

INDEPENDENT AUDITOR'S REPORT

To The Shareholders of M/s Dibyashwari Hydropower Public Limited

Report on the Audit of Financial Statements

Qualified Opinion

We have audited the accompanying financial statements of M/s Dibyashwari Hydropower Public Limited (hereinafter referred to as "the Company"), which comprises the balance sheet as at Ashad 32, 2082 [July 16, 2025], the profit or loss statement, other comprehensive income statement, statement of changes in equity, and cash flow statement for the year then ended, and notes to the financial statements, including a summary of significant accounting policies and other explanatory notes.

In our opinion, except to the matters mentioned in the qualified opinion paragraph, the accompanying financial statements give a true and fair view, in all material respects, of the financial position of the company as on Ashad 32, 2082 (July 16, 2025) and its financial performance and its cash flows for the year then ended on that date in accordance with **Nepal Financial Reporting Standards (NFRS)**.

Basis of Opinion

- The Company has not complied with the provisions of the Labour Act, 2074 and applicable laws relating to the mandatory enrollment of all eligible employees in the Provident Fund or the Social Security Fund, as applicable. Under the prevailing legal framework, the employer is required to deduct employee contributions at the prescribed rates and make corresponding mandatory employer contributions, being 10 percent by both employer and employee under the Provident Fund regime or 20 percent by the employer and 11 percent by the employee under the Social Security Fund regime, based on basic remuneration. However, the Company has neither deducted the required employee contributions nor made the mandatory employer contributions. Consequently, the financial statements do not recognize or disclose the resulting statutory liabilities. The potential liability could be **material**, as detailed records of employees' remuneration, dates of joining, and periods of service were not made available, and therefore the amount of unpaid contributions could not be reliably quantified.
- The Company has obtained unsecured loans from its promoter shareholders amounting to NPR 6,44,64,880 at an agreed annual interest rate of 10 percent. As at the end of Ashadh 2082, the outstanding loan balance stood at NPR 5,44,64,880, on which interest amounting to NPR **54,46,488** had accrued for the period. However, such accrued interest has not been recognized as an interest expense in the financial statements. Consequently, the profit for the year is overstated and the corresponding liabilities are understated to that extent.

We conducted our audit in accordance with Nepal Standards on Auditing (NSAs). Our responsibilities under those standards are further described in the auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the company in accordance with the Institute of Chartered Accountant of Nepal's code of ethics for professional accountants together with the ethical requirements that are relevant to our audit of the financial statements in Nepal, and we have fulfilled our other ethical responsibilities in accordance with those requirements. We believe that the audit evidences we have obtained are sufficient and appropriate to provide a basis for our opinion.

Emphasis of Matter

We draw attention to Note 3.8.3 and Note 4.6 to the financial statements, which disclose certain parcels of land forming part of the Company's project that have been **legally registered in the personal names of the directors** rather than in the name of the Company. These lands have been recognized and presented as **Project Assets** in the balance sheet. As legal title to these lands does not vest with the Company as at the reporting date, their recognition as assets is **not supported by legal ownership**, which may give rise to legal, regulatory, and ownership-related risks. **Our opinion is not modified in respect of this matter.**



Key Audit matter

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

Key Audit Matter	Description	Why it is a Key Audit Matter	Audit Response
1. Capitalization of Project Asset including margin	The Company has capitalized project costs including a 6% margin added to the total project cost. This margin has been fully impaired over the life of the asset.	Significant judgment was applied in determining the appropriate capitalization of project costs, the treatment of the margin, Misstatement could materially affect the carrying amount of project assets and reported profit.	We assessed whether the carrying amount of project assets, net of impaired margin, is accurately stated and whether the related disclosures in the financial statements are adequate.
2. Revenue Recognition from Sale of Power	Revenue is derived from electricity sold under Power Purchase Agreements (PPAs) and actual energy generated.	Recognition of revenue requires judgment regarding timing, measurement, and accrual of unbilled energy in accordance with NFRS 15. Errors could materially affect revenue and profit.	We evaluated the accuracy of recorded revenue, reviewed energy generation records, and tested the accrual of unbilled energy.
3. Impairment of Project Assets Based on Generation License Term	The useful life of project assets is linked to the generation license maturity date .	Significant judgment is involved in assessing useful life and determining impairment, including assumptions over projected cash flows, tariff rates, and operational risks. Misstatement could materially affect asset carrying amounts and profit.	We assessed the reasonableness of assumptions, evaluated projected cash flows, and reviewed impairment recognition to ensure the carrying amount of project assets is appropriate.
4. Project Financing and Borrowings	The Company's hydropower project is financed with long-term borrowings with complex terms.	Classification of current and non-current portions, interest capitalization, and compliance with loan covenants require judgment and could materially affect liabilities, expenses, and disclosures.	We reviewed loan agreements, assessed interest capitalization, verified classification of borrowings, and tested compliance with covenants.

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

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

In preparing the financial statements, management is responsible for assessing the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using 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 misstatements, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with NSAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

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

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

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

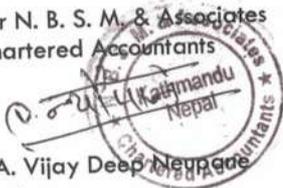
We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.



Report on Other Legal and Regulatory Requirements

We have obtained information and explanations asked for, which, to the best of our knowledge and belief were necessary for the purpose of our audit. In our opinion, proper books of account as required by law have been kept by the company in so far as it appears from our examination of those books of account of the company. In our opinion balance sheet, profit or loss account, statement of changes in equity & cash flow statement for the year then ended and a summary of significant accounting policies and other explanatory notes have been prepared in accordance with the requirements of Companies Act, 2063 and are in agreement with the books of account maintained by the company. In our opinion and to the best of information and according to the explanation given to us and from the examination of the books of account of the company, we have not come across any case where the board of directors or any employee of the company have acted contrary to legal provisions relating to accounts, or committed any misappropriation or caused any loss or damage to the company.

For N. B. S. M. & Associates
Chartered Accountants



CA. Vijay Deep Neupane
Partner

Date: 13/01/2026

Place: Kathmandu, Nepal

UDIN: 260114CA01742xAR94

Dibyashwari Hydropower Ltd.
Baneshwor, Kathmandu
Statement of Financial Position
As at 32 Ashadh 2082 (16th July 2025)

Amount in NPR

PARTICULARS	Notes	As on Ashadh 32, 2082	Restated as on Ashadh 31, 2081	Restated as on Shrawan 1, 2080
ASSETS				
NON CURRENT ASSETS				
Property, Plant & Equipment	4.5	117,914	142,563	138,302
Intangible Assets	4.6	750,941,728	784,373,754	817,714,436
Deferred Tax Asset	7			
Total Non Current Assets		751,059,642	784,516,318	817,852,739
CURRENT ASSETS				
Prepayments	9	1,889,916	2,001,194	2,124,969
Advances and Deposits	10	8,688,723	7,859,163	8,209,163
Financial Assets				
Trade Receivables	11	17,823,860	12,643,584	16,557,170
Cash and Cash Equivalents	12	2,517,455	156,287	1,275,574
Total Current Assets		30,919,954	22,660,228	28,166,876
Total Assets		781,979,596	807,176,546	846,019,615
LIABILITIES AND EQUITY				
Non-Current Liabilities				
Deferred Tax Liability	7			
Financial Liabilities				
Non-Current Borrowings	15	528,094,070	552,162,947	547,582,691
Total Non-Current Liabilities		528,094,070	552,162,947	547,582,691
Current Liabilities				
Provisions - Current	21			
Financial Liabilities				
Current Borrowings	16	73,158,317	66,490,381	100,087,451
Retention Money	17	21,443,430	21,443,430	21,443,430
Trade Payables	18	17,741,205	5,922,637	5,101,921
Other Current Liabilities	19	132,530,958	145,288,909	114,843,213
Employee Benefit Payable	20	1,442,439	1,435,605	1,401,296
Total Current Liabilities		246,316,349	240,580,963	242,877,311
Equity				
Share Capital				
Ordinary Share Capital	23	264,000,000	264,000,000	264,000,000
Reserve and Surplus	24	(256,430,824)	(249,567,364)	(208,440,387)
Total Equity		7,569,176	14,432,636	55,559,613
Total Liabilities		781,979,596	807,176,546	846,019,615

The accompanying notes form an integral part of the financial statements.

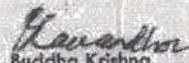
As per our report of even date

For N. B. S. M. & Associates
Chartered Accountants



Vijay Deep Neupane
Partner

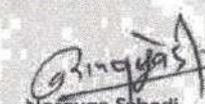
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Place: Kathmandu, Nepal
UDIN:

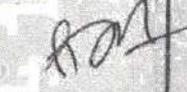

Buddha Krishna
Manandhar
Director

Mandip Khanal
Director

Sunil Kumar Basnet
Director


Khadka Bahadur Raut
Director


Narayan Subedi
Account Officer


Dadhiram Niraula
Chairperson

DIBYASHWARI

HYDROPOWER LTD.
ESTD. 2000

Dibyashwari Hydropower Ltd.
Baneshwor, Kathmandu
Statement of Profit or Loss
For the year ended Ashad 32nd, 2082 (July 16, 2025)

Particulars	Note	Amount in NPR	
		For the Year 2081-82	Restated For the Year 2080-81
Revenue from Operations	25	89,928,620	80,854,498
Cost of Sales	26	(10,332,594)	(11,923,043)
Gross Profit		79,596,026	68,931,454
Other Income	27	328,204	497,000
Profit before operation		79,924,230	69,428,454
Employee Benefit Expenses	28	(1,119,546)	(1,392,820)
Administrative Expenses	29	(5,520,281)	(6,916,737)
Depreciation and Amortization Expenses	4.5 & 4.6	(33,456,676)	(33,362,661)
Operating Profit		39,827,727	27,756,236
Finance Costs	30	(46,127,035)	(62,829,756)
Other Finance Costs	30.1	(564,152)	(6,053,457)
Finance Income		(6,863,460)	(41,126,977)
Profit Before Tax			
Income Tax Expense	31	-	-
Provision for Bonus		-	-
Provision for Income Tax		-	-
Deferred Tax Income/(Expense)		(6,863,460)	(41,126,977)
Profit for the year			
Earnings Per Share (EPS)			
Basic EPS (NPR)	32	(2.60)	(15.58)
Diluted EPS (NPR)	32	(2.60)	(15.58)

The accompanying notes form an integral part of the financial statements.

As per our report of even date

For N. B. S. M. & Associates
Chartered Accountant



Vijay Deep Nepal
Partner
Date:
Place: Kathmandu, Nepal

Manandhar
Buddha Krishna
Manandhar
Director

Mandip Khanal
Director

Sunil Kumar Basnet
Director

Khadka
Khadka Bahadur Raut
Director

Narayan
Narayan Subedi
Account Officer

Dadhiram
Dadhiram Niraula
Chairperson



Dibyashwari Hydropower Ltd.
Baneshwor, Kathmandu
Statement of Cash Flows
For the year ended Ashad 32nd, 2082 (July 16, 2025)

Particulars	Note	Amount in NPR	
		As on Ashadh 32, 2082	Restated as on Ashadh 31, 2081
(A) Cash Flow from Operating Activities			
Profit for the year Before tax		(6,863,460)	(41,126,977)
Adjustments for Non-Cash Items:-			
Depreciation and Amortization		33,456,676	33,362,661
Adjustments for Non Operating Items: -			
Provision for Bonus			
Interest Expenses			
Interest Income			
Operating profit before changes to receivables and payables		26,593,215	(7,764,316)
Decrease / (Increase) in Trade Receivables		(5,180,276)	3,913,586
Decrease / (Increase) in Advances and Deposits		(718,281)	473,775
Decrease / (Increase) in Other Non-Current Assets			
Increase / (Decrease) in Trade and Other Payables		(932,549)	31,300,721
Cash Generated from Operations		19,762,110	27,923,766
Income Tax			
Net Cash Inflow from Operating Activities	A	19,762,110	27,923,766
(B) Cash Flow from Investing Activities			
Purchase of Property, Plant and Equipment and Intangible Assets			(26,240)
Increase in Investment			
Net cash (outflow)/inflow from Investing Activities	B		(26,240)
(C) Cash Flow from Financing Activities			
Issue of Share Capital		(17,400,942)	(29,016,813)
Increase / (Decrease) in Borrowings			
Interest paid			
Interest Income			
Dividends paid			
Net Cash Outflow from Financing Activities	C	(17,400,942)	(29,016,813)
(Decrease)/Increase in Cash and Cash Equivalents	A + B + C	2,361,168	(1,119,287)
Cash and Cash Equivalents at start of year		156,287	1,273,574
Cash and Cash Equivalents at end of year		2,517,455	156,287

The accompanying notes form an integral part of the financial statements.

As per our report of even date

For N. B. S. M. & Associates
Chartered Accountant



Vijay Deep Nepal
Partner
Date:
Place: Kathmandu, Nepal

Buddha Krishna Monandhar
Buddha Krishna
Monandhar
Director

Khadka Bahadur Raut
Khadka Bahadur Raut
Director

Mandip Khanal
Mandip Khanal
Director

Narayan Subedi
Narayan Subedi
Account Officer

Sunil Kumar Basnet
Sunil Kumar Basnet
Director

Dadhiram Niraula
Dadhiram Niraula
Chairperson



Dibyashwari Hydropower Ltd.
Baneshwor, Kathmandu

Statement of Other Comprehensive Income
For the year ended Ashad 32nd, 2082 (July 16, 2025)

Particulars	For the Year 2081-82	Restated For the Year 2080-81
Profit for the Year	(6,863,460)	(41,126,977)
a) Items that will not be reclassified to Profit or loss		
Gain/(Losses) On revaluation of Property, Plant and Equipment	-	-
Gain/(Losses) On Actuarial Valuation of defined benefit liability	-	-
Income Tax Relating to above Items	-	-
b) Items that May be reclassified to Profit or Loss		
Gain/(Losses) on Cash flow hedge	-	-
Exchange Gain/(Losses) (Arising from translating financial assets of foreign Operation)	-	-
Income Tax relating to above Items	-	-
Other Comprehensive Income For the Year, Net of Tax	(6,863,460)	(41,126,977)
Total Comprehensive Income For the Year, Net of Tax	(6,863,460)	(41,126,977)

The accompanying notes form an integral part of the financial statements.

As per our attached report of even date

For N. B. S. M. & Associates
Chartered Accountant



Vijay Deep Neupane
Partner
Date:
Place: Kathmandu, Nepal

Buddha Krishna
Buddha Krishna
Manandhar
Director

Mandip Khanal
Director

Sunil Kumar Basnet
Director

Khadka Bahadur Raut
Khadka Bahadur Raut
Director

Narayan Subedi
Narayan Subedi
Account Officer

Dadhiraam
Dadhiraam
Chairperson



Dibyashwari Hydropower Ltd.
Baneshwor, Kathmandu

Statement of Changes in Equity
As at 32 Ashadh 2082 (16th July 2025)

Particulars	Equity Share Capital	Retained Earning	Total
Balance as at Shrawan 1, 2080	264,000,000	(258,681,876)	5,318,124
Changes in accounting policies/restatement		50,241,489	50,241,489
Restated balance as at 1 Shrawan, 2080 after NFRS adjustment	264,000,000	(208,440,387)	55,559,613
Prior Period Tax Adjustment			
Restated balance as at 1 Shrawan, 2080	264,000,000	(208,440,387)	55,559,613
Profit/ (loss) for the year		(39,145,861)	(39,145,861)
Other Comprehensive income/ (expenses) for the year		(247,586,247)	16,413,753
Total comprehensive income	264,000,000	(247,586,247)	16,413,753
Balance as at 31 Ashad, 2081		(1,981,116)	(1,981,116)
Adjustment due to First time Adoption		(249,567,364)	14,432,636
Restated balance as at 1 Shrawan, 2081	264,000,000	(6,863,460)	(6,863,460)
Profit/ (loss) for the year			
Other Comprehensive income/ (Expenses) for the year		(6,863,460)	(6,863,460)
Total comprehensive income	264,000,000	(256,430,824)	7,569,176
Balance as at 32nd Ashad, 2082 (16 July, 2025)			

The accompanying notes form an integral part of the financial statements.

As per our report of even date



Vijay Deep Neupane
Partner

Date:

Place: Kathmandu, Nepal

Bhadracharya
Buddha Krishna Manandhar
Director

Mandip Khanal
Director

Sunil Kumar Basnet
Director

K. Bahadur Raut
Khadka Bahadur Raut
Director

Narayan Subedi
Narayan Subedi
Account Officer

Dachiram Niraula
Dachiram Niraula
Chairperson



Dibyashwari Hydropower Ltd.
Baneshwar, Kathmandu

Significant Accounting Policies and Notes to Financial Statements for the year ended on Ashadh 32, 2082

1 Reporting Entity

Dibyashwari Hydropower Ltd. (from herein referred as DHPL or the Company) is a limited liability company registered under the Company Act 2063. DHPL was registered at Office of the Company Registrar, Kathmandu dated on 2063-10-25 as Private Limited Company which later was converted to Public Limited Company on 2069-07-02. Registration Number of the Company is 106951/063/ 064. The Company is also registered with Inland Revenue Department on 2063-10-26 by obtaining PAN: 302580062. The main objectives of the company is to generate and distribute electricity. The company has obtained Electricity Generation License of 4 MW for Sabha Khola Hydroelectricity Project. The project is developed under build, owned, operate and transfer (BOOT) Model. The generation license period of the project is 2069/10/04 B.S. to 2104/10/03 B.S. After the expiry of the license period, the project shall be transferred to the Government of Nepal. The company doesn't have any subsidiary or interest in associates or joint ventures. Thus these financial statements are separate financial statements of the company.

1.1 The composition of Board of Directors is as follows:

SN	Particulars	Position
1	Dadhiram Niraula	Chairperson
2	Buddha Krishna Manandhar	Director
3	Khadka Bahadur Rout	Director
4	Mandip Khanal	Director
5	Sunil Kumar Basnet	Director

2 Basis of Preparation

The financial statements of the Company have been prepared on accrual basis of accounting in accordance with Nepal Financial Reporting Standards (NFRS) as published by the Accounting Standards Board (ASB) Nepal and pronounced by The Institute of Chartered Accountants of Nepal (ICAN).

The financial statements comprise (a) the Statement of Financial Position, (b) Statement of Profit or Loss & Statement of Other Comprehensive Income, (c) the Statement of Changes in Equity, (d) the Statement of Cash Flows and (e) the Notes to the Financial Statements comprising summary of Principal Accounting Policies and explanatory notes that are of significant importance to the users of Financial Statement.

2.1 Statement of Compliance

The financial statements have been prepared on accrual basis and approved by the Board of Directors on 2082/09/29. The financial Statement has been prepared in accordance with Nepal Financial Reporting Standards (NFRS) and as published by the Accounting Standards Board (ASB) Nepal and carve out issued by the Institute of Chartered Accountants of Nepal (ICAN) and all other applicable laws and regulations.

The principal accounting policies adopted in the preparation of these financial statements are presented below and apply to the Company. These policies have been consistently applied to all years presented, unless otherwise stated.

2.2 Reporting period and approval of financial statements

The company follows the Nepalese financial year based on the Nepalese calendar. The corresponding dates for Gregorian calendar are as follows:

Relevant Financial Statement	Nepalese Calendar	English Calendar
Opening NFRS SFP* date	Shrawan 1st, 2080	2022-07-17
Comparative SFP* Date	Ashadh 31st, 2081	2024-07-15
Comparative reporting period	1 Shrawan 2080 - 31 Ashadh 2081	16 July 2023 - 15 July 2024
Current NFRS SFP* Date	Ashadh 32 nd, 2082	2025-07-16
Current NFRS reporting period	1st Shrawan 2081 - 32 Ashadh 2082	16 July 2024 - 16 July 2025

*Statement of Financial Position

The approval of financial statements accompanied with notes to the financial statements have been adopted by the Board of Directors in its meeting held on 2082/09/29 and the Board acknowledges the responsibility of preparation and fair presentation of financial statements of the Company in accordance of NFRS. The approved financial statements have been recommended for approval by the shareholders in the upcoming Annual General Meeting of the Company.

2.3 Functional and Presentation Currency

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



Signature

Signature



Significant Accounting Policies and Notes to Financial Statements for the year ended on Ashadh 32, 2082

2.4 Use of Estimates, Assumptions and Judgements

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

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

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

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

2.5 Going Concern

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

2.6 Changes in Accounting Policies

The principle accounting policies adopted in the preparation of financial statements are set out in relevant notes for each item of the financial statements. Accounting policies have been consistently applied to all the years presented, unless otherwise stated.

2.9 Reporting Pronouncements

The Company has, for the preparation of financial statements, adopted the NFRS pronounced by ASB as effective on September 13, 2013. The NFRS conform, in all material respect, to Nepal Financial Reporting Standards (NFRS) as issued by the Accounting Standards Board (ASB).

2.13 Limitation of NFRS Implementation

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

2.14 Prior Period Errors

Prior Period Errors are omissions or misstatements in an entity's financial statements. Such omissions may relate to one or more prior periods. Correction of an error is done by calculating the cumulative effect of the change on the financial statements of the period as if new method or estimate had always been used for all the affected prior years' financial statements. Sometimes such changes may not be practicable. In such cases, it is applied to the latest period possible by making corresponding adjustment to the opening balance of the period.

2.15 Materiality and Aggregation

In compliance with NFRS 1 Presentation of Financial Statements, Each material class of similar items is presented separately in financial statements. Items of dissimilar nature are presented separately unless they are material.

2.16 Offsetting

Assets and liabilities, income and expense are reported separately and no assets and liabilities, or income and expense are offset unless required or permitted by NFRS.

2.17 Comparative Information

Comparative information is provided in narrative and descriptive nature, if it is relevant to understand the current period's financial statement and reclassified whenever necessary to conform to current year presentation. The financial statement presented for the financial year 2080-81 and restated balance as on 1st Shrawan 2080 is a consolidated figures

2.18 Rounding

The statements have been rounded off to nearest Rupees in relevant assertions.



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3 Significant Accounting Policies

3.1 Basis of Measurement

The financial statements have been prepared on historical cost basis except for the following material items in the statement of financial position:

- i. Financial assets other than measured at amortized cost are measured at fair value.
- ii. Derivative financial instruments are measured at fair value, if any.
- iii. Inventories are measured at cost or net realizable value whichever is lower, if any.

3.2 Presentation - Current versus Non-Current Classification

The Company presents assets and liabilities in statement of financial position based on current/non-current classification. Based on the nature of products and the time between acquisition of assets for processing and their realization in cash and cash equivalents, the Company has ascertained its operating cycle as 12 months for the purpose of current/non-current classification of assets and liabilities.

The Company classifies an asset as current when it is:

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

All other assets are classified as non-current.

The Company classifies a liability as current when:

- a. It is expected to be settled in normal operating cycle,
- b. It is held primarily for the purpose of trading,
- c. It is due to be settled within twelve months after the reporting period, or
- d. There is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period.

The Company classifies all other liabilities as non-current.

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

3.3 Critical Accounting Estimates

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

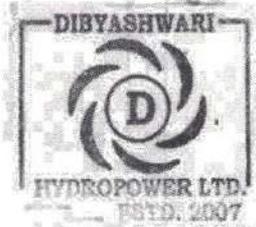
a) Recognition of Deferred Tax Assets

Deferred tax assets are recognized for unused tax losses and taxable temporary difference to the extent that it is probable that taxable profit will be available against which the losses can be utilized. Significant management judgment is required to determine the amount of deferred tax assets that can be recognized, based upon the likely timing and the level of future taxable profits together with future tax planning strategies.

The Company based its assumptions and estimates on parameters available when the financial statements were prepared. Existing circumstances and assumptions about future developments, however, may change due to market changes or circumstances arising beyond the control of the Company. Such changes are reflected in the assumptions when they occur.



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Dibyashwari Hydropower Ltd.
Baneshwar, Kathmandu

Significant Accounting Policies and Notes to Financial Statements for the year ended on Ashadh 32, 2082

b) Provision for Depreciation and Amortization

Depreciation and amortization is calculated over the estimated useful lives of the assets. An item of property, plant and equipment and any significant part initially recognized is derecognized upon disposal or when no future economic benefits are expected from its use or disposal. The residual values, useful lives and methods of depreciation of property, plant and equipment are reviewed at each financial year end and adjusted prospectively, if appropriate.

The Company based its assumptions and estimates on parameters available when the financial statements were prepared. Existing circumstances and assumptions about future developments, however, may change due to market changes or circumstances arising beyond the control of the Company. Such changes are reflected in the assumptions when they occur.

3.5 Capital Management

For the purpose of the Company's capital management, capital includes issued capital and all other equity reserves attributable to the equity holders of the company. The primary objective of the company's capital management is to maximize the shareholder value. The Company manages its capital structure and makes adjustments in light of changes in economic conditions and the requirements of the financial covenants. To maintain or adjust the capital structure, the Company may adjust the dividend payment to shareholders or issue new shares.

3.6 Impairment of non-financial assets (excluding inventories and deferred tax assets)

Non-financial assets are subject to impairment tests whenever events or changes in circumstances indicate that their carrying amount may not be recoverable. Where the carrying value of an asset exceeds its recoverable amount (i.e. the higher of value in use and fair value less costs to sell), the asset is written down accordingly. The recoverable amount is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. When the carrying amount of an asset or Cash generating units exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

An assessment is also done for whether there is any indication that an impairment loss recognized for an asset in prior accounting periods may no longer exist or may have been decreased. If any such indication exists the asset's recoverable amount is estimated. The carrying amount of the fixed asset is increased to the revised estimate of its recoverable amount such that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognized for the asset in prior years.

Impairment loss or reversal are included in profit or loss, except to the extent they reverse gains/loss previously recognized in other comprehensive income.

3.7 Foreign Currency Transactions

Transactions entered into by the Company in a currency other than the currency of primary economic environment in which it operates are recorded at the rates ruling when the transactions occur. Exchange differences arising on foreign currency transactions settled during the year are recognized in the Statement of Profit or Loss. Unsettled foreign currency monetary assets and liabilities are translated at the rates ruling at the reporting date. Exchange differences arising on the retranslation of unsettled monetary assets and liabilities are recognized immediately in profit or loss statement.

3.8 Related Party Disclosures

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 operational decisions and include major shareholders, subsidiary companies, associates, directors and key management personnel and their close family members.

Company has following Key Management Personnel:

3.8.1	SN	Particulars	Position
	1	Dadhiram Niraula	Chairperson
	2	Buddha Krishna Manandhar	Director
	3	Khadka Bahadur Raut	Director
	4	Mandip Khanal	Director
	5	Sunil Kumar Basnet	Director



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Dibyashwari Hydropower Ltd.
Baneshwor, Kathmandu
Significant Accounting Policies and Notes to Financial Statements for the year ended on Ashadh 32, 2082

3.8.2 Related Parties and Transactions with Related Parties

All transactions with related parties are carried out by the company at arm's length price. Details of transactions and payments to the related parties is listed below:

Name	Nature of Transaction	Outstanding Balance Receivable/(Payable)	
		Amount in NPR	
		As at 32.03.2082	
Dadhram Niroula	Payable		6,564,925
Buddha Krishna Manandhar	Payable		5,900,000
Khadka Bahadur Raut	Payable		200,000
Mandip Khanal	Payable		
Sunil Kumar Basnet			
Dipshava Hydropower	Receivable	2,359,099	

3.8.3 Funds Collected from Promoter Shareholders

An amount of NPR 6,44,64,880 was collected from the promoter shareholders at an annual interest rate of 10%. As of Ashadh end 2082, the remaining loan from the promoter shareholders stands at NPR 5,44,64,880. The interest accrued on this loan for this period was Rs. 54,46,488. However, no interest expense has been booked due to which profit has been inflated

Loan	Outstanding Loan	Interest
Promoters Loan	45464880	4546488
Shareholders Loan	9000000	900000
Total	54464880	5,446,488

3.8.3 Land Acquisition

According to Section 7 of the Land Act 2021, no individual can own more than 75 ropani of land in hilly areas outside the Kathmandu Valley. In compliance with this provision, until any amendment is made to the Act, the company has approved the transfer of land exceeding 75 ropani under the names of its directors. These lands have been presented as Project Assets in Note 4.5 of the balance sheet. The details of the lands acquired in the names of the directors are as follows:

S.N.	Name	Plot Numbers	Area	Amount (NPR)
1	Mr. Dadhram Niroula (Chairman)	848, 891	5.68 ropani (2,870 sq. m)	1,594,420
2	Mr. Khadga Bahadur Raut (Director)	839, 859, 652,	26.48 ropani (13,452 sq. m)	4,345,200
3	Mr. Buddha Krishna Manandhar (Director)	618	2.65 ropani (1,350 sq. m)	255,000
	Total		34.81 ropani (17,672 sq. m)	6,194,620



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 P. S. M. & Associates
 Kathmandu
 Nepal



Dibyashwari Hydropower Ltd.
Baneshwar, Kathmandu

Significant Accounting Policies and Notes to Financial Statements for the year ended on Ashadh 32, 2082

4 Property, Plant & Equipments (PPE)

4.1 Recognition and Measurement

The cost of an item of property and equipment shall be recognized as an asset, initially recognized at cost, if, and only 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.

Property, plant and equipment are initially measured at cost in the Statement of Financial Position. Cost includes expenditure that is directly attributable to the acquisition of the asset. The cost of self-constructed assets includes the following:

- the cost of materials and direct labor;
- any other costs directly attributable to bringing the assets to a working condition for their intended use;
- when the Company has an obligation to remove the asset or restore the site, an estimate of the costs of dismantling and removing the items and restoring the site on which they are located; and
- Capitalized borrowing costs.

The Company adopts cost model for entire class of property, plant and equipment. Neither class of the property, plant and equipment are measured at revaluation model nor is their fair value measured at the reporting date. The items of property, plant and equipment are measured at cost less accumulated depreciation and any accumulated impairment losses.

Purchased software that is integral to the functionality of the related equipment is capitalized as part of that equipment. Subsequent expenditure is capitalized if it is probable that the future economic benefits from the expenditure will flow to the Company. Ongoing repairs and maintenance to keep the assets in working condition are expensed as incurred. Any gain or loss on disposal of an item of property and equipment (calculated as the difference between the net proceeds from disposal and the carrying amount of the item) is recognized within other income in Statement of Profit or Loss.

4.2 Capital Work in Progress

The expenditure incurred in acquisition and installation of new systems and equipments under construction till the date of completion is recognized as Capital Work in Progress. Such systems and equipments shown as Capital Work in Progress are capitalized upon completion and handing over after being capable of being used.

4.3 Depreciation

Depreciation on assets under construction does not commence until they are complete and available for use. Depreciation is provided on all other items of property, plant and equipment so as to write-off their depreciable amount over the expected useful economic lives.

Depreciation is provided on a pro-rata basis on the straight-line method based on the estimated useful life of the assets estimated by the management.

The estimated useful lives of various class of PPE for the current year and comparative years are as follows:

Class of PPE	Revised Useful Life under SLM Method
Office Equipments	7 Years
Furniture & Fixture	7 Years
Electronic Equipment	7 Years
Office Vehicles	6 Years
Other assets	7 Years

The residual values, useful lives and the depreciation methods of assets are reviewed at least at each financial year end and, if expectations differ from previous estimates are accounted for as a change in accounting estimates in accordance with

4.3.1 Change in Accounting Estimate

Change in accounting estimate is an adjustment of the carrying amount of an asset or a liability, or the amount of the periodic consumption of an asset, that results from the assessment of the present status of, and expected future benefits and obligations

4.4 De-Recognition

An item of property plant and equipment is de-recognized on disposal or when no future economic benefits are expected from the use of that asset. The gain or loss arising from the disposal of an item of property plant and equipment is the difference between net disposal proceeds, if any, and the carrying amount of that item and is recognized in the statement of profit and loss.



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Dibyashwari Hydropower Ltd.
Bansinagar, Kottamunda

Significant Accounting Policies and Notes to Financial Statements for the year ended on As on 30.03.2082

4.5. Property, Plant & Equipment

Particulars	Office Equipments	Furniture & Fixture	Electronic Equipments	Office Vehicle	Other asset	Total
Adjusted as on Shrawan 1, 2080	50,154	3,512	28,913	48,004	7,720	138,302
Addition during the Year		26,200				26,200
Disposal during the year						
Adjustment/Revaluation						
Balance as on Ashad End 2081	50,154	29,752	28,913	48,004	7,720	164,542
Addition during the Year						
Acquisition						
Capitalization						
Disposal during the year						
Adjustment/Revaluation						
Balance as on Ashad End 2082	50,154	29,752	28,913	48,004	7,720	164,542
Depreciation and Impairment						
As on Shrawan 1, 2080						
Adjustment	7,165	1,580	4,130	8,001	1,103	21,979
Depreciation charge for the Year						
Impairment for the year						
Disposals						
Adjustment						
As on Ashad End 2081	7,165	1,580	4,130	8,001	1,103	21,979
Depreciation charge for the Year						
Impairment for the year	7,165	4,250	4,130	8,001	1,103	24,649
Disposals						
Adjustment						
As on Ashad End 2082	14,330	5,830	8,261	16,001	2,206	46,628
Net Book Value						
As on Shrawan 1, 2080	50,154	3,512	28,913	48,004	7,720	138,302
As on Ashad End 2081	37,615	26,688	21,683	38,403	5,790	130,180
As on Ashad End 2082	35,874	23,922	20,652	32,003	5,514	117,974

K. Srinivasulu
K. Srinivasulu
Chartered Accountant

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Dibyashwari Hydropower Ltd.
Baneshwar, Kathmandu

Significant Accounting Policies and Notes to Financial Statements for the year ended on Ashadh 32, 2082

4.5 Intangible Assets and Amortization

During the year, the Company applied IFRIC 12 – Service Concession Arrangements for the first time. Accordingly, the project has been recognised as an intangible asset and amortised retrospectively in accordance with NFRS 1 – First-time Adoption of Nepal Financial Reporting Standards, as if IFRIC 12 had always been applied. The fair value of the service concession asset at the date of transition has been determined by considering a 6 percent margin, and the resulting cumulative adjustment has been accounted for through opening retained earnings, with comparative figures restated.

Acquired Electricity generation license has been capitalized on the basis of the costs incurred to construct and bring to use the project asset. Costs associated with the development of project asset are capitalized where it is probable that it will generate future economic benefits in excess of its cost. Project costs are amortized on the basis of license period. Costs associated with maintaining project assets are recognized as an expense as incurred.

Project asset is amortised on a straight-line basis in Statement of Profit or Loss over its license period, from the date that it is available for use. The useful life of license for the current and comparative periods is 30 years.

Freehold Land, Plant and Equipment and Building has been reclassified from Property Plant & Equipment to Project Assets under Service Concession Agreement Intangibles

Particulars	Service Concession Agreement Intangibles	Total
Reclassified from PPE	767,472,947	767,472,947
As on Shrawan 1, 2080	767,472,947	767,472,947
Restatement due to IFRIC 12	244,605,896	244,605,896
Adjusted as on Shrawan 1, 2080	1,012,078,844	1,012,078,844
Addition during the Year		
Acquisition		
Capitalization		
Disposal during the year		
Adjustment/Revaluation		
Balance as on Ashad End 2081	1,012,078,844	1,012,078,844
Addition during the Year		
Acquisition		
Capitalization		
Disposal during the year		
Adjustment/Revaluation		
Balance as on Ashad End, 2082	1,012,078,844	1,012,078,844
Depreciation and Impairment		
As on Shrawan 1, 2080		
Adjustment	194,364,407	194,364,407
Adjusted as on Shrawan 1, 2080	194,364,407	194,364,407
Depreciation charge for the Year	33,340,682	33,340,682
Impairment for the year		
Disposals		
Adjustment		
As on Ashad End 2081	227,705,090	227,705,090
Depreciation charge for the Year	33,432,027	33,432,027
Impairment for the year		
Disposals		
Adjustment		
As on Ashad End, 2082	261,137,116	261,137,116
Net Book Value		
As on Shrawan 1, 2080	767,472,947	767,472,947
As on Ashad End 2081	784,373,734	784,373,734
As on Ashad End, 2082	750,941,728	750,941,728



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Dibyashwari Hydropower Ltd.
Baneshwar, Kathmandu

Significant Accounting Policies and Notes to Financial Statements for the year ended on Ashadh 32, 2082

5 Financial Risk Management, Objective and Policies

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

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

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

A. CURRENCY RISK

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

B. CREDIT RISK

Credit risk refers to the risk that a counterparty including its subsidiaries and associates will default on its contractual obligations resulting in financial loss to the Company. The Company has adopted a policy of only dealing with creditworthy counterparties and obtaining sufficient collateral, where appropriate, as a means of mitigating the risk of financial loss from defaults. The Company's exposure and the credit ratings of its counterparties are continuously monitored. In addition, the Company is exposed to credit risk in relation to financial guarantees given to banks provided by the Company. The Company's maximum exposure in this respect is the maximum amount the Company could have to pay if the guarantee is called on. No amount has been recognized in the financial position as financial liabilities.

C. INTEREST RATE RISK

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

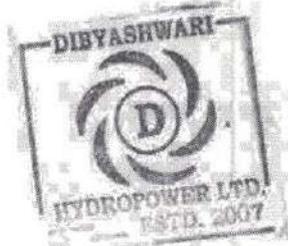
D. LIQUIDITY RISK

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



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Dibyashwari Hydropower Ltd.
Baneshwor, Kathmandu

Significant Accounting Policies and Notes to Financial Statements for the year ended on Ashadh 32, 2082

5.2 CAPITAL MANAGEMENT

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

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

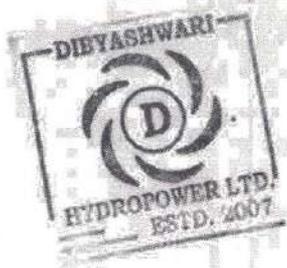
5.3 SEGMENT REPORTING

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



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Dibyashwari Hydropower Ltd.

Baneshwor, Kathmandu

Significant Accounting Policies and Notes to Financial Statements for the year ended on Ashadh 31, 2082

6 Financial Instruments: Financial Assets

Financial Asset is any asset that is:

- a) Cash
- b) an equity instrument of another entity
- c) a contractual right:
 - i) to receive cash or other financial asset from another entity, or
 - ii) to exchange financial assets or financial liabilities with another equity under conditions that are potentially favourable to the entity, or
- d) a contract that will or may be settled in the entity's own equity instruments and is:
 - i) a non-derivative for which the entity is or may be obliged to receive 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 instruments.

A) Recognition

All financial assets are initially recognized on the date on which the company becomes a party to the contractual provisions of the instrument. The classification of financial instruments at the initial recognition depends on their purpose and characteristics and the management's intention in acquiring them.

B) Classification

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

The two classes of financial assets are as follows:

i) Financial assets measured at amortized cost

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

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

ii) Financial asset measured at fair value

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

a) Financial Assets at Fair Value Through Profit or Loss (FVTPL)

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

b) Financial Assets at Fair Value Through Other Comprehensive Income (FVTOCI)

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



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Dibyashwari Hydropower Ltd.
Baneshwar, Kathmandu

Significant Accounting Policies and Notes to Financial Statements for the year ended on Ashadh 32, 2082

C) Measurement

i) Initial Measurement

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

ii) Subsequent Measurement

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

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

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

D) Derecognition

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

Any interest in such transferred financial assets that qualify for derecognition that is created or retained by the Company is recognized as a separate asset or liability. On derecognition of a financial asset, the difference between the carrying amount of the asset (or the carrying amount allocated to the portion of the asset transferred), and the sum of (i) the consideration received (including any new asset obtained less any new liability assumed) and (ii) any cumulative gain or loss that had been recognized in other comprehensive income is recognized in statement of profit or loss.

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

E) Determination of Fair Value

Fair value is the amount for which an asset could be exchanged, or a liability settled, between knowledgeable, willing parties in an arm's length transaction on the measurement date. The fair value of a liability reflects its non-performance risk.

The fair values are determined according to the following hierarchy:

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

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

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



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Dibyashwari Hydropower Ltd.
Baneshwor, Kathmandu

Significant Accounting Policies and Notes to Financial Statements for the year ended on Ashadh 32, 2082

When available, the Company measures the fair value of an instrument using quoted prices in an active market for that instrument. A market is regarded as active if quoted prices are readily and regularly available and represent actual and regularly occurring market transactions on an arm's length basis. If a market for a financial instrument is not active, the Company establishes fair value using a valuation technique. Valuation techniques include using recent arm's length transactions between knowledgeable, willing parties (if available), reference to the current fair value of other instruments that are substantially the same, discounted cash flow analyses.

The best evidence of the fair value of a financial instrument at initial recognition is the transaction price – i.e. the fair value of the consideration given or received. However, in some cases, the fair value of a financial instrument on initial recognition may be different to its transaction price. If such fair value is evidenced by comparison with other observable current market transactions in the same instrument (without modification) or based on a valuation technique whose variables include only data from observable markets, then the difference is recognized in profit or loss on initial recognition of the instrument. In other cases, the difference is not recognized in profit or loss immediately but is recognized over the life of the instrument on an appropriate basis or when the instrument is redeemed, transferred or sold, or the fair value becomes observable.

All unquoted equity investments are recorded at cost, considering the non-trading of promoter shares up to the date of balance sheet, the market price of such shares could not be ascertained with certainty. Hence, these investments are recognized at cost net of impairment, if any.

F) Impairment

At each reporting date the Company assesses whether there is any indication that an asset may have been impaired. If such indication exists, the recoverable amount is determined. A financial asset or a group of financial assets is impaired and impairment losses are incurred if, and only if, there is objective evidence of impairment as a result of one or more events occurring after the initial recognition of the asset (a loss event), and that loss event (or events) has an impact on the estimated future cash flows of the financial asset or group of financial assets that can be reliably estimated.

The Company considers evidence of impairment for loans and advances and held-to-maturity investment securities at both a specific asset and collective level. All individually significant loans and advances and held-to-maturity investment securities are assessed for specific impairment. Those found not to be specifically impaired are then collectively assessed for any impairment that has been incurred but not yet identified.

Loans and advances and held-to-maturity investment securities that are not individually significant are collectively assessed for impairment by grouping together loans and advances and held-to-maturity investment securities with similar risk characteristics. Impairment test is done on annual basis for trade receivables and other financial assets based on the internal and external indication observed.

In assessing collective impairment, the Company uses statistical modelling of historical trends of the probability of default, the timing of recoveries and the amount of loss incurred, adjusted for management's judgment as to whether current economic and credit conditions are such that the actual losses are likely to be greater or less than suggested by historical trends. Default rates, loss rates and the expected timing of future recoveries are regularly benchmarked against actual outcomes to ensure that they remain appropriate.



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Baneshwar, Kathmandu

Significant Accounting Policies and Notes to Financial Statements for the year ended on Ashadh 32, 2082

Impairment of investment in equity instrument classified as Fair Value Through Other Comprehensive Income (FVTOCI)

Where objective evidence of impairment exists for available-for-sale financial assets, the cumulative loss (measured as the difference between the amortised cost and the current fair value, less any impairment loss on that financial asset previously recognised in the statement of profit or loss) is reclassified from equity and recognised in the statement of profit or loss. A significant or prolonged decline in the fair value of an equity security below its cost is considered, among other factors in assessing objective evidence of impairment for equity securities.

If, in a subsequent period, the fair value of a debt instrument classified as available-for-sale increases and the increase can be objectively related to an event occurring after the impairment loss was recognised, the impairment loss is reversed through the statement of profit or loss. Impairment losses recognised in the profit or loss on equity instruments are not reversed through the statement of profit or loss.

G. Perpetual Deposits :

A perpetual deposit is typically a financial instrument with no fixed maturity date, and its classification depends on:

A. Contractual Cash Flows Test (SPPI Test): We have to determine whether the instrument's cash flows are solely payments of principal and interest. If not, the instrument may not qualify for amortized cost measurement.

B. Business Model Assessment: We have to assess whether the instrument is held to collect contractual cash flows, held for Based on the above, the deposit may be classified as:

A. Amortized Cost: If it meets the SPPI test and the business model is to hold the instrument to collect contractual cash flows.

B. Fair Value Through Other Comprehensive Income (FVOCI): If the business model involves both collecting cash flows and selling the asset.

C. Fair Value Through Profit or Loss (FVTPL): If the SPPI test is not met or the instrument is held for trading.

In our case, the Deposits donot qualify for both classification, so the Deposits are shown at their respective Cost and Transaction cost incurred at beginning



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Dibyashwari Hydropower Ltd.
Baneswor, Kathmandu

Significant Accounting Policies and Notes to Financial Statements for the year ended on Ashadh 32, 2082

7 Deferred Income Tax

Deferred tax is provided using the balance sheet liability method, providing for temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. The amount of deferred tax provided is based on the expected realization or settlement of the carrying amount of assets and liabilities using tax rates at the balance sheet date.

The principal temporary difference arise from depreciation of fixed assets, provision for retirement benefit, provision for leave encashment, allowance for inventory obsolescence and other provisions.

A deferred tax asset is recognized only to the extent that it is probable that future taxable profits will be available against which the asset can be utilized. Deferred tax assets are reduced to the extent that it is no longer probable that the related tax benefit will be realized.

Tax Rate 0%

Particulars	As on Ashadh 32, 2082	Restated as on Ashadh 31, 2081	Amount in NPR Restated as on Shrawan 1, 2080
Deferred Tax Asset			
Deferred Tax Liability			
Net Deferred Tax Asset / (Liability)			
Net Changes			
Deferred Tax Income/(Expense) charged in SP			

Deferred Income Tax Assets and Liabilities, deferred tax charge/ (credit) in the Statement of Profit or Loss (SP) and Other Comprehensive

As of

Particulars	Book Value Base	Tax Base	Difference
Property Plant and Equipments	117,914		
Intangible Assets	750,941,728	704,900,819	704,782,905
Provision for Gratuity			(750,941,728)
Carried Forward Losses			
Total	751,059,642	704,900,819	(46,158,823)

Restated as on Ashad 31, 2081

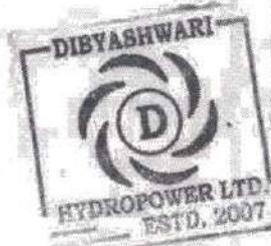
Particulars	Book Value Base	Tax Base	Difference
Property Plant and Equipments	142,563		
Intangible Assets	784,373,754	736,255,945	736,113,982
Provision for Gratuity			(784,373,754)
Carried Forward Losses			
Total	784,516,318	736,255,945	(48,260,373)

Restated as on Shrawan 1, 2080

Particulars	Book Value Base	Tax Base	Difference
Property Plant and Equipments	139,302		
Intangible Assets	817,714,436	767,611,250	767,472,948
Provision for Gratuity			(817,714,436)
Carried Forward Losses			
Total	817,852,739	767,611,250	(50,241,489)



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Dibyashwari Hydropower Ltd.
Baneshwar, Kathmandu

Significant Accounting Policies and Notes to Financial Statements for the year ended on Ashadh 32, 2082

8 Inventories

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

The Company does not have any inventory as per NAS-2.

9 Prepayments

These are expenses paid for the period beyond the financial period covered under the financial statement. These will be charged off as expenses in the respective period for which such expenses pertain to.

Particulars	Amount in NPR		
	As on Ashadh 32, 2082	Restated as on Ashadh 31, 2081	Restated as on Shrawan 1, 2080
Prepaid Expenses	1,889,916	2,001,194	2,124,969
Total	1,889,916	2,001,194	2,124,969

10 Loans and Advances

Loans and advance include non-derivative financial assets with fixed or determinable payments that are not quoted in an active market.

After initial measurement, loans and receivables shall be subsequently measured at amortized cost using the effective interest rate, less allowance for impairment, if any.

Particulars	Amount in NPR		
	As on Ashadh 32, 2082	Restated as on Ashadh 31, 2081	Restated as on Shrawan 1, 2080
Advance to Individual	2,537,332	2,337,332	2,337,332
Advance to Entity	4,930,391	4,700,831	5,050,831
Bank Margin	396,000	396,000	396,000
DOED	425,000	425,000	425,000
Sabhapokhari Hydro Power	400,000	-	-
Total	8,688,723	7,859,163	8,209,163

The fair values of all the above financial assets are equal to their carrying amounts. These advances are non-interest bearing and are expected to be settled in the normal course of operations.

11 Trade & Receivables

Trade receivables comprises of amount receivable from our customers and are non-interest bearing. Such trade receivables are

Particulars	Amount in NPR		
	As on Ashadh 32, 2082	Restated as on Ashadh 31, 2081	Restated as on Shrawan 1, 2080
Nepal Electricity Authority	15,464,761	10,823,543	15,473,081
Dipshava Hydropower	2,359,099	1,820,041	1,084,089
Gross Total	17,823,860	12,643,584	16,557,170
Less: Allowance for Doubtful Recoveries	-	-	-
Total Trade Receivables	17,823,860	12,643,584	16,557,170

Bank Overdrafts are secured against all receivables and inventories.

12 Cash and Cash Equivalents

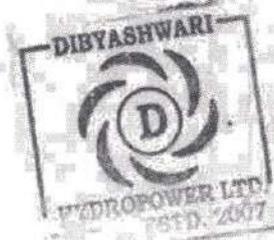
Cash and cash equivalents are defined as cash on hand, demand deposits and short term highly liquid investments, readily convertible. For the purpose of cash flow statements, cash and cash equivalents consist of cash in hand and balance in bank accounts.

Particulars	Amount in NPR		
	As on Ashadh 32, 2082	Restated as on Ashadh 31, 2081	Restated as on Shrawan 1, 2080
Bank Balances	2,477,454	106,286	1,225,573
Cash	40,001	50,000	50,001
Total	2,517,455	156,287	1,275,574



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Dibyashwari Hydropower Ltd.
Baneshwor, Kathmandu

Significant Accounting Policies and Notes to Financial Statements for the year ended on Ashadh 32, 2082

13 Provisions

Provisions are recognized when the company has a present obligation, legal or constructive, as a result of a past event, it is probable that a transfer of a economic benefits will be required to settle the obligation and when reliable estimate can be made of the amount of obligation. If these conditions are not met, no provision is recognized.

The amount of provision recognized is the management's best estimate of expenditure required to settle the present obligation at the reporting date.

Management reviews provisions at each reporting date and is adjusted to reflect the best estimate. If it is no longer probable that a transfer of economic benefits will be required to settle the obligation, the provision is reversed.

The company doesnot provide gratuity to its employees in line with Labour Act. Hence, the company doesnot have any defined benefit obligation as on financial year end.

14 Financial Instruments : Financial Liabilities

Financial Liability is any liability that is:

- a) a contractual obligation
 - i) to deliver cash or other financial asset to another entity, or
 - ii) to exchange financial assets or financial liabilities with another equity under conditions that are potentially unfavourable to the entity, or
- b) a contract that will or may be settled in the entity's own equity instruments and is:
 - i) a non-derivative for which the entity is or may be obliged to receive 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 instruments.

A) Recognition

All financial liabilities are initially recognized on the date on which the company becomes a party to the contractual provisions of the instrument. The classification of financial instruments at the initial recognition depends on their purpose and characteristics and the management's intention in acquiring them.

B) Classification

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

- i) Financial Liabilities at Fair Value through Profit or Loss (FVTPL)
Financial liabilities are classified as fair value through profit or loss if they are held for trading or are designated at fair value through profit or loss. Upon initial recognition, transaction costs are directly attributable to the acquisition are recognized in Statement of Profit or Loss as incurred. Subsequent changes in fair value is recognized at profit or loss.
- ii) Financial Liabilities measured at Amortized Cost
All financial liabilities other than measured at fair value through profit or loss are classified as subsequently measured at amortized cost using effective interest rate method.

C) Measurement

i) Initial Measurement

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

ii) Subsequent Measurement

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

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



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Dibyashwari Hydropower Ltd.
Baneshwor, Kathmandu

Significant Accounting Policies and Notes to Financial Statements for the year ended on Ashadh 32, 2082

15 Non-Current Borrowings

Particulars	Amount in NPR		
	As on Ashadh 32, 2082	Restated as on Ashadh 31, 2081	Restated as on Shrawan 1, 2080
Secured Loans from Banks			
Term Loan Nepal Investment Bank (ACE)	54,856,181	57,142,245	58,443,369
Term Loan Kumari Bank (Kathmandup)	109,516,574	112,929,225	115,471,041
Term Loan (NBL)	272,127,339	280,503,536	287,499,398
Term Loan Rastriya Banliya Bank (NIDC)	110,287,413	113,613,442	116,210,651
Less: NFRS Adjustment for Loan Amortization			
Less: Current Portion	(73,158,317)	(66,490,381)	(84,506,649)
Unsecured Loans			
Promoters Loan	45,464,880	45,464,880	45,464,880
Shareholders Loan	9,000,000	9,000,000	9,000,000
Total	528,094,070	552,162,947	547,582,691

Current Maturities of Term Loan which is repayable within 12 months from the reporting date has been disclosed in Note No. 17.2 as Current Borrowings.

16 Current Borrowings

Current Borrowings are interest bearing financial liabilities consisting of Bank Borrowings. For these financial liabilities interest charged

Particulars	Amount in NPR		
	As on Ashadh 32, 2082	Restated as on Ashadh 31, 2081	Restated as on Shrawan 1, 2080
Current Portions of Term Loans	73,158,317	66,490,381	84,506,649
Over Draft Loan (NBL)			15,580,802
Total	73,158,317	66,490,381	100,087,451

Bank Overdrafts and short term loans are secured against current assets including inventory and trade receivables.

17 Retention Money

Particulars	Amount in NPR		
	As on Ashadh 32, 2082	Restated as on Ashadh 31, 2081	Restated as on Shrawan 1, 2080
5% Retention Money on Jhankar	100,000	100,000	100,000
Retention Money on Cream Hydal	2,983,961	2,983,961	2,983,961
Retention Money on RSC	9,287,623	9,287,623	9,287,623
Retention Money on Ramechhap	9,071,846	9,071,846	9,071,846
Total	21,443,430	21,443,430	21,443,430

18 Trade & other payables

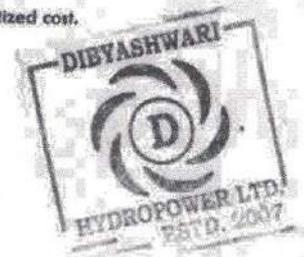
Trade payables are amount payable to creditors for goods and services and are non interest bearing. These trade payables are normally settled on credit period of 30 to 90 days.

Particulars	Amount in NPR		
	As on Ashadh 32, 2082	Restated as on Ashadh 31, 2081	Restated as on Shrawan 1, 2080
Trade Payable	4,106,567	3,811,390	3,358,990
Other Payable	13,104,654	1,711,247	1,742,931
Royalty Expense Payable to DOED	529,984	400,000	
Total	17,741,205	5,922,637	5,101,921

For these non interest bearing financial liabilities, the carrying value of such financial liabilities represents the amortized cost.



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Dibyashwari Hydropower Ltd.
Baneshwar, Kathmandu

Significant Accounting Policies and Notes to Financial Statements for the year ended on Ashadh 32, 2082

19 Other Current Liabilities:

Particulars	As on Ashadh 32, 2082	Amount in NPR	
		Restated as on Ashadh 31, 2081	Restated as on Shrawan 1, 2080
Interest Expense (Promoter's Loan)	38,799,928	38,799,928	34,170,413
Term Loan Interest Payable	75,256,855	87,090,279	62,498,755
TDS Payable	9,140,633	10,275,821	9,400,925
Wages Payable	-	250,327	250,327
Meeting, Allowance and Other payable	4,153,100	4,017,525	3,905,325
N.B.S.M & Associates	111,500	-	-
Y. Nyaupane & Associates	223,000	-	-
NMB Ace Capital	4,845,943	4,855,030	4,617,467
Total	132,530,958	145,288,909	114,843,213

19.1 Meeting, Allowance and Other payable

Particulars	As on Ashadh 32, 2082	Amount in NPR	
		Restated as on Ashadh 31, 2081	Restated as on Shrawan 1, 2080
Allowance	3,204,500	3,204,500	3,204,500
Meeting Allowance	948,600	813,025	700,825
Total	4,153,100	4,017,525	3,905,325

20 Employee Benefit Payable

Particulars	As on Ashadh 32, 2082	Amount in NPR	
		Restated as on Ashadh 31, 2081	Restated as on Shrawan 1, 2080
Dashain Thar Overtime for Staff	68,692	81,835	79,486
Leave Incashment	406,214	394,306	393,296
Medical Expenses	327,037	317,175	316,499
Salary Payable	631,496	633,289	603,015
Travelling Expenses	9,000	9,000	9,000
Total	1,442,439	1,435,605	1,401,296

21 Provision for Income Tax (Net of Advances)

Particulars	As on Ashadh 32, 2082	Amount in NPR	
		Restated as on Ashadh 31, 2081	Restated as on Shrawan 1, 2080
Income Tax Liability			
Opening Liability			
Adjustment To Income Tax Liability			
Current Tax Liability for the Year			
Tax Liability for the previous years			
Total Tax Liability			
Advance Tax			
Opening Asset			
Adjustment To Advance Tax			
Advance Tax Deposit During the Year			
Subtotal			
Settlement of Previous year Taxes from Advance Tax			
Total Advance Tax			
Payment of Tax			
Income Tax (Assets)/Liability			

** This amount is shown as Current Asset in Note 11 Other Current Assets



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Dibyashwari Hydropower Ltd.
Baneshwor, Kathmandu

Significant Accounting Policies and Notes to Financial Statements for the year ended on Ashadh 32, 2082

22. Share Capital

The Company classifies capital instruments as financial liabilities or equity instruments in accordance with the substance of the contractual terms of the instruments. Equity is defined as residual interest in total assets of the Company after deducting all its

Accordingly the share capital of the company comprises following equity types:

23. Ordinary Share Capital

	No. of share	Value Per Share	Amount in NPR
			Capital in value
As at Ashad 32, 2082			
Authorised capital	5,600,000	100	560,000,000
Issued capital	2,640,000	100	264,000,000
Paid up capital	2,640,000	100	264,000,000
As at Ashad 31, 2081			
Authorised capital	5,600,000	100	560,000,000
Issued capital	2,640,000	100	264,000,000
Paid up capital	2,640,000	100	264,000,000
As at Shrawan 1, 2080			
Authorised capital	5,600,000	100	560,000,000
Issued capital	2,640,000	100	264,000,000
Paid up capital	2,640,000	100	264,000,000

24. Reserve and Surplus

The reserves include retained earnings and other reserves, if any.

24.1 Retained Earning

Particulars	As on Ashadh 32, 2082	Restated as on Ashadh 31, 2081	Amount in NPR
			Restated as on Shrawan 1, 2080
Balance up to Last Year	(249,567,364)	(208,440,387)	(258,681,876)
Adjustment During first time adoption of NFRS	-	-	-
Restatement of Intangibles	-	-	50,241,489
Restatement of PPE	-	-	-
Adjustment of Deferred Tax	-	-	-
Prior Period Expenses	-	-	-
Restated Opening Balance	(249,567,364)	(208,440,387)	(208,440,387)
Profits for the Year	(6,863,460)	(39,145,861)	-
Adjustment Due to First-time Adoption	-	(1,981,116)	-
Profit available for distribution	(256,430,824)	(249,567,364)	(208,440,387)
Less:			
Final Dividend Payment	-	-	-
Accumulated profit after distribution	(256,430,824)	(249,567,364)	(208,440,387)

24.2 Fair Value Reserve

Particulars	As on Ashadh 32, 2082	Restated as on Ashadh 31, 2081	Restated as on
			Shrawan 1, 2080
Other Comprehensive Income(OCI)			
Opening			
Income for the year			
Deferred Tax Adjustment			
Closing			
Total Reserve & Surplus	(256,430,824)	(249,567,364)	(208,440,387)
[21.3= 21.1 + 21.2]			



Prakash M. Khanal
Prakash M. Khanal



Dibyashwari Hydropower Ltd.
Baneshwar, Kathmandu

Significant Accounting Policies and Notes to Financial Statements for the year ended on Ashadh 32, 2082

24 Revenue from Operations

Revenue from sale of goods is recognized when the significant risks and rewards are transferred to the buyer by virtue of dispatch of such goods to the buyer after issuance of sales invoice.

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the company and the revenue and associated costs incurred or to be incurred can be reliably measured.

Revenue is measured at the fair value of the consideration received or receivable net of trade discounts. Revenue include all revenue from ordinary activities of the company that are recorded net off Value Added Taxes collected from customers that are remitted or are to be remitted to the government authorities.

Particulars	Amount in NPR	
	For the Year 2081-82	Restated For the Year 2080-81
Revenue from Operation	89,928,620	80,854,498
Less: Sales Return	-	-
Total	89,928,620	80,854,498

26 Cost of Sales

Particulars	Amount in NPR	
	For the Year 2081-82	Restated For the Year 2080-81
Direct Expense	2,547,941	2,237,165
Operation expense	7,784,653	9,685,878
Total Cost of Sales	10,332,594	11,923,043

26.1 Direct Expense

Particulars	Amount in NPR	
	For the Year 2081-82	Restated For the Year 2080-81
3% Rebate Expenses (NEA)	331,333	201,024
Electricity Consumption Charge in Powerhouse	18,036	19,440
Royalty Expenses for 4 MW	400,000	400,000
Royalty Expenses Income 2%	1,798,572	1,616,701
Total	2,547,941	2,237,165

26.2 Operation expense

Particulars	Amount in NPR	
	For the Year 2081-82	Restated For the Year 2080-81
33 Kv Tramsmission Line Repair Cost After Cod	121,283	20,000
Compensation After Cod	128,000	15,000
Repair and Maintaince HydroMechanical Works After C	629,280	2,531,205
Repair & Maintaince Electro Mechanical Works After	1,170,579	2,031,963
Bike Fuel & Maintaince in Site After Cod	171,746	169,335
Excavator Used in Site After Cod	-	301,258
Hardware Item After Cod	48,938	51,991
Labour Charge After Cod	479,624	288,056
Transportation Expense for Site After Cod	56,500	101,600
Repair and Maintaince Civil Works After Cod	419,569	-
Salary & Wages (Direct)	3,750,000	3,597,750
Dashain Allowance	221,249	-
Medical Expenses	221,249	211,217
Dashain & Tihar Holiday Work Site Staff	70,026	84,315
Leave Encashment	296,612	283,089
Total	7,784,653	9,685,878



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Dibyashwari Hydropower Ltd.
Baneshwor, Kathmandu

Significant Accounting Policies and Notes to Financial Statements for the year ended on Ashadh 32, 2082

27 Other Income

Particulars	Amount in NPR	
	For the Year 2081-82	Restated For the Year 2080-81
Other Income		
Total	328,204	497,000

28 Employee Benefit Expenses

Particulars	Amount in NPR	
	For the Year 2081-82	Restated For the Year 2080-81
Dashain Allowance		
Insurance Staff Accident & Third Party	60,888	256,892
Leave Incashment	10,768	86,630
Medical Exp After Cod	81,002	83,591
Travelling Facilities Site Staff Annually	60,888	59,708
Salary Expense	9,000	9,000
Total	897,000	897,000
	1,119,546	1,392,820



Prakash *KM* *of Baneshwor*



Dibyashwari Hydropower Ltd.
Baneshwar, Kathmandu

Significant Accounting Policies and Notes to Financial Statements for the year ended on Ashadh 32, 2082 *

29 Administrative Expenses

Particulars	Amount in NPR	
	For the Year 2081-82	Restated For the Year 2080-81
11th & 12 Agm Expenses	382,076	-
Advertisement A/C	89,948	29,832
Arbitration Expenses	-	1,147,572
Audit Fee	113,000	113,000
Bank Charge	1,419	2,606
Telephone Expenses /Communication Expenses	133,798	58,100
CDSC Annual Fee	100,000	-
CDSC Software Installation & Repairing Exp	20,000	-
Court Fee	-	470,745
Electronic Items Site After Cod	11,315	5,100
Financial Consultancy Fee	395,500	67,800
Fuel Expenses	84,910	104,000
Guest Refreshment Expenses	151,754	261,287
Insurance Expense	2,325,734	2,385,814
Issue & Sales Management Fee for Right Share Purpo	-	50,000
Legal Expenses	218,000	768,000
Meeting Allowance	159,500	132,000
Member Ship Exp IPPAN	24,000	24,000
Miscellaneous Expenses	54,307	21,648
NEPSE Annual Renewal Fee	50,000	-
Office Accomodation After Cod	36,150	39,010
Office Rent	201,976	157,850
Printing & Stationary	109,415	172,732
Repair & Maintaince Office Equipment	29,375	25,700
Right Share Issue Expenses	-	286,160
RTS Fee & Share Registration Charge	295,343	461,180
Site Expenses	243,761	-
Social Responsible Expenses	15,555	-
Translation Expenses	-	23,529
Travelling Expenses	234,284	93,900
Wages Charge	25,601	15,152
Website	13,560	-
Total	5,520,281	6,916,737



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Dibyashwari Hydropower Ltd.
Baneshwor, Kathmandu

Significant Accounting Policies and Notes to Financial Statements for the year ended on Ashadh 32, 2082

30 Finance Cost

Finance Cost comprises of interest on short term loan, interest on Bank Overdraft and allied charges. All these costs are carried at amortized cost using effective interest rate which is assumed to be bank interest rate.

Particulars	Amount in NPR	
	For the Year 2081-82	Restated For the Year 2080-81
Interest Expense- NIMB Bank (TL)	3,290,620	6,419,571
Interest Expense- Kumari Bank (TL)	10,557,276	13,519,100
Interest Expense- NBL Bank (TL)	22,876,723	30,988,665
Interest Expense- RBBL Bank (TL)	9,402,416	11,902,420
Total	46,127,035	62,829,756

30.1 Other Finance Costs

Other finance cost includes Finance cost charged for Lease Liability and Security Deposit.

Particulars	Amount in NPR	
	For the Year 2081-82	Restated For the Year 2080-81
Annually Agency Fee- NBL	564,152	593,205
Interest Expense- Promoters Loan	-	5,446,488
Interest Expense- NBL Insurance	-	13,764
Total	564,152	6,053,457

46,691,187



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Dibyashwari Hydropower Ltd.
Baneshwor, Kathmandu

Significant Accounting Policies and Notes to Financial Statements for the year ended on Ashadh 32, 2082

31 Income Tax

Tax expense comprises current and deferred tax. Current tax and deferred tax are recognised in profit or loss except to the extent that they relate to items recognised directly in equity or in other comprehensive income.

A) Current Tax

Current tax is the expected tax payable or recoverable on the taxable income or loss for the year, using tax rates enacted or substantively enacted at the reporting date, and any adjustment to tax payable in respect of previous years. Current tax payable also includes any tax liability arising from the declaration of dividends.

B) Deferred Tax

Deferred tax is provided using the balance sheet liability method, providing for temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. The amount of deferred tax provided is based on the expected realization or settlement of the carrying amount of assets and liabilities using tax rates at the balance sheet date.

Particulars	Amount in NPR	
	For the Year 2081-82	Restated For the Year 2080-81
Current Tax Expense		
Provision for Income Tax	-	-
Previous Years Tax	-	-
Total Current Tax Expense	-	-
Deferred Tax		
Origination and reversal of Temporary Differences	-	-
Recognition of previously unrecognized	-	-
Total Deferred Tax Income / (Expense)	-	-
Total Tax Expense for the Year	-	-



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Dibyashwari Hydropower Ltd.
Baneshwor, Kathmandu

Significant Accounting Policies and Notes to Financial Statements for
2082



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Dibyashwari Hydropower Ltd.
Baneshwor, Kathmandu

Significant Accounting Policies and Notes to Financial Statements for the year ended on Ashadh 32, 2082

32 Earnings Per Share

The Company presents basic and diluted earnings per share (EPS) data for its ordinary shares. The basic EPS is calculated by dividing the profit or loss attributable to ordinary shareholders of the Company by the weighted average number of ordinary shares outstanding during the period.

Diluted EPS is determined by adjusting the profit or loss attributable to ordinary shareholders and the weighted average number of ordinary shares outstanding for the effects of all dilutive potential ordinary

Particulars	Amount in NPR	
	For the Year 2081-82	Restated For the Year 2080-81
Net profit attributable to Shareholders for Basic and diluted ea	(6,863,460)	(41,126,977)
Weighted average number of Ordinary Shares for basic EPS	2,640,000	2,640,000
Effects of dilution:		
Share Option		
Weighted average number of ordinary shares adjusted for the	2,640,000.00	2,640,000.00
Basic earning per ordinary share	(2.60)	(15.58)
Diluted earning per ordinary share	(2.60)	(15.58)

Since there is no convertible and other option, diluted earning per share would be equal to Basic earning per share.



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Dibyashwari Hydropower Ltd.
Baneshwor, Kathmandu

Significant Accounting Policies and Notes to Financial Statements for the year ended on Ashadh 32, 2082

33 First Time Adoption of Nepal Financial Reporting Standard (NFRS)
The Company has adopted Nepal Reporting Financial Standards (NFRS) in the current year F.Y 2081-82 for the first time. Accordingly, comparative financial statement of F.Y 2080-81 and opening of F.Y 2080-81 (i.e. 01.04.2080) has been restated whenever required.
Disclosure of effect of transition from previous GAAP to NFRSs:

33.1 Reconciliation of Equity

PARTICULARS	Explanatory Notes	As at 31.03.2081 (Comparative Period)	As at 01.04.2080 (Date of Transition)
Total Equity under GAAP		(33,827,736)	5,318,124
Adjustments:			
Opening balance of retained earning		50,241,489	
Restatement of PPE			
Restatement of Intangibles	1	-	50,241,489
Adjustment of Deferred Tax		-	-
Net Expenses under NFRS	2	(1,981,116)	-
Total Equity under NFRS		<u>14,432,636</u>	<u>55,559,613</u>

Explanatory Notes

- Adjustment arising due to restatement of PPE and Intangibles as a conversion from GAAP to NFRS has been made through retained earnings.
- Depreciation has been charged by using SLM method taking the useful life as estimated by the management which was previously calculated as per the method prescribed by tax laws.



P. S. M. & Associates

P. S. M. & Associates

Sanjiv Kumar



Dibyashwari Hydropower Ltd.
Baneshwar, Kathmandu

Significant Accounting Policies and Notes to Financial Statements for the year ended on Ashadh 32, 2082

33.2 Reconciliation of Statement of Financial Position

33.2 a Reconciliation of Statement of Financial Position as on Ashad 31, 2081

PARTICULARS	Explanatory Notes	AS per GAAP	Remeasurement	NFRS
ASSETS				
NON CURRENT ASSETS				
Property, Plant & Equipment	1	736,255,945	(736,113,382)	142,563
Intangible Assets	1	-	784,373,754	784,373,754
Deferred Tax Asset		-	-	-
Total Non Current Assets		736,255,945	48,260,372	784,516,318
CURRENT ASSETS				
Prepayments	2	-	2,001,194	2,001,194
Advances and Deposits	2	9,860,357	(2,001,194)	7,859,163
Financial Assets				
Trade Receivables		12,643,584	-	12,643,584
Cash and Cash Equivalents		156,287	-	156,287
Total Current Assets		22,660,228	(0)	22,660,228
Total Assets		758,916,173	48,260,372	807,176,546
LIABILITIES AND EQUITY				
Non-Current Liabilities				
Deferred Tax Liability				
Financial Liabilities				
Non-Current Borrowings	3	564,188,448	(12,025,501)	552,162,947
Total Non-Current Liabilities		564,188,448	(12,025,501)	552,162,947
Current Liabilities				
Provisions - Current				
Financial Liabilities				
Retention Money	4	-	21,443,430	21,443,430
Current Borrowings	3	54,464,880	12,025,501	66,490,381
Trade Payables	4	-	5,922,637	5,922,637
Employee Benefit Payable	4	-	1,435,605	1,435,605
Other Current Liabilities	4	174,090,582	(28,801,672)	145,288,909
Total Current Liabilities		228,555,462	12,025,501	240,580,963
Equity				
Share Capital				
Ordinary Share Capital		264,000,000	-	264,000,000
Reserve and Surplus	1	(297,827,736)	48,260,372	(249,567,364)
Total Equity		(33,827,736)	48,260,372	14,432,636
Total Liabilities		758,916,173	48,260,372	807,176,546

Explanatory Notes

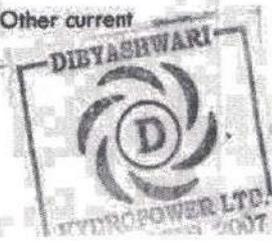
- 1 Adjustment arising due to restatement of PPE and Intangibles as a conversion from GAAP to NFRS has been made through retained earnings.
- 2 Prepaid Expenses has been reclassified from Advances and Deposits to Prepayments
- 3 Secured loan has been reclassified under Non-Current Borrowings and Current Borrowings
- 4 Retention Money, Trade Payables and Employee Benefit Payable has been reclassified from Other current



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Dibyashwari Hydropower Ltd.
Baneshwor, Kathmandu

Significant Accounting Policies and Notes to Financial Statements for the year ended on Ashadh 32, 2082

33.2 b Reconciliation of Statement of Financial Position as on Shrawan 1, 2080

PARTICULARS	Explanatory Notes	AS per GAAP	Remeasurement	NFRS
ASSETS				
NON CURRENT ASSETS				
Property, Plant & Equipment	1	767,611,250	(767,472,948)	138,302
Intangible Assets	1	-	817,714,436	817,714,436
Deferred Tax Asset		-	-	-
Total Non Current Assets		767,611,250	50,241,489	817,852,739
CURRENT ASSETS				
Prepayments	2	-	2,124,969	2,124,969
Advances and Deposits	2	10,334,132	(2,124,969)	8,209,163
Financial Assets				
Trade Receivables		16,557,170	-	16,557,170
Cash and Cash Equivalents		1,275,574	-	1,275,574
Total Current Assets		28,166,876	-	28,166,876
Total Assets		795,778,126	50,241,489	846,019,615
LIABILITIES AND EQUITY				
Non-Current Liabilities				
Deferred Tax Liability		-	-	-
Financial Liabilities				
Non-Current Borrowings	3	577,624,460	(30,041,769)	547,582,691
Total Non-Current Liabilities		577,624,460	(30,041,769)	547,582,691
Current Liabilities				
Financial Liabilities				
Retention Money	4	-	21,443,430	21,443,430
Current Borrowings	3	54,464,880	45,622,571	100,087,451
Trade Payables	4	-	5,101,921	5,101,921
Employee Benefit Payable	4	-	1,401,296	1,401,296
Other Current Liabilities	4	158,370,662	(43,527,449)	114,843,213
Total Current Liabilities		212,835,542	30,041,769	242,877,311
Equity				
Share Capital				
Ordinary Share Capital		264,000,000	-	264,000,000
Reserve and Surplus	1	(258,681,876)	50,241,489	(208,440,387)
Total Equity		5,318,124	50,241,489	55,559,613
Total Liabilities		795,778,126	50,241,489	846,019,615

Explanatory Notes

- 1 Adjustment arising due to restatement of PPE and Intangibles as a conversion from GAAP to NFRS has been made through retained earnings.
- 2 Prepaid Expenses has been reclassified from Advances and Deposits to Prepayments
- 3 Secured Loan has been reclassified under Non-Current Borrowings and Current Borrowings
- 4 Retention Money, Trade Payables and Employee Benefit Payable has been reclassified from Other current liabilities to their respective headings



Dibyashwari Hydropower Ltd.
Baneshwar, Kathmandu

Significant Accounting Policies and Notes to Financial Statements for the year ended on Ashadh 32, 2082

Reconciliation of Statement of Profit or Loss for the period ended Asahd 31, 2081

PARTICULARS	Explanatory Notes	AS per GAAP	Remeasurement	NFRS
Revenue from Operations		80,854,498	-	80,854,498
Cost of Sales	1	(11,838,729)	(84,315)	(11,923,043)
Gross Profit		69,015,769	(84,315)	68,931,454
Other Income		497,000	-	497,000
Profit before operation		69,512,769	(84,315)	69,428,454
Employee Benefit Expenses		(1,477,135)	84,315	(1,392,820)
Administrative Expenses		(6,916,737)	(0)	(6,916,737)
Depreciation and Amortization Expenses	2	(31,381,545)	(1,981,116)	(33,362,661)
Operating Profit		29,737,353	(1,981,116)	27,756,236
Finance Costs		(68,883,213)	-	(68,883,213)
Finance Income		-	-	-
Profit Before Tax		(39,145,861)	(1,981,116)	(41,126,977)
Income Tax Expense		-	-	-
Provision for Income Tax		-	-	-
Deferred Tax Income/(Expense)		-	-	-
Profit for the year		(39,145,861)	(1,981,116)	(41,126,977)

Explanatory Notes

1. Dashain Allowance to Site Staff has been reclassified from Administrative Expenses to Operation Expenses.
2. Depreciation has been charged by using SLM method taking the useful life as estimated by the management which was previously calculated as per the method prescribed by tax laws.

P/L as per GAAP	(39,145,861)
Add :	
Rent Expenses	
Deffered Tax Income	
Less :	
Prior Period Error	
Depreciation on PPE and Intangibles	(1,981,116)
Other Finance Cost	
Change in Depreciation	
P/L as per NFRS	(41,126,977)



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Dibyashwari Hydropower Ltd.
Baneshwar, Kathmandu

Computation of Tax Liabilities
2080-81

Computation of Taxable Income and Income Tax :

S.N.	Particulars	Amt	Rate	Amount (Rs)
(i)	Profit As per Profit and Loss Account			(6,863,460)
(ii)	Add Back: Depreciation & Amortisation as per Account	33,456,676		
	Add Back: Prior Period Fee Income			
	Add Back: Gratuity Payable			
	Add Back: Bonus Payable of PY			
	Less: Depreciation as per Income Tax	31,355,126		
	Less: Deferred revenue of last year recognized in revenue in CY			
	Less: Finance Income On Security Deposit			
	Disallowed Expenses			
	Miscellaneous Expenses			
	Fine and Penalty			
	Unabsorbed Repair and Maintenance			
	Commission Expenses			
	No Proper Supportings			
	Taxable Income from Business			64,811,801
				57,948,341
(iii)	Income Tax		0%	57,948,341
(iv)	Total	(ii+iii)		-
(v)	Penalty for non-filing of Returns on Time u/s 117 u/s 117 Non-Filing of Estimated Tax Return	(+) -		-
(vi)	For delay in Payment of Advance tax (u/s 118)	13		-
	For Delay in Payment of Tax (From 1st Kartik to Till payment) (u/s 119)			-
(vii)	Total Provision for Tax and Penalty			-
(viii)	Advance Tax Including TDS Deduction on Bank			-
(ix)	Net Tax Amount paid for the year			-
(x)	Refund /Tax Credit for Next Year			-



Signature of [Name]



Professional Educators Limited
 मि.प्राध्यापक, काठमाडौं
 Fixed Assets and Depreciation as per Income Tax Act

PARTICULARS	ADDITION					Total	Depriciable Base	DEPRECIATION	Unabsorbed Depn (To be capitalized)	WDV Current Year	WDV Previous Year
	Reproduction 2081	As on Balance 2081	Right to Chattr 2081	Balance to Actual 2081	Total Addition						
LAND	0%	14,390,320.00			14,390,320						14,390,320
Total		14,390,320			14,390,320						14,390,320
POOL - "A" Building	3%	45,161,365			45,161,365						45,161,365
Total		45,161,365			45,161,365						45,161,365
POOL - "B" Furniture, Fixtures & equipment etc	33%	91,777			91,777		91,777	32,914.28		68,833	91,777
Total		91,777			91,777		91,777	32,914.28		68,833	91,777
POOL - "C" Vehicle	20%	38,403			38,403		38,403	7,680.61		30,722	38,403
Total		38,403			38,403		38,403	7,680.61		30,722	38,403
POOL - "D" Machinery & equipment	15%										
Total											
POOL - "E" Intangible Asset Year Project Asset	31.5 (Year)	270,574,080	465,551,685		465,551,685		736,125,765	31,394,900.83		704,801,264	270,574,080
Total		270,574,080	465,551,685		465,551,685		736,125,765	31,394,900.83		704,801,264	270,574,080
Grand Total		736,255,945	465,551,685		465,551,685		736,255,945	31,355,128		704,900,819	736,255,945

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