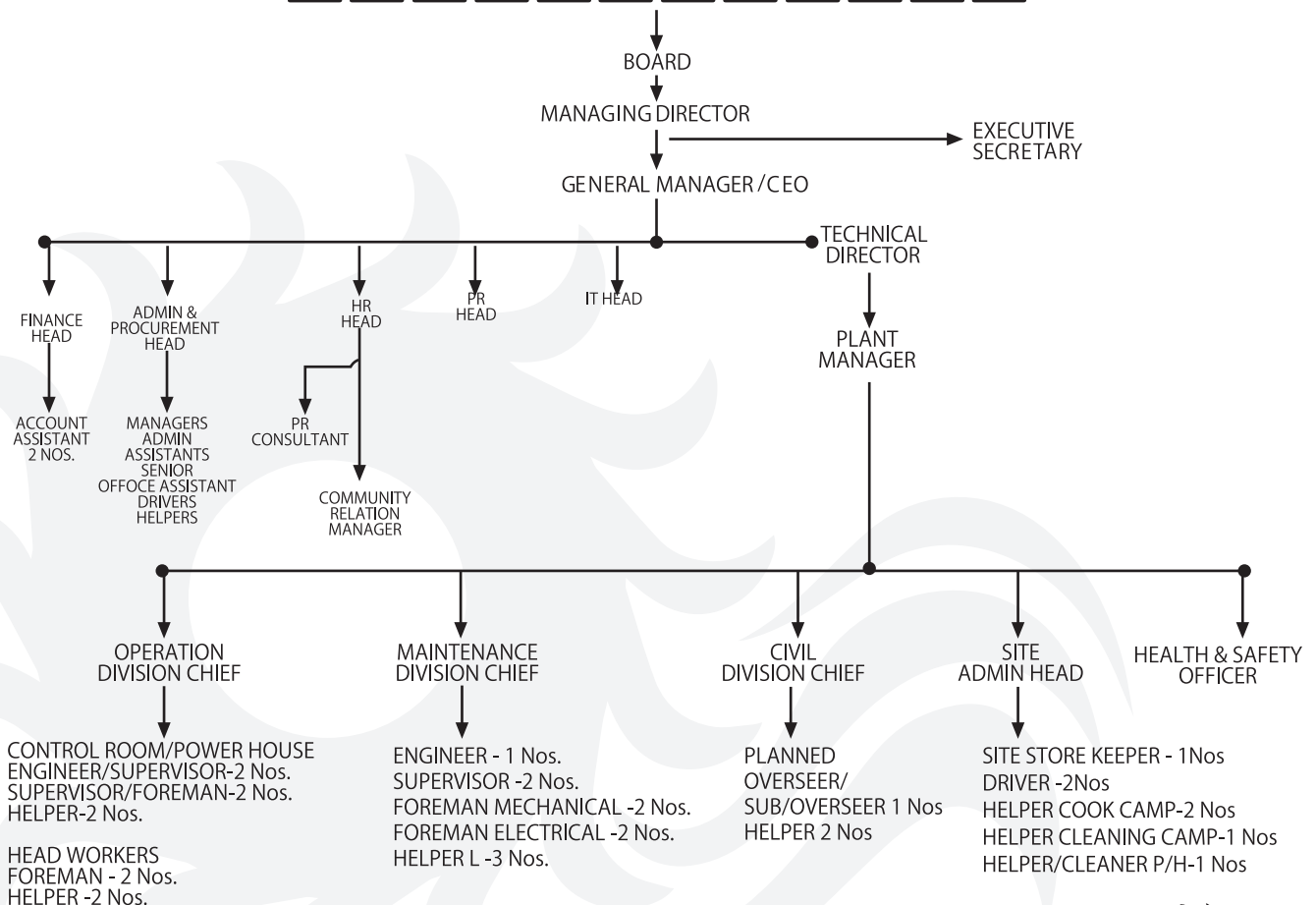


# कम्पनी पृष्ठभूमि र प्रोफाइल

सन् २००९ मा, विद्यमान ऊर्जा संकटलाई सम्बोधन गर्न तत्कालिन उपायको रूपमा, नेपाल सरकारले विद्युत विकास विभाग (DoED) मार्फत विद्युत विकास विभागद्वारा सोलु जलविद्युत आयोजना सहित अध्ययन गरिएका आठ परियोजनाहरू निजी विकास कर्ताहरूद्वारा विकासका लागि प्रतिस्पर्धात्मक बोलपत्र प्रक्रिया अपनाइ अगाडि बढी बोलपत्र प्रक्रियाका सबै प्राविधिक र वित्तीय आवश्यकताहरू पूरा गरे पछि र उच्च रकमको बोली लगाए पछि, आइसिटिसि समूह र ब्लूइनर्जीको संयुक्त उपक्रमले अप्रिल २०१० मा सोलु जलविद्युत आयोजना विकासको लागि इजाजत पत्र प्राप्त गरे तत्पश्चात अप्पर सोलु हाइड्रो इलेक्ट्रिक कम्पनी (USHEC) गठन भएको अवस्था रहेको छ ।

नेपाल सरकारको विद्युत विकास विभागले सन् २००९ मा सोलु जलविद्युत आयोजनाको सर्वेक्षण इजाजतपत्र USHEC लाई प्रदान गरेको, USHEC ले त्यस पछि विस्तृत परियोजना प्रतिवेदन (डीपीआर) तयार गर्यो, जसमा आयोजनाको क्षमता १५.२४ मेगावाट लाई २३.५ मेगावाटमा अप्टिमाइज गरिएको थियो । नेपाल विद्युत प्राधिकरणसँग नोभेम्बर २०१३ मा "टेक अर पे" को आधारमा विद्युत खरिद सम्झौता (PPA) मा हस्ताक्षर गरिएको थियो भने सेप्टेम्बर २०१४ मा वित्तीय व्यवस्थापन सम्पन्न भएको थियो । विद्युत विकास विभागबाट मार्च २०१४ मा USHEC ले जेनेरेसन लाइसेन्स (उत्पादन अनुमती पत्र) प्राप्त गरी परियोजनाको निर्माण २६ फेब्रुअरी २०१५ बाट सुरु भयो भने निर्माण २०१९ डिसेम्बरमा सम्पन्न भयो । २०२० मार्च महिनाबाट आयोजनाबाट विद्युत उत्पादन सुरु भइ ग्रिडमा जोडिएको थियो यद्यपि नेपाल विद्युत प्राधिकरणद्वारा १३२ केभी सोलु करिडोर प्रसारण लाइनको निर्माणमा ढिलाइका कारण COD ८ फागुन, २०७८ मा मात्र प्राप्त भयो । कम्पनी शुरुमा प्रा.लि.मा दर्ता रहेको भएता पनि २०७३ साल पब्लिक लिमिटेड कम्पनीको रूपमा परिणत गरिएको र आ.व. २०७८/७९ मा आईपीओ निष्काशन कार्य सफलता पूर्वक सम्पन्न भई सकेको छ ।

## SHAREHOLDERS



अप्पर सोलु हाईड्रो ईलेक्ट्रीक कम्पनी लि.  
का.म.न.पा वडा नं.१ हात्तिसार, काठमाण्डौ

प्रतिनिधि नियुक्त गर्ने फारम

.....जिल्ला.....न.पा/गा.पा वडा नं.....बस्ने म/हामी..... ले  
त्यस कम्पनीको शेयरधनीको हैसियतले मिति २०७९ साल पौष २८ गते का दिन हुने सातौं वार्षिक साधारण सभामा म/हामी  
स्वयं उपस्थित भै छलफल तथा निर्णयमा सहभागी हुन असमर्थ भएकोले उक्त सभामा मेरो/हाम्रो तर्फबाट प्रतिनिधित्व गरी भाग  
लिन तथा मतदान गर्नका लागि .....जिल्ला.....न.पा/गा.पा वडा नं.....बस्ने  
श्री .....लाई मेरो/हाम्रो प्रतिनिधि नियुक्त गरि पठाएको छु/छौं ।

प्रतिनिधि हुनेको

नाम :

दस्तखत :

मिति :

BOID No.

प्रतिनिधि नियुक्त गर्नेको

नाम :

दस्तखत :

मिति :



# BOARD OF DIRECTORS



सुरेश लाल श्रेष्ठ  
अध्यक्ष



दिनेश लाल श्रेष्ठ  
प्रबन्ध निर्देशक



प्रविन श्रेष्ठ  
संचालक



शेखर कुमार राणा  
संचालक



कुसुम गोंखाली  
संचालक





**सञ्चालक समितिको तर्फबाट सातौं वार्षिक साधारण सभामा (लिमिटेड भए पश्चातको) अध्यक्षज्यूबाट प्रस्तुत  
आ.व. २०७८/०७९ को वार्षिक प्रतिवेदन ।**

शेयरधनी महानुभावहरू,

कम्पनीको सञ्चालक समितिको अध्यक्षको हैसियतले अप्पर सोलु हाईड्रो ईलेक्ट्रीक कम्पनी लिमिटेडको सातौं वार्षिक साधारण सभामा (लिमिटेड भए पश्चात) उपस्थित हुनु भएका तपाईंहरूलाई म यस सभामा हार्दिक स्वागत गर्न चाहन्छु । आर्थिक वर्ष २०७८/०७९ मा यस कम्पनीद्वारा गरिएका विभिन्न गतिविधिहरूको अभिलेख स्वरूप यो प्रतिवेदन पेश गर्न पाउँदामलाई खुशी लागेको छ ।

**कम्पनीको स्थापना :**

यस अप्पर सोलु हाईड्रो ईलेक्ट्रीक कम्पनी प्रा.लि.कम्पनीको रूपमा कम्पनी ऐन, २०६३ बमोजिम मिति २०६७ बैशाख १४ गते बिधिवत रूपमा कम्पनी रजिष्टारको कार्यलयमा दर्ता भई स्थापना भएको कम्पनी हो । प्रचलित ऐन कानून बमोजिम मिति २०७३ बैशाख ०२ गते बिधिवत रूपमा लिमिटेड कम्पनीको रूपमा परिणत भई दैनिक कार्यहरू सुचारु रूपमा संचालन गर्दै आएको छ । यस कम्पनीको प्रधान कार्यालय काठमाण्डौ जिल्ला, काठमाण्डौ महानगरपालिका वडा नं. १ हात्तिसारमा रहेको छ ।

**आयोजना :**

यस कम्पनीले सोलुखुम्बु जिल्ला सोलु दुधकुण्ड नगरपालिकामा निर्माण गरेको सोलु जलबिद्युत आयोजना (२३.५मे.वा.) को निर्माण कार्य बिगत आर्थिक वर्ष २०७१/७२ देखी शुरू भएको आयोजना निर्माणको कार्य सम्पन्न भई मिति २०७६ चैत्र ११ गते देखी आंशिक रूपमा बिद्युत उत्पादन समेत भई रहेको ब्यहोरा यहाँहरूमा अवगत नै छ ।

देशमा व्यापक रूपमा रहेको लोडसेडिङको समस्यालाई न्यूनीकरण गर्न नेपाल सरकारको मिति २०६५।०९।०९ को निर्णयानुसार राष्ट्रिय विद्युत संकट निवारण कार्ययोजना, २०६५ बमोजिम BOOT प्रणाली अन्तर्गत खुल्ला प्रतिस्पर्धा मार्फत तत्कालीन अप्पर सोलु हाईड्रो ईलेक्ट्रीक कम्पनी प्रा.लि. (हाल अप्पर सोलु हाईड्रो ईलेक्ट्रीक कम्पनी लि.) सोलु जल विद्युत आयोजना निर्माण, प्रबर्धन तथा संचालनका लागि छनौट भएको हो भन्ने यहाँहरूलाई अवगत नै छ ।

यस कम्पनीले विद्युत उत्पादनका निम्ति प्रचलित कानून एवं असल ब्यवहार अनुसार जे जति उल्लेखित कार्य विधि एवं प्रक्रियाहरू अवलम्बन गर्नुपर्ने थियो सो सम्पूर्ण प्रक्रियाहरू अबलम्बन गरी सोलु जलविद्युत आयोजना निर्माणको कार्य सम्पन्न गरी सकेको छ । यस सम्बन्धमा आयोजनाबाट उत्पादन भएको विद्युत खरीद तथा बिक्रिका लागि आयोजना र नेपाल विद्युत प्राधिकरण बिच मिति २०७० साल कार्तिक २४ गते विद्युत खरीद बिक्रि सम्बन्धी सम्झौता (Power Purchase Agreement) सम्पन्न भएको ब्यहोरा समेत यहाँलाई पुनःअवगत गराउँदछु ।

सोलु जलविद्युत आयोजना (२३.५ मेगावाट)को निर्माण कार्य सम्पन्न भएको, आयोजनाको परीक्षण कार्यहरू सम्पन्न भएको, नेपाल विद्युत प्राधिकरणको प्राविधिक टोलीवाट परीक्षण कार्यहरू निरीक्षण भई सके पछि पनि सोलु कोरीडोर १३२ के. भि. विद्युत प्रशारण लाइनको निर्माण सम्पन्न नभएको कारण आयोजनालाई राष्ट्रिय विद्युत प्रशारण प्रणालीमा १३२ के. भि. विद्युत प्रशारण लाइन मार्फत आबद्ध गर्न नसकिएकोले सोलु जलविद्युत आयोजनावाट उत्पादित विद्युत सोलु जलविद्युत आयोजना (२३.५ मेगावाट) को मिति २०७६ साल चैत्र महिनाको १० गते अपरान्ह देखि विद्युत खरीद बिक्रि संचालन मिति (Business Operation Date, BOD) निर्धारण भई आयोजनावाट उत्पादित विद्युत नेपाल विद्युत प्राधिकरणको राष्ट्रिय विद्युत प्रशारण प्रणालीमा आंशिक रूपमा मात्र लगभग पुर्ण क्षमताको ३५.७७ प्रतिशत मात्र विद्युत प्रवाहीत भई रहेकोमा सोलु कोरीडोर १३२ के.भी प्रशारण लाईनको निर्माण सम्पन्न भई २०७८ फाल्गुन ८ बाट विद्युत खरीद बिक्रि सम्झौतानुसारको Commercial Operation Date, COD कायम भई उत्पादित विद्युत पुर्णरूपले ने.वि.प्रा.लाई बिक्रीभई रहेको जानकारी गराउन चाहन्छु ।

सोलु जलविद्युत आयोजना विकासका लागि प्रतिस्पर्धाबाट निजी प्रवर्द्धकलाई अनुमति प्रदान गराउने क्रममा नेपाल सरकारका आफ्ना प्रतिवद्धताहरू तथा नेपाल विद्युत प्राधिकरणले सोलु जलविद्युत आयोजना (२३.५ मेगावाट) संग सम्पन्न गरेको विद्युत



खरीद विक्रि सम्झौताको प्राबधान पूरा गर्न सोलु कोरीडोर १३२ के.भि. विद्युत प्रसारण लाइनको निर्माण समयमै सम्पन्न नहुँदा यसबाट यस आयोजनाले उत्पादन गर्न सक्ने विद्युत प्रवाह हुनसकी आँशिक रुपमा मात्र विद्युत प्रवाह भएकोले ठुलो आर्थिक नोक्सानी बेहोर्नु परेको जानकारी गराउन चाहन्छु।

अब, यस सम्मानित साधारण सभा समक्षआर्थिक वर्ष २०७८/७९ को लेखापरीक्षण सम्पन्न भई सकेको आर्थिक विवरणहरु प्रस्तुत गर्ने अनुमति चाहन्छु।

#### १.आर्थिक वर्ष २०७८/०७९ को कारोबारको समिक्षा:

आ.व. २०७८/०७९ मा यस कम्पनीका आर्थिक गतिविधिहरु विगत आर्थिक वर्षहरुमा जस्तै रहेको तथ्य शेरधनी महानुभावहरुलाई उपलब्ध गराईएको लेखापरीक्षण गरिएको वित्तीय विवरणबाट जानकारी प्राप्त गर्नु हुने नै छ। कम्पनीले नेपाल चार्टर्ड एकाउन्टेन्ट संस्थाबाट मान्यता प्राप्त चार्टर्ड एकाउन्टेन्टद्वारा लेखापरीक्षण सम्पन्न गराएको छ। कम्पनीद्वारा आफ्नो वार्षिक वित्तीय विवरण तयार गर्दा NFRS तथा प्रचलित कानूनको अधिनमा रहि तयार गरिएको व्यहोरा जानकारीका लागि अनुरोध गर्दछु।

#### (क) विगत वर्षको कारोबारको सिंहावलोकन

तालिका १:कम्पनीको वित्तीय अबस्था :रु. हजारमा

| विवरण                        | आर्थिक वर्ष रु. |            | वृद्धि/ (कमी) |           | कैफियत |
|------------------------------|-----------------|------------|---------------|-----------|--------|
|                              | २०७८/७९         | २०७७/७८    | रकम (रु)      | प्रतिशतमा |        |
| बिक्री आम्दानी               | ३६९,१३६.३०      | २९४,६६९.३२ | ७४,४७४.९८     | २५.२७     |        |
| अन्य आम्दानी                 | २४५.९९          | १,४७१.८०   | (१,२२६.६१)    | (८३.३४)   |        |
| जम्मा आम्दानी                | ३६९,३८२.५०      | २९६,१३३.१२ | ७३,२४८.३८     | २४.७३     |        |
| बिक्री लागत                  | ५७,६३५.५९       | ४१,२९३.८४  | १६,३४१.७५     | ३९.५७     |        |
| प्रशासकिय खर्च तथा अन्य खर्च | ३३८,१९३.९९      | २२८,३७९.९५ | १०९,८१४.०४    | ४८.०९     |        |
| ह्रास कट्टी                  | ७७,६५६.२१       | २,१३९.०४   | ७५,५१७.१७     | ३,५३०.४३  |        |
| जम्मा खर्च                   | ४७३,४८४.९९      | २७१,५०४.८३ | २०१,९८०.१६    | ३,६९८.०९  |        |
| सम्पत्तिको मूल्य अपलेखन      | -               | -          | -             | -         |        |
| आयकर अधिको नाफा              | (१०४,१०३.५०)    | २४,३२८.२९  | (१२८,४३१.७९)  | (५२७.९९)  |        |
| आयकर व्यवस्था                | -               | -          | -             | -         |        |
| खुद नाफा                     | (१०४,१०३.५०)    | २४,३२८.२९  | (१२८,४३१.७९)  | (५२७.९९)  |        |
| डेफर्ड कर                    | -               | -          | -             | -         |        |
| खुद नाफा डेफर्ड कर पस्चात    | (१०४,१०३.५०)    | २४,३२८.२९  | -             | -         |        |

तालिका २: हाल आ.व २०७८/०७९ को उत्पादन तथा बिक्रिको अबस्था

| महिना   | बिद्युत खरिद बिक्री अनुरूप उत्पादन गर्नु पर्ने बिद्युत (किलोवाट आवर) | उत्पादित बिद्युत किलोवाट आवर |              | प्राप्त रकम   |               | कैफियत |
|---------|--|------------------------------|--------------|---------------|---------------|--------|
|         |  | आ.व. २०७८/७९                 | आ.व. २०७७/७८ | आ.व. २०७८/७९  | आ.व. २०७७/७८  |        |
| श्रावण  | १६,३६२,८९१   | ३,९४१,८२०                    | २,४३३,७००    | १८,९२०,७३६.०० | ११,६८१,७६०.०० |        |
| भाद्र   | १६,३६२,८९१   | ३,२२३,०२०                    | २,२७७,२१०    | १५,४७०,४९६.०० | १०,९३०,६०८.०० |        |
| आश्विन  | १६,३६२,८९१   | ३,३०१,५१०                    | २,४०८,९१०    | १५,८४७,२४८.०० | ११,५६२,७६८.०० |        |
| कार्तिक | १५,८३५,०५५   | ३,४९३,७७०                    | ४,०४७,५५०    | १६,७७०,०९६.०० | १९,४२८,२४०.०० |        |
| मार्ग   | १०,९४२,३५०   | ५,२९३,७७०                    | ४,६५६,६९०    | २५,०२६,०९६.०० | २२,३५२,११२.०० |        |
| पौष     | ७,५८३,५८६  | ५,७९४,४२०                    | ५,९६४,९२०    | ४८,००१,१२८.०० | ४३,३७८,६०८.०० |        |



| महिना   | बिद्युत खरिद बिक्री<br>अनुरूप उत्पादन गर्नु पर्ने<br>बिद्युत<br>(किलोवाट आवर) | उत्पादित बिद्युत<br>किलोवाट आवर |                 | प्राप्त रकम     |                 | कैफियत |
|---------|---|---------------------------------|-----------------|-----------------|-----------------|--------|
|         |   | आ.व.<br>२०७८/७९                 | आ.व.<br>२०७७/७८ | आ.व.<br>२०७८/७९ | आ.व.<br>२०७७/७८ |        |
| माघ     | ६,३८२,२०९   | ६,२०३,७४०                       | ५,९९९,२८०       | ५२,९९९,४९६.००   | ४३,६०६,७५२.००   |        |
| फाल्गुन | ५,५९८,९९४   | ५,२९९,२९०                       | ४,५९४,४५०       | ४४,४४६,८३६.००   | ३८,५९३,३८०.००   |        |
| चैत्र   | ४,९५६,९७३   | ४,९५६,९७३                       | ३,६८५,९३०       | ४९,६३८,५७३.२०   | ३०,९६९,८९२.००   |        |
| बैशाख   | ६,३२४,६६६   | ४,३२९,७०७                       | ३,९३४,९२०       | २०,७४४,९९४.५६   | ९८,८८७,६९६.००   |        |
| जेष्ठ   | ९,००६,३५८   | ४,४८८,८९४                       | ५,०५६,५३०       | २९,५४६,६८९.२८   | २४,२७९,३४४.००   |        |
| आषाढ    | ९६,८९०,७२६  | ९०,९२७,६६६                      | ३,९५९,६५०       | ४८,६९२,७९४.९३   | ९९,००६,३२०.००   |        |
| जम्मा   | ९३२,५२९,५९०   | ६०,२७८,५७९                      | ४७,४९०,९४०      | ३६९,९३६,३०३.९७  | २९४,६६९,३२०.००  |        |

- क) यस आर्थिक बर्ष २०७८।७९ मा आय विवरण तयार गर्ने प्रयोजनको लागि प्रशासनिक खर्चहरूको सन्दर्भमा बिद्युत बिक्री भएको महिना पश्चात आय विवरणमा देखाईएको र बिद्युत बिक्री हुनु पूर्वका प्रशासनिक खर्चहरू आयोजनाको निर्माण लागत (Project Work in Progress) अन्तर्गत सम्पतिको अनुसूचीमा देखाईएको छ भने आयोजना निर्माण क्रममा प्रत्यक्ष भएका र आयोजनाको संरचनासंग सम्बन्धित पुंजगत खर्चहरू आयोजनाको निर्माण लागत (Project Work in Progress) अन्तर्गत देखाईएका छन् । आयोजना सम्पन्न भई सकेता पनि १३२ के.भी.प्रशारण लाईनको निर्माण सम्पन्न नभई सकेको कारण पुर्ण रुपले बिद्युत बिक्री गर्न नसकी Commercial Operation Date, COD कायम नभएको कारण हाललाई आयोजनाको निर्माण लागत (Project Work in Progress) मा देखाईएको र Commercial Operation Date, COD फाल्गुन ८, २०७९ बाट कायम भएकोले सो पूर्वका खर्चहरूलाई आयोजनाको निर्माण लागत (Project Work in Progress) अन्तर्गत देखाईएका र सो मिति पश्चातका पुजिकृत खर्चहरू बाहेकका खर्चहरूलाई आयोजनाको संचालन खर्चमा देखाईएको छ । हालसम्म जम्मा रु. ४,९४०,५०१,७१४।- रकम आयोजनामा पुजिकृत गरिएका छन् ।
- (ख) राष्ट्रिय तथा अन्तर्राष्ट्रिय परिस्थितिबाट कम्पनीको कारोबारलाई कुनै असर परेको भए सो असर, राष्ट्रिय तथा अन्तर्राष्ट्रिय परिस्थितिबाट कम्पनीको कारोबारलाई खासै असर नपरेको ।
- (ग) प्रतिवेदन तयार भएको मिति सम्म चालु वर्षको उपलब्धि र भविष्यमा गर्नु पर्ने कुराको सम्बन्धमा सञ्चालक समितिको धारणा,  
यस कम्पनीले निमार्ण गरेको सोलु जलबिद्युत आयोजना (२३.५मे.वा.)को निर्माण कार्य सम्पन्न भई सकेको तर नेपाल सरकारका आफ्ना प्रतिवद्धताहरू तथा नेपाल विद्युत प्राधिकरणले आयोजनासंग सम्पन्न गरेको विद्युत खरीद विक्री सम्झौताको प्राबधान पुरा गर्न आवश्यक सोलु कोरीडोर १३२ के. भि. विद्युत प्रशारण लाइनको निर्माण समयमै सम्पन्न नभएको कारण मिति २०७६ साल चैत्र महिनाको १० गते अपरान्ह देखि विद्युत खरीद विक्री संचालन मिति (Business Operation Date, BOD) निर्धारण भई आयोजनाबाट उत्पादित विद्युत आंशिक रुपमा मात्र ३३ के. भि. प्रशारण लाइनबाट नेपाल विद्युत प्राधिकरणको राष्ट्रिय विद्युत प्रशारण प्रणालीमा प्रवाहीत भई रहेकोमा यस आ.व.मा सोलु कोरीडोर १३२ के.भी प्रशारण लाईनको निर्माण सम्पन्न भई मिति २०७८ फाल्गुन ८ बाट Commercial Operation Date, COD कायम हुन गई आयोजनाबाट उत्पादित बिद्युत पुर्ण रुपले बिक्री बितरण भई रहेको छ । भविष्यमा कम्पनीले नयां आयोजनाहरूमा लगानी गर्दै एक प्रबल प्रगातिशिल बिद्युत कम्पनीको रुपमा स्थापित हुने योजना राखेकोछ ।



(घ) कम्पनीको औद्योगिक वा व्यवसायिक सम्बन्ध,  
यस अप्पर सोलु हाईडो ईलेक्ट्रीक कम्पनी लि.ले सोलुखुम्बु जिल्ला सोलु दुधकुण्ड नगरपालिकामा निर्माण गरेको सोलु जलबिद्युत आयोजना (२३.५मे.वा.) को निर्माणको लागि आवश्यक बित्तिय ब्यबस्थापनमा लक्ष्मी बैंक लिमिटेड, नेपाल इन्भेष्टमेन्ट बैंक लिमिटेड, एनएमबि बैंक लिमिटेड, एभरेष्ट बैंक लिमिटेड, ग्लोबल आईएमई बैंक लिमिटेड, सेन्चुरी कमर्शियल बैंक लिमिटेड, एन आई सि एसिया बैंक लिमिटेड, बैंक अफ काठमाण्डौ लिमिटेड, जलविद्युत लगानी तथा विकास कम्पनी लिमिटेडबाट कर्जा लागनी भई रहेको छ र ति सबै सदैव धन्यवादका पात्र रहेका र हमेसा रहने छन्। कम्पनीका सम्पूर्ण कर्मचारीहरुको सबल योगदानमा कम्पनी अत्याधिक क्षमतामा चलिरहेको र सम्पूर्ण कर्मचारीहरुसंग सुमधुर सम्बन्ध कायम रहेको छ।

(ङ) सञ्चालक समितिमा भएको हेरफेर र सो को कारण,  
हाल रहेको संचालक समितीमा फेरबदल भएको र निम्नानुसारको संचालक समिती हाल कायम रहेको।

| सि.नं | संचालकको नाम             | पद             | प्रतिनिधित्व           |
|-------|--------------------------|----------------|------------------------|
| १     | श्री सुरेशलाल श्रेष्ठ    | अध्यक्ष        | संस्थापक               |
| २     | श्री दिनेशलाल श्रेष्ठ    | प्रबन्ध संचालक | संस्थापक               |
| ३     | श्री प्रविन श्रेष्ठ***** | संचालक         | संस्थापक               |
| ४     | श्री शेखर कूमार राणा     | संचालक         | संस्थापक/बिईएस प्रा.लि |
| ५     | श्रीमति कूसूम गाँखाली    | संचालक         | महिला                  |

\*\*\*\*\* श्री प्रबिन श्रेष्ठ ज्युले मिति २०७९ पौष ०३ गते दिनु भएको राजिनामा संचालक समितीको मिति २०७९ पौष ६ मा बसेको बैठकले स्विकृत गरेको।

(च) कारोबारलाई असर पार्ने कुराहरु,  
यस कम्पनीले निर्माण गरेको सोलु जलबिद्युत आयोजना (२३.५मे.वा.)को निर्माण कार्य सम्पन्न भई सकेको तर नेपाल सरकारका आफ्ना प्रतिवद्धताहरु तथा नेपाल विद्युत प्राधिकरणले सोलु जलविद्युत आयोजना (२३.५ मेगावाट) संग सम्पन्न गरेको विद्युत खरीद विक्रि सम्झौताको प्राबधान पूरा गर्न आवश्यक सोलु कोरीडोर १३२ के. भि. विद्युत प्रसारण लाइनको निर्माण समयमै सम्पन्न नभएको कारण आयोजनाबाट उत्पादित बिद्युत पूर्णरूपले ने.वि.प्रा.ले खरिद गर्न नसक्दा कम्पनीको मुख्य कारोबारलाई प्रमुख रूपले असर पारी रहेको साथै देशको बिद्यमान परिस्थिका कारण पनि जलबिद्युत आयोजनाहरुको निर्माण तथा संचालनमा प्रत्यक्ष असर पारी रहेको थियो। हाल सोलु करिडोर १३२ के.भी प्रसारण लाईन सम्पन्न भई मिति २०७८ फाल्गुन ८ बाट Commercial Operation Date, COD कायम भई आयोजनाबाट उत्पादित बिद्युत पुर्ण रूपले बिक्री बितरण भई रहेकोले अव उपरान्त कम्पनीको कारोबारलाई असर नपर्ला भनि आशा गरिएको छ।

(छ) लेखापरिक्षण प्रतिवेदनमा कुनै कैफियत उल्लेख भएको भए सो उपर सञ्चालक समितिको प्रतिक्रिया,  
प्रस्तुत आ.व.मा केही कैफियत उल्लेख नभएको।

(ज) लाभांश बाँडफाड गर्न सिफारिश गरिएको रकम,  
प्रस्तुत आ.व.मा शेयर लाभांश बाँडफाँडको लागि प्रस्ताव नगरिएको।

(झ) शेयर जफत भएको भए जफत भएको शेयर संख्या, त्यस्तो शेयरको अंकित मुल्य, त्यस्तो शेयर जफत हुनुभन्दा अगावै सो वापत कम्पनीले प्राप्त गरेको जम्मा रकम र त्यस्तो शेयर जफत भए पछि सो शेयर विक्रि गरी कम्पनीले प्राप्त गरेको रकम तथा जफत भएको शेयर वापत रकम फिर्ता गरेको भए सो को विवरण,  
प्रतिवेदन अर्वाधिमा कम्पनीद्वारा कुनै शेयर जफत नभएको।



- (ज) विगत आर्थिक वर्षमा कम्पनी र यसको सहायक कम्पनीको कारोबारको प्रगति र सो आर्थिक वर्षको अन्तमा रहेको स्थितिको पुनरावलोकन, नभएको ।
- (ट) कम्पनी तथा त्यसको सहायक कम्पनीले आर्थिक वर्षमा सम्पन्न गरेको प्रमुख कारोबारहरू र सो अवधिमा कम्पनीको कारोबारमा आएको कुनै महत्वपूर्ण परिवर्तन, चालु आर्थिक वर्षमा सोलु कोरीडोर १३२ के. भि. विद्युत प्रसारण लाइनको निर्माण सम्पन्न भई मिति २०७८ फाल्गुन ८ बाट Commercial Operation Date, COD कायम भई आयोजनाबाट उत्पादित बिद्युत पुर्ण रुपले बिक्री बितरण भई रहेको छ । यस आर्थिक वर्षमा आयोजना प्रभावित स्थानिय सर्वसाधारणहरूको लागी रु. १३,५०,००,०००।- (अक्षरुपी तेह्र करोड पचास लाख) बराबरको शेयर निष्काशन गरिएको र आम सर्वसाधारणहरूको लागी रु. १९,५७,५०,०००।- (अक्षरुपी उन्नाईस करोड सन्ताउन्न लाख पचास लाख) बराबरको शेयर निष्काशन गरीएकोमा माग गरिएको भन्दा बढी आबेदन पर्न गएकोले पुर्ण रुपमा बिक्री भई हाल कम्पनीको चुक्ता पुंजी रु. १,३५,००,००,०००।- (अक्षरुपी एक अर्व पैतिस करोड) रहेको छ । सहायक कम्पनीले सिसा हाईड्रो ईलेक्ट्रीक कम्पनी लिमिटेडले सिसा खोला ए जलबिद्युत आयोजनाको उल्लेख्य कार्य केही नभएको ।
- (ठ) विगत आर्थिक वर्षमा कम्पनीको आधारभुत शेयरधनीहरूले कम्पनीलाई उपलब्ध गराएको जानकारी, कुनै जानकारी कम्पनीलाई प्राप्त हुन नआएको ।
- ड) विगत आर्थिक वर्षमा कम्पनीका सञ्चालक तथा पदाधिकारीहरूले लिएको शेयरको स्वामित्वको विवरण र कम्पनीको शेयर कारोबारमा निजहरू संलग्न रहेको भए सो सम्बन्धमा निजहरूबाट कम्पनीले प्राप्त गरेको जानकारी, यस बाहेक अन्य जानकारी प्राप्त नभएको ।

मुख्य शेयर लगानीकर्ता तथा अन्य लगानीकर्ताहरू तथा शेयर पुंजी सहित :

| सि.नं | शेयरधनिको नाम  | लगानी गरेको रकम  | कैफियत |
|-------|--|------------------|--------|
| क.    | १ प्रतिशत भन्दा बढि शेयर लगानी गर्ने संस्थापक शेयरधनीहरू |                  |        |
|       | श्री सूरेशलाल श्रेष्ठ                                    | ९२,५२६,५००.००    |        |
|       | श्री दिनेशलाल श्रेष्ठ                                    | ९२,५२६,७००.००    |        |
|       | श्री प्रविन श्रेष्ठ                                      | ११०,०९१,२००.००   |        |
|       | बि.इ.एस. प्रा. लि.                                       | २६०,७६६,०००.००   |        |
|       | श्रीमति रुकमणी देवी श्रेष्ठ                              | १५,१४६,२००.००    |        |
|       | श्री डिजे श्रेष्ठ  | ३२,९२२,२००.००    |        |
|       | श्री राजेशलाल श्रेष्ठ                                    | ६५,१५५,९००.००    |        |
|       | श्री पदमलाल श्रेष्ठ                                      | २१,७६२,०००.००    |        |
|       | श्री प्रजोललाल श्रेष्ठ                                   | ४३,५२५,२००.००    |        |
| ख.    | १ प्रतिशत भन्दा कम लगानी गर्ने संस्थापक शेयरधनीहरू :     |                  |        |
|       | अन्य संस्थापक लगानीकर्ताहरू                              | २६४,६२५,६००.००   |        |
| ग.    | स्थानिय सर्वसाधारणहरू                                    | १३५,०००,०००.००   |        |
| ३.    | सर्वसाधारणहरू  | १९५,७५०,०००.००   |        |
|       | जम्मा  | १,३५०,०००,०००.०० |        |





- (ढ) विगत आर्थिक वर्षमा कम्पनीसंग सम्बन्धित सम्भौताहरूमा कुनै सञ्चालक तथा निजको नजिकको नातेदारको व्यक्तिगत स्थार्थको बारेमा उपलब्ध गराइएको जानकारीको व्यहोरा, कुनै जानकारी संचालकबाट कम्पनीलाई प्रतिबेदन अवधिमा प्राप्त हुन नआएको ।
- (ण) कम्पनीले आफ्नो शेयर आफैले खरिद गरेको भए त्यसरी आफ्नो शेयर खरिद गर्नुको कारण, त्यस्तो शेयरको संख्या र अंकित मुल्य तथा त्यसरी शेयर खरिद गरे बापत कम्पनीले भुक्तानी गरेको रकम, कम्पनीले आफ्नो शेयर आफैले खरिद नगरेको ।
- (त) आन्तरिक नियन्त्रण प्रणाली भए वा नभएको र भएको भए सोको विस्तृत विवरण, कम्पनीले भए गरेका कारोबारहरूको नियन्त्रण गर्नका लागि कुनै पनि महत्वपूर्ण निर्णय गर्दा कम्पनी ब्यबस्थापन तथा संचालक समितीबाट स्विकृती लिई गर्ने गरेको र अप्पर सोलु हाईड्रो ईलेक्ट्रीक कम्पनी लिमिटेड कर्मचारी बिनियावलीमा परिमार्जन गरि २०७९ जारी गरिएको साथै अप्पर सोलु हाईड्रो ईलेक्ट्रीक कम्पनी लिमिटेडको आर्थिक प्रशासन तथा खरिद बिनियामवली, २०७९ जारी भई सोही अनुरूप कार्य गर्ने गरेको ।
- (थ) विगत आर्थिक वर्षको कुल व्यवस्थापन खर्चको विवरण, गत आर्थिक वर्षमा आयोजनाबाट पुर्ण रुपमा बियुत उत्पादन नभै सकेकोले र कतिपय पुंजिगत खर्चहरू सोही आ.व.मा भएकोले खर्चको प्रकृती अनुरूप आयोजनाको खर्चमा पुंजीकृत गरिएको र आय बिबरणमा, आयोजना संचालनमा रु. ५७,६३५,५८८।- रु. ४१५,८४९,४०५।- ब्यबस्थापन (प्रशासनिक) खर्च देखाईएको ।
- (द) लेखापरिक्षण समितिका सदस्यहरूको नामावली, निजहरूले प्राप्त गरेका पारिश्रमिक, भत्ता तथा सुविधा, सो समितिले गरेका काम कारवाहीको विवरण र सो समितिले कुनै सुझाव दिएको भए सो को विवरण, संचालक कुसुम गोखालीको अध्यक्षता गठन भएको, यस आ.व. २०७८।०७९ मा कुनै सेवा सुबिधा प्रदान न गरिएको ।
- (ध) सञ्चालक, प्रबन्ध सञ्चालक, कार्यकारी प्रमुख कम्पनीका आधारभुत शेयरधनी वा निजको नजिकका नातेदार वा निज संलग्न रहेका फर्म, कम्पनी वा संगठित संस्थाले कम्पनीलाई कुनै रकम बुझाउन बाँकी भए सो कुरा, नभएको ।
- (न) सञ्चालक, प्रबन्ध सञ्चालक, कार्यकारी प्रमुख तथा पदाधिकारीहरूलाई भुक्तानी गरिएको पारिश्रमिक, भत्ता तथा सुविधाको रकम, यस कम्पनीको संचालक समितिका संचालकहरूलाई आ.व. २०७८।०७९ मा बैठक भत्ता मात्र प्रदान गरिएको छ । प्रबन्ध निर्देशकलाई रु.८५,१४,९२०।- तथा प्रमुख कार्यकारी अधिकृतको हकमा समिक्षा वर्षमा रु.३०,७०,१४८।४० तलब भत्ता, दशै खर्च आदि वापत भुक्तानी गरिएको व्यहोरा अनुरोध गरिन्छ ।
- (प) शेयरधनीहरूले बुझि लिन बाँकी रहेको लांभाशको रकम, नभएको ।
- (फ) दफा १४१ बमोजिम सम्पत्ति खरिद वा विक्रि गरेको कुराको विवरण, दफा १४१ बमोजिम सम्पत्ति खरिद वा विक्रि नभएको ।
- (ब) दफा १७५ बमोजिम सम्बद्ध कम्पनी बीच भएको कारोबारको विवरण, नभएको ।



(भ) यस ऐन तथा प्रचलित कानून बमोजि सञ्चालक समितिको प्रतिवेदनमा खुलाउनु पर्ने अन्यकुनै कुरा, नभएको ।

(म) अन्य आवश्यक कुराहरू ।

कर्मचारी ब्यबस्थापन : कम्पनीको कर्मचारी ब्यबस्थापनलाई ब्यबस्थित बनाउनको लागि अप्पर सोलु हाईड्रो ईलेक्ट्रीक कम्पनी लिमिटेड कर्मचारी बिनियामवलीमा परिमार्जन गरि २०७९ जारी गरिएको साथै अप्पर सोलु हाईड्रो ईलेक्ट्रीक कम्पनी लिमिटेडको आर्थिक प्रशासन तथा खरिद बिनियामवली, २०७९ जारी भई सोही अनुरूप कार्य भई रहेको ।

२) संस्थागत सामाजिक उत्तरदायित्व :

यस कम्पनीले सामाजिक उत्तरदायित्व अन्तर्गत आयोजना क्षेत्रमा संस्थागत सामाजिक उत्तरदायित्व अन्तर्गत विभिन्न कार्यहरूमा तथा विशेष गरेर विद्युत केन्द्र वरिपरीका प्रत्यक्ष वा अप्रत्यक्ष रूपमा प्रभावित क्षेत्रहरूमा विद्युत, खानेपानी, शिक्षा, स्वास्थ्य, रोजगारी, बाटोघाटो, मन्दिर निर्माण जस्ता कार्यहरूमा उल्लेख्य आर्थिक सहयोग पुऱ्याउदै आएको छ तथा पुऱ्याउदै जाने छ ।

३) कर्मचारी व्यवस्थापन :

यस कम्पनीमा आ.व.२०७८/०७९ मा विभिन्न पदहरूमा जम्मा ६३ जना कर्मचारीहरू कार्यरत रहेकोमा कर्मचारीहरूलाई आवश्यकता अनुसार कार्यकारी प्रमुखद्वारा विभिन्न कार्य क्षेत्रमा खटाउने गरिएको छ । यिनै कर्मचारीहरूबाट हाल विद्युत केन्द्रको संचालन तथा सम्भारका कार्यहरू भईरहेका छन् ।

कम्पनी तथा निर्माणाधिन आयोजनालाई यस चरणसम्म सफलता पूर्वक पुऱ्याउन तथा हाल संचालन तथा सम्भारमा क्रियाशील आयोजना तथा कम्पनीका सबै कर्मचारीहरूलाई म धन्यवाद दिन चाहन्छु । कम्पनीको स्थापनाकाल देखि आयोजना संचालन, ब्यवस्थापन, निर्माण, नयाँ आयोजनाको अध्ययन आदि कामहरूमा प्रत्यक्ष वा परोक्ष रूपमा संलग्न भई सहयोग गर्ने सबैलाई यस अवसरमा धन्यवाद दिन चाहन्छु । साथै उहाँहरूबाट सदा भैई निरन्तर सहयोग र सदभावको अपेक्षा राख्दछु ।

अन्त्यमा, सम्पूर्ण शेयरधनी महानुभावहरूलाई कम्पनी र कम्पनी संचालक समिति प्रति देखाउनु भएको सहयोग, सद्भाव र विश्वासको निमित्त हार्दिक कृतज्ञता तथा धन्यवाद ज्ञापन गर्न चाहन्छु ।

धन्यवाद,

अध्यक्ष,

संचालक समिति अप्पर सोलु हाईड्रो ईलेक्ट्रीक कम्पनी लिमिटेड

हात्तिसार, काठमाडौं ।

मिति :



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**INDEPENDENT AUDITOR'S REPORT  
TO THE SHAREHOLDERS OF  
Upper Solu Hydro Electric Company limited**

**Reports on the Audit of the Financial Statements**

**Opinion**

We have audited the financial statements of **Upper Solu Hydro Electric Company limited** (hereinafter referred to as "the Company") ,which comprises the statement of financial position as at Ashadh 32, 2079 (corresponding to July 16, 2022), the statement of profit or loss and other comprehensive income, the statement of change in equity, the statement of cash flows for the year then ended, and note to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respect, the financial position of the Company as at Ashadh 32, 2079 and its financial performance and its cash flows for the year then ended in accordance with Nepal Financial Reporting Standards (NFRS).

**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 financial statements section of our report. We are independent of the Company in accordance with the code of ethics for the professional accountant issued by The Institute of Chartered Accountants of Nepal together with the ethical requirement that is relevant to our audit of the financial statements under the provisions of the Company Act, 2063, and we have fulfilled our other ethical responsibilities in accordance with these requirements and ICAN code of ethics for professional accountants. We believe that the audit evidence we have obtained is sufficient and appropriate to provide 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 financial year ended on Ashad 32, 2079 (corresponding to July 16, 2022). These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, , and we do not provide a separate opinion on these matters. We have determined that there are no key audit matter to communicate in our report.

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

The management of the Company is responsible for the other information. The other information comprises the information included in the annual report, but does not included the financial statements and our auditor's report thereon.

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

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

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

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

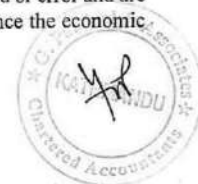
Management of the Company is responsible for the preparation and fair presentation of the financial statements in accordance with the NFRS, and for such internal control as management determines is necessary to enable preparation of the financial statements that are free from material misstatements, 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 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.

**Auditors' Responsibilities for the Audit of Financial Statements**

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatements, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not 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 aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.





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

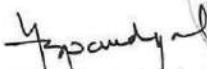
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosure in the financial statement or, if such disclosure 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 as a going concern.
- Evaluate the overall presentation of the financial statements including disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation,

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

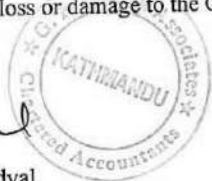
#### **Report on Other Legal and Regulatory Requirements**

On the basis of our examination, we would like to report that:

- a. We have obtained all the information and explanations, which were necessary for the purpose for our audit.
- b. The enclosed statement of financial position, statement of profit or loss and other comprehensive income and statement of cash flow have been prepared as per the Company Act, 2063 are in agreement with the books of account maintained by the Company except the provision of the Bonus Act, 2030 has not been complied.
- c. In our opinion, proper books of accounts as required by law have been kept by the Company, so far as appears from our examination of those books.
- d. In our opinion and to the best of our information and according to the explanations given to us and from our examination of the books of account of the Company, we have not come across the cases where the Board of Directors or any member thereof or any employee of the Company has acted contrary to the provisions of law or caused loss or damage to the Company relating to the accounts of the Company.

  
CA Ghanshyam Paudyal  
Partner  
G. Paudyal & Associates  
Chartered Accountant.

Place: Kathmandu, Nepal  
Date: २०७९/०९/०५





**Upper Solu Hydro Electric Company limited**  
Statement of Financial Position at Ashad 32, 2079  
All amounts are in Rs unless otherwise stated

| Particulars                            | Notes | As at Ashad<br>32, 2079 | As at Ashad<br>31, 2078 | As at Shrawn 1,<br>2077 |
|--|-------|-------------------------|-------------------------|-------------------------|
| <b>ASSETS</b>                          |       |                         |                         |                         |
| <b>Non-current Assets</b>              |       |                         |                         |                         |
| (a) Property, Plant & Equipment        |       |                         |                         |                         |
| (i) General Assets (Gross)             |       | 27,222,360.00           | 28,865,427.00           | 28,917,827.00           |
| Less: Accumulated Depreciation         |       | (20,038,216.00)         | (20,430,425.00)         | (18,845,696.00)         |
| <b>General Assets (Net)</b>            |       | <b>7,184,144.00</b>     | <b>8,435,002.00</b>     | <b>10,072,131.00</b>    |
| (ii) Project Assets                    | 5     | 4,940,501,714.00        | -                       | -                       |
| Less: Accumulated Depreciation         |       | (75,774,566.00)         | -                       | -                       |
| <b>Project Assets (Net)</b>            |       | <b>4,864,727,148.00</b> | <b>-</b>                | <b>-</b>                |
| (iii) Project Assets Under Development |       | -                       | 4,732,050,689.00        | 4,442,247,584.00        |
| (b) Intangible Assets (Net)            | 6     | -                       | 8,867.00                | 17,735.00               |
| (c) Investment in Subsidiaries         | 7     | 44,374,600.00           | 44,374,600.00           | 44,136,000.00           |
| <b>Total Non-current Assets</b>        |       | <b>4,916,285,892.00</b> | <b>4,784,869,158.00</b> | <b>4,496,473,450.00</b> |
| <b>Current Assets</b>                  |       |                         |                         |                         |
| (a) Financial Assets                   |       |                         |                         |                         |
| (i) Trade Receivables                  | 8     | 70,136,048.00           | 43,252,284.00           | 35,213,232.00           |
| (ii) Cash and Cash Equivalents         | 9     | 437,512.00              | 2,447,787.00            | 45,655,942.00           |
| (iii) Other Financial Assets           | 10    | 186,287,123.00          | 2,567,270.00            | 5,699,459.00            |
| (b) Current Tax Assets                 | 11    | 146,274.00              | 146,274.00              | 146,274.00              |
| (c) Other Current Assets               | 12    | 149,893,039.00          | 250,447,088.00          | 174,114,355.00          |
| <b>Total Current Assets</b>            |       | <b>406,899,996.00</b>   | <b>298,860,703.00</b>   | <b>260,829,262.00</b>   |
| <b>Total Assets</b>                    |       | <b>5,323,185,888.00</b> | <b>5,083,729,861.00</b> | <b>4,757,302,712.00</b> |
| <b>EQUITY AND LIABILITIES</b>          |       |                         |                         |                         |
| <b>Equity</b>                          |       |                         |                         |                         |
| (a) Equity Share Capital               | 13    | 1,350,000,000.00        | 1,019,250,000.00        | 1,019,250,000.00        |
| (b) Other Equity                       | 14    | (47,179,419.00)         | 63,515,715.00           | 40,751,593.00           |
| <b>Total Equity</b>                    |       | <b>1,302,820,581.00</b> | <b>1,082,765,715.00</b> | <b>1,060,001,593.00</b> |
| <b>Liabilities</b>                     |       |                         |                         |                         |
| <b>Non-current Liabilities</b>         |       |                         |                         |                         |
| (a) Financial Liabilities              |       |                         |                         |                         |
| Borrowings                             | 15    | 3,671,211,649.00        | 3,588,248,921.00        | 3,263,271,548.00        |
| <b>Total Non-current Liabilities</b>   |       | <b>3,671,211,649.00</b> | <b>3,588,248,921.00</b> | <b>3,263,271,548.00</b> |
| <b>Current Liabilities</b>             |       |                         |                         |                         |
| (a) Financial liabilities              |       |                         |                         |                         |
| (i) Borrowings                         | 16    | 254,321,160.00          | 250,549,917.00          | 154,998,609.00          |
| (ii) Other Financial Liabilities       | 17    | 88,287,690.00           | 154,000,094.00          | 269,194,786.00          |
| (b) Current Tax Liabilities            | 18    | -                       | -                       | -                       |
| (c) Other Current Liabilities          | 19    | 6,544,808.00            | 8,165,214.00            | 9,836,176.00            |
| <b>Total Current Liabilities</b>       |       | <b>349,153,658.00</b>   | <b>412,715,225.00</b>   | <b>434,029,571.00</b>   |
| Total Liabilities                      |       | 4,020,365,307.00        | 4,000,964,146.00        | 3,697,301,119.00        |
| Total Equity and Liabilities           |       | 5,323,185,888.00        | 5,083,729,861.00        | 4,757,302,712.00        |

The accompanying notes are integral parts of the financial statements

Date: 2079/09/05  
Kathmandu, Nepal

As per Our Report of Even Date  
For: G. Paudyal & Associates  
Chartered Accountants

Pawan Neupane  
Finance Manager

Dije Shrestha  
Chief Executive Officer

Dinesh Lal Shrestha  
Managing Director

Suresh Lal Shrestha  
Chairman

CA Ghanshyam Paudyal  
Partner







**Upper Solu Hydro Electric Company limited**  
**Statement of Profit and Loss and Other Comprehensive Income for the year ended Ashad**  
**32,2079**

All amounts are in Rs unless otherwise stated

| Particulars  | Notes | Year ended Ashad<br>32, 2079 | Year ended Ashad<br>31, 2078 |
|--|-------|------------------------------|------------------------------|
| <b>Income</b>  |       |                              |                              |
| Revenue from Operations                                    | 20    | 369,136,304.00               | 294,661,320.00               |
| Cost of Sales  | 21    | 57,635,588.00                | 41,293,835.00                |
| <b>Gross Profit</b>  |       | <b>311,500,716.00</b>        | <b>253,367,485.00</b>        |
| Other Income   | 22    | 245,192.00                   | 1,471,797.00                 |
|  |       | 311,745,908.00               | 254,839,282.00               |
| <b>Expenses</b>  |       |                              |                              |
| Administrative Expenses                                    | 23    | 17,719,153.00                | 10,670,273.00                |
| Employee Benefits Expense                                  | 24    | 20,006,765.00                | 10,727,961.00                |
| Finance Costs  | 25    | 300,467,276.00               | 206,973,720.00               |
| Depreciation and Amortisation Expense                      | 26    | 77,656,211.00                | 2,139,039.00                 |
| Reversal of Impairment on Financial Assets                 | 27    | -                            |                              |
| <b>Total Expenses</b>                                      |       | <b>415,849,405.00</b>        | <b>230,510,993.00</b>        |
| <b>Profit Before Bonus &amp; Tax</b>                       |       | <b>(104,103,497.00)</b>      | <b>24,328,289.00</b>         |
| Provision For Staff Bonus                                  |       | -                            | 857,667.00                   |
| Less: Tax Expense  |       |                              |                              |
| (1) Current Tax  | 28    | -                            |                              |
| (2) Deferred Tax   |       |                              |                              |
| <b>Profit/(Loss) Before CSR Expenses</b>                   |       | <b>(104,103,497.00)</b>      | <b>23,470,622.00</b>         |
| Provision For CSR Expenses                                 |       | -                            | -                            |
| <b>Profit/(Loss) for the Period</b>                        |       | <b>(104,103,497.00)</b>      | <b>23,470,622.00</b>         |
| <b>Other Comprehensive Income</b>                          |       |                              |                              |
| (A) Items That Will Not be Reclassified to Profit or Loss; |       |                              |                              |
| (i) Equity Instruments Through Other Comprehensive Income  |       | -                            | -                            |
| Total Other Comprehensive Income                           |       | -                            | -                            |
| <b>Total Comprehensive Income For The Period</b>           |       | <b>(104,103,497.00)</b>      | <b>23,470,622.00</b>         |
| Earnings Per Equity Share (For Continuing Operation):      | 29    |                              |                              |
| (1) Basic (in Rs.)   |       | (10.10)                      | 2.30                         |
| (2) Diluted (in Rs.)                                       |       | (10.10)                      | 2.30                         |

The accompanying notes are integral parts of the financial statements  
Date: 2079/09/05  
Kathmandu, Nepal

As per Our Report of Even Date  
For: G. Paudyal & Associates  
Chartered Accountants

Pawan Neupane  
Finance Manager

Dije Shrestha  
Chief Executive Officer

Dinesh Lal Shrestha  
Managing Director

Suresh Lal Shrestha  
Chairman

CA Ghanshyam Paudyal  
Partner





**Upper Solu Hydro Electric Company limited**  
**Statement of change in equity for the year ended Ashad 32, 2079**  
**All amounts are in Rs unless otherwise stated**



| Particulars  | Share Capital    | Reserves and Surplus |                            |  |                 |                  | Total                              |
|--|------------------|----------------------|----------------------------|--|-----------------|------------------|------------------------------------|
|  |                  | Capital Reserve      | Securities Premium Reserve | Equity Instrument Through Other Comprehensive Income | General Reserve | Retained Earning |                                    |
| Balance as at Shrawn 1, 2077                               | 1,019,250,000.00 | -                    | -                          | -  | -               | 40,751,593.00    | 1,060,001,593.00                   |
| Issue of Share Capital                                     |                  |                      |                            |  |                 |                  |                                    |
| Share Premium  |                  |                      |                            |  |                 |                  |                                    |
| Profit for the year  |                  |                      |                            |  |                 | 23,470,622.00    | 23,470,622.00                      |
| Other comprehensive income for the year, Net of Income tax |                  |                      |                            |  |                 | (706,500.00)     | (706,500.00)                       |
| IPO Issue expenses   |                  |                      |                            |  |                 |                  |                                    |
| Payment of dividends                                       |                  |                      |                            |  |                 |                  |                                    |
| Transferred to retained earnings                           |                  |                      |                            |  |                 |                  |                                    |
| Balance As Ashad 31, 2078                                  | 1,019,250,000.00 |                      |                            |  |                 | 63,515,715.00    | 1,082,765,715.00                   |
| Issue of share capital                                     | 330,750,000.00   |                      |                            |  |                 | (104,103,497.00) | 330,750,000.00<br>(104,103,497.00) |
| Profit for the year  |                  |                      |                            |  |                 |                  |                                    |
| Other comprehensive income for the year, Net of Income tax |                  |                      |                            |  |                 |                  |                                    |
| IPO Issue expenses   |                  |                      |                            |  |                 |                  |                                    |
| Payment of dividends                                       |                  |                      |                            |  |                 |                  |                                    |
| Transferred to retained earnings                           |                  |                      |                            |  |                 |                  |                                    |
| Balance as at Ashad 32, 2079                               | 1,350,000,000.00 |                      |                            |  |                 | (47,179,419.00)  | 1,302,820,581.00                   |

The accompanying notes are integral parts of the financial statements  
Date: 2079/09/05  
Kathmandu, Nepal

For: G. Paudyal & Associates  
Chartered Accountants

Pawan Neupane  
Finance Manager

Dije Shrestha  
Chief Executive Officer

Dinesh Lal Shrestha  
Managing Director

Suresh Lal Shrestha  
Chairman

CA Ghanshyam Paudyal  
Partner



## Upper Solu Hydroelectric Company Limited Notes to the Financial Statements

### COMPANY BACKGROUND

Upper Solu Hydro Electric Company Ltd. (from herein referred as USHEC or the Company) is a limited liability company registered under the Company Act 2063. The Projects of the Company is developed on Build, Own, Operate and Transfer (BOOT) model. The Company has developed Solu Hydroelectric Project having a capacity of 23.5 MW. The remaining generation licensee period of the project is 26 Year 9 Month at Ashad end, 2079.

### SIGNIFICANT ACCOUNTING POLICIES

#### STATEMENT OF COMPLIANCE

The financial statements have been prepared in accordance with the applicable Nepal Financial Reporting Standards (NFRS) as issued by the Accounting Standard Board (ASB), Nepal. The financial statements have also been prepared in accordance with the relevant presentational requirements of the Companies Act, 2063 of Nepal.

These financial statements for the year ended Ashah 32,2079 are the first report prepared by complying NFRS for all periods upto and including the year ended Ashah 31, 2078, the company prepared its financial statements in accordance with the Nepal Accounting Standards (hereinafter referred to as 'Previous GAAP') for its statutory reporting requirement in Nepal. The financial statements for the year ended 31 Ashah, 2078 and the opening Balance Sheet as at Shrawan 1,2077 have been restated in accordance with NFRS for comparative information. These financial statements were authorized for issue by the Board of Director on 2079/9/5. The Board of Directors acknowledges the responsibility of preparation of financial statements.

Reconciliations and explanations of the effect of the transition from Previous GAAP to NFRS on the Company's Statement of Financial Position and Statement of Profit or Loss and Other Comprehensive Income are provided in Note 4. The transition date of NFRS is Shrawan 1, 2077.

#### BASIS OF PREPARATION OF FINANCIAL STATEMENTS

The financial statements have been prepared on the historical cost basis except for certain financial instruments that are measured at fair values at the end of each reporting period, as explained in the accounting policies below:

- i. Historical cost is generally based on the fair value of the consideration given in exchange for goods and services.
- ii. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, the Company takes into account the characteristics of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date.
- iii. Financial assets and financial liabilities measured at fair value (refer accounting policy 2.17 on financial Instruments).
- iv. Financial statements prepared under Going concern and accrual basis.





- v. The financial statements are presented in Nepalese Rupee (Rs.), which is the functional and presentation currency of the Company. Amounts in the financial statements are rounded off to the nearest rupee.

### INVESTMENTS IN SUBSIDIARIES

Company has option to account for investments in subsidiaries, joint ventures and associates either: (a) at cost; (b) in accordance with NFRS 9; or (c) using the equity method as described in NAS 28. The company measured the investment in subsidiaries at cost.

### PROPERTY, PLANT AND EQUIPMENT

- i) Property, plant and equipment are measured at cost less accumulated depreciation and impairment losses, if any. Cost includes expenditures directly attributable to the acquisition of the asset.
- ii) Subsequent costs are included in the asset's carrying amount or recognized as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably.
- iii) The residual values, useful lives and methods of depreciation of property, plant and equipment are reviewed at each financial year end and adjusted prospectively, if appropriate.
- iv) An item of property, plant and equipment and any significant part initially recognized is derecognized upon disposal or when no future economic benefits are expected from its use or disposal, any gain or loss arising on derecognition of the 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 when the asset is derecognized.

### DEPRECIATION & AMORTIZATION

- i) Depreciation is recognized so as to write off the cost of assets less their residual values over their useful lives, using the diminishing balance method.
- ii) The estimated useful life and depreciation method are reviewed at the end of each reporting period, with the effect of any changes in estimate being accounted for on a prospective basis.
- iii) The useful life of the assets and the corresponding rates at which the assets are depreciated are as follows: -

| Category of Assets     | Estimated Useful life | Depreciation Rate |
|------------------------|-----------------------|-------------------|
| Plant & Machinery      | 20-25 years           | 15%               |
| Office Equipment       | 13-15 years           | 25%               |
| Furniture & Fixtures   | 13-15 years           | 25%               |
| Computer & Accessories | 18-20 years           | 20%               |

The Company has depreciated project assets on SLM basis on remaining life of project. Upper Solu Hydroelectric Project (23.5 MW) which have a remaining life of 27 years 2 months at commercial operation date.

For transition to NFRS , the Company has elected to continue with the carrying value of all of its Property, Plant and Equipment recognized as of Shrawan 1, 2077 (transition date) measured as per the previous GAAP and use that carrying value as its deemed cost as of the transition date.



### **INTANGIBLE Assets**

- i) Intangible assets are stated at their cost of acquisition, less accumulated amortization and impairment losses. An intangible asset is recognized, where it is probable that the future economic benefits attributable to the asset will flow to the enterprise and where its cost can be reliably measured. The amortizable amount of intangible assets is allocated over the best estimate of its useful life on a straight-line basis.
- ii) An intangible asset is derecognized on disposal, or when no future economic benefits are expected from use or disposal. Gains or losses arising from derecognition of an intangible asset, measured as the difference between the net disposal proceeds and the carrying amount of the asset, are recognized in profit or loss when the asset is derecognized.
- iii) For transition to NFRS, the Company has elected to continue with the carrying value of all of its intangible assets recognized as of Shrawan 1,2077 (transition date) measured as per the previous GAAP and use that carrying value as its deemed cost as of the transition date.

### **IMPAIRMENT OF TANGIBLE AND INTANGIBLE ASSETS:**

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

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 profit or loss.

### **CLASSIFICATION OF CURRENT AND NON CURRENT OF ASSETS AND LIABILITIES.**

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

### **REVENUE FROM CONTRACTS WITH CUSTOMERS**

Revenue is measured at the fair value of the consideration received or receivable. Revenue is reduced for estimated rebates, penalties and other similar items.

Revenue from operations comprises of sale of power. It is recognized at an amount that reflects the consideration for which the Company expects to be entitled in exchange for transfer of power to the customer.

Revenue from sale of power is accounted in accordance with tariff provided in Power Purchase Agreement (PPA) with the Nepal Electricity Authority (NEA) and no significant uncertainty as to the measurability or collectability exist.





## **EMPLOYEE BENEFITS**

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

### *Short Term-Employee Benefits*

Employee Benefits such as salaries, allowances, and non-monetary benefits which fall due for payment within a period of twelve months after rendering service, are charged as expense to profit or loss in the period in which the service is rendered.

## **BORROWING COSTS**

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 qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets is substantially ready for their intended use or sale. All other borrowing costs are recognized in profit or loss in the period in which they are incurred.

## **INCOME TAX**

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

### *Current tax*

The tax currently payable is based on taxable profit for the year. Taxable profit differs from 'profit before tax' as reported in the Statement of Profit and Loss because of items of income or expense that are taxable or deductible in other years and items that are never taxable or deductible. The company is currently enjoying tax holiday for the income from sales of power.

### *Deferred tax*

Deferred tax is recognized on temporary differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit. Deferred tax liabilities are generally recognized for all taxable temporary differences. Deferred tax assets are generally recognized for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which those deductible temporary differences 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.

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.

The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Company expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.





### *Current and Deferred Tax for The Year*

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

### **EARNINGS PER SHARE**

The Company reports basic and diluted Earnings per Share (EPS) in accordance with NAS 33 on Earnings Per Share. Basic EPS is computed by dividing the net profit or loss for the year attributable to equity shareholders by the weighted average number of equity shares outstanding during the year. Diluted EPS is computed by dividing the net profit or loss for the year attributable to equity shareholders by the weighted average number of equity shares outstanding during the year as adjusted for the effects of all dilutive potential equity shares, except where the results are anti-dilutive.

### **LEASES**

The Company, as a lessee, recognizes a right of use asset and a lease liability for its leasing arrangements, as the contract conveys the right to control the use of an identified asset. The contract conveys the right to control the use of an identified asset, as it involves the use of an identified asset and the Company has substantially all of the economic benefits from use of the asset and has right to direct the use of the identified asset. The cost of the right of use asset shall comprise of the amount of the initial measurement of the lease liability adjusted for any lease payments made at or before the commencement date plus any initial direct costs incurred. The right-of-use assets is subsequently measured at cost less any accumulated depreciation, accumulated impairment losses, if any and adjusted for any remeasurement of the lease liability. The right-of-use assets is depreciated using the straight-line method from the commencement date over the shorter of lease term or useful life of right-of-use asset. The Company measures the lease liability at the present value of the lease payments that are not paid at the commencement date of the lease. The lease payments are discounted using the interest rate implicit in the lease, if that rate can be readily determined. If that rate cannot be readily determined, the Company uses incremental borrowing rate. For short-term and low value leases, the Company recognizes the lease payments as an operating expense on a straight-line basis over the lease term.

### **CASH FLOW STATEMENT**

The Cash Flow Statement is prepared by the indirect method set out in NAS 7 on Cash Flow Statements and presents the cash flows by operating, investing and financing activities of the Company.

### **PROVISIONS AND CONTINGENCIES**

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

The amount recognized as a provision is the best estimate of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation. When a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows (when the effect of the time value of money is material).





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

A contingent asset is neither recognized nor disclosed in the financial statements.

## **FINANCIAL INSTRUMENTS**

Financial assets and financial liabilities are recognized when the Company becomes a party to the contractual provisions of the instruments.

Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognized immediately in profit or loss.

### *Financial Assets*

All regular way purchases or sales of financial assets are recognized and derecognized on a trade date basis. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the marketplace.

All recognized financial assets are subsequently measured in their entirety at either amortized cost or fair value, depending on the classification of the financial assets.

### *Classification of Financial Assets*

Debt instruments that meet the following conditions are subsequently measured at amortized cost (except for debt instruments that are designated as at fair value through profit or loss on initial recognition):

- the asset is held within a business model whose objective is to hold assets in order to collect contractual cash flows; and
- the contractual terms of the instrument give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

All other financial assets are subsequently measured at fair value.

### *Effective Interest Method*

The effective interest method is a method of calculating the amortized cost of a debt instrument and of allocating interest income over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the debt instrument, or, where appropriate, a shorter period, to the net carrying amount on initial recognition.





Income is recognized on an effective interest basis for debt instruments other than those financial assets classified as at FVTPL. Interest income is recognized in profit or loss and is included in the “Other income” line item.

#### *Financial assets at Fair Value Through Profit or Loss (FVTPL)*

Financial instruments that do not meet the amortized cost criteria or Fair Value Through Other Comprehensive Income (FVTOCI) criteria are measured at FVTPL.

Financial assets at FVTPL are measured at fair value at the end of each reporting period, with any gains or losses arising on remeasurement recognized in profit or loss. The net gain or loss recognized in profit or loss incorporates any dividend or interest earned on the financial asset and is included in the ‘Other income’ line item. Dividend on financial assets at FVTPL is recognized when the Company’s right to receive the dividends is established, it is probable that the economic benefits associated with the dividend will flow to the entity, the dividend does not represent a recovery of part of cost of the investment and the amount of dividend can be measured reliably.

#### *Impairment of Financial Assets*

The Company applies the expected credit loss model for recognizing impairment loss on financial assets measured at amortized cost, trade receivables and other contractual rights to receive cash or other financial asset.

Loss allowance for trade receivables with no significant financing component is measured at an amount equal to life time ECL. For all other financial assets, expected credit losses are measured at an amount equal to the 12-month ECL, unless there has been a significant increase in credit risk from initial recognition in which case those are measured at lifetime ECL. The amount of expected credit losses (or reversal) that is required to adjust the loss allowance at the reporting date to the amount that is required to be recognized is recognized as an impairment gain or loss in profit or loss.

#### *Financial Liabilities and Equity Instruments*

##### *Classification as Debt or Equity*

Debt and equity instruments issued by the Company are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument.

##### *Equity Instruments*

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

##### *Financial Liabilities*

All financial liabilities are subsequently measured at amortized cost using the effective interest method or at FVTPL.





#### *Financial Liabilities at FVTPL*

Financial liabilities at FVTPL represented by contingent consideration that are measured at fair value with all changes recognized in the profit or loss.

#### *Derecognition of Financial Instruments*

The Company derecognizes a financial asset when the contractual rights to the cash flows from the financial asset expire or it transfers the financial asset and the transfer qualifies for derecognition. A financial liability (or a part of a financial liability) is derecognized from the Company's Balance Sheet when the obligation specified in the contract is discharged or cancelled or expires.

### FIRST-TIME ADOPTION – MANDATORY EXCEPTIONS AND OPTIONAL EXEMPTIONS

#### *Overall Principle*

The Company has prepared the opening balance sheet as per NFRS as of Shrawan 1, 2077 (the transition date) by recognizing all assets and liabilities whose recognition is required by NFRS, not recognizing items of assets or liabilities which are not permitted by NFRS, by reclassifying items from previous GAAP to NFRS as required under NFRS, and applying NFRS in measurement of recognized assets and liabilities. However, this principle is subject to the certain exception and certain optional exemptions availed by the Company as detailed below:

#### *Derecognition of Financial Assets and Financial Liabilities*

The Company has applied the derecognition requirements of financial assets and financial liabilities prospectively for transactions occurring on or after Shrawan 1, 2077 (the transition date).

#### *Impairment of Financial Assets*

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

#### *Deemed cost for Property, Plant and Equipment, and Intangible Assets*

The Company has elected to continue with the carrying value of all of its plant and equipment, and intangible assets recognized as of Shrawan 1,2077 (transition date) measured as per the previous GAAP and use that carrying value as its deemed cost as of the transition date.

#### *Determining Whether an Arrangement Contains a Lease*

The Company has applied Appendix C of NFRS 16 Determining whether an Arrangement contains a Lease to determine whether an arrangement existing at the transition date contains a lease on the basis of facts and circumstances existing at that date.





## **CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY**

In application of the Company's accounting policies, which are described in note 2, the directors of the Company are required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

### *Critical Judgements in Applying Accounting Policies*

The following are the critical judgements, apart from those involving estimations that the directors have made in the process of applying the Company's accounting policies and that have the most significant effect on the amounts recognized in the financial statements.

### *Income Taxes*

The Company's tax jurisdiction is in Nepal. Significant judgments are involved in determining the provision for income taxes, including the amount expected to be paid or recovered in connection with uncertain tax positions.

### *Key Sources of Estimation Uncertainty*

The following are the key assumptions concerning the future, and other key sources of estimation uncertainty at the end of the reporting period that may have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year.

### *Useful Lives of Property, Plant and Equipment*

As described above, the Company reviews the estimated useful lives of property, plant and equipment at the end of each reporting period. There was no change in the useful life of property, plant and equipment as compared to previous year.

### *Impairment of Trade Receivables*

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



## Upper Solu Hydro Electric Company Limited

### NFRS 1 Reconciliations

Effect of NFRS adoption on the balance sheet as at Ashad 31,2078 and Shrawan 1, 2077  
and profit or loss & Other comprehensive income for the year ended Ashad, 31, 2078

All amounts are in Rs unless otherwise stated

Note 4

| Particulars                                    | As at Ashad 31,2078                                |                              |                           |
|--|--|------------------------------|---------------------------|
|  | (End of last period presented under previous GAAP) |                              |                           |
|  | Previous GAAP                                      | Effect of Transition to NFRS | As per NFRS Balance Sheet |
| <b>Non-Current Assets</b>                      |  |                              |                           |
| <b>(a) Property, Plant And Equipment (Net)</b> |  |                              |                           |
| (i) General Assets (Net)                       | 4,718,365,867.00                                   | (4,709,930,865.00)           | 8,435,002.00              |
| (ii) Project Assets (Net)                      |  | -                            | -                         |
| (iii) Projects Assets (Under Development)      |  | 4,732,050,689.00             | 4,732,050,689.00          |
| (b) Intangible Assets                          |  | 8,867.00                     | 8,867.00                  |
| (c) Investments                                | 44,136,000.00                                      | (44,136,000.00)              | -                         |
| (d) Investments in Subsidiaries                |  | 44,374,600.00                | 44,374,600.00             |
| <b>Total Non-Current Assets</b>                | <b>4,762,501,867.00</b>                            | <b>22,367,291.00</b>         | <b>4,784,869,158.00</b>   |
| <b>Current Assets</b>                          |  |                              |                           |
| (a) Financial Assets                           |  |                              |                           |
| (i) Trade Receivables                          | -  | 43,252,284.00                | 43,252,284.00             |
| (ii) Cash And Cash Equivalents                 | 12,447,787.00                                      | -                            | 2,447,787.00              |
| (iii) Other Financial Assets                   |  | 2,567,270.00                 | 2,567,270.00              |
| (iv) Trade & Other Receivables                 | 296,651,516.00                                     | (296,651,516.00)             | -                         |
| (b) Current Tax Assets                         |  | 146,274.00                   | 146,274.00                |
| (c) Other Current Assets                       |  | 250,447,088.00               | 250,447,088.00            |
| <b>Total Current Assets</b>                    | <b>299,099,303.00</b>                              | <b>(238,600.00)</b>          | <b>298,860,703.00</b>     |
| <b>Total Assets</b>                            | <b>5,061,601,170.00</b>                            | <b>22,128,691.00</b>         | <b>5,083,729,861.00</b>   |
| <b>Equity</b>                                  |  |                              |                           |
| (a) Equity Share Capital                       | 1,019,250,000.00                                   | -                            | 1,019,250,000.00          |
| (b) Advance for Share Capital                  | 44,000,645.00                                      | (44,000,645.00)              | -                         |
| (c) Other Equity                               | 83,634,939.00                                      | (20,119,224.00)              | 63,515,715.00             |
| <b>Total Equity</b>                            | <b>1,146,885,584.00</b>                            | <b>(64,119,869.00)</b>       | <b>1,082,765,715.00</b>   |
| <b>Non-Current Liabilities</b>                 |  |                              |                           |
| (a) Financial Liabilities                      |  |                              |                           |
| (i) Borrowings                                 | 3,546,001,006.00                                   | 42,247,915.00                | 3,588,248,921.00          |
| <b>Total Non-Current Liabilities</b>           | <b>3,546,001,006.00</b>                            | <b>42,247,915.00</b>         | <b>3,588,248,921.00</b>   |
| <b>Current Liabilities</b>                     |  |                              |                           |
| (a) Financial Liabilities                      |  |                              |                           |
| (i) Borrowings                                 | 250,549,917.00                                     | -                            | 250,549,917.00            |
| (ii) Trade And Other Payables                  | 118,164,663.00                                     | (118,164,663.00)             | -                         |
| (iii) Other Financial Liabilities              |  | 154,000,094.00               | 154,000,094.00            |
| (c) Current Tax Liabilities                    |  | -                            | -                         |
| (d) Other Current Liabilities                  |  | 8,165,214.00                 | 8,165,214.00              |
| <b>Total Current Liabilities</b>               | <b>368,714,580.00</b>                              | <b>44,000,645.00</b>         | <b>412,715,225.00</b>     |
| <b>Total Liabilities</b>                       | <b>3,914,715,586.00</b>                            | <b>86,248,560.00</b>         | <b>4,000,964,146.00</b>   |
| <b>Total Equity And Liabilities</b>            | <b>5,061,601,170.00</b>                            | <b>22,128,691.00</b>         | <b>5,083,729,861.00</b>   |





## Upper Solu Hydro Electric Company limited

### NFRS 1 Reconciliations

Effect of NFRS adoption on the balance sheet as at Ashad 31,2078 and Shrawan 1,2077  
and profit or loss & Other compressive income for the year ended Ashad, 31, 2078

| Particulars                                    | As at Shrawan 1,2077    |                              |                           |
|--|-------------------------|------------------------------|---------------------------|
|  | (Date of transition)    |                              |                           |
|  | Previous GAAP           | Effect of transition to NFRS | As per NFRS Balance Sheet |
| <b>Non-Current Assets</b>                      |                         |                              |                           |
| <b>(a) Property, Plant And Equipment (Net)</b> |                         |                              |                           |
| (i) General Assets (Net)                       | 4,455,996,456.00        | (4,445,924,325.00)           | 10,072,131.00             |
| (ii) Project Assets (Net)                      |                         | -                            | -                         |
| (iii) Projects Assets (Under Development)      |                         | 4,442,247,584.00             | 4,442,247,584.00          |
| (b) Intangible Assets                          |                         | 17,735.00                    | 17,735.00                 |
| (c) Investments                                | 44,136,000.00           | (44,136,000.00)              | -                         |
| (d) Investments in Subsideries                 |                         | 44,136,000.00                | 44,136,000.00             |
| <b>Total Non-Current Assets</b>                | <b>4,500,132,456.00</b> | <b>(3,659,006.00)</b>        | <b>4,496,473,450.00</b>   |
| <b>Current Assets</b>                          |                         |                              |                           |
| (a) Financial Assets                           |                         |                              |                           |
| (i) Trade Receivables                          |                         | 35,213,232.00                | 35,213,232.00             |
| (ii) Cash And Cash Equivalents                 | 45,655,942.00           | -                            | 45,655,942.00             |
| (iii) Other Financial Assets                   |                         | 5,699,459.00                 | 5,699,459.00              |
| (iv) Trade & Other Receivables                 | 215,173,320.00          | (215,173,320.00)             | -                         |
| (b) Current Tax Assets                         |                         | 146,274.00                   | 146,274.00                |
| (c) Other Current Assets                       |                         | 174,114,355.00               | 174,114,355.00            |
| <b>Total Current Assets</b>                    | <b>260,829,262.00</b>   | <b>-</b>                     | <b>260,829,262.00</b>     |
| <b>Total Assets</b>                            | <b>4,760,961,718.00</b> | <b>(3,659,006.00)</b>        | <b>4,757,302,712.00</b>   |
| <b>Equity</b>                                  |                         |                              |                           |
| (a) Equity Share Capital                       | 1,019,250,000.00        | -                            | 1,019,250,000.00          |
| (b) Advance for Share Capital                  | 108,635,645.00          | (108,635,645.00)             | -                         |
| (c) Other Equity                               | 40,751,593.00           | -                            | 40,751,593.00             |
| <b>Total Equity</b>                            | <b>1,168,637,238.00</b> | <b>(108,635,645.00)</b>      | <b>1,060,001,593.00</b>   |
| <b>Non-Current Liabilities</b>                 |                         |                              |                           |
| (a) Financial Liabilities                      |                         |                              |                           |
| (i) Borrowings                                 | 3,266,930,554.00        | (3,659,006.00)               | 3,263,271,548.00          |
| <b>Total Non-Current Liabilities</b>           | <b>3,266,930,554.00</b> | <b>(3,659,006.00)</b>        | <b>3,263,271,548.00</b>   |
| <b>Current Liabilities</b>                     |                         |                              |                           |
| (a) Financial Liabilities                      |                         |                              |                           |
| (i) Borrowings                                 | 154,998,609.00          | -                            | 154,998,609.00            |
| (ii) Trade And Other Payables                  | 170,395,317.00          | (170,395,317.00)             | -                         |
| (iii) Other Financial Liabilities              |                         | 269,194,786.00               | 269,194,786.00            |
| (c) Current Tax Liabilities                    |                         | -                            | -                         |
| (d) Other Current Liabilities                  |                         | 9,836,176.00                 | 9,836,176.00              |
| <b>Total Current Liabilities</b>               | <b>325,393,926.00</b>   | <b>108,635,645.00</b>        | <b>434,029,571.00</b>     |
| <b>Total Liabilities</b>                       | <b>3,592,324,480.00</b> | <b>104,976,639.00</b>        | <b>3,697,301,119.00</b>   |
| <b>Total Equity And Liabilities</b>            | <b>4,760,961,718.00</b> | <b>(3,659,006.00)</b>        | <b>4,757,302,712.00</b>   |





## Upper Solu Hydro Electric Company Limited

### NFRS 1 Reconciliations

Effect of NFRS adoption on the balance sheet as at Ashad 31,2078 and Shrawan 1,2077  
and profit or loss & Other comprehensive income for the year ended Ashad, 31, 2078

All amounts are in Rs unless otherwise stated

Effect of NFRS adoption on the statement of profit and loss for the year ended Ashad 31,2078

| Particulars   | Year ended Ashad 31, 2078                     |                              |                       |
|---|---|------------------------------|-----------------------|
|   | (Latest period presented under previous GAAP) |                              |                       |
|   | Previous GAAP                                 | Effect of Transition to NFRS | NFRS                  |
| <b>Income</b>   |   |                              |                       |
| Revenue From Operations                                     | 294,661,320.00                                | -                            | 294,661,320.00        |
| Cost Of Sales   | 41,320,107.00                                 | (26,272.00)                  | 41,293,835.00         |
| Gross Profit  | 253,341,213.00                                | 26,272.00                    | 253,367,485.00        |
| Other Income  | 1,471,797.00                                  | -                            | 1,471,797.00          |
| <b>Total Income</b>   | <b>254,813,010.00</b>                         | <b>26,272.00</b>             | <b>254,839,282.00</b> |
| <b>Expenses</b>   |   |                              |                       |
| Administrative Expenses                                     | 22,078,462.00                                 | (11,408,189.00)              | 10,670,273.00         |
| Employee Benefits Expense                                   | -   | 10,727,961.00                | 10,727,961.00         |
| Finance Costs   | 186,854,496.00                                | 20,119,224.00                | 206,973,720.00        |
| Depreciation And Amortisation Expense                       | 2,139,039.00                                  | -                            | 2,139,039.00          |
| Impairment Loss On Financial Assets                         | -   |                              |                       |
| Other Expenses  |   |                              |                       |
| <b>Total Expenses</b>                                       | <b>211,071,997.00</b>                         | <b>19,438,996.00</b>         | <b>230,510,993.00</b> |
| <b>Profit Before Tax, Bonus &amp; CSR</b>                   | <b>43,741,013.00</b>                          | <b>(19,412,724.00)</b>       | <b>24,328,289.00</b>  |
| Provision For Staff Bonus                                   | 857,667.00                                    | -                            | 857,667.00            |
| Less: Tax Expense   |   |                              |                       |
| (1) Current Tax   | -   | -                            | -                     |
| (2) Deferred Tax  |   |                              |                       |
| <b>Profit/(Loss) For Before CSR</b>                         | <b>42,883,346.00</b>                          | <b>(19,412,724.00)</b>       | <b>23,470,622.00</b>  |
| Provision for CSR   |   |                              | -                     |
| <b>Profit/(Loss) For the Period</b>                         | <b>42,883,346.00</b>                          | <b>(19,412,724.00)</b>       | <b>23,470,622.00</b>  |
| <b>Other Comprehensive Income</b>                           |   |                              |                       |
| A (I) Items That Will Not Be Reclassified To Profit Or Loss |   |                              |                       |
| (a) Equity Instruments Through OCI                          |   | -                            | -                     |
| Total Other Comprehensive Income                            |   | -                            | -                     |
| <b>Total Comprehensive Income For The Period</b>            | <b>42,883,346.00</b>                          | <b>(19,412,724.00)</b>       | <b>23,470,622.00</b>  |

#### **A. Property, Plant and Equipment (PPE)**

- a. Under the Previous GAAP, all property, plant & equipment, projects assets, projects assets under development & intangible assets are classified as property, plant equipment (General Assets).
- b. Project assets under development was included in PPE (general assets), which has been now reclassified under PPE (project assets under development).
- c. Computer software was included in PPE (general assets) which has been now reclassified under intangible assets.

#### **B. Intangible Assets**

Computer software was included under PPE which has been now reclassified as intangible assets.

#### **C. Investments**

- a. Under NFRS investment is reclassified as investment in subsidiaries which was previously classified as investment.
- b. Advance given to subsidiaries for share is transferred to investment in subsidiaries from other current assets.

#### **D. Trade & Other Receivables**

- a. Receivables from NEA is reclassified as trade receivables which was previously classified as trade & other receivables.
- b. Margin & deposit is reclassified as other financial assets which was previously classified as trade & other receivables.
- c. Advance tax is reclassified as current tax assets which was previously classified as trade & other receivables.
- d. Except receivables from NEA, margin & deposit & advance tax was classified as other current assets which was previously classified as trade & other receivables.

#### **E. Advance for share capital**

Under NFRS advance for share capital is reclassified as other financial liabilities which was previously classified under equity.

#### **F. Borrowing**

Under NFRS, Borrowing is remeasures by using amortized cost method.

#### **G. Trade & Other Payables**

Under NFRS, Trade & other payable is reclassified in other financial liabilities and other current liabilities.

#### **H. Other financial liabilities**

- a. Advance for share capital is reclassified under other financial liabilities, which was previously classified under equity.
- b. Payable for contractual obligation is reclassified as other financial liabilities which was previously classified under trade & other payables.





**I. Other current liabilities**

Statutory obligation are reclassified under other current liabilities, which was previously classified under trade & other payables.

**K. Administrative Expense**

Repair & maintenance for office equipment is reclassified under administrative expenses which was previously classified as cost of sales.

Share issue related expenses is reclassified directly to the equity which was previously classified as administrative expenses.

**L. Finance Cost**

Finance cost is booked by using effective interest rate.



Upper Solt Hydro Electric Company limited  
Notes to the financial statements for the year ended Ashad 32, 2079  
All amounts are in Rs unless otherwise stated

5. Property, Plant and Equipment

| Current Year<br>Particulars                           | Cost or deemed cost       |                         |                           | Accumulated depreciation and impairment |                                   |  |                      | Carrying Amount           |                         |
|---|---------------------------|-------------------------|---------------------------|---|-----------------------------------|--|----------------------|---------------------------|-------------------------|
|   | Balance at Ashad 31, 2078 | Additions               | Disposals/Transfer        | Balance as at Ashad 31, 2079            | Eliminated on disposals of assets | Impairment losses recognized in profit or loss | Depreciation expense | Balance at Ashad 31, 2079 | As at Ashad 31, 2078    |
| <b>Property, Plant And Equipment (General Assets)</b> |                           |                         |                           |   |                                   |  |                      |                           |                         |
| Office Equipment, Furniture & Fixtures                | 1,093,691.00              | 1,125,193.00            | -                         | 2,218,884.00                            | -                                 | -  | 435,099.00           | 1,305,295.00              | 615,201.00              |
| Automobiles   | 271,088,716.00            | -                       | 2,768,260.00              | 273,856,976.00                          | 2,264,987.00                      | -  | 1,300,796.00         | 18,937,294.00             | 7,307,251.00            |
| Plant & Machinery                                     | 603,000.00                | -                       | -                         | 603,000.00                              | -                                 | -  | 167,333.00           | 435,667.00                | 512,557.00              |
| Subtotal  | <b>28,865,427.00</b>      | <b>1,125,193.00</b>     | <b>2,768,260.00</b>       | <b>27,722,360.00</b>                    | <b>2,264,987.00</b>               | -  | <b>1,672,778.00</b>  | <b>20,038,216.00</b>      | <b>6,435,002.00</b>     |
| <b>Property Plant And Equipment ( Project Assets)</b> |                           |                         |                           |   |                                   |  |                      |                           |                         |
| Sola Hydropower Project                               | -                         | 4,940,501,714.00        | -                         | 4,940,501,714.00                        | -                                 | -  | 75,774,566.00        | 75,774,566.00             | -                       |
| Subtotal  | -                         | <b>4,940,501,714.00</b> | -                         | <b>4,940,501,714.00</b>                 | -                                 | -  | <b>75,774,566.00</b> | <b>75,774,566.00</b>      | -                       |
| <b>Project Assets Under Development</b>               |                           |                         |                           |   |                                   |  |                      |                           |                         |
| Sola Hydropower Project                               | 4,732,050,689.00          | 208,451,025.00          | (4,940,501,714.00)        | -                                       | -                                 | -  | -                    | -                         | 4,732,050,689.00        |
| Subtotal  | <b>4,732,050,689.00</b>   | <b>208,451,025.00</b>   | <b>(4,940,501,714.00)</b> | -                                       | -                                 | -  | -                    | -                         | <b>4,732,050,689.00</b> |
| <b>Total</b>  | <b>4,760,916,116.00</b>   | <b>5,150,077,932.00</b> | <b>(4,937,733,454.00)</b> | <b>4,967,124,074.00</b>                 | <b>2,264,987.00</b>               | -  | <b>77,647,344.00</b> | <b>95,812,782.00</b>      | <b>4,709,485,691.00</b> |
| <b>Previous Year</b>                                  |                           |                         |                           |   |                                   |  |                      |                           |                         |
| <b>Particulars</b>                                    |                           |                         |                           |   |                                   |  |                      |                           |                         |
| <b>Property Plant And Equipment</b>                   |                           |                         |                           |   |                                   |  |                      |                           |                         |
| Office Equipment, Furniture & Fixtures                | 1,093,691.00              | -                       | -                         | 1,093,691.00                            | -                                 | -  | 205,057.00           | 478,490.00                | 820,268.00              |
| Automobiles   | 27,824,136.00             | -                       | 655,400.00                | 28,479,536.00                           | 545,442.00                        | -  | 1,834,654.00         | 19,861,482.00             | 9,251,863.00            |
| Plant & Machinery                                     | 603,000.00                | -                       | -                         | 603,000.00                              | -                                 | -  | 90,450.00            | 512,550.00                | -                       |
| Subtotal  | <b>28,917,827.00</b>      | <b>603,000.00</b>       | <b>655,400.00</b>         | <b>29,576,223.00</b>                    | <b>545,442.00</b>                 | -  | <b>2,130,171.00</b>  | <b>20,430,425.00</b>      | <b>10,072,131.00</b>    |
| <b>Property Plant And Equipment ( Project Assets)</b> |                           |                         |                           |   |                                   |  |                      |                           |                         |
| Subtotal  | -                         | -                       | -                         | -                                       | -                                 | -  | -                    | -                         | -                       |
| <b>Project Assets Under Development</b>               |                           |                         |                           |   |                                   |  |                      |                           |                         |
| Sola Hydropower Project                               | 4,442,247,584.00          | 289,803,105.00          | -                         | 4,732,050,689.00                        | -                                 | -  | -                    | 4,732,050,689.00          | 4,442,247,584.00        |
| Subtotal  | <b>4,442,247,584.00</b>   | <b>289,803,105.00</b>   | <b>-</b>                  | <b>4,732,050,689.00</b>                 | <b>-</b>                          | <b>-</b>                                       | <b>-</b>             | <b>4,732,050,689.00</b>   | <b>4,442,247,584.00</b> |
| <b>Total</b>  | <b>4,471,165,411.00</b>   | <b>290,406,105.00</b>   | <b>655,400.00</b>         | <b>4,760,916,116.00</b>                 | <b>18,845,696.00</b>              | -  | <b>2,130,171.00</b>  | <b>20,430,425.00</b>      | <b>4,452,319,715.00</b> |

Sola hydropower Project is in pledged for security against loan from bank.

Upper Solu Hydro Electric Company limited

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

All amounts are in Rs unless otherwise stated

6. Intangible Assets

| Current Year                               |                           | Accumulated amortization and impairment |  |                                      |                           |                           |                      | Carrying Amount                                |                           |                      |
|--|---------------------------|---|--|--------------------------------------|---------------------------|---------------------------|----------------------|--|---------------------------|----------------------|
| Particulars                                | Balance at Ashad 31, 2078 | Additions from separate acquisitions    | Transfer from Intangible assets under Developments | Additions from internal developments | Balance at Ashad 31, 2079 | Balance at Ashad 31, 2078 | Amortization expense | Impairment losses recognised in profit or loss | Balance at Ashad 32, 2079 | As at Ashad 31, 2078 |
| Intangible Assets                          | 44,340.00                 | -                                       | -  | -                                    | 44,340.00                 | 35,473.00                 | 8,867.00             | -  | 44,340.00                 | 8,867.00             |
| <b>Subtotal</b>                            | <b>44,340.00</b>          | <b>-</b>                                | <b>-</b>   | <b>-</b>                             | <b>44,340.00</b>          | <b>35,473.00</b>          | <b>8,867.00</b>      | <b>-</b>                                       | <b>44,340.00</b>          | <b>8,867.00</b>      |
| <b>Intangible Assets Under Development</b> | -                         | -                                       | -  | -                                    | -                         | -                         | -                    | -  | -                         | -                    |
| <b>Subtotal</b>                            | -                         | -                                       | -  | -                                    | -                         | -                         | -                    | -  | -                         | -                    |
| <b>Total</b>                               | <b>44,340.00</b>          | -                                       | -  | -                                    | <b>44,340.00</b>          | <b>35,473.00</b>          | <b>8,867.00</b>      | <b>-</b>                                       | <b>44,340.00</b>          | <b>8,867.00</b>      |

| Previous Year                              |                               | Accumulated amortization and impairment |  |                                      |                              |                               |                      | Carrying Amount                                |                           |                      |
|--|-------------------------------|---|--|--------------------------------------|------------------------------|-------------------------------|----------------------|--|---------------------------|----------------------|
| Particulars                                | Balance as at Shrawan 1, 2077 | Additions from separate acquisitions    | Transfer from Intangible assets under Developments | Additions from internal developments | Balance as at Ashad 31, 2078 | Balance as at Shrawan 1, 2077 | Amortization expense | Impairment losses recognised in profit or loss | Balance at Ashad 31, 2078 | As at Ashad 31, 2077 |
| Intangible Assets                          | 44,340.00                     | -                                       | -  | -                                    | 44,340.00                    | 26,605.00                     | 8,868.00             | -  | 35,473.00                 | 17,735.00            |
| <b>Subtotal</b>                            | <b>44,340.00</b>              | <b>-</b>                                | <b>-</b>   | <b>-</b>                             | <b>44,340.00</b>             | <b>26,605.00</b>              | <b>8,868.00</b>      | <b>-</b>                                       | <b>35,473.00</b>          | <b>17,735.00</b>     |
| <b>Intangible Assets Under Development</b> | -                             | -                                       | -  | -                                    | -                            | -                             | -                    | -  | -                         | -                    |
| <b>Subtotal</b>                            | -                             | -                                       | -  | -                                    | -                            | -                             | -                    | -  | -                         | -                    |
| <b>Total</b>                               | <b>44,340.00</b>              | -                                       | -  | -                                    | <b>44,340.00</b>             | <b>26,605.00</b>              | <b>8,868.00</b>      | <b>-</b>                                       | <b>35,473.00</b>          | <b>17,735.00</b>     |



**Upper Solu Hydro Electric Company limited**  
Notes to the financial statements for the year ended Ashad 32, 2079  
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**7. Investment in Subsidiaries (at Cost)**

| Particulars   | As at Ashad 32, 2079 | As at Ashad 31,2078  | As at Shrawan 1, 2077 |
|---|----------------------|----------------------|-----------------------|
| Sisa Hydro Electric Co. Pvt. Ltd.                     | 43,636,000.00        | 43,636,000.00        | 43,636,000.00         |
| Sisa Hydro Electric Co. Pvt. Ltd. (Advance for Share) | 738,600.00           | 738,600.00           | 500,000.00            |
| <b>Total</b>  | <b>44,374,600.00</b> | <b>44,374,600.00</b> | <b>44,136,000.00</b>  |

**8. Trade Receivables**

| Particulars                 | As at Ashad 32, 2079 | As at Ashad 31,2078  | As at Shrawan 1, 2077 |
|-----------------------------|----------------------|----------------------|-----------------------|
| Nepal Electricity Authority | 70,136,048.00        | 43,252,284.00        | 35,213,232.00         |
| <b>Total</b>                | <b>70,136,048.00</b> | <b>43,252,284.00</b> | <b>35,213,232.00</b>  |

**9. Cash and Cash Equivalents**

| Particulars   | As at Ashad 32, 2079 | As at Ashad 31,2078 | As at Shrawan 1, 2077 |
|---|----------------------|---------------------|-----------------------|
| Balances with Banks   | 413,738.00           | 2,410,572.00        | 45,605,664.00         |
| Century Commercial Bank Ltd.  | 70,284.00            | 69,193.00           | 1,000.00              |
| Everest Bank Ltd.   | 16,749.00            | 16,749.00           | 22,474.00             |
| NMB Bank Ltd.   | 159,753.00           | 51,089.00           | 56,519.00             |
| Laxmi Bank Ltd. (A/C No.00511148550)  | 3,059.00             | 15,821.00           | 5,660.00              |
| Laxmi Bank Ltd. (A/C No.00511149258)  | 47,686.00            | 2,148,636.00        | 1,759,693.00          |
| Laxmi Bank Ltd. (A/C No.00511148569)  | 97,881.00            | 90,758.00           | 43,741,992.00         |
| Rastriya Banijya Bank Ltd.  | 18,326.00            | 18,326.00           | 18,326.00             |
| <b>Cash in hand</b>   | <b>23,774.00</b>     | <b>37,215.00</b>    | <b>50,278.00</b>      |
| <b>Others</b>   |                      |                     |                       |
| <b>Cash and Cash Equivalents as Per Balance Sheet</b>                                   | <b>437,512.00</b>    | <b>2,447,787.00</b> | <b>45,655,942.00</b>  |
| Margin Money Deposit<br>(Maturity Period more than 3 months but<br>less than 12 months) |                      |                     |                       |
| <b>Cash and Cash Equivalents as Per<br/>Statement of Cash Flows</b>                     | <b>437,512.00</b>    | <b>2,447,787.00</b> | <b>45,655,942.00</b>  |





**Upper Solu Hydro Electric Company limited**  
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**10. Other Financial Assets - Current**

| Particulars                       | As at Ashad 32, 2079  | As at Ashad 31,2078 | As at Shrawan 1, 2077 |
|-----------------------------------|-----------------------|---------------------|-----------------------|
| Bank Guarantee Collateral Deposit | 30,000.00             | 1,330,000.00        | 1,330,000.00          |
| Bills Receivable form Other       | 6,834.00              | 33,936.00           | 1,834.00              |
| Cash Margin - LC                  | -                     | 1,203,334.00        | 4,367,625.00          |
| Other Receivable (NMB Capital)    | 185,962,500.00        | -                   | -                     |
| Other Receivable                  | 287,789.00            | -                   | -                     |
| <b>Total</b>                      | <b>186,287,123.00</b> | <b>2,567,270.00</b> | <b>5,699,459.00</b>   |

**11. Current Tax Assets**

| Particulars               | As at Ashad 32, 2079 | As at Ashad 31,2078 | As at Shrawan 1, 2077 |
|---------------------------|----------------------|---------------------|-----------------------|
| <b>Current tax assets</b> |                      |                     |                       |
| Advance Income Tax        | 146,274.00           | 146,274.00          | 146,274.00            |
| <b>Total</b>              | <b>146,274.00</b>    | <b>146,274.00</b>   | <b>146,274.00</b>     |

**12. Other Assets - Current**

| Particulars                                | As at Ashad 32, 2079  | As at Ashad 31,2078   | As at Shrawan 1, 2077 |
|--|-----------------------|-----------------------|-----------------------|
| Advance Against TDS on Staff Salary        | -                     | 1,317,410.00          | 1,087,597.00          |
| Advance to Contractors, Suppliers & Others | 136,422,831.00        | 241,885,475.00        | 102,290,921.00        |
| Prepaid Insurance                          | 13,097,574.00         | 5,808,172.00          | 5,741,857.00          |
| Rent Advance                               | 186,667.00            | 186,667.00            | 186,667.00            |
| Staff Advance                              | 49,467.00             | 1,112,864.00          | 64,670,813.00         |
| Store Consumables                          | 136,500.00            | 136,500.00            | 136,500.00            |
| <b>Total</b>                               | <b>149,893,039.00</b> | <b>250,447,088.00</b> | <b>174,114,355.00</b> |





**Upper Solu Hydro Electric Company limited**  
Notes to the financial statements for the year ended Ashad 32, 2079  
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**13. Equity Share Capital**

| Particulars   | As at Ashad 32, 2079    | As at Ashad 31,2078     | As at Shrawan 1, 2077   |
|---|-------------------------|-------------------------|-------------------------|
| Equity share capital  | 1,350,000,000.00        | 1,019,250,000.00        | 1,019,250,000.00        |
| <b>Total</b>  | <b>1,350,000,000.00</b> | <b>1,019,250,000.00</b> | <b>1,019,250,000.00</b> |
| <b>Authorised Share capital :</b>   |                         |                         |                         |
| Fully paid equity shares of Rs.100 each<br>(as at Ashad 32,2079: 15,000,000)  | 1,500,000,000.00        | 1,500,000,000.00        | 1,500,000,000.00        |
| <b>Issued :</b>   |                         |                         |                         |
| Fully paid equity shares of Rs.100 each<br>(as at Ashad 32,2079: 13,500,000)  | 1,350,000,000.00        | 1,350,000,000.00        | 1,350,000,000.00        |
| <b>Paid-up capital :</b>  |                         |                         |                         |
| Fully paid equity shares of Rs.100 each<br>(as at Ashad 32,2079: 1,350,000,000; as at<br>Ashad 31,2078: 10,192,500) | 1,350,000,000.00        | 1,019,250,000.00        | 1,019,250,000.00        |
|   | <b>1,350,000,000.00</b> | <b>1,019,250,000.00</b> | <b>1,019,250,000.00</b> |

The Company has single class of equity shares having face value of Rs. 100 per share. Every shareholder holding equity share shall have voting rights in proportion to the their share.

**Reconciliation of number of share outstanding**

| Particulars                           | As at Ashad 32, 2079 | As at Ashad 31,2078  |
|---------------------------------------|----------------------|----------------------|
| Balance at the beginning of the year  | 10,192,500           | 10,192,500           |
| Add: Share Issued                     | 3,307,500            |                      |
| <b>Balance at the end of the year</b> | <b>13,500,000.00</b> | <b>10,192,500.00</b> |





**Upper Solu Hydro Electric Company limited**  
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All amounts are in Rs unless otherwise stated

**14. Other Equity**

| Particulars  | As at Ashad 32, 2079   | As at Ashad 31,2078  |
|--|------------------------|----------------------|
| <b>Reserve For Equity Instruments Through Other Comprehensive Income</b>         |                        |                      |
| Balance At Beginning Of Year   | -                      |                      |
| Net Fair Value Gain On Investments In Equity Instruments At FVTOCI               |                        |                      |
| Income Tax On Net Fair Value Gain On Investments In Equity Instruments At FVTOCI |                        |                      |
| <b>Balance At End Of The Year</b>  | -                      | -                    |
| <b>Share Premium</b>   |                        |                      |
| Share Premium  | -                      |                      |
| <b>Retained Earnings</b>   |                        |                      |
| Balance At Beginning Of Year   | 63,515,715.00          | 40,751,593.00        |
| Profit For The Year  | (104,103,497.00)       | 23,470,622.00        |
| Less: Dividend Paid (Bonus Share)  |                        |                      |
| Less: IPO Issue Expenses   | (6,591,637.00)         | (706,500.00)         |
| Less: Dividend Paid (Cash)   |                        |                      |
| <b>Total Retained Earnings</b>   | <b>(47,179,419.00)</b> | <b>63,515,715.00</b> |
| <b>Balance at End of the Year</b>  | <b>(47,179,419.00)</b> | <b>63,515,715.00</b> |
| <b>Total</b>   | <b>(47,179,419.00)</b> | <b>63,515,715.00</b> |

**15. Non-current Borrowings**

| Particulars                              | As at Ashad 32, 2079    | As at Ashad 31,2078     | As at Shrawan 1, 2077   |
|--|-------------------------|-------------------------|-------------------------|
| <b>Secured – at Amortised Cost</b>       |                         |                         |                         |
| Term loans                               |                         |                         |                         |
| From Banks                               | 3,729,180,241.00        | 3,588,248,921.00        | 3,263,271,548.00        |
| Less: Current Portion of Long Term Loans | (57,968,592.00)         |                         |                         |
| <b>Total Non-current Borrowings</b>      | <b>3,671,211,649.00</b> | <b>3,588,248,921.00</b> | <b>3,263,271,548.00</b> |

**16. Current Borrowings**

| Particulars                          | As at Ashad 32, 2079  | As at Ashad 31,2078   | As at Shrawan 1, 2077 |
|--------------------------------------|-----------------------|-----------------------|-----------------------|
| <b>Unsecured - At Amortised Cost</b> |                       |                       |                       |
| (a) Loans Repayable On Demand        |                       |                       |                       |
| Bridge Gap Loan                      | 130,000,000.00        | 215,000,000.00        | 145,000,000.00        |
| Laxmi Bank Ltd. (Overdraft Loan)     | 66,352,568.00         | 35,549,917.00         | 9,998,609.00          |
| - Current Portion Of Long Term Loans | 57,968,592.00         | -                     | -                     |
| <b>Total</b>                         | <b>254,321,160.00</b> | <b>250,549,917.00</b> | <b>154,998,609.00</b> |



**Upper Solu Hydro Electric Company limited**  
Notes to the financial statements for the year ended Ashad 32, 2079  
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**17. Other Financial liabilities - Current**

| Particulars                               | As at Ashad 32, 2079 | As at Ashad 31,2078   | As at Shrawan 1, 2077 |
|---|----------------------|-----------------------|-----------------------|
| Audit Fee Payable                         | 557,500.00           | 167,250.00            | 167,250.00            |
| Payable to House Owner                    | 1,822,725.00         | 567,000.00            | 1,559,250.00          |
| Royalty Paybles                           | 12,414,649.81        | 6,280,901.00          | 3,931,442.00          |
| Payable to Promotors                      | 44,000,645.00        | 44,000,645.00         | 108,635,645.00        |
| Bills Payable to Contractors              | 975,112.00           | 33,472.00             | 1,309,521.00          |
| Salary Payable                            | 2,337,431.00         | 2,324,797.00          | 1,961,836.00          |
| Interest Payable to Financial Institution | -                    | 13,644,308.00         | 27,338,861.00         |
| Other Payable to Staff                    | 844,156.00           | 722,097.00            | -                     |
| Renention Money Payable                   | 20,313,727.00        | 83,183,171.00         | 119,518,936.00        |
| Other Payable                             | 2,869,650.19         | 1,333,128.00          | 1,349,520.00          |
| Bill Payables to Suppliers                | 2,109,228.00         | 1,150,459.00          | 2,775,759.00          |
| Advance from Supplier                     | 42,866.00            | 592,866.00            | 646,766.00            |
| <b>Total</b>                              | <b>88,287,690.00</b> | <b>154,000,094.00</b> | <b>269,194,786.00</b> |

**18. Current Tax liabilities**

| Particulars              | As at Ashad 32, 2079 | As at Ashad 31,2078 | As at Shrawan 1, 2077 |
|--------------------------|----------------------|---------------------|-----------------------|
| Provision for Income Tax | -                    | -                   | -                     |
| <b>Total</b>             | <b>-</b>             | <b>-</b>            | <b>-</b>              |

**19. Other Current Liabilities**

| Particulars                   | As at Ashad 32, 2079 | As at Ashad 31,2078 | As at Shrawan 1, 2077 |
|-------------------------------|----------------------|---------------------|-----------------------|
| Staff PF, SSF and CIT Payable | 497,417.00           | 566,305.00          | 248,338.00            |
| Gratuity Payable              | 2,636,335.00         | 2,986,782.00        | 2,932,462.00          |
| CSR Provision                 | -                    | -                   | -                     |
| Staff Bonus Payable           | 1,886,958.00         | 1,886,958.00        | 1,029,291.00          |
| TDS Payable                   | 1,524,098.00         | 2,725,169.00        | 5,626,085.00          |
| <b>Total</b>                  | <b>6,544,808.00</b>  | <b>8,165,214.00</b> | <b>9,836,176.00</b>   |

**20. Revenue From Operations**

| Particulars             | Year ended Ashad 32,2079 | Year ended Ashad 31,2078 |
|-------------------------|--------------------------|--------------------------|
| Electricity Sale to NEA | 369,136,304.00           | 294,661,320.00           |
| <b>Total</b>            | <b>369,136,304.00</b>    | <b>294,661,320.00</b>    |





**Upper Solu Hydro Electric Company limited**  
**Notes to the financial statements for the year ended Ashad 32, 2079**  
**All amounts are in Rs unless otherwise stated**

**21. Cost of Sales**

| Particulars                                | Year ended Ashad 32,2079 | Year ended Ashad 31,2078 |
|--|--------------------------|--------------------------|
| <b>Royalty Expenses</b>                    | <b>9,881,285.00</b>      | <b>8,243,226.00</b>      |
| <b>Project Operation</b>                   | <b>27,828,829.00</b>     | <b>12,712,045.00</b>     |
| Review Consulting Services                 | 393,749.00               | -                        |
| Consultancy Service-Hydro Consult Engineer | 516,439.00               | -                        |
| Fuel Expenses                              | 2,629,618.00             | 1,702,693.00             |
| Insurance Expenses                         | 9,789,772.00             | 294,774.00               |
| Office Rent Site                           | 375,000.00               | 350,000.00               |
| Renewals-Vehicle Tax                       | 334,550.00               | 454,600.00               |
| Repair & Maintenance - General Repairs     | 3,980.00                 | 57,360.00                |
| Repair & Maintenance - Vehicle (Block - C) | 2,344,764.00             | 2,253,204.00             |
| Repair & Maintenance - Plant (Block - D)   | 4,078,148.00             | -                        |
| Security Expenses                          | 5,604,176.00             | 5,486,164.00             |
| Travel Expenses                            | 1,621,171.00             | 1,933,715.00             |
| Rates & Taxes                              | 7,591.00                 | -                        |
| Trasportation Expenses                     | 126,000.00               | 176,280.00               |
| Vehicle Running Expense                    | 3,871.00                 | 3,255.00                 |
| <b>Employee Benefit Expenses</b>           | <b>19,925,474.00</b>     | <b>20,338,564.00</b>     |
| Staff Salary                               | 19,925,474.00            | 20,090,374.00            |
| Gratuity Expenses                          | -                        | 248,190.00               |
| <b>Total</b>                               | <b>57,635,588.00</b>     | <b>41,293,835.00</b>     |

**22. Other Income**

| Particulars                       | Year ended Ashad 32,2079 | Year ended Ashad 31,2078 |
|-----------------------------------|--------------------------|--------------------------|
| Interest Income from Call Account | 198,465.00               | 326,127.00               |
| Gain on Disposal of Vehicle       | 46,727.00                | 490,042.00               |
| Miscellaenous Income              | -                        | 655,628.00               |
| <b>Total</b>                      | <b>245,192.00</b>        | <b>1,471,797.00</b>      |



**Upper Solu Hydro Electric Company limited**  
Notes to the financial statements for the year ended Ashad 32, 2079  
All amounts are in Rs unless otherwise stated

**23. Administrative Expenses**

| Particulars   | Year ended Ashad 32,2079 | Year ended Ashad 31,2078 |
|---|--------------------------|--------------------------|
| Audit Fee   | 565,000.00               | 169,500.00               |
| Advertising & Publicity                             | 328,567.00               | 62,626.00                |
| Courier Service                                     | 143.00                   | 493.00                   |
| Repair & Maintenance - Office Equipment (Block - B) | 108,267.00               | 26,272.00                |
| Fine & Penalty Expenses                             | 4,012,470.00             | -                        |
| Electricity   | 557,095.00               | 925,492.00               |
| Fuel Expenses                                       | -                        | 104,556.00               |
| Guest Entertainment                                 | 985,146.00               | 814,236.00               |
| ICRA Rating Expenses                                | 352,521.00               | 1,084,395.00             |
| Vehicle Insurance Expenses                          | 164,569.00               | 84,599.00                |
| IT Services & Solutions                             | 844,307.00               | 838,686.00               |
| Kitchen Expenses                                    | 212,517.00               | 319,740.00               |
| Legal Advice Service Fee                            | 604,550.00               | 1,243,000.00             |
| Meeting Allowance                                   | 528,822.00               | 14,118.00                |
| Membership Fee                                      | 60,000.00                | 60,000.00                |
| Mess Expenses                                       | 1,197,336.00             | 1,125,340.00             |
| Miscellaneous Expenses                              | 3,637,460.00             | 43,174.00                |
| Office Contingencies & Equipment Expenses           | 363,175.00               | 145,715.00               |
| Office Expenses-Utilities                           | 597,083.00               | 1,014,996.00             |
| Office Refreshment                                  | 70,136.00                | 43,949.00                |
| Office Rent-Head Office                             | 1,890,000.00             | 1,890,000.00             |
| Registration and Renewal Expenses                   | 221,870.00               | 357,750.00               |
| Repair & Maintenance of Generator                   | 10,850.00                | 46,800.00                |
| Staff Welfare                                       | 29,630.00                | 66,020.00                |
| Stationaries  | 128,235.00               | 90,669.00                |
| Talk Time for Mobile                                | 56,498.00                | 65,400.00                |
| Telephone   | 23,492.00                | 10,007.00                |
| Donation & Compensation Expenses                    | 142,234.00               | -                        |
| Toiletries  | 27,180.00                | 22,740.00                |
| <b>Total</b>  | <b>17,719,153.00</b>     | <b>10,670,273.00</b>     |

**24. Employee Benefits Expense**

| Particulars            | Year ended Ashad 32,2079 | Year ended Ashad 31,2078 |
|------------------------|--------------------------|--------------------------|
| Staff Salary & Benefit | 20,006,765.00            | 10,055,848.00            |
| Gratuity Expenses      | -                        | 653,973.00               |
| SSF Expenses           | -                        | 18,140.00                |
| <b>Total</b>           | <b>20,006,765.00</b>     | <b>10,727,961.00</b>     |







**Upper Solu Hydro Electric Company limited**  
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All amounts are in Rs unless otherwise stated

**25. Finance Cost**

| Particulars                             | Year ended Ashad 32, 2079 | Year ended Ashad 31,2078 |
|---|---------------------------|--------------------------|
| <b>Bank &amp; Financial Institution</b> |                           |                          |
| Bank Charges                            | 6,176,764.00              | 6,930,722.00             |
| Interest Expenses                       | 349,851,212.00            | 335,775,403.00           |
| <b>Total Finance Expenses</b>           | <b>356,027,976.00</b>     | <b>342,706,125.00</b>    |
| NFRS Adjustments on Term Loans          | 59,355,699.00             | 45,906,922.00            |
| <b>Total Finance Expenses</b>           | <b>415,383,675.00</b>     | <b>388,613,047.00</b>    |
| Less: Capatilization Of Interest        | (114,916,399.00)          | (181,639,327.00)         |
| <b>Total</b>                            | <b>300,467,276.00</b>     | <b>206,973,720.00</b>    |

**26. Depreciation And Amortisation Expenses**

| Particulars  | Year ended Ashad 32, 2079 | Year ended Ashad 31,2078 |
|--|---------------------------|--------------------------|
| Depreciation Of Property, Plant And Equipment (General Assets)                 | 1,872,778.00              | 2,130,171.00             |
| Depreciation Of Property, Plant And Equipment (Project Assets)                 | 75,774,566.00             | -                        |
| Amortization Expenses on Intangible Assets                                     | 8,867.00                  | 8,868.00                 |
| Less: Capatilization Portion   | -                         |                          |
| <b>Total Depreciation And Amortisation Pertaining To Continuing Operations</b> | <b>77,656,211.00</b>      | <b>2,139,039.00</b>      |

**27. Impairment Losses On Financial Assets And Reversal Of Impairment On Financial Assets**

The management has concluded to the best of its decisions, there are no indications of impairment as at Balance sheet date and the carrying amount of these asset , exceeds its recoverable amount (i.e. the higher of the asset's net selling price and value in use). Hence, no impairment losses on financial assets and reversal of impairment on financial assets is recognized.

**28. Income Taxes Relating to Continuing Operations**

**28.1 Income Tax Recognised in Profit or Loss**

| Particulars  | Year ended Ashad 32, 2079 | Year ended Ashad 31,2078 |
|--|---------------------------|--------------------------|
| <b>Current tax</b>   |                           |                          |
| In respect of the current year   | -                         |                          |
| In respect of prior years  | -                         | -                        |
| Others   | -                         | -                        |
| <b>Deferred tax</b>  |                           |                          |
| In respect of the current year   | -                         | -                        |
| <b>Total income tax expense recognised in the current year relating to continuing operations</b> | <b>-</b>                  | <b>-</b>                 |





**Upper Solu Hydro Electric Company limited**  
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All amounts are in Rs unless otherwise stated

**28.2 Income Tax Recognized in Other Comprehensive Income**

| Particulars  | Year ended<br>Ashad 32, 2079 | Year ended<br>Ashad 31,2078 |
|--|------------------------------|-----------------------------|
| <b>Current tax</b>   |                              |                             |
| In respect of the current year   |                              |                             |
| In respect of prior years  |                              |                             |
| Others   | -                            | -                           |
| <b>Deferred tax</b>  |                              |                             |
| In respect of the current year   | -                            | -                           |
| <b>Total income tax expense recognised in the current year relating to continuing operations</b> | -                            | -                           |

**29. Earnings Per Share**

| Particulars                       | Year ended Ashad 32, 2079 | Year ended Ashad 31,2078 |
|-----------------------------------|---------------------------|--------------------------|
| <b>From Continuing Operations</b> | <b>Rs. per share</b>      | <b>Rs. per share</b>     |
| Basic Earnings Per Share          | (10.10)                   | 2.30                     |
| Diluted Earnings Per Share        | (10.10)                   | 2.30                     |

a) There are no potential dilutive instruments.

**29.1. Basic Earnings per share**

The earnings and weighted average number of equity shares used in the calculation of basic earnings per share are as follows.

| Particulars   | Year ended<br>Ashad 32, 2079 | Year ended<br>Ashad 31,2078 |
|---|------------------------------|-----------------------------|
| Profit for the year attributable to owners of the Company (A)                             | (104,103,497.00)             | 23,470,622.00               |
| Weighted average number of equity shares for the purposes of basic earnings per share (B) | 10,305,826                   | 10,192,500                  |
| <b>Basic Earnings per share (A/B)</b>   | <b>(10.10)</b>               | <b>2.30</b>                 |





**Upper Solu Hydro Electric Company limited**  
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All amounts are in Rs unless otherwise stated

### **30. Segment Reporting**

The management evaluates the Company's performance and allocates resources based on the analysis of various performance indicators, however the company is primarily engaged in only one segment, i.e., "Generation and sale of electricity" and that all its operations are in Nepal. Hence the Company does not have any reportable segments as per NFRS 8 "Operating Segments".

#### **31.1 Financial risk management objectives**

The company's principal financial liabilities, comprise trade and other payables and borrowings. The main purpose of these financial liabilities is to support its operations. The company's principal financial assets include trade and other receivables, cash & cash equivalents, that are derived directly from its operations. The company's activities expose it to a variety of financial risks: credit risk, liquidity risk, market risk. The company's Board of Directors reviews and sets out policies for managing these risks and monitors suitable actions taken by management to minimize potential adverse effects of such risks on the company's operational and financial performance.

#### **31.2 Credit Risk**

Credit risk arises when a counterparty defaults on its contractual obligations to pay resulting in financial loss to the Company. The credit risk for the company primarily arises from credit exposures to trade receivables.

Trade and other receivables: The company's business is predominantly through sales of power. The company has PPA agreement with Nepal Electricity Authority (NEA). NEA is government body due to which the risk of credit default is significantly low.

Other Financial Assets: Credit risk from balances with banks and financial institutions are managed by maintaining the balances with highly reputed Commercial banks only.

#### **31.3 Liquidity risk management**

Liquidity risk is the risk that the company will encounter difficulty in meeting the obligations associated with the financial liabilities that are settled by delivering cash or another financial asset. The company's approach to managing liquidity is to ensure, as far as possible, that will always have sufficient liquidity to meet both normal and stressed conditions, without incurring unacceptable losses or risking damage to the company's reputations.

### **Liquidity risk tables**

The following tables detail the company's remaining contractual maturity for its financial liabilities with agreed repayment periods.



| Financial Liabilities            | Less than 1 year      | 1 - 4 years           | 5 years and above       | Total                   |
|----------------------------------|-----------------------|-----------------------|-------------------------|-------------------------|
| <b>32 Ashah, 2079</b>            |                       |                       |                         |                         |
| (i) Borrowing                    | 254,321,160.00        | 315,939,310.15        | 3,355,272,338.85        | 3,925,532,809.00        |
| (ii) Other Financial Liabilities | 88,287,690.00         | -                     | -                       | 88,287,690.00           |
|                                  | <b>342,608,850.00</b> | <b>315,939,310.15</b> | <b>3,355,272,338.85</b> | <b>4,013,820,499.00</b> |
| <b>31 Ashah, 2078</b>            |                       |                       |                         |                         |
| (i) Borrowing                    | 250,549,917.00        | 433,412,137.85        | 3,154,836,783.15        | 3,838,798,838.00        |
| (ii) Other Financial Liabilities | 154,000,094.00        | -                     | -                       | 154,000,094.00          |
|                                  | <b>404,550,011.00</b> | <b>433,412,137.85</b> | <b>3,154,836,783.15</b> | <b>3,992,798,932.00</b> |

### 31.4 Market Risk

Market risk is the risk that the fair value of future cash flows of a financial instruments will fluctuate because of changes in market prices. Market prices comprise three type of risk: interest rate risk, currency risk and other price risk such as equity price risk .

Interest Rate Risk: The company has material exposure to the debt instruments and on which interest rate is fluctuating according to the market .

### 31. 5 Categories of Financial Instruments

| Particulars                      | As at Ashad 32,2079     |                         | As at Ashad 31,2078     |                         |
|----------------------------------|-------------------------|-------------------------|-------------------------|-------------------------|
|                                  | Carrying Amount         | Fair value              | Carrying Amount         | Fair value              |
| <b>Non-current Assets</b>        |                         |                         |                         |                         |
| <b>Current</b>                   |                         |                         |                         |                         |
| (i)Trade Receivables             | 70,136,048.00           | 70,136,048.00           | 43,252,284.00           | 43,252,284.00           |
| (ii) Cash and Cash Equivalents   | 437,512.00              | 437,512.00              | 2,447,787.00            | 2,447,787.00            |
| (iii) Other Financial Assets     | 186,287,123.00          | 186,287,123.00          | 2,567,270.00            | 2,567,270.00            |
| <b>Liabilities</b>               |                         |                         |                         |                         |
| <b>Non current</b>               |                         |                         |                         |                         |
| Borrowings                       | 3,671,211,649.00        | 3,671,211,649.00        | 3,588,248,921.00        | 3,588,248,921.00        |
| <b>Current</b>                   |                         |                         |                         |                         |
| (i) Borrowings                   | 254,321,160.00          | 254,321,160.00          | 250,549,917.00          | 250,549,917.00          |
| (ii) Other Financial Liabilities | 88,287,690.00           | 88,287,690.00           | 154,000,094.00          | 154,000,094.00          |
| <b>Total</b>                     | <b>4,270,681,182.00</b> | <b>4,270,681,182.00</b> | <b>4,041,066,273.00</b> | <b>4,041,066,273.00</b> |

### 32 Fair value measurements

This note provides information about how the Company determines fair values of various financial assets and financial liabilities.

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

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



- Level 3 inputs are unobservable inputs for the asset or liability.

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

### 33. Related Party Disclosures

#### (a) Key Management Personnel

|                         |                   |
|-------------------------|-------------------|
| Mr. Suresh Lal Shrestha | Chairman          |
| Mr. Dinesh Lal Shrestha | Managing Director |
| Mr. Parbin Shrestha     | Director          |
| Mr. Shekhar Kumar Rana  | Director          |
| Ms. Kusum Gorkhali      | Director          |
| Mr. Dije Shrestha       | CEO               |

#### (b) Subsidiaries

Sisa Hydro Electric Co. Pvt. Ltd.

#### Summary of closing Balances with Related Parties

| Particulars                       | For the Year Ended |                   |                |
|-----------------------------------|--------------------|-------------------|----------------|
|                                   | Ashad 32, 2079     | Transaction (Net) | Ashad 31, 2078 |
| <b>Investment in Subsidiaries</b> |                    |                   |                |
| Sisa Hydro Electric Co. Pvt. Ltd. | 43,636,000.00      | -                 | 43,636,000.00  |

Company has paid Rs 1,890,000 for rent to Mr. Rajesh Lal Shrestha in FY 2078.79(2077.78: Rs 1,890,000)

#### Salary, Benefit & Allowances of Key Management Personal:

| Particulars             | Salary, Benefits & Allowances |
|-------------------------|-------------------------------|
| Mr. Suresh Lal Shrestha | 100,000.00                    |
| Mr. Dinesh Lal Shrestha | 8,514,920.00                  |
| Mr. Parbin Shrestha     | 30,000.00                     |
| Mr. Shekhar Kumar Rana  | 60,000.00                     |
| Ms. Kusum Gorkhali      | 60,000.00                     |
| Mr. Dije Shrestha       | 3,070,148.40                  |
| <b>Total</b>            | <b>11,835,068.40</b>          |

### 34. Contingent Liabilities and Commitments

Company has following contingent liabilities:

- CE Construction Pvt. Ltd. (a contractor) has claimed Rs 58,569,910 to the Company for various reasons.
- There is a petition at honorable Supreme Court against the Company lodged by the local people by demanding the relocation of affected houses.
- The Company has booked the royalty expenses as per Electricity Act, 2049, however the authority claimed royalty according to generation licensee. The Company filed the petition at Honorable Supreme Court against the claim of the authority.





## तस्वीरमा आयोजना र प्राविधिक पूर्वाधार



अआयोजनाको बांध स्थल



आयोजना र सोलु दुधकुण्ड नगपालिकाको सहकार्यमा निर्माण भएको पक्कि मोटरबल पुल



आयोजनाको डिस्चार्जर बेसिन



बिद्युतगृहको साफ्ट तथा टरवाईन



कर्मचारीहरूलाई तालिम प्रदान गरिदै



बिद्युतगृहको संचालन कक्ष



आयोजनाको स्विचयार्ड (ग्यास ईन्सुलेटेड सिस्टम)



आयोजनाको सर्जट्याङ्क



बिद्युतगृहको स्टार



आयोजनाको बांध स्थल

# NOTES

