

Shrestha S & Associates

Chartered Accountants

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Lalitpur, Nepal

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PAN: 602825199

INDEPENDENT AUDITOR'S REPORT

Opinion

We have audited the financial statements of **Buddhabhumi Nepal Hydropower Company Ltd.**, which comprise the Statement of Financial Position as at Ashad 32, 2079 and Statement of Profit & Loss, Statement of Cash Flow for the period then ended, Statement of changes in equity and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements of the Company read together with the Significant Accounting Policies and Notes to the Accounts forming part of the accounts for the year ended Ashad 32, 2079 are prepared, in all material respects and gives a true and fair view, in accordance with applicable Nepal Financial Reporting Standards and comply with provisions of the Companies Act, 2063.

Basis for Opinion

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

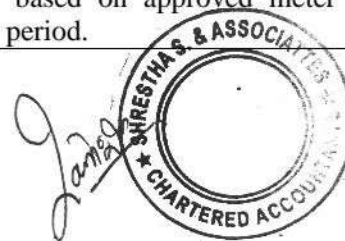
Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in the audit of the financial statements of the current period, and

These matters were addressed in the context of the audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

We have determined the matter described below to be the key audit matter to be communicated in our Report. For the matter below, our description of how our audit addressed the matter is provided in the context.

Key Audit Matter	Response to Key Audit Matter
Revenue Matter	
The revenue of the company has to be recognized on accrual basis. Revenue is mainly derived from sale of electricity to Nepal Electricity Authority (NEA). Other Income will include income from election nomination fee. As part of our risk assessment, we have considered each individual revenue stream and determined that a significant risk exists in respect of recognition of income under all material revenue streams.	Our audit approach regarding verification of process of income recognition included: A. We understood and evaluated the controls and processes over the recording of revenue in system level and control in place for manual processes & assessed the revenue recognition policies adopted by the company for compliance with the relevant accounting standards. B. We obtained the details of revenue from sale of electricity and verified billed amount of energy with the rate of electricity as quoted in power purchase agreement with NEA. We also verified the total chargeable unit of contract energy based on approved meter reading for each period.



	C. We reviewed the contracts, wherever applicable to ensure whether revenue as per power purchase agreement is recognized or not.
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Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation of the financial statements in accordance with the Generally Accepted Accounting Principles (GAAPs) and Nepal Financial Reporting Standards (NFRS) prevalent in Nepal and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

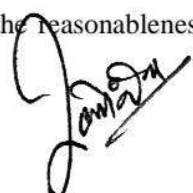

Those charged with governance are responsible for overseeing the company's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

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

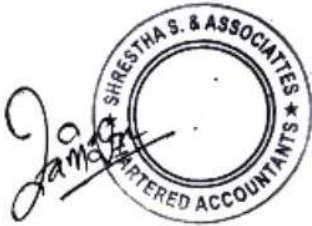
As a part of an audit in accordance with NSAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- a) Identify and assess the risk of material misstatement of the financial statement, whether due to fraud and error, design and perform audit procedures responsive to those risk, 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.
- b) Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the company's internal control.
- c) 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 exist related to events or conditions that may cast significant doubt on the company's going concern. If we conclude that a material uncertainty exist, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, of 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.
- d) Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the management.

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.

For and on Behalf of,
Shrestha S. & Associates
Chartered Accountants



Sarmendra Shrestha
Proprietor

Place: Kathmandu, Nepal
Date: 25th Poush, 2079

UDIN: 230109CA007362gV5F


Buddhabhumi Nepal Hydropower Company Ltd.
Statement of Financial Position
As on 32nd Ashad 2079 (16th July 2022)

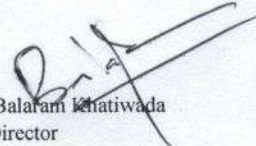
Particulars	Notes	As at 32nd Ashad 2079	As at 31st Ashad 2078
Assets			
Non current Assets			
Property, Plant and Equipments	1	4,387,760.09	4,356,433.76
Intangible Assets	1 & 2	1,298,690,506.69	981,965,287.25
Total Non Current Assets		1,303,078,266.78	986,321,721.01
Current Assets			
Cash and Cash Equivalent	3	137,737.55	3,926,311.36
Advance and Receivable	4	53,135,302.15	126,113,263.95
Margin and Deposit	5	4,964,998.70	8,818,926.17
Total Current Assets		58,238,038.40	138,858,501.48
Total Assets		1,361,316,305.18	1,125,180,222.49
Equity and Liability			
Equity			
Share Capital	6	413,304,400.00	293,304,400.00
Reserve and Surplus	7	(67,148,021.82)	(52,507,564.23)
Total Equity		346,156,378.18	240,796,835.77
Liability			
Non Current Liabilities			
Loans and Borrowing (Long Terms)	8	857,625,351.58	747,031,449.23
Defred Tax Liability		295,995.48	-
Total Non Current Liabilities		857,921,347.06	747,031,449.23
Current Liabilities			
Loan and Borrowing (Short Terms)	9	47,213,733.04	102,600,837.27
Trade and Other Payables	10	110,024,846.90	34,751,100.22
Income Tax Liability		-	-
Total Current Liabilities		157,238,579.94	137,351,937.49
Total Liability		1,015,159,927.00	884,383,386.72
Total Equity and Liability		1,361,316,305.18	1,125,180,222.49


Significant Accounting Policies & Notes to Accounts
Notes 1 to 10 form integral parts of financial position

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For and on behalf of
Buddhabhumi Nepal Hydropower Company Ltd.



Shukra Raj Dangol
Finance Officer


Balaram Khatiwada
Director


Purna Lal Shrestha
Chairman

As per report of even date

For and on behalf of
Shrestha S. & Associates
Chartered Accountants


Sarmendra Shrestha
Proprietor



Place: Kathmandu
Date:



Buddhabhumi Nepal Hydropower Company Ltd.
Statement of Profit and Loss and Other Comprehensive Income
For the year ended 32nd Ashad 2079 (16th July 2022)

Particulars	Notes	For the year ended 32nd, Ashad, 2079	For the year ended 31st Ashad, 2078
Revenue from Operation		13,614,945.60	-
Cost of Sales		-	-
Gross Profit		13,614,945.60	-
Other Income- Sale of scrap iron and steel		300,000.00	-
Administration and Other Operating Expenses	11	12,799,195.27	4,738,989.72
Depreciation	1	868,184.28	980,161.77
Amortisation	1	14,592,028.17	-
Profit From Operations		(14,344,462.11)	(5,719,151.49)
Finance Income			
Finance Cost			
Profit Before Tax		(14,344,462.11)	(5,719,151.49)
Income Tax Expenses			
Derred Tax Expenses		(295,995.48)	-
Profit from Continuous Operations		(14,640,457.59)	(5,719,151.49)
Profit/(Loss) on Discontinue Operation (Net of Tax)			
Net Profit for the Year		(14,640,457.59)	(5,719,151.49)
Earnings Per Share			
Basic EPS (NRP)		(3.54)	(1.38)
Diluted EPS(NRP)		(3.54)	(1.38)
Net Profit for the year as per Profit or Loss Statements		(14,640,457.59)	(5,719,151.49)
Other comprehensive Income:			
Other Comprehensive Income not to be reclassified to profit or loss in subsequent periods			
Re-measurement (losses) / gains on post employment defined benefit plans			
Income tax relating to items that will not be reclassified to profit or loss			
Other comprehensive gain/(loss) for the year, net of tax			
Total Comprehensive gain/(loss) for the year, net of tax		(14,640,457.59)	(5,719,151.49)

Significant Accounting Policies & Notes to Accounts
Notes 1 and 11 form integral parts of profit and loss account

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For and on behalf of
Buddhabhumi Nepal Hydropower Company Ltd.

As per report of even date
For and on behalf of
Shrestha S. & Associates
Chartered Accountants

Shukra Raj Dangol
Finance Officer

Balaram Khatriwada
Director

Purna Lal Shrestha
Chairman

Sarmendra Shrestha
Proprietor

Place: Kathmandu
Date:



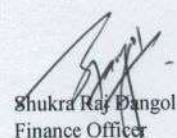
Buddhabhumi Nepal Hydropower Company Ltd.
Statement of Cash Flows
For the year ended 32nd Ashad 2079 (16th July 2022)

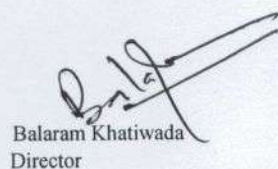
Particulars	For the year ended 32nd Ashad, 2079	For the year ended 31st Ashad, 2078
A. Cash Flow from Operating Activities		
Profit for the Year	(14,344,462.11)	(5,719,151.49)
Adjustment For:		
Depreciation on Property, Plant and Equipment	15,460,212.44	980,161.77
Amortisation of Intangible Assets		
Finance Income		
Finance Expenses		
(Increase)/Decrease in Current Assets	76,831,889.27	(72,953,297.03)
Increase/(Decrease) in Current Liabilities	19,886,642.45	43,478,569.17
Cash Generated from Operations.	97,834,282.05	(34,213,717.58)
Income Tax Paid	-	-
Net Cash Flows from Operating Activities	97,834,282.05	(34,213,717.58)
B. Cash Flow from Investing Activities		
Proceeds from sale of Property, Plant and Equipment		
Acquisition of Property, Plant and Equipment	(899,510.61)	(28,000.00)
Increase in Work in Progress	(331,317,247.60)	(166,437,028.51)
Net Cash flows from Investing Activities	(332,216,758.21)	(166,465,028.51)
C. Cash Flow from Financing Activities		
Proceeds from the issue of the Share Capital	133,304,400.00	-
Borrow (Repayment) of Non current Borrowings	97,289,502.35	203,539,726.00
Interest Received		
Interest Payment		
Net Cash Flows from Financing Activities	230,593,902.35	203,539,726.00
Net Increase in Cash and Cash Equivalents	(3,788,573.81)	2,860,979.91
Cash and Cash Equivalents at the Beginning of year	3,926,311.36	1,065,331.45
Cash and Cash Equivalents at the end of year	137,737.55	3,926,311.36

Significant Accounting Policies & Notes to Accounts

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For and on behalf of
 Buddhabhumi Nepal Hydropower Company Ltd.


 Shukra Raj Dangol
 Finance Officer


 Balaram Khatiwada
 Director


 Purna Lal Shrestha
 Chairman

As per report of even date
 For and on behalf of
 Shrestha S. & Associates
 Chartered Accountants


 Sarmendra Shrestha
 Proprietor



Place: Kathmandu
 Date:

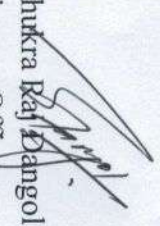
Buddhabhumi Nepal Hydropower Company Ltd.
Statement of Change in Equity
As on 32nd Ashad 2079 (16th July 2022)

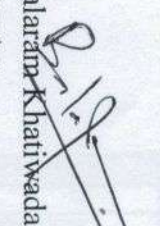
Figure in NPR

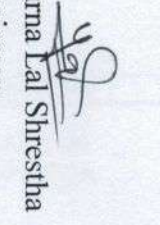
Particulars	Share Capital	Retained Earning	Total
Balance as at 1st Shrawan 078	280,000,000.00	(52,507,564.23)	227,492,435.77
Changes in accounting policies	-	-	-
Net gain/loss from errors in prior years	-	-	-
Net profit or loss for the year	-	(14,640,457.59)	(14,640,457.59)
Addition toward Share capital	133,304,400.00	-	133,304,400.00
Balance as at 32nd Ashad 2079	413,304,400.00	(67,148,021.82)	346,156,378.18


For and on behalf of
 Buddhabhumi Nepal Hydropower Company Ltd.

As per report of even date
 For and on behalf of
 Shrestha S. & Associates
 Chartered Accountants


 Shukra Raj Dangol
 Finance Officer


 Balarain Khatriwada
 Director


 Purna Lal Shrestha
 Chairman


 Sarmentra Shrestha
 Proprietor

Place: Kathmandu
 Date:



Buddhabhumi Nepal Hydropower Company Ltd.
Notes to the financial statements for the year ended 32nd Ashad 2079 (16th July 2022)

Note-1: Preoperty, Plant & Equipment

Particulars	<i>Amount In NPR</i>				
	Intangible Asset	Freehold Land & Building	Computer & Furniture	Automobiles	Total
Balance at 1st Shrawan 2078	-	887,052.00	1,003,439.00	5,827,035.94	7,717,526.94
Additions / Transferred	1313282535	-	686,510.61	213,000.00	1,314,182,045.46
Disposals	-	-	-	-	-
Balance at 32nd Ashad 2079	1,313,282,534.85	887,052.00	1,689,949.61	6,040,035.94	1,321,899,572.40
Accumulated Depreciation					
Balance at 1st Shrawan 2078	-	164,543.01	599,593.54	2,596,956.63	3,361,093.18
Charge for the year	14,592,028.17	36,125.45	182,308.17	649,750.66	15,460,212.44
Disposals	-	-	-	-	-
Balance at 32nd Ashad 2079	14,592,028.17	200,668.46	781,901.71	3,246,707.29	18,821,305.62
Net book value					
At 31st Ashad 2078	-	722,508.99	403,845.46	3,230,079.31	4,356,433.76
At 32nd Ashad 2079	1,298,690,506.69	686,383.54	908,047.90	2,793,328.65	1,303,078,266.78




Buddhabhumi Nepal Hydropower Company Ltd.
Notes to the financial statements for the year ended 32nd Ashad 2079 (16th July 2022)

Note-3: Cash & Bank

Particulars	As at 32nd Ashad 2079	As at 31st Ashad 2078
Cash in hand	91,446.18	94,318.27
Bank Balances		
Century Commercial Bank Ltd	6,879.64	6,879.64
NCC Bank Ltd	10,000.00	10,000.00
Prabhu Bank Ltd.	10,000.00	10,000.00
Siddhartha Bank Ltd.	19,411.73	3,805,113.45
Total	137,737.55	3,926,311.36

Note-4: Advance and Receivable

Particulars	As at 32nd Ashad 2079	As at 31st Ashad 2078
Contractors and Suppliers Advance:		
Advance to Sakura Aarogya JV	8,386,224	79,928,945
Workshop of Engineering HM for Pipes	7,261,335	7,261,335
Mega Hydro Advance (Hydro Mechanical)	47,208	47,208
Tianjin Boyutong Intl -Advance	1,049,500	1,049,500
Kay Iron Works (Yamuna Nagar) Advance	97,178	97,178
Rajeeb Construction- TL	1,994,513	1,900,000
Venus Inspection & Quality	-	111,000
Workshop of Engineering Advance	3,636,030	3,486,030
Schimmer Energy Advance Payment	2,400,000	10,354,520
Warehouse Charges - Schimmer	3,365,000	-
Rehan & Sundara Cons.	50,000	-
Manakamana Tarjali & Engineering Pvt Lt.	172,526	-
Himshikhar Logistics Pvt. Ltd.	1,515,200	-
HB Saipal Construction- Irrigation	1,570,000	1,570,000
Hariram Gupta	945,000	945,000
Consultant Advance:		
We-Link Associates	13,718	11,063
Rajendra Adhikari [Micro Hydro]	150,000	150,000
Bickram Chaudhary	100,000	-
Management Advance:		
Purna Lal Shrestha	119,005	214,005
Shyam Bdr. Shrestha	-	-
Balaram Khatiwada	385,675	385,675
Anuradha Rai	225,083	225,083
Deepak Lal Aamatya Advance	468,000	475,000
Land Purchase Advance:		
Land Purchase Advance	2,648,450	2,081,450
Other Advance:		
Dhurba Raj Ghimire	183,500	183,500
Sijan Mahat	913,001	913,001
Tap Kumar Adhikari	186,511	186,511
Buddhi Tamang	72,500	37,500
Hikmat Shetty Advance	275,229	1,009,765
Hikmat Shetty Salary Adv	80,000	-
Kamal Shahi	287,156	287,156
Suroj Kumar Bal	1,048,530	1,048,530
Basanta Tiwari - Advance	9,104	750,336
Dinesh Rokka-Advance	100,000	100,000
Man Bahadur Bista Advance	453,250	1,630,000




Rom Bahadur Karki Land Lease	75,000	75,000
Mubindra Singh Tamang	1,499,000	1,499,000
Purna Bahadur Budhathoki	200,000	200,000
Reshma Amatya	3,380	3,380
Shree Sampanna	24,600	24,600
Subi Enterprises	1,205	1,205
Nabin Bhujel	10,000	10,000
B K Bricks	150,000	150,000
Damber Bikram Shahi	200,000	100,000
HB Saipal	1,800,000	500,000
Keshav Adhikari Sanitary Items	43,748	43,748
Schimmer Energy Pvt Ltd Advance for Godwon	-	2,000,000
Smriti Sing Thakuri [06400501200614 EBL]	90,000	30,000
Websites Advance	10,000	10,000
Fiazan Alam	70,000	-
Damber Shahi Staff Advance	10,000	-
Kamran Alam	30,000	-
Ishwor Shrestha Transporter	110,000	-
Keshav Driver	22,000	-
Rajinda Sing Thakuri	100,000	-
Yamraj Sakura Aarogya Driver	5,000	-
Deferred IPO Expenses:		
IPO Registration	-	800,000
Service Fee IPO ERC	-	200,000
Underwriting Commission	-	2,100,000
Other Advance:		
LC Advance Simmer	6,433,522	-
Uttam Raj Pandey	569,288	569,288
Megh Bdr. Thapa	26,667	26,667
Advance	5,000	5,000
Project Development Advance	102,500	102,500
Rabindra Singh Thakuri	40,000	40,000
Rukmini Sedhai Receiveable	100,000	100,000
Praju Shahi Receivable	12,930	12,930
Ganga Dayal	80,000	-
Himshikhar Logistic Pvt. Ltd	70,550	70,550
Anamol Friendship and Engineering	30,000	-
Genuine Electric and Electronic	2,382	-
Madhukar Pandey	1,000,000	-
Advance Tax on Interest	107	107
Total	53,135,302	125,113,264

Note-5: Margin & Deposits

Particulars	As at 32nd Ashad 2079	As at 31st Ashad 2078
Bank Guarantee for PPA	2,995,800.00	2,995,800.00
Statutory Margin - DOED	70,000.00	50,000.00
LC Margin 001ILSI180140002 Schimmer Energy	836,000.00	2,020,000.00
Tainjian - HM	105,000.00	105,000.00
LC Margin Jindal Saw 001ILSI182820001	-	6,000.00
LC Margin Kay Iron - 001ILSI190650001	240,000.00	319,000.00
Cash Margin Bank Guarantee	30,000.00	30,000.00
LC Margin Machha Pucchre Metal	56,000.00	170,000.00
LC Cash Margin Workshop 001ILSI93390001	504,000.00	504,000.00
NRB Cash Margin Kay Iron	-	189,022.00
LC Margin Macchpucchre	-	262,905.47
LC Margin Workshop Engineering	37,198.70	37,198.70
LC Margin Hydrotech	-	2,130,000.00
Cash Collateral Kay Iron	82,000.00	-
Tera Engineering / RTGS	9,000.00	-
Total	4,964,998.70	8,818,926.17



Buddhabhumi Nepal Hydropower Company Ltd.
Notes to the financial statements for the year ended 32nd Ashad 2079 (16th July 2022)

Note-8: Loan and Borrowing (Loan Terms)

Particulars	As at 32nd Ashad 2079	As at 31st Ashad 2078
Terms Loans		
Siddhartha Bank Ltd- Term Loan	433,025,513.79	263,404,783.45
Bank of Kathmandu Ltd- Term Loan	144,246,502.92	135,330,677.14
Macchapucchre Bank Ltd- Term Loan	162,126,237.48	138,428,581.78
NCC Bank Ltd- Term Loan	96,025,051.95	89,945,706.77
Prabhu Bank Loan against IPO	-	119,921,700.09
Overdraft Loan	20,000,000.00	-
Prabhu Bank Loan	2,202,025.44	-
Total	857,625,351.58	747,031,449.23

Note-9: Loan and Borrowing (Short Terms)

Particulars	As at 32nd Ashad 2079	As at 31st Ashad 2078
Bridge Gap Loan	32,500,000.04	101,391,237.27
Unsecured Loan	6,451,910.00	-
Dhruba Raj Ghimire	500,000.00	-
Ujjal Karki	1,740,000.00	-
Director Loan	6,021,823.00	1,209,600.00
Total	47,213,733.04	102,600,837.27

Note-10: Trade and Other Payable

Particulars	As at 32nd Ashad 2079	As at 31st Ashad 2078
Contractors Payable:		
Sakura Aarogya Payable Civil	41,295,788.05	-
Venus Inspection Payable	338,000.00	653,940.00
Machhapuchhre Metal Works Payable	92,694.93	-
Management Payable		
Shyam Bahadur Shrestha	100,160.00	-
Consultant Payable:		
T.N. Acharya	512,704.00	178,204.00
Jade Consult Payable	396,810.00	55,750.00
ICRA Nepal	277,661.00	-
Merit Law and Associates	167,214.00	-
Terra Engineering	1,080,664.00	-
TP Adhikari Payable	11,150.00	11,150.00
Staff Payable:		
Shukra Raj Dangol	352,356.08	46,607.08
Faizal Aalam Salary	-	70,000.00
Retention Money Payable:		
Retention Money Sakura	23,499,283.29	17,030,766.24
Retention Sakura Aarogya Erection of Pipes	3,204,042.16	2,601,700.16
Retention Maccha Pucchre Metal 5%	263,721.86	197,998.91
Retention TL @ 5%	231,250.00	155,875.00
Retention Workshop of Engineering	716,056.00	716,056.00
Retention Schimmer Energy	11,297,651.09	-
Retention 5% Kay Iron	802,750.88	-

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Other Expenses Payable:		
Brinda Tamang Payable	1,224,000.00	1,224,000.00
Padam Pd. Acharya Payable	700,000.00	700,000.00
Office Rent Payable	51,600.00	51,600.00
Kausalya Pandit Payable	1,000,000.00	1,000,000.00
Keshav Raj Karki Payable	139,382.50	139,382.50
S.N. Enterprises Payable	3,366,623.04	2,484,491.50
Times Media Service P Ltd.	10,657.55	7,847.55
Shree Sampanna Payable	665,293.94	304,131.40
Yubaraj Tamang Payable	100,000.00	100,000.00
Balaram Khatiwada Payable	2,601,684.81	164,697.00
Shree Sampanna Co Operative-Loan	2,065,000.00	-
Purna Lal Shrestha	-	11,520.00
Pramod Khadka Payable	550,815.00	65,963.00
Quick Media Service	20,230.72	20,230.72
New Auto Green Parts	26,500.00	-
Gorkhapatra Sansthan Limited	160,000.00	-
MS Marble House	-	34,699.60
Audit Fee Payable	223,000.00	111,500.00
Salary and Wages Payable	4,894,640.00	1,816,406.00
Atlantic Computer Pvt. Ltd	192,000.00	-
Haripriya General Suppliers Pvt Ltd	267,944.15	-
Nepal Oversees	149,156.79	-
Himal Logistic & Cargo Nepal Pvt Ltd	14,125.00	-
Hotel Water Tower	12,430.00	-
Ideal Professional Pvt Ltd	125,339.44	-
Mehipi Ajima Traders Pvt Ltd	73,957.23	-
Pathibhar Aakriti Electrics	169,480.00	-
Prakash Trade Center	1,991.72	-
Sathi Electrical Center	1,401,637.68	-
Joban Shahi Adv	292,000.00	-
United Brothers	346,089.90	-
TDS Payables	4,539,310.09	4,796,583.56
Total	110,024,846.90	34,751,100.22

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Buddhabhumi Nepal Hydropower Company Ltd.
Notes to the financial statements for the year ended 32nd Ashad 2079 (16th July 2022)

Note-6: Share Capital

Particulars	For FY 2078-79		For FY 2077-78	
	No. of Shares	Amount	No. of Shares	Amount
A. Equity Shares				
Authorised				
Equity Shares of Rs. 100 each with voting rights	7,500,000.00	750,000,000.00	7,500,000.00	750,000,000.00
Issued				
Equity Shares of Rs. 100 each with voting rights	4,000,000.00	400,000,000.00	7,500,000.00	750,000,000.00
Paid-up Capital				
Share Certified	4,000,000.00	400,000,000.00	2,800,000.00	280,000,000.00
Calls in advances	133,044.00	13,304,400.00	-	-
Total Equity	4,133,044.00	413,304,400.00	2,800,000.00	280,000,000.00

B. Reconciliation of the number of shares outstanding at the beginning and end of the year

Particulars	For FY 2078-79	For FY 2077-78
	No. of Shares	No. of Shares
Balance as at the beginning of the year	2,800,000.00	2,800,000.00
Changes during the year	1,333,044.00	-
Balance as at the end of the year	4,133,044.00	2,800,000.00

Note-7: Reserve and Surplus

Particulars	For FY 2077-78	For FY 2076-77
Opening Balance	(52,507,564.23)	(46,788,412.74)
Prior period adjustments		
Profit/(Loss) for the Year	(14,640,457.59)	(5,719,151.49)
Accumulated Profit (Loss) of the Previous Year	-	-
Total	(67,148,021.82)	(52,507,564.23)

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Buddhabhumi Nepal Hydropower Company Ltd.
Anamnagar, Kathmandu, Nepal

Depreciation Sheet for the FY 2078-79
As per Income Tax

Particulars/ Block of Assets	Rate of Depreciation	Opening Balance	Addition During the Year			Disposal	Total	Depreciation Base	Depreciation	Closing Balance
			Used for More than 6 Months	Used for Less than 6 Months	Used for Less than 3 Months					
POOL "A"										
Land & Buildings	5%	722,509.91	-	-	-	-	722,509.91	722,509.91	36,125.50	686,384.41
Sub Total		722,509.91	-	-	-	-	722,509.91	722,509.91	36,125.50	686,384.41
POOL "B"										
Furniture & Office Equipments	25%	403,845.38	686,510.61	-	-	-	1,090,355.99	1,090,355.99	272,589.00	817,766.99
Sub Total		403,845.38	686,510.61	-	-	-	1,090,355.99	1,090,355.99	272,589.00	817,766.99
POOL "C"										
Vehicles	20%	1,876,033.48	-	-	213,000.00	-	2,089,033.48	1,947,033.48	389,406.70	1,699,626.78
Sub Total		1,876,033.48	-	-	213,000.00	-	2,089,033.48	1,947,033.48	389,406.70	1,699,626.78
POOL "E"										
Intangible Assets	3.33%	-	-	-	1,313,282,534.85	-	1,313,282,534.85	1,313,282,534.85	14,592,028.17	1,298,690,506.69
Sub Total		-	-	-	1,313,282,534.85	-	1,313,282,534.85	1,313,282,534.85	14,592,028.17	1,298,690,506.69
Grand Total		3,002,388.77	686,510.61	-	1,313,495,534.85	-	1,317,184,434.23	1,317,042,434.23	15,290,149.35	1,301,894,284.88



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Buddhabhumi Nepal Hydropower Company Ltd.

Kathmandu-03, Nepal

Notes to the financial statements for the year ended 32nd Ashad, 2079

Calculation of Deferred Tax

Particulars	Amount
Book Value of Asset in books of Account	1,303,078,266.78
Tax Base as per Income Tax Act	1,301,894,284.88
Taxable Temporary Differences	1,183,981.90
Deferred tax Liability	295,995.48
Previous Year Deferred Tax Asset	-
Deferred tax Liability For 2078-79	295,995.48

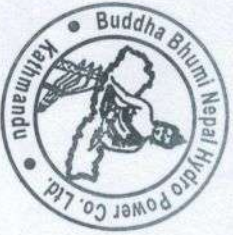
The company has availed the different policy for the depreciation as per the companies Act & hence the deferred tax assets /deferred tax liabilities has been created for the temporary difference in the amount.



Buddhabhumi Nepal Hydropower Company Ltd.
Notes to the financial statements for the year ended 32nd Ashad 2079 (16th July 2022)

Note-2: Capital Work in Progress

Particulars	Sub Note	F.Y 2078-79	Addition During the Year	F.Y 2077-78
		Up to 2079/03/32		Up to 2078/03/31
Pre-Operating Expenses	2.1	25,614,353.0	-	25,614,353.0
Civil Construction Cost	2.2	471,802,357.6	148,349,061.3	323,453,296.3
Hydro Mechanical Works	2.3	280,359,706.9	13,893,998.0	266,465,708.8
Electromechanical Equipment/Transmission Line Works	2.4	158,872,181.3	60,772,715.0	98,133,330.3
Infrastructure Development Cost	2.5	1,554,624.4	-	1,554,624.4
Land and Land Development Expenses	2.6	70,277,639.0	2,831,115.0	67,446,524.0
Environmental and Social Mitigation Expenses	2.7	17,076,442.9	723,000.0	16,353,442.9
Project Management and Engineering Cost	2.8	53,019,753.9	20,439,109.7	32,580,644.3
Interest During Construction	2.9	234,705,476.0	84,342,112.7	150,363,363.3
Total		1,313,282,534.9	331,351,111.6	981,965,287.3




Buddhabhumi Nepal Hydropower Company Ltd.
Notes to the financial statements for the year ended 32nd Ashad 2079 (16th July 2022)

Sub-Note 2.1: Pre-Operating Expenses

Particulars	F.Y 2078-079	Addition During the Year	Amount in NPR
	Up to 2079/03/32		F.Y 2077-078 Up to 2078/03/31
Bank & Loan Processing Charges	130,800.00	-	130,800.00
Fuel & Lubricants	766,456.00	-	766,456.00
Insurance Premium	31,240.00	-	31,240.00
Land Survey	4,548,380.00	-	4,548,380.00
Registration and Renewals	10,990,300.00	-	10,990,300.00
Repair and Maintenance Charges	110,421.00	-	110,421.00
Site Fooding and Lodging	6,313,246.00	-	6,313,246.00
Tiffin Expenses	38,323.00	-	38,323.00
Travelling Expenses	620,711.00	-	620,711.00
Interest on HP Loan	261,639.00	-	261,639.00
Depreciation	1,482,719.00	-	1,482,719.00
Legal Fees	60,000.00	-	60,000.00
Taxes Paid	128,089.00	-	128,089.00
Office Expenses	132,029.00	-	132,029.00
Total	25,614,353.00	-	25,614,353.00

Sub-Note 2.2: Civil Construction Cost

Particulars	F.Y 2078-079	Addition During the Year	F.Y 2077-078
	Up to 2079/03/32		Up to 2078/03/31
Civil Construction Cost	467,869,661.50	146,188,485.21	321,681,176.29
Bill Verification Expenses	1,258,980.00	(124,140.00)	1,383,120.00
Bay Construction NEA	2,066,595.09	2,066,595.09	-
False Ceeling at Powerhouse	218,121.00	218,121.00	-
Site Visit Expenses	389,000.00	-	389,000.00
Total	471,802,357.59	148,349,061.30	323,453,296.29

Sub-Note 2.3: Hydro Mechanical Works

Particulars	F.Y 2078-079	Addition During the Year	F.Y 2077-078
	Up to 2079/03/32		Up to 2078/03/31
Hydro Mechanical Expenses	3,686,014.24	-	3,686,014.24
Bank Commission	20,099.00	18,000.00	2,099.00
Swift Charges Hydro Mechanical	18,250.00	2,250.00	16,000.00
LC Amendmend Kay Iron	94,948.92	94,948.92	-
LC Issuance Fee Kay Iron	28,822.00	28,822.00	-
Black Sheet	189,681.14	189,681.14	-
Tar & Jali	327,474.00	327,474.00	-
Travelling Expenses	491,700.00	-	491,700.00
LC Cancellation Charge Jinda	13,000.00	13,000.00	-
Travelling Insurance	30,346.85	-	30,346.85
Visa Processing Fee	69,385.00	-	69,385.00
Bill Verification HM (Jade)	348,870.00	348,870.00	-
Visit Expenses China	80,564.00	-	80,564.00
Custom, Cost & Freight HM	22,123,692.92	-	22,123,692.92
LC Settlement Fee Machha	5,000.00	1,000.00	4,000.00
Swift Charge Maccha Puchre	3,000.00	1,500.00	1,500.00
LC Amendment MMM	7,977.54	7,977.54	-
LC Settlement Commission Workshop	6,000.00	-	6,000.00
LC Amendment Charge HM(Workshop)	219,661.92	79,051.50	140,610.42
Swift Charge Workshop	5,000.00	1,000.00	4,000.00
LC Commission Amendment HM	28,527.15	-	28,527.15
LC Commission HM	787,361.63	-	787,361.63
LC Confirmation Charge HM	2,377,719.71	-	2,377,719.71
Fabrication Materials 3M HM	10,196,294.82	-	10,196,294.82
HM Accessories	3,835,603.06	644,229.00	3,191,374.06
HM Gates & Parts (Kay_Iron)	17,833,494.25	979,708.62	16,853,785.63
HM Pipe Erection & Installation Work	57,015,985.39	6,806,469.00	50,209,516.39
Hydro Mechanical Accessories HM Pipes	4,025,134.55	-	4,025,134.55
Hydro Mechanical Lot Jindal	146,266,509.41	-	146,266,509.41
Insurance HM	59,162.89	-	59,162.89
LC Settlement Commission HM	12,000.00	-	12,000.00
Lodging & Fooding Expense HM	18,210.00	-	18,210.00
Transportation HM	1,547,000.00	1,340,000.00	207,000.00
Travelling Allowance HM	130,060.00	-	130,060.00
Ultrasonic Test HM	1,474,085.00	501,720.00	972,365.00
Expansion Joints	6,983,071.47	2,508,296.32	4,474,775.15
Total	280,359,706.86	13,893,998.04	266,465,708.82

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Sub-Note 2.4: Electromechanical Equipment/Transmission Line Works

Particulars	F.Y 2078-079	Addition During the Year	F.Y 2077-078
	Up to 2079/03/32		Up to 2078/03/31
LC Commission	2,263,751.49	1,000.00	2,262,751.49
LC Settlement Commission	43,000.00	13,000.00	30,000.00
LC Amendmend Charges	1,120,399.37	93,935.00	1,060,328.37
Swift Charge EM	33,750.00	10,750.00	23,000.00
Transformer Oil Filtration	91,394.40	91,394.40	-
Transpotation of TVM	3,500.00	3,500.00	-
LC PMT 10% 3rd Lot	22,595,302.64	22,595,302.64	-
Telex Charge -LC	9,750.00	1,000.00	8,750.00
EM Misc Expenses	121,954.95	121,954.95	-
Jemstar EM Lot	1,154,470.50	1,154,470.50	-
Agent Charges TVM	5,400.00	5,400.00	-
Bank Commission TVM	2,308.94	2,308.94	-
Custom Duty TVM	12,454.00	12,454.00	-
Godwan Charges TVM	1,182.00	1,182.00	-
Generator Repair	565,000.00	565,000.00	-
Bill Verificaiton TL (Jade)	148,170.00	148,170.00	-
Construction License Fee TL	500,000.00	500,000.00	-
Frighnt Runner	165,774.00	165,774.00	-
LC PMT Schimmer 25% 5th	25,805,448	25,805,447.95	-
LC PMT Schimmer 45% 4th	36,755,877.88	36,755,877.88	-
Custom Duty EM	229,326.00	229,326.00	-
LC Confirmation Charge Hydrotech	196,242.19	196,242.19	-
LC Pmt Schimmer 5%	11,297,651.54	11,297,651.54	-
Runner Francis Turbine Runner	21,112,500.00	21,112,500.00	-
Desk Top Study Report	80,000.00	80,000.00	-
Custom Service EM	116,923.94	114,423.94	2,500.00
Electro Mechanical Consultant (ERT)	305,100.00	-	305,100.00
Ph Layout Design Review	2,402,250.00	-	2,402,250.00
Travelling Expense EM	990,453.00	52,000.00	938,453.00
Virtual Inspection Allowance	107,200.00	107,200.00	-
Application Fees DOED	40,000.00	20,000.00	20,000.00
Electromechanical Lot	16,556,097.90	(70,086,904.81)	86,643,002.71
Customs & Others EM	611,920.00	-	611,920.00
Supply Poles and Accessories 100 KVA Transformer	302,499.75	-	302,499.75
EM Accessories	7,896,378.83	7,896,378.83	-
Transmission Line Works	5,226,250.00	1,703,475.00	3,522,775.00
Swift Charges TVM	750.00	750.00	-
Swift Charge Hydrotech	1,750.00	1,750.00	-
Total	158,872,181.27	60,772,714.95	98,133,330.32

Sub-Note 2.5: Infrastruture Development Cost

Particulars	F.Y 2078-079	Addition During the Year	F.Y 2077-078
	Up to 2079/03/32		Up to 2078/03/31
Tree Cutting and Bush Clearance Expenses	1,554,624.35	-	1,554,624.35
Total	1,554,624.35	-	1,554,624.35

Sub-Note 2.6: Land and Land Development

Particulars	F.Y 2078-079	Addition During the Year	F.Y 2077-078
	Up to 2079/03/32		Up to 2078/03/31
Land Purchase	52,670,618.00	-	52,670,618.00
Land Registration Expenses	916,924.14	-	916,924.14
Land Lease	4,619,590.89	150,000.00	4,530,701.89
Land Compensation	11,845,676.00	2,681,115.00	9,103,450.00
Land Mortgage Expenses	100,000.00	-	100,000.00
Malpot Expenses	383.00	-	383.00
Tiffin Expenses	124,447.00	-	124,447.00
Total	70,277,639.03	2,831,115.00	67,446,524.03

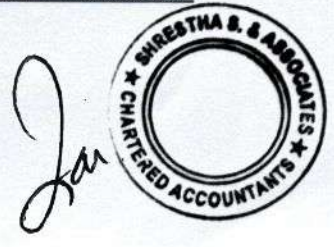
Sub-Note 2.7: Environmental/Social Mitigation Cost

Particulars	F.Y 2078-079	Addition During the Year	F.Y 2077-078
	Up to 2079/03/32		Up to 2077/03/31
Social Mitigation Cost	17,076,442.87	723,000.00	16,353,442.87
Total	17,076,442.87	723,000.00	16,353,442.87

Sub-Note 2.8: Project Management and Engineering Cost

Particulars	F.Y 2078-079	Addition During the Year	F.Y 2077-078
	Up to 2079/03/32		Up to 2078/03/31
Technical Support We Link	2,333,379.98	200,000.00	2,133,379.98
Financial Consultancy Narayan Sir	56,500.00	-	56,500.00
Detail Design Cost Welink	2,756,050.27	-	2,756,050.27
Re-Supplimentary IEE (ERS)	215,830.00	-	215,830.00
Supplementary Initial Environment ERG	904,000.00	339,000.00	565,000.00
Financial Verification Cost TN	-	-	-
Bank Charge	4,451.00	-	4,451.00
Fuel and Lubricant	1,637,758.81	173,921.81	1,463,837.00
Business Promotion	360,877.00	-	360,877.00
Repairs & Maintenance	1,446,376.58	374,264.00	1,072,112.58
Borrowing Ratings	282,500.00	-	282,500.00
IPO Grading ICRA	452,000.00	-	452,000.00
Site Visit Expense to visitors	180,490.00	5,600.00	174,890.00
Bank Charges & Commission	170,767.82	-	170,767.82
Visit Allowance ICRA	2,100.00	-	2,100.00
Site Lodging and Fooding Expenses	1,453,716.33	349,007.33	1,104,709.00
Travelling Expenses	12,850.00	-	12,850.00
Interest on HP Loan	133,246.00	-	133,246.00
Insurance Premium	224,788.14	-	224,788.14
Salary & Allowances	23,968,333.16	5,260,960.00	18,707,373.16
Medical Expenses	398,597.00	11,649.00	386,948.00
Office Rent (Site)	270,270.00	69,300.00	200,970.00
Office Expenses (Site)	233,322.00	219,622.00	13,700.00
Printing and Stationery Expenses(site)	53,113.00	21,825.00	31,288.00
Publication Expenses	42,514.98	7,000.00	35,514.98
Guest Entertainment	255,124.73	59,306.67	195,818.06
Membership Fee (IPPAN)	12,800.00	-	12,800.00
Vehicle Taxes	71,270.00	-	71,270.00
Web Development Expenses	77,000.00	32,000.00	45,000.00
Food expenses	732,509.68	306,623.00	425,886.68
Mesh Expenses Site	545,000.00	300,000.00	245,000.00
Marble Expense	70,636.60	-	70,636.60
Tds Payable ERG (ERS)	2,865.00	-	2,865.00
Exim Code Renewal	3,500.00	1,500.00	2,000.00
PCR Test	5,200.00	-	5,200.00
Dashin Allowances(Site Staff)	835,050.00	547,500.00	287,550.00
Printing and stationery (Site)	43,449.00	42,669.00	780.00
AGM Expenses	2,848.00	2,848.00	-
Meeting Allowance	-	-	-
Fuel Expenses Staff	176,040.00	176,040.00	-
Telephone Expenses Staff	15,000.00	15,000.00	-
Bank Charges	654,155.00	-	654,155.00
Listing Fess	5,684,635.00	5,684,635.00	-
Railing Works at Powerhouse	231,223.00	231,223.00	-
Socket & Elbow	6,611.00	6,611.00	-
Surveillance Fees Borrower ICRA	184,460.00	184,460.00	-
Surveillance Fees Issues Rating ICRA	350,300.00	350,300.00	-
Technical Verification of Deviation Cost	282,500.00	282,500.00	-
Kitchen Accessories	33,970.00	33,970.00	-
HDPE Pipe Mehipe Ajima Traders	74,476.23	74,476.23	-
Vehicle Hire Expense	26,255.00	26,255.00	-
Other Expense	85.00	85.00	-
Electricity Exp Site Office	299,435.00	299,435.00	-
Notice Publication	160,000.00	160,000.00	-
Battery Charger	38,713.80	38,713.80	-
Consultancy Fee Legal	330,000.00	330,000.00	-
Generator Servicing	19,350.00	19,350.00	-
Telephone Expenses	6,600.00	6,600.00	-
Transportation Expenses	209,011.00	209,011.00	-
Security Guard	53,250.00	53,250.00	-
Parking/Toll Expenses	2,158.00	2,158.00	-
Office Expenses	16,322.00	16,322.00	-
Miscellaneous Expenses	188,676.28	188,676.28	-
Meeting Allowance - CC	155,882.00	155,882.00	-
Email & Internet Expenses	11,500.00	11,500.00	-
Electricity Charge	8,005.54	8,005.54	-
Office Rent	300,000.00	300,000.00	-
Telescope Ladder	10,455.00	10,455.00	-
IPO Expenses	3,239,600.00	3,239,600.00	-
Total	53,019,753.93	20,439,109.66	32,580,644.27

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Sub-Note 2.9: Interest During Construction

Particulars	F.Y 2078-0789	Addition During the Year	F.Y 2077-078
	Up to 2079/03/32		Up to 2078/03/31
Interest on Bridge Gap Loan	53,194,097.72	31,254,007.63	21,940,090.09
Interest Expenses	81,826,668.42	43,804,542.23	38,022,126.19
Loan Processing Fees	7,183,565.00	-	7,183,565.00
Loan Agency Fee	3,412,573.57	1,821,252.44	1,591,321.13
Interest on Term Loan	79,412,238.97	-	79,412,238.97
Interest on Prabhu Bank Loan	9,676,332.27	7,462,310.35	2,214,021.92
Total	234,705,475.95	84,342,112.65	150,363,363.30



Buddhabhumi Nepal Hydropower Company Ltd.
Notes to the financial statements for the year ended 32nd Ashad 2079 (16th July 2022)

Note-11: Administrative & General Expenditures

Particulars	Current Year (2078/79)	Current Year (2077/78)
AGM Expenses	-	7,953.00
Audit Fee	113,000	113,000.00
Salary & Allowances	2,682,144	3,575,169.00
Staff Telephone Expenses	10,000	22,000.00
Electricity Charge	21,899	200,565.00
Office Rent	25,000	175,000.00
Printing and stationery	7,110	-
Telephone and Communication Expenses.	2,750	62,355.00
Transportation Expenses	1,000	169,915.00
Bank Charges	55,493	-
Publication Expense	-	20,502.72
Meeting Allowance	-	69,000.00
Miscellaneous Expense	2,000	2,871.00
Security Guard	4,500	26,250.00
Office Expenses	-	49,459.00
Site Visit Expenses	6,260	-
Insurance Expenses	1,002,915	-
Project Operation Cost	1,687,728	-
Fuel Staff PL	108,800	-
Penalty RCOD	6,796,727	-
Royalty on Revenue	271,869	-
Dashin Allowances	-	244,950.00
Total	12,799,195.3	4,738,989.72




BUDDHABHUMI NEPAL HYDRO POWER COMPANY LIMITED

Maharajgunj-03, Kathmandu, Nepal

Explanatory Notes to the Financial Statements- F.Y. 2078-79

1. Reporting Entity:

Buddhabhumi Nepal Hydro Power Company Ltd. has been established under Companies Act, 2063 and registered on 2064/06/30 under registration number 48808/064/065 as Private Limited, which has been converted from private to public limited on 2074/04/32 under registration number 173144/074/075, for the development and implementation of the hydro power project. It is a limited liability company having its registered office in Kathmandu. Its site office and hydropower plant, under construction, is located at Nuwakot District.

This company is developing Lower Tadi Khola Small Hydroelectric Project with an installed capacity of 4.993 MW in Nuwakot District. The company has entered into Power Purchase Agreement with Nepal Electricity Authority (NEA) on 2070/12/10.

Financial year of this company starts from 1st Shrawan every year and ends on Ashad end of next year. Financial Statements of the company comprises Statement of Financial Position, Statement of Profit or Loss and Other Comprehensive Income, Statement of Cash Flows, Statement of Changes in Equity, Accounting Policies and Notes to Accounts.

2. Basis of Preparation and measurement

2.1 Statement of Compliance:

The financial statements have been prepared in accordance with applicable Nepal Financial Reporting Standards (NFRS) as issued by the Institute of Chartered Accounts of Nepal (ICAN). The Financial Statements have also been prepared in accordance with the relevant presentational requirement of the Companies Act, 2063 of Nepal.

2.2 Basis of Preparation:

The financial statements have been prepared on accrual and going concern basis. The accounting policies are applied consistently to all the periods presented in the financial statements.

2.3 Presentation of Financial Statements and Presentation Currency:

Assets and liabilities, wherever applicable, are bifurcated in Current and Non-Current based on their respective maturity as well as the company's normal operating cycle.

The functional and presentation currency of the company is Nepalese Rupee (NPR) which is the currency of the primary economic environment in which the company operates and all values are rounded to the nearest rupee except when otherwise indicated.

2.4 Financial Period:

The company prepares financial statements in accordance with Nepalese Financial Year. The financial year starts from 1st Shrawan and ends on Ashad end of next calendar year. The corresponding dates for the English calendar are as follows:

Relevant Financial Statement	Nepalese Calendar Date / Period	English Calendar Date / Period
Reporting Date	32 nd Ashad, 2079	16 th July, 2022
Reporting period	1 st Shrawan, 2078 – 32 nd Ashad, 2079	16 th July, 2021 – 16 th July, 2022



BUDDHABHUMI NEPAL HYDRO POWER COMPANY LIMITED

Maharajgunj-03, Kathmandu, Nepal

Explanatory Notes to the Financial Statements- F.Y. 2078-79

2.5 Basis of Measurement:

These financial statements are prepared under historical cost convention except for certain material items that have been measured at fair value as required by the relevant NFRS and explained in the ensuing policies below.

3. Critical accounting estimates and judgements:

The preparation of the financial statements in conformity with Nepal Financial Reporting Standards requires the use of certain critical accounting estimates and judgments. It also requires management to exercise judgment in the process of applying the Company's accounting policies. The Company makes certain estimates and assumptions regarding future events. Estimates and judgments are continuously evaluated based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. Management believes that the estimates used in the preparation of the financial statements are prudent and reasonable. Future results could differ from these estimates. Any revision to accounting estimates is recognized prospectively in current and future periods, except otherwise stated. Specific accounting estimates have been included in the relevant section of the note, wherever have been applied along with the nature and effect of the changes of accounting estimates if any. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year primarily includes: -

3.1 Impairment of Property Plant and Equipment:

At the end of each reporting period, the Company reviews the carrying amounts of its property, plant and equipment 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). Recoverable amount is the higher of fair value less costs to sell and value in use. Value in use is usually determined on the basis of discounted estimated future cash flows. This involves management estimates on anticipated commodity prices, market demand and supply, economic and regulatory environment, discount rates and other factors. Any subsequent changes to cash flow due to changes in the above-mentioned factors could impact the carrying value of assets.

Since, hydropower plant is still in the process of construction and all the expenditure which are directly attributable to acquisition, construction or production of the assets are shown as Capital Work in Progress (CWIP) hence test of impairment of asset is not done for those assets.

3.2 Contingencies:

In the normal course of business, contingent liabilities may arise from litigation and other claims against the Company. Potential liabilities that are possible but not probable of crystallizing or are very difficult to estimate reliably are treated as contingent liabilities. Such liabilities are disclosed in the notes but are not recognised.

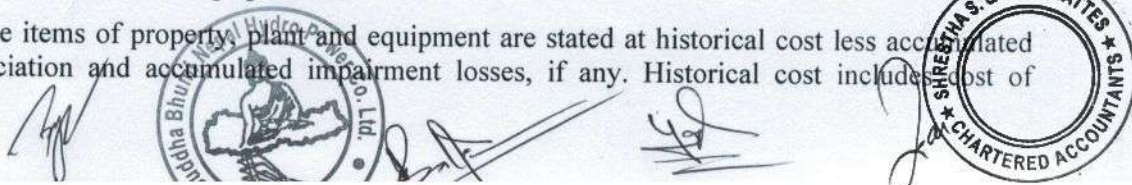
The Required Commercial Operation date of the project has been expired as at the balance sheet date, But the company has passed the resolution in the board meeting for the extension of RCOD and has applied with the governing authority mentioning the reasons of COVID and the governing authority has provided their assurance about the extension of RCOD. As a result of which we have not created any provision for the expiry of the RCOD and we have capitalized all the interest expenses to the cost of the project assuming that the required commercial operation date will be extended.

4. Significant Accounting Policies:

The significant accounting policies of company are explained below:

4.1 Property, Plant and Equipment:

All the items of property, plant and equipment are stated at historical cost less accumulated depreciation and accumulated impairment losses, if any. Historical cost includes the cost of



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Maharajgunj-03, Kathmandu, Nepal

Explanatory Notes to the Financial Statements- F.Y. 2078-79

acquisition, expenditure that is directly attributable to the acquisition of the items and non-refundable taxes exclusive of rebates/trade discounts.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably. The carrying amount of any component accounted for as a separate asset is derecognised when replaced. All other repairs and maintenance are charged to profit and loss during the reporting period in which they are incurred.

The Company identifies and determines cost of each component/part of the asset separately, if the component/part has a cost which is significant to the total cost of the asset having useful life that is materially different from that of the remaining asset. These components are depreciated over their useful lives as provided by the Income Tax Act, 2058; the remaining asset is depreciated over the life of the principal asset.

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

Depreciation and Amortization

Depreciation is recognised so as to write off the cost of assets less their residual values over their useful lives, using the written down method.

Amortisation is recognised on a straight-line basis over their estimated useful lives. The estimated useful life and amortisation method are reviewed at the end of each reporting period, with the effect of any changes in estimate being accounted for on a prospective basis.

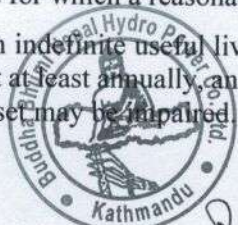
Depreciation is provided on the written down method based on the estimated useful lives of the assets determined by the management. Depreciation on additions to fixed assets is charged on pro-rata basis in the year when it is available for use. The useful life of the assets and the corresponding rates at which the assets are depreciated are as follows: -

S.N.	Assets Block	Depreciation Rate
2.	Furniture & Fixtures	25%
3.	Computer & Office Equipment	25%
4.	Automobiles	20%
5.	Plant & Machinery	15%
6.	Intangible Assets	Useful life

4.2 Impairment of tangible and intangible assets:

At the end of each reporting period, the Company reviews the carrying amounts 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 Company of cash-generating units for which a reasonable and consistent allocation basis can be identified.

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



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Explanatory Notes to the Financial Statements- F.Y. 2078-79

Recoverable amount is the higher of fair value less costs of disposal 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 for which the estimates of future cash flows have not been adjusted.

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 recognised immediately in Statement of Profit and Loss.

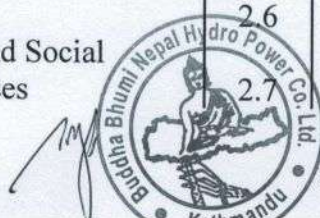
When an impairment loss subsequently reverses, the carrying amount of the asset (or a cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss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

4.3 Capital Work in Progress (CWIP)

Assets in the course of construction are capitalized and shown as assets under capital work in progress account (CWIP). At the point when an asset is operating at management's intended use, the cost of construction is transferred to the appropriate category of property, plant and equipment and depreciation commences. Where an obligation (legal or constructive) exists to dismantle or remove an asset or restore a site to its former condition at the end of its useful life, the present value of the estimated cost of dismantling, removing or restoring the site is capitalized along with the cost of acquisition or construction upon completion and a corresponding liability is recognized. Revenue generated from generation during the trial period is deducted from the capitalised cost. Assets that are directly related to the project, the project being in progress, has been capitalized in the Capital Work in Progress.

Hydropower plant was in the process of construction till Chaitra 10, 2078 and all the expenditure which are directly attributable to acquisition, construction or production of the assets are shown as Capital Work in Progress (CWIP) details as given hereunder; conversely the CWIP has been transferred to the Intangible Assets as on 32nd of Ashad 2079 and amortization has been charged in the P&L over the useful life of the Assets.

Particulars	Sub Note	F.Y 2078-79	Addition During the Year	F.Y 2077-78
		Up to 2079/03/32		Up to 2078/03/31
Pre-Operating Expenses	2.1	25,614,353	-	25,614,353
Civil Construction Cost	2.2	471,802,357	148,349,061	323,453,296
Hydro Mechanical Works Electromechanical Equipment/Transmission Line Works	2.3	280,359,706	13,631,092	266,465,708
Infrastructure Development Cost	2.4	158,872,181	60,772,715	98,133,330
Land and Land Development Expenses	2.5	1,554,624	-	1,554,624
Environmental and Social Mitigation Expenses	2.6	70,277,639	2,831,115	67,446,524
	2.7	17,076,442	723,000	16,353,442



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Explanatory Notes to the Financial Statements- F.Y. 2078-79

Project Management and Engineering Cost	2.8	53,019,753	20,439,109	32,580,644
Interest During Construction	2.9	234,705,476	84,342,112	150,363,363
Total		1,313,282,534	331,088,206	981,965,287

4.4 Borrowing cost

Borrowing costs directly attributable to the acquisition, construction or production of an asset that necessarily takes a substantial period of time to get ready for its intended use or sale are capitalized as part of the cost of the asset until such time as the assets are substantially ready for the intended use or sale. All other borrowing costs are expensed in the period in which they occur. Any investment income on the temporary investment of borrowed funds has been deducted from borrowing costs.

4.5 Related Party Disclosure

As per NAS 24, Related party relationship transaction and outstanding balances should be disclosed in notes to accounts.

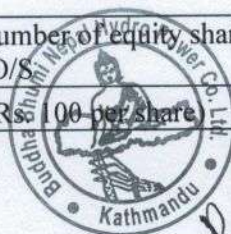
4.6 Earnings per Share (EPS)

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

II. Diluted earnings per share is computed by dividing the profit/ (loss) for the year as adjusted for dividend, interest and other charges to expense or income (net of any attributable taxes) relating to the dilutive potential equity shares, by the weighted average number of equity shares considered for deriving basic earnings per share and the weighted average number of equity shares which could have been issued on the conversion of all dilutive potential equity shares. Potential equity shares are deemed to be dilutive only if their conversion to equity shares would decrease the net profit per share from continuing ordinary operations. Potential dilutive equity shares are deemed to be converted as at the beginning of the period, unless they have been issued at a later date.

The details of EPS & Diluted EPS has been presented hereunder:

Particulars	2078-79	2077-78
Profit attributable to equity shareholders	(14,640,457)	(5719,151)
Weighted Average number of equity shares O/S	4,133,044	2,800,000
Basic EPS (FV of Rs. 100 per share)	(3.54)	(2.04)
Add: Weighted average number of potential equity shares	-	-
Weighted Average number of equity shares (including dilutive) O/S	4,133,044	2,800,000
Diluted EPS (FV of Rs. 100 per share)	(3.54)	(2.04)



BUDDHABHUMI NEPAL HYDRO POWER COMPANY LIMITED

Maharajgunj-03, Kathmandu, Nepal

Explanatory Notes to the Financial Statements- F.Y. 2078-79

4.7 Cash and Cash Equivalents:

Cash and cash equivalents in the balance sheet comprise cash at banks and in hand and demand deposits with an original maturity of three months or less and highly liquid investments that are readily convertible into known amounts of cash and which are subject to an insignificant risk of changes in value.

4.8 Income Tax:

Current tax liabilities have not recognized as the company is still in the phase of construction. Also the company is entitled to Tax exemption 100% for the first 10 years and 50% for the subsequent 5 years from the commencement of commercial operation.

Deferred tax assets or liabilities have not been recognized as no taxable temporary differences are raised due to tax holiday.

Deferred tax assets have not been recognised for carry forward of tax losses as management estimates that it is not probable that future taxable profit will be available against which unused tax losses can be utilised due to tax holiday.

4.9 Subsequent Event:

There has not been any significant reportable event after the reporting date which requires to be either adjusted or disclosed.

5. Other Explanatory Notes

5.1 Board of Directors

The composition of Board of Directors as on 32nd Ashad, 2079 is as follows:

Name	Position
Purna Lal Shrestha	Chairman
Balaram Khatiwada	Director
Pramod Khadka	Director
Deepak Lal Amatya	Director
Shyam Bahadur Shrestha	CEO

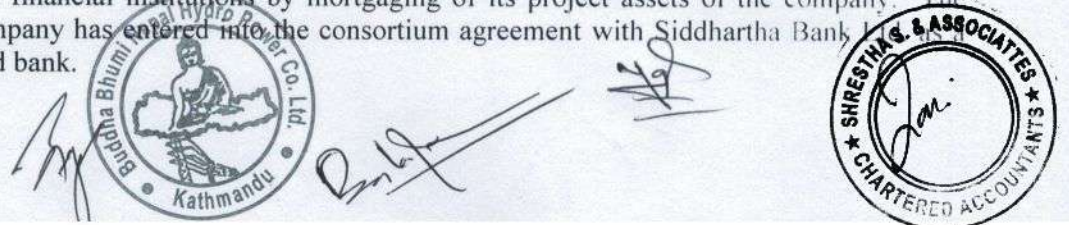
5.2 Related Parties Transaction:

During the Financial Year the company had the balance with the following managerial personel of the company:

Particulars	Amount(in NPR)
Purna Lal Shrestha	-
Balaram Khatiwada	6,211,285
Deepak Lal Aamatya	1712,223
Pramod Khadka	1250,815
Shyam Bahadur	10,0160

5.3 Mortgaged Properties

The company has obtained long term loan and working capital loan from various banks and financial institutions by mortgaging of its project assets of the company. The company has entered into the consortium agreement with Siddhartha Bank as lead bank.



BUDDHABHUMI NEPAL HYDRO POWER COMPANY LIMITED

Maharajgunj-03, Kathmandu, Nepal

Explanatory Notes to the Financial Statements- F.Y. 2078-79

5.4 Share Issue Expenses

The deferred expenses of Rs.3, 100,000 related to the Initial Public Offering (IPO) during the FY 2077-78 has been charged to WIP.

5.5 Reclassification and Restatement

Previous figures have been regrouped and rearranged wherever necessary and practicable to facilitate comparison as mentioned below. During the year the company has reclassified the capitalized WIP to the Advance payment as the commercial invoice of the party is yet to be received by the company.

5.6 Approval of Financial Statements:

The accompanied financial statements have been approved and authorized for issue by the Board of Directors in its meeting held and have been recommended for approval by shareholders in the Annual General Meeting.

For and on behalf of
Buddhabhumi Nepal Hydro Power Company Limited

.....
Shukra Raj Dangol
Finance Officer

.....
Balaram Khatriwada
Director

.....
Purna Lal Shrestha
Chairman

For and on behalf of
Shrestha S. & Associates
Chartered Accountant

.....
Sarmendra Shrestha
Proprietor



Date:
Place: Kathmandu, Nepal