

UDIN: 241213CA00572a6muc

**INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS
OF HYDROELECTRICITY INVESTMENT AND DEVELOPMENT COMPANY
LIMITED**

Opinion

We have audited the financial statements of **Hydroelectricity Investment and Development Company Limited**, which comprise the Statement of Financial Position as at Ashad 31, 2081 and Statement of Profit & Loss, Statement of Cash Flow for the period then ended, Statement of changes in equity and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements of the Company read together with the Significant Accounting Policies and Notes to the Accounts forming part of the accounts for the year ended Ashad 31, 2081 are prepared, in all material respects and gives a true and fair view, in accordance with applicable Nepal Financial Reporting Standards and comply with provisions of the Companies Act, 2063.

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 ethical requirements that are relevant to our audit of the financial statements, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

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

Change in Investment Policy

Description of Matter: The company has changed its investment policy which enables it to invest in solar based projects as well apart from hydropower projects. This significant change in policy had been identified during the audit and included in this section.

Auditor's Response: We have reviewed the policy documents outlining the shift in the company's investment focus from exclusively hydropower projects to include solar projects. As part of our audit procedures, we have examined the investments made under this revised policy to ensure they align with the documented changes and comply with the company's internal guidelines, applicable regulations, and financial reporting requirements.

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Additionally, we evaluated the rationale provided by management for the change in investment policy and assessed the impact of this change on the company's financial position and disclosures in the financial statements.

Emphasis of Matter

Emphasis of Matter are those matters presented or disclosed in the financial statements that is of such importance that it is fundamental to users' understanding of financial statements. We would like to draw your attention to the following matter observed during our audit of financial statements for the financial year 2080-81.

HIDCL holds 20,00,000 Kitta in Vision Lumbini Urja Company Ltd. which is a listed company. Such Shares are to be measured at Fair Value through Other comprehensive income as per the provisions of NFRS-9 "Financial Instruments". Consequently, the gain on revaluation of such shares at Fair Value should be transferred to OCI account at each balance sheet date.

Management has taken the fair value of shares at Rs 529 as at Ashad 31st 2081, which is the market price prevailing on the said date for each ordinary share of VLUCL. Consequently, an amount of Rs.85,80,00,000 is transferred to OCI account as gain on revaluation.

It is further noted that the investment consist of promoter shares, which is subject to a mandatory lock-in period and, therefore, are not currently freely tradable in the secondary market. Despite this restriction, the Company has based its valuation on the market value of similar freely tradable securities, as no active trading or reliable alternative valuation methodology exists for the promoter shares at this time.

Our opinion is not modified in respect of this matter.

Other Matters

We would like to draw your attention to the following other matters observed during our audit of financial statements for the financial year 2080-81.

1) Consolidation of Financial statements

We did not audit the financial statements and other financial information of Remit Hydro Ltd. and Simbhuwa Remit Hydro Ltd as at Ashad 31, 2081 (15th July, 2024) which is considered in consolidated financial statements. The Financial statements and other financial information of these companies have been audited by other auditors whose report had been furnished to us by the management and our opinion on the financial statements in so far as it relates to the accounts included in respect of these subsidiaries are based solely on the report of other auditors.

2) Insufficient adherence to Hydropower Monitoring Guidelines:

Hydropower Monitoring Guidelines 2079 prescribes in sufficient detail how the investments in equity projects by HIDCL should be monitored which includes detailed reports, different formats and annexures that should be prepared. On review on relevant documents, we found that actual presentation of equity invested projects lacked substantially. The gap between required presentation and actual presentation is quite big which clearly represents insufficient adherence to the required Hydropower Monitoring Guidelines, 2079.



3) Restructuring Of Remit Hydro Ltd. and Simbhuwa Remit Hydro Ltd:

As per Memorandum of Understanding signed on 2079/11/17 between Hydroelectricity Investment & Development Corporation Limited, Nepal Electricity Authority (NEA) and Vidhyut Utpadan Company Ltd.(VUCL), the shares of Remit hydro and Simbhuwa Remit hydro were restructured from 51% to 15% . The said scheme of restructuring happened at Face Value without the execution of Due Diligence Procedures.

Consequently, the valuation of Remit and Simbhuwa Remit doesn't seem proper and this indicated opportunity loss to the company. The said arrangement requires NEA and VUCL to bring in capital In proportion to their shareholding.

However, a significant period of time has elapsed from the date of said arrangement and still major amount to be received from NEA and VUCL is pending which is indicative of lack of interest on part of NEA and VUCL to invest in these companies.

4) Additional Equity investment in Mewa Developers:

Initially a 49 MW project, the capacity of Middle Mewa project was enhanced by an additional 24.5MW through diversion of water from Siwa Khola due to which the new capacity of the project now stands at 73.5 MW. The progress of Siwa Khola is essential for relevant capacity enhancement of Middle Mewa since the waters to be diverted from Siwa Khola is responsible for additional capacity of Middle Mewa.

However, the Progress Report of Siwa Khola indicates that desired progress has not been made due to which it is likely that it will not meet RCOD.

If Progress on Siwa Khola is not made within due time (RCOD 27th Jestha 2082), then Middle Mewa project would consequently not get the desired benefit of enhanced capacity.

5) Asset Liabilities Management Committee

The functions and duties of Asset Liabilities Management Committee is mentioned in Section 14.2 of Corporate Governance Guidelines, 2079. As per Section 14.3 of the guidelines, Asset Liability management Committee shall hold meetings as per requirements. Also, meeting shall be held at least once in every three months.

On review of functions and duties as mentioned in the guidelines, the committee should have been one of the most active committees given that the entity is an investment company.

However, the committee is not active and no meetings were held in the current fiscal year.

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

Management is responsible for the preparation of the financial statements in accordance with the Generally Accepted Accounting Principles (GAAPs) and Nepal Financial Reporting Standards (NFRS) prevalent in Nepal and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.



In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters relating 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.

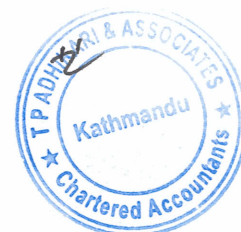
Auditor's Responsibilities for the Audit of the Financial Statements

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 Nepal Standards on Auditing (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 a part of an audit in accordance with NSAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- a) Identify and assess the risk of material misstatement of the financial statement, whether due to fraud and error, design and perform audit procedures responsive to those risk, 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.
- b) Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the company's internal control.
- c) 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 exist related to events or conditions that may cast significant doubt on the company's going concern. If we conclude that a material uncertainty exist, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, of 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.
- d) Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the management.

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



Report on Other Legal and Regulatory Requirements

As per the requirements of Section 115 of the Companies Act, 2063 (First Amendment 2074), we further report that:

- a) We have obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the purpose of our audit.
- b) In our opinion the Company has kept proper books of account as required by law so far, as appears from our examinations of those Books
- c) The financial statements agree with the books of account.
- d) In our opinion and to the best of our information and according to the explanation given to us, the financial statement the said Balance Sheet, Income Statement and Cash Flow Statement, read together with the notes forming part of the accounts give the information required by the Companies Act 2063 (First Amendment 2074) in the manner so required and give a true and fair view:
 - i. In the case of Balance Sheet, of the state of affairs of the Company as at 31 Ashad, 2081; and
 - ii. In the case of Income Statement, of the results of operations of the Company for the year ended on 31 Ashadh, 2081; and
 - iii. In the case of the Cash Flow Statement, of Cash inflow and outflow of Company for the year ended on that date.
- e) Neither we have come across any of the information about the misappropriation of fund by the directors or any of the representative or company's staffs during the course of our audit nor have we received any such information from the management.
- f) No accounting fraud has been observed during the course of our audit

For and on Behalf of,
T P Adhikari & Associates
Chartered Accountants



Thakur Prasad Adhikari
Managing Partner
Place: Kathmandu, Nepal
Date: December 13, 2024



Hydroelectricity Investment And Development Company Limited
Statement of Financial Position
As at 15 July 2024 (31 Ashad 2081)

Amount in NPR

Particulars	Explanatory Note	Group		HIDCL	
		As at 31 Ashad 2081	As at 31 Ashad 2080	As at 31 Ashad 2081	As at 31 Ashad 2080
Assets					
Non current assets					
Property, plant and equipment	1	1,070,380,406	971,456,766	7,813,222	7,444,661
Intangible assets	2	5,589,373	7,000,487	5,348,660	6,685,825
Right-of-use assets	3	97,378,915	106,259,947	58,427,349	63,810,167
Financial Assets					
Investment in subsidiary	4	-	-	1,010,000,000	1,010,000,000
Financial asset carried at FVTOCI	5	3,138,412,500	2,222,812,500	3,138,412,500	2,222,812,500
Financial asset carried at amortised cost	6	6,848,623,960	9,037,665,954	6,848,623,960	9,037,665,954
Deferred tax assets	7	-	5,031,484	-	5,352,999
Total non current assets		11,160,385,153	12,350,227,138	11,068,625,691	12,353,772,105
Current assets					
Inventory	8	636,899	434,284	370,953	172,916
Fianancial Assets					
Term deposits with bank	9	13,796,438,222	12,369,011,100	13,784,813,222	12,369,011,100
Other financial assets	10	554,731,482	259,913,329	554,731,482	259,913,329
Current tax assets	11	13,209,856	-	9,026,630	-
Other current assets	12	38,512,496	4,816,416	15,655,024	3,473,220
Cash and cash equivalent	13	1,266,402,450	430,734,324	1,154,454,863	357,496,485
Total current assets		15,669,931,403	13,064,909,451	15,519,052,174	12,990,067,049
Non current asset held for sale	14	-	80,738	-	80,738
Total assets		26,830,316,556	25,415,217,327	26,587,677,865	25,343,919,893
Equity and liabilities					
Equity					
Paid up share capital	15	23,130,408,375	22,775,799,375	22,873,908,375	22,775,799,375
Advance for Share Capital		-	41,500,000	-	-
Retained earnings	16	1,239,195,009	1,373,425,940	1,328,371,080	1,444,708,701
Reserves	17	2,033,484,100	891,906,025	2,033,484,100	892,047,447
Total Equity		26,403,087,483	25,082,631,339	26,235,763,554	25,112,555,523
Liabilities					
Non current liabilities					
Provisions for employee benefits	18	7,320,011	7,081,953	5,731,922	5,343,361
Financial liability carried at amortised cost	19	-	-	-	-
Lease liabilities	20	104,026,734	108,531,285	62,416,041	65,092,089
Deferred tax liabilities	7	72,185,636	-	83,162,817	-
Current liabilities					
Other liabilities	21	233,732,214	193,233,476	194,624,844	136,264,989
Lease liabilities	20	9,964,478	6,993,809	5,978,687	4,180,379
Current tax liabilities		-	16,745,464	-	20,483,552
Total equity and liabilities		26,830,316,556	25,415,217,327	26,587,677,865	25,343,919,893

Schedules and explanatory notes forms integral part of financial statement

As per our report of even date

Ramesh Paneru
Senior Manager - Finance

Jeevan Kumar Basnet
Deputy CEO (Finance)

Arjun Kumar Gautam
Chief Executive Officer

CA Thakur Prasad Adhikari
Managing Partner
TP Adhikari & Associates
Chartered Accountants

Sudhir Gewali
Director

Madhav Prasad Koirala
Director

Mahesh Rimal
Director

Shyam Prasad Bhandari
Director

Ram Prasad Acharya
Director

Suresh Acharya
Chairman

Date: Mangsir 26, 2081
Place: Kathmandu

Hydroelectricity Investment And Development Company Limited
Statement of Profit or Loss
For the year ended 15 July 2024 (31 Ashad 2081)

Amount in NPR

Particulars	Explanatory Note	Group		HIDCL	
		For the period 2080-81	For the period 2079-80	For the period 2080-81	For the period 2079-80
Revenue					
Revenue from contract with customers	22	49,885,832	10,089,890	49,885,832	10,089,890
Interest income	23	2,089,187,024	2,152,424,969	2,086,219,435	2,151,292,600
Dividend Income	24	11,340,000	13,360,500	11,340,000	13,360,500
Other income	25	23,854,398	282,620	23,686,181	191,228
Total revenue		2,174,267,255	2,176,157,979	2,171,131,448	2,174,934,217
Expenses					
Employee benefit expense	26	67,835,095	72,587,150	58,427,111	59,896,711
Operating and Administrative Expenses	27	21,722,467	21,581,044	16,545,843	17,161,671
Finance Expenses	28	11,450,368	11,898,323	6,855,461	7,124,433
Depreciation and amortisation	29	24,381,079	23,040,265	11,781,195	10,562,983
Impairment	30	726,480	28,338,048	726,480	28,338,048
Loss On Sale/ Disposal of Fixed Assets		-	2,529,528	-	2,529,528
Investment Write Off		-	38,592,071	-	38,592,071
Total expense		126,115,489	198,566,429	94,336,089	164,205,445
Profit before tax from continuing operation		2,048,151,766	1,977,591,550	2,076,795,359	2,010,728,772
Current tax		621,517,006	631,794,931	621,517,006	631,794,931
Tax expense pertaining to prior years		-	5,728,341	-	5,728,341
Deferred tax expense / (income)	7	8,528,349	2,233,239	(2,715,816)	2,001,936
Profit from continuing operations		1,435,163,109	1,342,301,516	1,452,562,537	1,375,207,435
Profit from discontinued operations (Net of Tax)		-	-	-	-
Net profit for the year		1,435,163,109	1,342,301,516	1,452,562,537	1,375,207,435
Earnings per share					
Basic earnings per share		6.23	5.89	6.37	6.04
Diluted earnings per share		5.81	5.89	5.93	6.04

Schedules and explanatory notes forms integral part of financial statement

As per our report of even date

Ramesh Paneru
Senior Manager - Finance

Jeevan Kumar Basnet
Deputy CEO (Finance)

Arjun Kumar Gautam
Chief Executive Officer

CA Thakur Prasad Adhikari
Managing Partner
TP Adhikari & Associates
Chartered Accountants

Sudhir Gewali
Director

Madhav Prasad Koirala
Director

Maresh Rimal
Director

Shyam Prasad Bhandari
Director

Ram Prasad Acharya
Director

Suresh Acharya
Chairman

Date: Mangsir 26, 2081
Place: Kathmandu

Hydroelectricity Investment And Development Company Limited
Statement of Comprehensive Income
For the year ended 15 July 2024 (31 Ashad 2081)

Amount in NPR

Particulars	Group		HIDCL	
	For the period 2080-81	For the period 2079-80	For the period 2080-81	For the period 2079-80
Profit or loss for the period	1,435,163,109	1,342,301,516	1,452,562,537	1,375,207,435
Other comprehensive income				
a) Items that will not be reclassified to profit or loss				
-Gains/(losses) from investments in equity instruments measured at fair value	858,000,000	-	858,000,000	-
-Gain/(loss) on revaluation			-	-
-Actuarial gain/loss on defined benefit plans	(247,147)	(415,661)	-	-
-Income tax relating to above items	(85,745,470)	38,094	(85,800,000)	-
Net OCI that will not be reclassified to profit or loss	2,207,170,492	1,341,923,950	2,224,762,537	1,375,207,435
b) Items that are or may be reclassified to profit or loss				
-Gains/(losses) on cash flow hedge			-	-
Exchange gains/(losses)			-	-
-Income tax relating to above items			-	-
Net OCI that are or may be reclassified to profit or loss			-	-
Total Comprehensive Income for the period	2,207,170,492	1,341,923,950	2,224,762,537	1,375,207,435

Schedules and explanatory notes forms integral part of financial statement

As per our report of even date

Ramesh Paneru
Senior Manager - Finance

Jeevan Kumar Basnet
Deputy CEO (Finance)

Arjun Kumar Gautam
Chief Executive Officer

CA Thakur Prasad Adhikari
Managing Partner
TP Adhikari & Associates
Chartered Accountants

Sudhir Gewali
Director

Madhav Prasad Koirala
Director

Mahesh Rimal
Director

Shyam Prasad Bhandari
Director

Ram Prasad Acharya
Director

Suresh Acharya
Chairman

Date: Mangsir 26, 2081
Place: Kathmandu

Hydroelectricity Investment And Development Company Limited
Cash Flow Statement

For the year ended 15 July 2024 (31 Ashad 2081)

Amount in NPR

Particular	Group		HIDCL	
	For the period 2080-81	For the period 2079-80	For the period 2080-81	For the period 2079-80
Cash flows from operating activities				
Profit after tax	2,207,170,492	1,341,923,950	2,224,762,537	1,375,207,435
Adjustments for non-cash items and non operating adjustments				
Depreciation & amortization of PPE	10,986,680	11,609,576	1,788,126	2,246,692
Depreciation & amortization of intangible assets	1,411,114	86,032	1,337,165	-
Depreciation on right of use Assets	14,426,506	13,585,370	8,655,904	8,166,249
Impairment	-	-	-	-
Loss (Gain) on disposal of assets	(18,062)	2,529,528	(18,062)	2,529,528
Dividend income	(11,340,000)	(13,360,500)	(11,340,000)	(13,360,500)
Interest income on investment	(7,200,000)	(7,200,000)	(7,200,000)	(7,200,000)
Prior period adjustment	(24,598)	433,191,644	-	433,119,644
Finance expenses	11,450,368	11,880,784	6,855,461	7,124,433
Leasehold property written off	-	131,702	-	131,702
Changes in Operating assets and Liabilities				
Change in operating assets	(1,764,322,343)	1,440,688,736	(1,726,673,748)	1,428,773,944
Change in operating liabilities	96,176,967	(880,500,372)	121,427,681	(837,285,648)
Net cash from operating activities	558,717,125	2,354,566,449	619,595,064	2,399,453,481
Cash flows from investing activities				
Purchase of property, plant and equipment	(4,135,475)	(5,148,169)	(2,156,687)	(1,575,451)
Addition of capital WIP	(105,774,843)	(64,878,241)	-	-
Addition of Intangible	-	-	-	-
NCA sold during the year	98,800	84,701	98,800	84,700
Prior period adjustment	-	-	-	-
Capital work in progress of intangible asset	-	-	-	-
Purchase of intangible assets	-	(85,850)	-	-
Net cash outflow in investment in subsidiary	-	-	-	(123,730,000)
Dividend Income	11,340,000	13,360,500	11,340,000	13,360,500
Net cash flow from investment securities	1,273,441,994	(3,743,445,688)	1,273,441,994	(3,743,445,688)
Interest income on investment	7,200,000	7,200,000	7,200,000	7,200,000
Revaluation gain	-	-	-	-
Net cash used in investing activities	1,182,170,475	(3,792,912,747)	1,289,924,107	(3,848,105,939)
Cash flows from financing activities				
Lease payment under NFRS 16	(19,110,999.46)	(17,850,420)	(11,452,319)	(10,710,252)
Issue of Share Capital	354,609,000	2,060,747,375	98,109,000	2,060,747,375
Advance Share Capital	(41,500,000)	41,500,000	-	-
Dividends paid to ordinary shareholders	(1,199,293,283)	(55,990,178)	(1,199,293,283)	(55,990,178)
Utilisation of reserve and surplus	653,547	(1,062,158,064)	653,547	(1,062,158,064)
Share Issue Expenses	(577,738)	(6,243,271)	(577,738)	(6,243,271)
Net cash (used in)/from financing activities	(905,219,473)	960,005,443	(1,112,560,793)	925,645,611
Net increase/(decrease) in cash and cash equivalents	835,668,126	(478,340,856)	796,958,378	(523,006,848)
Cash and cash equivalents at beginning of year	430,734,324	909,075,180	357,496,485	880,503,333
Effect of exchange rate changes on cash & cash equivalents	-	-	-	-
Cash and cash equivalents at end of year	1,266,402,450	430,734,324	1,154,454,862	357,496,485

Schedules and explanatory notes forms integral part of financial statement

As per our report of even date

Ramesh Paneru
Senior Manager - Finance

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Shyam Prasad Bhandari
Director

Ram Prasad Acharya
Director

Suresh Acharya
Chairman

Date: Mangsir 26, 2081
Place: Kathmandu

Hydroelectricity Investment And Development Company Limited
Consolidated Statement of Changes in Equity
For the year ended 15 July 2024 (31 Ashad 2081)

Particulars	Share Capital	Share Capital Premium	Retained earnings	General reserve	Loan Loss reserve	Deferred tax reserve	Fair Value Reserve	Actuarial Gain/Loss	HIDCL	Total
									Amount in NPR	
Balance at Shrawan 1, 2079	20,715,052,000	516,123,454	711,028,858	276,446,845	145,802,074	3,351,063	-	-		22,367,804,294
Adjustment/Restatement	-	-	-	-	-	-	-	-		-
Adjusted/Restated balance at Shrawan 1, 2079	20,715,052,000	516,123,454	711,028,858	276,446,845	145,802,074	3,351,063	-	-		22,367,804,294
Profit for the year			1,375,207,435							1,375,207,435
Gain /(losses) on revaluation			68,288							
Transfer to reserve during the year			(360,668,700)	275,041,487	83,625,277	2,001,936	-	-		(0)
Transfer from reserve during the year										-
Prior period Taxes										-
Auction of the Unsubscribed right Shares	996,934,000	1,655,311								998,589,311
Reversal of Bonus Payable			433,119,644							
Transactions with owners, directly recognised in equity										
Right shares issued	-		-							-
Right shares issue expenses	-		(6,243,271)							(6,243,271)
Bonus shares issued	1,063,813,375	(412,000,000)	(651,813,375)							
Cash dividend paid			(55,990,178)							
Balance at Ashad end 2080	22,775,799,375	105,778,765	1,444,708,701	551,488,332	229,427,351	5,352,999	-	-		25,112,555,523
Balance at 1 Shrawan 2080	22,775,799,375	105,778,765	1,444,708,701	551,488,332	229,427,351	5,352,999	-	-		25,112,555,523
Adjustment/Restatement	-		-		-	-	-	-		-
Adjusted/Restated balance at 1 Shrawan 2080	22,775,799,375	105,778,765	1,444,708,701	551,488,332	229,427,351	5,352,999	-	-		25,112,555,523
Profit for the year			2,224,762,537							2,224,762,537
Gain /(losses) on revaluation			-							-
Transfer to reserve during the year			(1,140,783,106)	290,512,507	80,786,414	(2,715,816)	772,200,000			-
Transfer to fair Value reserve										-
Auction of the Unsubscribed right Shares	98,109,000	653,547								98,762,547
Lease Adjustment			(446,032)							(446,032)
Transactions with owners, directly recognised in equity										-
Right shares issued	-		-							-
Right shares issue expenses	-		(577,738)							(577,738)
Bonus shares issued	-	-	-							-
Dividend Tax			(567,000)							-
Cash dividend paid			(1,198,726,283)							(1,198,726,283)
Balance at Ashad end 2081	22,873,908,375	106,432,312	1,328,371,080	842,000,839	310,213,765	2,637,183	772,200,000	-		26,235,763,555

Schedules and explanatory notes forms integral part of financial statement

As per our report of even date

Ramesh Paneru
Senior Manager - Finance

Jeevan Kumar Basnet
Deputy CEO (Finance)

Arjun Kumar Gautam
Chief Executive Officer

CA Thakur Prasad Adhikari
Managing Partner
TP Adhikari & Associates
Chartered Accountants

Sudhir Gewali
Director

Madhav Prasad Koirala
Director

Mahesh Rimal
Director

Shyam Prasad Bhandari
Director

Ram Prasad Acharya
Director

Suresh Acharya
Chairman

Date: Mangsir 26, 2081
Place: Kathmandu

Hydroelectricity Investment And Development Company Limited
Consolidated Statement of Changes in Equity
For the year ended 15 July 2024 (31 Ashad 2081)

Particulars	Share Capital	Share Capital Premium	Retained earnings	General reserve	Loan Loss reserve	Deferred tax reserve	Fair Value Reserve	Actuarial Gain/Loss	Group
									Amount in NPR
									Total
Balance at Shrawan 1, 2079	20,715,052,000	516,123,454	672,957,582	276,446,845	145,802,074	3,209,641	-	-	22,329,591,595
Adjustment/Restatement	-	-	140,288	-	-	-	-	-	140,288
Adjusted/Restated balance at Shrawan 1, 2079	20,715,052,000	516,123,454	673,097,870	276,446,845	145,802,074	3,209,641	-	-	22,329,731,883
Profit for the year* (Restated)			1,341,923,950						1,341,923,950
Transfer to reserve during the year			(360,668,700)	275,041,487	83,625,277	2,001,936	-	-	-
Prior period Taxes			-						-
Auction of the Unsubscribed right Shares	996,934,000	1,655,311							998,589,311
Reversal of Bonus Payable			433,119,644						-
Transactions with owners, directly recognised in equity									-
Right shares issued			-						-
Advance for share capital	41,500,000		-						(6,243,271)
Right shares issue expenses			(6,243,271)						-
Bonus shares issued	1,063,813,375	(412,000,000)	(651,813,375)	-					(55,990,178)
Cash dividend paid			(55,990,178)						-
Balance at Ashad end 2080	22,817,299,375	105,778,765	1,373,425,939	551,488,332	229,427,351	5,211,576	-	-	25,082,631,339
Balance at 1 Shrawan 2080	22,817,299,375	105,778,765	1,373,425,939	551,488,332	229,427,351	5,211,576	-	-	25,082,631,339
Adjustment/Restatement	-	-	-	-	-	-	-	-	-
Adjusted/Restated balance at 1 Shrawan 2080	22,817,299,375	105,778,765	1,373,425,939	551,488,332	229,427,351	5,352,999	-	-	25,082,772,761
Profit for the year			2,207,170,492						2,207,170,492
Gain /(losses) on revaluation			(274,824)						(274,824)
Transfer to reserve during the year	-		(1,140,783,106)	290,512,507	80,786,414	(2,715,816)	772,200,000	-	(0)
Prior period tax			-						-
Auction of the Unsubscribed right Shares	98,109,000	653,547							98,762,547
Lease Adjustment			(472,473)						(472,473)
Reversal of Bonus Payable									-
Transactions with owners, directly recognised in equity									-
Shares issued	256,500,000		-						256,500,000
Advance for share capital	(41,500,000)								(41,500,000)
Right shares issue expenses			(577,738)						(577,738)
Dividend Tax			(567,000)						-
Bonus shares issued	-	-	-	-					-
Cash dividend paid			(1,198,726,283)						(1,198,726,283)
Balance at Ashad end 2081	23,130,408,375	106,432,312	1,239,195,008	842,000,839	310,213,765	2,637,183	772,200,000	-	26,403,087,483

Schedules and explanatory notes forms integral part of financial statement

As per our report of even date

Ramesh Paneru
Senior Manager - Finance

Jeevan Kumar Basnet
Deputy CEO (Finance)

Arjun Kumar Gautam
Chief Executive Officer

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Director

Shyam Prasad Bhandari
Director

Ram Prasad Acharya
Director

Suresh Acharya
Chairman

Date: Mangsir 26, 2081
Place: Kathmandu

Hydroelectricity Investment and Development Company Limited
Notes forming part of the financial statements

1 Property, plant and equipment

Description	Land	Building	Leasehold Improvements	Furniture and Fixtures	Office Equipments	Vehicles	Others	TOTAL
Gross Block								
As at 16 July 2023	-	-	4,494,495	3,652,860	9,044,628	15,419,540	468,029	33,079,551
Additions	-	-	-	-	-	-	-	-
Adjustment (disposals and transfers)	-	-	-	-	-	-	-	-
As at 16 July 2023	-	-	4,494,495	3,652,860	9,044,628	15,419,540	468,029	33,079,551
Additions	-	-	155,282	108,500	1,144,406	716,700	31,798	2,156,687
Write off	-	-	-	-	-	-	-	-
Assets Held for Sale	-	-	-	-	-	-	-	-
As at 15 July 2024	-	-	4,649,777	3,761,360	10,189,034	16,136,240	499,827	35,236,238
Accumulated depreciation								
As at 16 July 2023	-	-	423,664	2,557,998	6,945,842	15,289,357	418,028	25,634,889
Prior period adjustment	-	-	-	-	-	-	-	-
Charge for the year (Depreciation for the year)	-	-	452,886.12	688,039.22	481,612.87	130,182.58	35,405.24	1,788,126
Attributable to assets other than held for sale and written off assets	-	-	-	-	-	-	-	-
Attributable to sold/transferred/written off	-	-	-	-	-	-	-	-
Attributable to asset held for sale	-	-	-	-	-	-	-	-
As at 16 July 2023	-	-	876,550	3,246,037	7,427,455	15,419,539	453,434	27,423,015
Net Book Value								
As at 16 July 2023	-	-	4,070,830	1,094,862	2,098,786	130,183	50,000	7,444,661
As at 15 July 2024	-	-	3,773,226	515,323	2,761,579	716,701	46,393	7,813,222

Hydroelectricity Investment and Development Company Limited
Notes forming part of the financial statements

			Group		
			<i>Amount in NPR</i>		
1 Property, plant and equipment			1.2 Capital Work in Progress		
Particulars	As at 31 Ashad 2081	As at 31 Ashad 2080	Particulars	As at 31 Ashad 2081	As at 31 Ashad 2080
Carrying amount of PPE	97,276,690	104,127,894	CWIP Ghunsa Khola HEP	597,997,098	515,387,843
Capital work in progress	973,103,716	867,328,872	CWIP of Simbuwa Remit	375,106,618	351,941,030
Total	1,070,380,406	971,456,766	Total	973,103,716	867,328,872

1.1 Carrying amount of PPE

Description	Land	Building	Leasehold Improvements	Furniture and Fixtures	Office Equipments	Vehicles	Others	TOTAL
Gross Block								
As at 16 July 2023	50,766,739	6,713,833	5,817,866	8,509,780	13,999,697	43,032,429	30,036,853	158,877,198
Additions	10,200	-	242,358	831,161	1,598,213	1,181,845	271,698	4,135,475
Adjustment (disposals and transfers)	-	-	-	-	-	-	-	-
As at 15 July 2024	50,776,939	6,713,833	6,060,224	9,340,942	15,597,910	44,214,274	30,308,551	163,012,674
Accumulated depreciation								
As at 16 July 2023	-	1,441,157	698,191	5,276,597	9,592,197	27,444,731	10,296,431	54,749,304
Prior period adjustment	-	-	-	-	-	-	-	-
Charge for the year	-	335,692	696,513	1,397,435	1,352,527	4,254,240	2,950,273	10,986,680
Attributable to assets impaired during the year	-	-	-	-	-	-	-	-
Attributable to sold/transferred/written off	-	-	-	-	-	-	-	-
As at 15 July 2024	-	1,776,848	1,394,704	6,674,032	10,944,724	31,698,972	13,246,704	65,735,984
Net Book Value								
As at 16 July 2023	50,766,739	5,272,677	5,119,675	3,233,183	4,407,500	15,587,698	19,740,422	104,127,894
As at 15 July 2024	50,776,939	4,936,985	4,665,520	2,666,910	4,653,186	12,515,302	17,061,847	97,276,690

Schedules and explanatory notes forms integral part of financial statement

Hydroelectricity Investment and Development Company Limited
Notes forming part of the financial statements

2 Intangible Assets

Particulars	Group		HIDCL	
	As at 31 Ashad 2081	As at 31 Ashad 2080	As at 31 Ashad 208	As at 31 Ashad 2080
Carrying amount of Intangible Assets	5,589,373	314,663	5,348,660	-
Capital work in progress	-	6,685,825	-	6,685,825
Total	5,589,373	7,000,487	5,348,660	6,685,825

2.1 Carrying Amount of Intangible Assets

Particulars	Software	Website Development	Total	Software	Website Development	Total
Cost of Intangible Asset						
As at 16 July 2023	1,475,100	88,592	1,563,692	963,000	88,592	1,051,592
Additions during the year	6,685,825	-	6,685,825	6,685,825	-	6,685,825
Disposals during the year	-	-	-	-	-	-
Adjustment/Revaluation	-	-	-	-	-	-
As at 15 July 2024	8,160,925	88,592	8,249,517	7,648,825	88,592	7,737,417
Amortization and Impairment						
As at 16 July 2023	1,160,437	88,592	1,249,029	963,000	88,592	1,051,592
Amortization charge for the year	1,411,114	-	1,411,114	1,337,165	-	1,337,165
Disposals	-	-	-	-	-	-
Adjustment	-	-	-	-	-	-
As at 16 July 2023	2,571,552	88,592	2,660,144	2,300,165	88,592	2,388,757
Net Carrying value of Intangible Asset						
As at 16 July 2023	314,663	-	314,663	-	-	-
As at 15 July 2024	5,589,373	-	5,589,373	5,348,660	-	5,348,660

2.2 Capital Work in Progress

Particulars	As at 31 Ashad 2081	As at 31 Ashad 2080	As at 31 Ashad 2081	As at 31 Ashad 2080
Opening Balance	6,685,825	6,685,825	6,685,825	6,685,825
Additions during the year	-	-	-	-
Less: Capitalized during the year	6,685,825	-	6,685,825	-
Closing Balance	-	6,685,825	-	6,685,825

Cost of Capital WIP includes the cost incurred for the development and installation of ERP system for the company. It also includes the expenses incurred during the FY 2077-78 for system audit. The CWIP amount has been capitalized as intangible assets, effective from the beginning of fiscal year 2080.81

Hydroelectricity Investment and Development Company Limited
Notes forming part of the financial statements

3 Right-of-use assets

Amount in NPR

Particular	Group		HIDCL	
	As at	As at	As at	As at
	31 Ashad 2081	31 Ashad 2080	31 Ashad 2081	31 Ashad 2080
Right Of-Use- Asset	129,838,553	128,227,305	77,903,132	79,455,218
Prior Period Adjustment	-	6,000,052	-	6,000,052
Less: Accumulated Amortization	32,459,638	15,967,306	19,475,783	9,644,999
Total	97,378,915	106,259,947	58,427,349	63,810,167

The company has shifted its office from Hattisar to New Baneshwor (4th Floor of CIT Building). While recognizing the leased assets in books of accounts, company has followed NFRS -16 and recognized the right of use assets which will be amortized over the lease period on SLM Basis.

4 Investment in subsidiary

Amount in NPR

Particular	Group		HIDCL	
	As at	As at	As at	As at
	31 Ashad 2081	31 Ashad 2080	31 Ashad 2081	31 Ashad 2080
Investment in unquoted subsidiary				
Remit Hydro Limited (6,100,000 shares of Rs 100 each)			610,000,000	610,000,000
 (4,000,000 shares of Rs 100 each) No call is made during the Year			400,000,000	400,000,000
Total			1,010,000,000	1,010,000,000

Company does not have any non-controlling interest in the subsidiary

5 Investment carried at fair value through OCI

Amount in NPR

Particulars	Group			
	As at	As at	As at	As at
	31 Ashad 2081	31 Ashad 2080	31 Ashad 2081	31 Ashad 2080
Quoted equity securities	1,058,000,000	-	1,058,000,000	-
Unquoted equity securities	2,080,412,500	2,222,812,500	2,080,412,500	2,222,812,500
Total	3,138,412,500	2,222,812,500	3,138,412,500	2,222,812,500

Amount in NPR

Investment in unquoted equity	Current Year		Previous Year	
	Cost	Fair Value	Cost	Fair Value
Power Transmission Company Limited (630,000 Ordinary Shares of Rs.100 paid up)	63,000,000	63,000,000	63,000,000	63,000,000
Vidhyut Utpadan Company Limited (2,688,000 Ordinary Shares of Rs.100 paid up)	268,800,000	268,800,000	268,800,000	268,800,000
Nepal Power Trading Company Limited (22,500 Ordinary Shares of Rs.100 paid up)	2,250,000	2,250,000	2,250,000	2,250,000
NEA Engineering Company Limited (284,625 Ordinary Shares of Rs.100 paid up)	28,462,500	28,462,500	28,462,500	28,462,500
Vision Energy and Power Limited (5,000,000 Ordinary Shares of Rs.100 paid up)	500,000,000	500,000,000	500,000,000	500,000,000
Vision Lumbini Urja Company Limited (2,000,000 Ordinary Shares of Rs.100 paid up)	200,000,000	1,058,000,000	200,000,000	200,000,000
Jagadulla Hydropower Company Limited 2,343,000 Ordinary Shares of Rs.100 paid up)	234,300,000	234,300,000	234,300,000	234,300,000
Mewa Developers Limited (9,260,000 Ordinary Shares of Rs.100 paid up)	926,000,000	926,000,000	926,000,000	926,000,000
Pashupati Renewable Limited (576,000 Ordinary Shares of Rs.100 paid up)	57,600,000	57,600,000	-	-
Total	2,280,412,500	3,138,412,500	2,222,812,500	2,222,812,500

Hydroelectricity Investment and Development Company Limited
Notes forming part of the financial statements

6 Financial asset carried at Amortised Cost

Amount in NPR

Particulars	Group		HIDCL	
	As at	As at	As at	As at
	31 Ashad 2081	31 Ashad 2080	31 Ashad 2081	31 Ashad 2080
Investment in corporate bonds	-	83,609,863	-	83,609,863
Loan to power project	6,844,459,451	8,950,641,513	6,844,459,451	8,950,641,513
Staff loan	952,773	390,585	952,773	390,585
Deferred employee expenditure	296,360	108,618	296,360	108,618
Investment work in progress	2,915,375	2,915,375	2,915,375	2,915,375
Total	6,848,623,960	9,037,665,954	6,848,623,960	9,037,665,954

6.1 Investment in corporate bonds

Amount in NPR

Particulars	Group		HIDCL	
	As at	As at	As at	As at
	31 Ashad 2081	31 Ashad 2080	31 Ashad 2081	31 Ashad 2080
Corporate bond (debenture)	80,000,000	80,000,000	80,000,000	80,000,000
Interest receivable on bond	3,609,863	3,609,863	3,609,863	3,609,863
Less: Current Portion	83,609,863	-	83,609,863	-
Total	-	83,609,863	-	83,609,863

6.2 Loan to power projects

Amount in NPR

Particulars	Group		HIDCL	
	As at	As at	As at	As at
	31 Ashad 2081	31 Ashad 2080	31 Ashad 2081	31 Ashad 2080
Himalayan Power Partner Limited (Dordi Khola HEP)	800,197,700	738,478,496	800,197,700	738,478,496
Sahas Urja Limited (Solu Dudh Koshi HEP)	1,377,775,912	1,408,690,060	1,377,775,912	1,408,690,060
Swet Ganga Hydropwer and Construciton Limited (Lower Likhu HEP)	144,186,983	874,302,701	144,186,983	874,302,701
Solu Hydro Power Limited (Lower Solu HEP)	903,858,189	110,353,750	903,858,189	110,353,750
Mandu Hydropower Limited (Bagmati Small Power Project)	143,214,371	161,139,371	143,214,371	161,139,371
Mountain Energy Nepal Limited (Mistri Khola HEP)	893,934,219	977,226,219	893,934,219	977,226,219
Nyadhi Hydropower Limitted (Nyadi Hydropower Project)	614,074,373	622,129,373	614,074,373	622,129,373
Upper Solu Hydroelectric Co. Limited (Solu Hydroelectric Project)	200,007,421	214,619,421	200,007,421	214,619,421
Beni Hydropower Limited (Upper Solu Hydropower Project)	194,952,595	194,908,060	194,952,595	194,908,060
Trishuli Jalvidyut Co. Limited (Upper Trisuli 3B Hydroelectric Project)	1,238,912,308	1,136,625,436	1,238,912,308	1,136,625,436
Upper Tamakoshi Hydropower Limited-456 Mw	-	2,000,000,000	-	2,000,000,000
			834,932,920	834,926,139
Super Madi Hydropower Ltd(Super Madi Hydroelectric Project)	834,932,920	834,926,139		
Less: Current portion of loan to power projects	-	-	-	-
Mandu Hydropower Limited (Bagmati Small Power Project)	17,925,000	17,925,000	17,925,000	17,925,000
Mountain Energy Nepal Limited (Mistri Khola HEP)	93,504,000	75,382,000	93,504,000	75,382,000
Nyadhi Hydropower Limitted (Nyadi Hydropower Project)	26,047,838	8,575,500	26,047,838	8,575,500
			7,863,200	6,312,000
Upper Solu Hydroelectric Co. Limited (Solu Hydroelectric Project)	7,863,200	6,312,000		
Upper Tamakoshi Hydropower Limited-456 Mw	-	-	-	-
Himalayan Power Partner Limited (Dordi Khola HEP)	35,643,750	7,413,900	35,643,750	7,413,900
Beni Hydropower Limited (Upper Solu Hydropower Project)	5,400,000	500,000	5,400,000	500,000
Sahas Urja Limited (Solu Dudh Koshi HEP)	161,867,948	71,294,087	161,867,948	71,294,087
Swet Ganga Hydropwer and Construciton Limited (Lower Likhu HEP)	40,203,850	30,152,506	40,203,850	30,152,506
Super Madi Hydropower Ltd(Super Madi Hydroelectric Project)	43,996,000	14,792,000	43,996,000	14,792,000
				-
Loan to power project (Non-Current)	6,913,595,405	9,041,052,033	6,913,595,405	9,041,052,033
Less: Specific impairment	-	-	-	-
Less: Portfolio impairment	69,135,954	90,410,520	69,135,954	90,410,520
	6,844,459,451	8,950,641,513	6,844,459,451	8,950,641,513

Hydroelectricity Investment and Development Company Limited
Notes forming part of the financial statements

6.3 Staff Loan

Amount in NPR

Particulars	Group		HIDCL	
	As at	As at	As at	As at
	31 Ashad 2081	31 Ashad 2080	31 Ashad 2081	31 Ashad 2080
Staff loan	1,031,262	1,243,302	1,031,262	1,243,302
Less: current portion of staff loan	78,489	852,717	78,489	852,717
Total	952,773	390,585	952,773	390,585

6.4 On-lending

Amount in NPR

Asset (to Kabeli Energy Limited)		Group		HIDCL	
Particulars	As at	As at	As at	As at	
	31 Ashad 2081	31 Ashad 2080	31 Ashad 2081	31 Ashad 2080	
Opening balance	-	410,400,922	-	410,400,922	
Add :Disbursement during the year	-	-	-	-	
Add: Foreign exchange gain or loss	-	(19,092,990)	-	(19,092,990)	
Add: Interest charged during the year	-	20,996,002	-	20,996,002	
Less: Repayments during the Year	-	(412,303,934)	-	(412,303,934)	
Total	-	-	-	-	

6.5 Investment Work in Progress

Amount in NPR

Particulars	Group		HIDCL	
	As at	As at	As at	As at
	31 Ashad 2081	31 Ashad 2080	31 Ashad 2081	31 Ashad 2080
CWIP Madi Khola HEP	-	-	-	-
CWIP Tamor Khola HEP	2,915,375	2,915,375	2,915,375	2,915,375
Total	2,915,375	2,915,375	2,915,375	2,915,375

The expenditure incurred in acquisition of license, survey and other related expenses till the end of financial year is recognized as Capital Work in

Investment WIP- Madi Khola KHEP	As at	As at	As at	As at
	31 Ashad 2081	31 Ashad 2080	31 Ashad 2081	31 Ashad 2080
Opening CWIP	-	38,563,984	-	38,563,984
Add: Additions during the year	-	-	-	-
Less: Capitalized during the year	-	-	-	-
Less: Written off during the year	-	38,563,984	-	38,563,984
Total	-	-	-	-

Investment WIP-Tamor Khola HEP	As at	As at	As at	As at
	31 Ashad 2081	31 Ashad 2080	31 Ashad 2081	31 Ashad 2080
Opening CWIP	2,915,375	2,915,375	2,915,375	2,915,375
Add: Additions during the year	-	-	-	-
Less: Capitalized during the year	-	-	-	-
Total	2,915,375	2,915,375	2,915,375	2,915,375

Hydroelectricity Investment and Development Company Limited
Notes forming part of the financial statements

<i>Amount in NPR</i>				
7 Deferred tax assets				
HIDCL				
FY 2080-81	Opening balance	Recognised in profit or loss	Recognised in OCI	Closing balance
Gratuity	293,736	31,509	-	325,244
Leave encashment	1,309,273	85,060	-	1,394,332
Lease liability	1,638,690	1,351,523	-	2,990,213
Financial assets held at FVTOCI				
Property, plant and equipment	2,111,300	(4,183,907)	-	(2,072,607)
Total of deferred tax assets	5,352,999	(2,715,816)	-	2,637,183
Property, plant and equipment	-	-	-	-
Financial assets held at FVTOCI	-	-	(85,800,000)	(85,800,000)
Total of deferred tax liability	-	-	(85,800,000)	(85,800,000)
Net deferred tax assets / (liability)	5,352,999	(2,715,816)	(85,800,000)	(83,162,817)
HIDCL				
FY 2079-80	Opening balance	Recognised in profit or loss	Recognised in OCI	Closing balance
Gratuity	252,180	41,555	-	293,736
Leave encashment	1,011,492	297,781	-	1,309,273
Lease liability	285,048	1,353,643	-	1,638,690
Financial assets held at FVTOCI	-	-	-	-
Property, plant and equipment	1,802,343	308,957	-	2,111,300
Total of deferred tax assets	3,351,063	2,001,936	-	5,352,999
Property, plant and equipment	-	-	-	-
Financial assets held at FVTOCI	-	-	-	-
Total of deferred tax liability	-	-	-	-
Net deferred tax liability	3,351,063	2,001,936	-	5,352,999
<i>Amount in NPR</i>				
Group				
FY 2080-81	Opening balance	Recognised in profit or loss	Recognised in OCI	Closing balance
Gratuity	293,736	31,509	-	325,244
Leave encashment	1,504,157	(560)	54,530	1,558,126
Lease liability	2,114,046	876,167	-	2,990,213
Carryforward Losses	-	13,131,986	-	13,131,986
Property, plant and equipment	2,111,300	(2,111,300)	-	-
Total of deferred tax assets	6,023,239	11,927,801	54,530	18,005,570
Property, plant and equipment	991,754	3,399,451	-	4,391,206
Financial assets held at FVTOCI	-	-	85,800,000	85,800,000
Total of deferred tax liability	991,754	3,399,451	85,800,000	90,191,206
Net deferred tax asset/ (liability)	7,014,993	8,528,349	(85,745,470)	(72,185,636)
Group				
FY 2079-80	Opening balance	Recognised in profit or loss	Recognised in OCI	Closing balance
Gratuity	252,180	41,555	-	293,736
Leave encashment	1,362,842	103,220	38,094	1,504,157
Lease liability	285,048	1,828,998	-	2,114,046
Retirement benefit	-	-	-	-
Financial assets held at FVTOCI	-	-	-	-
Property, plant and equipment	1,802,343	308,957	-	2,111,300
Total of deferred tax assets	3,702,414	2,282,731	38,094	6,023,239
Property, plant and equipment	904,168	87,586	-	991,754
Financial assets held at FVTOCI	-	-	-	-
Total of deferred tax liability	904,168	87,586	-	991,754
Net deferred tax liability	2,798,245	2,195,145	38,094	5,031,484

Hydroelectricity Investment and Development Company Limited
Notes forming part of the financial statements

8 Inventory

Amount in NPR

Particular	As at 31 Ashad 2081	As at 31 Ashad 2080	As at 31 Ashad 2081	As at 31 Ashad 2080
Printing & stationery items	526,193	402,793.6	370,953	172,916
Kitchen Utensils	-	6862	-	-
Cleaning & janitorial items	110,706	24630	-	-
Total	636,899	434,286	370,953	172,916

9 Term deposit with bank

Amount in NPR

Particulars	As at 31 Ashad 2081	As at 31 Ashad 2080	As at 31 Ashad 2081	As at 31 Ashad 2080
Term Deposit	13,791,625,000	12,350,000,000	13,780,000,000	12,350,000,000
Interest Receivable on deposit	4,813,222	19,011,100	4,813,222	19,011,100
Total	13,796,438,222	12,369,011,100	13,784,813,222	12,369,011,100

10 Other financial asset

Amount in NPR

Particular	As at 31 Ashad 2081	As at 31 Ashad 2080	As at 31 Ashad 2081	As at 31 Ashad 2080
Loan to power project	471,043,130	259,060,611	471,043,130	259,060,611
Investment in corporate bonds	83,609,863	-	83,609,863	-
Staff loan	78,489	852,717	78,489	852,717
Total	554,731,482	259,913,329	554,731,482	259,913,329

Loan to power project

Amount in NPR

Particular	As at 31 Ashad 2081	As at 31 Ashad 2080	As at 31 Ashad 2081	As at 31 Ashad 2080
Mandu Hydropower Limited (Bagmati Small Power Project)	17,925,000	17,925,000	17,925,000	17,925,000
Mountain Energy Nepal Limited (Mistri Khola HEP)	93,504,000	75,382,000	93,504,000	75,382,000
Nyadhi Hydropower Limmited (Nyadi Hydropower Project)	26,047,838	8,575,500	26,047,838	8,575,500
Upper Solu Hydroelectric Co. Limited (Solu Hydroelectric Project)	7,863,200	6,312,000	7,863,200	6,312,000
Upper Tamakoshi Hydropower Limited-456 Mw	-	-	-	-
Himalayan Power Partner Limited (Dordi Khola HEP)	35,643,750	7,413,900	35,643,750	7,413,900
Beni Hydropower Limited (Upper Solu Hydropower Project)	5,400,000	500,000	5,400,000	500,000
Sahas Urja Limited (Solu Dudh Koshi HEP)	161,867,948	71,294,087	161,867,948	71,294,087
Swet Ganga Hydropwer and Construciton Limited (Lower Likhu HEP)	40,203,850	30,152,506	40,203,850	30,152,506
Super Madi Hydropower Ltd(Super Madi Hydroelectric Project)	43,996,000	14,792,000	43,996,000	14,792,000
Less: Specific impairment	-	-	-	-
Less: Portfolio impairment	4,324,516	2,323,470	4,324,516	2,323,470
	428,127,069	230,023,523	428,127,069	230,023,523
Add: Accrued Interest Receivable -Loan	42,916,061	29,037,088	42,916,061	29,037,088
Total	471,043,130	259,060,611	471,043,130	259,060,611

Hydroelectricity Investment and Development Company Limited
Notes forming part of the financial statements

11 Current tax assets

Amount in NPR

Particular	As at	As at	As at	As at
	31 Ashad 2081	31 Ashad 2080	31 Ashad 2081	31 Ashad 2080
Current tax assets				
Current year income tax assets	634,726,862	615,049,466.8	630,543,636	611,311,379
Tax assets of prior periods	-	-	-	-
	634,726,862	615,049,467	630,543,636	611,311,379
Current tax liabilities				
Current year income tax liabilities	621,517,006	631,794,931	621,517,006	631,794,931
Tax liabilities of prior periods	-	-	-	-
	621,517,006	631,794,931	621,517,006	631,794,931
Net current tax asset / (liability)	13,209,856	(16,745,464)	9,026,630	(20,483,552)

12 Other asset

Amount in NPR

Particular	As at	As at	As at	As at
	31 Ashad 2081	31 Ashad 2080	31 Ashad 2081	31 Ashad 2080
Prepaid Expenses	169,813	1,053,261	-	997,056
Prepaid insurance	3,069,956	3,273,904	2,331,897	2,422,914
Advance for dividend	13,296,128	-	13,296,128	-
Security Deposit	281,072	227,000	27,000	27,000
Receivable from Subsidiaries	-	-	-	-
Fixed Assets Held For Sale	-	-	-	-
Receivable from Staff	-	-	-	-
Others	21,695,527	262,250	-	26,250
Total	38,512,496	4,816,416	15,655,024	3,473,220

13 Cash and cash equivalent

Amount in NPR

Particular	As at	As at	As at	As at
	31 Ashad 2081	31 Ashad 2080	31 Ashad 2081	31 Ashad 2080
Cash on hand	-	-	-	-
Balance with banks	1,266,402,450	430,734,323.5	1,154,454,863	357,496,485
Total	1,266,402,450	430,734,324	1,154,454,863	357,496,485

14 Assets held for sale

Amount in NPR

Particular	As at	As at	As at	As at
	31 Ashad 2081	31 Ashad 2080	31 Ashad 2081	31 Ashad 2080
Carrying amount	-	80,738	-	80,738
Fair value less cost to sell	-	-	-	-
(as per management)	-	-	-	-
Lower of fair value less cost to sell and carrying amount	-	80,738	-	80,738
Total	-	80,738	-	80,738

Hydroelectricity Investment And Development Company Limited
Notes forming part of the financial statements

15 Equity Share Capital

Particulars	Group		Amount in NPR HIDCL	
	As at	As at	As at	As at
	31 Ashad 2081	31 Ashad 2080	31 Ashad 2081	31 Ashad 2080
Authorized Capital (Group)				
595,000,000 Ordinary shares of Rs. 100 each share	59,500,000,000	50,000,000,000	50,000,000,000	50,000,000,000
Issued capital (Group)				
283,410,000 Ordinary shares of Rs. 100 each share (Previous Year 165,000,000 Ordinary shares of Rs.100 each share)	28,341,000,000	23,496,000,000	23,496,000,000	23,496,000,000
Subscribed and paid up capital (Group)				
231,304,083 Ordinary shares of Rs. 100 each share	23,130,408,375	22,775,799,375	22,873,908,375	22,775,799,375
Total	23,130,408,375	22,775,799,375	22,873,908,375	22,775,799,375

15.1 Movement of share capital over the years

Particulars	Group		Amount in NPR HIDCL	
	As at	As at	As at	As at
	31 Ashad 2081	31 Ashad 2080	31 Ashad 2081	31 Ashad 2080
Opening share Capital	22,775,799,375	22,775,799,375	22,775,799,375	20,715,052,000
Add:Right Share Issue	98,109,000	-	98,109,000	2,060,747,375
Add: ordinary share	256,500,000	-	-	-
Add: Auction of unexercised right shares	-	-	-	-
Total	23,130,408,375	22,775,799,375	22,873,908,375	22,775,799,375

15.2 Ordinary share ownership

Name of Shareholders	Group		Amount in NPR	
	Current Year		Previous Year	
			%	Amount
Ministry Of Finance	21.57%	4,989,600,000	21.91%	4,989,600,000
Ministry Of Energy Water Resource and Irrigation	10.79%	2,494,800,000	10.95%	2,494,800,000
Ministry of Law, Justice and Parliamentary Affairs	10.79%	2,494,800,000	10.95%	2,494,800,000
Office Of Comptroller General	10.79%	2,494,800,000	10.95%	2,494,800,000
Public Shareholders	21.57%	4,989,600,000	21.91%	4,989,600,000
Citizen Investment Trust	5.39%	1,247,400,000	5.48%	1,247,400,000
Employee Provident Fund	5.39%	1,247,400,000	5.48%	1,247,400,000
Rastriya Jeewan Beema Company Limited	5.39%	1,247,400,000	5.48%	1,247,400,000
Vidhyut Utpadan Company Limited	0.46%	106,500,000	0.00%	-
Nepal Electricity Authority	0.65%	150,000,000	0.00%	-
Promoters-Others	7.21%	1,668,108,375	6.89%	1,569,999,375
Total		23,130,408,375	100%	22,775,799,375

Name of Shareholders	HIDCL		Previous Year	
	Current Year		Previous Year	
	%		%	Amount
Ministry Of Finance	21.81%	4,989,600,000	21.91%	4,989,600,000
Ministry Of Energy Water Resource and Irrigation	10.91%	2,494,800,000	10.95%	2,494,800,000
Ministry of Law, Justice and Parliamentary Affairs	10.91%	2,494,800,000	10.95%	2,494,800,000
Office Of Comptroller General	10.91%	2,494,800,000	10.95%	2,494,800,000
Public Shareholders	21.81%	4,989,600,000	21.91%	4,989,600,000
Citizen Investment Trust	5.45%	1,247,400,000	5.48%	1,247,400,000
Employee Provident Fund	5.45%	1,247,400,000	5.48%	1,247,400,000
Rastriya Jeewan Beema Company Limited	5.45%	1,247,400,000	5.48%	1,247,400,000
Promoters-Others	7.29%	1,668,108,375	6.89%	1,569,999,375
Total	100%	22,873,908,375	100%	22,775,799,375

Hydroelectricity Investment And Development Company Limited
Notes forming part of the financial statements

16 Retained Earnings	Group		Amount in NPR	
			HIDCL	
	As at 31 Ashad 2081	As at 31 Ashad 2080	As at 31 Ashad 2081	As at 31 Ashad 2080
Particular				
Balance at the beginning of the year	1,373,425,940	672,957,582	1,444,708,701	711,028,858
Prior period adjustment:				
Lease	(26,441.09)	-	-	-
Restated balance	1,373,399,499	672,957,582	1,444,708,701	711,028,858
Profit for the year	2,207,170,492	1,341,923,950	2,224,762,537	1,375,207,435
Transfer to reserve during the year	(1,140,783,106)	(360,668,700)	(1,140,783,106)	(360,668,700)
Bonus Share Issued	-	(651,813,375)	-	(651,813,375)
Share issued (right share issue expenses)	(577,738)	(6,243,271)	(577,738)	(6,243,271)
Cash dividend paid	(1,198,726,283)	(55,990,178)	(1,198,726,283)	(55,990,177.63)
Lease	(446,032)	-	(446,032)	-
Dividend Tax	(567,000)	140,288	(567,000)	-
Revaluation Gain	-	433,119,644	-	-
Prior Period Adjustments	-	-	-	68,288
Reversal of Bonus Payable	-	-	-	433,119,644
Other Component Equity	(274,824)	-	-	-
Total	1,239,195,009	1,373,425,940	1,328,371,080	1,444,708,701

17 Reserves	Group		Amount in NPR	
			HIDCL	
	As at 31 Ashad 2081	As at 31 Ashad 2080	As at 31 Ashad 2081	As at 31 Ashad 2080
Particular				
General Reserve	842,000,839	551,488,332	842,000,839	551,488,332
Loan Guard Fund	310,213,765	229,427,351	310,213,765	229,427,351
Deferred Tax Reserve	2,637,183	5,211,576	2,637,183	5,352,999
Fair Value Reserve	772,200,000	-	772,200,000	-
Share Premeium	106,432,312	105,778,765	106,432,312	105,778,765
Total	2,033,484,100	891,906,025	2,033,484,100	892,047,447

Hydroelectricity Investment And Development Company Limited
Notes forming part of the financial statements

18 Provisions for employee benefits

Particulars	Group		Amount in NPR	
	HIDCL			
	As at 31 Ashad 2081	As at 31 Ashad 2080	As at 31 Ashad 2081	As at 31 Ashad 2080
Provision for employee benefits				
Leave Encashment	4,647,775	6102832.46	4,647,775	4,364,242
Gratuity	1,084,147	979118.51	1,084,147	979,119
Define benefit obligation	1,588,089	-	-	-
Total	7,320,011	7,081,951	5,731,922	5,343,361

19 Financial liability carried at amortised cost

Particulars	Group		Amount in NPR	
	HIDCL			
	As at 31 Ashad 2081	As at 31 Ashad 2080	As at 31 Ashad 2081	As at 31 Ashad 2080
On-lending				
Opening balance		410,400,922	-	410,400,922
Add :Disbursement during the year				
Add: Foreign Exchange Gain or Loss		(19,092,990)	-	(19,092,990)
Add: Interest Charged During the year		20,996,002	-	20,996,002
Less: Repayment of Interest During the year		(412,303,934)	-	(412,303,934)
Total		-	-	-

20 Lease liabilities

Particulars	Group		Amount in NPR	
	HIDCL			
	As at 31 Ashad 2081	As at 31 Ashad 2080	As at 31 Ashad 2081	As at 31 Ashad 2080
Present Value of Lease Liability under NFRS-16	117,079,585	127,563,071	68,394,727	78,926,627
Add: Interest Expenses for the Period	11,425,769	11,880,784	6,855,461	7,124,433
Prior Period Adjustment	-	(6,068,340)	-	(6,068,340)
Less: Paymnet During the Year	(19,146,701)	(17,850,420)	(11,488,020)	(10,710,252)
Total	109,358,653	115,525,094	63,762,168	69,272,468
Non-Current Liabilities	104,026,734	108,531,285	62,416,041	65,092,089
Current Liabilities	9,964,478	6,993,809	5,978,687	4,180,379
Total	113,991,212	115,525,094	68,394,727	69,272,468

The company has implemented the "NFRS 16 -Leases" in recognizing the right of use Assets towards the lease agreement of the new office building (4th floor of CIT Building at Baneshwor)

21 Other liabilities

Particular	Group		Amount in NPR	
	HIDCL			
	As at 31 Ashad 2081	As at 31 Ashad 2080	As at 31 Ashad 2081	As at 31 Ashad 2080
TDS Payable	1,142,007	1,185,163	875,230	555,770
Audit Fee Payable	1,850,344	1,363,031	1,050,900	683,650
Salary Payable	40,771	40,771	40,771	40,771
Account Payable	865,578	1,849,134	837,002	860,146
Dividends Payable (Public Shareholders)	147,427,041	110,515,467	147,427,041	110,515,467
Retention Money Deduction	18,121,562	14,874,133	316,541	523,258
Bid Bond Gurantee	-	8,000	-	8,000
Expenses Payable	14,800	50,033	-	-
Consultancy Fee Payable	2,303,468	22,264,407	169,500	169,500
Employee Welfare Fund-Hidcl	2,487,978	2,665,740	2,487,978	2,487,978
VAT payable	204,297	101,243	94,066	70,958
Meeting Fee Payable	850	39,100	-	39,100
Water and Expense Payable	118,825	26,564	37,688	-
ICCS\$-Provision for Consultancy Site	14,196,988	13,652,026	-	-
ICCSNPR-Provision of Consultancy Site	3,600,446	4,212,482	-	-
Provision for Arthabrisha Management Nepal	27,875	22,300	-	-
Defined Benefit Obligation- Current	41,257	46,443	-	-
Property Tax Payable	-	7,048	-	-
Employee bonus payable	41,288,127	20,310,392	41,288,127	20,310,392
Total	233,732,214	193,233,476	194,624,844	136,264,989

Hydroelectricity Investment And Development Company Limited
Notes forming part of the financial statements

22 Revenue From Contracts with Customer

Amount in NPR

Particular	Group		HIDCL	
	For the period 2080-81	For the period 2079-80	For the period 2080-81	For the period 2079-80
Management Fees	49,310,000	6,706,338	49,310,000	6,706,338
Other Fee/LC Commission	575,832	3,383,552	575,832	3,383,552
Total	49,885,832	10,089,890	49,885,832	10,089,890

23 Interest income

Amount in NPR

Particular	Group		HIDCL	
	For the period 2080-81	For the period 2079-80	For the period 2080-81	For the period 2079-80
Interest from Fixed Deposits	1,263,981,936	1,299,273,793	1,263,981,936	1,299,273,793
Interest from Call Deposits	10,077,413	9,606,794	7,109,823	8,474,425
Interest from Bond	7,200,000	7,200,000	7,200,000	7,200,000
Interest from Loan to Projects	807,864,142	836,252,771	807,864,142	836,252,771
Interest from Loan to Staff under NFRS	63,534	91,611	63,534	91,611
Total	2,089,187,024	2,152,424,969	2,086,219,435	2,151,292,600

24 Dividend Income

Amount in NPR

Particular	Group		HIDCL	
	For the period 2080-81	For the period 2079-80	For the period 2080-81	For the period 2079-80
Dividend income	11,340,000	13,360,500	11,340,000	13,360,500
Total	11,340,000	13,360,500	11,340,000	13,360,500

25 Other income

Amount in NPR

Particular	Group		HIDCL	
	For the period 2080-81	For the period 2079-80	For the period 2080-81	For the period 2079-80
Miscellaneous Income	14,217	282,620	6,000	191,228
Bid Documents Fee	168,000	-	8,000	-
Liability written off	3,654,119	-	3,654,119	-
Disposal of Assets	18,062	-	18,062	-
Impairment Write off	20,000,000	-	20,000,000	-
Total	23,854,398	282,620	23,686,181	191,228

26 Employee benefit expense

Amount in NPR

Particular	Group		HIDCL	
	For the period 2080-81	For the period 2079-80	For the period 2080-81	For the period 2079-80
Short term-Employee Benefit Expenses				
Salary	19,634,215	21,866,940	14,913,468	16,078,025
Allowance	11,087,614	10,781,657	9,087,889	8,289,831
Gratuity expense	1,588,943	2,061,839	1,195,659	1,573,488
Provident Fund	1,985,619	2,071,222	1,491,347	1,485,214
Leave Encashment Expenses	1,116,859	2,238,745	990,382	1,948,287
Force Leave Allowance	974,704	924,386	706,471	677,035
Staff Training	418,225	1,014,922	267,049	1,000,172
Incentives	2,241,682	2,615,050	1,729,282	1,593,000
Employee Insurance Expenses	4,575,933	4,425,487	4,299,396	3,810,740
Staff Welfare Expenses	2,407,686	3,062,741	2,026,534	1,941,117
Vehicle Facilities	700,000	1,173,000	700,000	1,125,000
Employee benefit expenses under NFRS				
Current Period	41,901	64,411	41,901	64,411
Prior Period	-	-	-	-
Subtotal	46,773,380	52,300,399	37,449,377	39,586,319

Hydroelectricity Investment And Development Company Limited

Notes forming part of the financial statements

Staff Bonus	20,977,735	20,310,392	20,977,735	20,310,392
Longterm-Employee Benefit Expenses				
Defined Benefit Obligation	83,981	(23,640.59)	-	-
Total	67,835,095	72,587,150	58,427,111	59,896,711

27 Operating and Administrative Expenses

Particular	Group		Amount in NPR	
	HIDCL			
	For the period 2080-81	For the period 2079-80	For the period 2080-81	For the period 2079-80
Advertisement and Business Promotion	382,050	750,352	215,720	443,121
Annual General Meeting Expenses	1,128,329	1,059,355	1,011,935	979,003
Auditors' remuneration	1,493,940	1,666,577	872,440	889,992
Audit Expenses	28,709	304,621	-	-
Bank Commission And Charges	7,579	8,095	6,049	7,665
Board Meeting Expenses	305,760	388,055	305,760	339,261
Cleaning (Janitorial Services)	277,283	222,069	213,726	158,434
Consultancy Expenses	452,600	271,200	452,600	203,400
Corporate social responsibility expense	1,000,000	374,414	1,000,000	374,414
Directors' Meeting Allowances	1,123,000	1,627,562	1,123,000	1,222,000
Directors' Meeting Expense	127,188	164,473	127,188	154,845
Directors Meetings Fee/Allowances-Others	983,000	830,000	983,000	830,000
Events Expenses(Saltamami /Samaroh)	178,055	-	178,055	-
Fee, Rates & Taxes (Vehicle/Property Tax And Other Renewal Charges)	310,406	356,884	203,535	160,600
Field Accessories	5,350	-	-	-
Fuel Expenses	1,431,866	1,149,223	882,942	995,884
Health And Safety	7,444	98,162	-	87,562
Insurance	270,783	321,633	128,720	136,811
Internal Audit Fee	455,350	-	-	-
Kitchen Utensil & Others	294,834	359,779	136,962	232,883
Legal Services Fee	545,900	634,550	395,500	553,700
Management Meeting Allowances	59,000	151,000	32,000	20,000
Management Meeting Expenses	456,245	441,420	40,845	300,970
Miscellaneous Operating Expenses	518,479	867,704	343,775	299,922
News Paper, Books and Journals	22,930	21,380	22,930	21,380
Operating lease expense	-	680,016	-	510,012
Postage, Telex, Telephone, Fax	523,651	311,081	174,013	171,478
Printing and Stationery	609,194	860,102	352,536	743,883
Project Appraisal Cost	110,500	-	110,500	-
Refreshment Expenses	261,997	-	-	-
Anniversary , Dashain & Others Expens	35,800	403,209	-	403,209
Business Development/ Promotional Expenses	150,938	47,600	150,938	47,600
Conference/ Seminar	442,398	592,725	442,398	592,725
Repair and Maintenance				
a) Building	-	-	-	-
b) Vehicle	913,604	707,776	659,000	586,254
c) Computer and accessories	320,701	456,934	269,060	456,934
d) Office equipment and furniture	150,798	341,859	34,736	291,936
e) Other	782,770	209,213	534,067	209,213
Security Expenses	999,883	867,062	999,883	867,062
Share management expense	1,928,235	2,190,562	1,928,235	2,190,562
Staff Recruitment Expenses	131,404	237,715	116,404	237,715
Travelling Allowances and Expenses	1,759,148	1,213,130	1,610,435	1,120,130
Water and Electricity	735,366	393,556	486,957	321,112
Total	21,722,467	21,581,044	16,545,843	17,161,671

Hydroelectricity Investment And Development Company Limited
Notes forming part of the financial statements

28 Finance Expenses

Amount in NPR

Particular	Group		HIDCL	
	For the period 2080-81	For the period 2079-80	For the period 2080-81	For the period 2079-80
Interest Expense under NFRS -16	11,425,769	11,880,783.57	6,855,461	7,124,433
Interest Cost	24,600	17,539.48	-	-
Total	11,450,368	11,898,323	6,855,461	7,124,433

29 Depreciation and amortisation

Amount in NPR

Particular	Group		HIDCL	
	For the period 2080-81	For the period 2079-80	For the period 2080-81	For the period 2079-80
Depreciation of PPE	8,543,458	9,218,821	1,788,126	2,246,692
Amortisation of Intangible Asset	1,411,114	236,074	1,337,165	150,042
Depreciation Of Right-of-use Assets	14,426,506	13,585,370	8,655,904	8,166,249
Total	24,381,079	23,040,265	11,781,195	10,562,983

30 Impairment

Amount in NPR

Particular	Group		HIDCL	
	For the period 2080-81	For the period 2079-80	For the period 2080-81	For the period 2079-80
Portfolio Impairment	726,480	28,206,346	726,480	28,206,346
PPE Impairment	-	131,702	-	131,702
Total	726,480	28,338,048	726,480	28,338,048

31 Profit from Discontinued Operations

Amount in NPR

Particular	Group		HIDCL	
	For the period 2080-81	For the period 2079-80	For the period 2080-81	For the period 2079-80
Revenue from sale of operations	-	-	-	-
Cost of Sales	-	-	-	-
Gross profit	-	-	-	-
Other Operating Expenses	-	-	-	-
Personnel Expenses	-	-	-	-
Profit Before Depreciation, Interest, and Tax	-	-	-	-
Depreciation & Amortisation	-	-	-	-
Profit Before Interest and Tax	-	-	-	-
Finance cost	-	-	-	-
Profit before Tax	-	-	-	-
Income Tax	-	-	-	-
Profit After Tax	-	-	-	-

Hydroelectricity Investment and Development Company Limited

Explanatory Notes to Financial Statements

Fiscal Year: 2080/81

1. Corporate Information

1.1 About Company

Hydroelectricity Investment and Development Company Limited (Previously known as Jalvidhyut Lagani Tatha Vikas Company Limited), hereinafter referred to as the “Company” or “HIDCL” is a public limited company incorporated in Nepal through registration with the Office of The Company Registrar on 27th Ashad 2068 (11th July, 2011). Engaged in a mission to mobilize funds from domestic and international resources base to cater to the needs of investments in middle to mega hydroelectricity generation, transmission and distribution projects, renewal energy projects, offering timely and quality services to our customers and partners with integrity and professionalism, and creating value to our shareholders, company envisages to become the top investment company of the country in hydropower and renewal energy sector.

1.2 Financial Statement

The Financial Statement of HIDCL (Group) and HIDCL comprise Statement of Financial Position, Statement of Profit or Loss, Statement of Other Comprehensive Income, Statement of Changes in Equity, Statement of Cash Flows, Notes to the Financial Statements and Significant Accounting Policies.

The primary financial statements of HIDCL (Group) and HIDCL for the year ended 31st Ashad 2081 have been drawn up consistent with the requirements of NAS 1 and the following key presentation decisions have been made:

A. Statement of Financial Position

The statement of financial position is presented in order of liquidity, with a distinction based on expectations regarding recovery or settlement within 12 months after the reporting date (no more than 12 months) and more than 12 months after the reporting date (more than 12 months), presented in the notes.

B. Statement of Profit or Loss and Statement of Other Comprehensive Income

The Company has elected to present comprehensive income in two separate statements, being the statement of profit or loss and the statement of Other Comprehensive Income. Information about the individual components of other comprehensive income (OCI) as well as the tax effects have been disclosed in the notes to the financial statements.

C. Statement of Changes in Equity

The Company presents its statement of changes in equity as part of its primary financial statements showing the following items: (a) net profit/loss for the period; (b) the amounts of transactions with owners in their capacity as owners, showing separately contributions by and distributions to owners; and (c) for each component of equity a reconciliation between the carrying amount at the beginning and the end of the period, separately disclosing each change.

D. Statement of Cash Flows

The Company represents its operating cash flows based on the indirect method. For cash flow purposes, the company classifies the cash flows for the acquisition and disposal of financial assets as investing cash flows.

2. Responsibility for Financial Statements

The management is responsible for the preparation and presentation of Financial Statements of the Company as per the provisions of the Companies Act, 2063.

Basis of Measurement

The Financial Statements of the Company have been prepared on the historical cost basis, except for the following material items in the Statement of Financial Position:

- Financial assets at fair value through other comprehensive income (unquoted investments) are measured at cost value.
- Employee defined contribution plan of Gratuity and Leave Encashment are measured in accordance with provisions contained in NAS 19.

3. Basis of preparation

a) Basis of Preparation

The financial information has been prepared under the historical cost convention, as modified by the revaluation of assets at fair value wherever the standard requires or the company opts the option given in the standards for such revaluation.

b) Compliance with NFRS

The Financial Statement of company which comprises components of Financial Statement mentioned above have been prepared in accordance with Nepal Financial Reporting Standards comprising of Nepal Financial Reporting Standards and Nepal Accounting Standards (hereafter referred as NFRS), laid down by the Institute of Chartered Accountants of Nepal (ICAN) and in compliance with the requirements of the Companies Act, 2063.

c) Reporting Period and Approval of Financial Statement

The Financial Company follows the Nepalese financial year based on the Nepalese calendar. The corresponding dates for the English calendar are as follows:

Relevant Financial Statement	Nepalese Calendar	English Calendar
Comparative reporting period	1 st Shrawan 2080– 31 st Ashad 2081	17 th July 2023 – 15 th July 2024

The accompanied Financial Statements have been authorized by the Board of Directors vide its 304th meeting dated 26th Mانشir, 2081

d) Functional and Presentation Currency

The Financial Statements of the Company are presented in Nepalese Rupees (NRs), which is the currency of the primary economic environment in which the company operates. There was no change in the Company's presentation and functional currency during the year under review.

e) Presentation of Financial Statement

The assets and liabilities excepting non-financial asset and liabilities of company presented in the Statement of Financial Position are presented in the increasing order of liquidity i.e. less liquid to more liquid.

f) Materiality and Aggregation

In compliance with Nepal Accounting Standard - NAS 1 (Presentation of Financial Statements), each material class of similar items has been presented separately in the Financial Statements. Items of dissimilar nature or functions too are presented separately unless they are immaterial. Financial Assets and Financial Liabilities are offset, and the net amount reported in the Statement

of Financial Position only when there is a legally enforceable right to offset the recognized amounts and there is an intention to settle on a net basis, or to realize the assets and settle the liability simultaneously. Income and expenses are not offset in the Statement of Profit or Loss unless required or permitted by an Accounting Standard.

g) Materiality

The Company for the preparation of financial statements determines materiality based on the nature or magnitude, or both. Materiality is a pervasive constraint in financial reporting because it is pertinent to all of the qualitative characteristics.

h) Discounting

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

i) Current and Non-Current Distinction

Under the guidelines of NFRS-16, lease liabilities that are due within the upcoming 12 months are categorized as current liabilities, while those due after the 12 months period are classified as non-current liabilities.

j) Accounting policies, critical accounting estimates and Judgments

Accounting Policies NFRS requires the company to adopt accounting policies that are most appropriate to the company's circumstances- In determining and applying accounting policies, management is required to make judgments in respect to items where the choice of specific policy, accounting estimate or assumption to be followed could materially affect the company's reported financial position, results or cash flows. These accounting policies are consistently applied by the company.

Specific accounting policies have been included in the specific section of the notes for each items of financial statements which requires disclosures of accounting policies or changes in accounting policies. Effect and nature of the changes, if any, have been disclosed.

k) Going Concern

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

l) Consolidation

The company controls and consequently consolidates an entity when it's exposed, or has rights, to variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. Control is initially assessed based on consideration of all facts and circumstances, and is subsequently reassessed when there are significant changes to the initial setup Where an entity is governed by voting rights, the group would consolidate when it holds, directly or indirectly, the necessary voting rights to pass resolutions by the governing body. In all other cases, the assessment of control is more complex and requires judgment of other factors, including having exposure to variability of returns, power over the relevant activities or holding the power as agent or principal.

Business combinations are accounted for using the acquisition method the cost of an acquisition is measured at the fair value of the consideration, including contingent consideration, given at the date of exchange. Acquisition related costs are recognized as an expense in the income statement in the period in which they are incurred, the acquired identifiable assets, liabilities and contingent liabilities are generally measured at their fair values at the date of acquisition, Goodwill is measured as the excess of the aggregate of the consideration transferred, the amount of non-controlling Interest and the fair value of the group's previously held equity interest, if any, over (the net of the amounts of the identifiable assets acquired and the liabilities assumed).

The amount of non-controlling interest is measured either at fair value or at the non-controlling interest's proportional share of the acquirer's identifiable net assets for acquisitions achieved in stages, the previously held equity interest is re-measured at the acquisition-date fair value with the resulting gain or loss recognized in the income statement.

All intra-group transactions are eliminated on consolidation.

As per the MOU between Hydroelectricity Investment and Development Company Limited, Nepal Electricity Authority and Vidyut Utpadan dated 17Th Falgun 2079, Company has restructured its share of Subsidiary (Remit Hydro Limited and Symbuwa Remit Hydro Limited) to 15 percent. However, as of the latest share lagat, HIDCL holds eighty one percent ownership in Remit Hydro Limited and Seventy eight percent in Simbuwa Remit Hydro Limited. Hence, HIDCL has considered both companies as subsidiaries and consolidated the financial statements accordingly.

m) Accounting Estimates and Judgment

The preparation of the financial statements in accordance with NFRS requires the management to make judgments, estimates and assumptions in applying the accounting policies that affect the reported amounts of assets, liabilities, income and expenses, including contingencies and commitments. Due to the inherent uncertainty in making estimates, actual results reported in future periods may differ from those estimates. The estimates and the underlying assumptions are reviewed on ongoing basis based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances revision to accounting estimates are recognized in the period in which the estimates is revised, if the revision affects only that period; they are recognized in the period of revision and the future periods if the revision affects both current and future periods

The significant judgments made by management in applying the company's accounting policies and the key sources of estimation uncertainty in these financial statements, which together are deemed critical to the company's results and financial position, are given in the respective sections of the notes wherever they have been applied

- Impairment of loans and advances
- Valuation of financial instruments
- Provisions
- Estimation of useful life of property and equipment and intangible asset

4. Significant accounting policies and Notes to Accounts

4.1. Property, Plant and Equipment

Recognition of Property, Plant and Equipment

Property, Plant and equipment including owner-occupied property, is stated at cost, excluding the costs of day-to-day servicing, less accumulated depreciation and accumulated impairment losses. Replacement or major inspection costs are capitalized when incurred, if it is probable that future

economic benefits associated with the item will flow to the entity and the cost of the item can be measured reliably.

Depreciation of these assets commence when the assets are available for use, which is generally on commissioning and not when it is put to use. Items of Property, Plant and Equipment are depreciated in a manner that amortizes the cost (or other amount substituted for cost) of the assets after commissioning, less its residual value, over their useful lives on a Straight-Line basis and recognized as an expense in the statement of profit or loss.

The assets' residual values, and useful lives and method of depreciation are reviewed and adjusted, if appropriate, at each financial year end and adjusted prospectively.

An item of property and equipment is derecognized upon disposal or when no further future economic benefits are expected from its use or disposal. Any gain or loss arising on de-recognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the statement of profit or loss in the year the asset is derecognized.

Recognition of Capital Work In Progress

The expenditure incurred in acquisition of license, survey and other related expenses till the end of financial year is recognized as Capital Work in Progress.

A. Impairment of property, plant and equipment

The company applies NAS 36 Impairment of Assets to determine whether its asset have impaired. For the purpose of determination of Impairment Loss, the company treats each reportable segment as a separate Cash Generating Unit.

Any indication giving rise to circumstances that require a detailed impairment test has not occurred during the period and consequently no impairment loss has been charged on the company's property plant and equipment as on 31st Ashad 2080.

The company assesses at each reporting date whether there is an indication that an asset may be impaired. If any indication exists, or when annual impairment testing for an asset is required, the Company estimates the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's or cash-generating units (CGU) fair value less costs to sell and its value in use. Where the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining fair value less costs to sell, an appropriate valuation model is used.

An assessment is made at each reporting date as to whether there is any indication that previously recognized impairment losses may no longer exist or may have decreased.

Useful life of property plant and equipment has been depreciated under the management's estimate of useful life of the particular class of assets. Assets are categories in different class of assets according to their similar nature and characteristics. Useful life estimated by the management is as follows:

Asset Class	Useful Life
Office equipment	Upto 5 Years
Furniture and Fixtures	Upto 7 Years
Other Assets	Upto 5 Years
Motor Vehicle	Upto 7 Years
Leasehold	Upto 9 Years (not exceeding lease term)

4.2. Intangible Assets (NAS-38)

Basis of recognition

Company's intangible asset comprises of accounting, policy servicing, human resource and administration related software which have been separately acquired and therefore measured on initial recognition at cost less any accumulated amortization.

Subsequent Expenditure

Subsequent to initial recognition, the intangible asset is carried at cost less accumulated amortization and accumulated impairment losses.

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

Amortization

Software (Intangibles) has been classified as having definite useful life and are amortized over estimated useful life of concerned software. Estimation of the useful life is reviewed at each financial year end and changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset are considered to modify the amortization period or method, as appropriate, and are treated as changes in accounting estimates

Amortization expense on intangible assets with finite lives is recognized in the statement of profit or loss in the expense category consistent with the function of the intangible asset.

Amortization is calculated using the straight-line method to write down the cost of intangible assets to their residual values over their estimated useful lives. Estimated useful life of the software currently owned by the company has been determined at 5 years.

De-recognition

An intangible asset is de-recognized on disposal or when no future economic benefits are expected from it. The gain or loss arising from de-recognition of such intangible assets is included in the statement of profit or loss when the item is de-recognized.

Impairment of Intangible Assets

An impairment review is performed whenever there is an indication of impairment. When the recoverable amount is less than the carrying value, an impairment loss is recognized in the statement of profit or loss.

Assessment of impairment

The management has assessed potential impairment indicators of Intangible assets as at 31st Ashad 2080. Based on the assessment, impairment indicators were not identified.

Software and website development have been separately recognized in the financial statement, until previous year under previous GAAP software were clubbed with the property plant and equipment.

4.3. Leases –NFRS 16

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

Company as a lessee

Recognition

At the commencement date, a lessee shall recognize a right-of-use asset and a lease liability.

Measurement

Initial measurement

Initial measurement of the right-of-use asset

At the commencement date, a lessee shall measure the right-of-use asset at cost. The cost of the right-of-use asset shall comprise:

- (a) The amount of the initial measurement of the lease liability,
- (b) Any lease payments made at or before the commencement date, less any lease incentives received,
- (c) Any initial direct costs incurred by the lessee; and
- (d) an estimate of costs to be incurred by the lessee in dismantling and removing the underlying asset, restoring the site on which it is located or restoring the underlying asset to the condition required by the terms and conditions of the lease.

Initial measurement of the lease liability

At the commencement date, a lessee shall measure the lease liability at the present value of the lease payments that are not paid at that date. The lease payments shall be discounted using the interest rate implicit in the lease, if that rate can be readily determined. If that rate cannot be readily determined, the lessee shall use the lessee's incremental borrowing rate.

At the commencement date, the lease payments included in the measurement of the lease liability comprise the following payments for the right to use the underlying asset during the lease term that are not paid at the commencement date:

- (a) Fixed payments, less any lease incentives receivable;
- (b) Variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement.
- (c) Amounts expected to be payable by the lessee under residual value guarantees;
- (d) The exercise price of a purchase option if the lessee is reasonably certain to exercise that option and
- (e) Payments of penalties for terminating the lease, if the lease term reflects the lessee exercising an Option to terminate the lease.

Subsequent measurement

Subsequent measurement of the right-of-use asset

After the commencement date, a lessee shall measure the right-of-use asset applying a cost model, unless it applies either of the other measurement models.

Cost model

While opting for the cost model, a lessee shall measure the right-of-use asset at cost:

- (a) Less any accumulated depreciation and any accumulated impairment losses; and
- (b) Adjusted for any measurement of the lease liability

Other measurement models

If a lessee applies the fair value model in NAS 40 Investment Property to its investment property, the lessee shall also apply that fair value model to right-of-use assets that meet the definition of investment property in NAS 40.

If right-of-use assets relate to a class of property, plant and equipment to which the lessee applies the revaluation model in NAS 16, a lessee may elect to apply that revaluation model to all of the right-of-use Assets that relate to that class of property, plant and equipment.

Subsequent measurement of the lease liability

After the commencement date, a lessee shall measure the lease liability by:

- (a) Increasing the carrying amount to reflect interest on the lease liability;
- (b) Reducing the carrying amount to reflect the lease payments made; and
- (c) Premeasuring the carrying amount to reflect any reassessment or lease modifications, or to reflect revised in-substance fixed lease payments

Interest on the lease liability in each period during the lease term shall be the amount that produces a constant periodic rate of interest on the remaining balance of the lease liability. The periodic rate of interest is the discount rate or if applicable the revised discount rate

After the commencement date, a lessee shall recognize in profit or loss, unless the costs are included in the carrying amount of another asset applying other applicable Standards, both:

- (a) Interest on the lease liability; and
- (b) Variable lease payments not included in the measurement of the lease liability in the period in which the event or condition that triggers those payments occurs.

4.4. Deferred tax

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

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

Deferred Tax Assets and Deferred Tax liabilities

Deferred tax assets are recognized for all deductible temporary differences, carry forward of unused tax credits and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilized except where the deferred tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss.

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

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

Deferred tax relating to items recognized outside the statement of profit or loss is recognized outside statement of profit or loss. Deferred tax items are recognized in correlation to the underlying transaction either in other comprehensive income or directly in equity.

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

4.5. Financial Instruments (NFRS-9)

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

3.5.1 Financial assets

As per NFRS 9 Financial instrument are classified into following types;

- a) Financial investment measured at amortized cost
- b) Financial investment at fair value through other comprehensive income. (FVOCI).
- c) Financial investment at fair value through profit and loss (FVTPL)

a) Financial investment measured at amortized cost

Financial assets at amortized cost include those non derivative financial assets (debt instruments) that are held by the entity for long term purpose and intend to hold till maturity.

Staff loan

The loan is measured at the amount recognized at initial recognition minus principal repayments, plus or minus the cumulative amortization of any difference between that initial amount and the maturity amount, and any loss allowance. The Loan is amortized using the effective interest rate @ 7%. Difference between amortized cost of loan and book value at the time of initial recognition has been recognized as Unwinding interest on staff loan. Interest income on the amortized cost of the loan using effective interest rate has been included under income with corresponding amount being expenses as employee benefit cost.

On- lending

Company was the Intermediary for On-Lending to Kabeli Energy Limited. It receives fund from government of Nepal and disburses to Kabeli Energy Limited. All interest collected from Kabeli Energy Limited is paid to Government. However, during the year On-lending transaction has been settled.

These assets was classified as Financial instrument measured at Amortized Cost as these assets are held with an objective to collect their contractual cash flows rather than to sell the assets prior to their contractual maturity dates (business model test), and the contractual terms of these financial assets give rise to cash flows that are solely payments of principal & interest (SPPI) on the outstanding principal amount. Staff Loan has not been restated at fair value due to the materiality consideration.

Impairment of financial investment carried at amortized cost

If there is objective evidence that an impairment loss on assets carried at amortized cost has been incurred, the amount of the impairment loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future expected credit losses that have not been incurred) discounted at the financial asset's original effective

interest rate. The carrying amount of the asset is reduced and the loss is recorded in the statement of Profit or Loss.

The Company first assesses whether objective evidence of impairment exists individually for financial assets that are individually significant, and individually or collectively for financial assets that are not individually significant. If it is determined that no objective evidence of impairment exists for an individually assessed financial asset, whether significant or not, the asset is included in a group of financial assets with similar credit risk characteristics and that group of financial assets is collectively assessed for impairment. Assets that are individually assessed for impairment and for which an impairment loss is, or continues to be, recognized are not included in a collective assessment of impairment. The impairment assessment is performed at each reporting date.

If, in a subsequent period, the amount of the impairment loss decreases and that decrease can be related objectively to an event occurring after the impairment was recognized, the previously recognized impairment loss is reversed. Any subsequent reversal of an impairment loss is recognized in the statement of profit or loss, to the extent that the carrying value of the asset does not exceed its amortized cost at the reversal date.

There has been no impairment of financial assets measured at amortized cost for the reporting period other than Loan to power project.

b) Financial investment at fair value through other comprehensive income

Recognition of Financial investment at fair value through other comprehensive income

The company classifies debt instruments that meet the cash flow characteristic tests (SPPI) those are not designated at Fair Value through Profit or Loss (FVTPL) as Financial Assets at Fair Value through Other Comprehensive Income (FVTOCI) if it is held with an objective to hold in order to collect contractual cash flows and sell the financial assets.

Impairment of financial investment at fair value through OCI

If a fair value through OCI financial asset is impaired, an amount comprising the difference between its costs (net of any principal repayment and amortization) and its current fair value, less any impairment loss previously recognized in other comprehensive income, is transferred from equity to the statement of profit or loss. Reversals in respect of equity instruments classified as fair value through OCI are not recognized in the statement of profit or loss.

Reversals of impairment losses on debt instruments classified at fair value through OCI are reversed through the statement of profit or loss, if the increase in the fair value of the instruments can be objectively related to an event occurring after the impairment losses were recognized in the statement of profit or loss.

c) Financial investment at fair value through profit and loss

Recognition of financial investment at fair value through profit and loss

Financial assets at fair value through profit or loss include financial assets held for trading and those designated upon initial recognition at fair value through profit or loss. Investments typically bought with the intention to sell in the near future are classified as held for trading. Attributable transaction costs are recognized in the statement of profit or loss as incurred. These investments are initially recorded at fair value. Subsequent to initial recognition, they are re-measured at fair value.

Dividend income and gain/loss on disposal of financial assets measured at FVTPL are recognized in profit or loss for the period.

The company does not hold any debt instruments that meet the above criteria and has not designated any of the equity investments to be measured at FVTPL.

3.5.2 Financial Liability

A Financial Liability is any liability that is:

a) Contractual obligation:

- To deliver cash or another financial asset to another entity.
- To exchange financial assets or financial liabilities with another entity under conditions that are potentially unfavorable to entity.

b) A contract that will or may be settled in the entity's own equity instrument and is:

- i) A non-derivative for which the entity is or may be obliged to deliver a variable number of the entity's own equity instruments or
- ii) A derivative that will or may be settled other than by the exchange of a fixed amount of cash or another financial asset for a fixed number of the entity's own equity instrument.

4.6. Inventory

As per NAS-2, Inventories are recognized at lower of net realizable value or cost. Inventories primarily consist of printing & stationery items, repair & maintenance items and cleaning and janitorial items.

4.7. Other Financial Asset

Financial Asset other than financial asset at amortized cost, financial asset at fair value through other comprehensive income, financial asset at fair value through profit & loss and cash & equivalent is categorized as other financial asset. These assets include accrued income on bank deposits and loans.

Impairment of Financial Asset

The Company assesses recoverability of other financial asset and when it becomes doubtful for the recovery, company impair these financial assets as bad debt.

De-recognition of financial assets

De-recognition is the removal of a previously recognized financial asset (or financial liability) from an entity's statement of financial position. In general, NFRS 9 criteria for de-recognition of a financial asset aim to answer the question whether an asset has been sold and should be derecognized or whether an entity obtained a kind of financing against this asset and simply a financial liability should be recognized.

De-recognition criteria in NFRS 9 should be applied to a part of an asset if, and only if, the part being considered for de-recognition meets one of the following three conditions:

- a) The part comprises only specifically identified cash flows from a financial asset or a group of similar financial assets.
- b) The part comprises only a fully proportionate (pro rata) share of the cash flows from a financial asset or a group of similar financial assets.
- c) The part comprises only a fully proportionate (pro rata) share of specifically identified cash flows from a financial.

4.8. Taxes

Current Taxes

The Company applies NAS 12 Income Taxes in accounting for taxes on income. Income tax payable on taxable profits (Current tax) is recognized as an expense in the period in which the profits arise. Withholding taxes are also treated as income taxes. Income tax recoverable on tax

allowable losses is recognized as a current tax asset only to the extent that it is regarded as recoverable by offset against taxable profits arising in the current or prior period. Current tax is measured using tax rates and tax laws that have been enacted or substantively enacted at the statement of financial position date. Current tax assets and liabilities have been netted off, as there is a legal right to settle those amounts on net basis. The net current tax asset/ liability has been reported separately in the statement of financial position.

4.9. Non- Financial Assets

Assets other than financial assets have been classified as non-financial assets. Broad headings under this classification include Property & Equipment, Intangible Assets, Advances and Prepaid Expenses.

4.10. Cash and Cash Equivalent

Cash and cash equivalent in the statement of financial position comprise cash at banks and in hand and short-term deposits with a maturity of three months or less, which are subject to an insignificant risk of changes in value net of any provision.

The majority of cash and cash equivalent comprises of call/current deposits and are subject to insignificant risk of change in value. These also include cash-in-hand and cheques.

4.11. Share Capital

Financial instruments issued are classified as equity when there is no contractual obligation to transfer cash, other financial assets or issue a variable number of own equity instruments. Incremental costs directly attributable to the issue of equity instruments are shown in equity as a deduction from the proceeds.

4.12. Reserves

- **Share Premium:** Any premium collected on issue of shares to the public is credited to this reserve. This reserve is utilized only for issue of the bonus share capital.
- **Fair Value Reserve:** Unrealized gain on fair value recognition on the basis of market value of investments at reporting date with net of deferred tax is transferred to Fair Value Reserve.
- **Retained Earnings:** Earning made during the current and previous years not distributed has been credited to this reserve.
- **General Reserve:** The Company appropriates 20% of the regulatory net profit every year and transfers to the general reserve fund.
- **Loan Guard Fund:** Company for possible loss of the investment made set aside certain amount as a Loan Guard Fund under company's internal policy namely, Loan Loss Provision Guideline
- **Deferred Tax Reserve:** It is company policy to appropriate the equivalent proportion of the deferred tax assets when a net deferred tax asset arises. In the event deferred tax liability arises such amount are reclassified within the equity to retained earnings.
- **Proposed Dividend:** Board of directors via 304th board meeting held on 26th Mangsir, 2081 has proposed to distribute 5.25% cash dividend amounting 1,289,390,202 to the shareholders for the reported period, FY 2080/81.

4.13. Employee benefit

3.13.1 Short term employee benefit

Short-term employee benefits, such as salaries, paid absences, performance-based cash awards and social security cost are recognized over the period in which the employee provide the related services.

3.13.2 Retirement Benefit

The Company applies NAS-19 Employee Benefits for accounting most of the components of staff cost.

Post-Employment benefits

The company operates a number of post-employment benefit plans. These plans include both defined benefit and defined contribution plans.

Defined contribution plan

Payments to defined contribution plans where the company's obligations are equivalent to a contribution by employees to the defined contribution plan. These are charged as an expense as the employees render service. The company operates provident fund scheme and gratuity under Defined contribution plan. A percentage of basic pay is paid on monthly basis to the plan. The company has no further obligation to pay after such contribution.

Defined benefit plan

The defined benefit plan includes leave payment at the time of retirement. The present value of defined benefit obligations is calculated at the reporting date by the actuaries. The net charge to the profit and loss comprises the service costs and the net interest on the net defined benefit liability and is presented under employee cost.

No actuarial valuation is done of gratuity as it is immaterial.

4.14. Provisions

A provision is recognized if, as a result of a past event, the company has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. The amount recognized is the best estimate of the consideration required to settle the present obligation at the reporting date, taking into account the risks and uncertainties surrounding the obligation at that date. Management reviews provisions at each balance sheet date and is adjusted to reflect the best current estimate. If it is no longer probable that a transfer of economic benefits will be required to settle the obligation, the provision is reversed.

4.15. Revenue

The Company applies NAS 18 for recognition of revenue. Revenue includes income from sale of goods, for providing services, interest, royalty and dividend. Revenue is recognized when right to receive is established, amount quantified and it is almost certain that the amount(s) is received or will be received.

4.16. Non- Current Asset held for sale

As per NFRS 5 'Non-Current Assets Held for sale and Discontinued Operation', a non-current asset (or a disposal group) is classified as held for sale if its carrying amount will be recovered principally through a sale transaction rather than through continuing use. The asset (or disposal group) must be available for immediate sale in its present condition subject only to terms that are usual and customary for sales of such assets (or disposal groups) and its sale must be highly probable. Assets held for sale are recognized at lower of carrying amount and fair value less costs to sell.

5. Disclosures and additional information

5.1. Related Party Disclosure

Parties are considered to be related if one party has the ability to control the other party or exercise significant influence over the other party in making financial or operation decision or one other parties controls both. The definition includes subsidiaries, associates, directors, key management personnel and employee's retirement benefit fund.

5.1.1 Identification of Related Parties

A related party is a person or entity that is related to the entity that is preparing its financial statements

A person or a close member of that person's family is related to a reporting entity if that person:

- (i) has control or joint control of the reporting entity
- (ii) has significant influence over the reporting entity or
- (iii) is a member of the key management personnel of the reporting entity or of a parent of the reporting entity.

An entity is related to a reporting entity if any of the following conditions applies:

- The entity and the reporting entity are members of the same group (which means that each parent, subsidiary and fellow subsidiary is related to the others).
- One entity is an associate or joint venture of the other entity (or an associate or joint venture of a member of a group of which the other entity is a member).
- Both entities are joint ventures of the same third party.
- One entity is a joint venture of a third entity and the other entity is an associate of the third entity.
- The entity is a post-employment benefit plan for the benefit of employees of either the reporting entity or an entity related to the reporting entity. If the reporting entity is itself such a plan, the sponsoring employers are also related to the reporting entity.
- The entity is controlled or jointly controlled by a person identified in (a).
- A person identified in (a)(i) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity).

The Company Identifies the following as the related parties under the requirement of NAS 24 for the reporting period.

- i) Government of Nepal
- ii) Remit Hydro Limited (Subsidiary)
- iii) Simbuwa Remit Hydro Limited (Subsidiary)
- iv) Board of Directors

Current year	Previous year
Mr. Ram Prasad Acharya	Mr. Dinesh Kumar Ghimire (Chair)
Mr. Mahesh Rimal	Mr. Ram Prasad Acharya
Mr. Madhav Prasad Koirala	Mr. Shambhu Prasad Marasini
Mr. Sudhir Gnawali	Mr. Jitendra Dhital
Mr. Gopal Prasad Sigdel (Ex-Chair)	Mr. Madhav Prasad Koirala
Mr. Sushil Chandra Tiwari(Ex-Chair)	Mr. Sudhir Gewali

Mr. Dinesh Kumar Ghimire (Ex-Chair)	Mr. Sushil Chandra Tiwari (Ex-Chair)
Mr. Jitendra Dhital (Ex-BOD)	Mr. Bhupal Baral (Ex-BOD)
Mr. Shambhu Prasad Marasaini (Ex-BOD)	Mr. Megh B. Bishwakarma (Ex-BOD)
Mr. Rajeshwor Gnawali (Ex-BOD)	Mrs. Nirmala Adhikari Bhattarai (Ex-BOD)

v) **Key Managerial Personnel**

Current year	Previous year
Mr. Arjun Kumar Gautam (CEO)	Mr. Arjun Kumar Gautam (CEO)
Mr. Arun Rajauria (DCEO)	Mr. Mukti Bodh Neupane (DCEO)
Mr. Jeevan Kumar Basnet (DCEO)	Mr. Arun Rajauria (DCEO)

5.1.1. Transactions with promoters

Promoters	Current year	Previous year
Rastriya Jeewan Beema Company Ltd. (Insurance- Staff)	4,483,916.12	4,543,386.62
Employee Provident Fund (PF Contribution, Gratuity and welfare)	6,324,559.18	4,936,751.27
Citizen Investment Trust (Employee Voluntary Contribution)	1,248,000.00	831,911.02
Citizen Investment Trust (Lease rental payments)	1,145,2319.46	11,220,264.00

5.1.2. Board Member Allowances and Facilities

The Board of Directors have been paid meeting fees of NPR 1,118,000 during the fiscal year. There were total 16 numbers of Board Meetings conducted during the fiscal year.

The chairperson and other members of the Board are paid NPR 7,000 and NPR 5,000 per meeting respectively for Board and Board Level Committees meeting.

Particulars	Current year	Previous year
Mr. Ram Prasad Acharya	129,000	55,000
Mr. Mahesh Rimal	46,000	-
Mr. Madhav Prasad Koirala	267,000	115,000
Mr. Sudhir Gewali	277,000	268,000
Mr. Gopal Prasad Sigdel (Ex-Chair)	49,000	-
Mr. Sushil Chandra Tiwari (Ex-Chair)	28,000	28,000
Mr. Dinesh Kumar Ghimire (Ex-Chair)	28,000	105,000
Mr. Shambhu Prasad Marasaini (Ex-BOD)	41,000	43,000
Mr. Jitendra Dhital (Ex-BOD)	168,000	219,000
Mr. Rajeshwor Gnawali (Ex-BOD)	85,000	-
Mr. Bhupal Baral (Ex-BOD)	-	100,000
Mr. Megh B. Bishwakarma (Ex-BOD)	-	108,000
Mrs. Nirmala Adhikari Bhattarai (Ex-BOD)	-	181,000
Total	1,118,000	1,222,000

5.1.3.Compensation to other key management personnel

The details relating to compensation paid to key management personnel other than directors were as follows:

Previous financial year

Key managerial personnel	Designation	Salary	Meeting allowance	Total compensation
Mr. Arjun Kumar Gautam	CEO	6,891,737.59	160,000	70,51,737.59
Mr. Arun Rajauria	D-CEO	4,350,811.81	85,000	44,35,811.81
Mr. Jeevan Kumar Basnet	D-CEO	3,570,627.15	39,000	36,09,627.15
Total		1,48,13,176.55	284,000	1,50,97,176.55

Current financial year

Key managerial personnel	Designation	Salary	Meeting allowance	Total compensation
Mr. Arjun Kumar Gautam	CEO	6,809,416.85	161,000	6,970,416.85
Mr. Arun Rajauria	D-CEO	3,996,491.55	137,000	4,133,491.55
Mr. Jeevan Kumar Basnet	D-CEO	3,679,781.06	54,000	3,733,781.06
Total		14,485,689.46	352,000	14,837,689.46

5.1.4.Transaction with Subsidiary Companies.

Particulars	Remit Hydro Limited	Simbuwa Remit Hydro Limited
Investment in Shares		
Opening Balance	610,000,000.00	400,000,000.00
Addition During the Year	-	-
Closing Balance	610,000,000.00	400,000,000.00

6. Earnings per share

Earnings per Share is calculated using the earnings attributable to equity shareholders for the period divided by the number of weighted average number of shares as required under NAS 33 Earnings per share.

Particulars	Units	Current year	Previous year
Profit attributable to equity shareholders (a)	NPR.	1,452,562,537	1,375,207,435
Weighted average of number of equity shares used in computing basic earnings per share (b)	Nos.	228,739,084	227,757,994
Weighted average of number of equity shares used in computing diluted earnings per share (c)	Nos.	245,598,134	227,757,994
Basic earnings per equity share of Rs 100 each (a/b)	NPR.	6.37	6.04
Diluted earnings per equity share of Rs 100 each (a/c)	NPR.	5.93	6.04

7. Bonus Provisioning

The company has made provision of one percent of its net profit for employee bonuses as per the provision of Bonus Act and decision from Ministry of Finance.

8. Value added statement

The VA statement is a financial statement which shows how much value (wealth) has been created by an enterprise through utilization of its capacity, capital, manpower and other resources and allocated to stakeholders. It indicates how the benefits of the efforts of an enterprise are shared between employees, providers of finance, the state and towards the replacement and expansion. This statement has been prepared on accrual basis.

Value-added Statement	For the period 2080-81		For the period 2079-80		Growth
	In NPR	%	In NPR	%	
Income	2,147,445,267		2,174,742,989		-1.26%
<i>Less : Operating expenses excluding personnel costs</i>					
Operating Expenses	23,401,304		24,286,104		-3.64%
Value-added from operations	2,124,043,963		2,150,456,885		-1.23%
Other income (including exceptional items)	23,686,181		191,228		12286.36%
Total value-added	2,147,730,144		2,150,648,113		-0.14%
Distribution of value-added					
Human resources					
Salaries and bonus	58,427,111	2.73%	59,896,711	2.79%	-2.45%
Providers of capital					
Dividend (1)	-	0.00%	-	0.00%	0.00%
Minority interest	-	0.00%	-	0.00%	0.00%
Interest on debt	-	0.00%	-	0.00%	0.00%
	58,427,111	2.73%	59,896,711	2.79%	-2.45%
Taxes					
Corporate income taxes	621,517,006	29.01%	637,523,273	29.64%	-2.51%
Dividend tax (1)	-	0.00%	-	0.00%	0.00%
	621,517,006	29.01%	637,523,273	29.64%	-2.51%
Income retained in business					
Depreciation and amortization	11,781,195	0.55%	10,562,983	0.49%	11.53%
Retained in business	1,452,562,537	67.80%	1,375,207,435	63.94%	5.62%
Deferred Tax Credit	(2,715,816)	-0.13%	(2,001,936)	-0.09%	35.66%
Provision for Impairment Loss	726,480	0.03%	28,338,048	1.32%	-97.44%
Loss on Disposal of Fixed Assets	-	0.00%	2,529,528	0.12%	
Investment Write off	-	0.00%	38,592,071	1.79%	
	1,462,354,395	68.26%	1,453,228,129	67.57%	0.63%
Total	2,142,298,512	100.00%	2,150,648,113	100.00%	-0.39%

9. Fair Value Measurement of Financial Instrument

In accordance with NFRS 13 Fair Value Measurement, the company categories instruments carried on the reporting sheet at fair value using a three-level hierarchy.

Determination of fair value hierarchy

For all financial instruments where fair values are determined by referring to externally quoted prices or observable pricing inputs to models, independent price determination or validation is obtained. In an inactive market, direct observation of a traded price may not be possible. In these circumstances, the company uses alternative market information to validate the financial

instrument's fair value, with greater weight given to information that is considered to be more relevant and reliable.

Fair values of financial assets and liabilities are determined according to the following hierarchy:

Level 1 – Valuation technique using quoted market price: financial instruments with quoted prices for identical instruments in active markets that the group can access at the measurement date.

Level 2 - Valuation technique using observable inputs: financial instruments with quoted prices for similar instruments in active markets or quoted prices for identical or similar instruments in inactive markets and financial instruments valued using models where all significant inputs are observable. For the listed securities where the company holds promoter shares which are priced and traded differently in the market than ordinary shares the company has considered the valuation of similar promoter's shares traded in the market which is 100% of the price that the ordinary shares are traded on reporting date.

Level 3 - Valuation technique with significant unobservable inputs: financial instruments valued using valuation techniques where one or more significant inputs are unobservable. Where market prices are not available then the company considers the carrying value and future cash flows from the financial instruments.

Amount in NPR'000

Particulars	As at 31st Ashad 2081		As at 31st Ashad 2080	
	Carrying Value	Fair Value (Level 3)	Carrying Value	Fair value (Level 3)
Assets				
Assets carried at Amortized Cost				
Investment in Corporate Bonds	80,000	80,000	80,000	80,000
Loan to Power Project	7,346,047	7,346,047	9,041,052	9,041,052
Term Deposit with Bank	13,780,000	13,780,000	12,350,000	12,350,000
Staff Loan	1,031	1,031	1,243	1,243
On-lending	-	-	-	-
Assets carried at Cost				
Investment in subsidiaries	1,010,000	1,010,000	1,010,000	1,010,000
Fair Value through Other Comprehensive Income (FVTOCI)				
Investment securities at OCI	2,280,412	3,138,413	2,222,812	2,222,812
Liabilities				
Liabilities carried at Amortized Cost	-	-	-	-

10. Operating Segments

Accounting Policies

NFRS 8 'Operating Segment' requires particular classes of entities (essentially those with publicly traded securities) to disclose information about their operating segments, products and services, the geographical areas in which they operate, and their major customers.

The company has only one reportable segment (both in terms of geography and product) and therefore, identification, classification and disclosure of separate reportable operating segments in accordance with NFRS 8 is not disclosed separately.

11. Contingent Liabilities and commitment

Contingent liabilities: Where the company undertake to make a payment on behalf of its customers for guarantees issued, such as for performance bonds or as irrevocable letters of credit as part of the company's transaction instituting business for which an obligation to make a payment has not arisen at the reporting date, those are included in these financial statement as contingent liabilities.

Other contingent liabilities primarily include revocable letters of credit and bonds issued on behalf of customers to customs, for bids or offers.

In Rupees

Particular	Current year	Previous year
Contingent liability		
LC Liability	42,696,854.82	466,831,797.86
Commitment		
Loan/ Investment Commitment	50,825,141,334.00	27,327,041,334.00
Litigation	-	-

Commitments: Where the company has confirmed its intention to provide funds to a customer or on behalf of a customer in the form of loans, overdrafts, future guarantees, whether cancellable or not, or letters of credit and the company has not made payments at the reporting date, those instruments are included in this financial statement as commitments.

Equity Commitment

Amount in NPR '000'

Company/Projects	Equity Commitment(%)	Equity Commitment	Total Equity Investment	Remaining to disburse
Phukot karnali HEP	10%	1,260,000.00	-	1,260,000.00
Vision Energy and Power Ltd.	19%	500,000.00	500,000.00	-
Vision Lumbini Urja Co. Ltd.	13%	200,000.00	200,000.00	-
Jagdulla Hydropower Co. Ltd.	10%	700,000.00	234,300.00	465,700.00
Mewa Developers Ltd. (Middle Mewa PROR HEP)	20%	926,000.00	926,000.00	-
Mewa Developers Ltd.(Siwa Khola PROR HEP)				
Hydro Village Pvt. Ltd.	20%	550,000.00	-	550,000.00
Remit Hydro Ltd.	15%	795,000.00	610,000.00	185,000.00
Simbuwa Remit Hydro Ltd.	15%	569,415.00	400,000.00	169,415.00
Power Transmission Co. Nepal Ltd.	14%	63,000.00	63,000.00	-
Vidhyut Utpadan Co. Ltd.	4%	800,000.00	268,800.00	531,200.00
Nepal Power Trading Co. Ltd.	15%	30,000.00	2,250.00	27,750.00
NEA Engineering Co. Ltd.	15%	30,000.00	28,462.50	1,537.50
Pashupati Renewable Ltd. (Dharamnagar Solar Farm-I & II Projects)	20%	144,000.00	57,600.00	86,400.00
Total		6,567,415.00	3,290,412.50	3,277,002.50

Loan Commitment

S.No.	Name of Company	Name of Project	Installed Capacity (MW)	Approved Loan	Loan Disbursed	Amount in NPR '000'		
						Outstanding Loan as of 2081.03.31	Existing Commitment Amount	Undisbursed Loan as of 2081.03.31
1	Mandu Hydropower Limited	Bagmati Small HEP	22.00	200,000.00	200,000.00	143,211.37	200,000.00	-
2	Arun Kabeli Power Limited	Kabeli B-1 HEP	25.00	20,000.00	20,000.00	-	-	-
3	Mountain Hydro Limited.	Lower Hewa HEP	21.60	15,000.00	15,000.00	-	-	-
4	Solu Hydropower Ltd.	Lower Solu HEP	82.00	600,000.00	491,000.00	110,350.00	150,000.00	-
5	Mountain Energy Nepal Ltd.	Mistri Khola HEP	42.00	1,087,200.00	1,058,710.42	893,934.12	1,087,200.00	-
6	Himalayan Power Partner Ltd.	Dordi Khola HEP	27.00	806,471.33	805,837.19	800,197.70	806,471.33	-
7	Upper Solu Hydroelectric Co. Ltd.	Solu HEP	23.50	200,000.00	218,062.01	200,007.42	200,000.00	-
8	Nyadi Hydropower Ltd.	Nyadi HEP	30.00	828,775.00	625,828.37	614,074.37	828,775.00	202,946.63
9	Beni Hydropower Ltd.	Upper Solu HEP	19.80	200,000.00	194,907.86	194,952.60	200,000.00	5,092.14
10	Swet Ganga Hydropower and Const. Co. Ltd.	Lower Likhu HEP	28.10	1,005,080.00	962,705.56	937,691.42	1,005,080.00	42,374.44
11	Sahas Urja Ltd.	Solukhola Dudhkoshi HEP	86.00	1,449,200.00	1,449,200.00	1,377,775.91	1,449,200.00	-
12	Upper Trishuli Jalvidhyut Co. Ltd.	Trishuli 3B HEP	37.00	2,155,000.00	1,238,912.31	1,238,912.31	2,155,000.00	916,087.69
13	Upper Tamakoshi Hydropower Limited	Upper Tamakoshi HEP	456.00	2,000,000.00	2,000,000.00	-	2,000,000.00	-

14	Super Madi Hydropower Limited	Super Madi Hydropower Project	44.00	850,000.00	849,776.27	834,932.92	850,000.00	-
15	Jagdulla Hydropower Co. Ltd.	Jagdulla HEP	106.00	4,000,000.00	-	-	4,000,000.00	4,000,000.00
16	Modi Jalvidhut Company Ltd.	Upper Modi A HEP	42.00	3,000,000.00	-	-	3,000,000.00	3,000,000.00
17	Tamor Sanima Energy Pvt.Ltd.	Upper Tamor HEP	285.00	4,000,000.00	-	-	4,000,000.00	4,000,000.00
18	Sanima Jum Hydropower Ltd.	Jum Khola HEP	56.00	2,000,000.00	-	-	2,000,000.00	2,000,000.00
19	Bramhyani Hydropower Company Pvt Ltd.	Bramhyani Hydropower Project.	44.00	500,000.00	-	-	500,000.00	500,000.00
20	Upper Arun Hydroelectric Ltd	Upper Arun Hydropower Project	1,061.00	11,341,000.00	-	-	11,341,000.00	11,341,000.00
21	Pike Hydropower Pvt. Ltd.	Likhu Khola Hydropower Project	30.00	1,000,000.00	-	-	1,000,000.00	1,000,000.00
22	Modi Jalvidhut Company Ltd.	Upper Modi HEP	18.20	1,000,000.00	-	-	1,000,000.00	1,000,000.00
23	Peace Energy Pvt.Ltd	Upper Kabeli Hydropower Project	28.10	1,000,000.00	-	-	1,000,000.00	1,000,000.00
24	Tanahu Hydropower Limited	Tanahu Hydroelectric Priject	140.00	5,000,000.00	-	-	5,000,000.00	5,000,000.00
Total			2,754.30	44,257,726.33	10,129,939.99	7,346,040.14	43,772,726.33	34,007,500.90

Events After Reporting Date

Accounting Policies

The Company follows NAS-10 'Events After Reporting Period', for accounting and report for the events that occur after reporting period. Classifies those events as adjusting and non-adjusting.

No circumstances have arisen since the reporting date which would require adjustments to, or disclosure in the financial statements.

12. Regrouping

Previous year figures have been regrouped wherever necessary.