



# माउन्टेन हाइड्रो नेपाल लि. Mountain Hydro Nepal Ltd.

CORPORATE OFFICE:

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PROJECT SITE OFFICE:

Lower Hewa Khola Hydro Project, Panchthar



सातौं वार्षिक साधारण सभामा प्रस्तुत

वार्षिक प्रतिवेदन

आ.व. २०७८।७५

## Management Committee



**Sitaram Timalisina**  
Chairman



**Satish Timalisina**  
Managing Director



**Kamal Kumar Bharati**  
Director



**Prahlad Timalisina**  
Public Director





# माउन्टेन हाइड्रो नेपाल लि.

ताहाचल, काठमाण्डौ

श्री संचालक समिति  
माउन्टेन हाइड्रो नेपाल लि.  
ताहाचल, काठमाण्डौ ।

## बिषय : साधारण सभामा मतदान गर्न प्रतिनिधी नियुक्ति गरेको बारे ।

महाशय,

\_\_\_\_\_जिल्ला\_\_\_\_\_न.पा./गा.पा.वडा नं.\_\_\_\_\_बस्ने म/हामी \_\_\_\_\_ले त्यस कम्पनीको शेयरवालाको हैसियतले २०७९ साल पुस महिना २७ गते बुधबार का दिन हुँने सातौँ वार्षिक साधारण सभामा स्वयं उपस्थित भई छलफल तथा निर्णयमा सहभागी हुन नसक्ने भएकोले उक्त सभामा भाग लिन तथा मतदान गर्नका लागि\_\_\_\_\_जिल्ला\_\_\_\_\_न.पा./गा.पा. वडा नं.\_\_\_\_\_बस्ने त्यस कम्पनीका शेयरवाला श्री\_\_\_\_\_ शेयर प्रमाणपत्र नं.\_\_\_\_\_ लाई मेरो / हाम्रो प्रतिनिधि मनोनीत गरी पठाएको छु /छौं ।

### प्रतिनिधि हुनेको

दस्तखत :

नाम :

शेयरसंख्या :

### निवेदक:

दस्तखत :

नाम :

ठेगाना :

शेयर प्रमाणपत्र नं.

फि.नं.देखि सम्म

मिति :

मिति :

(द्रष्टव्य : यो निवेदन साधारण सभा हुनु भन्दा कम्तीमा ४८ घण्टा अगावै कम्पनीको रजिस्टर्ड कार्यालयमा पेश गरिरावनु पर्ने छ ।)



# माउन्टेन हाइड्रो नेपाल लि.

ताहाचल, काठमाण्डौ

## प्रवेश -पत्र

शेयरधनीको नाम :

शेयरधनी नं. :

कुल शेयर संख्या :

शेयरधनीको दस्तखत :

कम्पनी सचिव

२०७९।०९।२७

(सभाकक्षमा प्रवेश गर्न यो प्रवेश पत्र अनिवार्य रूपमा लिई आउनु हुन अनुरोध छ । )



## विषय सूची

संस्कृतिक कर्मकाण्ड

संस्कृतिक कर्मकाण्ड प्रमुख प्रश्नोत्तर संग्रह

<input type="checkbox"/> सातौं वार्षिक साधारण सभा सम्बन्धी सूचना.....	४
<input type="checkbox"/> अध्यक्षको मन्तव्य.....	६
<input type="checkbox"/> कम्पनी ऐन २०६३ को दफा १०९ उपदफा (४) अनुसार संचालक समितिको प्रतिवेदन .....	७
<input type="checkbox"/> लेखा परिक्षकको प्रतिवेदन :.....	१२
■ वासलात.....	१५
■ नाफा नोक्सान हिसाव खाता.....	१६
■ नगद प्रवाह विवरण.....	१७
■ इक्विटीमा भएको परिवर्तन.....	१८
■ लेखा सम्बन्धी टिप्पणीहरू.....	१९
■ अनुसूचीहरू.....	२७
<input type="checkbox"/> फोटोहरू	



# माउन्टेन हाइड्रो नेपाल लि.

काठमाण्डौ-१३, ताहाचल

फोन नं.०१५९०३४४२, E-mail : mountainhydronepal@gmail.com

## सातौं वार्षिक साधारण सभा सम्बन्धि सूचना

प्रथम पटक प्रकाशित मिति २०७९।०९।०७

यस कम्पनीको मिति २०७९/०९/०४ मा बसेको संचालक समितिको निर्णय अनुसार कम्पनीको सातौं वार्षिक साधारण सभा निम्न मिति, स्थान र समयमा देहायका विषयहरू माथि छलफल र निर्णय गर्न बस्ने भएको हुँदा सम्पूर्ण शेयरधनि महानुभावहरूको उपस्थितिको लागि यो सूचना प्रकाशित गरिएको छ ।

### वार्षिक साधारण सभा हुने मिति, स्थान र समय

मिति:- २०७९/०९/२७ गते बुधबार

स्थान:- कालिमाटी व्याङ्क्वेट (कालीमाटी सीता पेट्रोल पम्प सँगै)

समय:- १०:०० बजे ।

### छलफलका विषयहरू:-

- १) अध्यक्षज्युबाट आ.व. २०७८।७९ को कम्पनीको वार्षिक प्रतिवेदन प्रस्तुत गर्ने र सो माथि छलफल तथा स्वीकृत गर्ने ।
- २) लेखा परीक्षकको प्रतिवेदन सहितको आ.व. २०७८।७९ को वार्षिक आर्थिक विवरण (वासलात, नाफा नोक्सान हिसाब तथा नगद प्रवाह लगायत का वित्तीय विवरणहरू) माथि छलफल र स्वीकृत गर्ने ।
- ३) कम्पनीको आ.व. २०७९।८० को लागि लेखापरीक्षक नियुक्ति गर्ने तथा पारिश्रमिक तोक्ने ।
- ४) संस्थापक समूहबाट निर्वाचित संचालक श्री दिपेन्द्र आडवो लिम्बु र श्रीमती रेणुका देवी पोखरेलले राजीनामा दिनुभई रिक्त भएको संचालक पद २ निर्वाचनद्वारा पुर्ति गर्ने ।
- ५) विविध
  - क) शेयर दाखिल खारिज बन्द गर्ने
  - ख) निर्वाचन अधिकृत तोक्ने
- ग) संचालकको भत्ता तथा अन्य सुविधा सम्बन्धमा

### वार्षिक साधारण सभा सम्बन्धी जानकारीहरू

- १) सातौं वार्षिक साधारण सभा प्रयोजनको लागि कम्पनीको मिति २०७९ पुस १३ गते देखि २०७९ साल पुस २७ गते सम्म शेयरको दर्ता किता दाखिल खारेज बन्द रहनेछ । किताव बन्द भएको अधिल्लो दिन अर्थात् २०७९।०९।१२ सम्म नेपाल स्टक एक्सचेन्जमा कारोबार भई कायम रहनुभएका शेयरधनीहरूले सभामा भाग लिन सक्नुहुनेछ ।
- २) सातौं वार्षिक साधारण सभामा भाग लिन आफ्नो प्रतिनिधि नियुक्त गर्न चाहने शेयरधनीहरूले कम्पनी ऐनले तोकेको ढाँचामा वा वार्षिक प्रतिवेदन पुस्तिकामा रहेको प्रतिनिधि पत्र (प्रोक्सी) फारम अनुसार सभा शुरू हुनु भन्दा ४८ घण्टा

- अगावै प्रतिनिधि नियुक्ति गरी कम्पनीको कार्यालयमा पेश गर्नु पर्नेछ । तर प्रतिनिधि नियुक्त गर्नुभएका शेयरधनी आफै उपस्थित भई हाजिरी गरेमा प्रतिनिधि पत्र स्वतः बदर हुनेछ ।
- ३) एक भन्दा वढि व्यक्तिहरूको संयुक्त नाममा शेयर दर्ता रहेको अवस्थामा सर्व सम्मत बाट प्रतिनिधि चयन गरिएको १ जनाले मात्र वा लगत कितावमा पहिलो नाम उल्लेख भएको व्यक्तिले सभामा भाग लिन सक्नु हुनेछ । कुनै संगठित संस्था वा कम्पनीले शेयर खरिद गरेको हकमा त्यस्ता संगठित संस्था वा कम्पनीले मनोनित गरेको प्रतिनिधिले शेयरवालाको हैसियतले सभामा भाग लिन सक्नुहुनेछ ।
  - ४) कुनै शेयरधनि महानुभावहरूले छलफलका विषयहरू मध्ये विविध शीर्षक अन्तर्गत कम्पनी सम्वन्धि कुनै विषयमा छलफल गर्न गराउन चाहेमा सभा हुनु भन्दा ७ कार्य दिन अगावै कम्पनी सचिव मार्फत् संचालक समितिको अध्यक्ष लाई लिखित रूपमा प्रस्ताव दिनुपर्नेछ । तर त्यस्तो प्रस्ताव साधारण सभामा छलफल वा बहसको रूपमा समावेश गर्ने वा नगर्ने अधिकार संचालक समितिको अध्यक्षमा निहित हुनेछ ।
  - ५) संस्थापक समूहबाट निर्वाचित संचालक श्री दिपेन्द्र आडवो लिम्बु र श्रीमती रेणुका देवी पोखरेलले राजीनामा दिनुभई रिक्त भएको संचालक पद २ शेयरधनीहरूबाट निर्वाचनद्वारा पूर्ति गरिने छ । निर्वाचन सम्वन्धि विस्तृत कार्यक्रम निर्वाचन अधिकृत मार्फत् सभा शुरू हुनु भन्दा ७ दिन अगाडी नै कम्पनीको रजिस्टर्ड कार्यालय ताहाचल काठमाण्डौ मा प्रकाशन गरिनेछ ।
  - ६) मिति २०७९।०९।२७ गतेका दिन बिहान १०:०० बजे देखि सभा स्थलमा उपस्थिति खुल्ला हुनेछ । वार्षिक साधारण सभामा उपस्थित हुने शेयरधनी महानुभावहरूले आफ्नो परिचय खुल्ने प्रमाण देखाइ सभा स्थलमा रहेको उपस्थिति पुरतीकामा हस्ताक्षर गरी उपस्थिति जनाउनु पर्नेछ ।
  - ७) कम्पनी ऐन २०६३ बमोजिमको आ.ब.२०७८।७९ को वार्षिक आर्थिक विवरण, संचालक समितिको प्रतिवेदन, लेखा परीक्षण प्रतिवेदन तथा साधारण सभा सम्वन्धित अन्य कुराहरू र निर्वाचन सम्वन्धि जानकारी कम्पनीको प्रधान कार्यालय ताहाचल, कालीमाटी काठमाण्डौबाट उपलब्ध हुने छ । उल्लेखित विवरणहरू कम्पनीको आधिकारिक Website: [www.mhnl.com.np](http://www.mhnl.com.np) बाट समेत प्राप्त गर्न सक्नु हुनेछ ।

संचालक समितिको आज्ञाले  
शिव प्रसाद सापकोटा  
कम्पनी सचिव

## सातौं वार्षिक साधारण सभामा प्रस्तुत अध्यक्षको मन्तव्य

आदरणीय शेयरधनी महानुभावहरू

यस माउन्टेन हाइड्रो नेपाल लि को सातौं वार्षिक साधारण सभामा उपस्थित हुनुभएका सम्पूर्ण शेयरधनी तथा आमन्त्रित महानुभावहरूमा संचालक समिति तथा मेरो व्यक्तिगत तर्फबाट समेत हार्दिक स्वागत तथा अभिवादन गर्दछु । यस सभामा उपस्थित भएर कम्पनीको वार्षिक प्रतिवेदन पेश गर्न पाँउदा मलाई खुसि लागेको छ ।

- यो कम्पनीको कुल शेयर पुँजी रु.१२५ करोड रहेको छ । कम्पनीका संस्थापकहरूको रु.१०० करोड र सर्वसाधारणको रु.२५ करोड पुँजी लगानी भएको छ ।
- उत्पादित बिजुली नेपाल विद्युत प्राधिकरणलाई उपलब्ध गराईएको छ । आ.व.२०७८।७९ मा विद्युत बिक्रीबाट रु. ६०,८१,८३,८३२।६४ को आम्दानी प्राप्त भएको छ ।
- आयोजना निर्माण तथा संचालनको लागि एन.एम.वि बैंकको अगुवाईमा राष्ट्रिय वाणिज्य बैंक तथा प्राइम कमर्सियल बैंक समेतबाट कर्जा प्राप्त भएको छ । मिति २०७९।०३।३२ सम्म बैंकहरूलाई सावाँ तर्फ रु.३,१३,४६,७४,६३३। तिर्न बाँकी छ । व्याज चुक्ता भएको छ ।
- आयोजनामा जडित ३ वटा टर्वाइनहरू विद्युत उत्पादनमा कुनै असर नपर्ने गरी यसै वर्ष पालै पालो गरी मर्मत सम्भार गराईएको छ । मर्मत सम्भार पछि पूर्ण क्षमतामा संचालन भईरहेको छ ।
- आ.व.२०७८।७९ को संचालक समितिको वार्षिक प्रतिवेदन छुट्टै प्रस्तुत गरेको छु । विस्तृत जानकारी सो प्रतिवेदनबाट हुनेछ ।
- आयोजना राम्रोसँग संचालन भईरहेको छ । आयोजना संचालन गर्न गराउन आ-आनो स्थान वाट सहयोग गर्नुहुने सम्पूर्ण शेयरधनी महानुभावहरू, वित्तीय सहयोग गर्नुहुने बैंकहरू, सम्बन्धित निकायहरू, सरोकारवाला तथा अथक मेहनत गर्नुहुने सम्पूर्ण कर्मचारीहरूलाई हार्दिक धन्यवाद दिन चाहन्छु । अन्तमा आनो व्यस्त कार्यक्रमका वावजुद यस सभामा उपस्थित भई हौसला बढाई दिनु भएकोमा सम्पूर्ण शेयरधनी तथा आमन्त्रित महानुभावहरू लाई धन्यवाद दिन चाहन्छु । धन्यवाद

सीताराम तिमल्सिना

अध्यक्ष

माउन्टेन हाइड्रो नेपाल लि



# माउन्टेन हाइड्रो नेपाल लि.

कम्पनी ऐन, २०६३ को दफा १०५ उपदफा (४) बमोजिम संचालक समितिको  
आर्थिक वर्ष २०७८।७९ को प्रतिवेदन

आदरणीय शेयरधनी महानुभावहरू,

यस कम्पनीको सातौं वार्षिक साधारण सभामा म यहाँहरूलाई हार्दिक स्वागत गर्न चाहन्छु । म यस गरिमामय सभामा संचालक समितिको तर्फबाट आर्थिक वर्ष २०७८।७९ को संचालक समितिको वार्षिक प्रतिवेदन र सोही वर्षको लेखा परीक्षण भएका वित्तीय विवरणहरू सभा समक्ष स्वीकृतिको लागि प्रस्तुत गर्न चाहन्छु ।

## १) आव २०७८।७९ को कारोबारको सिंहावलोकन :

यस माउन्टेन हाइड्रो नेपाल लि. ले निर्माण गरेको पाँचथर जिल्ला स्थित तल्लो हेवा खोला जल विद्युत आयोजना (२२.१ मे.वा) को निर्माण कार्य सम्पन्न भई मिति २०७६ श्रावण २१ गते देखि नियमित रूपमा विद्युत उत्पादन गरी रहेको छ । आयोजना सन्तोषजनक रूपमा संचालन भई रहेको छ । कम्पनीको आर्थिक गतिविधिहरूलाई बुँदागत रूपमा तल प्रस्तुत गरिएको छ ।

## क) विद्युत उत्पादन लक्ष्य तथा बिक्री :

यस कम्पनी र नेपाल विद्युत प्राधिकरण विच भएको विद्युत खरिद बिक्री सम्झौता बमोजिम यस कम्पनीद्वारा वार्षिक ११,८५,७९,७७४ कि.वा.घ.विद्युत शक्ति उपलब्ध गर्ने लक्ष्य रहेको छ र आव.२०७८।७९ मा विद्युत उत्पादन गरी नेपाल विद्युत प्राधिकरणलाई बिक्री गरिएको विवरण तालिका १ मा प्रस्तुत गरिएको छ ।

तालिका १

साल / महिना	कन्ट्र्याक्ट इनर्जी (KWH)	अनुमानित आय	आम्दानी २०७८।७९ मा		
			उत्पादित विद्युत (KWH)	दर	खुद आम्दानी
२०७८ श्रावण	१,६१,३०,९४९	७,७४,२८,५५६	१६१३०९४९.००	४.९४	७,९६,८६,८८८.०६
२०७८ भाद्र	१,५६,२६,८५७	७,७९,९६,६७४	१५६२६८५७.००	५.०९	७,९५,४०,७०२.९३
२०७८ असोज	१,५१,२२,७६४	७,४७,०६,४५४	१४७४५९९०.००	५.०९	७,५०,५७,०८९.९०
२०७८ कार्तिक	१,२८,९६,४९८	६,३७,०८,७००	११०९०९८८.००	५.०९	५,६४,५३,१२८.९२
२०७८ मंसिर	८१,७४,०२५	४,०३,७९,६८४	७२३५७६०.००	५.०९	३,६८,३०,०१८.४०
२०७८ पुस	५६,४८,५६४	४,८८,६०,०७९	५२५९००८.७०	८.९०	४,६८,०५,१७७.४३
२०७८ माघ	४७,७३,२६४	४,१२,८८,७३२	४२२५५३०.००	८.९०	३,७६,०७,२१७.००
२०७८ फागुन	४१,०४,४५४	३,५५,०३,५२७	३०६४२४०.००	८.९०	२,७२,७९,७३६.००
२०७८ चैत्र	४०,९५,८५७	३,५४,२९,१६३	३९८३९००.००	८.९०	२,८३,३६,७१०.००
२०७९ बैशाख	५३,७३,३६०	२,६५,४४,३९८	३९२०८५०.००	५.०९	१,९९,५७,१२६.५०
२०७९ जेष्ठ	१,१०,०६,३२५	५४,३७१,२४६	८०६८४८०.००	५.०९	४,१०,६८,५६३.२०
२०७९ असार	१,५६,२६,८५७	७,७९,९६,६७३	१५६३२५१०.००	५.०९	७,९५,६९,४७५.९०
<b>जम्मा</b>	<b>११,८५,७९,७७४</b>	<b>६५,२६,९३,८८५</b>	<b>१०,८९,८५,०६२.७०</b>		<b>६०,८९,८३,८३२.६४</b>

**ख) कम्पनीको शेयर पुँजी, ऋण तथा सञ्चिति :**

यस कम्पनीले तल्लो हेवा खोला जल विद्युत आयोजना निर्माण गर्ने उदेश्यले संस्थापक शेयरधनी तथा आयोजना प्रभावित जिल्ला पाँचथर का स्थानीय वासिन्दाहरू र सर्वसाधारण शेयरधनीबाट गरि जम्मा शेयर पुँजी रु.१२५ करोड संकलन गरेको छ र सो को विवरण यस प्रकार रहेको छ ।

रकम आ.व. ७८/७९ सम्म	
संस्थापक शेयरधनीहरूबाट	१,००,००,००,०००/-
सर्वसाधारणबाट	२५,००,००,०००/-
जम्मा	१,२५,००,००,०००/-

मिति २०७८/१२/०३ देखि संस्थापकहरूको शेयर समेत सर्वसाधारण सरह विक्रि खुल्ला भएको छ ।

आयोजना निर्माणको लागि कम्पनी र कन्सोर्टियम बैंक हरू सँग भएको सम्झौता वमोजिम यस आर्थिक वर्षको अन्त्य सम्ममा कम्पनीले उपभोग गरेको ऋण तालिका नं. २ मा प्रस्तुत गरिएको छ ।

**तालिका नं. २**

बैंकका नामहरू	कर्जा प्रकार	आ.व. २०७८/७९	गत आ.व. २०७७/७८
प्राइम कमर्सियल बैंक लि	आवधिक	६८,९७,९९,२४४/-	७४,२५,००,०००/-
राष्ट्रिय वाणिज्य बैंक लि.	आवधिक	५५,४०,९९,५९२/-	५९,६२,७०,९८४/-
एन.एम.वि बैंक लि	आवधिक	१,८०,२४,४५,३५८/-	१,९४,३७,२०,९०८/-
एन.एम.वि बैंक लि	ब्रिज ग्याप लोन	२,००,००,०००/-	-
एन.एम.वि बैंक लि	ओभर ड्राफ्ट लोन	६,८४,९८,४३९/-	-
सेन्चुरी कमर्सियल बैंक लि.	आवधिक	-	१९,६८,३३४/-
प्रभु बैंक लि.	आवधिक	-	५,९९,४६२/-
जम्मा		३,९३,४६,७४,६३३/-	३,२८,४९,७०,८८८/-

साथै आ.व २०७७/७८ मा कम्पनीको सञ्चिति रकम ऋणात्मक रु. १७,६३,९३,३०५/- रहेको थियो । यस आ.व. २०७८/७९ मा बैंकलाई तिरेको ब्याज रु. २६,५४,५९,४०९/४३ र सम्पत्तिको हासकट्टी आयोजना तर्फ रु. १६,४६,९७,९४७/- र अन्य हासकट्टी रु. १४,५३,५२४/- समेत जम्मा हासकट्टी रु.१६,६९,५९,४७९/- खर्चमा देखाइएको हुँदा ऋणात्मक सञ्चिति रकम घट्न गई रु. १०,५८,९६,२४९/- पुग्न गएको छ । आगामी वर्षहरूमा सो ऋणात्मक सञ्चिति घट्न गई सञ्चिति रकम बढ्दै जाने र शेयरधनीहरूलाई लाभांश उपलब्ध गराउन सक्षम हुने विश्वास गरिएको छ ।

**ग) कम्पनीको शेयरको बजारमूल्य :**

यस कम्पनीको शेयर नेपाल स्टक एक्सचेन्ज मा मिति २०७५/१२/२७ मा सुचिकृत भई धितोपत्र बजारमा कारोवार भईरहेको छ र आ.व. २०७८/७९ मा यस कम्पनीको बजार शेयर मूल्यमा उतार चढाव रह्यो । देशको आर्थिक सुचकाङ्कहरूमा आएको भारी उतार चढाव सँगै हाम्रो कम्पनीको बजार शेयर मूल्यमा समेत उतार चढाव रहन गई यस वर्षको अधिकतम मूल्य रु.७२०/- र न्युनतम मूल्य रु. २१५.६ रही कारोवार भयो । आ.व. २०७८/७९ मा यस कम्पनीको शेयर कारोवारको स्थिती तालिका नं. ३ मा प्रस्तुत गरिएको छ ।

## तालिका-३

अधिकतम मूल्य रु.	७२०	कारोबार दिन	२३६
न्यूनतम मूल्य रु.	२१५.६	कारोबार संख्या	४२३६८
अन्तिम मूल्य रु.	२७२	कारोबार शेयर संख्या	७४४६०१६
कारोबार रकम	३,४५,७३,४९,९५७.७०		

चालु आ.व को मिति २०७९।०४।०१ देखि २०७९।०८।३० सम्म कारोवार बन्द हुँदाका समयमा शेयर कारोवारको स्थिति यस प्रकार रहेको छ । अधिकतम मूल्य रु. ३३९। न्यूनतम मूल्य रु. २१२। अन्तिम मूल्य रु. २४६।०८ कारोबार संख्या १०१७५ कारोबार शेयर संख्या २२६९००२ तथा कारोबार रकम रु. ६४,६७,०४,४४९।३०

## २) राष्ट्रिय तथा अन्तर्राष्ट्रिय परिस्थितिबाट कम्पनीलाई परेको असर:

जुनसुकै व्यवसायमा पनि राष्ट्रिय तथा अन्तर्राष्ट्रिय परिस्थितिहरूको प्रत्यक्ष वा अप्रत्यक्ष रूपमा सकारात्मक एवं नकारात्मक असर परेको हुन्छ । यस कम्पनीद्वारा निर्माण गरिएको आयोजनामा समेत राष्ट्रिय रूपमा भएका केही उत्तार चढावहरूको प्रत्यक्ष वा अप्रत्यक्ष प्रभाव पर्न गयो । राष्ट्रिय रूपमा नै वित्तिय क्षेत्रमा Cost Of fund बढ्न गई थप ब्याजको भारमा हाम्रो आयोजना पनि पर्यो । साथै धितोपत्र वजारमा आएको उत्तारचढावका कारणले यस कम्पनीको बजार शेयरमूल्यमा समेत असर पर्यो । तथापी प्रत्यक्ष रूपमा कुनै राष्ट्रिय एवं अन्तर्राष्ट्रिय परिस्थितिको कारणबाट आयोजना प्रभावित छैन ।

## ३) चालु आर्थिक वर्षको उपलब्धि र कम्पनीको भावी योजना :

- प्रतिवेदन तयार गरिएको मिति सम्ममा यस कम्पनीद्वारा निर्माण गरिएको आयोजना सन्तोषजनक रूपमा संचालन भई विद्युत उत्पादन भईरहेको छ । यसै वर्ष आयोजनामा जडित ३ थान टर्वाइनहरू विद्युत उत्पादन तथा विक्रि मा कुनै असर नपर्ने गरि पालो पालो मर्मत सम्भार गराईएको छ । मर्मत सम्भार पछि टर्वाइनहरू पूर्ण क्षमतामा सन्तोषजनक रूपमा संचालन भईरहेका छन् ।
- कम्पनीद्वारा निर्माण गरिएको आयोजना संचालनमा रहेकोले सो आयोजनालाई सफलतापूर्वक एवं सन्तोषजनक रूपमा संचालन गर्ने र कम्पनीले प्रक्षेपण गरेको आम्दानी प्राप्त गर्ने गरि व्यवस्थापनले कार्य गरिरहेको छ ।

## ४) कम्पनीको व्यवसायिक सम्बन्ध :

आयोजना निर्माण र संचालनको लागि सबै क्षेत्रको सहयोग अपरिहार्य छ । सबै क्षेत्रबाट यथेष्ट सहयोग मिलेकै हुनाले आयोजना सफलता पूर्वक संचालन भइरहेको छ । सो सफलताले आयोजनासँग प्रत्यक्ष वा अप्रत्यक्ष संलग्न सबैलाई गौरवान्वित तुल्याएको छ । कम्पनीको व्यवसायिक सम्बन्ध मुलतः विद्युत सम्बन्धी अनुमतिपत्र प्रदान गर्ने नेपाल सरकार ऊर्जा मन्त्रालय र सोसँग आवद्ध श्री विद्युत विकास विभाग र विद्युत खरिद गरी दिने नेपाल विद्युत प्राधिकरण तथा आयोजना क्षेत्रका स्थानीय सरकार, निकाय तथा सरोकार वाला निकाय, बैंक, बिमा कम्पनी आदिसँग सुमधुर सम्बन्ध रहेको छ । भविष्यमा पनि व्यवसायिक सम्बन्धलाई अभै बलियो तुल्याउन कम्पनी सदैव सजग रहनेछ ।

## ५) संचालक समिति :

कम्पनीको नियमावलि अनुसार यस कम्पनीमा ७ जना संचालकहरू रहने व्यवस्था छ । संचालक समितिको कार्यकाल ४ बर्षको हुने प्रावधान छ । कम्पनीमा हाल संस्थापक तथा सर्वसाधारण शेयरधनीहरूवाट कम्पनीको २०७७।०९।२७ मा सम्पन्न वार्षिक साधारण सभावाट एक जना महिला सहित निर्वाचित हुनु भएका संचालक समिति सदस्यहरूको विवरण तालिका ४ मा प्रस्तुत गरिएको छ ।

तालिका ४

संस्थापक शेयरधनिहरूबाट निर्वाचित

श्री सीताराम तिमल्सिना	-अध्यक्ष
श्री सतिस तिमल्सिना	-संचालक
श्री दिपेन्द्र आङ्गो लिम्बु (सिंहलिला इनर्जी प्रा.लि.को प्रतिनिधि)	-संचालक
श्रीमती रेणुका देवी पोखरेल	-संचालक
सर्वसाधारण शेयरधनि समूहबाट निर्वाचित	
श्री प्रल्हाद तिमल्सिना	-संचालक
श्री कमल कुमार भारती	-संचालक

संस्थापक शेयरधनी समूहबाट निर्वाचित संचालक श्री दिपेन्द्र आङ्गो लिम्बुले मिति २०७८।१२।३० देखि र महिला संचालक श्री रेणुका देवी पोखरेलले मिति २०७८।१२।०८ देखि राजीनामा दिनुभएकोले रिक्त संचालक पद २ बाँकी कार्यकालको लागि निर्वाचनद्वारा पूर्ति गरिने छ ।

६) संस्थागत सामाजिक उत्तरदायित्व :

यस कम्पनीले पाँचथर जिल्लामा निर्माण गरेको तल्लो हेवा खोला जल विद्युत आयोजनाको निर्माणको क्रममा स्थानीय समुदायसँग सुमधुर सम्बन्ध कायम गरी स्थानीय व्यक्तिहरूको सद्भाव तथा सहयोग प्राप्त भईरहेको छ । कम्पनीले पनि सामाजिक उत्तरदायित्व अन्तर्गत विभिन्न सहयोगहरू उपलब्ध गराईरहेको छ । यसै वर्ष स्थानीय कृषकहरूलाई सिचाईको लागि ५ थान वोरिङ गरी पानी उपलब्ध गराईएको छ ।

७) लेखा परीक्षण समिति :

कम्पनी ऐन २०६३ को दफा १६४ मा भएको व्यवस्था अनुसार कम्पनीको संचालक समितिद्वारा नयाँ लेखापरीक्षण समिति चाँडै गठन गरिने छ । उक्त समितिले कम्पनीको लेखा तथा वित्तीय विवरणहरूको पुनरावलोकन गर्ने, कम्पनीको लेखा सम्बन्धी नीति तयार गरी लागू गर्ने गराउने र अन्य वित्तीय व्यवस्था र वित्तीय नियन्त्रण प्रणालीको विषयहरूमा छलफल तथा निर्णयहरू गर्नेछ । कम्पनीको वार्षिक लेखा परीक्षण कार्य श्री अर्याल एण्ड अर्याल चार्टर्ड एकाउन्टेन्ट बाट सम्पन्न गरिएको छ ।

८) सम्बद्ध कम्पनी बीचको कारोवार :

यस कम्पनीको शत प्रतिशत स्वामित्व मा माउन्टेन हाइड्रो इन्भेष्टमेन्ट कम्पनी स्थापना गरि सो कम्पनी मार्फत यस कम्पनीद्वारा निर्माण गरिएको तल्लो हेवा खोला ज. बि. आ. को लागि आवश्यक जग्गाहरू खरिद गरिएको छ र सो कम्पनीमा यस कम्पनीको रु. ५ करोड लगानी रहेको छ ।

९) आन्तरिक नियन्त्रण प्रणाली :

प्रभावकारी आन्तरिक नियन्त्रण प्रणालीले कम्पनीको आर्थिक तथा प्रशासनिक कार्य चुस्त र दुरुस्त राख्ने कुरामा कम्पनी विश्वस्त रही सोही अनुरूप कार्य गरिरहेको छ । आर्थिक नियन्त्रण गर्नका लागि कम्पनीको संचालक समिति सदस्यहरू मध्येबाट विभिन्न समिति गठन गरी सो समितिको छलफल एवं निर्णय बमोजिम कार्यहरू गरिएको छ । त्यसैगरी आन्तरिक नियन्त्रण प्रणाली सबल बनाई राख्न कम्पनी ऐन २०६३ को दफा १६४ मा भएको व्यवस्था अनुसार कम्पनीको संचालक समितिले लेखा परीक्षण समिति गठन गरी सोही समितिको निर्देशन एवं अनुगमन मा कम्पनीको लेखा संचालन हुँदै आएको छ । कम्पनीले सर्वसाधारण लाई जारी गरिएको शेयरको दाखिल खारेज सम्बन्धी कार्यलाई व्यवस्थित गर्न शेयर रजिष्टारको रूपमा श्री मुक्तिनाथ क्यापिटल लि. लाई नियुक्ति गरिएको छ ।

१०) आर्थिक वर्षको व्यवस्थापन खर्चको विवरण :

यस आ.ब.२०७८।७९ को प्रशासनिक खर्च रु.८१,८०,५२०। रहेको छ । सो को विवरण लेखापरिक्षण प्रतिवेदनको अनुसूची १८ मा प्रस्तुत गरिएको छ ।

११) संचालक तथा उच्च पदस्थ पदाधिकारीहरूको पारिश्रमिक :

वार्षिक साधारण सभाको निर्णय अनुसार संचालकहरूलाई प्रति बैठक रु ३,०००। का दरले बैठक भत्ता र प्रवन्ध संचालक लाई मासिक रु.३,००,०००। का दरले पारिश्रमिक दिईएको छ ।

१२) संचालक वा निजको नातेदार संलग्न रहेको फर्म / कम्पनी सँगको कारोवारको विवरण :

कम्पनीका संचालक वा निजको नातेदार संलग्न रहेको फर्म / कम्पनी सँगको कारोवारको विवरण तालिका ५ मा प्रस्तुत गरिएको छ ।

तालीका-५

फर्म / कम्पनीको नाम	कारोवारको प्रकृति	बाँकी रकम
सीता ट्रेड सेन्टर प्रा.लि.	इन्धन खरिद	१६६४२०.४८ (CR)
गौरीमाता निर्माण कं.प्रा.लि.	करार तथा मेसिन भाडा	१,००,८०,६६३.३२

१३) संचालक सापटी

विगतमा विभिन्न कारणले आयोजनाको लागत वृद्धि भएको हुँदा शेयर तथा ऋणबाट आयोजना सम्पन्न गर्न रकम नपुग भएकाले संचालक बाट लिएको सापटि मध्ये २०७९ असार मसान्त सम्म रु.७,८४,४२,१७२। तिर्न बाँकी रहेको छ ।

१४) धन्यवाद ज्ञापन :

हामीले प्रवर्द्धन गरेको तल्लो हेवा खोला ज.वि.आ. लाई यस अवस्थामा पुन्याउन महत्त्वपूर्ण योगदान गर्नुहुने सम्पूर्ण शेयरधनी महानुभावहरूलाई विशेष धन्यवाद र आभार प्रकट गर्दछु । साथै आयोजना विकास गर्न अनुमति प्रदान गर्ने उर्जा मन्त्रालय, विद्युत विकास विभाग, उत्पादित विद्युत खरिद गर्न विद्युत व्यापार सम्झौता गर्ने नेपाल विद्युत प्राणीकरण, आयोजना निर्माणमा वित्तीय सहयोग गर्ने प्राइम कमर्सियल बैंक लगायत कन्सोर्टियमका सबै बैंकहरू, जनप्रतिनिधिज्युहरू तथा स्थानीय प्रशासन सबैलाई हार्दिक धन्यवाद ज्ञापन गर्दछु । साथै आयोजना निर्माण तथा संचालनमा सकारात्मक सहयोग पुन्याउनु हुने स्थानीय निकाय, सरोकार समूहहरू, उपभोक्ता समूहहरू, जग्गादाताहरू तथा आयोजना प्रभावित क्षेत्रका बासिन्दाहरू सबैलाई धन्यवाद दिन्छु । अथक परिश्रम गरी कम्पनीको कार्यमा खटिनु भएका सम्पूर्ण कर्मचारीहरू धन्यवादका पात्र छन् । भविष्यमा आयोजना संचालनमा पनि सबै क्षेत्रको सहयोग प्राप्त भई रहने विश्वास लिएको छु । धन्यवाद

सीताराम तिमल्सिना  
अध्यक्ष

# Aryal & Aryal

## Chartered Accountants

1168, Durbar Marg, Kathmandu  
G.P.O. Box No. 11930  
Phone No. 00977-1-4258439  
Fax No. 00977-1-4255982  
Email: ca.sudhan@gmail.com

### Independent Auditor's Report

To,  
The Shareholders,  
Mountain Hydro Nepal Limited,  
Kathmandu, Nepal

#### Opinion

We have audited the accompanying financial statements of **Mountain Hydro Nepal Limited** which comprises Statement of Financial Position as on 32 Asadh, 2079 (16 July, 2022), Statement of Profit or Loss, Statement of changes in equity and Statement of Cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the company as on 32 Asadh, 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 (NSA). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in Nepal, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

#### Key Audit Matters

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

There is no matter to be reported under Key Audit Matters.

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

Management is responsible for the preparation and fair presentation of the financial statements in accordance with NFRS, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error. In preparing the financial statements, management is responsible for assessing the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the company or to cease operations, or has no realistic

Signature



alternative but to do so. Those charged with governance are responsible for overseeing the company's financial reporting process.

#### Auditor's Responsibility for Audit of Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with NSAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal 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 disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion.
- Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the company to express an opinion on the financial statements. We are responsible for the direction, supervision and performance of the audit. We remain solely responsible for our audit opinion.

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

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

09/11



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

### Report on other legal and regulatory requirements

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

- i. We have obtained all the information and explanations, which were considered necessary for the purpose for our audit.
- ii. The company has kept proper books of accounts as required by law, in so far as it appears from our examination of those books of account.
- iii. The Statement of financial position, statement of profit or loss and other comprehensive income, statement of cash flows, statement of changes in equity, significant accounting policies and notes to the accounts dealt by this report are in agreement with the books of account maintained by the company.
- iv. During our examination of the books of account of the company, we have not come across the cases where the board of directors or any member thereof or any representative or any office holder or any employee of the company has acted contrary to the provisions of law or caused loss or damage to the company.
- v. We have not come across any fraudulence in the accounts, so far as it appeared from our examination of the book, and
- vi. The company has not acted in a manner to jeopardize the interest and security of the stakeholders.

For Aryal & Aryal  
Chartered Accountants



*(Signature)*

Sudhan Regmi, FCA

Proprietor

Date: 2022.12.19

Place: Kathmandu

UDIN: 221221CA00675YZJHQ

**MOUNTAIN HYDRO NEPAL LIMITED**

Kathmandu, Nepal

**Statement of Financial Statement**

As at 32 Ashad 2079 (16 July 2022)

NPR

Particulars	Notes	Current Year	Previous Year
<b>ASSETS</b>			
<b>NON CURRENT ASSETS</b>			
Property, plant & equipment (Net block)	3	7,048,325	8,687,324
Intangible Assets	3.1	4,275,679,009	4,440,067,746
Intangible Assets under Development (IAUD)	3.2	-	-
<b>Financial assets</b>			
Financial Assets Through Other Comprehensive Income	4	50,000,000	50,000,000
<b>CURRENT ASSETS</b>			
<b>Financial assets</b>			
Cash & cash equivalents	5	599,913	2,721,054
Trade receivables	6	120,629,832	107,113,975
Other financial assets	7	178,500	132,000
Other current assets	8	48,519,400	45,218,556
<b>TOTAL ASSETS</b>		<b>4,502,654,979</b>	<b>4,653,940,655</b>
<b>EQUITY &amp; LIABILITIES</b>			
<b>EQUITY</b>			
Equity share capital	9	1,250,000,000	1,250,000,000
Other equity			
Reserve & surplus	9.1	(105,816,249)	(176,313,305)
<b>NON CURRENT LIABILITIES</b>			
Long Term Borrowings	10	2,946,078,194	3,152,570,888
<b>CURRENT LIABILITIES</b>			
<b>Financial liabilities</b>			
Trade payables	11	85,110,901	65,913,736
Short Term Borrowings	10	188,596,439	211,028,724
Provision	12	1,948,976	-
Other current liabilities	13	136,736,718	150,740,613
<b>TOTAL EQUITY &amp; LIABILITIES</b>		<b>4,502,654,979</b>	<b>4,653,940,655</b>

Summary of significant accounting policies 2

The accompanying notes are an integral part of these financial statements

For and on behalf of Board

As per our report of even date

Kamal Kumar Bharti  
Director

Prahlad Timalsina  
Director

Sitaram Timilsina  
Chairman

For Aryal & Aryal  
Chartered Accountants



Laxmi Lal Baidya  
Senior Accountant

Satish Timalsina  
Director

Sudhan Regmi; FCA  
Proprietor



**MOUNTAIN HYDRO NEPAL LIMITED**

Kathmandu, Nepal

**Statement of Profit or Loss and other Comprehensive Income**

For the year ended 32 Ashad, 2079 (16 July 2022)

NPR

Particulars	Notes	Current Year	Previous Year
<b>INCOME</b>			
Revenue	14	608,183,833	519,326,280
Cost of revenue	15	259,261,873	210,046,479
<b>Revenue from operations (Net)</b>		<b>348,921,960</b>	<b>309,279,801</b>
Other income	16	6,425,000	22,608,749
<b>Expenses</b>			
Employee benefit expenses	17	7,428,993	5,901,399
Depreciation	3	1,453,524	260,823
Administrative Expenses	18	8,180,520	9,805,805
Finance Costs	19	265,657,855	321,303,784
<b>Profit/loss before bonus, provision &amp; tax</b>		<b>72,626,067</b>	<b>(5,383,260)</b>
Employee Bonus	20	1,424,041	-
Provision for corporate social responsibility		704,971	-
<b>Profit/loss before tax</b>		<b>70,497,056</b>	<b>(5,383,260)</b>
Less: Tax			
Current tax		-	-
Deferred tax		-	-
<b>Net profit/(loss) for the year</b>		<b>70,497,056</b>	<b>(5,383,260)</b>
<b>Earning per share</b>			
Basic		5.64	(0.43)
Diluted		5.64	(0.43)
<b>Other comprehensive income</b>			
Changes in revaluation surplus		-	-
"Gains and losses on financial assets measured at fair value through other comprehensive income"		-	-
<b>Other comprehensive income for the year</b>		<b>-</b>	<b>-</b>
<b>Total Profit / (Loss) &amp; Other Comprehensive Income</b>		<b>70,497,056</b>	<b>(5,383,260)</b>

Summary of significant accounting policies 2

The accompanying notes are an integral part of these financial statements

For and on behalf of Board

As per our report of even date

Kamal Kumar Bharti  
Director

Prahlad Timalsina  
Director

Sitaram Timilsina  
Chairman

For Aryal & Aryal  
Chartered Accountants

Laxmi Lal Baidya  
Senior Accountant

Satish Timalsina  
Director



Sudhan Regmi; FCA  
Proprietor



**MOUNTAIN HYDRO NEPAL LIMITED**

Kathmandu, Nepal

**Statement of Cash Flow**

For the year ended 32 Ashadh, 2079 (16 July, 2022)

NPR

Particulars	Current Year	Previous Year
<b>CASH FLOW FROM OPERATING ACTIVITIES</b>		
Net profit for the year	70,497,056	(5,383,260)
<b>Adjustments</b>		
Depreciation on Property, Plant & Equipment	166,151,471	161,470,385
Finance Cost	265,657,855	321,303,784
Profit on Sale of Vehicle	-	(17,976,591)
Working capital adjustments:		
Increase/(Decrease) in trade receivable	(13,515,857)	(3,409,447)
Increase/Decrease in other financial assets	(46,500)	(51,000)
Increase/Decrease in other current assets	(3,300,814)	8,311,880
Increase/(Decrease) in trade payables	19,197,165	(216,022)
Increase/(Decrease) in short term borrowings	(12,302,000)	73,135,194
Increase/(Decrease) in other current liabilities	(12,054,919)	(110,132,228)
<b>NET CASH FLOW FROM OPERATING ACTIVITIES (A)</b>	<b>480,283,427</b>	<b>427,052,704</b>
<b>CASH FLOW FROM / (USED IN) INVESTING ACTIVITIES</b>		
Acquisition of Property, Plant & Equipment	(64,410)	(60,874)
Sales of Property, Plant & Equipment	-	26,700,252
(Increase) /Decrease in Intangible assets	(59,325)	(95,890,201)
<b>NET CASH FLOW FROM INVESTING ACTIVITIES (B)</b>	<b>(123,735)</b>	<b>(69,250,823)</b>
<b>CASH FLOW FROM FINANCING ACTIVITIES</b>		
Increase/(Decrease) in share capital	-	-
Increase/(Decrease) in share calls in advance	-	-
Borrowing (repaid)/ taken (net)	(206,492,693)	(49,579,097)
Interest Paid	(265,657,855)	(321,303,784)
Transaction cost incurred in respect of issuance of equity share	-	(1,060,000)
<b>NET CASH FLOW FROM FINANCING ACTIVITIES (C)</b>	<b>(472,150,548)</b>	<b>(371,942,881)</b>
<b>INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS (A+B+C)</b>	<b>8,009,143</b>	<b>(14,141,000)</b>
Cash and Cash Equivalents at Beginning of the Year	(75,907,670)	(61,766,670)
Cash and Cash Equivalents, end of period	(67,898,526)	(75,907,670)

The accompanying notes are an intergral part of these financial statements

For and on behalf of Board

As per our report of even date

Kamal Kumar Bhattar  
Director

Prahlad Timalsina  
Director

Sitaram Timilsina  
Chairman

For Aryal & Aryal  
Chartered Accountants

Laxmi Lal Baidya  
Senior Accountant

Satish Timalsina  
Director



Sudhan Regmi; FCA  
Proprietor



**MOUNTAIN HYDRO NEPAL LIMITED**

Kathmandu, Nepal

**Statement of Changes in Equity**

for the year ended on 32 Ashadh, 2079 (16 July, 2022)

NPR

Particulars	Equity Share Capital	Advance Against Share Capital	Reserve & surplus	Total
Balance as at 31 Ashadh, 2077 (15 July, 2020)	1,250,000,000	-	(169,870,045)	1,080,129,955
Changes in accounting policies/restatement	-	-	-	-
Restated balance as at 1 Shrawan, 2077 (16 July, 2020)	1,250,000,000	-	(169,870,045)	1,080,129,955
Profit/ (loss) for the year	-	-	(5,383,260)	(5,383,260)
Other Comprehensive income/ (expenses) for the year	-	-	-	-
<b>Total comprehensive income</b>	-	-	<b>(5,383,260)</b>	<b>(5,383,260)</b>
Issue of Share Capital	-	-	-	-
Calls in Advance	-	-	-	-
Transaction cost incurred in respect of issuance of equity share	-	-	-	-
Balance as at 31 Ashadh, 2078 (15 July, 2021)	1,250,000,000	-	(176,313,305)	1,073,686,695
Profit/ (loss) for the year	-	-	70,497,056	70,497,056
Other Comprehensive income/ (Expenses) for the year	-	-	-	-
<b>Total comprehensive income</b>	-	-	<b>70,497,056</b>	<b>70,497,056</b>
Issue of Share Capital	-	-	-	-
Calls in Advance	-	-	-	-
Transaction cost incurred in respect of issuance of equity share	-	-	-	-
Balance as at 32 Ashad, 2079 (16 July, 2022)	1,250,000,000	-	(105,816,249)	1,144,183,751

The accompanying notes are an integral part of these financial statements

For and on behalf of Board

As per our report of even date

Kamal Kumar Bharti  
Director

Prahlad Timalsina  
Director

Sitaram Timilsina  
Chairman

For Aryal & Aryal  
Chartered Accountants

Laxmi Lal Baidya  
Senior Accountant

Satish Timalsina  
Director



Sudhan Regmi; FCA  
Proprietor



## MOUNTAIN HYDRO NEPAL LIMITED

### Significant Accounting Policies and Notes to Accounts

#### 1. General Information of the Company

Mountain Hydropower Limited (Company) was established and registered in 2062 as a Private Limited Company under the Companies Act, 2063, vide registration no. 35169 which was later converted to Public Limited Company on 2073/02/32, vide Registration No. 150880. The Company is running Lower Hewa Khola Hydropower Project (LHKHPP) with an installed capacity of 22.1 Megawatt. The company has started commercial operation from 2076/04/21 as per the letter dated 2076/05/17 issued by NEA, Electricity Trade Department. The project is located in Panchthar District of Province 1 of Nepal. The objective of the company is to generate electricity and connect it to national grid.

In these financial statements, Mountain Hydro Nepal Limited has been referred as "MHNL" or "Company".

#### 2. SIGNIFICANT ACCOUNTING POLICIES

##### 2.1 STATEMENT OF COMPLIANCE

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

##### 2.2 BASIS OF PREPARATION

The financial statements have been prepared on accrual and going concern basis. The accounting policies are applied consistently to all the periods presented in the financial statements. All assets and liabilities have been classified as current or non-current as per the Company's normal operating cycle. Based on the nature of products and the time between acquisition of assets for processing and their realization in cash and cash equivalents, the Company has ascertained its operating cycle as 12 months for the purpose of current or noncurrent classification of assets and liabilities.

##### 2.3 BASIS OF MEASUREMENT

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

##### 2.4 FUNCTIONAL AND PRESENTATION CURRENCY

The financial statements are prepared in Nepalese Rupee ("NPR"), which is the company's functional currency. All the financial information presented in Nepalese Rupee ("NPR") has been rounded to the nearest rupee, except otherwise indicated.

##### 2.5 CRITICAL ACCOUNTING ESTIMATES

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

### **Useful life and residual value of Property, Plant and Equipment**

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

### **Impairment of Property, Plant and Equipment**

At the end of each reporting period, the Company reviews the carrying amount of its property, plant and equipment to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated to determine the extent of the impairment loss (if any). Recoverable amount is the higher of fair value less costs to sell and value in use. Value in use is usually determined on the basis of discounted estimated future cash flows. This involves management estimates on anticipated commodity prices, market demand and supply, economic and regulatory environment, discount rates and other factors. Any subsequent changes to cash flow due to changes in the above mentioned factors could impact the carrying value of assets.

### **Contingencies**

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

### **Fair Value Measurements**

The company's assets and liabilities are measured at fair value for financial reporting purposes. The management determines the appropriate valuation techniques and inputs for fair value measurements. In estimating the fair value of an asset or a liability, the Company uses market-observable data to the extent it is available. Where Level 1 inputs are not available, the Company engages third party qualified valuers to perform the valuation. The management works closely with the qualified external valuers to establish the appropriate valuation techniques and inputs to the model.

### **Recognition of Deferred Tax Assets**

Significant management judgment is required to determine the deferred tax assets that can be recognized, based upon the likely timing and the level of future taxable profits together with future tax planning strategies. The company based its assumptions and estimates on parameter available when the financial statements were prepared. Existing circumstances and assumptions about the future developments, however, may change due to market changes and circumstances arising beyond the control of the company.

## **2.6 PROPERTY, PLANT AND EQUIPMENT**

- i. Items of property, plant and equipment are stated at historical cost less accumulated depreciation and accumulated impairment losses, if any. Historical cost includes expenditure that is directly attributable to the acquisition of the items.
- 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. The carrying amount of any component accounted for as separate assets are derecognized when replaced. All other repairs and maintenance are charged to profit or loss during the reporting period in which they are incurred.
- iii. The Company identifies and determines cost of each component/ part of the asset separately, if the component/ part have a cost which is significant to the total cost of the asset having useful life that is materially different from that of the remaining asset.
- iv. These components are depreciated over their useful lives.



**132 KVA Transmission Line (Tower no. 10 & 11)**



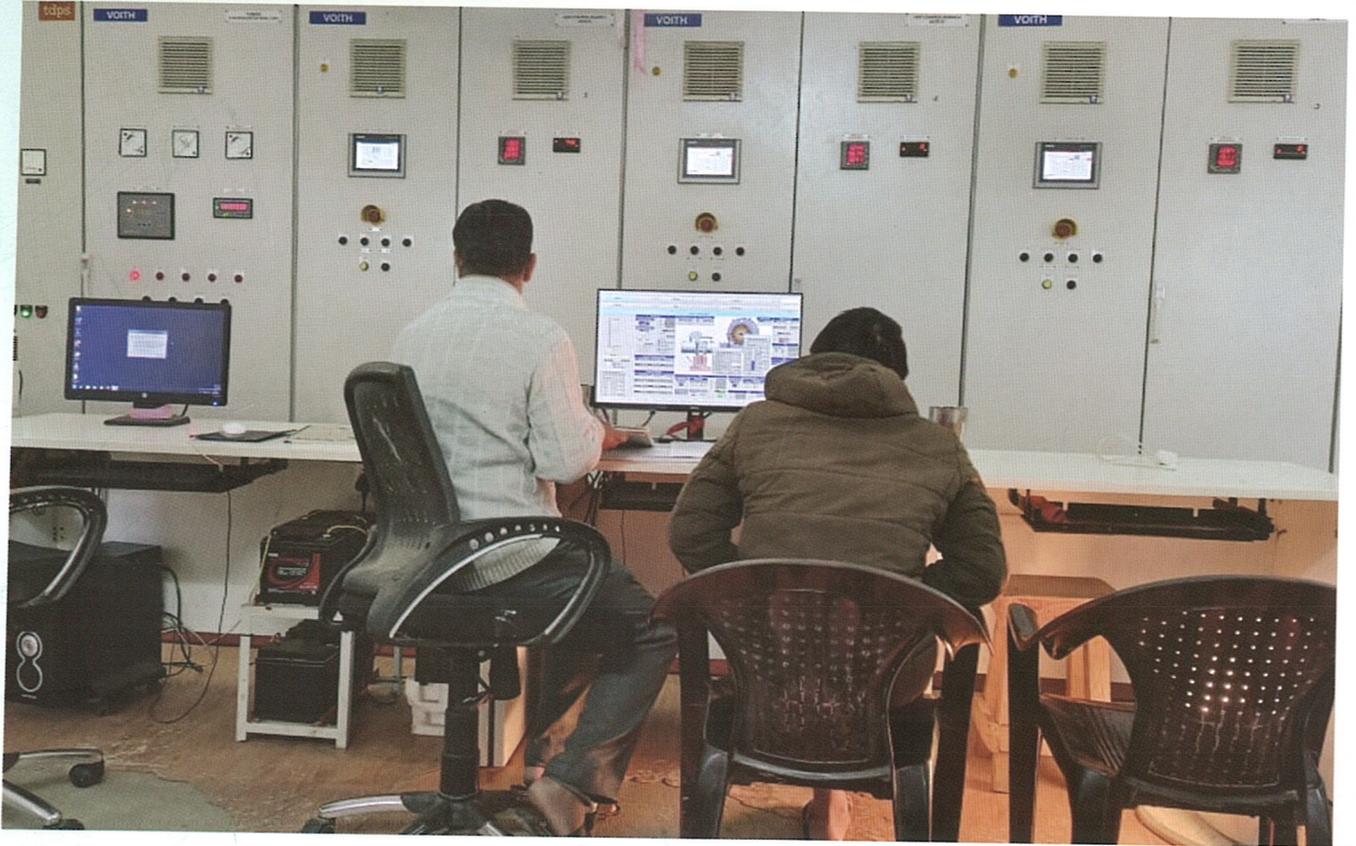
**Penstock protective valve**



**Sending end of switchyard at Powerhouse**



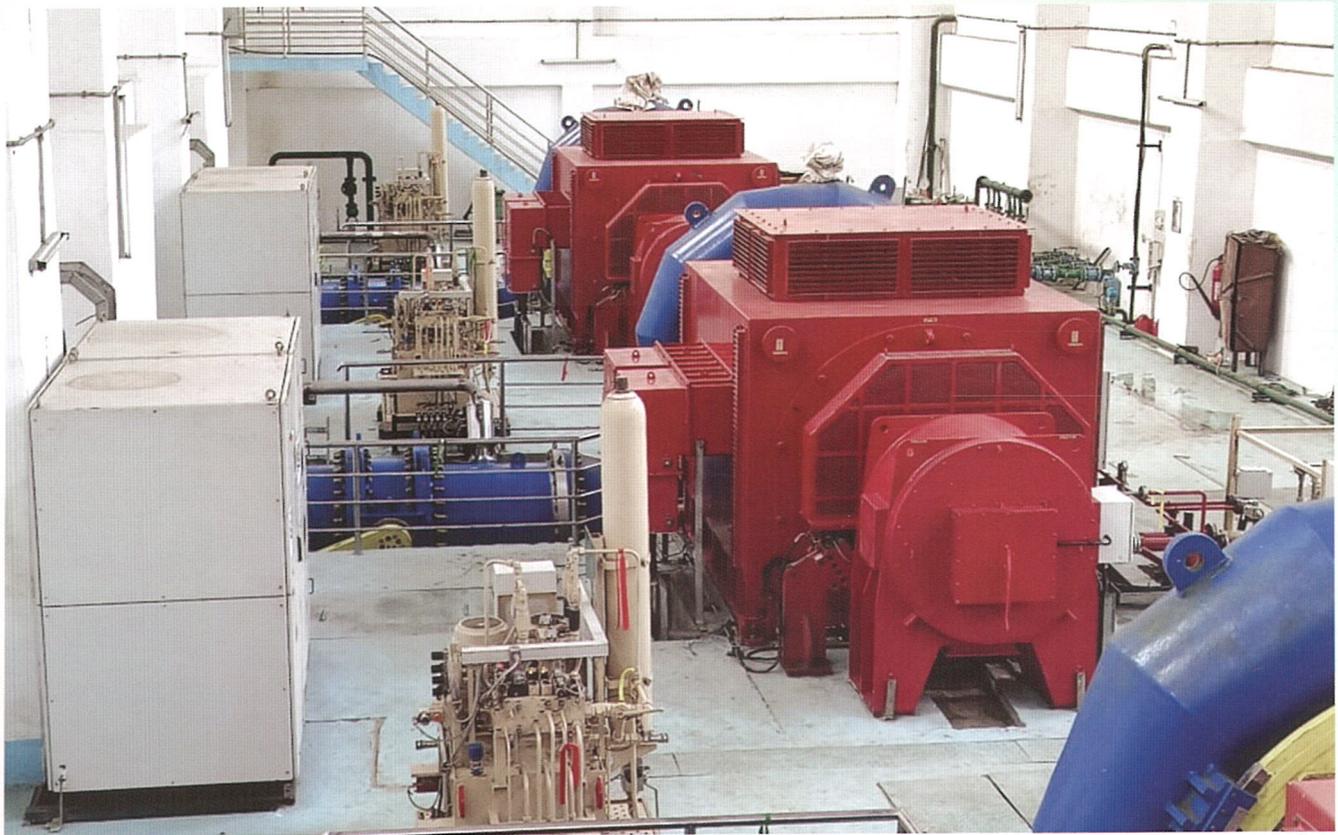
**Receiving end of switchyard at Thapatar**



Control Room



Control Room



**Turbine-Generator (Power House)**



**Staff quarters**

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

## 2.7 INTANGIBLE ASSETS UNDER DEVELOPMENT (IAUD)

- i. Assets in the course of construction are classified in the assets under IAUD. At the point when an asset is operating at management's intended use, the cost of construction is transferred to the appropriate category of property, plant and equipment and depreciation commences.
- ii. All directly and indirectly attributable cost shown under the IAUD includes only those expenses which are directly attributable to the project and rest are charged to the statement of Profit or Loss.

## 2.8 DEPRECIATION & AMORTISATION

- i. Depreciation is recognized so as to write off the cost of assets (other than properties under construction), using the written down method.
- ii. Land & Land Development grouped under Intangible Assets meets asset recognition criteria and hence has been amortized over the useful life the project, using the straight line method.
- iii. The estimated useful life and amortization 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.
- iv. The useful life of the assets and the corresponding rates at which the assets are depreciated are as follows:-

ASSET CLASS – SUBCLASS	DEPRECIATION RATE	DEPRECIATION METHOD APPLIED
Furniture & Fixture	25%	WDV
Office Equipment	25%	WDV
Computer & Accessories	25%	WDV
Vehicles	20%	WDV
Plant & Machinery (other than the assets grouped under Intangible Assets)	15%	WDV

## 2.9 INTANGIBLE ASSETS

An intangible asset is recognized if it is probable that future economic benefits that are attributable to the asset will flow to the Company and the cost of the asset can be measured reliably. Intangible asset acquired separately are measured at cost. Cost includes expenditure that is directly attributable to the acquisition of an item of intangible assets. Following initial recognition, intangible assets are carried at cost less accumulated amortization and accumulated impairment losses, if any.

Subsequent expenditure is capitalized only when it increases the future economic benefits embodied in the specific asset to which it relates. All other expenditure is recognized in statement of profit or loss as incurred.

**a. Derecognition**

Intangible assets are derecognized upon disposal or when no future economic benefits are expected from its use. Any gain or loss arising on derecognition of the asset, is recognized in statement of profit or loss in the year the asset is derecognized.

**b. Useful economic lives, amortisation and impairment**

The useful economic life of an intangible asset is considered finite where the right to such asset is limited to a specified period of time by contract or by the likelihood of technological obsolescence. Intangible assets with finite lives are amortized using the straight-line method to write down the cost over its estimated useful economic lives and is recognized in statement of profit or loss.

<i>Class of intangible assets</i>	<i>Useful life</i>
Capitalized software	30 Years
Service Concession Arrangement	29 Years

The amortization method, useful lives and residual values are reviewed at each financial year end and adjusted if appropriate.

**2.10 BORROWING COST**

Borrowing cost that are directly attributable to the acquisition, construction or production of a qualifying asset are capitalized as a part of the cost of such asset till such time the asset is ready for its intended use or sale. Borrowing cost consists of interest and other costs that an entity incurs in connection with the borrowing of funds. Borrowing costs also includes exchange differences to the extent regarded as an adjustment to the borrowing cost. A qualifying asset is an asset that necessarily requires a substantial period of time to get ready for its intended use or sell. All other borrowing costs are expensed in the period in which they occur.

**2.11 CASH AND CASH EQUIVALENTS**

Cash and cash equivalents in the balance sheet comprise cash at banks and on hand and highly liquid investments that are readily convertible into known amounts of cash and which are subject to an insignificant risk of changes in value.

**2.12 FOREIGN CURRENCY TRANSACTIONS**

- i. The functional currency of the Company is determined on the basis of the primary economic environment in which it operates. The functional currency of the Company is Nepalese Rupee (NPR).
- ii. In preparing the financial statements the Company, transactions in currencies other than the entity's functional currency (foreign currencies) are recognized at the rates of exchange prevailing at the dates of the transactions.
- iii. At the end of each reporting period, monetary items denominated in foreign currencies are translated at the rates prevailing at that date. Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing at the date when the fair value was determined.
- iv. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

**2.13 EMPLOYMENT BENEFITS**

**Short term employment benefits**

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

- i. Liabilities recognized in respect of short-term employee and contractual employees, benefits are measured at the undiscounted amount of the benefits expected to be paid in exchange for the related service.
- ii. Compensated absences which are not expected to occur within twelve months after the end of the period in which the employee renders the related services are recognized as a liability at the present value of the obligation as at the Balance sheet date.

## 2.14 TAXATION

### Current Tax

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

Income tax rates applicable to company:

Income from production and sale of electricity: 0% up to first 10 years, 10% for next 5 years, 20% for further years of operation. Because of the third year of operation, the effective tax rate of the Company is 0%.

### Deferred Tax

- i. Deferred tax is provided using the balance sheet liability method, providing for temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. The amount of deferred tax provided is based on the expected realization or settlement of the carrying amount of assets and liabilities using tax rates at the balance sheet date.
- ii. A deferred tax asset is recognized only to the extent that it is probable that future taxable profits will be available against which the asset can be utilized. The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.
- iii. 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.
- iv. As per the applicable tax laws of Nepal, the hydropower project is allowed 100% tax exemption upto first 10 years of operation. The management is in a view of offsetting temporary differences fully within first 10 years period of operation and hence no deferred tax needs to be recognized.

## 2.15 PROVISIONS, CONTINGENCIES AND COMMITMENTS

- i. Provisions are recognized when the Company has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. Provisions are measured at the best estimate of the expenditure required to settle the present obligation at the balance sheet date and discounted at pre-tax rate reflecting current market assessments of the time value of the money and the risk specific to the liability. These are reviewed at each year end and adjusted to reflect the best current estimates.
- ii. Contingent liabilities are disclosed when there is a possible obligation arising from past events, the existence of which will be confirmed with the occurrence or non-occurrence of one or more uncertain future events beyond the control of the Company or a present obligation that arises from past events where it is either not probable that an outflow of resources will be required to settle the obligation or a reliable estimate of the amounts cannot be made. No contingent asset is recognized but disclosed by way of notes to accounts.

## 2.16 FINANCIAL INSTRUMENTS

### Financial Assets

#### Initial Recognition and Measurement

All financial assets are recognized initially at fair value plus, in the case of financial assets not recorded at fair value through profit or loss, transaction costs that are attributable to the acquisition of the financial asset. Financial assets are classified, at initial recognition, as financial assets measured at fair value or as financial assets measured at amortized cost.

Subsequent Measurement: For purpose of subsequent measurement, financial assets are classified in two broad categories:

- Financial assets at fair value
- Financial assets at amortized cost

Where assets are measured at fair value, gains and losses are either recognized entirely in the statement of profit or loss, or recognized in other comprehensive income. A financial asset that meets the following two conditions is measured at amortized cost.

- Business Model Test: The objective of the company's business model is to hold the financial asset to collect the contractual cash flows.
- Cash flow characteristics test: The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payment of principal and interest on the principal amount outstanding.
- A financial asset that meets the following two conditions is measured at fair value through Other Comprehensive Income (OCI).
- Business Model Test: The financial asset is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets.
- Cash flow characteristics test: The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payment of principal and interest on the principal amount outstanding.

#### Impairment of financial assets

The Company assesses at the end of each reporting period whether there is any objective evidence that a financial asset or group of financial assets measured at amortized cost is impaired.

If there is objective evidence that an impairment loss on financial assets measured at amortized cost has been incurred, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not been incurred) discounted at the financial asset's original effective interest rate (i.e. the effective interest rate computed at initial recognition). The carrying amount of the asset shall be reduced either directly or through the use of an allowance account. The amount of the loss shall be recognized in profit or loss.

### Financial Liabilities

All financial liabilities are initially recognized at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs. Financial liabilities are classified as measured at amortized cost or fair value through profit or loss (FVTPL). A financial liability is classified as FVTPL if it is classified as held for trading, or it is a derivative or is designated as such on initial recognition. Financial Liabilities at FVTPL are measured at fair value and net gain or losses, including any interest expense, are recognized in statement of profit or loss. Other financial liabilities are subsequently measured at amortized cost using the effective interest method. Interest expense and foreign exchange gains and losses are recognized in statement of profit and loss. Any gain or loss on de-recognition is also recognized in statement of profit or loss.

## 2.17 LEASES

On January 13, 2016 the IASB issued IFRS 16 to replace IAS 17 Leases. The new standard sets out the principles for the recognition, measurement, presentation and disclosure of leases. All leases result in the lessee obtaining the right to use an asset at the start of the lease and, lease payments are made over time, also obtaining financing. Accordingly, IFRS 16 eliminates the classification of leases as either operating leases or finance leases as is required by IAS 17 and instead, introduces a single lease accounting model. Lessee will be required to recognize: (a) assets and liabilities for all leases with a term of more than 12 months, unless the underlying asset is of low value; and (b) depreciation of lease assets separately from interest on lease liabilities in the income statement. IFRS 16 substantially carries forward lessor accounting requirement in IAS 17. Accordingly, a lessor continues to classify its leases as operating leases or finance leases, and to account for those two types of leases differently. IFRS 16 is effective for annual periods beginning on or after January 01, 2019.

## 2.18 SERVICE CONCESSION ARRANGEMENTS

Under IFRIC 12 – Service Concession Arrangements applies to public-to-private service concession arrangements if:

- The grantor controls or regulates what services the operator must provide with the infrastructure, to whom it must provide them, and at what prices: and
- The grantor controls through ownership, beneficial entitlement or otherwise any significant residual interest in the infrastructure at the end of the term of the arrangement.
- Is the infrastructure constructed or acquired by the operator from a third party for the purpose of the service arrangement OR is the infrastructure existing infrastructure of the grantor to which the operator is given access for the purpose of the service arrangement ?

Infrastructure used in a public-to-private service concession arrangement for its entire useful life (whole life of assets) is within the scope of this IFRIC, if the conditions in (a) above are met. These arrangements are accounted on the basis of below mentioned models depending on the nature of consideration and relevant contract law.

### INTANGIBLE ASSET MODEL:

The intangible asset model is used to the extent that the company, being an operator, receives a right (a license) to charge users of the public service. A right to charge users of a public services is not an unconditional right to receive cash because the amounts are contingent on to the extent that public uses the services.

The Company manages concession arrangements which include power supply from its hydro power plant. The Company maintains and services the infrastructure during the concession period. These concession arrangements set out rights and obligations related to the infrastructure and the services to be provided. The right to consideration gives rise to an intangible asset and accordingly, the intangible asset models is applied.

Income from the concession arrangements earned under the intangible asset model consists of the

- Fair Value of the contract revenue, which is deemed to be fair value of consideration transferred to acquire the asset; and
- Payments actually received from the users.

The intangible asset is amortized over its expected useful life in a way that reflects the pattern in which the asset's economic benefits are consumed by the Company, starting from the date when the right to operate starts to be used. Based on these principles, the intangible asset is amortized in line with the actual usage of the specific public facility, with a maximum of the duration of the concession.

Any asset carried under concession arrangements is derecognized on disposal or when no future economic benefits are expected from its future use or disposal or when the contractual rights to the financial asset expire.

### 2.19 CORPORATE SOCIAL RESPONSIBILITY FUND

Industrial Enterprise Act 2076 provides explicit provision to allocate at least 1% of the annual net profit (which was unclear in the Previous Act) to be utilized towards Corporate Social Responsibility (the “CSR Requirement”). The CSR Requirement is applicable to all (i) medium industries and large industries and (ii) cottage industries and small industries having annual turnover more than NPR 150,000,000.

The fund allocated for CSR shall be utilized in the specific sector as provided under Rule 37 of the Industrial Enterprise Regulation, 2019 (2076) (the “Regulation”) by formulating annual plan and program. The Rule 37 of the Regulation provides number of sectors/areas or/and activities where the amount allocated for CSR shall be spent in specific sectors including (a) Natural Calamities, (b) Community Health Centers, (c) Preservation of Nepalese Architect, (d) Culture Socially Backward Communities, (e) Community Schools, (f) pollution Control, (g) Waste Management, Reforestation, (h) Preservation of Water Resource, (i) Promotion of Alternative Energy & Environment Protection, (j) Campaign for the preparation & Broadcasting of Documentary against Smoking, Alcohol use. (k) Rural Drinking Water, road, sewage & corresponding physical infrastructure for the social benefit.

The Act further provides that the amount spent under CSR requirement can be deducted for the purpose of income tax. The plans and programs related to CSR shall be submitted within the end of 6 months of every financial year to the DOI. The plans formulated plans and programs for CSR shall be implemented in co-ordination with local authorities.

In this fiscal year 2078-79, a provision of 1% of net profit after tax has been allocated for Corporate Social Responsibility Fund (CSR Fund) as per the provision of Industrial Enterprise Act 2076. This fund will be used for social welfare for the people surrounding Mountain Hydro Nepal Limited or as per the BOD approval.

## 3. PROPERTY, PLANT AND EQUIPMENT

NPR

Particulars	Furniture & Fixture	Office Equipment	Vehicle	Plant & Machinery	Total
<b>Gross Carrying Amount</b>					
Gross Carrying Amount as at 01 Shrawan, 2077	1,756,642	1,534,862	37,095,000	3,742,725	44,129,229
Additions	-	60,874	-	-	60,874
Withdrawals and Adjustments	-	-	26,000,000)	-	(26,000,000)
Gross Carrying Amount as at 31 Ashadh, 2079	1,756,642	1,595,736	11,095,000	3,742,725	18,190,103
Additions	-	64,410	-	-	64,410
Withdrawals and Adjustments	-	-	-	-	-
Gross Carrying Amount as at 31 Ashadh, 2078	1,756,642	1,660,146	11,095,000	3,742,725	18,254,513
<b>Accumulated Depreciation &amp; Impairment</b>					
Balance at 01 Shrawan, 2077	1,272,914	1,021,703	22,174,999	1,734,915	26,204,530
Depreciation charge for the year	120,932	136,894	-	316,762	574,588
Withdrawals and Adjustments	-	-	(17,276,339)	-	(17,276,339)
Accumulated Depreciation as at 31 Ashadh, 2078	1,393,846	1,158,597	4,898,660	2,051,676	9,502,779
Depreciation charge for the period	90,699	119,785	1,230,268	253,057	1,703,409
Withdrawals and Adjustments	-	-	-	-	-
Accumulated Depreciation as 32 Ashadh, 2079	1,484,545	1,278,381	6,137,928	2,305,334	11,206,188
<b>Net Block</b>					
Net Carrying Amount as at 31 Ashadh, 2078 (15 July, 2021)	362,796	437,139	6,196,340	1,691,049	8,687,324
Net Carrying Amount as at 32 Ashadh, 2079 (16 July, 2022)	272,097	381,765	4,957,072	1,437,392	7,048,325

Apportioned to:	Current Year	Previous Year
Cost of Revenue	253,657	316,762
Indirect Cost	1,449,752	257,826
<b>Total</b>	<b>1,703,409</b>	<b>574,588</b>

Depreciation of furniture & fixture, office equipment and intangible assets are charged to statement of profit or loss and depreciation of PPE, other than furniture & fixture, office equipment and intangible assets are charged to cost of revenue.

3.1. INTANGIBLE ASSETS

NPR

Particulars	Computer Software	Service concession arrangement	Total
<b>Gross Carrying Amount</b>			
Gross Carrying Amount as at 01 Shrawan, 2077	89,903	4,665,891,225	4,665,981,128
Additions - Externally Acquired	-	95,890,201	95,890,201
Transfer from IAUD	-	-	-
Withdrawals and Adjustments	-	-	-
Gross Carrying Amount as at 31 Ashadh, 2078	89,903	4,761,781,426	4,761,871,329
Additions	59,325	-	59,325
Transfer from IAUD	-	-	-
Withdrawals and Adjustments	-	-	-
Closing Gross Carrying Amount as at 32 Ashadh, 2079	149,228	4,761,781,426	4,761,930,654
<b>Accumulated Amortisation/ Depreciation</b>			
Accumulated Depreciation as at 01 Shrawan, 2077	14,985	160,892,801	160,907,785
Charge for the year	2,997	160,892,801	160,895,798
Withdrawals and Adjustments	-	-	-
Accumulated Depreciation as at 31 Ashadh, 2078	17,981	321,785,602	321,803,583
Charge for the year	3,772	164,444,290	164,448,062
Withdrawals and Adjustments	-	-	-
Accumulated Depreciation as at 32 Ashadh, 2079	21,753	486,229,891	486,251,645
Net Carrying Amount as at Ashad 31, 2078 (15 July, 2021)	71,922	4,439,995,824	4,440,067,746
Net Carrying Amount as at Ashad 32, 2079 (16 July, 2022)	127,475	4,275,551,534	4,275,679,009

AppORTIONED TO:	Current Year	Previous Year
Cost of Revenue	164,444,290	160,892,801
Indirect Cost	3,772	2,997
<b>Total</b>	<b>164,448,062</b>	<b>160,895,798</b>

Depreciation on Service Concession arrangement has been charged by estimating useful up to 08 Sharawn 2105 BS (License Period). It is charged to Cost of Revenue.

3.2. Intangible Assets under Development (IAUD)

NPR

S. No.	Particulars	Current Year	Additions during the period	Previous Year
<b>1</b>	<b><u>PROJECT DEVELOPMENT EXPENDITURE</u></b>			
1.01	Accommodation	2,503,943	-	2,503,943
1.02	Amortization of land	14,763,621	-	14,763,621
1.03	Bank Agency Fee	4,767,214	-	4,767,214
1.04	Business Promotion	452,423	-	452,423
1.05	Consultant Charges & Expenses	12,986,228	-	12,986,228
1.06	Depreciation	21,119,289	-	21,119,289
1.07	Environmental Mitigation	1,646,665	-	1,646,665
1.08	Infrastructure & Development	2,903,184	-	2,903,184
1.09	Insurance	7,333,944	-	7,333,944
1.10	Legal and Corporate Affairs	307,681	-	307,681
1.11	Loan Management Fee	30,663,543	-	30,663,543
1.12	LC Issue Commission & Bank Chagres	17,287,223	-	17,287,223
1.13	Project Development Cost	7,720,999	-	7,720,999
1.14	Project Execution Cost	1,061,954	-	1,061,954
1.15	Project Management & Engineering	17,630,104	-	17,630,104
1.16	Project Setup & Management Cost	8,121,228	-	8,121,228
1.17	Repair & Maintenance	22,081,223	-	22,081,223
1.18	Site Development	3,633,341	-	3,633,341
1.19	Water Measurement Charges	135,950	-	135,950
<b>1.18</b>	<b>Interest during construction (IDC)</b>			
	Bank Interest	779,941,594	-	779,941,594
	<b>Sub total</b>	<b>957,061,352</b>	<b>-</b>	<b>957,061,352</b>
<b>2</b>	<b><u>SITE OFFICE &amp; CAMP FACILITIES</u></b>			
	Army Post and Bunker	15,458,780	-	15,458,780
	<b>Sub total</b>	<b>15,458,780</b>	<b>-</b>	<b>15,458,780</b>
<b>3</b>	<b><u>INFRASTRUCTURE &amp; LOGISTICS</u></b>			
<b>3.1</b>	<b>Civil Works</b>			
	Civil Construction	2,323,771,924	-	2,323,771,924
	Fuel & Explosives	234,642,394	-	234,642,394
	Project Development Cost- Wages	4,723,964	-	4,723,964
	Equipment Hire	8,622,000	-	8,622,000
	Transportation Expenses	24,265,279	-	24,265,279
<b>3.2</b>	<b>Access Road</b>			
	Communication	342,811	-	342,811
	Equipments Rental	26,260,250	-	26,260,250
	Fuel & Lubricants	22,432,055	-	22,432,055
	Labor Charges	5,408,366	-	5,408,366
	Rental - Access Road PDC	2,567,250	-	2,567,250
	Repair & Maintenance	5,302,022	-	5,302,022
	Site Clearance	30,000	-	30,000

	Temporary Structure and Shades	10,650	-	10,650
	Transportation Charges	782,290	-	782,290
<b>3.3</b>	<b>Logistics</b>			
	Logistics/Security Expenses	1,881,412	-	1,881,412
<b>3.4</b>	<b>Mechanical Works</b>			
	Electro Mechanical Works	490,202,035	-	490,202,035
	Hydro Mechanical Works	270,804,708	-	270,804,708
<b>3.5</b>	<b>Project Management &amp; Supervision</b>			
	Project Management & Supervision	112,205,835	-	112,205,835
<b>3.6</b>	<b>Power Arrangement</b>			
	Power Arrangement	4,124,559	-	4,124,559
<b>3.7</b>	<b>Transmission Line</b>			
	Transmission Line	49,046,831	-	49,046,831
	<b>Sub total</b>	<b>3,587,426,636</b>	<b>-</b>	<b>3,587,426,636</b>
<b>4</b>	<b><u>ENVIRONMENT &amp; SOCIAL COST</u></b>			
	Local Programme	7,509,231	-	7,509,231
	Land Protections	708,625	-	708,625
	Compensation & Land Lease	8,355,601	-	8,355,601
	<b>Sub total</b>	<b>16,573,457</b>	<b>-</b>	<b>16,573,457</b>
<b>5</b>	<b><u>LAND &amp; LAND DEVELOPMENT</u></b>			
	Land	66,091,414	-	66,091,414
	Registration Expenses	1,326,093	-	1,326,093
	Compensation for Land	25,338,545	-	25,338,545
	Less : Amortization of Land	(14,763,621)	-	(14,763,621)
	<b>Sub total</b>	<b>77,992,430</b>	<b>-</b>	<b>77,992,430</b>
	<b>Total</b>	<b>4,654,512,654</b>	<b>-</b>	<b>4,654,512,654</b>
	Less : Transferred to Intangible Assets (Service Concession Agreement)	(4,654,512,654)	-	(4,654,512,654)
	<b>Total</b>	<b>-</b>	<b>-</b>	<b>-</b>

MHNL is a developer of hydroelectricity. It has started to generate the hydroelectricity from 2076/04/21.

### 3.2.1 Land

Land properties with ownership documents (i.e. in occupation and with valid documentation) have been recognized meeting the asset recognition criteria.

#### "Land under BOOT Arrangement/Restriction on Property use

MHNL has obtained the license for operation from the then Ministry of Water Resource (Current: Ministry of Energy, Water Resources and Irrigation) for a period of 35 years (i.e. from 09 Shrawan 2070 to 08 Shrawan 2105), therefore the useful life of assets of the project cannot exceed 35 years even if the economic life of the asset is more as the entire generation unit needs to be transferred to the Government of Nepal at the end of this license term. Therefore, MHNL depreciates its land assets at the generation unit by estimating useful life upto 08 Shrawan 2105 BS."

## Amortization details of land considering life of assets (SLM)

Fiscal year	Gross Value			Depreciation			Useful Life (in year)
	Opening Balance	Addition during the year	Closing balance	Opening	Depreciation during year	Accumulated Depreciation	
2070/71	-	66,884,690	66,884,690	-	1,910,991	1,910,991	35
2071/72	66,884,690	14,497,768	81,382,457	1,910,991	2,337,396	4,248,387	34
2072/73	81,382,457	7,095,744	88,478,202	4,248,387	2,552,419	6,800,806	33
2073/74	88,478,202	1,180,000	89,658,202	6,800,806	2,589,294	9,390,099	32
2074/75	89,658,202	2,939,850	92,598,052	9,390,099	2,684,127	12,074,227	31
2075/76	92,598,052	158,000	92,756,052	12,074,227	2,689,394	14,763,621	30
2076/77	92,756,052	-	92,756,052	14,763,621	2,689,394	17,453,015	29

## Note 4: FINANCIAL ASSETS THROUGH OTHER COMPREHENSIVE INCOME

Particulars	Current Year	Previous Year
Mountain Hydro Investment Company Private Limited (5,00,000 Equity Shares @ Rs. 100 each)	50,000,000	50,000,000
<b>Total</b>	<b>50,000,000</b>	<b>50,000,000</b>

Mountain Hydro Investment Company Private Limited was established with the sole purpose of obtaining Land for the project. It is 100% subsidiary of Mountain Hydro Nepal Limited (MHNL).

## Note 5: CASH AND CASH EQUIVALENTS

"Cash and cash equivalents include deposits account balances maintained with banks and financial institutions. These enable the company to meet its short term liquidity requirements.

The carrying amount of cash and cash equivalents approximates their fair value. They are readily convertible to known amount of cash and are subject to insignificant risk of change in value. These balances have been used as cash and cash equivalents for the presentation of statement of cash flows as well. Banks and financial institution in Nepal are closely regulated by the central bank. The company closely assesses the risks of these instruments and there are no apparent indication of impairment of these balances.

Particulars	Current Year	Previous Year
Cash	-	-
Balance with Banks in Current Account	599,913	2,721,054
<b>Total</b>	<b>599,913</b>	<b>2,721,054</b>

For the purpose of the statement of cash flows, cash and cash equivalents comprises the following:

Particulars	Current Year	Previous Year
Cash	-	-
Balance with Banks in Current Account	599,913	2,721,054
in Bank Overdraft	(68,498,439)	(78,628,724)
<b>Total</b>	<b>(67,898,526)</b>	<b>(75,907,670)</b>

**Note 6: TRADE RECEIVABLE**

Particulars	Current Year	Previous Year
Nepal Electricity Authority (NEA)	120,629,832	107,113,975
<b>Total</b>	<b>120,629,832</b>	<b>107,113,975</b>

Since the payment from Nepal Electricity Authority (NEA) becomes due in 45 days after issuance of bill, the payment against sale of electricity during Jestha and Ashadh 2079 is outstanding as on reporting date.

**Note 7: OTHER FINANCIAL ASSETS**

Particulars	Current Year	Previous Year
<b>Non Current</b>		
Deposit	-	-
<b>Sub Total</b>	<b>-</b>	<b>-</b>
<b>Current</b>		
Cash Margin	15,000	15,000
LC Margin	17,000	117,000
Statutory Margin	66,500	-
Deposit - Pathivara Trade Link	80,000	-
<b>Sub Total</b>	<b>178,500</b>	<b>132,000</b>
<b>Total</b>	<b>178,500</b>	<b>132,000</b>

**Note 8: OTHER CURRENT ASSETS**

Particulars	Current Year	Previous Year
<b>Advances to be recovered</b>		
From contractors	19,201,217	11,985,141
From suppliers	24,401,773	27,009,765
<b>Prepayments</b>		
Insurance	3,877,699	4,809,715
Advance to Employees	1,038,711	1,413,935
<b>Total</b>	<b>48,519,400</b>	<b>45,218,556</b>

**Note 9: EQUITY SHARE CAPITAL**

Financial instruments issued by the company are classified as equity only to the extent that they do not meet the definition of a financial liability or financial asset. The company's equity shares are classified as equity instruments.

Particulars	Current Year	Previous Year
<b>Authorised</b>		
1,25,00,000 nos. of ordinary shares of NPR. 100 each	1,250,000,000	1,250,000,000
<b>Issued</b>		
1,25,00,000 nos. of ordinary shares of NPR. 100 each	1,250,000,000	1,250,000,000
<b>Subscribed and paid up</b>		
Current Period (1,25,00,000 Equity Shares @ NRs. 100/- each)	1,250,000,000	1,250,000,000
Previous period (1,25,00,000 Equity Shares @ NRs. 100/- each)		
<b>Total</b>	<b>1,250,000,000</b>	<b>1,250,000,000</b>

## Other Equity

### 9.1 Reserve & Surplus

Particulars	Retained Earnings	Total
Balance as at 1 Shrawan, 2077 (16 July 2020)	(169,870,046)	(169,870,046)
Profit for the year	(5,383,260)	(5,383,260)
Other Comprehensive Income (net of tax)	-	-
Transaction cost incurred in respect of issuance of equity share	(1,060,000)	(1,060,000)
<b>Balance as at 31 Ashadh, 2078 (15 July, 2021)</b>	<b>(176,313,305)</b>	<b>(176,313,305)</b>
Profit for the year	70,497,056	70,497,056
Other Comprehensive Income (net of tax)	-	-
Transaction cost incurred in respect of issuance of equity share	-	-
<b>Balance as at 32 Ashadh, 2079 (16 July, 2022)</b>	<b>(105,816,249)</b>	<b>(105,816,249)</b>

### Note 10: BORROWINGS

Particulars	Current Year	Previous Year
<b>Long Term Borrowings</b>		
Term Loan	2,946,078,194	3,152,570,888
<b>Sub-total</b>	<b>2,946,078,194</b>	<b>3,152,570,888</b>
<b>Short Term Borrowings</b>		
Term Loan (Due within 12 months)	100,098,000	132,400,000
Bridge Gap Loan	20,000,000	-
Bank Overdraft	68,498,439	78,628,724
<b>Sub-total</b>	<b>188,596,439</b>	<b>211,028,724</b>
<b>Total</b>	<b>3,134,674,633</b>	<b>3,363,599,611</b>

The company has entered into consortium arrangement for term loan with NMB Bank. These loans are secured as charge by way of hypothecation on assets under construction of "Lower Hewa Khola Hydropower Project". All these assets are classified as "Intangible Assets".

### Note 11: TRADE PAYABLES

Particulars	Current Year	Previous Year
Sundry creditors	15,632,428	4,054,076
Expenses Payable	8,583,926	965,113
Retention Money Payable	60,894,547	60,894,547
<b>Total</b>	<b>85,110,901</b>	<b>65,913,736</b>

## Note 12: PROVISION

When the Company has a present obligation (legal or constructive) as a result of a past event, provisions are recognised only if it is probable that a transfer of economic benefits will be required to settle the obligation and a reliable estimate of the amount of obligation can be made.

Particulars	Current Year	Previous Year
Provision for Income Tax	-	-
Provision for Staff Bonus	1,424,041	-
Provision for Corporate Social Responsibility	524,936	-
<b>Total</b>	<b>1,948,976</b>	<b>-</b>

### Note 12.1: PROVISION FOR CORPORATE SOCIAL RESPONSIBILITY

Particulars	Current Year	Previous Year
Opening CSR provision	-	-
Add: Provision for CSR booked	704,971	-
Less: CSR cost incurred	(180,035)	-
<b>Closing CSR Provision</b>	<b>524,936</b>	<b>-</b>

In this fiscal year 2078-79, a provision of 1% of net profit after tax has been allocated for Corporate Social Responsibility Fund (CSR Fund) as per the provision of Industrial Enterprise Act 2076. This fund will be used for social welfare for the people surrounding Mountain Hydro Nepal Limited or as per the BOD approval.

### Note 13: OTHER CURRENT LIABILITIES

Particulars	Current Year	Previous Year
TDS Payable	(8,712)	103,691
Social Security Fund	(74,092)	(131)
Payable against bank guarantee revoked	58,377,349	58,377,349
Advance from director	78,442,172	92,259,704
<b>Total</b>	<b>136,736,718</b>	<b>150,740,613</b>

### Note 14: Revenue

Particulars	Current Year	Previous Year
Sale of Electricity	608,183,833	532,545,644
Less: Short energy charges	-	(13,219,364)
<b>Total</b>	<b>608,183,833</b>	<b>519,326,280</b>

### Note 15: Cost of Revenue

Particulars	Current Year	Previous Year
Cost of construction/Direct Expenses (Refer note 15)		
Accommodation	6,800	-
Business promotion	-	52,590
Consumables	-	2,740
Depreciation	164,697,947	161,209,563
Electricity expenses	489,444	172,772

Note 18: Administrative Expenses

Electrification	52,108	7,000
Employee benefit cost	9,896,405	9,177,983
Flooring & Furnishing	-	33,480
Fooding expenses at site	947,195	635,941
Fuel expenses	2,388,601	1,364,876
Grid rent 132 KV substation	432,000	864,000
Insurance expenses	8,337,443	8,864,140
Kitchen utensils	6,300	12,760
Lease for land	55,867	69,686
Loose and tools expenses	95,787	-
Lubricants	65,209	9,405
Miscellaneous expenses	-	20,860
Puja expenses	44,315	43,520
Repair and maintenance expenses	40,524,335	14,683,082
Royalty expenses	28,437,601	10,186,587
Security expenses	1,300,000	1,300,000
Telephone and communication expenses	62,128	780,211
Transportation expenses	1,355,436	383,334
Travelling expenses	-	66,703
Wages	66,952	105,246
Transportation Expenses	383,334	344,560
Travelling Expenses	66,703	-
Wages	105,246	64,243
<b>Total</b>	<b>259,261,873</b>	<b>210,046,479</b>

**Note 16: OTHER INCOME**

Particulars	Current Year	Previous Year
Insurance claim	6,425,000	4,632,158
Profit on sale of vehicle	-	17,976,591
<b>Total</b>	<b>6,425,000</b>	<b>22,608,749</b>

**Note 17: Employee Benefit Expenses**

Particulars	Current Year	Previous Year
Basic Salary	12,420,475	10,824,083
Festival Allowance	4,014,636	3,533,914
Allowance	890,287	721,385
<b>Apportioned to:</b>		
- Cost of Revenue	9,896,405	9,177,983
- Indirect Cost	7,428,993	5,901,399
<b>Total</b>	<b>17,325,398</b>	<b>15,079,382</b>

**Note 18: Administrative Expenses**

Particulars	Current Year	Previous Year
Advertisement & publicity expenses	107,404	173,232
AGM expenses	192,891	150,000
Audit fees	282,500	282,500
Arbitration fee expenses	-	1,681,110
Business promotion expenses	53,956	6,809
Consultancy charges	977,803	169,500
Donation	76,111	-
Electricity expenses	72,770	72,158
Fees and rates	509,775	44,500
Fuel expenses	118,831	396,635
Fines and penalties	97,364	78,000
House rent expenses	666,660	666,660
Insurance expenses	41,081	77,330
IPO issue expenses	250,000	-
Legal fee	611,947	2,355,775
Medical expenses	120,750	15,176
Meeting allowance	123,000	69,000
Miscellaneous expenses	23,926	122,912
Office expenses	242,293	-
Printing and stationery expenses	170,152	95,610
Refreshment expenses	856,253	758,262
Registration and renewal	652,686	246,032
Repair and maintenance expenses	939,322	1,185,415
Transportation expenses	5,325	4,000
Travelling expenses	815,216	328,863
Telephone and communication expenses	99,832	133,552
Water charges	72,670	71,500
Surveillance fee	-	580,820
Translation and notary expenses	-	20,760
Wages	-	19,695
<b>Total</b>	<b>8,180,520</b>	<b>9,805,805</b>

**Note 19: Finance Cost**

Particulars	Current Year	Previous Year
Bank charge and commission	1,046,184	13,339,950
Interest expenses	265,451,401	307,963,834
Less:- Rebate on interest	(839,731)	-
<b>Total</b>	<b>265,657,855</b>	<b>321,303,784</b>

**Note 20: Employee Bonus**

Staffs are provided annual bonus under the provision of the Electricity Act and Rules 2049 (at the rate of 2% of profit before income tax and after bonus ).

Particulars	Current Year	Previous Year
Staff bonus expenses	1,424,041	-
<b>Total</b>	<b>1,424,041</b>	<b>-</b>

21. Related Parties Disclosures

a) Relationship

Relationship	Related Party
Substantial Shareholder	Sitaram Timalisina
	S R Power Investment Company Private Limited
	Satish Timalisina
	Prahlad Timalisina
	Rita Timalisina
	Road Show Investment Company
	Baikuntha Sharma
	Prakash Timalisina
	Puspa Chitrakar
	Singalila Energy Private Limited
Company with common Directors	Sita Dhuwani Sewa Private Limited
	Sita Trade Center Private Limited
	Gaurimata Nirman Company Private Limited
	Sita Hydro Power Company Private Limited
Subsidiaries	Mountain Hydropower Investment Private Limited

b) Those charged with governance

Those charged with governance of Mountain Hydro Nepal include members of Board of directors namely:

S.N.	Name	Designation
1	Sitaram Timalisina	Chairman
2	Satish Timalisina	Managing Director
3	Prahlad Timalisina	Director
4	Kamal Kumar Bharati	Director

The following expenses are incurred for those charged with governance of MHNL:

S.N.	Name	Designation	Nature of expenses	FY 2078/79	FY. 2077/78
1	Sitaram Timalisina	Chairman	- Regular Employee Benefits	-	-
			- Meeting Allowances	30,000	9,000
			- Travelling Expenses	30,833	-
2	Satish Timalisina	Managing Director	-Regular Employee Benefits	42,12,000	13,33,998
			-Meeting Allowance	30,000	9,000
3	Prahlad Timalisina	Director	-Regular Employee Benefits	-	-
			-Meeting Allowance	30,000	9,000
4	Kamal Kumar Bharati	Director	-Regular Employee Benefits	-	-
			-Meeting Allowance	9,000	-

c) Transaction with key management personnel

Key management personnel includes:

- i) Mr. Laxmi Lal Baidya – Senior Accountant

**Key management personnel compensation**

Name	Particulars	Current Year	Previous Year
Mr. Laxmi Lal Baidya	Regular Employee Benefits	954,808	678,988

**d) Other Related Party Transaction**

Name of the related Party	Nature of the transaction	Transaction		Outstanding Balance [Dr/(Cr)]	
		F.Y. 2078/79	F.Y. 2077/78	F.Y. 2078/79	F.Y. 2077/78
Sitaram Timalisina	- Advance taken from director	13,825,182	110,072,024	(78,442,172)	(92,267,354)
Satish Timalisina	- Advance to director	279,297	385,493	257,551	257,283
Sita Trade Center	- Fuel purchase	1,81,140	4,06,040	(166,420)	(52,328)
Gaurimata Nirman Company	- Equipment Hire	34,20,000	4,496,509		-
	- Project Construction	2,12,07,695	70,859,099		-
	- Repair & Maintenance (Civil Structure)		9,395,151		-
	- Advance given	180,000	-	(10,317,412)	
Sita Dhuwani Sewa Private Limited	- Transportation of Turbine for repair	13,50,000	-	(13,50,000)	

**22. Financial Risk Management**

The Company's financial risk management is an integral part of how to plan and execute its business strategies.

**Market risk**

Market risk is the risk of loss of future earnings, fair value or future cash flows arising out of change in the price of a financial instrument. These include change as a result of changes in the interest rates, foreign currency exchange rates, equity prices and other market changes that affect market risk sensitive instruments. Market risk is attributable to all market risk sensitive financial instruments including investments and deposits, foreign currency receivables, payables and loans and borrowings.

The Company manages market risk through evaluation and identification of risk factors with the object of governing/mitigating them according to Company's objectives and declared policies in specific context of impact thereof on various segments of financial instruments. The Board provides oversight and reviews the Risk management policy from time to time. The company is not exposed to market risk with reference of PPA with NEA.

**Interest rate risk**

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. In order to balance the Company's position with regards to interest income and interest expense and to manage the interest rate risk, it performs a comprehensive interest rate risk management. The Company is not exposed to significant interest rate risk as at the respective reporting dates.

**Foreign currency risk**

The Company is subject to the risk that changes in foreign currency values impact the Company's imports of raw material and property, plant and equipment. The Company is not exposed to foreign exchange risk arising from various currency exposures.

**Credit risk**

As the company has just started its commercial operation and has already signed Power Purchase Agreement (PPA) with Nepal Electricity Authority (NEA); a government enterprises, the Company is not exposed to Credit risk. Hence the company is not exposed to significant credit risk as at the respective reporting date.

**Liquidity Risk**

The management has sufficiently collected the equity portion and has obtained loan for settling or meeting it on time.

**23. Capital Management**

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

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

The management monitors the return on capital as well as the level of dividends to shareholders. The Company's goal is to continue to be able to return excess liquidity to shareholders by continuing to distribute dividends in future periods.

**24. Contingent Liabilities and Commitments****Contingent Liabilities****a) Bank Guarantees**

S.N	Bank Name	Purpose	Amount	Expiry Date
1	Prime Commercial Bank Ltd	Exim code guarantee	3,00,000	2023.7.15

**b) Revoked Performance Guarantee**

A contingent liability is identified as follows:

- (a) a possible obligation that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the entity; or
- (b) a present obligation that arises from past events but is not recognized because:
  - (i) it is not probable that an outflow of resources embodying economic benefits will be required to settle the obligation; or
  - (ii) the amount of the obligation cannot be measured with sufficient reliability.

The company has revoked a performance guarantee from Himal Hydro and General Construction Limited amounting to Rs 58,377,349 on the ground of not abiding the terms of the contract. Settlement proceedings and hearings was conducted by Nepal Council of Arbitration (NEPCA) for resolving this dispute. The verdict of NEPCA was in the favour of Himal Hydro and General Construction Limited. Further, the Company has appealed against this verdict to Hon'ble High Court, Patan.

**25. Capital Commitments**

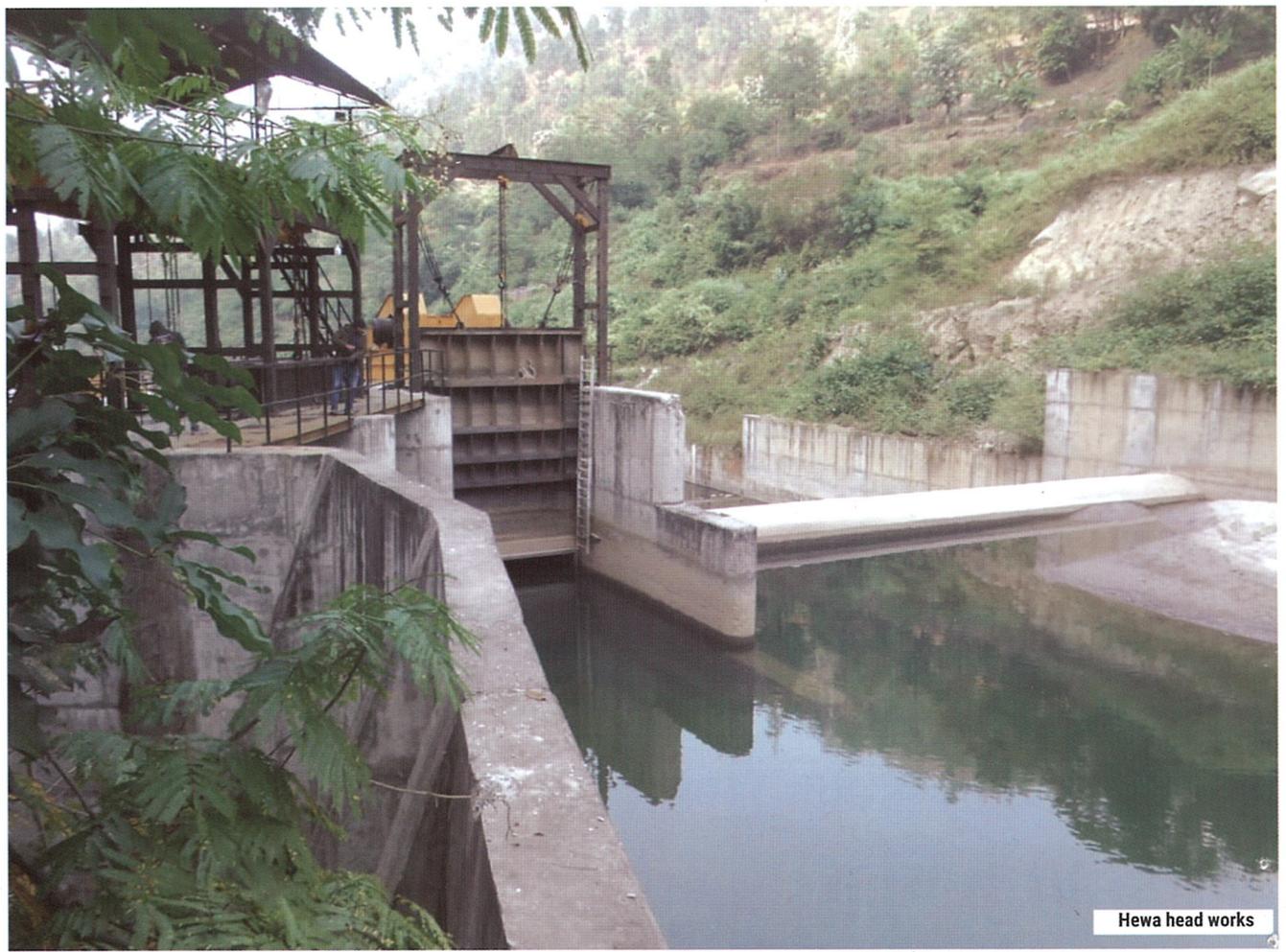
Capital commitment is future capital expenditures that a company has committed to spend on long-term assets over a period of time. There is no significant capital commitment pending on behalf of Company.







Staff Quarter



Hewa head works