-
Advance-Communication System	739,705	-
Amount Receivable from NEA against Sale of Electricity	313,603,129	-
Closing Stock	664,738	-
Deposits, Margins and Cash Guarantee	45,176,131	48,032,932
Other advances and receivables	162,930	302,500
Total	720,356,270	593,614,394

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.

Particulars	16-Jul-23	16-Jul-22
Cash in hand	270,184	246,060
Balances at banks	150,906,914	140,700,249
Total	151,177,098	140,946,309

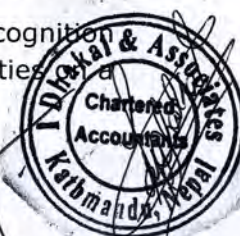
11. Financial Assets held at Fair Value Through Profit or Loss

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 different basis

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- A group of financial assets and/or liabilities is managed and its performance evaluated on a fair value basis.

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

Particulars	16-Jul-23	16-Jul-22
Investment in Shares of Solu Krishi Farm Pvt. Ltd.	7,220,400	7,220,400
Investment in Shares of Nepal Power Exchange Ltd.	100,000	100,000
Total	7,320,400	7,320,400

12. Financial Assets measured at Amortized cost

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.

Particulars	Number of Shares	
	16-Jul-23	16-Jul-22
Authorized	35,000,000	35,000,000
Ordinary shares of NPR 100 each	3,500,000,000	3,500,000,000
Issued	35,000,000	35,000,000
Ordinary shares of NPR 100 each	3,500,000,000	3,500,000,000
Subscribed and fully paid up	35,000,000	35,000,000
Ordinary shares of NPR 100 each	3,500,000,000	3,500,000,000

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.

14. Reserve and Surplus

	16-Jul-23	16-Jul-22
Balance as at the opening date	2,038,045,354	1,334,442,006
Add: Profit during the period	107,189,080	724,645,785
Less: Expenses relating to Public Issue		
Prior Period	-	-
Current Period	-	(21,042,437)
	2,145,234,434	2,038,045,354

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.



Particulars	16-Jul-23	16-Jul-22
Agriculture Development Bank Ltd.	733,409,575	677,151,078
Himalayan Bank Ltd.	461,867,392	424,361,727
Hydroelectricity Investment and Development Company Ltd.	1,408,690,060	830,899,335
Kumari Bank Ltd.	730,914,826	674,656,328
Nepal Investment Mega Bank Ltd.	1,444,153,660	1,331,636,665
Nepal Infrastructure Bank Ltd.	957,224,872	-
Prabhu Bank Ltd.	1,194,477,692	1,117,966,401
Rastriya Banijya Bank Ltd.	1,454,295,370	1,341,393,964
Laxmi Sunrise Bank Ltd.	794,938,909	648,770,671
Sanima Bank Ltd.	702,881,969	672,948,940
Total	9,882,854,327	7,719,785,109

16. Account Payables

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

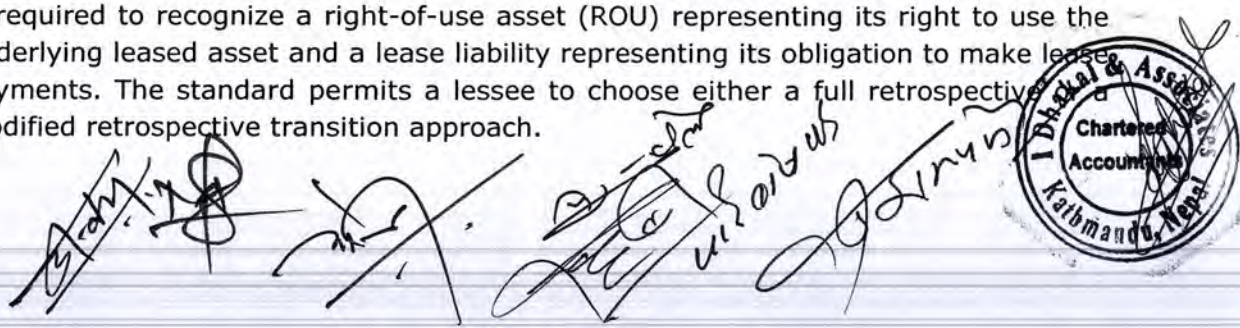
Provisions are recognized when the Company has a present legal or constructive obligation as a result of past events; it is more likely than not, that an outflow of resources will be required to settle the obligation and the amount can be reliably estimated.

Particulars	16-Jul-23	16-Jul-22
Audit Fee Payable	1,115,000	557,500
Salary Payable	2,236,852	-
Other Payable	616,033	208,681
Duties and Taxes	6,619,396	3,445,606
Rent Payable as per NFRS	-	-
Payable – Contractors & Suppliers	198,626,221	226,844,779
Payable - Consultants	8,678,326	16,353,184
Office Rent Payable	299,000	-
Provision for Gratuity Expenses	1,658,030	401,491
Lease Liability	5,040,919	7,763,486
Retention	542,470,329	440,699,024
Provision for Taxation	900	900
Total	767,361,005	696,274,651

17. Leases

The determination of whether an arrangement is a lease, or it contains a lease, is based on the substance of the arrangement and requires an assessment of whether the fulfillment of the arrangement is dependent on the use of a specific asset or assets and the arrangement conveys a right to use the asset.

NFRS 16 'Leases' is effective for annual periods beginning on or after 1 Shrawan, 2078. The new standard removes the distinction between operating or finance leases for lessee accounting, resulting in all leases being treated as finance leases. A lessee is required to recognize a right-of-use asset (ROU) representing its right to use the underlying leased asset and a lease liability representing its obligation to make lease payments. The standard permits a lessee to choose either a full retrospective or modified retrospective transition approach.





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The company recognizes a right-of-use asset and a lease liability for the remaining period of lease. The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove any improvements made to office premises.

The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the end of the lease term. In addition, the right-of-use asset is periodically reduced by impairment losses, if any, and adjusted for certain re-measurements of the lease liability.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, company's incremental borrowing rate. Generally, the company uses its incremental borrowing rate as the discount rate.

Cost of borrowing of company till the date of signing any lease contract has been considered as its incremental borrowing rate.

Lease payments included in the measurement of the lease liability comprise the following:

- a. Fixed payments, including in-substance fixed payments, less any lease incentives receivable.
- b. Variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date.
- c. Amounts expected to be payable under a residual value guarantee; and
- d. The exercise price under a purchase option that the company is reasonably certain to exercise, lease payments in an optional renewal period if the company is reasonably certain to exercise an extension option, and penalties for early termination of a lease unless the company is reasonably certain not to terminate early.

The lease liability is measured at amortized cost using the effective interest method. It is re-measured when there is a change in future lease payments arising from a change in an index or rate, if there is a change in the company's estimate of the amount expected to be payable under a residual value guarantee, if the company changes its assessment of whether it will exercise a purchase, extension or termination option or if there is a revised in-substance fixed lease payment.

When the lease liability is re-measured in this way, a corresponding adjustment is made to the carrying amount of the right-of-use asset or is recorded in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero.

The company presents right-of-use assets under other assets (Schedule-10) and lease liability under account payables (schedule-4) in the Statement of Financial Position.

The interest expenses on lease liability and depreciation charges on right of use assets has been presented under interest expenses of right of use assets and depreciation of right of use assets (Schedule-16) in the statement of profit or loss.

I Dhakal & Associates
Chartered Accountants
Kathmandu, Nepal



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18. Profit and Loss

The construction of Solu Khola (DudhKoshi) Hydroelectric Project has been completed and the project has been commissioned on 1st March 2023. Hence, the profit as per IFRIC 12 is recognized during the reporting period with regard to the Internal Rate of Return (i.e., 17.94%) of the project estimated during the revision of the project cost only to the extent of construction cost incurred up to the project commissioning date.

19. Service concession arrangement

(i) Service concession arrangement revenue

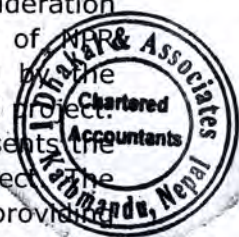
Revenue from service concession arrangement is recognized based on the principles laid down in IFRIC 12. Revenue relating to construction services under a service concession arrangement is recognized, consistent with the Company's accounting policy on recognizing revenue on construction contracts (see (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 Solu River in Solukhumbu district, Koshi Province 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 2nd Ashwin 2071 which is valid till 1st Ashwin 2107. 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 has been completed during the year and the project has been commissioned on 17th Falgun, 2079.

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.

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 291,382,428 representing revenue from the construction cost incurred by the company up to the project commissioning date with respect to the aforesaid project. The revenue recognized in relation to construction during the period 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 16,365,739,410 representing the right to charge users a fee for the use of the infrastructure of the arrangement.



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NFRS-15: Revenue from contract with customers:

The Accounting Standard Board of Nepal 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 company has recognized the contract cost incurred during the reporting period up to Commercial Operation Date (COD) of the project as expenses and has matched the contract revenue to the total contract cost incurred, so as that the profit is recognized to the extent of IRR of the project (i.e. 17.94%). The calculation of the revenue and profit recognized for the year is as below:

Total Cost incurred for Project Development during the year up to Commercial Operation Date	Rs. 1,624,205,283
Add: Profit recognized as per IFRIC 12 (IRR @ 17.94%)	Rs. 291,382,428
Revenue recognized as per IFRIC 12 for the year	Rs. 1,915,587,711

Contract related disclosures:

Particulars	For the year ended 16-Jul-23	For the year ended 16-Jul-22
i. Contract revenue recognized Aggregate amount of contract costs incurred and recognized profits (less recognized losses) for all the contracts in progress	16,365,739,410	13,688,422,963
ii. Amount of customer advances outstanding for contracts in progress	341,823,224	534,918,076
iii. Gross amount due from customers for contracts in progress	-	-
iv. Amount of retention due to customers for contracts in progress	542,470,329	440,699,024
v. Gross amount due to customers for contracts in progress.	201,393,663	236,550,515

20. 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

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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.

Other income such as bank interest and rental income have been included into taxable income though the income generating from the sales of electricity was exempted from taxation for certain period as per Income Tax Act, 2058. Accordingly, expenses that directly related with rental income and administrative expenses are considered as deductible expenses. Since the company has taxable losses and provision has been made as per the required of Income Tax Act, 2058.

(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 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

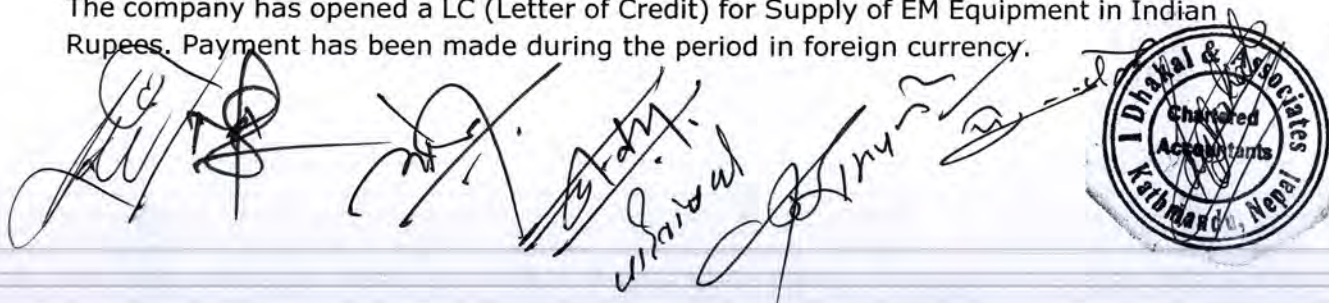
The Company's operations are subject to tax holiday as per the Nepalese tax laws. The temporary differences that reverse during a tax holiday period are not recognized.

21. 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 a LC (Letter of Credit) for Supply of EM Equipment in Indian Rupees. Payment has been made during the period in foreign currency.



22. 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.

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.

23. 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

For the purpose of gratuity, the company has deposited 8.33% of basic salary of employees as required under Labour Act, 2074 on yearly basis into gratuity fund maintained at Citizen Investment Trust. Accordingly, the company has also provided provident fund facility i.e. 10% of basic salary to its' employees. Equal amount has been contributed from the employees and total amount has been deposited into account maintained at Employees Provident Fund.

provident fund facility i.e. 10% of basic salary to its employees. Equal amount has been contributed from the employees and total amount has been deposited into account maintained at Employees Provident Fund.



24. Provisions and contingent liabilities

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

25. 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 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.

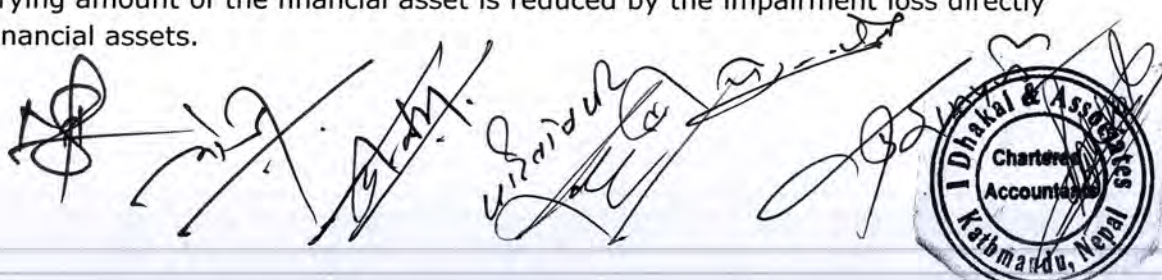
For all financial assets other than available for sale assets, objective evidence of impairment could include:

- 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.





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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 if 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.

(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.



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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.

Categories of financial instruments

Particulars	16-Jul-23	16-Jul-22
Financial assets		
Other Current Assets	720,356,270	593,614,394
Cash and cash equivalents	151,177,098	140,946,309
Financial liabilities		
Account payables	767,361,005	696,274,651

Other Current Assets

The fair value of other current assets 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.

26. Operating Segments

The company is engaged in the business of generation of electricity from its hydropower project situated in Nepal. The generated electricity is being 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.

27. 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

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27.1 Transaction with Subsidiary

The company owns a fully subsidiary company, **Solu Krishi Farm Pvt. Ltd.** and invested **Rs. 7,220,400.**

27.2 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	16-Jul-23	16-Jul-22
	% of holding	% of holding
Him Prasad Pathak	1.36	1.36
Sushil Thapa	1.40	1.40
MinRaj Kadel	0.43	0.43
Paritosh Paudyal	0.43	0.43
Mahendra Kumar Giri	1.02	1.02
Bhoj Bahadur Shah	0.39	0.39
MuktiRam Pandey	0.43	0.43

27.3 Transaction with Subsidiary of Significant Shareholders

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

27.4 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 16-Jul-23		For the year ended 16-Jul-22	
	Facilities	Meeting Allowances	Facilities	Meeting Allowances
Him Prasad Pathak	5,695,200	170,000	5,695,200	240,000
Sushil Thapa	3,559,500	133,000	3,559,500	192,000
Min Raj Kadel	180,000	120,000	180,000	184,000
Paritosh Paudyal	180,000	124,000	180,000	184,000
Mahendra Kumar Giri	180,000	72,000	180,000	96,000
Bhoj Bahadur Shah	180,000	128,000	180,000	184,000
MuktiRam Pandey	180,000	140,000	180,000	192,000

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