

कम्पनी ऐन २०६३ अन्तर्गत स्थापित (शेयरमा सिमित दायित्व भएको)

## घलेम्दी हाईड्रो लिमिटेड

का.म.न.पा., वडा नं. १६, काठमाडौं, फोन नं. ०१-५५०२५२०

Email: ghalemdi@gmail.com, Website: www.ghalemdi.com

### सातौं वार्षिक साधारण सभा बस्ने सूचना

आदरणीय शेयरधनी महानुभावहरू,

यस घलेम्दी हाईड्रो लिमिटेडको मिति २०७७/१२/२९ गते बसेको सञ्चालक समितिको बैठकको निर्णयानुसार हाईड्रोको सातौं वार्षिक साधारण सभा निम्न लिखित मिति, समय र स्थानमा देहायका विषयहरू उपर छलफल तथा निर्णय गर्न बस्ने भएकोले सम्पूर्ण शेयरधनी महानुभावहरूको जानकारी तथा उपस्थितिको लागि यो सूचना प्रकाशित गरिएको छ ।

सभा हुने मिति, समय र स्थान :

मिति : २०७८ साल वैशाख २३ गते (६ मे २०२९)

समय : बिहान ११:०० बजे

स्थान : होटल मुनलाईट, पक्नाजोल, काठमाडौं

छलफलका विषयहरू :

१) सामान्य प्रस्तावहरू

- क) सञ्चालक समितिको तर्फबाट अध्यक्षज्यूले प्रस्तुत गर्नुहुने आ.व. २०७६/०७७ को वार्षिक प्रतिवेदन उपर छलफल गरी पारित गर्ने ।
- ख) लेखापरीक्षकको प्रतिवेदन सहितको आ.व. २०७६/०७७ को वासलात, नाफा नोक्सान हिसाब, नगद प्रवाह विवरण र सो सम्बन्धित अनुसूचीहरू उपर छलफल गरी स्वीकृत गर्ने ।
- ग) कम्पनी ऐन २०६३, को दफा १११ बमोजिम आ.व. २०७७/०७८ को लेखापरीक्षण कार्यको लागि लेखापरीक्षकको नियुक्ती गर्ने र निजको पारिश्रमिक निर्धारण गर्ने ।
- घ) विविध ।

२) विशेष प्रस्ताव : छैन ।

वार्षिक साधारण सभासम्बन्धी जानकारी

- १) हालको कोभिड १९ को महामारीको कारण नेपाल सरकारले जारी गरेको सुरक्षा मापदण्डको पूर्ण पालना गरी सभा सम्पन्न गर्नुपर्ने विशेष परिस्थितिका कारण Virtual माध्यमबाट उपस्थित निमित्त हार्दिक अनुरोध ।
- २) Virtual मध्यमबाट उपस्थित शेयरधनीलाई सभा हलमा उपस्थित भए सरह मान्यता दिने व्यहोरा समेत जानकारी गराउँदछौं । उपस्थित गणपुरक संख्या सभा संचालनको निमित्त निर्दिष्ट संख्या अनुसार पर्याप्त भएमा मात्र सभा संचालन हुनेछ ।

- ३) Virtual मध्यमबाट उपस्थित शेयरधनीहरूको हाजिर निजहरूले गरेको Login मार्फत सबैको Login भएको देखिने गरी प्रमाणको निमित्त फोटो खिचेर राखिने छ । साथै सभा संचालन अवधि भरका भिडियो रेकर्ड गरिनेछ ।
- ४) Meeting ID/Password को निमित्त कम्पनीको Email ID: ghalemdi@gmail.com मा समयमा नै सम्पर्क गरी प्राप्त गर्न सकिने व्यवस्था गरिएको जानकारी गराउँदछौं । साथै अन्तिम समयमा सम्पर्क गर्दा शेयरधनीको पहिचान Verification गरी ID र Password समयमा नै पठाउन आइपर्न सक्ने प्रविधिक कठिनाईबाट बच्न कम्तिमा एक दिन अगावै ID र Password लिन समेत अनुरोध छ । साथै Email Address मा साधारण सभाको प्रतिवेदन समेत पठाइनेछ ।
- ५) Virtual माध्यमबाट आफ्नो मन्तव्य राख्न चाहानुहुने शेयरधनी महानुभावहरूले कम्तिमा दुई दिन अगावै कम्पनीको आधिकारीक Email: ghalemdi@gmail.com मा सम्पर्क गरी नाम टिपोट गराउनुहुन अनुरोध छ ।
- ६) सातौं वार्षिक साधारण सभा प्रयोजनका लागि मिति २०७८/०९/१६ देखि २०७८/०९/२३ गतेसम्म संस्थाको शेयरधनी दर्ता किताब बन्द रहनेछ । मिति २०७८/०९/१५ गतेसम्म नेपाल स्टक एक्सचेञ्ज लिमिटेडमा कारोबार भई प्रचलित कानून बमोजिम संस्थाको शेयर रजिष्ट्रार श्री मुक्तिनाथ क्यापिटल लिमिटेड, कमलादी, काठमाडौंमा प्राप्त विवरणको आधारमा कायम शेयरधनीहरू मात्र वार्षिक साधारण सभामा भाग लिन योग्य हुनेछन् ।
- ७) शेयरधनी महानुभावहरूले साधारण सभामा भाग लिन आउँदा आफ्नो शेयर प्रमाणपत्र वा हितग्राही खाता नं. (BOID) वा आफ्नो परिचयपत्र स्पष्ट हुने फोटो सहितको कुनै परिचयपत्र साथमा लिई आउनुहुन अनुरोध छ । परिचय खुल्ने कागजात नदेखाई सभामा भाग लिन पाइने छैन ।
- ८) सभामा भाग लिन इच्छुक शेयरधनी महानुभावहरूले सभा हुने स्थानमा उपस्थित भई सभामा रहेको हाजिरी पुस्तिकामा दस्तखत गर्नुपर्ने भए पनि सभा हलमा उपस्थिति पहिलो २५ जनालाई मात्र प्रवेश गराइने हुँदा अन्य सहभागीले Virtual माध्यमबाट उपस्थित हुन पर्नेछ ।
- ९) कुनै शेयरधनी साधारण सभामा स्वयम् उपस्थित हुन नसक्ने भई साधारण सभामा भाग लिन प्रतिनिधि (प्रोक्सी) नियुक्त गर्न चाहने शेयरधनीहरूले प्रचलित कम्पनी कानुनले तोकेको ढाँचामा प्रतिनिधि पत्र (प्रोक्सी फारम) भरी सभा शुरू हुनुभन्दा कम्तीमा ४८ घण्टा अगावै अर्थात् मिति २०७८/०९/२९ गते बिहान ११:०० बजेभित्र संस्थाको केन्द्रीय कार्यालय, बनस्थली-१६, काठमाडौंमा दर्ता गराई सक्नुपर्नेछ । संस्थाको शेयरधनी बाहेक अरूलाई प्रतिनिधि (प्रोक्सी) दिन पाइने छैन । संस्थाको शेयरधनी बाहेक अरूलाई प्रोक्सी दिएको भए प्रोक्सी बदर हुनेछ । साथै प्रतिनिधि (प्रोक्सी) दिँदा जुन समूहको शेयरधनी हो सोही समूहको शेयरधनीलाई सम्पूर्ण शेयरको प्रतिनिधि एउटै व्यक्ति हुने गरी मात्र दिनुपर्नेछ ।
- १०) प्रतिनिधि नियुक्त गरी सकेको शेयरधनी आफैँ सभामा उपस्थित भई हाजिरी पुस्तिकामा दस्तखत गरेमा निजले दिएको प्रतिनिधि (प्रोक्सी) स्वतः बदर हुनेछ ।



- ११) कुनै संगठित संस्था वा कम्पनीले शेयर खरिद गरेको हकमा त्यस्ता संगठित संस्था वा कम्पनीको तर्फबाट खटाइएको वा मनोनित गरेको प्रतिनिधिले साधारण सभामा भाग लिन तथा मतदान गर्न पाउने छ ।
- १२) नाबालक वा अशक्त/विक्षिप्त व्यक्ति शेयरधनीहरूको हकमा यस वित्तीय संस्थाको शेयरधनी दर्ता पुस्तिकामा संरक्षकको रूपमा नाम दर्ता भएको व्यक्तिले मात्र साधारण सभामा भाग लिन, मतदान गर्न र प्रतिनिधि (प्रोक्सी) तोक्न पाउनुहुनेछ । तर संरक्षक आफैँ सञ्चालकमा उम्मेदवार हुन र आफू संरक्षक रहेको शेयरवालाको बाहेक अन्य शेयरवालाको प्रतिनिधित्व गर्न वा प्रोक्सी संकलन गर्न पाउने छैन ।
- १३) वार्षिक साधारण सभा सम्बन्धी अन्य जानकारी आवश्यक भएमा यस संस्थाको केन्द्रीय कार्यालय बनस्थली-१६, काठमाडौँको टेलिफोन नं. ०१-५९०२५२० मा कार्यालय समयभित्र सम्पर्क गर्नुहुन वा संस्थाको वेबसाइट [www.ghalemdi.com](http://www.ghalemdi.com) बाट प्राप्त गर्न सक्नुहुनेछ ।

संचालक समितिको तर्फबाट  
कम्पनी सचिव

## साधारण सभामा आफ्नो प्रतिनिधि नियुक्ती गर्ने निवेदन (प्रोक्सी फारम)

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

श्री सञ्चालक समिति,  
घलेम्दी हाइड्रो लिमिटेड,  
वनस्थली-१६, काठमाडौं ।

विषय : प्रतिनिधि नियुक्ती गरेको बारे ।

महाशय,

..... जिल्ला ..... न.पा./गा.पा. वडा नं. .... बस्ने म/हामी ..... ले  
त्यस कम्पनीको शेयरधनीको हैसियतले सम्वत् २०७८ साल वैशाख महिना २३ गतेका दिन हुने सातौं वार्षिक साधारण  
सभामा म/हामी स्वयम् उपस्थित भई छलफल तथा निर्णयमा सहभागी हुन नसक्ने भएकोले उक्त सभामा मेरो/हाम्रो  
तर्फबाट भाग लिन तथा मतदान गर्नका लागि ..... जिल्ला ..... न.पा./गा.पा. वडा नं. ....  
बस्ने त्यस कम्पनीका शेयरधनी श्री ..... लाई मेरो/हाम्रो प्रतिनिधि मनोनित गरी  
पठाएका छु/छौं ।

प्रतिनिधि नियुक्त भएको व्यक्तिको

निवेदक

हस्ताक्षरको नमूना :

दस्तखत :

शेयरधनी नं. :

नाम :

शेयर प्रमाणपत्र नं. :

ठेगाना :

डिम्याट नं. :

शेयर प्रमाणपत्र नं. :

मिति :

शेयर संख्या :

**द्रष्टव्य** : यो निवेदन साधारण सभा हुनुभन्दा कम्तिमा ४८ घण्टा अगावै कम्पनीको रजिष्टर्ड कार्यालयमा पेश गरिसक्नु पर्नेछ ।

## प्रवेश-पत्र

शेयरधनीको नाम : .....

शेयरधनी नं. : .....

शेयर प्रमाणपत्र नं. : .....

शेयर संख्या : .....

मिति : २०७८ साल वैशाख महिना २३ गतेका दिन हुने घलेम्दी हाइड्रो लिमिटेडको सातौं वार्षिक साधारण सभामा उपस्थित हुन जारी गरिएको प्रवेश-पत्र ।

**द्रष्टव्य** :

१. शेयरधनीहरूले माथि उल्लेखित सम्पूर्ण विवरण अनिवार्य रूपमा भर्नुहोला ।

२. सभाकक्षमा प्रवेश गर्न यो प्रवेश-पत्र प्रस्तुत गर्न अनिवार्य छ ।

कम्पनी सचिव









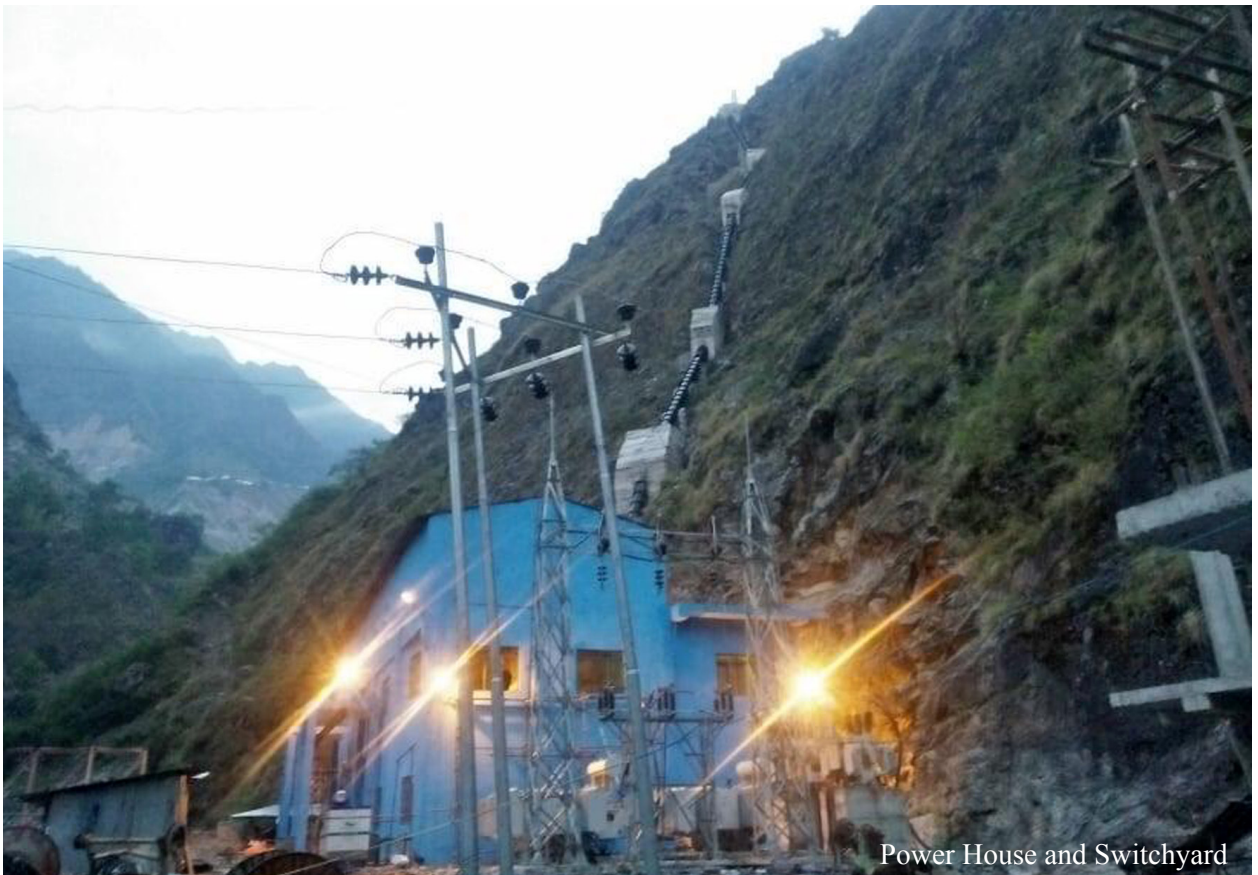


Plant and Machinery





Control Panel



Power House and Switchyard

## घलेम्दी हाइड्रो लिमिटेडको सातौँ वार्षिक साधारण सभामा संचालक समितिको तर्फबाट अध्यक्षद्वारा प्रस्तुत प्रतिवेदन

### आदरणीय शेयरधनी महानुभावहरू :

घलेम्दी हाइड्रो लिमिटेडको यस सातौँ वार्षिक साधारण सभामा Virtual रूपमा Zoom Application मार्फत जोडिनुभएका आदरणीय शेयरधनी महानुभावहरू, र आमन्त्रित महानुभावहरूलाई सञ्चालक समिति तथा मेरो व्यक्तिगत तर्फबाट हार्दिक स्वागत तथा अभिवादन गर्दछु । कम्पनीको यस सातौँ वार्षिक साधारण सभामा उपस्थित भएर सञ्चालक समितिको तर्फबाट कम्पनीको वार्षिक प्रतिवेदन पेश गर्न पाउँदा मलाई अत्यन्तै खुशी लागेको छ ।

नेपाल सरकारको नीति नियम अनुसार निजी क्षेत्रबाट जलविद्युत आयोजनाको निर्माण तथा सञ्चालन गरी विद्युत उर्जा उत्पादन तथा वितरण गर्ने उद्देश्यले स्थापित यस कम्पनीले म्याग्दी जिल्ला अन्नपूर्ण गाउँपापलका ४, नारच्याङ स्थित घलेम्दी खोलाको पानी उपयोग गरी ५ मेगावाट जडित क्षमताको घलेम्दी खोला जलविद्युत आयोजनाको सफलतापूर्वक निर्माण सम्पन्न गरी उत्पादित विद्युत राष्ट्रिय प्रसारण लाइनमा जोडिसकिएको छ ।

### आदरणीय शेयरधनी महानुभावहरू :

हामीले हालसम्म उपयोगविहिन पानीको सदुपयोग गरी देशमा रहेको उर्जा संकट निवारणमा सकारात्मक भूमिका रहने साथै यसमा लगानी गर्ने लगानीकर्ताहरूलाई अधिकतम प्रतिफल प्रदान गर्ने अभिलाषा बोकेर घलेम्दी खोला जलविद्युत आयोजना अगाडि बढाएका थियौँ । यसमा विभिन्न सरकारी, गैर-सरकारी, NGO, INGO, कृषि, वैदेशिक रोजगार आदि क्षेत्रमा रहनुहुने अधिकांश जिल्लाका आदरणीय दाजुभाइ, दिदीबहिनीहरूले विश्वास गरी लगानी गर्नुभएको कारणले गर्दा नै यस आयोजना सम्पन्न गर्न सकेका छौँ । त्यस्तै हामीलाई यस आयोजना सम्पन्न गर्न लुम्बिनी विकास बैंक लिमिटेड र मेगा बैंक लिमिटेडको अत्यन्त ठूलो योगदान रहेको म यहाँहरू समक्ष राख्न चाहन्छु । हाम्रो यस आयोजनाले २०७६ माघ १७ बाट परीक्षण उत्पादन शुरू गरी २०७६ फागुन ५ गतेबाट व्यवसायिक उत्पादन शुरू गरेको कुरा सहर्ष जानकारी गराउदछौँ । हामीले यस आयोजनालाई कम लागतमा छिटो भन्दा छिटो सम्पन्न गर्न चाहेका थियौँ, सोही अनुसार प्रतिबद्धता व्यक्त गरेका थियौँ तर अनुभवको कमि र अन्य विभिन्न कारण हामीले नसोचेका समस्याहरू आयोजना अगाडि बढाउँदै जादाँ आएकोले गर्दा हामीले ती प्रतिबद्धता पूरा गर्न नसके कोमा हामी सम्पूर्ण शेयरधनी महानुभावसँग क्षमा माग्दै आयोजना सम्पन्न गर्न अहोरात्र मेहनत गर्नुभएका संचालक साथीहरू, कामदार कर्मचारीहरूप्रति म व्यक्तिगत एवं कम्पनीको तर्फबाट हार्दिक धन्यवाद ज्ञापन गर्न चाहन्छु ।

विगतलाई सम्झनु पर्दा हामीले निर्माण शुरू गरेपछि २०७२ साल वैशाख १२ गतेको भूकम्पका कारणले हाम्रो प्रस्तावित विद्युत गृह (Powerhouse) को माथिबाट पैट्रो आई हाम्रो निर्माणस्थलमा आउन जानको लागि बनाइएको पुल पूर्ण रूपमा क्षतिग्रस्त भएको र Powerhouse मा ढुङ्गाहरू खसेका कारण Powerhouse



Shift गर्नुपरेको यहाहरूलाई दुःखका साथ अवगत गराउन चाहन्छु । जसबाट केही उचाई (Head) बढ्न गई १ मेगावाट क्षमता अभिवृद्धि गर्न पुनः PPA, EIA, Generation License, Financial Closure जस्ता कुराहरू गर्नुपरेकोले Process ले गर्दा एक वर्ष Project Delay हुन गएको यहाँहरू समक्ष राख्न चाहन्छु ।

यस बाहेक २०१८ को November/December सम्ममा Complete हुनुपर्ने कालिगण्डकी प्रसारण लाइन आयोजनामा हुन गएको ढिलाईले गर्दा बैंकहरूबाट छिटो Project Completion गर्न देखाइएको अनिच्छाका कारण ऋण प्रवाहमा आएको कठिनाइले गर्दा समयमै आयोजना सम्पन्न गर्न एवं लागत (खर्च) घटाउन हामीले नसकेको अत्यन्त पीडाका साथ बताउनुपर्ने बाध्यता रहेको छ ।

### आदरणीय शेयरधनी महानुभावहरू :

यस कम्पनीद्वारा निर्माण गरिएको घलेम्दी खोला जलविद्युत आयोजना (५ मे.वा.) मिति २०७६/११/०५ देखि नै व्यापारीक उत्पादन सुरु गरेकोमा नेपाल विद्युत प्राधिकरण कालिगण्डकी कोरिडोर प्रसारणलाईन आयोजना अन्तर्गतको दाना सव-स्टेसनको निर्माण कार्यमा भएको ढिलाइको कारण नेपाल विद्युत प्राधिकरणद्वारा वैकल्पिक व्यवस्था भएबाट कुल क्षमताको करिब २० प्रतिशत क्षमतामा आयोजना संचालन गर्नुपरेको हुनाले यस वर्ष हामीले धेरै नोक्सानी व्यहोर्नुपरेको छ । हाल सालै मिति २०७७/१०/१७ मा कालिगण्डकी कोरिडोर प्रसारणलाईन आयोजना अन्तर्गतको दाना सव-स्टेसनको निर्माण कार्य सम्पन्न भई यस आयोजनाले उत्पादन गरेको सम्पूर्ण विद्युत राष्ट्रिय प्रसारण लाईनमा प्रवाह गरिएको छ यो सुखद् कुरा आदरणीय शेयरधनी महानुभावहरूलाई बताउन पाउँदा मन हर्षित बनेको छ र आगामी दिनहरूमा PPA को Contract Energy अनुसार विद्युत उत्पादन गरी बिक्री गर्न सकिन्छ भन्नेमा विश्वास राख्न अनुरोध गर्न चाहन्छु ।

आयोजना निर्माणमा भएको ढिलाई र बैंकको तरलता अभावले गर्दा तिर्नुपरेको उच्च व्याज लगायतका कारणले यस आयोजनामा व्याज खर्च अत्याधिक हुन गएको छ सोही कारण यस आयोजनाको लागत पनि बढ्न गएको छ । हामीले उर्जा मन्त्रालयमा प्रसारण लाईन अभावको कारणले गर्दा यस आयोजनालाई साह्रै मर्का पर्न गएको कारण देखाउदै सहूलियत व्याजदरको लागि अर्थ मन्त्रालयमा सिफारिस गरिदिनका लागि अनुरोध गरेको छौं । आशा छ व्याजदरमा केही सहूलियत पाइनेछ । साथै व्याजदर घट्दा शेयरधनीलाई राम्रो मुनाफा दिन सकिने देखिएकोले हामीले राष्ट्र बैंकद्वारा प्रदान गरिने पुनरकर्जा सुविधाको लागि आयोजनाको Lead Bank लुम्बिनी विकास बैंक मार्फत अनुरोध गरेका छौं ।

### आदरणीय शेयरधनी महानुभावहरू :

यस कम्पनीले घलेम्दी खोला जलविद्युत आयोजना निर्माण गर्नका लागि संस्थापक शेयरधनी तथा आयोजना प्रभावित जिल्लाका स्थानीय बासिन्दाहरू र सर्वसाधारण शेयरधनीबाट गरी जम्मा शेयर पूँजी रु. ५५ करोड संकलन गरेको छ र सो को विवरण यस प्रकार रहेको छ ।

क्र.सं.	विवरण	रकम रु.
१	संस्थापक शेयरधनीहरूबाट	३८,५०,००,०००।-
२	स्थानीय बासिन्दाबाट	९४,२३,०००।-
३	सर्वसाधारणबाट	१५,५५,७७,०००।
	जम्मा	५५,००,००,०००।-

त्यसैगरी आयोजना निर्माणको लागि कम्पनी र कन्सोर्टियम बैंकहरूसँग भएको सम्झौता बमोजिम यस आर्थिक वर्षको अन्त्यसम्ममा कम्पनीले निम्न बमोजिम ऋण उपभोग गरेको छ ।

**बैंकका नामहरू कर्जा प्रकार आ.व. २०७६/७७**

क्र.सं.	बैंकको नाम	कर्जाको प्रकार	रकम रु.
१	लुम्बिनी विकास बैंक लि.	बिज्ञ ग्याप	६,७७,०३,४४०।-
२	मेगा बैंक नेपाल लि.	बिज्ञ ग्याप	४,९३,९७,५६०।-
३	लुम्बिनी विकास बैंक लि.	आवधिक	३८,९४,२९,५६०।-
४	मेगा बैंक नेपाल लि.	आवधिक	२२,२८,३२,८३७.२५।-
५	लुम्बिनी विकास बैंक लि	ओभरड्राफ्ट	२,४६,३९,६२२.६७।-
	<b>जम्मा</b>		<b>७५,४०,०३,०९९.९२।-</b>

**आदरणीय शेयरधनी महानुभावहरू :**

म अब यस कम्पनीका भावी योजना तथा नीतिहरूको बारेमा यहाँहरूलाई जानकारी गराउन चाहन्छु ।

- नेपाल राष्ट्र बैंकद्वारा पुनरकर्जा कार्यविधि २०७७ (पहिलो संसोधन सहित) बाट दश मेगावाट भन्दा साना जलविद्युत आयोजनाहरूको पुनरुत्थानमा सहयोग गर्ने हेतुले पुनरकर्जा सुविधा प्रदान गर्न लागिएकोमा हामीले पनि यस सुविधाको लागि निवेदन पेश गरेका छौं । यो सुविधा प्राप्त गर्न सकिएमा व्याज खर्चमा अत्याधिक कमी आउने देखिन्छ ।
- प्रशारण लाइनको अभाव एवं अन्य कारणले गर्दा हाम्रो यस आयोजना ठूलो आर्थिक लाभबाट वन्चीत भएको कारणले गर्दा आयोजनाको लागत उच्च रहेको र त्यसमा सबैभन्दा बढी खर्चको भार व्याजको नै भएकोले हामीले बैंकहरूलाई Base Rate मा नै केही वर्षका लागि ऋण उपलब्ध गराइदिनु हुनका लागि अनुरोध गरेका थियौं । हालसालै बैंकहरूसँग Base Rate + 0.5% व्याजदर हुने गरी सम्झौता भइसकेको छ । यसरी हाम्रो आयोजनाको व्याजदर घटाउने कार्यमा केही प्रगति भएको सहर्ष जानकारी गराउन चाहन्छु । यस बाहेक उर्जा मन्त्रालय मार्फत अर्थ मन्त्रालयमा सहूलियत कर्जा गराईदिनु हुनका लागि अनुरोध गरेका छौं ।
- २०७१/०७२ को बजेट वक्तव्यबाट नेपाल सरकारद्वारा घोषण गरिएको “उत्पादकहरूले उत्पादित विद्युत राष्ट्रिय प्रशारण लाइनमा जोडेपछि प्रति मेगावाट रु. ५० लाखका दरले एकमुष्ट अनुदान दिने व्यवस्था मिलाएको छु” भनिएकोले सोही अनुदान प्रप्तिका लागि उर्जा मन्त्रालयमा अनुरोध गरेका छौं ।

माथि उल्लेख गरिएका भावी योजनाहरू सफल हुन सकेमा हामीहरूले हाम्रा शेयरधनीहरूलाई राम्रो प्रतिफल दिन सकिने भएकोले यसका लागि भरपुर मेहेनत गरिरहेका छौं ।

**आदरणीय शेयरधनी महानुभावहरू :**

कम्पनी तथा लगानीकर्ताहरूको बृहत्तर आर्थिक हित तथा दिगो प्रतिफलका लागि कम्पनीले वार्षिक रूपमा प्राप्त गर्ने आम्दानी तथा शेयरधनीहरूबाट प्राप्त शेयर पूँजी लगानी गरी आफ्नो व्यवसायिक क्षमतालाई निरन्तर विस्तार गर्दै जानुपर्दछ । यसका लागि कम्पनीले नयाँ नयाँ जलविद्युत आयोजनाहरूको प्रवर्धन तथा

निर्माण गर्नुपर्ने हुन्छ । हाल यस कम्पनीसँग कुनै पनि आयोजनाको अनुमतीपत्र नभएको अवस्थामा प्राविधिक र आर्थिक रूपमा सम्भाव्य आयोजनाको खोजी तथा पहिचान गरी अनुमती पत्र लिई वा खरिद गरी आयोजना प्रवर्धन र निर्माण गर्ने लक्ष्य यस कम्पनीले लिएको छ । नयाँ आयोजनाहरू प्रवर्धन र निर्माण गर्न सकिएमा कम्पनीको व्यवसायिक क्षमता विस्तार भई ठूलो रूप लिने, व्यवस्थापन तथा संचालन खर्चमा कमी आउने तथा शेयरधनीहरूको लगानीलाई उचित प्रतिफल दिन सकिने धारणा संचालक समितिको रहेको छ ।

साथै संस्थागत हितको लागि यहाँहरूबाट प्राप्त हुने सृजनात्मक तथा बौद्धिक सल्लाह, सुभावहरूलाई कम्पनीले सदाभैँ मार्ग दर्शनका रूपमा लिई अगाडि बढ्नेछ । नेपाल लेखामान बोर्ड (NASB) ले नेपाल वित्तीय प्रतिवेदन मापदण्ड (Nepal Financial Reporting Standards-NFRS) लागु गर्नका लागि नेपाल चार्टर्ड एकाउन्टेन्ट्स संस्थालाई गरेको सिफारिस बमोजिम उक्त संस्थाको निर्देशन अनुसार यस कम्पनीले प्रस्तुत आ.व. २०७६/०७७ को वित्तीय विवरण NFRS मापदण्ड अनुसार तयार गरेको र तयार पारिएको वासलात, नाफा नोक्सान हिसाव, नगद प्रवाह विवरण लगायत लेखापरीक्षकबाट पेश गरिएको प्रतिवेदन यस अघि नै अध्ययनका लागि यहाँहरूलाई उपलब्ध गराई सकिएकोले अनुमोदनका लागि प्रस्तुत गर्न चाहन्छौँ ।

अन्त्यमा, कम्पनी माथिको अपार विश्वासका कारण आफ्नो लगानी मार्फत् कम्पनीको उद्देश्य पूरा गर्न सहयोग गर्नुहुने सम्पूर्ण शेयरधनी महानुभावहरू, उत्पादित विद्युत खरीद गर्ने नेपाल विद्युत प्राधिकरण, ऋण लगानी गर्ने लगानीकर्ता बैंक तथा वित्तीय संस्थाहरू, आयोजनाको विमा गर्ने विमा कम्पनी तथा विभिन्न नियमनकारी निकायहरू उर्जा मन्त्रालय, विद्युत विकास विभाग, कम्पनी रजिष्ट्रारको कार्यालय, उद्योग विभाग, वन मन्त्रालय एवं विभाग, जिल्ला मालपोत कार्यालय म्याग्दी बेनी लगायत अन्य सम्बद्ध सरकारी तथा गैरसरकारी निकायहरू, प्रभावित क्षेत्रका वासिन्दाहरू, लगनशिल तथा इमान्दारीताका साथ काम गर्ने कम्पनीका कर्मचारीहरूलाई हृदय देखिनै धन्यवाद दिन चाहन्छु । आफ्नो व्यस्तताको बावजुद यस सभामा उपस्थित भई कम्पनीको हौसला बढाई दिनुभएकोमा शेयरधनी महानुभावहरूलाई धन्यवाद दिँदै संचालक समितिद्वारा पेश गरिएको प्रतिवेदन माथि छलफल गरी अनुमोदनको लागि प्रस्तुत गर्दछु ।

धन्यवाद !

किशोर सुवेदी  
अध्यक्ष  
२०७८/०९/२३



## INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS OF GHALEMDI HYDRO LIMITED

### Report on the Audit of the Financial Statements

#### Opinion

We have audited the accompanying financial statements of Ghalemdi Hydro Limited, (hereinafter referred as the "Company") which comprises the statement of financial position as at 31 Ashadh 2077 (15 July 2020), and the statement of profit or loss, statement of comprehensive income, statement of changes in equity, statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory notes and information.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as at 31 Ashadh 2077 (15 July 2020) and its financial performance and cash flows for the year then ended in accordance with Nepal Financial Reporting Standards (NFRSs).

#### 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 Institute of Chartered Accountants Nepal (ICAN)'s Code of Ethics for Professional Accountants together with the ethical requirements that are relevant to our audit of financial statements in Nepal, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

#### Key Audit Matters

Key audit matters are those matters that in our professional judgment, were of most significance in our audit of the financial statements for the year ended Ashad 31, 2077. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming opinion thereon, and we do not provide a separate opinion on these matters.

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

Management is responsible for the preparation and fair presentation of the financial statements in accordance with Nepal Financial Reporting Standards (NFRSs), 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.

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

## DAA Associates

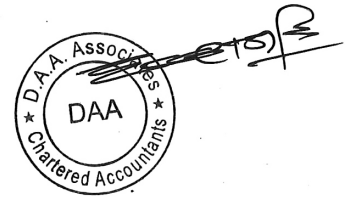
### Chartered Accountants

Kupondole-1, Lalitpur, Nepal

Tel: 01-5902260

Web: [www.daaassociates.com.np](http://www.daaassociates.com.np)

Mail: [admin@daaassociates.com.np](mailto:admin@daaassociates.com.np); [associatesdaa@gmail.com](mailto:associatesdaa@gmail.com)





## Auditor's Responsibilities for the Audit of the Financial Statements

Our responsibility is to obtain reasonable assurance in accordance with Nepal Standards on Auditing 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 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 the users taken on the basis of these financial statements.

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's Internal Control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by 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 doubts 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.

## Report on Other Legal and Regulatory Requirements

On the basis of our examination, we further report that:

- i. We have obtained all the information and explanations, which were considered necessary for the purpose for our audit.
- ii. Proper books of accounts and records as required by law have been maintained by the Company.
- iii. Financial statements dealt with by this report are in agreement with the books of accounts maintained by the Company.



- iv. In our opinion and to the best our information and according to the explanation given to us and from our examination of the books of the accounts of the Company, we have not come across any cases where the Board of Directors, the representative or any employee of the Company has acted contrary to the provisions of law relating to accounts nor caused direct loss or damage to the Company deliberately or acted in a manner that would jeopardize the interest and security of the Company and investors.
- v. The business of the Company has been conducted satisfactorily and the Company has operated within its jurisdiction.



CA. Utsav Dangi  
Partner

DAA Associates  
Chartered Accountants

Date 2077.12.13  
Place: Kathmandu, Nepal  
UDIN: 210326CA01124IYk9E

**Ghalemdi Hydro Limited**  
Beni, Myagdi, Nepal  
**Statement of Financial Position**  
As at 31st Ashadh, 2077  
(All amounts are in NPR, unless otherwise stated)

Particulars	Notes	As at 31st Ashad 2077	As at 31st Ashad 2076
<b>Assets</b>			
<b>Non Current Assets</b>			
Property, Plant And Equipment	1	4,748,831	5,417,365
Intangible Assets	2	1,569,611,867	-
Intangible Assets Under Development		-	1,141,169,475
<b>Financial Assets:</b>			
Other Financial Assets		-	-
<b>Total Non-Current Assets</b>		<b>1,574,360,698</b>	<b>1,146,586,840</b>
<b>Current Assets</b>			
<b>Financial Assets:</b>			
Cash And Cash Equivalents	3	2,129,425	2,964,022
Other Financial Assets	4	41,699,735	253,148,651
Other Current Assets	5	1,745,643	23,219
Sundry Debtors		7,564,224	-
<b>Total Current Assets</b>		<b>53,139,027</b>	<b>256,135,891</b>
<b>Total Assets</b>		<b>1,627,499,725</b>	<b>1,402,722,732</b>
<b>Equity And Liabilities</b>			
<b>Equity</b>			
Equity Share Capital	6	550,000,000	550,000,000
Other Equity	7	55,483,940	10,227,454
<b>Total Equity</b>		<b>605,483,940</b>	<b>560,227,454</b>
<b>Liabilities</b>			
<b>Non-Current Liabilities</b>			
<b>Financial Liabilities:</b>			
Borrowings	8	612,262,397	582,291,957
<b>Total Non Current Liabilities</b>		<b>612,262,397</b>	<b>582,291,957</b>
<b>Current Liabilities</b>			
<b>Financial Liabilities:</b>			
Borrowings	8	204,900,223	144,498,940
Trade Payables	9	52,533,117	75,751,183
Other Financial Liabilities	10	52,138,614	16,542,015
Provisions	11	69,499,704	-
Other Current Liabilities	12	30,681,729	23,411,183
<b>Total Current Liabilities</b>		<b>409,753,388</b>	<b>260,203,321</b>
<b>Total Liabilities</b>		<b>1,022,015,785</b>	<b>842,495,278</b>
<b>Total Equity and Liabilities</b>		<b>1,627,499,725</b>	<b>1,402,722,732</b>

Significant Accounting Policies and the accompanying explanatory notes are integral part of the financial statements.

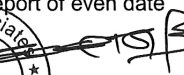
For Ghalemdi Hydro Limited,

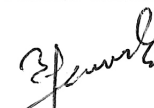
As per our separate report of even date


  
Mr. Anil Paudel  
Finance Officer


  
Mr. Narayan B. Adhikari  
Director

  
Mr. Kishor Subedi  
Chairman

  
Mr. Utsav Dangi  
Partner  
DAA Associates  
Chartered Accountants

  
Mr. Uttam Prasad Vaidhya  
Director

  
Mr. Pramod Shrestha  
Director

  
Mr. Tanka Prasad Baruwal  
Director

Date: 2077.12.13  
Place: Lalitpur, Nepal



**Ghalemdi Hydro Limited**

Beni, Myagdi, Nepal

**Statement of Profit or Loss & Other Comprehensive Income**

For the year ended on 31st Ashadh, 2077

(All amounts are in NPR, unless otherwise stated)

Particulars	Notes	Current Year	Previous Year
Revenue from Long Term Contract	13	450,299,082	362,281,968
Revenue from Operation		22,778,725	-
Cost of Sales	14	364,896,376	329,347,243
<b>Gross Profit</b>		<b>108,181,432</b>	<b>32,934,724</b>
Other Income	15	3,096	4,376
General Administration Expenses	16	6,965,821	24,436,653
Depreciation And Amortization	1	22,525,225	668,534
<b>Profit/ (Loss) From Operation</b>		<b>78,693,483</b>	<b>7,833,913</b>
Finance Costs	17	33,436,222	1,390,253
<b>Profit/(Loss) Before Tax</b>		<b>45,257,261</b>	<b>6,443,660</b>
<b>Income Tax</b>			
Current Tax		774	-
Deferred Tax Credit/Charge		-	-
<b>Profit For The Year</b>		<b>45,256,487</b>	<b>6,443,660</b>
<b>Other Comprehensive Income:</b>			
<b>Other Comprehensive Income not to be Reclassified to Profit or Loss in Subsequent Periods</b>			
I. Re-Measurement (Losses) / Gains On Post Employment Defined Benefit Plans			-
II. Revaluation Of Property, Plant And Equipment			-
Tax Effect On Above			-
<b>Other Comprehensive Gain/(Loss) For The Year, Net Of Tax</b>			-
		<b>45,256,487</b>	<b>6,443,660</b>


**Total Comprehensive gain/(loss) for the year, net of tax**

Significant Accounting Policies and the accompanying explanatory notes are integral part of the financial statements.

As per our separate report of even date

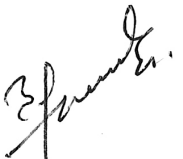
For Ghalemdi Hydro Limited,

  
Mr. Anil Paudel  
Finance Officer


  
Mr. Narayan B. Adhikari  
Director


  
Mr. Kishor Subedi  
Chairman

  
  
CA Suv Dangi  
Partner  
DAA Associates  
Chartered Accountants

  
Mr. Uttam Prasad Vaidhya  
Director



  
Mr. Pramod Shrestha  
Director

  
Mr. Tanka Prasad Baruwal  
Director

Date: 2077.12.13

Place: Lalitpur, Nepal

**Ghalemdi Hydro Limited**

Beni, Myagdi, Nepal

**Statement of Changes in Equity**

For the year ended on 31st Ashadh, 2077

(All amounts are in NPR, unless otherwise stated)

Particulars	Amounts in NPR					
	Share Capital	Share Premium	General Reserve	Share Application Money	Retained Earnings	Total
Balance as at 32nd Ashad 2075	385,000,000	-	-	-	3,783,794	388,783,794
Profit For The Year					6,443,660	6,443,660
Other Comprehensive Income					-	-
Total Comprehensive Income					6,443,660	6,443,660
Issue of Public Shares	165,000,000					165,000,000
Prior Year's Adjustment						-
Balance as at 31st Ashad 2076	550,000,000	-	-	-	10,227,454	560,227,454
Profit For The Year					45,256,487	45,256,487
Other Comprehensive Income					-	-
Total Comprehensive Income					45,256,487	45,256,487
Issue of Public Shares						
Prior Year's Adjustment						-
Balance as at 31st Ashad 2077	550,000,000	-	-	-	55,483,940	605,483,940

Significant Accounting Policies and the accompanying explanatory notes are integral part of the financial statements.

As per our separate report of even date

For Ghalemdi Hydro Limited,



Mr. Anil Paudel  
Finance Officer

Mr. Kishor Subedi  
Chairman

Mr. Narayan B. Adhikari  
Director



Mr. Uttam Prasad Vaidhya  
Director



Mr. Pramod Shrestha  
Director



Mr. Tanka Prasad Baruwai  
Director





Utsav Dangi  
Partner  
DAA Associates  
Chartered Accountants

Date: 2077.12.13

Place: Lalitpur, Nepal


**Ghalemdi Hydro Limited**  
 Beni, Myagdi, Nepal  
**Statement of Cash Flows**  
 For the year ended on 31st Ashadh 2077  
 (All amounts are in NPR, unless otherwise stated)

Particulars	Current Year	Previous Year
<b>Cash Flows From Operating Activities</b>		
Profit For The Year	45,256,487	7,833,913
<b>Adjustments For:</b>		
Depreciation On Property, Plant And Equipment	668,534	668,534
Amortization Of Intangible Assets	21,856,691	-
Provision For Employee Benefit		
Other Provision Created/(Writeoff)	69,499,704	(4,438,826)
Finance Cost	(33,436,222)	(1,390,253)
<b>Working Capital Adjustments:</b>		
(Increase)/ Decrease In Trade Receivables	(7,564,224)	-
(Increase)/ Decrease In Other Financial Assets	211,448,916	15,341,272
(Increase)/ Decrease In Other Assets	(1,722,424)	(23,219)
Increase / (Decrease) In Borrowings	60,401,283	17,322,940
Increase / (Decrease) In Trade Payables	(23,218,066)	38,861,089
Increase / (Decrease) In Financial Liabilities	35,596,599	14,669,808
Increase / (Decrease) In Other Liabilities	7,270,546	18,485,177
<b>Cash Generated From Operations</b>	<b>386,057,825</b>	<b>107,330,435</b>
Bonus Paid	-	-
Income Tax Paid	-	-
Prior Year Adjustment -	-	-
<b>Net Cash Flows From Operating Activities</b>	<b>386,057,825</b>	<b>107,330,435</b>
<b>Cash Flows From / Used In) Investing Activities</b>		
Proceeds From Sale Of Property, Plant And Equipment Including Capital Work-In-Progress)	-	-
Proceeds From Issue Of Share Capital	-	165,000,000
(Increase)/Decrease In Project Work-In-Progress		
(Increase)/Decrease In Intangible Assets Under Development	1,141,169,475	(362,281,968)
(Increase)/Decrease In Intangible Assets	(1,591,468,558)	-
Interest Received		
(Increase)/ Decrease In Deposits	-	892,687
Acquisition Of Property, Plant And Equipment	-	-
<b>Net Cash Flows From Investing Activities</b>	<b>(450,299,082)</b>	<b>(196,389,281)</b>
<b>Cash Flows From Financing Activities</b>		
Finance Cost	33,436,222	
Borrowing (Repaid) / Taken	29,970,440	89,357,207
<b>Net Cash Flows From Financing Activities</b>	<b>63,406,662</b>	<b>89,357,207</b>
<b>Increase/Decrease) In Cash And Cash Equivalents</b>	<b>(834,596)</b>	<b>298,361</b>
Net Foreign Exchange Difference On Cash And Cash Equivalents	-	-
Cash And Cash Equivalents, Beginning Of Year	2,964,021	2,665,660
<b>Cash And Cash Equivalents, End Of Period</b>	<b>2,129,426</b>	<b>2,964,021</b>


Significant Accounting Policies and the accompanying explanatory notes are integral part of the financial statements.


For Ghalemdi Hydro Limited,

  
 Mr. Anil Paudel  
 Finance Officer

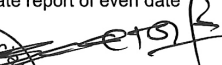

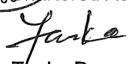
  
 Mr. Narayan B. Adhikari  
 Director

  
 Mr. Kishor Subedi  
 Chairman

  
 Mr. Utam Prasad Vaidhya  
 Director

  
 Mr. Pramod Shrestha  
 Director

As per our separate report of even date

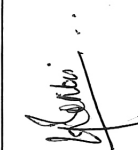



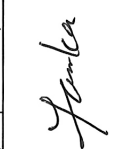
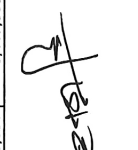
  
 CA. Utsav Dangi  
 Partner  
 DAA Associates  
 Chartered Accountants  
  
  
 Mr. Tanka Prasad Baruwal  
 Director

Date: 2077.12.13  
 Place: Lalitpur, Nepal

**Ghalemdi Hydro Limited**  
Beni, Myagdi, Nepal.  
As on Ashadh End, 2077

Note 1  
Figures in NPR

S. No.	Particulars	Dep. Rate	Depreciation Base				Depreciation				Net Block		
			Opening Balance	Addition	Disposal	Closing Balance	Accumulated depreciation opening balance as per SLM	Depreciation Base	Depreciation During the year	Less: Accumulated depreciation on disposal	Excess Depreciation Reversed*	Closing Accumulated Depreciation	As at 31/03/077
1	Land	0%	2,080,400	-	-	2,080,400	-	-	-	-	-	2,080,400	2,080,400
2	Furniture & Fixtures	10%	895,726	-	-	895,726	179,145	89,573	-	-	268,718	627,009	716,581
3	Computer & Accessories	33%	425,085	-	-	425,085	283,390	141,695	-	-	425,085	0	141,695
4	Office Equipment	20%	241,514	-	-	241,514	96,606	48,303	-	-	144,909	96,605	144,909
5	Vehicles	13%	3,111,707	-	-	3,111,707	777,927	388,963	-	-	1,166,890	1,944,816	2,333,780
Total			6,754,433	-	-	6,754,433	1,337,068	688,534	-	-	2,005,602	4,748,831	5,417,365



**Ghalemdi Hydro Limited**  
 Beni, Myagdi, Nepal  
**Notes Forming Part of Statement of Financial Position**  
 (All amounts are in NPR, unless otherwise stated)

Intangible Assets		Note 2	
Particulars	As at 31st Ashad 2077	As at 31st Ashad 2076	
Intangible Assets	1,591,468,558	-	
Less Amortization	21,856,691	-	
<b>Total</b>	<b>1,569,611,867</b>	<b>-</b>	

Cash And Cash Equivalents		Note 3	
Particulars	As at 31st Ashadh 2077	As at 31st Ashad 2076	
Cash in Hand	105,127.92	413,539	
<b>Sub Total</b>	<b>105,128</b>	<b>413,539</b>	
<b>Balance with Bank</b>			
Civil Bank Ltd.	374,580.77	14,170	
Garima Bikas Bank Ltd	5,452.87	22,277	
Global IME Bank Ltd	9,310.59	9,256	
Lumbini Development Bank Ltd	10,000.66	2,432,977	
Lumbini Development Bank Ltd (Escrow Account)	-	5,000	
Machhapuchhre Bank Ltd	7,781.95	8,282	
Mega Bank Ltd	1,609,170.66	50,520	
Nepal Bank Ltd	5,000.00	5,000	
Rastriya Banijya Bank Ltd	3,000.00	3,000	
<b>Sub Total</b>	<b>2,024,298</b>	<b>2,550,483</b>	
<b>Total</b>	<b>2,129,425</b>	<b>2,964,022</b>	

Other Financial Assets		Note 4			
Particulars	As at 31st Ashad 2077		As at 31st Ashad 2076		
	Current	Non-Current	Current	Non-Current	
Advance To Parties (Sub Sch 2)	14,132,499	-	19,930,164	-	
Contractor Advance (Sub Sch 3)	27,237,236	-	86,094,988	-	
LC Advance For Capital Assets (Em Equipment)	-	-	146,421,704	-	
Bank Guarantee Margin	330,000.00	-	330,000	-	
LC Margin	-	-	371,795	-	
<b>Total</b>	<b>41,699,735</b>	<b>-</b>	<b>253,148,651</b>	<b>-</b>	

Other Current Assets		Note 5			
Particulars	As at 31 Ashadh 2077		As at 31st Ashad 2076		
	Current	Non-Current	Current	Non-Current	
Prepaid Insurance	1,745,643	-	23,219	-	
<b>Total</b>	<b>1,745,643</b>	<b>-</b>	<b>23,219</b>	<b>-</b>	


  
**GHALEMDI HYDRO LTD**





**Equity Share Capital**

**Note 6**

Particulars	As at 31st Ashadh 2077		As at 31st Ashad 2076	
	No. of shares	Amount	No. of shares	Amount
<b>Authorised Capital</b>				
Equity Shares of Rs. 100 each	6,000,000	600,000,000	6,000,000	600,000,000
<b>Issued &amp; Subscribed Capital</b>				
5,500,000 Equity Shares of Rs. 100 each	5,500,000	550,000,000	5,500,000	550,000,000
<b>Called &amp; Paid Up Capital</b>				
5,500,000 Equity Shares of Rs. 100 each	5,500,000	550,000,000	5,500,000	550,000,000
less : Calls in arrears		-		-
<b>Paid up Share Capital</b>	5,500,000	550,000,000	5,500,000	550,000,000
<b>Share Application Money</b>				-
<b>Total</b>		550,000,000		550,000,000

**Reconciliation Of The Number Of Shares Outstanding At The Beginning And End of the Year**

Particulars	As at 31st Ashad, 2077	As at 31st Ashad, 2076
	No of Share	No of Share
Balance As At The Beginning Of The Year	5,500,000	3,850,000
<b>Add: Issue Of Share</b>		
Share Application To Staff	-	22,000
IPO To Local People	-	94,230
General Public Ipo	-	1,533,770
<b>Balance As At The End of The Year</b>	5,500,000	5,500,000

**Terms/Rights Attached To Equity Shares**

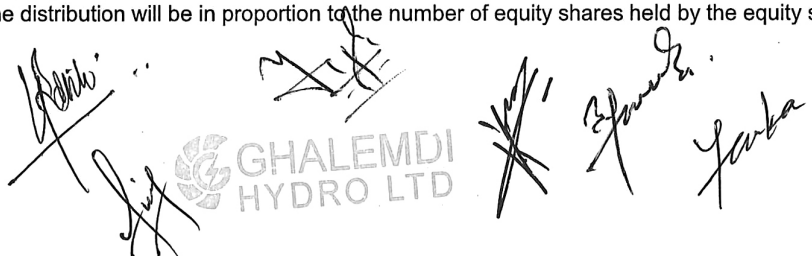
The Company has ordinary equity share of par value NPR 100. Company has lien or claim in shares and dividend on call-in-arrears. Promoter must hold at least 100 shares.


Every member holding equity shares therein shall have voting rights in proportion to the member's share of the paid up equity share capital. The Company has not declared and paid any dividend yet.


The dividend proposed by the Board of Directors is subject to the approval of the shareholders in the ensuing Annual General Meeting.

In the event of liquidation of the Company, the holders of equity shares will be entitled to receive remaining assets of the Company, after distribution of all preferential amounts.




The distribution will be in proportion to the number of equity shares held by the equity shareholders.







Other Equity	Note 7		
Particulars	General Reserve	Retained Earning	Total
Balance At 1St Sharawan 2074	(3,761,122)	-	(3,761,122)
Profit For The Year	-	7,544,916	7,544,916
Other Comprehensive Income	-	-	-
Dividend To Shareholder (If Any)	-	-	-
<b>Balance At 31St Ashad 2075</b>	<b>(3,761,122)</b>	<b>7,544,916</b>	<b>3,783,794</b>
Profit For The Year	-	6,443,660	6,443,660
Other Comprehensive Income	-	-	-
Dividend To Shareholder (If Any)	-	-	-
<b>Balance At 31St Ashad 2076</b>	<b>(3,761,122)</b>	<b>13,988,576</b>	<b>10,227,454</b>
Profit For The Year	-	45,256,487	45,256,487
Other Comprehensive Income	-	-	-
Dividend To Shareholder (If Any)	-	-	-
<b>Balance At 31St Ashad 2077</b>	<b>(3,761,122)</b>	<b>59,245,063</b>	<b>55,483,940</b>



Particulars	Loans & Borrowings				Note 8
	As at 31st Ashad 2077		As at 31st Ashad 2076		
	Current	Non-Current	Current	Non-Current	
<b>Secured Loan:</b>					
<b>Bridge Gap Loan</b>					
Lumbini Development Bank Ltd.	67,703,440		41,270,440		-
Mega Bank Ltd	49,397,560		47,268,000		-
<b>Consortium Term Loan</b>					
Overdraft Loan	24,639,623				
Lumbini Development Bank Ltd.(Lead)		389,429,560	-	389,429,560	
Mega Bank Ltd.(Member)		222,832,837	-	192,862,397	
<b>Short Term Borrowings - Others</b>					
Loan -Directors	56,339,026		49,139,926		-
Loan -Other than Directors	6,820,574		6,820,574		-
<b>Total</b>	<b>204,900,223</b>	<b>612,262,397</b>	<b>144,498,940</b>	<b>582,291,957</b>	

1) The company has entered into consortium arrangement for the term loan with Lumbini Development Bank and Mega secured as charge by way of hypothecation on Building and Plant & Machinery and all other assets possessed or which will form assets in future of GHL, and bank can sell or auction as per the agreement of bankers. All these assets are "Service Concession Arrangement Intangibles".

2) Short term loan and overdraft facility is obtained from Lumbini Development Bank Ltd. which is secured as charge by way of hypothecation on all current assets and fixed assets.

pertaining to the project. All fixed assets of project has been classified as "Service Concession Arrangement Intangibles"

3)GHL bank obtain short term loan to meet its financial requirements. Short Term Loan has been approved by passing Board Minute dated 2075/05/09.Additional loan taken during the year is NPR. 17,884,500 and no repayment was done during the year.

Particulars	Trade Payables		Note 9
	As at 31st Ashad 2077	As at 31st Ashad 2076	
Arghakanchi Cement Pvt. Ltd	7,221,784		9,721,784
Acharya Bastralaya	5,400		
Amrit Tarkari Pasal	8,870		
B Four Engineering & Construction Pvt. Ltd	559,424		559,424
Bharat Mani Devkota-Landlord	302,000		97,500
Bhim Rai	2,809,929		6,309,929
Binod Machinery Tools & Suppliers	29,197		29,197
Bhumiji Kiran Pasal	718,818		
Bikkey Chaudhary	64,870		
Bina Hotel -Dana	333,110		
Chhiring Sherpa	553,203		553,203
Dal Bahadur Pun- ( Dha 1 Ja 890)	59,350		
Dhaka Solar House	20,999		
Dhani Ram Devkota	3,682,367		4,088,067
Dilip Sharma -Material	280,411		280,411
Ekikrit Byapar Company Pvt. Ltd	8,189,790		8,189,790
Enterpreneurs Fund	-		1,025,109
Family Restaurant	10,600		
Gaumati Budha Magar	6,191,827		8,632,127
GC Crusher Udhyog	166,247		166,247
Geo - Tech & Hydro Overseas Pvt. Ltd	171,640		171,640
Gopal Dai- Site Payable	200,790		
Hamal Kirana Stores	23,100		23,100
Hari Auto & Parts	84,247		16,105
Hira Tilija- Site Fooding	68,841		68,841
H G Ent. Pvt. Ltd	1,496,307		1,496,307
Hotal Tara	32,980		32,980



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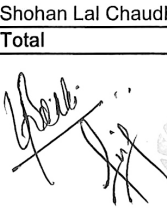








Hotel Beldhunga	122,270	119,270
Hotel Himalaya & Restaurant	23,880	53,880
Hotel China Bastro	21,520	
IPPAN	12,000	12,000
Jas Bahadur Garbuja	7,865	7,865
JJ Light House	135,429	135,429
Kamal Stationary Store	6,240	
Kaligandaki Oil SUPPLIERS	426,071	426,071
Kandel Khaddhanna Bhandar	1,640,908	1,640,908
Krishna K.C	160,000	160,000
K S Stores	143,934	143,934
Laxman K.C	51,865	51,865
Lotus Electric Workshop	16,580	14,000
Mahendra Regmi - Landlord	136,470	1,800
Malika Oil Stores PVT. Ltd.	19,700	19,700
MCCI - Landlord	454,200	267,900
Milijuli Nirman Sewa	785,894	785,894
Mount Annapurna Resort & Restaurant	208,290	165,035
Muktinath Offset Press & Flex	18,375	18,375
Namaste Guest House & Restaurant	41,285	41,285
Narchyang Brothers Block Udhog	90,480	90,480
Narchynag Lower Secondary School	115,850	115,850
New Gautam Machinery & Traders	418,172	418,171
Nisa Kusum Stores	400,489	384,789
Paigam Mistri	33,050	33,050
Paulasthya Electronics	678,278	674,778
Raj Kumar Pun Taxi	22,500	29,000
Ram Milan Tharu	77,077	322,277
Rara Automobiles	20,600	20,600
Redata Pvt. Ltd	593,250	593,250
Rudra Tilija	656,120	656,120
Retantion Civil Works	-	17,184,857
Retantion-HM	1,028,591	1,028,591
Retantion-EM	160,150	
Royalty Payable (DOED)	663,908	
Saabira Construction Pvt Ltd	1,100,500	1,185,500
Sabir Khan	14,000	14,000
Shrestha Sawmill and Furniture Udhog - Sh	971,030	674,450
Safe Vision Travel and Tours	16,400	30,400
Santosh Rouniyar ( Costom)	850	4,652
Sapana Kirana Pasal	223,180	223,180
Shikhar Hotel	565,388	277,093
Shree Kranti Primary School	115,850	115,850
Shree Malika Devi Motor Parts	520,545	511,295
Site Expenses Payable	3,575,488	1,745,178
SNS Glass House	121,710	121,710
Subin Bhada Pasal	59,874	59,874
Sukan Traders	4,300	4,300
Tilak Raj Joshi- Transportor Steel Plates	77,166	77,166
Transportation Charge Payable	1,499,800	1,499,800
Techno Quarry Consult Pvt. Ltd	62,425	62,425
Tom Bahadur Chochangi	339,189	1,500,880
TP Adhakari & Associates	435,550	435,550
Trithunga Tours & Travels Pvt. Ltd	124,480	114,095
Tul Bahadur Pun	15,000	15,000
Utopia Travels & Tours	3,000	-
Shohan Lal Chaudhary	10,000	-
<b>Total</b>	<b>52,533,117</b>	<b>75,751,183</b>



  
 GHALEMDI  
 HYDRO LTD




Current

Other Financial Liabilities

Note 10

Particulars	As at 1st Shrawan 2077		As at 1st Shrawan 2076	
	Current	Non-Current	Current	Non-Current
Audit Fee Payable	367,875	-	144,875	-
Staff Payable(Sub Sch 1)	3,715,648	-	1,156,842	-
Deferred Rent Payable	32,246	-	36,984	-
<b>Directors Payables</b>				
Kishor Subedi	349,902	-	870,308	-
Narayan Babu Adhakari	35,445	-	138,736	-
Tanka Prasad Baruwal	11,255	-	4,250	-
Interest Payable on short Term loan	47,626,243	-	14,190,021	-
<b>Total</b>	<b>52,138,614</b>	<b>-</b>	<b>16,542,015</b>	<b>-</b>

Provisions

Note 11

Particulars	As at 1st Shrawan 2077	As at 1st Shrawan 2076
Provision for Income Tax	774	-
Provision for Expenses	69,498,930	-
<b>Total</b>	<b>69,499,704</b>	<b>-</b>


Other Current Liabilities

Note 12

Particulars	As at 1st Shrawan 2077	As at 1st Shrawan 2076
TDS payable	6,777,650	5,619,663
Other Payable	23,904,079	17,791,520
<b>Total</b>	<b>30,681,729</b>	<b>23,411,183</b>

Contingent Liability




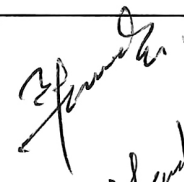

Particulars	As at 1st Shrawan 2077	As at 1st Shrawan 2076
LC Payable- Flovel Energy Pvt.Ltd.(LC no:17C	-	5,185,896
EXIM code issued to custom department	300,000	300,000
<b>Total</b>	<b>300,000</b>	<b>5,485,896</b>




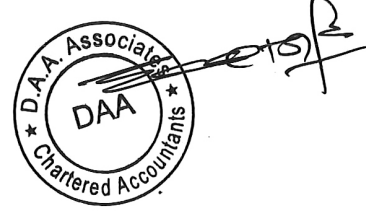


**Ghalemdi Hydro Limited**  
Beni, Myagdi, Nepal  
Notes for Calculation of Long term contract

Revenue from Long Term Contract	Note 13	
Particulars	2076-77	2075-76
Initial Contract Value	1,591,468,558	1,591,468,558
Escalation Amount	-	-
<b>Total Contract Value</b>	<b>1,591,468,558</b>	<b>1,591,468,558</b>
Initial Estimated Contract Cost	1,402,323,171	1,446,789,598
Additional Estimated Cost	-	-
<b>Total Estimated Contract Cost</b>	<b>1,402,323,171</b>	<b>1,446,789,598</b>
Estimated GP Ratio	12%	9%
Cost Upto Previous Year	1,037,426,796	708,079,553
Cost Of Sales As Per Income Statement	364,896,376	329,347,243
<b>Actual Cost Incurred Upto Current F/Y</b>	<b>1,402,323,171</b>	<b>1,037,426,796</b>
Remaining Additional Cost to Be Incurred to Complete the Contract	-	409,362,802
Estimated Profit	189,145,386	144,678,960
Percentage Of Completion Based On Cost	100%	72%
<b>Income To Be For The F/Y Based On % Of Completion</b>	<b>1,591,468,558</b>	<b>1,141,169,475</b>
Income Included Upto Previous F/Y Year	1,141,169,475	778,887,508
Income To Be Book In Current Year	450,299,082	362,281,968
<b>Income Included Upto Current F/Y</b>	<b>1,591,468,558</b>	<b>1,141,169,475</b>
Remaining Income To Be Booked	-	-
<b>Total Income Booked In This F/Y As Per Income Tax</b>	<b>-</b>	<b>-</b>





**Ghalemdi Hydro Limited**

Beni, Myagdi, Nepal

**Notes for Statement Of Profit And Loss & Other Comprehensive Income**

For the year ended on 31st Ashadh, 2077

**Cost of Sales**




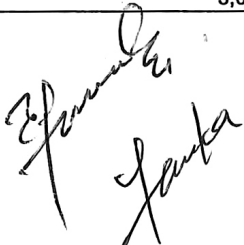

**Note 14**

Particulars	Current Year	Previous Year
Lease Rent Expenses	324,000	80,000
Local Village Contribution	-	3,096,102
Provision for Fine and Penalty(NEA)	-	(4,438,826)
Repair & Maintenance - Other	-	756,213
Salary & Allowance	6,842,689	5,167,267
PPA Expenses	272,418	735,545
Site Visit Allowances	-	35,294
Insurance Premium	1,360,100	-
Interest Expenses	63,527,714	101,863,297
Loan Processing Fees	-	814,180
Consultancy Fee	1,064,249	-
Other Expenses	3,825,354	-
WIP- Civil Works	54,821,392	187,341,554
WIP- Electromechanical Equipment	153,965,179	3,187,602
WIP- Hydromechanical Works	-	223,766
WIP- Infrastructure/ Access Road	-	5,902,860
WIP - Site Office Building	69,498,930	10,692,360
WIP- Transmission Line Construction	9,394,350	13,890,029
<b>Total</b>	<b>364,896,376</b>	<b>329,347,243</b>

**Other Income**

**Note 15**

Particulars	Current Year	Previous Year
Interest Income	234	4,376
Other Income	2,862	-
<b>Total</b>	<b>3,096</b>	<b>4,376</b>

 GHALEMDI  
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**General Administration Expenses**

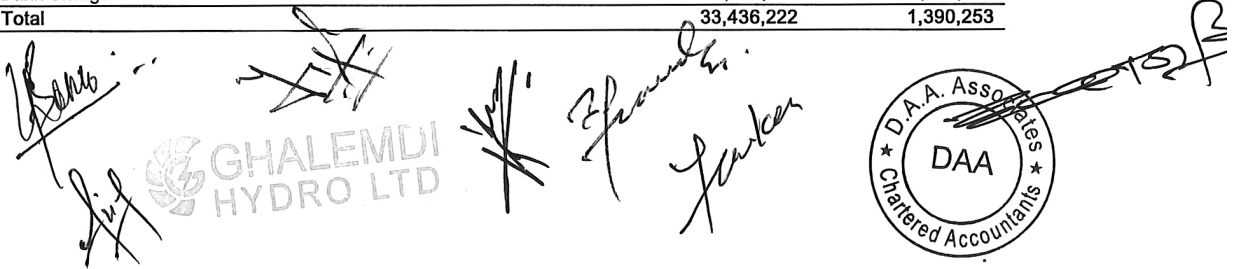
Note 16


Particulars	Current Year	Previous Year
Consumable Expenses	-	13,914
Salary & Allowance-admin	3,378,725	7,342,351
Donation	20,000	109,000
Office Rent Expenses	326,776	795,753
Other Expenses	27,600	207,741
Puja Expenses	9,055	51,420
Audit Fees	226,000	226,000
Bank Charge	601,083	-
Board Meeting Allowance	-	34,412
Books & Periodicals	6,240	15,200
IPO Issue Expenses	-	2,005,083
Kitchen Expenses	-	71,367
Royalty Expenses	663,908	-
Registration Expenses - NEPSE/SEBON & CDS	251,726	1,596,000
Repair & Maintenance - Vehicle	107,413	1,403,680
CC Meeting Allowance	-	18,824
Cleaning and Security Expenses	12,000	12,000
Fooding & Refreshment	-	2,074,171
Insurance Premium	938,427	2,241,489
Information & Publicity	3,000	117,113
Fuel Expenses	82,298	493,115
Medical Expenses	-	64,129
Printing & Stationary	14,693	145,700
Rate,Tax, Renewal & Registration Expenses	-	197,886
Repair & Maintainance - Staff	29,575	163,892
Telephone, Internet & Courier Expenses	45,092	244,712
Transportation Expenses	-	53,350
Travelling Expenses	155,365	1,302,918
Water & Electricity Expenses	66,846	19,560
Consultancy Fees	-	3,029,222
Fine & Penalty Expenses	-	386,653
<b>Total</b>	<b>6,965,821</b>	<b>24,436,653</b>


**Finance Cost**

Note 17

Particulars	Current Year	Previous Year
Bank Charge	33,436,222	1,390,253
<b>Total</b>	<b>33,436,222</b>	<b>1,390,253</b>



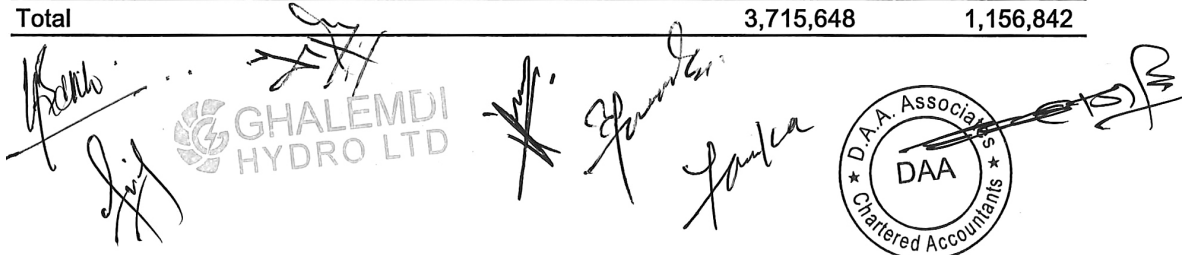






**Staff Payable**

**Sub Sch. 1**

Particulars	As on Ashadh End, 2077	As on Ashadh End, 2076
Anil Paudel	355,695	428,434
Anil Sen Thakuri	52,000	-
Anish Bhandari	53,500	-
Arjun Kunwer	-	(1,231)
Arjun Paudel	-	79,000
Bhagawan K. C	10,996	23,720
Bhim Prasad Paudel- Plant Manager	380,234	(7,000)
Bhola Bot	-	111,112
Bhuwan Paudel	-	(3)
Bijaya Babu Shahi	12,512	(29,964)
Bimal Rijal	64,998	-
Bimala Khadka	40,501	16,000
Binod Devkota	-	127,559
Bishwo Bijaya Shrestha- PI	101,305	(76,540)
Bel Bahadur Pun	99,900	-
Bir Bahadur Pun	72,000	-
Dan Ras Garbuja	64,000	-
Dil Bahadur Gurung	60,000	-
Durga Rai	467,999	340,209
Ganesh Buduja Pun	84,000	-
Gopal Subedi	185,986	(233,990)
Gum Bahadur Purja	78,000	-
Gyanendra Maharjan	-	54,174
Hari Pun	55,000	-
Indra Tilija	-	17,000
Jagannath Dhungana	48,000	-
Pradeep Gautam	300,668	35,669
Rabin Khanal	96,970	60,500
Rajeshwor Gautam	-	(62,210)
Ram Krishna Adhikari	79,101	66,800
Resh Bahadur Tilija	111,900	-
Ranbir Pun Chochangi	60,000	-
Rudra Baniya	59,000	-
Sailendra Gautam	45,404	8,582
Sandip Shrestha Electrical	357,279	(6,330)
Santosh Pun	-	129,550
Shambhu Timalisina	262,800	75,800
Shiva Raj Updhaya	55,900	-
<b>Total</b>	<b>3,715,648</b>	<b>1,156,842</b>










**Advances to Parties**

**Sub Sch. 2**

Particulars	As on Ashadh End, 2077	As on Ashadh End, 2076
ACCAP Narchyang	500,000	500,000
Bimal Rijal	-	596,091
Dhaulagiri Hardwere & Suppliers	3,854,344	6,310,796
Energy Resources and Solution Pvt Ltd	404,583	404,583
ERG Nepal	252,500	252,500
ICRA Nepal Limited	-	485,025
Man Kumar Purja - Gore	20,200	
Narayan Paudel	-	100,000
Narchyang Nirman Sewa	2,165,998	2,165,998
New Muktinath Hardwere	1,163,550	1,163,550
Nirvan Tech Pvt. Ltd.	169,089	169,089
Ranoj Bhatta	-	60,000
Rastra Bhushan Dahal	-	500,000
Surendra KC	-	500,000
Sustainable Engineering Devepoment Pvt. Ltd	-	510,446
Vibor Capital Ltd.	-	300,850
High Himalayan Hydro Construction Pvt. Ltd	75,000	325,000
Hotel Everest	611,000	120,000
Image Trade Concern	78,083	78,083
Panchakanya Metal Industries	200,000	200,000
Pathivara Ply Trading	400,000	400,000
Serpuja Construction & Suppliers	2,951,500	2,951,500
Shreelal Chapagain	1,373,863	1,373,863
Tara Pun	(87,210)	462,790
<b>Total</b>	<b>14,132,499</b>	<b>19,930,164</b>












**Contractor Advance**

**Sub Sch. 3**

Particulars	As on Ashadh End, 2077	As on Ashadh End, 2076
C.E. Hydro	3,015,970	3,015,970
Deepak Garbuja- Scarf Folding	-	50,000
Dinesh Dhungana	-	725,000
Hydro Equipment Service	50,000	
Jalap Nepal Pvt. Ltd	316,359	316,359
Khim Bahadur - TL Contractor	(129,400)	300,000
Local Crosser	240,000	240,000
Mekh Bahadur Garbuja	155,000	1,161,691
Mukesh Shah - Painter	250,000	200,000
World Wide Construction Pvt. Ltd	23,339,307	80,085,968
<b>Total</b>	<b>27,237,236</b>	<b>86,094,988</b>

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**Ghalemdi Hydro Limited**  
**Notes to the financial statements and Significant Accounting Policies**  
**For the year ended Ashadh 31, 2077 (July 15, 2020)**

**Background**

Ghalemdi Hydro Limited (GHL) is a limited company registered under the provisions of Company Act, 2063. The address of its registered office is Banasthali – 16 Kathmandu, Nepal. The company's share is listed on Nepal stock Exchange as GHL. Registered office of the company has been changed from Arthunge -01, Myagdi to Banasthali -16, Kathmandu Nepal.

Ghalemdi Hydro Limited is listed company incorporated on 2070/09/21 registration no 118415/070/071 and income tax registration PAN: 600995827 as per prevalent Acts of Nepal, with the objective to develop and invest in hydropower projects. The Company has developed and is currently operating 5 MW and owns the project license for the period of Poush 14, 2070 to Poush 13, 2105. The Commercial operation of electricity generation started from Falgun 05, 2076.

The Financial Statement apply to the financial Year ended on 31<sup>st</sup> Ashadh 2077 (July 15, 2020). In the financial statement, Ghalemdi Hydro Limited has been referred as "GHL" or " Company ". Board of the Directors acknowledges the responsibility of preparation of financial statements and has passed by BOD.

The accompanied Financial Statements have been approved by Board of the Ghalemdi Hydro Limited in its meeting held on Chaitra 10, 2077 (March 23, 2021 )

**Significant Accounting Policies**

**1. Basis of Preparation and Measurement of the Financial Statement**

**1.1 Statement of Compliance**

The financial statements of GHL which comprises Statement of Financial Position, Statement of Profit or Loss and Other Comprehensive Income, Statement of Cash Flow and Statement of Changes in Equity are the first financial statement which has been prepared in accordance with applicable Nepal Financial Reporting Standards (NFRS) as issued by the Institute of Chartered Accountants of Nepal (ICAN). The financial statements have also been prepared in accordance with the relevant presentational requirements of the Company Act, 2063 of Nepal.

**1.2 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.

**1.3 Presentation of Financial Statement**

All assets and liabilities have been classified as current or non-current as per the Company's normal operating cycle. Based on the nature of products and the time between acquisition of assets for processing and their realization in cash and cash equivalents, the Company has ascertained its operating cycle as 12 months for the purpose of current or noncurrent classification of assets and liabilities.

**1.4 Functional & Presentation Currency**

The financial statements are presented in functional and presentation currency of the Company i.e. Nepalese Rupee ("NPR") which is the currency of the primary economic environment in which the Company operates.

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### 1.5 Financial Period

The company Prepare financial statements in accordance with the Nepalese Financial Year. The financial year starts from 1<sup>st</sup> shrawan and ends on Ashadh end of next calendar year.

### 1.6 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.

## 2. Accounting Estimates and Judgments

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 the 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. 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:-

### 2.1 Useful life and Residual value of Property, Plant and Equipment

Management reviews the useful life and residual values of property, plant and equipment at least once a year. Such life are dependent upon an assessment of both the technical life of the assets and also their likely economic life, based on various internal and external factors including relative efficiency and operating costs.

Useful life is:

- (a) the period over which an asset is expected to be available for use by an entity; or
- (b) the number of production or similar units expected to be obtained from the assets by an entity.

Accordingly, depreciable lives are reviewed annually using the best information available to the Management.

### 2.2 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 the hydropower plant has been completed this year and comes in the electricity production and all the expenditure which are directly attributable to acquisition, construction or production till before commercial operation date of the assets are shown as intangible assets under development , hence test of impairment of assets has not been made for those assets.

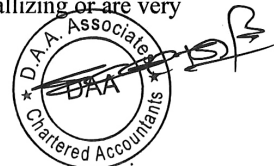
### 2.3 Contingent Liabilities

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 quantify reliably are treated as contingent liabilities. Such liabilities are disclosed in the notes but are not recognized.

## 2.4 Income Tax

The commercial operation of the company has been started on 5<sup>th</sup> of Falgun, 2076. Further company is entitled to full tax holiday for first 10 years and half tax holiday for next 5 years from the commencement of commercial operation.

The company's statement of Profit or loss and other comprehensive Income shows profit due to implementation of revenue recognition criteria of IFRIC 12 and NAS 11 "Construction Contracts". However, the above implementation has not given effect in Income Tax calculation as it is notional gain which is unrealized. Income tax on the Statement of Profit or loss for the year comprises current taxes and deferred taxes. Income tax is recognized in the Statement of Profit or loss and other Comprehensive income except to the extent that it relates to items recognized directly to equity.

### Current Tax

Current tax is the expected tax payable on the taxable income for the year using tax rates at the Statement of Financial Position date and any adjustment to tax payable in respect of previous years.

Income tax rates applicable to company:

Income from Sale of electricity @ 0% (FY 2076/77), @ 0% (FY 2075/76)

### Deferred Tax

a. Deferred tax is provided using the Balance sheet liability method, providing for temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. The amount of deferred tax provided is based on the expected realization or settlement of the carrying amount of assets and liabilities using tax rates at the Statement of Financial Position date.

b. A deferred tax asset is recognized only to the extent that it is probable that future taxable profits will be available against which the asset 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 it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

c. Deferred tax liabilities and assets are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset realized, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

Deferred tax Assets / Liabilities have not been recognized as no taxable temporary differences are raised due to tax holiday.

## 3. Significant Accounting Policies and treatments:

The significant accounting policies of the company are explained below:

### 3.1 Property, Plant and Equipment

On transition to NFRS, the company has elected to continue with the carrying value of all of its property, plant and equipment recognized as at Ashadh 32, 2074 measured as per previous GAAP and use that carrying value as the deemed cost of the property plant and equipment as on 1<sup>st</sup> Shrawan 2074 and same has been carried up-to this year.

Freehold land is carried at historical cost and is not depreciated. All other items of property, plant and equipment are stated at historical cost less accumulated depreciation and accumulated impairment losses, (if any). Historical cost includes expenditure that is directly attributable to the acquisition of the items.

Subsequent costs are included in the asset's carrying amount or recognized as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably. The carrying amount of any component accounted for as a separate asset is derecognized when replaced. All other repairs and





maintenance are charged to Statement of Profit or loss & Other Comprehensive Income 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; the remaining asset is depreciated over the life of the principal asset. The residual values, useful lives and methods of depreciation of property, plant and equipment are reviewed at each financial year end and adjusted prospectively, if appropriate.

An item of property, plant and equipment and any significant part initially recognized is derecognized upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on 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 or loss & Other Comprehensive Income when the asset is derecognized.

Other assets are included in Separate head under Fixed Assets as classified under Office Equipment and depreciation has been charged prospectively.

Other power plants, equipment and civil works on the site has been recorded under Intangible Assets under development and charged to Statement of Financial Statement and after the completion of the project, it will be amortized under SLM Basis till the license period of the respective project.

### 3.2 Capital Work in Progress

Under NFRS, CWIP related to the hydro power plant considered as service concession arrangement (SCA) and charged to Profit/Loss as cost of Sales and respectively Cost of Intangible Assets under development has been increased on SOFP which will be amortized when the construction work is completed on SLM basis till the license period of the respective Project.

### 3.3 Intangible Assets

The service arrangement has been recognized under Intangible asset model in accordance to IFRIC 12 "Service Concession Arrangements". NAS 38 Intangible Assets applies to the intangible assets recognized under IFRIC 12. NAS 38 allows intangible assets to be measured using the cost model or revaluation model if there is an active market for service concession arrangements

Following additional disclosures have been made based on requirements of SIC 29 "Service Consensus Arrangements: Disclosures":

- The construction of the project has been completed during the fiscal year and its commercial operation has been started from 5 Falgun 2076.
- During the construction phase, GHIL has recognized revenue in respect of construction activities with the corresponding entry increase in the amount recognized for the intangible asset based on percentage of completion method.
- Since GHIL is under commercial operation phase, an intangible asset under development has been de-recognized and has transferred to Intangible Assets under SOFP amounting to NPR 1,569,611,867.
- Amortization of Intangible assets have been done under straight line method as this method better reflects the pattern of consumption of the asset's future economic benefit over the period of license for generation of revenue until 13 Poush 2105.
- Amortization amounting to NPR 2,185,6691 has been recognized in the books of accounts based on the applicable standards.
- Revenue of NPR 450,299,082 has been recognized during the fiscal year in exchanging construction services for an intangible asset.

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 DAA Associates  
DAA  
Chartered Accountants

### 3.4 Project Development Cost

Under NFRS, Project Development Cost related to the hydropower Plant considered as service Concession Arrangement (SCA) which has been derecognized and charged to Statement of Profit/loss as Cost of sales and respectively cost of Intangible assets under development has been increased on SOFP based on the provisions of IFRIC 12 "Service Concession Arrangements". The cost of Intangible assets will be amortized when the construction work is completed on SLM basis till the license period of the respective Project.

### 3.5 Financial Instruments

#### a. Financial Instruments

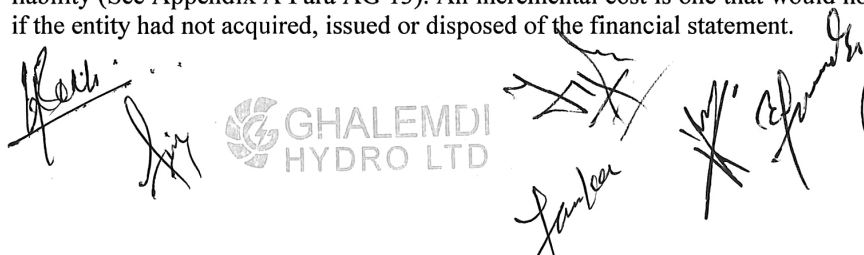



Financial assets and financial liabilities are recognized when the Company becomes a party to the contract embodying the related financial instruments. All financial assets, financial liabilities and financial guarantee contracts are initially measured at transaction cost and where such values are different from the fair value, at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through Statement of Profit or loss & Other Comprehensive Income) are added to or deducted from the fair value measured on initial recognition of financial asset or financial liability. Transaction costs directly attributable to the acquisition of financial assets and financial liabilities at fair value through Statement of Profit or loss & Other Comprehensive Income are immediately recognized in the Statement of Profit or loss & Other Comprehensive Income.

In case of interest free or concession loans/debentures/preference shares given to subsidiaries, associates and joint ventures, the excess of the actual amount of the loan over initial measure at fair value is accounted as an equity investment. Investment in equity instruments issued by subsidiaries, associates and joint ventures are measured at cost less impairment. Investment in preference shares/debentures of the subsidiaries are treated as equity instruments if the same are convertible into equity shares or are redeemable out of the proceeds of equity instruments issued for the purpose of redemption of such investments. Investment in preference shares/ debentures not meeting the aforesaid conditions is classified as debt instruments at amortized cost.

#### b. Effective Interest Rate

The Effective Interest Method is a method of calculating the amortized cost of a financial assets or a financial liability (or group of financial assets or financial liabilities) and of allocating the interest income or interest expenses over the relevant period.

The effective interest rate is the rate that exactly discounts estimated future cash payment or receipts through the expected life of the financial instrument or , when appropriate , a shorter period to the net carrying amount of the financial assets or financial liability. When calculating the effective interest rate , an entity shall estimate cash flows considering all contractual terms of the financial instrument (for example, prepayment , call and similar options) but shall not consider future credit losses. The calculation includes all fees and points paid or received between parties to the contract that are an integral part of the effective interest rate (see NAS 18 Revenue) , transaction cost , and all other premiums and discounts . There is a presumption that the cash flows and the expected life of a group of similar financial instruments can be estimated reliably. However, in those rare cases when it is not possible to estimate reliably the cash flows or the expected life of a financial instrument ( or group of financial instruments ), the entity shall use the contractual cash flows over the full contractual term of the financial instrument ( or group of financial instruments) . Transaction cost are incremental cost that are directly attributable to the acquisition, issue or disposal of a financial assets or financial liability (See Appendix A Para AG 13). An incremental cost is one that would not have been incurred if the entity had not acquired, issued or disposed of the financial statement.



## Financial Assets

### a. Financial Assets at Amortized Cost

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

### b. Other Financial Assets

Deposits and advance previously classified under head - Advance, Deposits and receivable as per GAAP has been reclassified as under other Current Financial Assets under the NFRS Adoption SOFP.

### c. Financial Assets at Fair Value

Financial assets are measured at fair value through other comprehensive income if these financial assets are held within a business model whose objective is to hold these assets in order to collect contractual cash flows or to sell these financial assets and the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

The Company in respect of equity investments (other than in subsidiaries, associates and joint ventures) which are not held for trading has made an irrevocable election to present in other comprehensive income subsequent changes in the fair value of such equity instruments. Such an election is made by the Company on an instrument by instrument basis at the time of initial recognition of such equity investments.

Financial asset not measured at amortized cost or at fair value through other comprehensive income is carried at fair value through the Statement of Profit or loss & Other Comprehensive Income.

For financial assets maturing within one year from the reporting date, the carrying amounts approximate fair value due to the shorter maturity of these instruments.

### d. Impairment of Financial Assets

Loss allowance for expected credit losses is recognized for financial assets measured at amortized cost and fair value through the statement of profit or loss.

The company recognizes impairment loss on trade receivables using expected credit loss model. For financial assets whose credit risk has not significantly increased since initial recognition, loss allowance equal to twelve months expected credit losses is recognized. Loss allowance equal to the lifetime expected credit losses is recognized if the credit risk on the financial instruments has significantly increased since initial recognition.

### d. De-Recognition of Financial Assets

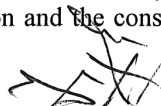

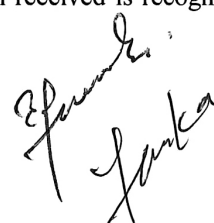
The Company de-recognizes a financial asset only when the contractual rights to the cash flows from the financial asset expire, or it transfers the financial asset and the transfer qualifies for de-recognition under NFRS 9. If the Company neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Company recognizes its retained interest in the assets and an associated liability for amounts it may have to pay.

If the Company retains substantially all the risks and rewards of ownership of a transferred financial asset, the Company continues to recognize the financial asset and also recognizes a collateralized borrowing for the proceeds received.

On de-recognition of a financial asset in its entirety, the differences between the carrying amounts measured at the date of de-recognition and the consideration received is recognized in Statement of profit or loss.


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**Financial Liabilities and Equity Instruments**

**a. Classification as Debt or Equity**

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

**b. Equity Instruments**

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

**c. Financial Liabilities**

Financial liabilities are initially measured at fair value, net of transaction costs, and are subsequently measured at amortized cost, using the effective interest rate method where the time value of money is significant. Interest bearing bank loans, overdrafts and issued debt are initially measured at fair value and are subsequently measured at amortized cost using the effective interest rate method. Any difference between the proceeds (net of transaction costs) and the settlement or redemption of borrowings is recognized over the term of the borrowings in the statement of Statement of Profit or loss & Other Comprehensive Income.

For trade and other payables maturing within one year from the Statement of Financial Position date, the carrying amounts approximate fair value due to the short maturity of these instruments

**d. Other Current Financial Liabilities**

The trade and other payables except account payable under previous GAAP has been reclassified into other financial liability. This includes Audit Fee payable, staff payable , directors payable and interest payable.

**e. Financial Guarantee Contract**

Financial guarantee contracts issued by the Company are those contracts that require a payment to be made to reimburse the holder for a loss it incurs because the specified debtor fails to make a payment when due in accordance with the terms of a debt instrument. Financial guarantee contracts are recognized initially as a liability at fair value, adjusted for transaction costs that are directly attributable to the issuance of the guarantee.

**f. De-Recognition of Financial Liabilities**

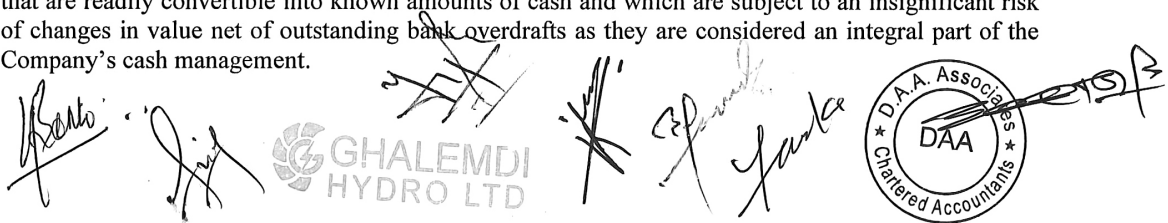
A financial liability is derecognized when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the de-recognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognized in the statement of Statement of Profit or loss & Other Comprehensive Income.



**g. Off-Setting of Financial Instruments**

Financial assets and financial liabilities are offset and the net amount is reported in the standalone Statement of Financial Position if there is a currently enforceable legal right to offset the recognized amounts and there is an intention to settle on a net basis, to realize the assets and settle the liabilities simultaneously.

**3.6 Cash & Cash Equivalents**

Cash and cash equivalents in the Statement of Financial Position comprise cash at banks and on 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 net of outstanding bank overdrafts as they are considered an integral part of the Company's cash management.





### 3.7 Depreciation and Amortization

Depreciation is recognized so as to write off the cost of assets (other than free hold land and assets procured directly for the project) less their residual values over their useful lives, using straight line method taking Useful life of assets as mentioned in Appendix I of NAS 16

Depreciation is provided on the Straight line method based on the estimated useful lives of the assets determined by the management i.e., as per NAS 16. Depreciation on additions to fixed assets is charged fully in the year of purchase. The useful life of the assets and the corresponding rates at which the assets are depreciated are as follows:-

SN	Category of Assets	Rate	Useful Life (Year)
1.	Vehicles	13%	8
2.	Furniture & Fixtures	10%	10
3.	Computer and Accessories	33%	3
4.	Office Equipment	20%	5

Useful life is either the period of time which the asset is expected to be used or the number of production or similar units expected to be obtained from the use of asset. The estimated useful life, 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.

Office furniture, equipment and vehicles costing less than NPR 5,000 per unit and plant equipment costing less than NPR 5,000 per unit is charged to the Statement of Profit or loss & Other Comprehensive Income account in the year of purchase.

Hydro Project Equipment Assets are depreciated over the period of license term using straight line method of depreciation.

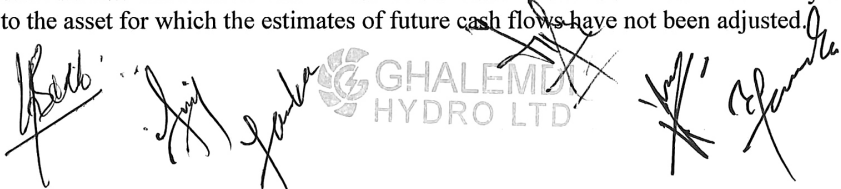


Leasehold improvements are depreciated over the period of lease or estimated useful life, whichever is lower, on straight line basis.

Amortization will be recognized on the straight line basis over their estimated useful life once the company will reach in operation phase. As per IFRIC-12, it states that the useful life of the intangible assets is license period.

### 3.8 Impairment of Tangible & 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.

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 recognized immediately in Statement of Profit or loss & Other Comprehensive Income.

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 recognized for the asset (or cash-generating unit) in prior years. A reversal of an impairment loss is recognized immediately in Statement of Profit or loss & Other Comprehensive Income.

### 3.9 Borrowing Cost

Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds. Borrowing cost also includes exchange differences to the extent regarded as an adjustment to the borrowing costs.

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.

### 3.10 Trade Payables

Account Payable has been reclassified as trade payable under current Financial Liabilities.

### 3.11 Provision and Contingent Liabilities

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

When the Company expects some or all of a provision to be reimbursed, for example, under an insurance contract, the reimbursement is recognized as a separate asset, but only when the reimbursement is virtually certain.

The expense relating to a provision is presented in the Statement of Profit or loss & Other Comprehensive Income net of any reimbursement. If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects, when appropriate, the risks specific to the liability. When discounting is used, the increase in the provision due to the passage of time is recognized as a finance cost.

As per Clause 2 Ga in the 4<sup>th</sup> amendment of Power Purchase Agreement held on 2076-05-22 between NEA & GHIL at Durbar Margh Kathmandu, it was agreed that both parties are not liable to pay any compensation amount to each other. Thus GHIL as not created any provision in current year.

A contingent asset is a possible asset that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the entity.

A contingent liability is a possible obligation that arises from past events whose existence will be confirmed by the occurrence or non-occurrence of one or more uncertain future events beyond the control of the Company or a present obligation that is not recognized because it is not probable that an outflow of resources will be required to settle the obligation. A contingent liability also arises in extremely rare cases where there is a liability that cannot be recognized because it cannot be measured





reliably. The Company does not recognize a contingent liability but discloses its existence in the standalone financial statements.

A provision for onerous contracts is recognized when the expected benefits to be derived by the Company from a contract are lower than the unavoidable cost of meeting its obligations under the contract. The provision is measured at the present value of the lower of the expected cost of terminating the contract and the expected net cost of continuing with the contract. Before a provision is established, the Company recognizes any impairment loss on the assets associated with that contract.

Provisions, contingent liabilities and contingent assets are reviewed at each reporting period.

### 3.12 Other Current Liabilities

Other Current Liabilities includes the TDS payable reclassified from Trade & other payable.

### 3.13 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 weighted average 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.

### 3.14 Revenue Recognition

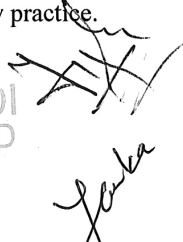
Revenue has been recognized under two different heads- once on the provision of construction services (in exchange for the intangible asset) and a second time on the receipt of payments for usage of the asset constructed.

As per IFRIC -12, Revenue is recognized and measured in accordance with NAS 11 for construction period and NAS 18 for Operation Service Period. IFRIC-12 states that the operator recognizes revenue in respect of construction activities with the corresponding entry increasing the amount recognized for the intangible assets during construction period. This is because the operator exchanges construction services in return for a license. The grantor makes non cash payment for the construction services by giving the operator an intangible asset in exchange for the construction services. As this is an exchange of dissimilar goods and services, in accordance with IAS-18:12, revenue must be recognizing on the transaction. The intangible assets generate a second stream of revenue when the operator receives cash from users or from the grantor based on usage. This is in contrast with the financial assets model in which money is received are treated as partial repayment of the financial assets. In the intangible assets model, the intangible asset is reduced by amortization rather than repayment. This results in revenue being recognized twice- once on the provision of construction services (in exchange for the intangible assets) and a second time on the receipt of payment for usage. The intangible assets must be accounted in accordance with IAS 38 intangible Assets. The intangible assets should be amortized over the period of the concession. The annuity method of amortization is specifically prohibited [IFRIC12:BC65]. The most appropriate method of amortization of the intangible assets is usually the straight line method, unless another method better reflex the pattern of consumption of the asset's future economic benefits. However, in some circumstances, where the expected pattern of consumption of the expected economic benefits is best on usage, it may be appropriate to use an alternative method of amortization.

Under construction contract, the revenue has been recognized by adding an average industry mark up of 9% on cost of construction as per industry practice.



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**Dividend and Interest Income**

Dividend income (net of withholding taxes) from investments is recognized when the shareholder’s right to receive payment has been established (provided that it is probable that the economic benefits will flow to the Company and the amount of income can be measured reliably). In case of stock dividend only the number of shares is increased.

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

**Other Income**

Other income from a financial asset is recognized when it is probable that the economic benefits will flow to the Company and the amount of income can be measured reliably. Other income is accrued on a time basis.

**3.15 Foreign Currency Transaction**

The functional currency of the Company is determined on the basis of the primary economic environment in which it operates. The functional currency of the Company is Nepalese Rupee (NPR).

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

At the end of each reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing at that date. Non-monetary items carried at 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 a foreign currency are not retranslated.

Exchange differences on monetary items are recognized in Statement of Profit or loss & Other Comprehensive Income in the period in which they arise.

**3.16 Leases**

The determination of whether an arrangement is (or contains) a lease is based on the substance of the arrangement at the inception of the lease. The arrangement is, or contains, a lease if fulfilment of the arrangement is dependent on the use of a specific asset or assets and the arrangement conveys a right to use the asset or assets, even if that right is not explicitly specified in an arrangement. A lease is classified at the inception date as a finance lease or an operating lease.

**The Company as a Lessee**

A lease that transfers substantially all the risks and rewards incidental to ownership to the Company is classified as a finance lease. A leased asset is depreciated over the useful life of the asset. However, if there is no reasonable certainty that the Company will obtain ownership by the end of the lease term, the asset is depreciated over the shorter of the estimated useful life of the asset and the lease term.

Finance leases are capitalized at the commencement of the lease at the inception date fair value of the leased asset or, at the present value of the minimum lease payments at the inception of the lease, whichever is lower. Lease payments are apportioned between finance charges and reduction of the lease liability so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are recognized in finance costs in the Statement of Profit or loss & Other Comprehensive Income, unless they are directly attributable to qualifying assets, in which case they are capitalized in accordance with the Company’s general policy on the borrowing costs.







Operating lease payments are recognized as an expense in the Statement of Profit or loss & Other Comprehensive Income on a straight-line basis over the lease term unless either:

- a. Another systematic basis is more representative of the time pattern of the user's benefit even if the payments to the lessors are not on that basis; or
- b. The payments to the lessor are structured to increase in line with expected general inflation to compensate for the lessor's expected inflationary cost increases. If payments to the lessor vary because factors other than general inflation, then this condition is not met.

***The Company as Lessor***

Rental income from operating leases is generally recognized on a straight-line basis over the term of the relevant lease except where another systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognized on a straight-line basis over the lease term.

**3.17 Service Concession Agreement**

Under IFRIC-12, Service Concession Agreements applies to Public-to-Private service concession arrangements if:

- (a) The grantor controls or regulates what services the operator must provide with the infrastructure, to whom it must provide them, and at what prices: and
- (b) The grantor controls through ownership, beneficial entitlement or otherwise any significant residual interest in the infrastructure at the end of the term of the arrangement.
- (c) Is the infrastructure constructed or acquires by the operator from 3<sup>rd</sup> party for the purpose of the service arrangement or is the infrastructure existing infrastructure of the grantor to which the operator is given excess for the purpose of the service arrangement.

Infrastructure used in a public-to-private service concession arrangement for its entire useful life (whole life of assets) is within the scope of this IFRIC, if the conditions

- (a) Above are met.
- (b) These arrangements are accounted on the basis of below mentioned model depending on the nature of consideration and relevant contract law.

***Financial Assets Model***

The intangible assets model is used to the extent that the operator receives a right (a license) to charge users of the public service. A right to charge users of public services is not an unconditional right to receive cash because the amounts are contingents on to the extent that the public uses the services. Both type of arrangements may exist within a single contract to the extent that the grantor has given an unconditional guarantee of payment for the construction and the operation i.e., consider as a financial asset and to the extent that the operator has to rely on the public using the service in order to obtain payment, the operation has an intangible assets. The company manages concession arrangements which include power supply from its two- hydropower plant. The company maintains and services the infrastructure during the concession period. This concession arrangements set out rights and obligations related to the infrastructure and the services to be provided. The right to consideration gives rise to an intangible asset and accordingly, the intangible assets models is applied. Income from the concession arrangements earned under the intangible assets model consists of the:-

- i. Fair value of the contract revenue, which is deemed to be fair value of consideration transferred to acquire the asset; and
- ii. Payments actually received from the users. The intangible assets is amortized over its expected useful life in a way that reflects its pattern in which the asset's economic benefits are consumed by the company, starting from the date when the right to operate starts to be used. Based on these principles, the intangible asset is amortized in line with the actual usage of the specific public facility, with a maximum of the duration of the concession. Any asset carried under concession arrangements is


derecognized on disposal or when no future economic benefits are expected from its future use or disposal or when the contractual rights to the financial assets expire.

### 3.18 Employee Benefits

The Company has schemes of employment benefits namely provident fund, employee gratuity and accumulated leave payable as per employee service manual.

#### A. Defined Contribution Plan

Under defined contribution plans for provident fund and gratuity, the Company pays pre-defined amounts to separate funds and does not have any legal or informal obligation to pay additional sums. Contributions to defined contribution plans are charged to the Statement of Profit or loss and other Comprehensive income in the year to which they relate as the company has no further defined obligations beyond monthly contributions. Contributions to defined contribution schemes are deposited with Employees Provident Fund and Citizen Investment Trust against provident fund and gratuity respectively.

#### B. Short Term employment benefits

A liability is recognized for benefits accruing to employees in respect of wages and salaries, annual home leave and sick leave in the period the related service is rendered at the undiscounted amount of the benefits expected to be paid in exchange for that service.

Liabilities recognized in respect of short-term employee and contractual employees, benefits are measured at the undiscounted amount of the benefits expected to be paid in exchange for the related service.

### 3.19 Earning Per Share (EPS)

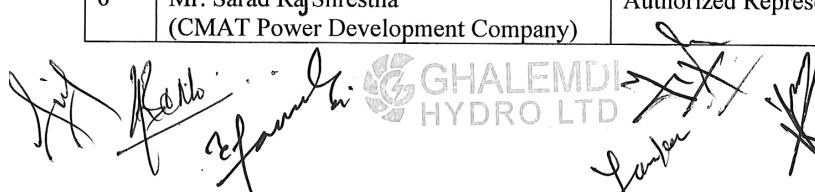


I. Basic earnings per share is computed by dividing the profit/ (loss) for the year by the weighted average number of equity shares outstanding during the year. The weighted average number of equity shares outstanding during the year is adjusted for treasury shares, bonus issue, bonus element in a rights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

### 3.20 Related Party Disclosure

#### Those charged with Governance:-

S.N.	Name of BoDs	Designations
1	Mr. Kishor Subedi	Chairman
2	Mr. Narayan Babu Adhikari	Director
3	Mr. Pramod Shrestha	Director
4	Mr. Tanka Prasad Baruwal	Director
5	Mr. Uttam Prasad Vaidya	Director
6	Mr. Sarad Raj Shrestha (CMAT Power Development Company)	Authorized Representative



**Loan from Directors**

S.N.	Name	Opening (Cr.)	During the Year	Closing (cr.)
1	Mr. Kishor Subedi	95,92,817	3594100	13186917.73
2	Mr. Pramod Shrestha	72,50,000	-	72,50,000
3	Mr. Tanka Prasad Baruwal	10,00,000	-	10,00,000
4	Mr. Narayan Babu Adhikari	67,25,000	9,05,000	76,30,000
5	Mr. Uttam Prasad Vaidya	2,45,72,109	27,00,000	2,72,72,109
<b>Total</b>		<b>49,139,926</b>	<b>71,99,100</b>	<b>5,63,39,027</b>

**Salary Payable to Directors**

S.N.	Name	Opening (Cr)	Transaction during the year	Closing (Cr)
1.	Kishor Subedi	870,308	2,016,594	349,902
2.	Narayan Babu Adhakari	138,736	892,000	35,445

**Other Payable to Director**

S.N.	Name	Opening (Cr)	Transaction during the year	Closing (Cr)
1.	Tanka Prasad Baruwal	4,250	37,005	11,255

**Interest Outstanding to Director**

S.N.	Name	Opening (Cr)	Transaction during the year	Closing (Cr)
1	Kishor Subedi	12,34,096	-	12,34,096
2	Pramod Shrestha	19,11,303	-	19,11,303
3	Tanka Prasad Baruwal	1,12,500	-	1,12,500
4	Narayan Babu Adhikari	14,90,486	-	14,90,486
5	Uttam Baidhya	1,04,40,820	-	1,04,40,820

**3.19 Financial Risk Management Objectives and Policies**

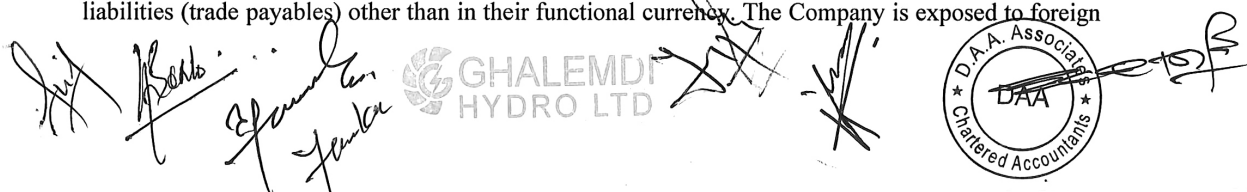
The Company's business activities expose it to a variety of financial risks, namely primarily to fluctuations in foreign currency exchange rates, interest rates, equity prices, liquidity and credit risk, which may adversely impact the fair value of its financial instruments. The Company's Board and senior management has overall responsibility for the establishment and oversight of the Company's risk management. 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 the Company's activities.

The Risk Management is done by the Company's management that provides assurance that the Company's financial risk activities are governed by appropriate policies and procedures and that financial risks are identified, measured and managed in accordance with the Company's policies and risk objectives.

**The Board of Directors reviews and agrees policies for managing each of these risks which are summarized below:-**

**I. Currency Risk**

The Company is subject to the risk that changes in foreign currency values impact the Company's imports of inventories and property, plant and equipment. As at Ashad 31, 2077, there is no unhedged exposure to the Company on holding financial assets (Bank balances and Trade receivables) and liabilities (trade payables) other than in their functional currency. The Company is exposed to foreign



exchange risk arising from various currency exposures, primarily with respect to US Dollar. The aim of the Group's approach to management of currency risk is to leave the Company with no material residual risk. This aim has been achieved in all years presented. Since, there is not significant currency risk, the Company has not entered into any forward contract.

## II. Credit Risk

Credit risk refers to the risk that a counterparty including its subsidiaries and associates will default on its contractual obligations resulting in financial loss to the Company. The Company has adopted a policy of only dealing with creditworthy counterparties and obtaining sufficient collateral, where appropriate, as a means of mitigating the risk of financial loss from defaults. The Company's exposure and the credit ratings of its counterparties are continuously monitored. In addition, the Company is exposed to credit risk in relation to financial guarantees given to banks provided by the Company. The Company's maximum exposure in this respect is the maximum amount the Company could have to pay if the guarantee is called on. No amount has been recognized in the financial position as financial liabilities.

## III. Interest Rate Risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. 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, Company has little role to play for minimizing this risk.

## IV. Liquidity Risk

Liquidity risk is the risk that the Company will face in meeting its obligations associated with its financial liabilities. The Company's approach to managing liquidity is to ensure that it will have sufficient funds to meet its liabilities when due without incurring unacceptable losses. In doing this, management considers both normal and stressed conditions. A material and sustained shortfall in our cash flow could create potential business continuity risk.

In order to control liquidity risk and for better working capital management, Company has made arrangement adequate level of OD facility for short term financing. The Company's Finance department regularly monitors the cash position to ensure it has sufficient cash on-going basis to meet operational needs. Any short term surplus cash generated by the operating entities, over and above the amount required for working capital management and other operational requirements, are retained as cash and cash equivalents (to the extent required) and any excess is invested in interest bearing term deposits to optimize its cash returns on investments. The said investments are made in instruments with appropriate maturities or sufficient liquidity to provide sufficient head-room as determined by the above-mentioned forecasts.

### 3.20 Capital Management

For the purpose of the Company's capital management, capital includes issued capital and all other equity reserves attributable to the equity holders of the company. The Company manages its capital so as to safeguard its ability to continue as a going concern and to optimize returns to the shareholders. The capital structure of the Company is based on management's judgement of the appropriate balance of key elements in order to meet its strategic and day-to-day needs. We consider the amount of capital in proportion to risk and manage the capital structure in light of changes in economic conditions and the risk characteristics of the underlying assets.

The Company's aim is to translate profitable growth to superior cash generation through efficient capital management. The Company's policy is to maintain a stable and strong capital structure with a focus on total equity so as to maintain investor, creditor, and market confidence and to sustain future development and growth of its business. The Company's focus is on keeping strong total equity base to ensure independence, security, as well as a high financial flexibility for potential future borrowings, if required, without impacting the risk profile of the Company. The Company will take appropriate steps in order to maintain, or if necessary adjust, its capital structure. The management monitors the



return on capital as well as the level of dividends to shareholders. The company's goal is to maximize shareholder's wealth by maximizing net worth of the company. No changes were made in the objectives, policies or processes for managing capital during the year ended Ashad 31, 2077 and Ashad 31, 2076.

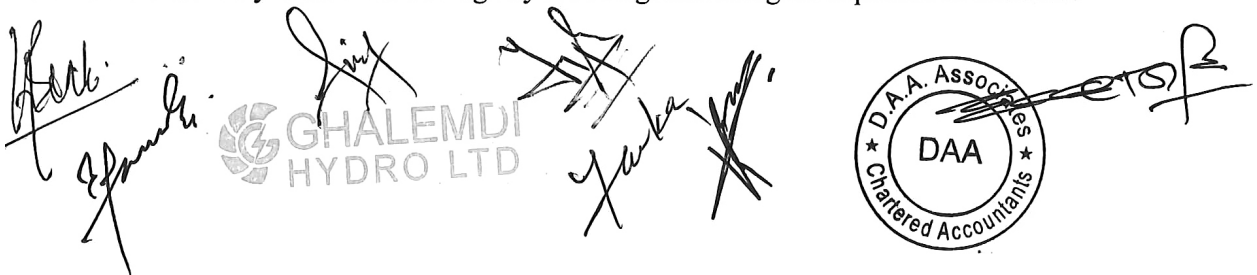
### 3.21 Corporate Social Responsibility

New Industrial Enterprises Act 2016 (2073 BS) (the "Act") has been introduced with effect from November 22, 2016 repealing the Industrial Enterprises Act 1992 (2049 BS) (the "Previous Act"). Section 48 of Industrial Enterprises Act 2016 (2073 BS) makes it mandatory to allocate 1% of the annual profit to be utilized towards corporate social responsibility (the "CSR Requirement"). The fund created for CSR is to be utilized on the basis of annual plans and programs but in the sectors that are prescribed under the Act however, such sectors are yet to be specified by the Act. The progress report of the utilization of the fund collected for CSR is required to be submitted to the relevant government authorities registered within three months from expiry of the financial year.

The Company believes that it has been expending on different CSR activities from earlier years.

### 3.22 Disaster Management

A disaster is a sudden, calamitous event that seriously disrupts the functioning of a community or society and causes human, material, and economic or environmental losses that exceed the community's or society's ability to cope using its own resources. Disaster occur when a hazard impact on vulnerable people. Disasters are older than mankind. We can't control the hazard like earthquake, flood, fire, and landslide and so on but we can minimize the damage which may cause by such hazards. Preparedness is the key point for minimizing the loss or damage which may occur due to the disasters. As we know hazard are older than the mankind so there is some trend in occurrence of such events like flood, earthquake so we have to predict and be prepared for these kinds of Hazard. Disasters is the product of process and exposure though the process or hazard are natural so we cannot exactly identify it but by listing possible hazard like flood, landslide and fire and so on which may occurred we can only reduce the damage by reducing such thing on exposure of Disaster.

The image shows several handwritten signatures in black ink. In the center, there is a faint watermark logo of GHALEMDI HYDRO LTD. To the right, there is a circular stamp from D.A.A. Associates, Chartered Accountants, with the acronym DAA in the center. A signature is written across the stamp.