

## अनुसूची- ४

(दफा ७१ को उपदफा (३) सँग सम्बन्धित)

### साधारण सभामा मतदान गर्न आफ्नो प्रतिनिधि नियुक्त गर्ने निवेदनको ढाँचा

श्री सञ्चालक समिति

रु रु जलविद्युत परियोजना लिमिटेड,

का.म.पा. १, हात्तिसार, काठमाडौं ।

### विषय : प्रतिनिधि नियुक्त गरेको बारे ।

..... जिल्ला ..... न.पा./गा.पा., वडा नं. .... बस्ने म/हामी ..... ले  
त्यस कम्पनीको संस्थापक/साधारण शेयरधनीको हैसियतले संवत् २० ..... साल ..... महिना ..... गते  
.....का दिन हुने वार्षिक/विशेष साधारण सभामा म/हामी स्वयम् उपस्थित भई छलफल तथा निर्णयमा सहभागी  
हुन नसक्ने भएकाले उक्त सभामा मेरो/हाम्रो तर्फबाट भाग लिन तथा मतदान गर्नका लागि ..... जिल्ला  
..... न.पा./गा.पा., वडा नं. .... बस्ने श्री ..... लाई मेरो/हाम्रो प्रतिनिधि  
नियुक्त गरी पठाएको छु/पठाएका छौं ।

### प्रतिनिधि नियुक्त भएको व्यक्तिको

हस्ताक्षरको नमूना :

शेयरधनी भए शेयरप्रमाणपत्र नं. :

\* शेयरधनी नभए नागरिकताको प्रमाणपत्र नं. :

मिति :

### निवेदक

दस्तखत :

नाम :

ठेगाना :

शेयर प्रमाणपत्र नं./ डि-म्याट नं.:

शेयर संख्या :

\* संगठित संस्था शेयरधनी भएमा प्रतिनिधि नियुक्त गर्दा मात्र लागु हुने ।

# रु रु जलविद्युत परियोजना लिमिटेड RU RU JALBIDHYUT PARIYOJANA LIMITED



रु रु जलविद्युत परियोजना लिमिटेडको आ.व. २०७६/०७७ र २०७७/०७८ को

वार्षिक साधारण सभा सम्बन्धी सूचना

प्रकाशित मिति २०७८/०५/२५ गते

मिति २०७८/०५/०७ गते सम्पन्न संचालक समितिको बैठक नं ०३/२०७८/०७९ को निर्णय अनुसार यस कम्पनीको कम्पनीको पन्ध्रौं र सोह्रौं वार्षिक साधारण सभा निम्न मिति, समय र स्थानमा देहायका प्रस्ताव उपर छलफल तथा निर्णय गर्न बस्ने भएको हुँदा कम्पनी ऐनको दफा ६७ अनुसार सबै शेयरधनीहरूको जानकारीका लागि यो सूचना प्रकाशित गरिएको छ । हाल विद्यमान विशेष परिस्थितिलाई मध्यनजर गरी शेयरधनी महानुभावहरू लाई विद्युतिय माध्यमबाट सभामा भाग लिनका लागि अनुरोध छ ।

**वार्षिक साधारण सभा हुन मिति, समय र स्थान :**

मिति : २०७८/०६/१६ गते, शनिबार (तदनुसार अक्टोबर २, २०२१)

समय : विहान ११:०० बजे ।

स्थान : कम्पनीको कार्यालय, का.म.न.पा.-१, हात्तीसार र **भर्चुअल माध्यमबाट एकसाथ सभा सञ्चालन हुने छ ।**

**छलफलका प्रस्तावहरू :**

**क. साधारण प्रस्ताव :**

१. संचालक समितिको तर्फबाट अध्यक्षज्यूले पेश गर्नुहुने वार्षिक प्रतिवेदन माथि छलफल गरि पारित गर्ने ।
२. आ. व. २०७७/७८ को लागि नियुक्त लेखापरीक्षकको नियुक्ति र निजको पारिश्रमिक अनुमोदन गर्ने ।
३. लेखापरीक्षकको प्रतिवेदन सहितको आ.व. २०७६/७७ र २०७७/०७८ अवधिको नाफा नोक्सान हिसाब, नगद प्रवाह विवरण छलफल गरि पारित गर्ने ।
४. आ.व.२०७८/७९ को लागि लेखापरीक्षक नियुक्त गर्ने तथा निजको पारिश्रमिक निर्धारण गर्ने ।
५. संचालक समितिले प्रस्ताव गरे बमोजिम आ.व. २०७६/७७ अवधिको मुनाफा बाट चुक्ता पुँजीको १०।५२६३ % (प्रतिशत) नगद लाभांश वितरण प्रस्ताव पारित गर्ने ।
६. संचालक समितिले प्रस्ताव गरे बमोजिम आ.व. २०७७/७८ अवधिको मुनाफा बाट चुक्ता पुँजीको ०।५२६३ % (प्रतिशत) नगद लाभांश (बोनस शेयरको कर प्रयोजनका लागि) वितरण प्रस्ताव पारित गर्ने ।
७. कम्पनीको संचालक समितिमा प्रतिनिधित्व गर्नु भएका स्वतन्त्र संचालकको नियुक्ति अनुमोदन गर्ने ।
८. सर्वसाधारण समुहबाट प्रतिनिधित्व गर्ने एक जना संचालकको निर्वाचन गर्ने ।
९. कम्पनीको संस्थापक शेयरधनी समुह बाट प्रतिनिधित्व गर्ने पाँच जना संचालकको निर्वाचन गर्ने ।

**ख. विशेष प्रस्ताव :**

१. बोनस शेयर जारी गर्ने प्रयोजनका लागि कम्पनीको जारी तथा चुक्ता पुँजी लाई आवश्यकता अनुसार वृद्धि गरी प्रबन्ध पत्र तथा नियमावलीमा संशोधन गर्ने ।
२. आ.व. २०७७/७८ अवधिको मुनाफा बाट १०% (दश प्रतिशत) बोनस शेयर जारी गर्ने प्रस्ताव पारित गर्ने ।
३. नियामक निकायहरूको निर्देशनमा प्रबन्धपत्र तथा नियमावलीका प्रस्तावित संशोधनहरूमा परिमार्जन तथा थपघट गर्न आवश्यक भएमा सो गर्न संचालक समितिलाई अख्तियारी प्रदान गर्ने ।

**ग. विविध ।**

## साधारण सभा सम्बन्धी जानकारीहरू :

१. भर्चुअल माध्यम बाट सभामा भाग लिन शेयरधनी महानुभावहरूले contact@ruruhydro.com मा इमेल गरि साधारण सभा सुरुहुनु भन्दा कम्तीमा ४८ घण्टा अगावै आफ्नो नाम र इमेल तथा BOID टिपाउनु होला । भर्चुअल माध्यमबाट सभामा उपस्थित हुन चाहने शेयरधनी महानुभावहरूलाई Meeting ID र Passcode उपलब्ध गराई सभामा उपस्थित गराईने छ । नाम नटिपाई अनधिकृतस्वमा लगईन गर्न पाईने छैन ।
२. सभामा भर्चुअल माध्यमबाट उपस्थित हुने शेयरधनी महानुभावहरूलाई सभास्थलमा उपस्थित भएसरहको मान्यता दिई सभा सञ्चालन गरिने छ ।
३. भर्चुअल माध्यमबाट आफ्नो राय, सुझाव वा मन्तव्य राख्न चाहनु हुने शेयरधनी महानुभावहरूले सभा शुरु हुनु भन्दा कम्तीमा ४८ घण्टा अगावै contact@ruruhydro.com मा इमेल गरी टिपाउनुहुन अनुरोध छ ।
४. सभा शुरु हुनु भन्दा एक घण्टा अगाडिबाट भर्चुअल माध्यम खुला गरिने छ ।
५. सभामा आफु उपस्थित नभई प्रतिनिधि नियुक्त गर्न चाहेमा शेयरधनी महानुभावहरूले सभा सुरु हुने समय भन्दा कम्तीमा ४८ घण्टा अगावै यस कम्पनीको केन्द्रिय कार्यालय हात्तिसार, काठमाण्डौमा प्रोक्सी फारम दर्ता गरिसक्नुपर्ने छ । यसरी प्रतिनिधि (प्रोक्सी) नियुक्त गरिएको ब्यक्ति समेत कम्पनीको शेयरधनी हुनु पर्नेछ ।
६. छलफलका विषय सुची मध्ये विविध शिर्षक अन्तर्गत छलफल गर्न इच्छुक शेयरधनिले सभा हुनु भन्दा ७ (सात) दिन अगावै सो सम्बन्धी प्रस्ताव कारण सहित उल्लेख गरि कम्पनी सचिव मार्फत सञ्चालक समितिको अध्यक्षलाई लिखित रूपमा दिनु पर्नेछ ।
७. वार्षिक साधारण सभा प्रयोजनका लागि मिति २०७८/०६/०७ गते एक दिन कम्पनीको शेयरधनी दर्ता किताब बन्द गरिनेछ । नेपाल स्टक एक्सचेन्ज लिमिटेडमा मिति २०७८/०६/०६ गते सम्म कारोबार भई शेयर खरिद गरी आफ्नो नाममा शेयर नामसारी भई आएका शेयरधनिरु सो सभामा भाग लिन तथा आ.व. २०७६/७७ तथा २०७७/०७८ अवधिको वितरण योग्य खुद मुनाफाबाट बोनस शेयर तथा नगद लाभांश पाउन योग्य हुनेछन ।
८. कम्पनीको संचालक समितिमा संस्थापक समुहबाट प्रतिनिधित्व गर्ने ५ (पाँच) जना र सर्वसाधारण समुहबाट प्रतिनिधित्व गर्ने १ (एक) जना गरी जम्मा ६ (छ) जना संचालकको निर्वाचन सम्बन्धी कार्यक्रम निर्वाचन अधिकृतले तोके बमोजिम कम्पनीको रजिष्टर्ड कार्यालयमा मिति २०७८।०६।०८ गते प्रकाशित गरीने छ । निर्वाचन कार्यक्रम सम्बन्धी थप जानकारीका लागी यस कम्पनीको रजिष्टर्ड कार्यालयमा सम्पर्क राख्नु हुन अनुरोध गरिन्छ ।

सञ्चालक समितिको आज्ञाले,  
कम्पनी सचिव

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नोट:- अन्य आवश्यक जानकारीको लागि यस कम्पनीको केन्द्रिय कार्यालय का.म.न.पा. वडा नं. १ हात्तिसार, काठमाण्डौमा सम्पर्क राख्नुहुन अनुरोध गरिन्छ ।

## अध्यक्षको मन्तव्य

रु रु जलविद्युत परियोजना लिमिटेडको पन्ध्रौं र सोह्रौं वार्षिक साधारण सभामा उपस्थित हुनु भएका सम्पूर्ण संचालक ज्यूहरू, विभिन्न समितिका पदाधिकारी ज्यूहरू, शेयरधनि महानुभावहरू, पत्रकार ज्यूहरू, कर्मचारी वर्ग तथा आजको यस सभालाई सम्पन्न गर्नका लागि प्रत्यक्ष अप्रत्यक्ष योगदान पुऱ्याउनु हुने व्यक्तित्व ज्यूहरूमा संचालक समिति र मेरो व्यक्तिगत तर्फबाट हार्दिक स्वागत व्यक्त गर्दछु । आज यस गरिमामय सभामा विगत दुई वर्षको आर्थिक प्रतिवेदन तथा परियोजनाको समग्र अवस्थालाई प्रतिवेदनका रूपमा प्रस्तुत गर्न पाउँदा अत्यन्तै खुशि महशुस गरेको छु । कम्पनीको शेयर सार्वजनिक निष्कासन तथा बाँडफाँड गर्नुपर्ने अवस्थाका कारण आ.व. २०७६/०७७ को वार्षिक साधारण सभा समयमा गर्न सकेनौं । विश्वव्यापी महामारीका रूपमा फैलिएको कोरोना भाईरस (कोभिड-१९) का कारणले शेयरधनि महानुभावहरू प्रत्यक्ष रूपमा उपस्थित भएर सभा सम्पन्न गर्न नसकिने अवस्थाका कारण आज हामी भर्चुअल माध्यम बाट दुई आर्थिक वर्ष (२०७६/०७७ र २०७७/०७८) का वार्षिक साधारण सभा गरिरहेका छौं ।

प्राकृतिक स्रोत र सम्पदाले भरिपुर्ण सानो सुन्दर देश नेपाल र नेपालीहरूको आर्थिक, सामाजिक तथा भौगोलिक विकासका लागि जलविद्युत क्षेत्र पनि सशक्त माध्यम हुन सक्दछ भन्ने सोचका साथ मिति २०६२/१२/०९ मा रु रु जलविद्युत परियोजना प्रा.लि. को नामबाट विधिवत दर्ता भई सोही कम्पनीद्वारा प्रर्वद्धित माथिल्लो हुग्दीखोला जलविद्युत परियोजनाले मिति २०७१/१२/०९ देखी व्यवसायीक उत्पादन समेत गरिरहेको अवस्था छ । गूल्मी जिल्लाको साविक हरेवा-६ र स्याकोट-७ गा.वि.स. हाल चन्द्रकोट गाँउपालिका-६ र ७ मा निर्माण भएको ५ मे.वा. क्षमता रहेको यस परियोजनाले आफ्नो विद्युतीय उत्पादन कार्यलाई जारी नै राखेको छ । भौगोलिक अवस्था अनुसार उपयुक्त डिजाइन गरि निर्माण गरीएको यस परियोजनामा आधुनिक प्रविधीयुक्त तथा उपयुक्त मेशिनहरूको प्रयोग गरिएको छ । कम्पनीमा अनुभवी संचालक तथा दक्ष कर्मचारीहरू रहनु भएको छ । उहाँहरूको अथक प्रयास बाट नै हाम्रो कम्पनी निर्माण सम्पन्न भई विद्युत बिक्रि वितरण गरि शेयरधनी महानुभावहरूले लाभांश प्राप्त गर्ने अवस्थामा आईपुगेको छ । परियोजनामा जडित उपकरण तथा प्रसारण लाइनको समय समयमा मर्मत तथा सम्भार गरिनुले पनि विद्युत उत्पादन क्षमतामा कमि नभएको अवस्था छ ।

यस परियोजनाको निर्माण तथा सञ्चालनमा हालको अवस्था सम्म ल्याई पुऱ्याउनका लागि साथ, सहयोग गर्नुहुने सम्पूर्ण शेयरधनी महानुभावहरू, सञ्चालक समितिका पदाधिकारीहरू, स्टेरिङ्ग कमीटीका पदाधीकारी ज्यूहरू, विभिन्न सरकारी निकाय, विभिन्न बैंक वित्तिय संस्थाहरू, कम्पनीका कर्मचारीहरू र प्रत्यक्ष अप्रत्यक्ष रूपमा कम्पनी संग सरोकार राख्नु हुने सम्पूर्णमा हार्दिक कृतज्ञता सहित धन्यवाद टक्याउन चाहन्छु । यहाँहरूको साथ सहयोग र हाम्रो सामूहिक प्रयासबाट आज हामीले नेपालको जलविद्युत क्षेत्रमा आफ्नो उपस्थितिलाई गर्वका साथ प्रस्तुत गर्न सक्षम भएका छौं ।

अध्यक्ष

आशिष सुवेदी

मिति: २०७८/०६/१६, काठमाण्डौं ।

## रु रु जलविद्युत परियोजना लि.

पन्धौं र सोह्रौं वार्षिक साधारण सभामा सञ्चालक समितिको तर्फबाट अध्यक्षज्यूबाट प्रस्तुत वार्षिक प्रतिवेदन

आर्थिक वर्ष २०७६/०७७ तथा २०७७/०७८

### आदरणीय शेयरधनी महानुभावहरू,

यस वार्षिक साधारण सभामा कम्पनीका सञ्चालकहरूका तर्फ बाट आर्थिक वर्ष २०७६/०७७ तथा २०७७/०७८ अवधिको संचालक समितिको प्रतिवेदन तथा सोही अवधिका लेखा परीक्षण भएका वित्तीय विवरणहरू सम्पूर्ण शेयरधनी महानुभावहरूको जानकारीका लागि कम्पनी ऐन २०६३ ले निर्दिष्ट गरे अनुस्मको विवरण पेश गरिएको छ ।

### (१) विगत वर्षहरू आ.व. २०७६/०७७ तथा २०७७/०७८ को कारोवारको सिंहावलोकन

जलविद्युत उत्पादन गर्ने मुख्य व्यवसायिक उद्देश्य रहेको यस रु रु जलविद्युत परियोजना लिमिटेडले आफ्नो उद्देश्य अनुसार माथिल्लो हुग्दी खोला जलविद्युत परियोजना लि. ५ मे. वा. निर्माण गरी हाल सञ्चालनमा रहेको छ । कम्पनीका शेयरधनी महानुभावहरूले सुम्पिनु भएको जिम्मेवारी अनुसार हामीले परियोजनालाई विगतका वर्षहरूमा जस्तै प्रस्तुत वर्ष २०७६/०७७ तथा २०७७/०७८ मा पनि दक्षतापूर्वक सञ्चालन गरी अधिकतम विद्युत उर्जा उत्पादन तथा बिक्रीबाट कम्पनीको आम्दानी उच्चतम बनाउने कार्यलाई निरन्तरता दिइका छौं । शेयरधनी महानुभावहरूको जानकारीका लागि कम्पनीको आ.व २०७६/०७७ तथा २०७७/०७८ को आर्थिक तथा वित्तीय उपलब्धी र सो सँग सम्बन्धित महत्वपूर्ण सुचांकहरू निम्नानुसार प्रस्तुत गरिएको छ ।

आ.व. २०७६/०७७ तथा २०७७/०७८ अवधिको विद्युत उत्पादन लक्ष्य तथा बिक्री :

महिना	बिद्युत उत्पादन लक्ष्य तथा बिक्री		बिद्युत उत्पादन लक्ष्य तथा बिक्री	
	२०७६/०७७ (लक्ष्य)	२०७६/०७७ (बिक्रि)	२०७७/०७८ (लक्ष्य)	२०७७/०७८ (बिक्रि)
श्रावण	३४६७०५९	३२८३३९०	३६९९५२०	२९९०२६०
भाद्र	३४९८६६०	३९४६९९०	३४९८६६०	३५५९४३०
आश्विन	३३८५८००	३२३७८४०	३३८५८००	२९५९८३०
कार्तिक	३३८५८००	२९०९५४०	३३८५८००	३९९८३४०
मंसिर	२९३७८३८	९७७२८८०	२०८६९३७	९९६०९३०
पौष	९५३४८३९	९३८८६००	९७२६६९४	९४२९७३०
माघ	९३०२२९९	९२२८७६०	९३७७०५०	९९८८२८०
फागुन	९०७०७४०	९०३८३५०	९९५००५४	९५९४५०
चैत्र	८६८३३७	९७८३५०	८९७२८२	८०३६५०
बैशाख	८४६३६४	९३०५६३०	८४६३६४	८०७३८०
जेष्ठ	९८३०६९४	९३८५६५०	९४७७९०४	९४६२३६०
असार	३४९८६६०	३९७९७६०	३९९३८०७	३९७२७८०
जम्मा	२६८२७००२	२४८४७६६०	२६५५७८७२	२४४८४४२०
कुल बिक्रि प्रतिशतमा	-	९२.६२%	-	९२.९९%

आ.व. २०७६/०७७ तथा २०७७/०७८ अवधिको वासलातः

विवरण	अनुसूची	आषाढ ३१,२०७६	आषाढ ३१,२०७७	आषाढ ३२,२०७८
सम्पत्ति				
गैर चालु सम्पत्ति				
स्थिर सम्पत्ति तथा उपकरण		३,४५७,४७२	३,१५१,९१८	४,४९८,८१७
अमूर्त सम्पत्ति (जलविद्युत परियोजना)		६२१,१०७,२८५	५९९,००३,८२३	५७६,९००,३६१
लगानि		-	६,५८३,५००	६,५८३,५००
अग्रीम भुक्तानी		५१४,३९५	-	-
वित्तीय सम्पत्ति		-	-	-
व्यापारिक तथा अन्य आसामी		१३,५००	१३,५००	१३,५००
जम्मा गैर चालु सम्पत्ति		६२५,०९२,६५२	६०८,७५२,७४१	५८७,९९६,१७८
चालु सम्पत्ति				
अन्तिम मौज्दात		४,४९५,३७१	२,७१९,७९२	६,००९,८६६
अग्रीम भुक्तानी		११,६५३,६७५	६,०८८,२२४	१,७३३,४२०
वित्तीय सम्पत्ति		-	-	-
नगद तथा नगद सरह		३४,५१२,०५३	६२,५५६,८७५	८४,१८८,४१७
व्यापारिक तथा अन्य आसामी		३५,४३३,६८४	१५,७५१,७२८	९०,४३६,६९३
जम्मा चालु सम्पत्ति		८६,०९४,७८३	८७,११६,६०३	१८२,३६८,३९६
<b>जम्मा सम्पत्ति</b>		<b>७११,१८७,४३५</b>	<b>६९५,८६९,३६०</b>	<b>७७०,३६४,५७४</b>
इक्वीटि तथा दायित्व				
इक्वीटि				
शेयर पूँजी		३२६,१६४,४००	३२६,१६४,४००	४०७,७०५,५००
जगेडा तथा कोषहरु		३५,६७३,८१५	६०,८६२,७५४	१३१,८४७,९१३
अग्रिम शेयर भुक्तानी		-	-	-
<b>जम्मा इक्वीटि</b>		<b>३६१,८३८,२१५</b>	<b>३८७,०२७,१५४</b>	<b>५३९,५५३,४१३</b>
गैर चालु दायित्व				
वित्तीय दायित्व				
तिर्न बाँकी कर्जा सापट		२८८,२३५,९९७	२३३,९२९,०४८	१६९,६२२,०९९
व्यापारिक तथा अन्य दायित्व		-	५८३,८९३	९७२,०७१
<b>जम्मा गैर चालु दायित्व</b>		<b>२८८,२३५,९९७</b>	<b>२३४,५१२,९४१</b>	<b>१७०,५९४,१७०</b>
चालु दायित्व				
वित्तीय दायित्व				
तिर्न बाँकी कर्जा सापट		५५,०००,०००	६८,८०९,१५५	५५,०००,०००
कर्मचारी खर्च बापतको दायित्व		१,७८४,५८१	१,१९३,१४०	१,४७५,३३९
व्यापारिक तथा अन्य दायित्व		४,३२८,६४२	४,३२६,९७०	३,७४१,६५२
जम्मा चल दायित्व		६१,११३,२२३	७४,३२९,२६५	६०,२१६,९९१
<b>जम्मा इक्वीटि तथा दायित्व</b>		<b>७११,१८७,४३५</b>	<b>६९५,८६९,३६०</b>	<b>७७०,३६४,५७४</b>

आ.व. २०७६/०७७ तथा २०७७/०७८ अवधिको नाफा नोक्सान हिसाव :

विवरण	टिप्पणी	आ. व. २०७५/७६	आ. व. २०७६/७७	आ. व. २०७७/७८
सञ्चालनबाट आम्दानी		१२३,५५२,२०४	१४६,६९२,६०२	१४९,६२६,४४३
बिक्री लागत		(३९,१३२,५७८)	(४२,९२८,४८९)	(४२,७८७,१९७)
कुल सञ्चालन आम्दानी		८४,४१९,६२६	१०३,७६४,११३	१०६,८३९,२४६
व्याज आम्दानी		३,१७१,२५९	२५०,५२३	३१७,६६२
व्याज खर्च		(४३,०१९,१४३)	(३६,५८०,८४५)	(२५,१५६,६१८)
अन्य आम्दानी		-	२२,२९८	-
सामान्य प्रशासनिक खर्च		(७,४००,५८५)	(७,२८४,७०७)	(७,९४६,६८६)
परिसोधन खर्च		-	(५१४,३९५)	-
सम्पत्ति बिक्रीबाट घाटा				(२८६,६५१)
आयकर र कर्मचारी बोनस अधिको मुनाफा		३७,१७१,१५७	५९,६५६,९८७	७३,७६६,९५३
कर्मचारी बोनस		(७४३,४२३)	(१,१९३,१४०)	(१,४७५,३३९)
आयकर अधिको मुनाफा		३६,४२७,७३४	५८,४६३,८४७	७२,२९१,६१४
आयकर खर्च				
चालु आयकर		(७७६,९५९)	(७४,५७५)	(८०,७१७)
गत वर्षहरूको आयकर		-	-	(८९३,०७०)
स्थगन कर आम्दानी/(खर्च)		-	-	-
यस बर्षको मुनाफा		३५,६५०,७७५	५८,३८९,२७२	७१,३१७,८२७
अन्य समष्टिगत आम्दानी		-	-	-
<b>जम्मा समष्टिगत आम्दानी</b>		<b>३५,६५०,७७५</b>	<b>५८,३८९,२७२</b>	<b>७१,३१७,८२७</b>
<b>प्रति शेयर आम्दानी</b>				
आधारभुत		१०.९३	१७.९०	२०.४२
डाइलुटेड		१०.९३	१७.९०	२०.४२

(२) कम्पनीको शेयर सार्वजनिक निष्कासन तथा बाँडफाँड कार्य सम्पन्न ।

कम्पनीको १४ औं साधारण सभा बाट निर्णय भए अनुसार कम्पनीले आयोजना प्रभावित स्थानिय बासिन्दाका लागि ४०७७०५ कित्ता अंकित मुल्य रु १००/- मा तथा सर्वसाधारणका लागि ४०७७०६ कित्ता शेयर अंकित मुल्यमा रु २०/- प्रिमियम थप गरि प्रति कित्ता रु १२०/- मा निष्कासन गरी बाँडफाँडको कार्य सम्पन्न भएको छ । हाल यो कम्पनीको शेयर नेपाल स्टक एक्सचेन्जमा सुचिकृत भई कारोबार भईरहेको छ । शेयर निष्कासन तथा बाँडफाँड पश्चात कम्पनीको शेयर पुँजीमा रु ८ करोड १५ लाख ४१ हजार १ सय थप भई हाल रु ४० करोड ७७ लाख ५ हजार ५ सय कायम भएको छ ।

**(३) कोरोना भाईरस (कोभिड १९) बाट कम्पनीलाई परेको असर ।**

विश्वव्यापी रूपमा फैलिएको कोरोना भाईरस (कोभिड-१९) संक्रमणको महामारीबाट दैनिक कार्यालय सञ्चालन, नियामक निकायहरूमा गर्नुपर्ने आवत जावत, पुर्ण रूपमा लकडाउन वा निषेधाज्ञा हुँदा सवारी पासको सहज व्यवस्थापन नहुनु, काठमाडौं कार्यालयबाट परियोजना स्थलमा हुने अवलोकन भ्रमण, मेशिनरी वा अत्यावश्यक सामाग्री पठाउन तथा पाउनमा समस्या, सिमित कर्मचारीहरूबाट कार्यालय तथा परियोजना सञ्चालन गर्नुपर्ने बाध्यता इत्यादि जस्ता समस्याका बाबजुत यस कम्पनीको विद्युत उत्पादन प्रकृत्यामा प्रतिकूल असर पर्न नदिई कम्पनीको समग्र अवस्थामा वृद्धि गर्न सफल भएका छौं । यो प्रतिवेदन तयार पार्दाको अवस्था सम्म काठमाडौं स्थित कार्यालयमा कार्यरत कर्मचारीहरू मध्ये तिन जना कर्मचारी कोभिड-१९ को संक्रमण बाट ग्रसित भई हाल स्वास्थ्य लाभ प्राप्त गर्नु भएको अवस्था रह्यो भने परियोजना स्थलमा संक्रमणसंग सम्बन्धीत कुनै अप्रिय अवस्था नरहेको जानकारी गराउँदछु ।

**(४) चालु वर्षको उपलब्धी र भविष्यमा गर्नु पर्ने कुराको सम्बन्धमा सञ्चालक समितिको धारणा ।**

- (क) कम्पनीको परियोजनाले आर्थिक वर्ष २०७६/०७७ मा कुल २४८४७६६० किलोवाट र २०७७/०७८ मा कुल २४४८४४२० किलोवाट विद्युत प्राधिकरणलाई बिक्री गरी कम्पनीले विगत दुई आ.व.मा कुल रु २९ करोड ६३ लाख १९ हजार ४५ रुपैया आम्दानी गरेको छ साथै चालु वर्षको हाल सम्मको उत्पादन अवस्था सन्तोषजनक रहेको छ ।
- (ख) कम्पनीको शेयर नेपाल स्टक एक्सचेन्जमा सुचिकृत भएकोले नियमानुसारको त्रैमासिक वित्तीय प्रतिवेदन राष्ट्रिय दैनिक पत्रिकामा प्रकाशित गर्दै आईरहेको जानकारी गराउन चाहन्छु ।
- (ग) परियोजनामा जडित उपकरणहरूको समय समयमा मर्मत तथा संभार गर्नुपर्ने आवश्यकता रहेको छ ।
- (घ) कम्पनीमा कार्यरत कर्मचारीहरूलाई थप उत्प्रेरित, सक्षम र दक्ष बनाउनका लागि विगतमा भई रहेका तालिम, अन्तर्क्रिया तथा अवलोकन भ्रमण जस्ता कार्यक्रमलाई निरन्तरता दिने निति कम्पनीले लिएको छ ।
- (ङ) कम्पनीको समग्र उद्देश्य प्राप्तीका लागि स्थानिय जनता तथा निकायहरूसंग भईरहेको सहकार्यलाई निरन्तरता दिई सहकार्यका थप प्रयासहरू गर्नुपर्ने आवश्यकता रहेको छ ।

**(५) कारोवारलाई असर पार्ने मुख्य कुराहरू ।**

- (क) नेपाल सरकार, प्रदेश सरकार तथा स्थानीय सरकारबाट जारी गरिने ऐन, कानून, नियम तथा निर्देशन तथा विद्यमान ऐन कानूनमा हुने संसोधन तथा परिवर्तनले जलविद्युत आयोजनाको निर्माण तथा सञ्चालनमा अनुकूल/प्रतिकूल असर पर्न सक्ने ।
- (ख) बाढि, पहिरो, खडेरी, भुकम्प, बन्द, हडताल, चक्काजाम, नाकाबन्दी, जस्ता घटनाक्रम तथा अपत्याशित प्रकोप, रोगव्याधी, महामारी बजारमा हुने उतार चढाव आदी कारणहरूले पनि जलविद्युत आयोजनाहरूको निर्माण तथा सञ्चालन आदिमा प्रतिकूल असर पार्दछन् ।
- (ग) नेपाल विद्युत प्राधिकरणको वित्तिय तथा समग्र अवस्थाले पनि आयोजनाहरूको निर्माण तथा सञ्चालनमा प्रतिकूल असर पार्न सक्दछ ।

**(६) लाभांश बाँडफाँड गर्न सिफारिस गरिएको ।**



कम्पनीको सञ्चालक समितिको मिति २०७८/०५/०१ गतेको बैठक बाट आ.ब २०७७/०७८ को असार मसान्त सम्मको वासलातमा कायम रहेको संचित मूनाफा रकमबाट चुक्ता पूँजीको १०।५२६३ % का दरले नगद लाभांश तथा १०% बोनस शेयर र सोको कर प्रयोजनका लागि ०।५२६३ % थप नगद लाभांश वितरण गर्न यस वार्षिक साधारण सभामा प्रस्ताव गरीएको छ । हाल प्रस्ताव गरीएको बोनस शेयर वितरण पश्चात् कम्पनीको चुक्ता पूँजी रु ४४ करोड ८४ लाख ७६ हजार ५० पुग्नेछ ।

(७) विगत आर्थिक वर्षहरूमा कम्पनीका संचालक तथा पदाधिकारीले लिएको पारिश्रमिक तथा भत्ताको विवरण ।

क्र. सं.	नाम	पद	वार्षिक पारिश्रमिक तथा बैठक भत्ता	
			आ.व. २०७६/०७७	आ.व. २०७७/०७८
१	आशिष सुवेदी	अध्यक्ष	४२६०००.००	४०८०००.००
२	भरत प्रसाद नेपाल	संचालक	६०१५००.००	५८५०००.००
३	मिनराज कंडेल	संचालक	४०९५००.००	३९३०००.००
४	गम प्रसाद रेश्मी	संचालक	३८७५००.००	३७१०००.००
५	चन्द्र बहादुर पुन	संचालक	३७९५००.००	३८७५००.००
६	गोविन्द चालिसे	संचालक	५५२०००.००	५६८५००.००
जम्मा			२७५६०००.००	२७१३०००.००

(८) अन्य आवश्यक जानकारी ।

- (क) मिति २०६९/११/२१ देखी निर्माण कार्य शुरु भई मिति २०७१/१२/०९ फागुनमा निर्माण सम्पन्न भई सोहि मिति देखि व्यवसायीक उत्पादनको शुस्वात गरेको गुल्मी जिल्ला चन्द्रकोट गाउँपालिका स्थित ५ मे.वा. क्षमताको माथिल्लो हुग्दी खोला जलविद्युत परियोजनाको निर्माण प्रयोजनका लागि एनएमवि बैंक लि. को अगुवाईमा कुमारी बैंक लि. माछापुच्छ्रे बैंक लि. लुम्बिनी विकास बैंक लि. र सेन्चुरी कमर्सियल बैंक लि. गरि ५ वटा बैंकहरू बाट भएको सहवित्तियकरण कर्जा सम्भौता अन्तर्गत कर्जा सुविधा रु ४८ करोड २४ लाख उपभोग गरिएकोमा यस आ.व. २०७७/०७८ को अन्तसम्ममा २५ करोड ७७ लाख ७७ हजार ९०० सय स्रैया साँवा भुक्तानी गरि हाल रु २२ करोड ४६ लाख २२ हजार १०० स्रैया साँवा तिर्न बाँकी रहेको छ । कर्जा सुविधा सम्भौता अनुसार अब ५ वर्ष भित्रमा बाँकी कर्जा रकम चुक्ता भई सक्नेछ ।
- (ख) यस कम्पनी द्वारा आ.व. २०७७/०७८ मा परियोजनाको सम्पत्ति र एल.ओ.पी.को विमाको विमांक रकमको प्रिमियम वापत क्रमशः रु १४ लाख ४० हजार ३ सय ९१ र १ लाख १८ हजार ६ सय ७२ स्रैयाँ भुक्तानी गरिएको छ । सो सम्बन्धी इन्स्योरेन्स Prudential Insurance Company Ltd. मार्फत गरिएको छ ।
- (ग) यस कम्पनीको परियोजना स्थलमा १४ जना तथा काठमाण्डौ स्थित कार्यालयमा ४ जना गरी जम्मा १८ जना कर्मचारीहरू कार्यरत रहनु भएको छ ।
- (घ) कम्पनीले समय समयमा कर्मचारीहरूको तलब, भत्ता सुविधा पुनरावलोकन गर्ने, विभिन्न तालिम तथा

भ्रमण अवलोकन गराउने नीति लिएको छ जस बाट कर्मचारीहरूको कामप्रतिको लगाव, निरन्तरता र दक्षता वृद्धि हुदै जाने विश्वास कम्पनीले लिएको छ ।

(ड) नियामक निकायहरू जस्तै कम्पनी रजिष्टारको कार्यालय, उद्योग विभाग, विद्युत प्राधिकरण, नेपाल धितोपत्र बोर्ड, नेपाल स्टक एक्सचेन्ज लिमिटेड लगायतका निकायहरूमा बुझाउनु पर्ने विवरण तथा प्रतिवेदनहरू नियमानुसार नियमित रूपमा बुझाउँदै आइएको छ ।

### धन्यवाद ज्ञापन

आजको यस गरिमामय सभामा प्रत्यक्ष रूपमा तथा भर्चुअल माध्यमबाट उपस्थित भई कम्पनी प्रती देखाउनु भएको माया, सद्भाव र विश्वास प्रति उपस्थित सम्पुर्ण शेयरधनि महानुभावहरू लाई हार्दिक धन्यवाद तथा कृतज्ञता ज्ञापन गर्न चाहन्छु ।

यसै अवसरमा यस कम्पनीको स्थापनाकाल देखी कम्पनीका आयोजनाहरूको निर्माण तथा सञ्चालन, ब्यवस्थापन, मर्मत सम्भार आदिमा प्रत्यक्ष वा परोक्ष रूपमा संलग्न भई निरन्तर सहयोग पुयाउनु हुने सम्पूर्ण सरकारी निकाय, गैर सरकारी निकाय, उपस्थित पत्रकार तथा व्यक्तित्वहरूलाई हृदय देखि नै धन्यवाद दिन चाहन्छु । आयोजना निर्माणमा वित्तिय सहयोग प्रदान गर्न एनएमवी बैंक लि., कुमारी बैंक लि., माछापुच्छ्रे बैंक लि., लुम्बिनी विकास बैंक लि. तथा सेन्चुरी कमर्सियल बैंक लि. साथै कम्पनीको शेयर सम्बन्धी कार्य गर्ने एन.आई.वि.एल एण्ड एस क्यापिटल लि. लाई पनि धन्यवाद दिन चाहन्छु ।

अन्तमा, यस कम्पनीका संचालक समितिका पदाधिकारीज्यूहरू, अन्य समितिका पदाधिकारीज्यूहरू, कम्पनी सचिव, कम्पनीको आयोजना स्थलमा तथा काठमाण्डौं कार्यालयमा कार्यरत कर्मचारी लगायत सम्पुर्ण शेयरधनी महानुभावहरूलाई कम्पनीको सञ्चालक समिति प्रति देखाउनु भएको सहयोग, सद्भाव र विश्वासको लागि हार्दिक कृतज्ञता तथा धन्यवाद ज्ञापन गर्दै कम्पनीका शेयरधनि महानुभावहरूलाई आ.व. २०७६/०७७ तथा २०७७/०७८ अवधिको प्रस्तुत प्रतिवेदन माथी छलफल गरी अनुमोदन गरि दिनुहुन हार्दिक अनुरोध गर्दछु ।

धन्यवाद ।

आशिष सुवेदी

अध्यक्ष

मिति: २०७८/०६/१६, काठमाण्डौं ।

# P. L. Shrestha & Co.

## Chartered Accountants

### INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS OF RU RU JALBIDHYUT PARIYOJANA LIMITED

#### Report on the Audit of the Financial Statements

##### Opinion

We have audited the accompanying financial statements of **Ru Ru Jalbidhyut Pariyojana Limited** ("the Company"), which comprise the Statement of Financial Position as at Ashad 31, 2077, (July 15, 2020), the Statement of Profit or Loss (including Other Comprehensive Income), the Statement of Changes in Equity and the Statement of Cash Flows for the year then ended on that date, and a summary of the significant accounting policies and other explanatory information (hereafter referred to as "the financial statements").

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid financial statements presents fairly, in all material respects, the financial position of the Company, as at Ashad 31, 2077 (July 15, 2020), and its financial performance, changes in equity, cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information, are in accordance with Nepal Financial Reporting Standards and comply with Company Act, 2063, and other prevailing laws.

##### Basis for Opinion

We conducted our audit of the financial statements 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 Handbook of The Code of Ethics for Professional Accountants issued by The Institute of Chartered Accountants of Nepal (ICAN), and we have fulfilled our other ethical responsibilities in accordance with the ICAN's Handbook of The Code of Ethics for Professional Accountants. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the financial statements.

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

The Company's Management is responsible for the preparation of the other information. The other information comprises the information included in the Management report, Report of the Board of Directors and Chairman's statement but does not include the financial statements and our auditor's report thereon.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained during the course of our audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

##### Responsibility of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of these financials statements in accordance with Nepal Financial Reporting Standards, and for such internal control as management determines is necessary to enable the preparation of the 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.

The Board of Directors 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

## P. L. Shrestha & Co.

### Chartered Accountants

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.
- 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.

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.

#### Report on Other Legal and Regulatory Requirements

Based on our examination, we would like to further report that:

- i. We have obtained all the information and explanations, which were considered necessary for the purpose for our audit.
- ii. The Company has kept proper books of accounts as required by law, in so far as it appears from our examination of those books of account.
- iii. The Statement of Financial Position, Statement of Profit or Loss (including other Comprehensive Income), the Statement of Changes in Equity and the Statement of Cash Flows and attached Schedules dealt with by this report are in agreement with the books of account maintained by the Company.
- iv. During our examination of the books of account of the Company, we have not come across the cases where the Board of Directors or any member thereof or any representative or any office holder or any employee of the Company has acted contrary to the provisions of law or caused loss or damage to the Company, and
- v. We have not come across any fraudulence in the accounts, based on our sample examination of the books.

For, PL Shrestha & Co.  
Chartered Accountants



Rajesh Poudel, FCA  
Partner

Place: Kathmandu  
Date: September 21, 2020  
UDIN: 200930CA00081Nn5Bj

113/19 Surung Galli, Maharajgunj, Kathmandu, Nepal, Tel.: +977 1 4412207  
Aslo at: Narayan Gopal Sadak, Maharajgunj, P.O. Box No. 3516  
Tel: +977 1 4720986, +977 1 4720880, Email: info@pls.com.np



WE ARE AN INDEPENDENT MEMBER OF  
THE GLOBAL ADVISORY  
AND ACCOUNTING NETWORK

**Ru Ru Jalbidhyut Pariyojana Limited**  
**Kathmandu, Nepal**

Statement of Financial Position as at Asad 31, 2077 (July 15, 2020)

Particulars	Notes	Ashad 31, 2077	Ashad 31, 2076
<b>ASSETS</b>			
<b>Non-Current Assets</b>			
Property, Plant and Equipment	5.1	3,151,918	3,457,472
Intangible Assets	5.2	599,003,823	621,107,285
Investment Property	5.3	6,583,500	-
Prepayments	5.4	-	514,395
Financial Assets			
Trade and other Receivables	5.5	13,500	13,500
<b>Total Non-Current Assets</b>		<b>608,752,741</b>	<b>625,092,652</b>
<b>Current Assets</b>			
Inventories	5.6	2,719,792	4,495,371
Prepayments	5.4	6,088,224	11,653,675
Financial Assets		-	-
Cash and Cash Equivalents	5.7	15,751,728	34,512,053
Trade and other Receivables	5.5	62,556,875	35,433,684
<b>Total Current Assets</b>		<b>87,116,619</b>	<b>86,094,783</b>
<b>Total Assets</b>		<b>695,869,360</b>	<b>711,187,435</b>
<b>EQUITY AND LIABILITIES</b>			
<b>Equity</b>			
Share Capital	5.8	326,164,400	326,164,400
Reserve and Surplus	5.9	61,446,647	35,673,815
Share Advance		-	-
<b>Total Equity</b>		<b>387,611,047</b>	<b>361,838,215</b>
<b>Non Current Liabilities</b>			
Financial Liabilities			
Borrowings	5.10	233,929,048	288,235,997
Trade & Other Payables		-	-
<b>Total Non Current Liabilities</b>		<b>233,929,048</b>	<b>288,235,997</b>
<b>Current Liabilities</b>			
Financial Liabilities			
Borrowings	5.10	68,809,155	55,000,000
Employee benefit liabilities	5.11	1,193,140	1,784,581
Trade and other payables	5.12	4,326,970	4,328,642
<b>Total Current Liabilities</b>		<b>74,329,265</b>	<b>61,113,223</b>
<b>Total Equity &amp; Liabilities</b>		<b>695,869,360</b>	<b>711,187,435</b>

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

For PL Shrestha & Co  
Chartered Accountants

*(Signature)*  
Rajesh Poudel, FCA  
Partner

*(Signature)*  
Ashish Subedi  
Chairman

*(Signature)*  
Bharat Prasad Nepal  
Director

*(Signature)*  
Min Raj Kadel  
Director

*(Signature)*  
Ganesh Prasad Reshmi  
Director

*(Signature)*  
Chandra Bahadur Pun  
Director

*(Signature)*  
Baladev Balami  
Accountant

Date: 2077/06/05  
Place: Kathmandu

**Ru Ru Jalbidhyut Pariyojana Limited**  
**Kathmandu, Nepal**


Statement of Profit or Loss and other Comprehensive Income  
For the Period from Shrawan 1, 2076 to Ashad 31, 2077 (July 17, 2019 to July 15, 2020)


NPR

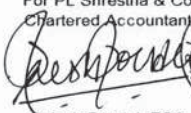
Particulars	Notes	For the Year Ended on Ashad 31, 2077	For the Year Ended on Ashad 31, 2076
Revenue	5.13	146,692,602	123,552,204
Cost of sales	5.14	(42,928,489)	(39,132,578)
<b>Gross profit</b>		<b>103,764,113</b>	<b>84,419,626</b>
Finance income	5.16	250,523	3,171,259
Finance costs	5.16	(36,580,845)	(43,019,143)
Other Income		22,298	-
Administrative expenses	5.15	(7,284,707)	(7,400,585)
Impairment losses		(514,395)	-
<b>Profit before taxes and staff bonus</b>		<b>59,656,987</b>	<b>37,171,157</b>
Staff Bonus		(1,193,140)	(743,423)
<b>Profit before taxes</b>		<b>58,463,847</b>	<b>36,427,734</b>
Income tax expenses			
Current Tax		(74,575)	(776,959)
Previous Year Tax		-	-
Deffered Tax Income / (Expenses)		-	-
<b>Profit for the year</b>		<b>58,389,272</b>	<b>35,650,775</b>
<b>Other comprehensive income</b>		<b>-</b>	<b>-</b>
<b>Total comprehensive income</b>		<b>58,389,272</b>	<b>35,650,775</b>
<b>Earning Per Share</b>			
Basic		<b>17.90</b>	<b>10.93</b>
Diluted		<b>17.90</b>	<b>10.93</b>


Total profit and comprehensive income is attributable to the owners of the company.  
The accompanying notes form an integral part of the financial statements.

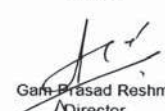
For PL Shrestha & Co  
Chartered Accountants


  
Ashish Subedi  
Chairman


  
Bharat Prasad Nepal  
Director

  
Rajesh Poudel, FCA  
Partner


  
Min Raj Kadel  
Director

  
Gan Prasad Reshmi  
Director

  
Chandra Bahadur Pun  
Director

  
Baladev Balami  
Accountant

Date: 2077/06/05  
Place: Kathmandu



**Ru Ru Jalbidhyut Pariyojana Limited**  
Kathmandu, Nepal

Statement of Changes in Equity  
For the Period from Shrawan 1, 2076 to Ashad 31, 2077 (July 17, 2019 to July 15, 2020)

Particular	Share Capital	Accumulated Profit / (Loss)	CSR Fund	Total
Balance at the Beginning of the Period	326,164,400	32,639,480	-	358,803,880
<b>Transactions with owners recorded directly in equity</b>				
Issue of Share Capital	-	-	-	-
Bonus Share	-	-	-	-
Dividend	-	(32,616,440)	-	(32,616,440)
Share Advance	-	-	-	-
<b>Total Comprehensive income for the year</b>		35,650,775	-	35,650,775
Profit for the Year		35,673,815	-	361,838,215
<b>Balance at the End of the FY 2075/76</b>	<b>326,164,400</b>	<b>35,673,815</b>	<b>-</b>	<b>361,838,215</b>
<b>Transactions with owners recorded directly in equity</b>				
Issue of Share Capital	-	-	-	-
Bonus Share	-	-	-	-
Dividend	-	(30,985,618)	-	(30,985,618)
Tax on dividend	-	(1,630,822)	-	(1,630,822)
Share Advance	-	-	-	-
<b>Total Comprehensive income for the year</b>		58,389,272	-	58,389,272
Profit for the Year		(583,893)	583,893	-
Corporate Social Responsibility Fund			583,893	-
<b>Balance at the End of the Year FY 2076/77</b>	<b>326,164,400</b>	<b>60,862,754</b>	<b>583,893</b>	<b>387,611,047</b>

For PL Shrestha & Co  
Chartered Accountants  
Kathmandu

Ashish Subedi  
Chairman

Min Raj Kadel  
Director

Bharat Prasad Nepal  
Director

Rajesh Poudel, FCA  
Partner

Chandra Bahadur Pun  
Director

Baladev Balam  
Accountant

Date: 2077/06/05  
Place: Kathmandu

**RU RU**  
HYDROPOWER

Ru Ru Jalbidhyut Pariyojana Limited  
Kathmandu, Nepal

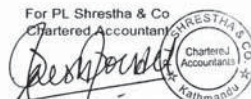
Statement of Cash Flow

For the Period from Shrawan 1, 2076 to Ashad 31, 2077 (July 17, 2019 to July 15, 2020)

Particulars	NPR	
	For the Year Ended on Ashad 31, 2077	For the Year Ended on Ashad 31, 2076
<b>A. Cash Flow from Operating Activities</b>		
Net Profit before Tax	58,463,847	36,427,734
<b>Adjustments for:</b>		
Depreciation of Property, Plant and Equipment	540,506	573,978
Amortization of Intangible Assets	22,103,462	22,103,462
Provision for Staff Bonus	-	743,423
Prior Period Adjustments	-	-
Financial Cost	36,330,322	39,847,884
Interest Income on FD	-	-
Bonus Paid	-	(710,370)
<b>Adjustments for changes in working capital</b>		
(Increase)/ Decrease in Trade receivables	(27,123,194)	32,545,261
(Increase)/ Decrease in Prepayments	6,079,846	(8,345,941)
(Increase)/ Decrease in Inventories	1,775,579	(1,673,818)
Increase / (Decrease) in Trade and other Payables	(667,688)	1,575,197
<b>Net Cash Flow from Operating Activities (1)</b>	<b>97,502,680</b>	<b>123,086,810</b>
<b>B. Cash Flow from Investing Activities</b>		
Changes in Fixed Deposits	-	20,000,000
(Increase)/Decrease in Investment	(6,583,500)	-
Interest Income on FD	-	3,171,259
Sale/(Purchase) of Tangible Fixed Assets	(234,952)	(431,627)
Sale/(Purchase) of Intangible Assets	-	-
<b>Net Cash Flow from Investing Activities (2)</b>	<b>(6,818,452)</b>	<b>22,739,632</b>
<b>C. Cash Flow from Financing Activities</b>		
Proceeds from Share Capital	-	-
Changes in Borrowings	(40,497,794)	(49,306,948)
Financial Cost	(36,330,322)	(43,019,143)
Dividend Paid	(32,616,440)	(32,616,440)
<b>Net Cash Flow from Financing Activities (3)</b>	<b>(109,444,556)</b>	<b>(124,942,531)</b>
<b>Net Increase/(Decrease) in Cash and Cash Equivalents (1+2+3)</b>	<b>(18,760,328)</b>	<b>20,883,911</b>
Cash and Cash Equivalents at beginning of the year	34,512,053	13,628,142
<b>Cash and Cash Equivalents at end of the year</b>	<b>15,751,728</b>	<b>34,512,053</b>
<b>Components of Cash and Cash Equivalents</b>	<b>15,751,728</b>	<b>34,512,053</b>
Cash in hand and Balance with Banks	15,751,728	34,512,053
Collateralised Borrowing and Lending Obligation	-	-

  
Ashish Subedi  
Chairman

  
Bharat Prasad Nepal  
Director

For PL Shrestha & Co  
Chartered Accountants  
  
Rajesh Poudel, FCA  
Partner

  
Min Raj Kadel  
Director

  
Gan Prasad Reshmi  
Director

  
Chandrabahadur Pun  
Director

  
Baladev Balami  
Accountant

Date: 2077/06/05  
Place: Kathmandu





## 1. Reporting entity

Ru Ru Jalbidhyut Pariyojana Limited ("the Company") operate a 5 MW hydropower plant as per the terms of the license issued by Ministry of Electricity. The generated electricity is sold to Nepal Electricity Authority (NEA) as per rate provided in Power Purchase Agreement (PPA) entered into between NEA and the Company.

The company is a public limited company incorporated in Nepal under the Companies Act, 2063. The registered office of the Company, and the principal place of business, is located at Kathmandu, Nepal and production unit is located in Rupakot and Harewa VDC of Gulmi, Nepal. The company was converted into the Public limited company on 2072/04/07.

The Company does not have any subsidiary or an interest in associate or joint venture. Thus, these financial statements are separate financial statements of the Company.

### 1.1. Board of directors

The composition of Board of Directors as on 31<sup>st</sup> Ashadh 2077 is as follow:

Name	Position
Mr. Ashish Subedi	Chairman
Mr. Bharat Prasad Nepal	Director
Mr. Min Raj Kadel	Director
Mr. Gam Prasad Reshmi	Director
Mr. Chandra Bahadur Pun	Director

## 2. Basis of Preparation

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

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

### 2.1 Statement of compliance


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

An explanation of how the transaction to NFRSs has affected the reported financial position, financial performance and cash flows of the Company is provided in note.

The financial statements were authorized for issue by the Board of Directors on Ashoj 5, 2077.

### 2.2 Accounting Conventions

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



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

### 2.3 Presentation

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

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

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

#### 2.3.1 Functional currency

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

#### 2.3.2 Current and Non-Current distinction

##### Assets

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

##### Liabilities

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

### 2.4 Accounting Policies and accounting estimates

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

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

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

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



The image shows several handwritten signatures in black ink, some of which are crossed out with a large 'X'. To the right of the signatures is a circular stamp with the text 'RU RU JALBIDHYUT PARIYOJANA CO. Chartered Accountants Kathmandu, Nepal' around the perimeter and a star in the center.

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

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

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

## 2.5 Financial Periods

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

## 2.6 Discounting

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

## 2.7 Limitation of NFRS implementation

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

## 3. Risk Management Framework

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

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

### i. Credit risk management

Credit risk is the risk of financial loss to the Company if a customer or counterparty to a financial instrument fails to meet its contractual obligations and arises principally from the Company's receivables from customers. The receivables are due for payment from Nepal Electricity Authority for supply of electricity billed in compliance with PPA agreement. The management does not believe that the Company has any exposure to credit risk as the Nepal Electricity is owned by the Government of Nepal and has monopoly in power distribution in Nepal.

### ii. Market risk management

Market risk is the risk that changes in market price, such as foreign exchange rates, interest rates and equity prices will affect the Company's income or the value of its holdings of financial



instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimizing the return.

The Company's exposure to the risk of changes in market interest rates relates primarily to the Company's long-term and short-term debt obligations. Since, the interest rate risk is influenced by market forces, the company has little role to play for minimizing this risk.

### iii. Liquidity risk management

Liquidity risk is the risk that the Company will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. The Company's approach to managing liquidity is to ensure, as far as possible, that will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Company's reputation. Access to sources of funding is sufficiently available and debt maturing within 12 months can be rolled over with existing lenders.

## 4. Summary of Significant Accounting Policies

### 4.1 Property, plant, and equipment

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

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

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

The estimated useful lives, residual values and depreciation method are reviewed at the end of each reporting period, with the effect of any changes in estimate accounted for on a prospective basis. The estimate useful lives of various assets are as follows:

S.N.	Types of assets	Estimated useful lives
1	Furniture and Fixtures	10 Years
2	Office Equipment	10 Years
3	Vehicles	15 Years

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

### 4.2 Intangible assets

The company obtained operation license from Nepal Electricity Authority (NEA) on 30 Shrawan 2069 B.S. for the period of 35 years to construct and operate a 5 MW hydropower project, and the license expires on 29 Shrawan 2104 B.S. This is service concession arrangement entered into between the Company and NEA, that conferred the right to the Company to implement the project



and recover the project cost and reasonable return, through the sale of electricity to NEA as per the rate provided by the Power Purchase Agreement (PPA) between the Company and NEA.

Project Assets are amortized over remaining useful life (Operation License period) of 30.10 years. The useful life of project asset is the tenure calculated from commercial date of operation. The amortization expense is included in the Cost of Sales.

The revenue from sale of electricity to NEA is recognized at the rate specified in the Power Purchase Agreement, as per NAS 18 Revenue, which is disclosed in Note.

#### **Owned Intangible assets**

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

#### **Intangible asset acquired separately with finite lives**

Intangible assets with finite useful lives that are acquired separately are carried at cost less accumulated amortization and accumulated impairment losses. Subsequent expenditure is capitalized only when it increases the future economic benefits embodied in the specific asset to which it relates. Amortization is recognized on a straight-line basis over their estimated useful lives, and has been charged to Intangible assets under development.

### **4.3 Investment property**

A property that is held to earn rentals or for capital appreciation or both rather than for use in the production or supply of goods or services or for administrative purposes; or sale in the ordinary course of business, by the company are accounted for as investment properties.

Investment property is recognized as an asset when it is probable that the future economic benefits that are associated with the property will flow to the entity, and the cost of the property can be reliably measured.

An investment property is measured initially at its cost. The cost of a purchased investment property comprises of its purchase price and any directly attributable expenditure. The cost of a self-constructed investment property is its cost at the date when the construction or development is complete.

Subsequent expenditure is capitalized to the asset's carrying amount only when it is probable that future economic benefits associated with the expenditure will flow to the Company and the cost of the item can be measured reliably.

After initial recognition, investment property is accounted for in accordance with the cost model as set out in IAS 16 Property, Plant and Equipment – cost less accumulated depreciation and less accumulated impairment losses

All other repairs and maintenance costs are expensed when incurred. When part of an investment property is replaced, the carrying amount of the replaced part is derecognized.

Investment properties are derecognized when they have been disposed.



#### 4.4 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 of stores, spare parts and loose tools are stated at the lower of cost and net realizable

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

#### 4.5 Financial Instruments: Financial Assets

##### 4.5.1 Recognition and Classification

The company classifies financial assets in accordance with the categories specified in NAS 32 and NAS 39. Financial assets are classified under four categories, namely,

- Fair Value through So PL,
- Held to Maturity,
- Loans and Receivables and
- Available for Sale.

Financial assets of the Company comprise of advances, deposits, trade and other receivables, and cash and bank balances.

These instruments are interest bearing and non-interest bearing. Where interest component is present, the implicit interest rate approximates effective interest rate. It is assumed that the carrying amount represents the amortized cost of the assets.

The Company holds the following categories of financial assets:

##### As at 15 July 2020

Financial Assets	Assets at fair value		Assets at amortized costs			Total
	Trading	Designated at FVTOCI	Available for sale	Loans and Receivables	Held to maturity	
Balance with Banks		-	-	15,726,097		15,726,097
Trade Receivables	-	-	-	62,556,875		62,556,875
Prepayments		-	-	6,088,224		6,088,224
<b>Total</b>	-	-	-	<b>84,371,196</b>		<b>84,371,196</b>

##### As at 16 July 2019

Financial Assets	Assets at fair value		Assets at amortized costs			Total
	Trading	Designated at FVTOCI	Available for sale	Loans and Receivables	Held to maturity	
Balance with Banks		-	-	34,490,702		34,490,702
Trade Receivables	-	-	-	35,433,684		35,433,684
Prepayments		-	-	11,653,675		11,653,675
<b>Total</b>	-	-	-	<b>81,578,061</b>		<b>81,578,061</b>

#### 4.6 Prepayments



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

Share issue costs have been deferred till issue of share instead of being expensed in profit or loss.

The transaction costs of an equity transaction are accounted for as a deduction from equity (net of any related income tax benefit) to the extent they are incremental costs directly attributable to the equity transaction that otherwise would have been avoided. The costs of an equity transaction that is abandoned are recognized as an expense.

#### 4.6.1 Trade and Other Receivables

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

#### 4.6.2 Cash and cash equivalents

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

The carrying amount of cash and cash equivalents are representative of their fair values as at the respective reporting date.

#### 4.6.3 Investment in Term Deposits

These are the instruments which are held with the intention for settlement of principal and interest only, with no other costs or premium/discounts being involved, the intrinsic coupon rate is taken as effective interest rate for all term deposits. The company has intention and capacity to hold these instruments until their respective maturity dates.

The rates implicit on these deposits approximate the effective interest rates and the same rates are used to calculate the interest (finance) income and for the purpose of calculating the amortized costs of these assets. The carrying value of these assets represents the amortized costs.

#### 4.6.4 Impairment of Financial Assets

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

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



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

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

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

#### 4.6.5 De-recognition of Financial Assets

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

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

#### 4.7 Share Capital

Financial instruments issues are classified as equity when there is no contractual obligation to transfer cash, other financial assets or issue available number of own equity instruments. Incremental costs directly attributable to the issue of new shares are shown in equity as deduction net of taxes from the proceeds.

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

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

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

#### 4.8 Distributions

The distributions if any to shareholders are recognized in statement of change in equity

#### 4.9 Reserve & Surplus

##### 4.9.1 Accumulated profit / (loss)

It includes the accumulated profit or loss as on the reporting date

##### 4.9.2 Corporate Social Responsibility fund



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It is created at the rate of 1% of net profit after tax as per the requirement of Industrial Enterprises Act, 2076. All the expenses done on behalf of corporate social responsibilities are charged to this fund.

#### 4.10 Financial Instruments: Financial Liabilities

Financial Liabilities under NAS 39 are to be classified as Fair Value through SoPL and those Held at Amortized Cost. All financial liabilities held by the Company are classified as financial liabilities held at amortized cost using effective interest rate.

Carrying value of non-interest-bearing instruments held by the Company represents the amortized cost.

##### As at 15 July 2020

Financial Liabilities	Liabilities at fair value	Liabilities at Amortized costs
	Designated at FVTPL	
Trade and other payables	-	4,326,970
Borrowing	-	302,738,203
<b>Total</b>	-	<b>307,065,173</b>

##### As at 16 July 2019

Financial Liabilities	Liabilities at fair value	Liabilities at Amortized Costs
	Designated at FVTPL	
Trade and other Payables	-	4,328,642
Borrowing- Non-current	-	343,235,997
<b>Total</b>	-	<b>347,564,639</b>

#### 4.10.1 Borrowings

Borrowings are recognized initially at fair value, net of transaction costs incurred. Incidental cost of borrowings is amortized over the period of borrowings which approximates the finance cost as per effective interest method.

Borrowings are classified as current liabilities if payment is due within one year or less. If not, they are presented as non-current liabilities.

All incidental cost of borrowings was previously capitalized to project assets. Now the incidental cost of borrowings up to commercial date of operation has been included in Project Assets and remaining incidental cost is amortized over the period of borrowings. All long-term loans have now been measured at amortized cost with retrospective effect.

#### 4.10.2 Trade and Other Payables

Trade and other payables mainly consist of amounts the Company owes to suppliers and government authority that have been invoiced or are accrued. These amounts have been initially recognized at cost and it is continued to be recognized at cost as it fairly represents the value to be paid since it does not include interest on payment.

#### 4.10.3 De-recognition of Financial Liabilities



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

#### 4.11 Revenue

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

Revenue from sale of electricity is recognized at the time of issuing invoice to Nepal Electricity Authority (NEA) as per the Power Purchase Agreement (PPA).

#### 4.12 Cost of Sales

Cost of sales includes amortization expenses of project assets and other expenses incurred at site for the operation and maintenance of the project assets. Employee benefit expenses of site office staff is also included in cost of sales.

#### 3.1. Income from financial instruments at fair value

Gains and losses arising from changes in the fair value of financial instruments held at fair value through profit or loss are included in the statement of profit or loss in the period in which they arise.

Gains and losses arising from changes in the fair value of available-for-sale financial assets are recognized directly in profit or loss unless an irrevocable selection is done to charge it through Other Comprehensive Income. Once such selection is done the changes in fair value is also charged through Other Comprehensive Income unless the assets is derecognized. The gain or loss on disposal of available for sale financial assets is recognized directly in profit or loss.

Dividends on equity instruments are recognized in the statement of profit or loss within other income when the Company's right to receive payment is established.

Realized gain is the difference between the cost price and realized price on the sale of the shares after deducting the selling expenses.

Unrealized gain is the difference between the cost price and the closing market price available at the end of the reporting period or the latest trading price if the closing price as on the year end is not available.

#### 3.2. Other income

All the incomes that are not qualified to be classified as revenue is treated as other income.

#### 4.13 Administrative Expenses

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

#### 4.14 Finance cost and income

All the interest expenses against the loans and advances and the unwinding of discount on financial liabilities are calculated using effective interest rate method.

Interest income comprising of finance income includes interest received from bank.



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Kathmandu

Interest income is recognized in profit or loss for all financial instruments measured at amortized cost using the effective interest method.

Net finance cost represents the net off between the interest incomes and interest expenses.

The effective interest method is a method of calculating the amortized cost of a financial asset or financial liability and of allocating the interest income or interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments or receipts throughout the expected life of the financial instrument, or a shorter period where appropriate, to the net carrying amount of the financial asset or liability. When calculating the effective interest rate, the Company estimates cash flows considering all contractual terms of the financial instrument but does not consider future credit losses. The calculation includes all fees paid or received between the parties to the contract that are an integral part of the effective interest rate, including transaction costs and all other premiums or discounts.

#### 4.15 Lease Payments

Leases where the lessor retains substantially all the risks and benefits of ownership of the asset are classified as operating leases. Payments made under operating leases are to be recognized on a straight-line basis over the term of the lease according to NAS 17 Lease.

#### 4.16 Taxation

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

##### 4.16.1 Current Tax

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

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

The Company has not recognized any current tax expenses with respect to income from sale of electricity. The Company has provided for income tax liability pertaining to incomes other than income from sale of electricity in accordance with the Income Tax Act, 2058 enacted and as applicable in Nepal.

NRs. 776,959 has been provided for as income tax liability for the current financial year by way of self-assessment as per the Income Tax Act, 2058. NRs. 475,389 has been claimed as advance tax on bank interest income during the year. NRs. 308,851 is the brought forward advance tax from previous year.

##### 4.16.2 Deferred Tax

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



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

Deferred Tax Liabilities (DTL) and assets are measured at the tax rates that are expected to apply in the period in which the liability is settled or the assets realized, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period. The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the company expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

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

#### 4.16.3 Tax holiday

The Company's operations are subject to tax holiday as per Income Tax Act, 2058. The income generated from electricity generation is fully exempted for first 10 years of operation and 50% exempted for next five years. The temporary differences that reverse during a tax holiday period are not recognized.

#### 4.17 Foreign currency transaction

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

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

#### 4.18 Impairment

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

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

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



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

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

#### 4.19 Employee benefits

The Company provides employee benefits in accordance with its by-laws which is in compliance with the local laws and regulations. The employee benefits are classified as current benefits and post-employment benefits.

##### 4.19.1 Defined contribution plan

A defined contribution plan is a post-employment plan under which an entity pays fixed contribution into a separate entity and will have no legal or constructive obligation to pay further amounts. Obligations for contributions to defined contribution plans are recognized as an employee benefit expense in the statement of profit or loss in the periods during which services are rendered by employees. Employees are eligible for Employees' Provident Fund Contributions and Employees' Trust Fund Contributions in accordance with the respective statutes and regulations.

Contributions to defined contribution plans are recognized as an expense in the statement of profit or loss as incurred.

##### 4.19.1.1 Employees' provident fund

The company has booked the liability of 10% of the basic salary of each employee as per the provisions of Labour Act, 2074 to be contributed to Employees' Provident Fund managed by government of Nepal.

##### 4.19.1.2 Citizens' investment trust

The company does not contribute to citizens' investment trust, but employee may contribute according to their preference.

##### 4.19.1.3 Gratuity

The new Labour Act 2074 is applicable from Bhadra 19, 2074 which requires payment of minimum Gratuity of at least 8.33% of basic salary to all staff (equal to one-month salary per year). These benefits are treated as defined contribution plan and provided accordingly.

The company has booked the liability against gratuity of 8.33% of the basic salary of each employee as per the provisions of Labour Act, 2074.

##### 4.19.2 Defined benefit plan

A defined benefit plan is a post-employment benefit plan other than a defined contribution plan. The liability recognized in the financial statements in respect of defined benefit plans is the



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present value of the defined benefit obligation as at the reporting date. The defined benefit obligation is calculated as at the reporting date based on an internally generated model using formula or based on actuary valuation.

Contributions to defined contribution plans are recognized as an expense in the statement of profit or loss as incurred.

#### 4.19.3 Staff Bonus

Staff is provided annual bonus under the provision of the Electricity Act, 2049 and Rules 2050 at the rate of 2% of Profit before staff bonus. It is created as per annual profit and paid in the subsequent period.

#### 4.20 Provisions and contingent liabilities

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

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

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

(ii) A contingent liability exists when there is a possible but not probable obligation, or a present obligation that may, but probably will not, require an outflow of resources, or a present obligation whose amount cannot be estimated reliably. Contingent liabilities do not warrant provisions but are disclosed unless the possibility of outflow of resources is remote. Contingent assets are neither recognized nor disclosed in the financial statements. However, contingent assets are assessed continually and if it is virtually certain that an inflow of economic benefits will arise, the asset and related income are recognized in the period in which the change occurs.

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

#### 4.21 Valuation hierarchy

Assets and liabilities carried at fair value or for which fair values are disclosed have been classified into three levels according to the significant inputs used to determine the fair values. The Company recognizes transfers between levels of the fair value hierarchy when there is a significant change in either its principal market or the level of the inputs to the valuation techniques as at the end of the reporting period.

**Level 1** fair value measurements are those derived from unadjusted quoted prices in active markets for identical assets or liabilities.

**Level 2** valuations are those with quoted prices for similar instruments in active markets or quoted prices for identical or similar instruments in inactive markets and financial instruments valued using models where all significant inputs are observable.



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**Level 3** portfolios are those where at least one input, which could have a significant effect on the instrument's valuation, is not based on observable market data.

#### 4.21.1 Fair value of financial instruments held at amortized costs on recurring basis

The following table shows the carrying amounts and incorporates the Company's estimate of fair value of those financial assets and liabilities not presented on the Company's statement of financial position at fair value. For certain instruments, fair value may be determined using assumptions for which no observable prices are available.

##### Fair value of financial assets held at amortized cost

31st Ashadh, 2077	Level 1	Level 2	Level 3
Trade Receivables			62,556,875
Prepaid			6,088,224
<b>Total</b>			<b>68,645,099</b>
31st Ashadh, 2076	Level 1	Level 2	Level 3
Trade Receivables			35,433,684
Prepaid			11,653,675
<b>Total</b>			<b>47,087,359</b>

##### Fair value of financial liabilities held at amortized cost

31st Ashadh, 2077	Level 1	Level 2	Level 3
Trade and Other Payable			4,326,970
<b>Total</b>			<b>4,326,970</b>
31st Ashadh, 2076	Level 1	Level 2	Level 3
Trade and Other Payable			4,328,642
<b>Total</b>			<b>4,328,642</b>

#### 4.21.2 Fair value Level 3 disclosures

The following sets out the basis of establishing fair values of amortized cost financial instruments. These are not generally traded and there is a significant level of management judgment involved in calculating the fair values.

##### Prepaid expenses & advances

These assets are generally with the residual maturity of less than one year. The impact of discounted cash flows of those assets with maturity period of more than one year is insignificant. Therefore, the fair value of other assets generally approximates the carrying amount.

##### Trade receivables

These assets are generally with the residual maturity of less than one year. The impact of discounted cash flows of those assets with maturity period of more than one year is insignificant. Therefore, the fair value of other assets generally approximates the carrying amount.

#### 4.22 Cash flow statement



The statement of cash flows has been prepared by using the "indirect method" of preparing cash flows in accordance with the Nepal Accounting Standard – NAS 7 on 'Statement of cash flows'. Cash and cash equivalents comprise of cash in hand and cash at bank.

#### 4.23 New standards and interpretations not yet adopted

New standards, amendments to standards and interpretations are not yet effective for the year ended 15 July 2020 and have not been applied in preparing these separate financial statements. These standards and amendments are as below:

##### 4.23.1 NFRS-9: Financial Instruments:

The Nepal Accounting Standard Board (NASB) has published the final completed version of NFRS 9 'Financial Instruments'. NFRS 9 replaces NAS 39 'Financial Instruments: Recognition and measurement'.

NFRS 9 introduces a new model for classification and measurement of financial assets, which is based on the business model in which the financial assets are managed and the nature of its cash flows. Only the assets which are held under the business model of collecting the contractual cash flows, and whose cash flows are solely principal, and interest may be recorded at amortized cost under the standard.

Further, NFRS 9 introduces an impairment model, under which expected credit losses are required to be recognized. Expected credit losses are to be measured based on reasonable and supportable historical, current, and forecasted information. This is a significant change from the erstwhile expected credit loss model of NAS 39.

The new standard is effective for reporting periods beginning on or after 16 July 2021 and the company intend to adopt the standard.

##### 4.23.2 NFRS-15: Revenue from contract with customers:

The NASB issued a new standard for revenue recognition which overhauls the existing revenue recognition standards. The new standard is based on the principle that revenue is recognised when control of goods and service transfer to a customer. The standard requires the following five step model framework to be followed for revenue recognition:

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

The new standard would be effective for annual periods starting from 16 July 2021 and the company intend to adopt the standard.

##### 4.23.3 NFRS 16: Lease

NFRS 16 introduces a single lessee accounting model and requires a lessee to recognize assets and liabilities for all leases with a term of more than 12 months unless the underlying asset is of





low value. A lessee is required to recognize a right-of-use asset representing its right to use the underlying leased asset and a lease liability representing its obligation to make lease payments.

A lessee measures right-of-use assets similarly to other non-financial assets (such as property, plant, and equipment) and lease liabilities similarly to other financial liabilities. As a consequence, a lessee recognizes depreciation of the right-of-use asset and interest on the lease liability. The depreciation would usually be on a straight-line basis. In the statement of cash flows, a lessee separates the total amount of cash paid into principal (presented within financing activities) and interest (presented within either operating or financing activities) in accordance with NAS 7.

NFRS 16 substantially carries forward the 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.

The new standard would be effective for annual periods starting from 16 July 2021 and the company intend to adopt the standard.



5 Notes to account and explanatory notes

5.1 Property, Plant and Equipment and Depreciation

<u>Particulars</u>	<u>Furniture and Fixture</u>	<u>Office Equipment Computer Accessories</u>	<u>Vehicles</u>	<u>Total</u>
<b>Cost</b>				
Opening Balance	1,733,437.00	2,381,775.00	2,611,400.00	6,726,612.00
Addition	157,802.00	77,150.00	-	234,952.00
Deletion	-	-	-	-
<b>Total</b>	<b>1,891,239.00</b>	<b>2,458,925.00</b>	<b>2,611,400.00</b>	<b>6,961,564.00</b>
<b>Depreciation</b>				
Depreciation Upto Last Year	941,483.87	1,202,626.72	1,125,029.41	3,269,140.00
Depreciation for the Year	179,188.73	195,753.98	165,563.33	540,506.04
Depreciation on Deletion	-	-	-	-
<b>Total</b>	<b>1,120,672.60</b>	<b>1,398,380.70</b>	<b>1,290,592.74</b>	<b>3,809,646.04</b>
<b>WDV as on 2077/03/31</b>	<b>770,566.40</b>	<b>1,060,544.30</b>	<b>1,320,807.26</b>	<b>3,151,917.96</b>
<b>WDV as on 2076/03/31</b>	<b>791,953.13</b>	<b>1,179,148.28</b>	<b>1,486,370.59</b>	<b>3,457,472.00</b>

5.2 Intangible Assets and Amortization

<u>Particulars</u>	<u>5 MW Upper Hugdi Khola Hydro Project</u>	<u>Total</u>
<b>Cost</b>		
Opening Balance	715,319,940.00	715,319,940.00
Addition	-	-
Deletion	-	-
<b>Total</b>	<b>715,319,940.00</b>	<b>715,319,940.00</b>
<b>Amortization</b>		
Amortization up to the Last Year	94,212,655.00	94,212,655.00
Amortization for the Year	22,103,462.00	22,103,462.00
Amortization on Deletion	-	-
<b>Total</b>	<b>116,316,117.00</b>	<b>116,316,117.00</b>
<b>WDV as on 2077/03/31</b>	<b>599,003,823.00</b>	<b>599,003,823.00</b>
<b>WDV as on 2076/03/31</b>	<b>621,107,285.00</b>	<b>621,107,285.00</b>



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5.3 Investment property

Particulars	Ashad 31, 2077	Ashad 31, 2076
Land	6,583,500	-
<b>Total</b>	<b>6,583,500</b>	<b>-</b>

5.4 Prepayments

Particulars	Ashad 31, 2077	Ashad 31, 2076
Advance to Party	2,077,480	8,787,895
Deferred IPO Issue Expenses	2,099,913	1,412,264
Prepaid Insurance Premium	1,195,342	1,183,671
Advance Tax	42,859	784,240
Letter of Credit	672,630	-
<b>Total</b>	<b>6,088,224</b>	<b>12,168,070</b>
<b>Less: Non-current</b>	<b>-</b>	<b>514,395</b>
<b>Current</b>	<b>6,088,224</b>	<b>11,653,675</b>

Advance to party amounting to NRs. 514,395 has been written off from the books of account as it is impaired at the year end with zero recoverable value.

The company is in the process of issuing IPO. The deferred IPO issue expenses represents the amount paid for different consultancies and regulatory authorities in the process of issuing IPO. The amount will be charged to equity when the IPO will be issued.

5.5 Trade and other Receivables

Particulars	Ashad 31, 2077	Ashad 31, 2076
Trade Receivables (NEA)	62,489,648	35,376,840
Staff Advance	67,225	56,844
Long-term Deposits	13,500	13,500
<b>Total</b>	<b>62,570,375</b>	<b>35,447,184</b>
<b>Less: Non-current</b>	<b>13,500</b>	<b>13,500</b>
<b>Current</b>	<b>62,556,875</b>	<b>35,433,684</b>

5.6 Inventories

Particulars	Ashad 31, 2077	Ashad 31, 2076
Spare Parts	2,719,792	4,495,371
<b>Total</b>	<b>2,719,792</b>	<b>4,495,371</b>

5.7 Cash and cash equivalents

Particulars	Ashad 31, 2077	Ashad 31, 2076
Cash in hand	25,631	21,351
Balances with banks on current account	15,726,097	34,490,702
<b>Total</b>	<b>15,751,728</b>	<b>34,512,053</b>



5.8 Share Capital

Particulars	Ashad 31, 2077	Ashad 31, 2076
<b>Authorized</b>		
Ordinary shares of NPR 100 each	500,000,000	500,000,000
<b>Issued</b>		
Ordinary shares of NPR 100 each	407,705,500	407,705,500
<b>Subscribed and fully Paid Up</b>		
Ordinary share of NPR 100 each	<b>326,164,400</b>	<b>326,164,400</b>

5.9 Reserves and Surplus

	Ashad 31, 2077	Ashad 31, 2076
Accumulated profit / (loss)	60,862,754	35,673,815
Corporate Social Responsibility Fund	583,893	-
<b>Total</b>	<b>61,446,647</b>	<b>35,673,815</b>

5.10 Borrowings

Particulars	Ashad 31, 2077	Ashad 31, 2076
Bank Borrowings	292,400,000	347,400,000
Less: NFRS Adjustment	(4,164,003)	(4,857,054)
Add: Unwinding of Interest	693,051	693,051
<b>Total non current borrowings</b>	<b>288,929,048</b>	<b>343,235,997</b>
Less: Installment payable within next 12 months	55,000,000	55,000,000
<b>Net non-current borrowings (A)</b>	<b>233,929,048</b>	<b>288,235,997</b>
Installment payable within next 12 months	55,000,000	55,000,000
Overdraft	13,809,155	
<b>Total current borrowings (B)</b>	<b>68,809,155</b>	<b>55,000,000</b>
<b>Total borrowings (A+B)</b>	<b>302,738,203</b>	<b>343,235,997</b>

5.11 Employee benefit liabilities

Particulars	Ashad 31, 2077	Ashad 31, 2076
Salary Payable	-	606,893
Payable to Citizen Investment Trust	-	114,700
Gratuity Payable	-	268,100
Payable to Provident Fund	-	51,465
Staff Bonus Payable	1,193,140	743,423
<b>Total</b>	<b>1,193,140</b>	<b>1,784,581</b>
<b>Less: Non-current</b>	<b>-</b>	<b>-</b>
<b>Current</b>	<b>1,193,140</b>	<b>1,784,581</b>

5.12 Trade and other payables

Particulars	Ashad 31, 2077	Ashad 31, 2076
Audit Fee Payable	111,500	113,000
Accrued Rent (NFRS adjustment)	25,230	35,217
Income tax liability	74,575	776,959
Royalty Payable	1,194,935	1,565,502
TDS Payable	110,287	100,999
Trade Payable	101,287	101,287
Other Liabilities	2,709,156	1,635,678



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<b>Total</b>	<b>4,326,970</b>	<b>4,328,642</b>
<b>Less: Non-current</b>	<b>-</b>	<b>-</b>
<b>Current</b>	<b>4,326,970</b>	<b>4,328,642</b>

5.13 Revenue

Particulars	For the Year Ended on Ashad 31, 2077	For the Year Ended on Ashad 31, 2076
Electricity Sales	146,692,602	123,552,204
<b>Total</b>	<b>146,692,602</b>	<b>123,552,204</b>

5.14 Cost of Sales

Particulars	For the Year Ended on Ashad 31, 2077	For the Year Ended on Ashad 31, 2076
Salary Expenses Site Office	7,059,687	6,329,295
Gratuity Expenses-Site	285,123	227,696
Contribution to provident Fund Site Office	342,284	273,344
Wages Expenses Site Office	28,400	582,873
Medicine Expense-Site Office	12,235	7,705
Staff Refreshment-Site Office	104,950	93,950
<b>Direct employee benefit expenses (A)</b>	<b>7,832,679</b>	<b>7,514,863</b>
Amortization-Intangible Asset (Note 2)	22,103,462	22,103,462
Royalty expenses	3,433,852	2,968,651
Consumable expense-Site Office	144,841	189,987
Electricity Charges-Site Office	20,844	16,092
Electric Accessories	133,613	107,905
Fuel Expenses-Site Office	501,640	655,588
Guest Entertainment-Site Office	81,418	85,429
Insurance Premium Site Office	1,641,253	1,947,775
Internet and Subscription- Site Office	-	20,060
Staff Apron Site Office	-	68,968
Testing And Calibration Site Office	-	621,500
Sports and entertainment site office	7,670	5,200
Kitchen Ware-Site Office	-	8,130
Repair & Maintenance-Assets Site Office	5,295,471	1,242,000
Printing & Stationery-Site Office	62,658	14,145
Security Expenses-Site Office	1,334,440	1,282,318
Taxes and Charges-Site Office	13,976	12,705
Telephone & Postage-Site Office	44,280	30,700
Travelling & Transportation Expenses-Site Office	276,392	237,100
<b>Other direct expenses (B)</b>	<b>35,095,810</b>	<b>31,617,715</b>
<b>Total cost of sales (A+B)</b>	<b>42,928,489</b>	<b>39,132,578</b>

5.15 Administrative expenses

Particulars	For the Year Ended on Ashad 31, 2077	For the Year Ended on Ashad 31, 2076
Salaries Expenses- Head Office	4,373,472	4,752,142
Gratuity Expenses	50,640	40,405
Contribution to Provident Fund- Head Office	59,466	40,319
Medicine Expense-Head Office	4,288	-
<b>Employee benefit expenses (A)</b>	<b>4,487,866</b>	<b>4,832,866</b>



Depreciation (Note 1)	540,506	573,978
Advertisement Expenses	31,936	48,885
AGM Expenses	93,805	121,184
AMC of computer software	9,040	9,040
Audit Fee	113,000	113,000
Bank Commission & LC Charges	26,127	31,019
Board Meeting Allowances	235,500	303,500
Consumables	61,928	55,922
Donation And Charities	111,111	61,111
Electricity & Water	15,000	20,081
Fuel Expenses	21,500	24,000
Guest Entertainment	1,507	743
House Rent	429,028	327,596
Insurance Premium	19,730	6,188
Internet & Subscription	31,846	32,687
IPO Expenses	717,403	-
Legal Consultant Fee	-	88,235
Janitorial	15,000	30,000
Meeting Expenses	26,957	70,440
Membership Fees	24,000	24,000
Miscellaneous Exp	2,000	1,675
Printing & Stationaries	77,873	80,924
Registration & Renewals	20,175	47,976
Repair & Maintenance	11,185	24,900
Tea & Refreshment	42,435	45,058
Fine and Penalty and charges	-	201,845
Staff Welfare	-	100,000
Telephone & Postage	18,609	12,840
Travelling Expenses	28,450	60,222
Vehicle Renewals	51,190	50,670
Painting Expense	20,000	-
<b>Other administrative expenses (B)</b>	<b>2,796,841</b>	<b>2,567,719</b>
<b>Total administrative expenses (A+B)</b>	<b>7,284,707</b>	<b>7,400,585</b>

#### 5.16 Finance Expense and Finance Income

Particulars	For the Year Ended on Ashad 31, 2077	For the Year Ended on Ashad 31, 2076
Interest on Term Loan	35,525,978	41,904,077
Finance Cost-NFRS Adjustment	693,051	693,051
Loan Arrangement Fee	361,816	422,015
<b>Net finance cost (A)</b>	<b>36,580,845</b>	<b>43,019,143</b>
Interest income on short-term bank deposits	250,523	3,171,259
<b>Total finance income (B)</b>	<b>250,523</b>	<b>3,171,259</b>
<b>Net finance expense (A-B)</b>	<b>36,330,322</b>	<b>39,847,884</b>



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## 5.17 Earnings Per share (EPS)

### Basic

Basic earnings per share is calculated by dividing the profit attributable to equity holders of the company by the weighted average number of ordinary shares in issue during the year.

### Diluted

Diluted earnings per share is calculated by adjusting the weighted average number of ordinary shares outstanding to assume conversion of all dilutive potential ordinary shares. Currently, the company does not have any outstanding dilutive potential ordinary shares.

Particulars	2076/77	2075/76
Profit attributable to equity holders	58,389,272	35,650,775
Weighted average number of equity shares outstanding	3,261,644	3,261,644
Earnings Per Share (Rs.) - Basic (Face value of Rs. 100 per share)	<b>17.90</b>	<b>10.93</b>
Add: Weighted average number of potential equity shares	-	-
Weighted average number of Equity shares (including dilutive shares) outstanding	3,261,644	3,261,644
Earnings Per Share (Rs.) - Diluted (Face value of Rs. 100 per share)	<b>17.90</b>	<b>10.93</b>

## 5.18 Operating Segments

The company is engaged in the business of generation of electricity from its hydro-power project situated in Nepal. The generated electricity will be sold to the Nepal Electricity Authority. Accordingly, the company has only 1 operating segment. Since the relevant information is available from the Statement of financial position and the statement of Compressive income itself, there are no additional disclosures, to be provided in terms of NFRS 8 on Operating Segments.

## 5.19 Related Party Transactions

Disclosure has been made in respect of the transactions in which one party has the ability to control or exercise significant influence over the financial and operating policies / decisions of the other, irrespective of whether a price is charged

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

- Shareholders having shareholding of 1% or more during the year.
- Companies represented by the Directors.
- Directors of the Company and their close family members if any
- Key Managerial Personnel and their close family members if any



### 5.19.1 Significant Shareholders

Share Holder	15-Jul-2020	16-Jul-2019
	% of holding	% of holding
Bharat Prasad Nepal	14.87%	14.87%
Samuchit Investment Company Pvt. Ltd.		10.85%
Shubhakarma Investment Company Pvt. Ltd.		12.39%
Ekraj Pandey	3.91%	
Nira Aryal	2.51%	
Adarsh Nagarik Investment Company Ltd	2.04%	2.04%
Tara Prasad Sanjel	1.67%	1.67%
Hari Prasad Niraula	1.67%	1.67%
Damber Bahadur Deuja	1.67%	1.67%
Purbanchal Investment Company Ltd.	1.34%	1.34%
Dr. Sandip Shah	1.5%	
Sabitri Adhikari	1.44%	1.17%

### 5.19.2 Transactions with and payments to directors of the Company

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

Particulars	FY 2076/77	FY 2075/76
	Annual Facilities	Annual Facilities
Ashish Subedi	372,000	390,000
Bharat Prasad Nepal	552,000	941,515
Min Raj Kadel	360,000	390,000
Gam Prasad Reshmi	360,000	416,000
Chandra Bahadur Pun	330,000	-
<b>Total</b>	<b>1,974,000</b>	<b>2,137,515</b>

### 5.20 Events after reporting period

The Company monitors and assess events that may have potential impact to qualify as adjusting and / or non-adjusting events after the end of the reporting period. All adjusting events are adjusted in the books with additional disclosures and non-adjusting material events are disclosed in the notes with possible financial impact, to the extent ascertainable.

There are no material events that has occurred subsequent to 31st Ashad 2077 till the signing of this financial statement.

### 5.21 Tax Assessment

Inland revenue Department has not made amended tax assessment of the company till date. The company has duly submitted its annual tax return on due dates.

### 5.22 Mortgaged Properties

The company has obtained long term loan and working capital loan from various banks and financial institutions by hypothecation of its Plant and Machinery and Inventory, Assignment of account receivables and mortgage of Land, building and project assets of the company.

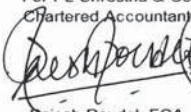






Previous year figures have been regrouped/ rearranged wherever necessary and practicable to facilitate comparison as mentioned below.


Particulars	Old Reporting	New Reporting	Difference	Remarks
Trade and other payable	6,113,223	4,328,642	1,784,581	The employee benefit liabilities previously classified as trade and other payable now reclassified
Employee benefit liabilities		1,784,581	(1,784,581)	
Administrative expenses	1,993,741	7,400,585	(5,406,844)	The employee benefit expenses and depreciation related to administrative expenses previously classified separately now reclassified under heading administrative expenses
Employee benefit expenses	4,832,866		4,832,866	
Depreciation	573,978		573,978	
Advance to party	1,273,500	8,787,895	(7,514,395)	All of the three headings have same nature of items, so all items are reclassified under same account head
Advance to party	514,395		514,395	
Other advance	7,000,000		7,000,000	


For PL Shrestha & Co  
Chartered Accountants


  
Rajesh Poudel, FCA  
Partner


  
Ashish Subedi  
Chairman

  
Bharat Prasad Nepal  
Director


  
Min Raj Kadel  
Director

  
Gan Prasad Reshmi  
Director

  
Chandrabahadur Pun  
Director

  
Baladev Balami  
Accountant

Date: 2077/06/05  
Place: Kathmandu



**S. R. PANDEY & Co.**  
Chartered Accountants

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**INDEPENDENT AUDITOR'S REPORT  
TO THE SHAREHOLDERS OF RU RU JALBIDHYUT PARIYOJANA LIMITED**

**Report on the Audit of the Financial Statements**

**Opinion**

We have audited the accompanying financial statements of **Ru Ru Jalbidhyut Pariyojana Limited** ("the Company"), which comprise the Statement of Financial Position as at Ashad 31, 2078 (July 15, 2021), the Statement of Profit or Loss (including Other Comprehensive Income), the Statement of Change in Equity and the Statement of Cash Flows for the year then ended on that date, and a summary of the significant accounting policies and other explanatory information (hereafter referred to as "the financial Statements").

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid financial statements presents fairly, in all material respects, the financial position of the Company, as at Ashad 31, 2078 (July 15, 2021), and its financial performance, changes in equity, cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information, in accordance with Nepal Financial Reporting Standards and comply with Company Act, 2063 and other prevailing laws.

**Basis for Opinion**

We conducted our audit of the financial statements 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 Handbook of The Code of Ethics for Professional Accountants issued by The Institute of Chartered Accountants of Nepal (ICAN), and we have fulfilled our other ethical responsibilities in accordance with the ICAN's Handbook of The Code of Ethics for Professional Accountants. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the financial statements.

**Key Audit Matters**

Key audit matters are those matters that, in our professional judgment, were of most significance in the audit of the financial statements of the current period. These matters were addressed in the context of the audit of financial statement as a whole, and in forming the auditor opinion thereon, and the auditor does not provide a separate opinion on these matters.

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

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

The Company's Management is responsible for the preparation of the other information. The other information comprises the information included in the Management report, Report of the Board of Directors and Chairman's statement but does not include the financial statements and our auditor's report thereon.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements, or our knowledge obtained during the course of our audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

**Responsibility of Management and Those Charged with Governance for the Financial Statements**

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

**S. R. PANDEY & Co.**  
Chartered Accountants

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Kathmandu, Nepal

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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.

The Board of Directors 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.
- 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.

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.

**Report on Other Legal and Regulatory Requirements**

Based on our examination, we would like to further report that:

- i. We have obtained all the information and explanations, which were considered necessary for the purpose for our audit.
- ii. The Company has kept proper books of accounts as required by law, in so far as it appears from our examination of those books of account.
- iii. The Statement of Financial Position, Statement of Profit or Loss (including other Comprehensive Income), the Statement of Changes in Equity and the Statement of Cash Flows and attached Schedules dealt with by this report are in agreement with the books of account maintained by the Company.

**S. R. PANDEY & Co.**  
Chartered Accountants

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- iv. During our examination of the books of account of the Company, we have not come across the cases where the Board of Directors or any member thereof or any representative or any office holder or any employee of the Company has acted contrary to the provisions of law or caused loss or damage to the Company and
- v. We have not come across any fraudulence in the accounts, based on our sample examination of the books

Place: Kathmandu  
Date: Bhadra 1, 2078  
UDIN: 210819CA00031AjX7U



For, S. R. Pandey & Co.  
Chartered Accountants

Sudarshan Raj Pandey, FCA  
Senior Partner

Ru Ru Jalbidhyut Pariyojana Limited  
Kathmandu, Nepal

Statement of Financial Position as at Asad 31, 2078 (July 15, 2021)

Particulars	Notes	NPR	
		Ashad 31, 2078	Ashad 31, 2077
<b>ASSETS</b>			
<b>Non-Current Assets</b>			
Property, Plant and Equipments	5.1	4,498,817	3,151,918
Intangible Assets	5.2	576,900,361	599,003,823
Investment Property	5.3	6,583,500	6,583,500
Prepayments		-	-
Financial Assets		-	-
Trade and other Receivables	5.5	13,500	13,500
<b>Total Non-Current Assets</b>		<b>587,996,178</b>	<b>608,752,741</b>
<b>Current Assets</b>			
Inventories	5.6	6,009,866	2,719,792
Prepayments	5.4	1,733,420	6,088,224
Financial Assets		-	-
Trade and other Receivables	5.5	84,188,417	62,556,875
Cash and Cash Equivalents	5.7	90,436,693	15,751,728
<b>Total Current Assets</b>		<b>182,368,396</b>	<b>87,116,619</b>
<b>Total Assets</b>		<b>770,364,574</b>	<b>695,869,360</b>
<b>EQUITY AND LIABILITIES</b>			
<b>Equity</b>			
Share Capital	5.8	407,705,500	326,164,400
Reserve and Surplus	5.9	131,847,913	60,862,754
Share Advance		-	-
<b>Total Equity</b>		<b>539,553,413</b>	<b>387,027,154</b>
<b>Non Current Liabilities</b>			
<b>Financial Liabilities</b>			
Borrowings	5.10	169,622,099	233,929,048
Trade & Other Payables	5.12	972,071	583,893
<b>Total Non Current Liabilities</b>		<b>170,594,170</b>	<b>234,512,941</b>
<b>Current Liabilities</b>			
<b>Financial Liabilities</b>			
Borrowings	5.10	55,000,000	68,809,155
Employee benefit liabilities	5.11	1,475,339	1,193,140
Trade and other payables	5.12	3,741,652	4,326,970
<b>Total Current Liabilities</b>		<b>60,216,991</b>	<b>74,329,265</b>
<b>Total Equity &amp; Liabilities</b>		<b>770,364,574</b>	<b>695,869,360</b>

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

As Per Our Report of Even Date  
S R Pandey & Co.  
Chartered Accountants

Ashish Subedi  
Chairman

Bharat Prasad Nepal  
Director

Min Raj Kadel  
Director

S R Pandey, FCA  
Senior Partner



Gan Prasad Reshmi  
Director

Chandro Bahadur Pun  
Director

Govinda Chalise  
Independent Director

Baladev Balami  
Accountant

Date: 2078/05/01  
Place: Kathmandu




**Ru Ru Jalbidhyut Pariyojana Limited**  
**Kathmandu, Nepal**

Statement of Profit or Loss and Other Comprehensive Income  
For the Period from Shrawan 1, 2077 to Ashad 31, 2078 (July 16, 2020 to July 15, 2021)

Particulars	Notes	NPR	
		For the Year Ended on Ashad 31, 2078	For the Year Ended on Ashad 31, 2077
Revenue	5.13	149,626,443	146,692,602
Cost of sales	5.14	(42,787,197)	(42,928,489)
<b>Gross profit</b>		<b>106,839,246</b>	<b>103,764,113</b>
Finance income	5.16	317,662	250,523
Finance costs	5.16	(25,156,618)	(36,580,845)
Other Income			22,298
Administrative expenses	5.15	(7,946,686)	(7,284,707)
Impairment losses			(514,395.00)
Loss on Sale of Assets		(286,651)	-
<b>Profit before taxes and staff bonus</b>		<b>73,766,953</b>	<b>59,656,987</b>
Staff Bonus		(1,475,339)	(1,193,140)
<b>Profit before taxes</b>		<b>72,291,614</b>	<b>58,463,847</b>
Income tax expenses			
Current Tax		(80,717)	(74,575)
Previous Year Tax		(893,070)	-
Deferred Tax Income / (Expenses)		-	-
<b>Profit for the year</b>		<b>71,317,827</b>	<b>58,389,272</b>
Other comprehensive income		-	-
<b>Total comprehensive income</b>		<b>71,317,827</b>	<b>58,389,272</b>
<b>Earning Per Share</b>			
Basic		20.42	17.90
Diluted		20.42	17.90


Total profit and comprehensive income is attributable to the owners of the company.  
The accompanying notes form an integral part of the financial statements.

As Per Our Report of Even Date  
S. R. Pandey & Co.,  
Chartered Accountants

  
Ashish Subedi  
Chairman

  
Bharat Prasad Nepal  
Director

  
Min Raj Kadel  
Director

  
S. R. Pandey, FCA  
Senior Partner



  
Gam Prasad Reshmi  
Director

  
Chandra Bahadur Pun  
Director

  
Govinda Chalise  
Independent Director

  
Baladev Balami  
Accountant

Date: 2078/05/01  
Place: Kathmandu



Ru Ru Jalbidhyut Pariyojana Limited  
Kathmandu, Nepal

Statement of Changes in Equity  
For the Period from Shrawan 1, 2077 to Ashad 31, 2078 (July 16, 2020 to July 16, 2021)

Particular	Share Capital	Share Premium	Accumulated Profit / (Loss)	Total	NPR
Balance at the Beginning of the Period	326,164,400	-	35,673,815	361,838,215	
Transactions with owners recorded directly in equity					
Issue of Share Capital	-	-	-	-	
Bonus Share	-	-	-	-	
Dividend	-	-	-	-	
Tax on dividend	-	-	(30,985,618)	(30,985,618)	
Share Advance	-	-	(1,630,822)	(1,630,822)	
Total Comprehensive income for the year	-	-	58,389,272	58,389,272	
Corporate Social Responsibility Fund	-	-	(583,893)	(583,893)	
Balance at the End of the FY 2077/77	326,164,400	-	60,862,754	387,027,154	
Balance as on 2077/04/01	326,164,400	-	60,862,754	387,027,154	
Transactions with owners recorded directly in equity					
Issue of Share Capital	81,541,100	-	-	81,541,100	
Bonus Share	-	-	-	-	
Dividend	-	-	-	-	
Tax on dividend	-	-	-	-	
Share Premium	-	8,154,120	-	8,154,120	
Total Comprehensive income for the year	-	-	71,317,827	71,317,827	
Corporate Social Responsibility Fund	-	-	(713,178)	(713,178)	
Corporate Social Responsibility Fund Reversed	-	-	325,000	325,000	
Share Issue Expenses	-	-	(8,088,610)	(8,088,610)	
Balance at the End of the Year FY 2077/78	407,705,500	8,154,120	123,693,793	539,553,413	

As Per Our Report of Even Date  
S. R. Pandey & Co.  
Chartered Accountants



*S. R. Pandey*  
S. R. Pandey FCA  
Senior Partner

*Raj Kandel*  
Raj Kandel  
Director

*Bharna Prasad Nepal*  
Bharna Prasad Nepal  
Director

*Ashish Survedi*  
Ashish Survedi  
Chairman

*Baladev Bishim*  
Baladev Bishim  
Accountant

*Govinda Chalise*  
Govinda Chalise  
Independent Director

*Chandrabhadr Pun*  
Chandrabhadr Pun  
Director

*Gan Prasad Rechini*  
Gan Prasad Rechini  
Director

Date: 2078/05/01  
Place: Kathmandu



Ru Ru Jalbidhyut Pariyojana Limited  
Kathmandu, Nepal

Statement of Cash Flow

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

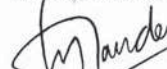
Particulars	NPR	
	For the Year Ended on Ashad 31, 2078	For the Year Ended on Ashad 31, 2077
<b>A. Cash Flow from Operating Activities</b>		
Net Profit before Tax	72,291,814	58,463,847
<b>Adjustments for:</b>		
Depreciation of Property, Plant and Equipment	602,268	540,506
Amortization of Intangible Assets	22,103,462	22,103,462
(Gain) / loss on sale of assets	286,651	-
CSR fund	(713,178)	-
Financial Cost	24,838,956	36,330,322
Interest Income on FD	-	-
Bonus Paid	-	-
<b>Adjustments for changes in working capital</b>		
(Increase)/ Decrease in Trade receivables	(21,631,542)	(27,123,194)
(Increase)/ Decrease in Prepayments	4,354,804	6,079,846
(Increase)/ Decrease in Inventories	(3,290,074)	1,775,579
Increase / (Decrease) in Trade and other Payables	329,343	(667,688)
Payment of previous year tax	(893,070)	-
<b>Net Cash Flow from Operating Activities (1)</b>	<b>98,279,234</b>	<b>97,502,680</b>
<b>B. Cash Flow from Investing Activities</b>		
Changes in Fixed Deposits	-	-
(Increase)/Decrease in Investment	-	(6,583,500)
(Purchase) of Property, Plant and Equipments and Intangible assets	(3,140,827)	-
Sale of Property, Plant and Equipments and Intangible assets	905,008	(234,952)
<b>Net Cash Flow from Investing Activities (2)</b>	<b>(2,235,819)</b>	<b>(6,818,452)</b>
<b>C. Cash Flow from Financing Activities</b>		
Proceeds from Share Capital	89,695,220	-
Share Issue Expenses	(8,098,610)	-
Changes in Borrowings	(78,116,104)	(40,497,794)
Financial Cost	(24,838,956)	(36,330,322)
Dividend Paid	-	(32,616,440)
<b>Net Cash Flow from Financing Activities (3)</b>	<b>(21,358,450)</b>	<b>(109,444,556)</b>
<b>Net Increase/(Decrease) in Cash and Cash Equivalents (1+2+3)</b>	<b>74,684,965</b>	<b>(18,760,328)</b>
Cash and Cash Equivalents at beginning of the year	15,751,728	34,512,053
<b>Cash and Cash Equivalents at end of the year</b>	<b>90,436,693</b>	<b>15,751,728</b>
<b>Components of Cash and Cash Equivalents</b>	<b>90,436,693</b>	<b>15,751,728</b>
Cash in hand and Balance with Banks	90,436,693	15,751,728
Collateralised Borrowing and Lending Obligation	-	-

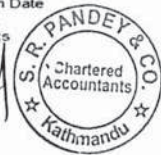
  
Ashish Subedi  
Chairman

  
Bharat Prasad Nepal  
Director

  
Min Raj Kadel  
Director

As Per Our Report of Even Date  
S R Pandey & Co.  
Chartered Accountants

  
S. R. Pandey, FCA  
Senior Partner



  
Gan Prasad Reshmi  
Director

  
Chandu Bahadur Pun  
Director

  
Govinda Chalise  
Independent Director

  
Baladev Balami  
Accountant

Date: 2078/05/01  
Place: Kathmandu





**1. Reporting entity**

Ru Ru Jalbidhyut Pariyojana Limited ("the Company") operate a 5 MW hydropower plant as per the terms of the license issued by Ministry of Electricity. The generated electricity is sold to Nepal Electricity Authority (NEA) as per rate provided in Power Purchase Agreement (PPA) entered into between NEA and the Company.

Commercial Operation (COD) date is 2071 Chaitra 09, and the power generated from the project is evacuated to Birbash substation in Gulmi district.

The company is a public limited company incorporated in Nepal under the Companies Act, 2063. The registered office of the Company, and the principal place of business, is located at Kathmandu, Nepal and production unit is located in Rupakot and Harewa VDC of Gulmi, Nepal. The company was converted into the Public limited company on 2072/04/07.

The Company does not have any subsidiary or an interest in associate or joint venture. Thus, these financial statements are separate financial statements of the Company.

**1.1. Board of directors**

The composition of Board of Directors as on 31<sup>st</sup> Ashadh 2078 is as follow:

Name	Position
Mr. Ashish Subedi	Chairman
Mr. Bharat Prasad Nepal	Director
Mr. Min Raj Kadel	Director
Mr. Gam Prasad Reshmi	Director
Mr. Chandra Bahadur Pun	Director
Mr. Govinda Chalise	Independent Director

**2. Basis of Preparation**

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

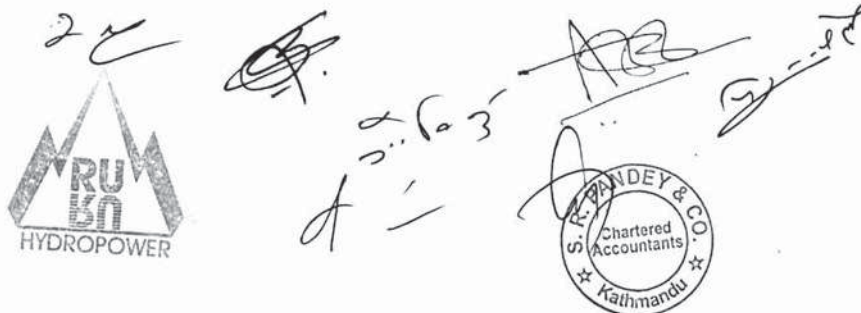
Where an accounting policy is generally applicable to a specific item, the policy is described within that relevant note. NFRS requires the company to exercise judgments in making accounting estimates. Description of such estimates has been given in the relevant sections wherever they have been applied.

**2.1 Statement of compliance**

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

An explanation of how the transaction to NFRSs has affected the reported financial position, financial performance and cash flows of the Company is provided in note.

The financial statements were authorized for issue by the Board of Directors on Bhadra 01, 2078.



## 2.2 Accounting Conventions

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

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

## 2.3 Presentation

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

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

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

## 2.4 Functional currency

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

## 2.5 Current and Non-Current distinction

### Assets

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

### Liabilities

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

## 2.6 Accounting Policies and accounting estimates

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

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

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

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

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

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

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

### 2.7 Financial Periods

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

### 2.8 Discounting

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

### 2.9 Limitation of NFRS implementation

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

## 3. Risk Management Framework

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

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

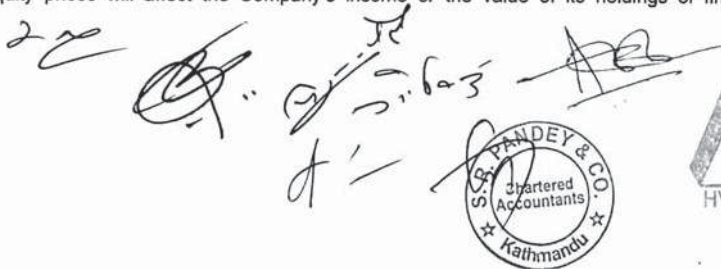
### i. Credit risk management

Credit risk is the risk of financial loss to the Company if a customer or counterparty to a financial instrument fails to meet its contractual obligations and arises principally from the Company's receivables from customers. The receivables are due for payment from Nepal Electricity Authority for supply of electricity billed in compliance with PPA agreement. The management does not believe that the Company has any exposure to credit risk as the Nepal Electricity is owned by the Government of Nepal and has monopoly in power distribution in Nepal.


### ii. Market risk management

Market risk is the risk that changes in market price, such as foreign exchange rates, interest rates and equity prices will affect the Company's income or the value of its holdings of financial

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Kathmandu



instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimizing the return.

The Company's exposure to the risk of changes in market interest rates relates primarily to the Company's long-term and short-term debt obligations. Since, the interest rate risk is influenced by market forces, the company has little role to play for minimizing this risk.

### iii. Liquidity risk management

Liquidity risk is the risk that the Company will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. The Company's approach to managing liquidity is to ensure, as far as possible, that will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Company's reputation. Access to sources of funding is sufficiently available and debt maturing within 12 months can be rolled over with existing lenders.

## 4. Summary of Significant Accounting Policies

### 4.1 Property, plant, and equipment

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

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

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

The estimated useful lives, residual values and depreciation method are reviewed at the end of each reporting period, with the effect of any changes in estimate accounted for on a prospective basis. The estimate useful lives of various assets are as follows:

S.N.	Types of assets	Estimated useful lives
1	Furniture and Fixtures	10 Years
2	Office Equipment	10 Years
3	Vehicles	15 Years

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

### 4.2 Intangible assets

The company obtained operation license from Nepal Electricity Authority (NEA) on 30 Shrawan 2069 B.S. for the period of 35 years to construct and operate a 5 MW hydropower project, and the license expires on 29 Shrawan 2104 B.S. This is service concession arrangement entered into between the Company and NEA, that conferred the right to the Company to implement the project

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Kathmandu




and recover the project cost and reasonable return, through the sale of electricity to NEA as per the rate provided by the Power Purchase Agreement (PPA) between the Company and NEA.

Project Assets are amortized over remaining useful life (Operation License period) of 30.10 years. The useful life of project asset is the tenure calculated from commercial date of operation. The amortization expense is included in the Cost of Sales.

The revenue from sale of electricity to NEA is recognized at the rate specified in the Power Purchase Agreement, as per NAS 18 Revenue, which is disclosed in Note.

#### Owned Intangible assets

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

##### Intangible asset acquired separately with finite lives

Intangible assets with finite useful lives that are acquired separately are carried at cost less accumulated amortization and accumulated impairment losses. Subsequent expenditure is capitalized only when it increases the future economic benefits embodied in the specific asset to which it relates. Amortization is recognized on a straight-line basis over their estimated useful lives, and has been charged to Intangible assets under development.

#### 4.3 Investment property

A property that is held to earn rentals or for capital appreciation or both rather than for use in the production or supply of goods or services or for administrative purposes; or sale in the ordinary course of business, by the company are accounted for as investment properties.

Investment property is recognized as an asset when it is probable that the future economic benefits that are associated with the property will flow to the entity, and the cost of the property can be reliably measured.

An investment property is measured initially at its cost. The cost of a purchased investment property comprises of its purchase price and any directly attributable expenditure. The cost of a self-constructed investment property is its cost at the date when the construction or development is complete.

Subsequent expenditure is capitalized to the asset's carrying amount only when it is probable that future economic benefits associated with the expenditure will flow to the Company and the cost of the item can be measured reliably.

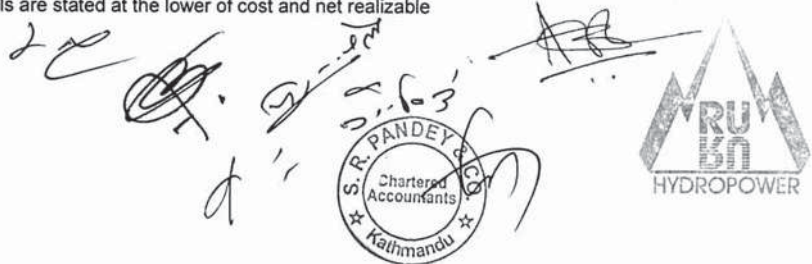
After initial recognition, investment property is accounted for in accordance with the cost model as set out in NAS 16 Property, Plant and Equipment – cost less accumulated depreciation and less accumulated impairment losses

All other repairs and maintenance costs are expensed when incurred. When part of an investment property is replaced, the carrying amount of the replaced part is derecognized.

Investment properties are derecognized when they have been disposed.

#### 4.4 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 of stores, spare parts and loose tools are stated at the lower of cost and net realizable



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

#### 4.5 Financial Instruments

The company's principal financial assets comprise assets held at fair value through profit and loss, assets measured at amortized cost, loans and receivables. The main purpose of these financial instruments is to generate a return on the investment made by shareholders. The company's principal financial liabilities comprise accrued expenses and other payables which arise directly from its operations.

In accordance with NFRS 9; Financial Instruments: Recognition and Measurement, the company's interest receivables are classified and measured at Amortized cost method. Equity securities / debentures / bonds are classified as fair value through profit and loss or Fair Value through OCI. The amount attributable to shareholders is classified as equity and is carried at the redemption amount being net asset value. Payables are measured at amortized cost.

##### 4.5.1 Classification

The Company's investments are classified as fair value through profit or loss, fair value through OCI and at amortized cost. They comprise:

###### Financial assets at Amortized Cost

Financial assets whose objective is to collect Contractual Cash flow and Contractual Cash flow received in specified day includes interest and principal is classified at amortized Cost. These includes Fixed Deposit investment, staff loans receivable and trade receivable. There are measured at amortized cost.

###### Financial assets and liabilities held at fair value through profit or loss

Financial assets whose objective/ business model is not to collect Contractual Cash flow but to gain from movement is fair value is classified at fair value through profit or loss. These includes investment in equity shares. Gain on movement of fair value is charged to statement of profit or loss.

###### Financial assets and liabilities held at fair value through OCI

In rare circumstances, Financial assets whose objective or business model is not to collect Contractual Cash flow is classified at fair value through OCI. Investment in equity which are not regularly traded are classified at fair value through OCI The gain/loss on movement in fair value is charged to OCI. Its tax impact is also charged into OCI. The gain or loss on disposal of investment classified as fair value through OCI is charged to equity.

##### 4.5.2 Recognition / de- recognition

The company recognizes financial assets and financial liabilities on the date it becomes party to the contractual agreement (trade date) and recognizes changes in fair value of the financial assets or financial liabilities from this date.

Investments are derecognized when the right to receive cash flows from the investments have expired or the company has transferred substantially all risks and rewards of ownership.

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Accountants  
Kathmandu



Financial liabilities at fair value through profit or loss are derecognized when the obligation specified in the contract is discharged or expired.

Realized gains and realized losses on de-recognition are determined and are included in the profit or loss in the period in which they arise. The realized gain is the difference between an instrument's cost and disposal amount.

#### 4.5.3 Measurement

##### a. Financial assets and liabilities held at fair value through profit or loss

At initial recognition, the company measures a financial asset at its fair value.

Subsequent to initial recognition, all financial assets and financial liabilities at fair value through profit or loss are measured at fair value. Gains and losses arising from changes in the fair value of the 'financial assets or financial liabilities at fair value through profit or loss' category are presented in the statement of profit or loss and other comprehensive income within net gains/(losses) on financial instruments held at fair value through profit or loss in the period in which they arise.

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 of financial assets and liabilities traded in active markets is subsequently based on their quoted market prices at the end of the reporting period without any deduction for estimated future selling costs. The quoted market price used for financial assets held by the company is the closing price.

The fair value of financial assets and liabilities that are not traded in an active market are determined using valuation techniques.

##### b. Financial assets measured at amortized cost

Financial assets at this category are measured initially at fair value plus transaction costs and subsequently amortized using the effective interest rate method, less impairment losses if any. Such assets are reviewed at the end of each reporting period to determine whether there is objective evidence of impairment.

If evidence of impairment exists, an impairment loss is recognized in profit or loss as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the original effective interest rate.

If in a subsequent period the amount of an impairment loss recognized on a financial asset carried at amortized cost decreases and the decrease can be linked objectively to an event occurring after the write-down, the write-down is reversed through profit or loss.

Receivables may include amounts for dividends, interest and trade receivables. Dividends are accrued when the right to receive payment is established. Interest is accrued at the end of each reporting period from the time of last payment.

Receivable are recognized and carried at amortized cost, less a provision for any uncollectable debts. An estimate for doubtful debt is made when collection of an amount is no longer probable.

Recoverability of receivable is reviewed on an ongoing basis at an individual portfolio level. Individual debts that are known to be uncollectable are written off when identified. An impairment provision is recognized when there is objective evidence that the Company will not be able to collect





the receivable. Financial difficulties of the debtor, default payments are considered objective evidence of impairment. The amount of the impairment loss is the receivable carrying amount compared to the present value of estimated future cash flows, discounted at the original effective interest rate.

#### 4.5.4 Explanatory Note: Classification of Financial Instruments

##### Financial Assets

As at 31st Ashadh, 2078

Financial Assets	Assets at fair value		Assets at amortized costs	Total
	FVPL	FVTOCI	Loans and Receivables	
Balance with Banks	-	-	90,400,860	90,400,860
Trade Receivables	-	-	84,201,917	84,201,917
Prepayments	-	-	1,733,420	1,733,420
<b>Total</b>	-	-	<b>176,336,197</b>	<b>176,336,197</b>

As at 31st Ashadh, 2077

Financial Assets	Assets at fair value		Assets at amortized costs	Total
	FVPL	FVTOCI	Loans and Receivables	
Balance with Banks	-	-	15,726,097	15,726,097
Trade Receivables	-	-	62,570,375	62,570,375
Prepayments	-	-	6,088,224	6,088,224
<b>Total</b>	-	-	<b>84,384,696</b>	<b>84,384,696</b>

##### Financial Liabilities

As at 31st Ashadh, 2078

Financial Liabilities	Assets at fair value		Assets at amortized costs	Total
	FVPL	FVTOCI	Loans and Receivables	
Trade and other payables	-	-	4,713,723	4,713,723
Borrowing	-	-	224,622,099	224,622,099
<b>Total</b>	-	-	<b>229,335,822</b>	<b>229,335,822</b>

As at 31st Ashadh, 2077

Financial Liabilities	Assets at fair value		Assets at amortized costs	Total
	FVPL	FVTOCI	Loans and Receivables	
Trade and other payables	-	-	4,910,863	4,910,863
Borrowing	-	-	302,738,203	302,738,203
<b>Total</b>	-	-	<b>307,649,066</b>	<b>307,649,066</b>

#### 4.6 Prepayments

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

Handwritten signatures and a circular stamp of R. PANDEY & CO. Chartered Accountants, Kathmandu.





Share issue costs have been deferred till issue of share instead of being expensed in profit or loss.

The transaction costs of an equity transaction are accounted for as a deduction from equity (net of any related income tax benefit) to the extent they are incremental costs directly attributable to the equity transaction that otherwise would have been avoided. The costs of an equity transaction that is abandoned are recognized as an expense.

#### 4.7 Cash and cash equivalents

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

The carrying amount of cash and cash equivalents are representative of their fair values as at the respective reporting date.

#### 4.8 Trade and Other Receivables

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

#### 4.9 Investment in Term Deposits

These are the instruments which are held with the intention for settlement of principal and interest only, with no other costs or premium/discounts being involved, the intrinsic coupon rate is taken as effective interest rate for all term deposits. The company has intention and capacity to hold these instruments until their respective maturity dates.

The rates implicit on these deposits approximate the effective interest rates and the same rates are used to calculate the interest (finance) income and for the purpose of calculating the amortized costs of these assets. The carrying value of these assets represents the amortized costs.

#### 4.10 Share Capital

Financial instruments issues are classified as equity when there is no contractual obligation to transfer cash, other financial assets or issue available number of own equity instruments. Incremental costs directly attributable to the issue of new shares are shown in equity as deduction net of taxes from the proceeds.

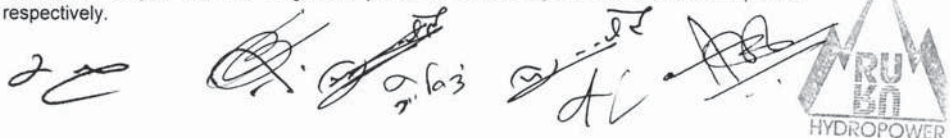
Share Capital represents the nominal (par) value of ordinary equity shares that have been issued.

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

The company has a single class of equity shares. According, all equity shares rank equally with regards to dividends and shares in the Company's residual assets. The equity shares are entitled to receive dividend as declared from time to time and approved by annual general meeting. The voting rights of an equity shareholder on a poll (not on show of hands) are in proportion to its share of paid-up equity capital of the Company. Voting rights cannot be exercised in respect of shares on which any call or other sums presently payable have not been paid.

#### 4.11 Initial Public Offering

The Company has made initial Public Offering of shares to the people residing around hydropower project site and to general public on Chaitra 9, 2077 and Baisakh 3, 2078 respectively.



The image shows several handwritten signatures in black ink. To the right of the signatures is a circular stamp of 'S. P. PANDEY & CO. Chartered Accountants, Kathmandu'. Below the signatures is a logo for 'RU RU HYDROPOWER' featuring a stylized mountain and water graphic.

The company has allotted IPO of 407,705 number of shares on 9th Chaitra 2077 to local people residing around hydropower project and 407,706 number of shares on 3rd Baisakh 2078 to general public. Accordingly, 815,411 shares were allotted at the rate of NRs. 100 per share. Whereas, IPO to general public was made at premium of NRs. 20 per share and collected NRs. 8,154,120 as share premium.

It is listed on NEPSE on Baisakh 20, 2078..

#### 4.12 Distributions

The distributions if any to shareholders are recognized in statement of change in equity

#### 4.13 Reserve & Surplus

It includes share premium and the accumulated profit or loss as on the reporting date

#### 4.14 Corporate Social Responsibility fund

It is created at the rate of 1% of net profit after tax as per the requirement of Industrial Enterprises Act, 2076. It has been classified as trade and other payable. All the expenses done on behalf of corporate social responsibilities are charged to this fund.

#### 4.15 Borrowings

Borrowings are recognized initially at fair value, net of transaction costs incurred. Incidental cost of borrowings is amortized over the period of borrowings which approximates the finance cost as per effective interest method.

Borrowings are classified as current liabilities if payment is due within one year or less. If not, they are presented as non-current liabilities.

All incidental cost of borrowings was previously capitalized to project assets. Now the incidental cost of borrowings up to commercial date of operation has been included in Project Assets and remaining incidental cost is amortized over the period of borrowings. All long-term loans have now been measured at amortized cost with retrospective effect.

#### 4.16 Trade and Other Payables

Trade and other payables mainly consist of amounts the Company owes to suppliers and government authority that have been invoiced or are accrued. These amounts have been initially recognized at cost and it is continued to be recognized at cost as it fairly represents the value to be paid since it does not include interest on payment.

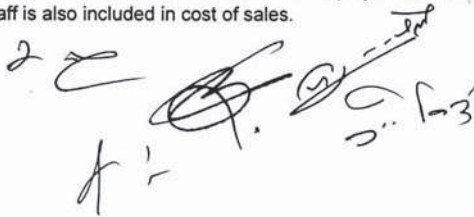
#### 4.17 Revenue

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

Revenue from sale of electricity is recognized at the time of issuing invoice to Nepal Electricity Authority (NEA) as per the Power Purchase Agreement (PPA).

#### 4.18 Cost of Sales

Cost of sales includes amortization expenses of project assets and other expenses incurred at site for the operation and maintenance of the project assets. Employee benefit expenses of site office staff is also included in cost of sales.



#### 4.19 Income from financial instruments at fair value

Gains and losses arising from changes in the fair value of financial instruments held at fair value through profit or loss are included in the statement of profit or loss in the period in which they arise.

Gains and losses arising from changes in the fair value of available-for-sale financial assets are recognized directly in profit or loss unless an irrevocable selection is done to charge it through Other Comprehensive Income. Once such selection is done the changes in fair value is also charged through Other Comprehensive Income unless the assets is derecognized. The gain or loss on disposal of available for sale financial assets is recognized directly in profit or loss.

Dividends on equity instruments are recognized in the statement of profit or loss within other income when the Company's right to receive payment is established.

Realized gain is the difference between the cost price and realized price on the sale of the shares after deducting the selling expenses.

Unrealized gain is the difference between the cost price and the closing market price available at the end of the reporting period or the latest trading price if the closing price as on the year end is not available.

#### 4.20 Other income

All the incomes that are not qualified to be classified as revenue is treated as other income.

#### 4.21 Administrative Expenses

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

#### 4.22 Finance cost and income

All the interest expenses against the loans and advances and the unwinding of discount on financial liabilities are calculated using effective interest rate method.

Interest income comprising of finance income includes interest received from bank.

Interest income is recognized in profit or loss for all financial instruments measured at amortized cost using the effective interest method.

Net finance cost represents the net off between the interest incomes and interest expenses.

The effective interest method is a method of calculating the amortized cost of a financial asset or financial liability and of allocating the interest income or interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments or receipts throughout the expected life of the financial instrument, or a shorter period where appropriate, to the net carrying amount of the financial asset or liability. When calculating the effective interest rate, the Company estimates cash flows considering all contractual terms of the financial instrument but does not consider future credit losses. The calculation includes all fees paid or received between the parties to the contract that are an integral part of the effective interest rate, including transaction costs and all other premiums or discounts.

#### 4.23 Lease Payments

Leases where the lessor retains substantially all the risks and benefits of ownership of the asset are classified as operating leases. Payments made under operating leases are to be recognized on a straight-line basis over the term of the lease according to NAS 17 Lease.

Handwritten signatures and a circular stamp of S. R. PANDEY & CO. Chartered Accountants, Kathmandu.



#### 4.24 Taxation

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

##### 4.24.1 Current Tax

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

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

The Company has not recognized any current tax expenses with respect to income from sale of electricity. The Company has provided for income tax liability pertaining to incomes other than income from sale of electricity in accordance with the Income Tax Act, 2058 enacted and as applicable in Nepal.

##### 4.24.2 Deferred Tax

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

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

Deferred Tax Liabilities (DTL) and assets are measured at the tax rates that are expected to apply in the period in which the liability is settled or the assets realized, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period. The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the company expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

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

##### 4.24.3 Tax holiday

The Company's operations are subject to tax holiday as per section 11(3gha) of Income Tax Act, 2058. The Company enjoy the full tax concession for first 10 years of operation and 50% for next five years regarding income generated form electricity generation. The Company enjoy full tax concession upto Chaitra 08, 2081 and 50% tax exemption from Chaitra 09, 2081 to Chaitra 08, 2086. The temporary differences that reverse during a tax holiday period are not recognized in financial statement.

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#### 4.25 Foreign currency transaction

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

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

#### 4.26 Impairment

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

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

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

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

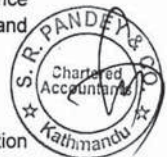
When an impairment loss subsequently reverses, the carrying amount of the asset (or cash generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss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

#### 4.27 Employee benefits

The Company provides employee benefits in accordance with its by-laws which is in compliance with the local laws and regulations. The employee benefits are classified as current benefits and post-employment benefits.

##### 4.27.1 Defined contribution plan

A defined contribution plan is a post-employment plan under which an entity pays fixed contribution into a separate entity and will have no legal or constructive obligation to pay further amounts.



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Obligations for contributions to defined contribution plans are recognized as an employee benefit expense in the statement of profit or loss in the periods during which services are rendered by employees. Employees are eligible for Employees' Provident Fund Contributions and Employees' Trust Fund Contributions in accordance with the respective statutes and regulations.

Contributions to defined contribution plans are recognized as an expense in the statement of profit or loss as incurred.

#### 4.27.1.1 Employees' provident fund

The company has booked the liability of 10% of the basic salary of each employee as per the provisions of Labour Act, 2074 to be contributed to Employees' Provident Fund managed by government of Nepal.

#### 4.27.1.2 Citizens' investment trust

The company does not contribute to citizens' investment trust, but employee may contribute according to their preference.

#### 4.27.1.3 Gratuity

The new Labour Act 2074 is applicable from Bhadra 19, 2074 which requires payment of minimum Gratuity of at least 8.33% of basic salary to all staff (equal to one-month salary per year). These benefits are treated as defined contribution plan and provided accordingly.

The company has booked the liability against gratuity of 8.33% of the basic salary of each employee as per the provisions of Labour Act, 2074.

#### 4.27.2 Defined benefit plan

A defined benefit plan is a post-employment benefit plan other than a defined contribution plan. The liability recognized in the financial statements in respect of defined benefit plans is the present value of the defined benefit obligation as at the reporting date. The defined benefit obligation is calculated as at the reporting date based on an internally generated model using formula or based on actuary valuation.

Contributions to defined contribution plans are recognized as an expense in the statement of profit or loss as incurred.

#### 4.27.3 Staff Bonus

Staff is provided annual bonus under the provision of the Electricity Act, 2049 and Rules 2050 at the rate of 2% of Profit before staff bonus. It is created as per annual profit and paid in the subsequent period.

#### 4.28 Provisions and contingent liabilities

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

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

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of money and the risks specific to the liability (when the effect of the time value of money is material).

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

(ii) A contingent liability exists when there is a possible but not probable obligation, or a present obligation that may, but probably will not, require an outflow of resources, or a present obligation whose amount cannot be estimated reliably. Contingent liabilities do not warrant provisions but are disclosed unless the possibility of outflow of resources is remote. Contingent assets are neither recognized nor disclosed in the financial statements. However, contingent assets are assessed continually and if it is virtually certain that an inflow of economic benefits will arise, the asset and related income are recognized in the period in which the change occurs.

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

#### 4.29 Valuation hierarchy

Assets and liabilities carried at fair value or for which fair values are disclosed have been classified into three levels according to the significant inputs used to determine the fair values. The Company recognizes transfers between levels of the fair value hierarchy when there is a significant change in either its principal market or the level of the inputs to the valuation techniques as at the end of the reporting period.

**Level 1** fair value measurements are those derived from unadjusted quoted prices in active markets for identical assets or liabilities.

**Level 2** valuations are those with quoted prices for similar instruments in active markets or quoted prices for identical or similar instruments in inactive markets and financial instruments valued using models where all significant inputs are observable.

**Level 3** portfolios are those where at least one input, which could have a significant effect on the instrument's valuation, is not based on observable market data.

#### 4.29.1 Fair value of financial instruments held at amortized costs on recurring basis

The following table shows the carrying amounts and incorporates the Company's estimate of fair value of those financial assets and liabilities not presented on the Company's statement of financial position at fair value. For certain instruments, fair value may be determined using assumptions for which no observable prices are available.

##### Fair value of financial assets held at amortized cost

31st Ashadh, 2078	Level 1	Level 2	Level 3
Trade Receivables			84,201,917
Prepaid			1,733,420
<b>Total</b>			<b>85,935,337</b>
31st Ashadh, 2077	Level 1	Level 2	Level 3
Trade Receivables			62,570,375
Prepaid			6,088,224
<b>Total</b>			<b>68,658,599</b>



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**Fair value of financial liabilities held at amortized cost**

31st Ashadh, 2078	Level 1	Level 2	Level 3
Trade and Other Payable			4,713,723
<b>Total</b>			<b>4,713,723</b>
31st Ashadh, 2077	Level 1	Level 2	Level 3
Trade and Other Payable			4,910,863
<b>Total</b>			<b>4,910,863</b>

**4.29.2 Fair value Level 3 disclosures**

The following sets out the basis of establishing fair values of amortized cost financial instruments. These are not generally traded and there is a significant level of management judgment involved in calculating the fair values.

**Prepaid expenses & advances**

These assets are generally with the residual maturity of less than one year. The impact of discounted cash flows of those assets with maturity period of more than one year is insignificant. Therefore, the fair value of other assets generally approximates the carrying amount.

**Trade receivables**

These assets are generally with the residual maturity of less than one year. The impact of discounted cash flows of those assets with maturity period of more than one year is insignificant. Therefore, the fair value of other assets generally approximates the carrying amount.

**4.30 Cash flow statement**

The statement of cash flows has been prepared by using the "indirect method" of preparing cash flows in accordance with the Nepal Accounting Standard – NAS 7 on 'Statement of cash flows'. Cash and cash equivalents comprise of cash in hand and cash at bank.

**4.31 New standards and interpretations not yet adopted**

New standards, amendments to standards and interpretations are not yet effective for the year ended 15 July 2020 and have not been applied in preparing these separate financial statements. These standards and amendments are as below:

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

The NASB issued a new standard for revenue recognition which overhauls the existing revenue recognition standards. The new standard is based on the principle that revenue is recognised when control of goods and service transfer to a customer. The standard requires the following five step model framework to be followed for revenue recognition:

- Identification of the contracts with the customer
- Identification of the performance obligations in the contract
- Determination of the transaction price
- Allocation of the transaction price to the performance obligations in the contract (as identified in step ii)

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**Fair value of financial liabilities held at amortized cost**

31st Ashadh, 2078	Level 1	Level 2	Level 3
Trade and Other Payable			4,713,723
<b>Total</b>			<b>4,713,723</b>
31st Ashadh, 2077	Level 1	Level 2	Level 3
Trade and Other Payable			4,910,863
<b>Total</b>			<b>4,910,863</b>

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- Identification of the contracts with the customer
- Identification of the performance obligations in the contract
- Determination of the transaction price
- Allocation of the transaction price to the performance obligations in the contract (as identified in step ii)




- Recognition of revenue when the entity satisfies a performance obligation.

The new standard would be effective for annual periods starting from 16 July 2021 and the company intend to adopt the standard.

#### 4.31.2 NFRS 16: Lease

NFRS 16 introduces a single lessee accounting model and requires a lessee to recognize assets and liabilities for all leases with a term of more than 12 months unless the underlying asset is of low value. A lessee is required to recognize a right-of-use asset representing its right to use the underlying leased asset and a lease liability representing its obligation to make lease payments.

A lessee measures right-of-use assets similarly to other non-financial assets (such as property, plant, and equipment) and lease liabilities similarly to other financial liabilities. As a consequence, a lessee recognizes depreciation of the right-of-use asset and interest on the lease liability. The depreciation would usually be on a straight-line basis. In the statement of cash flows, a lessee separates the total amount of cash paid into principal (presented within financing activities) and interest (presented within either operating or financing activities) in accordance with NAS 7.

NFRS 16 substantially carries forward the 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.

The new standard would be effective for annual periods starting from 16 July 2021 and the company intend to adopt the standard.



The image shows several handwritten signatures and stamps. In the center is the logo for 'RU RU HYDROPOWER'. To the right is a circular stamp for 'S. R. PANDEY & CO. Chartered Accountants Kathmandu'. There are also several other handwritten signatures and initials scattered around the logo and stamp.

5 Notes to account and explanatory notes

5.1 Property, Plant and Equipment and Depreciation

Particulars	Furniture and Fixture	Office Equipment Computer Accessories	Vehicles	Total
<b>Cost</b>				
Opening Balance	1,891,239.00	2,458,925.00	2,611,400.00	6,961,564.00
Addition	99,574.00	241,253.00	2,800,000.00	3,140,827.00
Deletion	-	-	(2,193,000.00)	(2,193,000.00)
<b>Total</b>	<b>1,990,813.00</b>	<b>2,700,178.00</b>	<b>3,218,400.00</b>	<b>7,909,391.00</b>
<b>Depreciation</b>				
Depreciation Upto Last Year	1,120,672.60	1,398,380.70	1,290,592.74	3,809,646.04
Depreciation for the Year	160,332.91	246,193.22	195,742.33	602,268.46
Depreciation on Deletion	-	-	(1,001,340.78)	(1,001,340.78)
<b>Total</b>	<b>1,281,005.51</b>	<b>1,644,573.92</b>	<b>484,994.29</b>	<b>3,410,573.72</b>
WDV as on 2078/03/31	709,807.49	1,055,604.08	2,733,405.71	4,498,817.28
WDV as on 2077/03/31	770,566.40	1,060,544.30	1,320,807.26	3,151,917.96

5.2 Intangible Assets and Amortization

Particulars	5 MW Upper Huguil Khola Hydro Project	Total
<b>Cost</b>		
Opening Balance	715,319,940.00	715,319,940.00
Addition	-	-
Deletion	-	-
<b>Total</b>	<b>715,319,940.00</b>	<b>715,319,940.00</b>
<b>Amortization</b>		
Amortization up to the Last Year	116,316,117.00	116,316,117.00
Amortization for the Year	22,103,462.00	22,103,462.00
Amortization on Deletion	-	-
<b>Total</b>	<b>138,419,579.00</b>	<b>138,419,579.00</b>
WDV as on 2078/03/31	576,900,361.00	576,900,361.00
WDV as on 2077/03/31	599,003,823.00	599,003,823.00

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5.3 Investment property

Particulars	Ashad 31, 2078	Ashad 31, 2077
Land	6,583,500	6,583,500
<b>Total</b>	<b>6,583,500</b>	<b>6,583,500</b>

5.4 Prepayments

Particulars	Ashad 31, 2078	Ashad 31, 2077
Advance to Party	394,445	2,077,480
Deferred IPO Issue Expenses	-	2,099,913
Prepaid Insurance Premium	1,232,326	1,195,342
Advance Tax	106,649	42,859
Letter of Credit	-	672,630
<b>Total</b>	<b>1,733,420</b>	<b>6,088,224</b>
<b>Less: Non-current</b>	<b>-</b>	<b>-</b>
<b>Current</b>	<b>1,733,420</b>	<b>6,088,224</b>

5.5 Trade and other Receivables

Particulars	Ashad 31, 2078	Ashad 31, 2077
Trade Receivables (NEA)	84,135,445	62,489,648
Staff Advance	52,972	67,225
Long-term Deposits	13,500	13,500
<b>Total</b>	<b>84,201,917</b>	<b>62,570,375</b>
<b>Less: Non-current</b>	<b>13,500</b>	<b>13,500</b>
<b>Current</b>	<b>84,188,417</b>	<b>62,556,875</b>

5.6 Inventories

Particulars	Ashad 31, 2078	Ashad 31, 2077
Spare Parts	6,009,866	2,719,792
<b>Total</b>	<b>6,009,866</b>	<b>2,719,792</b>

5.7 Cash and cash equivalents

Particulars	Ashad 31, 2078	Ashad 31, 2077
Cash in hand	35,833	25,631
Balances with banks on current account	90,400,860	15,726,097
<b>Total</b>	<b>90,436,693</b>	<b>15,751,728</b>

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5.8 Share Capital

Particulars	Ashad 31, 2078	Ashad 31, 2077
<b>Authorized</b>		
Ordinary shares of NPR 100 each Issued	500,000,000	500,000,000
Ordinary shares of NPR 100 each Subscribed and fully Paid Up	407,705,500	326,164,400
<b>Ordinary share of NPR 100 each</b>	<b>407,705,500</b>	<b>326,164,400</b>

5.9 Reserves and Surplus

	Ashad 31, 2078	Ashad 31, 2077
Share Premium	8,154,120	
Accumulated profit / (Loss)	123,693,793	60,862,754
<b>Total</b>	<b>131,847,913</b>	<b>60,862,754</b>

5.10 Borrowings

Particulars	Ashad 31, 2078	Ashad 31, 2077
Bank Borrowings	227,400,000	292,400,000
Less: NFRS Adjustment	(3,470,952)	(4,164,003)
Add: Unwinding of Interest	693,051	693,051
<b>Total non current borrowings</b>	<b>224,622,099</b>	<b>288,929,048</b>
Less: Installment payable within next 12 months	55,000,000	55,000,000
<b>Net non-current borrowings (A)</b>	<b>169,622,099</b>	<b>233,929,048</b>
Installment payable within next 12 months	55,000,000	55,000,000
Overdraft	-	13,809,155
<b>Total current borrowings (B)</b>	<b>55,000,000</b>	<b>68,809,155</b>
<b>Total borrowings (A+B)</b>	<b>224,622,099</b>	<b>302,738,203</b>

5.11 Employee benefit liabilities

Particulars	Ashad 31, 2078	Ashad 31, 2077
Staff Bonus Payable	1,475,339	1,193,140
<b>Total</b>	<b>1,475,339</b>	<b>1,193,140</b>
Less: Non-current	-	-
<b>Current</b>	<b>1,475,339</b>	<b>1,193,140</b>

5.12 Trade and other payables

Particulars	Ashad 31, 2078	Ashad 31, 2077
Audit Fee Payable	122,650	111,500
Accrued Rent (NFRS adjustment)	63,690	25,230
Income tax liability	80,717	74,575
Royalty Payable	1,578,548	1,194,935
TDS Payable	299,135	110,287
Trade Payable	-	101,287
Other Liabilities	1,596,912	2,709,156
Corporate Social Responsibility Fund	972,071	583,893
<b>Total</b>	<b>4,713,723</b>	<b>4,910,863</b>
Less: Non-current	972,071	583,893
<b>Current</b>	<b>3,741,652</b>	<b>4,326,970</b>



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5.13 Revenue

Particulars	For the Year Ended on Ashad 31, 2078	For the Year Ended on Ashad 31, 2077
Electricity Sales	149,626,443	146,692,602
<b>Total</b>	<b>149,626,443</b>	<b>146,692,602</b>

5.14 Cost of Sales

Particulars	For the Year Ended on Ashad 31, 2078	For the Year Ended on Ashad 31, 2077
Salary Expenses Site Office	7,910,249	7,059,687
Gratuity Expenses-Site	326,445	285,123
Contribution to provident Fund Site Office	391,891	342,284
Wages Expenses Site Office	81,638	28,400
Medicine Expense-Site Office	16,415	12,235
Staff Welfare Expenses-Site Office	179,507	112,620
<b>Direct employee benefit expenses (A)</b>	<b>8,906,145</b>	<b>7,840,349</b>
Amortization-Intangible Asset (Note 2)	22,103,462	22,103,462
Royalty expenses	3,508,942	3,433,852
Consumable expense-Site Office	187,949	144,841
Electricity Charges-Site Office	23,436	20,844
Electric Accessories	122,855	133,613
Fuel Expenses-Site Office	565,964	501,640
Guest Entertainment-Site Office	76,440	81,418
Insurance Premium Site Office	1,624,295	1,641,253
Internet and Subscription- Site Office	3,500	-
Staff Personal Protective Equipment-Site Office	74,949	-
Repair & Maintenance-Assets Site Office	3,971,021	5,295,471
Printing & Stationery-Site Office	23,730	62,658
Security Expenses-Site Office	1,282,979	1,334,440
Taxes and Charges-Site Office	15,374	13,976
Telephone & Postage-Site Office	36,110	44,280
Travelling & Transportation Expenses-Site Office	260,046	276,392
<b>Other direct expenses (B)</b>	<b>33,881,052</b>	<b>35,088,140</b>
<b>Total cost of sales (A+B)</b>	<b>42,787,197</b>	<b>42,928,489</b>

5.15 Administrative expenses

Particulars	For the Year Ended on Ashad 31, 2078	For the Year Ended on Ashad 31, 2077
Salaries Expenses- Head Office	4,546,490	4,373,472
Gratuity Expenses	58,206	50,640
Contribution to Provident Fund- Head Office	69,875	59,466
Medicine Expense-Head Office	8,475	4,288
<b>Employee benefit expenses (A)</b>	<b>4,683,046</b>	<b>4,487,866</b>
Depreciation (Note 1)	602,268	540,506
Advertisement Expenses	21,510	31,936
AGM Expenses	-	93,805
AMC of computer software	-	9,040
Audit Fee	124,300	113,000
Bank Commission & LC Charges	26,734	26,127



Handwritten signatures and initials of various officials, including the Chief Executive Officer and other management personnel.



Board Meeting Allowances	217,000	235,500
Consumables	37,855	61,928
Donation And Charities (CSR)	325,000	111,111
Electricity & Water	14,850	15,000
Fuel Expenses	20,100	21,500
Guest Entertainment	17,759	1,507
House Rent	530,460	429,028
Insurance Premium	13,695	19,730
Internet & Subscription	64,963	31,846
IPO Expenses		717,403
Janitorial		15,000
Meeting Expenses	5,130	26,957
Membership Fees	24,000	24,000
Miscellaneous Expenses	9,861	2,000
Printing & Stationaries	38,637	77,873
Registration & Renewals	10,525	20,175
Repair & Maintenance	43,005	11,185
Tea & Refreshment	45,740	42,435
RTS Expenses	95,000	-
Telephone & Postage	18,863	18,609
Travelling Expenses		28,450
Vehicle Renewals	44,100	51,190
Painting Expenses	24,500	20,000
Feasibility Study Expenses	887,785	-
<b>Other administrative expenses (B)</b>	<b>3,263,640</b>	<b>2,796,841</b>
<b>Total administrative expenses (A+B)</b>	<b>7,946,686</b>	<b>7,284,707</b>

5.16 Finance Expense and Finance Income

Particulars	For the Year Ended on Ashad 31, 2078	For the Year Ended on Ashad 31, 2077
Interest on Term Loan	24,420,752	35,525,978
Finance Cost-NFRS Adjustment	693,051	693,051
Loan Arrangement Fee	42,815	361,816
<b>Net finance cost (A)</b>	<b>25,156,618</b>	<b>36,580,845</b>
Interest income on short-term bank deposits	317,662	250,523
<b>Total finance income (B)</b>	<b>317,662</b>	<b>250,523</b>
<b>Net finance expense (A-B)</b>	<b>24,838,956</b>	<b>36,330,322</b>

Handwritten signatures and stamps are present below the table. The stamp is circular and reads "S. R. PANDEY & CO. Chartered Accountants Kathmandu". Below the stamp is the logo for "RU 51 HYDROPOWER".

## 5.17 Earnings Per share (EPS)

### Basic

Basic earnings per share is calculated by dividing the profit attributable to equity holders of the company by the weighted average number of ordinary shares in issue during the year.

### Diluted

Diluted earnings per share is calculated by adjusting the weighted average number of ordinary shares outstanding to assume conversion of all dilutive potential ordinary shares. Currently, the company does not have any outstanding dilutive potential ordinary shares.

Particulars	2077/78	2076/77
Profit attributable to equity holders	71,317,827	58,389,272
Weighted average number of equity shares outstanding	3,492,863	3,261,644
Earnings Per Share (Rs.) - Basic (Face value of Rs. 100 per share)	20.42	17.90
Add: Weighted average number of potential equity shares	-	-
Weighted average number of Equity shares (including dilutive shares) outstanding	3,492,863	3,261,644
Earnings Per Share (Rs.) - Diluted (Face value of Rs. 100 per share)	20.42	17.90

Weighted average number of equity shares outstanding is calculated as follow

Period	No. of shares	Days	WANS
1st Shrawan to 8th Chaitra	3,261,644	249	2,225,067
9th Chaitra to 2nd Baisakh	3,669,349	25	251,325
3rd Baisakh to 31st Ashad	4,077,055	91	1,016,471
<b>WANS as on 31st Ashad 2078</b>		<b>365</b>	<b>3,492,863</b>

## 5.18 Share Issue Expenses

The company has incurred the various expense of NRs. 8,098,610 while issuing IPO. Such expenses have been charged to equity of the shareholders.

## 5.19 Operating Segments

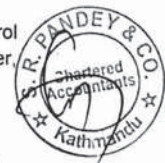
The company is engaged in the business of generation of electricity from its hydro-power project situated in Nepal. The generated electricity will be sold to the Nepal Electricity Authority. Accordingly, the company has only 1 operating segment. Since the relevant information is available from the Statement of financial position and the statement of Compressive income itself, there are no additional disclosures, to be provided in terms of NFRS 8 on Operating Segments.

## 5.20 Related Party Transactions

Disclosure has been made in respect of the transactions in which one party has the ability to control or exercise significant influence over the financial and operating policies / decisions of the other, irrespective of whether a price is charged

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

*(Handwritten signatures and initials)*





- Shareholders having shareholding of 1% or more during the year.
- Companies represented by the Directors.
- Directors of the Company and their close family members if any
- Key Managerial Personnel and their close family members if any

#### 5.20.1 Significant Shareholders

Share Holder	FY 2077/78	FY 2076/77
	% of holding	% of holding
Bharat Prasad Nepal	11.90%	14.87%
Ekraj Pandey	3.13%	3.91%
Nira Aryal	2.01%	2.51%
Adarsh Nagarik Investment Company Ltd	1.63%	2.04%
Tara Prasad Sanjel	1.34%	1.67%
Hari Prasad Niraula	1.34%	1.67%
Damber Bahadur Deuja	1.34%	1.67%
Purbanchal Investment Company Ltd.	1.07%	1.34%
Dr. Sandip Shah	1.20%	1.50%
Sabitri Adhikari	1.15%	1.44%
Shareholder less than 1%	73.91%	67.38%

#### 5.20.2 Transactions with and payments to directors of the Company

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

Particulars	FY 2077/78	FY 2076/77
	Annual Facilities	Annual Facilities
Ashish Subedi	372,000	372,000
Bharat Prasad Nepal	552,000	552,000
Min Raj Kadel	360,000	360,000
Gam Prasad Reshmi	360,000	360,000
Chandra Bahadur Pun	360,000	330,000
Govinda Chalise	552,000	-
<b>Total</b>	<b>2,556,000</b>	<b>1,974,000</b>

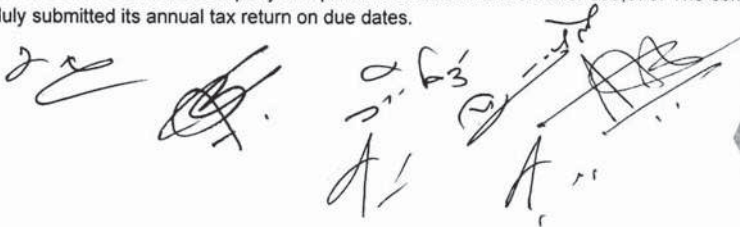
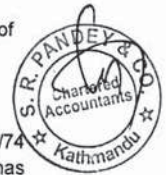
#### 5.21 Events after reporting period

The Company monitors and assess events that may have potential impact to qualify as adjusting and / or non-adjusting events after the end of the reporting period. All adjusting events are adjusted in the books with additional disclosures and non-adjusting material events are discloses in the notes with possible financial impact, to the extent ascertainable.

There are no material events that has occurred subsequent to 31st Ashad 2078 till the signing of this financial statement.

#### 5.22 Tax Assessment

Inland revenue Department has made amended tax assessment of the company for FY 2073/74 on FY 2077/78 and the company has paid the additional tax of NRs. 893,070. The company has duly submitted its annual tax return on due dates.

### 5.23 Mortgaged Properties

The company has obtained long term loan and working capital loan from various banks and financial institutions by hypothecation of its Plant and Machinery and Inventory, Assignment of account receivables and mortgage of Land, building and project assets of the company.

### 5.24 Reclassification and Restatement

Previous year figures have been regrouped/ rearranged wherever necessary and practicable to facilitate comparison as mentioned below.

Particulars	Old Reporting	New Reporting	Difference	Remarks
Reserve and Surplus	61,446,647	60,862,754	583,893	The corporate social responsibility fund previously classified as Reserve & Surplus now reclassified as Trade & Other Payables
Trade & Other Payables (non current)	-	583,893	(583,893)	

### 5.25 Proposed Dividend


Board of directors of the company has proposed share dividend of 10% on the total paid up capital of NRs. 407,705,500 amounting to NRs. 40,770,550 and cash dividend of 0.5263% amounting to NRs. 2,145,818 for the purpose of payment of tax on share dividend.

As Per Our Report of Even Date  
S. R. Pandey & Co.  
Chartered Accountants

  
Ashish Subedi  
Chairman

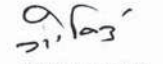
  
Bharat Prasad Nepal  
Director

  
Min Raj Kadel  
Director

  
S. R. Pandey, FCA  
Senior Partner

  
Gam Prasad Reshmi  
Director

  
Chandra Bahadur Pun  
Director

  
Govinda Chalise  
Independent Director

  
Baladev Balam  
Accountant

Date: 2078/05/01  
Place: Kathmandu



Ru Ru Jalbidhyut Pariyojana Limited  
Kathmandu, Nepal  
Calculation of Income for FY 2077/78

Particulars	Profit & Loss Account	For Income Tax	Electricity sales income	Other Income
	Amount	Amount	Amount	Amount
Sales U/S 7.2 Kha	149,626,443	149,626,443	149,626,443	-
Interest and Other Income	317,662	317,662	-	317,662
<b>Gross Income</b>	<b>149,944,105</b>	<b>149,944,105</b>	<b>149,626,443</b>	<b>317,662</b>
Cost Of Sales U/S 13 (Note 1)	16,712,714	16,712,714	16,712,714	-
Interest on Loan U/S 14	25,156,618	24,463,567	24,463,567	-
Repairs & Maintenance U/S 16 (Note 3)	4,014,026	3,298,803	3,298,803	-
Depreciation U/S 19 (Note 3)	22,705,730	22,423,165	22,423,165	-
General Deduction U/S 13 (Note 2)	8,776,752	16,504,811	16,498,458	6,353
Loss on Sale of Assets	286,651	-	-	-
<b>Total Expenses</b>	<b>77,662,491</b>	<b>83,403,060</b>	<b>83,396,707</b>	<b>6,353</b>
<b>Income From Business</b>	<b>72,291,614</b>	<b>66,541,045</b>	<b>66,229,736</b>	<b>311,309</b>
<b>Assessable Income (A)</b>	<b>72,291,614</b>	<b>66,541,045</b>	<b>66,229,736</b>	<b>311,309</b>
Donation U/S 12. (B)	-	-	-	-
<b>Deduction U/s 20</b>				
Taxable Income (Loss) of the Year. (A-B)			66,229,736	311,309
Tax Liability @ 20%			-	-
Tax Liability @ 25%			-	77,827
Exempt u/s 11 (3 Gha)			66,229,736	-
Fee U/S 117			-	-
Interest U/S 118			-	2,890
Interest U/S 119			-	-
<b>Total Tax Liability</b>				<b>80,717</b>

Schedule Forming Part of Income Statement

Note 1	Profit & Loss Account	For Income Tax	Electricity sales income	Other Income
	Amount	Amount	Amount	Amount
<b>Cost of Sales (Except Repair &amp; Maintenance and depreciation)</b>				
Salary Expenses Site Office	7,910,249	7,910,249	7,910,249	-
Gratuity Expenses-Site	326,445	326,445	326,445	-
Contribution to provident Fund Site Office	391,891	391,891	391,891	-
Wages Expenses Site Office	81,638	81,638	81,638	-
Medicine Expense-Site Office	16,415	16,415	16,415	-
Staff Welfare Expenses-Site Office	179,507	179,507	179,507	-
Royalty expenses	3,508,942	3,508,942	3,508,942	-
Consumable expense-Site Office	187,949	187,949	187,949	-
Electricity Charges-Site Office	23,436	23,436	23,436	-
Electric Accessories	122,855	122,855	122,855	-
Fuel Expenses-Site Office	565,964	565,964	565,964	-
Guest Entertainment-Site Office	76,440	76,440	76,440	-
Insurance Premium Site Office	1,624,295	1,624,295	1,624,295	-
Internet and Subscription- Site Office	3,500	3,500	3,500	-
Staff Personal Protective Equipment-Site Off	74,949	74,949	74,949	-
Printing & Stationery-Site Office	23,730	23,730	23,730	-
Security Expenses-Site Office	1,282,979	1,282,979	1,282,979	-
Taxes and Charges-Site Office	15,374	15,374	15,374	-
Telephone & Postage-Site Office	36,110	36,110	36,110	-
Travelling & Transportation Expenses-Site O	260,046	260,046	260,046	-
<b>Total</b>	<b>16,712,714</b>	<b>16,712,714</b>	<b>16,712,714</b>	<b>-</b>



**Note 2**

**Administrative Expenses (Except Repair & Maintenance and depreciation)**

Salaries Expenses- Head Office	4,546,490	4,546,490	4,546,490	-
Gratuity Expenses	58,206	58,206	58,206	-
Contribution to Provident Fund- Head Office	69,875	69,875	69,875	-
Medicine Expense-Head Office	8,475	8,475	8,475	-
Advertisement Expenses	21,510	21,510	21,510	-
Audit Fee	124,300	124,300	124,300	-
Bank Commission & LC Charges	26,734	26,734	26,734	-
Board Meeting Allowances	217,000	217,000	217,000	-
Consumables	37,855	37,855	37,855	-
Donation And Charities (CSR)	325,000	-	-	-
Electricity & Water	14,850	14,850	14,850	-
Fuel Expenses	20,100	20,100	20,100	-
Guest Entertainment	17,759	17,759	17,759	-
House Rent	530,460	492,000	492,000	-
Insurance Premium	13,695	13,695	13,695	-
Internet & Subscription	64,963	64,963	64,963	-
Meeting Expenses	5,130	5,130	5,130	-
Membership Fees	24,000	24,000	24,000	-
Miscellaneous Expenses	9,861	9,861	9,861	-
Printing & Stationaries	38,637	38,637	38,637	-
Registration & Renewals	10,525	10,525	10,525	-
Tea & Refreshment	45,740	45,740	45,740	-
RTS Expenses	95,000	95,000	95,000	-
Telephone & Postage	18,863	18,863	18,863	-
Vehicle Renewals	44,100	44,100	44,100	-
Painting Expenses	24,500	24,500	24,500	-
Feasibility Study Expenses	887,785	887,785	887,785	-
Staff Bonus	1,475,339	1,475,339	1,468,986	6,353
Share Issue Expenses		8,091,519	8,091,519	
<b>Total Administrative Expenses</b>	<b>8,776,752</b>	<b>16,504,811</b>	<b>16,498,458</b>	<b>6,353</b>

Installment	Required	Deposit	Short deposit	Interest on Short Deposit	
1st	28,018	-	28,018	1,051	Upto Chaitra 2077
2nd	49,031	-	49,031	1,839	Upto Ashad 2078
3rd	70,044	106,649	-		Upto Ashwin 2078
Interest U/S 118				2,890	

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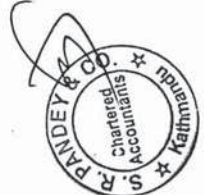


Note.3

Ruru Jalbidhyut Pariyojana Pvt. Ltd.  
Kathmandu, Nepal  
Depreciation as per Annexure 2 of Income Tax Act 2058

Asset Pool	Depreciation Rate (R)	Date	Opening Depreciation Basis	Addition During the year	Disposal During the year	Depreciation Basis for the year	Depreciation for the year	Unabsorbed Addition	Unabsorbed Repair Expenses	Total Depreciation Basis for next year
Particular			a	b	e	f=a-d	g=f-R	h=b-d	i	j=f-g+h
<b>B: Office Assets</b>										
33.33%										
Opening upto Pouch 2077	700,144	1/4/2077	700,144	45,137	-	745,281	-	-	-	745,281
Pouch to Chakra 2077	214,574		-	214,574	45,137	259,711	-	-	-	259,711
Basash to Ashad 2078	91,116		-	91,116	143,056	2,000,000	-	-	-	2,000,000
<b>Total</b>	<b>340,827</b>		<b>700,144</b>	<b>340,827</b>	<b>215,229</b>	<b>915,373</b>	<b>305,094</b>	<b>125,598</b>	<b>-</b>	<b>735,877</b>
<b>C: Vehicles</b>										
26.67%										
Opening upto Pouch 2077	154,286	1/4/2077	154,286	-	-	154,286	-	-	-	154,286
Pouch to Chakra 2077	-		-	-	-	-	-	-	-	-
Basash to Ashad 2078	2,800,000		-	2,800,000	933,240	3,733,240	-	-	-	3,733,240
<b>Total</b>	<b>154,286</b>		<b>154,286</b>	<b>2,800,000</b>	<b>933,240</b>	<b>3,733,240</b>	<b>48,678</b>	<b>1,866,760</b>	<b>715,223</b>	<b>2,715,823</b>
<b>D: Other Assets</b>										
20%										
Opening upto Pouch 2077	463,797	1/4/2077	463,797	-	-	463,797	-	-	-	463,797
Pouch to Chakra 2077	-		-	-	-	-	-	-	-	-
Basash to Ashad 2078	-		-	-	-	-	-	-	-	-
<b>Total</b>	<b>463,797</b>		<b>463,797</b>	<b>-</b>	<b>-</b>	<b>463,797</b>	<b>92,759</b>	<b>-</b>	<b>-</b>	<b>371,038</b>

*(Handwritten signatures and initials)*



E: Intangible Assets												
Asset Pool	Particulars	Date	Rate	Original cost	Addition during this year	Allowable portion	Allowable amount	Amortisation bill last year	Amortisation for this year	Amortisation bill this year	Closing Balance this year	Closing Balance last year
Life 32 years	Project Assets	12/06/2071	3.13%	683,592,249	-	-	-	121,713,577	21,396,437	143,110,014	540,482,235	561,878,672
Life 31 years	Land	* 30/1/2073	3.23%	107,500	-	-	-	15,035	3,472	18,507	88,993	92,465
Life 30 years	Project Assets	30/1/2074	3.31%	17,319,077	-	-	-	1,922,398	678,725	2,609,123	14,810,954	15,396,679
Total Pool - "E"				701,018,826	-	-	-	123,651,010	21,976,634	145,627,644	585,391,182	577,367,816

SUMMARY OF DEPRECIATION & REPAIRS & MAINTENANCE

Assets Pool	Depreciation		Repair & Maintenance	
	As per Basis-above	As per P/L Ass.	Capitalised	Net Repairs allowed
POOL - A:	305,094	64,076	43,005	43,005
POOL - B:	48,678	12,776	727,969	12,776
POOL - C:	92,759	32,466	-	-
POOL - D:	21,976,634	3,243,022	-	-
POOL - E:	22,423,165	109,318	4,014,026	3,243,022
			715,223	3,288,803

Repair and maintenance expense in pool E is fully allowed US 13

*(Handwritten signatures and initials)*



## PROJECT SAILENT FEATURE

### A) Project Location

Latitude	: 28° 06' 30" N to 28° 05' 00" N
Longitude	: 83° 26' 00" E to 83° 23' 00" E
Development Region	: Western Development Region
District	: Gulmi
Intake Site	: Darbir, Harewa VDC
Powerhouse Site	: Sota, Rupakot, VDC

### B) General

Name of River	: Hugdi Khola
Type of Scheme	: Run-of-river
Gross Head	: 188.10 m
Net Head	: 161.59 m
Design Discharge	: 3.75 m <sup>3</sup> /sec
Installed Capacity	: 5 MW
Dry Season Energy	: 5.49 GWh
Wet Season Energy	: 22.77 GWh
Total Energy	: 28.26 GWh

### C) Hydrology

Catchment Area	: 120 km <sup>2</sup>
Design Discharge	: 3.75 m <sup>3</sup> /sec
Design Flood Discharge	: 495.0 m <sup>3</sup> /s (1 in 100 yr. flood)

### D) Intake Structure

Type of intake	: Side intake
No. of Intake Openings	: 2 Nos. of 3.1 m (w) X 1.0 m (h)
Invert Level of Intake	: El. 1027.15 masl
No. of approach canal	: 1(one)
Length & Size of approach canal	: 93.15 m; 1.5 m (w) X 1.35 m (h)

### E) Bedload Sluice

No. of Openings	: 1 No. of 0.60 m (w) X 0.60 m (h)
Invert Level of Bed load sluice	: El. 1024.24 masl

### F) Desanding Basin

Inlet transition	: 16.00 m
No of chamber	: 2
Dimension (L x B x H)	: 43 m x 5 m x 4.5 m
Head pond (L x B)	: 11.0 m x 6.0 m

### G) Headrace Pipe

Length : 1137.901 m  
Internal diameter and thickness : 1.35 m, Thickness = 6 - 8 mm

### H) Penstock

Length of penstock pipe : 2206.043 m  
Internal diameter & thickness : 1.3 m, Thickness = 8, 10, 12, 14, 16, 18 mm

### I) Powerhouse

Type : Semi-Underground  
Dimension : 34.50 m x 7.75 m x 14.24 m (L x B x H)  
Control Building : 28.50 m x 4.75 x 4.0 m (L x B x H)  
Turbine center level : El 842.0 masl  
Number of units : Three  
Type of turbine : Francis Turbine (horizontal axis)  
Installed capacity : 5 MW  
Generators : Synchronous three phase 1.961 MVA  
Speed of Turbine : 1000 RPM

### J) Tailrace Culvert / Canal

Type, Length : RCC Culvert, 62.84 m long  
Size : 1 m x 1.2 m to 1.5m x1.5m  
Open Canal Section : 32.5 m length stone masonry canal

### K) Switchyard

Dimension : 11.0m x 19.50m

### L) Transmission Line

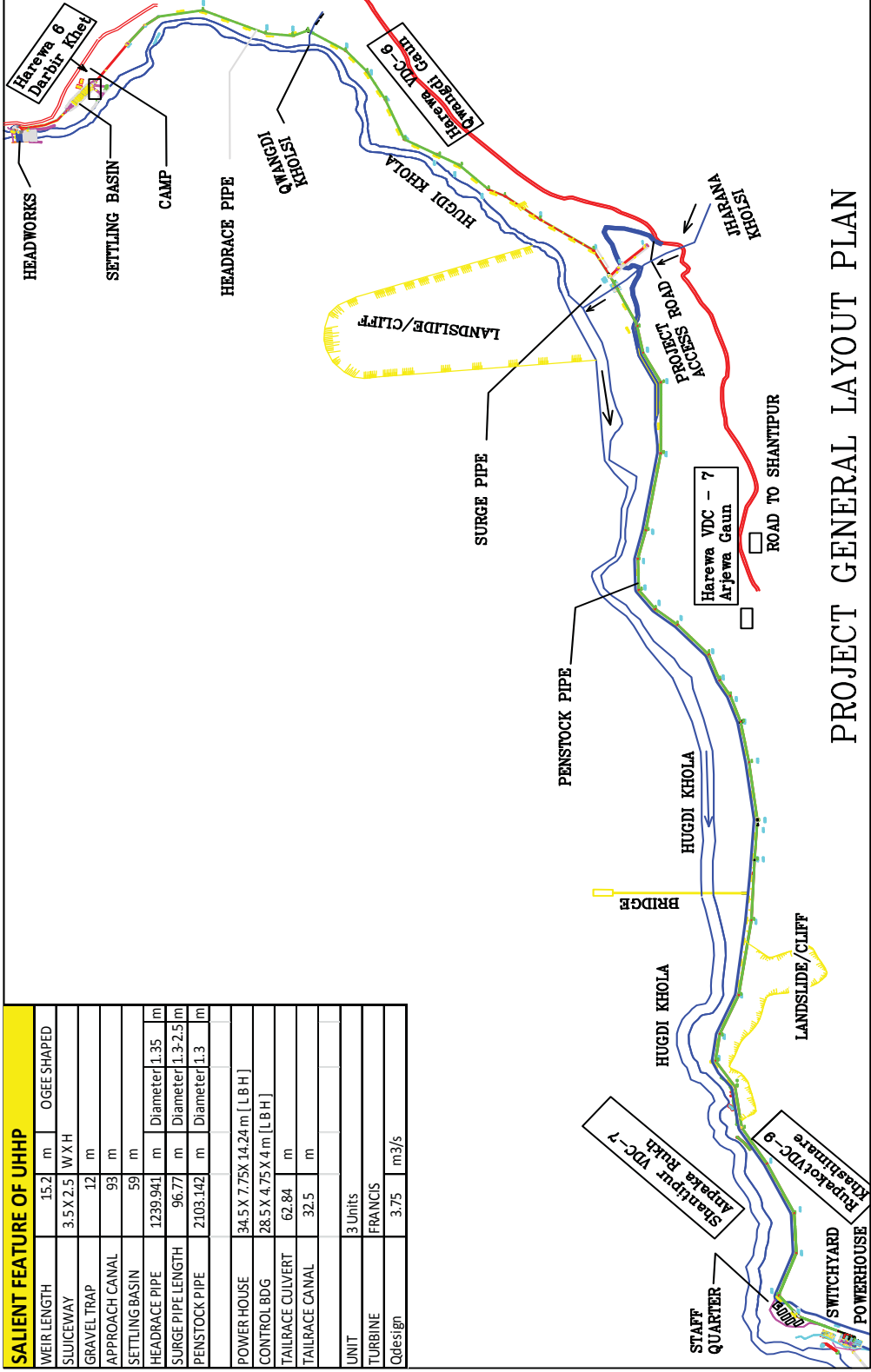
Type : 33 KV  
Length : 11.80 km







SALIENT FEATURE OF UHHP			
WEIR LENGTH	15.2	m	OGEE SHAPED
SLUICeway	3.5 X 2.5	W X H	
GRAVEL TRAP	12	m	
APPROACH CANAL	93	m	
SETTLING BASIN	59	m	
HEADRACE PIPE	1239.941	m	Diameter 1.35 m
SURGE PIPE LENGTH	96.71	m	Diameter 1.3-2.5 m
PENSTOCK PIPE	2103.142	m	Diameter 1.3 m
POWER HOUSE	34.5 X 7.75 X 14.24	m [L B H]	
CONTROL BDG	28.5 X 4.75 X 4	m [L B H]	
TAILRACE CULVERT	62.84	m	
TAILRACE CANAL	32.5	m	
UNIT	3	Units	
TURBINE	FRANCIS		
Qdesign	3.75	m <sup>3</sup> /s	



PROJECT GENERAL LAYOUT PLAN

