



Independent Auditor's Report
To the shareholders of KhaniKhola Hydropower Company Limited

We have audited the accompanying financial statements of KhaniKhola Hydropower Company Limited which comprise the statement of financial position as at 32nd Asadh, 2075 (July 16, 2018) and the statement of profit or loss & other comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statement

Management is responsible for the preparation and fair presentation of these financial statements in accordance with Nepal Financial Reporting Standards (NFRS). This responsibility includes: designing, implementing and maintaining internal controls relevant to the preparation and fair presentation of financial statements that are free from material misstatements, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Nepal Standards on Auditing. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. The procedures selected depend on our judgment, including the assessment of the risk of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessment, we consider internal control relevant to the entity's preparation and fair presentation of financial statement 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.

An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of financial statements.

We believe that our audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Basis for Qualified Opinion

NAS 19 "Employee Benefits" requires the measurement of the employee related liabilities to be measured through application of an actuarial valuation method and the use of actuarial assumptions. Khanikhola Hydropower Limited has not measured and presented employee related liabilities in its financial statements.

Qualified Opinion

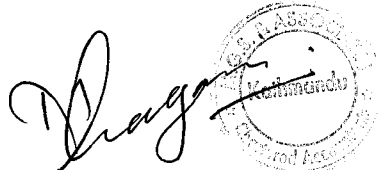
Except for the effect on the Equity, Liabilities and Statement of Profit or Loss & other comprehensive income, of the matters referred to in the Basis for Qualified Opinion paragraph, the financial statements present fairly, in all material respect, the financial position of Khanikhola Hydropower Limited as at 32nd Ashad, 2075 and its financial performance and its cash flow for the year then ended in accordance with Nepal Financial Reporting Standards and Company Act, 2063.

Report on Other Legal and Regulatory Requirements

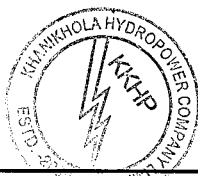
In accordance with the Company Act 2063, we report that:

1. We have audited all information and the explanations; we have obtained all the information and the explanations, which, to the best of our knowledge and belief, were necessary for the purpose of our audit.
2. In our opinion, proper books of accounts as required by Companies Act have been kept by the Company to state the fair presentation of its transactions.
3. Statements of financial position, Statement of Profit or Loss & Other Comprehensive Income and the Cash Flow Statement provided to us have been in accordance with Nepal Financial Reporting Standards and these statements are in agreement with the books of account maintained by the Company.
4. In our opinion and to the best of our information and according to the explanations given to us and from our examinations of the books of accounts of the company, we have not come across the cases where the Board of Directors or any member thereof or any employee of the company have acted contrary to the provisions of law or caused loss or damage to the company or committed any misappropriation of the properties of the Company.
5. In our Opinion, the business of the Company has been conducted satisfactorily and within the scope of its authority.

Place: Kathmandu
Date: 27th Poush, 2075



Mahesh Kumar Guragain, FCA
Senior Partner




Khani Khola Hydropower Company Ltd.
Dhumbarahi-4, Kathmandu

Statement of Financial Position
As at 32 Ashadh 2075 (16 July 2018)

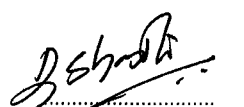
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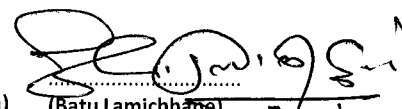
Particulars	Notes	32.03.2075	31.03.2074 (Restated)	01.04.2073 (Restated)
Assets				
Non Current Assets				
Property, Plant & Equipments	1	1,060,270,989	1,157,367,119	36,091,293
Capital Work in Progress	2			1,111,581,079
Investment	3	45,008,000	45,008,000	-
Current Assets				
Inventory	4	-	-	-
Prepayments	5	-	1,453,013	-
Financial Instruments				
Financial Assets				
Advances & Deposits	6	19,176,518	17,562,487	29,594,350
Trade Receivables	7			
Cash & Cash Equivalents	8	(26,889,921)	3,092,176	14,564,712
Total Assets		1,097,565,586	1,224,482,794	1,191,831,434
Equity & Liabilities				
Equity				
Share Capital	9	465,714,300	465,714,300	377,228,500
Retained Earnings	10	(285,170,470)	(122,874,969)	(10,428,271)
Non Controlling Interest	11			
Non Current Liabilities				
Long Term Loans	12	806,230,571	825,786,325	745,923,474
Deferred Tax Liability	13			
Current Liabilities				
Provisions	14	2,658	-	25,975,923
Financial Instruments				
Financial Liabilities				
Trade and Other Payables	15	110,788,528	55,857,138	53,131,808
Total Equity & Liabilities		1,097,565,586	1,224,482,794	1,191,831,434


.....
(Sagar Nepal)
Finance Officer

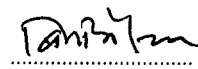

.....
(Bharat Lamichhane Thapa)
Chief Executive Officer


.....
(Bhimsen Ghimre)
Director


.....
(Dinesh Pd. Shrestha)
Director



.....
(Batu Lamichhane)
Director


.....
(Chiranjibi Karki)
Director


.....
(Binod Shrechan)
Director


.....
(Bijaya Man Sherchan)
Chairman

As per our report of even date attached


.....
(Manesh K. Guragain) FCA
Senior Partner,
MGS & Associates
Chartered Accountants

Date: 26/09/2075
Kathmandu

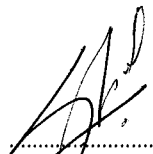


Khani Khola Hydropower Company Ltd.
Dhumbārahi-4, Kathmandu

Statement of Profit or Loss and Other Comprehensive Income
For the year ended Ashadh 32, 2075 (July 16, 2018)


NRs.


Particulars	Notes	32.03.2075	31.03.2074 (Restated)	01.04.2073 (Restated)
Income		68,928,350	35,317,827	-
Revenue from Sale of Electricity	16	68,928,350	35,317,827	-
Expenses		(231,231,824)	(164,377,124)	(10,856,700)
Administrative Expenses	17	(133,512,394)	(100,122,501)	(10,856,700)
Depreciation	1	(97,719,430)	(64,254,623)	-
Operating Profit/ (Loss)		(162,303,474)	(129,059,297)	(10,856,700)
Interest Income	18	10,630	945,697	490,215
Other Income/Expenses	19	-	1,312,433	1,960,000
Profit / (Loss) before Tax and Bonus		(162,292,844)	(126,801,167)	(8,406,485)
Employee Bonus	20	-	-	-
Profit/ (Loss) before Tax		(162,292,844)	(126,801,167)	(8,406,485)
Less: Tax		(2,658)	-	-
Current Tax	13	(2,658)	-	-
Deferred Tax Income (Expense)				
Net Profit/ (Loss) For the Year		(162,295,501)	(126,801,167)	(8,406,485)
Earnings Per Share				
Basic		(35)	(27)	(2)
Diluted		(35)	(27)	(2)
Other Comprehensive Income:				
Changes in revaluation surplus				
Actuarial Gain (Loss) on remeasurements of defined benefit plans				
Gains and losses on financial assets measured at fair value through other comprehensive income				
Income tax relating to items that will not be reclassified				
Other Comprehensive Income for the Year				
Total Profit / (Loss) & Other Comprehensive Income		(162,295,501)	(126,801,167)	(8,406,485)


.....
(Sagar Nepal)
Finance Officer

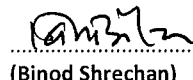

.....
(Bharat Lamichhane Thapa)
Chief Executive Officer

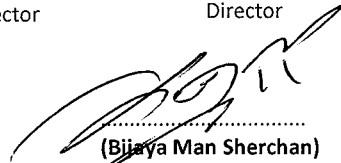

.....
(Bhimsen Ghimre)
Director


.....
(Dinesh Pd. Shrestha)
Director

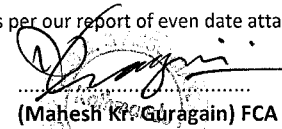

.....
(Batu Lamichhane)
Director


.....
(Chiranjibi Karki)
Director

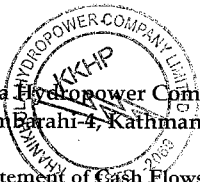

.....
(Binod Shrechan)
Director


.....
(Bijaya Man Sherchan)
Chairman

As per our report of even date attached


.....
(Mahesh K. Guragain) FCA
Senior Partner,
MGS & Associates
Chartered Accountants

Date: 26/09/2075
Kathmandu


Khani Khola Hydropower Company Ltd.
 Dhum Barahi-4, Kathmandu

Statement of Cash Flows
 For the year ended Ashadh 32, 2075 (July 16, 2018)

NRs.

Particulars	32.03.2075	31.03.2074 (Restated)	01.04.2073 (Restated)
Cash Flow from Operating Activities			
Net Profit for the Year	(162,295,501)	(126,801,167)	(8,406,485)
Adjustments			
Interest Expenses	96,715,251	78,874,980	
Interest Income	(10,630)	(945,697)	(490,215)
Depreciation	97,719,430	64,254,623	1,575,965
Prior period adjustment	-	14,354,469	
<i>Movements in Working Capital</i>			
Decrease/(Increase) in Inventory			
(Increase)/Decrease in Prepayments	1,453,013	(1,453,013)	
(Increase)/Decrease in Advances, Deposits & Receivables	(1,614,031)	12,031,864	24,645,232
Increase/(Decrease) in Provisions	2,658	(25,975,923)	
Increase/(Decrease) in Current liabilities	54,931,390	2,725,330	5,414,819
Total Adjustments			
Net Cash flow from Operating Activities (A)	86,901,578.71	17,065,464.94	22,739,316
Cash Flow from Investing Activities			
Acquisition of Property, Plant and Equipment	(623,300)	(1,185,530,449)	(14,166,726)
Decrease/ (Increase) in Capital Work in Progress	-	1,111,581,079	(256,753,964)
Decrease/ (Increase) in Investment	-	(45,008,000)	
Interest Income	10,630	945,697	490,215
Net Cash Flow from Investing Activities (B)	(612,670)	(118,011,673)	(270,430,476)
Cash Flow from Financing Activities			
Increase/ (Decrease) in Capital	-	88,485,800	51,228,500
Increase/ (Decrease) in Share Application Money			
Increase/ (Decrease) in Long Term Borrowings	(19,555,754)	79,862,851	209,574,938
Interest Paid	(96,715,251)	(78,874,980)	
Net Cash Flow from Financing Activities (C)	(116,271,006)	89,473,672	260,803,438
Net Increase in Cash (A+B+C)	(29,982,096.75)	(11,472,535.79)	13,112,279
Cash at Beginning of the Year	3,092,176	14,564,712	1,452,433
Cash at the End of the Year	(26,889,921)	3,092,176	14,564,712


 (Ragar Nepal)
 Finance Officer

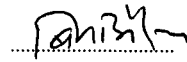

 (Bharat Lamichhane Thapa)
 Chief Executive Officer

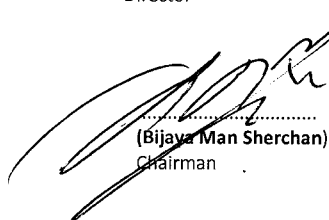

 (Bhimsen Ghimre)
 Director


 (Dinesh Pd. Shrestha)
 Director

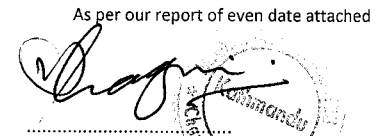

 (Batu Lamichhane) Director


 (Chiranjibi Karki)
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 (Binod Shrechan)
 Director


 (Bijaya Man Sherchan)
 Chairman

As per our report of even date attached


 (Mahesh Kr. Guragain) FCA
 Senior Partner,
 MGS & Associates
 Chartered Accountants


Date: 26/09/2075
Kathmandu



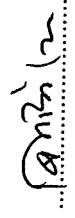
Statement of Changes in Equity
For the year ended Ashadh 32, 2075 (July 16, 2018)

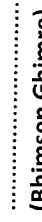
Particulars	Share Capital	Retained Earning	Total
Opening Balance as Shrawan 1st, 2073	377,228,500	(10,428,271)	366,800,229
Restated Opening Balance Before Prior Period Adjustment	377,228,500	(10,428,271)	366,800,229
Issue of Equity Shares	88,485,800		88,485,800
Net Profit After Tax	-	(126,801,167)	(126,801,167)
Prior period adjustment		14,354,469	14,354,469
Closing Balance as on 31st Asadh, 2074	465,714,300	(122,874,969)	342,839,331
Issue of Equity Shares			
Net Profit After Tax		(162,295,501)	(162,295,501)
Prior period adjustment			
Closing Balance as on 32nd Asadh, 2075	465,714,300	(285,170,470)	180,543,830

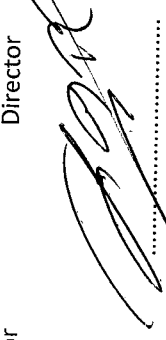

(Sagar Nepal)
 Finance Officer

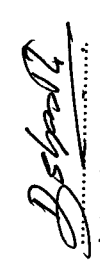

(Chiranjibi Karki)
 Director


(Bharat Lamichhane Thapa)
 Chief Executive Officer

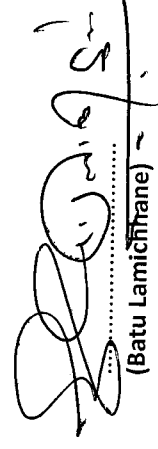

(Binod Shrechan)
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 Chairman


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 Director


(Mahesh Kr. Guragain)
 Senior Partner,
 MGS & Associates


(Batu Lamichhane)
 Director

Particulars	Accum. deprec. Life (in years)	WDV as at 01.04.2073		Addition/Disposal During 2073/74			Depreciation 2073/74			Written Down Value (WDV) Retained 2073/74	Cost 2074/75				Depreciation 2074/75			Written Down Value (WDV) Retained
		Reported	Adjustments	Restated	Disposal	Closing Restated	Opening Restated	During the Year	Closing Restated		Opening Restated	Addition	Disposal/Adjustment	Closing	For the Year	On Disposal/Adjustment	Closing	
Pool - A		6,147,966		6,147,966	141,219	141,219	924,024	189,241	1,114,297	6,399,884.42	623,300	6,013,185	1,144,297	254,737		6,913,185		6,913,185
Leak	5%	6,169,343		6,169,343	(884,922)	(884,922)	357,129	357,129	5,929,548	11,620,161		11,620,161	357,129	566,662		12,543,992		12,543,992
Shed Construction & Compound Wall	5%																	
Access Road	5%																	
Cell Works-KKHP																		
Headrace	5%				94,117,850	94,117,850	2,875,107	2,875,107	91,242,742.97	94,117,850		94,117,850	2,875,107	4,362,137		98,479,987		98,479,987
Head Pond - Khami	5%				8,563,812	8,563,812	235,097	235,097	8,328,715	8,563,812		8,563,812	235,097	405,416		8,969,228		8,969,228
Surge Tank	5%				14,885,415	14,885,415	454,710	454,710	14,430,705	14,885,415		14,885,415	454,710	721,535		15,607,240		15,607,240
Penstock Alignment	5%				3,781,458	3,781,458	1,115,516	1,115,516	2,665,942	3,781,458		3,781,458	1,115,516	183,297		4,897,274		4,897,274
Anchor Rock	5%				4,937,200	4,937,200	151,450	151,450	4,785,750	4,937,200		4,937,200	151,450	240,317		5,177,050		5,177,050
Valve Support	5%				828,516	828,516	25,513	25,513	803,003	828,516		828,516	25,513	40,165		873,681		873,681
Power House	5%				22,102,152	22,102,152	677,295	677,295	21,424,857	22,102,152		22,102,152	677,295	1,075,208		23,177,350		23,177,350
Tailrace and Retraining Works	5%				8,380,630	8,380,630	256,011	256,011	8,124,619	8,380,630		8,380,630	256,011	406,221		8,786,851		8,786,851
Cell Works-TTKHP					289,656,799	289,656,799	2,699,954	2,699,954	286,956,845	289,656,799		289,656,799	2,699,954	4,281,210		293,938,009		293,938,009
Head Works	5%				88,364,720	88,364,720	376,818	376,818	87,987,902	88,364,720		88,364,720	376,818	597,934		89,349,638		89,349,638
Connecting Canal and Canal Tap	5%				12,315,307	12,315,307	54,985,832	54,985,832	42,669,475	12,315,307		12,315,307	54,985,832	2,665,206		67,970,442		67,970,442
Penstock Splicing & Appurtenant	5%				44,249,718	44,249,718	1,351,738	1,351,738	42,897,979	44,249,718		44,249,718	1,351,738	2,144,809		46,402,527		46,402,527
Headrace Alignment	5%				27,452,154	27,452,154	838,007	838,007	26,614,147	27,452,154		27,452,154	838,007	1,330,677		28,784,831		28,784,831
Anchor Rock	5%				18,043,003	18,043,003	551,192	551,192	17,491,811	18,043,003		18,043,003	551,192	874,616		18,916,619		18,916,619
Saddle Supports & Protection Structure	5%				2,121,825	2,121,825	64,817	64,817	2,057,007	2,121,825		2,121,825	64,817	102,859		2,224,864		2,224,864
Valve House	5%				2,376,836	2,376,836	72,607	72,607	2,304,228	2,376,836		2,376,836	72,607	115,211		2,492,047		2,492,047
Penstock Alignment	5%				35,975,605	35,975,605	1,098,986	1,098,986	34,876,619	35,975,605		35,975,605	1,098,986	1,743,839		37,720,491		37,720,491
Penstock	5%				114,389	114,389	114,389	114,389	114,389	114,389		114,389	114,389	18,827		133,216		133,216
Tailrace and Retraining Works	5%				3,751,130	3,751,130	3,751,130	3,751,130	3,751,130	3,751,130		3,751,130	3,751,130	206,416		4,057,546		4,057,546
Tunnel & Forebay	5%				90,783,994	90,783,994	2,773,264	2,773,264	88,010,730	90,783,994		90,783,994	2,773,264	4,400,536		95,184,268		95,184,268
Hydro-mechanical KKHP	5%				107,139,181	107,139,181	3,272,882	3,272,882	103,866,299	107,139,181		107,139,181	3,272,882	5,193,315		112,332,496		112,332,496
Hydro-mechanical TTKHP	5%				113,411,483	113,411,483	3,464,488	3,464,488	109,946,995	113,411,483		113,411,483	3,464,488	5,497,550		118,914,533		118,914,533
Pool - B																		
Office Equipments	25%	610,141		610,141	844,305	844,305	497,987	497,987	1,108,132	610,141		610,141	497,987	289,058		1,108,132		1,108,132
Computer & Accessories	25%	228,858		228,858	(228,858)	(228,858)	203,442	203,442	0	228,858		228,858	203,442	0		228,858		228,858
Furniture & Fixtures	25%	181,279		181,279	226,777	226,777	97,311	97,311	330,835	181,279		181,279	97,311	82,709		268,988		268,988
Pool - C																		
Vehicle	20%	1,533,050		1,533,050	2,922,205	2,922,205	1,032,023	1,032,023	1,696,367	1,533,050		1,533,050	1,032,023	339,074		2,572,124		2,572,124
Pool - D																		
Electrification/Transmission Line & Switchyard	15%	21,220,655		21,220,655	22,871,515	22,871,515	4,200,407	4,200,407	17,071,148	21,220,655		21,220,655	4,200,407	6,007,709		27,228,364		27,228,364
Electromechanical Plant & Machinery - TTKHP	15%				266,193,537	266,193,537	125,491,304	125,491,304	140,702,233	266,193,537		266,193,537	125,491,304	17,098,620		437,684,861		437,684,861
Electromechanical Plant & Machinery - KKHP	15%				11,500,504	11,500,504	30,041	30,041	11,470,463	11,500,504		11,500,504	30,041	44,664		11,545,128		11,545,128
Other Assets	15%				327,800	327,800			327,800	327,800		327,800				327,800		327,800
Total		36,091,293		36,091,293	1,478,866,001	1,478,866,001	6,955,995	6,955,995	1,471,910,006	1,478,866,001	623,300	1,229,204,636	71,210,618	97,719,430		1,576,780,045		1,576,780,045

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Notes Forming Part of the Financial Statements
For the year ended Ashadh 32, 2075 (July 16, 2018)

Note 2: Capital Works in Progress

Particulars	31.03.2074 (Reported)	31.03.2074 (Restated)	01.04.2073 (Reported)	Adjustments (Note XX)	01.04.2073 (Restated)
Direct Capital Expenditure					
Building Construction Works			3,447,742	-	3,447,742
Civil Construction Works			450,089,315	-	450,089,315
Electro-Mechanical Works			448,242,561	-	448,242,561
Transmission Line Works			2,916,517	-	2,916,517
Directly Attributable Capital Expenses			27,148,477	-	27,148,477
Consultancy Expense			9,838,011	-	9,838,011
Feasibility Expenses			-	-	-
Borrowing Costs			-	-	-
Opening Balance			-	-	-
Allocation for the period			-	55,234,220	55,234,220
Depreciation on PPE used for CWIP Works (Cumulative)			-	67,489,751	67,489,751
Administration Expenses (Cumulative)			-	6,955,995	6,955,995
Total			1,111,581,079	(122,723,971)	40,268,491

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Note 3: Investment

Particulars	31.03.2074 (Reported)	31.03.2074 (Restated)	01.04.2073 (Restated)
Investment available for sale		45,008,000.00	

Note 4: Inventory

Particulars	31.03.2074 (Reported)	31.03.2074 (Restated)	01.04.2073 (Restated)
Inventory		-	-
Total		-	-

Note 5: Prepayments

Particulars	31.03.2074 (Reported)	31.03.2074 (Restated)	01.04.2073 (Restated)
Prepaid Insurances		1,453,013	
Total		1,453,013	

Note 6: Advances and Deposits

Particulars	31.03.2074 (Reported)	31.03.2074 (Restated)	01.04.2073 (Restated)
Advances			
Advance - Civil Works	2,050,152.19	2,050,152	9,003,484
Advance - Electro Mechanical	197,207.00	-	-
Advance - Land Purchase	-	-	207,292
Advance - Metal Works	321,751.63	321,752	4,422,570
Advance - Plant & Machinery	2,453,537.00	3,130,825	142,800
Advance for Project Supervision & Management	199,778.00	657,397	-
Advance for Transmission Line & Switchyard	2,950,000.00	2,600,000	91,500
Advance for Environment Mitigation	-	197,207	956,516
Advance - Project Works	-	-	7,367,018
Advance to Samkhu - Bhatkanda Road User Committee	-	-	200,000

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	712,856.25	712,856	1,425,713
LC - Margin EM (KKHP)			1,425,713
LC - Margin EM (TKHP)	1,538,268.75	1,538,269	3,076,538
Advance Tax	547,974.52	546,380	404,523
Derivade International Pvt Ltd		368,457	
Mr. Mahesh Sharma Dhakai	20,000.00	25,000	
Souj Lallipur Rural Electric Co-Operation Ltd.	-	650,000	
Sundry Debtors-NEA	8,190,992.86	5,407,589	
Deposits			
Deposits	14,000.00	14,000	1,639,000
Grand Total	19,176,518.20	17,562,487	29,594,350

Notes 7: Trade Receivables

Particulars	32.03.2075	31.03.2074 (Restated)	01.04.2073 (Restated)
Total			

Notes 8: Cash & Cash Equivalents

Particulars	32.03.2075	31.03.2074 (Restated)	01.04.2073 (Restated)
Cash in Hand			5,908
Cash at Bank	18,403.60	28,528	
Civil Bank			
Citizen Bank	245,606.35	95,672	22,902
MCC Bank (Apex Bank)		2,221,185	9,446,847
Prabhu Bank Limited (Grand Bank)	76,891.23	75,754	223,568
Prabhu Bank Limited - Call	86,786.32	85,687	4,865,488
Citizen Bank Limited	81,043.30	328,571	
Mega Bank Limited	8,019.29	254,689	
Global IME Bank	16,106.46	2,089	
Bank Overdraft	(27,422,777.45)		
Total	(26,889,920.90)	3,092,175.85	14,564,711.61

Note 9: Share Capital



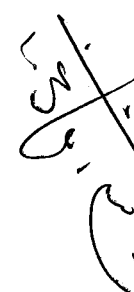

Particulars	32.03.2075	31.03.2074 (Restated)	01.04.2073 (Restated)
Authorized Capital			
50,00,000 Ordinary shares of NRS.100 each	500,000,000.00	500,000,000.00	500,000,000.00
Issued Capital			
4657143 Ordinary shares of NRS.100 each	465,714,300.00	465,714,300	465,714,300
Paid Up Capital	465,714,300.00	465,714,300	377,228,500
Total	465,714,300.00	465,714,300	377,228,500

Note 10: Retained Earnings

Particulars	31.03.2075	31.03.2074 (Restated)	01.04.2073 (Restated)
Opening balance	(122,874,969.18)	(10,428,271)	(2,021,786)
Profit/Loss for the year	(162,295,501.12)	(126,801,167)	(8,406,485)
Prior period adjustment	-	14,354,469.00	-
Total	(285,170,470.29)	(122,874,969)	(10,428,271)

Note 11: Non-Controlling Interest

Particulars	31.03.2075	31.03.2074 (Restated)	01.04.2073 (Restated)
Total			



Particulars	31.03.2075	31.03.2074 (Restated)	01.04.2073 (Restated)
Total			

Note 12: Long Term Loan

Particulars	32.03.2075	31.03.2074 (Restated)	01.04.2073 (Restated)
Secured Loan	825,452,329.42	831,786,325	635,051,203
Interest Capitalization	-	-	115,672,271
Less: Installment of Loan to be repaid within a period of one year	(19,221,738.63)	(6,000,000)	(4,800,000)
Total	806,230,571	825,786,325	745,923,474

Note 13: Deferred Tax Liability

Particulars	32.03.2075	31.03.2074 (Restated)	01.04.2073 (Restated)
Total			

Note 14: Provisions

Particulars	32.03.2075	31.03.2074 (Restated)	01.04.2073 (Restated)
Current Tax	2,657.57		20,475,923
Provision for contract work completed but bill not submitted/ approved			5,500,000
Other provisions			
Total	2,657.57	-	25,975,923

Note 15: Trade and Other Payables


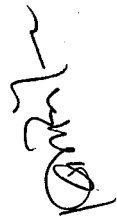
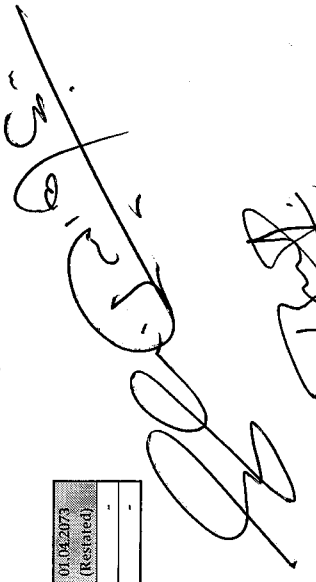
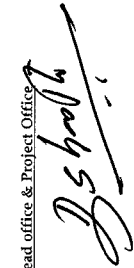

Particulars	32.03.2075	31.03.2074 (Restated)	01.04.2073 (Restated)
Retention Money	28,730,820.77	4,492,499	14,419,828
Payable to contractor	7,826.18	24,834,826	28,683,308
Audit Fee Payable	225,000.00	225,000	223,000
WHT Payable			5,672
Pashupati Energy Development Company	49,000,000.00	20,000,000	5,000,000
CIT	36,400.00	79,356	
IPO Refund	150,765.76	213,457	
Mr. Bir Bahadur Tamang		14,000	
Kathmandu Capital	148,750.00		
Maya Khola Hydro	12,000,000.00		
Office Rent	14,850.00		
Royalty	1,254,357.00		
Loan to be repaid within a period of 1 year	19,221,738.63	6,000,000	4,800,000
Total	110,788,528	55,857,138	53,131,808

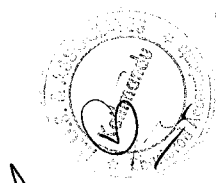
Note 16: Revenue

Particulars	32.03.2075	31.03.2074 (Restated)	01.04.2073 (Restated)
Sale of Energy	68,928,350.32	35,317,826.90	-
Total	68,928,350.32	35,317,827	-

Note 17: Administrative Expenses - Head office & Project Office

Particulars	32.03.2075	31.03.2074 (Restated)	01.04.2073 (Restated)
Total			



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Particulars	31.03.2075	31.03.2074 (Restated)	01.04.2073 (Restated)
Advertisement Expenses	13,668.00	17,647.00	11,765.00
AGM Expenses- PP	106,532.00	122,152.00	79,060.00
Bank Charges	1,490.00	480.59	6,745.44
Audit fee	226,000.00	226,000.00	226,000.00
Dashain Allowances	649,200.00	-	115,080.00
Entertainment/Refreshment	144,716.00	245,626.00	87,975.00
Insurance Expenses	4,758,171.95	316,302.88	-
Business Promotion	200,000.00	20,000.00	30,000.00
Board Meeting Allowances	107,000.00	107,000.00	44,000.00
Telephone/Internet/communication	246,148.00	141,456.00	114,786.00
Consultancy Fees	-	524,364.00	128,250.00
Conveyance / Local travelling	-	-	11,740.00
Office rent	364,500.00	180,000.00	375,000.00
Miscellaneous Expenses	18,111.00	-	-
Utility	46,604.00	29,418.00	47,979.00
Printing and stationary	24,726.00	24,497.00	37,778.40
Renewal and Registration Fee	534,090.00	609,395.00	20,000.00
Repair and maintenance - Miscellaneous	7,923.00	7,923.00	42,893.00
Staff Salary	13,472,628.00	7,761,420.00	1,834,458.00
Donation	-	-	12,500.00
Vehicle Fuel Expen.	275,317.00	168,127.00	118,320.00
Rates & Taxes	2,000.00	-	1,260.00
Bad debt	-	-	29,000.00
IFO Expenses	1,943,336.70	1,943,336.70	7,482,110.10
Repair and Maintenance - Access Road	49,920.00	1,219,786.00	-
Repair and Maintenance - Civil Works	220,700.00	1,539,784.00	-
Repair and Maintenance - Transmission Line	-	920,077.00	-
Repair & Maintenance - Vehicles	294,221.00	249,648.00	-
Repair & Maintenance - Office Equipments	11,254.00	-	-
Repair & Maintenance - Others	210,540.00	-	-
Power house Protection expense	3,763,724.05	-	-
Corporate Social Responsibility	703,059.00	800,788.75	-
Site Mess Expenses	1,383,750.00	631,220.00	-
Transportation	162,000.00	170,100.00	-
Site Visit Allowances	234,404.00	78,822.00	-
Vehicle Rent	8,888.00	25,556.00	-
Tools & Accessories	-	20,227.00	-
Site Office Operating Expenses	145,151.00	123,137.00	-
Interest Expenses - Citizen	34,043,528.33	15,832,441.45	-
Interest Expenses - Civil	11,658,566.05	6,214,438.13	-
Interest Expenses - Global	24,786,038.35	12,220,571.96	-
Interest Expenses - Mega	26,227,118.61	12,426,706.70	-
Loan Management Fees	-	1,000,000.00	-
Royalty Expenses	21,63,274.00	1,193,650.00	-
Depreciation	977,9429.69	64,254,622.80	-
Loss on Sales of Vehicle	-	1,849,073.33	-
Impairment Loss	-	11,106,188.77	-
Project Supervision	-	20,037,089.05	-
Retirement	237,635.00	-	-
Forest lease expenses	23,888.00	-	-
Kitchen Utensils	5,000.00	-	-
Labor charge	306,650.00	-	-
Meeting allowance	38,233.00	-	-
Office clearing and maintenance	5,180.00	-	-
Postage and courier	415.00	-	-
Site office exp. CH	33,325.00	-	-
Agency fees	2,079,465.81	-	-

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Allowance - T/L	280,000.00		
Annual Fees - CDS	20,000.00		
Nursery Expenses	30,279.00		
Power house operating expenses	1,685,286.50		
Staff quarter material	2,425.00		
Transmission and switchyard expenses	1,628,314.79		
Wages	6,400.00		
Total	231,231,824.13	164,377,124	10,856,700

Note 18: Interest Income

Particulars	31.03.2075	31.03.2074 (Restated)	01.04.2073 (Restated)
Interest Earned during the year	10,630.26	945,697	490,215
Less: Deducted against DC eligible for capitalisation			
Total	10,630.26	945,697	490,215

Note: As no idle funds with regards to the borrowing is evident, no deduction is made on account of idle fund investment

Note 19: Other Income

Particulars	31.03.2075	31.03.2074 (Restated)	01.04.2073 (Restated)
Other Income			1,960,000
Foreign Exchange Gain (Loss)		1,312,433	
Total	-	1,312,433	1,960,000

Note 20: Employee Bonus

Particulars	31.03.2075	31.03.2074 (Restated)	01.04.2073 (Restated)
Total	-	-	-

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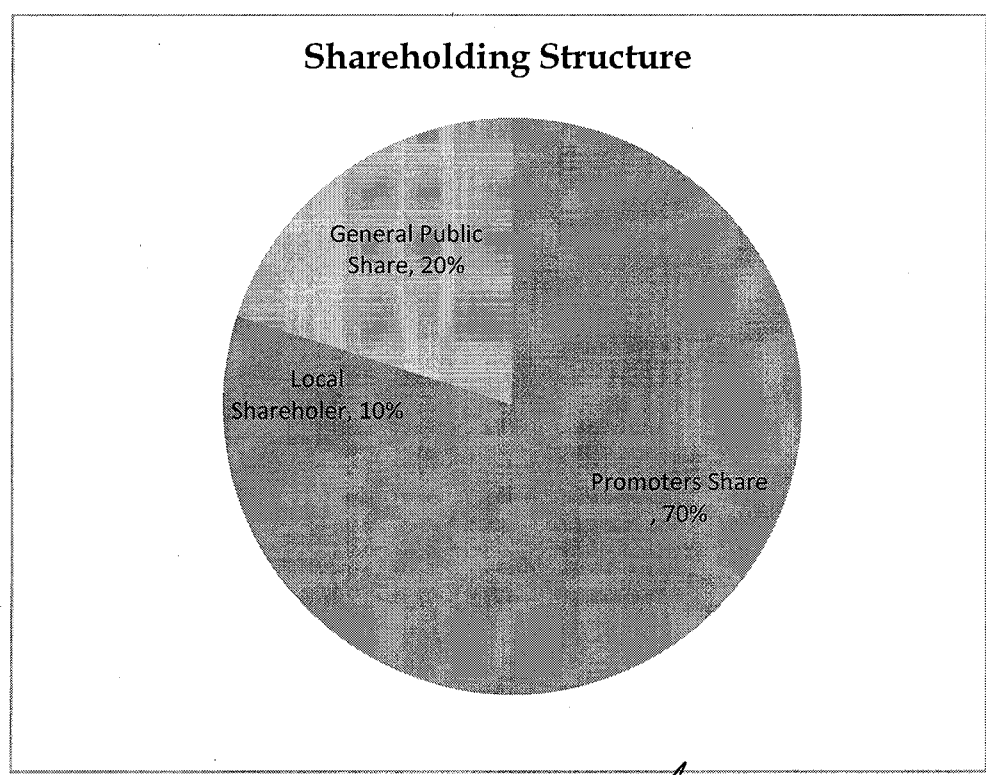
KhaniKhola Hydropower Company Ltd.
Dhumbarahi-4, Kathmandu

Explanatory Notes FY 2017-18 (2074/75)

1. General Information of the Company

KhaniKhola Hydropower Company Ltd. (KKHPCL) is registered as a public limited company with the office of the Registrar of company under the Company Act 2063 17th Aswin 069. Its registration No.106404/069/070 dated 3-10-2012. KKHPCL is registered with an objective of generating 4362 kw phr. Hydro electricity from its power station located at Tungun Thosne and 2000 Kw Phr.Hydro electricity from another power station located at KhaniKhola. The total generating capacity of this company is 6362 kw Phr. KKHPCL has reached a power purchase agreement with Nepal Electricity Authority wherein NEA has agreed to buy all generated electricity from KHHPCL at an agreed price.

Following is the shareholding structure of the company:



1

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2. Statement of Compliance

The Financial Statements have been prepared in accordance with Nepal Financial Reporting Standards (NFRS) and as published by the Accounting Standards Board (ASB) – Nepal

3. Reporting Period and approval of Financial Statements

The Company has, for the preparation of financial statements, adopted the NFRS pronounced by ASB with effect from FY 2074/75. To comply the NFRS provisions following dates have been considered in terms of first time adoption

Relevant Financial Statement	Nepalese Calendar	English Calendar
Opening NFRS SFP* date	1st Shrawan 2073	16th July, 2016
Comparative SFP* date	31st Asadh, 2074	15th July, 2017
Comparative Reporting Period	1st Shrawan 2073-31st Asadh 2074	16th July 2016- 15th July 2017
First NFRS SFP* Date	32nd Asadh, 2075	16th July, 2018
First NFRS reporting period	1st Shrawan 2074-32nd Asadh 2075	16th July 2017- 16th July 2018

SFP* Statement of Financial Position

The 55th meeting of the Board of Directors held on January 10, 2019 has approved the financial statements accompanied with notes to the financial statements and the Board acknowledge the responsibility of preparation of financial statements of the company. The approved financial statements have been recommended for approval by the shareholders in the 6th Annual General Meeting of the company.

4. IFRIC 12 Considerations

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

- The company sells electricity to Nepal Electricity Authority at price independent of the price charged by NEA to general public. NEA for the ultimate sale of electricity is bound by the rates determined by Electricity Tariff Commission set up by the government, whereas NEA purchases electricity on the basis of different commercial agreement with the power producers. Electricity Tariff Commission does not determine the rate at which NEA purchases or has to purchase from the power producers. There have been instances where the rates charged by NEA to the general public is lower than it paid to some of the power producers.
- The license agreement with Department of Electricity Development (DoED) for KKHPCL does not obligate the company to sell electricity to NEA or any specific buyer.



- iii. The company does not receive any specific concession for the use of the natural resource. The company has to pay to the government for the use of the natural resources in the form of royalty.
- iv. The company under Power Purchase Agreement (PPA) sells energy to NEA and not directly to the general public.
- v. Though the project is to be transferred to the government at the end of the licence period the legal title of the project is with the company, including the control of access to the project site. In addition the company has right to pledge the assets as lien for availing finances from financial institutions.

5. Basis of Preparation and Reporting Pronouncements

The Company has, for the preparation and presentation of Financial Statements, opted to adopt Nepal Financial Reporting Standards (NFRSs) from the erstwhile Nepal Accounting Standards (NASs) both pronounced by Accounting Standards Board (ASB) Nepal.

6. Accounting Convention

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

The Financial Statements are prepared on accrual basis.

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

7. Presentations

• Presentation Currency

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

• Rearrangement and Reclassification

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

• Statement of Financial Position

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





• **Statement of Profit or Loss and Other Comprehensive Income**

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

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

• **Statement of Cash Flows**

The statement of Cash Flows has been prepared using indirect method and the activities has been grouped under three major categories (Cash flows from operating activities, Cash flows from investing activities and Cash Flows from financing activities) in accordance with NAS 07.

• **Statements of Changes in Equity**

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

8. **Accounting Policies and Accounting Estimates**

Accounting Polices

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

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

Accounting Estimates

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

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

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

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Notes

1. Property, Plant and Equipment

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

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

Cost

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

NAS 16 and IFRIC 1 require cost of PPE to include the estimated cost for dismantling and removal of the assets and restoring the site on which they are located. Management perceives that such costs are difficult to estimate and considering the past practice the amount of such costs will not be material to affect the economic decision of the user as a result of such non-inclusion. Therefore, asset retirement obligation has not been recognised.

Depreciation

The management has estimated that the cost equals depreciable amount of the asset and thus the cost is systematically allocated based on the expected useful life of an asset. Items of property, plant and equipment are depreciated in full in the year of acquisition.

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

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

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

De-recognition

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



1.1 Change in Classification, Useful Lives and Depreciation Method

1.1.1 Re-classification

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

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

1.1.2 Estimation of Useful Lives and Depreciation Method used

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

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

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

Assets	Useful Life	Depreciation Rate	Depreciation Method
Land	-	-	-
Civil Works	20	5%	DBM
Office Equipment	4	25%	DBM
Computer & Accessories	4	25%	DBM
Furniture & Fixtures	4	25%	DBM
Vehicle	5	20%	DBM
Electrification/Transmission Line & Switchyard	7	15%	DBM
Electromechanical Plant & Machinery	7	15%	DBM



2. Capital Work in Progress

Company has capital work-in- progress amounting NRs. 1,111,581,079.00 till the end of FY 2072/73. All the Capital work in progress has been capitalized effective from Commercial date of operation (2073 Mangsir 20) of the project.

3. Investment

Company has made following investment since FY 2073/74 and there has been no change during the period of FY 2074/75.

Fair value of the investment is taken as its par value since its unavailability of relevant information

Particulars	Amount (NRs.)
Maya khola Hydropower Company	45,000,000
South Lalitpur Gramin Bidhyut Sahakari Ltd	8,000
Total	45,008,000

4. Inventory

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

Company has not any inventory at the end of FY 2074/75

5. Prepayments

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

Following is the detail of prepayment

Particulars	32.03.2075	31.03.2074 (Restated)	01.04.2073 (Restated)
Prepaid Insurances	-	1,453,013	
Total	-	1,453,013	-

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6. Advance and Deposits

Advances and deposits mainly consist of the advance provided to the contractors and advance tax. Following is the detail of advances and deposits:

Particulars	32.03.2075	31.03.2074 (Restated)	01.04.2073 (Restated)
Advances			
Advance - Civil Works	2,050,152.19	2,050,152	9,003,484
Advance - Electro Mechanical	197,207.00		-
Advance - Land Purchase			207,292
Advance - Metal Works	321,751.63	321,752	4,422,570
Advance - Plant & Machinery	2,433,537.00	3,130,825	142,800
Advance for Project Supervision & Management	199,778.00		657,397
Advance for Transmission Line & Switchyard	2,950,000.00	2,600,000	91,500
Advance for Environment Mitigation		197,207	956,516
Advance - Project Works			7,367,018
Advance to Sankhu - Ikkudol- Bhattedanda Road User Committee			200,000
LC - Margin EM (KKHP)	712,856.25	712,856	1,425,713
LC - Margin EM (TTKHP)	1,538,268.75	1,538,269	3,076,538
Advance Tax	547,974.52	546,380	404,523
Decode Intenational Pvt Ltd		368,457	
Mr. Mahesh Sharma Dhakal	20,000.00	25,000	
South Lalitpur Rural Electric Co-Operation Ltd.	-	650,000	
Sundry Debtors-NEA	8,190,992.86	5,407,589	
Deposits			
Deposits	14,000.00	14,000	1,639,000
Grand Total	19,176,518.20	17,562,487	29,594,350

7. Trade Receivables

It includes the amount to be received by the company in the ordinary course of business. Company has no such trade receivable in our reporting period.

8. Cash and Cash Equivalent

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

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

8



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

Following is the detail of cash and cash equivalents:

Particulars	32.03.2075	31.03.2074 (Restated)	01.04.2073 (Restated)
Cash in Hand	18,403.60	28,528	5,908
Cash at Bank			
Civil Bank	245,606.35	95,672	22,902
Citizen Bank	-	2,221,185	9,446,847
NCC Bank (Apex Bank)	76,891.23	75,754	223,568
Prabhu Bank Limited (Grand Bank)	86,786.32	85,687	4,865,488
Citizen Bank Limited - Call	81,043.30	328,571	
Mega Bank Limited	8,019.29	254,689	
Global IME Bank	16,106.46	2,089	
Bank Overdraft	(27,422,777.45)		
Total	(26,889,920.90)	3,092,175.85	14,564,711.61

9. Share Capital

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

Particulars	32.03.2075	31.03.2074 Restated	01.04.2073 Restated
Authorized Capital (50,00,000 Ordinary shares of NRs.100 each)	500,000,000.00	500,000,000.00	500,000,000.00
Issued Capital (46,57,143 Ordinary shares of NRs.100 each)	465,714,300.00	465,714,300	465,714,300
Paid Up Capital	465,714,300.00	465,714,300	377,228,500

10. Retained Earnings

The details of the retained earnings are as given below:

Particulars	32.03.2075	31.03.2074 (Restated)	01.04.2073 (Restated)
Opening balance	(122,874,969.18)	(10,428,271)	(2,021,786)
Profit/Loss for the year	(162,295,501.11)	(126,801,167)	(8,406,485)
Prior period adjustment	-	14,354,469.00	-
Total	(285,170,470.29)	(122,874,969)	(10,428,271)

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11. Non- Controlling Interest

Non- controlling interest (NCI) is the portion of equity ownership in a subsidiary not attributable to the parent company, which has a controlling interest (greater than 50% but less than 100%) and consolidates the subsidiary's financial results with its own.

Company has not any subsidiaries company.

12. Long Term Loan

KKHPCL has obtained long term loan (Consortium loan) for project construction from Citizens Bank, Civil Bank, Global IME Bank and Mega Bank respectively. Such long term loan is discounted at 13%, equals to the current interest rate.

Following is the detail of long term loan:

Particulars	32.03.2075	31.03.2074 (Restated)	01.04.2073 (Restated)
Secured Loan	825,452,329.42	831,786,325	635,051,203
Interest Capitalization	-	-	115,672,271
Less: Installment of Loan to be repaid within a period of one year	(19,221,758.63)	(6,000,000)	(4,800,000)
Total	806,230,571	825,786,325	745,923,474

13. Deferred Tax Liability and Current Tax

The deferred tax liability represents a future tax payment a company is expected to make to tax authority in the future as a result of temporary taxable differences. As a company enjoys a tax holiday for a period of 10 years, there exists no any deferred tax liability.

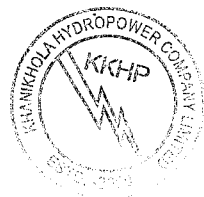
Current tax represents the amount payable to tax authority as a result of gain during the respective period. Hydropower Company enjoys tax exemption for gain generated from operating activities; however, tax is applicable for the income generated from non-operating activities. During FY 2074/75, company has an interest income of NRs. 10,630.26 and accordingly company is liable for current tax amounting NRs. 2,657.57

14. Provisions

It includes the amount of contract work which is already completed but not bill not submitted/approved. Current tax provision is also included under it. Following is the detail:

Particulars	32.03.2075	31.03.2074 (Restated)	01.04.2073 (Restated)
Current Tax	2,657.57		
Provision for contract work completed but bill not submitted/ approved			20,475,923
Other provisions			5,500,000
Total	2,657.57	-	25,975,923

10



15. Trade and Other Payables

Trade and other payables mainly consist of amounts the Company owes to suppliers and government authority that have been invoiced or are accrued. These also include taxes due in relation to the Company's role as an employer. These amounts have been initially recognized at cost and it is continued at cost as it fairly represents the value to be paid. Following is the detail of trade and other payables:

Particulars	32.03.2075	31.03.2074 (Restated)	01.04.2073 (Restated)
Retention Money	28,730,820.77	4,492,499	14,419,828
Payable to contractor	7,826.18	24,834,826	28,683,308
Audit Fee Payable	223,000.00	223,000	223,000
WHT Payable		-	5,672
Pashupati Energy Development Company	49,000,000.00	20,000,000	5,000,000
CIT	36,400.00	79,356	
IPO Refund	150,765.76	213,457	
Mr. Bir Bahasur Tamang		14,000	
Kathmandu Capital	148,750.00		
Maya Khola Hydro	12,000,000.00		
Office Rent	14,850.00		
Royalty	1,254,357.00		
Loan to be repaid within a period of 1 year	19,221,758.63	6,000,000	4,800,000
Total	110,788,528	55,857,138	53,131,808

16. Revenue from Sale of Electricity

The company has started the generation of electricity since FY 2073/74. It has been selling electricity to NEA and billing has been done as agreed on PPA.

Particulars	32.03.2075	31.03.2074 (Restated)	01.04.2073 (Restated)
Sale of Energy	68,928,350.32	35,317,826.90	-
Total	68,928,350.32	35,317,827	-

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17. Administrative Expenses

Expenses incurred to run day to day activities are booked under administrative expenses. Following is the detail of the administrative expenses.

Particulars	32.03.2075	31.03.2074 (Restated)	01.04.2073 (Restated)
Advertisement Expenses	13,668.00	17,647.00	11,765.00
AGM Expenses -PP	106,532.00	122,152.00	79,060.00
Bank Charges	1,490.00	480.59	6,745.44
Audit fee	226,000.00	226,000.00	226,000.00
Dashain Allowances	649,200.00	-	115,080.00
Entertainment/Refreshment	144,716.00	245,626.00	87,975.00
Insurance Expenses	4,758,171.95	316,302.88	-
Business Promotion	200,000.00	20,000.00	30,000.00
Board Meeting Allowances		107,000.00	44,000.00
Telephone/Internet/communication	246,148.00	141,456.00	114,786.00
Consultancy Fees		524,364.00	128,250.00
Conveyance / Local travelling		-	11,740.00
Office rent	364,500.00	180,000.00	375,000.00
Miscellaneous Expenses		18,111.00	-
Utility	46,604.00	29,418.00	47,979.00
Printing and stationary	24,726.00	24,497.00	37,778.40
Renewal and Registration Fee	534,090.00	609,395.00	20,000.00
Repair and maintenance - Miscellaneous		7,923.00	42,893.00
Staff Salary	13,472,628.00	7,761,420.00	1,834,458.00
Donation		-	12,500.00
Vehicle Fuel Expenses	275,317.00	168,127.00	118,320.00
Rates & Taxes	2,000.00	-	1,260.00
Bad debt		-	29,000.00
IPO Expenses		1,943,336.70	7,482,110.10
Repair and Maintenance - Access Road	49,920.00	1,219,786.00	-
Repair and Maintenance - Civil Works	220,700.00	1,539,784.00	-
Repair and Maintenance - Transmission Line		920,017.00	-
Repair & Maintenance - Vehicles	294,221.00	249,648.00	-
Repair & Maintenance - Office Equipment's	11,254.00		



Repair & Maintenance - Others	210,540.00		
Power house protection expense	3,763,724.05		
Corporate Social Responsibility	703,059.00	800,788.75	-
Site Mess Expenses	1,383,750.00	631,220.00	-
Transportation	162,000.00	170,100.00	-
Site Visit Allowances	234,404.00	78,822.00	-
Vehicle Rent	8,888.00	25,556.00	-
Tools & Accessories		20,227.00	-
Site Office Operating Expenses	145,151.00	123,137.00	-
Interest Expenses - Citizen	34,043,528.33	15,832,441.45	-
Interest Expenses - Civil	11,658,566.05	6,214,438.13	-
Interest Expenses - Global	24,786,038.35	12,220,571.96	-
Interest Expenses - Mega	26,227,118.61	12,426,706.70	-
Loan Management Fees		1,000,000.00	-
Royalty Expenses	2,163,274.00	1,193,650.00	-
Loss on Sales of Vehicle		1,849,073.33	-
Impairment Loss		11,106,188.77	-
Project Supervision		20,037,089.05	-
Refreshment	237,635.00		
Forest lease expenses	23,858.00		
Kitchen Utensils	5,000.00		
Labor charge	306,650.00		
Meeting allowance	38,233.00		
Office clearing and maintenance	5,180.00		
Postage and courier	415.00		
Site office exp- CH	33,325.00		
Agency fees	2,079,465.81		
Allowance - T/L	280,000.00		
Annual Fees - CDS	20,000.00		
Nursery Expenses	30,279.00		
Power house operating expenses	1,683,286.50		
Staff quarter material	2,425.00		
Transmission and switchyard expenses	1,628,314.79		
Wages	6,400.00		
Total	133,512,394.44	100,122,501	10,856,700

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18. Interest Income

It includes the interest income earned by the company on call deposits. Following is the detail:

Particulars	32.03.2075	31.03.2074 (Restated)	01.04.2073 (Restated)
Interest Earned during the year	10,630.26	945,697	490,215
Total	10,630.26	945,697	490,215

19. Other Income

Other income comprises sale of tender form and other miscellaneous income. Following is the detail:

Particulars	32.03.2075	31.03.2074 (Restated)	01.04.2073 (Restated)
Other Income		1,312,433	1,960,000
Total	-	1,312,433	1,960,000

20. Employee Bonus

As per the bonus act, 2030, 10% of the profit shall be allocated for the employee as a bonus. Since the company has operating in loss, no such bonus provision has been made.



Other disclosures

1. Earnings per Share (EPS)

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

EPS	32.03.2075	31.03.2074 (Restated)	01.04.2073 (Restated)
Basic	(34.85)	(27.23)	(2.23)
Diluted	(34.85)	(27.23)	(2.23)

2. Operating Segment

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

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

3. Interim Reports

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

4. Related Parties

The Company identifies the following as its related parties:

- Pashupati Energy Development Company holds the 36.26% of shares.

Particulars	Amount (Nrs.)
Opening advance from Pashupati Energy	2,00,00,000
Payment of advance during the period	(10,00,000)
Advance taken during the period	3,00,00,000
Closing advance from Pashupati Energy	4,90,00,000

The Company has not entered into any related party transaction except those mentioned above.

5. Contingent Liabilities and Commitments

Contingent Liabilities

A contingent liability is identified as follows:

- (a) A possible obligation that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the entity; or
- (b) A present obligation that arises from past events but is not recognised because:

15



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

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

The Company discloses contingent liabilities unless the possibility of an outflow of resources embodying economic benefits is remote.

Company has no any contingent liability during this period

6. Compensation Claim made with NEA:

The company has made a claim with Nepal Electricity Authority regarding compensation of energy loss (refer *Chalani no. KKHPCL/053/2075/76 dated 22nd Poush, 2075*). Till the end of FY 2074/75, company has incurred Spill energy i.e. 20,736,892.94 KWH and 12,862,707.09 KWH of Tungun-Thosne Hydropower Project and Khanikhola Hydropower Project respectively and total claimed compensation amounts to NRs. 179,149,385.16.

Following is the detail of compensation claimed by Company from NEA for up-to Ashadh end, 2075:

Tungun-Thosne Hydropower Project	Claim Amount (NRs.)	Khanikhola Hydropower Project	Claim Amount (NRs.)	Grand Total (NRs.)
Year 2073 (COD Date 2073.07.09) Upto Chaitra end	24,134,054.06	Year 2073 (COD Date 2073.08.20) Upto Chaitra end	11,154,436.80	35,288,490.86
Year 2074 (Baisakh to Chaitra)	66,998,586.90	Year 2074 (Baisakh to Chaitra)	47,138,164.38	114,136,751.28
Year 2075 (Baisakh to Ashadh)	20,169,792.76	Year 2075 (Baisakh to Ashadh)	9,554,350.26	29,724,143.02
Total	111,302,433.72	Total	67,846,951.44	179,149,385.16