

# **REPORT**

***CONFIDENTIAL***

## **AUDIT REPORT AND AUDITED FINANCIAL STATEMENTS**

**OF**

**Bindhyabasini Hydropower Development Co. Ltd.**

**Kathmandu, Nepal**

**(FOR THE FISCAL YEAR 2081/82)**

*Performed By:  
T.N. Acharya & Co.,  
Chartered Accountants  
Kathmandu, Nepal*

**INDEPENDENT AUDITOR'S REPORT**

To the Shareholders,  
Bindhyabasini Hydropower Development Co. Ltd.  
New Baneshwor, Kathmandu, Nepal

**Reports on the Audit of Financial Statements**

**Opinion**

We have audited the financial statements of Bindhyabasini Hydropower Development Co. Ltd. which comprise the statement of financial position as at 32<sup>nd</sup> Ashad, 2082, and the statement of profit or loss and other comprehensive income, 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 and to the best of our knowledge and according to the explanations given to us, the financial statements read with notes related to the financial statements give, in all material respect, a true and fair view of the financial position of the Bindhyabasini Hydropower Development Co. Ltd. as on 32<sup>nd</sup> Ashad, 2082 and its financial performance and its cash flows for the year then ended in accordance with Nepal Financial Reporting Standards (NFRSS).

**Basis for Opinion**

We conducted our audit in accordance with Nepal Standards on Auditing (NSAs). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report.

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

**Key Audit Matters**

Key Audit Matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statement 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, we do not provide a separate opinion on these matters.

| Key Audit Matter   | How our audit addressed the key audit matter  |
|--|---|
| <b><u>Intangible Assets</u></b><br>Intangible assets under Service | For the Intangible Assets of Bindhyabasini Hydropower Development Co. Ltd., our key audit |


|  |   |
|--|---|
| Concession Agreement of NRs. 2,482,221,826.47 (being 85.05 % of the total of total assets) has been presented in Financial Statement.  | procedure included:<br>i. Verification of the supporting documents to ensure the existence and condition of Intangible Assets.<br>ii. Verify Amortization policy.                     |
| <b><u>Borrowings</u></b><br>Borrowings of Rs. 1,606,636,162.87 (comprising Current balance of Rs. 164,510,999.98 and Non-Current balance of Rs. 1,442,125,162.89) from consortium banks (representing 55.05% of total liabilities) have been presented in the Financial Statement. | For the borrowings of Bindhyabasini Hydropower Development Co. Ltd., our key audit procedures included verification of the books of accounts, loan confirmation, and bank statements. |

### **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 NFRSs 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 alternative but to do so.

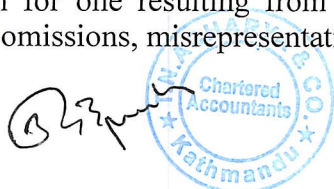
Those charged with governance are responsible for overseeing the organization's financial reporting process.

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

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

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.





- Obtain an understanding of internal 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 organization'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 organization 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 transaction 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 Group 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.

### **Report on other Legal and Regulatory Requirement**

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

- i. During our examination of the books of account of the company, we have not come across the cases where the Director or any member thereof or any representative or any office holder or any employee of the company has acted contrary to the provisions of law or caused loss or damage to the company, and
- ii. During our examination of the books of account of the company, we have not come across any fraudulence in the accounts.
- iii. Company has not complied the provision of gratuity of employees as per requirement of the Labour Act, 2074.



Upendra Sapkota, CA

Partner

T. N. Acharya & Co.

Chartered Accountant

UDIN No. 251219CA01673L9fju



Date: 4<sup>th</sup> Poush, 2082

Place: Kathmandu, Nepal



**BINDHYABASINI HYDROPOWER DEVELOPMENT CO. LTD.**

NEW BANESHWOR, KATHMANDU, NEPAL

**STATEMENT OF FINANCIAL POSITION**

As at 32 Ashad 2082 (16 July 2025)

(In NPR)

| Particulars                          | Note | As at 32nd Ashad 2082   | As at 31st Ashad 2081   |
|--------------------------------------|------|-------------------------|-------------------------|
| <b><u>ASSETS</u></b>                 |      |                         |                         |
| <b>Non-Current Assets</b>            |      |                         |                         |
| Property, Plant and Equipment        | 3    | 9,569,844.47            | 10,315,610.96           |
| Intangible Assets                    | 4    | 2,482,221,826.47        | 2,560,790,260.20        |
| Other Non-current Assets             | 5    | -                       | 8,844,813.81            |
| <b>Financial Assets</b>              |      |                         |                         |
| Advance and Deposits                 | 7    | 80,000.00               | 380,000.00              |
| Investments                          | 8    | 315,961,791.27          | 247,611,742.05          |
| <b>Total Non-Current Assets</b>      |      | <b>2,807,833,462.21</b> | <b>2,827,942,427.02</b> |
| <b>Current assets</b>                |      |                         |                         |
| <b>Financial assets</b>              |      |                         |                         |
| Cash and Cash equivalents            | 6    | 14,588,449.01           | 19,227,442.97           |
| Advance and Deposits                 | 7    | 1,808,294.37            | 8,201,009.51            |
| Trade receivables                    | 9    | 69,674,972.91           | 49,569,429.10           |
| Other Current Assets                 | 5    | 24,743,609.39           | 21,861,300.51           |
| <b>Total Current Assets</b>          |      | <b>110,815,325.69</b>   | <b>98,859,182.09</b>    |
| <b>Total Assets</b>                  |      | <b>2,918,648,787.89</b> | <b>2,926,801,609.11</b> |
| <b><u>EQUITY AND LIABILITIES</u></b> |      |                         |                         |
| <b>Equity</b>                        |      |                         |                         |
| Equity Share Capital                 | 10   | 1,129,800,000.00        | 1,050,000,000.00        |
| Other Equity                         | 11   | 149,181,451.17          | 127,954,693.24          |
| <b>Total Equity</b>                  |      | <b>1,278,981,451.17</b> | <b>1,177,954,693.24</b> |
| <b>Liabilities</b>                   |      |                         |                         |
| <b>Non-Current Liabilities</b>       |      |                         |                         |
| <b>Financial Liabilities</b>         |      |                         |                         |
| Borrowings                           | 12   | 1,442,125,162.89        | 1,564,540,603.89        |
| Other Financial Liabilities          | 13   | 15,465,457.37           | 18,037,995.16           |
| <b>Total Non-Current Liabilities</b> |      | <b>1,457,590,620.26</b> | <b>1,582,578,599.05</b> |
| <b>Current Liabilities</b>           |      |                         |                         |
| <b>Financial liabilities</b>         |      |                         |                         |
| Borrowings                           | 12   | 164,510,999.98          | 156,610,999.98          |
| Trade payables                       | 14   | 10,543,115.81           | 3,650,301.56            |
| Other Financial Liabilities          | 13   | 5,047,334.60            | 4,416,826.26            |
| Provisions                           | 15   | 1,430,055.69            | 1,048,753.19            |
| Other Current Liabilities            | 16   | 545,210.39              | 541,435.83              |
| <b>Total Current Liabilities</b>     |      | <b>182,076,716.47</b>   | <b>166,268,316.82</b>   |
| <b>Total Liabilities</b>             |      | <b>1,639,667,336.73</b> | <b>1,748,846,915.87</b> |
| <b>Total Equity and Liabilities</b>  |      | <b>2,918,648,787.89</b> | <b>2,926,801,609.11</b> |

The accompanying notes are integral part of these financial statement

As per our report of even date







Biru Badal  
Account OfficerSushil Khadka  
Independent DirectorSatish Sharma  
Independent DirectorIndradevi Gurung  
DirectorTam Prasad Gurung  
DirectorSujan Baniya  
DirectorLaxman Poudel  
DirectorDhana Kumari Adhikari  
DirectorSudeep Acharya  
DirectorSita Acharya  
ChairpersonUpendra Sapkota, CA  
Partner  
T. N. Acharya & Co.  
Chartered Accountant


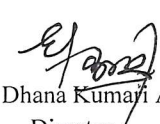



**BINDHYABASINI HYDROPOWER DEVELOPMENT CO. LTD.**  
**NEW BANESHWOR, KATHMANDU, NEPAL**  
**STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME**  
**For the year ended 32nd Ashad, 2082**

|  |      |                       | (In NPR)              |
|--|------|-----------------------|-----------------------|
|  | Note | 2081-82               | 2080-81               |
| Revenue  | 17   | 388,379,418.99        | 365,376,319.07        |
| Cost of Sales  | 18   | 9,379,337.96          | 8,895,048.56          |
| <b>Gross profit</b>  |      | <b>379,000,081.03</b> | <b>356,481,270.51</b> |
| Other Income   | 19   | 3,090,921.56          | 668,755.63            |
| Administrative and other operating expenses  | 20   | 80,356,573.61         | 60,184,498.75         |
| Depreciation   | 3    | 2,848,739.93          | 2,820,128.01          |
| Amortisation   | 4    | 102,745,379.65        | 101,898,969.52        |
| Other Operating Expenses   |      |                       |                       |
| <b>Profit or loss Before Finance Cost and Income Taxes</b>                                       |      | <b>196,140,309.39</b> | <b>192,246,429.86</b> |
| Finance Cost   | 21   | 133,733,544.99        | 141,747,974.73        |
| <b>Profit or Loss Before Tax and Employee Bonus</b>  |      | <b>62,406,764.40</b>  | <b>50,498,455.13</b>  |
| Employee Bonus expenses  | 15   | 1,248,135.29          | 1,009,969.10          |
| <b>Profit or Loss After Employee Bonus</b>   |      | <b>61,158,629.11</b>  | <b>49,488,486.03</b>  |
| Income Tax Expenses  |      |                       |                       |
| Provision for Income Tax   | 15   | 181,920.40            | 38,784.09             |
| Deferred Tax Income/(Expense)  |      |                       |                       |
| <b>Profit or Loss for The Year</b>   |      | <b>60,976,708.71</b>  | <b>49,449,701.94</b>  |
| <b>Other Comprehensive Income:</b>   |      |                       |                       |
| <b>Other Comprehensive Income not to be reclassified to profit or loss in subsequent periods</b> |      |                       |                       |
| i. Re-measurement (losses) / gains on post employment defined benefit plans                      |      |                       |                       |
| ii. Equity instruments through other comprehensive income  |      | 44,250,049.22         | (1,067,447.58)        |
| iii. Tax relating to items that will not to be reclassified to profit or loss                    |      |                       |                       |
| <b>Other Comprehensive gain/(loss) for the year, net of tax</b>                                  |      | <b>44,250,049.22</b>  | <b>(1,067,447.58)</b> |
| <b>Total Comprehensive gain/(loss) for the year, net of tax</b>                                  |      | <b>105,226,757.93</b> | <b>48,382,254.36</b>  |
| <b>Earnings per equity share of Rs. 100 each</b>   |      |                       |                       |
| Basic Earnings per share - Rs.   |      | 5.40                  | 4.71                  |

The accompanying notes are integral part of these financial statement

As per our report of even date

|  |  |  |   |  |   |
|--|--|--|---|--|---|
| <br>Biru Badal<br>Account Officer | <br>Sushil Khadka<br>Independent Director | <br>Satish Sharma<br>Independent Director | <br>Indradevi Gurung<br>Director | <br>Tam Prasad Gurung<br>Director | <br>Sujan Baniya<br>Director |
|--|--|--|---|--|---|

|  |  |   |   |   |
|--|--|---|---|---|
| <br>Laxman Poudel<br>Director | <br>Dhana Kumari Adhikari<br>Director | <br>Sudeep Acharya<br>Director | <br>Sita Acharya<br>Chairperson | <br>Upendra Sapkota, CA<br>Partner |
|--|--|---|---|---|

T. N. Acharya & Co.  
Chartered Accountant





# BINDHYABASINI HYDROPOWER DEVELOPMENT CO. LTD.

NEW BANESHWOR, KATHMANDU, NEPAL  
STATEMENT OF CHANGES IN EQUITY


for the year ended 32nd Ashad, 2082

(In NPR)


| Particulars                         | Equity Share Capital | Share Premium | General reserve | Retained Earning | Other Equity    | Total            |
|-------------------------------------|----------------------|---------------|-----------------|------------------|-----------------|------------------|
| <b>Balance at 1st Shrawan, 2080</b> | 1,050,000,000.00     | -             | -               | 146,240,982.25   | (11,404,943.37) | 1,184,836,038.87 |
| Profit for the year                 |                      |               |                 | 49,449,701.94    |                 | 49,449,701.94    |
| Other Comprehensive Income          |                      |               |                 |                  | (1,067,447.58)  | (1,067,447.58)   |
| Dividends to shareholders           |                      |               |                 | (55,263,600.00)  |                 | (55,263,600.00)  |
| <b>Balance at 31st Ashad, 2081</b>  | 1,050,000,000.00     | -             | -               | 140,427,084.19   | (12,472,390.95) | 1,177,954,693.24 |
| Profit for the year                 |                      |               |                 | 60,976,708.71    |                 | 60,976,708.71    |
| Other Comprehensive income          |                      |               |                 |                  | 44,250,049.22   | 44,250,049.22    |
| Issue of Share                      | 79,800,000.00        |               |                 |                  |                 | 79,800,000.00    |
| Dividends to Shareholders           |                      |               |                 | (84,000,000.00)  |                 | (84,000,000.00)  |
| <b>Balance at 32nd Ashad, 2082</b>  | 1,129,800,000.00     | -             | -               | 117,403,792.90   | 31,777,658.27   | 1,278,981,451.17 |

  
Biru Badal  
Account Officer

Sushil Khadka  
Independent Director

  
Dhana Kumari Adhikari  
Director

Satish Sharma  
Independent Director

  
Sudeep Acharya  
Director

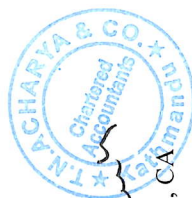
Indradevi Gurung  
Director

Tam Prasad Gurung  
Director

Sujan Baniya  
Director



Sita Acharya  
Chairperson



Upendra Sapkota, CA  
Partner  
T. N. Acharya & Co.  
Chartered Accountant












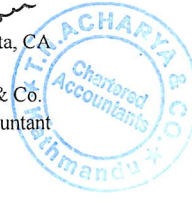


**BINDHYABASINI HYDROPOWER DEVELOPMENT CO. LTD.**  
**NEW BANESHWOR, KATHMANDU, NEPAL**  
**STATEMENT OF CASH FLOWS**  
**for the year ended 32nd Ashad, 2082**

|  | (In NPR)                |                         |
|--|-------------------------|-------------------------|
| Particulars  | 2081-82                 | 2080-81                 |
| <b>CASH FLOWS FROM OPERATING ACTIVITIES</b>                  |                         |                         |
| <b>Profit for the year</b>                                   | 60,976,708.71           | 49,449,701.94           |
| <b>Adjustments for:</b>                                      |                         |                         |
| Depreciation on property, plant and equipment                | 2,848,739.93            | 2,820,128.01            |
| Amortization of Intangible Assets                            | 102,745,379.65          | 101,898,969.52          |
| Provision for taxation                                       | 181,920.40              | 38,784.09               |
| Provision for Bonus  | 1,248,135.29            | 1,009,969.10            |
| <b>Working Capital Adjustments:</b>                          |                         |                         |
| (Increase)/ Decrease in Trade receivables                    | (20,105,543.81)         | 91,780,569.98           |
| (Increase)/ Decrease in other financial assets               | 6,692,715.14            | 21,081.35               |
| (Increase)/ Decrease in other assets                         | 5,962,504.93            | (2,732,058.87)          |
| Increase / (Decrease) in trade payables                      | 6,892,814.25            | (33,218,531.59)         |
| Increase / (Decrease) in financial liabilities               | (1,942,029.45)          | (16,392,809.14)         |
| Increase / (Decrease) in other current liabilities           | 3,774.56                | 183,004.92              |
| <b>Cash Generated from Operations</b>                        | <b>165,505,119.60</b>   | <b>194,858,809.31</b>   |
| Bonus paid   | (1,009,969.10)          | (1,317,575.88)          |
| Income Tax Paid  | (38,784.09)             | (26,838.37)             |
| <b>Net Cash Flows From Operating Activities</b>              | <b>164,456,366.41</b>   | <b>193,514,395.06</b>   |
| <b>Cash Flows From / (Used In) Investing Activities</b>      |                         |                         |
| (Increase)/ Decrease Investment in other assets              | (24,100,000.00)         | (38,444,300.00)         |
| (Acquisition)/Sale of Property, plant and Equipment          | (2,102,973.44)          | (501,756.96)            |
| (Purchase)/Sale of Intangibles                               | (24,176,945.93)         | -                       |
| <b>Net Cash Flows From Investing Activities</b>              | <b>(50,379,919.37)</b>  | <b>(38,946,056.96)</b>  |
| <b>Cash Flows From Financing Activities</b>                  |                         |                         |
| Issue of share   | 79,800,000.00           | -                       |
| Share issue cost   | -                       | -                       |
| Borrowing (repaid) / taken (net)                             | (114,515,441.00)        | (95,355,831.00)         |
| Dividend paid  | (84,000,000.00)         | (55,263,600.00)         |
| Interest paid  | -                       | -                       |
| <b>Net Cash Flows From Financing Activities</b>              | <b>(118,715,441.00)</b> | <b>(150,619,431.00)</b> |
| <b>Increase/(Decrease) In Cash And Cash Equivalents</b>      | <b>(4,638,993.96)</b>   | <b>3,948,906.62</b>     |
| Net foreign exchange difference on cash and cash equivalents | -                       | -                       |
| <b>Cash And Cash Equivalents, Beginning Of Year</b>          | <b>19,227,442.97</b>    | <b>15,278,536.35</b>    |
| <b>Cash And Cash Equivalents, End Of Year</b>                | <b>14,588,449.01</b>    | <b>19,227,442.97</b>    |

The accompanying notes are integral part of these financial statements.

As per our report of even date

|  |  |  |   |  |   |  |
|--|--|--|---|--|---|--|
| <br>Biru Badal<br>Account Officer | <br>Sushil Khadka<br>Independent Director | <br>Satish Sharma<br>Independent Director | <br>Indradevi Gurung<br>Director | <br>Tam Prasad Gurung<br>Director | <br>Sujan Baniya<br>Director |  |
| <br>Laxman Poudel<br>Director     | <br>Dhana Kumari Adhikari<br>Director     | <br>Sudeep Acharya<br>Director            |                                 |  |   | <br>Upendra Sapkota, CA<br>Partner<br> |

**BINDHYABASINI HYDROPOWER DEVELOPMENT CO. LTD.**  
**NEW BANESHWOR, KATHMANDU, NEPAL**  
Notes to the Financial Statements as of Ashad End 2082 (16th July, 2025)

**3 Property, Plant & Equipment And Depreciation**

| Particulars                                    | Office Equipment & Furniture |              | Vehicle      |              | Total         |
|--|------------------------------|--------------|--------------|--------------|---------------|
|  | Rudi A                       | Rudi B       | Rudi A       | Rudi B       |               |
| <b>Gross Block</b>                             |                              |              |              |              |               |
| Balance As On 1 Shrawan, 2080                  | 1,484,280.07                 | 3,554,051.19 | 5,328,152.88 | 4,954,921.48 | 15,321,405.62 |
| Addition                                       | 171,685.48                   | 330,071.48   | -            | -            | 501,756.96    |
| Deletion                                       | -                            | -            | -            | -            | -             |
| Balance As On 31 Ashad, 2081                   | 1,655,965.55                 | 3,884,122.67 | 5,328,152.88 | 4,954,921.48 | 15,823,162.58 |
| Addition                                       | 284,641.44                   | 92,965.20    | 3,165,000.00 | -            | 3,542,606.64  |
| Deletion                                       | -                            | -            | 1,519,939.87 | 1,575,133.09 | 3,095,072.96  |
| Balance As On 32 Ashad, 2082                   | 1,940,606.99                 | 3,977,087.87 | 6,973,213.01 | 3,379,788.40 | 16,270,696.27 |
| <b>Accumulated Depreciation And Impairment</b> |                              |              |              |              |               |
| Balance As On 1 Shrawan, 2080                  | 195,364.13                   | 435,444.80   | 1,065,630.58 | 990,984.30   | 2,687,423.81  |
| Addition                                       | 221,721.46                   | 536,157.11   | 1,068,550.11 | 993,699.32   | 2,820,128.01  |
| Deletion                                       | -                            | -            | -            | -            | -             |
| Balance As On 31 Ashad, 2081                   | 417,085.60                   | 971,601.92   | 2,134,180.69 | 1,984,683.62 | 5,507,551.82  |
| Addition                                       | 247,788.59                   | 558,133.41   | 1,147,510.49 | 895,307.45   | 2,848,739.93  |
| Deletion                                       | -                            | -            | 807,025.61   | 848,414.15   | 1,655,439.76  |
| Balance As On 32 Ashad, 2082                   | 664,874.18                   | 1,529,735.33 | 2,474,665.57 | 2,031,576.92 | 6,700,852.00  |
| <b>Net Block</b>                               |                              |              |              |              |               |
| Balance As On 31 Ashad, 2080                   | 1,288,915.93                 | 3,118,606.39 | 4,262,522.30 | 3,963,937.19 | 12,633,981.53 |
| Balance As On 31 Ashad, 2081                   | 1,238,879.95                 | 2,912,520.75 | 3,193,972.19 | 2,970,237.86 | 10,315,610.96 |
| Balance As On 32 Ashad, 2082                   | 1,275,732.80                 | 2,447,352.55 | 4,498,547.44 | 1,348,211.48 | 9,569,844.47  |

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## Notes to the Financial Statements as of Ashad End 2082 (16th July, 2025)

#### 4 Intangible Assets And Amortization

| Particulars                                    | Service Concession Agreement Intangibles |                         | Total                   |
|--|--|-------------------------|-------------------------|
|  | Rudi A                                   | Rudi B                  |                         |
| <b>Gross Block</b>                             |  |                         |                         |
| <b>Balance As On 1 Shrawan, 2080</b>           | <b>1,561,632,550.06</b>                  | <b>1,332,336,507.76</b> | <b>2,893,969,057.82</b> |
| Addition                                       | -  | -                       | -                       |
| Transfer from Project WIP                      | -  | -                       | -                       |
| Deletion                                       | -  | -                       | -                       |
| <b>Balance As On 31 Ashad, 2081</b>            | <b>1,561,632,550.06</b>                  | <b>1,332,336,507.76</b> | <b>2,893,969,057.82</b> |
| Addition                                       | 7,078,404                                | 18,295,385              | 25,373,789.05           |
| Insurance Claim                                |  |                         | -                       |
| Deletion                                       | 1,494,007                                |                         | 1,494,007.32            |
| <b>Balance As On 32 Ashad, 2082</b>            | <b>1,567,216,947</b>                     | <b>1,350,631,892</b>    | <b>2,917,848,840</b>    |
| <b>Accumulated Amortisation And Impairment</b> |  |                         |                         |
| <b>Balance As On 1 Shrawan, 2080</b>           | <b>224,451,807</b>                       | <b>6,828,021</b>        | <b>231,279,828</b>      |
| Addition                                       | 52,054,418.34                            | 49,844,551.18           | 101,898,969.52          |
| Deletion                                       | -  | -                       | -                       |
| <b>Balance As On 31 Ashad, 2081</b>            | <b>276,506,226</b>                       | <b>56,672,572</b>       | <b>333,178,798</b>      |
| Addition                                       | 52,463,534.82                            | 50,281,844.83           | 102,745,379.65          |
| Deletion                                       | 297,164                                  |                         | 297,164.20              |
| <b>Balance As On 32 Ashad, 2082</b>            | <b>328,672,596</b>                       | <b>106,954,417</b>      | <b>435,627,013</b>      |
| <b>Net Block</b>                               |  |                         |                         |
| <b>Balance As On 31 Ashad, 2080</b>            | <b>1,337,180,742.66</b>                  | <b>1,325,508,487.05</b> | <b>2,662,689,229.71</b> |
| <b>Balance As On 31 Ashad, 2081</b>            | <b>1,285,126,324.33</b>                  | <b>1,275,663,935.87</b> | <b>2,560,790,260.20</b> |
| <b>Balance As On 32 Ashad, 2082</b>            | <b>1,238,544,350.81</b>                  | <b>1,243,677,475.66</b> | <b>2,482,221,826.47</b> |












**BINDHYABASINI HYDROPOWER DEVELOPMENT CO. LTD.**  
**NEW BANESHWOR, KATHMANDU, NEPAL**  
Notes to the Financial Statements as of Ashad End 2082 (16th July, 2025)

**5 Other Assets (Current And Non-Current)**

| Particulars   | Ashad 32nd, 2082         |             | Ashad 31st, 2081     |                     |
|---|--------------------------|-------------|----------------------|---------------------|
|   | Current                  | Non-Current | Current              | Non-Current         |
| Site Advance  | -                        |             | 108,646.67           |                     |
| Advance to Supplier/<br>Contractors   | 10,123,357.50            |             | 9,016,478.37         | 5,854,813.81        |
| Advance Income Tax  | 174,504.09               |             | 87,402.59            |                     |
| Prepaid Insurance- Rudi A   | 5,906,876.49             |             | 7,041,279.36         |                     |
| Prepaid Insurance- Rudi B   | 5,089,076.62             |             | 4,996,473.52         |                     |
| Prepaid RTS Fee   | -                        |             | 131,507.00           |                     |
| Advances to Locals at Site  | 2,790,000.00             |             |                      | 2,790,000.00        |
| Advance to Employee<br>RM Investment Co. Pvt.<br>Ltd.- Investment in Advance<br>Share | 459,794.69<br>200,000.00 |             | 479,513.00           | 200,000.00          |
| <b>Total Nrs.</b>   | <b>24,743,609.39</b>     | <b>-</b>    | <b>21,861,300.51</b> | <b>8,844,813.81</b> |

**6 Cash And Cash Equivalent**

| Particulars                 | Ashad 32nd, 2082     | Ashad 31st, 2081     |
|-----------------------------|----------------------|----------------------|
| Cash In Hand                | 6,839.05             | 284.00               |
| Global IME Bank Limited     | 1,131.34             | 1,131.34             |
| Kumari Bank Limited         | 81,595.01            | 900,896.21           |
| Lumbini Bikash Bank Limited | 47,739.83            | 402,072.51           |
| NMB Bank Limited            | 344,865.23           | 292,794.01           |
| Prime Bank Limited          | 45,730.22            | 45,535.78            |
| Sanima Bank Limited         | 13,884,898.18        | 17,443,776.43        |
| Siddhartha Bank Limited     | 175,650.15           | 140,952.69           |
| <b>Total Nrs.</b>           | <b>14,588,449.01</b> | <b>19,227,442.97</b> |

**7 Advance and Deposits**

| Particulars                         | Ashad 32nd, 2082    |                  | Ashad 31st, 2081    |                   |
|-------------------------------------|---------------------|------------------|---------------------|-------------------|
|                                     | Current             | Non-Current      | Current             | Non-Current       |
| <b>Earmarked balance with bank</b>  |                     |                  |                     |                   |
| Margin Money- Rudi A                | 165,000.00          |                  | 564,488.37          |                   |
| Margin Money- Rudi B                | 1,286,000.00        |                  | 7,589,602.49        |                   |
| NRB Margin for TT                   | 35,300.00           |                  | 10,400.00           |                   |
| Margin for Performance<br>Guarantee |                     | 80,000.00        |                     | 80,000.00         |
| Margin for Exim Code                | 300,000.00          |                  |                     | 300,000.00        |
| Ajod Insurance-Rudi A               | 21,994.37           |                  | 36,518.65           |                   |
| <b>Total Nrs.</b>                   | <b>1,808,294.37</b> | <b>80,000.00</b> | <b>8,201,009.51</b> | <b>380,000.00</b> |

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## 8 Investment

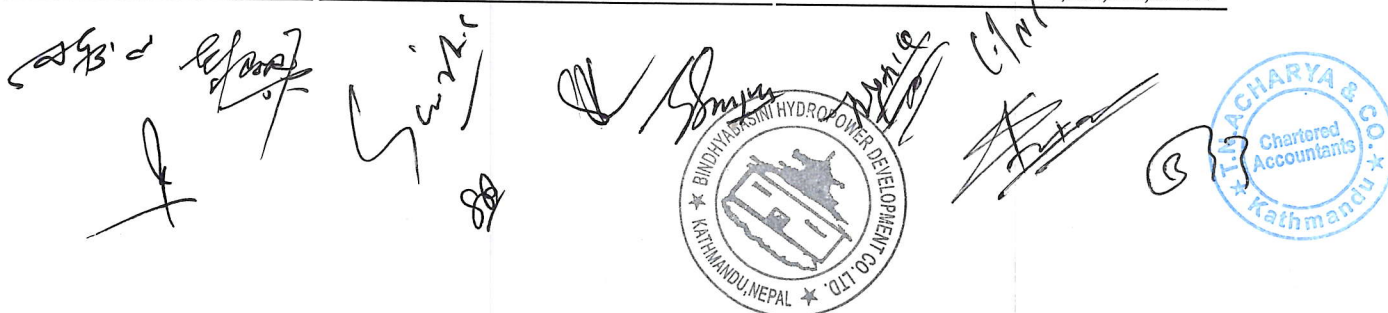
| Particulars  | Ashad 32nd, 2082 |                       | Ashad 31st, 2081 |                       |
|--|------------------|-----------------------|------------------|-----------------------|
|  | No. of Shares    | Amount                | No. of Shares    | Amount                |
| <b>Quoted Investments at fair value through other comprehensive income</b>   |                  |                       |                  |                       |
| Hydroelectricity Investment and Development Co. Ltd.                         | 35,405           | 10,359,857.05         | 35,405           | 5,838,295.00          |
| <b>Unquoted Investments at fair value through other comprehensive income</b> |                  |                       |                  |                       |
| Peoples Energy Limited   | 2,000,000        | 225,918,111           | 2,000,000        | 193,061,272.65        |
| Multi Energy Dev. Pvt. Ltd.  | 355,000          | 37,530,448            | 255,000          | 23,612,174.40         |
| Balephi Energy Pvt. Ltd.   | 275,000          | 30,453,376            | 175,000          | 17,500,000.00         |
| <b>Unquoted Investment at cost</b>   |                  |                       |                  |                       |
| Nepal Power Exchange   | 50,000           | 5,000,000             | 50,000           | 5,000,000.00          |
| RM Power Pvt. Ltd.   | 67,000           | 6,700,000             | 26,000           | 2,600,000.00          |
| <b>Total Shares</b>  | <b>2,782,405</b> |                       | <b>2,541,405</b> |                       |
| <b>Total Nrs.</b>  |                  | <b>315,961,791.27</b> |                  | <b>247,611,742.05</b> |



## 9 Trade Receivable (Current And Non-Current)

| Particulars                          | Ashad 32nd, 2082     |             | Ashad 31st, 2081     |             |
|--------------------------------------|----------------------|-------------|----------------------|-------------|
|                                      | Current              | Non-Current | Current              | Non-Current |
| Nepal Electricity Authority (Rudi A) | 41,162,759.60        |             | 29,939,797.64        |             |
| Nepal Electricity Authority (Rudi B) | 27,858,012.56        |             | 19,629,631.46        |             |
| Interest Receivable                  | 654,200.75           |             |                      |             |
| <b>Total Nrs.</b>                    | <b>69,674,972.91</b> | <b>-</b>    | <b>49,569,429.10</b> | <b>-</b>    |

## 10 Equity Share Capital

| Particulars                                  | Ashad 32nd, 2082  |                         | Ashad 31st, 2081  |                         |
|--|-------------------|-------------------------|-------------------|-------------------------|
|  | No. Of Shares     | Amount                  | No. Of Shares     | Amount                  |
| <b>Authorized Share Capital</b>              | 20,000,000        | 2,000,000,000.00        | 20,000,000        | 2,000,000,000.00        |
| <b>Issued &amp; Subscribed Share Capital</b> | 11,298,000        | 1,129,800,000.00        | 10,500,000        | 1,050,000,000.00        |
| <b>Paid Up Share Capital</b>                 | 11,298,000        | 1,129,800,000.00        | 10,500,000        | 1,050,000,000.00        |
| <b>Total Shares</b>                          | <b>11,298,000</b> |                         | <b>10,500,000</b> |                         |
| <b>Total Nrs.</b>                            |                   | <b>1,129,800,000.00</b> |                   | <b>1,050,000,000.00</b> |



## 11 Other Equity

| Particulars   | Retained Earning      | Other Equity           | Total                 |
|---|-----------------------|------------------------|-----------------------|
| <b>Balance as on 1st Shrawan, 2080</b>              | <b>146,240,982.25</b> | <b>(11,404,943.37)</b> | <b>134,836,038.87</b> |
| Profit/(Loss) for the year                          | 49,449,701.94         |                        | 49,449,701.94         |
| Dividend Paid                                       | (55,263,600.00)       |                        | (55,263,600.00)       |
| Financial Assets measured at Fair value through OCI |                       | (1,067,447.58)         | (1,067,447.58)        |
| <b>Balance as on 31st Ashad, 2081</b>               | <b>140,427,084.19</b> | <b>(12,472,390.95)</b> | <b>127,954,693.24</b> |
| Profit/(Loss) for the year                          | 60,976,709            |                        | 60,976,708.71         |
| Dividend Paid                                       | (84,000,000)          |                        | (84,000,000.00)       |
| Financial Assets measured at Fair value through OCI |                       | 44,250,049             | 44,250,049.22         |
| <b>Balance as on 32nd Ashad, 2082</b>               | <b>117,403,792.90</b> | <b>31,777,658.27</b>   | <b>149,181,451.17</b> |

## 12 Borrowings (Current And Non-Current)

| Particulars                            | Ashad 32nd, 2082      |                         | Ashad 31st, 2081      |                         |
|--|-----------------------|-------------------------|-----------------------|-------------------------|
|  | Current               | Non-Current             | Current               | Non-Current             |
| <b>Bank Loan - Rudi A</b>              |                       |                         |                       |                         |
| Kumari Bank Limited                    | 6,792,500.00          | 82,138,000.00           | 6,792,500.00          | 88,930,500.00           |
| Lumbini Bikash Bank Limited            | 5,041,000.00          | 63,151,868.08           | 5,041,000.00          | 68,192,868.08           |
| NMB Bank Limited                       | 8,084,000.00          | 100,820,879.97          | 8,084,000.00          | 108,810,879.97          |
| Sanima Bank Limited                    | 23,498,000.00         | 292,192,900.00          | 23,498,000.00         | 315,690,900.00          |
| Siddhartha Bank Limited                | 19,984,500.00         | 247,172,994.00          | 19,984,500.00         | 267,157,494.00          |
| Sanima Bank Limited Cash Credit-Rudi A | 22,511,000.00         |                         | 22,511,000.00         |                         |
| <b>Bank Loan - Rudi B</b>              |                       |                         |                       |                         |
| Kumari Bank Limited.                   | 6,061,000.00          | 66,543,399.51           | 5,192,000.00          | 72,604,399.51           |
| Lumbini Bikash Bank Limited.           | 4,959,000.00          | 54,431,914.76           | 4,248,000.00          | 59,390,914.76           |
| NMB Bank Limited.                      | 8,375,200.00          | 92,085,542.99           | 7,174,400.00          | 100,470,183.99          |
| Sanima Bank Limited.                   | 24,552,300.00         | 277,845,539.58          | 21,605,600.00         | 302,397,839.58          |
| Siddhartha Bank Limited.               | 15,152,500.00         | 165,742,124.00          | 12,980,000.00         | 180,894,624.00          |
| Sanima Bank Limited Cash Credit-Rudi B | 19,499,999.98         |                         | 19,499,999.98         |                         |
| <b>Total Nrs.</b>                      | <b>164,510,999.98</b> | <b>1,442,125,162.89</b> | <b>156,610,999.98</b> | <b>1,564,540,603.89</b> |

The loan is secured against registered mortgage and/or registered or unregistered pledge/hypothecation of the entire project (both existing and future). This security covers all project assets including land (both owned and leasehold), buildings, plant and machinery, and all movable and immovable assets situated on the company's land. Additionally, the security extends to all present and future current assets of the project, including any receivables from NEA.

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**13 Other Financial Liabilities (Current And Non-Current)**

| Particulars              | Ashad 32nd, 2082    |                      | Ashad 31st, 2081    |                      |
|--------------------------|---------------------|----------------------|---------------------|----------------------|
|                          | Current             | Non-Current          | Current             | Non-Current          |
| Staff Welfare Fund       |                     | 341,335.42           |                     | 707,609.71           |
| Retention Payable        |                     | -                    |                     | -                    |
| Employee benefit payable | 3,498,980.75        |                      | 2,925,145.74        |                      |
| Site Payable             | 59,947.27           |                      |                     | -                    |
| Other payable            |                     | 15,124,121.95        |                     | 17,330,385.45        |
| Dividend payable         | 1,488,406.58        |                      | 1,491,680.52        |                      |
| <b>Total Nrs.</b>        | <b>5,047,334.60</b> | <b>15,465,457.37</b> | <b>4,416,826.26</b> | <b>18,037,995.16</b> |

**14 Trade Payables (Current And Non-Current)**

| Particulars       | Ashad 32nd, 2082     |             | Ashad 31st, 2081    |             |
|-------------------|----------------------|-------------|---------------------|-------------|
|                   | Current              | Non-Current | Current             | Non-Current |
| Sundry Creditors  | 10,543,115.81        |             | 3,650,301.56        | -           |
| <b>Total Nrs.</b> | <b>10,543,115.81</b> | <b>-</b>    | <b>3,650,301.56</b> | <b>-</b>    |

**15 Provisions (Current And Non-Current)**

| Particulars                | Ashad 32nd, 2082    |             | Ashad 31st, 2081    |             |
|----------------------------|---------------------|-------------|---------------------|-------------|
|                            | Current             | Non-Current | Current             | Non-Current |
| Provision for Income Tax   | 181,920.40          |             | 38,784.09           |             |
| Provision for Staffs Bonus | 1,248,135.29        |             | 1,009,969.10        |             |
| <b>Total Nrs.</b>          | <b>1,430,055.69</b> | <b>-</b>    | <b>1,048,753.19</b> | <b>-</b>    |

**16 Other Liabilities (Current And Non-Current)**

| Particulars       | Ashad 32nd, 2082  |             | Ashad 31st, 2081  |             |
|-------------------|-------------------|-------------|-------------------|-------------|
|                   | Current           | Non-Current | Current           | Non-Current |
| TDS payable       | 545,210.39        |             | 541,435.83        |             |
| <b>Total Nrs.</b> | <b>545,210.39</b> | <b>-</b>    | <b>541,435.83</b> | <b>-</b>    |


  
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**BINDHYABASINI HYDROPOWER DEVELOPMENT CO. LTD.**  
**NEW BANESHWOR, KATHMANDU, NEPAL**  
Notes to the Financial Statements as of Ashad End 2082 (16th July, 2025)

**17 Revenue**

| Particulars                             | 2081-82               | 2080-81               |
|---|-----------------------|-----------------------|
| <b>Rudi A</b>                           |                       |                       |
| Revenue from Sale of Electricity Rudi A | 235,466,145.70        | 219,812,442.39        |
| <b>Rudi B</b>                           |                       |                       |
| Revenue from Sale of Electricity Rudi B | 152,913,273.29        | 145,563,876.68        |
| <b>Total Nrs.</b>                       | <b>388,379,418.99</b> | <b>365,376,319.07</b> |

**18 Cost Of Sales**

| Particulars                | 2081-82             | 2080-81             |
|----------------------------|---------------------|---------------------|
| <b>Rudi A</b>              |                     |                     |
| Installed Capacity Royalty | 880,000.00          | 880,000.00          |
| Revenue Royalty            | 4,709,322.90        | 3,904,447.72        |
| Electricity Expenses       | 19,872.00           | 24,516.00           |
| <b>Rudi B</b>              |                     |                     |
| Installed Capacity Royalty | 660,000.00          | 660,000.00          |
| Revenue Royalty            | 3,072,343.06        | 3,402,108.84        |
| Electricity Expenses       | 37,800.00           | 23,976.00           |
| <b>Total Nrs.</b>          | <b>9,379,337.96</b> | <b>8,895,048.56</b> |

**19 Other Income**

| Particulars                    | 2081-82             | 2080-81           |
|--------------------------------|---------------------|-------------------|
| <b>Rudi A</b>                  |                     |                   |
| Interest on Deposit            | 67,191.65           | 145,503.53        |
| <b>Rudi B</b>                  |                     |                   |
| Insurance Claimed Amount       | 681,200.00          | -                 |
| Interest on Deposit            | 2,592.02            | 9,632.83          |
| Other Income                   | 1,390,111.18        | 159,000.00        |
| Dividend Income                | 180,178.76          | 354,619.27        |
| Interest on Loans and Advances | 769,647.95          |                   |
| <b>Total Nrs.</b>              | <b>3,090,921.56</b> | <b>668,755.63</b> |




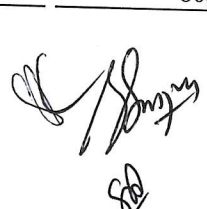


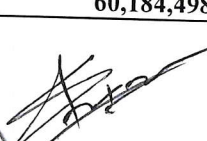
The interest receivables relate to short-term loans provided to Peoples Energy Ltd., Multi Energy Pvt. Ltd., and Green Hydel Pvt. Ltd. A standard interest rate of 9% per annum has been applied to these loans.



**20 Administrative and Other Operating expenses**

| Particulars                    | 2081-82      | 2080-81      |
|--------------------------------|--------------|--------------|
| <b>Rudi A</b>                  |              |              |
| AGM and Board Meeting Expenses | 1,325,291.64 | 775,333.32   |
| Audit Fee                      | 161,428.57   | 161,428.57   |
| Charges and Fees               | 33,017.14    | 217,600.00   |
| Communication Expenses         | 119,301.14   | 94,260.20    |
| Consultancy Expenses           | 9,685.71     | 914,066.29   |
| Consumable Goods               | 429,019.85   | 353,682.27   |
| CSR Expenses                   | 274,543.07   | 1,275,725.71 |



|                                   |                      |                      |
|-----------------------------------|----------------------|----------------------|
| Employee Benefit Expenses         | 14,055,069.51        | 13,714,901.04        |
| Festive Expenses                  | 11,054.29            | -                    |
| Fuel & Transportation Expenses    | 559,598.64           | 611,134.26           |
| Insurance Expenses                | 9,750,568.48         | 9,278,548.82         |
| Kitchen & Guest Expenses          | 157,815.43           | 178,013.14           |
| Listing Charges                   | 804,466.56           | 416,643.43           |
| Medical Expenses                  | 8,679.43             | 13,481.71            |
| Office Rent Expenses              | 704,126.86           | 694,141.71           |
| Vehicle Rent                      | 180,027.14           | -                    |
| Other Operating Expenses          | 77,708.00            | 89,318.28            |
| Printing & Stationery             | 200,754.01           | 74,878.09            |
| Renewal & Other Expenses          | 159,688.57           | 229,221.14           |
| Repair & Maintenance Expenses     | 15,749,448.70        | 4,314,680.79         |
| Site Lodging & Fooding Expenses   | 276,349.71           | 399,578.69           |
| Wages Expense                     | 45,396.81            | 19,105.29            |
| Loss on Sale of DG                | 896,843.12           | -                    |
| <b>Rudi B</b>                     |                      |                      |
| AGM and Board Meeting Expense     | 993,968.73           | 581,499.99           |
| Audit Fee Expense                 | 121,071.43           | 121,071.43           |
| Communication Expenses            | 172,450.79           | 103,811.40           |
| Consultancy Expense               | 7,264.29             | 685,549.71           |
| Consumable Good                   | 370,544.88           | 230,031.13           |
| CSR Expense                       | 2,641,194.81         | 1,828,551.87         |
| Employee Benefit Expense          | 10,430,247.56        | 9,685,120.06         |
| Escalation Charge for Project DPR | -                    | -                    |
| Fees and Charges                  | 24,762.86            | 163,200.00           |
| Festive Expense                   | 50,980.71            | -                    |
| Fuel & Transportation Expense     | 422,998.98           | 483,991.73           |
| Insurance Expense                 | 8,107,171.94         | 6,684,672.51         |
| Kitchen & Guest Expense           | 118,361.57           | 258,559.86           |
| Listing Charge                    | 603,349.92           | 312,482.57           |
| Medical Expense                   | 6,509.57             | 10,111.29            |
| Meeting & Other Expense           | -                    | -                    |
| Office Rent & Other Expenses      | 528,095.14           | 520,606.29           |
| Vehicle Rent                      | 135,020.36           | -                    |
| Operating Expense                 | 74,786.65            | 66,988.71            |
| Printing & Stationery Expense     | 140,395.50           | 56,158.56            |
| Renewal & Other Expense           | 133,516.43           | 174,948.86           |
| Repair & Maintenance Expense      | 6,176,044.95         | 4,064,287.05         |
| Site Lodging & Fooding Expense    | 389,362.29           | 312,784.01           |
| Wages Expense                     | 34,047.61            | 14,328.97            |
| Custom Charge- Rudi B             | 601,453.40           | -                    |
| Irrecoverable Margin W/Off        | 2,083,090.86         | -                    |
| <b>Total Nrs.</b>                 | <b>80,356,573.61</b> | <b>60,184,498.75</b> |



## 21 Finance Cost

| Particulars               | 2081-82               | 2080-81               |
|---------------------------|-----------------------|-----------------------|
| <b>Rudi A</b>             |                       |                       |
| Interest expenses-KBL     | 7,276,671.51          | 7,743,817.50          |
| Interest expenses-LBBL    | 5,576,132.70          | 5,920,428.63          |
| Interest expenses-NMB     | 8,944,823.39          | 9,451,429.27          |
| Interest expenses-SANIMA  | 29,094,841.30         | 29,207,176.52         |
| Interest expenses-SBL     | 21,859,799.58         | 23,218,807.30         |
| <b>Rudi B</b>             |                       |                       |
| Interest expenses- KBL    | 5,932,694.69          | 6,285,665.33          |
| Interest expenses- LBBL   | 4,849,864.56          | 5,141,813.99          |
| Interest expenses- NMB    | 8,219,685.05          | 8,699,180.22          |
| Interest expenses- SANIMA | 24,652,908.22         | 27,724,237.94         |
| Interest expenses- SBL    | 14,782,569.68         | 15,665,469.72         |
| Bank Charge & Commission  | 2,543,554.31          | 2,689,948.31          |
| <b>Total Nrs.</b>         | <b>133,733,544.99</b> | <b>141,747,974.73</b> |

Finance cost include interest expenses, bank charge & commission and loan agency fee.



## Significant Accounting Policies and Notes to Financial Statements

### 1. COMPANY GENERAL INFORMATION

Bindhyabasini Hydropower Development Company Limited (BHDC) was incorporated in 2057/09/03 to develop, operate and maintain 15.4 MW project through the corridor of Rudi Khola comprising two cascade projects of Rudi A (8.8 MW) and Rudi B (6.6 MW). BHDC is focused on developing and implementing affordable renewable energy projects that enhance productivity and improve Nepalese living standards.

Rudi Khola-A Small Hydropower Project (8.8 MW) is located at Mijuredanda VDC of Kaski district. Likewise, Rudi Khola B Small Hydropower project (6.6 MW) which is a run-of-river type of project located just upstream of the panned Rudi-A Small Hydropower Project.

The financial statements for the year ended on 32<sup>nd</sup> Ashad, 2082 (16<sup>th</sup> July, 2025) have been approved by the Board of Directors on 1<sup>st</sup> Poush, 2082. The management acknowledges the responsibility for the preparation and fair presentation of these financial statements in accordance with NFRS.

#### 1.1 BOARD OF DIRECTORS.

The present composition of Board of Director of BHDC is presented below:

| S. N. | Members                    | Designation          |
|-------|----------------------------|----------------------|
| 1     | Mrs. Sita Acharya          | Chairperson          |
| 2     | Mr. Sudeep Acharya         | Director             |
| 3     | Mrs. Dhana Kumari Adhikari | Director             |
| 4     | Prof. Dr. Laxman Poudel    | Director             |
| 5     | Mr. Sujan Baniya           | Director             |
| 6     | Mr. Tam Prasad Gurung      | Director             |
| 7     | Mrs. Indra Devi Gurung     | Director             |
| 8     | Mr. Satish Sharma          | Independent Director |
| 9     | Mr. Sushil Khadka          | Independent Director |
| 10    | Mr. Kushal Sundar Shrestha | Company Secretary    |

### 2. BASIS OF PREPARATION

The financial statements of the company have been prepared in accordance with Nepal Financial Reporting Standards (NFRS), as issued by the Accounting Standards Board of Nepal.

The financial statements have been prepared on historical cost basis.

The financial statements provide comparative information in respect of the previous period. The company presents its statement of financial position broadly in order of liquidity. An analysis regarding recovery or settlement within twelve months after the reporting date (no more than 12 months) and more than 12 months after the reporting date (more than 12 months) is presented in the respective notes.

#### 2.1 Statement of Compliance

The financial statements were prepared on an accrual basis of accounting in accordance with Nepal Financial Reporting Standards (NFRS) as published by the Accounting Standards Board (ASB) Nepal and Issued by Institute of Chartered Accountant of Nepal (ICAN). The financial statements



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have also been prepared in accordance with the relevant presentational requirements of the Companies Act. 2063.

Historical cost convention was used for financial statement recognition and measurement except otherwise required by NFRS. Where, other method(s), other than historical costs, such as fair value has been applied, and these have been disclosed in accordance with the applicable reporting framework.

## 2.2 Functional and Presentation Currency

The financial statements are presented in Nepalese Rupees (NPR) which is the Company's functional currency. All financial information presented in NPR has been rounded to the nearest rupee except where indicated otherwise.

## 2.3 Reporting period and approval of Financial Statements

The accounting policies set out below have been applied consistently to all periods presented in these financial statements. To comply the NFRS provisions following dates have been considered.

| Financial Statement          | Nepalese Calendar  | English Calendar                                       |
|------------------------------|--|--|
| Comparative Reporting Period | 1 <sup>st</sup> Shrawan, 2080 – 31 <sup>st</sup> Ashad, 2081 | 17 <sup>th</sup> July 2023-15 <sup>th</sup> July, 2024 |
| NFRS Reporting Period        | 1 <sup>st</sup> Shrawan, 2081 – 32 <sup>nd</sup> Ashad, 2082 | 16 <sup>th</sup> July 2024-16 <sup>th</sup> July, 2025 |

The Board of Directors is responsible for the preparation and presentation of Financial Statements of the Company as per Nepal Financial Reporting Standards (NFRS).

## 2.4 Use of Estimates, Assumptions and Judgements

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

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

The NFRS requires the Company to make estimates and assumptions that will affect the assets, liabilities, disclosure of contingent assets and liabilities, and profit or loss as reported in the financial statements. The Company applies estimates in preparing and presenting the financial statements and such estimates and underlying assumptions are reviewed periodically. The revision to accounting estimates are recognized in the period in which the estimates are revised.

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

## 2.5 Going Concern

The consolidated financial statements are prepared on a going concern basis, as the Board of the company is satisfied that the Companies has the resources to continue the business for the foreseeable future. In making this assessment, the Board of Directors have considered a wide range of information relating to present and future conditions, including future projections of profitability.



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cash flows and capital resources. Furthermore, Board is not aware of any material uncertainties that may cast significant doubt upon companies ability to continue as a going concern and they do not intend either to liquidate or to cease operations of it.

## 2.6 Changes in Accounting Policies

Accounting policies are the specific principles, bases, conventions, rules and practices applied by the Company in preparing and presenting financial statements. The company, under NFRS, is required to apply accounting policies to most appropriately suit its circumstances and operating environment. Further the company is required to make judgement in respect of items where the choice of specific policy, accounting estimate or assumption to be followed could materially affect the financial statements. This may later be determined that a different choice could have been more appropriate. The company is permitted to change an accounting policy only if the change is required by a standard or interpretation; or results in the financial statements providing reliable and more relevant information about the effects of transactions, other events or conditions on the entity's financial position, financial performance, or cash flows. The Company uses the same accounting policies in its opening NFRS statement of financial position and throughout all periods presented in its first NFRS financial statements. Those accounting policies comply with each NFRS effective at the end of its first NFRS reporting period.

## 2.7 Presentation

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

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

The Statement of Comprehensive Income has been prepared using 'function of expenses' method.

The cash flows from operation within the statement of cash flows have been derived using the indirect method.

## 2.8 Discounting

When the realization of assets and settlement of obligation is for more than one year, the company considers the discounting of such assets and liabilities where the impact is material. Various internal and external factors have been considered for determining the discount rate to be applied to the cash flows of the company.

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

## 2.9 Limitation of NFRS Implementation

Wherever the information is not adequately available, and/or it is impracticable to develop, such exception to NFRS implementation has been noted and disclosed in respective sections.

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### 3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES TO FINANCIAL STATEMENTS

#### 3.1 Current Vs. Non-current Classification

The Company presents assets and liabilities in statement of financial position based on current/non-current classification. 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/non-current classification of assets and liabilities.

The Company classifies an asset as current when it is:

- i. Expected to be realized or intended to be sold or consumed in normal operating cycle
- ii. Held primarily for the purpose of trading
- iii. Expected to be realized within twelve months after the reporting period or
- iv. Cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period.

All other assets are classified as non-current.

The Company classifies a liability as current when:

- i. Expected to be settled in normal operating cycle
- ii. Held primarily for the purpose of trading
- iii. Settled within twelve months after the reporting period or
- iv. No unconditional right to defer the settlement of the liability for at least twelve months after the reporting period.

All other liabilities are classified as non-current.

Deferred tax assets and liabilities are classified as non-current assets and liabilities.

#### 3.2 Property, Plant and Equipment

##### Basis of Recognition

Property, plant and equipment are recognized if it is probable that future economic benefits associated with the asset will flow to the company and cost of the asset can be measured reliably.

##### Basis of Measurement

Property, plant and equipment is initially recorded at cost and subsequently measured at historical cost less accumulated depreciation and accumulated impairment losses, with the exception of land which is not depreciated. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

##### Subsequent Costs

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. All other repairs and maintenance are charged to profit or loss during the financial period in which they are incurred.

##### Repairs and maintenance

Repairs and maintenance are charged to the Statement of Comprehensive Income during the financial period in which they are incurred. The cost of major renovations is included in the

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carrying amount of the assets when it is probable that future economic benefits in excess of the most recently assessed standard of performance of the existing assets will flow to the company and the renovation replaces an identifiable part of the asset. Major renovations are depreciated during the remaining useful life of the related asset.

### Depreciation

Property, Plant & Equipment are depreciated on straight line method based on effective useful life of the assets decided by the management. Depreciation methods, useful lives and residual values are reviewed at each reporting date.

Depreciation is recognized in the statement of profit or loss on straight-line basis over their estimated useful lives of each item of property, plant and equipment, since this most closely reflects the expected pattern of consumption of the future economic benefits embodied in the asset. Accordingly, property, plant and equipment are depreciated from the day the assets are ready to be used as intended by the Management by estimating the life of assets as follows:

|                          |         |
|--------------------------|---------|
| Vehicles                 | 5 Years |
| Furniture and fixtures   | 7 Years |
| Office Equipment         | 7 Years |
| Computer and Accessories | 7 Years |

### Carrying value

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at each reporting date. An asset's carrying amount is written down immediately to its estimated recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount. The residual values of assets that are not insignificant are reassessed annually. Depreciation on revaluation of a class of assets is based on the remaining useful life of the assets at the time of the revaluation.

### De-recognition

An item of Property, Plant and Equipment is de-recognized upon disposal or when no future economic benefits are expected from its use. Gains and losses on disposal of property, plant and equipment are determined by reference to their carrying amount and are included in profit or loss.

When replacement costs are recognized in the carrying amount of an item of Property, Plant and Equipment, the remaining carrying amount of the replaced part is de-recognized. Major inspection costs are capitalized. At each such capitalization the remaining carrying amount of the previous cost of inspections is derecognized.

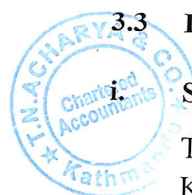
### Borrowing costs

Borrowing costs incurred for the constructions of any qualifying asset are capitalized during the period of time that is required to complete and prepare the asset for its intended use. Other borrowing costs are recognized in the profit or loss in the period in which they occur.

## 3.3 Intangible Assets

### i. Service Concession Arrangement

The Company manages concession arrangements which include power supply from RUDI-A KHOLA and RUDI-B KHOLA Hydropower Projects. The company maintains and services the infrastructure during the concession period. Further, the concession arrangement gives the



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company right to use the hydropower project for generating electricity and earn revenue by selling electricity to NEA and local consumers. The right to consideration gives rise to an intangible asset and accordingly, the intangible asset model is applied.

Revenue from service concession arrangement under the intangible asset model is recognized in accordance with the terms of the power purchase agreement as and when the power is supplied. 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 when the contractual rights to the financial asset expire.

The generation license for the RUDI-A (8.8 MW) and RUDI-B (6.6 MW) hydropower projects were obtained on 12<sup>th</sup> Poush, 2070 and 26<sup>th</sup> Jestha, 2074 respectively from Department of Electricity Development (DOED) for the period of 35 years to construct and operate the hydropower project. Power Purchase Agreement (PPA) between Bindhyabasini Hydropower Development Co. Ltd. and Nepal Electricity Authority were executed on 13<sup>th</sup> Jestha, 2073 and 20<sup>th</sup> Shrawan, 2071 for RUDI-A and RUDI-B respectively. This is service concession arrangement entered into between the Company and NEA, that conferred the right to the company to sell the energy to NEA as per the rate provided by the PPA between the Company and NEA.

## ii. Other Intangible Assets

### Basis of Recognition and Measurement

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 assets acquired separately are measured on initial recognition at cost. Following initial recognition, intangible assets are carried at cost less any accumulated amortization and any accumulated impairment losses. Internally generated intangibles, excluding capitalized development costs, are not capitalized and the related expenditure is reflected in statement of comprehensive income in the year in which the expenditure is incurred.

### Subsequent Expenditure

Subsequent expenditure on intangible assets is capitalized only when it increases the future economic benefits embodied in the specific asset to which it relates. All other expenditure is expensed as incurred.

### Useful Economic Life and Amortization

The useful lives of intangible assets are assessed to be either finite or indefinite.

Amortization is recognized in income statement on straight line method over the estimated useful life of the intangible assets, from the date that it is available for use since this most closely reflects the expected pattern of consumption of the future economic benefits embodied in the asset. The amortization period and the amortization method for an intangible asset with a finite useful life are reviewed at least at the end of each financial year. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset are considered to modify the amortization period or method, as appropriate, and are treated as

CHARYA & CO.  
Chartered Accountants  
Kathmandu

BINDHYABASINI HYDROPOWER DEVELOPMENT CO. LTD.  
KATHMANDU, NEPAL

changes in accounting estimates. The amortization expense on intangible assets with finite lives is recognized in the statement of comprehensive income (other operating and administrative expenses).

#### **De-recognition**

An Intangible Asset is derecognized on disposal or when no future economic benefits are expected from it. The gain or loss, measured as the difference between the net disposal proceeds and the carrying amount of the asset, arising from de-recognition of such Intangible Assets is included in the Statement of comprehensive income come when the item is derecognized.

#### **Impairment of Non-financial assets**

The Company assesses at each reporting date whether there is an indication that an asset may be impaired. If any such indication exists, or when annual impairment testing for an asset is required, the Company estimates the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's or CGU's fair value less costs of disposal and its value in use. The recoverable amount is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or company of assets. Where the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

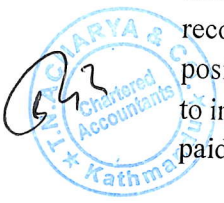
In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining fair value less costs of disposal, recent market transactions are taken into account. If no such transactions can be identified, an appropriate valuation model is used. These calculations are corroborated by valuation multiples, quoted share prices for publicly traded companies or other available fair value indicators.

#### **Impairment losses are recognized in the statement of comprehensive income.**

For assets excluding goodwill, an assessment is made at each reporting date as to whether there is any indication that previously recognized impairment losses may no longer exist or may have decreased. If such indication exists, the Company makes an estimate of the asset's or CGU's recoverable amount. A previously recognized impairment loss is reversed only if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognized. If that is the case, the carrying amount of the asset is increased to its recoverable amount. That increased amount cannot exceed the carrying amount that would have been determined, net of amortization, had no impairment loss been recognized for the asset in prior years. Such reversal is recognized in the statement of comprehensive income.

### **3.4 Taxation**

As per Nepal Accounting Standard- NAS 12 (Income Taxes) tax expense is the aggregate amount included in determination of profit or loss for the period in respect of current and deferred taxation. Income Tax expense is recognized in the Statement of Comprehensive Income, except to the extent it relates to items recognized directly in equity or Other Comprehensive Income in which case it is recognized in equity or in Other Comprehensive Income. The Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to tax authorities.





### Current Income Tax

Current income tax assets and liabilities for the current period are measured at the amount expected to be recovered from or paid to Inland Revenue Department in respect of the current year, using the tax rates and tax laws enacted or substantively enacted on the reporting date and any adjustment to tax payable in respect of prior years.

Current income tax relating to items recognized directly in equity or OCI is recognized in equity or OCI and not in the Statement of Comprehensive Income.

Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions, where appropriate.

### Deferred tax

Deferred tax is provided using the liability method on temporary differences between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes at the reporting date. Deferred tax liabilities are recognized for all taxable temporary differences, except:

- When the deferred tax liability arises from the initial recognition of goodwill or of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss
- In respect of taxable temporary differences associated with investments in subsidiaries, associates and interests in joint arrangements, when the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future

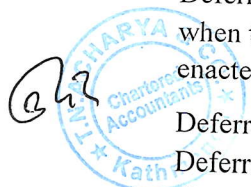
Deferred tax assets are recognized for all deductible temporary differences, the carry forward of unused tax credits and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilized, except:

- Where the deferred tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss
- In respect of deductible temporary differences associated with investments in subsidiaries, associates and interests in joint arrangements deferred tax assets are recognized only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilized.

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilized. Unrecognized deferred tax assets are reassessed at each reporting date and are recognized to the extent that it has become probable that future taxable profit will allow the deferred tax asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the year when the asset is realized or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the reporting date.

Deferred tax relating to items recognized outside profit or loss is recognized outside profit or loss. Deferred tax items are recognized in correlation to the underlying transaction either in OCI or directly in equity.



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Deferred tax assets and deferred tax liabilities are offset, if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

Tax benefits acquired as part of a business combination, but not satisfying the criteria for separate recognition at that date, are recognized subsequently if new information about facts and circumstances change. The adjustment is either treated as a reduction in goodwill (as long as it does not exceed goodwill) if it was incurred during the measurement period or recognized in profit or loss.

The Company's operations are subject to tax holiday as per section 11(3d) of the Income Tax Act, 2058 (as amended by the Finance Act), 100% of the income from the hydropower project for the first 10 years is exempted. Further, 50% income for additional 5 years from the date of commercial operations of the project is exempted if the hydropower project commences commercial operation till 2084 Chaitra. Both Rudi A & Rudi B projects has commenced their operation on 5th Chaitra, 2075 and 5th Falgun, 2076 respectively and no tax has been calculated on the income from electricity sales for either projects.

### 3.5 Inventories:

Inventories are assets:

- held for sale in the ordinary course of business;
- in the process of production for such sale; or
- in the form of materials or supplies to be consumed in the production process or in the rendering of services.

Inventories are valued at the lower of cost and net realizable value. Net realizable value is the estimated selling price in the ordinary course of business less the estimated cost of completion and the estimated cost necessary to make sale.

### 3.6 Financial Instruments:

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

#### A. Recognition

Financial assets are recognized when the Company becomes a party to the contractual provisions of the instrument. On initial recognition, a financial asset is recognized at fair value. In case of financial assets which are recognized at fair value through profit and loss (FVTPL), its transaction cost is recognized in the statement of profit and loss. In other cases, the transaction cost is attributed to the acquisition value of the financial asset. Financial assets are subsequently classified and measured at:

- Amortized cost
- Fair value through profit and loss (FVTPL)
- Fair value through other comprehensive income (FVOCI).

Financial assets are not reclassified subsequent to their recognition, except during the period the Company changes its business model for managing financial assets.



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**B. Classification**

**I. Financial Assets**

The Company classifies the Financial Assets as subsequently measured at amortized cost or fair value on the basis of the Company's business model for managing the Financial Assets and the contractual cash flow characteristics of the Financial Assets.

The Financial Assets are classified under two classes which are detailed as under;

**i. Financial Assets Measured at Amortized Cost**

The Company classifies a Financial Asset measured at amortized cost if both of the following conditions are met:

- 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 financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

**ii. Financial Asset Measured at Fair Value**

Financial assets other than those measured at amortized cost are measured at fair value. Financial assets measured at fair value are further classified into two categories as below:

- **Financial Assets at fair value through profit or loss.**

Financial assets are classified as Fair Value through Profit or Loss (FVTPL) if they are held for trading or are designated at fair value through profit or loss. Upon initial recognition, transaction cost is directly attributable to the acquisition are recognized in profit or loss as incurred. Such assets are subsequently measured at fair value and changes in fair value are recognized in Statement of Comprehensive Income.

- **Financial Assets at fair value through other comprehensive income**

Investment in an equity instrument that is not held for trading and at the initial recognition, the Company makes an irrevocable election that the subsequent changes in fair value of the instrument is to be recognized in other comprehensive income are classified as Financial Assets at Fair Value Through Other Comprehensive Income. Such assets are subsequently measured at fair value and changes in fair value are recognized in other comprehensive income.

**II. Financial Liabilities**

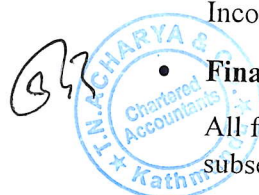
The Company classifies its financial liabilities, other than financial guarantees and loan commitments, as follows:

- **Financial Liabilities at Fair Value through Profit or Loss**

Financial liabilities are classified as fair value through profit or loss if they are held for trading or are designated at fair value through profit or loss. Upon initial recognition, transaction costs are directly attributable to the acquisition are recognized in Statement of Comprehensive Income as incurred. Subsequent changes in fair value is recognized at profit or loss

- **Financial Liabilities measured at amortized cost**

All financial liabilities other than measured at fair value through profit or loss are classified as subsequently measured at amortized cost using effective interest rate method.



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**C. Measurement**

**i. Initial Measurement**

A financial asset or financial liability is measured initially at fair value plus or minus, for an item not at fair value through profit or loss, transaction costs that are directly attributable to its acquisition or issue. Transaction cost in relation to financial assets and liabilities at fair value through profit or loss are recognized in Statement of Comprehensive Income.

**ii. Subsequent Measurement**

A financial asset or financial liability is subsequently measured either at fair value or at amortized cost based on the classification of the financial asset or liability. Financial assets or liability classified and measured at amortized cost is subsequently measured at amortized cost using effective interest rate method.

The amortized cost of a financial asset or financial liability is the amount at which the financial asset or financial liability is measured at initial recognition minus principal repayments, plus or minus the cumulative amortization using the effective interest rate (EIR) method of any difference between that initial amount and the maturity amount, and minus any reduction for impairment or un-collectability.

Financial assets classified at fair value are subsequently measured at fair value. The subsequent changes in fair value of financial assets at fair value through profit or loss are recognized in Statement of Comprehensive Income whereas of financial assets at fair value through other comprehensive income are recognized in other comprehensive income.

**D. Derecognition**

**Derecognition of Financial Assets**

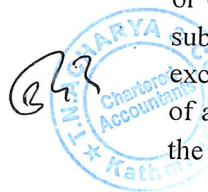
The Company derecognizes a financial asset when the contractual rights to the cash flows from the financial asset expire, or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all the risks and rewards of ownership of the financial asset are transferred or in which the Company neither transfers nor retains substantially all the risks and rewards of ownership and it does not retain control of the financial asset.

On de-recognition of a financial asset, the difference between the carrying amount of the asset (or the carrying amount allocated to the portion of the asset transferred) and the consideration received (including any new asset obtained less any new liability assumed) shall be recognized in profit and loss account.

In transactions in which the Company neither retains nor transfers substantially all the risks and rewards of ownership of a financial asset and it retains control over the asset, the Company continues to recognize the asset to the extent of its continuing involvement, determined by the extent to which it is exposed to changes in the value of the transferred asset.

**Derecognition of Financial Liabilities**

A financial liability is derecognized when the obligation under the liability is discharged or canceled or expired. Where an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability. The difference between the carrying value of the original financial liability and the consideration paid is recognized in Statement of Comprehensive Income.





**E. Offsetting of financial assets and financial liabilities**

The company has not offset any of its financial assets with financial liabilities as at 16<sup>th</sup> July 2025. Financial assets and financial liabilities are offset, and the net amount are reported in the statement of financial position only when there is a legally enforceable right to offset the recognized amounts and there is an intention to settle on a net basis, or to realize the assets and settle the liability simultaneously.

**F. Impairment of Financial Assets**

Loss allowance for expected credit losses is recognised for financial assets measured at amortised cost and fair value through Other Comprehensive Income (FVTOCI). The company recognises impairment loss on trade receivables using expected credit loss model. For financial assets whose credit risk has not significantly increased since initial recognition, loss allowance equal to twelve months expected credit losses is recognised. Loss allowance equal to the lifetime expected credit losses is recognised if the credit risk on the financial instruments has significantly increased since initial recognition.

**Classification of Financial Asset and Financial Liabilities**

**Financial Assets**

As at 32<sup>nd</sup> Ashad, 2082

| Particulars                  | Assets at Fair Value |                | Assets at Amortized Cost | NPR<br>Total   |
|------------------------------|----------------------|----------------|--------------------------|----------------|
|                              | FVTPL                | FVTOCI         |                          |                |
| Investment Measured at FVOCI |                      | 315,961,791.27 |                          | 315,961,791.27 |
| Investment Measured at FVTPL | -                    | -              | -                        | 0.00           |
| Advance & Deposits           |                      |                | 1,888,294.37             | 1,888,294.37   |
| Trade Receivable             | -                    | -              | 69,674,972.91            | 69,674,972.91  |
| Cash & Cash Equivalents      | -                    | -              | 14,588,449.01            | 14,588,449.01  |
| <b>Total</b>                 | -                    | 315,961,791.27 | 86,151,716.29            | 402,113,507.56 |

As at 31<sup>st</sup> Ashad, 2081

| Particulars                         | Assets at Fair Value |                | Assets at Amortized Cost | NPR<br>Total   |
|-------------------------------------|----------------------|----------------|--------------------------|----------------|
|                                     | FVTPL                | FVTOCI         |                          |                |
| Financial Assets Measured at FVTOCI |                      | 247,611,742.05 |                          | 247,611,742.05 |
| Investment Measured at FVTPL        | -                    | -              | -                        | 0.00           |
| Advance & Deposits                  |                      |                | 8,581,009.51             | 8,581,009.51   |
| Trade Receivable                    | -                    | -              | 49,569,429.10            | 49,569,429.10  |
| Cash & Cash Equivalents             | -                    | -              | 19,227,442.97            | 19,227,442.97  |
| <b>Total</b>                        | -                    | 247,611,742.05 | 77,377,881.58            | 324,989,623.63 |

**Financial Liabilities**

As at 32<sup>nd</sup> Ashad, 2082

| Particulars                 | Assets at Fair Value | Assets at Amortized Cost | NPR<br>Total     |
|-----------------------------|----------------------|--------------------------|------------------|
|                             | FVTPL                |                          |                  |
| Long Term Borrowing         | -                    | 1,442,125,162.89         | 1,442,125,162.89 |
| Short Term Borrowings       | -                    | 164,510,999.98           | 164,510,999.98   |
| Other Financial Liabilities | -                    | 20,512,791.97            | 20,512,791.97    |
| Trade Payable               |                      | 10,543,115.81            | 10,543,115.81    |
| <b>Total</b>                |                      | 1,637,692,070.65         | 1,637,692,070.65 |

CHARTERED ACCOUNTANTS  
HARYA & CO.

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As at 31<sup>st</sup> Ashad, 2081

| Particulars                 | Assets at Fair Value | Assets at Amortized Cost | NPR                     |
|-----------------------------|----------------------|--------------------------|-------------------------|
|                             | FVTPL                |                          | Total                   |
| Long Term Borrowing         | -                    | 1,564,540,603.89         | 1,564,540,603.89        |
| Short Term Borrowings       | -                    | 156,610,999.98           | 156,610,999.98          |
| Other Financial Liabilities | -                    | 22,454,821.42            | 22,454,821.42           |
| Trade Payable               |                      | 3,650,301.56             | 3,650,301.56            |
| <b>Total</b>                |                      | <b>1,747,256,726.85</b>  | <b>1,747,256,726.85</b> |

### 3.7 Cash and Cash Equivalents

Cash and cash equivalents in the Statement of Financial Position comprise cash at banks and on hand and short-term deposits with a maturity of three months or less, which are subject to an insignificant risk of changes in value.

### 3.8 Ordinary Share Capital:

The Company has issued ordinary shares that are classified as equity instruments. Shares are classified as equity when there is no obligation to transfer cash or other assets. Equity is defined as residual interest in total assets of the Company after deducting all its liabilities. Common shares are classified as equity of the Company and distributions thereon are presented in statement of changes in equity.

### 3.9 Employee Benefits

#### a. Short Term Employee Benefits

Short term employee benefit obligations are measured on an undiscounted basis and are expensed as the related service is provided.

A liability is recognized for the amount expected to be paid under short term cash bonus or profit sharing plans, required by the Electricity Regulation, 2050, if the Company has present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.

Short-term employee benefits include all the following items (if payable within 12 months after the end of the reporting period):

- wages, salaries and social security contributions,
- paid annual leave and paid sick leave,
- profit-sharing and bonuses and
- non-monetary benefits

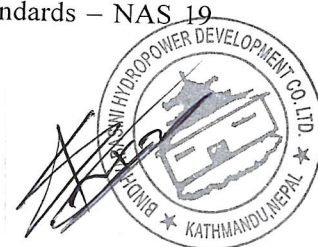
Post-employment benefit plan includes the followings:

#### i. Defined Contribution Plan

Defined contribution plan is a post-employment benefit plan under which the Company pays fixed contributions into a separate entity and has no legal or constructive obligation to pay further amounts if the fund does not hold sufficient assets to pay all employee benefits relating to employee services in the current and prior periods, as defined in Nepal Accounting Standards – NAS 19 (Employee Benefits).



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The obligations for contributions payable by the employer to defined contribution plans are recognized as personnel expenses in profit or loss in the periods during which related services are rendered.

ii. **Defined Benefit plan**

A defined benefit plan is a post-employment benefit plan other than a defined contribution plan. The liabilities recognized in the financial statement in respect of defined benefit plan in the present value of the defined benefit obligation as at the reporting date as per Nepal Accounting Standards – NAS 19 (Employee Benefits). Company has not provided any defined benefit plan for F. Y. 2081.082.

a) **Termination Benefits**

Termination benefits are recognised as an expense when the Company is demonstrably committed, without realistic possibility of withdrawal, to a formal detailed plan to either terminate employment before the normal retirement date, or to provide termination benefits as a result of an offer made to encourage voluntary redundancy. Termination benefits for voluntary redundancies are recognised as an expense if the Company has made an offer of voluntary redundancy, it is probable that the offer will be accepted, and the number of acceptances can be estimated reliably. If benefits are payable more than 12 months after the reporting date, then they are discounted to their present value.

**3.10 Provisions:**

Provisions are recognized when the Company have a present obligation (legal or constructive) as a result of a past event, and 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. Where the Company expects some or all of a provision to be reimbursed, the reimbursement is recognized as a separate asset, but only when the reimbursement is virtually certain. The expense relating to a provision is presented in the statement of comprehensive income net of any reimbursement. If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects, where appropriate, the risks specific to the liability. Where discounting is used, the increase in the provision due to the passage of time is recognized as a finance cost.

A disclosure for contingent liability is made when there is a possible obligation or a present obligation that may but probably will not require an outflow of resources. When there is a possible obligation or a present obligation in respect of which the likelihood of outflow of resources is remote, no provision or disclosure is made.

The company has provided a corporate guarantee of Rs. 6,484,000,000 in favor of Peoples Energy Limited against the bank loan, facilities, and related obligations with the consortium banks.

Provisions are reviewed at each reporting date and adjusted to reflect the current best estimate. If it is no longer probable that an outflow of resources would be required to settle the obligation, the provision is reversed. Contingent assets are not recognized in the financial statements. However, contingent assets are assessed continually and if it is virtually certain that an inflow of economic benefits will arise, the asset and related income are recognized in the period in which the change occurs.



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*[Signature]*

*[Signature]*





### 3.11 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 on 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 elects to apply the recognition exemption under IFRS 16. The total rentals payable under the lease are charged to the profit or loss statement over the lease term.

### 3.12 Foreign Currency Translation

The Company's financial statements are presented in Nepalese Rupee (NPR), which is also the company's functional currency.

Foreign currency transactions are translated into the functional currency using exchange rates at the date of the transaction. Foreign exchange gains and losses from settlement of these transactions are recognized in the Statement of Profit and Loss. Non-monetary items in a foreign currency that are measured in terms of historical cost are translated using the exchange rates as at the dates of the initial transactions. Non-monetary items in foreign currency measured at fair value are translated using the exchange rates at the date when the fair value was determined.

Foreign exchange differences arising on the settlement or reporting of monetary items at rates different from those which were initially recorded are dealt with in the Statement of Profit or Loss.

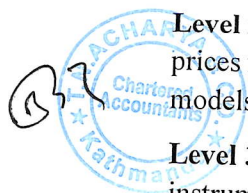
### 3.13 Valuation Hierarchy

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

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

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

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



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### Valuation Hierarchy of Financial Assets

As at 32<sup>nd</sup> Ashad, 2082

| Particulars                         | NPR                  |          |                       |
|-------------------------------------|----------------------|----------|-----------------------|
|                                     | Level 1              | Level 2  | Level 3               |
| Financial Assets Measured at FVTOCI | -                    | -        | 315,961,791.27        |
| Investment Measured at FVTPL        | -                    | -        |                       |
| Advance and Deposits                |                      |          | 1,888,294.37          |
| Trade Receivable                    | -                    | -        | 69,674,972.91         |
| Cash & Cash Equivalents             | 14,588,449.01        | -        | -                     |
| <b>Total</b>                        | <b>14,588,449.01</b> | <b>-</b> | <b>387,525,058.55</b> |

As at 31<sup>st</sup> Ashad, 2081

| Particulars                         | NPR                  |             |                       |
|-------------------------------------|----------------------|-------------|-----------------------|
|                                     | Level 1              | Level 2     | Level 3               |
| Financial Assets Measured at FVTOCI | -                    | -           | 247,611,742.05        |
| Investment Measured at FVTPL        | -                    | -           |                       |
| Advance and Deposits                |                      |             | 8,581,009.51          |
| Trade Receivable                    |                      |             | 49,569,429.10         |
| Cash & Cash Equivalents             | 19,227,442.97        | -           | -                     |
| <b>Total</b>                        | <b>19,227,442.97</b> | <b>0.00</b> | <b>305,762,180.66</b> |

### Valuation Hierarchy of Financial Liabilities

As at 32<sup>nd</sup> Ashad, 2082

| Particulars                 | NPR      |          |                      |
|-----------------------------|----------|----------|----------------------|
|                             | Level 1  | Level 2  | Level 3              |
| Long Term Borrowing         | -        | -        | 1,442,125,163        |
| Short Term Borrowings       | -        | -        | 164,511,000          |
| Other Financial Liabilities | -        | -        | 20,512,792           |
| Trade Payables              |          |          | 10,543,115.81        |
| <b>Total</b>                | <b>-</b> | <b>-</b> | <b>1,637,692,071</b> |

As at 31<sup>st</sup> Ashad, 2081

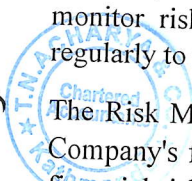
| Particulars                 | NPR      |          |                      |
|-----------------------------|----------|----------|----------------------|
|                             | Level 1  | Level 2  | Level 3              |
| Long Term Borrowing         | -        | -        | 1,564,540,604        |
| Short Term Borrowings       | -        | -        | 156,611,000          |
| Other Financial Liabilities | -        | -        | 22,454,821           |
| Trade Payables              | -        | -        | 3,650,301.56         |
| <b>Total</b>                | <b>-</b> | <b>-</b> | <b>1,747,256,727</b> |

### 3.14 Financial Risk Management Objectives

The Company's business activities expose it to a variety of financial risks, namely primarily to fluctuations in interest rates, equity prices, liquidity, and credit risk and foreign currency exchange rates, which may adversely impact the fair value of its financial instruments. The Company's Board and senior management has overall responsibility for the establishment and oversight of the Company's risk management. The Company's risk management policies are established to identify and analyze the risks faced by the Company, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Company's activities.

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

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

**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 receivables:** The company's business is predominantly through sales of power. The company has PPA agreement with Nepal Electricity Authority (NEA). NEA is a government body due to which the risk of credit default is significantly low. As of Ashadh 32, 2082 payment is due from NEA for the energy sold in the last two months

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

**Liquidity Risk:** 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 reputation.

**Interest Rate Risk:** Interest rate risk is the risk that the fair value or future cash flow of a financial instrument will fluctuate because of changes in market interest rates. The Company's exposure to the risk of changes in market interest rates relates primarily to the Company's long-term and short-term debt obligations. As the interest rate of the term loan is locked at 7.90% per annum as on 1<sup>st</sup> Falgun, 2077 for ten years, interest rate risk is minimized significantly for the current fiscal year.

**Currency Risk:** The Company has no foreign currency payables / receivables at the year end, hence there is not significant currency risk.

**3.15 Revenue Recognition:**

Revenue is recognized when a performance obligation is satisfied by transferring control of a promised good or service to a customer. The amount of revenue recognized reflects the consideration to which the entity expects to be entitled in exchange for those goods or services.

The following specific recognition criteria must also be met before revenue is recognized.

**i) Sale of Electricity**

Revenue from the sale of electricity is recognized **over time**. The performance obligation is satisfied over time because the customer (NEA) simultaneously receives and consumes the benefits of the entity's performance.

- Revenue is measured based on the energy delivered, as recorded by the **meter readings**, which represent the **measure of progress** towards satisfying the performance obligation.
- The rates used are those prescribed in the Power Purchase Agreement (PPA).

**3.16 Expenditure**

Expenses incurred exclusively for administrative purposes are recognized under the Administrative Expenses account. And the expenses that are incurred exclusively for the operation of project are recognized as the Cost of Sales.



## 22. Related Party Transactions

Disclosure has been made in respect of transactions between related parties, being those where one party has the ability to control, jointly control, or exercise significant influence over the financial and operating decisions of the other, irrespective of whether a price is charged.

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

- The member of board of directors;
- The key management personnel of the entity;
- The subsidiary of the entity and its board of directors and key management personnel;
- The close member of the family of any individual referred to in (a) or (c)
- An entity controlled or jointly controlled by a person in (a) or (b)

### Key Management Personnel

The details of transactions conducted with key management personnel during the fiscal year, along with the outstanding balances as of 32<sup>nd</sup> Ashad, 2082, are presented below:

| Name                   | Designation                  | Transaction During the F.Y. |                             |                       |                    | Outstanding Balance |             |
|------------------------|------------------------------|-----------------------------|-----------------------------|-----------------------|--------------------|---------------------|-------------|
|                        |                              | Short Term Loan             | Interest on Short Term Loan | Salary and Allowances | Meeting Allowances | Opening             | Closing     |
| Sita Acharya           | Chairman                     |                             |                             | 2,316,581.00          | 80,000.00          | 190,254.00          | 203,000.00  |
| Sudeep Acharya         | Director                     |                             |                             |                       | 55,000.00          | -                   | 46,750.00   |
| Dhan Kumari Adhikari   | Director                     |                             |                             |                       | 50,000.00          | -                   | 42,500.00   |
| Dr. Laxman Poudel      | Director                     |                             |                             |                       | 60,000.00          | (55,500.00)         | (59,750.00) |
| Tam Prasad Gurung      | Director                     |                             |                             |                       | 80,000.00          | 55,250.00           | 68,000.00   |
| Indra Devi Gurung      | Director                     |                             |                             |                       | 45,000.00          | 44,950.00           | 38,250.00   |
| Sujan Baniya           | Director                     |                             |                             |                       | 50,000.00          | 55,250.00           | 42,500.00   |
| Satish Sharma          | Independent Director         |                             |                             |                       | 40,000.00          | -                   | 34,000.00   |
| Sushil Khadka          | Independent Director         |                             |                             |                       | 40,000.00          | -                   | 34,000.00   |
| Kushal Sundar Shrestha | Company Secretary            |                             |                             | 2,461,091.00          | 65,000.00          | 120,269.00          | 175,370.00  |
| Krishna Prasad Acharya | Management/Account Committee |                             |                             |                       | 145,000.00         | 106,250.00          | 123,250.00  |
| Bharat Bahadur Pandey  | Management/Account Committee |                             |                             | 400,473.00            | 95,000.00          | 122,752.00          | 105,752.00  |





Bindhyabasini Hydropower Development Co. Ltd.  
For the Year Ended 32<sup>nd</sup> Ashad, 2082

| Name                      | Designation                            | Transaction During the F.Y. |                             |                       |                     | Outstanding Balance |                     |
|---------------------------|--|-----------------------------|-----------------------------|-----------------------|---------------------|---------------------|---------------------|
|                           |  | Short Term Loan             | Interest on Short Term Loan | Salary and Allowances | Meeting Allowances  | Opening             | Closing             |
| Janardan Aryal            | Management/Account Committee           |                             |                             |                       | 110,000.00          | 168,783.00          | 93,500.00           |
| Dil Sundar Shrestha       | Former Director/ Management/ Committee |                             |                             |                       | 105,000.00          | 106,250.00          | 89,250.00           |
| Bishnu Hari Sharma Subedi | Former Director                        |                             |                             |                       | 35,000.00           | 51,000.00           | 29,750.00           |
| Sandeep Acharya           | Former Director                        |                             |                             |                       | 30,000.00           | 38,250.00           | 25,500.00           |
| Hari Prasad Sharma Kafle  | Invited Share Holder                   |                             |                             |                       | 10,000.00           | 29,750.00           | 8,500.00            |
| Peoples Energy Ltd.       | Jointly Controlled by Key Management   | 316,250,000.00              | 362,798.63                  |                       |                     |                     |                     |
| Multi Energy Pvt. Ltd.    | Person                                 | 35,000,000.00               | 261,369.86                  |                       |                     | -                   | 308,378.84          |
| <b>Total Nrs.</b>         |  | <b>351,250,000.00</b>       | <b>624,168.49</b>           | <b>5,178,145.00</b>   | <b>1,095,000.00</b> | <b>1,033,508.00</b> | <b>1,630,665.22</b> |

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## 23. Operating Segment

NFRS 8 defines operating segments as:

- An operating segment is the component of an entity that engages in business activities from which it may earn revenues and incur expenses (including revenues and expenses relating to transactions with other components of the same entity) and,
- whose operating results are reviewed regularly by the entity's chief operating decision maker to make decisions about resources to be allocated to the segment and assess its performance and for which discrete financial information is available.

## 24. Events after reporting period

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

No adjusting events have occurred after the reporting period which require adjustments to the amounts recognized in the financial statements.

## 25. Reclassification

The following specific reclassifications were carried out for the period ended 31<sup>st</sup> Ashad, 2081,

- An amount of NPR 200,000 for investment in advance share previously presented under the line item 'Investment' has been reclassified to 'Other current Asset'.
- An amount of NPR 1,491,680.52 for dividend payable previously included within the line item 'Other Liabilities' has been reclassified to 'Other Financial Liabilities'.

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