



# Pratik Khanal & Associates

## Independent Auditor's Report

To

The Shareholders of Sanjen Jalavidhyut Company Limited

### Report on the Audit of the Financial Statements

#### Opinion

We have audited the financial statements of **Sanjen Jalavidhyut Company Limited**, which comprise of Statement of Financial Position as at 31<sup>st</sup> Ashad 2077 ( Corresponding to 15 July 2020), Statement of Profit or Loss, Statement of Other Comprehensive Income (OCI), Statement of Cash Flows, Statement of Changes in Equity and Schedules for the period covering 1<sup>st</sup> Shrawan 2076 to 31<sup>st</sup> Ashad 2077 ( Corresponding to 17 July 2019 to 15 July 2020) and Notes to financial statement, including Summary of accounting policies.

In our opinion, the accompanying Financial Statements present fairly, in all material respects, the financial position of **Sanjen Jalavidhyut Company Limited** as at 15 July 2020 and of its financial performance and its Cash flows for the period covering 17 July 2019 to 15 July 2020, in accordance with Nepal Financial Reporting Standards (NFRS) and other relevant practices.

#### Basis for Opinion

We conducted our audit in accordance with Nepal Standards on Auditing (NSAs). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the audit of Financial Statements* section of our report. We are independent of Sanjen Jalavidhyut Company Limited in accordance with the Institute of Chartered Accountants' of Nepal (ICAN) Handbook of Code of Ethics for Professional Accountants together with the ethical requirements that are relevant to our audit of the financial statements and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

#### Impact of COVID-19 on Financial Statements

Till the date the spread of COVID-19 has severely impacted many local economies around the globe. In many countries, businesses are being forced to cease or limit operations for long or indefinite periods of time. Measures taken to contain the spread of the virus, including travel bans, quarantines, social distancing, and closures of non-essential services have triggered significant disruptions to businesses worldwide, resulting in an economic slowdown.

The Company has determined that these events are non-adjusting subsequent events. Accordingly, the financial position and results of operations as of and for the year ended 31<sup>st</sup> Ashad, 2077 have not been adjusted to reflect their impact. The duration and impact of the COVID-19 pandemic, as well as the effectiveness of government response remains unclear as on the date. It is not possible to reliably estimate the duration and severity of these consequences, as well as their impact on the financial position and results of the Company for future periods.

#### Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. However, during the year there are no significant key audit matters to be communicated through this report.





## Other information

Management is responsible for the other information. The other information comprises all information in the annual report other than the financial statements and our auditors report thereon. Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon. In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information; we are required to report the fact. We have nothing to report in this regard.

## Responsibilities of Management and those charged with Governance for the Financial Statements

The management of Sanjen Jalavidhyut Company Limited 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 misstatement, whether due to fraud or error.

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

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

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

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

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

- Identify and assess the risks of material misstatements of the financial statements, whether due to fraud or error. We design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than from one resulting from error, as fraud may involve collusion, forgery, intentional omission, misrepresentation, 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 entity'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 the management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosure in the financial statements or, if such disclosure are inadequate, to modify our opinion. Our conclusion 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 as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

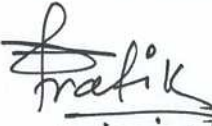
We have communicated with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.



### Report on the Other Legal & Regulatory Requirements

We further report that 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, the balance sheet, the statements of income and the cash flows have been prepared in accordance with the requirements of the Companies Act 2063 and are in agreement with the books of account of the Company; and proper books of account as required by law have been kept by the Company.

To the best of our information and according to explanations given to us and so far appeared from our examination of the books of account of the Company necessary for the purpose of our audit, we have not come across cases where Board of Directors or any employees of the Company have acted contrary to the provisions of law relating to the accounts, or committed any misappropriation or caused loss or damage to the Company relating to the accounts in the Company.



CA. Pratik Khanal  
Principal



Date: 29 November 2020

Place: Kathmandu

UDIN :- 201203CA01094601DU



# Sanjen Jalavidhyut Company Limited

## Statement of Financial Position

As on 31st Aashad 2077 (Corresponding to 15 July 2020)

(Figures in NPR)

Particulars	Notes	This Year (31.03.2077)	Previous year (30.03.2076)
<b>ASSETS</b>			
<b>Non-Current Assets</b>			
Property Plant and Equipment's	1	1,769,535	3,024,369
Project Capital Work in Progress	2	7,252,762,271	5,860,378,452
Term Deposit	3	10,000,000	10,000,000
<b>Current Assets</b>			
Inventory	4	1,112,037	451,274
Advances to Contractors and Consultants	5	211,695,017	328,618,209
Deposits and Margin	6	8,536,849	30,028,816
Prepayments	7	127,754	76,339
Current Tax Assets	8	10,749,661	9,491,441
Term Deposits with Banks	9	100,270,000	40,270,000
Other Advances	10	11,773,959	8,466,623
Bank Balances Call and Current	11	42,663,824	16,452,923
<b>TOTAL ASSETS</b>		<b>7,651,460,907</b>	<b>6,307,258,446</b>
<b>EQUITY AND LIABILITIES</b>			
<b>Equity</b>			
Paid Up Share Capital	12	3,285,000,000	3,285,000,000
Reserves	13	(138,209,004)	(79,125,539)
<b>Liabilities</b>			
<b>Non-Current Liabilities</b>			
Loans and Borrowings	11	4,028,496,570	2,902,178,414
<b>Current Liabilities</b>			
Loans and Borrowings	11	250,000,000	-
Provisions	14	3,337,206	349,147
Other Liabilities and Payables	11	222,836,134	198,856,424
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>7,651,460,907</b>	<b>6,307,258,446</b>



*[Signature]*  
Manoj Silwal  
Chairman

*[Signature]*  
Shantilaxmi Shakya  
Director

*[Signature]*  
Lok Hari Luitel  
Director

*[Signature]*  
Subhas Kumar Mishra  
Director

As per our report of even date  
*[Signature]*  
CA Pratik Khawal  
Pratik Khanal & Associates  
Chartered Accountants

*[Signature]*  
Rajaram Shrestha  
Director

*[Signature]*  
Narayan P. Acharya  
Director

*[Signature]*  
Kiran K. Shrestha  
Chief Executive

*[Signature]*  
Ghanashyam Shrestha  
Chief Finance Officer

Date: 2077.08.14  
Place : Kathmandu

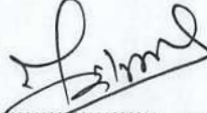



**Sanjen Jalavidhyut Company Limited**  
**Statement of Profit or Loss**  
**For the year 2076-2077 (Corresponding to 2019- 2020)**

(Figures in NPR)

Particulars	Notes	This Year 31.03.2077	Previous year 30.03.2076
Revenue			
Revenue from Contract with Customers	15.1	2,846,340	7,714,350
Finance income	15.2	-	19,975,399
Other income	15.3	2,538,948	36
Operation and Maintenance - Corporate			
Employee Benefits	16	(14,208,726)	(12,679,815)
Depreciation and Amortization	17	(1,410,548)	(1,575,071)
Operating and Administrative Expenses	18	(17,186,708)	(18,295,637)
Impairments and Write-Offs	19		
Exchange Gain / (loss)	20	(8,472,013)	31,679,181
<b>Profit Before Tax</b>		<b>(35,892,707)</b>	<b>26,818,443</b>
Income Taxes			
<b>Net Profit</b>		<b>(35,892,707)</b>	<b>26,818,443</b>

Basic EPS	21	(1.09)	0.94
Diluted EPS		(1.09)	0.94

 ..... Manoj Silwal Chairman	 ..... Shantilaxmi Shakya Director	 ..... Lok Hari Luitel Director	 ..... Subhas Kumar Mishra Director
 ..... Rajaram Shrestha Director	 ..... Narayan P. Acharya Director	 ..... Kiran K. Shrestha Chief Executive Officer	 ..... Ghanashyam Shrestha Chief Finance Officer

As per our report of even date

  
.....  
CA Pratik Khanal  
Pratik Khanal & Associates  
Chartered Accountants

Date: 2077.08.14  
Place : Kathmandu



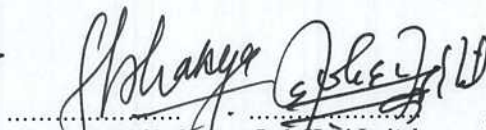


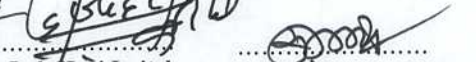
**Sanjen Jalavidhyut Company Limited**  
**Statement of Other Comprehensive Income**  
**For the year 2076-77 (Corresponding to 2019-2020)**


(Figures in NPR))

Particulars	15-Jul-20	16-Jul-19
<b>Profit for the year</b>	(35,892,707)	26,818,443
<b>Other comprehensive income/(expense)</b>		
<b>Items that will be reclassified subsequently to profit or loss when specific conditions are met</b>		
Available-for-sale investments		
– fair value gains / (Losses)		
– income taxes		
Exchange differences and other		
<b>Items that will not be reclassified subsequently to profit or loss</b>		
Actuarial gains on defined benefit plans		
– before income taxes		
– income taxes		
Other comprehensive income for the year, net of tax		
<b>Total comprehensive income for the year</b>	<b>(35,892,707)</b>	<b>26,818,443</b>

  
.....  
**Manoj Silwal**  
Chairman

  
.....  
**Shantilaxmi Shakya**  
Director

  
.....  
**Lok Hari Luitel**  
Director

  
.....  
**Subhas Kumar Mishra**  
Director


As per our report of even date

  
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**CA Pratik Khana**  
Pratik Khanal & Associates  
Chartered Accountants

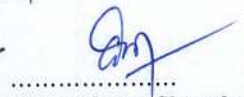


Date: 2077.08.14  
Place :Kathmandu

  
.....  
**Rajaram Shrestha**  
Director

  
.....  
**Narayan P. Acharya**  
Director

  
.....  
**Kiran K. Shrestha**  
Chief Executive  
Officer

  
.....  
**Ghanashyam Shrestha**  
Chief Finance Officer





**Sanjen Jalavidhyut Company Limited**  
Statement of Changes in Equity  
For the year ended 15 July 2020 (Corresponding to 2019-20)

(Figures in NPR)

Particulars	Called up Share Capital	Capital premium	Retained earnings	Revaluation Reserve	Deferred Tax Reserve	Total Shareholder's Fund
At 16 July 2018 (previously reported)	2,737,500,000	-	(100,739,548)	-	-	2,636,760,452
Adjustments						
Restated Profit for the year and Other comprehensive income (net of tax)	2,737,500,000	-	(100,739,548)	-	-	2,636,760,452
Share Issue	547,500,000	-	26,818,443	-	-	26,818,443
Share issue expenses	-	-	(5,204,434)	-	-	(5,204,434)
Deferred Tax Reserve	-	-	(79,125,539)	-	-	-
<b>At 16 Jul 2019</b>	<b>3,285,000,000</b>	<b>-</b>	<b>(79,125,539)</b>	<b>-</b>	<b>-</b>	<b>3,205,874,461</b>
At 16 July 2018 (previously reported)	2,737,500,000	-	(100,739,548)	-	-	2,636,760,452
Particulars	Called up Share Capital	Capital premium	Retained earnings	Revaluation Reserve	Deferred Tax Reserve	Total Shareholder's Fund
At 16 July 2019	3,285,000,000	-	(79,125,538)	-	-	3,205,874,462
Adjustments						
Restated Profit for the year and Other comprehensive income (net of tax)	3,285,000,000	-	(17,198,415)	-	-	(17,198,415)
Share Issue	-	-	(96,323,953)	-	-	3,188,676,047
Share issue expenses	-	-	(35,892,707)	-	-	(35,892,707)
Deferred Tax Reserve	-	-	(5,992,344)	-	-	(5,992,344)
<b>As on 15 July-2020</b>	<b>3,285,000,000</b>	<b>-</b>	<b>(138,209,004)</b>	<b>-</b>	<b>-</b>	<b>3,146,790,996</b>

*Shantilaxmi Shakya*  
Shantilaxmi Shakya  
Chairman

*Lok Hari Luitel*  
Lok Hari Luitel  
Director

*Subhas Kumar Mishra*  
Subhas Kumar Mishra  
Director

*Rajaram Shrestha*  
Rajaram Shrestha  
Director

*Narayan P. Acharya*  
Narayan P. Acharya  
Director

*Kiran K. Shrestha*  
Kiran K. Shrestha  
Chief Executive Officer

*Ghanashyam Shrestha*  
Ghanashyam Shrestha  
Chief Finance Officer

*Pratik Khachatryan*  
Pratik Khachatryan  
Chartered Accountants

*As per our report*  
As per our report  
CA Pratik Khachatryan  
Pratik Khachatryan & Associates  
Chartered Accountants  
Date: 2077.08.08




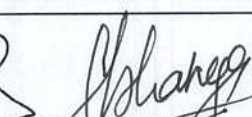


**Sanjen Jalavidhyut Company Limited**  
**Statement of Cash Flows**  
**For the year ended 15 July 2020 (2019-20)**

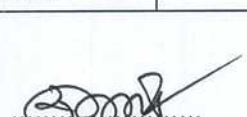
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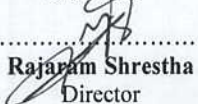
Particulars	2019-20	2018-19
<b>Cash flows from operating activities</b>		
Loss / (profit) before taxation	(35,892,707)	26,818,443
Adjustments for non-cash items and non-operating adjustments	(17,198,415)	
Depreciation	1,410,548	1,575,071
Loss (Gain) on disposal of assets		
Dividend income		
Defined benefit plan net charge		
Changes in Operating assets and Liabilities		
Change in operating assets	73,137,423	183,645,805
Change in operating liabilities	26,967,770	11,215,987
Contributions to defined benefit schemes		
Defined benefits paid		
Taxes paid		
<b>Net cash from operating activities</b>	<b>48,424,619</b>	<b>223,255,306</b>
<b>Cash flows from investing activities</b>		
Purchase of property, plant and equipment	(155,714)	(173,951)
Disposal of property, plant and equipment		
Purchase of CWIP	(1,392,383,817)	(1,493,889,903)
Disposal of CWIP		
Purchase of Investments	-	410,000,000
Disposal and maturity of investment securities		
Dividends received from investment in securities		
<b>Net cash used in investing activities</b>	<b>(1,392,539,531)</b>	<b>(1,084,063,854)</b>
<b>Cash flows from financing activities</b>		
Issue of ordinary and preference share capital, net of expenses	-	542,295,566
Share Issue Expenses	(5,992,344)	
Borrowings	1,376,318,156	298,441,064
Dividends paid to ordinary shareholders, net of scrip		
<b>Net cash (used in)/from financing activities</b>	<b>1,370,325,813</b>	<b>840,736,630</b>
<b>Net increase/(decrease) in cash and cash equivalents</b>	<b>26,210,901</b>	<b>(20,071,919)</b>
Cash and cash equivalents at beginning of year	16,452,923	36,524,843
Effect of exchange rate changes on cash & cash equivalents		-
<b>Cash and cash equivalents at end of year</b>	<b>42,663,824</b>	<b>16,452,923</b>

  
Manoj Silwal  
Chairman

  
Shantilaxmi Shakya  
Director

  
Lok Hari Luitel  
Director

  
Subhas Kumar Mishra  
Director

  
Rajaram Shrestha  
Director

  
Narayan P. Acharya  
Director

  
Kiran K. Shrestha  
Chief Executive Officer



As per our report of even date

  
CA Pratik Khanal  
Pratik Khanal & Associates  
Chartered Accountants  
Date: 2077.08.14



## Significant Accounting Policies and Notes to Accounts

### A. Statement of Compliance

The financial statements have been prepared in accordance with Nepal Financial Reporting Standards (NFRS) to the extent applicable and as published by the Accounting Standards Board (ASB) – Nepal. These statements have been approved from 206th Board of Directors' meeting held on 2077/08/14 and have been recommended for approval by shareholders in the Annual General Meeting

### B. About SJCL

Sanjen Jalavidhyut Company Limited (SJCL) is a subsidiary of Chilime and was incorporated in February 2010 as a public limited company. SJCL is developing two hydropower projects – Sanjen Hydroelectric Project (SHEP) having capacity of 42.5 MW and Sanjen (Upper) Hydroelectric Project (SUHEP) of capacity 14.8 MW in Rasuwa district of Province 3 in Nepal. The company's registered office is in Maharajung Kathmandu. The hydropower plants, once commissioned, will be connected to the National Grid through a single circuit transmission line at Chilime hub located at the Rasuwa district.

The equity investment is structured as comprising of 51% promoter shares and 49% public shares. Chilime Hydropower Company Limited (CHCL) will be the single largest shareholder with 39.36% shareholding in SJCL. The company will raise the promoter shares at first then have a public offer. The company has managed the debt financing from the Employee Provident Fund (EPF) for which a tri-partite loan arrangement has been signed between EPF, CHCL and SJCL.

These financial statements are prepared for SJCL.

### C. Basis of Preparation

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

#### i. Compliance with NFRS

The financial statements of SJCL have been prepared in accordance with Nepal Financial Reporting Standards (NFRS) issued by Accounting Standard Board of Nepal on 13 Sept 2013. These are based on the International Financial Reporting Standards (IFRS) issued by International Accounting Standard Board (IASB). The NAS 39 Financial Instruments: Recognition and Measurement is notified to be applicable for recognition, measurement and reporting of Financial Instruments.

#### ii. Presentation of Financial Statements

The statement of profit or loss has been prepared using classification 'by nature' method. The cash flows from operation within the statement of cash flows have been derived using the 'indirect' method.

#### iii. Presentation Currency

The financial statements have been presented in the nearest Nepalese Rupees (NPR). Nepalese Rupees (NPR) is also the functional and presentation currency.

#### iv. Current and Non-Current distinction

Assets and liabilities, wherever applicable, are bifurcated in current and non-current based on their respective maturity. Such information has been separately disclosed wherever applicable.

#### v. Discounting

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

#### vi. Accounting policies, critical accounting estimates and judgements



Accounting Policies

Handwritten signatures of the company's management and auditors.





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

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

*Accounting estimates and judgements*

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

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

vii. Going Concern

The management consider that it is appropriate to continue to adopt the going concern basis in preparing the financial statements.

viii. Reporting dates

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

Relevant Financial Statement	Nepalese Calendar Date / Period	English Calendar Date / Period
Opening SFP date	1 Shrawan 2076	17 July 2019
Comparative SFP Date	31 Ashadh 2077	15 July 2020
Comparative reporting period	1 Shrawan 2076 - 31 Ashadh 2077	17 July 2019 - 15 July 2020

ix. Materiality

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

x. Cost Constraint

The company assesses whether the benefits of reporting particular information are likely to justify the costs incurred to provide and use that information. It is consistent with the Framework for in NFRS requirement not to maximise the qualitative characteristics of financial information and other main Framework concepts when the costs of doing so would exceed the benefits

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**D. Notes to Accounts**

**1 Property Plant & Equipment's and Intangible Assets**

**a. Intangible Assets**

*Accounting Policies*

Identifiable intangible assets are recognised when the company controls the asset, it is probable that future economic benefits attributed to the asset will flow to the company and the cost of the asset can be reliably measured. Intangible assets with finite useful lives are stated at acquisition cost less accumulated amortisation and accumulated impairment losses. The useful lives and the amortisation methods of the assets are reviewed at least annually. Changes in the estimated useful life or the expected pattern of consumption of future economic benefit embodied in the assets are accounted for by changing the amortisation period or method, as appropriate, and are treated as changes in accounting estimates in accordance with NAS 8. Amortisation is charged to Statement of Profit or Loss on a straight-line basis over the useful life of license. Intangible assets having infinite useful life are assessed for impairment at each reporting date.

*Explanatory Notes*

Company does not have any separable intangible assets. The accounting software in use by the company is grouped with the office equipment.

**b. Property Plant and Equipment**

*Accounting Policies*

Property, plant and equipment are stated in the statement of financial position at their cost and are inclusive of all expenses necessary to bring the assets to working condition for its intended use less any subsequent accumulated depreciation and subsequent accumulated impairment losses, if applicable. Property, plant and equipment are recognised as an asset, if and only if it is probable that future economic benefits associated with the item will flow to the company; and the cost of the item can be measured reliably.

The depreciation period is based on the expected useful life of an asset. Items of property plant and equipment are depreciated on pro rata basis in the year of acquisition. 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 NAS 8.

In addition to the purchase price and cost directly attributable to bringing the asset to the location and conditions necessary for it to be capable of operating in the manner intended by management if an item of property, plant and equipment consists of several components with different estimated useful lives, those components that are significant are depreciated over their individual useful lives. Subsequent costs that do not qualify the recognition criteria under NAS 16 are expensed as and when incurred.

*Explanatory Notes*

*Useful Life*

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

Asset Class	Useful life
Furniture and Fixtures	7
Heavy Equipment	7
Office Equipment	5
Other Assets	5
Tool and Equipment	7
Vehicles	7



## Corporate Assets

SJCL is in the process of construction of two hydropower plants. Therefore, only assets that are not directly associated with the plants and are put to use has been categorised as property plant and equipment. These assets are basically assets used by the corporate office. Some of the assets within property plant and equipment include assets handed over by Chilime Hydropower Company Limited and rest of the assets are those that have been purchased by the company itself.

### Project Assets

Assets directly associated with the hydropower plants are considered to be project assets and have been recognised as Capital Work in progress discussed separately in Note 3.

Corporate Assets 19-20	Furniture and Fixtures	Office Equipment	Vehicles	Heavy Equipment	Tools and Equipment	Other Assets	TOTAL
<b>Original Cost (Rs.)</b>							
As at 16-July-2019	2,350,453	4,337,864	4,856,800	1,341,857	166,675.00	1,490,552	14,544,201
Additions 16-July-2019 to 15-July-2020	22,939	132,775					155,714
Adjustment (disposals and transfers)	-	-	-	-	-	-	-
<b>As at 15 July- 2020</b>	<b>2,373,392</b>	<b>4,470,639</b>	<b>4,856,800</b>	<b>1,341,857</b>	<b>166,675.00</b>	<b>1,490,552</b>	<b>14,699,915</b>
<b>Depreciation (Rs.)</b>							
As at 16-July-2019	1,833,378	3,774,654	3,952,064	422,310	166,675	1,370,750	11,519,832
Charge for the year	192,609	298,355	678,611	191,694		49,279	1,410,548
Attributable to sold/transferred/written off	-	-	-	-	-	-	-
<b>As at 15-July-2020</b>	<b>2,025,986</b>	<b>4,073,009</b>	<b>4,630,675</b>	<b>614,004</b>	<b>166,675</b>	<b>1,420,030</b>	<b>12,930,380</b>
<b>Impairment Charge</b>							
As at 15 July- 2020	347,406	397,630	226,125	727,853	-	70,522	1,769,535
As at 16-July-2019	517,076	563,210	904,736	919,547	-	119,801	3,024,370

Corporate Assets 18-19	Furniture and Fixtures	Office Equipment	Vehicles	Heavy Equipment	Tools and Equipment	Other Assets	TOTAL
<b>Original Cost (Rs.)</b>							
As at 17 July 2018	2,263,648	4,250,719	4,856,800	1,341,857	166,675	1,490,552	14,370,250
Additions	86,806	87,146	-	-	-	-	173,951
Adjustment (disposals and transfers)	-	-	-	-	-	-	-
<b>As at 16 July 2019</b>	<b>2,350,453</b>	<b>4,337,864</b>	<b>4,856,800</b>	<b>1,341,857</b>	<b>166,675</b>	<b>1,490,552</b>	<b>14,544,201</b>
<b>Depreciation (Rs.)</b>							
As at 17 July 2018	1,598,221	3,389,514	3,256,335	230,091	164,558	1,306,041	9,944,761
Charge for the year	235,156	385,140	695,729	192,219	2,117	64,709	1,575,071
Attributable to sold/transferred/written off	-	-	-	-	-	-	-
<b>As at 16 July 2019</b>	<b>1,833,378</b>	<b>3,774,654</b>	<b>3,952,064</b>	<b>422,310</b>	<b>166,675</b>	<b>1,370,750</b>	<b>11,519,832</b>
<b>Impairment Charge</b>							
As at 16 July 2019	517,076	563,210	904,736	919,547	(0)	119,801	3,024,369





As at 16 July 2018	665,426	861,205	1,600,465	1,111,766	2,117	184,510	4,425,489
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**2 Capital Work in Progress**

*Accounting Policies*

Assets in the course of construction are carried at cost, less any recognised impairment loss. Depreciation on these assets commences when these assets are ready for their intended use.

The expenditure incurred in acquisition and installation of the equipment till the date of commissioning or civil works under construction till the date of completion is recognised as Capital work in progress. The value of capital work in progress includes stock of equipment lying in store or in transit for the purpose of getting used in such installation or construction. The value also includes balances with contractors and suppliers of the systems and equipment for the value to be received. Equipment are capitalised upon commissioning and civil works are capitalised upon handing over after being capable of being used.

*Explanatory Notes*

Capital Work in progress	15-Jul-2020	16-Jul-2019
Capital Assets	2,273,178,991	1,865,269,292
Operation and Maintenance	735,501,616	579,640,243
<b>Sanjen Upper 14.8</b>	<b>3,008,680,607</b>	<b>2,444,909,535</b>
Capital Assets	2,865,275,907	2,383,724,097
Operation and Maintenance	1,378,805,756	1,031,744,820
<b>Sanjen Lower 42.5</b>	<b>4,244,081,663</b>	<b>3,415,468,917</b>
<b>Total Upper &amp; Lower</b>	<b>7,252,762,270</b>	<b>5,860,378,452</b>

CWIP- Capital Assets	15-Jul-2020	16-Jul-2019
<b>Sanjen Upper - 14.8</b>		
Opening CWIP	1,865,269,292	1,459,737,547
Addition during the year	414,674,233	412,551,753
Adjustments	(6,764,533)	(7,020,008)
<b>Closing Balance</b>	<b>2,273,178,992</b>	<b>1,865,269,292</b>
<b>Sanjen Lower - 42.5</b>		
Opening CWIP	2,383,724,096	1,722,522,876
Addition during the year	491,017,365	672,164,420
Adjustments	(9,465,555)	(10,963,199)
<b>Closing Balance</b>	<b>2,865,275,907</b>	<b>2,383,724,097</b>
<b>Total</b>	<b>5,138,454,898</b>	<b>4,248,993,389</b>

CWIP - Operation & Maintenance	15-Jul-2020	16-Jul-2019
<b>Sanjen Upper - 14.8</b>		
Opening CWIP	579,640,243	444,936,930
Addition during the year	155,861,373	134,703,314
<b>Closing Balance</b>	<b>735,501,616</b>	<b>579,640,243</b>



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SJCL  
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<b>Sanjen Lower - 42.5</b>		
<b>Opening CWIP</b>	1,031,744,820	739,291,196
<b>Addition during the year</b>	347,060,936	292,453,624
<b>Closing Balance</b>	1,378,805,756	1,031,744,820
<b>Total</b>	<b>2,114,307,372</b>	<b>1,611,385,063</b>

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CWIP Capital Assets 2019-20	Cost			Accumulated Depreciation			Closing Balance	
	Book Value Up to 16-July-2019	Addition	Total	Opening	Addition	Total	This year	Previous year
<b>42.5</b>								
<b>Assets Not ready to Use</b>								
Land	28,298,782		28,298,782	-			28,298,782	28,298,782
11 KVA line	18,898,678	270,100	19,168,778	-			19,168,778	18,898,678
Access Road	61,722,172		61,722,172	-			61,722,172	61,722,172
Residential Building	68,370,210	353,264	67,264,836	-			67,264,836	66,911,572
Office Building	1,534,222		2,992,860	-			2,992,860	2,992,860
Consultancy services	402,549,976	37,512,511	440,062,486	-			440,062,486	402,549,976
Civil Construction - Main Lot 2	1,275,590,404	294,743,973	1,570,334,377	-			1,570,334,377	1,275,590,404
Work Shop	4,303,823		4,303,823	-			4,303,823	4,303,823
Hydro-Mechanical Works Lot 4	161,204,222	34,122,581	195,326,803	-			195,326,803	161,204,222
Electro-Mechanical Works Lot 3	339,383,989	96,970,080	436,354,070	-			436,354,070	339,383,989
Transmission Line Lot 5	5,650,564	26,564,873	32,215,437	-			32,215,437	5,650,564
	<b>2,367,507,040</b>	<b>490,537,382</b>	<b>2,858,044,422</b>	-			<b>2,858,044,422</b>	<b>2,367,507,040</b>
<b>Assets Ready To Use</b>								
Furniture and Fixtures	4,731,988	154,663	4,886,651	2,793,329	634,228	3,427,557	1,459,094	1,938,659
Office Equipment	3,298,152	325,320	3,623,472	2,514,259	210,832	2,725,091	898,381	783,893
Tool and Equipment	4,968,691		4,968,691	4,473,670	442,453	4,916,123	52,568	495,021
Other Assets	4,808,525		4,808,525	4,444,986	220,866	4,665,852	142,673	363,539
Heavy Equipment	24,686,599		24,686,599	19,822,267	3,243,835	23,066,102	1,620,497	4,864,332
Vehicle	44,692,045		44,692,045	36,920,431	4,713,341	41,633,772	3,058,272	7,771,613
<b>Total</b>	<b>87,186,000</b>	<b>479,983</b>	<b>87,665,983</b>	<b>70,968,943</b>	<b>9,465,555</b>	<b>80,434,497</b>	<b>7,231,485</b>	<b>16,217,057</b>
	<b>2,454,693,040</b>	<b>491,017,365</b>	<b>2,945,710,405</b>	<b>70,968,943</b>	<b>9,465,555</b>	<b>80,434,497</b>	<b>2,865,275,907</b>	<b>2,383,724,097</b>



*Pratik Khandelwal*

*Pratik Khandelwal*

*Pratik Khandelwal*





CWIP Capital Assets 2018-19	Cost			Accumulated Depreciation			Closing Balance	
	Opening	Addition	Total	Opening	Addition	Total	This year	Previous year
<b>42.5</b>								
<b>Assets Not ready to Use</b>								
Land	26,520,951	1,777,831	28,298,782	-	-	-	28,298,782	26,520,951
11 KVA line	18,898,678	-	18,898,678	-	-	-	18,898,678	18,898,678
Access Road	61,722,172		61,722,172	-	-	-	61,722,172	61,722,172
Residential Building	68,259,628	110,582	68,370,210	-	-	-	68,370,210	68,259,628
Office Building	1,534,222		1,534,222	-	-	-	1,534,222	1,534,222
Consultancy services	373,462,889	29,087,087	402,549,976	-	-	-	402,549,976	373,462,889
Civil Construction - Main	887,806,035	387,784,368	1,275,590,404	-	-	-	1,275,590,404	887,806,035
Work Shop	2,812,621	1,491,202	4,303,823	-	-	-	4,303,823	2,812,621
Hydro-Mechanical Works	92,214,751	68,989,471	161,204,222	-	-	-	161,204,222	92,214,751
Electro-Mechanical Works	157,881,532	181,502,457	339,383,989	-	-	-	339,383,989	157,881,532
Transmission Line	4,848,550	802,013	5,650,564	-	-	-	5,650,564	4,848,550
	<b>1,695,962,028</b>	<b>671,545,012</b>	<b>2,367,507,040</b>	-	-	-	<b>2,367,507,040</b>	<b>1,695,962,028</b>
<b>Assets Ready To Use</b>								
Furniture and Fixtures	4,455,454	276,534	4,731,988	2,151,116	642,212	2,793,329	1,938,659	2,304,338
Office Equipment	2,981,277	316,875	3,298,152	2,264,513	249,747	2,514,259	783,893	716,765
Tool and Equipment	4,968,691		4,968,691	3,999,377	474,293	4,473,670	495,021	969,314
Other Assets	4,782,525	26,000	4,808,525	3,839,842	605,144	4,444,986	363,539	942,683
Heavy Equipment	24,686,599	-	24,686,599	16,285,948	3,536,319	19,822,267	4,864,332	8,400,651
Vehicles	44,692,045	-	44,692,045	31,464,948	5,455,484	36,920,431	7,771,613	13,227,097
	<b>86,566,591</b>	<b>619,408</b>	<b>87,186,000</b>	<b>60,005,744</b>	<b>10,963,199</b>	<b>70,968,943</b>	<b>16,217,057</b>	<b>26,560,848</b>
<b>Total</b>	<b>1,782,528,619</b>	<b>672,164,470</b>	<b>2,454,693,040</b>	<b>60,005,744</b>	<b>10,963,199</b>	<b>70,968,943</b>	<b>2,383,724,097</b>	<b>1,722,522,876</b>



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CWIP Capital Assets 2019-20	Cost				Accumulated Depreciation			Closing Balance	
	Book Value Up to 16-July-2019	Addition	Total	Opening	Addition	Total	This year	Previous year	
<b>14.8</b>									
<b>Assets Not ready to Use</b>									
Land	70,134,228		70,134,228	-		-	70,134,228	70,134,228	
11 KVA line	1,698,036		1,698,036	-		-	1,698,036	1,698,036	
Access Road	218,823,094		218,823,094	-		-	218,823,094	218,823,094	
Building	19,274,884	377,163	19,652,047	-		-	19,652,047	19,274,884	
Consultancy services	207,219,360	16,076,790	223,296,150	-		-	223,296,150	207,219,360	
Distribution Line	3,608,050		3,608,050	-		-	3,608,050	3,608,050	
Civil Construction - Main Lot 2	1,076,602,421	224,689,881	1,301,292,303	-		-	1,301,292,303	1,076,602,421	
Hydro-Mechanical Works Lot 4	140,520,193	112,945,675	253,465,868	-		-	253,465,868	140,520,193	
Electro-Mechanical Works Lot 3	109,148,596	49,134,144	158,282,740	-		-	158,282,740	109,148,596	
Transmission Line Lot 5	2,133,218	11,383,231	13,516,449	-		-	13,516,449	2,133,218	
	<b>1,849,162,080</b>	<b>414,606,885</b>	<b>2,263,768,965</b>	-		-	<b>2,263,768,965</b>	<b>1,849,162,080</b>	
<b>Assets Ready To Use</b>									
Furniture and Fixtures	1,481,176	31,188	1,512,364	976,157		201,995	334,212	505,018	
Office Equipment	1,471,602	36,160	1,507,762	1,159,245		106,762	241,756	312,357	
Tool and Equipment	1,941,375		1,941,375	1,198,297		268,211	474,868	743,079	
Other Assets	2,092,908		2,092,908	1,939,887		84,824	68,198	153,022	
Heavy Equipment	13,446,903		13,446,903	10,465,755		1,920,986	1,060,162	2,981,148	
Vehicles	32,912,545		32,912,545	21,499,956		4,181,757	7,230,831	11,412,588	
	<b>53,346,508</b>	<b>67,348</b>	<b>53,413,856</b>	<b>37,239,296</b>		<b>6,764,533</b>	<b>9,410,027</b>	<b>16,107,212</b>	
<b>Total</b>	<b>1,902,508,588</b>	<b>414,674,233</b>	<b>2,317,182,821</b>	<b>37,239,296</b>		<b>6,764,533</b>	<b>2,273,178,992</b>	<b>1,865,269,292</b>	



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CWIP Capital Assets 2018-19	Cost			Accumulated Depreciation			Closing Balance	
	Opening	Addition	Total	Opening	Addition	Total	This year	Previous year
<b>14.8</b>								
<b>Assets Not ready to Use</b>								
Land	70,308,537	(174,309)	70,134,228	-	-	-	70,134,228	70,308,537
11 KVA line	1,355,619	342,417	1,698,036	-	-	-	1,698,036	1,355,619
Access Road	218,823,094	-	218,823,094	-	-	-	218,823,094	218,823,094
Building	19,112,859	162,025	19,274,884	-	-	-	19,274,884	19,112,859
Consultancy services	191,864,079	15,355,281	207,219,360	-	-	-	207,219,360	191,864,079
Distribution Line	3,608,050	-	3,608,050	-	-	-	3,608,050	3,608,050
Civil Construction - Main	773,161,118	303,441,303	1,076,602,421	-	-	-	1,076,602,421	773,161,118
Hydro-Mechanical Works	131,517,984	9,002,209	140,520,193	-	-	-	140,520,193	131,517,984
Electro-Mechanical Works	25,604,298	83,544,298	109,148,596	-	-	-	109,148,596	25,604,298
Transmission Line	1,789,498	343,720	2,133,218	-	-	-	2,133,218	1,789,498
<b>Assets Ready To Use</b>	<b>1,437,145,136</b>	<b>412,016,944</b>	<b>1,849,162,080</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>1,849,162,080</b>	<b>1,437,145,136</b>
Furniture and Fixtures	1,434,507	46,669	1,481,176	768,134	208,023	976,157	505,018	666,372
Office Equipment	1,383,462	88,140	1,471,602	1,041,603	117,642	1,159,245	312,357	341,860
Tool and Equipment	1,541,375	400,000	1,941,375	956,936	241,361	1,198,297	743,078	584,439
Other Assets	2,092,908	-	2,092,908	1,618,315	321,571	1,939,887	153,021	474,593
Heavy Equipment	13,446,903	-	13,446,903	8,539,505	1,926,249	10,465,755	2,981,148	4,907,397
Vehicles	32,912,545	-	32,912,545	17,294,795	4,205,161	21,499,956	11,412,589	15,617,750
<b>Total</b>	<b>1,489,956,835</b>	<b>412,551,753</b>	<b>1,902,508,588</b>	<b>30,219,288</b>	<b>7,020,008</b>	<b>37,239,296</b>	<b>16,107,212</b>	<b>22,592,411</b>
								<b>1,459,737,547</b>



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Depreciable Asset 14.8	Furniture and Fixtures	Office Equipment	Vehicles	Heavy Equipment	Tools and Equipment	Other Assets	TOTAL
19-20							
Original Cost (Rs.)							
As at 16 July 2019	1,481,176	1,471,602	32,912,545	13,446,903	1,941,375	2,092,908	53,346,509
Additions	31,188	36,160	-	-	-	-	67,348
Adjustment (disposals and transfers)	-	-	-	-	-	-	-
As at 15 July 2020	1,512,364	1,507,762	32,912,545	13,446,903	1,941,375	2,092,908	53,413,856
Depreciation (Rs.)							
As at 16 July 2019	976,157	1,159,245	21,499,956	10,465,754	1,198,297	1,939,886	37,239,296
Charge for the year	201,995	106,762	4,181,757	1,920,986	268,211	84,824	6,764,533
Attributable to sold/transferred/written off	-	-	-	-	-	-	-
As at 15 July 2020	1,178,152	1,266,007	25,681,713	12,386,741	1,466,508	2,024,710	44,003,829
Impairment Charge	-	-	-	-	-	-	-
As at 15 July 2020	334,212	241,756	7,230,831	1,060,162	474,868	68,198	9,410,026
As at 16 July 2019	505,019	312,357	11,412,589	2,981,149	743,078	153,022	16,107,213

Depreciable Asset 14.8	Furniture and Fixtures	Office Equipment	Vehicles	Heavy Equipment	Tools and Equipment	Other Assets	TOTAL
18-19							
Original Cost (Rs.)							
As at 17 July 2018	1,434,507	1,383,462	32,912,545	13,446,903	1,541,375	2,092,908	52,811,699
Additions	46,669	88,140	0	0	400,000.00		328,038
Adjustment (disposals/transfers)	-	-	0	0	0	0	-
As at 16 July 2019	1,481,176	1,471,602	32,912,545	13,446,903	1,941,375	2,092,908	53,139,737
Depreciation (Rs.)							
As at 17 July 2018	768,134	1,041,603	17,294,795	8,539,505	956,936	1,618,315	30,219,288
Charge for the year	208,023	117,642	4,205,161	1,926,249	241,361	321,571	7,020,008
Attributable to (disposals/transfers)	-	-	-	-	-	-	-
As at 16 July 2019	976,157	1,159,245	21,499,956	10,465,754	1,198,297	1,939,886	37,239,296
Impairment Charge	-	-	-	-	-	-	-
Capital Work in Progress							
As at 16 July 2019	505,019	312,357	11,412,589	2,981,149	743,078	153,022	16,107,213
As at 16 July 2018	666,373	341,859	15,617,750	4,907,398	584,439	474,593	22,592,412





Depreciable Asset 42.5	Furniture and Fixtures	Office Equipment	Vehicles	Heavy Equipment	Tools and Equipment	Other Assets	TOTAL
19-20							
<b>Original Cost (Rs.)</b>							
As at 16 July 2019	4,731,988	3,298,152	44,692,045	24,686,599	4,968,691	4,808,525	87,186,000
Additions	154,663	325,320	-	-	-	-	479,983
Adjustment (disposals and transfers)	-	-	-	-	-	-	-
As at 15 July 2020	<b>4,886,651</b>	<b>3,623,472</b>	<b>44,692,045</b>	<b>24,686,599</b>	<b>4,968,691</b>	<b>4,808,525</b>	<b>87,665,983</b>
<b>Depreciation (Rs.)</b>							
As at 16 July 2019	2,793,328	2,514,260	36,920,432	19,822,267	4,473,670	4,444,986	70,968,943
Charge for the year	634,228	210,832	4,713,341	3,243,835	442,453	220,866	9,465,555
Attributable to sold/transferred/written off	-	-	-	-	-	-	-
As at 15 July 2020	<b>3,427,556</b>	<b>2,725,092</b>	<b>41,633,773</b>	<b>23,066,102</b>	<b>4,916,123</b>	<b>4,665,852</b>	<b>80,434,497</b>
Impairment Charge	-	-	-	-	-	-	-
As at 15 July 2020	<b>1,459,095</b>	<b>898,380</b>	<b>3,058,272</b>	<b>1,620,497</b>	<b>52,568</b>	<b>142,673</b>	<b>7,231,486</b>
As at 16 July 2019	1,938,659	783,892	7,771,613	4,864,332	495,021	363,539	16,217,056

Depreciable Asset 42.5	Furniture and Fixtures	Office Equipment	Vehicles	Heavy Equipment	Tools and Equipment	Other Assets	TOTAL
18-19							
<b>Original Cost (Rs.)</b>							
As at 17 July 2018	4,455,454	2,981,277	44,692,045	24,686,599	4,968,691	4,782,525	86,566,591
Additions	276,534	316,875	0	0	0	26,000	619,408
Adjustment (disposals/transfers)	-	-	-	-	-	-	-
As at 16 July 2019	<b>4,731,988</b>	<b>3,298,152</b>	<b>44,692,045</b>	<b>24,686,599</b>	<b>4,968,691</b>	<b>4,808,525</b>	<b>87,185,999</b>
<b>Depreciation (Rs.)</b>							
As at 17 July 2018	2,151,116	2,264,513	31,464,948	16,285,948	3,999,377	3,839,842	60,005,744
Charge for the year	642,212	249,747	5,455,484	3,536,319	474,293	605,144	10,963,199
Attributable to (disposals/transfers)	-	-	-	-	-	-	-
As at 16 July 2019	<b>2,793,328</b>	<b>2,514,260</b>	<b>36,920,432</b>	<b>19,822,267</b>	<b>4,473,670</b>	<b>4,444,986</b>	<b>70,968,943</b>
Impairment Charge	-	-	-	-	-	-	-
Capital Work in Progress							
As at 16 July 2019	<b>1,938,659</b>	<b>783,892</b>	<b>7,771,613</b>	<b>4,864,332</b>	<b>495,021</b>	<b>363,539</b>	<b>16,217,056</b>
As at 16 July 2018	2,304,338	716,764	13,227,097	8,400,651	969,314	942,683	26,560,847

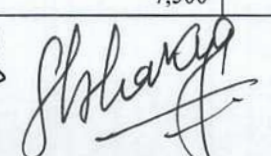
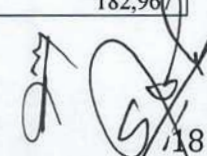




**Operation & Maintenance 14.8**

SN	CWIP – OM (2019-20) 14.8	As at 16 -July-2019	Addition	As at 15-July-2020
1	Salary	52,961,288	11,470,029	64,431,317
2	Wages	8,659,030	299,000	8,958,030
3	Allowances and Benefits	49,182,035	8,376,813	57,558,848
4	Overtime Allowances	5,116,935	1,523,554	6,640,489
5	Employee Leave Provision	2,718,444	854,537	3,572,981
6	Medical Expenses	3,553,461	984,060	4,537,521
7	Employee Providend Fund	4,654,939	88,171	4,743,110
8	Social Security Fund		2,115,993	2,115,993
9	Employee Insurance	1,859,192	143,782	2,002,974
10	Staff Welfare		81,803	81,803
11	Other Services	3,775,515	633,810	4,409,325
12	Electricity	2,183,141	456,537	2,639,678
13	Consulting Services	5,785,077	102,300	5,887,377
14	Other Reaiprs	1,771,802	90,864	1,862,666
15	Fuel	9,865,708	1,219,331	11,085,039
16	Fuel - Heavy Equipment	742,331		742,331
17	Mobil and Lubricants	868,372	91,033	959,405
18	Vehicle Repairs and Maintenance	11,415,037	1,944,824	13,359,860
19	Repair Equipment	2,434,464	1,022,781	3,457,246
20	Civil Repair and Maintenance	4,186,897	197,552	4,384,449
21	Transmission Repair and Maintenance	1,108,837		1,108,837
22	Rent	767,101		767,101
23	Insurance	1,707,270	124,270	1,831,540
24	Licence Fee	3,617,917	73,220	3,691,137
25	Land & Property Tax	-	243,590	243,590
26	Postage and Telegram	101,000		101,000
27	Telephone and Internet	1,608,062	192,752	1,800,814
28	Training	1,815,118	130,300	1,945,418
29	Printing and Stationery	3,292,352	240,812	3,533,164
30	Books and Periodicals	115,236	10,192	125,428
31	Advertisements	2,867,470	350,388	3,217,858
32	Guest Entertainment	1,801,757	249,261	2,051,017
33	Annual Day Events and Celebration	40,000		40,000
34	Donation	2,250,500		2,250,500
35	Misc Expenses	3,886,462	472,371	4,358,833
36	Transport	601,634		601,634
37	Meeting Expenses	1,200		1,200
38	Travel	4,166,880	315,900	4,482,780
39	Social and Local Development	13,904,649	974,415	14,879,064
40	Compensations	175,467	7,500	182,967

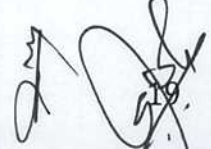




  
 18



41	Interest - Finance Cost EPF	321,743,486	110,379,008	432,122,494
42	Interest - Finance Cost CIT	2,912,962	3,037,808	5,950,770
43	Bank Charges	2,181,921	598,276	2,780,197
44	Depreciation	37,239,296	6,764,533	44,003,829
45	Exchange Loss	-	-	-
	<b>Total</b>	<b>579,640,243</b>	<b>155,861,373</b>	<b>735,501,616</b>

SN	CWIP – Operation and Maintenance 2018-19	As at 17 July 2018	Addition	As at 16-July 2019
	14.8			
1	Salary	44,147,447	8,813,842	52,961,288
2	Wages	6,878,664	1,780,366	8,659,030
3	Allowances and Benefits	41,247,102	7,934,933	49,182,035
4	Overtime Allowances	3,776,346	1,340,589	5,116,935
5	Employee Leave Provision	2,131,008	587,436	2,718,444
6	Medical Expenses	2,820,501	732,960	3,553,461
7	Employee Provident Fund	3,773,555	881,384	4,654,939
8	Employee Insurance	1,673,648	185,543	1,859,192
9	Other Services	3,335,398	440,117	3,775,515
10	Electricity	1,710,350	472,790	2,183,141
11	Consulting Services	5,635,077	150,000	5,785,077
12	Other repair	1,694,143	77,659	1,771,802
13	Fuel	8,697,232	1,168,476	9,865,708
14	Fuel - Heavy Equipment	406,829	335,502	742,331
15	Mobil and Lubricants	735,203	133,169	868,372
16	Vehicle Repairs and Maintenance	9,032,803	2,382,234	11,415,037
17	Repair Equipment	1,662,568	771,897	2,434,464
18	Civil Repair and Maintenance	3,674,503	512,394	4,186,897
19	Transmission Repair and Maintenance	1,108,837		1,108,837
20	Rent	767,101		767,101
21	Insurance	1,477,252	230,018	1,707,270
22	License Fee	3,274,919	342,998	3,617,917
23	Land & Property Tax			-
24	Postage and Telegram	101,000		101,000
25	Telephone and Internet	1,366,738	241,324	1,608,062
26	Training	1,493,168	321,950	1,815,118
27	Printing and Stationery	3,014,293	278,059	3,292,352
28	Books and Periodicals	74,736	40,500	115,236
29	Advertisements	2,561,011	306,459	2,867,470
30	Guest Entertainment	1,450,683	351,073	1,801,757
31	Annual Day Events and Celebration	40,000		40,000
32	Donation	2,250,500		2,250,500
33	Misc. Expenses	3,557,042	329,420	3,886,462
34	Transport	601,634		601,634
35	Meeting Expenses	1,200		1,200
36	Travel	3,567,190	599,690	4,166,880
37	Social and Local Development	8,968,375	4,936,273	13,904,649
38	Compensations	77,966	97,502	175,467
39	Interest - Finance Cost EPF	232,211,167	89,532,319	321,743,486
40	Interest - Finance Cost CIT	1,710,495.78	1,202,466	2,912,962





41	Bank Charges	2,009,959	171,962	2,181,921
42	Depreciation	30,219,288	7,020,008	37,239,296
43	Exchange Loss	-	-	-
	<b>Total</b>	<b>444,936,930</b>	<b>134,703,314</b>	<b>579,640,243</b>

**Operation & Maintenance 42.5**

SN	2019-20 42.5	As at 16 -July-2019	Addition	As at 15-July-2020
1	Salary	97,213,112	23,567,103	120,780,216
2	Wages	13,203,340	478,450	13,681,790
3	Allowances and Benefits	80,054,467	15,976,228	96,030,695
4	Overtime Allowances	8,816,702	2,246,636	11,063,338
5	Employee Leave Provision	6,036,860	1,861,238	7,898,097
6	Medical Expenses	6,045,462	2,009,558	8,055,020
7	Employee Providend Fund	8,464,339	192,191	8,656,530
8	Social Security Fund		4,174,807	4,174,807
9	Employee Insurance	3,130,021	273,008	3,403,029
10	Employee Welfare		173,095	173,095
11	NEA Employee Overhead	2,653,525	636,405	3,289,930
12	Other Services	3,610,739	812,958	4,423,696
13	Consulting Services	6,166,237		6,166,237
14	Electricity	3,582,955	793,030	4,375,984
15	Other Repair Maintenance	1,925,060	175,536	2,100,595
16	Fuel	22,274,003	4,178,184	26,452,187
17	Fuel - Heavy Equipment	2,755,744		2,755,744
18	Mobil and Lubricants	1,278,530	153,785	1,432,314
19	Vehicle Repairs and Maintenance	17,669,479	2,888,322	20,557,801
20	Repair Equipment	3,802,077	719,928	4,522,004
21	Civil Repair and Maintenance	8,262,869	235,876	8,498,746
22	Rent	1,202,066		1,202,066
23	Insurance	4,422,273	268,951	4,691,224
24	Licence Fee	4,456,354	624,933	5,081,288
25	Land & Property Tax	-		-
26	Postage and Telegram	193,765		193,765
27	Telephone and Internet	2,885,031	505,051	3,390,083
28	Land Lease	7,055,358	1,123,768	8,179,126
29	Training	899,582	219,570	1,119,152
30	Printing and Stationery	3,973,880	492,344	4,466,224
31	Books and Periodicals	203,555	27,500	231,055
32	Advertisements	5,623,886	321,568	5,945,454
33	Guest Entertainment	2,082,782	366,159	2,448,941
34	Examination expenses	6,825		6,825
35	Misc Expenses	6,319,622	835,198	7,154,820



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36	Travel	4,449,471	562,650	5,012,121
37	Transport	1,841,775		1,841,775
38	Meeting Expenses	10,706		10,706
39	Feasibility Study	5,304,193		5,304,193
40	Interest - Finance Cost - EPF	570,525,278	257,551,019	828,076,297
41	Interest - Finance Cost - CIT	5,371,497	7,088,219	12,459,716
42	Service Fee	2,424,534		2,424,534
43	Annual Day Events and Celebrations	110,615		110,615
44	Bank Charges	2,953,010	2,249,037	5,202,047
45	Social and Local Development	29,786,290	3,813,079	33,599,369
46	Compensations	11,318		11,318
47	Legal Expenses	688,000		688,000
48	Donation	360,850		360,850
49	Public Hearing	429,670		429,670
50	Depreciation	70,968,943	9,465,555	80,434,497
51	Adjustments	238,169		238,169
	<b>Total</b>	<b>1,031,744,820</b>	<b>347,060,936</b>	<b>1,378,805,756</b>

SN	CWIP – Operation and Maintenance 2018-19	As at 17 July 2018	Addition	As at 16-July 2019
	42.5			
1	Salary	77,682,377	19,530,735	97,213,112
2	Wages	11,591,440	1,611,900	13,203,340
3	Allowances and Benefits	63,342,520	16,711,947	80,054,467
4	Overtime Allowances	6,790,412	2,026,290	8,816,702
5	Employee Leave Expenses	4,717,651	1,319,209	6,036,860
6	Medical Expenses	4,506,370	1,539,092	6,045,462
7	Employee Provident Fund	6,511,266	1,953,074	8,464,339
8	Employee Insurance	2,780,259	349,762	3,130,021
9	NEA Employee Overhead	2,057,421	596,104	2,653,525
10	Other Services	2,744,457	866,282	3,610,739
11	Consulting Services	6,166,237		6,166,237
12	Electricity	2,814,249	768,706	3,582,955
13	Other Repair	1,585,705	339,355	1,925,060
14	Fuel	17,705,726	4,568,276	22,274,003
15	Fuel - Heavy Equipment	2,755,744		2,755,744
16	Mobil and Lubricants	1,121,941	156,589	1,278,530
17	Vehicle Repairs and Maintenance	13,141,827	4,527,653	17,669,479
18	Repair Equipment	3,209,243	592,834	3,802,077
19	Civil Repair and Maintenance	8,094,771	168,099	8,262,869
20	Rent	1,142,066	60,000	1,202,066
21	Insurance	4,044,939	377,334	4,422,273
22	Licence Fee	3,818,987	637,368	4,456,354
23	Postage and Telegram	193,765		193,765
24	Telephone and Internet	2,448,710	436,321	2,885,031





25	Land Lease	5,982,246	1,073,112	7,055,358
26	Training	582,477	317,105	899,582
27	Printing and Stationery	3,468,710	505,170	3,973,880
28	Books and Periodicals	153,555	50,000	203,555
29	Advertisements	4,838,423	785,463	5,623,886
30	Guest Entertainment	1,685,729	397,053	2,082,782
	Examination expenses		6,825	6,825
31	Misc Expenses	5,581,637	737,985	6,319,622
32	Travel	4,449,471		4,449,471
33	Transport	1,095,000	746,775	1,841,775
34	Meeting Expenses	10,706		10,706
35	Feasibility Study	5,304,193		5,304,193
36	Interest - Finance Cost - EPF	361,616,533	208,908,745	570,525,278
37	Interest - Finance Cost - CIT	2,565,744	2,805,753	5,371,497
38	Service Fee	2,424,534		2,424,534
39	Annual Day Events and Celebrations	110,615		110,615
40	Bank Charges	2,932,873	20,137	2,953,010
41	Social and Local Development	23,786,916	5,999,373	29,786,290
42	Compensations	11,318		11,318
43	Legal Expenses	688,000		688,000
44	Donation	360,850		360,850
45	Public Hearing	429,670		429,670
46	Depreciation	60,005,744	10,963,199	70,968,943
47	Adjustments	238,169		238,169
	<b>Total</b>	<b>739,291,196</b>	<b>292,453,624</b>	<b>1,031,744,820</b>

#### Capital Work in Progress (CWIP)

CWIP for each of the project, comprise of Capital Asset portion and Operation and Maintenance Portion

#### Capital Assets under CWIP

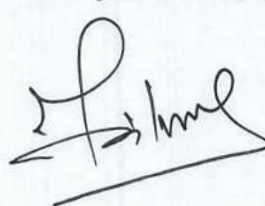
These include assets pertaining to the project construction and installation. These assets have been classified as those ready to use and those that are not ready to use. Ready to use assets are depreciated over the estimated useful life. Those that are not ready to use will be depreciated when they become ready to use. The depreciation pertaining to ready to use has been charged to the operation and maintenance additions under CWIP.

#### Operation and Maintenance under CWIP

Expenses directly attributable to the individual projects are recognised within the addition to the CWIP under Operation and Maintenance Expenses. These also include borrowing costs on the qualifying assets as well.

Useful life of the assets will be determined when the plants are ready to use.






**3 Term Deposits**

*Accounting Policies*

These are deposits and margins with various entities and authorities, are made by the company as the part of the operational or regulatory requirements.

*Explanatory Notes*

Term Deposits	NRs.	
	15-Jul-20	16-Jul-19
Everest Bank Ltd.- For bank guarantee lien	10,000,000	10,000,000/
<b>Total</b>	<b>10,000,000</b>	<b>10,000,000/</b>

**4 Inventory**

*Accounting Policies*

Inventories are carried at the lower of net realisable value or cost. Cost comprises of all costs of purchase, cost of conversion and other costs incurred in bringing the inventories to their present location and condition. Cost is measured using first in first out method. Net realisable value is the estimated selling price in the ordinary course of business less the estimated cost of completion and the necessary estimated expenses.

*Explanatory Notes*

Inventory	NRs.	
	15-Jul-20	16-Jul-19
Corporate Office Store		-
Project Store	1,112,037	451,274
	<b>1,112,037</b>	<b>451,274</b>

**5 Advance Payments, Prepayments and Deposits**

*Accounting Policies*

These assets are subject annual review for any indication of impairment.

*Explanatory Notes*

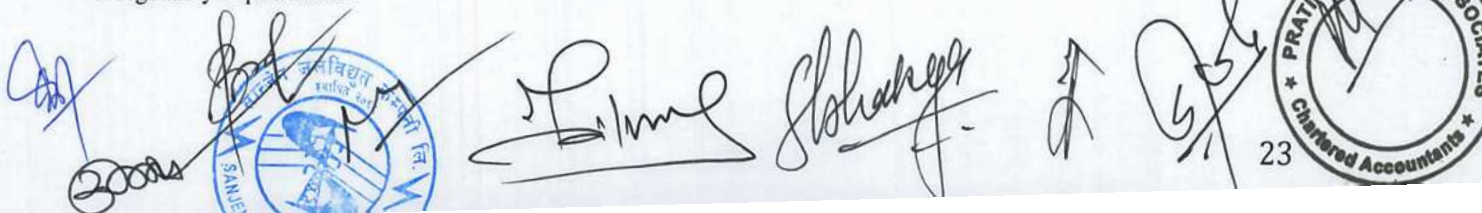
**5.1 Advances to contractors and consultants**

Advances to contractors and consultants pertain to the contractual payments to the contractors and consultants and will be settled when the contracted work is completed and settled.

Advances to Contractors and Consultants	NRs.	
	15-Jul-2020	16-Jul-2019
ECI-BGCCPL JV - Lot 2 Upper	3,500,006	400,375
SEW Tundi JV - Lot 2 Lower	51,828,702	71,780,535
Dongfang Electric International Corp - Lot 3 Upper & Lower	99,767,378	142,727,756
Nepal Hydro and Electric Limited - Lot 4 Upper & Lower	39,654,965	76,687,387
Mudvari and Joshi Construction Lot 5	1,251,553	11,592,341
Chilime Engineering & Services Company Limited	-	4,345,621
Translation Difference on Advances	15,692,414	21,084,194
<b>Total</b>	<b>211,695,017</b>	<b>328,618,209</b>

**6 Deposits and Margins**

These are deposits and margins with various entities and authorities, are made by the company as the part of the operational or regulatory requirements.





Deposits and Margins	NRs.	
	15-Jul-2020	16-Jul-2019
LC Margin – HBL	6,523,349	8,015,316
PPA Security Deposit	444,000	444,000
Nepal Telecom		
Margin Deposit HBL	64,500	64,500
Police Petrol Pump Deposit	1,275,000	1,275,000
Deposit for Custom Clearance	200,000	200,000
Guarantee Margin HBL	30,000	30,000
DoED Deposit		20,000,000
<b>Total</b>	<b>8,536,849</b>	<b>30,028,816</b>

7 **Prepayments**

Instances where the payments have been made and where the expenses pertain to the future period(s) are recognised as prepayments. These amounts are charged to statement of profit or loss in the period to which they relate with.

Prepayment	NRs.	
	15-Jul-2020	16-Jul-2019
Prepaid Insurance	127,754	76,339
<b>Total</b>	<b>127,754</b>	<b>76,339</b>

8 **Taxes**

*Accounting Policies*

Current Taxes

SJCL applies NAS 12 *Income Taxes* in accounting for taxes on income. Income tax payable on taxable profits (Current Tax) is recognised as an expense in the period in which the profits arise. Withholding taxes are also treated as income taxes. Income tax recoverable on tax allowable losses is recognised as a current tax asset only to the extent that it is regarded as recoverable by offset against taxable profits arising in the current or prior period. Current tax is measured using tax rates and tax laws that have been enacted or substantively enacted at the statement of financial position date. Current tax assets and liabilities have been netted off, as there is a legal right to settle those amounts on net basis. The net current tax asset / liability has been reported separately in the statement of financial position.

Deferred Taxes

Deferred tax is provided in full, using the liability method, on temporary differences arising from the differences between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements. Deferred tax is determined using tax rates and legislation enacted or substantively enacted by the statement of financial position date, which are expected to apply when the deferred tax asset is realised or the deferred tax liability is settled. Deferred tax assets and liabilities are only offset when there is both a legal right to set-off and an intention to settle on a net basis.

*Explanatory Notes*

8.1 Current Tax Assets and Liabilities

Current Tax Assets	NRs.	
	15-Jul-20	16-Jul-19
Advance Taxes	10,749,661	9,491,441
	<b>10,749,661</b>	<b>9,491,441</b>

Current Tax Assets include withholding tax deducted by other entities on behalf of the company, such as by the banks on the deposit interests. Since there is no incidence of income taxes, company has not paid any income taxes.

8.2 Income Tax Expenses

The company is yet to come under operation and earn revenue. Therefore, there is no taxable income of the company. Further under the applicable income tax laws company is exempt to pay income taxes for the first 10 years of operation. The





company will be subject to 50% of the applicable corporate tax rate for the next 5 years after the completion of 10 years exemption period.

### 8.3 Deferred Taxes

Tax loss can be carried forward for 7 years from the year of incurrence. Since there is 10 years of income tax exemption available to the company it is not likely that any deferred tax incidence will be adjusted in the foreseeable future.

### 9 Term Deposits

These term deposits are classified as held to maturity and recognised at amortised cost using effective interest rate. Since there are no additional costs involved the intrinsic interest on these instruments are considered to be the effective interest rate and they cover for the default risk and tie value of money.

The term deposit with Everest bank limited as the lien for the purpose of issuance of guarantee has been classified as non-current. All the other term deposits have maturity period of less than one year. These deposit bear interests. The commercial banks are regulated by the central bank and the risks associated with these deposits are considered not to be significant. Company has made term deposits with commercial banks as under.

Term Deposits	NRs.	
	15-Jul-2020	16-Jul-2019
Sanima Bank Limited		40,000,000
Himalayan Bank Limited (Lien against Custom guarantee)	270,000	270,000
Laxmi Bank Limited	100,000,000	
<b>Total</b>	<b>100,270,000</b>	<b>40,270,000</b>

### 10 Other Advances

#### *Explanatory Notes*

These financial assets are classified as loans and receivables and recognised at amortised cost using effective interest rate. These advances do not bear any interest and are considered to be settled within normal course of operation. The company considers that there is nominal risk of default on these advances. The company considers that the cost of these assets are present the amortised costs.

Other Advances	NRs.	
	15-Jul-2020	16-Jul-2019
Staff Advances	50,642	35,000
Petty Cash Advance Cor+ Projects)		
Bhajuratna Engineering	48,000	48,000
Advance to Rasuwa DAO - for Land	4,923,047	4,923,047
NRB Margin Receivables HBL	3,010,206	2,328,800
Other Advances	863,117	1,131,775
Other Receivables(Contractors+Others)	2,859,379	
Employee Receivables	19,568	
<b>Total</b>	<b>11,773,959</b>	<b>8,466,623</b>

### 11 Financial Instruments

#### *Accounting Policies*

The company recognises financial instruments when it becomes a party to the terms of the contract, which is the trade date or the settlement date. SJCL applies NAS 39 Financial Instruments: Recognition and Measurement the recognition, classification and measurement, and de-recognition of financial assets and financial liabilities, the impairment of financial assets, and hedge accounting.





Classification and measurement

Financial assets are classified under four categories as required by NAS 39, namely,

	NAS 39 classification - Financial Assets	Subsequent measurement
1	Fair Value through Profit or Loss	At Fair Value – through P&L
2	Held to Maturity	At Amortised cost using effective interest rate
3	Loans & Receivables	At Amortised cost using effective interest rate
4	Available for Sale	At Fair Value – through Equity

Financial Liabilities are classified under four categories as required by NAS 39, namely,

	NAS 39 classification - Financial Liabilities	Subsequent measurement
1	Fair Value through Profit or Loss	At Fair Value – through P&L
2	Other Financial Liabilities	At Amortised cost using effective interest rate

At initial recognition, the company measures financial instruments (financial assets and liabilities) at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at fair value through profit or loss are expensed in profit or loss.

De-recognition

The company derecognises a financial asset, or a portion of a financial asset, from its balance sheet where the contractual rights to cash flows from the asset have expired, or have been transferred, usually by sale, and with them either substantially all the risks and rewards of the asset or significant risks and rewards, along with the unconditional ability to sell or pledge the asset.

Financial liabilities are derecognised when the liability has been settled, has expired or has been extinguished.

11.1 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 another financial asset from another entity; or
  - ii. to exchange financial assets or financial liabilities with another entity 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.

11.1.1 Bank Balances

These financial assets are classified as Bank balances. The call accounts are interest bearing and current accounts are non-interest bearing. The company considered that there are nominal risks associated with these instruments.

Bank Balances	15-Jul-2020	16-Jul-2019	NRs.
Everest Bank Limited	887,119		1,402,098
Himalayan Bank Limited	2,568,081		411,879
Nepal Bank Limited - Dhunche	275,135		735,865
Nepal Bank Limited - Kantipath	32,850		32,850
Megha Bank Limited - Call & Current	1,010,953		1,810,920
Nepal SBI bank Limited	242,530		242,530





Siddhartha Bank Limited	5,568,886	4,007,218
Janta Bank Limited	1,301,647	1,259,380
Century Bank Limited	1,099,491	2,812,925
Prabhu Bank Limited	1524618.34	0
Kumari Bank Limited	189,869	3,276,093
Sanima Bank Limited	693,433	461,164
Laxmi Bank Limited	27,269,211	
<b>Total</b>	<b>42,663,824</b>	<b>16,452,923</b>

#### Cash and Cash Equivalents

These bank balances also represent the cash and cash equivalents of the company. These can be readily converted into cash with nominal risk.

#### 11.2 Financial Liabilities

A financial liability is any liability that is:

- (a) contractual obligation:
- i. to deliver cash or another financial asset to another entity; or
  - ii. to exchange financial assets or financial liabilities with another entity 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 deliver a variable number of the entity's own equity instruments; or
  - ii. a derivative that will or may be settled other than by the exchange of a fixed amount of cash or another financial asset for a fixed number of the entity's own equity instruments.

#### 11.2.1 Loans and Borrowings

The loans and borrowings include amount received from Employee Provident Fund and Citizen Investment Trust. These borrowings have been classified as financial liabilities carried at amortised cost using effective interest rate.

*Discounting:* The additional incremental costs related to loans and borrowings includes commission paid during the sanction of loans and borrowings. .25% Commission was charged by EPF which amounts to Rs.18.75 lakhs. Management considers the impact as immaterial and therefore the inherent interest on these instruments represent the effective interest. Since these instruments are held solely for the purpose of principal and interest the effective interest rate is assumed to cover for the time value of money, i.e. EIR exactly discounts the financial instruments therefore no discounting has been considered.

Loans & Borrowings	NRs.	
	15-Jul-2020	16-Jul-2019
<b>Non-Current Portion</b>		
From Employee Provident Fund	2,760,000,000	2,010,000,000
Capitalised Interest – EPF	1,268,496,570	892,178,414
<b>Sub Total</b>	<b>4,028,496,570</b>	<b>2,902,178,414</b>
<b>Current Portion</b>		
Citizen Investment Trust	250,000,000	-
<b>Sub Total</b>	<b>250,000,000</b>	<b>-</b>
<b>Total</b>	<b>4,278,496,570</b>	<b>2,902,178,414</b>

#### 11.2.2 Other Liabilities and Payables

Other Liabilities and Payables	NRs.	
	15-Jul-2020	16-Jul-2019
Deposits Received from Contractors	196,798,764	156,109,934
Withholding Tax on payments		0
Payable to Employees	87,884	1,558
SMEC	63,435	0
Payable to Contractors and Consultants	11,955,331	23,056,879
Payable to NEA - Overhead	1,993,747	1,886,175



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Chilime Jalavidhyut Company Limited	14,878	1,145,801
Translation Difference on Retention	10,924,466	2,503,040
Meeting Allowances Payable	138,975	
Vat Payable	-	13,585,555
TDS Payable	51,215	
<b>Other Liabilities and Payables</b>	<b>116,621</b>	<b>567,482</b>
Pratik Khanal & Associates	195,125	
MGS & Associates	144,950	
Social Security Fund	350,742	
<b>Total</b>	<b>222,836,134</b>	<b>198,856,424</b>

### 11.3 Fair Value Measurements of Financial Instruments

In accordance with NFRS 13 Fair Value Measurement, the Company categorises financial instruments carried on the reporting sheet at fair value using a three-level hierarchy. Financial instruments categorised as Level 1 are valued using quoted market prices and therefore there is minimal judgement applied in determining fair value. However, the fair value of financial instruments categorised as Level 2 and, in particular, Level 3 is determined using valuation techniques including discounted cash flow analysis and other valuation models. In addition, in line with market practice, the company applies credit, debit and funding valuation adjustments in determining the fair value of its uncollateralised assets. A description of these adjustments is set out as under.

These valuation techniques involve management judgement and estimates the extent of which depends on the complexity of the instrument and the availability of market observable information. Valuation techniques for Level 2 financial instruments use inputs that are based on observable market data. Level 3 financial instruments 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. Determining the appropriate assumptions to be used for Level 3 financial instruments requires significant management judgement. Further details of the company's Level 3 financial instruments and the sensitivity of their valuation including the effect of applying reasonably possible alternative assumptions in determining their fair value are set out wherever required.

#### Valuation of financial assets and liabilities

Assets and liabilities carried at fair value or for which fair values are disclosed have been classified into three levels according to the quality and reliability of information used to determine the fair values.

**Level 1** - Level 1 fair value measurements are those derived from unadjusted quoted prices in active markets for identical assets or liabilities. Products classified as level 1 predominantly comprise equity shares, treasury bills and other government securities.

**Level 2** - Level 2 valuations are those where quoted market prices are not available, for example where the instrument is traded in a market that is not considered to be active or valuation techniques are used to determine fair value and where these techniques use inputs that are based significantly on observable market data. Examples of such financial instruments include most over-the-counter derivatives, financial institution issued securities, certificates of deposit and certain asset-backed securities.

**Level 3** - 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. These are valued using various valuation techniques that require significant management judgement in determining appropriate assumptions, including earnings multiples and estimated future cash flows.

#### 11.3.1 Fair Value of Financial Assets and Financial Liabilities Carried at Fair Value

There are no financial assets or financial liabilities carried at fair value.

#### 11.3.2 Fair Value of Assets and Liabilities Carried at Amortised Costs

Assets and liabilities carried at amortised costs using effective interest rate as below, do not have the active market quoted price nor they have observable similar value inputs. Management considers that the cost and / recognised value of these instruments represents the fair value and these assets and liabilities will be recovered or settled at the recognised amount without significant risk in normal course of the business.





	Carrying amount	Fair Value	Quoted prices (Level 1)	Observable Inputs (Level 2)	Unobservable inputs (Level 3)
<b>Assets and Liabilities 19-20</b>					
<b>Assets</b>					
Term Deposit - non current	10,000,000	10,000,000	-	-	10,000,000
Term Deposits with Banks – current	100,270,000	100,270,000	-	-	100,270,000
Other Advances	11,773,959	11,773,959	-	-	11,773,959
Bank Balances Call and Current	42,663,824	42,663,824	-	-	42,663,824
<b>Liabilities</b>					
Loans and Borrowings	4,278,496,570	4,278,496,570	-	-	4,278,496,570
Other Liabilities and Payables	222,836,134	222,836,134	-	-	222,836,134
<b>Assets and Liabilities 18-19</b>					
Term Deposit - non current	10,000,000	10,000,000	-	-	10,000,000
Term Deposits with Banks – current	40,270,000	40,270,000	-	-	40,270,000
Other Advances	8,466,623	8,466,623	-	-	8,466,623
Bank Balances Call and Current	16,452,923	16,452,923	-	-	16,452,923
<b>Liabilities</b>					
Loans and Borrowings	2,902,178,414	2,902,178,414	-	-	2,902,178,414
Other Liabilities and Payables	198,856,424	198,856,424	-	-	198,856,424
Other Liabilities and Payables	185,746,507	185,746,507	-	-	185,746,507

## 12 Share Capital

### Accounting Policies

Equity Instruments are:

Any contract that evidences a residual interest in the assets of the company after deducting all of its liabilities meeting both of the following condition

- (i) No contractual obligation to deliver cash / another financial instrument
- (ii) Will or may be settled in the company's own equity

SJCL applies NAS 32, *Financial Instruments: Presentation*, to determine whether funding is either a financial liability (debt) or equity. Issued financial instruments or their components are classified as liabilities if the contractual arrangement results in the company having a present obligation to either deliver cash or another financial asset, or a variable number of equity shares, to the holder of the instrument. If this is not the case, the instrument is generally an equity instrument and the proceeds included in equity, net of transaction costs.

Dividends and other returns to equity holders are recognised when paid or declared by the members at the AGM and treated as a deduction from equity.

Where issued financial instruments contain both liability and equity components, these are accounted for separately. The fair value of the debt is estimated first and the balance of the proceeds is included within equity.



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**Explanatory Notes**

	Number of Shares	Value per share	Capital in Value
<b>15-Jul-20</b>			
Authorised capital	37,500,000	NPR100	3,750,000,000
Issued capital	36,500,000	NPR100	3,650,000,000
Paid up capital	32,850,000	NPR100	3,285,000,000
<b>16-Jul-19</b>			
Authorised capital	37,500,000	NPR100	3,750,000,000
Issued capital	36,500,000	NPR100	3,650,000,000
Paid up capital	32,850,000	NPR100	3,285,000,000

Share Capital Reconciliation	NRs.	
	15-Jul-2020	16-Jul-2019
Opening Share Capital	3,285,000,000	2,737,500,000
Capital Issued during the period	-	547,500,000
Allotment Adjustments	-	-
<b>Total</b>	<b>3,285,000,000</b>	<b>3,285,000,000</b>

Percentage Holding in Paid Up Share Capital	NRs.	
	15-Jul-2020	16-Jul-2019
Chilime Hydropower Company Limited	43.73%	43.73%
Nepal Electricity Authority	11.51%	11.51%
Various Municipalities – Rasuwa District	1.42%	1.42%
General Public	16.67%	16.67%
Depositors of EPF	21.67%	21.67%
Project Effected Local	0.00%	0.00%
Employees of Promoter Companies	3.89%	3.89%
Employees of EPF	1.11%	1.11%
<b>Total</b>	<b>100.00%</b>	<b>100.00%</b>

Shareholding Structure as per MOA	
	15-Jul-2020
Chilime Hydropower Company Limited	39.36%
Nepal Electricity Authority	10.36%
Various Municipalities – Rasuwa District	1.28%
General Public	15.00%
Depositors of EPF	19.50%
Project Effected Local	10.00%
Employees of Promoter Companies	3.50%
Employees of EPF	1.00%
<b>Total</b>	<b>100.00%</b>





13 Reserves

Explanatory Notes

Reserves	NRs.	
	15-Jul-2020	16-Jul-2019
Capital Premium	-	-
Retained Earning	(138,209,004)	(79,125,539)
Revaluation Reserve		
Deferred Tax Reserve		
<b>Total</b>	<b>(138,209,004)</b>	<b>(79,125,539)</b>

*Share (Capital) Premium*

Any premium collected on issue of shares to the public is credited to this reserve. This reserve is utilised only for issue of the bonus share capital.

*Retained Earning*

Earning made during the current and previous years not distributed has been credited to this reserve.

**Explanatory Notes**

Adjustment for prior period error of Exchange Gain amounting to NRs. 17,198,415 has been adjusted with the retained earnings. Further Share issue expenses amounting to NRs. 5,992.344 has also been charged to Retained earning for the period.

*Revaluation Reserve*

This is the reserve created to include any gain on revaluation of property plant and equipment.

*Deferred Tax Reserve*

It is company's policy to appropriate the equivalent portion of the deferred tax assets when a net deferred tax asset arises. In event where deferred tax liability arises such amounts are reclassified within the equity to retained earnings.

14 Provisions

	NRs.	
	2019/20	2018/19
Employee Leave Provision	3,337,206	349,147
Other Provision		-
<b>Total</b>	<b>3,337,206</b>	<b>349,147</b>

Leave provision of Employees are calculated for the year and expenses of leave during the year are recognized through Income Statement.





**15 Revenue**

*Accounting Policies*

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

Explanatory Notes

	2019/20	NRs. 2018/19
Revenue from Contract with Customers	-	
Finance income		19,975,399
Dividend Income		-
Other income	2,538,948	36
<b>Total</b>	<b>2,538,948</b>	<b>19,975,435</b>

15.1 Revenue from Contract with Customers

	2019/20	NRs. 2018/19
Rental income	2,846,340	7,714,350
Tender sales	-	-
<b>Total</b>	<b>2,846,340</b>	<b>7,714,350</b>

15.2 Finance Income

	2019/20	NRs. 2018/19
Interest on Deposits	-	19,975,399
<b>Total</b>	<b>-</b>	<b>19,975,399</b>

Interest on Deposits during the year amounting to NRs. 8,388,129 has been netted off with interest expenses incurred during the year.

15.3 Other Income

	2019/20	NRs. 2018/19
Other Income(Social Security Fund)	2,537,297	-
Misc Income	1651	36
<b>Total</b>	<b>2,538,948</b>	<b>36</b>

**16 Employee Benefit**

*Accounting Policies*

Company applies NAS 19 *Employee benefits* for accounting most of the components of staff costs.

*Short-term employee benefits*

Salaries, allowances, socials security expenses, performance bonuses as provided in the law and other employee related expenses are recognised over the period in which the employees provide services to which the payments relate.





*Post-retirement benefits - Defined Contribution Scheme*

SJCL provides contribution to Social Security Fund (SSF) as post-retirement benefits under defined contribution scheme. A certain percentage of basic salary is paid into the scheme on monthly basis. SJCL recognises contributions due in respect of the accounting period to profit and loss. Any contributions unpaid at the reporting date are included as a liability.

*Post-retirement benefits - Defined Benefit Schemes*

The company operates gratuity, accumulated annual leave payments and sick leave payments as post-retirement benefits as defined benefit schemes. Since only two employees are eligible for such benefits under cost benefit consideration independent actuarial assessment of post-employment liability is not undertaken. However, liabilities are valued and recognised at each reporting date on the full obligation basis as if such benefits payable to employees if the employees retired on the reporting date.

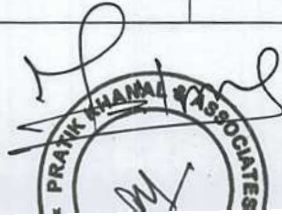
*Explanatory Notes*

16.1 Employment Benefit Costs

Staff Expenses – Corporate	NRs.	
	2019/20	2018/19
Current Employee Benefits		
Salary	5,597,383	4,777,508
Wages	198,800	189,820
Allowances and Benefits	5,690,075	5,372,189
Overtime Allowances	712,040	745,149
Employee leave	411,166	391,954
Employee Medical	482,803	392,593
Employee Insurance	92,557	70,054
Training	110,265	82,405
Capacity Development exposures		180,000
Post-Employment Benefits		
Defined Contribution Plan Expenses – EPF	196,041	478,144
Defined Contribution Plan Expenses -Social Security Fund	717,596	
Defined Benefit Plan Expenses		
<b>Total</b>	<b>14,208,726</b>	<b>12,679,815</b>

Staff Expenses – 14.8	NRs.	
	2019/20	2018/19
Current Employee Benefits		
Salary	11,470,029	8,813,842
Wages	299,000	1,780,366
Allowances and Benefits	8,376,813	7,934,933
Overtime Allowances	1,523,554	1,340,589
Employee Leave Provision	854,537	587,436
Medical Expenses	984,060	732,960
Employee Insurance	143,782	185,543
Staff Welfare	81,803	
Post Employment Benefits		
Defined Contribution Plan Expenses - EPF	88,171	881,384
Defined Contribution Plan Expenses -Social Security Fund	2,115,993	
<b>Total</b>	<b>25,937,743</b>	<b>22,257,053</b>

Staff Expenses – 42.5	NRs.	
	2019/20	2018/19
Current Employee Benefits		
Salary	23,567,103	19,530,735
Wages	478,450	1,611,900



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Allowances and Benefits	15,976,228	16,711,947
Overtime Allowances	2,246,636	2,026,290
Employee Leave Provision	1,861,238	1,319,209
Medical Expenses	2,009,558	1,539,092
Employee Insurance	273,008	349,762
NEA Employee Overhead	636,405	596,104
Staff Welfare	173,095	
Post-Employment Benefits		
Defined Contribution Plan Expenses - EPF	192,191	1,953,074
Defined Contribution Plan Expenses -Social Security Fund	4,174,807	
<b>Total</b>	<b>51,588,718</b>	<b>45,638,112</b>

Employee benefits costs is charged for the services rendered during the period and for the allowances and benefits pertaining to the period during which such services are rendered and the employee related expenses incurred for such periods.

Employee benefit costs for Corporate Staff is charged directly to profit or loss and those employee costs pertaining or directly attributable to the projects have been charged to the capital work in progress of the individual projects within operation and maintenance costs.

## 16.2 Post-Employment Benefits

### 16.2.1 Defined Contribution Plan

Employees are entitled to the Social Security scheme (SSF) contribution of 20% of their salaries under defined contribution plan. These amounts are deposited to Social Security Fund (SSF). Once deposited the company is absolved from further obligations. Details of the payments made under the plan are disclosed in Note 10.1.

### 16.2.2 Defined Benefit Plan

The company does not have any employees who qualify for defined benefit payments. The entire workforce comprises of the contracted staffs with four being deputed under secondment from Nepal Electricity Authority (NEA). The four staff seconded from NEA will receive the defined benefits under NEA by laws from NEA for which SJCL pays special overhead to NEA. Therefore, no actuarial measurement of defined benefit obligation is calculated.





17 Depreciation and Amortisations

The depreciation and amortisation pertaining to the corporate assets has been charged to profit or loss.

	2019/20	NRs. 2018/19
Depreciation of Property Plan and Equipment	1,410,548	1,575,071
Amortisation of Intangible assets	-	-
<b>Total</b>	<b>1,410,548</b>	<b>1,575,071</b>

18 Operating and Administrative Expenses

	2019-20	NRs. 2018-19
Rent	4,719,000	5,075,300
Security Services Expenses	366,474	420,878
Water & Electricity	395,910	430,675
Consulting Services	779,818	897,150
Vehicle Repair and Maintenance	630,429	683,850
Repair – premises	67,890	136,354
Other Repair	195,134	190,539
Fuel and Lubricants	1,211,594	1,417,601
Insurance	84,635	36,584
License Fees	176,416	131,650
Legal Fee	100,000	
Telephone and Internet	649,333	670,755
Postage & Telegram	1,430	
Printing and Stationery	414,421	397,848
Books and Periodicals	47,374	58,884
Examination Expenses		45,505
Guest Refreshments	292,446	350,093
Advertisement	229,552	116,898
Annual Day and events expenses	859,960	140,982
Director's Expenses		-
Meeting fees	1,055,500	3,022,200
Directors Travel and Allowances	180,000	180,000
Other Meeting Allowance	1,580,000	
Meeting expenses	401,652	590,637
Audit Fee and Expenses		-
Audit Fee	435,050	316,400
Audit Expenses	308,475	307,723
Travel	52,400	174,625
Bank Charges	180	470
Donation		40,000
Loss / (Gain) on asset disposal		-





CSR Expenses		-
NEA Overhead Charges	1,709,180	1,622,925
Compensation Harjana		443,013
Misc Expenses	242,455	396,099
Adjustments		-
<b>Total</b>	<b>17,186,708</b>	<b>18,295,637</b>

**19 Impairments and Write-Offs**

	NRs.	
	2019-20	2018-19
Write off of assets	-	-
Impairment of assets	-	-
Less: Reversal of Impairment	-	-
<b>Total</b>	<b>-</b>	<b>-</b>

**20 Effects of Changes in foreign exchange rates**

*Accounting Policies*

Foreign currency transactions are converted into functional currency using the exchange rate prevailing at the date of the transaction.

Monetary assets and liabilities denominated in foreign currency are translated in to the reporting currency of the company using the rates prevailing on the reporting date. The resulting gain or loss due to translation is taken to statement of profit or loss. Non-monetary assets are recorded using the rate of exchange prevalent as on the date of initial recognition.

*Explanatory Notes*

	NRs.	
	2019-20	2018-19
Exchange Gain	5,341,192	27,443,336
Included in CWIP adjusted		-
Translation Gain / (Loss)		
Advances	(5,391,780)	3,689,656
Retention	(8,421,426)	546,189
<b>Total</b>	<b>(8,472,013)</b>	<b>31,679,181</b>

Foreign currency advances given to the contractors and consultants and foreign currency retentions taken on behalf of the consultants and contractors have been considered as monetary assets for translation as at reporting dates. Mid rate of Nepal Rastra Bank has been considered for period end translations as follows

	2019-20	2018-19
USD : NRs	120.67	109.66

**21 Earnings Per Share**

*Accounting Policies*





The calculation of basic earnings per share is based on the profit attributable to equity holders of the company and the basic weighted average number of shares. When calculating the diluted earnings per share, the weighted average number of shares in issue is adjusted for the effects of all dilutive potential ordinary shares held in respect of the company.

*Explanatory Notes*

	NRs.	
	2019-20	2018-19
Opening	32,850,000	27,375,000
Weight	1	1
Further Issue		5,201,250
Allotment Date		2-May-19
Weight		0.21
Further Issue		273,750
Allotment Date		1-Apr-19
Weight		0.29
Total Shares	32,850,000	32,850,000
Weighted Average Shares	32,850,000	28,523,250
PAT	(35,892,707)	26,818,443
<b>Basic EPS</b>	<b>(1.09)</b>	<b>0.94</b>
Diluted EPS	(1.09)	0.94

**22 Finance Costs**

Finance costs are capitalised and are included under capital work in progress under NAS 23 *Borrowing Costs*. Interest expenses have been included operation and maintenance expense of the individual projects. Interest income recognized from temporary investment of borrowings has been netted off with finance cost as explained in Notes 12.2.

**23 Related Parties 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 operation decisions, or one other party controls both. The definition includes subsidiaries, associates, directors, key management personnel and employees' retirement benefit fund.

**23.1 Identification of Related Parties**

Following have been identified as related parties

i. Parent Company

- Chilime Hydropower Company Limited (shareholding is disclosed in Note: 8)

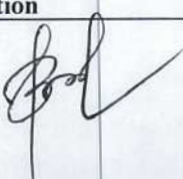
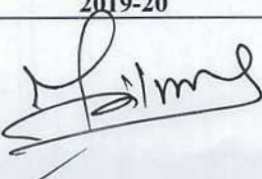
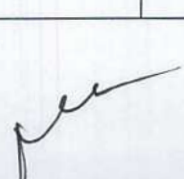
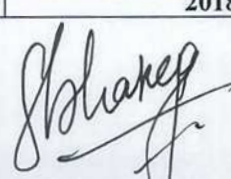
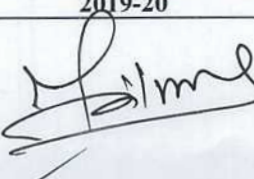

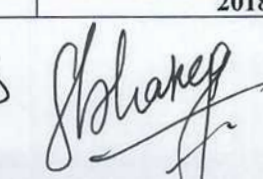





ii. By virtue of representation to the board of directors

- Nepal Electricity Authority
- Employee Provident Fund

iii. Board Chair and Directors

Position	2019-20	2018-19
Chairman	Manoj Silwal	Manoj Silwal
Director	Shanti Laxmi Shakya	Madhav Prasad Koirala
Director	Lokhari Luitel	Lokhari Luitel
Director	Subhash Kumar Mishra	Parsado Tamang
Director	Narayan Prasad Acharya	Narayan Prasad Acharya
Director	Rajaram Shrestha	Rajaram Shrestha

iv. Key Managerial Personnel

Designation	2019-20	2018-19
		
		
		
		
		
		





CEO	Kiran Kumar Shrestha	Kiran Kumar Shrestha
Project Chief- Upper	Sudhan Singh Mahat	Sudhan Singh Mahat
Project Chief- Lower	Arpan Bahadur Singh	Arpan Bahadur Singh
Sr Contract Engineer	Dipak Ram Vaidhya	Dipak Ram Vaidhya
Company Secretary	Ghanashyam Shrestha	Sushant Bastola
Head Finance	Ghanashyam Shrestha	Sushant Bastola

v. Employee Provident Fund - EPF is considered related parties as it represents to the board. It also manages SJCL's employee's retirement benefit plans.

### 23.2 Transactions with Related Parties

	NRs.	
	2019-20	2018-19
Land Lease from Chilime Hydropower company	1,123,768	1,073,112
Yearly Payment for Utilizing of NEA server for E-bidding	180,000	180,000
Overhead payment to NEA for deputed Staff	2,345,585	2,219,029
Directors' sitting fees	1,235,500	1,176,950
Remuneration to Key Managerial Personnel	11,476,953	11,626,144

Payment to EPF for provident fund of staff is disclosed in Note 10.

### 23.3 Year End balances with / from related parties

The year end payable balance with related parties are as follows:-

	NRs.	
	2019-20	2018-19
Chilime Jalavidhyut Company Limited	14,878	1,145,801
Nepal Electricity Authority	1,993,747	1,886,175
<b>Total</b>	<b>2,008,625</b>	<b>3,031,976</b>

## 24 Operating Segments

### Accounting Policies

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

### Explanatory Notes

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

## 25 Interest In Other Entities

### Accounting Policies

The company follows NFRS 12 *Disclosure of Interest in Other Entities* for disclosing the extent of the investment, control and influence.





*Explanatory Notes*

SJCL does not have any interest in other entities.

**26 Events After Reporting Period**

*Accounting Policies*

The company follows NAS 10 *Events After Reporting Period* for accounting and report for the events that occur after the reporting period. The company classifies those events as adjusting and non-adjusting in

*Explanations*

There are no material events both adjusting or non-adjusting for the reporting periods.

**27 Contingent Liabilities and Commitments**

*Accounting Policies*

Contingent liabilities are possible obligations whose existence will be confirmed only by uncertain future events, and present obligations where the transfer of economic resources is uncertain or cannot be reliably measured. Contingent liabilities are not classified as on-SFP but are only disclosed unless the outflow of economic resources is probable.

A commitment is a contractual obligation to make a payment in the future. These amounts are not recorded in the statement of financial position since the company is not under obligation at reporting date to make such payments. The amounts below are the minimum amounts that we are committed to pay in future.

*Explanatory Notes*

	<del>2018-19</del>	<del>2018-19</del>
	<b>2018-19</b>	<b>2018-19</b>
Contingent Liability	-	-
Commitments – Contractual	1,820,916,202	2,253,234,093
Litigation	-	-
<b>Total</b>	<b>1,820,916,202</b>	<b>2,253,234,093</b>

**28 Restatement of prior period balances**

Previously reported financial statements and financial statements for the current financial year as reported in the regulatory financial statements has been restated in compliances with the requirements of NFRS and due to prior period error adjustments.

During the previous year error of exchange gain amounting to NRs. 17,198,415 has been accounted in the audited financial statements. The error has been adjusted against the opening Reserve and Surplus as adjustments and the effect to corresponding contractors accounting has been made.



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