

२७ र २८औं
वार्षिक साधारणसभा

नेशनल हाईड्रो पावर कम्पनी लि.
National Hydro Power Co. Ltd.

सञ्चालक समिति



श्री कुमार पाण्डे
कार्यकारी अध्यक्ष



श्री बिश्वेश्वर सुबेदी
सञ्चालक



श्री सोमनाथ सापकोटा
सञ्चालक



श्री कञ्चन प्रकाश पाण्डे
सञ्चालक



श्री शुशिला कुमारी शर्मा
सञ्चालक



श्री महेश काफ्ले
स्वतन्त्र सञ्चालक



डा. ज्ञानेन्द्र लाल श्रेष्ठ
स्वतन्त्र सञ्चालक



श्री सन्जिव लामा
कम्पनी सचिव

२७ र २८औं

वार्षिक साधारणसभा

(आर्थिक वर्ष २०७९/०८०)

र

(आर्थिक वर्ष २०८०/०८१)

नेशनल हाईड्रो पावर कम्पनी लि.

विनायकनगर–१०, नयाँबानेश्वर, काठमाडौं, नेपाल

विषय सूची

क्र.सं.	विषय	पृष्ठ नं.
१	२७ र २८औं वार्षिक साधारणसभा सम्बन्धी सूचना	५
२.	वार्षिक साधारणसभा सम्बन्धी सामान्य जानकारीहरू	६
३.	प्रोक्सी फारम	७
४.	संचालक समितिको तर्फबाट कार्यकारी अध्यक्षद्वारा प्रस्तुत वार्षिक प्रतिवेदन	९-१४
५.	नेशनल हाइड्रो पावर कम्पनी लि.को आ.व. २०७९/०८० को लेखापरिक्षक प्रतिवेदन	१५-३५
६.	नेशनल हाइड्रो पावर कम्पनी लि.को आ.व. २०८०/०८१ को लेखापरिक्षक प्रतिवेदन	३६-७८
७.	प्रबन्धपत्रमा संशोधन (तीनमहले)	७९

नेशनल हाईड्रो पावर कम्पनी लि.

काठमाडौं १०, विनायकनगर, बानेश्वर

२७ र २८औं वार्षिक साधारणसभा सम्बन्धी सूचना

गोरखापत्रमा प्रथम पटक प्रकाशित मिति २०८१/०८/०४

गोरखापत्रमा दोश्रो पटक प्रकाशित मिति २०८१/०८/१३

यस नेशनल हाइड्रो पावर कम्पनी लिमिटेडको मिति २०८०/०७/२३, २०८०/०८/२२, र २०८०/११/११ मा बसेको सञ्चालक समितिको बैठकको निर्णयानुसार, कम्पनीको २७औं वार्षिक साधारणसभा मिति २०८०/०८/२२, २०८०/०९/०६ र २०८०/११/३० गते डेलिश ओपेरा रेष्ट्रो एण्ड बैंक्वेट (Delish Opera Restro & Banquet) बालुवाटार, काठमाडौंमा गर्ने भनि दुई दुई पटक राष्ट्रिय दैनिक पत्रिका समेतमा सार्वजनिक सूचना प्रकाशित गरिएकोमा कम्पनी ऐन २०६३ को दफा ७३(२) र कम्पनीको नियमावलीको नियम १६ (ख) बमोजिम शेयरधनीहरूको गणपुरक संख्या नपुगी स्थगित भएकोमा उच्च अदालत पाटनबाट मुद्दा नम्बर ०८०-CB-००५२ मा भएको मिति २०८१/०५/१७ को आदेश/फैसला, सोही आदेश/फैसला समेतका आधारमा कम्पनी रजिष्ट्रारको कार्यालयबाट मिति २०८१/०७/१३ मा जारी भएको निर्देशन एवं ऐनको दफा ७६ (४) बमोजिम यस कम्पनीको सम्पन्न हुन बाँकी आ.व. २०७९/०८० र २०८०/०८१ का २७औं र २८औं वार्षिक साधारणसभा निम्न मिति, समय, स्थानमा बस्ने गरी मिति २०८१/०८/०३ गतेको सञ्चालक समितिबाट निर्णय भएको हुँदा सम्पूर्ण शेयरधनीहरूको जानकारीको लागि यो सूचना प्रकाशित गरिएको छ।

सभा हुने मिति, समय र स्थान :

मिति : २०८१/०८/२८ गते शुक्रबार

समय : बिहान ११:०० बजे।

स्थान : डेलिश ओपेरा रेष्ट्रो एण्ड बैंक्वेट (Delish Opera Restro & Banquet) बालुवाटार, काठमाडौं।

छलफलका विषयहरू

क. साधारण प्रस्ताव :

१. सञ्चालक समितिको तर्फबाट अध्यक्षज्यूको आ.व. २०७९/०८० र आ.व. २०८०/०८१ को वार्षिक प्रतिवेदन उपर छलफल गरी पारित गर्ने सम्बन्धमा।

२. लेखापरिक्षकको प्रतिवेदन सहित आर्थिक वर्ष २०७९/०८० र आ.व. २०८०/०८१ को वासलात, नाफा नोक्सान हिसाब र सोही अवधिको नगद प्रवाह विवरणसँग सम्बन्धित अनुसूचीहरू उपर छलफल गरी पारित गर्ने सम्बन्धमा।

३. आ.व. २०८०/०८१ को लागि कम्पनी रजिष्ट्रारको कार्यालयबाट तोकिएको लेखापरिक्षक तथा निजको पारिश्रमिक समेत अनुमोदन गर्ने सम्बन्धमा।

४. आ.व. २०८१/०८२ को लागि लेखापरिक्षक नियुक्ती गर्ने तथा निजको पारिश्रमिक निर्धारण गर्ने सम्बन्धमा।

५. विज्ञ सञ्चालकहरूको नियुक्तिको अनुमोदन सम्बन्धमा।

६. रिक्त २ जना सञ्चालक पदमा बाँकी अवधिको लागि निर्वाचन गर्ने सम्बन्धमा।

ख. विशेष प्रस्ताव :

१. कम्पनीको प्रबन्ध पत्र संशोधन गर्ने सम्बन्धमा।

ग. विविध।

१. कम्पनीले लिएको लिने कर्जा अनुमोदन गर्ने सम्बन्धमा।

२. तल्लो इन्द्रावति ज.वि. आयोजना, लिखु ज.वि.आ. (उज्यालो इनर्जी सोल्युशन), तल्लो इर्खुवा ज.वि.आ. (लोअर इर्खुवा हाइड्रो पावर कं. लि.), मध्य त्रिशुली गंगा ज.वि.आ. (पर्फेक्ट इनर्जी प्रा.लि.), मा गरिएको लगानी अनुमोदन गर्ने सम्बन्धमा।

३. हकप्रद शेयरबाट प्राप्त रकमको अन्तिम बाँडफाँटको अनुमोदन सम्बन्धमा।

४. सहायक कम्पनीमा सञ्चालक प्रतिनिधित्व गरेको सम्बन्धमा।

५. कार्यकारी सञ्चालकको तलब भत्ता तथा सुबिधा अनुमोदन गर्ने सम्बन्धमा।

सञ्चालक समितिको आज्ञाले

कम्पनी सचिव

वार्षिक साधारणसभा सम्बन्धी सामान्य जानकारीहरू

१. २७औं र २८औं वार्षिक साधारणसभा प्रयोजनका लागि मिति २०८१/०८/१९ गते (एक दिन) शेयर दाखिल खारेज बन्द रहनेछ ।

२. २७औं र २८औं वार्षिक साधारणसभाको लागि २०८१/०८/१८ गते सम्म नेपाल स्टक एक्सचेञ्ज लिमिटेडमा कारोबार भई ३ कार्य दिन भित्र दाखिल खारेज तथा नामसारीका लागि प्राप्त शेयरहरूबाट कायम रहेका शेयरधनीहरू वार्षिक सभामा भाग लिनका लागि योग्य हुनेछन ।

३. लेखापरिक्षकको प्रतिवेदन सहित कम्पनीको वार्षिक आर्थिक विवरण, सञ्चालक समितिको प्रतिवेदन, कम्पनी ऐन २०६३ को दफा ७८ बमोजिमको प्रतिवेदन समेतका कागजातहरू निरिक्षण गर्न तथा प्रतिलिपी आवश्यक भएमा कार्यालय समय भित्र कम्पनीको कार्यालय बिनायकनगर, नयाँबानेश्वर, काठमाडौंमा सम्पर्क राख्न सकिने ब्यहोरा अनुरोध छ ।

४. सभामा आफै उपस्थित हुन नसक्ने शेयरधनीले सभामा भाग लिनको लागि प्रतिनिधि (प्रोक्सी) नियुक्त गर्दा सो सम्बन्धी निवेदन सभा शुरु हुनु भन्दा ४८ घण्टा अगाबै प्रतिनिधि पत्र (प्रोक्सी) तोकेको कार्यालयमा दर्ता गराई सक्नु पर्नेछ । प्रतिनिधि पत्र प्रचलित कम्पनी कानून बमोजिम यस कम्पनीले तोकेको ढाँचामा हुनु पर्नेछ । प्रतिनिधि पत्रको ढाँचा यस कम्पनीको सूचनापाटी तथा कम्पनीको वेबसाइटमा (www.nhpcl.com) मा राखिएको छ । कम्पनीको शेयरधनी बाहेक अन्यलाई प्रतिनिधि (प्रोक्सी) नियुक्त गर्न पाइने छैन ।

५. साधारणसभामा भाग लिनका लागि प्रतिनिधि (प्रोक्सी) नियुक्त गर्दा कुल बिक्री भएको शेयरको १५ प्रतिशत भन्दा बढि प्रोक्सी दर्ता गरेको भएमा पनि १५ प्रतिशत भन्दा बढि मतको गन्ति गरिने छैन ।

६. एक जना शेयरधनीले एक भन्दा बढि ब्यक्ति (शेयरधनी) लाई प्रतिनिधि (प्रोक्सी) नियुक्त गरेमा सबै प्रतिनिधि (प्रोक्सी) स्वतः बदर हुनेछ ।

७. प्रतिनिधि (प्रोक्सी) नियुक्त गर्दा केही शेयर आफैसँग बाँकी राखि आफू समेत साधारणसभामा उपस्थित हुन पाउने उद्देश्यले आंशिक शेयरको प्रतिनिधि (प्रोक्सी) नियुक्त गर्न पाउने छैन । अर्थात, सम्पूर्ण शेयरको लागि एकै ब्यक्तिलाई प्रतिनिधि (प्रोक्सी) नियुक्त गर्नु पर्दछ ।

८. सभामा भाग लिनु हुने प्रत्येक शेयरधनी महानुभावहरूले सभा हुने स्थानमा उपस्थित भई त्यहाँ राखिएको हाजिरी पुस्तिकामा बिहान १०:०० बजेबाट उपस्थिति जनाउन सकिने छ ।

९. सम्भव भए सम्म, शेयरधनीको प्राप्त फोन नं.मा SMS मार्फत पनि जानकारी गराईने व्यहोरा समेत अनुरोध छ ।

१०. शेयरधनी आफू उपस्थित हुन नसकेमा अन्य शेयरधनीलाई प्रोक्सी उपलब्ध गराउन समेत अनुरोध छ । प्रोक्सी फारम कम्पनीको वेबसाइटबाट समेत प्राप्त गर्न सकिने छ ।

११. साधारणसभा सम्बन्धी थप जानकारी आवश्यक परेमा कार्यालय समय भित्र कम्पनीको कार्यालय का.जि.का.म.न.पा. वडा नं. १०, बिनायकनगर, बानेश्वरमा सम्पर्क राख्न अनुरोध गरिन्छ ।

१२. रिक्त सञ्चालक निर्वाचन सम्बन्धी विस्तृत कार्यक्रम निर्वाचन अधिकृतको कार्यालय, यस कम्पनीको रजिष्टर्ड कार्यालय बिनायकनगर, काठमाडौंमा पछि प्रकाशित भए बमोजिम हुनेछ । थप जानकारीको लागि कम्पनीको website: www.nhpcl.com तथा कार्यालयको सम्पर्क नम्बर ०१-५१७२६८३ मा, कार्यालय समयमा सम्पर्क राख्न अनुरोध गरिन्छ ।

वार्षिक साधारणसभामा आफ्नो प्रतिनिधि नियुक्त गर्ने निवेदन
(प्रोक्सी फारम)

कम्पनी ऐन, २०६३ को दफा को ७१ को उपदफा (३) सँग सम्बन्धी)

श्री सञ्चालक समिति
नेशनल हाइड्रो पावर कम्पनी लिमिटेड
का.म.न.पा.-१०, विनायकनगर, नयाँबानेश्वर, काठमाडौं ।

विषय: प्रतिनिधि नियुक्त गरेको बारे ।

महाशय,

.....जिल्ला ..... न. पा./गा. वि. स. वडा नं. .....बस्ने म/हामी ..... ले त्यस कम्पनीको शेयरधनीको हैसियतले वि.सं. २०८१ साल मंसिर महिना २८ गतेका दिन हुने २७ र २८औं वार्षिक साधारणसभामा म/हामी स्वयं उपस्थित भई छलफल तथा निर्णयमा सहभागी हुन नसक्ने भएकोले उक्त सभामा मेरो/हाम्रो तर्फबाट भाग लिन तथा मतदान गर्नका लागि ..... जिल्ला..... न.पा./गा.वि.स. वडा नं ..... बस्ने श्री ..... लाई मेरो/हाम्रो प्रतिनिधि मनोनित गरी पठाएको छु/छौं ।

निवेदक

प्रतिनिधि नियुक्त भएको दस्तखत:	**नाम:**
हस्ताक्षरको नमुना:	**ठेगाना:**
शेयरधनी नं.:	**शेयरधनी नं.:**
शेयर प्रमाणपत्र नं.:	**हितग्राही खाता नं.:**
हितग्राही खाता नं:	**शेयर संख्या :**

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

— —

प्रवेश-पत्र

नेशनल हाइड्रो पावर कम्पनी लि.को २७ र २८औं वार्षिक साधारणसभामा उपस्थितिका लागि जारी गरिएको प्रवेश-पत्र ।

शेयरधनीको नाम : **दस्तखत :**

शेयर प्रमाण-पत्र नं. :

शेयरधनी नं. :

हितग्राही खाता नं. :

द्रष्टव्य :

१) **शेयरधनी आफैंले खाली कोष्ठहरू भर्नु होला ।**

२) **सभाकक्षमा प्रवेश गर्न यो प्रवेश-पत्र प्रस्तुत गर्न अनिवार्य छ ।**

कम्पनी सचिव

नेशनल हाइड्रो पावर कम्पनी लिमिटेडको

२७ र २८औं वार्षिक साधारणसभामा

सञ्चालक समितिको तर्फबाट कार्यकारी अध्यक्षद्वारा प्रस्तुत वार्षिक प्रतिवेदन

आदरणीय शेयरधनी महानुभावहरू,

यस कम्पनीको २७ र २८औं वार्षिक साधारणसभामा आफ्नो अमुल्य समय दिई यस सभामा पाल्नु भएका सबैमा उपस्थितिको लागि सञ्चालक समिति र मेरो व्यक्तिगत तर्फबाट समेत हार्दिक स्वागत अभिवादन गर्दछु । यो विशेष प्रकारको साधारणसभा रहेको यहाँहरूलाई विदितै छ । २०८० सालमा तीन पटकसम्म प्रयास गर्दा पनि गणपुरक संख्या नपुगी सम्पन्न हुन नसकेको साधारणसभाको विषयमा अदालतमा मुद्दा परेपछि, उच्च अदालत पाटनको आदेश अनुसार उपस्थित शेयरधनीरूलाई नै गणपुरक संख्या मानी हालसम्म नभएका साधारणसभा सम्पन्न गर्नु भनी कम्पनी रजिष्ट्रारको कार्यालयबाट प्राप्त निर्देशन मुताविक यो साधारणसभा बोलाइएको हो ।

यो २७ र २८औं वार्षिक साधारणसभामा सञ्चालक समितिको तर्फवाट आ.व २०७९/०८० र २०८०/०८१ को प्रतिवेदनहरू अनुमोदनार्थ यहाँ प्रस्तुत गर्न पाउँदा अत्यन्त खुसी लागेको छ । आ.व. २०७९/०८० र २०८०/०८१ को वासलात, नाफा नोक्सान हिसाब सहित प्रस्तुत प्रतिवेदन यहाँरूलाई पहिले नै उपलब्ध गराइसकेको छ । हामीले यस वर्ष Nepal Financial Reporting Standard अनुसार वित्तीय विवरणहरू तयार पारी प्रस्तुत गरेका छौं । प्रस्तुत वित्तीय विवरण तथा प्रतिवेदनको अध्ययन पश्चात यहाँहरूबाट प्राप्त हुने रचनात्मक सुझाव, सहयोग र सद्भावले कम्पनीको भावी कार्ययोजना निर्माण तथा लक्ष्य प्राप्तिमा थप मद्दत पुग्नेछ भन्ने विश्वास लिएका छौं ।

(क) व्यवसायको परिवेश:

जलश्रोत हाम्रो देशको एकमात्र दीगो उर्जाको श्रोत भएको र यो सम्पदाको उचित विकास र सम्बर्द्धन गरी राष्ट्रमा उर्जाको खपत बढाउने र राष्ट्रमा उर्जाको माग पूरा गरी बढी भएको विद्युत छिमेकी मुलुकहरूमा निर्यात गर्ने राष्ट्रको नीति रहेकोमा, सोहि अनुरूप साना तथा मझौला जलविद्युत आयोजनाहरूको अध्ययन तथा निर्माण गर्दै राष्ट्र विकासमा टेवा पुऱ्याउनु यस कम्पनीको प्रमुख लक्ष्य हो ।

(ख) कम्पनीको संक्षिप्त परिचय:

राष्ट्रको अपार जलश्रोतमा, सर्वसाधारण जनताको समेत लगानी तथा सहभागिता बढाइ, जलविद्युत आयोजनाहरूको विकास, निर्माण तथा सञ्चालन गरेर आफूले सक्दो उर्जा उत्पादन गरी देशको सम्वृद्धिमा टेवा पुऱ्याउने उद्देश्यले २०५२ साल पौष १३ गते पब्लिक लिमिटेड कम्पनीको रूपमा यो कम्पनी स्थापित भएको हो । यस कम्पनीले सिन्धुपाल्चोक जिल्लाको पाँचपोखरी थाङ्गपाल गाउँपालिका तथा मेलम्ची नगरपालिका भएर बहने इन्द्रावति नदीमा ७.५ मेगावाटको इन्द्रावति ३ जलविद्युत आयोजना निर्माण सम्पन्न गरी २०५९ आश्विन २१ गतेदेखि व्यापारिक उत्पादन गर्दै आएको छ ।

यसैगरी २०८० सालमा, सोही नदीमा ४.५ मेगावाटको तल्लो इन्द्रावति जलविद्युत आयोजनाको विद्युत उत्पादनको इजाजतपत्र लिई सो आयोजनाको लगभग ७० प्रतिशत कार्य अगाडी बढेको छ । यसै कम्पनीको ४५ प्रतिशत शेयर लगानी भएको भोजपुर जिल्लामा अवस्थित १४.१५ मेगावाटको तल्लो इर्खुवा खोला जलविद्युत आयोजनाको निर्माण कार्य लगभग ९५ प्रतिशत सकिएको छ र यहि वर्ष व्यापारिक उत्पादन शुरू

गर्ने गरी अन्तिम चरणमा कार्य भईरहेको छ । त्यसैगरी रामेछाप तथा ओखलढुङ्गा जिल्लाको बीचमा बहने लिखु खोलामा ३६ मेगावाटको pondage run of the river आयोजनाको प्रवर्द्धक कम्पनी, उज्यालो इनर्जि सोलुसन प्रा.लि.लाई आफ्नो स्वमित्वमा लिई सो आयोजनाको हालको लागि प्राविधिक अध्ययन पुरा गरिएको छ भने, वातावरणीय अध्ययनको काम तथा विद्युत खरिद बिक्री सम्झौताको काम अगाडी बढाइएको छ । त्रिशुली खोलामा अवस्थित मध्य त्रिशुली गंगा जलविद्युत आयोजना (१५.६ मेगावाट) मा करिब २० प्रतिशत लगानी गरी निर्माणको काम अगाडी बढाइएको छ । हाम्रो प्रमुख काम कम्पनीको दैनिक व्यवस्थापन गर्नु, अध्ययनमा रहेका आयोजनाहरूका अध्ययन प्रकृया पूरा गरी निर्माण शुरू गर्नु, निर्माणका चरणमा रहेका आयोजनाको निर्माण सम्पन्न गरी विद्युत उत्पादन यथाशीघ्र चाँडो शुरू गर्नु र सञ्चालनमा रहेका आयोजानहरूबाट अधिकतम लाभ हुने गरी विद्युत उत्पादन गर्नु हो ।

अन्य उपयुक्त विद्युत आयोजनाहरू र जलविद्युतसँग सम्बद्ध अन्य अरू व्यवसायको खोजी गरी सो मा लगानी गर्नको लागि हामी समर्पित भएर लागि परेका छौं ।

(ग) विगत वर्षको कारोबारको सिंहावलोकन:

हाम्रो आयको प्रमुख श्रोत भनेको इन्द्रावति ३ जलविद्युत आयोजनाबाट उत्पादित विद्युतको बिक्री नै हो । आ.व. २०७९/२०८०, २०८०/२०८१ तथा २०८१/०८२ को (हालसम्म) विद्युत बिक्री तथा सो बिक्रीबाट भएको आय निम्न रहेको छ ।

महिना	२०७९/०८०		२०८०/०८१		२०८१/०८२*	
	बिजुली बिक्री युनिट	आम्दानी (ने.रू)	बिजुली बिक्री युनिट	आम्दानी (ने.रू)	बिजुली बिक्री युनिट	आम्दानी (ने.रू)
श्रावण	४३,९९,४७५	१,९९,६५,२७४.०५	४८,१५,२३०	२,१६,३६,२००.१०	१,८९,७४०ॐ	९,१६,४४४.२०
भाद्र	४८,१२,६९४	२,१५,६७,८०१.४५	४९,४४,५३०	२,२०,६२,१८२.७०	४५,१३,३६०	२,०४,४५,२९५.२०
आश्विन	४९,१५,९४५	२,२०,९५,३५६.५५	४८,१५,३४०	२,१६,००,०११.४०	३४,२१,२२०	१,६३,७२,०६१.४०
कार्त्तिक	४८,०७,७१५	२,१५,७१,४१७.६५	४६,५२,०२०	२,०९,८७,५६१.४०	४४,४६,६२०	२,०२,१७,३११.४०
मार्ग	४१,५४,१०५	१,९०,०२,२९२.९५	४१,५७,३८०	१,९१,३२,६६१.४०		
पौष	३१,७१,८४०	१,५३,१९,९८७.२०	३०,१६,२६०	१,४५,६८,५३५.८०		
माघ	२१,८४,८८५	१,०५,५२,९९४.५५	२२,७५,८७०	१,०९,९२,४५२.१०		
फाल्गुण	१९,८२,७९०	९५,७६,८७५.७०	१९,१५,३००	९२,५०,८९९		
चैत्र	१८,६५,७५५	९०,११,५९६.६५	१८,४६,८७०	८९,२०,३८२.१०		
बैशाख	२०,८८,६६०	१०,०८,८२२७.८०	१६,८३,०४०	८१,२९,०८३.२०		
जेष्ठ	३१,९२,५६०	१५,४,२०,०६४.८०	२६,४४,७२०	१,२७,७३,९९७.६०		
आषाढ	४७,४०,९२०	२,१३,२०,९३६.४०	४२,०७,५००	१,९३,२०,६११.४०		
जम्मा		**१९,५४,९२,८२५.७५**		**१८,९३,७४,३९०.७०**		

* लेखा परिक्षण नभएको

ॐ ३१ आषाढ २०८१ को बाढीको कारणले २९ दिन विद्युत उत्पादन बन्द भएको

कम्पनीको आ.व. २०७८/०७९ तथा २०७९/०८० तथा २०८०/०८१ को लेखा परिक्षित तुलनात्मक आर्थिक विवरण देहाय बमोजिम छ ।

	आ.व. २०७८/०७९	आ.व. २०७९/०८०	आ.व. २०८०/०८१
कुल सम्पत्ति	२,००,७१,९८,१२६	२,२६,७२,६१,३५३	३,१२,२७,५८८७
कुल नेटवर्थ	१,५२,५६,१४,०८४	१,५४,००,६५,७६०	२,३७,४९,८३,९६०
ऋण	१८,१२,२२,६९५	४०,४४,७८,५१५	४५,३५,८३,९७५
विद्युत रोयल्टी भुक्तानी	२,४९,५१,६७७	२,७०,४९,२८२	२,६४,३७,४३९
सञ्चालन नाफा (नोक्सान)	१,४६,०९,२६९	१,६४,४८,४९८	(५६,४४,०८७)

[s] GAAP अनुसार

(घ) कम्पनीको गत वर्षका उपलब्धी:

गत वर्ष यस कम्पनीमा धेरै महत्वपूर्ण कामहरू भए । कम्पनीको सामान्य व्यवस्थापन देखि अन्य जटिल समस्याहरू, यसै वर्ष आएको भिषण बाढीको कारण कम्पनीले भोग्नु परेको क्षति तथा अन्य समस्या समाधान गर्न सञ्चालक समितिको अधिकतम समय र शक्ति व्यतित भए । ती मध्ये हासिल भएका केही महत्वपूर्ण कामहरू निम्नानुसारका छन् :

(क) कम्पनीको हरेक कृयाकलापबाट शेयरधनीले अधिकतम फाइदा प्राप्त गरून् भन्ने हेतुले कम्पनीको आन्तरिक नियन्त्रण प्रणालीलाई प्रभावकारी एवम् सुव्यवस्थित बनाईएको छ ।

(ख) इन्द्रावति ३ जलविद्युत आयोजनाको नियमित मरमत सम्भार भएको तथा यसै वर्ष बाढीले पुऱ्याएको क्षतिको मर्मत गरिँदै छ ।

(ग) कम्पनीले बुझाउनुपर्ने बक्यौताहरू नियमित गरिएको छ ।

(घ) कर्मचारी व्यवस्थापन सुदृढ गरिएको छ ।

(ङ) कम्पनीले बुझाउनु पर्ने विवरणहरू समयमा नै बुझाइएको छ ।

(च) तल्लो इन्द्रावतिको जलविद्युत आयोजनाको विद्युत उत्पादनको अनुमति पत्र प्राप्त भई सो आयोजनाको निर्माणको काम लगभग ७० प्रतिशत सम्पन्न भएको छ ।

(छ) लोअर इर्खुवा हाइड्रो पावर कम्पनीमा यस कम्पनीले controling share धारण गरी आफ्नो नेतृत्व दायी भूमिकामा तल्लो ईर्खुवा जलविद्युत आयोजनाको निर्माणका कामहरू अन्तिम चरणमा पुऱ्याइएको छ । सो आयोजनाबाट यसै वर्ष विद्युत उत्पादन गरिने छ ।

(झ) रामेछाप तथा ओखलढुङ्गा जिल्लाको बीच भएर बहने लिखु खोलामा ३६ मेगावाटको pondage run of the river आयोजनाको प्रवर्द्धक कम्पनी उज्यालो इनर्जि सोलुसन् प्रा.लि.मा यस कम्पनीले करिब ७५ प्रतिशत शेयर स्वमित्व लिएर सो आयोजनाको अध्ययनको काम अगाडी बढाइएको छ ।

(ङ) कम्पनीले भविष्यमा गर्नुपर्ने कामको सम्बन्धमा सञ्चालक समितिको धारणा तथा भावी रणनीति:

(१) कम्पनीको आन्तरीक नियन्त्रण प्रणालीलाई थप प्रभावकारी एवम् सुव्यवस्थित बनाई कम्पनीको हिसाब किताब पारदर्शी बनाउने, कम्पनीले बुझाउनु पर्ने विवरणहरू समयमा नै बुझाउने, र कर्मचारी व्यवस्थापन लगायत अन्य गतिविधिलाई सुदृढ बनाइने छ ।

(२) इन्द्रावति ३ जलविद्युत आयोजनाको नियमित मरमत सम्भार तथा दैनिक सञ्चालनको अलावा इन्द्रावति ३ जलविद्युत आयोजनाका विभिन्न प्राविधिक समस्याहरूको समाधान गरिने छ ।

(३) तल्लो इन्द्रावति जलविद्युत आयोजनाको निर्माणको काम सम्पन्न गर्ने तिर लागिने छ ।

(४) यस कम्पनीका शेयरधनीहरूको लगानीको दायरा बढाउने हेतुले भोजपुर जिल्लामा अवस्थित १४.१५ मेगावाट क्षमता भएको तल्लो इर्खुवा जलविद्युत आयोजनाको निर्माण कार्य अन्तिम चरणमा भइरहेकोमा सो आयोजनाबाट यसै वर्ष भित्र विद्युतको व्यापारिक उत्पादन शुरू गर्ने लक्ष्य रहेको छ ।

(५) रामेछाप तथा ओखलढुङ्गा निल्लाको बीच भएर बहने लिखु खोलामा ३६ मेगावाटको pondage run of the river आयोजनाको प्रवर्द्धक कम्पनी उज्यालो इनर्जि सोलुसन् प्रा.लि.को यस कम्पनीले स्वमित्व लिइ सो आयोजनाको अध्ययन तथा निर्माणको अगुवाइ गर्ने गरी काम अगाडी बढाइएकोमा सो आयोजनाको वातवरणीय अध्ययन सम्पन्न गर्ने तथा सो आयोजनाको विद्युत खरिद बिक्री सम्झौता समेत सम्पन्न गर्ने लक्ष्य लिइएको छ ।

(६) त्रिशुली खोलामा अवस्थित मध्य त्रिशुली गंगा जलविद्युत आयोजनामा (१५.६ मेगावाट) करिब २० प्रतिशत लागनी गरी निर्माणको काम अगाडी बढाइएकोमा सो आयोजनाको प्राविधिक तथा व्यवस्थापकीय जिम्मा लिइ सो आयोजनाको निर्माण सम्पन्न गरिने छ ।

(७) जलविद्युतसँग सम्बद्ध अन्य अरू व्यवसायमा संलग्न हुने अवसरको खोजी गरिने छ ।

(च) सञ्चालक समिति तथा त्यसमा भएको हेरफेर:

यस कम्पनीको मिति २०७८/१२/११ गते सम्पन्न भएको वार्षिक साधारणसभाबाट निर्वाचित ७ जना सञ्चालकहरू श्री कुमार पाण्डे, श्री अतेन्द्र बहादुर श्रेष्ठ, श्री कञ्चन प्रकाश पाण्डे, श्री नवराज नेपाल, श्री बिश्वेश्वर सुबेदी, श्री सोमनाथ सापकोटा र श्री शुशिला कुमारी शर्मा हुन् । निर्वाचित सञ्चालकहरू मध्ये श्री अतेन्द्र बहादुर श्रेष्ठज्यू र श्री नवराज नेपालज्यूले आफ्नो पदबाट राजिनामा पेश गरेकोमा स्वीकृत भएको छ ।

साथै, यस कम्पनीको मिति २०८१/०७/०६ गते बसेको सञ्चालक समितिको बैठकको निर्णय अनुसार कम्पनीका स्वतन्त्र सञ्चालकमा डा. ज्ञानेन्द्र लाल श्रेष्ठ (सिन्धुपाल्चोक) र श्री महेश प्रसाद काफ्ले (पाल्पा) लाई नियुक्त गरिएको छ ।

(छ) विगत आर्थिक वर्षको कुल व्यवस्थापन खर्चको विवरण:

आ.व. २०७९/०८० र २०८०/०८१ को व्यवस्थापन खर्च निम्नानुसार रहेको छ ।

खर्च	आ.व. २०७९/०८०	आ.व. २०८०/०८१
कुल व्यवस्थापन खर्च	४,८३,६३,००६	६,८२,६०,०५४
कार्यालय सञ्चालन खर्च	९३,३९,१३५	१,१५,६२,१०८
कर्मचारी खर्च (साईट सहित)	३,९०,२३,८७१	५,६६,९७,९४६+

+VRS तथा कर्मचारीको उपदान खर्च रू.१,८८,९३,१५१ समेत

(ज) विगतको वर्षमा कम्पनीका सञ्चालकहरूले धारण गरेको शेयरको स्वामित्वको विवरण:

सञ्चालकहरू मध्ये शेयर रहेका पब्लिक सञ्चालकहरूको विवरण निम्नानुसार छः

सि.नं.	नाम	पद	धारण गरेको शेयर कित्ता
१.	श्री कुमार पाण्डे	अध्यक्ष	१८७६
२.	श्री बिश्वेश्वर सुबेदी	सञ्चालक	२०८०
३.	श्री सोमनाथ सापकोटा	सञ्चालक	३५६
४.	श्री शुशिला कुमारी शर्मा	सञ्चालक	५९२०
५.	कञ्चन प्रकाश पाण्डे	सञ्चालक	१८६८

(झ) वित्तीय व्यवस्थापन तथा कर्जा भुक्तानी व्यवस्था:

कम्पनीको हालको वित्तीय संस्थाहरूसँग लिएको ऋणको अवस्था निम्नानुसार रहेको छ ।

ऋण रकम	२०७८/०७९	२०७९/०८०	२०८०/०८१
शुरु ऋण	८,६५,६३,३३८	१६,८७,२२,६९५	३५,२४,७८,५१५
बाँकी भएको ऋण	१६,८७,२२,६९५	३५,२४,७८,५१५	४३,४०,८३,९७५
ब्याज भुक्तानी	१,८६,३२,८४७	२,११,३५,६९०	२,५१,३०,८२४

(ञ) बीमा व्यवस्था:

यस कम्पनीको विद्युतगृह लगायत सम्पूर्ण संरचनाहरू र उपकरणहरू दैवि प्रकोपको लागि बीमित छन् भने कर्मचारीहरूलाई दुर्घटना बीमाको व्यवस्था गरिएको छ । यसरी आयोजनामा कुनै पनि कारणले क्षति पुगेको अवस्थामा हुन सक्नेसम्मको सुरक्षा व्यवस्था मिलाइएको छ । यस अनुसार गत वर्ष इन्द्रावति ३ जलविद्युत आयोजनामा बाढीको कारणले भएको क्षतिको मुल्याङ्कन गरी बीमा रकम दावी गरिएको छ ।

(ट) कर बक्यौता सम्बन्धमा:

आर्थिक वर्ष २०७८/०७९ सम्मको पूर्ण कर परिक्षण भई कर चुक्ता प्रमाणपत्र समेत प्राप्त भइसकेको छ ।

(ठ) मुद्दा तथा कानूनी कारवाही:

यस कम्पनीले काठमाडौं जिल्ला अदालतमा दायर गरेको मुद्दा विचाराधिन अवस्थामा रहको छ ।

(ड) कम्पनीको औद्योगिक वा व्यावसायिक सम्बन्ध:

यस कम्पनीले सबै सरकारी निकायहरू, संघ संस्था, जस्तै उर्जा जलश्रोत तथा सिंचाई मन्त्रालय, विद्युत नियमन आयोग, विद्युत विकास विभाग, नेपाल विद्युत प्राधिकरण, उद्योग विभाग, कम्पनी रजिष्ट्रारको कार्यालय, आन्तरिक राजश्व कार्यालय, वन विभाग, शान्ति सुरक्षाका अङ्गहरू तथा नेपाल सरकारका विभिन्न मन्त्रालयहरू, बैंक तथा वित्तीय संस्थाहरू, बीमा कम्पनी, नेपाल धितोपत्र बोर्ड, नेपाल स्टक एक्सचेन्ज लि., विभिन्न स्वदेशी गैर सरकारी संघ संस्थाहरू तथा अन्य सबै सरोकारवालाहरूसँग सुमधुर सम्बन्ध कायम राख्दै व्यवसाय सञ्चालन गर्दै आएको छ । कम्पनीले निजी क्षेत्रबाट विद्युतको अन्तर्राष्ट्रिय व्यापारमा संलग्न हुनको लागि Nepal Power Exchange Ltd. को संस्थापक शेयरधनी भई उक्त कम्पनीमा सहभागी भएको छ । जलविद्युत क्षेत्रमा कार्यरत गैह्र सरकारी संस्थाहरू जस्तै स्वतन्त्र उर्जा उत्पादकहरूको संस्था नेपाल (इप्पान) तथा उद्योग वाणिज्य महासंघ (FNCCI) सँग पनि हामी आवद्ध छौं ।

(ढ) आन्तरिक नियन्त्रण प्रणालीको विस्तृत विवरण:

कम्पनीको आन्तरिक नियन्त्रण प्रणालीलाई प्रभावकारी बनाई सुव्यवस्थित रूपमा कारोबार सञ्चालन गर्नका लागि सञ्चालक समिति प्रतिवद्ध रहेको छ । साथै कम्पनी ऐन, २०६३ मा व्यवस्था भए अनुसार लेखापरिक्षण समिति गठन गरिएको छ । नियमित रूपमा आन्तरिक लेखापरिक्षण तथा वाह्य लेखापरिक्षण गरिएको छ । कम्पनीको कर्मचारी तथा उनीहरूका समस्याको व्यवस्थापनको लागि मानव संशाधन समिति सकृय छ । नियम अनुसार त्रैमासिक प्रतिवेदनहरू समयमै सार्वजनिक पनि गरिएको छ । प्रचलित कानून र नियमहरूको अधिनमा रहि कम्पनीले व्यवसायिक कारोबार गर्दै आइरहेको छ । यसका अलावा सञ्चालक समितिले आर्थिक प्रशासन विनियमावली, कर्मचारी प्रशासन विनियमावली, निर्वाचन निर्देशिका आदि स्वीकृत गरी सोही अनुसार काम भइरहेका छन् । यसले गर्दा कम्पनीका काम पारदर्शि रहेका छन् ।

(ण) संस्थागत सामाजिक उत्तरदायित्व:

यस कम्पनीले आयोजना प्रभावित क्षेत्र तथा कार्यालय भएको स्थानमा विभिन्न आर्थिक तथा भौतिक सहयोगात्मक कार्यक्रमहरू गर्दै आइरहेको छ । कम्पनीका आयोजनाहरूले प्रभाव पारेका क्षेत्रका स्थानियहरूको स्थानिय बाटोहरू मर्मत तथा स्तरोन्नति गर्ने, बाढी पहिरोबाट बस्ति बचाउन तार जाली उपलब्ध गराउने, वन संरक्षण गर्न स्थानिय वन उपभमेक्ता समितिहरूलाई आर्थिक तथा भौतिक सहयोग उपलब्ध गराउने तथा स्थानिय युवाहरूलाई खेलकूद लगायतका कृयाकलापमा सहयोग पुऱ्याउँदै आएको छ ।

(त) धन्यवाद ज्ञापन:

यस कम्पनीलाई प्रगति र सफलतातिर लैजान अहोरात्र सहयोग पुऱ्याउने तथा बहुमूल्य सुझाव दिई कम्पनीको कार्य अभिवृद्धि गर्न सहयोग पुऱ्याउने सम्पूर्ण शेयरधनी महानुभावहरू, सञ्चालकज्यूहरू, उर्जा मन्त्रालय तथा नेपाल सरकारका सम्बन्धित निकायका पदाधिकारीज्यूहरू, कम्पनी रजिष्ट्रारको कार्यालय, नेपाल धितोपत्र बोर्ड, नेपाल स्टक एक्सचेन्ज लि., नेपाल विद्युत प्राधिकरणका पदाधिकारीज्यूहरू, ज्योति विकास बैंक लि. लगायत अन्य ऋणदाता बैंकहरू, कम्पनीका तर्फबाट बहस पैरवी गर्ने कानून व्यवसायी, कम्पनी सचिव तथा यस कम्पनीको केन्द्रीय कार्यालय र सिन्धुपाल्चोकको विद्युत उत्पादन केन्द्रमा अहोरात्र खटिएका कर्मचारी मित्रहरू सबैलाई धन्यवाद दिन चाहन्छु । आगामी दिनहरूमा पनि यस कम्पनीले यहाँहरूबाट सहयोग तथा सद्भाव पाउने अपेक्षा राखेका छौं ।

धन्यवाद ।

कुमार पाण्डे
कार्यकारी अध्यक्ष
मिति २०८१/०८/०३

बि.बि.आर.बि. एण्ड एसोसिएट्स
B.B.R.B. & ASSOCIATES
Chartered Accountants

Firm Reg. No.: 556
PAN: 603251609
www.bbrbassociates.com
Email: info@bbrbassociates.com

INDEPENDENT AUDITOR'S REPORT

To the Shareholders of
National Hydro Power Company Limited
Kathmandu, Nepal
Report on the Audit of the Financial Statements

Disclaimer Opinion

We were engaged to audit the financial statements of **National Hydro Power Company Limited**, which comprise the statement of Balance sheet as at 31st Ashad 2080 (16th July 2023), and the statement of Profit & Loss Account, statement of changes in equity and cash flow statement for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

We do not express our opinion on the accompanying financial statements of **National Hydro Power Company Limited** whether the financial statement are fairly presented as per Nepal Financial Reporting Standards, because of significance of the matters described in the basis for disclaimer of opinion section of our report.

Basis for Disclaimer of Opinion

The Institute of Chartered Accountants of Nepal (ICAN) had issued Financial Reporting Framework **"Nepal Financial Reporting Standards (NFRS)"** applicable to Entity having public accountability effective from Fiscal Year 2073/74 (i.e. 2016/17) which requires changes in financial reporting framework required transition to NFRS & presentation of at least Three Statements of Financial Position, Two statements of Profit or loss and other comprehensive income, Statement of Cash Flows, Statement of Changes in Equity, Two separate income statements and related notes including comparative information.

Based on test of criteria for applicability of NFRS, NHPCL has to prepare its financial statements complied with Nepal Financial Reporting Standards from Fiscal Year 2073/74 Restating, Presenting & Disclosing of financial information in compliance with provision of NFRS because the entity is a company listed in NEPSE. However, Management of NHPCL has not prepared financial statements based on NFRS and is ascertaining the cumulative material effect for implementation of transitional provision of "NFRS 1 First-time Adoption of Nepal Financial Reporting Standards" considering its technicality in order to duly comply with the Financial Reporting Framework so laid down by ICAN.

Emphasis of Matter

We draw attention to following matters:

a) As stated in note no. B(6) to the financial statement, the company has adopted policy to depreciate Buildings, Office Equipment, Computer Accessories, Vehicles, Machinery Equipment as per rates as prescribed by Income Tax Act 2058 on written down value method. Adoption of such policy does not confirm with NAS 16 which requires estimation of useful life of assets for formulating policy for depreciation.
   i) As per auditor's report of FY 2063-64, the company had depreciated Electromechanical Equipment at the rate of 6.66 % on straight line method during the financial year 2059-60 to 2062-63 resulting in excess depreciation of Rs. 20,109,330 as against depreciation that would have to be charged at the rate of 4% of depreciation rate on SLM basis provided in Electricity Act 2049.Similarly, the company had depreciated Civil, Transmission Line, Hydro Mechanical Equipment and Approach Road at the rate of 2.209 % on straight line method during the financial year 2059-60 to 2062-63 resulting in short depreciation of Rs. 79,042,161 as against depreciation that would have to be



Reg Address:
Kathmandu-31, Bagmati, Nepal
Phone: +977-01-410-6678

Branch office:
Nepalgunj-2, Lumbini, Nepal
Phone: +977-081-532-906

charged at the rate of 4% of depreciation rate on SLM basis provided in Electricity Act 2049. The excess and short depreciation for the aforesaid period 2059-60 to 2062-63 has not been adjusted in the books of company while preparing financial statement of financial year 2079-80. Had the company adjusted the net short depreciation charged up to 2062-2063 accumulated loss of the company would increase by Rs. 58,932,831.

ii) As per earlier audited financial statement and auditor's report of FY 2075-76, the company had depreciated Civil Hydro Electrical Rectification using depreciation rate of 2.209 % on SLM basis during FY from 2066-67 to FY 2078-79 as against depreciation that would have to be charged at the rate of 4% on SLM basis provided in Electricity Act 2049. Had the company depreciated Civil Hydro Electrical Rectification using the depreciation rate as per Electricity Act 2049 accumulated loss of the company would have increased by Rs.332,178,006.94/-

iii) As stated in note no. B (6) to the financial statement, policy for depreciation adopted by company related to Civil Hydro Electrical Rectification is not in accordance with provision of Electricity Act 2049. The company has used 2.209 % depreciation rate on straight line method over the project life of 45.25 years. Had the company followed the depreciation rate of 4% on straight line method as per Electricity Act, 2049 depreciation for Civil Hydro Electrical Rectification for the current year would have increased by Rs. 28,677,868.35/-.

Had the company depreciated Civil Hydro Electrical Rectification, Electromechanical Equipment and Civil, Transmission Line, Hydro Mechanical Equipment and Approach Road using depreciation rate of 4% on SLM basis as per Electricity Act 2049, as discussed in point (i) to (iii) above accumulated depreciation as at the end of the financial year 2078-79 would increase by Rs. 419,788,706.29/- and value of fixed assets would decrease by the same amount.

b) Gratuity has been recognized on cash basis which is not in accordance with the Nepal Accounting Standard (NAS-19).

c) As stated on Notes C (2) to the financial statements of the company, share advances includes Investment advance to Lower Erkhuwa Hydropower company limited amounting NRs. 184,550,000.00 and to Ujyalo Energy Solutions Private Limited amounting NRs. 4,000,000.00.

d) As stated on Notes C (3) to the financial statements of the company, as per the conditions of the License obtained for the Lower Indrawati HPP, the company will pay Rs. 62,025,000.00 per annum from the year 2085/086 for up to 10 years thereafter, from the revenue of the Project as part of license fee.

e) NAS 12 requires the Company to recognize Deferred Tax Asset/Liability arising from temporary differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit. However, the Company has not assessed the amount of deferred tax.

f) The Company has outstanding calls in arrears of NRs 1,522,000. The recovery of remaining receivable on such shares is unascertainable since the name of partly paid-up shareholders are not available with the Company.

g) 25,000 additional shares of **Company** have been listed in NEPSE after a successful acquisition of Sunkoshi Hydropower Company Limited. Total number of paid-up shares is 16,465,389.45 whereas the number of shares listed for trading in Nepal Stock Exchange is 16,442,919 (as represented by the management) resulting the difference in number of shares by 22,470.45.

h) We draw attention to note no. C (3) of the financial statements which discusses the fact that the Meeting Fee Allowance & Expenses of directors and other committee members of NRs. 2,429,722.13/-, Transportation & communication

BBK & Associates Firm No. 556 Chartered Accountants

allowance of Directors NRs. 941,030.00/-, Executive chairman remuneration NRs. 6,053,664.00 /-shall be ratified by the forthcoming AGM.

i) The company had investment in its subsidiary company (Sunkoshi Hydro Power Company Limited, SHPCL) amounting to Rs. 350,000,000 and the advances to the SHPCL amounting to Rs. 288,171,733/- . The company had Completed the process of acquiring SHPCL during the year.

j) Lower Indrawati Project, all direct and indirect expenses related to its construction is accounted as Project Work in Progress as reflected in financial position. The project was previously being developed by Sunkoshi Hydro Power Company Limited (SHPCL) a subsidiary of the company. The cost of NRS 63.81 Crore was incurred by SHPCL in developing the Project. After NHPC acquired SHPC, the same cost along with other adjustment of Capital of NRs 25 Lakhs and Bank Balances of NRs 9.31Lakhs with SHPCL has been adjusted in Project WIP in FY 2079-80 which is NRs 63.97 Crore. The total value of project in progress shall be transferred to Property, Plant & Equipment and other assets after the completion of construction of Project. The till date cost incurred for the project is NRs 901,552,011.59.

k) The Company has separated 2 % of its Net Profit before tax and bonus as provision for staff bonus for the year ending 32nd Ashad 2079 complying with section 15 of Electricity Act 2049 and Rule no. 86 of Electricity Regulation 2050. However, the Bonus Act 2030 is not complied.

l) Company has set aside 1 % of current year Net Profit before tax and bonus for CSR expenses.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with NAS and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud and 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 the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with NSAs, we exercise professional 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 controls relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.

B.R.B & Associates Firm No. 556 Chartered Accountants

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

Report on Other Legal Requirements

we have obtained information and explanations asked for, which, to the best of our knowledge and belief, were necessary for the purpose of our audit. In our opinion, statement of financial position, statement of profit and loss, statement of changes in equity and statement of cash flows, have been prepared in accordance with the requirements of Companies Act,2063 and are in agreement with the books of account maintained by the company and proper books of account as required by law maintained by the company including relevant records relating to preparation of the aforesaid financial statements have been kept so far as it appears from our examination of those books and records of the Company.

To the best of our information and accordance to explanation given to us and so far appeared from our examination of the books of accounts of the company necessary for the purpose of the audit, we have not come across cases where Board of Directors or any employees of the Company acted contrary to the provisions of law relating to the accounts, or committed any misappropriation or caused loss or damage to the Company or acted in a manner to jeopardize the interest and security of the company, its stakeholders.



Bishwa Ram Bhandari, FCA
Partner
Membership No: 830
UDIN: 231123CA008305NZIR

B.B.R.B and Associates
Chartered Accountants

Kathmandu, Nepal
Date: 23rd Kartik ,2080

National Hydro Power Company Limited

Binayaknagar-10, New Baneshwor, Kathmandu

Balance Sheet

As at Ashad 31, 2080

Particulars	Schedule	31 Ashad, 2080	32 Ashad, 2079
Sources of Funds:			
Share Capital	1	1,645,016,943.55	1,642,516,943.55
Reserve & Surplus	2	15,043,701.23	15,325,508.42
Secured Loan	3	135,708,116.16	153,237,508.23
Total		**1,795,768,760.94**	**1,811,079,960.20**
Application of Funds:			
Property, Plant & Equipment	4		
Gross Block		2,055,505,374.57	2,034,311,102.36
Less: Accumulated Depreciation		1,052,458,464.53	994,404,112.93
Net Block		**1,003,046,910.04**	**1,039,906,989.42**
Project WIP			
Lower Indrawati 4.5 MW	17	901,552,011.59	70,970,508.13
Long Term Investments	5	107,030,500.00	450,030,500.00
Current Assets			
Sundry debtors	6	21,549,381.47	20,788,349.98
Advances and other Receivables	7	197,234,212.04	399,762,271.60
Cash & Bank Balances	8	2,030,344.44	403,789.59
Total Current Assets		**220,813,937.95**	**420,954,411.17**
Less: Current Liabilities & Provisions			
Short Term Loan (Secured & Unsecured)	9	268,770,399.79	27,985,186.96
Trade & Other Payables	10	163,180,297.85	133,184,010.97
Provisions	11	4,723,900.99	9,613,250.45
Total Current Liabilities		**436,674,598.63**	**170,782,448.38**
Net Current Assets		**(215,860,660.68)**	**250,171,962.79**
Total		**1,795,768,760.94**	**1,811,079,960.20**
Significant accounting policies & Notes to the Account	18		

As per our attached report of even date

For & On Behalf of the Company

For B.B.R.B. & Associates,
Chartered Accountants

Firm No. 556

Subas Danuwar Accountant | **Bishweshwar Subedi** Director | **Som Nath Sapkota** Director | **Kanchan Pandey** Director | **Bishwa Ram Bhandari, FCA** Partner

Nawa Raj Nepal Director | **Shushila Sharma** Director | **Kumar Pandey** Executive Chairman

National Hydro Power Co. Ltd. NHPC

Date: 23rd Kartik,2080
Kathmandu, Nepal

National Hydro Power Company Limited

Binayaknagar-10, New Baneshwor, Kathmandu

Profit and Loss Account

For the Period ended 1st Shrwan 2079 to 31st Ashad 2080

Particulars	Schedule	FY 2079-80	FY 2078-79
Electricity Sales	12	195,492,825.75	174,516,771.89
Less: Cost of Sales	13	78,583,797.63	80,870,671.97
Gross Profit		**116,909,028.12**	**93,646,099.92**
Add: Other Income	14	471,364.13	44,308,236.50
Less: Administrative & General Expenses	15	29,268,659.57	35,813,096.19
Profit before Interest, Taxes & Depreciation		**88,111,732.68**	**102,141,240.23**
Depreciation	4	58,054,351.59	59,285,873.01
Profit before Interest & Taxes		**30,057,381.09**	**42,855,367.22**
Less:			
Interest & Financial Expenses	16	21,135,690.61	18,632,847.34
Profit/(Loss) before Taxes		**8,921,690.48**	**24,222,519.88**
Less: Tax Expenses			
Provision for Bonus		178,433.81	484,450.40
Provision for CSR		89,216.90	242,225.20
Provision for Tax		4,439,025.07	8,886,574.85
Profit/(Loss) after Taxes		**4,215,014.69**	**14,609,269.44**
Less: Prior Period Expenses		-	-
Profit/(Loss) transferred to Balance Sheet		**4,215,014.69**	**14,609,269.44**
No. of Share Outstanding as on Date of Balance Sheet		16,465,389.44	16,440,389.45
Earning Per Share (Rs/Share)		0.26	0.89
Diluted Earning Per Share (Rs./Share)		0.26	0.89
Significant accounting policies & Notes to theAccount	17		

For & On Behalf of the Company

As per our attached report of even date
For B.B.R.B. & Associates,
Chartered Accountants

Subas Danuwar
Accountant

Bishweshwar Subedi
Director

Som Nath Sapkota
Director

Kanchan Pandey
Director

Bishwa Ram Bhandari, FCA
Partner

Nawa Raj Nepal
Director

Shushila Sharma
Director

Kumar Pandey
Executive Chairman

Date: 23rd Kartik,2080
Kathmandu, Nepal

National Hydro Power Company Limited

Binayaknagar-10, New Baneshwor, Kathmandu

Cash Flow Statement

For the Period ended 1st Shrwan 2079 to 31st Ashad 2080

Particulars		FY 2079-80	FY 2078-79
Cash Flow From Operating Activities:			
Profit (Loss) after tax as per P & L A/c		4,215,014.69	14,609,269.44
Add:-Depreciation		58,054,351.59	59,285,873.01
Add:-Interest Expenses		21,135,690.61	18,632,847.34
Less: Provision Written back		(4,496,821.87)	(2,192,143.48)
Cash Flow from Operating activities before changes in W/C		**78,908,235.02**	**90,335,846.30**
Cash Flow From Operating Activities:			
Decreases/(Increases) in Current Assets		201,767,027.92	(20,862,737.58)
Increases/(Decreases) in Current Liabilities		265,892,150.25	117,286,391.21
Net Cash Flow from Operating activities		**546,567,413.19**	**186,759,499.93**
Cash Flow from Investing Activities			
Sales/(Purchase) of Fixed Assets		(21,194,272.21)	(168,005,618.13)
Increase in Project WIP		(830,581,503.46)	(70,970,508.13)
Decreases/(Increases) in Investment		343,000,000.00	(105,400.00)
Net Cash Flow from Investing activities		**(508,775,775.67)**	**(239,081,526.26)**
Cash Flow from Financing Activities			
Increase/(Decrease) in Borrowing(Loan)		(17,529,392.07)	66,674,170.15
Interest Paid		(21,135,690.61)	(18,632,847.34)
Increase/(Decrease) in Capital		2,500,000.00	256,605,743.55
Dividend Paid (FY 2077-78)		-	(270,111,309.00)
Net Cash Flow from Financing activities		**(36,165,082.68)**	**34,535,757.36**
Total Cash Flow From All Activities		**1,626,554.84**	**(17,786,268.97)**
Opening Cash & Cash Equivalents		403,789.59	18,190,058.56
Closing Cash & Bank Balances & Equivalents		**2,030,344.44**	**403,789.59**
Contingent Liability	16		
Significant accounting policies & Notes to theAccount	17		

As per our attached report of even date

For & On Behalf of the Company

For B.B.R.B. & Associates,
Chartered Accountants

Subas Danuwar Accountant
Bishweshwar Subedi Director
Som Nath Sapkota Director
Kanchan Pandey Director

Bishwo Ram Bhandari, FCA
Partner

Nawa Raj Nepal Director
Shushila Sharma Director
Kumar Pandey Executive Chairman

Date: 23rd Kartik,2080
Kathmandu, Nepal

National Hydro Power Company Limited
Binayaknagar-10, New Baneshwor, Kathmandu

Statement of Changes in Equity
For the Period ended 1st Shrwan 2079 to 31st Ashad 2080

Particulars	Share Capital	Share Premium	Revaluation	Retained Earnings	Other Reserves	Total
Balance as at 1st Shrawan, 2078	1,385,911,200.00	-	-	273,019,691.46	-	1,658,930,891.46
Change in accounting Policy	-	-	-	-	-	-
Restated Balance	**1,385,911,200.00**	**-**	**-**	**273,019,691.46**	**-**	**1,658,930,891.46**
Changes in Equity for 2078-79						
Profit for the Year	-	-	-	14,609,269.44	-	14,609,269.44
Prior Period Expenses				(2,192,143.48)	-	(2,192,143.48)
Dividend to shareholders	-	-	-	(270,111,309.00)	-	(270,111,309.00)
Shares Issued	256,605,743.55	-	-	-	-	256,605,743.55
Balance as at Ashad 32, 2079	**1,642,516,943.55**	**-**	**-**	**15,325,508.42**	**-**	**1,657,842,451.97**
Changes in Equity for 2079-80						
Profit for the Year	-	-	-	4,215,014.69	-	4,215,014.69
Prior Period Expenses				(4,496,821.87)	-	(4,496,821.87)
Dividend to shareholders	-	-	-		-	-
Shares Issued	2,500,000.00	-	-	-	-	2,500,000.00
Balance as at Ashad 31, 2080	**1,645,016,943.55**	**-**	**-**	**15,043,701.23**	**-**	**1,660,060,644.78**

National Hydro Power Co. Ltd. NHPC

BBR & Associates Chartered Accountants Firm No. 556

National Hydro Power Company Limited

Binayaknagar-10, New Baneshwor, Kathmandu

Property, Plant & Equipment

As at Ashad 31, 2080

Schedule-4

S.N.	Particulars	Rate	Base	Gross Block			Accumulated Depreciation			Net Block	
				Opening	Addition During the Year	Total	Upto last year	During the year	Total	31 Ashad, 2080	32 Ashad, 2079
1	Land & Land Developments	0%	WDV	25,954,539.92	-	25,954,539.92	-	-	-	25,954,539.92	25,954,539.92
2	Building	5%	WDV	1,473,484.13	-	1,473,484.13	944,912.03	26,428.61	971,340.63	502,143.50	528,572.10
3	Furniture & Fixture	25%	WDV	3,844,903.10	539,005.68	4,383,908.78	3,409,553.28	243,588.88	3,653,142.15	730,766.63	435,349.82
4	Computer & Accessories	25%	WDV	1,230,222.85	33,735.30	1,263,958.15	809,012.30	113,736.46	922,748.76	341,209.39	421,210.55
5	Others	25%	WDV	1,978,654.25	28,000.00	2,006,654.25	1,477,686.73	132,241.88	1,609,928.61	396,725.64	500,967.52
6	Vehicle	20%	WDV	11,435,250.00	4,275,000.00	15,710,250.00	8,705,427.04	545,964.59	9,251,391.63	6,458,858.37	2,729,822.96
7	Electro Mechanical Equipment & TL	4%	SLM	262,361,144.75	8,230,956.23	270,592,100.98	205,333,646.83	10,823,684.04	216,157,330.87	54,434,770.11	57,027,497.92
8	Civil Hydro Electrical Rectification	2.21%	SLM	1,601,221,013.65	-	1,601,221,013.65	673,014,324.56	35,370,972.19	708,385,296.75	892,835,716.90	928,206,689.09
9	Approach Road	4%	SLM	83,065,315.97	-	83,065,315.97	59,501,679.40	3,322,612.64	62,824,292.04	20,241,023.93	23,563,636.57
10	Machinery Equipment	15%	SLM	41,746,573.74	8,087,575.00	49,834,148.74	41,207,870.77	7,475,122.31	48,682,993.08	1,151,155.66	538,702.97
	Grand-Total			**2,034,311,102.36**	**21,194,272.21**	**2,055,505,374.57**	**994,404,112.93**	**58,054,351.59**	**1,052,458,464.53**	**1,003,046,910.04**	**1,039,906,989.42**



National Hydro Power Company Limited

Binayaknagar-10, New Baneshwor, Kathmandu

Share Capital: **Schedule: 1**

Particulars	Ashadh 31, 2080	Ashadh 32, 2079
AUTHORIZED CAPITAL		
250,00,000 Equity Shares @ Rs. 100 Each	2,500,000,000.00	2,500,000,000.00
ISSUED & SUBSCRIBED CAPITAL		
(CY 246,26,879.15 Equity Shares @ Rs. 100 Each)	2,462,687,915.00	2,462,687,915.00
(PY 210,00,000 Equity Shares @ Rs. 100 Each)		
CALLED AND PAID-UP CAPITAL		
(CY 16,465,389.45 Shares of Rs 100 Each)	1,646,538,943.55	1,644,038,943.55
(PY 16,440,389.45 Shares of Rs 100 Each)		
Less: Calls in Arrears	(1,522,000.00)	(1,522,000.00)
Total	**1,645,016,943.55**	**1,642,516,943.55**

Reserve & Surplus: **Schedule: 2**

Particulars	Ashadh 31, 2080	Ashadh 32, 2079
Opening Reserve & Surplus	15,325,508.42	273,019,691.46
Add: Profit/(loss) during the Year	4,215,014.69	14,609,269.44
Less: Bonus Share & Cash Dividend	-	(270,111,309.00)
Less: PY Tax Expenses	(4,496,821.87)	(2,192,143.48)
Total	**15,043,701.23**	**15,325,508.42**

Secured Loans: **Schedule: 3**

Particulars	Ashadh 31, 2080	Ashadh 32, 2079
A. Vehicle Loan		
Jyoti Bikas Bank	1,054,348.99	1,671,707.50
B. Term Loan		
Jyoti Bikas Bank Limited	134,653,767.17	151,565,800.73
Total	**135,708,116.16**	**153,237,508.23**

Long Term Investments: **Schedule: 5**

Particulars	Ashadh 31, 2080	Ashadh 32, 2079
Sunkoshi Hydro Power Company Ltd.(3,500,000 Shares @ Rs 100 each)	-	350,000,000.00
Global IME General Insurance	355,500.00	355,500.00
Lower Erkhuwa Hydropower Company Pvt. Ltd. (995,750 Shares @ Rs 100 each)	99,575,000.00	99,575,000.00
Ujyalo Energy Solution Pvt. Ltd.	7,000,000.00	-
Share Nepal Power Exchange	100,000.00	100,000.00
Total	**107,030,500.00**	**450,030,500.00**

BDRB & Associates Chartered Accountants Firm No. 556

National Hydro Power Co. Ltd. NHPC

National Hydro Power Company Limited

Binayaknagar-10, New Baneshwor, Kathmandu

Sundry Debtors: **Schedule: 6**

Particulars	Ashadh 31, 2080	Ashadh 32, 2079
Nepal Electricity Authority	21,549,381.47	20,788,349.98
Insurance Claim Receivable	-	-
Total	**21,549,381.47**	**20,788,349.98**

Advances & Trade Receivables: **Schedule: 7**

Particulars	Ashadh 31, 2080	Ashadh 32, 2079
Sunkoshi Hydro Power Co Ltd	-	288,171,733.00
Office Work Advance	444,088.49	611,559.71
Salary Advance	958,819.35	695,597.87
Deposits	304,500.00	732,000.00
Other Advances	709,701.00	1,250,000.00
Share Advance	188,550,000.00	104,550,000.00
Project -Likhu (Ujyalo Energy Solution Pvt. Ltd.)	1,177,740.88	-
Advance Tax and TDS receivable	225.00	-
Cash Margin	3,137,702.14	1,934,202.14
Prepaid Insurance	1,951,435.18	1,817,178.88
Total	**197,234,212.04**	**399,762,271.60**

Cash & Bank Balances: **Schedule: 8**

Particulars	Ashadh 31, 2080	Ashadh 32, 2079
Cash in hand (As certified by the management)	28,641.00	-
Bank Balances	2,001,703.44	403,789.59
Total	**2,030,344.44**	**403,789.59**

Short Term Loan **Schedule: 9**

Particulars	Ashadh 31, 2080	Ashadh 32, 2079
Jyoti Bikas Bank	14,970,399.79	15,485,186.96
Jyoti Bikas Bank- BGL	201,800,000.00	-
Unsecured Loan - Director	52,000,000.00	12,500,000.00
Total	**268,770,399.79**	**27,985,186.96**

Trade & Other Payables: **Schedule: 10**

Particulars	Ashadh 31, 2080	Ashadh 32, 2079
Sundry Creditors	130,888,239.07	98,546,319.48
TDS Payable	6,452,393.33	2,557,067.15
Audit fee payable	167,250.00	167,250.00
Other payable - Directors	-	56,383.33
Leave Salary Payable	1,799,636.42	1,219,407.68
PF Payable	370,642.66	411,154.73
Medical allowances Payable	1,518,587.70	1,103,129.40
Salary Payable	2,558,712.59	3,925,236.82
Royalty Payable	9,351,091.42	9,274,988.31

BBRB & Associates Firm No. 556 Chartered Accountants

National Hydro Power Co. Ltd. NHPC

National Hydro Power Company Limited
Binayaknagar-10, New Baneshwor, Kathmandu

Other payable- Including Retentions	10,073,744.66	2,417,508.62
Dividend Tax Payable (2077-78)	-	13,505,565.45
Total	**163,180,297.85**	**133,184,010.97**



National Hydro Power Company Limited

Binayaknagar-10, New Baneshwor, Kathmandu

Provisions:		**Schedule: 11**
Particulars	**Ashadh 31, 2080**	**Ashadh 32, 2079**
Provision for Tax	4,439,025.07	8,886,574.85
Provision for Bonus	178,433.81	484,450.40
Provision for CSR	106,442.10	242,225.20
Total	**4,723,900.99**	**9,613,250.45**

Revenue:		**Schedule: 12**
Particulars	**FY 2079-80**	**FY 2078-79**
Electricity Sales to NEA	195,492,825.75	174,516,771.89
Total	**195,492,825.75**	**174,516,771.89**

Cost of Sales:		**Schedule: 13**
Particulars	**FY 2079-80**	**FY 2078-79**
Electricity Expenses	90,965.00	82,322.00
Fuel Machinery & Gas Expenses	616,231.20	597,618.00
Insurance Expenses	2,493,412.80	3,060,489.01
Overtime Expenses	840,333.97	557,067.88
Repair And Maintenance Expenses (PH, Building, Machinery)	22,367,884.57	21,731,049.42
Royalty Expenses	27,049,282.58	24,951,677.19
Salary & Allowances -Site office	20,585,494.35	19,240,905.41
Leave Salary- Site Office	1,443,614.30	1,301,371.57
Site Office Expenses	1,306,463.88	763,653.95
Wages Expenses-Site	922,235.00	2,721,597.22
Working Dress Expenses	514,000.00	559,000.00
Social Mitigation- Site	65,000.00	2,474,500.00
Land Lease Expenses	288,879.98	2,829,420.32
	78,583,797.63	**80,870,671.97**

Other Income:		**Schedule: 14**
Particulars	**FY 2079-80**	**FY 2078-79**
Insurance Claim	205,500.00	44,122,300.00
Miscellaneous Income	265,864.13	185,936.50
Total	**471,364.13**	**44,308,236.50**

BBRB & Associates Chartered Accountants Firm No. 556

National Hydro Power Co. Ltd. NHPC

National Hydro Power Company Limited

Binayaknagar-10, New Baneshwor, Kathmandu

Administrative Expenses : **Schedule: 15**

Particulars	FY 2079-80	FY 2078-79
Advertisement & Publicity	663,955.00	610,944.41
AGM Expenses	554,452.00	459,635.72
Approval & Appication Fee (Bonus Share & Right Share)	1,046,451.40	2,100,823.88
Audit Fee	169,500.00	169,500.00
Tax Audit fee	84,750.00	84,750.00
Allowances Expenses	421,490.00	273,460.00
Training Expenses	39,000.00	-
Loan Processing & Bank Charge	666,041.84	3,153,639.96
CDS Charge	-	440,000.00
Consultancy Service Fee	734,500.00	2,212,518.81
Conveyance	20,254.00	27,820.00
Dashain Allowances HO	976,404.77	684,265.40
Fuel (Vehicle)	223,667.50	76,989.00
Gift and Donation	50,000.00	97,425.00
Gratuity and CIT Expenses	-	3,412,927.27
House rent	1,193,332.00	635,000.00
Internal Audit fee	452,000.00	395,500.00
Internet Expenses	52,206.00	36,612.00
Legal Fee & Expenses	257,200.00	1,965,008.23
Leave Salary - HO	356,022.12	162,181.97
Medical Expenses (Covid -19)	-	13,670.00
Meeting Fee, Allowances and expenses	2,429,722.13	1,854,071.87
Membership Fee	-	30,000.00
Miscellaneous Expenses	131,887.38	97,452.83
News Paper and Magazine	57,240.00	40,680.00
Office & Kitchen Expenses	605,877.78	526,994.41
OCR Expenses	193,201.50	167,170.00
Picnic Expenses	-	386,357.40
Printing & Stationery	512,482.63	550,152.57
Providend Fund HO	423,136.08	606,250.39
Puja Expenses	25,000.00	12,523.75
ICRA - Rating Expenses	-	265,550.00
Renewal Expenses	204,190.00	156,800.00
Repair and Maintenance	699,935.22	298,188.25
RTS Fee	100,000.00	100,000.00
Salary and Allowances Ho	13,884,866.10	11,885,302.98
Security Service Fee	293,207.88	270,607.39
Telephone and Postage	57,790.00	66,202.03
Transportation and Communications Allowances	941,030.00	1,041,860.67
Web Hosting & IT Expenses	190,287.00	30,510.00
Custom & Other Clearning Expenses	177,442.24	-
Vehicle Hire Charges	380,137.00	413,750.00
Total	**29,268,659.57**	**35,813,096.19**

National Hydro Power Company Limited

Binayaknagar-10, New Baneshwor, Kathmandu

Financial Expenses **Schedule: 16**

Particulars	FY 2079-80	FY 2078-79
Interest on loan from Banks	21,135,690.61	18,632,847.34
Total	21,135,690.61	18,632,847.34

National Hydro Power Company Limited

Binayaknagar-10, New Baneshwor, Kathmandu

Lower Indrawati 4.5 MW — **Schedule: 17**

Particulars	FY 2079-80	FY 2078-79
Opening WIP	**70,970,508.13**	-
Acquisition Fee (SHPC)	-	950,000.00
Advertising Expenses	172,890.00	-
AGM Expenses (Sunkoshi)	-	1,525.50
Allowances Expenses	28,250.00	28,250.00
Audit Fee (SHPC)	226,000.00	113,000.00
Civil Works (Rehabilitation of Tunnel)	153,711,801.63	52,762,937.47
Compensation Expneses (SHPC)	-	10,000.00
Consultancy Fee	3,763,303.10	536,750.00
DDA Audit	-	480,000.00
Desk Study Report	45,200.00	-
Detail Project Report	484,770.00	
Electricitey Expenses	1,243,972.60	679,560.63
Feasibility Study Lower Indrawati	190,970.00	4,983,300.00
Fuel (V)	40,251.00	82,318.50
Generation Licence Deposit	500,000.00	-
Geophysical Investigation	-	495,109.50
IEE Study Service Fee	1,357,762.80	340,762.80
Interest During Construction	16,192,250.18	-
Khana and Nasta	22,750.00	70,600.00
Land Lease Expenses	3,521,377.77	221,242.27
Legal Fee	321,000.00	-
Lunch Expenses	39,135.00	-
Malpot Fee	26,120.00	202,195.46
Meeting Expenses(SHPC)	78,422.00	-
Miscell. Expenses	9,904.00	13,985.00
PPA Approval Fee(ERC)	150,000.00	-
PPA Fee	60,000.00	90,000.00
Tender Document Expenses	966,432.50	-
Project Sutudy Fee	-	5,000,000.00
Project WIP From SHPC (Acq)	639,740,533.40	-
Public Hearing Program Expns	101,410.00	-
Right Share- Issue Expenses- LIHEP	2,011,575.60	105,400.00
Service Charge (Bridge Gap Loan)	2,527,000.00	-
Site Expenses	1,250,471.88	100,197.00
Survey Licence Fee (Transmission Line)	60,000.00	-
Survey Licence Deposits	-	2,000,000.00
Technical Consultancy Fee	887,950.00	372,900.00
Topographical Survey	-	995,078.00
Valuation Expenses	-	335,396.00
Land Procurement	850,000.00	
Total	**901,552,011.59**	**70,970,508.13**

BBR & Associates Firm No. 556 Chartered Accountants

National Hydro Power Co. Ltd. NHPC

National Hydro Power Company Limited

Binayaknagar-10, New Baneshwor, Kathmandu

Schedule 18 Significant Accounting Policies and Notes to Accounts

A. General Information

National Hydro Power Company Limited, (referred as 'The Company' hereafter) is a public limited company incorporated under the Companies Act of Nepal. The registered office of the company is at Binayaknagar-10, Baneshwor, Kathmandu, Nepal. The main objective of the company is generation of electricity. The Company has developed and is operating the 7.5 MW Indrawati Hydro Power Project in Sindhupalchowk district since 1999. The Company has entered into Power Purchase Agreement (PPA) with Nepal Electricity Authority (NEA). The equity shares of the company is listed in Nepal Stock Exchange. Further, the Company had major investment (97%) in Sunkoshi Hydro Power Company Limited (referred as 'SHPCL' hereafter) and during the year the company completed the process of acquiring SHPCL and all the legal process was completed regarding acquisition.

The Company has acquired the license and is in the process of developing 4.5 MW Lower Indrawati Hydro Power Project in Sindhupalchowk District. The Company has completed the feasibility study of the Project. The Environmental study of the Project has been submitted for approval. The Company has signed Agreement to supply the energy generated from the Project and PPA has been accordingly signed and completed and construction work in under progress.

The Company has major investment in Lower Erkhuwa Hydro Power Company Limited which is in the process of developing Lower Erkhuwa Hydro Power Project of 14.15 MW in Bhojpur district. This Project is expected to come in line by the end of the FY 2080/081.

The Company intends to hold major investment in Ujyalo Energy Solution Pvt. Ltd. which is in the process of developing Likhu Khola Hydro Power Project of 42.3 MW in Okhaldhunga district. The Company has already obtained Survey license with Department of Electricity Development and in process of completing all the pending legal procedure.

The Board of directors is responsible for the fair preparation and presentation of the Financial Statements of NHPC as per the provisions of the Companies Act, 2006. The financial statements are authorized for issue by Board of Directors on dated 23rd Kartik, 2080 and recommended for approvals by Annual General Meetings of the shareholders.

B. Significant Accounting Policies, Judgments, Estimates & Assumptions:

1. Basis of Preparation

The financial statements have been prepared on accrual and going concern basis. The accounting policies are applied consistently to all the periods presented in the financial statements. All assets and liabilities have been classified as current or noncurrent as per the Company's normal operating cycle. Based on the nature of products and the time between acquisition of assets for processing and their realization in cash and cash equivalents, the Company has ascertained its operating cycle as 12 months for the purpose of current or noncurrent classification of assets and liabilities. The financial statements are presented in functional and presentation currency of the Company i.e., Nepalese Rupee ("NPR") which is the currency of the primary economic environment in which the Company operates.

2. Basis of Measurement

These financial statements are prepared under historical cost convention.

BBRB & Associates Firm No. 556 Chartered Accountants

National Hydro Power Co. Ltd. NHPC

3. Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires use of certain critical accounting estimates and assumptions. It also requires management to exercise judgment in the process of applying the Company's accounting policies. Since, these estimates and judgements affect the reported amounts of assets and liabilities and disclosure of contingent liabilities on the date of the financial statements and the reported amounts of revenues and expenses during the reporting period, these are continuously evaluated based on historical experience and other factors. Differences between actual results and estimates are recognized in the periods in which the results are known/ materialized.

4. Going Concern

The board has made an assessment of NHPC's ability to continue as a going concern and satisfied that it has the resources to continue in business for foreseeable future and does not intend either to liquidate or cease operations. The Financial Statements are prepared on the assumption that the company is going concern.

5. Revenue Recognition

Revenue is recognized to the extent that it is probable that economic benefits will flow to the company and that the revenue can be reliably measured.

Revenue from sale of electricity shall be recognized based on the bill issued to Nepal Electricity Authority (NEA) on a monthly basis. The same is calculated as per agreed rate for purchase-sales of electricity with Nepal Electricity Authority and as per approved meter reading in substation.

6. Property, Plant and Equipment

i. Freehold land is carried at historical cost and is not depreciated. All other items of Property, Plant and equipment are stated at historical cost less accumulated depreciation and accumulated impairment loss, if any.

ii. Historical cost includes expenditure that is directly attributable to the acquisition of the items. Subsequent costs are included in the asset's carrying amount or recognized as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably.

iii. The residual values, useful lives and methods of depreciation of property, plant and equipment are reviewed at each financial year-end and adjusted prospectively, if appropriate.

iv. When a property is damaged or lost, impaired, claims for reimbursement is accounted for separately. Disposal of damaged or otherwise impaired assets are accounted for consistently as per provisions of NAS 6. Compensation from third parties, which are of the nature of gain contingencies are recognized as Profit in the Income Statement when actually realized. Estimated cost of sale is reduced from carrying amounts of assets when the same is held, for disposal. No further depreciation is provided after the asset become idle whether on the ground of temporary suspension of use or poised for sale.

v. Depreciation rate and method for different kinds of assets are as below:

Assets	Rate	Depreciation Method
Building	5%	Diminishing Balance Method
Office Equipment s &Furniture	25%	Diminishing Balance Method
Computer & Accessories	25%	Diminishing Balance Method
Vehicles	20%	Diminishing Balance Method
Electro Mechanical Equipment	4%	Straight Line Method

BBRB & Associates Firm No. 556 Chartered Accountants

National Hydro Power Co. Ltd. NHPC

Civil Hydro Electrical Rectification	2.209%	Straight Line Method
Approach Road	4%	Straight Line Method
Machinery Equipment	15%	Straight Line Method
Others	25%	Diminishing Balance Method

7. Provisions and contingent liabilities

Provisions: Provisions are recognized when there is a present obligation because of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and there is a reliable estimate of the amount of the obligation. Provisions are measured at the best estimate of the expenditure required to settle the present obligation at the Balance Sheet date.

Contingent Liability: Contingent Liability are disclosed when there is possible obligation arising from past events, the existence of which will be confirmed only by the occurrence or non- occurrence of one or more uncertain future events not wholly within the control of the company or present obligation that arises from past events where it is either not probable that an outflow of resources will be required to settle or a reliable estimation of the amount cannot be made.

8. Foreign currency transactions

On Initial recognition: All foreign currency transactions are recorded by applying to the foreign currency exchange rate prevailing on the date of transactions.

Subsequent Recognition: As at the reporting date, non-monetary items, which are carried in terms of historical cost denominated in a foreign currency, are reported using the exchange rate at the date of the transaction. All non-monetary items, which are carried at, fair value or other similar valuation denominated in a foreign currency are reported using the exchange rates that existed on reporting date.

9. Corporate Social Responsibility:

Section 54 of the Industrial Enterprises Act 2019 (2076 BS) makes its mandatory to allocate 1 % of the annual profit to be utilized towards corporate social responsibility. 1 % of net profit from current year 2079-80 has been set aside for CSR expenses to be made in next Fiscal year.

10. Employee Benefits:

Define Contribution Plan: The Company has defined contribution plan for post-employment benefit in the form of Provident Fund. Under provident fund, the company contributes Employee Provident Fund (EPF), which is a government-administrated fund. The Company has no further obligation beyond contributing. The Company Contributions to above plan are charged to profit and loss account.

Define Benefits Plan: The Company has defined benefit plan for post-employment in the form of Gratuity. The Company has not created the provision for gratuity in the financial statement, which is not in line with Accounting Standard (NAS-19)

Short term Employee Benefits: The Company has short-term employee benefits in the form of home leave, sick leave that can be accumulated up to 60 and 180 days. The Company has charged the amount paid/payable for the year to profit & loss account.

Employee Bonus

Employee bonus has been provided 2% of net income before tax as provision for Staff Bonus for the year ending 31st Ashad 2080 complying with section 15 of Electricity Act 2049 and Rule no. 86 of Electricity Regulation 2050.

BSRB & Associates Firm No. 556 Chartered Accountants

National Hydro Power Co. Ltd. NHPC

C. Notes to Accounts

1. Loans and Advances

The management is assured that all the debtors and advances are good and recoverable in time.

2. Related Party Disclosures

As required by Nepal Accounting standard 16' Related Party Disclosure". Disclosure of related party has been made as under. The Company has sold its entire power solely to Nepal Electricity Authority. The transaction entered into with the related parties during the year along with related balances as at 31st Ashad 2080 are as under:

Name	Nature of Relation	Opening Balance	Transaction	Closing balance	Nature of Transactions
SHPCL	Subsidiary	350,000,000.00	350,000,000.00	-	Acquisition of SHPC
SHPCL	Subsidiary	288,171,733.00	288,171,733.00	-	Acquisition of SHPC
Lower Erkhuwa Hydro Power Company Limited	Associate	99,575,000.00	-	99,575,000.00	Investment in share capital
Lower Erkhuwa Hydro Power Company Limited	Associate	104,550,000.00	80,000,000.00	184,550,000.00	share advance
Ujyalo Energy Solution Pvt. Ltd- Likhu Khola	Associate	-	70,00,000.00	70,00,000.00	Investment in share capital
Ujyalo Energy Solution Pvt. Ltd- Likhu Khola	Associate	-	40,00,000.00	40,00,000.00	Share Advance
Ujyalo Energy Solution Pvt. Ltd- Likhu Khola	Associate	-	11,77,740.88	11,77,740.88	Advance-Business Expenses on Behalf of UESPL
Kumar Pandey	Executive Chairman	1,25,00,000.00	39,500,000.00	52,000,000.00	Unsecured Loan
Kumar Pandey	Executive Chairman	-	60,53,664	-	Remuneration
Kumar Pandey	Executive Chairman	-	2,85,000.00	-	Meeting fee and allowances
Bishweshwar Subedi	Director	-	3,20,000.00	-	Meeting fee and allowances
Som Nath Sapkota	Director	-	3,10,000.00	-	Meeting fee and allowances

Kanchan Prakash Pandey	Director	-	3,10,000.00	-	Meeting fee and allowances
Nawa Raj Nepal	Director	-	3,25,000.00	-	Meeting fee and allowances
Shushila Sharma	Director	-	319,764.00	-	Meeting fee and allowances

3. Commitment Fee for Lower Indrawati HPP:

As per the conditions of the License obtained for the Lower Indrawati HPP, the company will pay Rs. 6,20,25,000 per annum from the year 2085/086 for up to 10 years thereafter, from the revenue of the Project as part of license fee.

4. Share Capital

The Company has outstanding calls in arrears of NRs 1,522,000 for 22470 share outstanding which is not listed in NEPSE and has not been considered for bonus and right share issue purpose. The recovery of remaining receivable on such shares is unascertainable since the name of the partially paid-up shareholders are not available with the Company and company is accordingly planning for auction with appropriate approval in future.

5. Project Work in Progress (Lower Indrawati)

For Lower Indrawati Project, all direct and indirect expenses related to its construction is accounted as Project Work in Progress as reflected in financial position. The project was previously being developed by Sunkoshi Hydro Power Company Limited (SHPC) a subsidiary of the company. The cost of NRS 63.81 Crore was incurred by SHPC in developing the Project. After NHPC acquired SHPC, the same cost along with other adjustment of Capital of NRs 25 Lakhs and Bank Balances of NRs 9.31Lakhs with SHPC has been treated as Project WIP in FY 2079-80 which is NRs 63.97 Crore.

The total value of project in progress shall be transferred to Property, Plant & Equipment after the completion of construction of Project. The till date cost incurred for the project is NRs 90,1552,011.59.

6. Taxation

A. Current Year Tax

The company was availing income tax exemption benefit under income tax act for the period of 15 years from the date of commencement of commercial production i.e. 21st Ashwin 2059, but from the financial year 2074-75, no exemption shall be avail and accordingly income tax liability has been made.

B. Deferred Tax

The company has not assessed the amount of deferred tax.

7. Miscellaneous

i. Previous year's figures have been regrouped/rearranged wherever necessary.
ii. All amounts are stated in Nepalese rupees and rounded off to rupees one.
iii. All accounts confirmation in respect to receivables & payables are in process of being obtained.
iv. Schedules 1 to 16 form an integral part of the Financial Statements.

BDRB & Associates Firm No. 556 Chartered Accountants

National Hydro Power Co. Ltd. NHPC

बि.बि.आर.बि. एण्ड एसोसिएट्स
B.B.R.B. & ASSOCIATES
Chartered Accountants

Firm Reg. No.: 556
PAN: 603251609
www.bbrbassociates.com
Email: info@bbrbassociates.com

INDEPENDENT AUDITOR'S REPORT

To the Shareholders of National Hydro Power Company Limited.

Report on the Audit of the Financial statements

Qualified Opinion

We have audited the financial statements of National Hydro Power Company Limited (the "Company"), which comprise the Statement of Financial position as at Asadh 31, 2081 (Correspondingly July 15, 2024) and the Statement of Profit &Loss, Statement of Other Comprehensive Income, Statement of Changes in Equity and Statement of Cash Flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, except for the possible effects of the matter described in the Basis for Qualified Opinion section of our report, the accompanying financial statements present fairly, in all material respects, (or give a true and fair view of the financial position of the Company as at Asadh 31, 2081 (Correspondingly July 15, 2024), its financial performance and its cash flows for the year then ended in accordance with Nepal Financial Reporting Standards (NFRSs).

Basis for Qualified Opinion

1. **Non-compliance of NFRS-NAS read with IFRIC 12:**
   IFRIC 12 "Service Concession Arrangements" is applicable, and its non-compliance has implications on recognition, measurement, and disclosure of items impacting the financial statements. Since IFRIC 12 has not been complied with; the impact of the non-adoption/noncompliance on the financial statement has not been ascertained by the management and is not ascertainable at our end.

2. We draw attention to Note 4.13 to the financial statements, which states that the company has made the provision for leave encashment and gratuity on its own assessment. Whereas the provisions of NAS 19: Employee Benefits require the measurement post-employment benefits (Leave and Gratuity) through actuarial Valuation ensure that the amounts recognized in the financial statements reflect the present value of future obligations.

   However, the company has not performed an actuarial valuation to measure its obligations for post-employment benefits, and instead, these obligations have been recognized based on an alternative method. As a result, the financial impact of this non-compliance on the company's financial position, financial performance, and related disclosures has not been determined. Consequently, we were unable to assess whether any adjustments to the financial statements were necessary.

B B R B & Associates ★ Firm No. 556 ★ Chartered Accountants

Reg Address:
Kathmandu-31, Bagmati, Nepal
Phone: +977-01-410-6678

Branch office:
Nepalgunj-2, Lumbini, Nepal
Phone: +977-081-532-906

3. We draw attention to Note 4.8 to the financial statements, which states that the company has issued Right Share of NRs. 822,145,971.78 (8,221,459.72 Kitta Shares @NRs. 100 each. Further unsubscribed shares of general public were decided to be auctioned and share premium of NRs. 19,381,817.39 were also raised. The fund raised as per approvals for investment and expenses are discussed below,

   a. As per the Approval for Investment, amounting NRs 122,692,100/- in Lower Erkhuwa Hydro Power Company Ltd, the company as per the commitment to invest 45% due to increase in project cost of the said project, additional investment of NRs 261,432,900/ was made. The total additional Investment for the said project was NRs 384,125,000/- (Including Approval). The same decision was made by the board dated, Shrawan 15, 2080 and shall be ratified by the forthcoming Annual General Meeting of the company.

   b. Short term Advance of NRs 11,500,000/- was made to Lower Erkhuwa Hydro Power Company Ltd during the year.

   c. As per the Approval to Invest amounting NRs 561,704,400/- in Lower Indrawati Project (Project Under Development by the company), the company had total equity injected (Owns Fund) for the said project is Amounting NRs 248,206,624.29/-.

   d. The company has discussed its investment and expenditures headings status for the approved projects as on the reporting date as below:

Particulars	**Amount (NRs)**
Investment in Lower Erkhuwa Hydro Power Company Limited	384,125,000/-
Short Term Advance- Lower Erkhuwa Hydro Power Company Limited	11,500,000/-
Development of Lower Indrawati HPP	248,206,624.29/-
Upgradation Of Indrawati –III	137,749,470/-
Bank Balances	5,152,895.26/-
Others (Receivables – Note 4.28)	44,500,000/-
Total	**831,233,989.55**

   The company has invested and expensed the funds in above projects from the Financial Year 2078-79 till the reporting period.

4. The Advance provided to Btecks Engineering Pvt Ltd of NRs.1,260,000/- has not settled since from earlier years. The advance carried out for such a long duration might be the result of non-recognition of appropriate expenses against such release of advances.

5. The company's Power Purchase Agreement (PPA) is set to expire on Ashwin 15, 2084 (October 01, 2027). It is essential to address this issue to ensure that the company can maintain its operational licenses without interruption and align its contractual obligations.

BBRB & Associates Chartered Accountants Firm No. 556

6. Management has utilized the license expiry period (Poush End 2104) as a basis for depreciating project employing a straight-line method over the remaining duration of license. This approach raises concern regarding the alignment of asset depreciation with the actual operational time line given that the PPA agreement is set to expire earlier on Ashwin 15, 2084 (October 01, 2027).

7. During the year, the company has purchased the investment property at an initial cost of NRs. 67,830,000/- and subsequently recognized it at the same cost, rather than remeasuring it at fair value, which is a departure from the fair value model prescribed under NFRS 40.

We conducted our audit in accordance with Nepal Standards on Auditing (NSAs). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Company in accordance with the Institute of Chartered Accountants of Nepal's *Code of Ethics for Professional Accountants* (ICAN Code) together with the ethical requirements that are relevant to our audit of the financial statements under prevailing Acts and the rules there under in Nepal, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those that, in our professional judgment, were of most significance in the audit of financial statements of the current period. These matters were addressed in the context of the 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 the matters described below to be the key audit matters to be communicated with our report.

S.N.	Key Audit Matters	Auditor's Response
1	**Revenue Matter** The revenue of the company is recognised on an accrual basis as per the rates mentioned in Power Purchase Agreement (PPA). As a part of our risk assessment, we have evaluated the basis of revenue recognition to the extent that it is probable that the economic benefits will flow to the company and the revenue can be reliably measured. Further, all the incomes that are not qualified to be classified as revenue is classified under the incomes.	Our audit approach regarding verification of the revenue or income recognition included: • We discussed with the management to gain an understanding of the revenue recognition system and evaluated the controls and processes in place for the same. Further, we assessed the revenue recognition policies adopted by the company for the compliance with the relevant accounting standards. • We obtained the detailed workings of revenue from sale of electricity and reviewed or verified the billed amount of energy with the rate of electricity as quoted in PPA with

B B R B & Associates Chartered Accountants Firm No. 556

		NEA.
2	**Accounting Software** The company uses Tally ERP 9 for accounting purpose which allows back date entry and deletion and modification of entry. Such accounting system might impact the reliability of financial transactions. We have considered this as key audit matter as all the financial transactions are recorded here and overall financial preparation and reporting depends on it.	Tally is password protected and has limited access only. Access was not given to unauthorized person to prevent unauthorized modification and deletion of entry. Adjustment entries were duly authorized from higher authorities. We inspected the documentation system and we checked and verified the records maintained in Tally with physical records maintained. Based on above audit approach we relied on the information generated by the accounting software Tally.

Emphasis of Matter
We draw attention to following matters:

a) As stated on Notes 4.27 to the financial statements of the company advances includes, share Advance to Ujyalo Energy Solutions Private Limited amounting NRs. 1,03,00,000/-

b) As stated on Notes 4.7 to the financial statements of the company, as per the conditions of the License obtained for the Lower Indrawati HPP, the company will pay Rs. 62,025,000.00 per annum from the year 2085/086 for up to 10 years thereafter, from the revenue of the Project as part of license fee.

c) The Company has outstanding calls in arrears of NRs 1,522,000. The recovery of remaining receivable on such shares is unascertainable since the name of partly paid-up shareholders is not available with the Company.

d) Total number of paid-up shares is 24,686,849.15 whereas the number of shares listed for trading in Nepal Stock Exchange is 24,664,379.15 resulting the difference in number of shares by 22,470.

e) We draw attention to Note 4.40 & 4.41 of the financial statements which discusses the fact that the Meeting Fee Allowance & Expenses of directors and other committee members of NRs. 1,953,878/-, Transportation & communication allowance of Directors NRs. 690,000.00/-, Executive chairman remuneration NRs. 7,652,965.00 /-shall be ratified by the forthcoming AGM.

f) Total project cost incurred for Lower Indrawati Project as on Asadh 31, 2081 amounts to NRs. 1147,658,685.77 (including NFRS Adjustment), which includes NRs. 640,671,733 cost incurred by SHPC (then subsidiary of the company acquired by NHPC) which is treated as Project Assets Under Development.

g) The Project cost for the Lower Indrawati Project amounts to NRs. 1,211,700,000 of which NRs. 650,000,000 (Approved) is planned to be invested from long-term loans form consortium banks and its members and from the Equity (Own Funds) shall be NRs 561,700,000.

BBRB & Associates Chartered Accountants Firm No. 556

h) We draw attention to Note 4.28 in the financial statements, which discloses that the company made an investment of NRs. 75,000,000 in equity instruments during the financial year in Happy Energy Pvt. Ltd. The said investment was subsequently sold within the same year and NRs. 44,500,000/- along with advance is receivable as on reporting date.

i) We draw attention that during the financial year, the director Mr. Nawa Raj Nepal of the company resigned from the Board of Directors and was accordingly approved by board of directors dated 5th Chaitra 2080. Further, two new independent directors Mr. Gyanendra Lal Shrestha and Mr. Mahesh Prasad Kafle were appointed to the Board in the subsequent financial year, prior to the date of our audit report dated 6th Kartik 2081.

Other Information

The Company's Management and Board of Directors are responsible for the other information. The other information comprises the information included in the Company's annual report, but does not include the financial statements and auditor's report(s) thereon. Such information is expected to be made available to us after the date of this auditor's report.

Our opinion on the financial statements does not cover 'the other information' and we will not express any form of assurance conclusion thereon. In connection with our audit of the financial statements, our responsibility is to read 'the other information' identified above when it becomes available and, in doing so, consider whether the other information is materially in consistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

When we read such 'other information', if we conclude that there is a material misstatement therein, we are required to communicate the matter to those charged with governance.

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

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

BBRB & Associates Chartered Accountants Firm No. 536

Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

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

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

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the management.

- Conclude on the appropriateness of the 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 Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern; and

- Evaluate the overall presentation, structure, and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business entities within the Group to express an opinion on the financial statements. We are responsible for the direction, supervision, and performance of the audit of financial statements of such entities included in the financial statements, of which we are the independent auditors. We remain solely responsible for our audit opinion.

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



From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor 's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefit of such communication.

Report on Other Legal Regulatory Requirements

a) We have obtained information and explanations asked for, which, to the best of our knowledge and belief, were necessary for the purpose of our audit.

b) In our opinion, statement of financial position, statement of profit and loss, statement of changes in equity and statement of cash flows, have been prepared in accordance with the requirements of Companies Act,2063 and agree with the books of account of the Company and the books of account and records are properly maintained in accordance with the prevailing laws.

c) During the course of our audit, we did not come across the cases where the Board of Directors or the representative or any employee of the Company has acted deliberately contrary to the provisions of the law or caused loss or damage to the Company or misappropriated funds of the Company, nor have we been informed of any such case by the management.

For B.B.R.B. & Associates
Chartered Accountants

B.B.R.B & Associates Firm No. 556 Chartered Accountants

Bishwa Ram Bhandari, FCA
Partner
UDIN Number: 241204CA00830EkBkP

Place: Kathmandu, Nepal
Date: Mangsir 03, 2081

National Hydro Power Company Ltd.

Statement of Financial Position at Asadh 31, 2081

All amounts are in Rs unless stated

Particulars	Notes	As at Asadh 31,2081	As at Asadh 31,2080	As at Shrawan 1,2079
Assets				
Non-Current Assets				
Property, Plant and Equipment				
a) General Assets(Gross)	4.17	26,772,475	23,364,771	18,489,030
Less: Accumulated Depreciation		15,536,653	16,157,947	14,294,462
General Assets (Net)		**11,235,822**	**7,206,824**	**4,194,568**
b) Project Assets				
i) Project Assets (Indrawati III)	4.18	2,039,577,412	2,032,140,603	2,015,822,072
Less: Accumulated Depreciation		1,042,681,199	1,000,885,666	959,654,408
Project Assets (Net)		**996,896,213**	**1,031,254,937**	**1,056,167,664**
ii)Project Assets Under Development (Lower Indrawati)	4.19	1,147,658,686	898,451,861	70,970,508
Intangible Assets (Net)	4.20	-	-	-
Investment Property	4.21	67,830,000	-	-
Right to Use Assets	4.22	754,165	620,540	3,757,129
Deferred Tax Assets		-	-	-
Total Non-Current Assets		**2,224,374,886**	**1,937,534,162**	**1,135,089,870**
Current Assets				
Financial Assets				
i) Trade Receivables	4.23	32,331,289	21,549,381	20,788,350
ii) Cash And Cash Equivalents	4.24	5,270,534	2,030,345	403,790
iii) Investment in Equity Instruments	4.25	734,310,518	108,913,253	451,153,846
iv) Other Financial Assets	4.26	23,271,940	191,992,202	107,216,202
Current Tax Assets	4.27	-	225	-
Other Current Assets	4.28	103,199,521	5,241,784	292,546,069
Total Current Assets		**898,383,801**	**329,727,191**	**872,108,257**
Total Assets		**3,122,758,687**	**2,267,261,353**	**2,007,198,126**
Equity and Liabilities				
Equity				
Equity Share Capital	4.29	2,467,162,915	1,645,016,944	1,642,516,944
Other Equity	4.30	(92,178,955)	(104,951,184)	(116,902,860)
Total Equity		**2,374,983,960**	**1,540,065,760**	**1,525,614,084**
Liabilities				
Non-Current Liabilities				
Financial Liabilities				
i) Borrowings	4.31	349,964,250	135,708,116	153,237,508
Deferred Tax Liabilities	4.32	153,849,528	154,126,410	153,547,544
Total Non-Current Liabilities		**503,813,778**	**289,834,526**	**306,785,052**
Current Liabilities				
Financial Liabilities				
i) Borrowings	4.33	103,619,725	268,770,400	27,985,187
ii) Other Financial Liabilities	4.34	129,924,610	157,414,372	121,137,921
Current Tax Liabilities	4.35	-	4,439,025	8,886,575
Other Current Liabilities	4.36	10,416,615	6,737,269	16,789,308
Total Current Liabilities		**243,960,950**	**437,361,066**	**174,798,991**
Total Liabilities		**747,774,727**	**727,195,593**	**481,584,043**
Total Equity and Liabilities		**3,122,758,687**	**2,267,261,353**	**2,007,198,126**

The accompanying notes are integral parts of the financial statements

As per our Report of Even date

Bishweshwar Subedi
Director

Som Nath Sapkota
Director

Kumar Pandey
Executive Chairman

Bishwo Ram Bhandari, FCA
Partner
For: B.B.R.B & Associates
Chartered Accountants

Kanchan Prakash Pandey
Director

Shushila Kumari Sharma
Director

Subas Danuwar
Accountant

Date :3rd Mangsir,2081
Kathmandu, Nepal

National Hydro Power Company Ltd.

Statement of Profit or Loss and Other Comprehensive Income for the year ended Asadh 31,2081

All amounts are in Rs unless stated

Particulars	Notes	Year Ended Asadh 2081	Year Ended Asadh 2080
Revenue From Operation	4.37	189,374,391	195,492,826
Cost of Sales	4.38	81,056,276	78,494,909
Gross Profit		**108,318,115**	**116,997,917**
Other Income	4.39	2,042,174	471,364
Depreciation and Amortisation Expenses		44,913,179	47,165,786
Administrative & General Expenses	4.4	11,562,108	9,339,135
Employee Benefit Expenses	4.41	35,233,531	18,070,151
Other Operating Expenses		-	-
Profit/Loss From Operation		**18,651,470**	**42,894,209**
Gain/(Loss) on Investment through FVTPL		2,116,865	759,407
Finance Costs	4.42	26,689,305	21,919,577
Reversal of Impairment on Financial Assets		-	-
Profit Before Bonus, Tax & CSR Expenses		**(5,920,969)**	**21,734,040**
Provision for Staff Bonus		-	178,434
Profit Before Tax & CSR Expenses		**(5,920,969)**	**21,555,606**
Excess/ Short provision of tax relating to earlier years			
Less: Tax Expenses	4.44		
1) Current Tax		-	4,439,025
2) Deferred Tax Expenses/(Income)		(276,882)	578,866
Profit Before CSR Expenses		**(5,644,087)**	**16,537,715**
Provision for Corporate Social Responsibility (CSR)		-	89,217
Profit/(Loss) for the period		**(5,644,087)**	**16,448,498**
Other Comprehensive Income (Loss)			
Items That Will Not Be Reclassified Subsequently To Profit Or Loss:			
Exchange Difference in translating foreign operations, Net of Tax		-	-
Revaluation of Property Plant & Equipment, Net of Tax		-	-
Actuarial Loss on Employee Benefit Obligations, Net of Tax		-	-
Items That May Be Reclassified Subsequently To Profit Or Loss:			
Change on Fair Value of Hedging Instruments, Net of Tax		-	-
Total Comprehensive Income For the Year		**(5,644,087)**	**16,448,498**
Earning per equity share of Rs 100 Each			
Basic Earnings Per Share -Rs	4.43	(0.34)	1.00
Diluted Earnings Per Share-Rs		(0.34)	1.00

The accompanying notes are integral parts of the financial statements

As per Our Report of Even date

Bishweshwar Subedi
Director

Som Nath Sapkota
Director

Kumar Pandey
Executive Chairman

Bishwa Ratn Bhandari, FCA
Partner
For: B.B.R.B & Associates
Chartered Accountants

Kanchan Prakash Pandey
Director

Shushila Kumari Sharma
Director

Subas Danuwar
Accountant

Date :3rd Mangsir,2081
Kathmandu, Nepal

National Hydro Power Company Ltd.

Statement of Cash Flows for the year ended Asadh 31,2081

All amounts are in Rs unless stated

Particulars	Year Ended Asadh 2081	Year Ended Asadh 2080
Cash Flows From Operating Activities		
Profit For the Year	(5,644,087)	16,448,498
Adjustments for non-cash income and expenses:		
Depreciation on General Assets	2,094,884	1,863,485
Depreciation on Project Assets	41,795,533	41,231,259
Depreciation on Right of Use Assets	1,022,762	4,071,043
Finance Costs - Lease Liability	84,976	261,293
Finance Costs	26,604,329	21,919,577
Loss/(Gain) on disposal of vehcile	(982,179)	-
Unrealized Gain/(Loss) on Investment through FVTPL	(2,116,865)	-
Previous Year Tax Adjustments	(965,502)	(4,496,822)
Provision for Staff Bonus	-	178,434
Provision for CSR	-	89,217
Provision for Income Tax	-	4,439,025
Deferred tax Expense/(Income)	(276,882)	578,866
Changes in Working Capital:		
(Increase)/Decrease in Trade Receivables	(10,781,907)	(761,031)
(Increase)/Decrease in Other Financial Assets	(9,529,738)	(84,776,000)
(Increase)/Decrease in Other Current Assets	(97,957,737)	287,304,286
(Increase)/Decrease in Current Tax Assets	225	(225)
Increase /(Decrease) in Other Financial Liabilities	(27,574,738)	36,015,158
Increase /(Decrease) in Current Tax Liabilities	(4,439,025)	(8,886,575)
Increase /(Decrease) in Other Current Liabilities	3,679,346	(10,319,690)
Cash Generated From Operations	**(84,986,606)**	**305,159,797**
Cash Flows From Investing Activities		
Payments for addition of General Assets	(7,681,704)	(4,875,741)
Payments for addition of Project Assets	(7,436,808.69)	(16,318,531.23)
Payments for addition of Project Assets Under Development	(249,206,825)	(827,481,353)
Payments for addition of on Intangible Assets	-	-
Disposal/(Addition) on Right to Use Assets	(1,156,386)	(934,454)
Derecognition of invested shares due to acquisition of the company	-	342,240,593
Disposal/(Addition) on Investment Property	(67,830,000)	
Increase in Investments	(623,280,400)	-
Sales of General Assets	2,540,000	-
Interest Received	-	-
Dividend Received	-	-
Net Cash (Used in)/Generated by Investing Activities	**(954,052,124)**	**(507,369,486)**
Cash Flows From Financing Activities		
Increase/(Decrease) of Borrowings	49,105,459	223,255,821
Increase in advance for share application	178,250,000	-
Share Premium	19,381,817	-
Increase or Decrease in Share Capital	822,145,972	2,500,000
Previous Year Tax Adjustments	-	-
Dividends Paid in Equity Shares	-	-
Finance Expenses	(26,604,329)	(21,919,577)
Net Cash Used in Financing Activities	**1,042,278,919**	**203,836,244**
Net Increase In Cash And Cash Equivalents	**3,240,190**	**1,626,555**
Cash And Cash Equivalents At the Beginning of the Year	2,030,345	403,790
Effects of Foreign Rate Changes on The Balance of Cash and Cash Equivalents Held in Foreign Currencies		
Cash And Cash Equivalents At the End of the Year	**5,270,534**	**2,030,345**

The accompanying notes are integral parts of the financial statements

As per Our Report of Even date

Bishweshwar Subedi
Director

Som Nath Sapkota
Director

Kumar Pandey
Executive Chairman

Kanchan Prakash Pandey
Director

Shushila Kumari Sharma
Director

Subas Danuwar
Accountant

Date :3rd Mangsir,2081
Kathmandu, Nepal

Bishwa Ram Bhandari, FCA
Partner
For: B.B.R.B & Associates
Chartered Accountants

National Hydro Power Company Ltd.

Statement of Changes in equity for the year ended Ashad 31,2081

All amounts are in Rs unless stated

Particulars	Share Capital	Other Equity					Total
		Capital Reserve	Securities Premium Reserve	Equity Instrument Through Other Comprehensive Income	General Reserve	Retained Earnings	
Balance As At Shrawan 1 2079	**1,642,516,944**	**-**	**-**	**-**	**-**	**(116,902,860)**	**1,525,614,084**
Issue of Share Capital	2,500,000	-	-	-	-	-	2,500,000
Share Premium	-	-	-	-	-	-	-
Profit for the year	-	-	-	-	-	16,448,498	16,448,498
Other Comprehensive Income for the year, Net of Income Tax	-	-	-	-	-	-	-
Payments of Dividends	-	-	-	-	-	-	-
Share Issue Expenses	-	-	-	-	-	-	-
Previous Year Tax Adjustments	-	-	-	-	-	(4,496,822)	(4,496,822)
Transfer To Retained Earnings	-	-	-	-	-	-	-
Balance As At Asadh 31,2080	**1,645,016,944**	**-**	**-**	**-**	**-**	**(104,951,184)**	**1,540,065,760**
Issue of Share Capital	822,145,972	-	-	-	-	-	822,145,972
Profit for the Year	-	-	-	-	-	(5,644,087)	(5,644,087)
Share Premium	-	-	19,381,817	-	-	-	19,381,817
Other Comprehensive Income for the year, Net of Income Tax	-	-	-	-	-	-	-
Payments of Dividends	-	-	-	-	-	-	-
Share Issue Expenses	-	-	-	-	-	-	-
Previous Year Tax Adjustments	-	-	-	-	-	(965,502)	(965,502)
Transfer To Retained Earnings	-	-	-	-	-	-	-
Balance As At Asadh, 2081	**2,467,162,915**	**-**	**19,381,817**	**-**	**-**	**(111,560,773)**	**2,374,983,960**

The accompanying notes are integral parts of the financial statements

As per Our Report of Even date

Bishweshwar Subedi
Director

Som Nath Sapkota
Director

Kumar Pandey
Executive Chairman

Kanchan Prakash Pandey
Director

Shushila Kumari Sharma
Director

Subas Danuwar
Accountant

Date :3rd Mangsir,2081
Kathmandu, Nepal

National Hydro Power Co. Ltd. NHPC

B B R B & Associates Firm No. 536 Chartered Accountants

Bishwa Nath Bhandari, FCA
Partner
For, B.B.R.B & Associates
Chartered Accountants

National Hydro Power Company Ltd.
Notes to the Financial Statements For the year Asadh 31,2081
All amounts are in Rs unless stated

4.17. Property, Plant And Equipment

	Property, Plant and Equipment				
Particulars	**Furniture & Fixture**	**Computer & Accessories**	**Vehicle**	**Others**	**Total**
Gross Carrying amount at Shrawan 01,2079					
Opening	3,844,903	1,230,223	11,435,250	1,978,654	18,489,030
Acquisition by Purchase	539,006	33,735	4,275,000	28,000	4,875,741
Revaluation Adjustment	-	-	-	-	-
Disposals	-	-	-	-	-
Transfer (to)/from investment property	-	-	-	-	-
Classified as Held For Sale	-	-	-	-	-
Closing	**4,383,909**	**1,263,958**	**15,710,250**	**2,006,654**	**23,364,771**
Accumulated Depreciation and Impairment Losses					
Opening	3,365,717	762,624	8,705,427	1,460,694	14,294,462
Charge for the year	215,544	120,656	1,396,280	131,005	1,863,485
Classified as Held For Sale	-	-	-	-	-
Revaluation Adjustment	-	-	-	-	-
Disposals	-	-	-	-	-
Closing	**3,581,261**	**883,280**	**10,101,707**	**1,591,699**	**16,157,947**
Net Carrying Amount					
Opening at Shrawan 01,2079	479,186	467,599	2,729,823	517,960	4,194,568
Closing at Asadh 31,2080	802,647	380,678	5,608,543	414,955	7,206,824
Gross Carrying amount at Shrawan 01,2080					
Opening	4,383,909	1,263,958	15,710,250	2,006,654	23,364,771
Acquisition by Purchase	266,395	791,525	5,219,500	1,404,283	7,681,704
Revaluation Adjustment	-	-	-	-	-
Disposals	-	-	(4,274,000)	-	(4,274,000)
Transfer (to)/from investment property	-	-	-	-	-
Classified as Held For Sale	-	-	-	-	-
Closing	**4,650,304**	**2,055,483**	**16,655,750**	**3,410,938**	**26,772,475**
Accumulated Depreciation and Impairment Losses					
Opening	3,581,261	883,280	10,101,707	1,591,699	16,157,947
Charge for the year	247,855	202,955	1,313,211	330,863	2,094,884
Classified as Held For Sale	-	-	-	-	-
Revaluation Adjustment	-	-	-	-	-
Disposals	-	-	(2,716,179)	-	(2,716,179)
Closing	**3,829,116**	**1,086,235**	**8,698,739**	**1,922,562**	**15,536,653**
Net Carrying Amount					
Opening at Shrawan 01,2080	**802,647**	**380,678**	**5,608,543**	**414,955**	**7,206,824**
Closing at Asadh 31,2081	**821,188**	**969,248**	**7,957,011**	**1,488,375**	**11,235,822**

Only the assets used at the office of the company are shown as Property, Plant and Equipment. All other assets belonging to the sites & all the expenditures (capital & revenue nature) which are directly attributable to the acquisition and construction of the assets are capitalized and shown as Project Assets . (Refer Note 4.18)

National Hydro Power Co. Ltd.

B R B & Associates Firm No. 556 Chartered Accountants

National Hydro Power Company Ltd.
Notes to the Financial Statements For the year Asadh 31,2081
All amounts are in Rs unless stated

4.18. Project Assets

Particulars	Project Assets (Indrawati III 7.5 MW)						Total
	Land & Land Developments	Building	Electro Mechanical Equipment & TL	Civil Hydro Electrical Rectification	Approach Road	Machinery Equipment	
Gross Carrying amount at Shrawan 01,2079							
Opening	25,954,540	1,473,484	262,361,145	1,601,221,014	83,065,316	41,746,574	2,015,822,072
Acquisition by Purchase	-	-	8,230,956	-	-	8,087,575	16,318,531
Revaluation Adjustment	-	-	-	-	-	-	-
Disposals	-	-	-	-	-	-	-
Transfer (to)/from investment property	-	-	-	-	-	-	-
Classified as Held For Sale	-	-	-	-	-	-	-
Closing	**25,954,540**	**1,473,484**	**270,592,101**	**1,601,221,014**	**83,065,316**	**49,834,149**	**2,032,140,603**
Accumulated Depreciation and Impairment Losses							
Opening	-	938,492	197,157,349	669,160,728	57,213,153	35,184,686	959,654,408
Charge for the year	-	21,400	2,750,218	37,163,490	1,034,087	262,065	41,231,259
Classified as Held For Sale	-	-	-	-	-	-	-
Revaluation Adjustment	-	-	-	-	-	-	-
Disposals	-	-	-	-	-	-	-
Closing	**-**	**959,892**	**199,907,566**	**706,324,218**	**58,247,240**	**35,446,751**	**1,000,885,666**
Net Carrying Amount							
Opening at Shrawan 01,2079	25,954,540	534,992	65,203,796	932,060,285	25,852,163	6,561,888	1,056,167,664
Closing at Asadh 31,2080	25,954,540	513,592	70,684,535	894,896,796	24,818,076	14,387,398	1,031,254,937
Gross Carrying amount at Shrawan 01,2080							
Opening	25,954,540	1,473,484	270,592,101	1,601,221,014	83,065,316	49,834,149	2,032,140,603
Acquisition by Purchase	-	-	477,990	6,958,819	-	-	7,436,809
Revaluation Adjustment	-	-	-	-	-	-	-
Disposals	-	-	-	-	-	-	-
Transfer (to)/from investment property	-	-	-	-	-	-	-
Classified as Held For Sale	-	-	-	-	-	-	-
Closing	**25,954,540**	**1,473,484**	**271,070,091**	**1,608,179,832**	**83,065,316**	**49,834,149**	**2,039,577,412**
Accumulated Depreciation and Impairment Losses							
Opening	-	959,892	199,907,566	706,324,218	58,247,240	35,446,751	1,000,885,666
Charge for the year	-	21,400	2,941,842	37,213,137	1,034,087	585,068	41,795,533
Classified as Held For Sale	-	-	-	-	-	-	-
Revaluation Adjustment	-	-	-	-	-	-	-
Disposals	-	-	-	-	-	-	-
Closing	**-**	**981,291**	**202,849,408**	**743,537,355**	**59,281,326**	**36,031,819**	**1,042,681,199**
Net Carrying Amount							
Opening at Shrawan 01,2080	**25,954,540**	**513,592**	**70,684,535**	**894,896,796**	**24,818,076**	**14,387,398**	**1,031,254,937**
Closing at Asadh 31,2081	**25,954,540**	**492,193**	**68,220,683**	**864,642,478**	**23,783,990**	**13,802,330**	**996,896,213**

All assets associated with the sites, as well as all expenditures of both capital and revenue nature that are directly attributable to the acquisition and construction of the assets, have been capitalized and classified under "Project Assets."The depreciation for these assets is calculated and charged over the remaining life of the license, ensuring alignment with the expected usage and benefits derived from these assets.

Hydro Power Ltd.

BBRB & Associates Firm No. 556 Chartered Accountants

National Hydro Power Company Ltd.

Notes to the Financial Statements For the year Asadh 31,2081

All amounts are in Rs unless stated

4.19. Project Assets Under Development (Lower Indrawati 4.5 MW)

Particulars	Year Ended Asadh 2081	Year Ended Asadh 2080
Civil Works	411,641,179	206,255,084
Detail Engineering, Project Mgmt & Supervision	18,240,151	3,789,608
Electro Mechanical Works	3,265,559	-
Environment Studies and Mitigation Cost	4,708,526	1,708,526
Financial, Legal & Administrative	3,898,602	1,392,034
Interest During Construction	31,057,954	18,719,250
Land Procurement & Leasing	-	
Pre-Operating (refer 4.19.1)	34,174,983	26,741,426
Project WIP From SHPC (Acq)	640,671,733	640,671,733
Right Share(Sunkohsi)	-	105,400
SHPC(LIHEP)	-	(931,200)
Total	**1,147,658,686**	**898,451,861**

4.19.1. Pre-operating

Particulars	Year Ended Asadh 2081	Year Ended Asadh 2080
Opening WIP	**26,741,425**	**16,301,648**
Advertising LIHEP	-	172,890
Allowances(LEIHP)	152,232	-
Consultancy Fee	1,744,503	1,022,288
Consultancy Fee LIHEP	-	2,369,118
Desk Study Report(LIHP)	-	45,200
Detail Project Report	-	484,770
Electricity Expenses(Lower Indrawati)	1,500,618	1,243,973
Feasibility Study Lower Indrawati	-	190,970
Finance Cost	-	143,449
Furniture & Fixture(LIHPC)	46,920	-
Licence Fee(Transmission Line)	2,150,000	-
Generation Licence Deposit	-	500,000
Land(LIHP)	-	850,000
PPA Approval Fee(ERC)	-	150,000
PPA Fee(Lower Indrawati)	-	60,000
Preparation of Tender Document	-	966,433
Public Hearing Program Expns	-	101,410
Repairment Tunnel (LIHP)	-	67,701
Right Share LIHEP	-	2,011,576
Survey Licence Fee(Transmission Line)	-	60,000
Sony TV(55 ")	158,200	-
Surveying Instrument	1,291,590	-
Topographical Survey	309,620	-
Valuation Expenses(LIHPC)	79,875	-
Total	**34,174,983**	**26,741,425**

National Hydro Power Co. Ltd. NHPC

B.B.R.B & Associates Firm No. 556 Chartered Accountants

National Hydro Power Company Ltd.

Notes to the Financial Statements For the year Asadh 31,2081

All amounts are in Rs unless stated

4.20. Intangible Assets

Particulars	Total
Gross Carrying amount at Shrawan 01,2079	
Closing	-
Accumulated Amortisation and Impairment Losses	
Opening	
Charge for the year	
Classified as Held For Sale	
Revaluation Adjustment	
Disposals	
Closing	-
Net Carrying Amount	
Opening at Shrawan 01,2080	
Closing at Ashadh 31,2081	
Gross Carrying amount at Shrawan 01,2080	
Opening	
Acquisition by Purchase	
Development Expense	
Acquisition in Business Combination	
Revaluation Adjustment	
Disposals	
Closing	-
Accumulated Amortisation and Impairment Losses	
Opening	
Charge for the year	
Classified as Held For Sale	
Revaluation Adjustment	
Disposals	
Closing	-
Net Carrying Amount	
Opening at Shrawan 01,2080	
Closing at Ashadh 31,2081	

National Hydro Power Co. Ltd. NHPC

B B R B & Associates Firm No. 556 Chartered Accountants

National Hydro Power Company Ltd.
Notes to the Financial Statements For the year Asadh 31,2081
All amounts are in Rs unless stated

4.21. Investment Property

Particulars	As at Asadh 31,2081	As at Asadh 31,2080	As at Shrawan 1,2079
Land & Building	67,830,000	-	-
Total	**67,830,000**	**-**	**-**

4.22. Right of Use Assets

Particulars	As at Asadh 31,2081	As at Asadh 31,2080	As at Shrawan 1,2079
Right of Use Assets	1,776,927	4,691,583	7,638,781
Less: Depreciation	(1,022,762)	(4,071,043)	(3,881,651)
Total	**754,165**	**620,540**	**3,757,129**

4.23. Trade Receivables

Particulars	As at Asadh 31,2081	As at Asadh 31,2080	As at Shrawan 1,2079
Trade Receivable - NEA	32,331,289	21,549,381	20,788,350
Total	**32,331,289**	**21,549,381**	**20,788,350**

4.24. Cash And Cash Equivalents

Particulars	As at Asadh 31,2081	As at Asadh 31,2080	As at Shrawan 1,2079
Balances With Banks			
Himalayan Bank Ltd	6,200	6,200	6,200
Jyoti Bikash Bank Ltd	4,699,897	1,320,197	152,179
Machhapuchchhre Bank Ltd	421,785	579,602	98,308
Nabil Bank Ltd	-	8,998	60,396
Nepal Bank Ltd	107,132	86,704	86,707
Laxmi Sunrise Bank Ltd	9,250	-	-
Cash In Hand	26,270	28,645	-
Cash and Cash Equivalents as per Balance Sheet	**5,270,534**	**2,030,345**	**403,790**

4.25. Investments in Equity Instruments

Particulars	As at Asadh 31,2081	As at Asadh 31,2080	As at Shrawan 1,2079
Investments in Shares			
Sunkoshi Hydro Power Company Ltd.(3,500,000 Shares @ Rs 100 each)	-	-	350,000,000
IGI Prudential Insurance Ltd. (7,993 shares @ 558 each)	4,460,518	2,238,253	1,478,846
Lower Erkhuwa Hydropower Company Ltd. (587,250 Shares @ Rs 100 each)	587,250,000	99,575,000	99,575,000
Ujyalo Energy Solution Pvt. Ltd. (425,000 shares @ 100 each	42,500,000	7,000,000	-
Share Nepal Power Exchange (1,000 Shares @ 100 each)	100,000	100,000	100,000
Perfect Energy Development Pvt Ltd(1,000,000 Shares @ Rs 100 each)	100,000,000	-	-
Total	**734,310,518**	**108,913,253**	**451,153,846**

4.26.Other Financial Assets - Current

Particulars	As at Asadh 31,2081	As at Asadh 31,2080	As at Shrawan 1,2079
Cash Margin	12,667,440	3,137,702	1,934,202
Deposits	304,500	304,500	732,000
Share Advance	10,300,000	188,550,000	104,550,000
Total	**23,271,940**	**191,992,202**	**107,216,202**

4.27.Current Tax Assets

Particulars	As at Asadh 31,2081	As at Asadh 31,2080	As at Shrawan 1,2079
Current Tax Assets			
Advance Income Tax	-	225	-
Total	**-**	**225**	**-**

National Hydro Power Co. Ltd. NHPC

B B R B & Associates Firm No. 556 Chartered Accountants

National Hydro Power Company Ltd.
Notes to the Financial Statements For the year Asadh 31,2081
All amounts are in Rs unless stated

4.28. Other Assets -Current

Particulars	As at Asadh 31,2081	As at Asadh 31,2080	As at Shrawan 1,2079
Receivable- For Sale proceeds of Investment of Happy Energy Pvt Ltd.	44,500,000	-	-
Prepaid Insurance	2,002,756	1,951,435	1,817,179
Office Work Advances	783,042	444,088	611,560
Salary Advance	820,200	958,819	695,598
Other Advances	2,646,164	709,701	1,250,000
Project -Likhu (Ujyalo Energy Solution Pvt. Ltd.)	1,469,883	1,177,741	-
Sunkoshi Hydro Power Co Ltd	-	-	288,171,733
Lower Erkhuwa-Short Term Advance	11,500,000	-	-
Land Lease Advances	320,000	-	-
Civil Works Advance			
Devkota Nirman Sewa Pvt. Ltd.	8,000,000	-	-
Anil Multy Company Pvt. Ltd	12,500,000	-	-
Electro Mechanical			
B Fouress Pvt. Ltd.	18,657,475	-	-
Total	**103,199,521**	**5,241,784**	**292,546,069**

4.29. Equity Share Capital

Particulars	As at Asadh 31,2081	As at Asadh 31,2080	As at Shrawan 1,2079
Equity Share Capital	2,467,162,915	1,645,016,944	1,642,516,944
Total	**2,467,162,915**	**1,645,016,944**	**1,642,516,944**
Authorized Share Capital			
250,00,000 Equity Shares @ Rs. 100 Each	2,500,000,000	2,500,000,000	2,500,000,000
Issued & Subscribed Capital			
(CY 246,86,849.15 Equity Shares @ Rs. 100 Each)	2,468,684,915	2,462,687,915	2,100,000,000
Called & Paid - up capital			
(CY 16,465,389.45 Shares @ Rs 100 Each)	1,646,538,944	1,646,538,944	1,644,038,944
(PY 16,440,389.45 Shares @ Rs 100 Each)			
Less: Calls in Arrears	(1,522,000)	(1,522,000)	(1,522,000)
Right Share	822,145,972		
(CY 8,221,459.72 Shares @ Rs 100 Each)			
Total	**2,467,162,915**	**1,645,016,944**	**1,642,516,944**

Reconciliation of Number of Share Outstanding

Particulars	As at Asadh 31,2081	As at Asadh 31,2080	As at Shrawan 1,2079
Balance at the beginning of the year	16,450,169	16,425,169	16,425,169
Add: Additions	-	25,000	-
Add: Right Share Issued	8,221,460	-	-
Balance at the end of the year	**24,671,629**	**16,450,169**	**16,425,169**

4.30. Other Equity

Particulars	As at Asadh 31,2081	As at Asadh 31,2080	As at Shrawan 1,2079
Share Premium			
Share Premium	19,381,817	-	-
Retained Earnings			
Balance at Beginning of year	(104,951,184)	(116,902,860)	273,019,691
Profit for the Year	(5,644,087)	16,448,498	12,417,126
NFRS Adjustments	-	-	(132,228,368)
Less: Share Issue Expenses	-	-	-
Less: Dividend Paid (Bonus & Cash Dividend)	-	-	(270,111,309)
Less: Dividend Paid (Cash)	-	-	-
Less: Previous Year Tax Adjustments	(965,502)	(4,496,822)	-
Total Retained Earnings	**(111,560,773)**	**(104,951,184)**	**(116,902,860)**
Balance at the end of the Year	**(92,178,955)**	**(104,951,184)**	**(116,902,860)**
Total	**(92,178,955)**	**(104,951,184)**	**(116,902,860)**

National Hydro Power Co. Ltd. NHPC

B B R B & Associates Firm No. 556 Chartered Accountants

National Hydro Power Company Ltd.
Notes to the Financial Statements For the year Asadh 31,2081
All amounts are in Rs unless stated

4.31. Non-Current Borrowings

Particulars	As at Asadh 31,2081	As at Asadh 31,2080	As at Shrawan 1,2079
Secured -At Amortized cost			
A. Term Loan Project Financing (Lower Indrawati)			
Jyoti Bikas Bank Limited	193,454,700	-	-
B. Term Loan-Indrawati III			
Jyoti Bikas Bank Limited	116,692,207	134,653,767	151,565,801
Jyoti Bikas Bank Limited- Loan against Investment Property	60,001,852		
Less: Current Portion of Long Term Loan	(23,175,111)	-	-
Auto Loan			
Jyoti Bikas Bank Limited	-	1,054,349	1,671,708
Nepal Bank Ltd	3,670,934	-	-
Less: Current Portion of Long Term Loan	(680,332)	-	-
Total	**349,964,250**	**135,708,116**	**153,237,508**

4.32. Deferred Tax Liabilities

Particulars	As at Asadh 31,2081	As at Asadh 31,2080	As at Shrawan 1,2079
Deferred Tax Liabilities	153,849,528	154,126,410	153,547,544
Total	**153,849,528**	**154,126,410**	**153,547,544**

4.33. Current Borrowings

Particulars	As at Asadh 31,2081	As at Asadh 31,2080	As at Shrawan 1,2079
Unsecured-At Amortized Cost			
Short Term Loan			
(a) Jyoti Bikas Bank - OD	25,264,282	14,970,400	15,485,187
Add: Current Portion of Long Term Loans	23,855,443	-	-
Bridge Gap Loan(Lower Indrawati)			
(a) Jyoti Bikas Bank	35,000,000	201,800,000	-
Unsecured Loan			
(b) Directors	19,500,000	52,000,000	12,500,000
Total	**103,619,725**	**268,770,400**	**27,985,187**

4.34. Other Financial Liabilities-Current

Particulars	As at Asadh 31,2081	As at Asadh 31,2080	As at Shrawan 1,2079
Trade Payable	93,850,097	130,888,239	98,546,319
Audit Fee Payable	334,500	167,250	167,250
Salary Payable	2,654,365	2,558,713	3,925,237
Leave Salary Payable	1,746,921	1,799,636	1,219,408
Staff PF Payable	543,324	370,643	411,155
Medical Allowances Payable	1,650,903	1,518,588	1,103,129
Royalty Payable	10,435,502	9,351,091	9,274,988
Gratuity Payable	1,116,291	-	-
Other Payable - Directors	-	-	56,383
Other Payable - Including Retention	16,813,767	10,073,745	2,417,509
Lease Liability	778,940.35	686,467	4,016,542
Total	**129,924,610**	**157,414,372**	**121,137,921**

4.35. Current Tax Liabilities

Particulars	As at Asadh 31,2081	As at Asadh 31,2080	As at Shrawan 1,2079
Provision for Income Tax	-	4,439,025	8,886,575
Total	**-**	**4,439,025**	**8,886,575**

4.36. Other Current Liabilities

Particulars	As at Asadh 31,2081	As at Asadh 31,2080	As at Shrawan 1,2079
Provision for CSR	-	106,442	242,225
Provision for Staff Bonus	-	178,434	484,450
TDS Payable	10,416,615	6,452,393	2,557,067
NHPC Dividend Tax Payable	-	-	13,505,565
Total	**10,416,615**	**6,737,269**	**16,789,308**

National Hydro Power Company Ltd.
Notes to the Financial Statements For the year Asadh 31,2081
All amounts are in Rs unless stated

4.37. Revenue From Operation

Particulars	Year Ended Asadh 2081	Year Ended Asadh 2080
Electricity Sale	189,374,391	195,492,826
Total	**189,374,391**	**195,492,826**

4.38. Cost of Sales

Particulars	Year Ended Asadh 2081	Year Ended Asadh 2080
Royalty Expenses	26,437,439	27,049,283
Project Operation		
Electricity Expenses	288,328	90,965
Fuel Machinery & Gas Expenses	438,198	616,231
Insurance Expenses	2,827,407	2,493,413
Repair And Maintenance Expenses (PH, Building, Machinery)	20,085,895	22,367,885
Site Office Expenses	1,180,224	1,306,464
Social Mitigation- Site	4,558	65,000
Condition Monitoring Expenses	3,079,000	-
Land Lease Expenses	405,556	199,991
Employee Benefit Expenses		
Salary & Allowances -Site office	21,252,847	20,585,494
Working Dress Expenses	606,000	514,000
Leave Salary- Site Office	1,559,446	1,443,614
Overtime Expenses	-	840,334
Wages Expenses-Site	2,891,379	922,235
Total	**81,056,276**	**78,494,909**

4.39. Other Income

Particulars	Year Ended Asadh 2081	Year Ended Asadh 2080
Interest Income	25,597	205,500
Dividend Income	5,000	-
Miscellaneous Income	1,029,398	265,864
Gain on disposal of Vehicle	982,179	-
Total	**2,042,174**	**471,364**

National Hydro Power Co. Ltd. NHPC

B B R B & Associates Firm No. 556 Chartered Accountants

National Hydro Power Company Ltd.
Notes to the Financial Statements For the year Asadh 31,2081
All amounts are in Rs unless stated

4.40. Administrative & General Expenses

Particulars	Year Ended Asadh 2081	Year Ended Asadh 2080
Advertisement & Publicity	950,887	663,955
AGM Expenses	744,097	554,452
Approval & Appication Fee (Bonus Share & Right Share)	1,522,505	1,046,451
Allowance Expenses	699,458	421,490
Audit Fee	339,000	169,500
Tax Audit fee	84,750	84,750
Training & Observation Tour Expenses	360,634	39,000
Consultancy Service Fee	899,455	734,500
Conveyance	-	20,254
Fuel (Vehicle)	208,837	223,668
Gift and Donation	-	50,000
House rent	77,444	(0)
Internal Audit fee	452,000	452,000
Internet Expenses	61,021	52,206
Legal Fee & Expenses	517,644	257,200
Miscellaneous Expenses	104,941	131,887
News Paper and Magazine	39,160	57,240
Office & Kitchen Expenses	970,377	605,878
OCR Expenses	-	193,202
Printing & Stationery	654,029	512,483
Puja Expenses	-	25,000
Renewal & Listing Expenses	306,609	204,190
Repair and Maintenance	708,476	699,935
RTS Fee	322,987	100,000
Security Service Fee	276,257	293,208
Telephone and Postage	15,470	57,790
Transportation and Communications Allowances	690,000	941,030
Web Hosting & IT Expenses	37,290	190,287
Certification & Valuation Expenses	104,750	-
Custom & Other Clearning Expenses	-	177,442
Vehicle Hire Charges	414,030	380,137
Total	**11,562,108**	**9,339,135**

4.41. Employee Benefit Expenses

Particulars	Year Ended Asadh 2081	Year Ended Asadh 2080
Salary and Allowances HO	13,837,115	14,861,271
Providend Fund HO	274,802	423,136
Leave Salary - HO	274,586	356,022
Gratuity and CIT Expenses	18,893,151	-
Meeting Fee, Allowances and expenses	1,953,878	2,429,722
Less: Capitalization of Expenses	-	-
Total	**35,233,531**	**18,070,151**

4.42. Finance Cost

Particulars	Year Ended Asadh 2081	Year Ended Asadh 2080
Bank & Financial Institution		
Loan Processing & Bank Charge	1,473,505	666,042
Interest Expenses	25,130,824	21,135,691
Finance Cost - Lease Liability	84,976	261,293
Total Finance Expenses	**26,689,305**	**22,063,026**
NFRS Adjustments on Term Loans	-	-
Total Finance Expenses	**26,689,305**	**22,063,026**
Less: Capitalization of Interest (W.I.P)	-	143,449
Total Finance Expenses	**26,689,305**	**21,919,577**

4.43. Earnings Per Share

Earnings Per share	Year Ended Asadh 2081	Year Ended Asadh 2080
Profit for the year	(5,644,087)	16,448,498
Weighted Average number of equity shares outstanding	16,450,169	16,450,169
Earnings per share (Rs)- Basic (Face value of Rs 100 each)	(0.34)	1.00
Add: Weighted Average Number of Potential equity shares	-	-
Weighted average number of Equity shares (including dilutive shares) outstanding	16,450,169	16,450,169
Earnings Per share (Rs)- Diluted (Face value of Rs 100 each)	**(0.34)**	**1.00**

National Hydro Power Co. Ltd. NHPC

B B R B & Associates Firm No. 556 Chartered Accountants

National Hydro Power Company Ltd.
Notes to the Financial Statements For the year Asadh 31,2081
All amounts are in Rs unless stated

4.44. Income Tax Expenses

Total	Year Ended Asadh 2081	Year Ended Asadh 2080
Current tax	-	4,439,025
Deferred tax Expenses /(Income)	(276,882)	578,866
Income tax expenses related to the Previous Year	-	-
	(276,882)	**5,017,891**

4.44.1. RECONCILIATION TO ACCOUNTING PROFIT AND INCOME TAX PROFIT

Particulars	Year Ended Asadh 2081	Year Ended Asadh 2080
Accounting Profit/ (Loss) before Tax, Staff Bonus & CSR	**(5,920,969)**	**21,734,040**
Adjustments:		
Less: Excess depreciation claimable	-	(3,605,540)
Less: PY Adjustments	-	(861,450)
Add: Unclaimable Depreciation on ROUA	1,022,762	4,071,043
Add: Unclaimable Finance Costs on Lease Liability	84,976	261,293
Less: House Rent Expenses Claimable	(1,148,889)	(1,193,333)
Less: Land Lease Expenses Claimable	-	(88,889)
Add: Unclaimable Repair & Maintenance as per Income Tax Act	(238,690)	1,664,119
Add: Unclaimable Administrative & General Expenses as per Income Tax Act	104,941	131,887
Taxable Profit/(Loss) for Income Tax Purpose	**(174,900)**	**22,113,171**

4.44.1.1. RECONCILIATION TO INCOME TAX EXPENSES

Particulars	Year Ended Asadh 2081	Year Ended Asadh 2080
Taxable Profit/(Loss) for Income Tax Purpose	**(174,900)**	**22,113,171**
Taxation:		
Income Tax @ 20% on profits	(34,980)	4,422,634
Additional fees under Income tax		16,391
Deferred tax @ 20% (Refer Note 3.34.2)	153,849,528	154,126,410
Reversal/(Origination) of deferred tax assets related to previous year	(154,126,410)	(153,547,544)
Total Income Tax Expenses/(INCOME) recognized including deferred tax	**(276,882)**	**5,017,891**

National Hydro Power Co. Ltd. NHPC

B B R B & Associates Firm No. 566 Chartered Accountants

National Hydro Power Company Ltd.
Notes to the Financial Statements For the year Asadh 31,2081
All amounts are in Rs unless stated

4.44.2. Deferred Tax Calculation

Particulars	Carrying Amount	Tax Base	Temporary difference	Tax Rate	Deferred Tax Liabilities/(Assets)
Restated At 2079.04.01					
Assets					-
Property,Plant And Equipment including Project Assets	1,060,362,232	293,488,446	766,873,786	20%	153,374,757
Investment in Equity Instruments	451,153,846	450,030,500	1,123,346	20%	224,669
Liabilities					
Lease Liability (Net)	259,413	-	259,413	20%	(51,883)
Total	**1,511,775,491**	**743,518,946**	**768,256,544**		**153,547,544**
Deferred Tax Expenses (Income)					**153,547,544**
FY 2079-80					
Assets					-
Property,Plant And Equipment including Project Assets	1,038,461,761	269,646,538	768,815,223	20%	153,763,045
Investment in Equity Instruments	108,913,253	107,030,500	1,882,753	20%	376,551
Liabilities					
Lease Liability (Net)	65,927	-	65,927	20%	(13,185)
Total	**1,147,440,941**	**376,677,038**	**770,763,903**		**154,126,410**
Deferred Tax Expenses (Income)					**578,866**
FY 2080-81					
Assets					
Property,Plant And Equipment including Project Assets	1,008,132,035	242,818,089	765,313,946	20%	153,062,789
Investment in Equity Instruments	734,310,518	730,310,900	3,999,618	20%	799,924
Liabilities					
Lease Liability (Net)	65,927	-	65,927	20%	(13,185)
Total	**1,742,508,480**	**973,128,989**	**769,379,491**		**153,849,528**
Deferred Tax Expenses (Income)					**(276,882)**

National Hydro Power Co. Ltd. NHPC

B R B & Associates Chartered Accountants Firm No. 556

National Hydro Power Company Ltd.

NFRS 1 Reconciliations (Continued)

Effect of NFRS Adoption on the Balance Sheet as at Shrawan 1,2079 (Date of Transition to NFRS)

All amounts are in Rs unless stated

Note 4.45.

Particulars	GAAP as on Date of Transition (1st Shrawan, 2079)	Reclassification under NFRS	Effect of Transition to NFRS	As on 1st Shrawan, 2079 (Restated)
Assets				
Non-Current Assets				
Property, Plant and Equipment				
a) General Assets(Gross)	2,034,311,102	(2,015,822,072)	-	18,489,030
Less: Accumulated Depreciation	994,404,113	(980,002,434)	(107,217)	14,294,462
General Assets (Net)	1,039,906,989	(1,035,819,639)	107,217	4,194,568
b) Project Assets				
i) Project Assets (Indrawati III)	-	2,015,822,072	-	2,015,822,072
Less: Accumulated Depreciation	-	980,002,434	(20,348,026)	959,654,408
Project Assets (Net)	-	1,035,819,639	20,348,026	1,056,167,664
ii)Project Assets Under Development (Lower Indrawati)	70,970,508	-	-	70,970,508
Intangible Assets (Net)	-	-	-	-
Right to Use Assets	-	-	3,757,129	3,757,129
Total Non-Current Assets	1,110,877,498	-	24,212,372	1,135,089,870
Current Assets				
Financial Assets				
i) Trade Receivables	-	20,788,350	-	20,788,350
ii) Cash And Cash Equivalents	403,790	-	-	403,790
iii) Investment in Equity Instruments	-	450,030,500	1,123,346	451,153,846
iv) Other Financial Assets	-	107,216,202	-	107,216,202
Current Tax Assets	-	-	-	-
Long Term Investments	450,030,500	(450,030,500)	-	-
Sundry Debtors	20,788,350	(20,788,350)	-	-
Other Current Assets		292,546,069	-	292,546,069
Advances & Other Receivables	399,762,272	(399,762,272)	-	-
Total Current Assets	870,984,911	-	1,123,346	872,108,257
Total Assets	1,981,862,409	-	25,335,718	2,007,198,126
Equity and Liabilities				
Equity				
Equity Share Capital	1,642,516,944	-	-	1,642,516,944
Other Equity		15,325,508	(132,228,368)	(116,902,860)
Reserves and Surplus	15,325,508	(15,325,508)		
Share Advance	-	-	-	-
Total Equity	1,657,842,452	-	(132,228,368)	1,525,614,084
Liabilities				
Non-Current Liabilities				
Financial Liabilities				
i) Borrowings	-	153,237,508	-	153,237,508
Secured Loan	153,237,508	(153,237,508)	-	-
Deferred Tax Liabilities	-		153,547,544	153,547,544
Total Non-Current Liabilities	153,237,508	-	153,547,544	306,785,052
Current Liabilities				
Financial Liabilities				
i) Borrowings	-	27,985,187	-	27,985,187
ii) Other Financial Liabilities	-	117,121,378	4,016,542	121,137,921
Short Term Loan (Secured & Unsecured)	27,985,187	(27,985,187)	-	-
Current Tax Liabilities	-	8,886,575	-	8,886,575
Other Current Liabilities	-	16,789,308	-	16,789,308
Trade & Other Payable	133,184,011	(133,184,011)	-	-
Duties & Taxes	9,613,250	(9,613,250)	-	-
Total Current Liabilities	170,782,449	-	4,016,542	174,798,991
Total Liabilities	324,019,957	-	157,564,086	481,584,043
Total Equity and Liabilities	1,981,862,409	-	25,335,718	2,007,198,126

Explanation Note

Particulars	Impact in	Adjustment
Remeasurement of Property,Plant and Equipment	Property, Plant and Equipment	(107,217)
Remeasurement of Project Assets	Project Assets	(20,348,026)
Remeasurement of Investment in Equity Instruments	Investment in Equity Instruments	1,123,346
Recognition of Right of Use Assets	Right to Use Assets	3,757,129
Recognition of Deferred Tax Liabilities	Deferred Tax liabilities & Other Equity	153,547,544
Recognition of Lease Liability	Other Financial Liabilities	4,016,542
Changes in Retained Earnings	Other Equity	(132,228,368)
Total Adjustments		9,760,950

i. Under the Previous Generally Accepted Accounting Principles (GAAP), Depreciation was charged using either the Written-Down Value Method (WDV) or Straight-Line Method (SLM) (depending on the respective class of Property, Plant & Equipment & Project Assets). The depreciation base was calculated without accounting for the days the asset was utilised during the year. However, after transitioning to Nepal Financial Reporting Standards (NFRS), depreciation is now calculated and charged based on the depreciation base that corresponds to the actual number of days the asset has been in use until the end of the fiscal year.

ii. Under the previous GAAP, house rent and land lease expenses were classified as administrative expenses and capitalised as pre-operating expenses. However, following the transition to the NFRS, specifically the recent amendments to NFRS 16 "Leases," the treatment of these expenses has changed.
The new standard eliminates the classification of leases as either operating leases or finance leases as required by NAS 17 and instead introduces a single lessee accounting model i.e. Finance Lease. Accordingly, Right of Use Assets and Lease Liabilities have been recognised on the Statement of Financial Position. The depreciation on the Right of Use Assets is calculated using the straight-line method (SLM) and the finance cost associated with the Lease Liability is determined at the incremental borrowing cost of 10%.

iii. As part of the transition to Nepal Financial Reporting Standards (NFRS), the Company has adopted NAS 12: Income Taxes, which requires recognition of deferred tax assets and liabilities for all temporary differences between the carrying amounts of assets and liabilities in the financial statements and their corresponding tax bases.

Reclassification

Classification of Net Value of Property, Plant & Equipment (PPE) into Project Assets	1,035,819,639
Classification of Sundry Debtors into Trade Receivables	20,788,350
Classification Of Cash & Cash Equivalent as Financial Assets	403,790
Classification of Long Term Investments into Investment in Equity Instruments	450,030,500
Classification Of Advances & Other Receivables into Other Current Assets	292,546,069
Classification Of Reserves and Surplus into Other Equity	15,325,508
Classification Of Secured Loan into Non-Current Borrowings	153,237,508
Classification Of Short Term Loan (Secured & Unsecured) into Current Borrowings	27,985,187
Classification Of Trade and Other Payable into Other Financial Liabilities	117,121,378
Classification Of Trade and Other Payable into Other Current Liabilities	16,062,633
Classification Of Duties and Taxes into Current Tax Liabilities	8,886,575
Classification Of Duties and Taxes into Other Current Liabilities	726,676

National Hydro Power Company Limited — Audited — B B R B & Associates — Firm No. 556 — Chartered Accountants

National Hydro Power Company Ltd.

NFRS 1 Reconciliations (Continued)

Effect of NFRS Adoption on the Balance Sheet as at Asadh 31,2080

All amounts are in Rs unless stated

Particulars	Under GAAP as on 31st Asadh, 2080	Reclassification under NFRS	Adjustments under NFRS	Restated as on 31st Asadh, 2080
Assets				
Non-Current Assets				
Property, Plant and Equipment				
i) General Assets(Gross)	2,055,505,375	(2,032,140,603)	-	23,364,771
Less: Accumulated Depreciation	1,052,458,465	(1,037,021,253)	720,736	16,157,947
General Assets (Net)	**1,003,046,910**	**(995,119,350)**	**(720,736)**	**7,206,824**
ii) Project Assets	-	2,032,140,603	-	2,032,140,603
Less: Accumulated Depreciation	-	1,037,021,253	(36,135,587)	1,000,885,666
Project Assets (Net)	**-**	**995,119,350**	**36,135,587**	**1,031,254,937**
ii)Project Assets Under Development (Lower Indrawati)	901,552,012	-	(3,100,151)	898,451,861
Intangible Assets (Net)	-	-	-	-
Right to Use Assets	-	-	620,540	620,540
Total Non-Current Assets	**1,904,598,922**	**-**	**32,935,240**	**1,937,534,162**
Current Assets				
Financial Assets				-
i) Trade Receivables	-	21,549,381	-	21,549,381
ii) Cash And Cash Equivalents	2,030,344	-	-	2,030,344
iii) Investment in Equity Instruments	-	107,030,500	1,882,753	108,913,253
iv) Other Financial Assets	-	191,992,202	-	191,992,202
Current Tax Assets	-	225	-	225
Long Term Investments	107,030,500	(107,030,500)	-	-
Sundry Debtors	21,549,381	(21,549,381)	-	-
Other Current Assets	-	5,241,784	-	5,241,784
Advances & Other Receivables	197,234,212	(197,234,212)	-	-
Total Current Assets	**327,844,438**	**-**	**1,882,753**	**329,727,191**
Total Assets	**2,232,443,360**	**-**	**34,817,993**	**2,267,261,353**
Equity and Liabilities				
Equity				
Equity Share Capital	1,645,016,944	-	-	1,645,016,944
Other Equity	-	15,043,701	(119,994,885)	(104,951,184)
Reserves and Surplus	15,043,701	(15,043,701)	-	-
Share Advance	-	-	-	-
Total Equity	**1,660,060,645**	**-**	**(119,994,885)**	**1,540,065,760**
Liabilities				
Non-Current Liabilities				
Financial Liabilities				-
i) Borrowings	-	135,708,116	-	135,708,116
Secured Loan	135,708,116	(135,708,116)	-	-
Deferred Tax Liabilities	-		154,126,410	154,126,410
Total Non-Current Liabilities	**135,708,116**	**-**	**154,126,410**	**289,834,526**
Current Liabilities				
Financial Liabilities				-
i) Borrowings	-	268,770,400	-	268,770,400
ii) Other Financial Liabilities	-	157,414,372	-	157,414,372
Short Term Loan (Secured & Unsecured)	268,770,400	(268,770,400)	-	-
Current Tax Liabilities	-	4,439,025	-	4,439,025
Other Current Liabilities	-	6,737,269	-	6,737,269
Trade & Other Payable	163,180,298	(163,180,298)	-	-
Duties & Taxes	4,723,901	(4,723,901)	-	-
Total Current Liabilities	**436,674,599**	**686,467**	**-**	**437,361,066**
Total Liabilities	**572,382,715**	**686,467**	**154,126,410**	**727,195,593**
Total Equity and Liabilities	**2,232,443,360**	**686,467**	**34,131,525**	**2,267,261,353**

Explanation Note

Particulars	Impact in	Adjustment
Remeasurement of Property, Plant and Equipment	Property, Plant and Equipment	(720,736)
Remeasurement of Project Assets	Project Assets	(36,135,587)
Recognition of Right of Use Assets	Right to Use Assets	620,540
Recognition of Right of Use Assets	Project Work in Progress & Finance Cost	(3,100,151)
Recognition of Lease Liability	Other Financial Liabilities	686,467
Changes in Retained Earnings	Other Equity	(119,994,885)
Total Adjustments		(158,644,351)

i. Under the Previous Generally Accepted Accounting Principles (GAAP), Depreciation was charged using either the Written-Down Value Method (WDV) or Straight-Line Method (SLM) (depending on the respective class of Property, Plant & Equipment & Project Assets). The depreciation base was calculated without accounting for the days the asset was utilised during the year. However, after transitioning to Nepal Financial Reporting Standards (NFRS), depreciation is now calculated and charged based on the depreciation base that corresponds to the actual number of days the asset has been in use until the end of the fiscal year.

ii. Under the previous GAAP, house rent and land lease expenses were classified as administrative expenses and capitalised as pre-operating expenses. However, following the transition to the NFRS, specifically the recent amendments to NFRS 16 "Leases," the treatment of these expenses has changed.
The new standard eliminates the classification of leases as either operating leases or finance leases as required by NAS 17 and instead introduces a single lessee accounting model i.e. Finance Lease. Accordingly, Right of Use Assets and Lease Liabilities have been recognised on the Statement of Financial Position. The depreciation on the Right of Use Assets is calculated using the straight-line method (SLM) and the finance cost associated with the Lease Liability is determined at the incremental borrowing cost of 10%.

Reclassification

Classification of Net Value of Property, Plant & Equipment (PPE) as Project Assets	995,119,350
Classification of Project Work In Progress into Project Assets Under Development	901,552,012
Classification of Sundry Debtors into Trade Receivables	21,549,381
Classification Of Cash & Cash Equivalent as Financial Assets	2,030,344
Classification of Long Term Investments into Investment in Equity Instruments	107,030,500
Classification Of Advances & Other Receivables into Other Current Assets	5,241,784
Classification Of Reserves and Surplus into Other Equity	-
Classification Of Secured Loan into Non-Current Borrowings	135,708,116
Classification Of Short Term Loan (Secured & Unsecured) into Current Borrowings	268,770,400
Classification Of Trade and Other Payable into Other Financial Liabilities	156,727,905
Classification Of Trade and Other Payable into Other Current Liabilities	16,062,633
Classification Of Duties and Taxes into Current Tax Liabilities	4,439,025
Classification Of Duties and Taxes into Other Current Liabilities	284,876

B B R B & Associates Firm No. 556 Chartered Accountants

National Hydro Power Company Ltd.

NFRS 1 Reconciliations (Continued)

Effect of NFRS Adoption on the Statement of Profit or Loss and Other Comprehensive Income For the year Ended Asadh 31,2080

All amounts are in Rs unless stated

Particulars	Under GAAP FY 2079/80	Reclassification Under NFRS	Adjustment Under NFRS	FY 2079/80 (Restated)
Revenue From Operation		195,492,826	-	195,492,826
Electricity Sale	195,492,826	(195,492,826)	-	-
Cost of Sales	78,583,798	-	(88,889)	78,494,909
Gross Profit	**116,909,028**	**-**	**88,889**	**116,997,917**
Other Income	471,364	-	-	471,364
Depreciation and Amortisation Expenses		58,054,352	(10,888,565)	47,165,786
Depreciation	58,054,352	(58,054,352)	-	-
Administrative & General Expenses	29,268,660	(18,736,193)	(1,193,332)	9,339,135
Employee Benefit Expenses		18,070,151		18,070,151
Other Operating Expenses	-	-	-	-
Profit/Loss From Operation	**30,057,381**	**666,042**	**12,170,786**	**42,894,209**
Gain/(Loss) on Investment through FVTPL	-	-	759,407	759,407
Finance Costs		21,135,691	783,886	21,919,577
Interest & Financial Expenses	21,135,691	(21,135,691)	-	-
Reversal of Impairment on Financial Assets	-	-	-	-
Profit Before Bonus, Tax & CSR Expenses	**8,921,690**	**666,042**	**12,146,308**	**21,734,040**
Provision for Staff Bonus	178,434			178,434
Profit Before Tax & CSR Expenses	**8,743,257**	**666,042**	**12,146,308**	**21,555,606**
Excess/ Short provision of tax relating to earlier years	-	-	-	-
Less: Tax Expenses				-
1) Current Tax	4,439,025	-	-	4,439,025
2) Deferred Tax Expenses/(Income)	-		578,866	578,866
Profit Before CSR Expenses	**4,304,232**	**666,042**	**11,567,441**	**16,537,715**
Provision for Corporate Social Responsibility (CSR)	89,217	-	-	89,217
Profit/(Loss) for the period	**4,215,015**	**666,042**	**11,567,441**	**16,448,498**
Other Comprehensive Income				
Items That Will Not Be Reclassified Subsequently To Profit Or Loss:				
Exchange Difference in translating foreign operations, Net of Tax	-	-	-	-
Revaluation of Property Plant & Equipment, Net of Tax	-	-	-	-
Actuarial Loss on Employee Benefit Obligations, Net of Tax	-	-	-	-
Items That May Be Reclassified Subsequently To Profit Or Loss:				
Change on Fair Value of Hedging Instruments, Net of Tax	-	-	-	-
Total Comprehensive Income For the Year	**4,215,015**	**666,042**	**11,567,441**	**16,448,498**

Particulars	Impact in	Adjustment
Recognition of Right of Use Assets	Cost of Sales	(88,889)
Remeasurement of Depreciation and Amortization Expenses	Depreciation and Amortisation Expenses	(10,888,565)
Recognition of Right of Use Assets	Administrative & General Expenses	(1,193,332)
Recognition of Gain/(loss) On Investment	Gain/(Loss) on Investment through FVTPL	(759,407)
Remeasurement of Finance Cost	Finance Costs	783,886
Computation of Deferred Tax Expenses /(Income)	Deferred Tax Expenses/(Income)	578,866
Total Adjustments		(11,567,441)

Classification:		
Classification of Electricity Sale as Revenue from operation	Revenue From Operation	195,492,826
Classification of Depreciation as Depreciation and Ammortization Expenses	Depreciation and Amortisation Expenses	58,054,352
Classification of Administrative & General Expenses into Employee Benefit Expenses	Employee Benefit Expenses	18,070,151
Classification of Administrative & General Expenses into Finance Cost	Finance Cost	783,886
Remeasurement of Depreciation on Right of Use Assets	Administrative & General Expenses	4,071,043
Remeasurement of Finance Costs - Lease Liability	Administrative & General Expenses	261,293
Reclassification of House Rent Expenses	Administrative & General Expenses	(1,193,333)
Remeasurement of Depreciation on Property, Plant & Equipment	Depreciation and Amortisation Expenses	(827,953)
Classification of Interest & Financial Expenses as Finance Cost	Finance Costs	21,135,691

National Hydro Power Co. Ltd. NHPC

B B R B & Associates Firm No. 556 Chartered Accountants

National Hydro Power Company Limited

For the year Ended 31st Asadh 2081.

Significant Accounting Policies and Notes to Accounts

1. General Information on the legal status and operations of the company

National Hydro Power Company Limited, (referred to as 'The Company' hereafter) is a public limited company incorporated under the Companies Act of Nepal. The company's registered office is at Binayaknagar-10, Baneshwor, Kathmandu, Nepal. The main objective of the company is the generation of electricity. The company has developed and has been operating the 7.5 MW Indrawati Hydro Power Project in Sindhupalchowk district since 1999. The Company has entered into a Power Purchase Agreement (PPA) with Nepal Electricity Authority (NEA).

The company has acquired the license and is in the process of developing a 4.5 MW Lower Indrawati Hydro Power Project in Sindhupalchowk District. The company has completed the feasibility study of the project. The environmental study of the project has been submitted for approval. The company has signed an agreement to supply the energy generated from the project and PPA has been accordingly signed and completed and construction work is under progress.

The company has major investment in Lower Erkhuwa Hydro Power Company Limited which is in the process of developing Lower Erkhuwa Hydro Power Project of 14.15 MW in Bhojpur district. This Project is expected to come in line by the end of FY 2081/082.

The company intends to hold major investment in Ujyalo Energy Solution Pvt. Ltd. which is in the process of developing Likhu Khola Hydro Power Project of 42.3 MW in Okhaldhunga district. The Company has already obtained Survey license with Department of Electricity Development and in process of completing all the pending legal procedure.

The Board of directors is responsible for the fair preparation and presentation of the Financial Statements of NHPC as per the provisions of the Companies Act, 2063 (First Amendment 2074).

The financial statements are authorized for issue by Board of Directors on dated 3rd Mangsir, 2081 and recommended for approvals by Annual General Meetings of the shareholders.

2. Basis of Preparation and Measurement

2.1. Statement of Compliance

The financial statements have been prepared in accordance with the applicable Nepal Financial Reporting Standards (NFRS) as issued by the Accounting Standard Board (ASB), Nepal. "The financial statements of the company comprise of Statement of Financial Position, Total Comprehensive Income, shown as a single statement, Statement of Changes in Equity, Statement of Cash Flows, Notes to the Financial Statements. The Financial Statements have also been prepared in accordance with the relevant presentational requirements of the Companies Act, 2063 (First Amendment 2074) of Nepal.

These financial statements for the year ended Asadh 31, 2081 are the first report prepared by complying NFRS. For all periods up to and including the year ended Asadh 31,2080, the company prepared its financials in accordance with Nepal Accounting Standard (Hereafter referred to as Previous

National Hydro Power Co. Ltd. NHPC

B B R B & Associates Firm No. 556 Chartered Accountants

GAAP') for its statutory reporting requirement in Nepal. The financial statement for the year ended 31 Asadh, 2079 and the opening Balance Sheet as of Shrawan 1, 2079 have been restated in accordance with NFRS for comparative information.

Reconciliation and Explanations of the effect of the transition from previous GAAP to NFRS on the company's Statements of Financial Position, and Total Comprehensive Income are provided in Note 4.45. The Transition Date of NFRS is Shrawan 01, 2079.

2.2. Basis of Preparation of Financial Statements

The financial statements have been prepared on an accrual and going concern basis. The accounting policies are applied consistently to all the periods presented in the financial statements. All assets and liabilities have been classified as current or noncurrent as per the Company's normal operating cycle. Based on the nature of products and the time between the acquisition of assets for processing and their realization in cash and cash equivalents, the Company has ascertained its operating cycle as 12 months for the purpose of current or noncurrent classification of assets and liabilities. The financial statements are presented in the functional and presentation currency of the Company i.e., Nepalese Rupee ("NPR") which is the currency of the primary economic environment in which the Company operates.

2.3. Basis of Measurement

"These financial statements are prepared under historical cost convention except for certain financial instruments that are provided that are measured at fair value at the end of each reporting period, as explained in the accounting policies below:

(i) Historical cost is generally based on the fair value of the consideration given in exchange for goods and services.

(ii) Fair value measurements are categorized into Levels 1, 2, or 3 based on the degree to which the inputs to the fair value measurements are observable and the significance of the inputs to the fair value measurement in its entirety, which are described as follows:

- Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date;
- Level 2 inputs are inputs, Other than quoted prices included within Level 1, that are observable for the asset or liability, either directly or indirectly; and
- Level 3 inputs are unobservable inputs for the asset or liability.

The directors are of the belief that the carrying amounts of financial assets and financial liabilities recognized in the financial statements approximate their fair values.

(iii) Financial assets and financial liabilities measured at Fair Value.

(iv) Financial statements prepared under the Going Concern Basis.

2.4. IFRIC-12 Considerations:

IFRIC (International Financial Reporting Interpretation Committee) 12 gives guidance on the accounting by operators for public-to-private service concession arrangements. This interpretation sets out general principles on recognizing and measuring obligations and related rights in service concession arrangements. The company has considered about the applicability of IFRIC 12 Service Concession Arrangement, issued by International Accounting Standard Board (NASB) for preparation and presentation of financial statements. National Hydro Power Company Limited, after due consideration has not applied IFRIC 12 while preparing these financial statements on the following grounds:

(i) 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

National Hydro Power Co. Ltd. NHPC

B R B & Associates Firm No. 556 Chartered Accountants

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 electricity 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.

(ii) 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.

(iii) The company under Power Purchase Agreement (PPA) sells energy to NEA and not directly to the general public.

(iv) Though the project is to be transferred to the government at the end of the license 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.

3. Significant Accounting Policies, Judgements, Estimates & Assumptions

3.1. Use of Estimates

The preparation of financial statements in conformity with Nepal Financial Reporting Standards (NFRS) which requires estimates, assumptions and judgments to be made that affect the reported amounts of assets and liabilities and disclosure of contingent liabilities on the date of the financial statements and the reported amounts of revenues and expenses during the reporting year. Differences due to the use of estimates are recognized in the years in which the results are known/materialized.

3.2. Going Concern

The Financial Statements are prepared on the assumption that the company is going concern. The board has assessed NHPC's ability to continue as a going concern and is satisfied that it has the resources to continue in business for the foreseeable future and does not intend either to liquidate or cease operations.

3.3. Property, Plant and Equipment

(i) Property, Plant & Equipment are measured at cost (Inclusive of all direct & indirect expenses attributable to the fixed assets being put to use) less accumulated depreciation and impairment losses, if any.

(ii) Subsequent costs are included in the asset's carrying amount or recognized as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the company and the cost of the item can be measured reliably.

(iii) Items of Property, Plant and Equipment that have been retired from alive use and are held for disposal are stated at the lower of their book value or net realizable value and are shown separately in the financial statements.

(iv) The Residual Values, useful lives and the methods of depreciation of property, Plant and equipment are reviewed at each financial year end and adjusted prospectively, if appropriate.

(v) An item of property, plant and equipment and any significant part initially recognized is derecognized upon disposal or when no future economic benefits are expected from its use or disposal, any gain or loss arising on derecognition of the assets (calculated as the difference between the net disposal proceeds and the carrying amount of the assets) is included in the statement of profit or loss when the asset is derecognized.

3.3.1. Depreciation and Amortization

i. Depreciation is recognized to systematically allocate the cost of assets (excluding freehold land and properties under construction) over their estimated useful lives. This is achieved using the **written-down value (WDV) method**), considering the residual value of the assets. Depreciation is calculated on a pro-rata basis for assets acquired during the year, starting from the date they are available for use.

National Hydro Power Co. Ltd. NHPC

B B R B & Associates Firm No. 556 Chartered Accountants

ii. Amortization is recognized on a **straight-line basis** over the estimated useful lives of intangible assets. The useful life and amortization method are reviewed at the end of each reporting period. Any changes in estimates are accounted for prospectively.

iii. The estimated useful lives of the assets and the corresponding depreciation/amortization methods are determined by management and are subject to periodic review to ensure they align with the actual pattern of usage.

Category of Asset	Estimated Useful Life	Measurement Basis	Depreciation Rate
Furniture & Fixture	8-10 years	Cost Model	25%
Computer & Accessories	8-10 years	Cost Model	25%
Vehicle	13-15 years	Cost Model	20%
Others	8-10 years	Cost Model	25%

The Company has project under operations; Indrawati III, the generation license of the project is end at 2104 Poush end respectively. The projects have been amortized in straight line basis on remaining life.

iv. The useful life of an asset refers to either the duration over which the asset is expected to be used or the number of production or similar units expected to be generated from its use. The estimated useful life, residual values, and depreciation method are reviewed at the end of each reporting period to ensure they remain appropriate. Any changes in these estimates are accounted for prospectively, reflecting their effect in the current and future periods.

v. Leasehold improvements are depreciated over the period of lease or estimated useful life, whichever is lower, on straight-line basis.

vi. For Transition to NFRS, the company has elected to continue the carrying value of all of its property, plant and equipment recognized as of Shrawan 01, 2078 measured as per the previous GAAP and use that carrying value as its deemed cost as of the transition date.

3.4. Intangible Assets

(i) Intangible Assets are stated at their cost of acquisition, less accumulated amortization and impairment losses. An intangible asset is recognized, where it is probable that the future economic benefits attributable to the assets will flow to the enterprise and where its cost can be reliably measured. The amortizable amount of intangible assets is allocated over the best estimate of its useful life on a straight-line basis.

(ii) An intangible asset is derecognized on disposal, or when no future economic benefits are expected from use or disposal. Gains or losses arising from the derecognition of an intangible asset, measured as the difference between the net disposal proceeds and the carrying amount of the assets, are recognized in profit or loss when the assets are derecognized.

(iii) The company currently doesn't possess any intangible assets.

3.4.1. Impairment of Tangible and Intangible Assets:

An Assets is considered impaired in accordance with NAS 36 on Impairment of Assets when at the balance sheet date there are indications of impairment and the carrying amount of the assets, or where applicable the cash-generating unit to which the asset belongs, exceeds its recoverable amount (i.e. the higher of the assets net selling price and value in use). The carrying amount is reduced to the recoverable amount and the reduction is recognized as an impairment loss in profit or loss.

National Hydro Power Co. Ltd. NHPC

B B R D & Associates Firm No. 556 Chartered Accountants

When an impairment loss subsequently reverses, the carrying amount of the assets (or a 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 profit or loss.

3.5. Leases:

(i) On January 13, 2016, the NASB issued NFRS 16 to replace NAS 17 Leases. The new standard sets out the principles for the recognition, measurement, presentation and disclosure of leases. All leases result in the lessee obtaining the right to use an asset at the start of the lease and, lease payments are made over time, also obtaining financing.

(ii) Accordingly, NFRS 16 eliminates the classification of leases as either operating leases or finance leases as is required by NAS 17 and instead, introduces a single lessee accounting model. Lessees will be required to recognize:
(a) Assets and Liabilities for all leases with a term of more than 12 months, unless the underlying asset is of low value; and
(b) Depreciation of lease assets separately from interest on lease liabilities in the income statement.

(iii) NFRS 16 substantially carries forward lessor accounting requirements in NAS 17. Accordingly, a lessor continues to classify its leases as operating leases or finance leases and to account for those two types of leases differently.

(iv) The company as a lessee, thus, recognizes a right of use asset and a lease liability for its leasing arrangements, as the contract conveys the right to control the use of an identified asset.

(v) The contract conveys the right to control the use of an identified asset, as it involves the use of an identified assets and the company has substantially all of the economic benefits from use of the assets and has right to direct the use of the identified assets.

(vi) The cost of the right to use assets shall comprise of the amount of the initial measurement of the lease liability adjusted for any lease payment made at or before the commencement date plus any initial direct costs incurred.

(vii) The right-of-use asset is subsequently measured at cost less any accumulated depreciation, or accumulated impairment losses, if any and adjusted for any remeasurement of the lease liability. The right-of-use assets are depreciated using the straight-line method from the commencement date over the shorter of lease term or useful life of the right-of-use asset.

(viii) The Company measures the lease liability at the present value of the lease payments that are not paid at the commencement date of the lease.

(ix) The lease payments are discounted using the interest rate implicit in the lease, if that rate can be readily determined, the company uses an incremental borrowing rate.

(x) For short-term and low-value leases, the company recognizes the lease payments as an operating expense on a systematic line basis over the lease term.

3.6. Investment Property

Investment property is defined under NAS 40 as land or a building (or part of a building) held to earn rentals, for capital appreciation, or both. Investment property is recognized when it is probable that future economic benefits will flow to the Company and the cost can be reliably measured. Initially, it is measured at cost, including directly attributable expenses. Subsequent to initial recognition, the Company follows the cost model, where investment property is carried at cost less accumulated depreciation and impairment losses. Depreciation shall be charged systematically over the useful life of the property. At the reporting date, the Company has recognized investment property at its cost value.

3.7. Inventories

Cost of inventories includes cost of purchase, costs of conversion and other costs incurred in bringing the inventories to their present location and condition. Inventories are stated at a lower of Cost or Net Realizable Value.

National Hydro Power Co. Ltd. NHPC

B B R B & Associates Firm No. 556 Chartered Accountants

3.8. Borrowing Costs

Borrowing costs comprise interest and other expenses incurred in connection with the borrowing of funds. These costs also include exchange differences, to the extent they are considered adjustments to borrowing costs. Borrowing costs that are directly attributable to the acquisition, construction, or production of qualifying assets—those that require a substantial period of time to be prepared for their intended use or sale—are capitalized as part of the cost of the asset. Capitalization ceases when the assets are substantially ready for their intended use or sale. All other borrowing costs are recognized as expenses in the period in which they are incurred.

3.9. Cash & Cash Equivalents

It Includes cash in hand and balances with banks & financial institutions which are used by the company for the management of its short-term commitments. Such cash & cash equivalents are carried at their book value.

3.10. Statement of Cash Flow:

The Statement of Cash Flow is prepared by the indirect method set out in NAS-7 on Cash Flow Statements and the cash flows reported during the year are classified by operating, investing and financing activities of the company.

3.11. Classification of Current and Non-Current Assets and Liabilities:

All Assets and liabilities have been classified as current & non-current assets as per the company's normal operating cycle. Based on the nature of products and the time between the acquisition of assets for processing and their realization of cash and cash equivalent, the company has ascertained its operating cycle as twelve months for the purpose of classification currents & non-current classification.

3.12. Revenue Recognition

Revenue is the gross inflow of cash, receivables or other consideration arising in the course of the ordinary activities of an enterprise from the sale of goods, rendering of services and various other sources like interest, dividend and royalties.

i. Sale or Services Rendered: Revenue is recognized to the extent that it is probable that economic benefit will flow to the company and that the revenue can be reliably measured and accounted on an accrual basis as and when the right to receive arises.

ii. Dividend Income: Dividend Income (Net of withholding taxes) from investment is recognized when the shareholder's right to receive payment has been established (provided that it is probable that economic benefit will flow to the company and the amount of income can be measured reliably). In Case of a stock dividend, only the number of shares is increased.

iii. Interest Income: Interest Income from a financial asset is recognized when it is probable that the economic benefit will flow to the company and the amount of income can be measured reliably. Interest Income is accrued on time basis, by reference to the principal outstanding at the effective interest rate applicable which is the rate that exactly discount estimated future cash receipts through the expected life of the financial assets to that assets net carrying amount on initial recognition.

3.12.1. Other Incomes:

Other incomes are recognized when the right to receive the income is established.

3.13. Foreign Currency Translation:

On Initial recognition: All foreign currency transactions are recorded by applying to the foreign currency exchange rate prevailing on the date of transactions.

Subsequent Recognition: As of the reporting date, non-monetary items, which are carried in terms of historical cost denominated in a foreign currency, are reported using the exchange rate at the date of the transaction. All non-monetary items which are carried at fair value or other similar valuations

National Hydro Power Co. Ltd. NHPC

B B R B & Associates Firm No. 556 Chartered Accountants

denominated in a foreign currency are reported using the exchange rates that existed on the reporting date.

3.14. Employee Benefits

Compensation to employees for services rendered is measured and accounted for in accordance with NAS 19 'Employee Benefits' on Employee Benefits.

3.14.1. Short-Term Employee Benefits

i. A liability is recognized for benefits accruing to employees in respect of wages and salaries, in the period the related service is rendered at the undiscounted amount of the benefits expected to be paid in exchange for that service and are charged as Statement of Profit or Loss and Other Comprehensive Income.

ii. Liabilities recognized in respect of short-term employee and contractual employees; benefits are measured at the undiscounted amount of the benefits expected to be paid in exchange for the related service and are charged as are charged as Personnel Expenses to Statement of Profit and Loss.

iii. Liability of Leave and other allowances and benefits is recognized when an obligation to pay is established and are charged as are charged as Statement of Profit or Loss and Other Comprehensive Income.

3.14.2. Defined Contribution Plan

i. Defined Contribution Plan- Provident Fund

Under defined contribution plans, such as the Provident Fund, the Company contributes predefined amounts to separate funds without any legal or constructive obligation to pay additional sums beyond these contributions. Contributions to such plans are charged to the profit or loss statement in the year they pertain to. The Company has no further obligations once the monthly contributions are made. These contributions are deposited with the Employees Provident Fund.

ii. Defined Contribution Plan- Gratuity Fund

Under its defined contribution plans, including the Gratuity Fund, the Company contributes a fixed amount on a cash basis. These contributions are recognized as an expense in the Statement of Profit or Loss and Other Comprehensive Income in the period in which they are incurred. The company hasn't created any provisions for gratuity in the financial statements which isn't in line with accounting standard.

3.14.3. Employee Bonus

Employee Bonus shall be provided 2 % of net income before tax as provision for the staff bonus for the year complying with sec 15 of Electricity Act, 2049 and rule no 86 of Electricity Regulation 2050.

3.15. Taxation

i. Income Tax

Income tax on the profit or loss for the year includes both current taxes and deferred taxes. It is recognized in the profit or loss statement, except for amounts that relate to items recognized directly in equity, which are recorded in equity.

ii.Current Tax

Current tax represents the expected tax payable on taxable income for the year, calculated using the tax rates applicable as of the balance sheet date. It also includes any adjustments to tax payable from prior years. The income tax rate applicable to the Company for income derived from the manufacturing and sale of electricity is 20%.

National Hydro Power Co. Ltd. NHPC

B B R B & Associates Firm No. 556 Chartered Accountants

iii. Deferred Tax Assets and Liability:

1. Deferred taxes are accounted for using the asset and liability method. Deferred tax assets and liabilities are recognized for the future tax consequences attributable to temporary differences between the financial statements carrying amounts of existing assets and liabilities, and their respective tax bases. Deferred tax assets and liabilities are measured using tax rates expected to apply to taxable income in the years in which those temporary differences are expected to be recovered or settled based on the laws that have been enacted or subsequently enacted by the reporting date. Deferred tax assets arising from temporary differences are recognized to the extent there is a virtual certainty that sufficient future taxable income will be available against which such deferred tax assets can be realized. Deferred tax assets & liabilities are netted off and presented separately in the face of the Statement of Financial Position.
2. Deferred tax assets or liabilities (For Lower Indrawati-Project Assets Work in Progress) have not been recognized since the company is entitled to tax holiday of 10 years after Commercial Operation Date.

3.16. Corporate Social Responsibility

Section 54 of the Industrial Enterprises Act 2019(2076 BS) makes its mandatory to allocate 1% of the annual profit to be utilized towards corporate social responsibility. 1% of net profit shall be set aside for CSR expenses, if applicable.

3.17. Earnings Per Share

(i) Basic earnings per share is computed by dividing the profit/ (loss) for the year by the weighted average number of equity shares outstanding during the year. The weighted average number of equity shares outstanding during the year is adjusted for treasury shares, bonus issue, bonus element in a rights issue to existing shareholders, share split and reverse share split (consolidation of shares).

(ii) Diluted earnings per share is computed by dividing the profit/ (loss) for the year as adjusted for dividend, interest and other charges to expense or income (net of any attributable taxes) relating to the dilutive potential equity shares, by the weighted average number of equity shares considered for deriving basic earnings per share and the weighted average number of equity shares which could have been issued on the conversion of all dilutive potential equity shares. Potential equity shares are deemed to be dilutive only if their conversion to equity shares would decrease the net profit per share from continuing ordinary operations. Potential dilutive equity shares are deemed to be converted as at the beginning of the period, unless they have been issued at a later date. Diluted EPS has not been calculated as no potential equity exists as on the reporting periods.

3.18. Provisions, Contingent Liability and Contingent Asset

i. Provisions:

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 the present value of those cash flows (when the effect of the time value of money is material).

ii.Contingent Liability:

A contingent liability is a possible obligation that arises from a past event whose existence will be confirmed by the occurrence of one or more uncertain future events beyond the control of the company or a present obligation that arises from past events but is not recognized because it is not probable that an outflow of resources embodying economic benefits will be required to settle the obligation or a reliable estimate of the amount of obligation cannot be made.

National Hydro Power Co. Ltd. NHPC

B B R B & Associates Firm No. 556 Chartered Accountants

iii. Contingent Asset:
A contingent asset is neither recognized nor disclosed in the financial statements.

3.19. Segment Reporting:
The company is solely engaged in the generation and sale of electricity. As a result, it does not furnish separate segment information in compliance with NFRS 8 "Operating Segments".

3.20. Financial Instruments:

i. **Financial Instruments:**
Financial assets and financial liabilities are recognized when the company becomes a party to the contract embodying the related financial instruments. All financial assets and financial liabilities are initially measured at transaction price (including transaction cost except in the initial measurement of financial asset and liabilities that are subsequently measured at fair value through profit and loss account), and where such values are different from the fair value, 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 and loss) are added to or deducted from the fair value measured on initial recognition of a financial asset or financial liabilities. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities at fair value through profit and loss are immediately recognized in the statement of profit and loss.

ii. Effective interest method
The effective interest method is a method of calculating the amortized cost of a financial instrument and of allocating interest income or expense over the relevant period. The effective interest rate is the rate that exactly discounts future cash receipts or payments through the expected life of the financial instrument, or where appropriate, a shorter period. Income/ expense arising on financial instruments after applying an effective interest rate is recognized in the Statement of Profit and Loss and is included in the "Other finance income" or "Other finance cost" line item.

iii. Financial assets

Financial assets at amortized cost
Financial assets are subsequently measured at amortized cost if these financial assets are held within a business model whose objective is to hold these assets in order to collect contractual cash flows and the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Financial assets measured at fair value
Financial assets are measured at fair value through other comprehensive income if these financial assets are held within a business model whose objective is to hold these assets in order to collect contractual cash flows or to sell these financial assets and the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding. The Company in respect of equity investments (other than in subsidiaries, associates, and joint ventures) which are not held for trading has made an irrevocable election to present in other comprehensive income subsequent changes in the fair value of such equity instruments. Such an election is made by the Company on an instrument-by-instrument basis at the time of initial recognition of such equity investments. Financial assets not measured at amortized cost or at fair value through other comprehensive income are carried at fair value through the statement

of profit and loss. For financial assets maturing within one year from the balance sheet date, the carrying amounts is assumed approximate fair value due to the shorter maturity of these instruments.

Impairment of Financial assets

The Company shall assesses at each reporting date, whether there is objective evidence that a financial asset or a group of financial assets is impaired. An impairment exists if one or more events that has occurred since the initial recognition of the asset (an incurred 'loss event'), has an impact on the estimated future cash flows of the financial asset or the group of financial assets that can be reliably estimated.

De-recognition of Financial assets

The Company shall de-recognizes a financial asset only when the contractual rights to the cash flows from the financial asset expire, or it transfers the financial asset, and the transfer qualifies for de-recognition under NFRS 9. If the Company neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Company recognizes its retained interest in the assets and an associated liability for amounts it may have to pay. If the Company retains substantially all the risks and rewards of ownership of a transferred financial asset, the Company continues to recognize the financial asset and recognizes a collateralized borrowing for the proceeds received. On de-recognition of a financial asset in its entirety, the difference between the carrying amounts measured at the date of derecognition and the consideration received is recognized in a statement of profit or loss.

i. Financial liabilities and equity instruments

Classification as debt or equity

Financial liabilities and equity instruments issued by the Company are classified according to the substance of the contractual arrangements entered into and the definitions of a financial liability and an equity instrument.

Equity Instruments

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

Financial Liabilities

Financial liabilities are initially measured at fair value, net of transaction costs, and are subsequently measured at amortized cost, using the effective interest rate method where the time value of money is significant. Interest bearing bank loans, overdrafts and issued debt are initially measured at fair value and are subsequently measured at amortized cost using the effective interest rate method. Any difference between the proceeds (net of transaction costs) and the settlement or redemption of borrowings is reognized over the term of the borrowings in the statement of profit and loss. For trade and other payables maturing within one year from the balance sheet date, the carrying amounts approximate fair value due to the short maturity of these instruments

De-recognition of financial liability

Financial liability is derecognized when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the de-recognition of the original liability and the recognition

National Hydro Power Co. Ltd. NHPC

B & R B & Associates Chartered Accountants Firm No. 556

of a new liability. The difference in the respective carrying amounts is recognized in the statement of profit and loss.

ii. **Off-setting of financial instruments**
Financial assets and financial liabilities are offset, and the net amount is reported in the standalone balance sheet if there is a currently enforceable legal right to offset the recognized amounts and there is an intention to settle on a net basis, to realize the assets and settle the liabilities simultaneously.

iii. **Fair Value measurement:** The Company measures financial instruments, such as investment in equity instruments, at fair value at each balance sheet date. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

i) In the principal market for the asset or liability, or
ii) In the absence of a principal market, in the most advantageous market for the asset or liability.

The principal or the most advantageous market must be accessible by the Company.

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest. A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use. The Company uses various valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value.

3.21. First-Time Adoption of Nepal Financial Reporting Standards (NFRS)

The company has prepared the opening balance sheet as per NFRS as of Shrawan 1, 2079 (the transition date) by recognizing all assets and liabilities whose recognition is required by NFRS, not recognizing items of assets or liabilities which are not permitted by NFRS, by reclassifying items from previous GAAP to NFRS as required under NFRS and applying NFRS in the measurement of recognized assets and liabilities. However, this principle is subject to certain exceptions and certain optional exemptions availed by the company as detailed below:

(i) Recognition of Financial Assets and Financial Liabilities:
The company has applied the recognition requirements of financial assets and financial liabilities prospectively for transactions occurring on or after Shrawan 01,2079 (the transition date).

(ii) Impairment of Financial Assets:
The company has applied the impairment requirements of NAS 36 retrospectively, however, as permitted by NFRS 1, it has used reasonable and supportable information that is available without undue cost or effort to determine the credit risk at the date that financial instruments were initially recognized in order to compare it with the credit risk at the transition date. Further, the company has not undertaken an exhaustive search for information when determining, at the date of transition to NFRS, whether there have been significant increase in credit risk since initial recognition, as permitted by NFRS 1.

(iii) **Deemed Cost for Property, Plant and equipment:**
The company has elected to continue with the carrying value of all of its Property, Plant & Equipment recognized as of Shrawan 1, 2078 measured as per the previous GAAP and use that carrying value as its deemed cost as of the transition date.

National Hydro Power Co. Ltd. NHPC

B B R B & Associates Firm No. 556 Chartered Accountants

(iv) Determining Whether an arrangement contains a lease:
The company has applied 'Appendix C - Effective Date and Transition' of NFRS 16 in determining whether an arrangement existing at the transition date contains a lease on the basis of facts and circumstances existing at that date.

4. Notes to the Accounts

4.1. Investment Property

No depreciation has been charged for the investment property as the asset is not put to use and isn't generating any economic benefits. As at the reporting date, the Company has recognized investment property at its cost value. No impairment testing has been conducted as management estimates the carrying value of the investment property approximates its cost value, which is deemed recoverable.

4.2. Trade Receivables

The Company estimates the probability of collection of accounts receivable by analyzing historical payment patterns, customer status, customer credit-worthiness and current economic trends. If the financial condition of a customer deteriorates, additional allowances may be required.

Particulars	As at Asadh 31,2081	As at Asadh 31,2080	As at Shrawan 1,2079
NEA	32,331,289	21,549,381	20,788,350

The balances of trade receivables include amounts due from Nepal Electricity Authority (NEA). These balances are subject to confirmation and reconciliation with NEA as of the reporting date.

4.3. Investment in Equity Instruments

Name of the company	Type	No. of shares	Face Value or Market Price	Total Value (As at Asadh 31,2081)
IGI Prudential Insurance Ltd	Equity	7993	558	4,460,518/-
Lower Erkhuwa Hydro Power Company Ltd	Equity	587,250	100	587,250,000/-
Ujyalo Energy Solution Pvt. Ltd.	Equity	425,000	100	42,500,000/-
Share Nepal Power Exchange	Equity	1,000	100	100,000/-
Perfect Energy Development Pvt Ltd.	Equity	1,000,000	100	100,000,000/-

1. Investment in IGI Prudential Insurance Ltd. includes 3996.88 shares in the name of Sunkoshi Hydropower Company Ltd which was acquired by National Hydro Power Company Ltd.
2. Investment in Lower Erkhuwa Hydro Power Company Ltd was increased by NRs.487,675,000 during the year including Share Advance of NRs.188,550,000 converted to Equity share Capital.
3. Investment in Perfect Energy Development Pvt Ltd. was made by the company amounting NRs.100,000,000 during the year.

4.4. Share Advance (REF NOTE 4.26)

1.National Hydro Power Company Limited has previously converted its investment in Lower Erkhuwa Hydropower Company Limited from share advance to equity.

2.During the fiscal year 2080-81, the Company has further increased the share advance by NPR 6,300,000'in Ujyalo Energy Solution Pvt. Ltd., which has been classified under share advance.

National Hydro Power Co. Ltd. NHPC

B B R & Associates Firm No. 556 Chartered Accountants

Name of the company	Share Advance As at Asadh 31,2081	Share Advance As at Asadh 31,2080	Share Advance As at Shrawan 1,2079
Ujyalo Energy Solutions Pvt Ltd	NRs. 10,300,000/-	NRs 4,000,000/-	-
Lower Erkhuwa Hydro Power Company Ltd	-	NRs 184,550,000/-	NRs. 104,550,000/-

4.5. Other Assets

1. The Company has provided a short-term advance to Lower Erkhuwa Hydropower Company Limited amounting to NRs. 11,500,000 during the year.
2. Receivable- For Sale proceeds of Investment of Happy Energy Pvt Ltd includes NRs 40,000,000 against the sale of investment to Happy Nepal Investment Pvt Ltd, Uma Bista, Suman Shrestha and Ganesh Adhikari. And, NRs 4,500,000 contributed by the company to Happy Energy Pvt Ltd. The receivable shall be used for the development of Lower Indrawati HPP.
3. The Company has also provided a short-term advance to Project -Likhu (Ujyalo Energy Solution Pvt. Ltd.) amounting to NRs. 1,469,883 as at Asadh 31, 2081.

4.6. Taxation

Income tax expense represents the sum of the tax currently payable and deferred tax.

Current tax:

The Company assesses its tax liability as per the provisions of the Income Tax Act, 2058. The company has not provided any provision for current tax during the year as no taxable profit is generated by the company.

Current and Deferred Tax for the year:

Current and deferred tax are recognized in statement of profit or loss, except when they relate to items that are recognized in other comprehensive income or directly in equity, in which case, the current and deferred tax are also recognized in other comprehensive income or in equity respectively.

4.7. Commitment Fee for Lower Indrawati (Project Assets Under Development) HPP

As per the conditions of the License obtained for the Lower Indrawati HPP, the company will pay Rs. 6,20,25,000 per annum from the year 2085/086 for up to 10 years thereafter, from the revenue of the Project as part of license fee.

4.8. Equity Share Capital

1. During the year, the company issued the right share amounting to NRs. 822,145,971.78 (8,221459.72 shares of Rs 100 each). The right share was fully subscribed and share premium amounting to NRs. 19,381,817.39 was also raised.

2. **Investment and Expenditure Headings as on reporting date for projects:**

Particulars	Amount (NPR)
Investment in Lower Erkhuwa Hydro Power Project **(As per Equity Commitment of 45%)**	384,125,000/-
Short Term Advance -Lower Erkhuwa Hydro Power Company Ltd.	11,500,000/-
Development of Lower Indrawati HPP **(As per the detail below .. Ref a))**	248,206,624.29/-
Upgradation of Indrawati III	137,749,470/-

National Hydro Power Co. Ltd. NHPC

BBRB & Associates Chartered Accountants Firm No. 556

Bank Balances	5,152,895.26/-
Others	44,500,000/-
Total	**831,233,989.55/-**

1. Additional Investment amounting NRs. 261,432,900 (Previous commitment of NRs.122,692,100) for Lower Erkhuwa Hydro Power Project was made by the company as per the commitment of 45% in equity investment and decision of the board dated 15th Shrawan 2080 and shall be accordingly ratified by the Annual General Meeting of the company.
2. Short term Advances to Lower Erkhuwa Hydro Power Company Ltd. is made as a promoter for the requirements of funds in the said project, and shall be treated as short term advance and when returned back by the Lower Erkhuwa Hydro Power Company Ltd shall be used for the development of lower Indrawati HPP.
3. Others includes Receivables as on Asadh 31st 2081, amounting to NRs. 44,500,000 (ref Note no 4.28). The receivable shall be used for the development of Lower Indrawati HPP.

a) Development of Lower Indrawati HPP Equity Injection

Particulars	Amount (NRs.)
Total Project Cost As on Asadh 31,2081 (including SHPC Acquisitions)	1,147,658,685.77
Add: NFRS Adjustments	3,100,150.71
Less: Project WIP From SHPC (Acq)	(640,671,733.00)
Total Project Cost Incurred For Lower Indrawati	**510,087,103.48**
Add: Advances to party(Lower Indrawati)	39,337,475.00
Less: Payable to party (lower Indrawati)	(52,976,302.80)
Less: Retentions (Lower Indrawati)	(16,658,129.45)
Less: TDS (lower Indrawati)	(3,128,821.94)
Less: Project Loan Lower Indrawati Project	(193,454,700.00)
Less: Bridge Gap Loan(Lower Indrawati)	(35,000,000.00)
Total Equity Injected As on Asadh 31,2081	**248,206,624.29**

3. The Company has outstanding calls in arrears of NRs 1,522,000 for 22,470 share outstanding which is not listed in NEPSE and has not been considered for bonus and right share issue purpose. The recovery of remaining receivable on such shares is unascertainable since the name of the partially paid-up shareholders are not available with the Company and company is accordingly planning for auction with appropriate approval in future.

4.9. Project Assets Under Development (Lower Indrawati)

1.Total project cost incurred for Lower Indrawati Project as on Asadh 31st 2081 amounts to NRs. 1147,658,685.77 (including NFRS Adjustment), which includes NRs. 640,671,733 cost incurred by SHPC (then subsidiary of the company acquired by NHPC) which is treated as Project Assets Under Development.

2.The project cost for the Lower Indrawati Project amounts to NRs. 1,211,700,000.

3.The revised estimated budget of the project is NRs. 1,211,700,000 of which NRs. 650,000,000 (Approved) is planned to be invested from long-term loans form consortium banks and its members and from the Equity shall be NRs 561,700,000. For loan purposes, a consortium has been formed as follows:

National Hydro Power Co. Ltd. NHPC

B B R B & Associates Chartered Accountants Firm No. 556

Participating Banks	Term Loan Limit Amount (NRs.)
Jyoti Bikash Bank Ltd(Lead Bank)	400,000,000/-
Central Finance Ltd.	100,000,000/-
Nepal Finance Ltd.	100,000,000/-
Best Finance Ltd.	50,000,000/-
Total	**650,000,000/-**

4.10. Lease

4.10.1. Right to Use Assets

The company has entered into finance leases for:

i. House
ii. Land

The depreciation on Right of Use Assets is calculated at the company's incremental borrowing cost.

4.10.2. Lease Liability

Lease liabilities are recognized at the present value of future lease payments, determined using the company's incremental borrowing rate.

4.10.3. Discount Rate

The discount rate applied is 10%, reflecting the company's incremental borrowing rate.

4.10.4. Movement of Lease Liability during the year:

Particulars	Amount
Opening	**686,467.28**
Additions	1,156,386.40
Payment	1,148,888.89
Interest	84,975.55
TDS-10%	114,888.89
Principle Settlement	949,024.45
Closing Liability	**778,940.35**

4.10.5. Maturity Analysis of Undiscounted Future Lease Payments:

The following table summarizes the future minimum lease payments:

Period	Amount
Within 1 Year	660,000
2 to 5 Years	165000
Beyond 5 Years	-

4.11. Financial Instruments

4.11.1. Recognition

The company initially recognizes a financial asset or a financial liability in its Statement of Financial Position when, and only when, it becomes party to the contractual provisions of the instruments. The transaction costs that are directly attributable to the acquisition or issues of financial instruments (other than of the Financial Instruments through Profit or Loss) are added or deducted from the fair value of the financial assets or financial liabilities, asappropriate, on the

National Hydro Power Co. Ltd. NHPC

BBRB & Associates Chartered Accountants Firm No. 556

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 Statement of Profit or Loss. The institution thus has initially recognized investment and borrowings etc. on the date when they are originated i.e. date of initial recognition. Investment on the equity instruments is recognized on the trade date at which the Company commits to purchase the financial assets.

4.11.2. Categories of Financial Instruments

The financial instruments of the company are categorized as below:

Category of Financial Instruments	Amount (NRS)
Financial Assets:	
Investment in Equity Instruments	734,310,518
Trade Receivables	32,331,289
Cash and cash equivalents	5,270,534
Other Financial Assets	23,271,940
Financial Liabilities:	
Borrowings (non-current)	349,964,250
Borrowings (Current)	103,619,725
Other Financial Liabilities	129,924610

4.11.3. Financial Assets

Purchase and sale of Financial Assets are recognized using trade date accounting. Trade receivables that do not contain a significant financing component are measured at transaction price. The company has elected to account for its investment in equity instruments at cost. Based on the business model objective, other financial assets & cash and cash equivalents are measured at the amortized cost.

i. Impairment Testing

Financial Assets measured at the amortized cost or measured at fair value through other comprehensive income are subject to impairment testing. A loss allowance for any expected credit loss is measured at each reporting date. There are two approaches to impairment i.e. (i) General Approach (ii) Simplified Approach.

The General Approach involves a three-stage model for measuring expected credit loss (ECL). Under the Stage 1 Model, For Financial Assets that have not experienced a significant increase in credit risk since initial recognition, the entity shall recognize a 12-month expected credit loss. This reflects the expected losses that could occur within the next 12 months.

The company has entered into a Power Purchase Agreement (PPA) with Nepal Electricity Authority (NEA), a government entity. Consequently, considering low credit risk, the company opts to apply a general approach impairment model.

Calculation of Expected Credit Loss (ECL) using Probability of Default (POD) Approach:

ECL = Gross Carrying Amount of Financial Asset * Loss Given Default * Probability of Default

The Company assesses impairment losses on trade receivables using historical default rates as a basis for estimation. Given that the receivable party is a government entity, the Company has determined the probability of default to be nil.

At each reporting date, the historical default rates are reviewed, and any changes in forward-looking estimates are analyzed to ensure that the impairment calculation remains relevant and reflective of current conditions. In the event of a significant increase in credit risk, the Company will recognize the full lifetime expected credit losses (ECL) in accordance with the requirements of NFRS 9.

National Hydro Power Co. Ltd. NHPC

B B R B & Associates Firm No. 556 Chartered Accountants

4.11.4. Financial Liabilities

For trade and other payables maturing within one year from the balance sheet date, the carrying amounts are determined to approximate fair value due to the short maturity of these instruments.

4.12. Commitments:

i. As per the conditions of the License obtained for the Lower Indrawati HPP, the company will pay Rs. 6,20,25,000 per annum from the year 2085/086 for up to 10 years thereafter, from the revenue of the Project as part of the license fee.

ii. Committed Equity Investment

Name of the company	Type	Amount
NHPC Engineering Company Ltd.	Equity	14,000,000/-
NHPC Investment Company Ltd.	Equity	16,000,000/-

4.13. Employee Benefits

1. The company has charged gratuity expenses amounting to NPR 18,893,150.74 to Statement of Profit or loss and Other Comprehensive Income under the Voluntary Retirement Scheme (VRS). The gratuity payments were made on a cash basis and subject to a 15% Tax Deducted at Source (TDS).
2. The company has not conducted an actuarial valuation of its defined benefit obligations as required by **Nepal Accounting Standard (NAS) 19: Employee Benefits.**

4.14. Corporate Social Responsibility (CSR)

Section 54 of the Industrial Enterprises Act 2019 (2076 BS) makes it mandatory to allocate 1 % of the annual profit to be utilized towards corporate social responsibility. However no provision for CSR has been Created due to losses in the current Financial year.

4.15. Related Party Disclosures

The transactions entered into with the related parties during the year are as under:

Name	Nature of Relation	Opening Balance	Transaction	Closing balance	Nature of Transactions
Lower Erkhuwa Hydro Power Company Limited	Associate	9,95,75,000	48,76,75,000	58,72,50,000	Investment in share capital
Lower Erkhuwa Hydro Power Company Limited	Associate	-	1,15,00,000	1,15,00,000	Short-Term Advance
Ujyalo Energy Solution Pvt. Ltd- Likhu Khola	Associate	70,00,000	3,55,00,000	4,25,00,000	Investment in share capital
Ujyalo Energy Solution Pvt. Ltd- Likhu Khola	Associate	40,00,000	63,00,000	1,03,00,000	Share Advance
Ujyalo Energy Solution Pvt. Ltd- Likhu Khola	Associate	11,77,741	2,92,146	14,69,883	Advance-Business Expenses on Behalf of UESPL

National Hydro Power Co. Ltd. NHPC

BBRB & Associates Firm No. 556 Chartered Accountants

Kumar Pandey	Executive Chairman	5,20,00,000	3,25,00,000	1,95,00,000	Unsecured Loan
Kumar Pandey	Executive Chairman	-	76,52,965	-	Remuneration
Kumar Pandey	Executive Chairman	-	3,15,000	-	Meeting fee and allowances
Shushila Sharma	Director	-	1,378,776		Remuneration
Shushila Sharma	Director	-	3,15,000	-	Meeting fee and allowances
Bishweshwar Subedi	Director	-	3,15,000	-	Meeting fee and allowances
Som Nath Sapkota	Director	-	3,15,000	-	Meeting fee and allowances
Kanchan Prakash Pandey	Director	-	3,15,000	-	Meeting fee and allowances
Nawa Raj Nepal	Director	-	2,75,000	-	Meeting fee and allowances

4.16. Regrouping of Figures

The previous year's figures have been regrouped/rearranged as appropriate to present them in accordance with the requirements of the Nepal Financial Reporting Standard (NFRS).

National Hydro Power Co. Ltd. NHPC

B B R B & Associates Firm No. 556 Chartered Accountants

नेशनल हाइड्रो पावर कम्पनी लिमिटेड

को

प्रबन्धपत्रमा संशोधन (तीनमहले) गर्नु पर्नाका कारण

साविकको व्यवस्था	हालको व्यवस्थामा थप	संशोधन गर्नु पर्नाका कारण
(६) **कम्पनीको पूँजीको संरचना** : कम्पनीको पूँजीको संरचना देहाय बमोजिम हुनेछ :	(६) **कम्पनीको पूँजीको संरचना** : कम्पनीको पूँजीको संरचना देहाय बमोजिम हुनेछ :	
(क) कम्पनीको अधिकृत पूँजी रु.२,५०,००,००,०००।- (दुई अर्ब पचास करोड) हुनेछ । सो पूँजीलाई २,५०,००,०००।- (दुई करोड पचास लाख) थान साधारण शेयरमा विभाजन गरिएको छ।	(क) कम्पनीको अधिकृत पूँजी रु.५,००,००,००,०००।- (अक्षरेपी पाँच अर्ब) हुनेछ । सो पूँजीलाई प्रति शेयर रु.१००।- का दरले ५,००,००,०००।- (अक्षरेपी पाँच करोड) थान साधारण शेयरमा विभाजन गरिएको छ।	हकप्रद शेयर जारी गर्नुपर्ने भएकोले
(ख) कम्पनीको तत्काल जारी गर्ने शेयर पूँजी रु.२,४६,८६,८४,९१५।३३ (अक्षरेपी दुई अर्ब छ्यालिस करोड छ्यासी लाख चौरासी हजार नौ सय पन्ध्र रुपैयाँ तेतिस पैसा) मात्र हुनेछ।	(ख) कम्पनीको तत्काल जारी गर्ने शेयर पूँजी रु.४,९३,७३,६९,८३०।- (चार अर्ब तिरानब्बे करोड तिहत्तर लाख उनान्सत्तरी हजार आठ सय तीस) मात्र हुनेछ।	
	(ग) कम्पनीको उद्देश्यहरू : बीमा, इन्जिनियरिङ्ग, इन्भेष्टमेन्ट, विद्युत आयोजनाहरूलाई आवश्यक सेवा तथा उपकरण उपलब्ध वा निर्माण गर्ने गराउने विभिन्न प्रा.लि. वा लिमिटेड कम्पनीहरुको शेयर खरिद/बिक्री गर्ने।	कम्पनीको व्यवसाय प्रवर्द्धनको लागि लगानी विविधिकरण गर्नु उपयुक्त देखिएकोले।

प्रमाणित गर्नेको हस्ताक्षर :
प्रमाणित गर्नेको नाम : श्री कुमार पाण्डे
प्रमाणित गर्नेको पद : शेयरधनी/अध्यक्ष

टिपोटः

टिपोटः

टिपोटः


Lower Erkhuwa Hydropower Project, Bhojpur






LOWER INDRAWATI HEP 4.5MW
MELAMCHI SINDHUPALCHOK
CONGRATULATIONS
Successful Breakthrough of Headrace Tunnel
Between Adit I and Adit 2 (Length 581 m)
Date : 2081/04/21
Developer
Consultant



















विद्युत केन्द्र

मेलम्ची न.पा. वडा नं. ९
ज्यामिरे, सिन्धुपाल्चोक
फोनः ९८०११२२८६५

केन्द्रीय कार्यालय

नेशनल हाइड्रो पावर कम्पनी लि.
विनायकनगर-१०, नयाँबानेश्वर, काठमाडौं, नेपाल
फोनः ०१-५१७२६८३, ५१७२६८५
e-mail: info@nhpcl.com, website: www.nhpcl.com