

D.N.Shah & Associates

COP No. 164
PAN No. 301330714

Chartered Accountants
Nayabaneswar, Kathmandu, Nepal.
01-5453879, 5185018

Membership No. 200
The Institute of Chartered
Accountants of Nepal.
Date: - 2079/08/12

Independent Auditor's Report to the Shareholder of M/S SAYAPATRI HYDROPOWER LTD. On the Financial Statements.

We have audited the accompanying financial statements of **M/s Sayapatri Hydropower Ltd., Kathmandu, Nepal**, which comprise the Statement of Financial Position as at Ashadh 32, 2079, (July 16, 2022), Statement of Profit and Loss Account, the Statement of Change in Equity and the Statement of Cash Flows for the year then ended on that date, and a summary of the significant accounting policies and other explanatory information.

In our opinion and to the best of our information and according to the explanations given to us, the accompanying financial statements presents fairly, in all material respects, the financial position of the Company, as at Ashadh 32, 2079 (July 16, 2022), and its financial performance, changes in equity, cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information, in accordance with Nepal Accounting Standards and comply with Company Act, 2063, and other prevailing laws.

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 Handbook of The Code of Ethics for Professional Accountants issued by The Institute of Chartered Accountants of Nepal (ICAN), and we have fulfilled our other ethical responsibilities in accordance with the ICAN's Handbook of The 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 on the financial statements.

Key Audit Matters

Key Audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

We have determined that there are no key audit matters to communicate in our report.

Information Other than the Financial Statements and Auditor's Report Thereon

The Company's Management is responsible for the preparation of the other information. The other information comprises the information included in the Management report, Report of the Board of Directors and Chairman's statement but does not include the financial statements and our auditor's report thereon.

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

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

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

Responsibility of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial Statements in accordance with NFRSs, and for such internal control as management determines is necessary to enable the preparation of the financial statements that are free from material misstatement, whether due to fraud and error.

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

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



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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 controls relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, Structure and content of the financial statements, including the disclosures, and whether the financial statements represents the underlying transactions and events in a manner that achieves fair presentation.

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

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

Report on Other Legal and Regulatory Requirements

Based on our examination, we would like to further report that:

- i. We have obtained all the information and explanations, which were considered necessary for the purpose for our audit.
- ii. The Company has kept proper books of accounts as required by law, in so far as it appears from our examination of those books of account.
- iii. The Statement of Financial Position, Statement of Profit and Loss Account, the Statement of Change in Equity and the Statement of Cash Flows and attached Notes dealt with by this report are in agreement with the books of account maintained by the Company.
- iv. During our examination of the books of account of the Company, we have not come across the cases where the Board of Directors or any member thereof or any representative or any office holder or any employee of the Company has acted contrary to the provisions of law or caused loss or damage to the Company and
- v. We have not come across any fraudulence in the accounts, based on our sample examination of the books.

Date: - 2079.08.12

Place: - Kathmandu

UDIN No. 221130CA00200pkeYs



A handwritten signature in dark ink, appearing to read "Dip Narayan Shah".

(Dip Narayan Shah, FCA)
For: D.N. Shah & Associates
Chartered Accountants

Sayapatri Hydropower Limited

Kathmandu, Nepal

Project-Daram Khola A Hydro Project, Baglung

Statement of Financial Position

As at 32nd Ashadh 2079 (16th July 2022)

Figures in NPR

		Figures in NPR	
		Amount	
	Note	Current Year 2078/2079	Previous year 2077/2078
ASSETS			
Non-Current Assets			
Property, plant and equipment	7	524,264,578.88	541,517,006.45
Intangible assets	8	-	-
Investments	9	-	-
Deferred tax assets	10	-	-
Total Non-Current Assets		524,264,578.88	541,517,006.45
Current assets			
Investments	9	-	-
Inventories	11	9,068,850.39	8,292,500.00
Trade & Other receivables	12	16,026,664.40	7,998,075.74
Income tax receivables	13	-	-
Advance,Pre-payment & other Receivable	14	16,540,208.29	16,224,335.64
Cash and cash equivalents	15	2,422,224.52	289,021.01
Total current assets		44,057,947.60	32,803,932.39
Total assets		568,322,526.48	574,320,938.84
EQUITY AND LIABILITIES			
Equity			
Share capital	16	210,000,000.00	210,000,000.00
Revaluation Reserve	17	24,296,474.00	24,296,474.00
Retained earnings	17	(58,618,207.14)	(73,579,253.66)
Total Equity		175,678,266.86	160,717,220.34
Liabilities			
Non-Current Liabilities			
Loans and borrowings	18	320,916,400.96	337,686,400.96
Provision for Employee Benefits	19	1,325,500.00	1,325,500.00
Deferred Tax Liabilities	10	-	-
Total Non-Current Liabilities		322,241,900.96	339,011,900.96
Current Liabilities			
Loans and borrowings	18	48,224,830.04	45,726,017.51
Trade and other payables	20	22,177,528.62	28,865,800.03
Income Tax Payables	13	-	-
Total Current Liabilities		70,402,358.66	74,591,817.54
Total Liabilities		392,644,259.62	413,603,718.50
Total Equity and Liabilities		568,322,526.48	574,320,938.84

The accompanying notes(1-29) are integral part of these Financial Statements.



Krishna Chalise
Account Officer

Kedar K.C.
Chief Executive Officer

Gopal Prasad Niure
Director

Bikash Kumar Shrestha
Director

Sapila Rajbhandari
Director

Pawan Dhakal
Director

Nar Bahadur Thapa
Director

Dr. Badri K.C.
Chairman

Biraj Gautam
Independent Director

Dip Narayan Shah, FCA
For, D.N. Shah & Associates
Chartered Accountants



Sayapatri Hydropower Limited

Kathmandu, Nepal

Project-Daram Khola A Hydro Project, Baglung

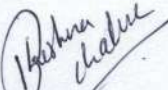
Statement of Profit or Loss


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


Figures in NPR

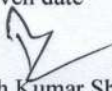
	Note	Amount	
		Current Year 2078/2079	Previous year 2077/2078
Revenue from operations	21	66,477,386.17	55,392,305.78
Direct Overheads	22	9,433,177.06	4,268,131.90
Gross Profit		57,044,209.11	51,124,173.88
Other Incomes	23	14,423,576.90	10,373,888.08
Administrative Expenses	24	2,798,458.99	1,604,586.94
Employee's Benefits	25	4,717,333.30	5,405,503.66
Other Expenses	23	-	-
Depreciation charges	26	17,343,719.46	17,353,396.23
Profit from Operations		46,608,274.26	37,134,575.13
Finance Costs	27	31,647,227.74	26,964,407.32
Finance Income	28	-	-
Profit/(Loss) Before Tax		14,961,046.52	10,170,167.81
Income Tax Expenses	29	-	-
Net Profit/(Loss) for the year		14,961,046.52	10,170,167.81
Profit/(Loss) transferred to Statement of Financial Position		14,961,046.52	10,170,167.81
No. of Shares Outstanding as on Date of Statement of Financial Position		2,100,000.00	2,100,000.00
Earning Per Share (Rs/Share)		7.12	4.84
Diluted Earning Per Share (Rs/Share)		7.12	4.84

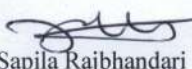
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Chief Executive Officer


Gopal Prasad Niure
Director



Bikash Kumar Shrestha
Director

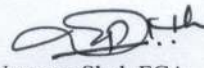

Sapila Rajbhandari
Director


Pawan Dhakal
Director


Nar Bahadur Thapa
Director


Dr. Badri K.C.
Chairman


Biraj Gautam
Independent Director


Dip Narayan Shah, FCA
For, D.N. Shah & Associates
Chartered Accountants



Sayapatri Hydropower Limited

Kathmandu, Nepal


Project-Daram Khola A Hydro Project, Baglung

Statement of Comprehensive Income

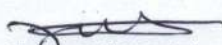
For the year ended 32nd Ashadh 2079 (16th July 2022)


Figures in NPR

	Amount	
	Current Period 2078/2079	Previous year 2077/2078
Net Profit for the year as per Profit of Loss Statement	14,961,046.52	10,170,167.81
Other comprehensive Income		
Items of OCI that will not subsequently be reclassified to SoPL		
Adjustment on Revaluation Gain/Loss on Property, Plant and Equipment	-	24,296,474.00
Actuarial Gain/(Loss) on defined Employment benefit	-	-
Total Comprehensive gain/(loss) for the year, net of tax	14,961,046.52	34,466,641.81



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
As per our report of even date



Gopal Prasad Niure
Director


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Sayapatri Hydropower Limited

Kathmandu, Nepal
Project-Daram Khola A Hydro Project, Baglung


Statement of Cash Flows


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


Figures in NPR

Particulars	Amount	
	Current Year 2078/2079	Previous year 2077/2078
CASH FLOWS FROM OPERATING ACTIVITIES		
Net Profit for the year	14,961,046.52	10,170,167.81
Adjustment for:		
Items of OCI that will not subsequently be reclassified to SoPL	-	24,296,474.00
Depreciation/Impairment on Property, Plant and Equipment	17,343,719.46	17,353,396.23
Interest Income	-	-
Interest Expense	31,647,227.74	26,964,407.32
Loss/(gain) on subsequent measurement of investments	-	-
Income Tax expense charged to statement of income	-	-
Working Capital Adjustments		
Decrease/(Increase) in trader receivables	(8,028,588.66)	1,614,729.63
Decrease/(Increase) in Advance, Prepayment & other receivables	(315,872.65)	(595,400.26)
Decrease/(Increase) in Inventories	(776,350.39)	(8,292,500.00)
Increase/(Decrease) in trade and other payables	(6,688,271.41)	(4,217,714.73)
Increase/(Decrease) in provisions for Gratuity	-	1,065,333.33
Increase/(Decrease) in other liabilities	-	-
Cash Generated from Operations	48,142,910.61	68,358,893.33
Interest paid	(31,647,227.74)	(26,964,407.32)
Income tax paid	-	-
NET CASH FLOWS FROM OPERATING ACTIVITIES (A)	16,495,682.87	41,394,486.01
CASH FLOW FROM INVESTING ACTIVITIES		
Proceeds from sale of PPE, Investments/Financial Assets	-	-
Interest/Dividend received	-	-
Acquisition/devaluation of Property, Plant and Equipment	(91,291.90)	(24,362,173.85)
NET CASH FLOWS FROM INVESTING ACTIVITIES (B)	(91,291.90)	(24,362,173.85)
CASH FLOW FROM FINANCING ACTIVITIES		
Proceeds from the issue of Equity and Preference Share	-	-
Proceeds from Long term borrowings	(16,770,000.00)	(25,949,367.48)
Repayment of other Short-term Borrowings	2,498,812.53	8,496,946.42
Dividend Paid	-	-
NET CASH FLOW FROM FINANCING ACTIVITIES (C)	(14,271,187.47)	(17,452,421.06)
Net Increase in Cash and Cash Equivalents	2,133,203.51	(420,108.61)
Cash and Cash Equivalents at the beginning	289,021.01	709,129.62
Exchange gains/(losses) in cash and cash equivalents		
Cash and Cash Equivalents at the end	2,422,224.52	289,021.01



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Pawan Dhakal
Director


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Sayapatri Hydropower Limited

Kathmandu, Nepal

Project-Daram Khola A Hydro Project, Baglung

Statement of Changes in Equity

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

Figures in NPR

	Share capital	Share premium	Other reserves	Retained earnings	Revaluation Reserve	Total
Balance at 1st Shrawan 2078	210,000,000.00	-	-	(73,579,253.66)	24,296,474.00	160,717,220.34
Profit for the year	-	-	-	14,961,046.52	-	14,961,046.52
Other comprehensive income	-	-	-	-	-	-
Total comprehensive income	-	-	-	14,961,046.52	-	14,961,046.52
Dividends to shareholders	-	-	-	-	-	-
Balance at 32nd Ashadh 2079	210,000,000.00	-	-	(58,618,207.14)	24,296,474.00	175,678,266.86

As per our report of even date

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Sayapatri Hydropower Limited

1. General Information of Reporting Entity

Sayapatri Hydropower Limited is a public Limited Company incorporated as Public Limited Company on 2073.12.08 with registration number 166013 and Income Tax Registration PAN number 302668986 as per prevalent Acts of Nepal, with the objective to develop and invest in Hydropower Projects. The Company was initially registered under Pvt.Ltd. on 2064.04.14 with Registration number 471367 and converted on Public Limited Company on 2073.12.08. The Company has developed and is currently operating 2.5 MW Daramkhola Hydropower Project in Baglung district .The Project is located in Baglung . It's registered Office is located at Kathmandu Metro Politancity-8,Chabhil,Kathmandu.

The core business of Company includes:

- Generation of Hydro electricity
- Distribution of Hydro electricity
- Project development

2. Basis of Preparation and Measurement

2.1. Basis of Preparation

The Financial statements of the Company have been prepared on accrual basis of accounting with Cash Flow information which is prepared using indirect method.

The Financial Statement comprises the Statement of Financial Position, Statement of Profit & Loss and Other Comprehensive Income shown in a separate Statement, Statement of Changes in Equity, Cash Flow Statement and Significant Accounting Policies and Notes to Financial Accounts. The significant accounting policies applied in the preparation of financial statements are set out below in point number 3. These policies are consistently applied to all the years presented, except for the changes in accounting policies disclosed specifically.

2.2. Statement of Compliance

The Financial Statement has been prepared in accordance with Nepal Financial Reporting Standards (NFRS) as issued by the The Institute of Chartered Accountants of Nepal.

NFRSs conform, in all material respect, to International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB).

The Financial Statements have also been prepared in accordance with the relevant presentational requirements of the Company Act, 2063 of Nepal.

2.3. Reporting Period and approval of Financial Statements

The company follows the Nepalese Financial Year based on the Nepalese Calendar. The company has prepared the Financial Statements that comply with NFRS applicable for the period ending on or before 2079/03/32, together with the comparative period data as at and for the period ending 2078/03/31, as described in its accounting policies.

The accompanied Financial Statements have been approved by the Board of Directors on its board meeting held on Mangsir 10, 2079 (November 26, 2022) and have been recommended for approval by shareholders in the 2078/2079 Annual General Meeting.

2.4. Functional and Presentation Currency

Functional Currency is the currency of primary economic environment in which the Company operates. If indicators of the primary economic environment are mixed, then



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Sayapatri Hydropower Limited

Significant Accounting Policies and Notes to Accounts for Year ended 32nd Ashadh, 2079

management uses its judgement to determine the Functional Currency that most faithfully represents the economic effect of the underlying transactions, events and conditions. Financial Statements are denominated in Nepalese Rupees, which is the Functional and Presentation Currency of the company.

2.5. Critical Accounting Estimates and Judgments:

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

Useful Life and Residual Value of Property, Plant and Equipment

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

Impairment of Property Plant and Equipment

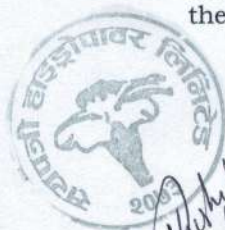
At the end of each reporting period, the Company reviews the carrying amounts of its property, plant and equipment to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order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

Contingencies

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

Fair Value Measurements

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



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Defined Benefit Plans

The cost of defined benefit plan and other post-employment benefits and the present value of such obligations are determined using actuarial valuations. An actuarial valuation involves making various assumptions that may differ from actual development in the future. These include the determination of the discount rate, future salary escalations and mortality rates etc. Due to the complexities involved in the valuation and its long-term nature, a defined benefit obligation is highly sensitive to changes in these assumptions. Considering the size and functioning of the company, third party Actuarial Valuation is not made as the number of staffs working in the Company is limited based on cost for defined benefits obligation.

Recognition of Deferred Tax Assets

Significant management judgment is required to determine the amount of deferred tax assets that can be recognized, based upon the likely timing and the level of future taxable profits together with future tax planning strategies. The Company based its assumptions and estimates on parameters available when the financial statements were prepared. Existing circumstances and assumptions about future developments, however, may change due to market changes or circumstances arising beyond the control of the Company. Since, the company is on a tax holiday period, no Deferred Tax implications have been considered.

2.6. New Standards in issue but not yet effective

As per the guidelines of the Institute of Chartered of Nepal (ICAN), when International Accounting Standard Board revises, amends or withdraws International Accounting Standards, IFRSs, IFRIC or SIC, such revisions, amendments and withdrawals shall accordingly be treated as effected with immediate revision, amendment and withdrawal in NFRS by ASB as well, to the extent not in conflict with existing National laws. The standards that are issued, but not yet effective, up to the date of issuance of the Company's Financial Statements are disclosed below. The Company intends to adopt these standards, if applicable, when they become effective.

2.7. New Standards and Interpretation not adopted

The Financial Statements which is prepared in compliance with all the standards that are issued and adopted by Accounting Standard Board of Nepal.

IFRS 15 Revenue from Contracts with Customers

IFRS 15 was issued in May 2014 and establishes a five-step model to account for revenue arising from contracts with customers. Under IFRS 15, revenue is recognized at an amount that reflects the consideration to which company expects to be entitled in exchange for transferring goods or services to a customer.

The new revenue standard will supersede all current revenue recognition requirements under IFRS. Either a full retrospective application or a modified retrospective application is required for annual periods. This standard has not been adopted by ASB.

IFRS 16 Leases

Under the new standard, the accounting treatment of leases by lessees will change fundamentally because it eliminates the current dual accounting model for lessees, which distinguishes between on-balance sheet finance leases and off-balance sheet operating leases. Instead, there is a single, on-balance sheet accounting model that is similar to current finance lease accounting. This standard has not been adopted by ASB.

2.8. Presentations

For presentation of the Statement of Financial Position, assets and liabilities have been bifurcated into current and non-current, by their respective maturities and are disclosed in the notes. All assets apart from Property and Equipment, Investments and Deferred Taxes assets are taken as current assets unless specific additional disclosures are made in the

Sayapatri Hydropower Limited

Significant Accounting Policies and Notes to Accounts for Year ended 32nd Ashadh, 2079

notes for current and non-current distinction. All liabilities apart from Net Defined Benefit Obligations are taken as current liabilities unless specific additional disclosures is made in the notes for current and non-current distinction.

The Statement of Profit or Loss has been prepared using classification "by nature" method. The cash flow from operation within the Statement of Cash Flows have been prepared using the Indirect Method.

2.9. Materiality and Aggregation

In compliance with NAS 1 "Presentation of Financial Statements" each material class of similar items are presented separately in the Financial Statements. Items of dissimilar nature or functions are presented separately unless they are immaterial.

2.10. Limitation of NFRS Implementation

If the information is not available and the cost to develop would exceed the benefit derived, such exception to NFRS Implementation has been noted and disclosed in respective section.

2.11. Change in Accounting Policies

The same accounting policies are normally adopted in each period and from one period to the next to maintain compatibility of the Financial Statements of the entity over time to identity trends in the financial position, performance and cash flows. However, the changes when required by NFRS or due to the requirement that results in the Financial statements providing more reliable and more relevant information about the effects of transaction, other conditions on the entity's financial position financial position, financial performance or cash flows are made and the changes are applied retrospectively. The company has used the same accounting policies in its opening NFRS Statements. Those accounting policies have complied with each NFRS effective at the end of its first NFRS reporting period except those specifically stated under relevant notes below.

2.12. Going Concern

The Directors have made an assessment of Entity's ability to continue as a going concern and satisfied that it has the resources to continue in business for the foreseeable future. Furthermore, Board is not aware of any material uncertainties that may cast significant doubt upon Entity's ability to continue as a going concern and they do not intend either to liquidate or to cease operations of it. Therefore, the Financial Statements continue to be prepared on the going concern basis.

2.13. Financial Assets and Financial Liabilities

Recognition

The company initially recognizes a financial assets or financial liabilities in its Statement of Financial Position when, and only when, it becomes party to the contractual provisions of the instruments. The transaction costs that are directly attributable to the acquisition or issues of financial instruments (other than of the Financial Instruments through Profit or Loss) are added or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on the initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognized immediately in Statement of Profit or Loss. The institution thus has initially recognized investment and borrowings etc. on the date when they are originated i.e. date when the Company has become party to the contractual provision of the instruments. Investment on the equity instruments are recognized on trade date at which the Company commits to purchase the financial assets.

Classification

The company classifies its financial assets as subsequently measured at amortized cost using effective interest method 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 two classes of financial assets are as follows:

- a. Financial Assets measured at amortized cost
- b. Financial Assets measured at Fair Value

Financial Assets

a. Financial Assets measured at amortized cost

The company classifies financial assets at amortized cost if both of the following conditions are met;

- The asset is held within a business model whose objectives is to hold assets in order to collect contractual cash flows and,
- The contractual terms of the financial asset give rise on a specified date to cash flows that are solely payments of principals and interest on the outstanding principals.

b. Financial Assets measured at fair value

Financial assets other than 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 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. Such assets are subsequently measured at fair value and changes in fair value are recognized in Statement of Profit or Loss.
- Financial assets at fair value through other comprehensive income are investment in an equity instruments 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.

Financial Liabilities

The company classifies the financial liabilities as follows:

a. 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 cost that are directly attributable to the acquisition are recognized in Statement of Profit or Loss as incurred. Subsequent changes in fair value is recognized in Statement of Profit or Loss.

b. Financial Liabilities measured at amortized cost

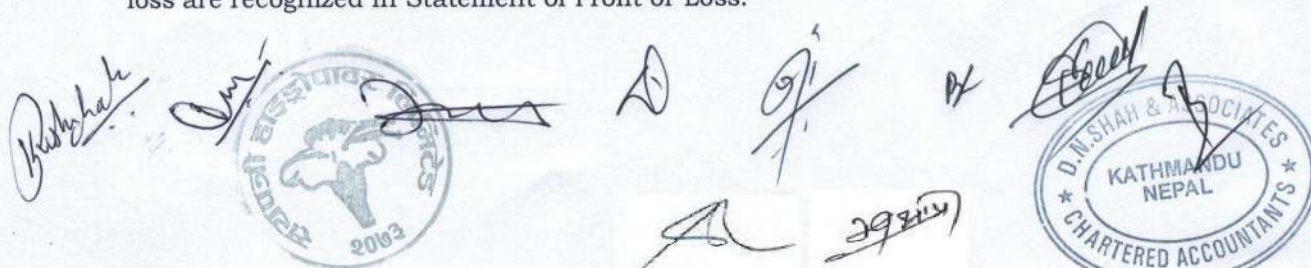
All financial liabilities other than measured at fair value through profit or loss are classified as subsequently measured at amortized cost using effective interest method. For financial liabilities i.e. loans due to bank and financial institution, the effective interest rate is equal to discounting factor thus there has been no difference on calculation of loan amount.

3. Measurement

3.1. Initial Measurement

A financial assets or financial liability is measured initially measured at fair value plus, for an item not at fair value through profit or loss, transaction costs that are directly attributable to its acquisition or issue.

Transaction costs in relation to financial assets and liabilities at fair value through profit or loss are recognized in Statement of Profit or Loss.



3.2. Subsequent Measurement

Financial Assets or Liability classified at amortized cost on initial recognition is subsequently measured at amortized cost using effective interest method.

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 Profit or Loss whereas of financial assets at fair value through other comprehensive income are recognized in Other Comprehensive Income.

3.3. De-Recognition

Financial Assets are derecognized when the right to receive cash flows from the assets have expired or where the company has transferred substantially all risks and rewards of ownership. If substantially all the risks and rewards have been retained nor transferred and the company has retained control, the assets continue to be recognized to the extent of the company's continuing involvement.

Financial Liabilities are derecognized when they are extinguished. A financial liability is extinguished when the obligation is discharged, cancelled or expired.

3.4. Determination of Fair Value

Assets and liabilities are 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. Changes in the observability of significant valuation inputs during the reporting period may result in a transfer of assets and liabilities within the fair value hierarchy. 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.

The company uses the following hierarchy for determining and disclosing the fair value of financial instruments by valuation technique:

Level 1: quoted (unadjusted) price in active markets for identical assets or liabilities

Level 2: other techniques for which all inputs which have a significant effect on the recorded fair value are observable, either directly or indirectly

Level 3: techniques which use inputs that have a significant effect on the recorded fair value that are not based on observable market data.

3.5. Impairment

At each reporting date, the company shall assess whether there is objective evidence that a financial assets or group of financial assets not carried at fair value through profit or loss are impaired. A financial asset or a group of financial assets is impaired when objective evidence demonstrates that a loss event has occurred after the initial recognition of the assets and that the loss event has an impact on the future cash flow of the asset(s) that can be estimated reliably.

Objective evidence that financial assets are impaired can include:

1. Counterparty files for bankruptcy and this would avoid or delay discharge of its obligation,
2. The company initiates legal recourse of recovery in respect of a credit obligation of the counterparty,
3. The disappearance of an active market for a security,
4. Observable data relating to a group of assets such as adverse changes in the payment status of borrowers or issuers in the group or economic conditions that correlate with defaults in the group,

5. Indication that the industry in which the counterparty has operated has been facing negative conditions affecting borrower adversely and borrower has not been able to adopt the mitigating actions,
6. Blacklisted by Credit Information Center,
7. In case of investment in equity security, a significant or prolonged decline in its fair value below its cost,
8. Other.

3.6. Offsetting

Financial Assets and liabilities are offset and the net amount presented in the Statement of Financial Position when and only when, the Company has a legal right to set off the amounts and it intends either to settle them on a net basis or to realize the assets and settle the liability simultaneously.

Income and expenses are presented on a net basis only when permitted under NFRS, or for gains and losses arising from a group of similar transactions such as in the company's trading activity.

3.7. Borrowing Cost

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

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

3.8. Employment Benefits

The company has schemes of employment benefits namely Social Security Fund, provident fund, employee gratuity, other retirement benefit and accumulate leave payable as per employee service manual.

Defined contribution plan – Provident Fund, Gratuity

Under defined contribution plans, provident fund, the Company pays pre-defined amounts to separate funds and does not have any legal or informal obligation to pay additional sums. Contributions to defined contribution schemes (Provident fund) are charged to the profit or loss statement in the year to which they relate as the Company has no further defined obligations beyond monthly contributions.

Gratuity is provided as per the Provisions of the Labour Act, 2074. The amount is withheld by the Company in its bank accounts.

Defined benefit plan

i. The liability or asset recognized in the balance sheet in respect of defined benefit plan is the present value of defined benefit obligations at the end of the reporting period less fair value of plan assets. The defined benefit obligation is calculated annually by actuaries through actuarial valuation using the projected unit credit method.

ii. The Company recognizes the following changes in the defined benefit obligation to the profit or loss statement:

- Service costs comprising current service costs and past-service costs
- Interest expenses

The net interest cost is calculated by applying the discount rate to the net balance of the defined benefit obligation and fair value of plan assets. This cost is included in employee benefit expenses in the statement of the profit & loss.



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- iii. Any changes in the liabilities over the year due to changes in assumptions or experience within the scheme, are recognized in other comprehensive income in the period in which they arise.
- iv. NAS 19 requires the exercise of judgment in relation to various assumptions including future pay rises, inflation and discount rates and employee and pensioner demographics. The Company determines the assumptions in conjunction with its actuaries, and believes these assumptions to be in line with best practice, but the application of different assumptions could have a significant effect on the amounts reflected in the income statement, other comprehensive income and balance sheet. There may be also interdependency between some of the assumptions.
- v. The classification of the Company's net obligation into current and non-current is as per the actuarial valuation report.
- vi. The Company has not provided any defined benefit plan to its employees.

Short term and long-term employment benefits

- i. A liability is recognized for benefits accruing to employees in respect of wages and salaries, annual leave and sick leave in the period the related service is rendered at the undiscounted amount of the benefits expected to be paid in exchange for that service.
- ii. Liabilities recognized in respect of short-term employee and contractual employees, benefits are measured at the undiscounted amount of the benefits expected to be paid in exchange for the related service.
- iii. Compensated absences which are not expected to occur within twelve months after the end of the period in which the employee renders the related services are recognized as a liability at the present value of the obligation as at the Balance sheet date determined based on an actuarial valuation.

3.9. Provisions, contingencies and commitments

- i. Provisions are recognized when the Company has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.
- ii. When the Company expects some or all of a provision to be reimbursed, for example, under an insurance contract, the reimbursement is recognized as a separate asset, but only when the reimbursement is virtually certain.
- iii. The expense relating to a provision is presented in the statement of profit and loss net of any reimbursement.
- iv. If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects, when appropriate, the risks specific to the liability. When discounting is used, the increase in the provision due to the passage of time is recognized as a finance cost.
- v. A provision for onerous contracts is recognized when the expected benefits to be derived by the Company from a contract are lower than the unavoidable cost of meeting its obligations under the contract. The provision is measured at the present value of the lower of the expected cost of terminating the contract and the expected net cost of continuing with the contract. Before a provision is established, the Company recognizes any impairment loss on the assets associated with that contract.
- vi. A contingent liability is a possible obligation that arises from past events whose existence will be confirmed by the occurrence or non-occurrence of one or more uncertain future events beyond the control of the Company or a present obligation that is not recognized because it is not probable that an outflow of resources will be required



- to settle the obligation. A contingent liability also arises in extremely rare cases where there is a liability that cannot be recognized because it cannot be measured reliably. The Company does not recognize a contingent liability but discloses its existence in the standalone financial statements.
- vii. A contingent asset is a possible asset that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the entity.
 - viii. Commitments include the amount of purchase order (net of advances) issued to parties for completion of assets.
 - ix. Provisions, contingent liabilities, contingent assets and commitments are reviewed at each reporting period.

3.10. Financial Instruments

Financial assets and financial liabilities are recognized when the Company becomes a party to the contract embodying the related financial instruments. All financial assets, financial liabilities and financial guarantee contracts are initially measured at transaction cost and where such values are different from the fair value, at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit and loss) are added to or deducted from the fair value measured on initial recognition of financial asset or financial liability. Transaction costs directly attributable to the acquisition of financial assets and financial liabilities at fair value through profit and loss are immediately recognized in the statement of profit and loss. In case of interest free or concession loans/debentures/preference shares given to subsidiaries, associates and joint ventures, the excess of the actual amount of the loan over initial measure at fair value is accounted as an equity investment.

Investment in equity instruments issued by subsidiaries, associates and joint ventures are measured at cost less impairment.

Investment in preference shares/debentures of the subsidiaries are treated as equity instruments if the same are convertible into equity shares or are redeemable out of the proceeds of equity instruments issued for the purpose of redemption of such investments. Investment in preference shares/ debentures not meeting the aforesaid conditions are classified as debt instruments at amortized cost.

3.11. Effective Interest Method

The effective interest method is a method of calculating the amortized cost of a financial instrument and of allocating interest income or expense over the relevant period. The effective interest rate is the rate that exactly discounts future cash receipts or payments through the expected life of the financial instrument, or where appropriate, a shorter period. Income/ expense arising on financial instruments after applying an effective interest rate is recognized in Statement of Profit and Loss and is included in the "Other finance income" or "Other finance cost" line item. For calculating EIR, interest rate on borrowings from bank has been considered.

4. Notes to Account of the Financial Statements:

4.1. Property Plant and Equipment

The Company has applied the Cost Model of accounting for Property and Equipment and those policies have been consistently applied for all its Property and Equipment to all the periods presented.

All categories of Property and Equipment are initially recorded at cost. Property and Equipment are subsequently measured at historical cost less depreciation and impairment losses. Historical cost includes expenditure that is directly attributable its acquisition and the borrowing costs that have been capitalized as a part of cost of asset.

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

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Sayapatri Hydropower Limited

Significant Accounting Policies and Notes to Accounts for Year ended 32nd Ashadh, 2079

other repairs and maintenance are charged to Statement of Profit or Loss during the financial period in which they are incurred.

Depreciation and Amortization

- i. Depreciation is recognized so as to write off the cost of assets (other than freehold land and properties under construction) less their residual values over their useful lives.
- ii. Amortization is recognized on a straight line basis over their estimated useful lives. The estimated useful life and amortization method are reviewed at the end of each reporting period, with the effect of any changes in estimate being accounted for on a prospective basis.
- iii. Depreciation is provided on the written down method based on the estimated useful lives of the assets determined by the management. Depreciation on additions to fixed assets is charged on pro-rata basis in the year of purchase. The useful life of the assets and the corresponding rates at which the assets are depreciated are as follows:

Category of asset Estimated useful life:

S.N	Category of Assets	Estimated Useful Life
1	Plant & Machinery	7 years(DVM)
2	Other Assets	7 years(DVM)
3	Vehicles	10 years(DVM)
4	Furniture & Fixtures	8 years(DVM)
5	Office Equipment & Computers	8 years(DVM)
6	Hydro Project Assets	32 years(SLM)

Useful life is either the period of time which the asset is expected to be used or the number of production or similar units expected to be obtained from the use of asset. The estimated useful life, residual values and depreciation method are reviewed at the end of each reporting period, with the effect of any changes in estimate accounted for on a prospective basis. Depreciation has not been charged on Land as revaluation has been made.

4.2. Intangible Assets

- i. Intangible assets with finite useful lives that are acquired separately are carried at cost less accumulated amortization and accumulated impairment losses. Intangible assets with indefinite useful lives are carried at cost less accumulated impairment losses.
- ii. Gains or losses arising from derecognition of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognized in the statement of profit and loss when the asset is derecognized.
- iii. The Company has applied IFRIC 12, "Service Concession Arrangements", and has accordingly classified project assets intangible assets. The company has applied transitional provisions of IFRIC 12 and has used the carrying amounts of such intangible assets (classified as part of Property, Plant and Equipment in previous GAAP) as carrying amount as at date of transition.

Service Concession Arrangements

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

- (a) The grantor controls or regulates what services the operator must provide with the infrastructure, to whom it must provide them, and at what prices: and



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- (b) The grantor controls through ownership, beneficial entitlement or otherwise any significant residual interest in the infrastructure at the end of the term of the arrangement.

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

These arrangements are accounted on the basis of below mentioned models depending on the nature of consideration and relevant contract law.

Intangible Asset Model:

The intangible asset model is used to the extent that the Company, being an operator, receives a right (a license) to charge users of the public service. A right to charge users of a public services is not an unconditional right to receive cash because the amounts are contingent on to the extent that public uses the services. Both type of arrangements may exist within a single contract to the extent that the grantor has given an unconditional guarantee of payment for the construction and the operation i.e. considered as a Financial asset and to the extent that the operator has to rely on the public using the service in order to obtain payment, the operation has an intangible asset.

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

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

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

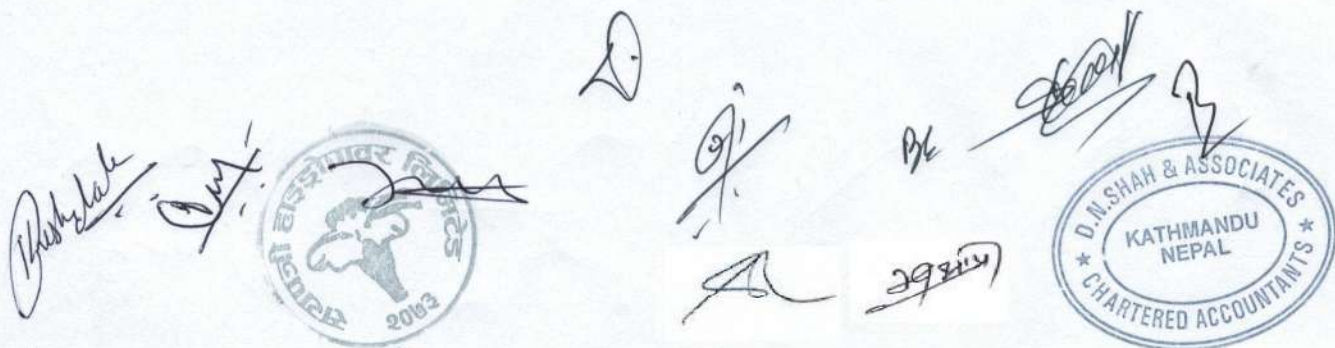
4.3. Trade Receivables

The Company has classified an asset as current assets when:

- it expects to realize the asset or intends to sell or consume it in its operating cycle;
- it holds the asset primarily for the purpose of trading;
- it expects to realize the asset within 12 months after the reporting period or;
- the asset is cash or cash equivalent.

Trade and other Receivables which are expected to be realized within 12 months after the reporting period have been classified under current assets. They include receivables from debtors (receivable against message) and remittance commission receivable. They are initially measured at fair value less any provision for impairment. Debtors are assessed on a case by case basis for impairment. The fair value of such assets is equivalent to their carrying amount.

Majority of receivable balance of the Company is from Nepal Electricity Authority, which is owned by Government of Nepal and therefore have been assumed to have zero risk of recovery. So, no impairment testing has been made on such receivables.

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4.4. Cash and Cash Equivalent

This includes the cash on hand, cash on vault, balance with other banks and financial institutions which are used by the company for management of its short-term commitment.

Cash Balance

The fair value of cash is its carrying amount booked under previous GAAP (Generally Accepted Accounting Principal).

Balance with other Banks

These assets have been classified as financial assets (cash and cash equipment) and subsequently measured at amortized costs. Risks associated with these assets are regularly assessed.

The income on interest bearing account is credited to Statement of Profit and Loss Account under Interest Income head.

4.5. Other Current Assets

Other current assets include advance payments, lendings, deposits and other advances.

4.6. Current Tax assets/ Liability

The company has policy of booking current tax assets/liability by netting off advance income tax with the provision for taxation made. However, no tax assets/ liability has been booked for the current period as the company is tax exempt for the reporting period.

4.7. Non-Current Assets Held for Sale

The Company classifies non-current assets as held for sale if their carrying amounts will be recovered principally through a sale rather than through continuing use. Actions required to complete the sale should indicate that it is unlikely that significant changes to the sale will be made or that the decision to sell will be withdrawn. Management must be committed to the sale expected within one year from the date of classification.

The criteria for held for sale classification is regarded met only when the assets or disposal group is available for immediate sale in its present condition, subject only to terms that are usual and customary for sales of such assets, its sale is highly probable; and it will genuinely be sold, not abandoned. Non-current assets held for sale are measured at the lower of their carrying amount and the fair value less costs to sell. Assets and liabilities classified as held for sale are presented separately in the consolidated balance sheet.

Property, plant and equipment and intangible assets once classified as held for sale/ distribution to owners are not depreciated or amortized. The company has not classified any of its assets as Non-Current Assets Held for Sale.

4.8 Inventories

Cost of inventories includes cost of purchase, costs of conversion and other costs incurred in bringing the inventories to their present location and condition. Inventories of stores, spare parts and loose tools are stated at the lower of weighted average cost and net realizable value. Net realizable value represents the estimated selling price for inventories in the ordinary course of business less all estimated costs of completion and estimated costs necessary to make the sale.

4.9 Share Capital

Financial Instruments issued are classified as equity when there is no contractual obligation to transfer cash, other financial assets or issue available number of own equity instruments. Incremental costs directly attributable to the issue of new shares are shown in equity as deduction net of taxes from the proceeds. Dividend on ordinary shares are recognized in equity in the period in which they are declared.

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4.10 Reserve

The reserve includes the reserve brought forward, this year profit/loss, revaluation reserves and deferred tax reserve.

4.11 Secured Borrowing

The fair value of amount due to bank and financial institutions generally approximate their carrying amount. All the amount due to bank and financial institutions reflected in the book of the company are with the tenure less than a year has been shown as a current liability. Hence the amount has been recognized at the carrying amount under previous GAAP (Generally Accepted Accounting Principal). The service charges thus has not been considered while valuing such due and has been directly charged to Statement of Profit and Loss. This includes the long-term borrowings.

4.12 Deferred Tax

Current Income Tax

Income Tax Expenses comprises current tax provision, the net change in the deferred tax assets or liability in the year and under/ over provision made in the previous year. Current tax provision means the amount of tax for the period determined in accordance with the prevailing Income Tax Act, 2058 and the rules framed there under. Current tax shall based on the taxable profit for the year. Since, the company is exempted for tax purpose for the reporting period, no current income tax has been recognized.

Deferred Tax Asset/Liability

Deferred Tax Assets and liabilities are recognized for the future tax consequences of timing difference between the carrying values of assets and liabilities and their respective tax bases, and operating loss carry forward. Deferred tax assets and liabilities are measured using the enacted or substantively enacted tax rates at the reporting date. Deferred Tax Assets are recognized only to the extent there is reasonable certainty that the assets can be realized in future. Deferred tax assets are reviewed at each balance sheet date and appropriately adjusted to reflect the amount that is reasonably/virtually certain to be realized.

Current and deferred tax relating to items which are charged or credited directly to equity, is credited or charged directly to equity and is subsequently recognized in the Statement of Profit or Loss together with the current or deferred gain or loss. Since, the company is exempted for tax purpose for the reporting period, no deferred tax implications have been considered.

4.13 Short Term Borrowings

Short term loans are expected to be settled within 12 months after reporting period. Therefore, such loans are classified under current liabilities. So, amount of Term Loan payables for within one year has also been separated from Long term Loans & Borrowings and has been shown under heading of Current Loans & Borrowings.

4.14 Trade and Other Payables

Company shall classify a liability as current when:

- a. It expects to settle the liability in its normal operating cycle;
- b. It holds the liability primarily for trading;
- c. The liability is due to be settled within 12 months after the reporting period or;
- d. It does not have an unconditional right to defer settlement of the liability for at least 12 months after the reporting period.

Trade and other payables include sundry creditors, audit fee, TDS payable, salary payable, other expenses payables and similar other liabilities that meet the aforementioned conditions. Such amounts are classified as other financial liabilities and are initially recognized at fair value and subsequently measured at amortized cost. The fair value of such other financial liabilities is equivalent to their carrying amount.



Revenue Recognition

Revenue is the gross inflow of economic benefits during the period arising in the course of the ordinary activities of an entity when those inflows result in increase in equity, other than increases relating to contribution from equity participants.

4.15 Sales of Electricity

Revenue is recognized to the extent that it is probable that economic benefit will flow to the Company and that the revenue can be reliably measured. Revenue is measured at the fair value of the consideration received or receivable. Revenue is reduced for estimated rebates.

4.16 Other Income

Other Revenue is recognized to the extent it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured.

Other Income includes discount received, insurance income, rent income, gain on sale of fixed assets, as well as miscellaneous income.

4.17 Administrative and General Expenses

Expense is the gross outflow of economic benefits during the period arising in the course of the ordinary activities of a company when those outflows result in decrease in equity, other than those relating to payments to equity participants. Expense has been recognized on accrual basis complying with matching concept.

The company recognizes Administrative Expenses as and when legal or constructive obligation in respect of such expenses arise to the company.

4.18 Employee's Benefits

The Employee's Benefit include salary as well as other staff related expenses. Such expenses has been charged directly through Statement of Profit and Loss Account.

4.19 CEO's Salary, Benefit & BOD Meeting Allowance

The company has not provided any Salary & benefits to it's Chief Executive Officer on this Fiscal year. He is unpaid gentleman of the Company. BOD meeting allowance of amounted Rs.69,000.00 has been expended on this fiscal year.

4.20 Staff Bonus

As the Company is still in Loss, there is no provision for Staff Bonus on this Fiscal year.

4.21 Other Expenses

Other expenses include insurance expenses on plant and royalty payment to Department of Electricity Development.

4.22 Finance Expenses

The finance expenses include bank charges, service charges on loans and interest on bank loan. Since the bank loan of the company are of revolving nature, interest, service charges and bank charges in respect of such loan has not been capitalized as part of loan rather charged directly through Statement of Profit and Loss Account.

4.23 Earning Per Shares

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

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

5 Segment Reporting

The Chief Executive Officer and functional managers of the Company have been identified as the Chief Operating Decision Maker (CODM) defined by NFRS 8, Operating Segments. The CODM evaluates the Company's performance and allocates resources based on an analysis of various performance indicators, however the Company is primarily engaged in only one segment viz., "Generation and Sale of electricity" and that all the operations are in Nepal. Hence, the Company does not have any reportable Segments as per NFRS 8 "Operating Segments".

6 Disclosure and Additional Information

6.1 Financial Risk Management Objectives and Policies

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

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

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

A. Credit Risk

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the Company.

The Company has adopted a policy of only dealing with creditworthy counterparties and obtaining sufficient collateral, where appropriate, as a means of mitigating the risk of financial loss from defaults. The Company's exposure and the credit ratings of its counterparties are continuously monitored. About, 15 % of receivables and other assets are the amount due from Nepal Electricity Authority, which is a Government owned entity having insignificant risk of default, so credit risk of the Company is very low.

B. Market Risk

All equity investments present a risk of loss of capital, often due to factors beyond the company's control such as competition, regulatory changes, commodity price changes and changes in general economic climates domestically and internationally. The company's management moderates this risk through careful stock selection and diversification, daily monitoring of the market positions and regular reporting to the Board of Directors. The company has not invested in quoted securities and is not exposed to market fluctuations.

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C. Price Risk

For purchase of goods, it is limited to the foreign currency exchange variation in case of specific spares and original equipment manufacturers' spares from abroad. For other purchase, it is subject to market variations. Since, the company has entered into Power Purchase Agreement with Nepal Electricity Authority and the rates are pre-defined, the price risk is insignificant.

D. Interest Rate Risk

The interest rate risk is the risk of movements in local interest rates. The company is therefore exposed to the risk of gains or losses or changes in interest income from movements in local interest rates. There is no hedge against the risk of movement in interest rates.

E. Liquidity Risk

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

In order to control liquidity risk and for better working capital management, Sayapatri Hydropower Limited has made arrangement adequate level of OD facility for short term financing. The Company's Finance department regularly monitors the cash position to ensure it has sufficient cash on-going basis to meet operational needs. Any short-term surplus cash generated by the operating entities, over and above the amount required for working capital management and other operational requirements, are retained as cash and cash equivalents.

6.2 Fair Value of Financial Assets and Liabilities

Financial Instrument Recorded at fair value

The following is a description of how fair values are determined for financial instruments that are recorded at fair value using valuation techniques. These incorporate the Company's estimates of assumption that a market participants would make when valuing the instruments.

Financial Assets/ liabilities at amortized cost

The table under hierarchy of fair value measurement shows the carrying amounts and incorporates the company's estimate of fair value of those financial assets and liabilities not presented on the company's statement of financial position at fair value. These fair values may be different from the actual amount that will be received or paid on the settlement or maturity of the financial instruments.

Fair value of financial assets and liabilities

The following sets out the basis of establishing fair values of amortized cost of financial instruments. These are not generally traded and there is a significant level of management judgment involved in calculating the fair value.

Other Financial Assets

These assets are generally with the residual maturity of less than one year, the impact of discounted cash flows of those assets with maturity period of more than one year is insignificant. Therefore the fair value of other assets generally approximates the carrying amount.

Other Financial Liabilities

These liabilities are generally with the residual maturity of less than one year, the impact of discounted cash flows of those liabilities with maturity period of more than one year is insignificant. Therefore, the fair value of other liabilities generally approximates the carrying amount.



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6.3 Classification of Financial Assets and Financial Liabilities

The Financial Assets has been classified into 3 board category as per NFRS 9 namely; Financial Assets at amortized cost, Financial Assets at Fair Value through Profit and Loss Account and Financial Assets at Fair through Other Comprehensive Income.

Similarly, the Financial Liabilities have been classified into two head i.e. Financial Liabilities at amortized cost and the Financial Liabilities at Fair Value through Profit and Loss Account.

6.4 Capital Management

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

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

6.5 Related Party Disclosures

(a) Those charged with Governance

Those charged with Governance of the Sayapatri Hydropower Ltd. include members of Board of Directors namely :

<u>Name</u>	<u>Designation</u>
Dr. Badri K.C.	Chairman
Gopal Prasad Niure	Director
Bikash Kumar Shrestha	Director
Sapila Rajbhandari	Director
Pawan Dhakal	Director
Nar Bahadur Thapa	Director
Biraj Gautam	Independent Director

Meeting Allowance of Rs.69,000.00 has been provided to the members of Board of Directors during this fiscal year.

(b) Transaction with Key Management Personnel

Key Management Personnel includes:

- 1) Mr. Gopal Prasad Niure Director
- 2) Mr. Kedar K.C. Chief Executive Officer

No Allowances & benefits have been provided to the Key Management Personnel during this fiscal year.



Sayapatri Hydropower Limited

Significant Accounting Policies and Notes to Accounts for Year ended 32nd Ashadh, 2079

(c) Other Related Party Transaction:

The transaction between Sayapatri Hydropower Limited and its other related Parties are as follows:

- The Company has utilized short-term borrowings from the following Shareholders and Directors to pay Bank Interest & Bank Installment due to cash liquidity problem of the Company:

Badri K.C.	1,000,000.00
Eka Narayan Chapagain	1,000,000.00
Gopal Prasad Niure	150,000.00
Golkot Investment	245,900.72
Krishna Chalise	41,250.00
Pawan Dhakal	580,000.00
Usthav Kumar Amatya	1,11,683.84
Jagatpal Silwal	632,855.59
Nakul Dahak	5,000.00
Sungabha Foundation Pvt Ltd	600,000.00
Badri K.C.	4,168,600.00
Bikash Kumar Shrestha	346,000.00
Gopal Prasad Niure	2,626,939.00
Nar Bahadur Thapa	400,000.00
Pawan Dhakal	600,000.00
Praveen Gauchan	1,500,000.00
Sapila Raj Bhandari	1,337,630.00
Krishna Chalise-1	1,050,000.00
Krishna Chalise-2	65,795.24
Kiran Bikram Thapa	6,957,175.65

6.6 Events after reporting date

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. There are no material events that have occurred subsequent to 32nd Ashadh 2079 till the signing of the financial statement on 2079.08.12



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Sayapatri Hydropower Limited

Kathmandu, Nepal

Project-Daram Khola A Hydro Project, Baglung

Notes to Financial Statements

As at 32nd Ashadh 2079 (16th July 2022)

Figures in NPR

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Property, plant and equipment

	Land	Hydropower Project Assets	Furniture and Fixture	Office Equipment and Computers	Vehicles	Plant and Machinery	Total
Gross Value							
Cost	16,108,004.00	553,707,178.05	102,178.78	521,653.84	8,437,408.00	1,970,114.90	580,846,537.57
<u>Revaluation and adjustments</u>							
Revaluation	-	-	-	-	-	-	-
Adjustment of Accumulated expenses of before operation (upto 072/073)	-	23,489,036.79	-	-	-	-	23,489,036.79
Disposal	-	-	-	-	-	-	-
Balance as at 1st Shrawan 2076	16,108,004.00	577,196,214.84	102,178.78	521,653.84	8,437,408.00	1,970,114.90	604,335,574.36
Additions	-	1,077,746.00	-	-	-	-	1,077,746.00
<u>Revaluation and adjustments</u>							
Revaluation	-	-	-	-	-	-	-
Adjustments	-	-	-	-	-	-	-
Disposal	-	-	-	-	-	-	-
Balance as at 31st Ashad 2077	16,108,004.00	578,273,960.84	102,178.78	521,653.84	8,437,408.00	1,970,114.90	605,413,320.36
Additions	-	-	-	43,500.00	22,199.98	-	65,699.98
<u>Revaluation and adjustments</u>							
Adjustment on Revaluation	23,043,263.50	-	-	-	655,360.00	597,850.37	24,296,473.87
Adjustments	-	-	-	-	-	-	-
Disposal	-	-	-	-	-	-	-
Balance as at 31st Ashadh 2078	39,151,267.50	578,273,960.84	102,178.78	565,153.84	9,114,967.98	2,567,965.27	629,775,494.21
Additions	-	-	3,350.00	-	-	87,941.90	91,291.90
<u>Revaluation and adjustments</u>							
Revaluation	-	-	-	-	-	-	-
Adjustments	-	-	-	-	-	-	-
Disposal	-	-	-	-	-	-	-



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Balance as at 32nd Ashadh 2079	39,151,267.50	578,273,960.84	105,528.78	565,153.84	9,114,967.98	2,655,907.17	629,866,786.11
Depreciation and impairment losses							
Balance as at 1st Shrawan 2076	-	51,557,054.82	25,294.74	128,961.00	543,619.50	290,422.42	52,545,352.47
Charge for the year	-	17,185,684.94	6,417.23	32,785.13	146,235.65	72,935.93	17,444,058.89
Impairment Losses	-	-	-	-	-	-	-
Disposals	-	-	-	-	915,680.18	-	915,680.18
Balance as at 31st Ashadh 2077	-	68,742,739.76	31,711.97	161,746.13	1,605,535.33	363,358.35	70,905,091.53
Charge for the year	-	17,185,684.94	6,417.23	27,884.84	70,892.71	62,516.51	17,353,396.23
Impairment Losses	-	-	-	-	-	-	-
Disposals	-	-	-	-	-	-	-
Balance as at 31st Ashadh 2078	-	85,928,424.70	38,129.20	189,630.96	1,676,428.03	425,874.86	88,258,487.76
Charge for the year	-	17,185,684.94	4,913.44	29,366.47	65,468.44	58,286.18	17,343,719.46
Impairment Losses	-	-	-	-	-	-	-
Disposals	-	-	-	-	-	-	-
Balance as at 32nd Ashadh 2079	-	103,114,109.64	43,042.64	218,997.43	1,741,896.47	484,161.04	105,602,207.23
Net book value							
As at 1st Shrawan 2076	16,108,004.00	525,639,160.02	76,884.04	392,692.84	7,893,788.50	1,679,692.48	551,790,222.14
As at 31st Ashadh 2077	16,108,004.00	509,531,221.08	70,466.81	359,907.71	6,831,872.67	1,606,756.55	534,508,229.11
As at 31st Ashadh 2078	39,151,267.50	492,345,536.14	64,049.58	375,522.88	7,438,539.95	2,142,090.41	541,517,006.45
Balance as at 32nd Ashadh 2079	39,151,267.50	475,159,851.20	62,486.14	346,156.41	7,373,071.51	2,171,746.13	524,264,578.88

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Sayapatri Hydropower Limited

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Notes to Financial Statements

As at 32nd Ashadh 2079 (16th July 2022)

Figures in NPR

8 Intangible Assets	Software	Total
Cost		
Balance at 1 Shrawan 2076	-	-
Additions	-	-
Disposals	-	-
Balance at 31 Ashadh 2077	-	-
Additions	-	-
Disposals	-	-
Balance at 31 Ashadh 2078	-	-
Additions	-	-
Disposals	-	-
Balance at 32nd Ashadh 2079	-	-
Depreciation and Impairment losses		
Balance at 1 Shrawan 2076	-	-
Charge for the year	-	-
Disposals	-	-
Balance at 31 Ashadh 2077	-	-
Charge for the year	-	-
Disposals	-	-
Balance at 31 Ashadh 2078	-	-
Charge for the year	-	-
Disposals	-	-
Balance at 32nd Ashadh 2079	-	-
Net Book Value		
As at 1st Shrawan 2076	-	-
As at 31st Ashad 2077	-	-
As at 31st Ashadh 2078	-	-
Balance at 32nd Ashadh 2079	-	-

There is no Intangible Assets during this Fiscal year.

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Sayapatri Hydropower Limited

Kathmandu, Nepal

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Notes to Financial Statements

As at 32nd Ashadh 2079 (16th July 2022)

Figures in NPR

9	Investment	Amount	
		Current Year 2078/2079	Previous year 2077/2078
	A. In Listed Shares		
	Balance as at 1 Shrawan		
	Additions	-	-
	Disposals	-	-
	Gain/(loss) on subsequent measurement	-	-
	Balance as at 31 Ashadh	-	-
	Non-current portion	-	-
	Current portion	-	-
	B. Other Unlisted Shares		
	Balance as at 1 Shrawan		-
	Additions		-
	Disposals		-
	Impairment Loss		-
	Balance as at 31 Ashadh		-
	Non-current portion		-
	Current portion		-
	C. Total Investments		
	Total Investments	-	-
	Non-current portion	-	-
	Current portion	-	-
	D. Quoted Price of Listed Shares		
	-	-	-
	-	-	-



Sayapatri Hydropower Limited

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Notes to Financial Statements

As at 32nd Ashadh 2079 (16th July 2022)

10 Deferred tax assets and liabilities:

Deferred tax is calculated on temporary differences using a tax rate of 25% (FY 2078-79: 25%). Deferred tax assets have been recognized in respect of all tax losses and other temporary differences giving rise to deferred tax assets where the management believe it is probable that these assets will be recovered.

Since, the Company is exempted for Tax Purpose for the regarding period, no income Tax has been recognised

and no deferred Tax has been calculated.

Reconciliation of deferred tax assets/liability net	Current Year 2078/2079		Previous year 2077/2078	
Opening Balance as at 1st Shrawan		-		-
Tax income/(expense) during the period recognised in profit or loss		-		-
Tax income/(expense) during the period recognised in OCI				
Closing balance as at 31st Ashadh		-		-

Details of the deferred tax assets, amounts recognized in profit or loss and amounts recognized in other comprehensive income are as follows:

Particulars	Asset/ (Liability)		
		Current Year 2078/2079	Previous year 2077/2078
Property, Plant & Equipment		-	-
Investments		-	-
Provision for Gratuity		-	-
Provision for Leave benefits		-	-
		-	-
Particulars			(Charged)/Credited to 2078/2079
Property, Plant & Equipment			-
Investments			-
Provision for Gratuity			-
Provision for Leave benefits			-
			-
Particulars			(Charged)/Credited to OCI 2078/2079
Property, Plant & Equipment			-
Provision for Housing			-
Provision for Gratuity			-
Provision for Employee Termination benefits			-
			-

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Sayapatri Hydropower Limited

Kathmandu, Nepal

Project-Daram Khola A Hydro Project, Baglung

Notes to Financial Statements

As at 31st Ashadh 2079 (16th July 2022)

Figures in NPR

11 Inventories:	Amount	
	Current Year 2078/2079	Previous year 2077/2078
Inventory	9,068,850.39	8,292,500.00
	9,068,850.39	8,292,500.00

12 Trade & Other receivables:	Amount	
	Current Year 2078/2079	Previous year 2077/2078
Trade Receivables	6,359,835.24	7,998,075.74
Other Receivables	9,666,829.16	-
	16,026,664.40	7,998,075.74

- a) The fair values of all the above financial assets are equal to their carrying amounts.
b) Bank overdrafts are secured against all current assets including trade receivables
d) Trade receivables are non-interest bearing and generally have a credit period of 30 days

13 Income Tax (Receivable)/Payable	Amount	
	Current Year 2078/2079	Previous year 2077/2078
Provision for Income Tax Payable	-	-
Less: Advance Income Tax	-	-
Advance Income Tax	-	-

14 Advance, Pre-payments & other Receivable	Amount	
	Current Year 2078/2079	Previous year 2077/2078
Pre-payments	2,790,208.29	2,474,335.64
Vat Subsidies Receivables	13,750,000.00	13,750,000.00
	16,540,208.29	16,224,335.64

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Sayapatri Hydropower Limited

Notes to Financial Statements

15	Cash and Cash Equivalents:	Amount	
		Current Year 2078/2079	Previous year 2077/2078
	Cash in hand	165,533.06	184,952.57
	Cash at Bank	2,256,691.46	104,068.44
		2,422,224.52	289,021.01



Sayapatri Hydropower Limited

Kathmandu, Nepal

Project-Daram Khola A Hydro Project, Baglung

Notes to Financial Statements

As at 32nd Ashadh 2079 (16th July 2022)

Figures in NPR

16 Share capital:		
	Amount	
	Current Year 2078/2079	Previous year 2077/2078
(a) Authorised Shares		
Ordinary shares of Rs. 100 each	300,000,000.00	300,000,000.00
(b) Ordinary shares issued	300,000,000.00	300,000,000.00
Ordinary shares of Rs. 100 each		
(c) Ordinary shares issued and fully paid	210,000,000.00	210,000,000.00
	210,000,000.00	210,000,000.00

17 Reserves:

a Retained earnings

	Amount	
	Current Year 2078/2079	Previous year 2077/2078
As at 1st Shrawan 2078	(73,579,253.66)	(83,749,421.47)
Profit for the year	14,961,046.52	10,170,167.81
Total	(58,618,207.14)	(73,579,253.66)
Appropriations/transfers	-	-
Dividend to Share Holders	-	-
As at 32nd Ashadh 2079	(58,618,207.14)	(73,579,253.66)
b Revaluation Reserve		

	Amount	
	Current Year 2078/2079	Previous year 2077/2078
As at 1st Shrawan 2078	24,296,474.00	-
Added: Other comprehensive Income	-	24,296,474.00
As at 32nd Ashadh 2079	24,296,474.00	24,296,474.00

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Sayapatri Hydropower Limited

Kathmandu, Nepal

Project-Daram Khola A Hydro Project, Baglung

Notes to Financial Statements

As at 32nd Ashadh 2079 (16th July 2022)

Amount		
18 Loans and borrowings:	Current Year 2078/2079	Previous year 2077/2078
Total Loans and Borrowings		
Term Loan(Nepal Bank Ltd.) # 00203700527756000001	175,240,359.49	183,215,359.49
Term Loan (Global IME Bank Ltd) # 7566010000054	108,649,051.52	113,594,051.52
Term Loan(Nepal Bank Ltd.) # 00203700526641000003	17,087,430.34	17,864,430.34
Term Loan (Global IME Bank Ltd) # A266010000055	10,515,818.31	10,994,818.31
Term Loan (NBL) # A526641000007	15,156,768.48	15,853,768.48
Term Loan (Global IME Bank Ltd) # A2660100000587	9,476,972.82	9,907,972.82
Bank Overdraft Loan(00203200537017000002)	8,000,000.00	8,000,000.00
Additional Borrowings from Shareholders	5,962,690.15	5,217,410.23
Additional Short-term Loan from Shareholders	19,052,139.89	18,764,607.28
	369,141,231.00	383,412,418.47

Amount		
	Current Year 2078/2079	Previous year 2077/2078
Non-current loans and borrowings -		
Term Loan(Nepal Bank Ltd.) # 00203700527756000001	167,317,359.49	176,053,359.49
Term Loan (Global IME Bank Ltd) # 7566010000054	103,733,051.52	109,153,051.52
Term Loan(Nepal Bank Ltd.) # 00203700526641000003	16,314,430.34	17,166,430.34
Term Loan (Global IME Bank Ltd) # A266010000055	10,039,818.31	10,564,818.31
Term Loan (NBL) # A526641000007	14,464,768.48	15,227,768.48
Term Loan (Global IME Bank Ltd) # A2660100000587	9,046,972.82	9,520,972.82
	320,916,400.96	337,686,400.96





	Amount	
	Current Year 2078/2079	Previous year 2077/2078
<u>Current loans and borrowings -</u>		
Term Loan(Nepal Bank Ltd.) # 00203700527756000001	7,923,000.00	7,162,000.00
Term Loan (Global IME Bank Ltd) # 7566010000054	4,916,000.00	4,441,000.00
Term Loan(Nepal Bank Ltd.) # 00203700526641000003	773,000.00	698,000.00
Term Loan (Global IME Bank Ltd) # A266010000055	476,000.00	430,000.00
Term Loan (NBL) # A526641000007	692,000.00	626,000.00
Term Loan (Global IME Bank Ltd) # A2660100000587	430,000.00	387,000.00
Bank Overdraft Loan(00203200537017000002)	8,000,000.00	8,000,000.00
Additional Borrowings from Shareholders	5,962,690.15	5,217,410.23
Additional Short-term Loan from Shareholders	19,052,139.89	18,764,607.28
	48,224,830.04	45,726,017.51

a) Amount of Term Loan payables for within one year has been seperated from Non-Current Loans & Borrowings and has been shown under heading of Current Loans & Borrowings.

b) Borrowings from Shareholders are interest bearings and has been utilised due to Liquidity problem.

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19 Provisions for employee benefits

<u>Total</u>	Current Year 2078/2079	Previous year 2077/2078
Provision for employee benefits		
Provision for Gratuity	325,500.00	325,500.00
Provision for Employee's termination benefits	1,000,000.00	1,000,000.00
	1,325,500.00	1,325,500.00
<u>Non-current</u>	Current Year 2078/2079	Previous year 2077/2078
Provision for employee benefits		
Provision for Gratuity	325,500.00	325,500.00
Provision for Employee's termination benefits	1,000,000.00	1,000,000.00
Total non-current	1,325,500.00	1,325,500.00
<u>Current</u>	Current Period 2078/2079	Previous year 2077/2078
Provision for employee benefits		
Provision for Gratuity	-	-
Provision for Employee's termination benefits	-	-
Total current	-	-



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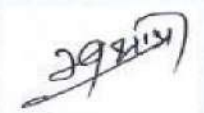




20 Trade and other payables:

	Current Year 2078/2079	Previous year 2077/2078
Salary Payable	4,824,621.10	4,979,944.34
Bank Interest Payables	-	6,238,343.00
Advance for Machine Sales	6,000,000.00	6,000,000.00
Audit Fee Payable	111,500.00	147,750.00
Other Outstanding Payables	11,241,407.52	11,499,762.69
	22,177,528.62	28,865,800.03

Trade payables are non-interest bearing and are normally settled on 30 days as per business terms basis.

Sayapatri Hydropower Limited

Kathmandu, Nepal

Project-Daram Khola A Hydro Project, Baglung

Notes to Financial Statements

As at 32nd Ashadh 2079 (16th July 2022)

Figures in NPR

21	Revenue	Amount	
		Current Year 2078/2079	Previous year 2077/2078
	Revenue from Sale of Electricity	66,477,386.17	55,392,305.78
		66,477,386.17	55,392,305.78
22	Direct Overheads	Amount	
		Current Year 2078/2079	Previous year 2077/2078
	<u>Generation Expenses</u>		
	Hydro-Electromechanical Spare Parts & Repair & Maintenance	2,293,725.60	490,509.00
	Electricity Supply by NEA for Plant	8,640.00	13,932.00
	Compensate expenses	784,000.00	34,000.00
	Electricity expenses	-	251,150.00
	Fooding expenses at Staff & Officer Mess	190,868.00	169,820.00
	Transmission Line Repair & Maintenance	517,605.00	413,935.00
	Hydropower Income & Royalty expenses	1,329,374.94	1,107,925.77
	Insurance premium	1,803,217.66	703,186.74
	Transportation expenses ,spareparts & Lubricants	135,500.00	63,430.00
	Travel,fooding expenses for Site Staffs	42,700.00	86,365.00
	Mobilization materials for Plant Operation	82,309.88	68,370.00
	Telephone Mobile & Internet expenses(Site Office)	75,900.00	76,700.00
	Generator Operating Expenses	103,100.00	18,309.36
	Motorbike operating expenses(Site Office)	27,080.00	8,000.00
	Repairs & maintenance , Cleaning expensesof Staff Quarter	8,070.00	35,250.00
	Tea & refreshment(Site Office)	12,364.00	3,905.00
	Royalty Expenses of Installed Capacity	250,000.00	250,000.00
	Miscellaneous Expenses (site office)	45,000.00	48,510.42
	Printing & Stationery (site office)	3,300.00	2,460.00
	3% Rebet amount deduction by NEA	418,075.48	347,373.61
	Donation Expenses (site office)	53,000.00	75,000.00
	Headwork, Pipeline & Powerhouse Maintenance & Protection	999,141.50	-
	General Expensese(Site Office)	85,000.00	-
	Business TAX on Tarakhola Rural Municipality	20,000.00	-
	Stock Verificationof Inventory & Property Valuation Expenses	145,205.00	-
		9,433,177.06	4,268,131.90



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Sayapatri Hydropower Limited

Kathmandu, Nepal

Project-Daram Khola A Hydro Project, Baglung

Notes to Financial Statements

As at 32nd Ashadh 2079 (16th July 2022)

Figures in NPR

23 Other incomes/(expenses)	Amount	
	Current Year 2078/2079	Previous year 2077/2078
Discount received	5,354.48	1,080,819.08
Inventories Income	-	8,292,500.00
Miscellaneous Incomes	12,380,800.62	1,000,569.00
Gain on Forex	22,421.80	-
Insurance Claim of Praperty, Machinery & Transmission	2,015,000.00	-
	14,423,576.90	10,373,888.08

24 Administrative and operating expenses	Amount	
	Current Year 2078/2079	Previous year 2077/2078
Office Rent	266,666.64	266,664.00
Motorbike operating expenses(Head Office)	4,000.00	-
Donation	1,000.00	25,700.00
General expenses	16,100.00	18,845.00
Mobile,Internet,Website & Telephone charges	52,320.00	47,699.60
Printing & Stationery	104,415.00	24,310.00
Repairs & Maintenance	8,200.00	2,542.50
Consultancy Fee	90,000.00	90,000.00
Business Promotion & Development	-	71,363.68
Advestment Expenses	182,325.00	84,676.00
Electricity expenses of Head Office	23,238.00	21,798.00
Legal Consultancy & Document Expenses	180,000.00	180,000.00
Tea & Refreshment Expenses	25,110.00	18,025.00
Cleaning items	2,340.00	3,255.00
Travel fooding & Lodging Expenses of BOD	-	70,500.00
Audit fee(statutory & Internal)	158,000.00	150,000.00
IME Commission charges	-	600.00
Conveyance expenses	42,860.00	47,090.00
Tax & Rates Expenses	201,374.89	143,018.16
IPPN Membership	-	24,000.00
Meeting Allowance(BOD & others)	127,958.80	-
IPO Rating Expenses	56,500.00	169,500.00
IPO Registration & Processing Expenses	600,000.00	145,000.00
Annual General Meeting Expenses	97,057.66	-
Website Update	11,300.00	-
Consultancy Fee (NFRS)	225,000.00	-
Company Upgarde (Company Registrar office)	35,200.00	-
Courier Expenses	10,095.00	-
Travel fooding & Lodging Expenses of (IPO)	277,398.00	-
	2,798,458.99	1,604,586.94

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25	Employee benefit expenses:	Amount	
		Current Year 2078/2079	Previous year 2077/2078
	Included in Direct Overheads		
	Salary & Allowances(Site Office)	2,660,100.00	2,412,027.66
	Dashain Allowances	168,000.00	204,000.00
	10% Empolyees Provident Fund	224,550.00	223,800.00
	Leave Allowance	201,733.30	206,066.67
	Food Allowances(Site Office)	416,000.00	403,712.00
	Overtime Duty on Dashain	-	10,664.00
	Responsible Allowance	265,500.00	180,000.00
	Included in cost of Administrative expenses		
	Office Salary & Allowances	586,500.00	528,000.00
	Dashain Allowances	66,500.00	91,500.00
	10% Empolyees Provident Fund	50,250.00	44,400.00
	Food Allowance(Head Office)	58,500.00	36,000.00
	Employee's termination Benefits	-	1,000,000.00
	Gratuity expenses	-	65,333.33
	Responsible Allowance	18,000.00	
	Staff Promotion Expense	1,700.00	
	Total Employee Benefit Expenses	4,717,333.30	5,405,503.66

26 Depreciation, amortisation, foreign exchange differences and costs of inventories included in the statement of profit or loss :

	Amount	
	Current Year 2078/2079	Previous year 2077/2078
Depreciation and amortization	17,343,719.46	17,353,396.23
	17,343,719.46	17,353,396.23



Sayapatri Hydropower Limited

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Figures in NPR

27 Finance cost

	Amount	
	Current Year 2078/2079	Previous year 2077/2078
Interest on debts and borrowings	31,647,227.74	26,964,407.32
	31,647,227.74	26,964,407.32

28 Finance income

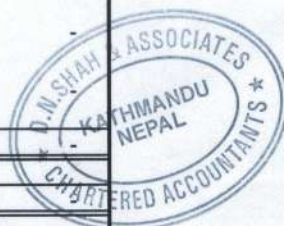
	Amount	
	Current Year 2078/2079	Previous year 2077/2078
Interest income	-	-
	-	-

29 Income tax expenses

	Amount	
	Current Year 2078/2079	Previous year 2077/2078
Current tax expense		
Current tax on profits for the year	-	-
Adjustment for under provision in prior periods	-	-
Total current tax	-	-
Deferred tax expense		
Origination and reversal of temporary differences	-	-
Recognition of previously unrecognized deferred tax assets	-	-
Total Deferred Tax	-	-
Total Tax Expense	-	-

Reconciliation of tax expense and the accounting profit multiplied by Company's tax rate for 2077-78 and 2078-79:

	Amount	
	Current Year 2078/2079	Previous year 2077/2078
Accounting profit before income tax	14,961,046.52	10,170,167.81
Company's statutory income tax rate (Income Tax Rebate for 10 years)	-	-
Adjustment in respect of fair value changes in listed investments taxable only upon sale	-	-
Adjustment in respect of Depreciation allowed as per the rate prescribed under Income Tax Act	-	-
Adjustment in respect of employee benefits allowed on payment basis under Income Tax Act	-	-
Other non-deductible expenses for tax purposes:	-	-
	-	-
Income tax expense reported in the statement of profit or loss	-	-



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